PUBLIC JOINT-STOCK COMPANY MOSCOW EXCHANGE MICEX-RTS

Summary Consolidated Financial Statements
For the Year Ended December 31, 2022

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NEW CHALLENGES
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Independent auditor's report

To the Shareholders, Supervisory Board
and Audit Commission of the Supervisory Board of
Public Joint-Stock Company "Moscow Exchange MICEX-RTS"

Opinion

The accompanying summary consolidated financial statements, which comprise the summary consolidated statement of profit or loss, the summary consolidated statement of comprehensive income for the period ended 31 December 2022, the summary consolidated statement of financial position as at 31 December 2022, and the summary consolidated statement of cash flows, the summary consolidated statement of changes in equity for the year then ended and related notes are derived from the audited consolidated financial statements of Public Joint-Stock Company "Moscow Exchange MICEX-RTS" and its subsidiaries (the Group) for the year ended 31 December 2022 prepared in accordance with International Financial Reporting Standards (the "audited consolidated financial statements").

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the criteria specified in Note 2.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards (IFRS). Therefore, reading the summary consolidated financial statements and the auditor's report thereon is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

Audited consolidated financial statements and our auditor's report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 9 March 2023. This report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

NEW CHALLENGES
NEW SOLUTIONS

Management's responsibility for the summary consolidated financial statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with the principles specified in Note 2.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which are conducted in accordance with International Standard on Auditing (ISA) 810 (Revised) *Engagements to Report on Summary Financial Statements*.

G.A. Shinin,
acting on behalf of TSATR – Audit Services Limited Liability Company
on the basis of power of attorney dated 18 April 2022,
partner in charge of the audit resulting in this independent auditor's report
(main registration number 22006013387)

24 March 2023

Details of the auditor

Name: TSATR – Audit Services Limited Liability Company
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.
TSATR – Audit Services Limited Liability Company is a member of Self-regulatory organization of auditors Association "Sodruzhestvo". TSATR – Audit Services Limited Liability Company is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

Details of the audited entity

Name: Public Joint-Stock Company "Moscow Exchange MICEX-RTS"
Record made in the State Register of Legal Entities on 16 October 2002, State Registration Number 1027739387411.
Address: Russia 125009, Moscow, Bolshoy Kislovsky per., building 13.

Summary Consolidated Statement of Profit or Loss for the Year Ended December 31, 2022

(in millions of Russian rubles)

	Notes	Year ended December 31, 2022	Year ended December 31, 2021
Fee and commission income	3	37 487,2	41 554,0
Interest income calculated using the effective interest method	4	44 706,4	13 836,4
Other interest income	4	173,3	439,5
Interest expense	5	(3 054,2)	(1 190,1)
Net gain/(loss) on financial assets at fair value through profit or loss	6	775,9	(96,4)
Net (loss)/gain on financial assets at fair value through other comprehensive income		(665,6)	589,7
Gains less losses arising from foreign currencies and precious metals		3 692,6	(676,9)
Other operating income		379,7	412,7
Operating income		**83 495,3**	**54 868,9**
General and administrative expenses	7	(11 860,9)	(10 632,9)
Personnel expenses	8	(11 982,3)	(9 881,7)
Profit before other operating expenses and tax		**59 652,1**	**34 354,3**
Movement in allowance for expected credit losses		(13 093,9)	627,4
Other impairment and provisions		(1 247,6)	–
Profit before tax		**45 310,6**	**34 981,7**
Income tax expense	9	(9 019,5)	(6 884,2)
Net profit		**36 291,1**	**28 097,5**
Attributable to:			
Equity holders of the parent		36 271,1	28 095,1
Non-controlling interest		20,0	2,4
Earnings per share (rubles)			
Basic earnings per share	16	16,07	12,45
Diluted earnings per share	16	15,96	12,35

Chairman of the Executive Board

March 24, 2023
Moscow

Director of Subsidiary Management

March 24, 2023
Moscow

MOEX GROUP

Summary Consolidated Statement of Comprehensive Income for the Year Ended December 31, 2022

(in millions of Russian rubles)

	Notes	Year ended December 31, 2022	Year ended December 31, 2021
Net profit		**36 291,1**	**28 097,5**
Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(9,9)	5,0
Movement in investment revaluation reserve for financial assets at fair value through other comprehensive income		(2 481,8)	(6 352,0)
Movement in revaluation reserve associated with changes in expected credit losses on financial assets at fair value through other comprehensive income		1 900,0	(106,4)
Net loss/(gain) on investments at fair value through other comprehensive income reclassified to profit or loss		665,6	(589,7)
Income tax relating to items that may be reclassified	9	(16,8)	1 409,6
Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss		**57,1**	**(5 633,5)**
Total comprehensive income		**36 348,2**	**22 464,0**
Attributable to:			
Equity holders of the parent		36 328,7	22 461,6
Non-controlling interest		19,5	2,4

MOEX GROUP

Summary Consolidated Statement of Financial Position
as at December 31, 2022
(in millions of Russian rubles)

	Notes	December 31, 2022	December 31, 2021
Assets			
Cash and cash equivalents		451 531,4	471 283,4
Financial assets at fair value through profit or loss	10	3 154,3	15 639,1
Due from financial institutions		1 515 726,7	102 970,6
Central counterparty financial assets		4 388 472,8	5 256 071,2
Financial assets at fair value through other comprehensive income		178 023,3	237 821,2
Equity-accounted investments		127,0	99,2
Property and equipment	11	5 589,5	6 896,2
Intangible assets	12	17 248,5	16 971,1
Goodwill		16 300,8	17 267,2
Current tax prepayments		2 714,7	205,1
Deferred tax asset	9	6 061,2	2 563,7
Other assets		34 330,1	15 650,3
Total assets		**6 619 280,3**	**6 143 438,3**
Liabilities			
Clients' funds	13	1 112 789,8	718 395,2
Due to financial institutions		–	182,2
Central counterparty financial liabilities		4 388 472,8	5 256 071,2
Distributions payable to holders of securities		928 064,4	17 015,4
Current tax payables		1 157,8	375,8
Deferred tax liability	9	1 464,1	1 602,3
Other liabilities	14	10 589,6	9 625,2
Total liabilities		**6 442 538,5**	**6 003 267,3**
Equity			
Share capital	15	2 495,9	2 495,9
Share premium	15	32 246,4	32 251,4
Treasury shares	15	(1 527,8)	(1 535,4)
Foreign currency translation reserve		(4,4)	5,0
Investments revaluation reserve		(3 930,2)	(3 997,2)
Share-based payments		783,9	557,9
Retained earnings		146 582,0	110 292,8
Total equity attributable to owners of the parent		**176 645,8**	**140 070,4**
Non-controlling interest		96,0	100,6
Total equity		**176 741,8**	**140 171,0**
Total liabilities and equity		**6 619 280,3**	**6 143 438,3**

MOEX GROUP

Summary Consolidated Statement of Cash Flows
for the Year Ended December 31, 2022
(in millions of Russian rubles)

