TCS Group Holding PLC

International Financial Reporting Standards Consolidated Condensed Interim Financial Information (Unaudited)

30 September 2023

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CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

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Report on review of Consolidated Condensed Interim Financial Information

To TCS Group Holding Plc

Introduction

We have reviewed the accompanying consolidated condensed interim statement of financial position of TCS Group Holding Plc (the "Company") and its subsidiaries (the "Group") as of 30 September 2023 and the related consolidated condensed interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and consolidated condensed interim statements of changes in equity and cash flows for the nine-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the European Union.

Kiteserve Limited

Kiteserve Limited
Certified Public Accountants and Registered Auditors

21 November 2023
Limassol
Cyprus

In millions of RR	Note	30 September 2023 (Unaudited)	31 December 2022*	1 January 2022*
ASSETS				
Cash and cash equivalents	5	464,626	511,561	316,476
Mandatory cash balances with the CBRF		3,189	1,690	8,589
Due from other banks		5,496	450	542
Investments in securities	6	297,531	325,802	215,311
Repurchase receivables	6	31,313	-	5,826
Precious metals		11,953	9,982	-
Loans and advances to customers	7	887,656	606,455	606,308
Financial derivatives		3,711	1,020	5,963
Brokerage receivables	8	47,694	26,747	49,138
Guarantee deposits with payment systems		-	6	15,171
Current income tax assets		5,568	109	3,524
Deferred income tax assets		-	1,946	-
Tangible fixed assets and right-of-use assets		41,075	34,890	13,964
Intangible assets		30,162	24,097	15,069
Other financial assets	9	57,761	37,219	52,744
Other non-financial assets	9	29,732	14,208	8,078
TOTAL ASSETS		**1,917,467**	**1,596,182**	**1,316,703**
LIABILITIES				
Due to banks	10	26,843	2,060	11,313
Customer accounts	11	1,380,854	1,191,986	945,723
Debt securities in issue		305	301	21,680
Other borrowed funds	12	1,288	2,199	3,806
Financial derivatives		18	217	90
Brokerage payables	8	11,999	8,258	9,634
Current income tax liabilities		1,527	2,437	125
Deferred income tax liabilities		1,035	7	1,860
Subordinated debt	13	64,018	45,913	59,657
Insurance contract liabilities	14	18,711	14,530	9,771
Other financial liabilities	15	100,675	89,873	68,946
Other non-financial liabilities	15	49,712	32,488	7,817
TOTAL LIABILITIES		**1,656,985**	**1,390,269**	**1,140,422**
EQUITY				
Share capital	16	230	230	230
Share premium	16	26,998	26,998	26,998
Treasury shares	16	(1,885)	(1,885)	(2,567)
Share-based payment reserve	25	2,285	2,731	4,745
Retained earnings		240,884	180,864	159,668
Revaluation reserve for investments in debt securities		(9,016)	(3,214)	(13,131)
Translation reserve		848	243	-
Other reserves		46	2	13
Equity attributable to shareholders of the Company		**260,390**	**205,969**	**175,956**
Non-controlling interest		**92**	**(56)**	**325**
TOTAL EQUITY		**260,482**	**205,913**	**176,281**
TOTAL LIABILITIES AND EQUITY		**1,917,467**	**1,596,182**	**1,316,703**

Approved for issue and signed on behalf of the Board of directors on 21 November 2023.

Malinovskiy Alexey
Director

Daniel Wolfe
Director

The notes № 1-29 are an integral part of this Consolidated Condensed Interim Financial Information.
* See Note 27 for details about the restatements for the changes in accounting policies as a result of the adoption of IFRS 17 on 1 January 2023.

In millions of RR	Note	Unaudited Nine months ended 30 September 2023	Three months ended 30 September 2023	Nine months ended 30 September 2022*	Three months ended 30 September 2022*
Interest income calculated using the effective interest rate method	17	206,319	78,320	152,457	50,885
Other similar income	17	161	61	112	35
Interest expense calculated using the effective interest rate method	17	(38,739)	(14,587)	(45,986)	(12,862)
Other similar expense	17	(1,677)	(585)	(477)	(367)
Expenses on deposit insurance programme	17	(3,859)	(1,393)	(3,024)	(996)
Net interest income	**17**	**162,205**	**61,816**	**103,082**	**36,695**
Credit loss allowance for loans and advances to customers and credit related commitments	7	(37,111)	(13,853)	(49,430)	(17,888)
Credit loss allowance for debt securities at FVOCI	6	62	141	(1,543)	(372)
Total credit loss allowance for debt financial instruments		**(37,049)**	**(13,712)**	**(50,973)**	**(18,260)**
Net interest income after credit loss allowance		**125,156**	**48,104**	**52,109**	**18,435**
Fee and commission income	18	91,151	34,209	91,014	26,014
Fee and commission expense	18	(39,286)	(15,370)	(31,724)	(9,105)
Customer acquisition expense	19	(46,902)	(17,874)	(28,643)	(9,046)
Net gains/(losses) from derivatives revaluation		2,546	1,248	(9,708)	4,491
Net gains/(losses) from foreign exchange translation		898	419	4,001	(5,436)
Net gains/(losses) from operations with foreign currencies		1,718	127	(1,006)	(143)
Net gains/(losses) from precious metals revaluation		3,982	1,112	(6,234)	98
Net (losses)/gains from disposals of investments in securities		(170)	44	(80)	(22)
Net losses from financial assets at FVTPL		(441)	(62)	(8,051)	(1,764)
Insurance revenue	20	40,129	15,048	30,379	10,581
Insurance service expense	20	(11,671)	(4,530)	(10,382)	(3,132)
Administrative and other operating expenses	21	(89,200)	(32,507)	(65,555)	(24,095)
Other provisions charge and impairment loss		(4,387)	(434)	(4,787)	(684)
Net gains from repurchase of subordinated debt		-	-	3,694	2,983
Other operating income		2,515	384	573	156
Profit before tax		**76,038**	**29,918**	**15,600**	**9,331**
Income tax expense		(15,806)	(6,282)	(5,077)	(3,259)
Profit for the period		**60,232**	**23,636**	**10,523**	**6,072**
Other comprehensive (loss)/income					
Items that may be reclassified to profit or loss					
Debt securities at FVOCI and Repurchase receivables:					
- Net losses arising during the period, net of tax		(5,938)	(2,704)	(3,731)	(1,818)
- Reversal of revaluation reserve, net of tax		-	-	11,894	-
- Net losses/(gains) reclassified to profit or loss upon disposal, net of tax		136	(35)	64	18
Currency translation differences		605	122	(155)	(52)
Other reserves		44	31	-	(1)
Other comprehensive (loss)/income for the period, net of tax		**(5,153)**	**(2,586)**	**8,072**	**(1,853)**
Total comprehensive income for the period		**55,079**	**21,050**	**18,595**	**4,219**
Profit/(loss) is attributable to:					
- Shareholders of the Company		60,020	23,602	10,537	6,071
- Non-controlling interest		212	34	(14)	1
Total comprehensive income/(loss) is attributable to:					
- Shareholders of the Company		54,867	21,016	18,609	4,218
- Non-controlling interest		212	34	(14)	1
Earnings per share for profit attributable to the Shareholders of the Company, basic (expressed in RR per share)		**302.06**	**118.78**	**53.12**	**30.61**
Earnings per share for profit attributable to the Shareholders of the Company, diluted (expressed in RR per share)		**293.17**	**115.27**	**51.69**	**29.78**

The notes № 1-29 are an integral part of this Consolidated Condensed Interim Financial Information.
* See Note 27 for details about the restatements for the changes in accounting policies as a result of the adoption of IFRS 17 on 1 January 2023.

	Attributable to shareholders of the Company										
In millions of RR	Share capital	Share premium	Share-based payment reserve	Revaluation reserve for investments in debt securities	Treasury shares	Retained earnings	Transla-tion reserve	Other reserves	Total	Non-control-ling Interest	Total equity
Balance at 31 December 2021	**230**	**26,998**	**4,745**	**(13,131)**	**(2,567)**	**159,491**	**-**	**-**	**175,766**	**325**	**176,091**
Effect of initial application of IFRS 17	-	-	-	-	-	177	-	13	190	-	190
Balance at 1 January 2022*	**230**	**26,998**	**4,745**	**(13,131)**	**(2,567)**	**159,668**	**-**	**13**	**175,956**	**325**	**176,281**
Profit/(loss) for the period*	-	-	-	-	-	10,537	-	-	10,537	(14)	10,523
Other comprehensive (loss)/income:											
Revaluation of investments in debt securities at FVOCI and Repurchase receivables	-	-	-	(3,667)	-	-	-	-	(3,667)	-	(3,667)
Reversal of revaluation reserve	-	-	-	11,894	-	-	-	-	11,894	-	11,894
Currency translation differences	-	-	-	-	-	-	(155)	-	(155)	-	(155)
Total comprehensive income/(loss) for the period (Unaudited)	**-**	**-**	**-**	**8,227**	**-**	**10,537**	**(155)**	**-**	**18,609**	**(14)**	**18,595**
Share-based payment reserve	-	-	(1,497)	-	682	115	-	-	(700)	-	(700)
Changes from business combinations and assets acquisitions	-	-	-	-	-	-	-	-	-	(55)	(55)
Balance at 30 September 2022 (Unaudited)	**230**	**26,998**	**3,248**	**(4,904)**	**(1,885)**	**170,320**	**(155)**	**13**	**193,865**	**256**	**194,121**
Balance at 31 December 2022	**230**	**26,998**	**2,731**	**(3,214)**	**(1,885)**	**180,864**	**243**	**2**	**205,969**	**(56)**	**205,913**
Profit for the period	-	-	-	-	-	60,020	-	-	60,020	212	60,232
Other comprehensive (loss)/income:											
Revaluation of investments in debt securities at FVOCI and Repurchase receivables	-	-	-	(5,802)	-	-	-	-	(5,802)	-	(5,802)
Currency translation differences	-	-	-	-	-	-	605	-	605	-	605
Reserve against changes in discount rates	-	-	-	-	-	-	-	44	44	-	44
Total comprehensive (loss)/income for the period (Unaudited)	**-**	**-**	**-**	**(5,802)**	**-**	**60,020**	**605**	**44**	**54,867**	**212**	**55,079**
Share-based payment reserve	-	-	(446)	-	-	-	-	-	(446)	-	(446)
Changes from business combinations and assets acquisitions	-	-	-	-	-	-	-	-	-	(64)	(64)
Balance at 30 September 2023 (Unaudited)	**230**	**26,998**	**2,285**	**(9,016)**	**(1,885)**	**240,884**	**848**	**46**	**260,390**	**92**	**260,482**

The notes № 1-29 are an integral part of this Consolidated Condensed Interim Financial Information.

* See Note 27 for details about the restatements for the changes in accounting policies as a result of the adoption of IFRS 17 on 1 January 2023.

In millions of RR	Note	Unaudited Nine months ended 30 September 2023	Unaudited Nine months ended 30 September 2022*
Cash flows from/(used in) operating activities			
Interest income received calculated using the effective interest rate method		205,207	146,164
Other similar income received		145	122
Interest expense paid calculated using the effective interest rate method		(35,555)	(46,652)
Recoveries from written-off loans	7	4,986	3,483
Expenses on deposits insurance paid		(3,559)	(2,878)
Fees and commissions received		91,165	91,906
Fees and commissions paid		(36,739)	(27,018)
Customer acquisition expense paid		(44,666)	(24,458)
Gains/(losses) from operations with foreign currencies		1,653	(2,976)
Losses from operations with derivatives paid		(152)	(1,140)
Insurance premiums received		43,892	32,236
Insurance claims paid		(12,407)	(6,891)
Recoveries from the purchased loans received	7	3,700	3,324
Other operating income received		617	946
Administrative and other operating expenses paid		(60,278)	(59,515)
Income tax paid		(17,645)	(7,063)
Cash flows from operating activities before changes in operating assets and liabilities		**140,364**	**99,590**
Changes in operating assets and liabilities			
Net (increase)/decrease in CBRF mandatory reserves		(1,499)	6,899
Net increase in due from banks		(5,046)	(2,373)
Net increase in loans and advances to customers		(323,842)	(34,119)
Net (increase)/decrease in brokerage receivables		(20,947)	34,845
Net decrease in debt securities measured at FVTPL		367	4,623
Net decrease in guarantee deposits with payment systems		-	17,568
Net decrease/(increase) in precious metals		2,010	(12,044)
Net (increase)/decrease in other financial assets		(18,109)	11,146
Net increase in other non-financial assets		(9,397)	(175)
Net increase/(decrease) in due to banks		24,126	(10,972)
Net increase in customer accounts		142,048	73,232
Net increase/(decrease) in brokerage payables		3,741	(3,281)
Net increase/(decrease) in other financial liabilities		6,104	(16,042)
Net decrease in non-financial liabilities		(25)	(104)
Net cash (used in)/from operating activities		**(60,105)**	**168,793**
Cash flows (used in)/from investing activities			
Acquisition of tangible fixed assets		(8,539)	(2,237)
Acquisition of intangible assets		(16,978)	(10,044)
Acquisition of investments in securities, repurchase receivables and other investments		(7,181)	(51,224)
Proceeds from sale and redemption of investments in securities		23,502	10,218
Net cash used in investing activities		**(9,196)**	**(53,287)**
Cash flows used in financing activities			
Repayment of debt securities in issue		-	(21,099)
Repayment of securitisation		(908)	(1,242)
Repayment of principal of lease liabilities		(2,189)	(499)
Repayment of subordinated debt		(795)	(3,842)
Net cash used in financing activities		**(3,892)**	**(26,682)**
Effect of exchange rate changes on cash and cash equivalents		26,258	(57,064)
Net (decrease)/increase in cash and cash equivalents		**(46,935)**	**31,760**
Cash and cash equivalents at the beginning of the period	**5**	**511,561**	**316,476**
Cash and cash equivalents at the end of the period	**5**	**464,626**	**348,236**

1 Introduction

This consolidated condensed interim financial information has been prepared in accordance with International Accounting Standards 34 (IAS 34) “Interim Financial Reporting” as adopted by the European Union, for the nine and three months ended 30 September 2023 for TCS Group Holding PLC (the “Company”) and its subsidiaries (together referred to as the “Group”).

The Company was incorporated, and is domiciled, in Cyprus in accordance with the provisions of the Companies Law, Cap. 113.

The Board of Directors of the Company at the date of authorisation of this consolidated condensed interim financial information consists of: Alexey Malinovskiy, Mary Trimithiotou, Daniel Wolfe and Tatiana Kuznetsova, who joined the Company on 22 September 2023. Constantinos Economides resigned on 7 November 2023. Sergey Arsenyev resigned on 19 November 2023.

The Company Secretary is Caelion Secretarial Limited, 25 Spyrou Araouzou, 25 Berengaria, 5th floor, Limassol 3036, Cyprus.

At 30 September 2023 the share capital of the Company is comprised of ordinary shares (31 December 2022: same). Each ordinary share has a nominal value of USD 0.04 per share and carries one vote. As at 30 September 2023 the number of issued ordinary shares is 199,305,492 (31 December 2022: same). Refer to Note 16 for further information on the share capital. On 25 October 2013 the Group completed an initial public offering of its ordinary shares in the form of global depository receipts (GDRs) listed on the London Stock Exchange plc. On 2 July 2019 the Group completed a secondary public offering (SPO) of its shares in the form of GDRs. On 28 October 2019 the Group’s GDRs started trading also on the Moscow Exchange. As at 30 September 2023 in accordance with IFRS 10 definition of control the Group has no ultimate controlling party (31 December 2022: same).

On 28 April 2022 The New Rigi Trust, a major shareholder of the Company, disposed of its entire interest in the Company. Interros, a leading Russian investment group with a diverse portfolio of assets including in banking, has acquired an interest in the Group, and consequently now holds approximately 35.08% of the outstanding shares in the Company. The deal was approved by the Central Bank of the Russian Federation. As a result of the aforementioned deal Mr Vladimir Potanin, ultimate beneficiary owner of Interros, became a minority shareholder with a total shareholding of 35.08%. The free float of the Company amounts to approximately 64.92% of the Company’s issued share capital and Guaranty Nominees Limited is the company that holds the ordinary shares of the Company for which GDRs are issued under a deposit agreement made between the Company and JPMorgan Chase Bank NA signed in October 2013.

The material subsidiaries of the Group are set out below. The Group owns 100% of shares and has 100% of voting rights of each of these subsidiaries as at 30 September 2023 and 31 December 2022.

JSC “Tinkoff Bank” (the “Bank”) provides on-line retail financial services in Russia, such as retail loans (credit cards, cash loans, consumer loans, car loans, secured loans), deposits and savings, retail debit cards, investment services, SME services, acquiring and payments, other lifestyles and travel services to individuals.

JSC “Tinkoff Insurance” (the “Insurance Company”) provides insurance services such as accident, property, travellers', financial risks and auto insurance.

LLC "Microfinance company “T-Finans” provides micro-finance services.

LLC “Phoenix” is a debt collection agency.

Principal activity. The Group’s principal business activities are retail banking to private individuals, individual entrepreneurs’ and small and medium enterprises’ (“SME”) accounts and banking services, brokerage services, insurance operations, acquiring and payments’ services within the Russian Federation through the Bank and the Insurance Company. The Bank operates under general banking license No. 2673 issued by the Central Bank of the Russian Federation (“CBRF”) on 8 December 2006. This license was re-issued on 11 April 2022 due to changes in requirements related to certain banking operations. The Insurance Company operates under an insurance license No. 0191 issued by the CBRF.

1 Introduction (Continued)

The Bank participates in the state deposit insurance scheme, which was introduced by Federal Law No. 177-FZ “Deposits insurance in banks of the Russian Federation” dated 23 December 2003. The State Deposit Insurance Agency guarantees repayment of up to RR 1.4 million per individual, individual entrepreneur and small enterprise deposits in case of the withdrawal of a license of a bank or a CBRF-imposed moratorium on payments.

Registered address and place of business. The Company’s registered address is 25 Spyrou Araouzou, Berengaria 25, 5th floor, Limassol, 3036, Cyprus. The Bank’s and the Insurance Company’s registered address is 2-nd Khutorskaya Street, 38A, building 26, 127287, Moscow, Russian Federation.

Presentation currency. This consolidated condensed interim financial information is presented in millions of Russian Rubles (RR).

