Translation from the original in Russian

Bank BelVEB OJSC

Consolidated financial statements

Year ended 31 December 2024
together with the independent auditor's report

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Auditor's report

Translation from the original in Russian

To Mr. Vasil S. Matsiusheuski
Chairman of the Management Board of Bank BelVEB OJSC

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

Opinion

We have audited the consolidated financial statements of Belvnesheconombank Open Joint Stock Company and its subsidiaries (hereinafter, "Bank BelVEB OJSC" or the "Bank") (address: 29 Pobediteley av., Minsk, Republic of Belarus, 220004; date of state registration: 12 December 1991; registration number in the State Register of Legal Entities and Individual Entrepreneurs: 100010078), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 "consolidated financial statements").

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

Basis for opinion

We conducted our audit in accordance with the Law of the Republic of Belarus *On Auditing Activities*, the National Rules for Auditing Activities effective in the Republic of Belarus and International Standards on Auditing (ISA). Our responsibilities under those rules and standards are further described in the *Audit firm's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Bank 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 consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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 *Audit firm's responsibilities for the audit of the consolidated 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 consolidated 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 the Bank's management. Identification of factors of a significant increase in credit risk, including identification of the change in the risk of default occurring over the remaining life of the financial instrument, identification of default (impairment stages) and estimation of its probability, the level of recovery and macroeconomic forecast ratio require the 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 amount 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. The information on the allowance for expected credit losses on loans to customers and the Bank's management approach to assessing and managing credit risk are described in Notes 3, 4, 10 and 28 to the consolidated financial statements.	Our audit procedures included the analysis of the methodology for assessing the allowance for expected credit losses on loans to legal entities and individuals, testing of controls over the customer lending process, including testing of controls over the accounting for overdue debt and procedures to identify factors of a significant increase in credit risk and indicators of loan impairment. In respect of the assessment of the allowance for expected credit losses on loans to legal entities, we reviewed assumptions, tested input data used by the Bank, and analyzed the model for assessing the probability of default, the level of recovery and macroeconomic forecast ratio. We reviewed the classification of loans by credit quality stage and recalculated the allowance for expected credit losses. Our audit procedures also included the recalculation of the allowance for individually significant loans and loans with higher credit risk exposure. We analyzed the financial position of the borrowers and the Bank's strategy to collect outstanding amounts under impaired loans. We reviewed consistency of management's assumptions applied in calculating the allowance for expected credit losses. We analyzed information related to the allowance for expected credit losses on loans, disclosed in the notes to the consolidated financial statements.

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

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

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

The Audit Committee of Bank BelVEB OJSC is responsible for overseeing the Bank's consolidated financial reporting process.

Audit firm's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of the Republic of Belarus *On Auditing Activities*, the National Rules for Auditing Activities effective in the Republic of Belarus and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control system.
- Obtain an understanding of internal control system relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control system.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management 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 Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of entities or business activities within the Bank to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the Bank. We remain solely responsible for our audit opinion.

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

We also provide the Supervisory Board and the Audit Committee of Bank BelVEB OJSC with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, threat mitigation actions or related safeguards.

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

Engagement Partner
Olga M. Yarmakovich
General Director

Auditor's qualification certificate No. 0002233 issued by the Ministry of Finance of the Republic of Belarus.

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-banking credit and financial institutions, banking groups and banking holdings No. 145.

Audit Team Executive
Ellina F. Martynenkova

Auditor's qualification certificate No. 0002749 issued by the Ministry of Finance of the Republic of Belarus.

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-banking credit and financial institutions, banking groups and banking holdings No. 144.

The auditor's report was signed on 11 March 2025.

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: 51a, 15th floor, Klary Tsetkin str., Minsk, Republic of Belarus, 220004.

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Consolidated statement of financial position

As at 31 December 2024

(Thousands of Belarusian rubles)

	Notes	*2024*	*2023*
Assets			
Cash and cash equivalents	6	1,165,653	997,276
Trading securities	7	5,500	4,650
Amounts due from credit institutions	8	51,125	40,380
Derivative financial assets	9	93	201
Loans to customers	10	3,156,376	2,878,081
Investment securities	11	1,371,841	995,439
Property and equipment	12	61,628	52,818
Right-of-use assets	13	7,806	6,679
Intangible assets	14	77,739	55,786
Current income tax asset		6,085	1,962
Deferred income tax assets	15	–	1,091
Other assets	17	62,935	19,890
Total assets		**5,966,781**	**5,054,253**
Liabilities			
Amounts due to credit institutions	18	693,510	860,765
Amounts due to the National Bank of the Republic of Belarus	19	9,567	9,431
Derivative financial liabilities	9	–	3
Amounts due to customers	20	3,794,179	3,055,526
Debt securities issued	21	196,795	99,125
Lease liabilities		7,255	6,198
Current income tax liabilities		2	2,076
Deferred income tax liabilities	15	30,881	223
Other liabilities and provisions	17	76,659	89,343
Subordinated loan	22	155,587	193,470
Total liabilities		**4,964,435**	**4,316,160**
Equity			
Share capital	23	473,057	473,057
Share premium		458	458
Additional paid-in capital		6,877	7,073
Revaluation reserve for buildings	23	2,673	2,968
Revaluation reserve for securities	23	38,707	10,422
Foreign currency translation reserve	23	(87)	(49)
Retained earnings		480,661	244,164
Total equity attributable to shareholders of the Bank		**1,002,346**	**738,093**
Total equity		**1,002,346**	**738,093**
Total equity and liabilities		**5,966,781**	**5,054,253**

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

Vasil S. Matsiusheuski — Chairman of the Management Board of the Bank

Olga S. Turbina — Chief Accountant, Head of the Accounting and Taxation Department

11 March 2025

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

Consolidated statement of profit or loss

For the year ended 31 December 2024

(Thousands of Belarusian rubles)

	Notes	2024	2023
Interest revenue calculated using the effective interest rate			
Loans to customers		374,359	292,018
Investment securities		110,913	68,986
Amounts due from credit institutions		26,078	8,234
		511,350	**369,238**
Other interest revenue		**2,714**	**2,484**
Interest expense			
Amounts due to credit institutions		(58,154)	(36,431)
Amounts due to customers		(154,211)	(97,416)
Subordinated loan		(15,197)	(22,344)
Interest expense under leases		(455)	(633)
Debt securities issued		(19,081)	(13,246)
Expenses on mandatory contributions to the reserve of the Agency of Deposit Compensation		(2,036)	(2,224)
		(249,134)	**(172,294)**
Net interest income		**264,930**	**199,428**
Reversal/(charge) of allowances for credit losses	16	51,542	(7,622)
Effect of modification of financial instruments	10	(6,900)	(17,531)
Net gains/(losses) from initial recognition of interest-bearing financial instruments		2,297	(7,244)
Net interest income after charge of allowances for credit losses		**311,869**	**167,031**
Net fee and commission income	25	47,731	48,486
Net (losses)/gains from loans to customers at fair value through profit or loss		(335)	943
Net gains from trading securities		386	118
Net losses from investment securities at fair value through other comprehensive income		(6,827)	(7,313)
Net gains from derecognition of financial instruments		35,529	–
Net gains/(losses) from foreign currencies:			
- dealing		32,384	23,110
- transactions with currency derivative financial instruments		732	667
- translation differences		(4,701)	(12,184)
Share of loss of associates and jointly controlled entities		–	(1,695)
Other income	26	55,075	70,047
Non-interest income		**159,974**	**122,179**
Personnel expenses	27	(95,890)	(86,273)
Other operating expenses	27	(88,433)	(72,393)
Depreciation and amortization	12, 13, 14	(21,414)	(17,961)
Taxes other than income tax		(5,958)	(3,959)
Reversal/(charge) of allowances for credit losses on other financial assets and credit-related contingencies	16	19,273	(16,219)
Charge of other provisions	16	(122)	(49)
Non-interest expense		**(192,544)**	**(196,854)**
Profit before income tax expense from continuing operations		**279,299**	**92,356**
Income tax expense	15	(42,843)	(21,189)
Profit for the year		**236,456**	**71,167**
Attributable to:			
- Shareholders of the Bank		236,456	71,167

Consolidated statement of comprehensive income

For the year ended 31 December 2024

(Thousands of Belarusian rubles)

	Notes	*2024*	*2023*
Profit for the year		**236,456**	**71,167**
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods			
Net change in the fair value of debt instruments at fair value through other comprehensive income		49,849	64,900
Change in the allowance for expected credit losses on debt instruments at fair value through other comprehensive income		(28,391)	27,277
Amount of accumulated earnings reclassified to profit or loss upon disposal of debt investments at fair value through other comprehensive income		6,827	7,313
Effect of translation into reporting currency		(38)	(49)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**28,247**	**99,441**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Impairment of property and equipment		(254)	(235)
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(254)**	**(235)**
Other comprehensive income for the year		**27,993**	**99,206**
Total comprehensive income for the year		**264,449**	**170,373**
Attributable to:			
- Shareholders of the Bank		264,449	170,373
		264,449	**170,373**

Consolidated statement of changes in equity

For the year ended 31 December 2024

(Thousands of Belarusian rubles)

	Attributable to shareholders of the Bank							
	Share capital	***Share premium***	***Additional paid-in capital***	***Revaluation reserve for buildings***	***Revaluation reserve for securities***	***Retained earnings***	***Foreign currency translation reserve***	***Total***
31 December 2022	**473,057**	**458**	**7,777**	**3,243**	**(89,068)**	**172,957**	**–**	**568,424**
Profit for the year	–	–	–	–	–	71,167	–	**71,167**
Other comprehensive (loss)/income for the year	–	–	–	(235)	99,490	–	(49)	**99,206**
Total comprehensive (loss)/income for the year	**–**	**–**	**–**	**(235)**	**99,490**	**71,167**	**(49)**	**170,373**
Transactions with shareholders	–	–	(704)	–	–	–	–	**(704)**
Amortization of revaluation reserve for buildings, net of tax (Note 23)	–	–	–	(40)	–	40	–	**–**
31 December 2023	**473,057**	**458**	**7,073**	**2,968**	**10,422**	**244,164**	**(49)**	**738,093**
Profit for the year	–	–	–	–	–	236,456	–	**236,456**
Other comprehensive (loss)/income for the year	–	–	–	(254)	28,285	–	(38)	**27,993**
Total comprehensive (loss)/income for the year	**–**	**–**	**–**	**(254)**	**28,285**	**236,456**	**(38)**	**264,449**
Transactions with shareholders	–	–	(196)	–	–	–	–	**(196)**
Amortization of revaluation reserve for buildings, net of tax (Note 23)	–	–	–	(41)	–	41	–	**–**
31 December 2024	**473,057**	**458**	**6,877**	**2,673**	**38,707**	**480,661**	**(87)**	**1,002,346**

Consolidated statement of cash flows

For the year ended 31 December 2024

(Thousands of Belarusian rubles)

	Notes	*2024*	*2023*
Profit for the reporting period		**236,456**	**71,167**
Adjustments			
Depreciation and amortization	12, 13, 14	21,414	17,961
Income tax expense	15	42,843	21,189
Charge of allowances for ECL and other provisions	16	(70,693)	23,890
Net gains from investment financial assets at fair value through other comprehensive income		6,827	7,313
Share of loss of associates and jointly controlled entities		–	1,695
Translation differences		4,701	12,184
Net loss from initial recognition of interest-bearing financial instruments		(2,297)	7,244
Effect of modification of contractual terms of financial instruments		6,900	17,531
Loss/(gain) from disposal of property and equipment, intangible assets and other assets	26, 27	1,449	(730)
Changes in accrued interest income and expense		9,363	(30,757)
Other changes		(21,812)	1,417
Cash flows from operating activities before changes in operating assets and liabilities		**235,151**	**150,104**
Net decrease/(increase) in operating assets			
Amounts due from credit institutions		(5,795)	(10,220)
Financial assets at fair value through profit or loss		(386)	1,859
Loans to customers		(202,154)	(320,703)
Other assets		(12,692)	(1,123)
Net increase/(decrease) in operating liabilities			
Short-term amounts due to credit institutions		(145,569)	349,335
Amounts due to customers		618,320	269,674
Other liabilities		28,700	18,286
Net cash flows from operating activities before income tax		**515,575**	**457,212**
Income tax paid		(17,291)	(10,475)
Net cash from operating activities		**498,284**	**446,737**

Consolidated statement of cash flows (continued)

	Notes	*2024*	*2023*
Cash flows from investing activities			
Proceeds from sale and redemption of investment securities		747,211	286,826
Purchase of investment securities		(1,061,567)	(449,412)
Purchase of property and equipment and intangible assets	12, 14	(53,147)	(31,996)
Proceeds from sale of property and equipment and intangible assets		1,367	7,939
Net cash used in investing activities		**(366,136)**	**(186,643)**
Cash flows from financing activities			
Proceeds from long-term interbank borrowings		11,084	16,901
Repayment of long-term interbank borrowings		(22,748)	(82,358)
Repayment of subordinated loan	22	(50,768)	(120,304)
Proceeds from issue of own debt securities		1,115,679	273,865
Redemption of own debt securities		(1,027,602)	(216,623)
Lease payments		(2,071)	(4,172)
Net cash from/(used in) financing activities		**23,574**	**(132,691)**
Effect of exchange rate changes on cash and cash equivalents		12,655	51,109
Net increase in cash and cash equivalents		**168,377**	**178,512**
Cash and cash equivalents, beginning		997,276	818,764
Cash and cash equivalents, ending	6	**1,165,653**	**997,276**

Interest paid and received by the Bank during the year ended 31 December 2024 amounted to BYN 242,951 thousand and BYN 516,816 thousand, respectively.

Interest paid and received by the Bank during the year ended 31 December 2023 amounted to BYN 166,314 thousand and BYN 336,409 thousand, respectively.

(Thousands of Belarusian rubles, unless otherwise indicated)

1. Principal activity

Belvnesheconombank Open Joint Stock Company (Bank BelVEB OJSC) was formed on 12 December 1991 as an open joint stock company under the laws of the Republic of Belarus. Bank BelVEB OJSC operates under general banking license No. 6 issued by the National Bank of the Republic of Belarus on 21 February 2024 (before 21 February 2024: under general banking license No. 6 issued by the National Bank of the Republic of Belarus on 24 February 2023) and the special permit (license) for operations with securities issued by the Ministry of Finance of the Republic of Belarus on 29 July 2002.

Bank BelVEB OJSC is a universal financial institution specializing in international settlements, currency operations and other services relating to foreign trade activities of the state and customers. The Bank has extensive experience and a proven track record in both international and domestic markets. The Bank's main office is in Minsk. As at 31 December 2024, the Bank has an extensive network of sales points, which comprises 27 offices rendering services to individuals and legal entities (including the large business category), of which 5 offices in regional cities, 11 offices in Minsk, 11 offices in other cities throughout the country and 4 remote workplaces, two of which are in Minsk and the other two – in Kobrin and Soligorsk, respectively.

The registered address of Bank BelVEB OJSC is 29 Pobediteley av., Minsk, Republic of Belarus, 220004.

Bank BelVEB OJSC is a member of the guaranteed deposit compensation system. The system operates under the Belarusian laws and regulations and is governed by the public institution "Agency of Deposit Compensation." The system covers Bank BelVEB OJSC's liabilities to individual depositors for 100% of each individual deposit amount in case of business failure and revocation of the banking license issued by the National Bank of the Republic of Belarus.

These consolidated financial statements comprise the financial statements of Bank BelVEB OJSC and its subsidiaries, associates and jointly controlled entities (together referred to as the "Bank"). A list of consolidated subsidiaries, associates and jointly controlled entities is presented in Note 2.

As at 31 December, the following shareholders owned the outstanding shares:

Shareholder	*2024, %*	*2023, %*
State Development Corporation VEB.RF	97.52	97.52
Other	2.48	2.48
Total	**100.00**	**100.00**

The Bank is ultimately controlled by the Russian Government.

As at 31 December 2024 and 31 December 2023, the Bank's shares were not controlled by members of the Management Board.

2. Basis of preparation

General

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and are presented in thousands of Belarusian rubles ("BYN thousand").

Bank BelVEB OJSC (and its subsidiaries, associates and jointly controlled entities) are required to maintain their accounting records and prepare their accounting (financial) statements for regulatory purposes in accordance with the Belarusian accounting and banking legislation and related instructions ("BAL"). These consolidated financial statements are based on the Bank's BAL books and records, as adjusted and reclassified in order to comply with IFRS.

The consolidated financial statements have been prepared on a going concern basis. The Bank will continue to operate in the foreseeable future and has neither the intention nor the need to liquidate or significantly curtail its operations. In assessing the appropriateness of the going concern basis, all relevant information covering a period of at least 12 months from the date of approval of the consolidated financial statements has been taken into account. Bank BelVEB OJSC does not expect any significant impairment of financial assets, does not believe that these circumstances affect the ability of Bank BelVEB OJSC to continue its operations in the foreseeable future, and continuously monitors the situation.

The consolidated financial statements have been prepared under the historical cost convention except as disclosed in the material accounting policies below. For example, debt securities at fair value through other comprehensive income, securities at fair value through profit or loss, property and equipment (buildings) and derivative financial instruments have been measured at fair value.

(Thousands of Belarusian rubles, unless otherwise indicated)

2. Basis of preparation (continued)

Subsidiaries

The consolidated financial statements for 2024 and 2023 include financial statements of the following subsidiaries:

As at 31 December 2024:

Subsidiary	*Interest/ voting, %*	*Country*	*Date of incorporation*	*Industry*
BelVEB Insurance LLC	100.0	Republic of Belarus	17 October 1994	Insurance
VEB Technologies LLC	100.0	Republic of Belarus	2 March 2018	IT
VEBTECH LLC	100.0	Russian Federation	24 June 2022	Research

As at 31 December 2023:

Subsidiary	*Interest/ voting, %*	*Country*	*Date of incorporation*	*Industry*
BelVEB Insurance UIE	100.0	Republic of Belarus	17 October 1994	Insurance
VEB Technologies LLC	100.0	Republic of Belarus	2 March 2018	IT
DFS LLC	100.0	Republic of Belarus	26 March 2019	Finance
VEBTECH LLC	100.0	Russian Federation	24 June 2022	Research

In March 2019, VEB Technologies LLC founded DFS LLC, a subsidiary, in which it holds a 100% stake worth BYN 2,100 thousand. In September 2024, VEB Technologies LLC sold its stake in DFS LLC.

Associates and jointly controlled entities

In 2019, the Bank co-founded BelVEB Capital LLC and BelVEB Service LLC, in which it holds a 19% interest in the share capital. Although its stakes were less than 50%, the Bank believed that the companies were managed through joint control. In view of the amendments to the charter documents, the Bank believes that it ceased exercising joint control over these companies at the end of 2023. The loss of control was recorded in its financial statements as disposal.

As at 31 December 2024 and 31 December 2023, the Bank did not have associates and jointly controlled entities.

Economic environment

Impact of the geopolitical situation

In 2024, the Bank was affected by negative external factors due to increasing sanctions pressure. Sanctions of the European Union, the United States and some other countries against certain economy sectors and some Belarusian state and commercial organizations, including banks and individuals, remained in force, as well as restrictions on certain types of transactions, including blocking of entities' cash on accounts with foreign banks and blocking payments on Eurobonds issued by the Republic of Belarus, restrictions on transactions carried out abroad and on borrowings from Western and other counterparties that joined these sanctions. The sanctions imposed against the Bank had no material impact on its activities in the reporting period. The Bank continues to operate as normal, providing services to individuals and legal entities and discharging its obligations to customers and partners.

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

Estimation uncertainty

To the extent that information is available as at 31 December 2024, the Bank reflected revised estimates of expected future cash flows in its assessment of expected credit losses ("ECL") (Note 16) and estimation of fair values of financial instruments (Note 29).

Reclassification

The consolidated statement of profit or loss for 2023 was amended to conform to the presentation format for 2024 with respect to the separate presentation of expenses on mandatory contributions to the reserve of the Agency of Deposit Compensation.

3. Material accounting policies

Changes in accounting policies

The Bank applied for the first time certain new standards and amendments to the standards, which became effective for annual periods beginning on or after 1 January 2024. The Bank has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The new standards, amendments and interpretations that became effective on 1 January 2024 are disclosed below.

Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to clarify 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 right to defer settlement must exist at the end of the reporting period;
- That classification of liabilities is not affected 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 should 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 12 months.

The amendments are effective for annual periods beginning on or after 1 January 2024.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements

In May 2023, the IASB issued amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* that clarify the characteristics of supplier finance arrangements and require additional disclosures for such arrangements. The disclosure requirements in the amendments aim to assist users of financial statements in understanding the impact of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Transitional provisions in the amendments state that entities do not have to disclose certain comparative information for any reporting periods presented before the beginning of the annual reporting period in which the entity first applies those amendments, and certain information as at the beginning of the year otherwise required to be disclosed as at the beginning of the annual reporting period in which the entity first applies those amendments.

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 must apply the amendments for annual reporting periods beginning on or after 1 January 2024.

3. Material accounting policies (continued)

Basis of consolidation

Subsidiaries, which are entities controlled by the Bank, are consolidated. Control is achieved when the Bank 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 Bank controls an investee if, and only if, the Bank 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 Bank has less than a majority of the voting or similar rights of an investee, the Bank considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

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

If the Bank loses control over a subsidiary, it derecognizes the assets 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.

Investments in associates and jointly controlled entities

Associates are entities significantly influenced by the Bank.

Jointly controlled entities involve joint operation, through which the parties exercise joint control over the entity and have rights to net assets of the entity.

The Bank records investments in the jointly controlled entity and the associate under the equity method.

The Bank's aggregate share in profit or loss of its associate and jointly controlled entity is recognized in profit or loss separately from profit from operating activities and represents profit or loss after tax and non-controlling interests in subsidiaries owned by them.

Fair value measurement

The Bank measures financial instruments at fair value through profit or loss ("FVPL") and at fair value through other comprehensive income ("FVOCI"), as well as non-financial assets such as property and equipment (buildings), at fair value at each reporting date.

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.

(Thousands of Belarusian rubles, unless otherwise indicated)

3. Material accounting policies (continued)

Fair value measurement (continued)

The principal or the most advantageous market must be accessible by the Bank. 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 Bank 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.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Bank 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 assets and liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial measurement

Financial assets of the Bank are classified, at initial recognition, as measured at amortized cost, at fair value through profit or loss or at fair value through other comprehensive income (OCI).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Bank's business model for managing them. With the exception of trade receivables that, according to management of the Bank, do not contain a significant financing component or for which the Bank has applied the practical expedient, the Bank initially measures financial assets at their fair value plus transaction costs. Trade receivables are measured at the transaction price.

For a financial asset to be classified and measured at amortized cost or at fair value through OCI, it needs to give rise to cash flows that are the 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed for each instrument individually. Financial assets with cash flows that do not meet the test criteria are classified as measured at fair value through profit or loss, irrespective of the business model.

The Bank's business model for managing financial assets determines whether cash flows will result from collecting contractual cash flows, or selling financial assets, or both. Financial assets classified as measured at amortized cost are held under a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified as measured at fair value through OCI are held under a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.

Purchases or sales of financial assets that require delivery of assets within a time frame established by law or convention in the marketplace (regular way purchases or sales) are recognized on the trade date, i.e. the date when the Bank commits to purchase or sell the asset.

