CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR
ENDED 31 DECEMBER 2012

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of National Settlement Depository.

We have audited the accompanying consolidated financial statements of National Settlement Depository (hereinafter — "NSD") and its subsidiary, which comprise the consolidated statement of financial position as at 31 December 2012, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year 2012, and a summary of significant accounting policies and other explanatory information.

AUDITED ENTITY'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the fairness of these consolidated financial statements based on our audit.

We conducted our audit in accordance with the federal standards on auditing effective in the Russian Federation and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of the audited entity, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of NSD and its subsidiary as at 31 December 2012, and their financial performance and cash flows for the year 2012 in accordance with International Financial Reporting Standards.

E.V.ZAICHIKOVA
Partner
Ernst & Young Vneshaudit CJSC

5 April 2013

DETAILS OF THE AUDITED ENTITY

Name: NSD
Information about the State Register of Legal Entities Concerning a Legal Entity:
Main State Registration Number 1027739132563.
Address: 125009, 1/13, Sredniy Kislovsky per., Moscow, Russia.

DETAILS OF THE AUDITOR

Name: Ernst & Young Vneshaudit
Main State Registration Number 1027739199333.
Address: 115035, 77 b1. Sadovnicheskaya naberezhnaya, Moscow, Russia.

Ernst & Young Vneshaudit is a member of Non Profit partnership "Russian Audit Chamber" ("NP APR").

Ernst & Young Vneshaudit is registered in the register of auditors and audit organizations of NP APR, number 3027, and also included in the control copy of the register of auditors and audit organizations, main registration number 10301017410.

NON-BANKING CREDIT ORGANIZATION CLOSED JOINT-STOCK COMPANY NATIONAL SETTLEMENT DEPOSITORY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012
(IN THOUSANDS OF RUSSIAN RUBLES)

	Notes	Year ended 31 December 2012	Year ended 31 December 2011
Fee and commission income	6	1,955,663	1,742,009
Net gains from operations with financial assets at fair value through profit or loss		2,870,661	1,665,058
Interest income	7	1,211,298	1,048,155
Other income	8	113,771	28,147
Operating income		**6,151,393**	**4,483,369**
Personnel expenses	9	(1,142,162)	(852,176)
Administrative and other operating expenses	10	(627,915)	(615,251)
Commission expenses		(210,948)	(167,024)
Operating profit		**4,170,368**	**2,848,918**
Share of profits of associates	15	47,332	44,817
Profit before tax		**4,217,700**	**2,893,735**
Income tax expense	11	(682,667)	(484,739)
Net profit		**3,535,033**	**2,408,996**
ATTRIBUTABLE TO:			
Equity holders of the Parent		3,534,870	2,408,996
Non-controlling interest		163	—
Total comprehensive income		**3,535,033**	**2,408,996**

Chairman of the Executive Board
E.V.ASTANIN

5 April 2013
Moscow

Chief Accountant
I.E.VEREMEENKO

5 April 2013
Moscow

NON-BANKING CREDIT ORGANIZATION CLOSED JOINT-STOCK COMPANY NATIONAL SETTLEMENT DEPOSITORY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2012
(IN THOUSANDS OF RUSSIAN RUBLES)

	Notes	31 December 2012	31 December 2011
ASSETS			
Cash and cash equivalents	12	77,221,030	66,808,866
Financial assets at fair value through profit or loss	13	30,867,138	37,526,505
Due from banks	14	1,122,225	—
Investments in associates	15	561,569	514,237
Property and equipment	16	2,824,482	1,878,701
Intangible assets	16	236,405	140,048
Current tax prepayments		34,303	5,969
Deferred tax assets	11	52,433	143,181
Other assets	17	417,516	843,402
Total assets		**113,337,101**	**107,860,909**
LIABILITIES			
Balances of market participants	18	99,695,539	98,728,294
Distributions payable to holders of securities		4,436,856	2,657,080
Other liabilities	19	666,011	273,376
Total liabilities		**104,798,406**	**101,658,750**
EQUITY			
Share capital	20	1,193,982	1,193,982
Share premium		1,957,050	1,957,050
Payments based on the shares of the parent company		1,454	—
Retained earnings		5,386,184	3,051,127
Total equity attributable to owners of the Parent		**8,538,670**	**6,202,159**
Non-controlling interest		25	—
Total equity		**8,538,695**	**6,202,159**
Total liabilities and equity		**113,337,101**	**107,860,909**

NON-BANKING CREDIT ORGANIZATION CLOSED JOINT-STOCK COMPANY NATIONAL SETTLEMENT DEPOSITORY

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012
(IN THOUSANDS OF RUSSIAN RUBLES)

	Notes	Year ended 31 December 2012	Year ended 31 December 2011
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITY:			
Profit before tax		4,217,700	2,893,735
Adjustments for:			
Net change in fair value of financial assets and liabilities at fair value through profit or loss		(560,864)	676,455
Depreciation and amortization of property and equipment and intangible assets	10, 16	155,889	105,086
Gain on bargain purchase	5	(91,390)	—
Share of profits of associates		(47,332)	(44,817)
Net change in interest accruals		(846)	11,061
Net change of other accrued income/expense		14,335	9,394
Net loss from disposal of property and equipment and intangible assets		2,766	1,344
Payments based on the shares of the parent company		1,454	—
Unrealized (gains)/losses on foreign exchange operations		(906)	29,313
CHANGES IN OPERATING ASSETS AND LIABILITIES			
Changes in operating assets and liabilities			
(Increase)/decrease in operating assets			
Financial assets at fair value through profit or loss		7,220,231	(18,051,684)
Due from banks		(1,100,000)	950,001
Other assets		465,922	(583,298)
Increase/(decrease) in operating liabilities			
Balances of market participants		1,511,824	34,262,054
Distributions payable to holders of securities		1,716,234	(335,940)
Other liabilities		319,852	27,083
Cash flows from operating activities before taxation		13,824,869	19,949,787
Income tax paid		(612,905)	(549,761)
Cash flows from operating activities		**13,211,964**	**19,400,026**

NON-BANKING CREDIT ORGANIZATION CLOSED JOINT-STOCK COMPANY NATIONAL SETTLEMENT DEPOSITORY

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012
(IN THOUSANDS OF RUSSIAN RUBLES)

