client

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

Condensed Interim Financial Information (Unaudited)

Six-month period ended 30 June 2023

CONTENTS

Officers, Professional Advisors and Registered Office

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

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with Part II Article 10 (7) of the Law 190 (I) / 2007 ('the Law') "*Law providing for transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market*", to the best of our knowledge, declare that:

(a) the financial statements, which are presented on pages 9 to 35 which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113, and in accordance with the International Financial Reporting Standard IAS 34 *Interim Financial Reporting,* give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company taken as a whole; and

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

Members of the Board of Directors

....
Alona Joannu

....
Dimitra Karkalli

....
Franz Hep

Responsible for drafting the financial statements

....
Alona Joannu,
Managing Director

Limassol, 28 September 2023

The Board of Directors of BrokerCreditService Structured Products PLC (the "Company") presents its report and unaudited financial information of the Company for the period from 1 January 2023 to 30 June 2023.

Incorporation

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

Principal activities and nature of operations of the Company

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

BrokerCreditService Structured Products Plc acts as the FG BCS Group's operational company in Cyprus. In collaboration with other entities which are under common control, it issues structured products and executes various hedging strategies with the purpose of generating margins and minimising risk. Specifically, the Company issues Notes in registered form (respectively, "Bearer Notes" and "Registered Notes" and, together, the "Notes") under a Euro Medium Term Note Programme, which are admitted to the official list of the Irish Stock Exchange and trading on its regulated market (the "Main Securities Market") as well as other and/or further stock exchange(s) or market(s) (including regulated markets). The Company also issues unlisted Notes and/or Notes not admitted to trading on any market.

On 10 January 2023, the parent company FG BCS limited decided to terminate its activities in Russia and develop market of UAE and Cyprus. The Company refocused on issuing financial instruments with underlying assets primarily represented by securities of USA and EU issuers, denominated in USD. Starting from 1 January 2023 the USD is used as the functional currency as management considers that the USD started to reflect the economic substance of the underlying events and circumstances relevant to the Company, as due to the majority of its financial assets and financial liabilities and the majority of its transactions are denominated and executed in USD.

During the six-month period ended 30 June 2023 Euroclear announced the full withdrawal of the Russian Ruble as a settlement currency with respect to all payments processed through Euroclear. Following the above, the Company seeked alternative options to allow smooth payments in relation to its obligations arising from Notes issued, such as the repayment of its obligations in fallback currency. For a number of notes issued, payment in fallback currency requires positive extraordinary resolution by the Noteholders. Where necessary the Company has initiated the necessary process keeping also Noteholders informed over the developments.

Changes in Company structure

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

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

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

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

- New markets expansion – for limiting exposures to the markets the Company is present at, the Board of Directors considers expansion to new markets;

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

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

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

Existence of branches
The Company does not maintain any branches.

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

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

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

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

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

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

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

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

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

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

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

Capital adequacy

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

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

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

As at 30 June 2023 the Company's capital amounted to USD 121 492 thousand (31 December 2022: USD 106 745 thousand).

Results

The Company's results for the six-month period ended 30 June 2023 are set out on page 10. The net profit for the six-month period ended 30 June 2023 attributable to the shareholder of the Company amounted to USD 11 436 thousand. (2022: net profit USD 66 852 thousand). On 30 June 2023 the total assets of the Company were USD 1 584 342 thousand (31 December 2022: USD 1 543 569 thousand).

Key Performance Indicators

Based on Net profit key performance indicator Management assesses the results of the Company for the six-month period ended 30 June 2023 as satisfying.

Despite the effect of the Russia/Ukraine crisis the capital increased by USD 20 161 thousand. As at 30 June 2023 percentage of total equity in total liabilities comprise 8% (31 December 2022: 7%), that allow to perform all obligations including coupon payments per notes issued and derivative contracts.

Dividends

No dividends were declared or paid during the period.

Share capital

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

Board of Directors

The members of the Company's Board of Directors as at 31 December 2022 and at the date of this report are presented on page 1. Mr. Sergei Kosarev resigned from the Directors' position of the Company as of 1 March 2023. In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office. There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors. Matters that were assigned to Mr. Kosarev previously now remain under control of Ms. Alona Joannu.

Corporate Governance Statement

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

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

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

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

(c) review and challenge where necessary:

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

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

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

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

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

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

Operating environment

Cyprus

Global growth is projected to fall from an estimated 3.5% in 2022 to 3.0% in both 2023 and 2024. While the forecast for 2023 is modestly higher than predicted in the April 2023 World Economic Outlook (WEO), it remains weak by historical standards.

In June 2023 the Central Bank of Cyprus has marginally revised downwards its estimate for 2024 by 0.2% to 2.8% due to the expected impact of the sanctions against Russia on the services sector, maintain its projection for 2025 unchanged to 3.1%. Private consumption, albeit estimated to decelerate, is expected to remain a significant driver to economic growth in the next years and to a lesser extend to exports. Harmonised Index of Consumer Prices broadly unchanged to 3.3% in 2023 from a record 8.1% last year, whereas the inflation will further decline to 2.3% and 2.0% in 2024 and 2025 respectively, driven by the correction in energy prices and the eradication of disruption in supply chains and the expected impact of rising interest rates. Real GDP grew by 5.6% in 2022 following growth of 6.6% in 2021, outperforming the EU average in both years.

The sovereign risk ratings of the Cyprus Government improved considerably in recent years reflecting reduced banking sector risks, and improvements in economic resilience and consistent fiscal outperformance. in March 2023, Fitch Ratings upgraded Cyprus' Long-Term Issuer Default rating at investment grade BBB and stable outlook. In September 2022, S&P Global Ratings upgraded Cyprus' investment grade rating of BBB/A-2 and has changed the outlook from positive to stable. The upgrade reflects the resilience of the Cypriot economy to recent external shock (including the COVID-19 pandemic). The stable outlook balances risks from the crisis in Ukraine and the economy's diversified structure and the expectation that the government's fiscal position will continue to improve. In August 2022, Moody's Investors Service affirmed the Government of Cyprus' long-term issuer and senior unsecured ratings to Ba1 and changed the outlook from stable to positive. The key drivers reflecting the affirmation are the strong reduction in Cyprus' public debt ratio in 2022, stronger-than expected economic resilience to Russia-Ukraine conflict and the COVID-19 pandemic as well the ongoing strengthening of the banking sector.

Russian Federation

Starting in 2014, the United States of America, the European Union and some other countries have imposed and gradually expanded economic sanctions against a number of Russian individuals and legal entities. Since February 2022 restrictions were imposed on the supply of various goods and services to Russian enterprises. Also, in the context of the imposed sanctions, a number of large international companies from the United States, the European Union and some other countries discontinued, significantly reduced or suspended their own activities in the Russian Federation, as well as doing business with Russian citizens and legal entities. The imposition and subsequent strengthening of sanctions resulted in elevated economic uncertainty, including reduced liquidity and high volatility in the capital markets, volatility of the Rouble exchange rate and the key interest rate, a decrease in foreign and domestic direct investments, difficulties in making payments for Russian Eurobond issuers, and also a significant reduction in the availability of sources of debt financing.
To reduce the negative impact of the Russian economic situation on the Company's business, a decision was made to refocus on international markets. In 2023, the Company gradually reduce operations with Russian assets.

Total auditors' remuneration
Total auditors' remuneration for the six-month period ended 30 June 2023 amounted to USD 65 thousand (six-month period ended 30 June 2022: USD 54 thousand).

