FG BCS LIMITED

Consolidated Financial Statements

31 December 2021

CONTENTS

Officers, Professional Advisors and Registered Office

Board of Directors	Vitaliy Shelikhovskiy
Secretary	Sinirmacorp Limited
Independent Auditors	KPMG Limited
Registered office	Krinou, 3, The Oval, 2nd Floor, Flat 203, Agios Athanasios, 4103, Limassol, Cyprus
Registered number	HE 347295

The Board of Directors of **FG BCS Ltd** (the "Company") presents its report together with the audited consolidated financial statements of the Company and its subsidiaries (the Company and its subsidiaries together referred to as "the Group") for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Company are to serve as an investment holding and financing company. The Group, through its custody, clearing and depository platforms, using both proprietary and third-party technology, provides an integrated platform of brokerage, retail and investment banking, depository and asset management services to individuals and corporate customers in the Russian Federation and abroad.

FINANCIAL RESULTS

The Group's financial results for the year ended 31 December 2021 are set out on page 8 to the consolidated financial statements.

EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE GROUP

The current financial position as presented in the consolidated financial statements is considered satisfactory. The nature of the Group's activities and changes in those activities are reported in note 1 to the consolidated financial statements.

During the year 2021 the Group maintained its leading positions as one of the largest and most diversified brokers in the Russian market.

As at 31 December 2021, the Group's total assets amounted to RR 461 740 727 thousands (2020: RR 360 926 006 thousands) and its equity amounted to RR 60 952 282 thousands (2020: RR 42 728 266 thousands). Total liabilities reached RR 400 725 283 thousands in 2021 (2020: RR 318 141 271 thousands).

DIVIDENDS AND DISTRIBUTIONS

During the year ended 31 December 2021, a dividend was declared and paid for the amount of RR 496 346 thousand (2020: RR 575 495 thousand).

MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties faced by the Group and the steps taken to manage these risks, are described in notes 5 and 28 to the consolidated financial statements.

FUTURE DEVELOPMENTS

The Board of Directors does not expect major changes in the principal activities of the Group in the foreseeable future.

SHARE CAPITAL

There were no changes in the share capital of the Company during the year.

BOARD OF DIRECTORS

The members of the Company's Board of Directors as at 31 December 2021 and at the date of this report are presented on page 1. The sole director was a member of the Board of Directors throughout the year ended 31 December 2021.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

BRANCHES

The Group operates through a number of branches in the Russian Federation.

EVENTS AFTER THE REPORTING PERIOD

The significant events after the reporting period faced by the Group are described in note 34 to the consolidated financial statements.

INDEPENDENT AUDITORS

The independent auditors of the Company, Messrs. KPMG Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the next Annual General Meeting.

By order of the Board of Directors,

Vitaliy Shelikhovskiy
Director

Limassol, 15 June 2022

FG BCS LTD Republic of Cyprus, 2015

KPMG Limited
Chartered Accountants
11, June 16th 1943 Street, 3022 Limassol, Cyprus
P.O.Box 50161, 3601 Limassol, Cyprus
T: +357 25 869000, F: +357 25 363842

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

FG BCS LTD

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of **FG BCS Ltd** (the "Company") and its subsidiaries (the "Group"), which are presented on pages 7 to 92 and comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap. 113").

Basis for opinion

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

Emphasis of matter - Subsequent Event

We draw attention to Note 34 to the financial statements which describe the recent developments in business operating environment, as a result of the military operations in Ukraine.

Our opinion is not modified in respect of this matter.

Nicosia
P.O. Box 21121, 1502
T: +357 22 209000
F: +357 22 678200

Larnaca
P.O. Box 40075, 6300
T: +357 24 200000
F: +357 24 200200

Paphos
P.O. Box 60288, 8101
T: +357 26 943050
F: +357 26 943062

Paralimni / Ayia Napa
P.O. Box 33200, 5311
T: +357 23 820080
F: +357 23 820084

Polis Chrysochous
P.O. Box 66014, 8330
T: +357 26 322098
F: +357 26 322722

Other information

The Board of Directors is responsible for the other information. The other information comprises the Management Report but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

With regards to the management report, our report in this regard is presented in the *"Report on other legal requirements"* section.

Responsibilities of the Board of Directors for the consolidated financial statements

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

KPMG

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Pursuant to the additional requirements of the Auditors Law 2017, L.53(I)/2017, as amended from time to time ("Law L.53(I)/2017"), and based on the work undertaken in the course of our audit, we report the following:

- 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 Companies Law, Cap. 113, and the information given is consistent with the consolidated financial statements.

- In the light of the knowledge and understanding of the business and the Group's environment obtained in the course of the audit, we have not identified material misstatements in the management report.

Other Matter

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 Law L.53(I)/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.

George S. Prodromou, FCA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
11, June 16th 1943 Street
3022 Limassol, Cyprus

15 June 2022

(In thousands of Russian Roubles)	Note	31 December 2021	31 December 2020
ASSETS			
Cash and cash equivalents	11	37 378 260	24 891 643
Mandatory cash balances with the CBR		690 803	585 382
Receivables from brokerage transactions	12	6 756 822	2 070 387
Receivables under resale agreements	13	89 332 334	74 130 837
Trading assets except derivatives	14		
- pledged under repurchase agreement		25 011 582	13 493 581
- unpledged		132 648 454	126 657 439
Investment securities measured at fair value through other comprehensive income	15		
- unpledged		1 652 761	3 117 068
Investment securities measured at amortised cost			
- pledged under repurchase agreement	16	1 783 898	-
- unpledged	16	65 518 093	35 634 753
Goodwill	32	1 102 748	1 102 748
Investment in an associate	33	683 952	28 567
Derivative assets	17	20 958 514	13 456 566
Loans to customers	18	38 146 998	32 800 745
Loans to banks	19	5 266 604	5 818 822
Investment properties	20	1 043 595	954 143
Property, equipment and intangible assets	21	10 099 055	9 078 632
Prepayments and other assets	22	23 002 642	16 286 412
Deferred tax assets	10	663 612	818 281
TOTAL ASSETS		**461 740 727**	**360 926 006**
LIABILITIES			
Payables under repurchase agreements	13	92 431 749	30 768 029
Customer brokerage accounts	23	167 662 765	164 871 056
Trading liabilities except derivatives	14	7 989 480	1 414 495
Derivative liabilities	17	7 466 862	8 006 041
Current accounts, deposits and borrowings	24	101 616 644	93 667 916
Payables and other liabilities	25	22 390 738	16 961 906
Deferred tax liabilities	10	1 167 045	2 451 828
TOTAL LIABILITIES		**400 725 283**	**318 141 271**
EQUITY			
Share capital	26	24 480	24 480
Share premium		2 803	2 803
Revaluation surplus for land and buildings		1 230 604	1 139 213
Revaluation reserve for investment securities		(53 838)	35 291
Translation reserve		7 891 620	7 799 188
Liability credit reserve		526 834	-
Retained earnings		51 329 779	33 727 291
Total equity attributable to the sole participant		**60 952 282**	**42 728 266**
Non-controlling interests		63 162	56 469
TOTAL EQUITY		**61 015 444**	**42 784 735**
TOTAL EQUITY AND LIABILITIES		**461 740 727**	**360 926 006**

Approved for issue and signed on behalf of the Board of Directors on 15 June 2022.

Shelikhovskiy V.A.
Director

F G B.C.S. LTD
Republic of Cyprus, 2015

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

(In thousands of Russian Roubles)	**Note**	**For the year ended 31 December 2021**	**For the year ended 31 December 2020**
Fee and commission income	6	12 953 709	11 217 102
Fee and commission expense	6	(6 288 793)	(5 401 466)
Net fee and commission income		**6 664 916**	**5 815 636**
Interest income calculated using the effective interest method	7	16 283 860	12 120 302
Other interest income	7	145 057	43 196
Interest expense	7	(5 353 405)	(5 645 458)
Net interest income		**11 075 512**	**6 518 040**
Net trading income	8	26 343 798	18 987 697
Net gain from investment securities		26 928	365 960
Gross written premiums		7 313 566	3 493 340
Change in insurance reserves and insurance payments		(6 730 373)	(3 365 594)
Fair value gain on investment properties	20	71 743	41 297
Impairment of property and equipment	21	(56 453)	(25 666)
Impairment of debt financial assets	11,12,13,15,16,18,19,22,28	(474 584)	(724 659)
Impairment of other non-financial assets	22	293	(31 843)
Impairment of goodwill	32	-	(368 795)
Rental income from investment properties	20	102 344	70 602
Net loss on disposal of subsidiaries		-	(51 370)
Other operating income		103 508	781 208
Share of (loss)/profit of an associate	33	(44 395)	11 346
Administrative and other operating expenses	9	(26 498 236)	(22 100 336)
Profit before tax		**17 898 567**	**9 416 863**
Income tax benefit/(expense)	10	208 960	(1 447 873)
Profit for the year		**18 107 527**	**7 968 990**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Revaluation of land and buildings	21	114 239	107 765
Movement in liability credit reserve		526 834	-
Income tax relating to items that will not be reclassified to profit or loss	10	(22 848)	(12 121)
Total items that will not be reclassified to profit or loss		**618 225**	**95 644**
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		92 432	3 780 294
Net change in fair value of investment securities		(69 811)	105 505
Net change in fair value of investment securities transferred to profit or loss		(26 928)	(425 908)
Income tax relating to items that are or may be reclassified to profit or loss	10	7 610	9 949
Total items that are or may be reclassified subsequently to profit or loss		**3 303**	**3 469 840**
Other comprehensive income for the year, net of tax		**621 528**	**3 565 484**
Total comprehensive income for the year		**18 729 055**	**11 534 474**
Profit for the year attributable to:		**18 107 527**	**7 968 990**
- Sole participant		18 098 834	7 963 483
- Non-controlling interests		8 693	5 507
Total comprehensive income for the year attributable to:		**18 729 055**	**11 534 474**
- Sole participant		18 720 362	11 528 967
- Non-controlling interests		8 693	5 507

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

For the year ended 31 December 2021

	Attributable to the sole participant									
(In thousands of Russian Roubles)	**Share capital**	**Share premium**	**Revaluation surplus for land and buildings**	**Revaluation reserve for investment securities**	**Liability credit reserve**	**Translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2021	**24 480**	**2 803**	**1 139 213**	**35 291**	**-**	**7 799 188**	**33 727 291**	**42 728 266**	**56 469**	**42 784 735**
Total comprehensive income										
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**18 098 834**	**18 098 834**	**8 693**	**18 107 527**
Other comprehensive income *Items that are or may be reclassified subsequently to profit or loss:*										
Foreign currency translation differences for foreign operations	-	-	-	-	-	92 432	-	**92 432**	-	**92 432**
Revaluation reserve for investment securities	-	-	-	(89 129)	-	-	-	**(89 129)**	-	**(89 129)**
Total items that are or may be reclassified subsequently to profit or loss	**-**	**-**	**-**	**(89 129)**	**-**	**92 432**	**-**	**3 303**	**-**	**3 303**
Items that will not be reclassified to profit or loss:										
Revaluation of land and buildings, net of income tax	-	-	91 391	-	-	-	-	**91 391**	-	**91 391**
Movements in liability credit reserve	-	-	-	-	**526 834**	-		**526 834**	-	**526 834**
Total items that will not be reclassified subsequently to profit or loss	**-**	**-**	**91 391**	**-**	**526 834**	**-**	**-**	**618 225**	**-**	**618 225**
Other comprehensive income for the year	**-**	**-**	**91 391**	**(89 129)**	**526 834**	**92 432**	**-**	**621 528**	**-**	**621 528**
Total comprehensive income for the year	**-**	**-**	**91 391**	**(89 129)**	**526 834**	**92 432**	**18 098 834**	**18 720 362**	**8 693**	**18 729 055**
Changes in non-controlling interests								**-**	**(2 000)**	**(2 000)**
Dividends (Note 26)	-	-	-	-	-	-	(496 346)	**(496 346)**	-	**(496 346)**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**(496 346)**	**(496 346)**	**(2 000)**	**(498 346)**
Balance at 31 December 2021	**24 480**	**2 803**	**1 230 604**	**(53 838)**	**526 834**	**7 891 620**	**51 329 779**	**60 952 282**	**63 162**	**61 015 444**

(In thousands of Russian Roubles)	**Share capital**	**Share premium**	**Revaluation surplus for land and buildings**	**Revaluation reserve for investment securities**	**Translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	For the year ended 31 December 2020 Attributable to the sole participant								
Balance at 1 January 2020	**24 480**	**2 803**	**1 043 569**	**345 745**	**4 018 894**	**26 339 303**	**31 774 794**	**50 962**	**31 825 756**
Total comprehensive income									
Profit for the year	-	-	-	-	-	7 963 483	**7 963 483**	**5 507**	**7 968 990**
Other comprehensive income									
Items that are or may be reclassified subsequently to profit or loss:									
Foreign currency translation differences for foreign operations	-	-	-	-	3 780 294	-	**3 780 294**	-	**3 780 294**
Revaluation reserve for investment securities	-	-	-	(310 454)	-	-	**(310 454)**	-	**(310 454)**
Total items that are or may be reclassified subsequently to profit or loss	-	-	-	**(310 454)**	3 780 294	-	**3 469 840**	-	**3 469 840**
Items that will not be reclassified to profit or loss:									
Revaluation of land and buildings, net of income tax	-	-	95 644	-	-	-	**95 644**	-	**95 644**
Total items that will not be reclassified subsequently to profit or loss	-	-	**95 644**	-	-	-	**95 644**	-	**95 644**
Other comprehensive income for the year	-	-	**95 644**	**(310 454)**	**3 780 294**	-	**3 565 484**	-	**3 565 484**
Total comprehensive income for the year	-	-	**95 644**	**(310 454)**	**3 780 294**	**7 963 483**	**11 528 967**	**5 507**	**11 534 474**
Dividends (Note 26)	-	-	-	-	-	(575 495)	**(575 495)**	-	**(575 495)**
Total transactions with owners	-	-	-	-	-	**(575 495)**	**(575 495)**	-	**(575 495)**
Balance at 31 December 2020	**24 480**	**2 803**	**1 139 213**	**35 291**	**7 799 188**	**33 727 291**	**42 728 266**	**56 469**	**42 784 735**

(In thousands of Russian Roubles)	**Note**	**For the year ended 31 December 2021**	**For the year ended 31 December 2020**
Cash flows from operating activities			
Profit before income tax		**17 898 567**	**9 416 863**
Adjustments for:			
Depreciation and amortisation	21	1 249 475	963 988
Impairment losses	11,12,13,15,16,18,19,22,28	474 291	756 502
Impairment of goodwill	32	-	368 795
Fair value gain on investment properties	20	(71 743)	(41 297)
Changes in insurance reserves		6 267 721	3 021 079
Impairment of property and equipment	21	56 453	25 666
Accruals of expenses		593 719	1 513 230
Unrealised loss/(gain) on debt and equity instruments		7 717 393	(5 007 677)
Revaluation of derivatives		(24 503 145)	1 682 390
Net loss on disposal of subsidiaries		-	51 370
Other operation and non-operation income		22 833	42 843
Share of loss/(gain) of an associate		44 395	(11 346)
Unrealised gain from trading in foreign currencies		(987 245)	(5 125 996)
Net gain from investment securities		(26 928)	(365 960)
Loss/(gain) on disposal of property and equipment		35 934	(491 082)
Net interest income		(11 075 512)	(6 518 040)
Cash flows (used in)/provided by operating activities before changes in working capital		**(2 303 792)**	**281 328**
(Increase) decrease in operating assets			
Mandatory cash balances with the CBR		(105 421)	(39 904)
Receivables from brokerage transactions		(4 690 770)	(1 133 383)
Receivables under resale agreements		(15 169 761)	(5 093 426)
Trading assets		(24 030 120)	143 802
Loans to customers		(11 318 051)	6 852 637
Loans to banks		621 124	5 814
Prepayments and other assets		(6 686 849)	(7 980 859)
Interest received during the year		16 928 589	11 882 424
Increase (decrease) in operating liabilities			
Payables under repurchase agreements		61 729 755	(23 784 323)
Customer brokerage accounts		3 938 722	36 258 855
Trading liabilities		6 574 986	(644 199)
Current accounts, deposits and borrowings		28 853 849	10 041 762
Payables and other liabilities		(1 578 389)	4 178 862
Interest paid during the year		(5 660 802)	(5 703 182)
Income taxes paid		(975 145)	(411 911)
Net cash provided by operating activities		**46 127 925**	**24 854 297**
Cash flows from investing activities			
Acquisition of property and equipment and intangible assets	21	(2 023 822)	(3 472 882)
Proceeds from sale of property and equipment		79 022	1 800 646
Acquisition of investment properties	20	-	(14 727)
Acquisition of associate		(172 329)	-
Acquisition of securities measured at amortised cost		(31 775 015)	(33 712 157)
Acquisition of Investment securities measured at FVOCI		(461)	(4 607 763)
Proceeds from sale of Investment securities measured at FVOCI		1 299 002	16 226 873
Acquisition of subsidiaries		-	(350 000)
Net cash used in investing activities		**(32 593 603)**	**(24 130 010)**

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

(In thousands of Russian Roubles)	**Note**	**For the year ended 31 December 2021**	**For the year ended 31 December 2020**
Cash flows from financing activities			
Payment of lease liabilities		(220 033)	(217 809)
Payment of dividends	26	(496 346)	(575 495)
Changes in non-controlling interests		(2 000)	-
Net cash used in financing activities		**(718 379)**	**(793 304)**
Net increase (decrease) in cash and cash equivalents		**12 815 943**	**(69 017)**
Cash and cash equivalents at the beginning of the year	11	24 891 643	21 331 428
Effect of changes in exchange rates on cash and cash equivalents		(311 131)	3 638 698
Effect of change in allowance for credit losses on cash and cash equivalents	11	(18 195)	(9 466)
Cash and cash equivalents as at the end of the year	11	**37 378 260**	**24 891 643**

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

1 Background

Organisation and operations

FG BCS LIMITED (the Company), together with its consolidated subsidiaries (collectively, the Group), is a leading broker and asset management company with a focus on Russia. The Group, through its custody, clearing and depository platforms, using both proprietary and third-party technology, provides an integrated platform of brokerage, retail and investment banking, depository and asset management services to individuals and corporate customers in the Russian Federation and abroad. The Group offers integrated web- and software-based trading platforms, which incorporate intelligent order routing technology, real-time market data, options trading, premium research, and multi-channel access, as well as sophisticated account and trade management features, risk management tools, decision support tools, and dedicated personal support. The Group serves its clients through a combination of its wide branch network and web-based and telephonic services, and provides direct-market-access equity and derivatives brokerage services on MOEX (Russia), LSE and other major exchanges (AMEX, NASDAQ, NYSE, CME/CBOT, Eurex, Euronext, LIFFE, XETRA) and on the FX market.

The Company's registered address is Krinou, 3, The Oval, 2nd floor, Flat/Office 203, Agios Athanasios, 4103, Limassol, Cyprus . The Group's headquarter offices are located at Str. Sovetskaya 37, Novosibirsk, Russian Federation. The sole beneficiary and ultimate controlling party of the Group is Oleg Mikhasenko.

As at 31 December 2021, the Group had full-time, part-time and temporary employees, and persons employed on a contract basis that represented the equivalent of about 5 369 full-time employees (2020: 5 040).

As a professional stock and security market participant in the Russian Federation, Cyprus, UK and USA, the Group's operations are regulated by the Central Bank of Russia (the CBR), the CySEC, the FCA and FINRA. The Group is a member of Moscow Exchange, Saint-Petersburg Exchange, London Stock Exchange, New York Stock Exchange and Eurex and the following financial associations and self-regulatory organisations: National Association of Stock Market Participants (NAUFOR), National Finance Association, International Capital Market Association, The International Securities Lending Association and International Swaps and Derivatives Association.

Also the Group includes managing companies whose principal activity is to manage assets and liabilities of clients. Activities connected with securities management are licensed under the current legislation. The activities of managing companies are regulated by the CBR and other authorities common for all market participants, for example, tax authorities.

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

		Ownership/voting	
Subsidiary	**Country of incorporation**	**31 December 2021**	**31 December 2020**
Brokercreditservice Ltd.	Russia	99.9%	99.9%
BrokerCreditService (Cyprus) Limited	Cyprus	100.0%	100.0%
"BCS Bank" AO	Russia	100.0%	100.0%
Joint Stock Company management company "BrokerCreditService"	Russia	100.0%	100.0%
OOO "Investment Management Company Brokercreditservice – Real Estate Funds"	Russia	100.0%	100.0%
BCS Prime Brokerage Limited	UK	100.0%	100.0%
BCS "Wealth Management" (JSC) (previous name URALSIB AM JSC)	Russia	100.0%	100.0%
Brokercreditservice Structured Products PLC	Cyprus	100.0%	100.0%
Kertina Group Ltd.	Cyprus	100.0%	100.0%
Seldthorn Private Equty Ltd.	Cyprus	100.0%	100.0%
OOO "BCS Consulting"	Russia	99.9%	99.9%
OOO "BCS Insurance"	Russia	99.9%	99.9%
BCS Americas	USA	100%	100%

During 2021 the subsidiary URALSIB AM JSC was renamed into BCS "Wealth Management" (JSC).