	Notes	Year ended December 31, 2022	Year ended December 31, 2021*
Cash flows from / (used in) operating activities			
Profit before tax		**45 310,6**	**34 981,7**
Adjustments for:			
Depreciation and amortisation charge	7	4 360,4	3 689,5
Revaluation of derivatives		2 100,8	(147,2)
Share-based payment expense	8	264,3	421,9
Unrealized loss on foreign exchange operations		126 942,3	5 569,8
Unrealized loss on precious metals		1 421,1	–
Loss/(gain) on disposal of financial assets at FVTOCI		665,6	(589,7)
Net change in interest accruals		650,0	3 635,9
Net loss/(gain) on disposal of property and equipment		119,7	(37,2)
Change in allowance for expected credit losses		13 093,9	(627,4)
Change in other impairment and provisions		1 247,6	(14,4)
Gain from revaluation of previously held equity interest in the acquiree		–	(89,4)
Fair value adjustment on securities at fair value through profit or loss		(922,7)	–
Cash flows from operating activities before changes in operating assets and liabilities		**195 253,6**	**46 793,5**
Changes in operating assets and liabilities			
(Increase)/decrease in operating assets			
Due from financial institutions		(1 089 782,9)	52 189,1
Financial assets at FVTPL		2 653,2	2 593,3
Central counterparty financial assets		967 994,2	(1 199 436,2)
Other assets		(1 497,9)	309,7
Increase/(decrease) in operating liabilities			
Clients' funds		1 628 626,3	2 345,7
Due to financial institutions		(182,7)	228,1
Central counterparty financial liabilities		(967 994,2)	1 199 436,2
Distributions payable to holders of securities		491 087,3	48,9
Other liabilities		937,4	3 627,4
Cash flows from operating activities before taxation		**1 227 094,3**	**108 135,7**
Income tax paid		(14 399,6)	(9 961,3)
Cash flows from operating activities		**1 212 694,7**	**98 174,4**

Summary Consolidated Statement of Cash Flows for the Year Ended December 31, 2022 (continued)

(in millions of Russian rubles)

	Notes	Year ended December 31, 2022	Year ended December 31, 2021*
Cash flows from / (used in) investing activities			
Purchase of financial assets at FVTOCI		(39 400,7)	(113 086,4)
Proceeds from sale and redemption of financial assets at FVTOCI		88 600,7	57 703,7
Purchase of property and equipment and intangible assets		(3 611,7)	(4 147,1)
Proceeds from disposal of property and equipment and intangible assets		0,4	51,1
Acquisition of subsidiaries, net of cash acquired		–	(1 119,3)
Acquisition of equity-accounted investments		(127,0)	(210,7)
Cash flows from / (used in) investing activities		**45 461,7**	**(60 808,7)**
Cash flows from / (used in) financing activities			
Dividends paid		–	(21 369,1)
Cash outflow for lease liabilities		(194,5)	(163,0)
Acquisition of non-controlling interest in subsidiaries		(86,0)	(38,2)
Acquisition of treasury shares		–	(450,0)
Cash flows used in financing activities		**(280,5)**	**(22 020,3)**
Effect of changes in foreign exchange rates on cash and cash equivalents		(1 271 233,4)	(15 854,8)
Net decrease in cash and cash equivalents		**(13 357,5)**	**(509,4)**
Cash and cash equivalents, beginning of period		471 283,7	471 793,1
Reclassification of restricted funds from cash and cash equivalents, beginning of period		(6 391,2)	–
Cash and cash equivalents, end of period		**451 535,0**	**471 283,7**

Interest received by the Group from operating activities the year ended December 31, 2022, amounted to RUB 45 492,1 million (December 31, 2021: 17 777,9 RUB million).

Interest paid by the Group as part of its operating activities the year ended December 31, 2022, amounted to RUB 2 974,7 million (December 31, 2021: RUB 1 056,2 million) and as part of its financing activities RUB 40,6 million (December 31, 2021: RUB 83,0 million).

MOEX GROUP

Summary Consolidated Statement of Changes in Equity for the Year Ended December 31, 2022

(in millions of Russian rubles)

	Share capital	Share premium	Treasury shares	Investments revaluation reserve	Share-based payments	Foreign currency translation reserve	Retained earnings	Total equity attributable to owners of the parent	Non-controlling interest	Total equity
December 31, 2020	**2 495,9**	**32 316,7**	**(1 260,9)**	**1 641,3**	**295,5**	**–**	**103 693,8**	**139 182,3**	**107,4**	**139 289,7**
Net profit	–	–	–	–	–	–	28 095,1	**28 095,1**	2,4	**28 097,5**
Other comprehensive (loss)/income	–	–	–	(5 638,5)	–	5,0	–	**(5 633,5)**	–	**(5 633,5)**
Total comprehensive (loss)/income for the period	**–**	**–**	**–**	**(5 638,5)**	**–**	**5,0**	**28 095,1**	**22 461,6**	**2,4**	**22 464,0**
Repurchase of treasury shares	–	–	(450,0)	–	–	–	–	**(450,0)**	–	**(450,0)**
Dividends declared	–	–	–	–	–	–	(21 369,1)	**(21 369,1)**	–	**(21 369,1)**
Share-based payments	–	(65,3)	175,5	–	262,4	–	–	**372,6**	–	**372,6**
Acquisition of subsidiary	–	–	–	–	–	–	–	**–**	62,0	**62,0**
Recognition of liabilities reserve for buyout of non-controlling interest (Note 14)	–	–	–	–	–	–	(160,0)	**(160,0)**	–	**(160,0)**
Acquisition of non-controlling interest	–	–	–	–	–	–	33,0	**33,0**	(71,2)	**(38,2)**
Total transactions with owners	**–**	**(65,3)**	**(274,5)**	**–**	**262,4**	**–**	**(21 496,1)**	**(21 573,5)**	**(9,2)**	**(21 582,7)**
December 31, 2021	**2 495,9**	**32 251,4**	**(1 535,4)**	**(3 997,2)**	**557,9**	**5,0**	**110 292,8**	**140 070,4**	**100,6**	**140 171,0**
Net profit	–	–	–	–	–	–	36 271,1	**36 271,1**	20,0	**36 291,1**
Other comprehensive income/(loss)	–	–	–	67,0	–	(9,4)	–	**57,6**	(0,5)	**57,1**
Total comprehensive income/(loss) for the period	**–**	**–**	**–**	**67,0**	**–**	**(9,4)**	**36 271,1**	**36 328,7**	**19,5**	**36 348,2**
Share-based payments	–	(5,0)	7,6	–	226,0	–	–	**228,6**	–	**228,6**
Acquisition of non-controlling interest	–	–	–	–	–	–	18,1	**18,1**	(24,1)	**(6,0)**
Total transactions with owners	**–**	**(5,0)**	**7,6**	**–**	**226,0**	**–**	**18,1**	**246,7**	**(24,1)**	**222,6**
December 31, 2022	**2 495,9**	**32 246,4**	**(1 527,8)**	**(3 930,2)**	**783,9**	**(4,4)**	**146 582,0**	**176 645,8**	**96,0**	**176 741,8**

1. Organization

Public Joint-Stock Company Moscow Exchange MICEX-RTS (Moscow Exchange) is a stock exchange based in Moscow, Russian Federation. It was established as closed joint-stock company "Moscow Interbank Currency Exchange" (MICEX) in 1992. In December 2011 the company was reorganized into the form of open joint-stock company and renamed to Open Joint-Stock Company MICEX-RTS. In July 2012 the name of the company was changed to Open Joint-Stock Company Moscow Exchange MICEX-RTS. On April 28, 2015 at Annual General Meeting of Shareholders of Moscow Exchange (AGM) the company's new business name as Public Joint Stock Company Moscow Exchange MICEX-RTS was approved to meet revised standards of the Russian Civil Code. The new business name and respective changes to the Charter of Moscow Exchange took effect from May 13, 2015, the day the registration authority recorded new version of the Charter.

