

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

Condensed Interim Financial Information (Unaudited)

Six-month period ended 30 June 2024

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Officers, Professional Advisors and Registered Office

Board of Directors:	Alona Joannu Dimitra Karkalli Franz Hep Sergei Kaminskii – appointed on 16 July 2024
Company Secretary:	M. Kyprianou Fiduciaries Ltd
Independent Auditors:	Yiallourides & Partners Ltd
Registered office:	Office 203, Kofteros Business Center, 182, Agias Fylaxeos, 3083 Limassol Cyprus
Bankers:	Hellenic Bank Public Company Ltd BCS Bank JSC ARDSHINBANK CJSC First Abu Dhabi Bank PJSC Revolut Bank UAB UNIBANK OJSC
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 condensed interim financial information, which are presented on pages 9 to 31 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


.....
Sergei Kaminskii

Responsible for drafting the condensed interim financial information

Alona Joannu, Managing Director 

Limassol, 30 September 2024

MANAGEMENT'S REPORT

The Board of Directors of BrokerCreditService Structured Products PLC (the "Company") presents its report and unaudited condensed interim financial information of the Company for the period from 1 January 2024 to 30 June 2024.

Incorporation

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

Principal activities and nature of operations of the Company

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

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

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

Changes in Company structure

During the 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 condensed interim financial information are considered satisfactory.

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

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

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

- Leading positions in sales of structured products;
- Ability for remote purchase of structured products;
- Continue to increase range of structured products provided;
- Continue of implementation of new types of products;

- Sales diversification through partners and agents and development of remote and other distribution channels (i.e. promotion of online distribution of structured products through BCS channels, external partnership network extension, and joint products with other entities under common control).

Existence of branches

The Company does not maintain any branches.

Principal risks and uncertainties

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

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

Market risk

Market price risk is the risk 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 condensed interim financial information. 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 techniques 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 2024 (unaudited) the Company's capital amounted to USD 98 207 thousand (31 December 2023: USD 128 300 thousand).

Results

The Company's results for the six-month period ended 30 June 2024 are set out on page 10. The net loss for the six-month period ended 30 June 2024 (unaudited) attributable to the shareholder of the Company amounted to USD 17 789 thousand. (2023: net profit USD 11 436 thousand). On 30 June 2024 (unaudited) the total assets of the Company were USD 638 727 thousand (31 December 2023: USD 964 389 thousand).

Key Performance Indicators

Although the Company incurred losses during the six-month period ended 30 June 2024, this was the result of the applying a more conservative approach to the valuation of reserves and trading assets. Despite the loss the Company maintained strong equity position amounted to USD 98 207 thousand as at 30 June 2024 (31 December 2023: USD 128 300 thousand), representing 18% of the Company's total liabilities (31 December 2023: 15%).

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 2023 and at the date of this report are presented on page 1. Mr. Sergei Kaminskii was appointed on the Directors' position of the Company as at 16 July 2024. 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.

Corporate Governance Statement

The Company, in preparation of its condensed interim financial information 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 condensed interim financial information are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The procedure of preparation of condensed interim financial information 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 condensed interim financial information 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, condensed interim financial information, 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 condensed interim financial information 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 condensed interim financial information) 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 condensed interim financial information, 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 condensed interim 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

In 2023 GDP growth rate reached 2,4 %, while inflation stands at 3,9 %. In 2024 economic conditions remain positive during the first and second quarters. The GDP growth rate in real terms during the first quarter of 2024 is estimated at 3,5% over the corresponding quarter of 2023, the GDP growth rate in real terms during the second quarter of 2024 is estimated at 3,6% over the corresponding quarter of 2023.

The CBC (Central Bank of Cyprus) has revised its 2024 forecast for gross domestic product growth to 3%, from 2,8% expected, mainly due to the upward revision of domestic demand. According to the CBC's macroeconomic forecasts (June 2024), for the Cypriot economy for the years 2024-2026, the GDP revision for 2024 is conservative, taking into account the strong economic results of the first quarter of this year, adding that at the same time, it reflects the economic uncertainty due to the fragile external environment.

Nevertheless, uncertainty around the macroeconomic outlook remains high due the challenging external environment. There are heightened geopolitical tensions between the world's largest economies adding uncertainty to the global

economy outlook. Tensions between Russia and the West also remain high. Middle East crisis adds to the current global economic uncertainty, posing a threat to the global and local economy short-term path via the possibility of new inflationary pressures (increase of transportation costs and energy prices), slowing down of foreign direct investment and tourist inflows in Cyprus from MENA owned firms.

There have been distinct improvements in Cyprus' risk profile after the banking crisis, substantial risks remain. Cyprus' overall country risk is a combination of sovereign, currency, banking, political and economic structure risk, influenced by external developments with substantial potential impact on the domestic economy.

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 June 2024, Fitch Ratings has upgraded Cyprus's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'BBB+' from 'BBB'. The Outlook is Positive. In June 2024, S&P Global Ratings raised its long-term foreign and local currency sovereign credit ratings on the Republic of Cyprus to 'BBB+' from 'BBB'.

