Translation from the Russian original

Joint-Stock Company "REALIST BANK" and its Subsidiary

Consolidated Financial Statements and Auditor's Report for the year ended 31 December 2023

Moscow 2024

Contents

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Joint-Stock Company "Realist Bank"

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Joint-Stock Company "Realist Bank " (the Bank) (OGRN 1023800000124) and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements for the year ended 31 December 2023, comprising material accounting policy information and other explanatory information.

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

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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Independence Rules for Auditors and Audit Organisations and the Code of Professional Ethics for Auditors adopted in the Russian Federation which comply with the International Code of Ethics for Professional Accountants (including International Independence Standards) developed by the International Ethics Standards Board for Accountants (IESBA), and we have fulfilled our other responsibilities in accordance with these requirements of professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

ECL allowances for loans to legal entities and individuals

This matter is the key audit matter due to complexity and necessity to apply judgments by the Group's management for measurement of expected credit losses under IFRS 9 *Financial Instruments* (IFRS 9).

We addressed this key audit matter as follows:

- analysed the main aspects of the Group's methodology and policies used to estimate the ECL allowance for loans to legal entities and individuals;
- reviewed the Group's approach to assessing the forward-looking information and macroeconomic inputs and assumptions underlying the estimation of the ECL allowance for loans to legal entities and individuals;

- tested, on a sample basis, loans to legal entities and individuals for the adequacy of the borrower rating assigned (taking into account a possible impact of the mounting geopolitical tensions) and checked the inputs for the purpose of ECL allowance calculation, as well as correctness of the loans classification in appropriate stages;
- checked the completeness and correctness of disclosures in the notes to the consolidated financial statements.

Information on ECL allowances for loans to legal entities and individuals is disclosed in Note 4 “Material Accounting Policy Information” and Note 8 “Loans and Receivables” to the consolidated financial statements.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 25 April 2023.

Responsibilities of Management and the Bank’s Board of Directors for the Consolidated Financial Statements

The Chairman of the Bank’s Board (management) is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Bank’s Board of Directors is responsible for overseeing the Group’s consolidated financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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:

a) 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.

b) 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.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within 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 Bank's 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.

From the matters communicated with the Bank's Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report in compliance with requirements of Article 42 of Federal Law No. 395-1 of 2 December 1990 "On Banks and Banking Activity"

Management of the Bank is responsible for the Group's compliance with the mandatory ratios set by the Central Bank of the Russian Federation (the Bank of Russia) and for compliance of the Group's internal control and organisation of its risk management systems with the requirements established by the Bank of Russia in respect of these systems.

In accordance with Article 42 of Federal Law No. 395-1 of 2 December 1990 "On Banks and Banking Activity", we have examined the following in the course of the audit of the Group's consolidated financial statements for the year 2023:

– the Group's compliance as at 1 January 2024 with the mandatory ratios set by the Bank of Russia; and

– compliance of the Group's internal control and organisation of its risk management systems with the requirements established by the Bank of Russia for these systems.

The examination was limited to procedures selected on the basis of our judgment, such as inquiries, analysis, examination of documents, comparison of the requirements, procedures and methodologies approved by the Bank with the requirements set forth by the Bank of Russia, as well as recalculation and comparison of amounts and other information.

We report the following based on our examination:

1. Regarding the Group's compliance with the mandatory ratios established by the Bank of Russia:

   - as at 1 January 2024, the Group's mandatory ratios set by the Bank of Russia were within the limits set by the Bank of Russia.

   We have not performed any procedures with respect to the Group's accounting data, except for the procedures we considered necessary to enable us to express an opinion as to whether the Group's consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRSs.

2. Regarding compliance of the Group's internal control and organisation of its risk management systems with requirements established by the Bank of Russia in respect of such systems:

   a) in accordance with the requirements and recommendations issued by the Bank of Russia as at 31 December 2023, the Bank's Internal Audit Department was subordinated and accountable to the Bank's Board of Directors, and the Bank's risk management divisions were not subordinated and accountable to the departments assuming the respective risks; the heads of the Internal Audit Department and the risk management divisions of the Bank meet the competence requirements set forth by the Bank of Russia;

b) the Bank's internal documents effective as at 31 December 2023, which establish the methodologies for identifying and managing the Group's significant credit, operational, market, interest rate, concentration, liquidity and reputational risks and for stress testing were approved by the authorised management bodies of the Bank in accordance with the requirements and recommendations issued by the Bank of Russia;

c) as at 31 December 2023, the Bank's internal documents establish a system of reporting on the Bank's significant credit, operational, market, interest rate, concentration, liquidity and reputational risks, and on the Bank's equity (capital);

d) the periodicity and consistency of reports prepared by the Bank's risk management divisions and Internal Audit Department during 2023 on the Group's credit, operational, market, interest rate, concentration, liquidity and reputational risks management were in compliance with the Bank's internal documentation. Those reports included observations of the Bank's risk management divisions and Internal Audit Department on the effectiveness of the Bank's respective methodologies and recommendations for their improvement;

e) as at 31 December 2023, the authority of the Bank's Board of Directors and its executive bodies included control over the Group's compliance with the risk limits and equity (capital) adequacy ratios established by the Bank's internal documents. For the purpose of monitoring the efficiency of, and consistency in, applying the Group's risk management procedures during 2023, the Bank's Board of Directors and executive bodies discussed on a regular basis the reports prepared by the Bank's risk management divisions and Internal Audit Department, and considered the proposed measures to eliminate weaknesses.

Our procedures related to the Group's internal control and organisation of its risk management systems were performed solely for the purpose of determining whether the Group's internal control and organisation of risk management systems comply with requirements set forth by the Bank of Russia in respect of such systems.

The Auditor in Charge of the audit resulting in this independent auditor's report (the Engagement Partner on the audit), principal registration number of the entry in the State Register of Auditors and Audit Organisations 22006016065, acting on behalf of the audit organisation under Power of Attorney No. 6-01/2024-Ю dated 1 January 2024

Anton Vladimirovich Efremov

Audit organisation:
Unicon Joint Stock Company
Suite 50, Office I, 3rd Floor, Section 11, Block 1, Bldg. 125, Warshavskoye Shosse, Moscow, 117587, Russia
Principal Registration Number of the Entry in the State Register of Auditors and Audit Organisations: 12006020340

19 April 2024

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Statement of Management's Responsibilities for the Preparation and Approval of the Consolidated Financial Statements for the Year Ended 31 December 2023

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's report, is made with a view to distinguishing the respective responsibilities of management of JSC "REALIST BANK" Group (the Group) and those of the independent auditor in relation to the consolidated financial statements of the Group.

The Group's management is responsible for the preparation of the consolidated financial statements that present fairly the financial position of the Group as at 31 December 2023, the results of its operations, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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

- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether IFRS have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- Preparing the consolidated financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Group;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- Maintaining statutory accounting records of the Group in compliance with legislation and accounting standards of the Russian Federation;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Detecting and preventing fraud and other irregularities.

On behalf of the Group's management the consolidated financial statements for the year ended 31 December 2023 were authorised for issue on 19 April 2024 by:

Chairman of the Management Board
V.S.Elmanin

19 April 2024

Chief Accountant
E.A. Gorbyleva

(in thousands of Russian Roubles)

Translation from the Russian original

Consolidated Statement of Financial Position as at 31 December 2023

	Note	As at 31 December 2023	2022
Assets			
Cash and cash equivalents	5	4 417 762	5 637 648
Mandatory cash balances with the Central Bank of the Russian Federation		32 743	21 670
Financial assets at fair value through profit or loss	6	1 362 314	1 350 499
Due from other banks	7	4 844 004	4 324 665
Loans and receivables	8	20 754 930	12 262 280
Goodwill		10 647	-
Premises and equipment, intangible assets and right-of-use assets	9	161 635	215 954
Non-current assets classified as held for sale		155 607	228 906
Other assets	11	707 538	187 224
Total assets		**32 447 180**	**24 228 846**
Liabilities			
Due to banks		500 571	-
Customer accounts	12	23 232 978	16 447 520
Debt securities issued	13	160 595	623 864
Financial liabilities at fair value through profit or loss		-	20 545
Current income tax liabilities		2 770	64 866
ECL allowances for credit related commitments		321 018	624 037
Non-credit related commitments		-	4
Deferred tax liability		398	-
Other liabilities	14	2 501 937	1 850 754
Total liabilities		**26 720 267**	**19 631 590**
Equity			
Share capital		1 456 548	1 456 548
Other shareholders' investments		1 999 600	1 999 600
Retained earnings		2 270 765	1 141 108
Total equity		**5 726 913**	**4 597 256**
Total liabilities and equity		**32 447 180**	**24 228 846**

Approved for issue and signed on behalf of JSC "REALIST BANK" Group on 19 April 2024.

Chairman of the Management Board V.S.Elmanin	Chief Accountant E.A. Gorbyleva

Notes 1 to27 form an integral part of these consolidated financial statements

(in thousands of Russian Roubles)

Translation from the Russian original

Consolidated Statement of Comprehensive Income for the year ended 31 December 2023

	Note	For the year ended 31 December 2023	2022
Interest income	16	4 033 987	2 701 736
Interest expense	16	(1 551 295)	(896 566)
Net interest income		**2 482 692**	**1 805 170**
Change in ECL allowances for loans and receivables	7,8	(1 316 323)	(1 143 617)
Net interest income after changes in ECL allowances for loans and receivables		**1 166 369**	**661 553**
Fee and commission income	17	935 674	783 913
Fee and commission expense	17	(526 122)	(364 096)
Gains less losses arising from financial assets at fair value through profit or loss		(279 403)	388 642
Net gain from dealing in foreign currency		441 459	(72 985)
Net foreign exchange translation gain		99 644	436 354
Net gain arising from operations with precious metals		434 729	72 568
Net gain from revaluation of precious metals		176 834	227 924
Change in ECL allowances for credit related commitments		303 023	(137 596)
Change in provisions for impairment of other assets		41 157	(33 383)
Change in ECL allowances for non-credit related commitments		-	(4)
Other operating income	18	163 097	172 505
Net income		**2 956 461**	**2 135 395**
Administrative and other operating expenses	19	(1 806 438)	(1 343 700)
Income before tax		**1 150 023**	**791 695**
Income tax expense	20	(20 576)	(232 508)
Net profit		**1 129 447**	**559 187**
Other comprehensive income		**-**	**-**
Comprehensive income for the period		**1 129 447**	**559 187**

Approved for issue and signed on behalf of JSC "REALIST BANK" Group on 19 April 2024.

Chairman of the Management Board
V.S.Elmanin

Chief Accountant
E.A. Gorbyleva

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Consolidated Statement of Changes in Equity for the year ended 31 December 2023

	Share capital	Other shareholders' investments	Retained earnings	Total equity
Balance as at 31 December 2021	**1 456 548**	**1 999 600**	**581 921**	**4 038 069**
Comprehensive income for the period	-	-	559 187	559 187
Profit distribution	-	-	-	-
Balance as at 31 December 2022	**1 456 548**	**1 999 600**	**1 141 108**	**4 597 256**
Comprehensive income for the period	-	-	1 129 447	1 129 447
Profit distribution	-	-	210	210
Balance as at 31 December 2023	**1 456 548**	**1 999 600**	**2 270 765**	**5 726 913**

Approved for issue and signed on behalf of JSC "REALIST BANK" Group on 19 April 2024.

Chairman of the Management Board
V.S. Elmanin

Chief Accountant
E.A. Gorbyleva

Notes 1 to 27 form an integral part of these consolidated financial statements

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Consolidated Statement of Cash Flows for the year ended 31 December 2023

	For the year ended 31 December	
	2023	2022
Cash flows from operating activities		
Interest received	4 004 281	2 765 342
Interest paid	(1 455 042)	(902 667)
Fees and commisions received	935 674	783 913
Fees and commisions paid	(526 122)	(364 096)
Net (loss) gain arising from financial assets at fair value through profit or loss	(247 410)	348 832
Net gain (loss) from dealing in foreign currency	876 188	(72 985)
Other operating income received	163 097	325 739
Administrative and other operating expenses paid	(1 636 950)	(1 473 875)
Income tax paid	(82 274)	(206 625)
Cash provided by operating activities before changes in operating assets and liabilities	**2 031 442**	**1 203 578**
Changes in operating assets and liabilities:		
Net (increase)/decrease in mandatory cash balances with the Central Bank of the Russian Federation	(11 073)	75 358
Net (increase)/decrease in financial assets at fair value through profit or loss	(72 423)	98 660
Net increase in due from other banks	(693 155)	(2 411 932)
Net increase in loans to customers	(9 526 798)	(1 940 219)
Net increase in other assets	(232 038)	(182 146)
Net increase/(decrease) in due to banks	500 571	(51)
Net increase in customer accounts	5 740 713	3 824 280
Net increase in other liabilities	638 625	744 841
Net cash (used in)/provided by operating activities	**(1 624 136)**	**1 412 369**
Cash flows from investing activities		
Purchase of premises and equipment and intangible assets (Note 9)	(40 083)	(9 660)
Acquisition of participating interests in other entities	(69 688)	-
Net cash (used in)/provided by investing activities	**(109 771)**	**(9 660)**
Cash flows from financing activities		
Net increase/(decrease) in debt securities issued	(449 471)	217 109
Repayment of finance lease liabilities	(108 689)	(98 579)
Net cash (used in) provided by financing activities	**(558 160)**	**118 530**
Effect of the CBR official exchange rate changes on cash and cash equivalents	1 067 635	834 660
Net(decrease)/increase in cash and cash equivalents	**(1 224 432)**	**2 355 899**
Cash proceeds from acquisition of a subsidiary (Note 1)	**4 546**	-
Cash and cash equivalents at the beginning of the year	**5 637 648**	**3 281 749**
Cash and cash equivalents at the end of the year (Note 5)	**4 417 762**	**5 637 648**

Approved for issue and signed on behalf of JSC "REALIST BANK" Group on 19 April 2024.

Chairman of the Management Board	Chief Accountant
Elmanin V.S.	Gorbyleva E.A.

Notes 1 to 27 form an integral part of these consolidated financial statements

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Notes to the consolidated financial statements for the year ended 31 December 2023

1. Principal activity

These consolidated financial statements include the financial statements of JSC "REALIST BANK" (hereinafter — the Bank) and its subsidiary LLC "First Factoring Company" (hereinafter jointly— the Group).

The Group was established on 31 March 2023 as a result of acquisition by JSC "REALIST BANK" (the Parent company of the Group) of 100% of shares in the share capital of LLC "First Factoring Company".

Joint-Stock Company "Realist Bank" was formed as the unit bank "Angarsky" on 5 December 1990. In 1993, the Bank was transformed into a closed joint stock company. In 1998, the Bank changed its organisational and legal form and the name to Joint Stock Commercial Bank "BaikalONEKSIM Bank" (open joint stock company), and then to Commercial Bank "BaikalROSBANK" (open joint stock company). On 5 March 2007, the Bank was renamed into Joint Stock Company "BaikalInvestBank".

Reorganisation of JSC "BaikalInvestBank" was completed on 7 May 2020, when JSC "BANK REALIST" merged into it. From that moment, all rights and obligations of JSC "BANK REALIST" were transferred to JSC "BaikalInvestBank". The merger of JSC "BANK REALIST" was recorded using the pooling of interests method, as a business combination transaction involving banks under common control. Assets and liabilities of JSC "BANK REALIST" transferred were recorded at their book values as at the date of merger. No additional goodwill was recorded. In accordance with the resolution of the general meeting of the Bank's shareholders as at 29 July 2020, the name of the Bank was changed to Joint-Stock Company "Realist Bank" (JSC "REALIST BANK").

