

**Bank National Clearing Centre
(Joint-stock company)**

**Interim Condensed Financial Statements
For the Six-Month Period Ended June 30, 2017**

Bank National Clearing Centre (JSC)

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Bank National Clearing Centre (JSC)

Interim condensed statement of comprehensive income (in thousands of Russian rubles)

	Notes	Six-month period ended June 30, 2017 (unaudited)	Six-month period ended June 30, 2016 (unaudited)
Interest income	4	7 339 017	11 357 286
Interest expense	4	(862 074)	(178 537)
Net interest income		6 476 943	11 178 749
Fee and commission income	5	3 188 429	3 221 213
Net gain / (loss) on financial assets available-for-sale		717 662	488 836
Net (loss) / gain on foreign exchange operations	6	645 211	(135 335)
Other income		270	7 751
Operating Income		11 028 515	14 761 214
Personnel expenses	7	(323 924)	(346 490)
Administrative and other operating expenses	8	(403 515)	(379 961)
Profit before Tax		10 301 076	14 034 763
Income tax expense	9	(1 906 808)	(2 657 534)
Net Profit		8 394 268	11 377 229
Other comprehensive income that may be reclassified subsequently to profit or loss			
Revaluation of financial assets available-for-sale		244 517	1 704 943
Net loss on investments available-for sale reclassified to profit or loss		(717 662)	(488 836)
Deferred income tax		94 629	(243 221)
Other comprehensive income that may be reclassified subsequently to profit or loss		(378 516)	972 886
Total comprehensive income		8 015 752	12 350 115

On behalf of the Management Board of the Bank


Chairman of the Management Board
Khavin Alexey Sergeevich

August 28, 2017
Moscow




Chief Accounting Officer
Gorina Marina Petrovna

August 28, 2017
Moscow

Notes 1-22 form an integral part of these financial statements.

Bank National Clearing Centre (JSC)
Interim condensed statement of financial position
(in thousands of Russian rubles)

	Notes	June 30, 2017 (unaudited)	December 31, 2016
ASSETS			
Cash and cash equivalents	10	487 284 991	375 102 062
Mandatory cash balances with Central Bank of the Russian Federation		3 654 967	3 240 788
Fair value of foreign currency derivatives		56 602	-
Due from banks and other financial institutions	11	51 849 185	55 968 053
Financial assets of central counterparty	12	1 898 305 037	1 733 263 848
Financial assets available-for-sale	13	175 181 290	205 639 372
Property and equipment and intangible assets	14	94 180	103 522
Deferred tax assets	9	214 871	1 723 939
Current income tax assets		4 125 233	-
Other assets	15	510 444	806 450
Total assets		2 621 276 800	2 375 848 034
LIABILITIES			
Customer accounts	16	658 024 695	583 566 219
Fair value of foreign currency derivatives		1 027 436	92
Financial liabilities of central counterparty	12	1 898 305 037	1 733 263 848
Current income tax liabilities		-	883 189
Other liabilities	17	457 707	596 366
Total liabilities		2 557 814 875	2 318 309 714
EQUITY			
Share capital	18	16 670 000	16 670 000
Paid-in capital	18	347 144	347 144
Investments revaluation reserve		564 055	942 571
Payments based on the shares of the parent company		24 247	44 685
Retained earnings		45 856 479	39 533 920
Total equity		63 461 925	57 538 320
Total liabilities and equity		2 621 276 800	2 375 848 034

Notes 1-22 form an integral part of these financial statements.