Total auditors' remuneration

Total auditors' remuneration for the six-month period ended 30 June 2024 (unaudited) amounted to USD 56 thousand (six-month period ended 30 June 2023: USD 65 thousand).

Events after the reporting period


There were no events after the reporting period to disclose.

Related party balances and transactions

Disclosed in note 14 of the condensed interim financial information.

Independent Auditors

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


Alona Joannu

Managing Director

Limassol, 30 September 2024

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Independent Auditor's Report

To the Members of BrokerCreditService Structured Products Plc

On Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed statement of financial position of BrokerCreditService Structured Products Plc as at 30 June 2024, 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.

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 2024 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.



Panicos Charalambous
Certified Public Accountant and Registered Auditor
for and on behalf of

Yiallourides & Partners Ltd
Chartered Accountants

Limassol, 30 September 2024

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC
Condensed Interim Statement of Financial Position as at 30 June 2024 (unaudited)

<i>(In thousands of USD)</i>	Note	30 June 2024 (unaudited)	31 December 2023
ASSETS			
Cash and cash equivalents	5	68 373	121 489
Trading assets except derivatives		172 770	644 574
- pledged	6	44 332	342 690
- unpledged	6	128 438	301 884
Investment securities measured at amortised cost		-	10 914
- unpledged		-	10 914
Investment securities measured at fair value through profit and loss		-	8 719
Derivative assets	7	292 445	17 551
Property, equipment and intangible assets		10	39
Investment in an associate	8	41 932	34 905
Prepayments and other assets	9	63 197	126 198
TOTAL ASSETS		638 727	964 389
LIABILITIES			
Derivative liabilities	7	251 981	248 227
Notes issued	10	112 474	147 380
Loans payable	11	166 741	425 834
Payables and other liabilities		9 324	14 648
TOTAL LIABILITIES		540 520	836 089
EQUITY			
Share capital	12	27	27
Liability credit reserve		(13 786)	(6 844)
Translation reserve		8 489	8 489
Retained earnings		103 477	126 628
TOTAL EQUITY		98 207	128 300
TOTAL EQUITY AND LIABILITIES		638 727	964 389

On 30 September 2024 the Board of Directors of BrokerCreditService Structured Products PLC authorised this condensed interim financial information for issue.

			
Dimitra Karkalli Director	Franz Hep Director	Sergei Kaminskii Director	Alona Ioannu Director

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC
Condensed Interim Statement of Profit or Loss and Other Comprehensive Income
for the six-month period ended 30 June 2024 (unaudited)

<i>(In thousands of USD)</i>	Note	For the six-month period ended 30 June 2024 (unaudited)	For the six-month period ended 30 June 2023
Interest income calculated using the effective interest method	4	2 816	25 555
Other interest income	4	15	949
Interest expense	4	(6 498)	(19 509)
Net interest (expense) income		(3 667)	6 995
Net trading (loss) gain from trading assets and liabilities		(54 227)	68 594
(Loss) gain from trading in foreign currencies and currency revaluation		(1 327)	14 955
Dividend income from trading assets		4 746	3 670
Loss related to redemption and disposal of investment securities measured at amortised cost	14	(3 396)	(26 181)
Net trading gain (loss) from derivatives		56 052	(67 208)
Net trading profit (loss)		1 848	(6 170)
Impairment of debt financial assets	3	(14 509)	6 702
Fair value loss from loans measured at fair value through profit or loss		-	(84)
Other operating income		-	220
Gain from investment securities measured at fair value through profit or loss		-	103
Administrative and other operating expenses		(1 316)	(1 127)
Fee and commission expense		(5 714)	(7 320)
Share of gain of an associate	8	6 082	12 620
(Loss) profit before income tax		(17 276)	11 939
Income tax expense		(513)	(503)
(Loss) profit for the period		(17 789)	11 436
Other comprehensive loss			
<i>Items that will not be reclassified to profit or loss</i>			
Movement in liability credit reserve		(8 521)	(3 928)
Other comprehensive loss		(8 521)	(3 928)
Total comprehensive (loss) income for the period		(26 310)	7 508

BROKER CREDIT SERVICE STRUCTURED PRODUCTS PLC
Condensed Interim Statement of Changes in Equity
for the six-month period ended 30 June 2024 (unaudited)

For the six-month period ended 30 June 2024 (unaudited)					
Attributable to the sole participant					
<i>(In thousands of USD)</i>	Share capital	Liability credit reserve	Translation reserve	Retained earnings	Total
Balance at 1 January 2024	27	(6 844)	8 489	126 628	128 300
Total comprehensive loss					
Loss for the period	-	-	-	(17 789)	(17 789)
Other comprehensive loss					
<i>Items that will not be reclassified to profit or loss</i>					
Liability credit reserve	-	(6 942)	-	(1 579)	(8 521)
<i>Total items that will not be reclassified subsequently to profit or loss</i>	-	(6 942)	-	(1 579)	(8 521)
Total comprehensive loss for the period	-	(6 942)	-	(19 368)	(26 310)
Net distribution from shareholder (Note 8, 14)	-	-	-	(3 783)	(3 783)
Balance at 30 June 2024 (unaudited)	27	(13 786)	8 489	103 477	98 207