2 Operating Environment of the Group

Russian Federation. The Group operates mainly within the Russian Federation. As a result of the geopolitical situation in February 2022, the economic situation in Russia was negatively affected by the geopolitical tension in the region, as well as expanded international sanctions against certain Russian companies, citizens and institutions. The sanctions caused significant volatility of the Russian ruble and led to significant changes in trading in securities of Russian issuers on world markets and the Moscow Exchange. In addition, many foreign businesses have ceased operations in Russia, resulting in disruptions in supply chains, reduced production and international trade. In 2023 sanction pressures on the Russian economy remain, and inflationary pressures have significantly increased. According to the updated forecast of the Bank of Russia, annual inflation will range from 7.0 to 7.5% in 2023. Given the current monetary policy stance, annual inflation will decline to 4.0–4.5% in 2024 and stay close to 4% further on. In the third quarter of 2023, the Russian economy continues to feel the negative impact of the consequences of external economic pressure. In general, based on the results of the nine months of 2023, it can be stated that the country's economy and financial system has largely withstood the pressure from sanctions imposed by third countries and is currently at the stage of deep transformation.

During the nine months ended 30 September 2023:

- the exchange rate of the CBRF fluctuated in the range from 67.57 to 101.04 rubles per 1 USD and from 72.79 rubles to 110.68 rubles per 1 Euro;
- the key rate of CBR remained stable at the level of 7.5% in the first half of 2023, but it was raised to 8.5% in July, then to 12% in August and to 13% in September 2023;
- RTS stock index fluctuated in the range from 900.08 to 1,091.91 points;
- the cost of a barrel of oil on the international markets was in the range between $71.84 and $96.55 per 1 barrel.

On 3 June 2022, the European Union imposed sanctions against the National Settlement Depository (NSD) as the largest securities depository in Russia. As a result, the Bank's funds in euros were blocked on the correspondent account in NSD, and all payments on matured coupons and bonds were frozen. The management of the Group made a decision to reclassify these amounts to other financial assets and to create a provision for impairment for these blocked amounts. Refer to Note 9.

On 25 February 2023, the international sanctions list was expanded, with the Bank becoming subject to an asset freeze in the EU under the Council Implementing Regulation (EU) No 2023/429, implementing Council Regulation (EU) No 269/2014 (the "EC Regulation 269"). The Company and its controlled subsidiary undertakings (other than the Bank and any controlled subsidiary undertakings of the Bank) are not subject to an asset freeze pursuant to EC Regulation 269 or to other EU sanctions.

On 19 May 2023, the Bank became subject to an asset freeze in the UK under the Russia (Sanctions) (EU Exit) Regulations 2019 (S.I. 2019/855). The Company and its controlled subsidiary undertakings (other than the Bank and any controlled subsidiary undertakings of the Bank) are not subject to an asset freeze pursuant to stated above Regulations S.I. 2019/855.

2 Operating Environment of the Group (Continued)

On 20 July 2023, the Bank became subject of the USA and Canada updated sanctions list.

Taking into account the consequences of sanctions and risks, the transformation of business and operating models continues to improve the efficiency of processes and the profitability of products.

Against the backdrop of a significant depreciation of the Russian ruble and increased inflationary pressure the Board of Directors of the CBRF raised the key rate from 7.5% to 8.5% per annum on 21 July 2023, from 8.5% to 12% per annum on 15 August 2023, from 12% to 13% per annum on 18 September 2023 and 13% to 15% per annum on 27 October 2023. The return of inflation to target in 2024 and its subsequent stabilization close to 4% imply that tight monetary conditions will be maintained in the economy for long. In its further key rate decision-making, the Bank of Russia will take into account actual and expected inflation dynamics relative to the target and economic developments over the forecast horizon, as well as risks posed by domestic and external conditions and the reaction of financial markets.

As of 30 September 2023 the Group complied with all the required ratios including capital adequacy and liquidity ratios. The Group has formed a liquidity reserve in advance, including cash balances in rubles and foreign currencies, which will ensure the stability of the customer service and stability of the Group. All necessary measures have been taken to ensure uninterrupted non-cash payments and meet the needs of the Group's customers, backing ATMs with cash banknotes. Depending on the stress scenario, the Group provides for a liquidity recovery plan that includes a wide range of measures aimed at protecting funds, assets and interests of the customers, as well as ensuring the regular operation of all functions.

The Group maintains adequate capital and liquidity levels and closely monitors its foreign exchange position and cash flows, also it has all the necessary technological capabilities for maintaining of its operations without interruptions.

The Group regularly performs stress testing of its business to assess the sustainability of its liquidity and capital positions. These tests demonstrate that the Group’s current levels of capital and liquidity are more than sufficient to absorb operational impacts from potential economic shocks and market volatility.

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts recognized in the consolidated condensed interim financial information and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on the management’s experience and other factors, including expectations of future events that are believed to be reasonable under the existing circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognized in the consolidated condensed interim financial information and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

ECL measurement. Calculation and measurement of ECLs is an area of significant judgement and involves methodology, models and data inputs. The following components of ECL calculation have a major impact on credit loss allowance: probability of default (“PD”) (impacted by definition of default, SICR, forward-looking scenarios and their weights) and loss given default (“LGD”). The Group makes estimates and judgments, which are constantly analysed based on statistical data, actual and forecast information, as well as management experience, including expectations regarding future events that are considered reasonable in the current circumstances.

An increase or decrease in PDs by 0.5% compared to PDs used in the ECL estimates calculated at 30 September 2023 would result in an increase or decrease in credit loss allowances of RR 4.7 billion (31 December 2022: by 0.5% RR 3.4 billion).

An increase or decrease in LGDs by 1% compared to LGDs used in the ECL estimates calculated at 30 September 2023 would result in an increase or decrease in credit loss allowances of RR 1.4 billion (31 December 2022: by 1% RR 1.3 billion).

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

In March 2023, for the purposes of LGD estimation the Group refined the approach to calculation of the car loan recovery rate. The refined approach is that the Group has applied its own car loan portfolio statistics accumulated in sufficient volume, which makes the assessment more precise. The impact of this change resulted in an increase of the credit loss allowance by RR 0.4 billion as of 31 March 2023. Refer to Note 7 for detailed breakdown of the charges made. During the second and the third quarters of 2023 there were no any changes in ECL measurement.

In 2022, given the high degree of uncertainty associated with the current geopolitical situation, the Group has assessed the impact of the economic environment on the applicable estimates used in calculating ECLs. In determining the amount of impairment, the Group uses forward looking information based on forecasts and data received in the previous economic crisis, which results in a direct adjustment to the probability of default. As with any forecast, however, the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected. The effect of the revision of forecast data led to an increase in the amount of the credit loss allowance by RR 15.1 billion of additional credit loss allowance as at 31 December 2022. In 2023 no changes to the macroadjustment model were implemented.

Investments in securities and repurchase receivables FV measurement. During the nine months ended 30 September 2023 revaluation of investments in securities has been calculated according to the accounting policy of the Group due to the market recovery. In March 2022 due to the absence of an active market of foreign currency OFZs and corporate eurobonds, the fair value of these securities measured at FVOCI and FVTPL, for which market quotes were unavailable, was calculated by discounting cash flows, taking into account the transfer of expected coupons to receive in the flow.

Restricted cash. With regard to the blocked amounts described in Note 2, the Group reclassified them to other financial assets and created provisions for impairments for these blocked amounts. The Group applied a discounted cash flow model using an internal rate of return.

Insurance contracts. The following estimates and assumptions are used for accounting of insurance contracts.

Unit of account. For collective personal accident and property insurance contracts of individuals, where the insurance contract is legally concluded with the Bank, the analysis of the scope of the contracts is based on the terms of the individual policies of the insured, and not on the terms of the contract with the Bank, i.e. the accounting unit for such contracts is the combination of policies of insured individuals with the same start and end term dates of the contract within the framework of one monthly register of concluded insurance contracts.

Aggregation of insurance contracts. For obligatory motor third party liability insurance of motor vehicle owners (hereinafter – "OMTPL") the Group applies the right to include onerous contracts in one group with profitable contracts, contracts that at initial recognition have no significant possibility of becoming onerous subsequently, because due to regulatory restrictions on OMTPL tariff corridors, the Group has no practical opportunity to set different tariffs or the level of benefits for policyholders with different characteristics.

Measurement model. For contracts measured under the premium allocation approach (PAA) with a coverage period of more than one year the Group verified that contracts meet the PAA eligibility criteria and established that such a simplification would produce a measurement of the liability for remaining coverage (LRC) that would not differ materially from the one that would be produced by applying the general measurement model (GMM).

Estimates of future cash flows to fulfil insurance contracts. The estimates of future cash flows are based on probability weighted expected future cash flows. The Group estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Group uses information about past events, current conditions and forecasts of future conditions.

The forecast of the future cash flow is calculated using mathematical modeling methods as a weighted average of the probability of realization of the size of individual cash flows.

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

Where estimates of expenses related cash flows are determined at the portfolio level or higher, corresponding to allocation drivers: the amount of the premium, the amount of claims costs, number of claims, labor hours by type of activity and similar indicators. The Group has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature.

Acquisition cash flows are typically allocated to groups of contracts based on gross premiums written. The Group allocates acquisition cash flows to both existing and future groups of insurance contracts.

Claims settlement-related expenses are allocated to groups of insurance contracts using actuarial methods or based on the average claim costs.

The Group forecasts of an estimate of future expenses related to insurance contracts are based on the current level of expenses. Expenses include expenses that are directly attributable to groups of contracts, including allocation of fixed and variable expenses of the Group.

Directly attributable expenses of an administrative policy maintenance nature are allocated by a relevant driver, while not directly attributable expenses are allocated to groups of contracts based on insurance revenue within the certain group.

Uncertainty in the estimation of future claims and benefit payments and premium receipts arises primarily from the unpredictability of claims amount and future inflation rates that lead to expenses growth.

In determining the assumptions for estimation of future cash flows, the Group used reasonable consistent approaches. Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required.

Estimates of liability for incurred claims. The Group estimates insurance liabilities in relation to claims incurred on accident period basis as ultimate cost of outstanding claims. Judgement is involved in assessing the most appropriate technique to estimate insurance liabilities for the claims incurred. The most common methods used to estimate property damage claims incurred are the chain-ladder, the Bornhuetter-Ferguson and Expected loss ratio methods.

The chain-ladder technique is the most appropriate for those accident periods and classes of business that have reached a relatively stable development pattern. The chain-ladder technique is less suitable in cases in which the Group does not have a developed claims history for a particular type of claim. Also, the chain-ladder technique is best suited for estimation of more matured accident periods.

The Bornhuetter-Ferguson method uses a combination of a benchmark or market-based estimate and an estimate based on claims experience. The former is based on a measure of exposure, such as gross premiums; the latter is based on the paid or incurred claims to date. The two estimates are combined, using a formula that gives more weight to the experience-based estimate as time passes. This technique is best suited for estimation of more recent accident periods.

The Expected loss ratio method assumes the estimation of ultimate level of losses in relation to gross earned premiums. This technique can be used in situations in which claims experience is not available for the projection.

In certain instances, different techniques or a combination of techniques have been selected for individual accident periods within the same type of contract.

The Group estimates future claim handling costs on incurred claims separately. Under motor own damage insurance (“CASCO”) insurance contracts the Group has the right to pursue third parties for payment of some or all costs. Estimates of subrogation reimbursements are based on historical data of corresponding income.

4 Segment Analysis

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the Group. The functions of CODM are performed by the management of the Bank and the management of the Insurance Company.

4 Segment Analysis (Continued)

Description of products and services from which each reportable segment derives its revenue

As a result of a rapid change in macroeconomic environment, the management of the Group adopted new eco-system review approach of its business. Thus the management highlights 4 segments: consumer financial services, retail daily and lifestyle transaction services, SME financial services and other investments. Each segment comprises certain services and business lines, thanks to the interaction of which synergy is achieved and the efficiency of the Group's business as a whole is ensured. This impacted overall composition of the comparative information.

Description of 4 main business segments:

Consumer financial services – representing risk-taking services provided to individuals, including retail loans such as credit cards, cash loans, consumer loans, car loans, secured loans, as well as other associated services.

Retail daily and lifestyle transaction services – representing transactional financial and daily lifestyle services provided to retail customers, including mobile app experience, current accounts, debit cards, savings and investments services, loyalty programs, co-branded offers, telecommunications and also daily lifestyle and travel services to individuals. Assets of the segment are represented by placements of the funds attracted in customer funds and investments in securities, treasury transactions, other financial and non-financial assets.

SME financial services – representing financial services provided to SME customers and merchants. It includes customer current accounts, deposits, transactional and software services and loans to individual entrepreneurs and small to medium businesses. It also includes providing merchants and businesses the ability to process and acquire payments using online and offline channels. Assets of the segment are represented by placements of the funds attracted from customers into investments in securities, treasury transactions, other financial and non-financial assets.

Other investments – representing investments in companies and equity instruments that fall outside of the scope of the other segments. The CODM made a decision to allocate such investments into a separate business segment.

The Group’s principal activities are mainly undertaken within the Russian Federation. Given the retail nature of business of the segments, the Group does not have any significant revenue stream from any single customer.

Factors that management used to identify the reportable segments

The Group’s segments are strategic business units that focus on different services to the customers of the Group. Their performance is analysed separately by the CODM and they are managed separately because each business unit requires different marketing strategies and represents different types of businesses.

Measurement of operating segment profit or loss, assets and liabilities

The CODM reviews financial information prepared based on international financial reporting standards adjusted to meet the requirements of internal reporting. The CODM evaluates performance of each segment based on profit before tax.

Information about reportable segment assets and liabilities, profit or loss

Segment reporting of the Group’s assets and liabilities as at 30 September 2023 is set out below:

In millions of RR	**Consumer financial services**	**Retail daily and lifestyle transaction services**	**SME financial services**	**Other invest-ments**	**Elimina-tions**	**Total**
Reportable segment assets	1,082,905	650,517	178,782	15,356	(10,093)	1,917,467
Reportable segment liabilities	533,689	863,384	270,005	-	(10,093)	1,656,985

4 Segment Analysis (Continued)

Segment reporting of the Group's assets and liabilities as at 31 December 2022 is set out below:

In millions of RR	Consumer financial services	Retail daily and lifestyle transaction services	SME financial services	Other invest-ments	Elimina-tions	Total
Reportable segment assets	857,017	611,019	131,040	12,092	(14,986)	1,596,182
Reportable segment liabilities	346,049	844,319	214,887	-	(14,986)	1,390,269

All jointly used assets, such as fixed assets, rights of use assets and intangible assets were allocated to the segments on the basis of detailed analysis of usage of those assets by segments.

Segment reporting of the Group's income and expenses for the nine months ended 30 September 2023 is set out below:

In millions of RR	Consumer financial services	Retail daily and lifestyle transaction services	SME financial services	Other invest-ments	Elimina-tions	Total
External revenues						
Interest income	160,863	31,272	14,286	59	-	206,480
Fee and commission income						
- Fee and commission income on cards' and current accounts' services	2,972	13,969	18,846	-	-	35,787
- Acquiring commission	-	594	26,289	-	-	26,883
- MVNO and investments services	-	18,289	-	-	-	18,289
- Other fees receivable	1,342	8,226	624	-	-	10,192
Timing of fee and commission income recognition:						
- At point in time	1,759	28,465	45,759	-	-	75,983
- Over time	2,555	12,613	-	-	-	15,168
Total fee and commission income	**4,314**	**41,078**	**45,759**	**-**	**-**	**91,151**
Insurance revenue	40,129	-	-	-	-	40,129
Other operating income	2,173	224	118	-	-	2,515
Total external revenues	**207,479**	**72,574**	**60,163**	**59**	**-**	**340,275**
Revenues from other segments						
Interest income	-	23,579	5,463	-	(29,042)	-
Total revenues from other segments	**-**	**23,579**	**5,463**	**-**	**(29,042)**	**-**
TOTAL REVENUES	**207,479**	**96,153**	**65,626**	**59**	**(29,042)**	**340,275**
Interest expense	(45,559)	(22,491)	(5,267)	-	29,042	(44,275)
Credit loss allowance charge	(33,419)	(1,429)	(2,201)	-	-	(37,049)
Fee and commission expense	(3,141)	(22,063)	(14,082)	-	-	(39,286)
Insurance service expense	(11,671)	-	-	-	-	(11,671)
Administrative and other operating expenses	(29,753)	(39,870)	(19,577)	-	-	(89,200)
Other gains/(losses)	3,310	(1,842)	(1,655)	4,333	-	4,146
Segment result before acquisition expenses	**87,246**	**8,458**	**22,844**	**4,392**	**-**	**122,940**
Customer acquisition expense	(16,201)	(24,516)	(6,185)	-	-	(46,902)
SEGMENT RESULT	**71,045**	**(16,058)**	**16,659**	**4,392**	**-**	**76,038**

4 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the three months ended 30 September 2023 is set out below:

In millions of RR	Consumer financial services	Retail daily and lifestyle transaction services	SME financial services	Other invest-ments	Elimina-tions	Total
External revenues						
Interest income	60,091	12,026	6,238	26	-	78,381
Fee and commission income						
- Fee and commission income on cards' and current accounts' services	1,230	5,098	6,623	-	-	12,951
- Acquiring commission	-	207	9,357	-	-	9,564
- MVNO and investments services	-	7,766	-	-	-	7,766
- Other fees receivable	527	3,152	249	-	-	3,928
Timing of fee and commission income recognition:						
- At point in time	664	11,125	16,229	-	-	28,018
- Over time	1,093	5,098	-	-	-	6,191
Total fee and commission income	1,757	16,223	16,229	-	-	34,209
Insurance revenue	15,048	-	-	-	-	15,048
Other operating income	171	132	81	-	-	384
Total external revenues	**77,067**	**28,381**	**22,548**	**26**	**-**	**128,022**
Revenues from other segments						
Interest income	-	9,159	1,940	-	(11,099)	-
Total revenues from other segments	**-**	**9,159**	**1,940**	**-**	**(11,099)**	**-**
TOTAL REVENUES	**77,067**	**37,540**	**24,488**	**26**	**(11,099)**	**128,022**
Interest expense	(17,633)	(7,783)	(2,248)	-	11,099	(16,565)
Credit loss allowance charge	(12,801)	(476)	(435)	-	-	(13,712)
Fee and commission expense	(1,115)	(9,050)	(5,205)	-	-	(15,370)
Insurance service expense	(4,530)	-	-	-	-	(4,530)
Administrative and other operating expenses	(11,187)	(13,890)	(7,430)	-	-	(32,507)
Other gains/(losses)	1,644	(500)	78	1,232	-	2,454
Segment result before acquisition expenses	**31,445**	**5,841**	**9,248**	**1,258**	**-**	**47,792**
Customer acquisition expense	(6,652)	(9,046)	(2,176)	-	-	(17,874)
SEGMENT RESULT	**24,793**	**(3,205)**	**7,072**	**1,258**	**-**	**29,918**

4 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the nine months ended 30 September 2022 is set out below:

In millions of RR	Consumer financial services	Retail daily and lifestyle transaction services	SME financial services	Other invest-ments	Elimina-tions	Total
External revenues						
Interest income	121,970	22,701	7,883	15	-	152,569
Fee and commission income						
- Fee and commission income on cards' and current accounts' services	3,239	27,308	18,258	-	-	48,805
- Acquiring commission	-	158	22,267	-	-	22,425
- MVNO and investments services	-	13,766	-	-	-	13,766
- Other fees receivable	547	5,075	396	-	-	6,018
Timing of fee and commission income recognition:						
- At point in time	1,938	40,524	36,471	-	-	78,933
- Over time	1,848	5,783	4,450	-	-	12,081
Total fee and commission income	3,786	46,307	40,921	-	-	91,014
Insurance revenue	30,379	-	-	-	-	30,379
Other operating income	375	84	114	-	-	573
Total external revenues	**156,510**	**69,092**	**48,918**	**15**	**-**	**274,535**
Revenues from other segments						
Interest income	-	14,592	4,839	-	(19,431)	-
Total revenues from other segments	**-**	**14,592**	**4,839**	**-**	**(19,431)**	**-**
TOTAL REVENUES	**156,510**	**83,684**	**53,757**	**15**	**(19,431)**	**274,535**
Interest expense	(44,216)	(22,087)	(2,615)	-	19,431	(49,487)
Credit loss allowance charge	(48,308)	(1,422)	(1,243)	-	-	(50,973)
Fee and commission expense	(2,209)	(16,547)	(12,968)	-	-	(31,724)
Insurance service expense	(10,382)	-	-	-	-	(10,382)
Administrative and other operating expenses	(19,205)	(29,599)	(16,751)	-	-	(65,555)
Other losses	(5,702)	(2,937)	(1,007)	(12,525)	-	(22,171)
Segment result before acquisition expenses	**26,488**	**11,092**	**19,173**	**(12,510)**	**-**	**44,243**
Customer acquisition expense	(7,111)	(16,054)	(5,478)	-	-	(28,643)
SEGMENT RESULT	**19,377**	**(4,962)**	**13,695**	**(12,510)**	**-**	**15,600**

4 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the three months ended 30 September 2022 is set out below:

In millions of RR	Consumer financial services	Retail daily and lifestyle transaction services	SME financial services	Other invest-ments	Elimina-tions	Total
External revenues						
Interest income	40,799	7,332	2,785	4	-	50,920
Fee and commission income						
- Fee and commission income on cards' and current accounts' services	719	5,194	6,435	-	-	12,348
- Acquiring commission	-	68	7,101	-	-	7,169
- MVNO and investments services	-	4,258	-	-	-	4,258
- Other fees receivable	173	1,926	140	-	-	2,239
Timing of fee and commission income recognition:						
- At point in time	288	9,249	12,058	-	-	21,595
- Over time	604	2,197	1,618	-	-	4,419
Total fee and commission income	892	11,446	13,676	-	-	26,014
Insurance revenue	10,581	-	-	-	-	10,581
Other operating income	124	-	32	-	-	156
Total external revenues	**52,396**	**18,778**	**16,493**	**4**	**-**	**87,671**
Revenues from other segments						
Interest income	-	4,151	1,288	-	(5,439)	-
Total revenues from other segments	**-**	**4,151**	**1,288**	**-**	**(5,439)**	**-**
TOTAL REVENUES	**52,396**	**22,929**	**17,781**	**4**	**(5,439)**	**87,671**
Interest expense	(12,456)	(6,332)	(876)	-	5,439	(14,225)
Credit loss allowance charge	(17,543)	(395)	(322)	-	-	(18,260)
Fee and commission expense	(530)	(4,625)	(3,950)	-	-	(9,105)
Insurance service expense	(3,132)	-	-	-	-	(3,132)
Administrative and other operating expenses	(5,446)	(12,693)	(5,956)	-	-	(24,095)
Other (losses)/gains	(874)	(285)	(120)	802	-	(477)
Segment result before acquisition expenses	**12,415**	**(1,401)**	**6,557**	**806**	**-**	**18,377**
Customer acquisition expense	(2,439)	(4,827)	(1,780)	-	-	(9,046)
SEGMENT RESULT	**9,976**	**(6,228)**	**4,777**	**806**	**-**	**9,331**

4 Segment Analysis (Continued)

Fee and commission income on cards' and current accounts' services include SME services commission, SMS fee, interchange fee, foreign currency exchange transactions fee, fee for money transfers, cash withdrawal fee and replenishment fee.

Interest income and interest expense from other segments for the nine and the three months ended 30 September 2023 amounted to RR 29,042 million and RR 11,099 million, respectively (for the nine and the three months ended 30 September 2022: RR 19,431 million and RR 5,439 million, respectively) are calculated using the funds transfer pricing curve.

5 Cash and Cash Equivalents

In millions of RR	**30 September 2023 (Unaudited)**	**31 December 2022**
Cash on hand	55,786	56,895
Cash balances with the CBRF (other than mandatory reserve deposits)	59,321	106,693
Placements with other banks and non-bank credit organizations with original maturities of less than three months	349,519	347,973
Total cash and cash equivalents	**464,626**	**511,561**

Cash on hand includes cash balances in ATMs and cash balances in transit. Placements with other banks and organizations with original maturities of less than three months include placements under reverse sale and repurchase agreements in the amount of RR 267,452 million as at 30 September 2023 (31 December 2022: RR 252,399 million). The Group has a right to sell or repledge securities received under reverse sale and repurchase agreements.

The carrying amount of cash and cash equivalents at 30 September 2023 and 31 December 2022 also represents the Group's maximum exposure to credit risk on these assets.

For the purpose of ECL measurement cash and cash equivalents balances are included in Stage 1. The ECL for these balances represents an immaterial amount, therefore the Group did not recognise any credit loss allowance for cash and cash equivalents. Except for reverse sale and repurchase agreements, amounts of cash and cash equivalents are not collateralised. As at 30 September 2023 the fair value of collateral under reverse sale and repurchase agreements was RR 276,917 million (31 December 2022: RR 254,683 million). There is no material impact of collateral on credit loss allowance for cash and cash equivalents.

Refer to Note 24 for the disclosure of the fair value of cash and cash equivalents.

6 Investments in Securities and Repurchase Receivables

In millions of RR	30 September 2023 (Unaudited)	31 December 2022
Securities measured at fair value through other comprehensive income	202,004	199,892
Securities measured at amortised cost	89,852	121,283
Securities measured at fair value through profit or loss	5,675	4,627
Total investments in securities	**297,531**	**325,802**
Repurchase receivables at amortised cost	31,313	-
Total investments in securities and repurchase receivables	**328,844**	**325,802**

As a result of the imposed sanctions against Russian financial system, receivable cash on redeemed bonds and related coupon payments has been postponed, thus the Group reclassified all these receivables to Other financial assets. Refer to Note 9 for more information.

1) Investments in securities and repurchase receivables measured at amortised cost

In millions of RR	30 September 2023 (Unaudited)	31 December 2022
Russian government bonds		
Gross carrying amount	90,342	121,946
Credit loss allowance	(490)	(663)
Total investments in securities measured at AC	**89,852**	**121,283**
Repurchase receivables		
Gross carrying amount	31,486	-
Credit loss allowance	(173)	-
Total repurchase receivables measured at AC	**31,313**	**-**
Total investments in securities and repurchase receivables measured at AC	**121,165**	**121,283**

2) Investments in securities measured at fair value through other comprehensive income

The table below discloses investments in debt securities measured at FVOCI by classes:

In millions of RR	30 September 2023 (Unaudited)	31 December 2022
Investments in securities		
Russian government bonds	107,604	106,918
Corporate bonds	84,077	80,559
Municipal bonds	6,928	7,811
Foreign government bonds	3,395	4,604
Total investments in securities measured at FVOCI	**202,004**	**199,892**
Including credit loss allowance	(2,200)	(2,132)

6 Investments in Securities and Repurchase Receivables (Continued)

3) Securities measured at fair value through profit or loss

The table below discloses investments in securities measured at FVTPL by classes:

In millions of RR	30 September 2023 (Unaudited)	31 December 2022
Investments in securities		
Corporate shares	3,538	2,278
Corporate bonds	1,940	2,349
Russian government bonds	197	-
Total investments in securities measured at FVTPL	**5,675**	**4,627**

Investments in securities measured at FVTPL are carried at fair value, which also reflects any credit risk related write-downs and best represents Group's maximum exposure to credit risk. The securities measured at FVTPL are not collateralized.

7 Loans and Advances to Customers

In millions of RR	30 September 2023 (Unaudited)	31 December 2022
Gross carrying amount of loans and advances to customers at AC	1,030,471	731,602
Less credit loss allowance	(142,974)	(125,730)
Total carrying amount of loans and advances to customers at AC	**887,497**	**605,872**
Loans and advances to customers at FVTPL	159	583
Total loans and advances to customers	**887,656**	**606,455**

Loans and advances to customers at FVTPL represent a loan that does not meet SPPI requirement and that was issued to a related party (refer to Note 25).

Gross carrying amount and credit loss allowance amount for loans and advances to customers at AC by classes at 30 September 2023 and 31 December 2022 are disclosed in the table below:

	30 September 2023 (Unaudited)			31 December 2022		
In millions of RR	Gross carrying amount	Credit loss allowance	Carrying amount	Gross carrying amount	Credit loss allowance	Carrying amount
Credit card loans	504,929	(86,668)	418,261	399,196	(81,394)	317,802
Cash loans	204,741	(28,944)	175,797	121,267	(22,898)	98,369
Other loans:	320,801	(27,362)	293,439	211,139	(21,438)	189,701
Car loans	*128,254*	*(15,252)*	*113,002*	*79,177*	*(11,141)*	*68,036*
Secured loans	*107,137*	*(3,687)*	*103,450*	*75,607*	*(3,597)*	*72,010*
POS loans	*61,398*	*(4,854)*	*56,544*	*47,893*	*(4,913)*	*42,980*
Loans to IE and SME	*24,012*	*(3,569)*	*20,443*	*8,462*	*(1,787)*	*6,675*
Total loans and advances to customers at AC	**1,030,471**	**(142,974)**	**887,497**	**731,602**	**(125,730)**	**605,872**

7 Loans and Advances to Customers (Continued)

Credit cards are issued to customers for cash withdrawals or payment for goods or services, within the range of limits established by the Bank. These limits may be increased or decreased from time-to-time based on management decision. Credit card loans are not collateralized.

Cash loans represent a product for the borrowers who have a positive credit history and who do not have overdue loans in other banks. Cash loans are loans provided to customers via the Bank's debit cards. These loans are available for withdrawal without commission.

Secured loans represent loans secured with a real estate (home equity loans) or a car. As at 30 September 2023 home equity loans under securitisation amounted to RR 2,092 million (31 December 2022: RR 2,958 million). Refer to Note 12 for details of the securitisation of home equity loans.

Car loans represent loans for the purchase of a vehicle which is used as collateral under the loan.

POS ("Point of sale") loans represent loans to fund online and offline purchases through internet and offline shops for individual borrowers.

Loans to IE and SME represent loans provided by the Bank to individual entrepreneurs and small and medium businesses for the purpose of working capital management.

The credit loss allowance for loans and advances to customers recognised in the period is impacted by a variety of factors. The main movements in the tables presented below are described as follows:

- new originated or purchased category represents the gross carrying amounts and the related ECL of purchased loans and loans issued during the reporting period (and withdrawals of limits of new credit card borrowers) as at the end of the reporting period or as at the date of transfer of loan out of Stage 1 (whichever date is earlier);
- transfers between Stage 1, 2 and 3 due to balances experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and lifetime ECL. Transfers present the amount of credit loss allowance charged or recovered at the moment of transfer of a loan among the respective stages;
- movements other than transfers and new originated or purchased loans category represent all other movements of ECL in particular related to changes in gross carrying amounts (including drawdowns, repayments, and accrued interest), as well as updates of inputs to ECL model in the period;
- write-offs of allowances are related to assets that were written-off during the period;
- unwinding of discount (for Stage 3) category represents adjustment to credit loss allowance and gross carrying amount for Stage 3 loans to increase it to discounted amount of the expected cash shortfalls to the reporting date using the effective interest rate;
- Modification of original cash flows without derecognition represents adjustment to credit loss allowance and gross carrying amount of Stage 3 loans caused by the modification of terms of those loans which is not substantial.

There were no any changes to ECL measurement model during the three months ended 30 September 2023. Changes to ECL measurement model assumptions and estimates for three months ended 31 March 2023 represent a refined approach to calculation of the car loan recovery rate, as well as impact of the economic environment. The refined approach is that the Group has applied its own car loan portfolio statistics accumulated in sufficient volume, which makes the assessment more precise. Refer to Notes 2 and 3 for more information.

7 Loans and Advances to Customers (Continued)

The following tables disclose the changes in the credit loss allowance and gross carrying amount for loans and advances to customers between the beginning and the end of the reporting and comparative periods:

	Unaudited								
	Credit loss allowance				Gross carrying amount				
In millions of RR	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Purchased/ originated credit impaired**	**Total**
Credit card loans									
At 31 December 2022	**25,461**	**9,480**	**46,453**	**81,394**	**314,534**	**14,539**	**69,657**	**466**	**399,196**
Movements with impact on credit loss allowance charge for nine months ended 30 September 2023									
New originated or purchased	7,859	-	-	7,859	108,183	-	-	-	108,183
Transfers:									
- to lifetime (from Stage 1 to Stage 2)	(4,299)	9,274	-	4,975	(15,050)	15,050	-	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(5,095)	(7,548)	24,897	12,254	(20,102)	(10,243)	30,345	-	-
- recovered (from Stage 3 to Stage 2 and from Stage 2 to Stage 1)	757	(1,693)	(43)	(979)	2,576	(2,522)	(54)	-	-
Changes to ECL measurement model assumptions and estimates	16	51	3	70	-	-	-	-	-
Movements other than transfers and new originated or purchased loans	(133)	1,257	(428)	696	21,713	(537)	(3,648)	(147)	17,381
Total movements with impact on credit loss allowance charge for nine months ended 30 September 2023	**(895)**	**1,341**	**24,429**	**24,875**	**97,320**	**1,748**	**26,643**	**(147)**	**125,564**
Movements without impact on credit loss allowance charge for the period									
Unwinding of discount (for Stage 3)	-	-	5,408	5,408	-	-	5,408	-	5,408
Write-offs	-	-	(22,480)	(22,480)	-	-	(22,480)	-	(22,480)
Sales	-	-	(1,521)	(1,521)	-	-	(1,751)	-	(1,751)
Modification of original cash flows without derecognition	-	-	(1,008)	(1,008)	-	-	(1,008)	-	(1,008)
At 30 September 2023	**24,566**	**10,821**	**51,281**	**86,668**	**411,854**	**16,287**	**76,469**	**319**	**504,929**

7 Loans and Advances to Customers (Continued)

	Unaudited								
	Credit loss allowance				Gross carrying amount				
In millions of RR	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Purchased/ originated credit impaired	Total
Credit card loans									
At 30 June 2023	**24,738**	**10,101**	**49,094**	**83,933**	**371,188**	**15,124**	**73,398**	**392**	**460,102**
Movements with impact on credit loss allowance charge for three months ended 30 September 2023									
New originated or purchased	1,912	-	-	1,912	37,342	-	-	-	37,342
Transfers:									
- to lifetime (from Stage 1 to Stage 2)	(3,930)	8,114	-	4,184	(13,147)	13,147	-	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(505)	(7,111)	9,092	1,476	(1,742)	(9,265)	11,007	-	-
- recovered (from Stage 3 to Stage 2 and from Stage 2 to Stage 1)	888	(1,947)	(74)	(1,133)	3,098	(3,004)	(94)	-	-
Changes to ECL measurement model assumptions and estimates	5	-	1	6	-	-	-	-	-
Movements other than transfers and new originated or purchased loans	1,458	1,664	(476)	2,646	15,115	285	(1,345)	(73)	13,982
Total movements with impact on credit loss allowance charge for three months ended 30 September 2023	**(172)**	**720**	**8,543**	**9,091**	**40,666**	**1,163**	**9,568**	**(73)**	**51,324**
Movements without impact on credit loss allowance charge for the period									
Unwinding of discount (for Stage 3)	-	-	1,923	1,923	-	-	1,923	-	1,923
Write-offs	-	-	(7,786)	(7,786)	-	-	(7,786)	-	(7,786)
Sales	-	-	(820)	(820)	-	-	(961)	-	(961)
Modification of original cash flows without derecognition	-	-	327	327	-	-	327	-	327
At 30 September 2023	**24,566**	**10,821**	**51,281**	**86,668**	**411,854**	**16,287**	**76,469**	**319**	**504,929**

7 Loans and Advances to Customers (Continued)

	Unaudited								
	Credit loss allowance				Gross carrying amount				
In millions of RR	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Purchased/ originated credit impaired	Total
Credit card loans									
At 31 December 2021	**15,028**	**7,562**	**30,397**	**52,987**	**270,113**	**11,986**	**51,396**	**399**	**333,894**
Movements with impact on credit loss allowance charge for nine months ended 30 September 2022									
New originated or purchased	3,197	-	-	3,197	49,395	-	-	6	49,401
Transfers:									
- to lifetime (from Stage 1 to Stage 2)	(3,708)	8,436	-	4,728	(14,953)	14,953	-	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(4,977)	(6,414)	25,146	13,755	(22,865)	(8,998)	31,863	-	-
- recovered (from Stage 3 to Stage 2 and from Stage 2 to Stage 1)	427	(1,146)	(29)	(748)	1,741	(1,702)	(39)	-	-
Changes to ECL measurement model assumptions and estimates	4,187	18	2,298	6,503	-	-	-	-	-
Movements other than transfers and new originated or purchased loans	8,817	1,453	(1,314)	8,956	23,690	(636)	(4,514)	(55)	18,485
Total movements with impact on credit loss allowance charge for nine months ended 30 September 2022	**7,943**	**2,347**	**26,101**	**36,391**	**37,008**	**3,617**	**27,310**	**(49)**	**67,886**
Movements without impact on credit loss allowance charge for the period									
Unwinding of discount (for Stage 3)	-	-	4,862	4,862	-	-	4,862	-	4,862
Write-offs	-	-	(14,110)	(14,110)	-	-	(14,110)	-	(14,110)
Sales	-	-	(1,259)	(1,259)	-	-	(1,314)	-	(1,314)
Modification of original cash flows without derecognition	-	-	(2,323)	(2,323)	-	-	(2,323)	-	(2,323)
At 30 September 2022	**22,971**	**9,909**	**43,668**	**76,548**	**307,121**	**15,603**	**65,821**	**350**	**388,895**