	Notes	Year ended 31 December 2012	Year ended 31 December 2011
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES:			
Repayment of loan		903,023	—
Acquisition of subsidiary net of cash acquired in the subsidiary	5	(801,578)	—
Purchase of property and equipment		(1,027,054)	(209,721)
Purchase of intangible assets		(117,142)	(47,847)
Proceeds from disposal of property and equipment and intangible assets		5,444	936
Purchase of investments in associates		—	(342,515)
Cash flows used in investing activitie		**(1,037,307)**	**(599,147)**
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES:			
Dividends paid		(1,200,000)	(4,399,998)
Acquisition of non–controlling interest in subsidiaries		(26,737)	—
Cash flows used in financing activities		**(1,226,737)**	**(4,399,998)**
Effect of changes in foreign exchange rates on cash and cash equivalents		(535,756)	(46,391)
Net increase in cash and cash equivalents		**10,412,164**	**14,354,490**
Cash and cash equivalents, beginning of year	**12**	**66,808,866**	**52,454,376**
Cash and cash equivalents, end of year	**12**	**77,221,030**	**66,808,866**

Interest received by the Group for the year ended 31 December 2012 amounted to RUB 1,210,452 thousand (31 December 2011: RUB 1,059,216 thousand).

NON-BANKING CREDIT ORGANIZATION CLOSED JOINT-STOCK COMPANY NATIONAL SETTLEMENT DEPOSITORY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012
(IN THOUSANDS OF RUSSIAN RUBLES)

	Share capital	Share premium	Payments based on the shares of the parent company	Retained earnings	Equity attributable to owners of the Parent	Non-controlling interes	Total equity
31 December 2010	**1,193,982**	**1,957,050**	**—**	**5,042,129**	**8,193,161**	**—**	**8,193,161**
Total comprehensive income for the period	—	—	—	2,408,996	2,408,996	—	2,408,996
Dividends declared	—	—	—	(4,399,998)	(4,399,998)	—	(4,399,998)
31 December 2011	**1,193,982**	**1,957,050**	**—**	**3,051,127**	**6,202,159**	**—**	**6,202,159**
Total comprehensive income for the period	—	—	—	3,534,870	3,534,870	163	3,535,033
Dividends declared	—	—	—	(1,200,000)	(1,200,000)	—	(1,200,000)
Payments based on the shares of the parent company	—	—	1,454	—	1,454	—	1,454
Acquisition of a subsidiary	—	—	—	—	—	26,786	26,786
Acquisition of non-controlling interest	—	—	—	187	187	(26,924)	(26,737)
31 December 2012	**1,193,982**	**1,957,050**	**1,454**	**5,386,184**	**8,538,670**	**25**	**8,538,695**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION

Non-Banking Credit Organization Closed Joint-Stock Company National Settlement Depository (hereinafter —"NSD") is the central depository of the Russian Federation, a part of the Moscow Exchange Group. NSD is Russia's national numbering agency and the substitute numbering agency for the CIS, authorized to assign the international ISIN and CFI codes.

The status of central securities depository was assigned to NSD by the Russian Federal Financial Markets Service's order on 6 November 2012.

In 2010, Non-Banking Credit Organization Closed Joint-Stock Company MOSCOW INTERBANK CURRENCY EXCHANGE SETTLEMENT HOUSE (hereinafter — "MICEX SH") was reorganized by merger with Closed Joint-Stock Company National Depository Center (hereinafter — "NDC"). Simultaneously, the name MICEX SH was changed to Non-Banking Credit Organization Closed Joint-Stock Company National Settlement Depository ("NSD").

NSD's activities are carried out based on the following licenses:

- license No.3294 issued by the Central Bank of the Russian Federation (hereinafter — "CBR") on 26 July 2012 for banking operations;
- license of professional stock market participant No.177-12042-000100 issued by the Federal Financial Markets Service (hereinafter — "FFMS") on 19 February 2009 for depository activities;
- license No. 077-00004-000010 issued by FFMS on 20 December 2012 for clearing activities.

NSD functioned as a settlement center of the organized securities market (SC OSM) based on the agreement with the Bank of Russia.

NSD functions as an operator of the payment system based on the certificate issued by the Bank of Russia on 26 December 2012.

Pursuant to Federal Law No. 39-FZ On Securities Market dated 22 April 1996 and Order No. 11-68/pz-n issued by FFMS on 28 December 2011, NSD functions as a repository.

NSD registered address is: Building 8, 1/13 Sredniy Kislovsky per., Moscow, 125009, the Russian Federation. Supplementary office "Krasnye Vorota" is located at: 12 Spartakovskaya str., Moscow, 105066, the Russian Federation.

NSD is a subsidiary of Open Joint-Stock Company Moscow Exchange MICEX-RTS (hereinafter — "Moscow Exchange") which holds 99.997% of its shares.

Entities controlled by the Russian Federation together hold more than 50% (31 December 2011: more than 40%) of the Moscow Exchange voting shares. Consequently, Russian Federation has control (31 December 2011: significant influence) over NSD.

NSD has no affiliates or representative offices within the Russian Federation or abroad.

NSD Group (hereinafter — the "Group") includes Closed Joint-Stock Company "Depository Clearing Company" (hereinafter — "DCC") acquired in 2012 from the Moscow Exchange. As of 31 December 2012, the share of ownership comprised 99.998%.

NSD and its subsidiary are located in the Russian Federation.

DCC provides depository, clearing and settlement services. At the end of 2012, the DCC's business was transferred to NSD. The Group is now considering possible functions of DCC in the future. DCC holds licenses for depository and clearing services issued by the FFMS.

As at 31 December 2012, the Group had 515 employees (31 December 2011: 416 employees).

2. BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

BASIS OF PRESENTATION

These Consolidated Financial Statements have been prepared on the assumption that the Group is a going concern and will continue its business activity in the foreseeable future.

These Consolidated Financial Statements are presented in thousands of Russian Rubles, unless otherwise indicated. These consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities that have been measured at fair value.

The Group's companies maintain their accounting records in accordance with Russian Accounting Standards (RAS). These financial statements have been prepared from the statutory-based accounting records and adjusted for the purpose of fair presentation in accordance with IFRS. The adjustments included reclassifications of individual assets to bring them in compliance with the economic substance of transactions and recognition of deferred taxes.