For the six-month period ended 30 June 2023					
Attributable to the sole participant					
<i>(In thousands of USD)</i>	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					
<i>Items that will not be reclassified to profit or loss</i>					
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 to shareholders (Note 14)	-	-	-	7 239	7 239
Balance at 30 June 2023	27	(12 776)	8 489	125 752	121 492

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC
Condensed Interim Statement of Cash Flows
for the six-month period ended 30 June 2024 (unaudited)

<i>(In thousands of USD)</i>	Note	For the six-month period ended 30 June 2024 (unaudited)	For the six-month period ended 30 June 2023
Cash flows from operating activities			
(Loss) profit before income tax		(17 276)	11 939
Adjustments for:			
Depreciation and amortisation		29	27
Unrealised loss from trading in foreign currencies		677	833
Gain from investment securities measured at fair value through profit or loss		-	(103)
Change in fair value of derivative financial instruments		(129)	142 977
Other income		-	(192)
Fair value loss (gain) on financial assets at fair value through profit or loss		19 592	(4 436)
Loss related to redemption and disposal of investment securities measured at amortised cost	14	3 396	26 181
Impairment of debt financial assets	3	14 509	(6 702)
Net interest expense (income)	4	3 667	(6 995)
Share of gain of an associate	8	(6 082)	(12 620)
Fair value loss from loans measured at fair value through profit or loss		-	84
Cash flows from operating activities before changes in working capital		18 383	150 993
Change in operating assets and liabilities			
Decrease in receivables under resale agreements		-	26 340
Decrease/(increase) in financial assets at fair value through profit or loss		452 041	(173 338)
Increase in loans to customers		-	(246 865)
Decrease in prepayments and other assets		72 219	183 001
Derivative instruments		(314 070)	23 113
Decrease in payables under repurchase agreements		-	(7 398)
(Decrease)/increase in trade and other payables		(5 301)	5 404
Decrease in notes issued		(25 431)	(64 058)
(Decrease)/increase in loans payable		(264 282)	29 972
Interest received during the period		1 950	18 703
Interest paid during the period		(367)	(16 375)
Income tax paid		(513)	(503)
Net cash used in operating activities		(65 371)	(71 011)
Cash flows from investing activities			
Dividends received	8	-	11 069
Purchase of financial assets at amortised cost		-	(5 960)
Proceeds from disposal of investment securities measured at fair value through profit and loss		4 963	-
Proceeds from disposals and redemption of financial assets at amortised cost		7 530	19 861
Net cash from investing activities		12 493	24 970
Cash flows from financing activities			
Lease payments		(23)	(23)
Net cash used in financing activities		(23)	(23)
Net decrease in cash and cash equivalents		(52 901)	(46 064)
Cash and cash equivalents at the beginning of the period	5	121 489	145 837
Effect of changes in exchange rates on cash and cash equivalents		(237)	(326)
Effect of change in allowance for credit losses on cash and cash equivalents	3	22	(365)
Cash and cash equivalents at end of the period	5	68 373	99 082

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 Ltd DMCC, that was redomiciled at Dubai Multi Commodities Centre (DMCC). 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 2023, 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 2023.

b) Business environment

Cyprus business environment

In 2023 GDP growth rate reached 2,4 %, while inflation stands at 3,9 %. In 2024 economic conditions remain positive during the first and second quarters. The GDP growth rate in real terms during the first quarter of 2024 is estimated at 3,5% over the corresponding quarter of 2023, the GDP growth rate in real terms during the second quarter of 2024 is estimated at 3,6% over the corresponding quarter of 2023.

The CBC (Central Bank of Cyprus) has revised its 2024 forecast for gross domestic product growth to 3%, from 2,8% expected, mainly due to the upward revision of domestic demand. According to the CBC's macroeconomic forecasts (June 2024), for the Cypriot economy for the years 2024-2026, the GDP revision for 2024 is conservative, taking into account the strong economic results of the first quarter of this year, adding that at the same time, it reflects the economic uncertainty due to the fragile external environment.

Nevertheless, uncertainty around the macroeconomic outlook remains high due the challenging external environment. There are heightened geopolitical tensions between the world's largest economies adding uncertainty to the global economy outlook. Tensions between Russia and the West also remain high. Middle East crisis adds to the current global economic uncertainty, posing a threat to the global and local economy short-term path via the possibility of new inflationary pressures (increase of transportation costs and energy prices), slowing down of foreign direct investment and tourist inflows in Cyprus from MENA owned firms.

