Consolidated financial statements of
Public Joint Stock Company
"Leasing company "Europlan"
and its subsidiaries
for 2023

February 2024

**Consolidated financial statements of
Public Joint Stock Company
"Leasing company "Europlan"
and its subsidiaries**

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Independent auditor's report

To the Shareholder and the Board of Directors of
Public Joint Stock Company
"Leasing company "Europlan"

Opinion

We have audited the consolidated financial statements of Public Joint Stock Company "Leasing company "Europlan" and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements of the Code of professional ethics for auditors and the Independence rules of auditors and audit organizations that are relevant to our audit of the consolidated financial statements in the Russian Federation together with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Allowance for expected credit losses in respect of net investments in lease and financial assets at amortized cost	
Given the significant share of net investments in lease and financial assets at amortized cost in total assets of the Group, and the complexity and judgements related to the estimation of expected credit losses under IFRS 9 *Financial Instruments* ("IFRS 9"), we considered this area as a key audit matter. For determination of whether a significant increase in credit risk has occurred since initial recognition and grouping of net investments in lease and financial assets at amortized cost by stages of impairment judgement as well as analysis of a variety of factors indicating of increase in credit risk, including length of overdue period are required. Assessment of expected credit losses requires complex statistical modelling and expert judgment. Probability of default, projected exposure at default, loss arising at default are calculated based on available historical data and external information, which are adjusted for forward looking information, including forecast of macroeconomic variables. The calculation of expected credit losses for credit impaired financial assets requires judgment as far as selection of probable settlement scenario is concerned as well as use of other assumptions. Assessment of estimated future cash flows is based on significant unobservable inputs including lease object value. The use of different modeling techniques, assumptions and forecasts could produce significantly different estimation of the allowance for expected credit losses. Information on the methodology of expected credit losses calculation and credit risk management is disclosed in Notes 8 and 24.	We analysed expected credit loss calculation methodology applied by the Group for compliance with IFRS 9. We identified the credit risk factors selected by management to determine whether significant increase in credit risk has occurred. We ensured that net investments in lease and financial assets at amortized cost were grouped by stages in accordance with methodology approved by the Group. We analyzed underlying statistical models, key inputs, assumptions and forecasts as well as forward-looking information used in the calculation of expected credit losses. We performed analytical procedures to find the relationships between credit quality of net investments in the lease and financial assets at amortized cost and amount of expected credit losses. For significant individually impaired net investments in lease and financial assets at amortized cost we analyzed the management assumptions used in calculation of recoverable amount based on our professional judgment and available market information. We also analyzed the disclosures in the consolidated financial statements about the Group's allowance for expected credit losses in respect of net investments in lease and financial assets at amortized cost and financial assets at amortized cost.

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Other information included in the annual report of Public Joint Stock Company "Leasing company "Europlan" for 2023

Other information consists of the information included in Annual Report of Public Joint Stock Company "Leasing company "Europlan", other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and the Audit Committee for the consolidated financial statements

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

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

The Audit Committee are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

The partner in charge of the audit resulting in this independent auditor's report is Ratinskaya Anna Vadimovna.

Ratinskaya Anna Vadimovna,
acting on behalf of TSATR – Audit Services Limited Liability Company
on the basis of power of attorney dated 3 October 2022,
partner in charge of the audit resulting in this independent auditor's report
(main registration number 21906108404)

28 February 2024

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 "Leasing company "Europlan"
Record made in the State Register of Legal Entities on 30 June 2017, State Registration Number 1177746637584.
Address: Russia 119049, Moscow, Korovy Val street, 5.

Consolidated statement of financial position

as at 31 December 2023

(in thousands of Russian roubles, unless otherwise stated)

	Note	31 December 2023	31 December 2022*
Assets			
Cash and cash equivalents	6	11,561,804	10,172,629
Derivative financial instruments	7	2,162,876	143,299
Net investment in leases and financial assets at amortised cost	8	229,660,814	164,207,115
Assets purchased and advances to suppliers for lease operations	9	3,662,387	4,301,014
Debtors on leasing activity	10	228,090	181,896
Current income tax prepayment		13,144	13,646
VAT recoverable		5,007,240	1,210,458
Property and equipment and right-of-use assets	11	3,825,237	3,331,812
Leased objects returned		3,419,472	3,013,590
Other assets	12	5,165,198	2,717,844
Total assets		**264,706,262**	**189,293,303**
Liabilities			
Derivative financial instruments	7	1,591	429,071
Advances received from lessees		4,694,255	4,361,530
Borrowings	13	155,179,354	94,209,259
Bonds issued	14	47,086,889	47,442,422
Lease liabilities	29	1,092,361	1,328,635
Current income tax payable		493	143,352
VAT payable		317,943	257,312
Deferred tax liabilities	23	6,390,077	3,237,386
Other liabilities	15	5,257,799	4,064,089
Total liabilities		**220,020,762**	**155,473,056**
Equity			
Share capital	16	120,000	120,000
Additional paid-in capital		1,000,000	1,000,000
Retained earnings		41,911,763	32,916,681
Cashflow hedge reserve		1,653,737	(216,434)
Total equity		**44,685,500**	**33,820,247**
Total liabilities and equity		**264,706,262**	**189,293,303**

Approved for issue and signed on behalf of the Company on 28 February 2024.

Sergey Mizyura
General Director

Anatoly Aminov
Deputy General Director, Finance

* Comparative information as at 31 December 2022 is presented with change in presentation of line items (Note 5).

The notes 1-30 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023

(in thousands of Russian roubles, unless otherwise stated)

	Note	*2023*	*2022**
Interest income			
Net investment in leases		33,776,409	26,347,554
Interest income calculated using the effective interest method			
Cash and cash equivalents and deposits in banks		1,078,724	1,152,912
Financial assets at amortised cost		608,804	246,937
Other assets		24,197	8,049
Total interest income		**35,488,134**	**27,755,452**
Interest expense	17	(17,797,355)	(13,913,391)
Net interest income		**17,690,779**	**13,842,061**
Non-interest income			
Income from organising the provision of services		4,498,973	3,270,931
Additional income from lease activities		3,787,618	2,808,027
Agency fee income from standard types of insurance		3,592,583	2,680,024
Net income from realisation of property on terminated lease agreements	18	1,129,266	1,164,152
Other non-interest income	18	858,233	841,559
Total non-interest income		**13,866,673**	**10,764,693**
Non-interest expense	18	(1,110,115)	(728,500)
Net non-interest income		**12,756,558**	**10,036,193**
Total net interest and non-interest operating income		**30,447,337**	**23,878,254**
Changes in allowance for expected credit losses on leasing assets	19	(1,759,058)	(1,046,965)
Changes in allowance for expected credit losses on other assets	19	(31,049)	(21,116)
Changes in allowance for other losses	19	(540,970)	(290,136)
Staff expenses	20	(7,357,290)	(6,262,538)
General and administrative expenses	21	(1,955,289)	(1,686,377)
Non-operating income		13,608	369,038
Non-operating expense	22	–	(74,593)
Profit before income tax		**18,817,289**	**14,865,567**
Income tax expense	23	(4,021,407)	(2,975,060)
Net profit		**14,795,882**	**11,890,507**
Other comprehensive income that may be reclassified to profit or loss in subsequent periods			
Result from financial instruments used for cash flow hedge		2,786,078	(228,624)
Reclassified to profit or loss		(448,364)	(650,082)
Effect of deferred income tax		(467,543)	175,741
Other comprehensive income (loss) for the period		**1,870,171**	**(702,965)**
Total comprehensive income for the period		**16,666,053**	**11,187,542**
Basic and diluted earinings per share (expressed in Russian roubles per share)	16	**123.30**	**99.09**

* *Comparative information for the year 2022 is presented with change in presentation of line items (Note 5).*

The notes 1-30 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2023

(in thousands of Russian roubles, unless otherwise stated)

	Share capital	*Additional paid-in capital*	*Retained earnings*	*Cashflow hedge reserve*	*Total equity*
Balance as at 1 January 2022	**120,000**	**1,000,000**	**24,526,574**	**486,531**	**26,133,105**
Net profit	–	–	11,890,507	–	**11,890,507**
Other comprehensive loss for the period	–	–	–	(702,965)	**(702,965)**
Total comprehensive income (loss) for the period	**–**	**–**	**11,890,507**	**(702,965)**	**11,187,542**
Dividends paid (Note 16)	–	–	(3,500,400)	–	**(3,500,400)**
Balance as at 31 December 2022	**120,000**	**1,000,000**	**32,916,681**	**(216,434)**	**33,820,247**
Net profit	–	–	14,795,882	–	**14,795,882**
Other comprehensive income for the period	–	–	–	1,870,171	**1,870,171**
Total comprehensive income for the period	**–**	**–**	**14,795,882**	**1,870,171**	**16,666,053**
Dividends paid (Note 16)	–	–	(5,800,800)	–	**(5,800,800)**
Balance as at 31 December 2023	**120,000**	**1,000,000**	**41,911,763**	**1,653,737**	**44,685,500**

The notes 1-30 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2023

(in thousands of Russian roubles, unless otherwise stated)

	2023	**2022***
Cash flows from operating activities		
Interest received	35,236,774	28,469,994
Agency fee income from standard types of insurance, received	3,609,683	2,670,674
Interest paid	(17,548,007)	(13,709,762)
Proceeds from realisation of property on terminated lease agreements	1,912,911	1,280,956
Payments to employees and payroll related taxes paid	(6,293,478)	(5,880,159)
Income from organising the provision of services, additional income from lease activities and other non-interest income received	7,447,411	5,593,296
General and administrative expenses paid	(1,681,211)	(1,107,656)
Cash flows from operating activities before changes in operating assets/liabilities	**22,684,083**	**17,317,343**
Changes in operating assets/liabilities		
Debtors on leasing activity	347,433	125,170
Other assets including VAT recoverable	(4,088,712)	6,678,897
Other liabilities including VAT payable	(749,310)	(187,044)
Lease payments received to repay net investment in leases and financial assets at amortised cost, and advances received from lessees	123,086,853	102,493,789
Purchase of assets for finance lease	(191,324,124)	(127,439,901)
Purchase of assets for operating lease	(1,176,685)	(646,689)
Net cash flows used in operating activities before income tax	**(51,220,462)**	**(1,658,435)**
Income tax paid	(1,478,616)	(1,503,127)
Net cash flows used in operating activities	**(52,699,078)**	**(3,161,562)**
Cash flows from investing activities		
Proceeds from sale of property and equipment	14,056	176,317
Purchase of property and equipment	(172,049)	(168,512)
Net cash flows (used in) from investing activities	**(157,993)**	**7,805**
Cash flows from financing activities		
Borrowings received (Note 29)	106,200,000	51,400,000
Borrowings repaid (Note 29)	(45,643,905)	(35,745,613)
Bonds issued (Note 29)	12,000,000	5,500,000
Bonds repaid/redeemed (Note 29)	(12,300,076)	(12,710,021)
Lease liabilities repaid (Note 29)	(207,766)	(232,252)
Dividends paid (Note 16)	(5,800,800)	(3,500,400)
Net cash flows from financing activities	**54,247,453**	**4,711,714**
Effect of exchange rate changes on cash and cash equivalents	(25)	(183)
Effect of expected credit losses changes on cash and cash equivalents	(1,182)	3,711
Net increase in cash and cash equivalents	**1,389,175**	**1,561,485**
Cash and cash equivalents at the beginning of the period	10,172,629	8,611,144
Cash and cash equivalents at the end of the period (Note 5)	**11,561,804**	**10,172,629**

* *Comparative information for the year 2022 is presented with change in presentation of line items (Note 5).*

The notes 1-30 form an integral part of these consolidated financial statements.

(in thousands of Russian roubles, unless otherwise stated)

1 Introduction

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") for the year ended 31 December 2023 for Public Joint Stock Company "Leasing company "Europlan" (the "Company") and its subsidiaries (together referred to as the "Group").

PJSC "LC "Europlan's" registered address is 5, Korovy Val st., Moscow, 119049, Russian Federation.

As at 31 December 2023 and 31 December 2022 the immediate parent company of PJSC "LC "Europlan" is PJSC "SFI". As at 31 December 2023 and 31 December 2022 the ultimate controlling party is Mr. Gutseriev Said Mikhaylovich.

As at 31 December 2023 and 31 December 2022 the main subsidiaries of PJSC "LC "Europlan" are LLC "Autoleasing" and LLC "Europlan Service" with 100% ownership.

The principal activities of the Group are leasing of various types of automobiles to individual entrepreneurs and legal entities within the Russian Federation and organising the provision of services related to leased assets. The Group purchases leasing assets from suppliers operating on the territory of the Russian Federation. The Group operates in the Russian Federation. As at 31 December 2023 and 31 December 2022 the Group provided its services via 85 offices. As at 31 December 2023 the number of employees was 2,719 (31 December 2022: 2,427).

