

Independent auditor's report  
on the summary financial statements of  
***National Settlement Depository***  
for the year ended 31 December 2023

*March 2024*

**Independent auditor's report  
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National Settlement Depository**

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## **Independent auditor’s report**

To the shareholders, Supervisory Board and  
Audit Committee of Supervisory Board of  
National Settlement Depository

### ***Opinion***

The accompanying summary financial statements, which comprise summary statement of profit or loss statement, summary statement of comprehensive income for the year ended 31 December 2023, summary statement of financial position as of 31 December 2023, and summary statement of cash flows, summary statement of changes in equity for the year then ended, and related notes, are derived from the audited financial statements of National Settlement Depository (hereinafter, the “Organization”) for the year ended 31 December 2023 prepared in accordance with International Financial Reporting Standards (the “audited financial statements”).

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the principles specified in Note 2.

### ***Summary financial statements***

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

### ***Audited financial statements and our auditor’s report thereon***

We expressed an unmodified audit opinion on the audited financial statements in our report dated 20 March 2024. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

### ***Management’s responsibility for the summary financial statements***

Management is responsible for the preparation of the summary financial statements in accordance with the principles specified in Note 2.



**NEW CHALLENGES  
NEW SOLUTIONS**

### ***Auditor's responsibility***

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

Shinin Gennady Aleksandrovich,  
acting on behalf of TSATR – Audit Services Limited Liability Company  
on the basis of power of attorney 29 February 2024,  
partner in charge of the audit resulting in this independent auditor's report  
(main registration number 22006013387)

20 March 2024

### ***Details of the auditor***

Name: TSATR – Audit Services Limited Liability Company  
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.  
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.  
TSATR – Audit Services Limited Liability Company is a member of Self-regulatory organization of auditors Association "Sodruzhestvo". TSATR – Audit Services Limited Liability Company is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

### ***Details of the audited entity***

Name: National Settlement Depository  
Record made in the State Register of Legal Entities on 30 August 2002, State Registration Number 1027739132563.  
Address: Russia 105066, Moscow, Spartakovskaya str., 12.

**Summary Statement of Profit or Loss  
for the Year Ended 31 December 2023  
(in thousands of Russian Rubles)**

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
Fee and commission income	4	10 625 265	8 935 632
Commission expenses	5	(463 519)	(421 569)
Interest income calculated using the effective interest method	6	21 301 040	18 887 620
Interest expenses	7	(15 622)	(912 755)
Net gains from financial assets at fair value through profit or loss		13 380	2 523
Net gains on financial assets at fair value through other comprehensive income		3 679	—
Net gain from foreign currencies		330 322	573 291
Other income	8	54 756	72 677
<b>Operating income</b>		<b>31 849 301</b>	<b>27 137 419</b>
Personnel expenses	9	(3 245 089)	(2 746 393)
Administrative and other operating expenses	10	(2 135 066)	(2 029 295)
<b>Profit before other operating expenses and tax</b>		<b>26 469 146</b>	<b>22 361 731</b>
Other impairment and provisions		(51 117)	(173 021)
Movement in allowance for expected credit losses		(43 906)	(151 983)
<b>Profit before tax</b>		<b>26 374 123</b>	<b>22 036 727</b>
Income tax expense	11	(5 866 675)	(4 424 065)
<b>Net profit</b>		<b>20 507 448</b>	<b>17 612 662</b>



**Chairman of the Executive Board**

20 March 2024  
Moscow



**Chief Accountant**

20 March 2024  
Moscow



**Summary Statement of Comprehensive Income  
for the Year Ended 31 December 2023**  
*(in thousands of Russian Rubles)*

	<b>Notes</b>	<b>Year ended 31 December 2023</b>	<b>Year ended 31 December 2022</b>
<b>Net profit</b>		<b>20 507 448</b>	<b>17 612 662</b>
<b>Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss</b>			
Net change in fair value of debt instruments at fair value through other comprehensive income		(864 099)	403 035
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income		8 639	21 261
Net gain on investments at fair value through other comprehensive income reclassified to profit or loss		(3 679)	–
Income tax relating to items that may be reclassified	11	171 827	(84 859)
<b>Other comprehensive (loss)/income that may be reclassified subsequently to profit or loss</b>		<b>(687 312)</b>	<b>339 437</b>
<b>Total comprehensive income</b>		<b>19 820 136</b>	<b>17 952 099</b>