There have been distinct improvements in Cyprus' risk profile after the banking crisis, substantial risks remain. Cyprus' overall country risk is a combination of sovereign, currency, banking, political and economic structure risk, influenced by external developments with substantial potential impact on the domestic economy.

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 June 2024, Fitch Ratings has upgraded Cyprus's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'BBB+' from 'BBB'. The Outlook is Positive. In June 2024, S&P Global Ratings raised its long-term foreign and local currency sovereign credit ratings on the Republic of Cyprus to 'BBB+' from 'BBB'.

c) Basis of measurement

Condensed interim financial information is prepared on the historical cost basis, except that trading assets and liabilities, including derivatives and certain notes issued 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. The Company have determined that its functional currency is the US Dollar (USD) as it reflects the economic substance of the majority of underlying events and circumstances relevant to them. The USD is also the presentation currency for the purposes of this condensed interim financial information. All condensed interim financial information presented in USD is rounded to the nearest thousands, except when otherwise indicated.

e) Changes in accounting policies and presentation

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 2023.

3 Impairment on debt financial assets

<i>(In thousands of USD)</i>	For the six-month period ended 30 June 2024 (unaudited)	For the six-month period ended 30 June 2023
Prepayments and other assets	(14 561)	(1 179)
Due from banks and other financial institutions	-	(1 394)
Cash and cash equivalents	22	(365)
Investment securities measured at amortised cost	30	9 637
Receivables under resale agreements	-	3
Total impairment on debt financial assets	(14 509)	6 702

4 Net interest (expense) income

<i>(In thousands of USD)</i>	For the six-month period ended 30 June 2024 (unaudited)	For the six-month period ended 30 June 2023
Interest income calculated using the effective interest method		
Cash collateral on derivatives and overnight loans	2 668	1 021
Loans issued and deposits	114	10 277
Interest income on investment securities	34	14 257
Total interest income calculated using the effective interest method	2 816	25 555
Other interest income	15	949
Interest expense		
Loans payable	(6 256)	(8 306)
Repurchase and securities borrowing agreements	(241)	(11 202)
Lease liability	(1)	(1)
Total interest expense	(6 498)	(19 509)
Net interest (expense) income	(3 667)	6 995

5 Cash and cash equivalents

<i>(In thousands of USD)</i>	30 June 2024 (unaudited)	31 December 2023
Cash balances on brokerage accounts	61 481	62 848
Correspondent accounts and overnight placements with banks	6 934	13 539
Deposits	-	45 166
Loss allowance	(42)	(64)
Total cash and cash equivalents	68 373	121 489

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Notes to the Condensed Interim Financial Information
for the six-month period ended 30 June 2024 (unaudited)

The following table sets out information about the credit quality of cash and cash equivalents as at 30 June 2024 (unaudited) and as at 31 December 2023. The amounts in the table represent gross carrying amounts.

	30 June 2024 (unaudited)		
	Correspondent accounts and overnight placements with banks	Cash balances on brokerage accounts	Total
<i>(In thousands of USD)</i>			
AA- to AA+	5 363	-	5 363
A- to A+	-	-	-
BBB- to BBB+	410	-	410
BB- to BB+	649	-	649
B- to B+	504	350	854
Internal rating B- to B+	-	61 131	61 131
Internal rating BBB- to BBB+	8	-	8
Loss allowance	(1)	(41)	(42)
Total cash and cash equivalents excluding cash on hand	6 933	61 440	68 373

	31 December 2023			
	Correspondent accounts and overnight placements with banks	Deposits	Cash balances on brokerage accounts	Total
<i>(In thousands of USD)</i>				
AA- to AA+	8 250	-	-	8 250
A- to A+	248	-	-	248
BBB- to BBB+	817	-	-	817
B- to B+	4 224	-	1 128	5 352
Internal rating B- to B+	-	45 166	61 720	106 886
Loss allowance	(3)	(18)	(43)	(64)
Total cash and cash equivalents excluding cash on hand	13 536	45 148	62 805	121 489

The external credit ratings of the Group companies were withdrawn in April 2022. Therefore, as at 30 June 2024 (unaudited) 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 2024 (unaudited) and 31 December 2023, 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 2024 (unaudited) is as follows:

<i>(In thousands of USD)</i>	
Loss allowance at 1 January 2024	(64)
Reversal of loss allowance	22
Loss allowance at 30 June 2024 (unaudited)	(42)

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

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

As at 30 June 2024 (unaudited), 31 December 2023 and 30 June 2023, 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 Trading assets and liabilities except derivatives

<i>(In thousands of USD)</i>	30 June 2024 (unaudited)			31 December 2023		
	pledged	unpledged	Total	pledged	unpledged	Total
Municipal and government bonds						
AA+ to AA-	-	9 536	9 536	-	-	-
Corporate Bonds						
AA+ to AA-	-	-	-	-	9 627	9 627
BBB+ to BBB-	3 794	-	3 794	4 042	-	4 042
BB+ to BB-	10 589	3 116	13 705	6 016	776	6 792
Below B	6 672	-	6 672	-	-	-
Unrated	761	3 329	4 090	2 990	-	2 990
Total debt instruments	21 816	15 981	37 797	13 048	10 403	23 451
Equity instruments						
Corporate shares	22 511	112 455	134 966	329 521	290 632	620 153
Exchange Traded funds	5	2	7	121	849	970
Total equity instruments	22 516	112 457	134 973	329 642	291 481	621 123
Total trading assets	44 332	128 438	172 770	342 690	301 884	644 574

During the year ended 31 December 2023 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 2024 (unaudited) the restricted securities were valued at 0 (31 December 2023: USD 0).

