BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

Financial Statements

31 December 2023

CONTENTS

Officers, Professional Advisors and Registered Office

Board of Directors:	
	Alona Joannu
	Dimitra Karkalli
	Franz Hep
	Sergei Kosarev – Resigned on 1 March 2023
Company Secretary:	M. Kyprianou Fiduciaries Ltd
Independent Auditors:	Yiallourides & Partners
Registered office:	Office 203, Kofteros Business Center, 182, Agias Fylaxeos, 3083 Limassol Cyprus
Bankers:	Hellenic Bank Public Company Ltd BCS Bank JSC ARDSHINBANK CJSC First Abu Dhabi Bank PJSC
Registration number:	HE158664

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with Article 9 sections 3 (c) and 7 of the Law 190 (I) / 2007 ('the Law') "*Law providing for transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market*", to the best of our knowledge, we hereby declare that:

(a) the financial statements, which are presented on pages 15 to 61, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113, and the provisions of Article 9, section (4) of the Law, give a true and fair view of the assets, liabilities, financial position and profit or loss and other comprehensive Income of the Company taken as a whole; and

(b) the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Members of the Board of Directors

....
Alona Joannu

....
Dimitra Karkalli

....
Franz Hep

Responsible for drafting the financial statements

Alona Joannu, Managing Director ....

Limassol, 29 April 2024

The Board of Directors of BrokerCreditService Structured Products PLC (the "Company") presents its report together with the audited financial statements of the Company for the year ended 31 December 2023.

Incorporation

The Company BrokerCreditService Structured Products PLC (the "Company") was incorporated in Cyprus on 18 March 2005 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. In 2015 the Company has been converted into a public limited company. Its registered office is at office is at Agias Fylaxeos 182, Office 203, Kofteros Business Center, 3083 Limassol, Cyprus.

Principal activities and nature of operations of the Company

The Company constitute an integral part of a wider group of companies (that might be also referred to in public sources as BCS Group or BCS Financial Group or FG BCS), the top level holding company of the mentioned above being FG BCS LTD DMCC (domiciled in United Arab Emirates). The above mentioned FG BCS group (the "FG BCS Group") has full ownership and exercises control over a number of legal entities including those duly licensed and authorised for financial market services and investment activities, the appropriate licences and authorisations duly issued by EU and third countries regulators and authorities. BrokerCreditService Structured Products Plc acts as an investment and financing company and conducts trading operations in the international securities markets (except for the investment activity that requires authorisation and/or license). This includes entering into transactions with market counterparties and related parties that are members of the FG BCS Group. These transactions include, but are not limited to, repo transactions, loans and transactions with securities in the international capital markets including exchanges and Over the Counter ("OTC") markets. The Company also conducts investment activities in different types of bonds.

BrokerCreditService Structured Products Plc acts as the FG BCS Group's operational company in Cyprus. In collaboration with other entities which are under common control, it issues structured products and executes various hedging strategies with the purpose of generating margins and minimising risk. Specifically, the Company 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 Company also issues unlisted Notes and/or Notes not admitted to trading on any market.

The Company's ultimate shareholder and controlling party is Mr. Oleg Mikhasenko, an individual who is the sole ultimate beneficial owner of the FG BCS Group.

Changes in Company structure
During the year under review, there were no changes in Company's structure.

Acquisition of an investment in associate
During the year the Company acquired additional 4% share in BrokerCreditService (Cyprus) Limited, a firm regulated by Cyprus Securities and Exchange Commission. Company's shares in associate is 49% (2022: 45%). See Note 16 of the Financial Statements.

Review of current position, future developments and performance of the Company's business

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

Given the current geopolitical situation, which affects world markets the Board of Directors is aiming to continue to take the following measures to ensure stability of Company's business, its financial position and performance:

- Continue with new markets expansion – for limiting exposures to the markets the Company is present at, the Board of Directors considers expansion to new markets;
- Continue limiting the structured products offering in Russia and consider to change the products to those that are functional and available under the current restrictions – by way of buying out existing ones outcome of which may be unfavourable for the Company and holders and simultaneous offer of newly developed products that take into account current markets situation and restrictions;
- Due to constantly changing geopolitical environment company continuously seeking for a new business relations and opportunities to ensure stability in company's performance to be able to fulfil its obligations.

The Company's strategic goals and main current and future developing points are:

- Leading positions in sales of structured products;
- Ability for remote purchase of structured products;

- Continue to increase range of structured products provided;
- Continue of implementation of new types of products;
- Sales diversification through partners and agents and development of remote and other distribution channels (i.e. promotion of online distribution of structured products through BCS channels, external partnership network extension, and joint products with other entities under common control).

Existence of branches
The Company does not maintain any branches.

Principal risks and uncertainties
The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company as part of its operations and normal activities uses various financial instruments such as credit default swaps, interest rate swaps, options, forward contracts, direct and reverse repurchase agreements, credit linked notes and other instruments which expose it to various financial risks such as fair value interest rate risk, credit risk, liquidity risk.

The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non derivative financial instruments, and investment of excess liquidity.

Market risk
Market price risk is the risk if loss resulting from adverse movements in the market price or model price of financial assets. The Company has an exposure to market price risk because of investments held by the Company and classified as financial assets at fair value through profit or loss, which are susceptible to market price risk arising from uncertainties about future prices of these investments.

Interest rate risk
Interest rate risk is the risk of adverse movements in the yield curve and corresponding movements in the valuation of fixed income-based assets of the Company.

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. The Company distinguishes between the following types of credit risk:

- Counterparty credit risk is the risk of the counterparty defaulting on a derivative transaction that has a positive replacement value;
- Issuer credit risk is the risk of default by the issuer of a debt instrument held as direct position or as an underlying of a derivative;
- Country risk is the risk of financial loss due to a country-specific event.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulties with raising money in meeting obligations associated with financial liabilities.

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency.

The principal financial risks above and uncertainties faced by the Company are described further in Note 5 of the financial statements. These risks are not an exhaustive list or explanation of all risks, which the Company may face. The Company is also exposed to a number of other risks, including:

- **Operational Risk** is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. Losses can take the form of direct financial losses, regulatory sanctions or lost revenues, e.g. due to the failure of a system. Such events may also lead to reputational damage that could have longer-term financial consequences.

Operational risk is limited by means of organizational measures, automation, internal control and security systems, written procedures, legal documentation, loss mitigation technics and business continuity plan overseen by management, among other measures.

- **Legal risk** is the risk that agreements and contracts are ineffective in protecting the Company's from claims against it by third parties.
- **Regulatory Compliance Risk** - the risk that the Company suffers financial, reputational or litigation damage through failure to adhere to, monitor, control update and eliminate or substantially reduce regulatory compliance risk.
- **IT Risk (including Cyber risks)** is the risk that IT systems fail to support the Company's business operations and/or to provide reliable management information on a timely basis.
- **Reputational risk** is the current or prospective risk to earnings and capital arising from an adverse perception of the image of the Company on the part of counterparties, shareholders, investors or regulators. Reputational risk could be triggered by poor performance, fraud, theft, legal action or regulatory fines.
- **Political risk** is the risk that the Company's investment's returns or operations could suffer as a result of political changes in the country or globally.
- **Model risk** is the risk of financial loss due to inappropriate model assumptions or inadequate model usage. The consequence of an inadequate model could be an incorrect valuation, leading to incorrect risk measurement and incorrect hedging positions, both of which could result in a financial loss.
- **Tax risk** is the risk of losses arising from changes in taxation (derived from tax legislation and decisions by the courts), including the misinterpretation of tax regimes as well as the manner in which they may be applied and enforced.

All significant risks are included in the Risk Matrix of the Company with a description of the procedures for their mitigation.

Capital adequacy

The Company maintains a significant level of capital due to the following factors:

- This allows the Company to better manage risks in stressful situations and absorb adverse market movements;
- This makes it easier to establish relationships with leading market counterparties;
- This corresponds to the best market practices.

Due to its strong capital base, the Company's risk appetite falls into the categories between "Low" to "Medium": the Company has limited appetite for risks and therefore takes preference to safe options that are low risk. The Company makes some deliberate trade-offs between costs and return considerations and accepts some risk exposure whilst designing controls with an emphasis on mitigating risks that are more material.

The Company's capital amounted to USD 128 301 thousand as at 31 December 2023 (31 December 2022: USD 106 745 thousand).

Results

The Company's results for the year ended 31 December 2023 are set out on page 16. The net profit for the year ended 31 December 2023 attributable to the shareholder of the Company amounted to USD 13 613 thousand. (2022: net loss USD 9 631 thousand). On 31 December 2023 the total assets of the Company were USD 964 389 thousand (31 December 2022: USD 1 543 570 thousand) and the net assets of the Company were USD 128 300 thousand (31 December 2022: USD 106 745 thousand). In 2022 the imposition of sanctions introduced restrictions over trading and resulted in increased impairment provisions and losses over trading assets. As a result of the sanctions certain securities (trading assets and investment securities measured at amortised cost) and receivables are restricted over trading and movements in depositaries. In 2023, the management applied a more conservative approach to the valuation of provisions for restricted assets, which resulted in additional expenses in the amount of USD 41 750 thousand. At the same time, thanks to the restructuring of the business and the sale of blocked assets, the company earned a profit in 2023.

Key Performance Indicators

Based on Net profit and Capital performance indicators, Management assesses the results of the Company for the year ended 31 December 2023 to be robust and satisfying. Net profit has increase by USD 23 244 thousand and comprised USD 13 613 thousand in comparison with the loss in amount of USD 9 631 thousand in 2022. The Company maintained strong equity position amounted to USD 128 300 as at 31 December 2023 (2022: USD 106 745 thousand).

Dividends
During the year ended 31 December 2023 the Company did not declare and pay dividends based on performance for the year of 2022 (2022: USD 57 580 thousand).

Share capital
There were no changes in the share capital of the Company during the reported period.

Board of Directors
The members of the Company's Board of Directors as at 31 December 2023 and at the date of this report are presented on page 1. Mr. Sergei Kosarev resigned from director of the Company on 1 March 2023.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors. Matters that were assigned to Mr. Kosarev previously now remain under control of Ms. Alona Joannu.

Corporate Governance Statement
The Company, in preparation of its financial reports adheres to IFRS requirements laid down by the International Accounting Standards (IAS) Regulation (2002/3626/EC) and Companies Law Cap. 113 of the Republic of Cyprus. The financial reports are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The procedure of preparation of financial statements in terms of risk management and internal controls is supervised by the Board of Directors. The Company also has an Audit Committee, appointed directly by the General Meeting of Shareholders which is entitled, under its documented Terms of Reference to:

(a) monitor and discuss with management the integrity of the financial statements of the Company, including:

(i) the annual and half-yearly reports;
(ii) any other formal statements relating to its financial performance;

(b) review and report to the board on significant financial reporting issues and judgements which the financial statements, interim reports, preliminary announcements and related formal statements contain having regard to matters communicated to it by the external auditor;

(c) review and challenge where necessary:

(i) the application and appropriateness of accounting policies, and any changes to them both on a year on year basis and across the Company;
(ii) the annual valuations used for preparation of the annual financial statements and, at its discretion, to interview the valuers responsible for such valuations, if any;
(iii) whether the Company has made appropriate estimates and judgements, taking into account the external auditor's views;
(iv) the clarity and completeness of financial reporting disclosures and any changes to those disclosures, including the review of any correspondence between the Company and the external auditor;
(v) the methods used to account for significant or unusual transactions (including any off balance sheet arrangements) where different approaches are possible;
(vi) significant adjustments resulting from the external audit; and
(vii) the assumptions or qualifications in support of the going concern statement (including any material uncertainties as to the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements) and the longer term viability statement (including an assessment of the prospects of the Company looking forward over an appropriate and justified period);

(d) monitor compliance with financial reporting standards and any recognised investment exchange and other financial and governance reporting requirements;

(e) review all material information presented with the financial statements, such as the strategic report and the corporate governance statements, insofar as it relates to audit and risk management;

(f) review first any other statements that contain financial information and require board approval, if carrying out a review before board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation including the listing rules or disclosure guidance and transparency rules; and

(g) where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, report its views to the board.