Brokercreditservice Ltd is a limited liability company that was incorporated in the Russian Federation in 1995. Brokercreditservice Ltd provides a range of brokerage and depositary services to retail and corporate clients. It holds licenses issued by Federal Financial Markets Service (FFMS) for securities management, dealer and brokerage services, custody services. Offered brokerage services comprise an array of brokerage accounts; individual retirement accounts; retirement plans for small to large businesses; designated brokerage accounts; equity incentive plan accounts; and margin loans, as well as access to fixed income securities, equity and debt offerings, options, and futures; Brokercreditservice

Ltd is a clearing broker-dealer and an investment adviser that principally transacts business as an agent in a broad array of financial products and services. It also holds a license issued by the Commission for Commodity Exchanges under FFMS as an intermediary for dealing in futures and options at stock exchanges in the Russian Federation.

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

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

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

“BCS Bank” AO (the Bank) is incorporated as a Joint Stock Company under the laws of the Russian Federation. The Bank’s principal business activity is commercial banking operations within the Russian Federation. The Bank operates under a banking license issued by the CBR. The Bank is a member of the state deposit insurance system in the Russian Federation. The activities of the Bank are regulated by the CBR.

The investment management business is run via JSC MC “BCS” and BCS “Wealth Management” (JSC) which are the investment advisors for the Group’s proprietary mutual funds, referred to as the BCS and BCS Wealth Management» (JSC) funds, which offers asset management solutions including separately managed accounts, customized personal advice for tailored portfolios, and specialized planning and full-time portfolio management, and also provides a wide range of trust, investment management oversight and custodial services to non-government pension funds.

The Group through its subsidiary JSC MC “BCS” operates the following open ended mutual funds:

- Closed Real Estate Fund – Pension Fund Real Estate
- Combined Closed Fund – FNB Business
- Open Investment Fund of Funds XXII century
- Open Investment Fund of Funds BCS Precious Metals
- Open Investment Fund of Multi – Asset Investments BCS Empire
- Open Investment Fund BCS International bonds
- Open Investment Fund of Bonds BCS Foundation
- Open Investment Fund of mixed investments BCS Perspective
- Open index investment Fund BCS Russian Shares
- Open Investment Fund BCS Russian Eurobonds
- Open Investment Fund BCS Fundamental choice
- Open Investment Fund BCS Fundamental choice
- Exchange Investment Fund BCS Premium bonds MSP
- Open Investment Fund BCS East-West
- Open Investment Fund BCS East-West
- Exchange Investment Fund BCS Global income bonds
- Exchange Investment Fund BCS Favourites of world investment funds
- Open Investment Fund BCS Innovations

The Group also manages the following funds operated by BCS “Wealth Management” (JSC):

- BCS Wealth Management (JSC) A.M. OMIF Growth stocks
- BCS Wealth Management (JSC) A.M. OMIF Global equity market
- BCS Wealth Management (JSC) A.M. OMIF Global innovations
- BCS Wealth Management (JSC) A.M. OMIF Precious metals market
- BCS Wealth Management (JSC) A.M. OMIF Conservative fund
- BCS Wealth Management (JSC) A.M. OMIF Natural resources
- BCS Wealth Management (JSC) A.M. OMIF Professional fund
- BCS Wealth Management (JSC) A.M. OMIF First fund
- BCS Wealth Management (JSC) A.M. OMIF Energy perspective
- BCS Wealth Management (JSC) A.M. OMIF Global fixed income market

In 2021 the Group has obtained significant influence over Ginmon GmbH.

The Group has other subsidiaries which are consolidated based on trust agreements held with the direct owners. The Group exercises full control over the financial, strategic and operational activities of these subsidiaries for the benefit of the Group.

Business environment

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

Russian business environment

On 12 March 2020, the World Health Organisation declared the outbreak of COVID-19 a global pandemic. In response to the pandemic, the Russian authorities implemented numerous measures attempting to contain the spreading and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter-in-place orders and limitations on business activity, including closures. Despite vaccination started in 2021, the pandemic situation remains uncertain with regards to addition of new strains of COVID-19.

In 2021 restrictive measures imposed in response to the COVID-19 pandemic were eased, that led to a rapid recovery of economic activity in the Russian Federation in the second quarter.

In 2021, production increased in almost all sectors of the economy. The revival of production was accompanied by an increase in demand for the services of banks and insurance companies. The accumulation of fixed capital, including the increase in values. The increase in gross accumulation for all types of capital is caused by an increase in the investment activity of enterprises.

Changes in the structure of GDP, which characterizes the sources of income of production participants, compared with 2020 are associated with the restoration of production activity.

The banking sector's key credit risk and performance indicators have remained largely stable since the beginning of the pandemic while economic recovery has helped improve the banking sector's operating environment and asset quality. Following exit from regulatory forbearance in mid-2021, banks' asset quality, profitability and capitalization have not deteriorated, profitability and return on assets and equity in the system are rising. Banking-sector profitability has been supported by strong lending growth fueled by the government credit support programs and improving economic conditions.

In February 2022 there was an escalation of the military and political conflict around Ukraine and related international sanctions were imposed on a number of Russian institutions, companies, banks and individuals, including a partial freezing of foreign currency reserves managed by the Bank of Russia, restrictions of access to European capital markets for the Ministry of Finance of the Russian Federation and the Bank of Russia. These restrictions led to increased volatility on financial markets, significant changes in the prices of financial instruments, increased trading spreads and downgraded sovereign ratings of the Russian Federation. As result the Bank of Russia increased the key rate, introduced the mandatory sale of foreign exchange revenues, and took a number of other measures. These factors can have a significant impact on the Russian economy, at the same time positive factor for Russian economy will be a favorable price situation on the commodity markets.

Escalation of conflict around Ukraine and sanctioning of Russia also had serious macroeconomic implications for the European Union and the global economy.

The management is taking necessary measures to ensure sustainability of the Group's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results. For the purpose of measurement of expected credit losses ("ECL") the Group uses supportable forward-looking information, including forecasts of macroeconomic variables.

As with any economic forecast, however, the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected. Note 5 provides more information on how the Group incorporated forward-looking information in the ECL models.

Cyprus business environment

The outbreak of the COVID-19 pandemic and the restrictive measures that followed prompted a drastic reduction of GDP in 2020 (-5.1). Underpinned by both private and public consumption, the economy rebounded in 2021, marking a 4.8% growth (IMF). The tourism sector also recorded a relatively good performance (tourism revenues more than doubled in January-July 2021 compared to the same period of 2020, but remained at around 35% of the pre-pandemic levels), as well as the construction sector. After reaching a surplus in 2019, the fiscal measures adopted to fight the pandemic (including increased social payments related to the roll-out of the second phase of the National Health System reform, wage subsidisation and liquidity support to businesses), partially offset by an increase in revenues (+9.9%), led to a budget deficit of 3.6% in 2021. After experiencing deflation following the outbreak of the crisis, headline inflation returned positive in 2021 (+1.7%), driven by higher prices for energy, services and non-energy industrial goods. The rate is expected to slightly decelerate to 1.1% in 2022 amid the normalization of energy prices.

The sovereign risk ratings of the Cyprus Government improved considerably in recent years reflecting improvements in economic resilience and consistent fiscal outperformance. Cyprus demonstrated policy commitment to correcting fiscal imbalances through reform and restructuring of its banking system.

Cyprus's economic recovery will suffer from the adverse impact of the war in Ukraine. Cyprus is vulnerable to the impact on its tourism sector owing to the high share of foreign visitors coming from Russia and Ukraine. The economy of Cyprus will be disproportionately affected by a halt in capital inflows and foreign direct investment from Russia.

Management is taking necessary measures to ensure sustainability of the Group's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results. For the purpose of measurement of expected credit losses ("ECL") the Group uses supportable forward-looking information, including forecasts of macroeconomic variables.

As with any economic forecast, however, the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected.

2 Basis of preparation

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis of measurement

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

Functional and presentation currency

The functional currency of each of the Group entities is the currency of the primary economic environment in which the entities operate. The Company and the majority of the Group's subsidiaries have determined that their functional currency is the Russian rouble (RR) as it reflects the economic substance of the majority of underlying events and circumstances relevant to them. The RR is also the presentation currency for the purposes of these consolidated financial statements. All financial information presented in RR is rounded to the nearest thousand, except when otherwise indicated.

Use of estimates and judgments

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

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

Judgments

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

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

Assumptions and estimations uncertainty

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the period ended 31 December 2021 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 27;
- land and buildings revaluation estimates – Note 21;
- impairment of goodwill – Note 32;
- investment properties fair value estimates – Note 20;
- Insurance contract liabilities – Note 25.

Changes in accounting policies and presentation

A number of new standards are effective from 1 January 2021. The Group has not early adopted any other standards, interpretations or amendment that have been issued but are not yet effective.

The details of the changes in accounting policies are disclosed below.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification. The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021. The Group has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

Interest Rate Benchmark Reform – IBOR ‘phase 2’ (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

These amendments to various IFRS standards are mandatorily effective for reporting periods beginning on or after 1 January 2021. The amendments provide temporary reliefs which address the financial reporting effects when an interbank

offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

Reclassification of comparative information

The Group changed presentation of certain captions in the consolidated financial statements. Comparative information is reclassified to conform to changes in presentation in the current period.

The effect of main changes in presentation of the consolidated statement of financial position as at 31 December 2020 is as follows:

(in thousands of Russian Roubles)	**As previously reported**	**Reclassification**	**As reclassified**
Cash and cash equivalents	24 945 650	(54 007)	24 891 643
Prepayments and other assets	16 232 405	54 007	16 286 412

The effect of main changes in presentation of the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020 is as follows:

(in thousands of Russian Roubles)	**As previously reported**	**Reclassification**	**As reclassified**
Fee and commission income	11 226 620	(9 518)	11 217 102
Fee and commission expense	(5 283 238)	(118 228)	(5 401 466)
Gross written premiums	-	3 493 340	3 493 340
Change in insurance reserves and insurance payments	-	(3 365 594)	(3 365 594)

The effect of main changes in presentation of the consolidated statement of cash flows for the year ended 31 Decemebr 2020 is as follows:

(in thousands of Russian Roubles)	**As previously reported**	**Reclassification**	**As reclassified**
Chnages in insuarance reserves	-	3 021 079	3 021 079
Payables and other liabilities	7 199 941	(3 021 079)	4 178 862
Prepayments and other assets	(7 961 156)	(19 703)	(7 980 859)
Cash and cash equivalents at the beginning of the year	21 365 732	(34 304)	21 331 428
Cash and cash equivalents as at the end of the year	24 945 650	(54 007)	24 891 643

3 Significant accounting policies

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

Basis of consolidation

i. Subsidiaries

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

ii. Structured entities

A structured entity is an entity designed so that its activities are not governed by way of voting rights. In assessing whether the Group has power over such investees in which it has an interest, the Group considers factors such as the purpose and design of the investee; its practical ability to direct the relevant activities of the investee; the nature of its relationship with the investee; and the size of its exposure to the variability of returns of the investee.

iii. Fund management

The Group manages and administers assets held in unit trusts and other investment vehicles on behalf of investors. The financial statements of these entities are not included in these consolidated financial statements except when the Group controls the entity.

iv. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill as the fair value of the consideration transferred (including the fair value of any previously-held equity interest in the acquiree) and the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The Group elects on transaction-by-transaction basis whether to measure non-controlling interests at fair value, or at their proportionate share of the recognized amount of the identifiable net assets of the acquiree, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

v. Acquisitions of entities under common control

Acquisitions of controlling interests in entities that are under the control of the same controlling shareholder of the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at their previous book values as recorded in the individual financial statements of the acquiree. The components of equity of the acquired entities are added to the same components within the Group's equity except that any share capital of the acquired entities is recognised as part of additional paid in capital. Any cash paid for the acquisition is debited to equity.

vi. Acquisitions and disposals of non-controlling interests

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

vii. Associates

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

viii. Transactions eliminated on consolidation

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

ix. Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Goodwill is allocated to cash-generating units for impairment testing purposes and is stated at cost less impairment losses.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

x. Non-controlling interests

Non-controlling interests are the equity in a subsidiary not attributable, directly or indirectly, to the Group.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to equity holders of the Company. Non-controlling interests in profit or loss and total comprehensive income are separately disclosed in the consolidated statement of profit or loss and other comprehensive income.

Foreign currency

i. Foreign currency transactions

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

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

ii. Foreign operations

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

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

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

Interest

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The “effective interest rate” is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

The ‘amortised cost’ of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The ‘gross carrying amount of a financial asset’ measured at amortised cost is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For information on when financial assets are credit-impaired, see Note 3.

Presentation

Interest income and expense presented in the consolidated statement of profit or loss and other comprehensive income include:

- interest on financial assets and financial liabilities measured at amortised cost calculated using the effective interest method;
- interest on debt instruments measured at FVOCI calculated on an effective interest basis;
- interest on loans to customers measured at FVTPL is presented separately as "other interest income". It is measured using the effective interest method, excluding transaction costs.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in trading income.

Net trading income

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

Fees and commission

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

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

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

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

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

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

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

Financial assets and financial liabilities

i. Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt financial assets measured at FVOCI, gains and losses are recognised in other comprehensive income, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method;
- ECL and reversals; and
- foreign exchange gains and losses.

When a debt financial asset measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in other comprehensive income. Cumulative gains and losses recognised in other comprehensive income are transferred to retained earnings on disposal of an investment.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument.

This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

The Group holds a portfolio of long-term fixed rate loans for which the Group has the option to revise the interest rate following the change of key rate set by the CBR. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Group has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding. Instead, the Group considers these loans as in essence floating rate loans.

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. Such changes are determined by the Group's senior management as a result of external or internal changes and must be significant to the Group's operations and demonstrable to external parties. Accordingly, a change in the Group's business model will occur only when the Group either begins or ceases to perform an activity that is significant to its operations; for example, when the Group has acquired, disposed of or terminated a business line.

Financial liabilities

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

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Financial liabilities are not reclassified subsequent to their initial recognition.

ii. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Any cumulative gain/loss recognised in other comprehensive income in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Any cumulative gain/loss recognised in other comprehensive income in respect of financial liabilities designated as at FVTPL is not recognised in profit or loss on derecognition of such financial liabilities.

iii. Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as 'substantial modification'), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs.

Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

Changes in cash flows on existing financial assets or financial liabilities are not considered as modification, if they result from existing contractual terms, e.g. changes in interest rates initiated by the Group due to changes in the CBR key rate, if the loan contract entitles the Group to do so.

The Group performs a quantitative and qualitative evaluation of whether the modification is substantial, i.e. whether the cash flows of the original financial asset and the modified or replaced financial asset are substantially different. The Group assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset deemed to have expired. In making this evaluation the Group analogizes to the guidance on the derecognition of financial liabilities.

The Group concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial asset;
- change in collateral or other credit enhancement.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower (see Note 3), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income (see Note 3).

For fixed-rate loans, where the borrower has an option to prepay the loan at par without significant penalty, the Group treats the modification of an interest rate to a current market rate using the guidance on floating-rate financial instruments.

This means that the effective interest rate is adjusted prospectively.

As part of credit risk management activities, the Group renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities'). If the Group plans to modify a financial asset in a way that would result in forgiveness of part of the existing contractual cash flows, then a portion of the asset is written off before the modification takes place. This is likely to result in the remaining contractual cash flows that are still recognised as the original financial asset at the point of modification to be similar to the new modified contractual cash flows. If based on quantitative assessment the Group concludes that modification of financial assets modified as part of the Group's forbearance policy is not substantial, the Group performs qualitative evaluation of whether the modification is substantial.

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

If a modification (or exchange) does not result in the derecognition of the financial liability the Group applies accounting policy consistent with the requirements for adjusting the gross carrying amount of a financial asset when a modification does not result in the derecognition of the financial asset, i.e. the Group recognises any adjustment to the amortised cost of the financial liability arising from such a modification (or exchange) in profit or loss at the date of the modification (or exchange).

Group performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors. The Group concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial liability;
- change in collateral or other credit enhancement;
- inclusion of conversion option;
- change in the subordination of the financial liability.

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

iv. Impairment

See also Note 5.

The Group recognises impairment allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- trade receivables;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.
The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition (see Note 5).

Loss allowances for trade receivables are always measured at an amount equal to lifetime. The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1' financial instruments.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised are referred to as 'Stage 2' financial instruments (if the credit risk has increased significantly since initial recognition, but the financial instruments are not credit-impaired) and 'Stage 3' financial instruments (if the financial instruments are credit-impaired).

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- *financial assets that are not credit-impaired at the reporting date*: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- *financial assets that are credit-impaired at the reporting date*: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- *undrawn loan commitments*: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- *financial guarantee contracts*: the present value of expected payments to reimburse the holder less any amounts that the Group expects to recover.

See also Note 5.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset (see Note 5).
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as ‘Stage 3 financial assets’). A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower’s condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors.

- The market’s assessment of creditworthiness as reflected in the bond yields.
- The rating agencies’ assessments of creditworthiness.
- The country’s ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as ‘lender of last resort’ to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of loss allowance for ECL in the consolidated statement of financial position.

Loss allowances for ECL are presented in the consolidated statement of financial position as follows:

- *financial assets measured at amortised cost*: as a deduction from the gross carrying amount of the assets;
- *loan commitments and financial guarantee contracts*: generally, as a provision;
- *where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component*: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- *debt instruments measured at FVOCI*: no loss allowance is recognised in the consolidated statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-offs

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. When loans and other debt instruments become doubtful of collection, they are written down to the present value of expected cash inflows and interest income is thereafter recorded for the unwinding of the present value discount based on the asset's effective interest rate which was used to measure the impairment loss.

Recoveries of amounts previously written off are included in 'impairment losses on debt financial assets' in the consolidated statement of profit or loss and other comprehensive income.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-integral financial guarantee contracts

The Group assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. The factors that the Group considers when making this assessment include whether:

- the guarantee is implicitly part of the contractual terms of the debt instrument;
- the guarantee is required by laws and regulations that govern the contract of the debt instrument;
- the guarantee is entered into at the same time as and in contemplation of the debt instrument; and
- the guarantee is given by the parent of the borrower or another company within the borrower's group.

If the Group determines that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Group considers the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

If the Group determines that the guarantee is not an integral element of the debt instrument, then it recognises an asset representing any prepayment of guarantee premium and a right to compensation for credit losses. A prepaid premium asset is recognised only if the guaranteed exposure neither is credit-impaired nor has undergone a significant increase in credit risk when the guarantee is acquired. The Group presents gains or losses on a compensation right in profit or loss in the line item 'impairment losses on debt financial assets.

v. Designation at fair value through profit or loss

Financial assets

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

Financial liabilities

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

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

vi. Offsetting

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

Embedded derivatives

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

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

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

Loans to customers

'Loans to customers' caption in the consolidated statement of financial position includes:

- loans to customers measured at amortised cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method; and
- loans to customers mandatorily measured at FVTPL due to non-compliance with the SPPI-criterion; these are measured at fair value with changes recognised immediately in profit or loss.

Investment securities

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

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

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

Deposits, debt securities issued and subordinated liabilities

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

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

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

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

Financial guarantees and loan commitments

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

The Group has issued no loan commitments that are measured at FVTPL.

Liabilities arising from financial guarantees and loan commitments are included within provisions.

Collateralised securities transactions

Sale and repurchase agreements (repo agreements), which effectively provide a return to the counterparty are treated as secured financing transactions. Securities sold under such sale and repurchase agreements are not derecognised. The securities are not reclassified and presented separately in the consolidated statement of financial position unless the transferee has the right by contract or custom to sell or repledge the securities, in which case they are reclassified as assets pledged. The corresponding liability is presented within amounts due under repurchase agreements or other borrowed funds. The difference between the sale and repurchase price is treated as interest expense and is recognised in profit or loss over the term of the repo agreement using the effective interest method.

Securities purchased under agreements to resell (reverse repo agreements), which effectively provide a return to the Group, are recorded as due from other banks or loans to customers, as appropriate. The difference between the purchase and resale price is treated as interest income and is recognised in profit or loss over the term of the reverse repo agreement using the effective interest method.

Securities lent to counterparties for a fixed fee are retained in the consolidated financial statements in their original category in the consolidated statement of financial position unless the counterparty has the right by contract or custom to sell or repledge the securities, in which case they are reclassified and presented separately. Securities borrowed for a fixed fee are not recorded in the consolidated financial statements unless these are sold to third parties in which case the obligation to return the securities is recorded at fair value in trading liabilities.

Cash and cash equivalents

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

Mandatory cash balances with the CBR

Mandatory cash balances with the CBR, restricted for use, are carried at amortised cost and represent non-interest bearing mandatory reserve deposits which are not available to finance the Group's day to day operations and hence are not considered as part of cash and cash equivalents for the purposes of the consolidated statement of cash flows.

Investment properties

Investment properties are properties held by the Group to earn rental income or for capital appreciation, or both and which are not occupied by the Group. Investment properties also include property that is being constructed or developed for future use as investment properties. Investment properties include properties that group companies lease out to an associate or joint venture that occupies the property. Land held under operating leases is classified and accounted for as investment properties when the rest of the definition of investment properties is met.

