Translation from the original in Russian

Sber Bank and subsidiaries

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

31 December 2022

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Audit report of an independent audit firm on the consolidated financial statements of Sber Bank for the period from 1 January through 31 December 2022

To Chairman of the Management Board of Sber Bank
Mr. I. Merkulov

To the Shareholders, Supervisory Board, Audit Committee
and Management Board of OJSC Sber Bank

Opinion

We have audited the consolidated financial statements of Sber Bank (address: Republic of Belarus, 220030, Minsk, pr. Nezavisimosti, 32A-1, date of state registration: 28 December 1991, registration number in the Unified State Register of Legal Entities and Individual Entrepreneurs: 100219673), as well as its subsidiaries and associates within a banking holding (hereinafter, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with Law of the Republic of Belarus *On Auditing Activity*, National Rules for Auditing Activity effective in the Republic of Belarus and with International Standards on Auditing (ISAs). Our responsibilities under those rules and standards are further described in the *Responsibilities of the audit firm for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Belarus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Key audit matters

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

We have fulfilled the responsibilities described in the *Responsibilities of the audit firm for the audit of the financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
Allowance for expected credit losses on loans to customers in accordance with IFRS 9	
The estimation of the allowance for expected credit losses on loans to customers is a key area of judgment for Sber Bank's management. Identification of factors of a significant increase in credit risk, including identification of any change in the risk of default occurring over the remaining life of a financial instrument, identification of default (impairment stages), as well as the estimation of probability of default, the level of recovery and forward-looking information involve significant use of professional judgment and assumptions. The use of various models and assumptions in the calculation of expected credit losses can significantly affect the level of the allowance for expected credit losses on loans to customers. Due to substantial amounts of loans to customers and an extensive use of professional judgment, the estimation of the allowance for expected credit losses is a key audit matter. Information on the allowance for expected credit losses on loans to customers and Sber Bank's management approach to assessing and managing credit risk is provided in Notes 8, 21 and 32 to the financial statements.	With regard to calculating the allowance for expected credit losses on loans to customers, our audit procedures included the analysis of the methodology, testing of controls over the accounting for overdue debt and procedures to identify factors of a significant increase in credit risk and default on loans to customers. We considered the assumptions and inputs used by Sber Bank and models to calculate the probability of default, the level of recovery and forward-looking information. We analyzed the classification of loans by impairment stage and the mathematical accuracy of the calculation of the allowance for expected credit losses. We analyzed the financial position of borrowers, their credit ratings, overdue and renegotiated exposures and sufficiency of collateral with respect to individually significant loans to legal entities and loans with higher credit risk exposure. We reviewed consistency of application of judgments by Sber Bank's management when calculating the allowance for expected credit losses. We reviewed the information related to the allowance for expected credit losses on loans, disclosed in the notes to the financial statements.

Other matters

The audit of the Group's financial statements for the year ended 31 December 2021 was performed by another audit firm that expressed an unmodified opinion in respect of those financial statements on 25 May 2022.

Responsibilities of management and the Audit Committee of Sber Bank for the consolidated financial statements

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

In preparing the financial statements, management is responsible for assessing the 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.

The Audit Committee of Sber Bank is responsible for overseeing the Group's financial reporting process.

Responsibilities of the audit firm for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 the Law of the Republic of Belarus *On Auditing Activity*, National Rules for Auditing Activities effective in the Republic of Belarus and ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit performed in accordance with Law of the Republic of Belarus *On Auditing Activity*, National Rules for Auditing Activities effective in the Republic of Belarus and ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than the one resulting from error, as fraud usually involves development of special measures aimed to conceal such misstatements.
- 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.
- 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

NEW CHALLENGES
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From the matters communicated with the Supervisory Board and the Audit Committee Sber Bank, we determine the matters that were of most significance in the audit of the financial statements for 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 these matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Engagement Partner

P.A. Laschenko
General Director, FCCA

Auditor's qualification certificate No. 0000738 of 14 May 2003 issued by the Ministry of Finance of the Republic of Belarus for an indefinite period of time

Certificate of compliance with the qualification and business reputation requirements for auditors of banks, Joint-Stock Company "Development Bank of the Republic of Belarus", non-bank credit and financial institutions, banking groups and banking holdings No. 142 of 13 October 2022, issued for five years.

Audit Team Executive

O.V. Tikhonov
Deputy Head of Audit Department, ACCA

Auditor's qualification certificate No. 0002411 of 4 October 2017 issued by the Ministry of Finance of the Republic of Belarus for an indefinite period of time

Certificate of compliance with the qualification and business reputation requirements for auditors of banks, Joint-Stock Company "Development Bank of the Republic of Belarus", non-bank credit and financial institutions, banking groups and banking holdings No. 149 of 12 January 2023, issued for five years.

7 April 2023

Audit report was received by:

Chairman of the Management Board of Sber Bank I. Merkulov

Details of the audit firm

Name: B1 Audit Services Limited Liability Company
Registered in the State Register of Legal Entities and Individual Entrepreneurs on 7 April 2005, Registration No. 190616051.
Member of the Audit Chamber since 26 December 2019.
Registration No. 10051 in the register of auditors, entered on 1 January 2020.
Address: Republic of Belarus 220004, Minsk, ul. Klary Tsetkin, 51A, 15th floor.

Consolidated statement of financial position
as of 31 December 2022

(in thousands of Belarusian Rubles)

	Notes	31 December 2022	31 December 2021
Assets			
Cash and cash equivalents	5	1,393,838	1,261,764
Mandatory cash balances with the National Bank of the Republic of Belarus		22,785	26,609
Due from banks	6	55,310	59,022
Derivative financial assets	7	726	3,204
Loans to corporate customers	8	1,722,426	1,983,640
Loans to individuals	8	692,830	761,560
Securities	10	675,643	670,939
Investments in associates and joint ventures	11	7,887	6,820
Buildings and equipment	12	173,801	104,902
Right-of-use assets	13	25,120	22,573
Non-current assets held for sale	9	5,249	1,713
Intangible assets	12	12,422	9,745
Other financial assets	14	71,071	16,845
Other non-financial assets	14	60,290	17,651
Total assets		**4,919,398**	**4,946,987**
Liabilities and equity			
Liabilities			
Due to banks	15	864,660	774,433
Due to individuals	16	985,938	1,029,537
Due to corporate customers	16	1,874,340	1,735,366
Debt securities issued	17	171,735	344,799
Derivative financial liabilities	7	14	2,492
Current income tax liabilities		3,386	790
Deferred tax liability	26	12,728	7,975
Allowances for guarantees and other commitments	21	17,527	8,740
Other financial liabilities	18	50,084	50,431
Other non-financial liabilities	18	14,415	7,400
Subordinated loan	28	43,734	187,369
Total liabilities		**4,038,561**	**4,149,332**
Equity			
Share capital	19	321,756	321,756
Share premium		576	576
Treasury shares	19	(126)	–
Revaluation reserve for office premises		7,171	16,588
Reserve for revaluation of securities measured at fair value through other comprehensive income		37,360	10,222
Retained earnings		514,100	448,513
Total equity attributable to shareholders of the Bank		**880,837**	**797,655**
Total equity		**880,837**	**797,655**
Total liabilities and equity		**4,919,398**	**4,946,987**

Chairperson of the Board
Igor A. Merkulov

Chief Accountant
Ivan R. Klintsov

Date of signing: 7 April 2023

The notes 1-33 are an integral part of these consolidated financial statements.

Consolidated statement of profit or loss
for the year ended 31 December 2022

(in thousands of Belarusian Rubles)

	Notes	*Year ended 31 December 2022*	*Year ended 31 December 2021*
Interest income calculated using the effective interest method		423,546	317,352
Other interest income		8,966	7,614
Interest expense		(198,492)	(151,377)
Payments to individual deposit insurance fund		(4,140)	(6,128)
Net interest income	20	**229,880**	**167,461**
(Charge for) / Recovery of ECL allowances for loans to customers	21	(4,447)	38,450
(Charge for) / Recovery of ECL allowances for securities measured at fair value through other comprehensive income	10	(27,138)	90
(Charge for) / Recovery of ECL allowances for cash equivalents		(24)	2
Recovery of ECL allowances for due from banks		–	21
Net interest income after ECL allowance charge for debt financial assets		**198,271**	**206,024**
Fee and commission income	22	186,409	203,811
Fee and commission expense	22	(50,218)	(51,696)
Net gains from financial instruments measured at fair value through other comprehensive income		581	–
Net gains from trading in foreign currencies and operations with foreign currency derivatives	23	115,364	44,720
Net gains from operations with precious metals and precious metals derivatives	23	4,832	3,202
Net losses from revaluation of securities measured at fair value through profit or loss		(6,072)	(131)
Impairment of property and equipment, other than office and other premises	12	–	(1,027)
(Negative) / Positive revaluation of office premises through profit or loss	12	(11,899)	110
(Charge for) / Recovery of ECL allowances for contingent liabilities	21	(9,293)	789
Net (losses) / gains from disposal of property and equipment and other property		(5,477)	8,777
Charge for provisions	27	(3,644)	–
Other income	24	16,478	11,456
Net non-interest income		**237,061**	**220,011**
Operating income		**435,332**	**426,035**
Operating expenses	25	**(246,236)**	**(240,911)**
Share of the result of associates	11	823	(3,010)
Profit before income taxes		**189,919**	**182,114**
Income tax expense	26	(43,398)	(35,752)
Net profit		**146,521**	**146,362**
Attributable to:			
Shareholders of the Bank		146,521	146,362

Chairperson of the Board
Igor A. Merkulov

Chief Accountant
Ivan R. Klintsov

Date of signing: 7 April 2023

The notes 1-33 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income for the year ended 31 December 2022

(in thousands of Belarusian Rubles)

	Notes	*Year ended 31 December 2022*	*Year ended 31 December 2021*
Net profit		**146,521**	**146,362**
Other comprehensive income			
Items to be reclassified to profit or loss in subsequent periods			
Net change in ECL allowance for debt financial instruments measured at fair value through other comprehensive income	10	27,138	(90)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		**27,138**	**(90)**
Items not to be reclassified to profit or loss in subsequent periods			
Effect of revaluation of office premises and non-current assets held for sale	9, 12	1,143	6,970
Net change in income tax relating to office premises revaluation	26	(286)	(1,743)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**857**	**5,227**
Other comprehensive income		**27,995**	**5,137**
Total comprehensive income		**174,516**	**151,499**
Attributable to:			
Shareholders of the Bank		174,516	151,499

Consolidated statement of changes in equity for the year ended 31 December 2022

(in thousands of Belarusian Rubles)

	Notes	*Share capital*	*Share premium*	*Treasury shares*	*Revaluation reserve for office premises*	*Reserve for revaluation of securities measured at FVOCI*	*Retained earnings*	*Total equity attributable to share-holders of the Bank*	*Total equity*
31 December 2020		**321,756**	**576**	**–**	**17,743**	**10,312**	**389,799**	**740,186**	**740,186**
Profit for the period		–	–	–	–	–	146,362	**146,362**	**146,362**
Other comprehensive income for the period		–	–	–	5,227	(90)	–	**5,137**	**5,137**
Total comprehensive income for the period		**–**	**–**	**–**	**5,227**	**(90)**	**146,362**	**151,499**	**151,499**
Depreciation or disposal of revaluation reserve for office premises		–	–	–	(6,382)	–	6,382	**–**	**–**
Dividends	19	–	–	–	–	–	(94,030)	**(94,030)**	**(94,030)**
31 December 2021		**321,756**	**576**	**–**	**16,588**	**10,222**	**448,513**	**797,655**	**797,655**
31 December 2021		**321,756**	**576**	**–**	**16,588**	**10,222**	**448,513**	**797,655**	**797,655**
Profit for the period		–	–	–	–	–	146,521	**146,521**	**146,521**
Other comprehensive income for the period		–	–	–	857	27,138	–	**27,995**	**27,995**
Total comprehensive income for the period		**–**	**–**	**–**	**857**	**27,138**	**146,521**	**174,516**	**174,516**
Depreciation or disposal of revaluation reserve for office premises		–	–	–	(10,274)	–	10,274	**–**	**–**
Treasury shares transactions	19	–	–	(126)	–	–	(708)	**(834)**	**(834)**
Dividends	19	–	–	–	–	–	(90,500)	**(90,500)**	**(90,500)**
31 December 2022		**321,756**	**576**	**(126)**	**7,171**	**37,360**	**514,100**	**880,837**	**880,837**

Consolidated statement of cash flows
for the year ended 31 December 2022
(in thousands of Belarusian Rubles)

	Notes	*Year ended 31 December 2022*	*Year ended 31 December 2021*
Cash flows from operating activities			
Interest income received		452,419	326,318
Interest expense paid		(197,097)	(151,335)
Fee and commissions received		186,907	203,669
Fee and commissions paid		(49,962)	(51,602)
Net gains received from foreign exchange operations		98,903	56,604
Net losses incurred from derivative financial instruments		(23,812)	(25,502)
Net gains received / (losses incurred) from precious metals operations		3,756	(1,121)
Other net income received		15,965	10,790
Operating expenses paid net of staff costs		(88,242)	(98,842)
Staff expenses paid		(141,747)	(127,553)
Income tax paid		(36,049)	(31,140)
Cash flows from operating activities before changes in operating assets and liabilities		**221,041**	**110,286**
Changes in operating assets and liabilities			
(Increase)/decrease in operating assets			
Net decrease in mandatory cash balances with the National Bank of the Republic of Belarus		3,824	371
Net decrease/(increase) in due from banks		19,493	(37,664)
Net decrease in loans to corporate customers		381,650	262,277
Net decrease in loans to individuals		63,771	11,284
Net (increase)/decrease in other financial assets		(39,630)	1,644
Net increase in other non-financial assets		(42,639)	(5,128)
Increase/(decrease) in operating liabilities			
Net (decrease)/increase in due to banks		(11,043)	41,602
Net decrease in due to individuals		(107,714)	(90,576)
Net increase in due to corporate customers		111,893	112,147
Net (decrease)/increase in debt securities issued		(180,540)	29,544
Net increase in other financial liabilities		11,141	13,967
Net increase in other non-financial liabilities		7,015	820
Net decrease in lease obligations		(9,077)	(7,963)
Net cash from operating activities		**429,185**	**442,611**
Cash flows from investing activities			
Acquisition of property and equipment and intangible assets		(135,335)	(12,825)
Proceeds from disposal of property and equipment, intangible assets and non-current assets held for sale		26,616	24,107
Acquisition of securities		–	(55,735)
Proceeds from redemption and sale of securities		21,761	24,142
Dividends received		513	837
Net cash used in investing activities		**(86,445)**	**(19,474)**
Cash flows from financing activities			
Redemption of subordinated loan		(139,820)	–
Purchase of treasury shares		(834)	–
Dividends paid		(90,536)	(93,988)
Net cash used in financing activities		**(231,190)**	**(93,988)**
Effect of exchange rate changes on cash and cash equivalents		20,524	(16,752)
Net increase in cash and cash equivalents		**111,550**	**329,149**
Cash and cash equivalents, beginning of the period	5	1,261,764	949,367
Cash and cash equivalents, end of the period	5	**1,393,838**	**1,261,764**

(in thousands of Belarusian Rubles)

1. Organisation

Open Joint Stock Company “Sber Bank” (previous name − “BPS-Sberbank”), or Sber Bank (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. Then 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 14 February 2023. 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 32A-1 Nezavisimosti Avenue, 220030, Minsk, Republic of Belarus. As at 31 December 2022, the Bank had 6 regional directories, 36 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, %* 31 December 2022	31 December 2021	*Type of operation*
Subsidiaries				
Limited Liability Company “SB-Global”	Belarus	99.90	99.90	Advisory activity
Closed Joint Stock Company “Vadarod”	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 at 2 October 2017, LLC “Gruzovaia sluzhba-Vostok” is a subsidiary of LLC “SB-Global.” As at 29 November 2018, in accordance with the legislation of the Republic of Belarus, the Bank’s subsidiary LLC “SB-Global” bought back 80% of the share capital of LLC “Gruzovaia sluzhba-Vostok.”

As at 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 as at 31 December 2022. 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 “Vadarod” (before 2 August 2022, 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.”

On 27 August 2021, the name of the Bank was changed to Open Joint Stock Company “Sber Bank.”

On 21 September 2021, LLC “Sber Express” was established. Subsidiary of the Bank CJSC “Vadarod” owns 45% of the shares in the statutory fund of LLC “Sber Express.” On the basis of control principle and taking into account the receipt of all benefits, LLC “Sber Express” is being consolidated by the Group, starting from 30 September 2021.

As at 31 December 2022 and 31 December 2021, the following shareholders owned the issued shares of the Bank:

Shareholder	*31 December 2022, %*	*31 December 2021, %*
Sberbank	98.43	98.43
Other	1.57	1.57
Итого	**100.00**	**100.00**

On 14 December 2009, Open Joint-Stock Company “Sberbank of Russia” (from 11 August 2015: Public Joint Stock Company “Sberbank of Russia”, hereinafter, “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 IFRS Interpretations Committee ("IFRIC").

Until the end of 2005 and from 1 January 2011 through 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 from 1 January 2015, the economy of the Republic of Belarus is no longer considered to be hyperinflationary, thus the cost of the Group's non-monetary assets, liabilities and equity as stated in measuring units as at 31 December 2014, was used to form the opening balances as at 1 January 2015.

The Bank is obliged to maintain its accounting records and prepare its financial statements in Belarusian rubles in accordance with the Belarusian accounting and banking legislation and related instructions (National accounting standards of the Republic of Belarus – "NAS"). These 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 currency of each of the Group's consolidated entities is the currency of the economic environment, in which the entity operates. The functional currency of the Bank and each of the consolidated entities of the Group, and the presentation currency of the Group's financial statements is the currency of the Republic of Belarus − Belarusian Ruble.

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

	31 December 2022	*31 December 2021*
BYN/ USD	2.7364	2.5481
BYN/ EUR	2.9156	2.8826
BYN/ RUB	0.0378	0.0343

3. Significant accounting policies

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention, as modified by the initial recognition of financial instruments at fair value, and by the revaluation of property and equipment, investment properties, financial instruments measured at fair value through profit or loss ("FVPL") and at fair value through other comprehensive income ("FVOCI"). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

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.

3. Significant accounting policies (continued)

Basis of consolidation (continued)

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 unrealized gains on transactions between group companies are eliminated in full; unrealized losses are also eliminated unless the cost cannot be recovered. The Bank and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

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 derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interests, the cumulative translation differences, recorded in equity; recognizes 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 recognized in other comprehensive income to profit or loss in accordance with specific requirements.

Investments in associates and joint ventures

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 recognized at cost, including goodwill. Subsequent changes in the carrying amount 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 recognized in consolidated statement of profit or loss, and its share of movements in reserves is recognized 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 recognize 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 stipulates that all the major decisions should be carried out by the unanimous consent of the parties, that share control. Investments in joint ventures are accounted for under the equity method and are initially recognized at cost, including goodwill.

Subsequent changes in the carrying amount reflect the post-acquisition changes in the Group's share of net assets of the associates and joint ventures.

Fair value measurement

The Group measures financial instruments, such as securities at fair value through other comprehensive income, and derivatives, and non-financial assets, such as office property, at fair value at the respective reporting date. Fair values of financial instruments at amortized 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, maximizing the use of relevant observable inputs and minimizing 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.

3. Significant accounting policies (continued)

Fair value measurement (continued)

For assets and liabilities that are recognized 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 initially measured at fair value plus, for an item not at FVPL, 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 for 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 amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVPL”).

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVPL:

- The asset is held within a business model with the objective to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated at FVPL:

- The asset is held within a business model with the objective to hold assets in order to collect contractual cash flows and sell the financial asset; and
- The contractual terms of the financial asset meet the SPPI test.

At initial recognition of certain investments in equity instruments, the Group sometimes makes an irrevocable decision to classify them as equity instruments at FVOCI if they meet the definition of an equity instrument according to IAS 32 *Financial Instruments: Presentation*, are not held for trading and are not a contingent consideration recognized by the acquirer under the business combination regulated by IFRS 3. Such classification is determined on an instrument-by-instrument basis.

All other financial assets are classified as measured at FVPL.

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 the management's strategy is focused on generating contractual interest income, maintaining a certain level of interest rates, ensuring correlation of maturities of financial assets with maturities of liabilities used to finance these assets, or realizing cash flows through the sale of 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, in particular, the way those risks are managed;
- How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- The frequency, volume and timing of sales in prior periods, reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered separately, 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 realized.

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets that are held for trading or managed and evaluated on a fair value basis are measured at FVPL 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 credit 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 so that it would not meet this condition. In making the assessment, the Group considers:

- Unforeseen events that can change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms limiting the Group's claim to cash flows from certain assets (e.g. non-recourse asset arrangements); and
- Features that modify consideration of the time value of money, e.g. regular revision of interest rates that does not agree 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 certain dates. These revision rights are limited to the market rate at the time of revision. Borrowers have the right to either accept the revised rate or repay the loan at the nominal value without penalties. The Group determined that the contractual cash flows on these loans are solely payments of principal and interest because the interest rate under the option varies within the market range subject to the time value of money, credit risk, other credit-related primary risks and costs related to the principal amount outstanding.

Reclassification of financial assets

Financial assets are not reclassified after initial recognition, except for the period when the Group changes its financial asset management business model.

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost or FVPL.

Impairment of financial assets: allowance for expected credit losses

The Group estimates expected credit losses from debt financial instruments at amortized cost and at fair value through other comprehensive income and from risks arising on loan commitments. The Group measures expected credit losses (ECL) and recognizes an ECL allowance at each reporting date. The measurement of ECL reflects:

- Unbiased and probability-weighted amount determined by estimating the range of possible results;
- 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 at amortized cost are carried in the consolidated statement of financial position less the allowance for ECL. For contingent liabilities and loan commitments, a separate allowance for ECL is recognized as a liability in the consolidated statement of financial position. Debt instruments at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in other comprehensive income.

3. Significant accounting policies (continued)

Financial instruments (continued)

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 a portion of lifetime ECL that results from default events that may occur during the next 12 months or before the contractual maturity, if it comes earlier ("12-month ECL"). If the Group identifies a significant increase in credit risk since initial recognition in accordance with the provisioning methodology, the asset is transferred to Stage 2 and its ECL are measured based on lifetime ECL, that is, until the contractual maturity but the measurement includes the expected prepayments, if any ("lifetime ECL"). If the Group determines that a financial asset is impaired, the asset is transferred to Stage 3 and its ECL are measured as lifetime ECL. Default is a low probability that the counterparty will fulfill its financial liabilities to repay payables and/or liabilities on operations in financial markets to the Bank or other members of the Group (confirmed by at least one of the default indicators). Default indicators are over 90 days overdue, bankruptcy, allowances, enforcement, liquidation, default restructuring, write-off, concession, default in the group members, default on transactions in financial markets, expected insolvency.

The Bank applies individual and collective assessment in establishing allowances. Signs of significant increase in credit risk / indicators of default, materiality of the loan and categorization within project financing portfolio (excluding contract financing) trigger individual assessment.

For calculation of allowances on an individual basis, the Group uses weighted probabilities of expected credit losses under agreements with customers for various scenarios.

For assessment of allowances on a collective basis, the Group uses expected credit loss model.

For financial assets that are purchased or originated credit-impaired ("POCI assets"), ECL are always measured as lifetime ECL. POCI assets are financial assets that are credit-impaired upon initial recognition, such as impaired loans acquired. A financial asset is considered POCI if at the moment of its origination or purchase the counterparty is in default and there is an overdue debt. Refinancing by the Bank of a previously existing financial asset does not require recognition of a new financial asset as impaired.

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.

Application of IFRS 9: Financial Instruments to certain operations of the Group

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

The Group is not exposed to credit risk or liquidity risk within the limits of the risks transferred: in accordance with the funded participation agreement, the Bank-Agent may decline to make payments to the Bank-Participant unless a borrower pays to the Bank-Agent under a loan agreement.

The Bank derecognized the amounts received from Sberbank (Note 15) related to loans on the funded participation deals and relevant loans to customers (Note 8). The Bank recognized net financial result as fee and commission income in the financial statements.

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 derecognized in the consolidated statement of financial position if:

- 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 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 all the risks and rewards of the asset, but has transferred control of the asset.

3. Significant accounting policies (continued)

Financial instruments (continued)

If 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 recognized 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 derecognized when the obligation under the liability is discharged or canceled or expires. If 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 recognized in the consolidated statement of profit or loss.

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 deposit accounts with the National Bank of the Republic of Belarus with maturity up to 1 banking day, loans and placements with other banks, reverse repurchase agreements with original maturity up to 1 banking day, except for guarantee deposits and other restricted amounts, which may be freely converted to cash within a short period of time. In preparing the consolidated statement of cash flows, mandatory cash balances required by the National Bank of the Republic of Belarus were not included in cash equivalents due to restrictions on their 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 a deposit is significantly restricted by the statutory legislation.

Precious metals

Physical precious metals are recorded at the lower of cost and net realizable value at the reporting date. Assets and liabilities in monetary precious metals are recognized at accounting prices on precious metals of the National Bank of the Republic of Belarus. Changes in accounting prices on precious metals are recorded as a result from revaluation of financial precious metals in the consolidated statement of profit or loss.

Due from banks

In the normal course of business, the Group places funds and deposits for various periods of time with other banks. Due from banks are recorded when the Group advances money to counterparty banks with no intention of trading the resulting unquoted non-derivative financial asset due on a fixed date. Due from banks except for correspondent accounts in precious metals are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. Correspondent accounts in precious metals are recognized and measured at fair value. Due from banks are carried net of any allowances for impairment.

Securities

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

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

All other changes in the carrying amount of debt securities at FVOCI are recognized 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 by the Group as investments in equity securities. Investments in equity securities are measured at fair value through profit or loss.

3. Significant accounting policies (continued)

Derivative financial instruments

The Group enters into derivative financial instruments to manage currency and liquidity risks. Derivative financial instruments 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 in accordance with IFRS 9.

