

Central Counterparty National Clearing Centre

Interim Condensed Financial Statements
For the Six-Month Period Ended
June 30, 2020
(unaudited)

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REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

To the Shareholder and Supervisory Board of Central Counterparty National Clearing Centre

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Central Counterparty National Clearing Centre (hereinafter – «NCC») as at June 30, 2020 and the related interim condensed statements of comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed financial statements based on our review.

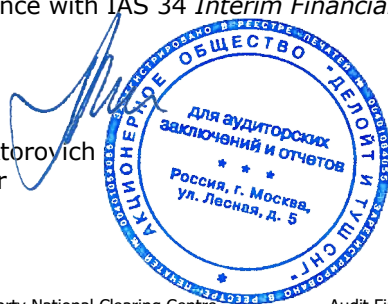
Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Shvetsov Andrei Viktorovich
Engagement partner



August 25, 2020

The Entity: Central Counterparty National Clearing Centre

Audit Firm: AO "Deloitte & Touche CIS"

General Banking License № 3466-CC, issued by the Central Bank of Russian Federation by 28.11.2017

Certificate of state registration № 018.482, issued by the Moscow Registration Chamber on 30.10.1992.

Primary State Registration Number: 1067711004481

Primary State Registration Number: 1027700425444

Certificate of registration in the Unified State Register № 77N010075586 of 30.05.2006, issued by Administration of Federal Tax Service of Moscow.

Certificate of registration in the Unified State Register № 77 004840299 of 13.11.2002, issued by Moscow Interdistrict Inspectorate of the Russian Ministry of Taxation № 39.

Address: 125009, Moscow, Bolshoy Kislavsky per. 13

Member of Self-regulatory organization of auditors Association "Sodruzhestvo", ORNZ 12006020384.

Central Counterparty National Clearing Centre
Interim Condensed Statement of Comprehensive Income (unaudited)
(in thousands of Russian rubles)

	Notes	Six-month period ended June 30, 2020	Six-month period ended June 30, 2019
Interest income	5	7 022 536	6 765 228
Interest expense	5	(1 203 276)	(1 254 972)
Net interest income		5 819 260	5 510 256
Fee and commission income	6	6 010 091	4 722 950
Net gain on financial assets at fair value through profit or loss		24 197	66 810
Net gain on financial assets at fair value through other comprehensive income	7	892 733	396 826
Foreign exchange gains less losses	8	(374 872)	1 835 840
Other operating income	9	15 816	892 822
Operating income		12 387 225	13 425 504
Personnel expenses	10	(455 120)	(348 717)
Administrative and other operating expenses	11	(388 403)	(396 193)
Other expense	13	(292 547)	(2 310 488)
Profit before tax		11 251 155	10 370 106
Income tax expense	14	(2 261 965)	(1 955 033)
Net profit		8 989 190	8 415 073
Other comprehensive income / (loss) that may be reclassified subsequently to profit or loss			
Movement in investment revaluation reserve for financial assets at fair value through other comprehensive income		1 095 098	3 411 088
Movement in revaluation reserve associated with changes in expected credit losses on financial assets at fair value through other comprehensive income	12	271 735	(14 412)
Net gain on investments at fair value through other comprehensive income reclassified to profit or loss		(892 733)	(396 826)
Deferred income tax	14	(94 820)	(599 970)
Other comprehensive gain that may be reclassified subsequently to profit or loss		379 280	2 399 880
Total comprehensive income		9 368 470	10 814 953


Acting Chairman of the Management Board
Gorbachenko Sergey Gennadevich

August 25, 2020
Moscow




Chief Accounting Officer
Gorina Marianna Petrovna

August 25, 2020
Moscow

Notes 1-28 form an integral part of these Interim Condensed Financial Statements.

Central Counterparty National Clearing Centre
Interim Condensed Statement of Financial Position (unaudited)
(in thousands of Russian rubles)

	Notes	June 30, 2020	December 31, 2019
ASSETS			
Cash and cash equivalents	15	473 241 550	525 471 871
Financial assets at fair value through profit or loss	16	15 155 013	13 472 611
Due from banks and other financial institutions	17	95 246 877	52 634 587
Financial assets of central counterparty	18	3 771 444 046	3 262 670 622
Financial assets at fair value through other comprehensive income	19	206 152 461	145 050 758
Property and equipment and intangible assets	20	598 560	614 806
Deferred tax assets	14	693 397	1 582 914
Current income tax assets		562 605	923 562
Other assets	21	2 804 675	3 383 429
Total assets		4 565 899 184	4 005 805 160
LIABILITIES			
Customer accounts	22	716 114 983	619 267 584
Overnight bank loans	23	-	49 229 140
Derivatives recognized at fair value through profit and loss	16	2 016 546	32 831
Financial liabilities of central counterparty	18	3 771 444 046	3 262 670 622
Current income tax liabilities		1 002 683	451 395
Other liabilities	24	866 729	928 690
Total liabilities		4 491 444 987	3 932 580 262
EQUITY			
Share capital	25	16 670 000	16 670 000
Paid-in capital	25	347 144	347 144
Investments revaluation reserve		1 840 007	1 460 727
Payments based on the shares of the parent company		76 264	65 472
Retained earnings		55 520 782	54 681 555
Total equity		74 454 197	73 224 898
Total liabilities and equity		4 565 899 184	4 005 805 160

Notes 1-28 form an integral part of these Interim Condensed Financial Statements.