The legal address of Moscow Exchange: 13 Bolshoy Kislovsky per., Moscow, the Russian Federation.

Moscow Exchange Group ("the Group") is an integrated exchange structure that provides financial market participants with a full set of competitive trading, clearing, settlement, depository and information services. The Group operates on the following markets: foreign currencies exchange market, government securities and money market, market of derivative financial instruments, equities market, corporate and regional bonds market, commodities market.

The Group has 2 339 employees as at December 31, 2022 (December 31, 2021: 2 279 employees).

The financial statements approval

These summary consolidated financial statements of the Group were approved for issue by the Management on March 24, 2023.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements

Basis of Preparation

These summary consolidated financial statements of the Group have been prepared on the basis of the audited consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as at December 31, 2022 and for the year then ended, by copying from it without any modifications:

- The consolidated statement of profit or loss for the year ended December 31, 2022;
- The consolidated statement of comprehensive income for the year ended December 31, 2022;
- The consolidated statement of financial position as at December 31, 2022;
- The consolidated statement of cash flows for the year ended December 31, 2022;
- The consolidated statement of changes in equity for the year ended December 31, 2022.

The summary consolidated financial statements as at December 31, 2022 and for the year ended December 31, 2022 do not disclose the information listed in the following regulatory documents:

- Decision of the Board of Directors of the Bank of Russia dated December 23, 2022 *"On the list of information that non-credit financial institutions may elect not to disclose, and information not to be published on the website of the Bank of Russia"*, i.e., the following information contained in the notes to the consolidated financial statements is not included in these summary consolidated financial statements of the Group:
    - Information on debtors, creditors, members of the governing bodies of the non-credit financial institution, structure and composition of shareholders (participants), officers of the non-credit financial institution and other parties;
    - Information on risks and transactions, the disclosure of which will result (may result) in the imposition of restrictions by foreign states and/or national unions and/or associations and/or state-owned (interstate) entities of foreign states or national unions and/or associations with respect to the non-credit financial institution and/or other parties, and when the above parties are already affected by these restrictions.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

Basis of Preparation (continued)

- Decree No. 400 of the Russian Government dated April 4, 2019 *On Specifics of Disclosures and Reporting of Information Subject to Disclosure and Reporting in Accordance with the Federal Laws "On Joint-Stock Companies" and "On the Securities Market"*, i.e., the following information contained in the notes to the consolidated financial statements is not included in these summary consolidated financial statements of the Group:
  - Information on members of the governing bodies of the Company, deputies of the sole execive body, the issuer's chief accountant and his/her deputies, chief executives and chief accountants of the Group's branches;
  - Information on the Group's transactions, its controlling parties and controlled entities;
  - Information on banking groups, banking holdings, holdings and associations, to which the Group belongs, and their members;
  - Information on the Group's affiliates;
  - Information on the entities under the Group's control and members of their governing bodies, parties controlling the Group and members of their governing bodies;
  - Information on related parties with whom the Group enters into transactions;
  - Information on the Group's subsidiaries;
  - Information on the Group's financial investments;
  - Information on risks assumed by the Group, its risk assessment and management procedures;
  - Information on the Group's transactions and (or) the volume of the Group's transactions and (or) the volume of the Group's funds in foreign currencies;
  - Information, including summarized information about the Group's segments;
  - Information, including summarized information, on the Group's counterparties, their industry-specific and geographical structure.

In accordance with Resolution No. 351 of March 12, 2022 of the Government of the Russian Federation *On Peculiarities of Disclosing and Providing Information Subject to Disclosure and Provision in Accordance with the Federal Law "On Joint-Stock Companies" and the Federal Law "On the Securities Market" and Specifics of Insider Information Disclosure in Accordance with the Federal Law "On Prevention of Illegal Use of Insider Information and Market Manipulation and on Amendments to Some Legislative Acts of Russia"*, Decision of the Board of Directors of the Bank of Russia dated December 23, 2022 "*On the list of information that non-credit financial institutions may elect not to disclose, and information not to be published on the website of the Bank of Russia"*, and also in accordance with Decree No. 395 of the Russian Government dated March 18, 2022 *On Specifics of Access to Information Published on the Government Financial Reporting Information Resource, and Disclosure of the Consolidated Financial Statements* the Group does not publish the audited Consolidated Financial Statements for the year ended December 31, 2022.

These summary consolidated financial statements are presented in millions of Russian rubles rounded to one decimal place, unless otherwise indicated.

Significant Accounting Policies for Consolidated Financial Statements

Changes in accounting policies

The accounting policies adopted by the Group in the preparation of these Consolidated Financial Statements are consistent with those followed in the preparation of the Group's Consolidated Financial Statements for the year ended December 31, 2021.

The Group applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after January 1, 2022. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

Significant Accounting Policies for Consolidated Financial Statements (continued)

Amendments to IFRS 3 Reference to the Conceptual Framework

In May 2020, the IASB issued Amendments to IFRS 3 *Business Combinations – Reference to the Conceptual Framework*.

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 *Levies*, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the *Framework for the Preparation and Presentation of Financial Statements*.

Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use

In May 2020, the IASB issued *Property, Plant and Equipment – Proceeds before Intended Use*, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

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

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The adoption of these new and revised Standards and Interpretations has not resulted in significant changes to the Group's accounting policies that have affected the amounts reported for the current or prior years.

Basis for consolidation

Subsidiaries are investees controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In particular, the Group consolidates investees that it controls on the basis of de facto circumstances. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in full; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interests, the cumulative translation differences, recorded in equity; recognises the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss and reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment at least annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the Consolidated Statement of Profit or Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

Investments in associates and joint ventures

Associates are entities in which the Group generally has between 20% and 50% of the voting rights, or is otherwise able to exercise significant influence, but which it does not control or jointly control.

Joint venture – a joint arrangement whereby two or more parties (one of which is the Group) that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in associates and joint ventures are accounted for under the equity method and are initially recognised at cost, including goodwill. Subsequent changes in the carrying value reflect the post-acquisition changes in the Group's share of net assets of the associate and joint venture. The Group's share of its associates' or and joint ventures' profits or losses is recognised in profit or loss, and its share of movements in reserves is recognised in other comprehensive income. However, when the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless the Group is obliged to make further payments to, or on behalf of, the associate or join venture. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

Inflation accounting

The Russian economy was considered hyperinflationary until December 31, 2002. As such, the Group applied IAS 29 *Financial Reporting in Hyperinflationary Economies*. The effect of applying IAS 29 is that non-monetary items, including components of equity, were restated to the measuring units current at December 31, 2002 by applying the relevant inflation indices to the historical cost, and that these restated values were used as a basis for accounting in subsequent periods.

Financial assets

All regular way purchases and sales of financial assets and liabilities are recognised on the settlement date. Regular way purchases or sales are purchases or sales of financial assets and liabilities that require delivery of assets and liabilities within the period generally established by regulation or convention in the marketplace.