7 Loans and Advances to Customers (Continued)

	Unaudited								
	Credit loss allowance				Gross carrying amount				
In millions of RR	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Purchased/ originated credit impaired	Total
Credit card loans									
At 30 June 2022	**18,921**	**10,753**	**38,775**	**68,449**	**302,112**	**16,918**	**59,829**	**362**	**379,221**
Movements with impact on credit loss allowance charge for three months ended 30 September 2022									
New originated or purchased	768	-	-	768	19,018	-	-	-	19,018
Transfers:									
- to lifetime (from Stage 1 to Stage 2)	(3,249)	7,149	-	3,900	(12,657)	12,657	-	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(375)	(8,173)	10,002	1,454	(1,499)	(11,051)	12,550	-	-
- recovered (from Stage 3 to Stage 2 and from Stage 2 to Stage 1)	825	(2,006)	(66)	(1,247)	3,184	(3,099)	(85)	-	-
Changes to ECL measurement model assumptions and estimates	2,108	-	-	2,108	-	-	-	-	-
Movements other than transfers and new originated or purchased loans	3,973	2,186	(324)	5,835	(3,037)	178	(1,746)	(12)	(4,617)
Total movements with impact on credit loss allowance charge for three months ended 30 September 2022	**4,050**	**(844)**	**9,612**	**12,818**	**5,009**	**(1,315)**	**10,719**	**(12)**	**14,401**
Movements without impact on credit loss allowance charge for the period									
Unwinding of discount (for Stage 3)	-	-	1,808	1,808	-	-	1,808	-	1,808
Write-offs	-	-	(5,250)	(5,250)	-	-	(5,250)	-	(5,250)
Sales	-	-	(103)	(103)	-	-	(111)	-	(111)
Modification of original cash flows without derecognition	-	-	(1,174)	(1,174)	-	-	(1,174)	-	(1,174)
At 30 September 2022	**22,971**	**9,909**	**43,668**	**76,548**	**307,121**	**15,603**	**65,821**	**350**	**388,895**

7 Loans and Advances to Customers (Continued)

	Unaudited								
	Credit loss allowance				Gross carrying amount				
In millions of RR	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Purchased/ originated credit impaired**	**Total**
Cash loans									
At 31 December 2022	**7,125**	**4,206**	**11,567**	**22,898**	**98,620**	**6,707**	**14,930**	**1,010**	**121,267**
Movements with impact on credit loss allowance charge for nine months ended 30 September 2023									
New originated or purchased	9,733	-	-	9,733	138,041	-	-	7	138,048
Transfers:									
- to lifetime (from Stage 1 to Stage 2)	(2,398)	7,175	-	4,777	(7,844)	7,844	-	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(1,521)	(2,646)	6,724	2,557	(4,175)	(3,048)	7,223	-	-
- recovered (from Stage 3 to Stage 2 and from Stage 2 to Stage 1)	152	(488)	(8)	(344)	1,284	(1,275)	(9)	-	-
Changes to ECL measurement model assumptions and estimates	-	244	-	244	-	-	-	-	-
Movements other than transfers and new originated or purchased loans	(2,212)	(3,197)	(578)	(5,987)	(46,164)	(2,660)	(609)	(248)	(49,681)
Total movements with impact on credit loss allowance charge for nine months ended 30 September 2023	**3,754**	**1,088**	**6,138**	**10,980**	**81,142**	**861**	**6,605**	**(241)**	**88,367**
Movements without impact on credit loss allowance charge for the period									
Unwinding of discount (for Stage 3)	-	-	738	738	-	-	738	-	738
Write-offs	-	-	(5,189)	(5,189)	-	-	(5,189)	-	(5,189)
Sales	-	-	(466)	(466)	-	-	(547)	-	(547)
Modification of original cash flows without derecognition	-	-	(89)	(89)	-	-	(89)	-	(89)
Other	33	11	28	72	150	16	28	-	194
At 30 September 2023	**10,912**	**5,305**	**12,727**	**28,944**	**179,912**	**7,584**	**16,476**	**769**	**204,741**

7 Loans and Advances to Customers (Continued)

	Unaudited								
	Credit loss allowance				**Gross carrying amount**				
In millions of RR	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Purchased/ originated credit impaired**	**Total**
Cash loans									
At 30 June 2023	**10,501**	**4,130**	**12,178**	**26,809**	**160,428**	**6,279**	**15,766**	**891**	**183,364**
Movements with impact on credit loss allowance charge for three months ended 30 September 2023									
New originated or purchased	3,656	-	-	3,656	56,408	-	-	-	56,408
Transfers:									
- to lifetime (from Stage 1 to Stage 2)	(1,691)	4,947	-	3,256	(5,371)	5,371	-	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(132)	(2,221)	2,707	354	(376)	(2,524)	2,900	-	-
- recovered (from Stage 3 to Stage 2 and from Stage 2 to Stage 1)	93	(292)	(11)	(210)	761	(749)	(12)	-	-
Changes to ECL measurement model assumptions and estimates	-	(1)	-	(1)	-	-	-	-	-
Movements other than transfers and new originated or purchased loans	(1,548)	(1,269)	(429)	(3,246)	(32,088)	(809)	(413)	(122)	(33,432)
Total movements with impact on credit loss allowance charge for three months ended 30 September 2023	**378**	**1,164**	**2,267**	**3,809**	**19,334**	**1,289**	**2,475**	**(122)**	**22,976**
Movements without impact on credit loss allowance charge for the period									
Unwinding of discount (for Stage 3)	-	-	250	250	-	-	250	-	250
Write-offs	-	-	(1,751)	(1,751)	-	-	(1,751)	-	(1,751)
Sales	-	-	(256)	(256)	-	-	(303)	-	(303)
Modification of original cash flows without derecognition	-	-	11	11	-	-	11	-	11
Other	33	11	28	72	150	16	28	-	194
At 30 September 2023	**10,912**	**5,305**	**12,727**	**28,944**	**179,912**	**7,584**	**16,476**	**769**	**204,741**

7 Loans and Advances to Customers (Continued)

	Unaudited								
	Credit loss allowance				Gross carrying amount				
In millions of RR	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Purchased/ originated credit impaired**	**Total**
Cash loans									
At 31 December 2021	**4,575**	**2,990**	**6,556**	**14,121**	**109,540**	**6,392**	**9,441**	**922**	**126,295**
Movements with impact on credit loss allowance charge for nine months ended 30 September 2022									
New originated or purchased	1,537	-	-	1,537	38,079	-	-	96	38,175
Transfers:									
- to lifetime (from Stage 1 to Stage 2)	(1,269)	4,146	-	2,877	(7,463)	7,463	-	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(1,194)	(2,491)	7,447	3,762	(5,136)	(2,995)	8,131	-	-
- recovered (from Stage 3 to Stage 2 and from Stage 2 to Stage 1)	75	(226)	(5)	(156)	884	(879)	(5)	-	-
Changes to ECL measurement model assumptions and estimates	1,818	559	425	2,802	-	-	-	-	-
Movements other than transfers and new originated or purchased loans	151	(1,004)	(386)	(1,239)	(45,678)	(2,567)	(341)	(210)	(48,796)
Total movements with impact on credit loss allowance charge for nine months ended 30 September 2022	**1,118**	**984**	**7,481**	**9,583**	**(19,314)**	**1,022**	**7,785**	**(114)**	**(10,621)**
Movements without impact on credit loss allowance charge for the period									
Unwinding of discount (for Stage 3)	-	-	728	728	-	-	728	-	728
Write-offs	-	-	(2,736)	(2,736)	-	-	(2,736)	-	(2,736)
Sales	-	-	(542)	(542)	-	-	(564)	-	(564)
Modification of original cash flows without derecognition	-	-	(478)	(478)	-	-	(478)	-	(478)
At 30 September 2022	**5,693**	**3,974**	**11,009**	**20,676**	**90,226**	**7,414**	**14,176**	**808**	**112,624**

7 Loans and Advances to Customers (Continued)

	Unaudited								
	Credit loss allowance				Gross carrying amount				
In millions of RR	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Purchased/ originated credit impaired	Total
Cash loans									
At 30 June 2022	**4,562**	**4,298**	**9,293**	**18,153**	**89,452**	**8,364**	**12,302**	**769**	**110,887**
Movements with impact on credit loss allowance charge for three months ended 30 September 2022									
New originated or purchased	660	-	-	660	20,928	-	-	21	20,949
Transfers:									
- to lifetime (from Stage 1 to Stage 2)	(660)	2,099	-	1,439	(3,706)	3,706	-	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(73)	(2,416)	2,873	384	(296)	(2,806)	3,102	-	-
- recovered (from Stage 3 to Stage 2 and from Stage 2 to Stage 1)	91	(323)	(18)	(250)	923	(904)	(19)	-	-
Changes to ECL measurement model assumptions and estimates	1,269	376	-	1,645	-	-	-	-	-
Movements other than transfers and new originated or purchased loans	(156)	(60)	(205)	(421)	(17,075)	(946)	(273)	18	(18,276)
Total movements with impact on credit loss allowance charge for three months ended 30 September 2022	**1,131**	**(324)**	**2,650**	**3,457**	**774**	**(950)**	**2,810**	**39**	**2,673**
Movements without impact on credit loss allowance charge for the period									
Unwinding of discount (for Stage 3)	-	-	262	262	-	-	262	-	262
Write-offs	-	-	(1,181)	(1,181)	-	-	(1,181)	-	(1,181)
Sales	-	-	(26)	(26)	-	-	(28)	-	(28)
Modification of original cash flows without derecognition	-	-	11	11	-	-	11	-	11
At 30 September 2022	**5,693**	**3,974**	**11,009**	**20,676**	**90,226**	**7,414**	**14,176**	**808**	**112,624**

7 Loans and Advances to Customers (Continued)

	Unaudited								
	Credit loss allowance				Gross carrying amount				
In millions of RR	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Purchased/ originated credit impaired	Total
Other loans									
At 31 December 2022	**5,149**	**5,404**	**10,885**	**21,438**	**180,238**	**16,040**	**14,454**	**407**	**211,139**
Movements with impact on credit loss allowance charge for nine months ended 30 September 2023									
New originated or purchased	6,185	-	-	6,185	190,713	-	-	1	190,714
Transfers:									
- to lifetime (from Stage 1 to Stage 2)	(1,638)	7,677	-	6,039	(14,058)	14,058	-	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(1,179)	(2,234)	6,517	3,104	(4,642)	(3,393)	8,035	-	-
- recovered (from Stage 3 to Stage 2 and from Stage 2 to Stage 1)	206	(719)	(28)	(541)	4,376	(4,336)	(40)	-	-
Changes to ECL measurement model assumptions and estimates	(212)	29	-	(183)	-	-	-	-	-
Movements other than transfers and new originated or purchased loans	(735)	(3,769)	(964)	(5,468)	(71,925)	(4,029)	(1,675)	(201)	(77,830)
Total movements with impact on credit loss allowance charge for nine months ended 30 September 2023	**2,627**	**984**	**5,525**	**9,136**	**104,464**	**2,300**	**6,320**	**(200)**	**112,884**
Movements without impact on credit loss allowance charge for the period									
Unwinding of discount (for Stage 3)	-	-	749	749	-	-	749	-	749
Write-offs	-	-	(3,448)	(3,448)	-	-	(3,448)	-	(3,448)
Sales	-	-	(64)	(64)	-	-	(74)	-	(74)
Modification of original cash flows	-	-	(449)	(449)	-	-	(449)	-	(449)
At 30 September 2023	**7,776**	**6,388**	**13,198**	**27,362**	**284,702**	**18,340**	**17,552**	**207**	**320,801**

7 Loans and Advances to Customers (Continued)

	Unaudited								
	Credit loss allowance				Gross carrying amount				
In millions of RR	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Purchased/ originated credit impaired	Total
Other loans									
At 30 June 2023	**6,341**	**6,185**	**12,457**	**24,983**	**241,865**	**17,778**	**16,337**	**265**	**276,245**
Movements with impact on credit loss allowance charge for three months ended 30 September 2023									
New originated or purchased	2,677	-	-	2,677	91,525	-	-	-	91,525
Transfers:									
- to lifetime (from Stage 1 to Stage 2)	(1,073)	4,397	-	3,324	(8,249)	8,249	-	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(126)	(1,798)	2,521	597	(528)	(2,517)	3,045	-	-
- recovered (from Stage 3 to Stage 2 and from Stage 2 to Stage 1)	163	(443)	(70)	(350)	2,820	(2,725)	(95)	-	-
Changes to ECL measurement model assumptions and estimates	(145)	1	-	(144)	-	-	-	-	-
Movements other than transfers and new originated or purchased loans	(61)	(1,954)	(677)	(2,692)	(42,731)	(2,445)	(695)	(58)	(45,929)
Total movements with impact on credit loss allowance charge for three months ended 30 September 2023	**1,435**	**203**	**1,774**	**3,412**	**42,837**	**562**	**2,255**	**(58)**	**45,596**
Movements without impact on credit loss allowance charge for the period									
Unwinding of discount (for Stage 3)	-	-	250	250	-	-	250	-	250
Write-offs	-	-	(1,172)	(1,172)	-	-	(1,172)	-	(1,172)
Sales	-	-	(37)	(37)	-	-	(44)	-	(44)
Modification of original cash flows	-	-	(74)	(74)	-	-	(74)	-	(74)
At 30 September 2023	**7,776**	**6,388**	**13,198**	**27,362**	**284,702**	**18,340**	**17,552**	**207**	**320,801**

7 Loans and Advances to Customers (Continued)

	Unaudited								
	Credit loss allowance				Gross carrying amount				
In millions of RR	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Purchased/ originated credit impaired**	**Total**
Other loans									
At 31 December 2021	**3,362**	**3,033**	**4,312**	**10,707**	**201,991**	**11,079**	**6,504**	**389**	**219,963**
Movements with impact on credit loss allowance charge for nine months ended 30 September 2022									
New originated or purchased	1,088	-	-	1,088	63,735	-	-	26	63,761
Transfers:									
- to lifetime (from Stage 1 to Stage 2)	(1,101)	6,040	-	4,939	(15,991)	15,991	-	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(833)	(1,986)	6,570	3,751	(5,240)	(2,980)	8,220	-	-
- recovered (from Stage 3 to Stage 2 and from Stage 2 to Stage 1)	84	(328)	(19)	(263)	2,181	(2,146)	(35)	-	-
Changes to ECL measurement model assumptions and estimates	1,545	693	219	2,457	-	-	-	-	-
Movements other than transfers and new originated or purchased loans	(42)	(2,639)	(514)	(3,195)	(78,845)	(5,387)	(907)	(87)	(85,226)
Total movements with impact on credit loss allowance charge for nine months ended 30 September 2022	**741**	**1,780**	**6,256**	**8,777**	**(34,160)**	**5,478**	**7,278**	**(61)**	**(21,465)**
Movements without impact on credit loss allowance charge for the period									
Unwinding of discount (for Stage 3)	-	-	661	661	-	-	661	-	661
Write-offs	-	-	(1,278)	(1,278)	-	-	(1,278)	-	(1,278)
Sales	-	-	(37)	(37)	-	-	(38)	-	(38)
Modification of original cash flows	-	-	(73)	(73)	-	-	(73)	-	(73)
At 30 September 2022	**4,103**	**4,813**	**9,841**	**18,757**	**167,831**	**16,557**	**13,054**	**328**	**197,770**

7 Loans and Advances to Customers (Continued)

	Unaudited								
	Credit loss allowance				Gross carrying amount				
In millions of RR	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Purchased/ Originated credit impaired	Total
Other loans									
At 30 June 2022	**3,329**	**5,105**	**7,967**	**16,401**	**167,320**	**16,732**	**10,771**	**341**	**195,164**
Movements with impact on credit loss allowance charge for three months ended 30 September 2022									
New originated or purchased	446	-	-	446	33,193	-	-	14	33,207
Transfers:									
- to lifetime (from Stage 1 to Stage 2)	(528)	2,790	-	2,262	(7,137)	7,137	-	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(58)	(1,949)	2,494	487	(363)	(2,754)	3,117	-	-
- recovered (from Stage 3 to Stage 2 and from Stage 2 to Stage 1)	115	(409)	(31)	(325)	2,385	(2,333)	(52)	-	-
Changes to ECL measurement model assumptions and estimates	897	390	-	1,287	-	-	-	-	-
Movements other than transfers and new originated or purchased loans	(98)	(1,114)	(284)	(1,496)	(27,567)	(2,225)	(477)	(27)	(30,296)
Total movements with impact on credit loss allowance charge for three months ended 30 September 2022	**774**	**(292)**	**2,179**	**2,661**	**511**	**(175)**	**2,588**	**(13)**	**2,911**
Movements without impact on credit loss allowance charge for the period									
Unwinding of discount (for Stage 3)	-	-	254	254	-	-	254	-	254
Write-offs	-	-	(557)	(557)	-	-	(557)	-	(557)
Sales	-	-	(9)	(9)	-	-	(9)	-	(9)
Modification of original cash flows	-	-	7	7	-	-	7	-	7
At 30 September 2022	**4,103**	**4,813**	**9,841**	**18,757**	**167,831**	**16,557**	**13,054**	**328**	**197,770**

The credit loss allowance charge during the nine months ended 30 September 2023 presented in the tables above differs from the amount presented in the consolidated condensed interim statement of profit or loss and other comprehensive income for the period due to RR 4,986 million (three months ended 30 September 2023: RR 1,777 million) recovery of amounts previously written-off as uncollectible, due to RR 3,700 million (three months ended 30 September 2023: RR 1,244 million) recovery from the purchased loans in excess of their gross carrying amount, and due to RR 806 million charge of ECL for credit related commitments (three months ended 30 September 2023: RR 562 million recovery of ECL for credit related commitments).

7 Loans and Advances to Customers (Continued)

The credit loss allowance charge during the nine months ended 30 September 2022 presented in the tables above differs from the amount presented in the consolidated condensed interim statement of profit or loss and other comprehensive income for the period due to RR 3,483 million (three months ended 30 September 2022: RR 938 million) recovery of amounts previously written-off as uncollectible, due to RR 3,324 million (three months ended 30 September 2022: RR 1,606 million) recovery from the purchased loans in excess of their gross carrying amount, and due to RR 1,486 million charge of ECL for credit related commitments (three months ended 30 September 2022: RR 1,496 million recovery of ECL for credit related commitments).

The amount of the recovery received from written-off loans and purchased loans during the period was credited directly to the credit loss allowance line in the consolidated condensed interim statement of profit or loss and other comprehensive income.

Uncollectible assets are partly written-off against the related credit loss allowance usually after one year since they become overdue. The amount of uncollectible part of loan is estimated on a loan portfolio basis taking into account defaulted loans recovery statistics. The Group writes-off financial assets that are mostly still subject to enforcement activity, however, there is no reasonable expectation of recovery.