Derivative financial instruments are initially recorded and subsequently measured at fair value. Fair value of the financial instrument is recorded using the interest rate parity model or another model available at the reporting date. The interest rate parity model implies comparison of future cash flows on currencies in the deal, given the market conditions at the reporting date. The result of the comparison is the forward rate (balances future cash flows for different currencies). In 2021, derivative financial instruments, where foreign currency is an underlying asset, were recognized at fair value determined with the use of forward exchange rates obtained from Bloomberg information system. When this approach cannot be used, fair value of the financial instrument is recorded using the interest rate parity model or another model available at the reporting date.

The results of the derivative valuation are recorded within assets (aggregate of positive market values) or liabilities (aggregate of negative market values), respectively. Both positive and negative valuation results are recognized within net gain/(loss) on derivative financial instruments in profit or loss for the period, in which they occur.

Buildings, equipment and intangible assets

Equipment, motor vehicles and furniture are carried at cost, as adjusted for hyperinflation, excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing a part of equipment when that cost is incurred, if the recognition criteria are met.

Intangible assets are carried at cost, as adjusted for hyperinflation, less accumulated amortization and any impairment losses recognized.

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

Following initial recognition at cost, office property is carried at a revalued amount, which is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations 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 recognized in other comprehensive income, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the consolidated statement of profit or loss. In this case the increase is recognized in the financial result. A revaluation deficit is recognized in the consolidated statement of profit or loss, 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 property.

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' cost. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Construction in progress is carried at cost as adjusted for hyperinflation less impairment losses. Upon completion, the assets are transferred to the appropriate property and equipment categories. Construction-in-progress items are not depreciated until they are available for use.

Expenses related to the current repair and maintenance of buildings are recorded in the consolidated statement of profit or loss within operating expenses in the period in which they are incurred. Cost of replacing major parts of buildings and equipment are capitalized if it results in increase in the cost of property and equipment.

Depreciation of property and equipment and intangible assets is charged to write off assets over their useful lives. Depreciation is calculated on a straight-line basis at annual rates for each inventory item over its useful life.

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

3. Significant accounting policies (continued)

Investment property

Investment property is the 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 intended for future use as investment property.

Investment property is initially recognized 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 recognized 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 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 must be available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets 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, and an active program to locate a buyer and complete the plan has been initiated. Further, the non-current asset must have been actively marketed for sale at a 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 as held for sale.

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

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 costs. Finance costs are recorded in profit or loss over the lease term to arrive to a fixed periodic interest rate on the remaining lease liability for each period. The right-of-use asset is depreciated on a straight-line basis over the shorter of its useful life and lease term.

Right-of-use assets are disclosed in the line "Right-of-use assets" in the consolidated statement of financial position, lease liabilities are disclosed in the line "Other financial liabilities" in the consolidated statement of financial position. Finance costs are disclosed in the line "Interest expense" in the consolidated statement of profit or loss, depreciation of right-of-use assets is disclosed in the line "Operating expenses" in the consolidated statement of profit or loss.

Total cash outflow from lease liabilities is disclosed in the "Cash flows from operating activities" section of the consolidated statement of cash flows.

Assets and liabilities arising from leases are initially recognized at present value. Lease liabilities comprise net present value of the following lease payments:

- Fixed payments (including direct fixed payments) less any incentive payments receivable under cancelable and non-cancelable leases;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be paid by the lessee under residual value guaranties;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Fines for early termination of leases, if the lease term reflects the lessee's potential exercise of the lease termination option.

3. Significant accounting policies (continued)

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

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:

- Initial cost of a lease liability;
- Any lease payments made at or before the lease inception date less any incentive lease payments received;
- Any initial direct costs incurred by the lessee; and
- Estimated costs to restore and dismantle.

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

Short-term leases are leases with a lease term of 12 months or less. Low value: a lessee shall measure the value of an underlying asset on the basis of the asset’s value, as if it were new, regardless of the age of the asset at the moment of lease (less than USD 5,000).

Taxation

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

Current income tax expense is based on the taxable profit for the year and is calculated in accordance with the legislation of the Republic of Belarus. Taxable profit differs from net profit as reported in the consolidated statement of profit or loss 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 temporary differences arising between the tax accounting data and information disclosed in the consolidated financial statements, computed using the balance sheet 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 profit will be available against which the deductible temporary differences can be utilized. Such tax assets and liabilities are not recognized in the consolidated financial statements if temporary differences arise from goodwill or 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, joint ventures 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 recognized in the consolidated statement of profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in this case the deferred tax is also recognized in other comprehensive income.

Due to banks, due to customers, subordinated loan and debt securities issued

Due to banks (except for correspondent accounts in precious in metals), due to customers, subordinated loan and debt securities issued are initially recognized at fair value. Subsequently, amounts due on such transactions are stated at amortized cost and any difference between the carrying amount and the redemption value is recognized as interest expense in the consolidated statement of profit or loss over the period of the borrowings using the effective interest rate method. Correspondent accounts in precious metals are recognized and measured at fair value.

3. Significant accounting policies (continued)

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as 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 guarantees issued and letters of credit

Financial guarantees and letters of credit issued by the Group are credit guarantees that provides 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 original or modified terms of a debt instrument. Such financial guarantees and letters of credit are initially recognized at fair value. At the end of each reporting period, the commitments are measured at the higher of (i) the amount of the provision determined based on the expected credit loss model and (ii) the remaining unamortized balance of the amount at initial recognition.

Contingent liabilities and assets

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

Share capital

Share capital is recognized at cost adjusted for hyperinflation. Non-cash contributions are included into the share capital at fair value of the contributed assets. Treasury shares are measured at cost adjusted for hyperinflation. Non-redeemable preferred shares are classified as equity.

Dividends on ordinary shares are shown as deduction from equity in the period in which they were declared. Dividends that are declared after the reporting date are treated as a subsequent event under IAS 10 *Events after the reporting period* and disclosed accordingly.

Retirement obligations

In accordance with the requirements of the Belarusian legislation, the Group withholds amounts of pension contributions from employees' salaries and pays them to the Social Security Fund. Such a pension system provides for the calculation of current payments by the employer as a percentage of current total disbursements to staff. Such expenses are recognized in the period when 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.

Income and expense recognition

Interest income calculated using the effective interest method

Interest income and expense are recorded for all debt instruments at amortized cost or FVOCI on an accrual basis using the effective interest method. This method takes into account, 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 FVPL.

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 taking into account the creditworthiness of the counterparty.

3. Significant accounting policies (continued)

Income and expense recognition (continued)

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 ECL allowance).

Other interest income and expense

Other interest income and expense represents interest income and expense recorded for debt instruments measured at FVPL and is recognized 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 recognized 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.

Management, advisory and service fees are recognized 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.

Foreign currency translation

Transactions in foreign currencies are initially translated into the functional currency at the exchange rate set 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 exchange rate set 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 recognized within "Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains" in the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the transaction date. 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 official exchange rate of the National Bank of the Republic of Belarus at the transaction date are included in gains less losses from dealing in foreign currencies.

Segment reporting

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

- 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
- Absolute measure of its reported profit or loss is 10% or more of the greater 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 total external revenue reported by operating segments constitutes less than 75% of the Group'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.

3. Significant accounting policies (continued)

New accounting pronouncements

Amendments to the following standards became effective as at 1 January 2022: IFRS 1, IFRS 9, IFRS 3, IAS 16, IAS 37, IAS 41.

Amendments to Reference to the Conceptual Framework (amendments to IFRS 3)

In May 2020, the IASB issued amendments to IFRS 3 *Business Combinations − Reference to the Conceptual Framework*. The amendments are intended to replace a reference to the *Framework for the Preparation and Presentation of Financial Statements*, issued in 1989, with a reference to the *Conceptual Framework for Financial Reporting*, issued in March 2018, without significantly changing its requirements.

The IASB also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 *Levies*, if they arose as part of individual transactions.

At the same time, the IASB decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the *Framework for the Preparation and Presentation of Financial Statements*. A contingent asset must not be recognized at the acquisition date.

Amendment to IFRS 9 Financial Instruments − Fees in the '10 per cent' test for Derecognition of Financial Liabilities

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which an entity first applies the amendment.

Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards − Subsidiary as a First-time Adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

Amendments to IAS 37 − Onerous Contracts: Costs of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs of fulfilling a contract and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use

In May 2020, the IASB issued *Property, Plant and Equipment: Proceeds before Intended Use*, which prohibits entities deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

Standards issued but not yet effective

The new standards, amendments and interpretations that were issued as at the date of issuance of the financial statements of the Group, but are not mandatory and were not early adopted by the Group in the financial statements for 2022, are disclosed below.

3. Significant accounting policies (continued)

New accounting pronouncements (continued)

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 *Insurance Contracts*, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life insurance, direct insurance and re-insurance) regardless of the type of entities that issues them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. IFRS 17 introduces new accounting requirements for banking products with insurance features that may affect the determination of which instruments or which components thereof will be in the scope of IFRS 9 or IFRS 17.

Credit cards and similar products that provide insurance coverage: most issuers of these products will be able to continue with their existing accounting treatment as a financial instrument under IFRS 9. IFRS 17 excludes from its scope credit card contracts (and other similar contracts that provide credit or payment arrangements) that meet the definition of an insurance contract if, and only if, the entity does not reflect an assessment of the insurance risk associated with an individual customer in setting the price of the contract with that customer.

When the insurance coverage is provided as part of the contractual terms of the credit card, the issuer is required to:

- Separate the insurance coverage component and apply IFRS 17 to it;
- Apply other applicable standards (such as IFRS 9, IFRS 15 *Revenue from Contracts with Customers* or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*) to the other components.

Loan contracts that meet the definition of insurance but limit the compensation for insured events to the amount otherwise required to settle the policyholder's obligation created by the contract: issuers of such loans – e.g. a loan with waiver on death – have an option to apply IFRS 9 or IFRS 17. The election would be made at a portfolio level and would be irrevocable.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

The Group has assessed the impact of adopting IFRS 17 and taking into account the scope exceptions for certain banking products such as credit cards in paragraph 7(h) of IFRS 17, come to the conclusion that it does not expect any material impact on its financial statements from the adoption of the new standard in 2023.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. In June 2022, the IASB decided to finalize the proposed amendments to IAS 1, published in an exposure draft *Non-current Liabilities with Covenants* with some modifications (the 2022 Amendments).

The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification;
- That an entity shall disclose additional information if it classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months.

The amendments are effective for annual periods beginning on or after 1 January 2024 with earlier application permitted.

The Group is currently assessing the impact the amendments will have on current practice, whether existing loan agreements may require renegotiation and the possibility of early application.

Amendments to IAS 12 Income Taxes

In May 2021, the IASB issued amendments, which narrow the scope of the initial recognition exception under IAS 12 *Income Taxes*, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

3. Significant accounting policies (continued)

New accounting pronouncements (continued)

The exemption applies only if the recognition of a lease asset and a lease liability (or a decommissioning liability and the corresponding amounts of the related asset) does not give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented.

At the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are effective for annual periods beginning on 1 January 2023. The Group is currently assessing the impact of the amendments on the calculation of deferred taxes.

Amendments to IFRS 16 Leases

On 22 September 2022, the IASB issued amendments to IFRS 16 *Leases*, adding guidance on the subsequent measurement of assets and liabilities in sale and leaseback transactions that meet the criteria for a transfer of control of an asset in IFRS 15 *Revenue from Contracts with Customers*.

The amendments require a seller-lessee to measure the lease liability arising from a leaseback in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

Entities should use IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to develop an accounting policy for determining how to measure lease payments for such transactions.

The amendments should be applied retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application of the amendments.

A seller-lessee shall apply the amendments for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.

Amendments to IAS 8 – Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the document clarifies how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Early application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

Amendments to IAS 1 and IFRS Practice Statement 2 − Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgments*, in which it provides guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to IFRS Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they may have on the Group’s accounting policy disclosures.

(in thousands of Belarusian Rubles)

3. Significant accounting policies (continued)

New accounting pronouncements (continued)

Effect of IBOR reform

The reform and replacement of various inter-bank offered rates ('IBORs') has become a priority for regulators. Many IBOR rates stopped being published on 31 December 2021, while certain USD LIBOR rates would stop being published by 30 June 2023.

The table below discloses amounts of non-derivative financial assets contracts as at 31 December 2022 and 31 December 2021 that would be transitioned to alternative interest rate benchmarks:

	31 December 2022	*31 December 2021*
Non-derivative financial assets		
Loans to corporate customers before credit loss allowance	4,247	9,495

The Group is working with its customers and other counterparties to perform a transition of legacy IBOR-based financial instruments to alternative benchmark interest rates for its customers. The Group is also enhancing its IT systems and internal processes to ensure smooth transition from IBOR to alternative benchmark interest rates.

4. Critical accounting estimates and judgments in applying accounting policies, adoption of new or revised standards and interpretations

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 as 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, adoption of new or revised standards and interpretations are considered important for presenting the Group's financial condition.

Fair value of financial instruments

If the fair value of financial assets and financial liabilities reflected in the consolidated statement of financial position cannot be determined based on prices in an active market, it is determined using various valuation models including mathematical models. The inputs for such models are determined based on the observable market, if possible; otherwise, judgement must be applied to determine the fair value. Additional information is further detailed in Note 3 and Note 30.

Expected credit loss allowance

The measurement of expected credit loss ("ECL") 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 counterparty default and resulting losses). A number of significant judgements is 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;
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Expected credit loss allowance for purchased or originated credit-impaired financial assets is measured as cumulative changes in lifetime expected credit losses from the date of purchase or origination.

A financial asset is considered as POCI asset if at the moment of purchase or origination the counterparty is in default and/or there is an overdue debt. Refinancing by a bank of a previously existing financial asset does not require recognition of a new financial asset as impaired.

(in thousands of Belarusian Rubles)

4. Critical accounting estimates and judgments in applying accounting policies, adoption of new or revised standards and interpretations (continued)

Expected credit loss allowance (continued)

As at 31 December 2021, financial assets written off for previous years were analyzed and recognized as POCI assets of BYN 134 thousand. Analysis took into account expectations of debt collection or debt recovery. Detailed information on POCI assets is provided in Note 8 and Note 21.

If the net present value of estimated cash flows increases/decreases by 1%, the amount of credit loss allowance for loans would have decreased/increased by BYN 4,273 thousand as at 31 December 2022 (31 December 2021: by BYN 4,906 thousand).

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

Revaluation of office premises

As at 31 December 2022 and 31 December 2021, office premises were revalued at fair value. The fair value 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 in the domestic real estate market.

Recognition of cash flows on debt securities issued

As at 31 December 2022 and 31 December 2021, cash flows on debt securities issued by the Group were recognized within cash from operating activities due to economic substance and the purpose of placement of these instruments.

Changes in presentation

As net result from disposal of property and equipment and other property was included in a separate item of the consolidated statement of profit or loss for the year ended 31 December 2021, the following items were changed:

	Notes	*As previously reported for the year ended 31 December 2021*	*Reclassification*	*As reclassified for the year ended 31 December 2021*
Net gains from disposal of property and equipment and other property		–	8,777	8,777
Other income	24	20,233	(8,777)	11,456
Net non-interest income		**220,011**	**–**	**220,011**

5. Cash and cash equivalents

	31 December 2022	*31 December 2021*
Current accounts with the National Bank of the Republic of Belarus	739,548	557,619
Credit loss allowance for current accounts with the National Bank of the Republic of Belarus	(15)	(1)
Total current accounts with the National Bank of the Republic of Belarus	**739,533**	**557,618**
Cash on hand	378,294	270,099
Correspondent accounts and deposits		
- The Republic of Belarus	138,097	190,160
Credit loss allowance for correspondent accounts and deposits with the banks of the Republic of Belarus	(12)	(2)
Total correspondent accounts and deposits with the banks of the Republic of Belarus	**138,085**	**190,158**
- Other countries	137,926	243,889
Total cash and cash equivalents	**1,393,838**	**1,261,764**

(in thousands of Belarusian Rubles)

5. Cash and cash equivalents (continued)

Correspondent accounts and deposits with other banks mostly represent balances with the largest foreign banks and top rated Belarusian banks. In particular, as at 31 December 2022, the balance on correspondent accounts of three large foreign banks (banks of the Russian Federation) amounted to BYN 137,844 thousand, or 99.9% of the balance on correspondent accounts and deposits with the banks of other countries.

As at 31 December 2021, the balance on correspondent accounts of three large foreign banks amounted to BYN 211,239 thousand, or 86.6% of the balance on correspondent accounts and deposits with the banks of other countries.

Credit loss allowance for current accounts with the National Bank of the Republic of Belarus is formed for accounts in foreign currency.

Analysis by credit quality of the balances with counterparty banks as at 31 December 2022 made on the basis of ratings of international rating agencies (Fitch, Moody's, Standard & Poor's) is provided in the table below. The category "Not rated" includes counterparties that do not have assigned ratings of the specified international rating agencies. Analysis is based on overall number of investment and speculative ratings assigned and simple majority principle is applied. If the counterparty is assigned an equal number of investment and speculative ratings, speculative rating is used for the purpose of the consolidated financial statements preparation:

	Investment rating	*Speculative rating*	*Not rated*	*Total*
Correspondent accounts and deposits with other banks				
- The Republic of Belarus	–	53,906	84,179	**138,085**
- Other countries	60	–	137,866	**137,926**
Total correspondent accounts and deposits with other banks	**60**	**53,906**	**222,045**	**276,011**

Analysis by credit quality of the balances with counterparty banks as at 31 December 2021 made on the basis of ratings of international rating agencies (Fitch, Moody's, Standard & Poor's) is as follows:

	Investment rating	*Speculative rating*	*Not rated*	*Total*
Correspondent accounts and deposits with other banks				
- The Republic of Belarus	–	189,986	172	**190,158**
- Other countries	235,550	8,339	–	**243,889**
Total correspondent accounts and deposits with other banks	**235,550**	**198,325**	**172**	**434,047**

Rating definitions in the tables above represent the rating scale developed by the international rating agencies. Detailed classification of cash equivalents by international credit ratings is presented in Note 32.

As at 31 December 2022 and 31 December 2021, balances of cash and cash equivalents are not past due.

6. Due from banks

Due from banks comprise:

	31 December 2022	*31 December 2021*
Time deposits and loans to banks (other than of the Republic of Belarus)		
Loans to banks measured at amortized cost	10,002	–
Current precious metals accounts measured at fair value through profit or loss	45,308	59,022
Total due from banks	**55,310**	**59,022**

Time deposits and loans to banks represent balances with major foreign banks.

(in thousands of Belarusian Rubles)

6. Due from banks (continued)

Analysis by credit quality of the balances with counterparty banks as at 31 December 2022 made on the basis of ratings of international rating agencies is provided in the table below. The category "Not rated" includes counterparties that do not have assigned ratings of the specified international rating agencies. Analysis is based on overall number of investment and speculative ratings assigned and simple majority principle is applied. If the counterparty is assigned an 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				
- The Republic of Belarus	–	–	–	**–**
- Other countries	–	–	55,310	**55,310**
Total time deposits and loans to banks	**–**	**–**	**55,310**	**55,310**

Analysis by credit quality of the balances with counterparty banks as at 31 December 2021 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				
- The Republic of Belarus	–	–	–	**–**
- Other countries	29,088	29,934	–	**59,022**
Total time deposits and loans to banks	**29,088**	**29,934**	**–**	**59,022**

The classification of due from banks by international credit ratings is presented in Note 32.

As at 31 December 2022 and 31 December 2021, due from banks included unallocated precious metals accounts in the total amount of BYN 45,308 thousand and BYN 59,022 thousand, respectively, placed with Sberbank and other banks.

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 2022 and 31 December 2021, derivative financial instruments comprise:

	Nominal amount (in units of currency	*Fair value as at 31 December 2022*	
Derivative type	***to be purchased)***	***Asset***	***Liability***
BYN/RUB foreign currency forward	BYN 10,000,000	726	–
EUR/USD foreign currency forward	EUR 800,000	–	–
EUR/RUB foreign currency forward	EUR 500,000	–	2
USD/RUB foreign currency forward	USD 4,000,000	–	12
Total derivative financial instruments		**726**	**14**

	Nominal amount (in units of currency	*Fair value as at 31 December 2021*	
Derivative type	***to be purchased)***	***Asset***	***Liability***
USD/RUB foreign currency forward	USD 80,592,532	2,178	2,285
EUR/USD foreign currency forward	EUR 75,450,000	482	61
USD/EUR foreign currency forward	USD 115,216,363	314	4
RUB/EUR foreign currency forward	RUB 845,662,000	200	–
BYN/USD foreign currency forward	BYN 27,900,000	30	123
GBP/USD foreign currency forward	GBP 35,000	–	–
USD/GBP foreign currency forward	USD 47,192	–	–
USD/PLN foreign currency forward	USD 613,708	–	5
EUR/RUB foreign currency forward	EUR 300,000	–	14
Total derivative financial instruments		**3,204**	**2,492**

(in thousands of Belarusian Rubles)

8. Loans to customers

The tables below show quality analysis of the Group's loan portfolio by loan classes as at 31 December 2022 and 31 December 2021.

31 December 2022	*Gross loans*	*ECL allowance*	*Net loans*
Commercial loans to legal entities	2,040,016	(398,051)	**1,641,965**
Project finance loans to legal entities	83,887	(3,426)	**80,461**
Consumer and other loans to individuals	141,817	(16,489)	**125,328**
Credit cards and overdrafts	65,151	(4,714)	**60,437**
Mortgage loans to individuals	431,720	(4,146)	**427,574**
Car loans to individuals	79,982	(491)	**79,491**
Total loans to customers at amortized cost	**2,842,573**	**(427,317)**	**2,415,256**

31 December 2021	*Gross loans*	*ECL allowance*	*Net loans*
Commercial loans to legal entities	2,229,023	(441,200)	**1,787,823**
Project finance loans to legal entities	225,165	(29,348)	**195,817**
Consumer and other loans to individuals	127,789	(10,631)	**117,158**
Credit cards and overdrafts	72,554	(5,241)	**67,313**
Mortgage loans to individuals	477,235	(3,821)	**473,414**
Car loans to individuals	104,037	(362)	**103,675**
Total loans to customers at amortized cost	**3,235,803**	**(490,603)**	**2,745,200**

Commercial loans to legal entities comprises corporate loans, loans to individual entrepreneurs, constituent entities 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 in securities, expansion and consolidation of business, etc.). Commercial loans also includes overdraft lending and lending for export and 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 with 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 loans to individuals comprise loans to individuals for consumer purposes and current needs other than acquisition, construction and repair of real estate as well as car loans, credit cards and overdrafts. These loans include emergency loans.

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 reconstruction of real estate. These loans are mostly long-term and are collateralized by guarantees of individuals.

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

(in thousands of Belarusian Rubles)

8. Loans to customers (continued)

The table below shows the analysis of loans and credit loss allowance as at 31 December 2022.

	12-month ECL	*Lifetime ECL not credit-impaired*	*Lifetime ECL credit-impaired*	*Purchased/ originated credit-impaired*	*Total*
Commercial loans to legal entities					
Minimum credit risk	618,448	16,903	–	–	**635,351**
Low credit risk	283,758	125,794	–	–	**409,552**
Moderate credit risk	158,292	168,315	–	–	**326,607**
High credit risk	936	136,207	–	–	**137,143**
Default	–	–	531,229	134	**531,363**
Total commercial loans to legal entities before ECL allowance	**1,061,434**	**447,219**	**531,229**	**134**	**2,040,016**
ECL allowance	(20,511)	(60,825)	(316,633)	(82)	**(398,051)**
Total commercial loans to legal entities after ECL allowance	**1,040,923**	**386,394**	**214,596**	**52**	**1,641,965**
Project finance loans to legal entities					
Minimum credit risk	4,750	18,043	–	–	**22,793**
Low credit risk	15,751	2,176	–	–	**17,927**
Moderate credit risk	6,717	24,271	–	–	**30,988**
High credit risk	–	12,179	–	–	**12,179**
Default	–	–	–	–	**–**
Total project finance loans to legal entities before ECL allowance	**27,218**	**56,669**	**–**	**–**	**83,887**
ECL allowance	(515)	(2,911)	–	–	**(3,426)**
Total project finance loans to legal entities after ECL allowance	**26,703**	**53,758**	**–**	**–**	**80,461**
Consumer and other loans to individuals					
Minimum credit risk	–	–	–	–	**–**
Low credit risk	125,188	–	–	–	**125,188**
Moderate credit risk	5,802	–	–	–	**5,802**
High credit risk	–	1,425	–	–	**1,425**
Default	–	–	9,402	–	**9,402**
Total consumer and other loans to individuals before ECL allowance	**130,990**	**1,425**	**9,402**	**–**	**141,817**
ECL allowance	(7,504)	(964)	(8,021)	–	**(16,489)**
Total consumer and other loans to individuals after ECL allowance	**123,486**	**461**	**1,381**	**–**	**125,328**
Credit cards and overdrafts					
Minimum credit risk	–	–	–	–	**–**
Low credit risk	60,697	–	–	–	**60,697**
Moderate credit risk	–	–	–	–	**–**
High credit risk	5	793	–	–	**798**
Default	–	–	3,656	–	**3,656**
Total credit cards and overdrafts before ECL allowance	**60,702**	**793**	**3,656**	**–**	**65,151**
ECL allowance	(1,198)	(315)	(3,201)	–	**(4,714)**
Total credit cards and overdrafts after ECL allowance	**59,504**	**478**	**455**	**–**	**60,437**
Mortgage loans to individuals					
Minimum credit risk	–	–	–	–	**–**
Low credit risk	421,648	–	–	–	**421,648**
Moderate credit risk	3,079	–	–	–	**3,079**
High credit risk	–	1,344	–	–	**1,344**
Default	–	–	5,649	–	**5,649**
Total mortgage loans to individuals before ECL allowance	**424,727**	**1,344**	**5,649**	**–**	**431,720**
ECL allowance	(799)	(141)	(3,206)	–	**(4,146)**
Total mortgage loans to individuals after ECL allowance	**423,928**	**1,203**	**2,443**	**–**	**427,574**
Car loans to individuals					
Minimum credit risk	79,096	–	–	–	**79,096**
Low credit risk	–	–	–	–	**–**
Moderate credit risk	175	–	–	–	**175**
High credit risk	–	30	–	–	**30**
Default	–	–	681	–	**681**
Total car loans to individuals before ECL allowance	**79,271**	**30**	**681**	**–**	**79,982**
ECL allowance	(66)	(3)	(422)	–	**(491)**
Total car loans to individuals after ECL allowance	**79,205**	**27**	**259**	**–**	**79,491**

(in thousands of Belarusian Rubles)

8. Loans to customers (continued)

The table below shows the analysis of loans and credit loss allowance as at 31 December 2021.