Subsequent measurement

Financial assets at amortized cost (debt instruments)

After initial recognition, financial assets of this category are measured using the effective interest rate method that provides for interest income accruals. Moreover, they are subject to financial asset impairment requirements. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

(Thousands of Belarusian rubles, unless otherwise indicated)

3. Material accounting policies (continued)

Financial assets and liabilities (continued)

Debt instruments at fair value through OCI

For this category of financial assets, interest income, foreign exchange revaluation and impairment losses or their reversals are recognized in the consolidated statement of profit or loss and calculated in the same manner as for financial assets measured at amortized cost. The remaining fair value changes for the period are recognized in OCI. Upon derecognition of such assets, the cumulative fair value change recognized in OCI is reclassified to profit or loss.

This category of financial assets includes the Bank's investments in bonds of third parties.

Equity instruments classified at the Bank's discretion as measured at fair value through OCI

Upon initial recognition, the Bank elects to classify irrevocably its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. Such decision to classify is adopted for each instrument separately.

Dividends on such investments are recognized as finance income in the consolidated statement of profit or loss when the right of payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Guarantees, letters of credit and loan commitments

The Bank issues guarantees, letters of credit and loan commitments.

Guarantees are initially recognized in the financial statements at fair value, in the amount of the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the consolidated statement of profit or loss, of the allowance for expected credit losses.

Undrawn loan commitments and letters of credits are commitments, where, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. Similarly to financial guarantees, the ECL measurement requirements are applied to such commitments.

The Bank occasionally issues loan commitments at below market interest rates. Such commitments are initially recognized at fair value and subsequently measured at the higher of the amount of the allowance for ECL and the amount initially recognized less, when appropriate, the cumulative amount of income recognized.

Reclassification of financial assets and liabilities

The Bank does not reclassify its financial assets subsequent to their initial recognition, apart from exceptional cases, when the Bank changes the business model for managing financial assets. Financial liabilities are never reclassified. In 2024, the Bank did not reclassify any of its financial assets and liabilities.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, amounts due from the National Bank of the Republic of Belarus, excluding obligatory reserves, and amounts due from credit institutions that mature within ninety days of the date of origination and are free from contractual encumbrances.

Derivative financial instruments

In the normal course of business, the Bank enters into various derivative financial instruments including forwards and swaps in the foreign exchange market. Such financial instruments are held for trading and are recorded at fair value. The fair values are estimated based on quoted market prices or pricing models that take into account the current market and contractual prices of the underlying instruments and other factors. Derivatives are carried as assets when their fair value is positive and as liabilities when it is negative. Gains and losses resulting from these instruments are included in the consolidated statement of profit or loss as net gains/(losses) from foreign currencies.

(Thousands of Belarusian rubles, unless otherwise indicated)

3. Material accounting policies (continued)

Borrowings

Issued financial instruments or their components are classified as liabilities, where the substance of the contractual arrangement results in the Bank having an obligation either to deliver cash or other financial assets to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or other financial assets for a fixed number of its own equity instruments. Such instruments include amounts due to the National Bank of the Republic of Belarus, amounts due to credit institutions, amounts due to customers, debt securities issued, other borrowings and subordinated loans. After initial recognition, borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the consolidated statement of profit or loss when the borrowings are derecognized as well as through the amortization process.

Borrowings from parent originated at interest rates different from market rates are measured at origination to their fair value, being future interest payments and principal repayment(s) discounted at market interest rates for similar borrowings. The difference between the fair value and the nominal value at origination is charged to equity as additional paid in capital. Subsequently, the carrying amount of such borrowings is adjusted for amortization of the gains/losses on origination and the related expense is recorded as interest expense within the consolidated statement of profit or loss using the effective interest method.

Leases

i. Bank as lessee

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Bank recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Bank is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment testing.

Lease liabilities

At the commencement date of the lease, the Bank recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers payment occurs.

In calculating the present value of lease payments, the Bank uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in in-substance fixed lease payments or a change in the assessment of the option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Bank applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered of low value (i.e., less than BYN 16.5 thousand). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

(Thousands of Belarusian rubles, unless otherwise indicated)

3. Material accounting policies (continued)

Leases (continued)

Significant judgment in determining the lease term of contracts with renewal options

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

ii. Operating lease – Bank as lessor

Leases in which the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

iii. Finance lease – Bank as lessor

The Bank recognizes lease receivables at the value equal to the net investment in the lease, starting from the date of commencement of the lease term. Finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding. Initial direct costs are included in the initial measurement of the lease receivables.

Write-off of loans issued

Loans are written off against the created allowance for expected credit losses when deemed uncollectible, including through repossession of collateral. Loans are written off after the Bank's authorized bodies have exercised all possibilities available to collect amounts due to the Bank including sale of all available collateral. The decision to write off bad debt against the allowance for impairment is approved by the Distressed Assets Committee.

Restructured loans

Where possible, the Bank seeks to restructure loans, as agreed upon between the parties, rather than to take possession of collateral, for example, to extend payment arrangements, agree upon new loan conditions or otherwise modify contractual cash flows.

The Bank derecognizes a financial asset, such as a loan to a customer, when the renegotiation of terms and conditions result in a significant change in cash flows, which is a significant modification of a financial asset to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss before an impairment loss has been recorded. At initial recognition, loans are classified to Stage 1 for ECL assessment purposes, unless the newly originated loan is considered a POCI asset (purchased or originated credit-impaired asset). When assessing whether a loan to a customer should be derecognized, the Bank considers the following:

- The currency of a financial asset has changed;
- The interest rate has changed (from fixed to floating and vice versa);
- The debtor (counterparty) under the contract has changed.

Where the modification does not result in a significant change in cash flows, it also does not result in derecognition of a financial asset, this modification is insignificant. An insignificant modification includes a change in a contract validity period, a change in the frequency of principal and interest payments, as well as other changes in contract terms that are not a significant modification. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, presented within interest revenue calculated using EIR in the consolidated statement of profit or loss, to the extent that an impairment loss has not already been recorded.

(Thousands of Belarusian rubles, unless otherwise indicated)

3. Materialaccounting policies (continued)

Restructured loans (continued)

Where a modification does not result in derecognition, the Bank reassesses whether the credit risk related to a financial asset has increased significantly since its initial recognition, taking into account all reasonable and supportable information, including forecast data, and classifies financial instruments to one of the following stages of accrual of the allowance based on the degree of deterioration in the credit quality of the asset after its initial recognition:

- Stage 1 – financial assets, for which there are no factors indicating a significant increase in credit risk and no impairment indicators; for these assets, 12-month ECL are recognized;
- Stage 2 – financial assets, for which there are factors indicating a significant increase in credit risk, but there are no impairment indicators; for these assets, lifetime ECL are recognized;
- Stage 3 – financial assets with impairment indicators; for these assets, lifetime ECL are recognized.

The Bank recognizes restructuring of a loan in case of the following: any changes in contractual terms related to the maturity (repayment) of the principal amount and/or the interest payment date, and/or principal repayment schedule (terms and amounts), and/or interest repayment schedule (terms), and/or interest rate, as well as entering into a new contract, under which a Bank may have an asset exposed to credit risk and obligations of the Bank and the debtor under the previous contract are discharged (the debtor under the new contract and the previous contract is one and the same entity). These changes, which result from debtor's inability to meet its obligations, are introduced to encourage the debtor to meet its obligations in full and in a timely manner.

Problematic restructuring indicating a significant increase in credit risk is a repeated and subsequent restructuring, when there are no factors that indicate a significant increase in credit risk and/or impairment indicators; or restructuring when there are factors indicating a significant increase in credit risk at the time of restructuring; or restructuring when overdue liabilities on principal amount and/or interest become term liabilities; or restructuring that involves rescheduling of the previously stipulated payment of the principal amount and/or interest for more than one year.

Default restructuring is a restructuring associated with the inability of the borrower (counterparty) to fulfill its obligations under the initial contractual terms.

Restructuring is recognized as default if at least one of the following criteria is met:

- Restructuring when there are indicators that a financial asset is impaired at the time of restructuring and the recovery condition is not yet met or not met;
- Or repeated and subsequent restructuring when there are factors indicating a significant increase in credit risk and the recovery condition is not yet met or not met;
- Restructuring with a partial write-off of the debt (principal amount and/or interest) to the off-balance sheet (forgiveness of debt);
- Entering into an amicable agreement.

If the financial asset of a borrower is classified to Stage 3, other available financial instruments of this borrower are also classified to Stage 3. In case of a new loan issued to this borrower, this loan is classified as a credit-impaired financial asset.

The credit quality of a financial asset can be recovered if a debtor makes three consecutive payments to the Bank to repay principal and interest in full and in a timely manner in accordance with the contractual terms during the debtor monitoring period. Three consecutive payments are repayments within three consecutive months of all debts maturing within this period (in cases when contracts do not provide for monthly repayment – three consecutive repayments of debts with maturities established by the contract). A full repayment means the repayment of the full amount of principal and interest, as required by the contract in the current period, and the absence of overdue principal and interest on all the debtor's financial assets in the Bank. The debtor monitoring period cannot last more than 12 months after the date on which no impairment indicators were identified for the debtor (for the recovery from Stage 3).

3. Material accounting policies (continued)

Derecognition of financial assets and liabilities

Financial assets

A financial asset is derecognized in the consolidated statement of financial position where:

- The rights to receive cash flows from the asset have expired;
- The Bank 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 Bank 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.

Write-off

Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated allowance for ECL, the difference is at first recorded as an increase in the allowance that is subsequently applied to the gross carrying amount. Any subsequent recoveries are credited to other income. The write-off constitutes a derecognition event.

Financial liabilities

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

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

Taxation

The income tax expense is the sum of current and deferred income taxes.

The Bank and each of its subsidiaries estimate the current income tax expense separately based on the results recorded in their statements of profit or loss prepared under the requirements of Belarusian legislation and after any adjustments for taxation purposes.

Deferred tax assets and liabilities are calculated in respect of temporary differences using the liability method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax regulations that have been enacted or substantively enacted at the reporting date.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The Republic of Belarus also has various operating taxes that are assessed on the Bank's activities. These taxes are recorded separately in the consolidated statement of profit or loss within other operating expenses.

Property and equipment

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

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

(Thousands of Belarusian rubles, unless otherwise indicated)

3. Material accounting policies (continued)

Property and equipment (continued)

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

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus is credited to 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 which case the increase is taken to 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 property and equipment.

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

Depreciation of an asset begins when it is available for use. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

	Years
Buildings	15-100
Furniture and office supplies	2-20
Computers and equipment	2-8
Vehicles	2-10

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

Costs related to repairs and renewals are charged when incurred and included in other operating expenses, unless they are qualified for capitalization.

Intangible assets

Intangible assets include computer software and licenses.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses, as adjusted for hyperinflation.

The useful lives of intangible assets are finite. Intangible assets with finite lives are amortized over their useful (service) lives specified in patents, certificates, licenses and other documents certifying rights to them. If useful (service) lives are not indicated, they are taken to be up to 10 years. Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Provisions

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

Retirement and other employee benefit obligations

In the reporting period, the Bank participated in the State pension system of the Republic of Belarus, which requires current contributions by the employer calculated as a percentage of current gross salary payments. In addition, the Bank undertook additional pension obligations in the form of payments to former employees who have retired and are unemployed. These expenses are charged in the period the related salaries are earned.

(Thousands of Belarusian rubles, unless otherwise indicated)

3. Material accounting policies (continued)

Retirement and other employee benefit obligations (continued)

Since 1 January 2013, the Bank has participated in the system of voluntary supplementary pension insurance of employees – the pension plan with defined contribution. Pension insurance expenses are reflected in other operating expenses.

Share capital

Share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the nominal value of shares issued is recorded as share premium.

Dividends

Dividends are recognized as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date, or proposed or declared after the reporting date but before the consolidated financial statements are authorized for issue.

Segment reporting

An operating segment is a component of the Bank that engages in business activities from which it may earn revenues and incur expenses; and for which financial information is available and is regularly reviewed by the entity's chief operating decision maker (a person or a group of persons) responsible for making decisions on allocation of resources and assessing financial performance.

Financial information is to be reported on the same basis as is used internally for assessing the performance of operating segments while making decision on resource allocation between operating segments. The Bank's segment reporting is based on the following operating segments: corporate banking, retail banking and inter-bank operations. Note 5 "Segment information" of these consolidated financial statements contains information relating to profit and loss, assets and liabilities of the Bank's operating segments. This information is provided to persons responsible for making decisions in the Bank.

In addition, the Bank has presented a reconciliation of profit and loss before taxation of the reporting segments, as well as a reconciliation of the gross amount of segment assets to the total amount of the Bank's assets presented in these consolidated financial statements.

Contingencies

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

Recognition of income and expenses

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized in the consolidated financial statements:

Interest and similar income and expense

The Bank calculates interest revenue on debt financial assets measured at amortized cost or at FVOCI by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in the carrying amount is recorded as interest revenue or expense.

(Thousands of Belarusian rubles, unless otherwise indicated)

3. Material accounting policies (continued)

Recognition of income and expenses (continued)

In case of a credit-impaired financial asset, the Bank calculates the interest revenue, applying the effective interest rate to the net amortized cost of this asset. If the default on the financial asset is liquidated, and it is no longer a credit-impaired asset, the Bank proceeds to calculate the income revenue on the basis of the gross carrying amount.

In case of purchased or originated credit-impaired (POCI) financial assets, the Bank calculates the interest revenue applying the effective interest rate adjusted for the credit risk to the amortized cost of the financial asset. An effective interest rate adjusted for the credit risk is an interest rate that at initial recognition discounts estimated future cash flows (including credit losses) to the amortized cost of the POCI assets.

Fee and commission income

The Bank earns fee and commission income from a diverse range of services it provides to its customers. Fee and commission income can be divided into the following two categories:

Fee and commission income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management and advisory fees. Loan commitment fees for loans that are likely to be drawn down and other credit-related fees are deferred (together with any incremental costs) and recognized as an adjustment to the effective interest rate on the loan.

Fee and commission income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party – such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance indicator are recognized after fulfilling the corresponding criteria.

Dividend income

Revenue is recognized when the Bank's right to receive the payment is established.

Insurance transactions

Insurance contract liabilities

Insurance contract liabilities are reported in the consolidated statement of financial position within other liabilities.

Insurance income and expenses

The following information is reported in the consolidated statement of profit or loss: insurance revenue, insurance service expenses, insurance finance income and expenses within other income or other expenses, respectively.

Foreign currency translation

The consolidated financial statements are presented in Belarusian rubles, which is the Bank's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency converted at the rate of exchange effective at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date. Gains and losses resulting from the translation of foreign currency transactions are recognized in the consolidated statement of profit or loss as "Net gains/(losses) from foreign currencies – translation differences." Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Differences between the contractual exchange rate of a transaction in a foreign currency and the exchange rate of the National Bank of the Republic of Belarus on the date of the transaction are included in gains less losses from foreign currencies.

(Thousands of Belarusian rubles, unless otherwise indicated)

3. Material accounting policies (continued)

Foreign currency translation (continued)

The closing exchange rates that were used in the preparation of these consolidated financial statements are presented in the table below:

	31 December 2024	***31 December 2023***
BYN/USD	3.473500	3.177500
BYN/EUR	3.624600	3.536300
BYN/RUB	0.033488	0.034991

Standards issued but not yet effective

The new and amended standards and interpretations that have been issued, but are not yet effective as at the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these new and amended standards and interpretations when they become effective.

Standards not effective for the annual reporting period ended 31 December 2024	***Effective for annual reporting periods beginning on or after***
► Amendments to IAS 21 – *Lack of Exchangeability*	1 January 2025
► Amendments to IFRS 7 and IFRS 9 – *Amendments to the Classification and Measurement of Financial Instruments*	1 January 2026
► *Annual Improvements to IFRS Accounting Standards – Volume 11:*	
► *Cost Method* (Amendments to IAS 7)	
► *Derecognition of Lease Liabilities* (Amendments to IFRS 9)	
► *Determination of a 'De Facto Agent'* (Amendments to IFRS 10)	
► *Disclosure of Deferred Difference Between Fair Value and Transaction Price* (Amendments to *Guidance on Implementing IFRS 7*)	
► *Gain or Loss on Derecognition* (Amendments to IFRS 7)	
► *Hedge Accounting by a First-time Adopter* (Amendments to IFRS 1)	
► *Introduction* (Amendments to *Guidance on Implementing IFRS 7*)	
► *Credit Risk Disclosures* (Amendments to *Guidance on Implementing IFRS 7*)	
► *Transaction Price* (Amendments to IFRS 9)	1 January 2026
► IFRS 18 *Presentation and Disclosure in Financial Statements*	1 January 2027
► IFRS 19 *Subsidiaries without Public Accountability: Disclosures*	1 January 2027

These amendments and new standards are not expected to have a material impact on the Bank, except for IFRS 18 for which the Bank is currently in the process of analyzing its impact on the financial reporting.

In April 2024, the IASB issued a new standard, IFRS 18, which will replace IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new requirements, the most important of which are:

1. On the classification of income and expenses in the statement of profit or loss into three defined categories corresponding to operating, investing and financing activities. It also requires all entities to provide new defined subtotals, such as:
   - Operating profit or loss; and
   - Profit or loss before financing and income taxes;
2. On the disclosure of information on management-defined performance measures in the financial statements, including reconciliation of those measures to the closest total or subtotal presented in the statement of profit or loss;
3. On the presentation of aggregated and disaggregated financial information in the primary financial statements and in the notes.

IFRS 18 has also introduced limited changes to the statement of cash flows and certain other changes.

Entities shall apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted. If an entity applies IFRS 18 for an earlier period, it shall disclose that fact.

4. Significant accounting judgments and estimates

In the process of applying the Bank's accounting policies, management made the following judgments, apart from estimates, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The carrying amounts of financial instruments measured at fair value as at 31 December 2024 are as follows: trading securities – BYN 5,500 thousand (2023: BYN 4,650 thousand); investment securities at FVOCI – BYN 819,222 thousand (2023: BYN 819,394 thousand), funds in precious metals on correspondent accounts – BYN 4,725 thousand (2023: BYN 2,880 thousand); loans at FVPL – BYN 24,041 thousand (2023: BYN 23,249 thousand); derivative financial assets – BYN 93 thousand (2023: BYN 201 thousand); derivative financial liabilities – none as at the reporting date (2023: BYN 3 thousand); and funds in precious metals on customers' current accounts – BYN 4,116 thousand (2023: BYN 2,635 thousand). Additional details are provided in Note 29.

Revaluation of buildings

As at 31 December 2024, the Bank's real estate was not revalued. According to publicly available information and analysis of the real estate market, an average sale price of office premises changed on average by 7.5% since the end of 2022.

As at 31 December 2023, the Bank's property was not revalued. According to publicly available information and analysis of the real estate market, the average sale price of office premises changed insignificantly (by no more than 5%) since the end of 2022.

The net book value of the property and equipment revalued at the end of 2024 amounted to BYN 31,039 thousand; at the end of 2023: BYN 31,985 thousand (Note 12). The accumulated revaluation reserve for buildings as at 31 December 2024 and 31 December 2023 amounted to BYN 2,673 thousand and BYN 2,968 thousand, respectively. Additional details are provided in Note 23.

Expected credit losses on financial assets and contingent liabilities

The measurement of losses under IFRS 9 across all categories of financial assets and contingent liabilities requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining ECL and assessing a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances for ECL. The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered judgments and estimates include:

- The Bank's internal credit grading model, which assigns PDs;
- The Bank's criteria for assessing if there has been a significant increase in credit risk; so, ECL allowances for financial assets should be measured on a lifetime ECL basis, and the qualitative assessment; grouping of financial assets when their ECL are assessed on a collective basis; development of ECL calculation models, including various formulae and the selection of inputs;
- Selection of scenarios and weights of credit strategies used to estimate future cash flows for impaired loans (Stage 3);
- Determination of interrelations between macroeconomic scenarios and economic inputs, such as real GDP growth rate and the BYN/USD exchange rate, as well as the impact on the probability of default (PD), exposure at default (EAD), and loss given default (LGD);
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

The amount of allowance for financial instruments recognized in the consolidated statement of financial position as at 31 December 2024 was BYN 181,447 thousand (2023: BYN 284,953 thousand). More details are provided in Notes 8, 10, 11, 17 and 24.

(Thousands of Belarusian rubles, unless otherwise indicated)

4. Significant accounting judgments and estimates (continued)

Leases – estimating the incremental borrowing rate

The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate reflects the interest that the Bank "would have to pay", which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Bank determines the incremental borrowing rate with the use of unobservable inputs. As at 31 December 2024, the Bank recognized right-of-use assets in the amount of BYN 7,806 thousand (2023: BYN 6,679 thousand) and lease liabilities in the amount of BYN 7,255 thousand (2023: BYN 6,198 thousand).

5. Segment information

For management purposes, the Bank is organized into three operating segments:

Retail banking	Issuing and servicing loans for various purposes, handling individual customers' deposits, cash and settlements operations, currency transactions, the issue and maintenance of payment cards, transactions with precious metals.
Corporate banking	Sales of banking products and providing services (issuing loans and financing) to corporate and private entrepreneurial customers, attracting deposits from corporate customers, cash and settlements operations, currency and documentary transactions.
Interbank operations	Handling accounts of other banks, transactions of allocation/raising funds in the interbank market, including transactions with the National Bank of the Republic of Belarus, currency conversion operations with other banks, transactions with derivatives, bank securities transactions.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance, as explained in the table below, is measured differently from profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

In 2024 and 2023, no revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue. Non-current non-financial assets and deferred tax assets are related to the Republic of Belarus. Generally, revenue is earned from sources in the Republic of Belarus.