2 Operating environment of the Group

The Group's operations are located in the Russian Federation. Consequently, the Group is exposed to the risks on economic and financial markets of the Russian Federation, which demonstrates characteristics of an emerging market. The legal, tax and regulatory frameworks continue to develop, but are subject to varying interpretations and frequent changes which together with other legal and fiscal peculiarities contribute to the challenges faced by entities operating in the Russian Federation. The consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group.

Although the future business environment may differ from management's assessment, management believes it is taking all the necessary measures to support the sustainability and development of the Group's business.

Effect of geopolitical situation

During the year 2023 continued geopolitical tensions and the conflict related to Ukraine continued to have an effect on the economy of the Russian Federation. The European Union, the United States of America and a number of other countries have imposed new sanctions on a number of Russian state and commercial organisations, individuals. The processes related to the search for alternative supply channels have led to an increase in the share of supplies from Chinese manufacturers. Foreign exchange rates grew, which led to an increase in the cost of leased objects.

The Group continues to carry out its activities and provide small and medium-sized Russian businesses with vehicles. The Group continues to evaluate the effect of these events and changes in micro- and macroeconomic conditions on its operations, financial position and financial performance.

(in thousands of Russian roubles, unless otherwise stated)

3 Significant accounting policies

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These consolidated financial statements have been prepared under the historical cost convention except as disclosed in this section.

These consolidated financial statements are presented in thousands of Russian roubles ("RUB") unless otherwise indicated.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year 2022, except for the adoption of new standards effective as of 1 January 2023, outlined below. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- IFRS 17 *Insurance Contracts*;
- *Disclosure of Accounting Policies* – Amendments to IAS 1 and IFRS Practice Statement 2;
- *Definition of Accounting Estimates* – Amendments to IAS 8;
- *Deferred tax associated with assets and liabilities that arise from a single transaction* – Amendments to IAS 12;
- *International Tax Reform – Pillar Two Model Rules* – Amendments to IAS 12.

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

Basis of consolidation

Subsidiaries, which are those entities which are controlled by the Group, are consolidated. Control is achieved when the Group is exposed, 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. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Cash and cash equivalents

Cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include cash in hand and highly liquid placements with banks with original maturities of up to 90 days. Funds placed for a period of more than 90 days are excluded from cash and cash equivalents.

(in thousands of Russian roubles, unless otherwise stated)

3 Significant accounting policies (continued)

Borrowings

Issued financial instruments or their components are classified as liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity instruments. Such instruments include bonds issued and borrowings. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the borrowings are derecognised as well as through the amortisation process.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risks (Note 24). Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Fair value is determined based on quoted market prices or pricing models based on the current market and contractual values of the underlying instruments and other factors. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, interest rate swaps are classified as cash flow hedges when hedging the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income (OCI) in the cashflow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group designates interest rate swaps as a hedging instrument, and financial liabilities with floating interest rates as a hedged item. Changes in fair value of interest rate swaps are recognised in OCI and accumulated in a separate component of equity in cashflow hedge reserve in other reserves. The amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment.

The notional amount is the quantity of the derivative instrument’s underlying asset; changes in the value of derivative instruments are estimated on its basis using base rate. The notional amounts indicate the volume of transactions outstanding at the reporting period end and are not indicative of credit risk.

The Group evaluates derivative financial instruments using generally recognised valuation techniques based on market interest rates for forward transactions. Significant changes in these indicators may result in significant fluctuations in the fair value of derivative financial instruments.

(in thousands of Russian roubles, unless otherwise stated)

3 Significant accounting policies (continued)

Leases

Definition of a lease

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For a contract that is, or contains, a lease, an entity shall account for each lease component within the contract as a lease separately from non-lease components of the contract, unless the entity applies the practical expedient, which is available to lessees only. For a contract that contains a lease component and one or more additional lease or non-lease components, a lessor allocates the consideration in the contract applying IFRS 15 *Revenue from Contracts with Customers*, and a lessee – on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless a lessee applies the practical expedient and does not separate the non-lease components.

Inception of the lease

The inception of the lease is considered to be the date of the lease agreement, or the date of commitment, if earlier.

Commencement of the lease term

The commencement of the lease is the date on which the lessor makes the underlying asset available for use by the lessee. It is the date of initial recognition of the lease.

i. Operating – Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Variable lease payments are recognised as revenue in the period in which they are earned.

ii. Finance – Group as a lessor

The Group recognises lease receivables at value equal to the net investment in the lease, starting from the date of commencement of the lease term.

Net investment in leases / finance income from leases

Net investment in leases is calculated as the aggregate of minimum lease payments net of reimbursable expenses, representing the amounts guaranteed by the lessee and any unguaranteed residual value (together gross investment in leases), discounted at the interest rate implicit in lease. The interest rate implicit in lease is the discount rate that, at the inception of lease, causes the present value of the gross investment in lease to be equal to the fair value of the leased asset.

The difference between the gross investment in leases and the net investment in leases represents unearned finance income. This income is recognised by the Group over the term of the lease using net investment method (before tax), which reflects a constant periodic rate of return.

Initial direct costs are included in the initial measurement of net investment in leases and reduce the amount of income recognised over the lease term. The interest rate implicit in the lease is determined so that the initial direct costs are automatically included in net investment in leases; there is no need for their separate inclusion.

(in thousands of Russian roubles, unless otherwise stated)

3 Significant accounting policies (continued)

Leases (continued)

The Group starts to accrue interest income from the lease commencement date.

Payments received by the Group from lessees up to the commencement date of the lease are treated as advances received from lessees (a separate line within liabilities section) and adjust recognised net investment in leases at the commencement date.

Any advances made to the supplier are recorded as advances to suppliers for lease operations.

Assets purchased for leasing purposes

Items purchased for leasing purposes represent assets purchased for subsequent transfer to lessees but not transferred at the reporting date. The assets are carried at cost.

Leased objects returned

Leased objects returned generally represent the assets returned by the Group from delinquent lessees under terminated finance lease contracts. The major types of assets held are cars, trucks and other equipment. When the Group takes possession of the collateral under terminated lease contracts, the assets in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* is measured at the lower of its carrying amount and fair value less costs to sell.

Financial assets at amortised cost included in the consolidated statement of financial position item “Net investment in leases and financial assets at amortised cost”

Where the Group’s acquisition of an asset through sale and leaseback transactions does not satisfy the requirements of IFRS 15 *Revenue from Contracts with Customers* to be accounted for as an asset acquisition, the Group, as a buyer-lessor, recognises a financial asset as a financial asset at amortised cost in accordance with IFRS 9.

Value added tax (“VAT”)

Output value added tax is payable to the budget of the Russian federation on the earlier of (a) collection of the receivables from customers or (b) delivery of the goods or services to customers.

Input VAT is the amount of VAT paid on the purchased goods or services, including purchased assets to be transferred under finance lease contracts. This VAT is eligible for recovery from the budget of the Russian Federation in case the company has invoices provided by suppliers for the purchase of goods or services (VAT on purchases).

The position of VAT payable or recoverable is determined as the difference between the obligation to pay VAT on the amount of sales goods or services, including received advance payments (VAT on sales), and the right to recover VAT from the budget on the amounts of the purchased assets of the Company including advance payments related to purchases of the Company (VAT on purchases).

If the difference is positive, then there is an obligation to pay VAT to the budget, if it is negative, then there is a right to a refund from the budget of the Russian Federation.

Reimbursement from the budget of the Russian Federation is carried out after tax inspection audit of the VAT tax return or in a declarative manner in cases established for by the Tax Code of the Russian Federation.

VAT recoverable is assessed for impairment.

(in thousands of Russian roubles, unless otherwise stated)

3 Significant accounting policies (continued)

Segment information

The Group operates in one segment – “Leasing activity”:

- Leasing activity includes conclusion of financial lease contracts with legal entities and individual entrepeneurs and further monitoring of the execution of these contracts.

Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest income and expense

The Group calculates interest income and expense on debt financial assets and liabilities measured at amortised cost by applying the effective interest rate (EIR) to the gross carrying amount of financial assets and liabilities other than credit-impaired assets. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, 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.

Non-interest income

The Group earns income from organising the provision of a diverse range of services to its customers and agency fee income from standard types of insurance. Income from organising the provision of services may be recognised when (or as) a performance obligation is satisfied by by transferring a promised good or service to a customer:

- *Income earned from the provision of services that are recognised over a certain period of time*

  Control of a good or service is transfered over time and, therefore, a performance obligation is satisfied, and revenue is recognised over time, if one of the following criteria met:

  a) The customer simultaneously receives and consumes the benefits;

  b) Satisfying a performance obligation creates or enhances an asset that the customer controls as the asset is created or enhanced; or

  c) Performance does not create an asset with an alternative use to the Group or a contractor, and the Group or a contractor has an enforceable right to payment for performance completed to date.

- *Income from the provision of services that are recognised at a point in time*

  If a performance obligation is not satisfied over time in accordance with the above paragraphs, a performance obligation is satisfied at a point in time at which a customer obtains control of a promised asset.

Additional income from lease activities represents mainly income from changes in original terms of an agreement and income received in case of violation of terms of an agreement.

(in thousands of Russian roubles, unless otherwise stated)

3 Significant accounting policies (continued)

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IFRS 16 Leases

In September 2022, the IASB issued amendments to IFRS 16 *Leases*, adding guidance on the subsequent measurement of assets and liabilities in sale and leaseback transactions that meet the criteria for a transfer of control of an asset in IFRS 15 *Revenue from Contracts with Customers*. A seller-lessee shall apply the amendments for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. The amendments are not expected to have a material impact on the Group.

4 Significant accounting judgments and estimates

In the process of applying the Group's accounting policies, management has used its judgments and made estimates in determining the amounts recognised in the consolidated financial statements. The most significant use of judgments and estimates are as follows:

Impairment losses on financial assets

The measurement of impairment losses both under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group's expected credit losses (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime expected credit loss (LTECL) basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulae and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs;
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

5 Change in presentation of line items and comparative information

In these consolidated financial statements the presentation of certain line items was changed to better present the financial position, results and cash flows of the Group, and changes were made to comparative information due to the circumstances described below. Comparative information as at 31 December 2022 and for the year then ended has been changed accordingly.

(in thousands of Russian roubles, unless otherwise stated)

5 Change in presentation of line items and comparative information (continued)

Change in comparative information in the consolidated statement of profit or loss and other comprehensive income

In these consolidated financial statements the Group has changed the comparative information of non-operating income in the consolidated statement of profit or loss and other comprehensive income and disclosures in the note of related party transactions in the comparative data due to discovery in 2023 of indications that former members of key management personnel were engaged in acquisition by the company LLC Europlan Service, a subsidiary of PJSC LC Europlan, of bonds issued from a former member of key management personnel and its close relatives in the second quarter of 2022 at a price above fair value. The loss from these transactions to acquire securities from a former member of key management personnel and its close relatives at a price above fair value amounted to RUB 74,593 thousand. In connection with the discovery of these facts, the Group sent the information to law enforcement and regulatory authorities. The Group has made changes to its internal controls to prevent similar events in the future. In the consolidated statement of profit or loss and other comprehensive income the Group disclosed expenses incurred on transactions of acquisition of bonds issued at a price above fair value separately from non-operating income.

Change in presentation of line items in the consolidated statement of financial position

In the consolidated statement of financial position the Group separated leased objects returned from other assets into a separate line item.

Change in presentation of line items in the consolidated statement of profit or loss and other comprehensive income

In these consolidated financial statements the Group has changed the presentation of line items in the consolidated statement of profit or loss and other comprehensive income as described below.

- The Group divided the “Other income” line item into several line items according to their nature and presented these line items as part of the “Non-interest income” section.
- The Group included net foreign exchange gain (loss) in the line item “Other non-interest income” due to their immateriality for a separate presentation.
- The Group has changed the composition of the subtotals in the consolidated statement of profit or loss and other comprehensive income to align them with the changed structure of the statement (subject to the changes described in the paragraphs above). The Group added the line items “Total non-interest income” and “Net non-interest income” to the report and excluded the line items “Income from operating activities” and “Total operating income”. The Group also added a subtotal “Total net interest and non-interest operating income” to reflect the result from the execution of contracts for main activities less expenses directly related to their performing.
- The Group has amended the title of the line item “Other non-operating income”, renaming it as “Non-operating income” in accordance with industry practice.

Change in presentation of line items in the consolidated statement of cash flows

In these consolidated statement of cash flows the Group has amended the title of the line item “Comissions received”, renaming it as “Agency fee income from standard types of insurance, received” and the title of the line item “Other operating income received”, renaming it as “Income from organising the provision of services, additional income from lease activities and other non-interest income received” to match the line items of the consolidated statement of profit or loss and other comprehensive income.