Events after the reporting period
There were no events after the reporting period to disclose.

Related party balances and transactions
Disclosed in note 19 of the financial statements.

Independent Auditors
The Independent Auditors of the Company Messrs. KPMG Limited have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted to the Annual General Meeting.

Alona Joannu

Managing Director

Limassol, 28 September 2023

KPMG Limited
Chartered Accountants
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INDEPENDET AUDITORS' REPORT ON REVIEW
OF CONDENSED INTERIM FINANCIAL INFORMATION
TO THE MEMBERS OF
BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

Introduction

We have reviewed the accompanying condensed statement of financial position of **BrokerCreditService Structured Products Plc** as at 30 June 2023, the condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial information ("the condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the 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.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at 30 June 2023 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Limited,

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

28 September 2023

(In thousands of USD)	Note	30 June 2023 (unaudited)	31 December 2022
ASSETS			
Cash and cash equivalents	5	99 082	145 837
Receivables under resale agreements		-	26 336
Trading assets except derivatives		590 999	414 651
- pledged	7	*368 978*	*314 533*
- unpledged	7	*222 021*	*100 118*
Investment securities measured at amortised cost		421 085	618 274
- pledged	8	*405 223*	*602 317*
- unpledged	8	*15 862*	*15 957*
Investment securities measured at fair value through profit and loss		7 330	8 955
Derivative assets	9	22 754	27 897
Loans to customers	10	34 008	32 981
Due from banks and other financial institutions	11	224 068	-
Property, equipment and intangible assets		57	98
Investment in an associate	12	48 058	46 507
Prepayments and other assets	13	136 901	222 034
TOTAL ASSETS		**1 584 342**	**1 543 570**
LIABILITIES			
Payables under repurchase agreements	6	264 838	433 786
Derivative liabilities	9	349 189	223 182
Notes issued	14	233 783	282 290
Loans payable	15	501 189	472 836
Payables and other liabilities	16	113 851	24 731
TOTAL LIABILITIES		**1 462 850**	**1 436 825**
EQUITY			
Share capital	17	27	27
Liability credit reserve		(12 776)	(12 368)
Translation reserve		8 489	8 489
Retained earnings		125 752	110 597
TOTAL EQUITY		**121 492**	**106 745**
TOTAL EQUITY AND LIABILITIES		**1 584 342**	**1 543 570**

On 28 September 2023 the Board of Directors of BrokerCreditService Structured Products PLC authorised this condensed interim financial information for issue.

....	....	....
Dimitra Karkalli	Franz Hep	Alona Joannu
Director	Director	Director

(In thousands of USD)	Note	For the six-month period ended 30 June 2023 (unaudited)	For the six-month period ended 30 June 2022
Interest income calculated using the effective interest method	4	25 555	29 724
Other interest income	4	949	1 261
Interest expense	4	(19 509)	(27 455)
Net interest income		**6 995**	**3 530**
Net trading gain (loss) from trading assets and liabilities		68 594	(274 980)
Gain from trading in foreign currencies and currency revaluation		14 955	34 116
Dividend income from trading assets		3 670	7 451
Loss related to redemption of investment securities measured at amortised cost pledged under repurchase agreements	19	(26 181)	-
Net trading (loss) gain from derivatives		(67 208)	359 419
Net trading (loss) income		**(6 170)**	**126 006**
Impairment of debt financial assets	3	6 702	(39 361)
Fair value loss from loans measured at fair value through profit or loss		(84)	(15 000)
Other operating income		220	187
Gain from investment securities measured at fair value through profit or loss		103	1 056
Administrative and other operating expenses		(1 127)	(1 757)
Fee and commission expense		(7 320)	(6 657)
Share of gain of an associate	12	12 620	-
Profit before tax		**11 939**	**68 004**
Income tax expense		(503)	(1 152)
Profit for the period		**11 436**	**66 852**
Other comprehensive loss			
Items that will not be reclassified to profit or loss			
Movement in liability credit reserve		(3 928)	(7 710)
Other comprehensive loss		**(3 928)**	**(7 710)**
Total comprehensive income for the period		**7 508**	**59 142**

	For the six-month period ended 30 June 2023 Attributable to the sole participant				
(In thousands of USD)	**Share capital**	**Liability credit reserve**	**Translation reserve**	**Retained earnings**	**Total**
Balance at 1 January 2023	**27**	**(12 368)**	**8 489**	**110 597**	**106 745**
Total comprehensive income					
Profit for the period	-	-	-	11 436	**11 436**
Other comprehensive loss					
Items that will not be reclassified to profit or loss					
Liability credit reserve	-	(408)	-	(3 520)	**(3 928)**
Total other comprehensive loss for the period	-	**(408)**	-	**(3 520)**	**(3 928)**
Total comprehensive income for the period	-	**(408)**	-	**7 916**	**7 508**
Net contribution from shareholder (Note 19)	-	-	-	7 239	**7 239**
Balance at 30 June 2023 (unaudited)	**27**	**(12 776)**	**8 489**	**125 752**	**121 492**

	For the six-month period ended 30 June 2022 Attributable to the sole participant			
(In thousands of USD)	**Share capital**	**Liability credit reserve**	**Retained earnings**	**Total**
Balance at 1 January 2022	**27**	**3 214**	**177 233**	**180 474**
Total comprehensive income				
Profit for the period	-	-	66 852	**66 852**
Other comprehensive income				
Liability credit reserve	-	(7 586)	(124)	**(7 710)**
Total other comprehensive income for the period	-	**(7 586)**	**(124)**	**(7 710)**
Total comprehensive income for the period	-	(7 586)	66 728	59 142
Balance at 30 June 2022 (unaudited)	27	**(4 372)**	**243 961**	**239 616**

(In thousands of USD)	Note	For the six-month period ended 30 June 2023 (unaudited)	For the six-month period ended 30 June 2022 (unaudited)
Cash flows from operating activities			
Profit before tax		**11 939**	**68 004**
Adjustments for:			
Depreciation and amortisation		27	30
Unrealised loss (gains) from trading in foreign currencies		833	(90 690)
Gain from investment securities measured at fair value through profit or loss		(103)	(1 056)
Change in fair value of derivative financial instruments		142 977	(379 555)
Other income		(192)	-
Fair value (gain) loss on financial assets at fair value through profit or loss		(4 436)	24 951
Loss related to redemption of investment securities measured at amortised cost pledged under repurchase agreements		26 181	-
Impairment of debt financial assets	3	(6 702)	39 361
Net interest income	4	(6 995)	(3 530)
Share of gain of associate	12	(12 620)	-
Fair value loss from loans measured at fair value through profit or loss		84	15 000
Cash flows from (used in) operating activities before changes in working capital		**150 993**	**(327 485)**
Change in operating assets and liabilities			
Decrease in receivables under resale agreements		26 340	156 219
(Increase)/decrease in financial assets at fair value through profit or loss		(173 338)	1 230 024
Increase in loans to customers		(246 865)	(1 481)
Decrease/(increase) in prepayments and other assets		183 001	(23 978)
Derivative instruments		23 113	(159 055)
Decrease in payables under repurchase agreements		(7 398)	(69 966)
Increase/(decrease) in trade and other payables		5 404	(4 520)
Decrease in notes issued		(64 058)	(38 671)
Increase/(decrease) in loans payable		29 972	(847 931)
Interest received during the period		18 703	33 136
Interest paid during the period		(16 375)	(25 439)
Income tax paid		(503)	(1 152)
Net cash used in operating activities		**(71 011)**	**(80 299)**
Cash flows from investing activities			
Dividends received	12	11 069	-
Purchase of financial assets at amortised cost		(5 960)	-
Proceeds from disposals and redemption of financial assets at amortised cost		19 861	26 806
Net cash from investing activities		**24 970**	**26 806**
Cash flows from financing activities			
Lease payments		(23)	(25)
Net cash used in financing activities		**(23)**	**(25)**
Net decrease in cash and cash equivalents		**(46 064)**	**(53 518)**
Cash and cash equivalents at the beginning of the period	5	145 837	138 790
Effect of changes in exchange rates on cash and cash equivalents		(326)	(921)
Effect of change in allowance for credit losses on cash and cash equivalents	3	(365)	(28)
Cash and cash equivalents at end of the period	5	**99 082**	**84 323**