The table below provides information on assets and liabilities of the Bank's operating segments as at 31 December 2024:

	Corporate banking	*Retail banking*	*Interbank operations*	*Other*	*Total*
Segment assets	3,836,272	551,226	1,049,948	376,478	**5,813,924**
Segment liabilities	2,989,248	1,043,913	833,606	54,220	**4,920,987**

The table below provides information on assets and liabilities of the Bank's operating segments as at 31 December 2023:

	Corporate banking	*Retail banking*	*Interbank operations*	*Other*	*Total*
Segment assets	3,328,271	489,975	836,696	364,139	**5,019,081**
Segment liabilities	2,257,185	938,998	1,026,345	71,384	**4,293,912**

(Thousands of Belarusian rubles, unless otherwise indicated)

5. Segment information (continued)

A reconciliation of assets and liabilities as per the reportable segments with the Bank's assets and liabilities under IFRS as at 31 December 2024 and 31 December 2023 is as follows:

	Total assets		*Total liabilities*	
	2024	*2023*	*2024*	*2023*
Reported segments, total	**5,813,924**	**5,019,081**	**4,920,987**	**4,293,912**
Adjustment to allowances for expected credit losses	96,930	18,899	(19,543)	(17,248)
Recognition of loans previously written off and income on debt previously written off	105,441	107,934	–	–
Recognition of installment agreements in loans	(6,644)	(9,665)	–	–
Accrued personnel expenses	–	–	5,461	4,774
Adjustment to amortized cost of borrowings and subordinated loan, effect of initial recognition of modification	–	–	1,759	1,951
Adjustment to depreciation, amortization and historical cost of property and equipment and intangible assets	(10,219)	(11,267)	–	–
Adjustment to transit accounts and other adjustments to recognize transactions in the appropriate period	(18,358)	(7,889)	(18,252)	(7,802)
Recognition of derivative financial instruments at fair value	(12)	(27)	–	2
Adjustment to loans to employees	(10,174)	(8,104)	–	–
Adjustment to recognition of letters of credit as loans to customers	22,999	25,443	23,281	25,933
Share of loss of jointly controlled entities	–	1,695	–	–
Adjustment to current and deferred income tax	(1)	531	30,845	–
Recognition of fees and commissions received under partner programs	3,482	328	–	–
Recognition of income on loans on an accrual basis	21,587	17,345	–	–
Recognition and modification of POCI	(82,138)	(123,684)	–	–
Effect from initial recognition of non-market financial instruments	(390)	(2,922)	1,467	2,979
Effect from amortization of previously modified financial instruments	(631)	848	–	–
Adjustments to leases	7,931	6,382	6,900	5,778
Consolidation effect	23,120	15,585	14,419	8,771
Other adjustments	(66)	3,740	(2,889)	(2,890)
Total IFRS	**5,966,781**	**5,054,253**	**4,964,435**	**4,316,160**

(Thousands of Belarusian rubles, unless otherwise indicated)

5. Segment information (continued)

Revenue and profit information of the Bank's operating segments for the years ended 31 December 2024 and 2023, respectively, is presented below:

2024	*Corporate banking*	*Retail banking*	*Interbank operations*	*Other*	*Total*
Revenue from operations with external customers					
Interest income	289,129	67,211	80,493	–	**436,833**
Net fee and commission income/(expense)	73,798	7,568	(356)	(504)	**80,506**
Net gains from foreign currencies	19,277	2,549	9,747	–	**31,573**
Other income	34,973	3,086	22,975	1,902	**62,936**
Total revenue	**417,177**	**80,414**	**112,859**	**1,398**	**611,848**
Interest expense	(156,538)	(39,858)	(38,675)	(2,226)	**(237,297)**
Allowance for impairment of financial instruments	(39,012)	509	5,249	(1,472)	**(34,726)**
Segment profit/(loss) before non-interest expense	**221,627**	**41,065**	**79,433**	**(2,300)**	**339,825**
Non-interest expense	(97,491)	(78,416)	(33,213)	(6,659)	**(215,779)**
Income tax (expense)/benefit	(23,522)	7,697	(1,547)	5,815	**(11,557)**
Profit/(loss) for the year	**100,614**	**(29,654)**	**44,673**	**(3,144)**	**112,489**

2023	*Corporate banking*	*Retail banking*	*Interbank operations*	*Other*	*Total*
Revenue from operations with external customers					
Interest income	228,764	57,235	58,169	–	**344,168**
Net fee and commission income/(expense)	46,088	8,357	(593)	(3)	**53,849**
Net gains/(losses) from foreign currencies	15,099	3,365	6,186	–	**24,650**
Other income	17,252	2,202	18,147	7,449	**45,050**
Total revenue	**307,203**	**71,159**	**81,909**	**7,446**	**467,717**
Interest expense	(69,356)	(40,551)	(56,604)	(1,661)	**(168,172)**
Allowance for impairment of financial instruments	(14,040)	(11,486)	(21,695)	71	**(47,150)**
Segment profit/(loss) before non-interest expense	**223,807**	**19,122**	**3,610**	**5,856**	**252,395**
Non-interest expense	(71,377)	(69,158)	(27,650)	(7,837)	**(176,022)**
Income tax (expense)/benefit	(38,168)	10,882	14,535	799	**(11,952)**
Profit/(loss) for the year	**114,262**	**(39,154)**	**(9,505)**	**(1,182)**	**64,421**

(Thousands of Belarusian rubles, unless otherwise indicated)

5. Segment information (continued)

A reconciliation of profit before tax, interest income and expense, net fee and commission income, net gains from foreign currencies as per the reportable segments with the IFRS consolidated statement of profit or loss for the year ended 31 December 2024 is as follows:

	Profit before tax	*Interest income*	*Interest expense*	*Net fee and commission income*	*Other income*	*Non-interest expense*	*Net gains from foreign currencies*
Reported segments, total	**124,046**	**436,833**	**(237,297)**	**80,506**	**62,936**	**(215,779)**	**31,573**
Adjustment to amortized cost of borrowings and subordinated loan, effect of initial recognition of modification	192	–	(78)	–	–	–	270
Recognition of loans previously written off and income on debt previously written off	(1,652)	(1,686)	–	–	(10)	–	44
Gains from derecognition of financial instruments	–	–	–	–	35,529	–	–
Recognition of installment agreements in loans	3,021	3,021	–	–	–	–	–
Reversal/(charge) of allowance for ECL	104,711	–	–	–	–	1,405	(8,236)
Recognition of derivative financial instruments at fair value	(210)	–	–	–	–	–	(210)
Accrued personnel expenses	(5,461)	–	–	–	–	(5,461)	–
Adjustment to historical cost and depreciation of property and equipment	1,720	–	–	–	(1,351)	3,071	–
Adjustment to loans to employees	(1,874)	833	–	–	–	(2,707)	–
Adjustment to transit accounts and other adjustments to recognize transactions in the appropriate period	(12,574)	(17,344)	(20)	16	–	4,774	–
Reclassification of income and expenses from transactions with the Central Bank	–	16,442	(1,878)	–	(26,005)	11,441	–
Recognition of fees and commissions received under partner programs	3,483	3,538	–	(55)	–	–	–
Recognition of income on loans on an accrual basis	21,588	21,588	–	–	–	–	–
Recognition and modification of POCI	41,545	(13,898)	3,092	–	(5,328)	–	–
Effect from initial recognition	1,141	4,862	(4,263)	–	–	144	–
Effect from modification	(1,479)	5,420	(6,899)	–	–	–	–
Recognition of loans to customers issued on non-market terms from interbank lending funds	2,857	(4,529)	3,185	4,201	–	–	–
Adjustments to leases	428	–	(425)	–	2,123	(1,270)	–
Adjustment to recognition of letters of credit as loans to customers	208	2,197	(1,989)	–	–	–	–
Consolidation effect and other adjustments	(2,391)	56,787	(2,562)	(36,937)	(12,819)	11,838	4,974
Total IFRS	**279,299**	**514,064**	**(249,134)**	**47,731**	**55,075**	**(192,544)**	**28,415**

(Thousands of Belarusian rubles, unless otherwise indicated)

5. Segment information (continued)

A reconciliation of profit before tax, interest income and expense, net fee and commission income, net gains from foreign currencies as per the reportable segments with the IFRS consolidated statement of profit or loss for the year ended 31 December 2023 is as follows:

	Profit before tax	*Interest income*	*Interest expense*	*Net fee and commission income*	*Other income*	*Non-interest expense*	*Net gains from foreign currencies*
Reported segments, total	**76,373**	**344,168**	**(168,172)**	**53,849**	**45,050**	**(176,022)**	**24,650**
Adjustment to amortized cost of borrowings and subordinated loan, effect of initial recognition of modification	(5,593)	–	(5,996)	–	–	–	403
Recognition of loans previously written off and income on debt previously written off	(1,911)	7,805	(9,880)	–	59	–	105
Recognition of installment agreements in loans	4,355	4,355	–	–	–	–	–
Reversal/(charge) of allowance for ECL	5,556	–	–	–	–	27,058	(30,183)
Recognition of derivative financial instruments at fair value	92	–	–	–	–	–	92
Accrued personnel expenses	(4,774)	–	–	–	–	(4,774)	–
Adjustment to historical cost and depreciation of property and equipment	164	–	–	–	(4,159)	4,323	–
Adjustment to loans to employees	(2,266)	988	–	–	–	(3,254)	–
Adjustment to transit accounts and other adjustments to recognize transactions in the appropriate period	(4,303)	(8,337)	(6)	71	–	3,971	(2)
Reclassification of income and expenses from transactions with the Central Bank	–	10,439	824	–	(13,233)	1,970	–
Recognition of fees and commissions received under partner programs	328	4,530	–	(4,202)	–	–	–
Recognition of income on loans on an accrual basis	17,346	17,346	–	–	–	–	–
Recognition and modification of POCI	(26,884)	(11,576)	(3,545)	–	–	–	–
Effect from initial recognition	(3,495)	(2,875)	(615)	–	–	(5)	–
Effect from modification	(64)	450	(514)	–	–	–	–
Recognition of loans to customers issued on non-market terms from interbank lending funds	2,043	1,827	216	–	–	–	–
Adjustments to leases	1,028	–	(617)	–	51	1,594	–
Adjustment to recognition of letters of credit as loans to customers	(429)	2,590	(3,019)	–	–	–	–
Consolidation effect and other adjustments	34,790	12	19,030	(1,232)	42,279	(51,715)	16,528
Total IFRS	**92,356**	**371,722**	**(172,294)**	**48,486**	**70,047**	**(196,854)**	**11,593**

"Non-interest expense" includes reversal/(charge) of allowances for credit losses on other financial assets and credit related contingencies.

(Thousands of Belarusian rubles, unless otherwise indicated)

5. Segment information (continued)

Segment revenue from contracts with customers within the scope of IFRS 15 *Revenue* for the years ended 31 December 2024 and 2023 is as follows:

2024	*Services to individuals*	*Services to legal entities*	*Total*
Fee and commission income			
Settlement transactions	32,934	41,189	**74,123**
Guarantees and letters of credit	–	11,274	**11,274**
Operations with securities	18	302	**320**
Other fee and commission income	593	1,727	**2,320**
Total revenue from contracts with customers	**33,545**	**54,492**	**88,037**

2023	*Services to individuals*	*Services to legal entities*	*Total*
Fee and commission income			
Settlement transactions	23,792	52,696	**76,488**
Guarantees and letters of credit	–	8,793	**8,793**
Operations with securities	71	221	**292**
Other fee and commission income	477	1,138	**1,615**
Total revenue from contracts with customers	**24,340**	**62,848**	**87,188**

6. Cash and cash equivalents

Cash comprises:

	2024	*2023*
Current accounts with the National Bank of the Republic of Belarus	637,552	518,717
Current accounts with credit institutions	254,670	246,801
Cash on hand	155,198	178,001
Time deposits for up to 90 days	110,723	31,515
Cash in transit	7,510	22,242
Cash and cash equivalents	**1,165,653**	**997,276**

"Cash in transit" includes amounts under cash support transactions with service offices of Bank BelVEB OJSC.

All balances of cash equivalents are included in Stage 1.

7. Trading securities

Trading securities held by the Bank comprise:

	2024	*2023*
Corporate shares	5,500	4,650
Trading securities	**5,500**	**4,650**

(Thousands of Belarusian rubles, unless otherwise indicated)

8. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	2024	*2023*
Obligatory reserve with the National Bank of the Republic of Belarus	40,437	32,415
Time deposits for more than 90 days	5,072	4,712
Funds in precious metals on accounts	4,725	2,880
Other amounts	8,327	11,665
	58,561	**51,672**
Less allowance for ECL	(7,436)	(11,292)
Amounts due from credit institutions	**51,125**	**40,380**

Belarusian credit institutions 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 credit institution. The Bank's ability to withdraw such deposit is restricted by the statutory legislation.

As at 31 December 2024 and 2023, "Funds in precious metals on accounts" included funds in precious metals on current accounts designated as at fair value through profit or loss. "Other amounts" include funds transferred to other banks as guarantee deposits, as well as collateral for the performance of obligations under transactions involving payment cards and other funds, including funds in the amount of BYN 7,146 thousand, which have been provided for in full (2023: BYN 10,683 thousand).

Allowance for ECL on amounts due from credit institutions at amortized cost

Movements in the gross carrying amount and relevant allowances for ECL for the year ended 31 December 2024 are as follows:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
Gross carrying amount at 1 January 2024	**32,503**	**8,486**	**10,683**	**51,672**
New purchased or originated assets	10,372	–	–	**10,372**
Assets redeemed	–	(1)	(4,074)	**(4,075)**
Transfers to Stage 2	(2,071)	2,071	–	**–**
Transfers to Stage 3	(279)	–	279	**–**
Amounts written off	–	–	(4)	**(4)**
Exchange differences	–	334	262	**596**
31 December 2024	**40,525**	**10,890**	**7,146**	**58,561**

	Stage 1	*Stage 2*	*Stage 3*	*Total*
Allowance for ECL at 1 January 2024	**333**	**276**	**10,683**	**11,292**
New purchased or originated assets	2	–	–	**2**
Assets redeemed	–	–	(4,074)	**(4,074)**
Transfers to Stage 2	(1)	1	–	**–**
Transfers to Stage 3	(1)	–	1	**–**
Changes in the model and inputs used for ECL calculations	(379)	–	–	**(379)**
Charge/(reversal) of allowance	317	(262)	278	**333**
Amounts written off	–	–	(4)	**(4)**
Exchange differences	–	4	262	**266**
31 December 2024	**271**	**19**	**7,146**	**7,436**

(Thousands of Belarusian rubles, unless otherwise indicated)

8. Amounts due from credit institutions (continued)

Allowance for ECL on amounts due from credit institutions at amortized cost (continued)

Movements in the gross carrying amount and relevant allowances for ECL for the year ended 31 December 2023 are as follows:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
Gross carrying amount at 1 January 2023	**26,615**	**4,289**	**52,715**	**83,619**
New purchased or originated assets	12,830	–	–	**12,830**
Assets redeemed	–	(2,687)	(422)	**(3,109)**
Transfers to Stage 2	(6,942)	6,942	–	**–**
Amounts written off	–	–	(42,741)	**(42,741)**
Exchange differences	–	(58)	1,131	**1,073**
31 December 2023	**32,503**	**8,486**	**10,683**	**51,672**

	Stage 1	*Stage 2*	*Stage 3*	*Total*
Allowance for ECL at 1 January 2023	**170**	**265**	**52,715**	**53,150**
New purchased or originated assets	186	–	**–**	**186**
Assets redeemed	–	–	(422)	**(422)**
Transfers to Stage 2	(23)	23	–	**–**
Charge of allowance	–	(12)	–	**(12)**
Amounts written off	–	–	(42,741)	**(42,741)**
Exchange differences	–	–	1,131	**1,131**
31 December 2023	**333**	**276**	**10,683**	**11,292**

9. Derivative financial instruments

The Bank enters into derivative financial instruments for trading purposes. The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset or reference rate or index and is the basis upon which changes in the value of derivatives are measured. Notional amounts indicate the volume of transactions outstanding at the year end and are not indicative of the credit risk.

	2024			*2023*		
	Notional amount	*Fair value*		*Notional amount*	*Fair value*	
		Asset	*Liability*		*Asset*	*Liability*
Foreign exchange contracts						
Forwards – domestic	3,617	93	–	5,976	201	3
Total derivative assets/liabilities	**3,617**	**93**	**–**	**5,976**	**201**	**3**

Forwards

Forwards are contractual agreements to buy or sell a financial instrument at a specific price and on a specific date in the future, which is traded in the over-the-counter market.

(Thousands of Belarusian rubles, unless otherwise indicated)

10. Loans to customers

Loans to customers comprise:

	2024	*2023*
Corporate lending	1,445,480	1,591,908
Small and medium business lending	1,262,258	960,329
Consumer lending	384,581	337,344
Residential mortgages	174,164	157,017
Total loans to customers at amortized cost	**3,266,483**	**3,046,598**
Less allowance for ECL	(134,148)	(191,766)
Loans to customers at amortized cost	**3,132,335**	**2,854,832**
Corporate lending	24,041	23,249
Loans to customers at fair value through profit or loss	**24,041**	**23,249**
Total loans to customers	**3,156,376**	**2,878,081**

Loans to customers at FVPL

Loans to customers at FVPL are installments for items of property and equipment sold. Information about the fair value measurement of loans to customers at FVPL is presented in Note 29.

Allowance for ECL on loans to customers measured at amortized cost

Movements in the gross carrying amount and relevant ECL related to corporate lending for the year ended 31 December 2024 are as follows:

Corporate lending	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Gross carrying amount at 1 January 2024	**1,013,070**	**408,107**	**127,996**	**42,735**	**1,591,908**
New purchased or originated assets	695,303	–	–	–	**695,303**
Assets derecognized or redeemed (except for write-offs)	(543,547)	(214,589)	(26,787)	(39,835)	**(824,758)**
Changes resulting from issue/redemption	(4,888)	157	(8,801)	242	**(13,290)**
Transfers to Stage 1	32,792	(32,792)	–	–	**–**
Transfers to Stage 2	(41,956)	41,956	–	–	**–**
Transfers to Stage 3	–	(326)	326	–	**–**
Changes in contractual cash flows due to modification	198	–	–	–	**198**
Amounts written off	–	(13,418)	(2,031)	–	**(15,449)**
Exchange differences	4,871	1,253	5,174	270	**11,568**
31 December 2024	**1,155,843**	**190,348**	**95,877**	**3,412**	**1,445,480**

Corporate lending	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
ECL at 1 January 2024	**2,284**	**17,193**	**87,996**	**7,210**	**114,683**
New purchased or originated assets	4,826	–	–	–	**4,826**
Assets derecognized or redeemed (except for write-offs)	(561)	(7,511)	(38,050)	(7,452)	**(53,574)**
Transfers to Stage 1	726	(726)	–	–	**–**
Transfers to Stage 2	(1,597)	1,597	–	–	**–**
Transfers to Stage 3	–	(213)	213	–	**–**
Effect on ECL at the period-end due to transfers between stages during the period	(560)	–	–	–	**(560)**
Changes in contractual cash flows due to modification	2	–	–	–	**2**
Changes in models and inputs used for ECL calculations	(1,311)	(1,739)	–	–	**(3,050)**
Charge/(reversal) of allowance	1,877	12,957	(5,414)	1,006	**10,426**
Amounts written off	–	(13,418)	(2,031)	–	**(15,449)**
Exchange differences	(4)	241	3,286	(23)	**3,500**
31 December 2024	**5,682**	**8,381**	**46,000**	**741**	**60,804**

(Thousands of Belarusian rubles, unless otherwise indicated)

10. Loans to customers (continued)

Allowance for ECL on loans to customers measured at amortized cost (continued)

Movements in the gross carrying amount and relevant ECL related to small and medium business lending for the year ended 31 December 2024 are as follows:

Small and medium business lending	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Gross carrying amount at 1 January 2024	**843,036**	**28,507**	**75,277**	**13,509**	**960,329**
New purchased or originated assets	757,121	–	–	2,279	**759,400**
Assets derecognized or redeemed (except for write-offs)	(406,091)	(16,401)	(24,446)	(4,588)	**(451,526)**
Changes resulting from issue/redemption	(5,895)	(839)	16,095	(6,138)	**3,223**
Transfers to Stage 1	1,861	(1,861)	–	–	**–**
Transfers to Stage 2	(40,391)	40,391	–	–	**–**
Transfers to Stage 3	(19,400)	(9,240)	28,640	–	**–**
Changes in contractual cash flows due to modification	4	(23)	(983)	–	**(1,002)**
Amounts written off	–	–	(16,856)	–	**(16,856)**
Exchange differences	5,880	613	2,017	180	**8,690**
31 December 2024	**1,136,125**	**41,147**	**79,744**	**5,242**	**1,262,258**

Small and medium business lending	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
ECL at 1 January 2024	**2,417**	**2,636**	**57,108**	**8,833**	**70,994**
New purchased or originated assets	11,203	–	–	–	**11,203**
Assets derecognized or redeemed (except for write-offs)	(1,061)	(526)	(7,489)	(2,257)	**(11,333)**
Transfers to Stage 1	92	(92)	–	–	**–**
Transfers to Stage 2	(8,821)	8,821	–	–	**–**
Transfers to Stage 3	(256)	(7,860)	8,116	–	**–**
Effect on ECL at the period-end due to transfers between stages during the period	(87)	147	10,214	–	**10,274**
Changes in contractual cash flows due to modification	–	(1)	(313)	–	**(314)**
Changes in models and inputs used for ECL calculations	(590)	(173)	–	–	**(763)**
Charge/(reversal) of allowance	663	(172)	11,089	(8,108)	**3,472**
Amounts written off	–	–	(16,856)	–	**(16,856)**
Exchange differences	14	176	1,217	131	**1,538**
31 December 2024	**3,574**	**2,956**	**63,086**	**(1,401)**	**68,215**

Movements in the gross carrying amount and relevant ECL related to consumer lending for the year ended 31 December 2024 are as follows:

Consumer lending	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Gross carrying amount at 1 January 2024	**330,592**	**4,060**	**2,692**	**–**	**337,344**
New purchased or originated assets	206,587	–	–	–	**206,587**
Assets derecognized or redeemed (except for write-offs)	(76,489)	(847)	(760)	–	**(78,096)**
Changes resulting from issue/redemption	(74,490)	(1,433)	739	–	**(75,184)**
Transfers to Stage 1	734	(734)	–	–	**–**
Transfers to Stage 2	(6,043)	6,043	–	–	**–**
Transfers to Stage 3	(3,961)	(2,674)	6,635	–	**–**
Changes in contractual cash flows due to modification	–	–	(12)	–	**(12)**
Amounts written off	–	–	(6,058)	–	**(6,058)**
31 December 2024	**376,930**	**4,415**	**3,236**	**–**	**384,581**

(Thousands of Belarusian rubles, unless otherwise indicated)

10. Loans to customers (continued)

Allowance for ECL on loans to customers measured at amortized cost (continued)

Consumer lending	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
ECL at 1 January 2024	**3,220**	**1,078**	**1,080**	**–**	**5,378**
New purchased or originated assets	2,196	–	–	–	**2,196**
Assets derecognized or redeemed (except for write-offs)	(1,204)	(251)	(333)	–	**(1,788)**
Transfers to Stage 1	176	(176)	–	–	**–**
Transfers to Stage 2	(893)	893	–	–	**–**
Transfers to Stage 3	(125)	(872)	997	–	**–**
Effect on ECL at the period-end due to transfers between stages during the period	(184)	493	250	–	**559**
Changes in models and inputs used for ECL calculations	93	12	–	–	**105**
(Reversal)/charge of allowance	(998)	(116)	5,348	–	**4,234**
Amounts written off	–	–	(6,058)	–	**(6,058)**
31 December 2024	**2,281**	**1,061**	**1,284**	**–**	**4,626**

Movements in the gross carrying amount and relevant ECL related to residential mortgages for the year ended 31 December 2024 are as follows:

Residential mortgages	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Gross carrying amount at 1 January 2024	**154,980**	**848**	**1,189**	**–**	**157,017**
New purchased or originated assets	36,965	–	–	–	**36,965**
Assets derecognized or redeemed (except for write-offs)	(8,220)	(52)	(148)	–	**(8,420)**
Changes resulting from issue/redemption	(10,079)	(113)	(145)	–	**(10,337)**
Transfers to Stage 1	118	(118)	–	–	**–**
Transfers to Stage 2	(480)	480	–	–	**–**
Transfers to Stage 3	(620)	(375)	995	–	**–**
Changes in contractual cash flows due to modification	–	–	19	–	**19**
Amounts written off	–	–	(1,080)	–	**(1,080)**
31 December 2024	**172,664**	**670**	**830**	**–**	**174,164**

