

**TC Bank CJSC**  
**Consolidated financial statements prepared in accordance**  
**with International Financial Reporting Standards**

*for 2022*  
*with independent auditors' report*

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2022**

*(in thousands of BYN)*

---

## **Contents**

|   |    |
|---|----|
| Statement of the Management's responsibility for the preparation and approval of the consolidated financial statements for the year ended 31 December 2022..... | 4  |
| Independent auditor's report .....  | 5  |
| Consolidated Statement of Financial Position .....  | 10 |
| Consolidated Statement of Comprehensive Income .....  | 11 |
| Consolidated Statement of Changes in Equity .....   | 12 |
| Consolidated Statement of Cash Flows.....   | 13 |
| Notes to the Consolidated Financial Statements .....  | 14 |
| 1. General information about the Group .....  | 14 |
| 2. Emphasis of matter .....   | 15 |
| 3. Basis of presentation .....  | 15 |
| 4. Significant accounting policies .....  | 16 |
| 5. Material estimates and professional judgments in applying accounting policies .....  | 27 |
| 6. Adoption of new or revised standards and interpretations.....  | 28 |
| 7. Business environment .....   | 29 |
| 8. Cash and cash equivalents .....  | 31 |
| 9. Amounts due from financial institutions and the National Bank of the Republic of Belarus ...   | 31 |
| 10. Securitized loans .....   | 33 |
| 11. Loans to customers.....   | 34 |
| 12. Securities .....  | 38 |
| 13. Property and equipment and intangible assets .....  | 41 |
| 14. Investment property.....  | 42 |
| 15. Other assets and liabilities.....   | 45 |
| 16. Amounts due to financial institutions .....   | 46 |
| 17. Amounts due to customers .....  | 46 |
| 18. Share capital .....   | 47 |
| 19. Commitments and contingent liabilities.....   | 47 |
| 20. Interest income and expense .....   | 48 |
| 21. Fee and commission income and expenses .....  | 49 |
| 22. Net foreign exchange income.....  | 49 |
| 23. Net income arising from financial instruments at fair value through other comprehensive income .....  | 49 |
| 24. Net other income .....  | 49 |
| 25. Operating expenses .....  | 50 |
| 26. Risk management system .....  | 50 |

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2022**

*(in thousands of BYN)*

---

|     |  |    |
|-----|--|----|
| 27. | Capital management.....                  | 60 |
| 28. | Fair value of financial instruments..... | 60 |
| 29. | Related party transactions .....         | 62 |
| 30. | Subsequent events .....                  | 62 |

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2022**

*(in thousands of BYN)*

---

**Statement of the Management's responsibility for the preparation and approval of the consolidated financial statements for the year ended 31 December 2022**

The Management is responsible for the preparation of the consolidated financial statements that present fairly, in all material respects, the financial position of Trade Capital Bank Closed Joint-Stock Company and its subsidiaries (jointly referred to as the Bank Holding) as at 31 December 2022 and the corresponding consolidated financial statements of comprehensive income, of changes in equity, and of cash flows for the year then ended, as well as disclosure of significant accounting policies and other notes to the consolidated financial statements (hereinafter – financial statements) in accordance with International Financial Reporting Standards (IFRS).

In preparing the consolidated financial statements, the Management is responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Bank Holding financial position and financial performance;
- making an assessment of the Bank Holding ability to continue as a going concern.

The Management is also responsible for:


- designing, implementing and maintaining an effective and sound system of internal control throughout the Bank Holding;
- maintaining adequate accounting records that are sufficient to show and explain the Bank Holding transactions, disclose with reasonable accuracy at any time the Bank Holding financial position and ensure that the financial statements comply with IFRS;
- maintaining accounting records in compliance with legislation and accounting rules of the Republic of Belarus;
- taking all reasonably possible measures to safeguard of the Bank Holding assets; and
- detecting and preventing financial and other irregularities.

The consolidated financial statements of the Bank for the year ended 31 December 2022 were approved by the Management of the Bank on 19 May 2023.

**Signed and approved on behalf of the Management of TC Bank CJSC:**

---

S.F. Khaynovsski  
Chairman of the Management Board



---

N.A. Tivanova  
Chief Accountant – Head of the Accounting  
and Reporting Department



**GrandBusiness**  
Expert LLC

**GrandBusiness Expert LLC**

103 Pobediteley Ave.,  
office 507, 220020, Minsk,  
Republic of Belarus  
UNP 100024856,  
OKPO 37384691  
IBAN BY89ALFA301227238800  
10270000 BYN  
BIK - ALFABY2X  
Alfa-Bank CJSC  
Bank address: 43-47 Surganova str.,  
Minsk, 220013

T +375 17 308 70 81 (82)

e-mail: [info@gbe.by](mailto:info@gbe.by)

[www.gbexpert.by](http://www.gbexpert.by)

19.05.2023 No. 161/23-3  
dated \_\_\_\_\_

To Mr. Serguei F. Khainovski  
Chairman of the Board of  
Trade Capital Bank  
Closed Joint-Stock Company  
65A Timiryazeva str., Minsk,  
220035, Republic of Belarus

## INDEPENDENT AUDITOR'S REPORT

on the annual consolidated financial statements

prepared in accordance with International Financial Reporting Standards

for the period from 1 January 2022 to 31 December 2022

Audited entity: Trade Capital Bank Closed Joint-Stock Company

### Auditor's Opinion

We have audited the annual consolidated financial statements of Trade Capital Bank Closed Joint-Stock Company (legal address: 65A Timiryazeva str., Minsk, 220035, Republic of Belarus, registered by the National Bank of the Republic of Belarus on 12 September 2008, certificate No. NB 000019, UNP 807000163, hereinafter – the Bank) and its subsidiaries as Bank Holding (hereinafter jointly referred to as “Bank Holding”), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, as well as notes to the annual consolidated financial statements.

In our opinion, the accompanying annual consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank Holding as at 31 December 2022, its consolidated financial performance and change in its consolidated financial position including its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (hereinafter - IFRS).

## Basis for Auditor’s Opinion

We conducted our audit in accordance with the requirements of the Law 56-3 of the Republic of Belarus “On Auditing Activity” dated 12 July 2013 (hereinafter, the Law of the Republic of Belarus “On Auditing Activity”), national auditing rules and International Standards on Auditing (ISA). Our responsibilities under those requirements are further described in the “Auditor’s Responsibility for the Audit of the Annual Individual Consolidated Financial Statements” section of our report. We are independent of the Bank Holding in accordance with the requirements of the Law of the Republic of Belarus “On Auditing Activity”, the national auditing rules and the Code of Ethics for Professional Accountants adopted by the International Ethics Standards Board for Accountants (IESBA Code), and we have complied with other principles of professional ethics in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Emphasis of Matter

As disclosed in Note 2 since November 2018, due to the sanctions against Iranian financial institutions and the Bank imposed by the United States, the Bank was disconnected from the interbank payment system SWIFT.

We do not express qualified auditor’s opinion in connection with these circumstances.

## Key Audit Matters

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

| <i>Key audit matter</i>  | <i>Audit procedures addressing key audit matter and their results</i>  |
|--|--|
| <p><b>Due from banks – existence and disposal rights</b></p> <p>The Bank Holding has substantial cash balances placed on the interbank market (57.3% of total assets), consisting of:</p> <ul style="list-style-type: none"> <li>• Cash and cash equivalents (in terms of balances on current accounts of other banks and in the National Bank of the Republic of Belarus) – BYN 19,931 thousand;</li> <li>• Funds in financial institutions and the National Bank of the Republic of Belarus – BYN 151 thousand.</li> <li>• Loans against securities pledging – BYN 96,709 thousand.</li> </ul> | <p>Our audit procedures included obtaining an understanding of the process of the Bank Holding’s work in the interbank market.</p> <p>We assessed the control of the Management of the Bank Holding over the implementation of the adopted local legal acts on transactions in the interbank market.</p> <p>The audit procedures also included obtaining direct confirmations from counterparty banks about the existing debt to the Bank Holding, the terms of such debt and the presence of any restrictions.</p> <p>As a result of the audit procedures carried out, no significant deficiencies were identified.</p> |

Due to materiality and significance for the financial position of the Bank Holding as a whole, the actual availability of these funds and the right of the Bank Holding to dispose of these funds, compliance by

the Bank Holding with legal requirements regarding transactions on the interbank market, opening and performing operations on correspondent accounts are the key audit matter.

**Due from banks – provision for expected credit losses**

The assessment of the provision for expected credit losses involves the use of assessment methods, including the identification of factors of a significant increase in credit risk, the use of internal credit ratings to determine the probability of default, historical data to determine the level of losses in default, as well as forecasting macroeconomic indicators.

Due to the significance of funds due from banks for the annual consolidated financial statements as a whole and the need to apply significant subjective professional judgments and estimates that may have a significant impact on the amount of expected credit losses, this issue is the key audit matter.

Note 4 “Significant accounting policies”, Note 5 “Material estimates and professional judgments in applying accounting policies”, Note 8 “Cash and cash equivalents”, Note 9 “Amounts due from financial institutions and the National Bank of the Republic of Belarus”, Note 10 “Securitized loans” and Note 27 “Risk management system” included in the annual consolidated financial statements contain information on the provision for expected credit losses, as well as Management’s approach to assessing and managing credit risk.

As part of the audit, we have analyzed and evaluated the Bank Holding’s methods for assessing provisions for expected credit losses on funds due from banks for compliance with the requirements of IFRS 9 “Financial Instruments”.

We have analyzed the validity and completeness of the factors used by the Bank Holding to identify the facts of a significant increase in credit risk.

We have verified the validity of the application of credit ratings, the accuracy and completeness of key input data and assumptions used to calculate expected credit losses.

We have verified the arithmetic accuracy of the calculations, the completeness and adequacy of the disclosures in the notes to the annual consolidated financial statements.

As a result of the audit procedures carried out, no significant errors or deficiencies were identified.

## **Responsibilities of the Audited Entity for Preparation of the Annual Consolidated Financial Statements**

The Management of the Bank Holding is responsible for the preparation and fair presentation of the annual consolidated financial statements in accordance with IFRS and for such internal control of the Bank Holding as the Management determines necessary to enable the preparation of the annual consolidated financial statements that are free from material misstatements whether due to fraud or errors.

In preparing the annual consolidated financial statements, the Management of the Bank Holding is responsible for assessing the ability of the Bank Holding to continue as a going concern, appropriateness of application of going concern principle, disclosing in the annual consolidated financial statements, as

applicable, matters related to going concern, unless the Management either intends to liquidate the Bank Holding or to cease operations or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the preparation of the audited entity's annual consolidated financial statements.

### **Auditor's Responsibilities for the Audit of the Annual Consolidated Financial Statements**

Our goal is to obtain reasonable assurance that the annual consolidated financial statements of the Bank Holding are free from material misstatements, whether due to fraud and (or) errors, and to issue auditor's report including our opinion expressed in the prescribed form. Reasonable assurance is a high level of assurance but is not a guarantee that the audit conducted under the national rules of auditing and ISA always discloses the material misstatements if any present. Misstatements may result from fraud and (or) errors and are considered significant if it can reasonably be assumed that either individually or collectively, they may affect the economic decisions of users made on the basis of the annual consolidated financial statements.

Within the framework of the audit conducted in accordance with the national rules of auditing and ISA, we apply professional judgment and maintain professional scepticism throughout the audit. In addition, we perform the following:

- identify and assess the risks of material misstatement of the financial statements, whether due to error and (or) fraud; design and perform audit procedures responsive to the assessed risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud usually involves development of special measures aimed to conceal such misstatements;
- obtain understanding of the internal control system of the Bank Holding that is essential to the audit in order to develop audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control system;
- evaluate the appropriateness of accounting policies used by the Bank Holding and the reasonableness of accounting estimates and related disclosures made in statements;
- conclude on the appropriateness of Management's use of the going concern assumption and, based on the audit evidence obtained, make conclusion whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank Holding's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if there are no such disclosures or they are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of signing of our auditor's report. However, future events or conditions may cause the Bank Holding to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the statements, including the disclosures, and whether the statements represent the underlying transaction and events in a manner that achieves fair presentation

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



We also provide those charged with governance with a statement that we complied with all relevant requirements for compliance with independence principle and these individuals were informed about all relationships and other issues that can reasonably be considered as affecting the independence of the auditor, and, if necessary, with appropriate precautions.

From among the issues communicated to those charged with governance, we select key audit matters and disclose them in the auditor's report (unless disclosure of these issues is prohibited by the legislation or when we reasonably conclude that the negative consequences of reporting such information will exceed the benefits of disclosure).

Engagement Manager  
Deputy Director for Methodology and  
Quality Control of Audit Services of  
(Power of Attorney 16-22/3 dated  
July 01, 2022)

Dmitry Bekeshko  
(Auditor's Certificate of Competence  
No. 0002114 dated June 27, 2013,  
Registration No. 1935)

Head of the Audit



Svetlana Makhankova  
(Auditor's Certificate of Competence  
No. 0000533 dated February 18,  
2003, Registration No 526)

**Auditor's organization:**

GrandBusiness Expert LLC;  
Address: 103 Pobediteley avenue, office 507, Minsk, 220020, Republic of Belarus;  
Registered by the decision of Minsk Municipal Executive Committee as of 29 November 2022  
UNP 100024856  
Registration number of the auditor's organization's entry in the register of audit organizations No. 10048

Minsk, Belarus

19 May 2023

**\*1 (one) copy of the Auditor's Opinion  
on annual individual financial was received on**

19 May 2023.

  
Signature

N.A. Tivanova  
Full name

Chief Accountant  
Position

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2022**


*(in thousands of BYN)*

## Consolidated Statement of Financial Position

|  | Note | 31 December<br>2022 | 31 December<br>2021 |
|--|------|---------------------|---------------------|
| <b>ASSETS</b>  |      |                     |                     |
| Cash and cash equivalents  | 8    | 21,843              | 12,366              |
| Amounts due from financial institutions and the National Bank of the Republic of Belarus | 9    | 151                 | 77                  |
| Loans to customers   | 11   | 17,159              | 13,263              |
| Securities   | 12   | 15,635              | 31,090              |
| Securitized loans  | 10   | 96,709              | 89,958              |
| Investment property  | 14   | 42,365              | 42,993              |
| Property and equipment and intangible assets   | 13   | 3,374               | 3,327               |
| Prepaid income tax   |      | 696                 | 15                  |
| Deferred income tax asset  | 15   | 5,055               | 2,817               |
| Other assets   | 16   | 731                 | 1,829               |
| <b>TOTAL ASSETS</b>  |      | <b>203,718</b>      | <b>197,735</b>      |
| <b>LIABILITIES</b>   |      |                     |                     |
| Amounts due to financial institutions  | 17   | 4,121               | 11,914              |
| Amounts due to customers   | 18   | 9,332               | 2,430               |
| Current income tax liability   |      | 19                  | 39                  |
| Other liabilities  | 16   | 822                 | 451                 |
| <b>TOTAL LIABILITIES</b>   |      | <b>14,294</b>       | <b>14,834</b>       |
| <b>EQUITY</b>  |      |                     |                     |
| Share capital  | 19   | 188,975             | 188,975             |
| Share premium  |      | 61                  | 61                  |
| Revaluation reserve for securities   |      | 888                 | 409                 |
| Accumulated loss   |      | (500)               | (6,544)             |
| <b>TOTAL EQUITY</b>  |      | <b>189,424</b>      | <b>182,901</b>      |
| <b>TOTAL LIABILITIES AND EQUITY</b>  |      | <b>203,718</b>      | <b>197,735</b>      |

The accompanying notes form an integral part of these consolidated financial statements.  
Signed and authorized for issue on behalf of the Board of the Bank:

  
S.F. Khaynoysski  
Chairman of the Management Board

  
N.A. Tivanova  
Chief Accountant – Head of the  
Accounting and Reporting Department

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2022**


*(in thousands of BYN)*

## Consolidated Statement of Comprehensive Income

|  | Note | Year ended<br>31 December<br>2022 | Year ended<br>31 December<br>2021 |
|--|------|-----------------------------------|-----------------------------------|
| Interest income  | 21   | 18,803                            | 14,496                            |
| Interest expense   | 21   | (14)                              | (2)                               |
| <b>Net interest income</b>   | 21   | <b>18,789</b>                     | <b>14,494</b>                     |
| Commission and fee income  | 22   | 193                               | 180                               |
| Commission and fee expense   | 22   | (103)                             | (102)                             |
| <b>Net commission and fee expense</b>  | 22   | <b>90</b>                         | <b>78</b>                         |
| Net foreign exchange income  | 23   | 1,121                             | (700)                             |
| Net income from transactions with financial instruments<br>accounted at fair value through profit or loss                        | 24   | (577)                             | (47)                              |
| Net other income   | 25   | 4,612                             | 4,980                             |
| <b>Net operating income</b>  |      | <b>24,035</b>                     | <b>18,805</b>                     |
| Net change in provision for credit losses on financial assets  |      | (9,517)                           | (2,443)                           |
| Net change in provision for credit losses on other assets  |      | 60                                | 147                               |
| Operating expenses   | 26   | (10,509)                          | (9,691)                           |
| <b>Profit before tax</b>   |      | <b>4,069</b>                      | <b>6,818</b>                      |
| Income tax expenses (refund)   |      | 1,975                             | (1,454)                           |
| <b>Profit for the year</b>   |      | <b>6,044</b>                      | <b>5,364</b>                      |
| <b>OTHER COMPREHENSIVE INCOME</b>  |      |                                   |                                   |
| <i>Items that may be subsequently reclassified to profit or loss:</i>  |      |                                   |                                   |
| Net change in fair value of financial assets accounted at<br>fair value through other comprehensive income                       |      | 514                               | 564                               |
| Net result reclassified into profit or loss on financial assets<br>accounted at fair value through other comprehensive<br>income |      | (577)                             | (314)                             |
| Deferred tax asset   |      | 151                               | (30)                              |
| Net change in provision for credit losses of securities<br>accounted at fair value through comprehensive income                  |      | 391                               | (273)                             |
| <b>Total other comprehensive loss, which may be<br/>reclassified to profit or loss</b>   |      | <b>479</b>                        | <b>(53)</b>                       |
| <b>TOTAL COMPREHENSIVE INCOME</b>  |      | <b>6,523</b>                      | <b>5,311</b>                      |

The accompanying notes form an integral part of these consolidated financial statements.  
Signed and authorized for issue on behalf of the Board of the Bank:

  
\_\_\_\_\_  
S.F. Khaynovsski  
Chairman of the Management Board

  
\_\_\_\_\_  
N.A. Tivanova  
Chief Accountant – Head of the  
Accounting and Reporting Department

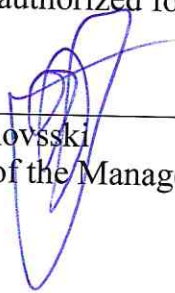
**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2022**