The results of change in presentation of line items and comparative information as at 31 December 2022 and for the year then ended are as follows.

(in thousands of Russian roubles, unless otherwise stated)

5 Change in presentation of line items and comparative information (continued)

Change in presentation of line items in the consolidated statement of financial position

	31 December 2022 (before change)	*Reclassification/ redesignation*	*31 December 2022 (after change)*
Other assets	5,731,434	(3,013,590)	2,717,844
Leased objects returned	–	3,013,590	3,013,590
Total assets	**189,293,303**	**–**	**189,293,303**

Change in presentation of line items and comparative information in the consolidated statement of profit or loss and other comprehensive income

	2022 (before change)	*Reclassification/ redesignation*	*Acquisition of issued bonds at at a price above fair value*	*2022 (after change)*
Other income	10,758,802	(10,758,802)	–	–
Other expense	(728,500)	728,500	–	–
Operating income	**23,872,363**	**(23,872,363)**	**–**	**–**
Net foreign exchange gain (loss)	5,891	(5,891)	–	–
Total operating income	**23,878,254**	**(23,878,254)**	**–**	**–**
Non-interest income				
Income from organising the provision of services	–	3,270,931	–	3,270,931
Additional income from lease activities	–	2,808,027	–	2,808,027
Agency fee income from standard types of insurance	–	2,680,024	–	2,680,024
Net income from realisation of property on terminated lease agreements	–	1,164,152	–	1,164,152
Other non-interest income	–	841,559	–	841,559
Total non-interest income	**–**	**10,764,693**	**–**	**10,764,693**
Non-interest expense	–	(728,500)	–	(728,500)
Net non-interest income	**–**	**10,036,193**	**–**	**10,036,193**
Total net interest and non-interest operating income	**–**	**23,878,254**	**–**	**23,878,254**
Other non-operating income	294,445	(369,038)	74,593	–
Non-operating income	–	369,038	–	369,038
Non-operating expense	–	–	(74,593)	(74,593)
Profit before income tax	**14,865,567**	**–**	**–**	**14,865,567**

(in thousands of Russian roubles, unless otherwise stated)

5 Change in presentation of line items and comparative information (continued)

Changes in comparative information in the notes to the consolidated financial statements

The Group has amended the disclosure of key management personnel (Note 28) due to new information becoming available to include close relatives of key management personnel among key management personnel and other related parties, whith whom operations were performed, and has made the following changes to the disclosure of expenses from related party transactions for the year 2022:

- Due to the discovered ownership of issued bonds by close relatives of a former member of key management personnel, the Group changed the amount of interest expense on issued bonds for the year 2022 from RUB 31,823 thousand to RUB 39,034 thousand in the disclosure of transactions with related parties;
- As non-operating expense for the year 2022 the Group disclosed a loss on the acquisition of issued bonds from a former member of key management personnel and its close relatives at a price above fair value.

The results of change of comparative information regarding income and expense from related parties transactions are as follows.

	Key management and other related parties		
	2022 (before change)	***Changes***	***2022 (after change)***
Interest expense	(31,823)	(7,211)	(39,034)
Non-operating expense	–	(74,593)	(74,593)

6 Cash and cash equivalents

	31 December 2023	***31 December 2022***
Settlement accounts in banks	1,257,645	1,780,017
Term deposits in banks with original maturity up to 90 days	10,313,263	8,400,534
Cash and cash equivalents before impairment allowance	**11,570,908**	**10,180,551**
Allowance for expected credit losses	(9,104)	(7,922)
Total cash and cash equivalents	**11,561,804**	**10,172,629**

No settlement accounts in banks or term deposits in banks with original maturity up to 90 days are past due or impaired. The credit quality of cash and cash equivalent balances is based on ACRA ratings. Analysis by credit quality of settlement accounts in banks and term deposits in banks with original maturity up to 90 days is as follows:

	31 December 2023		***31 December 2022***	
	Settlement accounts in banks	***Term deposits in banks with original maturity up to 90 days***	***Settlement accounts in banks***	***Term deposits in banks with original maturity up to 90 days***
Neither past due nor impaired				
- AAA(RU) rated	350,325	3,504,858	264,156	3,003,714
- AA-(RU) (inclusive) to AA+(RU) rated	845,221	6,808,405	21,450	3,393,679
- A-(RU) (inclusive) to A+(RU) rated	30,501	–	1,481,257	2,003,062
- BBB-(RU) (inclusive) to BBB+(RU) rated	26,425	–	4,296	–
- Unrated	5,173	–	8,858	79
Total cash and cash equivalents	**1,257,645**	**10,313,263**	**1,780,017**	**8,400,534**

(in thousands of Russian roubles, unless otherwise stated)

6 Cash and cash equivalents (continued)

As at 31 December 2023 the Group has no counterparties whose aggregate balances on settlement accounts in banks and term deposits in banks with original maturity up to 90 days individually exceed 10% of equity (31 December 2022: one counterparty). The gross value of these balances with the counterparty as at 31 December 2022 is RUB 3,395,728 thousand.

All balances of cash equivalents are allocated to Stage 1. The Stages are described in Note 24. An analysis of changes in the allowances for expected credit losses for the years 2023 and 2022 is as follows:

	2023	*2022*
Allowance for expected credit losses as at 1 January	**(7,922)**	**(11,633)**
(Increase) decrease in allowance for expected credit losses	(1,182)	3,711
Allowance for expected credit losses as at 31 December	**(9,104)**	**(7,922)**

7 Derivative financial instruments

As at 31 December 2023 the Group has the following interest rate swaps:

	Carrying value – assets	*Carrying value – liabilities*	*Notional amount*
Derivative financial instruments used as cash flow hedges			
Interest rate swaps	2,162,876	1,591	56,076,437
Total derivative financial instruments	**2,162,876**	**1,591**	**56,076,437**

As at 31 December 2022 the Group has the following interest rate swaps:

	Carrying value – assets	*Carrying value – liabilities*	*Notional amount*
Derivative financial instruments used as cash flow hedges			
Interest rate swaps	143,299	429,071	57,673,837
Total derivative financial instruments	**143,299**	**429,071**	**57,673,837**

As at 31 December 2023 the carrying amount of hedged items recognised as borrowings in liabilities in the consolidated statement of financial position is RUB 56,076,437 thousand (31 December 2022: RUB 57,673,837 thousand).

The maturity analysis of derivative financial instruments by notional amount is as follows:

	Demand and less than 1 month	*From 1 to 6 months*	*From 6 to 12 months*	*From 12 months to 5 years*	*Total*
As at 31 December 2023	1,736,481	14,288,577	15,756,497	24,294,882	**56,076,437**
As at 31 December 2022	565,445	10,273,336	14,669,699	32,165,357	**57,673,837**

Interest rate swap is a derivative instrument designated by the Group as a cash flow hedge. Hedge of interest rates volatility on borrowings with floating interest rates is carried out in accordance with the risk management policy (Note 24). As at 31 December 2023 and 31 December 2022 the variable component of interest rate swaps and the hedged items is the key rate of the Central Bank of the Russian Federation. As at 31 December 2023 the fixed component of interest rate swaps is the fixed rate of 7.47%-15.47% per annum (31 December 2022: 6.58%-12.23% per annum).

(in thousands of Russian roubles, unless otherwise stated)

8 Net investment in leases and financial assets at amortised cost

As at 31 December 2023 and 31 December 2022 net investment in leases and financial assets at amortised cost comprises:

	31 December 2023	***31 December 2022***
Gross investment in leases		
Due in 1 year	122,728,225	91,557,435
Due between 1 and 2 years	85,504,122	59,667,364
Due between 2 and 3 years	51,848,589	34,519,084
Due between 3 and 4 years	26,778,129	16,679,832
Due between 4 and 5 years	10,491,052	5,509,333
Due over 5 years	982,306	25,555
Gross investment in leases	**298,332,423**	**207,958,603**
Unearned finance income	(71,402,212)	(45,238,974)
Net investment in leases before allowance for expected credit losses	**226,930,211**	**162,719,629**
Financial assets at amortised cost before allowance for expected credit losses	4,509,584	2,559,326
Total net investment in leases and financial assets at amortised cost before allowance for expected credit losses	**231,439,795**	**165,278,955**
Allowance for expected credit losses	(1,778,981)	(1,071,840)
Total net investment in leases and financial assets at amortised cost	**229,660,814**	**164,207,115**

Financial assets at amortised cost represent receivables under sale and leaseback transactions where the Group purchases the asset from the seller, leases the asset to the seller and provides the seller with a right to repurchase the asset at the end of the lease. The Group applies IFRS 9 accounting requirements for such transactions as the Group does not obtain control of the purchased asset.

(in thousands of Russian roubles, unless otherwise stated)

8 Net investment in leases and financial assets at amortised cost (continued)

Movements in the allowance for expected credit losses and the gross carrying amount for net investment in leases and financial assets at amortised cost for the year 2023 are as follows:

	Allowance for expected credit losses				*Gross carrying amount*			
	Stage 1	*Stage 2*	*Stage 3*	*Total*	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Vehicles								
As at 1 January 2023	**(580,979)**	**(152,878)**	**(114,570)**	**(848,427)**	**129,059,940**	**7,108,361**	**1,160,389**	**137,328,690**
Movements with impact on income (loss) from changes in allowance for ECL								
Transfers to Stage 1	(17,107)	32,745	40,032	**55,670**	2,237,013	(1,822,894)	(414,119)	**–**
Transfers to Stage 2	38,344	(169,594)	2,469	**(128,781)**	(5,541,950)	5,571,142	(29,192)	**–**
Transfers to Stage 3	25,920	7,763	(139,413)	**(105,730)**	(736,887)	(225,839)	962,726	**–**
Effect of changes in the gross carrying amount, net	(253,339)	(132,024)	(14,675)	**(400,038)**	53,491,430	4,159,517	(62,991)	**57,587,956**
Changes to models and inputs used for ECL calculations	(23,144)	(11,665)	(989)	**(35,798)**	–	–	–	**–**
Total movements with impact on income (loss) from changes in allowance for ECL	**(229,326)**	**(272,775)**	**(112,576)**	**(614,677)**	**49,449,606**	**7,681,926**	**456,424**	**57,587,956**
Movements without impact on income (loss) from changes in allowance for ECL								
Write-offs	–	–	23,137	**23,137**	–	–	(23,137)	**(23,137)**
As at 31 December 2023	**(810,305)**	**(425,653)**	**(204,009)**	**(1,439,967)**	**178,509,546**	**14,790,287**	**1,593,676**	**194,893,509**
Mobile machinery and other								
As at 1 January 2023	**(175,809)**	**(34,661)**	**(12,943)**	**(223,413)**	**26,566,753**	**1,266,265**	**117,247**	**27,950,265**
Movements with impact on income (loss) from changes in allowance for ECL								
Transfers to Stage 1	(2,020)	6,334	3,389	**7,703**	341,985	(311,058)	(30,927)	**–**
Transfers to Stage 2	7,193	(25,364)	150	**(18,021)**	(819,637)	821,070	(1,433)	**–**
Transfers to Stage 3	5,250	1,073	(61,024)	**(54,701)**	(333,551)	(41,776)	375,327	**–**
Effect of changes in the gross carrying amount, net	(36,909)	(10,319)	(6,636)	**(53,864)**	8,395,248	182,203	21,305	**8,598,756**
Changes to models and inputs used for ECL calculations	2,817	(1,942)	(328)	**547**	–	–	–	**–**
Total movements with impact on income (loss) from changes in allowance for ECL	**(23,669)**	**(30,218)**	**(64,449)**	**(118,336)**	**7,584,045**	**650,439**	**364,272**	**8,598,756**
Movements without impact on income (loss) from changes in allowance for ECL								
Write-offs	–	–	2,735	**2,735**	–	–	(2,735)	**(2,735)**
As at 31 December 2023	**(199,478)**	**(64,879)**	**(74,657)**	**(339,014)**	**34,150,798**	**1,916,704**	**478,784**	**36,546,286**
Total as at 1 January 2023	**(756,788)**	**(187,539)**	**(127,513)**	**(1,071,840)**	**155,626,693**	**8,374,626**	**1,277,636**	**165,278,955**
Total as at 31 December 2023	**(1,009,783)**	**(490,532)**	**(278,666)**	**(1,778,981)**	**212,660,344**	**16,706,991**	**2,072,460**	**231,439,795**

(in thousands of Russian roubles, unless otherwise stated)

8 Net investment in leases and financial assets at amortised cost (continued)

Movements in the allowance for expected credit losses and the gross carrying amount for net investment in leases and financial assets at amortised cost for the year 2022 are as follows:

	*Allowance for expected credit losses**				*Gross carrying amount*			
	Stage 1	*Stage 2*	*Stage 3*	*Total*	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Vehicles								
As at 1 January 2022	**(256,008)**	**(36,072)**	**(149,711)**	**(441,791)**	**120,303,595**	**3,669,166**	**1,151,174**	**125,123,935**
Movements with impact on income (loss) from changes in allowance for ECL								
Transfers to Stage 1	(5,358)	6,521	9,216	**10,379**	812,567	(753,723)	(58,844)	**–**
Transfers to Stage 2	10,164	(76,954)	1,634	**(65,156)**	(3,624,790)	3,632,289	(7,499)	**–**
Transfers to Stage 3	11,892	2,557	(69,272)	**(54,823)**	(505,140)	(123,371)	628,511	**–**
Effect of changes in the gross carrying amount, net	(196,839)	(39,559)	77,693	**(158,705)**	12,073,708	684,000	(536,725)	**12,220,983**
Changes to models and inputs used for ECL calculations	(144,830)	(9,371)	(358)	**(154,559)**	–	–	–	**–**
Total movements with impact on income (loss) from changes in allowance for ECL	**(324,971)**	**(116,806)**	**18,913**	**(422,864)**	**8,756,345**	**3,439,195**	**25,443**	**12,220,983**
Movements without impact on income (loss) from changes in allowance for ECL								
Write-offs	–	–	16,228	**16,228**	–	–	(16,228)	**(16,228)**
As at 31 December 2022	**(580,979)**	**(152,878)**	**(114,570)**	**(848,427)**	**129,059,940**	**7,108,361**	**1,160,389**	**137,328,690**
Mobile machinery and other								
As at 1 January 2022	**(56,369)**	**(6,831)**	**(3,795)**	**(66,995)**	**19,366,982**	**571,275**	**37,768**	**19,976,025**
Movements with impact on income (loss) from changes in allowance for ECL								
Transfers to Stage 1	(814)	1,156	512	**854**	120,210	(116,155)	(4,055)	**–**
Transfers to Stage 2	1,370	(14,013)	–	**(12,643)**	(473,244)	473,244	–	**–**
Transfers to Stage 3	3,405	583	(13,628)	**(9,640)**	(76,799)	(16,379)	93,178	**–**
Effect of changes in the gross carrying amount, net	(80,197)	(12,846)	303	**(92,740)**	7,629,604	354,280	(5,891)	**7,977,993**
Changes to models and inputs used for ECL calculations	(43,204)	(2,710)	(88)	**(46,002)**	–	–	–	**–**
Total movements with impact on income (loss) from changes in allowance for ECL	**(119,440)**	**(27,830)**	**(12,901)**	**(160,171)**	**7,199,771**	**694,990**	**83,232**	**7,977,993**
Movements without impact on income (loss) from changes in allowance for ECL								
Write-offs	–	–	3,753	**3,753**	–	–	(3,753)	**(3,753)**
As at 31 December 2022	**(175,809)**	**(34,661)**	**(12,943)**	**(223,413)**	**26,566,753**	**1,266,265**	**117,247**	**27,950,265**
Total as at 1 January 2022	**(312,377)**	**(42,903)**	**(153,506)**	**(508,786)**	**139,670,577**	**4,240,441**	**1,188,942**	**145,099,960**
Total as at 31 December 2022	**(756,788)**	**(187,539)**	**(127,513)**	**(1,071,840)**	**155,626,693**	**8,374,626**	**1,277,636**	**165,278,955**

* *Comparative information for the year 2022 has been revised to reflect the impact of transfers between Stages on allowance for ECL for the reporting period.*

(in thousands of Russian roubles, unless otherwise stated)

8 Net investment in leases and financial assets at amortised cost (continued)

Analysis by credit quality of net investment in leases and financial assets at amortised cost as at 31 December 2023 by ratings assigned at conclusion of contracts is as follows:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
Vehicles				
- Prime	12,684,474	40,467	2,049	**12,726,990**
- Strong	36,021,350	566,946	103,600	**36,691,896**
- Acceptable	79,520,222	6,376,210	773,695	**86,670,127**
- Sufficient	50,283,500	7,806,664	714,332	**58,804,496**
Net investment in leases and financial assets at amortised cost before allowance for expected credit losses	**178,509,546**	**14,790,287**	**1,593,676**	**194,893,509**
Allowance for expected credit losses	(810,305)	(425,653)	(204,009)	**(1,439,967)**
Total net investment in leases and financial assets at amortised cost after allowance for expected credit losses	**177,699,241**	**14,364,634**	**1,389,667**	**193,453,542**
Mobile machinery and other				
- Prime	2,719,650	13,092	6,096	**2,738,838**
- Strong	8,670,943	283,503	72,580	**9,027,026**
- Acceptable	17,845,465	878,094	228,294	**18,951,853**
- Sufficient	4,914,740	742,015	171,814	**5,828,569**
Net investment in leases and financial assets at amortised cost before allowance for expected credit losses	**34,150,798**	**1,916,704**	**478,784**	**36,546,286**
Allowance for expected credit losses	(199,478)	(64,879)	(74,657)	**(339,014)**
Total net investment in leases and financial assets at amortised cost after allowance for expected credit losses	**33,951,320**	**1,851,825**	**404,127**	**36,207,272**

Analysis by credit quality of net investment in leases and financial assets at amortised cost as at 31 December 2022 by ratings assigned at conclusion of contracts is as follows:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
Vehicles				
- Prime	9,451,688	91,462	8,131	**9,551,281**
- Strong	31,185,338	529,332	136,560	**31,851,230**
- Acceptable	60,291,389	4,215,394	821,032	**65,327,815**
- Sufficient	28,131,525	2,272,173	194,666	**30,598,364**
Net investment in leases and financial assets at amortised cost before allowance for expected credit losses	**129,059,940**	**7,108,361**	**1,160,389**	**137,328,690**
Allowance for expected credit losses	(580,979)	(152,878)	(114,570)	**(848,427)**
Total net investment in leases and financial assets at amortised cost after allowance for expected credit losses	**128,478,961**	**6,955,483**	**1,045,819**	**136,480,263**
Mobile machinery and other				
- Prime	2,093,200	7,006	2,353	**2,102,559**
- Strong	7,403,494	204,790	15,796	**7,624,080**
- Acceptable	13,755,758	764,644	81,520	**14,601,922**
- Sufficient	3,314,301	289,825	17,578	**3,621,704**
Net investment in leases and financial assets at amortised cost before allowance for expected credit losses	**26,566,753**	**1,266,265**	**117,247**	**27,950,265**
Allowance for expected credit losses	(175,809)	(34,661)	(12,943)	**(223,413)**
Total net investment in leases and financial assets at amortised cost after allowance for expected credit losses	**26,390,944**	**1,231,604**	**104,304**	**27,726,852**

(in thousands of Russian roubles, unless otherwise stated)

8 Net investment in leases and financial assets at amortised cost (continued)

The lessees of the Group are divided into 4 rating groups for credit quality analysis. The each group rating reflects the credit quality of net investment in leases and financial assets at amortised cost. The ratings are determined and fixed at the time of a transaction.

Prime credit rating: the lowest level of risk is assigned to a lessee and a leasing transaction. The lowest level of risk corresponds to counterparties with a high ability to fulfill financial obligations in a timely manner and with a low probability of default on a transaction.

Strong credit rating: low risk is assigned to a lessee and a leasing transaction. Low risk is determined by the stable ability to fulfill financial obligations in a timely manner and a slight probability of default.

Acceptable credit rating: average risk is assigned to a lessee and a leasing transaction. Average risk is determined by the moderate probability of default and the average ability to fulfill financial obligations in a timely manner.

Sufficient credit rating: the risk is higher than average. The higher than average risk is characterised by an increased probability of default on transactions with low property risk (mainly by the type of assets “Vehicles”).

The Group holds the title to the asset during the lease term. Risks related to the leased asset such as damage caused by various reasons and theft are insured. The beneficiary under the insurance policy in case of total loss or theft is the Group.

Estimates of collateral value are based on the value of collateral assessed at the time of lease origination, and generally are not updated except when a lease is individually assessed as impaired.

In the absence of possibility of repossession and selling a leased asset for net investment in leases and financial assets at amortised cost, the allowance for expected credit losses on net investment in leases and financial assets at amortised cost of Stage 3 as at 31 December 2023 and 31 December 2022 would be higher by:

	31 December 2023	***31 December 2022***
Automobile total	(882,878)	(624,598)
Mobile machinery and other	(251,874)	(61,743)
Total effect on the allowance for expected credit losses	**(1,134,752)**	**(686,341)**

The Group takes possession of different assets in exchange of indebtness of respective lessees. The Group is in the process of selling of those assets. It is the Group’s policy to sell repossessed properties in due course. The proceeds are used to reduce or repay the outstanding claim. As at 31 December 2023 the carrying value of the assets repossessed and held as at the reporting date is RUB 3,337,626 thousand (31 December 2022: RUB 2,888,028 thousand).

(in thousands of Russian roubles, unless otherwise stated)

8 Net investment in leases and financial assets at amortised cost (continued)

Economic sector risk concentrations of net investment in leases and financial assets at amortised cost are as follows:

	31 December 2023		*31 December 2022*	
	Amount	***%***	***Amount***	***%***
Freight transportation and logistics	52,891,541	22.86	34,990,247	21.17
Construction of residential and non-residential buildings	16,966,605	7.33	13,503,561	8.17
Wholesale operations – specialised	15,463,583	6.68	12,086,959	7.31
Ancillary transport activities	12,891,563	5.57	9,443,996	5.71
Passenger transportation	9,379,510	4.05	4,847,760	2.93
Leasing of vehicles	8,211,565	3.55	3,564,586	2.16
Construction of roads and railways	6,789,876	2.93	5,585,885	3.38
Wholesale operations – unspecialised	4,887,740	2.11	3,677,259	2.22
Wholesale operations – other machines and equipment	4,597,260	1.99	3,238,485	1.96
Waste collection	4,173,573	1.80	2,843,840	1.72
Preparation of construction site	3,937,406	1.70	3,011,247	1.82
Wholesale operations – foods and beverages	3,778,834	1.63	3,059,621	1.85
Manufacture of electrical, plumbing and other construction and installation works	3,680,583	1.59	2,411,710	1.46
Other specialised construction works	3,666,738	1.58	2,901,915	1.76
Leasing of other machines and equipment	3,660,312	1.58	2,494,125	1.51
Trade of motor vehicle parts and accessories	3,476,229	1.50	2,542,273	1.54
Growing annual crops	3,373,032	1.46	2,947,912	1.78
Manufacture of products from concrete, cement and plaster	3,305,445	1.43	2,121,490	1.28
Wholesale operations – non-food consumer goods	3,115,819	1.35	2,867,035	1.73
Engineering communications construction	2,882,759	1.25	1,862,571	1.13
Wholesale operations – agricultural raw materials and live animals	2,322,793	1.00	1,633,650	0.99
Activities in the field of architecture, engineering research and the provision of technical advice in these areas	2,102,089	0.91	1,720,293	1.04
Vehicles trading	1,993,838	0.86	997,675	0.60
Renting and managing real estate	1,953,021	0.84	1,761,640	1.07
Maintenance and repair of vehicles	1,832,573	0.79	1,017,235	0.62
Other industries	50,105,508	21.66	38,145,985	23.09
Net investment in leases and financial assets at amortised cost before allowance for expected credit losses	**231,439,795**	**100.00**	**165,278,955**	**100.00**

As at 31 December 2023 and 31 December 2022 the Group does not have lessees, the aggregate balances of which individually exceed 10% of equity. As at 31 December 2023 and 31 December 2022 aggregate balances of top-50 lessees represents 8% of net investments in leases and financial assets at amortised cost before allowance for expected credit losses. As at 31 December 2023 and 31 December 2022 aggregate balances of top lessee represents 0.4% of net investments in leases and financial assets at amortised cost before allowance for expected credit losses.

9 Assets purchased and advances to suppliers for lease operations

Assets purchased for lease operations represent assets which will be subsequently transferred to lessees. Advances to suppliers for lease operations represent payments to suppliers for assets which will be subsequently transferred to lessees.

	31 December 2023	*31 December 2022*
Assets purchased for lease operations	**346,766**	**201,096**
Advances to suppliers for lease operations	3,342,060	4,121,098
Allowance for impairment	(26,439)	(21,180)
Total advances to suppliers for lease operations	**3,315,621**	**4,099,918**
Total assets purchased and advances to suppliers for lease operations	**3,662,387**	**4,301,014**

(in thousands of Russian roubles, unless otherwise stated)

9 Assets purchased and advances to suppliers for lease operations (continued)

Movements in the allowance for impairment for the years 2023 and 2022 are as follows.

	2023	*2022*
Allowance for impairment as at 1 January	**(21,180)**	**(12,019)**
Increase in allowance for impairment	(10,266)	(15,083)
Write-offs	5,007	5,922
Allowance for impairment as at 31 December	**(26,439)**	**(21,180)**

10 Debtors on leasing activity

Debtors on leasing activity consist of accounts receivable on terminated lease agreements.