Investment properties are initially recognised at cost, including transaction costs, and subsequently remeasured at fair value updated to reflect market conditions at the end of the reporting period. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition. In the absence of current prices in an active market, the Group considers information from a variety of sources, including:

- current prices in an active market for properties of different nature, condition or location, adjusted to reflect those differences;
- recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices;
- discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Gains and losses resulting from changes in the fair value of investment properties are recorded in profit or loss for the year and are presented separately. Gains or losses from disposal of investment properties are calculated as proceeds less carrying amount. Where the Group sells an investment property in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or loss for the year within fair value gain (losses) on investment properties.

If an investment property becomes owner-occupied, it is reclassified as property, equipment and intangible assets, and its carrying amount at the date of reclassification becomes its deemed cost for accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

Property and equipment

Property and equipment, except for land and buildings, are stated at cost less accumulated depreciation and impairment losses. Land and buildings are stated at revalued amounts.

Land and buildings are subject to revaluation with sufficient regularity to ensure that their carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Increases in the carrying amount arising on revaluation are credited to other comprehensive income and increase the revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised in other comprehensive income and decrease the previously recognised revaluation surplus in equity; all other decreases are charged to profit or loss for the year. The revaluation surplus for land and buildings included in equity is transferred directly to retained earnings when the surplus is realised, i.e. either on the retirement or disposal of the asset, or as the asset is used by the Group. In the latter case, the amount of the surplus realised is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in profit or loss for the year (within other operating expenses).

Depreciation

The Group has adopted a component based depreciation accounting model for certain groups of its assets (such as aircrafts). Under this approach, depreciation of certain parts of the relevant assets with a cost that is significant in relation to the total cost of such assets is calculated separately. Useful life of these parts may differ from the overall useful life of the relevant assets. The Group estimates depreciation of certain components based on their actual utilisation (not useful life) whenever this depreciation method allows for a more accurate estimate of the pattern of consumption of the future economic benefits embodied in such components. The Group reviews its assumptions on useful life and/or utilisation on a regular basis.

Depreciation on other items of property and equipment is calculated using the straight-line method to allocate their cost (or revalued amounts) to their residual values over their estimated useful lives:

	Useful lives in years
Airframes of aircraft	20-30
Engines	8-10
Interiors	5
Premises	50
Computers and office equipment	4-5
Furniture	7-10

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Revaluation of land and buildings and investment properties

The Group carries its land and buildings and investment properties at fair value. Management evaluates fair value using market based information. Fair value determinations involve application of income capitalisation (income approach) and comparative sales/offers (market approach) methods. The market approach is based on analysis of comparative sales/offers of similar land and buildings. Fair value determinations involve a number of assumptions and estimates regarding future economic benefits from these assets and are based on external and internal information sources.

Intangible assets

Intangible assets have definite useful lives and primarily include capitalised computer software. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Expenditures on internally developed software are recognized as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalized costs of internally developed software include all costs directly attributable to developing the software and capitalized borrowing costs and are amortized over its useful life. Intangible assets are stated at capitalized cost less accumulated amortization and accumulated impairment losses. Subsequent expenditures on software assets are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are expensed as incurred.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The useful lives for intangible assets range from 3 to 10 years. Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Impairment of non-financial assets

Other non-financial assets, other than deferred taxes, are assessed at each reporting date for any indications of impairment. The recoverable amount of goodwill is estimated at each reporting date. The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

All impairment losses in respect of non-financial assets are recognized in profit or loss and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss reversed is only reversed to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

Share capital

Ordinary shares

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

Dividends

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

Customer brokerage accounts

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

Client transactions

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

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

Receivables from brokerage transactions

Receivables from brokerage transactions are funds placed with stock exchanges and financial institutions as advance payments and are receivables from clients for brokerage transactions. The Group has no intention of trading the resulting unquoted non-derivative receivable. Receivables from brokerage transactions are recorded at amortised cost.

Income and expense recognition

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

Staff costs and related contributions

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

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee, based on the period for which the contract is enforceable. The Group considers that enforceability of the lease is established not only by the written contract (including penalty clauses) in combination with applicable legislation related to renewal or termination rights, but also by economic disincentives for the lessee and/or the lessor that might create a ‘penalty’ in a broader meaning. This might result in the lease enforceability period going beyond the boundaries of the written contract because of inclusion of additional period which lasts until the moment when the 'penalty' becomes insignificant for both parties. The Group interprets the definition of 'penalty' which apart of 'contractual penalty' also comprises replacement costs, significant leasehold improvements that caused economies loss in case of early termination of the contract.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

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

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

As a lessor

The Group leases out its investment property. The Group has classified these leases as operating leases.

The accounting policies applicable to the Group as a lessor are not different from those under IAS 17. However, when the Group is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. However, the Group has applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

Income taxes

Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profit or loss for the current and prior periods. Taxable profit or loss is based on estimates if financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within administrative and other operating expenses.

Deferred income tax is provided for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax liabilities are not recorded for temporary differences on initial recognition of goodwill and subsequently for goodwill which is not deductible for tax purposes. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets and liabilities are netted only within the individual companies of the Group. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

Insurance Contracts

Classification

Insurance contracts are those contracts where the Group has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. The Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. Investment contracts are those contracts that transfer significant financial risk, but not significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

Derivatives embedded in an insurance contract or an investment contract with DPF are separated and fair valued through the profit or loss unless the embedded derivative is itself an insurance contract or investment contract with DPF. The derivative is also not separated if the host insurance contract or investment contract with DPF is measured at FVPL.

Insurance contract liability

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. Insurance contract liabilities are determined based on actuarial valuations using the standard perspective technique, under which assumptions applied depend on each individual contract circumstances. Adjustments to the liabilities at each reporting date are recorded in the consolidated statement of profit or loss and other comprehensive income in "Change in insurance reserves and insurance payments". Profits originated from margins for adverse deviations on run-off contracts are recognised in the consolidated statement of profit or loss and other comprehensive income over the life of the contract, whereas losses are fully recognised in the consolidated statement of profit or loss and other comprehensive income during the first year of run-off. The liability is derecognised when the contract expires, is discharged or cancelled.

At each reporting date the Group performs a test to assess whether its insurance liabilities are adequate (Liability Adequacy Test). Current best estimates of future contractual cash flows are used in the liability adequacy test. The amount of the liability is adjusted to the extent that it is insufficient to meet expected future benefits and expenses. Insufficient liabilities are recognised in the consolidated statement of profit or loss and other comprehensive income by creating an additional insurance liability.

Gross premiums written.

Premiums from traditional life insurance are recognised in profit or loss to the extent of the first premium instalment – at the earliest of the date of liability inception and the date of agreement, and to the extent of next instalments – when they become due from the policyholder. Premiums that are not associated with significant insurance risk are not recognised as gross premiums written.

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 2021, and are not applied in preparing these consolidated financial statements. The Group plans to adopt these pronouncements when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

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

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

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. These amendments is not applicable to the Group.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS

3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

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

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides 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 to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The amendments are not expected to have a material impact on the Group.

These amendments is not applicable to the Group:

- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- IAS 41 Agriculture – Taxation in fair value measurements
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

5 Risk management

Overview

The Group's business activities expose it to a variety of financial risks, including market, credit, liquidity risks, and non-financial risks, including technology, operations, legal, and reputational risks. Identification and management of these risks are essential to the success and financial soundness of the Group. This note presents information about the Group's exposure to these risks, its objectives, policies and processes for measuring and managing risks.

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

- corporate asset-liability management, focusing on liquidity, capital resources, interest rate risk, and investments
- credit and market risk, focusing on credit exposures resulting from client borrowing activity, investing activities of certain proprietary funds, corporate credit and investment activity, and market risk resulting from the Group taking positions in certain securities to facilitate client trading activity

- information security and privacy, focusing on information security and privacy policies, procedures and controls
- investment management, focusing on activities in which the Group and its principals operate in an investment advisory capacity
- operational risk management, focusing on risks relating to potential inadequate or failed internal processes, people and systems, and from external events and relationships (e.g., vendors and business partners).

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

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

Financial risk management

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

Market risk

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

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

Interest rate risk

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

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

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

A summary of the interest rate gap position for financial instruments at 31 December 2021 and 31 December 2020 is as follows:

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

							31 December 2021
(In thousands of Russian Roubles)	**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	**37 378 260**	2 466 608	-	-	-	-	34 911 652
Mandatory cash balances with the CBR	**690 803**	-	-	-	-	-	690 803
Receivables from brokerage transactions	**6 756 822**	-	-	-	-	-	6 756 822
Receivables under resale agreements	**89 332 334**	89 022 465	309 869	-	-	-	-
Trading assets except derivatives	**157 660 036**	7 677	4 026 961	153 722	9 825 200	29 143 156	114 503 320
Investment securities measured at FVOCI	**1 652 761**	572 048	-	-	83 811	367 752	629 150
Investment securities measured at amortised cost	**67 301 991**	224 159	1 569 715	496 650	1 391 378	63 620 089	-
Derivative assets	**20 958 514**	-	-	-	-	-	20 958 514
Loans to customers	**38 146 998**	53 982	4 329 685	5 330 002	9 971 541	18 461 788	-
Loans to banks	**5 266 604**	421 334	614	-	713 932	4 130 724	-
Prepayments and other financial assets	**21 457 424**	16 141 322	-	-	-	-	5 316 102
Total financial assets	**446 602 547**	**108 909 595**	**10 236 844**	**5 980 374**	**21 985 862**	**115 723 509**	**183 766 363**
Financial liabilities							
Payables under repurchase agreements	**92 431 749**	83 948 739	8 483 010	-	-	-	-
Customer brokerage accounts	**167 662 765**	2 647 700	2 645 871	2 263 287	4 216 590	43 488 875	112 400 442
Trading liabilities except derivatives	**7 989 480**	-	-	-	-	7 373 433	616 047
Derivative liabilities	**7 466 862**	-	-	-	-	-	7 466 862
Current accounts, deposits and borrowings	**101 616 644**	2 660 270	2 354 095	2 902 323	8 388 857	56 103 821	29 207 278
Payables and other financial liabilities	**6 330 307**	578 073	578 278	222 372	980	10 658	4 939 946
Total financial liabilities	**383 497 807**	**89 834 782**	**14 061 254**	**5 387 982**	**12 606 427**	**106 976 787**	**154 630 575**
Net position	**63 104 740**	**19 074 813**	**(3 824 410)**	**592 392**	**9 379 435**	**8 746 722**	**29 135 788**

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

							31 December 2020
(In thousands of Russian Roubles)	**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	**24 891 643**	4 448 989	-	-	-	-	20 442 654
Mandatory cash balances with the CBR	**585 382**	-	-	-	-	-	585 382
Receivables from brokerage transactions	**2 070 387**	-	-	-	-	-	2 070 387
Receivables under resale agreements	**74 130 837**	61 576 542	6 714 779	5 522 870	75 432	241 214	-
Trading assets except derivatives	**140 151 020**	298 771	487 948	990 244	2 784 828	50 859 819	84 729 410
Investment securities measured at FVOCI	**3 117 068**	-	-	8 873	569 353	2 399 269	139 573
Investment securities measured at amortised cost	**35 634 753**	-	-	-	-	35 634 753	-
Derivative assets	**13 456 566**	-	-	-	-	-	13 456 566
Loans to customers	**32 800 745**	137 687	74 905	4 281 983	13 313 967	14 992 203	-
Loans to banks	**5 818 822**	-	453 670	-	416 184	4 948 968	-
Prepayments and other financial assets	**15 198 810**	11 499 639	-	-	-	-	3 699 171
Total financial assets	**347 856 033**	**77 961 628**	**7 731 302**	**10 803 970**	**17 159 764**	**109 076 226**	**125 123 143**
Financial liabilities							
Payables under repurchase agreements	**30 768 029**	28 269 928	464 503	1 082 889	-	950 709	-
Customer brokerage accounts	**164 871 056**	2 462 670	4 941 910	4 477 687	5 234 510	36 294 032	111 460 247
Trading liabilities except derivatives	**1 414 495**	-	-	-	-	300 784	1 113 711
Derivative liabilities	**8 006 041**	-	-	-	-	-	8 006 041
Current accounts, deposits and borrowings	**93 667 916**	3 209 266	5 624 508	6 197 350	10 909 375	43 205 037	24 522 380
Payables and other financial liabilities	**8 274 398**	1 000 345	-	2 526	32 767	802 215	6 436 545
Total financial liabilities	**307 001 935**	**34 942 209**	**11 030 921**	**11 760 452**	**16 176 652**	**81 552 777**	**151 538 924**
Net position	**40 854 098**	**43 019 419**	**(3 299 619)**	**(956 482)**	**983 112**	**27 523 449**	**(26 415 781)**

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 2021 and 31 December 2020 is as follows:

	31 December 2021		**31 December 2020**	
(In thousands of Russian Roubles)	**Profit or loss**	**Equity**	**Profit or loss**	**Equity**
Parallel increase in rates by 100 basis points	187 366	187 366	244 876	244 876
Parallel decrease in rates by 100 basis points	(187 366)	(187 366)	(244 876)	(244 876)

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

	31 December 2021			**31 December 2020**		
In % p.a.	**RR**	**USD**	**Other currencies**	**RR**	**USD**	**Other currencies**
Interest bearing assets						
Cash and cash equivalents	3,20%	0,02%	-0,75%	0,66%	0,03%	-0,63%
Resale and securities lending agreements	9,18%	5,27%	4,10%	4,49%	3,40%	0,88%
Trading assets except derivatives	9,13%	5,83%	4,33%	5,08%	2,11%	3,18%
Investment securities measured at FVOCI	6,69%	0,02%	-	3,54%	0,27%	1,23%
Investment securities measured at amortised cost	5,36%	3,21%	1,79%	4,02%	1,94%	1,37%
Loans to customers	10,32%	3,62%	1,52%	8,72%	4,55%	3,47%
Loans to banks	-	3,26%	2,41%	-	3,24%	3,86%
Prepayments and other financial assets	-	0,07%	-0,51%	-	0,09%	-0,50%
Interest bearing liabilities						
Repurchase and securities borrowing agreements	7,17%	5,30%	-	3,21%	1,79%	0,49%
Customer brokerage accounts	10,12%	4,07%	2,39%	8,69%	4,51%	3,36%
Trading liabilities except derivatives	-	2,83%	1,27%	5,92%	4,51%	3,28%
Current accounts, deposits and borrowings	8,11%	4,16%	2,39%	6,17%	2,89%	1,55%
Payables and other financial liabilities	8,95%	0,07%	3,76%	9,39%	0,09%	2,53%

Foreign currency risk

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

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

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

	31 December 2021				
(In thousands of Russian Roubles)	**RR**	**USD**	**EUR**	**Other**	**Total**
Financial assets	137 869 509	267 766 713	33 296 654	7 467 759	446 400 635
Financial liabilities	(162 010 896)	(181 622 519)	(35 887 747)	(3 571 973)	(383 093 135)
Net recognised position, excluding currency derivatives	**(24 141 387)**	**86 144 194**	**(2 591 093)**	**3 895 786**	**63 307 500**
Currency SWAPs notional amount	64 030 424	(68 815 583)	4 754 771	30 388	-
Net position	**39 889 037**	**17 328 611**	**2 163 678**	**3 926 174**	**63 307 500**

	31 December 2020				
(In thousands of Russian Roubles)	**RR**	**USD**	**EUR**	**Other**	**Total**
Financial assets	103 374 415	201 172 655	38 617 555	4 147 626	347 312 251
Financial liabilities	(117 821 587)	(157 413 910)	(29 082 872)	(2 336 766)	(306 655 135)
Net recognised position, excluding currency derivatives	**(14 447 172)**	**43 758 745**	**9 534 683**	**1 810 860**	**40 657 116**
Currency SWAPs notional amount	23 134 126	(18 010 896)	(5 286 784)	163 554	-
Net position	**8 686 954**	**25 747 849**	**4 247 899**	**1 974 414**	**40 657 116**

As at 31 December 2021 and 31 December 2020 the total open foreign currency position of the Group is caused by the trading foreign currency position and currency position of the entities, which functional currency is USD.

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

	31 December 2021		31 December 2020	
(In Russian Roubles)	**Average rate**	**Spot rate**	**Average rate**	**Spot rate**
USD 1	73,67	74,29	72,32	73,88
EUR 1	87,09	84,07	82,84	90,68

The strengthening or weakening of the Russian Rouble, as indicated below, against the US dollar and Euro at 31 December 2021 and 31 December 2020 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is on net of tax basis and is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant.

	31 December 2021		31 December 2020	
	Weakening	**Strengthening**	**Weakening**	**Strengthening**
(In thousands of Russian Roubles)	**Profit or loss/ Equity**	**Profit or loss/ Equity**	**Profit or loss/ Equity**	**Profit or loss/ Equity**
USD (20% movement)	503 760	(503 760)	873 111	(873 111)
EUR (20% movement)	346 188	(346 188)	679 664	(679 664)

Other price risks

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

The analysis of sensitivity of net profit and equity for the year to fluctuations in securities quotations (based on positions existing at 31 December 2021 and 31 December 2020, excluding equity portfolio of RR 95 964 517 thousand at 31 December 2021 and equity portfolio of RR 77 698 689 thousand at 31 December 2020, 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 2021		31 December 2020	
(In thousands of Russian Roubles)	**Profit or loss**	**Equity**	**Profit or loss**	**Equity**
10% increase in securities quotations	1 575 849	1 629 323	706 205	706 205
10% decrease in securities quotations	(1 575 849)	(1 629 323)	(706 205)	(706 205)

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 (RR 69 610 thousand) / RR 397 744 thousand, respectively.

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

Competition

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

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

Credit risk

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

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

The Group has exposure to credit risk due to its obligation to settle transactions with clearing corporations, mutual funds, and other financial institutions even if its client or a counterparty fails to meet its obligations to the Group. The Group acts as the investment manager for a number of mutual and real estate funds. Although it has no obligation to do so, the Group may decide for competitive reasons to provide credit, liquidity or other support to managed funds in the event of significant declines in valuation of fund holdings or significant redemption activity that exceeds available liquidity. Such support could cause the Group to take significant charges and could reduce liquidity. If the Group chose not to provide credit, liquidity or other support in such a situation, the Group could suffer reputational damage and its business could be adversely affected.

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

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

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

The policy below represents information about the Group's inputs, assumptions and techniques used for estimating impairment. See also accounting policy in Note 3.

Significant increase in credit risk

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

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

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

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

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

Credit risk grades

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

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

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

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

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

Generating the term structure of PD

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

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

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

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

Determining whether credit risk has increased significantly

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

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

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

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

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

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month ECL (stage 1) and lifetime ECL measurements (stage 2).

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 in accordance with the accounting policy set out in Note 3.

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.

The Group renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy.

For financial assets modified as part of the Group's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Group's ability to collect interest and principal and the Group's previous experience of similar forbearance action. As part of this process, the Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired (see Note 3) /in default. A customer needs to demonstrate consistently good payment behavior over a period of time before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

Definition of default

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

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

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

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

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

Incorporating of forward-looking information

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

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

The Group 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 driver for the Russian Federation is GDP deflator forecasts and inflation rate. This key driver for the other countries where the group operates is GDP deflator forecasts and 1 year and 2 year inflation rates. The economic scenarios used as at 31 December 2021 included the following ranges of key indicators for the Russian Federation for the years ending 31 December 2021, 2022 and 2023 and for the other countries for the years ending 31 December 2021 and 2022.

Russia Federation	**2021**	**2022**	**2023**
Industrial production index	3,38%	8,30%	4,80%
RF GDP deflator	4,20%	from -4,6% to 3,2%	from -0,1% to 2,9%

United States	**2021**	**2022**
US GDP	5,70%	from 0,09% to 5,3%
US inflation 1Y	1,20%	6,20%
US inflation 2Y	1,80%	1,20%

Measurement of ECL

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

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

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

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

The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. 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 Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

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

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- instrument type;
- credit risk gradings.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

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

(in thousands of Russian Roubles)	Exposure as at 31 December 2021	Exposure as at 31 December 2020	External benchmarks used PD
Cash and cash equivalents	33 774 556	21 751 845	Standard & Poor's/ Moody's default study/Expert RA
Receivables from brokerage transactions	4 726 646	1 355 918	Standard & Poor's default study
Receivables under resale agreements	89 456 653	74 197 823	Standard & Poor's/Expert RA
Investment securities measured at FVOCI	1 023 611	2 977 495	Standard & Poor's/ Moody's default study/Expert RA
Investment securities measured at amortised cost	67 549 912	35 769 872	Standard & Poor's/ Moody's default study/Expert RA
Loans to banks	5 280 133	5 867 021	Standard & Poor's default study
Loans to customers (corporate)	33 987 208	29 562 857	Standard & Poor's/Expert RA/Internal rating model
Loans to customers (individual)	902 840	1 093 376	Standard & Poor's/Internal rating model
Prepayment and other assets	20 888 365	15 394 732	Standard & Poor's/ Moody's default study/Expert RA
Financial guarantees and undrawn credit lines	(12 232 792)	(10 789 308)	Expert RA/Internal rating model

Loss allowance

Reconciliation of the loss allowance from the opening to the closing balances by class of financial instruments are presented in Notes 11, 12, 13, 15,16, 18,19, 22 and 28.