As at 30 June 2024 (unaudited) and 31 December 2023, where applicable the Company used ratings of S&P, Moody's, Fitch. For all other counterparties the credit rating was assessed based 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.

7 Derivative financial instruments

The Company issues derivative products 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.

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

Derivative financial instruments – assets

<i>(In thousands of USD)</i>	30 June 2024 (unaudited)	31 December 2023
Hybrid derivatives	292 445	-
Interest rate SWAP	-	15 700
Credit default swaps	-	1 851
Total derivative financial instruments	292 445	17 551

The credit quality of derivative financial instruments were as follows:

<i>(In thousands of USD)</i>	30 June 2024 (unaudited)	31 December 2023
<i>Credit default swaps</i>		
A- to A+	-	1 023
Internal rating B- to B+	-	828
<i>Hybrid derivatives</i>		
Internal rating B- to B+	292 445	-
<i>Interest rate SWAP</i>		
A- to A+	-	15 700
Total derivative financial instruments	292 445	17 551

The external credit rating of the parent company and its subsidiaries was withdrawn in April 2022. Therefore, as at 30 June 2024 (unaudited) the Company assessed credit risk of the parent company and its subsidiaries based on internal model that considers various quantitative and qualitative factors or basing on ratings from Russian national rating agencies (if available). The internal rating scale is mapped to external credit ratings, so the internal rating categories match with ratings of S&P.

As at 30 June 2024 (unaudited) and 31 December 2023, where applicable the Company used ratings of S&P, Moody's, Fitch. For all other counterparties the credit rating was assessed based 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

<i>(In thousands of USD)</i>	30 June 2024 (unaudited)	31 December 2023
Hybrid derivatives	248 427	246 564
Credit default swaps	3 554	1 663
Total derivative financial instruments	251 981	248 227

As at 30 June 2024 (unaudited) and 31 December 2023 the Company did not have any past due derivative financial instruments.

During the six-month period ended 30 June 2024 (unaudited) certain hybrid derivative instruments in the amount of USD 0 (30 June 2023: USD 82 224 thousand) were sold to a related party under common control at market value.

8 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 condensed interim financial information.

<i>(In thousands of USD)</i>	30 June 2024 (unaudited)	31 December 2023
Current assets, including cash and cash equivalents	319 807	711 290
Non-current assets	26 950	130 598
Current liabilities	16 514	17 125
Non-current liabilities	(246 859)	(618 114)
Equity	(3 887)	(39 066)
Company's share in equity – 49%	85 575	71 235
Company's carrying amount of the investment	41 932	34 905

<i>(In thousands of USD)</i>	For the six-month period ended 30 June 2024 (unaudited)	For the six-month period ended 30 June 2023
Income, including interest income	46 065	51 093
Expenses, including interest expense	29 057	21 307
	(33 499)	(23 048)
	(17 887)	(15 300)
Profit before income tax	12 566	28 045
Income tax expense	(154)	-
Profit for the period	12 412	28 045
Total comprehensive income for the period	12 412	28 045
Company's share of total comprehensive income for the period	6 082	12 620

<i>(In thousands of USD)</i>	For the six-month period ended 30 June 2024 (unaudited)	For the six-month period ended 30 June 2023
1 January	34 905	46 507
Company's share of comprehensive income for the period	6 082	12 620
Dividends	-	(11 069)
Contribution from shareholder	945	-
Investment in associate at 30 June	41 932	48 058

9 Prepayments and other assets

<i>(In thousands of USD)</i>	30 June 2024 (unaudited)	31 December 2023
Receivables from brokers and counterparties	161 156	148 475
Cash collateral on derivatives	17 005	81 230
Unsettled transactions with securities	4 894	4 894
Margin call receivable	2 591	-
Loss allowance	(122 638)	(108 531)
Total financial assets	63 008	126 068
Other non-financial assets	189	130
Total prepayments and other assets	63 197	126 198

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 2024 (unaudited) and 31 December 2023 is as follows:

<i>(In thousands of USD)</i>	30 June 2024 (unaudited)	31 December 2023
12-month ECL		
Cash collateral on derivatives		
A- to A+	152	40 423
Internal rating B- to B+	16 853	40 807
Loss allowance	(292)	(673)
Receivables from brokers and counterparties		
A- to A+	1 184	538
B- to B+	1	-
Internal rating B- to B+	11 876	795
Unrated	0	-
Loss allowance	(8)	(2)
Unsettled transactions with securities		
Rated below B-	4 894	4 894
Loss allowance	(1 325)	(1 325)
Margin call receivable		
Internal rating B- to B+	2 591	-
Loss allowance	(23)	-
Lifetime ECL credit-impaired		
Receivables from brokers and counterparties		
B- to B+	3 562	3 586
Internal rating B- to B+	106 745	143 556
Unrated	37 788	-
Loss allowance	(120 990)	(106 531)
Total gross amount	185 646	234 599
Loss allowance	(122 638)	(108 531)
Total net amount	63 008	126 068

The external credit rating of the parent company and its subsidiaries was withdrawn in April 2022. Therefore, as at 30 June 2024 (unaudited) the Company assessed credit risk of the parent company and its subsidiaries based on internal model that considers various quantitative and qualitative factors or basing on ratings from Russian national rating agencies (if available). The internal rating scale is mapped to external credit ratings, so the internal rating categories match with ratings of S&P.

As at 30 June 2024 (unaudited) and 31 December 2023, where applicable the Company used ratings of S&P, Moody's, Fitch. For all other counterparties the credit rating was assessed basing on ratings from Russian national rating agencies. Receivables from brokers and counterparties was categorised as Lifetime ECL credit impaired due to sanction legislation restrictions, and not caused by the creditworthiness of the counterparties.

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

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

<i>(In thousands of USD)</i>	Loss allowance			Gross book value		
	12-month ECL	Lifetime ECL credit impaired	Total 30 June 2024 (unaudited)	12-month ECL	Lifetime ECL credit impaired	Total 30 June 2024 (unaudited)
Balance at 1 January 2024	(2 000)	(106 531)	(108 531)	87 457	147 142	234 599
New instrument	(32)	-	(32)	17 218	-	17 218
Transfer to Stage 3	1	(1)	-	(1 569)	1 569	-
Foreign exchange difference	1	453	454	(3)	(593)	(596)
Disposal	399	(13)	386	(65 552)	(23)	(65 575)
Remeasurement	(17)	(14 898)	(14 915)	-	-	-
Balance at 30 June 2024 (unaudited)	(1 648)	(120 990)	(122 638)	37 551	148 095	185 646

<i>(In thousands of USD)</i>	Loss allowance			Gross book value		
	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)
Remeasurement	(508)	(1 047)	(1 555)	-	-	-
Balance at 30 June 2023	(2 296)	(64 315)	(66 611)	58 510	144 870	203 380

During the years ended 31 December 2022 and 2023 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 147 060 thousand were restricted over trading and movement in depositories (31 December 2023 USD 147 142 thousand).

The Company created the provision of USD 120 990 thousand (31 December 2023: USD 106 531 thousand) based on the management estimation of recoverability.

10 Notes issued

<i>(In thousands of USD)</i>	30 June 2024 (unaudited)	31 December 2023
<i>Notes issued, carried at fair value</i>		
Credit Linked Notes	25 515	40 139
Share Linked Notes	77 761	94 251
Hybrid Notes	9 198	12 990
Total	112 474	147 380

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

11 Loans payable

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

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

<i>(In thousands of USD)</i>	30 June 2024 (unaudited)	31 December 2023
Trading assets except derivatives	44 332	342 690
Notes issued	22 988	21 822
Total collateral	67 320	364 512
Total loans payable	166 741	425 834

12 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 2024 (unaudited) and 30 June 2023 the Company did not pay interim dividends.

13 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, Chinese equities, some Russian ADR/GDR 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 using observable market data from Bloomberg and derived data (e.g. correlations and volatilities) calculated by Risk department.

Equity and debt securities

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

In 2022, some of the financial instruments of Russian issuers were blocked 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 2023: 100%).

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.

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The table below analyses financial instruments measured at fair value at 30 June 2024 (unaudited) and 31 December 2023, 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 2024 (unaudited)			31 December 2023				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<i>(In thousands of USD)</i>								
Financial assets								
Trading assets:								
- municipal and government bonds	9 536	-	-	9 536	-	-	-	-
- corporate bonds	24 465	3 796	-	28 261	16 418	7 033	-	23 451
- corporate shares	77 542	-	57 424	134 966	558 032	-	62 121	620 153
- Exchange Traded funds	7	-	-	7	970	-	-	970
- derivatives	-	292 445	-	292 445	-	17 551	-	17 551
Investment securities measured at fair value through profit and loss								
Total financial assets carried at fair value	111 550	296 241	57 424	465 215	575 420	24 584	8 719	8 719
Financial liabilities								
Trading liabilities:								
- derivative liabilities	-	242 163	9 818	251 981	-	236 820	11 407	248 227
Notes issued	-	75 083	37 391	112 474	-	109 172	38 208	147 380
Total financial liabilities carried at fair value	-	317 246	47 209	364 455	-	345 992	49 615	395 607

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Trading assets except derivatives