Central Counterparty National Clearing Centre
Interim Condensed Statement of Cash Flows (unaudited)
(in thousands of Russian rubles)

	Notes	Six-month period ended June 30, 2020	Six-month period ended June 30, 2019 (revised)
Cash flows from / (used in) operating activities:			
Profit before tax		11 251 155	10 370 106
Adjustments for:			
Gain on disposal of financial assets at FVTOCI		(892 733)	(396 826)
Revaluation of derivatives	16	1 895 015	310 398
Change in interest accruals, net		755 789	329 062
Net change in deferred commission income		-	(125 170)
Unrealized loss on foreign exchange operations		2	86 516
Depreciation and amortization charge	11	66 618	52 972
Payments based on the shares of the parent company	10	10 792	13 471
Change in allowance for expected credit losses	12	292 547	1 874 796
Change in other provisions	2,9,13	(10 636)	(437 348)
Cash flows from operating activities before changes in operating assets and liabilities		13 368 549	12 077 977
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		45 168	(3 359 387)
Due from banks and other financial institutions		(33 617 012)	17 210 116
Financial assets of central counterparty	2	(505 239 537)	436 746 795
Other assets	2	694 416	1 909 891
Customer accounts		47 771 786	222 328 859
Overnight bank loans		(49 223 821)	-
Financial liabilities of central counterparty		505 239 537	(438 685 541)
Other liabilities	2	(78 814)	(104 498)
Net cash flows (used in) / from operating activities before income tax		(21 039 728)	248 124 212
Income tax paid		(555 023)	(5 001 357)
Cash flows (used in) / from operating activities		(21 594 751)	243 122 855
Cash flows from / (used in) investing activities:			
Purchase of financial assets at fair value through other comprehensive income		(103 191 250)	(41 777 372)
Sale of financial assets at fair value through other comprehensive income		49 604 238	83 730 955
Purchase of property and equipment and intangible assets		(38 694)	(44 450)
Net cash flows (used in) / from investing activities		(53 625 706)	41 909 133

Notes 1-28 form an integral part of these Interim Condensed Financial Statements.

Central Counterparty National Clearing Centre
Interim Condensed Statement of Cash Flows (unaudited) (continued)
(in thousands of Russian rubles)

	Notes	Six-month period ended June 30, 2020	Six-month period ended June 30, 2019 (revised)
Cash flows from / (used in) financing activities:			
Dividends paid		(8 149 963)	(5 399 913)
Cash outflow for lease liabilities		(13 266)	(27 813)
Net cash flows used in financing activities		(8 163 229)	(5 427 726)
Effect of changes in foreign exchange rates on cash and cash equivalents		31 151 997	(41 810 933)
Net (decrease) / increase in cash and cash equivalents		(52 231 689)	237 793 329
Cash and cash equivalents, beginning of the period	15	525 473 603	419 970 493
Cash and cash equivalents, end of the period	15	473 241 914	657 763 822

Interest received and paid for the six-month period ended June 30, 2020 amounted to RUB 7 765 921 thousand and RUB 1 190 872 thousand respectively.

Interest received and paid for the six-month period ended June 30, 2019 amounted to RUB 7 078 191 thousand and RUB 1 238 873 thousand, respectively.

Central Counterparty National Clearing Centre
Interim Condensed Statement of Changes in Equity (unaudited)
(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, 2018		16 670 000	347 144	(1 733 147)	41 363	49 661 626	64 986 986
Comprehensive income for the period		-	-	2 399 880	-	8 415 073	10 814 953
Transactions with owners							
Dividends declared		-	-	-	-	(5 399 913)	(5 399 913)
Payments based on the shares of the parent company	10	-	-	-	13 471	-	13 471
Total transactions with owners		-	-	-	13 471	(5 399 913)	(5 386 442)
June 30, 2019		16 670 000	347 144	666 733	54 834	52 676 786	70 415 497
December 31, 2019		16 670 000	347 144	1 460 727	65 472	54 681 555	73 224 898
Comprehensive income for the period		-	-	379 280	-	8 989 190	9 368 470
Transactions with owners							
Dividends declared		-	-	-	-	(8 149 963)	(8 149 963)
Payments based on the shares of the parent company	10	-	-	-	10 792	-	10 792
Total transactions with owners		-	-	-	10 792	(8 149 963)	(8 139 171)
June 30, 2020		16 670 000	347 144	1 840 007	76 264	55 520 782	74 454 197

Notes 1-28 form an integral part of these Interim Condensed Financial Statements.

Central Counterparty National Clearing Centre

Notes to the Interim Condensed Financial Statements (unaudited) (continued)

(in thousands of Russian rubles, unless otherwise indicated)

1. Organization

Non-banking credit institution - Central Counterparty National Clearing Centre (NCC) is a joint-stock organization, which was incorporated in the Russian Federation in 2006. NCC 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-CC and license No. 077-00003-000010, respectively.

NCC is a member of Moscow Exchange Group ("Group") and as at June 30, 2020 and December 31, 2019 100% of NCC's shares are held by PJSC Moscow Exchange MICEX-RTS ("Moscow Exchange").

NCC acts as a central counterparty (CCP) and specializes in providing clearing services on foreign exchange and precious metals market, securities, deposit, 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 NCC is located at: 13, Bolshoy Kislovsky per., Moscow, 125009, Russian Federation.

Operating environment. The Russian economy continued to be negatively impacted by ongoing political tension in the region and continuing international sanctions imposed in several packages by the U.S. and the E.U. on certain Russian officials, businessmen and companies. The above mentioned events have led to reduced access of the Russian businesses to international capital markets, increased inflation, economic recession and other negative economic consequences.

Because Russia produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market. In March 2020 oil prices dropped for more than 40%, which resulted in weakening of Russian Ruble against major currencies.

In addition to that, starting from early 2020 a new coronavirus disease (COVID-19) has begun rapidly spreading all over the world resulting in announcement of the pandemic status by the World Health Organization in March 2020. Responses put in place by many countries to contain the spread of COVID-19 are resulting in significant operational and financial disruption for many companies and have significant impact on global economy and global financial markets. The significance of the effect of COVID-19 on the NCC's business largely depends on the duration of the pandemic effects and the impact of new coronavirus spread prevention measures on the world and Russian economy.

NCC is currently evaluating the potential short-term and long-term implications of COVID-19 on its financial statements and on the capital and liquidity position. This evaluation includes stress-tests adjusted on potential COVID-19 effect on market volatility.

