BCS FINANCIAL GROUP

FG BCS LTD DMCC

Consolidated Financial Statements

31 December 2023

CONTENTS

JSC "Kept"
Naberezhnaya Tower Complex, Block C
10 Presnenskaya Naberezhnaya
Moscow, Russia 123112
Telephone +7 (495) 937 4477
Fax +7 (495) 937 4499

Independent Auditors' Report

To the Shareholder and the Sole Director of FG BCS LTD DMCC

Opinion

We have audited the consolidated financial statements of FG BCS LTD DMCC (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) *(IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2022 were audited by other auditors who expressed an unmodified opinion on those statements on 21 July 2023.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is:

Кэпт
Kept

Kolosov Alexei Evgenyevich

Principal registration number of the entry in the Register of Auditors and Audit organizations No. 21906105467, acts on behalf of the audit organization based on the power of attorney No. 70/23 as of 3 October 2023

JSC "Kept"

Principal registration number of the entry in the Register of Auditors and Audit Organizations No. 12006020351

Moscow, Russia

29 May 2024

(In thousands of USD)	Note	31 December 2023	31 December 2022
ASSETS			
Cash and cash equivalents	11	273 865	966 038
Mandatory cash balances with the CBR		-	2 463
Receivables from brokerage transactions		31	27 901
Receivables under resale agreements	12	114 514	1 262 450
Trading assets except derivatives	13		
- pledged under repurchase agreement		-	171 706
- unpledged		666 853	1 174 550
Investment securities measured at fair value through other comprehensive income			
- unpledged		808	17 349
Investment securities measured at amortised cost	14		
- pledged under repurchase agreement		-	94 556
- unpledged		10 914	803 302
Investment securities measured at fair value through profit and loss		32 787	-
Goodwill		-	14 550
Investment in an associate	21	1 139	1 900
Derivative assets	15	172 233	493 039
Loans to customers	16	87 344	451 659
Loans to banks		-	5 052
Investment properties		-	13 261
Property, equipment and intangible assets		5 863	122 671
Prepayments and other assets	17	119 998	272 357
Due from banks and other financial institutions		2 197	28 010
Deferred tax assets	10	-	19 704
Assets held for sale	22	201 746	-
TOTAL ASSETS		**1 690 292**	**5 942 518**
LIABILITIES			
Payables under repurchase agreements		-	449 807
Customer brokerage accounts	18	573 447	2 258 867
Trading liabilities except derivatives	13	1 566	5 329
Derivative liabilities	15	17 245	35 758
Current accounts, deposits and borrowings	19	492 087	1 746 344
Payables and other liabilities	20	31 675	340 362
Deferred tax liabilities	10	-	49 649
Liabilities directly associated with the assets held for sale	22	77 942	-
TOTAL LIABILITIES		**1 193 962**	**4 886 116**
EQUITY			
Share capital	24	348	348
Share premium		40	40
Revaluation surplus for land and buildings		-	19 498
Revaluation reserve for investment securities		-	(109)
Translation reserve		86 208	85 891
Liability credit reserve		2 075	(210)
Reserves of a disposal group held for sale	22	917	-
Retained earnings		405 318	950 234
Total equity attributable to the sole participant		**494 906**	**1 055 692**
Non-controlling interests		1 424	710
TOTAL EQUITY		**496 330**	**1 056 402**
TOTAL EQUITY AND LIABILITIES		**1 690 292**	**5 942 518**

Approved for issue and signed on 29 May 2024.

Alexey Annenkov
The Sole Director

Lic. No: DMCC - 912051 DUBAI - UAE
FG BCS LTD DMCC

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

(In thousands of USD)	Note	For the year ended 31 December 2023	For the year ended 31 December 2022
Continuing operations			
Fee and commission income	6	19 015	32 633
Fee and commission expense	6	(14 503)	(31 144)
Net fee and commission income		**4 512**	**1 489**
Interest income calculated using the effective interest method	7	49 232	73 174
Other interest income	7	1 870	1 949
Interest expense	7	(34 015)	(47 989)
Net interest income		**17 087**	**27 134**
Net trading income	8	127 517	207 658
Reversal of impairment /(Impairment) of debt financial assets	5	(33 575)	(123 540)
Reversal of impairment/(Impairment) of other non-financial assets	17	123	(137)
Net (loss)/gain on disposal of subsidiaries		(490)	6 375
Other net operating loss		(17 661)	(13 925)
Share of loss of an associate	21	(403)	(7 788)
Administrative and other operating expenses	9	(36 978)	(64 887)
Profit before income tax		**60 132**	**32 379**
Income tax expense	10	(9 374)	(11 456)
Profit for the year from continuing operations		**50 758**	**20 923**
Discontinued operation			
Profit from discontinued operation (net of income tax)	23	-	191 200
Profit for the year		**50 758**	**212 123**
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss:			
Revaluation of land and buildings		-	2 503
Movement in liability credit reserve		(388)	(7 999)
Income tax relating to items that will not be reclassified to profit or loss	10	-	(501)
Total items that will not be reclassified to profit or loss		**(388)**	**(5 997)**
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		317	(26 305)
Net change in fair value of investment securities		1 264	641
Income tax relating to items that are or may be reclassified to profit or loss	10	(292)	15
Total items that are or may be reclassified subsequently to profit or loss		**1 289**	**(25 649)**
Other comprehensive income (loss) for the year, net of tax		**901**	**(31 646)**
Total comprehensive income for the year		**51 659**	**180 477**
Profit for the year attributable to:		**50 758**	**212 123**
- Sole participant		50 758	212 247
- Non-controlling interests		-	(124)
Total comprehensive income for the year attributable to:		**51 659**	**180 477**
- Sole participant		51 659	180 601
- Non-controlling interests		-	(124)

* Comparative information has also been re-presented due to a discontinued operation and a change in classification. See Notes 23.

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

	For the year ended 31 December 2023 Attributable to the sole participant										
(In thousands of USD)	**Share capital**	**Share premium**	**Revaluation surplus for land and buildings**	**Revaluation reserve for investment securities**	**Reserve of disposal group held for sale**	**Liability credit reserve**	**Transla-tion reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2023	**348**	**40**	**19 498**	**(109)**	**-**	**(210)**	**85 891**	**950 234**	**1 055 692**	**710**	**1 056 402**
Total comprehensive income											
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**50 758**	**50 758**	**-**	**50 758**
Other comprehensive income											
Items that are or may be reclassified subsequently to profit or loss:					-						
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	317	-	**317**	-	**317**
Revaluation reserve for investment securities	-	-	-	972	-	-	-	-	**972**	-	**972**
Reclass to asset held for sale				(917)	917	-	-	-	-	-	-
Total items that are or may be reclassified subsequently to profit or loss	**-**	**-**	**-**	**55**	**917**	**-**	**317**	**-**	**1 289**	**-**	**1 289**
Items that will not be reclassified to profit or loss:											
Movement in liability credit reserve	-	-	-	-	-	**2 285**	-	**(2 673)**	**(388)**	-	**(388)**
Total items that will not be reclassified subsequently to profit or loss	**-**	**-**	**-**	**-**	**-**	**2 285**	**-**	**(2 673)**	**(388)**	**-**	**(388)**
Other comprehensive income for the year	**-**	**-**	**-**	**55**	**917**	**2 285**	**317**	**(2 673)**	**901**	**-**	**901**
Total comprehensive income for the year	**-**	**-**	**-**	**55**	**917**	**2 285**	**317**	**48 085**	**51 659**	**-**	**51 659**
Net distribution to shareholder (note 23,27)	-	-	(19 498)	54	-	-	-	(591 577)	**(611 021)**	(710)	**(611 731)**
Changes in non-controlling interests	-	-	-	-	-	-	-	**(1 424)**	**(1 424)**	1 424	-
Total transactions with owners	**-**	**-**	**(19 498)**	**54**	**-**	**-**		**(593 001)**	**(612 445)**	**714**	**(611 731)**
Balance at 31 December 2023	**348**	**40**	**-**	**-**	**917**	**2 075**	**86 208**	**405 318**	**494 906**	**1 424**	**496 330**

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

	For the year ended 31 December 2022 Attributable to the sole participant									
(In thousands of USD)	**Share capital**	**Share premium**	**Revaluation surplus for land and buildings**	**Revaluation reserve for investment securities**	**Liability credit reserve**	**Translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2022	**348**	**40**	**17 496**	**(765)**	**7 490**	**112 196**	**729 764**	**866 569**	**898**	**867 467**
Total comprehensive income										
Profit for the year	-	-	-	-	-	-	**212 247**	**212 247**	**(124)**	**212 123**
Other comprehensive income										
Items that are or may be reclassified subsequently to profit or loss:										
Foreign currency translation differences for foreign operations	-	-	-	-	-	(26 305)	-	**(26 305)**	-	**(26 305)**
Revaluation reserve for investment securities	-	-	-	656	-	-	-	**656**	-	**656**
Total items that are or may be reclassified subsequently to profit or loss	-	-	-	**656**	-	**(26 305)**	-	**(25 649)**	-	**(25 649)**
Items that will not be reclassified to profit or loss:										
Revaluation of land and buildings, net of income tax	-	-	2 002	-	-	-	-	**2 002**	-	**2 002**
Movements in liability credit reserve	-	-	-	-	(7 700)	-	(299)	**(7 999)**	-	**(7 999)**
Total items that will not be reclassified subsequently to profit or loss	-	-	**2 002**	-	**(7 700)**	-	**(299)**	**(5 997)**	-	**(5 997)**
Other comprehensive loss for the year	-	-	**2 002**	**656**	**(7 700)**	**(26 305)**	**(299)**	**(31 646)**	-	**(31 646)**
Total comprehensive income for the year	-	-	**2 002**	**656**	**(7 700)**	**(26 305)**	**211 948**	**180 601**	**(124)**	**180 477**
Contribution from shareholder (Note 24)	-	-	-	-	-	-	15 529	**15 529**	-	**15 529**
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(64)	**(64)**
Dividends (Note 26)	-	-	-	-	-	-	(7 007)	**(7 007)**	-	**(7 007)**
Total transactions with owners	-	-	-	-	-	-	**8 522**	**8 522**	**(64)**	**8 458**
Balance at 31 December 2022	**348**	**40**	**19 498**	**(109)**	**(210)**	**85 891**	**950 234**	**1 055 692**	**710**	**1 056 402**

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

(In thousands of Russian Roubles)	Note	For the year ended 31 December 2023	For the year ended 31 December 2022
Cash flows from operating activities			
Profit before tax from continuing operations		60 132	257 015
Profit before tax		**60 132**	**257 015**
Adjustments for:			
Depreciation and amortisation		1 479	23 414
Impairment losses	5	33 450	171 307
Impairment of goodwill		-	1 128
Fair value losses on investment properties		-	1 077
Changes in insuarance reserves		-	61 808
Recovery of impairment of property and equipment and investment properties		-	(210)
Accruals of expenses		3 578	8 868
Unrealised loss on debt and equity instruments		30 336	75 975
Revaluation of derivatives		74 152	(424 813)
Net loss (gain) on disposal of subsidiaries		490	(6 363)
Other operation and non-operation incomes		-	-
Impairment losses on associate	21	403	7 824
Unrealised losses (gains) from trading in foreign currencies		10 051	(86 589)
Net loss from investment securities		33 059	-
(Gain) loss on disposal of premises and equipment		(877)	378
Net interest income		(17 087)	(147 681)
Cash flows from operating activities before changes in working capital		**229 166**	**(56 862)**
(Increase) decrease in operating assets			
Mandatory cash balances with the CBR		-	7 359
Receivables from brokerage transactions		(84 558)	124 930
Receivables under resale agreements		(433 238)	32 694
Trading assets		(289 696)	864 906
Loans to customers		748	51 834
Loans to banks		4 940	69 851
Prepayments and other assets		84 118	2 467
Increase in cash due from banks and other financial institutions		1 679	(57 504)
Interest received during the year		39 948	225 525
Increase (decrease) in operating liabilities			
Payables under repurchase agreements		537 583	(863 945)
Customer brokerage accounts		133 184	157 630
Trading liabilities		197	(108 248)
Current accounts, deposits and borrowings		(239 234)	255 075
Payables and other liabilities		68 981	(48 304)
Interest paid during the year		(29 543)	(98 373)
Income taxes paid		(6 503)	(22 324)
Receivables under CDS		27 030	(29 003)
Net cash provided by operating activities		**44 802**	**507 708**
Cash flows from investing activities			
Acquisition of property and equipment and intangible assets		(5 689)	(25 355)
Acquisition of assets held for sale		(119 174)	-
Proceeds from sale of investment properties		-	498
Proceeds from sale of property and equipment		-	1 818
Acquisition of securities measured at amortised cost		-	(138 401)
Redemption of securities measured at amortised cost		-	119 815
Acquisition of Investment securities measured at FVOCI		-	(11 263)
Proceeds from sale of Investment securities measured at FVOCI		-	18 940
Proceeds from sale of subsidiary		-	(367)
Disposal of discontinued operation, net of cash disposed of	23	(687 374)	-
Proceeds from disposal of securities measured at amortized cost		80 828	-
Net cash used in investing activities		**(731 409)**	**(34 315)**

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

(In thousands of Russian Roubles)	**Note**	**For the year ended 31 December 2023**	**For the year ended 31 December 2022**
Cash flows from financing activities			
Payment of lease liabilities		-	(3 341)
Payment of dividends	24	-	(7 007)
Changes in non-controlling interests		-	(64)
Contributions from shareholder		-	1
Net cash used in financing activities		**-**	**(10 411)**
Net (decrease) increase in cash and cash equivalents		**(686 607)**	**462 982**
Cash and cash equivalents at the beginning of the year	11	966 038	531 413
Effect of changes in exchange rates on cash and cash equivalents		(7 393)	(27 466)
Effect of change in allowance for credit losses on cash and cash equivalents	11	1 827	(891)
Cash and cash equivalents as at the end of the year	11	**273 865**	**966 038**

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

1 Background

Organisation and operations

FG BCS LTD DMCC (the Company), together with its consolidated subsidiaries (collectively, the Group), is a leading broker and asset management company. In 2023 the Group, through its custody, clearing and depository platforms, using both proprietary and third-party technology, provided an integrated platform of brokerage, retail and investment banking to individuals and corporate customers. In 2023 the Group sold the Russian segment of its business and will continue to operate mainly in the UAE and Cyprus. In December 2023 the Company was redomiciled at Dubai Multi Commodities Centre (DMCC) in UAE. The Group offers integrated web- and software-based trading platforms, which incorporate intelligent order routing technology, real-time market data, options trading, premium research, and multi-channel access, as well as sophisticated account and trade management features, risk management tools, decision support tools, and dedicated personal support. The Group serves its clients through a combination of its wide branch network and web-based and telephonic services, and provides direct-market-access equity and derivatives brokerage services on LSE and other major exchanges (AMEX, NASDAQ, NYSE, CME/CBOT, Eurex, Euronext, LIFFE, XETRA) and on the FX market.

The Company's registered address is Unit No: AG--PF-23, AG Tower, Plot No: JLT-PH1-I1A, Jumeirah Lakes Towers, Dubai, United Arab Emirates. The sole beneficiary and ultimate controlling party of the Group is Oleg Mikhasenko.

As at 31 December 2023, the Group had full-time, part-time and temporary employees, and persons employed on a contract basis that represented the equivalent of about 119 full-time employees (2022: 5 422).

As a professional stock and security market participant in Cyprus, UAE, UK, Kazakhstan and USA, the Group's operations are regulated by the CySEC, the FCA, DFSA, the Astana International Financial Centre (AIFC) and FINRA. The Group is a member of London Stock Exchange, New York Stock Exchange and Eurex and the following financial associations and self-regulatory organisations: International Capital Market Association, The International Securities Lending Association and International Swaps and Derivatives Association.

The Group conducts its business primarily through the following operating legal entities:

		Ownership/voting	
Subsidiary	**Country of incorporation**	**31 December 2023**	**31 December 2022**
BrokerCreditService (Cyprus) Limited	Cyprus	98.0%	100.0%
BCS Capital (DIFC) Limited	UAE	100.0%	100.0%
BCS Prime Brokerage Limited	UK	100.0%	100.0%
Brokercreditservice Structured Products PLC	Cyprus	100.0%	100.0%
BCS Americas	USA	100%	100%
BCS Global Markets Qazaqstan Limited	Kazakhstan	100%	100%
Danofe Trading Limited	Cyprus	0%	100%
Brokercreditservice Ltd.	Russia	0%	99.9%
"BCS Bank" AO	Russia	0%	100.0%
Joint Stock Company management company "BrokerCreditService"	Russia	0%	100.0%
BCS "Wealth Management" (JSC) (previous name URALSIB AM JSC)	Russia	0%	100.0%
OOO "BCS Consulting"	Russia	0%	99.9%
OOO "BCS Insurance"	Russia	0%	99.9%

BrokerCreditService (Cyprus) Limited (BCS Cyprus) is a licensed investment company regulated by CySEC. BCS Cyprus is a member of the world major exchanges: AMEX, NASDAQ, NYSE, CME/CBOT, Eurex, Euronext, XETRA, FORTS. From 1 May 2020 BCS Cyprus is a member of Association for Financial Markets in Europe (AFME).

BCS Prime Brokerage Limited (BCS UK) was granted UK regulatory authorisation by the Financial Conduct Authority (FCA) to deal and advise on investments and to hold client assets on 19 June 2013. In 2018 an additional permission to act as a payment services provider was received and in 2019 – a permission to deal on own account. Now BCS UK provides a wide range of brokerage and advising services, including access to Moscow Exchange, LSE, EBS, CHI-X/BATS, NYSE/NASDAQ/AMEX.

BCS Americas, Inc. is a broker-dealer company established in New York, registered with and regulated by the United States Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA). The company provides US institutional investors with the access to Russian and European markets. BCS Americas, Inc. obtained direct membership with New York Stock Exchange in 2018.

BCS Capital (DIFC) Limited was incorporated on 26 November, 2019, and registered with the Dubai International Financial Center ("DIFC"), under Category 3A, as a Private Company, operating under License No. CL3568. The current license is valid until 25 November, 2023. The principal activities of the Company are arranging custody and dealing in investments as agent, advising on financial products, and managing assets as per the Dubai Financial Services Authority ("DFSA") Prudential Rulebook.

Brokercreditservice Structured Products PLC issues structured products and executes various hedging strategies with the purpose of generating margins and minimising risk. Specifically, Brokercreditservice Structured Products PLC issues Notes in registered form (respectively, the "Notes") under a Euro Medium Term Note Programme, which are admitted to the official list of the Irish Stock Exchange and trading on its regulated market (the "Main Securities Market") as well as other and/or further stock exchange(s) or market(s) (including regulated markets). The Brokercreditservice Structured Products also issues unlisted Notes and/or Notes not admitted to trading on any market.

BCS Global Markets Qazaqstan Limited was registered on 18 October 2022 as a Private Company of the Astana International Financial Centre (AIFC) under the identification number 221040900440 in accordance with the Constitutional Law of the Republic of Kazakhstan "On the Astana International Financial Centre" and the legislation of AIFC. The Company's principal business activities: issue of structured products and pre-IPO notes to be listed on the AIX; securities trading (i.e. hedging transactions); derivative transactions.

The Group has significant influence over Ginmon GmbH and TFS Hi-Tech company which were immaterial for the Group.

Business environment

Government regulators and self-regulatory organizations oversee the conduct of the Group's business in many ways, and perform regular examinations to monitor its compliance with applicable statutes, regulations and rules. These statutes, regulations and rules cover all aspects of the business, including sales and marketing activities, trading practices, treatment of customer assets, maintaining specified minimum amounts of capital and limiting withdrawals of funds from regulated operating subsidiaries, continuing education requirements for employees, anti-money laundering practices, know your client policies, recordkeeping and reporting, and supervision regarding the conduct of directors, officers and employees.