Bank National Clearing Centre (JSC)

Interim condensed statement of cash flows (continued)

(in thousands of Russian rubles)

	Six-month period ended June 30, 2017	Six-month period ended June 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before tax	10 301 076	14 034 763
Adjustments for:		
Loss from disposal of financial assets available-for-sale	(717 662)	(488 836)
Revaluation of derivatives	970 742	(290 321)
Change in interest accruals, net	(1 015 005)	(221 684)
Net change in deferred commission income	(105 648)	(183 183)
Unrealized loss on foreign exchange operations	(162 818)	(164 656)
Other accruals	(36 252)	(61 834)
Depreciation and amortization charge	8	17 125
Payments based on the shares of the parent company	7	7 773
		17 495
Cash flows from operating activities before changes in operating assets and liabilities	9 259 331	12 664 148
Changes in operating assets and liabilities:		
Mandatory cash balances with Central Bank of the Russian Federation	(414 179)	(513 106)
Due from banks and other financial institutions	3 387 993	(21 080 340)
Financial assets of central counterparty	(173 396 447)	(587 118 041)
Other assets	303 388	463 475
Customer accounts	65 123 771	(234 245 256)
Financial liabilities of central counterparty	173 396 447	587 118 041
Other liabilities	4 551	14 276
Net cash flows from operating activities before income tax	77 664 855	(242 696 803)
Income tax paid	(5 311 489)	(5 877 762)
Cash inflows from operating activities	72 353 366	(248 574 565)
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Purchase of financial assets available-for-sale	(112 463 336)	(101 684 334)
Proceeds from sale of financial assets available-for-sale	142 196 314	49 130 234
Purchase of property and equipment and intangible assets	(6 108)	(10 023)
Net cash flows used in investing activities	29 726 870	(52 564 123)

Notes 1-22 form an integral part of these financial statements.

Bank National Clearing Centre (JSC)

Interim condensed statement of cash flows (continued)

(in thousands of Russian rubles)

		Six-month period ended June 30, 2017	Six-month period ended June 30, 2016
Dividends paid		(2 099 920)	(10 799 993)
Cash flows from financing activities		(2 099 920)	(10 799 993)
Effect of changes in foreign exchange rates on cash and cash equivalents		12 202 613	(48 500 299)
Net increase in cash and cash equivalents		112 182 929	(360 438 980)
Cash and cash equivalents, beginning of the year	10	375 102 062	935 341 963
Cash and cash equivalents, end of the period	10	487 284 991	574 902 983

Interest paid and received for the six-months period ended June 30, 2017, amounted to RUB 995 239 thousand and RUB 6 457 177 thousand respectively.

Interest paid and received for the six-months period ended June 30, 2016, amounted to RUB 172 646 thousand and RUB 11 129 711 thousand respectively.

Bank National Clearing Centre (JSC)

Interim condensed statement of changes in equity (in thousands of Russian rubles)

	Notes	Share capital	Paid-in capital	Investments revaluation reserve	Payments based on the shares of the parent	Retained earnings	Total equity
December 31, 2015		16 670 000	347 144	863 800	46 347	43 971 682	61 898 973
Comprehensive income for the period (unaudited)		-	-	972 886	-	11 377 229	12 350 115
Transactions with owners							
Dividends declared		-	-	-	-	(10 799 993)	(10 799 993)
Payments based on the shares of the parent company (unaudited)	7	-	-	-	(13 261)	30 756	17 495
Total transactions with owners		-	-	-	(13 261)	(10 769 237)	(10 782 498)
June 30, 2016 (unaudited)		16 670 000	347 144	1 836 686	33 086	44 579 674	63 466 590
December 31, 2016		16 670 000	347 144	942 571	44 685	39 533 920	57 538 320
Comprehensive income for the period (unaudited)		-	-	(378 516)	-	8 394 268	8 015 752
Transactions with owners							
Dividends declared (unaudited)		-	-	-	-	(2 099 920)	(2 099 920)
Payments based on the shares of the parent company (unaudited)	7	-	-	-	(20 438)	28 211	7 773
Total transactions with owners		-	-	-	(20 438)	(2 071 709)	(2 092 147)
June 30, 2017 (unaudited)		16 670 000	347 144	564 055	24 247	45 856 479	63 461 925

Notes 1-22 form an integral part of these financial statements.