NCC in order to control the sufficiency of resources for covering losses in the case of stressful but possible events performed the following analysis:

- Direct and reverse stress testing. In this scenario, stress tests took into account the historical data of stock exchange trading over the past 10 years;
- Analysis of the sensitivity of stress testing results to changes in risk factors;
- Modeling NCC's liquidity position under stressful conditions;
- Analysis of the validity of the applied parameters of stress scenarios.

Testing was carried out under two scenarios, that corresponded to the approved changes in risk factors, for the following areas of NCC's activity:

- Central counterparty's activity – The potential losses of the two largest clearing participants and the adequacy of the Central counterparty's protection levels to cover them (the coefficients of the CRf and CR) were determined.
- Investment activity – Potential losses in case of default of the two largest counterparties, potential revaluation of the portfolio, potential increase in reserves and were determined.
- Combined scenario (Central counterparty's activity and investment activity) – Total scenario losses of the largest counterparties, their impact on the H1cc ratio and liquidity ratios were determined.

The analysis of the results of the above-mentioned procedures as at June 30, 2020 was carried out on the basis of the results of all activities as a whole as well as in the context of exchange markets and types of activities.

This analysis showed that NCC in the case of stressful but possible events maintains sufficient capital and other resources at an acceptable level in all these contexts.

Central Counterparty National Clearing Centre
Notes to the Interim Condensed Financial Statements (unaudited) (continued)
(in thousands of Russian rubles, unless otherwise indicated)

1. Organization (continued)

Based on the analysis results no special emergency measures are required to ensure the continuity of the NCC's activities under stressful conditions.

Management currently believes that it has adequate capital and liquidity position to continue to operate the business and mitigate the risks associated with COVID-19 for the foreseeable future.

Interim Condensed Financial Statements approval. These Interim Condensed Financial Statements of NCC were approved for issue by the Management on August 25, 2020.

2. Basis of preparation

Statement of compliance. These Interim Condensed Financial Statements have been prepared in accordance with the International Financial Reporting Standard IAS 34 "Interim Financial Statements".

Basis of preparation. These Interim Condensed Financial Statements are presented in thousands of Russian rubles ("RUB thousand"), unless otherwise indicated. These Interim Condensed Financial Statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value.

NCC maintains its accounting records in accordance with Russian Accounting Standards ("RAS"). These Interim Condensed Financial Statements have been prepared from NCC's statutory accounting records and have been adjusted to conform to IFRS.

The financial information does not include all the information and disclosures required in the annual financial statements. Disclosures, which would substantially duplicate the information contained in NCC's audited annual financial statements for 2019 prepared in accordance with IFRS, such as accounting policies and details of accounts, which have not changed significantly in amount or composition, are not presented in these Interim Condensed Financial Statements.

Due to the fact that the results of NCC's operations closely relate to and depend on changing market conditions, the results of NCC's operations for the interim period are not necessarily indicative of the results for the year ending December 31, 2020.

Changes in the presentation financial statements. For the purpose of better presentation of NCC's cash flows changes have been made to the following items of Interim Condensed Statement of Cash Flows compared to the Interim Condensed Statement of Cash Flows for the six-month period ended June 30, 2019.

	As previously reported	Reclassification	As presented in these financial statements
Adjustments for profit before tax:			
Other accruals	(1 615 650)	1 615 650	-
Change in other provisions	435 692	(873 040)	(437 348)
Changes in operating assets and liabilities:			
Financial assets of central counterparty	438 685 541	(1 938 746)	436 746 795
Other assets	1 904 075	5 816	1 909 891
Other liabilities	(1 294 818)	1 190 320	(104 498)

3. Significant accounting policies

The Russian ruble exchange rates applied in the preparation of these Interim Condensed Financial Statements are presented below:

	June 30, 2020	December 31, 2019
USD	69,9513	61,9057
EUR	78,6812	69,3406

3. Significant accounting policies (continued)

The accounting policies adopted by NCC in the preparation of these Interim Condensed Financial Statements are consistent with those followed in the preparation of NCC's Financial Statements for the year ended December 31, 2019.

In the current period, NCC has adopted all of the new and revised Standards and Interpretations issued by the IASB and IFRIC of the IASB that are relevant to its operations and effective for reporting periods ending on December 31, 2020:

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 *Definition of business*
- Amendments to IAS 1 and IAS 8 *Definition to Material*
- Amendments to IFRS 9 , IAS 39 and IFRS 7 Basic interest rate reform

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

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of NCC's accounting policies the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent 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 recognised 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.

Judgements and critical estimates made by NCC in the process of applying the accounting policies were consistent with those disclosed in the annual Financial Statements for the year ended December 31, 2019, except for the following updates made to ECL estimation model:

- refined approach to LGD (Loss Given Default) estimation:
 - country creditworthiness is applied (in addition to the own creditworthiness of counterparties);
 - adjustments in terms of counterparty types (scales for sovereign entities and systemically important institutions added).
- refined approach to PD estimation:
 - assessment horizons for bonds have been adjusted.
- refined approach to EAD estimation:
 - cash-flow valuation method adjusted in accordance with impairment stages;
 - cash flows are now discounted using the effective interest rate (previously - risk free rate).
- updated macro-adjustments calculation methodology:
 - analysis of cycles based on dynamics of macroeconomic indices (GDP, consumer price index, money supply M1, industrial production index, processing industry index etc.) has been replaced with 1Y and 2Y Russian CDS quotes indicative of cyclical phase shift.

These updates in methodology itself (model effect) did not impact significantly the amount of the expected credit loss allowance. The major impact on provision amount is driven by shock in economic environment (specifically global oil market) that affected counterparties' probabilities of default (PD). Given the structure of financial assets subject to IFRS 9, the most severe effect in provisions due to market fluctuations showed financial assets at fair value though other comprehensive income ("FVTOCI") (Note 12).