The United Arab Emirates business environment

The UAE is the second-largest Arab economy after Saudi Arabia and the most competitive economy in the Middle East. The UAE is quickly becoming a worldwide commercial hub, as indicated by numerous multinational companies relocating their regional headquarters to the country. The main driving force behind this economic and commercial expansion is the UAE's shift towards digital transformation and increasingly liberal economic policies, particularly increasing foreign direct investment and promoting free zones. The UAE has no foreign exchange controls and the currency of the UAE, the dirham, is pegged to the US dollar at a rate of AED 3.67 to USD 1. There are no restrictions or levies on the repatriation of capital and profits by foreign investors outside the UAE. At present, the UAE does not impose personal income tax, except on oil concessions and branches of foreign banks.

The DMCC is a free zone specializing in the trade of a wide range of commodities focused around the gold, diamond, agro-commodities, pearl, precious metals and tea industries. To allow ease and flexibility to companies currently carrying out, or intending to carry out, business from the DMCC, the DMCC introduced the new DMCCA Company Regulations 2020 together with a set of new Employment Rules, Licensing Rules and Officers Rules which were made effective on 2 January 2021. The DMCCA also introduced new Community Regulations as well as Health, Safety and Environment Regulations.

The United Arab Emirates (UAE) economy grew 3.3% in the first nine months of 2023.

According to IMF in 2023 the economy continues to grow, benefitting from strong domestic activity. Non-hydrocarbon GDP growth is expected to exceed 4 percent and to remain at a similar pace in 2024, driven by tourism, construction, and real estate related developments. Social and business-friendly reforms and the UAE's safe haven status continue to attract foreign inflows of capital and labor, underpinning growth and contributing to elevated real estate prices, particularly in high-end segments. Following the OPEC+ production cuts, hydrocarbon GDP growth is expected to slow in 2023, but to accelerate next year with the UAE's 2024 OPEC+ production quota increase. Average inflation will remain contained at around 3 percent in 2023, down from 4.8 percent in 2022.

Cyprus business environment

The economy of Cyprus marked a 5.6% growth in 2022, which is well above the euro area average. In 2023 GDP growth rate reached 2.4 % in 2023, while inflation stands at 3.9 %.

According to the baseline macroeconomic scenario, the economy in 2024 is expected to recover from the slowdown in 2023 and subsequently to gain pace and return to normal levels, with the tourism sector and its related sectors expected to fully recover by 2023 and show further increase. The interest rate subsidy scheme introduced by the Government for new housing loans and closed end of 2021 (with 3 years disbursement period), will have a positive contribution to the residential investment as well.

Nevertheless, uncertainty around the macroeconomic outlook remains high due the challenging external environment from the ongoing Russia-Ukraine conflict. The main downside risks to the baseline macroeconomic scenario arise from a possible worse-than-expected external outlook, interest rates been higher for a longer period, higher oil prices as well as lower-than-expected performance of non-tourist related exports due to the sanctions. On upside risks, a better-thanexpected realization of private investment projects and performance of the tourism sector.

Overall, in 2024 the economy is projected to grow by 2.9% in real terms. The growth rate of the economy in the years 2025-2026 is expected to average at around 3.2% in real terms. Inflation for 2025-2026 is expected to hover around 2.0%.

The sovereign risk ratings of the Cyprus Government improved considerably in recent years reflecting reduced banking sector risks, and improvements in economic resilience and consistent fiscal outperformance. In December 2023, Fitch Ratings has revised the Outlook on Cyprus's Long-Term Foreign-Currency Issuer Default Rating (IDR) to Positive from Stable and affirmed the IDR at 'BBB'. In September 2023, S&P Global Ratings affirmed the "BBB" Local Currency LT credit rating of Cyprus. At the same time the rating agency revised outlook to positive from stable.

In September 2023, Moody's Investors Service upgraded the Government of Cyprus’ long-term issuer and senior unsecured ratings to Baa2 and changed the outlook from positive to stable.

2 Basis of preparation

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

Basis of measurement

These consolidated financial statements are prepared on the historical cost basis, except for trading assets and liabilities, investment securities measured at fair value through other comprehensive income, investment securities measured at fair value through profit and loss, derivative assets and liabilities, certain loans to customers and loans payable are stated at fair.

Functional and presentation currency

The functional currency of each of the Group entities is the currency of the primary economic environment in which the entities operate. In prior years the Company and the majority of the Group’s subsidiaries determined that its functional currency is the Russian rouble (RUB) as it reflected the economic substance of the majority of its underlying events and circumstances relevant to them. On 10 January 2023, the Group decided to terminate its activities in Russia and sell the subsidiary BCS Holding LLC, which business represented the entirety of the Group’s regional segment that operates on territory of Russia.

Starting 1 January 2023 the Company use the USD as the functional currency as management considers that the USD started to reflect the economic substance of the underlying events and circumstances relevant to the Company, as due to the majority of its financial assets and financial liabilities and the majority of its transactions are denominated and executed in USD. The change in functional currency of the Company was applied prospectively from 1 January 2023. On the date of the change of functional currency, all assets, liabilities, issued capital and other components of equity and profit and loss account items were translated into USD at the exchange rate on that date. The Group has also adopted USD as its presentation currency. The comparative figures as at 31 December 2022 and for the period ended 31 December 2022 have also been recalculated to USD using exchange rate as at date of change in functional currency. Financial information presented in USD is rounded to the nearest thousand.

Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts recognised in the consolidated financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding – Note 3.
- establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL – Note 5.

Assumptions and estimations uncertainty

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2023 is included in the following notes:

- impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information – Note 5;
- estimates of fair values of financial assets and liabilities – Note 25.

Changes in accounting policies and presentation

The following new standards are effective from 1 January 2023:

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

The Group has not early adopted any other standards, interpretations or amendments that has been issued but is not yet effective.

3 Material accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

Basis of consolidation

i. Subsidiaries

Subsidiaries are investees controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

ii. Acquisitions and disposals of non-controlling interests

The Group accounts for the acquisitions and disposals of non-controlling interests as transactions with equity holders in their capacity as equity holders. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

iii. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the enterprise. Unrealised gains resulting from transactions with associates are eliminated against the investment in the associate. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the spot exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the spot exchange rate at the end of the period. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the spot exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss.

ii. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the presentation currency at spot exchange rates at the reporting date. The income and expenses of foreign operations are translated to presentation currency at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in translation reserve directly in other comprehensive income. However, if the operation is not wholly owned, the relevant proportionate share of the difference is allocated instead to the non-controlling interests. When a foreign operation is disposed of, the relevant amount in the translation reserve is transferred to profit or loss as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interests. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the translation reserve.

Net trading income

'Net trading income' comprises gains less losses related to trading assets and liabilities, and includes all fair value changes, and interest income on trading assets and realized gains less losses on investment securities, and foreign exchange differences.

Fees and commission

The Group generates commission income from executing trades for clients and principal transaction revenue from trading activity in securities.

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Commissions and fees arising from negotiating, or participating in the negotiation of a transaction for a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, and which are earned on execution of the underlying transaction, are recorded on its completion.

Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-proportion basis. Asset management fees related to investment funds are recorded rateably over the period the service is provided. The same principle is applied for wealth management, financial planning and custody services that are continually provided over an extended period of time.

Other fee and commission income is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

A contract with a customer that results in a recognised financial instrument in the Group's consolidated financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

Designation at fair value through profit or loss

Financial assets

At initial recognition, the Group has designated certain financial assets as at FVTPL because this designation eliminates or significantly reduces an accounting mismatch, which would otherwise rise. Note 5 sets out the amount of each class of financial asset that has been designated as at FVTPL. A description of the basis for each designation is set out in the note for the relevant asset class.

Financial liabilities

The Group has designated certain financial liabilities as at FVTPL in either of the following circumstances:

- the liabilities are managed, evaluated and reported internally on a fair value basis; or
- the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). The Group accounts for an embedded derivative separately from the host contract when:

- the host contract is not an asset in the scope of IFRS 9;
- the host contract is not itself carried at FVTPL;
- the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract; and
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss unless they form part of a qualifying cash flow or net investment hedging relationship.

Investment securities

The ‘investment securities measured at fair value through other comprehensive income’ caption in the consolidated statement of financial position includes:

- debt securities measured at FVOCI; and
- equity investment securities designated as at FVOCI;

The ‘investment securities measured at amortised cost’ caption in the consolidated statement of financial position includes debt securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

The “investment securities measured at FVTPL’ caption in the consolidated statement of financial position includes investments securities designated at fair value through profit and loss.

Cash and cash equivalents

Cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in their fair value. Cash and cash equivalents represent balances on accounts with financial institutions, balances on brokerage accounts on stock exchanges and cash on hand with original maturities of less than three months. Cash and cash equivalents are carried at amortised cost.

Loans to customers

The 'Loans to customers" caption in the consolidated statement of financial position includes loans measured at amortised cost and loans measured at fair value for which the cash flows do not consist solely of principal and interest payments.

Deposits, debt securities issued and subordinated liabilities

Deposits, debt securities issued and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group designates liabilities at FVTPL.

When the Group designates a financial liability as at FVTPL, the amount of change in the fair value of the liability that is attributable to changes in its credit risk is presented in other comprehensive income as a liability credit reserve. On initial recognition of the financial liability, the Group assesses whether presenting the amount of change in the fair value of the liability that is attributable to credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. This assessment is made by using a regression analysis to compare:

- the expected changes in the fair value of the liability related to changes in the credit risk; with
- the impact on profit or loss of expected changes in fair value of the related instruments.

Amounts presented in the liability credit reserve are not subsequently transferred to profit or loss. When these instruments are derecognised, the related cumulative amount in the liability credit reserve is transferred to retained earnings.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Dividends

Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings in the period when they are declared.

Customer brokerage accounts

Customer brokerage accounts are non-derivative liabilities to individuals or corporate customers and are carried at amortised cost. Customer funds that the Group has customer permission to either use, sell, pledge or reinvest are recognized on the consolidated statement of financial position. Customer funds, for which the Group does not have such permission, are not recognized on the consolidated statement of financial position.

Client transactions

Client transactions are entered into on either a cash or margin basis. In margin transactions, the Group extends credit to clients for the purchase of securities, using the securities purchased and/or other securities in the clients' accounts as collateral for the amounts loaned.

Receivables from and payables to clients are due on the settlement date of the security transactions. Margin loans are due on demand and are charged interest at a fixed rate.

Income and expense recognition

Other than described in Note 3 income and expense items are generally recorded on an accrual basis by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Staff costs and related contributions

Wages, salaries, contributions to the state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees. The Group has no legal or constructive obligation to make pension or similar benefit payments beyond the unified social tax.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The financial statements include the Group’s share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence effectively commences until the date that significant influence effectively ceases. When the Group’s share of losses exceeds the Group’s interest (including long-term loans) in the associate, that interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

Discontinued operations

A discontinued operation is a component of the Group’s business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

4 New standards and interpretations not yet adopted

The following new standards, amendments to standards, and interpretations are not yet effective as at 31 December 2023, and are not applied in preparing these consolidated financial statements. The Group plans to adopt these pronouncements when they become effective.

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback. The amendments are effective for annual reporting periods beginning on or after 1 January 2024.
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2024.
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024.
- Amendments to IAS 21: Lack of exchangeability. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025.
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures are the first IFRS sustainability disclosure standards that have been issued by the ISSB in June 2023. The standarts are effective for annual reporting periods beginning on or after 1 January 2024.

The amendments and new standarts are not expected to have a material impact on the Group’s consolidated financial statements.

5 Risk management

Overview

The Group's business activities expose it to a variety of financial risks, including market, credit, liquidity risks, and non-financial risks, including technology, operations, legal, and reputational risks. Identification and management of these risks are essential to the success and financial soundness of the Group. The management of these risks is conducted at subsidiaries level.

This note presents information about the Group's exposure to these risks, its objectives, policies and processes for measuring and managing risks.

Senior management takes an active role in the risk management process and has policies and procedures under which specific business and control units are responsible for identifying, measuring, and controlling various risks. Oversight of risk management is delegated to the Risk Management Departments, that of each subsidiary, which are responsible for reviewing and monitoring risk exposures and leading the continued development of risk management policies and practices. The Risk Management Departments focuse on these specific areas:

- corporate asset-liability management, focusing on liquidity, capital resources, interest rate risk, and investments
- credit and market risk, focusing on credit exposures resulting from client borrowing activity, investing activities of certain proprietary funds, corporate credit and investment activity, and market risk resulting from the Group taking positions in certain securities to facilitate client trading activity
- information security and privacy, focusing on information security and privacy policies, procedures and controls
- investment management, focusing on activities in which the Group and its principals operate in an investment advisory capacity
- operational risk management, focusing on risks relating to potential inadequate or failed internal processes, people and systems, and from external events and relationships (e.g., vendors and business partners).

The Risk Management Departments review major risk exposures and reports regularly to the Management. The compliance, finance, internal control, legal, and corporate risk management departments assist management in evaluating, testing, and monitoring risk management. Management has written policies and procedures that govern the conduct of business by employees, relationships with clients and the terms and conditions of relationships with product manufacturers. The client related policies address the extension of credit for client accounts, data and physical security, compliance with industry regulation and codes of ethics to govern employee and advisor conduct among other matters.

Risk is inherent in the Group's business. Consequently, despite efforts to identify areas of risk and implement risk management policies and procedures, there can be no assurance that the Group will not suffer unexpected losses due to operating or other risks.

Financial risk management

Financial risks are risks arising from financial instruments to which the Group is exposed during or at the end of the reporting period. Financial risk comprises market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

Market risk

The Group maintains trading securities owned and securities sold but not yet purchased in order to facilitate client transactions and to meet a portion of clearing deposit requirements at various clearing organizations. These securities include government debt securities, corporate debt securities and equity securities. Changes in the value of trading inventory may result from fluctuations in interest rates, credit ratings of the issuer, equity prices and the correlation among these factors. The Group manages its trading inventory by product type.

Activities to facilitate client and proprietary transactions are monitored by the broker dealer support services department. The level of securities deposited is monitored by the settlement area within broker dealer support services department.

Interest rate risk

Interest rate risk is the risk that the Group's income on financial instrument portfolio may change due to interest rate fluctuations. The Group takes on exposure to the effects of fluctuations in prevailing market interest rates on its financial position and cash flows. The Group offers its clients overnight cash sweep programs that are interest rate sensitive. While clients earn interest for balances on deposit under the cash sweep programs, the Group earns a fee. These fees are based on prevailing interest rates in the current interest rate environment, but may be adjusted in an increasing or decreasing interest rate environment or for other reasons. Changes in interest rates and fees for the overnight cash sweep programs are monitored by Product and Marketing committee, which governs and approves any changes to fees. This committee balances financial risk of the cash sweep programs with products that offer competitive client yields.

Interest rate risk management through monitoring of the mismatch of the maturities of interest-bearing assets and interest-bearing liabilities is supplemented by monitoring the sensitivity of financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis point (bp) parallel fall or rise in all yield curves worldwide and a 50 bp rise or fall in the greater than 12-month portion of all yield curves.

Interest-earning assets are financed primarily by brokerage client cash balances and deposits from banking clients. Non-interest-bearing funding sources include non-interest-bearing brokerage client cash balances and proceeds from stock-lending activities, as well as equity. Net interest income is affected by changes in the volume and mix of these assets and liabilities, as well as by fluctuations in interest rates and portfolio management strategies. When interest rates fall, the Group may attempt to mitigate some of this negative impact by extending the maturities of assets in investment portfolios to lock in asset yields, and by lowering rates paid to clients on interest-bearing liabilities.

A summary of the interest rate gap position for financial instruments at 31 December 2023 and 31 December 2022 is as follows:

Bonds are classified based on an offer date. Certain bonds within trading assets have a floating coupon rate. These instruments are repriced prior to each subsequent coupon payment. The Group classified such instruments to "Less than one month" category.

							31 December 2023
(In thousands of USD)	**Carrying amount**	**Less than 1 month**	**From 1 to 3 months**	**From 3 to 6 months**	**From 6 to 12 months**	**More than 1 year**	**Non-interest-bearing**
Financial assets							
Cash and cash equivalents	**273 865**	45 593	-	-	-	-	228 272
Due from banks and other financial institutions	**2 197**	-	-	-	-	-	2 197
Receivables from brokerage transactions	**31**	-	-	-	-	-	31
Receivables under resale agreements	**114 514**	114 514	-	-	-	-	-
Trading assets except derivatives	**666 853**	-	-	-	4 274	21 090	641 489
Investment securities measured at FVOCI	**808**	-	-	-	-	-	808
Investment securities measured at amortised cost	**10 914**	-	-	-	-	10 914	-
Investment securities measured at fair value through profit and loss	**32 787**	-	-	-	-	24 068	8 719
Derivative assets	**172 233**	1 170	8 929	6 809	15 736	139 453	136
Loans to customers	**87 344**	182	34 373	-	52 256	533	-
Prepayments and other financial assets	**116 745**	185	-	-	40 225	-	76 335
Total financial assets	**1 478 291**	**161 644**	**43 302**	**6 809**	**112 491**	**196 058**	**957 987**
Financial liabilities							
Customer brokerage accounts	**573 447**	26 627	30 675	15 589	23 976	274 243	202 337
Trading liabilities except derivatives	**1 566**	-	-	-	1 566	-	-
Derivative liabilities	**17 245**	194	298	182	514	14 913	1 144
Current accounts, deposits and borrowings	**492 087**	538	36 372	107 967	237 704	109 506	-
Payables and other financial liabilities	**31 003**	-	-	-	34	-	30 969
Total financial liabilities	**1 115 348**	**27 359**	**67 345**	**123 738**	**263 794**	**398 662**	**234 450**
Net position	**362 943**	**134 285**	**(24 043)**	**(116 929)**	**(151 303)**	**(202 604)**	**723 537**

Bonds are classified based on an offer date. Certain bonds within trading assets have a floating coupon rate. These instruments are repriced prior to each subsequent coupon payment. The Group classified such instruments to "Less than one month" category.

							31 December 2022
(In thousands of USD)	**Carrying amount**	**Less than 1 month**	**From 1 to 3 months**	**From 3 to 6 months**	**From 6 to 12 months**	**More than 1 year**	**Non-interest-bearing**
Financial assets							
Cash and cash equivalents	**966 038**	164 647	12 997	-	-	-	788 394
Due from banks and other financial institutions	**28 010**	-	-	-	-	-	28 010
Mandatory cash balances with the CBR	**2 463**	-	-	-	-	-	2 463
Receivables from brokerage transactions	**27 901**	-	-	-	-	-	27 901
Receivables under resale agreements	**1 262 450**	1 120 962	106 343	35 145	-	-	-
Trading assets except derivatives	**1 346 256**	30 112	12 358	40 987	97 131	339 928	825 740
Investment securities measured at FVOCI	**17 349**	-	-	2 966	8 323	5 262	798
Investment securities measured at amortised cost	**897 858**	-	21 640	31 217	34 676	810 325	-
Derivative assets	**493 039**	-	-	-	-	-	493 039
Loans to customers	**451 659**	7 435	68 864	138 001	102 312	135 047	-
Loans to banks	**5 052**	-	-	-	5 052	-	-
Prepayments and other financial assets	**248 971**	102 705	-	-	-	-	146 266
Total financial assets	**5 747 046**	**1 425 861**	**222 202**	**248 316**	**247 494**	**1 290 562**	**2 312 611**
Financial liabilities							
Payables under repurchase agreements	**449 807**	426 978	22 829	-	-	-	-
Customer brokerage accounts	**2 258 867**	39 796	32 288	23 508	39 028	732 297	1 391 950
Trading liabilities except derivatives	**5 329**	-	-	-	-	3 842	1 487
Derivative liabilities	**35 758**	-	-	-	-	-	35 758
Current accounts, deposits and borrowings	**1 746 344**	102 183	321 417	115 003	284 090	279 534	644 117
Payables and other financial liabilities	**68 093**	1 719	-	54	121	11 711	54 488
Total financial liabilities	**4 564 198**	**570 676**	**376 534**	**138 565**	**323 239**	**1 027 384**	**2 127 800**
Net position	**1 182 848**	**855 185**	**(154 332)**	**109 751**	**(75 745)**	**263 178**	**184 811**

An analysis of sensitivity of profit or loss and equity (net of taxes) to changes in interest rates based on a simplified scenario of a 100 bp parallel fall or rise in all yield curves and positions of interest-bearing assets and liabilities existing at 31 December 2023 and 31 December 2022 is as follows:

	31 December 2023		**31 December 2022**	
(In thousands of USD)	**Profit or loss**	**Equity**	**Profit or loss**	**Equity**
Parallel increase in rates by 100 basis points	(717)	(717)	7 535	7 535
Parallel decrease in rates by 100 basis points	717	717	(7 535)	(7 535)

The table below presents average interest rates on interest bearing instruments based on reports reviewed by key management personnel. These interest rates are an approximation of the yields to maturity of these assets and liabilities.