The contractual amount outstanding of loans and advances to customers which were written off during nine and the three months ended 30 September 2023 and are still subject to enforcement activity is equal to RR 16,495 million and RR 5,300 million, respectively (RR 10,812 million during nine months ended 30 September 2022 and RR 4,105 million during three months ended 30 September 2022).

The amount of the ECL for credit related commitments is accounted separately from ECL for credit card loans and is included in other financial liabilities in the consolidated condensed interim statement of financial position.

During the nine months ended 30 September 2023 the Group sold credit-impaired loans to third parties (external debt collection agencies) by the means of transferring all subsequent risks and rewards without recourse to the buyer, which resulted into derecognition of gross amount of RR 2,372 million (three months ended 30 September 2023: RR 1,308 million) and credit loss allowance of RR 2,051million (three months ended 30 September 2023: RR 1,113 million). The difference between the carrying amount of these loans and the consideration received was recognised as gains in the amount of RR 31 million within credit loss allowance for loans and advances to customers and credit related commitments for the nine months ended 30 September 2023 (three months ended 30 September 2023: gains in the amount of RR 28 million).

During the nine months ended 30 September 2022 the Group sold credit-impaired loans to third parties (external debt collection agencies) by the means of transferring all subsequent risks and rewards without recourse to the buyer, which resulted into derecognition of gross amount of RR 1,916 million (three months ended 30 September 2022: RR 148 million) and credit loss allowance of RR 1,838 million (three months ended 30 September 2022: RR 138 million). The difference between the carrying amount of these loans and the consideration received was recognised as losses in the amount of RR 46 million within credit loss allowance for loans and advances to customers and credit related commitments for the nine months ended 30 September 2022 (three months ended 30 September 2022: gains in the amount of RR 0.4 million).

Presented below is an analysis of issued, activated and utilised cards based on their credit card limits as at the end of the reporting period:

In units	**30 September 2023 (Unaudited)**	**31 December 2022**
Credit card limits		
Up to 20 RR thousand	2,313,950	1,796,428
20-40 RR thousand	1,043,828	852,636
40-60 RR thousand	1,002,429	842,696
60-80 RR thousand	881,547	732,081
80-100 RR thousand	848,560	762,806
100-120 RR thousand	734,184	512,612
120-140 RR thousand	586,770	462,394
140-200 RR thousand	1,408,376	1,193,358
More than 200 RR thousand	1,086,904	585,054
Total number of cards (in units)	**9,906,548**	**7,740,065**

7 Loans and Advances to Customers (Continued)

Table above only includes credit cards less than 180 days overdue.

The following table contains an analysis of the credit risk exposure of loans and advances to customers measured at AC and for which an ECL allowance is recognised. The carrying amount of loans and advances to customers below represents the Group's maximum exposure to credit risk on these loans.

Loans and advances to customers at 30 September 2023 are disclosed as follows:

In millions of RR	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Purchased/ originated credit impaired**	**Total**
Credit card loans					
- Excellent	224,970	-	-	-	224,970
- Good	158,583	1,570	-	-	160,153
- Monitor	28,301	5,458	-	-	33,759
- Sub-standard	-	9,259	10,286	-	19,545
- NPL	-	-	66,183	319	66,502
Gross carrying amount	**411,854**	**16,287**	**76,469**	**319**	**504,929**
Credit loss allowance	(24,566)	(10,821)	(51,281)	-	(86,668)
Carrying amount	**387,288**	**5,466**	**25,188**	**319**	**418,261**
Cash loans					
- Excellent	83,831	-	-	-	83,831
- Good	94,850	3,127	-	-	97,977
- Monitor	1,231	1,980	-	-	3,211
- Sub-standard	-	2,477	1,460	-	3,937
- NPL	-	-	15,016	769	15,785
Gross carrying amount	**179,912**	**7,584**	**16,476**	**769**	**204,741**
Credit loss allowance	(10,912)	(5,305)	(12,727)	-	(28,944)
Carrying amount	**169,000**	**2,279**	**3,749**	**769**	**175,797**
Other loans					
- Excellent	180,923	-	-	-	180,923
- Good	100,180	12,016	-	-	112,196
- Monitor	3,599	3,401	-	-	7,000
- Sub-standard	-	2,923	45	-	2,968
- NPL	-	-	17,507	207	17,714
Gross carrying amount	**284,702**	**18,340**	**17,552**	**207**	**320,801**
Credit loss allowance	(7,776)	(6,388)	(13,198)	-	(27,362)
Carrying amount	**276,926**	**11,952**	**4,354**	**207**	**293,439**

7 Loans and Advances to Customers (Continued)

Loans and advances to customers at 31 December 2022 are disclosed as follows:

In millions of RR	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Purchased/ originated credit impaired	Total
Credit card loans					
- Excellent	115,502	-	-	-	115,502
- Good	163,907	2,251	-	-	166,158
- Monitor	35,125	4,617	-	-	39,742
- Sub-standard	-	7,671	10,594	-	18,265
- NPL	-	-	59,063	466	59,529
Gross carrying amount	**314,534**	**14,539**	**69,657**	**466**	**399,196**
Credit loss allowance	(25,461)	(9,480)	(46,453)	-	(81,394)
Carrying amount	**289,073**	**5,059**	**23,204**	**466**	**317,802**
Cash loans					
- Excellent	40,434	-	-	-	40,434
- Good	57,294	3,848	-	-	61,142
- Monitor	892	1,203	-	-	2,095
- Sub-standard	-	1,656	1,456	-	3,112
- NPL	-	-	13,474	1,010	14,484
Gross carrying amount	**98,620**	**6,707**	**14,930**	**1,010**	**121,267**
Credit loss allowance	(7,125)	(4,206)	(11,567)	-	(22,898)
Carrying amount	**91,495**	**2,501**	**3,363**	**1,010**	**98,369**
Other loans					
- Excellent	109,489	-	-	-	109,489
- Good	67,379	11,137	-	-	78,516
- Monitor	3,370	2,424	-	-	5,794
- Sub-standard	-	2,479	48	-	2,527
- NPL	-	-	14,406	407	14,813
Gross carrying amount	**180,238**	**16,040**	**14,454**	**407**	**211,139**
Credit loss allowance	(5,149)	(5,404)	(10,885)	-	(21,438)
Carrying amount	**175,089**	**10,636**	**3,569**	**407**	**189,701**

7 Loans and Advances to Customers (Continued)

Stage 3 includes restructured loans that are less than 90 days overdue which are not considered as NPL according to the Group's credit risk grading master scale.

Loans in courts are included in Stage 3 and are loans to delinquent borrowers, against which the Group has filed claims to courts in order to recover outstanding balances. As at 30 September 2023 the gross carrying amount of the loans in courts was RR 60,134 million (31 December 2022: RR 52,649 million).

Refer to Note 24 for the disclosure of the fair value of loans and advances to customers. Information on related party balances is disclosed in Note 25.

8 Brokerage Receivables and Brokerage Payables

In millions of RR	**30 September 2023 (Unaudited)**	**31 December 2022**
Amounts receivable from brokers and clearing organizations	47,694	26,747
Total brokerage receivables	**47,694**	**26,747**
Amounts payable to brokers and clearing organizations	11,999	8,258
Total brokerage payables	**11,999**	**8,258**

Brokerage receivables represent placements under reverse sale and repurchase agreements made by the Bank with central counterparty to provide customers of the Bank who have brokerage accounts with the Bank with the possibility to acquire securities in case those customers have insufficient own funds to acquire those securities. These balances are fully collateralized by highly liquid securities and have minimal credit risk. As at 30 September 2023 the fair value of collateral of brokerage receivables was RR 47,947 million (31 December 2022: RR 27,250 million). For the purpose of ECL measurement brokerage receivables are included in Stage 1. The ECL for these balances represents an immaterial amount, therefore the Group did not recognise any credit loss allowance for brokerage receivables.

Brokerage payables represent funds attracted under sale and repurchase agreements made by the Bank with central counterparty to provide customers of the Bank who have brokerage accounts with the Bank with the possibility to borrow securities and make a short sale.

As at 30 September 2023 the fair value of collateral of brokerage payables was RR 13,914 million (31 December 2022: RR 9,483 million).

9 Other Financial and Non-financial Assets

In millions of RR	30 September 2023 (Unaudited)	31 December 2022*	1 January 2022*
Other Financial Assets			
Settlement of operations with plastic cards	34,903	22,014	42,995
Restricted cash	5,384	5,703	-
Trade receivables	5,239	3,899	8,586
Insurance's financial assets	2,462	1,405	740
Other	9,773	4,198	423
Total Other Financial Assets	**57,761**	**37,219**	**52,744**
Other Non-Financial Assets			
Prepaid expenses	14,430	9,380	5,996
Capital expenditure	13,036	2,926	-
Other	2,266	1,902	2,082
Total Other Non-Financial Assets	**29,732**	**14,208**	**8,078**

** See Note 27 for details about the restatements for the changes in accounting policies as a result of the adoption of IFRS 17 on 1 January 2023.*

Settlement of operations with plastic cards represents settlements with payment systems and payment channels on operations of the customers with banking cards due to be settled within 3 working days. This amount also includes prepayment to the payment systems for operations during holiday period.

Restricted cash represents balances on correspondent and settlement accounts for payments on matured coupons and bonds blocked in banks and non-banking organizations under sanctions.

In millions of RR	30 September 2023 (Unaudited)	31 December 2022
Restricted cash		
Gross carrying amount	15,929	10,985
Provisions charged	(10,545)	(5,282)
Total restricted cash	**5,384**	**5,703**

At 30 September 2023, included in other financial assets are receivables and investments in associates (31 December 2022: same).

As at 30 September 2023 prepaid expenses consist of prepayments for TV advertising, marketing, IT support, plastic cards, rents, security, ATM-service and others (31 December 2022: marketing, IT support, plastic cards, rents, security, ATM-service and others).

Refer to Note 24 for the disclosure of the fair value of other financial assets.

10 Due to Banks

In millions of RR	30 September 2023 (Unaudited)	31 December 2022
Sale and repurchase agreements with other banks	23,037	-
Correspondent accounts and overnight placements of other banks	3,806	2,060
Total due to banks	**26,843**	**2,060**

Liabilities of RR 23,037 million (31 December 2022: nil) represent sale and repurchase agreements with debt securities at AC (Note 6). Refer to Note 24 for the disclosure of the fair value of amounts due to banks.

11 Customer Accounts

In millions of RR	30 September 2023 (Unaudited)	31 December 2022
Individuals		
- Current/demand accounts	674,547	660,537
- Term deposits	322,292	194,876
- Brokerage accounts	108,799	116,218
IE and SME		
- Current/demand accounts	261,131	207,054
- Term deposits	13,885	13,147
Other legal entities		
- Term deposits	190	150
- Current/demand accounts	10	4
Total customer accounts	**1,380,854**	**1,191,986**

Refer to Note 24 for the disclosure of the fair value of customer accounts. Information on related party balances is disclosed in Note 25.

12 Other Borrowed Funds

On 5-6 July 2021 the Group completed the securitisation of home equity loans placed by mortgage agent TB- 1. The placement included Class A and B bonds secured by a portfolio of home equity loans. Class A bonds are represented by senior tranche totaling RR 5,623 million and were placed with private and institutional investors with a coupon of 7.9%. Class B bonds are represented by subordinated junior tranche totaling RR 878 million that was retained by the Bank. This junior tranche absorbs substantially all amount of credit risks related to the portfolio. As a result, the securitised home equity loans amounted to RR 5,638 million failed to meet derecognition criteria set out by IFRS 9 and hence continue to be recognised in the Group's consolidated condensed interim financial information.

As at 30 September 2023 the carrying value of borrowings through securitisation transaction amounted to RR 1,288 million (31 December 2022: RR 2,199 million) that are represented by Class A bonds. The carrying value of the securitised home equity loans amounted to RR 2,092 million as at 30 September 2023 (31 December 2022: RR 2,958 million). Refer to Note 7. The fair value of the securitised home equity loans does not differ materially from the carrying value as at 30 September 2023 (31 December 2022: same). The resulting net position amounted to RR 804 million (31 December 2022: RR 759 million).

13 Subordinated Debt

In millions of RR	30 September 2023 (Unaudited)	31 December 2022
Perpetual subordinated loan notes issued in September 2021	42,938	30,817
Perpetual subordinated loan notes issued in June 2017	21,080	15,096
Total subordinated debt	**64,018**	**45,913**

On 20 September 2021 the Group issued perpetual subordinated loan participation notes with a nominal value of USD 600 million (RR 43,536 million) with zero premium. The Group has a right to repay the notes at its discretion starting from 20 December 2026 and they are repayable in case of certain events other than liquidation. The notes bear a fixed interest rate of 6.00% p.a. payable quarterly starting from 20 December 2021.

On 15 June 2017 the Group issued perpetual subordinated loan participation notes with a nominal value of USD 300 million (RR 17,109 million) with zero premium. The Group has a right to repay the notes at its discretion starting from 15 September 2027 and they are repayable in case of certain events other than liquidation. The notes bear a fixed interest rate of 9.25% p.a. payable quarterly starting from 15 September 2017.

All perpetual subordinated loan participation notes have no stated maturity, and interest payments may be cancelled by the Group at any time.

On 25 February 2023, the Bank became subject to an asset freeze in the EU under the Council Implementing Regulation (EU) No 2023/429, implementing Council Regulation (EU) No 269/2014 (the "EC Regulation 269"). As a result, the Bank's ability to make interest payments to the issuer under its Eurobonds issued in 2017 and 2021 through the usual channels was undermined by the assets freeze restrictions. In this regard, the Bank cancelled interest payments for the two upcoming coupon period under its Eurobonds to avoid discrimination between bondholders and to focus on finding a practical and lawful solution to remedy this situation by the time of the next scheduled coupon payment.

On 20 September 2023 the Group made payment of the latest coupon in fulfilment of its obligations under a subordinated loan notes to the holders whose rights are recorded in the Russian depository infrastructure. The fulfilment of Eurobond coupon payment obligations to holders whose rights are registered in foreign depository infrastructure or foreign brokers remains technically impossible due to imposed sanctions. The Group is exploring all options available in the current circumstances for making payments to all categories of investors.

The claims of lenders against the Group in respect of the principal and interest on these bonds are subordinated to the claims of other creditors in accordance with the legislation of the Russian Federation.

The perpetual subordinated loan participation notes are traded on the Moscow Exchange and St. Petersburg Exchange. Refer to Note 24 for the disclosure of the fair value of financial instruments.

14 Insurance contract liabilities

In millions of RR	30 September 2023 (Unaudited)	31 December 2022*	1 January 2022*
Insurance contract liabilities:			
- Insurance contract liabilities other than assets for acquisition cash flows and other occurred cash flows	20,246	15,438	9,921
- Assets in relation to acquisition cash flows	(273)	(215)	(136)
Insurance contract liabilities	**19,973**	**15,223**	**9,785**
Insurance contract assets:			
- Assets under reinsurance contracts, excluding other previously recognized cash flows	1,262	693	14
Insurance contract assets	**1,262**	**693**	**14**

** See Note 27 for details about the restatements for the changes in accounting policies as a result of the adoption of IFRS 17 on 1 January 2023.*

14 Insurance contract liabilities (Continued)

Insurance contract assets and insurance contract liabilities are presented in the consolidated condensed interim statement of financial position in the netted amount.

15 Other Financial and Non-financial Liabilities

In millions of RR	30 September 2023 (Unaudited)	31 December 2022*	1 January 2022*
Other financial liabilities			
Settlement of operations with plastic cards	71,925	64,760	48,879
Trade payables	15,172	12,540	11,510
Credit related commitments (Note 23)	7,336	6,530	3,334
Loyalty programs	3,977	3,353	2,802
Other	2,265	2,690	2,421
Total other financial liabilities	**100,675**	**89,873**	**68,946**
Other non-financial liabilities			
Lease liabilities	24,124	21,268	1,052
Accrued administrative expenses	13,764	3,349	3,291
Taxes payable other than income tax	7,846	2,653	3,167
Liabilities under MLTIP	3,858	4,905	-
Other	120	313	307
Total other non-financial liabilities	**49,712**	**32,488**	**7,817**

** See Note 27 for details about the restatements for the changes in accounting policies as a result of the adoption of IFRS 17 on 1 January 2023.*

Settlements of operations with plastic cards include funds that were spent by customers of the Bank by usage of plastic cards but have not yet been compensated to payment systems by the Bank. Accrued administrative expenses are mainly represented by accrued staff costs.

16 Share Capital, Share Premium and Treasury Shares

At 30 September 2023 the total number of outstanding shares is 199,305,492 shares (31 December 2022: same) with a par value of USD 0.04 per share (31 December 2022: same).

At 30 September 2023 and 31 December 2022 treasury shares represent GDRs of the Group repurchased from the market for the purposes permitted by Cyprus law including contribution to MLTIP. Refer to Note 25.

At 30 September 2023 the total number of treasury shares is 602,975 (31 December 2022: same).

During the nine months ended 30 September 2023 no GDRs were repurchased by the Group (2022: same).

During the nine months ended 30 September 2023 no shares were transferred under the MLTIP. During the year ended 31 December 2022 the Group transferred 634,608 representing 0.32% of the issued shares, upon vesting under the MLTIP. This resulted in a transfer of RR 682 million out of treasury shares to retained earnings.