	31 December 2023	*31 December 2022*
Debtors on leasing activity	293,053	229,817
Allowance for expected credit losses	(64,963)	(47,921)
Total debtors on leasing activity	**228,090**	**181,896**

All balances of debtors on leasing activity are allocated to Stage 3. The Stages are described in Note 24. An analysis of changes in the allowances for expected credit losses and the gross carrying amount for debtors on leasing activity for the years 2023 and 2022 is as follows.

	2023		*2022*	
	Allowance for expected credit losses	*Gross carrying amount*	*Allowance for expected credit losses*	*Gross carrying amount*
As at 1 January	**(47,921)**	**229,817**	**(111,562)**	**175,384**
Movements with impact on income (loss) from changes in allowance for ECL				
Effect of changes in the gross carrying amount, net	(888,491)	1,072,239	(436,829)	582,004
Changes to models and inputs used for ECL calculations	(137,554)	–	(27,101)	–
Total movements with impact on income (loss) from changes in allowance for ECL	**(1,026,045)**	**1,072,239**	**(463,930)**	**582,004**
Movements without impact on income (loss) from changes in allowance for ECL				
Write-offs	1,009,003	(1,009,003)	527,571	(527,571)
As at 31 December	**(64,963)**	**293,053**	**(47,921)**	**229,817**

In the absence of possibility of repossession and selling a leased asset for debtors on leasing activity, the allowance for expected credit losses on debtors on leasing activity as at 31 December 2023 would be higher by RUB 127,314 thousand (31 December 2022: RUB 90,169 thousand).

(in thousands of Russian roubles, unless otherwise stated)

11 Property and equipment and right-of-use assets

The movements in property and equipment and right-of-use assets for the years 2023 and 2022 were as follows:

	Assets owned by the Group				
	Cars leased out under operating lease	***Computer equipment***	***Other***	***Right-of-use assets (rent of offices)***	***Total property and equipment and right-of-use assets***
Cost					
1 January 2022	**1,541,184**	**554,429**	**822,351**	**1,542,485**	**4,460,449**
Additions	646,689	117,411	51,101	–	**815,201**
Disposals	(331,411)	(17,415)	(377,354)	(7,509)	**(733,689)**
Transfer between categories	2,010	–	(2,010)	–	**–**
Recognition/reassessment	–	–	–	659,909	**659,909**
31 December 2022	**1,858,472**	**654,425**	**494,088**	**2,194,885**	**5,201,870**
Additions	1,176,685	134,678	37,371	–	**1,348,734**
Disposals	(270,811)	(13,804)	(38,512)	(3,744)	**(326,871)**
Recognition/reassessment	–	–	–	(28,508)	**(28,508)**
31 December 2023	**2,764,346**	**775,299**	**492,947**	**2,162,633**	**6,195,225**
Accumulated depreciation					
1 January 2022	**(115,088)**	**(338,129)**	**(457,016)**	**(730,789)**	**(1,641,022)**
Depreciation charge	(122,060)	(87,378)	(77,295)	(258,497)	**(545,230)**
Disposals	76,908	16,635	215,142	7,509	**316,194**
31 December 2022	**(160,240)**	**(408,872)**	**(319,169)**	**(981,777)**	**(1,870,058)**
Depreciation charge	(192,699)	(94,784)	(51,170)	(270,271)	**(608,924)**
Disposals	61,040	9,567	34,644	3,743	**108,994**
31 December 2023	**(291,899)**	**(494,089)**	**(335,695)**	**(1,248,305)**	**(2,369,988)**
Carrying amount					
1 January 2022	**1,426,096**	**216,300**	**365,335**	**811,696**	**2,819,427**
31 December 2022	**1,698,232**	**245,553**	**174,919**	**1,213,108**	**3,331,812**
31 December 2023	**2,472,447**	**281,210**	**157,252**	**914,328**	**3,825,237**

Analysis of undiscounted lease payments (excluding VAT) receivable under operating lease agreements, where the Group acts as a lessor, by maturity as at 31 December 2023 and 31 December 2022 is as follows.

	31 December 2023	***31 December 2022***
Due in 1 year	796,287	493,188
Due between 1 and 2 years	688,269	416,460
Due between 2 and 3 years	395,378	337,158
Due between 3 and 4 years	117,686	75,448
Due between 4 and 5 years	66,392	5,942
Total undiscounted lease payments receivable	**2,064,012**	**1,328,196**

(in thousands of Russian roubles, unless otherwise stated)

12 Other assets

	31 December 2023	31 December 2022
Other financial assets		
Insurance premium, organising the provision of automotive services and VAT receivables	3,228,632	1,613,564
Settlements with counterparties	153,932	129,673
Insurance agency fee receivable	31,486	48,586
Loans issued	–	40,000
Other	141,989	165,147
Less allowance for expected credit losses	(75,211)	(53,879)
Total other financial assets	**3,480,828**	**1,943,091**
Other non-financial assets		
Intangible assets	704,411	403,047
Advance payments to counterparties	571,293	140,415
Prepaid taxes	208,415	1,428
Deferred expenses	81,399	90,131
Prepaid insurance cost	72,784	71,302
Other	46,068	68,430
Total other non-financial assets	**1,684,370**	**774,753**
Total other assets	**5,165,198**	**2,717,844**

As at 31 December 2023 insurance premium, organising the provision of automotive services and VAT receivables are classified as Stage 1 in the amount of RUB 2,728,279 thousand, as Stage 2 in the amount of RUB 420,752 thousand and as Stage 3 in the amount of RUB 79,601 thousand (31 December 2022: RUB 1,490,640 thousand, RUB 100,179 thousand and RUB 22,745 thousand, respectively). The Stages are described in Note 24. An analysis of changes in the allowances for expected credit losses for the years 2023 and 2022 is as follows:

	2023	2022
Allowance for expected credit losses as at 1 January	**(53,879)**	**(30,368)**
Increase in allowance for expected credit losses	(29,867)	(24,827)
Write-offs	8,535	1,316
Allowance for expected credit losses as at 31 December	**(75,211)**	**(53,879)**

The movements in intangible assets for the years 2023 и 2022 were as follows:

	2023	2022
Cost		
1 January	**673,160**	**403,368**
Additions	429,181	270,332
Disposals	–	(540)
31 December	**1,102,341**	**673,160**
Accumulated depreciation		
1 January	**(270,113)**	**(203,401)**
Depreciation charge	(127,817)	(66,724)
Disposals	–	12
31 December	**(397,930)**	**(270,113)**
Carrying amount		
1 January	**403,047**	**199,967**
31 December	**704,411**	**403,047**

(in thousands of Russian roubles, unless otherwise stated)

13 Borrowings

As at 31 December 2023 borrowings in the amount of RUB 155,179,354 thousand (31 December 2022: RUB 94,209,259 thousand) are loans attracted in Russian roubles from banks registered on the territory of the Russian Federation.

As at 31 December 2023 and 31 December 2022 the Group has seven counterparties, the aggregate amount of borrowings from which individually exceed 10% of equity. The gross value of these borrowings as at 31 December 2023 is RUB 150,391,309 thousand (31 December 2022: RUB 91,850,857 thousand).

As at 31 December 2023 net investment in leases before allowance for expected credit losses in the amount of RUB 81,900,781 thousand (31 December 2022: RUB 52,531,281 thousand) were pledged as collateral for borrowings amounting to RUB 99,398,765 thousand (31 December 2022: RUB 64,806,039 thousand).

14 Bonds issued

Bonds issued comprise the following:

	Date of placement	*Maturity*	*Offer date*	*Interest rate as at 31 December 2023*	*Interest rate as at 31 December 2022*	*31 December 2023*	*31 December 2022*
Series BO-03	Oct 2019	Sep 2029	Oct 2024	10.00%	10.00%	1,185,126	1,183,535
Series BO-05	Feb 2019	Feb 2029	Feb 2025	7.70%	7.70%	3,067,489	3,066,095
Series BO-06	May 2019	May 2029	Nov 2024	10.25%	10.25%	770,702	1,030,026
Series BO-07	Oct 2016	Sep 2026	Oct 2024	8.80%	8.80%	2,047,118	2,036,903
Series BO-08	Jul 2018	Jun 2028	Jun 2025	10.35%	10.40%	124,092	1,402,269
Series 001R-01	Feb 2021	Aug 2024	–	7.10%	7.10%	9,304,567	12,398,337
Series 001R-02	May 2021	May 2024	–	7.80%	7.80%	2,468,052	7,401,260
Series 001R-03	Aug 2021	Aug 2031	Feb 2025	8.55%	8.55%	7,119,483	7,116,719
Series 001R-04	Sep 2021	Mar 2025	–	8.80%	8.80%	3,491,507	6,283,156
Series 001R-05	Aug 2022	Aug 2025	–	10.50%	10.50%	5,535,085	5,524,122
Series 001R-06	Jun 2023	Jun 2025	–	10.25%	–	11,973,668	–
Total bonds issued						**47,086,889**	**47,442,422**

Bonds issued have put options providing bondholders with a right at their discretion to force repayment of principal amount of bond by the Group ahead of schedule at specified offer dates in 2024-2025. Bonds issued also may be repaid ahead of schedule by agreement with the bondholders (Note 24).

15 Other liabilities

Other liabilities comprise the following:

	31 December 2023	*31 December 2022*
Other financial liabilities		
Settlements with insurance companies	738,386	768,246
Settlements with counterparties	669,110	597,719
Accrued expenses	21,464	22,076
Total other financial liabilities	**1,428,960**	**1,388,041**
Other non-financial liabilities		
Provision for deferred remuneration to employees	3,165,761	2,144,545
Provision for possible legal claims payments	281,369	245,340
Taxes payable other than income tax	122,824	48,888
Deferred income	52,748	103,423
Other	206,137	133,852
Total other non-financial liabilities	**3,828,839**	**2,676,048**
Total other liabilities	**5,257,799**	**4,064,089**

(in thousands of Russian roubles, unless otherwise stated)

15 Other liabilities (continued)

Movements in the provision for deferred remuneration to employees for the years 2023 and 2022 are as follows:

	2023	*2022*
Provision for deferred remuneration to employees as at 1 January	**2,144,545**	**1,786,567**
Increase in provision for deferred remuneration to employees	2,869,659	2,182,374
Payments	(1,848,443)	(1,824,396)
Provision for deferred remuneration to employees as at 31 December	**3,165,761**	**2,144,545**

Movements in the provision for possible legal claims payments for the years 2023 and 2022 are as follows:

	2023	*2022*
Provision for possible legal claims payments as at 1 January	**245,340**	**163,522**
Increase in provision for possible legal claims payments	530,704	275,053
Payments	(494,675)	(193,235)
Provision for possible legal claims payments as at 31 December	**281,369**	**245,340**

16 Share capital

As at 31 December 2023 and 31 December 2022 the issued share capital of PJSC "LC "Europlan" in the amount of RUB 120,000 thousand comprises 120,000,000 ordinary shares with nominal value of RUB 1 each.

Basic and diluted earnings per share is calculated by dividing the profit attributable to shareholders of the Group by the weighted average number of ordinary shares in issue during the period.

	2023	*2022*
Profit for the period attributable to shareholders of the Group	**14,795,882**	**11,890,507**
Weighted average number of shares in issue	120,000,000	120,000,000
Basic and diluted earnings per share (in Russian roubles per share)	**123.30**	**99.09**

During the year 2023 dividends in the amount of RUB 5,800,800 thousand (48.34 Russian roubles per share) were declared and paid by the Group to the shareholder based on the results for the year 2022 and nine months ended 30 September 2023. During the year 2022 dividends in the amount of RUB 3,500,400 thousand (29.17 Russian roubles per share) were declared and paid by the Group to the shareholder based on the results for the year 2021 and six months ended 30 June 2022.