	31 December 2023				
In % p.a.	**RUB**	**USD**	**EUR**	**CNY**	**Other currencies**
Interest bearing assets					
Cash and cash equivalents	-	5,10%	-	-	-
Resale and securities lending agreements	-	7,70%	-	-	-
Trading assets except derivatives	-	8,90%	4,32%	-	-
Investment securities measured at amortised cost	-	3,20%	-	-	-
Loans to customers	1,04%	5,80%	4,43%	-	-
Prepayments and other financial assets	-	5,33%	-	-	-
Investment securities measured at fair value through profit and loss	-	5,69%	-	-	-
Interest bearing liabilities					
Customer brokerage accounts	9,65%	6,59%	4,92%	4,88%	6,05%
Trading liabilities except derivatives	-	-	-	-	-
Current accounts, deposits and borrowings	13,90%	5,93%	4,75%	-	7,41%

	31 December 2022				
In % p.a.	**RUB**	**USD**	**EUR**	**CNY**	**Other currencies**
Interest bearing assets					
Cash and cash equivalents	-	0,40%	-	-	-
Resale and securities lending agreements	7,70%	3,66%	-	3,17%	10,0%
Trading assets except derivatives	7,96%	3,53%	1,14%	0,9%	-
Investment securities measured at FVOCI	6,71%	4,25%	-	-	-
Investment securities measured at amortised cost	7,06%	2,93%	1,02%	1,33%	-
Loans to customers	9,76%	5,87%	-	3,83%	-
Loans to banks	-	3,33%	-	-	-
Prepayments and other financial assets	-	4,33%	1,89%	-	-
Interest bearing liabilities					
Repurchase and securities borrowing agreements	6,18%	7,47%	-	3,26%	-
Customer brokerage accounts	8,66%	6,46%	4,81%	5,67%	5,74%
Trading liabilities except derivatives	5,88%	-	0,00%	-	-
Current accounts, deposits and borrowings	6,87%	3,68%	4,04%	1,49%	1,08%
Payables and other financial liabilities	8,27%	0,07%	6,30%	-	-
					-

Foreign currency risk

Foreign currency risk arises in respect of those recognised monetary financial assets and liabilities that are not in the functional currency of the respective group entity. Foreign currency risk is managed at the Group level by monitoring limits daily on the level of exposure by each currency. Management has a policy to require Group companies to manage their foreign exchange risk against their functional currency. The Group companies are required to hedge their entire foreign exchange risk exposure with the Group Treasury. Nevertheless, the Group does not qualify for hedge accounting in accordance with IFRS 9. In addition, the Group manages foreign currency risk by matching its principal cash outflows to the currency in which the principal cash inflows are denominated. This is generally achieved by obtaining financing in the relevant currency and by entering into forward foreign exchange contracts. The Group operates internationally and is exposed to foreign exchange risk, primarily with respect to the RUB, EUR and CNY.

Borrowings and lending are denominated in currencies that match the cash flows generated by the underlying operations of the Group. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances. In respect of monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates when necessary to address short-term imbalances.

The table below summarises the exposure to foreign currency exchange rate risk at the end of the reporting periods:

	31 December 2023					
(In thousands of USD)	**RUB**	**USD**	**EUR**	**CNY**	**Other**	**Total**
Financial assets	50 545	1 323 685	34 552	48 316	21 192	1 478 290
Financial liabilities	(50 553)	(992 249)	(19 604)	(49 849)	(3 092)	(1 115 347)
Net position	**(8)**	**331 436**	**14 948**	**(1 533)**	**18 100**	**362 943**

	31 December 2022					
(In thousands of USD)	**RUB**	**USD**	**EUR**	**CNY**	**Other**	**Total**
Financial assets	2 922 851	1 931 406	226 637	514 750	150 745	5 746 389
Financial liabilities	(2 309 173)	(1 522 403)	(80 746)	(534 981)	(115 312)	(4 562 615)
Net recognised position, excluding currency derivatives	**613 678**	**409 003**	**145 891**	**(20 231)**	**35 433**	**1 183 774**
Currency SWAPs notional amount	(98 624)	36 987	22 278	10 214	29 145	-
Net position	**515 054**	**445 990**	**168 169**	**(10 017)**	**64 578**	**1 183 774**

The following significant exchange rates are applied as at and during the reporting periods:

	31 December 2023		31 December 2022	
(In USD)	**Average rate**	**Spot rate**	**Average rate**	**Spot rate**
RUB 1	0,01	0,01	0,02	0,01
EUR 1	1,08	1,10	1,05	1,07
CNY 1	0,14	0,14	0,15	0,14

The strengthening or weakening of the US dollar, as indicated below, against the Russian Rouble, Euro and Chinese yuan at 31 December 2023 and 31 December 2022 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is on net of tax basis and is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant.

	31 December 2023		31 December 2022	
	Weakening	**Strengthening**	**Weakening**	**Strengthening**
(In thousands of USD)	**Profit or loss/ Equity**	**Profit or loss/ Equity**	**Profit or loss/ Equity**	**Profit or loss/ Equity**
RUB (20% movement)	2	(2)	82 409	(82 409)
EUR (20% movement)	2 984	(2 984)	26 907	(26 907)
CNY (20% movement)	(307)	307	(1 603)	1 603

Other price risks

Equity securities price risk. Price risk for equity securities is the risk of changes in value of a financial instrument as a result of changes in market prices regardless of whether they have been caused by factors specific for a particular instrument or factors influencing all instruments traded in the market. Price risk for equity securities exists when the Group has a long or short position in an equity financial instrument.

The analysis of sensitivity of net profit and equity for the year to fluctuations in securities quotations (based on positions existing at 31 December 2023 and 31 December 2022, excluding equity portfolio of USD 590 627 thousand at 31 December 2023 and equity portfolio of USD 710 329 thousand at 31 December 2022, which are used to hedge equity price risk of structured derivative products, and a simplified scenario of a 10% decrease or increase in securities quotations), all other parameters held constant, can be presented as follows:

(In thousands of USD)	31 December 2023 Profit or loss	31 December 2023 Equity	31 December 2022 Profit or loss	31 December 2022 Equity
10% increase in securities quotations	3 184	3 184	16 855	16 855
10% decrease in securities quotations	(3 184)	(3 184)	(16 855)	(16 855)

In the event of changes in securities quotations by 7.5%-10% / 15%-20% and market volatility by 13.7%-25.7% / 19.7%-34.5% effect of revaluation of equity portfolio used to hedge equity price risk of structured derivative products and revaluation of these structured derivative products on the Group's net profit for the year would be the following:

(In thousands of USD)	31 December 2023 Profit or loss	31 December 2023 Equity	31 December 2022 Profit or loss	31 December 2022 Equity
Increase in securities quotation 7.5%-10%. Market volatility by 13.7%-25.7%	19 108	19 108	(3 435)	(3 435)
Decrease in securities quotation 15%-20% Market volatility by 19.7%-34.5%	(33 673)	(33 673)	(16 209)	(16 209)

The majority of investments classified as at fair value through profit or loss are listed on the New York Stock Exchange and NASDAQ.

Competition

The Group's competition in serving individual investors includes a wide range of brokerage, wealth management, and asset management firms, as well as banks and trust companies. In serving these investors and competing for a growing percentage of the investable wealth, the Group offers a multi-channel service delivery model, which includes branch, telephonic, mobile, and online capabilities.

The Group continually monitors its pricing in relation to competitors and periodically adjusts trade commission rates, interest rates on deposits and loans, fees for advisory services, and other fee structures to enhance its competitive position. Increased price competition from other financial services firms, such as reduced commissions to attract trading volume or higher deposit rates to attract client cash balances, could impact the results of operations and financial condition. The major sources of net revenues are fees and commission from brokerage services, asset management and administration fees, net interest income, and trading revenue. These sources of net revenues are impacted by securities valuations, interest rates, the amount and mix of interest-earning assets and interest bearing funding sources, the ability to attract new clients, and client activity levels, trading volumes, the volatility of prices in the equity and fixed income markets, and commission rates.

Credit risk

Credit risk is the risk of loss due to adverse changes in a borrower's, issuer's or counterparty's ability to meet its financial obligations under contractual or agreed upon terms. The Group bears credit risk on margin lending activities, securities lending activities, its role as a counterparty in financial contracts and investing activities, the activities of clients, including the execution, settlement, and financing of various transactions on behalf of these clients. These activities are transacted on either a cash or margin basis. The Group seeks to control the risks associated with its customers' activities by requiring each trade to be carried out in accordance with margin policies. Each customer is required to have minimum funds in their account for opening positions, and for maintaining positions. The system automatically monitors each customer's margin requirements in real time and confirms that every customer has sufficient funds in his or her account before their trades are executed. If at any point in time a customer's trading position does not comply with the applicable margin requirement, the position can be automatically partially or entirely liquidated in accordance with the margin policies and procedures. The Group adjusts its margin requirements if it believes its risk exposure is not appropriate based on market conditions. For collateralised securities transactions involving repurchase and resale agreements the Group is permitted to sell or repledge the securities held as collateral and use these securities to enter into securities lending arrangements or to deliver to counterparties to cover any short positions.

The Sole Director has delegated responsibility for the oversight of credit risk to Risk Management Committee. The Risk Management Committee is responsible for management of credit risk, including formulating credit policies, covering collateral requirements, adjusting margin requirements for certain securities, credit assessment, reviewing and assessing credit risk, limiting concentrations of exposure to counterparties, and by issuer, credit rating bands, market liquidity and country (for trading assets), and reviewing compliance of business units with agreed exposure limits. Collateral arrangements relating to margin loans, securities lending agreements, and resale agreements include provisions that require additional collateral in the event that market fluctuations result in declines in the value of collateral received. The credit risk exposure related to loans to banking clients is actively managed through individual and portfolio reviews performed by management. Management regularly reviews asset quality including concentrations, delinquencies, nonaccrual loans, charge-offs, and recoveries. All are factors in the determination of an appropriate inputs, assumptions and techniques used for estimating impairment losses.

The Group has exposure to credit risk due to its obligation to settle transactions with clearing corporations, and other financial institutions even if its client or a counterparty fails to meet its obligations to the Group.

The Group is subject to concentration risk if it extends large loans to or have large commitments with a single counterparty, borrower, or group of similar counterparties or borrowers (e.g. in the same industry). Receivables from and payables to clients and securities borrowing and lending activities are conducted with a large number of clients and counterparties and potential concentration is carefully monitored. Management seeks to limit this risk through careful review of the underlying business and the use of limits established by senior management, taking into consideration factors including the financial strength of the counterparty, the size of the position or commitment, the expected duration of the position or commitment and other positions or commitments outstanding.

The brokerage IT system automatically monitors the compliance with limits on each customer trading in the stock market as well as manual control on customers with transactions over-the-counter. In case of breach of limits the system automatically closes the credit position through disposal of pledged financial instruments (mainly quoted securities). The Group uses a wide range of techniques to reduce credit risk on its lending operations managing both individual transaction loss drivers, such as probability of default, loss given default and exposure at default, and systemic risk drivers on a portfolio basis. At the transaction level, an assessment of a borrower's ability to service the proposed level of debt is performed. Various forms of legal protection are used, such as netting agreements and covenants in commercial lending agreements, and credit enhancements techniques. At the portfolio level, diversification is managed to avoid excessive concentrations. Portfolio concentration limits include: (i) maximum exposure per borrower limit, (ii) industry concentration limit, (iii) loan maturity concentration limit, (iv) unsecured lending limit. Meanwhile, the Group should comply with statutory ratios on credit concentration risk.

The analysis by credit quality of financial assets is mainly based on Standard and Poor's rating and other ratings converted to the nearest equivalent to the Standard and Poor's rating scale. Pursuant to the policy on limits, the exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and principal repayment obligations and by changing these lending limits where appropriate. The Group defines its risk appetite by approving a policy on limits, assigning authority to decide on risk taking issues to committees, and granting specific approval of large transactions.

The policy below represents information about the Group's inputs, assumptions and techniques used for estimating impairment.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Group uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in probability of default (PD);
- qualitative indicators; and
- backstop of 30 days past due, except for transactions with financial institutions or emitent of securities, for which a backstop of 1 day past due is applied.

Credit risk grades

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower.

Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

Corporate exposure	All exposures (corporate and retail exposures)
• Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections	• Payment record – this includes overdue status as well as a range of variables about payment ratios
• Data from credit reference agencies, press articles, changes in external credit ratings	• Requests for and granting of forbearance
• Quoted bond and credit default swap (CDS) prices for the borrower where available	• Existing and forecast changes in business, financial and economic conditions
• Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities	

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed and by type of product and borrower as well as by credit risk grading.

The Group employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default. For most exposures, key macro-economic indicator is likely to be GDP growth, oil price index and retail price index.

The Group uses expert judgment in assessment of forward-looking information. This assessment is based also on external information (see discussion below on incorporation of forward-looking information). The Group then uses these forecasts to adjust its estimates of PDs.

Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

The Group will deem the credit risk of a particular exposure to have increased significantly since initial recognition if, based on the Group's quantitative modelling, the remaining lifetime PD is determined to have increased by more than one notch basis points per annum since initial recognition. In measuring increases in credit risk, remaining lifetime ECLs are adjusted for changes in maturity.

Using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due or, more than 1 day past due for transactions with financial institutions or emitent of securities. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and

- there is no unwarranted volatility in loss allowance from transfers between 12-month ECL (stage 1) and lifetime ECL measurements (stage 2).

Definition of default

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Group and 3 days past due for transactions with financial institutions or emitent of securities. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding.

In assessing whether a borrower is in default, the Group considers indicators that are:

- qualitative – e.g. breaches of covenant;
- quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporating of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Group uses expert judgment in assessment of forward-looking information. This assessment is based also on external information. External information may include economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, such as the World bank, Ministry of Economic Development, and individual and academic forecasters.

Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group makes estimates and assumptions that affect the amounts of assets and liabilities recognised in the financial statements. Assumptions include judgements about future events that are reasonable in light of the current circumstances.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variable and credit risk and credit losses. This key drivers for USA are GDP deflator forecasts and index S&P 500. This key driver for the other countries where the group operates is GDP deflator forecasts, Brent spot price and inflation rate. The economic scenarios used as at 31 December 2023 included the following ranges of key indicators for the years ending 31 December 2022, 2023 and 2024.

United States	**2022**	**2023**	**2024**
US GDP	1,90%	from -1,46% to 3,62%	from -3,36% to 0,7%
S&P 500 1 Year Return	27,00%	from -28,5% to 15,3%	24,2%

EU	**2022**	**2023**	**2024**
Brent spot price (-2 years)	85,62 USD per Barrel	92,67 USD per Barrel	from 70 to 90 USD per Barrel
EU CPI	2,59%	1,50%	3,00%

Russia Federation	**2022**	**2023**	**2024**
RF GDP deflator	-2,10%	3,10%	from -2,0% to 1,3%
Brent spot price	85,62 USD per Barrel	82,49 USD per Barrel	from 37,8 to 70 USD per Barrel

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower’s extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

For portfolios in respect of which the Group has limited historical data, external benchmark information is used to supplement the internally available data. The portfolios for which external benchmark information represents a significant input into measurement of ECL are represented below in gross amounts.

			External benchmarks used
(In thousands of USD)	**Exposure as at 31 December 2023**	**Exposure as at 31 December 2022**	**PD**
Cash and cash equivalents	273 906	913 461	Standard & Poor's/ Moody's default study/Expert RA
Due from banks and other financial institutions	-	54 542	Standard & Poor's/ Moody's default study/Expert RA
Receivables from brokerage transactions	28	28 072	Standard & Poor's default study
Receivables under resale agreements	114 558	1 263 037	Standard & Poor's/Expert RA
Investment securities measured at FVOCI	-	16 551	Standard & Poor's/ Moody's default study/Expert RA
Investment securities measured at amortised cost	10 946	954 406	Standard & Poor's/ Moody's default study/Expert RA
Loans to banks	-	5 101	Standard & Poor's default study
Loans to customers (corporate)	-	407 697	Standard & Poor's/Expert RA/Internal rating model
Prepayment and other assets	230 160	325 966	Standard & Poor's/ Moody's default study/Expert RA
Financial guarantees and undrawn credit lines	-	(200 248)	Expert RA/Internal rating model

Loss allowance

During the year, the following gains/(losses) were recognised in profit or loss in relation to financial assets and contract assets:

(In thousands of USD)	**Note**	**For the year ended 31 December 2023**	**For the year ended 31 December 2022**
Cash and cash equivalents	11	(423)	(892)
Due from banks and other financial institutions		373	(26 019)
Receivables from brokerage transactions		2 401	(6 358)
Receivables under resale agreements	12	30	1 181
Investment securities measured at FVOCI		-	(12)
Investment securities measured at amortised cost	14	11 596	(53 120)
Loans to banks		-	143
Loans to customers (corporate)	16	(615)	(5 495)
Loans to customers (individual)	16	-	212
Prepayment and other assets	17	(44 091)	(78 916)
Financial guarantees and undrawn credit lines	26	(2 846)	-
Discontinued operations		-	45 736
Total		**(33 575)**	**(123 540)**

Reconciliation of the loss allowance from the opening to the closing balances by class of financial instruments are presented in Notes 11, 12, 14, 16, 17 and 26.

Commitments and financial instruments subject to credit risk

Securities lending and borrowing

The Group lends own securities and borrows third party securities temporarily to/from other customers, brokers and counterparties in connection with its securities lending and borrowing activities. As part of these activities the Group receives cash as collateral for the securities loaned. Increases in security prices may cause the fair value of the securities loaned to exceed the amount of cash received as collateral. In the event the counterparty to these transactions does not return the loaned securities or provide additional cash collateral, the Group may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy any security borrowing or other obligations related to loaned securities. The Group mitigates this risk by requiring credit approvals for counterparties, by monitoring the fair value of securities loaned, and requiring additional cash as collateral when necessary.

Client trade settlement

The Group is obligated to settle transactions with brokers and other financial institutions even if the Group's clients fail to meet their obligations to deliver cash, securities or other assets as contractually agreed. Clients are required to complete their transactions on settlement date, generally from one to three business days after the trade date. If clients do not fulfil their contractual obligations, the Group may incur losses. The Group has established procedures to reduce this risk by requiring deposits from clients in excess of amounts prescribed by regulatory requirements for certain types of trades, and therefore the potential for the Group to make payments under these client transactions is remote. Accordingly, no liability has been recognized for these transactions.

Resale and repurchase agreements

The Group enters into collateralised resale agreements, which could result in losses in the event the counterparty fails to purchase the securities held as collateral for the cash advanced and the fair value of the securities declines. To mitigate this risk, the Group requires that the counterparty deliver securities, to be held as collateral, with a fair value in excess of the resale price. The Group also sets standards for the credit quality of the counterparty, monitors the fair value of the underlying securities as compared to the related receivable, including accrued interest, and requires additional collateral where deemed appropriate.