As to the internal controls the Audit Committee reviews the Company's internal financial controls and internal control systems and, at least annually, carry out a review of its effectiveness and approve the statement to be included in the annual report concerning internal control.

Operating Environment of the Company

Operating environment of the Republic of Cyprus

The economy of Cyprus marked a 5.6% growth in 2022 (4.8% in 2021), which is well above the euro area average. In 2023 GDP growth rate reached 2.4 per cent in 2023, while inflation stands at 3.9 per cent.

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 war. 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.

Total auditors' remuneration
Total auditors' remuneration for the year ended 31 December 2023 amounted to USD 338 thousand (2022: USD 204 thousand).

Events after the reporting period
The events after the reporting period are disclosed in Note 24 to the financial statements.

Related party balances and transactions
Disclosed in Note 22 of the financial statements.

Independent Auditors
The Independent Auditors, Yiallourides & Partners Ltd, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted to the Annual General Meeting.

Alona Joannu
Managing Director

Limassol, 29 April 2024

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Independent Auditor's Report

To the Members of BrokerCreditService Structured Products Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BrokerCreditService Structured Products Plc (the "Company"), which are presented in pages 15 to 61 and comprise the statement of financial position as at 31 December 2023, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes of the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company 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 financial statements in Cyprus, 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.

Emphasis of Matter

We draw attention to notes 13, 14 and 17 of the financial statements which describe the recent developments in business operating environment, as a result of the political situation between Russia and Ukraine, and how the restrictions introduced as a result of the imposed sanctions affected the reported accounts of Company's assets and liabilities and its operations. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

In addition to the matter described in Emphasis of matter paragraph, we have determined the matters described below to be key audit matters to be communicated in our report.

Independent Auditor's Report (continued)

To the Members of BrokerCreditService Structured Products Plc

Key Audit Matters (continued)

Valuation of derivatives notes issued, trading assets and liabilities measured at fair value Level 2 and Level 3

Refer to note 13, 15 and 18 of the financial statements.

The key audit matter	How the matter was addressed in our audit
Fair value of derivatives and notes issued is calculated with the use of valuation models that are often based on subjective assumptions and management's professional judgement. Due to existence of an uncertainty factor inherent in fair value of derivatives and notes issued, we consider this area a key audit matter.	Our audit procedures in this area included, among others: We evaluated the appropriateness of the accounting policies applied by the Company. We involved valuation specialists to analyze the appropriateness and reasonableness of the valuation models and assumptions used by the Company and to develop an independent expectation for a sample of derivatives and notes issued. We compared independent expectation with valuations calculated by the client. For a sample of derivatives and notes issued we tested the correctness of data inputs used for fair value estimation with data and supporting documents. We uploaded the data for a sample selected to the Software used for valuation and compare the valuation results with those calculated by the client. We tested market data used in the calculation of the fair value by reconciliation with information from external resources on a sample basis. We also assessed whether the financial statements provide an appropriate disclosure related to the fair value of the Company's derivatives and notes issued. We discussed with the Management of the Company over significant assumptions in relation to the marketability discounts applied in measuring the fair value of trading assets.

Independent Auditor's Report (continued)

To the Members of BrokerCreditService Structured Products Plc

Key Audit Matters (continued)

Impairment of debt financial assets

Refer to note 14 and 17 of the financial statements

The key audit matter

A financial asset or contract is not appropriately identified for a loss allowance based on expected credit losses (ECLs).

An inappropriate amount is estimated and recorded for the ECL allowance for financial assets or contracts in scope of IFRS 9's impairment requirements.

The definition of default is not appropriately determined or consistently applied.

Significant increase in credit risk (SICRP) is inappropriately assessed or applied, leading to assets being allocated to incorrect stages.

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

We evaluated the appropriateness of the accounting policies based on IFRS 9 requirements, our business understanding and industry practice.

We evaluated the reasonableness of Management's key judgements, including selection and application of methods/ models and significant assumptions in estimating ECLs.

We evaluated the completeness, accuracy and relevance of disclosures required by IFRS 9, including disclosures about assumptions about the future and other major sources of estimation uncertainty.

Specifically:
- For prepayments and other assets, we carried out the following:
• We verified that the ECL assessment was carried out on an individual basis.
• We assessed the correctness / appropriateness of the classification of receivables as Stage 1, Stage 2 and Stage 3 in accordance with the accounting policy of the Company and the characteristics of each receivable.
• We assessed the appropriateness of the Probability of Default (PD) and Loss Given Default (LGD) used in line with the accounting policy of the Company.
• We ensured that for 'blocked' receivables these are categorized as Stage 3.
• We recalculated the ECL and compared it with the provision recognized by the Company, verifying by that way the mathematical accuracy of the model used by the Company.
• We received a breakdown of the accounts receivable and categories and checked it with the registries to ensure the completeness and accuracy of the relevant data in order to check that the correct EAD is used for the calculations.
- For assets measured at amortised cost, as these are classified on the face of the balance sheet, we carried out the following:
• We checked Company's methodology for PD calculation and verified its conformity with the IFRS 9 provisions.
• We recalculated the ECL and compared results to those of the Company.
• We assessed the correctness/appropriateness of the classification of the assets measured at amortised cost as Stage 1, Stage 2 and Stage 3 in accordance with the accounting policy of the Company and the characteristics of each receivable.
• We checked that the calculation of the ECL the correct LGD and PD is applied.
• We checked that the correct EAD is used for the calculation.

Independent Auditor's Report (continued)

To the Members of BrokerCreditService Structured Products Plc

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, the Corporate Governance Statement and the Directors' responsibility statement, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap.113.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company'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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors and those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of 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 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

Independent Auditor's Report (continued)

To the Members of BrokerCreditService Structured Products Plc

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the Board of Directors' 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors 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.

Report on Other Legal Requirements

Requirements of Article 10(2) of the EU Regulation 537/2014

1. Appointment of the Auditor and Period of Engagement

We were first appointed as auditors of the Company on 01 February 2024 to audit the financial statements of the Company for the year ended 31 December 2023. Our appointment is for 1 year covering the period ended 31 December 2023 and our appointment as auditors of the Company will be renewed annually by the shareholders.

2. Consistency of the Additional Report to the Audit Committee

We confirm that our audit opinion on the financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which is dated 26 April 2024, in accordance with Article 11 of the EU Regulation 537/2014.

3. Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of the EU Regulation 537/2014 and Section 72 of the Auditors Law of 2017 were provided. In addition, there are no non-audit services which were provided by us to the Company and which have not been disclosed in the financial statements or the Management Report.

Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

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- In our opinion, the Management Report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management Report. We have nothing to report in this respect.
- In our opinion, based on the work undertaken in the course of our audit, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, and which is included as a specific section of the Management Report, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap, 113, and is consistent with the financial statements.

Independent Auditor's Report (continued)

To the Members of BrokerCreditService Structured Products Plc

Other Legal Requirements (continued)

- In our opinion, based on the work undertaken in the course of our audit, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.
- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113. We have nothing to report in this respect.

European Single Electronic Format

We have examined the digital files of the European Single Electronic Format (ESEF) of BrokerCreditService Structured Products Plc for the year ended 31 December 2023 comprising the XHTML file which includes the annual financial statements for the year then ended (the "digital files").

The Board of Directors of BrokerCreditService Structured Products Plc is responsible for preparing and submitting the financial statements for the year ended 31 December 2023 in accordance with the requirements set out in the EU Delegated Regulation 2019/815 of 17 December 2018 of the European Commission (the "ESEF Regulation").

Our responsibility is to examine the digital files prepared by the Board of Directors of BrokerCreditService Structured Products Plc. According to the Audit Guidelines issued by the Institute of Certified Public Accountants of Cyprus (the "Audit Guidelines"), we are required to plan and perform our audit procedures in order to examine whether the content of the financial statements included in the digital files corresponds to the financial statements we have audited, and whether the digital files have been prepared in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital files examined corresponds to the financial statements, and the financial statements included in the digital file, are presented in all material, in accordance with the requirements of the ESEF Regulation.

Other Matters

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Comparative figures

The financial statements of the Company for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on 10 May 2023.

Panicos Charalambous
Certified Public Accountant and Registered Auditor
for and on behalf of
Yiallourides & Partners Ltd
Chartered Accountants

Limassol, 29 April 2024

(In thousands of USD)	Note	31 December 2023	31 December 2022
ASSETS			
Cash and cash equivalents	12	121 489	145 837
Receivables under resale agreements		-	26 336
Trading assets except derivatives	13	644 574	414 651
- pledged		*342 690*	314 533
- unpledged		*301 884*	100 118
Investment securities measured at amortised cost	14	10 914	618 274
- pledged		-	602 317
- unpledged		*10 914*	15 957
Investment securities measured at fair value through profit and loss		8 719	8 955
Derivative assets	15	17 551	27 897
Loans to customers		-	32 981
Property, equipment and intangible assets		39	98
Investment in an associate	16	34 905	46 507
Prepayments and other assets	17	126 198	222 034
TOTAL ASSETS		**964 389**	**1 543 570**
LIABILITIES			
Payables under repurchase agreements		-	433 786
Derivative liabilities	15	248 227	223 182
Notes issued	18	147 380	282 290
Loans payable	19	425 834	472 836
Payables and other liabilities		14 648	24 731
TOTAL LIABILITIES		**836 089**	**1 436 825**
EQUITY			
Share capital	20	27	27
Liability credit reserve		(6 844)	(12 368)
Translation reserve		8 489	8 489
Retained earnings		126 628	110 597
TOTAL EQUITY		**128 300**	**106 745**
TOTAL EQUITY AND LIABILITIES		**964 389**	**1 543 570**

Approved for issue and signed on behalf of the Board of Directors on 29 April 2024.

Dimitra Karkalli Director

Franz Hep Director

Alona Joanna Director

The notes on pages 18 to 60 form an integral part of these financial statements.