The Bank operates in accordance with the Federal Law "On Banks and Banking Activities". The Bank's operations are regulated by the Central Bank of Russian Federation in accordance with universal license to carry out banking operations No. 1067 of 14.09.2020.

Additionally, the Bank operates in accordance with the following licenses:

- License for attraction of deposit resources of individuals in Russian Roubles and foreign currency;
- License for attraction and placement of precious metals in deposits;
- License of the professional participant of the securities market for brokerage, dealing and depository activities.

The Bank is a universal bank providing a full range of banking services to corporate customers of various forms of incorporation and fields of activity and to individuals. The principal activity of the Bank is to conduct banking operations in the Russian Federation: lending to legal entities and individuals, attraction of deposit resources, cash management and payment services for customers, operations with precious metals, operations with foreign currencies and securities, settlements on export/import transactions of customers.

The Bank has been a member of the compulsory deposit insurance system regulated by the State Corporation "Deposit Insurance Agency" since 14 March 2005 under number 761.

The Bank is located at the following address: bldg.4, block 1, Stanislavskogo St., Moscow 109004, Russia. As at 1 January 2023, the Bank has 38 internal structural divisions in 35 regions of the Russian Federation.

The Group is a member of a banking holding company. The parent company of the holding company is LLC "BUROKRAT".

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During 2022-2023 the main participants of the LLC "BUROKRAT" were:

Participant	Interest as at 31.12.2023	Interest as at 31.12.2022
Mr. Vladislav Rustamovich Mangutov	33.33%	33.33%
Mr. Aleksey Petrovich Abramov	33.33%	33.33%
Mr. Oleg Gennadievich Karchev	32.33%	32.33%
LLC "M-INVEST"	1.00%	1.00%

The ultimate controlling party of the Group is Oleg Gennadievich Karchev.

LLC "First Factoring Company" was acquired in March 2023, it is engaged in provision of factoring services. The fair value of net assets at the acquisition date is presented below:

Assets	Value as at 31.03.2023
Cash and cash equivalents	4 546
Loans and receivables	195 845
Premises and equipment, and intangible assets	411
Other assets	6 484
Total assets	**207 286**
Liabilities	
Customer accounts	122 886
Other liabilities	25 359
Total liabilities	**148 245**
Total net asset value	**59 041**
Acquisition cost	69 688
Goodwill related to the acquisition	**10 647**

2. Economic environment in which the Group operates

The Group operates in the Russian Federation ("Russia"). Consequently, the Group is exposed to economic and financial risks attributed to the Russian markets, which display certain characteristics of an emerging market. Legal, tax and regulatory framework continues to improve but allows for different interpretations and is subject to frequent changes, which, together with other deficiencies of the legal and fiscal systems, give rise to additional difficulties for enterprises operating in the Russian Federation. Persisting international sanctions against some Russian companies and citizens continue to have a negative impact on the Russian economy.

These trends may have a material effect on the operating results and financial situation of the Group in the future, and it is difficult to predict exactly their impact. The future economic and regulatory environment and its impact on the Group's operating results may differ from the management's current expectations . In addition, such factors, as a decrease in household real disposable incomes, decline in liquidity and profitability of companies, as well as growing insolvencies among legal entities and individuals, may affect the ability of the Group's borrowers to repay their debts to the Group.

In 2023, the ongoing conflict stemming from Ukraine and the resulting escalation of geopolitical tensions impacted the economy of the Russian Federation. During the conflict, inter alia, in 2023, the European Union, the United States and a number of other countries imposed new sanctions on certain Russian state-owned and commercial organisations, including banks, individuals and specific sectors of the economy, as well as introduced restrictions on certain types of transactions, including blocking of funds in foreign bank accounts and blocking of payments on eurobonds of the Russian Federation and Russian companies. Some international companies have announced the suspension of operations in Russia or cessation of product

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supplies to Russia. These events triggered increased volatility in the securities and currency markets. Temporary restrictive economic measures have been introduced in the Russian Federation, including, inter alia, a ban on residents providing loans to non-residents in foreign currency, residents crediting foreign currency to their accounts with foreign banks, restrictions on payments on securities to foreign investors, restrictions on performing transactions with persons from certain foreign countries. Measures were also taken to support Russian business - Russian issuers were able to issue local "replacement" bonds in a simplified manner as a substitute for the issued blocked eurobonds.

In response to increased volatility in financial markets and growing inflationary risks, the Bank of Russia raised its key rate to 20% at an extraordinary meeting in February 2022, but by the end of 2023 the key rate settled at 16%.

Overall, the economy got adapted to the current geopolitical realities, largely, having accomplished "the turn to the east", thereby spurring growth of domestic production. According to Rosstat, GDP growth in 2023 amounted to 3.6%, whereas by the end of 2022, GDP fell by 2.1% y-o-y.

Russia's GDP in 2023, according to preliminary estimate, increased by 3.30% (after a 2.10% decrease in 2022). The actual GDP for 2023 has not been published yet. The GDP for the 3rd quarter of 2023 increased by 5.50%, for the 2nd quarter of 2023 – by 4.90%, whereas for the 1st quarter of 2023 it decreased by 1.80%.

In 2023, Russian inflation demonstrated high volatility. Inflation spike registering 11.77% occurred in January, but at the end of the year inflation decreased to 7.42%. Based on the results of the 1st, 2nd and 3rd quarters of 2023, the CPI amounted to 3.51%, 3.25% and 6.00%, accordingly.

The inflation indices for the last five years are given in the table below:

Year ended	Inflation for the period
31 December 2023	7.42%
31 December 2022	11.92%
31 December 2021	8.39%
31 December 2020	4.91%
31 December 2019	3.05%

The price of Brent crude oil in 2023 declined by 10.46%, from USD 87.46 to USD 78.31 per barrel. The exchange rate of the Russian Rouble during 2023 was extremely volatile: fluctuations were observed in the range from RUB 67 to RUB 101 per dollar. In 2023, the rouble exchange rate against the US dollar weakened by 27.51% from RUB 70.3375 to RUB 89.6883. However, in the 4th quarter of 2023, the rouble exchange rate against the US dollar strengthened by 7.93% from RUB 97.4147 to RUB 89.6883 per dollar. Rouble appreciation was caused by many factors, primarily, by the foreign trade balance, namely growing trade surplus. Also, the Decree of the RF President on mandatory sale of most of the exporters' proceeds and the tough monetary policy of the Bank of Russia facilitated rouble appreciation.

Russian stock indices in 2023 demonstrated the following trends: the MICEX index increased by 43.87% from 2 154.12 to 3 099.11 points, and the RTS index grew by 11.51% from 971.60 to 1 083.48 points.

The year 2023 became a year of recovery for the Russian economy after the 2022 crisis. The key trend of the Russian economy in 2023 was active budget support of major state-owned sectors relating to the defence industry, import substitution, and logistics. This particular effort was behind the Russian economy's rebound.

The sanctions-driven policy of Western countries remained unchanged, as new restrictive measures were introduced throughout the year. The most significant were the oil embargo and the oil price cap,

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prohibiting the purchase of Russian oil at the price over USD 60 per barrel. The introduction of these measures had an immediate and noticeable negative effect: Russia's oil and gas revenues substantially decreased. As a result of lower volumes and export prices, Russian oil and gas revenues fell by about 23.00% year-on-year.

Apart from the sanctions, budget revenues from oil exports were also affected by contracting extraction. Throughout 2023, Russia reduced oil production and exports several times.

To finance budget expenditures, the government actively increased domestic public debt. In 2023, domestic public debt rose, according to various estimates, by 11.60% to RUB 25.5 trillion.

To combat growing rouble depreciation, in early October 2023 the President of the Russian Federation signed a decree on mandatory sale of exporters' foreign currency earnings. This measure proved to be more than effective, making it possible to stop depreciation and stabilise the rouble exchange rate.

To stabilise the economic situation and ease the inflationary pressure on the economy, the Bank of Russia repeatedly revised the key rate in 2023. The CBR key rate at the beginning of the year was 7.5%. The rate hiking cycle to combat the rouble depreciation started from 24 July 2023, so by the end of 2023 the CBR key rate settled at 16.00%.

3. Basis for preparing financial statements

The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS). The Group maintains its accounting records in accordance with the applicable legislation of the Russian Federation. These consolidated financial statements have been prepared on the basis of those accounting records and adjusted as necessary in order to comply, in all material respects, with IFRS.

The preparation of IFRS financial statements requires the application by the management of estimates and professional judgments that affect the amounts recognised in the financial statements. The areas where the effects of judgment and estimates on the consolidated financial statements are most significant are disclosed in Note 26.

These consolidated financial statements have been prepared on a going concern basis.

The accounting policies adopted are consistent with those followed in the previous financial year, except for the application by the credit institution of the new, revised IFRSs that are mandatory for adoption in the annual periods beginning on or after 1 January 2023.

These consolidated financial statements include all IFRS effective by the end of the reporting period.

Accounting for effects of hyperinflation. Until 1 January 2003, the economy of the Russian Federation was hyperinflationary. Therefore, non-monetary assets and liabilities incurred prior to 31 December 2002, and contributions of the Group's participants made prior to 31 December 2002 were restated using corresponding cumulative inflation rates to the historical cost ("restated cost") for the period ended 31 December 2002, inclusive. Gains and losses on subsequent disposals and depreciation charges for the reporting period are recognised based on the restated amounts of such non-monetary assets and liabilities.

As the economic situation in Russia indicates that hyperinflation ceased since 1 January 2003, the Group no longer applies IAS 29, limiting itself to reflecting the cumulative effect of hyperinflation on non-monetary items of the consolidated financial statements until 31 December 2002.

Functional and presentation currency. The functional currency of the Group is the Russian rouble. These consolidated financial statements are presented in Russian roubles, rounded to the nearest thousand, reflecting the purchasing power of the Russian rouble as at 31 December 2023.

New or revised standards and interpretations. Some of the new IFRSs became mandatory for the Group between 1 January and 31 December 2023.

The following amendments become effective from 1 January 2023:

- IFRS 17 *Insurance Contracts*;
- *Disclosure of Accounting Policies* (Amendments to IAS 1 and IFRS Practice Statement 2);
- *Definition of Accounting Estimates* (Amendments to IAS 8);

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- *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (Amendments to IAS 12);
- *International Tax Reform — Pillar Two Model Rules* (Amendment to IAS 12).

The following standards, which have an impact on the Company, were applied in the annual consolidated financial statements for the period ended 31 December 2023:

IFRS 17 *Insurance Contracts*

IFRS 17 was issued by the IASB in 2017 for annual reporting periods beginning on or after 1 January 2023 and replaces IFRS 4.

IFRS 17 introduces an internationally approved approach to accounting for insurance contracts. Prior to IFRS 17, there was a considerable variety in practices regarding accounting treatment and disclosure of insurance contracts around the world, as IFRS 4 previously allowed various accounting approaches.

As IAS 17 applies to all types of insurance contracts issued by an entity (with limited exceptions), its application may affect non-insurers.

The Group assessed its contracts and operations and concluded that the application of IFRS 17 had no impact on the Group's consolidated financial statements.

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*. The amendments aim to make accounting policy disclosures more useful replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies. The amendments also provide guidance on the circumstances under which information about accounting policies may be considered material and, therefore, requires disclosure.

These amendments do not affect valuation or presentation of items in the Group's consolidated financial statements, but impact the disclosure of information about the Group's accounting policies.

Definition of Accounting Estimates (Amendments to IAS 8)

The amendment to IAS 8, which adds a definition of accounting estimates, clarifies that the effects of changes in an input or in a measurement technique are changes in accounting estimates unless they result from the correction of prior period errors. These amendments clarify how entities distinguish between changes in accounting estimates, changes in accounting policies and prior period errors.

The amendments had no impact on the Group's consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction, effective from 1 January 2023 (Amendments to IAS 12)

In May 2021, the IASB issued amendments to IAS 12 to clarify whether the initial recognition exemption applies to certain transactions that result in the recognition of both an asset and liability simultaneously (for example, leases within the scope of IFRS 16).

The amendments introduce an additional criterion for the initial recognition exemption, according to which the exemption does not apply to the initial recognition of an asset or liability that, at the time of the transaction, gives rise to equal taxable and deductible temporary differences.

These amendments had no impact on the Group's consolidated financial statements.

International Tax Reform — Pillar Two Model Rules (Amendment to IAS 12)

In December 2021, the Organisation for Economic Cooperation and Development (OECD) released a draft legislative framework for a global minimum tax, which is expected to be used by certain

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jurisdictions. The purpose of the system is to reduce the movement of profits from one jurisdiction to another in order to reduce the global tax liability in corporate structures. In March 2022, the OECD released detailed technical guidance on the Pillar Two Model Rules.

Stakeholders informed the IASB of their concerns about the implications for income tax, and, especially, deferred tax accounting arising from the Pillar Two Model Rules. To address the stakeholder concerns, the International Accounting Standards Board (IASB) issued final amendments to *International Tax Reform — Pillar Two Model Rules* on 23 May 2023.

The amendments introduce a mandatory exception for entities from recognition and disclosure of deferred tax assets and liabilities associated with the Pillar Two Model Rules. The exception is effective immediately and is applied retrospectively. The amendments also introduce additional disclosure requirements regarding an entity's exposure to income taxes arising from the Pillar Two Model.

The Group's management has determined that the Group is not subject to the OECD Pillar Two Rules, and the exception from recognition and disclosure of deferred tax assets and liabilities related to income tax under Pillar Two Tax Rules is not applicable to the Group.

b) New standards, interpretations and amendments issued but not yet effective

A number of standards, amendments to standards, and interpretations issued by the IASB will be effective in future accounting periods and have not been adopted early by the Company:

- *Lease Liability in a Sale and Leaseback* (Amendments to IFRS 16), effective from 1 January 2024;
- *Classification of Liabilities as Current or Non-current* (Amendments to IAS 1), effective from 1 January 2024;
- *Non-current Liabilities with Covenants* (Amendments to IAS 1), effective from 1 January 2024;
- *Supplier Finance Arrangements* (Amendments to IAS 7 and IFRS 7), effective from 1 January 2024;
- *Lack of Exchangeability* (Amendments to IAS 21), effective from 1 January 2025.

The Group is currently assessing the impact of these new standards and amendments.

The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities, as the right to convert its convertible debt instruments is classified as an equity instrument and therefore does not affect the classification of its convertible debt as a long-term liability.

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Group.

Use of estimates. The preparation of financial statements in accordance with IFRS requires management to make professional judgments, assumptions and estimates, which affect application of accounting policies and the reported amounts of assets, liabilities, income and expenses are recognised. Actual results may differ from these estimates.

Accounting estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recognised in the reporting period in which the estimate is revised and in all subsequent periods affected by such change.

The most significant areas requiring the use of estimates and assumptions include:

- provisions for unused vacations;
- recognition of a deferred tax asset;
- contingent liabilities

Provisions for unused vacations. A provision is recognised in the statement of financial position when the Company 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, provided that the amount of such obligation can be reliably measured.

(in thousands of Russian Roubles)

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The formation of estimated liabilities inherently involves the existence of significant judgments and estimates in this regard by the management.

Recognition of deferred tax asset. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Probability assessment includes judgments based on the expected performance. Various factors are used to assess the probability of future utilisation of deferred tax assets, including past operating results, the operational plan, expiration of a tax loss recovery period, and tax planning strategies. If actual results differ from these estimates or if these estimates must be adjusted in future periods, the financial position, results of operations and cash flows may be negatively affected. If estimates the deferred tax liabilities and assets realisation should be reduced in the future, such reduction must be recognised through profit or loss.