*The notes 1-25 form an integral part of these summary financial statements.*

**Summary Statement of Financial Position  
as at 31 December 2023  
(in thousands of Russian Rubles)**

	Notes	31 December 2023	31 December 2022
<b>Assets</b>			
Cash and cash equivalents	12	52 969 753	124 633 652
Financial assets at fair value through profit or loss	13	46 954	33 574
Due from financial institutions		1 647 773 488	1 431 436 713
Financial assets at fair value through other comprehensive income	14	30 599 463	24 716 520
Property, equipment and right-of-use assets	15	2 405 169	2 487 677
Intangible assets	15	2 327 621	2 322 313
Current tax prepayments		–	11 000
Deferred tax assets	11	644 302	416 970
Other assets	16	1 475 171	967 574
<b>Total assets</b>		<b>1 738 241 921</b>	<b>1 587 025 993</b>
<b>Liabilities</b>			
Clients' funds	17	356 529 452	607 295 614
Payables to holders of securities and counterparties		1 327 924 938	939 041 274
Current tax payables		–	883 400
Other liabilities	18	4 386 565	4 424 868
<b>Total liabilities</b>		<b>1 688 840 955</b>	<b>1 551 645 156</b>
<b>Equity</b>			
Share capital	19	1 193 982	1 193 982
Share premium	19	1 957 050	1 957 050
Investments revaluation reserve		(809 333)	(122 021)
Retained earnings	20	47 059 267	32 351 826
<b>Total equity</b>		<b>49 400 966</b>	<b>35 380 837</b>
<b>Total liabilities and equity</b>		<b>1 738 241 921</b>	<b>1 587 025 993</b>

*The notes 1-25 form an integral part of these summary financial statements.*

**Summary Statement of Cash Flows  
for the Year Ended 31 December 2023  
(in thousands of Russian Rubles)**

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
<b>Cash flows from / (used in) operating activities</b>			
Profit before tax		26 374 123	22 036 727
Adjustments for:			
Depreciation of property and equipment, right-of-use assets and amortisation of intangible assets	10, 15	1 009 755	1 083 425
Unrealized gain from operations with non-derivatives at fair value through profit or loss		(13 380)	(2 523)
Net change of other expenses		251 198	156 439
Change in other provision		55 454	170 029
Impairment of intangible assets		–	2 992
Net change in payments based on the shares of the parent company	9	131 893	52 745
Net change in interest accruals		(300 103)	(234 389)
Effect of changes in foreign exchange rates		(706 690)	6 536 676
Other changes from non-cash items		81 829	269
Change in allowance for expected credit losses		43 906	151 983
Gain on disposal of financial assets at fair value through other comprehensive income	14	(3 679)	–
<b>Changes in operating assets and liabilities</b>			
<i>(Increase)/decrease in operating assets</i>			
Financial assets at fair value through profit or loss		–	326 690
Due from financial institutions		209 493 316	(1 067 329 080)
Other assets		(346 287)	186 123
<i>Increase/(decrease) in operating liabilities</i>			
Clients' funds		(326 446 099)	844 510 555
Payables to holders of securities and counterparties		33 597 287	481 264 277
Other liabilities		(1 029 072)	(87 052)
<b>Cash flows (used in) / from operating activities before taxation</b>		<b>(57 806 549)</b>	<b>288 825 886</b>
Income tax paid		(6 915 254)	(3 647 536)
<b>Cash flows (used in) / from operating activities</b>		<b>(64 721 803)</b>	<b>285 178 350</b>

*The notes 1-25 form an integral part of these summary financial statements.*



**Summary Statement of Cash Flows  
for the Year Ended 31 December 2023 (continued)  
(in thousands of Russian Rubles)**

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
<b>Cash flows from / (used in) investing activities</b>			
Proceeds from disposal and redemption of financial assets at fair value through other comprehensive income		6 611 640	3 965 525
Purchase of financial assets at fair value through other comprehensive income		(12 915 995)	(16 395 789)
Purchase of intangible assets		(1 040 548)	(433 781)
Purchase of property and equipment		(114 932)	(322 162)
Proceeds from disposal of property and equipment and intangible assets		–	22
<b>Cash flows used in investing activities</b>		<b>(7 459 835)</b>	<b>(13 186 185)</b>
<b>Cash flows from / (used in) financing activities</b>			
Dividends paid to the shareholders	20	(5 800 007)	–
Cash outflow for lease liabilities		(8 941)	(8 995)
<b>Cash flows used in financing activities</b>		<b>(5 808 948)</b>	<b>(8 995)</b>
Effect of changes in foreign exchange rates on cash and cash equivalents		6 326 603	(409 591 197)
<b>Net decrease in cash and cash equivalents</b>		<b>(71 663 983)</b>	<b>(137 608 027)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	12	<b>124 633 880</b>	<b>268 633 067</b>
Reclassification of restricted funds from cash and cash equivalents, beginning of the year		–	(6 391 160)
<b>Cash and cash equivalents at the end of the year</b>	12	<b>52 969 897</b>	<b>124 633 880</b>

Interest received by NSD from operating activities during the year ended 31 December 2023 amounted to RUB 22 364 775 thousand (31 December 2022: RUB 18 864 486 thousand).

Interest paid by NSD as part of its operating activities during the year ended 31 December 2023 amounted to RUB 12 415 thousand (31 December 2022: RUB 909 024 thousand) and as part of its financing activities RUB 3 207 thousand (31 December 2022: RUB 3 731 thousand).