Residential mortgages	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
ECL at 1 January 2024	**86**	**133**	**492**	**–**	**711**
New purchased or originated assets	39	–	–	–	**39**
Assets derecognized or redeemed (except for write-offs)	(6)	(15)	(74)	–	**(95)**
Transfers to Stage 1	16	(16)	–	–	**–**
Transfers to Stage 2	(2)	2	–	–	**–**
Transfers to Stage 3	(3)	(49)	52	–	**–**
Effect on ECL at the period-end due to transfers between stages during the period	(18)	93	164	–	**239**
Changes in models and inputs used for ECL calculations	1	1	–	–	**2**
Charge/(reversal) of allowance	33	(37)	691	–	**687**
Amounts written off	–	–	(1,080)	–	**(1,080)**
31 December 2024	**146**	**112**	**245**	**–**	**503**

(Thousands of Belarusian rubles, unless otherwise indicated)

10. Loans to customers (continued)

Allowance for ECL on loans to customers measured at amortized cost (continued)

Movements in the gross carrying amount and relevant ECL related to corporate lending for the year ended 31 December 2023 are as follows:

Corporate lending	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
Gross carrying amount at 1 January 2023	**504,769**	**747,217**	**213,609**	**43,570**	**1,509,165**
New purchased or originated assets	935,967	–	–	2,562	**938,529**
Assets derecognized or redeemed (except for write-offs)	(425,512)	(321,049)	(111,909)	–	**(858,470)**
Changes resulting from issue/redemption	(29,277)	(35,728)	(7,947)	(3,397)	**(76,349)**
Transfers to Stage 1	201,733	(201,733)	–	–	**–**
Transfers to Stage 2	(203,917)	203,917	–	–	**–**
Transfers to Stage 3	–	(21,818)	21,818	–	**–**
Changes in contractual cash flows due to modification	(1)	–	(545)	–	**(546)**
Exchange differences	29,308	37,301	12,970	–	**79,579**
31 December 2023	**1,013,070**	**408,107**	**127,996**	**42,735**	**1,591,908**

Corporate lending	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL at 1 January 2023	**3,801**	**46,369**	**110,031**	**4,239**	**164,440**
New purchased or originated assets	16,908	–	–	–	**16,908**
Assets derecognized or redeemed (except for write-offs)	(8,155)	(27,438)	(34,061)	–	**(69,654)**
Transfers to Stage 1	4,725	(4,725)	–	–	**–**
Transfers to Stage 2	(15,067)	15,067	–	–	**–**
Transfers to Stage 3	–	(12,568)	12,568	–	**–**
Effect on ECL at the period-end due to transfers between stages during the period	(4,686)	(319)	2,177	–	**(2,828)**
Charge/(reversal) of allowance	3,984	(4,933)	(9,865)	2,971	**(7,843)**
Changes in contractual cash flows due to modification	–	–	(454)	–	**(454)**
Exchange differences	774	5,740	7,600	–	**14,114**
31 December 2023	**2,284**	**17,193**	**87,996**	**7,210**	**114,683**

Movements in the gross carrying amount and relevant ECL related to small and medium business lending for the year ended 31 December 2023 are as follows:

Small and medium business lending	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
Gross carrying amount at 1 January 2023	**574,499**	**81,564**	**101,484**	**4,396**	**761,943**
New purchased or originated assets	681,696	–	–	4,295	**685,991**
Assets derecognized or redeemed (except for write-offs)	(388,278)	(34,840)	(13,398)	–	**(436,516)**
Changes resulting from issue/redemption	(22,582)	(398)	(44,404)	4,403	**(62,981)**
Transfers to Stage 1	24,766	(24,766)	–	–	**–**
Transfers to Stage 2	(39,619)	39,619	–	–	**–**
Transfers to Stage 3	(10,002)	(33,051)	43,053	–	**–**
Changes in contractual cash flows due to modification	(112)	–	89	–	**(23)**
Effect of changes in the Group	4,650	–	–	–	**4,650**
Amounts written off	–	–	(18,499)	–	**(18,499)**
Exchange differences	18,018	379	6,952	415	**25,764**
31 December 2023	**843,036**	**28,507**	**75,277**	**13,509**	**960,329**

(Thousands of Belarusian rubles, unless otherwise indicated)

10. Loans to customers (continued)

Allowance for ECL on loans to customers measured at amortized cost (continued)

Small and medium business lending	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
ECL at 1 January 2023	**10,740**	**9,217**	**36,213**	**34**	**56,204**
New purchased or originated assets	8,409	–	–	3,340	**11,749**
Assets derecognized or redeemed (except for write-offs)	(8,863)	(2,117)	(2,903)	–	**(13,883)**
Transfers to Stage 1	623	(623)	–	–	**–**
Transfers to Stage 2	(7,030)	7,030	–	–	**–**
Transfers to Stage 3	(1,461)	(10,867)	12,328	–	**–**
Effect on ECL at the period-end due to transfers between stages during the period	(609)	6	10,431	–	**9,828**
Changes in contractual cash flows due to modification	–	–	28	–	**28**
Charge/(reversal) of allowance	81	(32)	16,876	5,316	**22,241**
Effect of changes in the Group	116	–	–	–	**116**
Amounts written off	–	–	(18,499)	–	**(18,499)**
Exchange differences	411	22	2,634	143	**3,210**
31 December 2023	**2,417**	**2,636**	**57,108**	**8,833**	**70,994**

Movements in the gross carrying amount and relevant ECL related to consumer lending for the year ended 31 December 2023 are as follows:

Consumer lending	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Gross carrying amount at 1 January 2023	**223,828**	**2,903**	**2,525**	**–**	**229,256**
New purchased or originated assets	228,282	–	–	–	**228,282**
Assets derecognized or redeemed (except for write-offs)	(68,342)	(301)	(374)	–	**(69,017)**
Changes resulting from issue/redemption	(45,309)	(1,016)	59	–	**(46,266)**
Transfers to Stage 1	471	(471)	–	–	**–**
Transfers to Stage 2	(5,524)	5,524	–	–	**–**
Transfers to Stage 3	(2,814)	(2,574)	5,388	–	**–**
Changes in contractual cash flows due to modification	–	(5)	–	–	**(5)**
Amounts written off	–	–	(4,906)	–	**(4,906)**
31 December 2023	**330,592**	**4,060**	**2,692**	**–**	**337,344**

Consumer lending	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
ECL at 1 January 2023	**2,286**	**813**	**1,108**	**–**	**4,207**
New purchased or originated assets	3,722	–	–	–	**3,722**
Assets derecognized or redeemed (except for write-offs)	(986)	(83)	(188)	–	**(1,257)**
Transfers to Stage 1	118	(118)	–	–	**–**
Transfers to Stage 2	(1,172)	1,172	–	–	**–**
Transfers to Stage 3	(105)	(933)	1,038	–	**–**
(Reversal)/charge of allowance	(643)	227	4,028	–	**3,612**
Amounts written off	–	–	(4,906)	–	**(4,906)**
31 December 2023	**3,220**	**1,078**	**1,080**	**–**	**5,378**

(Thousands of Belarusian rubles, unless otherwise indicated)

10. Loans to customers (continued)

Allowance for ECL on loans to customers measured at amortized cost (continued)

Movements in the gross carrying amount and relevant ECL related to residential mortgages for the year ended 31 December 2023 are as follows:

Residential mortgages	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Gross carrying amount at 1 January 2023	**127,565**	**495**	**590**	**–**	**128,650**
New purchased or originated assets	53,957	–	–	–	**53,957**
Assets derecognized or redeemed (except for write-offs)	(12,951)	(1)	(55)	–	**(13,007)**
Changes resulting from issue/redemption	(12,170)	(130)	73	–	**(12,227)**
Transfers to Stage 1	117	(117)	–	–	**–**
Transfers to Stage 2	(728)	728	–	–	**–**
Transfers to Stage 3	(810)	(128)	938	–	**–**
Changes in contractual cash flows due to modification	–	1	–	–	**1**
Amounts written off	–	–	(357)	–	**(357)**
31 December 2023	**154,980**	**848**	**1,189**	**–**	**157,017**

Residential mortgages	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
ECL at 1 January 2023	**155**	**78**	**146**	**–**	**379**
New purchased or originated assets	34	–	–	–	**34**
Assets derecognized or redeemed (except for write-offs)	(17)	–	(12)	–	**(29)**
Transfers to Stage 1	24	(24)	–	–	**–**
Transfers to Stage 2	(2)	2	–	–	**–**
Transfers to Stage 3	(18)	(22)	40	–	**–**
(Reversal)/charge of allowance	(90)	99	675	–	**684**
Amounts written off	–	–	(357)	–	**(357)**
31 December 2023	**86**	**133**	**492**	**–**	**711**

The contractual amount outstanding on loans to customers at amortized cost that were written off during the year ended 31 December 2024 and that are still subject to enforcement activity amounted to BYN 39,442 thousand (2023: BYN 23,762 thousand).

The undiscounted ECL on acquired credit-impaired loans to customers that were initially recognized during the years ended 31 December 2024 and 2023 are as follows:

	2024	*2023*
Small and medium business lending	–	3,340
Corporate lending	–	(242)
Total undiscounted ECL at initial recognition of POCI assets	**–**	**3,098**

Modified and restructured loans

The table below includes Stage 2 and Stage 3 assets that were renegotiated during the period and, as a result, recognized as restructured assets, and the associated losses incurred by the Bank due to the modification.

	2024	*2023*
Loans to customers modified during the period	**4,845**	**21,488**
Amortized cost before modification	5,844	21,944
Effect from modification	(999)	(456)
Loans to customers modified since initial recognition	69,058	97,062
The gross carrying amount of loans to customers as at 1 January, for which the calculation of the allowance for ECL was changed to 12-month ECL	652	–

(Thousands of Belarusian rubles, unless otherwise indicated)

10. Loans to customers (continued)

Collateral and other credit enhancements

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

The main types of collateral obtained are as follows:

- For corporate lending – charges over real estate property, equipment, vehicles, inventory, rights to claim future proceeds on accounts receivables or surety of third parties;
- For consumer lending – mortgages over residential properties, pledges of vehicles and surety of third parties.

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

Concentration of loans to customers

As at 31 December 2024, the Bank had a concentration of loans represented by BYN 1,407,544 thousand due from the ten largest borrowers (groups of related borrowers) (43% of the gross loan portfolio) (2023: BYN 950,173 thousand, or 31%). An allowance of BYN 35,307 thousand was recognized against these loans (2023: BYN 57,385 thousand).

Loans have been issued to the following types of customers:

	2024	*2023*
Private companies	1,902,309	1,667,387
State-controlled companies	829,470	908,099
Individuals	558,745	494,361
Total loans to customers	**3,290,524**	**3,069,847**

Loans are issued principally within the Republic of Belarus in the following industry sectors:

	2024	*2023*
Manufacturing	1,011,664	1,245,012
Trading enterprises	779,530	690,411
Individuals	558,745	494,361
Agriculture and food processing	338,420	192,736
Financial sector	312,208	194,746
Real estate construction	178,069	167,855
Transport	52,903	26,684
Other	58,985	58,042
Total loans to customers	**3,290,524**	**3,069,847**

11. Investment securities

Investment securities comprise:

	2024	*2023*
Debt securities at amortized cost		
Corporate bonds	567,652	185,465
Tokens	548	535
Less allowance	(15,581)	(9,955)
Debt securities at amortized cost	**552,619**	**176,045**

(Thousands of Belarusian rubles, unless otherwise indicated)

11. Investment securities (continued)

	2024	*2023*
Debt securities at FVOCI		
Bonds of the Ministry of Finance of the Republic of Belarus	788,246	643,364
Bonds of resident banks of the Republic of Belarus	20,055	15,309
Bonds of local authorities of the Republic of Belarus	10,538	10,124
Bonds of the Development Bank of the Republic of Belarus	–	148,918
Debt securities at FVOCI	**818,839**	**817,715**
Equity securities at FVOCI		
Participation shares	346	1,642
Corporate shares	37	37
Equity securities at FVOCI	**383**	**1,679**

Movements in the gross carrying amount of debt securities for the year ended 31 December 2024 are as follows:

Debt securities at amortized cost	***Stage 1***	***Total***
Gross carrying amount at 1 January 2024	**186,000**	**186,000**
New purchased or originated assets	396,530	**396,530**
Assets sold	(16,269)	**(16,269)**
Other changes	2,677	**2,677**
Exchange differences	(738)	**(738)**
31 December 2024	**568,200**	**568,200**

Debt securities at amortized cost	***Stage 1***	***Total***
Allowance for ECL at 1 January 2024	**9,955**	**9,955**
New purchased or originated assets	9,206	**9,206**
Assets sold	(312)	**(312)**
Changes in models and inputs used for ECL calculations	(2,860)	**(2,860)**
Reversal of allowance	(402)	**(402)**
Exchange differences	(6)	**(6)**
31 December 2024	**15,581**	**15,581**

Debt securities at FVOCI	***Stage 1***	***Stage 2***	***Total***
Gross carrying amount at 1 January 2024	**416,058**	**401,657**	**817,715**
New purchased or originated assets	664,925	–	**664,925**
Assets fully redeemed	(6,850)	(124,088)	**(130,938)**
Assets sold	(405,376)	(196,531)	**(601,907)**
Transfers to Stage 2	(19,627)	19,627	**–**
Change in fair value	55,632	(5,783)	**49,849**
Other changes	597	(34,976)	**(34,379)**
Exchange differences	36,759	16,815	**53,574**
31 December 2024	**742,118**	**76,721**	**818,839**

Debt securities at FVOCI	***Stage 1***	***Stage 2***	***Total***
Allowance for ECL at 1 January 2024	**7,163**	**28,758**	**35,921**
New purchased or originated assets	2,003	–	**2,003**
Assets fully redeemed	(95)	(668)	**(763)**
Assets sold	(144)	(17,716)	**(17,860)**
Transfers to Stage 2	(513)	513	**–**
Changes in models and inputs used for ECL calculations	(6,518)	(4,181)	**(10,699)**
Charge/(reversal) of allowance	2,316	(4,840)	**(2,524)**
Exchange differences	387	1,065	**1,452**
31 December 2024	**4,599**	**2,931**	**7,530**

(Thousands of Belarusian rubles, unless otherwise indicated)

11. Investment securities (continued)

Movements in the gross carrying amount of debt securities for the year ended 31 December 2023 are as follows:

Debt securities at amortized cost	*Stage 1*	*Total*
Gross carrying amount at 1 January 2023	**30,578**	**30,578**
New purchased or originated assets	156,086	**156,086**
Assets fully redeemed	(1,171)	**(1,171)**
Exchange differences	(1,090)	**(1,090)**
Other changes	1,597	**1,597**
31 December 2023	**186,000**	**186,000**

Debt securities at amortized cost	*Stage 1*	*Total*
Allowance for ECL at 1 January 2023	**916**	**916**
New purchased or originated assets	9,624	**9,624**
Assets fully redeemed	(532)	**(532)**
Other changes	(53)	**(53)**
31 December 2023	**9,955**	**9,955**

Debt securities at FVOCI	*Stage 1*	*Stage 2*	*Total*
Gross carrying amount at 1 January 2023	**521,261**	**106,864**	**628,125**
New purchased or originated assets	296,069	–	**296,069**
Assets fully redeemed	(71,726)	–	**(71,726)**
Assets sold	(217,106)	–	**(217,106)**
Transfers to Stage 2	(237,228)	237,228	**–**
Change in fair value	43,705	21,195	**64,900**
Other changes	4,600	17,714	**22,314**
Exchange differences	76,483	18,656	**95,139**
31 December 2023	**416,058**	**401,657**	**817,715**

Debt securities at FVOCI	*Stage 1*	*Stage 2*	*Total*
Allowance for ECL at 1 January 2023	**6,212**	**2,432**	**8,644**
New purchased or originated assets	1,472	–	**1,472**
Assets fully redeemed	(850)	–	**(850)**
Assets sold	(42)	–	**(42)**
Transfers to Stage 2	(25,339)	25,339	**–**
Charge of allowance	25,173	220	**25,393**
Exchange differences	537	767	**1,304**
31 December 2023	**7,163**	**28,758**	**35,921**

In 2024, the Bank received dividends on equity instruments at FVOCI in the amount of BYN 6 thousand (2023: BYN 115 thousand), which were recognized within other income in the consolidated statement of profit or loss.

(Thousands of Belarusian rubles, unless otherwise indicated)

12. Property and equipment

During 2024, movements in property and equipment were as follows:

	Buildings	*Furniture and fixtures*	*Computers and office equipment*	*Vehicles*	*Assets under construction*	*Total*
Cost or revalued amount						
31 December 2023	**32,603**	**31,965**	**43,845**	**4,679**	**1,524**	**114,616**
Additions	–	2,428	13,166	250	623	**16,467**
Addition from right-of-use assets	–	–	–	1,217	–	**1,217**
Disposals	(372)	(2,749)	(2,315)	(431)	(19)	**(5,886)**
Disposal as a result of discontinued participation in the subsidiary	–	(3)	(37)	–	–	**(40)**
31 December 2024	**32,231**	**31,641**	**54,659**	**5,715**	**2,128**	**126,374**
Accumulated depreciation and impairment						
31 December 2023	**(618)**	**(21,016)**	**(38,256)**	**(1,908)**	**–**	**(61,798)**
Depreciation charge	(341)	(2,971)	(2,607)	(545)	–	**(6,464)**
Addition from right-of-use assets	–	–	–	(1,217)	–	**(1,217)**
Disposals	21	2,447	2,307	190	–	**4,965**
Effect of impairment	(254)	–	–	–	–	**(254)**
Disposal as a result of discontinued participation in the subsidiary	–	1	21	–	–	**22**
31 December 2024	**(1,192)**	**(21,539)**	**(38,535)**	**(3,480)**	**–**	**(64,746)**
Net book value						
31 December 2023	**31,985**	**10,949**	**5,589**	**2,771**	**1,524**	**52,818**
31 December 2024	**31,039**	**10,102**	**16,124**	**2,235**	**2,128**	**61,628**

During 2023, movements in property and equipment were as follows:

	Buildings	*Furniture and fixtures*	*Computers and office equipment*	*Vehicles*	*Assets under construction*	*Total*
Cost or revalued amount						
31 December 2022	**31,836**	**33,028**	**47,351**	**2,681**	**5,161**	**120,057**
Additions	767	4,170	2,254	2,399	32	**9,622**
Disposals	–	(5,233)	(5,760)	(401)	(3,669)	**(15,063)**
31 December 2023	**32,603**	**31,965**	**43,845**	**4,679**	**1,524**	**114,616**
Accumulated depreciation and impairment						
31 December 2022	**–**	**(19,268)**	**(41,571)**	**(2,152)**	**–**	**(62,991)**
Depreciation charge	(351)	(5,275)	(611)	(157)	–	**(6,394)**
Disposals	–	3,527	3,926	401	–	**7,854**
Effect of impairment	(267)	–	–	–	–	**(267)**
31 December 2023	**(618)**	**(21,016)**	**(38,256)**	**(1,908)**	**–**	**(61,798)**
Net book value						
31 December 2022	**31,836**	**13,760**	**5,780**	**529**	**5,161**	**57,066**
31 December 2023	**31,985**	**10,949**	**5,589**	**2,771**	**1,524**	**52,818**

As at 31 December 2024, the Bank impaired one of the real estate properties with indications of impairment. More details about the fair value of buildings are disclosed in Note 29.

(Thousands of Belarusian rubles, unless otherwise indicated)

12. Property and equipment (continued)

If the buildings were measured using the cost model, the carrying amounts would be as follows:

	2024	*2023*
Cost	**31,647**	**32,321**
Accumulated depreciation and impairment	(14,000)	(13,588)
Net book value	**17,647**	**18,733**

13. Right-of-use assets

Movements in right-of-use assets were as follows:

	Buildings	*Equipment*	*Vehicles*	*Total*
Cost				
1 January 2024	**10,539**	**–**	**1,217**	**11,756**
Additions	1,797	300	–	**2,097**
Disposals	(1,234)	–	–	**(1,234)**
Transfer to property and equipment	–	–	(1,217)	**(1,217)**
Disposal as a result of discontinued participation in the subsidiary	(81)	–	–	**(81)**
Modification/revaluation	3,035	–	–	**3,035**
31 December 2024	**14,056**	**300**	**–**	**14,356**
Accumulated depreciation and impairment				
1 January 2024	**(3,969)**	**–**	**(1,108)**	**(5,077)**
Depreciation charge	(3,545)	(122)	(109)	**(3,776)**
Disposals	1,023	–	–	**1,023**
Transfer to property and equipment	–	–	1,217	**1,217**
Disposal as a result of discontinued participation in the subsidiary	63	–	–	**63**
31 December 2024	**(6,428)**	**(122)**	**–**	**(6,550)**
Net book value				
1 January 2024	**6,570**	**–**	**109**	**6,679**
31 December 2024	**7,628**	**178**	**–**	**7,806**

	Buildings	*Vehicles*	*Total*
Cost			
1 January 2023	**8,195**	**1,217**	**9,412**
Additions	755	–	**755**
Disposals	(595)	–	**(595)**
Modification/revaluation	2,184	–	**2,184**
31 December 2023	**10,539**	**1,217**	**11,756**
Accumulated depreciation and impairment			
1 January 2023	**(1,205)**	**(866)**	**(2,071)**
Depreciation charge	(3,072)	(242)	**(3,314)**
Disposals	308	–	**308**
31 December 2023	**(3,969)**	**(1,108)**	**(5,077)**
Net book value			
1 January 2023	**6,990**	**351**	**7,341**
31 December 2023	**6,570**	**109**	**6,679**

In 2024, total cash outflow on the Bank's leases amounted to BYN 2,071 thousand (2023: BYN 4,172 thousand). Non-cash additions to right-of-use assets and lease liabilities (including due to modifications/revaluation) amounted to BYN 5,132 thousand (2023: BYN 2,939 thousand).

(Thousands of Belarusian rubles, unless otherwise indicated)

14. Intangible assets

Movements in intangible assets were as follows:

	Licenses	*Computer software*	*Investments in intangible assets*	*Total*
Cost				
31 December 2023	**19,990**	**83,662**	**6,094**	**109,746**
Additions	–	20,466	16,214	**36,680**
Disposals	(663)	(675)	(848)	**(2,186)**
Disposal as a result of discontinued participation in the subsidiary	(565)	(1,873)	–	**(2,438)**
Transfers between categories	422	4,151	(4,573)	**–**
31 December 2024	**19,184**	**105,731**	**16,887**	**141,802**
Accumulated amortization and impairment				
31 December 2023	**(11,602)**	**(42,358)**	**–**	**(53,960)**
Amortization charge	(3,656)	(7,518)	–	**(11,174)**
Disposals	13	278	–	**291**
Disposal as a result of discontinued participation in the subsidiary	105	675	–	**780**
31 December 2024	**(15,140)**	**(48,923)**	**–**	**(64,063)**
Net book value				
31 December 2023	**8,388**	**41,304**	**6,094**	**55,786**
31 December 2024	**4,044**	**56,808**	**16,887**	**77,739**
Cost				
31 December 2022	**32,466**	**95,702**	**4,760**	**132,928**
Additions	1,327	17,855	3,192	**22,374**
Disposals	(13,976)	(31,580)	–	**(45,556)**
Transfers between categories	173	1,685	(1,858)	**–**
31 December 2023	**19,990**	**83,662**	**6,094**	**109,746**
Accumulated amortization and impairment				
31 December 2022	**(23,901)**	**(67,362)**	**–**	**(91,263)**
Amortization charge	(1,677)	(6,576)	–	**(8,253)**
Disposals	13,976	31,580	–	**45,556**
31 December 2023	**(11,602)**	**(42,358)**	**–**	**(53,960)**
Net book value				
31 December 2022	**8,565**	**28,340**	**4,760**	**41,665**
31 December 2023	**8,388**	**41,304**	**6,094**	**55,786**

15. Taxation

The income tax (benefit)/expense comprises:

	2024	*2023*
Current tax charge	11,094	12,436
Deferred tax charge – origination of temporary differences	31,749	8,785
Less deferred tax recognized in other comprehensive income	–	(32)
Income tax expense/(benefit)	**42,843**	**21,189**

The Bank accounts for taxes based on the tax accounting maintained in accordance with the Belarusian tax legislation. In 2024, income tax rate for Bank BelVEB OJSC and its subsidiary, BelVEB Insurance LLC, was 25% (2023: 25%). VEB Technologies LLC, the Bank's subsidiary, is a resident of the Hi-Tech Park and is entitled to the exemption from the income tax on principal activities. The entities apply a reduced rate of 9% for other non-operating and operating income.