INFLATION ACCOUNTING

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

3. SIGNIFICANT ACCOUNTING POLICIES

BASIS FOR CONSOLIDATION

Subsidiaries, which are those entities in which the Group has an interest of more than one half of the voting rights, or otherwise has power to exercise control over their operations, are consolidated. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated in full; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. If there is a need to make accounting policies of subsidiaries consistent with the accounting policies of the Group, amendments are implemented.

ACQUISITION OF SUBSIDIARIES FROM PARTIES UNDER COMMON CONTROL

Purchases of subsidiaries from parties under common control are accounted for using the acquisition method.

The acquisition cost is measured at fair value calculated as the sum of the acquisition-date fair value of the assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree, and equity securities issued by the Group in exchange for control over the acquiree. Acquisition-related costs are recognized in the income statement as incurred.

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

INVESTMENT IN ASSOCIATES

Associates are entities in which the Group generally has between 20% and 50% of the voting rights, or is otherwise able to exercise significant influence, but which it does not control or jointly control. Investments in associates are accounted for under the equity method and are initially recognized at cost, including goodwill. Subsequent changes in the carrying value reflect the post-acquisition changes in the net assets of the associate attributable to the Group. The Group's share of its associates' profits or losses is recognized in the Consolidated Statement of Comprehensive Income, and its share of movements in reserves is recognized in other comprehensive income. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless the Group is obliged to make further payments of, or on behalf of, the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

REVENUE RECOGNITION

FEE AND COMMISSION INCOME

Fee and commission income is recognized when services are provided.

INTEREST INCOME

Interest income from assets carried at amortized cost is recognized on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future payments or cash receipts to the net carrying amount of the financial asset.

Once a financial asset or a group of similar financial assets has been written down (partially written down) as a result of impairment, interest income is thereafter recognized at the interest rate used to discount future cash flows for the purpose of measuring the impairment loss.

Interest income from assets at fair value is recognized in net profit from financial assets at fair value through profit or loss.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, unrestricted balances on correspondent and deposit accounts with banks with maturity up to one business day. Amounts that are subject to restrictions on their availability are not included in cash and cash equivalents.

FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognized in the Group's Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets and liabilities are recognized using settlement date accounting.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

FINANCIAL ASSETS

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL) and 'loans and receivables'. The classification depends on the nature and purpose of the financial asset and is determined at initial recognition.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

A financial asset is classified as at FVTPL when it is held for trading.

A financial asset is classified as held for trading if:

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

Fair value of financial assets at FVTPL determined in the manner described in Note 23.

LOANS AND RECEIVABLES

Loans and receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

IMPAIRMENT OF FINANCIAL ASSETS

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been negatively affected.

For financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as default or delinquency in interest or principal payments; or
- Default or delay in payment of interests or principal amount, or
- It becoming probable that the debtor will enter bankruptcy or financial reorganization; or
- Disappearance of an active market for that financial asset as a result of financial difficulties.

For financial assets carried at amortized cost, the amount of impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of "loans and receivables" is reduced through the use of an allowance account. When a loan or a receivable is considered uncollectible, it is written off against the allowance account.

DERECOGNITION OF FINANCIAL ASSETS

A financial asset (or, where applicable a part of the financial asset or part of a group of similar financial assets) is derecognized where:

- Rights to receive cash flows from the asset have expired;
- The Group has transferred its rights to receive cash flows from the asset or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement;
- The Group either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If substantially all the risks and rewards have been neither retained nor transferred, the Group assesses whether or not it has retained control of the asset. If the Group has not retained control, the asset is derecognized. Where the Group retained control of the asset, it continues to recognize the asset to the extent of its continuing involvement.

FINANCIAL LIABILITIES

CLASSIFICATION AS DEBT OR EQUITY

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

FINANCIAL LIABILITIES

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

The Group does not have any financial liabilities 'at FVTPL'.

OTHER FINANCIAL LIABILITIES

Other financial liabilities, including accounts of market participants, distributions payable to holders of securities and other liabilities are initially measured at fair value, net of transaction costs.

Distributions payable to holders of securities comprise dividends and coupon amounts received by the Group from the issuers of securities on behalf of customers of the Group, for which the Group also provides depository services. The normal settlement period for distribution of dividends and coupon amounts to its customers is five days. Amounts of dividends and coupons payable to clients are stated at their contractual values.

Subsequently, all other financial liabilities are recognized at amortized cost. Interest expense is measured using the effective interest method.

DERECOGNITION OF FINANCIAL LIABILITIES

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit and loss.

PROPERTY AND EQUIPMENT

Property and equipment purchased after 1 January 2003 is recognized at initial cost less cumulative amortization and accumulated impairment losses (if any). Property and equipment purchased before 1 January 2003 is recognized at initial amount adjusted for inflation less cumulative amortization and accumulated impairment losses (if any).

USEFUL LIVES OF PROPERTY AND EQUIPMENT

Depreciation is accrued to write down the cost of property and equipment less residual value on a straight-line basis over their useful lives. Estimated useful lives, carrying amount and depreciation period are reviewed at the end of each reporting period with the effect of any changes in estimate being accounted for without revising comparative indicators at the following rates:

Buildings and structures	2%
Furniture and equipment	20%
Motor vehicles	20%

Depreciation of assets under construction and those not placed in service commences from the date the assets become available for service.

INTANGIBLE ASSETS

Intangible assets are carried at acquisition cost less any accumulated amortization and any accumulated impairment losses. Amortization is charged on a straight-line basis throughout the useful life of the intangible assets at the annual rates of 10-25%. Estimated useful lives and amortization period are reviewed at the end of each reporting period with the effect of any changes in estimate being accounted for without revising comparative indicators.

DERECOGNITION OF INTANGIBLE ASSETS

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

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

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 of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized in profit or loss.

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

TAXATION

Income tax expense comprises current and deferred tax.

CURRENT INCOME TAX

Current tax expense is calculated based on the statutory taxable income for the year. Taxable profit differs from profit as reported in the statement of comprehensive income by items of income or expense that are taxable or deductible in other years and further excludes items that are never taxable or deductible. Current income tax liabilities are measured using statutory tax rates introduced before the end of the reporting period.

DEFERRED INCOME TAX

Deferred income taxes are provided for all temporary differences arising between the carrying amounts of assets and liabilities recognized in financial accounting and respective data of tax accounting used to measure taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences provided that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Tax assets and liabilities are not recognized if temporary differences arise from goodwill or from the initial recognition of an asset or liability in a transaction (except for business combinations) and affect neither taxable nor accounting profit.

