BPS-Sberbank and subsidiaries

International Financial Reporting Standards Consolidated Financial Statements and Independent Auditor's Report

31 December 2020

CONTENTS

Independent Auditor's Report

To the Shareholders, the Board of Directors and the Management Board of Open Joint Stock Company "BPS-Sberbank":

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Open Joint Stock Company "BPS-Sberbank" (the "Bank") and its subsidiaries (together – the "Group") as at 31 December 2020, and the its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

The Bank's location is Minsk, Mulyavin avenue, 6, 220005, Republic of Belarus and is registered by the the National Bank of the Republic of Belarus decision dated 28 December 1991 № 25 in Unified State Register of Legal Entities and Individual Entrepreneurs with № 100219673.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Belarus. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of Republic of Belarus.

Unitary Enterprise on Services Rendering "PricewaterhouseCoopers Assurance"
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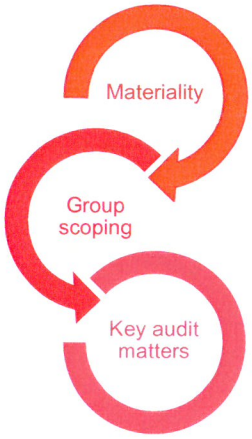
Our audit approach

Overview



- Overall Group materiality: BYN 7 402 thousand, which represents 1% of the Group's net assets as of 31 December 2020.
- We designed and determined the scope of our audit for 2020 based on the Group's reporting structure. The amount of total assets of the Bank (excluding intergroup balances) comprises approximately 96% of the Group's total assets as of 31 December 2020. The scope of the audit procedures for the components of the Group selected for audit was determined based on our professional judgment.
- Expected Credit Losses allowance for loans to legal entities

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group materiality	BYN 7 402 thousand
How we determined it	1% of the Group's net assets as of 31 December 2020
Rationale for the materiality benchmark applied	We chose the net assets as a benchmark for determining the level of materiality, since, in our opinion, this indicator is widely used in the banking sector, including regulatory and control authorities, for analysing the financial position of the banks. We have established the materiality at the level of 1%, which falls within the range of acceptable quantitative thresholds for materiality.

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Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Expected Credit Losses allowance for loans to legal entities	
We focused on this matter due to significance of loans to legal entities balance and significance of judgment and estimates required for calculation of the related Expected Credit Losses (ECL) allowance for loans to legal entities. The Group applies individual and collective assessment models for ECL allowance calculation. ECL allowance is assessed individually for significant borrowers - legal entities if for these borrowers there are identified factors of significant increase in credit risk and/or default indicators, and also for loans to legal entities from "Project financing" subportfolio. The Group applies judgment to estimate ECL allowance for loans as well as risk and probability that a credit loss occurs taking into consideration reasonably possible and probability-weighted scenarios. ECL allowance is assessed collectively in terms of subportfolios, which include borrowers with similar credit risk characteristics. Key parameters of the collective assessment model: - probability of default (PD). PD is calculated on the basis of the matrices of the annual migration of credit ratings, taking into account the macro factor to take into account the current changes in the economic environment; - loss given default (LGD). LGD is calculated in terms of loan agreements in the Group's software systems and is the estimation of the unrecoverable part of the asset from the projected cash repayment and the existing collateral. Note 3 "Significant accounting policies", Note 4 "Areas of significant management	We assessed the key methodologies for calculation of the ECL allowance for loans to legal entities for compliance with the requirements of International Financial Reporting Standards. We assessed and tested (on a sample basis) the design and operating effectiveness of the controls over data used for ECL allowance calculation for loans to legal entities: the authorization of the loan agreement and the disbursement of money; process of loan agreements data input into the Bank's software; timely transfer of the overdue debt to the accounts for the overdue debt; correctness of LGD calculation; the reasonableness of the Group's determination of the value of the collateral taken into calculations; the correctness of the attribution of the problem zone; correctness of determining of the stage of impairment. The Group calculates the ECL allowance on an individual basis for individually significant clients (legal entities with the total amount of credit exposure not less than 2% of the Group's share capital in accordance with IFRS) with identified significant increase in credit risk and/or default factors. The model represents an estimation of the recoverable amount of credit exposure based on the method of discounted expected future cash flows. The Group estimates the recoverable amount of the credit exposure based on the current data on customers' solvency, factors of their financial instability, negative information, violations of the payment schedule, liquidity of collateral and other relevant information. We tested the calculation of ECL allowance for loans and advances to legal entities assessed individually. We checked the list of individually assessed borrowers for completeness. Our audit procedures covered 100% individually assessed borrowers. We analysed loan files of individually significant borrowers, their latest financial statements, information on factors of financial instability, debt management procedures and violations of payment schedules. We assessed the liquidity of the collateral for those loan agreements where it was relevant. For selected loans classified to

Key audit matter	How our audit addressed the key audit matter
judgment and sources of estimation uncertainty", Note 8 "Loans to customers", Note 21 "Credit loss allowance, other provisions" included in the financial statements, contain detailed information on ECL allowance for loans to legal entities.	stage 3 we assessed assumptions used during forecast cash flows including financial position of the borrowers and the Group's debt collateral strategy. We analysed ECL allowance for the collectively assessed loans to legal entities. We tested the operating effectiveness of the controls on PD transfer from the Bank's software systems to ECL calculation. We analysed the PD calculation and the assumptions and estimates used by the Bank in calculating ECL. We analyzed the LGD model. We tested (on a sample bases) the operating effectiveness of controls over data used in LGD calculation (in particular – the information on collateral value). We performed analytical procedures for the total amount of ECL allowance for loans to legal entities: developed trend lines, analyzed the correlation between changes in loan exposure and ECL allowance, reviewed the correctness of the presentation by the Group in the consolidated financial statements of information in relation to ECL allowance on loans to legal entities.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We have audited the Bank's financial information. In addition, we applied a professional judgment on the scope of the audit procedures for the subsidiaries of the Group and performed audit procedures for their financial statement line items that may represent risk of material misstatements for the Group's consolidated financial statements. We have performed procedures to determine that we have obtained sufficient audit evidence regarding Bank's subsidiaries selected for audit.

We have also performed the audit procedures regarding consolidation of financial information of the Bank and its subsidiaries and the preparation of the consolidated financial statements of the Group

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical and other requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

The engagement partner on the audit resulting in this independent auditor's report is Ekaterina Nekrasova, Deputy Director of the Unitary Enterprise on Services Rendering "PricewaterhouseCoopers Assurance".

Director
Dzmitry Tsimafiyevich

Qualification certificate of the Auditor of the Ministry of Finance of the Republic of Belarus No. 2397 of 12 May 2017, without limitation of validity.
Certificate of compliance with the qualification requirements for specialists engaged in auditing in banks and non-bank financial institutions No. 102 of 15 June 2017, the expiration date of the certificate is 3 June 2022.

Lead Auditor
Olga Poprotskaya

Qualification certificate of the Auditor of the Ministry of Finance of the Republic of Belarus No. 2633 of 6 April 2020, without limitation of validity.
Certificate of compliance with the qualification requirements for specialists engaged in auditing in banks and non-bank financial institutions No. 122 of 8 October 2020, the expiration date of the certificate is 8 October 2025.

Audit organization:
Unitary Enterprise on Services Rendering "PricewaterhouseCoopers Assurance"
(Unitary Enterprise "PricewaterhouseCoopers Assurance")
Location:
3, Gikalo street, floor 3, office 3, Minsk, Republic of Belarus, 220005
Information on state registration:
registered by the Minsk City Executive Committee on 3 April 2014 in the Unified State Register of Legal Entities and Individual Entrepreneurs for No. 191315745. Certificate of state registration No. 0104031

Date of signing of the audit report: 26 March 2021
Date of receipt of the audit report by the Group: 26 March 2021

Chairperson of the Board of Open Joint Stock Company "BPS-Sberbank"
Igor A. Merkulov

Consolidated statement of financial position
as of 31 December 2020

(in thousands of Belarusian Rubles)

	Notes	31 December 2020	31 December 2019
Assets			
Cash and cash equivalents	5	949,367	830,144
Mandatory cash balances with the National Bank of the Republic of Belarus		26,980	20,798
Due from banks	6	21,575	15,955
Derivative financial assets	7	116	11,727
Loans to corporate customers	8	2,317,395	2,217,093
Loans to individuals	8	775,278	787,101
Non-current assets held for sale	9	5,180	27,413
Securities	10	662,989	598,025
Investments in associates	11	9,733	8,611
Premises and equipment	12	113,582	128,157
Intangible assets	12	7,029	17,916
Right-of-use assets	13	18,239	21,762
Current income tax prepayment		5,356	5,060
Other financial assets	14	19,163	23,148
Other non-financial assets	14	12,523	22,666
Total assets		**4,944,505**	**4,735,576**
Liabilities and equity			
Liabilities			
Due to banks	15	771,214	472,460
Derivative financial liabilities	7	34,375	4,657
Due to individuals	16	1,141,033	1,331,090
Due to corporate customers	16	1,663,551	1,619,385
Debt securities issued	17	318,765	390,761
Deferred income tax liabilities	27	9,509	8,073
Provisions for guarantees and other commitments	21	9,529	6,479
Other financial liabilities	18	43,843	46,139
Other non-financial liabilities	18	6,580	8,030
Subordinated debt	29	205,920	152,906
Total liabilities		**4,204,319**	**4,039,980**
Equity			
Share capital	19	321,756	321,756
Share premium		576	576
Revaluation reserve for office premises and assets held for sale		17,743	27,233
Fair value reserve for securities measured at FVOCI		10,312	8,960
Retained earnings		389,799	337,071
Total equity attributable to shareholders of the Bank		**740,186**	**695,596**
Total equity		**740,186**	**695,596**
Total liabilities and equity		**4,944,505**	**4,735,576**

Signed and authorized for release

Chairperson of the Board
Igor A. Merkulov

26 March 2021
Minsk

Chief Accountant
Nina N. Ilyukevich

26 March 2021
Minsk

Consolidated statement of profit or loss
for the year ended 31 December 2020

(in thousands of Belarusian Rubles)

	Notes	year ended 31 December 2020	year ended 31 December 2019
Interest income calculated using the effective interest method	20	300,510	297,332
Other interest income	20	3,063	4,395
Interest expense	20	(140,539)	(134,269)
Contributions to deposits protection fund	20	(7,193)	(7,517)
Net interest income	20	**155,841**	**159,941**
(Charge for) / Recovery of credit loss allowance for loans	21	(54,563)	2,298
Recovery of / (Charge for) credit loss allowance for securities at amortized cost		16	(5)
(Charge for) / Recovery of credit loss allowance for securities at fair value		(1,357)	1,219
Charge for credit loss allowance for cash equivalents		(2)	(3)
(Charge for) / Recovery of credit loss allowance for due from banks		(20)	60
Net interest income after credit loss allowance charge for debt financial assets		**99,915**	**163,510**
Fee and commission income	22	194,354	186,128
Fee and commission expense	22	(58,499)	(57,891)
Net gains from financial instruments at fair value through other comprehensive income		4,744	145
Net gains from trading in foreign currencies and operations with foreign currency derivatives	23	68,000	41,479
Net (losses) / gains from operations with precious metals and precious metals derivatives	23	(12,198)	686
Net gains / (losses) from revaluation of securities at fair value through profit or loss		1,848	(441)
Negative revaluation of office premises	12	(180)	(423)
Impairment of non-current assets held for sale	9	(20)	(1,234)
Net losses from discontinued operations	24	(2,786)	—
(Charge for) / Recovery of credit loss allowance for contingent liabilities and credit commitments	21	(3,050)	5,364
Other income	25	21,099	19,925
Net non-interest income		**213,312**	**193,738**
Operating income		**313,227**	**357,248**
Operating expenses	26	**(258,381)**	**(250,468)**
Share of the result of associates	11	943	273
Profit before income taxes		**55,789**	**107,053**
Income tax expense	27	(7,578)	(15,605)
Net profit		**48,211**	**91,448**
Attributable to:			
Shareholders of the Bank		48,211	91,448
Net profit		**48,211**	**91,448**

Signed and authorized for release

Chairperson of the Board
Igor A. Merkulov

26 March 2021
Minsk

Chief Accountant
Nina N. Ilyukevich

26 March 2021
Minsk

Consolidated statement of comprehensive income
for the year ended 31 December 2020

(in thousands of Belarusian Rubles)

	Notes	year ended 31 December 2020	year ended 31 December 2019
Net profit		**48,211**	**91,448**
Other comprehensive income:			
Items to be reclassified to profit or loss in subsequent periods			
Net change in fair value		6,096	(1,093)
Accumulated gains transferred to profit or loss upon disposal		(4,744)	(145)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		**1,352**	**(1,238)**
Items not to be reclassified to profit or loss in subsequent periods			
Revaluation of office premises	9,12	(6,447)	(4,045)
Net change in income tax relating to office premises revaluation	27	1,518	720
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods		**(4,929)**	**(3,325)**
Other comprehensive loss		**(3,577)**	**(4,563)**
Total comprehensive income		**44,634**	**86,885**
Attributable to:			
Shareholders of the Bank		44,634	86,885
Total comprehensive income		**44,634**	**86,885**

Consolidated statement of changes in equity for the year ended 31 December 2020

(in thousands of Belarusian Rubles)

	Notes	Share capital	Share premium	Revaluation reserve for office premises and assets held for sale	Fair value reserve for securities measured at FVOCI	Retained earnings	Total equity attributable to shareholders of the Bank	Non-controlling interest	Total equity
31 December 2018		**321,756**	**576**	**33,151**	**10,198**	**301,907**	**667,588**	**–**	**667,588**
Profit for the period		–	–	–	–	91,448	91,448	–	91,448
Other comprehensive loss for the period		–	–	(3,325)	(1,238)	–	(4,563)	–	(4,563)
Total comprehensive income for the period		**–**	**–**	**(3,325)**	**(1,238)**	**91,448**	**86,885**	**–**	**86,885**
Transfer of revaluation reserve for office premises upon disposal or depreciation		–	–	(2,593)	–	2,593	–	–	–
Dividends	19	–	–	–	–	(58,877)	(58,877)	–	(58,877)
31 December 2019		**321,756**	**576**	**27,233**	**8,960**	**337,071**	**695,596**	**–**	**695,596**
31 December 2019		**321,756**	**576**	**27,233**	**8,960**	**337,071**	**695,596**	**–**	**695,596**
Profit for the period		–	–	–	–	48,211	48,211	–	48,211
Other comprehensive loss for the period		–	–	(4,929)	1,352	–	(3,577)	–	(3,577)
Total comprehensive income for the period		**–**	**–**	**(4,929)**	**1,352**	**48,211**	**44,634**	**–**	**44,634**
Transfer of revaluation reserve for office premises upon disposal or depreciation		–	–	(4,561)	–	4,561	–	–	–
Dividends	19	–	–	–	–	(44)	(44)	–	(44)
31 December 2020		**321,756**	**576**	**17,743**	**10,312**	**389,799**	**740,186**	**–**	**740,186**

(in thousands of Belarusian Rubles)

	Notes	year ended 31 December 2020	year ended 31 December 2019
Cash flows from operating activities			
Interest income received		287,077	300,849
Interest expense paid		(140,273)	(130,742)
Fee and commissions received		194,068	186,075
Fee and commissions paid		(58,307)	(58,256)
Net (losses incurred) / gains received from foreign exchange operations		(1,300)	34,455
Net gains received from derivative financial instruments		1,755	27,211
Net gains received from financial instruments at fair value through other comprehensive income		4,744	145
Net gains received from precious metals operations		21,266	6,873
Other net income received		20,414	19,806
Operating expenses paid net of staff costs		(107,204)	(95,736)
Staff expenses paid		(118,045)	(110,865)
Income tax paid		(7,874)	(28,719)
Cash flows from operating activities before changes in operating assets and liabilities		**96,321**	**151,096**
Changes in operating assets and liabilities			
(Increase) / decrease in operating assets			
Net increase in mandatory cash balances with the National Bank of the Republic of Belarus		(6,182)	(6,861)
Net decrease in due from banks		8,279	36,323
Net decrease / (increase) in loans to corporate customers		254,039	(182,928)
Net decrease / (increase) in loans to individuals		8,709	(142,054)
Net decrease / (increase) in other financial assets		20,351	(7,847)
Net decrease in other non-financial assets		10,143	18,232
Increase / (decrease) in operating liabilities			
Net decrease in loans from the National Bank of the Republic of Belarus		—	(494)
Net increase in due to banks		185,553	144,497
Net (decrease) / increase in due to individuals		(407,935)	63,365
Net (decrease) / increase in due to corporate customers		(90,307)	188,433
Net (decrease) / increase in debt securities issued		(121,365)	18,796
Net increase / (decrease) in other financial liabilities		4,843	(4,236)
Net (decrease) / increase in other non-financial liabilities		(1,450)	2,741
Net decrease in lease obligation		(6,462)	(5,112)
Net cash (used in) / from operating activities		**(45,463)**	**273,951**
Cash flows from investing activities			
Acquisition of premises, equipment and intangible assets		(13,776)	(19,247)
Proceeds from disposal of premises, equipment and non-current assets held for sale		27,322	26,885
Acquisition of securities		(388,215)	—
Proceeds from disposal of securities		481,252	—
Proceeds from disposal of a subsidiary		913	—
Dividends received		685	377
Net cash from investing activities		**108,181**	**8,015**
Cash flows from financing activities			
Dividends paid		(45)	(58,827)
Net cash used in financing activities		**(45)**	**(58,827)**
Effect of exchange rate changes on cash and cash equivalents		56,550	(6,417)
Net increase in cash and cash equivalents		**62,673**	**223,139**
Cash and cash equivalents, beginning of the period	5	**830,144**	**613,422**
Cash and cash equivalents, end of the period	5	**949,367**	**830,144**

(in thousands of Belarusian Rubles)

1. Organisation

Open Joint-Stock Company "BPS-Sberbank" (previous name – "BPS-Bank"), or OJSC "BPS-Sberbank" (the "Bank"), was established from the Belarusian branch of Promstroibank USSR and registered with the National Bank of the Republic of Belarus (the National Bank) as a closed joint-stock company on 28 December 1991. On 17 February 1993 the Bank was reorganized into an open joint stock company and accordingly registered by the National Bank. The Bank conducts its business under License of the National Bank for performing banking operations No. 4 issued on 6 June 2019. The Bank accepts deposits from the public, issues loans and transfers payments in the Republic of Belarus and abroad, exchanges currencies and provides other banking services to its commercial and retail customers.

The registered office of the Bank is located at 6 Mulyavin Boulevard, 220005, Minsk, Republic of Belarus. As at 31 December 2020 the Bank had 6 regional directories, 37 universal additional offices, 10 basic additional offices.

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

Name	*Country of operation*	*Proportion of ownership interest / voting rights, %*		*Type of operation*
		31 December 2020	*31 December 2019*	
Subsidiaries				
Limited Liability Company "SB-Global"	Belarus	99.90	99.90	Advisory activity
Closed Joint Stock Company "Service Desk"	Belarus	100.00	100.00	Software development and consulting
Closed Joint Stock Company "Non-banking Credit and Financial Institution "INCASS.EXPERT"	Belarus	99.99	99.99	Cash delivery and collection
Closed Joint Stock Company "SberLeasing"	Belarus	99.90	99.90	Finance lease activities
Associates				
Closed Joint Stock Insurance Company "TASK"	Belarus	25.60	25.60	Insurance services

With the aim of strengthening control over distressed borrower's operational activity the Bank's subsidiary LLC "SB-Global" acquired 20% of the share capital of LLC "Gruzovaia sluzhba-Vostok". As a result of withdrawal of the other stockholder, who owned 80% of the share capital, as of 2 October 2017 LLC "Gruzovaia sluzhba-Vostok" is a subsidiary of LLC "SB-Global". As at 29 November 2018 the Bank's subsidiary LLC "SB-Global" in accordance with the legislation of the Republic of Belarus bought back 80% of the share capital of LLC "Gruzovaia sluzhba-Vostok".

As of the end of the 1st half-year of 2017, LLC "Service Desk Techno" was established. Subsidiary of the Bank CJSC "Service Desk" owned 49% of the shares in the statutory fund of the company. On the basis of control principle LLC "Service Desk Techno" is consolidated by the Group, starting from 31 December 2017. As at 14 November 2018 CJSC "Service Desk" in accordance with the legislation of the Republic of Belarus bought back the remaining share in the statutory fund of the company. On 27 January 2020 OJSC "BPS-Sberbank" bought 100% of the share capital of LLC "Service Desk Techno". These changes in the structure of the bank holding did not affect the consolidated financial statements of the Group. On 28 December 2020 the Bank entered into an agreement for the sale of LLC "Service Desk Techno". In connection with the receiving procedure of a response from the Ministry of Antimonopoly Regulation and Trade ownership by national standards passed to the buyer on 28 January 2021. On the basis of control principle the sale of LLC "Service Desk Techno" was recognized in 2020.

As of the end of the 1st half-year of 2018, LLC "SanBridz" was established. Subsidiary of the Bank LLC "SB-Global" owns 50% share in the statutory fund of the company. The company is a joint venture based on an investment project which was financed via syndicated loan.

In the 3rd quarter of 2019 the Bank bought 1 share of CJSC "Service Desk" increasing proportion of ownership interest to 100%.

On 19 June 2019 Closed Joint Stock Company "BPS-Leasing" changed company name to Closed Joint Stock Company "SberLeasing".

The average number of employees of the Group during the year ended 31 December 2020 and the year ended 31 December 2019 was 3,396 and 3,554 persons, respectively.

As at 31 December 2020 and 31 December 2019 the following shareholders owned the issued shares of the Bank:

Shareholder	*31 December 2020, %*	*31 December 2019, %*
Sberbank	98.43	98.43
Other	1.57	1.57
Total	**100.00**	**100.00**

On 14 December 2009 Sberbank of Russia (the abbreviated name: Sberbank) acquired 834,795,559 ordinary shares and 708,404 preference shares of the Bank. From the 2nd quarter of 2020 the ultimate controlling party of Sberbank is the Government of the Russian Federation represented by the Ministry of Finance of the Russian Federation.

(in thousands of Belarusian Rubles)

2. Basis of presentation

Accounting basis

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Until the end of 2005 and from 1 January 2011 until 31 December 2014 the Belarusian economy was considered to be hyperinflationary in accordance with the criteria in IAS 29 Financial Reporting in Hyperinflationary Economies ("IAS 29"). Starting 1 January 2015, the economy of the Republic of Belarus is no longer considered to be hyperinflationary and values of the Group's non-monetary assets, liabilities and equity as stated in measuring units at 31 December 2014 have formed the basis for the amounts carried forward to 1 January 2015.

The Bank is obliged to maintain accounting records and prepare financial statements in Belarusian rubles in accordance with Belarusian accounting and banking legislation and related instructions (National accounting standards of the Republic of Belarus – "NAS"). The consolidated financial statements are based on the Group's accounting data according to NAS, as adjusted and reclassified in order to comply with IFRS.

Functional and presentation currency

The functional and presentation currency of these consolidated financial statements is the currency of the Republic of Belarus – Belarusian Ruble, the currency of the primary economic environment in which the Group operates.

On 1 July 2016 Belarusian Ruble was denominated 10,000 BYR up to 1 BYN.

The exchange rates used by the Group in the preparation of the consolidated financial statements are as follows:

	31 December 2020	***31 December 2019***
BYN/ USD	2.5789	2.1036
BYN/ EUR	3.1680	2.3524
BYN/ RUB	0.0349	0.0340

3. Significant accounting policies

Basis of consolidation

Subsidiaries, which are those entities which are controlled by the Group, are consolidated. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangements with the other vote holders of the investee;
- rights arising from other contractual arrangements;
- the Group's voting rights and potential voting rights.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intragroup transactions, balances and unrealised gains on transactions between group companies are eliminated in full; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interests, the cumulative translation differences, recorded in equity; recognises the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss and reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

(in thousands of Belarusian Rubles)

3. Significant accounting policies (continued)

Investments in an associate

Associates are entities in which the Group generally has between 20% and 50% of the voting rights, or is otherwise able to exercise significant influence, but which it does not control or jointly control. Investments in associates are accounted for under the equity method and are initially recognised at cost, including goodwill. Subsequent changes in the carrying value reflect the post-acquisition changes in the Group's share of net assets of the associate. The Group's share of its associates' profits or losses is recognised in profit or loss, and its share of movements in reserves is recognised in other comprehensive income. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless the Group is obliged to make further payments to, or on behalf of, the associate.

Joint ventures are entities in which the Group exercises joint control, divided between parties in accordance with the agreement, which stipulate that all the major decisions should be carried out by the unanimous vote of controlling parties. Investments in joint ventures are accounted for under the equity method and are initially recognised at cost, including goodwill. Subsequent changes in the carrying value reflect the post-acquisition changes in the Group's share of net assets of the joint venture.

Fair value measurement

The Group measures financial instruments, such as trading and available-for-sale securities, derivatives and non-financial assets such as investment property, at fair value at each balance sheet date. Fair values of financial instruments measured at amortised cost are disclosed in Note 30.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

Financial instruments

Initial recognition of financial instruments. A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention («regular way» purchases and sales) are recorded at trade date, which is the date when the Group commits to deliver a financial instrument. All other purchases and sales are recognized when the entity becomes a party to the contractual provisions of the instrument.

Classification of financial instruments. On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income («FVOCI») or fair value through profit or loss («FVTPL»).

(in thousands of Belarusian Rubles)

3. Significant accounting policies (continued)

Financial instruments (continued)

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:
- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give right on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated at FVTPL:
- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give right on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

Business model assessment. The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:
- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the 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 Group considers:
- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money - e.g. periodical reset of interest rates, which is not consistent with the interest payment period.

The Group holds a portfolio of long-term fixed rate loans for which the Group has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or repay the loan at par without penalty. The Group has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Reclassification of financial assets. Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. The reclassification has a prospective effect.

Financial liabilities. The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

(in thousands of Belarusian Rubles)

3. Significant accounting policies (continued)

Financial assets impairment – credit loss allowance for Expected Credit Losses (ECL)

The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at amortised cost and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts. The Group measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- time value of money; and
- all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at amortised cost are presented in the consolidated statement of financial position net of the allowance for ECL. For loan commitments and financial guarantees, a separate provision for ECL is recognised as a liability in the consolidated statement of financial position. For debt instruments at FVOCI, changes in amortised cost, net of allowance for ECL, are recognised in profit or loss and other changes in carrying value are recognised in OCI as gains less losses on debt instruments at FVOCI.

The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. For financial assets that are purchased or originated credit-impaired ("POCI Assets"), the ECL is always measured as a Lifetime ECL.

Financial assets – write-off. Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

IFRS 9:Financial instruments applied to certain Group's operations

The Group has entered into Funded Participation Deals. The Group issued loans to its corporate customers (assets side) funded by the banks of Sberbank of Russia Group (liability side). The Group acts as Bank-Agent for the banks, which funded corporate loans (Banks-Participants). As a result of the aforesaid deals, the Group has transferred 99% and 100% of credit risks of its loan portfolio to the banks of Sberbank of Russia Group.