1 Incorporation and principal activities

Country of incorporation

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

Principal activities

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

BrokerCreditService Structured Products Plc acts as the FG BCS Group's operational company in Cyprus. In collaboration with other entities which are under common control, it issues structured products and executes various hedging strategies with the purpose of generating margins and minimising risk. Specifically, the Company issues Notes in registered form (respectively, "Bearer Notes" and "Registered Notes" and, together, the "Notes") under a Euro Medium Term Note Programme, which are admitted to the official list of the Irish Stock Exchange and trading on its regulated market (the "Main Securities Market") as well as other and/or further stock exchange(s) or market(s) (including regulated markets). The Company also issues unlisted Notes and/or Notes not admitted to trading on any market.

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

2 Basis of preparation

a) General

This condensed interim financial information is prepared in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. It does not include all of the information required for full financial statements, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2022, as this condensed interim financial information provides an update of previously reported financial information.

Management is responsible for the preparation of the condensed interim financial information in accordance with IAS 34 *Interim Financial Reporting*.

The preparation of financial information in conformity with IFRS requires management to make judgements and key estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial information and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing this condensed interim financial information the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty are the same as those that applied to the financial statements for the year ended 31 December 2022.

b) Business environment

Cyprus business environment

Global growth is projected to fall from an estimated 3.5 % in 2022 to 3.0 % in both 2023 and 2024. While the forecast for 2023 is modestly higher than predicted in the April 2023 World Economic Outlook (WEO), it remains weak by historical standards.

In June 2023 the Central Bank of Cyprus has marginally revised downwards its estimate for 2024 by 0.2% to 2.8% due to the expected impact of the sanctions against Russia on the services sector, maintain its projection for 2025 unchanged to 3.1%. Private consumption, albeit estimated to decelerate, is expected to remain a significant driver to economic growth in the next years and to a lesser extend to exports. Harmonised Index of Consumer Prices broadly unchanged to 3.3% in 2023 from a record 8.1% last year, whereas the inflation will further decline to 2.3% and 2.0% in 2024 and 2025 respectively, driven by the correction in energy prices and the eradication of disruption in supply chains and the expected impact of rising interest rates. Real GDP grew by 5.6% in 2022 following growth of 6.6% in 2021, outperforming the EU average in both years.

The sovereign risk ratings of the Cyprus Government improved considerably in recent years reflecting reduced banking sector risks, and improvements in economic resilience and consistent fiscal outperformance. In March 2023, Fitch Ratings upgraded Cyprus' Long-Term Issuer Default rating at investment grade BBB and stable outlook. In September 2022, S&P Global Ratings upgraded Cyprus' investment grade rating of BBB/A-2 and has changed the outlook from positive to stable. The upgrade reflects the resilience of the Cypriot economy to recent external shock (including the COVID-19 pandemic). The stable outlook balances risks from the crisis in Ukraine and the economy's diversified structure and the expectation that the government's fiscal position will continue to improve. In August 2022, Moody's Investors Service affirmed the Government of Cyprus' long-term issuer and senior unsecured ratings to Ba1 and changed the outlook from stable to positive. The key drivers reflecting the affirmation are the strong reduction in Cyprus' public debt ratio in 2022, stronger-than expected economic resilience to Russia-Ukraine conflict and the COVID-19 pandemic as well the ongoing strengthening of the banking sector.

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

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

Russian business environment

Starting in 2014, the United States of America, the European Union and some other countries have imposed and gradually expanded economic sanctions against a number of Russian individuals and legal entities. Since February 2022 restrictions were imposed on the supply of various goods and services to Russian enterprises. Also, in the context of the imposed sanctions, a number of large international companies from the United States, the European Union and some other countries discontinued, significantly reduced or suspended their own activities in the Russian Federation, as well as doing business with Russian citizens and legal entities. The imposition and subsequent strengthening of sanctions resulted in elevated economic uncertainty, including reduced liquidity and high volatility in the capital markets, volatility of the Rouble exchange rate and the key interest rate, a decrease in foreign and domestic direct investments, difficulties in making payments for Russian Eurobond issuers, and also a significant reduction in the availability of sources of debt financing.

To reduce the negative impact of the Russian economic situation on the Company's business, a decision was made to refocus on international markets. In 2023, the Company gradually reduce operations with Russian assets.

c) Basis of measurement

Condensed interim financial information is prepared on the historical cost basis, except that trading assets and liabilities, including derivatives, certain notes issued and certain loans to customers measured at fair value.

d) Functional and presentation currency

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

Starting 1 January 2023 the USD is used as the functional currency as management considers that the USD started to reflect the economic substance of the underlying events and circumstances relevant to the Company, as due to the majority of its financial assets and financial liabilities and the majority of its transactions are denominated and executed in USD. The change in functional currency of the Company was applied prospectively from 1 January 2023. On the date of the change of functional currency, all assets, liabilities, issued capital and other components of equity and profit and loss account items were translated into USD at the exchange rate on that date. The Company has also adopted USD as its presentation currency.

The comparative figures as at 31 December 2022 and for the period ended 30 June 2022 have also been recalculated to USD using exchange rate as at date of change in functional currency. Financial information presented in USD is rounded to the nearest thousand.

e) Changes in accounting policies and presentation

Except of changes in functional currency and respective change in presentation currency the accounting policies applied in this condensed interim financial information are the same as those applied in the last annual financial statements for the year ended 31 December 2022.

3 Impairment losses on debt financial assets

(In thousands of USD)	For the six-month period ended 30 June 2023	For the six-month period ended 30 June 2022
Prepayments and other assets	(1 179)	(27 061)
Due from banks and other financial institutions	(1 394)	-
Cash and cash equivalents	(365)	(28)
Loans to customers	-	(603)
Investment securities measured at amortised cost	9 637	(12 013)
Receivables under resale agreements	3	344
Total impairment losses on debt financial assets	**6 702**	**(39 361)**

4 Net interest income

(In thousands of USD)	For the six-month period ended 30 June 2023	For the six-month period ended 30 June 2022
Interest income calculated using the effective interest method		
Interest income on investment securities	14 257	18 623
Loans issued and deposits	10 277	138
Cash collateral on derivatives and overnight loans	1 021	8 402
Resale and securities lending agreements	-	2 561
Total interest income calculated using the effective interest method	**25 555**	**29 724**
Other interest income	949	1 261
Interest expense		
Loans payable	(8 306)	(16 639)
Repurchase and securities borrowing agreements	(11 202)	(10 815)
Lease liability	(1)	(1)
Total interest expense	**(19 509)**	**(27 455)**
Net interest income	**6 995**	**3 530**

5 Cash and cash equivalents

(In thousands of USD)	30 June 2023	31 December 2022
Cash balances on brokerage accounts	87 727	119 901
Correspondent accounts and overnight placements with banks	6 798	2 967
Deposits	5 017	23 086
Loss allowance	(460)	(117)
Total cash and cash equivalents	**99 082**	**145 837**

The following table sets out information about the credit quality of cash and cash equivalents as at 30 June 2023 and as at 31 December 2022. The amounts in the table represent gross carrying amounts.