Contingent liabilities. By their nature, contingent liabilities will be determined by occurrence or non-occurrence of one or more events in the future. The assessment of contingent liabilities inherently involves the exercise of significant judgment and estimates of the outcome of future events. Material Accounting

4. Policy Information

In preparing the consolidated financial statements, the Group used the accounting policies described below. These accounting policies have been consistently applied to the reporting periods presented in these financial statements, unless indicated otherwise.

Foreign currency translation

Transactions in foreign currencies are initially recorded in Russian roubles at the CBR exchange rate in effect at the transaction date. Foreign exchange differences between contractual exchange rates of transactions and the official exchange rate of the CBR at the dates of such transactions are included in the consolidated statement of comprehensive income as net gain form dealing in foreign currency.

Monetary assets and liabilities denominated in foreign currencies are translated to Russia roubles at the CBR official exchange rate at the reporting date.

Foreign exchange differences arising from translation of such assets and liabilities are reported in the consolidated statement of comprehensive income as net foreign exchange translation gain.

Foreign currency differences arising in respect of available-for-sale monetary financial assets denominated in foreign currencies and caused by changing of their amortised value are reported in the consolidated statement of comprehensive income and affect post-tax profit, and other changes in the carrying amounts of such financial assets are reported in the consolidated statement of comprehensive income and impact other components of the comprehensive income.

Foreign currency differences on non-monetary financial assets denominated in foreign currencies, such as shares measured at fair value through profit or loss are reported in the consolidated statement of comprehensive income as net gains from changes in their fair value. Foreign exchange differences on shares available for sale are recorded in equity through fair value reserve for financial assets available for sale.
The table below shows the official exchange rates of RUB set by the Bank of Russia relative to USD and EUR:

Date	USD	EUR
31 December 2023	89.6883	99.1919
31 December 2022	70.3375	75.6553
31 December 2021	74.2926	84.0695
31 December 2020	73.8757	90.6824
31 December 2019	61.9057	69.3406

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Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances on current accounts. All short-term interbank placements, including overnight deposits, are included in due from other banks. Amounts, which relate to funds that are of restricted nature, are excluded from cash and cash equivalents.

Mandatory cash balances with the Central Bank of Russia (CBR, Bank of Russia)

Mandatory cash balances with the Central Bank of Russia represent mandatory reserve deposits with the Central Bank of Russia, and are not intended to finance daily operations of the Group. Credit institutions are required to maintain a non-interest earning cash deposit (required reserves) with the Central Bank of Russia, the amount of which depends on the level of funds attracted by the credit institution. The legislation provides for serious restrictions on the withdrawal of such deposit. Consequently, they are excluded from cash and cash equivalents for the cash flow statement purposes.

Financial assets

Financial instruments - key measurement terms. Depending on their classification, financial instruments are reported at fair value or amortised cost.

Business model assessment. The Group's business model is determined at a level that reflects how a group of financial instruments is managed to achieve a specific objective of the Group's line of business, and does not depend on the Group's intentions with respect to a particular instrument. However, the Group may use more than one business model to manage its financial instruments.

The business model used by the Group describes the way the Group manages groups of its financial assets for the purpose of generating cash flows. If the cash flows are realised in a way that is different from the Group's expectations at the date of the business model assessment, this does not constitute a basis for reflecting a prior period error in the entity's financial statements and does not change the classification of the remaining financial assets held in accordance with this business model, provided that the Group has taken into account all relevant information available at the time of the business model assessment. However, when the Group assesses the business model for newly created or recently acquired financial assets, it takes into account information about how past cash flows were realised, together with all other relevant information.

The business model used by the Group for managing financial assets is determined based on the following factors:

a) how the performance of the business model and the returns on the financial assets held within such business model is evaluated and reported to the Group's key management personnel;

b) the risks that affect the performance of the business model (and the financial assets held within) and, in particular, the way that those risks are managed; and

c) how managers of the business to which the group of assets belongs are compensated.

As part of the classification, the Group identifies the following general classes of business models:

- business model whose objective is to hold assets in order to collect contractual cash flows (hold to collect- HTC);
- a business model, whose objective is achieved by both collecting contractual cash flows and selling the assets (hold to collect and sell - HTCS);
- other (recognition at fair value through profit or loss).

The objective of the HTC business model is to receive contractual payments over the life of an instrument. Within this model, sales of assets are possible, but are only incidental, and sales volumes are not significant.

The Group allows the sale of a significant amount of assets relating to the HTC business model in the event of a significant increase in credit risk (as understood in the Group's Regulations on the calculation of the allowance for expected credit losses). To determine whether there has been an increase in credit risk on the assets, the Group analyses reasonable and supportable information, including forward-looking information. The Group also leaves open the possibility of a significant sale of assets attributed to the HTC business model in the cases when an asset reaches the end of its useful life.

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The objective of the HTCS business model is achieved through collection of contractual flows from an instrument, as well as through its sale. Unlike the HTC model, one of the objectives of this model is liquidity management, therefore, more substantial and/or more frequent sales are expected or allowed.

All other business models, one way or another, include a class of business models other than HTC or HTCS. This business model includes assets that are carried at fair value through profit or loss.

The SPPI test assesses whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group classifies a financial asset based on its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, or within a business model whose objective is achieved by both collecting contractual cash flows and by selling financial assets (the HTC and HTCS models). To this end, the Group performs the SPPI test to determine whether contractual cash flows of the asset are solely payments of principal and interest on the principal amount outstanding.

Impairment of financial assets: ECL allowance

The Group applies the expected credit loss model to reflect impairment of financial instruments, the guiding principle of which is to timely reflect the general pattern of deterioration or improvement in the credit quality of financial instruments, taking into account current and forward-looking information.

The Group assesses expected credit losses for debt financial assets measured at amortised cost and for the exposures arising from loan commitments and financial guarantee contracts. The Bank assesses expected credit losses and recognises an allowance for expected credit losses at least once a quarter on the last calendar day of the quarter, except in cases of a significant increase in credit risk and transfers between impairment stages.

The estimate of expected credit losses reflects:

1) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

2) time value of money;

3) all reasonable and supportable information about past events, current conditions and forecasts of future economic conditions, which is available at the reporting date without undue cost or effort.

The amount of expected credit losses recognised as ECL allowance depends on the degree of credit quality deterioration since initial recognition of financial instruments. Depending on this factor, financial instruments relate to one of the following stages:

- Stage 1: "12-month ECL" – no significant increase in credit risk is identified;
- Stage 2: "Lifetime ECL – unimpaired assets" –a significant increase in credit risk is observed, but financial assets are not recognised as impaired;
- Stage 3: "Lifetime ECL – impaired assets" – impaired financial assets;
- For purchased or originated credit-impaired financial assets, the ECL allowance is recognised in the amount of expected credit losses over the lifetime of the instruments from the date of purchase or origination.

The Group applies this "three-stage" impairment model based on changes in credit quality since initial recognition. A financial instrument that is not impaired upon initial recognition is classified as relating to Stage 1. For Stage 1 financial assets, expected credit losses are measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months ("12-month ECL").

If the Group identifies a significant increase in credit risk (SICR) since initial recognition, the financial asset is transferred to Stage 2, and the expected credit losses for this asset are measured on a lifetime basis, that is, until the contractual maturity date, taking into account the expected prepayment, if any ("lifetime ECL").

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To assess whether there is a significant increase in credit risk, the Group considers reasonable and supportable information available without undue cost or effort and compares: the risk of default on a financial instrument at the reporting date and the risk of default on a financial instrument at the date of initial recognition.

The main factors that indicate a significant increase in credit risk before the financial asset is recognised as impaired are:

1) Overdue payments to the Bank for the period of 31-90 calendar days (inclusive) or if the number of overdue payments has increased to 2 or 3 for the entire period since initial recognition;
2) Significant changes in the external and internal credit rating resulting from changes in credit risk as compared to the date of initial recognition;
3) Deterioration of the internal rating to the level when the Group decides to refuse a loan;
4) Identification of events that may influence the solvency (lawsuits, claims of regulatory bodies, violation of loan documentation terms, etc.).
5) The loan agreements of the client are in default (infected loans);
6) Restructured loans in the process of recovery, other loans for which the credit risk has decreased, but they are monitored.

The credit risk of a financial instrument that is not recognised as credit impaired at the time of initial recognition is considered low and is subject to assessment for its significant increase from the moment of initial recognition, carried out at regular intervals.

If the above factors are not identified at the reporting date for a financial instrument, its credit risk continues to be assessed as low.

If the Group determines that a financial asset is impaired, the asset is transferred to Stage 3 and the expected credit losses are estimated as lifetime ECL.

The main signs of the financial asset's classification as impaired (Stage 3)(default recognition criteria):

1) The borrower is more than 90 days past due on any debt to the Bank;
2) Default-caused restructuring of debt and/or financial liability for operations in financial markets and expected insolvency;
3) Other signs of insolvency leading to assignment of a default rating to the borrower (borrower's declaration of bankruptcy or state of bankruptcy, fraud committed by the borrower resulting in losses for the Group, expected decision of the borrower on liquidation or termination of business, borrower's probable default on debt, revocation of a license, etc.).

Improvement of the borrower's credit quality to Stage 1 risk level, for which a significant increase in credit risk was identified on previous reporting dates, is based on the assessment of the credit risk change at the reporting date as compared to the initial recognition. Recovery of credit quality from the impaired level to the Stage 1 risk level occurs when the indicators of impairment are eliminated at the reporting date, as well as when there are no factors indicating a significant increase in credit risk at the reporting date.

For purchased or originated credit-impaired financial assets ("POCI assets") expected credit losses are always measured as lifetime ECL. POCI are those financial assets that are credit-impaired on initial recognition, for example, purchased impaired loans.

A financial instrument is considered to be a purchased or originated credit-impaired asset when it has experienced one or more events that have a negative impact on the estimated future cash flows of such a financial asset, in particular, the observable data on the following events at the time of purchase or origination:

- significant financial difficulty of the counterparty / issuer;
- a breach of the contract, such as past due payment;

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- the lender of the borrower/issuer, for economic or contractual reasons relating to the borrower's/issuer's financial difficulty, having granted to the borrower/issuer a concession that the lender would not otherwise consider;
- a probability of bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties of the issuer; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The Group assesses the amount of an allowance for expected credit losses primarily on an individual basis with respect to each specific counterparty and / or financial instrument using a detailed analysis of financial and non-financial information, with the exception of loans to individuals and small and medium-sized businesses, which are measured on a portfolio basis considering the loan past due period.

The Group mandatorily applies an approach to measurement of ECL allowances on an individual basis with respect to specific counterparties and / or financial instruments classified as substandard or defaulted in accordance with the Bank's internal credit quality assessment methodology and related to Stage 2 or Stage 3 of the impairment model.

The amount of the expected credit loss allowance for each financial instrument, measured on an individual basis, is based on an estimate of the weighted average expected credit losses for scenarios under consideration. The number of scenarios considered and their weights are determined based on the methodology developed by the Group, taking into account the current, as well as reasonable forward-looking information: for each individually assessed counterparty and / or financial instrument, two scenarios are considered, one of which is the 100% loss scenario; the probabilities of these scenarios are determined for each specific situation based on the analysis of all available reasonable and acceptable information. The assessment of expected losses under the individual approach to provisioning takes into account the time value of money, as well as reasonable information about past, current and projected future economic conditions.

The ECL allowance is defined as the amount of exposure at default (EAD), calculated based on the gross carrying amount of a financial instrument at the measurement date, considering the probability of default within 12 months (12-PD) (during the lifetime of the instrument (Lt-PD)), less its recoverable amount which is expected to be recovered or reimbursed (LGD) – for instruments without signs of a significant increase in the risk of Stage 1 (for instruments with a significant increase in risk, but without signs of credit impairment of Stage 2 and for credit-impaired assets of Stage 3).

To assess the recoverable amount, a discounted cash flow method is used based on the expected future payments on the debt financial asset (or other cash flows) using the effective interest rate as the discount rate.

Collective assessment of expected credit loss allowance for debt financial assets is carried out based on the individual risk metrics (PD, LGD, EAD), which are based on the Group's statistical data and industry/economy as a whole and are assigned to each specific counterparty / issuer based on the analysis of financial and other information, and which are regularly monitored.

PD is the probability of default determined based on the risk profile, past due period and the internal rating of the financial instrument for the relevant period (12 months or the lifetime of the financial instrument). PD values are determined based on the internal models that imply preparation of migration matrices, taking into account industry statistics over the time horizon of 1-2 years for 12-PD and at least 5 years for lt-PD, as well as forward-looking information (current and expected changes in macroeconomic variables: RUONIA rate, inflation rate, unemployment rate, RUB/USD exchange rate, GDP dynamics, Urals oil prices, changes in real / nominal wages and household real disposable monetary income, etc.). The impact of these macroeconomic indicators on the probability of default is determined by statistical regression

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analysis and involves the preparation of at least three scenarios – "basic", "optimistic" and "pessimistic", weighted by the probability of each of the scenarios, which are set by the Group's specialists at least once a year and contain the best estimate of the expected macroeconomic situation for the next year. Each scenario is assigned a weight based on a combination of statistical analysis and expert judgment regarding the range of possible outcomes presented by the scenario.

LGD - a loss given default defined as the estimated percentage of the exposure that will be lost at the time of default. Values are determined using models developed based on the internal statistics on a five-year historical horizon.

EAD - exposure at default. Debt at the time of default is determined based on the expected payment schedule, which varies depending on the type of product. For products that are carried at amortised cost and loans with a one-time debt repayment, it is determined based on the amounts to be repaid by the borrower under the contract for the 12-month period or over the lifetime of the financial instrument. For renewable products, it is projected by adding a credit conversion factor (CCF) to the current balance of funds used, which takes into account the expected use of the remaining limit by the time of default and characterises the probability of conversion of off-balance sheet liabilities into an on-balance sheet equivalent within a defined period.

If the counterparty has a current balance sheet exposure, the assessment of expected credit losses for credit related commitments is performed in accordance with the approaches applied to provisioning for the balance sheet exposures of this counterparty by applying the credit conversion factor determined based on the statistical data. If the counterparty has only credit related commitments, the assessment of ECL allowances is carried out on an individual or collective basis depending on the amount of exposure by applying the credit conversion factor. In the reporting period the credit conversion factor was equal to 0.5.

For claims under REPO transactions, interbank loans and deposits and other short-term (up to 180 days) financial instruments for which a legal entity acts as a counterparty, as well as with respect to claims for acquired debt obligations accounted for in accordance with the business model adopted by the Bank at amortised cost and at fair value through other comprehensive income, statistical data from international rating agencies Moody's Investors Service or Standard&Poor's, as well as the national rating agency "Expert RA", are used to determine the probability of default,. The data of other rating agencies are determined based on compliance with the ratings of the above agencies. At the same time, if the counterparty has several credit ratings, the following order of priority is applied:

if the Counterparty has credit ratings assigned by international and national rating agencies, priority is given to:

residents of the Russian Federation – a credit rating on the national rating scale for the Russian Federation assigned by one of the Russian credit rating agencies;

non–residents of the Russian Federation - a credit rating on the international rating scale assigned by foreign credit rating agencies;

if there are several credit ratings from national and international rating agencies, the highest credit rating is accepted, considering the priority of the relevant rating agencies.

The credit rating of the financial obligations of the Ministry of Finance and the Bank of Russia is determined by the credit rating for the Russian Federation at the AAA(RU) level assigned according to the national scale for the Russian Federation by the ACRA credit rating agency.