In relation to these resale agreements, the maximum exposure to credit risk before taking into account any collateral held or other credit enhancements at 31 December 2023 is USD 114 514 thousand (31 December 2022: USD 1 262 450 thousand).

Offsetting financial assets and financial liabilities

The Group has no financial assets and financial liabilities that are offset in the consolidated statement of financial position.

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the consolidated statement of financial position.

The similar agreements include derivative clearing agreements, global master repurchase agreements. Similar financial instruments include derivatives, sales and repurchase agreements. Financial instruments such as loans and deposits are not disclosed in the table below unless they are offset in the consolidated statement of financial position.

The Group's derivative transactions that are not transacted on the exchange are entered into under International Derivative Swaps and Dealers Association (ISDA) Master Netting Agreements. In general, under such agreements the amounts owed by each counterparty that are due on a single day in respect of transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement transactions.

The Group's sale and repurchase transactions are covered by master agreements with netting terms similar to those of ISDA Master Netting Agreements.

The above ISDA and similar master netting arrangements do not meet the criteria for offsetting in the consolidated statement of financial position. This is because they create a right of set-off of recognized amounts that is enforceable only following an event of default, insolvency or bankruptcy of the companies of the Group or the counterparties. In addition the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The tables below show financial assets and financial liabilities subject to enforceable master netting arrangements and similar arrangements as at 31 December 2023 and 31 December 2022:

(In thousands of USD)	**Gross amounts of recognized financial asset/liability**	**Gross amount of recognized financial liability/asset offset in the consolidated statement of financial position**	**Net amount of financial assets/liabilities presented in the consolidated statement of financial position**	**Related amounts subject to offset under specific conditions**		**Net amount**
				Financial instruments	**Impact of Master Netting Agreement**	
Types of financial assets/liabilities						
Cash collateral on derivatives	55 286	-	55 286	(1 517)	-	53 769
Credit default swaps - assets	1 827	-	1 827	-	(805)	1 022
Reverse sale and repurchase, securities borrowings and similar agreements	114 514	-	114 514	(114 514)	-	-
Total financial assets	**171 627**	**-**	**171 627**	**(116 031)**	**(805)**	**54 791**
Credit default swaps - liabilities	(1 685)	-	(1 685)	1 517	805	637
Currency SWAPs - liabilities	-	-	-	-	-	-
Sale and repurchase, securities lendings and similar agreements	-	-	-	-	-	-
Total financial liabilities	**(1 685)**	**-**	**(1 685)**	**1 517**	**805**	**637**

(In thousands of USD)	**Gross amounts of recognized financial asset/liability**	**Gross amount of recognized financial liability/asset offset in the consolidated statement of financial position**	**Net amount of financial assets/liabilities presented in the consolidated statement of financial position**	**Related amounts subject to offset under specific conditions**		**Net amount**
				Financial instruments	**Impact of Master Netting Agreement**	
Types of financial assets/liabilities						
Cash collateral on derivatives	95 090	-	95 090	(4 506)	-	90 584
Credit default swaps - assets	29 861	-	29 861	-	(1 322)	28 539
Currency SWAPs - assets	657	-	657	-	(521)	136
Reverse sale and repurchase, securities borrowings and similar agreements	1 262 450	-	1 262 450	(1 262 277)	-	173
Total financial assets	**1 388 058**	**-**	**1 388 058**	**(1 266 783)**	**(1 843)**	**119 432**
Credit default swaps - liabilities	(6 204)	-	(6 204)	4 506	1 322	(376)
Currency SWAPs - liabilities	(1 583)	-	(1 583)	-	521	(1 062)
Sale and repurchase, securities lendings and similar agreements	(449 807)	-	(449 807)	449 193	-	(614)
Total financial liabilities	**(457 594)**	**-**	**(457 594)**	**453 699**	**1 843**	**(2 052)**

The table below reconciles the "Net amounts of financial assets and financial liabilities presented in the consolidated statement of financial position", as set out above, to the line items presented in the consolidated statement of financial position as at 31 December 2023.

(In thousands of USD)	**Net amounts**	**Line item in the consolidated statement of financial position/ Related amounts subject to offset under specific conditions**	**Carrying amount in the consolidated statement of financial position**	**Financial asset/ liability not in the scope of offsetting disclosure**	**Note**
Types of financial assets/liabilities					
Cash collateral on derivatives	55 286	Prepayments and other assets	119 998	64 712	17
Credit default swaps - assets	1 827	Derivative assets	172 233	170 406	15
Securities borrowings and similar agreements	114 514	Receivables under resale agreements	114 514	-	12
Credit default swaps - liabilities	(1 685)	Derivative liabilities	(17 245)	(15 560)	15

The table below reconciles the "Net amounts of financial assets and financial liabilities presented in the consolidated statement of financial position", as set out above, to the line items presented in the consolidated statement of financial position as at 31 December 2022.

(In thousands of USD)	**Net amounts**	**Line item in the consolidated statement of financial position/ Related amounts subject to offset under specific conditions**	**Carrying amount in the consolidated statement of financial position**	**Financial asset/ liability not in the scope of offsetting disclosure**	**Note**
Types of financial assets/liabilities					
Cash collateral on derivatives	95 090	Prepayments and other assets	177 267	177 267	17
Credit default swaps - assets Currency SWAPs - assets	29 861 657	Derivative assets	493 039	462 521	15
Securities borrowings and similar agreements	1 262 450	Receivables under resale agreements	1 262 450	-	12
Credit default swaps - liabilities Currency SWAPs - liabilities	(6 204) (1 583)	Derivative liabilities	(35 758)	(27 970)	15
Sale and repurchase, securities lendings and similar agreements	(449 807)	Payables under repurchase agreements	(449 807)	-	

Liquidity

The Group conducts substantially all of its business through its either wholly-owned or indirectly owned through trust agreements subsidiaries. The capital structure is designed to provide each subsidiary with capital and liquidity to meet its operational needs and regulatory requirements. Liquidity needs are generally met through cash generated by its subsidiaries, as well as cash provided by the shareholder and companies under control of the shareholder, if required. The Group maintains excess liquidity in the form of overnight cash deposits and short-term investments to cover daily funding needs and to support growth in the business. Generally, the Group does not hold liquidity at its subsidiaries in excess of amounts deemed sufficient to support the subsidiaries' operations, including any regulatory capital requirements. BCS Prime Brokerage Limited, BCS Cyprus and BCS Capital (DIFC) limited are subject to regulatory requirements that may restrict them from certain transactions, as further discussed below. Liquidity needs relating to client trading and margin borrowing activities are met primarily through cash balances in client brokerage accounts. Management believes that funds generated by the operations of subsidiaries will continue to be the primary funding source in meeting its liquidity needs, providing adequate liquidity to meet capital guidelines and net capital requirements of its regulated subsidiaries

The cash position and cash flows are affected by changes in brokerage client cash balances and the associated amounts required to be segregated under regulatory guidelines. Timing differences between cash and investments actually segregated on a given date and the amount required to be segregated for that date may arise in the ordinary course of business and are addressed by the Group in accordance with applicable regulations. Other factors which affect the cash position and cash flows include investment activity in securities, levels of capital expenditures, acquisition and divestiture activity, banking client deposit activity, brokerage and banking client loan activity, payments of dividends, and repurchases and issuances of shares. The combination of these factors can cause significant fluctuations in the cash position during specific time periods.

Liquidity risk is the risk that an entity will encounter difficulties with raising money in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan drawdowns, and guarantees. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. Liquidity risk is managed by the Treasury Department by means of monitoring daily liquidity positions.

The Treasury Department prepares the liquidity profile of the financial assets and liabilities. The Treasury Department then builds up an adequate portfolio of short-term liquid assets, largely made up of short-term liquid securities, inter-bank facilities and cash balances, to ensure that sufficient liquidity is maintained within the Group as a whole.

The daily liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the Treasury Department.

The following table shows the liquidity analysis of financial liabilities at 31 December 2023 and 31 December 2022. For non-derivative financial liabilities, the cash flows represent undiscounted cash flows on the basis of their earliest possible contractual maturity.

The cash flows for notes issued are represented excluding expected cash flows from embedded derivatives.

(In thousands of USD)	31 December 2023 Carrying amount	Contractual cash flows	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year
Non-derivative financial liabilities							
Customer brokerage accounts	573 447	638 620	229 034	30 974	15 969	25 140	337 503
Trading liabilities except derivatives	1 566	1 566	1 566	-	-	-	-
Current accounts, deposits and borrowings	492 087	749 886	1 365	47 171	131 831	282 258	287 261
Payables and other financial liabilities	31 003	31 009	23 864	59	1 511	17	5 558
Total non-derivative financial liabilities	**1 098 103**	**1 421 081**	**255 829**	**78 204**	**149 311**	**307 415**	**630 322**
Derivative financial liabilities							
Net settled derivatives	17 245	17 245	194	298	182	514	16 057
Total financial liabilities	**1 115 348**	**1 438 326**	**256 023**	**78 502**	**149 493**	**307 929**	**646 379**
Undrawn credit lines and guarantees issued	**40 058**	40 058	40 058	-	-	-	-

(In thousands of USD)	31 December 2022 Carrying amount	Contractual cash flows	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year
Non-derivative financial liabilities							
Payables under repurchase agreements	449 807	450 272	427 302	22 970	-	-	-
Customer brokerage accounts	2 258 867	3 196 699	1 433 766	38 650	75 950	137 591	1 510 742
Trading liabilities except derivatives	5 329	5 329	5 329	-	-	-	-
Current accounts, deposits and borrowings	1 746 344	2 131 578	753 676	323 453	119 609	323 991	610 849
Payables and other financial liabilities	68 093	70 497	32 536	12 817	1 801	12 901	10 442
Total non-derivative financial liabilities	**4 528 440**	**5 854 375**	**2 652 609**	**397 890**	**197 360**	**474 483**	**2 132 033**
Derivative financial liabilities							
Net settled derivatives	34 175	34 175	181	245	359	1 076	32 314
Gross settled derivatives	1 583	1 583	874	599	110	-	-
-Inflow	-	56 963	50 744	5 288	931	-	-
-Outflow	-	(58 546)	(51 618)	(5 887)	(1 041)	-	-
Total derivative financial liabilities	**35 758**	**35 758**	**1 055**	**844**	**469**	**1 076**	**32 314**
Total financial liabilities	**4 564 198**	**5 890 133**	**2 653 664**	**398 734**	**197 829**	**475 559**	**2 164 347**
Undrawn credit lines and guarantees issued	200 248	200 248	200 248	-	-	-	-

It is not expected that cash flows included in the table above could occur significantly earlier, or at significantly different amounts.

The tables below show the expected maturity analysis of non-derivative financial assets and liabilities at their carrying amounts and based on their contractual maturities. Trading assets at are presented as on demand because management believes they are highly liquid and can be sold on demand to meet cash outflows on financial liabilities. Impaired assets are included at their carrying amounts net of allowance for impairment and based on the expected timing of cash inflows.

	31 December 2023					
(In thousands of USD)	**Total**	**Demand and less than 1 month**	**From 1 to 3 months**	**From 3 to 12 months**	**More than 1 year**	**No maturity**
Non-derivative assets						
Cash and cash equivalents	273 865	273 865	-	-	-	-
Due from banks and other financial institutions	2 197	-	-	-	-	2 197
Mandatory cash balances with the CBR	-	-	-	-	-	-
Receivables from brokerage transactions	31	31	-	-	-	-
Receivables under resale agreements	114 514	114 514	-	-	-	-
Trading assets except derivatives	666 853	666 853	-	-	-	-
Investment securities measured at FVOCI	808	-	-	-	-	808
Investment securities measured at amortised cost	10 914	-	-	-	10 914	-
Investment securities measured at fair value through profit and loss	32 787	-	-	-	24 068	8 719
Loans to customers	87 344	182	34 373	52 256	533	-
Loans to banks	-	-	-	-	-	-
Prepayments and other financial assets	116 745	48 177	79	42 494	25 995	-
Total non-derivative assets	**1 306 058**	**1 103 622**	**34 452**	**94 750**	**61 510**	**11 724**
Non-derivative liabilities						
Customer brokerage accounts	573 447	228 964	30 675	39 565	274 243	-
Trading liabilities except derivatives	1 566	1 566	-	-	-	-
Current accounts, deposits and borrowings	492 087	537	36 372	345 671	109 507	-
Payables and other financial liabilities	31 005	23 866	59	1 523	5 557	-
Total non-derivative liabilities	**1 098 105**	**254 933**	**67 106**	**386 759**	**389 307**	**-**
Net position	**207 953**	**848 689**	**(32 654)**	**(292 009)**	**(327 797)**	**11 724**

	31 December 2022					
(In thousands of USD)	**Total**	**Demand and less than 1 month**	**From 1 to 3 months**	**From 3 to 12 months**	**More than 1 year**	**No maturity**
Non-derivative assets						
Cash and cash equivalents	966 038	953 041	12 997	-	-	-
Due from banks and other financial institutions	28 010	-	-	-	28 010	-
Mandatory cash balances with the CBR	2 463	-	-	-	-	2 463
Receivables from brokerage transactions	27 901	27 901	-	-	-	-
Receivables under resale agreements	1 262 450	1 120 962	106 343	35 145	-	-
Trading assets except derivatives	1 346 256	1 346 256	-	-	-	-
Investment securities measured at FVOCI	17 349	-	-	11 289	5 262	798
Investment securities measured at amortised cost	897 858	-	21 640	65 893	810 325	-
Loans to customers	451 659	7 435	68 864	240 313	135 047	-
Loans to banks	5 052	-	-	5 052	-	-
Prepayments and other financial assets	248 971	189 638	11 164	38 184	9 985	-
Total non-derivative assets	**5 254 007**	**3 645 233**	**221 008**	**395 876**	**988 629**	**3 261**
Non-derivative liabilities						
Payables under repurchase agreements	449 807	426 978	22 829	-	-	-
Customer brokerage accounts	2 258 867	1 431 747	32 288	62 535	732 297	-
Trading liabilities except derivatives	5 329	5 329	-	-	-	-
Current accounts, deposits and borrowings	1 746 344	746 291	321 419	399 099	279 535	-
Payables and other financial liabilities	68 093	32 536	12 796	14 598	8 163	-
Total non-derivative liabilities	**4 528 440**	**2 642 881**	**389 332**	**476 232**	**1 019 995**	**-**
Net position	**725 567**	**1 002 352**	**(168 324)**	**(80 356)**	**(31 366)**	**3 261**

Capital risks

The objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or raise debt.

The allocation of capital between specific operations and activities is, to a large extent, driven by optimization of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken by senior management.

Capital is subject to regulation by CySEC, the FCA and DFCA in relation to regulated Group entities BCS Cyprus, BCS Prime Brokerage Ltd and BCS Capital (DIFC) Limited.

In relation to BCS Cyprus, the Group must maintain a minimum capital adequacy ratio. The method of calculation is set up by the regulatory authority based on the International Basel II capital adequacy requirement directives. The Company aims to maintain a high capital adequacy ratio well above the required minimum. The capital adequacy ratio is reported to the Company's regulatory authority on a monthly basis The Company has strategies and procedures in place to ensure that it maintains a minimum ratio of 100% of capital to capital requirements which amount is defined as the highest of the following:

- fixed overheads requirement calculated in accordance with Article 13 of IFR;
- permanent minimum capital requirement (EUR 750 000);
- K-factor requirement calculated in accordance with Article 15 of IFR.

The Company's regulatory capital is divided into Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings, the book value of intangible assets is deducted in arriving at Tier 1 capital.

BCS Prime Brokerage aims to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder and benefits to other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and to remain in compliance with the minimum regulatory capital requirements. The Company aims to maintain sufficient capital resources to support the Company's risk appetite and regulatory and economic capital requirements. Capital resources comprise issued share capital and reserves.

BCS Capital (DIFC) Limited manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through optimization of the equity balance and compying with statutory requirements to maintain the minimum capital set by the Dubia Financial Services Authority (DFSA). The capital structure of BCS Capital (DIFC) Limited consist of share capital of USD 1 200 thousand and retained earnings of USD 15 349 thousand, aggregating to USD 16 549 thousand. The capital requirement for an authorised firms in category 3A is calculated as the higher of:

- the applicable base capital requirement of USD 500 thousand; or
- expenditure based capital minimum (as notified by the DFSA) of USD 440 thousand

BCS Capital (DIFC) Limited maintain its capital resources over and above the capital requirement set by DFSA thereby complying to regulatory standarts.

Non-financial risk management

Technology and operating risk

The Group faces technology and operating risk which is the potential for loss due to deficiencies in control processes or technology systems of the Group, its vendors or its outsourced service providers that constrain the ability to gather, process, and communicate information and process client transactions efficiently and securely, without interruptions.

This risk also includes the risk of human error, employee misconduct, external fraud, computer viruses, distributed denial of service attacks, terrorist attacks, and natural disasters. The Group's operations are highly dependent on the integrity of its technology systems and success depends, in part, on the ability to make timely enhancements and additions to its technology in anticipation of evolving client needs. To the extent the Group experiences system interruptions, errors or downtime (which could result from a variety of causes, including changes in client use patterns, technological failure, changes to its systems, linkages with third-party systems, and power failures), business and operations could be significantly negatively impacted. To minimize business interruptions, the Group maintains backup and recovery functions, including facilities for backup and communications, and conducts testing of disaster recovery plans.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the Operational Risk Department that is responsible for the development of overall standards for the management of operational risk. Compliance with these standards is supported by a program of periodic reviews undertaken by the Operational Risk Department and Internal Audit. The Group maintains policies and procedures regarding the standard of care expected with data, whether the data is internal information, employee information, or non-public client information. The Group clearly defines for employees, contractors, and vendors the expected standards of care for confidential data. Regular training is provided in regard to data security. The Group is actively engaged in the research and development of new technologies, services, and products.

Despite risk management efforts, it is not always possible to deter or prevent technological or operational failure, or fraud or other misconduct, and the precautions taken by the Group may not be effective in all cases. The Group may be subject to litigation, losses, and regulatory actions in such cases, and may be required to expend significant additional resources to remediate vulnerabilities or other exposures. The Group also faces risk related to its security guarantee which covers client losses from unauthorized account activity, such as those caused by external fraud involving the compromise of clients' login and password information.

Regulatory risks

As a participant in the securities, banking and financial services markets, the Group is subject to extensive regulation under both federal and state laws by governmental agencies, supervisory authorities, and self regulated entities. These regulatory agencies generally have broad discretion to prescribe greater limitations on the operations of a regulated entity for the protection of investors or public interest. Given the recent turmoil in the financial services industry, the Group anticipates continued heightened scrutiny and significant modifications in these rules and regulations. Management has invested heavily, with the benefit of its scale, in compliance functions to monitor its compliance with the numerous legal and regulatory requirements applicable to its business.

These regulations often serve to limit the Group's activities by way of capital, customer protection and market conduct requirements, and restrictions on the businesses activities that the Group may conduct. Furthermore, where the agencies determine that such operations are unsafe or unsound, fail to comply with applicable law, or are otherwise inconsistent with the laws and regulations or with the supervisory policies, greater restrictions may be imposed. Despite efforts to comply with applicable regulations, there are a number of risks, particularly in areas where applicable regulations may be unclear or where regulators revise their previous guidance. Any enforcement actions or other proceedings brought by the regulators against the Group or its affiliates, officers or employees could result in fines, penalties, cease and desist orders, enforcement actions, suspension or expulsion, or other disciplinary sanctions, including limitations on business activities, any of which could harm the Group's reputation and adversely affect the results of operations and financial condition. The consequences of noncompliance can include substantial monetary and non-monetary sanctions.