Bank National Clearing Centre (JSC)

Notes to the interim condensed financial statements

(in thousands of Russian rubles, unless otherwise indicated)

1. Organization

Bank National Clearing Centre (Joint-stock company) (the "Bank" or NCC) is a joint-stock bank, which was incorporated in the Russian Federation in 2006. The Bank is regulated by the Central Bank of the Russian Federation ("Bank of Russia") and conducts its banking and clearing activities under general license No.3466 and license No. 077-00003-000010, respectively.

In March 2015 the business name CJSC JSCB National Clearing Centre was changed to Bank National Clearing Centre (Joint-stock company).

The Bank is a member of Moscow Exchange Group ("Group") and as at June 30, 2017 and December 31, 2016, 100% of the Bank's shares are held by PJSC Moscow Exchange MICEX-RTS ("Moscow Exchange").

The Bank acts as a central counterparty (CCP) and specializes in providing clearing services on foreign exchange and precious metals market, securities, derivatives, commodity markets and standardized OTC derivatives market, including determination and measurement of liabilities of clearing participants, setting off and settling them.

The registered office of the Bank is located at: 13, Bolshoy Kislovsky per., Moscow, 125009, Russian Federation.

2. Basis of presentation

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), including all Interpretations originated by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation

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

These financial statements are presented in thousands of Russian rubles ("RUB thousand"). These financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value.

The Bank maintains its accounting records in accordance with Russian Accounting Standards ("RAS"). These financial statements have been prepared from the Bank's statutory accounting records and have been adjusted to conform to IFRS. The main adjustments include recognition of deferred taxes and financial assets and liabilities of central counterparty.

3. Significant accounting policies

The accounting policies adopted by the Bank in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Bank's financial statements for the year ended December 31, 2016.

Bank National Clearing Centre (JSC)
Notes to the interim condensed financial statements
(in thousands of Russian rubles, unless otherwise indicated)

4. Interest income and expense

	Six-month period ended June 30, 2017	Six-month period ended June 30, 2016
Interest income		
Interest income on financial assets available-for-sale	5 999 001	7 140 395
Interest income on due from banks and other financial institutions	723 159	2 647 962
Interest income on cash and cash equivalents	616 857	1 568 929
Total interest income	7 339 017	11 357 286
Interest expense		
Interest expense on term deposits	(711 594)	(170 048)
Interest expense on stress collateral	(137 236)	-
Interest expense on other borrowed funds	(13 244)	(8 489)
Total interest expense	(862 074)	(178 537)

5. Fee and commission income

	Six-month period ended June 30, 2017	Six-month period ended June 30, 2016
Clearing services for money market	1 701 145	1 625 695
Clearing services for foreign exchange market	795 942	931 374
Clearing services for securities market	668 787	646 692
Clearing services for derivatives market	13 618	12 525
Other commissions	8 937	4 927
Total fee and commission income	3 188 429	3 221 213

6. Net (loss) / gain on foreign exchange operations

	Six-month period ended June 30, 2017	Six-month period ended June 30, 2016
Foreign exchange swaps	484 522	(266 939)
Net other foreign exchange gain / (loss)	160 689	131 604
Total net (loss) / gain on foreign exchange operations	645 211	(135 335)

The Bank enters into foreign exchange swaps for the purposes of short-term investments and liquidity management.

Bank National Clearing Centre (JSC)
Notes to the interim condensed financial statements
(in thousands of Russian rubles, unless otherwise indicated)

7. Personnel expenses

	Six-month period ended June 30, 2017	Six-month period ended June 30, 2016
Personnel expenses	255 586	275 436
Payroll taxes and charges	60 565	53 559
Payments based on the shares of the parent company	7 773	17 495
Total personnel expenses	323 924	346 490