**Summary Statement of Changes in Equity  
for the Year Ended 31 December 2023  
(in thousands of Russian Rubles)**

	Share capital	Share premium	Investments revaluation reserve	Retained earnings	Total equity
<b>31 December 2021</b>	<b>1 193 982</b>	<b>1 957 050</b>	<b>(461 458)</b>	<b>14 739 164</b>	<b>17 428 738</b>
Net profit for the year	–	–	–	17 612 662	<b>17 612 662</b>
Other comprehensive income for the year	–	–	339 437	–	<b>339 437</b>
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>339 437</b>	<b>17 612 662</b>	<b>17 952 099</b>
<b>31 December 2022</b>	<b>1 193 982</b>	<b>1 957 050</b>	<b>(122 021)</b>	<b>32 351 826</b>	<b>35 380 837</b>
Net profit for the year	–	–	–	20 507 448	<b>20 507 448</b>
Other comprehensive loss for the year	–	–	(687 312)	–	<b>(687 312)</b>
<b>Total comprehensive (loss)/income for the year</b>	<b>–</b>	<b>–</b>	<b>(687 312)</b>	<b>20 507 448</b>	<b>19 820 136</b>
Dividends declared (Note 20)	–	–	–	(5 800 007)	<b>(5 800 007)</b>
<b>31 December 2023</b>	<b>1 193 982</b>	<b>1 957 050</b>	<b>(809 333)</b>	<b>47 059 267</b>	<b>49 400 966</b>

*The notes 1-25 form an integral part of these summary financial statements.*

**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023  
(in thousands of Russian Rubles)**

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**1. Organization**

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, CFI, as well as Local Operating Unit of a global system of legal entities identification, authorized to assign LEI codes to the legal entities.

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 National Settlement Depository. On 31 May 2016 at Annual General Meeting of Shareholders of NSD the company's new business name as Joint Stock Company National Settlement Depository was approved to meet revised standards of the Russian Civil Code. The new business name and respective changes to the company's Charter took effect from 26 July 2016, the day the registration authority recorded new version of the Charter.

NSD acts as a central depository in accordance with Order No. 12-2761/PZ-I on 6 November 2012 of the Russian Federal Financial Markets Service (hereinafter, "FFMS") in accordance with Russian Federal Law No. 414-FZ of 7 December 2011 *On the Central Securities Depository*.

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 4 August 2016 for banking operations;
- License of professional stock market participant No. 045-12042-000100 issued by the Russian Federal Financial Markets Service (hereinafter, "FFMS") on 19 February 2009 for depository activities;
- License No. 045-00004-000010 issued by FFMS on 20 December 2012 for clearing activities;
- License LSZ No. 0009523, Registration No. 13169 H on 27 September 2013, to provide data encryption services, issued by the Centre for Licensing, Certification and Protection of State Secrets of the Federal Security Service (FSB) of Russia;
- License No. 045-01 issued by CBR on 28 December 2016 for repository activities.

NSD functions as an operator of systemically and the nationally important payment system based on the certificate issued by the Bank of Russia on 24 November 2016.

NSD has been the national numbering agency for Russia on the basis of membership in the international Association of National Numbering Agencies (ANNA) since 15 November 1999 and the Substitute Numbering Agency for the CIS countries in accordance with the decision of the general meeting of ANNA since 2007, as well as a local operating unit (Local Operating Unit) assigning international identification codes LEI to legal entities, accredited on 5 January 2018 by the decision of the Global Legal Entity Identifier Foundation, authorized by the Regulatory Oversight Committee.

NSD registered address is: 12 Spartakovskaya str., Moscow, 105066, the Russian Federation.

NSD is a subsidiary of Public Joint-Stock Company Moscow Exchange MICEX-RTS (hereinafter, "Moscow Exchange"). As at 31 December 2023 and 31 December 2022, the share of ownership comprised 99,997%.

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

NSD is located in the Russian Federation.

As at 31 December 2023, NSD had 665 employees (31 December 2022: 639 employees).

**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)**  
*(in thousands of Russian Rubles)*

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**1. Organization (continued)**

**Operating environment.** The aggravation of geopolitical tensions and conflict related to the Ukraine and also packages of sanctions imposed by European Union (the EU), the USA, Great Britain and certain other countries, including those imposed in 2023, against a number of the Russian individuals and certain sectors of the economy, as well as restrictions on certain types of transactions as well as restrictions on certain types of transactions, including blocking of balances on accounts in foreign banks and blocking of payments on Eurobonds of the Russian Federation and Russian entities had still a negative impact on Russian economy.

In response temporary restrictive economic measures have been introduced in the Russian Federation, including prohibition in respect to providing of borrowings by residents to non-residents in foreign currency, crediting foreign currency on the accounts opened in foreign banks by residents, restrictions on execution of payments under securities to foreign investors, restrictions with respect to making deals with parties from certain foreign countries, and also Russian issuers got the opportunity to issue local "substitute" bonds in a simplified way to replace issued blocked Eurobonds.

The above circumstances led to increased volatility on securities and currencies markets and may significantly affect the activities of Russian enterprises in various sectors of the economy. In response to higher volatility in the financial markets and higher inflation risks, the Bank of Russia increased the key rate up to 20% at the extraordinary meeting held in February 2022; as at the end of 2023 the key rate was set at 16%.