If there are no credit ratings (Russian or international) for interbank loans and correspondent accounts, the probability of default is assessed on the basis of available information, taking into account the internal methodology for assessment of the financial situation of credit institutions, and the established level of provisioning, or a credit rating of bonds for a particular issuer (senior unsecured) is assigned, if available, or the country risk.

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External ratings are assigned to counterparties by independent international and Russian rating agencies, such as S&P, Moody's, Fitch, ACRA and Expert RA, and are publicly available. Such ratings and the corresponding ranges of probability of default are used for the following financial instruments: funds on correspondent accounts with credit institutions, interbank loans and deposits, investments in debt securities.
The assessment of credit risk in making ECL allowances for the purposes of compliance with the requirements of IFRS 9 in respect of loans to customers and credit related commitments is based on internal system of credit ratings (which serve as a basis for determining the impairment stage) and/or past due period of loan indebtedness:

Level of credit quality	Corresponding interval (calendar days) and classification criteria
Good	Not past due and/or 1 to 30 days past due
Moderate	Not past due and/or 1 to 30 days past due if there are reasons for control
Problem	31 to 90 days past due and/or other signs of Stage 2
Defaulted	more than 90 days past due and/or other signs of Stage 3

For classification in Stage 2 and Stage 3, the periods of 30 and 90 calendar days specified in IFRS 9 are considered by the Bank's management as questionable assumptions for the recognition of a significant increase in credit risk and the recognition of default – i.e. the final decision on classification to an impairment stage is made after a full analysis of all other factors, including the amount and dynamics of the borrower's internal credit rating, calculated according to the Bank's internal methodology on a quarterly basis and in cases where there is information about significant negative trends and changes in the borrower's activities in the interim quarterly period.

The Group's management uses practical expedients when measuring expected credit losses on receivables and other financial assets using a provision matrix which reflects historical credit loss experience. At the same time, these financial instruments, if their gross carrying amount at the reporting date is significant, are measured by the Group without applying practical expedients.

Write-off. The Group directly reduces the gross carrying amount of a financial asset if the Group does not have reasonable expectations that the financial asset will be recovered in full or in part. Such an event is the basis for derecognition.
Financial guarantees. After the initial recognition of a financial guarantee, the Group subsequently measures such a contract at the higher of:
- the amount of the allowance for expected credit losses;
- the amount of costs initially recognised under the contract less the total amount of income recognised in accordance with the principles of IAS 15.

Investment property
Investment property (a land or building or a substantial part of a building) means property held by the Group (as an owner or lessee under a finance lease) for the purpose of receiving lease payment or capital gains or both, but not for use in the core activities of the Group, for administrative purposes or for sale in the ordinary course of business.
Investment properties are reported at their historical cost less accumulated depreciation and impairment (where applicable). Historical cost includes costs directly attributable to the acquisition of items. Depreciation on investment properties is accrued using the straight-line method to wright down their

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historical cost to their residual values using the following annual rates of depreciation: non-residential premises - 3%.

Non-current assets held for sale

Non-current assets are classified as "held for sale" if its carrying amount is recovered primarily through the sale of the asset rather than through continuing use. A non-current asset shall be classified as held for sale if all of the following criteria are met:

- the non-current asset is ready for immediate sale in its current state;
- there is a high probability of the sale of this non-current asset (or disposal group), which is confirmed by the decision (plan) approved by the entity to sell the non-current asset (or disposal group), the actual adherence to such decision (plan) by the entity and the search for a buyer of the non-current asset (or disposal group) at a price comparable to its current fair value;
- it is expected that the period required for the sale does not exceed one year from the date when the non-current asset (or disposal group) is classified as held for sale.

Non-current assets (non-current assets being part of a disposal group) stop being depreciated when they are classified as held for sale or distribution.

Non-current assets (or disposal groups) held for sale or distribution are measured at the lower of their carrying amount and fair value less costs of sale or distribution.

Selling or distribution costs include additional costs directly attributable to the disposal of a non-current asset (or disposal group), excluding costs associated with raising funds, including interest and income tax expenses.

Premises and equipment

Premises and equipment are recognised at historical or restated cost (Refer to Section "Accounting for the effects of hyperinflation" in Note 3) less accumulated depreciation and impairment (where applicable). The historical cost includes costs directly attributable to the acquisition of items.

Subsequent costs are included in the carrying amount of an asset or recognised as a separate asset only when it is highly probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other repair and maintenance costs are reported in other operating expenses as incurred.

Depreciation

Depreciation on premises and equipment is charged using the straight-line method to write down their historical or restated cost to their residual values.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Depreciable assets are tested for impairment if events or changes in circumstances indicate that their carrying value may not be recoverable. The carrying amount of an asset is immediately reduced to its recoverable amount, if the carrying amount of the asset is greater than its recoverable amount which is defined as the higher of fair value less costs to sell and value in use. In this case, a positive revaluation of an asset (if any) is first excluded and then the remaining difference between the carrying amount and recoverable amount of the asset is recognised in the consolidated statement of comprehensive income as an expense from impairment of premises and equipment.

Income and expenses arising as a result of disposal of premises and equipment are determined on the basis of their carrying amounts and are reported in the consolidated statement of comprehensive income.

Intangible assets

Purchased software is recorded as intangible assets at historical cost which includes its purchase price and direct costs attributable to bringing it to a working condition for its intended use. Software is amortised using the straight-line method to write down its historical cost over its useful life (no more than 20 years). Costs associated with operation of software are included in other operating expenses as incurred.

Translation from the Russian original

Finance lease

As a lessee, the Group recognises a right-of-use asset and a lease liability at the lease commencement date. A right-of-use asset is initially measured at historical cost and subsequently at historical cost less accumulated depreciation and impairment losses, and is adjusted to reflect certain revaluations of the lease liability.

A lease liability is initially measured at the present value of lease payments not yet made as at the lease commencement date, discounted at the Group's incremental borrowing rate. The carrying amount of the lease liability is subsequently increased by the amount of interest on the lease liability and decreased by the lease payments made.

Operating lease

As a lessee under contracts not classified as finance leases, the Group recognizes payments under operating lease contracts on a straight-line basis in the consolidated statement of comprehensive income as other operating expenses over the period of the lease.

As a lessor, the Group recognizes operating lease assets in the consolidated statement of financial position based on the nature of those assets. Lease income from operating lease contracts is recognized in the consolidated statement of comprehensive income on a straight-line basis over the period of the lease as other operating income. Initial direct costs incurred to generate operating lease income are expensed in the consolidated statement of comprehensive income in the period in which they are incurred.

Share capital

Share capital is recognised at restated cost (Refer to Section "Accounting for the effects of hyperinflation" in Note 3).

When the Group repurchases its own shares, the consideration paid reduces equity and is recognised as repurchased own shares until they are sold. When these shares are subsequently sold, the consideration received is included in equity.

Dividends

Dividends are recognised in the consolidated statement of changes in equity as a distribution of profits in the period in which they are approved by the general meeting of the Group shareholders. Dividends declared after the reporting date are disclosed in the events after the reporting period note. The statutory accounting reports are the basis for payment of dividends and other profit distribution.

Financial guarantee contracts

Financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised at fair value at the date when they were given and are subsequently measured at the higher of: (1) the amount initially recognised, less accumulated amortisation calculated to recognise fee and commission income in the consolidated statement of comprehensive income on a straight-line basis over the term of such guarantee, and (2) the best estimate of the expenditure to settle the obligations under financial guarantees at the reporting date. These estimates are based on historical loss experience in similar transactions and are accompanied by professional judgment from management.

Staff costs and related contributions

Wages, salaries, contributions to the Russian Federation state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued as the associated services are rendered by the Group's employees. Contributions to the state pension and social insurance funds are calculated as a percentage of the current payroll budget and are reflected in staff costs in the period in which the corresponding salaries or wages are accrued.

The Group does not have pension arrangements separate from the state pension system of the Russian Federation.

(in thousands of Russian Roubles)

Translation from the Russian original

Income tax

The consolidated financial statements reflect tax expenses in accordance with the requirements of the current laws of the Russian Federation. Taxation of profit and loss for the year includes current tax and changes in deferred taxation. Current tax is calculated based on the expected taxable profit for the year based on the income tax rates in effect at the reporting date. Taxes, other than on income, are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for consolidated financial statement purposes.

Deferred tax assets are reviewed at each reporting date and are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences may be utilised.

Deferred tax assets and liabilities are determined at tax rates that are expected to be applied in the period when the assets will be realised or the liabilities will be settled, based on the tax rates which have been enacted or substantively enacted at the reporting date.

5. Cash and cash equivalents

	2023	**2022**
Cash	697 466	853 656
Balances with the CBR (except for mandatory cash balances)	643 294	208 376
Correspondent accounts and overnight deposits with banks of:	1 363 188	441 037
the Russian Federation	371 882	117 487
other countries	991 306	323 550
Other funds with financial institutions	37 847	157 319
Funds in precious metals	1 675 967	3 977 260
Total cash and cash equivalents	**4 417 762**	**5 637 648**

Cash and cash equivalents have good credit quality. Information on liquidity risk, currency and other risks is disclosed in Note 21. Information on fair value is disclosed in Note 23. Information on transactions with related parties is disclosed in Note 24.

6. Financial assets measured at fair value through profit or loss

	2023	**2022**
Russian government bonds	575 860	349 207
Municipal bonds	55 656	59 576
Corporate bonds	730 798	941 239
Derivative financial instruments	-	477
Total financial assets at fair value through profit or loss	**1 362 314**	**1 350 499**

(in thousands of Russian Roubles)

Translation from the Russian original

Russian Federation bonds (OFZ) are government securities issued by the Ministry of Finance of the Russian Federation and denominated in the currency of the Russian Federation. As at 31 December 2023, OFZ bonds in the Group's portfolio have maturity dates from July 2025 to May 2028 (2022: from July 2025 to October 2028), the coupon rate from 4.5% to 7.95% depending on the issue (2022: from 4.5% to 14.42%).

Municipal bonds are represented by RUB-denominated interest-bearing securities issued by the subjects of the Russian Federation and freely traded on the MICEX. As at 31 December 2023, municipal bonds in the Group's portfolio have maturities from July 2025 to October 2025 (2022: from July 2025 to October 2025), the coupon rate from 5.75% to 5.85%, depending on the issue (2022: from 5.75% to 5.85%).

As at 31 December 2023, corporate bonds are represented by securities denominated in the currency of the Russian Federation, issued by large Russian companies. These bonds in the Group's portfolio have maturities from October 2025 to August 2057 (2022: from December 2024 to August 2057), the coupon rate from 6.75% to 17.3% (2022: from 6.75% to 11.32%).

Information on liquidity risk, currency risk and other risks is disclosed in Note 21. Information on fair value is disclosed in Note 23. Information on transactions with related parties is disclosed in Note 24.

7. Due from other banks

	2023	**2022**
Deposits with the Central Bank of Russia	4 340 000	2 710 000
Other placements	785 599	1 722 354
ECL allowances	(281 595)	(107 689)
Total due from other banks	**4 844 004**	**4 324 665**

As at 31 December 2023, other placements include the balance of funds in euros in the amount of RUB 281 327 thousand (2022: RUB 214 573 thousand) blocked in a correspondent account with NCI CJSC NSD (National Settlement Depository) due to the introduction by unfriendly states of measures restricting the rights of NCI CJSC NSD to carry out operations or transactions with the said assets.

Below is the credit quality analysis of due from other banks as at 31 December 2023:

	Stage 1	**Total**
Other placements		
- Good quality	504 272	504 272
- Problem	281 327	281 327
ECL allowance	(281 595)	(281 595)
Carrying amount	**4 844 004**	**4 844 004**

Below is analysis of movements in the ECL allowance for 2023:

	Stage 1	**Total**
ECL allowance as at 1 January 2023	**107 689**	**107 689**
Net expense on charge of ECL allowance	173 906	173 906
ECL allowance as at 31 December 2023	**281 595**	**281 595**

(in thousands of Russian Roubles)

Translation from the Russian original

Below is the credit quality analysis of due from other banks as at 31 December 2022:

	Stage 1	Total
Other placements		
- Good quality	1 507 781	1 507 781
- Problem	214 573	214 573
ECL allowance	(107 689)	(107 689)
Carrying amount	**4 324 665**	**4 324 665**

Below is analysis of movements in the ECL allowance for 2022:

	Stage 1	Total
ECL allowance as at 1 January 2022	**102**	**102**
Net expense on charge of ECL allowance	107 578	107 587
ECL allowance as at 31 December 2022	**107 689**	**107 689**

Information on liquidity risk, currency risk and other risks is disclosed in Note 21. Information on fair value is disclosed in Note 23. Information on transactions with related parties is disclosed in Note 24.

8. Loans and receivables

	2023	2022
Loans to legal entities	9 292 907	6 636 473
Loans to individual entrepreneurs	800 920	208 174
Loans to individuals	5 196 280	4 014 869
Leasing	7 828 589	3 091 685
Accounts receivable	481 940	722 405
Less ECL allowance	(2 845 706)	(2 411 326)
Total loans and receivables	**20 754 930**	**12 262 280**

Below is analysis of movements in the ECL allowance for 2023:

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2023	**143 905**	**1 305 612**	**961 809**	**2 411 326**
Transfers from Stage 1	15 920	(15 920)	-	-
Transfers from Stage 2	(356 435)	362 418	(5 983)	-
Transfers from Stage 3	(168 265)	(318 773)	487 038	-
(Reversal)/charge of ECL allowance	718 930	(328 995)	752 482	1 142 417
Loans and receivables from customers written off as uncollectible	-	-	(698 581)	(698 581)
Other changes	-	-	(9 456)	(9 456)
ECL allowance as at 31 December 2023	**354 055**	**1 004 342**	**1 487 309**	**2 845 706**

(in thousands of Russian Roubles)

Translation from the Russian original

Below is analysis of movements in the ECL allowance for 2022:

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2022	**163 235**	**364 834**	**1 155 688**	**1 683 757**
Transfers from Stage 1	2 742	(2 729)	(13)	-
Transfers from Stage 2	(324 272)	447 097	(122 825)	-
Transfers from Stage 3	(197 885)	(101 990)	299 875	-
(Reversal)/charge of ECL allowance	500 085	598 400	(62 455)	1 036 030
Loans and receivables from customers written off as uncollectible	-	-	(308 070)	(308 070)
Other movements	-	-	(391)	(391)
ECL allowance as at 31 December 2022	**143 905**	**1 305 612**	**961 809**	**2 411 326**

The table below shows the analysis of credit quality as at the end of 2023:

	Loans to legal entities	Loans to individual entrepreneurs	Loans to individuals	Leasing	Accounts receivable	Total
Loans						
Stage 1	6 593 091	588 610	4 516 087	6 862 176	479 514	19 039 478
Stage 2	1 738 101	177 591	402 487	736 525	-	3 054 704
Stage 3	961 715	34 719	277 706	229 888	2 426	1 506 454
Loans and receivables before ECL allowance	**9 292 907**	**800 920**	**5 196 280**	**7 828 589**	**481 940**	**23 600 636**
ECL allowance						
Stage 1	73 070	7 817	48 901	120 829	103 438	354 055
Stage 2	550 750	57 196	65 094	331 302	-	1 004 342
Stage 3	949 163	34 266	274 566	226 888	2 426	1 487 309
Total ECL allowance	**1 572 983**	**99 279**	**388 561**	**679 019**	**105 864**	**2 845 706**
Total loans and receivables	**7 719 924**	**701 641**	**4 807 719**	**7 149 570**	**376 076**	**20 754 930**

The table below shows the analysis of credit quality as at the end of 2022:

	Loans to legal entities	Loans to individual entrepreneurs	Loans to individuals	Leasing	Accounts receivable	Total
Loans						
Stage 1	3 451 679	133 263	3 351 601	2 492 383	276 553	9 705 479
Stage 2	2 859 538	49 077	483 482	464 679	136 139	3 992 915
Stage 3	325 256	25 834	179 786	134 623	309 713	975 212
Loans and receivables before ECL allowance	**6 636 473**	**208 174**	**4 014 869**	**3 091 685**	**722 405**	**14 673 606**
ECL allowance						
Stage 1	42 685	1 868	38 014	56 816	4 522	143 905
Stage 2	879 135	18 846	219 442	184 386	3 803	1 305 612
Stage 3	320 205	25 433	177 477	132 533	306 161	961 809
Total ECL allowance	**1 242 025**	**46 147**	**434 933**	**373 735**	**314 486**	**2 411 326**
Total loans and receivables	**5 394 448**	**162 027**	**3 579 936**	**2 717 950**	**407 919**	**12 262 280**

(in thousands of Russian Roubles)

Translation from the Russian original

Below is the credit quality analysis of loans as at 31 December 2023:

	Stage 1	Stage 2	Stage 3	Total
Loans to legal entities, including:				
Good quality	13 859 923	2 009 740	2 080	15 871 743
Medium quality	663 468	630 868	102 564	1 396 900
Problem	-	11 609	486 904	498 513
Default	-	-	637 200	637 200
Total before ECL allowance	**14 523 391**	**2 652 217**	**1 228 748**	**18 404 356**
ECL allowance	(305 154)	(939 248)	(1 212 743)	(2 457 145)
Total loans to legal entities	**14 218 237**	**1 712 969**	**16 005**	**15 947 211**
Loans to individuals, including:				
Good quality	4 422 834	269 072	76 966	4 768 872
Medium quality	93 253	133 415	1 695	228 363
Problem	-	-	80 474	80 474
Default	-	-	118 571	118 571
Total before ECL allowance	**4 516 087**	**402 487**	**277 706**	**5 196 280**
ECL allowance	(48 901)	(65 094)	(274 566)	(388 561)
Total loans to individuals	**4 467 186**	**337 393**	**3 140**	**4 807 719**
Total loans issued and other similar debt	**18 685 423**	**2 050 362**	**19 145**	**20 754 930**

Below is the credit quality analysis of loans as at 31 December 2022:

	Stage 1	Stage 2	Stage 3	Total
Loans to legal entities, including:				
Good quality	6 111 985	3 330 132	36 128	9 478 245
Medium quality	241 893	172 534	46 390	460 817
Problem	-	6 722	61 502	68 224
Default	-	45	651 406	651 451
Total before ECL allowance	**6 353 878**	**3 509 433**	**795 426**	**10 658 737**
ECL allowance	(105 891)	(1 086 170)	(784 332)	(1 976 393)
Total loans to legal entities	**6 247 987**	**2 423 263**	**11 094**	**8 682 344**
Loans to individuals, including:				
Good quality	3 222 361	326 522	292	3 549 175
Medium quality	129 240	146 344	2 162	277 746
Problem	-	8 587	9 688	18 275
Default	-	2 029	167 644	169 673
Total before ECL allowance	**3 351 601**	**483 482**	**179 786**	**4 014 869**
ECL allowance	(38 014)	(219 442)	(177 477)	(434 933)
Total loans to individuals	**3 313 587**	**264 040**	**2 309**	**3 579 936**
Total loans issued and other similar debt	**9 561 574**	**2 687 303**	**13 403**	**12 262 280**

Below is the structure of the collateral equal to the gross loan portfolio amount before ECL allowance:

	2023	2022
Real estate	977 781	468 756
Goods for sale	1 382	1 659
Motor vehicles and equipment	4 548 533	3 549 488
Securities, promissory notes	42 582	51 109
Sureties	6 858 919	4 159 274
Other collateral	2 196 382	1 785 388
Unsecured	8 975 057	4 657 931
Total collateral	**23 600 636**	**14 673 606**

Unsecured loans are mainly represented by finance lease agreements actually secured by the leased asset which is the property of JSC "REALIST BANK".

(in thousands of Russian Roubles)

Translation from the Russian original

The Group assesses the fair value of the leased asset at the date of initial recognition of the lease. Management believes that the fair value of the collateral is at least equal to the carrying amount of the lease at the reporting date.

Information on liquidity risk, currency risk and other risks is disclosed in Note 21. Information on fair value is disclosed in Note 23. Information on transactions with related parties is disclosed in Note 24.

9. Premises and equipment, intangible assets and right-of-use assets

2023	*Premises and equipment*	*Intangible assets*	*Right-of-use assets*	*Total*
Net book value at the beginning of the period	**39 215**	**11 165**	**165 574**	**215 954**
Cost				
Opening balance	145 430	27 090	395 000	**567 520**
Additions	22 905	14 000	3 178	**40 083**
Disposals	(27 688)	(1 021)	(10 449)	**(39 158)**
Revaluation	-	-	8 170	**8 170**
Modification	-	-	28 065	**28 065**
Closing balance	**140 647**	**40 069**	**423 964**	**604 680**
Accumulated depreciation and amortisation				
Opening balance	106 215	15 925	229 426	**351 566**
Depreciation and amortisation charge (Note 19)	10 195	1 559	97 478	**109 232**
Disposals	(8 385)	(1 019)	(8 349)	**(17 753)**
Closing balance	**108 025**	**16 465**	**318 555**	**443 045**
Net book value at the end of the period	**32 622**	**23 604**	**105 409**	**161 635**

2022	*Premises and equipment*	*Intangible assets*	*Right-of-use assets*	*Total*
Net book value at the beginning of the period	**49 388**	**13 007**	**112 480**	**174 875**
Cost				
Opening balance	141 575	27 090	254 590	**423 255**
Additions	14 845	-	731	**15 576**
Revaluation	(10 990)	-	(3 261)	**(14 251)**
Disposals	-	-	142 940	**142 940**
Closing balance	**145 430**	**27 090**	**395 000**	**567 520**
Accumulated depreciation and amortisation				
Opening balance	92 187	14 083	142 110	**248 380**
Depreciation and amortisation charge (Note 19)	15 386	1 842	89 811	**107 039**
Disposals	(1 358)	-	(2 495)	**(3 853)**
Closing balance	**106 215**	**15 925**	**229 426**	**351 566**
Net book value at the end of the period	**39 215**	**11 165**	**165 574**	**215 954**

(in thousands of Russian Roubles)

Translation from the Russian original

Information on fair value is disclosed in Note 23.

The table below shows changes in lease liabilities for 2023:

Item	*(RUB'000)*
Lease liabilities as at 1 January 2023	**177 477**
Conclusion of lease agreements	3 178
Cancellation/termination of lease agreements	(1 271)
Lease payments under lease agreements	(108 689)
Interest expense	11 261
Modification	36 187
Lease liabilities as at 31 December 2023	**118 143**

The table below shows changes in lease liabilities for 2022:

Item	*(RUB'000)*
Lease liabilities as at 1 January 2022	**126 606**
Conclusion of lease agreements	731
Cancellation/termination of lease agreements	(734)
Lease payments under lease agreements	(98 579)
Interest expense	6 863
Modification	142 590
Lease liabilities as at 31 December 2022	**177 477**

The table below presents the maturity analysis of lease liabilities as at 31 December 2023:

Item	Less than 1 year	From 1 to 5 years	More than 5 years	Total
Lease liabilities	116 638	11 373	-	**128 011**

The table below presents the maturity analysis of lease liabilities as at 31 December 2022:

Item	Less than 1 year	From 1 to 5 years	More than 5 years	Total
Lease liabilities	97 794	99 282	-	**197 076**

10. Non-current assets classified as held for sale

The following items have been classified as non-current assets held for sale from the category of property received as compensation:

Type of non-current asset held for sale	2023	2022
Movable property	154 937	162 201
Real estate	670	-
Land	-	66 705
Total non-current assets held for sale, net of loss provision	**155 607**	**228 906**

Real estate and land classified as non-current assets held for sale are subject to annual revaluation at each reporting date. The Bank carries out revaluation using its own resources.

The fair value remeasurement of real estate and land was performed using the sales comparison method based on comparative analysis of the results of sales of items comparable to the property under valuation. As part of the valuation under the sales comparison method, the price per square meter of similar items is adjusted for factors affecting the assessment of market value, including the location and physical

(in thousands of Russian Roubles)

Translation from the Russian original

characteristics of comparable items and a discount on bargaining. The resulting estimates for similar items with regard for adjustments are weighed using the compliance coefficient for the purpose of determining the market value of the respective real estate or land of the Bank.

The fair value of non-current assets held for sale relates to Level 3 of the fair value hierarchy.

Below is analysis of movements in non-current assets classified as held for sale:

	2023	2022
Opening balance	**228 906**	**130 150**
Additions	461 232	303 666
Impairment	(132 219)	(26 202)
Disposals	(402 312)	(178 708)
Closing balance	**155 607**	**228 906**

Information on fair value is disclosed in Note 23.

11. Other assets

	2023	2022
Tax prepayment (other than income tax)	425 174	116 688
Prepayment for goods and services	31 914	24 433
Other outstanding accounts	155 577	26 166
Other financial assets	97 363	95 821
Other non-financial assets	47 966	25 175
Provisions for impairment of other non-financial assets	(50 456)	(101 059)
Total other assets	**707 538**	**187 224**

Movements in the provision for impairment of other assets are as follows:

	2023	2022
Provision for impairment of other assets as at 1 January	**(101 059)**	**(82 916)**
Reversal/(charge)of provision	41 157	(33 383)
Amounts written off during the year as uncollectible	9 446	15 240
Provision for impairment of other assets as at 31 December	**(50 456)**	**(101 059)**

Information on fair value is disclosed in Note 23.

(in thousands of Russian Roubles)

Translation from the Russian original

12. Customer accounts

	2023	2022
State and municipal organizations:	**30 367**	**11 698**
- Current/settlement accounts	30 367	11 698
Other legal entities and entrepreneurs:	**14 667 593**	**9 323 642**
- Current/settlement accounts	6 884 207	7 121 272
- Term deposits	7 783 386	2 202 370
Individuals:	**8 535 018**	**7 112 180**
- Current accounts/demand deposits	1 720 147	1 387 299
- Term deposits	6 814 871	5 724 881
Total customer accounts	**23 232 978**	**16 447 520**

During 2022-2023 the Group did not default on the payment of principal and interest or violate other conditions in relation to customer funds raised.

Economic sector concentrations within customer accounts are as follows:

	2023	2022
Mining	2 333 511	4 140 753
Construction	1 348 008	1 130 971
Transport and communications	818 322	427 544
Manufacturing	927 710	369 992
Trade	3 014 479	1 452 633
Insurance and other financial services	604 153	440 173
Real estate	457 988	538 954
Provision of other utility, social and personal services	1 495 784	410 192
Consulting	1 921 665	223 571
Other	978 432	200 557
Individuals	9 332 926	7 112 180
Total customer accounts	**23 232 978**	**16 447 520**

Information on liquidity risk, currency risk and other risks is disclosed in Note 21. Information on fair value is disclosed in Note 23. Information on transactions with related parties is disclosed in Note 24.

13. Debt securities issued

	2023	2022
Promissory notes	160 595	623 864
Total debt securities	**160 595**	**623 864**

During 2022-2023 the Group did not default on the payment of principal and interest or violate other conditions in relation to debt securities issued.

(in thousands of Russian Roubles)

Translation from the Russian original

14. Other liabilities

	2023	2022
Financial liabilities:	**1 348 754**	**1 363 955**
Non-financial guarantee contracts	970 738	787 449
Lease liabilities	118 142	177 477
Other outstanding accounts	70 513	205 678
Liabilities to pay dividends	-	210
Other	189 361	193 141
Other non-financial liabilities:	**1 153 183**	**486 799**
Accrued staff compensation costs	164 235	63 463
Taxes payable other than income tax	815 128	323 512
Other	173 820	99 824
Total other liabilities	**2 501 937**	**1 850 754**

15. Share capital

The Bank's authorised, issued and fully paid share capital comprises:

	As at 01.01.2024		As at 01.01.2023	
	Number of shares (pcs.)	Nominal value (RUB'000)	Number of shares (pcs.)	Nominal value (RUB'000)
Ordinary shares	161 320 875	806 604.375	161 320 875	806 604,375
Preference shares	300 000	1 500	300 000	1 500
Total share capital	**161 620 875**	**808 104.375**	**161 620 875**	**808 104,375**
Total share capital adjusted for inflation		**1 456 548**		**1 456 548**

16. Interest income and expense

	2023	2022
Interest income		
Loans and advances to customers	3 542 420	2 350 636
Due from other banks	380 330	244 705
Financial assets held for trading	111 237	106 395
Total interest income	**4 033 987**	**2 701 736**
Interest expense		
Customer accounts	(1 416 405)	(842 494)
Due to other banks	(85 350)	(856)
Debt securities issued	(38 279)	(46 353)
Lease liabilities	(11 261)	(6 863)
Total interest expense	**(1 551 295)**	**(896 566)**
Net interest income	**2 482 692**	**1 805 170**

(in thousands of Russian Roubles)

Translation from the Russian original

17. Fee and commission income and expense

	2023	2022
Fee and commission income		
Commission on issued guarantees	758 778	677 523
Commission on settlement and cash transactions and account management	161 052	95 609
Other	15 844	10 781
Total fee and commission income	**935 674**	**783 913**
Fee and commission expense		
Commission on settlement and cash transactions and account management	(41 734)	(41 593)
Other	(484 388)	(322 503)
Total fee and commission expense	**(526 122)**	**(364 096)**
Net fee and commission income	**409 552**	**419 817**

18. Other operating income

	2023	2022
Income from issued securities transactions	-	182
Income from property transactions	67 195	41 717
Other	95 902	130 606
Total other operating income	**163 097**	**172 505**

19. Administrative and operating expenses

	2023	2022
Personnel expenses	(982 778)	(778 953)
Expenses related to premises and equipment and intangible assets	(326 699)	(176 291)
Depreciation/amortisation of premises and equipment, intangible assets and right-of-use assets	(109 232)	(107 039)
Professional services (security, communication, etc.) expenses	(66 164)	(56 358)
Insurance	(63 495)	(62 766)
Payments under operating lease	(16 012)	(5 266)
Other taxes excluding income tax	(2 502)	(3 563)
Administrative and other expenses	(239 556)	(153 464)
Total operating expenses	**(1 806 438)**	**(1 343 700)**

(in thousands of Russian Roubles)

20. Income tax

Income tax expense for 2022-2023 recognized in the consolidated statement of comprehensive income includes the following components:

	2023	2022
Current income tax expenses	20 178	232 508
Deferred taxation movement due to origination and reversal of temporary differences	398	-
Income tax expense for the year	**20 576**	**232 508**

Current income tax rate applicable to the majority of the Group's profits was 20% in 2023 (2022: 20%).

Reconciliation between the theoretical (calculated based on the officially established rate) and the actual taxation charge is provided below:

	2023	2022
IFRS profit before taxation	**1 150 023**	**791 695**
Theoretical tax charge at the applicable rate of 20% (2022: 20%)	**230 005**	**158 339**
Income on government securities taxed at different rates (15%)	(16 341)	(15 112)
Non-deductible expenses less non-taxable income	(172 142)	80 647
Impact of change in deferred tax	398	-
Impact of change in unrecognized deferred tax	(21 344)	(6 478)
Income tax expense for the year	**20 576**	**232 508**

In 2023, non-deductible expenses less non-taxable income mainly represent expenses net of lease income (2022: expenses on written off penalties and duties).