OPERATING TAXES

In the Russian Federation where the Group performs its activity, there are other requirements to accrual and settlement of other taxes applicable to the Group's activity besides income taxes. Such taxes are recognized as part of administration and other operating expense in the statement of comprehensive income.

CONTINGENCIES

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

DEPOSITORY ACTIVITIES

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

FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated at the Russian ruble exchange rate as at the reporting date. Transactions in currencies other than functional currency are recorded at the exchange rate ruling at the date of the transaction. Gains or losses from such transactions are included into gains arising from foreign currencies recognized in other income.

The exchange rates used by the Group in the preparation of these financial statements as at year-end are as follows:

	31 December 2012	31 December 2011
RUB / 1 USD	30.3727	32.1961
RUB / 1 EUR	40.2286	41.6714

ADOPTION OF NEW AND REVISED STANDARDS

In the current period, the Group 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 31 December 2012.

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

Amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

AMENDMENTS TO IFRS 7 FINANCIAL INSTRUMENTS: DISCLOSURES

The Amendments were issued in October 2010 and are effective for annual periods beginning on or after 1 July 2011. The amendments require additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendments require disclosures about continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets.

AMENDMENTS TO IAS 12 INCOME TAXES — DEFERRED TAX: RECOVERY OF UNDERLYING ASSETS

In December 2010, the IASB issued amendments to IAS 12 effective for annual periods beginning on or after 1 January 2012. The amendments clarified the determination of deferred tax on investment property measured at fair value. The amendments introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset.

NEW AND REVISED IFRS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The Group will evaluate the impact of the application of the IFRS 9 final version, when issued, on the financial statements in conjunction with the other phases.

IFRS 10 CONSOLIDATED FINANCIAL STATEMENTS

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after 1 January 2013

IFRS 12 DISCLOSURE OF INTERESTS IN OTHER ENTITIES

The standard becomes effective for annual periods beginning on or after 1 January 2013. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to Consolidated Financial Statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required for such entities. The Group will need to disclose more information about the consolidated and unconsolidated structured entities with which it is involved or which it has sponsored. However, the standard will have no impact on the financial position or performance of the Group.

IFRS 13 FAIR VALUE MEASUREMENT

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted under other IFRS. The standard becomes effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted. The adoption of IFRS 13 may have effect on the measurement of the Group's assets and liabilities accounted for at fair value. Currently, the Group evaluates possible effect of the adoption of IFRS 13 on its financial position and performance.

IAS 27 SEPARATE FINANCIAL STATEMENTS (AS REVISED IN 2011)

As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 28 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (AS REVISED IN 2011)

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard becomes effective for annual periods beginning on or after 1 January 2013.

AMENDMENT TO IAS 19 EMPLOYEE BENEFITS

The amendment to IAS 19 becomes effective for annual periods beginning on or after 1 January 2013. The amendment introduces major changes to the accounting for employee benefits, including the removal of the option for deferred recognition of changes in pension plan assets and liabilities (known as the "corridor approach"). In addition, the amendment will limit the changes in net pension assets (liabilities) recognized in profit or loss to net interest income (expense) and service costs. The amendment will have no impact on the Group's financial position or performance.

AMENDMENT TO IAS 1 PRESENTATION OF FINANCIAL STATEMENTS — PRESENTATION OF OTHER COMPREHENSIVE INCOME

The amendment changes the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss in the future (for example, net losses or gains on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, revaluation of buildings). The amendment affects presentation only and has no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

AMENDMENTS TO IFRS 7 DISCLOSURES — OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

These amendments require an entity to disclose information about rights of set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2013.

AMENDMENTS TO IAS 32 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". It will be necessary to assess the impact on the Group by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default.

The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. While many settlement systems are expected to meet the new criteria, some may not. As the impact of the adoption depends on the Group's examination of the operational procedures applied by the central clearing houses and settlement systems it deals with to determine if they meet the new criteria, it is not practical to quantify the effects. The amendments become effective for annual periods beginning on or after 1 January 2014.

IMPROVEMENTS TO IFRSS

The improvements become effective for annual periods beginning on or after 1 January 2013. These amendments will have no impact on the Group:

IFRS 1 FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

This improvement clarifies that an entity that stopped applying IFRS in the past and chooses, or is required, to apply IFRS, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying IFRS.

IAS 1 PRESENTATION OF FINANCIAL STATEMENTS

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

IAS 16 PROPERTY, PLANT AND EQUIPMENT

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 FINANCIAL INSTRUMENTS: PRESENTATION

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

IAS 34 INTERIM FINANCIAL REPORTING

This amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management is required to make judgments, assumptions and estimates concerning carrying amounts of assets and liabilities that are not readily apparent from other sources. Estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant under certain circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the change affects only the respective period, and in future periods if the change affects both current and future periods.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the 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.

IMPAIRMENT OF ACCOUNTS RECEIVABLE

The Group regularly reviews its receivables to assess for impairment. Group's receivables impairment provisions are established to recognize incurred impairment losses in its portfolio of receivables. The Group considers accounting estimates related to provision for impairment of receivables a key source of estimation uncertainty because (a) they are highly susceptible to change from period to period as the assumptions about future default rates and valuation of potential losses relating to impaired receivables are based on recent performance experience, and (b) any significant difference between the Group's estimated losses and actual losses would require the Group to record provisions which could have a material impact on its financial statements in future period.

The Group uses Management's judgment to estimate the amount of any impairment loss in cases where the debtor has financial difficulties and there are few available sources of historical data relating to similar debtors. Similarly, the Group estimates changes in future cash flows based on past performance, past counterparty behavior, observable data indicating an adverse change in the payment status, and national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the group of receivables. The Group uses Management's judgment to adjust observable data for a group of receivables to reflect current circumstances not reflected in historical data.

The allowances for impairment of financial assets in the Consolidated Financial Statements have been determined on the basis of existing economic conditions.

As at 31 December 2012, the total amount of accounts receivable was RUB 326,829 thousand (31 December 2011: RUB 229,361 thousand).

5. BUSINESS COMBINATIONS

As of April 12, 2012, NSD obtained control over DCC. As of April 12, 2012 NSD acquired 97.756% of DCC's shares.

Business combination was accomplished as a part of optimization of depository and clearing business within Moscow Exchange Group.

The sum of consideration transferred amounted to RUB 1,075,855 thousand.