*(in thousands of BYN)*

## Consolidated Statement of Changes in Equity

|  | Share<br>capital | Share<br>premium | Revalua-<br>tion<br>reserve for<br>securities | Accumula-<br>ted loss | Total<br>equity |
|--|------------------|------------------|---|-----------------------|-----------------|
| Balance as at 1 January 2021             | <u>188,975</u>   | <u>61</u>        | <u>462</u>                                    | <u>(11,908)</u>       | <u>177,590</u>  |
| <b>Comprehensive income for the year</b> |                  |                  |   |                       |                 |
| Profit for the year                      | -                | -                | (53)  | 5,364                 | 5,311           |
| Other comprehensive income               | -                | -                | (53)  | 5,364                 | 5,364           |
|  |                  |                  |   | (53)                  | (53)            |
| Balance as at 31 December 2021           | <u>188,975</u>   | <u>61</u>        | <u>409</u>                                    | <u>(6,544)</u>        | <u>182,901</u>  |
| <b>Comprehensive income for the year</b> |                  |                  |   |                       |                 |
| Profit for the year                      | -                | -                | 479   | 6,044                 | 6,523           |
| Other comprehensive income               | -                | -                | -   | 6,044                 | 6,044           |
|  |                  |                  | 479   | -                     | 479             |
| Balance as at 31 December 2022           | <u>188,975</u>   | <u>61</u>        | <u>888</u>                                    | <u>(500)</u>          | <u>189,424</u>  |

The accompanying notes form an integral part of these consolidated financial statements.  
Signed and authorized for issue on behalf of the Board of the Bank:

  
\_\_\_\_\_  
S.F. Khaynovvski  
Chairman of the Management Board

  
\_\_\_\_\_  
N.A. Tivanova  
Chief Accountant – Head of the  
Accounting and Reporting Department

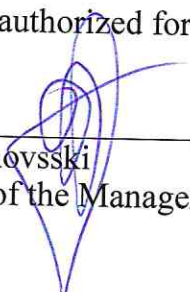
**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2022**

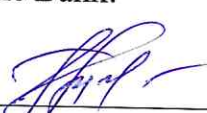
*(in thousands of BYN)*

## Consolidated Statement of Cash Flows

|  | Note     | Year ended<br>31 December<br>2022 | Year ended<br>31 December<br>2021 |
|--|----------|-----------------------------------|-----------------------------------|
| <b>Cash flows from operating activities</b>  |          |                                   |                                   |
| Interest received  |          | 18,727                            | 14,477                            |
| Interest paid  |          | (14)                              | (2)                               |
| Fees and commissions received  |          | 193                               | 180                               |
| Fees and commissions paid  |          | (103)                             | (102)                             |
| Realised gain from foreign currency transactions   |          | (238)                             | (6)                               |
| Realised gain from securities transactions   |          | (577)                             | (47)                              |
| Other income received  |          | 4,612                             | 4,980                             |
| Other expenses paid  |          | (9,487)                           | (8,024)                           |
| Income tax paid  |          | (821)                             | (198)                             |
| <b>Cash flows from operating activities before changes in operating assets and liabilities</b> |          | <b>12,292</b>                     | <b>11,258</b>                     |
| <i>Increase/ (decrease) in operating assets</i>  |          |                                   |                                   |
| Amounts due from financial institutions and the National Bank of the Republic of Belarus       |          | (5,382)                           | 1,057                             |
| Securitized loans  |          | 8,135                             | (9,921)                           |
| Loans to customers   |          | (3,909)                           | (890)                             |
| Other assets   |          | 1,101                             | 3,619                             |
| <i>Net increase in operating liabilities</i>   |          |                                   |                                   |
| Amounts due to financial institutions  |          | (26,625)                          | (919)                             |
| Amounts due to customers   |          | 7,460                             | 583                               |
| Other liabilities  |          | 372                               | (4,721)                           |
| <b>Net cash flows from operating activities</b>  |          | <b>(6,556)</b>                    | <b>66</b>                         |
| <b>Cash flows from investing activities</b>  |          |                                   |                                   |
| Acquisition of property and equipment and intangible assets                                    |          | (832)                             | (330)                             |
| Proceeds from sale of property and equipment   |          | 96                                | 562                               |
| Acquisition of investment property   |          | -                                 | (1,070)                           |
| Acquisition of securities  |          | (4,405)                           | (23,944)                          |
| Sales of securities  |          | 23,109                            | 30,716                            |
| <b>Net cash flows used in investing activities</b>   |          | <b>17,968</b>                     | <b>5,934</b>                      |
| <b>Net decrease in cash and cash equivalents</b>   |          | <b>11,412</b>                     | <b>6,000</b>                      |
| Effect of exchange rate changes on cash and cash equivalents                                   |          | (1,528)                           | (587)                             |
| Effect of expected credit losses on cash and cash equivalents                                  |          | (407)                             | (221)                             |
| <b>Cash and cash equivalents at the beginning of the year</b>                                  | <b>8</b> | <b>12,366</b>                     | <b>7,174</b>                      |
| <b>Cash and cash equivalents at the end of the year</b>  | <b>8</b> | <b>21,843</b>                     | <b>12,366</b>                     |

The accompanying notes form an integral part of these consolidated financial statements.  
Signed and authorized for issue on behalf of the Board of the Bank:

  
S.F. Khaynovsski  
Chairman of the Management Board

  
N.A. Tivanova  
Chief Accountant – Head of the  
Accounting and Reporting Department

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2022**

*(in thousands of BYN)*

## **Notes to the Consolidated Financial Statements**

### **1. General information about the Group**

Trade Capital Bank Closed Joint-Stock Company (hereinafter - TC Bank CJSC, the Bank) was registered on the territory of the Republic of Belarus by the National Bank of the Republic of Belarus on 12 September 2008. The Bank's legal address is 65A Timiriازهva str., Minsk, 220035, Republic of Belarus.

The Bank's Representative Office in Tehran, Iran was closed in 2019.

The Bank is the parent company of the Group, which includes Trading Capital-Invest unitary enterprise for the provision of services (hereinafter referred to as TC-Invest, subsidiary), Trading Capital-Zapad Limited Liability Company (hereinafter referred to as TC-Zapad).

The main activity of TC-Invest UE is the leasing of its own real estate. The registered address of the subsidiary: 65A Timiriازهva str., office 426, Minsk, 220035, Republic of Belarus.

The main activity of TC-Zapad LLC is operations with real estate: the acquisition of real estate, the lease of own real estate, the sale of own real estate, as well as real estate management, taking into account the requirements established by the legislation of the Republic of Belarus. The registered address of the organization: 65A Timiriازهva str., office 423, Minsk, 220035, Republic of Belarus.

These consolidated financial statements were approved for issue on 19 May 2023 and were signed by the Chairman of the Management Board and Chief Accountant of the Bank on behalf of the Management. The shareholders have the right to amend the consolidated financial statements and request their re-issue.

As at 31 December 2022 the shareholder structure was as follows:

| <b>Shareholder</b>  | <b>Share (%), 2022</b> | <b>Share (%), 2021</b> |
|---|------------------------|------------------------|
| Tejarat Bank, Islamic Republic of Iran  | 99.89                  | 99.89                  |
| Belarusian and English Joint Venture Lada Garant CJSC,<br>Republic of Belarus | 0.11                   | 0.11                   |
| <b>Total</b>  | <b>100</b>             | <b>100</b>             |

In accordance with the license of the National Bank of the Republic of Belarus (hereinafter - the National Bank) for banking activity No. 30 dated 19 June 2013, TC Bank CJSC has the right to carry out the following banking operations:

- attraction of funds of individuals and legal entities to accounts and in deposits;
- placement of attracted funds of individuals and legal entities to accounts and in deposits on its behalf and at its own expense on terms of repayment, payment and urgency
- opening and maintaining bank accounts of individuals and legal entities;
- settlement and cash services for individuals and legal entities, including correspondent banks;
- foreign exchange operations;
- issue of bank guarantees;
- trust management of funds under a trust management agreement for cash;
- issue (emission) of bank payment cards;

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2022**

*(in thousands of BYN)*

---

- issue of securities, confirming the raising of funds to deposits, and their placements on the accounts;
- factoring.

Special permission (license) for the right to carry out professional and stock exchange activities in securities No. 02200/5200-12-1081, is issued by the Ministry of Finance of the Republic of Belarus based on decision No. 111 dated 20 May 2011. The license is valid from the date of the licensing authority's decision to issue it and is not limited by the term.

Certificate of registration with the State Institution Agency of Deposit Compensation dated 11 July 2011 under the number 27.

In accordance with the resolution of the Board of the National Bank of the Republic of Belarus, it was decided to reinstate the license of TC Bank CJSC for banking activities in terms of carrying out a banking transaction to attract funds from individuals to deposits from 28 September 2022.

## **2. Emphasis of matter**

Since November 2018, due to the renewal of sanctions against Iranian financial institutions and TC Bank CJSC by the United States, the Bank was disconnected from the interbank payment system SWIFT.

Since November 2019, TC Bank CJSC has been a participant of SEPAM system (System for Electronic Payments Messaging), an electronic financial message transmission system created by the Central Bank of the Islamic Republic of Iran as an alternative channel for interbank interaction between banks participating in the system, which are subject to sanctions and restrictions by the United States.

## **3. Basis of presentation**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and are based on the accounting data of the Bank and its subsidiaries formed in accordance with the legislation of the Republic of Belarus on accounting and reporting, taking into account adjustments and reclassification of items that are necessary to bring them into line with IFRS.

The consolidated financial statements have been prepared under the historical cost principle except as disclosed in the accounting policies below.

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

### **Inflation accounting**

From 1 January 2011 till 31 December 2014 the economy of Belarus was recognized as hyperinflationary due to meeting the criteria specified in IAS 29 "Financial Reporting in Hyperinflationary Economies". The standard requires that financial statements of the entities, which functional currency is the currency of a hyperinflationary economy, shall be presented in prices reflecting the purchasing power as at the reporting date.

The effect of applying IAS 29 is that non-monetary items were converted to units of measurement that were valid as at 31 December 2014, using the consumer price index. Starting from 1 January 2015, application of IAS 29 was ceased due to the decision by the

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2022**

*(in thousands of BYN)*

---

professional accounting community that the Belarusian economy is no longer hyperinflationary, and the value of non-monetary assets, liabilities and equity in units of measurement as of 31 December 2014 formed the basis for relevant incoming balances.

#### **4. Significant accounting policies**

The principal accounting policies applied in the preparation of these consolidated financial statements are stated below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

These financial statements have been prepared on a going concern basis as there is no evidence to support the Group's inability to continue as a going concern for at least 12 months following the reporting period.

##### **Basis of consolidation**

The subsidiaries controlled by the Group are consolidated. The Group has control over the investee if the Group is exposed to the risks associated with variable income from participating in the investee or is entitled to such income as well as able to influence income by exercising its authority with respect to the investee. The consolidation of the subsidiary starts from the date of transition of control over it to the Group and ceases from the date of loss of control. All transactions between the Group's entities, as well as balances and unrealized gains on such transactions, are eliminated in full; unrealized losses are also eliminated, unless the transaction indicates a depreciation of the transferred asset. If necessary, the accounting policies of the subsidiary are amended to bring it in line with the Group's accounting policies.

##### **Functional and presentation currency**

The Belarusian ruble is the functional and presentation currency of the Group.

##### **Foreign currency**

Transactions in foreign currencies are converted into the functional currency at the exchange rate of the National Bank of the Republic of Belarus, at the transaction date. All monetary assets and liabilities, including off-balance sheet assets and liabilities denominated in foreign currencies are converted into Belarusian rubles at the exchange rate prevailing at the balance sheet date.

Gains or losses arising from exchange rate fluctuations on monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income in the period in which these fluctuations occur. Differences arising on conversion of foreign currencies are recognized through profit or loss, except for differences arising on the conversion of assets held for sale which are accounted at fair value and recognized in other comprehensive income.

The difference between the contractual exchange rate for a transaction in a foreign currency and the official rate of the National Bank of the Republic of Belarus at the date of such transaction is included in income less deduction of expenses for transactions in foreign currency.



**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2022**

*(in thousands of BYN)*

The table below shows the exchange rates of BYN against the USD, EUR and RUB:

|                                  | <u>31 December 2022</u> | <u>31 December 2021</u> |
|----------------------------------|-------------------------|-------------------------|
| BYN/USD                          | 2.7364                  | 2.5481                  |
| BYN/EUR                          | 2.9156                  | 2.8826                  |
| BYN/RUB (per 100 currency units) | <u>3.7835</u>           | <u>3.4322</u>           |

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value or historical cost are converted into BYN at the exchange rate of the National Bank of the Republic of Belarus at the transaction date or the determination of fair value.

**Financial assets and liabilities**

***Financial instruments - classification and assessment***

Since 1 January 2018 in accordance with IFRS 9 financial assets are classified as measured at amortized cost, fair value through other comprehensive income or at fair value through profit or loss, based on: business model used by the Group to manage financial assets; the contractual cash flow characteristics of financial asset.

To choose the category of financial assets, the Group consistently conducts two tests to determine the category of financial assets: business model test and cash flow performance test.

Business model analysis is performed at the level of asset portfolios. The Group analyzes all significant and objective evidence available at the valuation date to determine the business model for specific portfolios of financial assets.

A financial asset shall be measured at amortized cost if both of the following conditions are met: the financial asset is held within a business model which objective is to hold assets in order to receive the contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met: the financial asset is held within a business model which objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

At initial recognition the Group may decide, without further cancellation, to represent changes in the fair value of investments in equity instruments, not held for sale as part of other comprehensive income. Dividends received from such an investment are recognized by the Group in profit or loss.

Financial liabilities are measured at fair value through profit or loss when they meet the definition of held for sale or classified in this category at initial recognition. Liabilities are classified as measured at fair value through profit or loss if at initial recognition the Group at its own discretion classified the financial liability without further reclassification as such classification results in the elimination or material reduction of a measurement or recognition discrepancy that would otherwise arise. Fair value is used as the basis for the management of a group of financial liabilities or financial assets; or financial liabilities are held for sale,

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2022**

*(in thousands of BYN)*

---

including derivatives.

All other financial liabilities are classified as measured at amortized cost using effective interest method.

Except for trade receivables, at initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If the trade receivables do not contain a significant financing component it is measured at their transaction price.

After initial recognition the Group measures a financial asset at: amortized cost, fair value through other comprehensive income or fair value through profit or loss.

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

After initial recognition the Group measures a financial liability at: amortized cost or fair value through profit or loss.

Fair value is the price which may be received to sell an asset or paid to transfer a liability in conducting operations on a ordinary basis between market participants at the measurement date. Fair value measurement assumes that a transaction for sale of an asset or transfer of a liability occurs:

- either in the main market for the asset or liability;
- either, in the absence of the main market, in the most favorable market for the asset or liability.

The Group must have access to the main or most favorable market. The fair value of an asset or liability is measured using assumptions that would be used by market participants in determining the price of an asset or liability, assuming that market participants act in their best interests. Non-financial asset fair value measurement takes into account the ability of a market participant to generate economic benefits from using the asset in the best and most efficient manner or selling it to another market participant who will use this asset in the best and most efficient manner.

The Group applies such assessment methods that are appropriate for the current situation and covered enough with sufficient data to evaluate the fair value. Meanwhile it uses observable inputs to its maximum and non-observable inputs to its minimum.

All assets and liabilities fair value of which is assessed or disclosed in the consolidated financial statements are classified within the hierarchy of sources of fair value as described below, based on the lowest-level inputs that are significant to the fair value measurement as a whole:

Level 1 - market quotations of prices in the active market for identical assets or liabilities (without any adjustments);

Level 2 - valuation models in which inputs relevant to the lowest level of the hierarchy, which are essential for the assessment of fair value, are directly or indirectly observable in the market;

Level 3 - valuation models in which inputs relevant to the lowest level of the hierarchy, essential for the fair value measurement, are not observable in the market.

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2022**

*(in thousands of BYN)*

---

As for assets and liabilities that are recognized in the financial statements on a periodic basis, the Group determines the transfer between the levels of the sources of the hierarchy, re-analyzing the classification (based on the lowest-level input data that is significant for estimating the fair value as a whole) at the end of each reporting period.

The Group estimates the fair value of the instrument based on active market quotes in case if this information is available. The market is considered active if transactions are conducted on a regular basis between independent informed participants, and the relevant price quotes are readily available and reflect market conditions.

If the market is not active, different valuation techniques are used to determine fair value. Valuation methods include a discounted cash flow model, a comparison with similar instruments for which observable prices exist, and others. Assumptions and data used in valuation methods include risk-free and base interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity prices, exchange rates, stock and index quotes, and expected price volatility.

The purpose of valuation techniques is to determine the fair value that reflects the price of a financial instrument at the reporting date in a transaction between independent parties.

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is accounted on initial recognition, less partial payments of principal debt, plus or minus the accumulated amortization of the difference between the initial cost and the amount payable calculated using the effective interest method, minus provision for impairment.

Initial cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition and includes transaction costs. Cost assessment is only applicable to investments in equity instruments that do not have a quoted market price and which fair value cannot be reliably measured as well as to derivatives that are linked to such unquoted equity instruments and shall be paid by such equity instruments.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. Incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies paid to regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

#### *Derecognition of financial assets*

The Group derecognizes financial assets when (a) the assets are repaid or the rights to cash flows from the assets otherwise expired or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership, but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose restrictions on the sale.

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2022**

*(in thousands of BYN)*

---

*Cash and cash equivalents*

Cash and cash equivalents include cash, funds with the National Bank of the Republic of Belarus, funds provided to financial institutions with an original maturity of up to 90 days, which can be freely converted into the appropriate cash amount within a short period of time, except for guarantee deposits and other restricted funds.

*Mandatory reserves placed in the National Bank of the Republic of Belarus*

Mandatory reserves placed in the National Bank of the Republic of Belarus represent the required reserves to be deposited with the National Bank of the Republic of Belarus and not intended to finance the daily operations of the Group. Therefore, they are not considered as cash and cash equivalents used in the preparation of the statement of cash flows. Mandatory reserves placed in the National Bank of the Republic of Belarus are recognized at amortized cost.

*Amounts due from financial institutions and the National Bank of the Republic of Belarus*

Amounts due from financial institution and the National Bank of the Republic of Belarus are recorded when the Group provides money to counterparty banks with no intention of trade the resulting unquoted non-derivative receivable due on fixed or determinable dates. Amounts due from financial institution and the National Bank of the Republic of Belarus are recognized at amortized cost.

*Loans to customers*

Loans to customers are recorded when the Bank advances money to purchase or originate an unquoted non-derivative receivable from a customer due on fixed or determinable dates and has no intention of trading the receivable. Loans to customers are accounted at amortized cost.

*Impairment of financial assets accounted at amortized cost*

At each reporting date, the Group measures expected credit losses for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the valuation provision for expected credit losses for that financial instrument at an amount equal to 12-month expected credit losses.

In accordance with the requirements of IFRS 9, the Group applies the model of expected credit losses for the purpose of reservation of financial instruments, the key principle of which is the timely reflection of deterioration or improvement in the credit quality of financial instruments, taking into account current and forecast information. The amount of expected credit losses, recognized as provision for expected credit losses, depends on level of change in the credit quality of a financial instrument from the date of its initial recognition (for credit related commitments the date of initial recognition is the date when the Group assumes such commitment).