	12-month ECL	*Lifetime ECL not credit-impaired*	*Lifetime ECL credit-impaired*	*Purchased/ originated credit-impaired*	*Total*
Commercial loans to legal entities					
Minimum credit risk	293,396	135	–	–	**293,531**
Low credit risk	724,107	344,970	–	–	**1,069,077**
Moderate credit risk	162,429	171,395	–	–	**333,824**
High credit risk	–	28,952	–	–	**28,952**
Default	–	–	503,505	134	**503,639**
Total commercial loans to legal entities before ECL allowance	**1,179,932**	**545,452**	**503,505**	**134**	**2,229,023**
ECL allowance	(18,888)	(55,637)	(366,675)	–	**(441,200)**
Total commercial loans to legal entities after ECL allowance	**1,161,044**	**489,815**	**136,830**	**134**	**1,787,823**
Project finance loans to legal entities					
Minimum credit risk	2,056	–	–	–	**2,056**
Low credit risk	69,791	1,476	–	–	**71,267**
Moderate credit risk	22,590	116,614	–	–	**139,204**
High credit risk	–	4,639	–	–	**4,639**
Default	–	–	7,999	–	**7,999**
Total project finance loans to legal entities before ECL allowance	**94,437**	**122,729**	**7,999**	**–**	**225,165**
ECL allowance	(1,775)	(21,016)	(6,557)	–	**(29,348)**
Total project finance loans to legal entities after ECL allowance	**92,662**	**101,713**	**1,442**	**–**	**195,817**
Consumer and other loans to individuals					
Minimum credit risk	–	–	–	–	**–**
Low credit risk	119,045	–	–	–	**119,045**
Moderate credit risk	1,498	–	–	–	**1,498**
High credit risk	–	418	–	–	**418**
Default	–	–	6,828	–	**6,828**
Total consumer and other loans to individuals before ECL allowance	**120,543**	**418**	**6,828**	**–**	**127,789**
ECL allowance	(4,572)	(307)	(5,752)	–	**(10,631)**
Total consumer and other loans to individuals after ECL allowance	**115,971**	**111**	**1,076**	**–**	**117,158**
Credit cards and overdrafts					
Minimum credit risk	–	–	–	–	**–**
Low credit risk	68,142	–	–	–	**68,142**
Moderate credit risk	–	–	–	–	**–**
High credit risk	–	529	–	–	**529**
Default	–	–	3,883	–	**3,883**
Total credit cards and overdrafts before ECL allowance	**68,142**	**529**	**3,883**	**–**	**72,554**
ECL allowance	(1,774)	(161)	(3,306)	–	**(5,241)**
Total credit cards and overdrafts after ECL allowance	**66,368**	**368**	**577**	**–**	**67,313**
Mortgage loans to individuals					
Minimum credit risk	469,747	–	–	–	**469,747**
Low credit risk	1,754	–	–	–	**1,754**
Moderate credit risk	–	567	–	–	**567**
High credit risk	–	12	–	–	**12**
Default	–	–	5,155	–	**5,155**
Total mortgage loans to individuals before ECL allowance	**471,501**	**579**	**5,155**	**–**	**477,235**
ECL allowance	(576)	(51)	(3,194)	–	**(3,821)**
Total mortgage loans to individuals after ECL allowance	**470,925**	**528**	**1,961**	**–**	**473,414**
Car loans to individuals					
Minimum credit risk	103,434	–	–	–	**103,434**
Low credit risk	–	–	–	–	**–**
Moderate credit risk	202	–	–	–	**202**
High credit risk	–	5	–	–	**5**
Default	–	–	396	–	**396**
Total car loans to individuals before ECL allowance	**103,636**	**5**	**396**	**–**	**104,037**
ECL allowance	(99)	(1)	(262)	–	**(362)**
Total car loans to individuals after ECL allowance	**103,537**	**4**	**134**	**–**	**103,675**

(in thousands of Belarusian Rubles)

8. Loans to customers (continued)

Credit quality analysis in the table above is based on the grouping of probabilities of borrowers' default developed internally by the Group:

- "Minimum credit risk": assets whose counterparties demonstrate a stable ability to meet financial obligations in a timely manner with an insignificant probability of default;
- "Low credit risk": assets whose counterparties have a low probability of default and have a high ability to meet their financial obligations in a timely manner;
- "Moderate credit risk": assets whose counterparties have a moderate probability of default, demonstrate an average ability to meet financials obligations in a timely manner and require more careful attention at the monitoring stage;
- "High credit risk": assets whose counterparties have a high probability of default and require special attention at the monitoring stage;
- "Default": assets that, according to the available evidence of impairment, meet the definition of default.

The table below shows the analysis of loans and ECL allowance by overdue periods as at 31 December 2022:

	Gross loans	*ECL allowance*	*Net loans*	*ECL allowance to gross loans*
Commercial loans to legal entities				
Loans not past due	1,817,987	(197,691)	1,620,296	10.9%
Loans 1 to 90 days overdue	9,336	(3,713)	5,623	39.8%
Loans over 90 days overdue	212,693	(196,647)	16,046	92.5%
Total commercial loans to legal entities	**2,040,016**	**(398,051)**	**1,641,965**	**19.5%**
Project finance loans to legal entities				
Loans not past due	83,795	(3,424)	80,371	4.1%
Loans 1 to 90 days overdue	92	(2)	90	2.2%
Loans over 90 days overdue	–	–	–	–
Total project finance loans to legal entities	**83,887**	**(3,426)**	**80,461**	**4.1%**
Total loans to legal entities	**2,123,903**	**(401,477)**	**1,722,426**	**18.9%**
Consumer and other loans to individuals				
Loans not past due	129,268	(7,097)	122,171	5.5%
Loans 1 to 90 days overdue	3,457	(1,607)	1,850	46.5%
Loans over 90 days overdue	9,092	(7,785)	1,307	85.6%
Total consumer and other loans to individuals	**141,817**	**(16,489)**	**125,328**	**11.6%**
Credit cards and overdrafts				
Loans not past due	60,833	(1,265)	59,568	2.1%
Loans 1 to 90 days overdue	821	(372)	449	45.3%
Loans over 90 days overdue	3,497	(3,077)	420	88.0%
Total credit cards and overdrafts	**65,151**	**(4,714)**	**60,437**	**7.2%**
Mortgage loans to individuals				
Loans not past due	423,350	(1,548)	421,802	0.4%
Loans 1 to 90 days overdue	4,731	(377)	4,354	8.0%
Loans over 90 days overdue	3,639	(2,221)	1,418	61.0%
Total mortgage loans to individuals	**431,720**	**(4,146)**	**427,574**	**1.0%**
Car loans to individuals				
Loans not past due	79,317	(171)	79,146	0.2%
Loans 1 to 90 days overdue	213	(11)	202	5.2%
Loans over 90 days overdue	452	(309)	143	68.4%
Total car loans to individuals	**79,982**	**(491)**	**79,491**	**0.6%**
Total loans to individuals	**718,670**	**(25,840)**	**692,830**	**3.6%**
Total loans to customers	**2,842,573**	**(427,317)**	**2,415,256**	**15.0%**

(in thousands of Belarusian Rubles)

8. Loans to customers (continued)

The table below shows the analysis of loans and credit loss allowance by overdue periods as at 31 December 2021:

	Gross loans	*ECL allowance*	*Net loans*	*ECL allowance to gross loans*
Commercial loans to legal entities				
Loans not past due	1,913,653	(160,633)	1,753,020	8.4%
Loans 1 to 90 days overdue	4,961	(1,943)	3,018	39.2%
Loans over 90 days overdue	310,409	(278,624)	31,785	89.8%
Total commercial loans to legal entities	**2,229,023**	**(441,200)**	**1,787,823**	**19.8%**
Project finance loans to legal entities				
Loans not past due	223,342	(27,854)	195,488	12.5%
Loans 1 to 90 days overdue	–	–	–	–
Loans over 90 days overdue	1,823	(1,494)	329	82.0%
Total project finance loans to legal entities	**225,165**	**(29,348)**	**195,817**	**13.0%**
Total loans to legal entities	**2,454,188**	**(470,548)**	**1,983,640**	**19.2%**
Consumer and other loans to individuals				
Loans not past due	119,117	(4,222)	114,895	3.5%
Loans 1 to 90 days overdue	1,916	(720)	1,196	37.6%
Loans over 90 days overdue	6,756	(5,689)	1,067	84.2%
Total consumer and other loans to individuals	**127,789**	**(10,631)**	**117,158**	**8.3%**
Credit cards and overdrafts				
Loans not past due	68,142	(1,774)	66,368	2.6%
Loans 1 to 90 days overdue	529	(161)	368	30.4%
Loans over 90 days overdue	3,883	(3,306)	577	85.1%
Total credit cards and overdrafts	**72,554**	**(5,241)**	**67,313**	**7.2%**
Mortgage loans to individuals				
Loans not past due	470,828	(1,327)	469,501	0.3%
Loans 1 to 90 days overdue	2,332	(83)	2,249	3.6%
Loans over 90 days overdue	4,075	(2,411)	1,664	59.2%
Total mortgage loans to individuals	**477,235**	**(3,821)**	**473,414**	**0.8%**
Car loans to individuals				
Loans not past due	103,434	(93)	103,341	0.1%
Loans 1 to 90 days overdue	207	(7)	200	3.4%
Loans over 90 days overdue	396	(262)	134	66.2%
Total car loans to individuals	**104,037**	**(362)**	**103,675**	**0.3%**
Total loans to individuals	**781,615**	**(20,055)**	**761,560**	**2.6%**
Total loans to customers	**3,235,803**	**(490,603)**	**2,745,200**	**15.2%**

Movements in allowances for loans to customers for the years ended 31 December 2022 and 31 December 2021 are disclosed in Note 21.

Information on loans, the terms of which have been renegotiated as at 31 December 2022 and 31 December 2021, is presented below. The table below shows the gross carrying amount of renegotiated loans by class:

	31 December 2022	*31 December 2021*
Commercial loans to legal entities	707,617	438,283
Project finance loans to legal entities	30,444	41,287
Consumer and other loans to individuals	270	67
Mortgage loans to individuals	1,915	1,237
Car loans to individuals	245	–
Total renegotiated loans before allowance	**740,491**	**480,874**

(in thousands of Belarusian Rubles)

8. Loans to customers (continued)

The structure of the Group's portfolio of loans to legal entities by the size of business is as follows:

	31 December 2022	*31 December 2021*
Major clients	964,737	1,092,986
Large clients	553,650	648,348
Medium business	170,579	198,320
Small business	434,937	514,534
Total loans to legal entities before allowance	**2,123,903**	**2,454,188**

Included in the portfolio of commercial loans to legal entities are net investments in finance lease. The analysis of net investments in finance lease as at 31 December 2022 and 31 December 2021 is as follows:

	31 December 2022	*31 December 2021*
Gross investments in finance lease	33,439	41,931
Less unearned income on finance lease	(1,378)	(1,295)
Net investments in finance lease before allowance	**32,061**	**40,636**
Less allowance	(8,756)	(5,091)
Net investments in finance lease after allowance	**23,305**	**35,545**

The contractual maturity analysis of net investments in finance lease as at 31 December 2022 is as follows:

	Net investments in finance lease before ECL allowance	*ECL allowance for investments in finance lease*	*Net investments in finance lease after ECL allowance*
Not later than 1 year	17,531	(3,210)	14,321
Between 1 and 2 years	7,363	(1,899)	5,464
Between 2 and 3 years	2,671	(773)	1,898
Between 3 and 4 years	828	(335)	493
Between 4 and 5 years	641	(299)	342
Later than 5 years	3,027	(2,240)	787
Total as at 31 December 2022	**32,061**	**(8,756)**	**23,305**

The contractual maturity analysis of net investments in finance lease as at 31 December 2021 is as follows:

	Net investments in finance lease before ECL allowance	*ECL allowance for investments in finance lease*	*Net investments in finance lease after ECL allowance*
Not later than 1 year	18,920	(1,335)	17,585
Between 1 and 2 years	12,450	(1,057)	11,393
Between 2 and 3 years	4,490	(474)	4,016
Between 3 and 4 years	1,559	(304)	1,255
Between 4 and 5 years	634	(148)	486
Later than 5 years	2,583	(1,773)	810
Total as at 31 December 2021	**40,636**	**(5,091)**	**35,545**

(in thousands of Belarusian Rubles)

8. Loans to customers (continued)

The maturity analysis of minimum finance lease payments receivable as at 31 December 2022 and 31 December 2021 is as follows:

	31 December 2022	*31 December 2021*
Not later than 1 year	17,531	18,920
Between 1 and 2 years	7,363	12,450
Between 2 and 3 years	2,671	4,490
Between 3 and 4 years	828	1,559
Between 4 and 5 years	641	634
Later than 5 years	4,405	3,878
Total	**33,439**	**41,931**

The structure of the Group's loan portfolio by industries as at 31 December 2022 and 31 December 2021 is as follows:

	31 December 2022		*31 December 2021*	
	Amount	*%*	*Amount*	*%*
Individuals	718,670	25.3	781,615	24.2
Trade and catering	586,878	20.6	583,922	18.0
Chemical and oil refinery industry	256,353	9.0	269,135	8.3
Real estate	253,463	8.9	304,460	9.4
Machinery and equipment	245,848	8.6	278,769	8.6
Food	221,664	7.8	218,217	6.7
Transport and communication	164,905	5.8	248,704	7.7
Construction	79,806	2.8	96,130	3.0
Light industry	69,649	2.5	72,498	2.2
Timber and woodworking industry	54,418	1.9	55,871	1.7
Agriculture	29,931	1.1	121,785	3.8
Energy and fuel	24,903	0.9	4,130	0.1
Building materials	15,677	0.6	9,382	0.3
Metallurgy	15,601	0.5	22,255	0.7
Mining	9,553	0.3	73,623	2.3
Financial services	7,661	0.3	18,822	0.6
Other	87,593	3.1	76,485	2.4
Total loans to customers before allowance	**2,842,573**	**100.0**	**3,235,803**	**100.0**

The table below shows the amount of loans in terms of collateral types. The data is based on the carrying amount of loans rather on the fair value of the collateral:

	31 December 2022	*31 December 2021*
Loans collateralized by real estate or rights thereon	777,235	1,035,307
Loans collateralized by guarantees of individuals	370,607	443,455
Loans collateralized by inventories	355,190	372,424
Loans collateralized by lien over receivables	303,142	400,769
Loans collateralized by equipment and rights thereon	144,355	136,067
Loans collateralized by guarantees of enterprises	139,088	95,841
Loans collateralized by motor vehicles	100,631	134,336
Loans collateralized by cash or guarantee deposits	476	313
Loans collateralized by guarantees of the Government of the Republic of Belarus and local authorities	190	190
Loans collateralized by other types of collateral	651,659	617,101
Total loans to customers before ECL allowance	**2,842,573**	**3,235,803**
ECL allowance	(427,317)	(490,603)
Total loans to customers after ECL allowance	**2,415,256**	**2,745,200**

As at 31 December 2022, the amount of possible offset on loans where the guarantee deposit is defined as the primary collateral is BYN 476 thousand (31 December 2021: BYN 313 thousand).

(in thousands of Belarusian Rubles)

8. Loans to customers (continued)

Information on the impact of collateral on reducing credit risk on loans other than purchased or originated credit-impaired loans is provided in the tables below.

31 December 2022	*Loans to customers before ECL allowance*	*ECL allowance*	*Impact of collateral on the amount of ECL allowance*		*ECL allowance when there is no collateral*
Loans to legal entities	2,123,769	(401,395)	33,717	/ -8.4%	(435,112)
- including impaired (classified in Stage 3)	531,229	(316,633)	26,215	/ -8.3%	(342,848)
Loans to individuals	718,670	(25,840)	5,214	/ -20.2%	(31,054)
- including impaired (classified in Stage 3)	19,388	(14,850)	4,538	/ -30.6%	(19,388)
Total loans to customers	**2,842,439**	**(427,235)**	**38,931**	**/ -9.1%**	**(466,166)**
- including impaired (classified in Stage 3)	550,617	(331,483)	30,753	/ -9.3%	(362,236)

The effect of collateral on the amount of ECL allowance for purchased or originated credit-impaired loans was BYN 52 thousand as at 31 December 2022.

31 December 2021	*Loans to customers before ECL allowance*	*ECL allowance*	*Impact of collateral on the amount of ECL allowance*		*ECL allowance when there is no collateral*
Loans to legal entities	2,454,054	(470,548)	39,689	/ -8.4%	(510,237)
- including impaired (classified in Stage 3)	511,504	(373,232)	30,649	/ -8.2%	(403,881)
Loans to individuals	781,615	(20,055)	4,231	/ -21.1%	(24,286)
- including impaired (classified in Stage 3)	16,262	(12,514)	3,747	/ -29.9%	(16,261)
Total loans to customers	**3,235,669**	**(490,603)**	**43,920**	**/ -9.0%**	**(534,523)**
- including impaired (classified in Stage 3)	527,766	(385,746)	34,396	/ -8.9%	(420,142)

The effect of collateral on the amount of ECL allowance for purchased or originated credit-impaired loans was BYN 134 thousand as at 31 December 2021.

Information on the impact of collateral on reducing credit risk on the loans to customers classified in Stage 3 by loan classes is as follows:

31 December 2022	*Loans to customers before ECL allowance*	*ECL allowance*	*Impact of collateral on the amount of ECL allowance*		*ECL allowance when there is no collateral*
Commercial loans to legal entities	531,229	(316,633)	26,215	/-8.3%	(342,848)
Consumer and other loans to individuals	9,402	(8,021)	1,381	/-17.2%	(9,402)
Credit cards and overdrafts	3,656	(3,201)	455	/-14.2%	(3,656)
Mortgage loans to individuals	5,649	(3,206)	2,443	/-76.2%	(5,649)
Car loans to individuals	681	(422)	259	/-61.4%	(681)
Total loans to customers (classified in Stage 3)	**550,617**	**(331,483)**	**30,753**	**/-9.3%**	**(362,236)**

(in thousands of Belarusian Rubles)

8. Loans to customers (continued)

31 December 2021	*Loans to customers before ECL allowance*	*ECL allowance*	*Impact of collateral on the amount of ECL allowance*		*ECL allowance when there is no collateral*
Commercial loans to legal entities	503,505	(366,675)	29,207	/-8.0%	(395,882)
Project finance loans to legal entities	7,999	(6,557)	1,442	/-22.0%	(7,999)
Consumer and other loans to individuals	6,828	(5,752)	1,076	/ -18.7%	(6,828)
Credit cards and overdrafts	3,883	(3,306)	577	/ -17.5%	(3,883)
Mortgage loans to individuals	5,155	(3,194)	1,961	/ -61.4%	(5,155)
Car loans to individuals	396	(262)	133	/ -50.8%	(395)
Total loans to customers (classified in Stage 3)	**527,766**	**(385,746)**	**34,396**	**/-8.9%**	**(420,142)**

As at 31 December 2022, total amount of loans due from 20 largest borrowers was BYN 1,015,757 thousand, or 35.7% of total gross loan portfolio of the Group (31 December 2021: BYN 1,230,522 thousand, or 38.0%).

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

As at 31 December 2022, the Group has entered into a number of funded participation deals. As a result of these deals, the Group has transferred 99% of credit exposure to its loan portfolio to the banks included in Sberbank Group that, as at 31 December 2022, amounted to BYN 239,354 thousand (31 December 2021: BYN 233,537 thousand). As a result, the most part of loans (99%) was derecognized. As at 31 December 2022 and 31 December 2021, the remaining credit exposure (1%) under these contracts amounted to BYN 2,418 thousand and BYN 2,359 thousand, respectively, and was recognized in the consolidated financial statements.

9. Non-current assets held for sale

	Own office premises and other property held for sale	*Assets repossessed from the borrowers*		*Total non-current assets held for sale*
		Equipment	*Real estate*	
As at 31 December 2020	**3,467**	**–**	**1,713**	**5,180**
Additions	–	49	–	**49**
Transfers from property and equipment	2,866	–	–	**2,866**
Transfers from other assets	–	–	–	**–**
Disposals	(6,333)	(49)	–	**(6,382)**
Impairment of non-current assets held for sale recognized in other comprehensive income	–	–	–	**–**
As at 31 December 2021	**–**	**–**	**1,713**	**1,713**
Additions	–	2	–	**2**
Transfers from property and equipment	4,079	–	–	**4,079**
Transfers from other assets	–	–	–	**–**
Disposals	(25)	(2)	–	**(27)**
Impairment of non-current assets held for sale recognized in other comprehensive income	(518)	–	–	**(518)**
As at 31 December 2022	**3,536**	**–**	**1,713**	**5,249**

As at 31 December 2022 and 31 December 2021, the carrying amount and the fair value of non-current assets held for sale were compared. The fair value 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 on transactions in the domestic real estate market. As at 31 December 2022, based on the result of the independent assessment procedure an impairment was recognized in the amount of excess of the carrying amount over the fair value, including sales costs.

(in thousands of Belarusian Rubles)

10. Securities

Securities comprise:

	Interest rate to nominal, %	*31 December 2022*	*Interest rate to nominal, %*	*31 December 2021*
Securities measured at fair value through other comprehensive income - debt instruments	5.50%-12.00%	675,643	4.35%-9.25%	664,867
Securities measured at fair value through profit or loss - equity instruments	–	–	–	6,072
Total securities		**675,643**		**670,939**

As at 31 December 2022, securities measured at fair value through other comprehensive income − debt instruments comprise:

	Interest rate to nominal, %	*31 December 2022*
Long-term government bonds in foreign currency	5.50%-7.50%	631,750
Long-term government bonds in national currency	12.00%	43,893
Total securities measured at fair value through other comprehensive income – debt instruments		**675,643**

As at 31 December 2021, securities measured at fair value through profit or loss comprised class “C” ordinary shares of Visa Inc. As at 31 December 2022, shares of Visa Inc. were impaired due to sanction restrictions.

As at 31 December 2021, securities measured at fair value through other comprehensive income − debt instruments comprise:

	Interest rate to nominal, %	*31 December 2021*
Long-term government bonds in foreign currency	4.35%-8.50%	615,562
Long-term government bonds in national currency	9.25%	49,305
Total securities measured at fair value through other comprehensive income – debt instruments		**664,867**

The tables below show movements in ECL allowance for securities measured at fair value through other comprehensive income for the years ended 31 December 2022 and 31 December 2021.

	12-month ECL	*Lifetime ECL not credit-impaired*	*Lifetime ECL credit-impaired*	*Purchased/ originated credit-impaired*	*Total*
At 1 January 2022	**10,222**	**–**	**–**	**–**	**10,222**
- to lifetime ECL not credit-impaired assets	(10,222)	10,222	–	–	**–**
Charge for / (recovery of) credit loss allowance within one stage	–	27,138	–	–	**27,138**
At 31 December 2022	**–**	**37,360**	**–**	**–**	**37,360**

	12-month ECL	*Lifetime ECL not credit-impaired*	*Lifetime ECL credit-impaired*	*Purchased/ originated credit-impaired*	*Total*
At 1 January 2021	**10,312**	**–**	**–**	**–**	**10,312**
Charge for / (recovery of) credit loss allowance within one stage	(90)	–	–	–	**(90)**
At 31 December 2021	**10,222**	**–**	**–**	**–**	**10,222**

The classification of securities by international credit ratings is presented in Note 32.

(in thousands of Belarusian Rubles)

11. Investments in associates and joint ventures

Movements in investments in associates and joint ventures were:

	Year ended 31 December 2022	*Year ended 31 December 2021*
At 1 January	**6,820**	**9,733**
Share in profit for the period	823	(3,010)
Dividends accrued		(171)
Acquisition of share in LLC “SanBridz”	244	268
At 31 December	**7,887**	**6,820**

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

	Limited Liability Company “SanBridz”		*Closed Joint Stock Insurance Company “TASK”*	
	31 December 2022	*31 December 2021*	*31 December 2022*	*31 December 2021*
Assets	22,598	22,627	105,061	94,523
Liabilities	43,316	42,945	74,251	67,883
Net assets	**(20,718)**	**(20,318)**	**30,810**	**26,640**
Share of the Group in net assets	50%	50%	25.60%	25.60%
Carrying amount of investments in an associate/ joint venture	**–**	**–**	**7,887**	**6,820**
Revenue	–	–	106,477	106,698
Net (loss)/ profit	(876)	(1,612)	2,389	(4,335)

As at 31 December 2022, the unrecognized loss for the joint venture LLC "SanBridz” amounted to BYN 10,359 thousand (31 December 2021: BYN 10,159 thousand).