17 Net Interest Income

	Unaudited			
In millions of RR	**Nine months ended 30 September 2023**	**Three months ended 30 September 2023**	**Nine months ended 30 September 2022**	**Three months ended 30 September 2022**
Interest income calculated using the effective interest rate method				
Loans and advances to customers, including:	165,852	62,319	124,589	41,765
Credit card loans	*105,568*	*37,642*	*85,929*	*29,456*
Cash loans	*24,016*	*10,161*	*13,834*	*4,280*
Car loans	*12,183*	*4,967*	*8,273*	*2,646*
Secured loans	*9,866*	*3,920*	*7,471*	*2,504*
POS loans	*9,020*	*3,274*	*6,143*	*1,857*
Loans to IE and SME	*5,199*	*2,355*	*2,939*	*1,022*
Placements with other banks and non-bank credit organizations	19,971	7,700	12,924	4,604
Debt securities and repurchase receivables at FVOCI	9,373	3,525	5,131	1,652
Brokerage operations	6,164	3,105	4,854	1,192
Debt securities and repurchase receivables at AC	4,959	1,671	4,959	1,672
Total interest income calculated using the effective interest rate method	**206,319**	**78,320**	**152,457**	**50,885**
Other similar income				
Financial assets at FVTPL	161	61	112	35
Total interest income	**206,480**	**78,381**	**152,569**	**50,920**
Interest expense calculated using the effective interest rate method				
Customer accounts, including:	35,088	13,201	40,586	11,684
Individuals				
- Current/demand accounts	*19,904*	*6,869*	*20,611*	*5,817*
- Term deposits	*10,347*	*4,244*	*17,579*	*5,082*
IE and SME	*4,756*	*2,060*	*2,274*	*756*
Other legal entities	*81*	*28*	*122*	*29*
Subordinated debt	3,259	1,286	2,961	765
Due to banks	270	66	1,174	63
Other borrowed funds	113	31	201	58
RR denominated bonds	9	3	1,064	292
Total interest expense calculated using the effective interest rate method	**38,739**	**14,587**	**45,986**	**12,862**
Other similar expense				
Lease liabilities	1,677	585	477	367
Total interest expense	**40,416**	**15,172**	**46,463**	**13,229**
Expenses on deposit insurance programme	3,859	1,393	3,024	996
Net interest income	**162,205**	**61,816**	**103,082**	**36,695**

18 Fee and Commission Income and Expense

	Unaudited			
In millions of RR	Nine months ended 30 September 2023	Three months ended 30 September 2023	Nine months ended 30 September 2022	Three months ended 30 September 2022
Fee and commission income				
Acquiring commission	26,883	9,564	22,425	7,169
SME services commission	13,256	5,022	10,790	4,054
Brokerage fee	11,673	5,118	10,450	2,965
SMS fee	7,822	3,371	4,854	1,742
Subscription fee	7,346	2,820	4,168	1,598
Income from MVNO services	6,616	2,648	3,316	1,293
Foreign currency exchange transactions fee	5,286	1,535	20,678	3,077
Fee for money transfers	4,668	1,339	7,215	2,028
Interchange fee	2,888	766	3,116	431
Cash withdrawal fee	1,264	497	1,268	393
Replenishment fee	603	421	884	623
Marketing services fee	200	99	368	137
Other fees receivable	2,646	1,009	1,482	504
Total fee and commission income	**91,151**	**34,209**	**91,014**	**26,014**

Fee and commission income represents the following main types:

Acquiring commission represents commission for processing card payments from online and offline points of sale.

SME services commission represents commission for services to individual entrepreneurs and small to medium businesses.

Brokerage fee includes trading fee and brokerage account service fee.

SMS fee represents fee for messages sent to the customers for notification and transaction's authentication.

Subscription fee is a payment from a client who has subscribed to receive a discount on card service, more cashback, more income from savings and account balance, special loyalty programs from partners.

Income from MVNO services represents income from providing mobile services such as full coverage across Russia and international roaming, offering a number of value-added options such as virtual numbers, music and video streaming services, etc.

Foreign currency exchange transactions fee represents a commission for foreign exchange transactions of the Group's customers.

Fee for money transfers represents commission for money transfers to the bank's account through various payment channels and services.

Interchange fee represents a fee charged to merchants for every credit or debit card transaction.

Fee for selling credit protection was reclassified from the line "Fee and commission income" to the line "Insurance revenue" in the consolidated condensed interim statement of profit and loss and other comprehensive income due to implementation of IFRS 17. Refer to Note 27 for further information.

18 Fee and Commission Income and Expense (Continued)

	Unaudited			
In millions of RR	**Nine months ended 30 September 2023**	**Three months ended 30 September 2023**	**Nine months ended 30 September 2022**	**Three months ended 30 September 2022**
Fee and commission expense				
Payment system	21,784	7,965	22,524	5,817
Service fee	8,478	3,459	3,119	1,169
Costs of MVNO services	4,549	1,852	2,317	1,078
Banking and other fees	4,118	1,984	2,926	818
Payment channels	357	110	838	223
Total fee and commission expense	**39,286**	**15,370**	**31,724**	**9,105**

Payment systems fee represents fee for Mir (National payment card system), through which all transactions on MasterCard, Visa and other payment systems' services are made. Service fee represents fee for statement printing, mailing service, SMS services and others. Costs of MVNO services represent expenses for the traffic, telecommunications service and roaming. Banking and other fees represent fees for banking, clearing and depository service fee, encashment and ATM service fee. Payment channels represent fee paid to third parties through whom borrowers make loan repayments.

19 Customer Acquisition Expense

	Unaudited			
In millions of RR	**Nine months ended 30 September 2023**	**Three months ended 30 September 2023**	**Nine months ended 30 September 2022***	**Three months ended 30 September 2022***
Marketing and advertising	25,656	9,680	16,349	5,622
Staff costs	13,547	5,308	7,643	1,914
Cards issuing expenses	4,567	1,654	2,417	880
Partnership expenses	1,188	486	797	121
Credit bureaux	860	316	740	218
Telecommunication expenses	443	147	421	144
Other acquisition	641	283	276	147
Total customer acquisition expenses	**46,902**	**17,874**	**28,643**	**9,046**

** See Note 27 for details about the restatements for the changes in accounting policies as a result of the adoption of IFRS 17 on 1 January 2023.*

Customer acquisition expenses represent expenses paid by the Group on services related to origination of customers which are not directly attributable to the recognised assets and are not incremental. The Group uses a variety of different channels for the acquisition of new customers.

Staff costs represent salary expenses and related costs of employees directly involved in customer acquisition. Included in staff costs are statutory social contributions to the state non-budgetary funds in the amount of RR 2,808 million for the nine months ended 30 September 2023 and RR 973 million for the three months ended 30 September 2023 (RR 1,573 million for the nine months and RR 422 million for the three months ended 30 September 2022).

20 Insurance Revenue and Insurance Service Expense

	Unaudited			
In millions of RR	Nine months ended 30 September 2023	Three months ended 30 September 2023	Nine months ended 30 September 2022*	Three months ended 30 September 2022*
Insurance revenue				
Insurance revenue from contracts measured under the PAA	40,129	15,048	30,379	10,581
Total Insurance revenue	**40,129**	**15,048**	**30,379**	**10,581**
Insurance service expense				
Incurred claims and other directly attributable expenses	(11,611)	(4,173)	(9,464)	(3,023)
Changes that relate to past service – adjustments to the LIC	1,709	282	725	351
Losses on onerous contracts and reversal of those losses	(91)	(42)	(28)	27
Insurance acquisition cash flows amortisation	(1,437)	(491)	(1,459)	(477)
Insurance service expense	**(11,430)**	**(4,424)**	**(10,226)**	**(3,122)**
Net income/(expenses) from reinsurance contracts held				
Reinsurance expenses – contracts measured under the PAA	(1,185)	(434)	(181)	(145)
Claims recovered	1,270	402	198	179
Changes that relate to past service – adjustments to incurred claims	(48)	(6)	-	-
Net income/(expense) from reinsurance contracts held	**37**	**(38)**	**17**	**34**
Finance expenses from insurance contracts issued	(278)	(68)	(173)	(44)
Total Insurance service expense	**(11,671)**	**(4,530)**	**(10,382)**	**(3,132)**
Insurance service result	**28,458**	**10,518**	**19,997**	**7,449**

** See Note 27 for details about the restatements for the changes in accounting policies as a result of the adoption of IFRS 17 on 1 January 2023.*

21 Administrative and Other Operating Expenses

	Unaudited			
In millions of RR	Nine months ended 30 September 2023	Three months ended 30 September 2023	Nine months ended 30 September 2022*	Three months ended 30 September 2022*
Staff costs	62,634	22,329	49,347	17,523
Amortization of intangible assets	7,094	2,529	4,080	1,655
IT and software support	5,651	2,344	3,399	1,501
Write-off of fixed and intangible assets	2,709	1,143	608	608
Depreciation of right-of-use assets	2,201	779	1,060	587
Depreciation of fixed assets	1,997	725	1,650	584
Short-term and low-value lease	1,388	473	1,460	532
Professional services	1,161	414	1,237	345
Office maintenance and office supplies	762	306	490	136
Collection expenses	725	187	415	129
Communication services	427	147	356	127
Security expenses	362	111	210	78
Other taxes and levies	309	110	84	36
Charity	254	90	180	115
Other administrative expenses	1,526	820	979	139
Total administrative and other operating expenses	**89,200**	**32,507**	**65,555**	**24,095**

** See Note 27 for details about the restatements for the changes in accounting policies as a result of the adoption of IFRS 17 on 1 January 2023.*

Included in staff costs are statutory social contributions to the non-budget funds and share-based remuneration:

	Unaudited			
In millions of RR	Nine months ended 30 September 2023	Three months ended 30 September 2023	Nine months ended 30 September 2022	Three months ended 30 September 2022
Statutory social contribution to the non-budget funds	12,195	3,759	8,805	2,983
Total	**12,195**	**3,759**	**8,805**	**2,983**
Share-based remuneration				
- Management long-term incentive program	3,020	646	5,406	2,008
- Key employees retention plan	9	-	87	20
Total	**3,029**	**646**	**5,493**	**2,028**

Refer to Note 25 for details of each share-based remuneration program.

22 Management of Capital

The Group's objectives when managing capital are (i) for the Bank to comply with the capital requirements set by the Central Bank of the Russian Federation (CBRF), (ii) for the Insurance Company to comply with the capital requirements set by the legislation of the Russian Federation, (iii) for the Group to comply with the financial covenants set by the terms of securities issued; (iv) to safeguard the Group's ability to continue as a going concern.

The Group considers total capital under management to be equity attributable to shareholders of the Company as shown in the consolidated condensed interim statement of financial position. The amount of capital that the Group managed as of 30 September 2023 was RR 260,482 million (31 December 2022: RR 205,913 million).

In October 2021 the Bank was added to the CBRF's list of 13 systemically important banking institutions due to a recognition of the Bank's growing presence in the financial market and expanding customer base of its ecosystem. As a result, from 1 January 2022 the Bank is obliged to comply with the additional capital adequacy buffers +1% to the minimum required statutory equity capital adequacy ratio (N1.0).

Compliance with capital adequacy ratios set by the CBRF is monitored daily, and reports with their calculation are reviewed and signed by the Chief Executive Officer and Chief accountant, then submitted to the CBRF in accordance with the deadlines set by the regulator. Other objectives of capital management are evaluated annually. In accordance with information provided internally to key management personnel, the amount of regulatory capital of the Bank calculated in accordance with the methodology set by CBRF as at 30 September 2023 was RR 224,499 million, and the equity capital adequacy ratio (N1.0) was 15.70% (31 December 2022: RR 208,776 million and 16.62%). Minimum required statutory equity capital adequacy ratio (N1.0) was 9% as at 30 September 2023 (31 December 2022: 9%).

The Group also monitors capital requirements including capital adequacy ratio under the Basel III methodology of the Basel Committee on Banking Supervision: global regulatory framework for more resilient banks and banking systems (hereinafter "Basel III"). The composition of the Group's capital calculated in accordance with the methodology set by Basel Committee with capital adjustments as set out in Basel III is as follows:

In millions of RR	**30 September 2023 (Unaudited)**	**31 December 2022**
Share capital	230	230
Share premium	26,998	26,998
Treasury shares	(1,885)	(1,885)
Share-based payment reserve	2,285	2,731
Retained earnings	240,884	180,864
Revaluation reserve for investments in debt securities	(9,016)	(3,214)
Translation reserve	848	243
Other reserves	46	2
Less intangible assets	(30,162)	(24,097)
Non-controlling interest	92	(56)
Common Equity Tier 1 (CET1)	**230,320**	**181,816**
Additional Tier 1	64,018	45,913
Tier 1 capital	**294,338**	**227,729**
Total capital	**294,338**	**227,729**
Risk weighted assets (RWA)		
Credit risk	1,199,841	927,170
Operational risk	387,012	387,012
Market risk	48,884	32,072
Total risk weighted assets (RWA)	**1,635,737**	**1,346,254**
Common equity Tier 1 capital adequacy ratio (CET1 /Total RWA), %	**14.1%**	**13.5%**
Tier 1 capital adequacy ratio (Tier 1 capital /Total RWA), %	**18.0%**	**16.9%**
Total capital adequacy ratio (Total capital /Total RWA), %	**18.0%**	**16.9%**

22 Management of Capital (Continued)

In 2022 due to the suspension of services by the international rating agency Fitch, the Group applies risk assessments established by the Russian rating agency ACRA to assess credit risk and classify financial instruments according to the level of credit risk. The Group assessed that the effect of the transition is immaterial for both reporting period and comparative information. The Group and the Bank have complied with all externally imposed capital requirements throughout the nine and the three months ended 30 September 2023 and year ended 31 December 2022. The Insurance Company has complied with all capital requirements set by the legislation of the Russian Federation throughout the nine and the three months ended 30 September 2023 and year ended 31 December 2022.

23 Contingencies and Commitments

Legal proceedings. From time to time and in the normal course of business, claims against the Group may be received. On the basis of its own estimates and internal professional advice, management is of the opinion that no material unprovided losses will be incurred in respect of claims.

Tax contingencies. Russian tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged by the tax authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when decision about review was made. Under certain circumstances reviews may cover longer periods. The Russian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organization for Economic Cooperation and Development (OECD), although it has specific features. This legislation provides for the possibility of additional tax assessment for controlled transactions (transactions between related parties and certain transactions between unrelated parties), if such transactions are not on an arm's length. Tax liabilities arising from controlled transactions are determined based on their actual transaction prices. It is possible, with the evolution of the interpretation of transfer pricing rules, that such transfer prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

The Group includes companies incorporated outside of Russia. The tax liabilities of the Group are determined on the assumption that these companies are not subject to Russian profits tax, because they do not have a permanent establishment in Russia. The Company is a tax resident of Cyprus only and full beneficial owner of the Bank and Insurance Company. This interpretation of relevant legislation may be challenged but the impact of any such challenge cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the Group.

The Controlled Foreign Company (CFC) legislation introduced Russian taxation of profits of foreign companies and non-corporate structures (including trusts) controlled by Russian tax residents (controlling parties). The CFC income is subject to a 20% tax rate if the CFC is controlled by a legal entity and a rate of 13% if it is controlled by an individual. As a result, management reassessed the Group’s tax positions and recognised current tax expense as well as deferred taxes that arose from the expected taxable manner of recovery of the relevant Group’s operations to which the CFC legislation applies to and to the extent that the Group (rather than its owners) is obliged to settle such taxes.

As Russian tax legislation does not provide definitive guidance in certain areas, the Group adopts, from time to time, interpretations of such uncertain areas that may reduce the overall tax rate of the Group. While management currently estimates that the tax positions and interpretations that it has taken can probably be sustained, there is a possible risk that outflow of resources will be required should such tax positions and interpretations be challenged by the tax authorities. The impact of any such challenge, were it to be successful, cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group. As at 30 September 2023 and 31 December 2022 no material tax risks were identified.

23 Contingencies and Commitments (Continued)

Future lease payments related to leases where leased asset is of low value. The future cash outflows to which the Group is exposed and which are not reflected in the lease liabilities amounted to RR 2,019 million at 30 September 2023 and relate primarily to leases of assets which are of low value (31 December 2022: RR 2,668 million).

Compliance with covenants. The Group is subject to certain covenants related primarily to its subordinated perpetual debt. Non-compliance with such covenants may result in negative consequences for the Group. Management believes that the Group was in compliance with all such covenants as at 30 September 2023 and 31 December 2022.

Capital commitment related to the office construction. The future cash outflows to which the Group is exposed due to the construction and repairs of a new office building and which are not reflected in the liabilities amounted to RR 7,861 million as at 30 September 2023 (31 December 2022: RR 19,222 million).

Credit related commitments and performance guarantees issued. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of credit card loans, guarantees. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down.

Most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit related commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Performance guarantees are contracts that provide compensation if another party fails to perform a contractual obligation. Such contracts do not transfer credit risk. The risk under performance guarantee contracts is the possibility that the insured event (i.e. the failure to perform the contractual obligation by another party) occurs. The key risks the Group faces are significant fluctuations in the frequency and severity of payments incurred on such contracts relative to expectations. The Group uses a scoring model to predict levels of such payments. Claims must be made before the contract matures and most claims are settled within short term. This allows the Group to achieve a high degree of certainty about the estimated payments and therefore future cash flows.

Outstanding credit related commitments and performance guarantees are as follows:

In millions of RR	**30 September 2023 (Unaudited)**	**31 December 2022**
Unused limits on credit card loans	562,343	392,204
Unused limits on SME loans	25,055	15,224
Credit loss allowance	(7,336)	(6,530)
Total credit related commitments, net of credit loss allowance	**580,062**	**400,898**
Performance guarantees issued	-	2
Total performance guarantees issued, net of provisions	**-**	**2**

The total outstanding contractual amount of unused limits on contingencies and commitments liability does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded. In accordance with credit card service conditions the Group has a right to refuse the issuance, activation, reissuing or unblocking of a credit card, and is providing a credit card limit at its own discretion and without explaining its reasons.

23 Contingencies and Commitments (Continued)

The following table contains an analysis of credit related commitments by credit quality at 30 September 2023 based on credit risk grades.

In millions of RR	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Credit related commitments				
- Excellent	539,396	-	-	539,396
- Good	44,346	129	-	44,475
- Monitor	3,042	485	-	3,527
Unrecognised gross amount	**586,784**	**614**	**-**	**587,398**
Credit loss allowance	(7,325)	(11)	-	(7,336)
Unrecognised net amount	**579,459**	**603**	**-**	**580,062**

The following table contains an analysis of credit related commitments by credit quality at 31 December 2022 based on credit risk grades.

In millions of RR	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Credit related commitments				
- Excellent	357,170	-	-	357,170
- Good	46,735	152	-	46,887
- Monitor	3,004	367	-	3,371
Unrecognised gross amount	**406,909**	**519**	**-**	**407,428**
Credit loss allowance	(6,511)	(19)	-	(6,530)
Unrecognised net amount	**400,398**	**500**	**-**	**400,898**

Also, the Group may decide to increase or decrease a credit card limit using a scoring model, which is based on the client's behaviour model. Therefore, the fair value of the contractual amount of revocable unused limits on contingencies and commitments is close to zero. Credit related commitments are denominated in RR.

Mandatory cash balances with the CBRF of RR 3,189 million as at 30 September 2023 (31 December 2022: RR 1,690 million) represent mandatory reserve deposits which are not available to finance the Bank's day to day operations.

24 Fair Value of Financial Instruments

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuation techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs).