In June 2022 the EU and Switzerland imposed blocking sanctions on NSD, which led to blocking of NSD's and NSD's customers' assets placed by NSD in EU/Switzerland. Factual restrictions on the assets placed the EU custodians started since March 2022.

MOEX and NSD filed a lawsuit to appeal against the imposed sanctions on NSD. The working group of experts of MOEX, NSD and foreign and Russian consultants seeks solutions to unblock customers' assets.

During the year 2022 a number of regulatory legal acts were issued regulating temporary regime for execution of payments under securities of Russian issuers as well as settlement of obligations to certain foreign creditors. According to these regulatory legal acts payments to foreign creditors must be carried out using special accounts with NSD.

On 29 December 2022, by a decision of the Board of Directors of the Bank of Russia, the procedure for settlements on special bank accounts opened for non-residents in accordance with the Decree of the President of the Russian Federation dated 5 March 2022 No. 95 *On a Temporary Procedure for Meeting Obligations to Certain Foreign Creditors* was changed. In 2023 in accordance with this decision, credit institutions of the Russian Federation that make settlements on special accounts transferred balances from special accounts opened with NSD to special accounts opened with the State Corporation Deposit Insurance Agency.

In December 2023 in accordance with the Decree of the President of the Russian Federation dated 9 September 2023 No. 665 *On a Temporary Procedure for Meeting State Obligations of the Russian Federation Expressed in State Securities the Nominal Price of which Denominated in Foreign Currency and Other Obligations on Foreign Securities to Residents and Foreign Creditors* NSD made a replacement of the obligations in foreign currency for the obligations in rubles to the owners of the foreign securities.

NSD has evaluated the potential short-term and long-term implications of changing micro- and macroeconomic conditions on its financial statements, on the regulatory capital and liquidity position. This evaluation included various stress-tests. Management of the NSD constantly monitors changes as the situation evolves and the measures taken by the Bank of Russia in order to maintain financial stability in connection with the current geopolitical situation, the imposing of restrictive measures against the Russian Federation. Management currently believes that it has adequate capital and liquidity position to continue to operate the business and mitigate risks associated with the above said circumstances for the foreseeable future. NSD remains vigilant in monitoring day to day changes as the global situation evolves.

**The financial statements approval.** The Executive Board approved the financial statements on 20 March 2024.

**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)**  
*(in thousands of Russian Rubles)*

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**2. Basis of preparation of the summary financial statements and material accounting policy information for financial statements**

**Basis of preparation of the summary financial statements.** These summary financial statements of NSD have been prepared on the basis of the audited financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as at 31 December 2023 and for the year then ended (hereinafter, "financial statements"), by copying from it without any modifications, except references to notes:

- The statement of profit or loss for the year ended 31 December 2023;
- The statement of comprehensive income for the year ended 31 December 2023;
- The statement of financial position as at 31 December 2023;
- The statement of cash flows for the year ended 31 December 2023;
- The statement of changes in equity for the year ended 31 December 2023.

The summary financial statements as at 31 December 2023 and for the year ended 31 December 2023 do not disclose the information listed in the Decision of the Board of Directors of the Bank of Russia dated 26 December 2023 "On the list of information that non-credit financial institutions may elect not to disclose, and information not to be published on the website of the Bank of Russia", i.e., the following information contained in the notes to the financial statements is not included in these summary financial statements of NSD:

- Information on debtors, creditors, members of the governing bodies of the non-credit financial institution, structure and composition of shareholders (participants), officers of the non-credit financial institution and other parties;
- Information on risks and transactions, the disclosure of which will result (may result) in the imposition of restrictions by foreign states and/or national unions and/or associations and/or state-owned (interstate) entities of foreign states or national unions and/or associations with respect to the non-credit financial institution and/or other parties, and when the above parties are already affected by these restrictions.

In accordance with the Decision of the Board of Directors of the Bank of Russia dated 26 December 2023 *On the List of Information that Non-credit Financial Institutions May Elect not to Disclose, and Information not to be Published on the Website of the Bank of Russia* NSD does not publish the audited financial statements for the year ended 31 December 2023.

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

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

NSD maintains its accounting records in accordance with Russian Accounting Standards ("RAS"). Financial statements have been prepared from the statutory-based accounting records and adjusted for the purpose of fair presentation in accordance with International Financial Reporting Standards ("IFRS").

The Russian ruble exchange rates applied in the preparation of financial statements are presented below:

	<b>31 December 2023</b>	<b>31 December 2022</b>
USD	89,6883	70,3375
EUR	99,1919	75,6553
CNY	12,5762	9,89492

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**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)**  
*(in thousands of Russian Rubles)*

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**2. Basis of preparation of the summary financial statements and material accounting policy information for financial statements (continued)**

**Changes in presentation.** In the financial statement of financial position, the item Due from banks has been changed to Due from financial institutions.