(in thousands of Belarusian Rubles)

12. Buildings and equipment and intangible assets

	Office premises	*Other premises*	*Computer equipment*	*Vehicles*	*Furniture and other assets*	*Construction in progress*	*Total*
Cost							
At 31 December 2020	**56,151**	**3,290**	**68,645**	**8,992**	**60,776**	**2,506**	**200,360**
Additions	–	–	2,403	1,486	3,814	2,664	**10,367**
Transfers	–	–	579	511	1,089	(2,179)	**–**
Transfers to non-current assets held for sale	(2,884)	–	–	–	–	–	**(2,884)**
Other transfers between classes of property and equipment	–	(206)	–	–	206	–	**–**
Disposals	(7,458)	(292)	(10,116)	(784)	(18,236)	(75)	**(36,961)**
Effect of revaluation of office premises recognized in the statement of profit or loss	52	–	–	–	–	–	**52**
Effect of revaluation of office premises recognized in other comprehensive income	6,450	–	–	–	–	–	**6,450**
At 31 December 2021	**52,311**	**2,792**	**61,511**	**10,205**	**47,649**	**2,916**	**177,384**
Additions	76,236	–	10,487	1,071	31,166	10,672	**129,632**
Transfers	–	2	413	–	510	(925)	**–**
Transfers to non-current assets held for sale	(4,059)	–	–	(210)	–	–	**(4,269)**
Other transfers between classes of property and equipment	–	–	–	–	–	–	**–**
Disposals	(28,547)	(318)	(11,783)	(238)	(11,128)	(139)	**(52,153)**
Effect of revaluation of office premises recognized in the statement of profit or loss	(12,236)	–	–	–	–	–	**(12,236)**
Effect of revaluation of office premises recognized in other comprehensive income	1,467	–	–	–	–	–	**1,467**
At 31 December 2022	**85,172**	**2,476**	**60,628**	**10,828**	**68,197**	**12,524**	**239,825**
Accumulated depreciation							
At 31 December 2020	**–**	**3,290**	**42,237**	**4,973**	**36,278**	**–**	**86,778**
Depreciation charge	664	–	7,733	1,066	3,823	–	**13,286**
Transfers to non-current assets held for sale	(18)	–	–	–	–	–	**(18)**
Other transfers between classes of property and equipment	–	(206)	–	–	206	–	**–**
Disposals of accumulated depreciation	(68)	(292)	(10,102)	(654)	(16,890)	(7)	**(28,013)**
Accumulated depreciation adjustment caused by impairment of property and equipment recognized in the statement of profit or loss	–	–	114	28	878	7	**1,027**
Accumulated depreciation adjustment caused by revaluation of office premises recognized in the statement of profit or loss	(58)	–	–	–	–	–	**(58)**
Accumulated depreciation adjustment caused by revaluation of office premises recognized in the statement of other comprehensive income	(520)	–	–	–	–	–	**(520)**
At 31 December 2021	**–**	**2,792**	**39,982**	**5,413**	**24,295**	**–**	**72,482**
Depreciation charge	918	2	6,582	1,326	5,612	–	**14,440**
Transfers to non-current assets held for sale	(37)	–	–	(153)	–	–	**(190)**
Other transfers between classes of property and equipment	–	–	–	–	–	–	**–**
Disposals of accumulated depreciation	(350)	(318)	(11,291)	(224)	(7,994)	–	**(20,177)**
Accumulated depreciation adjustment caused by impairment of property and equipment recognized in the statement of profit or loss	–	–	–	–	–	–	**–**
Accumulated depreciation adjustment caused by revaluation of office premises recognized in the statement of profit or loss	(337)	–	–	–	–	–	**(337)**
Accumulated depreciation adjustment caused by revaluation of office premises recognized in the statement of other comprehensive income	(194)	–	–	–	–	–	**(194)**
At 31 December 2022	**–**	**2,476**	**35,273**	**6,362**	**21,913**	**–**	**66,024**
Carrying amount							
At 31 December 2022	**85,172**	**–**	**25,355**	**4,466**	**46,284**	**12,524**	**173,801**
At 31 December 2021	**52,311**	**–**	**21,529**	**4,792**	**23,354**	**2,916**	**104,902**

Office premises were remeasured at fair value as at 31 December 2022 and 31 December 2021. 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 on transactions in the domestic real estate market.

Office premises are stated at revalued amount. As at 31 December 2022, the carrying amount of office premises would have been BYN 88,459 thousand (31 December 2021: BYN 32,151 thousand) had the office premises been carried using the cost (historical) model.

(in thousands of Belarusian Rubles)

12. Buildings and equipment and intangible assets (continued)

For the year ended 31 December 2021, the Group recognized loss of BYN 1,027 thousand from impairment of computer equipment, vehicles, furniture and other assets.

As at 31 December 2022, included in computer equipment are fully depreciated items in the amount of BYN 13,041 thousand (31 December 2021: BYN 25,480 thousand), in vehicles in the amount of BYN 3,395 thousand (31 December 2021: BYN 1,358 thousand) and in furniture and other assets in the amount of BYN 4,373 thousand (31 December 2021: BYN 13,131 thousand).

In 2022, the Group acquired office premises, furniture and other assets from a related party in the amount of BYN 122,779 thousand.

Standard span of service of items is as follows:

Type of items	*years*
Office premises	15-100
Other premises	5-59
Computer equipment	3-10
Vehicles	6-10
Furniture and other assets	3-50

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

Movements in intangible assets are presented in the table below:

	Intangible assets
Cost	
At 31 December 2020	**60,588**
Additions	3,946
Disposals	(319)
At 31 December 2021	**64,215**
Additions	4,574
Disposals	(4,802)
At 31 December 2022	**63,987**
Accumulated amortization	
At 31 December 2020	**53,559**
Amortization charge	1,230
Disposals of accumulated amortization	(319)
At 31 December 2021	**54,470**
Amortization charge	1,807
Disposals of accumulated amortization	(4,712)
At 31 December 2022	**51,565**
Carrying amount	
At 31 December 2022	**12,422**
At 31 December 2021	**9,745**

There are no intangible assets with indefinite useful life. The estimated useful life of intangible assets ranges from 5 to 10 years.

During the reporting year, property and equipment items have not been pledged to third parties as collateral, they are free from any claims of third parties. There are no restrictions or bans on transactions with property and equipment.

(in thousands of Belarusian Rubles)

13. Right-of-use assets

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

Right-of-use assets are presented in the table below:

	Office premises	*Other equipment*	*Total*
Carrying amount at 31 December 2020	**18,239**	**–**	**18,239**
Additions	10,368	311	**10,679**
Disposals	(973)	–	**(973)**
Depreciation charge	(5,868)	(114)	**(5,982)**
Modifications and remeasurement of lease liabilities	596	14	**610**
Carrying amount at 31 December 2021	**22,362**	**211**	**22,573**
Additions	4,328	2	**4,330**
Disposals	(50)	–	**(50)**
Depreciation charge	(7,747)	(99)	**(7,846)**
Modifications and remeasurement of lease liabilities	6,125	(12)	**6,113**
Carrying amount at 31 December 2022	**25,018**	**102**	**25,120**

Interest expense on lease liabilities for the year ended 31 December 2022 amounted to BYN 684 thousand (for the year ended 31 December 2021: BYN 489 thousand).

Total cash outflow for leases of right-of-use assets for the year ended 31 December 2022 amounted to BYN 9,077 thousand (for the year ended 31 December 2021: BYN 7,963 thousand).

Expenses relating to short-term leases and leases of low-value assets that are not shown as short-term leases for the year ended 31 December 2022 amounted to BYN 1,298 thousand (for the year ended 31 December 2021: BYN 627 thousand). These expenses are included in operating expenses.

The lessee’s weighted average incremental borrowing rate applied to the lease liabilities was 4.11% (2021: 2.57%).

14. Other assets

Other assets comprise:

	31 December 2022	*31 December 2021*
Other financial assets		
Settlements on foreign exchange operations	44,834	–
Receivables on bank cards settlements	14,946	9,432
Accrued income	4,439	4,733
Restricted cash balances	3,898	491
Other accounts receivable to be settled in cash	2,954	2,189
Total other financial assets	**71,071**	**16,845**
Other non-financial assets		
Taxes recoverable and prepaid, other than income taxes	25,872	5,198
Precious metals	16,188	5,575
Investment property	10,748	–
Prepayments for buildings, equipment and intangible assets	1,766	387
Prepaid expenses	488	405
Inventory	–	26
Other advances and prepayments	5,228	6,060
Total other non-financial assets	**60,290**	**17,651**
Total other assets	**131,361**	**34,496**

As at 31 December 2022, restricted cash balances are amounts placed on the accounts of the Group and intended for non-resident banks as collateral for the performance of obligations.

(in thousands of Belarusian Rubles)

15. Due to banks

Due to banks comprise:

	31 December 2022	*31 December 2021*
Correspondent accounts of banks	305,574	283,685
Loans from banks and financial institutions	429,037	153,408
Trade finance deals	130,049	337,340
Total due to banks	**864,660**	**774,433**

As at 31 December 2022 and 31 December 2021, trade finance deals are mainly represented by loans received for target financing and by obligations to foreign banks to make payments under letters of credit with discount (deferred payment).

As at 31 December 2022, amounts due to the parent bank exceeded 10.0% of the Group's equity and amounted to BYN 496,162 thousand, or 56.3% of the Group's equity. As at 31 December 2021, the amounts due to a large bank exceeded 10.0% of the Group's equity and amounted to BYN 379,046 thousand, or 47.5% of the Group's equity. .

16. Due to individuals and corporate customers

Due to individuals and corporate customers comprise:

	31 December 2022	*31 December 2021*
Individuals:		
- Current / demand accounts	452,176	499,117
- Term deposits	533,762	530,420
Total due to individuals	**985,938**	**1,029,537**
Other corporate customers:		
- Current / settlement accounts	1,140,450	963,228
- Term deposits	465,857	507,271
Total due to other corporate customers	**1,606,307**	**1,470,499**
State and public organisations:		
- Current / settlement accounts	26,143	34,569
- Term deposits	241,890	230,298
Total due to state and public organisations	**268,033**	**264,867**
Total due to corporate customers	**1,874,340**	**1,735,366**
Total due to individuals and corporate customers	**2,860,278**	**2,764,903**

As at 31 December 2022, included in due to corporate customers are deposits of BYN 2,561 thousand (31 December 2021: BYN 11,586 thousand) held as collateral under irrevocable letters of credit of the Bank.

As at 31 December 2022, total deposits of 20 major customers were BYN 439,335 thousand, or 15.4% of total due to individuals and corporate customers (31 December 2021: BYN 439,022 thousand, or 15.9%).

(in thousands of Belarusian Rubles)

16. Due to individuals and corporate customers (continued)

Industry sector concentrations within customer accounts are as follows:

	31 December 2022		*31 December 2021*	
	Amount	***%***	***Amount***	***%***
Individuals	985,938	34.5	1,029,537	37.2
Process industry	497,588	17.4	435,688	15.8
Trade	262,921	9.2	312,468	11.3
State and government bodies	207,859	7.3	205,784	7.4
Scientific work	181,432	6.3	137,422	5.0
Construction	154,501	5.4	173,135	6.3
Financial intermediation	134,550	4.7	61,023	2.2
Communications	119,057	4.2	86,241	3.1
Transport	109,485	3.8	84,000	3.0
Finance and insurance	57,782	2.0	43,979	1.6
Energy, gas and water supply	22,930	0.8	13,503	0.5
Administrative and support services	22,736	0.8	25,302	0.9
Mining	17,646	0.6	37,201	1.3
Public health	12,949	0.5	9,692	0.4
Agriculture	12,765	0.5	28,011	1.0
Hotel business	12,732	0.4	9,926	0.4
Sport & art	9,431	0.3	8,464	0.3
Education	3,055	0.1	3,733	0.1
Other	34,921	1.2	59,794	2.2
Total due to individuals and corporate customers	**2,860,278**	**100.0**	**2,764,903**	**100.0**

17. Debt securities issued

Debt securities issued comprise:

	31 December 2022	***31 December 2021***
Bonds issued to legal entities	158,218	272,047
Bonds issued to individuals	13,517	72,752
Total debt securities issued	**171,735**	**344,799**

Bonds issued by the Group to legal entities are interest-bearing securities denominated in BYN, USD and EUR and maturing by December 2026 (31 December 2021: denominated in BYN and USD and maturing by December 2026). Interest rate on the bonds issued to legal entities varies from 0.5%-2.7% p.a. (for bonds in USD and EUR) to 3.0%-8.5% p.a. (for bonds in BYN) (31 December 2021: from 0.5%-2.7% p.a. (for bonds in USD and EUR) to 5.75%-13.25% p.a. (for bonds in BYN)).

Bonds issued by the Group to individuals are interest-bearing securities denominated in BYN, USD and EUR and maturing by December 2026 (31 December 2021: denominated in BYN, USD and EUR and maturing by December 2026). Interest rate on the bonds issued to individuals varies from 0.5%-2.7% p.a. (for bonds in USD and EUR) to 3.0%-6.5% p.a. (for bonds in BYN) (31 December 2021: from 0.5%-2.7% p.a. (for bonds in USD and EUR) to 11.25%-13.25% p.a. (for bonds in BYN)).

18. Other liabilities

Other liabilities comprise:

	31 December 2022	*31 December 2021*
Other financial liabilities		
Lease obligations	23,775	22,443
Payments due to other creditors	17,845	17,087
Unused vacation reserve and bonus accrual	3,813	2,843
Payables on premises and equipment	1,760	1,510
Accrued fee payable under documentary transactions and transactions with plastic cards	1,026	577
Accrued payments to individual deposit insurance fund	1,002	1,542
Settlements on other banking services	739	4,331
Dividends payable	124	98
Total other financial liabilities	**50,084**	**50,431**
Other non-financial liabilities		
Taxes payable, other than income taxes	9,372	5,814
Other	5,043	1,586
Total other non-financial liabilities	**14,415**	**7,400**
Total other liabilities	**64,499**	**57,831**

Maturity analysis of lease obligations is provided below. The Group manages liquidity based on a 30-day month and a 360-day year:

	Less than 1 month	*From 1 to 6 months*	*From 6 to 12 months*	*From 1 to 3 years*	*More than 3 years*	*Total*
31 December 2021	975	3,136	3,414	10,968	3,950	**22,443**
31 December 2022	676	3,393	3,796	10,624	5,286	**23,775**

19. Share capital and treasury shares

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

	Total number of shares		*Nominal amount, BYN*		*Hyperinflation adjustment*	*Total, in thousands of BYN*
	Preferred	*Ordinary*	*Preferred*	*Ordinary*		
31 December 2021	870,805	1,470,828,888	0.05	0.05	248,171	**321,756**
31 December 2022	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 2022, the Bank declared dividends in the amount of BYN 90,500 thousand for the year 2021. The dividends amounted to BYN 0.0615 per ordinary share and BYN 0.05 per preference share.

During the year ended 31 December 2021, the Bank declared dividends in the amount of BYN 94,030 thousand for the year 2020. The dividends amounted to BYN 0.0639 per ordinary share and BYN 0.05 per preference share.

As at 31 December 2022, the treasury shares were as follows:

	Number of shares		*Nominal amount, BYN*		*Total, in thousands of BYN*
	Preferred	*Ordinary*	*Preferred*	*Ordinary*	
31 December 2022	7,974	2,525,759	0.05	0.05	**126**

(in thousands of Belarusian Rubles)

19. Share capital and treasury shares (continued)

In accordance with Belarusian legislation dividends may only be declared to the shareholders of the Bank from accumulated retained earnings of previous years and net profit of the current period as shown in the Bank's financial statements prepared in accordance with Belarusian rules for maintaining accounting records. For the year ended 31 December 2022, the Bank's net profit in accordance with Belarusian rules for maintaining accounting records amounted to BYN 150,057 thousand (31 December 2021: the Bank's accumulated retained earnings in accordance with Belarusian rule for maintaining accounting records amounted to BYN 611,969 thousand). For the year ended 31 December 2021, the Bank's net profit in accordance with Belarusian rules for maintaining accounting records amounted to BYN 151,770 thousand (31 December 2020: the Bank's accumulated retained earnings in accordance with Belarusian rules for maintaining accounting records amounted to BYN 551,850 thousand).

20. Net interest income

The net interest income comprises:

	Year ended 31 December 2022	*Year ended 31 December 2021*
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	271,732	181,120
Interest on loans to individuals measured at amortized cost	109,330	97,050
Interest on due from banks measured at amortized cost	4,446	2,357
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	38,038	36,825
Total interest income calculated using the effective interest method	**423,546**	**317,352**
Other interest income	8,966	7,614
Total interest income	**432,512**	**324,966**
Interest expense		
Interest expense on financial liabilities		
Interest on due to corporate customers	77,170	71,110
Interest on due to banks	53,665	11,751
Interest on due to individuals	38,293	32,438
Interest on debt securities issued to corporate customers and individuals	17,566	22,831
Interest on subordinated loan	11,114	12,486
Interest on lease obligations	684	489
Interest on due to the National Bank of the Republic of Belarus	–	272
Total interest expense	**198,492**	**151,377**
Payments to individual deposit insurance fund	4,140	6,128
Net interest income	**229,880**	**167,461**

(in thousands of Belarusian Rubles)

21. ECL allowances, other provisions

The tables below explain changes in ECL allowance and gross carrying amount of loans to customers at amortized cost for the years ended 31 December 2022 and 31 December 2021. The changes in ECL allowance and gross carrying amount presented in the tables below include movements affecting and not affecting ECL allowance charges.

	ECL allowances					*Gross carrying amount*				
	12-month ECL	*Lifetime ECL not credit-impaired*	*Lifetime ECL credit-impaired*	*Purchased/ originated credit-impaired*	*Total*	*12-month ECL*	*Lifetime ECL not credit-impaired*	*Lifetime ECL credit-impaired*	*Purchased/ originated credit-impaired*	*Total*
Total loans to customers at amortized cost										
At 1 January 2022	**27,684**	**77,173**	**385,746**	**–**	**490,603**	**2,038,191**	**669,712**	**527,766**	**134**	**3,235,803**
Transfers and remeasurement of credit loss allowance:										
- to 12-month ECL	9,348	(26,101)	(2,933)	–	**(19,686)**	262,153	(257,595)	(4,558)	–	**–**
- to lifetime ECL not credit-impaired	(11,824)	45,034	(25,592)	–	**7,618**	(1,073,414)	1,116,486	(43,072)	–	**–**
- to lifetime ECL credit-impaired	(1,804)	(42,116)	103,824	–	**59,904**	(106,519)	(230,077)	336,596	–	**–**
Charge for / (recovery of) credit loss allowance within one stage	(12,480)	74,028	27,359	82	**88,989**	–	–	–	–	**–**
New originated or purchased and impact of other increases in gross carrying amount	50,656	122	591	–	**51,369**	1,900,537	781	1,787	–	**1,903,105**
Derecognized and impact of other decreases in gross carrying amount	(31,405)	(64,976)	(87,366)	–	**(183,747)**	(1,228,000)	(804,484)	(209,685)	–	**(2,242,169)**
Total movements with impact on credit loss allowance charge for the year	**2,491**	**(14,009)**	**15,883**	**82**	**4,447**	**(245,243)**	**(174,889)**	**81,068**	**–**	**(339,064)**
Write-offs	–	–	(77,958)	–	**(77,958)**	–	–	(77,958)	–	**(77,958)**
Recovery of loans previously written off	–	–	–	–	**–**	–	–	–	–	**–**
Foreign exchange differences	418	1,995	7,174	–	**9,587**	(8,606)	12,657	19,132	–	**23,183**
Unwinding of discount	–	–	638	–	**638**	–	–	609	–	**609**
Total movements without impact on credit loss allowance charge for the year	**418**	**1,995**	**(70,146)**	**–**	**(67,733)**	**(8,606)**	**12,657**	**(58,217)**	**–**	**(54,166)**
At 31 December 2022	**30,593**	**65,159**	**331,483**	**82**	**427,317**	**1,784,342**	**507,480**	**550,617**	**134**	**2,842,573**

(in thousands of Belarusian Rubles)

21. ECL allowances, other provisions (continued)

	ECL allowances					*Gross carrying amount*				
	12-month ECL	*Lifetime ECL not credit-impaired*	*Lifetime ECL credit-impaired*	*Purchased/ originated credit-impaired*	*Total*	*12-month ECL*	*Lifetime ECL not credit-impaired*	*Lifetime ECL credit-impaired*	*Purchased/ originated credit-impaired*	*Total*
Loans to corporate customers:										
Commercial loans to legal entities										
At 1 January 2022	**18,888**	**55,637**	**366,675**	**–**	**441,200**	**1,179,932**	**545,452**	**503,505**	**134**	**2,229,023**
Transfers and remeasurement of credit loss allowance:										
- to 12-month ECL	8,838	(23,425)	–	–	**(14,587)**	237,208	(237,208)	–	–	**–**
- to lifetime ECL not credit-impaired	(9,911)	36,132	(24,772)	–	**1,449**	(954,592)	996,317	(41,725)	–	**–**
- to lifetime ECL credit-impaired	(1,245)	(39,547)	95,629	–	**54,837**	(98,249)	(224,767)	323,016	–	**–**
Charge for / (recovery of) credit loss allowance within one stage	(9,387)	78,473	26,426	82	**95,594**	–	–	–	–	**–**
New originated or purchased and impact of other increases in gross carrying amount	38,361	102	571	–	**39,034**	1,668,644	530	1,720	–	**1,670,894**
Derecognized and impact of other decreases in gross carrying amount	(25,259)	(44,604)	(75,623)	–	**(145,486)**	(959,046)	(626,783)	(194,812)	–	**(1,780,641)**
Total movements with impact on credit loss allowance charge for the year	**1,397**	**7,131**	**22,231**	**82**	**30,841**	**(106,035)**	**(91,911)**	**88,199**	**–**	**(109,747)**
Write-offs	–	–	(77,881)	–	**(77,881)**	–	–	(77,881)	–	**(77,881)**
Recovery of loans previously written off	–	–	–	–	**–**	–	–	–	–	**–**
Foreign exchange differences	226	(1,943)	5,608	–	**3,891**	(12,463)	(6,322)	17,406	–	**(1,379)**
Unwinding of discount	–	–	–	–	**–**	–	–	–	–	**–**
Total movements without impact on credit loss allowance charge for the year	**226**	**(1,943)**	**(72,273)**	**–**	**(73,990)**	**(12,463)**	**(6,322)**	**(60,475)**	**–**	**(79,260)**
At 31 December 2022	**20,511**	**60,825**	**316,633**	**82**	**398,051**	**1,061,434**	**447,219**	**531,229**	**134**	**2,040,016**
Project finance loans to legal entities										
At 1 January 2022	**1,775**	**21,016**	**6,557**	**–**	**29,348**	**94,437**	**122,729**	**7,999**	**–**	**225,165**
Transfers and remeasurement of credit loss allowance:										
- to 12-month ECL	152	(1,032)	–	–	**(880)**	15,756	(15,756)	–	–	**–**
- to lifetime ECL not credit-impaired	(1,298)	3,760	–	–	**2,462**	(107,532)	107,532	–	–	**–**
- to lifetime ECL credit-impaired	(1)	–	587	–	**586**	(965)	–	965	–	**–**
Charge for / (recovery of) credit loss allowance within one stage	(1,096)	(4,490)	–	–	**(5,586)**	–	–	–	–	**–**
New originated or purchased and impact of other increases in gross carrying amount	2,563	–	–	–	**2,563**	107,483	206	–	–	**107,689**
Derecognized and impact of other decreases in gross carrying amount	(1,769)	(20,279)	(8,739)	–	**(30,787)**	(85,785)	(177,014)	(10,734)	–	**(273,533)**
Total movements with impact on credit loss allowance charge for the year	**(1,449)**	**(22,041)**	**(8,152)**	**–**	**(31,642)**	**(71,043)**	**(85,032)**	**(9,769)**	**–**	**(165,844)**
Write-offs	–	–	–	–	**–**	–	–	–	–	**–**
Recovery of loans previously written off	–	–	–	–	**–**	–	–	–	–	**–**
Foreign exchange differences	189	3,936	1,595	–	**5,720**	3,824	18,972	1,770	–	**24,566**
Unwinding of discount	–	–	–	–	**–**	–	–	–	–	**–**
Total movements without impact on credit loss allowance charge for the year	**189**	**3,936**	**1,595**	**–**	**5,720**	**3,824**	**18,972**	**1,770**	**–**	**24,566**
At 31 December 2022	**515**	**2,911**	**–**	**–**	**3,426**	**27,218**	**56,669**	**–**	**–**	**83,887**

(in thousands of Belarusian Rubles)

21. ECL allowances, other provisions (continued)

	ECL allowances					*Gross carrying amount*				
	12-month ECL	***Lifetime ECL not credit-impaired***	***Lifetime ECL credit-impaired***	***Purchased/ originated credit-impaired***	***Total***	***12-month ECL***	***Lifetime ECL not credit-impaired***	***Lifetime ECL credit-impaired***	***Purchased/ originated credit-impaired***	***Total***
Loans to individuals:										
Consumer and other loans to individuals										
At 1 January 2022	**4,572**	**307**	**5,752**	**–**	**10,631**	**120,543**	**418**	**6,828**	**–**	**127,789**
Transfers and remeasurement of credit loss allowance:										
- to 12-month ECL	271	(1,062)	(674)	–	**(1,465)**	2,468	(1,598)	(870)	–	**–**
- to lifetime ECL not credit-impaired	(527)	3,782	(330)	–	**2,925**	(5,365)	5,784	(419)	–	**–**
- to lifetime ECL credit-impaired	(451)	(2,047)	3,816	–	**1,318**	(2,514)	(2,884)	5,398	–	**–**
Charge for / (recovery of) credit loss allowance within one stage	(1,330)	16	539	–	**(775)**	–	–	–	–	**–**
New originated or purchased and impact of other increases in gross carrying amount	7,649	14	12	–	**7,675**	73,821	21	18	–	**73,860**
Derecognized and impact of other decreases in gross carrying amount	(2,680)	(46)	(1,519)	–	**(4,245)**	(57,963)	(316)	(1,961)	–	**(60,240)**
Total movements with impact on credit loss allowance charge for the year	**2,932**	**657**	**1,844**	**–**	**5,433**	**10,447**	**1,007**	**2,166**	**–**	**13,620**
Write-offs	–	–	(39)	–	**(39)**	–	–	(39)	–	**(39)**
Recovery of loans previously written off	–	–	–	–	**–**	–	–	–	–	**–**
Foreign exchange differences	–	–	(28)	–	**(28)**	–	–	(34)	–	**(34)**
Unwinding of discount	–	–	492	–	**492**	–	–	481	–	**481**
Total movements without impact on credit loss allowance charge for the year	**–**	**–**	**425**	**–**	**425**	**–**	**–**	**408**	**–**	**408**
At 31 December 2022	**7,504**	**964**	**8,021**	**–**	**16,489**	**130,990**	**1,425**	**9,402**	**–**	**141,817**
Credit cards and overdrafts										
At 1 January 2022	**1,774**	**161**	**3,306**	**–**	**5,241**	**68,142**	**529**	**3,883**	**–**	**72,554**
Transfers and remeasurement of credit loss allowance:										
- to 12-month ECL	47	(255)	(489)	–	**(697)**	1,508	(893)	(615)	–	**–**
- to lifetime ECL not credit-impaired	(56)	633	(111)	–	**466**	(1,934)	2,076	(142)	–	**–**
- to lifetime ECL credit-impaired	(79)	(209)	1,172	–	**884**	(1,124)	(712)	1,836	–	**–**
Charge for / (recovery of) credit loss allowance within one stage	(468)	10	322	–	**(136)**	–	–	–	–	**–**
New originated or purchased and impact of other increases in gross carrying amount	1,416	4	–	–	**1,420**	36,302	7	–	–	**36,309**
Derecognized and impact of other decreases in gross carrying amount	(1,436)	(29)	(1,058)	–	**(2,523)**	(42,192)	(214)	(1,315)	–	**(43,721)**
Total movements with impact on credit loss allowance charge for the year	**(576)**	**154**	**(164)**	**–**	**(586)**	**(7,440)**	**264**	**(236)**	**–**	**(7,412)**
Write-offs	–	–	(36)	–	**(36)**	–	–	(36)	–	**(36)**
Recovery of loans previously written off	–	–	–	–	**–**	–	–	–	–	**–**
Foreign exchange differences	–	–	–	–	**–**	–	–	–	–	**–**
Unwinding of discount	–	–	95	–	**95**	–	–	45	–	**45**
Total movements without impact on credit loss allowance charge for the year	**–**	**–**	**59**	**–**	**59**	**–**	**–**	**9**	**–**	**9**
At 31 December 2022	**1,198**	**315**	**3,201**	**–**	**4,714**	**60,702**	**793**	**3,656**	**–**	**65,151**