Commitments and financial instruments subject to credit risk

Securities lending and borrowing

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

Client trade settlement

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

Unrecognised brokerage balances

As at 31 December 2021 the Group had no fiduciary brokerage account balances not recorded on the consolidated statement of financial position (31 December 2020: nil).

Resale and repurchase agreements

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

In relation to these resale agreements, the maximum exposure to credit risk before taking into account any collateral held or other credit enhancements at 31 December 2021 is RR 89 456 653 thousand (31 December 2020: RR 74 197 823 thousand).

Offsetting financial assets and financial liabilities

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

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

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

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

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

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

The tables below show financial assets and financial liabilities subject to enforceable master netting arrangements and similar arrangements as at 31 December 2021 and 31 December 2020:

(In thousands of Russian Roubles)	Gross amounts of recognized financial asset/liability	Gross amount of recognized financial liability/asset offset in the consolidated statement of financial position	Net amount of financial assets/liabilities presented in the consolidated statement of financial position	Related amounts subject to offset under specific conditions		Net amount
				Financial instruments	Impact of Master Netting Agreement	
Types of financial assets/liabilities						
Cash collateral on derivatives	14 246 110	-	14 246 110	(834 776)	-	13 411 334
Credit default swaps - assets	779 403	-	779 403	-	(91 591)	687 812
Currency SWAPs - assets	201 912	-	201 912	(108 088)	-	93 824
Reverse sale and repurchase, securities borrowings and similar agreements	89 332 334	-	89 332 334	(89 069 714)	-	262 620
Total financial assets	**104 559 759**	**-**	**104 559 759**	**(90 012 578)**	**(91 591)**	**14 455 590**
Credit default swaps - liabilities	(928 362)	-	(928 362)	834 776	91 591	(1 995)
Currency SWAPs - liabilities	(404 672)	-	(404 672)	108 088	-	(296 584)
Sale and repurchase, securities lendings and similar agreements	(92 431 749)	-	(92 431 749)	90 942 020	-	(1 489 729)
Total financial liabilities	**(93 764 783)**	**-**	**(93 764 783)**	**91 884 884**	**91 591**	**(1 788 308)**

(In thousands of Russian Roubles)	Gross amounts of recognized financial asset/liability	Gross amount of recognized financial liability/asset offset in the consolidated statement of financial position	Net amount of financial assets/liabilities presented in the consolidated statement of financial position	Related amounts subject to offset under specific conditions		Net amount
				Financial instruments	Impact of Master Netting Agreement	
Types of financial assets/liabilities						
Cash collateral on derivatives	10 446 219	-	10 446 219	(5 186 802)	-	5 259 417
Credit default swaps - assets	709 328	-	709 328	-	(35 431)	673 897
Currency SWAPs - assets	543 782	-	543 782	(247 528)		296 254
Reverse sale and repurchase, securities borrowings and similar agreements	74 130 837	-	74 130 837	(73 708 678)	-	422 159
Total financial assets	**85 830 166**	**-**	**85 830 166**	**(73 956 206)**	**-**	**718 413**
Credit default swaps - liabilities	(5 273 140)	-	(5 273 140)	5 186 802	35 431	(50 907)
Currency SWAPs - liabilities	(346 800)	-	(346 800)	247 528	-	(99 272)
Sale and repurchase, securities lendings and similar agreements	(30 768 029)	-	(30 768 029)	30 514 392	-	(253 637)
Total financial liabilities	**(36 387 969)**	**-**	**(36 387 969)**	**30 761 920**	**-**	**(352 909)**

The table below reconciles the "Net amounts of financial assets and financial liabilities presented in the consolidated statement of financial position", as set out above, to the line items presented in the consolidated statement of financial position as at 31 December 2021.

(In thousands of Russian Roubles)	**Net amounts**	**Line item in the consolidated statement of financial position/ Related amounts subject to offset under specific conditions**	**Carrying amount in the consolidated statement of financial position**	**Financial asset/ liability not in the scope of offsetting disclosure**	**Note**
Types of financial assets/liabilities					
Cash collateral on derivatives	14 246 110	Prepayments and other assets	23 002 642	8 756 532	22
Credit default swaps - assets Currency SWAPs - assets	779 403 201 912	Derivative assets	20 958 514	19 977 199	17
Securities borrowings and similar agreements	89 332 334	Receivables under resale agreements	89 332 334	-	13
Credit default swaps - liabilities Currency SWAPs - liabilities	(928 362) (404 672)	Credit default swaps	(7 466 862)	(6 133 828)	17
Sale and repurchase, securities lendings and similar agreements	(92 431 749)	Payables under repurchase agreements	(92 431 749)	-	13

The table below reconciles the "Net amounts of financial assets and financial liabilities presented in the consolidated statement of financial position", as set out above, to the line items presented in the consolidated statement of financial position as at 31 December 2020.

(In thousands of Russian Roubles)	**Net amounts**	**Line item in the consolidated statement of financial position/ Related amounts subject to offset under specific conditions**	**Carrying amount in the consolidated statement of financial position**	**Financial asset/ liability not in the scope of offsetting disclosure**	**Note**
Types of financial assets/liabilities					
Cash collateral on derivatives	10 446 219	Prepayments and other assets	16 286 412	5 840 193	22
Credit default swaps - assets Currency SWAPs - assets	709 328 543 782	Derivative assets	13 456 566	12 203 456	17
Securities borrowings and similar agreements	74 130 837	Receivables under resale agreements	74 130 837	-	13
Credit default swaps - liabilities Currency SWAPs - liabilities	(5 273 140) (346 800)	Credit default swaps	(8 006 041)	(2 386 101)	17
Sale and repurchase, securities lendings and similar agreements	(30 768 029)	Payables under repurchase agreements	(30 768 029)	-	13

Liquidity

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

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

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

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

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

The following table shows the liquidity analysis of financial liabilities at 31 December 2021 and 31 December 2020. For non-derivative financial liabilities, the cash flows represent undiscounted cash flows on the basis of their earliest possible contractual maturity.

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

	31 December 2021						
(In thousands of Russian Roubles)	**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	92 431 749	92 525 577	84 035 621	8 489 956	-	-	-
Customer brokerage accounts	167 662 765	178 320 067	115 062 326	2 680 727	2 325 911	4 386 418	53 864 685
Trading liabilities except derivatives	7 989 480	7 989 480	7 989 480	-	-	-	-
Current accounts, deposits and borrowings	101 616 644	122 699 746	31 870 820	2 381 763	2 953 561	8 766 782	76 726 820
Payables and other financial liabilities	6 330 307	6 503 633	3 968 635	1 451 802	84 093	294 726	704 377
Total non-derivative financial liabilities	**376 030 945**	**408 038 503**	**242 926 882**	**15 004 248**	**5 363 565**	**13 447 926**	**131 295 882**
Derivative financial liabilities							
Net settled derivatives	7 062 190	7 062 190	26 873	41 844	54 930	5 033 405	1 905 138
Gross settled derivatives	404 672	404 672	29 496	375 176	-	-	-
-Inflow	-	20 426 776	6 504 894	13 921 882	-	-	-
-Outflow	-	(20 831 448)	(6 534 390)	(14 297 058)	-	-	-
Total derivative financial liabilities	**7 466 862**	**7 466 862**	**56 369**	**417 020**	**54 930**	**5 033 405**	**1 905 138**
Total financial liabilities	**383 497 807**	**415 505 365**	**242 983 251**	**15 421 268**	**5 418 495**	**18 481 331**	**133 201 020**
Undrawn credit lines and guarantees issued	**12 232 792**	**12 232 792**	**12 232 792**	**-**	**-**	**-**	**-**

	31 December 2020						
(In thousands of Russian Roubles)	**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	30 768 029	30 982 438	28 483 296	465 068	1 082 798	-	951 276
Customer brokerage accounts	164 871 056	173 567 939	114 088 855	4 989 916	4 585 136	5 533 195	44 370 837
Trading liabilities except derivatives	1 414 495	1 414 495	1 414 495	-	-	-	-
Current accounts, deposits and borrowings	93 667 916	104 670 026	27 731 197	5 937 611	6 800 433	11 157 232	53 043 553
Payables and other financial liabilities	8 274 398	8 473 326	2 005 589	5 335 825	86 177	268 535	777 200
Total non-derivative financial liabilities	**298 995 894**	**319 108 224**	**173 723 432**	**16 728 420**	**12 554 544**	**16 958 962**	**99 142 866**
Derivative financial liabilities							
Net settled derivatives	7 659 241	7 659 241	202 380	62 535	79 278	189 203	7 125 845
Gross settled derivatives	346 800	346 800	5 720	78 538	60 651	4 568	197 323
-Inflow	-	16 487 226	5 210 309	6 229 334	1 179 548	1 178 722	2 689 313
-Outflow	-	(16 834 026)	(5 216 029)	(6 307 872)	(1 240 199)	(1 183 290)	(2 886 636)
Total derivative financial liabilities	**8 006 041**	**8 006 041**	**208 100**	**141 073**	**139 929**	**193 771**	**7 323 168**
Total financial liabilities	**307 001 935**	**327 114 265**	**173 931 532**	**16 869 493**	**12 694 473**	**17 152 733**	**106 466 034**
Undrawn credit lines and guarantees issued	**10 789 308**	**10 789 308**	**10 789 308**	**-**	**-**	**-**	**-**

It is not expected that cash flows included in the table above could occur significantly earlier, or at significantly different amounts. In accordance with Russian legislation, individuals can withdraw their term deposits at any time, losing in most of the cases the accrued interest. Accordingly, these deposits, excluding accrued interest, are shown in the tables above in the category of "Demand and less than 1 month".

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

	31 December 2021					
(In thousands of Russian Roubles)	**Total**	**Demand and less than 1 month**	**From 1 to 3 months**	**From 3 to 12 months**	**More than 1 year**	**No maturity**
Non-derivative assets						
Cash and cash equivalents	37 378 260	37 378 260	-	-	-	-
Mandatory cash balances with the CBR	690 803	-	-	-	-	690 803
Receivables from brokerage transactions	6 756 822	6 756 822	-	-	-	-
Receivables under resale agreements	89 332 334	89 022 465	309 869	-	-	-
Trading assets except derivatives	157 660 036	157 660 036	-	-	-	-
Investment securities measured at FVOCI	1 652 761	572 048	-	83 811	367 752	629 150
Investment securities measured at amortised cost	67 301 991	224 158	1 569 716	1 888 028	63 620 089	-
Loans to customers	38 146 998	53 982	4 329 685	15 301 543	18 461 788	-
Loans to banks	5 266 604	421 334	614	713 932	4 130 724	-
Prepayments and other financial assets	21 457 424	4 562 095	6 102 210	994	10 792 125	-
Total non-derivative assets	**425 644 033**	**296 651 200**	**12 312 094**	**17 988 308**	**97 372 478**	**1 319 953**
Non-derivative liabilities						
Payables under repurchase agreements	92 431 749	83 948 739	8 483 010	-	-	-
Customer brokerage accounts	167 662 765	115 048 142	2 645 871	6 479 877	43 488 875	-
Trading liabilities except derivatives	7 989 480	7 989 480	-	-	-	-
Current accounts, deposits and borrowings	101 616 644	31 866 955	2 354 200	11 291 563	56 103 926	-
Payables and other financial liabilities	6 330 307	3 968 664	1 450 342	353 939	557 362	-
Total non-derivative liabilities	**376 030 945**	**242 821 980**	**14 933 424**	**18 125 379**	**100 150 163**	**-**
Net position	**49 613 088**	**53 829 220**	**(2 621 329)**	**(137 071)**	**(2 777 685)**	**1 319 953**

				31 December 2020		
(In thousands of Russian Roubles)	**Total**	**Demand and less than 1 month**	**From 1 to 3 months**	**From 3 to 12 months**	**More than 1 year**	**No maturity**
Non-derivative assets						
Cash and cash equivalents	24 891 643	24 891 643	-	-	-	-
Mandatory cash balances with the CBR	585 382	-	-	-	-	585 382
Receivables from brokerage transactions	2 070 387	2 070 387	-	-	-	-
Receivables under resale agreements	74 130 837	61 576 542	6 714 779	5 598 302	241 214	-
Trading assets except derivatives	140 151 020	140 151 020	-	-	-	-
Investment securities measured at FVOCI	3 117 068	-	-	578 226	2 399 269	139 573
Investment securities measured at amortised cost	35 634 753	-	-	-	35 634 753	-
Loans to customers	32 800 745	137 686	74 905	17 595 950	14 992 204	-
Loans to banks	5 818 822	-	453 670	416 184	4 948 968	-
Prepayments and other financial assets	15 198 810	2 403 243	2 263 476	8 932 276	1 599 815	-
Total non-derivative assets	**334 399 467**	**231 230 521**	**9 506 830**	**33 120 938**	**59 816 223**	**724 955**
Non-derivative liabilities						
Payables under repurchase agreements	30 768 029	28 269 928	464 503	1 082 889	950 709	-
Customer brokerage accounts	164 871 056	113 922 917	4 941 910	9 712 197	36 294 032	-
Trading liabilities except derivatives	1 414 495	1 414 495	-	-	-	-
Current accounts, deposits and borrowings	93 667 916	27 272 402	5 724 113	17 453 140	43 218 261	-
Payables and other financial liabilities	8 274 398	2 005 589	5 334 381	336 885	597 543	-
Total non-derivative liabilities	**298 995 894**	**172 885 331**	**16 464 907**	**28 585 111**	**81 060 545**	**-**
Net position	**35 403 573**	**58 345 190**	**(6 958 077)**	**4 535 827**	**(21 244 322)**	**724 955**

Capital risks

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

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

Capital is subject to regulation by CySEC, the CBR and the FCA in relation to regulated Group entities Brokercreditservice Ltd, BCS Cyprus, BCS "Wealth Management" (JSC), OOO "Investment Management Company", the Bank and BCS Prime Brokerage Ltd.

In relation to brokerage activities, regulatory capital is used in relation to performing transactions on stock exchanges using borrowed cash or securities and margin lending activities. The Group determines as capital those items which are determined by Russian law as components of investment institutions' capital (equity). In relation to Brokercreditservice Ltd, the Group considers total capital under management to be equal to net assets in accordance with the regulatory requirements. The amount of capital of BrokerCreditService Ltd as at 31 December 2021 was RR 4 255 512 thousand (31 December 2020: RR 6 786 907 thousand (unaudited)). BrokerCreditService Ltd has to comply with the R1 and R2 ratios set by the CBR. The R1 ratio regulates the debt limit of all clients per broker. The R2 ratio regulates the debt limit of one client per broker. Management monitors compliance with externally imposed capital requirements and takes timely measures when there is a risk of breach.

In relation to the Bank, the Group defines as capital those items defined by statutory regulation as capital for credit institutions. The Bank calculates amount of capital in accordance with Provision of the CBR dated 4 July 2018 No 646-P *On methodology of calculation of own funds (capital) of the credit organisations (Basel III)*.

As at 31 December 2021 minimum levels of basic capital ratio (ratio N1.1), main capital ratio (ratio N1.2), own funds (capital) ratio (ratio N1.0) are 4.5%, 6.0% and 8.0%, accordingly (31 December 2020: 4.5%, 6.0% and 8.0% accordingly).

The Bank maintains capital adequacy at the level appropriate to the nature and volume of its operations.

The Bank provides the territorial CBR that supervise the Bank with information on mandatory ratios in accordance with set form. The Bank is in compliance with the statutory capital ratios as at 31 December 2021 and 31 December 2020.

The calculation of capital adequacy of the Bank based on requirements set by the CBR at 31 December is as follows:

(In thousands of Russian Roubles)	**2021**	**2020**
Base capital	6 675 182	3 613 167
Additional capital	3 714 630	3 693 785
Main capital	10 389 812	7 306 952
Supplementary capital	159 103	-
Own funds (capital)	**10 548 915**	**7 306 952**
Risk-weighted assets	**42 725 853**	**36 645 537**
Ratio N1.1, %	**15.62%**	**9.86%**
Ratio N1.2, %	**24.32%**	**19.94%**
Ratio N1.0, %	**24.69%**	**19.94%**

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

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

The Company's regulatory capital is divided into Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings, the book value of intangible assets is deducted in arriving at Tier 1 capital. The amount of capital of BCS Cyprus as at 31 December 2021 was USD 182 399 614 (2020: USD 199 941 137).

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

Non-financial risk management

Technology and operating risk

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

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

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

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

Regulatory risks

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

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

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

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

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

6 Fee and commission income and expense

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

(in thousands of Russian Roubles)	**For the year ended 31 December 2021**	**For the year ended 31 December 2020**
Fee and commission income		
Agency fees related to brokerage and asset management activity	10 909 513	9 169 173
Commissions on cash and settlement transactions	666 760	583 289
Income from consulting activities and market-making services	655 712	714 471
Bank guarantee fees	470 321	519 943
Commissions for using trading floor	129 306	61 750
Income from depository activities	113 338	139 894
Insurance fees	8 759	28 582
Total fee and commission income	**12 953 709**	**11 217 102**
Fee and commission expense		
Stock exchanges services	(3 140 031)	(2 246 611)
Depositary services, agency fees for brokerage services and asset management	(1 355 895)	(1 465 561)
Information services	(632 795)	(839 226)
Cash and settlements services	(617 831)	(493 789)
Insurance fees	(351 774)	(118 228)
Other	(190 467)	(238 051)
Total fee and commission expense	**(6 288 793)**	**(5 401 466)**
Net fee and commission income	**6 664 916**	**5 815 636**

Revenues are derived primarily from commissions and fees generated from brokerage services. The Group also generates asset-based fees from investment management and other financial product sponsor relationships, the cash sweep programs and other processing and networking services.

Asset management and administration fees are earned on fiduciary activities where the Group holds or invests assets on behalf of its clients and provides other asset-based financial services. These fees are based upon daily balances of client assets invested in these assets.

7 Interest income and expense

(In thousands of Russian Roubles)	**For the year ended 31 December 2021**	**For the year ended 31 December 2020**
Interest income calculated using the effective interest method		
Resale and securities lending agreements	8 394 376	6 605 576
Loans to customers	4 421 178	3 848 403
Investment securities	2 689 115	790 092
Current accounts with banks	588 015	568 136
Loans to banks	191 176	308 095
Total interest income calculated using the effective interest method	**16 283 860**	**12 120 302**
Other interest income	**145 057**	**43 196**
Interest expense		
Repurchase and securities borrowing agreements	(3 509 933)	(2 913 785)
Overnight loans	(1 156 963)	(1 433 168)
Current accounts, deposits and borrowings	(621 891)	(1 223 988)
Lease liability	(64 618)	(74 517)
Total interest expense	**(5 353 405)**	**(5 645 458)**
Net interest income	**11 075 512**	**6 518 040**

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

8 Net trading income

(In thousands of Russian Roubles)	**For the year ended 31 December 2021**	**For the year ended 31 December 2020**
Net trading gain from trading assets and liabilities	14 658 534	13 664 078
Gain from trading in foreign currencies and currency revaluation	3 903 036	8 185 510
Dividend income from trading assets	1 644 016	1 560 139
Net trading gain (loss) from derivatives and notes issued	6 138 212	(4 422 030)
Net trading income	**26 343 798**	**18 987 697**

9 Administrative and other operating expenses

(In thousands of Russian Roubles)	**For the year ended 31 December 2021**	**For the year ended 31 December 2020**
Staff costs	(18 094 819)	(16 097 973)
Advertising and marketing	(1 502 578)	(955 676)
Depreciation and amortisation	(1 249 475)	(963 988)
Taxes other than on income	(1 077 936)	(801 247)
Software maintenance	(995 789)	(701 880)
Professional services	(941 967)	(573 367)
Communication and transportation	(735 254)	(567 629)
Loyalty program expenses	(398 718)	(222 878)
Repair and maintenance of equipment	(364 281)	(238 729)
Administrative expenses	(229 286)	(249 836)
Materials	(217 927)	(291 871)
Operating lease	(197 430)	(129 648)
Entertainment expenses	(115 411)	(25 361)
Security services	(54 281)	(38 290)
Other	(323 084)	(241 963)
Total administrative and other operating expenses	**(26 498 236)**	**(22 100 336)**

Staff costs include salaries and wages, incentive compensation, and related employee benefits and taxes. Incentive compensation includes variable compensation and discretionary bonus costs. Variable compensation includes payments to certain individuals based on their sales performance. Discretionary bonus costs are based on the Group's overall performance, achievement of specified performance objectives, including revenue growth and pre-tax profit margin. Included in staff costs for the year ended 31 December 2021 are statutory social and pension tax contributions of RR 2 876 075 thousand (2020: RR 2 469 291 thousand).

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

The total auditor's remuneration for the mandatory statutory audit of separate financial statements of the parent company FG BCS ltd amounted to EUR 40 000 (2020: EUR 45 000).

10 Income taxes

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

(In thousands of Russian Roubles)	**For the year ended 31 December 2021**	**For the year ended 31 December 2020**
Current tax	(936 392)	(402 854)
Deferred tax	1 145 352	(1 045 019)
Income tax benefit (expense) for the year	**208 960**	**(1 447 873)**

The reconciliation of effective tax rate is based on the applicable tax rate in Russia, with a reconciling item in respect of tax rates applied by entities in other jurisdictions. In 2021 and 2020, the applicable tax rate for the entities located in Russia was 20%, for entities located in Cyprus 12.5%; for entities located in United Kingdom 19%.