Starting from 1 January 2023 in accordance with Federal Law No. 263-FZ of 14 July 2022 *On Amending Part One and Two of the Tax Code of the Russian Federation* a new procedure for accounting for accruals and payments for taxes and levies have been adopted. In 2023, a single tax account is opened for each taxpayer, which is replenished by a single tax payment before the tax's payments due date. The amount received is distributed among the taxpayer's liabilities on all types of taxes, the procedure for payment of which is established by the Tax Code of the Russian Federation. Therefore, starting from 1 January 2023, net overpayment of all taxes is included in Taxes prepayments within Other assets, current tax liabilities are absent (Note 16).

**Changes in accounting policies.** The accounting policies adopted by NSD in the preparation of financial statements are consistent with those followed in the preparation of NSD's financial statements for the year ended 31 December 2022.

NSD applied for the first-time certain amendments to the standards, which are effective for annual periods beginning on or after 1 January 2023. NSD has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Below are new Standards, amendments and Interpretations which are effective from 1 January 2023.

**Amendments to IAS 8 Definition of Accounting Estimates.** In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

**Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies.** In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

**IFRS 17 Insurance Contracts.** IFRS 17 *Insurance Contracts* is a new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaced IFRS 4 *Insurance Contracts* and applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions are applied. IFRS 17 introduces new accounting requirements for banking products with insurance features that may affect the determination of which instruments or which components thereof will be in the scope of IFRS 9 or IFRS 17.

**Amendments to IAS 12 Income Tax related to Assets and Liabilities arising from a Single Transaction.** In May 2021, the IASB issued amendments, which narrow the scope of the initial recognition exception under IAS 12 *Income Taxes*, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The exemption applies only if the recognition of a lease asset and a lease liability (or a decommissioning liability and the corresponding amounts of the related asset) does not give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented.

**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)  
(in thousands of Russian Rubles)**

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**2. Basis of preparation of the summary financial statements and material accounting policy information for financial statements (continued)**

At the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

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

***Inflation accounting.*** The Russian economy was considered hyperinflationary until 31 December 2002. As such, NSD 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.

**Financial assets**

***Initial recognition.*** All financial assets are measured at fair value at initial recognition, including transaction costs, except for those financial assets classified as at fair value through profit or loss (hereinafter, "FVTPL"). Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

***Impairment.*** NSD recognises loss allowances for expected credit losses (hereinafter, "ECLs") on the following financial instruments, not measured at FVTPL:

- Due from financial institutions;
- Cash and cash equivalents;
- Debt securities;
- Other financial assets subject to credit risk.

***Definition of default.*** Critical to the determination of ECLs is the definition of default. The definition of default is used in measuring the amount of ECLs and in the determination of whether the loss allowance is based on 12-month or lifetime ECLs, as default is a component of the probability of default (hereinafter, "PD") which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

NSD considers the following as constituting an event of default:

- The counterparty has gone bankrupt;
- A third party has filed a claim with the court to call the counterparty bankrupt and it has been accepted for hearing;
- The counterparty is permanently insolvent, i.e. has obligations to NSD that are past due for over 90 days;
- The counterparty's license has been revoked;
- Liquidation decision was made in respect of the counterparty.

***Significant increase in credit risk.*** NSD monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk NSD will measure the loss allowance based on lifetime ECL.



**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)  
(in thousands of Russian Rubles)**

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**2. Basis of preparation of the summary financial statements and material accounting policy information for financial statements (continued)**

When assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, NSD compares the risk of a default occurring to the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default that was anticipated for the remaining maturity at the reporting date when the financial instrument was first recognised. In making this assessment, NSD considers both quantitative and qualitative information that is reasonable, including historical experience and forward-looking information that is available without undue cost or effort, based on NSD's historical experience and expert credit assessment including forward-looking information.

NSD considers a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECLs in the following cases:

- When an asset becomes past due over 30 days;
- A decline in the credit ratings given to a resident/non-resident by national/international rating agencies or a decline in the counterparty's internal rating by 3 grades or more over the preceding 12 months (if the recognition period is less than 12 months from the initial recognition);
- Decrease of credit ratings assigned to the resident/non-resident by national/international rating agencies or decrease of the counterparty's internal rating by 6 grades or more from the initial recognition.

*Probability of default (PD).* Multiple economic scenarios form the basis of determination of the probability of default at initial recognition and for the future. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

To determine PD NSD uses:

- Available data from international rating agencies for non-residents;
- Available data from national rating agencies for residents;
- Internal ratings if the data mentioned above is unavailable.

If the counterparty is rated by more than one rating agency, the historical probability of default is determined:

- For the non-resident by the best of the external ratings of the international agencies;
- For the resident by the best rating of the national agencies.

NSD allocates its counterparties to a relevant internal rating in the absence of applicable external ratings depending on their credit quality based on quantitative and qualitative information. Internal and national ratings are mapped to the rating scales of international rating agencies.

***Modification and derecognition of financial assets.*** A modification of a financial asset occurs when the contractual terms governing cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

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

- (a) Contractual cash flows after modification are no longer SPPI;
- (b) Change in currency;
- (c) Change of counterparty;
- (d) The extent of change in interest rates;
- (e) Maturity.