Payments based on the shares of the parent company

Rights to purchase equity instruments of the parent company granted to some employees give to holders a choice either to only purchase the full number of shares at exercise price or also to sell back shares at the market price for the same ruble value. A majority of the rights vest when the employee continues to be employed by the Group at the vesting date. The maximum contractual term of the contracts is four years. The fair value of the rights is measured at the grant date using a binomial model taking into account the terms and conditions upon which the instruments were granted.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, rights to purchase equity instruments of the parent company:

	Number	WAEP
Outstanding at January 1, 2016	5 066 669	60,6
Expired	(372 267)	57,6
Exercised	(1 777 733)	57,6
Outstanding at June 30, 2016	2 916 669	62,7
Outstanding at January 1, 2017	2 916 669	62,7
Granted during the year	1 350 000	109,4
Expired	(616 134)	63,2
Exercised	(800 534)	63,2
Outstanding at June 30, 2017	2 850 001	51,8

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

The weighted average remaining contractual life for the rights outstanding as at June 30, 2017 was 1,3 year (June 30, 2016: 1 year). The weighted average fair value of rights granted during the six-month period ended June 30, 2017 was RUB 19,72 per 1 right. Exercise prices for rights outstanding as at June 30, 2017 were RUB 46,9 - RUB 109,4 (June 30, 2016: RUB 46,9 - RUB 67,7).

Bank National Clearing Centre (JSC)
Notes to the interim condensed financial statements
(in thousands of Russian rubles, unless otherwise indicated)

8. Administrative and other operating expense

	Six-month period ended June 30, 2017	Six-month period ended June 30, 2016
Information and technological services	130 032	129 588
Settlement services and banks' fees	72 609	52 598
Maintenance of property and equipment and intangible assets	49 639	31 502
Taxes, other than income tax	39 737	40 032
Professional services	36 938	37 462
Lease of property and equipment	31 640	32 864
Depreciation and amortization charge	17 125	22 404
Depository services	13 167	12 507
Communications services	3 069	3 923
Other	9 559	17 081
Total administrative and other operating expenses	403 515	379 961

Expenses for information and technological services mainly comprise the Bank's expenses paid to the Group for the services required by the Bank to perform clearing operations.

9. Income tax expense

	Six-month period ended June 30, 2017	Six-month period ended June 30, 2016
Current income tax expense	303 067	4 902 049
Deferred taxation movement	1 603 741	(2 244 515)
Total income tax expense	1 906 808	2 657 534

The Bank calculates its income tax for the current period based on the tax accounts maintained and prepared in accordance with the requirements of the Russian tax legislation which may differ from IFRS.

As the certain expenses are not tax-deductible, it results in permanent tax differences. A reconciliation of the income tax expense based on the statutory rate with actual income tax is as follows:

	Six-month period ended June 30, 2017	Six-month period ended June 30, 2016
Profit before income tax	10 301 076	14 034 763
Tax at the statutory tax rate (20%)	2 060 215	2 806 953
Tax effect of income taxed at rates other than the 20% rate	(152 080)	(159 510)
Tax effect of permanent differences	(1 327)	10 091
Income tax expense	1 906 808	2 657 534

Bank National Clearing Centre (JSC)
Notes to the interim condensed financial statements
(in thousands of Russian rubles, unless otherwise indicated)

9. Income tax expense (continued)

Deferred taxes reflect net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences relate mostly to different methods of income and expense recognition, as well as the difference between the accounting and tax base of certain assets.

	Six-month period ended June 30, 2017	Six-month period ended June 30, 2016
Beginning of the period – deferred tax liabilities	1 723 921	(1 670 166)
Change in deferred tax recognized in profit or loss	(1 603 679)	2 244 515
Change in deferred tax recognized in other comprehensive income	94 629	(243 221)
End of the period – deferred tax assets (liabilities)	214 871	331 128

10. Cash and cash equivalents

	June 30, 2017	December 31, 2016
Correspondent accounts and overnight deposits with other credit organizations	483 751 653	354 098 876
Balances with Bank of Russia	3 477 604	21 001 754
Settlements on brokerage operations	50 621	168
Cash on hand	5 113	1 264
Total cash and cash equivalents	487 284 991	375 102 062