	30 June 2023			
(In thousands of USD)	Correspondent accounts and overnight placements with banks	Deposits	Cash balances on brokerage accounts	Total
AA- to AA+	713	-	-	713
A- to A+	-	-	5 761	5 761
BB- to BB+	2 249	-	-	2 249
B- to B+	3 836	-	16 495	20 331
Internal rating B	-	5 017	65 471	70 488
Loss allowance	(19)	(34)	(407)	(460)
Total cash and cash equivalents excluding cash on hand	**6 779**	**4 983**	**87 320**	**99 082**

	31 December 2022			
(In thousands of USD)	Correspondent accounts and overnight placements with banks	Deposits	Cash balances on brokerage accounts	Total
A- to A+	-	-	7 400	7 400
BB- to BB+	1 584	-	-	1 584
B- to B+	1 384	23 086	112 500	136 970
Loss allowance	(3)	(40)	(74)	(117)
Total cash and cash equivalents excluding cash on hand	**2 965**	**23 046**	**119 826**	**145 837**

The external credit ratings of the Group companies were withdrawn in April 2022. Therefore, as at 30 June 2023 the Company assessed credit risk of the Group companies based on internal model that considers various quantitative and qualitative factors. The internal rating scale is mapped to external credit ratings, so the internal rating categories match with ratings of S&P.

As at 30 June 2023 and 31 December 2022, where applicable the Company used ratings of S&P, Moody's, Fitch. For all other counterparties the credit rating was assessed basing on ratings from Russian national rating agencies.

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

Movement in the loss allowance during the six-month period ended 30 June 2023 is as follows:

(In thousands of USD)	
Loss allowance at 1 January 2023	(117)
Foreign exchange difference	22
Charge of loss allowance	(365)
Loss allowance at 30 June 2023	**(460)**

Movement in the loss allowance during the six-month period ended 30 June 2022 is as follows:

(In thousands of USD)	
Loss allowance at 1 January 2022	(28)
Foreign exchange difference	8
Charge of loss allowance	(28)

Loss allowance at 30 June 2022	**(48)**

As at 30 June 2023, 31 December 2022 and 30 June 2022, the Company measures loss allowances as 12-month ECL as far as credit risk on cash and cash equivalents has not increased significantly since their initial recognition.

6 Transfers of financial assets

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

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

These transactions are conducted under terms that are usual and customary to standard lending, and securities borrowing and lending activities.

During the six-month period 2023 the Company closed all transactions to purchase securities under agreements to resell as part of a business restructuring process.

Payables under repurchase agreements

(In thousands of USD)	**30 June 2023**	**31 December 2022**
Carrying amount of investment securities measured at amortised cost pledged under repurchase agreements	335 041	529 605
Carrying amount of financial assets measured at fair value through profit or loss pledged under repurchase agreements	-	15 051
Total financial assets transferred and pledged under repurchase agreements	**335 041**	**544 656**
Carrying amount of associated liabilities	**264 838**	**433 786**

7 Trading assets and liabilities except derivatives

	30 June 2023			**31 December 2022**		
(In thousands of USD)	**pledged**	**unpledged**	**Total**	**pledged**	**unpledged**	**Total**
Corporate Bonds						
BBB+ to BBB-	3 833	-	**3 833**	-	3 810	**3 810**
BB+ to BB-	4 559	937	**5 496**	8 995	5 010	**14 005**
B+ to B-	994	3 321	**4 315**	10 462	2 534	**12 996**
Below B	-	-	-	35	-	**35**
Unrated	674	-	**674**	1 636	-	**1 636**
Total debt instruments	**10 060**	**4 258**	**14 318**	**21 128**	**11 354**	**32 482**
Equity instruments						
Corporate shares	358 918	217 763	**576 681**	291 889	88 737	**380 626**
Exchange Traded funds	-	-	-	1 516	27	**1 543**
Total equity instruments	**358 918**	**217 763**	**576 681**	**293 405**	**88 764**	**382 169**
Total trading assets	**368 978**	**222 021**	**590 999**	**314 533**	**100 118**	**414 651**

During the year ended 31 December 2022 additional severe sanctions were imposed by the United States of America, the European Union on the Russian government, as well as major financial institutions and certain other entities and individuals in Russia. As result of the sanctions imposed certain securities were restricted over trading and movement in depositories. As at 30 June 2023 the restricted securities were valued at 0 (31 December 2022: USD 17 940 thousand).

As at 30 June 2023 and 31 December 2022, where applicable the Company used ratings of S&P, Moody's, Fitch. For all other counterparties the credit rating was assessed basing on ratings from Russian national rating agencies.

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

None of the trading financial assets are past due.

8 Investment securities measured at amortised cost

	30 June 2023			31 December 2022		
(In thousands of USD)	**pledged**	**unpledged**	**Total**	**pledged**	**unpledged**	**Total**
Municipal and Government Bonds						
A+ to A-	-	199	**199**	-	198	**198**
BB+ to BB-	16 081	-	**16 081**	18 646	-	**18 646**
Financial assets -Corporate bonds						
BBB+ to BBB-	80 051	10 842	**90 893**	118 170	-	**118 170**
BB+ to BB-	316 455	4 883	**321 338**	478 012	20 625	**498 637**
B+ to B-	30 978	-	**30 978**	31 222	-	**31 222**
Total gross amount of debt securities	443 565	15 924	**459 489**	**646 050**	**20 823**	**666 873**
Loss allowance	(38 342)	(62)	**(38 404)**	(43 733)	(4 866)	**(48 599)**
Total net amount of debt securities	405 223	15 862	**421 085**	**602 317**	**15 957**	**618 274**

Analysis by credit quality of investment securities measured at amortised cost as at 30 June 2023 and 31 December 2022 were as follows:

(In thousands of USD)	**12-month ECL**	**Lifetime ECL credit impaired**	**Total 30 June 2023**
Municipal and Government Bonds			
A+ to A-	199	-	**199**
BB+ to BB-	16 081	-	**16 081**
Financial assets -Corporate bonds			
BBB+ to BBB-	90 077	816	**90 893**
BB+ to BB-	242 633	78 705	**321 338**
B+ to B-	30 978	-	**30 978**
Total gross amount of debt securities	**379 968**	**79 521**	**459 489**
Loss allowance	(2 958)	(35 446)	**(38 404)**
Total net amount of debt securities	**377 010**	**44 075**	**421 085**

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

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

As at 30 June 2023 and 31 December 2022, where applicable the Company used ratings of S&P, Moody's, Fitch. For all other counterparties the credit rating was assessed basing on ratings from Russian national rating agencies.