**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)  
(in thousands of Russian Rubles)**

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**2. Basis of preparation of the summary financial statements and material accounting policy information for financial statements (continued)**

If these do not clearly indicate a substantial modification, then quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest. If the difference in present value is greater than 10%, NSD deems the arrangement is substantially different leading to derecognition.

In the case when the financial asset is derecognised the loss allowance for ECLs is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the eventual occasions where the new asset is considered to be originated-credit impaired. NSD monitors credit risk of modified financial assets by evaluating qualitative and quantitative information.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, NSD determines whether the credit risk associated with the financial asset has increased significantly since initial recognition by comparing the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with the remaining lifetime PD at the reporting date based on the modified terms.

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

**Write-off.** Financial assets are written off when NSD has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when NSD determines that the counterparty does not have assets and/or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. NSD may apply enforcement activities to financial assets written off. Recoveries resulting from NSD's enforcement activities will result in impairment gains.

**Cash and cash equivalents.** Cash and cash equivalents include cash on 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.

**Non-financial assets**

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

**Useful lives of property and equipment.** Depreciation is accrued to write down the cost of property and equipment (except land and assets under construction) less residual value on a straight-line basis over their useful lives:

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Buildings and structures	2%
Furniture and equipment	20-38%
Motor vehicles	14-32%
Right-of-use assets	10%

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Freehold land is not depreciated.

Costs related to repairs and renewals are charged when incurred and included in other operating expenses, unless they qualify for capitalization.

**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)  
(in thousands of Russian Rubles)**

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**2. Basis of preparation of the summary financial statements and material accounting policy information for financial statements (continued)**

**Intangible assets.** Intangible assets are carried at acquisition cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is charged on a straight-line basis throughout the useful life of the intangible assets at the annual rates:

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Licenses	20%
Trademarks	25%
Computer software	14-50%

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Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

**Internally developed intangible assets.** Development costs that are directly associated with the production of identifiable and unique software products controlled by NSD are capitalised and an internally generated intangible asset is recognised only if it is probable that it will generate economic benefits exceeding costs beyond one year and the development costs can be measured reliably. An internally generated intangible asset is recognised only if NSD has the technical feasibility, resources and intention to complete the development and to use the product. Direct costs include software development employee costs and an appropriate portion of relevant overheads. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

**Derecognition of intangible assets.** An intangible asset is derecognised 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 recognised in profit or loss when the asset is derecognised.

**Interest income and interest expense.** Interest income and expense for all financial instruments except for measured or designated as at fair value through profit or loss (FVTPL) are recognized in the profit or loss in 'Interest income calculated using the effective interest method' and 'Interest expense'.

Interest revenue on all financial assets at FVTPL is recognised using the contractual interest rate in 'Other interest income' in the statement of profit or loss. The transaction costs for such assets are recognized in profit or loss at initial recognition.

**Fee and commission income and expense.** The main source of NSD's revenue is through fees for services provided. Revenue is measured based on the consideration specified in a contract with a customer. NSD recognizes revenue as services are performed and as it satisfies its obligations to provide service to a customer. Revenue for services provided over a period is recognised pro rata over the contractual term and consists of commission income on operations with long-term financial instruments, depository fees, and other.

Fee and commission expenses with regards to services are accounted for as the services are received.

**Payments based on the shares of the parent company.** The Moscow Exchange Group implements 2 types of long-term motivation program, in accordance to which grants to some employees of NSD:

- The right to receive equity instruments of Moscow Exchange on the terms settled in individual contracts, which entitles employees to receive cash with the subsequent opportunity of purchase of Moscow Exchange ordinary shares. Such rights are accounted for as cash-settled share-based payments.
- The right to receive cash consideration which amount is linked to the future market price of Moscow Exchange shares. Such rights are accounted for as cash-settled share-based payments.

**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)**  
*(in thousands of Russian Rubles)*

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**2. Basis of preparation of the summary financial statements and material accounting policy information for financial statements (continued)**

The costs of cash-settled share-based programs are recognised, together with a corresponding increase of provision for share-based payments in liabilities over the period in which the performance and/or service conditions are fulfilled.

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and NSD's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period (Note 9).

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the period.

**Depository activities.** NSD 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 NSD's Financial Statements. NSD accepts the operational risk on these activities, but NSD's customers bear the credit and market risks associated with such operations. Revenue for provision of depository services is recognised 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 net gain from foreign currencies.

**New or amended standards issued but not yet effective.** Below are the following new and revised IFRSs that have been issued as at these financial statements publication date but are not required for application and were not early applied by NSD to these financial statements for 2023.

**Amendments to IAS 1 Classification of Liabilities as Current or Non-current.** In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. In June 2022, the IASB decided to finalise the proposed amendments to IAS 1, published in an exposure draft *Non-current Liabilities with Covenants* with some modifications (the 2022 Amendments).

The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification;
- That an entity shall disclose additional information if it classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months.

The amendments apply retrospectively to the periods beginning on or after 1 January 2024. Early application is acceptable.

The management of NSD does not expect that the application of these amendments could have an impact on the NSD's financial statements in future periods.