Broker-dealers are subject to rules and regulations covering all aspects of the securities business, including sales and trading practices, margin lending, public offerings, publication of research reports, use and safekeeping of clients' funds and securities, capital adequacy, recordkeeping and reporting, and the conduct of directors, officers and employees. Compliance with many of the rules and regulations involve a number of risks because rules and regulations are subject to varying interpretations. Regulators make periodic examinations and review annual, monthly and other reports on the Group's operations, track record and financial condition. Violations of rules and regulations governing a broker dealer's actions could result in censure, penalties and fines, the issuance of cease-and-desist orders, the suspension or expulsion from the securities industry of such broker dealer or its officers or employees, or other similar adverse consequences.

As investment adviser the Group is also subject to regulatory requirements relating to fiduciary duties to clients, performance fees, maintaining an effective compliance program, solicitation arrangements, conflicts of interest, advertising, limitations on agency cross and principal transactions between the advisor and advisory clients, recordkeeping and reporting requirements, disclosure requirements and general anti-fraud provisions.

Financial institutions generally must have anti-money laundering procedures in place, implement specialized employee training programs and designate an anti-money laundering compliance officer. Further, regulatory activity in the areas of privacy and data protection continues to grow worldwide and is generally being driven by the growth of technology and related concerns about the rapid and widespread dissemination and use of information. To the extent they are applicable to the Group, it must comply with these global, federal, and local information-related laws and regulations. Management has established policies, procedures and systems designed to comply with these regulations.

6 Fee and commission income and expense

In the following table, fee and commission income from contracts with customers in the scope of IFRS 15 is disaggregated by major types of commission income.

(In thousands of USD)	**For the year ended 31 December 2023**	**For the year ended 31 December 2022**
Fee and commission income		
Agency fees related to brokerage and asset management activity	17 738	32 012
Commissions for using trading floor	247	566
Income from depository activities	1 030	22
Income from consulting activities and market-making services	-	33
Total fee and commission income	**19 015**	**32 633**
Fee and commission expense		
Stock exchanges services	(5 698)	(9 732)
Depositary services, agency fees for brokerage services and asset management	(2 865)	(15 298)
Cash and settlements services	(2 758)	(2 134)
Information services	(2 463)	(2 002)
Other	(719)	(1 978)
Total fee and commission expense	**(14 503)**	**(31 144)**
Net fee and commission income	**4 512**	**1 489**

Revenues are derived primarily from commissions and fees generated from brokerage services, as well as asset management fees that are earned on fiduciary activities where the Group holds or invests assets on behalf of its clients and provides other asset-based financial services.

7 Interest income and expense

(In thousands of USD)	**For the year ended 31 December 2023**	**For the year ended 31 December 2022**
Interest income calculated using the effective interest method		
Investment securities	15 083	35 984
Loans to banks	14 379	4
Loans to customers	8 255	16 904
Resale and securities lending agreements	9 908	14 888
Current accounts with banks	1 607	5 394
Total interest income calculated using the effective interest method	**49 232**	**73 174**
Other interest income	1 870	1 949
Interest expense		
Repurchase and securities borrowing agreements	(14 622)	(22 912)
Loans payable	(19 264)	(24 019)
Current accounts, deposits and borrowings	(56)	(1 031)
Lease liability	(73)	(27)
Total interest expense	**(34 015)**	**(47 989)**
Net interest income	**17 087**	**27 134**

Interest income primarily represents interest earned on certain assets, which include cash and cash equivalents, receivables from brokers, dealers, and clearing organizations, receivables from brokerage clients, investment securities, loans, securities resale/repurchase agreements.

8 Net trading income

(In thousands of USD)	For the year ended 31 December 2023	For the year ended 31 December 2022
Net trading loss from trading assets and liabilities	(141 928)	(89 481)
Gain from trading in foreign currencies and currency revaluation	7 075	207 738
Dividend income from trading assets	10 968	9 955
Net trading gain from derivatives	286 338	99 664
Net loss on transactions with securities measured at amortised cost	(34 936)	(20 218)
Net trading income	**127 517**	**207 658**

9 Administrative and other operating expenses

(In thousands of USD)	For the year ended 31 December 2023	For the year ended 31 December 2022
Staff costs	(18 857)	(45 008)
Professional services	(6 022)	(5 599)
Software maintenance	(4 980)	(5 182)
Taxes other than on income	(2 131)	(1 474)
Depreciation and amortisation	(1 479)	(2 422)
Communication and transportation	(797)	(2 056)
Administrative expenses	(758)	(589)
Operating lease	(595)	(739)
Advertising and marketing	(110)	(328)
Other	(1 249)	(1 490)
Total administrative and other operating expenses	**(36 978)**	**(64 887)**

Staff costs include salaries and wages, incentive compensation, and related employee benefits and taxes. Incentive compensation includes variable compensation and discretionary bonus costs. Variable compensation includes payments to certain individuals based on their sales performance. Discretionary bonus costs are based on the Group’s overall performance, achievement of specified performance objectives, including revenue growth and pre-tax profit margin. Included in staff costs for the year ended 31 December 2023 are statutory social and pension tax contributions of USD 1 993 thousand (2022: USD 6 032 thousand).

Operating lease include expense relating to short-term leases and expense relating to leases of low-value assets.

10 Income taxes

Income tax expense recorded in profit or loss for the year ended 31 December comprises the following:

(In thousands of USD)	For the year ended 31 December 2023	For the year ended 31 December 2022
Current tax	(3 100)	(11 589)
Deferred tax	(1 017)	133
Income tax - penalties	(5 257)	-
Income tax expense for the year	**(9 374)**	**(11 456)**

The reconciliation of effective tax rate is based on the applicable tax rate of 12.5% in Cyprus, with a reconciling item in respect of tax rates applied by entities in other jurisdictions. In 2023 and 2022, the applicable tax rate for the entities located in United Kingdom 25% (2022: 19%).

(In thousands of USD)	For the year ended 31 December 2023	For the year ended 31 December 2022
Profit before income tax	60 126	32 379
Theoretical tax charge at statutory rate of 12.5%	(7 516)	(4 047)
Tax effect of items which are not deductible or assessable for taxation purposes:		
- tax exempt income	44 620	41 452
- non-deductible expenses	(45 802)	(26 663)
Income taxed at other tax rates	1 230	(3 731)
Tax losses utilized for which deferred tax asset was not recognized	4 365	-
Deferred tax assets for the period unrecognized	-	(18 496)
Income tax - penalties	(5 256)	-
Other	(1 015)	29
Income tax expense for the year	**(9 374)**	**(11 456)**

Differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to deferred tax assets and liabilities as at 31 December 2023 and 31 December 2022. In relation to recognised deferred tax assets the future tax benefits will only be realised if profits will be available against which the unused deferred tax assets can be utilised and there are no changes to the law and regulations that adversely affect the Group’s ability to claim the deductions in future periods. The deductible tax differences do not expire under current tax legislation.

Tax loss carry-forwards will expire within a period from 2024 till 2028 for different companies of the Group.

The movement in temporary differences during the years ended 31 December 2023 and 31 December 2022 are as follows:

(In thousands of USD)	31 December 2022	Recognised in profit or loss	Recognised in OCI	Effect of disposal of subsidiaries	Asset held for sale	31 December 2023
Tax effect of deductible/taxable temporary differences						
Receivables from brokerage transactions	1 708	(490)	-	(1 218)	-	-
Receivables under resale agreements	89	-	-	(89)	-	-
Trading assets except derivatives	(24 629)	-	-	24 902	(273)	-
Investment securities measured at FVOCI	(18)	310	(292)	-	-	-
Investment securities measured at amortised cost	1 322	-	-	(1 322)	-	-
Loans to customers	(10 362)	-	-	10 500	(138)	-
Investment property	(1 620)	1 164	-	456	-	-
Property, equipment and intangible assets	(9 444)	(1 113)	-	10 461	96	-
Prepayments and other assets	2 509	(121)	-	(2 388)	-	-
Tax loss carry-forwards	52 492	(10 426)	-	(22 215)	-	19 851
Unrecognised deferred tax asset	(39 201)	10 426	-	8 925	-	(19 851)
Payables and other liabilities	5 164	(3)	-	(5 140)	(21)	-
Derivatives	(16 829)	-	-	16 829	-	-
Other	8 872	(764)	-	(8 110)	-	-
Net deferred tax liabilities	**(29 945)**	**(1 017)**	**(292)**	**31 590**	**(336)**	**-**
Recognised deferred tax assets	19 704	(1 417)	-	(18 266)	(21)	-
Recognised deferred tax liabilites	(49 649)	400	(292)	49 856	(315)	-
Net deferred tax liabilities	**(29 945)**	**(1 017)**	**(292)**	**31 590**	**(336)**	**-**

(In thousands of USD)	31 December 2021	Recognised in profit or loss	Recognised in OCI	31 December 2022
Tax effect of deductible/taxable temporary differences				
Receivables from brokerage transactions	462	1 246	-	1 708
Receivables under resale agreements	279	(190)	-	89
Trading assets except derivatives	(9 033)	(15 596)	-	(24 629)
Investment securities measured at FVOCI	(19)	(14)	15	(18)
Investment securities measured at amortised cost	89	1 233	-	1 322
Loans to customers	(730)	(9 632)	-	(10 362)
Investment property	(1 835)	215	-	(1 620)
Property, equipment and intangible assets	(7 695)	(1 248)	(501)	(9 444)
Prepayments and other assets	665	1 844	-	2 509
Tax loss carry-forwards	27 968	24 524	-	52 492
Unrecognised deferred tax asset	(26 034)	(13 167)	-	(39 201)
Payables and other liabilities	7 416	(2 252)	-	5 164
Derivatives	1 431	(18 260)	-	(16 829)
Other	(122)	8 996	-	8 874
Net deferred tax liabilities	**(7 158)**	**(22 301)**	**(486)**	**(29 945)**
Recognised deferred tax assets	9 434	10 270	-	19 704
Recognised deferred tax liabilites	(16 592)	(32 571)	(486)	(49 649)
Net deferred tax liabilities	**(7 158)**	**(22 301)**	**(486)**	**(29 945)**

11 Cash and cash equivalents

(In thousands of USD)	31 December 2023	31 December 2022
Cash balances and overnight placements with the CBR	-	53 072
Cash on hand	1	54 444
Correspondent accounts and overnight placements with banks	165 392	346 416
Cash balances on brokerage accounts	63 347	459 960
Deposits with banks	45 167	54 014
Loss allowance	(42)	(1 868)
Total cash and cash equivalents	**273 865**	**966 038**

The following table sets out information about the credit quality of cash and cash equivalents as at 31 December 2023 and as at 31 December 2022. The amounts in the table represent gross carrying amounts.

	31 December 2023		
(In thousands of USD)	Correspondent accounts, deposits and overnight placements with banks	Cash balances on brokerage accounts	Total
12-month ECL			
AA- to AA+	132 366	26 279	158 645
A- to A+	7 819	33 319	41 138
BB- to BB+	1 544	-	1 544
BBB- to BBB+	11 965	-	11 965
B- to B+	56 396	2 339	58 735
Internal rating B- to B+	470	1 410	1 880
Loss allowance	(35)	(7)	(42)
Total cash and cash equivalents, excluding cash on hand	**210 525**	**63 340**	**273 865**

	31 December 2022			
(In thousands of USD)	**Balances with the CBR, including overnight placements**	**Correspondent accounts, deposits and overnight placements with banks**	**Cash balances on brokerage accounts**	**Total**
12-month ECL				
CBR	53 072	-	-	53 072
AA- to AA+	-	34 219	7 841	42 060
A- to A+	-	72 792	288 704	361 496
BBB- to BBB+	-	66 914	132 361	199 275
BB- to BB+	-	15 825	28 543	44 368
B- to B+	-	134 752	1 718	136 470
Rated below B-	-	75 928	793	76 721
Loss allowance	-	(1 796)	(72)	(1 868)
Total cash and cash equivalents excluding cash in transit, investor compensation fund, cash on hand	**53 072**	**398 634**	**459 888**	**911 594**

As at 31 December 2023 and 31 December 2022, where applicable the Group used ratings of S&P, Moody's, Fitch and RAEX.

At 31 December 2022, the credit rating was assessed taking into account the deterioration of the Russian sovereign rating and changes in the current ratings from national rating agencies during the reporting period.

The credit quality analysis presented in the tables above is based on rating categories matched to ratings of S&P.

The Internal model is used for entities non-rated by International rating agencies. When there is no external credit rating the Group assessed credit risk based on internal model that considers credit risk characteristics such as: financial viability; ownership structure; industry, collateral type, past-due status and other relevant factors.

Movements in the loss allowance for cash and cash equivalents during the years ended 31 December 2023 and 31 December 2022 were as follows:

(In thousands of USD)	**12-month ECL**	**Total**
Loss allowance at 1 January 2023	(1 868)	**(1 868)**
Effect of disposal of subsidiaries	1 823	**1 823**
Transfer to assets held for sale	426	426
Charge of loss allowance	(423)	(423)
Loss allowance at 31 December 2023	**(42)**	**(42)**

(In thousands of USD)	**12-month ECL**	**Lifetime ECL credit impaired**	**Total**
Loss allowance at 1 January 2022	(309)	(667)	**(976)**
(Charge)/reversal of loss allowance	(1 559)	667	**(892)**
Loss allowance at 31 December 2022	**(1 868)**	**-**	**(1 868)**

As at 31 December 2023 the Group has one counterparty, (2022: two counterparties), whose balance exceeds 10% of equity. The gross value of this balance as at 31 December 2023 was USD 102 485 thousand (2022: USD 359 505 thousand). This counterparty is rated by international rating agencies at AA- to AA+ (2022: A- to A+ and BBB- to BBB+).

12 Transfers of financial assets

The Group has transactions to lend securities and to sell securities under agreements to repurchase and to purchase securities under agreements to resell.

The securities lent or sold under agreements to repurchase are transferred to a third party and the Group receives cash in exchange. These financial assets may be repledged or resold by counterparties in the absence of default by the Group, but the counterparty has an obligation to return the securities at the maturity of the contract. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. In addition, the Group recognises a financial liability for cash received as collateral included in payables under repurchase agreements.

These transactions are conducted under terms that are usual and customary to standard lending, and securities borrowing and lending activities, as well as requirements determined by exchanges where the Group acts as intermediary.

Receivables under repurchase agreements

(In thousands of USD)	**31 December 2023**	**31 December 2022**
Receivables from reverse repurchase agreements	114 558	1 263 037
Loss allowance	(44)	(587)
Total net amount	**114 514**	**1 262 450**

Movements in the loss allowance for the receivables under resale agreements during the years ended 31 December 2023 and 31 December 2022 are as follows:

(In thousands of USD)	
Loss allowance at 1 January 2023	(587)
Effect of disposal of subsidiary	443
Reversal of loss allowance	30
Transfer to assets held for sale	70
Loss allowance at 31 December 2023	**(44)**

(In thousands of USD)	
Loss allowance at 1 January 2022	(1 768)
Reversal of loss allowance	1 181
Loss allowance at 31 December 2022	**(587)**

At 31 December 2023 the receivables under resale agreements in the amount of USD 114 558 thousand (31 December 2022: USD 893 083 thousand) are collateralised by debt and equity securities with a fair value of USD 172 792 thousand (31 December 2022: USD 1 086 606 thousand). At 31 December 2022 other part in the amount of USD 369 954 thousand is collateralised by debt and equity securities with a fair value of USD 329 238 thousand).

The following table sets out information about the credit quality of the receivables under resale agreements:

				31 December 2023
(In thousands of USD)	Gross amount of the receivable under REPO partially collateralized by securities	Gross amount of the receivable under REPO fully collateralized by securities	**Total gross amount of the receivables under REPO**	Gross carrying amount of the receivables under REPO, which is not collateralised by securities
Unrated	-	114 558	**114 558**	-
Total gross amount	**-**	**114 558**	**114 558**	**-**
Loss allowance	-	(44)	(44)	-
Total carrying amount	**-**	**114 514**	**114 514**	**-**

				31 December 2022
(In thousands of USD)	Gross amount of the receivable under REPO partially collateralized by securities	Gross amount of the receivable under REPO fully collateralized by securities	**Total gross amount of the receivables under REPO**	Gross carrying amount of the receivables under REPO, which is not collateralised by securities
A- to A+	127	-	**127**	103
BBB- to BBB+	323 205	730 965	**1 054 170**	34 290
B- to B+	8 814	5 229	**14 043**	73
Rated below B-	27 065	45 047	**72 112**	631
Unrated	10 742	111 843	**122 585**	5 618
Total gross amount	**369 953**	**893 084**	**1 263 037**	**40 715**
Loss allowance	(327)	(260)	(587)	(587)
Total carrying amount	**369 626**	**892 824**	**1 262 450**	**40 128**

As at 31 December 2023 and 31 December 2022, where applicable the Group used ratings of S&P, Moody's, Fitch and RAEX.

At 31 December 2022, the credit rating was assessed taking into account the deterioration of the Russian sovereign rating and changes in the current ratings from national rating agencies during the reporting period.

At 31 December 2023 and 31 December 2022, the Group did not have any past due receivables under resale agreements.

At 31 December 2023 and 31 December 2022, the Group measures loss allowances as 12-month ECL since credit risk on receivables under resale agreements has not increased significantly since their initial recognition.

The most part of unrated customers comprises individuals.

13 Trading assets and liabilities except derivatives

	31 December 2023		31 December 2022		
(In thousands of USD)	**unpledged**	**Total**	**pledged**	**unpledged**	**Total**
Financial Assets					
Municipal and Government Bonds					
BBB+ to BBB-	-	-			-
BB+ to BB-	1 814	**1 814**	26 153	240 110	**266 263**
B+ to B-	-	-	-	923	**923**
Corporate Bonds					
AA+ to AA-	9 627	**9 627**	-	108	**108**
A+ to A-	-	-	-	415	**415**
BBB+ to BBB-	4 141	**4 141**	-	38 210	**38 210**
BB+ to BB-	6 792	**6 792**	467	122 569	**123 036**
B+ to B-	-	-	-	61 120	**61 120**
Below B	-	-	-	27 279	**27 279**
Unrated	2 991	**2 991**	-	3 161	**3 161**
Total debt instruments	**25 365**	**25 365**	**26 620**	**493 895**	**520 515**
Equity instruments					
Corporate shares	640 518	**640 518**	145 086	676 116	**821 202**
Exchange Traded funds	970	**970**	-	1 654	**1 654**
Units in mutual funds	-	-	-	2 885	**2 885**
Total equity instruments	**641 488**	**641 488**	**145 086**	**680 655**	**825 741**
Total trading assets	**666 853**	**666 853**	**171 706**	**1 174 550**	**1 346 256**
Financial liabilities					
Corporate equity instruments	-	-	-	1 487	**1 487**
Corporate debt instruments	-	-	-	3 842	**3 842**
Municipal and government bonds	1 566	**1 566**	-	-	-
Total trading liabilities	**1 566**	**1 566**	**-**	**5 329**	**5 329**

During the years ended 31 December 2023 and 31 December 2022 additional severe sanctions were imposed by the United States of America and the European Union on the Russian government, as well as major financial institutions and certain other entities and individuals in Russia. As a result of the sanctions imposed certain securities were restricted over trading and movement in depositories. As at 31 December 2023 the restricted securities were valued at 0 (31 December 2022: USD 23 244 thousand).

As at 31 December 2023 and 31 December 2022, where applicable the Group used ratings of S&P, Moody's, Fitch. For all other counterparties the credit rating was assessed basing on ratings from Russian national rating agencies. The credit quality analysis presented in the tables above is based on rating categories matched to ratings of S&P.None of the trading financial assets are past due.

As at 31 December 2023 unrated corporate bonds in the amount of USD 2 991 thousand have internal credit rating equivalent to B rating of S&P (2022: USD 1 635 thousand have internal credit rating equivalent to B rating of S&P). The internal rating scale is mapped to external credit ratings, so the internal rating categories match with ratings of S&P.

As at 31 December 2022 corporate bonds in the amount of USD 11 671 thousand are pledged under intraday and overnight loans from the CBR.

Trading liabilities at fair value through profit or loss represent liabilities for short sale transactions.

