PJSC “MTS-Bank”

Summary Published Consolidated Financial statements for the Year Ended 31 December 2025 and Independent Auditor’s Report

Public Joint-Stock Company "MTS-Bank"

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ДЕЛОВЫЕ РЕШЕНИЯ И ТЕХНОЛОГИИ
BUSINESS SOLUTIONS AND TECHNOLOGIES

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INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY PUBLISHED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders and Board of Directors of Public Joint-Stock Company "MTS-Bank":

Opinion

The accompanying summary published consolidated financial statements, which comprise:

- the summary published consolidated statement of financial position as at 31 December 2025;
- the summary published consolidated statement of profit or loss for the year ended 31 December 2025;
- the summary published consolidated statement of other comprehensive income for the year ended 31 December 2025;
- the summary published consolidated statement of changes in equity for the year ended 31 December 2025; and
- the related notes.

have been prepared in accordance with the disclosure restrictions specified in the Bank of Russia Board of Directors' Decision "On Requirements for Financial Statements and Information Disclosure by Credit Institutions (Parent Credit Institutions of Banking Groups) in 2026" dated 19 December 2025, and Bank of Russia Information Letter No. IN-03-23/1 "On Requirements for Disclosure and Filing with Bank of Russia of Reports and Information in 2026" dated 26 January 2026 based on the audited consolidated financial statements of Public Joint-Stock Company MTS-Bank (the "Bank") and its subsidiaries (the "Group"), prepared in accordance with International Financial Reporting Standards.

In our opinion, the accompanying summary published consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements referred to above in accordance with the established criteria described in Note 2 Basis of Presentation.

Summary published consolidated financial statements

The summary published consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards. Reading the summary published consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 3 March 2026.

That report also includes information on 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the 2025 Annual Report and the Issuer's Report for the 12 months 2025, but does not include the summary published consolidated financial statements and our auditor's report thereon. We expect that the Annual Report and the Issuer's Report will be provided to us after the date of this Independent Auditor's Report.

Our opinion on the summary published 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 summary published 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.

When we read the 2025 Annual Report and the Issuer's Report for the 12 months 2025, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee of the Board of Directors.

Management's Responsibility for the Summary Published Consolidated Financial Statements

Management is responsible for the preparation of the summary published consolidated financial statements in accordance with the established criteria described in Note 2 Basis of Presentation.

Auditors' Responsibility

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

Anna Mikhailovna Zdanevych
(ORNZ No. 21906101496)
Engagement Partner
Acting based on the power of attorney issued by the General Director on 16 January 2025 authorizing to sign off the audit report on behalf of AO "Business Solutions and Technologies" (ORNZ № 12006020384).

Moscow, Russia
3 March 2026

Public Joint-Stock Company "MTS-Bank"

МТС БАНК

Summary Published Consolidated Statement of Profit or Loss
For the Year Ended 31 December 2025
(in millions of Russian Rubles, unless otherwise indicated)

	Notes	2025	2024
Interest income, including income calculated using the effective interest method	5	136 126	91 228
Interest expense, including expense calculated using the effective interest method	5	(88 725)	(48 576)
Deposit insurance expense	5	(1 400)	(1 093)
Net interest income		**46 001**	**41 559**
Allowance for expected credit losses on interest-bearing assets	6	(24 752)	(30 901)
Net interest income after allowance for expected credit losses		**21 249**	**10 658**
Fee and commission income	7	23 804	32 072
Fee and commission expense	7	(8 602)	(8 840)
Net gain on transactions with financial instruments and foreign currency		279	3 689
Operating lease income	28	4 505	3 434
Recovery of allowance/(allowance) for expected credit losses on other transactions	6	409	(1 488)
Other net income/(expenses)	8	1 008	(2 008)
Operating expenses	9	(23 920)	(24 569)
Profit before tax		**18 732**	**12 948**
Income tax expense	10	(4 295)	(578)
Profit for the period		**14 437**	**12 370**
Attributable to:			
Shareholders of the Parent Bank		14 431	12 370
Non-controlling interests		6	-
Basic and diluted earnings per ordinary share (in Russian rubles per share)	23	**315**	**351**

On behalf of the Management Board of the Bank:

E. A. Issopov
Chairman of the Management Board

3 March 2026
Moscow

A.V. Yeltyshev
Chief Accountant

3 March 2026
Moscow

ПУБЛИЧНОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО «МТС-БАНК» • ОГРН 1027739053704 • МОСКВА
МТС БАНК

Notes 1–32 form an integral part of these summary published consolidated financial statements.

Public Joint-Stock Company “MTS-Bank”

Summary Published Consolidated Statement of Other Comprehensive Income
For the Year Ended 31 December 2025
(in millions of Russian Rubles)

	Notes	2025	2024
Net profit for the period		**14 437**	**12 370**
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that will not be subsequently reclassified to profit or loss:			
Revaluation reserve for property and equipment			
- Net change in fair value of property and equipment, less the effect from income tax		375	60
Items that may be reclassified subsequently to profit or loss:			
Revaluation reserve for securities at fair value through other comprehensive income:			
- Net change in fair value, less the effect from income tax		1 576	(1 134)
- Net change in allowance for expected credit losses, less the effect from income tax		(47)	33
- Net change in fair value transferred to profit or loss, less the effect from income tax		(938)	142
Other comprehensive income/(loss)		966	(899)
TOTAL COMPREHENSIVE INCOME		**15 403**	**11 471**
Attributable to:			
Shareholders of the Parent Bank		15 397	11 471
Non-controlling interests		6	-

On behalf of the Management Board of the Bank:

E. A. Issopov
Chairman of the Management Board
3 March 2026
Moscow

A.V. Yeltyshev
Chief Accountant
3 March 2026
Moscow

Notes 1–32 form an integral part of these summary published consolidated financial statements.

Public Joint-Stock Company “MTS-Bank”

Summary Published Consolidated Statement of Financial Position
As at 31 December 2025
(in millions of Russian Rubles)

	Notes	31 December 2025	31 December 2024
ASSETS:			
Cash and cash equivalents	11	72 138	93 757
Investments in securities	12	301 471	78 786
Loans to customers	13	338 806	385 805
Due from financial institutions		10 644	10 644
Investment property	14	6 651	7 226
Property and equipment, and intangible assets	15	15 724	13 477
Deferred tax assets	10	4 090	4 562
Other assets	16	4 974	8 207
TOTAL ASSETS		**754 498**	**602 464**
LIABILITIES AND EQUITY			
LIABILITIES:			
Due to banks and other financial institutions	17	109 781	97 636
Customer accounts	18	489 490	359 582
Debt securities issued	19	14 185	17 848
Other borrowings and liabilities	20	14 703	14 963
TOTAL LIABILITIES		**628 159**	**490 029**
EQUITY:			
Share capital	21	19 242	17 793
Share premium	21	26 236	23 684
Perpetual bonds	21	19 500	19 500
Additional paid-in capital	21	18 600	18 600
Other reserves		604	(1,049)
Retained earnings		42 126	33 907
Total equity attributable to the shareholders of the Parent Bank		**126 308**	**112 435**
Non-controlling interests		31	-
TOTAL EQUITY		**126 339**	**112 435**
TOTAL LIABILITIES AND EQUITY		**754 498**	**602 464**

On behalf of the Management Board of the Bank:

E. A. Issopov
Chairman of the Management Board

3 March 2026
Moscow

A.V. Yeltyshev
Chief Accountant

3 March 2026
Moscow

Notes 1–32 form an integral part of these summary published consolidated financial statements.

Public Joint-Stock Company “MTS-Bank”

Summary Published Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2025
(in millions of Russian Rubles)

	Notes	Share capital	Share premium	Perpetual bonds	Additional paid-in capital	Other reserves	Retained earnings	Total equity attributable to the shareholders of the Parent Bank	Non-controlling interests	TOTAL EQUITY
31 December 2023		**15 493**	**15 062**	**5 000**	**18 600**	**(107)**	**22 244**	**76 292**	**-**	**76 292**
Profit for the period		-	-	-	-	-	12 370	12 370	-	12 370
Other comprehensive loss		-	-	-	-	(899)	-	(899)	-	(899)
Total comprehensive (loss)/income		**-**	**-**	**-**	**-**	**(899)**	**12 370**	**11 471**	**-**	**11 471**
Issue of ordinary shares	21	2 300	8 622	-	-	-	-	10 922	-	10 922
Issue of perpetual bonds	21	-	-	20 500	-	-	-	20 500	-	20 500
Redemption of perpetual bonds	21	-	-	(6 000)	-	-	-	(6 000)	-	(6 000)
Interest paid on perpetual bonds	21	-	-	-	-	-	(753)	(753)	-	(753)
Share-based payments reserve	22	-	-	-	-	701	-	701	-	701
Other movements		-	-	-	-	(744)	46	(698)	-	(698)
31 December 2024		**17 793**	**23 684**	**19 500**	**18 600**	**(1 049)**	**33 907**	**112 435**	**-**	**112 435**
Profit for the period		-	-	-	-	-	14 431	14 431	6	14 437
Other comprehensive income		-	-	-	-	966	-	966	-	966
Total comprehensive income		**-**	**-**	**-**	**-**	**966**	**14 431**	**15 397**	**6**	**15 403**
Issue of ordinary shares	21	1 449	2 552	-	-	-	-	4 001	-	4 001
Interest paid on perpetual bonds	21	-	-	-	-	-	(3 124)	(3 124)	-	(3 124)
Share-based payments reserve	22	-	-	-	-	687	-	687	-	687
Non-controlling interest in the acquisition of company		-	-	-	-	-	-	-	25	25
Dividends declared	21	-	-	-	-	-	(3 088)	(3 088)	-	(3 088)
31 December 2025		**19 242**	**26 236**	**19 500**	**18 600**	**604**	**42 126**	**126 308**	**31**	**126 339**

On behalf of the Management Board of the Bank:

E. A. Issopov
Chairman of the Management Board

3 March 2026
Moscow

A.V. Yeltyshev
Chief Accountant

3 March 2026
Moscow

Notes 1–32 form an integral part of these summary published consolidated financial statements.

1. Organization

Public Joint Stock Company “MTS-Bank” (“MTS-Bank”) was incorporated in the Russian Federation as an open joint stock company in 1993. The former name of MTS-Bank is Joint Stock Commercial Bank “Moscow Bank for Reconstruction and Development” (Open Joint Stock Company). The name was changed by the decision of the shareholders’ meeting held on 16 December 2011. In accordance with the change in Russian Federation legislation in 2014, MTS-Bank changed its legal form from OJSC to PJSC.

MTS-Bank is regulated by the Central Bank of the Russian Federation (the “CBR”) and conducts its business under general license number 2268. MTS-Bank’s primary business consists of commercial activities, trading with securities, foreign currencies and derivative instruments, originating loans and guarantees.

The registered office of the Bank is located at: 18 Prospekt Andropova, bldg.1, Moscow, 115432, Russian Federation (“RF”).

On 26 April 2024, MTS-Bank conducted an initial public offering (IPO) on the Moscow Exchange. Its shares were included in the first-level listing of the Moscow Exchange under the ticker “MBNK” and ISIN RU000A0JRH43.

2. Basis of presentation

Key accounting principles

Basis of presentation of the summary published consolidated financial statements. These summary published consolidated financial statements have been prepared on the basis of the audited consolidated financial statements of the Bank and its subsidiaries prepared in accordance with International Financial Reporting Standards (“IFRS”) as at and for the year ended 31 December 2025, with account of the requirements set out in Appendix 1 to the Bank of Russia Board of Directors’ Decision *On Requirements for Financial Statements and Information Disclosure by Credit Institutions (Parent Credit Institutions of Banking Groups) in 2026* of 19 December 2025 and Bank of Russia Information Letter No. IN-03-23/1 *On Requirements for Disclosure and Filing with Bank of Russia of Reports and Information in 2026* of 26 January 2026.

These summary published consolidated financial statements comprise the summary published consolidated statement of financial position as at 31 December 2025, the summary published consolidated statement of profit or loss for the year ended 31 December 2025, the summary published consolidated statement of other comprehensive income for the year ended 31 December 2025, the summary published consolidated statement of changes in equity for the year ended 31 December 2025 and selected condensed notes.

The summary published consolidated financial statements do not contain all the disclosures required by IFRS. Reading the summary published consolidated financial statements and the auditor’s report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and auditor’s report thereon.

2. Basis of Presentation (continued)

The summary published consolidated financial statements of the Group do not include the information provided in Appendix 1 to the CBR Board of Directors' Decision *On Requirements Regarding Disclosure of Financial Statements and Information by Credit Institutions (Parent Credit Institutions of Banking Groups) in 2026* dated 19 December 2025, namely:

- Derivative financial instruments held for hedging and their revaluation;
- Investments in associates;
- Provisions for possible losses on loan commitments and other possible losses and transactions with offshore residents;
- Treasury shares (stakes);
- Foreign currency transactions (volumes and amounts);
- Gain and loss (net gain) on foreign currency transactions and foreign currency revaluation;
- Income from investments in other entities;
- Change in the cash flow hedge reserve;
- Base, additional and additional paid-in capital instruments of subsidiaries held by third parties;
- Investments in base, additional and additional paid-in capital instruments of financial institutions and other instruments of financial institutions that provide the total loss-absorbing capacity;
- Gearing ratio;
- Short-term liquidity ratio;
- Net stable funding ratio;
- Concentration ratios;
- Cash flows for the 2025 and 2026 reporting periods;
- Risks assumed, risk assessment, risk and capital management procedures (as part of the information stipulated in Appendix to Instruction No. 4482-U);
- Shareholders (participants), as well as persons controlling shareholders (participants);
- Affiliates;
- Persons controlling or having significant influence over the credit institution;
- Subsidiaries of the credit institution (banking group);
- Members of management bodies and other officials of the credit institution and entities under its control;
- Beneficial owners the credit institution;
- Operations (transactions) of the credit institution, its beneficial owners and persons under its control;
- Counterparties of the credit institution and the industry and geographical structure of operations (transactions) with them;
- Assets with restriction on use;
- Reorganization of the credit institution (except for information on the fact of taking a decision on reorganization);
- Significant facts (events, actions) affecting the business activities of the credit institution being reorganized in the form of merger, consolidation or transformation except for facts (events, actions) specified in clauses 5 and 6 of part 8 Article 23.5 of the Federal Law No. 395-1.

In accordance with the above decision of the CBR's Board of Directors, the Group does not publish the audited consolidated financial statements prepared in accordance with IFRS for 2025.

2. Basis of Presentation (continued)

Going concern. These financial statements have been prepared on the assumption that the Group is a going concern and will continue its operation for the foreseeable future.

In making this judgment the management considered the current financial position of the Group, the ability of the Bank (that is the Group’s parent company) to maintain the capital adequacy level in accordance with the CBR requirements and comply with other external covenants during at least 12 months after the reporting date.

Despite the uncertainty associated with further developments in the operating environment, based on the analysis performed, the Group’s management is confident that the going concern assumption can be fully applied to the Group.

Other basis of presentation criteria. These summary published consolidated financial statements are presented in million of Russian rubles (“RUB million”), unless otherwise indicated. These summary published consolidated financial statements have been prepared on the historical cost basis except for certain property and equipment, investment property and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. In these summary published consolidated financial statements, fair value measurements and/or fair value disclosures are made on the basis above, except for measurements that have some similarities to fair value but are not fair value (e.g. net realizable value in IAS 2 Inventories or value in use in IAS 36 *Impairment of Assets*).