(In thousands of Russian Roubles)	**For the year ended 31 December 2021**	**For the year ended 31 December 2020**
Profit before income tax	17 898 567	9 416 863
Theoretical tax charge at statutory rate of 20%	(3 579 713)	(1 883 373)
Tax effect of items which are not deductible or assessable for taxation purposes:		
- tax exempt income	4 309 727	2 227 578
- non-deductible expenses	(1 384 563)	(1 290 712)
Income taxed at other tax rates	1 469 874	723 622
Deferred tax assets for the period unrecognized	(546 149)	(1 144 655)
Income tax for prior years	(49 729)	(70 535)
Other	(10 487)	(9 798)
Income tax benefit (expense) for the year	**208 960**	**(1 447 873)**

Differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to deferred tax assets and liabilities as at 31 December 2021 and 31 December 2020. In relation to recognised deferred tax assets the future tax benefits will only be realised if profits will be available against which the unused deferred tax assets can be utilised and there are no changes to the law and regulations that adversely affect the Group's ability to claim the deductions in future periods. The deductible tax differences do not expire under current tax legislation.

Tax loss carry-forwards will expire within a period from 2022 till 2026 for different companies of the Group. Due to amendments to the Russian tax legislation, starting from 1 January 2017 tax loss carry-forwards do not expire.

The movement in temporary differences during the years ended 31 December 2021 and 31 December 2020 are as follows:

(In thousands of Russian Roubles)	**31 December 2020**	**Recognised in profit or loss**	**Recognised in OCI**	**31 December 2021**
Tax effect of deductible/taxable temporary differences				
Receivables from brokerage transactions	35 484	(2 979)	-	32 505
Receivables under resale agreements	12 025	7 602	-	19 627
Trading assets except derivatives	(212 347)	(423 013)	-	(635 360)
Investment securities measured at FVOCI	(5 166)	26 693	(22 848)	(1 321)
Investment securities measured at amortised cost	137 565	(131 338)	-	6 227
Loans to customers	(98 289)	46 960	-	(51 329)
Investment property	(111 829)	(17 209)	-	(129 038)
Property, equipment and intangible assets	(558 522)	9 659	7 610	(541 253)
Prepayments and other assets	116 547	(69 780)	-	46 767
Tax loss carry-forwards	1 955 622	11 596	-	1 967 218
Unrecognised deferred tax asset	(1 285 052)	(546 149)	-	(1 831 201)
Payables and other liabilities	548 238	(26 580)	-	521 658
Derivatives	(2 179 877)	2 280 540	-	100 663
Other	12 054	(20 650)	-	(8 596)
Net deferred tax liabilities	**(1 633 547)**	**1 145 352**	**(15 238)**	**(503 433)**
Recognised deferred tax assets	818 281	(154 669)	-	663 612
Recognised deferred tax liabilites	(2 451 828)	1 300 021	(15 238)	(1 167 045)
Net deferred tax liabilities	**(1 633 547)**	**1 145 352**	**(15 238)**	**(503 433)**

(In thousands of Russian Roubles)	**31 December 2019**	**Recognised in profit or loss**	**Recognised in OCI**	**31 December 2020**
Tax effect of deductible/taxable temporary differences				
Receivables from brokerage transactions	25 431	10 053	-	35 484
Receivables under resale agreements	3 970	8 055	-	12 025
Trading assets except derivatives	(104 132)	(108 215)	-	(212 347)
Investment securities measured at FVOCI	33 717	(48 832)	9 949	(5 166)
Investment securities measured at amortised cost	-	137 565	-	137 565
Loans to customers	(11 670)	(86 619)	-	(98 289)
Investment property	(103 570)	(8 259)	-	(111 829)
Property, equipment and intangible assets	(461 224)	(85 177)	(12 121)	(558 522)
Prepayments and other assets	28 487	88 060	-	116 547
Tax loss carry-forwards	1 205 333	750 289	-	1 955 622
Unrecognised deferred tax asset	(248 854)	(1 036 198)	-	(1 285 052)
Payables and other liabilities	404 391	143 847	-	548 238
Derivatives	(1 366 742)	(813 135)	-	(2 179 877)
Other	8 507	3 547	-	12 054
Net deferred tax liabilities	**(586 356)**	**(1 045 019)**	**(2 172)**	**(1 633 547)**
Recognised deferred tax assets	742 586	75 695	-	818 281
Recognised deferred tax liabilites	(1 328 942)	(1 120 714)	(2 172)	(2 451 828)
Net deferred tax liabilities	**(586 356)**	**(1 045 019)**	**(2 172)**	**(1 633 547)**

In the context of the current structure and Russian tax legislation, tax losses and current tax assets of different Group companies may not be offset against current tax liabilities and taxable profits of other Group companies and, accordingly, taxes may accrue even where there is a consolidated tax loss. Therefore, deferred tax assets and liabilities are offset only when they relate to the same taxable entity and the same taxation authority.

11 Cash and cash equivalents

(In thousands of Russian Roubles)	**31 December 2021**	**31 December 2020**
Cash balances and overnight placements with the CBR	1 751 838	5 722 984
Cash on hand	3 672 369	3 190 268
Correspondent accounts and overnight placements with banks	14 540 158	9 364 988
Cash balances on brokerage accounts	17 467 525	6 653 873
Deposits with banks	15 035	10 000
Loss allowance	(68 665)	(50 470)
Total cash and cash equivalents	**37 378 260**	**24 891 643**

The following table sets out information about the credit quality of cash and cash equivalents as at 31 December 2021 and as at 31 December 2020. The amounts in the table represent gross carrying amounts.

	31 December 2021			
(In thousands of Russian Roubles)	**Balances with the CBR, including overnight placements**	**Correspondent accounts, deposits and overnight placements with banks**	**Cash balances on brokerage accounts**	**Total**
12-month ECL				
CBR	1 751 838	-	-	1 751 838
AA- to AA+	-	7 702	1 180 031	1 187 733
A- to A+	-	11 934 671	4 423 763	16 358 434
BBB- to BBB+	-	2 034 790	11 181 935	13 216 725
BB- to BB+	-	195 166	616 658	811 824
B- to B+	-	319 108	51 663	370 771
Rated below B-	-	16 846	13 475	30 321
Lifetime ECL credit impaired				
Unrated	-	46 910	-	46 910
Loss allowance	(112)	(51 185)	(17 368)	(68 665)
Total cash and cash equivalents excluding cash on hand	**1 751 726**	**14 504 008**	**17 450 157**	**33 705 891**

	31 December 2020			
(In thousands of Russian Roubles)	**Balances with the CBR, including overnight placements**	**Correspondent accounts, deposits and overnight placements with banks**	**Cash balances on brokerage accounts**	**Total**
12-month ECL				
CBR	5 722 984	-	-	5 722 984
AA- to AA+	-	-	2 009 987	2 009 987
A- to A+	-	5 433 155	2 523 513	7 956 668
BBB- to BBB+	-	3 441 663	1 474 871	4 916 534
BB- to BB+	-	141 954	442 112	584 066
B- to B+	-	300 827	52 182	353 009
Rated below B-	-	10 603	151 208	161 811
Lifetime ECL credit impaired				
Unrated	-	46 786	-	46 786
Loss allowance	(286)	(47 570)	(2 614)	(50 470)
Total cash and cash equivalents excluding cash on hand	**5 722 698**	**9 327 418**	**6 651 259**	**21 701 375**

Movements in the loss allowance for cash and cash equivalents during the years ended 31 December 2021 and 31 December 2020 were as follows:

(In thousands of Russian Roubles)	**12-month ECL**	**Lifetime ECL credit impaired**	**Total**
Loss allowance at 31 December 2020	(3 684)	(46 786)	**(50 470)**
Charge of loss allowance	(18 071)	(124)	**(18 195)**
Loss allowance at 31 December 2021	**(21 755)**	**(46 910)**	**(68 665)**

(In thousands of Russian Roubles)	**12-month ECL**	**Lifetime ECL credit impaired**	**Total**
Loss allowance at 31 December 2019	(226)	(40 778)	**(41 004)**
Charge of loss allowance	(3 458)	(6 008)	**(9 466)**
Loss allowance at 31 December 2020	**(3 684)**	**(46 786)**	**(50 470)**

As at 31 December 2021 the Group has two counterparties, other then CBR (2020: one counterparty), whose balance exceeds 10% of equity. The gross value of these balances as at 31 December 2021 was RR 22 012 570 thousand (2020: RR 8 887 202 thousand). These counterparties are rated by international rating agencies at A+ and BBB (2020: A+).

12 Receivables from brokerage transactions

(In thousands of Russian Roubles)	**31 December 2021**	**31 December 2020**
Initial margin at rating BBB-	35 714	33 615
Receivables from customers	6 920 040	2 234 340
Loss allowance	(198 932)	(197 568)
Total receivables from brokerage transactions	**6 756 822**	**2 070 387**

Analysis by credit quality of receivables from brokerage transactions at 31 Decemder 2021 and 31 December 2020 is as follows:

(In thousands of Russian Roubles)	**31 December 2021**	**31 December 2020**
12-month ECL		
Initial margin at rating BBB-	35 714	33 615
Receivables from customers (individual assessment)		
B- to B+	-	711 550
BB- to BB+	260 933	47 412
Unrated	4 429 999	563 341
Loss allowance	(6 249)	(4 157)
Lifetime ECL non-credit impaired		
Receivables from unrated customers (not overdue)	2 029 488	699 565
Loss allowance	-	-
Lifetime ECL credit-impaired		
Receivables from unrated customers (more than 90 days overdue)	199 620	212 472
Loss allowance	(192 683)	(193 411)
Total receivables from brokerage transactions	**6 756 822**	**2 070 387**

Movements in the loss allowance for receivables from brokerage transactions during the years ended 31 Decemder 2021 and 31 Decemder 2020 were as follows:

(In thousands of Russian Roubles)	**12-month ECL**	**Lifetime ECL credit impaired**	**Total**
Loss allowance at 31 December 2020	**(4 157)**	**(193 411)**	**(197 568)**
Write-off	-	16 286	16 286
Transfer to Lifetime ECL credit impaired and respective remeasurement of ECL	-	(15 558)	(15 558)
Charge of loss allowance	(2 092)	-	(2 092)
Loss allowance at 31 December 2021	**(6 249)**	**(192 683)**	**(198 932)**

(In thousands of Russian Roubles)	**12-month ECL**	**Lifetime ECL credit impaired**	**Total**
Loss allowance at 31 December 2019	-	**(136 362)**	**(136 362)**
Redemption	-	2 104	2 104
Transfer to Lifetime ECL credit impaired and respective remeasurement of ECL	-	(59 153)	(59 153)
Charge of loss allowance	(4 157)	-	(4 157)
Loss allowance at 31 December 2020	**(4 157)**	**(193 411)**	**(197 568)**

As at 31 December 2021 the Group has no counterparty whose balance exceeds 10% of equity (2020: no counterparty).

13 Transfers of financial assets

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

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

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

(In thousands of Russian Roubles)	**31 December 2021**	**31 December 2020**
Carrying amount of own trading assets and investment securities transferred and pledged under repurchase agreements	26 795 479	13 493 581
Fair value of repledged assets that were received under stock borrowing agreements	39 509 488	3 060 142
Fair value of repledged assets that were received as collateral for reverse repurchase agreements	35 387 703	24 116 466
Total financial assets transferred and pledged under repurchase and securities borrowing agreements	**101 692 670**	**40 670 189**
Carrying amount of associated liabilities	**92 431 749**	**30 768 029**

Movements in the loss allowance for the receivables under resale agreements during the years ended 31 December 2021 and 31 December 2020 are as follows:

(In thousands of Russian Roubles)	
Loss allowance at 31 December 2020	(66 986)
Charge of loss allowance	(57 333)
Loss allowance at 31 December 2021	**(124 319)**

(In thousands of Russian Roubles)	
Loss allowance at 31 December 2019	(21 643)
Charge of loss allowance	(45 343)
Loss allowance at 31 December 2020	**(66 986)**

At 31 December 2021, part of the receivables under resale agreements in the amount of RR 58 243 762 thousand (31 December 2020: RR 42 208 652 thousand) are collateralised by debt and equity securities with a fair value of RR 70 250 788 thousand (31 December 2020: RR 54 444 627 thousand), while the other part in the amount of RR 31 212 891 thousand (31 December 2020: RR 31 989 170 thousand) is collateralised by debt and equity securities with a fair value of RR 30 360 755 thousand (31 December 2020: RR 31 195 773 thousand).

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

				31 December 2021
(In thousands of Russian Roubles)	Gross amount of the receivable under REPO partially collateralized by securities	Gross amount of the receivable under REPO fully collateralized by securities	Total gross amount of the receivables under REPO	Gross carrying amount of the receivables under REPO, which is not collateralised by securities
AA- to AA+	208 200	138 490	**346 690**	13 242
A- to A+	6 146 739	245 584	**6 392 323**	368 959
BBB- to BBB+	1 707 872	5 229 201	**6 937 073**	20 872
BB- to BB+	2 393 613	3 476 554	**5 870 167**	14 975
B- to B+	-	-	-	16 791
Rated below B-	2 269 460	32 467 659	**34 737 119**	43 821
Unrated	18 487 007	16 686 274	**35 173 281**	774 381
Total gross amount	**31 212 891**	**58 243 762**	**89 456 653**	**1 253 041**
Loss allowance	(124 319)	-	(124 319)	(124 319)
Total carrying amount	**31 088 572**	**58 243 762**	**89 332 334**	**1 128 722**

				31 December 2020
(In thousands of Russian Roubles)	Gross amount of the receivable under REPO partially collateralized by securities	Gross amount of the receivable under REPO fully collateralized by securities	**Total gross amount of the receivables under REPO**	Gross carrying amount of the receivables under REPO, which is not collateralised by securities
A- to A+	612 483	1 290 696	**1 903 179**	47 527
BBB- to BBB+	18 256 385	18 028 521	**36 284 906**	344 835
BB- to BB+	-	4 987 493	**4 987 493**	-
B- to B+	779	374	**1 153**	13
Rated below B-	-	38 075	**38 075**	-
Unrated	13 119 523	17 863 494	**30 983 017**	401 022
Total gross amount	**31 989 170**	**42 208 653**	**74 197 823**	**793 397**
Loss allowance	(66 986)	-	(66 986)	(66 986)
Total carrying amount	**31 922 184**	**42 208 653**	**74 130 837**	**726 411**

At 31 December 2021 and 31 December 2020, the Group measures loss allowances as 12-month ECL as far as credit risk on receivables under resale agreements has not increased significantly since their initial recognition.

A total of 7% of receivables under resale agreement in amount of RR 6 937 073 thousand at 31 December 2021 represent balance due from National Clearing Centre (31 December 2020: 36%, RR 27 055 437 thousand). The most part of unrated customers comprise individuals.

14 Trading assets and liabilities except derivatives

	31 December 2021			31 December 2020		
(In thousands of Russian Roubles)	**pledged**	**unpledged**	**Total**	**pledged**	**unpledged**	**Total**
Financial Assets						
Municipal and Government Bonds						
BBB+ to BBB-	212 317	2 203 906	**2 416 223**	-	658 064	**658 064**
BB+ to BB-	-	24 977	**24 977**	-	-	**-**
B+ to B-	-	306 386	**306 386**	-	-	**-**
Corporate Bonds						
AA+ to AA-	-	-	**-**	-	260 213	**260 213**
A+ to A-	-	2 269 012	**2 269 012**	-	286 205	**286 205**
BBB+ to BBB-	1 593 053	14 122 604	**15 715 657**	334 156	23 545 367	**23 879 523**
BB+ to BB-	437 478	9 237 482	**9 674 960**	529 118	18 993 045	**19 522 163**
B+ to B-	-	8 454 341	**8 454 341**	56 185	10 749 636	**10 805 821**
Below B	-	2 746 121	**2 746 121**	-	5 853	**5 853**
Unrated	-	1 549 039	**1 549 039**	-	3 768	**3 768**
Total debt instruments	**2 242 848**	**40 913 868**	**43 156 716**	**919 459**	**54 502 151**	**55 421 610**
Equity instruments						
Corporate shares	22 768 734	80 336 104	**103 104 838**	11 988 205	65 941 501	**77 929 706**
Exchange Traded funds	-	10 540 557	**10 540 557**	585 917	6 019 206	**6 605 123**
Units in mutual funds	-	857 925	**857 925**	-	194 581	**194 581**
Total equity instruments	**22 768 734**	**91 734 586**	**114 503 320**	**12 574 122**	**72 155 288**	**84 729 410**
Total trading assets	**25 011 582**	**132 648 454**	**157 660 036**	**13 493 581**	**126 657 439**	**140 151 020**
Financial liabilities						
Corporate equity instruments	-	616 047	**616 047**	-	1 113 711	**1 113 711**
Corporate debt instruments	-	5 593 727	**5 593 727**	-	300 784	**300 784**
Municipal and government bonds	-	1 779 706	**1 779 706**	-	-	**-**
Total trading liabilities	**-**	**7 989 480**	**7 989 480**	**-**	**1 414 495**	**1 414 495**

As at 31 December 2021 unrated corporated bonds in the amount of RR 1 496 818 thousand have internal credit rating equivalent to B ratingof S&P.

As at 31 December 2021 corporate bonds in the amount of RR 823 898 thousand are pledged under intraday and overnight loans from the CBR (31 December 2020: RR 1 598 163 thousand). Trading assets are represented by shares and bonds of large US and Russian companies and government and municipal bonds. Management assesses the performance of these instruments based on their fair values and irrevocably designated these securities as Trading assets. None of the trading assets are past due.

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

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

(In thousands of Russian Roubles)	**31 December 2021**	**31 December 2020**
Communications	37 090 664	24 828 334
Consumer, Non-cyclical	16 194 945	12 261 823
Technology	14 095 478	6 003 050
Consumer, Cyclical	10 220 156	9 031 268
Financial	9 437 652	8 402 079
Energy	9 075 763	14 244 063
Basic Materials	5 870 199	2 612 084
Industrial	852 828	233 780
Funds	156 534	224 483
Other	110 619	88 742
Total corporate shares	**103 104 838**	**77 929 706**

15 Investment securities measured at fair value through other comprehensive income

	31 December 2021			**31 December 2020**		
(In thousands of Russian Roubles)	**pledged**	**unpledged**	**Total**	**pledged**	**unpledged**	**Total**
Equity instruments						
Corporate shares	-	629 150	629 150	-	139 573	139 573
Total equity instruments	**-**	**629 150**	**629 150**	**-**	**139 573**	**139 573**
Municipal and Government Bonds						
AA+ to AA-	-	572 048	572 048	-	-	-
BBB+ to BBB-	-	86 724	86 724	-	-	-
Corporate Bonds						
AAA	-	-	-	-	438 148	438 148
BBB+ to BBB-	-	93 549	93 549	-	2 160 272	2 160 272
BB+ to BB-	-	271 290	271 290	-	379 075	379 075
Total debt instruments	**-**	**1 023 611**	**1 023 611**	**-**	**2 977 495**	**2 977 495**
Total investment securities	**-**	**1 652 761**	**1 652 761**	**-**	**3 117 068**	**3 117 068**

As at 31 December 2021 corporate bonds in the amount of RR 217 481 thousand (2020: RR 590 887 thousand) are pledged under intraday and overnight loans from the CBR. As at 31 December 2021 and 31 December 2020 the Group has no overnight loans from the CBR.

Movements in the loss allowance for the investment securities measured at fair value through other comprehensive income during the years ended 31 December 2021 and 31 December 2020 are as follows:

(In thousands of Russian Roubles)	
Loss allowance at 31 December 2020	**(4 777)**
Recovery of loss allowance	3 596
Loss allowance at 31 December 2021	**(1 181)**

(In thousands of Russian Roubles)	
Loss allowance at 31 December 2019	**(39 348)**
Recovery of loss allowance	34 571
Loss allowance at 31 December 2020	**(4 777)**

At 31 December 2021 and 31 December 2020, the Group measures loss allowances as 12-month ECL as far as credit risk on investment securities at fair value through other comprehensive income has not increased significantly since their initial recognition.

16 Investment securities measured at amortised cost

	31 December 2021			31 December 2020		
(In thousands of Russian Roubles)	**pledged**	**unpledged**	**Total**	**pledged**	**unpledged**	**Total**
Municipal and Government Bonds						
BBB+ to BBB-	-	1 907 975	**1 907 975**	-	4 074 280	**4 074 280**
Corporate Bonds						
BBB+ to BBB-	1 789 185	33 353 313	**35 142 498**	-	25 510 791	**25 510 791**
BB+ to BB-	-	29 974 365	**29 974 365**	-	6 184 801	**6 184 801**
B+ to B-	-	525 074	**525 074**	-	-	**-**
Total gross amount of debt securities	**1 789 185**	**65 760 727**	**67 549 912**	**-**	**35 769 872**	**35 769 872**
Loss allowance	(5 287)	(242 634)	(247 921)	-	(135 119)	**(135 119)**
Total net amount of debt securities	**1 783 898**	**65 518 093**	**67 301 991**	-	**35 634 753**	**35 634 753**

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

(In thousands of Russian Roubles)	**Loss allowance**	**Gross carrying amount**
Loss allowance at 31 December 2020	(135 119)	35 769 872
Foreign exchange difference	857	(5 025)
New originated assets	(148 890)	31 785 065
Remeasurement	35 231	-
Loss allowance at 31 December 2021	**(247 921)**	**67 549 912**

(In thousands of Russian Roubles)	**Loss allowance**	**Gross carrying amount**
Loss allowance at 31 December 2019	-	-
Foreign exchange difference	(2 526)	678 011
New originated assets	(132 593)	35 091 861
Loss allowance at 31 December 2020	**(135 119)**	**35 769 872**

At 31 December 2021 and 31 December 2020 the Group measures loss allowances as 12-month ECL as far as credit risk on investment securities measured at amortised cost has not increased significantly since their initial recognition.