Below is the information about changes in the structure of deferred tax assets (liabilities) for 2023:

	2023	change	2022
Impact of temporary differences			
Financial assets at amortized cost	18 290	28	18 262
Financial assets at fair value	16 675	12 011	4 664
Contingent liabilities	84 203	(80 554)	164 757
Other assets and liabilities	50 974	15 180	35 794
Tax loss	8 813	8 813	-
Gross deferred tax assets	**178 955**	**(44 522)**	**147 847**
Premises and equipment and intangible assets	(32 177)	26 221	(58 398)
Rent	(19 877)	(2 645)	(17 232)
Gross deferred tax liabilities	**(52 054)**	**23 576**	**(75 630)**
Total net deferred tax assets	**126 901**	**(20 946)**	**147 847**
Unrecognised tax assets	**126 503**	**(21 344)**	**147 847**
Recognised deferred tax liabilities	**(398)**	**(398)**	**-**

(in thousands of Russian Roubles)

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Below is the information about changes in the structure of deferred tax assets (liabilities) for 2022:

	2022	change	2021
Impact of temporary differences			
Financial assets at amortised cost	18 262	335	17 927
Financial assets at fair value	4 664	(10 958)	15 622
Contingent liabilities	164 757	67 469	97 288
Other assets and liabilities	35 794	20 792	15 002
Gross deferred tax assets	**223 477**	**77 638**	**145 839**
Premises and equipment and intangible assets	(58 398)	(64 059)	5 661
Rent	(17 232)	(20 057)	2 825
Gross deferred tax liabilities	**(75 630)**	**(84 116)**	**8 486**
Total net deferred tax assets	**147 847**	**(6 478)**	**154 325**
Unrecognised tax assets	**147 847**	**(6 478)**	**154 325**

The Group prepares income tax calculations for the current period based on tax accounting records maintained in accordance with the requirements of the tax law of the Russian Federation. Differences between IFRS and statutory taxation regulations of the Russian Federation give rise to certain temporary differences between the carrying amount of certain assets and liabilities for consolidated financial reporting and income tax calculation purposes. Taxable profit calculated in accordance with Russian law is different from profit calculated in accordance with IFRS. This is due to the fact that some types of income and expenses reflected in financial accounting are not taken into account for tax purposes due to the tax law specifics. This results in permanent tax differences. However, there are tax differences caused by differences in accounting treatment of assets and liabilities, income and expenses in financial and tax accounting, i.e. temporary tax differences.

Differences between IFRS and statutory taxation regulations of the Russian Federation give rise to certain temporary differences between the carrying amount of certain assets and liabilities for consolidated financial reporting and tax purposes. The tax effect of changes of these temporary differences is reflected at the official rate of 20% (2022: 20%).

21. Risk management

The Group's operations are exposed to various financial risks. Risk management is fundamental to the banking business and is an essential component of the Group's operations. The risk management objective is achievement of an acceptable ratio of risk and profitability and minimizing the possible negative impact of risks on the Group's financial performance. The financial risk management policy developed by the Bank is aimed at identifying and analysing credit and market risks, as well as liquidity risk, setting appropriate limits and control procedures, and monitoring compliance with limits using reliable and up-to-date information systems.

The Group operates the risk management system that allows considering them both at the stage of making management decisions and in the process of carrying out banking activities. This system is based on the early revelation of possible risks, their identification and classification; analysis, measurement and assessment of risk operations, as well as on application of specific methods of banking risk management. When building the risk management system, the Group takes into account recommendations of Basel Committee on Banking Supervision and Regulation. The ultimate objective of risk management is to help achieve an optimal balance of risk and profitability as a result of various operations of the Group.

The Bank has a multilevel structure of risk management bodies:

- Board of Directors;
- Management Board, Chairman of the Management Board;

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- Assets and Liabilities Management Committee;
- Credit committees;
- Risk Management Department (Risk Management Service);
- Financial Compliance Service;
- Internal Audit Service.

21.1 Geographic risk

The table below shows a geographical analysis of the Group's assets and liabilities as at 31 December 2023:

	Russian Federation	OECD*	Other countries	Total
Assets				
Cash and cash equivalents	3 426 456	991 306	-	**4 417 762**
Mandatory cash balances with the Central Bank of the Russian Federation	32 743	-	-	**32 743**
Financial assets at fair value through profit or loss, held for trading	1 362 314	-	-	**1 362 314**
Due from other banks	4 844 004	-	-	**4 844 004**
Loans and receivables	20 754 930	-	-	**20 754 930**
Goodwill	10 647	-	-	**10 647**
Premises and equipment and intangible assets	161 635	-	-	**161 635**
Non-current assets classified as held for sale	155 607	-	-	**155 607**
Other assets	707 538	-	-	**707 538**
Total assets	**31 455 874**	**991 306**	-	**32 447 180**
Liabilities				
Due to banks	500 000	571	-	**500 571**
Due to customers	23 232 978	-	-	**23 232 978**
Debt securities issued	160 595	-	-	**160 595**
Current income tax liabilities	2 770	-	-	**2 770**
Allowance for credit related commitments	321 018	-	-	**321 018**
Deferred tax liability	398	-	-	**398**
Other liabilities	2 501 937	-	-	**2 501 937**
Total liabilities	**26 719 696**	**571**	-	**26 720 267**
Net balance sheet position	**4 736 178**	**990 735**	-	**5 726 913**
Credit related commitments	**25 498 731**	-	-	**25 498 731**

(in thousands of Russian Roubles)

Translation from the Russian original

The table below shows a geographical analysis of the Bank's assets and liabilities as at 31 December 2022:

	Russian Federation	OECD*	Other countries	Total
Assets				
Cash and cash equivalents	5 314 098	323 550	-	**5 637 648**
Mandatory cash balances with the Central Bank of the Russian Federation	21 670	-	-	**21 670**
Financial assets at fair value through profit or loss, held for trading	1 350 499	-	-	**1 350 499**
Due from other banks	4 324 665	-	-	**4 324 665**
Loans and receivables	12 262 280	-	-	**12 262 280**
Premises and equipment and intangible assets	215 954	-	-	**215 954**
Non-current assets classified as held for sale	228 906	-	-	**228 906**
Other assets	187 224	-	-	**187 224**
Total assets	**23 905 296**	**323 550**	-	**24 228 846**
Liabilities				
Due to banks	-	-	-	-
Customer accounts	16 447 520	-	-	**16 447 520**
Debt securities issued	623 864	-	-	**623 864**
Financial liabilities at fair value through profit or loss	20 545	-	-	**20 545**
Current income tax liabilities	64 866	-	-	**64 866**
Allowance for credit related commitments	624 041	-	-	**624 041**
Other liabilities	1 850 754	-	-	**1 850 754**
Total liabilities	**19 631 590**	-	-	**19 631 590**
Net balance sheet position	**4 273 706**	**323 550**	-	**4 597 256**
Credit related commitments	**21 464 217**	-	-	**21 464 217**

* OECD - Organization for Economic Co-operation and Development.

21.2 Credit risk

The Group assumes a credit risk which is the risk that a counterparty will not be able to fully repay the debt within the specified period. The Group controls the credit risk, both at the level of individual borrowers/groups of related borrowers, and at the level of the Group's loan portfolio as a whole. The credit risk control at the level of an individual borrower is carried out by setting a risk limit for the borrower, including Banks. Actual observance of limits in relation to the risk level accepted is monitored on a daily basis.

Risk management at the level of the Group's loan portfolio is carried out by establishing a system of loan portfolio limits setting an acceptable level of risk concentration by industry, type of collateral, internal credit rating, as well as the maximum allowable risk per borrower.

Credit risk is managed through regular analysis of the ability of existing and potential borrowers to meet interest and principal repayment obligations and by changing the lending limits where appropriate. Credit risk management is also carried out by obtaining collateral and suretyship from companies and individuals.

The Group determines its willingness to accept the credit risk by approving the credit policy. The Credit Policy sets out the main stages of the credit process, delimits the authority to make credit decisions, and determines the loan portfolio concentration limits and the system for compliance with these limits.

Various divisions of the Bank are involved in credit risk management. Identification, analysis, assessment and development of methods for banking risks management is carried out by a structural division of the Bank - Risk Management Department. This division is independent of the divisions

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responsible for taking risks. The department that initiates and implements assets acquisition transactions is responsible for implementation of a specific risk event.

The task of the Risk Management Department is to limit the total potential losses of the Group and to implement procedures to mitigate emerging risks. Credit operations, becoming a priority area of the Group's activities, are also among the riskiest; therefore, risk assessment on credit operations is the most important part of the analysis of the Group's financial stability. Loan decisions are made by the Credit Committee on a case-by-case basis.

To minimize the credit risk in the interbank lending (IBL) market, the counterparty risk and the securities market (SM) risk, an analysis of counterparty banks and issuers of securities is carried out in order to establish appropriate limits.

The Group uses various methods to mitigate the credit risk of lending operations. At the stage of transaction consideration, an in-depth analysis of the borrower's ability to service the expected level of debt is carried out. Performance of obligations is secured by obtaining pledges.

The basic methods of credit risk management in the Group are:

- assessment of financial condition of borrowers, issuers of securities and counterparty banks, further monitoring of their financial condition;
- provisioning;
- limitation;
- diversification of the Group's loan and investment portfolio;
- control over previously issued loans;
- monitoring the status of pledges;
- delineation of employees powers;
- setting limit values for statutory requirements in accordance with the current law and the internal regulations of the Group.

Internal and external ratings used by the Group to manage credit risk, as well as to meet the requirements of banking supervision, are more focused on expected losses at the time of granting a loan or investment in securities. However, a provision for impairment losses is recognized in the consolidated financial statements only for losses that were incurred at the reporting date, based on objective evidence that the impairment occurred in the period after the initial recognition. Due to differences in methodologies applied, the amount of incurred credit losses calculated for the consolidated financial statements is usually lower than the amount determined based on the expected loss model.

The internal rating system assists the management in determining whether there is objective evidence of impairment based on the following criteria established by the Group:

- *default or delay in payment of interest or principal;*
- *significant financial difficulties of the borrower or issuer;*
- *violation of the terms of the loan;*
- *significant deterioration in competitive position of the borrower or issuer;*
- *significant decline in the fair value of collateral.*

The Group's procedure for determining expected credit losses is detailed in Note 4.

21.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting its obligations associated with financial liabilities.

The Group plans instant and current liquidity on a daily basis in order to minimize the liquidity risk. The Group on an ongoing basis analyses the state of the current payment position using scenarios of negative developments related to the market condition, position of debtors, lenders, and other circumstances affecting liquidity. In case of identifying factors that entail the risk of liquidity loss at a level exceeding the permissible one, the Group takes measures to reduce the risk magnitude.

In order to manage the quick (long-term) liquidity, the Group conducts a monthly analysis of the risk of liquidity loss, during which indicators of liquidity surplus (deficit) are calculated for the period and

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cumulatively, on the basis of which the Group's need for liquid funds for each group of term liabilities is determined.

The Group conducts monthly stress testing of liquidity indicators. Stress test results are taken into account in liquidity management.

The Bank of Russia has established standards for instant, current and long-term liquidity (N2, N3 and N4), which Russian banks are required to comply with on a daily basis.

In terms of liquidity management, the Group controls the expected (or contractual) maturities taking into account discounted cash flows.

The carrying amounts of assets and liabilities by expected maturities as at 31 December 2023 are presented in the table below.

	on demand and less than 1 month	1 to 6 months	6 months to 1 year	more than 1 year	no stated maturity	Total
Assets:						
Cash and cash equivalents	4 417 762	-	-	-	-	**4 417 762**
Mandatory cash balances with the Central Bank of the Russian Federation	-	-	-	-	32 743	**32 743**
Financial assets at fair value through profit or loss	1 362 314	-	-	-	-	**1 362 314**
Due from other banks	4 844 004	-	-	-	-	**4 844 004**
Loans and receivables	792 976	712 595	1 120 926	18 128 433	-	**20 754 930**
Goodwill	-	-	-	10 647	-	**10 647**
Premises and equipment and intangible assets	-	-	-	-	161 635	**161 635**
Non-current assets classified as held for sale	-	-	155 607	-	-	**155 607**
Other assets	707 538	-	-	-	-	**707 538**
Total assets	**12 124 594**	**712 595**	**1 276 533**	**18 139 080**	**194 378**	**32 447 180**
Liabilities						
Due to banks	571	-	-	500 000	-	**500 571**
Customer accounts	11 849 322	1 191 380	3 446 144	6 746 132	-	**23 232 978**
Debt securities issued	160 595	-	-	-	-	**160 595**
Current income tax liabilities	-	2 770	-	-	-	**2 770**
Allowance for credit related commitments	-	-	-	-	321 018	**321 018**
Deferred tax liability	-	-	-	398	-	**398**
Other liabilities	2 501 937					**2 501 937**
Total liabilities	**14 512 425**	**1 194 150**	**3 446 144**	**7 246 530**	**321 018**	**26 720 267**
Net liquidity gap	**(2 387 831)**	**(481 555)**	**(2 169 611)**	**10 892 550**	**(126 640)**	**5 726 913**
Cumulative liquidity gap	**(2 387 831)**	**(2 869 386)**	**(5 038 997)**	**5 853 553**	**5 726 913**	

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The carrying amounts of assets and liabilities by expected maturities as at 31 December 2022 are presented in the table below.

	on demand and less than 1 month	1 to 6 months	6 months to 1 year	more than 1 year	no stated maturity	Total
Assets:						
Cash and cash equivalents	5 637 648	-	-	-	-	**5 637 648**
Mandatory cash balances with the Central Bank of the Russian Federation	-	-	-	-	21 670	**21 670**
Financial assets at fair value through profit or loss	1 350 499	-	-	-	-	**1 350 499**
Due from other banks	4 324 665	-	-	-	-	**4 324 665**
Loans and receivables	563 196	684 028	2 480 461	8 534 595	-	**12 262 280**
Premises and equipment and intangible assets	-	-	-	-	215 954	**215 954**
Non-current assets classified as held for sale	-	-	228 906	-	-	**228 906**
Other assets	187 224	-	-	-	-	**187 224**
Total assets	**11 636 951**	**684 028**	**2 709 367**	**8 534 595**	**237 624**	**24 228 846**
Liabilities						
Due to banks	-	-	-	-	-	-
Customer accounts	13 113 599	1 901 097	1 357 111	75 713	-	**16 447 520**
Debt securities issued	623 864	-	-	-	-	**623 864**
Financial liabilities measured at fair value through profit or loss	20 545	-	-	-	-	**20 545**
Current income tax liabilities	-	64 866	-	-	-	**64 866**
Allowance for credit related commitments	-	-	-	-	624 041	**624 041**
Other liabilities	1 850 754	-	-	-	-	**1 850 754**
Total liabilities	**15 608 762**	**1 965 963**	**1 357 111**	**75 713**	**624 041**	**19 631 590**
Net liquidity gap	**(3 971 811)**	**(1 281 935)**	**1 352 256**	**8 458 882**	**(386 417)**	**4 597 256**
Cumulative liquidity gap	**(3 971 811)**	**(5 253 746)**	**(3 901 490)**	**4 557 392**	**4 170 975**	-

The maturity analysis does not reflect the historical stability of current accounts. The balances of these accounts are included in the "on demand" category of the above table, but in practice funds are withdrawn over a longer period.

The table below shows the liabilities by their remaining contractual maturity as at 31 December 2023. The amounts in the table represent contractual undiscounted cash flows. These undiscounted cash flows differ from the amounts recorded in the consolidated statement of financial position as they are based on discounted cash flows.