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3. The levels correspond to the possibility of direct determination of fair value based on market data and reflect the significance of the source data used in the assessment of fair value as a whole:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are prices, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3 inputs are unobservable inputs for the asset or liability.

The Bank and its subsidiaries registered in the Russian Federation maintain their accounting records in accordance with the Russian Accounting Standards (“RAS”). These summary published consolidated financial statements have been prepared from the statutory accounting records and have been adjusted to conform to IFRS.

2. Basis of Presentation (continued)

Functional currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the parent company and each subsidiary of the Group is the Russian ruble (RUB). The Russian ruble is the presentational currency of the summary published consolidated financial statements of the Group. All values are rounded to the nearest million rubles, except where otherwise indicated.

Offsetting. Financial assets and financial liabilities are offset and the net amount reported in the summary published consolidated statement of financial position only when the Group has a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the summary published consolidated statement of profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

3. Significant accounting policies

The Group applied the same principles of the accounting policies, presentation and methods of computation to prepare these summary published consolidated financial statements for the year ended 31 December 2025, as for the preparation of the summary published consolidated financial statements of the Group for the year ended 31 December 2024, except for the impact of the adoption of new and amended standards and interpretations.

New and amended IFRSs effective in the current year

Amendments to IAS 21 *Lack of Exchangeability* became effective on 1 January 2025. The Group applies these amendments with no significant impact on its summary published consolidated financial statements.

New and revised IFRS in issue but not yet effective

At the date of approval of these summary published consolidated financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective.

- Amendments to IFRS 9 *Classification and Measurement of Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* concerning the classification and measurement of financial instruments and contracts referencing nature-dependent electricity;
- Amendments to IFRS 18 *Presentation and Disclosure in Financial Statements*;
- Amendments to IFRS 19 *Subsidiaries without Public Accountability: Disclosures*;
- Annual Improvements to IFRS Accounting Standards — Volume 11: IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 9 *Financial Instruments*, IFRS 10 *Consolidated Financial Statements*, and IAS 7 *Statement of Cash Flows*.

Management does not expect that the adoption of the standards listed above will have a material impact on the summary published consolidated financial statements of the Group in future periods, except as noted below:

3. Significant accounting policies (continued)

IFRS 18 Presentation and Disclosure in Financial Statements IFRS 18 replaces IAS 1 *Presentation of Financial Statements* and introduces new requirements to:

- Present specified categories and subtotals in the statement of profit or loss;
- Improve the aggregation and disaggregation of information in the key financial statements and notes thereto;
- Provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements.

An entity is required to apply IFRS 18 retrospectively for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The Group's management is assessing the effect of the future application of IFRS 18.

Basis of consolidation. The summary published consolidated financial statements incorporate the financial statements of MTS-Bank and entities controlled by MTS-Bank (its subsidiaries).

Control is achieved when the Bank:

- Has power over an investee;
- Is exposed, or has rights, to variable returns from its involvement with an investee; and
- Has the ability to use its power to affect its returns.

MTS-Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When MTS-Bank has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. MTS-Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- The size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Bank, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when MTS-Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the summary published consolidated statement of profit or loss and other comprehensive income from the date the Bank gains control until the date when the Bank ceases to control a subsidiary.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with the Group's accounting policies.

3. Significant accounting policies (continued)

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions among members of the Group are eliminated on consolidation.

Non-controlling interests (NCI) in the subsidiaries are identified separately from the Group's equity. Those interests of non-controlling shareholders entitling their holders to a proportionate share of net assets upon liquidation are measured initially at the NCI's proportionate share of the fair value of the acquiree's identifiable net assets. Other NCI are initially measured at fair value. Subsequent to acquisition, the carrying amount of NCI is the amount of those interests at initial recognition plus the NCI's share of subsequent changes in equity.

Acquisition of businesses under common control Business acquisitions involving the transfer of ownership interests in the entities under common control are recognized at a control acquisition date without restating comparative information.

Changes in the Group's ownership interests in the existing subsidiaries. Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Group.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (1) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (2) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Net interest income Interest income and expense for all financial instruments except for those measured or designated as at fair value through profit or loss (FVTPL) are recognized in 'Net interest income' as 'Interest income' and 'Interest expense' in the profit or loss accounts using the effective interest method. Interest on financial instruments of FVTPL category are included in "Net interest income" and are calculated according to the contractual terms for the accrual of interest income/expense.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument. The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts.

3. Significant accounting policies (continued)

For financial assets at FVTPL transaction costs are recognized in profit or loss at initial recognition.

The interest income/interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortized cost of the financial asset before adjusting for any expected credit loss provision), or to the amortized cost of financial liabilities.

For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortized cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets originated or purchased credit-impaired – “POCI”) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Recognition of fee and commission income and expense for the services provided/(received). Loan origination fees are deferred, together with the related direct costs, and recognized as an adjustment to the effective interest rate of the loan. Where it is probable that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are deferred, together with the related direct costs, and recognized as an adjustment to the effective interest rate of the resulting loan. Where it is unlikely that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are recognized in profit or loss over the remaining period of the loan commitment.

Where a loan commitment expires without resulting in a loan, the loan commitment fee is recognized in profit or loss on expiry. Loan servicing fees are recognized as revenue as the services are provided. Loan syndication fees are recognized in profit or loss when the syndication has been completed. All other commissions are recognized when services are provided. Fee and commission expenses with regards to services are accounted for as the services are received.

***Classification and measurement of financial assets*.** All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value on the basis of the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding (SPPI) are measured at amortized cost.

Debt instruments held within a business model, whose objective is achieved both by obtaining contractual cash flows and selling a financial asset, are recorded as measured at fair value through other comprehensive income (FVTOCI).

All other debt and equity instruments are measured at FVTPL. As at the reporting date, the Group had no financial assets irrevocably designated as at FVTPL upon initial recognition.

In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies) in other comprehensive income, with only dividend income generally recognized in profit or loss.

3. Significant accounting policies (continued)

For an asset to be classified and measured at amortized cost or at FVTOCI, its contractual terms should give rise to cash flows that are SPPI.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal).

Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. A financial asset that is originated or acquired may constitute a basic lending arrangement, regardless of whether it takes the legal form of a loan.

The Group has more than one business model for managing its financial instruments, which reflect how the Group manages its financial assets in order to receive cash flows. The Group’s business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

Debt securities and loans to customers are held by the Group within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. These financial assets are accounted for by the Group at amortized cost in accordance with IFRS 9.

At initial recognition of a financial asset, the Group determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group reassesses its business models each reporting period to determine whether the business models have changed since the preceding period. For the current reporting period, the Group has not identified a change in its business models.

Impairment. The Group recognizes allowances for ECL on financial instruments, which also includes foreign currency revaluations, that are not measured at FVTPL.

The Group developed a valuation technique of allowances based on the analysis of ECL. In accordance with it, depending on the change in the level of credit risk of a financial instrument since its initial recognition, financial instruments are divided into 3 groups:

- Stage 1 of credit quality – financial instruments with a low level of credit risk, that is, the borrower has a stable ability to fulfill liabilities under the contract in the near future, adverse changes in economic and commercial conditions in the long term can, but not necessarily, reduce its ability to fulfill liabilities under the loan agreement;
- Stage 2 of credit quality – financial instruments for which there is a significant deterioration of credit risk as compared with the moment of initial recognition;
- Stage 3 of credit quality – financial instruments that have at least one of the signs of default.

3. Significant accounting policies (continued)

The Group also uses scenario analysis to estimate allowances taking into account different outcome probabilities, which are adjusted to the present value using a discount rate that reflects the use of a risk-free rate and counterparty credit spread.

When disclosing transfers of financial instruments between stages by financial instruments for the reporting period, the Group discloses the final stage of a financial instrument as at the reporting date.

For financial instruments in Stage 1 of credit quality, the allowance is valued based on expected credit losses for 12 months. For financial instruments for which there is a significant increase in credit risk from the time of initial recognition, the allowance is valued taking into account expected credit losses over the entire life of an instrument.

The financial instrument is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets.

Signs of deterioration in credit quality, indicating an increase in credit risk on financial instruments evaluated on an individual basis, resulting in the transfer of financial instruments from Stage 1 to Stage 2 of credit quality are presented below:

Loans to corporate borrowers

- Relative increase in probability of default (PD) compared with the moment of initial recognition by 100 or more percentage points;
- Overdue principal and/or interest for more than 30 calendar days in banks;
- Risk restructuring, in which the debtor is able to repay at the expense of its own financial and economic activities;
- Identifying other factors indicating an increase in credit risk.

Debt securities

- Technical default (at least for one of the issuer’s bond issues);
- Restructuring of the issuer’s liabilities on a bonded loan (at least on one of the issuer’s bonds issues), except the case of a change in its conditions that meets the criteria for risk-free restructuring;
- Identifying other factors indicating an increase in credit risk.

Due from credit institutions

- Restructuring of the credit institution’s liability to the Group, except the case of a change in its conditions that meets the criteria for risk-free restructuring;
- Identifying other factors indicating an increase in credit risk.

3. Significant accounting policies (continued)

Description of the signs of default on corporate borrowers and debt securities is given below:

Corporate borrowers

- Overdue principal and/or interest for more than 90 days;
- Overdue principal and/or interest for a period of less than 90 calendar days in banks if there are other facts indicating that it is impossible to fulfil liabilities to the Group;
- Appeal of the borrower to court with a statement of bankruptcy or taking measures aimed at non-fulfillment of its liabilities to the creditor bank (for example, challenging the borrower in court of the terms of a credit transaction (subject to refusal to service and pay liabilities to the bank);
- Appeal to creditors (including the Group) for restructuring due to the inability to fulfill the liabilities;
- Default on bond loans (except for technical default);
- Introduction of bankruptcy proceedings;
- Bank filing a claim/claims for declaring a borrower bankrupt;
- Writing-off by the Group of a part of the borrower’s debt;
- Implementation of a credit claim with significant economic losses due to the deterioration in the quality of the credit claim;
- Repayment of liabilities to the Group due to the provision of other loans by the Group (excluding cases when such payments are stipulated by the terms of loan agreements);
- Introduction by the borrower of the moratorium on repayment of debt liabilities to creditors;
- Revocation from the borrower of licenses/permits necessary for the principal activity;
- Provision by the Group of critical (forced) restructuring for economic or legal reasons related to the financial difficulties of the borrower, which the lender would not have decided under any other circumstances in which the borrower’s operational activity is no longer the source of repayment, i.e. the borrower is not able to repay at the expense of own financial and economic activities (for example, the source of redemption is the sale of assets, the funds of the guarantor, etc.);
- Other credit risk factors indicating the impossibility of meeting liabilities to the Group.

For *debt securities*, a delay of more than 10 business days in the fulfillment of liabilities by the issuer (if a shorter period is not provided for with the issuing documents), or a refusal to fulfil the specified liability in the following cases:

- Payment of the next interest income (coupon) on the bonds;
- Redemption of the nominal value of the bond (redemption of the part of the nominal value if the redemption of the nominal value is carried out in parts);
- Fulfillment of the obligation to purchase bonds, if it is provided for by the terms of the issue (redemption on an offer).

The event of default of a bank or non-banking credit institution-counterparty is the fact that it has failed to fulfill its obligations to the Group (except for those arising from the terms of bond loans issued by them) for more than 5 business days.

3. Significant accounting policies (continued)

Stage 1 contains non-overdue loans and loans with debts overdue for a period of up to 30 days. Stage 2 contains loans with overdue debts from 1 to 90 days, depending on whether there is a loan restructuring. Stage 3 contains loans with debts overdue for more than 90 days.

The Group may also use additional factors to move a financial instrument to the stage with a higher level of credit risk, for example, the existence of facts of loan restructuring.

The allowance for expected credit losses within the collective valuation is calculated in the context of product groups of retail loans and loans provided to small and medium-sized businesses.

As part of an individual valuation of the quality of retail loans and loans of small and medium-sized businesses, assignment to one of the credit quality stages occurs as a result of a cumulative valuation of the duration of overdue debt or its absence, valuation of the payment flow for a financial instrument, as well as the market value of collateral (if available).

Purchased impaired financial assets are attributed to the POCI stage. When a financial instrument is modified, the credit impairment stage is determined in the same way as the initial instrument stage.

If the Group does not have reasonable expectations regarding the recovery of a financial asset in full or partially, the gross carrying amount of such a financial asset should be reduced. Such a decrease represents (partial) derecognition of a financial asset.

The mechanism for calculating expected credit losses (Expected Credit Loss – hereinafter ECL) is described below:

ECL = PD*LGD*EAD

The probability of default (PD) is calculated on the basis of statistical data and reflects the estimated value of the probability of default occurring within a certain period of time (12 months or the entire life of a financial instrument). Loss given default (LGD) reflects the calculated on the basis of statistical data estimated value of losses that occur in the event of default. Based on the available information on the level of losses, the Group uses different models to estimate the level of LGD. If sufficient information on the level of losses is available, this parameter is valued by comparing the exposure at default (EAD) and the amount of expected fees.

EAD is the amount at risk, defined as the sum of the debt under IFRS and the amount of the unused credit facility limit, taking into account the credit conversion rate, determined on the basis of internal bank statistics and updated on an annual basis.

Allowance estimation for financial guarantees provided by the Group is made in accordance with the approaches outlined above with the inclusion in the calculation of an additional parameter of the probability of guarantee disclosure.

For other financial assets, the Group has applied the simplified approach under IFRS 9 to measure the loss allowance at lifetime ECL. These assets are classified as Stage 2.

3. Significant accounting policies (continued)

Write off of loans and advances. Loans and advances are written off against the allowance for impairment losses when deemed uncollectible. Loans and advances are written off after management has exercised all possibilities available to collect amounts due to the Group and after the Group has sold all available collateral. Loans and advances are written off when the Group cannot reasonably expect to recover the financial asset (fully or partially), but not later than 720 days from the date of default. Subsequent recoveries of amounts previously written off are included in allowance for expected credit losses in the summary published consolidated statement of profit and loss in the period of recovery.

On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Due from financial institutions. In the normal course of business, the Group maintains advances and deposits for various periods of time with financial institutions. Due from financial institutions are initially recognized at fair value. Due from financial institutions are subsequently measured at amortized cost using the effective interest method. Due from financial institutions are carried net of any allowance for ECL.

Cash and cash equivalents. Cash and cash equivalents include cash on hand, unrestricted balances on correspondent accounts with banks, the CBR, term deposits with the CBR with original maturity of less than 90 days, reverse repurchase agreements and short-term deposits with banks with an original maturity of less than 90 days.

The minimum reserve deposits with the CBR are subject to restrictions to their availability and therefore are not included in cash and cash equivalents.

Investment property. Investment property is property that is not used in the Group’s core business and held to earn rentals or for capital appreciation. Investment property carried at fair value.

Subsequent costs related to investment property are capitalized only when it is probable that the Group will receive additional future economic benefits associated with them and that their cost can be reliably measured. All other repair and maintenance costs are recognized as expenses as incurred.

Modification and derecognition of financial assets. A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Group renegotiates loans to customers in financial difficulty to maximize collection and minimize the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

3. Significant accounting policies (continued)

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

- Qualitative factors. Contractual cash flows after modification are no longer SPPI, the change in currency or change of counterparty, The extent of change in interest rates, maturity, covenants.