17 Derivative financial instruments

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

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

Derivative financial instruments – assets

(In thousands of Russian Roubles)	**31 December 2021**	**31 December 2020**
Options and hybrid derivatives	19 977 199	12 203 456
Credit default swaps	779 403	709 328
Currency SWAPs	201 912	543 782
Total derivative financial instruments	**20 958 514**	**13 456 566**

A 31 December 2021 and 31 December 2020, the Group did not have any past due derivative financial instruments.

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 2021 and 31 December 2020 were as follows:

(In thousands of Russian Roubles)	31 December 2021	31 December 2020
Corporate		
A- to A+	1 046 724	957 489
BBB- to BBB+	43 524	8 886
BB- to BB+	331 376	359 373
B- to B+	14 207	127 423
Unrated	4 289	16 335
Individuals	19 518 394	11 987 060
Total derivative financial instruments	**20 958 514**	**13 456 566**

Derivative financial instruments – liabilities

(In thousands of Russian Roubles)	31 December 2021	31 December 2020
Options and hybrid derivatives	6 133 828	2 386 101
Currency SWAPs	404 672	346 800
Credit default swaps	928 362	5 273 140
Total derivative financial instruments	**7 466 862**	**8 006 041**

18 Loans to customers

	31 December 2021			31 December 2020		
(In thousands of Russian Roubles)	Loans to customers at amortised cost	Loans to customers at FVTPL	Total	Loans to customers at amortised cost	Loans to customers at FVTPL	Total
Individual loans	2 008 141	937 903	**2 946 044**	2 047 800	955 446	**3 003 246**
Corporate loans	33 987 208	2 645 483	**36 632 691**	29 562 857	1 612 054	**31 174 911**
Loss allowance	(1 431 737)	-	**(1 431 737)**	(1 377 412)	-	**(1 377 412)**
Total loans to customers	**34 563 612**	**3 583 386**	**38 146 998**	**30 233 245**	**2 567 500**	**32 800 745**

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

Analysis by credit quality of loans to customers measured at amortised cost outstanding as at 31 December 2021 and 31 December 2020 is as follows:

Corporate loans

	31 December 2021				
(In thousands of Russian Roubles)	12-month ECL	Lifetime ECL not-credit impaired	Lifetime ECL credit impaired	Purchased credit-impaired	Total
Not overdue					
Internal rating:					
BB- to BB+	25 956 062	-	-	-	**25 956 062**
B- to B+	6 046 102	-	-	-	**6 046 102**
below B-	125 979	91 275	-	603 245	**820 499**
Overdue					
Internal rating D+	-	-	1 164 545	-	**1 164 545**
Total loans to customers	**32 128 143**	**91 275**	**1 164 545**	**603 245**	**33 987 208**
Loss allowance	**(131 655)**	**(9 131)**	**(500 832)**	**(140 426)**	**(782 044)**
Net loans to customers	**31 996 488**	**82 144**	**663 713**	**462 819**	**33 205 164**

(In thousands of Russian Roubles)	31 December 2020 **12-month ECL**	**Lifetime ECL not-credit impaired**	**Lifetime ECL credit impaired**	**Purchased credit-impaired**	**Total**
Not overdue					
Internal rating:					
BBB- to BBB+	2 589 746	-	-	-	**2 589 746**
BB- to BB+	12 881 629	4 942 064	-	-	**17 823 693**
B- to B+	6 886 924	400 000	-	-	**7 286 924**
below B-	605 603	101 874	-	9 408	**716 885**
Overdue					
Internal rating D+	-	-	1 145 609	-	**1 145 609**
Total loans to customers	**22 963 902**	**5 443 938**	**1 145 609**	**9 408**	**29 562 857**
Loss allowance	(146 784)	(37 399)	(554 418)	-	(738 601)
Net loans to customers	**22 817 118**	**5 406 539**	**591 191**	**9 408**	**28 824 256**

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

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

Individual loans

(In thousands of Russian Roubles)	31 December 2021 **12-month ECL**	**Lifetime ECL not-credit impaired**	**Lifetime ECL credit impaired**	**Total**
Not overdue				
standart loans	1 346 905	-	-	**1 346 905**
Overdue				
less than 30 days	6 995	-	-	**6 995**
30 to 60 days	-	1 247	-	**1 247**
from 60 to 90 days	-	322	-	**322**
over 90 days	-	-	652 672	**652 672**
Total loans to customers	**1 353 900**	**1 569**	**652 672**	**2 008 141**
Loss allowance	(21 871)	(969)	(626 853)	**(649 693)**
Net loans to customers	**1 332 029**	**600**	**25 819**	**1 358 448**

(In thousands of Russian Roubles)	31 December 2020 **12-month ECL**	**Lifetime ECL not-credit impaired**	**Lifetime ECL credit impaired**	**Total**
Not overdue				
Standard loans	1 399 140	-	-	**1 399 140**
Overdue				
less than 30 days	370	-	-	**370**
30 to 60 days	-	1 714	-	**1 714**
over 90 days	-	-	646 576	**646 576**
Total loans to customers	**1 399 510**	**1 714**	**646 576**	**2 047 800**
Loss allowance	(16 580)	(181)	(622 050)	**(638 811)**
Net loans to customers	**1 382 930**	**1 533**	**24 526**	**1 408 989**

Below is presented information about collateral held for the loan portfolio as at 31 December 2021 and 31 December 2020:

(In thousands of Russian Roubles)	**31 December 2021**			**31 December 2020**		
	Corporate	**Individual**	**Total**	**Corporate**	**Individual**	**Total**
Unsecured loans issued to related parties	-	1 848 700	**1 848 700**	-	2 035 375	**2 035 375**
Unsecured loans issued to unrelated parties	18 718 311	380 026	**19 098 337**	15 732 142	246 217	**15 978 359**
Loans guaranteed by other parties, including credit insurance	-	-	-	-	-	-
Loans collateralised by:						
- customer brokerage accounts	6 126 140	-	**6 126 140**	3 504 149	-	**3 504 149**
- real estate	1 752 930	67 625	**1 820 555**	1 921 693	82 843	**2 004 536**
- goods in turnover	88 394	-	**88 394**	345 484	-	**345 484**
- transport	726 639	-	**726 639**	1 147 728	-	**1 147 728**
-securities	7 926 180	-	**7 926 180**	7 271 460	-	**7 271 460**
- equipment	512 053	-	**512 053**	513 654	-	**513 654**
Total loans to customers	**35 850 647**	**2 296 351**	**38 146 998**	**30 436 310**	**2 364 435**	**32 800 745**

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

Economic sector risk concentrations within the loan portfolio (before loss allowance) as at 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021		**31 December 2020**	
(In thousands of Russian Roubles)	**Amount**	**%**	**Amount**	**%**
Finance	22 250 715	56,23	21 365 113	62,51
Manufacturing	5 360 122	13,54	4 277 607	12,52
Trade	4 438 012	11,21	1 593 710	4,66
Individuals	2 946 044	7,44	3 003 246	8,79
Gas transportation and sale	1 864 217	4,71	1 853 623	5,42
Construction	1 497 792	3,78	1 131 740	3,31
Other	1 221 833	3,09	953 118	2,79
Total loans to customers	**39 578 735**	**100**	**34 178 157**	**100**

A total of 5% of loans to customers in the amount of RR 1 822 367 thousand at 31 December 2021 represent loans issued to the sole participant (31 December 2020: 6% in the amount of RR 2 035 374 thousand). A total of 22% of loans to customers in the amount of RR 8 383 983 thousand at 31 December 2021 represent loans issued to one corporate customers (31 December 2020: 43% in the amount of RR 13 968 599 thousand, three corporate customers).

Fair values of collateral in respect of credit-impaired loans as at 31 December 2021 and 31 December 2020 are presented below. The table below excludes overcollateralisations.

	31 December 2021			**31 December 2020**		
(In thousands of Russian Roubles)	**Corporate**	**Individual**	**Total**	**Corporate**	**Individual**	**Total**
Fair value of collateral – impaired loans						
- real estate	1 126 531	25 819	**1 152 350**	591 191	24 526	**615 717**
Total fair value of collateral	**1 126 531**	**25 819**	**1 152 350**	**591 191**	**24 526**	**615 717**
Total impaired loans	**1 767 789**	**652 672**	**2 420 461**	**1 145 609**	**646 576**	**1 792 185**
Loss allowance	(641 258)	(626 853)	**(1 268 111)**	(554 418)	(622 050)	**(1 176 468)**
Net impaired loans	**1 126 531**	**25 819**	**1 152 350**	**591 191**	**24 526**	**615 717**

The sensitivity of loss allowance to changes in level of LGD by 1% absolute terms as at 31 December 2021 and 31 December 2020 is presented below:

(In thousands of Russian Roubles)	**31 December 2021**	**31 December 2020**
+1% LGD	(4 604)	(26 644)
-1% LGD	11 578	32 696

The sensitivity of loss allowance to changes in PD by 10% in relative terms as at 31 December 2021 and 31 December 2020 is presented below:

(In thousands of Russian Roubles)	**31 December 2021**	**31 December 2020**
+10% PD	(14 079)	(20 980)
-10% PD	14 079	20 980

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

	Loss allowance					**Gross carrying amount**				
(In thousands of Russian Roubles)	**12-month ECL**	**Lifetime ECL not-credit impaired**	**Lifetime ECL credit impaired**	**Purchased or originated credit-impaired**	**Total**	**12-month ECL**	**Lifetime ECL not-credit impaired**	**Lifetime ECL credit impaired**	**Purchased or originated credit-impaired**	**Total**
Corporate										
At 31 December 2020	**(146 784)**	**(37 399)**	**(554 418)**	**-**	**(738 601)**	**22 963 902**	**5 443 938**	**1 145 609**	**9 408**	**29 562 857**
Movements with impact on credit loss allowance				-						
New loans originated and other increase in gross amount	(61 474)	-	-	-	**(61 474)**	11 938 550	-	-	593 838	**12 532 388**
Loans derecognized during the period and other decrease in gross amount	97 561	13 914	32 954	-	**144 429**	(2 596 739)	(4 995 915)	(180 120)	-	**(7 772 774)**
Transfer to Lifetime ECL credit impaired	2 072	-	(2 072)	-	**-**	(247 902)	-	247 902	-	**-**
Write-off	-	-	48 846	-	**48 846**	-	-	(48 846)	-	**(48 846)**
Remeasurement of ECL	(22 643)	13 828	(26 142)	(140 426)	**(175 383)**	-	-	-	-	**-**
Foreign exchange difference	(387)	526	-	-	**139**	70 332	(356 748)	-	-	**(286 416)**
At 31 December 2021	**(131 655)**	**(9 131)**	**(500 832)**	**(140 426)**	**(782 044)**	**32 128 143**	**91 275**	**1 164 545**	**603 246**	**33 987 209**
Individual										
At 31 December 2020	**(16 580)**	**(181)**	**(622 050)**	**-**	**(638 811)**	**1 399 510**	**1 714**	**646 576**	**-**	**2 047 800**
Movements with impact on credit loss allowance										
New loans originated and other increase in gross amount	(1 746)	-	-	-	**(1 746)**	282 267	-	-	-	**282 267**
Loans derecognized during the period and other decrease in gross amount	1 382	-	-	-	**1 382**	(248 144)	(145)	4 976	-	**(243 313)**
Remeasurement of ECL	(6 087)	(788)	(3 683)	-	**(10 558)**	-	-	-	-	**-**
Write-off	-	-	4 065	-	**4 065**	-	-	(4 065)	-	**(4 065)**
Unwinding of discount on present value of ECL	-	-	(5 185)	-	**(5 185)**	-	-	5 185	-	**5 185**
Foreign exchange difference	1 160	-	-	-	**1 160**	(79 733)	-	-	-	**(79 733)**
At 31 December 2021	**(21 871)**	**(969)**	**(626 853)**	**-**	**(649 693)**	**1 353 900**	**1 569**	**652 672**	**-**	**2 008 141**

(In thousands of Russian Roubles)	Loss allowance: 12-month ECL	Loss allowance: Lifetime ECL not-credit impaired	Loss allowance: Lifetime ECL credit impaired	Loss allowance: Total	Gross carrying amount: 12-month ECL	Gross carrying amount: Lifetime ECL not-credit impaired	Gross carrying amount: Lifetime ECL credit impaired	Gross carrying amount: Purchased credit-impaired	Gross carrying amount: Total
Corporate									
At 31 December 2019	**(159 904)**	**(3 613)**	**(352 563)**	**(516 080)**	**29 265 292**	**3 727 938**	**1 144 702**	**-**	**34 137 932**
Movements with impact on credit loss allowance									
New loans originated and other increase in gross amount	(167 297)	(12 005)	-	**(179 302)**	19 759 809	152 640	-	9 408	**19 921 857**
Loans derecognized during the period and other decrease in gross amount	203 217	-	73 733	**276 950**	(27 083 262)	-	(75 552)	-	**(27 158 814)**
Transfer to Lifetime ECL not-credit impaired	1 197	(1 197)	-	-	(450 000)	450 000	-	-	-
Transfer to Lifetime ECL credit impaired	321	-	(321)	-	(32 056)	-	32 056	-	-
Remeasurement of ECL due to transfers between stages	-	(363)	(25 604)	**(25 967)**	-	-	-	-	-
Remeasurement of ECL within the same stage	(9 059)	(17 971)	(205 260)	**(232 290)**	-	-	-	-	-
Unwinding of discount on present value of ECL	-	-	(44 403)	**(44 403)**	-	-	44 403	-	**44 403**
Foreign exchange difference	(15 259)	(2 250)	-	**(17 509)**	1 504 119	1 113 360	-	-	**2 617 479**
At 31 December 2020	**(146 784)**	**(37 399)**	**(554 418)**	**(738 601)**	**22 963 902**	**5 443 938**	**1 145 609**	**9 408**	**29 562 857**
Individual									
At 31 December 2019	**(21 081)**	**(112)**	**(596 578)**	**(617 771)**	**1 593 722**	**194**	**624 315**	**-**	**2 218 231**
Movements with impact on credit loss allowance									
New loans originated and other increase in gross amount	(13 448)	(69)	(753)	**(14 270)**	425 374	1 520	4 379	-	**431 273**
Loans derecognized during the period and other decrease in gross amount	14 979	-	3 892	**18 871**	(877 137)	-	(3 892)	-	**(881 029)**
Remeasurement of ECL	6 135	-	(6 837)	**(702)**	-	-	-	-	-
Write-off	-	-	30 723	**30 723**	-	-	(30 723)	-	**(30 723)**
Unwinding of discount on present value of ECL	-	-	(52 497)	**(52 497)**	-	-	52 497	-	**52 497**
Foreign exchange difference	(3 165)	-	-	**(3 165)**	257 551	-	-	-	**257 551**
At 31 December 2020	**(16 580)**	**(181)**	**(622 050)**	**(638 811)**	**1 399 510**	**1 714**	**646 576**	**-**	**2 047 800**

19 Loans to banks

(In thousands of Russian Roubles)	31 December 2021	31 December 2020
Loans and deposits		
A- to A+	48 313	44 380
BB- to BB+	4 133 861	5 366 572
B- to B+	1 097 959	456 069
Total loans and deposits	**5 280 133**	**5 867 021**
Loss allowance	(13 529)	(48 199)
Net loans to banks	**5 266 604**	**5 818 822**

Significant changes in the gross carrying amount of loans to banks that contributed to changes in loss allowance were as follows:

(In thousands of Russian Roubles)	Loss allowance	Gross carrying amount
Loss allowance at 31 December 2020	(48 199)	5 867 021
New loans originated and other increase in gross amount	(10 438)	494 638
Redemption of loans	45 074	(1 069 191)
Foreign exchange and other movements	34	(12 335)
Loss allowance at 31 December 2021	**(13 529)**	**5 280 133**

(In thousands of Russian Roubles)	Loss allowance	Gross carrying amount
Loss allowance at 31 December 2019	**(22 971)**	**4 516 539**
New loans originated and other increase in gross amount	(43 491)	5 250 207
Redemption of loans	18 263	(3 899 725)
Loss allowance at 31 December 2020	**(48 199)**	**5 867 021**

At 31 December 2021 and 31 December 2020, the Group measures loss allowances as 12-month ECL as far as credit risk on loans to banks has not increased significantly since their initial recognition.

A total of 71% of loans to banks in the amount of RR 3 761 092 thousand at 31 December 2021 represent loans issued to an unrelated party (31 December 2020: 78% in the amount of RR 4 513 285 thousand).

20 Investment properties

(In thousands of Russian Roubles)	2021	2020
Investment properties at fair value at 1 January	**954 143**	**897 112**
Additions	-	14 727
Transfer from owner-occupied premises	17 709	1 007
Fair value gain	71 743	41 297
Investment properties at fair value at 31 December	**1 043 595**	**954 143**

The Group holds a portfolio of investment properties in the Russian Federation (primarily representing land and buildings).

The investment properties are valued at fair value by an independent, professionally qualified appraiser who has extensive experience in valuing similar properties in the Russian Federation. Fair value determinations involve application of comparative sales/offers (market approach) method. The market approach is based on analysis of comparative sales/offers of similar premises.

Fair value determination involves management judgment regarding the reliability and completeness of information used in each of the valuation methods, individual characteristics of the asset and other significant factors. Fair value determinations involve a number of management assumptions and estimates regarding future economic benefits from these assets and are based on external and internal information sources. Under the sales/offers comparison method the fair value was determined based on bargain discounts 9,6% - 12% (2020: 9.6%) and adjustment for location of market comparable ranges between -13% and 0% (2020: between -15% and 0%). The extent that future cash flows based on these adjustments differ by plus/-minus one percent, the building valuation as at 31 December 2021 would be RR 10 436 thousand higher/lower (2020: RR 9 541 thousand).

For the year ended 31 December 2021 the Group recognised investment properties revaluation gain of RR 71 743 thousand (2020: gain of RR 41 297 thousand). Included in general and administrative expenses is RR 1 809 thousand of direct operating expenses, including repairs and maintenance costs, arising from investment properties, all of which relates to investment properties that generated rental income during the period (2020: RR 40 thousand).

During the year ended 31 December 2021 the Group earned RR 102 344 thousand rental income from its investment properties (2020: RR 70 602 thousand).

21 Property, equipment and intangible assets

(In thousands of Russian Roubles)	Land and buildings	Computers and office equipment	Furniture and other equipment	Transport	Construction in progress	Intangible assets	Right-of use assets	Total
Carrying amount at 31 December 2020	**3 457 581**	**617 358**	**280 404**	**1 430 271**	**371 358**	**2 138 974**	**782 686**	**9 078 632**
Additions	134 822	378 477	90 972	-	408 888	1 010 663	320 924	**2 344 746**
Transfers to investment properties:								
- cost or valuation	(26 606)	-	-	-	-	-	-	**(26 606)**
- accumulated depreciation	8 897	-	-	-	-	-	-	**8 897**
Transfer from investment properties	-	-	-	-	-	-	-	**-**
Disposals:								**-**
- cost or valuation	-	(73 578)	(10 238)	-	(3 202)	(607 255)	(261 411)	**(955 684)**
- accumulated depreciation	-	65 784	9 909	-	-	589 771	175 295	**840 759**
Depreciation charges	(71 307)	(223 127)	(55 724)	(146 602)	-	-	(260 722)	**(757 482)**
Amortisation charges on intangible assets	-	-	-	-	-	(491 993)	-	**(491 993)**
Impairment charge through profit or loss (cost or valuation less accumulated depreciation)	(56 453)	-	-	-	-	-	-	**(56 453)**
Revaluation	114 239	-	-	-	-	-	-	**114 239**
Cost or valuation at 31 December 2021	4 003 138	2 182 079	596 866	1 457 983	777 044	3 490 019	1 297 636	13 804 765
Accumulated depreciation and amortisation	(441 965)	(1 417 165)	(281 543)	(174 314)	-	(849 859)	(540 864)	(3 705 710)
Carrying amount at 31 December 2021	**3 561 173**	**764 914**	**315 323**	**1 283 669**	**777 044**	**2 640 160**	**756 772**	**10 099 055**

(In thousands of Russian Roubles)	**Land and buildings**	**Computers and office equipment**	**Furniture and other equipment**	**Transport**	**Construction in progress**	**Intangible assets**	**Right-of use assets**	**Total**
Carrying amount at 31 December 2019	**3 372 423**	**532 455**	**269 732**	**1 109 937**	**30 616**	**1 423 718**	**746 280**	**7 485 161**
Additions	49 747	316 734	71 986	1 457 983	377 893	1 198 539	300 659	**3 773 541**
Acquisition of subsidiary	12 344	-	46	-	-	-		**12 390**
Transfers to investment properties:								
- cost or valuation	(1 363)	-	-	-	-	-	-	**(1 363)**
- accumulated depreciation	356	-	-	-	-	-	-	**356**
Disposals:								
- cost or valuation	-	(17 262)	(11 211)	(1 211 984)	(37 151)	(477 886)	(18 332)	**(1 773 826)**
- accumulated depreciation	-	11 544	6 076	140 211	-	300 632	5 799	**464 262**
Depreciation charges	(58 025)	(226 113)	(56 225)	(65 876)	-	-	(251 720)	**(657 959)**
Amortisation charges on intangible assets	-	-	-	-	-	(306 029)	-	**(306 029)**
Impairment charge through profit or loss (cost or valuation less accumulated depreciation)	(25 666)	-	-	-	-	-	-	**(25 666)**
Revaluation	107 765	-	-	-	-	-	-	**107 765**
Cost or valuation at 31 December 2020	3 837 136	1 877 180	516 132	1 457 983	371 358	3 086 611	1 238 123	12 384 523
Accumulated depreciation and amortisation	(379 555)	(1 259 822)	(235 728)	(27 712)	-	(947 637)	(455 437)	(3 305 891)
Carrying amount at 31 December 2020	**3 457 581**	**617 358**	**280 404**	**1 430 271**	**371 358**	**2 138 974**	**782 686**	**9 078 632**

Construction in progress consists mainly of intangible assets and construction of branch premises. Upon completion of construction these assets are mainly transferred to the appropriate category.