Central Counterparty National Clearing Centre
Notes to the Interim Condensed Financial Statements (unaudited) (continued)
(in thousands of Russian rubles, unless otherwise indicated)

5. Interest income and expense

	Six-month period ended June 30, 2020	Six-month period ended June 30, 2019
Interest income on financial assets at fair value		
Interest income on financial assets at FVTOCI	3 608 309	4 562 561
Interest income on financial assets at FVTPL ¹	233 570	71 428
Total interest income on financial assets at fair value	3 841 879	4 633 989
Interest income on financial assets at amortized cost		
Interest income on due from banks and other financial institutions	1 986 495	1 465 738
Interest income on cash and cash equivalents and customer accounts	1 194 162	665 501
Total interest income on financial assets at amortized cost	3 180 657	2 131 239
Total interest income	7 022 536	6 765 228
Interest expense		
Interest expense on cash and cash equivalents and due from financial institutions	(831 132)	-
Interest expense on interbank deposits	(138 898)	(993 071)
Interest expense on accounts of clearing participants	(144 498)	(222 821)
Interest expense on stress collateral	(73 578)	(20 905)
Interest expense on lease liabilities	(14 678)	(16 099)
Interest expense on REPO deals and other borrowed funds	(492)	(2 076)
Total interest expense	(1 203 276)	(1 254 972)
Total net interest income	5 819 260	5 510 256

With effect from January 1, 2020, NCC applied a new structure of tariff for maintaining collateral in foreign currencies, according to which NCC charges negative interest on customers' balances in foreign currencies which correspond to the currency of placement in the correspondent banks. The fee set by the tariff is recognized as other commissions (Note 6), expense at negative interest rate is recognized as interest expense on cash and cash equivalents and due from financial institutions and interest income is recognized as interest income on cash and cash equivalents and customer accounts.

6. Fee and commission income

	Six-month period ended June 30, 2020	Six-month period ended June 30, 2019
Clearing services for money market	2 547 079	2 362 759
Clearing services for securities market	1 442 242	937 534
Clearing services for foreign exchange market	819 574	807 003
Clearing services for derivatives market	857 299	566 319
Other commissions	343 897	49 335
Total fee and commission income	6 010 091	4 722 950

¹ "FVTPL" – Financial assets at fair value through profit or loss

Central Counterparty National Clearing Centre
Notes to the Interim Condensed Financial Statements (unaudited) (continued)
(in thousands of Russian rubles, unless otherwise indicated)

7. Net gain on financial assets at fair value through other comprehensive income

	Six-month period ended June 30, 2020	Six-month period ended June 30, 2019
Bonds issued by Russian Federation	867 316	398 552
Bonds issued by foreign companies of Russian groups	21 440	-
Bonds issued by Russian companies	3 140	(5 387)
Bonds issued by Russian commercial banks	843	3 100
Bonds issued by foreign financial organizations	(6)	561
Net gain on financial assets at fair value through other comprehensive income	892 733	396 826

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

	Six-month period ended June 30, 2020	Six-month period ended June 30, 2019
Foreign exchange swaps	(372 694)	1 906 620
Net other foreign exchange gain	(2 178)	(70 780)
Total foreign exchange gains less losses	(374 872)	1 835 840

Net gain on foreign exchange swaps includes gains/(losses) from swap deals used to hedge open foreign currency position of NCC and gain from swap transactions used to earn interest income from ruble-denominated funds.

9. Other operating income

	Six-month period ended June 30, 2020	Six-month period ended June 30, 2019
Reversal of provision for losses related to potential commodity market shortages (Note 24)	10 636	-
Other income	5 180	19 782
Reversal of legal case provision	-	873 040
Total other operating income	15 816	892 822

In December 2015 a clearing participant - brokerage company defaulted on its liabilities under deals on securities market that were foreclosed by NCC via standard default management procedures explicitly stipulated by the Law "On clearing, clearing activities and the central counterparty" to cover the liabilities to bona fide market and clearing participants. In September 2016 the brokerage company was declared bankrupt. In October 2017 the bankruptcy manager filed a lawsuit with the arbitration court, seeking to declare the deals on foreclosure as void. During the year 2018 the courts of first and second instances ruled to fulfil plaintiffs demands. NCC made a 100% provision and filed a cassation which was satisfied. In January 2019 the plaintiffs applied to the Supreme Court. As at March 31, 2019 NCC performed additional risk-assessment and recovered the provision (Note 26). In the second quarter 2019 the Supreme Court rejected to satisfy the plaintiffs' claim.

Central Counterparty National Clearing Centre
Notes to the Interim Condensed Financial Statements (unaudited) (continued)
(in thousands of Russian rubles, unless otherwise indicated)

10. Personnel expenses

	Six-month period ended June 30, 2020	Six-month period ended June 30, 2019
Personnel expenses	366 418	273 840
Payroll taxes and charges	77 910	61 406
Payments based on the shares of the parent company	10 792	13 471
Total personnel expenses	455 120	348 717

Payments based on the shares of the parent company

Rights to purchase equity instruments granted to some employees give holders a choice either to only purchase the full number of shares at exercise price or also to sell back shares at the market price for the same ruble value. The 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 maximum contractual term of the contracts granted in 2017 is three and a half years. The fair value of the rights is measured at the grant date using a binomial model taking into account the terms and conditions under 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 as at January 1, 2019	4 950 000	112,9
Forfeited	(200 000)	109,4
Outstanding as at June 30, 2019	4 750 000	113,1
Outstanding as at January 1, 2020	4 750 000	113,1
Outstanding as at June 30, 2020	4 750 000	113,1

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, 2020 was 0,3 year (December 31, 2019: 0,6 year). Exercise prices for rights outstanding as at June 30, 2020 were RUB 107,96 – RUB 115,38 (June 30, 2019: RUB 107,96 – RUB 115,38).

The number of equity rights exercisable as at June 30, 2020 is 2 950 000 with WAEP of RUB 112,3 (December 31, 2019: 1 475 000 with WAEP of RUB 111,6).