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2022**

*(in thousands of BYN)*

---

In accordance with the general approach, at the recognition date, financial instruments are included in Stage 1, then, depending on the degree of deterioration in credit quality from the date of initial recognition at subsequent reporting dates, the Group classifies financial instruments to one of the following stages:

Stage 1 - Financial instruments that do not have factors indicating an increase in credit risk and that do not have impairment indicators for which expected credit losses are calculated for a period of 1 year;

Stage 2 - Financial instruments that have factors indicating an increase in credit risk, but do not have impairment indicators for which expected credit losses are calculated for the entire life of the financial instrument;

Stage 3 - Financial instruments that have impairment indicators for which expected credit losses are calculated for the entire life of the financial instrument.

In case of significant increase in credit risk as of the previous reporting date, compared with the date of initial recognition, and financial asset was assigned to Stage 2 and as at the reporting date there are no factors indicating a significant increase in credit risk compared to initial recognition, the asset is assigned to Stage 1 expected credit losses are determined on a 12-month horizon and provision is recovered.

Purchased or originated credit-impaired financial assets are not transferable from Stage 3.

The Group considers increase in credit risk as at the reporting date as significant if there are, among other things, the following signs: overdue debt on a financial asset for a period exceeding 30 days for individuals, as well as a significant deterioration in the counterparty credit rating for legal entities and individual entrepreneurs and financial institutions.

Основными факторами, свидетельствующими о наличии признаков обесценения и отнесения финансового актива в Этап 3 являются: просроченная задолженность сроком более 90 дней, а также по клиентам юридическим лицам ухудшение кредитного рейтинга до рейтинга E, возбуждение экономическим судом в отношении клиента производства по делу об экономической несостоятельности (банкротстве).

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

$$ECL = PD \times LGD \times EAD,$$

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

LGD - loss given default. This value is a calculated estimate of losses arising in the event of a default at a certain point in time.

EAD - exposure at default.

Estimation of the probability of default (PD) of legal entities is based on internal credit ratings. After determining the internal credit rating at the reporting date and the previous reporting date, a migration matrix is formed. The resulting migration matrix is adjusted taking into account the influence of macroeconomic factors. Any indicators that demonstrate the closest relation with the level of default can be used as a macroeconomic indicator.

Estimation of the probability of default (PD) of individuals is determined by dividing the credit debt of individuals into homogeneous loan portfolios by overdue periods: not past due,

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2022**

*(in thousands of BYN)*

---

from 1 to 30 days, from 31 to 60 days, from 61 to 90 days, over 90 days. After dividing the credit debt of individuals into portfolios of homogeneous loans, a migration matrix is formed, which is adjusted for macroeconomic factors.

Estimation of the probability of default of financial institutions is based on external credit ratings established by external rating agencies. To obtain annual estimates of the probability of default (PD) for financial institutions, the Group uses one-year rating agencies migration matrices. One-year migration matrix is adjusted for macroeconomic factors, similar to the approach used for corporate customers. Herewith, the macroeconomic factor of the respective country of registration of financial institution is used.

LGD coefficient is calculated based on historical information. The percentage of receipts from defaulted loans is analyzed. Proceeds from sale of collateral are not included in calculation. For future periods for which there is not enough historical information to calculate loss given default coefficient the level of coefficient is set at 100%. LGD coefficient for financial institutions is equal 100%.

When calculating the expected credit losses for legal entities cash flows are taken into account not only from the repayment of loan, but also from the possible realization of collateral. Calculating the collateral adequacy on loans to legal entities, as well as guarantees of the Group, the expected sale price of the collateral is determined. For this purpose, the market value of the property taking into account the forecasts for its change until the expected sale date of the property is determined.

To calculate the expected credit losses on receivables, a simplified approach is used, according to which the provision for expected credit losses is recognized in an amount equal to the expected credit losses over the entire life of the financial instrument. The total amount of expected credit losses is calculated as the sum of the values of expected credit losses of three portfolios of receivables formed by the type of counterparty segment (financial institutions, corporate customers and individuals) and based on the number of days overdue. For receivables, for which evidence of impairment is identified, the provision is assumed to be 100% of the outstanding amount.

For purchased or originated credit-impaired financial assets as at the date of initial recognition the Group takes into account expected credit losses when calculating the effective interest rate adjusted for credit risk, and no provision for impairment of such financial assets is formed. On subsequent reporting dates for the calculation of provision for impairment the Group estimates only the cumulative changes in the value of expected credit losses over the entire life of the asset.

#### *Repossessed collateral*

Repossessed collateral represents non-financial assets acquired by the Group in settlement of overdue loans. The assets are initially recognized at fair value when acquired and included in inventories within other assets depending on their nature and the Group's intention in respect of recovery of these assets and are subsequently remeasured and accounted for in accordance with the accounting policies for these categories of assets

#### *Credit-related commitments*

The Group issues financial guarantees and commitments to provide loans. Financial guarantee agreement - an agreement under which the issuing party shall make certain payments to the counterparty to compensate for the loss incurred by the latter as a result of

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2022**

*(in thousands of BYN)*

---

the fact that the debtor specified in the contract was not able to make payment within the terms established by the original or revised terms of the debt instrument.

At initial recognition, the Group evaluates the financial guarantee agreement at fair value.

After initial recognition, a financial guarantee agreement is measured at the higher of the estimated loss provision; and the initially recognized amount less, where appropriate, the total recognized income.

*Investment securities measured at fair value through other comprehensive income*

This category of securities includes investment securities which the Group intends to hold for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or prices for shares.

Investment securities at fair value through other comprehensive income are accounted at fair value. Interest income on debt securities measured at fair value through other comprehensive income is calculated using the effective interest method and recognized in profit or loss for the year. Dividends on equity instruments measured at fair value through other comprehensive income are recognized in profit or loss for the year when the Group's right to receive payment is established and it is probable that the dividends will be collected. All other elements of changes in the fair value are recognized in other comprehensive income until the investment is derecognized or impaired, at which time the cumulative gain or loss is reclassified from other comprehensive income to profit or loss for the year.

*Financial instruments measured at amortized cost*

These financial instruments include debt investment securities for which the Group has no intention to sell immediately or in the near future, as well as loans and receivables. These financial instruments are accounted at amortized cost.

*Provision for expected credit losses on financial asset*

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

Provision for expected credit losses on financial assets that are measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset in the statement of financial position.

*Sale and repurchase agreements*

Sale and repurchase agreements ("repo agreements"), which effectively provide a lender's return to the counterparty, are treated as secured financing transactions. Securities sold under sale and repurchase agreements are not derecognized. The securities are not reclassified in the statement of financial position unless the transferee has the right by contract or custom to sell or repledge the securities, in which case they are reclassified as repurchase receivables. The corresponding liabilities are presented within amounts due to financial institutions.

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

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2022**

*(in thousands of BYN)*

### *Offsetting*

Offsetting of financial assets and liabilities with the reflection of only net balances in the statement of financial position is effected only if there is a legally enforceable right to offset and the intention to sell the asset concurrently with the settlement of the obligation. The right to set-off should not be due to an event in the future and should be valid in all of the following circumstances:

- in the ordinary course of business;
- in case of default; and
- in case of insolvency or bankruptcy of the organization, or any of the counterparties.

These conditions are generally not met for master netting agreements and the related assets and liabilities are fully reflected in the statement of financial position.

### **Property and equipment and intangible assets**

Property and equipment as well as intangible assets are recorded at initial cost adjusted for inflation less accumulated depreciation and amortization and impairment loss. Depreciation and amortization is accrued using a straight-line basis. The annual rates of amortization are:

|                             |           |
|-----------------------------|-----------|
| Buildings and constructions | 1%-20%    |
| Computer facilities         | 12,5%-25% |
| Transport vehicles          | 14,2%-25% |
| Other equipment             | 2%-33,3%  |
| Intangible assets           | 10%-33,3% |

Profit or loss on disposals of property and equipment and intangible assets is recognized in the statement of comprehensive income in the period of disposal.

Utility and maintenance costs are recognized in the statement of comprehensive income as incurred. Capital repairs of buildings, constructions and equipment are allocated to increase of initial cost. Useful lives, residual values and depreciation methods are reviewed annually.

Intangible assets of the Group are computer software and licenses.

### **Investment property**

Investment property is an item used to obtain lease payment, capital increment. Investment property items are initially accounted at the cost of acquisition, including acquisition costs.

Further the investment property items are recorded at their initial cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis. The annual depreciation rate is 1-2 percent.

### **Non-current assets held for sale**

Non-current assets, which may include both non-current and current assets, are classified in the statement of financial position as "Non-current assets held for sale" if their carrying amount will be recovered principally through a sale transaction, including loss of control of a subsidiary holding the assets, rather than through continuing use.

Assets are reclassified when all of the following conditions are met:

- a) the assets are available for immediate sale in their present condition;
- b) the Group's management approved and initiated an active program to locate a buyer;
- c) the assets are actively marketed for sale at a reasonable price;



**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2022**

*(in thousands of BYN)*

---

- d) the sale is expected within one year and
- e) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn.

**Income and expenses recognition**

Interest income and expense are recognized in the statement of comprehensive income using the effective interest method. The effective interest method is the method of calculating the amortized cost of a financial asset or financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. Effective interest rate is the interest rate that discounts estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the current value of a financial asset or liability.

The calculation of the effective interest rate includes all commissions received and paid, transaction costs, and discounts or premiums that form an integral part of the effective interest rate. Transaction costs are additional costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Fee and commission income and expenses which form an integral part of an effective interest rate on a financial asset or liability are accounted at its determination.

Other fee and commission income and expenses which are primarily represented by commissions for services and transactions are recognized while providing or receiving the services.

Bonuses and discounts on variable interest instruments are amortized to the date of the next revision of interest, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables not set depending on market rates. Such premiums or discounts are amortized over the whole expected life of the instrument.

**Income tax**

Current income tax expense is calculated in accordance with the legislation of the Republic of Belarus.

Deferred tax assets and liabilities are calculated for all temporary differences using the balance sheet liability method. Deferred income tax is provided for all temporary differences arising between the tax base of assets and liabilities and their carrying amount for the purposes of the consolidated financial statements, unless the deferred income tax arises from the initial recognition of goodwill, an asset or liability for an operation that is not an association of organizations, and which does not affect either accounting profit, or taxable profit or loss at the time of implementation.

Deferred tax assets are recorded only to the extent that it is probable that future taxable profit will be available against which the temporary differences that reduce the tax base may be offset. Deferred tax assets and liabilities are measured at tax rates that will be applied during the period of the asset's sale or settlement of the liability, based on legislation that has entered into force or actually entered into force at the balance sheet date.

In addition, Belarus has various operating taxes applicable to the Group's operations. These taxes are included in operating expenses.

*(in thousands of BYN)*

---

### **Impairment of non-financial assets**

The carrying amount of the Group's assets, except for investment property in case of its accounting at fair value, as well as deferred tax assets, are reviewed at each balance sheet date for impairment. If any such indication exists, the recoverable amount of the assets is determined. For intangible assets with indefinite useful lives and intangible assets not yet available for use, the recoverable amount is estimated annually regardless of any indications of impairment.

The recoverable amount of an asset is the higher of net selling price of assets and the value of their use. In assessing value in use, the estimated future cash flows are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to a particular asset.

Impairment losses are recognized when the current value of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

At the end of each reporting period, the Group assesses whether there are indicators that an impairment loss recognized for assets in prior periods no longer exist or decrease. Impairment losses recognized in prior periods for an asset shall be recovered only if since the last recognition of impairment loss there has been a change in the estimates used to determine the asset's recoverable amount. The increased carrying amount of an asset attributable to the reversal of impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation), if any impairment loss for that asset in prior years was not recognized.

### **Provisions**

Provisions are recognized in the consolidated financial statements when the Group has liabilities (legal or arising out of the business practice), arising prior to the reporting date. At the same time there is a high probability that the enforcement of these liabilities of the Group will require an outflow of economic resources, and the amount of the liabilities can be estimated with reasonable accuracy.

Provisions are recognized in the amount representing the best estimate of the expenditure required to settle the liability at the balance sheet date, based on current market assessments of the time value of money and, where appropriate, the risks specific to the liabilities.

### **Current employee benefits**

Current employee benefits are measured on an undiscounted value and are expensed in the period in which the related services are rendered, or work is performed.

According to the requirements of the legislation of the Republic of Belarus the Group makes mandatory payments to the Social Security Fund of the Ministry of Labour and Social Protection of the Republic of Belarus from the salary of its employees.

The Group has no other pension obligations to retirees, as well as to former employees.

### **Equity**

#### *Ordinary shares*

Ordinary shares are classified as equity. Accumulated costs, net of the tax effect, directly related to the issue of ordinary shares, are considered as equity-reducing costs.

*(in thousands of BYN)*

---

### *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. Information on dividends is disclosed in the consolidated financial statements if they were recommended before the reporting date, or recommended or declared after the reporting date but before the consolidated financial statements are approved for issue.

### **Presentation of statement of financial position in order of liquidity**

Assets and liabilities of the Group are presented in the statement of financial position in order of liquidity.

### **Operating segments**

The Management of the Group does not evaluate the results of operations in the context of segments and does not take decisions based on such a division.

## **5. Material estimates and professional judgments in applying accounting policies**

The Group makes accounting estimates and assumptions that affect the reported amounts in the consolidated financial statements and the carrying amounts of assets and liabilities within the next financial year. Accounting estimates and judgments are continually evaluated based on the Management's experience and other factors, including expectations of future events that are expected to be reasonable under the circumstances. In applying the accounting policies, the Management also uses professional judgments and estimates.

Professional judgements that have the most significant effect on the amounts recognized in the financial statements and estimates that can cause a significant adjustment to the carrying amounts of assets and liabilities within the next financial year include the following:

### *Going concern*

The Management has prepared these consolidated financial statements on the basis of going concern. When making this judgment, the Management considered the Group's financial position, current intentions, profitability of operations and access to financial resources, as well as the Group's operating environment.

### *Provision for expected credit loss*

The Group regularly analyses its loans, securities and receivables to assess impairment. The Management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In calculating these cash flows, the Group makes judgments about the borrower's financial situation and the net realizable value of collateral. These estimates are based on a range of assumptions and actual results may differ, resulting in future changes to the provision.

Evaluation of provision for expected credit losses (ECL) for financial assets measured at amortized cost and at fair value through other comprehensive income requires the use of complex models and significant assumptions regarding future economic conditions and the counterparty's credit behavior. The Bank applies judgments when assessing whether the counterparty's credit risk has increased significantly, forecasting the future economic situation, and choosing the appropriate model for estimating expected credit losses.

*(in thousands of BYN)*

---

### *Determination of fair value*

Determining the fair value of financial assets and liabilities for which there is no quoted market prices requires the use of valuation techniques as is described in the appropriate accounting policy (Note 4). For financial instruments that do not have an active market, determination of fair value is less objective and requires judgments based on liquidity, concentration, uncertainty of market factors, assumptions in determining the cost and other factors affecting the specific instrument.

### *Deferred tax assets*

Deferred tax assets are recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be offset. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profit together with future tax planning strategies.

### *Impairment of non-financial assets*

The carrying amount of the Group's non-financial assets, except for deferred tax assets, is reviewed at each reporting date to determine any indication of impairment. If any such indication of impairment exists, the recoverable amount of an asset is estimated. The recoverable amount of other non-financial asset is the highest value of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash flows independently of the other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

### *Useful lives of property and equipment*

The Group reviews useful lives of property and equipment at least at each financial year-end. If expectations differ from previous estimates, changes are treated as changes in accounting estimates. These estimates may have a material impact on the carrying amounts of property and equipment and on depreciation recognized in the statement of profit or loss.

## **6. Adoption of new or revised standards and interpretations**

In these financial statements for the year ended 31 December 2022 the same accounting policies, representations and methods of calculation were used as in the preparation of the Bank's financial statements for the year ended 31 December 2021, except for the accounting policies and the impact of the following new and revised standards and interpretations:

### **Revised IFRS effective for annual periods beginning on or after 1 January 2022::**

- IFRS 17 Insurance contracts and amendments to it.
- Disclosure of accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of accounting estimates (Amendments to IAS 8).
- Lease liability in a sale and leaseback (Amendments to IFRS 16).
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)
- Classifying liabilities as current or non-current (amendments to IAS 1).

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2022**

*(in thousands of BYN)*

---

The Management does not expect that the application of the aforementioned Standards will have a material impact on the Bank's financial statements in subsequent periods.

## **7. Business environment**

The Group operates in the Republic of Belarus. Accordingly, the Group's activities are influenced by the economy and financial markets of the Republic of Belarus, which are characterized by the peculiarities of emerging market. In 2022, the Belarusian economy continued to demonstrate characteristics peculiar to the economy of the transition period. Such peculiarities of the transition period include a low level of liquidity in the capital markets, relatively high inflation rates, the existence of currency controls that do not allow the national currency to become a liquid means of payment outside the Republic of Belarus. The stability of the Belarusian economy largely depends on the effectiveness of the measures and reforms taken by the Government in the sphere of economy, financial and monetary policy.

In 2022, Belarus faced increased sanctions from the United States, the EU and a number of other countries, the outbreak of hostilities in Ukraine, which was the second trade and economic partner after the Russian Federation, and the imposing of large-scale sanctions against the Russian Federation. The need to adapt the Belarusian economy to the new operating conditions led to a halt in economic growth, which resumed in 2021 against the background of a rapid recovery of the world economy after the COVID-19 pandemic. In 2022, Belarus' GDP decreased by 4.7% YoY against growth of 2.4% in 2021.

The positive balance of foreign trade in goods and services of Belarus in 2022 amounted to USD 4.313 billion against a positive balance of USD 3.97 billion in 2021. The foreign trade turnover of goods and services decreased by 6.0% in 2022 compared to the level of 2021 and amounted to USD 89.22 billion.

In 2022, the value of the currency basket increased by 7.95%, including the exchange rate of BYN weakened against the USD by 7.39%, against the RUB — by 10.24%, BYN strengthened by 3.4% against the Chinese yuan.

Since 12 December 2022, the Board of the National Bank decided to exclude EURO from the basket of foreign currencies. In this regard, the specific weights of currencies were adjusted when calculating the value of the basket at the following levels: for RUB — 60%, USD — 30%, the Chinese yuan — 10%.

The average official exchange rate of BYN against foreign currencies, calculated as an arithmetic mean, in 2022 amounted to BYN 2.6290 for 1 USD, BYN 2.7699 for 1 EURO, BYN 3.9035 for 100 RUB.

In 2022, there was an acceleration of inflationary processes. In December 2022, the increase in the consumer price index was 12.8% YoY against 10% in December 2021. This was due to the depreciation of the national currency, the rise in world prices for raw materials and food, the increase in costs of enterprises as a result of the restructuring of logistics and production chains, which generally contributed to the preservation of high inflation expectations. In order to curb inflation, state price regulation was expanded, including from October 2022, the coordination of price increases by manufacturers was introduced and the size of trade surcharges for a wide range of consumer goods was limited. Along with a decrease in demand, this contributed to a slowdown in consumer price growth, which in March – September 2022 reached 17-18% YoY.