(Thousands of Belarusian rubles, unless otherwise indicated)

15. Taxation (continued)

The effective income tax rate differs from the statutory income tax rate. A reconciliation of the income tax expense based on the statutory rate with actual is as follows:

	2024	*2023*
Profit before tax	**279,299**	**92,356**
Statutory tax rate	25%	25%
Theoretical income tax expense at the statutory rate	**69,825**	**23,089**
Investment tax credits	(251)	(774)
Non-taxable income from securities	(28,067)	(13,833)
Other non-taxable income	(5,349)	(2,259)
Non-deductible expenditures	13,735	9,303
Change in unrecognized deferred tax assets	893	434
Tax effect of reversal of allowance for ECL on debt securities at FVOCI	(7,098)	6,819
Tax effect of other differences	(845)	(1,590)
Income tax expense	**42,843**	**21,189**

As at 31 December, deferred tax assets and liabilities and their movements for the respective years comprise:

		Origination and reversal of temporary differences	*Origination and reversal of temporary differences*		*Origination and reversal of temporary differences*	*Origination and reversal of temporary differences*	
	31 December 2022	*In the statement of profit or loss*	*In other comprehensive income*	*31 December 2023*	*In the statement of profit or loss*	*In other comprehensive income*	*31 December 2024*
Tax effect of deductible temporary differences							
Investment securities	600	1,071	–	1,671	(304)	–	1,367
Property and equipment, intangible assets and right-of-use assets	2,698	(500)	32	2,230	788	–	3,018
Derivative financial instruments	–	7	–	7	(4)	–	3
Amounts due to customers	33	(5)	–	28	(28)	–	–
Loans to customers	1,536	1,435	–	2,971	(2,971)	–	–
Amounts due to credit institutions	–	1,176	–	1,176	(1,176)	–	–
Amounts due from credit institutions	5,400	(5,400)	–	–	15	–	15
Investments in associates and jointly controlled entities	10	–	–	10	(10)	–	–
Other assets	–	679	–	679	(679)	–	–
Other liabilities	4,061	(4,061)	–	–	–	–	–
Deferred tax assets unrecognized in the statement of financial position	–	(434)	–	(434)	(893)	–	(1,327)
Deferred tax assets, gross	**14,338**	**(6,032)**	**32**	**8,338**	**(5,262)**	**–**	**3,076**
Tax effect of taxable temporary differences							
Cash and cash equivalents	(7)	(4)	–	(11)	5	–	(6)
Amounts due to credit institutions	(775)	775	–	–	(168)	–	(168)
Derivative financial instruments	(1)	1	–	–	–	–	–
Amounts due to customers	–	–	–	–	(44)	–	(44)
Investment securities	(47)	47	–	–	–	–	–
Amounts due from credit institutions	(1)	(1,116)	–	(1,117)	352	–	(765)
Loans to customers	–	–	–	–	(28,141)	–	(28,141)
Investments in associates and jointly controlled entities	(1,421)	137	–	(1,284)	1,284	–	–
Property and equipment, intangible assets and right-of-use assets	–	–	–	–	(2)	–	(2)
Other assets	(2,497)	2,497	–	–	(512)	–	(512)
Other liabilities	–	(5,058)	–	(5,058)	739	–	(4,319)
Deferred tax liabilities	**(4,749)**	**(2,721)**	**–**	**(7,470)**	**(26,487)**	**–**	**(33,957)**
(Net deferred tax liability) / net deferred tax asset	**9,589**	**(8,753)**	**32**	**868**	**(31,749)**	**–**	**(30,881)**

As at 31 December 2024, Bank BelVEB OJSC recognized a deferred tax liability in the amount of BYN 30,881 thousand.

As at 31 December 2023, Bank BelVEB OJSC recognized a deferred tax asset in the amount of BYN 1,091 thousand. BelVEB Insurance UIE, the Bank's subsidiary, recognized a deferred tax liability in the amount of BYN 223 thousand.

(Thousands of Belarusian rubles, unless otherwise indicated)

16. Credit loss expense and other impairment

The table below shows credit loss expense and other impairment recorded in the consolidated statement of profit or loss for the year ended 31 December 2024:

	Notes	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Amounts due from credit institutions	8	(62)	(261)	(3,795)	–	**(4,118)**
Loans to customers at amortized cost	10	3,666	4,471	(14,539)	(16,811)	**(23,213)**
Debt securities at amortized cost	11	5,632	–	–	–	**5,632**
Debt securities at FVOCI	11	(2,951)	(26,892)	–	–	**(29,843)**
Other financial assets	17	(271)	(23)	10	–	**(284)**
Guarantees	24	(1,428)	12,375	(28,255)	–	**(17,308)**
Undrawn loan commitments	24	39	(1,535)	(227)	–	**(1,723)**
Letters of credit	24	42	–	–	–	**42**
Total credit loss expense		**4,667**	**(11,865)**	**(46,806)**	**(16,811)**	**(70,815)**

The table below shows credit loss expense and other impairment recorded in the consolidated statement of profit or loss for the year ended 31 December 2023:

	Notes	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Amounts due from credit institutions	8	163	11	(422)	–	**(248)**
Loans to customers at amortized cost	10	(10,276)	(41,199)	12,706	11,627	**(27,142)**
Debt securities at amortized cost	11	9,039	–	–	–	**9,039**
Debt securities at FVOCI	11	414	25,559	–	–	**25,973**
Other financial assets	17	174	13	23	–	**210**
Guarantees	24	(1,147)	(190)	27,682	–	**26,345**
Undrawn loan commitments	24	(267)	(2,796)	(7,321)	–	**(10,384)**
Letters of credit	24	48	–	–	–	**48**
Total credit loss expense		**(1,852)**	**(18,602)**	**32,668**	**11,627**	**23,841**

Movements in allowance for impairment of non-financial assets were as follows:

	Other non-financial assets	*Total*
31 December 2022	**–**	**–**
Charge	49	**49**
31 December 2023	**49**	**49**
Charge	122	**122**
31 December 2024	**171**	**171**

17. Other assets and liabilities

Other assets comprise:

	2024	*2023*
Other financial assets		
Settlements under certain operations	37,880	–
Accrued income	2,502	1,231
Other receivables	1,702	2,427
Less allowance for ECL on other financial assets	(361)	(645)
Total other financial assets	**41,723**	**3,013**
Advances issued	10,597	6,020
Repossessed collateral	3,188	138
Prepaid taxes other than income tax	2,922	3,623
Prepaid expenses	2,737	2,802
Inventories	1,917	4,207
Other non-financial assets	22	136
Impairment	(171)	(49)
Total other non-financial assets	**21,212**	**16,877**
Other assets	**62,935**	**19,890**

(Thousands of Belarusian rubles, unless otherwise indicated)

17. Other assets and liabilities (continued)

Settlements under certain operations comprise unpaid interest on Eurobonds of the Ministry of Finance of the Republic of Belarus (the amount was paid on 28 February 2025).

As at 31 December 2024, the carrying amount of assets received in repayment of debt was BYN 3,188 thousand (31 December 2023: BYN 138 thousand).

Movements in allowances for ECL on other financial assets for the year ended 31 December 2024 were as follows:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
Allowance for ECL at 1 January 2024	**326**	**31**	**288**	**645**
New purchased or originated assets	128	–	–	**128**
Transfers to Stage 2	(75)	75	–	**–**
Transfers to Stage 3	–	(67)	67	**–**
Reversal of allowance	(324)	(31)	(57)	**(412)**
31 December 2024	**55**	**8**	**298**	**361**

Movements in allowances for ECL on other financial assets for the year ended 31 December 2023 were as follows:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
Allowance for ECL at 1 January 2023	**152**	**18**	**265**	**435**
New purchased or originated assets	549	–	–	**549**
Transfers to Stage 2	(231)	231	–	**–**
Transfers to Stage 3	–	(201)	201	**–**
Reversal of allowance	(144)	(17)	(178)	**(339)**
31 December 2023	**326**	**31**	**288**	**645**

Other liabilities and provisions comprise:

	2024	*2023*
Other financial liabilities	**30,347**	**50,154**
Provision for contingent liabilities	16,390	35,374
Other settlements with banks	8,237	–
Accrued expenses	3,574	3,135
Settlements with suppliers	2,146	11,645
Other non-financial liabilities	**46,312**	**39,189**
Pension plan liabilities	14,377	15,614
Insurance contract liabilities	13,662	9,488
Settlements with employees	8,144	7,036
Taxes payable other than income tax	3,381	3,009
Other non-financial liabilities	6,748	4,042
Other liabilities and provisions	**76,659**	**89,343**

The Bank participates in the system of voluntary supplementary pension insurance of employees – the defined contribution pension plan.

18. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	2024	*2023*
Time deposits and loans	555,194	563,267
Current accounts	138,316	97,390
Amounts received under repurchase transactions	–	200,108
Amounts due to credit institutions	**693,510**	**860,765**

(Thousands of Belarusian rubles, unless otherwise indicated)

19. Amounts due to the National Bank of the Republic of Belarus

As at 31 December 2024, amounts due to the National Bank of the Republic of Belarus comprise transactions using the payment cards in the amount of BYN 9,567 thousand. As at 31 December 2023, amounts due to the National Bank of the Republic of Belarus comprise transactions using the payment cards in the amount of BYN 9,431 thousand.

20. Amounts due to customers

Amounts due to customers comprise:

	2024	*2023*
Time deposits	2,632,840	2,039,798
Current accounts	1,161,339	1,015,728
Amounts due to customers	**3,794,179**	**3,055,526**
Held as collateral against letters of credit	2,107	27,509
Held as collateral against guarantees	46,641	30,440

As at 31 December 2024, amounts due to customers of BYN 537,314 thousand (14%) were due to the ten largest customers (2023: BYN 498,380 thousand or 16%).

Included in time deposits are deposits of individuals in the amount of BYN 610,908 thousand (2023: BYN 606,720 thousand).

As at 31 December 2024, amounts due to individuals and amounts due to legal entities include funds in precious metals on current accounts designated as at fair value through profit or loss totaling BYN 1,195 thousand and BYN 2,921 thousand, respectively (2023: BYN 520 thousand and BYN 2,115 thousand, respectively).

Amounts due to customers include accounts of the following types of customers:

	2024	*2023*
Private companies	1,963,557	1,442,092
Individuals	1,058,710	941,626
State and budgetary organizations	771,912	671,808
Amounts due to customers	**3,794,179**	**3,055,526**

The category “State and budgetary organizations” includes only state and budgetary organizations of the Republic of Belarus. Foreign state enterprises are included in the “Private companies” category.

The analysis of customer accounts by economic sector is as follows:

	2024	*2023*
Individuals	1,058,710	941,626
Manufacturing	628,879	445,252
Trade	542,843	305,697
Real estate and construction	377,884	248,233
Agriculture and food processing	227,269	205,530
Regional authorities	112,221	136,066
Science and education	105,164	133,151
Finance	98,605	89,338
Health care, physical training and sport	84,610	69,787
Transport	72,113	128,437
Telecommunications	55,899	11,768
Mining	32,695	35,199
Logistics	16,667	23,178
Water supply	12,926	8,220
Mass media	1,843	541
Other	365,851	273,503
Amounts due to customers	**3,794,179**	**3,055,526**

(Thousands of Belarusian rubles, unless otherwise indicated)

21. Debt securities issued

Debt securities issued comprise:

	Currency	*Maturity*	*Interest rate*	*2024*	*2023*
Bonds, sixteenth issue	BYN	5 January 2029	9%	128,460	–
Bonds, eleventh issue	RUB	12 July 2026	4.8%	51,211	–
Bonds, fourteenth issue	RUB	12 July 2026	5.5%	17,124	8,770
Bonds, tenth issue	USD	12 July 2026	1.25%	–	69,926
Bonds, eighth issue	BYN	5 January 2024	11.70%	–	20,429
Debt securities issued				**196,795**	**99,125**

22. Subordinated loan

Subordinated debt comprises:

	Currency	*Maturity*	*Interest rate*	*2024*	*2023*
Subordinated loan from VEB.RF	USD	16 July 2031	8.49%	106,088	97,302
Subordinated loan from VEB.RF	USD	16 July 2031	8.49%	49,499	45,400
Subordinated loan from VEB.RF	USD	13 May 2024	11.26%	–	50,768
Subordinated loan				**155,587**	**193,470**

In 2024, a subordinated loan totaling BYN 50,768 thousand was repaid upon maturity.

23. Equity

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

	Number of shares (all ordinary)	*Nominal value (all ordinary)*	*Inflation adjustment*	*Total*
1 January 2023	11,740,750,000	117,408	355,649	**473,057**
31 December 2023	11,740,750,000	117,408	355,649	**473,057**
31 December 2024	11,740,750,000	117,408	355,649	**473,057**

The share capital of Bank BelVEB OJSC was contributed by the shareholders in Belarusian rubles and they are entitled to dividends and any capital distribution in Belarusian rubles. All shares are ordinary with the nominal value of BYN 0.01. At the Shareholders' Meetings held in March 2024 and March 2023, Bank BelVEB OJSC did not declare dividends in respect of the reporting years ended 31 December 2023 and 31 December 2022, respectively. At the Shareholders' Meeting held in January 2025, Bank BelVEB OJSC declared dividends on the shares for 2022 and 2023 in the amount of BYN 0.00310617 per one ordinary share and established the period to pay dividends from 23 January 2025 to 24 March 2025. In accordance with the Belarusian legislation, dividends may only be declared to the shareholders of the Bank from accumulated undistributed earnings determined in accordance with the Belarusian accounting legislation. The Bank had BYN 646,866 thousand of undistributed and unreserved earnings as at 31 December 2024 (2023: BYN 539,923 thousand).

Additional paid-in capital

In 2024, the Bank's additional paid-in capital reduced by BYN 196 thousand due to the recognition at fair value of loans issued to shareholders and totaled BYN 6,877 thousand as at 31 December 2024 (2023: BYN 7,073 thousand).

Foreign currency translation reserve

As at 31 December 2024, foreign currency translation reserve amounted to BYN 87 thousand. This item includes exchange differences arising on translation of financial statements of VEBTECH LLC, a subsidiary, to the presentation currency.

(Thousands of Belarusian rubles, unless otherwise indicated)

23. Equity (continued)

Nature and purpose of other reserves

The revaluation reserve for buildings is used to record increases in the fair value of buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognized in equity.

The revaluation reserve for securities records changes in the fair value and allowance for securities at FVOCI.

Movements in other reserves were as follows:

	Revaluation reserve for buildings	*Revaluation reserve for securities*	*Total*
1 January 2023	**3,243**	**(89,068)**	**(85,825)**
Impairment of property and equipment	(235)	–	**(235)**
Amortization of revaluation reserve	(40)	–	**(40)**
Net change in the fair value of debt instruments at FVOCI	–	72,213	**72,213**
Change in the allowance for ECL on debt instruments at FVOCI	–	27,277	**27,277**
31 December 2023	**2,968**	**10,422**	**13,390**
1 January 2024	**2,968**	**10,422**	**13,390**
Impairment of property and equipment	(254)	–	**(254)**
Amortization of revaluation reserve	(41)	–	**(41)**
Net change in the fair value of debt instruments at FVOCI	–	56,676	**56,676**
Change in the allowance for ECL on debt instruments at FVOCI	–	(28,391)	**(28,391)**
31 December 2024	**2,673**	**38,707**	**41,380**

24. Commitments and contingencies

Operating environment

In 2024, the GDP of the Republic of Belarus increased by 4.0% as compared to 2023 and amounted to BYN 246.6 billion in current prices.

A positive balance of foreign trade in services in 2024 amounted to USD 3.392 billion compared with the positive balance of USD 2.837 billion in 2023.

As at 31 December 2024, the Belarusian ruble weakened against major currencies (except the Russian ruble) as compared to 31 December 2023. The official exchange rates of the Belarusian ruble against foreign currencies changed from BYN 3.1775 to USD 1 as at 31 December 2023 to BYN 3.4735; from BYN 3.5363 to EUR 1 to BYN 3.6246; from BYN 3.4991 to RUB 100 to BYN 3.3488; from BYN 4.4414 to CNY 10 to BYN 4.85.

During 2024, the refinancing rate of the National Bank of the Republic of Belarus did not change and remained at 9.5% per annum.

With the target level of 6%, the inflation level in 2024 was 5.2%. The price reduction was caused by price controls and a reduction in global import prices for food products.

The average broad money supply for December 2024 increased by 16.9% as compared to December 2023 with a target growth rate of 15%.

(Thousands of Belarusian rubles, unless otherwise indicated)

24. Commitments and contingencies (continued)

Operating environment (continued)

In 2024, international rating agencies changed the sovereign ratings of the Republic of Belarus in part due to the lack of sufficient and timely information that would allow maintaining credit ratings. In November 2023, S&P Global Ratings suspended its long- and short-term ‘SD/SD’ foreign currency and ‘CCC/C’ local currency sovereign credit ratings of the Republic of Belarus. In October 2023, Fitch Ratings withdrew Belarus’s ratings, including its long-term foreign-currency issuer default rating (IDR) at ‘RD’ (restricted default). Moody’s downgraded Belarus’s credit rating to C from Ca, while the negative outlook was changed to stable. In November 2023, Russia’s Analytical Credit Rating Agency (ACRA) withdrew the following credit ratings of the Government of the Republic of Belarus under the international scale: the long-term foreign currency credit rating at B+ and the local currency credit rating at B+ (“Developing” outlook), as well as the short-term foreign and local currency credit rating at B due to non-analytical reasons. However, ACRA did not withdraw its ratings for the country’s bonds (B+ on the international scale and BBB- on the national scale). In October 2024, ACRA affirmed this rating for bonds.

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

Legal

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

Taxation

Belarusian legislation and regulations regarding taxation, including currency exchange control and customs regulations, continue to evolve. Legislation and regulations are subject to varying interpretations by local, regional and national authorities, and other governmental bodies. Instances of inconsistent interpretations are usual. At the same time, there is a risk that transactions and interpretations that have not been challenged in the past may be challenged by the authorities in the future. Fiscal periods remain open to review for a period of five calendar years immediately preceding the year of review, and the expired period of the current calendar year. Under certain circumstances, reviews may cover longer periods. As a result, additional taxes, penalties and interest may be assessed by the supervisory authorities. The Belarusian tax legislation ensures control over transfer pricing and sets out requirements to transfer pricing reporting. Tax authorities may assess additional income tax liabilities in respect of all controlled transactions if they believe that prices applied in such transactions differ from market prices. Due to the uncertainty and absence of current practice of application of the current transfer pricing legislation in the Republic of Belarus, it is impossible to rule out that the tax authorities will challenge the level of prices applied under controlled transactions and assess additional income tax liabilities unless the Bank is able to prove the arm’s length nature of prices used in controlled transactions and submits the respective documentary evidence to the tax authorities. However, it is impossible to determine the amount of potential claims from the tax authorities in connection with transfer pricing.

It is not practical to determine the amount of unasserted claims, if any, that may arise or the likelihood of any unfavorable outcome.

Taxes are accrued and settled in accordance with tax legislation of the Republic of Belarus. As at 31 December 2024, management believes that its interpretation of the relevant legislation is appropriate and that the Bank’s tax, currency and customs positions will be sustained.

Commitments and contingencies

As at 31 December, the Bank’s commitments and contingencies comprised:

	2024	*2023*
Credit-related commitments		
Undrawn loan commitments	604,009	646,816
Guarantees	366,305	364,544
Letters of credit	36,856	61,597
Commitments and contingencies (before deducting collateral)	**1,007,170**	**1,072,957**
Less cash held as collateral against letters of credit and guarantees	(48,747)	(57,949)
Commitments and contingencies	**958,423**	**1,015,008**

As at 31 December 2024, the Bank had commitments related to assets purchased under other transactions totaling BYN 154,297 thousand, which were not financial guarantees (2023: BYN 234,728 thousand).

(Thousands of Belarusian rubles, unless otherwise indicated)

24. Commitments and contingencies (continued)

Commitments and contingencies (continued)

Movements in provisions for ECL for the year ended 31 December 2024 were as follows:

Undrawn loan commitments	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Provision for ECL at 1 January 2024	**782**	**2,320**	**279**	**3,381**
New commitments	461	–	–	**461**
Expired commitments	(423)	(28)	(256)	**(707)**
Transfers to Stage 1	19	(19)	–	**–**
Transfers to Stage 2	(21)	21	–	**–**
Transfers to Stage 3	(44)	–	44	**–**
Changes in models and inputs used for ECL calculations	(102)	(6)	–	**(108)**
Charge of provision	149	(1,503)	(15)	**(1,369)**
Exchange differences	4	4	–	**8**
31 December 2024	**825**	**789**	**52**	**1,666**

Letters of credit	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Provision for ECL at 1 January 2024	**75**	**–**	**–**	**75**
New letters of credit	117	–	–	**117**
Expired letters of credit	(71)	–	–	**(71)**
Reversal of provision	(4)	–	–	**(4)**
31 December 2024	**117**	**–**	**–**	**117**

Guarantees	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Provision for ECL at 1 January 2024	**3,227**	**273**	**28,418**	**31,918**
New guarantees	317	–	–	**317**
Expired guarantees	(2,549)	(266)	(665)	**(3,480)**
Transfers to Stage 1	6	(6)	–	**–**
Transfers to Stage 2	–	27,590	(27,590)	**–**
Transfers to Stage 3	–	–	–	**–**
Changes in models and inputs used for ECL calculations	(501)	–	–	**(501)**
Charge/(reversal) of provision	1,299	(14,943)	–	**(13,644)**
Exchange differences	(2)	–	–	**(2)**
31 December 2024	**1,797**	**12,648**	**163**	**14,608**

Movements in provisions for ECL for the year ended 31 December 2023 were as follows:

Undrawn loan commitments	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Provision for ECL at 1 January 2023	**1,038**	**4,810**	**7,600**	**13,448**
New commitments	578	–	–	**578**
Expired commitments	(706)	(123)	(7,601)	**(8,430)**
Transfers to Stage 1	34	(34)	–	**–**
Transfers to Stage 2	(125)	125	–	**–**
Transfers to Stage 3	(98)	–	98	**–**
Charge/(reversal) of provision	50	(2,764)	182	**(2,532)**
Exchange differences	11	306	–	**317**
31 December 2023	**782**	**2,320**	**279**	**3,381**

(Thousands of Belarusian rubles, unless otherwise indicated)

24. Commitments and contingencies (continued)

Commitments and contingencies (continued)

Letters of credit	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Provision for ECL at 1 January 2023	**27**	**–**	**–**	**27**
New letters of credit	72	–	–	**72**
Expired letters of credit	(3)	–	–	**(3)**
Reversal of provision	(21)	–	–	**(21)**
31 December 2023	**75**	**–**	**–**	**75**

Guarantees	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Provision for ECL at 1 January 2023	**4,373**	**416**	**722**	**5,511**
New guarantees	30,317	–	–	**30,317**
Expired guarantees	(1,684)	(365)	(559)	**(2,608)**
Transfers to Stage 1	3	(3)	–	**–**
Transfers to Stage 2	(273)	273	–	**–**
Transfers to Stage 3	(28,255)	–	28,255	**–**
Reversal of provision	(1,255)	(95)	(14)	**(1,364)**
Exchange differences	1	47	14	**62**
31 December 2023	**3,227**	**273**	**28,418**	**31,918**

Many of the above credit-related commitments may be terminated without being performed partially or in full. Therefore, they do not represent an expected cash outflow. Majority of loan and credit line commitments are not absolute covenants of the Bank.