If these do not clearly indicate a substantial modification, then:

- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest rate.

In the case where the financial asset is derecognized, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated credit-impaired. This applies only in the case where the fair value of the new loan is recognized at a significant discount to its revised par amount because there remains a high risk of default, which has not been reduced by the modification.

The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

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

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

For financial assets modified as part of the Group's forbearance policy, where modification did not result in derecognition, the estimate of PD reflects the Group's ability to collect modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioral indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition, the loss allowance will continue to be measured at an amount equal to lifetime ECL.

The loss allowance on the loans in respect of which a problematic change of the contract is carried out is measured based on lifetime ECL. When there is evidence of the borrower's improved repayment behavior following modification during a so-called "monitoring period," the loss allowance will be measured based on 12-month ECL.

3. Significant accounting policies (continued)

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

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

On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognized in profit or loss and accumulated in equity is recognized in profit or loss.

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

Derivative financial instruments. The Group enters into a variety of derivative financial instruments (derivatives) to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

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

Property and equipment, and intangible assets. Property and equipment (other than buildings) and intangible assets are carried at historical cost less accumulated depreciation and recognized impairment loss, if any.

3. Significant accounting policies (continued)

Depreciation/amortization is recognized so as to write off the cost or deemed cost (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis at the following annual rates:

	Weighted average depreciation/ amortization rate
Buildings	2%
Furniture and equipment	20%
Intangible assets	14%

Leasehold improvements are amortized over the life of the related leased asset. Expenses related to repairs and renewals are charged when incurred and included in operating expenses unless they qualify for capitalization.

Buildings held for use in supply of services, or for administrative purposes, are stated in the summary published consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation.

Any revaluation increase arising on the revaluation of property and equipment is credited to the property and equipment revaluation reserve, except to the extent that it reverses a revaluation decrease from the same asset recognized previously in the summary published consolidated statement of profit or loss. In this case the increase is credited to profit or loss for the period to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation is charged as an expense to the extent that it exceeds the positive balance, if any, held in the property and equipment revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to the summary published consolidated statement of profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property and equipment revaluation reserve is transferred directly to retained earnings.

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

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

3. Significant accounting policies (continued)

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount. In this case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

The recovery of impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount. In this case the reversal of the impairment loss is treated as a revaluation increase.

***Taxation*.** Income tax expense comprises current tax and deferred tax.

Current income tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the summary published consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Bank’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognized for temporary differences between the carrying amounts of assets and liabilities in the summary published consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in transactions affecting neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. Significant accounting policies (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The carrying amount of deferred tax assets and liabilities may change due to changes in the income tax rate. Such a change in deferred tax should be recognized outside profit or loss if the tax relates to items that are recognized in the same or a different period outside profit or loss.

Therefore, deferred tax that relates to items that are recognized, in the same or a different period:

- In other comprehensive income, shall be recognized in other comprehensive income;
- Directly in equity, shall be recognized directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset and reported net in the summary published consolidated statement of financial position if:

- The Group has a legally enforceable right to net off current income tax assets against current income tax liabilities; and
- Deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Current and deferred tax for the year. Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity. In this case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Financial liabilities. Financial liabilities are classified as either financial liabilities ‘at FVTPL’ or ‘other financial liabilities’.

Financial liabilities at FVTPL. A financial liability is classified as a financial liability at FVTPL when (i) it is either held for trading or (ii) it is designated as measured at fair value through profit or loss on initial recognition.

A financial liability is classified as held for trading if:

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

3. Significant accounting policies (continued)

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition. The Group had no such liabilities as at the reporting date.

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the "Interest expense, including expense calculated using the effective interest method" line item in the summary published statement of profit or loss.

Other financial liabilities. Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period.

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

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability.

It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If modification is not significant, the difference between: (1) the carrying amount of the liability before modification; and (2) the present value of the cash flows after the modification is charged to profit or loss as other income or expenses.

Contingencies. Contingent liabilities are not recognized in the summary published consolidated statement of financial position (excluding ECL allowance on loan commitments and financial guarantee contracts) but are disclosed unless the possibility of any outflow in settlement is remote. The Group applies the same credit policy for impairment of contingent financial liabilities as it does for impairment of on-balance financial instrument, taking into account of the contingent financial liability coverage ratio.

A contingent asset is not recognized in the summary published consolidated statement of financial position but disclosed when an inflow of economic benefits is probable.

(in millions of Russian Rubles, unless otherwise indicated)

3. Significant accounting policies (continued)

Guarantee contracts Guarantee contracts. Performance guarantees are contracts that provide compensation if another party fails to perform a contractual obligation. Such contracts do not transfer credit risk. A guarantee contract represents the probability of a failure to fulfil the liabilities stipulated by the contract by the other party under the contract. Warranty claims must be made prior to the expiration of the contract. The Group uses historical data and statistical methods to forecast the level of payments under guarantee contracts. This allows to reach a high degree of certainty about the estimated payments and, therefore, future cash flows.

Credit related commitments. The Group issues loan commitments. Financial commitments to provide loans and borrowings are initially recognized at fair value, which is generally the amount of the fees received. Such fee and commission income related to the loan commitment is deferred and included in the carrying amount of the loan on initial recognition. At the end of each reporting period, the liabilities are measured at the amount of the allowance for credit losses determined using the ECL model. For credit liabilities (when these components can be separated from the loan), a separate allowance for credit losses is recognized as a liability in the summary published consolidated statement of financial position.

Exchange rate. The exchange rates used by the Group in the preparation of the summary published consolidated financial statements as at year-end are as follows:

	31 December 2025	31 December 2024
RUB/USD	78.23	101.68
RUB/EUR	92.09	106.10
RUB/CNY	11.16	13.43
RUB/AED	21.30	27.69

Collateral. The Group obtains collateral in respect of customer liabilities where this is considered appropriate. The collateral normally takes the form of a lien over the customer’s assets and gives the Group a claim on these assets for both existing and future customer liabilities.

Fiduciary activities. The Group provides depositary services to its customers, which include transactions with securities on their depositary accounts. Assets accepted and liabilities incurred under the fiduciary activities are not included in the Group’s financial statements. The Group accepts the operational risk on these activities, but the Group’s customers bear the credit and market risks associated with such operations. Revenue for provision of trustee services is recognized as services are provided.

Share capital and share premium. Contributions to share capital made before 1 January 2003 are recognized at their cost restated for inflation. Contributions to share capital made after 1 January 2003 are recognized at cost. Share premium represents the excess of contributions over the nominal value of the shares issued.

Dividends on ordinary shares are recognized in equity as a reduction in the period in which they are declared. Dividends that are declared after the reporting date are treated as a subsequent event under IAS 10 *Events after the Reporting Date* and disclosed accordingly.

3. Significant accounting policies (continued)

Perpetual bonds. The Group accounts for perpetual bonds as an equity instrument if such bonds have an indefinite maturity and the possibility of cancellation of coupon payments (without giving investors the right to accumulate these unpaid coupons). Coupon amount paid on perpetual bonds is recorded similarly to the declared dividends.

Equity reserves. The reserves recorded in equity (other comprehensive income) on the Group’s statement of financial position include:

- Revaluation reserve for property and equipment, which comprises revaluation reserve of buildings;
- Revaluation reserve for securities at fair value through other comprehensive income;
- Reserve for share-based payments.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group’s accounting policies management makes judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical accounting judgments and key sources of estimation uncertainty

The following are listed below:

- Critical judgments that the Group management has made in the process of applying the Group’s accounting policies and that have the most significant effect on the amounts recognized in the summary published consolidated financial statements.
- Key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Business model assessment. Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group’s continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

4. Critical accounting judgments and key sources of estimation uncertainty (continued)

Expected credit losses:

The Group regularly assesses and monitors the statistics of client behaviour. In 2025, the Group took a decision to change the classification approach, based on the behavior of the portfolio and the analysis of available statistics. Based on client behaviour, loans to customers overdue for up to 30 days are classified within Stage 1 or Stage 2 of credit quality (the former approach: Stage 2 or Stage 3), depending on whether there is a loan restructuring indication. As at 31 December 2025, the amounts transferred from Stage 2 to Stage 1, and from Stage 3 to Stage 2 were RUB 11 745 million and RUB 1 573 million, respectively. These changes had no impact on net profit of the Group. These summary published consolidated financial statements present transfers of allowances between the stages on a prospective basis.

Significant increase in credit risk ("SICR"). As explained in Note 3, ECL are measured as a provision equal to 12-month ECL for Stage 1 assets, or lifetime ECL assets for Stage 2 or Stage 3 assets. An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has increased significantly, the Group takes into account qualitative and quantitative reasonable and supportable information.

Models and assumptions used. The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. See Note 29 for more details on fair value measurement.

Probability of default. PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Loss given default (LGD). LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Revaluation of property, equipment and investment property. Market value of property is assessed using two methods:

- The comparable sales method which involves analysis of market sales prices for similar real estate property;
- The income-based method which assumes a direct relationship between revenues generated by property and its market value.

Buildings, except for construction in progress recorded at cost and tested for impairment, are stated in the summary published consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation (Note 15).

Investment property is measured based on the comparative approach (comparable sales method) and income approach, individually or in combination (Note 14).

Fair value is determined based on market data by qualified independent appraisers or by the Group's management. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from what would be determined using fair values at the reporting date.

(in millions of Russian Rubles, unless otherwise indicated)

4. Critical accounting judgments and key sources of estimation uncertainty (continued)

Deferred tax assets. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Assessment of probability is based on management's estimates of future taxable profit and involves the exercise of significant judgement from the Group's management.

The recoverability of the deferred tax asset has been determined using profitability forecasts used in the long-term business strategy of the Group, including the assumption of planned business changes within the Group. These assumptions were tested for sensitivity to confirm that the estimates used are not overestimated or aggressive. The forecast assumptions do not include any incremental tax planning strategies.

The Group believes it will utilize the entire amount of the deferred tax assets.

5. Net interest income

	2025	2024
Interest income		
Interest income calculated using the effective interest method		
Loans to customers	84 986	81 317
Investments in securities at amortized cost	28 195	80
Investments in debt securities at fair value through other comprehensive income	19 131	7 802
Cash, cash equivalents, and due from financial institutions	3 814	2 027
Other interest income		
Investments in debt securities at fair value through profit or loss	-	2
Total interest income	**136 126**	**91 228**
Interest expense		
Interest expense calculated using the effective interest method		
Customer accounts	(69 871)	(41 254)
Due to banks and other financial institutions	(11 814)	(4 601)
Debt securities issued and digital financial assets	(3 639)	(2 636)
Interest expense on other borrowings and liabilities	(3 281)	-
Operating lease liabilities	(120)	(85)
Total interest expense	**(88 725)**	**(48 576)**
Deposit insurance expense	**(1 400)**	**(1 093)**
Net interest income	**46 001**	**41 559**

(in millions of Russian Rubles, unless otherwise indicated)

6. Allowance for expected credit losses, other provisions

Information on the allowance for expected credit losses on interest bearing assets is presented below:

	2025	2024
Allowance for expected credit losses on loans to individuals (Note 13)	23 691	30 586
Allowance for expected credit losses on loans to legal entities (Note 13)	1 168	248
(Recovery of allowance)/allowance for expected credit losses on cash and cash equivalents	(67)	27
Allowance/(recovery of allowance) for expected credit losses on debt securities at amortized cost	25	(1)
(Recovery of allowance)/allowance for expected credit losses on debt securities at fair value through other comprehensive income	(65)	41
Allowance for expected credit losses on interest-bearing assets	**24 752**	**30 901**

Allowances for expected credit losses on interest-bearing assets and other assets are deducted from the gross carrying amounts of the mentioned assets. Provisions for guarantees, loan commitments and legal claims are accounted for as other liabilities.

7. Fee and commission income and expense

Fee and commission income and expense comprised the following:

	2025	2024
Fee and commission income:		
Acquiring and plastic card transactions	7 779	7 628
Agent fees on insurance products	5 396	11 148
Settlement transactions	4 249	4 829
Maintenance of accounts, plastic cards and loan products	2 852	2 962
Cash operations with plastic cards	2 337	3 681
Income from guarantees and sureties issuance	623	1 365
Other	568	459
Total fee and commission income	**23 804**	**32 072**
Fee and commission expense:		
Settlement transactions	(4 632)	(4 555)
Information and technical interaction	(2 958)	(3 287)
Debt collection expenses	(684)	(653)
Cash transactions	(231)	(243)
Other	(97)	(102)
Total fee and commission expense	**(8 602)**	**(8 840)**
Total net fee and commission income	**15 202**	**23 232**

(in millions of Russian Rubles, unless otherwise indicated)

8. Other net income/(expenses)

Other net income/(expenses) comprised the following:

	2025	2024
Loyalty programs	1 308	1 346
Net income from sale of investment property	14	137
Gains on disposal of subsidiary	200	-
Revaluation of investment property	(297)	1
Share-based payments related to share issue (Note 9)	-	(3 353)
Other	(217)	(139)
Total other net income/(expenses)	**1 008**	**(2 008)**

9. Operating expenses

Operating expenses comprise the following:

	2025	2024
Payroll	12 366	12 552
Social security contributions	2 871	2 937
Total personnel expenses	**15 237**	**15 489**
Depreciation and amortization	2 889	2 415
Telecommunication services	1 633	2 085
Professional services	1 028	1 280
Property and equipment maintenance	650	472
Software maintenance	573	433
Advertising costs	385	702
Amortization of the right-of-use assets	357	389
Other expenses	1 168	1 304
Total operating expenses	**23 920**	**24 569**

The Group approved incentive programs for its employees in accordance with IFRS 2 *Share-based Payment*, under which MTS-Bank shares or their cash value are granted to employees.

In 2025, the amount of expenses for all incentive programs for the Group's employees in accordance with IFRS 2 *Share-based Payment*, including social security contributions, was RUB 1 280 million (2024: RUB 3 886 million).

(in millions of Russian Rubles, unless otherwise indicated)

9. Operating expenses (continued)

The table below provides a breakdown of staff costs, including share-based payments related to share issue and current incentive programs:

	2025	2024
Personnel expenses excluding share-based payments	13 957	14 956
Personnel expenses related to share-based payments under current incentive programs	1 280	533
Total personnel expenses included in operating expenses	**15 237**	**15 489**
Share-based payment expense related to share issue (Note 8)	-	3 353
Total personnel expenses including share-based payments	**15 237**	**18 842**

Information on remuneration of directors and other members of key management personnel is disclosed in Note 28.

10. Income tax

The Group calculates tax payments based on the tax accounts maintained and prepared in accordance with the tax regulations of RF where the Group and its subsidiaries operate. These requirements may differ from IFRS. The Group is subject to certain permanent tax differences due to the non-tax deductibility of certain expenses and certain income being treated as non-taxable for tax purposes.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for summary published consolidated financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 31 December 2025 and 2024 relate mostly to different methods/timing of income and expense recognition as well as to temporary differences generated by tax and book bases’ differences for certain assets.

The tax rate used for the reconciliations below is the corporate tax rate of 25% payable by corporate entities in the RF on taxable profits (as defined) under tax law in that jurisdiction.