(in thousands of Belarusian Rubles)

21. ECL allowances, other provisions (continued)

	ECL allowances					*Gross carrying amount*				
	12-month ECL	*Lifetime ECL not credit-impaired*	*Lifetime ECL credit-impaired*	*Purchased/ originated credit-impaired*	*Total*	*12-month ECL*	*Lifetime ECL not credit-impaired*	*Lifetime ECL credit-impaired*	*Purchased/ originated credit-impaired*	*Total*
Mortgage loans to individuals										
At 1 January 2022	**576**	**51**	**3,194**	**–**	**3,821**	**471,501**	**579**	**5,155**	**–**	**477,235**
Transfers and remeasurement of credit loss allowance:										
- to 12-month ECL	39	(310)	(1,740)	–	**(2,011)**	5,049	(2,032)	(3,017)	–	**–**
- to lifetime ECL not credit-impaired	(31)	682	(361)	–	**290**	(3,754)	4,503	(749)	–	**–**
- to lifetime ECL credit-impaired	(24)	(295)	2,367	–	**2,048**	(3,263)	(1,606)	4,869	–	**–**
Charge for / (recovery of) credit loss allowance within one stage	(196)	20	40	–	**(136)**	–	–	–	–	**–**
New originated or purchased and impact of other increases in gross carrying amount	627	2	–	–	**629**	7,258	17	33	–	**7,308**
Derecognized and impact of other decreases in gross carrying amount	(195)	(11)	(312)	–	**(518)**	(52,097)	(124)	(689)	–	**(52,910)**
Total movements with impact on credit loss allowance charge for the year	**220**	**88**	**(6)**	**–**	**302**	**(46,807)**	**758**	**447**	**–**	**(45,602)**
Write-offs	–	–	(2)	–	**(2)**	–	–	(2)	–	**(2)**
Recovery of loans previously written off	–	–	–	–	**–**	–	–	–	–	**–**
Foreign exchange differences	3	2	(3)	–	**2**	33	7	(11)	–	**29**
Unwinding of discount	–	–	23	–	**23**	–	–	60	–	**60**
Total movements without impact on credit loss allowance charge for the year	**3**	**2**	**18**	**–**	**23**	**33**	**7**	**47**	**–**	**87**
At 31 December 2022	**799**	**141**	**3,206**	**–**	**4,146**	**424,727**	**1,344**	**5,649**	**–**	**431,720**
Car loans to individuals										
At 1 January 2022	**99**	**1**	**262**	**–**	**362**	**103,636**	**5**	**396**	**–**	**104,037**
Transfers and remeasurement of credit loss allowance:										
- to 12-month ECL	1	(17)	(30)	–	**(46)**	164	(108)	(56)	–	**–**
- to lifetime ECL not credit-impaired	(1)	45	(18)	–	**26**	(237)	274	(37)	–	**–**
- to lifetime ECL credit-impaired	(4)	(18)	253	–	**231**	(404)	(108)	512	–	**–**
Charge for / (recovery of) credit loss allowance within one stage	(3)	(1)	32	–	**28**	–	–	–	–	**–**
New originated or purchased and impact of other increases in gross carrying amount	40	–	8	–	**48**	7,029	–	16	–	**7,045**
Derecognized and impact of other decreases in gross carrying amount	(66)	(7)	(115)	–	**(188)**	(30,917)	(33)	(174)	–	**(31,124)**
Total movements with impact on credit loss allowance charge for the year	**(33)**	**2**	**130**	**–**	**99**	**(24,365)**	**25**	**261**	**–**	**(24,079)**
Write-offs	–	–	–	–	**–**	–	–	–	–	**–**
Recovery of loans previously written off	–	–	–	–	**–**	–	–	–	–	**–**
Foreign exchange differences	–	–	2	–	**2**	–	–	1	–	**1**
Unwinding of discount	–	–	28	–	**28**	–	–	23	–	**23**
Total movements without impact on credit loss allowance charge for the year	**–**	**–**	**30**	**–**	**30**	**–**	**–**	**24**	**–**	**24**
At 31 December 2022	**66**	**3**	**422**	**–**	**491**	**79,271**	**30**	**681**	**–**	**79,982**

(in thousands of Belarusian Rubles)

21. ECL allowances, other provisions (continued)

	ECL allowances					*Gross carrying amount*				
	12-month ECL	*Lifetime ECL not credit-impaired*	*Lifetime ECL credit-impaired*	*Purchased/ originated credit-impaired*	*Total*	*12-month ECL*	*Lifetime ECL not credit-impaired*	*Lifetime ECL credit-impaired*	*Purchased/ originated credit-impaired*	*Total*
Total loans to customers at amortized cost										
At 1 January 2021	**29,677**	**119,916**	**464,594**	**–**	**614,187**	**2,076,324**	**982,480**	**648,056**	**–**	**3,706,860**
Transfers and remeasurement of credit loss allowance:										
- to 12-month ECL	9,032	(19,395)	(3,759)	–	**(14,122)**	320,747	(315,062)	(5,685)	–	**–**
- to lifetime ECL not credit-impaired	(6,437)	19,801	(12,160)	–	**1,204**	(595,781)	614,182	(18,401)	–	**–**
- to lifetime ECL credit-impaired	(1,102)	(18,365)	40,633	–	**21,166**	(58,517)	(89,591)	148,108	–	**–**
Charge for / (recovery of) credit loss allowance within one stage	(16,065)	53,328	37,260	–	**74,523**	–	–	–	–	**–**
New originated or purchased and impact of other increases in gross carrying amount	36,637	7,270	34	–	**43,941**	1,322,089	53,959	179	134	**1,376,361**
Derecognized and impact of other decreases in gross carrying amount	(22,944)	(81,429)	(60,789)	–	**(165,162)**	(972,991)	(549,297)	(155,385)	–	**(1,677,673)**
Total movements with impact on credit loss allowance charge for the year	**(879)**	**(38,790)**	**1,219**	**–**	**(38,450)**	**15,547**	**(285,809)**	**(31,184)**	**134**	**(301,312)**
Write-offs	–	–	(64,132)	–	**(64,132)**	–	–	(64,132)	–	**(64,132)**
Recovery of loans previously written off	–	–	2,353	–	**2,353**	–	–	–	–	**–**
Foreign exchange differences	(1,114)	(3,953)	(18,915)	–	**(23,982)**	(53,680)	(26,959)	(25,665)	–	**(106,304)**
Unwinding of discount	–	–	627	–	**627**	–	–	691	–	**691**
Total movements without impact on credit loss allowance charge for the year	**(1,114)**	**(3,953)**	**(80,067)**	**–**	**(85,134)**	**(53,680)**	**(26,959)**	**(89,106)**	**–**	**(169,745)**
At 31 December 2021	**27,684**	**77,173**	**385,746**	**–**	**490,603**	**2,038,191**	**669,712**	**527,766**	**134**	**3,235,803**

(in thousands of Belarusian Rubles)

21. ECL allowances, other provisions (continued)

	ECL allowances					*Gross carrying amount*				
	12-month ECL	*Lifetime ECL not credit-impaired*	*Lifetime ECL credit-impaired*	*Purchased/ originated credit-impaired*	*Total*	*12-month ECL*	*Lifetime ECL not credit-impaired*	*Lifetime ECL credit-impaired*	*Purchased/ originated credit-impaired*	*Total*
Loans to corporate customers:										
Commercial loans to legal entities										
At 1 January 2021	**23,700**	**98,732**	**449,182**	**–**	**571,614**	**1,229,413**	**762,426**	**626,741**	**–**	**2,618,580**
Transfers and remeasurement of credit loss allowance:										
- to 12-month ECL	8,862	(18,379)	–	–	**(9,517)**	308,190	(308,190)	–	–	**–**
- to lifetime ECL not credit-impaired	(6,194)	17,802	(8,955)	–	**2,653**	(577,075)	590,571	(13,496)	–	**–**
- to lifetime ECL credit-impaired	(862)	(13,215)	26,837	–	**12,760**	(46,215)	(73,443)	119,658	–	**–**
Charge for / (recovery of) credit loss allowance within one stage	(14,206)	37,614	33,935	–	**57,343**	–	–	–	–	**–**
New originated or purchased and impact of other increases in gross carrying amount	27,821	7,270	–	–	**35,091**	1,041,641	53,959	–	134	**1,095,734**
Derecognized and impact of other decreases in gross carrying amount	(19,143)	(70,343)	(53,601)	–	**(143,087)**	(723,459)	(454,263)	(139,898)	–	**(1,317,620)**
Total movements with impact on credit loss allowance charge for the year	**(3,722)**	**(39,251)**	**(1,784)**	**–**	**(44,757)**	**3,082**	**(191,366)**	**(33,736)**	**134**	**(221,886)**
Write-offs	–	–	(64,132)	–	**(64,132)**	–	–	(64,132)	–	**(64,132)**
Recovery of loans previously written off	–	–	2,185	–	**2,185**	–	–	–	–	**–**
Foreign exchange differences	(1,090)	(3,844)	(18,776)	–	**(23,710)**	(52,563)	(25,608)	(25,368)	–	**(103,539)**
Unwinding of discount	–	–	–	–	**–**	–	–	–	–	**–**
Total movements without impact on credit loss allowance charge for the year	**(1,090)**	**(3,844)**	**(80,723)**	**–**	**(85,657)**	**(52,563)**	**(25,608)**	**(89,500)**	**–**	**(167,671)**
At 31 December 2021	**18,888**	**55,637**	**366,675**	**–**	**441,200**	**1,179,932**	**545,452**	**503,505**	**134**	**2,229,023**
Project finance loans to legal entities										
At 1 January 2021	**2,453**	**20,489**	**4,239**	**–**	**27,181**	**73,787**	**216,587**	**7,236**	**–**	**297,610**
Transfers and remeasurement of credit loss allowance:										
- to 12-month ECL	17	(116)	–	–	**(99)**	1,611	(1,611)	–	–	**–**
- to lifetime ECL not credit-impaired	(91)	320	(2,675)	–	**(2,446)**	(11,810)	15,720	(3,910)	–	**–**
- to lifetime ECL credit-impaired	–	(4,202)	6,211	–	**2,009**	(3,792)	(12,137)	15,929	–	**–**
Charge for / (recovery of) credit loss allowance within one stage	(1,259)	15,681	2,664	–	**17,086**	–	–	–	–	**–**
New originated or purchased and impact of other increases in gross carrying amount	2,489	–	–	–	**2,489**	113,996	–	–	–	**113,996**
Derecognized and impact of other decreases in gross carrying amount	(1,812)	(11,049)	(4,501)	–	**(17,362)**	(78,465)	(94,487)	(11,578)	–	**(184,530)**
Total movements with impact on credit loss allowance charge for the year	**(656)**	**634**	**1,699**	**–**	**1,677**	**21,540**	**(92,515)**	**441**	**–**	**(70,534)**
Write-offs	–	–	–	–	**–**	–	–	–	–	**–**
Recovery of loans previously written off	–	–	168	–	**168**	–	–	–	–	**–**
Foreign exchange differences	(22)	(107)	(80)	–	**(209)**	(890)	(1,343)	(210)	–	**(2,443)**
Unwinding of discount	–	–	531	–	**531**	–	–	532	–	**532**
Total movements without impact on credit loss allowance charge for the year	**(22)**	**(107)**	**619**	**–**	**490**	**(890)**	**(1,343)**	**322**	**–**	**(1,911)**
At 31 December 2021	**1,775**	**21,016**	**6,557**	**–**	**29,348**	**94,437**	**122,729**	**7,999**	**–**	**225,165**

(in thousands of Belarusian Rubles)

21. ECL allowances, other provisions (continued)

	ECL allowances					Gross carrying amount				
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased/ originated credit-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased/ originated credit-impaired	Total
Loans to individuals:										
Consumer and other loans to individuals										
At 1 January 2021	**1,516**	**228**	**4,711**	**–**	**6,455**	**114,491**	**577**	**5,498**	**–**	**120,566**
Transfers and remeasurement of credit loss allowance:										
- to 12-month ECL	68	(276)	(394)	–	**(602)**	1,329	(827)	(502)	–	**–**
- to lifetime ECL not credit-impaired	(95)	883	(83)	–	**705**	(2,226)	2,333	(107)	–	**–**
- to lifetime ECL credit-impaired	(129)	(568)	2,366	–	**1,669**	(1,924)	(1,490)	3,414	–	**–**
Charge for / (recovery of) credit loss allowance within one stage	(227)	58	252	–	**83**	–	–	–	–	**–**
New originated or purchased and impact of other increases in gross carrying amount	4,051	–	18	–	**4,069**	58,709	–	24	–	**58,733**
Derecognized and impact of other decreases in gross carrying amount	(612)	(18)	(1,144)	–	**(1,774)**	(49,836)	(175)	(1,545)	–	**(51,556)**
Total movements with impact on credit loss allowance charge for the year	**3,056**	**79**	**1,015**	**–**	**4,150**	**6,052**	**(159)**	**1,284**	**–**	**7,177**
Write-offs	–	–	–	–	**–**	–	–	–	–	**–**
Recovery of loans previously written off	–	–	–	–	**–**	–	–	–	–	**–**
Foreign exchange differences	–	–	(40)	–	**(40)**	–	–	(46)	–	**(46)**
Unwinding of discount	–	–	66	–	**66**	–	–	92	–	**92**
Total movements without impact on credit loss allowance charge for the year	**–**	**–**	**26**	**–**	**26**	**–**	**–**	**46**	**–**	**46**
At 31 December 2021	**4,572**	**307**	**5,752**	**–**	**10,631**	**120,543**	**418**	**6,828**	**–**	**127,789**
Credit cards and overdrafts										
At 1 January 2021	**915**	**154**	**3,008**	**–**	**4,077**	**80,760**	**1,151**	**3,564**	**–**	**85,475**
Transfers and remeasurement of credit loss allowance:										
- to 12-month ECL	38	(141)	(755)	–	**(858)**	1,998	(1,053)	(945)	–	**–**
- to lifetime ECL not credit-impaired	(24)	270	(38)	–	**208**	(1,426)	1,474	(48)	–	**–**
- to lifetime ECL credit-impaired	(64)	(112)	1,862	–	**1,686**	(2,062)	(829)	2,891	–	**–**
Charge for / (recovery of) credit loss allowance within one stage	(147)	(1)	413	–	**265**	–	–	–	–	**–**
New originated or purchased and impact of other increases in gross carrying amount	1,766	–	4	–	**1,770**	38,874	–	127	–	**39,001**
Derecognized and impact of other decreases in gross carrying amount	(710)	(9)	(1,203)	–	**(1,922)**	(50,002)	(214)	(1,725)	–	**(51,941)**
Total movements with impact on credit loss allowance charge for the year	**859**	**7**	**283**	**–**	**1,149**	**(12,618)**	**(622)**	**300**	**–**	**(12,940)**
Write-offs	–	–	–	–	**–**	–	–	–	–	**–**
Recovery of loans previously written off	–	–	–	–	**–**	–	–	–	–	**–**
Foreign exchange differences	–	–	–	–	**–**	–	–	–	–	**–**
Unwinding of discount	–	–	15	–	**15**	–	–	19	–	**19**
Total movements without impact on credit loss allowance charge for the year	**–**	**–**	**15**	**–**	**15**	**–**	**–**	**19**	**–**	**19**
At 31 December 2021	**1,774**	**161**	**3,306**	**–**	**5,241**	**68,142**	**529**	**3,883**	**–**	**72,554**

(in thousands of Belarusian Rubles)

21. ECL allowances, other provisions (continued)

	ECL allowances					*Gross carrying amount*				
	12-month ECL	*Lifetime ECL not credit-impaired*	*Lifetime ECL credit-impaired*	*Purchased/ originated credit-impaired*	*Total*	*12-month ECL*	*Lifetime ECL not credit-impaired*	*Lifetime ECL credit-impaired*	*Purchased/ originated credit-impaired*	*Total*
Mortgage loans to individuals										
At 1 January 2021	**953**	**300**	**3,155**	**–**	**4,408**	**513,605**	**1,687**	**4,586**	**–**	**519,878**
Transfers and remeasurement of credit loss allowance:										
- to 12-month ECL	44	(471)	(2,510)	–	**(2,937)**	7,388	(3,320)	(4,068)	–	**–**
- to lifetime ECL not credit-impaired	(31)	496	(390)	–	**75**	(3,127)	3,933	(806)	–	**–**
- to lifetime ECL credit-impaired	(45)	(238)	3,228	–	**2,945**	(4,392)	(1,566)	5,958	–	**–**
Charge for / (recovery of) credit loss allowance within one stage	(212)	(24)	(16)	–	**(252)**	–	–	–	–	**–**
New originated or purchased and impact of other increases in gross carrying amount	350	–	12	–	**362**	7,710	–	28	–	**7,738**
Derecognized and impact of other decreases in gross carrying amount	(481)	(10)	(289)	–	**(780)**	(49,456)	(147)	(552)	–	**(50,155)**
Total movements with impact on credit loss allowance charge for the year	**(375)**	**(247)**	**35**	**–**	**(587)**	**(41,877)**	**(1,100)**	**560**	**–**	**(42,417)**
Write-offs	–	–	–	–	**–**	–	–	–	–	**–**
Recovery of loans previously written off	–	–	–	–	**–**	–	–	–	–	**–**
Foreign exchange differences	(2)	(2)	(18)	–	**(22)**	(227)	(8)	(39)	–	**(274)**
Unwinding of discount	–	–	22	–	**22**	–	–	48	–	**48**
Total movements without impact on credit loss allowance charge for the year	**(2)**	**(2)**	**4**	**–**	**–**	**(227)**	**(8)**	**9**	**–**	**(226)**
At 31 December 2021	**576**	**51**	**3,194**	**–**	**3,821**	**471,501**	**579**	**5,155**	**–**	**477,235**
Car loans to individuals										
At 1 January 2021	**140**	**13**	**299**	**–**	**452**	**64,268**	**52**	**431**	**–**	**64,751**
Transfers and remeasurement of credit loss allowance:										
- to 12-month ECL	3	(12)	(100)	–	**(109)**	231	(61)	(170)	–	**–**
- to lifetime ECL not credit-impaired	(2)	30	(19)	–	**9**	(117)	151	(34)	–	**–**
- to lifetime ECL credit-impaired	(2)	(30)	129	–	**97**	(132)	(126)	258	–	**–**
Charge for / (recovery of) credit loss allowance within one stage	(14)	–	12	–	**(2)**	–	–	–	–	**–**
New originated or purchased and impact of other increases in gross carrying amount	160	–	–	–	**160**	61,159	–	–	–	**61,159**
Derecognized and impact of other decreases in gross carrying amount	(186)	–	(51)	–	**(237)**	(21,773)	(11)	(87)	–	**(21,871)**
Total movements with impact on credit loss allowance charge for the year	**(41)**	**(12)**	**(29)**	**–**	**(82)**	**39,368**	**(47)**	**(33)**	**–**	**39,288**
Write-offs	–	–	–	–	**–**	–	–	–	–	**–**
Recovery of loans previously written off	–	–	–	–	**–**	–	–	–	–	**–**
Foreign exchange differences	–	–	(1)	–	**(1)**	–	–	(2)	–	**(2)**
Unwinding / (pay off) of discount	–	–	(7)	–	**(7)**	–	–	–	–	**–**
Total movements without impact on credit loss allowance charge for the year	**–**	**–**	**(8)**	**–**	**(8)**	**–**	**–**	**(2)**	**–**	**(2)**
At 31 December 2021	**99**	**1**	**262**	**–**	**362**	**103,636**	**5**	**396**	**–**	**104,037**

(in thousands of Belarusian Rubles)

21. ECL allowances, other provisions (continued)

The tables below explain the changes in ECL allowance for commitments to issue loans and on unused credit lines, guarantees issued and similar commitments, uncovered letters of credit for the years ended 31 December 2022 and 31 December 2021.

	ECL allowances			
	12-month ECL	*Lifetime ECL not credit-impaired*	*Lifetime ECL credit-impaired*	***Total***
Commitments to issue loans and on unused credit lines				
At 1 January 2022	**3,179**	**2,322**	**7**	**5,508**
Transfers and remeasurement of credit loss allowance:				
- to 12-month ECL	603	(1,499)	–	**(896)**
- to lifetime ECL not credit-impaired	(8,125)	9,318	–	**1,193**
- to lifetime ECL credit-impaired	(6,698)	(3)	6,840	**139**
Charge for / (recovery of) credit loss allowance within one stage	1,465	2,565	7	**4,037**
New commitments to issue loans and on unused credit lines	17,734	–	–	**17,734**
Derecognition	(4,979)	(6,058)	(3,215)	**(14,252)**
Total movements with impact on credit loss allowance charge for the year	**–**	**4,323**	**3,632**	**7,955**
Foreign exchange differences	94	138	(666)	**(434)**
Total movements without impact on credit loss allowance charge for the year	**94**	**138**	**(666)**	**(434)**
At 31 December 2022	**3,273**	**6,783**	**2,973**	**13,029**
Guarantees issued and similar commitments				
At 1 January 2022	**285**	**1,654**	**931**	**2,870**
Transfers and remeasurement of credit loss allowance:				
- to 12-month ECL	180	(1,087)	–	**(907)**
- to lifetime ECL not credit-impaired	(1,073)	3,186	(404)	**1,709**
- to lifetime ECL credit-impaired	–	(421)	1,758	**1,337**
Charge for / (recovery of) credit loss allowance within one stage	304	699	(1)	**1,002**
New guarantees issued and similar commitments	753	–	–	**753**
Derecognition	(176)	(2,093)	(596)	**(2,865)**
Total movements with impact on credit loss allowance charge for the year	**(12)**	**284**	**757**	**1,029**
Foreign exchange differences	(98)	397	9	**308**
Total movements without impact on credit loss allowance charge for the year	**(98)**	**397**	**9**	**308**
At 31 December 2022	**175**	**2,335**	**1,697**	**4,207**
Uncovered letters of credit				
At 1 January 2022	**297**	**65**	**–**	**362**
Transfers and remeasurement of credit loss allowance:				
- to 12-month ECL	4	(39)	–	**(35)**
- to lifetime ECL not credit-impaired	(247)	356	–	**109**
- to lifetime ECL credit-impaired	–	–	–	**–**
Charge for / (recovery of) credit loss allowance within one stage	32	23	–	**55**
New uncovered letters of credit	1,894	–	–	**1,894**
Derecognition	(1,352)	(362)	–	**(1,714)**
Total movements with impact on credit loss allowance charge for the year	**331**	**(22)**	**–**	**309**
Foreign exchange differences	(337)	(43)	–	**(380)**
Total movements without impact on credit loss allowance charge for the year	**(337)**	**(43)**	**–**	**(380)**
At 31 December 2022	**291**	**–**	**–**	**291**

(in thousands of Belarusian Rubles)

21. ECL allowances, other provisions (continued)

	ECL allowances			
	12-month ECL	*Lifetime ECL not credit-impaired*	*Lifetime ECL credit-impaired*	*Total*
Commitments to issue loans and on unused credit lines				
At 1 January 2021	**2,441**	**3,032**	**–**	**5,473**
Transfers and remeasurement of credit loss allowance:				
- to 12-month ECL	136	(314)	–	**(178)**
- to lifetime ECL not credit-impaired	(3,040)	3,400	–	**360**
- to lifetime ECL credit-impaired	–	–	–	**–**
Charge for / (recovery of) credit loss allowance within one stage	2,051	1,824	7	**3,882**
New commitments to issue loans and on unused credit lines	8,045	–	–	**8,045**
Derecognition	(6,454)	(5,620)	–	**(12,074)**
Total movements with impact on credit loss allowance charge for the year	**738**	**(710)**	**7**	**35**
At 31 December 2021	**3,179**	**2,322**	**7**	**5,508**
Guarantees issued and similar commitments				
At 1 January 2021	**642**	**417**	**2,491**	**3,550**
Transfers and remeasurement of credit loss allowance:				
- to 12-month ECL	87	(431)	–	**(344)**
- to lifetime ECL not credit-impaired	(907)	1,625	(257)	**461**
- to lifetime ECL credit-impaired	–	–	–	**–**
Charge for / (recovery of) credit loss allowance within one stage	410	366	108	**884**
New guarantees issued and similar commitments	577	–	–	**577**
Derecognition	(524)	(323)	(1,411)	**(2,258)**
Total movements with impact on credit loss allowance charge for the year	**(357)**	**1,237**	**(1,560)**	**(680)**
At 31 December 2021	**285**	**1,654**	**931**	**2,870**
Uncovered letters of credit				
At 1 January 2021	**179**	**327**	**–**	**506**
Transfers and remeasurement of credit loss allowance:				
- to 12-month ECL	267	(1,762)	–	**(1,495)**
- to lifetime ECL not credit-impaired	(186)	1,781	–	**1,595**
- to lifetime ECL credit-impaired	–	–	–	**–**
Charge for / (recovery of) credit loss allowance within one stage	57	271	–	**328**
New uncovered letters of credit	254	–	–	**254**
Derecognition	(274)	(552)	–	**(826)**
Total movements with impact on credit loss allowance charge for the year	**118**	**(262)**	**–**	**(144)**
At 31 December 2021	**297**	**65**	**–**	**362**

(in thousands of Belarusian Rubles)

22. Fee and commission income and expense

Fee and commission income and expense comprise:

	Year ended 31 December 2022	*Year ended 31 December 2021*
Fee and commission income		
Plastic cards operations	100,445	109,764
Settlement and cash operations with clients	38,881	44,899
Cash delivery and collection	22,083	20,577
Salary transfer on card accounts and related cash withdrawals	10,874	12,744
Documentary operations	9,973	9,358
Agent's fees	1,079	1,314
Securities operations	392	379
Foreign exchange operations	269	83
Other	2,413	4,693
Total fee and commission income	**186,409**	**203,811**
Fee and commission expense		
Plastic cards operations	39,069	39,822
Documentary operations	3,470	3,424
Correspondent bank services	3,225	3,118
Foreign exchange and cash operations	737	287
Other	3,717	5,045
Total fee and commission expense	**50,218**	**51,696**

Fee and commission income by segment is disclosed in Note 29.