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

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

	Loss allowance			Gross book value		
(In thousands of USD)	12-month ECL	Lifetime ECL credit impaired	Total 30 June 2023	12-month ECL	Lifetime ECL credit impaired	Total 30 June 2023
Balance at 1 January 2023	(4 485)	(44 114)	(48 599)	546 445	120 428	666 873
Transfer to Stage 1	(8 340)	8 340	-	22 571	(22 571)	-
Transfer to Stage 3	52	(52)	-	(3 036)	3 036	-
Foreign exchange difference	502	56	558	(72 295)	(793)	(73 088)
Remeasurement	8 716	(7 686)	1 030	-	-	-
Disposal	597	8 010	8 607	(113 717)	(20 579)	(134 296)
Balance at 30 June 2023	**(2 958)**	**(35 446)**	**(38 404)**	**379 968**	**79 521**	**459 489**

	Loss allowance			Gross book value		
(In thousands of USD)	12-month ECL	Lifetime ECL credit impaired	Total 30 June 2022	12-month ECL	Lifetime ECL credit impaired	Total 30 June 2022
Balance at 1 January 2022	(3 190)	-	(3 190)	832 498	-	832 498
Transfer to Stage 3	225	(225)	-	(40 163)	40 163	-
Foreign exchange difference	776	-	776	(113 837)	-	(113 837)
Redemption	6	-	6	(31 902)	-	(31 902)
Remeasurement	(3 343)	(8 690)	(12 033)	-	-	-
Transfer to prepayments and other assets	14	-	14	(25 709)	-	(25 709)
Balance at 30 June 2022	**(5 512)**	**(8 915)**	**(14 427)**	**620 887**	**40 163**	**661 050**

During the six-month period ended 30 June 2023 the Company started to dispose a sub-portfolio of measured at amortised bonds of Russian issuers as a part of the business restructuring process and refocusing on financial instruments of foreign issuers.

9 Derivative financial instruments

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

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

Derivative financial instruments – assets

(In thousands of USD)	30 June 2023	31 December 2022
Interest rate SWAP	16 505	14 426
Hybrid derivatives	4 340	10 737
Credit default swaps	1 909	2 150
Options	-	584
Total derivative financial instruments	**22 754**	**27 897**

The credit quality of derivative financial instruments were as follows:

(In thousands of USD)	**30 June 2023**	**31 December 2022**
Credit default swaps		
A- to A+	837	916
Internal rating B	1 072	-
below B-	-	1 234
Options		
BB- to BB+	-	584
Hybrid derivatives		
BB- to BB+	-	10 737
B- to B+	4 340	-
Interest rate SWAP		
A- to A+	16 505	14 426
Total derivative financial instruments	**22 754**	**27 897**

The external credit ratings of the Group companies were withdrawn in April 2022. Therefore, as at 30 June 2023 the Company assessed credit risk of the Group companies based on internal model that considers various quantitative and qualitative factors. The internal rating scale is mapped to external credit ratings, so the internal rating categories match with ratings of S&P.

As at 30 June 2023 and 31 December 2022, where applicable the Company used ratings of S&P, Moody's, Fitch. For all other counterparties the credit rating was assessed basing on ratings from Russian national rating agencies.

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

Derivative financial instruments - liabilities

(In thousands of USD)	**30 June 2023**	**31 December 2022**
Hybrid derivatives	344 255	203 399
Credit default swaps	4 708	14 751
Options	226	5 032
Total derivative financial instruments	**349 189**	**223 182**

As at 30 June 2023 and 31 December 2022 the Company did not have any past due derivative financial instruments.

During the six-month period ended 30 June 2023 certain hybrid derivative instruments in the amount of USD 82 224 thousand (2022: USD 83 337) were sold to a related party under common control at market value.

10 Loans to customers

(In thousands of USD)	**30 June 2023**	**31 December 2022**
Loans to customers at FVTPL	34 008	32 981
Total loans to customers	**34 008**	**32 981**

Movements in the loss allowance for loans to customers during the six-month period ended 30 June 2022 were as follows:

(In thousands of USD)	
Loss allowance at 1 January 2022	(261)
Foreign exchange difference	582
Charge of loss allowance	(603)
Loss allowance at 30 June 2022	**(282)**

As at 30 June 2022 and 31 December 2021, the Company measures loss allowances loans to customers as 12-month ECL as far as credit risk has not increased significantly since initial recognition.

11 Due from banks and other financial institutions

(In thousands of USD)	30 June 2023	31 December 2022
Loans and deposits		
A- to A+	122 081	-
Internal rating B	103 384	
Total due from banks and other financial institutions	225 465	-
Loss allowance	(1 397)	-
Net due from banks and other financial institutions	**224 068**	-

Movements in the loss allowance for loans to banks during the six-month period ended 30 June 2023 were as follows:

(In thousands of USD)	Loass allowance	Gross carrying amount
Balance at 1 January 2023	-	-
New loans originated and other increase in gross amount	(1 394)	208 254
Foreign exchange	(3)	17 211
Balance at 30 June 2023	**(1 397)**	**225 465**

At 30 June 2023 the Company measures loss allowances loans to banks as 12-month ECL as far as credit risk has not increased significantly since initial recognition.

The external credit ratings of the Group companies were withdrawn in April 2022. Therefore, as at 30 June 2023 the Company assessed credit risk of the Group companies based on internal model that considers various quantitative and qualitative factors. The internal rating scale is mapped to external credit ratings, so the internal rating categories match with ratings of S&P.

As at 30 June 2023 and 31 December 2022, where applicable the Company used ratings of S&P, Moody's, Fitch. For all other counterparties the credit rating was assessed basing on ratings from Russian national rating agencies.

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

12 Investment in associate

As at 3 October 2022 the Company has obtained significant influence over BrokerCreditService (Cyprus) Limited (further Associate), that is an investment firm regulated by the Cyprus Securities and Exchange Commission and provides electronic access through its trading system (CQG) for sale and purchase of derivatives on world major exchanges. BrokerCreditService (Cyprus) is a private entity that is not listed on any public exchange. The Company's interest in BrokerCreditService (Cyprus) Limited is accounted for using the equity method in the financial statements.

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

(In thousands of USD)	30 June 2023	31 December 2022
Current assets, including	790 265	785 754
cash and cash equivalents	85 670	101 086
Non-current assets	24 034	57 917
Current liabilities	(662 282)	(689 223)
Non-current liabilities	(45 885)	(51 762)
Equity	**106 132**	**102 686**
Company's share in equity – 45%	47 760	46 209
Goodwill	298	298
Company's carrying amount of the investment	**48 058**	**46 507**

(In thousands of USD)	For the six-month period ended 30 June 2023
Income, including	51 093
Interest income	21 307
Expenses, including	(23 048)
Interest expense	(15 300)
Profit before income tax	**28 045**
Income tax benefit	-
Profit for the period	**28 045**
Total comprehensive income for the period	**28 045**
Company's share of total comprehensive income for the period	**12 620**

(In thousands of USD)	
1 January 2023	46 507
Company's share of comprehensive income for the period	12 620
Dividends	(11 069)
Investment in associate at 30 June 2023	**48 058**

13 Prepayments and other assets

(In thousands of USD)	30 June 2023	31 December 2022
Receivables from brokers and counterparties	147 159	150 928
Cash collateral on derivatives	51 327	131 310
Unsettled transctions with securities	4 894	4 894
Margin call receivable	-	1 818
Loss allowance	(66 611)	(67 207)
Total financial assets	**136 769**	**221 743**
Other non-financial assets	132	291
Total prepayments and other assets	**136 901**	**222 034**

Receivables from brokers and counterparties represent the balances related to redeemed bonds restricted over trading and movement in depositories. The respective loss allowance was created for these balances.