11. Due from banks and other financial institutions and margin account under swap deals

	June 30, 2017	December 31, 2016
Reverse repurchase agreements with financial institutions	46 338 978	47 887 681
Deposits in precious metals	2 798 924	2 671 744
Correspondent accounts in precious metals	1 696 903	404 538
Cash collateral received by the Bank under swap deals	1 014 380	-
Other time deposits with the CBR	-	5 004 090
Total due from banks and other financial institutions	51 849 185	55 968 053

Bank National Clearing Centre (JSC)
Notes to the interim condensed financial statements
(in thousands of Russian rubles, unless otherwise indicated)

12. Financial assets and liabilities of central counterparty

	June 30, 2017	December 31, 2016
Repo transactions	1 894 743 199	1 730 377 026
Currency transactions	3 561 838	2 886 822
Total financial assets and liabilities of central counterparty	1 898 305 037	1 733 263 848

Assets of the central counterparty are equal to its liabilities.

Assets from repo transactions represent amounts receivable under reverse repurchase agreements, and liabilities from repo transactions represent amounts payable under respective direct repurchase agreements entered by the Bank in its capacity of central counterparty.

As of June 30, 2017 within Repo transactions there are GCC-repos in amount of RUB 8 072 970 thousand (December 31, 2016: RUB 2 500 067 thousand).

CCP financial assets and liabilities under currency transactions represent fair values of overnight currency deals. Gross claims and liabilities with individual counterparties are offset in accordance with IAS 32.

As at June 30, 2017, there was no allowance created for financial assets of central counterparty (December 31, 2016: no allowance) and these financial assets were not overdue.

13. Financial assets available-for-sale

	June 30, 2017	December 31, 2016
Bonds issued by Russian Federation	89 042 190	124 013 933
Bonds issued by Russian companies	63 734 381	56 170 575
Bonds issued by Russian commercial banks	18 681 757	21 872 698
Bonds issued by international financial organizations	3 721 261	3 580 465
Corporate shares	1 701	1 701
Total investments available-for-sale	175 181 290	205 639 372

Bank National Clearing Centre (JSC)
Notes to the interim condensed financial statements
(in thousands of Russian rubles, unless otherwise indicated)

14. Property, equipment and intangible assets

	Furniture & Equipment	Intangible assets	Construction in progress	Total
Cost				
December 31, 2015	45 291	141 549	-	186 840
Additions	-	10 023	-	10 023
Disposals	(37)	(3 282)	-	(3 319)
June 30, 2016	45 254	148 290	-	193 544
December 31, 2016	47 322	187 136	-	234 458
Additions	565	2 596	4 623	7 784
June 30, 2017	47 887	189 732	4 623	242 242
Accumulated depreciation				
December 31, 2015	24 789	65 244	-	90 033
Charge for the period	7 857	14 547	-	22 404
Disposals	(23)	(3 282)	-	(3 305)
June 30, 2016	32 623	76 509	-	109 132
December 31, 2016	39 791	91 146	-	130 937
Charge for the period	5 799	11 326	-	17 125
June 30, 2017	45 590	102 472	-	148 062
Net book value				
December 31, 2016	7 531	95 990	-	103 521
June 30, 2017	2 297	87 260	4 623	94 180

15. Other assets

	June 30, 2017	December 31, 2016
Other financial assets		
Receivables on services rendered	210 983	209 151
Receivables on transactions with securities	22 625	22 625
Less allowance for impairment	(23 078)	(22 907)
Total other financial assets	210 530	208 869
Other non-financial assets		
Precious metals	260 536	561 099
Prepayments and other receivables	39 089	35 245
Taxes receivable other than income tax	289	1 237
Total other non-financial assets	299 914	597 581
Total other assets	510 444	806 450

Receivables on transactions with securities comprise securities income receivable from clearing participant whose licence was withdrawn.