All financial assets are measured at fair value at initial recognition, including transaction costs, except for those financial assets classified as at fair value through profit or loss (further – "FVTPL"). Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost (further – "AC") or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically:

- Financial assets should be measured at amortised cost if both of the following criteria are met:
  a. Financial asset is held within a business model with the objective to collect the contractual cash flows; and
  b. The contractual cash flows of financial asset are solely payments of principal and interest on the principal amount outstanding (SPPI);
- Financial assets should be measured at fair value through other comprehensive income (FVTOCI) if both of the following criteria are met:
  a. Financial asset is held within a business model with the objective both to collect the contractual cash flows and to sell the financial assets; and
  b. The contractual cash flows of financial assets are SPPI;
- All other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models on the basis that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business models do not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Group has several business models for managing its financial instruments that reflect how the Group manages its financial assets in order to generate cash flows. The Group's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group considers all relevant information available when making the business model assessment. However, this assessment is performed not on the basis of scenarios that the Group does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Group takes into account the following relevant evidence available such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

Financial assets (continued)

At initial recognition of a financial asset, the Group determines whether newly recognised financial asset is part of an existing business model or whether it reflects the commencement of a new business model, if the asset does not match the existing business models. The Group reassesses its business models every reporting period to determine whether they have changed or not since the preceding period. For the current reporting period, the Group has not identified a change in its business models.

Debt instruments at amortised cost or at FVTOCI

The Group assesses the classification and measurement of a financial asset based on contractual cash flow characteristics of the asset and the Group's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. Thatprincipal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest accrued on principal amount outstanding consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is performed in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are not related to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Financial assets at FVTPL are:

- Assets with contractual cash flows that are not SPPI; or/and
- Assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell.

The Group does not designate assets at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

Reclassifications

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day following the change in business model that results in reclassification the Group's financial assets. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described below.

Impairment

The Group recognises loss allowances for expected credit losses (ECLs) on the following financial instruments, not measured at FVTPL:

- Due from financial institutions;
- Cash and cash equivalents;
- Debt investment securities;
- Other financial assets subject to credit risk.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

Financial assets (continued)

No loss allowances for expected credit losses are recognised on equity investments, financial assets arising from central counterparty (CCP) activity.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those possible default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

Loss allowance for full lifetime ECL is required for a financial instrument if the credit risk attributable to that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. More details on the determination of a significant increase in credit risk are provided below.

ECLs are a probability-weighted estimate of the present value of potential credit losses. ECLs are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios. The Group measures ECLs on an individual basis or on a collective basis for portfolios of debtors that share similar value and economic risk characteristics.

The Group does not form any loss allowance on ECLs for CCP activities. The CCP is acting as an intermediary between the parties: i.e. as a seller for each buyer and as a buyer for each seller, so that replacing their contractual relations between each other with relevant contracts with a central counterparty. CCP assets and liabilities are simultaneously reflected in the Group's consolidated statement of financial position due to the following:

- The net market value of those deals at the end of each day is equal to zero (if there are no defaulted market participants);
- There are no uncollateralised receivables in case all the obligations are duly fulfilled by the clearing participants.

The risks of non-fulfilment or improper fulfilment of clearing participants obligations on the CCP deals are managed using the following risk-management system measures, organised according to the federal law as of February 7, 2011 No. 7-FZ *On Clearing, Clearing Activities and the Central Counterparty*:

- Setting the requirements for individual and collective clearing collateral to mitigate expected losses in case of non-fulfilment or improper fulfilment of clearing participants obligations;
- Forming the CCP's guarantee fund – part of net assets designated according to the Clearing Rules to mitigate possible losses caused by non-fulfilment or improper fulfilment of clearing participants obligations;
- Conducting regular stress-tests of the CCP capital adequacy, including the control of statutory ratios calculation;
- Limitation of the CCP's liabilities.

Definition of default

Critical to the determination of ECLs is the definition of default. The definition of default is used in measuring the amount of ECLs and in the determination of whether the loss allowance is based on 12-month or lifetime ECLs, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

Financial assets (continued)

The Group considers the following as constituting an event of default:

- The counterparty has gone bankrupt;
- A third party has filed a claim with the court to call the counterparty bankrupt and it has been accepted for hearing;
- The counterparty is permanently insolvent, i.e. has obligations to the Group that are past due for over 90 days; or
- The borrower's licence has been revoked;
- Liquidation decision was made in respect of the counterparty.

Significant increase in credit risk

The Group monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime ECL.

When assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring to the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default that was anticipated for the remaining maturity at the reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

The Group considers a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECLs in the following cases:

- When an asset becomes past due over 30 days;
- A decline in the credit ratings given to a resident/non-resident by national/international rating agencies or a decline in the counterparty's internal rating by 3 grades or more over the preceding 12 months (if the recognition period is less than 12 months from the initial recognition);
- Decrease of credit ratings assigned to the resident/non-resident by national/international rating agencies or decrease of the counterparty's internal rating by 6 grades or more from the initial recognition.

Probability of default (PD)

Multiple economic scenarios form the basis of determination of the probability of default at initial recognition and for the future. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

To determine PD the Group uses:

- Available data from international rating agencies for non-residents;
- Available data from national rating agencies for residents;
- Internal ratings if the data mentioned above is unavailable.

If the counterparty is rated by more than one rating agency, the historical probability of default is determined:

- For the non-resident by the best of the external ratings of the international agencies;
- For the resident by the best rating of the national agencies.

The Group allocates its counterparties to a relevant internal rating depending on their credit quality based on quantitative and qualitative information. The historical PD is identified using a migration matrix, where internal ratings are mapped to the rating scales of international and national rating agencies for those counterparties that are not rated by international and national rating agencies.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

Financial assets (continued)

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

When a financial asset is modified the Group assesses whether this modification results in derecognition. In accordance with the Group's policy a modification results in derecognition when it gives rise to substantially different terms. To determine whether the modified terms differ substantially from the original contractual terms the Group considers the following qualitative factors:

(a) Contractual cash flows after modification are no longer SPPI;

(b) Change in currency;

(c) Change of counterparty;

(d) The extent of change in interest rates;

(e) Maturity.

If these do not clearly indicate a substantial modification, then quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest. If the difference in present value is greater than 10% the Group deems the arrangement is substantially different leading to derecognition.

In the case when the financial asset is derecognised the loss allowance for ECLs is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the eventual occasions where the new asset is considered to be originated-credit impaired. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines whether the credit risk associated with the financial asset has increased significantly since initial recognition by comparing:

- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- The remaining lifetime PD at the reporting date based on the modified terms.

Where a modification does not lead to derecognition the Group calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss. The cumulative gain/loss on equity investment designated as measured at FVTOCI, previously recognised in OCI is not subsequently reclassified to profit or loss.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

Financial assets (continued)

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

Write-off

Financial assets are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the counterparty does not have assets and/or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

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

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

- For financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- For debt instruments measured at FVTOCI: no loss allowance is recognised in the consolidated statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation reserve.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire hybrid (combined) contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognized in profit or loss to the extent that they are not part of a designated hedging relationship.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

Other financial liabilities

Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method (for details of the effective interest method see the Interest income and interest expense section below).

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position include cash on hand, balances with the CBR, unrestricted balances on correspondent and deposit accounts with banks with maturity up to one business day and clearing accounts with banks. Amounts that are subject to restrictions on their availability, including minimum reserve deposits with the CBR, are not included in cash and cash equivalents for the purpose of the consolidated statement of cash flows.

Repurchase and reverse repurchase agreements

Sale and repurchase agreements ("repos") are treated as secured financing transactions. Securities sold under sale and repurchase agreements are retained in the consolidated statement of financial position and, in case the transferee has the right by contract or custom to sell or repledge them, reclassified as securities pledged under sale and repurchase agreements. The corresponding liability is presented within amounts due to financial institutions. Securities purchased under agreements to resell ("reverse repo") are recorded as amounts due from financial institutions. The difference between sale and repurchase price is treated as interest income and accrued over the life of repo agreements using the effective interest method.