Capital expenditures

As at 31 December 2024 and 31 December 2023, Bank BelVEB OJSC had no capital expenditure commitments.

25. Net fee and commission income

Net fee and commission income comprises:

	2024	*2023*
Settlement transactions	63,358	73,630
Guarantees and letters of credit	11,280	8,802
Fees for acting as an agent bank	1,298	283
Operations with securities	293	149
Other	11,808	4,324
Fee and commission income	**88,037**	**87,188**
Settlement transactions	(23,605)	(22,900)
Cash operations	(13,070)	(10,185)
Guarantees and letters of credit	(210)	(780)
Operations with securities	(318)	(206)
Other	(3,103)	(4,631)
Fee and commission expense	**(40,306)**	**(38,702)**
Net fee and commission income	**47,731**	**48,486**

Revenue from contracts with customers

The Bank's revenue from contracts with customers is mainly presented by fee and commission income. Revenue from contracts with customers recorded in the consolidated statement of profit or loss for 2024 amounted to BYN 88,037 thousand (2023: BYN 87,188 thousand).

In 2024, the Bank recognized the following contractual liability related to contracts with buyers/customers in the amount of BYN 2,093 thousand in the consolidated statement of financial position (2023: BYN 921 thousand).

(Thousands of Belarusian rubles, unless otherwise indicated)

26. Other income

	2024	*2023*
Income of subsidiaries from sales of goods/provision of services	17,218	9,945
Collection of debts previously written off	13,761	34,722
Insurance income	11,558	17,545
Income from transfer of rights of claim	5,579	2,578
Penalties received	2,318	2,036
Gain from disposal of subsidiary	1,309	–
Dividends	6	115
Gain from disposal of property and equipment	–	730
Other	3,326	2,376
Total other income	**55,075**	**70,047**

27. Personnel and other operating expenses

Personnel expenses, other employee benefits and other operating expenses comprise:

	2024	*2023*
Salaries and bonuses	75,854	68,579
Social security costs	20,036	17,694
Personnel expenses	**95,890**	**86,273**
Insurance	13,874	4,076
Expenses related to operating activities of subsidiaries	10,988	1,714
Data processing	9,200	9,883
Maintenance of property and equipment	7,820	5,240
Professional services	6,651	5,120
Maintenance and rent	6,051	3,077
Telecommunication services	3,534	2,877
Transportation of cash	2,655	2,104
Consultancy and information costs	2,612	2,334
Collection expenses	2,197	1,805
Expenses related to reimbursement of insurance claims	1,966	798
Charity	1,960	1,120
Expenses related to outsourced services (process support)	1,884	2,097
Contributions to trade union	1,626	915
Loss from disposal of property and equipment, intangible assets and other assets	1,449	–
Pension plan expenses	1,237	15,614
Representation expenses	1,038	780
Loss from disposal of participation interests	952	2,315
Transportation expenses	759	726
Expenses related to material assistance payments to retired employees	556	476
Expenses related to write-off of inventories	431	408
Security	378	338
Expenses on pension insurance	168	129
Other	8,447	8,447
Other operating expenses	**88,433**	**72,393**

For the year ended 31 December 2024, the Bank recognized expenses related to leases of low-value assets in the amount of BYN 12 thousand (2023: BYN 13 thousand).

(Thousands of Belarusian rubles, unless otherwise indicated)

28. Risk management

Introduction

Risk is inherent in the Bank's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing activity and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities. The Bank is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks. The Bank is also subject to operating risks and other non-financial risks (reputation and strategic risks).

Risk management structure

Supervisory Board

The Supervisory Board of the Bank, which is responsible for the overall management of the Bank's activities, ensures the risk management system organization within the limits of its authority.

Risk Committee of the Supervisory Board

The Risk Committee of the Supervisory Board of Bank BelVEB OJSC ensures effective decision-making by the Supervisory Board of Bank BelVEB OJSC regarding the organization and improvement of the risk management system, at least once a year submits reports on the risk management system status and the Bank's risk level to the Supervisory Board of Bank BelVEB OJSC and assesses the effectiveness of the consolidated risk management system, including with regard to the management of risks in the Bank and the bank holding where the Bank is the parent.

Strategic Planning Committee of the Supervisory Board

The Committee is primarily responsible for providing recommendations to the Supervisory Board of Bank BelVEB OJSC for determining the strategic goals of the Bank, as well as its key objectives and priority areas.

Management Board

The Management Board is responsible for organizing the risk management framework and ensuring the Bank's compliance with relevant objectives and goals set by the Supervisory Board of Bank BelVEB OJSC.

Risk Management Officer

The risk management officer ensures risk management at all levels in line with the nature and extent of banking and other operations, takes responsibility for timely identification, assessment and measures to limit the risks, controlling the risks level and the key risk indicators of the Bank.

Financial Committee

The Financial Committee of Bank BelVEB OJSC manages risks to ensure the financial stability and effective operating performance of the Bank within the limits of its authority.

Large Credit Committee

The Large Credit Committee of Bank BelVEB OJSC provides effective and immediate activities to negotiate credit policy of the Bank, makes decisions within its competence on carrying out active operations.

Small Credit Committee

The Small Credit Committee of Bank BelVEB OJSC makes decisions on carrying out active operations within the established risk profile.

Distressed Assets Management Committee

The Committee's aim is to ensure efficient management of doubtful debt of the Bank.

Operational Risk Committee

The Committee coordinates operational risk management to ensure the Bank's financial stability.

(Thousands of Belarusian rubles, unless otherwise indicated)

28. Risk management (continued)

Introduction (continued)

Risk Management Department

The Risk Management Department is responsible for independent assessment of banking risks together with methodological and analytical support of risk management process.

Underwriting Department

The Underwriting Department performs an independent assessment of applications for lending transactions with corporate customers and individuals for possible risks.

Treasury

The Treasury manages the Bank's liquidity and takes part in processes of managing interest rate risk of the bank portfolio.

Audit Committee of the Supervisory Board

The Audit Committee of the Supervisory Board of Bank BelVEB OJSC performs the overall management and ensures the operation of the internal control system in the Bank and the bank holding where Bank BelVEB OJSC is the parent, as well as the internal audit system of Bank BelVEB OJSC.

Internal Audit Department

The Internal Audit Department assesses the effectiveness of the risk management system, including the verification of the completeness and correctness of the application of the banking risks methods and risk management procedures, and provides recommendations on its improvement. The Internal Audit Department informs the Risk Management Department, the Management Board, the Audit Committee of the Supervisory Board and the Supervisory Board about the results of the efficiency assessment of the risk management system.

Risk assessment and risk communication systems

The risk assessment is performed by the Bank for each major type of risk.

Together with the standard evaluation methods regarding the determination of regulatory capital adequacy set by the National Bank of the Republic of Belarus and applied to credit, market, operational and liquidity risks, the Bank also uses the following methods of assessment:

- Value-at-Risk (VaR) (currency risk);
- Approach based on the internal credit ratings of the borrower, scoring of the creditworthiness (solvency) of legal entities and individuals (credit risk);
- Gap analysis, duration (interest rate risk of the bank portfolio);
- Gap analysis, ratio analysis, the method of analysis of expected cash (payment) flows (liquidity risk);
- Analysis of operational risk implementation facts per risk objects and expert assessment (operational risk).

Risk calculation methods based on key risk indicators that have been developed for significant types of risks (credit, operational, strategic, currency, interest rate, commodity, liquidity and reputational risks).

The Bank performs stress-testing procedures of banking risks, which allow estimating the potential impact of number of shocks, i.e. changes in risk factors representing exceptional but probable events on the Bank's financial performance. Valuation techniques for every type of risks, including their composition and sources used in assessment for each of them, as well as stress-testing methodology, are specified in local normative documents of the Bank relating to management of different risk types. Monitoring and controlling risks is primarily based on the limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept. In addition, the Bank monitors and estimates the overall risk bearing capacity in relation to the aggregate risk exposure across the basic risk types.

Information compiled from all the businesses is examined and processed in order to analyze, control and early identify risks. This information is presented to the Management Board, the Supervisory Board, appropriate committees and to the heads of the departments according to the period defined by the separate local legal documents.

(Thousands of Belarusian rubles, unless otherwise indicated)

28. Risk management (continued)

Introduction (continued)

For all levels throughout the Bank, specifically tailored risk reports are prepared and distributed in order to ensure that the Bank's departments have an access to extensive, necessary and up-to-date information.

Risk mitigation

As part of its overall risk management, the Bank uses derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, equity risks, credit risks, and exposures arising from forecast transactions.

The Bank actively uses collateral to reduce its credit risks.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to condition changes affecting a particular industry or geographical location. In order to avoid excessive concentrations of risks, the Bank's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio.

Identified concentrations of risks are managed accordingly.

The Bank is subject to credit risk, i.e., a risk of loss, failure to obtain the planned revenues because its debtors failed to discharge their financial and other property obligations stated in contracts or by the legislation of the Republic of Belarus.

Credit risk is the most significant type of the risk for the Bank. Its management, as well as monitoring the quality of loan portfolio is given a special attention.

Credit risk

The Bank manages credit risk by:

- ► Diversifying duties and responsibilities between representatives and executives bodies, committees, officials and Bank's departments in sphere of the credit risk management;
- ► Setting up an adequate and appropriate to interests of the Bank system of lending to legal entities, individual entrepreneurs and individuals, as well as a system for setting limits for transactions subject to credit risk and limits for customers (a group of related customers) involved in active operations;
- ► Establishing the unified methodology of credit risk identification and assessment;
- ► Implementing the interest rates policy that allows covering expected losses and the cost of the Bank's debt capital;
- ► Performing a qualitative and timely analysis of the state and dynamics of the loan portfolio, secure functioning thresholds, which characterize the level of credit risk;
- ► Performing stress-testing and identifying the factors which influence the changes of credit risk level;
- ► Requiring collateral to secure obligations of its debtors;
- ► Setting up a system for regular and timely communication of the credit risk level to the Financial Committee, the Large Credit Committee, the Management Board, the Risk Committee of the Supervisory Board and the Supervisory Board of the Bank.

The Bank has established the system of internal ratings of corporate customers, which provides a differentiated assessment of the probability of the debtors default based on the analysis of qualitative and quantitative credit risk factors, their impact on the debtor's ability to maintain and repay the liabilities.

Decisions on separate standard products for individuals and legal entities are made based on the scoring models developed by the Bank for assessing the creditworthiness (solvency) of legal entities and individuals.

To improve quality of the new credit products the Bank working further on the ratings and scoring models. The Bank controls credit risk by setting limits per customer or group of related customers as well as concentration limits for the 20 largest corporate customers.

28. Risk management (continued)

Credit risk (continued)

Concentration of credit risk limits are approved by the credit policy of the Bank and undergo regular review (at least once a year). Monitoring of these limits is made on a quarterly basis as part of the preparation of management reports on the Bank's risk level.

Covering accepted credit risk is carried out by formation of special allowances. The risk assessment is carried out by the Bank individually for each borrower on the basis of criteria used to assess the debtor's ability to meet its obligations, the quality and adequacy of submitted collateral and duration of overdue debt. The Underwriting Department controls the completeness and accuracy of judgment for the classification (reclassification) of assets and contingencies of the corporate customers by their risk groups.

For contingencies, the Bank uses the same credit policy as it does for on-balance financial instruments, which is based on transaction approving procedures, procedures of using restricting risk limits, and monitoring procedures.

Credit-related commitments risks

The Bank makes available to its customers guarantees which may require that the Bank make payments on their behalf. Such payments are collected from customers based on the terms of the concluded agreements. They expose the Bank to similar risks to loans and these are mitigated by the same control procedures and the risk control policy.

The carrying amount of the consolidated statement of financial position, including derivative financial instruments, excluding the effect of risk mitigation through the use of master netting and collateral agreements, most accurately reflects the maximum credit risk exposure for these lines. If the financial instruments are recorded at fair value, the carrying amount represents the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

More detailed information on the maximum exposure to credit risk for each class of financial instruments is provided in the specific notes.

Impairment assessment

In accordance with IFRS 9, the Bank applies the expected credit losses model to create allowances for ECL. The core principle of the model is timely recognition of deterioration or improvement of the credit quality of financial instruments taking into account current information and forecasts. The amount of expected credit losses recorded as an allowance for ECL is based on the degree of deterioration in the credit quality of the financial instrument after its initial recognition.

As part of an overall approach, the allowance for ECL is accrued based on the following:

- Expected credit losses during the year – for financial instruments, for which there are no factors indicating a significant deterioration in the credit quality after the initial recognition and no impairment indicators;
- Expected credit losses during the lifetime of a financial instrument – for financial instruments, for which factors indicating a significant increase in credit risk or impairment indicators were identified.

The key elements of the expected credit losses (ECL) model in accordance with IFRS 9 are as follows:

Probability of default (PD)	The *probability of default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the asset has not been previously derecognized and is still in the portfolio.
Exposure at default (EAD)	The *exposure at default* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
Loss given default (LGD)	The *loss given default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

(Thousands of Belarusian rubles, unless otherwise indicated)

28. Risk management (continued)

Credit risk (continued)

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since the initial recognition, otherwise, the allowance is based on 12 months' expected credit losses (12mECL). The 12mECL is the portion of LTECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECL and 12mECL are calculated on either a collective basis (for financial instruments, for which no impairment indicators have been identified (Stage 1 and Stage 2) and for financial instruments related to retail business), or on an individual basis (for financial instruments, for which impairment indicators have been identified (Stage 3)).

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the changes in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Bank groups its loans as follows:

Stage 1: When a financial instrument is first recognized, the Bank recognizes an allowance based on 12mECL. Stage 1 also includes financial instruments, for which there are no factors indicating an increase in credit risk and no impairment indicators, and financial instruments, for which credit quality has improved (recovery condition has been met) to reach the level of Stage 1 financial instruments if factors indicating a significant increase in credit risk (Stage 2) were identified at prior reporting dates.

Stage 2: If there has been a significant increase in credit risk for the loan since its initial recognition, the Bank recognizes an estimated allowance in the amount equal to LTECL. Stage 2 also includes financial instruments, for which credit quality has improved to reach the level of Stage 2 financial instruments if impairment indicators were identified at prior reporting dates (Stage 3).

Stage 3: Loans considered credit-impaired. The Bank records an allowance for the LTECL.

POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest revenue is subsequently recognized based on a credit-adjusted EIR. The allowance for ECL is only recognized or derecognized to the extent that there is a subsequent change in the lifetime expected credit losses.

Internal rating and PD estimation process

The internal rating models are developed and applied by the Bank's Risk Management Department. The rating model represents a set of rules for customer sampling, obtaining quantitative and qualitative indicators, indicator intervals and points assigned within an interval, weight coefficients for quantitative and qualitative indicators and for total quantitative and qualitative assessments, logistic function coefficients and rating scale.

The rating scale comprises ten rating categories. The first category corresponds to the lowest risk level and the tenth category corresponds to the highest risk level (default). The rating category is determined based on the interval where the customer's PD is located between upper and lower values of the PD range. The tenth category (default) is assigned in case of customer default.

The rating model parameters (qualitative and quantitative indicators used to calculate the final rating point, their intervals, assigned points, weight coefficients, logistic function coefficients by group of customers), the indicator that shows whether the government is ready to support the customer, and the levels of increase or decrease in customer's rating in case of alerts that indicate deterioration in customer's financial position and that can be used to forecast default or a significant increase in the probability of default, are approved by the Management Board of the Bank based on suggestions of the Risk Management Department and represent restricted information.

Definition of default and recovery of credit quality

The Bank considers a financial instrument defaulted and therefore Stage 3 (credit-impaired assets) for ECL calculations in all cases when the borrower becomes more than 90 days past due on its contractual payments. The Bank considers amounts due from banks defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreements.

(Thousands of Belarusian rubles, unless otherwise indicated)

28. Risk management (continued)

Credit risk (continued)

As part of a qualitative assessment of whether a customer is in default, the Bank also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Bank carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations. Such events include the following:

- The procedure for default restructuring was initiated and/or implemented;
- The borrower (individual) is deceased;
- The borrower’s property is taken to the balance sheet of the Bank to pay off the debt (including a portion of the debt);
- Negative information exists regarding the borrower’s ability to fulfill its obligations to the Bank;
- Internal rating of the borrower indicates default or near-default.

In accordance with the Bank’s policy and provided that recovery conditions are met, when at least three consecutive payments are made to the Bank to repay the debt in full and in a timely manner continuously in accordance with the contractual terms during at least 12 months when there were no factors indicating a significant increase in credit risk (for the recovery from Stage 2 to Stage 1) or no impairment indicators (for the recovery from Stage 3 to Stage 2), financial instruments can be included in Stage 2 or Stage 1, respectively.

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the customer’s ability to increase its exposure while approaching default and potential early repayments too. To calculate the EAD for a Stage 1 loan, the Bank assesses the possible default events within 12 months for the calculation of the 12mECL. For Stage 2, Stage 3 and POCI financial assets, the exposure at default is considered for events over the lifetime of the instruments.

Loss given default

The credit risk assessment is based on a standardized LGD assessment framework that results in a certain LGD rate. There is a standard LGD indicator for each quality category of security for corporate customers and lending purposes for individuals. A 100% LGD is used for financial institutions.

Significant increase in credit risk

The Bank continuously monitors all assets subject to ECL. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Bank assesses whether there has been a significant increase in credit risk since initial recognition. The Bank considers that there has been a significant increase in credit risk for the financial instrument since its initial recognition, when there is an actual and/or expected decrease in internal rating to 7 and lower for the customers having the internal ratings of 1-5, to 8 and lower for the customers having the internal rating of 6, or a decrease by one or more categories for the customers having the internal ratings 7-9.

The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming restructured due to credit event. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

The class of assets that is used to calculate ECL on an individual basis includes all Stage 3 assets and POCI assets.

Forward-looking information and multiple economic scenarios

In its ECL models, the Bank relies on a broad range of forward-looking information as economic inputs, such as:

- Real GDP growth rate for 12 months, %;
- BYN/USD exchange rate;
- Increase in CPI for 12 months, %.

(Thousands of Belarusian rubles, unless otherwise indicated)

28. Risk management (continued)

Credit risk (continued)

The Bank uses the forward-looking information from third party sources (external rating agencies, governmental bodies, central banks, and international financial institutions) and makes a short-term macroeconomic forecast. The results of the macroeconomic forecast are used in the ECL model. Weight coefficients attributable to multiple scenarios are determined using an expert judgment. Each scenario and the respective weight is determined on the basis of an expert judgment within the range of the established scale:

1. Base case, within the range of 0.4-0.8;
2. Stressed, within the range of 0.1-0.3;
3. Upside, within the range of 0.1-0.3.

The scenario with a minimum weight involves confluence of a series of unlikely and not directly or indirectly connected events that results in a significant decrease in the final probability of the scenario implementation. The scenario with a maximum weight involves information that guarantees the implementation of the scenario described (evidence confirming the commencement of its implementation).

In 2024, the Bank changed its model used to calculate the effect of the forecast of macroeconomic factors in the PD estimation. The frequency of default is used as the target value instead of the share of bad debt. The Bank recorded these changes as changes in models and inputs used for ECL calculations in Notes 8, 10, 11 and 24. The total amount of allowance for financial instruments as at 31 December 2024 before changes in the model would have been BYN 199,700 thousand, whereas the amount actually recognized in the consolidated statement of financial position was BYN 181,447 thousand.

The table below shows the values of the key forward-looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations.

Key drivers	*ECL scenario*	*Assigned probability, %*	*Q1 2025*	*Assigned probability, %*	*Q2 2025*	*Assigned probability, %*	*Q3 2025*	*Assigned probability, %*	*Q4 2025*
Real GDP growth rate for 12 months, %	Base case	0.7	102.8	0.7	102.8	0.7	101.7	0.7	102.6
Average interest rate on loans, %			10.6		10.6		–		–
Increase in CPI for 12 months, %			6.2		6.2		6.6		6.6
BYN/USD exchange rate			3.4		3.4		3.5		3.3
Real GDP growth rate for 12 months, %	Stressed	0.2	100.2	0.2	100.2	0.2	99.9	0.2	99.5
Average interest rate on loans, %			11.3		11.3		–		–
Increase in CPI for 12 months, %			7.4		7.4		7.2		8.0
BYN/USD exchange rate			3.5		3.5		3.6		3.7
Real GDP growth rate for 12 months, %	Upside	0.1	103.7	0.1	103.7	0.1	104.0	0.1	104.1
Average interest rate on loans, %			9.8		9.8		–		–
Increase in CPI for 12 months, %			5.9		5.9		5.2		5.0
BYN/USD exchange rate			3.2		3.2		3.3		3.3

Credit quality by class of financial assets

The credit quality of financial assets is managed by the Bank using internal credit ratings. The grade is assigned based on the probability of default.

The Bank uses the following quality categories for financial assets.

Minimal estimated PD	***Maximum estimated PD***	***Quality scale***
0.00%	1.13%	High grade
1.14%	4.60%	Standard grade
4.61%	14.09%	Sub-standard grade
14.10%	100.00%	Low grade

(Thousands of Belarusian rubles, unless otherwise indicated)

28. Risk management (continued)

Credit risk (continued)

The table below shows the credit quality by class of assets for loan-related lines in the consolidated statement of financial position, based on the Bank's credit grading system. The gross carrying amount was calculated in accordance with IFRS 9 at 31 December 2024 based on the Bank's internal credit grading system.