(In thousands of USD)	**Note**	**For the year ended 31 December 2023**	**For the year ended 31 December 2022**
Interest income calculated using the effective interest method	6	34 537	48 115
Other interest income	6	1 870	2 177
Interest expense	6	(37 358)	(43 866)
Net interest (loss) income		**(951)**	**6 426**
Net trading gain (loss) from trading assets and liabilities	7	61 340	(365 456)
Gain from trading in foreign currencies and currency revaluation		21 638	59 792
Dividend income from trading assets		9 155	9 646
Loss related to redemption of investment securities measured at amortised cost pledged under repurchase agreements	22	(34 938)	(20 216)
Net trading (loss) gain from derivatives	8	(24 738)	427 896
Net trading (loss) income		**32 457**	**111 662**
Impairment of debt financial assets	5	(29 350)	(109 712)
Fair value loss from loans measured at fair value through profit or loss		-	(455)
Other operating (expenses) income		(290)	360
Gain (loss) from investment securities measured at fair value through profit or loss		1 796	(387)
Administrative and other operating expenses	9	(2 618)	(2 574)
Fee and commission expense	10	(15 046)	(13 346)
Share of gain of an associate	16	28 837	25
Profit (loss) before tax		**14 835**	**(8 001)**
Income tax expense	11	(1 222)	(1 630)
Profit (loss) for the year		**13 613**	**(9 631)**
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss			
Movement in liability credit reserve		965	(15 008)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		-	8 489
Other comprehensive income (loss)		**965**	**(6 519)**
Total comprehensive income (loss)		**14 578**	**(16 150)**

	For the year ended 31 December 2023 Attributable to the sole participant				
(In thousands of USD)	**Share capital**	**Credit liability reserve**	**Translation reserve**	**Retained earnings**	**Total**
Balance at 31 December 2022	**27**	**(12 368)**	**8 489**	**110 597**	**106 745**
Total comprehensive income					
Profit for the year	-	-	-	13 613	**13 613**
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Liability credit reserve	-	5 524	-	(4 559)	**965**
Total items that will not be reclassified subsequently to profit or loss	-	***5 524***	-	**(4 559)**	*965*
Total comprehensive income (loss)	**-**	**5 524**	**-**	**(4 559)**	**965**
Net distribution to shareholders (Note 22)	**-**	**-**	**-**	**6 977**	**6 977**
Balance at 31 December 2023	**27**	**(6 844)**	**8 489**	**126 628**	**128 300**

	For the year ended 31 December 2022 Attributable to the sole participant				
(In thousands of USD)	**Share capital**	**Credit liability reserve**	**Translation reserve**	**Retained earnings**	**Total**
Balance at 31 December 2021	**27**	**3 214**	**0**	**177 233**	**180 474**
Total comprehensive income					
Loss for the year	-	-	-	(9 631)	**(9 631)**
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Other comprehensive income					
Liability credit reserve	-	(15 582)	-	575	**(15 007)**
Total items that will not be reclassified subsequently to profit or loss	**-**	**(15 582)**	**-**	**575**	**(15 007)**
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operations	-	-	8 489	-	**8 489**
Total items that are or may be reclassified subsequently to profit or loss	**-**	**-**	**8 489**	**-**	**8 489**
Total comprehensive loss	**-**	**(15 582)**	**8 489**	**575**	**(6 518)**
Dividends (Note 20)	-	-	-	(57 580)	**(57 580)**
Balance at 31 December 2022	**27**	**(12 368)**	**8 489**	**110 597**	**106 745**

The notes on pages 18 to 60 form an integral part of these financial statements.

(In thousands of USD)	**Note**	**For the year ended 31 December 2023**	**For the year ended 31 December 2022**
Cash flows from operating activities			
Profit (loss) before income tax		**14 835**	**(8 001)**
Adjustments for:			
Depreciation and amortisation		60	62
Unrealised (gain)/loss from trading in foreign currencies		(3 370)	51 015
(Gain)/loss from investment securities measured at fair value through profit or loss		(1 796)	387
Change in fair value of derivative financial instruments		114 668	(297 006)
Other income		-	(359)
Fair value loss on financial assets at fair value through profit or loss		18 064	126 779
Loss related to redemption of investment securities measured at amortised cost pledged under repurchase agreements		34 938	20 216
Impairment of debt financial assets	5	29 350	109 712
Net interest income	6	951	(6 426)
Share of gain of an associate		(28 837)	(25)
Fair value loss from loans measured at fair value through profit or loss		473	455
Cash flows from (used in) operating activities before changes in working capital		**179 336**	**(3 191)**
Change in operating assets and liabilities			
Decrease in receivables under resale agreements		26 341	130 695
(Increase)/decrease in financial assets at fair value through profit or loss		(247 190)	1 217 267
Decrease/ (increase) in loans to customers		1 636	(1 047)
Loans granted transferred under cession		-	24 925
Decrease/(increase) in prepayments and other assets		175 218	(1 972)
Derivative instruments		(144 134)	(279 151)
Increase/(decrease) in payables under repurchase agreements		69 854	(174 648)
(Decrease)/increase in trade and other payables		(17 891)	17 910
Decrease in notes issued		(139 026)	(351 840)
Decrease in loans payable		(53 792)	(656 221)
Interest received during the period		27 936	33 911
Interest paid during the period		(25 646)	(41 715)
Income tax paid		(1 222)	(1 629)
Net cash used in operating activities		**(148 580)**	**(86 706)**
Cash flows from investing activities			
Payment for purchase of property, plant and equipment		-	(2)
Payment for purchase of financial assets at amortised cost		-	(168)
Proceeds from disposals of financial assets at amortised cost		80 829	95 010
Dividends received	16	29 068	-
Share premium reduction of associate	16	14 129	-
Net cash used in investing activities		**124 026**	**94 840**
Cash flows from financing activities			
Lease payments		(45)	(43)
Dividends paid	20	-	(924)
Net cash from financing activities		**(45)**	**(967)**
Net (decrease)/increase in cash and cash equivalents		**(24 599)**	**7 167**
Cash and cash equivalents at the beginning of the period	12	145 837	138 790
Effect of changes in exchange rates on cash and cash equivalents		197	(29)
Effect of change in allowance for credit losses on cash and cash equivalents	5	54	(91)
Cash and cash equivalents at the end of the period	12	**121 489**	**145 837**

1 Background

Country of incorporation

The company BrokerCreditService Structured Products Plc (the "Company") was incorporated in Cyprus on 18 March 2005 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. In 2015 the Company has been converted into a public limited company. Its registered office is at office is at Agias Fylaxeos 182, Office 203, Kofteros Business Center, 3083 Limassol, Cyprus.

Principal activities

The Company constitutes an integral part of a wider group of companies (that might be also referred to in public sources as BCS Group or BCS Financial Group or FG BCS), the top level holding company of the mentioned above being FG BCS Ltd DMCC, that was redomiciled at Dubai Multi Commodities Centre (DMCC). The above mentioned FG BCS group (the “FG BCS Group”) has full ownership and exercises control over a number of legal entities including those duly licensed and authorised for financial market services and investment activities, the appropriate licences and authorisations duly issued by EU and third countries regulators and authorities. BrokerCreditService Structured Products Plc acts as an investment and financing company and conducts trading operations in the international securities markets (except for the investment activity that requires authorisation and/or license). This includes entering into transactions with market counterparties and related parties that are members of the FG BCS Group. These transactions include, but are not limited to, repo transactions, loans and transactions with securities in the international capital markets including exchanges and Over the Counter ("OTC") markets. The Company also conducts investment activities in different types of bonds of both Russian and international issuers.

BrokerCreditService Structured Products Plc acts as the FG BCS Group's operational company in Cyprus. In collaboration with other entities which are under common control, it issues structured products and executes various hedging strategies with the purpose of generating margins and minimising risk. Specifically, the Company issues Notes in bearer or registered form (respectively, "Bearer Notes" and "Registered Notes" and, together, 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 Company also issues unlisted Notes and/or Notes not admitted to trading on any market.

As at 31 December 2023 and 31 December 2022 the Company had no subsidiaries.

The Company’s ultimate shareholder and controlling party is Mr. Oleg Mikhasenko, an individual who is the sole ultimate beneficial owner of the FG BCS Group.

Business environment

Cyprus business environment

The economy of Cyprus marked a 5.6% growth in 2022 (4.8% in 2021), 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 war. 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-than expected 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 financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis of measurement

These financial statements are prepared on the historical cost basis, except for trading assets and liabilities, including derivatives, certain notes issued and certain loans to customers measured at fair value.

Functional and presentation currency

The functional currency of the Company is the currency of the primary economic environment in which it operates. In prior years the Company determined that its functional currency is the Russian rouble (RR) as it reflected the economic substance of the majority of its underlying events and circumstances. On 10 January 2023, the parent company FG BCS Limited decided to terminate its activities in Russia and develop market of UAE and Cyprus. The Company refocused on issuing financial instruments with underlying assets primarily represented by securities of USA and EU issuers, denominated in USD.

Starting 1 January 2023 the USD is used 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 Company 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 financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts recognised in the 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 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 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 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 21.

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 Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

The following amendments had no impact on the financial statements of the Company:

- IFRS 17 Insurance Contracts. IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts.
- Definition of Accounting Estimates - Amendments to IAS 8. The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12.
- International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12.

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

3 Material accounting policies

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

Foreign currency

Transactions in foreign currencies are translated to the functional currency of Company 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, except for those arising on financial instruments at FVTPL, which are recognised as a component of net income from financial instruments at FVTPL.

Net trading gain (loss) from trading assets and liabilities

'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.

Dividend income

Dividend income is recognised in profit or loss on the date which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of a dividends.

Fees and commission

Fee and commission expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate. Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

Financial assets and financial liabilities

Designation at fair value through profit or loss

Financial assets

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

Investment securities

The 'investment securities' caption in the statement of financial position includes:

- debt securities measured at amortised cost; and
- equity investment securities designated as at FVTPL.

Financial liabilities

The Company 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.

Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). The Company 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 the Company chooses to designate the hybrid contracts at FVTPL.

Notes issued

The 'Notes issued' caption in the statement of financial position includes debt securities in issue designated at FVTPL.

Derivatives

The 'Derivatives' captions in the statement of financial position includes debt securities include various derivative contracts which may be hybrid financial liabilities designated at FVTPL.

Liabilities designated as at FVTPL

When the Company 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 Company 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.

The change in fair value attributable to changes in credit risk is determined as the amount of change in its fair value that is not attributable to changes in observed benchmark interest rate. In absence of specific observable data this approach provide a reasonable approximation of changes in attributable to credit risk.

Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements when the shareholders' right to receive the dividends is established, either through Board resolution (for interim dividends) or by the Company's shareholders in the Annual General Meeting (for final dividends).

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.

Current income tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Associates

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. The financial statements include the Company'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 Company's share of losses exceeds the Company'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 Company has incurred obligations in respect of the associate.

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 financial statements. The Company 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 standards are effective for annual reporting periods beginning on or after 1 January 2024.

The amendments and new standards are not expected to have a material impact on the Company's financial statements.

5 Risk management

Overview

The Company'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 Company. This note presents information about the Company'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 Head of Risk department, which is responsible for reviewing and monitoring risk exposures and leading the continued development of risk management policies and practices. The Head of Risk department focuses on these specific areas:

- credit and market risk, focusing on credit exposures resulting from hedging transactions, investing activities of certain proprietary funds, corporate credit and investment activity, and market risk resulting from the Company taking positions in certain securities to facilitate hedging activity;
- corporate asset-liability management, focusing on liquidity, capital resources, interest rate risk, and investments;
- information security and privacy, focusing on information security and privacy policies, procedures and controls;
- investment management, focusing on activities in which the Company 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 Head of Risk department reviews major risk exposures and reports regularly to the Board of Directors. Management has written policies and procedures that govern the conduct of business by employees, relationships with counterparties and vendors.

Risk is inherent in the Company's business. Consequently, despite efforts to identify areas of risk and implement risk management policies and procedures, there can be no assurance that the Company 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 Company 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

Market price risk is the risk of loss resulting from adverse movements in the market price or model price of financial assets. The Company has an exposure to market price risk because of investments held by the Company and classified as financial assets at fair value through profit or loss, which are susceptible to market price risk arising from uncertainties about future prices of these investments.

Interest rate risk

Interest rate risk is the risk that the Company's income on financial instrument portfolio may change due to interest rate fluctuations. The Company takes on exposure to the effects of fluctuations in prevailing market interest rates on its financial position and cash flows. 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 include a 50 basis points rise or fall in the greater than 12-month portion of all yield curves. Risk management sets limits and regularly reviews reports and issues on interest rate risks.