Derivative financial instruments

The Group enters into derivative financial instruments, which are held for trading and to manage its exposure to foreign exchange rate risk.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain/loss is recognized in profit or loss immediately.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability.

Non-financial assets

Precious metals

Precious metals are represented by physical precious metals and accounts in precious metals. Precious metals are recorded on the reporting date at the CBR prices, which approximate fair values. Corresponding accounts in precious metals are recorded within Due from financial institutions and physical precious metals are recorded within Other assets. Clients' accounts in precious metals are recorded within Clients' funds. Precious metals are not financial instruments and therefore excluded from financial risk management disclosures in accordance with IFRS 7.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

Non-financial assets (continued)

Property and equipment

Property and equipment is carried at historical cost less accumulated depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method:

Buildings and other real estate	2%
Furniture and equipment	20-33%

Freehold land is not depreciated.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Costs related to repairs and renewals are charged when incurred and included in other operating expenses, unless they qualify for capitalization.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives at the annual rates of 10%-25%. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Amortisation is recognised on a straight-line basis. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally developed intangible assets

Development costs that are directly associated with the production of identifiable and unique software products controlled by the Group are capitalised and an internally generated intangible asset is recognised only if it is probable that it will generate economic benefits exceeding costs beyond one year and the development costs can be measured reliably. An internally generated intangible asset is recognised only if the Group has the technical feasibility, resources and intention to complete the development and to use the product. Direct costs include software development employee costs and an appropriate portion of relevant overheads. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

Non-financial assets (continued)

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of non-financial assets assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. An impairment loss in respect of goodwill is not reversed.

Lease

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate as the rate implicit in the lease cannot be generally readily determined. The incremental borrowing rate is determined using the most recent CBR statistics on loan interest rates in the same currency and of the same term.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

Lease (continued)

The lease payments included in the measurement of the lease liability comprise:

(a) Fixed payments (including in-substance fixed payments), less any lease incentives;

(b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(c) Amounts expected to be payable by the lessee under residual value guarantees;

(d) The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is presented within other liabilities in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

(a) The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

(b) There is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case the revised discount rate is used);

(c) A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use asset comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the obligation for costs to dismantle and remove a leased asset is incurred or an obligation to restore the site on which it is located or restore the underlying asset to the condition required by the terms of the lease, a provision is recognized and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within the line property and equipment in the consolidated statement of financial position.

The Group applies IAS 36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and to account for the impairment.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

The Group as lessor

A lessor classifies leases as finance or operating leases and account for those two types differently. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease (the Group does not have such contracts). All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Interest income and interest expense

Interest income and expense for all financial instruments except for measured or designated as at fair value through profit or loss (FVTPL) are recognized in 'Interest income calculated using the effective interest method' and 'Interest expense' in the profit or loss using the effective interest method.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific transaction costs, and all other premiums or discounts, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

Interest revenue on all financial assets at FVPL is recognised using the contractual interest rate in 'Other interest income' in the consolidated statement of profit or loss. The transaction costs for such assets are recognized in profit or loss at initial recognition.

The interest income / interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets originated or purchased credit-impaired (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Fee and commission income and expense

The main source of the Group's revenue is through fees for services provided. Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue as services are performed and as it satisfies its obligations to provide service to a customer.

The Group provides various services on trading in different markets, clearing, settlement and custody, IT services and also services of the financial platform operator related to providing an opportunity to make transactions by trading participants of the financial platform.

Fees and commission income of the Group are divided into fixed and variable.

Fixed fee and commission income revenue from providing services is recognized in the accounting period in which the services are rendered. Revenue is recognized based on the actual service provided up to the end of the reporting period as a proportion of the total services to be provided (i.e. recognition over time).

Variable fee and commission income are transaction or transaction volume-based revenues and are generated by services which are directly related to a single transaction or volume of transactions.

The performance obligation of a service is satisfied when the transaction or order has been executed trades or contracts cleared, custody service provided. Transaction revenues are recognized at a point in time when the Group meets its obligations to complete the transaction or service.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

Fee and commission income and expense (continued)

Being the financial platform operator the Group charges fee and commission income for the providing an opportunity to make transactions by trading participants of the financial platform. Such income is recognised at point in time as the service is provide at the moment of conclusion of the transaction.

Fee and commission expenses with regards to services are accounted for as the services are received.

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Management of the Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets and liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Operating taxes

Countries where the Group operates also have various other taxes, which are assessed on the Group's activities. These taxes are included as a component of operating expenses in the Consolidated Statement of Profit or Loss.

Share-based payments

The Group grants the right to some employees to purchase equity instruments on the terms set in individual contracts.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity within Share-based payments reserve, over the period in which the performance and/or service conditions are fulfilled.

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The consolidated income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period (Note 8).

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

Contingencies

Contingent liabilities are not recognised in the Consolidated Statement of Financial Position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognised in the Summary Consolidated Statement of Financial Position but disclosed when an inflow of economic benefits is probable.

Fiduciary activities

The Group provides custodial services to its customers which include transactions with securities on their custody accounts. Assets accepted and liabilities incurred under the fiduciary activities are not included in the Group's Consolidated Financial Statements. The Group accepts the operational risk on these activities, but the Group's customers bear the credit and market risks associated with such operations. Revenue for provision of fiduciary services is recognised as services are provided.

Foreign currencies

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations are translated into RUB using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interest as appropriate).

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Segment reporting

An operating segment is a component of a Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same Group); whose operating and financial results are regularly reviewed by the chief operating decision maker (Executive Board) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

New or amended standards issued but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 17 *Insurance Contracts*;
- Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*;
- Amendments to IAS 8 *Definition of Accounting Estimates*;
- Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies*;
- Amendments to IAS 12 *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*;
- Amendments to IFRS 16 *Lease Liability in a Sale and Leaseback*.

The management does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

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

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. In June 2022, the IASB decided to finalise the proposed amendments to IAS 1, published in an exposure draft *Non-current Liabilities with Covenants* with some modifications (the 2022 Amendments).

The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification;
- That an entity shall disclose additional information if it classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months.

The amendments apply retrospectively to the periods beginning on or after January 1, 2024. Early application is acceptable.

The management of the Group does not expect that the application of these amendments could have an impact on the Group's financial statements in future periods.

Amendments to IAS 8 Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The management of the Group does not expect that the application of these amendments could have an impact on the Group's financial statements in future periods.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

New or amended standards issued but not yet effective (continued)

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

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after January 1, 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The management of the Group does not expect that the application of these amendments could have an impact on the Group's financial statements in future periods.

Amendments to IAS 12 Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

In May 2021, the IASB issued amendments, which narrow the scope of the initial recognition exception under IAS 12 *Income Taxes*, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The exemption applies only if the recognition of a lease asset and a lease liability (or a decommissioning liability and the corresponding amounts of the related asset) does not give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented.

At the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

The management of the Group does not expect that the application of these amendments could have an impact on the Group's financial statements in future periods.