17 Interest expense

Interest expense is as follows:

	2023	*2022*
Borrowings	(13,413,576)	(9,634,081)
Bonds issued	(4,236,933)	(4,144,088)
Lease liabilities	(144,835)	(103,630)
Other liabilities	(2,011)	(31,592)
Total interest expense	**(17,797,355)**	**(13,913,391)**

(in thousands of Russian roubles, unless otherwise stated)

18 Net income from realisation of property on terminated lease agreements, other non-interest income and non-interest expense

Net income from realisation of property on terminated lease agreements is as follows:

	2023	*2022*
Price of realisation, including transfer to a second-lease	8,726,824	6,808,765
Book value	(7,597,558)	(5,644,613)
Net income from realisation of property on terminated lease agreements	**1,129,266**	**1,164,152**

Other non-interest income is as follows:

	2023	*2022*
Revenues from operating lease	796,779	640,071
Compensation for discounts provided to lessees	60,976	195,597
Net foreign exchange gain	478	5,891
Total other non-interest income	**858,233**	**841,559**

Non-interest expense is as follows:

	2023	*2022*
Impairment of leased objects returned	(219,348)	(113,338)
Expenses related to objects leased out under operating lease	(216,455)	(164,628)
Depreciation of assets under operating lease	(192,699)	(122,060)
Expenses on leased objects returned	(170,462)	(143,833)
Other expenses	(311,151)	(184,641)
Total non-interest expense	**(1,110,115)**	**(728,500)**

19 Changes in allowance for expected credit losses and other allowance for losses

Changes in allowance for expected credit losses and other allowance for losses are as follows:

	2023	*2022*
Changes in allowance for expected credit losses on leasing assets		
Net investment in leases and financial assets at amortised cost – increase in allowance for expected credit losses, net	(733,013)	(583,035)
Debtors on leasing activity – increase in allowance for expected credit losses, net	(1,026,045)	(463,930)
Total changes in allowance for expected credit losses on leasing assets	**(1,759,058)**	**(1,046,965)**
Changes in allowance for expected credit losses on other assets		
Cash and cash equivalents – (increase) decrease in allowance for expected credit losses, net	(1,182)	3,711
Other assets – increase in allowance for expected credit losses, net	(29,867)	(24,827)
Total changes in allowance for expected credit losses on other assets	**(31,049)**	**(21,116)**
Changes in allowance for other losses		
Assets purchased and advances to suppliers for lease operations – increase in allowance for impairment, net	(10,266)	(15,083)
Legal claims provision – increase in allowance, net	(530,704)	(275,053)
Total changes in allowance for other losses	**(540,970)**	**(290,136)**
Total changes in allowance for expected credit losses and other losses	**(2,331,077)**	**(1,358,217)**

(in thousands of Russian roubles, unless otherwise stated)

20 Staff expenses

Staff expenses are as follows:

	2023	2022
Employee compensation	(5,890,220)	(4,991,891)
Payroll related taxes	(1,242,699)	(1,099,056)
Other staff expenses	(224,371)	(171,591)
Total staff expenses	**(7,357,290)**	**(6,262,538)**

21 General and administrative expenses

General and administrative expenses are as follows:

	2023	2022
Advertisement and marketing	(749,901)	(573,735)
Depreciation of property and equipment and right-of-use assets	(416,225)	(423,170)
General business expenses and other administrative expenses	(407,189)	(406,242)
Depreciation of intangible assets	(127,817)	(66,724)
Short-term leases	(88,436)	(95,361)
Office maintenance	(76,163)	(64,196)
Professional services	(55,472)	(26,587)
Communication	(32,417)	(28,701)
Other	(1,669)	(1,661)
Total general and administrative expenses	**(1,955,289)**	**(1,686,377)**

22 Non-operating expense

Non-operating expense in the amount of RUR 74,593 thousand (Note 5) represent losses incurred by the Group on the acquisition of issued bonds at a price above fair value from a former member of key management personnel and its close relatives (Note 28).

23 Income tax

Income tax expense recorded in profit or loss for the period comprises the following:

	2023	2022
Current tax charge	(1,336,259)	(2,077,458)
Deferred tax charge	(2,685,148)	(897,602)
Total income tax expense	**(4,021,407)**	**(2,975,060)**

Current income tax rate applicable to the majority of the Group's income is 20%. A reconciliation between the expected and the actual taxation charge is provided below.

	2023	2022
Profit before income tax	**18,817,289**	**14,865,567**
Theoretical tax charge – the Russian Federation statutory rate: 20%	**(3,763,458)**	**(2,973,113)**
Windfall tax	(243,105)	–
Effect of income taxable at lower rates	32,266	41,352
Non-deductible expenses	(47,111)	(43,299)
Income tax expense	**(4,021,407)**	**(2,975,060)**

(in thousands of Russian roubles, unless otherwise stated)

23 Income tax (continued)

The effective income tax rate for the year 2023 is 21.4% (2022: 20.0%).

Differences between IFRS and statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial and tax reporting purposes. The tax effect of the movements in these temporary differences is detailed below and is recorded at the rate of 20%.

	1 January 2023	*Recognised in profit or loss*	*Recognised in other comprehensive income*	*31 December 2023*
Derivative financial instruments	57,153	(57,153)	–	–
Lease liabilities	265,727	(47,255)	–	218,472
Other liabilities	508,439	216,101	–	724,540
Deferred income tax asset	**831,319**	**111,693**	**–**	**943,012**
Derivative financial instruments	–	35,285	(467,543)	(432,258)
Net investment in leases and financial assets at amortised cost	(3,339,875)	(2,869,934)	–	(6,209,809)
Property and equipment and right-of-use assets	(267,390)	71,937	–	(195,453)
Other assets	(418,519)	(34,876)	–	(453,395)
Borrowings and bonds issued	(42,921)	747	–	(42,174)
Deferred income tax liabilities	**(4,068,705)**	**(2,796,841)**	**(467,543)**	**(7,333,089)**
Net deferred tax liabilities	**(3,237,386)**	**(2,685,148)**	**(467,543)**	**(6,390,077)**

	1 January 2022	*Recognised in profit or loss*	*Recognised in other comprehensive income*	*31 December 2022*
Derivative financial instruments	–	(118,588)	175,741	57,153
Other assets	189,188	(189,188)	–	–
Lease liabilities	180,196	85,531	–	265,727
Other liabilities	458,197	50,242	–	508,439
Deferred income tax asset	**827,581**	**(172,003)**	**175,741**	**831,319**
Derivative financial instruments	(126,546)	126,546	–	–
Net investment in leases and financial assets at amortised cost	(2,875,851)	(464,024)	–	(3,339,875)
Property and equipment and right-of-use assets	(309,460)	42,070	–	(267,390)
Other assets	–	(418,519)	–	(418,519)
Borrowings and bonds issued	(31,249)	(11,672)	–	(42,921)
Deferred income tax liabilities	**(3,343,106)**	**(725,599)**	**–**	**(4,068,705)**
Net deferred tax liabilities	**(2,515,525)**	**(897,602)**	**175,741**	**(3,237,386)**

As at 31 December 2023 the aggregate amount of temporary differences associated with investments in subsidiaries, for which deferred tax liabilities have not been recognised, is RUB 6,923,827 thousand (31 December 2022: RUB 8,644,695 thousand).

Windfall tax

In August 2023 Federal Law No. 414-FZ *On Windfall Tax* was adopted. The Law establishes the procedure for determining and paying a one-off tax on excess (windfall) profits. The Law is effective from 1 January 2024. According to the Law, Russian entities, permanent establishments of foreign entities and foreign entities that are deemed Russian tax residents (subject to a number of exceptions envisaged by the Law) shall file a windfall tax return with the tax authorities before 25 January 2024 and pay windfall tax calculated at a rate of 10% before 28 January 2024.

(in thousands of Russian roubles, unless otherwise stated)

23 Income tax (continued)

Windfall tax (continued)

The tax base for windfall tax is determined as the amount by which the arithmetic mean of profits for 2021-2022 exceeds that for 2018-2019. The Law provides for a number of specific procedures for calculating the tax base, including specific procedures for companies that were members of a consolidated taxpayer group in those periods.

The Law also provides for the option of voluntarily making an "advance payment" during the period from 1 October through 30 November 2023. The advance payment will form a tax credit that the taxpayer can use to reduce the tax amount. The amount of such tax credit cannot exceed half the amount of tax payable. The tax credit is assumed to be zero if the advance payment is refunded (in full or in part) upon the taxpayer's claim.

The Group's management concluded that certain entities within the Group are liable to pay windfall tax. The Group applied the option of reducing the tax amount by making an advance payment. In these consolidated financial statements the Group recognised a windfall tax of RUB 243,105 thousand within current income tax expense.

24 Financial risk management

The risk management function within the Group is carried out in respect of financial risks (credit, market, and liquidity risks), operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

Risk management structure

Risk management functions are implemented at all corporate governance levels and are allocated as follows.

The Management board ensures the implementation of strategy, approves the risk management policy, allocates the risk management functions between the governance bodies and business units of the Group and controls their performance. The responsibilities of the Management board include the approval of total risk limits by type of risk and type of business. The Management board reviews risk level reports on a regular basis and reallocates the risk limits where necessary.

Risk Management Department is responsible for:

- Consideration and structuring of applications for new leasing limits, supporting of applications approval by the Executive committee;
- Preparing internal documents on the risk management procedures, including the identification, evaluation and control of risks;
- Independent analyses and evaluation of all types of risk to which the Group is exposed, including risks associated with its lease portfolio;
- Determining categories of credit risks;
- Independent monitoring of the financial and business position of clients (corporate customers and customers with increase in risk);
- Evaluating and monitoring of assets leased out (collateral).

(in thousands of Russian roubles, unless otherwise stated)

24 Financial risk management (continued)

Risk management structure (continued)

The Credit Committee is responsible for:

- Review and approval of limits for corporate finance contracts;
- Determination and approval of the terms of leasing products;
- Determination of categories of credit risks.

The Treasury Department is responsible for management of foreign currency risk, liquidity risk and interest rate risk.

The Portfolio Assets Department is responsible for notification of the customers about overdue lease payments (early collection) and monitoring the repayment of overdue net investment in leases and financial assets at amortised cost.

Used Vehicles Sales Department is responsible for sale of assets.

Risk management strategy

The risk management strategy is approved by the Company's Management board and Board of directors. The objective of this strategy is to define standards for the composition of the leasing portfolio with regard to the exposure to certain industries and to define specific underwriting criteria, in particular with regard to the structure of risk limits and assets leased out (collateral).

The decision whether or not to conclude a leasing contract with small and medium businesses depends primarily on the lessee's credit quality as reflected by the credit rating assigned under the internal rating system and leasing object provided in the transaction. In assigning such a rating, the Group considers factors such as the customer's financial position, the market in which the customer operates, the marketability of the customer's products and the customer's management system.

The Group applied the following approach to collateralised assets:

- The Group is the owner of the leased property;
- The Group funds liquid and highly liquid property (illiquid assets are not funded);
- Generally the lessee is required to make a down payment in the lease transaction.

Additional collateral may be presented by:

- Corporate guarantee/surety;
- Personal guarantee of an owner/director.

There are procedures in place that help to determine acceptability and the amount of collateral depending on the type of transaction, and the procedures of monitoring of the fair value of the collateral, which include the request of additional collateral in case of impairment of the current collateral. In order to mitigate the risks, the Group requires insurance of the leased asset.

Lease approval policies and procedures

A basic feature of the lease application process is a clear segregation of duties between business origination and risk management activities. Risk assessments are performed by the business origination and the risk management units.

(in thousands of Russian roubles, unless otherwise stated)

24 Financial risk management (continued)

Lease approval policies and procedures (continued)

The rating groups for credit quality analysis depends on the client's financial performance, the liquidity of the leased property, the client's downpayment in the lease transaction and the availability of additional collateral. The subsequent support and monitoring of the lease transactions are carried out by client managers, managers of the payment control department, monitoring experts (debt servicing monitoring), credit experts (financial performance monitoring) and property risk assessment managers (leased assets monitoring).

Credit risk

The Group is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Group's lending and other transactions with counterparties giving rise to financial assets.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one lessee, or groups of related lessees. Such risks are monitored on a revolving basis and subject to an annual or more frequent review.

Impairment

The Group has been recording the allowance for expected credit losses for all net investment in leases and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The allowance for expected credit losses is based on the credit losses expected to arise over the remaining life of the financial asset (the lifetime expected credit loss or LTECL), if there has been significant increase in credit risk since initial recognition. Otherwise the allowance for expected credit losses is based on credit loss expected to rise over the next 12 months after the reporting date (12mECL). Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has adopted a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Group combines its financial assets into Stage 1, Stage 2, Stage 3, as described below:

Stage 1: When financial assets (including net investment in leases and debtors on leasing activity) are first recognised, the Group recognises an allowance in the amount of 12mECL. Stage 1 financial assets also include facilities where the credit risk has decreased to such degree that the financial asset were transferred from Stage 2 or 3 to Stage 1.

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Group recognises an allowance in the amount of the LTECL. Stage 2 financial assets also include facilities, where the credit risk has decreased to such degree that the financial asset were transferred from Stage 3.

Stage 3: Financial assets are considered credit-impaired. The Group recognises an allowance in the amount of the LTECL.

(in thousands of Russian roubles, unless otherwise stated)

24 Financial risk management (continued)

Credit risk (continued)

The Group considers a financial instrument defaulted and therefore recognises it as Stage 3 (credit-impaired) for an estimate of ECL in all cases when the counterparty becomes 90 days past due on its contractual payments for at least one of the transactions with the Group, or there are other indicators of impairment. For example, financial instruments will be assigned to Stage 3 if the Group unilaterally terminates at its initiative one or more transactions with a counterparty irrespective of the period of overdue. Financial instruments with iden signs of counterparty fraud are also recognised as Stage 3.