Land and buildings are carried at fair value. To determine fair values, management engages an independent appraiser, who holds a relevant professional qualification and has extensive experience in valuation of assets of similar location and category. Fair value was determined by applying the comparative sales /offers method (market approach). The market approach is based on analysis of comparative sales/offers of similar premises.

Fair value determination involves management judgment regarding the reliability and completeness of information used in each of the valuation methods, individual characteristics of the asset and other significant factors. Fair value determinations involve a number of management assumptions and estimates regarding future economic benefits from these assets and are based on external and internal information sources. Under the sales/offers comparison method the fair value was determined based on bargain discounts between 9,6% and 12% (2020: 0% - 11%), adjustment for location of market comparable between -31% and 0 (2020: between -45% and 0%) and adjustment for transferable property rights of 0% (2020: 0%).

The extent that future cash flows based on these adjustments differ by plus/minus one percent, the building valuation as at 31 December 2021 would be RR 35 612 thousand lower/higher (2020: RR 34 576 thousand).

During year ended 31 December 2021 loss from disposal of property and equipment amounted to RR 35 934 thousand (2020: gain RR 491 082 thousand), and presented within Other operating income caption of consolidated statement of profit or loss and other comprehensive income.

At 31 December 2021 the carrying amount of land and buildings would have been RR 2 140 159 thousand (31 December 2020: RR 2 110 890 thousand) had the assets been carried at cost less depreciation.

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see Note 29).

22 Prepayments and other assets

(In thousands of Russian Roubles)	**31 December 2021**	**31 December 2020**
Cash collateral on derivatives	14 246 110	10 446 219
Margin call receivable	1 902 822	1 053 420
Receivables from brokers and counterparties	3 489 311	3 985 907
Unsettled transctions with securities	2 047 782	-
Other	96 628	121 785
Loss allowance	(325 229)	(408 521)
Total financial assets	**21 457 424**	**15 198 810**
Advances to suppliers and contractors	790 802	692 194
Receivables for other taxes	332 941	41 588
Current income tax asset	305 151	244 778
Contribution to Investors' Compensation Fund	49 728	54 007
Other assets	170 388	159 120
Loss allowance	(103 792)	(104 085)
Total non-financial assets	**1 545 218**	**1 087 602**
Total prepayments and other assets	**23 002 642**	**16 286 412**

Analysis by credit quality of cash collateral on derivatives as at 31 December 2021 and 31 December 2020 is as follows:

(In thousands of Russian Roubles)	**31 December 2021**	**31 December 2020**
A- to A+	14 246 110	10 446 219
Total	**14 246 110**	**10 446 219**
Loss allowance	(6 405)	(5 571)
Total	**14 239 705**	**10 440 648**

Analysis by credit quality of margin call receivable as at 31 December 2021 and 31 December 2020 is as follows:

(In thousands of Russian Roubles)	**31 December 2021**	**31 December 2020**
A- to A+	1 046 229	1 027 229
B- to B+	5 944	591
BB- to BB+	514 913	-
BBB- to BBB+	335 736	24 972
Rated below B-	-	628
Total	**1 902 822**	**1 053 420**
Loss allowance	(1 205)	(174)
Total	**1 901 617**	**1 053 246**

At 31 December 2021 and 31 December 2020, the Group measures loss allowances for cash collateral on derivatives and margin call receivable as 12-month ECL as far as credit risk on cash collateral on derivatives and margin call receivable has not increased significantly since initial recognition.

Analysis by credit quality of receivables from brokers and counterparties as at 31 December 2021 and 31 December 2020 is as follows:

(In thousands of Russian Roubles)	**12-month ECL**	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Total**
Individual assessment				
AA- to AA+	92 116	371	-	92 487
A- to A+	1 112 663	521	-	1 113 184
BBB- to BBB+	521 462	1 543	-	523 005
BB- to BB+	690 103	247	-	690 350
B- to B+	24 550	1 392	-	25 942
Rated below B-	202 879	1 354	-	204 233
Internal rating D+	-	-	8 686	8 686
Unrated	-	-	33 425	33 425
Collective assessment	-	-	-	
Not overdue	-	797 999	-	797 999
Total	**2 643 773**	**803 427**	**42 111**	**3 489 311**
Loss allowance	(35 695)	(646)	(42 111)	(78 452)
Total	**2 608 078**	**802 781**	**-**	**3 410 859**

(In thousands of Russian Roubles)	**12-month ECL**	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Total**
Individual assessment				
AA- to AA+	591 185	-	-	591 185
A- to A+	2 080 295	765	-	2 081 060
BBB- to BBB+	36 259	4 436	-	40 695
BB- to BB+	-	7 198	-	7 198
B- to B+	6 829	302 538	-	309 367
Rated below B-	-	533 332	-	533 332
Internal rating D+	-	-	291 301	291 301
Unrated	-	-	8 646	8 646
Collective assessment	-	-	-	
Not overdue	-	123 123	-	123 123
Total	**2 714 568**	**971 392**	**299 947**	**3 985 907**
Loss allowance	(183)	(10 671)	(299 947)	(310 801)
Total	**2 714 385**	**960 721**	**-**	**3 675 106**

Analysis by credit quality of unsettled transctions with securities as at 31 December 2021 is as follows:

(In thousands of Russian Roubles)	12-month ECL	Total
B- to B+	-	**-**
Unrated	2 047 782	**2 047 782**
Total	**2 047 782**	**2 047 782**
Loss allowance	(142 868)	(142 868)
Total	**1 904 914**	**1 904 914**

Analysis by credit quality of other financial assets as at 31 December 2021 and 31 December 2020 is as follows:

(In thousands of Russian Roubles)	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Individual assessment			
BB- to BB+	106	-	106
B- to B+	-	-	-
Rated below B-	233	-	233
Collective assessment			
Overdue less than 30 days	-	2 598	2 598
Overdue 31 to 90 days	-	4 538	4 538
Overdue more than 90 days	-	89 153	89 153
Total	**339**	**96 289**	**96 628**
Loss allowance	(10)	(96 289)	(96 299)
Total	**329**	**-**	**329**

(In thousands of Russian Roubles)	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Individual assessment			
B- to B+	3 000	-	3 000
Rated below B-	29 309	-	29 309
Collective assessment			
Overdue less than 30 days	-	1 224	1 224
Overdue 31 to 90 days	-	6 655	6 655
Overdue more than 90 days	-	81 597	81 597
Total	**32 309**	**89 476**	**121 785**
Loss allowance	(2 499)	(89 476)	(91 975)
Total	**29 810**	**-**	**29 810**

Movements in the loss allowance for prepayments and other assets for the years ended 31 December 2021 and 31 December 2020 were as follows:

Financial assets

(In thousands of Russian Roubles)	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Loss allowance at 31 December 2020	(5 928)	(13 170)	(389 423)	(408 521)
Write-off	-	-	262 155	**262 155**
Charge of loss allowance	(180 245)	12 514	(11 132)	**(178 863)**
Loss allowance at 31 December 2021	**(186 173)**	**(656)**	**(138 400)**	**(325 229)**

(In thousands of Russian Roubles)	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Loss allowance at 31 December 2019	(243)	(17 878)	(120 188)	(138 309)
Write-off	-	-	6 703	**6 703**
Charge of loss allowance	(5 685)	4 708	(275 938)	**(276 915)**
Loss allowance at 31 December 2020	**(5 928)**	**(13 170)**	**(389 423)**	**(408 521)**

Non-financial assets

(In thousands of Russian Roubles)	
Loss allowance at 31 December 2020	(104 085)
Recovery of loss allowance	293
Loss allowance at 31 December 2021	**(103 792)**

(In thousands of Russian Roubles)	
Loss allowance at 31 December 2019	(93 694)
Write-off	21 452
Charge of loss allowance	(31 843)
Loss allowance at 31 December 2020	**(104 085)**

As at 31 December 2021 the Group has one counterparty (2020: one counterparty), whose balance exceeds 10% of equity. The gross value of this balance as at 31 December 2021 was RR 11 136 048 thousand (2020: 8 934 240). This counterparty is rated by international rating agencies at A+.

23 Customer brokerage accounts

(In thousands of Russian Roubles)	**31 December 2021**	**31 December 2020**
Cash balances on customer brokerage accounts	112 400 442	111 460 247
Settlements under structured derivative products	55 262 323	53 410 809
Total customer brokerage accounts	**167 662 765**	**164 871 056**

At 31 December 2021, the Group had no counterparty (31 December 2020: no counterparty), accounting for over 10% of the aggregate customer brokerage accounts.

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

24 Current accounts, deposits and borrowings

(In thousands of Russian Roubles)	**31 December 2021**	**31 December 2020**
Legal entities		
Current and settlement accounts	4 978 976	4 157 727
Term deposits	1 598 579	1 632 687
Individuals		
Current and demand accounts	25 127 025	21 086 037
Term deposits	11 557 023	13 641 717
Loans payable	2 831 440	1 769
Notes issued		
Notes issued, carried at amortised cost	-	4 839 564
Notes issued, carried at fair value	55 523 601	48 308 415
Total current accounts, deposits and borrowings	**101 616 644**	**93 667 916**

Economic sector concentrations within customer accounts, deposits and loans received, excluding noteholders, as at 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021		31 December 2020	
(In thousands of Russian Roubles)	**Amount**	**%**	**Amount**	**%**
Individuals	39 162 620	84,96%	34 727 754	85,71%
Finance and investments	1 853 405	4,02%	1 125 717	2,78%
Construction	1 825 734	3,96%	1 840 539	4,54%
Trade	1 313 615	2,85%	908 565	2,24%
Services	792 289	1,72%	1 051 319	2,59%
Manufacturing	698 184	1,51%	814 358	2,01%
Other	447 196	0,98%	51 685	0,13%
Total current accounts, deposits and borrowings	**46 093 043**	**100%**	**40 519 937**	**100%**

At 31 December 2021, the Group had no counterparty (31 December 2020: no counterparty), accounting for over 10% of the aggregate current accounts and deposits.

Below is presented contractual maturity analysis of individual term deposits:

(In thousands of Russian Roubles)	**31 December 2021**	**31 December 2020**
On demand and less than 1 month	626 593	925 135
From 1 to 3 months	1 978 007	4 163 161
From 3 to 6 months	2 418 682	5 332 612
From 6 to 12 months	5 597 679	2 750 522
From 1 to 5 years	936 062	470 287
Total individuals, term deposits	**11 557 023**	**13 641 717**

25 Payables and other liabilities

(In thousands of Russian Roubles)	**31 December 2021**	**31 December 2020**
Brokers and counterparties	1 998 402	3 280 793
Employees	1 215 491	1 134 607
Suppliers and contractors	1 248 099	1 239 184
Margin call payable	578 043	1 000 345
Lease liability	812 318	837 507
Dividends payable from securities under resale agreements	297 835	503 944
Payables to clients on expired derivative contracts	20 349	172 224
Bank guarantee reserves	115 721	91 955
Other financial liabilities	44 049	13 839
Total financial liabilities	**6 330 307**	**8 274 398**
Incentive bonuses accrual	2 383 520	1 948 580
Taxes payable	634 633	413 778
Withholding tax payable on behalf of customers	1 687 887	1 138 770
Insurance contract liabilities	11 145 097	4 951 673
Other liabilities	209 294	234 707
Total non-financial liabilities	**16 060 431**	**8 687 508**
Total payables and other liabilities	**22 390 738**	**16 961 906**

Insurance contract liabilities as at 31 December 2021 and 31 December 2020 are represented by provisions for life and non-life insurance contracts.

(In thousands of Russian Roubles)	**31 December 2021**	**31 December 2020**
Life insurance contract liabilities	11 136 405	4 951 082
Non–life insurance contract liabilities	8 692	591
Total	**11 145 097**	**4 951 673**

The key assumption to which the estimation of liabilities is particularly sensitive is, as follows:

(In thousands of Russian Roubles)	**31 December 2021**	**31 December 2020**
Discount rate	8,00%	5,00%

The analysis of sensitivity of net profit and equity for the year to changes in the key assumption can be presented as follows:

	31 December 2021		**31 December 2020**	
(In thousands of Russian Roubles)	**Profit or loss**	**Equity**	**Profit or loss**	**Equity**
Discount rate				
1% increase	259 480	259 480	35 684	35 684
1% decrease	(271 689)	(271 689)	(58 855)	(58 855)

26 Share capital

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

During year ended 31 December 2021 the Group declared and paid dividends in the amount of RR 496 346 thousand, RR 1,44 thousand per share (for the year ended 31 December 2020: RR 575 495 thousand, RR 1,67 thousand per share).

27 Financial assets and liabilities: fair values and accounting classifications

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

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

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

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

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

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

Equity and debt securities

The fair value of equity and debt securities is determined by reference to their quoted closing last price at the reporting date, or if unquoted, determined using a valuation technique. Valuation techniques include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate. The fair value of investments measured at amortised cost is determined for disclosure purposes only.

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.

Investment properties and property and equipment

The fair value of investment properties and property and equipment is based on market values. Fair value determinations involve application of income capitalisation (income approach) and comparative sales (market approach) methods. The market approach is based on analysis of comparative sales/offers of similar premises. The income capitalisation method includes key assumptions such as capitalisation rate, effective interest rate for discounting income from individual asset being valued (taking into account location, purpose, condition and other factors).

Loans, trade and other receivables

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

Fair value hierarchy

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

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

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

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

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

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

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

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

The table below analyses financial instruments measured at fair value at 31 December 2021 and 31 December 2020, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the consolidated statement of financial position:

	31 December 2021				31 December 2020			
(In thousands of Russian Roubles)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Trading assets:								
- corporate bonds	33 719 191	4 980 963	1 708 976	**40 409 130**	48 448 303	5 792 467	522 776	**54 763 546**
- municipal and government bonds	2 747 586	-	-	**2 747 586**	658 064	-	-	**658 064**
- corporate shares	98 164 039	-	4 940 799	**103 104 838**	77 929 706	-	-	**77 929 706**
- units in mutual funds	857 925	-	-	**857 925**	194 581	-	-	**194 581**
- exchange traded funds	10 540 557	-	-	**10 540 557**	6 605 123	-	-	**6 605 123**
- derivative assets	-	20 958 514	-	**20 958 514**	-	13 456 566	-	**13 456 566**
Investment securities measuerd at FVOCI:								
- corporate shares	60 760	-	568 390	**629 150**	41 697	-	97 876	**139 573**
- municipal and government bonds	658 772	-	-	**658 772**	-	-	-	**-**
- corporate bonds	364 839	-	-	**364 839**	2 977 495	-	-	**2 977 495**
Loans to customers at FVTPL:								
- individual loans	-	937 903	-	**937 903**	-	955 446	-	**955 446**
- corporate loans	-	-	2 645 483	**2 645 483**	-	-	1 612 054	**1 612 054**
Total financial assets carried at fair value	**147 113 669**	**26 877 380**	**9 863 648**	**183 854 697**	**136 854 969**	**20 204 479**	**2 232 706**	**159 292 154**
Financial liabilities								
Trading liabilities:								
- corporate debt instruments	5 593 727	-	-	**5 593 727**	300 784	-	-	**300 784**
- municipal and government bonds	1 779 706	-	-	**1 779 706**	-	-	-	**-**
- corporate equity instruments	616 047	-	-	**616 047**	1 113 711	-	-	**1 113 711**
- derivative liabilities	-	7 466 862	-	**7 466 862**	-	8 006 041	-	**8 006 041**
Current accounts, deposits and borrowings								
- Notes issued	-	47 735 013	7 788 588	**55 523 601**	-	47 249 084	1 059 331	**48 308 415**
Total financial liabilities carried at fair value	**7 989 480**	**55 201 875**	**7 788 588**	**70 979 943**	**1 414 495**	**55 255 125**	**1 059 331**	**57 728 951**

Land and buildings and investment properties

The fair values of land and buildings and investment properties are categorised into Level 3 of the fair value hierarchy (Notes 20 and 21).

Notes issued

The following tables show a reconciliation for the years ended 31 December 2021 and 31 December 2020 for notes issued fair value measurements in Level 3 of the fair value hierarchy:

(In thousands of Russian Roubles)	**Notes issued**
Financial instruments at fair value at 31 December 2020	(1 059 331)
New originated instruments	(6 777 592)
Net gain recognised in profit or loss	48 335
Financial instruments at fair value at 31 December 2021	**(7 788 588)**

(In thousands of Russian Roubles)	**Notes issued**
Financial instruments at fair value at 31 December 2019	(944 935)
Net gains recognised in profit or loss	25 514
Issues	(1 084 845)
Settlements	704 006
Transfer to level 2	240 929
Financial instruments at fair value at 31 December 2020	**(1 059 331)**

The sensitivity of profit or loss to the changes of the fair value of notes issued in the total amount of RR 6 512 093 thousand (31 December 2020: RR 1 059 331 thousand) categorized into Level 3 of the fair hierarchy to changes in the customer's credit spread and fair value of underling shares as at 31 December 2021 and 31 December 2020 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.

In event that underlying cash flows used for valuation of underling asset of the remaining notes categorized into Level 3 of fair value hierarchy in the amount of RR 1 276 495 thousand (2020: nil) differ by plus/minus ten percent, its fair value as at 31 December 2021 would be RR 127 650 higher/lower.

Trading assets except derivatives

The following tables show a reconciliation for the years ended 31 December 2021 and 31 December 2020 for trading assets fair value measurements in Level 3 of the fair value hierarchy:

(In thousands of Russian Roubles)	**Corporate bonds**
Financial instruments at fair value at 31 December 2020	522 776
Addition	661 060
Disposal	522 776
Net profit recognised in profit or loss	2 364
Financial instruments at fair value at 31 December 2021	**1 708 976**

(In thousands of Russian Roubles)	**Corporate bonds**
Financial instruments at fair value at 31 December 2019	126 150
Addition	507 797
Disposal	(113 535)
Net profit recognised in profit or loss	2 364
Financial instruments at fair value at 31 December 2020	**522 776**

The extent that future cash flows on trading assets categorized into Level 3 of the fair hierarchy differ by plus/-minus ten percents, its fair value as at 31 December 2021 would be RR 170 898 thousand higher/lower (2020: RR 52 278 thousand).

(In thousands of Russian Roubles)	**Corporate shares**
Financial instruments at fair value at 31 December 2020	-
Addition	4 940 799
Financial instruments at fair value at 31 December 2021	**4 940 799**

The sensitivity of profit or loss to the changes of the fair value of corporate shares in the total amount of RR 3 908 773 thousand (31 December 2020: nil) categorized into Level 3 of the fair hierarchy to changes in the expected cash flows as at 31 December 2021 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 categorized into Level 3 of the fair hierarchy differ by plus/-minus ten percent, its fair value as at 31 December 2021 would be RR 103 203 thousand higher/lower.

Investment securities measuerd at FVOCI

(In thousands of Russian Roubles)	
Financial instruments at fair value at 31 December 2020	97 876
Net profit recognised in profit or loss	(7 138)
Acquisition	778 564
Reclassification to associate	(300 912)
Financial instruments at fair value at 31 December 2021	**568 390**

(In thousands of Russian Roubles)	
Financial instruments at fair value at 31 December 2019	-
Acquisition	97 876
Financial instruments at fair value at 31 December 2020	**97 876**

In the event that underlying cash flows from the shares measuerd at FVOCI categorized into Level 3 of the fair hierarchy differ by plus/-minus ten percent, its fair value as at 31 December 2021 would be 56 839 thousand higher/lower (31 December 2020: 9 788 thousand higher/lower).