(in millions of Russian rubles, unless otherwise indicated)

3. Fee and Commission Income

	Year ended December 31, 2022	Year ended December 31, 2021
Money market	9 497,0	11 699,1
Depository and settlement services	7 806,5	8 396,3
Securities market	5 847,9	8 396,2
- equities	*3 266,3*	*5 200,8*
- bonds	*2 003,6*	*2 431,6*
- listing and other services	*578,0*	*763,8*
Foreign exchange market	5 661,6	4 191,4
Derivatives market	3 741,3	5 198,4
Sale of software and technical services	1 221,2	1 133,6
Information services	1 118,2	1 185,8
Financial marketplace services	747,4	497,0
Other	1 846,1	856,2
Total fee and commission income	**37 487,2**	**41 554,0**

4. Interest Income

	Year ended December 31, 2022	Year ended December 31, 2021
Interest income calculated using the effective interest method		
Interest on cash and cash equivalents and due from financial institutions	34 090,4	4 215,9
Interest income on financial assets at FVTOCI	9 521,1	8 593,2
Interest income on clients' funds	1 094,9	1 027,3
Total interest income calculated using the effective interest method	**44 706,4**	**13 836,4**
Other interest income		
Interest income on financial assets at FVTPL	173,3	439,5
Total other interest income	**173,3**	**439,5**
Total interest income	**44 879,7**	**14 275,9**

5. Interest Expense

	Year ended December 31, 2022	Year ended December 31, 2021
Interest expense on cash and cash equivalents and due from financial institutions	1 819,3	832,9
Interest expense on stress collateral	807,4	129,9
Interest expense on accounts of clearing participants	304,3	117,6
Interest expense on interbank loans and deposits	82,5	14,8
Interest expense on lease liabilities	40,6	83,0
Interest expense on repo agreements and other	0,1	11,9
Total interest expense	**3 054,2**	**1 190,1**

(in millions of Russian rubles, unless otherwise indicated)

6. Net Gain/(Loss) on Financial Assets at Fair Value through Profit or Loss

	Year ended December 31, 2022	Year ended December 31, 2021
Shares issued by foreign companies	868,2	(15,7)
Bonds issued by foreign companies of Russian groups	(114,5)	(49,8)
Shares issued by Russian companies	–	(14,8)
Other	22,2	(16,1)
Total net gain/(loss) on financial assets at FVTPL	**775,9**	**(96,4)**

7. General and Administrative Expenses

	Year ended December 31, 2022	Year ended December 31, 2021
Amortisation of intangible assets (Note 12)	3 184,4	2 717,6
Equipment and intangible assets maintenance	1 779,9	1 912,1
Advertising and marketing costs	1 563,6	835,5
Depreciation of property and equipment (Note 11)	1 176,0	971,9
Taxes, other than income tax	951,2	787,8
Professional services	808,0	629,6
Agent fees	453,3	328,6
Market makers fees	438,4	764,1
Registrar and foreign depository services	389,5	620,8
Rent and office maintenance	350,3	337,9
Information services	202,9	433,5
Loss on disposal of property, equipment and intangible assets	119,9	13,5
Charity	114,1	34,9
Communication services	103,9	104,3
Security expenses	29,7	29,8
Business trip expenses	22,1	16,8
Transport expenses	21,9	21,0
Other	151,8	73,2
Total general and administrative expenses	**11 860,9**	**10 632,9**

Professional services comprise consulting, audit, legal and other services.

8. Personnel Expenses

	Year ended December 31, 2022	Year ended December 31, 2021
Employees benefits except for share-based payments	9 758,0	7 839,0
Payroll related taxes	1 960,0	1 620,8
Share-based payment expense on equity settled instruments	228,6	372,6
Share-based payment expense on cash settled instruments	35,7	49,3
Total personnel expenses	**11 982,3**	**9 881,7**

(in millions of Russian rubles, unless otherwise indicated)

8. Personnel Expenses (continued)

Equity settled share-based program

In July 2020 the long-term incentive program of equity settled instruments was introduced by the Group (hereinafter – "LTIP"). Program participants have the right to receive Moscow Exchange ordinary shares granted under conditions set out in the program. The LTIP program vests when employee continues to be employed by the Group at the vesting date and the Group fulfills certain financial performance results set by the program. The maximum contractual term of the contracts is five years. Program participants are entitled to receive fixed and variable number of shares, where variable number is defined as product of fixed number of shares and the sum of dividend yields for the three years preceding the vesting date. The fair value of the rights is measured at the grant date using the observable market price of Moscow Exchange shares at the grant date adjusted to take into account the variable component of the program and vesting conditions upon which the shares are granted.

The previous program of equity settled instruments ended during the year 2022. Rights to purchase equity instruments granted to some employees give holders a choice either to only purchase the full number of shares at exercise price or also to sell back shares at the market price for the same ruble value.

The following table illustrates the number and weighted average fair value of shares granted (WAFV) and movements in rights to receive shares under the LTIP:

	Number	WAFV
Outstanding at January 1, 2021	**15 437 368**	**106,07**
Granted	3 742 192	114,82
Modification	(386 044)	107,73
Forfeited	(2 412 519)	109,46
Outstanding at January 1, 2022	**16 380 997**	**115,84**
Granted	1 061 157	91,37
Modification	(679 903)	113,27
Forfeited	(3 315 891)	111,95
Outstanding at December 31, 2022	**13 446 360**	**115,09**

The weighted average remaining contractual life of the outstanding instruments under new LTIP as at December 31, 2022 is 1,68 years (December 31, 2021: 2,62 years).

The following table illustrates the number and weighted average exercise prices (WAEP), and movements in rights to purchase equity settled instruments under previous program:

	Number	WAEP
Outstanding at January 1, 2021	**8 328 333**	**104,54**
Exercised (Note 15)	(2 228 138)	108,41
Redeemed	(3 983 529)	108,41
Outstanding at January 1, 2022	**2 116 666**	**93,19**
Exercised (Note 15)	(93 538)	89,29
Redeemed	(2 023 128)	93,19
Outstanding at December 31, 2022	**–**	**–**

WAEP for exercised rights in the table above is calculated based on the contractual exercise price.

9. Income Tax

The Group provides for taxes based on the tax accounts maintained and prepared in accordance with the tax regulations of countries where the Group and its subsidiaries operate and which may differ from IFRS.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

Temporary differences relate mostly to different methods of income and expense recognition, as well as to recorded values of certain assets.The tax rate used for the reconciliations between tax expense and accounting profit is the corporate tax rate of 20% payable by corporate entities in the Russian Federation on taxable profits under the tax law in that jurisdiction.

(in millions of Russian rubles, unless otherwise indicated)

9. Income Tax (continued)

The analysis of the temporary differences as at December 31, 2022 and 2021, is presented below:

	December 31, 2020	Recognised in profit or loss	Recognised in other comprehen-sive income	Effect of business combination	December 31, 2021	Recognised in profit or loss	Recognised in other comprehen-sive income	December 31, 2022
Tax effect from deductible temporary differences								
Cash, cash equivalents and amounts due from financial institutions	1,2	0,8	–	–	2,0	2 009,9	–	2 011,9
Financial assets at FVTPL	3,7	7,8	–	–	11,5	334,5	–	346,0
Financial assets at FVTOCI	11,8	468,4	1 409,6	–	1 889,8	1 064,3	(16,8)	2 937,3
Property and equipment	25,4	(5,5)	–	–	19,9	0,1	–	20,0
Intangible assets	17,6	18,0	–	–	35,6	18,8	–	54,4
Other assets	727,2	(229,0)	–	1,7	499,9	(121,5)	–	378,4
Distributions payable to holders of securities	–	–	–	–	–	1 401,0	–	1 401,0
Other liabilities	670,9	271,2	–	0,3	942,4	179,5	–	1 121,9
Clients' funds	5,2	–	–	–	5,2	–	–	5,2
Tax loss carried forward	10,4	2,5	–	–	12,9	(2,8)	–	10,1
Total tax effect from deductible temporary differences	**1 473,4**	**534,2**	**1 409,6**	**2,0**	**3 419,2**	**4 883,8**	**(16,8)**	**8 286,2**
Tax effect from taxable temporary differences								
Cash, cash equivalents and amounts due from financial institutions	–	(4,1)	–	–	(4,1)	(1 371,9)	–	(1 376,0)
Financial assets at FVTPL	(116,6)	42,7	–	–	(73,9)	(108,2)	–	(182,1)
Financial assets at FVTOCI	(879,2)	879,2	–	–	–	(4,3)	–	(4,3)
Property and equipment	(378,1)	58,1	–	–	(320,0)	(0,2)	–	(320,2)
Intangible assets	(2 186,8)	232,0	–	(104,2)	(2 059,0)	254,9	–	(1 804,1)
Other assets	(6,0)	6,1	–	(0,1)	–	(0,7)	–	(0,7)
Other liabilities	(1,6)	1,3	–	(0,5)	(0,8)	(0,9)	–	(1,7)
Total tax effect from taxable temporary differences	**(3 568,3)**	**1 215,3**	**–**	**(104,8)**	**(2 457,8)**	**(1 231,3)**	**–**	**(3 689,1)**
Deferred income tax assets	**72,6**	**1 079,5**	**1 409,6**	**2,0**	**2 563,7**	**3 514,3**	**(16,8)**	**6 061,2**
Deferred income tax liabilities	**(2 167,5)**	**670,0**	**–**	**(104,8)**	**(1 602,3)**	**138,2**	**–**	**(1 464,1)**

(in millions of Russian rubles, unless otherwise indicated)

9. Income Tax (continued)

Deferred tax assets increase as at December 31, 2022 was mainly driven by changes in mark-to-market and forex revaluation of financial assets at FVTOCI.

Tax effect from deductible temporary differences on other assets is mainly represented by the differences from created provisions on other financial assets. Deductible temporary differences on other liabilities is mainly represented by differences from the personnel remuneration provision and other accruals.

Reconciliation of income tax expense and accounting profit for the year ended December 31, 2022 and December 31, 2021, are explained below:

	Year ended December 31, 2022	Year ended December 31, 2021
Profit before income tax	**45 310,6**	**34 981,7**
Tax at the statutory tax rate (20%)	**9 062,1**	**6 996,3**
Tax effect of income taxed at rates different from the prime rate	(404,4)	(390,9)
Permanent differences relating to equity-settled share-based program	(1,0)	150,4
Non-deductible expenses for tax purposes	365,0	121,0
Adjustments in respect of current and deferred income tax of previous years	(4,8)	7,2
Differences between 20% and income tax rate adopted in jurisdiction of subsidiary	2,6	0,2
Income tax expense	**9 019,5**	**6 884,2**
Current income tax expense	12 676,8	8 626,5
Current income tax expense related to previous years	(4,8)	7,2
Deferred taxation movement due to origination and reversal of temporary differences	(3 652,5)	(1 749,5)
Income tax expense	**9 019,5**	**6 884,2**

10. Financial Assets at Fair Value through Profit or Loss

	December 31, 2022	December 31, 2021
Bonds issued by foreign companies of Russian groups	1 632,0	14 564,3
Shares issued by foreign companies	1 289,4	421,2
Shares issued by Russian companies	210,5	111,3
Derivative financial instruments	22,4	542,3
Total financial assets at FVTPL	**3 154,3**	**15 639,1**

The table below shows the analysis of derivatives of the Group as at December 31, 2022 and as at December 31, 2021:

	Fair value of principal amount or agreed amount		Assets – positive fair value	Liabilities – negative fair value
	Receivables	Payables		
December 31, 2022				
Currency swaps	77 594,0	(79 153,2)	22,4	(1 581,6)
December 31, 2021				
Currency swaps	34 290,4	(33 748,8)	542,3	(0,7)

As at December 31, 2022, the negative fair value of derivative financial instruments in the amount of RUB 1 581,6 million is included in other liabilities (Note 14) (December 31, 2021: RUB 0,7 million).

(in millions of Russian rubles, unless otherwise indicated)

11. Property and Equipment

	Land	Buildings and other real estate	Furniture and equipment	Construction in progress	Right-of-use assets	Total
Cost						
December 31, 2020	**208,5**	**5 798,6**	**8 072,7**	**4,5**	**1 037,4**	**15 121,7**
Additions	–	–	1 304,5	17,7	14,2	**1 336,4**
Acquisition through business combination	–	–	10,9	–	15,8	**26,7**
Reclassification	–	–	4,0	(4,0)	–	**–**
Disposals	–	–	(189,4)	–	(22,6)	**(212,0)**
Effect of movements in exchange rates	–	–	–	–	0,1	**0,1**
Modification and remeasurement	–	–	–	–	52,6	**52,6**
December 31, 2021	**208,5**	**5 798,6**	**9 202,7**	**18,2**	**1 097,5**	**16 325,5**
Additions	–	–	585,0	2,7	15,7	**603,4**
Reclassification	–	–	17,7	(17,7)	–	**–**
Disposals	–	–	(277,9)	–	(0,8)	**(278,7)**
Modification and remeasurement	–	–	–	–	(732,5)	**(732,5)**
December 31, 2022	**208,5**	**5 798,6**	**9 527,5**	**3,2**	**379,9**	**15 917,7**
Accumulated depreciation						
December 31, 2020	**–**	**1 789,0**	**6 800,8**	**–**	**72,0**	**8 661,8**
Charge for the period	–	116,1	743,4	–	112,4	**971,9**
Disposals	–	–	(188,4)	–	(16,0)	**(204,4)**
December 31, 2021	**–**	**1 905,1**	**7 355,8**	**–**	**168,4**	**9 429,3**
Charge for the period	–	116,1	927,4	–	132,5	**1 176,0**
Disposals	–	–	(277,6)	–	(0,1)	**(277,7)**
Other	–	–	0,6	–	–	**0,6**
December 31, 2022	**–**	**2 021,2**	**8 006,2**	**–**	**300,8**	**10 328,2**
Net book value						
December 31, 2021	**208,5**	**3 893,5**	**1 846,9**	**18,2**	**929,1**	**6 896,2**
December 31, 2022	**208,5**	**3 777,4**	**1 521,3**	**3,2**	**79,1**	**5 589,5**

As at December 31, 2022, historical cost of fully depreciated property and equipment amounts to RUB 6 465,9 million (December 31, 2021: RUB 6 111,4 million).

As at December 31, 2022, the book value of right-of-use assets is represented by leased buildings in the amount of RUB 67,0 million and IT equipment (furniture and equipment) in the amount of RUB 12,2 million (December 31, 2021: RUB 918,6 million and RUB 10,5 million).

During the year ended December 31, 2022 the Group modified the right-of-use assets due to significant decrease of the lease term of one leased building contract and other not significant modifications.