As at the acquisition date, assets and liabilities of the acquiree recorded in the Group's Consolidated Financial Statements, were as follows:

ASSETS	
Cash and cash equivalents	274,277
Loans	924,502
Property and equipment	5,219
Intangible assets	56,822
Current tax prepayments	3,774
Deferred tax assets	3,574
Other assets	45,046
Total assets	**1,313,214**
LIABILITIES AND EQUITY	
Distributions payable to holders of securities	57,799
Other liabilities	61,384
Total liabilities	**119,183**
Net identifiable assets and liabilities	**1,194,031**
Non-controlling interest	(26,786)
Gain on bargain purchase	(91,390)
Transferred consideration	**1,075,855**
CASH FLOW ON ACQUISITION	
Consideration paid in cash	1,075,855
Cash acquired with the subsidiary	(274,277)
Less acquired cash (included in cash flows from investing activities)	**801,578**
Net cash outflow	**801,578**

6. FEE AND COMMISSION INCOME

	Year ended 31 December 2012	Year ended 31 December 2011
Depository services	1,814,567	1,600,211
Settlement services	93,043	119,694
Other services	48,053	22,104
Total fee and commission income	**1,955,663**	**1,742,009**

7. INTEREST INCOME

	Year ended 31 December 2012	Year ended 31 December 2011
Interest on correspondent and current accounts with other banks	743,138	306,929
Interest on deposits with the CBR	416,895	723,546
Interest on deposits with other banks	22,225	—
Interest on other placements	29,040	17,680
Total interest income	**1,211,298**	**1,048,155**

8. OTHER INCOME

	Year ended 31 December 2012	Year ended 31 December 2011
Gain on bargain purchase (Note 5)	91,390	—
Income from lease	11,648	4
Gain on disposal of property, equipment and intangible assets	2,412	3,136
Other	8,321	25,007
Total other income	**113,771**	**28,147**

9. PERSONNEL EXPENSES

	Year ended 31 December 2012	Year ended 31 December 2011
Personnel expenses	963,881	777,820
Payroll related taxes	176,827	74,356
Payments based on the shares of the parent company	1,454	—
Total personnel expenses	**1,142,162**	**852,176**

10. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	Year ended 31 December 2012	Year ended 31 December 2011
Maintenance of property and equipment and intangible assets	95,554	45,490
Taxes (other than income tax)	94,185	82,830
Depreciation of property and equipment	83,372	57,974
Rent expenses	63,852	172,728
Amortization of intangible assets	72,517	47,112
Professional services	50,149	49,021
Insurance	43,934	27,203
Write-off of materials	27,167	18,886
Communication and telecommunication	20,298	13,522
Advertising	15,211	15,613
Corporate events	12,478	14,274
Business trip expenses	10,684	10,766
Security	8,302	3,094
Stationery	5,703	5,608
Loss on disposal of property, equipment and intangible assets	5,178	4,480
Charity	3,370	3,419
Charge of allowances for potential losses	2,824	17,836
Other	13,137	25,395
Total administrative and other operating expenses	**627,915**	**615,251**

Professional services comprise consulting, audit and legal services.

11. INCOME TAX

The Group calculates current income tax based on the tax accounts maintained and prepared in accordance with the tax regulations of the Russian Federation which may differ from IFRS.

The Group is subject to certain permanent tax differences due to non-tax deductibility of certain income and expenses.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for tax purposes. Temporary differences as at 31 December 2012 and 2011 relate mostly to different methods of income and expense recognition as well as to temporary differences arising from the difference between the carrying amount of certain assets and their value for tax purposes.

Tax effects of temporary differences as at 31 December 2012 and 2011, were as follows:

	Consolidated Statement of Financial Position		Consolidated Statement of Comprehensive Income	
	31 December 2012	31 December 2011	Year ended 31 December 2012	Year ended 31 December 2011
Tax effect of deductible temporary differences:				
Financial assets at fair value through profit or loss	21,664	135,781	(114,117)	132,085
Property and equipment and intangible assets	4,947	13,707	(8,760)	9,124
Other assets	113	—	(3,625)	—
Accounts payable	54,277	3,961	45,738	(345)
	81,001	**153,449**	**(80,764)**	**140,864**
Tax effect of non-deductible temporary differences:				
Investments accounted for using the equity method	(23,388)	(4,958)	(18,430)	—
Property and equipment and intangible assets	(5,180)	(3,932)	2,880	462
Other assets	—	(1,378)	1,992	(1,378)
	(28,568)	**(10,268)**	**(13,558)**	**(916)**
Deferred tax (expense) / income			**(94,322)**	**139,948**
Deferred tax assets	**52,433**	**143,181**		

Reconciliation of income tax expense and accounting profit for the years ended 31 December 2012 and 2011 is presented below:

	Year ended 31 December 2012	Year ended 31 December 2011
Profit before income tax	**4,217,700**	**2,893,735**
Statutory tax rate	20%	20%
Tax at the statutory tax rate (20%)	843,540	578,747
Tax effect of income taxed at rates different from the statutory tax rate	(171,355)	(122,930)
Tax effect of non-taxable income	(18,278)	—
Tax effect of non-taxable expenses	28,760	28,922
Income tax expense	**682,667**	**484,739**
Current income tax expense	588,345	624,687
Change in deferred taxes	94,322	(139,948)
Income tax expense	**682,667**	**484,739**

Deferred tax assets are as follows:

	Year ended 31 December 2012	Year ended 31 December 2011
As at 1 January	**143,181**	**3,233**
Change in deferred income tax balances recognized in profit or loss	(94,322)	139,948
Deferred tax asset arising on business combinations	3,574	—
As at 31 December	**52,433**	**143,181**

12. CASH AND CASH EQUIVALENTS

	31 December 2012	31 December 2011
Balances with the CBR:		
- current accounts with the CBR	43,582,303	50,247,056
Correspondent and current accounts with banks:		
- Russian Federation	10,526,033	15,023,429
- Organization for Economic Cooperation and Development (OECD) countries	23,109,402	1,530,680
- other countries	1	62
Cash on hand	3,290	7,639
Total cash and cash equivalents	**77,221,030**	**66,808,866**

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2012	31 December 2011
Bonds issued by the Russian Federation	30,867,138	37,526,505
Total financial assets at fair value through profit or loss	**30,867,138**	**37,526,505**

As at 31 December 2012, financial assets at fair value through profit or loss in the amount of RUB 6,189,228 thousand (31 December 2011: RUB 7,129,031 thousand) were placed on designated deposit account "Encumbered securities" intended for the purposes of lombard lending from the CBR.