Loans to customers

The following table shows a reconciliation for the years ended 31 December 2021 and 31 December 2020 for loans to customers fair value measurements in Level 3 of the fair value hierarchy:

(In thousands of Russian Roubles)	**Corporate**
Financial instruments at fair value at 31 December 2020	1 612 054
Net profit recognised in profit or loss	11 283
Redemption	(66 675)
Conversion	(430 579)
Issues	1 519 400
Financial instruments at fair value at 31 December 2021	**2 645 483**

(In thousands of Russian Roubles)	**Corporate**
Financial instruments at fair value at 31 December 2019	65 382
Net profit recognised in profit or loss	74 248
Redemption	(49 850)
Issues	1 522 274
Financial instruments at fair value at 31 December 2020	**1 612 054**

The extent that interest rate on certain loans to customers in the total amount of RR 386 640 thousand (31 December 2020: 511 589 thousand) categorized into Level 3 of the fair hierarchy differ by plus/minus one percent, its fair value as at 31 December 2021 would be RR 3 828/3 905 thousand lower/ higher (31 December: RR 2 636/2 677 thousand lower/ higher).

The sensitivity of profit or loss to the changes of the fair value of certain loans to customers in the total amount of RR 2 258 843 thousand (31 December 2020: 1 100 465 thousand) categorized into Level 3 of the fair hierarchy to changes in the recovery rates at default as at 31 December 2020 is not significant as the effect will be netted by changes of the fair valued of the notes issued with these loans as underlying assets.

The following tables analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2021 and 31 December 2020:

(In thousands of Russian Roubles)	**Level 1**	**Level 2**	**Level 3**	**Total fair values**	**31 December 2021 Total carrying amount**
Assets					
Receivables under resale agreements	-	89 580 784	-	89 580 784	89 332 334
Investment securities measured at amortized cost	64 538 406	-	99 976	64 638 382	67 301 991
Loans to customers at amortised cost	-	-	34 456 178	34 456 178	34 563 612
Liabilities					
Payables under repurchase agreements	-	92 657 769	-	92 657 769	92 431 749
Current accounts, deposits and borrowings	-	46 054 158	-	46 054 158	46 093 043

(In thousands of Russian Roubles)	**Level 1**	**Level 2**	**Level 3**	**Total fair values**	**31 December 2020 Total carrying amount**
Assets					
Receivables under resale agreements	-	74 188 983	-	74 188 983	74 130 837
Investment securities measured at amortized cost	35 773 354	-	-	35 773 354	35 634 753
Loans to customers at amortised cost	-	-	30 502 484	30 502 484	30 233 245
Liabilities					
Payables under repurchase agreements	-	31 130 728	-	31 130 728	30 768 029
Current accounts, deposits and borrowings	-	45 277 554	-	45 277 554	45 359 501

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.

28 Commitments and contingencies

Credit related commitments

The Group has outstanding credit related commitments to extend loans. These credit related commitments take the form of approved loans and credit line limits and overdraft facilities.

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

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

The contractual amounts of credit related commitments are set out in the following table by category. The amounts reflected in the table for credit related commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees represent the maximum accounting loss that would be recognised at the reporting date if the counterparties failed completely to perform as contracted.

(In thousands of Russian Roubles)	**31 December 2021**	**31 December 2020**
Contracted amount		
Financial guarantees	6 823 950	6 032 129
Undrawn credit lines to corporate clients	5 318 067	4 662 705
Undrawn credit lines to banks	16 808	17 387
Undrawn overdraft facilities	73 967	77 087
Total financial commitments	**12 232 792**	**10 789 308**
Non-financial guarantees	17 828 713	19 115 780
Undrawn guarantee limits	10 827 758	6 681 299
Total non-financial commitments	**28 656 471**	**25 797 079**

Movements in the loss allowance for the financial guarantees during the years ended 31 Decemder 2021 and 31 Decemder 2020 were as follows:

(In thousands of Russian Roubles)	12-month ECL	Lifetime ECL not-credit impaired	Lifetime ECL credit-impaired	Total
Loss allowance at 31 December 2020	(91 934)	(9)	(12)	(91 955)
(Charge)/ recovery of loss allowance	(23 787)	9	12	(23 766)
Loss allowance at 31 December 2021	**(115 721)**	**-**	**-**	**(115 721)**

(In thousands of Russian Roubles)	12-month ECL	Lifetime ECL not-credit impaired	Lifetime ECL credit-impaired	Total
Loss allowance at 31 December 2019	(14 455)	-	(25 731)	(40 186)
(Charge)/recovery of loss allowance	(77 479)	(9)	25 719	(51 769)
Loss allowance at 31 December 2020	**(91 934)**	**(9)**	**(12)**	**(91 955)**

The following table sets out information about the credit quality of financial guarantee and undrawn credit facilities as at 31 December 2021 and as at 31 December 2020:

	31 December 2021		31 December 2020			
(In thousands of Russian Roubles)	12-month ECL	Total	12-month ECL	Lifetime ECL not-credit impaired	Lifetime ECL credit-impaired	Total
Financial guarantees	**6 823 950**	**6 823 950**	**6 032 129**	**-**	**-**	**6 032 129**
BBB+ to BBB-	2 259					
BB+ to BB-	5 897 120	**5 897 120**	5 802 129	-	-	**5 802 129**
B+ to B-	924 571	**924 571**	230 000	-	-	**230 000**
Undrawn credit lines to corporate clients	**5 318 067**	**5 318 067**	**4 312 705**	**350 000**	**-**	**4 662 705**
BBB- to BBB+	400 000	**400 000**	100 000	-	-	**100 000**
BB+ to BB-	4 918 067	**4 918 067**	4 139 650	-	-	**4 139 650**
B+ to B-	-	-	73 055	350 000	-	**423 055**
Undrawn credit lines to banks	**16 808**	**16 808**	**17 387**	**-**	**-**	**17 387**
B+ to B-	16 808	**16 808**	17 387	-	-	**17 387**
Undrawn credit lines to individuals	**73 967**	**73 967**	**77 030**	**28**	**29**	**77 087**
Total financial guarantees and undrawn credit lines	**12 232 792**	**12 232 792**	**10 439 251**	**350 028**	**29**	**10 789 308**
Loss allowance	(115 721)	(115 721)	(91 934)	(9)	(12)	(91 955)

The total outstanding contractual credit related commitments above do not necessarily represent future cash requirements, as these credit related commitments may expire or terminate without being funded. The majority of loan and credit line commitments do not represent an unconditional credit related commitment by the Group.

Obligations for future repairs and maintenance

In relation to investment properties at 31 December 2021 and 31 December 2020 the Group had no unprovided contractual obligations for future repairs and maintenance.

Assets in trust management

Assets in trust management and under custody of the Group are not assets of the Group and therefore are not recognised in the consolidated statement of financial position. The Group is not exposed to any credit risk relating to such placements, as it does not guarantee these investments.

Litigation

As at 31 December 2021 and 31 December 2020, the Group is the defendant in legal proceedings with a client of the Group (the Plaintiff). The pending litigation is still at early stage. In case that the Plaintiff is successful in the claim, the maximum amount that can be awarded is approximately US$2,6 mln (RR 194 008 thousand) plus interest.

In the context of the pending legal process, the Plaintiff has secured an injunction order, by virtue of which the amount of US$2.6 mln (RR 194 008 thousand) has been frozen as a security for the Plaintiff's claim until the final judgement of the case. This decision of the District Court is currently under the appeal by the Group.

No provision has been recognized in these consolidated financial statements in relation to this litigation. Management's decision is based on the assessment and the probability of the outcome provided by its legal advisors, which are of the opinion that the Group has fair prospects in defending the Action.

Taxation contingencies

The Group operates in various tax jurisdictions, primarily representing the Russian Federation and Cyprus. The taxation system in the Russian Federation continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities. From time to time, the Group adopts interpretations of such uncertain areas that reduce the overall tax rate of the Group. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive and substance-based position in their interpretation and enforcement of tax legislation. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on on the financial position, if the authorities were successful in enforcing their interpretations, could be significant.

Starting from 1 January 2012 new transfer pricing rules came into force in Russia. These provide the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controllable transactions if their prices deviate from the market range or profitability range. According to the provisions of transfer pricing rules, the taxpayer should sequentially apply five market price determination methods prescribed by the Tax Code.

Tax liabilities arising from transactions between companies are determined using actual transaction prices. It is possible, with the evolution of the interpretation of transfer pricing rules in the Russian Federation and changes in the approach of the Russian tax authorities, that such transfer prices could be challenged. Since the current Russian transfer pricing rules became effective relatively recently, the impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

Insurance

In some of the jurisdictions of operation, e.g. in the Russian Federation, the insurance industry is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group does not have full coverage for its business interruption, or third party liability in respect of property or environmental damage arising from accidents on Group property or relating to Group operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on operations and financial position.

29 Leases

The Group as lessee

The Group lease office premises and equipment. The leases typically run for a period 1-5 years with an option to renew the lease (see Note 21).

The Group leases IT equipment, parking places, small office premises with contract terms of 11 months. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

(In thousands of Russian Roubles)	**31 December 2021**	**31 December 2020**
Maturity analysis - contractual undiscontinued cash flows		
Within 1 year	318 007	283 944
Between 1 and 5 years	655 851	699 622
More than 5 years	11 786	52 870
Total undiscontinued lease liabilities	**985 644**	**1 036 436**
Effect of discounting	(173 326)	(198 929)
Discounted lease liabilities recognised	**812 318**	**837 507**

The Group as lessor

The Group has entered into operating leases on its investment property portfolio consisting land and buildings (see Note 20).

Below is presented maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

(In thousands of Russian Roubles)	**31 December 2021**	**31 December 2020**
Due within 1 year	63 831	74 569
Due between 1 and 2 years	52 177	54 709
Due between 2 and 3 years	46 166	26 762
Due between 3 and 4 years	46 166	24 227
Due between 4 and 5 years	44 160	15 921
More than 5 years	18 848	15 921
Total operating lease commitments	**271 348**	**212 109**

30 Group entities

Investments funds

The Group acts as fund manager to a number of investment funds. Determining whether the Group controls such an investment funds usually focuses on the assessment of the aggregate economic interests of the Group in the funds (comprising any carried interests and expected management fees) and investors' rights to remove the fund manager. For all funds managed by the Group, the investors (whose number ranges from 300 to 1 000) are able to vote by simple majority to remove the Group as fund manager without cause, and the Group's aggregate economic interests in each case is less than 10 percent. As a result, the Group concluded that it acts as agent for the investors in all cases, and therefore has not consolidated these funds. See Note 1 for disclosure in respect of investment funds in which the Group has an interest.

Significant subsidiaries of the Group as at 31 December 2021 and 31 December 2020 are listed in Note 1.

31 Related party transactions

Control relationships

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

Transactions with the members of the Board of Directors and other key management personnel

Total remuneration included in personnel expenses for the years ended 31 December 2021 and 31 December 2020 for the key management personnel represented salaries and bonuses in the amount of RR 825 955 thousand and RR 518 689 thousand, respectively.

At 31 December 2021 and 31 December 2020, the outstanding balances for transactions with the key management personnel (excluding Oleg Mikhasenko) are as follows:

	31 December 2021			**31 December 2020**		
(In thousands of Russian Roubles)	*Board of Directors*	*Other key management personnel*	**Total**	*Board of Directors*	*Other key management personnel*	**Total**
Loans to customers	-	23 134	**23 134**	**-**	**25 854**	**25 854**
Loans to customers gross (unsecured)	-	23 240	**23 240**	-	25 983	**25 983**
Loss allowance	-	(106)	***(106)***	-	(129)	**(129)**
Customer brokerage accounts	(1)	(39 175)	**(39 176)**	(167)	(37 126)	**(37 293)**
Current accounts deposits and borrowings	(18)	(51 552)	**(51 570)**	(4 003)	(80 093)	**(84 096)**

The related profit and loss transactions with the key management personnel (excluding Oleg Mikhasenko) for the years ended 31 December 2021 and 31 December 2020 were as follows:

(In thousands of Russian Roubles)	**2021** *Board of Directors*	*Other key management personnel*	**Total**	**2020** *Board of Directors*	*Other key management personnel*	**Total**
Fee and commission income	210	288	**498**	11	909	**920**
Interest income calculated using the effective interest method	-	1 126	**1 126**	29	1 025	**1 054**
Interest expense	-	(144)	**(144)**	-	(1 241)	**(1 241)**
Loss allowance recovery	-	23	**23**	3	2 151	**2 154**

Turnover during 2021 and 2020 in brokerage accounts of the key management personnel was the following: RR 4 324 772 thousand increase and RR 4 306 166 thousand decrease of balance on brokerage account (2020: RR 6 961 349 thousand increase and RR 6 950 486 thousand decrease of balance on brokerage account).

Transactions with other related parties

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

At 31 December 2021 and 31 December 2020, the outstanding balances with the sole participant and other related parties were as follows:

(In thousands of Russian Roubles)	**31 December 2021** **Sole participant**	**Companies under common control or significant influence of the sole participant**	**Other parties**	**Total**
Cash and cash equivalents	-	-	559 085	**559 085**
Loss allowance	-	-	*(107)*	***(107)***
Loans to customers, gross	1 840 743	-	2 023 106	**3 863 849**
Loss allowance	(18 376)	-	(1 126 988)	**(1 145 364)**
Prepayments and other assets, gross	-	471	65	**536**
Loss allowance	-	-	(65)	**(65)**
Trading assets except derivatives	-	-	3 426 130	**3 426 130**
Customer brokerage accounts	(1)	(46 601)	(45)	**(46 647)**
Current accounts deposits and borrowings	(3 950)	(99 012)	(7 347)	**(110 309)**
Payables and other liabilities	-	(3 911)	-	**(3 911)**

(In thousands of Russian Roubles)	**31 December 2020** **Sole participant**	**Companies under common control or significant influence of the sole participant**	**Other parties**	**Total**
Loans to customers, gross	2 048 823	66 675	1 415 441	**3 530 939**
Loss allowance	(13 449)	-	(782 167)	**(795 616)**
Prepayments and other assets, gross	-	125	25 339	**25 464**
Loss allowance	-	(25)	(25 339)	**(25 364)**
Customer brokerage accounts	(1)	(110 413)	(144)	**(110 558)**
Current accounts deposits and borrowings	(18 550)	(26 843)	(8 946)	**(54 339)**

The related profit and loss transactions with the sole participant and other related parties for the years ended 31 December 2021 and 31 December 2020 were as follows:

(In thousands of Russian Roubles)	**2021** **Sole participant**	**Companies under common control or significant influence of the sole participant**	**Other parties**	**Total**
Fee and commission income	99	159	244	**502**
Interest income calculated using the effective interest method	14 676	-	13 709	**28 385**
Other interest income	9 184	324	-	**9 508**
Net trading income	-	-	2 650 351	**2 650 351**
Loss allowance recovery	-	25	25 274	**25 299**
Fee and commission expense	-	159	244	**403**
Other operating (loss)/income	(22 659)	-	2 888	**(19 771)**

(In thousands of Russian Roubles)	**2020** **Sole participant**	**Companies under common control or significant influence of the sole participant**	**Other parties**	**Total**
Fee and commission income	-	294	409	**703**
Interest income calculated using the effective interest method	28 744	-	44 403	**73 147**
Other interest income	9 139	4 686	-	**13 825**
Interest expense	-	(11)	-	**(11)**
Rental income from investment properties	-	279	128	**407**
Administrative and other operating expenses	(292)	(82)	-	**(374)**
Loss allowance recovery/(charge)	5 123	922	(33 605)	**(27 560)**
Fee and commission expense	-	(2 133)	(10 638)	**(12 771)**
Other operating income/(loss)	4 989	(39 247)	-	**(34 258)**

The average interest rates related to the outstanding balances with the realted parties as at 31 December 2021 and 31 December 2020 are as follows:

(In thousands of Russian Roubles)	**31 December 2021** **Board of Directors**	**Other key management**	**Sole participant**	**Companies under common control or significant influence of the sole participant**	**Other parties**
Loans to customers					
RUB	-	7,13%	-	-	8,72%
USD	-	-	1,00%	-	-
EUR	-	-	1,50%	-	-
Current accounts deposits and borrowings					
RUB	-	0,85%	-	-	-
USD	-	0,08%	-	-	-
EUR	-	-	-	-	-

(In thousands of Russian Roubles)	**31 December 2020** **Board of Directors**	**Other key management**	**Sole participant**	**Companies under common control or significant influence of the sole participant**	**Other parties**
Loans to customers					
RUB	-	7,11%	-	3,00%	8,33%
USD	-	-	1,00%	-	-
EUR	-	-	1,50%	-	-
Current accounts deposits and borrowings					
RUB	-	3,00%	1,21%	-	1,11%
USD	-	0,09%	-	-	-
EUR	-	-	-	-	-

32 Goodwill

Goodwill was acquired through business combination is allocated to CGU BCS «Wealth Management» (JSC), that was acquired on 19 December 2019.

The following table shows a reconciliation from opening to closing balance of goodwill for the years ended 31 December 2021 and 31 December 2020:

(In thousands of Russian Roubles)	
Goodwill at 31 December 2020	1 102 748
Impairment	-
Goodwill at 31 December 2021	**1 102 748**

(In thousands of Russian Roubles)	
Goodwill at 31 December 2019	1 471 543
Impairment	(368 795)
Goodwill at 31 December 2020	**1 102 748**

The Group performs impairment test of goodwill on an annual basis. As at 31 December 2021 no signs of goodwill's impairment were identified.
The Group's impairment test for goodwill is based on value-in-use calculations. The key assumption used by the Group for impairment testing of goodwill are presented in the table below:

Discount rate (The cost of capital as at 31 December 2021), %	12,0 %

As at 31 December 2021 the carring value of CGU would equal to its fair value in case of discount rate was 19,5%.

33 Associates

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

(In thousands of Russian Roubles)	**31 December 2021**
Assets	367 541
Liabilities	(68 293)
Equity	**299 248**
Group's share in equity – 28,35%	84 837
Group's carrying amount of the investment	**656 127**

(In thousands of Russian Roubles)	**For the year ended 31 December 2021**
Revenue from contracts with customers	67 070
Cost of sales	(15 773)
Administrative expenses	(175 489)
Loss before tax	**(124 192)**
Income tax expense	-
Loss for the year	**(124 192)**
Translation difference	(33 308)
Total comprehensive loss for the year	**(157 500)**
Group's share of loss for the year	**(44 651)**

The associate had no contingent liabilities or capital commitments as at 31 December 2021. No dividends were distributed during the year ended 31 Decemeber 2021 by Ginmon Gmbh.

The Group has a significant influence over companies which are immaterial for the Group.

34 Events after the reporting period

In recent months, following the commencement of military operations in Ukraine by the Russian Federation, additional severe sanctions were imposed by the United States of America, the European Union and some other countries on the Russian government, as well as major financial institutions and certain other entities and individuals in Russia. In addition, restrictions were introduced on supply of various goods and services to Russian entities. In response to the sanctions described above, the Russian government introduced certain currency control measures, the Russian Central Bank raised its key rate to 20%. In April-May 2022 the Russian Central Bank eased restrictions and lowered the rate to 11%.

The Group's management has made an assessment of the potential impact of these events. The assessment has been made on the basis of information currently available, but contains uncertainties depending on further developments, the impact of which on the financial performance of the Group at the date of approval of the financial statements is not possible to estimate. Management believes that the Group will be able to continue as a going concern and there is no significant uncertainty regarding its ability to continue as a going concern, and management will take all practicable steps to mitigate the expected adverse effects of these events.

As at the date of signing of these financial statements the Group has sufficient capital capacity, financial resources and continue to perform all obligations including coupon payments per notes issued, derivative contracts. However Russian holders of securities may experience difficulties in receivivng payments in clearing systems due to the imposed restrictions on various levels.

The subsidiary BCS Prime Brokerage Limited incorporated in United Kingdom suspended its operations and invoked the Recovery Plan. On 09 May 2022, following a Board decision after careful consideration of all known factors, the Company exited the Recovery stage after taking into account the following main items:

- the substantial progress made, with minimal losses to date, with deleveraging the balance sheet;
- achieving financial stability, and the absence of any current risk of insolvency;
- residual risks considered to be manageable, and to be addressed within the normal functioning of BCS Prime Brokerage Limited;
- growing demand for, and ability of BCS Prime Brokerage Limited to provide services to support clients in the current and future complex environment related to Russian markets.

Management of the Group is currently developing changes in its business model that could allow to mitigate the mentioned above negative consequences of the sanctions.

Liquidity risk

Based on analysis of the current liquidity position, the Group has sufficient liquidity surplus to meet its obligations to counterparties.

Other price risk

Company’s exposure to other price risk is limited as significant part of trading portfolio represents hedge for notes issued and structured derivatives.

Management performed stress test analysis, which includes different scenarios of securities market trends based on the historical data of market volatility in crisis periods.

Stress tests shows that the Group has enough capital to cover potential losses on revaluation of trading securities and derivatives portfolios.

Interest rate risk

Interest rate risk is managed by maintaining a balanced structure of assets and liabilities and a system of limits. This policy limits the possible effect of changes in interest rates on the income and on the value of assets and liabilities that are sensitive to changes in interest rates.

Significant part of the Group’s interest-bearing liabilities is due to the companies under control of ultimate shareholder, so interest rate risk is mainly managed at the consolidated Group level.

Credit risk

The negative impact on the Russian economy is also likely to increase the credit risk for many counterparties and result in significant additional amount of expected credit losses being recognised; however, the financial effect is difficult to quantify.