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

							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	**121 489**	45 148	-	-	-	-	76 341
Trading assets except derivatives	**644 574**	-	-	-	4 274	19 177	621 123
Investment securities measured at amortised cost	**10 914**	-	-	-	-	10 914	-
Derivative assets	**17 551**	-	779	346	346	16 039	41
Investment securities measured at fair value through profit and loss	**8 719**	-	-	-	-	-	8 719
Prepayments and other financial assets	**126 068**	185	-	-	40 225	-	85 658
Total financial assets	**929 315**	**45 333**	**779**	**346**	**44 845**	**46 130**	**791 882**
Financial liabilities							
Derivative liabilities	**248 227**	25 633	22 826	8 629	13 232	170 794	7 113
Notes issued	**147 380**	537	2 000	7 918	37 639	99 286	-
Loans payable	**425 834**	425 834	-	-	-	-	-
Payables and other liabilities	**14 519**	395	-	-	-	34	14 090
Total financial liabilities	**835 960**	**452 399**	**24 826**	**16 547**	**50 871**	**270 114**	**21 203**
Net position	**93 355**	**(407 066)**	**(24 047)**	**(16 201)**	**(6 026)**	**(223 984)**	**770 679**

							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	**145 837**	10 042	13 045	-	-	-	122 750
Receivables under resale agreements	**26 336**	26 336	-	-	-	-	-
Trading assets except derivatives	**414 651**	-	202	17 917	2 534	11 829	382 169
Investment securities measured at amortised cost	**618 274**	-	21 243	16 514	27 516	553 001	-
Derivative assets	**27 897**	585	4 591	-	18	6 128	16 575
Investment securities measured at fair value through profit and loss	**8 955**	-	-	-	-	-	8 955
Loans to customers	**32 981**	-	-	-	-	32 981	-
Prepayments and other financial assets	**221 743**	75 102	-	-	-	-	146 641
Total financial assets	**1 496 674**	**112 065**	**39 081**	**34 431**	**30 068**	**603 939**	**677 090**
Financial liabilities							
Payables under repurchase agreements	**433 786**	420 608	-	13 178	-	-	-
Derivative liabilities	**223 182**	16 279	14 888	16 010	18 842	142 414	14 749
Notes issued	**282 290**	-	1 845	8 560	30 300	241 585	-
Loans payable	**472 836**	472 836	-	-	-	-	-
Payables and other liabilities	**24 607**	-	-	-	-	77	24 530
Total financial liabilities	**1 436 701**	**909 723**	**16 733**	**37 748**	**49 142**	**384 076**	**39 279**
Net position	**59 973**	**(797 658)**	**22 348**	**(3 317)**	**(19 074)**	**219 863**	**637 811**

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	(4 010)	(4 010)	(6 165)	(6 165)
Parallel decrease in rates by 100 basis points	4 010	4 010	6 165	6 165

The tables 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.	**RR**	**USD**	**CNY**	**EUR**	**Other currencies**
Interest bearing assets					
Cash and cash equivalents	0,00%	5,10%	0,00%	0,00%	0,00%
Resale and securities lending agreements	-	-	-	-	-
Trading assets except derivatives	0,0%	8,5%	0,0%	4,1%	0,0%
Investment securities measured at amortised cost	-	3,20%	-	-	-
Derivative assets	-	4,33%	-	3,15%	0,05%
Loans to customers	-	-	-	-	-
Prepayments and other financial assets	0,0%	1,8%	-	0,0%	0,0%
Interest bearing liabilities					
Payables under repurchase agreements	-	-	-	-	-
Derivative liabilities	14,28%	6,36%	4,83%	3,63%	5,37%
Notes issued	14,02%	5,75%	0,00%	4,75%	7,41%
Loans payable	15,25%	5,83%	2,04%	2,25%	0,00%
Payables and other liabilities	0,00%	0,00%	-	2,54%	-

	31 December 2022				
In % p.a.	**RR**	**USD**	**CNY**	**EUR**	**Other currencies**
Interest bearing assets					
Cash and cash equivalents	0,0%	0,0%	0,0%	0,0%	0,0%
Resale and securities lending agreements	-	0,0%	-	-	-
Trading assets except derivatives	0,0%	4,7%	-	8,1%	0,0%
Investment securities measured at amortised cost	7,0%	9,0%	-	6,3%	-
Derivative assets	8,8%	6,6%	-	3,2%	-
Loans to customers	-	6,0%	-	-	-
Prepayments and other financial assets	0,0%	4,3%	-	0,0%	0,0%
Interest bearing liabilities					
Payables under repurchase agreements	7,5%	3,7%	-	-	-
Derivative liabilities	9,1%	6,2%	5,7%	3,7%	0,4%
Notes issued	9,6%	6,6%	-	4,6%	6,9%
Loans payable	2,7%	5,0%	-	2,3%	0,0%
Payables and other liabilities	0,0%	0,0%	-	2,5%	0,0%

Foreign currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency.

The Company 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 Company operates internationally and is exposed to foreign exchange risk, primarily with respect to the RR, CNY and EUR.

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)	**RR**	**USD**	**EUR**	**CNY**	**Other**	**Total**
Financial assets	11 033	825 860	29 697	46 177	16 549	929 316
Financial liabilities	(8 715)	(776 766)	(3 484)	(47 862)	867	(835 960)
Net position	**2 318**	**49 094**	**26 213**	**(1 685)**	**17 416**	**93 356**

	31 December 2022					
(In thousands of USD)	**RR**	**USD**	**EUR**	**CNY**	**Other**	**Total**
Financial assets	419 660	978 944	62 254	9 766	26 050	1 496 674
Financial liabilities	(393 743)	(1 020 256)	(9 026)	(3 544)	(10 132)	(1 436 701)
Net position	**25 917**	**(41 312)**	**53 228**	**6 222**	**15 918**	**59 973**

As at 31 December 2023 and 31 December 2022 the total open foreign currency position of the Company is mainly caused by note issued and open margin position.

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

	31 December 2023		31 December 2022	
(In thousands of USD)	**Average rate**	**Spot rate**	**Average rate**	**Spot rate**
RUR	0,01	0,01	0,02	0,01
EUR	1,08	1,10	1,05	1,07
CNY	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 Company 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**
RUR (20% movement)	464	(464)	5 184	(5 184)
EUR (20% movement)	5 243	(5 243)	10 646	(10 646)
CNY (20% movement)	(337)	337	1 245	(1 245)

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 Company has a long or short position in an equity financial instrument.

The analysis of sensitivity of net profit or loss 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 371 518 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:

	31 December 2023		31 December 2022	
(In thousands of USD)	**Profit or loss**	**Equity**	**Profit or loss**	**Equity**
10% increase in securities quotations	2 020	2 020	1 066	1 066
10% decrease in securities quotations	(2 020)	(2 020)	(1 066)	(1 066)

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 Company's net profit for the year would be the following:

	31 December 2023		**31 December 2022**	
(In thousands of USD)	**Profit or loss**	**Equity**	**Profit or loss**	**Equity**
Increase in securities quotation 7.5%-10%. Market volatility is 13.7%-25.7%	19 108	19 108	(4 362)	(4 362)
Decrease in securities quotation 15%-20%. Market volatility is 19.7%-34.5%	(33 673)	(33 673)	(4 938)	(4 938)

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

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. The Company distinguishes between the following types of credit risk:

- Counterparty credit risk is the risk of the counterparty defaulting on a derivative transaction that has a positive replacement value;
- Issuer credit risk is the risk of default by the issuer of a debt instrument held as direct position or as an underlying of a derivative;
- Country risk is the risk of financial loss due to a country-specific event.

The Board of Directors has delegated responsibility for the oversight of credit risk to the Head of Risk department. The Risk Department is responsible for management of credit risk, including formulating credit policies, covering collateral requirements, 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 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. Management regularly reviews asset quality including concentrations, delinquencies, non-accrual loans, charge-offs, and recoveries. All are factors in the determination of an appropriate allowance for loan losses, which is reviewed quarterly by senior management. The Company 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 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. The exposure to credit risk is managed through regular analysis of the credit quality of counterparties and potential counterparties by changing limits where appropriate. Credit risk limits are a key controlling instrument to ensure the Company manages its risk within the defined risk appetite and minimises potential losses whilst maximising returns. The policy below represents information about the Company'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 Company 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 Company'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 Company 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 issuer of securities, for which a backstop of 1 day past due is applied.

Credit risk grades

The Company 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	
• 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 Company 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 Company 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 Company 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 Company 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 Company will deem the credit risk of a particular exposure to have increased significantly since initial recognition if, based on the Company'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 Company 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 Company 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 issuer 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 Company 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;

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

Definition of default

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

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company 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 issuer 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 Company; 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 Company 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 Company 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 Company operates, such as the World Bank, Ministry of Economic Development, and individual and academic forecasters.

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

The Company 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 Company 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 Company 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. For loans secured by retail property, LTV ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Company 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 Company 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 Company considers a longer period. The maximum contractual period extends to the date at which the Company has the right to require repayment of an advance or terminate a loan commitment or guarantee.

For portfolios in respect of which the Company 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	14 667	145 954	Standard & Poor's/Fitch/Expert RA
Receivables under resale agreements	-	26 336	Standard & Poor's
Investment securities measured at amortised cost	10 945	666 873	Standard & Poor's/Moody's/Fitch/Expert RA
Prepayment and other assets	234 599	288 950	Standard & Poor's/Fitch/Expert RA

The external credit rating of the parent company and its subsidiaries was withdrawn in April 2022. Therefore, as at 31 December 2023 the Company assessed credit risk of the parent company and its subsidiaries based on internal model that considers various quantitative and qualitative factors or basing on ratings from rating agencies. The internal rating scale is mapped to external credit ratings, so the internal rating categories match with ratings of S&P.

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	12	54	(86)
Receivables under resale agreements		5	339
Investment securities measured at amortised cost	14	11 595	(45 508)
Loans to customers		-	249
Prepayments and other assets	17	(41 004)	(64 706)
Total impairment of debt financial assets		**(29 350)**	**(109 712)**

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

Commitments and financial instruments subject to credit risk

Securities lending and borrowing

The Company lends own securities and borrows third party securities temporarily to/from other counterparties in connection with its securities lending and borrowing activities. As part of these activities the Company 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 Company 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 Company 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.

Resale and repurchase agreements

The Company 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 Company requires that the counterparty deliver securities, to be held as collateral, with a fair value in excess of the resale price. The Company 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 2022 USD 26 340 thousand.

Offsetting financial assets and financial liabilities

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

The Company'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 Company'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 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 Company or the counterparties. In addition the Company and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The table below shows financial assets and financial liabilities subject to enforceable master netting arrangements and similar arrangements as at 31 December 2023:

(In thousands of USD)	Gross amounts of recognized financial asset/liability	Gross amount of recognized financial liability/asset offset in the statement of financial position	Net amount of financial assets/liabilities presented in the 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	81 230	-	81 230	-	(782)	80 448
Credit default swaps - assets	1 851	-	1 851	(881)	-	970
Total financial assets	**83 081**	**-**	**83 081**	**(881)**	**(782)**	**81 418**
Credit default swaps - liabilities	(1 663)	-	(1 663)	881	782	-
Total financial liabilities	**(1 663)**	**-**	**(1 663)**	**881**	**782**	**-**

The table below shows financial assets and financial liabilities subject to enforceable master netting arrangements and similar arrangements as at 31 December 2022:

(In thousands of USD)	Gross amounts of recognized financial asset/liability	Gross amount of recognized financial liability/asset offset in the statement of financial position	Net amount of financial assets/liabilities presented in the 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	131 311	-	131 311	-	(12 601)	118 710
Credit default swaps - assets	2 151	-	2 151	(2 151)	-	-
Reverse sale and repurchase, securities borrowings and similar agreements	26 341	-	26 341	(26 341)	-	-
Total financial assets	**159 803**	**-**	**159 803**	**(28 492)**	**(12 601)**	**118 710**
Credit default swaps - liabilities	(14 752)	-	(14 752)	2 151	12 601	-
Sale and repurchase, securities lendings and similar agreements	(433 786)	-	(433 786)	433 786	-	-
Total financial liabilities	**(448 538)**	**-**	**(448 538)**	**435 937**	**12 601**	**-**