Tax loss carryforwards for 2025 represent differences in methods and timing of recognition of certain assets in tax accounting. The Group will utilize these tax loss carryforwards in the normal course of business in the future periods.

Current income tax for 2025 and 2024 was calculated at a rate of 25% and 20%, respectively.
As at 31 December 2024, deferred taxes were calculated based on the 25% rate. The effect of recalculation of the Group’s deferred tax assets and liabilities as at 31 December 2024 is reflected in the reconciliation of the effective income tax rate in the line ‘Effect of change in income tax rates’ in the amount of RUB 818 million, as well as in other comprehensive income in the amount of RUB 94 million.

(in millions of Russian Rubles, unless otherwise indicated)

10. Income tax (continued)

The tax effect of temporary differences as at 31 December 2025 and 31 December 2024 is presented below:

	31 December 2025	31 December 2024
Deferred tax assets/(liabilities):		
Tax loss carried forward	12 095	4 663
Other financial liabilities	1 484	1 006
Due from financial institutions and loans to customers	377	3 042
Property for resale and investment property	475	396
Other assets	144	54
Right-of-use assets and lease liabilities	14	13
Derivatives	6	-
Property and equipment, and intangible assets	(2 483)	(2 068)
Unrecognized deferred tax assets	(4 015)	(2 778)
Investments in securities	(4 007)	234
Net deferred tax assets	**4 090**	**4 562**

The increase in deferred taxes for investments in securities is due to temporary tax differences related to the acquired bond portfolio of federal government bonds (OFZ) as underlying assets.

As at 31 December 2025 and 31 December 2024, the Group did not recognize part of deferred tax assets in the amount of RUB 4 015 million and RUB 2 778 million, respectively, as related tax losses are not expected to be utilized.

The valuation of deferred tax assets is highly judgmental and is discussed in Note 4.

For unrecognized tax assets, there is no restriction on the period of their use in accordance with the effective Russian legislation.

The charge for the year can be reconciled to the consolidated profit before tax as follows:

	2025	2024
Profit before tax	**18 732**	**12 948**
Theoretical income tax at the statutory tax rate of 25% (2024: 20%)	4 683	2 590
Change in unrecognized deferred tax asset, including change due to utilization	1 237	(675)
Effect of income taxed at a tax rate other than the statutory rate	(1 055)	(382)
Tax effect of permanent differences	125	20
Effect relating to prior periods	5	(157)
Other effects affecting the current income tax	(700)	-
Effect of change in income tax rates	-	(818)
Income tax expense	**4 295**	**578**
Current income tax expense	**4 438**	**1 513**
Current tax	4 433	1 670
Adjustments relating to prior periods	5	(157)
Increase in deferred tax assets	**(143)**	**(935)**
Origination and reversal of temporary differences	(143)	(117)
Effect of tax rate change	-	(818)
Income tax expense	**4 295**	**578**

(in millions of Russian Rubles, unless otherwise indicated)

10. Income tax (continued)

The movement in the deferred tax account is as follows:

	2025	2024
Deferred tax assets as at 1 January	**4 562**	**3 296**
Changes in deferred income tax recognized in profit or loss	143	936
Changes in deferred income tax recognized in other comprehensive income	(345)	330
Other changes in deferred tax	(270)	-
Deferred tax assets as at 31 December	**4 090**	**4 562**

The change in deferred income tax recognized in other comprehensive income includes the change in deferred taxes on the revaluation of securities at fair value through other comprehensive income and on the revaluation of property and equipment.

Other changes in deferred tax are related to the acquisition and sale of subsidiaries.

***Taxation*.** Major part of the Group’s business activity is carried out in the RF. Russian tax legislation continues to change rapidly. Due to the absence of law enforcement practice regarding certain tax amendments, the Group management's interpretation of the provisions of the Tax Code of the Russian Federation may differ from the position of the tax authorities, which could lead to tax disputes. In some cases, the tax authorities revise their position on certain tax issues; as a result, disputes may be brought to previously unchallenged tax accounting methodologies.

Fiscal period remains open to review by local tax authorities or by the Russian Federal Tax Service for three calendar years preceding the year of the decision on the tax review. Under certain circumstances, reviews may cover longer periods.

11. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	31 December 2025	31 December 2024
Balances with the Central Bank	36 960	16 922
Reverse repurchase agreements with financial institutions with initial maturities of less than three months	20 230	59 379
Correspondent accounts with banks and other financial institutions	13 006	9 214
Cash	1 735	2 577
Short-term deposits with banks and the CBR	330	5 861
Total cash and cash equivalents before allowance for expected credit losses	**72 261**	**93 953**
Less allowance for expected credit losses	(123)	(196)
Total cash and cash equivalents	**72 138**	**93 757**

As at 31 December 2025 and 31 December 2024, the Group had no short-term bank deposits individually exceeding 10% of the Group's equity.

(in millions of Russian Rubles, unless otherwise indicated)

11. Cash and cash equivalents (continued)

As at 31 December 2025 and 31 December 2024, the fair value of assets received as collateral and the carrying amount of reverse repurchase agreements were as follows:

	31 December 2025		31 December 2024	
	Carrying amount	Fair value of collateral	Carrying amount	Fair value of collateral
Corporate and bank securities	17 070	17 670	-	-
Clearing Certificate of Participation	3 160	3 160	17 064	17 000
Government debt securities	-	-	42 315	45 522
Total	**20 230**	**20 830**	**59 379**	**62 522**

The Group may sell or repledge securities borrowed or purchased under reverse repurchase agreements and recognize a financial liability to return such securities (in case of sale) in its summary published consolidated financial statements. As at 31 December 2025 and 31 December 2024, the Group had no financial liabilities to return the securities.

The information on the quality of cash and cash equivalents as at 31 December 2025 is presented below (except for cash at cash desks and ATMs of the Group in the total amount of RUB 1 735 million):

	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents with national rating:				
AAA	64 228	-	-	64 228
AA+, AA, AA-	4 440	-	1	4 441
A+, A, A-	347	-	1	348
BBB+, BBB, BBB-	128	-	16	144
BB+, BB, BB-	156	-	-	156
<B / Not rated	1 105	-	104	1 209
Less allowance for expected credit losses	(23)	-	(100)	(123)
31 December 2025	**70 381**	**-**	**22**	**70 403**

The information on the quality of cash and cash equivalents as at 31 December 2024 is presented below (except for cash at cash desks and ATMs of the Group in the total amount of RUB 2 577 million):

	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents with national rating:				
AAA	82 324	-	-	82 324
AA+, AA, AA-	3 957	-	-	3 957
BBB+, BBB, BBB-	301	-	-	301
BB+, BB, BB-	4 032	-	-	4 032
B+, B, B-	-	-	2	2
<B / Not rated	700	-	60	760
Less allowance for expected credit losses	(150)	-	(46)	(196)
31 December 2024	**91 164**	**-**	**16**	**91 180**

Non-rated cash and cash equivalents represent unsettled operations on balances with credit institutions.

As at 31 December 2025 and 31 December 2024 cash and cash equivalents at Stage 1 with no credit rating assigned included no overdue amounts.

(in millions of Russian Rubles, unless otherwise indicated)

12. Investments in securities

Investments in securities comprised the following:

	31 December 2025	31 December 2024
Debt securities measured at amortized cost		
Government securities	166 747	445
Corporate and bank securities	11 197	-
Less allowance for expected credit losses	(25)	-
Total debt securities measured at amortized cost	**177 919**	**445**
Debt and equity securities at fair value through profit or loss		
Corporate and bank securities	1	1
Total debt and equity securities at fair value through profit or loss	**1**	**1**
Debt securities at fair value through other comprehensive income		
Government securities	74 366	42 618
Corporate and bank securities	49 185	35 722
Total debt securities at fair value through other comprehensive income	**123 551**	**78 340**
Total investments in securities	**301 471**	**78 786**

As at 31 December 2025, the Group recognized Federal Government Bonds (OFZ) at amortized cost that are held within the business model whose objective is to collect contractual cash flows. As at the reporting date, the portfolio's effective interest rate was 22%, with the maturity range from 2026 to 2039.
In April 2025, the Group acquired the bond portfolio for which the underlying asset is OFZ, the purchase cost was RUB 156 000 million. The bond portfolio is presented in the summary published consolidated financial statement based on the underlying asset OFZ considering the control over the bond issue.

As at 31 June 2025, securities of RUB 10 792 million (31 December 2024: nil) at amortized cost and securities of RUB 48 760 million (31 December 2024: RUB 28 674 million) at fair value through other comprehensive income were transferred as collateral under repurchase agreements (Note 17).

As at 31 December 2025, the Group recognized allowance for expected credit losses in the amount of RUB 18 million (31 December 2024: RUB 41 83 million) in respect of debt securities at fair value through other comprehensive income.

(in millions of Russian Rubles, unless otherwise indicated)

12. Investments in securities (continued)

Information on the quality of securities at amortized cost as at 31 December 2025 and 31 December 2024 is presented below:

	31 December 2025	31 December 2024
Debt securities with national rating:		
AAA	177 874	445
AA+, AA, AA-	70	-
Debt securities measured at amortized cost	**177 944**	**445**
Less allowance for expected credit losses	(25)	-
Total debt securities measured at amortized cost	**177 919**	**445**

The quality of securities at fair value through other comprehensive income as at 31 December 2025 and 2024 is disclosed below:

	31 December 2025	31 December 2024
Debt securities with national rating:		
AAA	118 695	73 355
AA+, AA, AA-	4 795	4 926
A+, A, A-	61	59
Total debt securities at fair value through other comprehensive income	**123 551**	**78 340**

(in millions of Russian Rubles, unless otherwise indicated)

13. Loans to customers

Loans to customers comprise the following:

	31 December 2025			31 December 2024		
	Gross carrying amount	Allowance for expected credit losses	Carrying amount	Gross carrying amount	Allowance for expected credit losses	Carrying amount
Loans to individuals	**340 424**	**(39 462)**	**300 962**	**382 397**	**(45 934)**	**336 463**
Consumer loans	211 818	(25 314)	186 504	253 005	(29 497)	223 508
Credit cards	103 084	(13 834)	89 250	101 249	(16 145)	85 104
Mortgage loans	25 522	(314)	25 208	28 143	(292)	27 851
Corporate loans and loans to SME	**42 224**	**(4 380)**	**37 844**	**52 491**	**(3 149)**	**49 342**
Total loans to customers	**382 648**	**(43 842)**	**338 806**	**434 888**	**(49 083)**	**385 805**

The table below summarizes the carrying value of loans to customers by type of collateral received:

	31 December 2025	31 December 2024
Loans collateralized by pledge of property	29 368	32 323
Loans collateralized by guaranties and suretyships	20 815	25 709
Loans collateralized by pledge of equipment	4 517	112
Loans collateralized by pledge of debt securities issued	-	35
Unsecured loans	327 948	376 709
Loans to customers	382 648	434 888
Less allowance for expected credit losses	(43 842)	(49 083)
Total loans to customers	**338 806**	**385 805**

Amounts presented in the table above are the carrying amounts of loans granted to customers and do not necessarily represent the fair value of collateral received.

(in millions of Russian Rubles, unless otherwise indicated)

13. Loans to customers (continued)

The table below summarizes the carrying value of loans to customers by sector:

	31 December 2025	31 December 2024
Analysis by sector:		
Individuals	340 424	382 397
Trade	24 751	33 653
Manufacturing	8 037	5 241
Real estate and construction	3 848	3 578
Transport and communications	1 774	7 001
Financial sector	1 259	-
Agriculture	1 573	311
Finance lease	160	430
Other	822	2 277
Loans to customers	**382 648**	**434 888**
Less allowance for expected credit losses	(43 842)	(49 083)
Total loans to customers	**338 806**	**385 805**

As at 31 December 2025, the Group issued loans to 1 group of borrowers in the total amount of RUB 20 941 million (31 December 2024: 1 group of borrowers in the total amount of RUB 16 398 million), which exceeded 10% of the Group’s equity.

Loans to customers include loans whose terms were renegotiated as part of the Bank’s restructuring programs (both risk-bearing and risk-free) and credit holidays. For the year ended 31 December 2025, loans modified for the first time with an allowance measured upon modification by taking into account lifetime expected credit losses had gross carrying amount of RUB 11 951 million (31 December 2024: RUB 19 827 million). The renegotiation of loan terms did not result in significant modifications and did not have a material impact on the amortized cost of these loans.

Specific monitoring of repayment is carried out for restructured loans. Specific monitoring of repayment is carried out for restructured loans.

As at 31 December 2025 and 31 December 2024, loans in the amount of RUB 4 401 million and RUB 3 860 million, respectively, assessed on an individual basis in Stage 3, were secured by collateral of property, equipment, as well as guarantees with a fair value of RUB 3 272 million and RUB 1 237 million, respectively.

When disclosing transfers between stages by financial instruments for the reporting period, the Group discloses the final stage of a financial instrument as at the reporting date.

The following tables disclose movement in the allowance for expected credit losses and the gross carrying amount of loans and advances to customers occurring within the period between dates specified in the tables. “Loans issued and other accruals” include new assets originated or purchased and other advances within the issued limits with an impact on charges to the allowance for ECL and accruals at EIR, which are immaterial within the mentioned line.