**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)  
(in thousands of Russian Rubles)**

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**2. Basis of preparation of the summary financial statements and material accounting policy information for financial statements (continued)**

**Amendments to IFRS 16 Leases.** On 22 September 2022, the IASB issued amendments to IFRS 16 *Leases*, adding guidance on the subsequent measurement of assets and liabilities in sale and leaseback transactions that meet the criteria for a transfer of control of an asset in IFRS 15 *Revenue from Contracts with Customers*.

The amendments require a seller-lessee to measure the lease liability arising from a leaseback in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

Entities should use IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to develop an accounting policy for determining how to measure lease payments for such transactions.

The amendments shall be applied retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application of the amendments.

A seller-lessee shall apply the amendments for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.

The management of NSD does not expect that the application of these amendments could have an impact on the NSD's financial statements in future periods.

**Amendments to IAS 21 Lack of Exchangeability.** On 20 August 2023, the IASB issued amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*. The amendments introduce the definition of "convertible currency" and give explanations.

The amendments explain the following:

- A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations;
- Entities assess whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. A currency is not exchangeable into the other currency if the entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose;
- In case there are several exchange rates the requirements of the standard is not changed, however the requirement regarding if exchangeability between two currencies is temporarily lacking, the rate used is the first subsequent rate at which exchanges could be made, has now been removed. In such cases it is required to estimate the spot exchange rate;
- New requirements to information disclosure are added. An entity is required to disclose information about:
  - The nature and financial effects of the currency not being exchangeable into the other currency;
  - The spot exchange rate(s) used;
  - The estimation process;
  - The risks to which the entity is exposed because of the currency not being exchangeable into the other currency.

The amendments apply to the periods beginning on or after 1 January 2025. Early application is acceptable. NSD is currently assessing the impact of these amendments on its financial statements.

**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)  
(in thousands of Russian Rubles)**

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**3. Critical accounting judgments and key sources of estimation uncertainty**

In the process of applying NSD's accounting policies, management is required to make judgments, assumptions and estimates about 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 recognised 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.

Judgements and critical estimates made by NSD in the process of applying the accounting policies were consistent with those disclosed in the annual financial statements for the year ended 31 December 2022, except for the following updates made to expected credit loss (ECL) estimation model:

- Indicators for the 3rd impairment stages have been adjusted:
  - Reduction of the internal rating to level D (previously C3 or D);
  - The presence of an internal rating at the C3 level with the simultaneous presence of facts of nonfulfillment of obligations for more than 30 days and/or other negative information giving reason to believe that obligations will not be fulfilled;
- Instead of the method of determining losses given default (LGD) for the 2nd and 3rd stage of impairment as a fixed value, a differentiated approach was introduced:
  - LGD can be assessed on a case-by-case basis other than fixed values, taking into account the characteristics of the financial instrument, historical defaults for comparable financial instruments, contractual terms, and the expertise of the units concerned if restructuring or recovery is possible.

The above changes did not result in the amount of allowance for ECL on cash and cash equivalents, Due from financial institutions, financial assets at FVTOCI.

**Key sources of critical accounting judgments**

**Business model assessment.** Classification and measurement of financial assets depends on the results of the SPPI and the business model test. NSD determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. NSD monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. NSD conducts assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change and so a prospective change to the classification of those assets.

**Significant increase of credit risk.** Expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased NSD takes into account the information listed above.

**Deferred income tax assets recognition.** The recognised deferred tax assets represent amount of income tax, which may be recovered through future income tax expenses and is recorded in the statement of financial position. Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable. The future taxable profits and the amount of tax benefits that are probable in the future are based on management expectations that are believed to be reasonable under the circumstances. Refer to Note 11.

The management of NSD is confident that no valuation allowance against deferred tax assets at the reporting date is considered necessary because it is more likely than the deferred tax asset will be fully realised. The carrying value of deferred tax assets amounted to RUB 644 320 thousand and RUB 416 970 thousand as at 31 December 2023 and 2022, respectively.

**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)  
(in thousands of Russian Rubles)**

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

**Key sources of estimation uncertainty**

**Probability of default.** PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. See Note 25 for more details, including analysis of the sensitivity of the reported ECL to changes in PD resulting from changes in economic drivers.

**Loss Given Default.** LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. See Note 2 for more details.

**Provision.** NSD is subject to litigations. Such litigations may lead to orders to pay against NSD. If it is more likely than not that an outflow of resources will occur, a provision will be recognised based on an estimate of the most probable amount necessary to settle the obligation if such amount is reasonably estimable. NSD determines whether there is a possible obligation from past events, evaluates the probability that an outflow will occur and estimates the potential amount of the outflow. As the outcome of litigation is usually uncertain, the judgement is reviewed continuously. See Note 21 for further information.