The Group is not exposed to credit risk or to liquidity risk: terms of Funded Participation agreement provides that Bank-Agent has no obligation to pay amounts to the Bank-Participant unless it collects equivalent amounts from its corporate customers.

Funded Participation Deals comply with all the provisions for applications of IFRS 9.3.2.5 and, therefore, comply with the criteria of application IFRS 9.3.2.5 on the transfer of assets. In light of compliance with all the provisions of application IFRS 9.3.2.5 the Bank has ceased recognition of funding in Due from banks, received from banks of Sberbank of Russia Group (Note 15), in connection with loans issued under terms of Funded Participation agreement; and the respective loans, issued to corporate customers (Note 8). The Bank has recognized on these financial statements net result as Fee and commission income.

The Group applies individual and collective assessment when calculating risk allowance. Signs of significant increase of credit risk / indicators of default, materiality of the loan, project financing (excluding contract financing) trigger individual assessment.

For calculation of risk allowance on individual basis the Group uses weighted probabilities of expected credit losses for various scenarios.

For calculation of risk allowance on collective basis the Group uses method of expected credit losses.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and
- the Group either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(in thousands of Belarusian Rubles)

3. Significant accounting policies (continued)

Derecognition of financial assets and liabilities (continued)

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated income statement.

Cash and cash equivalents

Cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents include cash on hand, unrestricted balances on correspondent and time deposit accounts with the National Bank of the Republic of Belarus with original maturity up to 1 day, loans and advances to banks and reverse sale and repurchase agreements with original maturity up to 1 day, except for guarantee deposits and other amounts of a restricted nature. For purposes of determining cash flows, the mandatory reserve deposit required by the National Bank of the Republic of Belarus is not included as a cash equivalent due to restrictions on its availability.

Mandatory cash balances with the National Bank of the Republic of Belarus

Belarusian banks are required to maintain a non-interest earning cash deposit (obligatory reserve) with the National Bank of the Republic of Belarus, the amount of which depends on the level of funds attracted by the bank. The Bank's ability to withdraw such deposit is significantly restricted by the statutory legislation.

Precious metals

Physical precious metals are recorded at the lower of cost and net realizable value on the reporting date. Assets and liabilities in monetary precious metals are recognized at accounting prices on precious metals of the National bank. Changes in accounting prices of the National bank are recorded as net result from revaluation of precious metals.

Due from banks

In the normal course of business the Group maintains advances and deposits for various periods of time with other banks and financial institutions. Amounts due from other banks and other financial institutions are recorded when the Group advances money to counterparty banks with no intention of trading the resulting unquoted non-derivative receivable due on fixed or determinable dates. Due from banks and other financial institutions are initially recognized at fair value. Due from banks and other financial institutions are subsequently measured at amortized cost using the effective interest method. Correspondent accounts in precious metals are recognized and measured at fair value. Amounts due from banks and other financial institutions are carried net of any allowance for impairment losses.

Investments in securities

Securities of the Group are represented by investments in debt and equity securities.

Based on the business model and the cash flow characteristics, the Group classifies investments in debt securities as carried at amortised cost or fair value through other comprehensive income. Interest income from these assets is calculated using the effective interest method and recognised in profit or loss. An impairment allowance estimated using the expected credit loss model is recognised in profit or loss for the year.

All other changes in the carrying value of investments in debt securities (FVOCI) are recognised in other comprehensive income.

Financial assets that meet the definition of equity from the issuer's perspective, i.e. instruments that do not contain a contractual obligation to pay cash and that evidence a residual interest in the issuer's net assets, are considered as investments in equity securities by the Group. Investments in equity securities are measured at fair value through profit and loss.

(in thousands of Belarusian Rubles)

3. Significant accounting policies (continued)

Derivative financial instruments

The Group enters into derivative financial instruments to manage currency and liquidity risks. Derivatives entered into by the Group include foreign currency forwards and swaps and swaps with precious metals. Derivative financial instruments entered into by the Group are not designated as hedges and do not qualify for hedge accounting according to IFRS 9.

Derivative financial instruments are initially recorded and subsequently measured at fair value. Derivative financial instruments with currency as base asset are measured at fair value determined with the use of forward exchange rates obtained from Bloomberg information system. When forward rates from information systems unavailable, fair value is derived using the interest rate parity model or any other appropriate pricing or valuation method. Interest rate parity model uses future cash flows for the currencies in the deal, given the market conditions at the reporting date. Forward rate then calculated as a ratio between future cash flows of two currencies. Inputs commonly used for fair value calculation of foreign currency derivatives using the interest rate parity model are yield to maturity of eurobonds issued by the Republic of Belarus and prevailing interest rates on deposits in Belarusian Rubles.

The results of the valuation of derivatives are reported in assets (aggregate of positive market values) or liabilities (aggregate of negative market values), respectively. Both positive and negative valuation results are recognized in the consolidated income statement for the period in which they arise in net gain/(loss) on derivative financial instruments.

Premises, equipment and intangible assets

Property and equipment are carried at hyperinflated cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment. Such cost includes the cost of replacing part of equipment when that cost is incurred if the recognition criteria are met.

Intangible assets are carried at hyperinflated cost less accumulated depreciation and any recognized impairment loss.

The carrying values of property and equipment and intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Following initial recognition at cost, premises are carried at a revalued amount, which is the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus is credited to the revaluation reserve for property and equipment included in other comprehensive income, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the consolidated income statement, in which case the increase is recognised in the consolidated income statement. A revaluation deficit is recognised in the consolidated income statement, except that a deficit directly offsetting a previous surplus on the same asset is directly offset against the surplus in the revaluation reserve for office premises.

An annual transfer from the revaluation reserve for office premises to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Construction in progress is carried at historical cost restated for hyperinflation less provision for impairment where required. Upon completion, assets are transferred to premises and equipment at their carrying amount. Construction in progress is not depreciated until the asset is available for use.

Costs of minor repairs and maintenance are expensed when incurred. Cost of replacing major parts or components of premises and equipment items are capitalised and the replaced part is retired in the case of cost increase of objects.

Depreciation of an asset begins when it is available for use. Depreciation is calculated on a straight-line basis for each object over the useful lives of objects.

The asset's residual values, useful lives and methods are reviewed, and adjusted as appropriate, at each financial year-end.

(in thousands of Belarusian Rubles)

3. Significant accounting policies (continued)

Investment property

Investment property is property held by the Group to earn rental income or for capital appreciation, or both and which is not occupied by the Group. Investment property includes assets under construction for future use as investment property.

Investment property is initially recognised at cost, including transaction costs, and subsequently remeasured at fair value updated to reflect market conditions at the end of the reporting period. Fair value of investment property is the price that would be received from sale of the asset in an orderly transaction, without deduction of any transaction costs.

Fair value of the Group's investment property is determined based on reports of independent appraisers, who hold a recognised and relevant professional qualification and who have recent experience in valuation of property of similar location and category.

Earned rental income is recorded in profit or loss for the year within other operating income. Gains and losses resulting from changes in the fair value of investment property are recorded in profit or loss for the year and presented separately.

Assets classified as held for sale

The Group classifies a non-current asset (or a disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case the non-current asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.

The sale qualifies as highly probable if the Bank's management is committed to a plan to sell the non-current asset (or disposal group) and an active program to locate a buyer and complete the plan must have been initiated. Further, the non-current asset (or disposal group) must have been actively marketed for a sale at price that is reasonable in relation to its current fair value and in addition the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification of the non-current asset (or disposal group) as held for sale.

The Group measures an asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less costs to sell. The Group recognises an impairment loss for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell if events or changes in circumstance indicate that their carrying amount may be impaired.

Taxation

Income taxes expense represents the sum of the current and deferred tax expense.

The current tax expense is based on taxable profit for the year and calculated in accordance with the legislation of the Republic of Belarus. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's current tax expense is calculated using tax rates that have been enacted during the reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income.

(in thousands of Belarusian Rubles)

3. Significant accounting policies (continued)

Due to banks, due to individuals, due to corporate customers and debt securities issued

Due to banks, due to individuals, due to corporate customers and debt securities issued are initially recognized at fair value. Subsequently, amounts due are stated at amortized cost and any difference between net proceeds and the redemption value is recognized as interest expenses in the consolidated income statement over the period of the borrowings using the effective interest rate method.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

Financial guarantee contracts issued and letters of credit

Financial guarantee contracts and letters of credit issued by the Group are credit guarantees that provide for specified payments to be made to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due under the original or modified terms of a debt instrument. Such financial guarantee contracts and letters of credit issued are initially recognized at fair value. Subsequently they are measured at the higher of (i) the amount recognized as a provision calculated under the expected credit loss model and (ii) the amount initially recognized less, where appropriate, the cumulative amount of income received over the financial guarantee contracts or letter of credit issued.

Contingencies

Contingent liabilities are not recognized in the consolidated statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. Contingent assets are not recognized in the consolidated statement of financial position but disclosed when an inflow of economic benefits is probable.

Share capital

Contributions to share capital are recognized at their initial cost restated for hyperinflation. Non-cash contributions are included into the share capital at fair value of the contributed assets. Treasury shares are carried at cost restated for hyperinflation. Non-redeemable preferred shares are classified as equity.

Dividends on ordinary shares are recognized in equity as a reduction in the period in which they are declared. Dividends that are declared after the reporting date are treated as a subsequent event under International Accounting Standard 10 *Events after the Reporting Period* and disclosed accordingly.

Retirement and other benefit obligations

In accordance with the requirements of the Belarusian legislation, the Group withholds amounts of pension contributions from employee salaries and pays them to the Social security fund. Such pension system provides for the calculation of current payments by the employer as a percentage of current total payments to staff. This expense is charged in the period the related salaries are earned. Upon retirement all retirement benefit payments are made by the Social Security Fund. The Group does not have any pension arrangements separate from the State pension system of the Republic of Belarus and the Group has no significant post-retirement compensated benefits requiring accrual.

Recognition of income and expenses

Interest income and expense calculated using effective interest method recognition. Interest income and expense are recorded for all debt instruments (amortised cost or FVOCI) on an accrual basis using the effective interest method. This method defers, as part of interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees integral to the effective interest rate include origination fees received or paid by the entity relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents. Commitment fees received by the Group to originate loans at market interest rates are integral to the effective interest rate if it is probable that the Group will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination. The Group does not designate loan commitments as financial liabilities at FVTPL.

For financial assets that are originated or purchased credit-impaired, the effective interest rate is the rate that discounts the expected cash flows (including the initial expected credit losses) to the fair value on initial recognition (normally represented by the purchase price). As a result, the effective interest is credit-adjusted.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for financial assets that have become credit-impaired (Stage 3), for which interest revenue is calculated by applying the effective interest rate to their amortized cost (net of the expected credit loss («ECL») allowance).

(in thousands of Belarusian Rubles)

3. Significant accounting policies (continued)

Other interest income and expense. Other interest income and expense represents interest income and expense recorded for debt instruments measured at FVTPL and is recognised on an accrual basis using nominal interest rate.

Fee and commission income and expense. All other fees, commissions and other income and expense items are generally recorded on an accrual basis over the period in which the services are rendered as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs, usually on a straight- line basis.

Loan syndication fees are recognised as income when the syndication has been completed and the Group retains no part of the loan package for itself, or retains a part at the same effective interest rate as for the other participants.

Commissions and fees arising from negotiating, or participating in the negotiation of a transaction for a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, and which are earned when the Group satisfies the performance obligation are recorded upon the completion of the transaction.

Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, over the period in which the services are rendered as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs, usually on a straight-line basis. Asset management fees relating to investment funds are recognised over the period in which services are rendered as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs, usually on a straight-line basis. The same principle is applied for wealth management, financial planning and custody services that are continually provided over an extended period of time.

Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency, converted at the rate of exchange fixed by the National Bank of the Republic of Belarus at the date of the transaction. Monetary assets and liabilities denominated in currencies other than the entity's functional currency (foreign currencies) are translated into BYN at the rate of exchange fixed by the National Bank of the Republic of Belarus at the reporting date. Gains and losses resulting from the translation of foreign currency transactions are recognised in the consolidated income statement in the account 'Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains'.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Differences between the contractual exchange rate of a transaction in a foreign currency and the National Bank of the Republic of Belarus exchange rate on the date of the transaction are included in gains less losses from dealing in foreign currencies.

Segment reporting

The Group measures information about reportable segments in accordance with IFRS. Information about reportable operating segment meets any one of the following quantitative thresholds:

- its reported revenue, from both external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; or
- the absolute measure of its reported profit or loss is 10% or more of the greater, in absolute amount, of (a) the combined reported profit of all operating segments that did not report a loss and (b) the combined reported loss of all operating segments that reported a loss; or
- its assets are 10% or more of the combined assets of all operating segments.

If the total external revenue reported by operating segments constitutes less than 75% of the entity's revenue, additional operating segments are identified as reportable segments (even if they do not meet the quantitative thresholds set out above) until at least 75% of the Group's revenue is included in reportable segments.

Right-of-use assets and lease liabilities. From 1 January 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the right-of-use asset's useful life and the lease term on a straight-line basis.

Right-of-use assets are disclosed within Right-of-use assets line of the consolidated statement of financial position, lease liabilities are disclosed within Other liabilities line of the consolidated statement of financial position. Finance cost is disclosed within Interest expense line calculated using the effective interest method line of the consolidated statement of profit or loss, depreciation of right-of-use assets is disclosed within Staff and administrative expenses line of the consolidated statement of profit or loss.

Cash outflow for lease liabilities is disclosed within Cash flows from financing activities of the consolidated statement of cash flows.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

(in thousands of Belarusian Rubles)

3. Significant accounting policies (continued)

Right-of-use assets and lease liabilities (continued)

- fixed payments (including in-substance fixed payments), less any lease incentives receivable under cancellable and non-cancellable operating leases,
- variable lease payments that are based on an index or a rate,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Changes in accounting policies

The following amended standards became effective from 1 January 2020, but did not have any material impact on the Group:

Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020). The revised Conceptual Framework includes a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance - in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

Definition of a business – Amendments to IFRS 3 (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020).The amendments revise definition of a business. A business must have inputs and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present, including for early stage companies that have not generated outputs. An organised workforce should be present as a condition for classification as a business if are no outputs. The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. An entity can apply a 'concentration test'. The assets acquired would not represent a business if substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets).

Definition of material – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020). The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Interest rate benchmark reform – Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020). The amendments were triggered by replacement of benchmark interest rates such as LIBOR and other inter-bank offered rates ('IBORs'). The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by the IBOR reform.

Amendment to IFRS 16 (issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2020). The amendment provides lessees with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for rent concessions in the same way as if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; any reduction in lease payments affects only payments due on or before 30 June 2021; and there is no substantive change to other terms and conditions of the lease.

(in thousands of Belarusian Rubles)

3. Significant accounting policies (continued)

Changes in accounting policies (continued)

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2021 or later, and which the Group has not early adopted.

IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023). IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. As a consequence, it was difficult for investors to compare and contrast the financial performance of otherwise similar insurance companies. IFRS 17 is a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard requires recognition and measurement of groups of insurance contracts at: (i) a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset) (ii) an amount representing the unearned profit in the group of contracts (the contractual service margin). Insurers will be recognising the profit from a group of insurance contracts over the period they provide insurance coverage, and as they are released from risk. If a group of contracts is or becomes loss-making, an entity will be recognising the loss immediately.

Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023). The amendments include a number of clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard. The following amendments to IFRS 17 were made:

Effective date: The effective date of IFRS 17 (incorporating the amendments) has been deferred by two years to annual reporting periods beginning on or after 1 January 2023; and the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 has also been deferred to annual reporting periods beginning on or after 1 January 2023.

Expected recovery of insurance acquisition cash flows: An entity is required to allocate part of the acquisition costs to related expected contract renewals, and to recognise those costs as an asset until the entity recognises the contract renewals. Entities are required to assess the recoverability of the asset at each reporting date, and to provide specific information about the asset in the notes to the financial statements.

Contractual service margin attributable to investment services: Coverage units should be identified, considering the quantity of benefits and expected period of both insurance coverage and investment services, for contracts under the variable fee approach and for other contracts with an 'investment-return service' under the general model. Costs related to investment activities should be included as cash flows within the boundary of an insurance contract, to the extent that the entity performs such activities to enhance benefits from insurance coverage for the policyholder.

Reinsurance contracts held – recovery of losses: When an entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or on addition of onerous underlying contracts to a group, an entity should adjust the contractual service margin of a related group of reinsurance contracts held and recognise a gain on the reinsurance contracts held. The amount of the loss recovered from a reinsurance contract held is determined by multiplying the loss recognised on underlying insurance contracts and the percentage of claims on underlying insurance contracts that the entity expects to recover from the reinsurance contract held. This requirement would apply only when the reinsurance contract held is recognised before or at the same time as the loss is recognised on the underlying insurance contracts.

Other amendments: Other amendments include scope exclusions for some credit card (or similar) contracts, and some loan contracts; presentation of insurance contract assets and liabilities in the statement of financial position in portfolios instead of groups; applicability of the risk mitigation option when mitigating financial risks using reinsurance contracts held and non-derivative financial instruments at fair value through profit or loss; an accounting policy choice to change the estimates made in previous interim financial statements when applying IFRS 17; inclusion of income tax payments and receipts that are specifically chargeable to the policyholder under the terms of an insurance contract in the fulfilment cash flows; and selected transition reliefs and other minor amendments.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary.

Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022). These narrow scope amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. The right to defer only exists if the entity complies with any relevant conditions as of the end of the reporting period. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period.

(in thousands of Belarusian Rubles)

3. Significant accounting policies (continued)

Changes in accounting policies (continued)

Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2022). The amendment to IAS 1 on classification of liabilities as current or non-current was issued in January 2020 with an original effective date 1 January 2022. However, in response to the Covid-19 pandemic, the effective date was deferred by one year to provide companies with more time to implement classification changes resulting from the amended guidance.

Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022). The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognised in profit or loss. An entity will use IAS 2 to measure the cost of those items. Cost will not include depreciation of the asset being tested because it is not ready for its intended use. The amendment to IAS 16 also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management.

The amendment to IAS 37 clarifies the meaning of 'costs to fulfil a contract'. The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

IFRS 3 was amended to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. Prior to the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. In addition, a new exception in IFRS 3 was added for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 or IFRIC 21, rather than the 2018 Conceptual Framework. Without this new exception, an entity would have recognised some liabilities in a business combination that it would not recognise under IAS 37. Therefore, immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain. It was also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.

Illustrative Example 13 that accompanies IFRS 16 was amended to remove the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives.

IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. IFRS 1 was amended to allow entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. The amendment to IFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

The requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41 was removed. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

(in thousands of Belarusian Rubles)

3. Significant accounting policies (continued)

Changes in accounting policies (continued)

Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021). The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The amendments cover the following areas:

Accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform: For instruments to which the amortised cost measurement applies, the amendments require entities, as a practical expedient, to account for a change in the basis for determining the contractual cash flows as a result of IBOR reform by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9. As a result, no immediate gain or loss is recognised. This practical expedient applies only to such a change and only to the extent it is necessary as a direct consequence of IBOR reform, and the new basis is economically equivalent to the previous basis. Insurers applying the temporary exemption from IFRS 9 are also required to apply the same practical expedient. IFRS 16 was also amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of IBOR reform.

End date for Phase 1 relief for non contractually specified risk components in hedging relationships: The Phase 2 amendments require an entity to prospectively cease to apply the Phase 1 reliefs to a non-contractually specified risk component at the earlier of when changes are made to the non-contractually specified risk component, or when the hedging relationship is discontinued. No end date was provided in the Phase 1 amendments for risk components.

Additional temporary exceptions from applying specific hedge accounting requirements: The Phase 2 amendments provide some additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

Additional IFRS 7 disclosures related to IBOR reform: The amendments require disclosure of: (i) how the entity is managing the transition to alternative benchmark rates, its progress and the risks arising from the transition; (ii) quantitative information about derivatives and non-derivatives that have yet to transition, disaggregated by significant interest rate benchmark; and (iii) a description of any changes to the risk management strategy as a result of IBOR reform.

4. Critical accounting estimates and judgments in applying accounting policies

The preparation of the consolidated financial statements in accordance with IFRS requires Management of the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the reporting date, and the reported amount of income and expenses for the reporting period. Management evaluates its estimates and judgments on an ongoing basis. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances. Although those estimates are based on the most recent information available to the Management on current actions and events, actual results may differ from these estimates under different assumptions or conditions.

The following estimates and judgments are considered important to the portrayal of the Group's financial condition:

Measurement of expected credit loss ("ECL") allowance.

The measurement of expected credit loss allowance for financial assets measured at amortized cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customer default and resulting losses). A number of significant judgements are also required in applying the accounting requirements for ECL measurement, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the corresponding ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

If the net present value of estimated cash flows increases/decreases by 1%, the amount of credit loss allowance for loans decreases/increases by BYN 6,142 thousand as at 31 December 2020 (decreases/increases by BYN 4,593 thousand as at 31 December 2019).

Information on the inputs, assumptions, estimation techniques and judgements used in measuring ECL is further detailed in Note 8.

Revaluation of office premises

The Group regularly reviews the value of its office premises for compliance with fair value and performs revaluation to ensure that the current carrying amount of office premises does not differ from its fair value by more than 10%.

Office premises were revalued to fair value as at 31 December 2020 and as at 31 December 2019. The fair value of buildings was determined by independent appraisers who used mainly income and comparative valuation techniques which reflect the market value of real estate and take into account information about transactions on the local real estate market.

(in thousands of Belarusian Rubles)

5. Cash and cash equivalents

	31 December 2020	*31 December 2019*
Current accounts with the National Bank of the Republic of Belarus	424,464	471,143
Credit loss allowance for current accounts with the National Bank of the Republic of Belarus	(3)	–
Total current accounts with the National Bank of the Republic of Belarus	**424,461**	**471,143**
Cash	263,443	236,155
Correspondent accounts and placements		
- Belarus	57,499	19,837
- Credit loss allowance for correspondent accounts and placements with the banks of the Republic of Belarus	(2)	–
Total correspondent accounts and placements with the banks of the Republic of Belarus	**57,497**	**19,837**
- Other countries	196,893	96,024
- Settlements with non-bank financial institutions	7,073	6,985
Total cash and cash equivalents	**949,367**	**830,144**

Correspondent accounts and placements with other banks mostly represent balances with the largest foreign banks and top rated Belarusian banks. In particular, the balance on correspondent accounts of three large foreign banks as at 31 December 2020 amounted to BYN 170,190 thousand or 86.4% of the balance on correspondent accounts and placements with the banks of other countries.

As at 31 December 2019 the balance on correspondent accounts of three large foreign banks amounted to BYN 67,639 thousand or 70.4% of the balance on correspondent accounts and placements with the banks of other countries.

Analysis by credit quality of the balances with counterparty banks as at 31 December 2020 made on the basis of ratings of international rating agencies (Fitch, Moody's, Standard & Poors) is as follows. Analysis is done on overall number of investment and speculative ratings assigned and simple majority principle is applied. If the counterparty is assigned equal number of investment and speculative ratings speculative rating is used for the purpose of the financial statements preparation:

	Investment rating	*Speculative rating*	*Not rated*	*Total*
Correspondent accounts and placements with other banks:				
- Belarus	–	57,347	150	**57,497**
- Other countries	193,859	3,034	–	**196,893**
Total	**193,859**	**60,381**	**150**	**254,390**

Analysis by credit quality of the balances with counterparty banks as at 31 December 2019 made on the basis of ratings of international rating agencies (Fitch, Moody's, Standard & Poors) is as follows:

	Investment rating	*Speculative rating*	*Not rated*	*Total*
Correspondent accounts and placements with other banks:				
- Belarus	–	17,259	2,578	**19,837**
- Other countries	93,935	2,089	–	**96,024**
Total	**93,935**	**19,348**	**2,578**	**115,861**

Rating definitions in the tables above represent the rating scale developed by the international rating agencies. A detailed classification of cash equivalents by international credit ratings is presented in Note 33.

As at 31 December 2020 and 31 December 2019 all cash and cash equivalents are not past due.

6. Due from banks

Due from banks comprise:

	31 December 2020	*31 December 2019*
Time deposits and loans to banks:		
- Belarus	10,000	10,221
- Credit loss allowance for deposits and loans to the banks of the Republic of Belarus	(21)	(1)
Total time deposits and loans to the banks of the Republic of Belarus	**9,979**	**10,220**
- Other countries	11,596	5,735
Total due from banks	**21,575**	**15,955**

Time deposits and loans to banks represent balances with top rated Belarusian and foreign banks.

The credit loss allowance charge and movement as at 31 December 2020 and 31 December 2019 are ranked as 12-month ECL with minimum credit risk.

(in thousands of Belarusian Rubles)

6. Due from banks (continued)

Analysis by credit quality of the balances with counterparty banks as at 31 December 2020 made on the basis of ratings of international rating agencies is as follows. Analysis is done on overall number of investment and speculative ratings assigned and simple majority principle is applied. If the counterparty is assigned equal number of investment and speculative ratings speculative rating is used for the purpose of the financial statements preparation:

	Investment rating	*Speculative rating*	*Not rated*	*Total*
Time deposits and loans to banks:				
- Belarus	–	–	9,979	**9,979**
- Other countries	11,596	–	–	**11,596**
Total	**11,596**	–	**9,979**	**21,575**

Analysis by credit quality of the balances with counterparty banks as at 31 December 2019 made on the basis of ratings of international rating agencies is as follows:

	Investment rating	*Speculative rating*	*Not rated*	*Total*
Time deposits and loans to banks:				
- Belarus	–	10,220	–	**10,220**
- Other countries	5,735	–	–	**5,735**
Total	**5,735**	**10,220**	–	**15,955**

The classification of due from banks by international credit ratings is presented in Note 33.

As at 31 December 2020 and 31 December 2019 due from banks included unallocated precious metals accounts for the total amount of BYN 11,349 thousand and BYN 5,411 thousand, respectively, placed in Sberbank.

7. Derivative financial instruments

The Group's derivative financial instruments are represented by short-term contracts with settlement date less than 1 year from the origination date. As at 31 December 2020 and 31 December 2019 derivative financial instruments comprise:

Derivative type	*Nominal amount (in units of currency to be purchased)*	*Fair value as at 31 December 2020*	
		Asset	*Liability*
RUB/USD foreign currency forward	RUB 195,073,060	98	—
USD/PLN foreign currency forward	USD 684,182	17	—
RUB/BYN foreign currency forward	RUB 95,000,000	1	—
GBP/USD foreign currency forward	GBP 40,000	—	—
EUR/BYN foreign currency forward	EUR 800,000	—	—
XPT/RUB precious metals forward	XPT 55,986	—	20
EUR/RUB foreign currency forward	EUR 8,400,000	—	159
BYN/USD foreign currency forward	BYN 22,000,000	—	248
XAU/RUB precious metals forward	XAU 529,693	—	398
USD/RUB foreign currency forward	USD 30,000,000	—	482
USD/EUR foreign currency forward	USD 140,852,575	—	33,068
Total derivative financial instruments		**116**	**34,375**

Derivative type	*Nominal amount (in units of currency to be purchased)*	*Fair value as at 31 December 2019*	
		Asset	*Liability*
USD/EUR foreign currency forward	USD 435,614,316	10,746	4,620
XAU/USD precious metals forward	XAU 590,967	634	—
XAG/USD precious metals forward	XAG 5,999,865	308	—
RUB/EUR foreign currency forward	RUB 345,994,000	17	—
RUB/USD foreign currency forward	RUB 132,325,410	12	—
BYN/USD foreign currency forward	BYN 7,374,322	10	—
USD/JPY foreign currency forward	USD 45,685	—	—
USD/XAG precious metals forward	USD 19,189	—	—
EUR/BYN foreign currency forward	EUR 600,000	—	1
USD/RUB foreign currency forward	USD 1,237,000	—	4
EUR/RUB foreign currency forward	EUR 1,065,000	—	6
EUR/USD foreign currency forward	EUR 7,307,456	—	6
RUB/BYN foreign currency forward	RUB 660,000,000	—	8
USD/PLN foreign currency forward	USD 520,291	—	12
Total derivative financial instruments		**11,727**	**4,657**

(in thousands of Belarusian Rubles)

8. Loans to customers

The tables below shows credit quality analysis of the Group's loan portfolio by loan classes at amortised cost as at 31 December 2020 and 31 December 2019.