(in millions of Russian Rubles, unless otherwise indicated)

13. Loans to customers (continued)

	Allowance for ECL				Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Legal entities								
31 December 2024	**481**	**135**	**2 533**	**3 149**	**41 411**	**8 506**	**2 574**	**52 491**
Movements with an impact on charges to the allowance for ECL								
Transfer to Stage 1	130	(129)	(1)	-	10 583	(10 582)	(1)	-
Transfer to Stage 2	(112)	112	-	-	(16 288)	16 288	-	-
Transfer to Stage 3	(387)	(260)	647	-	(598)	(2 553)	3 151	-
Loans issued and other accruals	690	29	25	744	45 172	4 066	47	49 285
Movements in credit risk	(129)	273	1 316	1 460	-	-	-	-
Repayment	(372)	(123)	(541)	(1 036)	(46 206)	(12 703)	(706)	(59 615)
Total movements with an impact on charges to the allowance for ECLs	**(180)**	**(98)**	**1 446**	**1 168**	**(7 337)**	**(5 484)**	**2 491**	**(10 330)**
Other movements with no impact on charges to the allowance for ECL								
Write-off against allowance	-	-	(30)	(30)	-	-	(30)	(30)
Recoveries of the assets previously written off	-	-	93	93	-	-	93	93
31 December 2025	**301**	**37**	**4 042**	**4 380**	**34 074**	**3 022**	**5 128**	**42 224**

(in millions of Russian Rubles, unless otherwise indicated)

13. Loans to customers (continued)

	Allowance for ECL				Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Legal entities								
31 December 2023	**443**	**127**	**2 322**	**2 892**	**37 470**	**10 376**	**2 631**	**50 477**
Movements with an impact on charges to the allowance for ECL								
Transfer to Stage 1	93	(93)	-	-	7 625	(7 625)	-	-
Transfer to Stage 2	(178)	186	(8)	-	(16 255)	16 263	(8)	-
Transfer to Stage 3	(473)	(22)	495	-	(488)	(72)	560	-
Loans issued and other accruals	1 083	88	36	1 207	50 540	8 672	76	59 288
Movements in credit risk	(58)	128	334	404	-	-	-	-
Repayment	(429)	(270)	(664)	(1 363)	(37 481)	(19 099)	(703)	(57 283)
Total movements with an impact on charges to the allowance for ECLs	**38**	**17**	**193**	**248**	**3 941**	**(1 861)**	**(75)**	**2 005**
Other movements with no impact on charges to the allowance for ECL								
Sale	-	(9)	-	(9)	-	(9)	-	(9)
Write-off against allowance	-	-	(261)	(261)	-	-	(261)	(261)
Recoveries of the assets previously written off	-	-	279	279	-	-	279	279
31 December 2024	**481**	**135**	**2 533**	**3 149**	**41 411**	**8 506**	**2 574**	**52 491**

(in millions of Russian Rubles, unless otherwise indicated)

13. Loans to customers (continued)

	Allowance for ECL				Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Consumer loans								
31 December 2024	**4 427**	**6 054**	**19 016**	**29 497**	**202 760**	**24 387**	**25 858**	**253 005**
Movements with an impact on charges to the allowance for ECL								
Transfer to Stage 1	7 250	(5 812)	(1 438)	-	35 158	(32 501)	(2 657)	-
Transfer to Stage 2	(1 152)	2 860	(1 708)	-	(39 819)	43 301	(3 482)	-
Transfer to Stage 3	(364)	(7 777)	8 141	-	(4 280)	(22 884)	27 164	-
Loans issued and other accruals	2 100	189	384	2 673	85 025	1 921	563	87 509
Movements in credit risk	(5 420)	8 645	15 222	18 447	-	-	-	-
Repayment	(1 999)	(422)	(1 770)	(4 191)	(98 438)	(2 359)	(2 456)	(103 253)
Total movements with an impact on charges to the allowance for ECLs	**415**	**(2 317)**	**18 831**	**16 929**	**(22 354)**	**(12 522)**	**19 132**	**(15 744)**
Other movements with no impact on charges to the allowance for ECL								
Acquisition of a subsidiary	6	82	187	275	120	175	245	540
Disposal of a subsidiary	(580)	(476)	(876)	(1 932)	(4 342)	(762)	(1 006)	(6 110)
Sale	-	-	(2 421)	(2 421)	-	-	(2 839)	(2 839)
Write-off against allowance	-	-	(17 596)	(17 596)	-	-	(17 596)	(17 596)
Recoveries of the assets previously written off	-	-	562	562	-	-	562	562
31 December 2025	**4 268**	**3 343**	**17 703**	**25 314**	**176 184**	**11 278**	**24 356**	**211 818**

(in millions of Russian Rubles, unless otherwise indicated)

13. Loans to customers (continued)

	Allowance for ECL				Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Consumer loans								
31 December 2023	**5 812**	**4 289**	**15 785**	**25 886**	**196 798**	**13 732**	**22 064**	**232 594**
Movements with an impact on charges to the allowance for ECL								
Transfer to Stage 1	2 914	(2 702)	(212)	-	13 048	(12 671)	(377)	-
Transfer to Stage 2	(1 361)	3 099	(1 738)	-	(43 439)	46 705	(3 266)	-
Transfer to Stage 3	(88)	(7 539)	7 627	-	(2 631)	(22 111)	24 742	-
Loans issued and other accruals	4 715	305	710	5 730	173 744	2 114	1 415	177 273
Movements in credit risk	(4 796)	9 283	13 470	17 957	-	-	-	-
Repayment	(2 664)	(681)	(1 383)	(4 728)	(130 183)	(3 382)	(2 247)	(135 812)
Total movements with an impact on charges to the allowance for ECL	**(1 280)**	**1 765**	**18 474**	**18 959**	**10 539**	**10 655**	**20 267**	**41 461**
Other movements with no impact on charges to the allowance for ECL								
Sale	(105)	-	(4 655)	(4 760)	(4 577)	-	(5 885)	(10 462)
Write-off against allowance	-	-	(11 188)	(11 188)	-	-	(11 188)	(11 188)
Recoveries of the assets previously written off	-	-	600	600	-	-	600	600
31 December 2024	**4 427**	**6 054**	**19 016**	**29 497**	**202 760**	**24 387**	**25 858**	**253 005**

(in millions of Russian Rubles, unless otherwise indicated)

13. Loans to customers (continued)

	Allowance for ECL				Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Credit cards								
31 December 2024	**3 407**	**2 690**	**10 048**	**16 145**	**81 210**	**6 539**	**13 500**	**101 249**
Movements with an impact on charges to the allowance for ECL								
Transfer to Stage 1	4 441	(4 019)	(422)	-	12 541	(11 921)	(620)	-
Transfer to Stage 2	(716)	979	(263)	-	(15 073)	15 465	(392)	-
Transfer to Stage 3	(274)	(4 098)	4 372	-	(1 483)	(8 300)	9 783	-
Loans issued and other accruals	2 340	85	296	2 721	43 948	1 449	417	45 814
Movements in credit risk	(3 709)	5 881	5 441	7 613	-	-	-	-
Repayment	(1 514)	(224)	(1 864)	(3 602)	(32 306)	(576)	(1 782)	(34 664)
Total movements with an impact on charges to the allowance for ECL	**568**	**(1 396)**	**7 560**	**6 732**	**7 627**	**(3 883)**	**7 406**	**11 150**
Other movements with no impact on charges to the allowance for ECL								
Sale	-	-	(1 673)	(1 673)	-	-	(1 945)	(1 945)
Write-off against allowance	-	-	(7 777)	(7 777)	-	-	(7 777)	(7 777)
Recoveries of the assets previously written off	-	-	407	407	-	-	407	407
31 December 2025	**3 975**	**1 294**	**8 565**	**13 834**	**88 837**	**2 656**	**11 591**	**103 084**

(in millions of Russian Rubles, unless otherwise indicated)

13. Loans to customers (continued)

	Allowance for ECL				Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Credit cards								
31 December 2023	**2 264**	**2 256**	**8 335**	**12 855**	**65 089**	**5 213**	**11 730**	**82 032**
Movements with an impact on charges to the allowance for ECL								
Transfer to Stage 1	2 700	(2 601)	(99)	-	7 787	(7 642)	(145)	-
Transfer to Stage 2	(826)	967	(141)	-	(18 684)	18 898	(214)	-
Transfer to Stage 3	(5)	(5 715)	5 720	-	(111)	(11 245)	11 356	-
Loans issued and other accruals	2 770	169	937	3 876	59 435	2 760	1 661	63 856
Movements in credit risk	(2 057)	8 196	5 035	11 174	-	-	-	-
Repayment	(1 439)	(582)	(1 498)	(3 519)	(32 306)	(1 445)	(2 014)	(35 765)
Total movements with an impact on charges to the allowance for ECLs	**1 143**	**434**	**9 954**	**11 531**	**16 121**	**1 326**	**10 644**	**28 091**
Other movements with no impact on charges to the allowance for ECL								
Sale	-	-	(2 785)	(2 785)	-	-	(3 418)	(3 418)
Write-off against allowance	-	-	(5 818)	(5 818)	-	-	(5 818)	(5 818)
Recoveries of the assets previously written off	-	-	362	362	-	-	362	362
31 December 2024	**3 407**	**2 690**	**10 048**	**16 145**	**81 210**	**6 539**	**13 500**	**101 249**

(in millions of Russian Rubles, unless otherwise indicated)

13. Loans to customers (continued)

	Allowance for ECL				Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Mortgage loans								
31 December 2024	**60**	**12**	**220**	**292**	**27 468**	**123**	**552**	**28 143**
Movements with an impact on charges to the allowance for ECL								
Transfer to Stage 1	55	(33)	(22)	-	1 517	(1 450)	(67)	-
Transfer to Stage 2	(7)	17	(10)	-	(1 647)	1 671	(24)	-
Transfer to Stage 3	(1)	(23)	24	-	(40)	(171)	211	-
Loans issued and other accruals	2	-	1	3	590	13	8	611
Movements in credit risk	(47)	52	85	90	-	-	-	-
Repayment	(8)	(3)	(52)	(63)	(3 005)	(74)	(125)	(3 204)
Total movements with an impact on charges to the allowance for ECLs	**(6)**	**10**	**26**	**30**	**(2 585)**	**(11)**	**3**	**(2 593)**
Other movements with no impact on charges to the allowance for ECL								
Sale	-	-	(4)	(4)	-	-	(24)	(24)
Write-off against allowance	-	-	(4)	(4)	-	-	(4)	(4)
31 December 2025	**54**	**22**	**238**	**314**	**24 883**	**112**	**527**	**25 522**

(in millions of Russian Rubles, unless otherwise indicated)

13. Loans to customers (continued)

	Allowance for ECL				Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Mortgage loans								
31 December 2023	**45**	**9**	**166**	**220**	**23 965**	**87**	**440**	**24 492**
Movements with an impact on charges to the allowance for ECL								
Transfer to Stage 1	53	(33)	(20)	-	1 143	(1 078)	(65)	-
Transfer to Stage 2	(2)	3	(1)	-	(1 362)	1 364	(2)	-
Transfer to Stage 3	(6)	(37)	43	-	(83)	(199)	282	-
Loans issued and other accruals	14	3	8	25	6 865	11	43	6 919
Movements in credit risk	(37)	74	74	111	-	-	-	-
Repayment	(7)	(7)	(26)	(40)	(3 060)	(62)	(122)	(3 244)
Total movements with an impact on charges to the allowance for ECLs	**15**	**3**	**78**	**96**	**3 503**	**36**	**136**	**3 675**
Other movements with no impact on charges to the allowance for ECL								
Write-off against allowance	-	-	(30)	(30)	-	-	(30)	(30)
Recoveries of the assets previously written off	-	-	6	6	-	-	6	6
31 December 2024	**60**	**12**	**220**	**292**	**27 468**	**123**	**552**	**28 143**

(in millions of Russian Rubles, unless otherwise indicated)

13. Loans to customers (continued)

The Group uses a credit rating system to assess the level of credit risk for borrowers belonging to the corporate business segment and assessed on an individual basis.

As at 31 December 2025, loans to legal entities and individuals, assessed on a collective and individual basis, past due more than 90 days amounted to RUB 5 086 million and RUB 35 378 million, respectively (31 December 2024: RUB 2 479 million and RUB 36 339 million, respectively).

Information about the quality of loans to legal entities as at 31 December 2025 is presented below:

	Stage 1	Stage 2	Stage 3	31 December 2025
Assessed on a collective basis				
Not past due	449	-	-	449
Past due:				
Up to 30 days	8	8	-	16
From 31 to 60 days	-	1	7	8
From 61 to 90 days	-	3	35	38
From 91 to 180 days	-	-	41	41
Over 180 days	-	-	1 250	1 250
Total loans to legal entities assessed on a collective basis	**457**	**12**	**1 333**	**1 802**
Assessed on an individual basis				
Current	32 007	2 045	-	34 052
Requiring monitoring	1 610	965	-	2 575
Default	-	-	3 795	3 795
Total loans to legal entities assessed on an individual basis	**33 617**	**3 010**	**3 795**	**40 422**
Less allowance for expected credit losses	(301)	(37)	(4 042)	(4 380)
TOTAL	**33 773**	**2 985**	**1 086**	**37 844**

(in millions of Russian Rubles, unless otherwise indicated)

13. Loans to customers (continued)

Information about the quality of corporate loans as at 31 December 2024 is presented below:

	Stage 1	Stage 2	Stage 3	31 December 2024
Assessed on a collective basis				
Not past due	809	-	-	809
Past due:				
Up to 30 days	-	5	40	45
From 31 to 60 days	-	6	33	39
From 61 to 90 days	-	3	22	25
From 91 to 180 days	-	-	92	92
Over 180 days	-	-	1 076	1 076
Total loans to legal entities assessed on a collective basis	**809**	**14**	**1 263**	**2 086**
Assessed on an individual basis				
Current	40 534	8 491	-	49 025
Requiring monitoring	69	-	-	69
Default	-	-	1 311	1 311
Total loans to legal entities assessed on an individual basis	**40 603**	**8 491**	**1 311**	**50 405**
Less allowance for expected credit losses	(481)	(135)	(2 533)	(3 149)
TOTAL	**40 931**	**8 370**	**41**	**49 342**

(in millions of Russian Rubles, unless otherwise indicated)

13. Loans to customers (continued)

Information about the quality of loans to individuals as at 31 December 2025 is presented below:

	Stage 1	Stage 2	Stage 3	31 December 2025
Assessed on a collective basis				
Not past due	278 159	3 762	-	281 921
Past due:				
Up to 30 days	11 745	1 573	-	13 318
From 31 to 60 days	-	5 778	447	6 225
From 61 to 90 days	-	2 933	523	3 456
From 91 to 180 days	-	-	6 818	6 818
Over 180 days	-	-	28 080	28 080
Total loans to individuals assessed on a collective basis	**289 904**	**14 046**	**35 868**	**339 818**
Assessed on an individual basis				
Requiring monitoring	-	-	126	126
Default	-	-	480	480
Total loans to individuals assessed on an individual basis	**-**	**-**	**606**	**606**
Less allowance for expected credit losses	(8 297)	(4 659)	(26 506)	(39 462)
TOTAL	**281 607**	**9 387**	**9 968**	**300 962**

(in millions of Russian Rubles, unless otherwise indicated)

13. Loans to customers (continued)

Information about the quality of loans to individuals as at 31 December 2024 is presented below:

	Stage 1	Stage 2	Stage 3	31 December 2024
Assessed on a collective basis				
Not past due	311 439	11 790	-	323 229
Past due:				
Up to 30 days	-	9 996	634	10 630
From 31 to 60 days	-	5 031	288	5 319
From 61 to 90 days	-	4 231	243	4 474
From 91 to 180 days	-	-	7 030	7 030
Over 180 days	-	-	29 166	29 166
Total loans to individuals assessed on a collective basis	**311 439**	**31 048**	**37 361**	**379 848**
Assessed on an individual basis				
Requiring monitoring	-	-	2 406	2 406
Default	-	-	143	143
Total loans to individuals assessed on an individual basis	**-**	**-**	**2 549**	**2 549**
Less allowance for expected credit losses	(7 894)	(8 756)	(29 284)	(45 934)
TOTAL	**303 545**	**22 292**	**10 626**	**336 463**

14. Investment property

	2025	2024
As at 1 January	**7 226**	**7 708**
Sale	(333)	(572)
Capitalization of expenses	55	89
Change in fair value	(297)	1
As at 31 December	**6 651**	**7 226**

The investment property includes residential and non-residential premises in apartment blocks.

The table below analyzes the investment property by fair value hierarchy level as at 31 December 2025:

	Level 1	Level 2	Level 3	31 December 2025
Project 1	-	353	-	353
Project 2	-	-	6 298	6 298
Total	**-**	**353**	**6 298**	**6 651**

(in millions of Russian Rubles, unless otherwise indicated)

14. Investment property (continued)

The table below analyzes the investment property by fair value hierarchy level as at 31 December 2024:

	Level 1	Level 2	Level 3	31 December 2024
Project 1	-	531	-	531
Project 2	-	-	6 695	6 695
Total	**-**	**531**	**6 695**	**7 226**

Investment property is measured at fair value, which reflects market conditions as at the end of the reporting year. The Group estimated independently the fair value based, individually or in combination, on the comparative approach (comparable sales method) (Level 2) and income approach (Level 3).