	Note	*Stage*		*High grade*	*Standard grade*	*Sub-standard grade*	*Low grade*	*Total*
Cash and cash equivalents	6	Stage	1	1,165,653	–	–	–	**1,165,653**
Total cash and cash equivalents				**1,165,653**	**–**	**–**	**–**	**1,165,653**
Amounts due from credit institutions	8							
		Stage	1	40,525	–	–	–	**40,525**
		Stage	2	10,890	–	–	–	**10,890**
		Stage	3	–	–	–	7,146	**7,146**
Total amounts due from credit institutions at amortized cost				**51,415**	**–**	**–**	**7,146**	**58,561**
Investment securities	11							
Debt securities at amortized cost		Stage	1	–	568,200	–	–	**568,200**
Debt securities at FVOCI		Stage	1	742,118	–	–	–	**742,118**
		Stage	2	76,721	–	–	–	**76,721**
Total investment securities				**818,839**	**568,200**	**–**	**–**	**1,387,039**
Loans to customers at amortized cost	10							
Corporate lending								
		Stage	1	79,173	1,076,670	–	–	**1,155,843**
		Stage	2	–	87,294	103,054	–	**190,348**
		Stage	3	–	3,412	–	92,465	**95,877**
			POCI	–	–	–	3,412	**3,412**
Small and medium business lending								
		Stage	1	359,209	775,651	1,265	–	**1,136,125**
		Stage	2	–	20,691	20,456	–	**41,147**
		Stage	3	–	1,082	–	78,662	**79,744**
			POCI	–	–	–	5,242	**5,242**
Consumer lending								
		Stage	1	299,807	–	–	77,123	**376,930**
		Stage	2	211	–	–	4,204	**4,415**
		Stage	3	13	–	–	3,223	**3,236**
Residential mortgages								
		Stage	1	170,039	–	–	2,625	**172,664**
		Stage	2	211	–	–	459	**670**
		Stage	3	65	–	–	765	**830**
Total loans to customers at amortized cost				**908,728**	**1,964,800**	**124,775**	**268,180**	**3,266,483**
Credit-related commitments and contingencies	24							
Undrawn loan commitments		Stage	1	210,011	354,120	360	14	**564,505**
		Stage	2	34,735	1,890	8	2,785	**39,418**
		Stage	3	–	–	–	88	**88**
Letters of credit		Stage	1	–	36,856	–	–	**36,856**
		Stage	2	–	–	–	–	**–**
		Stage	3	–	–	–	–	**–**
Guarantees		Stage	1	149,377	169,826	710	–	**319,913**
		Stage	2	–	–	–	45,983	**45,983**
		Stage	3	–	–	–	407	**407**
Total credit-related commitments and contingencies				**394,123**	**562,692**	**1,078**	**49,277**	**1,007,170**

(Thousands of Belarusian rubles, unless otherwise indicated)

28. Risk management (continued)

Credit risk (continued)

The table below shows the credit quality by class of assets for loan-related lines in the consolidated statement of financial position, based on the Bank's credit grading system. The gross carrying amount was calculated in accordance with IFRS 9 at 31 December 2023 based on the Bank's internal credit grading system.

	Note	*Stage*		*High grade*	*Standard grade*	*Sub-standard grade*	*Low grade*	*Total*
Cash and cash equivalents	6	Stage	1	178,001	819,275	–	–	**997,276**
Total cash and cash equivalents				**178,001**	**819,275**	**–**	**–**	**997,276**
Amounts due from credit institutions	8							
		Stage	1	–	32,503	–	–	**32,503**
		Stage	2	6,813	1,673	–	–	**8,486**
		Stage	3	–	–	–	10,683	**10,683**
Total amounts due from credit institutions at amortized cost				**6,813**	**34,176**	**–**	**10,683**	**51,672**
Investment securities	11							
Debt securities at amortized cost		Stage	1	–	186,000	–	–	**186,000**
Debt securities at FVOCI		Stage	1	18,458	397,600	–	–	**416,058**
		Stage	2	3,287	398,370	–	–	**401,657**
Total investment securities				**21,745**	**981,970**	**–**	**–**	**1,003,715**
Loans to customers at amortized cost	10							
Corporate lending								
		Stage	1	86,873	926,197	–	–	**1,013,070**
		Stage	2	–	293,354	114,753	–	**408,107**
		Stage	3	–	8,661	–	119,335	**127,996**
			POCI	–	–	–	42,735	**42,735**
Small and medium business lending								
		Stage	1	289,066	553,794	176	–	**843,036**
		Stage	2	–	16,917	11,590	–	**28,507**
		Stage	3	–	2	8,002	67,273	**75,277**
			POCI	–	–	–	13,509	**13,509**
Consumer lending								
		Stage	1	–	319,700	7,688	3,204	**330,592**
		Stage	2	–	377	243	3,440	**4,060**
		Stage	3	–	–	–	2,692	**2,692**
Residential mortgages								
		Stage	1	691	152,537	1,436	316	**154,980**
		Stage	2	37	212	5	594	**848**
		Stage	3	–	–	–	1,189	**1,189**
Total loans to customers at amortized cost				**376,667**	**2,271,751**	**143,893**	**254,287**	**3,046,598**
Credit-related commitments and contingencies	24							
Undrawn loan commitments		Stage	1	185,963	387,649	17,690	21	**591,323**
		Stage	2	11,610	42,905	488	23	**55,026**
		Stage	3	–	–	–	467	**467**
Letters of credit		Stage	1	61,597	–	–	–	**61,597**
		Stage	2	–	–	–	–	**–**
		Stage	3	–	–	–	–	**–**
Guarantees		Stage	1	146,436	123,796	43,249	–	**313,481**
		Stage	2	–	–	3,565	–	**3,565**
		Stage	3	–	45,983	–	1,515	**47,498**
Total credit-related commitments and contingencies				**405,606**	**600,333**	**64,992**	**2,026**	**1,072,957**

An analysis of past due loans, by age, is provided below. The majority of past due loans are not considered to be impaired.

(Thousands of Belarusian rubles, unless otherwise indicated)

28. Risk management (continued)

Credit risk (continued)

Aging analysis of past due but not impaired loans by class of financial assets less allowance for ECL

2024	*Less than 30 days*	*31 to 60 days*	*61 to 90 days*	*More than 90 days*	*Total*
Loans to customers					
Corporate lending	16,764	–	–	–	**16,764**
Consumer lending	6,082	848	693	1,334	**8,957**
Small and medium business lending	8,489	–	–	–	**8,489**
Residential mortgages	1,077	153	1	5	**1,236**
Total	**32,412**	**1,001**	**694**	**1,339**	**35,446**

2023	*Less than 30 days*	*31 to 60 days*	*61 to 90 days*	*More than 90 days*	*Total*
Loans to customers					
Residential mortgages	705	101	3	427	**1,236**
Consumer lending	5,037	815	628	1,427	**7,907**
Small and medium business lending	958	1,879	195	–	**3,032**
Total	**6,700**	**2,795**	**826**	**1,854**	**12,175**

See Note 10 for information with respect to the allowance for ECL on loans to customers.

Guarantees and letters of credit are also tested for impairment and an allowance is made in a similar manner as for loans.

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

	2024				*2023*			
	Belarus	*OECD*	*CIS and other foreign banks*	*Total*	*Belarus*	*OECD*	*CIS and other foreign banks*	*Total*
Assets								
Cash and cash equivalents	975,518	–	190,135	**1,165,653**	718,960	–	278,316	**997,276**
Trading securities	–	5,500	–	**5,500**	–	4,650	–	**4,650**
Amounts due from credit institutions	45,730	–	5,395	**51,125**	36,800	–	3,580	**40,380**
Loans to customers	3,132,073	–	24,303	**3,156,376**	2,871,127	552	6,402	**2,878,081**
Investment securities at FVOCI	819,222	–	–	**819,222**	819,394	–	–	**819,394**
Investment securities at amortized cost	552,619	–	–	**552,619**	176,045	–	–	**176,045**
Derivative financial assets	93	–	–	**93**	201	–	–	**201**
Other financial assets	41,723	–	–	**41,723**	3,013	–	–	**3,013**
	5,566,978	**5,500**	**219,833**	**5,792,311**	**4,625,540**	**5,202**	**288,298**	**4,919,040**
Liabilities								
Amounts due to credit institutions	228,876	80,256	384,378	**693,510**	321,707	83,534	455,524	**860,765**
Amounts due to the National Bank of the Republic of Belarus	9,567	–	–	**9,567**	9,431	–	–	**9,431**
Amounts due to customers	3,714,189	10,585	69,405	**3,794,179**	2,976,283	9,624	69,619	**3,055,526**
Derivative financial liabilities	–	–	–	**–**	3	–	–	**3**
Debt securities issued	196,795	–	–	**196,795**	99,125	–	–	**99,125**
Lease liabilities	7,255	–	–	**7,255**	6,198	–	–	**6,198**
Other financial liabilities	30,212	–	135	**30,347**	50,154	–	–	**50,154**
Subordinated loan	–	–	155,587	**155,587**	–	–	193,470	**193,470**
	4,186,894	**90,841**	**609,505**	**4,887,240**	**3,462,901**	**93,158**	**718,613**	**4,274,672**
Net assets and liabilities position	**1,380,084**	**(85,341)**	**(389,672)**	**905,071**	**1,162,639**	**(87,956)**	**(430,315)**	**644,368**

(Thousands of Belarusian rubles, unless otherwise indicated)

28. Risk management (continued)

Liquidity risk and funding management

Liquidity risk is the probability of the losses, failure to obtain the planned revenues due to the inability to ensure the timely performance of the obligations in full.

Liquidity risk management process includes identification, measurement (assessment) and stress testing, limitation, monitoring and control of the liquidity risk, a system of key indicators, financing plans in crises, the disclosure of liquidity risk.

The Bank has developed a number of documents which regulate issues of liquidity risk management and liquidity position, management define goals, objectives, principles and methods of management, the division of responsibility between departments and procedures of interaction between them on liquidity risk management and liquidity position.

The liquidity risk is managed and controlled by the Supervisory Board, the Risk Committee of the Supervisory Board, the Management Board, the Financial Committee, the official responsible for risk management at Bank BelVEB OJSC, the Risk Management Department, the Treasury, the Department of Operations in the Financial Markets and the Finance and Economic Department.

Bank BelVEB OJSC performs daily monitoring of the implementation of regulations set by the National Bank of the Republic of Belarus, local liquidity risk limits, prepares a liquidity risk management reporting.

The Bank takes into account the interaction between the risk of funding liquidity and market liquidity risk, which it is exposed, and provides a comprehensive assessment of the liquidity risk that includes an analysis of the balance sheet structure, cash flow forecasting, in all material balance and off-balance positions and activities both under normal conditions and in stressful situations.

The Bank uses payment calendars to manage its current liquidity position. To monitor the risk of loss of liquidity, the Bank monitors the limits of liquidity deficit as well as the key indicators of liquidity risk.

The assets and liabilities formation is based on the principle of diversification of sources and destinations, the volume and terms of attraction and allocation. The main external sources of financing are the resources of the parent bank – the State Development Corporation VEB.RF.

Maintaining funding sources and increase in the resource base of the Bank is provided by improving the quality of customer service, offering new products, providing more flexible conditions of deposit contracts.

The Bank maintains a sufficient liquidity to meet all the requirements of the National Bank of the Republic of Belarus and perform its obligations to customers in a timely manner.

The liquidity position is assessed and managed by the Bank primarily on a standalone basis, based on certain liquidity ratios established by the National Bank of the Republic of Belarus. As at 31 December, these ratios were as follows:

	Minimum value	*2024*	*2023*
Liquidity coverage ratio	Min. 100%	106.2%	138.1%
Net stable funding ratio	Min. 100%	129.7%	130.9%

(Thousands of Belarusian rubles, unless otherwise indicated)

28. Risk management (continued)

Liquidity risk and funding management (continued)

Analysis of financial liabilities by remaining contractual maturities

The table below summarizes the maturity profile of the Bank's financial liabilities as at 31 December based on contractual undiscounted repayment obligations. Exception is made for derivatives settled through delivery of their underlying asset, which are shown by amounts payable and receivable and contractual maturity. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Bank expects that many customers will not request repayment on the earliest date the Bank could be required to pay. The table does not reflect the expected cash flows indicated by the Bank's deposit retention history.

Financial liabilities at 31 December 2024	***Less than 3 months***	***3 to 12 months***	***1 to 5 years***	***More than 5 years***	***Total***
Amounts due to credit institutions	423,748	191,353	83,732	–	**698,833**
Amounts due to the National Bank of the Republic of Belarus	9,567	–	–	–	**9,567**
Amounts due to customers	2,150,748	536,040	1,153,421	2,872	**3,843,081**
Debt securities issued	21,097	4,903	230,566	–	**256,566**
Other liabilities	13,234	1,080	15,617	416	**30,347**
Lease liabilities	1,021	3,127	3,856	281	**8,285**
Subordinated loan	4,286	9,776	51,902	172,795	**238,759**
Total undiscounted financial liabilities	**2,623,701**	**746,279**	**1,539,094**	**176,364**	**5,085,438**

Financial liabilities at 31 December 2023	***Less than 3 months***	***3 to 12 months***	***1 to 5 years***	***More than 5 years***	***Total***
Amounts due to credit institutions	471,077	354,451	56,795	–	**882,323**
Amounts due to the National Bank of the Republic of Belarus	9,431	–	–	–	**9,431**
Gross settled derivative financial instruments:					
- contractual amounts receivable	(700)	–	–	–	**(700)**
- contractual amounts payable	702	–	–	–	**702**
Amounts due to customers	2,356,799	561,955	170,838	2,197	**3,091,789**
Debt securities issued	20,112	1,992	79,530	–	**101,634**
Other liabilities	17,558	3,041	29,004	551	**50,154**
Lease liabilities	1,080	2,357	3,398	573	**7,408**
Subordinated loan	3,978	13,555	105,450	173,452	**296,435**
Total undiscounted financial liabilities	**2,880,037**	**937,351**	**445,015**	**176,773**	**4,439,176**

The table below shows the contractual maturity of the Bank's commitments and contingencies. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For financial guarantees, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

	Less than 3 months	***3 to 12 months***	***1 to 5 years***	***More than 5 years***	***Total***
2024	164,364	377,160	452,501	13,145	**1,007,170**
2023	53,055	312,414	639,132	68,356	**1,072,957**

The Bank expects that not all of the contingent liabilities or commitments will be drawn before expiry of the commitments.

The maturity analysis does not reflect the historical stability of current accounts. Their liquidation has historically taken place over a longer period than indicated in the tables above. These balances are included in amounts due in "less than 3 months" in the tables above.

(Thousands of Belarusian rubles, unless otherwise indicated)

28. Risk management (continued)

Market risk

Market risk is the risk of loss resulting from changes in value of on- and off-balance sheet positions related to the trade portfolio, foreign currency denominated positions and commodities due to changes in market interest rates, exchange rates, securities quotations, commodity prices and other factors.

The Bank is exposed to market risks due to the effect of general or specific market changes on its products. The Bank manages market risk through periodic estimation of potential losses that could arise from adverse changes in market conditions and establishing appropriate limits on the tolerable loss. With the exception of foreign currency positions, the Bank has no significant concentration of market risk.

Interest rate risk

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

The Bank has developed a number of documents which in generally organizes risk management process. The Financial Committee determines process of resource attraction and placement based on monitoring of the corresponding sectors in the banking sector.

Treasury performs analysis of volume-time structure of the Bank's balance and interest rate levels in the context of risk management process. Risk Management Departments performs independent assessment of the Bank's exposure to interest rate risk and stress testing of risk tolerance.

The following table demonstrates the sensitivity to reasonable possible changes in interest rates, with all other variables held constant, of the Bank's consolidated statement of profit or loss. The sensitivity of the consolidated statement of profit or loss is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate non-trading financial assets and financial liabilities held as at 31 December. The sensitivity of equity is calculated by revaluing fixed rate available-for-sale financial assets as at 31 December for the effects of the assumed changes in interest rates based on the assumption that there are parallel shifts in the yield curve.

Currency	*Increase in basis points 2024*	*Sensitivity of profit or loss 2024*
BYN	+400	4,033
USD	+150	(2,245)
EUR	+150	1,131

Currency	*Decrease in basis points 2024*	*Sensitivity of profit or loss 2024*
BYN	-400	(4,033)
USD	-150	2,245
EUR	-150	(1,131)

Currency	*Increase in basis points 2024*	*Sensitivity of equity less effect on profit or loss 2024*
USD	+150	(35,650)
EUR	+150	(6)

Currency	*Decrease in basis points 2024*	*Sensitivity of equity less effect on profit or loss 2024*
USD	-150	35,650
EUR	-150	6

(Thousands of Belarusian rubles, unless otherwise indicated)

28. Risk management (continued)

Market risk (continued)

Currency	*Increase in basis points 2023*	*Sensitivity of profit or loss 2023*
BYN	+400	56,815
USD	+250	(4,614)
EUR	+150	16,133

Currency	*Decrease in basis points 2023*	*Sensitivity of profit or loss 2023*
BYN	-400	(56,815)
USD	-250	4,614
EUR	-250	(26,889)

Currency	*Increase in basis points 2023*	*Sensitivity of equity less effect on profit or loss 2023*
USD	+250	(58,266)
EUR	+150	(2,711)

Currency	*Decrease in basis points 2023*	*Sensitivity of equity less effect on profit or loss 2023*
USD	-250	58,266
EUR	-150	2,711

Currency risk

Currency risk is the risk of loss resulting from changes in value of on- and off-balance sheet positions nominated in foreign currency, due to the exchange rate changes. The Bank’s positions in precious metals as bank bars are also exposed to currency risk.

The Bank’s currency risk management system provides for the following:

- ► Distributing the responsibilities of currency risk management;
- ► Regulating the methods of assessment and stress-testing of currency risk;
- ► Preparing daily management reports on currency risk;
- ► Setting and controlling position and risk limits and other key indicators to restrict the level of risk.

(Thousands of Belarusian rubles, unless otherwise indicated)

28. Risk management (continued)

Market risk (continued)

The table below indicates the currencies to which the Bank had significant exposure as at 31 December on its non-trading monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the ruble, with all other variables held constant, on the consolidated statement of profit or loss. The effect on equity does not differ from the effect on the consolidated statement of profit or loss. All other variables are held constant. A negative amount in the table reflects a potential net reduction in the consolidated statement of profit or loss or equity, while a positive amount reflects a net potential increase.

Currency	*Change in currency rate, % 2024*	*Effect on profit before tax 2024*	*Change in currency rate, % 2023*	*Effect on profit before tax 2023*
USD	+25	3,075	+30	5,209
EUR	+25	84	+30	2,872
RUB	+17	1,855	+20	2,191

Currency	*Change in currency rate, % 2024*	*Effect on profit before tax 2024*	*Change in currency rate, % 2023*	*Effect on profit before tax 2023*
USD	+5	615	+5	868
EUR	+5	17	+5	479
RUB	-17	(1,855)	-20	(2,191)

Prepayment risk

Prepayment risk is the risk that the Bank will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected, such as fixed rate mortgages when interest rates fall.

The management of the Bank believes that the realization of the prepayment risk will not have a material effect on the Bank.

Operational risk

Operational risk is the risk of loss arising from inconsistency of the Bank's local documents of execution banking transactions and operations to the legislation of the Republic of Belarus, or its breach by the employees, incompetence or errors of the Bank's employees, discrepancy or failure the system used by the Bank including information systems, and as result of external factors.

The Bank has established and maintained a comprehensive centralized operational risk management system, which provides for an effective methodology of operational risk management, risk assessment, monitoring, control and restriction of operational risk in accordance with the local documents of the Bank.

Operational risk management functions are fixed at the level of the Bank's management, collegiate bodies, departments and responsible persons.

To manage operational risk, the Bank is maintaining the database of operational risk occurrences. Recommendations for optimization of the business process are generated using this database.

The Bank cannot expect to eliminate all operational risks, but a control framework and monitoring and responding to potential risks could be effective tools to manage the risks.

(Thousands of Belarusian rubles, unless otherwise indicated)

29. Fair value measurement

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities on the basis of their nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

		Fair value measurement using			
31 December 2024	***Date of valuation***	***Quoted prices in active markets (Level 1)***	***Significant observable inputs (Level 2)***	***Significant unobservable inputs (Level 3)***	***Total***
Assets measured at fair value					
Correspondent accounts in precious metals	31 December 2024	4,725	–	–	**4,725**
Trading securities	31 December 2024	–	–	5,500	**5,500**
Investment securities – debt securities at FVOCI	31 December 2024	49,105	–	769,734	**818,839**
Investment securities – equity securities at FVOCI	31 December 2024	–	–	383	**383**
Loans to customers at FVPL	31 December 2024	–	–	24,041	**24,041**
Property and equipment – buildings	31 December 2024	–	–	31,039	**31,039**
Derivative financial assets	31 December 2024	–	93	–	**93**
		53,830	**93**	**830,697**	**884,620**
Assets for which fair values are disclosed					
Cash and cash equivalents	31 December 2024	1,165,653	–	–	**1,165,653**
Amounts due from credit institutions	31 December 2024	–	51,115	–	**51,115**
Investment securities at amortized cost	31 December 2024	–	–	524,853	**524,853**
Loans to customers	31 December 2024	–	–	3,239,578	**3,239,578**
		1,165,653	**51,115**	**3,764,431**	**4,981,199**

		Fair value measurement using			
31 December 2024	***Date of valuation***	***Quoted prices in active markets (Level 1)***	***Significant observable inputs (Level 2)***	***Significant unobservable inputs (Level 3)***	***Total***
Liabilities measured at fair value					
Customers' current accounts in precious metals	31 December 2024	–	4,116	–	**4,116**
		–	**4,116**	**–**	**4,116**
Liabilities for which fair values are disclosed					
Amounts due to credit institutions	31 December 2024	–	111,701	583,700	**695,401**
Amounts due to the National Bank of the Republic of Belarus	31 December 2024	–	–	9,567	**9,567**
Amounts due to customers	31 December 2024	–	1,171,380	2,614,585	**3,785,965**
Debt securities issued	31 December 2024	–	–	143,201	**143,201**
Subordinated loan	31 December 2024	–	–	155,587	**155,587**
		–	**1,283,081**	**3,506,640**	**4,789,721**

(Thousands of Belarusian rubles, unless otherwise indicated)

29. Fair value measurement (continued)

31 December 2023	*Date of valuation*	*Fair value measurement using* *Quoted prices in active markets (Level 1)*	*Significant observable inputs (Level 2)*	*Significant unobservable inputs (Level 3)*	*Total*
Assets measured at fair value					
Correspondent accounts in precious metals	31 December 2023	2,880	–	–	**2,880**
Trading securities	31 December 2023	–	–	4,650	**4,650**
Investment securities – debt securities at FVOCI	31 December 2023	74,609	–	743,106	**817,715**
Investment securities – equity securities at FVOCI	31 December 2023	–	–	1,679	**1,679**
Loans to customers at FVPL	31 December 2023	–	–	23,249	**23,249**
Property and equipment – buildings	31 December 2023	–	–	31,985	**31,985**
Derivative financial assets	31 December 2023	–	201	–	**201**
		77,489	**201**	**804,669**	**882,359**
Assets for which fair values are disclosed					
Cash and cash equivalents	31 December 2023	997,276	–	–	**997,276**
Amounts due from credit institutions	31 December 2023	–	40,363	–	**40,363**
Investment securities at amortized cost	31 December 2023	–	–	168,880	**168,880**
Loans to customers	31 December 2023	–	–	2,836,803	**2,836,803**
		997,276	**40,363**	**3,005,683**	**4,043,322**

31 December 2023	*Date of valuation*	*Fair value measurement using* *Quoted prices in active markets (Level 1)*	*Significant observable inputs (Level 2)*	*Significant unobservable inputs (Level 3)*	*Total*
Liabilities measured at fair value					
Derivative financial liabilities	31 December 2023	–	3	–	**3**
Customers' current accounts in precious metals	31 December 2023	–	2,635	–	**2,635**
		–	**2,638**	**–**	**2,638**
Liabilities for which fair values are disclosed					
Amounts due to credit institutions	31 December 2023	–	306,930	562,687	**869,617**
Amounts due to the National Bank of the Republic of Belarus	31 December 2023	–	–	9,431	**9,431**
Amounts due to customers	31 December 2023	–	1,044,232	2,047,935	**3,092,167**
Debt securities issued	31 December 2023	–	–	86,954	**86,954**
Subordinated loan	31 December 2023	–	–	194,879	**194,879**
		–	**1,351,162**	**2,901,886**	**4,253,048**

(Thousands of Belarusian rubles, unless otherwise indicated)

29. Fair value measurement (continued)

Fair value of financial assets and liabilities not carried at fair value

Set out below is a comparison by class of the carrying amounts and fair values of the Bank's financial instruments that are not carried at fair value in the consolidated statement of financial position. The table does not include the fair values of non-financial assets and non-financial liabilities.