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

(In thousands of USD)	**Net amounts**	**Line item in the statement of financial position/ Related amounts subject to offset under specific conditions**	**Carrying amount in the statement of financial position**	**Financial asset/ liability not in the scope of offsetting disclosure**	**Note**
Types of financial assets/liabilities					
Cash collateral on derivatives	81 230	Cash collateral on derivatives	81 230	-	17
Credit default swaps - assets	1 851	Credit default swaps	1 851	-	15
Credit default swaps - liabilities	(1 663)	Credit default swaps	(1 663)	-	15

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

(In thousands of USD)	**Net amounts**	**Line item in the statement of financial position/ Related amounts subject to offset under specific conditions**	**Carrying amount in the statement of financial position**	**Financial asset/ liability not in the scope of offsetting disclosure**	**Note**
Types of financial assets/liabilities					
Cash collateral on derivatives	131 311	Cash collateral on derivatives	131 311	-	17
Credit default swaps - assets	2 151	Credit default swaps	2 151	-	15
Securities borrowings and similar agreements	26 341	Receivables under resale agreements	26 341	-	
Credit default swaps - liabilities	(14 752)	Credit default swaps	(14 752)	-	15
Sale and repurchase, securities lendings and similar agreements	(433 786)	Payables under repurchase agreements	(433 786)	-	

Liquidity

Liquidity risk is the risk that an entity will encounter difficulties with raising money in meeting obligations associated with financial liabilities. The most popular products of the Company are yield-enhancement products such as barrier reverse convertibles and autocallables. The Company has an exposure to the risk of early termination of such products in case of autocall event that could affect its available cash resources. The Company does not maintain cash resources to meet all possible obligations as experience shows that a maximum level of termination of forward contracts/notes can be predicted with a high level of certainty based on experience. The Company holds a trading security portfolio for the hedging purposes of issued notes and forward contracts. Emerging liquidity gaps as a result of early termination of forward contracts can be mitigated by selling of securities from a trading portfolio.

Payables under repurchase agreements include open-ended repurchase agreements, that can be terminated on any moment by either party. For the purposes of disclosure of liquidity gap analysis open-ended repurchase transactions are included in category "Demand and less than 1 month" based on experience in previous periods.

Liquidity risk is managed by the trading desk by means of monitoring liquidity positions on a daily basis. The trading desk analyses the liquidity profile of the financial assets and liabilities to ensure that sufficient liquidity is maintained within the Company 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 risk management of the Company.

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 based on undiscounted cash flows excluding expected cash flows from embedded derivatives.

	31 December 2023						
(In thousands of USD)	**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							
Notes issued	147 380	346 926	1 365	12 306	28 912	70 489	233 854
Loans payable	425 834	425 834	425 834	-	-	-	-
Payables and other liabilities	14 519	14 519	7 213	217	1 482	16	5 591
Total non-derivative financial liabilities	**587 733**	**787 279**	**434 412**	**12 523**	**30 394**	**70 505**	**239 445**
Derivative financial liabilities							
Net settled derivatives	248 226	436 822	26 696	30 974	15 256	26 393	337 503
Total derivative financial liabilities	**248 226**	**436 822**	**26 696**	**30 974**	**15 256**	**26 393**	**337 503**
Total financial liabilities	**835 959**	**1 224 101**	**461 108**	**43 497**	**45 650**	**96 898**	**576 948**

	31 December 2022						
(In thousands of USD)	**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	433 786	434 799	421 579	-	13 220	-	-
Notes issued	282 290	633 942	-	3 321	16 703	52 663	561 255
Loans payable	472 836	472 836	472 836	-	-	-	-
Payables and other liabilities	24 607	24 603	22 649	1 251	186	489	28
Total non-derivative financial liabilities	**1 213 519**	**1 566 180**	**917 064**	**4 572**	**30 109**	**53 152**	**561 283**
Derivative financial liabilities							
Net settled derivatives	223 182	516 892	17 558	17 315	18 962	37 508	425 549
Total derivative financial liabilities	**223 182**	**516 892**	**17 558**	**17 315**	**18 962**	**37 508**	**425 549**
Total financial liabilities	**1 436 701**	**2 083 072**	**934 622**	**21 887**	**49 071**	**90 660**	**986 832**

The tables below show the expected maturity analysis of 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**
Assets						
Cash and cash equivalents	121 489	121 489	-	-	-	-
Trading assets except derivatives	644 574	644 574	-	-	-	-
Investment securities measured at amortised cost	10 914	-	-	-	10 914	-
Investment securities measured at fair value	8 719	-	-	-	-	8 719
Prepayments and other financial assets	126 068	41 988	269	43 482	40 329	-
Derivative assets	17 551	-	784	729	16 038	-
Total assets	**929 315**	**808 051**	**1 053**	**44 211**	**67 281**	**8 719**
Liabilities						
Derivative liabilities	248 227	25 633	22 826	21 862	177 906	-
Notes issued	147 380	537	2 000	45 557	99 286	-
Loans payable	425 834	425 834	-	-	-	-
Payables and other liabilities	14 519	7 214	217	1 497	5 591	-
Total liabilities	**835 960**	**459 218**	**25 043**	**68 916**	**282 783**	**-**
Net position	**93 355**	**348 833**	**(23 990)**	**(24 705)**	**(215 502)**	**8 719**

	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**
Assets						
Cash and cash equivalents	145 837	132 793	13 044	-	-	-
Receivables under resale agreements	26 336	26 336	-	-	-	-
Trading assets except derivatives	414 651	414 651	-	-	-	-
Investment securities measured at amortised cost	618 274	-	21 243	44 030	553 001	-
Investment securities measured at fair value	8 955	-	-	-	-	8 955
Loans to customers	32 981	-	-	-	32 981	-
Prepayments and other financial assets	221 743	160 137	1 812	22 744	37 050	-
Derivative assets	27 897	585	4 591	1 074	21 647	-
Total assets	**1 496 674**	**734 502**	**40 690**	**67 848**	**644 679**	**8 955**
Liabilities						
Payables under repurchase agreements	433 786	420 608	-	13 178	-	-
Derivative liabilities	223 182	16 279	14 888	36 260	155 755	-
Notes issued	282 290	-	1 845	38 859	241 586	-
Loans payable	472 836	472 836	-	-	-	-
Payables and other liabilities	24 607	22 649	1 250	673	35	-
Total liabilities	**1 436 701**	**932 372**	**17 983**	**88 970**	**397 376**	**-**
Net position	**59 973**	**(197 870)**	**22 707**	**(21 122)**	**247 303**	**8 955**

Capital risk

The Company's objectives when managing capital are to safeguard the Company'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 Company 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 process of allocating capital to specific operations and activities is undertaken by senior management.

The Company's overall strategy remains unchanged from last year.

Other risks

The Company is also exposed to a number of other risks, including:

- Borrowings and lending are denominated in currencies that match the cash flows generated by the underlying operations of the Company. 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 Company'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.
- Operational Risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. Losses can take the form of direct financial losses, regulatory sanctions or lost revenues, e.g. due to the failure of a system. Such events may also lead to reputational damage that could have longer-term financial consequences. Operational risk is limited by means of organizational measures, automation, internal control and security systems, written procedures, legal documentation, loss mitigation technics and business continuity plan overseen by management, among other measures.
- Legal risk is the risk that agreements and contracts are ineffective in protecting the Company from claims against it by third parties.
- Regulatory Compliance Risk - the risk that the Company suffers financial, reputational or litigation damage through failure to adhere to, monitor, control update and eliminate or substantially reduce regulatory compliance risk.
- IT Risk (including Cyber risks) is the risk that IT systems fail to support the Company's business operations and/or to provide reliable management information on a timely basis.
- Reputational risk is the current or prospective risk to earnings and capital arising from an adverse perception of the image of the Company on the part of counterparties, shareholders, investors or regulators. Reputational risk could be triggered by poor performance, fraud, theft, legal action or regulatory fines.
- Political risk is the risk that the Group's investment's returns or operations could suffer as a result of political changes in the country or globally.
- Model risk is the risk of financial loss due to inappropriate model assumptions or inadequate model usage. The consequence of an inadequate model could be an incorrect valuation, leading to incorrect risk measurement and incorrect hedging positions, both of which could result in a financial loss.
- Tax risk is the risk of losses arising from changes in taxation (derived from tax legislation and decisions by the courts), including the misinterpretation of tax regimes as well as the manner in which they may be applied and enforced.

6 Net interest income

(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		
Resale and securities lending agreements	-	2 641
Loans issued and deposits	17 259	217
Interest income on investment securities	15 083	35 582
Cash collateral on derivatives and overnight loans	2 195	9 675
Total interest income calculated using the effective interest method	**34 537**	**48 115**
Other interest income	1 870	2 177
Interest expense		
Repurchase and securities borrowing agreements	(14 477)	(19 311)
Loans payable	(22 869)	(24 552)
Lease liability	(12)	(3)
Total interest expense	**(37 358)**	**(43 866)**
Net interest (expense) income	**(951)**	**6 426**

7 Net trading gain (loss) from trading assets and liabilities

(In thousands of USD)	**For the year ended 31 December 2023**	**For the year ended 31 December 2022**
Trading income (loss) and revaluation of equity instruments	56 661	(332 046)
Trading income (loss) and revaluation of bonds	2 722	(38 850)
Interest income from bonds	1 957	5 440
Net trading gain (loss) from trading assets and liabilities	**61 340**	**(365 456)**

8 Net trading (loss) gain from derivatives

(In thousands of USD)	**For the year ended 31 December 2023**	**For the year ended 31 December 2022**
Options and hybrid derivatives	(15 432)	214 331
Credit default swaps	16 936	(1 239)
Notes issued	(29 399)	193 087
Interest rate SWAP	3 157	21 717
Net trading (loss) gain	**(24 738)**	**427 896**

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	(1 155)	(964)
Professional services	(634)	(849)
Software maintenance	(381)	(354)
Taxes other than on income	(290)	(126)
Advertising and marketing	(1)	(153)
Other admin	(157)	(128)
Total administrative and other operating expenses	**(2 618)**	**(2 574)**

Staff costs include salaries and wages, bonuses and taxes. Included in staff costs for the year ended 31 December 2023 are social security costs of USD 117 thousand (2022: USD 90 thousand), as at 31 December 2023 the average number of employees was 11 (2022: 10)

10 Fee and commission expense

(In thousands of USD)	**For the year ended 31 December 2023**	**For the year ended 31 December 2022**
Agency fees for brokerage services	(9 600)	(12 223)
Information services	(1 423)	(622)
Stock exchanges services	(3 101)	(46)
Other fee	(922)	(455)
Total fee and commission expense	**(15 046)**	**(13 346)**

11 Income taxes

(In thousands of USD)	**For the year ended 31 December 2023**	**For the year ended 31 December 2022**
Current tax	(1 222)	(1 630)
Income tax (expense) benefit for the year	**(1 222)**	**(1 630)**

The reconciliation of effective tax rate is based on the applicable tax rate in Cyprus. In 2023 and 2022 the applicable tax rate is 12,5%.

(In thousands of USD)	**For the year ended 31 December 2023**	**For the year ended 31 December 2022**
Profit (Loss) before income tax	**14 836**	**(8 001)**
Theoretical tax at statutory rate of 12,5%	(1 855)	1 000
Tax effect of items which are not deductible or assessable for taxation purposes:		
- tax exempt income	26 655	65 595
- non-deductible expenses	(25 876)	(66 572)
Deferred tax assets for the period unrecognized	(118)	(1 245)
Tax withheld	(28)	(408)
Income tax expense for the year	**(1 222)**	**(1 630)**

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%. The Company has tax losses in the amount of EUR 18 751 thousand (USD 20 697 thousand) in 2023 (2022: EUR 19 609 thousand/USD 21 000 thousand) that are available for offsetting against future taxable profits of the companies in which the losses arose. The tax loss can only be utilised during the years 2024 – 2027. Deferred tax assets have not been recognised in respect of these loss as it may not be used to offset taxable profits, the Company has no tax planning opportunities or other evidence of recoverability in the near future. If the Company was able to recognise all unrecognised deferred tax assets, the profit would increase by USD 20 697 thousand (2022: USD 21 000 thousand).