Analysis by credit quality of prepayments and other assets as at 30 June 2023 and 31 December 2022 is as follows:

(In thousands of USD)	30 June 2023	31 December 2022
Cash collateral on derivatives		
A- to A+	-	75 101
B- to B+	-	56 209
Internal rating B	51 327	-
Loss allowance	(1 575)	(715)
Unsettled transctions with securities		
Unrated	4 894	4 894
Loss allowance	(720)	(1 087)
Receivables from brokers and counterparties		
A- to A+	826	617
B- to B+	4 577	150 311
Internal rating B	141 756	-
Loss allowance	(64 316)	(65 399)
Margin call receivable		
B- to B+	-	1 818
Loss allowance	-	(6)
Total gross amount	**203 380**	**288 950**
Loss allowance	(66 611)	(67 207)
Total net amount	**136 769**	**221 743**

The external credit ratings of the Group companies were withdrawn in April 2022. Therefore, as at 30 June 2023 the Company assessed credit risk of the Group companies based on internal model that considers various quantitative and qualitative factors. The internal rating scale is mapped to external credit ratings, so the internal rating categories match with ratings of S&P.

As at 30 June 2023 and 31 December 2022, where applicable the Company used ratings of S&P, Moody's, Fitch. For all other counterparties the credit rating was assessed basing on ratings from Russian national rating agencies.

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

Significant changes in the gross carrying amount of prepayments and other assets that contributed to changes in loss allowance were as follows:

	Loss allownace			Gross book value		
(In thousands of USD)	12-month ECL	Lifetime ECL credit impaired	Total 30 June 2023	12-month ECL	Lifetime ECL credit impaired	Total 30 June 2023
Balance at 1 January 2023	(1 811)	(65 396)	**(67 207)**	142 866	146 084	**288 950**
New instrument	(8)	-	**(8)**	5 424	-	**5 424**
Transfer to Stage 3	5	(5)	-	(3 107)	3 107	-
Foreign exchange difference	(27)	1 802	**1 775**	(111)	(3 510)	**(3 621)**
Disposal	53	331	**384**	(86 562)	(811)	**(87 373)**
Charge of loss allowance	(508)	(1 047)	**(1 555)**	-	-	-
Balance at 30 June 2023	**(2 296)**	**(64 315)**	**(66 611)**	**58 510**	**144 870**	**203 380**

	Loss allownace			Gross book value		
(In thousands of USD)	12-month ECL	Lifetime ECL credit impaired	Total 30 June 2022	12-month ECL	Lifetime ECL credit impaired	Total 30 June 2022
Balance at 1 January 2022	(2 597)	-	**(2 597)**	379 031	-	**379 031**
New instrument	(103)	-	**(103)**	182 674	-	**182 674**
Transfer to stage 3	17	(17)	-	(171 066)	171 066	-
Disposal	622	-	**622**	(132 881)	-	**(132 881)**
Foreign exchange difference	798	8	**806**	(51 028)	(60 312)	**(111 340)**
Charge of loss allowance	(736)	(26 844)	**(27 580)**	-	-	-
Balance at 30 June 2022	**(1 999)**	**(26 853)**	**(28 852)**	**206 730**	**110 754**	**317 484**

During the year ended 31 December 2022 additional severe sanctions were imposed by the United States of America, the European Union on the Russian government, as well as major financial institutions and certain other entities and individuals in Russia. As result of the sanctions imposed, receivables of USD 144 350 thousand were restricted over trading and movement in depositories (31 December 2022 USD 146 084 thousand). The Company created the provision of USD 64 086 thousand (31 December 2022: USD 65 396 thousand) based on the management estimation of recoverability.

14 Notes issued

(In thousands of USD)	30 June 2023	31 December 2022
Notes issued, carried at fair value		
Share Linked Notes	121 305	129 447
Credit Linked Notes	98 500	138 863
Hybrid Notes	13 978	13 980
Total	**233 783**	**282 290**

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

15 Loans payable

Loans payable comprises a marginal loan from the related party. The loans are payable on demand and secured by debt and equity securities held on the margin brokerage account.

The following table provides information on carrying value of securities held on margin brokerage account that are represents a collateral for loans payable:

(In thousands of USD)	**30 June 2023**	**31 December 2022**
Notes issued	667 312	502 977
Trading assets except derivatives	368 978	299 481
Investment securities measured at amortised cost	69 417	72 712
Total collateral	**1 105 707**	**875 170**
Total loans payable	**501 189**	**472 836**

16 Payables and other liabilities

(In thousands of USD)	**30 June 2023**	**31 December 2022**
Liabilities under assignement agreement	80 276	-
Cash collateral on derivatives	21 675	-
Unsettled transactions with derivatives	9 683	21 509
Other trade payable	1 999	3 021
Lease liability	56	77
Total financial liabilities	**113 689**	**24 607**
Social insurance and other taxes	116	66
Other liabilities	46	58
Total non-financial liabilities	**162**	**124**
Total payables and other liabilities	**113 851**	**24 731**

17 Share capital

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

During the six-month periods ended 30 June 2023 and 30 June 2022 the Company did not pay interim dividends.

18 Financial assets and liabilities: fair values and accounting classifications

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

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

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

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

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

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

Notes issued and forward contracts

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

Equity and debt securities

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

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

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

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

Derivatives

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

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

Loans, trade and other receivables

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

Fair value hierarchy

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

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

The table below analyses financial instruments measured at fair value at 30 June 2023 and 31 December 2022, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the condensed interim statement of financial position:

	30 June 2023				31 December 2022			
(In thousands of USD)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Trading assets:								
- corporate bonds	6 490	7 828	-	**14 318**	9 400	7 205	15 875	**32 480**
- corporate shares	516 220	-	60 460	**576 680**	307 895	-	72 732	**380 627**
- exchange traded funds	-	-	-	-	1 516	-	27	**1 543**
- derivatives	-	22 754	-	**22 754**	-	27 897	-	**27 897**
Loans to customers at FVTPL	-	-	34 008	**34 008**	-	-	32 981	**32 981**
Total financial assets carried at fair value	**522 710**	**30 582**	**94 468**	**647 760**	**318 811**	**35 102**	**121 615**	**475 528**
Financial liabilities								
Trading liabilities:								
- derivative liabilities	-	339 901	9 288	**349 189**	-	217 413	5 769	**223 182**
Notes issued	-	150 538	83 245	**233 783**	-	187 728	94 562	**282 290**
Total financial liabilities carried at fair value	-	**490 439**	**92 533**	**582 972**	-	**405 141**	**100 331**	**505 472**

Trading assets except derivatives

The following table shows a reconciliation for the six-month period ended 30 June 2023 and 30 June 2022 for trading assets fair value measurements in Level 3 of the fair value hierarchy:

(In thousands of USD)	Corporate bonds	Corporate shares
Financial instruments at fair value at 1 January 2023	15 875	72 732
Additions	-	2 500
Foreign exchange difference	(3 045)	(13 954)
Redemption	(10 430)	-
Disposal	(1 571)	-
Net losses recognised in profit or loss	(829)	(818)
Financial instruments at fair value at 30 June 2023	-	**60 460**

(In thousands of USD)	Corporate bonds	Corporate shares
Financial instruments at fair value at 1 January 2022	-	70 244
Transfer from Prepayments and other assets	-	15 791
Transfer from level 1	15 772	-
Net losses recognised in profit or loss	-	(22 209)
Financial instruments at fair value at 30 June 2022	**15 772**	**63 826**

The sensitivity of profit or loss to the changes of the fair value of corporate shares in the total amount of USD 53 108 thousand (31 December 2022: USD 64 590 thousand) categorized into Level 3 of the fair hierarchy to changes in the expected cash flows as at 31 December 2022 is not significant as the effect will be netted by changes of the fair value of the notes issued with these shares as underlying assets.