Central Counterparty National Clearing Centre
Notes to the Interim Condensed Financial Statements (unaudited) (continued)
(in thousands of Russian rubles, unless otherwise indicated)

11. Administrative and other operating expenses

	Six-month period ended June 30, 2020	Six-month period ended June 30, 2019
Maintenance of property and equipment and intangible assets	74 837	60 658
Depository services	71 605	63 722
Depreciation and amortization charge	66 618	52 972
Professional services	65 963	123 026
Settlement services and bank fees	43 278	36 561
Taxes, other than income tax	28 692	20 105
Information and technological services	27 143	27 074
Communications services	3 969	3 544
Lease of property and equipment	102	-
Other	6 196	8 531
Total administrative and other operating expenses	388 403	396 193

Professional services comprise consulting, audit, legal services and other services. The change in professional services expenses during the six-month period ended June 30, 2020 is due to the decrease in the expenses for commodities storage incurred by NCC while acting as a Commodity Delivery Operator due to reduction in the volume of grain in storage.

12. Movement in allowance for expected credit losses

	Cash and cash equivalents	Due from credit institutions	Financial assets at fair value through other comprehensive income	Other financial assets	Total
<i>Note</i>	<i>15</i>	<i>17</i>		<i>21</i>	
December 31, 2018	4 638	35 869	183 839	13 233	237 579
Net (recovery) / charge for the period	(2 068)	(35 869)	(14 412)	1 927 145	1 874 796
June 30, 2019	2 570	-	169 427	1 940 378	2 112 375
December 31, 2019	1 732	-	197 566	2 336 523	2 535 821
Net (recovery) / charge for the period	(1 368)	18 064	271 735	4 116	292 547
June 30, 2020	364	18 064	469 301	2 340 639	2 828 368

The allowance for expected credit losses of NCC consists of the loss allowance measured at an amount equal to 12-month expected credit losses for Stage 1 assets, and the loss allowance measured at an amount equal to lifetime expected credit losses for Stage 2 and Stage 3 assets.

As at June 30, 2020 and December 31, 2019 all financial assets of NCC, except for other financial assets, relate to Stage 1. The composition of NCC's other financial assets and correspondent allowances for expected credit losses by stages as at June 30, 2020 and December 31, 2019 is provided below:

Central Counterparty National Clearing Centre
Notes to the Interim Condensed Financial Statements (unaudited) (continued)
(in thousands of Russian rubles, unless otherwise indicated)

12. Movement in allowance for expected credit losses (continued)

	June 30, 2020	December 31, 2019
Stage 1 assets	147 944	193 889
Stage 3 assets	2 336 141	2 336 141
Total financial assets	2 484 085	2 530 030
Allowance for Stage 1 assets	(4 498)	(382)
Allowance for Stage 3 assets	(2 336 141)	(2 336 141)
Total allowance for expected credit losses	(2 340 639)	(2 336 523)

During the six-month period ended June 30, 2020 there were no transfers of financial assets from Stage 1 to the lower Stages of impairment. All changes relate to the recognition or derecognition of financial assets in the normal course of NCC's business. During the six-month period ended June 30, 2019 the receivable within other financial assets in the amount of RUB 1 938 746 thousand was transferred from the first to the third stage.

NCC uses forward-looking information that is available without undue cost or effort in its assessment of significant increase in credit risk as well as in its measurement of ECL. Starting January 1, 2020, NCC uses CDS curves quotes in its measurement of ECL. NCC has identified and documented the key driver of credit risk and credit losses – CDS of Russia.

The table below outlines the total ECL per portfolio as at June 30, 2020 if the assumptions used to measure ECL remain as expected (amount as presented in the statement of financial position), as well as if the key assumption used change by plus or minus 10% (parallel shift of CDS curve).

	As expected	ECL Cum
CDS of Russia	-10%	2 793 439
	-	2 828 368
	10%	2 863 324

13. Other expenses

	Six-month period ended June 30, 2020	Six-month period ended June 30, 2019
Movement in allowance for expected credit losses (Note 12)	292 547	1 874 796
Provision for losses related to potential commodity market shortages	-	435 692
Total other expenses	292 547	2 310 488

Grain. In the first quarter of 2019 NCC operating as a Commodity Delivery Operator (CDO) found, during regular inspections of commodities stored in grain warehouses, several instances where grain stockpiles used as collateral under swap trades were missing, allegedly due to theft. This risk related to use of a partner's infrastructure for storing commodity assets is inherent exclusively to the agricultural products market. NCC's risk protection system and risk monitoring on the grain market consists of evaluation of technical condition and financial position of the counterparty (certification), regular independent surveys with rotation of surveyors, and insurance coverage, including covering the risk of fraud, which size was sufficient to cover possible losses based on previous cases in the market. NCC has undertaken all necessary actions, such as: has filed 13 claims for the initiation of criminal and civil proceedings, demanding the execution of trades, reclaiming missing collateral and claiming insurance.

The amount receivable from the accredited elevators is presented as other assets (Note 21), for which a 100% provision has been created.

Central Counterparty National Clearing Centre
Notes to the Interim Condensed Financial Statements (unaudited) (continued)
(in thousands of Russian rubles, unless otherwise indicated)

13. Other expenses (continued)

Sugar. Despite the fact that there have been no instances of missing other kinds of commodities (sugar), NCC has applied a conservative approach to assessing the risk of loss and creating provisions for possible losses of commodities (sugar) stockpiles at warehouses. On a regular basis, NCC conducts on-site inspections to ensure the security and quality of sugar stockpiles.

The total amount of provision for CDO operations as at June 30, 2020 is RUB 2 357 165 thousand (December 31, 2019: RUB 2 367 801 thousand).