12 Cash and cash equivalents

(In thousands of USD)	**31 December 2023**	**31 December 2022**
Cash balances on brokerage accounts	62 848	119 901
Correspondent accounts and overnight placements with banks	13 539	2 967
Deposits	45 166	23 086
Loss allowance	(64)	(117)
Total cash and cash equivalents	**121 489**	**145 837**

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 and overnight placements with banks**	**Deposits**	**Cash balances on brokerage accounts**	**Total**
AA- to AA+	8 250	-	-	8 250
A- to A+	248	-	-	248
BBB- to BBB+	817	-	-	817
B- to B+	4 224	-	1 128	5 352
Internal rating B+	-	45 166	61 720	106 886
Loss allowance	(3)	(18)	(43)	(64)
Total cash and cash equivalents	**13 536**	**45 148**	**62 805**	**121 489**

	31 December 2022			
(In thousands of USD)	**Correspondent accounts and overnight placements with banks**	**Deposits**	**Cash balances on brokerage accounts**	**Total**
A- to A+	-	-	7 400	7 400
BB- to BB+	1 584	-	-	1 584
B- to B+	1 383	23 086	112 501	136 970
Loss allowance	(3)	(40)	(74)	(117)
Total cash and cash equivalents	**2 964**	**23 046**	**119 827**	**145 837**

The external credit rating of the parent company and its subsidiaries was withdrawn in April 2022. Therefore, as at 31 December 2023 the Company assessed credit risk of the parent company and its subsidiaries based on internal model that considers various quantitative and qualitative factors or basing on ratings from rating agencies. 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 2023 and 31 December 2022, where applicable the Company used ratings of S&P, Moody's, Fitch and RAEX.

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

Movement in the loss allowance during the year ended 31 December 2023 and 31 December 2022 were as follows:

(In thousands of USD)	
Loss allowance at 31 December 2022	(117)
Foreign exchange difference	(1)
Reversal of loss allowance	54
Loss allowance at 31 December 2023	**(64)**

(In thousands of USD)	
Loss allowance at 31 December 2021	(28)
Foreign exchange difference	(3)
Charge of loss allowance	(86)
Loss allowance at 31 December 2022	**(117)**

At 31 December 2023 and 31 December 2022, the Company measures loss allowances as 12-month ECL as far as credit risk on cash and cash equivalent has not increased significantly since their initial recognition.

As at 31 December 2023 the Company has one counterparty (2022: three) whose balance exceed 10% of equity. The gross value of this balance as at 31 December 2023 was USD 104 840 thousand (2022: USD 133 249 thousand).

13 Trading assets except derivatives

	31 December 2023			**31 December 2022**		
(In thousands of USD)	**pledged**	**unpledged**	**Total**	**pledged**	**unpledged**	**Total**
Corporate Bonds						
AA+ to AA-	-	9 627	**9 627**	-	-	**-**
BBB+ to BBB-	4 042	-	**4 042**	-	3 810	**3 810**
BB+ to BB-	6 016	776	**6 792**	8 995	5 010	**14 005**
B+ to B-	-	-	**-**	10 462	2 534	**12 996**
Below B	-	-	**-**	35	-	**35**
Unrated	2 990	-	**2 990**	1 636	-	**1 636**
Total debt instruments	**13 048**	**10 403**	**23 451**	**21 128**	**11 354**	**32 482**
Equity instruments						
Corporate shares	329 521	290 632	**620 153**	291 889	88 737	**380 626**
Exchange Traded funds	121	849	**970**	1 516	27	**1 543**
Total equity instruments	**329 642**	**291 481**	**621 123**	**293 405**	**88 764**	**382 169**
Total trading assets	**342 690**	**301 884**	**644 574**	**314 533**	**100 118**	**414 651**

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 17 940 thousand).

As at 31 December 2023 and 31 December 2022, where applicable the Company 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.

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	117 594
Technology	125 930	130 577
Consumer, cyclical	105 965	34 415
Consumer, Non-cyclical	101 855	44 968
Energy	67 137	15 385
Basic Materials	49 063	30 740
Financial	3 772	4 856
Utilities	466	550
Industrial	373	1 541
Other	4	-
Total corporate shares	**620 153**	**380 626**

14 Investment securities measured at amortised cost

	31 December 2023			31 December 2022		
(In thousands of USD)	**pledged**	**unpledged**	**Total**	**pledged**	**unpledged**	**Total**
Municipal and Government Bonds						
A+ to A-	-	199	**199**	-	198	**198**
BB+ to BB-	-	-	**-**	18 646	-	**18 646**
Corporate Bonds						
BBB+ to BBB-	-	10 746	**10 746**	118 171	-	**118 171**
BB+ to BB-	-	-	**-**	478 012	20 625	**498 637**
B+ to B-	-	-	**-**	31 221	-	**31 221**
Total gross amount of debt securities	**-**	**10 945**	**10 945**	**646 050**	**20 823**	**666 873**
Loss allowance	-	(31)	**(31)**	(43 733)	(4 866)	**(48 599)**
Total net amount of debt securities	**-**	**10 914**	**10 914**	**602 317**	**15 957**	**618 274**

Analysis by credit quality of investment securities measured at amortised cost as at 31 December 2023 and as at 31 December 2022 is as follows:

(In thousands of USD)	**12-month ECL**	**Total 31 December 2023**
Municipal and Government Bonds		
A+ to A-	199	**199**
Fin assets -Corporate bonds		
BBB+ to BBB-	10 746	**10 746**
Total gross amount of debt securities	**10 945**	**10 945**
Loss allowance	(31)	**(31)**
Total net amount of debt securities	**10 914**	**10 914**

(In thousands of USD)	**12-month ECL**	**Lifetime ECL credit impaired**	**Total 31 December 2022**
Municipal and Government Bonds			
A+ to A-	198	-	**198**
BB+ to BB-	18 646	-	**18 646**
Fin assets -Corporate bonds			
BBB+ to BBB-	116 121	2 048	**118 169**
BB+ to BB-	380 258	118 380	**498 638**
B+ to B-	31 222	-	**31 222**
Total gross amount of debt securities	**546 445**	**120 428**	**666 873**
Loss allowance	(4 485)	(44 114)	**(48 599)**
Total net amount of debt securities	**541 960**	**76 314**	**618 274**

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 result of the sanctions imposed certain bonds were restricted over trading and movement in depositories. The Company 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 Company 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 book value**		
(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**
Loss allowance at 31 December 2022	(4 485)	(44 114)	(48 599)	546 445	120 428	666 873
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	349	-	349	(78 905)	-	(78 905)
Redemption	-	-	-	-	-	-
Remeasurement	4 769	(799)	3 970	-	-	-
Write-off	-	36 624	36 623	-	(36 624)	(36 624)
Disposal	7 625	-	7 625	(476 130)	(64 269)	(540 399)
Loss allowance at 31 December 2023	**(31)**	**-**	**(31)**	**10 945**	**-**	**10 945**

	Loss allownace			**Gross book value**		
(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**
Loss allowance at 31 December 2021	(3 190)	-	(3 190)	832 499	-	832 499
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	470	(470)	-	(120 429)	120 428	(1)
Foreign exchange difference	99	-	99	(18 376)	-	(18 376)
Redemption	80	-	80	(59 878)	-	(59 878)
Remeasurement	(1 982)	(43 644)	(45 626)	-	-	-
Transfer to prepayments and other assets	38	-	38	(87 371)	-	(87 371)
Loss allowance at 31 December 2022	**(4 485)**	**(44 114)**	**(48 599)**	**546 445**	**120 428**	**666 873**

During the year ended 31 December 2023 the Company started to dispose a portfolio of measured at amortised cost bonds as a part of the business restructuring process. The Company does not have any plans to purchase financial instruments measured at amortised cost.

15 Derivative financial instruments

The Company issues derivative products for clients structured as options and forwards on underlying such as bonds, equities, indexes and commodities. The Company trades spot instruments, exchange traded derivatives, OTC options and forward contracts and CDSs, 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 Company 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**
Interest rate SWAP	15 700	14 426
Hybrid derivatives	-	10 737
Credit default swaps	1 851	2 150
Options	-	584
Total derivative financial instruments	**17 551**	**27 897**

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**
Credit default swaps		
A- to A+	1 023	916
Internal rating B+	828	-
below B-	-	1 234
Options		
BB- to BB+	-	584
Hybrid derivatives		
BB- to BB+	-	10 737
Interest rate SWAP		
A- to A+	15 700	14 426
Total derivative financial instruments	**17 551**	**27 897**

The external credit rating of the parent company and its subsidiaries was withdrawn in April 2022. Therefore, as at 31 December 2023 the Company assessed credit risk of the parent company and its subsidiaries based on internal model that considers various quantitative and qualitative factors or basing on ratings from Russian national rating agencies (if available). 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 2023 and 31 December 2022, where applicable the Company 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**
Hybrid derivatives	246 564	203 399
Credit default swaps	1 663	14 751
Options	-	5 032
Total derivative financial instruments	**248 227**	**223 182**

At 31 December 2023 and 31 December 2022, the Company did not have any past due derivative financial instruments. During the year ended 31 December 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 difference of USD 3 192 thousand (31 December 2022: nil) between the sale price and the fair value was recongnised as a distribution to shareholder.

16 Investment in an associate

On 3 October 2022 the Company obtained significant influence over BrokerCreditService (Cyprus) Limited (further Associate), that is an investment firm regulated by the Cyprus Securities and Exchange Commission and provides electronic access through its trading system (CQG) for sale and purchase of derivatives on world major exchanges. BrokerCreditService (Cyprus) is a private entity that is not listed on any public exchange.

The following table illustrates the summarised financial information of the Company's investment in BrokerCreditService (Cyprus) Limited:

(In thousands of USD)	**31 December 2023**	**31 December 2022**
Current assets, including	711 290	813 419
cash and cash equivalents	130 598	101 086
Non-current assets	17 125	30 252
Current liabilities	(618 614)	(689 223)
Non-current liabilities	(39 066)	(51 762)
Equity	**71 235**	**102 686**
Company's share in equity – 49% (31 December 2022: 45%)	34 905	46 209
Goodwill	-	298
Company's carrying amount of the investment	**34 905**	**46 507**

(In thousands of USD)	**For the year ended 31 December 2023**	**For the year ended 31 December 2022**
Income, including	108 402	15 053
Interest income	39 493	10 249
Expenses, including	(44 716)	(14 998)
Interest expense	(26)	(4 687)
Profit before income tax	**63 686**	**55**
Income tax expense	**(199)**	-
Profit for the year	**63 487**	55
Translation difference	-	18 864
Total comprehensive income for the year	**63 487**	**18 919**
Company's share of total comprehensive income for the period	**28 569**	**8 514**

During the year ended 31 December 2023 the Company acquired 4% share in the Associate and increased its share to 49%.