The following table shows a reconciliation for the six-month period ended 30 June 2024 (unaudited) and 30 June 2023 for trading assets fair value measurements in Level 3 of the fair value hierarchy:

<i>(In thousands of USD)</i>	Corporate shares
Financial instruments at fair value at 1 January 2024	62 121
Additions	2 515
Net loss recognised in profit or loss	(7 212)
Financial instruments at fair value at 30 June 2024 (unaudited)	57 424

<i>(In thousands of USD)</i>	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 loss recognised in profit or loss	(829)	(818)
Financial instruments at fair value at 30 June 2023	-	60 460

The sensitivity of profit or loss to the changes of the fair value of corporate shares in the total amount of USD 47 692 thousand (31 December 2023: USD 50 894 thousand) categorized into Level 3 of the fair hierarchy to changes in the expected cash flows as at 30 June 2024 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 9 733 thousand (31 December 2023: USD 11 227 thousand) categorized into Level 3 of the fair hierarchy differ by plus/minus ten percent, its fair value as at 30 June 2024 (unaudited) would be USD 973 thousand higher/lower (31 December 2023: USD 1 123 thousand).

Loans to customers

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

<i>(In thousands of USD)</i>	
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

Derivative liabilities

<i>(In thousands of USD)</i>	
Financial instruments at fair value at 1 January 2024	11 407
New originated instruments	2 660
Net gain recognised in profit or loss	(4 249)
Financial instruments at fair value at 30 June 2024 (unaudited)	9 818

<i>(In thousands of USD)</i>	
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

The sensitivity of profit or loss to the changes of the fair value of hybrid derivative liabilities in the total amount of USD 9 818 thousand (31 December 2023: USD 11 407 thousand) categorized into Level 3 of the fair hierarchy to changes in

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expected cash flows from underlying shares as at 30 June 2024 and 31 December 2023 is not significant as the effect will be netted by changes of the fair value of the shares with these notes as underlying assets.

Notes issued

<i>(In thousands of USD)</i>	
Financial instruments at fair value at 1 January 2024	38 208
Net gain recognised in profit or loss	(817)
Financial instruments at fair value at 30 June 2024 (unaudited)	37 391

<i>(In thousands of USD)</i>	
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

The sensitivity of profit or loss to the changes of the fair value of notes issued in the total amount of USD 37 391 thousand (31 December 2023: USD 38 208 thousand) categorized into Level 3 of the fair hierarchy to changes in the fair value of underlying shares as at 30 June 2024 (unaudited) and 31 December 2023 is not significant as the effect will be netted by changes of the fair value of the shares with these notes as underlying assets.

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

<i>(In thousands of USD)</i>					31 December 2023	
	Level 1	Level 2	Level 3	Total fair values	Total carrying amount	
Assets						
Investment securities measured at amortized cost	7 772	-	-	7 772	10 914	

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.

14 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 2024 (unaudited) and 31 December 2023, 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

<i>(In thousands of USD)</i>	30 June 2024 (unaudited)	31 December 2023
Cash balances on brokerage accounts	61 481	62 848
Deposits	-	45 166
Correspondent accounts and overnight placements with banks	497	3 543
Loss allowance	(42)	(63)
<i>average rates</i>	-	5.10%
Total	61 936	111 494

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

<i>(In thousands of USD)</i>	30 June 2024 (unaudited)	31 December 2023
Hybrid derivatives	292 445	-
Credit default SWAPs	-	829
Total derivative assets	292 445	829
Derivative liabilities, including:		
Hybrid derivatives	(69 039)	(26 505)
Credit default SWAPs	(3 554)	(1 611)
Option	-	(238)
Total derivative liabilities	(72 593)	(28 354)

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

<i>(In thousands of USD)</i>	30 June 2024 (unaudited)	31 December 2023
Receivables from brokers and counterparties, gross amount	122 184	147 937
Cash collateral on derivatives, gross amount	16 852	40 808
Margin call receivable, gross amount	2 591	-
Loss allowance	(89 968)	(107 194)
Total	51 659	81 551

As at 30 June 2024 (unaudited) and at 31 December 2023 accounts receivable from brokers and counterparties mostly consist of cash payments per bonds and notes issued that have been frozen at the level of superior depositories. During the period ended 30 June 2024 (unaudited) FG BCS Group disposed one of its broker subsidiaries, as a result of which receivables from brokers of USD 37 788 thousand and the related ECL of USD 31 346 thousand are no longer classified as related party balances.

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 due from brokers that are entities under common control, in the amount of USD 109 792 thousand (31 December 2023: USD 147 406 thousand) were restricted over trading and movement in depositories. The Company created the provision of USD 89 217 thousand (31 December 2023: USD 106 725 thousand) based on the management estimation of recoverability.