In order to determine the fair value based on the income approach (Level 3) the Group applied a model of discounted cash flows from sale of assets. Below are the unobservable assumptions used in calculation of the fair value:

- Discount rate = 14% (31 December 2024: 17%);
- Project timing = up to 3 years (31 December 2024: up to 4 years);
- Sales of premises and price growth rates are based on GDP forecasts (consensus forecasts prepared by CBR, Ministry of Economic Development, Analytical Credit Rating Agency (ACRA), Center for Macroeconomic Analysis and Short-term Forecasting (CMASF) etc.)

According to the Group’s estimates, changes in these unobservable assumptions may result in material changes in fair value of investment property.

The reconciliation of movement of investment property at Level 3 of the fair value hierarchy for the years ended 31 December 2025 and 31 December 2024 is given below:

	2025	2024
As at 1 January	6 695	6 752
Sale	(124)	(65)
Capitalization of expenses	30	17
Change in fair value	(303)	(9)
As at 31 December	**6 298**	**6 695**

(in millions of Russian Rubles, unless otherwise indicated)

15. Property and equipment, and intangible assets

	Buildings	Capital investments	Furniture and equipment	Total property and equipment	Intangible assets	Total property and equipment and intangible assets
Carrying amount						
31 December 2023	**2 170**	**67**	**3 514**	**5 751**	**11 465**	**17 216**
Acquisition and creation	144	14	441	**599**	3 362	**3 961**
Disposals	-	(4)	(200)	**(204)**	(781)	**(985)**
Elimination of accumulated depreciation on revaluation	(54)	-	-	**(54)**	-	**(54)**
Revaluation	121	-	-	**121**	-	**121**
31 December 2024	**2 381**	**77**	**3 755**	**6 213**	**14 046**	**20 259**
Acquisition and creation	24	26	632	**682**	3 824	**4 506**
Acquisition as part of business acquired	61	-	11	**72**	97	**169**
Disposals	-	(5)	(86)	**(91)**	(335)	**(426)**
Elimination of accumulated depreciation on revaluation	(58)	-	-	**(58)**	-	**(58)**
Revaluation	523	-	-	**523**	-	**523**
Disposal of a subsidiary	-	-	-	**-**	(42)	**(42)**
31 December 2025	**2 931**	**98**	**4 312**	**7 341**	**17 590**	**24 931**
Accumulated depreciation and amortization						
31 December 2023	**-**	**46**	**1 528**	**1 574**	**3 714**	**5 288**
Charge for the year	54	11	339	**404**	2 011	**2 415**
Disposals	-	(4)	(97)	**(101)**	(766)	**(867)**
Elimination of accumulated depreciation on revaluation	(54)	-	-	**(54)**	-	**(54)**
31 December 2024	**-**	**53**	**1 770**	**1 823**	**4 959**	**6 782**
Charge for the year	58	12	474	**544**	2 345	**2 889**
Disposals	-	(5)	(76)	**(81)**	(315)	**(396)**
Elimination of accumulated depreciation on revaluation	(58)	-	-	**(58)**	-	**(58)**
Disposal of a subsidiary	-	-	-	**-**	(10)	**(10)**
31 December 2025	**-**	**60**	**2 168**	**2 228**	**6 979**	**9 207**
Net carrying amount						
31 December 2024	**2 381**	**24**	**1 985**	**4 390**	**9 087**	**13 477**
31 December 2025	**2 931**	**38**	**2 144**	**5 113**	**10 611**	**15 724**

(in millions of Russian Rubles, unless otherwise indicated)

15. Property and equipment and intangible assets (continued)

As at 31 December 2025 and 31 December 2024, the buildings owned by the Group were recognized at fair value. The fair value was determined by independent appraisers having relevant professional qualification and experience in valuation of similar buildings located in the same territory. One of the following methods or their combination was used to measure the fair value: discounted cash flow method (income approach) and method of sales comparison (comparative approach).

When using a combination of approaches, the fair value of buildings is determined by weighting the estimates obtained under the separate scenarios. The fair value of these assets was RUB 2 932 million and RUB 2 381 million, respectively. If buildings had been carried at historical cost, restated in accordance with inflation indices, less accumulated depreciation and impairment losses, their carrying amount would have been RUB 2 262 million and RUB 2 268 million as at 31 December 2025 and 31 December 2024, respectively.

As at 31 December 2025 and 31 December 2024, the net carrying amount of buildings includes capital investments not put into operation in the amount of RUB 17 million and RUB 142 million, respectively.

During 2025 and 2024, the Group recognized as intangible assets its own software developments in the amount of RUB 2 645 million and RUB 2 391 million, respectively.

16. Other assets

Other assets comprise the following:

	31 December 2025	31 December 2024
Other receivables	1 993	2 944
Fee and commission income under agency agreements and other fees	1 837	2 700
Right-of-use assets	829	823
Unsettled transactions with plastic cards	699	1 545
Advances to suppliers and contractors	625	413
Inventories	107	53
Prepaid expenses	95	337
Property for resale	81	116
Current income tax assets	26	764
Taxes other than income tax	25	25
Other financial assets	-	126
Total other assets before allowance	**6 317**	**9 846**
Less allowance for expected credit losses and impairment	(1 343)	(1 639)
Total other assets	**4 974**	**8 207**

As at 31 December 2025 and 31 December 2024, "Other assets" included financial assets less allowance of RUB 3 304 million and RUB 5 754 million, respectively, including allowances for expected credit losses in the amount of RUB 1 225 million and RUB 1 561 million, respectively.

As at 31 December 2025, "Other receivables" included operating lease receivables of RUB 472 million (31 December 2024: RUB 680 million) and loyalty programs receivables of RUB 99 million (31 December 2024: RUB 697 million).

(in millions of Russian Rubles, unless otherwise indicated)

17. Due to banks and other financial institutions

Due to banks and other financial institutions comprised the following:

	31 December 2025	31 December 2024
Loans under repurchase agreements	57 260	61 304
Loans and term deposits from banks and other financial institutions	37 375	31 889
Correspondent accounts of other banks	15 146	4 443
Total due to banks and other financial institutions	**109 781**	**97 636**

As at 31 December 2025, securities in the amount of RUB 59 552 million were pledged as collateral under repurchase agreements (31 December 2024: RUB 28 674 million) (Note 12), securities received under reverse repurchase agreements totaled RUB 3 157 million (31 December 2024: RUB 36 032 million) (Note 11).

As at 31 December 2025 and 31 December 2024, the Group had no amounts due from banks individually exceeding 10% of Group's equity.

18. Customer accounts

Customer accounts comprised the following:

	31 December 2025	31 December 2024
Individuals		
Term deposits	259 288	182 208
Current accounts	64 126	43 006
Corporate loans		
Term deposits	140 888	110 752
Current accounts	25 188	23 616
Total customer accounts	**489 490**	**359 582**

As at 31 December 2025 and 31 December 2024, customer accounts individually exceeding 10% of the Group's equity were received from 3 customers in the amount of RUB 77 835 million (16% of total customer accounts) and 3 customers in the amount of RUB 62 531 million (17% of total customer accounts), respectively.

(in millions of Russian Rubles, unless otherwise indicated)

18. Customer accounts (continued)

The table below presents customer accounts by economic sector:

	31 December 2025	31 December 2024
Analysis by sector:		
Individuals	323 414	225 214
Insurance	45 725	53 245
Financial sector and management of assets	33 977	21 422
Production	22 673	2 647
Trade	15 390	19 201
Federal and state funding	14 597	13 151
Transport and communications	8 274	7 507
Real estate and construction	7 612	6 120
Information technology	5 547	1 493
Travel and hotel business	1 637	513
Medicine	791	1 967
Science and education	513	389
Advertising	235	189
Charity	155	314
Utilities	130	107
Other	8 820	6 103
Total customer accounts	**489 490**	**359 582**

19. Debt securities issued

Debt securities issued comprised the following:

	Maturity month/year	Annual interest rate, %	31 December 2025	Maturity month/year	Annual interest rate, %	31 December 2024
Bonds	Jule 2026 - October 2026	18.3%-24.0%	13 837	August 2025 – October 2026	9.6%-22.7%	17 539
Promissory notes	April 2022 – March 2027	5.4%-16.0%	348	April 2022 – March 2026	5.4%-13.5%	309
TOTAL			**14 185**			**17 848**

In April 2025, the Group placed a bond issue of RUB 3 000 million maturing on 24 July 2026 with a coupon rate of 24%. Coupon is payable upon maturity.

In May 2025, the Group placed digital financial assets issue of RUB 5 000 million maturing on 28 November 2025 with a coupon rate of 22.3%. Coupon is payable upon maturity.

Digital financial assets are recognized at amortized cost using the effecting interest rate determined at the recognition date.

(in millions of Russian Rubles, unless otherwise indicated)

20. Other borrowings and liabilities

Other borrowings and liabilities comprised the following:

	31 December 2025	31 December 2024
Salaries and other compensations payable to employees	3 801	2 286
Taxes payable other than income tax	2 233	1 943
Operating trade payables	1 969	1 816
Outstanding settlements on acquiring and transfers	1 631	2 694
Deferred income	1 459	2 298
Operating lease liabilities	885	875
Allowance for expected credit losses on guarantees issued and credit commitments (Note 25)	679	922
Current income tax liabilities	663	326
Contributions to the deposit insurance agency	393	278
Advances received	170	65
Provision for legal claims	29	162
Other financial liabilities	791	1 298
Total other borrowings and liabilities	**14 703**	**14 963**

As at 31 December 2025 and 31 December 2024, other borrowings and liabilities included financial liabilities in the amount of RUB 9 470 million and RUB 9 247 million, respectively.

The movements in allowance for expected credit losses for guarantees issued and loan commitments for the years ended 31 December 2025 and 31 December 2024 are presented Note 25.

21. Share capital

As at 31 December 2025, the authorized share capital consisted of 37 526 637 (31 December 2024: RUB 34 629 063) ordinary shares with a par value of RUB 500 each and 600 preference shares with a par value of RUB 500 each.

All ordinary shares are of the same class and carry one vote.

Owners of preferred shares have the right to receive a fixed annual dividend and to participate in the General Shareholders' Meeting on matters of reorganization, liquidation and amendments to the Charter affecting the rights of such owners. Also, in case of a decision on non-payment or incomplete payment of dividends on such shares, holders have the same voting rights as ordinary shares until the payment of dividends is in full. Since dividends on preferred shares may not be paid, preferred shares have been recognized in the share capital.

On 27 June 2025, the General Meeting of Shareholders made a decision to declare dividends of RUB 3 088 million, including RUB 3 085 million under ordinary shares and RUB 3 million under preference shares.

21. Share capital (continued)

In April 2024, MTS-Bank conducted an initial public offering (IPO) on the Moscow Exchange. A total of 4.6 million shares with a par value of RUB 500 each were placed at a price of RUB 2 500 per share. The total amount raised during the IPO was RUB 11 500 million, capital raising costs were RUB 723 million excluding income tax of RUB 145 million.

In July 2025, MTS-Bank placed an additional issue of shares on the Moscow Exchange. A total of 2.9 million shares with a par value of RUB 500 each were placed at a price of RUB 1 380,5 per share. The total amount raised was RUB 4 001 million.

As at 31 December 2025, share premium amounting to RUB 26 236 million (31 December 2024: RUB 23 684 million) represents an excess of contributions received over the nominal value of shares issued.

In April 2024, MTS-Bank issued 600 (03SUB and 04SUB) perpetual subordinated bonds with a par value of RUB 10 million each. MTS-Bank redeemed these 600 units of perpetual subordinated bonds in September 2024.

In September 2024, MTS-Bank issued 600 (05SUB) perpetual subordinated bonds with a par value of RUB 10 million each.

In November 2024, MTS-Bank issued 850 perpetual subordinated bonds (07SUB) with a par value of RUB 10 million each.

As at 31 December 2025 and 31 December 2024 the Group accounts for perpetual bonds of 1 950 units with a par value of RUB 10 million each as an equity instrument since according to the issuance documents:

- The issuer has the right to unilaterally waive its obligations to pay the coupon income without the consent of the owner;
- The possibility of redemption of bonds is provided solely by the issuer’s decision;
- The acquisition for these bonds means the consent of the purchaser with the above conditions.

In accordance with the terms of issue of these bonds, coupon payment may be canceled. Coupon amount paid on perpetual bonds is recorded similarly to the declared dividends. Payments under perpetual bonds for the year ended 31 December 2025 amounted to RUB 3,124 million
(31 December 2024: RUB 1 050 million).

As at 31 December 2025 and 31 December 2024, the Bank’s share capital totaled RUB 18 600 million.

22. Share-based payments

In June 2024, the Group approved incentive programs for its employees under which MTS-Bank shares or their cash value are granted to employees. The Group accounts these motivation programs in accordance with IFRS 2 *Share-based Payment* as transactions based on the shares with debt instrument settlements and as transactions based on the shares with cash settlements, respectively.

22. Share-based payments (continued)

Payments under equity-settled share-based programs are measured at the fair value of the equity instruments granted at grant date (excluding the effect of non-market conditions). The grant date fair value is determined based on the observable market price of MTS-Bank ordinary shares. The fair value of share-based payment is also adjusted for expected dividends discounted to their present value using a risk-free interest rate.

The number of allocated shares under the Group's programs are determined by the terms of the programs and decisions of the collective bodies of the Group, and the transfer of the right depends on the achievement of certain performance indicators, the continuation of labor relations until the end of the periods established by the program and the approval of payment by the appropriate collegial body.

The fair value of cash-settled share-based payment programs is remeasured at each reporting date and at the date of payment, with changes in fair value recognized in the summary published consolidated statement of financial results until the liability is settled.

During 2025, the Group granted 326 774 ordinary shares of MTS-Bank at the weighted average fair value measured at the date of their joining the program. As at 31 December 2025, employees had not used their entitlement to 397 590 ordinary shares. The weighted average remaining term of such instruments outstanding at the end of the period was 5 months.

During 2024, the Group granted 438 117 ordinary shares of MTS-Bank at the weighted average fair value measured at the date of their joining the program. As at 31 December 2024, employees had not used their entitlement to 70 816 ordinary shares. The weighted average remaining term of such instruments outstanding at the end of the period was 18 months.

During 2025, the Group granted 87 094 phantom shares to its employees, which entitle them to the cash value of ordinary shares of MTS-Bank. As at 31 December 2025, 201 562 phantom shares were not vested. The weighted average remaining term of such instruments outstanding at the end of the period was 7 months.

During 2024, the Group granted 297 617 phantom shares to its employees, which entitle them to the cash value of ordinary shares of MTS-Bank. As at 31 December 2024, 114 468 phantom shares were not vested. The weighted average remaining term of such instruments outstanding at the end of the period was 20 months.

For the 12 months ended 31 December 2025, the Group recognized expenses on all incentive programs in the amount of RUB 1 280 million (31 December 2024: RUB 3 886 million) in the summary published consolidated statement of profit or loss, including expenses on equity-settled share-based programs in the amount of RUB 687 million (31 December 2024: RUB 701 million).

As at 31 December 2025, liabilities for cash-settled share-based payment transactions in the summary published consolidated statement of financial position totaled RUB 1 200 million (31 December 2024: RUB 575 million).