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Maturity analysis of financial liabilities as at 31 December 2023 is presented in the table below:

Item	On demand and less than 1 month	From 1 to 6 months	From 6 months to 1 year	More than 1 year	Total
Customer accounts at amortised cost	24 332 066	3 177 781	1 580 253	3 122 866	32 212 966
Financial assets at fair value through profit or loss	20 545	-	-	-	20 545
Debt securities issued	(366 903)	66 038	-	-	(300 865)
Other financial liabilities	1 635 659	226 894	46 930	15 233	1 924 716
Total financial liabilities	**25 621 367**	**3 470 713**	**1 627 183**	**3 138 099**	**33 857 362**

Maturity analysis of financial liabilities as at 31 December 2022 is presented in the table below:

Item	On demand and less than 1 month	From 1 to 6 months	From 6 months to 1 year	More than 1 year	Total
Customer accounts at amortised cost	17 244 405	1 932 111	1 379 250	76 948	20 632 714
Financial assets at fair value through profit or loss	36 173	-	-	-	36 173
Debt securities issued	373 998	317 338	87 949	-	779 285
Other financial liabilities	1 162 876	728 468	48 896	99 282	2 039 522
Total financial liabilities	**18 817 452**	**2 977 917**	**1 516 095**	**176 230**	**18 993 682**

During the reporting year, the Group complied with the requirements for mandatory liquidity ratios established by the Bank of Russia. Liquidity ratios are as follows:

Ratio	Standard value (%)	Actual value (%)	
		As at 01.01.2024	As at 01.01.2023
Instant liquidity ratio (N2)	Min 15	62.102	72.926
Current liquidity ratio (N3)	Min 50	110.696	119.814
Long-term liquidity ratio (N4)	Max 120	82.429	55.989

21.4 Market risk

The Group takes on exposure to market risk which is the risk that future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Market risk arises from net positions in interest rate and foreign currency instruments, which are exposed to general and specific market fluctuations, changes in degree of volatility in market rates and prices.

The Group manages the market risk by periodically assessing the level of exchange risk and monitoring compliance with the established risk limits. Market risk limits for trading positions are approved based on the analysis carried out by the Risk Management Department. Issuer limits for debt securities are approved separately by the Assets and Liabilities Management Committee.

The aggregate amount of the market risk is calculated by a responsible employee of the Risk Management Department, on a daily basis, in order to analyse and control the market risk, as well as to calculate and comply with the Bank's capital adequacy standards.

The market risk management objective is to maintain the risk assumed by the Group at a level determined in accordance with its own strategic objectives. The priority is to ensure maximum safety of assets and capital based on reduction (elimination) of possible losses and receiving less profit on the Group's investments in financial instruments, including investments in foreign currency.

The market risk monitoring system is based on the quick response of the Bank's divisions involved in transactions in financial instruments to external and internal changes and fluctuations in financial markets

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in order to minimize losses in these markets and maximize profitability from transactions with financial instruments while maintaining the established level of risk.

The aggregate exposure to market risks is calculated on a daily basis.

21.5 Interest rate risk

The Group takes on exposure to effects of fluctuations in market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce in the event that unexpected movements arise. The Group manages interest rate risk by providing for a possibility of periodic revision of rates in loan agreements with customers, as well as by matching the maturity of assets and liabilities. The Risk Management Department monitors the maturity matching of assets and liabilities.

The interest rate risk is managed for all assets and liabilities of the Group, as well as for off-balance sheet accounts that are associated with the occurrence of the interest rate risk. To determine the potential value of the interest rate risk, the Group uses the interest rate gap analysis (GAP analysis) method. To assess possible losses under the influence of stressful situations in the monetary markets, the Bank conducts stress testing of interest rate risk.

During 2022-2023, the Group did not raise liabilities and did not place assets at floating rates.

21.6 Currency risk

The Group takes on exposure to effects of fluctuations of the foreign currency exchange rates on its financial position and cash flows. The Group monitors its open currency position on a daily basis. The Group adheres to a conservative currency risk management policy, opening foreign currency positions mainly in the most commonly used currencies in the Russian Federation (US dollars and Euros), and in volumes below the limits of the open currency position set by the Central Bank of the Russian Federation.

The limits are determined both for each currency and for a set of positions in all currencies. The limit of the total (aggregate) current open currency position and the limits of the current foreign currency positions in the context of individual currencies are established by the Bank in accordance with the requirements of the Bank of Russia.

The sizes (limits) of the open currency positions are calculated by the responsible employee of the Reporting Department on a daily basis. The responsible employee of the Reporting Department submits the results of calculating the sizes (limits) of the open currency positions to the Risk Management Department on a daily basis for the subsequent calculation of market risk.

The currency risk is controlled by the Risk Management Department.

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The table below summarises the Group's exposure to currency risk as at 31 December 2023. The Group does not use the analysis presented below for the purposes of currency risk management.

	In RUB	In USD	In EUR	In other currencies and precious metals	Total
Assets:					
Cash and cash equivalents	1 556 427	208 286	35 026	2 618 023	**4 417 762**
Mandatory cash balances with the Central Bank of the Russian Federation	32 743	-	-	-	**32 743**
Financial assets at fair value through profit or loss	1 362 314	-	-	-	**1 362 314**
Due from other banks	4 560 625	1 971	281 327	81	**4 844 004**
Loans and receivables	20 754 930	-	-	-	**20 754 930**
Goodwill	10 647	-	-	-	**10 647**
Premises and equipment and intangible assets	161 635	-	-	-	**161 635**
Non-current assets classified as held for sale	155 607	-	-	-	**155 607**
Other assets	531 322	30	3 075	173 111	**707 538**
Total assets	**29 126 250**	**210 287**	**319 428**	**2 791 215**	**32 447 180**
Liabilities					
Due to banks	500 000	-	-	571	**500 571**
Customer accounts	19 691 785	280 686	156 008	3 104 499	**23 232 978**
Debt securities issued	160 595	-	-	-	**160 595**
Current income tax liabilities	2 770	-	-	-	**2 770**
Allowance for credit related commitments	321 018	-	-	-	**321 018**
Deferred tax liability	398	-	-	-	**398**
Other liabilities	2 260 853	63	-	241 021	**2 501 937**
Total liabilities	**22 937 419**	**280 749**	**156 008**	**3 346 091**	**26 720 267**
Net balance sheet position	**6 188 831**	**(70 462)**	**163 420**	**-554 876**	**5 726 913**
Credit related commitments	**25 498 731**	-	-	-	**25 498 731**

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Translation from the Russian original

The table below summarises the Bank's exposure to currency risk as at 31 December 2022.

	In RUB	In USD	In EUR	In other currencies and precious metals	Total
Assets:					
Cash and cash equivalents	611 376	773 622	249 601	4 003 049	5 637 648
Mandatory cash balances with the Central Bank of the Russian Federation	21 670	-	-	-	21 670
Financial assets at fair value through profit or loss	1 350 499	-	-	-	1 350 499
Due from other banks	4 315 753	1 546	-	7 366	**4 324 665**
Loans and receivables	12 186 245	76 035	-	-	**12 262 280**
Premises and equipment and intangible assets	215 954	-	-	-	**215 954**
Non-current assets classified as held for sale	228 906	-	-	-	**228 906**
Other assets	142 220	46	33 629	11 329	**187 224**
Total assets	**19 072 623**	**851 249**	**283 230**	**4 021 744**	**24 228 846**
Liabilities					
Due to banks	-	-	-	-	-
Customer accounts	12 656 592	297 957	110 217	3 382 754	**16 447 520**
Debt securities issued	623 864	-	-	-	**623 864**
Financial liabilities measured at fair value through profit or loss	20 545	-	-	-	**20 545**
Current income tax liabilities	64 866	-	-	-	**64 866**
ECL allowances for credit related commitments	624 041	-	-	-	**624 041**
Other liabilities	1 669 974	481	-	180 299	**1 850 754**
Total liabilities	**15 659 882**	**298 438**	**110 217**	**3 563 053**	**19 631 590**
Net balance sheet position	**3 412 741**	**552 811**	**173 013**	**458 691**	**4 597 256**
Credit related commitments	**21 292 523**	**171 694**	-	-	**21 464 217**

The Bank's assets and liabilities are shown in the table at their carrying amounts categorised by major currency. The foreign exchange risk on off-balance sheet positions is the difference between the contractual amount of foreign currency derivatives and their fair value. Foreign exchange derivatives are generally used to minimize the Bank's exposure to changes in foreign exchange rates.

21.7 Non-financial risks

Legal risk

The Group's activities are carried out within the framework of the current law of the Russian Federation, regulations of the Government, the Bank of Russia and other authorities. The Group complies with all licensing conditions and requirements of legislation and regulations, as well as regulations of the Bank of Russia. The current legislation is rather complex and ambiguous in interpretation, subject to changes; court practice on certain issues is contradictory, on some others it is not sufficiently developed, which entails the possibility of adopting legal acts that do not correspond to the interests of the Group's activities. The emergence of the legal risk may be due to both external and internal factors.

The internal factors include:

- inconsistency of the internal documents of the Group with the law of the Russian Federation, as well as the Group's inability to timely bring its activities and internal documents in line with the law;

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• non-compliance by the Group with the law of the Russian Federation, including identification and examination of customers, establishment and identification of beneficiaries (persons for whose benefit the customers act), the constituent and internal documents of the Group;

• violation by the Group of the terms of contracts;

• ineffective organization of legal work, leading to legal errors in the Group activities as a result of actions of employees or management bodies of the Group;

• insufficient study by the Group of legal issues in development and implementation of new technologies and conditions for conducting banking operations and other transactions, financial innovations and technologies.

The external factors for the legal risk occurrence include:

• imperfection of the legal system (lack of sufficient legal regulation, inconsistency of the law of the Russian Federation, its susceptibility to changes, including in terms of imperfection of methods of state regulation and (or) supervision, incorrect application of foreign law and (or) international law, violation of normative legal acts by clients and contractors of the Group, as well as the terms of the concluded agreements, which may lead to the occurrence of losses;

• impossibility of resolving certain issues through negotiations and, as a result, the Group's appeal to the judicial authorities for their settlement.

In order to minimize the legal risk, the Group has taken the following measures:

• internal rules for authentication and approval of the documents legally significant for the Group have been developed;

• internal audits of compliance with the current law and the requirements of the Articles of Association and internal documents of the Group (compliance of contractual and internal documents of the Group with the current law, statutory documents of regulatory bodies);

• timely measures are taken to prevent the Group from violating the current law, including by introducing appropriate amendments and additions to the Bank's Articles of Association and its internal documents;

• legal internal and documentary control is carried out;

• delineation of employees powers is carried out;

• local regulations and standard forms of contracts for the most common types of transactions have been developed, they are being promptly brought into compliance with the requirements of the changed law;

• a procedure has been established for considering contracts that are not standard;

• obligatory participation of employees of the Legal Department in the process of launching new Banking products on the market;

• the Group's structural divisions, in accordance with their competence, exercise control over the observance of contractual discipline, and claims work is carried out.

• changes in the law of the Russian Federation are monitored on an ongoing basis, with the main and significant changes being promptly communicated to the employees of the Group's structural divisions through the internal corporate network;

• access of the maximum number of the Group's employees to up-to-date information on legislation is provided;

• continuous professional development of the Group's employees is ensured, for which the necessary resources are allocated.

Operational risk

Operational risk is the risk of direct and indirect losses due to errors or improper operation of internal business processes, personnel, information systems and external events.

For the purposes of risk management, the following groups of operational risks are distinguished:

Business process risks: failures in the work of business processes, lack of end-to-end organization of processes, incorrect allocation of functions, incorrect management of processes and systematic incorrect interaction of counterparties, suppliers and/or internal divisions of the Group.

Translation from the Russian original

Technological risks: shutdown or failures in operation of information systems and banking infrastructure, incidents in the field of information security.

HR risks: any significant change in the staff or personnel reserves in the Group's divisions (for example, an increase in staff turnover), dismissal of key personnel, as well as cases of unethical behaviour of personnel (for example, fraud, discrimination, unauthorized activity).

Risks of unforeseen situations and external events: the Group's inability to minimize losses in the event of unforeseen situations and promptly restore operations, as well as the Group's inability to respond to negative changes in external events and factors without significant losses.

Operational risks are managed and controlled in accordance with the Operational Risk Management Policy which provides for the following measures:

• Systematic assessment and monitoring of the operational risk level using key indicators of operational risk;

• Collecting data on operational losses;

• Risk audits of the most critical areas of the Group's work;

• Self-assessment of risks and control of individual departments.

Operational risks may arise in all areas and at all levels of the Group's operations. Therefore, operational risk management provides the involvement of all personnel of the Group. The priority area is to attract divisions to participate in the process of operational risk management.

When separating duties, the following parameters are taken into account:

• potential and current operating losses of the Group from the considered risk;

• volume of transactions affected by the operational risk;

• availability of information on the operational risks.

Reputational risk (risk of loss of business reputation)

Reputational risk is the risk that the Group will incur losses as a result of a decrease in the number of customers (counterparties) due to formation in society of a negative perception of the Group's financial stability, quality of services provided by it or nature of its activities in general. During its existence, the Group has confirmed its reputation as one of the most stable and reliable banks in Russia due to timely and high-quality performance of its obligations to customers and partners, strict adherence to legislation and business ethics.

In order to avoid formation of a negative perception of financial stability, the Group pays special attention to organization of a complete and reliable system of public disclosure of information in the media and on the Bank's website on the Internet.

The Bank actively supports the image of a transparent and informationally-open company. The Bank's statements and events reflecting material facts of economic activity are published by the Bank on a mandatory basis. The corporate website is one of the main tools for informing a wide range of clients, counterparties and business partners.

The Bank on an ongoing basis carries out:

• control over observance by employees, affiliates, subsidiaries and dependent organizations and ultimate owners of the law of the Russian Federation, including the law on banking secrecy and organization of internal control in order to counteract the legalization (laundering) of proceeds from crime and the financing of terrorism;

• monitoring business reputation of clients and counterparties, observing the "know your client" principle;

• customer surveys for the purpose of analysing customer preferences and identifying shortcomings in the Bank's work and making new proposals from customers;

• control over reliability of financial statements and other published information provided to shareholders, customers and counterparties, regulatory and supervisory authorities and other interested parties.

The Bank has a developed corporate governance system, the main principles of which are specified in the Corporate Governance Code, namely:

• Principle of guaranteeing rights and interests of shareholders;

Translation from the Russian original

- Principle of good governance;
- Principle of distribution of powers between management bodies and effective control;
- Principle of effective control over financial and economic activities;
- Principle of transparency of the ownership structure and information openness;
- Principle of compliance with the rule of law and ethical standards;
- Principle of effective interaction with employees and fair remuneration;
- Principle of social responsibility and development of partnerships with stakeholders.

Strategic risk

Strategic risk is understood as the risk of incurring losses as a result of errors (shortcomings) committed when making decisions that determine the strategy of the Group's activities and development, as well as decisions related to this strategy implementation.

The Group's strategy is the conceptual basis of its activities, which determines the priority areas of business development, its goals and objectives, as well as methods of achieving them. The Group's development strategy is based on the results of SWOT analysis, which makes it possible to identify and structure the Group strengths and weaknesses, as well as the potential for its development and threats that can neutralize these opportunities. In order to implement the Strategy, the Bank develops plans for the Strategy implementation; the Strategy is detailed in the Bank's business planning and budgeting system. The Bank Strategy serves as a guideline for making key decisions regarding market operations, product offerings, organizational structure, profitability and business profile of the Bank's managers at all levels of its activities.

The choice of alternative options for the Group's development is based on an understanding of the external environment, the Bank's potential and shareholders' requirements to ensure performance indicators. The most preferable option is chosen on the basis of a multi-criteria analysis, including both indicators that determine the growth of the Bank's potential market capitalization, and indicators characterizing the risks associated with development.