31 December 2020	***Gross loans***	***ECL allowance***	***Net loans***
Commercial loans to legal entities	2,618,580	(571,614)	**2,046,966**
Project finance loans to legal entities	297,610	(27,181)	**270,429**
Consumer and other loans to individuals	120,566	(6,455)	**114,111**
Credit cards and overdrafts	85,475	(4,077)	**81,398**
Mortgage loans to individuals	519,878	(4,408)	**515,470**
Car loans to individuals	64,751	(452)	**64,299**
Total loans to customers at amortised cost	**3,706,860**	**(614,187)**	**3,092,673**

31 December 2019	***Gross loans***	***ECL allowance***	***Net loans***
Commercial loans to legal entities	2,493,932	(446,786)	**2,047,146**
Project finance loans to legal entities	170,588	(641)	**169,947**
Consumer and other loans to individuals	136,883	(5,143)	**131,740**
Credit cards and overdrafts	85,779	(4,821)	**80,958**
Mortgage loans to individuals	521,808	(1,673)	**520,135**
Car loans to individuals	54,526	(258)	**54,268**
Total loans to customers at amortised cost	**3,463,516**	**(459,322)**	**3,004,194**

Commercial lending to legal entities comprises corporate loans, loans to individual entrepreneurs and municipal authorities of the Republic of Belarus. Loans are granted for current needs (working capital financing, acquisition of movable and immovable property, portfolio investments, expansion and consolidation of business, etc.). Commercial lending also includes overdraft lending and lending for export-import transactions. The repayment source is cash flow from current production and financial activities of the borrower.

Project finance loans to legal entities include investment and construction project financing. As a rule, loan terms are linked to payback periods of investment and construction projects, contract execution periods and exceed the terms of commercial loans to legal entities of a general risk profile. The principal and interest may be repaid from cash flows generated by the investment project at the stage of its commercial operation.

Consumer and other individual loans comprise loans to individuals for consumer purposes and current needs not related to housing acquisition, construction and repair of real estate as well as car loans, credit cards and overdrafts. These loans include loans for pressing needs.

Credit cards and overdrafts represent revolving credit lines. These loans are considered to be a comfortable instrument for customers as a reserve source of funds available at any time if necessary.

Mortgage loans to individuals include loans for acquisition, construction and repair of real estate. These loans are mostly long-term and are collateralized by guarantees of individuals.

Car loans to individuals include loans for purchasing a car or other vehicle.

(in thousands of Belarusian Rubles)

8. Loans to customers (continued)

The table below shows the credit quality analysis of the Group's loans at amortised cost as at 31 December 2020:

	12-month ECL	*Lifetime ECL not credit-impaired*	*Lifetime ECL credit-impaired*	*Total*
Commercial loans to legal entities				
Minimum credit risk	123,267	—	—	**123,267**
Low credit risk	977,411	182,357	—	**1,159,768**
Moderate credit risk	127,699	165,131	—	**292,830**
High credit risk	1,034	414,938	—	**415,972**
Default	—	—	626,743	**626,743**
Total commercial loans to legal entities before credit loss allowance	**1,229,411**	**762,426**	**626,743**	**2,618,580**
Credit loss allowance	(23,701)	(98,732)	(449,181)	**(571,614)**
Total commercial loans to legal entities after credit loss allowance	**1,205,710**	**663,694**	**177,562**	**2,046,966**
Project finance loans to legal entities				
Minimum credit risk	1,629	—	—	**1,629**
Low credit risk	35,864	139,631	—	**175,495**
Moderate credit risk	36,294	70,309	—	**106,603**
High credit risk	—	6,647	—	**6,647**
Default	—	—	7,236	**7,236**
Total project finance loans to legal entities before credit loss allowance	**73,787**	**216,587**	**7,236**	**297,610**
Credit loss allowance	(2,453)	(20,489)	(4,239)	**(27,181)**
Total project finance loans to legal entities after credit loss allowance	**71,334**	**196,098**	**2,997**	**270,429**
Consumer and other loans to individuals				
Minimum credit risk	—	—	—	**—**
Low credit risk	113,237	—	—	**113,237**
Moderate credit risk	1,254	—	—	**1,254**
High credit risk	—	577	—	**577**
Default	—	—	5,498	**5,498**
Total consumer and other loans to individuals before credit loss allowance	**114,491**	**577**	**5,498**	**120,566**
Credit loss allowance	(1,517)	(227)	(4,711)	**(6,455)**
Total consumer and other loans to individuals after credit loss allowance	**112,974**	**350**	**787**	**114,111**
Credit cards and overdrafts				
Minimum credit risk	—	—	—	**—**
Low credit risk	80,759	—	—	**80,759**
Moderate credit risk	1	—	—	**1**
High credit risk	—	1151	—	**1,151**
Default	—	—	3,564	**3,564**
Total credit cards and overdrafts before credit loss allowance	**80,760**	**1151**	**3,564**	**85,475**
Credit loss allowance	(915)	(155)	(3,007)	**(4,077)**
Total credit cards and overdrafts after credit loss allowance	**79,845**	**996**	**557**	**81,398**
Mortgage loans to individuals				
Minimum credit risk	510,173	—	—	**510,173**
Low credit risk	3,432	—	—	**3,432**
Moderate credit risk	—	1,156	—	**1,156**
High credit risk	—	532	—	**532**
Default	—	—	4,585	**4,585**
Total mortgage loans to individuals before credit loss allowance	**513,605**	**1,688**	**4,585**	**519,878**
Credit loss allowance	(953)	(300)	(3,155)	**(4,408)**
Total mortgage loans to individuals after credit loss allowance	**512,652**	**1,388**	**1,430**	**515,470**
Car loans to individuals				
Minimum credit risk	64,020	—	—	**64,020**
Low credit risk	—	—	—	**—**
Moderate credit risk	248	—	—	**248**
High credit risk	—	52	—	**52**
Default	—	—	431	**431**
Total car loans to individuals before credit loss allowance	**64,268**	**52**	**431**	**64,751**
Credit loss allowance	(140)	(13)	(299)	**(452)**
Total car loans to individuals after credit loss allowance	**64,128**	**39**	**132**	**64,299**

(in thousands of Belarusian Rubles)

8. Loans to customers (continued)

The table below shows the credit quality analysis of the Group's loans at amortised cost as at 31 December 2019:

	12-month ECL	*Lifetime ECL not credit-impaired*	*Lifetime ECL credit-impaired*	*Total*
Commercial loans to legal entities				
Minimum credit risk	4,090	–	–	**4,090**
Low credit risk	1,482,928	149,976	–	**1,632,904**
Moderate credit risk	261,896	10,678	–	**272,574**
High credit risk	–	56,576	–	**56,576**
Default	–	–	527,788	**527,788**
Total commercial loans to legal entities before credit loss allowance	**1,748,914**	**217,230**	**527,788**	**2,493,932**
Credit loss allowance	(27,210)	(18,582)	(400,994)	**(446,786)**
Total commercial loans to legal entities after credit loss allowance	**1,721,704**	**198,648**	**126,794**	**2,047,146**
Project finance loans to legal entities				
Minimum credit risk	–	–	–	**–**
Low credit risk	170,588	–	–	**170,588**
Moderate credit risk	–	–	–	**–**
High credit risk	–	–	–	**–**
Default	–	–	–	**–**
Total project finance loans to legal entities before credit loss allowance	**170,588**	**–**	**–**	**170,588**
Credit loss allowance	(641)	**–**	–	**(641)**
Total project finance loans to legal entities after credit loss allowance	**169,947**	**–**	**–**	**169,947**
Consumer and other loans to individuals				
Minimum credit risk	–	–	–	**–**
Low credit risk	130,890	–	–	**130,890**
Moderate credit risk	1,205	–	–	**1,205**
High credit risk	–	400	–	**400**
Default	–	–	4,388	**4,388**
Total consumer and other loans to individuals before credit loss allowance	**132,095**	**400**	**4,388**	**136,883**
Credit loss allowance	(1,273)	(128)	(3,742)	**(5,143)**
Total consumer and other loans to individuals after credit loss allowance	**130,822**	**272**	**646**	**131,740**
Credit cards and overdrafts				
Minimum credit risk	–	–	–	**–**
Low credit risk	80,901	–	–	**80,901**
Moderate credit risk	647	–	–	**647**
High credit risk	–	267	–	**267**
Default	–	–	3,964	**3,964**
Total credit cards and overdrafts before credit loss allowance	**81,548**	**267**	**3,964**	**85,779**
Credit loss allowance	(1,337)	(102)	(3,382)	**(4,821)**
Total credit cards and overdrafts after credit loss allowance	**80,211**	**165**	**582**	**80,958**
Mortgage loans to individuals				
Minimum credit risk	515,821	–	–	**515,821**
Low credit risk	3,648	–	–	**3,648**
Moderate credit risk	–	610	–	**610**
High credit risk	–	221	–	**221**
Default	–	–	1,508	**1,508**
Total mortgage loans to individuals before credit loss allowance	**519,469**	**831**	**1,508**	**521,808**
Credit loss allowance	(613)	(86)	(974)	(1,673)
Total mortgage loans to individuals after credit loss allowance	**518,856**	**745**	**534**	**520,135**
Car loans to individuals				
Minimum credit risk	–	–	–	**–**
Low credit risk	54,034	–	–	**54,034**
Moderate credit risk	169	–	–	**169**
High credit risk	–	48	–	**48**
Default	–	–	275	**275**
Total car loans to individuals before credit loss allowance	**54,203**	**48**	**275**	**54,526**
Credit loss allowance	(77)	(6)	(175)	**(258)**
Total car loans to individuals after credit loss allowance	**54,126**	**42**	**100**	**54,268**

(in thousands of Belarusian Rubles)

8. Loans to customers (continued)

Credit quality analysis in the table above is based on the following scale developed internally by the Group:

- "Minimum credit risk" – assets with counterparties that demonstrate stable ability to fulfill financial obligations in time, with insignificant probability of default.
- "Low credit risk" – assets with counterparties with low probability of default with high ability to fulfill financials obligations in time.
- "Moderate credit risk" – assets with counterparties with average probability of default and with moderate ability to fulfill financials obligations in time; more detailed consideration is required during monitoring.
- "High credit risk" – assets with counterparties with high probability of default; specific attention is required during monitoring.
- "Default" – assets that are qualified as defaulted considering all available signs of impairment.

The table below shows the analysis of loans at amortised cost and credit loss allowance as at 31 December 2020:

	Gross loans	***Credit loss allowance***	***Net loans***	***Credit loss allowance to gross loans***
Commercial loans to legal entities				
Loans not past due	2,191,221	(208,698)	1,982,523	9.5%
Loans 1 to 90 days overdue	12,382	(3,729)	8,653	30.1%
Loans over 90 days overdue	414,977	(359,187)	55,790	86.6%
Total commercial loans to legal entities	**2,618,580**	**(571,614)**	**2,046,966**	**21.8%**
Project finance loans to legal entities				
Loans not past due	297,610	(27,181)	270,429	9.1%
Loans 1 to 90 days overdue	—	—	—	—
Loans over 90 days overdue	—	—	—	—
Total project finance loans to legal entities	**297,610**	**(27,181)**	**270,429**	**9.1%**
Total loans to legal entities	**2,916,190**	**(598,795)**	**2,317,395**	**20.5%**
Consumer and other loans to individuals				
Loans not past due	113,237	(1,380)	111,857	1.2%
Loans 1 to 90 days overdue	1,831	(364)	1,467	19.9%
Loans over 90 days overdue	5,498	(4,711)	787	85.7%
Total consumer and other loans to individuals	**120,566**	**(6,455)**	**114,111**	**5.4%**
Credit cards and overdrafts				
Loans not past due	80,760	(915)	79,845	1.1%
Loans 1 to 90 days overdue	1,151	(155)	996	13.5%
Loans over 90 days overdue	3,564	(3,007)	557	84.4%
Total credit cards and overdrafts	**85,475**	**(4,077)**	**81,398**	**4.8%**
Mortgage loans to individuals				
Loans not past due	510,174	(860)	509,314	0.2%
Loans 1 to 90 days overdue	5,119	(393)	4,726	7.7%
Loans over 90 days overdue	4,585	(3,155)	1,430	68.8%
Total mortgage loans to individuals	**519,878**	**(4,408)**	**515,470**	**0.8%**
Car loans to individuals				
Loans not past due	64,020	(131)	63,889	0.2%
Loans 1 to 90 days overdue	300	(22)	278	7.3%
Loans over 90 days overdue	431	(299)	132	69.4%
Total car loans to individuals	**64,751**	**(452)**	**64,299**	**0.7%**
Total loans to individuals	**790,670**	**(15,392)**	**775,278**	**1.9%**
Total loans to customers	**3,706,860**	**(614,187)**	**3,092,673**	**16.6%**

(in thousands of Belarusian Rubles)

8. Loans to customers (continued)

The table below shows the analysis of loans at amortised cost and credit loss allowance as at 31 December 2019:

	Gross loans	*Credit loss allowance*	*Net loans*	*Credit loss allowance to gross loans*
Commercial loans to legal entities				
Loans not past due	2,144,254	(146,672)	1,997,582	6.8%
Loans 1 to 90 days overdue	4,030	(2,325)	1,705	57.7%
Loans over 90 days overdue	345,648	(297,789)	47,859	86.2%
Total commercial loans to legal entities	**2,493,932**	**(446,786)**	**2,047,146**	**17.9%**
Project finance loans to legal entities				
Loans not past due	170,588	(641)	169,947	0.4%
Loans 1 to 90 days overdue	–	–	–	–
Loans over 90 days overdue	–	–	–	–
Total project finance loans to legal entities	**170,588**	**(641)**	**169,947**	**0.4%**
Total loans to legal entities	**2,664,520**	**(447,427)**	**2,217,093**	**16.8%**
Consumer and other loans to individuals				
Loans not past due	130,890	(1,173)	129,717	0.9%
Loans 1 to 90 days overdue	1,605	(229)	1,376	14.3%
Loans over 90 days overdue	4,388	(3,741)	647	85.3%
Total consumer and other loans to individuals	**136,883**	**(5,143)**	**131,740**	**3.8%**
Credit cards and overdrafts				
Loans not past due	80,901	(1,218)	79,683	1.5%
Loans 1 to 90 days overdue	914	(222)	692	24.3%
Loans over 90 days overdue	3,964	(3,381)	583	85.3%
Total credit cards and overdrafts	**85,779**	**(4,821)**	**80,958**	**5.6%**
Mortgage loans to individuals				
Loans not past due	515,820	(554)	515,266	0.1%
Loans 1 to 90 days overdue	4,480	(145)	4,335	3.2%
Loans over 90 days overdue	1,508	(974)	534	64.6%
Total mortgage loans to individuals	**521,808**	**(1,673)**	**520,135**	**0.3%**
Car loans to individuals				
Loans not past due	54,034	(70)	53,964	0.1%
Loans 1 to 90 days overdue	217	(13)	204	6.0%
Loans over 90 days overdue	275	(175)	100	63.6%
Total car loans to individuals	**54,526**	**(258)**	**54,268**	**0.5%**
Total loans to individuals	**798,996**	**(11,895)**	**787,101**	**1.5%**
Total loans to customers	**3,463,516**	**(459,322)**	**3,004,194**	**13.3%**

Movements in credit loss allowance for loans for the year ended 31 December 2020 and for the year ended 31 December 2019 are disclosed in Note 21.

Information on loans which terms have been renegotiated as at 31 December 2020 and 31 December 2019 is presented in the tables below. It shows the carrying amount of renegotiated loans by class:

	31 December 2020	*31 December 2019*
Commercial loans to legal entities	723,705	292,152
Project finance loans to legal entities	71,164	–
Consumer and other loans to individuals	298	–
Car loans to individuals	71	–
Mortgage loans to individuals	2,996	400
Total renegotiated loans before credit loss allowance	**798,234**	**292,552**

The loans to legal entities within the business size of borrowers as at 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	*31 December 2019*
Largest clients	1,370,077	1,329,646
Large clients	818,329	726,506
Medium business	182,439	141,377
Small business	545,345	466,991
Total loans to legal entities before credit loss allowance	**2,916,190**	**2,664,520**

(in thousands of Belarusian Rubles)

8. Loans to customers (continued)

Included in commercial loans to legal entities are net investments in finance lease. The analysis of net investments in finance lease as at 31 December 2020 and 31 December 2019 is as follows:

	31 December 2020	*31 December 2019*
Gross investments in finance lease	91,457	97,510
Unearned future finance income on finance lease	(18,150)	(21,166)
Net investments in finance lease before credit loss allowance	**73,307**	**76,344**
Credit loss allowance	(31,225)	(50,381)
Net investments in finance lease after credit loss allowance	**42,082**	**25,963**

The contractual maturity analysis of net investments in finance lease as at 31 December 2020 is as follows:

	Net investments in finance lease before credit loss allowance	*Credit loss allowance*	*Net investments in finance lease after credit loss allowance*
Not later than 1 year	41,459	(18,762)	22,697
Later than 1 year but not later than 2 years	9,997	(2,175)	7,822
Later than 2 years but not later than 3 years	7,663	(2,025)	5,638
Later than 3 years but not later than 4 years	3,373	(1,649)	1,724
Later than 4 years but not later than 5 years	2,691	(1,601)	1,090
Later than 5 years	8,124	(5,013)	3,111
Total as at 31 December 2020	**73,307**	**(31,225)**	**42,082**

The contractual maturity analysis of net investments in finance lease as at 31 December 2019 is as follows:

	Net investments in finance lease before credit loss allowance	*Credit loss allowance*	*Net investments in finance lease after credit loss allowance*
Not later than 1 year	34,403	(15,389)	19,014
Later than 1 year but not later than 2 years	3,297	(11)	3,286
Later than 2 years but not later than 3 years	30,130	(27,251)	2,879
Later than 3 years but not later than 4 years	303	–	303
Later than 4 years but not later than 5 years	–	–	–
Later than 5 years	8,211	(7,730)	481
Total as at 31 December 2019	**76,344**	**(50,381)**	**25,963**

The analysis of minimal finance lease receivables per contractual maturity as at 31 December 2020 and 31 December 2019 is as follows:

	31 December 2020	*31 December 2019*
Not later than 1 year	43,308	15,913
Later than 1 year but not later than 2 years	12,735	27,212
Later than 2 years but not later than 3 years	9,762	20,858
Later than 3 years but not later than 4 years	4,297	9,181
Later than 4 years but not later than 5 years	3,428	7,325
Later than 5 years	17,927	17,021
Total	**91,457**	**97,510**

Economic sector risk concentrations within the customer loan portfolio as at 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020		*31 December 2019*	
	Amount	*%*	*Amount*	*%*
Individuals	790,670	21.33	798,996	23.0
Trade and catering	580,074	15.65	369,432	10.7
Real estate	392,883	10.60	357,866	10.3
Chemical and oil refinery industry	385,138	10.39	415,437	12.0
Machinery and equipment	312,514	8.43	392,028	11.3
Food	286,428	7.73	267,778	7.7
Transport and communication	255,428	6.89	190,295	5.5
Light industry	128,950	3.48	98,057	2.8
Agriculture	118,938	3.21	86,234	2.5
Construction	106,440	2.87	95,579	2.8
Mining	90,442	2.44	41,097	1.2
Metallurgy	90,215	2.43	68,804	2.0
Timber and woodworking industry	57,427	1.55	62,293	1.8
Building materials	23,501	0.63	17,889	0.5
Financial services	20,400	0.55	23,711	0.7
Energy and fuel	777	0.02	61,184	1.8
Other	66,635	1.80	116,836	3.4
Total loans to customers before credit loss allowance	**3,706,860**	**100.0**	**3,463,516**	**100.0**

(in thousands of Belarusian Rubles)

8. Loans to customers (continued)

The table below shows the amount of loans in terms of collateral types. The data is based on carrying amount of loans, but not on the fair value of the collateral:

	31 December 2020	*31 December 2019*
Loans collateralized by real estate or rights thereon	1,035,807	1,147,838
Loans collateralized by guarantees of individuals	441,208	417,543
Loans collateralized by lien over receivables	299,880	520,876
Loans collateralized by inventories	340,002	296,240
Loans collateralized by equipment and rights thereon	207,402	185,866
Loans collateralized by means of transport	92,837	85,185
Loans collateralized by guarantees of enterprises	62,412	259,818
Loans collateralized by cash or guarantee deposits	3,054	—
Loans collateralized by guarantees of the Government of the Republic of Belarus and local authorities	3,526	4,179
Loans collateralized by other types of collateral	1,220,732	545,971
Total loans to customers before credit loss allowance	**3,706,860**	**3,463,516**
Credit loss allowance	(614,187)	(459,322)
Total loans to customers	**3,092,673**	**3,004,194**

At 31 December 2020 the amount of possible offset, where the guarantee deposit is defined as the primary collateral, is BYN 3,054 thousand.

Information on the impact of collateral on reducing credit risk on loans to customers are as follows:

31 December 2020	*Total loans to customers before allowance for loan impairment*	*Less allowance for loan impairment*	*The effect of collateral on the amount of credit loss allowance*		*credit loss allowance when collateral is zero*
loans to legal entities	2,778,039	(598,795)	53,995	/ -8%	(652,790)
- including Lifetime ECL credit-impaired	495,151	(453,420)	42,408	/ -9%	(495,828)
loans to individuals	790,658	(15,392)	3,846	/ -20%	(19,238)
- including Lifetime ECL credit-impaired	14,078	(11,172)	2,906	/ -21%	(14,078)
Total loans to customers	**3,568,697**	**(614,187)**	**57,841**	**/ -9%**	**(672,028)**
- including Lifetime ECL credit-impaired	**509,229**	**(464,592)**	**45,314**	**/ -9%**	**(509,906)**

31 December 2019	*Total loans to customers before allowance for loan impairment*	*Less allowance for loan impairment*	*The effect of collateral on the amount of credit loss allowance*		*credit loss allowance when collateral is zero*
loans to legal entities	2,664,520	(447,427)	130,946	/ -23%	(578,373)
- including Lifetime ECL credit-impaired	527,788	(400,994)	126,796	/ -24%	(527,790)
loans to individuals	798,996	(11,895)	2,386	/ -17%	(14,281)
- including Lifetime ECL credit-impaired	10,135	(8,274)	1,864	/ -18%	(10,138)
Total loans to customers	**3,463,516**	**(459,322)**	**133,332**	**/ -22%**	**(592,654)**
- including Lifetime ECL credit-impaired	**537,923**	**(409,268)**	**128,660**	**/ -24%**	**(537,928)**

As at 31 December 2020 the aggregated loan amount of 20 largest legal entities was BYN 1,581,812 thousand or 42.7% of the total gross loan portfolio of the Group (31 December 2019: BYN 1,412,252 thousand or 40.8%).

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

As at 31 December 2020 the Group has entered into Funded Participation Deals. As at 31 December 2020 the Group issued loans to its corporate customers funded by the banks of Sberbank of Russia Group in the amount of BYN 251,779 thousand (31 December 2019: BYN 281,309 thousand). As a result, the transfer of credit risks and rewards on related financial assets in the share 99% took place and respective part of loans to customers was derecognized on the Bank's balance. The rest of credit risks and rewards comprised BYN 2,543 thousand and BYN 2,134 thousand as at 31 December 2020 and 31 December 2019, respectively.

(in thousands of Belarusian Rubles)

9. Non-current assets held for sale

	Office premises and other property previously held for sale	*Assets repossessed from the borrowers*		*Total non-current assets held for sale*
		Machinery equipment	*Real estate*	
As at 31 December 2018	**2,235**	**316**	**5,203**	**7,754**
Additions	–	96	5,179	**5,275**
Transfers from premises and equipment	24,457	–	–	**24,457**
Transfers from other assets	–	–	–	**–**
Disposals	(4,404)	(64)	(3,206)	**(7,674)**
Impairment of non-current assets held for sale recognized in the consolidated statement of profit or loss	(94)	–	(1,140)	**(1,234)**
Impairment of non-current assets held for sale recognized in the consolidated statement of other comprehensive income	(1,165)	–	–	**(1,165)**
As at 31 December 2019	**21,029**	**348**	**6,036**	**27,413**
Additions	–	–	137	**137**
Transfers from premises and equipment	5,246	–	–	**5,246**
Transfers from other assets	–	–	1,713	**1,713**
Disposals	(22,411)	(348)	(6,173)	**(28,932)**
Impairment of non-current assets held for sale recognized in the consolidated statement of profit or loss	(20)	–	–	**(20)**
Impairment of non-current assets held for sale recognized in the consolidated statement of other comprehensive income	(377)	–	–	**(377)**
As at 31 December 2020	**3,467**	**–**	**1,713**	**5,180**

The Management of the Group has developed and approved a plan for the realization of these assets. The Management has initiated an active programme to locate a buyer and complete the plan. During the year the sale transactions were not completed for reasons beyond the Management's control. The sale transactions for these assets are expected to be completed in 2021.

Non-current assets held for sale were revalued to fair value as at 31 December 2020 and as at 31 December 2019. The fair value of buildings was determined by independent appraisers who used mainly income and comparative valuation techniques which reflect the market value of real estate and take into account information about transactions on the local real estate market.

10. Securities

Securities comprise:

	Interest to nominal, %	*31 December 2020*	*Interest to nominal, %*	*31 December 2019*
Securities measured at fair value through other comprehensive income - debt instruments	4.25%-7.75%	656,786	4.70%-10.00%	592,659
Securities measured at fair value through profit or loss - equity instruments	—	6,203	—	4,321
Securities measured at amortized cost	—	—	9.00%	1,045
Total securities		**662,989**		**598,025**

Securities measured at fair value through other comprehensive income - debt instruments as at 31 December 2020 comprise:

	Interest to nominal, %	*31 December 2020*
Long-term government bonds in foreign currency	4.25%-6.50%	602,069
Long-term government bonds in national currency	7.75%	54,717
Total securities measured at fair value through other comprehensive income - debt instruments		**656,786**

(in thousands of Belarusian Rubles)

10. Securities (continued)

As at 31 December 2020 and 31 December 2019 securities measured at fair value through profit or loss - equity instruments comprise ordinary shares of class "C" Visa Inc.