(in millions of Russian Rubles, unless otherwise indicated)

23. Earnings per share

Basic earnings per share are calculated by dividing profits owned by the Group's ordinary shareholders by the average weighted number of ordinary shares outstanding for the reporting period, excluding treasury shares. In accordance with IAS 33 *Earnings per Share*, when calculating the profit attributable to its ordinary shareholders, the Bank adjusts the profit for the year attributable to shareholders for the interest on perpetual subordinated bonds, as well as for dividends on preference shares.

The Group holds no ordinary shares which could potentially dilute earnings per share.

The basic and diluted earnings per ordinary share attributable to the Group's shareholders are presented below:

	2025	2024
Net profit for the period attributable to shareholders of the Bank	14 431	12 370
Less interest on perpetual bonds	(3 124)	(753)
Less dividends on preference shares	(3)	-
Net profit for the period attributable to holders of ordinary shares	**11 304**	**11 617**
Weighted average number of ordinary shares for purposes of basic and diluted earnings per share	35 902 901	33 106 581
Basic and diluted earnings per share, RUB	**315**	**351**

24. Transferred financial assets

The Group places and sells securities under repurchase agreements (RP), as well as borrows securities under reverse repurchase agreements (RRP).

The securities placed or sold under repurchase agreements are transferred to a third party in exchange for cash or other financial assets. The Group retains substantially all the risks and rewards in respect of these securities, which include credit risk and market risk, and therefore does not derecognize them. In addition, the Group recognizes a financial liability in respect of cash or other financial assets received.

The Group may sell or re-pledge securities borrowed or purchased under repurchase agreements, but has an obligation to return the securities (in case of sale), and the counterparty retains substantially all the risks and rewards of ownership. Consequently, the securities are not recognized by the Group, which instead recognizes a separate asset for the cash received or other financial assets.

Details of transferred financial assets that are not derecognized as at 31 December 2025 and 31 December 2024, are disclosed below:

	Securities
As at 31 December 2025	
Fair value of assets	62 709
Carrying amount of associated liabilities (loans received under repurchase agreements, Note 17)	57 260
As at 31 December 2024	
Fair value of assets	64 706
Carrying amount of associated liabilities (loans received under repurchase agreements, Note 17)	61 304

(in millions of Russian Rubles, unless otherwise indicated)

25. Contingent financial liabilities

In the normal course of business, the Group acts as a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments carrying varying degrees of credit risk are not presented in the summary published consolidated statement of financial position.

The maximum credit risk exposure of the Group under contingent financial liabilities and loan commitments is equivalent to the contractual value of these instruments.

As at 31 December 2025 and 31 December 2024, financial contingent liabilities comprised:

	31 December 2025	31 December 2024
Credit related contingent liabilities		
Loan commitments	61 105	63 371
Guarantees issued	14 568	50 755
Total credit related contingent liabilities	**75 673**	**114 126**
Less allowance for expected credit losses	(679)	(922)
Total contingent financial liabilities	**74 994**	**113 204**

Information on the movements in the allowance for expected credit losses on loan commitments and guarantees issued for the year ended 31 December 2025 and 31 December 2024 is presented below:

	Stage 1	Stage 2	Stage 3	Total
31 December 2023	**1 112**	**11**	**7**	**1 130**
Transfer to Stage 1	3	(3)	-	-
Transfer to Stage 2	(5)	5	-	-
Transfer to Stage 3	(1)	(2)	3	-
(Recovery of allowance)/allowance for expected credit losses	(224)	24	(8)	(208)
31 December 2024	**885**	**35**	**2**	**922**
Transfer to Stage 2	(78)	78	-	-
Transfer to Stage 3	-	(8)	8	-
(Recovery of allowance)/allowance for expected credit losses	(253)	(38)	48	(243)
31 December 2025	**554**	**67**	**58**	**679**

(in millions of Russian Rubles, unless otherwise indicated)

25. Contingent financial liabilities (continued)

Information on the maximum amount of credit risk on guarantees issued and loan commitments is presented below:

	Stage 1	Stage 2	Stage 3	Total
Loan commitments	52 915	7 837	353	61 105
Guarantees issued	12 777	1 791	-	14 568
Less allowance for expected credit losses	(554)	(67)	(58)	(679)
31 December 2025	**65 138**	**9 561**	**295**	**74 994**

	Stage 1	Stage 2	Stage 3	Total
Loan commitments	61 315	1 989	67	63 371
Guarantees issued	48 943	1 810	2	50 755
Less allowance for expected credit losses	(885)	(35)	(2)	(922)
31 December 2024	**109 373**	**3 764**	**67**	**113 204**

Information about the quality of loan commitments and guarantees issued as at 31 December 2025 is presented below:

	Stage 1	Stage 2	Stage 3	31 December 2025
Assessed on a collective basis				
Current	60 846	-	-	60 846
Under monitoring	332	153	-	485
Default	-	-	353	353
Total contingent liabilities assessed on a collective basis	**61 178**	**153**	**353**	**61 684**
Assessed on an individual basis				
Current	4 514	7 684	-	12 198
Under monitoring	-	1 791	-	1 791
Total contingent liabilities assessed on an individual basis	**4 514**	**9 475**	**-**	**13 989**
Less allowance for expected credit losses	(554)	(67)	(58)	(679)
TOTAL	**65 138**	**9 561**	**295**	**74 994**

(in millions of Russian Rubles, unless otherwise indicated)

25. Contingent financial liabilities (continued)

Information about the quality of loan commitments and guarantees issued as at 31 December 2024 is presented below:

	Stage 1	Stage 2	Stage 3	31 December 2024
Assessed on a collective basis				
Current	100 599	-	-	100 599
Under monitoring	-	532	-	532
Default	-	-	69	69
Total contingent liabilities assessed on a collective basis	**100 599**	**532**	**69**	**101 200**
Assessed on an individual basis				
Current	9 659	1 457	-	11 116
Under monitoring	-	1 810	-	1 810
Total contingent liabilities assessed on an individual basis	**9 659**	**3 267**	**-**	**12 926**
Less allowance for expected credit losses	(885)	(35)	(2)	(922)
TOTAL	**109 373**	**3 764**	**67**	**113 204**

Extension of loans to legal entities within credit line limits is approved by the Group on a case-by-case basis and depends on borrowers' financial performance, debt service and other conditions. As at 31 December 2025 and 31 December 2024, unused credit line commitments totaled RUB 9 011 million and RUB 3 773, respectively.

The Group also provides depositary services to its customers. As at 31 December 2025 and 31 December 2024, the Group had 6 716 197 005 and 4 889 054 002 customer securities, respectively, in its nominal holder accounts.

As at 31 December 2025 and December 2024, the Group did not block securities in its nominal holder accounts.

Litigation. As at 31 December 2025 and 31 December 2024, there were no unreserved claims for which the risk is assessed as "probable". Moreover, there were no claims undisclosed in the summary published consolidated financial statements for which the risk is assessed as "possible".

26. Segment information

Operating segments are components of the Group that engage in business activities from which it may earn revenue or incur expenses, whose operating results are regularly reviewed by management making operational decisions, and for which discrete financial information is available. Management that makes operational decisions can be a person or a group of individuals who are engaged in the allocation of resources and the evaluation of the results of the Group's activities. The Group's Management Board performs the functions of chief operating decision-maker.

(in millions of Russian Rubles, unless otherwise indicated)

26. Segment information (continued)

The Group's Management Board reviews the results of each of the segments when making decisions about the allocation of resources and assessing their performance.

The Group separates operating segments based on its organizational structure. Operating segments are presented on the basis of management accounting and differ from summary published consolidated financial statements:

- Use of intersegment transfer pricing system;
- Different classification of certain income and expense items.

Under the Group's transfer pricing system, resources are generally reallocated using internal interest rates. These rates are determined on the basis of basic market interest rates.

Segments whose revenue, financial result or assets are 10% or more of all the segments, are reported separately.

For management purposes, the Group is divided into the following operating segments:

- **Retail banking** includes banking services for private persons and SMEs, as well as credit and debit card services, time deposits and current accounts, retail lending (consumer loans, credit cards, mortgage loans and other);
- **Corporate and investment banking** – includes granting loans to corporate customers, project and commodity financing, as well as financing structured transactions of corporate customers, maintenance of current accounts and time deposits of corporate customers, trading operations with securities, foreign currencies and derivative financial instruments, and depositary services.

Other unallocated activities represent funding activities and other activities as well as balances and/or income and expense items not allocated to any of the Group’s business segments in the internal management reporting systems, as they are not initiated by any of the business units and represent part of the Group’s routine headquarter activities. The Group uses profit before tax to measure operating performance without allocating income tax expenses across the operating segments within the internal management reporting systems.

The Group performs its continuing operations in the RF. Revenue received from non-resident counterparties constitutes an insignificant part of the Group’s total revenue from continuing operations. All of the Group’s significant non-current assets are concentrated in the RF.

Operating segment information for the year ended 31 December 2025 is presented in the table below:

	Retail banking	Corporate and investment banking	Other unallocated	2025
Net interest income	32 370	4 663	8 968	46 001
Changes in the allowance	(25 617)	(1 461)	2 735	(24 343)
Net commission and other income/(expense)	20 011	5 157	(4 174)	20 994
Administrative and general expenses	(16 007)	(1 693)	(6 220)	(23 920)
Net profit before tax	**10 757**	**6 666**	**1 309**	**18 732**

(in millions of Russian Rubles, unless otherwise indicated)

26. Segment information (continued)

Operating segment information for the year ended 31 December 2024 is presented in the table below:

	Retail banking	Corporate and investment banking	Other unallocated	2024 (restated)
Net interest income	33 195	3 352	5 012	41 559
Changes in the allowance	(31 697)	(72)	(620)	(32 389)
Net commission and other income/(expense)	25 681	4 009	(1 343)	28 347
Administrative and general expenses	(15 734)	(1 525)	(7 310)	(24 569)
Net profit/(loss) before tax	**11 445**	**5 764**	**(4 261)**	**12 948**

To make a decision about the allocation of resources and assessment of the performance of reportable segments, the Group’s Management Board analyzes net interest income, performance and individual items of assets and liabilities for each of the reportable segments (total amounts of assets and liabilities for each reportable segment are not provided to the Group’s Management Board on a regular basis).

27. Operating environment

The economic environment in which the Group operates has been affected by events over recent years. A number of states have imposed restrictive measures (sanctions) on Russia, its major enterprises, financial institutions and certain individuals. Specifically, such sanctions involve the ban on exports and imports of certain goods and services, price caps on certain raw material exports, disconnection of most major Russian financial institutions from SWIFT, and freeze of assets of certain Russian individuals and legal entities.

The sanctions have resulted in restricted access of Russian companies to international markets, heightened economic uncertainty, rising inflationary expectations, diminished availability of debt financing, stock market volatility and other adverse effects.

In response to mounting external pressure, the Russian Government and the CBR have implemented special economic measures to ensure the security and stability of the Russian economy, financial sector and citizens.

Over the past few years, in an effort to stabilize the economic situation and control the inflation rate, the CBR has repeatedly revised the key rate from 16% to 21%. Despite its reduction starting from mid-2025, the key rate remains high and holds back both industrial production and real household earnings. Following the suspension of USD and EUR trading on the Moscow Exchange in June 2024, transactions continue on the over-the-counter market. Over the past few years, the ruble exchange rate against major currencies has fluctuated significantly.

In February 2023, the US Office of Foreign Assets Control (OFAC) and the UK Office of Financial Sanctions Implementation (OFSI) defined MTS-Bank as a sanctions target based on their applicable sanctions’ regulations adopted by the USA and the UK. MTS-Bank has become subject to so called “blocking” sanctions (asset freeze) introduced by the USA and the UK. Thus, third parties in the USA and the UK, including banks, must block or freeze MTS-Bank assets held with such third parties or otherwise block settlements between MTS-Bank and its counterparties.

(in millions of Russian Rubles, unless otherwise indicated)

27. Operating environment (continued)

The Group considered all significant risks, including the capital adequacy and liquidity ratios. Considering the volatility of the Russian financial market, Group assessed the impact of a significant increase in the foreign exchange rate and the key interest rate of the CBR on the Bank’s profit and equity, as well as capital adequacy and liquidity ratios over the annual horizon.

Despite the uncertainty associated with further developments in the operating environment, based on the analysis performed, the Group's management believes that it will be able to continue as a going concern in the foreseeable future.

28. Related party transactions

Transactions between the Bank and its subsidiaries, which are related parties of the Bank, have been eliminated on consolidation and are not disclosed in this note. The Group had the following transactions with related parties as at 31 December 2025 and 31 December 2024:

	31 December 2025		31 December 2024	
	Related party transactions	**Total category as per the financial statements caption**	**Related party transactions**	**Total category as per the financial statements caption**
Cash and cash equivalents	**-**	**72 138**	**4**	**93 757**
- Entities under common control with the Group	-		4	
Investments in securities	**1 697**	**301 471**	**2 202**	**78 786**
- Entities with joint control or significant influence over the Group	758		1 042	
- Entities under common control with the Group	939		106	
- Other related parties	-		1 054	
Loans to customers before allowance for expected credit losses	**21 314**	**382 648**	**16 605**	**434 888**
- Entities under common control with the Group	16 420		10 687	
- Key management personnel of the Group, of the parent company and shareholders	373		208	
- Other related parties	4 521		5 710	
Allowance for expected credit losses on loans to customers	**(123)**	**(43 842)**	**(169)**	**(49 083)**
- Entities under common control with the Group	(73)		(83)	
- Key management personnel of the Group, of the parent company and shareholders	(6)		(2)	
- Other related parties	(44)		(84)	
Other assets before allowance for expected credit losses	**905**	**6 317**	**1 655**	**9 846**
- Entities under common control with the Group	905		101	
- Other related parties	-		1 554	
Allowances for expected credit losses on other assets	**(11)**	**(1 343)**	**(55)**	**(1 639)**
- Entities under common control with the Group	(11)		(1)	
- Other related parties	-		(54)	

(in millions of Russian Rubles, unless otherwise indicated)

28. Related party transactions (continued)

	31 December 2025		31 December 2024	
	Related party transactions	Total category as per the financial statements caption	Related party transactions	Total category as per the financial statements caption
Due to banks and other financial institutions	**5 002**	**109 781**	**548**	**97 636**
- Entities under common control with the Group	5 002		548	
Customer accounts	**77 498**	**489 490**	**72 920**	**359 582**
- Entities with joint control or significant influence over the Group	318		344	
- Entities under common control with the Group	21 793		11 047	
- Key management personnel of the Group, of the parent company and shareholders	54 671		50 981	
- Other related parties	716		10 548	
Debt securities issued	**337**	**14 185**	**2 521**	**17 848**
- Entities under common control with the Group	337		1 810	
- Other related parties	-		711	
Other borrowings and liabilities	**2 357**	**14 703**	**2 184**	**14 963**
- Entities under common control with the Group	1 346		1 054	
- Key management personnel of the Group, of the parent company and shareholders	995		310	
- Other related parties	16		820	
Commitments on loans and unused credit lines	**608**	**61 105**	**606**	**63 371**
- Entities under common control with the Group	603		600	
- Key management personnel of the Group, of the parent company and shareholders	5		6	
Guarantees issued and similar commitments	**2 417**	**14 568**	**3 744**	**50 755**
- Entities under common control with the Group	2 245		2 674	
- Other related parties	172		1 070	

For 2025, total additions of right-of-use assets from related parties were RUB 83 million (2024: RUB 15 million), of which RUB 44 million (2024: RUB 10 million) were attributable to the other related parties and RUB 39 million (2024: RUB 5 million) were attributable to the entities under common control with the Group.