24 Fair Value of Financial Instruments (Continued)

(a) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the consolidated condensed interim statement of financial position at the end of each reporting period. The levels in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

	30 September 2023 (Unaudited)				31 December 2022			
In millions of RR	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
ASSETS AT FAIR VALUE								
Investments in securities	184,177	22,102	1,400	207,679	89,267	113,455	1,797	204,519
Precious metals	11,953	-	-	11,953	9,982	-	-	9,982
Loans and advances to customers	-	-	159	159	-	-	583	583
Financial derivatives	-	3,711	-	3,711	-	1,020	-	1,020
Total assets recurring fair value measurements	**196,130**	**25,813**	**1,559**	**223,502**	**99,249**	**114,475**	**2,380**	**216,104**
LIABILITIES AT FAIR VALUE								
Financial derivatives	-	18	-	18	-	217	-	217
Total liabilities recurring fair value measurements	**-**	**18**	**-**	**18**	**-**	**217**	**-**	**217**

Investments in securities categorised in level 2 are represented by liquid debt securities classified in “Good” credit risk grade.

The description of valuation techniques and the description of the inputs used in the fair value measurement for level 2 measurements at 30 September 2023 are as follows:

In millions of RR	**Fair value**	**Valuation technique**	**Inputs used**
ASSETS AT FAIR VALUE			
Investments in securities	22,102	- Selection of an indicative paired bid and ask Cbonds quotes when comparing preliminary pairs of quotes on exchange trading floors, then comparing with the quotes from OTC market participants; - Observable quotes for comparable securities adjusted by multiplicator depending on the degree of the market activity	- Indicative quotes from the Cbonds price center; - Quotes from the automated fair value system for financial instruments of NSD price center*.
Foreign exchange swaps and forwards	3,711	Discounted cash flows adjusted for counterparty credit risk	Russian rouble curve. USD Dollar Swaps Curve. EUR Swaps Curve. CDS quotes assessment of counterparty credit risk or reference entities.
Total recurring fair value measurements at level 2	**25,813**		
LIABILITIES AT FAIR VALUE			
Foreign exchange swaps and forwards	18	Discounted cash flows adjusted for counterparty credit risk	Russian rouble curve. USD Dollar Swaps Curve. EUR Swaps Curve. CDS quotes assessment of counterparty credit risk or reference entities.
Total recurring fair value measurements at level 2	**18**		

** NSD Valuation Center is a fair value measurement service for bonds and other financial instruments, accredited by the CBRF.*

24 Fair Value of Financial Instruments (Continued)

The description of valuation techniques and the description of the inputs used in the fair value measurement for level 2 measurements at 31 December 2022 are as follows:

In millions of RR	Fair value	Valuation technique	Inputs used
ASSETS AT FAIR VALUE			
Investments in securities	113,455	- Selection of an indicative paired bid and ask Cbonds quotes when comparing preliminary pairs of quotes on exchange trading floors, then comparing with the quotes from OTC market participants; - Observable quotes for comparable securities adjusted by multiplicator depending on the degree of the market activity	- Indicative quotes from the Cbonds price center; - Quotes from the automated fair value system for financial instruments of NSD price center*.
Foreign exchange swaps and forwards	1,020	Discounted cash flows adjusted for counterparty credit risk	Russian rouble curve. USD Dollar Swaps Curve. EUR Swaps Curve. CDS quotes assessment of counterparty credit risk or reference entities.
Total recurring fair value measurements at level 2	**114,475**		
LIABILITIES AT FAIR VALUE			
Foreign exchange swaps and forwards	217	Discounted cash flows adjusted for counterparty credit risk	Russian rouble curve. USD Dollar Swaps Curve. EUR Swaps Curve. CDS quotes assessment of counterparty credit risk or reference entities.
Total recurring fair value measurements at level 2	**217**		

** NSD Valuation Center is a fair value measurement service for bonds and other financial instruments, accredited by the CBRF.*

There were no changes in the valuation techniques for level 2 recurring fair value measurements during the nine months ended 30 September 2023.

Level 2 derivatives comprise foreign exchange forwards and swaps.

The foreign exchange forwards have been fair valued using forward exchange rates that are quoted in an active market. Foreign exchange swaps are fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are generally insignificant for level 2 derivatives.

24 Fair Value of Financial Instruments (Continued)

The valuation technique, inputs used in the fair value measurement for level 3 measurements and related sensitivity to reasonably possible changes in those inputs are as follows at 30 September 2023:

In millions of RR	**Fair value**	**Valuation technique**	**Inputs used**
Corporate shares	1,400	Market multiplicators based on the similar publicly traded companies	Market capitalization and profitability ratios of similar publicly traded companies
Loans and advances to customers	159	Discounted cash flows adjusted for counterparty credit risk	Expected discounted cash flow. Risk-free rate.
Total recurring fair value measurements at level 3	**1,559**		

The valuation technique, inputs used in the fair value measurement for level 3 measurements and related sensitivity to reasonably possible changes in those inputs are as follows at 31 December 2022:

In millions of RR	**Fair value**	**Valuation technique**	**Inputs used**
Investments in securities	921	Discounted cash flows	Coupon payment schedule, with the transfer of expected coupons to receive in the flow. All coupons with maturity before 30 June 2025 were postponed to this date. The discount rate is calculated on the basis of foreign exchange quotes on the OTC market, adjusted for the credit spread.
Corporate shares	876	Market multiplicators based on the similar publicly traded companies	Market capitalization and profitability ratios of similar publicly traded companies
Loans and advances to customers	583	Discounted cash flows adjusted for counterparty credit risk	Expected discounted cash flow. Risk-free rate.
Total recurring fair value measurements at level 3	**2,380**		

Changes of the fair value measurements at Level 3 for the nine months ended 30 September 2023 and for the year ended 31 December 2022 are as follows:

In millions of RR	**Loans and advances to customers**
Fair value as at 31 December 2021 – Level 3	**3,971**
Other interest income	20
Net losses from foreign exchange translation	(603)
Net losses from revaluation of convertible loan	(2,805)
Fair value as at 31 December 2022 – Level 3	**583**
Other interest income	58
Net gains from foreign exchange translation	30
Net losses from revaluation of convertible loan	(512)
Fair value as at 30 September 2023 – Level 3	**159**

24 Fair Value of Financial Instruments (Continued)

(b) Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analysed by level in the fair value hierarchy and carrying value of assets not measured at fair value are as follows:

	30 September 2023 (Unaudited)				31 December 2022			
In millions of RR	Level 1	Level 2	Level 3	Carrying value	Level 1	Level 2	Level 3	Carrying value
FINANCIAL ASSETS CARRIED AT AMORTISED COST								
Cash and cash equivalents								
- Cash on hand	55,786	-	-	55,786	56,895	-	-	56,895
- Cash balances with the CBRF (other than mandatory reserve deposits)	-	59,321	-	59,321	-	106,693	-	106,693
- Placements with other banks and non-bank credit organizations	-	349,519	-	349,519	-	347,973	-	347,973
Mandatory cash balances with the CBRF	-	3,189	-	3,189	-	1,690	-	1,690
Due from other banks	-	5,496	-	5,496	-	450	-	450
Investments in securities	72,872	-	-	89,852	102,718	-	-	121,283
Repurchase receivables	24,988	-	-	31,313	-	-	-	-
Loans and advances to customers	-	-	888,533	887,497	-	-	606,577	605,872
Guarantee deposits with payment systems	-	-	-	-	-	-	6	6
Brokerage receivables	-	47,694	-	47,694	-	26,747	-	26,747
Other financial assets								
Settlement of operations with plastic cards receivable	-	34,903	-	34,903	-	22,014	-	22,014
Restricted cash	-	-	5,384	5,384	-	-	5,703	5,703
Trade receivables	-	5,239	-	5,239	-	3,899	-	3,899
Insurance's financial assets	-	2,462	-	2,462	-	1,405	-	1,405
Other receivables	-	9,773	-	9,773	-	4,198	-	4,198
Total financial assets carried at amortised cost	**153,646**	**517,596**	**893,917**	**1,587,428**	**159,613**	**515,069**	**612,286**	**1,304,828**

24 Fair Value of Financial Instruments (Continued)

Fair values analysed by level in the fair value hierarchy and carrying value of liabilities not measured at fair value are as follows:

	30 September 2023 (Unaudited)				31 December 2022			
In millions of RR	Level 1	Level 2	Level 3	Carrying value	Level 1	Level 2	Level 3	Carrying value
FINANCIAL LIABILITIES CARRIED AT AMORTISED COST								
Due to banks	-	26,843	-	26,843	-	2,060	-	2,060
Brokerage payables	-	11,999	-	11,999	-	8,258	-	8,258
Customer accounts								
Individuals								
-Current/demand accounts	-	674,547	-	674,547	-	660,537	-	660,537
-Term deposits	-	318,930	-	322,292	-	175,360	-	194,876
- Brokerage accounts	-	108,799	-	108,799	-	116,218	-	116,218
SME								
-Current/demand accounts	-	261,131	-	261,131	-	207,054	-	207,054
-Term deposits	-	14,950	-	13,885	-	14,857	-	13,147
Other legal entities								
-Term deposits	-	190	-	190	-	150	-	150
-Current/demand accounts	-	10	-	10	-	4	-	4
Debt securities in issue								
RR Bonds issued on domestic market	330	-	-	305	304	-	-	301
Other borrowed funds								
Borrowings through securitisation transaction	1,079	-	-	1,288	1,845	-	-	2,199
Subordinated debt								
Perpetual subordinated debts	-	32,821	21,080	64,018	-	12,770	15,096	45,913
Other financial liabilities								
Settlement of operations with plastic cards	-	71,925	-	71,925	-	64,760	-	64,760
Trade payables	-	15,172	-	15,172	-	12,540	-	12,540
Credit related commitments	-	-	-	7,336	-	-	-	6,530
Loyalty programs	-	3,977	-	3,977	-	3,353	-	3,353
Other financial liabilities	-	2,265	-	2,265	-	2,690	-	2,690
Total financial liabilities carried at amortised cost	**1,409**	**1,543,559**	**21,080**	**1,585,982**	**2,149**	**1,280,611**	**15,096**	**1,340,590**

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price. Where quoted market prices are not available, the Group used valuation techniques. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

24 Fair Value of Financial Instruments (Continued)

As at 30 September 2023 and 31 December 2022 the fair value of the debt securities in issue and subordinated debt has been calculated based on quoted prices from the Moscow Exchange and St. Petersburg Exchange, where the Group's debt securities are listed and traded.

Weighted average discount rates used in determining fair value as of 30 September 2023 and 31 December 2022 are disclosed below:

In % p.a.	30 September 2023 (Unaudited)	31 December 2022
Assets		
Cash and cash equivalents	0.0	1.0
Due from other banks	2.8	2.0
Investments in securities	9.6	8.6
Repurchase receivables	11.5	-
Loans and advances to customers	29.9	28.2
Brokerage receivables	23.0	22.9
Liabilities		
Due to banks	7.9	12.1
Customer accounts	3.7	3.6
Debt securities in issue	3.3	10.3
Other borrowed funds	7.9	7.9
Brokerage payables	22.2	21.8
Subordinated debt	12.3	12.9
Lease liabilities	9.9	10.4

Discount rates used in determining fair value of investments in securities, debt securities in issue, other borrowed funds and subordinated debt represent a weighted average yield as of reporting date. A bond's yield to maturity rises or falls depending on its market value and how many payments remain to be made.

25 Related Party Transactions

Parties are generally considered to be related if the parties are under common control or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

25 Related Party Transactions (Continued)

The outstanding balances with related parties were as follows:

	30 September 2023 (Unaudited)		31 December 2022	
In millions of RR	Key management personnel	Associates and other related parties	Key management personnel	Associates and other related parties
ASSETS				
Cash and cash equivalents	-	324	-	186
Loans and advances to customers (average interest rate: 3.4-8% p.a. (31 December 2022: 1.7-3.9% p.a.)):	948	1,043	849	-
- *Gross carrying amount*	960	2,100	884	-
- *Credit loss allowance*	(12)	(1,057)	(35)	-
Other financial assets	-	119	-	106
TOTAL ASSETS	**948**	**1,486**	**849**	**292**
LIABILITIES				
Due to banks	-	27	-	20
Customer accounts, including brokerage accounts (average interest rate: 4.2-10.1% p.a. (31 December 2022: 5.4-6.8% p.a.))	12,690	257	9,289	4
Other non-financial liabilities	4,715	-	5,005	-
TOTAL LIABILITIES	**17,405**	**284**	**14,294**	**24**
EQUITY				
Share-based payment reserve				
- Management long-term incentive program	1,805	-	2,431	-
TOTAL EQUITY	**1,805**	**-**	**2,431**	**-**

25 Related Party Transactions (Continued)

The income and expense items with related parties were as follows:

	Unaudited							
	Nine months ended 30 September 2023		**Three months ended 30 September 2023**		**Nine months ended 30 September 2022**		**Three months ended 30 September 2022**	
In millions of RR	**Key management personnel**	**Associates and other related parties**	**Key management personnel**	**Associates and other related parties**	**Key management personnel**	**Associates and other related parties**	**Key management personnel**	**Associates and other related parties**
Interest income calculated using the effective interest rate method	62	13	26	8	20	48	5	1
Other similar income	-	58	-	25	-	15	-	4
Interest expense calculated using effective interest rate method	(198)	(2)	(113)	(1)	(87)	-	(30)	-
Net gains/(losses) from foreign exchange translation	-	127	-	50	-	(720)	-	(698)
Net losses from financial assets at FVTPL	-	-	-	-	-	(2,861)	-	(1,366)
Credit loss allowance for loans and advances to customers	23	(1,057)	23	-	-	-	-	-
Administrative and other operating expenses	(3,200)	(7)	(888)	(2)	(8,056)	-	(2,629)	-

Key management compensation is presented below:

	Unaudited			
In millions of RR	**Nine months ended 30 September 2023**	**Three months ended 30 September 2023**	**Nine months ended 30 September 2022**	**Three months ended 30 September 2022**
Short-term benefits:				
- Salaries	1,724	580	1,961	486
- Short-term bonuses	762	254	939	313
- Social tax	365	114	410	117
Long-term benefits:				
- Management long-term incentive program	349	(60)	4,736	1,711
- Key employees retention plan	-	-	10	2
Total	**3,200**	**888**	**8,056**	**2,629**

25 Related Party Transactions (Continued)

Management long-term incentive program. On 31 March 2016 the Group introduced a MLTIP as both a long-term incentive and a retention tool for the management of the Group. Total number of GDRs attributable to the management is 21,533 thousand as at 30 September 2023 (31 December 2022: same).

Participants of the program receive the vested parts of their grants provided that they remain employed by the Group throughout the vesting period. Participants are not entitled to the dividends before the vesting date. Participants leaving the Group lose their right for the unvested parts of the grants.

The fair value of the awards as at grant dates, each year during 2016-2022, is determined on the basis of market quotes of GDRs as at those dates. Weighted-average fair value of the awards in 2022 was USD 3.2 per 1 GDR. In 2022, the grants introduced during 2016-2020 have been fully vested.

Each grant provided in 2021 and 2022 is vested over 5 years. The delivery dates as of which the GDRs are allowed to be sold by the participants correspond to the vesting dates, each subsequent 31 May or 30 June.

The following table discloses the changes in the numbers of GDRs attributable to the MLTIP:

In thousands	**Number of GDRs attributable to the MLTIP**
At 31 December 2021	**7,019**
Granted	4,293
Vested	(1,733)
Forfeited	(2,533)
At 31 December 2022	**7,046**
Vested	(1,206)
Forfeited	(674)
At 30 September 2023 (Unaudited)	**5,166**

26 Significant Accounting Policies

Basis of preparation. This consolidated condensed interim financial information has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022 which have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the requirements of the Cyprus Companies Law, Cap. 113.

Except as described below, the same accounting policies and methods of computation were followed in the preparation of this consolidated condensed interim financial information as compared with the annual consolidated financial statements for the year ended 31 December 2022.

Precious metals. The Group holds precious metals for the purpose of generating a profit from fluctuations in price. Precious metals are carried at the lower of cost or net realisable value and are measured at fair value less costs to sell with gains or losses recognised in profit or loss.

26 Significant Accounting Policies (Continued)

Adoption of IFRS 17 "Insurance Contracts". The Group issues insurance contracts without direct participation features.

Unit of account. The Group manages insurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognized and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Group determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Group uses significant judgement to determine at what level of granularity the Group has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

For contracts measured using the PAA, the Group assumes that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, the Group assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous.

The Group applies IFRS 17 to all components of the contract. The Group does not have any contracts that require further separation or combination of insurance contracts.

Recognition of insurance contracts. Groups of insurance contracts issued are initially recognized from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Group determines that a group of contracts becomes onerous.

All issued insurance contracts of the Group are accounted under the PAA approach.

Accounting for contract modification and derecognition. An insurance contract is derecognized when it is:

- extinguished (i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and certain additional criteria are met.

When an insurance contract is modified by the Group as a result of an agreement with the counterparties or due to a change in regulations, the Group treats changes in cash flows caused by the modification as changes in estimates of the fulfilment cash flows (FCF), unless the conditions for the derecognition of the original contract are met.

26 Significant Accounting Policies (Continued)

The Group derecognizes the original contract and recognizes the modified contract as a new contract if any of the following conditions are present:

- if the modified terms had been included at contract inception and the Group would have concluded that the modified contract:
  - i. is not in scope of IFRS 17;
  - ii. results in different separable components;
  - iii. results in a different contract boundary; or
  - iv. belongs to a different group of contracts;
- the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or
- the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

Initial and subsequent measurement of groups of insurance and reinsurance contracts

Fulfilment cash flows within contract boundary. The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

- are based on a probability weighted mean of the full range of possible outcomes;
- are determined from the perspective of the Group, provided the estimates are consistent with observable market prices for market variables; and
- reflect conditions existing at the measurement date.

The Group adjusts the estimated present value of future cash flow including the compensation that an insurer requires for bearing the uncertainty arising from non-financial risks (Section "Risk adjustment for non-financial risk").

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the liability for incurred claims (LIC).

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

In the estimation of future cash flows at the date of initial recognition, the Group includes all expected cash inflows and outflows under insurance contracts. The subsequent cash flow assessment consists of cash flows of the remaining part of the insurance coverage and cash flows of the incurred claims.

Contract boundary. The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. This assessment is reviewed every reporting period.

26 Significant Accounting Policies (Continued)

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group has a substantive obligation to provide the policyholder with insurance coverage or other services. A substantive obligation ends when:

- the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- both of the following criteria are satisfied:
  - i. the Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
  - ii. the pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Group, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included.

Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts form part of a single insurance contract with all the cash flows within its boundary.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognized when those contracts meet the recognition criteria.

Insurance acquisition costs. The Group determines insurance acquisition cash flows as a cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Acquisition cash flows are attributed to the group of contracts on a systematic and rational basis. Insurance acquisition cash flows directly attributable to a group of insurance contracts:

- to that group; and
- to groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

Acquisition cash flows that are not directly attributable to the group of contracts but are directly attributable to a portfolio of contracts, are attributed to groups of contracts that are already included or are expected to be included in the portfolio.