Bank National Clearing Centre (JSC)
Notes to the interim condensed financial statements
(in thousands of Russian rubles, unless otherwise indicated)

16. Customer accounts

	June 30, 2017	December 31, 2016
Accounts of clearing participants	632 670 204	544 853 236
Current accounts	15 856 799	14 837 171
Accounts in precious metals	3 741 943	3 637 314
Guarantee fund on securities and derivatives markets	2 828 966	3 182 865
Guarantee fund on foreign currency market and precious metals market	2 361 827	755 922
Term deposits	564 956	16 262 711
Guarantee fund on OTC derivatives market	-	37 000
Total customer accounts	658 024 695	583 566 219

Accounts of clearing participants (individual clearing and other collateral) include margins deposited by clearing participants to cover risks arising from open positions and to guarantee payment of commissions.

Guarantee funds consist of collective clearing collateral contributed by clearing members. The purpose of these funds is to provide market participants with additional assurance of the Bank's ability to guarantee proper settlements of open positions in case of a market participant default.

17. Other liabilities

	June 30, 2017	December 31, 2016
Other financial liabilities		
Payables to personnel	158 142	238 971
Payables for depositary and settlement operations	99 826	61 753
Payables on information and technological services	38 000	39 168
Payables for unused vacations	23 858	25 327
Payables to clearing participants with revoked licences	5 238	20 122
Other	18 051	8 547
Total other financial liabilities	343 115	393 888
Other non-financial liabilities		
Deferred commission income	93 393	199 041
Taxes payable, other than income tax	21 199	3 437
Total other liabilities	457 707	596 366

Bank National Clearing Centre (JSC)
Notes to the interim condensed financial statements
(in thousands of Russian rubles, unless otherwise indicated)

18. Share capital and paid-in capital

As at June 30, 2017 and December 31, 2016 the Bank's share capital consists of 16 670 000 issued and paid ordinary shares with the nominal value of RUB 1 thousand each.

During the six-month period ended June 30, 2017 NCC paid dividends in amount of RUB 2 099 920 thousand.

The Bank's reserves distributable between the shareholders are limited by the amounts disclosed in its statutory RAS accounts. Non-distributable reserves are represented by a Reserve fund and part of NCC's own funds, segregated in accordance with regulations of CBR relating to CCP activities.

Reserve fund is created as required by the regulations of the Russian Federation, to cover general banking risks, including future losses and other unforeseen risks or contingencies. As at June 30, 2017 and December 31, 2016, the reserve fund amounted to RUB 966 775 thousand. As at June 30, 2017 NCC's own funds segregated in accordance with regulations relating to CCP activities amounted to RUB 10 389 965 thousand (December 31, 2016: RUB 10 389 965 thousand).

19. Transactions with related parties

a) Control relationships

As at June 30, 2017 and December 31, 2016, the Bank is a wholly owned subsidiary of Moscow Exchange. Russian Federation exercised significant influence over Moscow Exchange.

The terms and conditions of transactions with related parties are similar to those on which the Bank operates with other counterparties.

Included in the statement of comprehensive income for the six months ended June 30, 2017 and December 31, 2016 are the following amounts in respect of significant transactions with related parties:

	Six-month period ended June 30, 2017		Six-month period ended June 30, 2016	
	Parent	Other	Parent	Other
Interest income	316 607	12 025	58 318	110 572
Net (loss) / gain on foreign exchange operations	-	(108 290)	-	-
Administrative and other operating expenses	(31 725)	(83 264)	(159 993)	(63 219)

Included in statement of financial position as of June 30, 2017 and December 31, 2016 are the following amounts in respect of significant transactions with related parties:

	June 30, 2017		December 31, 2016	
	Parent	Other	Parent	Other
Cash and cash equivalents	-	56 378 285	-	62 434 219
Other assets	813	-	981	-
Other liabilities	27 520	24 060	27 304	22 166

b) Transactions with key management

Key management personnel comprises members of the Management Board and the Supervisory Board. The total remuneration of key management personnel includes short-term benefits (salary, bonuses, payroll related taxes, insurance, health care, etc.), long-term benefits (deferred part of bonus in accordance with CBR instruction #154-I), and share-based payment expense.