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 2022	*Year ended 31 December 2021*
Net gains from trading in foreign currencies	98,903	56,604
Net foreign exchange translation gains/(losses)	40,271	(20,934)
Net (losses)/gains from operations with foreign currency derivatives	(23,810)	9,050
Total net gains from trading in foreign currencies and operations with foreign currency derivatives	**115,364**	**44,720**

Net gains from operations with precious metals and precious metals derivatives comprise:

	Year ended 31 December 2022	*Year ended 31 December 2021*
Net gains/(losses) from operations with precious metals	3,756	(1,121)
Net gains from revaluation of precious metals, due from banks and due to customers in precious metals	1,076	3,904
Net gains from operations with precious metals derivatives	–	419
Total net gains from operations with precious metals and precious metals derivatives	**4,832**	**3,202**

(in thousands of Belarusian Rubles)

24. Other income

Other income comprises:

	Year ended 31 December 2022	*Year ended 31 December 2021*
Over income of subsidiaries	5,921	4,140
Income from lease of investment property	3,336	–
Fines and penalties received	1,857	865
Dividends received	513	666
Income from sale of coins	217	180
Repayment of loans previously written off	87	111
Other	4,547	5,494
Total other income	**16,478**	**11,456**

25. Operating expenses

Operating expenses comprise:

	Year ended 31 December 2022	*Year ended 31 December 2021*
Staff costs	104,883	94,387
Social security contribution	26,211	23,287
Other staff expenses	10,653	9,879
Total staff expenses	**141,747**	**127,553**
Expenses on maintenance of banking software	20,215	39,018
Depreciation of property and equipment and intangible assets	16,247	14,516
Premises and equipment maintenance	8,003	8,725
Amortization of right-of-use assets	7,846	5,982
Public utilities payments	4,446	4,626
Taxes, other than income tax	3,627	2,614
Telecommunication expenses	3,284	3,225
Vehicles maintenance and fuel expenses	2,926	2,496
Security expenses	2,408	2,369
Advertising costs	2,215	3,607
Legal and consulting services	2,057	2,257
Other expenses related to bank's activities	31,215	23,923
Other operating expenses	**104,489**	**113,358**
Total operating expenses	**246,236**	**240,911**

Taxes, other than income tax, mainly consist of real estate tax in the amount of BYN 1,205 thousand for the year ended 31 December 2022 (for the year ended 31 December 2021: BYN 1,183 thousand) and land tax in the amount of BYN 393 thousand for the year ended 31 December 2022 (for the year ended 31 December 2021: BYN 688 thousand).

26. Income tax expense

Income tax expense comprises the following:

	Year ended 31 December 2022	*Year ended 31 December 2021*
Current income tax	38,645	37,286
Deferred tax	4,753	(1,534)
Income tax expense for the year	**43,398**	**35,752**

(in thousands of Belarusian Rubles)

26. Income tax expense (continued)

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 2022 and 31 December 2021, the tax rate for the Bank and its subsidiary Closed Joint Stock Company "Non-banking Credit and Financial Institution "INCASS.EXPERT" was 25%; for the Bank's other subsidiaries (except for Closed Joint Stock Company "Vadarod") the tax rate was 18%. Closed Joint Stock Company "Vadarod" applies a preferential regime for paying income tax as a resident of the Hi-Tech Park.

Major amounts of non-taxable income relate to operations with government securities since income from transactions with these securities is exempt from income tax in accordance with the Tax Code of the Republic of Belarus.

Deferred taxes reflect 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.

Reconciliation between income tax expense and accounting profit for the years ended 31 December 2022 and 31 December 2021 is provided below:

	Year ended 31 December 2022	*Year ended 31 December 2021*
Profit before tax	**189,919**	**182,114**
Applicable tax rate	25%	25%
Tax at the statutory tax rate	**47,480**	**45,529**
Non-taxable income from government bonds	(9,067)	(15,069)
Other non-taxable income	(1,113)	(468)
Non-deductible expenditures	6,927	4,826
Differences arising from application of different rates according to the law	(1,707)	(174)
Other differences	878	1,108
Income tax expense	**43,398**	**35,752**

The tax effect of movements in these temporary differences is detailed below and is recorded at the rate of 25% (2021: 25%).

	31 December 2021	*Credited/ (charged) to profit or loss*	*Recognized in other compre-hensive income*	*31 December 2022*
Tax effect of deductible temporary differences				
Buildings and equipment	–	1,765	(286)	1,479
Intangible assets	20,535	(3,297)	–	17,238
Derivative financial assets	–	3	–	3
Other assets	2,172	141	–	2,313
Deferred tax asset	**22,707**	**(1,388)**	**(286)**	**21,033**
Tax effect of taxable temporary differences				
Loans to customers	(29,047)	(1,611)	–	(30,658)
Credit loss allowance for off-balance sheet commitments	(1,070)	(2,033)	–	(3,103)
Buildings and equipment	(442)	442	–	–
Derivative financial assets	(123)	123	–	–
Deferred tax liability	**(30,682)**	**(3,079)**	**–**	**(33,761)**
Total net deferred tax asset / (net deferred tax liability)	**(7,975)**	**(4,467)**	**(286)**	**(12,728)**

(in thousands of Belarusian Rubles)

26. Income tax expense (continued)

	31 December 2020	*Credited/ (charged) to profit or loss*	*Recognized in other compre-hensive income*	*31 December 2021*
Tax effect of deductible temporary differences				
Buildings and equipment	1,528	(1,528)	–	–
Intangible assets	20,510	25	–	20,535
Derivative financial assets	80	(80)	–	–
Other assets	2,854	(682)	–	2,172
Deferred tax asset	**24,972**	**(2,265)**	**–**	**22,707**
Tax effect of taxable temporary differences				
Loans to customers	(33,534)	4,487	–	(29,047)
Credit loss allowance for off-balance sheet commitments	(947)	(123)	–	(1,070)
Buildings and equipment	–	1,301	(1,743)	(442)
Derivative financial assets	–	(123)	–	(123)
Deferred tax liability	**(34,481)**	**5,542**	**(1,743)**	**(30,682)**
Total net deferred tax asset / (net deferred tax liability)	**(9,509)**	**3,277**	**(1,743)**	**(7,975)**

27. Contingent financial liabilities

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 policy with respect to contingencies as the one applied to financial instruments recognized in the consolidated statement of financial position.

As at 31 December 2022 and 31 December 2021, credit loss allowance for guarantees and other commitments amounted to BYN 17,527 thousand and BYN 8,740 thousand, respectively (Note 21).

As at 31 December 2022 and 31 December 2021, the nominal or contractual amounts of contingent financial liabilities were:

	31 December 2022	*31 December 2021*
Contingent liabilities and credit commitments		
Commitments to issue loans and on unused credit lines	735,451	458,106
Guarantees issued and similar commitments	173,222	243,842
Uncovered letters of credit	53,621	56,448
Letters of credit secured by cash	2,561	11,586
Total contingent liabilities and credit commitments	**964,855**	**769,982**

Movement in ECL allowances for contingent liabilities is presented in Note 21.

(in thousands of Belarusian Rubles)

27. Contingent financial liabilities (continued)

The table below provides an analysis of contingent liabilities and ECL allowances as at 31 December 2022:

	12-month ECL	*Lifetime ECL not credit-impaired*	*Lifetime ECL credit-impaired*	*Total*
Commitments to issue loans and on unused credit lines				
Minimum credit risk	268,434	27,142	–	**295,576**
Low credit risk	153,531	115,952	–	**269,483**
Moderate credit risk	63,421	89,187	–	**152,608**
High credit risk	5	11,711	–	**11,716**
Default	–	–	6,068	**6,068**
Total commitments to issue loans and on unused credit lines before credit loss allowance	**485,391**	**243,992**	**6,068**	**735,451**
ECL allowance	(3,273)	(6,783)	(2,973)	**(13,029)**
Total commitments to issue loans and on unused credit lines after credit loss allowance	**482,118**	**237,209**	**3,095**	**722,422**
Guarantees issued and similar commitments				
Minimum credit risk	88,102	1,419	–	**89,521**
Low credit risk	13,262	36,199	–	**49,461**
Moderate credit risk	4,936	1,138	–	**6,074**
High credit risk	–	25,896	–	**25,896**
Default	–	–	2,270	**2,270**
Total guarantees issued and similar commitments before credit loss allowance	**106,300**	**64,652**	**2,270**	**173,222**
ECL allowance	(175)	(2,335)	(1,697)	**(4,207)**
Total guarantees issued and similar commitments after credit loss allowance	**106,125**	**62,317**	**573**	**169,015**
Uncovered letters of credit				
Minimum credit risk	359	–	–	**359**
Low credit risk	53,262	–	–	**53,262**
Moderate credit risk	–	–	–	**–**
High credit risk	–	–	–	**–**
Default	–	–	–	**–**
Total uncovered letters of credit before credit loss allowance	**53,621**	**–**	**–**	**53,621**
ECL allowance	(291)	–	–	**(291)**
Total uncovered letters of credit after credit loss allowance	**53,330**	**–**	**–**	**53,330**

(in thousands of Belarusian Rubles)

27. Contingent financial liabilities (continued)

The table below provides an analysis of contingent liabilities and ECL allowances as at 31 December 2021:

	12-month ECL	*Lifetime ECL not credit-impaired*	*Lifetime ECL credit-impaired*	*Total*
Commitments to issue loans and on unused credit lines				
Minimum credit risk	65,914	–	–	**65,914**
Low credit risk	273,117	46,661	–	**319,778**
Moderate credit risk	43,814	13,646	–	**57,460**
High credit risk	–	14,671	–	**14,671**
Default	–	–	283	**283**
Total commitments to issue loans and on unused credit lines before credit loss allowance	**382,845**	**74,978**	**283**	**458,106**
ECL allowance	(3,179)	(2,322)	(7)	**(5,508)**
Total commitments to issue loans and on unused credit lines after credit loss allowance	**379,666**	**72,656**	**276**	**452,598**
Guarantees issued and similar commitments				
Minimum credit risk	99,485	–	–	**99,485**
Low credit risk	49,455	82,702	–	**132,157**
Moderate credit risk	7,431	3,337	–	**10,768**
High credit risk	–	391	–	**391**
Default	–	–	1,041	**1,041**
Total guarantees issued and similar commitments before credit loss allowance	**156,371**	**86,430**	**1,041**	**243,842**
ECL allowance	(285)	(1,654)	(931)	**(2,870)**
Total guarantees issued and similar commitments after credit loss allowance	**156,086**	**84,776**	**110**	**240,972**
Uncovered letters of credit				
Minimum credit risk	3,356	–	–	**3,356**
Low credit risk	48,984	1,921	–	**50,905**
Moderate credit risk	151	2,036	–	**2,187**
High credit risk	–	–	–	**–**
Default	–	–	–	**–**
Total uncovered letters of credit before credit loss allowance	**52,491**	**3,957**	**–**	**56,448**
ECL allowance	(297)	(65)	–	**(362)**
Total uncovered letters of credit after credit loss allowance	**52,194**	**3,892**	**–**	**56,086**

Legal proceedings

From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management believes that no material losses will be incurred as a result of such claims. As at 31 December 2022, a provision in the amount of BYN 3,644 thousand was accrued.

Pensions and retirement plans

Employees receive pension benefits in accordance with the laws and regulations of the Republic of Belarus. As at 31 December 2022 and 31 December 2021, the Group had no obligations for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

Legislation

Certain statements of Belarusian business and tax legislation in particular are subject to varying interpretations and may be applied inconsistently. In addition, since management's interpretation of legislation may differ from official interpretations and compliance with law may be challenged by the authorities, the Group may be subject to additional tax payments and fines and other preventive measures. The Group's management believes that it has already made all tax and other payments or accruals, and therefore no additional provisions have been made in the financial statements. The supervising authorities can review earlier tax periods.

27. Contingent financial liabilities (continued)

Operating environment

Since February 2022, the aggravation of geopolitical tensions and the conflict related to the Russian special military operation in Ukraine have had a negative impact on the country's economy. The Republic of Belarus was affected by negative external factors due to increasing sanctions pressure. The European Union, the USA and some other countries imposed new sanctions against certain economy sectors, certain Belarusian state and commercial organizations, including banks and individuals, as well as restrictions on certain types of transactions, including blocking of cash of entities on accounts with foreign banks and blocking of payments on Eurobonds issued by the Republic of Belarus. Some international companies announced that they were suspending their operations in the Republic of Belarus or terminating supplies of products to the Republic of Belarus. A number of Belarusian banks were disconnected from the SWIFT interbank settlement system.

On 24 February 2022, sanctions on the Bank were imposed in terms of restrictions on operations with correspondent accounts in American financial institutions (CAPTA List). On 3 April 2022, similar measures on correspondent relations and clearing in pound sterlings were taken by the United Kingdom.

On 6 April 2022, the Bank was placed on Specially Designated Nationals and Blocked Persons List of OFAC, which means blocking of assets located in the USA and a ban on cooperation with the Bank.

Starting from 19 March 2022, Visa and Mastercard stopped servicing the Bank's cards.

On 3 June 2022, the EU Council decided to limit providing SWIFT services to Sberbank, the parent company, starting from 14 June 2022. This measure does not apply to Sber Bank.

On 21 July 2022, the Bank was included in the list of entities of blocking EU sanctions, which means freezing the assets of the sanctioned entity and a ban on any interaction with EU residents.

On 16 March 2022, Fitch Ratings downgraded the long-term international foreign currency rating of the Bank to the CCC grade. On 30 March 2022, the rating was withdrawn.

On 15 March 2022, Moody's Investors Service downgraded the long-term international local currency rating of the Bank to the Caa3 grade. On 31 March 2022, the rating was withdrawn.

In connection with the withdrawal of Sber Bank's rating by Fitch rating agency, the parent creditor bank issued the confirmation of the waiver of the right to demand early repayment of loans in the amount of BYN 46,187 thousand issued as at 31 December 2022.

The Bank continues to assess the impact of the geopolitical situation on its business, financial position and financial performance.

In 2022, the GDP of Belarus fell by 4.7% year-on-year and amounted to BYN 191.4 billion in current prices.

Despite the growing sanction pressure and disruption of supply chains for goods, in 2022, the foreign trade balance for services was positive (USD 4,141 billion) due to rising export prices (2021: positive balance of USD 4,637 billion).

The Belarusian ruble weakened against major foreign currencies in 2022. The official exchange rates changed from BYN 2.5481 for USD 1 to BYN 2.7364 for USD 1, from BYN 2.8826 for EUR 1 to BYN 2.9156 for EUR 1; from BYN 3.4322 for RUB 100 to BYN 3.7835 for RUB 100; from BYN 3.9978 for CNY 10 to BYN 3.8617 for CNY 10 year-on-year. The main reason for the devaluation of the national currency was the volatility of the Russian ruble.

In the first half of 2022, the country's economy experienced an increased volatility in the currency market, deposit outflow and acceleration of inflation. In March 2022, the refinancing rate of the National Bank of the Republic of Belarus was increased from 9.25% to 12% p.a. to ensure macroeconomic balance and stabilize domestic foreign currency and deposit markets.

In 2022, the inflation rate was 12.8%, with the target level of up to 6%. The price growth was caused by external factors (loose monetary policy of a number of leading countries, increase in logistic costs on the back of epidemiological restrictions, growth in global prices for food products, surge in consumer demand in contrast to the insufficient supply) and internal factors (removal of VAT exemptions for certain groups of imported goods, rise in fuel cost amidst growing oil prices, expectations with respect to inflation and devaluation).

The average broad money supply for December 2022 increased by 8.6% as compared to December 2021 with a target growth rate of 7%-13%.

(in thousands of Belarusian Rubles)

27. Contingent financial liabilities (continued)

Operating environment (continued)

In 2022, international rating agencies downgraded sovereign credit ratings of the Republic of Belarus (S&P – to the SD grade, Fitch – to the RD grade, Moody's – to the Ca grade). At the same time, ratings assigned by Russian rating agencies became more widely used in the Republic of Belarus to avoid the geopolitical influence. According to the ACRA rating agency, the long-term foreign currency credit rating of the Government of the Republic of Belarus was set at B+ (with a developing outlook).

The Bank continues to assess the effect of these events and changing micro- and macroeconomic conditions on its activities, financial position and financial results.

28. 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. Prices and conditions of such transactions may differ from prices and conditions of 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.

The Group had the following transactions outstanding as at 31 December 2022 and 31 December 2021 with related parties:

	31 December 2022			*31 December 2021*		
	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	**–**	**116,152**	**1,393,838**	–	**15,574**	**1,261,764**
- parent bank	–	116,152		–	15,539	
- other members of Sberbank Group	–	–		–	35	
Due from banks	**5.00%**	**28,086**	**55,310**	**–**	**29,088**	**59,022**
- parent bank	5.00%	28,086		–	29,088	
Loans to corporate customers	**0.00%**	**1,579**	**2,123,903**	**4.25%**	**1,579**	**2,454,188**
- joint ventures	0.00%	1,579		4.25%	1,579	
ECL allowances	**–**	**1,488**	**401,477**	**–**	**1,333**	**470,548**
- joint ventures	–	1,488		–	1,333	
Loans to individuals	**–**	**3,737**	**718,670**	**–**	**1,800**	**781,615**
- key management personnel	–	3,737		–	1,800	
ECL allowances	**–**	**134**	**25,840**	**–**	**46**	**20,055**
- key management personnel	–	134		–	46	
Investments in associates	**–**	**7,887**	**7,887**	**–**	**6,820**	**6,820**
Other financial assets	**–**	**3,015**	**71,071**	**–**	**1**	**16,845**
- other members of Sberbank Group	–	3,015		–	1	
Other non-financial assets	**–**	**206**	**60,290**	**–**	**327**	**17,651**
- associates	–	161		–	97	
- other members of Sberbank Group	–	45		–	230	
Due to banks	**2.00%-10.70%**	**496,162**	**864,660**	**1.04%-11.15%**	**434,430**	**774,433**
- parent bank	2.00%-10.70%	496,162		1.04%-11.15%	379,047	
- other members of Sberbank Group	–	–		2.15%-2.75%	55,383	
Subordinated loan	5.98%	**43,734**	**43,734**	5.98%-6.45%	**187,369**	**187,369**
- parent bank	5.98%	43,734		5.98%-6.45%	187,369	
Due to individuals	**–**	**493**	**985,938**	**–**	**4,521**	**1,029,537**
- key management personnel	–	493		–	4,521	
Due to corporate customers	**0.01%-6.51%**	**63,711**	**1,874,340**	**0.01%-12.50%**	**4,479**	**1,735,366**
- other members of Sberbank Group	0.01%-6.51%	63,592		0.01%-12.50%	4,380	
- associates	0.01%	119		0%	99	
Other financial liabilities	**–**	**127**	**50,084**	**–**	**356**	**50,431**
- parent bank	–	127		–	161	
- other members of Sberbank Group	–	–		–	195	
Contingent liabilities	**–**	**11,177**	**964,855**	**–**	**58**	**769,982**
- key management personnel	–	74		–	58	
- other members of Sberbank Group	–	11,103		–	–	

(in thousands of Belarusian Rubles)

28. Transactions with related parties (continued)

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 compliance with the law. Transactions with the exception of transactions with the parent company don't have a material effect on the Group's reporting indicators.

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

As at 31 December 2022, the Group entered into a number of funded participation deals. As a result of these deals, the Group has transferred 99% of credit exposure to its loan portfolio to the banks included in Sberbank Group that, as at 31 December 2022, amounted to BYN 239,354 thousand (31 December 2021: BYN 233,537 thousand). As a result, the most part of loans (99%) was derecognized. As at 31 December 2022 and 31 December 2021, the remaining credit exposure (1%) under these contracts amounted to BYN 2,418 thousand and BYN 2,359 thousand, respectively, and was recognized in the consolidated financial statements.

In accordance with IAS 24 *Related Party Disclosures*, the Goverment of the Russian Federation is a related party of Sber Bank, as it is able to control the financial and operational decisions of Sber Bank via PJSC Sberbank. During the 12 months ended 31 December 2022, there were no significant transactions and transactions significant in aggregate between Sber Bank and state entities of the Russian Federation, as well as with the Russian state-owned companies.

The following transactions with related parties are included in the consolidated statement of profit or loss for the 12 months ended 31 December 2022 and 31 December 2021:

	31 December 2022		*31 December 2021*	
	Related party transactions	*Total category as per the financial statements caption*	*Related party transactions*	*Total category as per the financial statements caption*
Interest income	**1,355**	**432,512**	**485**	**324,966**
- parent bank	1,198		349	
- key management personnel	157		136	
Fee and commission income	**1,230**	**186,409**	**1,387**	**203,811**
- parent bank	1,207		1,308	
- other members of Sberbank Group	13		78	
- associates	10		1	
Other income	**863**	**16,478**	**1,940**	**11,456**
- parent bank	739		1,575	
- other members of Sberbank Group	91		325	
- associates	33		40	
Interest expense	**(61,082)**	**(198,492)**	**(20,811)**	**(151,377)**
- parent bank	(60,474)		(20,416)	
- other members of Sberbank Group	(561)		(388)	
- key management personnel	(47)		(7)	
ECL allowances	**(243)**	**(4,447)**	**(228)**	**38,450**
- key management personnel	(88)		(15)	
- joint ventures	(155)		(213)	
Fee and commission expense	**(3,445)**	**(50,218)**	**(4,137)**	**(51,696)**
- parent bank	(3,335)		(3,692)	
- other members of Sberbank Group	(110)		(445)	
Net (losses)/gains from operations with foreign currency derivatives	**(13,539)**	**(23,810)**	**3,065**	**9,050**
- parent bank	(13,539)		3,065	
Staff costs	**(9,254)**	**(104,883)**	**(7,735)**	**(94,387)**
- key management personnel	(9,254)		(7,735)	
Social security contribution	**(295)**	**(26,211)**	**(259)**	**(23,287)**
- key management personnel	(295)		(259)	
Operating expenses	**(5,607)**	**(246,236)**	**(806)**	**(240,911)**
- parent bank	(1,012)		(570)	
- other members of Sberbank Group	(4,503)		(3)	
- associates	(92)		(233)	

During the 12 months ended 31 December 2022 and 31 December 2021, remuneration of the key management personnel consisted of short-term employee benefits.

29. 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 segment disclosures.

IFRS 8 *Operating Segments* 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 regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance; and
- For which discrete financial information is available.

Information on the Group's activity by segment is analyzed by the Management. The information is based on data prepared in accordance with the methodology of management reporting for members of Sberbank Group. For purposes of disclosure of financial results by business segments, the adjustments were made in accordance with IFRS.

The Group is organized into two main operating segments:

- Retail banking − providing banking services to individuals, maintenance of individual's current accounts, savings and deposits, custody, credit and debit cards, consumer loans and mortgages;
- Corporate banking – maintenance of current accounts, deposits, overdrafts, loans and other credit facilities, transactions with foreign currency and securities.

Management of the Bank believes that it is impossible to allocate income tax expenses between two main operating segments for the purpose of segment disclosures. Internal expenses have been recorded in the performance of respective segments.