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

<i>(In thousands of USD)</i>	30 June 2024 (unaudited)	31 December 2023
Notes issued, carried at fair value		
Share Linked Notes	608	547
Total notes issued	608	547

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

<i>(In thousands of USD)</i>	30 June 2024 (unaudited)	31 December 2023
Margin loan from the companies under common control	166 741	425 834
rate RUB	15,60%	15,25%
rate USD	5,81%	5,83%
rate EUR	3,91%	2,25%
rate CNY	2,21%	2,04%
rate CHF	3,41%	-
rate GBP	5,31%	-
Notes issued	22 988	21 822
Trading assets except derivatives held on margin account	44 332	342 690
Total assets held on margin account	67 320	364 512

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 2024 the (unaudited) Company recognised fair value adjustments in the amount of USD 1 138 thousand (30 June 2023: USD 630 thousand) due to non-market rates on positive and negative balances on margin account as capital distribution to shareholders.

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

<i>(In thousands of USD)</i>	30 June 2024 (unaudited)	31 December 2023
<i>entities under control or significant influence of the ultimate shareholder</i>		
Payable for brokerage commission	88	795
Other payable	686	1 226
<i>Parent company</i>		
Payables under share purchase agreement	-	2 280
Total payables and other liabilities	774	4 301

The related profit and loss transactions for the six-month periods ended 30 June 2024 (unaudited) and 30 June 2023 are as follows:

<i>(In thousands of USD)</i>	Entities under control or significant influence of the ultimate shareholder	For the six-month period ended 30 June 2024 (unaudited)
Impairment of debt financial assets	(10 977)	(10 977)
Loss related to redemption and disposal of investment securities measured at amortised cost	(3 396)	(3 396)
Interest expense	(6 498)	(6 498)
Fee and commission expense	(5 365)	(5 365)
Net trading income from derivatives	6 178	6 178
Net trading loss from trading assets and liabilities	(1 699)	(1 699)
Interest income calculated using the effective interest method	1 719	1 719
Administrative and other operating expenses	(1)	(1)

During the six-month period ended 30 June 2024 (unaudited) the Company disposed its Investment securities measured at fair value through profit and loss (represented by shares of JSC MC BCS Trust Manager of Combined CEREF BCS FNB Business) to the company under common control of the ultimate shareholder at price lower than its fair value. The difference between fair value and consideration received in the amount of USD 3 590 thousand was recognized as distribution to the shareholder.

<i>(In thousands of USD)</i>	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 and disposal of investment securities measured at amortised cost	(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)

15 Risk management

As at 30 June 2024 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 six-month period to fluctuations in securities quotations based on portfolio of USD 105 809 thousand (31 December 2023: USD 590 627 thousand) used to hedge price risk of structured derivative products, can be presented as follows:

<i>(In thousands of USD)</i>	For the six-month period ended 30 June 2024 (unaudited)	For the six-month period ended 30 June 2023
Increase in securities quotation 7,5%-10%; Market volatility is 13,7%-25,7%	10 112	11 450
Decrease in securities quotation 15%-20%; Market volatility is 19,7%-34,5%	(11 822)	(20 586)

During 2024, the company changed its hedging structure for derivative liabilities. Part of the portfolio used as a hedge for issued derivative liabilities was replaced with hybrid forward contracts with a related party.

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

16 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:

<i>(In thousands of USD)</i>	Corporate Business	Retail Business	Total 30 June 2024 (unaudited)
Assets	107 518	531 209	638 727
Liabilities	(200 821)	(339 699)	(540 520)
Total net assets	(93 303)	191 510	98 207

<i>(In thousands of USD)</i>	Corporate Business	Retail Business	Total 31 December 2023
Assets	128 813	835 576	964 389
Liabilities	(426 176)	(409 913)	(836 089)
Total net assets	(297 363)	425 663	128 300

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

<i>(In thousands of USD)</i>	Corporate Business	Retail Business	For the six-month period ended 30 June 2024 (unaudited)
Interest income calculated using the effective interest method	2 816	-	2 816
Other interest income	-	15	15
Interest expense	(6 498)	-	(6 498)
Net interest expense	(3 682)	15	(3 667)
Net trading loss from trading assets and liabilities	-	(54 227)	(54 227)
Loss from trading in foreign currencies and currency revaluation	(227)	(1 100)	(1 327)
Net trading loss from sales of investment securities measured at amortised cost	(3 396)	-	(3 396)
Dividend income from trading assets	-	4 746	4 746
Net trading income from derivatives	-	56 052	56 052
Net trading income	(3 623)	5 471	1 848
Impairment of debt financial assets	(5 891)	(8 618)	(14 509)
Administrative and other operating expenses	(225)	(1 091)	(1 316)
Fee and commission expense	-	(5 714)	(5 714)
Share of gain of an associate	6 082	-	6 082
Loss before income tax	(7 339)	(9 937)	(17 276)

<i>(In thousands of USD)</i>	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	(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 income tax	3 516	8 423	11 939

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. Dealers that is involved in placing of securities is domiciled in Cyprus and UAE.

The funds raised are allocated to:

- hedging securities portfolio;
- trading securities portfolio;
- 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 2024 (unaudited) and 30 June 2023, 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 14.