Corporate shares are represented by instruments of companies in the following industries:

(In thousands of USD)	**31 December 2023**	**31 December 2022**
Communications	165 588	188 451
Technology	140 478	142 758
Consumer, Cyclical	105 965	47 473
Consumer, Non-cyclical	101 855	56 629
Energy	67 137	208 319
Basic Materials	49 063	129 190
Financial	9 590	45 735
Industrial	373	2 011
Other	469	636
Total corporate shares	**640 518**	**821 202**

14 Investment securities measured at amortised cost

	31 December 2023		**31 December 2022**		
(In thousands of USD)	**unpledged**	**Total**	**pledged**	**unpledged**	**Total**
Municipal and Government Bonds					
A+ to A-	198	**198**	-	198	**198**
BB+ to BB-	-	**-**	-	141 053	**141 053**
Corporate Bonds					
BBB+ to BBB-	10 748	**10 748**	40 545	156 408	**196 953**
BB+ to BB-	-	**-**	54 618	530 361	**584 979**
B+ to B-	-	**-**	-	31 222	**31 222**
Total gross amount of debt securities	**10 946**	**10 946**	**95 163**	**859 242**	**954 405**
Loss allowance	(32)	**(32)**	(607)	(55 940)	**(56 547)**
Total net amount of debt securities	**10 914**	**10 914**	**94 556**	**803 302**	**897 858**

At 31 December 2023 the Group measures loss allowances as 12-month ECL as far as credit risk on investment securities measured at amortised cost has not increased significantly since their initial recognition.

Analysis by credit quality of investment securities measured at amortised cost as at 31 December 2022 is as follows:

(In thousands of USD)	**12-month ECL**	**Lifetime ECL credit impaired**	**31 December 2022**
Municipal and Government Bonds			
A+ to A-	198	-	**198**
BBB+ to BBB-	-	-	**-**
BB+ to BB-	141 053	-	**141 053**
B+ to B-	-	-	**-**
Fin assets -Corporate bonds			
BBB+ to BBB-	194 905	2 048	**196 953**
BB+ to BB-	451 365	133 615	**584 980**
B+ to B-	31 221	-	**31 221**
Total gross amount of debt securities	**818 742**	**135 663**	**954 405**
Loss allowance	(5 747)	(50 800)	**(56 547)**
Total net amount of debt securities	**812 995**	**84 863**	**897 858**

During the years ended 31 December 2023 and 31 December 2022 additional severe sanctions were imposed by the United States of America, the European Union on the Russian government, as well as major financial institutions and certain other entities and individuals in Russia. As result of the sanctions imposed certain bonds were restricted over trading and movement in depositories. The Group categorized such bonds into Lifetime ECL credit impaired and measures ECL based on management's expectations of future cash flows.

As at 31 December 2023 and 31 December 2022, where applicable the Group used ratings of S&P, Moody's, Fitch. For all other counterparties the credit rating was assessed basing on ratings from Russian national rating agencies.

The credit quality analysis presented in the tables above is based on rating categories matched to ratings of S&P.

Significant changes in the gross carrying amount of investment securities measured at amortised cost that contributed to changes in loss allowance were as follows:

	Loss allownace			**Gross carrying amount**		
(In thousands of USD)	**12-month ECL**	**Lifetime ECL credit impaired**	**Total 31 December 2023**	**12-month ECL**	**Lifetime ECL credit impaired**	**Total 31 December 2023**
Balance at 31 December 2022	(5 747)	(50 800)	(56 547)	818 742	135 663	954 405
Transfer to Stage 1	(8 341)	8 341	-	22 571	(22 571)	-
Transfer to Stage 3	52	(52)	-	(3 036)	3 036	-
Foreign exchange difference	322	(142)	180	(73 116)	325	(72 791)
Write-off	-	36 624	36 624	-	(36 624)	(36 624)
Remeasurement	4 769	(798)	3 971	-	-	-
Effect of disposal of subsidiary	1 288	6 827	8 115	(279 988)	(15 560)	(295 548)
Disposal	7 625	-	7 625	(474 227)	(64 269)	(538 496)
Balance at 31 December 2023	**(32)**	**-**	**(32)**	**10 946**	**-**	**10 946**

	Loss allownace			**Gross carrying amount**		
(In thousands of USD)	**12-month ECL**	**Lifetime ECL credit impaired**	**Total 31 December 2022**	**12-month ECL**	**Lifetime ECL credit impaired**	**Total 31 December 2022**
Balance at 31 December 2021	(3 525)	-	(3 525)	960 367	-	960 367
Transfer to Stage 3	627	(627)	-	(135 663)	135 663	-
Foreign exchange difference	98	-	98	(18 375)	-	(18 375)
Redemption	101	-	101	(59 877)	-	(59 877)
New originated assets	(571)	-	(571)	132 932	-	132 932
Remeasurement	(2 516)	(50 173)	(52 689)	26 731	-	26 731
Transfer to prepayments and other assets	39	-	39	(87 373)	-	(87 373)
Balance at 31 December 2022	**(5 747)**	**(50 800)**	**(56 547)**	**818 742**	**135 663**	**954 405**

15 Derivative financial instruments

The Group issues derivative products for clients structured as options and forwards on underlying such as bonds, equities, indexes and commodities. The Group trades spot instruments, exchange traded derivatives, OTC options and forward contracts, not designated in a qualifying hedge relationship, to manage its exposure to equity securities, exchange indices and commodity prices arising from the structured derivative instruments with clients.

All structured products are fully funded, the Group receives cash or securities from clients in the amount of product initial value.

Derivative financial instruments – assets

(In thousands of USD)	**31 December 2023**	**31 December 2022**
Options and hybrid derivatives	154 706	448 095
Currency SWAPs	-	657
Credit default swaps	1 827	29 861
Interest rate SWAP	15 700	14 426
Total derivative financial instruments	**172 233**	**493 039**

At 31 December 2023 and 31 December 2022, the Group did not have any past due derivative financial instruments.

At 31 December 2022 credit default swaps include receivables under CDS that represent both notional amounts transferred by the Group to the related parties under the "Credit Support" provisions of the transactions and fair value of credit defauls swaps.

The credit quality of derivative financial instruments – assets analysed based on Standard & Poor's or other ratings converted to the nearest equivalent to the Standard & Poor's rating scale at 31 December 2023 and 31 December 2022 were as follows:

(In thousands of USD)	**31 December 2023**	**31 December 2022**
Corporate		
A- to A+	17 527	16 511
BBB- to BBB+	-	631
B- to B+	24 464	39 810
below B-	24	
Unrated	-	205
Individuals	130 218	435 882
Total derivative financial instruments	**172 233**	**493 039**

As at 31 December 2023 and 31 December 2022, where applicable the Group used ratings of S&P, Moody's, Fitch. For all other counterparties the credit rating was assessed basing on ratings from Russian national rating agencies.

The credit quality analysis presented in the tables above is based on rating categories matched to ratings of S&P.

Derivative financial instruments – liabilities

(In thousands of USD)	**31 December 2023**	**31 December 2022**
Options and hybrid derivatives	15 544	27 971
Currency SWAPs	-	1 583
Credit default swaps	1 685	6 204
CFD Assets	16	-
Total derivative financial instruments	**17 245**	**35 758**

At 31 December 2023 and 31 December 2022, the Group did not have any past due derivative financial instruments.

16 Loans to customers

(In thousands of USD)	31 December 2023 Loans to customers at amortised cost	31 December 2023 Loans to customers at FVTPL	31 December 2023 Total	31 December 2022 Loans to customers at amortised cost	31 December 2022 Loans to customers at FVTPL	31 December 2022 Total
Individual loans	-	-	-	12 836	-	**12 836**
Corporate loans	53 754	34 540	**88 294**	407 697	56 600	**464 297**
Loss allowance	(950)	-	**(950)**	(25 474)	-	**(25 474)**
Total loans to customers	**52 804**	**34 540**	**87 344**	**395 059**	**56 600**	**451 659**

Refer to Note 5 for more information on key assumptions and judgments used for estimating of loss allowance.

Analysis by credit quality of loans to customers measured at amortised cost outstanding as at 31 December 2023 and 31 December 2022 is as follows:

Corporate loans

(In thousands of USD)	**31 December 2023**
Internal rating:	
B- to B+	183
Internal rating B- to B+	53 571
Total loans to customers	**53 754**
Loss allowance	(950)
Net loans to customers	**52 804**

At 31 December 2023 the Group measures loss allowances as 12-month ECL since credit risk on corporate loans has not increased significantly since their initial recognition.

(In thousands of USD)	31 December 2022 12-month ECL	Lifetime ECL not-credit impaired	Lifetime ECL credit impaired	Purchased credit-impaired	Total
Not overdue					
Internal rating:					
BBB- to BBB+	13 268	-	-	-	**13 268**
BB- to BB+	259 018	296	-	-	**259 314**
B- to B+	92 785	5 346	-	-	**98 131**
below B-	-	690	-	-	**690**
Unrated	13 658	-	-	-	**13 658**
Internal rating D	-	-	13 316	9 320	**22 636**
Total loans to customers	**378 729**	**6 332**	**13 316**	**9 320**	**407 697**
Loss allowance	(3 464)	(172)	(12 880)	-	(16 516)
Net loans to customers	**375 265**	**6 160**	**436**	**9 320**	**391 181**

The credit quality analysis of corporate loans presented in the table above is based on the internal rating model developed by the Group. The internal rating scale is mapped to external credit ratings; so the internal rating categories match with ratings of S&P. Default rates are calculated on statistical data of the International rating agencies.

The Internal model is used for entities non-rated by International rating agencies. When there is no external credit rating the Group assessed credit risk based on internal model that considers credit risk characteristics such as: financial viability; ownership structure; industry, collateral type, past-due status and other relevant factors.

Below is presented information about collateral held for the loan portfolio as at 31 December 2023 and 31 December 2022:

	31 December 2023		31 December 2022		
(In thousands of USD)	**Corporate**	**Total**	**Corporate**	**Individual**	**Total**
Unsecured loans issued to related parties	52 971	**52 971**	47 375	-	**47 375**
Unsecured loans issued to unrelated parties	34 373	**34 373**	292 505	3 058	**295 563**
Loans guaranteed by other parties, including credit insurance					
Loans collateralised by:	-				
- real estate	-	-	61 655	820	**62 475**
- transport	-	-	33	-	**33**
- securities	-	-	46 213	-	**46 213**
Total loans to customers	**87 344**	**87 344**	**447 781**	**3 878**	**451 659**

The amounts shown in the table above represent the gross carrying value of the loan and do not necessarily represent the fair value of the collateral.

Economic sector risk concentrations within the loan portfolio (before loss allowance) as at 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023		31 December 2022	
(In thousands of USD)	**Amount**	**%**	**Amount**	**%**
Finance	88 294	100,00%	123 532	25,88
Manufacturing	-	-	101 621	21,30
Trade	-	-	119 552	25,06
Individuals	-	-	12 836	2,69
Gas transportation and sale	-	-	-	0,00
Construction	-	-	22 836	4,79
Other	-	-	96 756	20,28
Total loans to customers	**88 294**	**100**	**477 133**	**100**

A total of 10% of loans to customers in the amount of USD 51 229 thousand at 31 December 2023 represent loans issued to one corporate customer (31 December 2022: 10% in the amount of USD 47 375 thousand, one corporate customer).

Significant changes in the gross carrying amount of loans to customers measured at amortised cost that contributed to changes in loss allowance were as follows:

	Loss allowance				**Gross carrying amount**				
(In thousands of USD)	**12-month ECL**	**Lifetime ECL not-credit impaired**	**Lifetime ECL credit impaired**	**Total**	**12-month ECL**	**Lifetime ECL not-credit impaired**	**Lifetime ECL credit impaired**	**Purchased or originated credit-impaired**	**Total**
Corporate									
At 31 December 2022	**(3 464)**	**(172)**	**(12 880)**	**(16 516)**	**378 727**	**6 333**	**13 317**	**9 320**	**407 697**
Movements with impact on credit loss allowance									
New loans originated and other increase in gross amount	(949)	-	-	**(949)**	53 749	-	-	-	**53 749**
Loans derecognized during the period and other decrease in gross amount	334	-	-	**334**	(47 710)	-	-	-	**(47 710)**
Effect of disposal of subsidiaries	3 131	172	12 880	**16 183**	(331 019)	(6 333)	(13 317)	(9 320)	**(359 989)**
Foreign exchange difference	(2)	-	-	**(2)**	7	-	-	-	**7**
At 31 December 2023	**(950)**	**-**	**-**	**(950)**	**53 754**	**-**	**-**	**-**	**53 754**
Individual									
At 31 December 2022	**(65)**	**(1)**	**(8 892)**	**(8 958)**	**3 460**	**2**	**9 374**	**-**	**12 836**
Movements with impact on credit loss allowance									
Effect of disposal of subsidiaries	65	1	8 892	**8 958**	(3 460)	(2)	(9 374)	-	**(12 836)**
At 31 December 2023	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

	Loss allowance					Gross carrying amount				
(In thousands of USD)	**12-month ECL**	**Lifetime ECL not-credit impaired**	**Lifetime ECL credit impaired**	**Purchased or originated credit-impaired**	**Total**	**12-month ECL**	**Lifetime ECL not-credit impaired**	**Lifetime ECL credit impaired**	**Purchased or originated credit-impaired**	**Total**
Corporate										
At 31 December 2021	**(1 872)**	**(130)**	**(7 120)**	**(1 996)**	**(11 118)**	**456 771**	**1 298**	**16 557**	**8 576**	**483 202**
Movements with impact on credit loss allowance										
New loans originated and other increase in gross amount	(3 158)	(1)	(63)	(45)	**(3 267)**	297 962	285	94	151	**298 492**
Loans derecognized during the period and other decrease in gross amount	1 576	56	65	-	**1 697**	(342 831)	(565)	(3 165)	(6)	**(346 567)**
Transfer to Lifetime ECL credit impaired	-	-	-	-	-	(5 358)	5 358	-	-	-
Write-off	-	-	111	-	**111**	-	-	(113)	-	**(113)**
Remeasurement of ECL	4	(97)	(5 873)	2 041	**(3 925)**	(29 244)	(43)	(56)	599	**(28 744)**
Foreign exchange difference	(14)	-	-	-	**(14)**	1 427	-	-	-	**1 427**
At 31 December 2022	**(3 464)**	**(172)**	**(12 880)**	-	**(16 516)**	**378 727**	**6 333**	**13 317**	**9 320**	**407 697**
Individual										
At 31 December 2021	**(311)**	**(14)**	**(8 912)**	-	**(9 237)**	**19 249**	**22**	**9 279**	-	**28 550**
Movements with impact on credit loss allowance										
New loans originated and other increase in gross amount	(13)	-	(7)	-	**(20)**	604	-	8	-	**612**
Loans derecognized during the period and other decrease in gross amount	268	-	-	-	**268**	(15 320)	-	(1)	-	**(15 321)**
Transfer to Lifetime ECL credit impaired	22	18	(40)	-	-	(28)	(22)	50	-	-
Remeasurement of ECL	(31)	(5)	-	-	**(36)**	(1 045)	2	-	-	**(1 043)**
Write-off	-	-	39	-	**39**	-	-	(38)	-	**(38)**
Unwinding of discount on present value of ECL	-	-	28	-	**28**	-	-	76	-	**76**
At 31 December 2022	**(65)**	**(1)**	**(8 892)**	-	**(8 958)**	**3 460**	**2**	**9 374**	-	**12 836**

17 Prepayments and other assets

(In thousands of USD)	**31 December 2023**	**31 December 2022**
Cash collateral on derivatives	55 286	95 090
Margin call receivable (rated A- to A+)	992	7 623
Receivable from clearing firms	162 097	185 487
Receivables from brokers and counterparties	8 314	33 819
Unsettled transactions with securities	7 894	7 894
Other	-	3 503
Loss allowance	(117 838)	(84 445)
Total financial assets	**116 745**	**248 971**
Advances to suppliers and contractors	754	13 949
Receivables for other taxes	1 130	4 503
Current income tax asset	-	4 659
Contribution to Investor's Compensation Fund	657	635
Other assets	1 082	2 903
Loss allowance	(370)	(3 263)
Total non-financial assets	**3 253**	**23 386**
Total prepayments and other assets	**119 998**	**272 357**

Analysis by credit quality of cash collateral on derivatives as at 31 December 2023 and 31 December 2022 is as follows:

(In thousands of USD)	**31 December 2023**	**31 December 2022**
A- to A+	55 286	94 400
BBB- to BBB+	-	690
Total	**55 286**	**95 090**
Loss allowance	(10)	(9)
Total	**55 276**	**95 081**

At 31 December 2023 and 31 December 2022, the Group measures loss allowances for cash collateral on derivatives and margin call receivable as 12-month ECL as far as credit risk on cash collateral on derivatives and margin call receivable has not increased significantly since initial recognition.

Analysis by credit quality of receivables from clearing firms as at 31 December 2023 and 31 December 2022 is as follows:

(In thousands of USD)	**12-month ECL**	**Lifetime ECL credit-impaired**	**Total 31 December 2023**
AA- to AA+	654	44 000	**44 654**
A- to A+	538	-	**538**
BBB- to BBB+	-	71 803	**71 803**
B- to B+	-	45 102	**45 102**
Total	**1 192**	**160 905**	**162 097**
Loss allowance	(1)	(113 744)	(113 745)
Total	**1 191**	**47 161**	**48 352**

(In thousands of USD)	**12-month ECL**	**Lifetime ECL credit-impaired**	**Total 31 December 2022**
AA- to AA+	7 841	157 641	**165 482**
A- to A+	369	248	**617**
BBB- to BBB+	-	19 387	**19 387**
Total	**8 210**	**177 276**	**185 487**
Loss allowance	(3)	(79 378)	(79 381)
Total	**8 207**	**97 898**	**106 105**

As at 31 December 2023 and 31 December 2022, where applicable the Group used ratings of S&P, Moody's, Fitch. For all other counterparties the credit rating was assessed basing on ratings from Russian national rating agencies. Receivables from brokers and counterparties was categorised as Lifetime ECL credit impaired due to sanction legislation restrictions, and not caused by the creditworthiness of the counterparties.

During the year ended 31 December 2023 and 31 December 2022 additional severe sanctions were imposed by the United States of America, the European Union on the Russian government, as well as major financial institutions and certain other entities and individuals in Russia. As result of the sanctions imposed, receivables of USD 160 905 thousand (31 December 2022: USD 177 276 thousand) were restricted over trading and movement in depositories. The Group created the provision of USD 113 744 thousand (31 December 2022: USD 79 378 thousand) based on the management estimation of recoverability.

Analysis by credit quality of receivables from brokers and counterparties as at 31 December 2023 and 31 December 2022 is as follows:

(In thousands of USD)	**12-month ECL**	**Lifetime ECL credit-impaired**	**Total 31 December 2023**
Individual assessment			
AA- to AA+	1 434	779	**2 213**
A- to A+	-	-	**-**
BBB- to BBB+	-	-	**-**
BB- to BB+	-	-	**-**
B- to B+	56	-	**56**
Rated below B-	1 647	910	**2 557**
Unrated	1 622	-	**1 622**
Collective assessment			
Not overdue	869	997	**1 866**
Total	**5 628**	**2 686**	**8 314**
Loss allowance	(509)	(1 515)	(2 024)
Total	**5 119**	**1 171**	**6 290**

(In thousands of USD)	**12-month ECL**	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Total 31 December 2022**
Individual assessment				
AA- to AA+	5 301	-	-	**5 301**
A- to A+	113	-	-	**113**
BBB- to BBB+	26	1	-	**27**
BB- to BB+	151	-	-	**151**
B- to B+	17 825	-	-	**17 825**
Rated below B-	3 702	-	-	**3 702**
Unrated	-	-	1 195	**1 195**
Collective assessment				
Not overdue	-	5 505	-	**5 505**
Total	**27 118**	**5 506**	**1 195**	**33 819**
Loss allowance	(498)	(251)	(882)	(1 631)
Total	**26 620**	**5 255**	**313**	**32 188**

Analysis by credit quality of unsettled transactions with securities as at 31 December 2023 and 31 December 2022 is as follows:

(In thousands of USD)	**31 December 2023**	**31 December 2022**
Unrated	7 894	7 894
Loss allowance	(2 059)	(1 818)
Total	**5 835**	**6 076**

At 31 December 2023 the Group measures loss allowances as 12-month ECL as far as credit risk on unsettled transactions with securities has not increased significantly since their initial recognition.