Securities measured at fair value through other comprehensive income - debt instruments as at 31 December 2019 comprise:

	Interest to nominal, %	*31 December 2019*
Long-term government bonds in foreign currency	4.70%-6.59%	531,464
Long-term government bonds in national currency	10.00%	60,128
Bonds issued by municipalities	9.00%	1,067
Total securities measured at fair value through other comprehensive income - debt instruments		**592,659**

Securities measured at amortized cost as at 31 December 2019 comprise:

	Currency	*Maturity date*	*Interest to nominal, %*	*31 December 2019*
Bonds issued by municipalities	BYN	July 2020	9.00%	1,045
Total securities at amortized cost				**1,045**

The classification of securities by international credit ratings is presented in Note 33.

11. Investments in associates

Movements in investments in associates / joint ventures were:

	year ended 31 December 2020	*year ended 31 December 2019*
As at 1 January	**8,611**	**8,515**
Share of the results of associates for the period	943	273
Dividends received	**–**	(258)
Acquisition of share in LLC "SanBridz"	179	81
As at 31 December	**9,733**	**8,611**

The following table illustrates summarised financial information of associates and joint ventures:

	Limited Liability Company "SanBridz"		*Closed Joint Stock Insurance Company "TASK"*	
	31 December 2020	*31 December 2019*	*31 December 2020*	*31 December 2019*
Assets	22,556	22,671	105,278	91,237
Liabilities	41,766	39,447	67,260	57,602
Net assets	**(19,210)**	**(16,776)**	**38,018**	**33,635**
The share of the Group in net assets	50%	50%	25.60%	25.60%
Carrying amount of investment in an associate/joint venture	**–**	**–**	**9,733**	**8,611**
Revenue	–	–	101,340	95,923
Net (loss) / profit	(2,794)	(2,859)	3,336	605

The sum of unrecognized loss for the joint venture LLC "SanBridz" amounted to BYN 9,605 thousand as at 31 December 2020 (31 December 2019: BYN 8,388 thousand).

(in thousands of Belarusian Rubles)

12. Premises and equipment and intangible assets

	Office premises	*Other premises*	*Computer equipment*	*Vehicles*	*Furniture and other assets*	*Construction in progress*	*Total*
Cost							
At 31 December 2018	**79,411**	**6,358**	**62,893**	**8,646**	**105,789**	**1,507**	**264,604**
Additions	386	-	6,776	872	2,041	2,699	**12,774**
Transfers	-	-	203	-	278	(481)	**-**
Transfers to non-current assets held for sale	(6,323)	-	-	(1,305)	(20,667)	-	**(28,295)**
Transfers (to) / from other types of property	(27)	27	-	-	-	-	**-**
Disposals of cost	(1,063)	(2,803)	(7,000)	(850)	(22,058)	(142)	**(33,916)**
Revaluation of premises recognised in the consolidated statement of profit or loss	(494)	-	-	-	-	-	**(494)**
Revaluation of premises recognised in the consolidated statement of other comprehensive income	(3,600)	-	-	-	-	-	**(3,600)**
At 31 December 2019	**68,290**	**3,582**	**62,872**	**7,363**	**65,383**	**3,583**	**211,073**
Additions	-	-	7,549	2,645	2,390	1,084	**13,668**
Transfers	-	-	521	-	752	(1,273)	**-**
Transfers to non-current assets held for sale	(4,995)	-	-	(933)	-	-	**(5,928)**
Transfers (to) / from other types of property	-	-	-	-	-	-	**-**
Disposals of cost	(179)	(292)	(2,059)	(107)	(4,516)	(887)	**(8,040)**
Disposals of cost with sale of a subsidiary	-	-	(321)	(41)	(3,085)	(1)	**(3,448)**
Revaluation of premises recognised in the consolidated statement of profit or loss	(249)	-	-	-	-	-	**(249)**
Revaluation of premises recognised in the consolidated statement of other comprehensive income	(6,716)	-	-	-	-	-	**(6,716)**
At 31 December 2020	**56,151**	**3,290**	**68,562**	**8,927**	**60,924**	**2,506**	**200,360**
Accumulated depreciation							
At 31 December 2018	**-**	**3,016**	**37,475**	**5,065**	**42,847**	**-**	**88,403**
Depreciation charge	878	2,403	6,101	946	3,682	-	**14,010**
Transfers to non-current assets held for sale	(49)	-	-	(912)	(2,877)	-	**(3,838)**
Transfers (to) / from other types of property	(27)	27	-	-	-	-	**-**
Disposals of accumulated depreciation	(11)	(1,864)	(6,972)	(585)	(5,436)	-	**(14,868)**
Accumulated depreciation changes caused by revaluation of premises recognised in the consolidated statement of profit or loss	(71)	-	-	-	-	-	**(71)**
Accumulated depreciation changes caused by revaluation of premises recognised in the consolidated statement of other comprehensive income	(720)	-	-	-	-	-	**(720)**
At 31 December 2019	**-**	**3,582**	**36,604**	**4,514**	**38,216**	**-**	**82,916**
Depreciation charge	729	-	7,888	1,231	4,276	-	**14,124**
Transfers to non-current assets held for sale	(12)	-	-	(670)	-	-	**(682)**
Transfers (to) / from other types of property	-	-	-	-	-	-	**-**
Disposals of accumulated depreciation	(2)	(292)	(2,013)	(79)	(3,403)	-	**(5,789)**
Disposals of accumulated depreciation with sale of a subsidiary	-	-	(286)	(37)	(2,753)	-	**(3,076)**
Accumulated depreciation changes caused by revaluation of premises recognised in the consolidated statement of profit or loss	(69)	-	-	-	-	-	**(69)**
Accumulated depreciation changes caused by revaluation of premises recognised in the consolidated statement of other comprehensive income	(646)	-	-	-	-	-	**(646)**
At 31 December 2020	**-**	**3,290**	**42,193**	**4,959**	**36,336**	**-**	**86,778**
Carrying amount							
At 31 December 2020	**56,151**	**-**	**26,369**	**3,968**	**24,588**	**2,506**	**113,582**
At 31 December 2019	**68,290**	**-**	**26,268**	**2,849**	**27,167**	**3,583**	**128,157**

(in thousands of Belarusian Rubles)

12. Premises and equipment and intangible assets (continued)

Office premises were revalued to fair value as at 31 December 2020 and as at 31 December 2019. The fair value of buildings was determined by independent appraisers who used mainly income and comparative valuation techniques which reflect the market value of real estate and take into account information about transactions on the local real estate market.

Office premises are measured at revalued amount. Office premises were revalued to fair value at 31 December 2020 and at 31 December 2019. At 31 December 2020 the carrying amount of office premises would have been BYN 38,481 thousand (31 December 2019: BYN 39,911 thousand) had the office premises been measured using the cost (historical) model.

As at 31 December 2020 included in computer equipment are fully depreciated items in the amount of BYN 13,931 thousand (31 December 2019: BYN 11,162 thousand), in vehicles in the amount of BYN 1,153 thousand (31 December 2019: BYN 1,479 thousand) and in furniture and other assets in the amount of BYN 16,336 thousand (31 December 2019: BYN 13,544 thousand).

Standard span of service of different types of the Group's property is as follows:

Type of property	years
Office premises	15 - 100
Other premises	5 - 59
Computer equipment	5 - 10
Vehicles	5 - 10
Furniture and other assets	10 - 50

The Group analizes and makes adjustments (if necessary) to carrying amounts, spans of service, and depreciation methods of fixed assets at the end of each reporting year.

Movements in intangible assets are presented in the table below:

	Intangible assets
Cost	
At 31 December 2018	**82,786**
Additions	15
Disposals of cost	(11,246)
At 31 December 2019	**71,555**
Additions	4,260
Disposals of cost	(15,147)
Disposals of cost with sale of a subsidiary	(80)
At 31 December 2020	**60,588**
Accumulated amortization	
At 31 December 2018	**34,865**
Amortization charge	25,237
Disposals of accumulated amortization	(6,463)
At 31 December 2019	**53,639**
Amortization charge	7,428
Disposals of accumulated amortization	(7,428)
Disposals of accumulated amortization with sale of a subsidiary	(80)
At 31 December 2020	**53,559**
Carrying amount	
At 31 December 2020	**7,029**
At 31 December 2019	**17,916**

There are no intangible assets with indefinite span of service on the Group's balance sheet. The standard span of service of intangible assets ranges from 5 to 10 years.

During the reporting year fixed assets have not been pledged to third parties as collateral, are free from any claim of third parties. There are no limitations or restrictions of transactions with fixed assets.

(in thousands of Belarusian Rubles)

13. Right-of-use assets

The Group leases office premises. Rental contracts are typically made for fixed periods from 1 to 10 years. Until 31 December 2018 leases of premises and equipment were classified as operating leases. From 1 January 2019 leases are recognised as a right-of-use asset and a corresponding liability from the date when the leased asset becomes available for use by the Group.

The right-of-use assets (office premises) are presented in the table below:

Carrying amount at 1 January 2019	**26,842**
Additions	471
Disposals	(195)
Depreciation charge including disposals of accumulated depreciation	(4,863)
Modification of leases	(493)
Carrying amount at 31 December 2019	**21,762**
Additions	1,327
Disposals	(1,980)
Depreciation charge including disposals of accumulated depreciation	(4,708)
Modification of leases	1,838
Carrying amount at 31 December 2020	**18,239**

Interest expense on lease liabilities for the year ended 31 December 2020 amounted to BYN 555 thousand (for the year ended 31 December 2019: BYN 439 thousand).

Expenses relating to leases of low-value assets for the year ended 31 December 2020 amounted to BYN 203 thousand (for the year ended 31 December 2019: BYN 1,098 thousand).

Total cash outflow for leases for the year ended 31 December 2020 amounted to BYN 6,462 thousand (for the year ended 31 December 2019: BYN 5,112 thousand).

The lessee's weighted average incremental borrowing rate applied to the lease liabilities was 1.97% in 2020 (in 2019: 2.24%).

14. Other assets

Other assets comprise:

	31 December 2020	***31 December 2019***
Other financial assets		
Receivables on bank cards settlements	13,877	16,473
Accrued income	4,754	4,903
Restricted cash balances	488	453
Other accounts receivable to be settled in cash	44	1,319
Total other financial assets	**19,163**	**23,148**
Other non-financial assets		
Taxes recoverable and prepaid, other than income taxes	4,170	4,713
Precious metals	3,547	4,508
Other advances and prepayments	2,773	4,331
Prepayments for premises, equipment and intangible assets	1,076	4,874
Prepaid expenses	722	695
Premises in stock	152	156
Inventory	83	1,676
Investment property	–	1,713
Total other non-financial assets	**12,523**	**22,666**
Total other assets	**31,686**	**45,814**

Premises in stock include assets acquired by the Group as compensation from distressed borrowers via loan collateral. Premises previously held as collateral are treated as "Premises in stock" until the Group determines the best use of these assets. Premises in stock are measured under IAS 2.

As at 31 December 2019 other non-financial assets included investment property (complex of structures) of BYN 1,713 thousand. As at 31 December 2020 the investment property of BYN 1,713 thousand was reclassified to non-current assets held for sale.

(in thousands of Belarusian Rubles)

15. Due to banks

Due to banks comprise:

	31 December 2020	*31 December 2019*
Correspondent accounts of banks	198,719	158,418
Loans from banks and financial institutions	198,623	110,689
Trade finance deals	373,872	203,353
Total due to banks	**771,214**	**472,460**

As at 31 December 2020 a balance of due to banks amounting to BYN 473,856 thousand (65.1% of the Group's equity) was to one counterparty which individually exceeded 10.0% of the Group's equity. As at 31 December 2019 a balance of due to banks amounting to BYN 159,345 thousand (22.6% of the Group's equity) was to one counterparty which individually exceeded 10.0% of the Group's equity.

16. Due to individuals and corporate customers

Due to individuals and corporate customers comprise:

	31 December 2020	*31 December 2019*
Individuals:		
- Current / demand accounts	461,465	498,578
- Term deposits	679,568	832,512
Total due to individuals	**1,141,033**	**1,331,090**
Other corporate customers:		
- Current / settlement accounts	784,104	810,223
- Term deposits	582,198	719,679
Total due to other corporate customers	**1,366,302**	**1,529,902**
State and public organisations:		
- Current / settlement accounts	27,166	22,215
- Term deposits	270,083	67,268
Total due to state and public organisations	**297,249**	**89,483**
Total due to corporate customers	**1,663,551**	**1,619,385**
Total due to individuals and corporate customers	**2,804,584**	**2,950,475**

As at 31 December 2020 included in due to corporate customers are deposits of BYN 8,512 thousand (31 December 2019: BYN 11,179 thousand) held as collateral for irrevocable commitments under import letters of credit.

As at 31 December 2020 total deposits of 20 largest customers were BYN 522,708 thousand or 18.6% of total due to individuals and corporate customers (31 December 2019: BYN 365,041 thousand or 12.4%).

Industry sector concentrations within customer accounts are as follows:

	31 December 2020		*31 December 2019*	
	Amount	*%*	*Amount*	*%*
Individuals	1,141,033	40.8	1,331,090	45.1
Process industry	456,675	16.3	483,591	16.4
Trade	284,344	10.1	240,464	8.2
State and government bodies	258,184	9.2	55,521	1.9
Construction	169,479	6.0	187,948	6.4
Scientific work	110,457	3.9	196,927	6.7
Transport	74,576	2.7	93,380	3.2
Communications	68,184	2.4	66,394	2.2
Mining	52,566	1.9	41,395	1.4
Financial intermediation	52,538	1.9	59,900	2.0
Insurance and other financial services	34,573	1.2	44,549	1.5
Agriculture	16,781	0.6	12,573	0.4
Administrative services	16,657	0.6	13,112	0.4
Sport & art	11,878	0.4	14,412	0.5
Energy. Water supply	8,491	0.3	53,345	1.8
Public health	5,891	0.2	6,173	0.2
Hotel business	5,019	0.2	14,768	0.5
Education	3,198	0.1	5,290	0.2
Household	8	0.0	9	0.0
Other	34,052	1.2	29,634	1.0
Total due to individuals and corporate customers	**2,804,584**	**100.0**	**2,950,475**	**100.0**

(in thousands of Belarusian Rubles)

17. Debt securities issued

Debt securities issued comprise:

	31 December 2020	*31 December 2019*
Bonds issued to legal entities	220,041	250,374
Bonds issued to individuals	98,724	140,387
Total debt securities issued	**318,765**	**390,761**

Bonds issued to legal entities are interest-bearing securities issued by the Group. They are issued in BYN and USD and have maturity dates from "on demand" to December 2026 (31 December 2019: from "on demand" to October 2026). Interest rates on such bonds vary from 2.5-2.7% (for bonds in USD) to 4.3-13.0% (for bonds in BYN) p.a. (31 December 2019: from 2.5-2.7% (for bonds in USD) to 5.5-9.5% (for bonds in BYN) p.a.).

Bonds issued to individuals are interest-bearing securities issued by the Group. They are issued in BYN, USD and EUR and have maturity dates from "on demand" to December 2026 (31 December 2019: from "on demand" to October 2026). Interest rates on such bonds vary from от 0.5-2.7% (for bonds in USD and EUR) to 7.8-15.0% (for bonds in BYN) p.a. (31 December 2019: from от 0.5-2.7% (for bonds in USD and EUR) to 5.5-10.0% (for bonds in BYN) p.a.).

18. Other liabilities

Other liabilities comprise:

	31 December 2020	*31 December 2019*
Other financial liabilities		
Lease obligation	22,568	21,620
Payments due to other contractors	15,649	14,995
Unused vacation reserve and bonus accrual	2,603	5,727
Accrued contributions to deposits protection fund	1,632	1,951
Payables on premises and equipment	662	171
Accrued fee payable under documentary transactions and transactions with plastic cards	528	353
Settlement accounts on other banking services	145	1,241
Payables on dividends	56	81
Total other financial liabilities	**43,843**	**46,139**
Other non-financial liabilities		
Taxes payable, other than income taxes	4,955	7,111
Other	1,625	919
Total other non-financial liabilities	**6,580**	**8,030**
Total other liabilities	**50,423**	**54,169**

19. Share capital

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

	Number of shares		*Nominal amount, BYN*		*Hyperinflation*	
	Preferred	*Ordinary*	*Preferred*	*Ordinary*	*adjustment*	*Total*
31 December 2019	870,805	1,470,828,888	0.05	0.05	248,171	**321,756**
31 December 2020	870,805	1,470,828,888	0.05	0.05	248,171	**321,756**

All ordinary shares are ranked equally and carry one vote. Preference shares are non-voting. Preference shares are entitled to annual dividends the amount of which is determinable by annual shareholders meeting.

During the year ended 31 December 2020 the Bank declared dividends in the amount of BYN 44 thousand for the year 2019. The dividends were BYN 0.05 per preference share.

During the year ended 31 December 2019 the Bank declared dividends in the amount of BYN 58,877 thousand for the year 2018. The dividends were BYN 0.04 per ordinary share and BYN 0.05 per preference share.

In accordance with Belarusian legislation dividends may only be declared to the shareholders of the Bank from retained undistributed earnings of previous years and net profit of the current period as shown in the Bank's financial statements prepared in accordance with Belarusian GAAP. For the year ended 31 December 2020 the Bank's net profit in accordance with Belarusian GAAP amounted to BYN 59,725 thousand (BYN 107,166 thousand for the year ended 31 December 2019).

(in thousands of Belarusian Rubles)

20. Net interest income

The net interest income comprises:

	year ended 31 December 2020	*year ended 31 December 2019*
Interest income calculated using the effective interest method		
Interest income on debt financial assets measured at amortized cost		
Interest on loans to corporate customers measured at amortized cost	168,816	156,460
Interest on loans to individuals measured at amortized cost	93,170	89,252
Interest on due from banks measured at amortized cost	5,484	4,194
Interest on debt securities measured at amortized cost	53	104
Interest income on debt financial assets measured at fair value through other comprehensive income		
Interest on debt securities measured at fair value through other comprehensive income	32,987	47,322
Total interest income calculated using the effective interest method	**300,510**	**297,332**
Other interest income	**3,063**	**4,395**
Total interest income	**303,573**	**301,727**
Interest expense		
Interest expense on financial liabilities		
Interest on due to corporate customers	58,249	61,164
Interest on due to individuals	32,084	32,047
Interest on debt securities issued to corporate customers and individuals	21,027	20,192
Interest on subordinated debt	11,900	9,826
Interest on due to banks	11,891	10,362
Interest on due to the National Bank of the Republic of Belarus	4,833	239
Interest on lease obligation	555	439
Total interest expense	**140,539**	**134,269**
Contributions to deposits protection fund	7,193	7,517
Net interest income	**155,841**	**159,941**

(in thousands of Belarusian Rubles)

21. Credit loss allowance, other provisions

As of 1 January 2020 the Group changed presentation of the effect of exchange rates on the credit loss allowance charge for foreign currency loans. The exchange rates effect previously included in the credit loss allowance charge is included in the net gains / (losses) from trading in foreign currencies and operations with foreign currency derivatives.

	As previously reported as at 31 December 2019	***Amount of foreign currency revaluation related to credit loss allowance charge***	***As reclassified as at 31 December 2019***
Recovery of credit loss allowance for loans	**10,520**	(8,222)	**2,298**
Net gains from trading in foreign currencies and operations with foreign currency derivatives	**33,257**	8,222	**41,479**

The following table shows reconciliations from the opening to the closing balance of the credit loss allowance for loans to customers at amortised cost and explains the changes in the credit loss allowance for the year ended 31 December 2020 and for the year ended 31 December 2019.

The table below compares the credit loss allowance and the gross carrying amount as at December 2019 and December 2020 for loans to customers at amortized cost and explains the changes in the credit loss allowance and gross carrying amount (include changes affecting and not affecting the cost of the credit loss allowance).

	Credit loss allowance				**Gross carrying amount**			
	12-month ECL	***Lifetime ECL not credit-impaired***	***Lifetime ECL credit-impaired***	***Total***	***12-month ECL***	***Lifetime ECL not credit-impaired***	***Lifetime ECL credit-impaired***	***Total***
Total loans to customers at amortized cost								
At 1 January 2020	**31,149**	**18,903**	**409,270**	**459,322**	**2,706,819**	**218,775**	**537,922**	**3,463,516**
Transfers and corresponding remeasurement of credit loss allowances:								
- to 12-month ECL	4,602	(13,836)	(3,153)	**(12,387)**	311,877	(307,524)	(4,353)	**–**
- to lifetime ECL not credit-impaired	(31,438)	116,155	(30,276)	**54,441**	(1,088,882)	1,152,482	(63,600)	**–**
- to lifetime ECL credit-impaired	(825)	(26,588)	57,259	**29,846**	(38,609)	(111,514)	150,123	**–**
Net remeasurement of credit loss allowance within the same stage	(20,904)	(118,052)	(103,498)	**(242,454)**	–	–	–	**–**
New originated or purchased and impact of other increases in gross carrying amount	46,848	137,198	81,773	**265,819**	883,241	570,321	60,801	**1,514,363**
Derecognised during the period and impact of other decreases in gross carrying amount	(4,111)	(5,565)	(31,026)	**(40,702)**	(901,109)	(670,059)	(131,523)	**(1,702,691)**
Total movements with impact on credit loss allowance charge for the year	(5,828)	89,312	(28,921)	**54,563**	(833,482)	633,706	11,448	**(188,328)**
Write-offs	–	–	(10,441)	**(10,441)**	**–**	**–**	(10,441)	**(10,441)**
Recovery of loans previously written off	–	–	6,060	**6,060**	**–**	**–**	**–**	**–**
Foreign exchange differences	4,357	11,700	76,799	**92,856**	202,987	129,999	94,107	**427,093**
Unwinding (pay off) of discounting	**–**	**–**	11,827	**11,827**	**–**	**–**	15,020	**15,020**
Total movements without impact on credit loss allowance charge for the year	4,357	11,700	84,245	**100,302**	202,987	129,999	98,686	**431,672**
At 31 December 2020	**29,678**	**119,915**	**464,594**	**614,187**	**2,076,324**	**982,480**	**648,056**	**3,706,860**

(in thousands of Belarusian Rubles)

	Credit loss allowance				Gross carrying amount			
	12-month ECL	***Lifetime ECL not credit-impaired***	***Lifetime ECL credit-impaired***	***Total***	***12-month ECL***	***Lifetime ECL not credit-impaired***	***Lifetime ECL credit-impaired***	***Total***
Loans to corporate customers:								
Commercial loans to legal entities								
At 1 January 2020	**27,209**	**18,581**	**400,996**	**446,786**	**1,748,916**	**217,229**	**527,787**	**2,493,932**
Transfers and corresponding remeasurement of credit loss allowances:								
- to 12-month ECL	4,177	(13,889)	(291)	**(10,003)**	289,440	(289,088)	(352)	**–**
- to lifetime ECL not credit-impaired	(30,635)	103,602	(30,031)	**42,936**	(902,915)	966,195	(63,280)	**–**
- to lifetime ECL credit-impaired	(615)	(25,671)	49,383	**23,097**	(30,369)	(108,576)	138,945	**–**
Net remeasurement of credit loss allowance within the same stage	(19,047)	(107,346)	(109,029)	**(235,422)**	–	–	–	**–**
New originated or purchased and impact of other increases in gross carrying amount	41,703	116,207	81,654	**239,564**	587,979	438,684	47,587	**1,074,250**
Derecognised during the period and impact of other decreases in gross carrying amount	(3,444)	(4,226)	(26,955)	**(34,625)**	(666,400)	(574,148)	(121,742)	**(1,362,290)**
Total movements with impact on credit loss allowance charge for the year	(7,861)	68,677	(35,269)	**25,547**	(722,265)	433,067	1,158	**(288,040)**
Write-offs	–	–	(10,435)	**(10,435)**	–	–	(10,435)	**(10,435)**
Recovery of loans previously written off	–	–	5,718	**5,718**	–	–	–	–
Foreign exchange differences	4,352	11,474	75,980	**91,806**	202,762	112,130	92,839	**407,731**
Unwinding (pay off) of discounting	**–**	**–**	12,192	**12,192**	–	–	15,392	**15,392**
Total movements without impact on credit loss allowance charge for the year	4,352	11,474	83,455	**99,281**	202,762	112,130	97,796	**412,688**
At 31 December 2020	**23,700**	**98,732**	**449,182**	**571,614**	**1,229,413**	**762,426**	**626,741**	**2,618,580**
Project finance loans to legal entities								
At 1 January 2020	**641**	**–**	–	**641**	**170,588**	**–**	–	**170,588**
Transfers and corresponding remeasurement of credit loss allowances:								
- to 12-month ECL	324	755	–	**1,079**	14,801	(14,801)	–	**–**
- to lifetime ECL not credit-impaired	(641)	10,325	–	**9,684**	(176,858)	176,858	–	**–**
- to lifetime ECL credit-impaired	–	–	–	–	–	–	–	**–**
Net remeasurement of credit loss allowance within the same stage	(1,393)	(10,627)	6,675	**(5,345)**	–	–	–	**–**
New originated or purchased and impact of other increases in gross carrying amount	3,897	20,917	(342)	**24,472**	122,806	131,327	12,509	**266,642**
Derecognised during the period and impact of other decreases in gross carrying amount	(378)	(1,106)	(3,150)	**(4,634)**	(57,268)	(94,649)	(6,410)	**(158,327)**
Total movements with impact on credit loss allowance charge for the year	1,809	20,264	3,183	**25,256**	(96,519)	198,735	6,099	**108,315**
Write-offs	–	–	–	–	–	–	–	–
Recovery of loans previously written off	–	–	342	**342**	–	–	–	–
Foreign exchange differences	3	225	678	**906**	(282)	17,852	1,075	**18,645**
Unwinding (pay off) of discounting	–	–	36	**36**	–	–	62	**62**
Total movements without impact on credit loss allowance charge for the year	3	225	1,056	**1,284**	(282)	17,852	1,137	**18,707**
At 31 December 2020	**2,453**	**20,489**	**4,239**	**27,181**	**73,787**	**216,587**	**7,236**	**297,610**

(in thousands of Belarusian Rubles)