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2022**

*(in thousands of BYN)*

---

In order to curb devaluation and inflation processes, the National Bank of Belarus in 2022 raised the refinancing rate to 12% per annum from 1 March and continued to control the money supply, limiting the growth of the money supply. In accordance with the Main Directions of the Monetary Policy of the Republic of Belarus for 2023, the target value of inflation is set at 7-8%, and the average annual value of the refinancing rate is in the range of 10-11%.

Due to the slowdown of inflationary processes in the Republic of Belarus in 2023, the National Bank of Belarus reduced the refinancing rate from 12% per annum at the beginning of the year to 11% per annum from 1 March.

The value of the broad money supply as of 1 January 2023 amounted to BYN 61.2 billion, having increased by 12.7% since the beginning of the year. The average broad money supply for December 2022 increased by 8.6% compared to December 2021, with a target for an increase of this indicator by 7-13%.

The ruble money supply as of 1 January 2023 amounted to BYN 31.2 billion and has increased by 25% since the beginning of the year.

The volume of cash in circulation as of 1 January 2023 increased by 46% compared to 1 January 2022 and amounted to BYN 6.9 billion.

The Group is closely monitoring the development of the situation with the COVID-19 pandemic. The Bank has taken measures aimed at ensuring stable operation in the conditions of compression of financial markets caused by the complication of the epidemiological situation in the world.

The Group is also closely monitoring the development of the situation with the US and EU sanctions pressure on individual enterprises and sectors of the economy, but it is not possible to reliably assess its financial effect at this stage.

As of the reporting date, the sovereign ratings of the Republic of Belarus established by international rating agencies with respect to long-term foreign debt liabilities have been confirmed at the following levels: S&P Global Ratings – “SD” (“selective default”), Fitch Ratings – “RD” (restricted default) Moody’s – “Ca” (forecast negative).

The imposed and potential sanctions by the European Union and other countries increase the uncertainty of the conditions of economic activity. The presented financial statements reflect the Management’s point of view on the impact of the business environment in the Republic of Belarus on the activities and financial position of the Bank. The actual impact of future business conditions may differ from the estimates of the Management.

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2022**

*(in thousands of BYN)*

## 8. Cash and cash equivalents

Cash and cash equivalents include the following positions:

|  | <u>31 December 2022</u> | <u>31 December 2021</u> |
|--|-------------------------|-------------------------|
| Balance on current accounts with other banks   | 14,548                  | 9,698                   |
| Cash on hand   | 1,912                   | 2,024                   |
| Balance on current accounts with the National bank of the Republic of Belarus (except for mandatory reserves placed in the National Bank of the Republic of Belarus) | 6,093                   | 947                     |
| Less provision for ECL   | (710)                   | (303)                   |
| <b>Total cash and cash equivalents</b>   | <u><b>21,843</b></u>    | <u><b>12,366</b></u>    |

As at 31 December 2022, the largest balance of cash and cash equivalents on current accounts with other banks of the Group is funds on a correspondent account with a non-resident bank PAO PROMSVYAZBANK in the amount of BYN 8,836 thousand.

As at 31 December 2021, the largest balance of cash and cash equivalents on current accounts with other banks of the Group is funds on a correspondent account with a non-resident bank MB Bank JSC in the amount of BYN 6.599 thousand.

All cash and cash equivalents are assigned to Stage 1. The analysis of changes in estimated provision for ECL for the year is given below.

|  |                   |
|--|-------------------|
| <b>Provision for ECL as at 1 January 2022</b>              | <b>303</b>        |
| Newly created or purchased                                 | 522               |
| Derecognition as a result of disposal                      | (116)             |
| Foreign exchange translation differences and other changes | 1                 |
| <b>Provision for ECL as at 31 December 2022</b>            | <u><b>710</b></u> |

## 9. Amounts due from financial institutions and the National Bank of the Republic of Belarus

Amounts due from financial institutions and the National Bank of the Republic of Belarus at amortized cost comprise:

|   | <u>31 December 2022</u> | <u>31 December 2021</u> |
|---|-------------------------|-------------------------|
| Balances on current accounts with other banks   | 4,768                   | 159                     |
| Mandatory reserves placed in the National Bank of the Republic of Belarus                             | 151                     | 77                      |
| Term interbank loans granted to non-resident banks  | -                       | 9,895                   |
| <b>Total amounts due from financial institutions and the National Bank of the Republic of Belarus</b> | <u><b>4,919</b></u>     | <u><b>10,131</b></u>    |
| Less provision for ECL  | (4,768)                 | (10,054)                |
| <b>Total amounts due from financial institutions and the National Bank of the Republic of Belarus</b> | <u><b>151</b></u>       | <u><b>77</b></u>        |

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2022**

*(in thousands of BYN)*

***Concentration of amounts due from financial institutions and the National Bank of the Republic of Belarus***

As at 31 December 2022 amounts due from financial institutions and the National Bank of the Republic of Belarus include balances on current accounts a shareholder in the amount of BYN 4,753 thousand.

As at 31 December 2021 amounts due from financial institutions and the National Bank of the Republic of Belarus include a loan provided to a shareholder in the amount of BYN 9,895 thousand.

The tables below provide an analysis of changes in the carrying amount and related valuation provisions for ECL for the year ended 31 December 2022 and 31 December 2021:

| <b>Amounts due from financial institutions and the National Bank of the Republic of Belarus</b> |                |                |                |               |               |
|---|----------------|----------------|----------------|---------------|---------------|
|   | <u>Stage 1</u> | <u>Stage 2</u> | <u>Stage 3</u> | <u>POCI</u>   | <u>Total</u>  |
| <b>Gross carrying amount as at 1 January 2022</b>   | 77             | -              | -              | 10,054        | 10,131        |
| Newly created or purchased  | 74             | -              | -              | 4,609         | 4,683         |
| Derecognition as a result of disposal   | -              | -              | -              | (9,895)       | (9,895)       |
| Transfers to Stage 1  | -              | -              | -              | -             | -             |
| Transfers to Stage 2  | -              | -              | -              | -             | -             |
| Transfers to Stage 3  | -              | -              | -              | -             | -             |
| Effect of other movements in gross carrying amount  | -              | -              | -              | -             | -             |
| <b>As at 31 December 2022</b>   | <u>151</u>     | <u>-</u>       | <u>-</u>       | <u>4,768</u>  | <u>4,919</u>  |
| <b>Amounts due from financial institutions and the National Bank of the Republic of Belarus</b> |                |                |                |               |               |
|   | <u>Stage 1</u> | <u>Stage 2</u> | <u>Stage 3</u> | <u>POCI</u>   | <u>Total</u>  |
| <b>ECL as at 1 January 2022</b>   | -              | -              | -              | 10,054        | 10,054        |
| Newly created or purchased  | -              | -              | -              | -             | -             |
| Derecognition as a result of disposal   | -              | -              | -              | (5,286)       | (5,286)       |
| Transfers to Stage 1  | -              | -              | -              | -             | -             |
| Transfers to Stage 2  | -              | -              | -              | -             | -             |
| Transfers to Stage 3  | -              | -              | -              | -             | -             |
| Effect of changes in exchange rate and other changes  | -              | -              | -              | -             | -             |
| <b>As at 31 December 2022</b>   | <u>-</u>       | <u>-</u>       | <u>-</u>       | <u>4,768</u>  | <u>4,768</u>  |
| <b>Amounts due from financial institutions and the National Bank of the Republic of Belarus</b> |                |                |                |               |               |
|   | <u>Stage 1</u> | <u>Stage 2</u> | <u>Stage 3</u> | <u>POCI</u>   | <u>Total</u>  |
| <b>Gross carrying amount as at 1 January 2021</b>   | 58             | -              | -              | 8,997         | 9,055         |
| Newly created or purchased  | -              | -              | -              | 1,137         | 1,137         |
| Derecognition as a result of disposal   | 2              | -              | -              | -             | 2             |
| Transfers to Stage 1  | -              | -              | -              | -             | -             |
| Transfers to Stage 2  | -              | -              | -              | -             | -             |
| Transfers to Stage 3  | -              | -              | -              | -             | -             |
| Effect of other movements in gross carrying amount  | 17             | -              | -              | (80)          | (63)          |
| <b>As at 31 December 2021</b>   | <u>77</u>      | <u>-</u>       | <u>-</u>       | <u>10,054</u> | <u>10,131</u> |



**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2022**

*(in thousands of BYN)*

| <b>Amounts due from financial institutions and the National Bank of the Republic of Belarus</b> | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b> | <b>POCI</b>   | <b>Total</b>  |
|---|----------------|----------------|----------------|---------------|---------------|
| <b>ECL as at 1 January 2021</b>   | -              | -              | -              | 8,997         | 8,997         |
| Newly created or purchased  |                |                |                | 1,057         | 1,057         |
| Derecognition as a result of disposal   | -              | -              | -              | -             | -             |
| Transfers to Stage 1  |                |                |                | -             | -             |
| Transfers to Stage 2  | -              | -              | -              | -             | -             |
| Transfers to Stage 3  | -              | -              | -              | -             | -             |
| Effect of changes in exchange rate and other changes  | -              | -              | -              | -             | -             |
| <b>As at 31 December 2021</b>   | <u>-</u>       | <u>-</u>       | <u>-</u>       | <u>10,054</u> | <u>10,054</u> |

## 10. Securitized loans

Securitized loans at amortized cost comprise:

|   | <b>31 December 2022</b> | <b>31 December 2021</b> |
|---|-------------------------|-------------------------|
| Funds provided to resident banks on repo transactions   | 111,596                 | 91,008                  |
| <b>Total securitized loans</b>  | <u>111,596</u>          | <u>91,008</u>           |
| Less provision for ECL  | (14,887)                | (1,050)                 |
| <b>Total amounts due from financial institutions and the National Bank of the Republic of Belarus</b> | <u>96,709</u>           | <u>89,958</u>           |

### *Concentration of securitized loans*

As at 31 December 2022 securitized loans include funds of MTBank CJSC and Paritetbank OJSC under repo transactions exceeding 10% of the Group's capital.

As at 31 December 2021 securitized loans include funds of MTBank CJSC under repo transactions exceeding 10% of the Group's capital.

| <b>Securitized loans</b>                             | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b> | <b>POCI</b> | <b>Total</b>  |
|--|----------------|----------------|----------------|-------------|---------------|
| <b>Gross carrying amount as at 1 January 2022</b>    | <b>91,008</b>  | -              | -              | -           | <b>91,008</b> |
| Newly created or purchased                           | 111,596        | -              | -              | -           | 111,596       |
| Derecognition as a result of disposal                | (91,008)       | -              | -              | -           | (91,008)      |
| Transfers to Stage 1                                 | -              | -              | -              | -           | -             |
| Transfers to Stage 2                                 | -              | -              | -              | -           | -             |
| Transfers to Stage 3                                 | -              | -              | -              | -           | -             |
| Effect of other movements in gross carrying amount   | -              | -              | -              | -           | -             |
| <b>As at 31 December 2022</b>                        | <u>11,596</u>  | <u>-</u>       | <u>-</u>       | <u>-</u>    | <u>11,596</u> |
| <b>Securitized loans</b>                             | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b> | <b>POCI</b> | <b>Total</b>  |
| <b>ECL as at 1 January 2021</b>                      | <b>1,050</b>   | -              | -              | -           | <b>1,050</b>  |
| Newly created or purchased                           | 14,887         | -              | -              | -           | 14,887        |
| Derecognition as a result of disposal                | (1,050)        | -              | -              | -           | (1,050)       |
| Transfers to Stage 1                                 | -              | -              | -              | -           | -             |
| Transfers to Stage 2                                 | -              | -              | -              | -           | -             |
| Transfers to Stage 3                                 | -              | -              | -              | -           | -             |
| Effect of changes in exchange rate and other changes | -              | -              | -              | -           | -             |
| <b>As at 31 December 2021</b>                        | <u>14,887</u>  | <u>-</u>       | <u>-</u>       | <u>-</u>    | <u>14,887</u> |

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

| Securitized loans                                    | Stage 1        | Stage 2        | Stage 3        | POCI        | Total         |
|--|----------------|----------------|----------------|-------------|---------------|
| <b>Gross carrying amount as at 1 January 2021</b>    | <b>79,060</b>  | -              | -              | -           | <b>79,060</b> |
| Newly created or purchased                           | 91,008         | -              | -              | -           | 91,008        |
| Derecognition as a result of disposal                | (79,060)       | -              | -              | -           | (79,060)      |
| Transfers to Stage 1                                 | -              | -              | -              | -           | -             |
| Transfers to Stage 2                                 | -              | -              | -              | -           | -             |
| Transfers to Stage 3                                 | -              | -              | -              | -           | -             |
| Effect of other movements in gross carrying amount   | -              | -              | -              | -           | -             |
| <b>As at 31 December 2021</b>                        | <b>91,008</b>  | -              | -              | -           | <b>91,008</b> |
| <b>Securitized loans</b>                             | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b> | <b>POCI</b> | <b>Total</b>  |
| <b>ECL as at 1 January 2021</b>                      | <b>74</b>      | -              | -              | -           | <b>74</b>     |
| Newly created or purchased                           | 1,050          | -              | -              | -           | 1,050         |
| Derecognition as a result of disposal                | (74)           | -              | -              | -           | (74)          |
| Transfers to Stage 1                                 | -              | -              | -              | -           | -             |
| Transfers to Stage 2                                 | -              | -              | -              | -           | -             |
| Transfers to Stage 3                                 | -              | -              | -              | -           | -             |
| Effect of changes in exchange rate and other changes | -              | -              | -              | -           | -             |
| <b>As at 31 December 2021</b>                        | <b>1,050</b>   | -              | -              | -           | <b>1,050</b>  |

## 11. Loans to customers

Loans to customers measured at amortised cost include the following:

| Customer                            | 31 December 2022 | 31 December 2021 |
|-------------------------------------|------------------|------------------|
| Loans to legal entities             | 16,349           | 12,106           |
| Loans to individuals                | 956              | 1,157            |
| <b>Total loans to customers</b>     | <b>17,305</b>    | <b>13,263</b>    |
| Less provision for ECL              | (146)            | -                |
| <b>Total net loans to customers</b> | <b>17,159</b>    | <b>13,263</b>    |

Analysis of loans to legal entities by industries as at 31 December 2022 and 31 December 2021 is presented below:

| Industries                      | 31 December 2022 | 31 December 2021 |
|---------------------------------|------------------|------------------|
| Finance lease                   | 7,184            | 145              |
| Construction and real estate    | 6,210            | 3,600            |
| Services and trade              | 2,118            | 8,361            |
| Production p                    | 837              | -                |
| Individuals                     | 956              | 1,157            |
| Less provision for ECL          | (146)            | -                |
| <b>Total loans to customers</b> | <b>17,159</b>    | <b>13,263</b>    |

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

The tables below provide an analysis of changes in the carrying amount and the corresponding estimated provisions for ECL for the year ended 31 December 2022 and 31 December 2021 for loans to legal entities.

|  |                |                |                |             |               |
|--|----------------|----------------|----------------|-------------|---------------|
| <b>Loans to legal entities</b>                       | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b> | <b>POCI</b> | <b>Total</b>  |
| <b>Gross carrying amount as at 1 January 2022</b>    | <b>12,106</b>  | -              | -              | -           | <b>12,106</b> |
| Newly created or purchased                           | 4,780          | -              | -              | -           | 4,780         |
| Derecognition as a result of disposal                | -              | -              | -              | -           | -             |
| Transfers to Stage 1                                 | -              | -              | -              | -           | -             |
| Transfers to Stage 2                                 | -              | -              | -              | -           | -             |
| Transfers to Stage 3                                 | -              | -              | -              | -           | -             |
| Effect of other movements in gross carrying amount   | (537)          | -              | -              | -           | (537)         |
| <b>As at 31 December 2022</b>                        | <b>16,349</b>  | -              | -              | -           | <b>16,349</b> |
| <b>Loans to legal entities</b>                       | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b> | <b>POCI</b> | <b>Total</b>  |
| <b>ECL as at 1 January 2022</b>                      | -              | -              | -              | -           | -             |
| Newly created or purchased                           | 116            | -              | -              | -           | 116           |
| Derecognition as a result of disposal                | -              | -              | -              | -           | -             |
| Transfers to Stage 1                                 | -              | -              | -              | -           | -             |
| Transfers to Stage 2                                 | -              | -              | -              | -           | -             |
| Transfers to Stage 3                                 | -              | -              | -              | -           | -             |
| Effect of changes in exchange rate and other changes | -              | -              | -              | -           | -             |
| <b>As at 31 December 2022</b>                        | <b>116</b>     | -              | -              | -           | <b>116</b>    |
| <b>Loans to legal entities</b>                       | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b> | <b>POCI</b> | <b>Total</b>  |
| <b>Gross carrying amount as at 1 January 2021</b>    | <b>10,821</b>  | -              | <b>4,904</b>   | -           | <b>15,725</b> |
| Newly created or purchased                           | 1,907          | -              | -              | -           | 1,907         |
| Derecognition as a result of disposal                | (886)          | -              | (4,904)        | -           | (5,790)       |
| Transfers to Stage 1                                 | -              | -              | -              | -           | -             |
| Transfers to Stage 2                                 | -              | -              | -              | -           | -             |
| Transfers to Stage 3                                 | -              | -              | -              | -           | -             |
| Effect of other movements in gross carrying amount   | 264            | -              | -              | -           | 264           |
| <b>As at 31 December 2021</b>                        | <b>12,106</b>  | -              | -              | -           | <b>12,106</b> |
| <b>Loans to legal entities</b>                       | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b> | <b>POCI</b> | <b>Total</b>  |
| <b>ECL as at 1 January 2021</b>                      | -              | -              | <b>4,651</b>   | -           | <b>4,651</b>  |
| Newly created or purchased                           | -              | -              | -              | -           | -             |
| Derecognition as a result of disposal                | -              | -              | (4,651)        | -           | (4,651)       |
| Transfers to Stage 1                                 | -              | -              | -              | -           | -             |
| Transfers to Stage 2                                 | -              | -              | -              | -           | -             |
| Transfers to Stage 3                                 | -              | -              | -              | -           | -             |
| Effect of changes in exchange rate and other changes | -              | -              | -              | -           | -             |
| <b>As at 31 December 2021</b>                        | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>    | <b>-</b>      |

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

The table below shows an analysis of loans to legal entities with overdue payments by overdue class as of 31 December 2022.

| <b>Loans to legal entities</b>       | <b>Loans before deduction of provision for ECL</b> | <b>Provision for ECL</b> | <b>Loans less deduction of provision for ECL</b> | <b>Ratio of provision amount to loan amount before deduction of ECL, %</b> |
|--------------------------------------|--|--------------------------|--|--|
| Not past due                         | 16,349   | (116)                    | 16,233   | 1  |
| 1-30 days                            | -  | -                        | -  | -  |
| 31-60 days                           | -  | -                        | -  | -  |
| 61-90 days                           | -  | -                        | -  | -  |
| More than 90 days                    | -  | -                        | -  | -  |
| <b>Total loans to legal entities</b> | <b>16,349</b>                                      | <b>(116)</b>             | <b>16,233</b>                                    | <b>1</b>   |