In the event that underlying cash flows of the remaining corporate shares in the amount of USD 7 352 thousand (31 December 2022: USD 8 142 thousand) categorized into Level 3 of the fair hierarchy differ by plus/minus ten percent, its fair value as at 30 June 2023 would be USD 735 thousand higher/lower (31 December 2022: USD 814 thousand).

Loans to customers

The following table shows a reconciliation for the six-month periods ended 30 June 2023 and 30 June 2022 for loans to customers in Level 3 of the fair value hierarchy:

(In thousands of USD)	
Financial instruments at fair value at 1 January 2023	**32 981**
Net gain recognised in profit or loss	1 027
Financial instruments at fair value at 30 June 2023	**34 008**

(In thousands of USD)	
Financial instruments at fair value at 1 January 2022	**32 114**
Additions	3 561
Net loss recognised in profit or loss	(13 640)
Financial instruments at fair value at 30 June 2022	**22 035**

The sensitivity of profit or loss to the changes of the fair value of certain loans to customers in the total amount of USD 34 008 thousand (31 December 2022: USD 32 981 thousand) categorized into Level 3 of the fair hierarchy to changes in the customer's credit spread as at 30 June 2023 and 31 December 2022 is not significant as the effect will be netted by changes of the fair value of the notes issued with these loans as underlying assets.

Derivative liabilities

(In thousands of USD)	
Financial instruments at fair value at 1 January 2023	**5 769**
New originated instruments	3 523
Net gain recognised in profit or loss	(4)
Financial instruments at fair value at 30 June 2023	**9 288**

(In thousands of USD)	
Financial instruments at fair value at 1 January 2022	-
New originated instruments	1 077
Net gain recognised in profit or loss	(205)
Financial instruments at fair value at 30 June 2022	**872**

The sensitivity of profit or loss to the changes of the fair value of hybrid derivative liabilities in the total amount of USD 1 886 thousand (31 December 2022: USD 1 299 thousand) categorized into Level 3 of the fair hierarchy to changes in expected cash flows from underling shares as at 30 June 2023 and 31 December 2022 is not significant as the effect will be netted by changes of the fair value of the loans and shares with these notes as underlying assets.

In the event that expected cash flows from underling shares of remaining derivative liabilities in the total amount of USD 7 402 thousand (31 December 2022: USD 4 470 thousand) categorized into Level 3 of the fair hierarchy differ by plus/minus ten percent, its fair value as at 30 June 2023 would be USD 740 thousand (31 December USD 447 thousand) lower/ higher.

Notes issued

(In thousands of USD)	
Financial instruments at fair value at 1 January 2023	**94 562**
Net gain recognised in profit or loss	(11 317)
Financial instruments at fair value at 30 June 2023	**83 245**

(In thousands of USD)	
Financial instruments at fair value at 1 January 2022	**111 383**
New originated instruments	3 320
Net gain recognised in profit or loss	(40 260)
Financial instruments at fair value at 30 June 2022	**74 443**

The sensitivity of profit or loss to the changes of the fair value of notes issued in the total amount of USD 83 245 thousand (31 December 2022: USD 94 562 thousand) categorized into Level 3 of the fair hierarchy to changes in the customer's credit spread and fair value of underling shares as at 30 June 2023 and 31 December 2022 is not significant as the effect will be netted by changes of the fair valued of the loans and shares with these notes as underlying assets.

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 30 June 2023 and 31 December 2022:

					30 June 2023
(In thousands of USD)	**Level 1**	**Level 2**	**Level 3**	**Total fair values**	**Total carrying amount**
Assets					
Investment securities measured at amortized cost	267 365	72 333	51 938	391 636	421 085

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

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

19 Related party transactions

Control relationships

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

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

As at 30 June 2023 and 31 December 2022, the outstanding balances with the ultimate shareholder, parent company and related parties under control or significant influence of the ultimate shareholder are as follows:

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

(In thousands of USD)	30 June 2023	31 December 2022
Cash balances on brokerage accounts	81 966	112 500
Deposits	5 018	23 086
Correspondent accounts and overnight placements with banks	760	624
Loss allowance	(455)	(116)
Total	**87 289**	**136 094**

Receivables under resale agreements from entities under control or significant influence of the ultimate shareholder

(In thousands of USD)	30 June 2023	31 December 2022
Receivables under resale agreements, gross amount	-	26 340
Loss allowance	-	(4)
Collateral received	-	31 450
average rates USD	-	*0,00%*
Total	**-**	**57 786**

The Company enters into repurchase transactions with the entities under control or significant influence of the ultimate shareholder as part of FG BCS Group's treasury activity. Maturity of repurchase transactions ranges from 1 day till 12 days. Certain on demand transaction can be settled with for a period from 1 to 5 days.

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

(In thousands of USD)	30 June 2023	31 December 2022
Hybrid derivatives	4 340	10 737
Credit default SWAPs	1 072	1 235
Option	-	584
Total derivative assets	**5 412**	**12 556**
Derivative liabilities, including:		
Hybrid derivatives	(145 801)	(7 286)
Credit default SWAPs	(3 273)	(6 326)
Option	(226)	(721)
Total derivative liabilities	**(149 300)**	**(14 333)**

Due from banks and other financial institutions with entities under control or significant influence of the ultimate shareholder

(In thousands of USD)	30 June 2023	31 December 2022
Deposits	103 384	-
Loss allowance	(1 375)	-
Total	**102 009**	**-**

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

(In thousands of USD)	30 June 2023	31 December 2022
Receivables from brokers and counterparties, gross amount	146 333	150 311
Cash collateral on derivatives, gross amount	51 326	56 209
Margin call receivable, gross amount	-	1 818
Loss allowance	(65 674)	(66 008)
Total	**131 985**	**142 330**

As at 30 June 2023 accounts receivable from brokers and counterparties mostly consist of cash payments per bonds and notes issued that have been frozen at the level of superior depositories.

As result of the sanctions imposed by the United States of America, the European Union on the Russian government, as well as major financial institutions and certain other entities and individuals in Russia, receivables of USD 143 855 thousand (31 December 2022: USD 145 836 thousand) were restricted over trading and movement in depositories. The Company created the provision of USD 63 871 thousand (31 December 2022: USD 65 287 thousand) based on the management estimation of recoverability.

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

(In thousands of USD)	30 June 2023	31 December 2022
Payables under repurchase agreements	264 838	433 786
Collateral provided	314 098	537 460
average rate RUB	*7,54%**	*7,54%*

*Nominal interest rate – 0,1%

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

During the six-month period ended 30 June 2023 for the avoidance of blocking of payments the Company exchanged the matured financial instruments in collateral under repurchase agreement to the payables under these repurchase agreements of USD 135 722 thousand (30 June 2022: nil) that is resulted in loss related to redemption of investment securities measured at amortised cost pledged under repurchase agreements of USD 26 181 thousand.