	Credit loss allowance				Gross carrying amount			
	12-month ECL	***Lifetime ECL not credit-impaired***	***Lifetime ECL credit-impaired***	***Total***	***12-month ECL***	***Lifetime ECL not credit-impaired***	***Lifetime ECL credit-impaired***	***Total***
Loans to individuals:								
Consumer and other loans to individuals								
At 1 January 2020	**1,272**	**128**	**3,743**	**5,143**	**132,095**	**400**	**4,388**	**136,883**
Transfers and corresponding remeasurement of credit loss allowances:								
- to 12-month ECL	36	(277)	(367)	**(608)**	1,219	(782)	(437)	**–**
- to lifetime ECL not credit-impaired	(74)	896	(54)	**768**	(2,177)	2,244	(67)	**–**
- to lifetime ECL credit-impaired	(52)	(516)	1,895	**1,327**	(1,208)	(1,226)	2,434	**–**
Net remeasurement of credit loss allowance within the same stage	70	(17)	(499)	**(446)**	–	–	–	**–**
New originated or purchased and impact of other increases in gross carrying amount	346	24	111	**481**	34,731	60	155	**34,946**
Derecognised during the period and impact of other decreases in gross carrying amount	(82)	(10)	(209)	**(301)**	(50,169)	(119)	(1,084)	**(51,372)**
Total movements with impact on credit loss allowance charge for the year	244	100	877	**1,221**	(17,604)	177	1,001	**(16,426)**
Write-offs	–	–	(4)	**(4)**	–	–	(4)	**(4)**
Recovery of loans previously written off	–	–	–	**–**	–	–	–	–
Foreign exchange differences	–	–	55	**55**	–	–	64	**64**
Unwinding (pay off) of discounting	–	–	40	**40**	–	–	49	**49**
Total movements without impact on credit loss allowance charge for the year	–	–	91	**91**	–	–	109	**109**
At 31 December 2020	**1,516**	**228**	**4,711**	**6,455**	**114,491**	**577**	**5,498**	**120,566**
Credit cards and overdrafts								
At 1 January 2020	**1,337**	**102**	**3,382**	**4,821**	**81,548**	**267**	**3,964**	**85,779**
Transfers and corresponding remeasurement of credit loss allowances:								
- to 12-month ECL	37	(208)	(524)	**(695)**	1,267	(626)	(641)	**–**
- to lifetime ECL not credit-impaired	(57)	517	(80)	**380**	(2,111)	2,212	(101)	**–**
- to lifetime ECL credit-impaired	(149)	(227)	1,677	**1,301**	(1,489)	(680)	2,169	**–**
Net remeasurement of credit loss allowance within the same stage	(907)	(40)	(720)	**(1,667)**	**–**	**–**	**–**	**–**
New originated or purchased and impact of other increases in gross carrying amount	839	37	300	**1,176**	55,938	186	347	**56,471**
Derecognised during the period and impact of other decreases in gross carrying amount	(185)	(27)	(466)	**(678)**	(54,393)	(208)	(1,535)	**(56,136)**
Total movements with impact on credit loss allowance charge for the year	(422)	52	187	**(183)**	(788)	884	239	**335**
Write-offs	–	–	(2)	**(2)**	–	–	(2)	**(2)**
Recovery of loans previously written off	–	–	–	**–**	–	–	–	**–**
Foreign exchange differences	–	–	–	–	–	–	–	–
Unwinding (pay off) of discounting	–	–	(559)	**(559)**	–	–	(637)	**(637)**
Total movements without impact on credit loss allowance charge for the year	–	–	(561)	**(561)**	–	–	(639)	**(639)**
At 31 December 2020	**915**	**154**	**3,008**	**4,077**	**80,760**	**1,151**	**3,564**	**85,475**

(in thousands of Belarusian Rubles)

	Credit loss allowance				Gross carrying amount			
	12-month ECL	***Lifetime ECL not credit-impaired***	***Lifetime ECL credit-impaired***	***Total***	***12-month ECL***	***Lifetime ECL not credit-impaired***	***Lifetime ECL credit-impaired***	***Total***
Mortgage loans to individuals								
At 1 January 2020	**613**	**86**	**974**	**1,673**	**519,469**	**831**	**1,508**	**521,808**
Transfers and corresponding remeasurement of credit loss allowances:								
- to 12-month ECL	36	(205)	(1971)	**(2,140)**	5,078	(2,180)	(2,898)	**–**
- to lifetime ECL not credit-impaired	(28)	794	(110)	**656**	(4,721)	4,873	(152)	**–**
- to lifetime ECL credit-impaired	(17)	(172)	4,172	**3,983**	(5,344)	(983)	6,327	**–**
Net remeasurement of credit loss allowance within the same stage	326	(21)	77	**382**	–	–	–	**–**
New originated or purchased and impact of other increases in gross carrying amount	40	13	44	**97**	55,452	59	192	**55,703**
Derecognised during the period and impact of other decreases in gross carrying amount	(19)	(196)	(228)	**(443)**	(56,836)	(930)	(666)	**(58,432)**
Total movements with impact on credit loss allowance charge for the year	338	213	1,984	**2535**	(6,371)	839	2,803	**(2,729)**
Write-offs	–	–	–	**–**	–	–	–	**–**
Recovery of loans previously written off	–	–	–	**–**	–	–	–	**–**
Foreign exchange differences	2	1	79	**82**	507	17	121	**645**
Unwinding (pay off) of discounting	**–**	**–**	118	**118**	–	–	154	**154**
Total movements without impact on credit loss allowance charge for the year	2	1	197	**200**	507	17	275	**799**
At 31 December 2020	**953**	**300**	**3,155**	**4,408**	**513,605**	**1,687**	**4,586**	**519,878**
Car loans to individuals								
At 1 January 2020	**77**	**6**	**175**	**258**	**54,203**	**48**	**275**	**54,526**
Transfers and corresponding remeasurement of credit loss allowances:								
- to 12-month ECL	(8)	(12)	–	**(20)**	72	(47)	(25)	**–**
- to lifetime ECL not credit-impaired	(3)	21	(1)	**17**	(100)	100		**–**
- to lifetime ECL credit-impaired	8	(2)	132	**138**	(199)	(49)	248	**–**
Net remeasurement of credit loss allowance within the same stage	47	–	(2)	**45**	–	–	–	**–**
New originated or purchased and impact of other increases in gross carrying amount	22	–	6	**28**	26,335	4	11	**26,350**
Derecognised during the period and impact of other decreases in gross carrying amount	(3)	–	(18)	**(21)**	(16,043)	(4)	(86)	**(16,133)**
Total movements with impact on credit loss allowance charge for the year	63	7	117	**187**	10,065	4	148	**10,217**
Write-offs	–	–	–	**–**	–	–	–	**–**
Recovery of loans previously written off	–	–	–	**–**	–	–	–	**–**
Foreign exchange differences	–	–	7	7	–	–	8	**8**
Unwinding (pay off) of discounting	**–**	**–**	–	–	–	–	–	**–**
Total movements without impact on credit loss allowance charge for the year	–	**–**	7	**7**	–	–	8	**8**
At 31 December 2020	**140**	**13**	**299**	**452**	**64,268**	**52**	**431**	**64,751**

(in thousands of Belarusian Rubles)

21. Credit loss allowance, other provisions (continued)

The following table shows reconciliations from the opening to the closing balance of the credit loss allowance of loans and advances to customers at amortised cost as at 31 December 2019.

	Credit loss allowance				Gross carrying amount			
	12-month ECL	*Lifetime ECL not credit-impaired*	*Lifetime ECL credit-impaired*	*Total*	*12-month ECL*	*Lifetime ECL not credit-impaired*	*Lifetime ECL credit-impaired*	*Total*
Total loans to customers at amortized cost								
At 1 January 2019	**20,564**	**27,349**	**415,103**	**463,016**	**2,330,945**	**290,168**	**551,388**	**3,172,501**
Transfers and corresponding remeasurement of credit loss allowances:								
- to 12-month ECL	143	(1,023)	(1,781)	**(2,661)**	7,293	(4,943)	(2,350)	**–**
- to lifetime ECL not credit-impaired	(543)	4,724	(567)	**3,614**	(36,594)	37,292	(698)	**–**
- to lifetime ECL credit-impaired	(478)	(9,548)	30,168	**20,142**	(6,407)	(81,992)	88,399	**–**
Net remeasurement of credit loss allowance within the same stage	(14,316)	(14,625)	(67,590)	**(96,531)**	–	–	–	**–**
New originated or purchased and impact of other increases in gross carrying amount	28,531	14,972	89,034	**132,537**	1,532,136	171,396	68,522	**1,772,054**
Derecognised during the period and impact of other decreases in gross carrying amount	(2,514)	(3,011)	(53,875)	**(59,400)**	(1,104,169)	(183,035)	(165,012)	**(1,452,216)**
Total movements with impact on credit loss allowance charge for the year	10,823	(8,511)	(4,611)	**(2,299)**	392,259	(61,282)	(11,139)	**319,838**
Write-offs	–	–	(6,883)	**(6,883)**	**–**	**–**	(6,883)	**(6,883)**
Recovery of loans previously written off	–	–	6,751	**6,751**	**–**	**–**	6,751	**6,751**
Foreign exchange differences	(238)	65	(8,048)	**(8,221)**	(16,385)	(10,111)	(5,119)	**(31,615)**
Unwinding (pay off) of discounting	**–**	**–**	6,958	**6,958**	**–**	**–**	2,924	**2,924**
Total movements without impact on credit loss allowance charge for the year	(238)	65	(1,222)	**(1,395)**	(16,385)	(10,111)	(2,327)	**(28,823)**
At 31 December 2019	**31,149**	**18,903**	**409,270**	**459,322**	**2,706,819**	**218,775**	**537,922**	**3,463,516**
Loans to corporate customers:								
Commercial loans to legal entities								
At 1 January 2019	**15,200**	**27,037**	**400,374**	**442,611**	**1,536,641**	**288,667**	**532,355**	**2,357,663**
Transfers and corresponding remeasurement of credit loss allowances:								
- to 12-month ECL	8	(4)	(535)	**(531)**	787	(149)	(638)	**–**
- to lifetime ECL not credit-impaired	(355)	2,854	(343)	**2,156**	(28,725)	29,134	(409)	**–**
- to lifetime ECL credit-impaired	(285)	(8,796)	26,618	**17,537**	(4,234)	(79,168)	83,402	**–**
Net remeasurement of credit loss allowance within the same stage	(7,321)	(12,932)	(61,393)	**(81,646)**	–	–	–	**–**
New originated or purchased and impact of other increases in gross carrying amount	22,315	13,286	85,469	**121,070**	1,168,395	171,084	67,241	**1,406,720**
Derecognised during the period and impact of other decreases in gross carrying amount	(2,124)	(2,929)	(48,054)	**(53,107)**	(910,376)	(182,239)	(152,052)	**(1,244,667)**
Total movements with impact on credit loss allowance charge for the year	12,238	(8,521)	1,762	**5,479**	225,847	(61,338)	(2,456)	**162,053**
Write-offs	–	–	(5,270)	**(5,270)**	–	–	(5,270)	**(5,270)**
Recovery of loans previously written off	–	–	4,614	**4,614**	–	–	4,614	**4,614**
Foreign exchange differences	(229)	65	(7,806)	**(7,970)**	(13,572)	(10,100)	(4,773)	**(28,445)**
Unwinding (pay off) of discounting	**–**	**–**	7,322	**7,322**	–	–	3,317	**3,317**
Total movements without impact on credit loss allowance charge for the year	(229)	65	(1,140)	**(1,304)**	(13,572)	(10,100)	(2,112)	**(25,784)**
At 31 December 2019	**27,209**	**18,581**	**400,996**	**446,786**	**1,748,916**	**217,229**	**527,787**	**2,493,932**

(in thousands of Belarusian Rubles)

	Credit loss allowance				Gross carrying amount			
	12-month ECL	***Lifetime ECL not credit-impaired***	***Lifetime ECL credit-impaired***	***Total***	***12-month ECL***	***Lifetime ECL not credit-impaired***	***Lifetime ECL credit-impaired***	***Total***
Project finance loans to legal entities								
At 1 January 2019	**1,544**	**–**	**6,323**	**7,867**	**150,113**	**–**	**8,794**	**158,907**
Transfers and corresponding remeasurement of credit loss allowances:								
- to 12-month ECL	–	–	–	–	–	–	–	**–**
- to lifetime ECL not credit-impaired	–	–	–	–	–	–	–	**–**
- to lifetime ECL credit-impaired	–	–	–	–	–	–	–	**–**
Net remeasurement of credit loss allowance within the same stage	(3,698)	–	(2,190)	**(5,888)**	–	–	–	**–**
New originated or purchased and impact of other increases in gross carrying amount	2,943	–	396	**3,339**	56,465	–	762	**57,227**
Derecognised during the period and impact of other decreases in gross carrying amount	(139)	–	(4,835)	**(4,974)**	(33,276)	–	(9,772)	**(43,048)**
Total movements with impact on credit loss allowance charge for the year	(894)	-	(6,629)	**(7,523)**	23,189	-	(9,010)	**14,179**
Write-offs	–	–	(1,613)	**(1,613)**	–	–	(1,613)	**(1,613)**
Recovery of loans previously written off	–	–	2,137	**2,137**	–	–	2,137	**2,137**
Foreign exchange differences	(9)	–	(218)	**(227)**	(2,714)	–	(308)	**(3,022)**
Unwinding (pay off) of discounting	–	–	–	**–**	–	–	–	**–**
Total movements without impact on credit loss allowance charge for the year	(9)	–	306	**297**	(2,714)	–	216	**(2,498)**
At 31 December 2019	**641**	**–**	**–**	**641**	**170,588**	**–**	**–**	**170,588**
Loans to individuals:								
Consumer and other loans to individuals								
At 1 January 2019	**1,487**	**140**	**3,579**	**5,206**	**116,020**	**457**	**4,167**	**120,644**
Transfers and corresponding remeasurement of credit loss allowances:								
- to 12-month ECL	45	(315)	(135)	**(405)**	1,209	(1,039)	(170)	**–**
- to lifetime ECL not credit-impaired	(82)	599	(104)	**413**	(1,830)	1,961	(131)	**–**
- to lifetime ECL credit-impaired	(61)	(292)	1,138	**785**	(629)	(863)	1,492	**–**
Net remeasurement of credit loss allowance within the same stage	(1,100)	(501)	(1,402)	**(3,003)**	–	–	–	**–**
New originated or purchased and impact of other increases in gross carrying amount	1,103	513	902	**2,518**	67,885	90	84	**68,059**
Derecognised during the period and impact of other decreases in gross carrying amount	(120)	(16)	(148)	**(284)**	(50,560)	(206)	(962)	**(51,728)**
Total movements with impact on credit loss allowance charge for the year	(215)	(12)	251	**24**	16,075	(57)	313	**16,331**
Write-offs	–	–	–	–	–	–	–	**–**
Recovery of loans previously written off	–	–	–	**–**	–	–	–	**–**
Foreign exchange differences	–	–	(8)	**(8)**	–	–	(9)	**(9)**
Unwinding (pay off) of discounting	–	–	(79)	**(79)**	–	–	(83)	**(83)**
Total movements without impact on credit loss allowance charge for the year	–	–	(87)	**(87)**	–	–	(92)	**(92)**
At 31 December 2019	**1,272**	**128**	**3,743**	**5,143**	**132,095**	**400**	**4,388**	**136,883**

(in thousands of Belarusian Rubles)

	Credit loss allowance				Gross carrying amount			
	12-month ECL	***Lifetime ECL not credit-impaired***	***Lifetime ECL credit-impaired***	***Total***	***12-month ECL***	***Lifetime ECL not credit-impaired***	***Lifetime ECL credit-impaired***	***Total***
Credit cards and overdrafts								
At 1 January 2019	**1,552**	**99**	**3,470**	**5,121**	**67,275**	**268**	**4,090**	**71,633**
Transfers and corresponding remeasurement of credit loss allowances:								
- to 12-month ECL	69	(433)	(633)	**(997)**	2,023	(1,237)	(786)	**–**
- to lifetime ECL not credit-impaired	(63)	811	(112)	**636**	(2,175)	2,318	(143)	**–**
- to lifetime ECL credit-impaired	(129)	(338)	1,647	**1,180**	(1,116)	(965)	2,081	**–**
Net remeasurement of credit loss allowance within the same stage	(1,661)	(736)	(1,715)	**(4,112)**	**–**	**–**	**–**	**–**
New originated or purchased and impact of other increases in gross carrying amount	1,681	738	1,511	**3,930**	64,360	184	363	**64,907**
Derecognised during the period and impact of other decreases in gross carrying amount	(112)	(39)	(528)	**(679)**	(48,819)	(301)	(1,342)	**(50,462)**
Total movements with impact on credit loss allowance charge for the year	(215)	3	170	**(42)**	14,273	(1)	173	**14,445**
Write-offs	–	–	–	**–**	–	–	–	**–**
Recovery of loans previously written off	–	–	–	**–**	–	–	–	**–**
Foreign exchange differences	–	–	–	–	–	–	–	–
Unwinding (pay off) of discounting	–	–	(258)	**(258)**	–	–	(299)	**(299)**
Total movements without impact on credit loss allowance charge for the year	–	–	(258)	**(258)**	–	–	(299)	**(299)**
At 31 December 2019	**1,337**	**102**	**3,382**	**4,821**	**81,548**	**267**	**3,964**	**85,779**
Mortgage loans to individuals								
At 1 January 2019	**725**	**67**	**1,217**	**2,009**	**424,518**	**712**	**1,783**	**427,013**
Transfers and corresponding remeasurement of credit loss allowances:								
- to 12-month ECL	19	(254)	(452)	**(687)**	3,094	(2,393)	(701)	**–**
- to lifetime ECL not credit-impaired	(39)	428	(8)	**381**	(3,601)	3,616	(15)	**–**
- to lifetime ECL credit-impaired	(2)	(107)	682	**573**	(392)	(853)	1,245	**–**
Net remeasurement of credit loss allowance within the same stage	(473)	(428)	(789)	**(1,690)**	–	–	–	**–**
New originated or purchased and impact of other increases in gross carrying amount	402	407	675	**1,484**	145,755	35	67	**145,857**
Derecognised during the period and impact of other decreases in gross carrying amount	(18)	(27)	(310)	**(355)**	(49,806)	(275)	(831)	**(50,912)**
Total movements with impact on credit loss allowance charge for the year	(111)	19	(202)	**(294)**	95,050	130	(235)	**94,945**
Write-offs	–	–	–	**–**	–	–	–	**–**
Recovery of loans previously written off	–	–	–	**–**	–	–	–	**–**
Foreign exchange differences	(1)	–	(15)	**(16)**	(99)	(11)	(28)	**(138)**
Unwinding (pay off) of discounting	**–**	**–**	(26)	**(26)**	–	–	(12)	**(12)**
Total movements without impact on credit loss allowance charge for the year	(1)	–	(41)	**(42)**	(99)	(11)	(40)	**(150)**
At 31 December 2019	**613**	**86**	**974**	**1,673**	**519,469**	**831**	**1,508**	**521,808**

(in thousands of Belarusian Rubles)

	Credit loss allowance				Gross carrying amount			
	12-month ECL	***Lifetime ECL not credit-impaired***	***Lifetime ECL credit-impaired***	***Total***	***12-month ECL***	***Lifetime ECL not credit-impaired***	***Lifetime ECL credit-impaired***	***Total***
Car loans to individuals								
At 1 January 2019	**56**	**6**	**140**	**202**	**36,378**	**64**	**199**	**36,641**
Transfers and corresponding remeasurement of credit loss allowances:								
- to 12-month ECL	2	(17)	(26)	**(41)**	180	(125)	(55)	**–**
- to lifetime ECL not credit-impaired	(4)	32	–	**28**	(263)	263	–	**–**
- to lifetime ECL credit-impaired	(1)	(15)	83	**67**	(36)	(143)	179	**–**
Net remeasurement of credit loss allowance within the same stage	(62)	(28)	(101)	**(191)**	–	–	–	**–**
New originated or purchased and impact of other increases in gross carrying amount	87	28	81	**196**	29,276	3	5	**29,284**
Derecognised during the period and impact of other decreases in gross carrying amount	(1)	–	–	**(1)**	(11,332)	(14)	(53)	**(11,399)**
Total movements with impact on credit loss allowance charge for the year	21	–	37	**58**	17,825	(16)	76	**17,885**
Write-offs	–	–	–	**–**	–	–	–	**–**
Recovery of loans previously written off	–	–	–	**–**	–	–	–	**–**
Foreign exchange differences	–	–	(1)	**(1)**	–	–	(1)	**(1)**
Unwinding (pay off) of discounting	**–**	**–**	(1)	**(1)**	–	–	1	**1**
Total movements without impact on credit loss allowance charge for the year	–	–	(2)	**(2)**	–	–	–	–
At 31 December 2019	**77**	**6**	**175**	**258**	**54,203**	**48**	**275**	**54,526**

(in thousands of Belarusian Rubles)

21. Credit loss allowance, other provisions (continued)

The movements in provisions for guarantees and other commitments were as follows:

	Commitments on loans and unused credit lines	*Guarantees issued and similar commitments*	*Uncovered letters of credit*	*Total*
1 January 2019	**9,639**	**2,073**	**131**	**11,843**
Credit loss allowance charge (recovery) for the period	(5,280)	(29)	(55)	**(5,364)**
31 December 2019	**4,359**	**2,044**	**76**	**6,479**
1 January 2020	**4,359**	**2,044**	**76**	**6,479**
Credit loss allowance recovery for the period	1,114	1,506	430	**3,050**
31 December 2020	**5,473**	**3,550**	**506**	**9,529**

The table below provides an analysis of the movement of credit loss allowance for guarantees and other commitments:

	12-month ECL	*Lifetime ECL not credit-impaired*	*Lifetime ECL credit-impaired*	*Total*
Commitments on loans and unused credit lines				
1 January 2019	**2,946**	**374**	**6,319**	**9,639**
Credit loss allowance charge (recovery) for the period	834	205	(6,319)	**(5,280)**
31 December 2019	**3,780**	**579**	**–**	**4,359**
1 January 2020	**3,780**	**579**	**–**	**4,359**
Credit loss allowance charge (recovery) for the period	(1,339)	2,453	**–**	**1,114**
31 December 2020	**2,441**	**3,032**	**–**	**5,473**
Guarantees issued and similar commitments				
1 January 2019	**340**	**12**	**1,721**	**2,073**
Credit loss allowance charge (recovery) for the period	7	102	(138)	(29)
31 December 2019	**347**	**114**	**1,583**	**2,044**
1 January 2020	**347**	**114**	**1,583**	**2,044**
Credit loss allowance charge (recovery) for the period	295	303	908	1,506
31 December 2020	**642**	**417**	**2,491**	**3,550**
Uncovered letters of credit				
1 January 2019	**129**	**2**	**–**	**131**
Credit loss allowance charge (recovery) for the period	(53)	(2)	–	(55)
31 December 2019	**76**	**–**	**–**	**76**
1 January 2020	**76**	**–**	**–**	**76**
Credit loss allowance charge (recovery) for the period	103	327	–	430
31 December 2020	**179**	**327**	**–**	**506**

22. Fee and commission income and expense

Fee and commission income and expense comprise:

	year ended 31 December 2020	*year ended 31 December 2019*
Fee and commission income		
Plastic cards operations	100,960	99,615
Settlement and cash operations with clients	42,756	31,560
Cash delivery and collection	20,175	18,021
Salary transfer on card accounts and related cash withdrawals	14,938	18,754
Documentary operations	6,869	7,022
Agent's fees	1,818	1,523
Securities operations	948	2,384
Foreign exchange operations	28	60
Other	5,862	7,189
Total fee and commission income	**194,354**	**186,128**
Fee and commission expense		
Plastic cards operations	46,312	51,530
Documentary operations	2,310	1,090
Correspondent bank services	2,217	1,984
Foreign exchange and cash operations	313	242
Other	7,347	3,045
Total fee and commission expense	**58,499**	**57,891**

Fee and commission income per segments is disclosed in Note 30.

(in thousands of Belarusian Rubles)

23. Net gains / (losses) from foreign exchange and precious metals operations

Net gains from trading in foreign currencies and operations with foreign currency derivatives comprise:

	year ended 31 December 2020	*year ended 31 December 2019*
Net (losses) / gains from trading in foreign currencies	(1,300)	34,455
Net foreign exchange translation gains / (losses)	107,512	(20,125)
Net (losses) / gains from operations with foreign currency derivatives	(38,212)	27,149
Total net gains from trading in foreign currencies and operations with foreign currency derivatives	**68,000**	**41,479**

Net (losses) / gains from operations with precious metals and precious metals derivatives comprise:

	year ended 31 December 2020	*year ended 31 December 2019*
Net gains from operations with precious metals	21,266	6,873
Net losses from revaluation of precious metals, due from banks and due to customers in precious metals	(32,102)	(6,272)
Net (losses) / gains from operations with precious metals derivatives	(1,362)	85
Total net (losses) / gains from operations with precious metals and precious metals derivatives	**(12,198)**	**686**

24. Net losses from discontinued operations

The table below shows the assets and liabilities of LLC "Service Desk Techno" as at the date of disposal:

	31 December 2020
Cash and cash equivalents	141
Fixed assets	372
Current income tax prepayment	2
Other financial assets	282
Other non-financial assets	324
Total assets of discontinued operations	**1,121**
Current income tax liabilities	115
Other financial liabilities	555
Other non-financial liabilities	146
Total liabilities of discontinued operations	**816**
Total net assets	**305**

The financial results from discontinued operations of the Group included in the consolidated statements of profit or loss and comprehensive income for the year ended 31 December 2020 are presented in the table below. The financial results are included in the consolidated statements of profit or loss and comprehensive income up to the date of disposal (31 December 2020).

	year ended 31 December 2020
Net losses from trading in foreign currencies and operations with foreign currency derivatives	(18)
Other income	1,432
Operating expenses	(4,460)
Loss before income taxes	(3,046)
Income tax expense	(120)
Net loss	**(3,166)**
Profit on sale of discontinued operations after income tax	380
Loss for the period from discontinued operations	**(2,786)**

The effect of disposal of LLC "Service Desk Techno" on the financial results of the Group for the year ended 31 December 2020 is disclosed below:

	year ended 31 December 2020
Consideration received in cash	913
Carrying amount of net assets derecognized	305
Income tax on sale of a subsidiary	228
Profit on sale of discontinued operations after income tax	**380**

(in thousands of Belarusian Rubles)

25. Other income

Other income comprises:

	year ended 31 December 2020	*year ended 31 December 2019*
Income from non-financial subsidiaries	3,237	14,617
Dividends received	685	119
Penalties received	648	782
Income from sale of coins	339	185
Repayment of loans previously written off	160	200
Other	16,030	4,022
Total other income	**21,099**	**19,925**

26. Operating expenses

Operating expenses comprise:

	year ended 31 December 2020	*year ended 31 December 2019*
Staff costs	89,159	86,385
Social security contribution	22,046	21,517
Other staff expenses	6,840	2,963
Total staff expenses	**118,045**	**110,865**
Expenses on maintenance of banking software	36,929	27,408
Amortization of premises and equipment and intangible assets	21,552	39,247
Net losses from sale of premises and equipment	11,580	4,620
Premises and equipment maintenance	7,537	6,550
Amortization of right-of-use assets	5,693	5,059
Public utilities payments	4,567	4,297
Advertising costs	3,128	3,384
Taxes other than on income	2,832	3,842
Telecommunication expenses	2,605	2,333
Vehicles maintenance and fuel expenses	2,420	2,288
Security expenses	2,335	2,588
Legal and consulting services	1,491	1,650
Other expenses	37,667	36,337
Other operating expenses	**140,336**	**139,603**
Total operating expenses	**258,381**	**250,468**

Taxes other than on income mainly consist of real estate tax (as at 31 December 2020 and 31 December 2019 in the amount of BYN 1,503 thousand and BYN 2,218 thousand, respectively) and land tax (as at 31 December 2020 and 31 December 2019 in the amount of BYN 503 thousand and BYN 648 thousand, respectively).