14. DUE FROM BANKS

As at 31 December 2012, due from banks comprised a deposit with Russian bank (BBB- credit rating of Fitch Ratings) totaling RUB 1,122,225 thousand including accrued interest.

15. INVESTMENTS IN ASSOCIATES

	31 December 2012		31 December 2011	
	Ownership interest	Carrying amount	Ownership interest	Carrying amount
CJSC Settlement depository company (hereinafter — SDCO)	28.54%	561,569	28.54%	514,237
Total investments in associates		**561,569**		**514,237**

As at 31 December 2012 and for the year then ended, assets, liabilities, revenue and net profit of the associate were as follows:

Associate	Total assets of the associate	Total liabilities of the associate	Revenue of the associate	Net profit
SDCO	4,466,583	2,532,374	202,505	165,829

As at 31 December 2011 and for the year then ended, assets, liabilities, revenue and net profit of the associate were as follows:

Associate	Total assets of the associate	Total liabilities of the associate	Revenue of the associate	Net profit
SDCO	3,949,274	2,180,897	214,669	157,016

16. PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

	Land	Buildings and other real estate	Furniture and equipment	Total property and equipment	Intangible assets	Total
31 December 2010	**—**	**1,646,103**	**174,117**	**1,820,220**	**202,459**	**2,022,679**
Additions	22,274	—	187,447	209,721	47,847	257,568
Disposals	—	—	(11,306)	(11,306)	—	(11,306)
31 December 2011	**22,274**	**1,646,103**	**350,258**	**2,018,635**	**250,306**	**2,268,941**
Additions	71,865	932,382	22,807	1,027,054	117,142	1,144,196
Acquisition of a subsidiary	—	—	5,219	5,219	56,822	62,041
Disposals	—	—	(33,935)	(33,935)	(22,782)	(56,717)
31 December 2012	**94,139**	**2,578,485**	**344,349**	**3,016,973**	**401,488**	**3,418,461**
Accumulated depreciation						
31 December 2010	**—**	**5,487**	**87,371**	**92,858**	**63,146**	**156,004**
Charge for the period	—	32,922	25,052	57,974	47,112	105,086
Written off in disposal	—	—	(10,898)	(10,898)	—	(10,898)
31 December 2011	**—**	**38,409**	**101,525**	**139,934**	**110,258**	**250,192**
Charge for the period	—	39,234	44,138	83,372	72,517	155,889
Written off in disposal	—	—	(30,815)	(30,815)	(17,692)	(48,507)
31 December 2012	**—**	**77,643**	**114,848**	**192,491**	**165,083**	**357,574**
Net book value						
31 December 2011	**22,274**	**1,607,694**	**248,733**	**1,878,701**	**140,048**	**2,018,749**
31 December 2012	**94,139**	**2,500,842**	**229,501**	**2,824,482**	**236,405**	**3,060,887**

Intangible assets include computer software and licenses.

17. OTHER ASSETS

	31 December 2012	31 December 2011
Other financial assets		
Services and other accounts receivable	329,567	229,361
Available-for-sale investments	7,348	6,551
Less allowance for impairment	(2,738)	—
Total other financial assets	**334,177**	**235,912**
Other non-financial assets:		
Prepaid expenses	77,348	566,670
Tax receivable other than income tax	5,991	40,820
Total other assets	**417,516**	**843,402**

Included in prepaid expenses as at 31 December 2012 were RUB 26,407 thousand of advances for the construction of the Group's office building (31 December 2011: RUB 517,326 thousand).

18. BALANCES OF MARKET PARTICIPANTS

	31 December 2012	31 December 2011
Balances of market participants — credit institutions	78,631,124	52,775,667
Balances of market participants — financial companies	21,064,415	45,952,627
Total balances of market participants	**99,695,539**	**98,728,294**

As at 31 December 2012, balances of market participants in the amount of RUB 72,554,948 thousand (73%) (31 December 2011: RUB 45,297,468 thousand (46%)) related to 10 market participants, which is a significant concentration.

19. OTHER LIABILITIES

	31 December 2012	31 December 2011
Other financial liabilities:		
Payroll settlements	268,471	35,306
Payables in respect of business transactions	41,126	31,338
Payables related to acquisition of property, equipment and intangible assets	38,145	—
Other	2,969	—
Total other financial liabilities	**350,711**	**66,644**
Other non-financial liabilities		
Advances received for depository services	154,897	142,979
Taxes payable other than income tax	160,403	63,753
Total other liabilities	**666,011**	**273,376**

20. SHARE CAPITAL

As at 31 December 2012 and 2011, NSD's share capital comprised 1,180,675 ordinary registered shares with par value of RUB 1,000 each.

Share capital is reported in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies. As at 31 December 2012 and 2011, the share capital includes inflation adjustment amounted to RUB 1,193,982 thousand.

The Group's distributable reserves are limited to the amount of reserves reported in the statutory financial statements of the Group members. Non-distributable reserves comprise a reserve fund, which is created according to the statutory regulations, to cover risks, including future losses and other unforeseen risks and contingencies. As at 31 December 2012 and 2011, reserve fund balances amounted to RUB 183,760 thousand and RUB 177,101 thousand, respectively.

21. CONTINGENT FINANCIAL LIABILITIES

Operating lease — Where the Group is the lessee, the future minimum lease payments of the Group under non-cancellable operating leases of premises, parking slots, software and equipment are as follows:

	31 December 2012	31 December 2011
Less than 1 year	12,362	28,067
More than 1 year but less than 5 years	12,923	9,443
Total operating lease liabilities	**25,285**	**37,510**

Legal proceedings — From time to time and in the normal course of business, claims against the Group may be received from customers and counterparties. Management believes that no material losses will be incurred by the Group as a result of such claims, and accordingly no provisions have been made in these Consolidated Financial Statements.

Taxation — Provisions of the Russian tax legislation are sometimes inconsistent and may have more than one interpretation, which allows the Russian tax authorities to make decisions based on their own arbitrary interpretations of these provisions.

Management believes that its interpretation of the relevant legislation is appropriate and that the Group's tax position will be sustained.