During the six-month period ended 30 June 2023 the Company recognised fair value adjustment in the amount of USD 7 869 thousand due to non-market rates on certain payables under repo transactions with entities under common control as capital contribution from shareholders.

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

(In thousands of USD)	30 June 2023	31 December 2022
Notes issued, carried at fair value		
Share Linked Notes	618	618
Total notes issued	**618**	**618**

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

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

(In thousands of USD)	30 June 2023	31 December 2022
Margin loan from the companies under common control	501 189	472 836
rate RUR	*7,50%*	*5,00%*
rate USD	*2,70%*	*2,70%*
rate EUR	*2,25%*	*2,25%*
Notes issued	667 312	502 977
Trading assets except derivatives held on margin account	368 978	299 770
Investing securities held on margin account	69 417	72 713
Total assets held on margin account	**1 105 707**	**875 460**

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

During the six-month period ended 30 June 2023 the Company recognised fair value adjustments in the amount of USD 630 thousand due to non-market rates on positive balances on margin account as capital distribution to shareholders.

Payables and other liabilities to entities under control or significant influence of the ultimate shareholder

(In thousands of USD)	**30 June 2023**	**31 December 2022**
Other payable	81 833	967
Payable for brokerage commission	202	20 879
Total payables and other liabilities	**82 035**	**21 846**

The related profit and loss transactions for the six-month periods ended 30 June 2023 and 30 June 2022 are as follows:

(In thousands of USD)	**Entities under control or significant influence of the ultimate shareholder**	**For the six-month period ended 30 June 2023**
Impairment of debt financial assets	(3 873)	(3 873)
Loss related to redemption of investment securities measured at amortised cost pledged under repurchase agreements	(26 181)	(26 181)
Interest expense	(19 069)	(19 069)
Fee and commission expense	(6 201)	(6 201)
Net trading loss from derivatives	(1 209)	(1 209)
Net trading gain from trading assets and liabilities	1 320	1 320
Interest income calculated using the effective interest method	3 143	3 143
Other interest income	29	29
Other operating income	28	28
Administrative and other operating expenses	(2)	(2)
Dividend income from trading assets	(1)	(1)

(In thousands of USD)	**Entities under control or significant influence of the ultimate shareholder**	**Parent company**	**Ultimate shareholder**	**For the six-month period ended 30 June 2022**
Interest income calculated using the effective interest method	10 803	-	90	10 893
Other interest income	83	-	121	204
Interest expense	(27 453)	-	-	(27 453)
Fair value loss from loans measured at fair value through profit or loss	(879)	-	(7 621)	(8 500)
Gain from trading in foreign currencies and currency revaluation	16 239	-	-	16 239
Net trading gain from derivatives	5 014	-	-	5 014
Impairment gain (loss) of debt financial assets	(25 706)	462	(20)	(25 264)
Administrative and other operating expenses	(221)	-	-	(221)
Fee and commission expense	(242)	-	-	(242)

20 Risk management

As at 30 June 2023 and for the six-month period then ended the risk profile of the Company has not changed significantly.

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

The analysis of sensitivity of net profit or loss for the the six-month period to fluctuations in securities quotations based on portfolio of USD 547 645 thousand (31 December 2022: USD 371 518 thousand) used to hedge price risk of structured derivative products, can be presented as follows:

(In thousands of USD)	For the six-month period ended 30 June 2023	For the six-month period ended 30 June 2022
Increase in securities quotation 7,5%-10%; Market volatility is 13,7%-25,7%	(11 450)	(13 962)
Decrease in securities quotation 15%-20%; Market volatility is 19,7%-34,5%	20 586	22 127

There have been no significant changes to the risk methodology and risk management procedures applied by the Company.

21 Segmental analysis

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

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

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

The Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the condensed interim financial information. However, income taxes are managed on a group basis and are not allocated to operating segments.

During the six-month period, there were no revenues from transactions with other operating segments. The Company's total assets and liabilities are as follows:

(In thousands of USD)	Corporate Business	Retail Business	Total 30 June 2023
Assets	640 369	943 973	1 584 342
Liabilities	(807 320)	(655 530)	(1 462 850)
Total net assets	**(166 951)**	**288 443**	**121 492**

(In thousands of USD)	Corporate Business	Retail Business	Total 31 December 2022
Assets	866 968	676 602	1 543 570
Liabilities	(507 556)	(929 269)	(1 436 825)
Total net assets	**359 412**	**(252 667)**	**106 745**

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

(In thousands of USD)	Corporate Business	Retail Business	For the six-month period ended 30 June 2023
Interest income calculated using the effective interest method	25 555	-	**25 555**
Other interest income	-	949	**949**
Interest expense	(19 509)	-	**(19 509)**
Net interest income	**6 046**	**949**	**6 995**
Net trading gain from trading assets and liabilities	-	68 594	**68 594**
Gain from trading in foreign currencies and currency revaluation	6 045	8 910	**14 955**
Loss related to redemption of investment securities measured at amortised cost pledged under repurchase agreements	(26 181)	-	**(26 181)**
Dividend income from trading assets	-	3 670	**3 670**
Net trading loss from derivatives	-	(67 208)	**(67 208)**
Net trading (loss) income	**(20 136)**	**13 966**	**(6 170)**
Impairment of debt financial assets	5 203	1 499	**6 702**
Other operating income	220	-	**220**
Fair value loss from loans measured at fair value through profit or loss	(84)	-	**(84)**
Gain from investment securities measured at fair value through profit or loss	103	-	**103**
Administrative and other operating expenses	(456)	(671)	**(1 127)**
Fee and commission expense	-	(7 320)	**(7 320)**
Share of gain of an associate	12 620	-	**12 620**
Profit before tax	**3 516**	**8 423**	**11 939**

(In thousands of USD)	Corporate Business	Retail Business	For the six-month period ended 30 June 2022
Interest income calculated using the effective interest method	29 576	148	**29 724**
Other interest income	1 261	-	**1 261**
Interest expense	(27 455)	-	**(27 455)**
Net interest income	**3 382**	**148**	**3 530**
Net trading loss from trading assets and liabilities	(16 647)	(258 333)	**(274 980)**
Gain from trading in foreign currencies and currency revaluation	20 404	13 712	**34 116**
Dividend income from trading assets	451	7 000	**7 451**
Net trading gain from derivatives	4 759	354 660	**359 419**
Net trading income	**8 967**	**117 039**	**126 006**
Impairment of debt financial assets	(39 361)	-	**(39 361)**
Fair value loss from loans measured at fair value through profit or loss	(15 000)	-	**(15 000)**
Other operating income	187	-	**187**
Gain from investment securities measured at fair value through profit or loss	1 056	-	**1 056**
Administrative and other operating expenses	(1 051)	(706)	**(1 757)**
Fee and commission expense	(403)	(6 254)	**(6 657)**
(Loss) Profit before tax	**(42 223)**	**110 227**	**68 004**

Geographic information

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

The funds raised are allocated to:

- hedging securities portfolio;
- trading securities portfolio;
- loans to corporate customers;
- other investments.

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

Major customers

During the six-month periods ended 30 June 2023 and 30 June 2022, the Company had significant transactions with entities under control or significant influence of ultimate shareholder, comprised 10% or more of the Company's income, the detailed information is presented in the Note 19.