27. Income tax

Income tax expense comprises the following:

	year ended 31 December 2020	*year ended 31 December 2019*
Current income tax	6,142	17,901
Deferred tax	1,436	(2,296)
Income tax expense for the year	**7,578**	**15,605**

The Bank calculates current income taxes based on the statutory tax accounts maintained and prepared in accordance with the Belarusian statutory tax regulations.

During the years ended 31 December 2020 and 31 December 2019 the tax rate for the Bank and its subsidiary Closed Joint Stock Company "Non-banking Credit and Financial Institution "INCASS.EXPERT" was 25% and for the Bank's other subsidiaries tax rate was 18%. Closed Joint Stock Company "Service Desk" is exempt from income tax.

The Group is subject to certain permanent tax differences due to the non-tax deductibility of certain expenses and a tax free regime for certain income. Major amounts of non-taxable income relate to operations with securities issued by the government, exempt from income tax in accordance with the Tax Code of the Republic of Belarus.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences at 31 December 2020 and 31 December 2019 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

(in thousands of Belarusian Rubles)

27. Income tax (continued)

Reconciliation between the expected and the actual taxation charge is provided below:

	year ended 31 December 2020	*year ended 31 December 2019*
Profit before income taxes	**55,789**	**107,053**
Statutory tax rate	25%	25%
Tax at the statutory tax rate	**13,947**	**26,763**
Non-taxable income from government securities	(18,880)	(19,899)
Tax exempt income	(963)	(694)
Non-deductible expenditures	4,663	10,465
Differences due to consolidation adjustments	5,078	(2,055)
Other differences	3,733	1,025
Income tax expense	**7,578**	**15,605**

Differences between IFRS and statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below and is recorded at the rate of 25% (2019: 25%).

	31 December 2019	*Credited/ (charged) to profit or loss*	*Recognised in other compre-hensive income*	*31 December 2020*
Tax effect of deductible temporary differences				
Premises and equipment	5,737	(1,960)	–	3,777
Intangible assets, write-off of low-value items	19,585	1,885	–	21,470
Provisions for guarantees and other commitments	962	(15)	–	947
Derivative financial assets	–	80	–	80
Unused vacations	1,010	(1,010)	–	–
Deferred tax asset	**27,294**	**(1,020)**	**–**	**26,274**
Tax effect of taxable temporary differences				
Loans to customers	31,555	1,979	–	33,534
Premises and equipment	3,767	–	(1,518)	2,249
Derivative financial assets	45	(45)	–	–
Deferred tax liability	**35,367**	**1,934**	**(1,518)**	**35,783**
Total net deferred tax asset / (deferred tax liability)	**(8,073)**	**(2,954)**	**1,518**	**(9,509)**

	31 December 2018	*Credited/ (charged) to profit or loss*	*Recognised in other compre-hensive income*	*31 December 2019*
Tax effect of deductible temporary differences				
Premises and equipment	9,233	(3,496)	–	5,737
Intangible assets, write-off of low-value items	13,403	6,182	–	19,585
Provisions for guarantees and other commitments	1,030	(68)	–	962
Unused vacations	1,005	5	–	1,010
Deferred tax asset	**24,671**	**2,623**	**–**	**27,294**
Tax effect of taxable temporary differences				
Loans to customers	28,581	2,974	–	31,555
Premises and equipment	4,487	–	(720)	3,767
Derivative financial assets	2,692	(2,647)	–	45
Deferred tax liability	**35,760**	**327**	**(720)**	**35,367**
Total net deferred tax asset / (deferred tax liability)	**(11,089)**	**2,296**	**720**	**(8,073)**

28. Commitments and contingencies

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

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

Provisions for guarantees and other commitments amounted to BYN 9,529 thousand and BYN 6,479 thousand as at 31 December 2020 and 31 December 2019, respectively (Note 21).

As at 31 December 2020 and 31 December 2019 the nominal or contract amounts of contingent liabilities were:

(in thousands of Belarusian Rubles)

28. Commitments and contingencies (continued)

	31 December 2020	*31 December 2019*
Contingent liabilities and credit commitments		
Commitments on loans and unused credit lines	492,964	861,259
Guarantees issued and similar commitments	235,816	179,427
Uncovered letters of credit	91,321	25,263
Letters of credit secured by cash	8,512	11,179
Total contingent liabilities and credit commitments	**828,613**	**1,077,128**

The movement of credit loss allowance on contingent liabilities and credit commitments is in Note 21.

The table below provides an analysis of contingent liabilities for credit loss allowance as at 31 December 2020.

	12-month ECL	*Lifetime ECL not credit-impaired*	*Lifetime ECL credit-impaired*	*Total*
Commitments on loans and unused credit lines				
Minimum credit risk	42,823	–	–	**42,823**
Low credit risk	275,881	99,929	–	**375,810**
Moderate credit risk	19,400	24,875	–	**44,275**
High credit risk	6,505	17,533	–	**24,038**
Default	–	–	6,018	**6,018**
Total gross commitments on loans and unused credit lines	**344,609**	**142,337**	**6,018**	**492,964**
Credit loss allowance	(2,441)	(3,032)	–	**(5,473)**
Net commitments on loans and unused credit lines	**342,168**	**139,305**	**6,018**	**487,491**
Guarantees issued and similar commitments				
Minimum credit risk	133,484	–	–	**133,484**
Low credit risk	88,797	2,526	–	**91,323**
Moderate credit risk	3,665	1,494	–	**5,159**
High credit risk	517	2,382	–	**2,899**
Default	–	–	2,951	**2,951**
Total gross guarantees issued and similar commitments	**226,463**	**6,402**	**2,951**	**235,816**
Credit loss allowance	(642)	(417)	(2,491)	**(3,550)**
Net guarantees issued and similar commitments	**225,821**	**5,985**	**460**	**232,266**
Uncovered letters of credit				
Minimum credit risk	5,599	–	–	**5,599**
Low credit risk	31,187	48,832	–	**80,019**
Moderate credit risk	–	5,703	–	**5,703**
High credit risk	–	–	–	**–**
Default	–	–	–	**–**
Total gross uncovered letters of credit	**36,786**	**54,535**	**–**	**91,321**
Credit loss allowance	(179)	(327)	–	**(506)**
Net gross uncovered letters of credit	**36,607**	**54,208**	**–**	**90,815**

The table below provides an analysis of contingent liabilities for credit loss allowance as at 31 December 2019.

	12-month ECL	*Lifetime ECL not credit-impaired*	*Lifetime ECL credit-impaired*	*Total*
Commitments on loans and unused credit lines				
Minimum credit risk	13,694	–	–	**13,694**
Low credit risk	828,068	1,261	–	**829,329**
Moderate credit risk	6,880	7,660	–	**14,540**
High credit risk	–	3,696	–	**3,696**
Default	–	–	–	–
Total gross commitments on loans and unused credit lines	**848,642**	**12,617**	–	**861,259**
Credit loss allowance	(3,780)	(579)	–	(4,359)
Net commitments on loans and unused credit lines	**844,862**	**12,038**	–	**856,900**
Guarantees issued and similar commitments				
Minimum credit risk	45,782	–	–	**45,782**
Low credit risk	123,340	3,610	–	**126,950**
Moderate credit risk	3,959	852	–	**4,811**
High credit risk	–	19	–	**19**
Default	–	–	1,865	**1,865**
Total gross guarantees issued and similar commitments	**173,081**	**4,481**	**1,865**	**179,427**
Credit loss allowance	(347)	(114)	(1,583)	(2,044)
Net guarantees issued and similar commitments	**172,734**	**4,367**	**282**	**177,383**
Uncovered letters of credit				
Minimum credit risk	–	–	–	**–**
Low credit risk	25,263	–	–	**25,263**
Moderate credit risk	–	–	–	**–**
High credit risk	–	–	–	**–**
Default	–	–	–	**–**
Total gross uncovered letters of credit	**25,263**	**–**	**–**	**25,263**
Credit loss allowance	(76)	–	–	(76)
Net gross uncovered letters of credit	**25,187**	**–**	**–**	**25,187**

(in thousands of Belarusian Rubles)

28. Commitments and contingencies (continued)

Legal proceedings

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

Pensions and retirement plans

Employees receive pension benefits in accordance with the laws and regulations of the Republic of Belarus. As at 31 December 2020 and 31 December 2019 the Group was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

Legislation

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

Operating environment

The economy of the Republic of Belarus exhibits some characteristics of an emerging market. The legal, tax and regulatory systems continue to evolve and are subject to frequent changes and varying interpretations. Throughout 2020, the country continued to implement monetary policy aimed at stabilizing the financial market. In 2020, the refinancing rate of the National Bank of the Republic of Belarus decreased by 1.25 percentage points and amounted to 7.75%.

In 2020, there was a slight slowdown in economic growth. According to the results of 2020, the volume of GDP decreased by 0.9ppts, compared with an increase of 1.4ppts in 2019. Inflationary processes remained moderate; the consumer price index amounted to 107.36% at the end of 2020 (104.73% at the end of 2019).

With regard to foreign currency, a devaluation of the national currency was observed in relation to foreign currencies: in relation to the US dollar in the amount of 22.59%, in relation to the euro – 34.40%, in relation to the Russian ruble – 2.43% and as a result increase in the state debt, which is almost entirely denominated in foreign currency, and risks for the economic, financial stability and balance of payments of the country have also increased.

On 12 March 2020 the World Health Organization declared the COVID-19 epidemic a global pandemic. In connection with the pandemic, the Belarusian authorities have taken several measures aimed at containing the spread and mitigating the consequences of COVID-19, such as restrictions on movement, self-isolation and a mask regime.

On 9 August 2020 elections of the President of the Republic of Belarus were held. The current economic situation may put pressure on Belarus' medium-term economic growth prospects. The European Union imposed sanctions against some officials and some Belarusian companies. The United States and several countries joined the imposed sanctions.

On 11 September 2020 S&P Global Ratings changed the outlook on Belarus' long-term sovereign credit ratings in foreign and local currency from stable to negative. At the same time, the agency affirmed its long-term and short-term sovereign credit ratings in foreign and local currency at 'B / B'. As of 31 December 2020 the credit rating of the Republic of Belarus has not changed.

The future impact of the current economic environment and the above measures is difficult to predict, and management's current expectations and estimates may differ from actual results.

29. Transactions with related parties

In accordance with IAS 24 Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

Key management personnel identified by the Group as related parties includes the top management of the Group (members of the Supervisory Board and the Management Board of the Bank), which also makes operational decisions regarding the Group and persons associated with them.

(in thousands of Belarusian Rubles)

29. Transactions with related parties (continued)

The Group had the following transactions outstanding as at 31 December 2020 and 31 December 2019 with related parties:

	31 December 2020			*31 December 2019*		
	interest rate range	*Related party balances*	*Total category as per the financial statements caption*	*interest rate range*	*Related party balances*	*Total category as per the financial statements caption*
Cash and cash equivalents		**17,347**	**949,367**	9.5%	**24,586**	**830,144**
- parent bank	—	17,338		9.5%	24,515	
- other members of Sberbank Group	—	9		—	71	
Due from banks	—	**11,349**	**21,575**	—	**5,411**	**15,955**
- parent bank	—	11,349		—	5,411	
Loans to corporate customers	6.7%	**1,522**	**2,916,190**	6.7%	**1,450**	**2,664,520**
- joint ventures	6.7%	1,522		6.7%	1,450	
Credit loss allowance	—	**1,120**	**598,795**	—	**1,007**	**447,427**
- joint ventures	—	1,120		—	1,007	
Loans to individuals		**1,595**	**790,670**		**1,037**	**798,996**
- key management personnel		1,595			1,037	
Credit loss allowance	—	**31**	**15,392**	—	**15**	**11,895**
- key management personnel	—	31		—	15	
Investments in associates	—	**9,733**	**9,733**	—	**8,611**	**8,611**
Due to banks	0%-7.95%	**509,165**	**771,214**	0%-12.35%	**176,504**	**472,460**
- parent bank	0%-7.95%	473,855		0%-12.35%	159,345	
- other members of Sberbank Group	2.15%	35,310		2.15%	17,159	
Subordinated debt	5.98%-6.45%	**205,920**	**205,920**	5.98%-6.45%	**152,906**	**152,906**
- parent bank	5.98%-6.45%	205,920		5.98%-6.45%	152,906	
Due to individuals		**867**	**1,141,033**		**1,463**	**1,331,090**
- key management personnel		867			1,463	
Due to corporate customers	0.01%	**2,670**	**1,663,551**	6.98%-8.34%	**13,420**	**1,619,385**
- other members of Sberbank Group	0.01%	2,670		6.98%-8.34%	13,420	
Other financial assets	—	**33**	**19,163**	—	**339**	**23,148**
- parent bank	—	—		—	308	
- other members of Sberbank Group	—	33		—	31	
Other financial liabilities	—	**198**	**43,843**	—	**105**	**46,139**
- parent bank	—	103		—	70	
- other members of Sberbank Group	—	95		—	35	
Commitments and contingencies	—	**14,892**	**828,613**	—	**11,705**	**1,077,128**
- parent bank	—	571		—	1,087	
- key management personnel	—	65		—	32	
- other members of Sberbank Group	—	14,256		—	10,586	

Terms of transactions with related parties such as individuals and corporate customers including collateral, type of reimbursement, etc. comply with the Group's credit policy in terms of local GAAP. Transactions with the exception of transactions with the parent company don’t have a material effect on the Group's reporting indicators.

(in thousands of Belarusian Rubles)

29. Transactions with related parties (continued)

On 29 December 2011 the Group received a subordinated loan from its parent Sberbank of Russia in the amount of EUR 40 million at an interest rate of 6.45%, repayable on 29 December 2022. On 29 October 2013 the Group received a subordinated loan from its parent Sberbank of Russia in the amount of EUR 10 million at an interest rate of 6.45%, repayable on 31 October 2022. On 29 February 2016 the Group received a subordinated loan from its parent Sberbank of Russia in the amount of EUR 15 million at an interest rate of 5.98%, repayable on 1 March 2023.

As at 31 December 2020 the Group has entered into Funded Participation Deals. As at 31 December 2020 the Group issued loans to its corporate customers funded by the banks of Sberbank of Russia Group in the amount of BYN 251,779 thousand (31 December 2019: BYN 281,309 thousand). As a result, the transfer of credit risks and rewards on related financial assets in the share 99% took place and respective part of loans to customers was derecognized on the Bank's balance. The rest of credit risks and rewards comprised BYN 2,543 thousand and BYN 2,134 thousand as at 31 December 2020 and 31 December 2019, respectively.

In accordance with IFRS (IAS) 24 Related Party Disclosures the Goverment of the Russian Federation is a related party of OJSC BPS-Sberbank, as it is able to control the financial and operational decisions of OJSC BPS-Sberbank via Sberbank of Russia. During 2020 there were no significant transactions (and transactions significant in aggregate) between OJSC BPS-Sberbank and the Goverment of the Russian Federation, as well as with the Russian State companies.

Included in the consolidated statement of profit or loss for year ended 31 December 2020 and for the year ended 31 December 2019 are the following amounts which arose due to transactions with related parties:

	31 December 2020		***31 December 2019***	
	Related party transactions	***Total category as per the financial statements caption***	***Related party transactions***	***Total category as per the financial statements caption***
Interest income	**711**	**303,573**	**2,205**	**301,727**
- parent bank	578		2,121	
- key management personnel	133		84	
Fee and commission income	**1,925**	**194,354**	**2,502**	**186,128**
- parent bank	1,830		2,053	
- other members of Sberbank Group	65		303	
- associates	30		146	
Other income	**1,476**	**21,099**	**6,735**	**19,925**
- parent bank	1,414		1,129	
- other members of Sberbank Group	—		5,345	
- associates	62		261	
Interest expense	**(20,046)**	**(140,539)**	**(15,126)**	**(134,269)**
- parent bank	(19,640)		(13,029)	
- other members of Sberbank Group	(362)		(2,051)	
- key management personnel	(44)		(46)	
Credit loss allowance	**(129)**	**(54,563)**	**(31)**	**(2,298)**
- key management personnel	(16)		1	
- joint ventures	(113)		(32)	
Fee and commission expense	**(4,322)**	**(58,499)**	**(1,587)**	**(57,891)**
- parent bank	(4,068)		(1,303)	
- other members of Sberbank Group	(254)		(284)	
Staff costs	**(3,033)**	**(89,159)**	**(2,220)**	**(86,385)**
- key management personnel	(3,033)		(2,220)	
Social security contribution	**(1,031)**	**(22,046)**	**(755)**	**(21,517)**
- key management personnel	(1,031)		(755)	

During the year ended 31 December 2020 and the year ended 31 December 2019 remuneration of key management personnel consisted of short-term employee benefits.

30. Segment reporting

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

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

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

(in thousands of Belarusian Rubles)

30. Segment reporting (continued)

Information on the Group's activity per segments is analyzed by the Management. The information is based on data prepared in accordance with methodology of Management Reporting for the companies included in Sberbank of Russia Group. For purposes of disclosure of financial results the financial figures of business segments were adjusted in accordance with IFRS.

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

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

By the Management's judgment income tax expenses are unable to be allocated between two main business segments for the segment reporting disclosure. Internal expenses have been reflected in the performance of each business.

Segment information about these businesses is presented below:

	Retail banking	***Corporate banking***	***Unallocated***	***31 December 2020/ year ended 31 December 2020 Total***
Interest income	93,170	171,879	38,524	**303,573**
Interest expense	(32,632)	(78,728)	(29,179)	**(140,539)**
Charge for credit loss allowance for loans	(3,760)	(50,803)	—	**(54,563)**
Recovery of credit loss allowance for securities at amortized cost	—	—	16	**16**
Charge for credit loss allowance for securities at fair value	—	—	(1,357)	**(1,357)**
Charge for credit los allowance for cash equivalents	—	—	(2)	**(2)**
Charge for credit loss allowance for due from banks	—	—	(20)	**(20)**
Contributions to deposits protection fund	(7,193)	—	—	**(7,193)**
Fee and commission income including:	112,731	79,805	1,818	**194,354**
plastic cards operations	100,531	429	—	100,960
settlement and cash operations with clients	1,822	40,934	—	42,756
cash delivery and collection	—	20,175	—	20,175
salary transfer on card accounts and related cash withdrawals	10,378	4,560	—	14,938
documentary operations	—	6,869	—	6,869
agent's fees	—	—	1,818	1,818
securities operations	—	948	—	948
foreign exchange operations	—	28	—	28
other	—	5,862	—	5,862
Fee and commission expense	(46,312)	(9,970)	(2,217)	**(58,499)**
Net gains from financial instruments at fair value through other comprehensive income	—	—	4,744	**4,744**
Net gains from trading in foreign currencies and operations with foreign currency derivatives	—	—	68,000	**68,000**
Net losses from operations with precious metals and precious metals derivatives	—	—	(12,198)	**(12,198)**
Net gains from revaluation of securities at fair value through profit or loss	—	—	1,848	**1,848**
Negative revaluation of office premises	—	—	(180)	**(180)**
Impairment of non-current assets held for sale	—	(20)	—	**(20)**
Net losses from discontinued operations	—	(2,786)	—	**(2,786)**
Charge for credit loss allowance for contingent liabilities and credit commitments	—	(3,050)	—	**(3,050)**
Other income	—	—	21,099	**21,099**
Total operating income	**116,004**	**106,327**	**90,896**	**313,227**
Total operating expenses	**(90,357)**	**(58,659)**	**(109,365)**	**(258,381)**
Share of the result of associates	—	—	943	**943**
Profit / (loss) before income taxes	**25,647**	**47,668**	**(17,526)**	**55,789**
Income tax expense	—	—	(7,578)	**(7,578)**
Net profit / (loss)	**25,647**	**47,668**	**(25,104)**	**48,211**
Segment assets	**790,670**	**2,916,190**	**1,237,645**	**4,944,505**
Segment liabilities	**(1,239,757)**	**(1,883,592)**	**(1,080,970)**	**(4,204,319)**
Other segment items				
- Loans to customers	790,670	2,916,190	—	**3,706,860**
- Due to customers	(1,141,033)	(1,663,551)	—	**(2,804,584)**
- Debt securities issued	(98,724)	(220,041)	—	**(318,765)**

(in thousands of Belarusian Rubles)

30. Segment reporting (continued)

	Retail banking	*Corporate banking*	*Unallocated*	*31 December 2019/ year ended 31 December 2019 Total*
Interest income	89,252	160,855	51,620	**301,727**
Interest expense	(32,450)	(80,953)	(20,866)	**(134,269)**
Recovery of credit loss allowance for loans	254	2,044	—	**2,298**
Charge for credit loss allowance for securities at amortized cost	—	—	(5)	**(5)**
Recovery of credit loss allowance for securities at fair value	—	—	1,219	**1,219**
Charge for credit los allowance for cash equivalents	—	—	(3)	**(3)**
Recovery of credit loss allowance for due from banks	—	—	60	**60**
Contributions to deposits protection fund	(7,517)	—	—	**(7,517)**
Fee and commission income including:	116,359	68,246	1,523	**186,128**
plastic cards operations	99,154	461	—	99,615
settlement and cash operations with clients	4,062	27,498	—	31,560
cash delivery and collection	—	18,021	—	18,021
salary transfer on card accounts and related cash withdrawals	13,143	5,611	—	18,754
documentary operations	—	7,022	—	7,022
agent's fees	—	—	1,523	1,523
securities operations	—	2,384	—	2,384
foreign exchange operations	—	60	—	60
other	—	7,189	—	7,189
Fee and commission expense	(51,530)	(4,377)	(1,984)	**(57,891)**
Net gains from financial instruments at fair value through other comprehensive income	—	—	145	**145**
Net gains from trading in foreign currencies and operations with foreign currency derivatives	—	—	41,479	**41,479**
Net gains from operations with precious metals and precious metals derivatives	—	—	686	**686**
Net losses from revaluation of securities at fair value through profit or loss	—	—	(441)	**(441)**
Negative revaluation of office premises	—	—	(423)	**(423)**
Impairment of non-current assets held for sale	—	(1,234)	—	**(1,234)**
Recovery of credit loss allowance for contingent liabilities and credit commitments	—	5,364	—	**5,364**
Other income	—	—	19,925	**19,925**
Total operating income	**114,368**	**149,945**	**92,935**	**357,248**
Total operating expenses	**(87,976)**	**(56,006)**	**(106,486)**	**(250,468)**
Share of the result of associates	—	—	273	**273**
Profit / (loss) before income taxes	**26,392**	**93,939**	**(13,278)**	**107,053**
Income tax expense	—	—	(15,605)	**(15,605)**
Net profit / (loss)	**26,392**	**93,939**	**(28,883)**	**91,448**
Segment assets	**798,996**	**2,664,520**	**1,272,060**	**4,735,576**
Segment liabilities	**(1,471,477)**	**(1,869,759)**	**(698,744)**	**(4,039,980)**
Other segment items				
- Loans to customers	798,996	2,664,520	—	**3,463,516**
- Due to customers	(1,331,090)	(1,619,385)	—	**(2,950,475)**
- Debt securities issued	(140,387)	(250,374)	—	**(390,761)**

The Group's customers are mainly residents of the Republic of Belarus. Insignificant amount of revenue comes from abroad. All the premises and equipment are also located on the territory of the Republic of Belarus.

31. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. The estimates presented herein are not necessarily indicative of the amounts the Group could realize in a market exchange from the sale of its full holdings of a particular instrument.

Fair value sources hierarchy

For the purpose of disclosing fair value the Group determined the classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability as well as the level of the hierarchy of fair value sources based on available information:

(in thousands of Belarusian Rubles)

31. Fair value measurement (continued)

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

Management of the Group use judgments to classify assets and liabilities into categories of the hierarchy of fair value. If observable inputs that require significant adjustments are used to measure fair value this estimate is at Level 3. The significance of the inputs used is estimated for the totality of the fair value measurements.

The Group's fair value valuation approach for certain significant classes of assets and liabilities recognised at fair value is as follows:

As at 31 December 2020	***Level 1***	***Level 2***	***Level 3***	***Total***
Assets carried at fair value				
Derivative financial instruments	–	116	–	**116**
Securities measured at fair value through other comprehensive income	–	656,786	–	**656,786**
Securities measured at fair value through profit or loss	6,203	–	–	**6,203**
Office premises	–	–	56,151	**56,151**
Investment property	–	–	–	**–**
Premises and equipment held for sale	–	–	5,180	**5,180**
Total assets carried at fair value	**6,203**	**656,902**	**61,331**	**724,436**
Financial liabilities carried at fair value				
Derivative financial instruments	–	34,375	–	**34,375**
Total financial liabilities carried at fair value	**–**	**34,375**	**–**	**34,375**

As at 31 December 2019	***Level 1***	***Level 2***	***Level 3***	***Total***
Assets carried at fair value				
Derivative financial instruments	–	11,727	–	**11,727**
Securities measured at fair value through other comprehensive income	–	592,659	–	**592,659**
Securities measured at fair value through profit or loss	4,321	–	–	**4,321**
Office premises	–	–	68,290	**68,290**
Investment property	–	–	1,713	**1,713**
Premises and equipment held for sale	–	–	27,065	**27,065**
Total assets carried at fair value	**4,321**	**604,386**	**97,068**	**705,775**
Financial liabilities carried at fair value				
Derivative financial instruments	–	4,657	–	**4,657**
Total financial liabilities carried at fair value	–	**4,657**	**–**	**4,657**

The following tables show a reconciliation of amounts of Level 3 assets which are recorded at fair value:

	At 1 January 2020	***Unrealized losses reported in profit or loss***	***Realized losses reported in profit or loss***	***Unrealized losses reported in comprehensive income***	***Additions***	***Disposals***	***Transfers***	***At 31 December 2020***
Assets								
Office premises	68,290	(180)	(729)	(6,070)	–	(177)	(4,983)	56,151
Investment property	1,713	–	–	–	–	–	(1,713)	–
Premises and equipment held for sale	27,065	(20)	–	(377)	137	(28,321)	6,696	5,180
Total level 3 assets	**97,068**	**(200)**	**(729)**	**(6,447)**	**137**	**(28,498)**	**–**	**61,331**

	At 1 January 2019	***Unrealized losses reported in profit or loss***	***Realized losses reported in profit or loss***	***Unrealized losses reported in comprehensive income***	***Additions***	***Disposals***	***Transfers***	***At 31 December 2019***
Assets								
Office premises	79,411	(423)	(878)	(2,880)	386	(1,052)	(6,274)	68,290
Investment property	1,713	–	–	–	–	–	–	1,713
Premises and equipment held for sale	7,438	(1,234)	–	(1,165)	23,362	(7,610)	6,274	27,065
Total level 3 assets	**88,562**	**(1,657)**	**(878)**	**(4,045)**	**23,748**	**(8,662)**	**–**	**97,068**

(in thousands of Belarusian Rubles)

31. Fair value measurement (continued)

The following are the methodologies and assumptions used in determining the fair value of financial instruments.

Derivative financial instruments

Derivative financial instruments include currency swaps, foreign exchange forward contracts, forward contracts in precious metals. Valuation techniques based on observable market data from widely known information systems on the market are applied to determine fair value. Most derivative financial instruments are represented by short contracts of up to one year.