Bank National Clearing Centre (JSC)
Notes to the interim condensed financial statements
(in thousands of Russian rubles, unless otherwise indicated)

	Six-month period ended June 30, 2017	Six-month period ended June 30, 2016
Short-term employee benefits, except for share-based payments	57 345	75 733
Long-term employee benefits	11 088	17 325
Share-based payment expense	7 106	14 423
Total remuneration of key management personnel	75 539	107 481

c) Transactions with government-related entities

The Bank considers government-related entities as related parties if Russian Federation has direct or indirect control and exercises significant influence over the entity. The Bank provides clearing, cash and settlement services to government-related entities, deposits funds with state banks and purchases bonds issued by the Russian Federation. Such entities provide to the Bank information and technological services and provide premises for rent.

20. Fair Value Measurements

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The foreign currency forward contracts are measured based on observable spot exchange rates and the yield curves of the respective currencies.

The fair value of the unquoted debt securities has been determined using a discounted cash flow model, by reference to quoted market prices for similar instruments.

Information on techniques applied by the Bank to measure fair value of financial instruments is as follows:

	June 30, 2017			
	Level 1	Level 2	Level 3	Total
Fair value of foreign currency derivatives (assets)	-	56 602	-	56 602
Central counterparty financial assets and liabilities (foreign currency operations)	3 561 838	-	-	3 561 838
Investments available-for-sale	163 866 555	11 313 034	1 701	175 181 290
Fair value of foreign currency derivatives (liabilities)	-	1 027 436	-	1 027 436

Bank National Clearing Centre (JSC)
Notes to the interim condensed financial statements
(in thousands of Russian rubles, unless otherwise indicated)

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
Central counterparty financial assets and liabilities (foreign currency operations)	2 886 822	-	-	2 886 822
Investments available-for-sale	193 596 793	12 040 878	1 701	205 639 372
Fair value of foreign currency derivatives (liabilities)	-	92	-	92

Transfers between level 1 and 2

For assets and liabilities that are recognised at fair value on a recurring basis, the Bank determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table shows total amount of transfers of financial assets between level 1 and level 2. Transfers from level 2 to level 1 (from level 1 to level 2) occurred due to fact that markets for certain financial assets became (ceased to be) active during the period.

	Transfers between Level 1 and Level 2	
	Six-month period ended June 30, 2017	Six-month period ended June 30, 2016
<i>From Level 1 to Level 2</i>		
Investments available-for-sale	551 395	1 802 878
<i>From Level 2 to Level 1</i>		
Investments available-for-sale	2 762 364	2 296 680

21. Capital management

The Bank manages its capital to ensure that it will be able to continue to operate as a going concern and keep the required balance between ensuring financial stability in any economic environment, minimizing expenses of the market players and ensuring the return to stakeholders at a high level.

Issues related to the Bank's capital management are reviewed by the Supervisory Board. As part of this review, Supervisory Board in particular analyzes capital adequacy and risks associated with each class of capital. On the basis of recommendations of the Supervisory Board, the Bank adjusts its capital structure by dividend payments, additional issue of shares or repurchase of shares from active shareholders.

The Bank's general policy with respect the risks associated with capital management has not changed compared to 2016.

Under the current capital requirements set by the Central Bank of Russia, banks have to maintain a ratio of capital to risk weighted assets ("statutory capital ratio") above the prescribed minimum level. As at June 30, 2017 his minimum level was 8% (December 31, 2016: 8%). The Bank was in compliance with the statutory capital ratio during the six-month period ended 30 June 2017 and during 2016.

22. Events after the reporting date

In August 2017, NCC in accordance with the decision of the shareholder paid dividends in amount of RUB 5 199 873 thousand.