The table below shows an analysis of loans to legal entities with overdue payments by overdue class as of 31 December 2021.

| <b>Loans to legal entities</b>       | <b>Loans before deduction of provision for ECL</b> | <b>Provision for ECL</b> | <b>Loans less deduction of provision for ECL</b> | <b>Ratio of provision amount to loan amount before deduction of ECL, %</b> |
|--------------------------------------|--|--------------------------|--|--|
| Not past due                         | 12,106   | -                        | 12,106   | -  |
| 1-30 days                            | -  | -                        | -  | -  |
| 31-60 days                           | -  | -                        | -  | -  |
| 61-90 days                           | -  | -                        | -  | -  |
| More than 90 days                    | -  | -                        | -  | -  |
| <b>Total loans to legal entities</b> | <b>12,106</b>                                      | <b>-</b>                 | <b>12,106</b>                                    | <b>-</b>   |

The tables below provide an analysis of changes in the carrying amount and the corresponding estimated provisions for ECL for the year ended 31 December 2022 and 31 December 2021 for loans to individuals.

| <b>Loans to individuals</b>                        | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b> | <b>POCI</b> | <b>Total</b> |
|--|----------------|----------------|----------------|-------------|--------------|
| <b>Gross carrying amount as at 1 January 2022</b>  | <b>1,157</b>   | -              | -              | -           | <b>1,157</b> |
| Newly created or purchased                         | -              | -              | -              | -           | -            |
| Derecognition as a result of disposal              | (98)           | -              | -              | -           | (98)         |
| Transfers to Stage 1                               | -              | -              | -              | -           | -            |
| Transfers to Stage 2                               | -              | -              | -              | -           | -            |
| Transfers to Stage 3                               | -              | -              | -              | -           | -            |
| Effect of other movements in gross carrying amount | (103)          | -              | -              | -           | (103)        |
| <b>As at 31 December 2022</b>                      | <b>956</b>     | <b>-</b>       | <b>-</b>       | <b>-</b>    | <b>956</b>   |

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

| <b>Loans to individuals</b>                          | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b> | <b>POCI</b> | <b>Total</b> |
|--|----------------|----------------|----------------|-------------|--------------|
| <b>ECL as at 1 January 2022</b>                      | -              | -              | -              | -           | -            |
| Newly created or purchased                           | 30             | -              | -              | -           | 30           |
| Derecognition as a result of disposal                | -              | -              | -              | -           | -            |
| Transfers to Stage 1                                 | -              | -              | -              | -           | -            |
| Transfers to Stage 2                                 | -              | -              | -              | -           | -            |
| Transfers to Stage 3                                 | -              | -              | -              | -           | -            |
| Effect of changes in exchange rate and other changes | -              | -              | -              | -           | -            |
| <b>As at 31 December 2022</b>                        | <b>30</b>      | <b>-</b>       | <b>-</b>       | <b>-</b>    | <b>3</b>     |
| <b>Loans to individuals</b>                          | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b> | <b>POCI</b> | <b>Total</b> |
| <b>Gross carrying amount as at 1 January 2021</b>    | <b>1 299</b>   | <b>-</b>       | <b>-</b>       | <b>-</b>    | <b>1 299</b> |
| Newly created or purchased                           | 448            | -              | -              | -           | 448          |
| Derecognition as a result of disposal                | (141)          | -              | -              | -           | (141)        |
| Transfers to Stage 1                                 | -              | -              | -              | -           | -            |
| Transfers to Stage 2                                 | -              | -              | -              | -           | -            |
| Transfers to Stage 3                                 | -              | -              | -              | -           | -            |
| Effect of other movements in gross carrying amount   | (449)          | -              | -              | -           | (449)        |
| <b>As at 31 December 2021</b>                        | <b>1 157</b>   | <b>-</b>       | <b>-</b>       | <b>-</b>    | <b>1 157</b> |
| <b>Loans to individuals</b>                          | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b> | <b>POCI</b> | <b>Total</b> |
| <b>ECL as at 1 January 2021</b>                      | <b>1</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>    | <b>1</b>     |
| Newly created or purchased                           | -              | -              | -              | -           | -            |
| Derecognition as a result of disposal                | -              | -              | -              | -           | -            |
| Transfers to Stage 1                                 | -              | -              | -              | -           | -            |
| Transfers to Stage 2                                 | -              | -              | -              | -           | -            |
| Transfers to Stage 3                                 | -              | -              | -              | -           | -            |
| Effect of changes in exchange rate and other changes | (1)            | -              | -              | -           | (1)          |
| <b>As at 31 December 2021</b>                        | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>    | <b>-</b>     |

The table below shows an analysis of loans to individuals with overdue payments by overdue class as of 31 December 2022:

| <b>Loans to individuals</b>       | <b>Loans before deduction of provision for ECL</b> | <b>Provision for ECL</b> | <b>Loans less deduction of provision for ECL</b> | <b>Ratio of provision amount to loan amount before deduction of ECL, %</b> |
|-----------------------------------|--|--------------------------|--|--|
| Not past due                      | 956  | (30)                     | -  | 3  |
| 1-30 days                         | -  | -                        | -  | -  |
| 31-60 days                        | -  | -                        | -  | -  |
| 61-90 days                        | -  | -                        | -  | -  |
| More than 90 days                 | -  | -                        | -  | -  |
| <b>Total loans to individuals</b> | <b>956</b>   | <b>(30)</b>              | <b>-</b>   | <b>3</b>   |

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

The table below shows an analysis of loans to individuals with overdue payments by overdue class as of 31 December 2021:

|                                   | Loans before<br>deduction of<br>provision for<br>ECL | Provision for<br>ECL | Loans less<br>deduction of<br>provision for<br>ECL | Ratio of<br>provision<br>amount to<br>loan amount<br>before<br>deduction of<br>ECL, % |
|-----------------------------------|--|----------------------|--|---|
| <b>Loans to individuals</b>       |  |                      |  |   |
| Not past due                      | 1 157  | -                    | -  | 1 157   |
| 1-30 days                         |  | -                    | -  |   |
| 31-60 days                        | -  | -                    | -  |   |
| 61-90 days                        | -  | -                    | -  |   |
| More than 90 days                 |  | -                    | -  |   |
| <b>Total loans to individuals</b> | <b>1 157</b>   | <b>-</b>             | <b>-</b>   | <b>1 157</b>  |

The Group requires collateral in order to mitigate the credit risk. The amount and type of the collateral depends on an assessment of the credit risk of the counterparty.

The major types of collateral for corporate lending are collaterals of real estate, inventory. When providing loans to individuals the major type is the collateral of real estate (in general residential property).

As of 31 December 2021 and 31 December 2020, the Group has no outstanding loans to customers granted to one borrower exceeding 10% of the Group's capital.

## 12. Securities

Securities comprise the following positions:

|   | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| <b>Debt securities measured at fair value through other comprehensive income</b>  |                  |                  |
| Bonds issued by republican bodies of state management                             | 9,302            | 2,427            |
| Bonds issued by banks of the Republic of Belarus                                  | 5,850            | 28,134           |
| <b>Total securities measured at fair value through other comprehensive income</b> | <b>15,152</b>    | <b>30,561</b>    |
| <b>Debt securities measured at amortized cost</b>                                 |                  |                  |
| Bonds of non-bank financial organizations of the Republic of Belarus              | 483              | 529              |
| <b>Total securities measured at amortized cost</b>                                | <b>15,635</b>    | <b>31,090</b>    |

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

The analysis of changes in the carrying amount and the corresponding estimated reserves for the ECL in relation to securities measured at FVOCI for the year ended 31 December 2022 is presented below.

**Securities measured at fair value through other comprehensive income**

|  | <u>Stage 1</u> | <u>Stage 2</u> | <u>Stage 3</u> | <u>POCI</u> | <u>Total</u>  |
|--|----------------|----------------|----------------|-------------|---------------|
| <b>Gross carrying amount as at 1 January 2022</b>  | <b>30,561</b>  | -              | -              | -           | <b>30,561</b> |
| Newly created or purchased                         | 6,695          | -              | -              | -           | 6,695         |
| Derecognition as a result of disposal              | (22,347)       | -              | -              | -           | (22,347)      |
| Transfers to Stage 1                               | -              | -              | -              | -           | -             |
| Transfers to Stage 2                               | -              | -              | -              | -           | -             |
| Transfers to Stage 3                               | -              | -              | -              | -           | -             |
| Effect of other movements in gross carrying amount | 243            | -              | -              | -           | 243           |
| <b>As at 31 December 2022</b>                      | <b>15,152</b>  | -              | -              | -           | <b>15,152</b> |

**Securities measured at fair value through other comprehensive income**

|  | <u>Stage 1</u> | <u>Stage 2</u> | <u>Stage 3</u> | <u>POCI</u> | <u>Total</u> |
|--|----------------|----------------|----------------|-------------|--------------|
| <b>Gross carrying amount as at 1 January 2022</b>  | <b>878</b>     | -              | -              | -           | <b>878</b>   |
| Newly created or purchased                         | 695            | -              | -              | -           | 695          |
| Derecognition as a result of disposal              | (625)          | -              | -              | -           | (625)        |
| Transfers to Stage 1                               | -              | -              | -              | -           | -            |
| Transfers to Stage 2                               | -              | -              | -              | -           | -            |
| Transfers to Stage 3                               | -              | -              | -              | -           | -            |
| Effect of other movements in gross carrying amount | 321            | -              | -              | -           | 321          |
| <b>As at 31 December 2022</b>                      | <b>1,269</b>   | -              | -              | -           | <b>1,269</b> |

The analysis of changes in the carrying amount and the corresponding estimated reserves for the ECL in relation to securities measured at FVOCI for the year ended 31 December 2021 is presented below.

**Securities measured at fair value through other comprehensive income**

|  | <u>Stage 1</u> | <u>Stage 2</u> | <u>Stage 3</u> | <u>POCI</u> | <u>Total</u>  |
|--|----------------|----------------|----------------|-------------|---------------|
| <b>Gross carrying amount as at 1 January 2021</b>  | <b>38,827</b>  | -              | -              | -           | <b>38,827</b> |
| Newly created or purchased                         | 13,554         | -              | -              | -           | 13,554        |
| Derecognition as a result of disposal              | (20,369)       | -              | -              | -           | (20,369)      |
| Transfers to Stage 1                               | -              | -              | -              | -           | -             |
| Transfers to Stage 2                               | -              | -              | -              | -           | -             |
| Transfers to Stage 3                               | -              | -              | -              | -           | -             |
| Effect of other movements in gross carrying amount | (1,451)        | -              | -              | -           | (1,451)       |
| <b>As at 31 December 2021</b>                      | <b>30,561</b>  | -              | -              | -           | <b>30,561</b> |

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

| Securities measured at fair value through<br>other comprehensive income | Stage 1    | Stage 2  | Stage 3  | POCI     | Total      |
|---|------------|----------|----------|----------|------------|
| <b>ECL as at 1 January 2021</b>   | 1,151      | -        | -        | -        | 1,151      |
| Newly created or purchased  | 359,       | -        | -        | -        | 359        |
| Derecognition as a result of disposal                                   | (588)      | -        | -        | -        | (588)      |
| Transfers to Stage 1  | -          | -        | -        | -        | -          |
| Transfers to Stage 2  | -          | -        | -        | -        | -          |
| Transfers to Stage 3  | -          | -        | -        | -        | -          |
| Effect of changes in exchange rate and other<br>changes                 | (44)       | -        | -        | -        | (44)       |
| <b>As at 31 December 2021</b>   | <b>878</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>878</b> |

The analysis of changes in the carrying amount and the corresponding estimated reserves for the ECL in relation to securities measured at amortized cost for the year ended 31 December 2022 is presented below.

| Securities measured at amortized cost                 | Stage 1    | Stage 2  | Stage 3  | POCI     | Total      |
|---|------------|----------|----------|----------|------------|
| <b>Gross carrying amount as at 1 January 2022</b>     | 587        | -        | -        | -        | 587        |
| Newly created or purchased                            | -          | -        | -        | -        | -          |
| Derecognition as a result of disposal                 | -          | -        | -        | -        | -          |
| Transfers to Stage 1                                  | -          | -        | -        | -        | -          |
| Transfers to Stage 2                                  | -          | -        | -        | -        | -          |
| Transfers to Stage 3                                  | -          | -        | -        | -        | -          |
| Effect of other movements in gross carrying<br>amount | 51         | -        | -        | -        | 51         |
| <b>As at 31 December 2022</b>                         | <b>638</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>638</b> |

| Securities measured at amortized cost                   | Stage 1    | Stage 2  | Stage 3  | POCI     | Total      |
|---|------------|----------|----------|----------|------------|
| <b>ECL as at 1 January 2022</b>                         | 58         | -        | -        | -        | 58         |
| Newly created or purchased                              | -          | -        | -        | -        | -          |
| Derecognition as a result of disposal                   | -          | -        | -        | -        | -          |
| Transfers to Stage 1                                    | -          | -        | -        | -        | -          |
| Transfers to Stage 2                                    | -          | -        | -        | -        | -          |
| Transfers to Stage 3                                    | -          | -        | -        | -        | -          |
| Effect of changes in exchange rate and other<br>changes | 97         | -        | -        | -        | 97         |
| <b>As at 31 December 2022</b>                           | <b>155</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>155</b> |

The analysis of changes in the carrying amount and the corresponding estimated reserves for the ECL in relation to securities measured at amortized cost for the year ended 31 December 2021 is presented below.

| Securities measured at amortized cost                 | Stage 1    | Stage 2  | Stage 3  | POCI     | Total      |
|---|------------|----------|----------|----------|------------|
| <b>Gross carrying amount as at 1 January 2021</b>     | 594        | -        | -        | -        | 594        |
| Newly created or purchased                            | -          | -        | -        | -        | -          |
| Derecognition as a result of disposal                 | -          | -        | -        | -        | -          |
| Transfers to Stage 1                                  | -          | -        | -        | -        | -          |
| Transfers to Stage 2                                  | -          | -        | -        | -        | -          |
| Transfers to Stage 3                                  | -          | -        | -        | -        | -          |
| Effect of other movements in gross carrying<br>amount | (7)        | -        | -        | -        | (7)        |
| <b>As at 31 December 2021</b>                         | <b>587</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>587</b> |



**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

| Securities measured at amortized cost                | Stage 1   | Stage 2  | Stage 3  | POCI     | Total     |
|--|-----------|----------|----------|----------|-----------|
| ECL as at 1 January 2021                             | 54        | -        | -        | -        | 54        |
| Newly created or purchased                           | -         | -        | -        | -        | -         |
| Derecognition as a result of disposal                | -         | -        | -        | -        | -         |
| Transfers to Stage 1                                 | -         | -        | -        | -        | -         |
| Transfers to Stage 2                                 | -         | -        | -        | -        | -         |
| Transfers to Stage 3                                 | -         | -        | -        | -        | -         |
| Effect of changes in exchange rate and other changes | 4         | -        | -        | -        | 4         |
| <b>As at 31 December 2021</b>                        | <b>58</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>58</b> |

During 2022 and 2021 the Bank carried out transactions with government bonds in foreign currency, bonds of banks of the Republic of Belarus, a non-bank financial institution.

As at 31 December 2022 and 31 December 2021 the Group placed funds in bonds issued by the Ministry of Finance, as well as in bonds of resident banks (MTBank CJSC, ASB Belarusbank OJSC). As at 31 December 2022 and 31 December 2021, the Group has no investments in securities purchased from one issuer exceeding 10% of the Group's capital.

### 13. Property and equipment and intangible assets

The movements in property and equipment and intangible assets were as follows:

|                                 | Buildings and constructions | Computers and equipment | Transport vehicles | Furniture and other | Intangible assets | Capital investment | Total          |
|---------------------------------|-----------------------------|-------------------------|--------------------|---------------------|-------------------|--------------------|----------------|
| <b>Initial cost</b>             | <b>3,438</b>                | <b>479</b>              | <b>231</b>         | <b>808</b>          | <b>1,480</b>      | <b>65</b>          | <b>6,501</b>   |
| <b>As at 1 January 2022</b>     |                             |                         |                    |                     |                   |                    |                |
| Proceeds in 2022                | -                           | 23                      | -                  | 11                  | 312               | 19                 | 365            |
| Disposal in 2022                | -                           | (25)                    | -                  | (10)                | (192)             | -                  | (227)          |
| <b>As at 31 December 2022</b>   | <b>3,438</b>                | <b>477</b>              | <b>231</b>         | <b>809</b>          | <b>1,600</b>      | <b>84</b>          | <b>6,639</b>   |
| <b>Accumulated depreciation</b> |                             |                         |                    |                     |                   |                    |                |
| <b>As at 1 January 2022</b>     | <b>(874)</b>                | <b>(389)</b>            | <b>(153)</b>       | <b>(519)</b>        | <b>(1,239)</b>    | <b>-</b>           | <b>(3,174)</b> |
| Proceeds in 2022                | (69)                        | (45)                    | (18)               | (68)                | (116)             | -                  | (316)          |
| Disposal in 2022                | -                           | 25                      | -                  | 10                  | 190               | -                  | 225            |
| <b>As at 31 December 2022</b>   | <b>(943)</b>                | <b>(409)</b>            | <b>(171)</b>       | <b>(577)</b>        | <b>(1,165)</b>    | <b>-</b>           | <b>(3,265)</b> |
| <b>Residual value</b>           |                             |                         |                    |                     |                   |                    |                |
| <b>As at 1 January 2022</b>     | <b>2,564</b>                | <b>90</b>               | <b>78</b>          | <b>289</b>          | <b>241</b>        | <b>65</b>          | <b>3,327</b>   |
| <b>As at 31 December 2022</b>   | <b>2,495</b>                | <b>68</b>               | <b>60</b>          | <b>232</b>          | <b>435</b>        | <b>84</b>          | <b>3,374</b>   |