14. Income tax expense

	Six-month period ended June 30, 2020	Six-month period ended June 30, 2019
Current income tax expense	1 467 268	4 460 900
Deferred taxation movement	794 697	(2 505 867)
Total income tax expense	2 261 965	1 955 033

NCC 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, 2020	Six-month period ended June 30, 2019
Profit before income tax	11 251 155	10 370 106
Tax at the statutory tax rate (20%)	2 250 231	2 074 021
Tax effect of income taxed at rates other than the 20% rate	(124 566)	(133 896)
Adjustments in respect of deferred income tax of previous years	134 397	-
Tax effect of permanent differences	1 903	14 908
Income tax expense	2 261 965	1 955 033

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, 2020	Six-month period ended June 30, 2019
Beginning of the period – deferred tax assets / (liabilities)	1 582 914	(1 023 095)
Change in deferred tax recognized in profit or loss	(794 697)	2 505 867
Change in deferred tax recognized in other comprehensive income	(94 820)	(599 970)
End of the period – deferred tax assets / (liabilities)	693 397	882 802

Central Counterparty National Clearing Centre
Notes to the Interim Condensed Financial Statements (unaudited) (continued)
(in thousands of Russian rubles, unless otherwise indicated)

15. Cash and cash equivalents

	June 30, 2020	December 31, 2019
Correspondent accounts and overnight deposits with other credit organizations	447 674 814	477 218 022
Balances with the CBR	25 564 171	48 253 066
Cash on hand	1 498	2 341
Settlements on brokerage operations	1 431	174
Total cash and cash equivalents	473 241 914	525 473 603
Less allowance for impairment (Note 12)	(364)	(1 732)
Total cash and cash equivalents	473 241 550	525 471 871

16. Financial assets and liabilities at fair value through profit or loss

	June 30, 2020	December 31, 2019
Bonds issued by foreign companies of Russian groups	15 011 397	13 418 522
Fair value of foreign currency derivatives	138 678	49 978
Shares issued by foreign companies	4 938	4 111
Total financial assets at fair value through profit or loss	15 155 013	13 472 611

The table below shows the analysis of derivatives of NCC as at June 30, 2020 and as at December 31, 2019:

	Fair value of principal amount or agreed amount		Assets - positive fair value	Liabilities - negative fair value
	Receivables	Payables		
June 30, 2020				
Currency swaps	145 996 404	(147 874 272)	138 678	(2 016 546)
December 31, 2019				
Currency swaps	60 621 161	(60 604 014)	49 978	(32 831)

17. Due from banks and other financial institutions

	June 30, 2020	December 31, 2019
Reverse repurchase agreements with financial institutions	57 642 025	48 445 455
Term deposits	31 258 948	-
Correspondent accounts in precious metals	5 551 065	4 189 132
Cash collateral received under swap deals	812 903	-
Total due from banks and other financial institutions	95 264 941	52 634 587
Less allowance for impairment (Note 12)	(18 064)	-
Total due from financial institutions	95 246 877	52 634 587

Central Counterparty National Clearing Centre
Notes to the Interim Condensed Financial Statements (unaudited) (continued)
(in thousands of Russian rubles, unless otherwise indicated)

17. Due from banks and other financial institutions (continued)

As at June 30, 2020 the fair value of financial instruments pledged under reverse repurchase agreements with financial institutions was RUB 67 100 912 thousand (December 31, 2019: RUB 60 190 176 thousand).

As at June 30, 2020 Reverse repurchase agreements with financial institutions include receivable in amount of RUB 14 061 240 thousand, that arose under REPO deals, concluded by NCC with clearing participants in order to settle outstanding obligations.

18. Financial assets and liabilities of central counterparty

	June 30, 2020	December 31, 2019
Repo transactions	3 762 388 880	3 259 579 211
Currency transactions	9 055 166	3 091 411
Total financial assets and liabilities of central counterparty	3 771 444 046	3 262 670 622

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 NCC in its capacity of central counterparty. As at June 30, 2020 the fair value of securities purchased and sold by NCC under repo transactions is RUB 4 234 087 741 thousand (December 31, 2019: RUB 3 771 234 861 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, 2020 and December 31, 2019 there was no allowance created for financial assets of central counterparty, these financial assets were neither overdue nor credit-impaired.

19. Financial assets at fair value through other comprehensive income

	June 30, 2020	December 31, 2019
Bonds issued by Russian Federation	65 888 721	61 928 992
Bonds issued by foreign companies of Russian groups	53 146 769	37 465 848
Bonds issued by Russian companies	37 157 190	28 908 105
Bonds issued by foreign countries	34 970 375	-
Bonds issued by Russian commercial banks	13 312 121	14 160 581
Bonds issued by foreign financial organizations	1 677 285	2 587 232
Financial assets at fair value through other comprehensive income	206 152 461	145 050 758

Central Counterparty National Clearing Centre
Notes to the Interim Condensed Financial Statements (unaudited) (continued)
(in thousands of Russian rubles, unless otherwise indicated)

20. Property, equipment and intangible assets

	Furniture & Equipment	Intangible assets	Trademark	Intangible assets in progress	Right-of-use assets	Total
Cost						
December 31, 2018	75 239	323 935	1 830	12 669	-	413 673
January 1, 2019						
(with IFRS 16 effect)	75 239	323 935	1 830	12 669	392 536	806 209
Additions	6 040	38 410	-	-	-	44 450
Write-off	-	(829)	-	-	-	(829)
Transfer	-	11 155	-	(11 155)	-	-
Remeasurement of Right-of-use assets	-	-	-	-	(20 605)	(20 605)
June 30, 2019	81 279	372 671	1 830	1 514	371 931	829 225
December 31, 2019	82 251	422 994	1 830	58 552	379 061	944 688
Additions	10 587	3 624	-	24 483	-	38 694
Disposals	-	-	-	-	(401)	(401)
Transfer	-	18 819	-	(18 819)	-	-
Remeasurement of Right-of-use assets	-	-	-	-	11 678	11 678
June 30, 2020	92 838	445 437	1 830	64 216	390 338	994 659
Accumulated depreciation						
December 31, 2018	62 467	150 532	447	-	-	213 446
January 1, 2019						
(with IFRS 16 effect)	62 467	150 532	447	-	-	213 446
Charge for the period	6 847	26 888	130	-	19 107	52 972
Eliminated on disposal	-	(829)	-	-	-	(829)
June 30, 2019	69 314	176 591	577	-	19 107	265 589
December 31, 2019	76 470	212 804	708	-	39 900	329 882
Charge for the period	2 840	43 633	130	-	20 015	66 618
Disposals	-	-	-	-	(401)	(401)
June 30, 2020	79 310	256 437	838	-	59 514	396 099
Net book value						
December 31, 2019	5 781	210 190	1 122	58 552	339 161	614 806
June 30, 2020	13 528	189 000	992	64 216	330 824	598 560

As at June 30, 2020 NCC's historical cost of fully depreciated property and equipment amounts to RUB 74 807 thousand (December 31, 2019: RUB 73 020 thousand).