	Carrying amount 2024	*Fair value 2024*	*Unrecognized gain/loss 2024*	*Carrying amount 2023*	*Fair value 2023*	*Unrecognized gain/loss 2023*
Financial assets						
Cash and cash equivalents	1,165,653	1,165,653	–	997,276	997,276	–
Amounts due from credit institutions	51,125	51,115	(10)	40,380	40,363	(17)
Investment securities at amortized cost	552,619	524,853	(27,766)	176,045	168,880	(7,165)
Loans to customers	3,132,335	3,239,578	107,243	2,854,832	2,836,803	(18,029)
Financial liabilities						
Amounts due to credit institutions	693,510	695,401	(1,891)	860,765	869,617	(8,852)
Amounts due to the National Bank of the Republic of Belarus	9,567	9,567	–	9,431	9,431	–
Amounts due to customers	3,794,179	3,785,965	8,214	3,055,526	3,092,167	(36,641)
Debt securities issued	196,795	143,201	53,594	99,125	86,954	12,171
Subordinated loan	155,587	155,587	–	193,470	194,879	(1,409)
Total unrecognized change in unrealized fair value			**139,384**			**(59,942)**

Valuation techniques and assumptions

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

Assets for which fair value approximates their carrying amount

For financial assets and financial liabilities that are liquid or have a short-term maturity (less than three months), it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits and current (settlement) accounts without a specific maturity.

Financial assets and financial liabilities carried at amortized cost

The fair value of quoted bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans to customers, customer deposits, amounts due from credit institutions and amounts due to the National Bank of the Republic of Belarus and credit institutions and other financial assets and liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Financial assets carried at fair value through profit or loss

The fair value of financial instruments is the present value of all future (expected) cash flows under this instrument at the date of its origination and/or at the reporting date discounted with the market interest rate for this comparable/similar financial instrument.

The market interest rate for this financial instrument or other comparable/similar financial instruments is determined on the basis of available internal and external sources of information depending on the type and nature of a financial instrument.

(Thousands of Belarusian rubles, unless otherwise indicated)

29. Fair value measurement (continued)

Movements in Level 3 assets and liabilities at fair value

The following table shows a reconciliation of the opening and closing amounts of Level 3 assets and liabilities, which are recorded at fair value:

	1 January 2024	*Gains/ (losses) recognized in the consolidated statement of profit or loss*	*Gains/ (losses) recognized in other comprehensive income*	*Additions*	*Depreciation charge*	*Disposals*	*Transfers to Levels 1 and 2*	*Transfers to Level 3*	*31 December 2024*
Assets									
Investment securities – debt securities at FVOCI	743,106	36,076	46,847	655,851	–	(748,471)	–	36,325	769,734
Investment securities – equity securities at FVOCI	1,679	–	–	10	–	(1,306)	–	–	383
Loans to customers at FVPL	23,249	(335)	–	–	2,714	(1,587)	–	–	24,041
Property and equipment – buildings	31,985	–	(254)	–	(320)	(372)	–	–	31,039
Total Level 3 assets	**800,019**	**35,741**	**46,593**	**655,861**	**2,394**	**(751,736)**	**–**	**36,325**	**825,197**

	1 January 2023	*Gains/ (losses) recognized in the consolidated statement of profit or loss*	*Gains/ (losses) recognized in other comprehensive income*	*Additions*	*Depreciation charge*	*Disposals*	*Transfers to Levels 1 and 2*	*Transfers to Level 3*	*31 December 2023*
Assets									
Investment securities – debt securities at FVOCI	269,231	43,938	64,470	96,134	–	(69,302)	–	338,635	743,106
Investment securities – equity securities at FVOCI	404	–	–	1,275	–	–	–	–	1,679
Loans to customers at FVPL	20,994	943	–	–	2,484	(1,172)	–	–	23,249
Property and equipment – buildings	31,836	–	(267)	767	(351)	–	–	–	31,985
Total Level 3 assets	**322,465**	**44,881**	**64,203**	**98,176**	**2,133**	**(70,474)**	**–**	**338,635**	**800,019**

Gains or losses on Level 3 financial instruments included in the consolidated profit or loss for the period comprise:

	2024			*2023*		
	Realized gains/ (losses)	*Unrealized gains/ (losses)*	*Total*	*Realized gains/ (losses)*	*Unrealized gains/ (losses)*	*Total*
Total losses recognized in the consolidated statement of profit or loss	(1,269)	(1,110)	**(2,379)**	(8,464)	(2,277)	**(10,741)**

Significant unobservable inputs and sensitivity of Level 3 financial instruments measured at fair value to changes to key assumptions

The following table shows the quantitative information about significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy:

31 December 2024	*Carrying amount*	*Valuation techniques*	*Unobservable inputs*	*Range (weighted average value)*
Loans to customers at FVPL	24,041	Cost is determined using the discounting method on the basis of market interest rates	Discount rate	12.4-13.1
Investment securities at FVOCI				
Debt securities	769,734	Cost is determined using the cash flow discounting method on the basis of quoted market prices	Discount rate using quoted market prices	Not applicable
Equity securities	383	Cost is determined as the cost of investments using appropriate indices	Price of most recent transaction	Not applicable
Property and equipment				
Buildings	31,039	Cost is determined by an appraiser using the sales comparison method	Discount for sale	Not applicable
	825,197			

(Thousands of Belarusian rubles, unless otherwise indicated)

29. Fair value measurement (continued)

Significant unobservable inputs and sensitivity of Level 3 financial instruments measured at fair value to changes in key assumptions (continued)

The impact of possible alternative assumptions on measuring the fair value of Level 3 instruments is insignificant.

The following table shows the effect of reasonably possible alternative assumptions on the fair value of Level 3 instruments:

	31 December 2024		*31 December 2023*	
	Carrying amount	***Effect of reasonably possible alternative assumptions***	***Carrying amount***	***Effect of reasonably possible alternative assumptions***
Financial assets				
Loans to customers at FVPL	24,041	From 640 to 335	23,249	From 1,678 to (943)

Decrease/increase in the discount rate (from 12.4% to 13.1%) can result in an increase/decrease in the fair value of loans to customers at FVPL specified in the table (2023: from 11.6% to 16.3%).

30. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled based on contractual terms. See Note 28 "Risk management" for the Bank's contractual undiscounted repayment obligations.

	On demand and within 1 month	*1 to 6 months*	*6 to 12 months*	*Total within 1 year*	*1 to 3 years*	*3 to 5 years*	*More than 5 years*	*Total over 1 year*	*No stated maturity*	*Past due*	*Total*
31 December 2024											
Assets											
Cash and cash equivalents	1,165,653	–	–	**1,165,653**	–	–	–	**–**	–	–	**1,165,653**
Trading securities	–	–	–	**–**	–	–	–	**–**	5,500	–	**5,500**
Amounts due from credit institutions	47,390	3,735	–	**51,125**	–	–	–	**–**	–	–	**51,125**
Derivative financial assets	74	19	–	**93**	–	–	–	**–**	–	–	**93**
Loans to customers	562,005	1,421,407	323,966	**2,307,378**	532,334	121,960	146,974	**801,268**	–	47,730	**3,156,376**
Investment securities at FVOCI	5,113	23,032	54,911	**83,056**	348,897	134,370	252,516	**735,783**	383	–	**819,222**
Investment securities at amortized cost	4,385	2,560	1	**6,946**	208,990	37,766	298,917	**545,673**	–	–	**552,619**
Property and equipment	–	–	–	**–**	–	–	–	**–**	61,628	–	**61,628**
Right-of-use assets	–	–	–	**–**	–	–	–	**–**	7,806	–	**7,806**
Intangible assets	–	–	–	**–**	–	–	–	**–**	77,739	–	**77,739**
Income tax assets:											
- Current income tax asset	–	6,085	–	**6,085**	–	–	–	**–**	–	–	**6,085**
- Deferred income tax asset	–	–	–	**–**	–	–	–	**–**	–	–	**–**
Other assets	39,644	146	873	**40,663**	432	168	302	**902**	21,216	154	**62,935**
Total assets	**1,824,264**	**1,456,984**	**379,751**	**3,660,999**	**1,090,653**	**294,264**	**698,709**	**2,083,626**	**174,272**	**47,884**	**5,966,781**
Liabilities											
Amounts due to credit institutions	163,113	355,214	73,226	**591,553**	28,320	46,180	–	**74,500**	27,457	–	**693,510**
Amounts due to the National Bank of the Republic of Belarus	9,567	–	–	**9,567**	–	–	–	**–**	–	–	**9,567**
Amounts due to customers	1,071,701	1,281,315	297,775	**2,650,791**	208,718	932,324	2,346	**1,143,388**	–	–	**3,794,179**
Debt securities issued	10,476	1,575	–	**12,051**	66,760	117,984	–	**184,744**	–	–	**196,795**
Lease liability	411	1,863	1,676	**3,950**	2,544	598	163	**3,305**	–	–	**7,255**
Income tax liabilities:											
- Current income tax liabilities	–	2	–	**2**	–	–	–	**–**	–	–	**2**
- Deferred income tax liabilities	–	–	–	**–**	–	–	–	**–**	30,881	–	**30,881**
Other liabilities	8,169	4,634	697	**13,500**	9,379	6,238	416	**16,033**	47,126	–	**76,659**
Subordinated loan	2,180	5,190	6,131	**13,501**	21,961	18,620	101,505	**142,086**	–	–	**155,587**
Total liabilities	**1,265,617**	**1,649,793**	**379,505**	**3,294,915**	**337,682**	**1,121,944**	**104,430**	**1,564,056**	**105,464**	**–**	**4,964,435**
Net position	**558,647**	**(192,809)**	**246**	**366,084**	**752,971**	**(827,680)**	**594,279**	**519,570**	**68,808**	**47,884**	**1,002,346**

(Thousands of Belarusian rubles, unless otherwise indicated)

30. Maturity analysis of assets and liabilities (continued)

	On demand and within 1 month	*1 to 6 months*	*6 to 12 months*	*Total within 1 year*	*1 to 3 years*	*3 to 5 years*	*More than 5 years*	*Total over 1 year*	*No stated maturity*	*Past due*	*Total*
31 December 2023											
Assets											
Cash and cash equivalents	997,276	–	–	**997,276**	–	–	–	**–**	–	–	**997,276**
Trading securities	–	–	–	**–**	–	–	–	**–**	4,650	–	**4,650**
Amounts due from credit institutions	36,946	3,434	–	**40,380**	–	–	–	**–**	–	–	**40,380**
Derivative financial assets	186	15	–	**201**	–	–	–	**–**	–	–	**201**
Loans to customers	661,877	1,199,237	188,306	**2,049,420**	539,351	136,662	125,270	**801,283**	–	27,378	**2,878,081**
Investment securities at FVOCI	8,081	155,573	10,752	**174,406**	129,193	280,477	233,639	**643,309**	1,679	–	**819,394**
Investment securities at amortized cost	–	1,795	–	**1,795**	44,450	27,792	102,008	**174,250**	–	–	**176,045**
Property and equipment	–	–	–	**–**	–	–	–	**–**	52,818	–	**52,818**
Right-of-use assets	–	–	–	**–**	–	–	–	**–**	6,679	–	**6,679**
Intangible assets	–	–	–	**–**	–	–	–	**–**	55,786	–	**55,786**
Income tax assets:											
- Current income tax asset	–	1,962	–	**1,962**	–	–	–	**–**	–	–	**1,962**
- Deferred income tax asset	–	–	–	**–**	–	–	–	**–**	1,091	–	**1,091**
Other assets	608	318	1,035	**1,961**	336	167	346	**849**	16,925	155	**19,890**
Total assets	**1,704,974**	**1,362,334**	**200,093**	**3,267,401**	**713,330**	**445,098**	**461,263**	**1,619,691**	**139,628**	**27,533**	**5,054,253**
Liabilities											
Amounts due to credit institutions	366,772	240,797	146,752	**754,321**	39,678	12,598	–	**52,276**	54,168	–	**860,765**
Amounts due to the National Bank of the Republic of Belarus	9,431	–	–	**9,431**	–	–	–	**–**	–	–	**9,431**
Derivative financial liabilities	3	–	–	**3**	–	–	–	**–**	–	–	**3**
Amounts due to customers	1,685,875	921,885	285,038	**2,892,798**	150,114	10,815	1,799	**162,728**	–	–	**3,055,526**
Debt securities issued	20,429	–	635	**21,064**	78,061	–	–	**78,061**	–	–	**99,125**
Lease liability	386	1,536	1,257	**3,179**	2,058	675	286	**3,019**	–	–	**6,198**
Income tax liabilities:											
- Current income tax liabilities	–	2,076	–	**2,076**	–	–	–	**–**	–	–	**2,076**
- Deferred income tax liabilities	–	–	–	**–**	–	–	–	**–**	223	–	**223**
Other liabilities	10,629	6,267	1,978	**18,874**	17,407	11,596	551	**29,554**	40,915	–	**89,343**
Subordinated loan	1,822	56,042	6,141	**64,005**	21,864	18,226	89,375	**129,465**	–	–	**193,470**
Total liabilities	**2,095,347**	**1,228,603**	**441,801**	**3,765,751**	**309,182**	**53,910**	**92,011**	**455,103**	**95,306**	**–**	**4,316,160**
Net position	**(390,373)**	**133,731**	**(241,708)**	**(498,350)**	**404,148**	**391,188**	**369,252**	**1,164,588**	**44,322**	**27,533**	**738,093**

31. Related party disclosures

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

Related parties may enter into transactions which unrelated parties might not. Prices and terms of such transactions may differ from prices and terms of transactions between unrelated parties.

In the ordinary course of business, the Bank effects transactions with the entities that are ultimately controlled by the Russian Government. The balances of transactions with such entities at the reporting date comprised balances on correspondent accounts and loans from credit institutions.

The “Other related parties” item includes subsidiaries of VEB.RF parent bank.

Transactions with other related parties, including VEB.RF group of companies

The outstanding balances of transactions with other related parties at the end of the reporting period are as follows:

	2024					*2023*				
	Parent	*Entities under common control of RF*	*Associates and jointly controlled entities*	*Key management personnel*	*Other related parties*	*Parent*	*Entities under common control of RF*	*Associates*	*Key management personnel*	*Other related parties*
Cash and cash equivalents	65	200,905	–	–	–	51	75,710	–	–	–
Loans at 1 January	**–**	**–**	**–**	**3,329**	**–**	**–**	**–**	**21,439**	**3,670**	**–**
Loans issued during the year	–	–	–	2,024	–	–	–	10,706	4,376	–
Loans repaid during the year	–	–	–	(1,336)	–	–	–	(66)	(2,968)	–
Other changes	–	–	–	(131)	–	–	–	(32,079)	(1,749)	–
Loans outstanding at 31 December	**–**	**–**	**–**	**3,886**	**–**	**–**	**–**	**–**	**3,329**	**–**
Less allowance for ECL at 31 December	–	–	–	(9)	–	–	–	–	(15)	–
Loans outstanding at 31 December, net	**–**	**–**	**–**	**3,877**	**–**	**–**	**–**	**–**	**3,314**	**–**

(Thousands of Belarusian rubles, unless otherwise indicated)

31. Related party disclosures (continued)

Transactions with other related parties, including VEB.RF group of companies (continued)

	2024					2023				
	Parent	*Entities under common control of RF*	*Associates and jointly controlled entities*	*Key management personnel*	*Other related parties*	*Parent*	*Entities under common control of RF*	*Associates*	*Key management personnel*	*Other related parties*
Amounts due to credit institutions at 1 January	**146,329**	**200,459**	**–**	**–**	**1,157**	**31,725**	**144,861**	**–**	**–**	**1,671**
Amounts due to credit institutions received during the year	315,554	–	–	–	841	126,296	199,237	–	–	–
Amounts due to credit institutions repaid during the year	(132,341)	(199,237)	–	–	–	(6,807)	(130,789)	–	–	–
Other changes	(2,265)	(1,222)	–	–	(418)	(4,885)	(12,850)	–	–	(514)
Amounts due to credit institutions at 31 December	**327,277**	**–**	**–**	**–**	**1,580**	**146,329**	**200,459**	**–**	**–**	**1,157**
Subordinated loan at 1 January	**193,470**	**–**	**–**	**–**	**–**	**273,361**	**–**	**–**	**–**	**–**
Subordinated loan received during the year	–	–	–	–	–	–	–	–	–	–
Subordinated loan repaid during the year	(50,768)	–	–	–	–	(120,304)	–	–	–	–
Other changes	12,885	–	–	–	–	40,413	–	–	–	–
Subordinated loan at 31 December	**155,587**	**–**	**–**	**–**	**–**	**193,470**	**–**	**–**	**–**	**–**
Deposits at 1 January	**–**	**–**	**–**	**208**	**6,504**	**–**	**–**	**1,116**	**351**	**5,539**
Deposits received during the year	–	–	–	2,169	56,228	–	–	6,005	1,332	53,087
Deposits repaid during the year	–	–	–	(1,468)	(53,070)	–	–	(4,387)	(1,474)	(54,053)
Other changes	–	–	–	(172)	(4)	–	–	(2,734)	(1)	1,931
Deposits at 31 December	**–**	**–**	**–**	**737**	**9,658**	**–**	**–**	**–**	**208**	**6,504**
Settlement and current accounts at 31 December	**–**	**–**	**–**	**1,639**	**1,710**	**6,621**	**–**	**–**	**1,403**	**808**
Credit related financial commitments at 31 December	–	–	–	310	–	–	–	–	205	–
Other liabilities at 31 December	712	–	–	3	–	966	–	–	1	2

The “Other changes” item includes translation differences and interest accrued but not paid.

Income and expenses arising from related party transactions during the reporting period are as follows:

	For the year ended 31 December									
	2024					2023				
	Parent	*Entities under common control of RF*	*Associates and jointly controlled entities*	*Key management personnel*	*Other related parties*	*Parent*	*Entities under common control of RF*	*Associates and jointly controlled entities*	*Key management personnel*	*Other related parties*
Interest income on loans	63	11,285	–	259	–	1	5,327	–	381	–
Interest expense	(40,145)	(9,308)	–	(22)	(145)	(31,262)	(9,657)	(8)	(7)	(36)
Fee and commission income	1	33	–	5	23	1	50	1,271	4	31
Fee and commission expense	(135)	(328)	–	(40)	(12)	(373)	(149)	–	(27)	–
Income from transactions with foreign currency, precious metals and precious stones	–	1,542	–	–	–	–	532	28	–	–
Expenses from transactions with foreign currency, precious metals and precious stones	–	(436)	–	–	–	–	(82)	–	–	–
Gains less losses from initial recognition of financial instruments	7,306	–	–	–	–	–	–	–	–	–
Expenses from derivative financial instruments	–	–	–	–	–	(7,137)	–	(4,071)	–	–

In 2024, transactions with related parties were made on the following terms: period for fund raising was from 4 months to 2 years; in RUB was from 5% to 23%.

(Thousands of Belarusian rubles, unless otherwise indicated)

31. Related party disclosures (continued)

Transactions with other related parties, including VEB.RF group of companies (continued)

Compensation to key management personnel comprises the following:

	2024	*2023*
Salaries and other short-term employee benefits	13,950	13,928
Mandatory contributions to the pension fund	1,397	1,124
Social security costs	299	241
Expenses related to voluntary pension insurance	43	11
Other long-term benefits	19	164
Total compensation to key management personnel	**15,708**	**15,468**

32. Changes in liabilities arising from financing activities

	Notes	*Debt securities issued*	*Lease liabilities*	*Other borrowed funds*	*Subordinated loan*	*Total liabilities arising from financing activities*
Carrying amount at 31 December 2022	21, 18, 22	**40,539**	**7,325**	**107,193**	**273,361**	**428,418**
Additions		273,865	755	16,901	–	**291,521**
Repayment		(216,623)	(4,172)	(82,358)	(120,304)	**(423,457)**
Exchange differences		2,454	–	4,060	25,622	**32,136**
Other		(1,110)	2,290	499	14,791	**16,470**
Carrying amount at 31 December 2023	21, 18, 22	**99,125**	**6,198**	**46,295**	**193,470**	**345,088**
Additions		1,115,679	2,702	11,084	–	**1,129,465**
Repayment		(1,027,602)	(2,071)	(22,748)	(50,768)	**(1,103,189)**
Exchange differences		(1,096)	–	869	12,754	**12,527**
Other		10,689	426	26,953	131	**38,199**
Carrying amount at 31 December 2024	21, 18, 22	**196,795**	**7,255**	**62,453**	**155,587**	**422,090**

The "Other" item comprises the effect of interest on debt securities issued, other borrowed funds and subordinated loan, and lease interest and modifications. The Bank classifies interest paid as cash flows from operating activities.

33. Capital adequacy

Bank BelVEB OJSC maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the capital of Bank BelVEB OJSC is monitored using, among other measures, principals, ratios established by the Basel Capital Accord 1988 and ratios used by the National Bank of the Republic of Belarus in supervising the Bank.

Bank BelVEB OJSC manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, Bank BelVEB OJSC may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

(Thousands of Belarusian rubles, unless otherwise indicated)

33. Capital adequacy (continued)

Capital adequacy ratio of the National Bank of the Republic of Belarus

The National Bank of the Republic of Belarus requires that the amount of regulatory capital based on the conservation buffer of banks should be maintained at the level of 12.5% in 2024 (2023: 12.5%) of credit risk-weighted assets taking into account the amount of market and operating risks calculated under the laws of the Republic of Belarus. As at 31 December 2024 and 2023, the capital adequacy ratio of Bank BelVEB OJSC on this basis was as follows:

	2024	***2023***
Main capital	625,317	586,401
Tier 2 capital	306,330	192,480
Deductions from capital	(26,056)	(18,679)
Total capital	**905,591**	**760,202**
Risk-weighted assets	**4,761,918**	**4,189,404**
Capital adequacy ratio	19.0%	18.1%

Capital adequacy ratio under Basel Capital Accord 1988

As at 31 December 2024 and 2023, the Bank's capital adequacy ratio computed in accordance with Basel Capital Accord 1988, taking into account subsequent amendments relating to the incorporation of market risks, comprised:

	2024	***2023***
Tier 1 capital	960,966	724,702
Tier 2 capital	196,967	159,476
Total capital	**1,157,933**	**884,178**
Risk-weighted assets	**5,830,629**	**4,931,928**
Tier 1 capital adequacy ratio	16.5%	14.7%
Total capital adequacy ratio	19.9%	17.9%

34. Events after the reporting period

There were no significant events from the reporting date to the signing date of these consolidated financial statements.