Generally, taxpayers are subject to tax audits with respect to three calendar years preceding the year of the audit. However, completed audits do not exclude the possibility of subsequent additional tax audits performed by upper-level tax inspectorates. Also, according to the clarification of the Russian Federation Constitutional Court, the statute of limitation for tax liabilities may be extended if a court determines that the taxpayer has obstructed or hindered a tax inspection.

Operating environment — Russia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

The Russian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world, which entails uncertainty in respect to macroeconomic growth factors. At present time it's impossible to determine influence of particular factors upon Group financial performance and operating results.

Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances. However, unexpected further deterioration in the areas described above could negatively affect the Group's results and financial position in a manner not currently determinable.

22. TRANSACTIONS WITH RELATED PARTIES

CONTROL RELATIONSHIPS

NSD is a subsidiary of the Moscow Exchange holding 99.997% shares as at 31 December 2012 and 2011.

Entities controlled by the Russian Federation together hold more than 50% (31 December 2011: more than 40%) of the Moscow Exchange voting shares. Consequently, Russian Federation maintains control (31 December 2011: has significant influence) over NSD.

TRANSACTIONS WITH THE MEMBERS OF THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

Compensations to directors and other key management personnel for 2012 and 2011 comprised RUB 57,253 thousand and RUB 54,078 thousand, respectively.

TRANSACTIONS WITH RELATED PARTIES

The Group considers government-related entities as related parties if Russian Federation has direct or indirect control and significant influence over the entity. Transactions with state-related entities constitute a significant part of the Group's operations. Such transactions include settlement services, accepting deposits, placement of funds with government-related banks, as well as bonds issued by the Russian Federation, property and equipment lease, information and technical services.

23. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group estimates fair value of the financial assets and liabilities according to IFRS 7 Financial Instruments: Disclosure and Presentation. Fair value is determined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced sale or liquidation.

The management believes that the fair value of the Group's financial assets and liabilities approximates their carrying amounts.

All financial instruments measured after initial recognition at fair value related to Level 1.

Each level reflects the possibility to determine the fair value based on market quotations:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument;
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

24. CAPITAL MANAGEMENT

The Group's capital management policy is aimed to ensure successful and stable operations and to maximize shareholder's value.

The capital structure of the Group consists of share capital, share premium and retained earnings.

The capital structure is reviewed by NSD's Executive Board on annual basis. As a part of this review, the Executive Board considers changes in the cost of capital and the risks associated with each class of capital. Based on recommendations of the Executive Board, the Group balances its overall capital structure through the payment of dividends or new share issues.

The CBR established special requirements for credit institutions and consolidated groups in respect of the minimum amount of capital adequacy calculated based on RAS financial statements.

The CBR requires non-banking credit institutions to maintain a ratio of capital to risk-weighted assets ("capital adequacy ratio") at a level exceeding the minimum ratio of 12%.

Being professional participants of the securities market, the Group companies must comply with the FFMS's capital adequacy requirements in respect of minimal amounts of equity for each company, depending on the type of its operations.

Capital adequacy ratios for the Group companies were as follows:

	Equity		Mandatory equity		Capital adequacy ratio	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011
NSD	5,830,654	6,055,350	4,000,000	250,000	32.1	51.9
DCC	1,172,323	336,083	250,000	250,000	—	—

In November 2012, FFMS assigned NSD the status of the central securities depository. Since that moment mandatory equity of NSD increased to RUB 4 billion.

The Group companies complied with all external capital adequacy requirements in full.

25. RISK MANAGEMENT POLICIES

Key risks inherent in the Group's operations include credit, interest rate, currency, operating and information risks.

Elimination of manual data processing is one of the ways to mitigate operating risk. The Group constantly seeks to ensure maximum possible automated processes of information acceptance, transfer and processing. To minimize human errors the Group has established a system of multi-stage preliminary, current and subsequent control of personnel's compliance with the regulatory requirements as well as orders, provisions and other internal regulations of the Group in performing their assigned functions.

The Group is exposed to information risk associated with the usage of electronic means of communication with clients, and arising at the stages of information processing by the Group companies, as there is a risk of misstatement, including deliberate unauthorized data usage and misrepresentation as a result of unauthorized access.

Information risk mitigation measures used by the Group include segregating user access rights to operating environment, depending on their responsibilities, regular data backup and archiving, and regular mandatory change of passwords in accordance with generally accepted practices.

CREDIT RISK

Credit risk is the risk of losses as a result of the non-settlement, late or partial settlement by a debtor of its contractual financial obligations.

These financial liabilities include the borrower's liabilities related to loans (deposits, borrowings), other placements and liabilities.

The Group is not exposed to significant credit risks due to the fact that it does not issue loans and guarantees, clients' settlement documents are executed only if they have positive balances with the Group, accounts of market participants and equity in Russian rubles are held on the Group's accounts with the CBR, accounts and deposits with the largest Russian banks, as well as invested debt securities issued by the Russian Government.

The Group's maximum exposure to credit risk equals to the carrying value of amounts due to banks and bonds recorded in financial assets at fair value through profit or loss and other financial assets.

Financial assets are graded according to the current credit rating they have been issued by an external internationally recognized agency such as Fitch, Standard & Poor's and Moody's. The highest possible rating is AAA. Investment grade financial assets have ratings from AAA to BBB-. Financial assets which have ratings lower than BBB- are classed as speculative grade.

The following table details the credit ratings of other financial assets as at 31 December 2012:

	AA	A	BBB	less BBB-	Not rated	31 December 2012, Total
FINANCIAL ASSETS:						
Cash and cash equivalents	220,975	22,888,078	54,072,255	—	36,432	77,217,740
Financial assets at fair value through profit or loss	—	—	30,867,138	—	—	30,867,138
Due from banks	—	—	—	1,122,225	—	1,122,225
Other financial assets	—	—	195,550	13,208	118,071	326,829

As at 31 December 2011:

	AA	A	BBB	less BBB-	Not rated	31 December 2011, Total
FINANCIAL ASSETS:						
Cash and cash equivalents	1,530,389	—	65,270,462	376	—	66,801,227
Financial assets at fair value through profit or loss	—	—	37,526,505	—	—	37,526,505
Other financial assets	—	—	—	—	229,361	229,361

The Group makes decisions to accrue an impairment provision based on the analysis of maturities and financial position of its counterparties.