Strategic risk is reduced by using the principle of collegial decision-making in strategy development. The strategy, as well as the subsequent results of its implementation, are reviewed and approved by the Board of Directors of the Bank. The current control, analysis, monitoring of strategic risk management is carried out by the authorized management bodies of the Group.

22. Commitments and contingent liabilities

Legal proceedings

From time to time, in the course of its day-to-day activities, the Group is subject to legal actions and complaints. The Group's management believes that the proceedings on them will not have a material adverse effect on the financial position or results of the Group's operations in the future.

Tax legislation

Due to the fact that the Russian business law, particularly, the tax legislation, contains provisions that allow for ambiguous interpretation as well as taking into account the established practice of arbitrary assessment by tax authorities of the facts of business activity, management's assessment of the facts of the Bank's business activities may differ from the interpretation of these facts by tax authorities. If any transaction is disputed by the tax authorities, the Group may be charged additional taxes, as well as significant fines and penalties. The period during which the tax authorities can carry out an audit is three years.

(in thousands of Russian Roubles)

Translation from the Russian original

Credit related commitments

The table below shows the total off-balance sheet credit related commitments.

	2023	2022
Financial and non-financial guarantees issued	23 765 066	19 730 134
Commitments to extend credit	1 733 665	1 734 083
Total credit related commitments	**25 498 731**	**21 464 217**

23. Fair value of financial instruments

Fair value is the amount at which an asset may be exchanged or a liability settled in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation of an entity. The best basis for determining the fair value of a financial instrument are published quoted prices in an active market.

Below is analysis of the fair value of financial assets and liabilities for which the fair value is disclosed separately by level of the fair value hierarchy:

31 December 2023	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Cash and cash equivalents	4 417 762	4 417 762	-	-	4 417 762
Mandatory cash balances with the Central Bank of the Russian Federation	32 743	32 743	-	-	32 743
Financial assets at fair value through profit or loss	1 362 314	1 362 314	-	-	1 362 314
Due from other banks	4 844 004	4 844 004	-	-	4 844 004
Loans and receivables	20 754 930	-	-	20 754 930	20 754 930
Other assets	97 363	-	-	97 363	97 363
Liabilities					
Due to banks	500 571	500 571	-	-	500 571
Customer accounts	23 232 978	8 634 721	-	14 598 257	23 232 978
Debt securities issued	160 595	-	-	160 595	160 595
Other liabilities	1 348 754	-	-	1 348 754	1 348 754

31 December 2022	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Cash and cash equivalents	5 637 648	5 637 648	-	-	5 637 648
Mandatory cash balances with the Central Bank of the Russian Federation	21 670	21 670	-	-	21 670
Financial assets at fair value through profit or loss	1 350 499	1 350 499	-	-	1 350 499
Due from other banks	4 324 665	4 324 665	-	-	4 324 665
Loans and receivables	12 262 280	-	-	12 262 280	12 262 280
Other assets	95 821	-	-	95 821	95 821

(in thousands of Russian Roubles)

Translation from the Russian original

Liabilities					
Customer accounts	16 447 520	8 520 269	-	7 927 251	16 447 520
Debt securities issued	623 864	-	-	623 864	623 864
Financial liabilities measured at fair value through profit or loss	20 545	-	-	20 545	20 545
Other liabilities	1 363 955	-	-	1 363 955	1 363 955

The Group uses the following methods and assumptions to estimate the fair value of the following financial instruments:

Financial instruments carried at fair value. Cash and cash equivalents, financial assets at fair value through other comprehensive income and financial assets and liabilities at fair value through profit or loss are carried in the statement of financial position at their fair value.

Due from other banks. The fair value of funds placed at a floating rate is equal to their carrying amount. The estimated fair value of fixed interest-bearing placements, in case of significant deviation of EIR on these financial instruments from their market value, is based on discounted cash flows using prevailing money market interest rates for instruments with similar credit risk and maturity. The Group's management believes that the fair values of due from other banks as at 31 December 2023 and 31 December 2022 do not materially differ from the respective carrying amounts. This is primarily due to the short-term nature of the investments.

Loans and receivables. Loans and receivables are reported net of impairment provisions. The estimated fair value of loans to customers, in case of significant deviation of EIR on these financial instruments from their market value, represents the discounted amount of estimated future cash flows expected to be received. To determine fair value, expected cash flows are discounted at current market rates. The management believes that the fair values of loans to customers as at 31 December 2023 and 31 December 2022 do not materially differ from the respective carrying amounts. This is primarily due to the fact that it is practice to renegotiate interest rates to reflect current market conditions. So, interest on most balances is accrued at rates approximating market interest rates.

Customer accounts. The estimated fair value of liabilities with no stated maturity represents the amount payable at the creditor's request. The estimated fair value of fixed interest-bearing placements and other borrowings without a quoted market price, in case of significant deviation of EIR on these financial instruments from their market value, is based on discounted cash flows using interest rates for debt instruments with similar maturity. The management believes that fair values of customer accounts as at 31 December 2023 and 31 December 2022 do not materially differ from their respective carrying amounts. This is primarily due to the fact that it is practice to renegotiate interest rates to reflect current market conditions. So, interest on most balances is accrued at rates approximating market interest rates.

Debt securities issued. The fair value of debt securities maturing within three months approximates their carrying amount due to their relatively short-term maturity. The fair value of debt securities maturing within more than three months, in case of significant deviation of EIR on these financial instruments from their market value, is the present value of expected cash flows discounted at appropriate year-end market rates. The Bank's management believes that fair values of debt securities issued as at 31 December 2023 and 31 December 2022 do not materially differ from their respective carrying amounts. This is due to a relatively short-term maturity of these liabilities.

Other financial assets and liabilities. The estimated fair value of other unquoted financial liabilities is based on the calculation of discounted cash flows using interest rates on instruments with a similar maturity. In the opinion of management, the fair value of other financial liabilities as at 31 December 2023 and 31 December 2022 does not differ significantly from their carrying amounts.

Level 1 refers to quoted (unadjusted) prices in active markets for identical assets or liabilities that an entity can access at the measurement date.

Level 2 refers to inputs that are not quoted prices included in Level 1 and that are directly or indirectly observable for the asset or liability.

(in thousands of Russian Roubles)

Translation from the Russian original

Level 3 refers to unobservable inputs for an asset or liability. This level also includes assets carried at amortized cost.

During 2022-2023 the Bank did not transfer instruments carried at fair value between levels of the fair value measurement hierarchy.

24. Related party transactions

For the purposes of these consolidated financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control with it, or may exercise significant influence over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the economic substance of the relationship, not merely the legal form.

In the normal course of business, the Group enters into transactions with its related parties, these transactions being carried out by the Group primarily on an arm's length basis.

The following asset transactions with related parties were carried out in 2023:

	Shareholders/ *Beneficiaries*	**Key management personnel**	**Other**	**Total**
Loans and receivables				
Loans and receivables at 1 January (gross)	2	-	7 251	7253
Change for the year	13 507	11 859	5 304	30 670
Loans and receivables at 31 December (gross)	**13 509**	**11 859**	**12 555**	**37 923**
ECL allowance				
ECL allowance at 1 January	-	-	363	363
Charge of ECL allowance during the period	143	133	(178)	98
ECL allowance at 31 December	**143**	**133**	**185**	**461**
Loans and receivables at 1 January (net of ECL allowance)	**2**	**-**	**6 888**	6890
Loans and receivables at 31 December (net of ECL allowance)	**13 366**	**11 726**	**12 370**	37 462
Other assets				
Other assets at 1 January (gross)	22	-	-	22
Change for the year	43	-	-	43
Other assets at 31 December (gross)	**65**	**-**	**-**	**65**

(in thousands of Russian Roubles)

Translation from the Russian original

The following asset transactions with related parties were carried out in 2022:

	Shareholders/ *Beneficiaries*	Key management personnel	Other	Total
Loans and receivables				
Loans and receivables at 1 January (gross)	7 352	-	168 161	175 513
Change for the year	(7 350)	-	(160 910)	(168 260)
Loans and receivables at 31 December (gross)	2	-	**7 251**	**7 253**
ECL allowance				
ECL allowance at 1 January	-	-	6 425	6 425
Charge of ECL allowance during the period	-	-	(6 062)	(6 062)
ECL allowance at 31 December	-	-	**363**	**363**
Loans and receivables at 1 January (net of ECL allowance)	**7 352**	-	**161 736**	**169 088**
Loans and receivables at 31 December (net of ECL allowance)	**2**	-	**6 888**	**6 890**
Other assets				
Other assets at 1 January (gross)	-	-	799	799
Change for the year	22	-	(799)	(777)
Other assets at 31 December (gross)	22	-	-	**22**

The following liability transactions with related parties were carried out in 2023:

	Shareholders/ *Beneficiaries*	Key management personnel	Other	Total
Customer accounts				
Customer accounts at 1 January (gross)	617 184	5 285	33 933	656 402
Change for the year	318 606	5 610	1 081 854	1 406 070
Customer accounts at 31 December (gross)	**935 790**	**10 895**	**1 115 787**	**2 062 472**

The following liability transactions with related parties were carried out in 2022:

	Shareholders/ *Beneficiaries*	Key management personnel	Other	Total
Customer accounts				
Customer accounts at 1 January (gross)	1 633 904	2 227	37 019	1 673 150
Change for the year	(1 016 720)	3 058	(3 086)	(1 016 748)
Customer accounts at 31 December (gross)	**617 184**	**5 285**	**33 933**	**656 402**

As at 31 December 2023, other rights and obligations arising from transactions with related parties are as follows:

	Shareholders/ *Beneficiaries*	Key management personnel	Other	Total
Commitments to extend credit	37 565	-	1 000	**38 565**
Financial and non-financial guarantees issued	-	-	37 437	**37 437**

(in thousands of Russian Roubles)

Translation from the Russian original

As at 31 December 2022, other rights and obligations arising from transactions with related parties are as follows:

	Shareholders/ *Beneficiaries*	Key management personnel	Other	Total
Commitments to extend credit	51 000	-	1 000	**52 000**
Financial and non-financial guarantees issued	-	-	1 825	**1 825**

Below are income and expense items arising from related party transactions for the year 2023:

	Shareholders/ *Beneficiaries*	Key management personnel	Other	Total
Interest income	1 209	442	4 284	**5 935**
Interest expenses	251 962	509	51 473	**303 944**
Fee and commission income and other operating income	564	41	7 217	**7 822**
Fee and commission expense and other expenses	0	24 194	8 622	**32 816**
Net gain from dealing in foreign currency	26	136	(1 215)	**(1 053)**

Below are income and expense items arising from related party transactions for the year 2022:

	Shareholders/ *Beneficiaries*	Key management personnel	Other	Total
Interest income	608	64	24 976	**25 648**
Interest expenses	41 916	623	43 399	**85 938**
Fee and commission income and other operating income	690	11	6 132	**6 833**
Fee and commission expense and other expenses	-	19 967	198	**20 165**
Net gain from dealing in foreign currency	89 235	166	1 010	**90 411**

According to the Group's policy, the terms of all related party transactions are equivalent to those prevailing in arm's length transactions and do not have a significant impact on the financial stability of the Group.

Below is the information on remuneration to key management personnel:

	2023	2022
Short-term benefits:		
- Salaries	21 384	18 756
- Post-employment benefits	-	1 206
- Social insurance charges	4 750	4 150
Total	**26 134**	**24 112**

25. Capital Management

The Group maintains the necessary capital base to cover the risks inherent in its activities, and for business development. The objective of capital adequacy management is to ensure the bank's ability to meet strategic asset growth targets while unconditionally meeting capital adequacy requirements in the course of business as usual and under stress. External capital requirements for banks are established by the Basel Committee on Banking Supervision and the Bank of Russia.

Translation from the Russian original

The Group's capital management policy is aimed at ensuring the required and sufficient level of capital to cover the accepted and potential risks. For this purpose, internal procedures for assessing capital adequacy have been developed, including capital planning based on the established development strategy of the bank, benchmarks for business growth and the results of a comprehensive current risk assessment, stress testing of the bank's stability in relation to internal and external risk factors. The main purpose of the assessment procedures is to ensure the capital adequacy to cover the assumed risks on an ongoing basis.

Internal procedures in the area of capital management include:

- control on the part of the Board of Directors, the Management Board over the capital adequacy of the Group, effectiveness of the applied risk and capital management procedures, compliance of these procedures with the Group's development strategy, nature and scale of activities, as well as sequence of their application in the Group;
- methods and procedures for identifying significant types of risks;
- methods and procedures for assessing significant risks;
- methods and procedures for planning, determining capital requirements, assessing the adequacy and distribution of capital by types of risks and areas of activity;
- system of monitoring and internal reporting on significant risks for the Group, which allows assessing the impact of changes in the nature and size of risks on the capital adequacy amount;
- internal control system.

The capital management methods and procedures are determined by the Bank based on the principle of proportionality. The planned (target) level of capital is stipulated in the Bank's Development Strategy. The current capital requirement is determined by the Bank on the basis of an aggregated assessment of unexpected losses from realization of all types of risks significant for the Bank. For these purposes, the Bank identifies risks in relation to which the need for capital is determined: risks subject to quantitative assessment (credit, market, operational, interest rate risk) and non-financial risks. When determining the total amount of required capital, the Bank uses the standard methodology of the Bank of Russia - Bank of Russia Instruction No. 199-I for assessing the adequacy of own funds (capital).

The main sources of capital are the share capital, retained earnings from previous years and funds from subordinated deposits.

The Bank of Russia regulations establish three levels of capital: base (CET 1), main (Tier 1) and total - and the corresponding capital adequacy ratios: N1.1 (the minimum permissible numerical value of the ratio is set at 4.5%), N1.2 (the minimum permissible numerical value of the ratio is set at 6.0%), N1.0 (the minimum permissible numerical value of the ratio is set at 8.0%).

During 2022-2023, the Bank did not violate the capital requirements established by the regulatory documents of the Bank of Russia.

26. Estimates and judgments used in applying the accounting policies

In the process of applying the accounting policies, the Bank's management uses professional judgment and estimates. Professional judgments that have the most significant effect on the amounts recognized 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:

Impairment of loans and receivables. The Bank regularly reviews its loan portfolio to assess expected credit losses. In determining whether the expected credit loss should be recorded in the consolidated statement of comprehensive income, the Bank makes judgements as to whether there is any observable evidence indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include measurable data indicating that there has been an adverse change in the payment status of borrowers in the Group, or national or local economic conditions that correlate with defaults on assets in the Group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. For new types of loans, for which the Group does not have accumulated loss statistics,

Translation from the Russian original

information available in the market on losses on similar loans is used. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Income tax. Russian tax law is subject to varying interpretations. See Note 22.

27. Events after the reporting period

In January 2024, the Bank's Board of Directors approved the Decision on the issue of shares and the terms of placement of shares of JSC "REALIST BANK" in order to convert ordinary and preference shares of J&T Bank (JCS).

In March 2024, the Bank's Board of Directors decided to terminate its participation in LLC "REALIST FACTORING" (LLC "First Factoring Company" before 16 February 2024) (sale of a 100% interest in the share capital).

Approved for issue and signed on behalf of JSC "REALIST BANK" Group on 19 April 2024.

Chairman of the Management Board
V.S. Elmanin

Chief Accountant
E.A. Gorbyleva

РЕАЛИСТ БАНК
Акционерное общество «Реалист Банк» (АО «РЕАЛИСТ БАНК») ИНН 3801002781 ОГРН 1023800000124 Лицензия ЦБ РФ №1067
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