(in thousands of Belarusian Rubles)

29. Segment reporting (continued)

Information on operating segments is presented below:

	Retail banking	*Corporate banking*	*Unallocated*	*31 December 2022/ year ended 31 December 2022 Total*
Interest income	109,330	280,698	42,484	**432,512**
Interest expense	(38,293)	(94,736)	(65,463)	**(198,492)**
(Charge for) / recovery of ECL allowances for loans to customers	(5,248)	801	–	**(4,447)**
Charge for ECL allowances for securities measured at fair value through other comprehensive income	–	–	(27,138)	**(27,138)**
Charge for ECL allowances for cash equivalents	–	–	(24)	**(24)**
Payments to individual deposit insurance fund	(4,140)	–	–	**(4,140)**
Fee and commission income including:	76,580	108,750	1,079	**186,409**
plastic cards operations	*67,716*	*32,729*	–	***100,445***
settlement and cash operations with clients	*1,222*	*37,659*	–	***38,881***
cash delivery and collection	–	*22,083*	–	***22,083***
salary transfer on card accounts and related cash withdrawals	*7,642*	*3,232*	–	***10,874***
documentary operations	–	*9,973*	–	***9,973***
agent's fees	–	–	*1,079*	***1,079***
securities operations	–	*392*	–	***392***
foreign exchange operations	–	*269*	–	***269***
other	–	*2,413*	–	***2,413***
Fee and commission expense	(39,069)	(7,924)	(3,225)	**(50,218)**
Net gains from financial instruments measured at fair value through other comprehensive income	–	–	581	**581**
Net gains from trading in foreign currencies and operations with foreign currency derivatives	–	–	115,364	**115,364**
Net gains from operations with precious metals and precious metals derivatives	–	–	4,832	**4,832**
Net losses from revaluation of securities measured at fair value through profit or loss	–	–	(6,072)	**(6,072)**
Negative revaluation of office premises through profit or loss	–	–	(11,899)	**(11,899)**
Charge for ECL allowances for contingent liabilities	–	(9,293)	–	**(9,293)**
Net losses from disposal of property and equipment and other property	–	–	(5,477)	**(5,477)**
Charge for provisions	–	–	(3,644)	**(3,644)**
Other income	–	–	16,478	**16,478**
Total operating income	**99,160**	**278,296**	**57,876**	**435,332**
Total operating expenses	**(59,206)**	**(28,592)**	**(158,438)**	**(246,236)**
Share of the result of associates	–	–	823	**823**
Profit/(loss) before income taxes	**39,954**	**249,704**	**(99,739)**	**189,919**
Income tax expense	–	–	(43,398)	**(43,398)**
Net profit/(loss)	**39,954**	**249,704**	**(143,137)**	**146,521**
Segment assets	**718,670**	**2,123,903**	**2,076,825**	**4,919,398**
Segment liabilities	**(999,455)**	**(2,032,558)**	**(1,006,548)**	**(4,038,561)**
Other segment items				
- Loans to customers	718,670	2,123,903	–	**2,842,573**
- Due to customers	(985,938)	(1,874,340)	–	**(2,860,278)**
- Debt securities issued	(13,517)	(158,218)	–	**(171,735)**

(in thousands of Belarusian Rubles)

29. Segment reporting (continued)

	Retail banking	*Corporate banking*	*Unallocated*	*31 December 2021/ year ended 31 December 2021 Total*
Interest income	97,050	188,734	39,182	**324,966**
Interest expense	(32,438)	(93,941)	(24,998)	**(151,377)**
(Charge for) / recovery of ECL allowances for loans to customers	(4,630)	43,080	–	**38,450**
Recovery of ECL allowances for securities measured at fair value through other comprehensive income	–	–	90	**90**
Recovery of ECL allowances for cash equivalents	–	–	2	**2**
Recovery of ECL allowances for due from banks	–	–	21	**21**
Payments to individual deposit insurance fund	(6,128)	–	–	**(6,128)**
Fee and commission income including:	119,548	82,949	1,314	**203,811**
plastic cards operations	*109,002*	*762*	–	***109,764***
settlement and cash operations with clients	*1,569*	*43,330*	–	***44,899***
cash delivery and collection	–	*20,577*	–	***20,577***
salary transfer on card accounts and related cash withdrawals	*8,977*	*3,767*	–	***12,744***
documentary operations	–	*9,358*	–	***9,358***
agent's fees	–	–	*1,314*	***1,314***
securities operations	–	*379*	–	***379***
foreign exchange operations	–	*83*	–	***83***
other	–	*4,693*	–	***4,693***
Fee and commission expense	(39,822)	(8,756)	(3,118)	**(51,696)**
Net gains from trading in foreign currencies and operations with foreign currency derivatives	–	–	44,720	**44,720**
Net gains from operations with precious metals and precious metals derivatives	–	–	3,202	**3,202**
Net losses from revaluation of securities measured at fair value through profit or loss	–	–	(131)	**(131)**
Impairment of property and equipment, other than office and other premises	–	–	(1,027)	**(1,027)**
Positive revaluation of office premises through profit or loss	–	–	110	**110**
Recovery of ECL allowances for contingent liabilities	–	789	–	**789**
Net gains from disposal of property and equipment and other property	–	–	8,777	**8,777**
Other income	–	–	11,456	**11,456**
Total operating income	**133,580**	**212,855**	**79,600**	**426,035**
Total operating expenses	**(84,174)**	**(54,854)**	**(101,883)**	**(240,911)**
Share of the result of associates	–	–	(3,010)	**(3,010)**
Profit/(loss) before income taxes	**49,406**	**158,001**	**(25,293)**	**182,114**
Income tax expense	–	–	(35,752)	**(35,752)**
Net profit/(loss)	**49,406**	**158,001**	**(61,045)**	**146,362**
Segment assets	**781,615**	**2,454,188**	**1,711,184**	**4,946,987**
Segment liabilities	**(1,102,289)**	**(2,007,413)**	**(1,039,630)**	**(4,149,332)**
Other segment items				
- Loans to customers	781,615	2,454,188	–	**3,235,803**
- Due to customers	(1,029,537)	(1,735,366)	–	**(2,764,903)**
- Debt securities issued	(72,752)	(272,047)	–	**(344,799)**

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

(in thousands of Belarusian Rubles)

30. 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 may not reflect the amounts the Group could realize in a market exchange from the sale of its full holdings of certain particular instruments.

Fair value hierarchy

For the purpose of fair value disclosure, 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 fair value hierarchy based on available information:

- 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 uses judgments to classify assets and liabilities into categories of the fair value hierarchy. If observable inputs requiring significant adjustments are used in fair value measurement, this measurement is included in Level 3. Significance of used inputs is assessed for the aggregate fair value measurement.

The Group’s fair value measurement approach for certain significant classes of assets and liabilities recognized at fair value is as follows:

At 31 December 2022	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets measured at fair value				
Due from banks	−	45,308	−	**45,308**
Derivative financial instruments	−	726	−	**726**
Securities measured at fair value through other comprehensive income	−	675,643	−	**675,643**
Securities measured at fair value through profit or loss	−	−	−	**−**
Office premises	−	−	85,172	**85,172**
Investment property	−	−	10,748	**10,748**
Premises held for sale	−	−	2,342	**2,342**
Total assets measured at fair value	**−**	**721,677**	**98,262**	**819,939**
Financial liabilities measured at fair value				
Derivative financial instruments	−	14	−	**14**
Total financial liabilities measured at fair value	**−**	**14**	**−**	**14**

At 31 December 2021	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets measured at fair value				
Due from banks	−	59,022	−	**59,022**
Derivative financial instruments	−	3,204	−	**3,204**
Securities measured at fair value through other comprehensive income	−	664,867	−	**664,867**
Securities measured at fair value through profit or loss	6,072	−	−	**6,072**
Office premises	−	−	52,311	**52,311**
Total assets measured at fair value	**6,072**	**727,093**	**52,311**	**785,476**
Financial liabilities measured at fair value				
Derivative financial instruments	−	2,492	−	**2,492**
Total financial liabilities measured at fair value	**−**	**2,492**	**−**	**2,492**

(in thousands of Belarusian Rubles)

30. Fair value measurement (continued)

Fair value hierarchy (continued)

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

	At 1 January 2022	*Gains / (losses) reported in profit or loss*	*Gains / (losses) reported in comprehensive income*	*Additions*	*Disposals*	*Reclassification to assets held for sale*	*Transfers*	*At 31 December 2022*
Assets								
Office premises	52,311	(12,817)	1,661	76,236	(28,197)	(1,162)	(2,860)	**85,172**
Investment property	–	–	–	10,748	–	–	–	**10,748**
Premises held for sale	–	–	(518)	–	–	–	2,860	**2,342**
Total Level 3 assets	**52,311**	**(12,817)**	**1,143**	**86,984**	**(28,197)**	**(1,162)**	**–**	**98,262**

	At 1 January 2021	*Gains / (losses) reported in profit or loss*	*Gains / (losses) reported in comprehensive income*	*Additions*	*Disposals*	*At 31 December 2021*
Assets						
Office premises	56,151	(554)	6,970	–	(10,256)	**52,311**
Investment property	–	–	–	17,232	(17,232)	**–**
Premises held for sale	3,467	–	–	–	(3,467)	**–**
Total Level 3 assets	**59,618**	**(554)**	**6,970**	**17,232**	**(30,955)**	**52,311**

The following tables show the quantative information about significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy:

31 December 2022	*Carrying amount*	*Valuation techniques*	*Unobservable inputs*	*Range (weighted average value)*
Assets				
Office premises	85,172	The cost is determined by an appraiser using income and comparative methods (methods of calculating the market value in current use: the method of capitalization at the rate of return, the method of compensatory adjustments)	Discount for sale	Not applicable
Investment property	10,748	The cost is determined by an appraiser using the cost method of valuation on the basis of the construction method and the comparative unit method, using the income method of valuation on the basis of the method of capitalization at the rate of return and using the comparative method of valuation on the basis of the method of compensatory adjustments. The cost has been adjusted for additional factors	Discount for sale	Not applicable
Premises held for sale	2,342	The cost is determined by an appraiser using income and comparative methods (methods of calculating the market value in current use: the method of capitalization at the rate of return, the method of compensatory adjustments)	Discount for sale	Not applicable
Total Level 3 assets	**98,262**			

31 December 2021	*Carrying amount*	*Valuation techniques*	*Unobservable inputs*	*Range (weighted average value)*
Assets				
Office premises	52,311	The cost is determined by an appraiser using income and comparative methods (methods of calculating the market value in current use: the method of capitalization at the rate of return, the method of compensatory adjustments)	Discount for sale	Not applicable
Total Level 3 assets	**52,311**			

(in thousands of Belarusian Rubles)

30. Fair value measurement (continued)

Fair value hierarchy (continued)

Methodologies and assumptions used in determining the fair value of financial instruments and real estate are provided below.

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 the 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 the fair value, taking into account the fixed conversion rate. As at 31 December 2022, shares of Visa Inc. were impaired due to sanction restrictions.

Office premises, investment property and premises held for sale

The fair value of office premises, investment property and premises held for sale 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 in the domestic real estate market.

Due from banks denominated in precious metals

Due from banks denominated in precious metals are measured at fair value with the use of quotes set by the National bank of Republic of Belarus.

Assets and liabilities not carried at fair value

The fair value of financial assets and liabilities not carried at fair value as compared with the carrying amount is presented below:

	31 December 2022			*31 December 2021*		
	Carrying amount	***Fair value***	***Unrealized gains / (losses)***	***Carrying amount***	***Fair value***	***Unrealized gains / (losses)***
Loans to corporate customers (net investments in financial leasing excluded)	1,699,121	1,699,839	718	1,948,095	1,913,931	(34,164)
Loans to individuals	692,830	680,048	(12,782)	761,560	749,307	(12,253)
Due to banks	864,660	861,291	3,369	774,433	774,554	(121)
Due to individuals	985,938	986,017	(79)	1,029,537	1,026,272	3,265
Due to corporate customers	1,874,340	1,868,791	5,549	1,735,366	1,735,179	187
Debt securities issued	171,735	172,814	(1,079)	344,799	345,961	(1,162)

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 amortized cost, other financial assets, other financial liabilities, subordinated loan 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 thousands of Belarusian Rubles)

30. Fair value measurement (continued)

Assets and liabilities not carried at fair value (continued)

In the case of financial assets and financial liabilities that are liquid, have a floating rate or have a short-term maturity, it is assumed that their fair value approximates to 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.

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 2022 and 31 December 2021:

At 31 December 2022	*Carrying amount*	*Level 1*	*Level 2*	*Level 3*	*Total fair value*
Financial assets for which fair values are disclosed					
Loans to corporate customers (net investments in finance leases excluded)	1,699,121	–	–	1,699,839	**1,699,839**
Loans to individuals	692,830	–	–	680,048	**680,048**
Financial liabilities for which fair values are disclosed					
Due to banks	864,660	–	861,291	–	**861,291**
Due to individuals	985,938	–	–	986,017	**986,017**
Due to corporate customers	1,874,340	–	–	1,868,791	**1,868,791**
Debt securities issued	171,735	–	172,814	–	**172,814**

At 31 December 2021	*Carrying amount*	*Level 1*	*Level 2*	*Level 3*	*Total fair value*
Financial assets for which fair values are disclosed					
Loans to corporate customers (net investments in finance lease excluded)	1,948,095	–	–	1,913,931	**1,913,931**
Loans to individuals	761,560	–	–	749,307	**749,307**
Financial liabilities for which fair values are disclosed					
Due to banks	774,433	–	774,554	–	**774,554**
Due to individuals	1,029,537	–	–	1,026,272	**1,026,272**
Due to corporate customers	1,735,366	–	–	1,735,179	**1,735,179**
Debt securities issued	344,799	–	345,961	–	**345,961**

31. 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 comprises share capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity as well as a subordinated loan 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 the 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 issue of new shares.

(in thousands of Belarusian Rubles)

31. Capital management (continued)

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 capital adequacy ratios. Forecast is performed at least once a month (on the nearest reporting date and/or with a one year span) and based on pertinent information about factors affecting 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.

As at 31 December 2022 and 31 December 2021, 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, comprised:

	31 December 2022	*31 December 2021*
Tier 1 capital		
Share capital	321,756	321,756
Share premium	576	576
Treasury shares	(126)	–
Retained earnings	514,100	448,513
Total tier 1 capital (core)	**836,306**	**770,845**
Tier 2 capital		
Revaluation reserve for office premises	7,171	16,588
Revaluation reserve for securities measured at fair value through other comprehensive income	37,360	10,222
Applied subordinated loan	1,458	35,552
Total tier 2 capital	**45,989**	**62,362**
Total capital	**882,295**	**833,207**
Total risk weighted assets (RWA)	**3,823,452**	**3,940,419**
Core capital adequacy ratio (total tier 1 capital / total RWA), %	21.9	19.6
Total capital adequacy ratio (total capital / total RWA), %	23.1	21.1

As at 31 December 2022 and 31 December 2021, according to the norms established by the National Bank of the Republic of Belarus, the capital adequacy ratios were 20.344% and 18.617%, respectively, which exceeded the limit adjusted for the capital conservation buffer (12.500% and 12.500% as at 31 December 2022 and 31 December 2021, respectively).

32. Risk management policies

The Group applies 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 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 Group.

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.

32. Risk management policies (continued)

The existing organizational structure of the risk management system of the Bank as the parent organization of the Group is in line with the organizational and functional structure, corresponds to the nature and scope of activities, excludes the conflict of interest. The main authorities in the sphere of risk management are distributed as follows:

- The Supervisory Board sets the main courses of development and the effective functioning of the risk management system and approves the Strategy (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 systems and plans.
- The Risk Committee monitors the implementation of the strategy and decisions of the Supervisory Board of the Bank adopted in relation to risk management, risk profile, risk tolerance and risk appetite, other risk metrics (indicators of the Bank) and the Group.
- The Management Board organizes the risk management system in the Bank and the Group, including through the optimal distribution and delegation of authority in the risk management process between collegial working bodies and structural divisions of the Bank, monitoring compliance with the limits and authorities of the Bank's officials, taking measures to reduce (limit) risks, ensures the fulfillment of goals and objectives set by the Supervisory Board in the field of risk management.
- Chief Risk Officer of the Bank sets objectives for the development of the risk management system of the Bank and subsidiaries of the Bank within the framework of business strategies and risk management strategy of the Bank, subsidiaries of the Bank and Sberbank (including implementation of target risk management processes in the Bank and subsidiaries of the Bank in accordance with the requirements of the National Bank of the Republic of Belarus and recommendations of Sberbank).
- The Department of Methodology and Risk Control ensures functioning, improvement and development of the integrated risk management system in the Bank and the Group, identifies risks, conducts evaluation, monitoring and control of risks, develops measures and procedures aimed at risk limitation and mitigation and calculates credit loss allowance in accordance with IFRS 9; coordinates introducing group risk management approaches into subsidiaries.
- The Credit Risk Department ensures the functioning of a unified credit risk management system in the Bank, identifies credit risks, organizes and coordinates the process of credit risk management, develops new and emproves existing policies, methods, regulations, technological schemes, instructions, letters and other regulatory materials in the area of credit risk management, develops approaches, makes proposals for setting limits and restrictions on credit risk.
- The Operational Risk Management Department organizes and coordinates the process of managing operational and outsourcing risks in the Bank.
- 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 "major", "large", "medium", "small", "micro" (except for problem clients whose debts were written off to off-balance sheet accounts or "black" category clients, in the absence of debt on assets/contingent liabilities and adoption of a default strategy) and monitors and controls credit risks of corporate clients in order to implement measures aimed at reducing the Bank's credit risks.
- Other specialized collegial working bodies and structural divisions of the Bank perform some risk management functions in accordance with requirements of local legal regulations of the Bank and approaches of Sberbank.

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

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 Group. Credit risk management is performed on the level of a customer (groups of related customers) and on the loans portfolio level.

32. Risk management policies (continued)

Credit risk (continued)

Credit risk mitigation is exercised by charging for the credit loss allowance, setting credit risk limits within the framework of the formed system of 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 collateral of proper quality and other mechanisms that limit risks.

There is a system of internal ratings, scoring models and the valuation model of PD for credit transactions of clients categorized as “small” and “micro” based on transactional data. They are based on economic and mathematical models of risk assessment. Models are periodically reviewed (validated) based on accumulated statistical data.

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) ensures a differentiated estimate of the probability of non-fulfillment/improper fulfillment of counterparty’s obligations; the model of PD for credit transactions of clients categorized as “small” and “micro” based on transactional data assesses the probability of a client’s default within 24 months from the loan issuance based on the client’s transaction activity.

Identification and qualitative assessment of credit risk at the level of a customer/groups of related customers is exercised during the decision making on approval of limits on operations exposed to credit risk, the implementation/modification of transactions exposed 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 Credit Policy; setting 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, specific credit operation and its collateral.

The Bank closely controls the concentration levels of major credit risks. In accordance with local legal acts, 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 Bank has established control over the internal limit of the maximum level of 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 12% 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 interests in making decisions on 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.

(in thousands of Belarusian Rubles)

32. Risk management policies (continued)

Credit risk (continued)

Classification of the financial assets held by the Group by counterparty credit rating (country rating for state authorities) is provided below. The category “Not rated” includes counterparties that do not have ratings assigned by the international rating agencies:

31 December 2022	*AA*	*A*	*BBB*	*BB*	*B*	*CCC*	*Not rated*	*Total*
Cash equivalents	58	2	–	–	–	53,906	961,578	**1,015,544**
Mandatory cash balances with the National Bank of the Republic of Belarus	–	–	–	–	–	–	22,785	**22,785**
Due from banks	–	–	–	–	–	–	55,310	**55,310**
Derivative financial assets	–	–	–	–	–	–	726	**726**
Loans to corporate customers	–	–	–	–	–	–	1,722,426	**1,722,426**
Loans to individuals	–	–	–	–	–	–	692,830	**692,830**
Securities measured at fair value through other comprehensive income	–	–	–	–	–	–	675,643	**675,643**
Other financial assets	–	–	–	–	–	–	71,071	**71,071**

31 December 2021	*AA*	*A*	*BBB*	*BB*	*B*	*CCC*	*Not rated*	*Total*
Cash equivalents	4,871	202,074	28,604	8,339	747,605	–	172	**991,665**
Mandatory cash balances with the National Bank of the Republic of Belarus	–	–	–	–	26,609	–	–	**26,609**
Due from banks	–	–	29,088	29,934	–	–	–	**59,022**
Derivative financial assets	–	–	3,202	–	1	–	1	**3,204**
Loans to corporate customers	–	–	–	–	–	–	1,983,640	**1,983,640**
Loans to individuals	–	–	–	–	–	–	761,560	**761,560**
Securities measured at fair value through other comprehensive income	–	–	–	–	664,867	–	–	**664,867**
Securities measured at fair value through profit or loss	6,072	–	–	–	–	–	–	**6,072**
Other financial assets	–	–	–	–	–	–	16,845	**16,845**

As at 31 December 2022 and 31 December 2021, other financial assets comprised past due but not impaired assets in the amount of BYN 481 thousand and BYN 790 thousand, respectively. Carrying amount of past due and impaired loans to customers is disclosed in Note 8.

As at 31 December 2022 and 31 December 2021, 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 2022	*31 December 2021*
Cash and cash equivalents (except for cash on hand)	1,015,544	991,665
Due from banks	55,310	59,022
Derivative financial instruments	726	3,204
Loans to corporate customers	1,722,426	1,983,640
Loans to individuals	692,830	761,560
Securities measured at fair value through other comprehensive income	675,643	664,867
Securities measured at fair value through profit or loss	–	6,072
Investments in associates and joint ventures	7,887	6,820
Other financial assets	71,071	16,845
Total assets exposed to credit risk	**4,241,437**	**4,493,695**
Commitments to issue loans and on unused credit lines	735,451	458,106
Guarantees issued and similar commitments	173,222	243,842
Uncovered letters of credit	53,621	56,448
Total financial liabilities exposed to credit risk	**962,294**	**758,396**

(in thousands of Belarusian Rubles)

32. Risk management policies (continued)

Geographical concentration

The Group assesses the country risk effect on its operations. In accordance with current approaches, country risk arises as a result of foreign counterparties (legal entities, including banks and financial institutions) failing to meet their obligations due to economic, political and social changes or because the currency of a monetary liability may be unavailable to a counterparty due to the specifics of the national legislation (irrespective of the counterparty's financial position).

The following tables present information on geographical concentration of financial assets and liabilities:

31 December 2022	*Belarus*	*CIS countries*	*OECD countries*	*Non-OECD countries*	*Total*
Financial assets					
Cash and cash equivalents	1,255,912	137,866	58	2	**1,393,838**
Mandatory cash balances with the National Bank of the Republic of Belarus	22,785	–	–	–	**22,785**
Due from banks	–	55,310	–	–	**55,310**
Derivative financial assets	–	726	–	–	**726**
Loans to corporate customers	1,722,426	–	–	–	**1,722,426**
Loans to individuals	692,830	–	–	–	**692,830**
Securities measured at fair value through other comprehensive income	675,643	–	–	–	**675,643**
Other financial assets	22,726	48,345	–	–	**71,071**
Total financial assets	**4,392,322**	**242,247**	**58**	**2**	**4,634,629**
Financial liabilities					
Due to banks	314,375	496,866	53,419	–	**864,660**
Derivative financial liabilities	14	–	–	–	**14**
Due to individuals	960,849	16,285	1,558	7,246	**985,938**
Due to corporate customers	1,855,380	5,821	7,701	5,438	**1,874,340**
Debt securities issued	171,735	–	–	–	**171,735**
Other financial liabilities	50,084	–	–	–	**50,084**
Subordinated loan	–	43,734	–	–	**43,734**
Total financial liabilities	**3,352,437**	**562,706**	**62,678**	**12,684**	**3,990,505**
Open position	**1,039,885**	**(320,459)**	**(62,620)**	**(12,682)**	

31 December 2021	*Belarus*	*CIS countries*	*OECD countries*	*Non-OECD countries*	*Total*
Financial assets					
Cash and cash equivalents	1,017,875	35,800	207,472	617	**1,261,764**
Mandatory cash balances with the National Bank of the Republic of Belarus	26,609	–	–	–	**26,609**
Due from banks	–	59,022	–	–	**59,022**
Derivative financial assets	3	3,201	–	–	**3,204**
Loans to corporate customers	1,983,640	–	–	–	**1,983,640**
Loans to individuals	761,560	–	–	–	**761,560**
Securities measured at fair value through other comprehensive income	664,867	–	–	–	**664,867**
Securities measured at fair value through profit or loss	–	–	6,072	–	**6,072**
Other financial assets	16,502	343	–	–	**16,845**
Total financial assets	**4,471,056**	**98,366**	**213,544**	**617**	**4,783,583**
Financial liabilities					
Due to banks	286,069	387,693	100,671	–	**774,433**
Derivative financial liabilities	18	2,474	–	–	**2,492**
Due to individuals	997,356	21,894	3,527	6,760	**1,029,537**
Due to corporate customers	1,615,617	33,562	32,334	53,853	**1,735,366**
Debt securities issued	344,799	–	–	–	**344,799**
Other financial liabilities	50,431	–	–	–	**50,431**
Subordinated loan	–	187,369	–	–	**187,369**
Total financial liabilities	**3,294,290**	**632,992**	**136,532**	**60,613**	**4,124,427**
Open position	**1,176,766**	**(534,626)**	**77,012**	**(59,996)**	

(in thousands of Belarusian Rubles)

32. Risk management policies (continued)

Geographical concentration (continued)

As at 31 December 2022 and 31 December 2021, contingent financial liabilities, including commitments to issue loans and on unused credit lines, guarantees and letters of credit (as presented in Note 27) are mainly represented by agreements with residents of the Republic of Belarus.

Liquidity risk

Liquidity risk is the possibility of losses, failure to get the expected profit due to the inability to ensure the fulfillment of obligations in a timely manner and in full due to a physical lack of funds (impossibility of making a payment, issuing a loan, etc.) or violation of liquidity ratios established by the National Bank of the Republic of Belarus.

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

31 December 2022	*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*	*Total*
Liabilities						
Due to banks	392,260	181,045	137,866	59,322	116,363	**886,856**
Due to individuals	541,133	244,143	174,176	54,082	111	**1,013,645**
Due to corporate customers	1,305,311	339,965	106,236	155,660	2,914	**1,910,086**
Debt securities issued	60,546	109,045	6,818	6,345	1,579	**184,333**
Other financial liabilities	26,617	3,631	3,946	11,389	6,502	**52,085**
Subordinated loan	2,601	43,734	–	–	–	**46,335**
Total non-derivative financial liabilities	**2,328,468**	**921,563**	**429,042**	**286,798**	**127,469**	**4,093,340**
Amounts receivable on derivative financial instruments	(12,403)	–	–	–	–	**(12,403)**
Amounts payable on derivative financial instruments	12,417	–	–	–	–	**12,417**
Total derivative financial liabilities	**14**	**–**	**–**	**–**	**–**	**14**
Total liabilities	**2,328,482**	**921,563**	**429,042**	**286,798**	**127,469**	**4,093,354**

31 December 2021	*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*	*Total*
Liabilities						
Due to banks	417,096	172,002	136,297	23,952	31,147	**780,494**
Due to individuals	575,127	177,774	165,480	134,850	162	**1,053,393**
Due to corporate customers	1,194,795	305,724	62,269	101,274	179,570	**1,843,632**
Debt securities issued	5,635	11,366	12,188	142,599	277,898	**449,686**
Other financial liabilities	28,639	3,428	3,565	11,526	4,433	**51,591**
Subordinated loan	–	4,916	34,630	159,779	–	**199,325**
Total non-derivative financial liabilities	**2,221,292**	**675,210**	**414,429**	**573,980**	**493,210**	**4,378,121**
Amounts receivable on derivative financial instruments	(83,323)	(86,522)	–	–	–	**(169,845)**
Amounts payable on derivative financial instruments	83,442	90,204	–	–	–	**173,646**
Total derivative financial liabilities	**119**	**3,682**	**–**	**–**	**–**	**3,801**
Total liabilities	**2,221,411**	**678,892**	**414,429**	**573,980**	**493,210**	**4,381,922**

As at 31 December 2022 and 31 December 2021, the Group classifies contingent financial liabilities, including commitments to issue loans and on unused credit lines, guarantees and letters of credit (as presented in Note 27) into the "On demand and less than 1 month" group in full.