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

|                                     | Buildings<br>and<br>construc-<br>tions | Computer<br>equip-<br>ment | Transport<br>vehicles | Furniture<br>and other | Intangible<br>assets | Capital<br>invest-<br>ment | Right-of-<br>use assets | Total          |
|-------------------------------------|--|----------------------------|-----------------------|------------------------|----------------------|----------------------------|-------------------------|----------------|
| <b>Initial cost</b>                 | <b>3,438</b>                           | <b>522</b>                 | <b>235</b>            | <b>653</b>             | <b>1,425</b>         | <b>776</b>                 | <b>15,</b>              | <b>7,064</b>   |
| <b>As at 1 January 2021</b>         |  |                            |                       |                        |                      |                            |                         |                |
| Proceeds in 2021                    | -                                      | 14                         | -                     | 177                    | 139                  | 301                        | -                       | 631            |
| Transfer to other<br>category       | -                                      | (4)                        | -                     | 4                      | -                    | -                          | -                       | -              |
| Transfer to investment<br>property  | -                                      | -                          | -                     | -                      | -                    | (682)                      | -                       | (682)          |
| Impairment                          | -                                      | -                          | -                     | -                      | -                    | -                          | -                       | -              |
| Disposal in 2021                    | -                                      | (53)                       | (4)                   | (26)                   | (84)                 | (330)                      | (15)                    | (512)          |
| <b>As at 31 December<br/>2021</b>   | <b>3,438</b>                           | <b>479</b>                 | <b>231</b>            | <b>808</b>             | <b>1,480</b>         | <b>65</b>                  | <b>-</b>                | <b>6,501</b>   |
| <b>Accumulated<br/>depreciation</b> |  |                            |                       |                        |                      |                            |                         |                |
| <b>As at 1 January 2021</b>         | <b>(805)</b>                           | <b>(399)</b>               | <b>(138)</b>          | <b>(474)</b>           | <b>(1,179)</b>       | <b>-</b>                   | <b>(5)</b>              | <b>(3,000)</b> |
| Proceeds for 2021                   | (69)                                   | (47)                       | (19)                  | (63)                   | (144)                | -                          | (1)                     | (343)          |
| Transfer to other<br>category       | -                                      | 4                          | -                     | (4)                    | -                    | -                          | -                       | -              |
| Disposal in 2021                    | -                                      | 53                         | 4                     | 22                     | 84                   | -                          | 6                       | 169            |
| <b>As at 31 December<br/>2021</b>   | <b>(874)</b>                           | <b>(389)</b>               | <b>(153)</b>          | <b>(519)</b>           | <b>(1,239)</b>       | <b>-</b>                   | <b>-</b>                | <b>(3,174)</b> |
| <b>Residual value</b>               |  |                            |                       |                        |                      |                            |                         |                |
| <b>As at 1 January 2021</b>         | <b>2,633</b>                           | <b>123</b>                 | <b>97</b>             | <b>179</b>             | <b>246</b>           | <b>776</b>                 | <b>10</b>               | <b>4,064</b>   |
| <b>As at 31 December<br/>2021</b>   | <b>2,564</b>                           | <b>90</b>                  | <b>78</b>             | <b>289</b>             | <b>241</b>           | <b>65</b>                  | <b>-</b>                | <b>3,327</b>   |

## 14. Investment property

|   | 31 December 2022    |  |                |
|---|---------------------|--|----------------|
|   | Investment property | Investments in<br>investment real estate | Total          |
| <b>Initial cost</b>                     |                     |  |                |
| <b>Balance as at 1 January</b>          | <b>46,785</b>       | <b>103</b>                               | <b>46,888</b>  |
| Proceeds                                | 445                 | 22                                       | 467            |
| Impairment                              | (294)               | -  | (294)          |
| Disposal                                | (112)               | -  | (112)          |
| <b>Balance as at 31 December</b>        | <b>46,824</b>       | <b>125</b>                               | <b>46,949</b>  |
| <b>Accumulated amortization</b>         |                     |  |                |
| <b>Balance as at 1 January</b>          | <b>(3,895)</b>      | <b>-</b>                                 | <b>(3,895)</b> |
| Accrual                                 | (705)               | -  | (705)          |
| Disposal                                | 16                  | -  | 16             |
| <b>Balance as at 31 December</b>        | <b>(4,584)</b>      | <b>-</b>                                 | <b>(4,584)</b> |
| <b>Residual value as at 31 December</b> | <b>42,240</b>       | <b>125</b>                               | <b>42,365</b>  |

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

|   | <u>Investment property</u> | <u>31 December 2022<br/>Investments in<br/>investment real estate</u> | <u>Total</u>   |
|---|----------------------------|---|----------------|
| <i>Initial cost</i>                     |                            |   |                |
| <b>Balance as at 1 January</b>          | <b>45 829</b>              | -   | <b>45 829</b>  |
| Proceeds                                | 967                        | 103   | 2 037          |
| Transfer from property and equipment    | -                          | -   | -              |
| Impairment                              | -                          | -   | -              |
| Disposal                                | (11)                       | -   | (978)          |
| <b>Balance as at 31 December</b>        | <b>46 785</b>              | <b>103</b>  | <b>46 888</b>  |
| <i>Accumulated amortization</i>         |                            |   |                |
| <b>Balance as at 1 January</b>          | <b>(3 183)</b>             | -   | <b>(3 183)</b> |
| Accrual                                 | (712)                      | -   | (712)          |
| Transfer from property and equipment    | -                          | -   | -              |
| <b>Balance as at 31 December</b>        | <b>(3 895)</b>             | -   | <b>(3 895)</b> |
| <b>Residual value as at 31 December</b> | <b>42 890</b>              | <b>103</b>  | <b>42 993</b>  |

The Group classifies real estate objects received as compensation for previously granted loans, encumbered by lease agreements as investment property.

Investment property items are accounted at cost of acquisition, including acquisition costs (initial cost) less accumulated amortization and impairment losses.

As of 31 December 2022, the Group's management assesses the fair value of investment property in the amount of BYN 67,790 thousand. To determine the fair value of investment properties the Group engaged an independent appraiser.

## **Income tax**

The Group accrues taxes based on tax accounting, which is maintained in accordance with the tax legislation of the Republic of Belarus, which may differ from International Financial Reporting Standards.

Due to the fact that some types of expenses are not accounted for tax purposes, as well as due to the presence of non-taxable income, the Group has certain permanent tax differences.

During the periods ended 31 December 2022 and 31 December 2021, the republican tax rate for Belarusian banks and companies was 25%.

Deferred taxes reflect the net tax effect of temporary differences between the carrying amount of assets and liabilities for the purposes of the consolidated financial statements and the amount determined for tax purposes.

The income tax refund consists of the following items:

|  | <u>Year ended<br/>31 December 2022</u> | <u>Year ended<br/>31 December 2021</u> |
|--|--|--|
| Expense / (income) for current income tax  | (112)                                  | (298)                                  |
| Expense / (income) for deferred income tax | 2,087                                  | (1,156)                                |
| <b>Total</b>                               | <b>1,975</b>                           | <b>(1,454)</b>                         |

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

Temporary differences as at 31 December 2022 and 31 December 2021 are as follows:

|  | <u>31 December 2022</u> | <u>31 December 2021</u> |
|--|-------------------------|-------------------------|
| <b>Deductible temporary differences:</b>   |                         |                         |
| - cash and cash equivalents  | 709                     | 300                     |
| - long-term assets held for sale   |                         | -                       |
| - investment property  | 3,031                   | 3,489                   |
| - property and equipment and intangible assets   | 7,942                   | 8,447                   |
| - amounts due from financial institutions and the National Bank of Republic of Belarus | 3,224                   | 1,900                   |
| - securitized loans  | 13,685                  | 601                     |
| - securities   | 580                     | 271                     |
| <b>Total deductible temporary differences</b>  | <b>28,348</b>           | <b>15,008</b>           |
| <b>Deferred tax asset at the tax rate of 25%</b>                                       | <b>7,087</b>            | <b>3,752</b>            |
| <b>Taxable temporary differences:</b>  |                         |                         |
| - loans to customers   | (807)                   | (2,461)                 |
| - other assets and liabilities   | (4,234)                 | (1,280)                 |
| - amounts due from financial institutions and the National Bank of Republic of Belarus | (3,086)                 | -                       |
| - securitized loans  |                         | -                       |
| <b>Total taxable temporary differences</b>   | <b>(8,127)</b>          | <b>(3,741)</b>          |
| <b>Deferred tax liability at the tax rate 25%</b>                                      | <b>(2,032)</b>          | <b>(935)</b>            |
| <b>Total asset on deferred income tax</b>  | <b>5,055</b>            | <b>2,817</b>            |

The following is a comparison of the theoretical tax expense with the actual tax expense for the years ended 31 December 2022 and 31 December 2021.

|  | <u>31 December 2022</u> | <u>31 December 2021</u> |
|--|-------------------------|-------------------------|
| <b>Profit/(loss) before taxation</b>   | <b>4,069</b>            | <b>6,818</b>            |
| Theoretical recovery of income tax at the statutory rate - 25% / (Estimated value of income tax at the statutory rate - 25%) | (1,017),                | (1,704)                 |
| Tax effect of income / (expenses) not participating in taxation  | 2,992                   | 250                     |
| <b>Total income tax expense</b>  | <b>1,975</b>            | <b>1,454</b>            |

Information on the movement of deferred income tax is as follows:

|  | <u>31 December 2022</u> | <u>31 December 2021</u> |
|--|-------------------------|-------------------------|
| <b>Deferred tax at the beginning of the year</b>       | <b>2,817</b>            | <b>4,003</b>            |
| Recognised in profit and loss                          | 2,087                   | (1,156)                 |
| Recognised in other comprehensive income               | 151                     | (30)                    |
| <b>Total deferred tax asset at the end of the year</b> | <b>5,055</b>            | <b>2,817</b>            |

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

## 15. Other assets and liabilities

Other assets comprise:

|  | <u>31 December 2022</u> | <u>31 December 2021</u> |
|--|-------------------------|-------------------------|
| <b>Other financial assets measured at amortized cost</b> |                         |                         |
| Settlements with other debtors                           | 119                     | 168                     |
| Accrued income   | 61                      | 244                     |
| ECL provisions for receivables and accrued income        | (51)                    | (126)                   |
| <b>Total other financial assets</b>                      | <u>129</u>              | <u>286</u>              |
| <b>Other non-financial assets</b>                        |                         |                         |
| Property received in repayment of credit debts           | 917                     | 1 044                   |
| Settlements with suppliers and contractors               | 186                     | 172                     |
| Taxes other than income tax                              | 11                      | 898                     |
| Materials  | 13                      | 14                      |
| Provision for reduction of inventory cost                | (525)                   | (585)                   |
| <b>Total other non-financial assets</b>                  | <u>602</u>              | <u>1,543</u>            |
| <b>Total other assets</b>                                | <u>731</u>              | <u>1,829</u>            |

The analysis of changes in the ECL for other financial assets for the year ended 31 December 2022 is presented below:

| <b>Other financial assets</b>                        | <u>Stage 1</u> | <u>Stage 2</u> | <u>Stage 3</u> | <u>POCI</u> | <u>Total</u> |
|--|----------------|----------------|----------------|-------------|--------------|
| <b>ECL for 1 January 2022</b>                        | -              | -              | 126            | -           | 126          |
| Newly created or purchased                           | -              | 43             | -              | -           | 43           |
| Derecognition as a result of disposal                | -              | -              | (114)          | -           | (114)        |
| Transfers to Stage 1                                 | -              | -              | -              | -           | -            |
| Transfers to Stage 2                                 | -              | -              | -              | -           | -            |
| Transfers to Stage 3                                 | -              | -              | -              | -           | -            |
| Effect of changes in exchange rate and other changes | -              | -              | (4)            | -           | -            |
| <b>As at 31 December 2022</b>                        | <u>-</u>       | <u>43</u>      | <u>8</u>       | <u>-</u>    | <u>51</u>    |

The analysis of changes in the ECL for other financial assets for the year ended 31 December 2021 is presented below:

| <b>Other financial assets</b>                        | <u>Stage 1</u> | <u>Stage 2</u> | <u>Stage 3</u> | <u>POCI</u> | <u>Total</u> |
|--|----------------|----------------|----------------|-------------|--------------|
| <b>ECL for 1 January 2021</b>                        | -              | 24             | 72             | -           | 96           |
| Newly created or purchased                           | -              | -              | 61             | -           | 61           |
| Derecognition as a result of disposal                | -              | (24)           | (9)            | -           | (33)         |
| Transfers to Stage 1                                 | -              | -              | -              | -           | -            |
| Transfers to Stage 2                                 | -              | -              | -              | -           | -            |
| Transfers to Stage 3                                 | -              | -              | -              | -           | -            |
| Effect of changes in exchange rate and other changes | -              | -              | 2              | -           | 2            |
| <b>As at 31 December 2021</b>                        | <u>-</u>       | <u>-</u>       | <u>126</u>     | <u>-</u>    | <u>126</u>   |

The maximum credit risk on other financial assets as at 31 December 2022 and 31 December 2021 is equal to the net value of the assets reflected in the Consolidated statement of financial position within other assets.

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

Other liabilities include the following items:

|   | <u>31 December 2022</u> | <u>31 December 2021</u> |
|---|-------------------------|-------------------------|
| <b>Other financial liabilities measured at amortized cost</b> |                         |                         |
| Settlements with suppliers                                    | 369                     | 87                      |
| Settlements with other debtors                                | 115                     | 129                     |
| Accrued expenses  | 31                      | 25                      |
| Settlements with the personnel labour remuneration            | 10                      | 12                      |
| <b>Total other financial liabilities</b>                      | <u>525</u>              | <u>253</u>              |
| <b>Other non-financial liabilities</b>                        |                         |                         |
| Liabilities on other taxes, except for income tax             | 177                     | 104                     |
| Provisions for vacation pay                                   | 120                     | 94                      |
| <b>Total other non-financial liabilities</b>                  | <u>297</u>              | <u>198</u>              |
| <b>Total other liabilities</b>                                | <u>822</u>              | <u>451</u>              |

## 16. Amounts due to financial institutions

Amounts due to financial institutions measured at amortized cost comprise:

|  | <u>31 December 2022</u> | <u>31 December 2021</u> |
|--|-------------------------|-------------------------|
| Correspondent accounts of other banks              | 4,121                   | 11,914                  |
| <b>Total amounts due to financial institutions</b> | <u>4,121</u>            | <u>11,914</u>           |

As of 31 December 2022, the Group had 64.1% of the funds of financial institutions in the balances of funds on correspondent accounts raised from the shareholder of Bank Tejarat (BYN 2,642 thousand).

As of 31 December 2021, the Group had the largest share in the funds of financial institutions in the balances of funds on correspondent accounts raised from the shareholder Tejarat Bank in the amount of BYN 9,078 thousand.

## 17. Amounts due to customers

Amounts due to customers measured at amortized cost comprise:

|                                       | <u>31 December 2022</u> | <u>31 December 2021</u> |
|---------------------------------------|-------------------------|-------------------------|
| Current accounts of legal entities    | 3,798                   | 2,357                   |
| Current accounts of individuals       | 74,                     | 73                      |
| Deposits of legal entities            | 5,460,                  | -                       |
| <b>Total amounts due to customers</b> | <u>9,332</u>            | <u>2,430</u>            |

Breakdown of amounts due to customers by industry:

|   | <u>31 December 2022</u> | <u>31 December 2021</u> |
|---|-------------------------|-------------------------|
| Finance leasing                             | 4,307,                  | 28                      |
| Trade                                       | 3,091,                  | 518                     |
| Production                                  | 1,588,                  | 1,571                   |
| Individuals                                 | 74,                     | 73                      |
| Representative offices of foreign companies | 2,                      | 2                       |
| Construction                                | 37,                     | 43                      |
| Other                                       | 233,                    | 195                     |
| <b>Total amounts due to customers</b>       | <u>9,332</u>            | <u>2,430</u>            |

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

## 18. Share capital

The share capital of the Group is divided into ordinary shares. The nominal value of one share (historical) is 1 Belarusian kopeck. The total number of ordinary shares is 6,165,049.

|                                 | Number of<br>ordinary shares | Nominal value of<br>ordinary shares | Adjustment for<br>inflation | Total share<br>capital |
|---------------------------------|------------------------------|-------------------------------------|-----------------------------|------------------------|
| As at 31 December<br>2022, 2021 | 6,165,049                    | 0.01                                | 127,325                     | 188,975                |

The structure of the Bank's shareholders:

|   | <u>31 December 2022</u> | <u>31 December 2021</u> |
|---|-------------------------|-------------------------|
| Tejarat Bank, Islamic Republic of Iran  | 99.89%                  | 99.89%                  |
| Belarusian and English Joint Venture Lada Garant CJSC,<br>Republic of Belarus | 0.11%                   | 0.11%                   |
| <b>Total</b>  | <u>100%</u>             | <u>100%</u>             |

The share premium is the difference between the cost of the paid shares issued by the Bank and their nominal value.

As of 31 December 2022 and 31 December 2021, all ordinary shares are fully paid, give the right to one vote, as well as the right to receive dividends and participate in their assets.

In accordance with IAS 29, the share capital of the Bank was recalculated taking into account the purchasing power of the BYN as of 31 December 2014 and amounted to BYN 188,975 thousand.

The share premium is the difference between the cost of the paid shares issued by the Bank and their nominal value. As of 31 December 2021 and 31 December 2020, the amount of share premium was BYN 61 thousand.

## 19. Commitments and contingent liabilities

### Loan commitments

In the course of its business in order to address the clients' needs the Bank uses financial instruments, which do not meet recognition criteria for the statement of financial position. These instruments include commitments on loans, guarantees issued and similar commitments, involving varying degrees of credit risk.

The Bank's maximum exposure related to contingent financial liabilities and loan commitments, if the other party fails to fulfill its contractual obligations and all counterclaims and collateral lose value, is equal to the contractual amount of those instruments.

The Bank uses the same credit policy for contingent liabilities, as it does for financial instruments recognized in the statement of financial position.

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

Loan commitments of the Group comprise:

|                                     | <u>31 December 2022</u> | <u>31 December 2021</u> |
|-------------------------------------|-------------------------|-------------------------|
| <b>Loan commitments</b>             |                         |                         |
| Commitments to provide funds        | 6,122,                  | -                       |
| Less provision for loan commitments | <u>5,847</u>            | <u>409</u>              |
| <b>Total loan commitments</b>       | <u><u>11,969</u></u>    | <u><u>409</u></u>       |

### **Pension payments**

The Bank's employees receive pension in accordance with the law of the Republic of Belarus. As at 31 December 2022 and 31 December 2021, the Group has no obligations for additional payments, pension medical care, insurance, pension benefits for current or former employees to be accrued.

### **Legislation**

Some provisions of the Belarusian economic and, in particular, tax legislation may have different interpretations and apply inconsistently. In addition, since Management's interpretation of legislation may differ from possible official interpretations, and compliance with legislation may be challenged by regulatory authorities this can lead to additional taxes, fines, and other preventive measures. The Management of the Group believes that the Group has made all necessary tax and other payments or charges. Supervisory authorities can check previous tax periods.