Central Counterparty National Clearing Centre
Notes to the Interim Condensed Financial Statements (unaudited) (continued)
(in thousands of Russian rubles, unless otherwise indicated)

21. Other assets

	June 30, 2020	December 31, 2019
Other financial assets		
Receivables on services rendered and other operations	2 484 085	2 530 030
Less allowance for impairment (Note 12)	(2 340 639)	(2 336 523)
Total other financial assets	143 446	193 507
Other non-financial assets		
Precious metals	2 626 788	3 134 287
Prepayments and advances	34 441	53 001
Taxes receivable other than income tax	-	2 634
Total other non-financial assets	2 661 229	3 189 922
Total other assets	2 804 675	3 383 429

As at June 30, 2020 and December 31, 2019 receivables on services rendered and other operations include receivables from grain warehouses (Note 13) in the amount of RUB 2 336 141 thousand, fully covered by the allowance for expected credit losses.

22. Customer accounts

	June 30, 2020	December 31, 2019
Accounts of clearing participants	669 188 428	584 831 575
Current accounts	32 872 316	21 582 914
Accounts in precious metals	8 177 815	7 336 259
Guarantee fund on securities, deposit and derivatives markets	3 291 585	3 264 750
Guarantee fund on foreign currency market and precious metals market	2 584 839	2 251 507
Margin account	-	579
Total customer accounts	716 114 983	619 267 584

Accounts of clearing participants 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 ensure the fulfillment of the obligations admitted for clearing of any of the clearing participants, according to which open positions secured by collective clearing collateral, in cases established by the collective clearing collateral agreement, are settled with the property that is the subject of collective clearing collateral.

23. Overnight bank loans

	June 30, 2020	December 31, 2019
Overnight bank loans	-	49 229 140
Total overnight bank loans	-	49 229 140

Central Counterparty National Clearing Centre
Notes to the Interim Condensed Financial Statements (unaudited) (continued)
(in thousands of Russian rubles, unless otherwise indicated)

24. Other liabilities

	June 30, 2020	December 31, 2019
Other financial liabilities		
Lease liabilities	350 301	351 889
Payables for depositary and settlement operations	106 673	176 188
Payables for unused vacations	48 223	28 360
Payables on information and technological services	29 659	17 981
Payables to personnel	17 977	1 372
Payables to clearing participants with revoked licences	154	154
Other	78 047	76 426
Total other financial liabilities	631 034	652 370
Other non-financial liabilities		
Personnel remuneration provision	162 741	202 098
Taxes payable, other than income tax	51 930	42 562
Provision (Note 9)	21 024	31 660
Total other non-financial liabilities	235 695	276 320
Total other liabilities	866 729	928 690

25. Share capital and paid-in capital

As at June 30, 2020 and December 31, 2019 NCC's share capital consists of 16 670 000 issued and paid ordinary shares with the nominal value of RUB 1 thousand each.

NCC'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, 2020 the reserve fund amounted to RUB 966 775 thousand (December 31, 2019: RUB 966 775 thousand). Reserve fund is stated as a part of retained earnings.

Part of NCC's own funds, segregated in accordance with regulations of CBR relating to CCP activities, as a part of retained earnings, is represented by:

- dedicated capital of CCP which is intended to cover possible losses resulting from a default or improper performance of their obligations by clearing participants, in amount of RUB 10 100 000 thousand (December 31, 2019: RUB 10 100 000 thousand);
- funds for termination or restructuring of CCP activities, in amount of RUB 794 590 thousand (December 31, 2019: RUB 690 479 thousand);
- funds to cover possible losses from deterioration of the CCP's financial position, not associated with defaults of clearing participants, in the amount of RUB 397 295 thousand (December 31, 2019: RUB 345 240 thousand).

26. Commitments and contingencies

Legal proceedings. From time to time and in the normal course of business, claims against NCC may be received from customers and counterparties. Management of NCC believes that such claims may not have a material impact on its financial and operational activities and that no material losses will be incurred, and accordingly no provision has been made in these Interim Condensed Financial Statements. During six-month period ended June 30, 2019 NCC has recovered previously created provision for a litigation (Note 9).

Central Counterparty National Clearing Centre
Notes to the Interim Condensed Financial Statements (unaudited) (continued)
(in thousands of Russian rubles, unless otherwise indicated)

27. Transactions with related parties

Control relationships. As at June 30, 2020 and December 31, 2019 NCC is a wholly owned subsidiary of Moscow Exchange. Russian Federation exercised significant influence over Moscow Exchange.

The Interim Condensed Statement of Comprehensive Income for the six-month period ended June 30, 2020 and June 30, 2019 includes the following amounts with related parties:

	Six-month period ended June 30, 2020		Six-month period ended June 30, 2019	
	Parent	Other related parties	Parent	Other related parties
Interest income	-	45 140	-	-
Interest expenses	(10 914)	(97 558)	(12 215)	(3 883)
Commission income (recoverable expenses)	1 460	18 448	75	(26 121)
Foreign exchange gains less losses	(778)	(709 438)	-	(30 840)
Administrative and other operating expenses	(51 311)	(117 135)	(49 879)	(106 243)

NCC refined its approach to presentation of operations with financial assets at FVTOCI with related parties and presented volumes of trades and basis of their conclusion as follows:

- with parent: during the six-month period ended June 30, 2020 NCC purchased bonds for RUB 1 252 339 thousand and sold bonds for RUB 1 072 489 thousand (during the six-month period ended June 30, 2019: no purchases, sales for RUB 145 973 thousand)
- with other related parties: during the six-month period ended June 30, 2020 NCC purchased bonds for RUB 1 065 450 thousand and sold bonds for RUB 7 107 285 thousand (during the six-month period ended June 30, 2019: no purchases, sales for RUB 9 502 348 thousand).