Analysis by credit quality of other financial assets as at 31 December 2022 is as follows:

(In thousands of USD)	**12-month ECL**	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Total 31 December 2022**
Individual assessment				
B- to B+	1 549	-	-	1 549
Rated below B-	8	-	-	8
Collective assessment				
Overdue less than 30 days	-	-	1	1
Overdue 31 to 90 days	-	-	6	6
Overdue more than 90 days	-	-	1 938	1 938
Total	**1 557**	**-**	**1 945**	**3 502**
Loss allowance	(8)	-	(1 598)	(1 606)
Total	**1 549**	**-**	**347**	**1 896**

The credit quality analysis presented in the tables above is based on rating categories matched to ratings of S&P.

Financial assets

Movements in the loss allowance and significant changes in the gross carrying amounts for prepayments and other assets for the years ended 31 December 2023 and 31 December 2022 were as follows:

	Loss allownace				Gross book value			
(In thousands of USD)	**12-month ECL**	**Lifetime ECL not-credit impaired**	**Lifetime ECL credit impaired**	**Total 31 December 2023**	**12-month ECL**	**Lifetime ECL not-credit impaired**	**Lifetime ECL credit impaired**	**Total 31 December 2023**
Loss allowance at 31 December 2022	(2 336)	(252)	(81 857)	**(84 445)**	147 493	5 506	180 417	**333 416**
Additions	(91)	-	-	**(91)**	131 735	-	-	**131 735**
Transfer to Stage 3	-	-	-	-	(8 874)	-	8 874	-
Foreign exchange difference	(8)	(5)	(35)	**(48)**	403	107	139	**649**
Reclass to assets held for sale	1	-	1 493	**1 494**	(65 512)	-	(4 014)	**(69 526)**
Effect of disposal of subsidiaries	328	257	8 667	**9 252**	(30 886)	(5 419)	(17 562)	**(53 867)**
Disposal	167	-	190	**357**	(103 372)	(194)	(4 258)	**(107 824)**
Charge of loss allowance	(399)	-	(43 716)	**(44 115)**	-	-	-	-
Remeasurement	(242)	-	-	**(242)**	-	-	-	-
Loss allowance at 31 December 2023	**(2 579)**	**-**	**(115 259)**	**(117 838)**	**70 987**	**-**	**163 596**	**234 583**

	Loss allownace				Gross book value			
(In thousands of USD)	**12-month ECL**	**Lifetime ECL not-credit impaired**	**Lifetime ECL credit impaired**	**Total 31 December 2022**	**12-month ECL**	**Lifetime ECL not-credit impaired**	**Lifetime ECL credit impaired**	**Total 31 December 2022**
Loss allowance at 31 December 2021	(2 647)	(9)	(1 968)	**(4 624)**	296 297	11 423	1 968	**309 688**
Additions	(465)	-	-	**(465)**	252 904	5 168	-	**258 072**
Transfer to Stage 3	98	9	(98)	**9**	(201 369)	(9)	201 378	-
Foreign exchange difference	86	-	(1 306)	**(1 220)**	(1 513)	(2)	(22 132)	**(23 647)**
Disposal	1 327	9	482	**1 818**	(198 826)	(11 074)	(482)	**(210 382)**
Recovery/(charge) of loss allowance	(622)	(261)	893	**10**	-	-	-	-
Write-off	-	-	315	**315**	-	-	(315)	**(315)**
Remeasurement	(113)	-	(80 175)	**(80 288)**	-	-	-	-
Loss allowance at 31 December 2022	**(2 336)**	**(252)**	**(81 857)**	**(84 445)**	**147 493**	**5 506**	**180 417**	**333 416**

Non-financial assets

(In thousands of USD)	
Loss allowance at 31 December 2022	(3 263)
Effect of disposal of subsidiaries	2 770
Reversal of loss allowance	123
Loss allowance at 31 December 2023	**(370)**

(In thousands of USD)	
Loss allowance at 31 December 2021	(1 476)
Write-off	243
Charge of loss allowance	(2 030)
Loss allowance at 31 December 2022	**(3 263)**

As at 31 December 2023 the Group has two counterparties (2022: one counterparty), whose balance exceeds 10% of equity. The gross value of these balances as at 31 December 2023 was USD 128 081 thousand, this counterparty is rated by international rating agencies at A- to A+ (2022: 180 983, rating A+). These balances are blocked receivables with Euroclear.

18 Customer brokerage accounts

(In thousands of USD)	**31 December 2023**	**31 December 2022**
Cash balances on customer brokerage accounts	202 338	1 391 950
Settlements under structured derivative products	371 109	866 917
Total customer brokerage accounts	**573 447**	**2 258 867**

At 31 December 2023, the Group had one counterparty (31 December 2022: no counterparty), accounting for over 10% of the aggregate customer brokerage accounts. The gross value of this balance as at 31 December 2023 was USD 189 728 thousand.

Amounts in customer brokerage accounts include credit balances in client accounts arising from deposits of funds, proceeds from sales of securities, and dividend and interest payments received on securities held in client accounts as well as settlements under structured derivative products with customers. Cash balances on customer brokerage accounts represent free credit balances which are held pending re-investment by the clients and/or represent funds received from clients to support their trading activities, primarily as collateral for short selling of securities. The Group pays interest on payable balances per structured derivative products.

19 Current accounts, deposits and borrowings

(In thousands of USD)	**31 December 2023**	**31 December 2022**
Legal entities		
Current and settlement accounts	-	127 979
Term deposits	-	75 864
Individuals		
Current and demand accounts	-	525 125
Term deposits	-	184 125
Loans payable		
Loans payable, carried at amortised cost	300 115	537 621
Loans payable, carried at fair value	34 373	-
Notes issued		
Notes issued, carried at fair value	157 599	295 630
Total current accounts, deposits and borrowings	**492 087**	**1 746 344**

Economic sector concentrations within customer accounts, deposits and loans received, excluding noteholders, as at 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023		31 December 2022	
(In thousands of USD)	**Amount**	**%**	**Amount**	**%**
Individuals	-	-	705 606	48,64%
Finance and investments	334 488	100,00%	628 056	43,29%
Construction	-	-	24 919	1,72%
Trade	-	-	33 925	2,34%
Services	-	-	27 562	1,90%
Manufacturing	-	-	21 388	1,47%
Other	-	-	9 258	0,64%
Total current accounts, deposits and borrowings	**334 488**	**100%**	**1 450 714**	**100%**

As at 31 December 2023 the Group has one counterparty (2022: one counterparty), whose balance exceeds 10% of equity. The value of this balance as at 31 December 2023 was USD 300 115 thousand (2022: USD 537 604 thousand).

20 Payables and other liabilities

(In thousands of USD)	**31 December 2023**	**31 December 2022**
Brokers and counterparties	6 804	10 455
Employees	854	18 928
Suppliers and contractors	12 224	16 101
Margin call payable	-	1 720
Lease liability	34	11 885
Dividends payable from securities under resale agreements	255	7 161
Payables to clients on expired derivative contracts	7 965	95
Provision for guarantees issued (Note 26)	2 865	1 135
Other financial liabilities	2	613
Total financial liabilities	**31 003**	**68 093**
Incentive bonuses accrual	-	38 085
Taxes payable	570	14 468
Withholding tax payable on behalf of customers	-	8 643
Insurance contract liabilities	-	206 923
Other liabilities	102	4 150
Total non-financial liabilities	**672**	**272 269**
Total payables and other liabilities	**31 675**	**340 362**

21 Investment in an associate

In 2021 the Group has obtained significant influence over Ginmon GmbH, that involved in providing of robo-advising investment services in Germany. Ginmon GmbH is a private entity that is not listed on any public exchange. The Group’s interest in Ginmon GmbH is accounted for using the equity method in the consolidated financial statements.

The following tables illustrate the summarised financial information of the Group’s investment in Ginmon GmbH:

(In thousands of USD)	**31 December 2023**	**31 December 2022**
Assets	1 657	2 391
Liabilities	(1 554)	(874)
Equity	**103**	**1 517**
Group’s share in equity – 28,35%	29	430
Goodwill	1 110	1 110
Group’s carrying amount of the investment	**1 139**	**1 540**

(In thousands of USD)	**For the year ended 31 December 2023**
Revenue from contracts with customers	1 758
Cost of sales	(465)
Administrative expenses	(2 767)
Loss before and after tax	**(1 474)**
Translation difference	52
Total comprehensive loss for the year	**(1 422)**
Group's share of loss for the year	**(403)**

(In thousands of USD)	**For the year ended 31 December 2022**
Revenue from contracts with customers	1 506
Cost of sales	(390)
Administrative expenses	(3 427)
Loss before and after tax	**(2 311)**
Translation difference	(426)
Total comprehensive loss for the year	**(2 737)**
Group's share of loss for the year	**(776)**

The following table shows a reconciliation of a carrying amount of the Group's investments in Ginmon GmbH for the years ended 31 December 2023 and 31 December 2022:

(In thousands of USD)	**31 December 2023**	**31 December 2022**
Investment in associate at 1 January	1 540	9 328
Group's share of comprehensive income for the year	(401)	(776)
Impairment	-	(7 012)
Investment in associate at 31 December	**1 139**	**1 540**

The associate had no contingent liabilities or capital commitments as at 31 December 2023 and as at 31 December 2022. No dividends were distributed during the year ended 31 December 2023 and 31 December 2022 by Ginmon Gmbh.

The Group performs impairment test of investment in associates on an annual basis.

The Group has also a significant influence over TFS Hi-Tech company which has a carrying amount of USD 360 thousand (2022: USD 360 thousand).

22 Disposal group held for sale

In 2023 the Management comitted to dispose its subsidiary BCS Prime Brokerage Limited and reorganised the processes of the Company to separate the processes of BCS Prime Brokerage Limited from the Group. On 23 December 2023 a sale and purchase agreement had been signed, the deal is in the process of being confirmed by FCA and expected to be completed within a year from the reporting date. At 31 December 2023, BCS Prime Brokerage Limited was classified as a disposal group held for sale.

The major classes of assets and liabilities of BCS Prime Brokerage Limited classified as held for sale as at 31 December are, as follows:

(In thousands of USD)	**31 December 2023**
Assets	
Cash and cash equivalents	72 039
Trading assets except derivatives	889
Investment securities measured at fair value through other comprehensive income	58 496
Prepayments and other assets	69 986
Deferred tax assets	336
Assets held for sale	**201 746**
Liabilities	
Payables and other liabilities	(77 863)
Trading liabilities except derivatives	(79)
Liabilities directly associated with assets held for sale	**(77 942)**
Net assets directly associated with disposal group	**123 804**
Amounts included in accumulated OCI:	
Fair value reserve of equity investments	(917)
Reserve of disposal group classified as held for sale	**(917)**

There is no impairment loss on the remeasurement of the disposal group to the fair value less costs to sell.

23 Disposal of subsidiary

In January 2023 the Group disposed BCS Holding LLC to the ultimate shareholder for a cash consideration of USD 142 thousand following the decision to terminate activities of the Group in Russia. The business of BCS Holding LLC represented the entirety of the Group's regional segment that operates on territory of Russia. BCS Holding LLC (further BCS Holding Group) together with its subsidiaries operating in financial services sector.

BCS Holding LLC together with its subsidiaries was not previously classified as held-for-sale or as a discontinued operation. The comparative consolidated statement of profit or loss and OCI has been re-presented to show the discontinued operation separately from continuing operations. The difference between net assets disposed and consideration received was accounted as distribution to shareholder.

Results of discontinued operation

	For the year ended 31 December 2022			
(In thousands of USD)	**Discontinued operations**	**Continued operations**	**inter-segment eliminations**	**Total**
Fee and commission income	146 474	32 633	(16 816)	162 291
Fee and commission expense	(46 866)	(31 144)	16 795	(61 215)
Net fee and commission income	**99 608**	**1 489**	**(21)**	**101 076**
Interest income calculated using the effective interest method	223 242	73 174	(50 118)	246 298
Other interest income	-	1 949	-	1 949
Interest expense	(103 260)	(47 989)	50 684	(100 565)
Net interest income	**119 982**	**27 134**	**566**	**147 682**
Net trading income	357 347	207 658	(4 497)	560 508
Gross written premiums	67 679	-	-	67 679
Change in insurance reserves and insurance payments	(56 830)	-	-	(56 830)
Other operating loss	(42 325)	(139 015)	3 319	(178 021)
Administrative and other operating expenses	(320 823)	(64 887)	633	(385 077)
Profit before tax	**224 638**	**32 379**	**-**	**257 017**
Income tax expense	(33 438)	(11 456)	-	(44 894)
Profit for the year	**191 200**	**20 923**	**-**	**212 123**

The profit from discontinued operation is attributable entirely to the owners of the Group.

Cash flows from/(used in) discontinued operation

(In thousands of USD)	**For the year ended 31 December 2022**
Net cash from in operating activities	552 725
Net cash used in investing activities	(171 576)
Net cash used in financing activities	(3 220)
Net cash flows for the year	**377 929**

Effect of disposal on the financial position of the Group

(In thousands of USD)	
Assets	
Cash and cash equivalents	687 516
Mandatory cash balances with the CBR	2 436
Receivables from brokerage transactions	114 733
Receivables under resale agreements	1 589 829
Trading assets except derivatives	907 158
Investment securities measured at fair value through other comprehensive income	5 773
Investment securities measured at amortised cost	279 584
Goodwill	14 550
Investment in an associate	360
Derivative assets	219 024
Loans to customers	362 875
Investment properties	13 261
Property, equipment and intangible assets	119 146
Prepayments and other assets	59 314
Deferred tax assets	18 805
Due from banks and other financial institutions	25 198
Total assets	**4 419 588**
Liabilities	
Payables under repurchase agreements	476 148
Customer brokerage accounts	1 916 872
Trading liabilities except derivatives	3 882
Derivative liabilities	20 490
Current accounts, deposits and borrowings	1 021 416
Payables and other liabilities	312 451
Deferred tax liabilities	49 649
Total liabilities	**3 800 908**
Net identifiable assets and liabilities disposed	**619 019**
Consideration and other assets received	
Consideration received, satisfied in cash	142
Fair value of investment in equity accounted investee	(16 848)
Fair value of investment retained in the former subsidiary	(8 955)
Fair value adjustment on perpetual subordinated loan to the former subsidiary	25 224
Distribution to shareholder	**618 852**
Net cash outflow	**(687 374)**

In 2023 the Group disposed Danofe Trading Limited (another subsidiary) to the Group’s ultimate shareholder. The difference between net assets of the disposed subsidiary and consideration received was recognised as contribution from the shareholder.

The disposal of the subsidiary had the following effect on the Group's assets and liabilities at the date of disposal:

(In thousands of USD)	
Investment in associate	16 848
Loans payable	(17 084)
Net identifiable assets and liabilities	**(236)**
Consideration received, satisfied in cash	-
Cash disposed of	-
Net cash outflow	-
Distribution to shareholder	**(236)**

24 Share capital

The Company's authorised capital consists of 344 000 shares with a nominal value of value of 1 EUR each. Upon incorporation on 24 September 2015, the Company issued to the subscribers of its Memorandum and Articles of Association 1 000 ordinary shares of EUR 1 at par. On 22 December 2015, the Company made an additional issue of 1 000 ordinary shares of EUR 1 each at a premium of EUR 36,18 per share. As at 21 October 2019 the Company made an additional issue of 342 000 ordinary shares of EUR 1 at par. As at 31 December 2021 the capital of Company was fully paid.

During the year ended 31 December 2023 the Group didn't declare and pay dividends (2022: USD 7 007 thousand, USD 20,4 per share).

During the year ended 31 December 2022 the Group disposed its subsidiary Seldthorn Private Equty Ltd to the ultimate shareholder, the difference between negative net assets of the disposed subsidiary and consideration received in the amount of USD 15 529 thousand were recognised as contribution from the shareholder.

25 Financial assets and liabilities: fair values and accounting classifications

The estimates of fair value are intended to approximate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However, given the uncertainties and the use of subjective judgement, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using other valuation techniques.

The objective of valuation techniques is to arrive at a fair value determination that reflects the price that would be received to sell the asset, or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes option pricing model and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives like interest rate swaps.

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values are determined for measurement and for disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Equity and debt securities

The fair value of equity and debt securities is determined by reference to their quoted closing last price at the reporting date, or if unquoted, determined using a valuation technique. Valuation techniques include market multiples and discounted cash flow analysis using expected future cash flows and a market related discount rate. The fair value of investments measured at amortised cost is determined for disclosure purposes only. In the event of a significant decrease in market activity for a security or if a quoted price is associated with transactions that are not orderly, the Group carries out an additional analysis of transactions and quoted prices with respect to the fair value relevance. Based on the analysis, the Company makes a decision on the need to adjust the fair value determined by market quotes or to apply the other valuation techniques for measuring the fair value.

In 2022, some part of financial instruments of Russian issuers was stuck in European depositaries, which resulted in decrease of market activity of such instruments. In March 2022, market for such instruments divided into two perimeters – external and internal. During the year, quotes for most of Russian Eurobonds for external perimeter became observable. For Russian local stocks situation is the most problematic with regard to fair value identification as no deals are allowed by European depositaries within their environments. Generally, the process of re-domiciliation is extremely unclear with a high number of risks in each node of chain.

Listed Russian equity securities in Russian depositaries and listed non-Russian equity securities in non-Russian depositaries are valued at fair value by reference to their quoted prices (Level 1 fair value hierarchy).

Non-Russian listed equity securities in Russian depositaries are restricted over trading and movement with inability to be sold, receive dividends, or move them to another depositary. The Group calculated their fair value as an approximation of their quoted/listed prices (i.e. by applying a marketability discount to arrive at a price that it believes reflect the fair value (Level 3 fair value hierarchy). The marketability discount for non-russian listed equity securities in Russian depositaries is set at 100 % (31 December 2022: 96 %).

Derivatives

The fair value of forward exchange contracts is based on their quoted market price, if available. If a quoted market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of options is based on broker quotes or is determined based on valuation techniques using observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). Quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk when appropriate.

Notes issued and forward contracts

Notes issued and forward contracts are complex structured instruments that include embedded derivatives. The Group has a large structured products portfolio with various payoff types. Majority of the portfolio are equity underlying instruments (US equities, Russian ADR/GDR, European equities, some Russian local stocks etc.) Additionally, First to Default credit derivatives with baskets composed to Russian and International Eurobonds as underlying assets. Most underlyings are liquid. Local volatility model is used for the valuation of all equity linked products and a Gaussian Copula model for credit products. Valuations are performed using observable market data from Bloomberg and derived data (e.g. correlations and volatilities) calculated by Risk department.

Loans, trade and other receivables

The fair value of loans, trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Fair value hierarchy

The Group measures fair values for financial instruments recorded at fair value on the consolidated statement of financial position using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Group has a control framework with respect to the measurement of fair values. This framework includes a separate department, which is independent of front office management and reports to the Deputy Chief Financial Officer, and which has overall responsibility for verification of the results of trading and investment operations and all significant fair value measurements. Specific controls include:

- verification of observable pricing
- re-performance of model valuations
- a review and approval process for new models and changes to models
- quarterly calibration and back testing of models against observed market transactions.

Where third-party information, such as broker quotes or pricing services, are used to measure fair value, department assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS. This includes:

- verifying that the broker or pricing service is approved by the Group for use in pricing the relevant type of financial instrument
- understanding how the fair value has been arrived at the extent to which it represents actual market transactions
- when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement
- where a number of quotes for the same financial instrument have been obtained, how fair value has been determined using those quotes.