## **20. Interest income and expense**

|  | <u>Year ended</u><br><u>31 December 2022</u> | <u>Year ended</u><br><u>31 December 2021</u> |
|--|--|--|
| <b>Interest income on financial assets measured at fair value through other comprehensive income</b> |  |  |
| - securities   | 1,742  | 2,326  |
| <b>Interest income on financial assets measured at amortized cost</b>                                |  |  |
| - loans to customers   | 1,556  | 2,105  |
| - amounts due from financial institutions  | 2,134  | 1,070  |
| - securities   | 492  | 47   |
| - other interest income  | <u>12,879</u>                                | <u>8,948</u>                                 |
| <b>Total interest income</b>   | <u><u>18,803</u></u>                         | <u><u>14,496</u></u>                         |
| <b>Interest expenses on financial liabilities measured at amortized cost</b>                         |  |  |
| - amounts due from financial institutions  | (7)  | -  |
| - loans to customers   | (7)  | -  |
| - other interest expense   | -  | (2)  |
| <b>Total interest expense</b>  | <u><u>(14)</u></u>                           | <u><u>(2)</u></u>                            |
| <b>Net interest income</b>   | <u><u>18,789</u></u>                         | <u><u>14,494</u></u>                         |



**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

**21. Fee and commission income and expenses**

|   | <u>Year ended</u><br><u>31 December 2022</u> | <u>Year ended</u><br><u>31 December 2021</u> |
|---|--|--|
| <b>Fee and commission income</b>            |  |  |
| - on transactions with clients              | 192  | 178  |
| - on other transactions                     | 1  | 2  |
| <b>Total fee and commission income</b>      | <u>193</u>                                   | <u>180</u>                                   |
| <b>Fee and commission expenses</b>          |  |  |
| - on opening and (or) keeping bank accounts | (48)   | (34)   |
| - on transactions with securities           | (51)   | (62)   |
| - on transactions with bank payment cards   | (2)  | (4)  |
| - on other transactions                     | (2)  | (2)  |
| <b>Total fee and commission expenses</b>    | <u>(103)</u>                                 | <u>(102)</u>                                 |
| <b>Net fee and commission expenses</b>      | <u>90</u>                                    | <u>78</u>                                    |

**22. Net foreign exchange income**

|   | <u>Year ended</u><br><u>31 December 2022</u> | <u>Year ended</u><br><u>31 December 2021</u> |
|---|--|--|
| Income from foreign currency transactions                       | 4,170  | 504  |
| Expenses on foreign currency transactions                       | (3,049)                                      | (1,204)                                      |
| <b>Total net income from transactions with foreign currency</b> | <u>1,121</u>                                 | <u>(700)</u>                                 |
|   | <u>Year ended</u><br><u>31 December 2022</u> | <u>Year ended</u><br><u>31 December 2021</u> |
| Trade transactions  | 178  | (6)  |
| Revaluation of foreign exchange items                           | 943  | (694)  |
| <b>Total net income from transactions with foreign currency</b> | <u>1,121</u>                                 | <u>(700)</u>                                 |

**23. Net income arising from financial instruments at fair value through other comprehensive income**

|  | <u>Year ended</u><br><u>31 December 2022</u> | <u>Year ended</u><br><u>31 December 2021</u> |
|--|--|--|
| Income from securities transactions                  | 274  | 414  |
| Expenses on securities transactions                  | (851)  | (461)  |
| <b>Total net income from securities transactions</b> | <u>(577)</u>                                 | <u>(47)</u>                                  |

**24. Net other income**

|   | <u>Year ended</u><br><u>31 December 2022</u> | <u>Year ended</u><br><u>31 December 2021</u> |
|---|--|--|
| Rental and lease payments   | 4 241  | 5 044  |
| Net income from disposal of property and equipment and other property | 349  | (79)   |
| Other operating income  | 22   | 15   |
| <b>Net other income</b>   | <u>4 612</u>                                 | <u>4 980</u>                                 |

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

## 25. Operating expenses

|   | <u>Year ended</u><br><u>31 December 2022</u> | <u>Year ended</u><br><u>31 December 2021</u> |
|---|--|--|
| Staff expenses  | (3 147)                                      | (3 037)                                      |
| Taxes other than on income tax                        | (2 095)                                      | (2 138)                                      |
| Depreciation expenses                                 | (1 021)                                      | (1 056)                                      |
| Expenses for deductions to the Social Protection Fund | (952)  | (878)  |
| Repair and maintenance costs                          | (942)  | (862)  |
| Software expenses                                     | (658)  | (646)  |
| Investment property impairment expenses               | (294)  | -  |
| Lease payments  | (193)  | (185)  |
| Professional services expenses                        | (160)  | (140)  |
| Gifts, donations                                      | (145)  | (67)   |
| Expenses on insurance                                 | (103)  | (93)   |
| Protection expenses                                   | (79)   | (71)   |
| Communications expenses                               | (41)   | (130)  |
| Transportation expenses                               | (24)   | (17)   |
| Marketing and advertising expenses                    | (14)   | (4)  |
| Other operating expenses                              | (641)  | (367)  |
| <b>Total operating expenses</b>                       | <b><u>(10 509)</u></b>                       | <b><u>(9 691)</u></b>                        |

## 26. Risk management system

In order to ensure positive financial results in the presence of uncertainty in the conditions of operations, forecasting the occurrence of risk events and taking measures to exclude or reduce their negative consequences, the Group has established a system of risk management, which is a combination of risk management techniques, as well as organizational structure, strategy, policies, methodologies and procedures.

In accordance with the scale, market positions and structure of operations, the Group classifies the risks inherent in its activities, taking into account the materiality factor.

As part of unconditionally significant risks, the Group recognizes credit risk, liquidity risk, interest rate risk of the bank portfolio, market risks (interest and currency risks), operational risk, risk of loss of business reputation, strategic risk.

For the purpose of effective risk management, the Group has developed a system of authorities that allows to allocate responsibilities in this area between the Group's management bodies, committees, divisions and employees.

### ***The subjects of the risk management system***

The mandatory subjects of the risk management system, regardless of the type of risk, are: the Board of Directors, the Management Board, the Risk Committee, the Internal Audit Service, risk managers.

An obligatory subject of credit risk management systems, liquidity risk, interest rate risk of the bank portfolio and country risks is also the Financial Committee. The Credit Committee is an obligatory subject of the credit risk management system.

The Board of Directors is responsible for the overall approach to risk management, for the approval of the strategy and principles of risk management.

The responsibility of the Management Board is to monitor the risk management process in the Group.

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

---

The quality of risk management in the Bank is evaluated by the Internal Audit Service. The Internal Audit Service discusses the results of the inspections with management and presents its findings and recommendations to the Board of Directors.

Responsibilities for the organization of a risk management system are assigned to risk managers for managing certain types of risks.

**Credit risk**

Credit risk is the risk that the Group incurs losses as a result of non-fulfillment, untimely or incomplete performance by the debtor of financial obligations to the Group in accordance with the terms of the contract or legislation.

Identification and assessment of credit risk are carried out through the conduct of primary and secondary expertise of loan projects. The primary examination in respect of the borrower - a legal entity, an individual entrepreneur, an individual is performed by the credit service. The creditworthiness assessment is carried out on the basis of information available to the Group about the willingness of the borrower to fulfill obligations, the ability to repay the loan and the availability of security that allows the Group to compensate for losses in the event of default by the debtor of the terms of the loan agreement. The primary examination of the counterparty bank is based on an assessment of its financial condition and the ability to timely and fully returns the funds provided to it and is carried out by the economic service.

Secondary expertise is made by the risk manager when considering a loan project, in addition, the borrower and the financed transaction are monitored, and the limits for counterparty banks are monitored.

Determination of an acceptable level of credit risk is carried out jointly by the Credit and Finance Committees.

The credit committee, taking into account the risk manager's decision, makes a decision to grant a loan, as well as to approve limits for counterparty banks.

The Finance Committee makes a decision on the classification of the debt by credit risk groups based on the risk manager's conclusion.

To manage credit risk, the Group uses such methods as diversification of the loan portfolio, provision for impairment, stress testing and others.

The maximum level of the Group's credit risk is reflected in the carrying value of financial assets in the statement of financial position. Reducing credit risk is carried out through collateral and other measures to improve the quality of loans.

*Credit quality for cash and cash equivalents and amounts due from financial institutions*

The table below presents an analysis of credit quality for cash and cash equivalents, funds in financial institutions, based on ratings assigned by International Rating Agencies as at 31 December 2022. For banks for which an international (national) rating has not been determined, the rating of the country in which this bank is a resident is used, worsened by one position.

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

*Credit quality on loans to customers*

The table below presents an analysis of credit quality by classes of financial assets for loans to legal entities measured at amortized cost in consolidated statement of financial position, by stages of impairment by credit ratings as at 31 December 2022 and 31 December 2021.

|   | 12-month<br>expected<br>credit losses<br>(Stage 1) | Lifetime<br>expected<br>credit losses<br>(Stage 2) | Lifetime<br>expected<br>credit losses<br>(Stage 3) | POCI     | Total<br>31 December<br>2022 |
|---|--|--|--|----------|------------------------------|
| <b>Loans to legal entities</b>                                    |  |  |  |          |                              |
| A   | 4,092  | -  | -  | -        | 4,092                        |
| B   | 10,157   | -  | -  | -        | 10,157                       |
| C   | 2,100  | -  | -  | -        | 2,100                        |
| E   | -  | -  | -  | -        | -                            |
| <b>Total gross carrying amount<br/>of loans to legal entities</b> | <b>16,349</b>                                      | <b>-</b>   | <b>-</b>   | <b>-</b> | <b>16,349</b>                |
| Provision for ECL   | (116)  | -  | -  | -        | (116)                        |
| <b>Total loans to legal entities</b>                              | <b>16,233</b>                                      | <b>-</b>   | <b>-</b>   | <b>-</b> | <b>16,233</b>                |
|   |  |  |  |          |                              |
|   | 12-month<br>expected<br>credit losses<br>(Stage 1) | Lifetime<br>expected<br>credit losses<br>(Stage 2) | Lifetime<br>expected<br>credit losses<br>(Stage 3) | POCI     | Total<br>31 December<br>2022 |
| <b>Loans to legal entities</b>                                    |  |  |  |          |                              |
| A   | 4,170  | -  | -  | -        | 4,170                        |
| B   | 3,736  | -  | -  | -        | 3,736                        |
| C   | 4,200  | -  | -  | -        | 4,200                        |
| E   | -  | -  | -  | -        | -                            |
| <b>Total gross carrying amount<br/>of loans to legal entities</b> | <b>12,106</b>                                      | <b>-</b>   | <b>-</b>   | <b>-</b> | <b>12,106</b>                |
| Provision for ECL   | -  | -  | -  | -        | -                            |
| <b>Total loans to legal entities</b>                              | <b>12,106</b>                                      | <b>-</b>   | <b>-</b>   | <b>-</b> | <b>12,106</b>                |

The table below presents an analysis of credit quality by financial asset classes for items related to loans to individuals measured at amortised cost, the consolidated statement of financial position, by stages of impairment by overdue.

|  | 12-month<br>expected credit<br>losses<br>(Stage 1) | Lifetime<br>expected<br>credit losses<br>(Stage 2) | Lifetime<br>expected<br>credit losses<br>(Stage 3) | POCI     | Total<br>31 December<br>2022 |
|--|--|--|--|----------|------------------------------|
| <b>Loans to individuals</b>                                    |  |  |  |          |                              |
| Not past due   | 956  | -  | -  | -        | 956                          |
| 1-30 days  | -  | -  | -  | -        | -                            |
| 31-60 days   | -  | -  | -  | -        | -                            |
| 61-90 days   | -  | -  | -  | -        | -                            |
| More than 90 days  | -  | -  | -  | -        | -                            |
| <b>Total gross carrying amount<br/>of loans to individuals</b> | <b>956</b>   | <b>-</b>   | <b>-</b>   | <b>-</b> | <b>956</b>                   |
| Provision for ECL  | (30)   | -  | -  | -        | (30)                         |
| <b>Total loans to individuals</b>                              | <b>926</b>   | <b>-</b>   | <b>-</b>   | <b>-</b> | <b>926</b>                   |

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

|  | 12-month<br>expected credit<br>losses<br>(Stage 1) | Lifetime<br>expected<br>credit losses<br>(Stage 2) | Lifetime<br>expected<br>credit losses<br>(Stage 3) | POCI | Total<br>31 December<br>2021 |
|--|--|--|--|------|------------------------------|
| <b>Loans to individuals</b>                                    |  |  |  |      |                              |
| Not past due   | 1,157  | -  | -  | -    | 1,157                        |
| 1-30 days  | -  | -  | -  | -    | -                            |
| 31-60 days   | -  | -  | -  | -    | -                            |
| 61-90 days   | -  | -  | -  | -    | -                            |
| More than 90 days  | -  | -  | -  | -    | -                            |
| <b>Total gross carrying amount<br/>of loans to individuals</b> | <b>1,157</b>                                       | -  | -  | -    | <b>1,157</b>                 |
| Provision for ECL  | -  | -  | -  | -    | -                            |
| <b>Total loans to individuals</b>                              | <b>1,157</b>                                       | -  | -  | -    | <b>1,157</b>                 |

### **Liquidity risk**

Liquidity risk is the risk that the Group incurs losses as a result of its inability to ensure the timely discharge of its obligations in full.

The daily calculation and current monitoring of compliance with the liquidity ratios established by the National Bank of the Republic of Belarus is carried out by the risk monitoring service, as well as by the economic service.

In order to effectively manage liquidity risk, the Group has developed a system of powers that allows the division of responsibility in this area between the management bodies, committees, divisions and employees of the Group. The liquidity risk management authority is distributed among all entities of the risk management system.

The Finance Committee determines the degree of liquidity risk on the basis of analytical reports submitted by the risk manager at least once a quarter. The Management Board monitors the degree of liquidity risk on the basis of information provided by the Finance Committee. The Internal Audit Service forms its own judgment on the level of liquidity risk and the quality of management approaches to the issue of liquidity risk management. The Board of Directors assesses the effectiveness of the liquidity risk management system, based on information received from the Management Board and the Internal Audit Service.

To manage liquidity risk, the Group uses the following methods: analysis of liquidity ratios, analysis of assets and liabilities by maturity, cash flow forecasting, stress analysis and others.

#### *Analysis of financial liabilities by their remaining maturity*

The following tables show an analysis representing the remaining maturity of financial liabilities, calculated for undiscounted cash flows on financial liabilities (principal and interest) at the earliest date when the Group will be required to repay the liability as of 31 December 2022 and 31 December 2021.

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

|   | Cost reflected<br>in the<br>statement of<br>financial<br>position | Undiscounted<br>cash flows | Less than 3<br>months | 3-12 months  | 1-5 years | More than 5<br>years | Term is not<br>defined |
|---|---|----------------------------|-----------------------|--------------|-----------|----------------------|------------------------|
| <b>As at 31 December 2022</b>                                   |   |                            |                       |              |           |                      |                        |
| <b>Financial liabilities</b>                                    |   |                            |                       |              |           |                      |                        |
| Financial liabilities accounted at amortized cost               |   |                            |                       |              |           |                      |                        |
| Amounts due to financial institutions                           | 4,121   | 4,121                      | 4,121                 | -            | -         | -                    | -                      |
| Amounts due to customers  | 9,332   | 9,419                      | 4,753                 | 4,666        | -         | -                    | -                      |
| Other financial liabilities                                     | 525   | 525                        | 428                   | 97           | -         | -                    | -                      |
| <b>Total potential future payments on financial liabilities</b> | <b>13,978</b>   | <b>14,065</b>              | <b>9,302</b>          | <b>4,763</b> | <b>-</b>  | <b>-</b>             | <b>-</b>               |

|   | Cost reflected<br>in the<br>statement of<br>financial<br>position | Undiscounted<br>cash flows | Less than 3<br>months | 3-12 months | 1-5 years | More than 5<br>years | Term is not<br>defined |
|---|---|----------------------------|-----------------------|-------------|-----------|----------------------|------------------------|
| <b>As at 31 December 2021</b>                                   |   |                            |                       |             |           |                      |                        |
| <b>Financial liabilities</b>                                    |   |                            |                       |             |           |                      |                        |
| Financial liabilities accounted at amortized cost               |   |                            |                       |             |           |                      |                        |
| Amounts due to financial institutions                           | 11,914  | 11,914                     | 11,914                | -           | -         | -                    | -                      |
| Amounts due to customers  | 2,430   | 2,430                      | 2,430                 | -           | -         | -                    | -                      |
| Other financial liabilities                                     | 253   | 253                        | 124                   | 129         | -         | -                    | -                      |
| <b>Total potential future payments on financial liabilities</b> | <b>14,597</b>   | <b>14,597</b>              | <b>14,468</b>         | <b>129</b>  | <b>-</b>  | <b>-</b>             | <b>-</b>               |

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

The Group does not apply the above analysis by maturities without regard to discounting for liquidity managements. Instead, the Group controls maturity terms of financial assets and financial liabilities as described in the tables below:

|  | 2022             |                  | Term is not defined | Total          | 2021             |                  |
|--|------------------|------------------|---------------------|----------------|------------------|------------------|
|  | Less than 1 year | More than 1 year |                     |                | Less than 1 year | More than 1 year |
| <b>Financial assets</b>  |                  |                  |                     |                |                  |                  |
| Cash and cash equivalents  | 21,843           | -                | 21,843              | 12,366         | -                | 12,366           |
| Amounts due from financial institutions and the National Bank of the Republic of Belarus | 151              | -                | 151                 |                |                  |                  |
| Securitized loans  | 96,709           | -                | 96,709              | 77             | -                | 77               |
| Loans to customers   | 1,826            | 15,333           | 17,159              | 89,958         | -                | 89,958           |
| Securities   | 396              | 15,239           | 15,635              | 2,302          | 10,961           | 13,263           |
| Other financial assets   | 129              | -                | 129                 | 608            | 30,482           | 31,090           |
| <b>Total financial assets</b>  | <b>121,054</b>   | <b>30,572</b>    | <b>151,626</b>      | <b>105,597</b> | <b>41,443</b>    | <b>147,040</b>   |
| <b>Financial liabilities</b>   |                  |                  |                     |                |                  |                  |
| Financial liabilities accounted at amortized cost  |                  |                  |                     |                |                  |                  |
| <i>Amounts due to financial institutions</i>   | 4,121            | -                | 4,121               | 11,914         | -                | 11,914           |
| <i>Amounts due to customers</i>  | 9,332            | -                | 9,332               | 2,430          | -                | 2,430            |
| Other financial liabilities  | 525              | -                | 525                 | 253            | -                | 253              |
| <b>Total financial liabilities</b>   | <b>13,978</b>    | <b>-</b>         | <b>13,978</b>       | <b>14,597</b>  | <b>-</b>         | <b>14,597</b>    |
| <b>Total balance position</b>  | <b>107,076</b>   | <b>30,572</b>    | <b>137,648</b>      | <b>91,000</b>  | <b>41,443</b>    | <b>132,443</b>   |

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

**Market risk**

Market risk includes interest rate risk of the trading portfolio, currency, stock and commodity risks.

*Interest rate risk*

Interest rate risk is the risk of obtaining a loss as a result of interest rate fluctuations.

Identification, evaluation and monitoring of interest rate risk is carried out monthly in the process of comprehensive assessment of the Group of the structure of financial assets and liabilities, as well as analysis of changes in the size of gaps in maturities between interest-sensitive financial assets and liabilities by the risk manager.

*Sensitivity analysis - interest rate risk*

The change in interest rates by 3 and 1 percentage points at the reporting date would increase/ (reduce) profit before tax and capital by the amounts indicated below. The analysis assumes that all other factors remain unchanged.

|  | 31 December 2022          |                            | 31 December 2021          |                           |
|--|---------------------------|----------------------------|---------------------------|---------------------------|
|  | Interest rate<br>+ 3 p.p. | Interest rate<br>- 1 p.p.. | Interest rate<br>+ 3 p.p. | Interest rate<br>- 1 p.p. |
| <b>Impact on profit before tax</b>       |                           |                            |                           |                           |
| Instruments with floating interest rates | 978                       | (326)                      | 1 295                     | (432)                     |
| <b>Impact on equity</b>                  |                           |                            |                           |                           |
| Instruments with floating interest rates | 530                       | (176)                      | 971                       | (324)                     |

*Currency risk*

Currency risk is the risk of a potential loss as a result of the revaluation of balance sheet and off-balance sheet items denominated in foreign currency in connection with changes in foreign exchange rates.