The amounts recognized in profit or loss related to Group's lease contracts are as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Amounts recognised in profit or loss		
Depreciation expense on right-of-use assets	132,5	112,4
Interest expense on lease liabilities	40,6	83,0
Expense relating to short-term leases	14,8	20,1
Total	**187,9**	**215,5**

(in millions of Russian rubles, unless otherwise indicated)

12. Intangible Assets

	Software and licenses	Client base	Intangible assets development	Total
Cost				
December 31, 2020	**9 437,9**	**19 606,7**	**1 242,5**	**30 287,1**
Acquisition through business combination	380,7	157,6	8,9	**547,2**
Additions	1 358,7	–	927,7	**2 286,4**
Reclassification	677,1	–	(677,1)	**–**
Disposals	(64,9)	–	(9,6)	**(74,5)**
December 31, 2021	**11 789,5**	**19 764,3**	**1 492,4**	**33 046,2**
Additions	2 503,4	–	1 087,6	**3 591,0**
Reclassification	1 085,7	–	(1 085,7)	**–**
Disposals	(307,7)	–	(35,1)	**(342,8)**
December 31, 2022	**15 070,9**	**19 764,3**	**1 459,2**	**36 294,4**
Accumulated amortisation and impairment				
December 31, 2020	**4 779,6**	**8 638,9**	**–**	**13 418,5**
Charge for the period	1 538,3	1 179,3	–	**2 717,6**
Disposals	(61,0)	–	–	**(61,0)**
December 31, 2021	**6 256,9**	**9 818,2**	**–**	**16 075,1**
Charge for the period	1 992,5	1 191,9	–	**3 184,4**
Impairment	9,3	–	–	**9,3**
Disposals	(222,9)	–	–	**(222,9)**
December 31, 2022	**8 035,8**	**11 010,1**	**–**	**19 045,9**
Net book value				
December 31, 2021	**5 532,6**	**9 946,1**	**1 492,4**	**16 971,1**
December 31, 2022	**7 035,1**	**8 754,2**	**1 459,2**	**17 248,5**

The client bases have been recognized on acquisition of subsidiaries by the Group. The Group's purchased client bases represent the customer relationships with professional market participants acquired in 2011 and the customer relationships with financial institutions acquired in 2021. The amortization periods remaining on these assets are between 7,32 to 8,84 years.

During the year 2022 the Group's impairment of software and licenses amounted to RUB 9,3 million (December 31, 2021: no impairment).

13. Clients' Funds

	December 31, 2022	December 31, 2021
Financial liabilities measured at amortised cost		
Other current and settlement accounts	583 599,1	141 822,3
Accounts of clearing participants	484 219,1	518 140,4
Stress collateral	8 463,5	35 972,3
Risk-covering funds	4 309,4	5 370,3
Total financial liabilities measured at amortised cost	**1 080 591,1**	**701 305,3**
Non-financial liabilities at FVTPL		
Accounts of clearing participants in precious metals	32 198,7	17 089,9
Total non-financial liabilities at FVTPL	**32 198,7**	**17 089,9**
Total clients' funds	**1 112 789,8**	**718 395,2**

(in millions of Russian rubles, unless otherwise indicated)

14. Other Liabilities

	December 31, 2022	December 31, 2021
Other financial liabilities		
Derivative financial liabilities (Note 10)	1 581,6	0,7
Trade and other payables	859,5	1 321,8
Payables to employees	512,0	407,3
Lease liabilities	109,5	981,0
NCI acquisition liability	80,0	160,0
Dividends payable	1,2	1,6
Total other financial liabilities	**3 143,8**	**2 872,4**
Other non-financial liabilities		
Personnel remuneration provision	3 275,1	2 350,6
Tax agent liabilities regarding distributions payable to holders of securities	2 923,7	3 213,6
Taxes payable, other than income tax	842,0	787,0
Advances received	405,0	401,6
Total other liabilities	**10 589,6**	**9 625,2**

	December 31, 2022	December 31, 2021
Maturity analysis of lease liabilities		
Less than one year	100,5	171,7
One to two years	9,2	166,2
Two to three years	1,5	164,3
Three to four years	1,5	158,5
Four to five years	1,5	158,5
More than 5 years	0,9	552,2
Less: unearned interest	(5,4)	(390,3)
Lease liabilities	**109,5**	**981,0**

The table below details changes in the Group's lease liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's summary consolidated statement of cash flows as cash flows from financing activities.

January 1, 2021	**985,5**
Financing cash flows	(163,0)
Modification and remeasurement	52,6
New leases	14,2
Acquisition through business combination	15,8
Other changes	75,9
December 31, 2021	**981,0**
Financing cash flows	(194,5)
Modification and remeasurement	(732,5)
New leases	15,7
Other changes	39,8
December 31, 2022	**109,5**

(in millions of Russian rubles, unless otherwise indicated)

15. Share Capital and Share Premium

The share capital of Moscow exchange comprises ordinary shares with a par value of RUB 1 each:

	Ordinary shares issued and fully paid (number of shares)	Treasury shares (number of shares)
December 31, 2020	**2 276 401 458**	**(18 551 238)**
Purchase of treasury shares	–	(2 600 000)
Treasury shares transferred	–	483
Exercised equity instruments (Note 8)	–	2 228 138
December 31, 2021	**2 276 401 458**	**(18 922 617)**
Exercised equity instruments (Note 8)	–	93 538
December 31, 2022	**2 276 401 458**	**(18 829 079)**

Share premium represents an excess of contributions received over the nominal value of shares issued.

As at December 31, 2022 and December 31, 2021, the number of authorized shares is 12 095 322 151.

During the year ended December 31, 2022 the Group distributed to employees 93 538 treasury shares under exercised equity instruments (December 31, 2021: 2 228 138 treasury shares) (Note 8).

16. Earnings per Share

The calculation of earnings per share is based on the profit for the period attributable to shareholders of the Group and the weighted average number of ordinary outstanding during the period, calculated as shown below.

	Year ended December 31, 2022	Year ended December 31, 2021
Net profit attributable to ordinary equity holders of the parent	**36 271,1**	**28 095,1**
Weighted average number of shares	**2 257 555 978**	**2 257 681 433**
Effect of dilutive share options	14 711 915	17 885 066
Weighted average number of shares adjusted for the effect of dilution	**2 272 267 893**	**2 275 566 499**
Basic earnings per share, RUB	16,07	12,45
Diluted earnings per share, RUB	15,96	12,35

17. Commitments and Contingencies

Legal proceedings – from time to time and in the normal course of business, claims against the Group may be received from customers and counterparties. Management of the Group believes that such claims may not have a material impact on its financial and operational activities and that no material losses will be incurred, and accordingly no provision has been made in these summary consolidated financial statements.

Taxation – Major part of the Group's business activity is carried out in the Russian Federation. Russian tax, currency and customs legislation as currently in effect is vaguely drafted and is subject to varying interpretations, selective and inconsistent application and changes, which can occur frequently, at short notice and may apply retrospectively. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and federal authorities. Recent trends in tax law enforcement practice indicate that the tax authorities and courts may be taking a more assertive position in their interpretation and application of this legislation and assessments. It is therefore possible that transactions and activities of the Group that have not been challenged in the past may be challenged at any time in the future. As a result, significant additional taxes, penalties and late payment interest may be assessed by the relevant authorities. Generally fiscal periods remain open and subject to review by the Russian tax authorities for a period of three calendar years immediately preceding the year in which the decision to conduct a tax review is taken. Under certain circumstances tax reviews may cover longer periods.

As at December 31, 2022 management believes that its interpretation of the relevant legislation is appropriate and that the Group's tax, currency and customs positions should be sustained vis-à-vis tax authorities and courts.

18. Events after the Reporting Date

There were no events after the reporting date December 31, 2022.