In connection with the withdrawal of Sber Bank's rating by Fitch rating agency, the creditor bank issued the confirmation of the waiver of the right to demand early repayment of loans in the amount of BYN 46,187 thousand issued as at 31 December 2022.

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32. Risk management policies (continued)

Liquidity risk (continued)

The following table presents the analysis of the liquidity risk based on carrying amounts of assets and liabilities. The Group manages liquidity based on a 30-day month, a 360-day year.

31 December 2022	*On demand and less than 1 month*	*From 1 to 6 months*	*From 6 to 12 months*	*Less than 1 year*	*From 1 to 3 years*	*More than 3 years*	*More than 1 year*	*Overdue*	*No stated maturity*	*Total*
Assets										
Cash and cash equivalents	1,393,821	17	–	**1,393,838**	–	–	**–**	–	–	**1,393,838**
Mandatory cash balances with the National Bank of the Republic of Belarus	14,649	4,420	2,071	**21,140**	1,622	23	**1,645**	–	–	**22,785**
Due from banks	55,310	–	–	**55,310**	–	–	**–**	–	–	**55,310**
Derivative financial assets	726	–	–	**726**	–	–	**–**	–	–	**726**
Loans to corporate customers	197,752	784,158	254,100	**1,236,010**	246,069	220,610	**466,679**	19,737	–	**1,722,426**
Loans to individuals	13,276	40,505	44,386	**98,167**	138,471	453,935	**592,406**	2,257	–	**692,830**
Non-current assets held for sale	–	–	5,249	**5,249**	–	–	**–**	–	–	**5,249**
Securities measured at fair value through other comprehensive income	4,311	1,671	24,787	**30,769**	460,035	184,839	**644,874**	–	–	**675,643**
Investments in associates and joint ventures	–	–	–	**–**	–	–	**–**	–	7,887	**7,887**
Buildings and equipment, right-of-use assets	–	–	–	**–**	–	–	**–**	–	198,921	**198,921**
Intangible assets	–	–	–	**–**	–	–	**–**	–	12,422	**12,422**
Other financial and non-financial assets	88,525	1,227	2	**89,754**	30,378	–	**30,378**	481	10,748	**131,361**
Total assets	**1,768,370**	**831,998**	**330,595**	**2,930,963**	**876,575**	**859,407**	**1,735,982**	**22,475**	**229,978**	**4,919,398**
Liabilities										
Due to banks	388,761	168,756	131,700	**689,217**	59,229	116,214	**175,443**	–	–	**864,660**
Derivative financial liabilities	14	–	–	**14**	–	–	**–**	–	–	**14**
Due to individuals	538,071	231,830	167,652	**937,553**	48,279	106	**48,385**	–	–	**985,938**
Due to corporate customers	1,300,848	323,070	92,335	**1,716,253**	155,285	2,802	**158,087**	–	–	**1,874,340**
Debt securities issued	60,130	106,970	4,635	**171,735**	–	–	**–**	–	–	**171,735**
Current income tax liabilities	3,386	–	–	**3,386**	–	–	**–**	–	–	**3,386**
Deferred tax liability	–	–	–	**–**	–	–	**–**	–	12,728	**12,728**
Credit loss allowance for guarantees and other commitments	314	–	2,136	**2,450**	12,464	2,613	**15,077**	–	–	**17,527**
Other financial and non-financial liabilities	38,207	6,405	3,795	**48,407**	10,638	5,454	**16,092**	–	–	**64,499**
Subordinated loan	–	43,734	–	**43,734**	–	–	**–**	–	–	**43,734**
Total liabilities	**2,329,731**	**880,765**	**402,253**	**3,612,749**	**285,895**	**127,189**	**413,084**	**–**	**12,728**	**4,038,561**
Net liquidity gap	**(561,361)**	**(48,767)**	**(71,658)**	**(681,786)**	**590,680**	**732,218**	**1,322,898**	**22,475**	**217,250**	**880,837**
Cumulative liquidity gap as at 31 December 2022	**(561,361)**	**(610,128)**	**(681,786)**	**(681,786)**	**(91,106)**	**641,112**	**641,112**	**663,587**	**880,837**	

(in thousands of Belarusian Rubles)

32. Risk management policies (continued)

Liquidity risk (continued)

31 December 2021	*On demand and less than 1 month*	*From 1 to 6 months*	*From 6 to 12 months*	*Less than 1 year*	*From 1 to 3 years*	*More than 3 years*	*More than 1 year*	*Overdue*	*No stated maturity*	*Total*
Assets										
Cash and cash equivalents	1,261,764	–	–	**1,261,764**	–	–	**–**	–	–	**1,261,764**
Mandatory cash balances with the National Bank of the Republic of Belarus	16,962	4,413	1,998	**23,373**	1,746	1,490	**3,236**	–	–	**26,609**
Due from banks	59,022	–	–	**59,022**	–	–	**–**	–	–	**59,022**
Derivative financial assets	1,025	1,795	384	**3,204**	–	–	**–**	–	–	**3,204**
Loans to corporate customers	158,387	816,717	232,960	**1,208,064**	538,213	181,061	**719,274**	56,302	–	**1,983,640**
Loans to individuals	13,180	47,466	54,441	**115,087**	137,296	507,171	**644,467**	2,006	–	**761,560**
Non-current assets held for sale	–	–	1,713	**1,713**	–	–	**–**	–	–	**1,713**
Securities measured at fair value through other comprehensive income	4,336	1,613	24,043	**29,992**	48,928	585,947	**634,875**	–	–	**664,867**
Securities measured at fair value through profit or loss	–	–	–	**–**	–	–	**–**	–	6,072	**6,072**
Investments in associates and joint ventures	–	–	–	**–**	–	–	**–**	–	6,820	**6,820**
Buildings and equipment, right-of-use assets	–	–	–	**–**	–	–	**–**	–	127,475	**127,475**
Intangible assets	–	–	–	**–**	–	–	**–**	–	9,745	**9,745**
Other financial and non-financial assets	27,519	439	174	**28,132**	5,546	28	**5,574**	790	–	**34,496**
Total assets	**1,542,195**	**872,443**	**315,713**	**2,730,351**	**731,729**	**1,275,697**	**2,007,426**	**59,098**	**150,112**	**4,946,987**
Liabilities										
Due to banks	415,956	168,547	135,128	**719,631**	23,689	31,113	**54,802**	–	–	**774,433**
Derivative financial liabilities	118	2,374	–	**2,492**	–	–	**–**	–	–	**2,492**
Due to individuals	572,584	167,964	160,461	**901,009**	128,370	158	**128,528**	–	–	**1,029,537**
Due to corporate customers	1,190,058	290,540	47,098	**1,527,696**	53,016	154,654	**207,670**	–	–	**1,735,366**
Debt securities issued	3,622	1,328	152	**5,102**	97,654	242,043	**339,697**	–	–	**344,799**
Current income tax liabilities	790	–	–	**790**	–	–	**–**	–	–	**790**
Deferred tax liability	–	–	–	**–**	–	–	**–**	–	7,975	**7,975**
Credit loss allowance for guarantees and other commitments	–	8,740	–	**8,740**	–	–	**–**	–	–	**8,740**
Other financial and non-financial liabilities	32,366	6,951	3,414	**42,731**	10,968	4,132	**15,100**	–	–	**57,831**
Subordinated loan	–	–	28,826	**28,826**	158,543	–	**158,543**	–	–	**187,369**
Total liabilities	**2,215,494**	**646,444**	**375,079**	**3,237,017**	**472,240**	**432,100**	**904,340**	**–**	**7,975**	**4,149,332**
Net liquidity gap	**(673,299)**	**225,999**	**(59,366)**	**(506,666)**	**259,489**	**843,597**	**1,103,086**	**59,098**	**142,137**	**797,655**
Cumulative liquidity gap as at 31 December 2021	**(673,299)**	**(447,300)**	**(506,666)**	**(506,666)**	**(247,177)**	**596,420**	**596,420**	**655,518**	**797,655**	

32. Risk management policies (continued)

Liquidity risk (continued)

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

Significant disbalances in categories “On demand and less than 1 month” - “From 6 to 12 months” as at 31 December 2022 and 31 December 2021 are caused by significant amounts of customer accounts classified under these categories. The Group’s management believes that despite the significant amounts of customer accounts, classified under these categories, diversification of these amounts by number and type of customers, as well as the Group’s historic experience suggest that these amounts form stable and long-term source of funding for the Group’s operations. The Group’s management believes that the Group will be able to raise sufficient funds in the 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 account balances. As at 31 December 2022 and 31 December 2021, the estimated core deposits amounted to BYN 930,204 thousand and BYN 913,564 thousand, respectively. As at 31 December 2022 and 31 December 2021, included in “Due to banks” were correspondent accounts and short-term loans attracted from the parent bank in the amount of BYN 347,888 thousand and BYN 263,773 thousand, respectively, which commonly are being reinvested on maturity dates.

(in thousands of Belarusian Rubles)

32. Risk management policies (continued)

Liquidity risk (continued)

Based on the going concern assumption, the effective maturities of core deposits and funds from the parent bank are considered to be indefinite. Information on the expected periods of repayment on customer accounts, funds from the parent bank and effective liquidity gaps between assets and liabilities as at 31 December 2022 and 31 December 2021 is as follows:

31 December 2022	*On demand and less than 1 month*	*From 1 to 6 months*	*From 6 to 12 months*	*Less than 1 year*	*From 1 to 3 years*	*More than 3 years*	*More than 1 year*	*Overdue*	*No stated maturity*	*Total*
Due to individuals analyzed based on expected withdrawal dates	214,192	231,830	167,652	**613,674**	48,279	106	**48,385**	–	323,879	**985,938**
Due to corporate customers analyzed based on expected withdrawal dates	694,523	323,070	92,335	**1,109,928**	155,285	2,802	**158,087**	–	606,325	**1,874,340**
Due to banks analyzed	327,400	766	13,163	**341,329**	59,229	116,214	**175,443**	–	347,888	**864,660**
Liquidity gap (based on expected withdrawal dates for customer accounts)	**430,204**	**119,223**	**46,879**	**596,306**	**590,680**	**732,218**	**1,322,898**	**22,475**	**(1,060,842)**	

31 December 2021	*On demand and less than 1 month*	*From 1 to 6 months*	*From 6 to 12 months*	*Less than 1 year*	*From 1 to 3 years*	*More than 3 years*	*More than 1 year*	*Overdue*	*No stated maturity*	*Total*
Due to individuals analyzed based on expected withdrawal dates	215,211	167,964	160,461	**543,636**	128,370	158	**128,528**	–	357,373	**1,029,537**
Due to corporate customers analyzed based on expected withdrawal dates	633,867	290,540	47,098	**971,505**	53,016	154,654	**207,670**	–	556,191	**1,735,366**
Due to banks analyzed	280,762	47,179	127,917	**455,858**	23,689	31,113	**54,802**	–	263,773	**774,433**
Liquidity gap (based on expected withdrawal dates for customer accounts)	**375,459**	**347,367**	**(52,155)**	**670,671**	**259,489**	**843,597**	**1,103,086**	**59,098**	**(1,035,200)**	

In connection with the aggravation of geopolitical and social (negative inflation and devaluation expectations) tensions and increased sanction pressure, 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.

32. Risk management policies (continued)

Market risk

Market risk is the risk that the Group may incur financial losses or will not receive the expected profit as a result of changes in the market value of balance sheet and off-balance sheet items, as well as items denominated in foreign currency and goods due to changes in market prices for financial instruments and goods caused by 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 market risk factors, e.g. changes in interest rates, price volatility, etc.) and specific risk (risk of losses resulting from fluctuations of the price for certain asset due to the factors inherent to this asset, e.g. worsening of the financial position of the securities issuer).

The main objective of the 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 includes 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 changes in prices for financial instruments.

In order to take into account the specifics 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 by the Policy for managing interest and currency risks of the banking book of the Bank.

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 stipulated by 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 of interest rates. The main objective of the interest rate risk management is ensuring 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.

(in thousands of Belarusian Rubles)

32. Risk management policies (continued)

Interest rate risk (continued)

Impact on the financial result:

BYN	*31 December 2022* Interest rate +0.5 p.p.	*31 December 2022* Interest rate -0.5 p.p.	*31 December 2021* Interest rate +7.75 p.p.	*31 December 2021* Interest rate -7.75 p.p.
Impact on profit before taxes				
Assets				
Due from banks	290	(290)	–	–
Loans to customers	6,802	(6,802)	91,387	(91,387)
Securities measured at fair value through other comprehensive income	219	(219)	3,852	(3,852)
Liabilities				
Due to banks	(254)	254	(3,701)	3,701
Due to customers	(7,198)	7,198	(96,785)	96,785
Debt securities issued	(275)	275	(12,645)	12,645
Net impact on profit before taxes	**(416)**	**416**	**(17,892)**	**17,892**
Impact on comprehensive income (excluding profit for the year) / equity				
Securities measured at fair value through other comprehensive income	–	–	–	–
Net impact on comprehensive income	**(416)**	**416**	**(17,892)**	**17,892**

USD	*31 December 2022* Interest rate +5 p.p.	*31 December 2022* Interest rate -5 p.p.	*31 December 2021* Interest rate +20 p.p.	*31 December 2021* Interest rate -20 p.p.
Impact on profit before taxes				
Assets				
Loans to customers	121	(121)	5,051	(5,051)
Securities measured at fair value through other comprehensive income	156	(156)	496	(496)
Liabilities				
Due to banks	(5,846)	5,846	(55,360)	55,360
Due to customers	(26,340)	26,340	(102,868)	102,868
Debt securities issued	(4,298)	4,298	(183)	183
Net impact on profit before taxes	**(36,207)**	**36,207**	**(152,864)**	**152,864**
Impact on comprehensive income (excluding profit for the year) / equity				
Securities measured at fair value through other comprehensive income	–	–	–	–
Net impact on comprehensive income	**(36,207)**	**36,207**	**(152,864)**	**152,864**

(in thousands of Belarusian Rubles)

32. Risk management policies (continued)

Interest rate risk (continued)

EUR	*31 December 2022* Interest rate +5 p.p.	*31 December 2022* Interest rate -5 p.p.	*31 December 2021* Interest rate +20 p.p.	*31 December 2021* Interest rate -20 p.p.
Impact on profit before taxes				
Assets				
Loans to customers	1,965	(1,965)	84,162	(84,162)
Securities measured at fair value through other comprehensive income	7,350	(7,350)	32,537	(32,537)
Liabilities				
Due to banks	(6,309)	6,309	(30,527)	30,527
Due to customers	(10,333)	10,333	(60,489)	60,489
Debt securities issued	(63)	63	(15)	15
Net impact on profit before taxes	**(7,390)**	**7,390**	**25,668**	**(25,668)**
Impact on comprehensive income (excluding profit for the year) / equity				
Securities measured at fair value through other comprehensive income	–	–	–	–
Net impact on comprehensive income	**(7,390)**	**7,390**	**25,668**	**(25,668)**

RUB	*31 December 2022* Interest rate +1.5 p.p.	*31 December 2022* Interest rate -1.5 p.p.	*31 December 2021* Interest rate +20.75 p.p.	*31 December 2021* Interest rate -20.75 p.p.
Impact on profit before taxes				
Assets				
Loans to customers	9,038	(9,038)	54,794	(54,794)
Securities measured at fair value through other comprehensive income	11	(11)	157	(157)
Liabilities				
Due to banks	(4,371)	4,371	(17,094)	17,094
Due to customers	(4,268)	4,268	(42,651)	42,651
Net impact on profit before taxes	**410**	**(410)**	**(4,794)**	**4,794**
Impact on comprehensive income (excluding profit for the year) / equity				
Securities measured at fair value through other comprehensive income	–	–	–	–
Net impact on comprehensive income	**410**	**(410)**	**(4,794)**	**4,794**

Currency risk

Currency risk is the risk that the Group may incur losses or will not receive expected profit from changes in the value of balance sheet and off-balance sheet items denominated in foreign currency due to changes in foreign exchange rates and precious metals. 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 aimed 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 limitations for open currency position by each type of currency for carrying positions over the next day depending on volatility of currency pairs and stop-loss limit. Considering increased volatility of world markets and for estimation of extraordinary, but still possible, events, the Group uses stress-testing procedure. 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)

32. Risk management policies (continued)

Currency risk (continued)

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

31 December 2022	*BYN*	*USD 1USD=BYN 2.7364*	*EUR 1EUR=BYN 2.9156*	*RUB 1RUB=BYN 0.0378*	*Precious metals*	*Other currencies*	*Total*
Financial assets							
Cash and cash equivalents	682,492	442,725	168,535	88,035	–	12,051	**1,393,838**
Mandatory cash balances with the National Bank of the Republic of Belarus	22,785	–	–	–	–	–	**22,785**
Due from banks	10,000	1	–	–	45,309	–	**55,310**
Loans to corporate customers	909,650	2,899	130,340	676,847	–	2,690	**1,722,426**
Loans to individuals	692,374	455	1	–	–	–	**692,830**
Securities measured at fair value through other comprehensive income	43,895	483,930	147,077	741	–	–	**675,643**
Other financial assets	52,277	32	3,341	15,421	–	–	**71,071**
Total non-derivative financial assets	**2,413,473**	**930,042**	**449,294**	**781,044**	**45,309**	**14,741**	**4,633,903**
Financial liabilities							
Due to banks	55,749	122,008	152,731	525,326	1,493	7,353	**864,660**
Due to individuals	437,835	390,238	70,742	60,189	26,924	10	**985,938**
Due to corporate customers	1,058,018	316,385	192,291	286,198	16,885	4,563	**1,874,340**
Debt securities issued	55,026	111,782	4,927	–	–	–	**171,735**
Other financial liabilities	29,661	12,579	6,958	885	–	1	**50,084**
Subordinated loan	–	–	43,734	–	–	–	**43,734**
Total non-derivative financial liabilities	**1,636,289**	**952,992**	**471,383**	**872,598**	**45,302**	**11,927**	**3,990,491**
Open currency position	**777,184**	**(22,950)**	**(22,089)**	**(91,554)**	**7**	**2,814**	

Derivative financial instruments

The analysis of currency risk on derivative financial instruments at their nominal value is given below. Nominal value of derivative financial instruments represents contract claims/obligations at the official exchange rate at the reporting date. Nominal 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 2022	*BYN*	*USD 1USD=BYN 2.7364*	*EUR 1EUR=BYN 2.9156*	*RUB 1RUB=BYN 0.0378*	*Precious metals*	*Other currencies*	*Total*
Claims at nominal value on derivative financial instruments	10,000	10,946	3,790	–	–	–	**24,736**
Obligations at nominal value on derivative financial instruments	–	(2,332)	–	(21,679)	–	–	**(24,011)**
Net derivative financial instruments	**10,000**	**8,614**	**3,790**	**(21,679)**	**–**	**–**	**725**
Total currency position less fair value of derivative financial instruments	**787,184**	**(14,336)**	**(18,299)**	**(113,233)**	**7**	**2,814**	

(in thousands of Belarusian Rubles)

32. Risk management policies (continued)

Currency risk (continued)

31 December 2021	*BYN*	*USD 1USD=BYN 2.5481*	*EUR 1EUR=BYN 2.8826*	*RUB 1RUB=BYN 0.0343*	*Precious metals*	*Other currencies*	*Total*
Financial assets							
Cash and cash equivalents	615,260	451,997	119,522	66,653	–	8,332	**1,261,764**
Mandatory cash balances with the National Bank of the Republic of Belarus	26,609	–	–	–	–	–	**26,609**
Due from banks	–	–	–	–	59,022	–	**59,022**
Loans to corporate customers	836,735	49,637	672,359	424,909	–	–	**1,983,640**
Loans to individuals	760,551	994	15	–	–	–	**761,560**
Securities measured at fair value through other comprehensive income	49,303	452,093	162,713	758	–	–	**664,867**
Securities measured at fair value through profit or loss	–	6,072	–	–	–	–	**6,072**
Other financial assets	14,026	1,238	762	813	–	6	**16,845**
Total non-derivative financial assets	**2,302,484**	**962,031**	**955,371**	**493,133**	**59,022**	**8,338**	**4,780,379**
Financial liabilities							
Due to banks	53,240	288,837	324,788	104,530	1,359	1,679	**774,433**
Due to individuals	374,467	477,254	95,945	40,762	40,824	285	**1,029,537**
Due to corporate customers	975,014	267,717	250,804	220,449	16,859	4,523	**1,735,366**
Debt securities issued	163,657	163,999	17,143	–	–	–	**344,799**
Other financial liabilities	17,965	13,856	17,830	760	–	20	**50,431**
Subordinated loan	–	–	187,369	–	–	–	**187,369**
Total non-derivative financial liabilities	**1,584,343**	**1,211,663**	**893,879**	**366,501**	**59,042**	**6,507**	**4,121,935**
Open currency position	**718,141**	**(249,632)**	**61,492**	**126,632**	**(20)**	**1,831**	

Derivative financial instruments

The analysis of currency risk on derivative financial instruments at their nominal value is given below. Nominal value of derivative financial instruments represents contract claims/obligations at the official exchange rate at the reporting date. Nominal 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 2021	*BYN*	*USD 1USD=BYN 2.5481*	*EUR 1EUR=BYN 2.8826*	*RUB 1RUB=BYN 0.0343*	*Precious metals*	*Other currencies*	*Total*
Claims at nominal value on derivative financial instruments	27,900	500,625	218,357	29,025	–	120	**776,027**
Obligations at nominal value on derivative financial instruments	–	(244,628)	(322,099)	(212,621)	–	(1,688)	**(781,036)**
Net derivative financial instruments	**27,900**	**255,997**	**(103,742)**	**(183,596)**	**–**	**(1,568)**	**(5,009)**
Total currency position less fair value of derivative financial instruments	**746,041**	**6,365**	**(42,250)**	**(56,964)**	**(20)**	**263**	

Contingent liabilities and credit commitments

31 December 2022	*BYN*	*USD 1USD=BYN 2.7364*	*EUR 1EUR=BYN 2.9156*	*RUB 1RUB=BYN 0.0378*	*Precious metals*	*Other currencies*	*Total*
Contingent liabilities and credit commitments	620,662	4,946	129,958	208,959	–	330	**964,855**

31 December 2021	*BYN*	*USD 1USD=BYN 2.5481*	*EUR 1EUR=BYN 2.8826*	*RUB 1RUB=BYN 0.0343*	*Precious metals*	*Other currencies*	*Total*
Contingent liabilities and credit commitments	444,762	13,281	166,571	129,851	–	15,517	**769,982**

(in thousands of Belarusian Rubles)

32. Risk management policies (continued)

Currency risk sensitivity

The following table details the Group's sensitivity to an increase and decrease in the USD, EUR and RUB rates against 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 2022 and 31 December 2021. The sensitivity analysis includes only amounts in foreign currency outstanding at the end of the period, which are translated at the end of this period using exchange rates adjusted for the respective percentage as compared with the current ones.

	At 31 December 2022		*At 31 December 2021*	
	BYN/USD +13.29%	***BYN/USD -0.00%***	***BYN/USD +76.98%***	***BYN/USD -0.00%***
Impact on profit or loss	(1,905)	–	4,900	–
Impact on comprehensive income/equity	(1,905)	–	4,900	–

	At 31 December 2022		*At 31 December 2021*	
	BYN/EUR +6.32%	***BYN/EUR -0.00%***	***BYN/EUR +76.11%***	***BYN/EUR -0.00%***
Impact on profit or loss	(1,157)	–	(32,156)	–
Impact on comprehensive income/equity	(1,157)	–	(32,156)	–

	At 31 December 2022		*At 31 December 2021*	
	BYN/RUB +14.97%	***BYN/RUB -1.00%***	***BYN/RUB +13.01%***	***BYN/RUB -1.00%***
Impact on profit or loss	(16,954)	1,132	(7,414)	570
Impact on comprehensive income/equity	(16,954)	1,132	(7,414)	570

Limitations of sensitivity analysis

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In fact, there is a correlation between the assumptions and other factors. It should be also 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.

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. Another limitation is the assumption that all interest rates change in a similar way.

Operational risk

Operational risk is the risk that the Group may incur losses and/or additional costs, will not receive the expected profit as a result of non-compliance of the Group's established norms and procedures for 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.

The main objective of managing operational risk as an integral 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 organization of internal processes and due to external factors (events), measuring the amount of operational risk to calculate the required regulatory and economic capital.

The main methods for 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 legal support for the Group's operations, including the usage of standard forms of documents;
- Control of information and access to it, ensuring information security;
- Standardization and optimization of accounting and information systems of the Group.

33. Subsequent events

On 15 February 2023, the ownership rights of LLC “SB-Global” of 50% interest in the statutory fund of LLC “SanBridz” were sold. As a result, LLC “SanBridz” was excluded from the list of participants of Sber Bank banking holding.

In accordance with the Charter of Sber Bank, on 28 March 2023, dividends on preference shares were declared and approved in the amount of nominal value of a share, namely, BYN 0.05 per 1 preference share (BYN 43 thousand) based on the performance of Sber Bank in 2022. Dividends on ordinary shares were declared and approved in the amount of BYN 0.055 per 1 ordinary share (BYN 80,754 thousand).