GEOGRAPHICAL CONCENTRATION

As at 31 December 2012 and 2011, all material assets and liabilities of the Group are represented by operational balances in the Russian Federation, except:

- correspondent accounts with large banks of the OECD countries that are recorded as cash and cash equivalents (Note 12).

LIQUIDITY RISK

Liquidity risk refers to the availability of sufficient funds to meet deposit withdrawals and other financial commitments associated with financial instruments as they actually fall due.

According to Russian laws and internal regulations, the Group is entitled to make investments in accordance with the limits stipulated by mandatory regulations.

In this respect the Group places temporarily available funds on accounts and deposits with banks, debt securities issued by the Russian Government, deposits with the

CBR maturing within 30 calendar days and discount bonds issued by the CBR. Amounts of deposits placed with the CBR and bonds issued by the CBR are determined on a daily basis within the limits established by decision of the Supervisory Board of NSD. Thus, the Group controls liquidity risk by placement of temporarily available funds in risk-free assets or those exposed to minimal risk.

The liquidity position is controlled on a daily basis in accordance with the internal regulations.

All assets and liabilities of the Group except for property and equipment and intangible assets are expected to be settled or recovered within 12 months following the reporting date. As at 31 December 2012 and 2011, undiscounted cash flows for financial liabilities don't differ from their carrying amounts.

FAIR VALUE INTEREST RATE RISK

Due to the specific nature of its activities, the Group is exposed to interest rate risk. The Group does not have material interest bearing obligations. Interest rates on due from banks are fixed and set for a short period of time. The Group's assets sensitive to market interest rate changes are represented by the trading portfolio of high-liquid debt obligations.

The sensitivity analysis presented below was performed taking into account risks of fluctuations in the interest rate as at the reporting date. The calculation is based on the assumption of interest rate change by 150 basis points as at 31 December 2012 (31 December 2011: 200 bp) which is in line with management's expectations concerning reasonably possible fluctuations in interest rates.

	At 31 December 2012		At 31 December 2011	
	Net profit	Equity	Net profit	Equity
150 bp rise (31 December 2011: 200 bp)	(342,698)	(342,698)	(377,804)	(377,804)
150 bp fall (31 December 2011: 200 bp)	351,777	351,777	387,178	387,178

CURRENCY RISK

The Group is exposed to the effects of fluctuations in the prevailing levels of foreign exchange rates on its financial position and cash flows. Currency risk mainly results from open foreign currency positions. The Group companies maintain control over the currency risk through monitoring of open foreign currency positions.

As at 31 December 2012, the Group had the following positions in different currencies:

	RUB	USD	EUR	Other currencies	31 December 2012, Total
FINANCIAL ASSETS:					
Cash and cash equivalents	54,106,434	6,188,231	16,924,972	1,393	77,221,030
Financial assets at fair value through profit or loss	30,867,138	—	—	—	30,867,138
Due from banks	1,122,225	—	—	—	1,122,225
Investments in associates	561,569	—	—	—	561,569
Other financial assets	220,217	113,067	888	5	334,177
Total financial assets	**86,877,583**	**6,301,298**	**16,925,860**	**1,398**	**110,106,139**
FINANCIAL LIABILITIES:					
Balances of market participants	76,901,338	5,872,272	16,921,208	721	99,695,539
Distributions payable to holders of securities	4,011,664	425,192	—	—	4,436,856
Other financial liabilities	346,098	2,211	2,392	10	350,711
Total financial liabilities:	**81,259,100**	**6,299,675**	**16,923,600**	**731**	**104,483,106**
Open position	**5,618,483**	**1,623**	**2,260**	**667**	

As at 31 December 2011, the Group had the following positions in different currencies:

	RUB	USD	EUR	Other currencies	31 December 2011, Total
FINANCIAL ASSETS:					
Cash and cash equivalents	65,277,754	1,500,109	30,545	458	66,808,866
Financial assets at fair value through profit or loss	37,526,505	—	—	—	37,526,505
Due from banks	—	—	—	—	—
Investments in associates	514,237	—	—	—	514,237
Other financial assets	235,635	149	125	3	235,912
Total financial assets	**103,554,131**	**1,500,258**	**30,670**	**461**	**105,085,520**
FINANCIAL LIABILITIES:					
Balances of market participants	97,190,061	1,500,579	37,588	66	98,728,294
Distributions payable to holders of securities	2,655,300	1,780	—	—	2,657,080
Other financial liabilities	66,333	65	246	—	66,644
Total financial liabilities:	**99,911,694**	**1,502,424**	**37,834**	**66**	**101,452,018**
Open position	**3,642,437**	**(2,166)**	**(7,164)**	**395**	—

ANALYSIS OF SENSITIVITY TO CURRENCY RISK

The following table presents the analysis of the Group's sensitivity to 10% increase and decrease in the US dollar and euro against the Russian ruble. 10% is the sensitivity level used by the Group in preparing reports on currency risks for the Group's key management personnel and represent management assessment of possible changes in currency rates. The sensitivity analysis includes only outstanding balances translated at the actual rate adjusted by 10%.

Effect of changes in currency rates on net profit and equity based on the nominal value of asset as at 31 December 2012 and 2011 was as follows:

	At 31 December 2012		At 31 December 2011	
	USD	EUR	USD	EUR
	10%	10%	10%	10%
10% ruble appreciation	(130)	(181)	31	573
10% ruble depreciation	130	181	(31)	(573)

LIMITATIONS OF SENSITIVITY ANALYSIS

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities may be non-linear, thus the results should not be interpolated or extrapolated.

The sensitivity analysis does not take into consideration that the Group's assets and liabilities are actively managed. Additionally, the Group's financial position may vary at the time that any actual market movement occurs. For example, the Group's financial risks management strategy is aimed at managing the exposure to market fluctuation. In the event of sharp negative fluctuations of prices on the securities market, management actions could include selling investments, changing trade portfolio allocation, and taking other protective measures. Consequently, changes in assumptions may have no effect on liabilities, while significantly influencing assets recorded at fair value in the statement of financial position. In these circumstances, different measurement bases for assets and liabilities may lead to significant equity fluctuations.

Other limitations of the above sensitivity analysis include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of future market changes that cannot be predicted with any certainty. Another assumption is that all interest rates change in a similar way.

26. SUBSEQUENT EVENTS

Since January 2013 according to the change in taxation legislation of Russian Federation services provided by depositories including central depository are exempt from value added tax. At the date of presentation of these Consolidated Financial Statements the Group cannot estimate the result of these changes.