(In thousands of USD)	
1 January 2023	46 507
Contribution from shareholder	478
Company's share of comprehensive income for the period	28 569
Bargain purchase gain	268
Increase in share in the associate	2 280
Share premium reduction	(14 129)
Dividends	(29 068)
Investment in associate at 31 December 2023	**34 905**

(In thousands of USD)	
1 January 2022	-
Addition	46 507
Investment in associate at 31 December 2022	**46 507**

17 Prepayments and other assets

(In thousands of USD)	**31 December 2023**	**31 December 2022**
Receivables from brokers and counterparties	148 475	150 928
Cash collateral on derivatives	81 230	131 310
Unsettled transactions with securities	4 894	4 894
Margin call receivable	-	1 818
Loss allowance	(108 531)	(67 207)
Total financial assets	**126 068**	**221 743**
Other non-financial assets	130	291
Total prepayments and other assets	**126 198**	**222 034**

Analysis by credit quality of prepayments and other assets as at 31 December 2023 and 31 December 2022 is as follows:

(In thousands of USD)	**31 December 2023**	**31 December 2022**
12-month ECL		
Cash collateral on derivatives		
A- to A+	40 423	75 101
B- to B+	-	56 209
Internal rating B+	40 807	-
Loss allowance	(673)	(715)
Unsettled transactions with securities		
Rated below B-	4 894	4 894
Loss allowance	(1 325)	(1 087)
Receivables from brokers and counterparties		
A- to A+	538	618
BB- to BB+	-	-
B- to B+	-	4 226
Internal rating B+	795	
Loss allowance	(2)	(3)
Margin call receivable		
B- to B+	-	1 818
Loss allowance	-	(6)
Lifetime ECL credit impaired		
Receivables from brokers and counterparties		
B- to B+	3 586	146 084
Internal rating B+	143 556	-
Loss allowance	(106 531)	(65 396)
Total gross amount	**234 599**	**288 950**
Loss allowance	(108 531)	(67 207)
Total net amount	**126 068**	**221 743**

The external credit rating of the parent company and its subsidiaries was withdrawn in April 2022. Therefore, as at 31 December 2023 the Company assessed credit risk of the parent company and its subsidiaries based on internal model that considers various quantitative and qualitative factors or basing on ratings from Russian national rating agencies (if available). 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 2023 and 31 December 2022, where applicable the Company 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.

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 prepayments and other assets that contributed to changes in loss allowance were as follows:

	Loss allownace			**Gross book value**		
(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**
Loss allowance at 31 December 2022	(1 811)	(65 396)	(67 207)	142 866	146 084	288 950
New instrument	(15)	-	(15)	45 280	-	45 280
Transfer to Stage 3	5	(2)	3	(3 316)	3 316	-
Foreign exchange difference	(7)	(316)	(323)	(50)	40	(10)
Disposal	204	933	1 137	(97 323)	(2 298)	(99 621)
Remeasurement	(376)	(41 750)	(42 126)	-	-	-
Loss allowance at 31 December 2023	**(2 000)**	**(106 531)**	**(108 531)**	**87 457**	**147 142**	**234 599**

	Loss allownace			**Gross book value**		
(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**
Loss allowance at 31 December 2021	(2 597)	-	(2 597)	379 031	-	379 031
New instrument	(121)	-	(121)	184 814	-	184 814
Transfer to Stage 3	40	(40)	-	(173 312)	173 312	-
Foreign exchange difference	89	7	96	(6 388)	(27 228)	(33 616)
Disposal	793	-	793	(241 279)	-	(241 279)
Remeasurement	(15)	(65 363)	(65 378)	-	-	-
Loss allowance at 31 December 2022	**(1 811)**	**(65 396)**	**(67 207)**	**142 866**	**146 084**	**288 950**

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, receivables of USD 147 142 thousand were restricted over trading and movement in depositories (31 December 2022: USD 146 084 thousand). The Company created the provision of USD 106 531 thousand (31 December 2022: USD 65 396 thousand) based on the management estimation of recoverability.

As at 31 December 2023 the Company has three counterparties (2022: four) whose balance exceed 10% of equity. The gross value of this balance as at 31 December 2023 was USD 224 795 thousand (2022: USD 282 201 thousand).

18 Notes issued

(In thousands of USD)	**31 December 2023**	**31 December 2022**
Notes issued, carried at fair value		
Credit Linked Notes	40 139	138 863
Share Linked Notes	94 251	129 447
Hybrid Notes	12 990	13 980
Total	**147 380**	**282 290**

Credit Linked Notes have maturity in 2024-2026 (31 December 2022: 2023-2026), Share Linked Notes have maturity in 2024-2027 (31 December 2022: 2023-2027), Hybrid Notes have maturity in 2024-2027 (31 December 2022: 2023-2027). Actual coupon amount per notes carried at fair value depends on the performance of underlying assets.

19 Loans payable

Loans payable comprises a marginal loan from the related party that is collaterised by trading assets except derivatives, notes issued and by financial collateral provided by other related parties under common control of the ultimate shareholder. The loans are payable on demand and secured by debt and equity securities held on the margin brokerage account.

The following table provides information on carrying value of securities held on margin brokerage account that represent a collateral:

(In thousands of USD)	**31 December 2023**	**31 December 2022**
Trading assets except derivatives	342 690	299 482
Notes issued	21 822	502 978
Investment securities measured at amortised cost	-	72 713
Total collateral	**364 512**	**875 173**
Total loans payable	**425 834**	**472 836**

20 Share capital

The Company's authorised and issued capital consists of 15 000 ordinary shares with a nominal value of 1.71 EUR each, issued at par.

During the year ended 31 December 2023 the Company did not pay dividends (2022: USD 57 580 thousand, USD 4 per share).

21 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 Company 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 Company 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 Company'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.

Notes issued and forward contracts

Notes issued and forward contracts are complex structured instruments that include embedded derivatives. The Company 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.

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 Company 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. In 2022 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 Company 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.

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 values reflect the credit risk of the instruments.

Fair value hierarchy

The Company measures fair values for financial instruments recorded at fair value on the 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.

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

The Company 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 Directors, 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 Company 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 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	16 418	7 033	-	**23 451**	9 401	7 206	15 875	**32 482**
- corporate shares	558 032	-	62 121	**620 153**	307 894	-	72 732	**380 626**
- exchange traded funds	970	-	-	**970**	1 515	-	28	**1 543**
- derivative assets	-	17 551	-	**17 551**	-	27 897	-	**27 897**
Investment securities measured at fair value through profit and loss	**-**	-	8 719	**8 719**	**-**	-	8 955	8 **955**
Loans to customers at FVTPL	-	-	-	**-**	-	-	32 981	**32 981**
Total financial assets carried at fair value	**575 420**	**24 584**	**70 840**	**670 844**	**318 810**	**35 103**	**130 571**	**484 484**
Financial liabilities								
Trading liabilities:								
- derivative liabilities	-	236 820	11 407	**248 227**	-	217 413	5 769	**223 182**
Notes issued	-	109 172	38 208	**147 380**	-	187 728	94 562	**282 290**
Total financial liabilities carried at fair value	**-**	**345 992**	**49 615**	**395 607**	**-**	**405 141**	**100 331**	**505 472**

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**	**Corporate shares**
Financial instruments at fair value at 31 December 2022	15 875	72 732
Additions	-	17 119
Redemption	(12 906)	-
Disposal	(1 926)	-
Foreign exchange difference	(17)	-
Net loss recognised in profit or loss	(1 026)	(27 730)
Financial instruments at fair value at 31 December 2023	**-**	**62 121**

(In thousands of USD)	**Corporate bonds**	**Corporate shares**
Financial instruments at fair value at 31 December 2021	-	70 244
Additions	-	907
Transfer from level 1	15 875	1 130
Transfer from Prepayments and other assets	-	16 902
Net losses recognised in profit or loss	-	(16 451)
Financial instruments at fair value at 31 December 2022	**15 875**	**72 732**

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 64 590 thousand) categorized into Level 3 of the fair hierarchy to changes in the expected cash flows as of 31 December 2023 is not significant as the effect will be netted by changes of the fair valued of the notes issued with these shares as underlying assets.

In the event that underlying cash flows of the remaining corporate shares in the amount of USD 11 227 thousand (31 December 2022: USD 8 142 thousand) 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 1 123 thousand higher/lower (31 December 2022: USD 814 thousand).

Loans to customers

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

(In thousands of USD)	
Financial instruments at fair value at 31 December 2022	**32 981**
Disposals	(34 333)
Net gain recognised in profit or loss	1 352
Financial instruments at fair value at 31 December 2023	**-**

(In thousands of USD)	
Financial instruments at fair value at 31 December 2021	**32 115**
Disposals	(3 561)
Additions	3 561
Net gain recognised in profit or loss	866
Financial instruments at fair value at 31 December 2022	**32 981**

As at 31 December 2022 the sensitivity of profit or loss to the changes of the fair value of certain loans to customers in the total amount of USD 32 981 thousand categorized into Level 3 of the fair hierarchy to changes in the customer's credit spread as of 31 December 2022 is not significant as the effect will be netted by changes of the fair value of the notes issued 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)	
Financial instruments at fair value at 31 December 2022	**8 955**
Net gain recognised in profit or loss	1 796
Foreign exchange difference	(2 032)
Financial instruments at fair value at 31 December 2023	8 719

(In thousands of USD)	
Financial instruments at fair value at 31 December 2022	**9 342**
Net loss recognised in profit or loss	(387)
Financial instruments at fair value at 31 December 2023	8 955

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 (31 December 2022: USD 896 thousand).

Derivative liabilities

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

(In thousands of USD)	
Financial instruments at fair value at 31 December 2022	**5 769**
New originated instruments	6 163
Net loss recognised in profit or loss	(525)
Financial instruments at fair value at 31 December 2023	**11 407**

(In thousands of USD)	
Financial instruments at fair value at 31 December 2021	-
New originated instruments	4 581
Net gain recognised in profit or loss	1 188
Financial instruments at fair value at 31 December 2022	**5 769**

The sensitivity of profit or loss to the changes of the fair value of hybrid derivative liabilities in the total amount of USD 11 407 thousand (31 December 2022: USD 1 299 thousand) categorized into Level 3 of the fair hierarchy to changes in expected cash flows from underling shares as at 31 December 2023 and 31 December 2022 is not significant. Fair value of hybrid derivative liabilities will be netted by changes of the fair value of underlying assets.

As at 31 December 2022 in the event that expected cash flows from underling shares of remaining derivative liabilities in the total amount of USD 4 470 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 447 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 in Level 3 of the fair value hierarchy:

(In thousands of USD)	
Financial instruments at fair value at 31 December 2022	**94 562**
Net loss recognised in profit or loss	(56 354)
Financial instruments at fair value at 31 December 2023	**38 208**

(In thousands of USD)	
Financial instruments at fair value at 31 December 2021	**111 384**
New originated instruments	3 320
Net loss recognised in profit or loss	(20 142)
Financial instruments at fair value at 31 December 2022	**94 562**

The sensitivity of profit or loss to the changes of the fair value of notes issued in the total amount of USD 38 208 thousand (31 December 2022: USD 94 562 thousand) categorized into Level 3 of the fair hierarchy to changes in the customer's credit spread and fair value of underling shares as of 31 December 2023 and 31 December 2022 is not significant as the effect will be netted by changes of the fair value of the loans and shares with these notes as underlying assets.

The following table 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					
Investment securities measured at amortized cost	7 772	-	-	7 772	10 914

					31 December 2022
(In thousands of USD)	**Level 1**	**Level 2**	**Level 3**	**Total fair values**	**Total carrying amount**
Assets					
Investment securities measured at amortized cost	399 052	-	121 155	520 207	618 274

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.

22 Related party transactions

Control relationships

The Company's ultimate shareholder and controlling party is Mr. Oleg Mikhasenko.

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.