The Group calculates ECL on a collective basis for all other classes of financial assets which it groups into homogeneous portfolios, based on a combination of internal and external characteristics of the assets.

The key elements of the ECL calculations are outlined below:

PD — Is an estimate of the probability of default over a given time interval and is determined based on the risk-segment and days overdue. Values of ECL are determined based on internal statistics using migration matrices (Markov Chains). Current and expected changes in the macroeconomic enviroment are used as forecast information. A default may happen over the assessed period, if the financial asset has not been previously derecognised and still exists in the portfolio.

EAD — The amount of assets at risk (EAD) is an estimate of the exposure at default. The Group estimates EAD as outstanding net investment in leases balance at the reporting date.

LGD — Is the losses arising in the case default occurs. LGD is based on the difference between the contractual cash flows due and those that the Group receives and would expect to receive discounted using effective interest rate, taking into account experience on the asset realisation. The values of LGD are determined using models developed on the basis of internal statistics.

The Group calculates the ECLs on the basis of three macroeconomic scenarios (a base case, an upside and a downside), weighted by probability. Each scenario is assigned by a weight based on a combination of statistical analysis and expert judgment regarding the range of possible outcomes represented by the scenarios. Current data and expected changes in macroeconomic variables are used as forecast information. In its ECL macroeconomic model, the Group relies on information of the Ministry of Economic Development of the Russian Federation, the Central Bank of the Russian Federation and consensus forecasts of the largest financial institutions as economic inputs.

Movements in the allowance for expected credit losses for net investment in leases and financial assets at amortised cost by Stages are disclosed in Note 8.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The liquidity is managed on a continuous basis and is designed to establish and maintain a diversified funding base. Liquidity risk is managed by the Treasury Department.

The Treasury Department performs day-to-day management of liquidity risk designed to maintain current and medium-term liquidity. Key management tools include the daily and long-term cash-flows planning, liquidity gap analysis, unused credit lines (overdrafts) and establishing portfolios of liquid assets.

The Group has a significant liquidity surplus, as cumulative liquidity position is positive at all maturities.

(in thousands of Russian roubles, unless otherwise stated)

24 Financial risk management (continued)

Liquidity risk (continued)

The maturity analysis of assets and liabilities as at 31 December 2023 is as follows:

	Demand and less than 1 month	*From 1 to 6 months*	*From 6 to 12 months*	*From 12 months to 5 years*	*Over 5 years / not stated maturity*	*Total*
Assets						
Cash and cash equivalents	11,561,804	–	–	–	–	**11,561,804**
Derivative financial instruments	210,620	1,172,913	509,064	270,279	–	**2,162,876**
Net investment in leases and financial assets at amortised cost	9,314,416	38,419,004	41,205,024	139,878,604	843,766	**229,660,814**
Assets purchased and advances to suppliers for lease operations	3,067,277	595,110	–	–	–	**3,662,387**
Debtors on leasing activity	–	228,090	–	–	–	**228,090**
Current income tax prepayment	13,144	–	–	–	–	**13,144**
VAT recoverable	3,476,479	1,530,761	–	–	–	**5,007,240**
Property and equipment and right-of-use assets	–	–	–	–	3,825,237	**3,825,237**
Leased objects returned	569,912	2,849,560	–	–	–	**3,419,472**
Other assets	629,331	1,371,481	635,322	1,817,629	711,435	**5,165,198**
Total assets	**28,842,983**	**46,166,919**	**42,349,410**	**141,966,512**	**5,380,438**	**264,706,262**
Liabilities						
Derivative financial instruments	(966)	58	2,499	–	–	**1,591**
Advances received from lessees	3,885,196	809,059	–	–	–	**4,694,255**
Borrowings	3,947,069	26,565,540	35,355,205	89,311,540	–	**155,179,354**
Bonds issued	–	10,547,801	7,799,997	23,090,971	5,648,120	**47,086,889**
Lease liabilities	14,730	78,404	103,374	890,199	5,654	**1,092,361**
Current income tax payable	493	–	–	–	–	**493**
VAT payable	105,981	211,962	–	–	–	**317,943**
Deferred income tax liabilities	–	–	–	–	6,390,077	**6,390,077**
Other liabilities	1,253,738	1,884,858	940,495	1,178,636	72	**5,257,799**
Total liabilities	**9,206,241**	**40,097,682**	**44,201,570**	**114,471,346**	**12,043,923**	**220,020,762**
Net position	**19,636,742**	**6,069,237**	**(1,852,160)**	**27,495,166**	**(6,663,485)**	**44,685,500**
Cumulative liquidity position	**19,636,742**	**25,705,979**	**23,853,819**	**51,348,985**	**44,685,500**	

As at 31 December 2023 bonds issued totalling RUB 5,648,120 thousand with maturity over 5 years can be repaid by the Group earlier at the specified put option exercise dates in the amount of RUB 704,682 thousand in the period from 6 to 12 months and in the amount of RUB 4,943,438 thousand in the period from 12 months to 5 years. As at 31 December 2023 bonds issued totalling RUB 1,255,830 thousand with maturity from 12 months to 5 years can be repaid by the Group earlier at the specified put option exercise dates in the period from 6 to 12 months.

As at 31 December 2023 the unused limits on uncommitted credit lines open to the Group amounted to RUB 35,139,310 thousand, the limits are valid up to a period from 6 months to over 5 years.

(in thousands of Russian roubles, unless otherwise stated)

24 Financial risk management (continued)

Liquidity risk (continued)

The maturity analysis of assets and liabilities as at 31 December 2022 is as follows:

	Demand and less than 1 month	*From 1 to 6 months*	*From 6 to 12 months*	*From 12 months to 5 years*	*Over 5 years / not stated maturity*	*Total*
Assets						
Cash and cash equivalents	10,172,629	–	–	–	–	**10,172,629**
Derivative financial instruments	(125)	70,264	42,269	30,891	–	**143,299**
Net investment in leases and financial assets at amortised cost	7,745,988	29,634,855	31,172,508	95,630,658	23,106	**164,207,115**
Assets purchased and advances to suppliers for lease operations	3,994,274	306,740	–	–	–	**4,301,014**
Debtors on leasing activity	–	181,896	–	–	–	**181,896**
Current income tax prepayment	13,646	–	–	–	–	**13,646**
VAT recoverable	1,210,458	–	–	–	–	**1,210,458**
Property and equipment and right-of-use assets	–	–	–	–	3,331,812	**3,331,812**
Leased objects returned	502,265	2,511,325	–	–	–	**3,013,590**
Other assets	457,841	897,699	332,025	601,047	429,232	**2,717,844**
Total assets	**24,096,976**	**33,602,779**	**31,546,802**	**96,262,596**	**3,784,150**	**189,293,303**
Liabilities						
Derivative financial instruments	49,111	248,957	98,729	32,274	–	**429,071**
Advances received from lessees	4,032,953	328,577	–	–	–	**4,361,530**
Borrowings	2,428,740	17,985,904	23,772,114	50,022,501	–	**94,209,259**
Bonds issued	–	5,409,804	6,911,639	28,773,733	6,347,246	**47,442,422**
Lease liabilities	16,147	85,217	105,559	1,121,712	–	**1,328,635**
Current income tax payable	143,352	–	–	–	–	**143,352**
VAT payable	85,771	171,541	–	–	–	**257,312**
Deferred income tax liabilities	–	–	–	–	3,237,386	**3,237,386**
Other liabilities	1,259,656	866,889	673,714	1,263,820	10	**4,064,089**
Total liabilities	**8,015,730**	**25,096,889**	**31,561,755**	**81,214,040**	**9,584,642**	**155,473,056**
Net position	**16,081,246**	**8,505,890**	**(14,953)**	**15,048,556**	**(5,800,492)**	**33,820,247**
Cumulative liquidity position	**16,081,246**	**24,587,136**	**24,572,183**	**39,620,739**	**33,820,247**	

As at 31 December 2022 bonds issued totalling RUB 6,347,246 thousand with maturity over 5 years can be repaid by the Group earlier at the specified put option exercise dates in the amount of RUB 700,337 thousand in the period from 1 to 6 months and in the amount of RUB 5,646,909 thousand in the period from 12 months to 5 years.

As at 31 December 2022 the unused limits on uncommitted credit lines open to the Group amounted to RUB 50,807,486 thousand, the limits are valid up to a period from 1 month to 5 years.

The table below shows financial liabilities as at 31 December 2023 and 31 December 2022 by their remaining contractual maturities. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the consolidated statement of financial position because the amount in the consolidated statement of financial position is based on discounted cash flows.

(in thousands of Russian roubles, unless otherwise stated)

24 Financial risk management (continued)

Liquidity risk (continued)

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the current exchange rate at the end of the reporting period.

The undiscounted maturity analysis of financial liabilities as at 31 December 2023 is as follows:

	Demand and less than 1 month	*From 1 to 6 months*	*From 6 to 12 months*	*From 12 months to 5 years*	*Over 5 years*	*Total*
Derivative financial instruments	(980)	103	2,826	–	–	**1,949**
Borrowings	4,992,336	35,684,859	43,656,703	102,326,535	–	**186,660,433**
Bonds issued	–	11,978,703	11,458,322	27,970,604	–	**51,407,629**
Lease liabilities	27,667	138,741	170,409	1,102,561	6,086	**1,445,464**
Other financial liabilities	1,105,689	323,271	–	–	–	**1,428,960**
Total potential future payments for financial liabilities	**6,124,712**	**48,125,677**	**55,288,260**	**131,399,700**	**6,086**	**240,944,435**

The undiscounted maturity analysis of financial liabilities as at 31 December 2022 is as follows:

	Demand and less than 1 month	*From 1 to 6 months*	*From 6 to 12 months*	*From 12 months to 5 years*	*Over 5 years*	*Total*
Derivative financial instruments	49,883	256,854	106,645	38,215	–	**451,597**
Borrowings	2,889,188	21,753,226	27,071,719	53,902,036	–	**105,616,169**
Bonds issued	–	7,439,949	8,603,645	37,572,116	–	**53,615,710**
Lease liabilities	29,055	145,271	173,754	1,379,673	30,507	**1,758,260**
Other financial liabilities	1,128,613	262,149	–	–	–	**1,390,762**
Total potential future payments for financial liabilities	**4,096,739**	**29,857,449**	**35,955,763**	**92,892,040**	**30,507**	**162,832,498**

The maturity analysis of borrowings is based on contractual repayment of tranches. The maturity analysis of bonds issued is based on specified offer dates.

Geographical risk

Most of assets and liabilities relate to the entities, registered in the Russian Federation. The Group is not exposed to significant geographical risks.

Market risk

Market risk is a risk of change in fair value of future cashflows as a result of changes in market prices of interest rates, currency rates and equity financial instruments.

The Group is not exposed to significant market risks.

Currency risk

Currency risk is a risk of change in value of financial instrument as a result of changes in currency rates. The Group accepts the risk associated with effects of fluctuations in the foreign currency exchange rates on its financial position and cash flows. The Group sets limits on the level of currency exposure (primarily US dollars and euro).

(in thousands of Russian roubles, unless otherwise stated)

24 Financial risk management (continued)

Market risk (continued)

As at 31 December 2023 and 31 December 2022 the Group operates in the Russian Federation, makes settlements in Russian roubles, has no foreign currency positions in financial assets and financial liabilities and is not exposed to currency risk.

Interest rate risk

The Group is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Margins between finance income earned and interest expenses paid may increase as a result of such changes but may reduce or create losses in the event unexpected movements arise.

The Treasury Department focuses mainly on the management of interest rate risk arising from a mismatch of interest rate repricing dates on net investment in leases and interest-bearing financial liabilities.

In order to assess interest rate risk, the Group performs sensitivity analysis using GAP analysis of the Group's assets and liabilities that are sensitive to changes in interest rates. For instruments with a fixed interest rate, maturities are determined by the remaining maturity of the instrument; for instruments with floating interest rates – according to the period remaining until the next revision of the interest rate. Based on the calculation of GAP in maturity buckets, the possible change in net interest income is calculated by applying stress testing for the for the period of 12 months after the reporting date.

The sensitivity of profit and loss to changes in market interest rates (with other factors unchanged) calculated for interest-bearing financial assets and interest-bearing financial liabilities as at 31 December 2023 is following:

	Impact on profit before tax, gain/(loss)	*Impact on net profit and equity, gain/(loss)*
100 bps parallel rise	137,726	110,181
100 bps parallel fall	(137,726)	(110,181)

The sensitivity of profit and loss to changes in market interest rates (with other factors unchanged) calculated for interest-bearing financial assets and interest-bearing financial liabilities as at 31 December 2022 is following:

	Impact on profit before tax, gain/(loss)	*Impact on net profit and equity, gain/(loss)*
500 bps parallel rise	775,139	620,111
300 bps parallel fall	(465,083)	(372,067)

The main risk, which is managed using derivative financial instruments, is an interest rate risk on floating rate financial instruments. Interest rate risk on floating rate financial instruments is the risk that future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt liabilities with floating interest rates – borrowings, which are hedged by the Group using interest rate swaps (Note 7). The Group hedges an entire hedged item against the interest rate risk inherent in the hedged item.