All transactions were concluded on the arms' length basis.

The Interim Condensed Statement of Financial Position as at June 30, 2020 and December 31, 2019 includes the following amounts with related parties:

	June 30, 2020		December 31, 2019	
	Parent	Other related parties	Parent	Other related parties
Cash and cash equivalents	-	133 707 654	-	74 898 667
Other assets	800	7 482	800	9 230
Derivatives recognized at FVTPL	-	(682 140)	-	154
Customer accounts	(3 030 428)	(154 697 825)	(1 476 478)	(135 837 685)
Other liabilities	(280 882)	(131 230)	(280 192)	(142 329)

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, and share-based payment expense.

Included in the Interim Condensed Statement of Financial Position are the following amounts that arose on transactions with key management personnel:

	June 30, 2020	December 31, 2019
Other liabilities	50 375	27 763
Payments based on the shares of the parent company	76 264	65 472

Central Counterparty National Clearing Centre
Notes to the Interim Condensed Financial Statements (unaudited) (continued)
(in thousands of Russian rubles, unless otherwise indicated)

27. Transactions with related parties (continued)

Included in the Interim Condensed Statement of Comprehensive Income are the following amounts that arose due to transactions with key management personnel:

	Six-month period ended June 30, 2020	Six-month period ended June 30, 2019
Short-term employee benefits, except for share-based payments	57 487	91 980
Share-based payment expense	10 792	13 471
Long-term employee benefits	8 693	1 492
Total remuneration of key management personnel	76 972	106 943

Transactions with government-related entities. In the ordinary course of business NCC provides trading, clearing and depository services to government-related entities, places funds with government-related banks and bonds issued by the Russian Federation and government-related entities. According to p.26 (b) of IAS 24 NCC discloses the following significant outstanding balances and financial results on operations with government-related entities as at June 30, 2020 and December 31, 2019 and for the six-month period ended June 30, 2020 and June 30, 2019:

	Six-month period ended June 30, 2020	Six-month period ended June 30, 2019
Interest income	3 880 877	4 079 100
Interest expense	(299 845)	(1 097 300)
Fee and commission income	2 069 759	1 525 200
Net gain on financial assets at FVTPL	1 314	-
Foreign exchange gains less losses	(92 240)	504 045
Other operating income	2 064	-
Administrative and other operating expenses	(1 887)	(7 400)

NCC refined its approach to presentation of operations with financial assets at FVTOCI with government-related parties and presented volumes of trades and basis of their conclusion as follows:

During the six-month period ended June 30, 2020 NCC purchased bonds for RUB 25 314 709 thousand and sold bonds for RUB 3 541 190 thousand (during the six-month period ended June 30, 2019: purchases for RUB 23 528 735 thousand, sales for RUB 34 477 359 thousand). All transactions were concluded on the arms' length basis.

	June 30, 2020	December 31, 2019
Assets		
Cash and cash equivalents	101 058 151	130 046 350
Due from financial institutions	9 291	-
Financial assets of central counterparty	981 921 241	947 804 960
Financial assets at FVTOCI	113 580 546	89 340 731
Other assets	43 632	82 765
Liabilities		
Customer accounts	243 274 941	185 569 388
Overnight bank loans	-	42 343 144
Central counterparty financial liabilities	2 362 906 151	1 853 104 305
Derivatives recognized at FVTPL	163 100	32 375
Other liabilities	163	160

Central Counterparty National Clearing Centre
Notes to the Interim Condensed Financial Statements (unaudited) (continued)
(in thousands of Russian rubles, unless otherwise indicated)

28. Fair value measurements

The tables below analyse NCC's financial assets and liabilities measured at fair value at June 30, 2020 and December 31, 2019 by the level in the fair value hierarchy into which the fair value measurement is categorised::

	June 30, 2020			Total
	Level 1	Level 2	Level 3	
Financial assets at FVTPL	15 011 397	138 678	4 938	15 155 013
Central counterparty financial assets and liabilities (foreign currency operations)	9 055 166	-	-	9 055 166
Financial assets at FVTOCI	191 501 401	14 651 060	-	206 152 461
Derivatives recognized at FVTPL (liabilities)	-	(2 016 546)	-	(2 016 546)

	December 31, 2019			Total
	Level 1	Level 2	Level 3	
Financial assets at FVTPL	13 418 522	49 978	4 111	13 472 611
Central counterparty financial assets and liabilities (foreign currency operations)	3 091 411	-	-	3 091 411
Financial assets at FVTOCI	136 765 397	8 285 361	-	145 050 758
Derivatives recognized at FVTPL (liabilities)	-	(32 831)	-	(32 831)

Management of NCC considers that the fair value of "Cash and cash equivalents", "Due from banks and other financial institutions", "Financial assets and liabilities of central counterparty (REPO transactions)", "Other financial assets", "Customer accounts", "Overnight bank loans" and "Other financial liabilities" not carried at fair value in Interim Condensed Statement of Financial Position approximates their carrying value.

There were no changes in fair value of level 3 assets during the six-month period ended June 30, 2020 and June 30, 2019.

Transfers between level 1 and 2

For assets and liabilities that are recognised at fair value on a recurring basis, NCC 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, 2020	Six-month period ended June 30, 2019
From Level 1 to Level 2		
Financial assets at FVTOCI	6 019 357	2 866 879
From Level 2 to Level 1		
Financial assets at FVTOCI	488 512	3 612 712