At 31 December 2023 and 31 December 2022 the outstanding balances with the ultimate shareholder, parent company and related parties under control or significant influence of the ultimate shareholder are as follows:

Cash and cash equivalents, held on entities under control or significant influence of the ultimate shareholder

(In thousands of USD)	**31 December 2023**	**31 December 2022**
Cash balances on brokerage accounts	62 848	112 500
Deposits	45 166	23 086
Correspondent accounts and overnight placements with banks	3 543	624
Loss allowance	(63)	(116)
average rates	*5,10%*	*3,86%*
Total	**111 494**	**136 094**

Receivables under resale agreements

(In thousands of USD)	**31 December 2023**	**31 December 2022**
Receivables under resale agreements, gross amount	-	26 340
Loss allowance	-	(4)
Collateral received	-	31 450
average rates USD	-	*0,00%*
Total	**-**	**57 786**

The Company enters into repurchase transactions with the entities under control or significant influence of the ultimate shareholder as part treasury activity.

Derivative assets and liabilities with entities under control or significant influence of the ultimate shareholder

(In thousands of USD)	**31 December 2023**	**31 December 2022**
Hybrid derivatives	-	10 737
Credit default SWAPs	829	1 235
Option	-	584
Total derivative assets	**829**	**12 556**
Derivative liabilities, including:		
Hybrid derivatives	(26 505)	(7 286)
Credit default SWAPs	(1 611)	(6 326)
Option	(238)	(721)
Total derivative liabilities	**(28 354)**	**(14 333)**

Prepayments and other assets from entities under control or significant influence of the ultimate shareholder

(In thousands of USD)	**31 December 2023**	**31 December 2022**
Receivables from brokers and counterparties, gross amount	147 937	150 311
Cash collateral on derivatives, gross amount	40 808	56 209
Margin call receivable, gross amount	-	1 818
Loss allowance	(107 194)	(66 008)
Total	**81 551**	**142 330**

As at 31 December 2023 accounts receivable from brokers and counterparties mostly consist of cash payments per bonds and notes issued that have been frozen at the level of superior depositories.

As result of the sanctions 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, receivables of USD 147 406 thousand (31 December 2022: USD 145 836 thousand) were restricted over trading and movement in depositories. The Company created the provision of USD 106 725 thousand (31 December 2022: USD 65 287 thousand) based on the management estimation of recoverability.

Payables under repo transactions with entities under control or significant influence of the ultimate shareholder

(In thousands of USD)	**31 December 2023**	**31 December 2022**
Payables under repurchase agreements	-	433 786
Collateral provided	-	537 460
average rate RUR	-	*7,54%*

The Company enters into repurchase transactions with the entities under control or significant influence of the ultimate shareholder as part of treasury activity.

During the year ended 31 December 2023 for the avoidance of blocking of payments the Company exchanged the matured financial instruments in collateral under repurchase agreement to the payables under these repurchase agreements of USD 572 033 thousand (31 December 2022: USD 44 799 thousand) that is resulted in related to redemption of investment securities measured at amortised cost pledged under repurchase agreements of USD 34 938 thousand (31 December 2022: USD 20 216 thousand).

During the year ended 31 December 2023 the Company 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.

Notes issued to entities under control or significant influence of the ultimate shareholder

(In thousands of USD)	31 December 2023	31 December 2022
Notes issued, carried at fair value		
Share Linked Notes	547	618
Total notes issued	**547**	**618**

Notes issued carried at fair value are held by the entities under control or significant influence of the ultimate shareholder for distribution to third parties.

Loans payable to entities under control or significant influence of the ultimate shareholder

(In thousands of USD)	31 December 2023	31 December 2022
Margin loan from the companies under common control	425 834	472 836
rate RUR	*15,25%*	*5,00%*
rate USD	*5,83%*	*2,70%*
rate EUR	*2,25%*	*2,25%*
rate CNY	*2,04%*	*0,00%*
Notes issued	21 822	502 977
Trading assets except derivatives held on margin account	342 690	299 770
Investing securities held on margin account	-	72 713
Total assets held on margin account	**364 512**	**875 460**

According to the terms for the margin account the broker provides intraday credit facility that allow to the Company to borrow cash or other assets to buy financial instruments. Credit facility can be provided for transactions with eligible instruments only. The lender is allowed to sell instruments to settle loan in case of default of a borrower.

During the year ended 31 December 2023 the Company recognised fair value adjustments in the amount of USD 585 thousand due to non-market rates on positive balances on margin account as capital distribution to shareholders.

Payables and other liabilities

(In thousands of USD)	31 December 2023	31 December 2022
entities under control or significant influence of the ultimate shareholder		
Payable for brokerage commission	795	20 879
Other payable	1 226	967
Parent company		
Payables under share purchase agreement	2 280	-
Total payables and other liabilities	**4 301**	**21 846**

The related profit and loss transactions for the year ended 31 December 2023 and 31 December 2022 are as follows:

(In thousands of USD)	Entities under control or significant influence of the ultimate shareholder	Parent company	Ultimate shareholder	Total for the year ended 31 December 2023
Interest income calculated using the effective interest method	6 381	-	-	6 381
Other interest income	45	-	-	45
Interest expense	(36 517)	(42)	-	(36 559)
Net trading (loss) gain from derivatives	3 583	-	-	3 583
Impairment of debt financial assets	(33 186)	-	-	(33 186)
Administrative and other operating expenses	(103)	-	-	(103)
Dividend income from trading assets	-	-	-	-
Net trading gain (loss) from trading assets and liabilities	1 107	-	-	1 107
Loss related to redemption of investment securities measured at amortised cost pledged under repurchase agreements	(34 938)	-	-	(34 938)
Fee and commission expense	(13 456)	-	-	(13 456)
	(107 084)	**(42)**	**-**	**(107 126)**

During the year ended 2023 certain hybrid derivative instruments in the amount of USD 108 500 thousand (31 December 2022: USD 83 337 thousand) were sold to a related party under common control. The Company recongised fair value adjustment in amount of USD 3 193 thousand due to non-market prices as capital distribution to shareholders.

Total remuneration included in staff costs for the years ended 31 December 2023 for the key management personnel represented salaries and bonuses in the amount of USD 218 thousand, including social contributions in the amount of USD 18 thousand (2022: USD 282 thousand and USD 13 thousand respectively).

(In thousands of USD)	**Entities under control or significant influence of the ultimate shareholder**	**Parent company**	**Ultimate shareholder**	**Total for the year ended 31 December 2022**
Interest income calculated using the effective interest method	10 713	-	151	10 864
Other interest income	128	-	108	236
Interest expense	(25 460)	(980)	-	(26 440)
Other operating income	-	-	609	609
Gain from trading in foreign currencies and currency revaluation	(16 266)	-	-	(16 266)
Net trading gain from derivatives	(12 344)	-	-	(12 344)
Impairment gain (loss) of debt financial assets	-	-	-	-
Administrative and other operating expenses	(203)	-	-	(203)
Loss related to redemption of investment securities measured at amortised cost pledged under repurchase agreements	(20 216)	-	-	(20 216)
Fee and commission expense	(10 431)	-	-	(10 431)
	(74 079)	**(980)**	**868**	**(74 191)**

23 Segmental analysis

For management purposes, the Company is organised into two operating segments based on types of services provided as follows:

- Corporate business. The core activity of this segment is to enter into financial markets transactions with counterparties (corporates, financial institutions).
- Retail business. The core activity of this segment is providing of standardised structured products, including structured notes and forward contract to retail customers.

The Company’s segments are strategic business units that focus on different customers and provide different types of financial products. The operating results of each segment are reported in a manner consistent with the internal reporting used by the Management. The Management receives information about the segments’ revenue and assets on a monthly basis.

The Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.
During the year, there were no revenues from transactions with other operating segments. The Company’s total assets and liabilities are as follows:

(In thousands of USD)	**Corporate Business**	**Retail Business**	**Total 31 December 2023**
Assets as at the end of the year	128 813	835 576	964 389
Liabilities as at the end of the year	(426 176)	(409 913)	(836 089)
Total net assets	**(297 363)**	**425 663**	**128 300**

(In thousands of USD)	**Corporate Business**	**Retail Business**	**Total 31 December 2022**
Assets as at the end of the year	866 969	676 601	1 543 570
Liabilities as at the end of the year	(507 557)	(929 268)	(1 436 825)
Total net assets	**359 412**	**(252 667)**	**106 745**

An analysis of the Company's statement of profit or loss and other comprehensive income is as follows:

(In thousands of USD)	**Corporate Business**	**Retail Business**	**For the year ended 31 December 2023**
Interest income calculated using the effective interest method	34 537	-	**34 537**
Other interest income	-	1 870	**1 870**
Interest expense	(37 358)	-	**(37 358)**
Net interest (expense) income	**(2 821)**	**1 870**	**(951)**
Net trading gain from trading assets and liabilities	-	61 340	**61 340**
Gain from trading in foreign currencies and currency revaluation	2 890	18 748	**21 638**
Net trading loss from sales of investment securities measured at amortised cost	(34 938)	-	**(34 938)**
Dividend income from trading assets	-	9 155	**9 155**
Net trading loss from derivatives	(1 855)	(22 883)	**(24 738)**
Net trading (loss) income	**(33 903)**	**66 360**	**32 457**
Impairment of debt financial assets	(7 955)	(21 395)	**(29 350)**
Other operating expenses	(290)	-	**(290)**
Gain from investment securities measured at fair value through profit or loss	1 796	-	**1 796**
Administrative and other operating expenses	(1 058)	(1 560)	**(2 618)**
Fee and commission expense	-	(15 046)	**(15 046)**
Share of gain of an associate	28 837		**28 837**
(Loss) Profit before tax	**(15 394)**	**30 229**	**14 835**

(In thousands of USD)	**Corporate Business**	**Retail Business**	**For the year ended 31 December 2022**
Interest income calculated using the effective interest method	48 115	-	**48 115**
Other interest income	-	2 177	**2 177**
Interest expense	(24 553)	(19 313)	**(43 866)**
Net interest income (expense)	**23 562**	**(17 136)**	**6 426**
Net trading loss from trading assets and liabilities	(32 767)	(332 689)	**(365 456)**
Gain from trading in foreign currencies and currency revaluation	33 583	26 209	**59 792**
Net trading loss from sales of investment securities measured at amortised cost	(20 216)	-	**(20 216)**
Dividend income from trading assets	-	9 646	**9 646**
Net trading (loss) gain from derivatives	(1 942)	429 838	**427 896**
Net trading (expense) income	**(21 342)**	**133 004**	**111 662**
Impairment of debt financial assets	(80 331)	(29 381)	**(109 712)**
Other operating income	360	-	**360**
Fair value loss from loans measured at fair value through profit or loss	(455)	-	**(455)**
Loss from investment securities measured at fair value through profit or loss	(387)	-	**(387)**
Administrative and other operating expenses	(1 445)	(1 129)	**(2 574)**
Fee and commission expense	(1 196)	(12 150)	**(13 346)**
Share of gain of an associate	25	-	**25**
(Loss) Profit before tax	**(81 209)**	**73 208**	**(8 001)**

Geographic information

The geographic information analyses the Company's revenue by the country of domicile and other countries. The Company is incorporated in Cyprus. The Company raises funds by placing notes through dealer and entering into derivative contracts with retail customers through licensed investment companies in various jurisdictions as well as raising funds through direct repo transactions. Dealer that is involved in placing of securities is domiciled in Cyprus.
The funds raised are allocated to:

- hedging securities portfolio;
- trading securities portfolio;
- loans to corporate customers;

- other investments.

All of the above assets are located in different regions. Due to the fact that the detailed information necessary for disclosure of geographic information is not available and the cost to develop it is excessive, it was decided to not present quantitative geographic disclosures.

Major customers

During the years ended 31 December 2023 and 31 December 2022, the Company had significant transactions with entities under control or significant influence of ultimate shareholder, comprised 10% or more of the Company's income, the detailed information is presented in the Note 22.

24 Events after the reporting period

There were no significant events after the reporting period, which have a bearing on the understanding of the financial statements.