An authorized person of the Group appointed by a decision of the Management Board with the authority to manage currency risk is a risk manager.

The Group conducts an analysis of the open currency position on a regular basis and regularly assesses the structure of assets and liabilities in terms of currencies in order to comply with the open currency position. This standard has been established by the National Bank of the Republic of Belarus in the amount of no more than 10% of the regulatory capital for each type of foreign currency.



**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

The table below presents the analysis of the Group's financial assets and liabilities by currency as at 31 December 2022:

| <b>As at 31 December 2022</b>  | <b>BYN</b>     | <b>USD</b>   | <b>EUR</b>   | <b>RUB</b>    | <b>Other<br/>curren-<br/>cies</b> | <b>Total</b>   |
|--|----------------|--------------|--------------|---------------|-----------------------------------|----------------|
| <b>Financial assets</b>  |                |              |              |               |                                   |                |
| Cash and cash equivalents  | 6,517          | 1,800        | 748          | 12,778        | -                                 | <b>21,843</b>  |
| Amounts due from financial institutions and<br>the National Bank of the Republic of<br>Belarus | 151            | -            | -            | -             | -                                 | <b>151</b>     |
| Securitized loans  | 96,709         | -            | -            | -             | -                                 | <b>96,709</b>  |
| Loans to customers   | 16,528         | -            | -            | 631           | -                                 | <b>17,159</b>  |
| Securities   | 6,695          | 3,090        | 5,850        | -             | -                                 | <b>15,635</b>  |
| Other financial assets   | 129            | -            | -            | -             | -                                 | <b>129</b>     |
| <b>Total financial assets</b>  | <b>126,729</b> | <b>4,890</b> | <b>6,598</b> | <b>13,409</b> | <b>-</b>                          | <b>151,626</b> |
| <b>Financial liabilities</b>   |                |              |              |               |                                   |                |
| Financial liabilities accounted at amortized<br>cost   |                |              |              |               |                                   |                |
| <i>Amounts due to financial institutions</i>   | -              | -            | 3,198        | 923           | -                                 | <b>4,121</b>   |
| <i>Amounts due to customers</i>  | 4,739          | 1,529        | 2,799        | 265           | -                                 | <b>9,332</b>   |
| Other financial liabilities  | 520            | -            | 5            | -             | -                                 | <b>525</b>     |
| <b>Total financial liabilities</b>   | <b>5,259</b>   | <b>1,529</b> | <b>6,002</b> | <b>1,188</b>  | <b>-</b>                          | <b>13,978</b>  |
| <b>Total balance position</b>  | <b>121,470</b> | <b>3,361</b> | <b>596</b>   | <b>12,221</b> | <b>-</b>                          | <b>137,648</b> |

The table below presents the analysis of the Group's financial assets and liabilities by currency as at 31 December 2021:

| <b>As at 31 December 2021</b>  | <b>BYN</b>     | <b>USD</b>   | <b>EUR</b>    | <b>RUB</b>    | <b>Other<br/>curren-<br/>cies</b> | <b>Total</b>   |
|--|----------------|--------------|---------------|---------------|-----------------------------------|----------------|
| <b>Financial assets</b>  |                |              |               |               |                                   |                |
| Cash and cash equivalents  | 2,976          | 1,730        | 4,997         | 2,663         | -                                 | <b>12,366</b>  |
| Amounts due from financial institutions and<br>the National Bank of the Republic of<br>Belarus | 77             | -            | -             | -             | -                                 | <b>77</b>      |
| Securitized loans  | 89,958         | -            | -             | -             | -                                 | <b>89,958</b>  |
| Loans to customers   | -              | -            | -             | 12,107        | 1,156                             | <b>13,263</b>  |
| Securities   | 13,669         | 2,956        | 14,465        | -             | -                                 | <b>31,090</b>  |
| Other financial assets   | 119            | -            | 167           | -             | -                                 | <b>286</b>     |
| <b>Total financial assets</b>  | <b>106,799</b> | <b>4,686</b> | <b>19,629</b> | <b>14,770</b> | <b>1,156</b>                      | <b>147,040</b> |
| <b>Financial liabilities</b>   |                |              |               |               |                                   |                |
| Financial liabilities accounted at amortized<br>cost   |                |              |               |               |                                   |                |
| <i>Amounts due to financial institutions</i>   | -              | -            | 11,860        | 54            | -                                 | <b>11,914</b>  |
| <i>Amounts due to customers</i>  | 54             | 35           | 2,142         | 199           | -                                 | <b>2,430</b>   |
| Other financial liabilities  | 252            | 0            | 1             | 0             | -                                 | <b>253</b>     |
| <b>Total financial liabilities</b>   | <b>306</b>     | <b>35</b>    | <b>14,003</b> | <b>253</b>    | <b>-</b>                          | <b>14,597</b>  |
| <b>Total balance position</b>  | <b>106,493</b> | <b>4,651</b> | <b>5,626</b>  | <b>14,517</b> | <b>1,156</b>                      | <b>132,443</b> |

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

*Sensitivity analysis - currency risk*

The following table presents an analysis of the Group's sensitivity to 20% weakening of the national currency against the USD, EUR and RUB. The analysis assumes that other factors, in particular interest rates, remain unchanged.

|                                    | 31 December 2022 |         | 31 December 2021 |         |
|------------------------------------|------------------|---------|------------------|---------|
|                                    | 20%              | 10%     | 20%              | -10%    |
| <b>Impact on profit before tax</b> |                  |         |                  |         |
| USD                                | 672              | (336)   | 930              | (465)   |
| EUR                                | 119              | (60)    | 1,125            | (563)   |
| RUB                                | 2,445            | (1,222) | 2,903            | (1,452) |
| <b>Impact on equity</b>            |                  |         |                  |         |
| USD                                | 504              | (252)   | 698              | (349)   |
| EUR                                | 89               | (5)     | 844              | (422)   |
| RUB                                | 1,833            | (917)   | 2,177            | (1,089) |

The strengthening of BYN in relation to the rates of the above currencies would lead to an equally opposite effect, provided that the influence of all other factors remains unchanged.

**Country risk**

Country risk is the risk that the Group incurs losses as a result of non-fulfillment of liabilities by foreign counterparties due to economic, political and social changes in the country of the counterparty.

Integrated management of country risk allows to ensure the safety of the Group's assets located outside the Republic of Belarus.

The identification of country risk is carried out by collecting, summarizing and systematizing information on the political and economic situation in the states the residents of which are the main counterparties and customers of the Group.

Monitoring of the country risk level is carried out by the risk manager on an ongoing basis by tracking changes in significant political and economic indicators, monitoring compliance with limits on the allocation of funds in individual countries and groups of countries.

In order to forecast changes in the country's risk, the Group carries out stress testing, the essence of which is to assess the impact of the Group's exposure to the factors inherent in the country risk.

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

The geographical analysis of the Group's assets and liabilities as at 31 December 2022 and 31 December 2021 is presented below:

| <b>As at 31 December 2022</b>   | <b>Belarus</b> | <b>OECD<br/>countries</b> | <b>Other<br/>countries</b> | <b>Total</b>   |
|---|----------------|---------------------------|----------------------------|----------------|
| <b>Financial assets</b>   |                |                           |                            |                |
| Cash and cash equivalents   | 10,256         | -                         | 11,587                     | 21,843         |
| Amounts due from financial institutions and the<br>National Bank of the Republic of Belarus | 151            | -                         | -                          | 151            |
| Securitized loans   | 96,709         | -                         | -                          | 96,709         |
| Loans to customers  | 17,159         | -                         | -                          | 17,159         |
| Securities  | 15,635         | -                         | -                          | 15,635         |
| Other financial assets  | 129            | -                         | -                          | 129            |
| <b>Total financial assets</b>   | <b>140,039</b> | <b>-</b>                  | <b>11,587</b>              | <b>151,626</b> |
| <b>Financial liabilities</b>  |                |                           |                            |                |
| Financial liabilities accounted at amortized cost   |                |                           |                            |                |
| <i>Amounts due to financial institutions</i>  | -              | -                         | 4,121                      | 4,121          |
| <i>Amounts due to customers</i>   | 6,567          | 43                        | 2,722                      | 9,332          |
| Other financial liabilities   | 525            | -                         | -                          | 525            |
| <b>Total financial liabilities</b>  | <b>7,092</b>   | <b>43</b>                 | <b>6,843</b>               | <b>13,978</b>  |
| <b>Total balance position</b>   | <b>132,947</b> | <b>(43)</b>               | <b>4,744</b>               | <b>137,648</b> |
| <br>  |                |                           |                            |                |
| <b>As at 31 December 2021</b>   | <b>Belarus</b> | <b>OECD<br/>countries</b> | <b>Other<br/>countries</b> | <b>Total</b>   |
| <b>Financial assets</b>   |                |                           |                            |                |
| Cash and cash equivalents   | 5,807          | -                         | 6,559                      | 12,366         |
| Amounts due from financial institutions and the<br>National Bank of the Republic of Belarus | 77             | -                         | -                          | 77             |
| Securitized loans   | 89,958         | -                         | -                          | 89,958         |
| Loans to customers  | 13,263         | -                         | -                          | 13,263         |
| Securities  | 31,090         | -                         | -                          | 31,090         |
| Other financial assets  | 286            | -                         | -                          | 286            |
| <b>Total financial assets</b>   | <b>140,481</b> | <b>-</b>                  | <b>6,559</b>               | <b>147,040</b> |
| <b>Financial liabilities</b>  |                |                           |                            |                |
| Financial liabilities accounted at amortized cost   |                |                           |                            |                |
| <i>Amounts due to financial institutions</i>  | -              | -                         | 11,914                     | 11,914         |
| <i>Amounts due to customers</i>   | -              | -                         | 2,300                      | 2,430          |
| Other financial liabilities   | 88             | 42                        | -                          | 253            |
| <b>Total financial liabilities</b>  | <b>253</b>     | <b>-</b>                  | <b>-</b>                   | <b>253</b>     |
| <b>Total balance position</b>   | <b>341</b>     | <b>42</b>                 | <b>14,214</b>              | <b>14,597</b>  |
| <b>Total financial assets</b>   | <b>140,140</b> | <b>(42)</b>               | <b>(7,655)</b>             | <b>132,443</b> |

## **Operational risk**

Operational risk is the risk of direct or indirect costs arising from various causes associated with banking processes, personnel, technology and infrastructure, as well as external factors other than credit, market and liquidity risk factors, such as legal requirements and accepted Standards of corporate behavior. Operational risks arise as a result of all operations of the Group and affect all business entities.

Operational risk management is not considered by the Group as an independent type of management activity but is included in a comprehensive banking risk management system.

When identifying operational risk, internal and external factors that contribute to its occurrence are taken into account.

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

The assessment of operational risk involves an assessment of the likelihood of operational incidents, and an estimate of the potential loss (the difference between the losses that could have been incurred because of the operational incident and the losses incurred because of the confluence of circumstances).

Monitoring of operational events is carried out on a permanent basis by responsible employees of the Group's structural units. In addition to monitoring operational losses, the Group regularly monitors the parameters and thresholds of established criteria - early warning indicators, which facilitates the timely identification of potential sources of operational risk.

Monitoring compliance with established rules and procedures for managing operational risk is carried out within the internal control system.

The assessment of the quality of operational risk management is assessed at least once a year by the internal audit department by calculating an indicator of the quality of operational risk management.

## **27. Capital management**

The Group manages capital in order to comply with legal requirements and ensure going concern, while setting the task of ensuring profit by optimizing the ratio of liabilities and equity of the Group.

The Group's Management analyzes the equity structure on a monthly basis. In the process of this analysis, the Management determines the level of capital adequacy by comparing the regulatory level of capital with quantified risks. The Group's Management analyzes the capital adequacy, as well as the risks associated with each asset class.

In accordance with the capital requirements established by the National Bank of the Republic of Belarus, the banks shall ensure the ratio of capital and assets weighted with the level of risk (the standard of adequacy of regulatory capital) at a level above the minimum required value (10%). The table below shows the regulatory capital based on information prepared in accordance with the requirements of the national accounting rules for the bank:

|  | <u>31 December 2022</u> | <u>31 December 2021</u> |
|--|-------------------------|-------------------------|
| Basic capital                            | 189,361                 | 183,090                 |
| Additional capital                       | 12,046                  | 6,873                   |
| <b>Total regulatory capital</b>          | <b>201,407</b>          | <b>189,963</b>          |
| Risk-weighted assets                     | 372,683                 | 423,629                 |
| <b>Regulatory capital adequacy ratio</b> | <b>48,7</b>             | <b>41,9</b>             |

## **28. Fair value of financial instruments**

Fair value is defined as the price at which the instrument can be exchanged as part of the current transaction between independent interested parties willing to enter into a transaction on market terms, other than forced sale or liquidation. The best confirmation of fair value is the quotation of a financial instrument in an active market. Since for most of the Group's financial instruments there is no liquid market, their fair value must be determined on the basis of current market conditions and specific risks associated with a particular instrument. The estimates presented below may not correspond to the amounts that the Group is able to obtain from the market sale of the entire available package of a particular instrument.

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

The table below provides an analysis of financial instruments presented at fair value at the end of the reporting period, by the level according to the classification above:

| Financial assets/financial liabilities                               | Fair value at    |                  | Fair value hierarchy | Valuation techniques and key source data  |
|--|------------------|------------------|----------------------|---|
|  | 31 December 2022 | 31 December 2021 |                      |   |
| Securities measured at fair value through other comprehensive income | 15,152           | 30,561           | Level 2              | Discounted cash flows. The rates used are rates on financial instruments with a similar level of risk, denominated in the appropriate currency and having the appropriate maturity. |

There was no reclassification of financial instruments between levels during the year. The Group considers that the fair value of financial assets and financial liabilities is not materially different from their carrying value.

The table below shows the carrying value and fair value of financial assets and liabilities:

|  | 31 December 2022 |                | 31 December 2021 |                |
|--|------------------|----------------|------------------|----------------|
|  | Carrying value   | Fair value     | Carrying value   | Fair value     |
| <b>Financial assets</b>  |                  |                |                  |                |
| Cash and cash equivalents  | 21,843           | 21,843         | 12,366           | 12,366         |
| Amounts due from financial institutions and the National Bank of the Republic of Belarus | 151              | 151            | 77               | 77             |
| Securitized loans  | 96,709           | 96,709         | 89,958           | 89,958         |
| Loans to customers   | 17,159           | 17,159         | 13,263           | 13,263         |
| Securities   | 15,635           | 15,635         | 31,090           | 31,090         |
| Other financial assets   | 129              | 129            | 286              | 286            |
| <b>Total financial assets</b>  | <b>151,626</b>   | <b>151,626</b> | <b>147,040</b>   | <b>147,040</b> |
| <b>Financial liabilities</b>   |                  |                |                  |                |
| Amounts due to financial institutions  | 4,121            | 4,121          | 11,914           | 11,914         |
| Amounts due to customers   | 9,332            | 9,332          | 2,430            | 2,430          |
| Other financial liabilities  | 525              | 525            | 253              | 253            |
| <b>Total financial liabilities</b>   | <b>13,978</b>    | <b>13,978</b>  | <b>14,597</b>    | <b>14,597</b>  |

For financial assets and liabilities accounted at fair value with a short maturity, it is assumed that the carrying amount is approximately equal to the fair value. This assumption also covers to demand deposits, current accounts that do not have a maturity date.

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

## 29. Related party transactions

Related parties are the shareholders of the Group who have significant influence over the activities of the Group, as well as key management personnel, their close relatives and controlled by the listed parties or associates.

The amounts included in the consolidated statement of financial position for transactions with related parties are as follows:

|                                       | <u>31 December 2022</u> | <u>31 December 2021</u> |
|---------------------------------------|-------------------------|-------------------------|
| Loans to customers                    | 68                      | 95                      |
| Other assets                          | 1                       | 2                       |
| <b>Total assets</b>                   | <b>69</b>               | <b>97</b>               |
|                                       | <u>31 December 2022</u> | <u>31 December 2021</u> |
| Amounts due to financial institutions | 2 642                   | 9 078                   |
| <b>Total liabilities</b>              | <b>2 642</b>            | <b>9 078</b>            |

The amounts included in the consolidated statement of comprehensive income on transactions with related parties are as follows:

|   | <u>Year ended<br/>31 December 2022</u> | <u>Year ended<br/>31 December 2021</u> |
|---|--|--|
| <b>Interest income and expenses</b>                 |  |  |
| Interest income                                     | 255                                    | 12                                     |
| Interest expenses                                   | -                                      | -                                      |
| <b>Total interest income and expenses</b>           | <b>255</b>                             | <b>12</b>                              |
| <b>Commission income and expenses</b>               |  |  |
| Commission income                                   | 1                                      | 13                                     |
| Commission expense                                  | -                                      | -                                      |
| <b>Total fee and commission income and expenses</b> | <b>1</b>                               | <b>13</b>                              |
|   | <u>Year ended<br/>31 December 2022</u> | <u>Year ended<br/>31 December 2021</u> |
| Remuneration to key management personnel            | 1,439                                  | 1,345                                  |

## 30. Subsequent events

The functioning of the economy of the Republic of Belarus in the conditions of economic sanctions related to events on the territory of a neighboring country indicate a significant degree of economic uncertainty. The financial position of the Group's borrowers (debtors) and, accordingly, their ability to repay their debts to the Group in full and on time also depend on the prospects for further development of the economic policy pursued by the Government of the Republic of Belarus.

In the conditions of increasing geopolitical tensions and the functioning of the economy under economic sanctions, fluctuations in the exchange rate of the Belarusian ruble (on 19 May 2023, the US dollar exchange rate amounted to 2.9333 increased by 7.2%, the euro amounted to 3.1734 - by 8.8% compared to the rates on 31 December 2022).

According to Resolution No. 60, from 1 March 2023, the National Bank of the Republic of Belarus lowered the refinancing rate from 11.5% to 11% per annum.

**TC Bank CJSC**  
**Consolidated financial statements for the year,**  
**ended 31 December 2021**

*(in thousands of BYN)*

---

On 3 March 2023, according to Resolution No. 103, the refinancing rate of the National Bank was lowered by another 0.5 percentage points and set at 10.5% per annum.

In April 2023, the International Agency Fitch Ratings confirmed Belarus' long-term foreign currency rating at RD (limited default).

In the context of increasing geopolitical tensions and the expansion of sanctions pressure from a number of states, the National Bank has taken additional temporary measures aimed at increasing the ability of banks to maintain financial support for the real sector of the economy. Currently, it is not possible to accurately assess the impact of external and internal conditions on the economy of the Republic of Belarus and the financial position of the Group in particular. The Management of the Group takes all necessary measures aimed at ensuring stable and continuous operation in the current conditions.