Securities measured at fair value through other comprehensive income

Securities measured at fair value through other comprehensive income using valuation techniques or valuation models include government debt securities of the Ministry of Finance of the Republic of Belarus and debt securities of government bodies. The characteristics of comparable financial instruments traded on the market were used as input data for the valuation model.

Securities measured at fair value through profit or loss

Securities measured at fair value through profit or loss are represented by Visa Inc. class "C" ordinary shares. Due to the possibility of free conversion of class "C" shares into class "A" shares for further sale purposes, quotes of class "A" shares published in open sources were used to determine fair value, taking into account the fixed conversion rate.

Office premises, investment property and premises held for sale

The fair value of buildings was determined by independent appraisers who used mainly income and comparative valuation techniques which reflect the market value of real estate and take into account information about transactions on the local real estate market.

Assets and liabilities not carried at fair value

The fair value of financial assets and liabilities not carried at fair value compared with the corresponding carrying amount in the consolidated statement of financial position of the Group is presented below:

	31 December 2020			***31 December 2019***		
	Carrying value	***Fair value***	***Unrealized gains / (losses)***	***Carrying value***	***Fair value***	***Unrealized gains / (losses)***
Loans to corporate customers (net investments in financial leasing excluded)	2,275,314	2,280,124	4,810	2,191,130	2,151,131	(39,999)
Loans to individuals	775,278	771,190	(4,088)	787,101	790,669	3,568
Securities measured at amortized cost	–	–	–	1,045	1,050	5
Due to banks	771,214	771,224	(10)	472,460	472,460	–
Due to individuals	1,141,033	1,140,002	1,031	1,331,090	1,332,396	(1,306)
Due to corporate customers	1,663,551	1,659,202	4,349	1,619,385	1,611,340	8,045
Debt securities issued	318,765	322,786	(4,021)	390,761	395,481	(4,720)

The carrying amount of cash and cash equivalents, mandatory cash balances with the National Bank of the Republic of Belarus, due from banks measured at amortised cost, other financial assets, other financial liabilities, subordinated debt approximates their fair value.

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

In the case of financial assets and financial liabilities that are liquid, have a floating rate or have a short maturity, it is assumed that their fair value approximates the carrying amount. This assumption also applies to demand accounts, current accounts, financial assets and liabilities without a specified maturity. For financial instruments with fixed rates there is a practice of revising interest rates to reflect current market conditions. As a result, interest on most balances is accrued at rates approximately equal to market. Due to these factors the fair value of fixed rate instruments is not significantly different from their carrying amount.

The fair value of fixed interest rate financial instruments carried at amortized cost is measured by comparing market rates at the time of recognition with current market rates for similar financial instruments. The estimated fair value of such financial instruments is calculated as the present value of cash flows using prevailing market rates for financial instruments with similar characteristics in terms of settlement currency and maturity.

(in thousands of Belarusian Rubles)

31. Fair value measurement (continued)

The following tables show an analysis of financial assets and liabilities for which fair values are disclosed by level of the fair value hierarchy as at 31 December 2020 and 31 December 2019:

At 31 December 2020	*Carrying value*	*Level 1*	*Level 2*	*Level 3*	*Total fair value*
Financial assets for which fair values are disclosed					
Loans to corporate customers (net investments in financial leasing excluded)	2,275,314	–	–	2,280,124	**2,280,124**
Loans to individuals	775,278	–	–	771,190	**771,190**
Financial liabilities for which fair values are disclosed					
Due to banks	771,214	–	771,224	–	**771,224**
Due to individuals	1,141,033	–	–	1,140,002	**1,140,002**
Due to corporate customers	1,663,551	–	–	1,659,202	**1,659,202**
Debt securities issued	318,765	–	322,786	–	**322,786**

At 31 December 2019	*Carrying value*	*Level 1*	*Level 2*	*Level 3*	*Total fair value*
Financial assets for which fair values are disclosed					
Loans to corporate customers (net investments in financial leasing excluded)	2,191,130	–	–	2,151,131	**2,151,131**
Loans to individuals	787,101	–	–	790,669	**790,669**
Securities measured at amortized cost	1,045	–	1,050	–	**1,050**
Financial liabilities for which fair values are disclosed					
Due to banks	472,460	–	472,460	–	**472,460**
Due to individuals	1,331,090	–	–	1,332,396	**1,332,396**
Due to corporate customers	1,619,385	–	–	1,611,340	**1,611,340**
Debt securities issued	390,761	–	395,481	–	**395,481**

32. Capital management

The Group manages its capital to ensure compliance with legal requirements and ability to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group is comprised of share capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity as well as a subordinated debt in the amount less than 50% of tier 1 capital.

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

For compliance with regulatory Capital Adequacy Ratios there are some metrics used by the Group's Management in accordance with Capital Adequacy Management Policy:

- forecasting of capital adequacy ratios. Forecast is performed at least once in a month (on a nearest reporting date and/or with a one year span) and based on pertinent information about factors, influencing capital adequacy ratios;
- stress-testing of capital adequacy ratios.

For the purpose of managing the Bank's capital adequacy, a system of limits was developed including:

- strict limits. The Supervisory Board sets risk appetite and risk tolerance indicators towards capital adequacy, which satisfy requirements of the National Bank of the Republic of Belarus. The breach of strict limits is categorically prohibited;
- warning limits. Assets and Liabilities Management Committee sets internal (indicative) limits for the capital adequacy ratios. The breach of warning limits requires thorough analysis of breaching factors and, in case of need, planning and conducting of certain activities.

The adequacy of the Group's capital is monitored using the ratios established by the National Bank of the Republic of Belarus and the Basel Capital Accord.

(in thousands of Belarusian Rubles)

32. Capital management (continued)

The Group's capital adequacy ratio, computed in accordance with the Basel Capital Accord 1988, with subsequent amendments including the amendment to incorporate market risks, as at 31 December 2020 and 31 December 2019 comprised:

	31 December 2020	*31 December 2019*
Tier 1 capital		
Share capital	321,756	321,756
Share premium	576	576
Retained earnings	389,799	337,071
Total tier 1 capital (core)	**712,131**	**659,403**
Tier 2 capital		
Revaluation reserve for office premises and assets held for sale	17,743	27,233
Fair value reserve for securities measured at FVOCI	10,312	8,960
Applied subordinated debt	80,256	90,175
Total tier 2 capital	**108,311**	**126,368**
Total capital	**820,442**	**785,771**
Total risk weighted assets (RWA)	**4,265,035**	**4,201,312**
Core capital adequacy ratio (total tier 1 capital / total RWA), %	16.7	15.7
Total capital adequacy ratio (total capital / total RWA), %	19.2	18.7

As at 31 December 2020 and 31 December 2019 according to the norms established by the National Bank of the Republic of Belarus the capital adequacy ratios were 18.048% and 17.111%, respectively, which exceeded the limit adjusted for the capital conservation buffer (12.000% and 12.500% as at 31 December 2020 and 31 December 2019, respectively). During 2020 and 2019 the Group did not violate the requirements for regulatory capital adequacy established by the National Bank of the Republic of Belarus.

33. Risk management policies

The Group implements system approach to risk management, having developed the unified standards for the process of risk management based on the requirements of the National Bank of the Republic of Belarus, methodology of Sberbank of Russia Group and recommendations of the Basel Committee on Banking Supervision.

The risk management system developed within the Group is integrated into the corporate management system and is aimed at achieving the key goals and targets of the effective risk management strategy adopted by the Bank.

The main components of the Bank's risk management system are the organizational structure, areas of authorities and responsibilities of Bank's officials, risk management methodology and procedures that determine the following processes: identification, evaluation, monitoring, mitigation and controlling of main risk categories.

The existing organizational structure of the risk management system is in line with the organizational and functional structure, corresponds to the nature and scope of the Bank's activities, rules out the conflict of interest and distributes authority in the sphere of risk management among the following collegial bodies and structural divisions:

- The Supervisory Board sets the main courses of development and the effective functioning of the risk management system and approves the Bank's Strategic Development Plan, Risk and Capital Management Strategy, the Strategy for managing non-performing assets and debts written off to off-balance sheet accounts, the Regulation on the Bank's credit policy for the next financial year, system of risk tolerance indicators and risk appetite, as well as exercises control over the implementation of the aforementioned system and plan.
- The Risk Committee is responsible for risk management as part of implementation and internal monitoring of the Bank's Strategic Development and decisions of the Supervisory Board of the Bank which determine risk parameters such as risk profile, risk tolerance and risk appetite.
- The Management Board of the Bank defines goals and tasks of risk management and in accordance with the declared objectives organizes the effective risk management system. The toolset of the risk management includes optimal distribution and delegation of authority in the process of risk management, compliance with imposed limits regulation and controlling of the commission of the Bank's officials, as well as the process of taking measures aimed at risk mitigation (limitation).
- Chief Risk Officer of the Bank sets objectives for the development of the Bank's risk management system within the framework of business strategies and Risk and Capital Management Strategy (including implementation of target risk management processes in the Bank in accordance with the instructions and recommendations of Sberbank of Russia Group and requirements of the National Bank of the Republic of Belarus), elaborates respective plans and ensures their fulfillment to the fullest and timeliest extent.
- Assets and Liabilities Management Committee decides on topics of balance structure management, funding operations, liquidity risk and market risk control, transfer pricing, interest rates, tariffs, the Bank's capital adequacy and capital structure.
- Major Credit Committee decides on transactions settlements / changing the terms of transactions and/or setting/changing of credit limits on loan applications of corporate customers in the following cases:
  - corporate customer has loans issued by the Central Office of the Bank;
  - the transaction is being considered in relation to joint clients of the Bank and Sberbank;

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33. Risk management policies (continued)

- the risk category of the loan application is above the risk profiles of the subordinate collegial bodies of the Bank in relation to the Major Credit Committee;
- the transaction is escalated by the subordinate collegial board of the Bank and the risk category of the loan application is not above the risk profile (commission) of this subordinate collegial board;
- the transaction was escalated from the level of the Minor Credit Committee;
- the transaction was made from the "6-eyes" format of the Central Office of the Bank;
- if the underwriter provides a negative opinion due to non-settlement of controversies regarding country risk identification;
- and also Major Credit Committee decides on setting/changing of credit risk limits of financial market operations, on transactions settlements / changing the terms of transactions in financial markets within the established limits of credit risk.

- Minor Credit Committee decides on credit operations with corporate bodies and individual entrepreneurs, categorized as "micro", "small" customers and individuals, decides on transactions above commissions of credit committees of regional directories, on transactions escalated by the subordinate collegial board and the risk category of the loan application is not above the risk profile (commission) of this subordinate collegial board, and on other issues of credit operations with these segments of customers.
- Credit committees of the regional directories of the Bank, boards of decision making with the use of practices "4 eyes", "6 eyes" decide on transactions / changing terms of transactions and/or on setting/changing risk limits on transactions with assets bearing credit risk within its competence.
- Distressed Assets Committee decides on credit transactions and on the issues regarding distressed loans ranked as "red" or "black" category.
- Operational Risk Committee examines the reports on operational risks (including the analysis of the most significant incidents), decides on measures to be taken for operational risk mitigation and on assuming of operational risks, approves lists of key indicators of operational risk, their threshold values (limits), considers disputable situations relating to the identification of operational risk owners, as well as takes decisions on the matter, approves the results of official investigations.
- The Department of Methodology and Risk Control ensures functioning, improvement and development of the Bank's integrated risk management system, identifies risks, conducts evaluation, monitoring and control of risks, develops measures and procedures aimed at risk limitation and mitigation and calculates allowance in accordance with IFRS 9; introduces group risk management approaches into subsidiaries.
- The Department of Credit Risk ensures functioning of the Bank's credit risk management system, identifies credit risks, organizes and coordinates the process of managing credit risks, develops new and improves current policies, methodologies, regulations, technological schemes, instructions, letters and other regulatory materials in the area of credit risk management, develops approaches, makes proposals for establishing of limits and limitation of credit risk.
- Center of Risk Analysis and Expertise implements an independent risk examination (identification, assessment and analysis) for operations with credit risk (including the part of dealing with distressed assets) and issues the conclusion as the result of the independent risk examination, monitors credit risks of clients categorized as "largest", "large", "medium", "small", "micro" (except for problem clients whose debts were written off or "black" category clients, in the absence of debt on assets/contingent liabilities and adoption of a default strategy).
- Other structural divisions of the Bank perform some risk management functions in accordance with the requirements and approaches of Sberbank of Russia Group and local legal regulations of the Bank.

In 2016 the Bank started the group project of raising risk-culture awareness. Risk-culture expands the Bank's existing mechanisms of comprehensive risk mitigation and becomes an essential part of the risk management system.

The Bank implements system approach to risk management, having established the unified standards for identification, evaluation and limitation of risks. In accordance with the aforementioned standards the Bank has elaborated and duly implemented methodology, processes and procedures for management of main risk categories inherent to the Bank's operations, such as credit, liquidity, market risks (including currency, interest rate and operational risks).

Credit risk

Credit risk is the risk of potential losses (failure to get the expected profit) due to the Counterparty's default on its financial obligations or failure to timely or fully meet its financial obligations (in accordance with the terms of the contract or legislation). The purpose of credit risk management is to evaluate and to maintain risk level that ensures steady development of the Bank. Credit risk management is performed on the level of a customer (groups of related customers) and on loans portfolio level.

Credit risk mitigation is exercised by charging of the credit loss allowance, setting credit risk limits, developing procedures of identification, analysis and estimation of risks before credit issuance, approval of maximum level of risk appetite and risk-indicators by collegial bodies within the Credit Policy for the financial year, and by accepting of quality collateral and other mechanisms that limit risks.

The Bank has a system of internal ratings and scoring models. They are based on economic and mathematical models of risk assessment. Models are periodically reviewed (validated) based on accumulated statistical data.

(in thousands of Belarusian Rubles)

33. Risk management policies (continued)

Credit risk (continued)

The credit rating system (for estimating of clients categorized as "small" and "micro" as part of "Credit conveyor" technology and for estimating of the "medium +" segment) and scoring models (for clients categorized as "micro" and for the retail customers segment in automated systems) ensure a differentiated estimate of the probability of non-fulfillment / improper fulfillment of counterparty's obligations.

Identification and qualitative assessment of credit risk at the level of a customer / groups of related customers is exercised during the Bank's decision making on approval of limits on operations subject to credit risk, the implementation/modification of transactions subject to credit risk and during monitoring.

Limitation of the credit risk of a customer / groups of related customers occurs by: compliance with the requirements of the National Bank of the Republic of Belarus; compliance with restrictions on the powers of the Bank's Management Board, authorized/officers of the Bank, credit committees of the Bank for decision-making and other collegial bodies, compliance with the requirements of the Bank's Credit Policy; establishment of risk limits and compliance with their parameters when performing transactions subject to credit risk. The amount of the limit depends on the level of credit risks of the participants in the transaction, the specific credit operation, its collateral.

The Bank controls the concentration levels of major credit risks. In accordance with the internal regulatory documents the Bank has implemented a procedure for monitoring major credit risks and forecasting compliance with the maximum risk limits per customer / groups of related customers established by the National Bank of the Republic of Belarus.

For these purposes the following has been established - control over the internal limit of the maximum level of the credit risk assumed by the Bank when concluding new credit transactions for one client (debtor) / group of related clients - no more than 20% of the Bank's regulatory capital as at the date of the decision; for one insider - legal entity / individual entrepreneur and persons related to it - no more than 10% of the Bank's regulatory capital as at the date of the decision; restrictions have been established for clients / groups of related customers included in TOP-20.

The Credit Policy is developed and approved annually, which defines the main target indicators of the loan portfolio and portfolio limits as well as the requirements for minimizing risks that should be applied when carrying out operations exposed to credit risk.

Main principles of the Credit Policy are:

- the performance of credit operations based on the assessment of credit risks of the counterparty / the ultimate risk carrier, transaction parties, groups of related customers, a particular credit operation, its collateral on the basis of decisions of collegial bodies, an authorized officer of the Bank in accordance with the nature and scope of the delegated authority;
- loan portfolio and the Bank's resource base balanced by terms, amounts, currency and other conditions;
- diversification of the loan portfolio among industry sectors, segments of customers and loan products;
- avoidance of conflict of interest in making decisions on the credit transactions;
- maximum satisfaction of clients' needs for loan products while maintaining a level of risk acceptable to the Bank and observing the established capital adequacy limits;
- compliance with the regulations for limiting the concentration of credit risk established by the National Bank of the Republic of Belarus;
- compliance with the established funding limit for credit transactions.

For financial assets carried on balance sheet accounts the maximum exposure to credit risk is the carrying amount of those assets net of expected credit losses. For financial guarantees and other contingent liabilities the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the guarantee had to be paid or if loans were called for under open credit lines minus expected credit losses.

(in thousands of Belarusian Rubles)

33. Risk management policies (continued)

Credit risk (continued)

The following tables detail the financial assets held by the Group per credit ratings of the counterparties (for state authorities – per country's rating):

31 December 2020	*AA*	*A*	*BBB*	*BB*	*B*	*CCC*	*Not rated*	*Total*
Cash equivalents	47,692	122,233	31,007	3,034	481,808	–	150	**685,924**
Mandatory cash balances with the National Bank of the Republic of Belarus	–	–	–	–	26,980	–	–	**26,980**
Due from banks	247	–	11,349	–	–	–	9,979	**21,575**
Derivative financial assets	–	–	115	–	–	–	1	**116**
Loans to corporate customers	–	–	–	–	–	–	2,317,395	**2,317,395**
Loans to individuals	–	–	–	–	–	–	775,278	**775,278**
Securities measured at fair value through other comprehensive income	–	–	–	–	656,786	–	–	**656,786**
Securities measured at fair value through profit or loss	–	6,203	–	–	–	–	–	**6,203**
Other financial assets	–	–	–	–	–	–	19,163	**19,163**

31 December 2019	*AA*	*A*	*BBB*	*BB*	*B*	*CCC*	*Not rated*	*Total*
Cash equivalents	137	65,410	35,373	2,089	479,706	8,696	2,578	**593,989**
Mandatory cash balances with the National Bank of the Republic of Belarus	–	–	–	–	20,798	–	–	**20,798**
Due from banks	324	–	5,411	–	–	10,220	–	**15,955**
Derivative financial assets	–	–	11,707	–	–	–	20	**11,727**
Loans to corporate customers	–	–	–	–	–	–	2,217,093	**2,217,093**
Loans to individuals	–	–	–	–	–	–	787,101	**787,101**
Securities measured at fair value through other comprehensive income	–	–	–	–	591,592	–	1,067	**592,659**
Securities measured at fair value through profit or loss	–	4,321	–	–	–	–	–	**4,321**
Securities measured at amortized cost	–	–	–	–	–	–	1,045	**1,045**
Other financial assets	–	–	–	–	–	–	23,148	**23,148**

As at 31 December 2020 and 31 December 2019 other financial assets comprised past due but not impaired assets in the amount of BYN 735 thousand and BYN 334 thousand, respectively. Carrying value of past due and impaired loans to customers is disclosed in Note 8.

As at 31 December 2020 and 31 December 2019 the Group had no past due financial assets in addition to those mentioned above.

The following table shows the maximum exposure to credit risk for financial assets and contingent liabilities.

	31 December 2020	*31 December 2019*
Cash equivalents	685,924	593,155
Due from banks	21,575	15,955
Derivative financial assets	116	11,727
Loans to corporate customers	2,317,395	2,217,093
Loans to individuals	775,278	787,101
Securities measured at fair value through other comprehensive income	656,786	592,659
Securities measured at fair value through profit or loss	6,203	4,321
Securities measured at amortized cost	–	1,045
Investments in associates	9,733	8,611
Other financial assets	19,163	23,148
Total assets exposed to credit risk	**4,492,173**	**4,254,815**
Commitments on loans and unused credit lines	492,964	861,259
Guarantees issued and similar commitments	235,816	179,427
Uncovered letters of credit	91,321	25,263
Total financial liabilities exposed to credit risk	**820,101**	**1,065,949**

(in thousands of Belarusian Rubles)

33. Risk management policies (continued)

Geographical concentration

The Group assesses influence of geographical risk on its portfolios. Geographical risk cases are caused by the failure of the foreign Counterparties (legal entities, including banks and financial institutions) to fulfill their obligations due to economic, political and social changes, as well as the unavailability of the currency of the obligation to the Counterparty due to the specific characteristics of the legislation (irrespective of the particular characteristics of the Counterparty itself).

The following table presents the analysis of geographic concentration of financial assets and liabilities:

31 December 2020	*Belarus*	*CIS countries*	*OECD countries*	*Non-OECD countries*	*Total*
Financial assets					
Cash and cash equivalents	745,401	31,652	171,784	530	**949,367**
Mandatory cash balances with the National Bank of the Republic of Belarus	26,980	–	–	–	**26,980**
Due from banks	9,979	11,349	247	–	**21,575**
Derivative financial assets	1	115	–	–	**116**
Loans to corporate customers	2,317,395	–	–	–	**2,317,395**
Loans to individuals	775,278	–	–	–	**775,278**
Securities measured at fair value through other comprehensive income	656,786	–	–	–	**656,786**
Securities measured at fair value through profit or loss	–	–	6,203	–	**6,203**
Other financial assets	18,814	349	–	–	**19,163**
Total financial assets	**4,550,634**	**43,465**	**178,234**	**530**	**4,772,863**
Financial liabilities					
Due to banks	202,117	479,608	89,243	246	**771,214**
Derivative financial liabilities	–	34,375	–	–	**34,375**
Due to individuals	1,100,375	24,643	4,642	11,373	**1,141,033**
Due to corporate customers	1,583,962	13,564	22,475	43,550	**1,663,551**
Debt securities issued	318,765	–	–	–	**318,765**
Other financial liabilities	43,843	–	–	–	**43,843**
Subordinated debt	–	205,920	–	–	**205,920**
Total financial liabilities	**3,249,062**	**758,110**	**116,360**	**55,169**	**4,178,701**
Net position	**1,301,572**	**(714,645)**	**61,874**	**(54,639)**	

31 December 2019	*Belarus*	*CIS countries*	*OECD countries*	*Non-OECD countries*	*Total*
Financial assets					
Cash and cash equivalents	727,135	35,977	65,342	1,690	**830,144**
Mandatory cash balances with the National Bank of the Republic of Belarus	20,798	–	–	–	**20,798**
Due from banks	10,220	5,411	324	–	**15,955**
Derivative financial assets	20	11,707	–	–	**11,727**
Loans to corporate customers	2,208,937	8,156	–	–	**2,217,093**
Loans to individuals	787,101	–	–	–	**787,101**
Securities measured at fair value through other comprehensive income	592,659	–	–	–	**592,659**
Securities measured at fair value through profit or loss	–	–	4,321	–	**4,321**
Securities measured at amortized cost	1,045	–	–	–	**1,045**
Other financial assets	22,808	340	–	–	**23,148**
Total financial assets	**4,370,723**	**61,591**	**69,987**	**1,690**	**4,503,991**
Financial liabilities					
Due to banks	205,208	163,762	103,069	421	**472,460**
Derivative financial liabilities	12	4,645	–	–	**4,657**
Due to individuals	1,266,049	39,924	4,257	20,860	**1,331,090**
Due to corporate customers	1,525,497	17,802	11,836	64,250	**1,619,385**
Debt securities issued	390,761	–	–	–	**390,761**
Other financial liabilities	46,139	–	–	–	**46,139**
Subordinated debt	–	152,906	–	–	**152,906**
Total financial liabilities	**3,433,666**	**379,039**	**119,162**	**85,531**	**4,017,398**
Net position	**937,057**	**(317,448)**	**(49,175)**	**(83,841)**	

As at 31 December 2020 and 31 December 2019 contingent financial liabilities including commitments on loans and unused credit lines, guarantees and letters of credit (as presented in Note 28) are mainly represented by agreements with residents of the Republic of Belarus.

(in thousands of Belarusian Rubles)

33. Risk management policies (continued)

Liquidity risk

Liquidity risk refers to difficulties in obtaining sufficient funds for deposit withdrawals and other financial liabilities associated with financial instruments as they actually fall due.

The tables below show distribution of undiscounted contractual cash flows (including future interest payments) on liabilities by remaining contractual maturities.

31 December 2020	*Demand and less than 1 month*	*From 1 to 6 months*	*From 6 to 12 months*	*From 1 to 3 years*	*More than 3 years*	*Total*
Liabilities						
Due to banks	270,551	361,872	86,066	47,722	9,669	**775,880**
Due to individuals	542,241	272,307	135,477	216,905	231	**1,167,161**
Due to corporate customers	964,159	304,482	207,947	101,754	158,803	**1,737,145**
Debt securities issued	5,141	6,277	7,259	143,349	222,443	**384,469**
Other financial liabilities	21,624	2,682	3,234	10,267	7,211	**45,018**
including lease liabilities (according to IFRS16)	542	2,650	3,232	10,267	7,052	**23,743**
Subordinated debt	–	5,402	6,547	220,169	-	**232,118**
Total non-derivative financial liabilities	1,803,716	953,022	446,530	740,166	398,357	**4,341,791**
Amounts receivable on derivative financial instruments	(288,884)	(290,401)	-	-	-	**(579,285)**
Amounts payable on derivative financial instruments	296,317	316,800	-	-	-	**613,117**
Total derivative financial liabilities	7,433	26,399	-	-	-	**33,832**
Total liabilities	**1,811,149**	**979,421**	**446,530**	**740,166**	**398,357**	**4,375,623**

31 December 2019	*Demand and less than 1 month*	*From 1 to 6 months*	*From 6 to 12 months*	*From 1 to 3 years*	*More than 3 years*	*Total*
Liabilities						
Due to banks	250,697	145,690	38,102	40,031	2,304	**476,824**
Due to individuals	574,814	232,189	311,148	246,793	417	**1,365,361**
Due to corporate customers	1,098,883	318,304	175,376	35,733	5,526	**1,633,822**
Debt securities issued	2,454	9,814	36,565	40,150	418,224	**507,207**
Other financial liabilities	21,689	5,416	2,882	9,190	8,932	**48,109**
including lease liabilities (according to IFRS16)	486	2,371	2,881	9,190	8,663	**23,591**
Subordinated debt	–	4,038	4,862	42,792	130,390	**182,082**
Total non-derivative financial liabilities	1,948,537	715,451	568,935	414,689	565,793	**4,213,405**
Amounts receivable on derivative financial instruments	(200,619)	(304,079)	(356,580)	(118,731)	-	**(980,009)**
Amounts payable on derivative financial instruments	197,747	294,050	352,860	117,620	-	**962,277**
Total derivative financial liabilities	(2,872)	(10,029)	(3,720)	(1,111)	-	**(17,732)**
Total liabilities	**1,945,665**	**705,422**	**565,215**	**413,578**	**565,793**	**4,195,673**

As at 31 December 2020 and 31 December 2019 the Group classifies contingent financial liabilities including commitments on loans and unused credit lines, guarantees and letters of credit (as presented in Note 28) into the "On demand and less than 1 month" group in full amount.