(in thousands of Russian roubles, unless otherwise stated)

24 Financial risk management (continued)

Market risk (continued)

The Group classifies floating rate debt as a hedged item and derivative financial instruments as a hedging instrument. There is an economic relationship between the hedged items and the hedging instruments as the terms of interest rate swap match the terms of the hedged items. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of interest rate swap are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments;
- Different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments;
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items;
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments (Note 7).

Operational risk

Operational risk is the risk of direct or indirect losses resulting from deficiencies or errors in internal processes, actions of employees, operations of information systems and technologies, and resulting from external events. When the control system ceases to function, operational risks can damage the reputation, have legal consequences, or lead to financial losses.

The Risk Management Department is engaged in the control over operational risks. Key tasks of this department include the day-to-day control over compliance with internal regulations, control over reporting by the employees of the Group and control over reporting on the impaired / potentially impaired debt by the employees of the Group. In addition, the Department controls compliance with the obligation to insure the leased assets, documentation and filing procedures.

25 Capital management

The objective when managing capital is to maintain high credit rating and capital adequacy ratio required to support its business and to maximise shareholder's value.

The Group considers total capital under management to be equity attributable to equity holders of the Group as shown in the consolidated statement of financial position. Certain loan agreements establish the minimum level of capital that the Group should comply with. As at 31 December 2023 and 31 December 2022 the Group was in full compliance with this contractual obligation.

(in thousands of Russian roubles, unless otherwise stated)

25 Capital management (continued)

The Group monitors capital adequacy ratio based on requirements of Basel Committee for Banking Supervision known as Basel III effective as at 31 December 2023. The capital adequacy ratio of the Group as at 31 December 2023 and 31 December 2022 calculated in accordance with the Basel Committee for Banking Supervision requirements is disclosed below.

	31 December 2023	*31 December 2022*
Total capital		
Tier 1 capital	42,327,352	33,633,634
Tier 2 capital	1,653,737	(216,434)
Total capital	**43,981,089**	**33,417,200**
Total risk weighted assets	**210,045,811**	**150,476,097**
Tier 1 capital adequacy ratio, %	**20.2**	**22.4**
Total capital adequacy ratio, %	**20.9**	**22.2**

26 Fair value measurement

The fair values of financial instruments at fair value through profit or loss is based on quoted market prices at the reporting date without any reduction for transaction costs. If quoted market prices are not available, the fair value is estimated using valuation techniques, which include discounted cash flow analysis and other valuation techniques commonly used by market participants.

Given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as realisable in an immediate sale of the assets or transfer of liabilities.

Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: inputs other than quotes prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. Fair value of financial instruments is estimated by discounting future cash flows using external data such as interest rates currently available on financial instruments with similar conditions, credit risk and maturity.
- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments. Fair value of financial instruments is estimated by discounting future cash flows using internal non-observable data on the rates of placement of similar instruments.

(in thousands of Russian roubles, unless otherwise stated)

26 Fair value measurement (continued)

Fair value hierarchy (continued)

As at 31 December 2023 and 31 December 2022 main financial instruments that are not carried at fair value are classified to the levels of fair value hierarchy as follows:

- Cash and cash equivalents are classified in Level 1.
- Borrowings are classified in Level 2.
- Net investment in leases and financial assets at amortised cost, Debtors on leasing activity, Other financial assets and Other financial liabilities are classified in Level 3.
- Bonds issued are classified in Level 1.

During the years 2023 and 2022 there were no transfers of main financial instruments that are not carried at fair value between the levels of fair value hierarchy.

As at 31 December 2023 and 31 December 2022 financial instruments that are carried at fair value are classified to the levels of fair value hierarchy as follows:

- Derivative financial instruments are classified in Level 2. As at 31 December 2023 fair value of derivative financial instruments amounts to RUB 2,161,285 thousand (31 December 2022: RUB 285,772 thousand).

Fair value of financial assets and liabilities not carried at fair value

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the statement of financial position. The table does not include the fair values of non-financial assets and non-financial liabilities.

	31 December 2023			*31 December 2022*		
	Carrying value	*Fair value*	*Unrecognised gains/(losses)*	*Carrying value*	*Fair value*	*Unrecognised gains/(losses)*
Financial assets						
Cash and cash equivalents	11,561,804	11,561,804	–	10,172,629	10,172,629	–
Net investment in leases and financial assets at amortised cost	229,660,814	216,487,066	(13,173,748)	164,207,115	167,231,776	3,024,661
Other financial assets	3,480,829	3,480,829	–	1,943,091	1,943,091	–
Financial liabilities						
Borrowings	155,179,354	153,220,918	1,958,436	94,209,259	95,067,392	(858,133)
Bonds issued	47,086,889	45,055,940	2,030,949	47,442,422	46,404,817	1,037,605
Other financial liabilities	1,428,783	1,428,783	–	1,388,041	1,388,041	–
Total unrecognised change in fair value			**(9,184,363)**			**3,204,133**

Valuation techniques and assumptions

The following describes the methodologies and assumptions used to determine fair values for assets and liabilities recorded at fair value and for assets and liabilities that are not measured at fair value in the statement of financial position.

Derivative financial instruments

Derivative financial instruments valued using a valuation technique with market observable inputs are interest rate swaps. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including interest rate curves.

(in thousands of Russian roubles, unless otherwise stated)

26 Fair value measurement (continued)

Valuation techniques and assumptions (continued)

Assets and liabilities for which fair value approximates carrying value

For financial assets and financial liabilities that are short-term it is assumed that the carrying amounts approximate to their fair value.

Net investment in leases and financial assets at amortised cost

Fair value of net investments in leases and financial assets at amortised cost is estimated by discounting future cash flows using internal non-observable data on the rates of placement of net investments in leases and financial assets at amortised cost.

Other financial assets and financial liabilities carried at amortised cost

Fair value of borrowings is estimated by discounting future cash flows using external data currently available on financial instruments with similar conditions, credit risk and maturity.

27 Contingencies and commitments

Legal proceedings

From time to time and in the normal course of business, claims against the Group may be received. As at 31 December 2023 on the basis of own estimates and internal professional advice the Group has formed provision for possible legal claims payments of RUB 281,369 thousand (31 December 2022: RUB 245,340 thousand) (Note 15).

Taxation

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 the Russian tax legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and federal authorities.

Recently, further implementation of mechanisms against tax evasion, including the use of aggressive tax planning structures, was carried out. In particular, the Russian tax legislation introduced rules that prohibit a taxpayer from reducing the tax base as a result of distortion of information about the facts of economic life and objects of taxation or as a result of transactions, the main purpose of which is non-payment (incomplete payment) of the tax amount, as well as in cases when the obligation under the transaction (operation) is fulfilled by a person who is not a party to the contract concluded with the taxpayer and (or) the person to whom the obligation to execute the transaction (operation) has been transferred under the contract or the law.

These changes, as well as recent trends in the application and interpretation of certain provisions of Russian tax legislation, indicate that in practice the tax authorities may take 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, additional taxes, penalties and interest may be assessed by the relevant authorities.

(in thousands of Russian roubles, unless otherwise stated)

27 Contingencies and commitments (continued)

Taxation (continued)

Fiscal periods remain open and subject to review by the tax authorities of the Russian Federation for a period up to 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.

Despite the fact that, in accordance with Russian tax legislation, control over transfer pricing has been abolished for a significant part of domestic transactions, intra-group transactions can be checked by territorial tax authorities for unjustified tax benefits, and transfer pricing methods can be used to determine the amount of additional charges.

The Group's management believes that the Group fully complies with transfer pricing rules, and controlled transaction prices are consistent with market prices.

As at 31 December 2023 and 31 December 2022 the Group's management believes that its interpretation of the relevant legislation is appropriate, and the Group will be able to defend its position in the event of disputes with regulatory authorities.

Compliance with covenants

The Group is subject to certain covenants related primarily to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including a growth in the cost of borrowings and declaration of default. The Group is in compliance with covenants as at 31 December 2023 and 31 December 2022.

28 Related party transactions

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

Amounts of income and expense from related party transactions for the years 2023 and 2022 are as follows:

	2023			*2022*	
	Entities under common control or significant influence of the controlling shareholder	*Key management and other related parties*	*Share-holders*	*Entities under common control or significant influence of the controlling shareholder*	*Key management and other related parties**
Interest income	–	640	314	9,132	173
Interest expense	(467,060)	(38,351)	–	(437,796)	(39,034)
Other income and expense	2,008,259	310	8	1,526,422	202
Changes in allowance for expected credit losses on net investment in leases and financial assets at amortised cost	–	(18)	2	8	–
Changes in allowance for expected credit losses on other assets	(142)	–	–	6	–
Staff expenses	(57,499)	(2,406,640)	–	(50,599)	(2,021,333)
General and administrative expenses	(163)	(42,968)	–	(13,380)	(36,159)
Non-operating income	10,247	–	–	7,883	–
Non-operating expense	–	–	–	–	(74,593)

* *Comparative information for the year 2022 is presented with changes (Note 5).*

(in thousands of Russian roubles, unless otherwise stated)

28 Related party transactions (continued)

For the year 2022 non-operating expense represents the Group's loss in the amount of RUB 74,593 thousand on transactions of the acquisition of issued bonds from a former member of key management personnel and its close relatives at a price above fair value (Note 22). The aggregate purchase price at which the Group acquired issued bonds from a former member of key management personnel and its close relatives, excluding accumulated coupon income, amounted to RUB 516,706 thousand, which corresponded to a weighted average yield of 8.8% per annum and a discount to the par value of the bonds of 1%. During the period of acquisition of issued bonds from a former member of key management personnel and its close relatives, the value of the zero-coupon yield curve of government bonds with a similar duration according to the Moscow Exchange ranged from 10.1% per annum to 10.3% per annum.

Carrying amounts of assets and liabilities under related party transactions as at 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023		*31 December 2022*	
	Entities under common control or significant influence of the controlling shareholder	*Key management and other related parties*	*Entities under common control or significant influence of the controlling shareholder*	*Key management and other related parties*
Net investment in leases and financial assets at amortised cost	–	8,124	–	2,926
Other assets	24,638	–	41,036	–
Bonds issued	4,893,548	548,542	5,013,056	352,483
Other liabilities	–	1,954,455	38	1,389,474

As at 31 December 2023 and 31 December 2022 key management personnel and other related parties include members of the Board of Directors, the Management Board, executives and directors in key management positions, and their close relatives. The Group has the long-term incentive program for key management personnel. The Group creates the reserve for possible payments in Other liabilities. The payments depend on reaching specific key performance indicators. For the year 2023 expenses on short-term and other long-term employee benefits for key management personnel amounted to RUB 578,760 thousand and RUB 1,870,848 thousand, respectively (2022: RUB 582,715 thousand and RUB 1,474,777 thousand, respectively).

29 Changes in liabilities arising from financing activities

	Borrowings	*Bonds issued*	*Lease liabilities*	*Total liabilities from financing activities*
Carrying amount at 31 December 2021	**78,538,253**	**54,763,969**	**900,978**	**134,203,200**
Proceeds from raising/issue	51,400,000	5,500,000	–	**56,900,000**
Redemption	(35,745,613)	(12,710,021)	(232,252)	**(48,687,886)**
Recognition/derecognition/reassessment	(200,000)	(57,435)	659,909	**402,474**
Other	216,619	(54,091)	–	**162,528**
Carrying amount at 31 December 2022	**94,209,259**	**47,442,422**	**1,328,635**	**142,980,316**
Proceeds from raising/issue	106,200,000	12,000,000	–	**118,200,000**
Redemption	(45,643,905)	(12,300,076)	(207,766)	**(58,151,747)**
Recognition/derecognition/reassessment	–	–	(28,508)	**(28,508)**
Other	414,000	(55,457)	–	**358,543**
Carrying amount at 31 December 2023	**155,179,354**	**47,086,889**	**1,092,361**	**203,358,604**

The "Other" line includes the effect of accrued but not yet paid interest on borrowings, bonds issued and lease liabilities. The Group classifies interest paid as cash flows from operating activities.

(in thousands of Russian roubles, unless otherwise stated)

30 Events after the reporting date

In January-February 2024 the Company increased open credit limits by the amount of RUB 17,000,000 thousand under loan agreements concluded with banks.

In January-February 2024 the Group obtained borrowings in the amount of RUB 11,000,000 thousand.