The table below analyses financial instruments measured at fair value at 31 December 2023 and 31 December 2022, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the consolidated statement of financial position:

	31 December 2023				31 December 2022			
(In thousands of USD)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
Trading assets:								
- corporate bonds	16 517	7 034	-	**23 551**	178 673	38 433	36 223	**253 329**
- municipal and government bonds	1 814	-	-	**1 814**	267 186	-	-	**267 186**
- corporate shares	563 850	-	76 668	**640 518**	723 660	-	97 542	**821 202**
- units in mutual funds	-	-	-	**-**	2 440	445	-	**2 885**
- exchange traded funds	970	-	-	**970**	1 627	27	-	**1 654**
- derivative assets	-	171 996	237	**172 233**	-	493 039	-	**493 039**
Investment securities measuerd at FVOCI:								
- corporate shares	714	94	-	**808**	735	63	-	**798**
- municipal and government bonds	-	-	-	**-**	11 289	-	-	**11 289**
- corporate bonds	-	-	-	**-**	5 262	-	-	**5 262**
Loans to customers at FVTPL:								
- corporate loans	-	-	34 540	**34 540**	-	-	56 600	**56 600**
Investment securities measuerd at FVTPL:								
- perpetual subordinated bond	-	-	24 068	**24 068**	-	-	-	-
- corporate shares	-	-	8 719	**8 719**	-	-	-	-
Total financial assets carried at fair value	**583 865**	**179 124**	**144 232**	**907 221**	**1 190 872**	**532 007**	**190 365**	**1 913 244**
Financial liabilities								
Trading liabilities:								
- corporate debt instruments	-	-	-	**-**	3 842	-	-	**3 842**
- municipal bonds	1 566	-	-	**1 566**	-	-	-	**-**
- corporate equity instruments	-	-	-	**-**	1 472	15	-	**1 487**
- derivative liabilities	-	15 146	2 099	**17 245**	-	34 067	1 691	**35 758**
Current accounts, deposits and borrowings								
- Notes issued	-	120 009	37 590	**157 599**	-	201 685	93 945	**295 630**
Loans payable	-	-	34 373	**34 373**	-	-	-	**-**
Total financial liabilities carried at fair value	**1 566**	**135 155**	**74 062**	**210 783**	**5 314**	**235 767**	**95 636**	**336 717**

Trading assets except derivatives

The following tables show a reconciliation for the years ended 31 December 2023 and 31 December 2022 for trading assets fair value measurements in Level 3 of the fair value hierarchy:

(In thousands of USD)	**Corporate bonds**
Financial instruments at fair value at 31 December 2022	36 223
Disposal	(5 157)
Redemption	(12 906)
Effect of disposal of subsidiary	(17 118)
Net loss recognised in profit or loss	(1 042)
Financial instruments at fair value at 31 December 2023	**-**

(In thousands of USD)	**Corporate bonds**
Financial instruments at fair value at 31 December 2021	24 297
Addition	3 705
Transfer from level 1	15 875
Disposal	(16)
Net loss recognised in profit or loss	(7 638)
Financial instruments at fair value at 31 December 2022	**36 223**

At 31 December 2022 the sensitivity of profit or loss to the changes of the fair value of corporate bonds in the total amount of USD 13 389 thousand categorized into Level 3 of the fair hierarchy to changes in the yield to maturities as at 31 December 2022 is not significant as the effect will be netted by changes of the fair value of the notes issued and hybrid derivative liabilities with these corporate bonds as underlying assets. In the event that the yield to maturities of the remaining corporate bonds in the amount of USD 22 834 thousand categorized into Level 3 of the fair hierarchy differ by plus/minus ten percent, its fair value as at 31 December 2022 would be USD 2 283 thousand lower/higher.

(In thousands of USD)	**Corporate shares**
Financial instruments at fair value at 31 December 2022	97 542
Addition	4 083
Disposal	(6 898)
Effect of disposal of subsidiary	(761)
Reclass to assets held for sale	(529)
Net loss recognised in profit or loss	(16 769)
Financial instruments at fair value at 31 December 2023	**76 668**

(In thousands of USD)	**Corporate shares**
Financial instruments at fair value at 31 December 2021	70 244
Addition	6 207
Transfer from level 1	7 603
Transfer from Prepayments and other assets and Loans to customers	29 938
Net loss recognised in profit or loss	(16 450)
Financial instruments at fair value at 31 December 2022	**97 542**

The sensitivity of profit or loss to the changes of the fair value of corporate shares in the total amount of USD 50 894 thousand (31 December 2022: USD 77 957) categorized into Level 3 of the fair hierarchy to changes in the expected cash flows as at 31 December 2023 is not significant as the effect will be netted by changes of the fair value of the notes issued with these shares as underlying assets. In the event that underlying cash flows of the remaining corporate shares categorized into Level 3 of the fair hierarchy differ by plus/minus ten percent, its fair value as at 31 December 2023 would be USD 2 577 thousand (31 December 2022: USD 1 958 thousand) higher/lower.

Derivative assets and liabilities
The following tables show a reconciliation for the years ended 31 December 2023 and 31 December 2022 for derivative assets and liabilities fair value measurements in Level 3 of the fair value hierarchy:

(In thousands of USD)	**derivative assets**	**derivative liabilities**
Financial instruments at fair value at 31 December 2022	-	1 691
Addition	237	934
Net profit recognised in profit or loss	-	(526)
Financial instruments at fair value at 31 December 2023	**237**	**2 099**

The sensitivity of profit or loss to the changes of the fair value of derivative assets and liabilities in the total amount of USD 237 thousand and USD 2 099 thousand respectively (31 December 2022: nill and USD 1 692 thousand) categorized into Level 3 of the fair hierarchy to changes in the expected cash flows as at 31 December 2023 and 2022 is not significant as the effect will be netted by changes of the fair value of underlying assets and liabilities.

Corporate loans

The following tables show a reconciliation for the years ended 31 December 2023 and 31 December 2022 for corporate loans fair value measurements in Level 3 of the fair value hierarchy:

(In thousands of USD)	**Corporate**
Financial instruments at fair value at 31 December 2022	56 600
Net loss recognised in profit or loss	(24 101)
Redemption	-
Issues	2 041
Financial instruments at fair value at 31 December 2023	**34 540**

(In thousands of USD)	**Corporate**
Financial instruments at fair value at 31 December 2021	37 611
Net loss recognised in profit or loss	(10 966)
Redemption	(2 807)
Transfer to Trading assets except derivatives	(5 281)
Issues	38 043
Financial instruments at fair value at 31 December 2022	**56 600**

At 31 December 2023 the sensitivity of profit or loss to the changes of the fair value of certain loans to customers in the total amount of USD 34 373 thousand (31 December 2022: USD 32 981 thousand) categorized into Level 3 of the fair hierarchy to changes in the recovery rates at default as at 31 December 2023 and 31 December 2022 is not significant as the effect will be netted by changes of the fair value of the notes issued and loans payable with these loans as underlying assets.

Investment securities measured at fair value through profit and loss

The following tables show a reconciliation for the years ended 31 December 2023 and 31 December 2022 for investment securities measured at fair value through profit and loss in Level 3 of the fair value hierarchy:

(In thousands of USD)	**Corporate shares**
Financial instruments at fair value at 31 December 2022	**-**
Addition	**8 955**
Foreign exchange difference	(236)
Financial instruments at fair value at 31 December 2023	**8 719**

In the event that the fair value of investment securities measured at fair value through profit and loss categorized into Level 3 of the fair hierarchy differ by plus/minus ten percent, its fair value as at 31 December 2023 would be USD 872 thousand higher/ lower.

(In thousands of USD)	**Perpetual subordinated bond**
Financial instruments at fair value at 31 December 2022	-
Additions	22 190
Net profit recognised in profit or loss	1 878
Financial instruments at fair value at 31 December 2023	**24 068**

In the event that the fair value of perpetual subordinated bond measured at fair value through profit and loss categorized into Level 3 of the fair hierarchy differ by plus/minus ten percent, its fair value as at 31 December 2023 would be USD 2 407 thousand higher/ lower.

Notes issued

The following tables show a reconciliation for the years ended 31 December 2023 and 31 December 2022 for notes issued fair value measurements in Level 3 of the fair value hierarchy:

(In thousands of USD)	
Financial instruments at fair value at 31 December 2022	93 945
Disposal	(34 373)
Net gain recognised in profit or loss	(21 982)
Financial instruments at fair value at 31 December 2023	**37 590**

(In thousands of USD)	
Financial instruments at fair value at 31 December 2021	110 732
New originated instruments	3 320
Net gain recognised in profit or loss	(20 107)
Financial instruments at fair value at 31 December 2022	**93 945**

The sensitivity of profit or loss to the changes of the fair value of notes issued in the total amount of USD 37 590 thousand (31 December 2022: USD 93 945 thousand) categorized into Level 3 of the fair hierarchy to changes in the customer's credit spread and fair value of underling shares as at 31 December 2023 and 31 December 2022 is not significant as the effect will be netted by changes of the fair value of shares with these notes as underlying assets.

Loans payable

The following tables show a reconciliation for the year ended 31 December 2023 for loans payable fair value measurements in Level 3 of the fair value hierarchy:

(In thousands of USD)	
Financial instruments at fair value at 31 December 2022	-
Addition	34 373
Net profit recognised in profit or loss	-
Financial instruments at fair value at 31 December 2023	**34 373**

The sensitivity of profit or loss to the changes of the fair value of loans payable in the total amount of USD 34 373 thousand (31 December 2022: nill) categorized into Level 3 of the fair hierarchy to changes in the expected cash flows as at 31 December 2023 is not significant as the effect will be netted by changes of the fair value of underlying assets.

The following tables analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2023 and 31 December 2022:

					31 December 2023
(In thousands of USD)	**Level 1**	**Level 2**	**Level 3**	**Total fair values**	**Total carrying amount**
Assets					
Receivables under resale agreements		114 593		114 593	114 514
Investment securities measured at amortized cost	7 772	-	-	7 772	10 914
Loans to customers at amortised cost	-	-	53 377	53 377	52 804
Liabilities					
Current accounts, deposits and borrowings	-	298 107	-	298 107	300 115

				31 December 2022	
(In thousands of USD)	**Level 1**	**Level 2**	**Level 3**	**Total fair values**	**Total carrying amount**
Assets					
Receivables under resale agreements	-	1 264 090	-	1 264 090	1 262 450
Investment securities measured at amortized cost	661 048	-	123 087	784 135	897 858
Loans to customers at amortised cost	-	-	410 928	410 928	395 059
Liabilities					
Payables under repurchase agreements	-	450 495	-	450 495	449 807
Current accounts, deposits and borrowings	-	1 449 398	-	1 449 398	1 450 714

Based on the analysis performed, management concluded that the fair value of all other financial assets and liabilities does not significantly differ from their carrying amount.

26 Commitments and contingencies

Guarantee agreements

Financial guarantees represent irrevocable assurances to make payments in the event that a customer fails to make payments to third parties when due in accordance with the terms of a contract.

The Group applies the same credit risk management policies and procedures when granting credit commitments and financial guarantees as it does for granting loans to customers.

Movements in the loss allowance for the financial guarantees during the years ended 31 December 2023 and 31 December 2022 were as follows:

(In thousands of USD)	**12-month ECL**
Loss allowance at 31 December 2022	(1 135)
BCS Holding disposal	1 116
Charge of loss allowance	(2 846)
Loss allowance at 31 December 2023	**(2 865)**

(In thousands of USD)	
Loss allowance at 31 December 2021	(1 645)
Recovery of loss allowance	510
Loss allowance at 31 December 2022	**(1 135)**

The following table sets out information about the credit quality of financial guarantee and undrawn credit facilities as at 31 December 2023 and as at 31 December 2022:

(In thousands of USD)	**31 December 2023**	**31 December 2022**
Financial guarantees	**40 057**	**144 665**
BBB+ to BBB-	-	-
BB+ to BB-	-	144 665
B+ to B-	40 057	-
Undrawn credit lines to corporate clients	**-**	**54 577**
BBB- to BBB+	-	1 009
BB+ to BB-	-	50 014
B+ to B-	-	3 554
Undrawn credit lines to individuals	**-**	1 007
Total financial guarantees	**40 057**	**200 249**
Loss allowance	(2 865)	(1 135)

Litigation

As at 31 December 2022 the Group is the defendant in legal proceedings with a client of the Group (the Plaintiff). The pending litigation is still at early stage. In the context of the pending legal process, the Plaintiff has secured an injunction order, by virtue of which the amount of USD 2 611 thousand was frozen as a security for the Plaintiff's claim until the final judgement of the case.

The pending litigation has been settled out of court pursuant to a Settlement Agreement dated 27 December 2023 between the Group and the Plaintiff. Pursuant to the Settlement Agreement the Group paid to the plaintiff USD 999 thousand and EUR 60 thousand legal expenses in consideration for the withdrawal of the case by the Plaintiff without any admission of liability by the Group. The pending litigation was dismissed by the Limassol District Court as settled out of court on 25 January 2024.

27 Related party transactions

Control relationships

The Company's sole participant and the party with ultimate control over the Company and the Group is Mr. Oleg Mikhasenko.

Transactions with the key management personnel

Total remuneration included in personnel expenses for the years ended 31 December 2023 and 31 December 2022 for the key management personnel represented salaries and bonuses in the amount of USD 8 872 thousand and USD 12 487 thousand, respectively.

At 31 December 2023 and 31 December 2022, the outstanding balances for transactions with the key management personnel (excluding Oleg Mikhasenko) are as follows:

	31 December 2023			**31 December 2022**		
(In thousands of USD)	*Board of Directors*	*Other key management personnel*	**Total**	*Board of Directors*	*Other key management personnel*	**Total**
Loans to customers gross (unsecured)	-	-	-	4	239	**243**
Loss allowance	-	-	-	-	(2)	**(2)**
Customer brokerage accounts	-	-	-	-	(97)	**(97)**
Current accounts deposits and borrowings	-	-	-	-	(1 022)	**(1 022)**

The related profit and loss transactions with the key management personnel (excluding Oleg Mikhasenko) for the years ended 31 December 2023 and 31 December 2022 were as follows:

	31 December 2023			**31 December 2022**		
(In thousands of USD)	*Board of Directors*	*Other key management personnel*	**Total**	*Board of Directors*	*Other key management personnel*	**Total**
Fee and commission income	-	-	**-**	1	14	**15**
Interest income calculated using the effective interest method	-	-	**-**	-	40	**40**
Interest expense	-	-	**-**	-	7	**7**
Loss allowance (charge)/recovery	-	2	**2**	-	-	**(1)**

Turnover during 2023 in brokerage accounts of the key management personnel was nil (2022: USD 53 191 thousand increase and USD 53 660 thousand decrease of balance on brokerage account).

Transactions with other related parties

Parties are generally considered to be related if the parties are under common control or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. The other related parties include companies under common control or significant influence of the sole participant or the key management personnel, individuals that are close members of the sole participant's family of the key management's families and companies under control of these individuals.

At 31 December 2023 and 31 December 2022, the outstanding balances with the sole participant and other related parties were as follows:

	31 December 2023			
(In thousands of USD)	**Sole participant**	**Companies under common control or significant influence of the sole participant**	**Other parties**	**Total**
Cash balances on brokerage accounts	-	2 339	-	2 339
Loss allowance	-	(2)	-	(2)
Correspondent accounts and overnight placements with banks	-	17 696	-	17 696
Loss allowance	-	(124)	-	(124)
Due from banks and other financial institutions	-	2 520	-	2 520
Loss allowance	-	(321)	-	(321)
Investment securities measured at fair value through profit and loss	-	-	32 787	32 787
Loans to customers, gross	-	53 754	167	53 921
Loss allowance	-	(949)	-	(949)
Receivables from brokerage transactions	-	12	-	12
Loss allowance	-	(0)	-	(0)
Derivative asset	-	21 034	-	21 034
Prepayments and other assets, gross	-	45 792	-	45 792
Loss allowance	-	(31 333)	-	(31 333)
Customer brokerage accounts	-	(246 933)	-	(246 933)
Current accounts deposits and borrowings	-	(300 115)	-	(300 115)
Payables and other liabilities	-	(6 787)	-	(6 787)
Derivative liabilities	-	(4 275)	-	(4 275)

	31 December 2022			
(In thousands of USD)	**Sole participant**	**Companies under common control or significant influence of the sole participant**	**Other parties**	**Total**
Loans to customers, gross	-	47 710	53 041	**100 751**
Loss allowance	-	(335)	(20 041)	**(20 376)**
Receivables from brokerage transaction	-	23 252	-	**23 252**
Loss allowance	-	(2 323)	-	**(2 323)**
Derivative asset	-	27 665	-	**27 665**
Customer brokerage accounts	-	(15 253)	(2)	**(15 255)**
Current accounts deposits and borrowings	(260)	(538 990)	(3 041)	**(542 291)**
Payables and other liabilities	-	(67)	(1)	**(68)**

The related profit and loss transactions with the sole participant and other related parties for the years ended 31 December 2023 and 31 December 2022 were as follows:

	2023			
(In thousands of USD)	**Sole participant**	**Companies under common control or significant influence of the sole participant**	**Other parties**	**Total**
Fee and commission income	-	2 510	-	2 510
Interest income calculated using the effective interest method	-	-	-	-
Other interest income	-	30	-	30
Interest expense	-	(32 959)	-	(32 959)
Net trading loss	-	(6 405)	3 311	(3 094)
Interest income	-	10 489	-	10 489
Administrative and other operating expenses	-	(1 767)	-	(1 767)
Loss allowance (charge)/recovery	-	(30 071)	20 041	(10 030)
Fee and commission expense	-	(2 070)	-	(2 070)
Other operating income	-	3 443	-	3 443

	2022			
(In thousands of USD)	**Sole participant**	**Companies under common control or significant influence of the sole participant**	**Other parties**	**Total**
Fee and commission income	-	18	9	**27**
Interest income calculated using the effective interest method	151	25	743	**919**
Other interest income	-	45	1 576	**1 621**
Interest expense	-	(1 817)	-	**(1 817)**
Administrative and other operating expenses	-	8	14	**22**
Loss allowance recovery/(charge)	261	(2 658)	(7 930)	**(10 327)**
Fee and commission expense	-	985	-	**985**
Other operating income/(loss)	608	(11 833)	-	**(11 225)**

During 2023 the Group recognised fair value adjustment in the amount of USD (10 754) thousand due to non-market rates on certain payables under repo transactions with entities under common control as capital contribution from shareholders.

During 2023 certain hybrid derivative instruments in the amount of USD 108 500 thousand (2022: USD 83 337 thousand) were sold to a related party under common control. The Group recongised fair value adjustment in the amount of USD 3 193 thousand (2022: nil) due to non-market prices as capital distribution to shareholders.

The average interest rates related to the outstanding balances with the related parties as at 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023				
(In thousands of USD)	**Board of Directors**	**Other key management**	**Sole participant**	**Companies under common control or significant influence of the sole participant**	**Other parties**
Loans to customers					
RUB	-	-	-	0,05 % -15,50 %	-
USD	-	-	-	5,00% - 5,80%	-
EUR	-	-	-	4,40%	4,50%
Current accounts deposits and borrowings					
USD	-	-	-	5,90%	-

	31 December 2022				
(In thousands of USD)	**Board of Directors**	**Other key management**	**Sole participant**	**Companies under common control or significant influence of the sole participant**	**Other parties**
Loans to customers					
RUR	17,90%	8,00%	-	3,90%	6,82%
USD	-	-	-	-	3,50%
EUR	-	-	-	-	-
Current accounts deposits and borrowings					
RUB	-	0,88%	-	-	-
USD	-	-	-	2,55%	-

28 Events after the reporting period

As at 10 January 2024 the Sole Director has approved the payment of interim dividends in the amount of USD 125 000 thousand.