(in thousands of Belarusian Rubles)

33. Risk management policies (continued)

Liquidity risk (continued)

The following table presents the analysis of the liquidity risk based on the carrying values of assets and liabilities:

31 December 2020	*On demand and less than 1 month*	*From 1 to 6 months*	*From 6 to 12 months*	*From 1 to 3 years*	*More than 3 years*	*Overdue*	*No stated maturity*	*Total*
Assets								
Cash and cash equivalents	949,367	–	–	–	–	–	–	**949,367**
Mandatory cash balances with the National Bank of the Republic of Belarus	14,433	5,266	3,115	2,637	1,529	–	–	**26,980**
Due from banks	11,349	10,226	–	–	–	–	–	**21,575**
Derivative financial assets	116	–	–	–	–	–	–	**116**
Loans to corporate customers	186,438	727,872	302,974	709,623	320,357	70,131	–	**2,317,395**
Loans to individuals	11,466	46,625	59,275	132,963	522,820	2,129	–	**775,278**
Non-current assets held for sale	–	–	5,180	–	–	–	–	**5,180**
Securities measured at fair value through other comprehensive income	2,503	1,629	26,247	52,490	573,917	–	–	**656,786**
Securities measured at fair value through profit or loss	–	–	–	–	–	–	6,203	**6,203**
Investments in associates	–	–	–	–	–	–	9,733	**9,733**
Premises and equipment, right-of-use assets	–	–	–	–	–	–	131,821	**131,821**
Intangible assets	–	–	–	–	–	–	7,029	**7,029**
Current income tax prepayment	5,356	–	–	–	–	–	–	**5,356**
Other financial and non-financial assets	17,847	1,833	187	5,425	18	735	5,641	**31,686**
Total assets	**1,198,875**	**793,451**	**396,978**	**903,138**	**1,418,641**	**72,995**	**160,427**	**4,944,505**
Liabilities								
Due to banks	270,577	358,092	85,514	47,362	9,669	–	–	**771,214**
Derivative financial liabilities	7,661	26,714	–	–	–	–	–	**34,375**
Due to individuals	539,588	262,073	131,088	208,057	227	–	–	**1,141,033**
Due to corporate customers	960,777	285,306	192,742	66,029	158,697	–	–	**1,663,551**
Debt securities issued	5,915	933	–	115,646	196,271	–	–	**318,765**
Deferred income tax liabilities	–	–	–	–	–	–	9,509	**9,509**
Provisions for guarantees and other commitments	–	9,529	–	–	–	–	–	**9,529**
Other financial and non-financial liabilities	25,170	5,545	3,223	10,257	6,071	–	157	**50,423**
Subordinated debt	–	–	–	205,920	–	–	–	**205,920**
Total liabilities	**1,809,688**	**948,192**	**412,567**	**653,271**	**370,935**	**–**	**9,666**	**4,204,319**
Net liquidity gap	**(610,813)**	**(154,741)**	**(15,589)**	**249,867**	**1,047,706**	**72,995**	**150,761**	**740,186**
Cumulative liquidity gap as at 31 December 2020	**(610,813)**	**(765,554)**	**(781,143)**	**(531,276)**	**516,430**	**589,425**	**740,186**	

(in thousands of Belarusian Rubles)

33. Risk management policies (continued)

Liquidity risk (continued)

31 December 2019	*On demand and less than 1 month*	*From 1 to 6 months*	*From 6 to 12 months*	*From 1 to 3 years*	*More than 3 years*	*Overdue*	*No stated maturity*	*Total*
Assets								
Cash and cash equivalents	830,144	–	–	–	–	–	–	**830,144**
Mandatory cash balances with the National Bank of the Republic of Belarus	11,759	3,746	3,341	1,911	41	–	–	**20,798**
Due from banks	15,631	324	–	–	–	–	–	**15,955**
Derivative financial assets	3,862	7,791	74	–	–	–	–	**11,727**
Loans to corporate customers	179,117	902,399	208,781	420,468	454,579	51,749	–	**2,217,093**
Loans to individuals	11,543	43,328	48,789	153,016	528,744	1,681	–	**787,101**
Non-current assets held for sale	17,790	–	9,623	–	–	–	–	**27,413**
Securities measured at fair value through other comprehensive income	3,063	2,227	374,904	41,951	170,514	–	–	**592,659**
Securities measured at fair value through profit or loss	–	–	–	–	–	–	4,321	**4,321**
Securities measured at amortized cost	–	–	1,045	–	–	–	–	**1,045**
Investments in associates	–	–	–	–	–	–	8,611	**8,611**
Premises and equipment, right-of-use assets	–	–	–	–	–	–	149,919	**149,919**
Intangible assets	–	–	–	–	–	–	17,916	**17,916**
Current income tax prepayment	5,060	–	–	–	–	–	–	**5,060**
Other financial and non-financial assets	28,595	5,046	1,243	9,630	18	334	948	**45,814**
Total assets	**1,106,564**	**964,861**	**647,800**	**626,976**	**1,153,896**	**53,764**	**181,715**	**4,735,576**
Liabilities								
Due to banks	250,914	143,114	36,979	39,260	2,193	–	–	**472,460**
Derivative financial liabilities	37	–	3,603	1,017	–	–	–	**4,657**
Due to individuals	571,921	220,206	302,693	235,858	412	–	–	**1,331,090**
Due to corporate customers	1,096,222	311,228	171,325	35,230	5,380	–	–	**1,619,385**
Debt securities issued	5,295	1,369	26,458	152	357,487	–	–	**390,761**
Deferred income tax liabilities	–	–	–	–	–	–	8,073	**8,073**
Provisions for guarantees and other commitments	–	6,479	–	–	–	–	–	**6,479**
Other financial and non-financial liabilities	26,186	8,794	2,737	8,765	7,687	–	–	**54,169**
Subordinated debt	–	–	–	23,524	129,382	–	–	**152,906**
Total liabilities	**1,950,575**	**691,190**	**543,795**	**343,806**	**502,541**	**–**	**8,073**	**4,039,980**
Net liquidity gap	**(844,011)**	**273,671**	**104,005**	**283,170**	**651,355**	**53,764**	**173,642**	**695,596**
Cumulative liquidity gap as at 31 December 2019	**(844,011)**	**(570,340)**	**(466,335)**	**(183,165)**	**468,190**	**521,954**	**695,596**	

Mandatory cash balances with the National Bank of the Republic of Belarus are allocated on the base of remaining maturity of related deposits.

Significant disbalances in categories *"On demand and less than 1 month" - "From 6 to 12 months"* as at 31 December 2020 and 31 December 2019 are caused by significant amounts of customer accounts classified under these categories. The Management of the Group considers that despite the significant amounts of customer accounts, classified under these categories, diversification of these amounts in number and type of customers, and also the Group's historic experience suggest that these amounts form stable and long-term source of funding for the Group's operations. The Management of the Group considers that the Group would be able to attract sufficient funds from interbank market to discharge customers deposits if necessary.

The Group expects that most of customers will not demand their funds at the earliest maturity date at which the Group would have an obligation to arrange payments, and therefore the table does not reflect expected cash flows calculated on the basis of the historic information of claiming deposits.

The Group's liquidity risk management includes estimation of core deposits, i.e. funds associated with stable customer deposits relationships, the amount of which is calculated with the use of statistical methods applied to historic information on fluctuations of customer accounts balances. Core deposits as at 31 December 2020 and 31 December 2019 were estimated in the amount of BYN 775,971 thousand and BYN 820,371 thousand, respectively. As at 31 December 2020 and 31 December 2019 included in "Due to banks" were correspondent accounts and short-term non-tied loans attracted from the parent bank in the amount of BYN 472,065 thousand and BYN 154,107 thousand, respectively, which commonly are being reinvested on maturity dates.

(in thousands of Belarusian Rubles)

33. Risk management policies (continued)

Liquidity risk (continued)

Based on the going concern assumptions the effective maturities of core deposits and funds from the parent bank are considered to be undefined. Information as to the expected periods of repayment on customer accounts, funds from the parent bank and effective liquidity gaps as at 31 December 2020 and 31 December 2019 is as follows:

31 December 2020	*On demand and less than 1 month*	*From 1 to 6 months*	*From 6 to 12 months*	*From 1 to 3 years*	*More than 3 years*	*Overdue*	*No stated maturity*	*Total*
Due to individuals analyzed based on expected withdrawal dates	215,461	262,073	131,088	208,057	227	–	324,127	**1,141,033**
Due to corporate customers analyzed based on expected withdrawal dates	508,933	285,306	192,742	66,029	158,697	–	451,844	**1,663,551**
Due to banks analyzed	201,764	27,704	12,650	47,362	9,669	–	472,065	**771,214**
Liquidity gap (based on expected withdrawal dates for customer accounts)	**233,971**	**175,647**	**57,275**	**249,867**	**1,047,706**	**72,995**	**(1,097,275)**	

31 December 2019	*On demand and less than 1 month*	*From 1 to 6 months*	*From 6 to 12 months*	*From 1 to 3 years*	*More than 3 years*	*Overdue*	*No stated maturity*	*Total*
Due to individuals analyzed based on expected withdrawal dates	223,343	220,206	302,693	235,858	412	–	348,578	**1,331,090**
Due to corporate customers analyzed based on expected withdrawal dates	624,429	311,228	171,325	35,230	5,380	–	471,793	**1,619,385**
Due to banks analyzed	246,744	18,585	11,571	39,260	2,193	–	154,107	**472,460**
Liquidity gap (based on expected withdrawal dates for customer accounts)	**(19,470)**	**398,200**	**129,413**	**283,170**	**651,354**	**53,764**	**(800,836)**	

Due to the unfavorable epidemiological situation caused by the spread of COVID-19 and due to other crisis factors the Bank approved a corresponding anti-crisis plan which regulates among other things measures to manage liquidity risk. The main management tools are limiting lending, revising interest rates, ensuring the required amount of cash, conducting stress testing.

Market risk

Market risk is the possibility of the Group's financial losses, failure to get the expected profit as a result of changes in the market value of balance sheet and off-balance sheet items, as well as items nominated in foreign currency and goods due to the change in market prices of financial instruments and goods caused by the fluctuations in foreign currency exchange rates, market interest rates and other factors.

Market risk comprises general (systemic) risk (risk of losses resulting from general fluctuations of the market risk factors, e.g. changes of interest rates, price volatility, etc.) and specific risk (risk of losses resulting from fluctuations of the price of a specific asset due to the factors inherent to this asset, e.g. worsening of the financial position of the securities issuer).

The main purpose of market risk management is to maintain an acceptable level of risk and capital adequacy ensuring the financial stability of the Group as a whole.

Market risk covers interest rate risk and currency risk which the Group is exposed to. Market risk management is organized on the basis of both aggregated risk indicators (VaR, stress-test) and indicators associated with individual risk-factors (such as, for instance, indicators of open currency position tied to the fluctuation of the exchange rate of a specific currency pair) allowing to estimate and limit the level of potential losses which may be incurred by the Bank due to the change of prices of financial instruments.

In order to take into account the specific characteristics of instruments and factors in the course of market risk assessment all of the Bank's operations are divided into the trading book and banking book operations. In addition to that, all financial market operations are subject to market conformity process.

The market risk management procedure is regulated in the Policy for managing interest and currency risks of the banking book of the Bank.

(in thousands of Belarusian Rubles)

33. Risk management policies (continued)

Market risk (continued)

The Bank's market risk management procedure includes the following main steps:

- Risk identification (identification of the main sources (factors) of risk that caused (may cause) losses and (or) additional costs);
- Market risk assessment (carried out using methods of quantitative and (or) qualitative (expert) assessment using quantitative and qualitative factors);
- Monitoring the level of risk (collection (accumulation), processing and analysis of information on the basis of which assessment, risk control and reporting are carried out);
- Restriction (made by setting limits and restrictions);
- Control (carried out at all levels of the risk management system in accordance with the principles enshrined in the Policies).

Interest rate risk

Interest rate risk is associated with the probability of losses, reduction or lack of planned income from changes in the value of balance sheet and off-balance sheet positions due to changes in the level of interest rates. The main goal of interest rate risk management is the financial stability of the Group, limiting possible financial losses and negative effects of the assumed level of interest rate risk.

The Bank's Assets and Liabilities Management Committee takes decisions on interest rate risk mitigation.

The following table presents an interest rate risk sensitivity analysis based on a scenario of possible changes in interest rates. This analysis is an estimate of the effect on the financial result of a parallel shift in the interest rate curve at a given time horizon. All the other variables are held constant. Additionally, the calculation includes the effect of potential reinvestment of fixed-rate instruments at new market rates as they mature.

Impact on the financial result:

	31 December 2020		***31 December 2019***	
BYN	***Interest rate +1 p.p.***	***Interest rate -1 p.p.***	***Interest rate +1 p.p.***	***Interest rate -1 p.p.***
Impact on profit before taxes				
Assets				
Due from banks	71	(71)	190	(190)
Loans to customers	10,281	(10,281)	12,034	(12,034)
Securities measured at fair value through other comprehensive income	547	(547)	611	(611)
Securities measured at amortized cost	–	–	11	(11)
Liabilities				
Due to banks	(448)	448	(1,282)	1,282
Due to customers	(11,112)	11,112	(11,757)	11,757
Debt securities issued	(1,116)	1,116	(1,733)	1,733
Net impact on profit before taxes	**(1,777)**	**1,777**	**(1,926)**	**1,926**
Impact on comprehensive income (excluding profit for the year)/equity				
Securities measured at fair value through other comprehensive income	–	–	–	–
Net impact on comprehensive income	**(1,777)**	**1,777**	**(1,926)**	**1,926**

	31 December 2020		***31 December 2019***	
USD	***Interest rate +1 p.p.***	***Interest rate -1 p.p.***	***Interest rate +1 p.p.***	***Interest rate -1 p.p.***
Impact on profit before taxes				
Assets				
Loans to customers	434	(434)	692	(692)
Securities measured at fair value through other comprehensive income	17	(17)	4	(4)
Liabilities				
Due to banks	(500)	500	(317)	317
Due to customers	(5,785)	5,785	(5,342)	5,342
Debt securities issued	(47)	47	(60)	60
Net impact on profit before taxes	**(5,881)**	**5,881**	**(5,023)**	**5,023**
Impact on comprehensive income (excluding profit for the year)/equity				
Securities measured at fair value through other comprehensive income	–	–	–	–
Net impact on comprehensive income	**(5,881)**	**5,881**	**(5,023)**	**5,023**

(in thousands of Belarusian Rubles)

33. Risk management policies (continued)

Interest rate risk (continued)

	31 December 2020		*31 December 2019*	
EUR	***Interest rate +1 p.p.***	***Interest rate -1 p.p.***	***Interest rate +1 p.p.***	***Interest rate -1 p.p.***
Impact on profit before taxes				
Assets				
Due from banks	2	(2)	2	(2)
Loans to customers	5,796	(5,796)	5,810	(5,810)
Securities measured at fair value through other comprehensive income	1,980	(1,980)	2,521	(2,521)
Liabilities				
Due to banks	(2,794)	2,794	(1,576)	1,576
Due to customers	(3,285)	3,285	(2,668)	2,668
Debt securities issued	(1)	1	(2)	2
Net impact on profit before taxes	**1,698**	**(1,698)**	**4,087**	**(4,087)**
Impact on comprehensive income (excluding profit for the year)/equity				
Securities measured at fair value through other comprehensive income	**–**	**–**	**–**	**–**
Net impact on comprehensive income	**1,698**	**(1,698)**	**4,087**	**(4,087)**

	31 December 2020		*31 December 2019*	
RUB	***Interest rate +1 p.p.***	***Interest rate -1 p.p.***	***Interest rate +1 p.p.***	***Interest rate -1 p.p.***
Impact on profit before taxes				
Assets				
Due from banks	–	–	98	(98)
Loans to customers	2,808	(2,808)	1,236	(1,236)
Securities measured at fair value through other comprehensive income	8	(8)	9	(9)
Liabilities				
Due to banks	(1,687)	1,687	(525)	525
Due to customers	(1,742)	1,742	(1,988)	1,988
Net impact on profit before taxes	**(613)**	**613**	**(1,170)**	**1,170**
Impact on comprehensive income (excluding profit for the year)/equity				
Securities measured at fair value through other comprehensive income	–	–	–	–
Net impact on comprehensive income	**(613)**	**613**	**(1,170)**	**1,170**

Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign currency exchange rates and precious metals prices. The financial position and cash flows of the Group are exposed to the effects of fluctuations in the foreign currency exchange rates and precious metals prices.

The Group's risk policy aiming at loss minimization from foreign currency and precious metals exchange rates fluctuations includes daily assessment with 95% probability of maximum exposure to losses from liquidating open currency position within one day and determination of the level of currency risk. The Group has set rigid limitation of open currency position (according to National accounting standards of the Republic of Belarus) by each type of currency for carrying positions over the next day depending on volatility of currency pairs and stop-loss limit. Considering increased volatility of world markets and for estimation of extraordinary, but still possible, events the Group uses stress-testing procedures. The Group also exercises daily control of currency risk limits set by the National Bank of the Republic of Belarus.

(in thousands of Belarusian Rubles)

33. Risk management policies (continued)

Currency risk (continued)

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

31 December 2020	*BYN*	*USD 1USD=BYN 2.5789*	*EUR 1EUR=BYN 3.1680*	*RUB 1RUB=BYN 0.0349*	*Precious metals*	*Other currencies*	*Total*
Financial assets							
Cash and cash equivalents	445,154	188,155	218,234	89,889	–	7,935	**949,367**
Mandatory cash balances with the National Bank of the Republic of Belarus	26,980	–	–	–	–	–	**26,980**
Due from banks	9,978	–	247	–	11,350	–	**21,575**
Loans to corporate customers	731,033	140,177	947,943	498,242	–	–	**2,317,395**
Loans to individuals	773,359	1,886	33	–	–	–	**775,278**
Securities measured at fair value through other comprehensive income	54,718	402,770	198,451	847	–	–	**656,786**
Securities measured at fair value through profit or loss	–	6,203	–	–	–	–	**6,203**
Other financial assets	15,773	1,613	656	1,121	–	–	**19,163**
Total non-derivative financial assets	**2,056,995**	**740,804**	**1,365,564**	**590,099**	**11,350**	**7,935**	**4,772,747**
Financial liabilities							
Due to banks	48,252	52,176	444,170	224,538	467	1,611	**771,214**
Due to individuals	334,670	591,680	92,686	41,153	80,842	2	**1,141,033**
Due to corporate customers	854,875	295,127	299,347	192,211	17,417	4,574	**1,663,551**
Debt securities issued	111,864	191,220	15,681	–	–	–	**318,765**
Other financial liabilities	15,423	10,858	17,182	378	–	2	**43,843**
Subordinated debt	–	–	205,920	–	–	–	**205,920**
Total non-derivative financial liabilities	**1,365,084**	**1,141,061**	**1,074,986**	**458,280**	**98,726**	**6,189**	**4,144,326**
Open currency position	**691,911**	**(400,257)**	**290,578**	**131,819**	**(87,376)**	**1,746**	

Derivative financial instruments

The analysis of currency risk of derivative financial instruments at par value is given below. Par value of a derivative financial instrument is its contract claims/obligations at the official exchange rate at the reporting date. Par value of derivative financial instruments differs from their fair value recognized in the statement of financial position by the difference from the use of forward and spot rates.

31 December 2020	*BYN*	*USD 1USD=BYN 2.5789*	*EUR 1EUR=BYN 3.1680*	*RUB 1RUB=BYN 0.0349*	*Precious metals*	*Other currencies*	*Total*
Claims at par value on derivative financial instruments	22,000	442,376	29,146	10,115	87,387	140	**591,164**
Obligations at par value on derivative financial instruments	(5,846)	(28,865)	(396,000)	(192,423)	–	(1,747)	**(624,881)**
Net derivative financial instruments	**16,154**	**413,511**	**(366,854)**	**(182,308)**	**87,387**	**(1,607)**	**(33,717)**
Total currency position less fair value of derivative financial instruments	**708,065**	**13,254**	**(76,276)**	**(50,489)**	**11**	**139**	

(in thousands of Belarusian Rubles)

33. Risk management policies (continued)

Currency risk (continued)

31 December 2019	*BYN*	*USD 1USD=BYN 2.1036*	*EUR 1EUR=BYN 2.3524*	*RUB 1RUB=BYN 0.0340*	*Precious metals*	*Other currencies*	*Total*
Financial assets							
Cash and cash equivalents	406,669	184,830	164,722	66,944	–	6,979	**830,144**
Mandatory cash balances with the National Bank of the Republic of Belarus	20,798	–	–	–	–	–	**20,798**
Due from banks	5	–	324	10,214	5,412	–	**15,955**
Loans to corporate customers	856,605	229,663	909,275	221,550	–	–	**2,217,093**
Loans to individuals	784,473	2,604	24	–	–	–	**787,101**
Securities measured at fair value through other comprehensive income	61,195	12,825	517,727	912	–	–	**592,659**
Securities measured at fair value through profit or loss	–	4,321	–	–	–	–	**4,321**
Securities measured at amortized cost	1,045	–	–	–	–	–	**1,045**
Other financial assets	18,331	1,037	385	3,395	–	–	**23,148**
Total non-derivative financial assets	**2,149,121**	**435,280**	**1,592,457**	**303,015**	**5,412**	**6,979**	**4,492,264**
Financial liabilities							
Due to banks	137,235	33,129	213,811	86,364	354	1,567	**472,460**
Due to individuals	432,130	696,285	98,388	44,702	59,585	–	**1,331,090**
Due to corporate customers	832,003	317,236	218,186	234,653	13,097	4,210	**1,619,385**
Debt securities issued	173,881	195,221	21,659	–	–	–	**390,761**
Other financial liabilities	20,864	10,897	13,560	818	–	–	**46,139**
Subordinated debt	–	–	152,906	–	–	–	**152,906**
Total non-derivative financial liabilities	**1,596,113**	**1,252,768**	**718,510**	**366,537**	**73,036**	**5,777**	**4,012,741**
Open currency position	**553,008**	**(817,488)**	**873,947**	**(63,522)**	**(67,624)**	**1,202**	

Derivative financial instruments

The analysis of currency risk of derivative financial instruments at par value is given below. Par value of a derivative financial instrument is its contract claims/obligations at the official exchange rate at the reporting date. Par value of derivative financial instruments differs from their fair value recognized in the statement of financial position by the difference from the use of forward and spot rates.

31 December 2019	*BYN*	*USD 1USD=BYN 2.1036*	*EUR 1EUR=BYN 2.3524*	*RUB 1RUB=BYN 0.0340*	*Precious metals*	*Other currencies*	*Total*
Claims at par value on derivative financial instruments	7,374	920,191	21,107	38,752	67,675	–	**1,055,099**
Obligations at par value on derivative financial instruments	(23,888)	(95,848)	(910,379)	(5,118)	(40)	(1,203)	**(1,036,476)**
Net derivative financial instruments	**(16,514)**	**824,343**	**(889,272)**	**33,634**	**67,635**	**(1,203)**	**18,623**
Total currency position less fair value of derivative financial instruments	**536,494**	**6,855**	**(15,325)**	**(29,888)**	**11**	**(1)**	

(in thousands of Belarusian Rubles)

33. Risk management policies (continued)

Currency risk (continued)

Contingent liabilities and credit commitments

31 December 2020	***BYN***	***USD 1USD=BYN 2.5789***	***EUR 1EUR=BYN 3.1680***	***RUB 1RUB=BYN 0.0349***	***Precious metals***	***Other currencies***	***Total***
Contingent liabilities and credit commitments	292,940	54,618	359,038	121,667	–	350	**828,613**

31 December 2019	***BYN***	***USD 1USD=BYN 2.1036***	***EUR 1EUR=BYN 2.3524***	***RUB 1RUB=BYN 0.0340***	***Precious metals***	***Other currencies***	***Total***
Contingent liabilities and credit commitments	628,011	61,167	283,445	104,493	–	12	**1,077,128**

Currency risk sensitivity

The following table details the Group's sensitivity to an increase and decrease in the USD, EUR and RUB rates against the BYN. This is the sensitivity rate which represents the Management's assessment of the possible change in foreign currency exchange rates as at 31 December 2020 and 31 December 2019. The sensitivity analysis includes only amounts in foreign currency available at the end of the period, the conversion of which at the end of this period is performed with the use of exchange rates changed by the corresponding percent in comparison with the current exchange rates.

	As at 31 December 2020		***As at 31 December 2019***	
	BYN/USD +10.51%	***BYN/USD -0.36%***	***BYN/USD +8.47%***	***BYN/USD -1%***
Impact on profit or loss	1,393	(48)	580	(69)
Impact on comprehensive income/equity	1,393	(48)	580	(69)

	As at 31 December 2020		***As at 31 December 2019***	
	BYN/EUR +7.01%	***BYN/EUR -3.46%***	***BYN/EUR +8.78%***	***BYN/EUR -1%***
Impact on profit or loss	(5,345)	2,639	(1,345)	153
Impact on comprehensive income/equity	(5,345)	2,639	(1,345)	153

	As at 31 December 2020		***As at 31 December 2019***	
	BYN/RUB +4.78%	***BYN/RUB -1%***	***BYN/RUB +2.33%***	***BYN/RUB -1%***
Impact on profit or loss	(2,414)	505	(695)	299
Impact on comprehensive income/equity	(2,414)	505	(695)	299

Limitations of sensitivity analysis

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analysis does not take into account the fact that the Group's assets and liabilities are actively managed. Additionally, the financial position of the Group may change in connection with actual market movements. For example, the Group's financial risk management strategy aims to manage possible fluctuations of the market. As financial markets move past various trigger levels, Management actions could include selling positions and taking other protective actions. Consequently, the change in the assumptions may not have any impact on the liabilities and significantly influence the assets which are held at market value in the statement of financial position. In these circumstances, different measurement bases for liabilities and assets may lead to volatility of shareholders' equity.

Other limitations in the above sensitivity analysis include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible market changes that cannot be predicted with any degree of certainty. And the assumption that all interest rates move in an identical fashion is also a restriction.

Operational risk

Operational risk is the risk of losses and/or additional costs, failure to get the expected profit, arising from non-compliance of the Group's established norms and procedures of performing banking operations and other deals with the legislation or violation of the norms and procedures by the employees of the Group, incompetence and errors made by the employees of the Group, inadequacy or failure of the systems used by the Group, information systems included, as well as costs and losses arising from external factors. This definition includes legal and cyber-risk (cybersecurity risk), but excludes strategic and reputational risks.

(in thousands of Belarusian Rubles)

33. Risk management policies (continued)

Operational risk (continued)

The main objective of managing operational risk as an intergral part of the general process of managing Group's specific risks is a prevention of this risk or maximum possible mitigation of exposure to losses, which the Group may incur due to vulnerabilities of organization of internal processes and due to external factors (events), and also developing of an adequate system of internal control within the Group.

The main methods of managing operational risk are:

- providing business-processes with all necessary material, information, human and other resources;
- optimization of information systems and automation of business-processes, including certain (standard) procedures of control;
- formalization of juridical maintenance of the Group's operations, including the usage of standard forms of documents;
- control of information and control of access to information, maintaining information security;
- standardization and optimization of accounting and information systems of the Group.

34. Subsequent events

As at the issue date of these consolidated financial statements since the beginning of the year Belarusian Ruble has changed against main currencies in the following way: it has weakened against American Dollar by 1.9%, and it has gained by 2.0% and 1.0% against Euro and Russian Ruble respectively.

The refinancing rate remained unchanged.