In 2025, the Group acquired a securities portfolio of RUB 156 000 million from another related party (Note 12).

In 2025, the Group acquired loans to customers in the amount of RUB 3 131 million from the related party under common control with the Group.

In 2024, the Group sold loans to customers in the amount of RUB 4 472 million, net of the allowance for credit losses, to the related party under common control with the Group.

(in millions of Russian Rubles, unless otherwise indicated)

28. Related party transactions (continued)

The remuneration of key management was as follows:

	2025		2024	
	Related party transactions	Total category as per the financial statements caption	Related party transactions	Total category as per the financial statements caption
Remuneration of key management personnel:	**1 858**	**15 237**	**4 517**	**18 842**
- Short-term compensation	906		1 277	
- Share-based payments	952		3 240	

The remuneration of key management personnel in the table above includes capital raising expenses (Note 8).

The summary published consolidated statement of profit or loss for the year ended 31 December 2025 and 31 December 2024 included the following amounts arising from the transactions with related parties:

	2025		2024	
	Related party transactions	Total category as per the financial statements caption	Related party transactions	Total category as per the financial statements caption
Interest income	**6 439**	**136 126**	**3 411**	**91 228**
- Entities with joint control or significant influence over the Group	218		228	
- Entities under common control with the Group	4 684		1 459	
- Key management personnel of the Group, of the parent company and shareholders	75		18	
- Other related parties	1 462		1 706	
Interest expense	**(15 982)**	**(88 725)**	**(7 912)**	**(48 576)**
- Entities with joint control or significant influence over the Group	(266)		(144)	
- Entities under common control with the Group	(3 320)		(2 345)	
- Key management personnel of the Group, of the parent company and shareholders	(8 140)		(4 552)	
- Other related parties	(4 256)		(871)	
Recovery of allowance/(allowance) for expected credit losses on interest bearing assets	**60**	**(24 752)**	**(10)**	**(30 901)**
- Entities with joint control or significant influence over the Group	5		-	
- Entities under common control with the Group	8		29	
- Key management personnel of the Group, of the parent company and shareholders	(4)		4	
- Other related parties	51		(43)	
Net gain on transactions with financial instruments and foreign currency	**24**	**279**	**10**	**3 689**
- Entities with joint control or significant influence over the Group	1		4	
- Entities under common control with the Group	16		114	
- Other related parties	7		(108)	

(in millions of Russian Rubles, unless otherwise indicated)

28. Related party transactions (continued)

	2025		2024	
	Related party transactions	Total category as per the financial statements caption	Related party transactions	Total category as per the financial statements caption
Fee and commission income	**1 554**	**23 804**	**1 365**	**32 072**
- Entities with joint control or significant influence over the Group	5		71	
- Entities under common control with the Group	1 330		563	
- Key management personnel of the Group, of the parent company and shareholders	(3)		(2)	
- Other related parties	222		733	
Fee and commission expense	**(1 816)**	**(8 602)**	**(1 980)**	**(8 840)**
- Entities under common control with the Group	(1 465)		(653)	
- Other related parties	(351)		(1 327)	
Recovery of allowance/(allowance) for expected credit losses on other transactions	**12**	**409**	**(6)**	**(1 488)**
- Entities under common control with the Group	12		(6)	
- Key management personnel of the Group, of the parent company and shareholders	-		-	
Operating lease income	**4 371**	**4 505**	**3 356**	**3 434**
- Entities under common control with the Group	3 459		-	
- Other related parties	912		3 356	
Other net income	**1 078**	**1 008**	**1 066**	**(2 008)**
- Entities under common control with the Group	823		3	
- Other related parties	255		1 063	
Operating expenses (net of staff costs)	**(2 448)**	**(8 683)**	**(3 057)**	**(9 080)**
- Entities under common control with the Group	(2 163)		(1 065)	
- Other related parties	(285)		(1 992)	

The Bank entered into transactions with related parties generally on the same arm’s length terms and conditions as with unrelated parties. For 2025, there were no reliable arm’s length benchmark data available in respect of “Operating lease income” of RUB 4 371 million (31 December 2024: RUB 3 356 million) received from related parties under the license agreement for the right to use the software product “Automated scoring System for determining customer credit risk”. As part of this license agreement, the Group is also obliged to reimburse related companies for certain contingent liabilities. For 2025, the Group reimbursed such liabilities in the amount of RUB 305 million (2024: RUB 284 million). As at 31 December 2025, the Group estimated and recognized a liability to reimburse additional contingent expenses in the amount of RUB 25 million included in other borrowings and liabilities (31 December 2024: RUB 30 million).

(in millions of Russian Rubles, unless otherwise indicated)

29. Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following tables provide an analysis of financial assets and financial liabilities that are measured on a recurring basis at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable as at 31 December 2025 and 31 December 2024. Fair value measurements are analyzed by level in the fair value hierarchy as at each reporting date.

	Level 1	**Level 2**	**Level 3**	**31 December 2025**
Financial assets				
Debt and equity securities at fair value through profit and loss	1	-	-	1
Debt securities at fair value through other comprehensive income	114 611	8 940	-	123 551
Financial liabilities				
Other borrowings and liabilities	-	24	-	24

	Level 1	**Level 2**	**Level 3**	**31 December 2024**
Financial assets				
Debt and equity securities at fair value through profit and loss	1	-	-	1
Debt securities at fair value through other comprehensive income	74 613	3 727	-	78 340
Other assets	-	126	-	126
Financial liabilities				
Other borrowings and liabilities	-	125	-	125

As at 31 December 2025, due to the absence of an active market, Level 2 hierarchy includes financial assets carried at fair value on a permanent basis that were classified at Level 1 as at 31 December 2024. Such financial assets amount to RUB 2 848 million.

As at 31 December 2024, due to the absence of an active market, Level 2 hierarchy includes financial assets carried at fair value on a permanent basis that were classified at Level 1 as at 31 December 2023. Such financial assets amount to RUB 1 109 million.

As at 31 December 2025, Level 1 hierarchy includes financial assets carried at fair value on a permanent basis that were classified as Level 2 as at 31 December 2024. Such financial assets amount to RUB 780 million.

As at 31 December 2024, Level 1 hierarchy includes financial assets carried at fair value on a permanent basis that were classified as Level 2 as at 31 December 2023. Such financial assets amount to RUB 1 168 million.

(in millions of Russian Rubles, unless otherwise indicated)

29. Fair value of financial instruments (continued)

The description of valuation techniques and the inputs used in the fair value measurement of Level 2 financial assets and liabilities as at 31 December 2025 are presented below:

	31 December 2025 Fair value			
	Assets	Liabilities	Valuation technique	Key inputs
Debt securities at fair value through other comprehensive income	8 940	-	Quoted/calculated prices	Information from MICEX/equivalent-based calculations
Other assets, borrowings and liabilities	-	24	Forward contract valuation model	Risk-free interest rates in contract currencies
Total Level 2 financial assets and liabilities measured at fair value	**8 940**	**24**		

The description of valuation techniques and the inputs used in the fair value measurement of Level 2 financial assets and liabilities as at 31 December 2024 are presented below:

	31 December 2024 Fair value			
	Assets	Liabilities	Valuation technique	Key inputs
Debt securities at fair value through other comprehensive income	3 727	-	Quoted/calculated prices	Information from MICEX/equivalent-based calculations
Other assets, borrowings and liabilities	126	125	Forward contract valuation model	Risk-free interest rates in contract currencies
Total Level 2 financial assets and liabilities measured at fair value	**3 853**	**125**		

The fair value of financial assets and liabilities is determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- For financial assets and liabilities that have a short-term maturity (less than 3 months), it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits and savings accounts without a maturity.

Loans to individual customers carry fixed interest rates. As there is no active secondary market in the RF for such loans and advances, there is no reliable market value available for this portfolio. The fair value of instruments with floating interest rates usually equals their carrying value. Due to significant changes in the market situation interest rates for loans and advances to customers and due from banks issued at fixed interest rates can be revised. Therefore, interest rates for loans issued just before the reporting date do not differ significantly from interest rates for new credit instruments with similar credit risk and remaining maturity.

(in millions of Russian Rubles, unless otherwise indicated)

29. Fair value of financial instruments (continued)

If interest rates on earlier issued loans, according to the Group estimates, significantly differ from current interest rates for similar instruments as at the reporting date, the Group determines the estimated fair value for these loans. The estimation is based on expected future expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discounting rates depend on currency, maturity date and credit risk of the counterparty.

- Liabilities carried at amortized cost. The fair value is based on quoted market prices, if available. The estimated fair value of instruments with fixed interest rates and fixed maturity dates that do not have market prices is based on discounted cash flows using interest rates for instruments with similar credit risk and maturity date.
- The fair value of liabilities repayable on demand or after a notice period ("demandable liabilities") is estimated as the amount payable on demand, discounted from the first date that the amount could be required to be paid. Discount rates used were consistent with the Group's credit risk and also depend on currency and maturity of the instrument.
- The fair value of derivative financial instruments is determined based on the forward contract valuation model and quoted market prices for the instruments.

Except as detailed in the following table, the management consider that the carrying amounts of financial assets and financial liabilities recognized in the summary published consolidated statement of financial position and not measured at fair value on a recurring basis approximate their fair value.

	31 December 2025		31 December 2024	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Loans to customers	338 806	325 324	385 805	358 251
Securities at amortized cost	177 919	181 610	445	430
Financial liabilities				
Customer accounts	489 490	490 093	359 582	359 042
Debt securities issued	14 185	14 180	17 848	16 848

The following tables provide an analysis of financial instruments, the fair value of which differs from their carrying amount as at 31 December 2025 and 31 December 2024.

	Level 1	Level 2	Level 3	31 December 2025
Financial assets				
Loans to customers	-	-	325 324	**325 324**
Securities at amortized cost	11 487	-	170 123	**181 610**
Financial liabilities				
Customer accounts	-	-	490 093	**490 093**
Debt securities issued	13 832	-	348	**14 180**

(in millions of Russian Rubles, unless otherwise indicated)

29. Fair value of financial instruments (continued)

	Level 1	Level 2	Level 3	31 December 2024
Financial assets				
Loans to customers	-	-	358 251	**358 251**
Securities at amortized cost	430	-	-	**430**
Financial liabilities				
Customer accounts	-	-	359 042	**359 042**
Debt securities issued	16 538	-	310	**16 848**

The fair value of Level 3 securities at amortized cost was determined based on quotes available in an active market while also taking into account (i) additional discount that would have applied when selling a Level 3 asset and (ii) an income payment schedule for such Level 3 securities.

30. Capital management

The Group manages its capital to cover risks associated with the Group’s business. In addition to other controls, the Group uses the CBR principles and approaches to control capital adequacy.

The primary objective of capital management is to ensure that the Group complies with externally imposed capital requirements as well as control over the maintenance of reliable credit ratings and capital ratios to ensure the Group's operations and maximize shareholder value.

Capital adequacy in accordance with the CBR requirements. The CBR requires banks to maintain a capital adequacy ratio (N1.0) of 8% of risk-weighted assets computed using amounts in statutory financial statements prepared in accordance with Russian banking legislation and the CBR regulations.

During the periods ended 31 December 2025 and 31 December 2024 the Group met the capital adequacy requirements established by the CBR. As at 31 December 2025 and 31 December 2024, the capital adequacy ratio in accordance with CBR requirements (N1.0) was 12.09% and 10.41% respectively.

In accordance with the CBR Regulation No. 646-P *On the Methods of Calculation of Equity (Capital) of Credit Institutions* (“Basel III”) the Group’s capital (equity) as at 31 December 2025 and 31 December 2024 was as follows:

	31 December 2025	31 December 2024
Base capital	74 685	69 124
Core capital	94 185	88 624
Additional paid-in capital	10 121	10 263
Equity (capital)	**104 306**	**98 887**

30. Capital management (continued)

Base and core capital comprise share capital, share premium, reserves, and retained earnings, including current year profit.

Additional paid-in capital includes subordinated debt, current year profit not included in the core capital, and revaluation reserves.

Additional paid-in capital includes the subordinated debt received in November 2015 in the form of securities (Federal Government Bonds (OFZ)) from the state corporation Deposit Insurance Agency (SC DIA) as part of the state program of recapitalization of the banking system in the amount of RUB 7 246 million. As at 31 December 2025, the subordinated debt included in additional paid-in capital, adjusted for amortization, totals RUB 4 348 million (31 December 2024: RUB 5 000 million). In accordance with the requirements of Regulation of the Bank of Russia No. 646-P, subordinated instruments must be discounted on an annual basis and, during the last five years to their contractual maturity, included in capital at residual value.

The debt conditions meet the criteria of the CBR for inclusion of the loan in additional paid-in capital. In this case, the instrument is convertible and can be included in the core capital. Its conversion into the core capital can be full or partial and carried out in the amount of the market value of the securities.

Conversion conditions are as follows:

- The value of the base capital adequacy ratio (R1.1), calculated in accordance with Instruction of the Bank of the Russian Federation No.199-I *On Obligatory Ratios and Premiums to Capital Adequacy Ratios for Banks with a Universal License* dated 29 November 2019, decreased below the level determined by the Regulation for exchange of a subordinated debt, which as at the date of the Contract conclusion was 2%, for the period established by the Regulation; or
- approval by the Committee on Banking Supervision of the Bank of Russia of the Lender's participation plan in the implementation of measures to prevent the bankruptcy of the Borrower Bank, providing by the lender the financial assistance prescribed by the Federal Law on Insolvency (Bankruptcy).

31. Risk management policy

The Group recognizes that it is essential to have efficient and effective risk management processes in place. To enable this, the Group has established a risk management framework, whose main purpose is to protect the Group from risk and allow it to achieve its performance objectives. Through the risk management framework, the Group manages these risks.

The Group’s risks are managed in relation to the following significant types of risks: credit risk, market risk, liquidity risk and operational risk. Market risk covers interest rate risk, currency risk and other pricing risks that the Group is exposed to. The principal task of risk management is to identify and analyze these risks, establish risk limits and further ensure compliance with the established limits.

31. Risk management policy (continued)

Credit risk. The Group takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due.

Liquidity risk. Liquidity risk is a risk of the Group's inability to finance its activities, that is, ensure the growth of assets and fulfil obligations as they become due without incurring losses in the amount unacceptable for the financial stability of the Group.

Market risk. Market risk covers interest rate risk, currency risk and other pricing risks to which the Group is exposed.

Currency risk. Currency risk is the risk of losses due to adverse change of foreign exchange and/or precious metals rates on the Group's open positions in foreign currencies and/or precious metals.

Price risk. Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

***Operational risk*.** Operational risk is the risk of loss arising from systems failure, human error, fraud or external events.

32. Subsequent events

With effect from 1 January 2026, the following significant tax amendments for credit organizations have been enacted in Russia:

- VAT exemption has been removed for:
  - bank card processing operations;
  - transactions by entities engaged in providing information and technological interaction between settlement participants, including the collection, processing and provision of information on bank card transactions to settlement participants;
- The ban on reducing the tax base by more than 50% through the utilization of tax loss carry-forwards, has been extended to 2030.

In February 2026, the CBR's reduced the key rate by 50 bps, to 15.50 % per annum.