Risk adjustment for non-financial risk. The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

Initial and subsequent measurement – Groups of contracts measured under the PAA.

The Group uses the PAA for measuring contracts with coverage of one year or less, or when the Group reasonably expects that such a simplification would produce a measurement of the LRC that would not differ materially from the one that would be produced by applying the GMM.

For insurance contracts issued, insurance acquisition cash flows are deferred and recognized over the coverage period of contracts in a group. For reinsurance contract held brokerage remuneration is recognized during the period of insurance coverage of the contracts that are the part of the group.

26 Significant Accounting Policies (Continued)

For insurance contracts issued, on initial recognition, the Group measures the LRC at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the prepaid acquisition cash flows asset.

For reinsurance contracts held, on initial recognition, the Group measures the remaining coverage at the amount of ceding premiums paid.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

- the LRC; and
- the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- increased for premiums received in the period;
- decreased for insurance acquisition cash flows paid in the period;
- decreased for the amounts of expected premiums received recognized as insurance revenue for the services provided in the period;
- increased for the amortization of insurance acquisition cash flows in the period recognized as insurance service expenses; and
- increased for the adjustment of the financing component (if any exists).

If a group of contracts becomes onerous, the Group increases the carrying amount of the LRC to the amounts of the FCF determined under the GMM with the amount of such an increase recognized in insurance service expenses. Subsequently, the Group amortizes the amount of the loss component within the LRC by decreasing insurance service expenses. The loss component amortization is based on the passage of time over the remaining coverage period of contracts within an onerous group.

If facts and circumstances indicate that the expected profitability of the onerous group during the remaining coverage has changed, then the Group increasing the FCF to the level, that will be gained by applying the GMM while the amount of such increase is recognized in Insurance service expenses, and a loss component is formed in relation to the amount of the recognized loss.

For contracts measured under the PAA, the LIC is measured similarly to the LIC's measurement under the GMM. Future cash flows are adjusted for the time value of money since insurance contracts mainly issued by the Group and measured under the PAA typically have a settlement period of over one year.

Insurance service result from insurance contracts issued

Insurance revenue. As the Group provides services under the group of insurance contracts, it reduces the LRC and recognizes insurance revenue. The amount of insurance revenue recognized in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Group expects to be entitled to in exchange for those services.

For groups of insurance contracts measured under the PAA, the Group recognizes insurance revenue based on the passage of time over the coverage period of a group of contracts, unless the expected pattern of incurring the insurance service expenses differs significantly from the passage of time, in which case the latter should be used for expected premium receipts allocation to insurance revenue.

Insurance service expenses include the following:

- incurred claims and benefits;
- other incurred directly attributable insurance service expenses;
- amortizations of insurance acquisition cash flows;

26 Significant Accounting Policies (Continued)

- changes that relate to past service (i.e. changes in the FCF relating to the LIC);
- changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components); and
- impairment of assets on insurance acquisition cash flows.

For contracts measured under the PAA, amortisation of acquisition cash flows is recognized based on the passage of time.

Insurance finance income or expenses. Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- the effect of the time value of money and changes in the time value of money; and
- the effect of financial risk and changes in financial risk.

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

- interest accreted on the LIC; and
- the effect of changes in interest rates and other financial assumptions.

The Group disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses:

- financial gains or losses related to the unwinding of discount rates at the initial recognition of a group of contracts are recognized in profit or loss;
- the difference between the amount allocated to each period's profit or loss based on this systematic allocation and the total insurance finance income or expenses of the period is recognized in OCI.

Foreign currency exchange differences. Insurance contracts are monetary items that could give rise to foreign currency exchange differences when they are translated into the functional currency of the entity. The risk of changes in foreign currency rates is a financial risk. Consequently, the impact of these foreign currency exchange differences is included in insurance finance income or expenses. The groups of insurance contracts, including the CSM, that generate cash flows in a foreign currency are treated as monetary items.

Cash-settled share-based program. The expense is recognized gradually over the vesting period and is measured at the fair value of the liability at each end of the reporting period. The fair value of the liability reflects all vesting conditions, except for the requirement of the employee to stay in service which is reflected through the amortization schedule. The liability is measured, initially and at the end of each reporting period until settled, at fair value, taking into account the terms and conditions on which the instruments were granted and the extent to which the employees have rendered service to date.

Other borrowed funds. Group's securitisation activities involve home equity loans and are predominantly transacted using SPEs. In a typical securitisation, the SPE purchases assets financed by proceeds received from the SPE's issuance of debt certificates and other notes of indebtedness.

These assets and liabilities are recorded on the balance sheet of the SPE and consolidated on the Group's consolidated condensed interim statement of financial position, unless the accounting requirements for sale were met. At the current reporting date the Group has not made a securitisation transaction that resulted in derecognition of transferred assets. The Group assessed that its secured loan portfolio meets the criteria for held to collect business model and determined that the past securitisation transactions have not resulted in derecognition of the assets and therefore are not inconsistent with the held to collect business model.

Interim period tax measurement. Interim period income tax expense is accrued using the effective tax rate that would be applicable to expected total annual earnings, that is, the estimated weighted average annual effective income tax rate applied to the pre-tax income of the interim period.

26 Significant Accounting Policies (Continued)

Seasonality. Management does not consider that the Group's business exhibits material differences due to seasonality.

Foreign currency translation. At 30 September 2023 the rate of exchange used for translating foreign currency balances was USD 1 = RR 97.4147 (31 December 2022: USD 1 = RR 70.3375), and the average rate of exchange was USD 1 = RR 82.6934 for the nine months ended 30 September 2023 and USD 1 = RR 94.0919 for the three months ended 30 September 2023 (nine months ended 30 September 2022: USD 1 = RR 70.6135, three months ended 30 September 2022: USD 1 = RR 66.6330).

Changes in presentation. In 2023 the Group decided to show precious metals as a separate line item in the consolidated condensed interim statement of financial position outside of the other non-financial assets.

The effect of changes described above on the consolidated statement of financial position for the year ended 31 December 2022 is as follows:

In millions of RR	As originally presented	Reclassification	As reclassified
Precious metals	-	9,982	9,982
Other non-financial assets	24,190	(9,982)	14,208

In 2023 the Group decided to reclassify liabilities under MLTIP from Other financial liabilities to Other non-financial liabilities in the consolidated condensed interim statement of financial position.

The effect of reclassification on amounts described above on the consolidated statement of financial position for the year ended 31 December 2022 is as follows:

In millions of RR	As originally presented	Reclassification	As reclassified
Other financial liabilities	94,778	(4,905)	89,873
Other non-financial liabilities	27,583	4,905	32,488

27 Adoption of New or Revised Standards and Interpretations

The Group has adopted on 1 January 2023 IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021, the effective date subsequently modified to 1 January 2023 by the Amendments to IFRS 17) and related amendments retrospectively, with a transition date of 1 January 2022, which led to changes in the accounting policy for the recognition and valuation of insurance assets and liabilities with consequent restatements in the comparative financial periods. Changes in accounting policies related to the application of IFRS 17 were made using a full retrospective approach to the transition.

The Group has determined that reasonable and supportable information was available for all contracts in force at the transition date. In addition, for insurance contracts originated by the Group that are eligible for the PAA, the Group has concluded that only current and prospective information was required to reflect circumstances at the transition date, which made the full retrospective application practicable.

Accordingly, the Group has recognized and measured each group of insurance contracts and each asset for insurance acquisition cash flows paid at this category as if IFRS 17 had always been applied (except for conducting a retrospective impairment test), derecognized any existing balances that would not exist had IFRS 17 always applied; and recognized any resulting net difference in equity.

27 Adoption of New or Revised Standards and Interpretations (Continued)

The impact of the application of IFRS 17 on the Group's consolidated statement of financial position is presented below:

In millions of RR	**As originally presented 31 December 2021**	**As adopted 1 January 2022**
ASSETS		
Cash and cash equivalents	316,476	316,476
Mandatory cash balances with the CBRF	8,589	8,589
Due from other banks	542	542
Investments in securities	215,311	215,311
Repurchase receivables	5,826	5,826
Loans and advances to customers	606,308	606,308
Financial derivatives	5,963	5,963
Guarantee deposits with payment systems	15,171	15,171
Brokerage receivables	49,138	49,138
Current income tax assets	3,524	3,524
Tangible fixed assets and right-of-use assets	13,964	13,964
Intangible assets	15,069	15,069
Other financial assets	52,969	52,744
Other non-financial assets	8,895	8,078
TOTAL ASSETS	**1,317,745**	**1,316,703**
LIABILITIES		
Due to banks	11,313	11,313
Customer accounts	945,723	945,723
Debt securities in issue	21,680	21,680
Other borrowed funds	3,806	3,806
Financial derivatives	90	90
Brokerage payables	9,634	9,634
Current income tax liabilities	125	125
Deferred income tax liabilities	1,860	1,860
Subordinated debt	59,657	59,657
Insurance contract liabilities	10,365	9,771
Other financial liabilities	69,302	68,946
Other non-financial liabilities	8,099	7,817
TOTAL LIABILITIES	**1,141,654**	**1,140,422**
EQUITY		
Share capital	230	230
Share premium	26,998	26,998
Treasury shares	(2,567)	(2,567)
Share-based payment reserve	4,745	4,745
Retained earnings	159,491	159,668
Revaluation reserve for investments in debt securities	(13,131)	(13,131)
Other reserves	-	13
Equity attributable to shareholders of the Company	**175,766**	**175,956**
Non-controlling interest	325	325
TOTAL EQUITY	**176,091**	**176,281**
TOTAL LIABILITIES AND EQUITY	**1,317,745**	**1,316,703**

27 Adoption of New or Revised Standards and Interpretations (Continued)

In millions of RR	As originally presented 31 December 2022	As adopted 1 January 2023
ASSETS		
Cash and cash equivalents	511,561	511,561
Mandatory cash balances with the CBRF	1,690	1,690
Due from other banks	450	450
Investments in securities	325,802	325,802
Loans and advances to customers	606,455	606,455
Financial derivatives	1,020	1,020
Guarantee deposits with payment systems	6	6
Brokerage receivables	26,747	26,747
Current income tax assets	109	109
Deferred income tax assets	1,946	1,946
Tangible fixed assets and right-of-use assets	34,890	34,890
Intangible assets	24,097	24,097
Other financial assets	39,217	37,219
Other non-financial assets	25,485	24,190
TOTAL ASSETS	**1,599,475**	**1,596,182**
LIABILITIES		
Due to banks	2,060	2,060
Customer accounts	1,191,986	1,191,986
Debt securities in issue	301	301
Other borrowed funds	2,199	2,199
Financial derivatives	217	217
Brokerage payables	8,258	8,258
Current income tax liabilities	2,437	2,437
Deferred income tax liabilities	7	7
Subordinated debt	45,913	45,913
Insurance contract liabilities	15,844	14,530
Other financial liabilities	96,229	94,778
Other non-financial liabilities	28,248	27,583
TOTAL LIABILITIES	**1,393,699**	**1,390,269**
EQUITY		
Share capital	230	230
Share premium	26,998	26,998
Treasury shares	(1,885)	(1,885)
Share-based payment reserve	2,731	2,731
Retained earnings	180,729	180,864
Revaluation reserve for investments in debt securities	(3,214)	(3,214)
Translation reserve	243	243
Other reserves	-	2
Equity attributable to shareholders of the Company	**205,832**	**205,969**
Non-controlling interest	**(56)**	**(56)**
TOTAL EQUITY	**205,776**	**205,913**
TOTAL LIABILITIES AND EQUITY	**1,599,475**	**1,596,182**

27 Adoption of New or Revised Standards and Interpretations (Continued)

The impact of the application of IFRS 17 on the Group's consolidated condensed interim statement of profit or loss and other comprehensive income is presented below:

In millions of RR	**As originally presented Nine months ended 30 September 2022**	**As adopted Nine months ended 30 September 2022**
Interest income calculated using the effective interest rate method	152,457	152,457
Other similar income	112	112
Interest expense calculated using the effective interest rate method	(45,986)	(45,986)
Other similar expense	(477)	(477)
Expenses on deposit insurance programme	(3,024)	(3,024)
Net interest income	**103,082**	**103,082**
Credit loss allowance for loans and advances to customers and credit related commitments	(49,430)	(49,430)
Credit loss allowance for debt securities at FVOCI	(1,543)	(1,543)
Total credit loss allowance for debt financial instruments	**(50,973)**	**(50,973)**
Net interest income after credit loss allowance	**52,109**	**52,109**
Fee and commission income	96,240	91,014
Fee and commission expense	(31,724)	(31,724)
Customer acquisition expense	(30,151)	(28,643)
Net losses from derivatives revaluation	(9,708)	(9,708)
Net gains from foreign exchange translation	4,001	4,001
Net losses from operations with foreign currencies	(1,006)	(1,006)
Net losses from precious metals revaluation	(6,234)	(6,234)
Net losses from disposals of investments in securities	(80)	(80)
Net losses from financial assets at FVTPL	(8,051)	(8,051)
Insurance revenue	24,731	30,379
Insurance service expense	(7,894)	(10,382)
Administrative and other operating expenses	(67,100)	(65,555)
Other provisions charge and impairment loss	(4,787)	(4,787)
Net gains from repurchase of subordinated debt	3,694	3,694
Other operating income	1,092	573
Profit before tax	**15,132**	**15,600**
Income tax expense	(5,069)	(5,077)
Profit for the period	**10,063**	**10,523**
Other comprehensive (loss)/income		
Items that may be reclassified to profit or loss		
Debt securities at FVOCI and Repurchase receivables:		
- Net losses arising during the period, net of tax	(3,731)	(3,731)
- Reversal of revaluation reserve, net of tax	11,894	11,894
- Net gains reclassified to profit or loss upon disposal, net of tax	64	64
Currency translation differences	(155)	(155)
Other reserves	-	-
Other comprehensive (loss)/income for the period, net of tax	**8,072**	**8,072**
Total comprehensive income for the period	**18,135**	**18,595**
Profit/(loss) is attributable to:		
- Shareholders of the Company	10,077	10,537
- Non-controlling interest	(14)	(14)
Total comprehensive income/(loss) is attributable to:		
- Shareholders of the Company	18,149	18,609
- Non-controlling interest	(14)	(14)
Earnings per share for profit attributable to the Shareholders of the Company, basic (expressed in RR per share)	**50.80**	**53.12**
Earnings per share for profit attributable to the Shareholders of the Company, diluted (expressed in RR per share)	**49.43**	**51.69**

27 Adoption of New or Revised Standards and Interpretations (Continued)

In millions of RR	As originally presented Three months ended 30 September 2022	As adopted Three months ended 30 September 2022
Interest income calculated using the effective interest rate method	50,885	50,885
Other similar income	35	35
Interest expense calculated using the effective interest rate method	(12,862)	(12,862)
Other similar expense	(367)	(367)
Expenses on deposit insurance programme	(996)	(996)
Net interest income	**36,695**	**36,695**
Credit loss allowance for loans and advances to customers and credit related commitments	(17,888)	(17,888)
Credit loss allowance for debt securities at FVOCI	(372)	(372)
Total credit loss allowance for debt financial instruments	**(18,260)**	**(18,260)**
Net interest income after credit loss allowance	**18,435**	**18,435**
Fee and commission income	27,758	26,014
Fee and commission expense	(9,105)	(9,105)
Customer acquisition expense	(9,544)	(9,046)
Net gains from derivatives revaluation	4,491	4,491
Net losses from foreign exchange translation	(5,436)	(5,436)
Net losses from operations with foreign currencies	(143)	(143)
Net gains from precious metals revaluation	98	98
Net losses from disposals of investments in securities	(22)	(22)
Net losses from financial assets at FVTPL	(1,764)	(1,764)
Insurance revenue	8,581	10,581
Insurance service expense	(2,279)	(3,132)
Administrative and other operating expenses	(24,559)	(24,095)
Other provisions charge and impairment loss	(684)	(684)
Net gains from repurchase of subordinated debt	2,983	2,983
Other operating income	327	156
Profit before tax	**9,137**	**9,331**
Income tax expense	(3,257)	(3,259)
Profit for the period	**5,880**	**6,072**
Other comprehensive (loss)/income		
Items that may be reclassified to profit or loss		
Debt securities at FVOCI and Repurchase receivables:		
- Net losses arising during the period, net of tax	(1,818)	(1,818)
- Net gains reclassified to profit or loss upon disposal, net of tax	18	18
Currency translation differences	(52)	(52)
Other reserves	-	(1)
Other comprehensive (loss)/income for the period, net of tax	**(1,852)**	**(1,853)**
Total comprehensive income for the period	**4,028**	**4,219**
Profit/(loss) is attributable to:		
- Shareholders of the Company	5,879	6,071
- Non-controlling interest	1	1
Total comprehensive income/(loss) is attributable to:		
- Shareholders of the Company	4,027	4,218
- Non-controlling interest	1	1
Earnings per share for profit attributable to the Shareholders of the Company, basic (expressed in RR per share)	**29.59**	**30.61**
Earnings per share for profit attributable to the Shareholders of the Company, diluted (expressed in RR per share)	**28.81**	**29.78**

27 Adoption of New or Revised Standards and Interpretations (Continued)

The following amended standards became effective from 1 January 2023, but did not have any material impact on the Group:

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).

Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023). The amendments to IAS 12 specify how to account for deferred tax on transactions such as leases and decommissioning obligations.

28 New Accounting Pronouncements

Certain new amendments have been issued that are mandatory for the annual periods beginning on or after 1 January 2024, which the Group has not early adopted and which are not expected to have any material impact on the Group when adopted:

- Classification of Liabilities as Current or Non-current Date (issued on 23 January 2020), Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020) and Non-current Liabilities with Covenants (issued on 31 October 2022) – Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2024)*.
- Disclosures: Supplier Finance Arrangements – Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments (issued on 25 May 2023 and effective for annual periods beginning on or after 1 January 2024)*.
- Lease Liability in a Sale and Leaseback Amendments to IFRS 16 – Amendments to IFRS 16 (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024)*. The amendments apply to sale and leaseback transactions where the transfer of the asset qualifies as a 'sale' under IFRS 15 and the lease payments include variable lease payments that do not depend on an index or rate.
- The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability – Amendments to IAS 21 Foreign Currencies – (issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025)*.

** Denotes standards, interpretations and amendments which have not yet been endorsed by the European Union.*

29 Events after the End of the Reporting Period

Against the backdrop of a significant depreciation of the Russian ruble and increased inflationary pressure the Board of Directors of the CBRF raised the key rate from 13% to 15% per annum on 27 October 2023.

As explained in Note 2, the geopolitical situation in Eastern Europe intensified on 24 February 2022, with the commencement of the conflict and military activity between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict and military activity continues and additional sanctions might be imposed that might have a negative impact on the Group's financial position, performance or operations.