**Impairment of fixed and intangible assets.** At the end of each reporting period, NSD assesses the recoverable amount of fixed and intangible assets to determine whether there is any indication of impairment. Regardless of whether there is any indication of impairment, an entity also reviews an intangible asset with an indefinite useful life or an intangible asset that is not yet available for use for impairment at least annually. If the calculated recoverable amount of an asset (or cash-generating unit) is lower than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

**Useful lives of fixed and intangible assets.** NSD annually reviews the expected useful life of fixed and intangible assets. When determining the useful life of an asset, the following factors are taken into account: expected use of the asset, normal life cycle, technical obsolescence, earlier termination of licences, technical feasibility up to the date of anticipated use of the asset etc.

**Valuation of financial instruments.** For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions;
- Reference to the current fair value of another instrument that is substantially the same;
- A discounted cash flow analysis or other valuation models;
- Using the local market approach as advantageous;
- Using risk-free yield curve calculated based on sovereign bonds and adjusted for credit-spread derived from observable data on proxy instruments, traded on active market.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 24.

**Share-based payments.** Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the instrument and volatility and making assumptions about them.

**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)**  
*(in thousands of Russian Rubles)*

**4. Fee and commission income**

	<b>Year ended 31 December 2023</b>	<b>Year ended 31 December 2022</b>
Depository services	7 060 485	6 055 666
Collateral management services and clearing services	2 772 590	1 818 365
Settlement services	279 447	684 148
Information services	230 529	173 373
Sale of technical services	160 945	100 370
Repository services	121 269	103 710
<b>Total fee and commission income</b>	<b>10 625 265</b>	<b>8 935 632</b>

**5. Commission expenses**

	<b>Year ended 31 December 2023</b>	<b>Year ended 31 December 2022</b>
Depository service commissions	413 317	371 367
Settlement service commissions	27 514	29 049
Registrar services	19 162	16 509
Other	3 526	4 644
<b>Total commission expenses</b>	<b>463 519</b>	<b>421 569</b>

**6. Interest income calculated using the effective interest method**

	<b>Year ended 31 December 2023</b>	<b>Year ended 31 December 2022</b>
Interest income on deposits	12 706 104	17 292 561
Interest income on correspondent accounts with other banks	6 459 192	414 651
Interest income on financial assets at fair value through other comprehensive income	2 135 744	794 976
Interest income on balances of client's funds	—	385 432
<b>Total interest income calculated using the effective interest method</b>	<b>21 301 040</b>	<b>18 887 620</b>

**7. Interest expenses**

	<b>Year ended 31 December 2023</b>	<b>Year ended 31 December 2022</b>
Interest expenses on correspondent accounts with banks	12 415	909 024
Interest expense on lease liabilities	3 207	3 731
<b>Total interest expenses</b>	<b>15 622</b>	<b>912 755</b>



**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)**  
*(in thousands of Russian Rubles)*

**8. Other income**

	<b>Year ended 31 December 2023</b>	<b>Year ended 31 December 2022</b>
Income from lease	33 934	50 461
Property tax refund	6 665	–
Write off payable	4 169	11 897
Penalties for operations	1 349	2 048
Other	8 639	8 271
<b>Total other income</b>	<b>54 756</b>	<b>72 677</b>

**9. Personnel expenses**

	<b>Year ended 31 December 2023</b>	<b>Year ended 31 December 2022</b>
Personnel expenses except payments based on the shares of the parent company	2 537 320	2 222 634
Payroll related taxes	575 876	471 528
Payments based on the shares of the parent company	131 893	52 231
<b>Total personnel expenses</b>	<b>3 245 089</b>	<b>2 746 393</b>

NSD has the long-term incentive program, based on the parent company's shares, which entitles employees to receive cash with the subsequent opportunity of purchase of Moscow Exchange ordinary shares (hereinafter – "LTIP").

The following table illustrates the number and weighted average fair value of shares granted at the date of the grant of rights (hereinafter, "WAFV") and movements in rights to receive shares under the LTIP:

	<b>Number</b>	<b>WAFV</b>
<b>Outstanding as at 31 December 2021</b>	<b>2 335 522</b>	<b>114,90</b>
Granted	69 519	84,65
Forfeited	(270 031)	103,91
Modification	(79 781)	103,91
<b>Outstanding as at 31 December 2022</b>	<b>2 055 229</b>	<b>115,36</b>
Exercised	(464 381)	115,45
Forfeited	(264 150)	103,91
Modification	(107 520)	115,34
<b>Outstanding as at 31 December 2023</b>	<b>1 219 178</b>	<b>122,17</b>



**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)**  
*(in thousands of Russian Rubles)*

**9. Personnel expenses (continued)**

The weighted average remaining contractual life of the LTIP for the share options outstanding as at 31 December 2023 is 1,04 years (31 December 2022: 1,67 years).

In 2023 a new program of cash-settled instruments was introduced. The amount of cash consideration to be received by the employees is linked to the future market price of the Moscow Exchange's shares. The rights vest when the employee continues to be employed by the Moscow Exchange' Group at the vesting date. The maximum contractual vesting period is five and a half years. The fair value is remeasured at each reporting date using a binomial model.

During the year ended 31 December 2023 22 290 033 cash-settled instruments were granted, with weighted average fair value (WAFV) RUB 37,88.

The weighted average remaining contractual life of the outstanding cash-settled instruments as at 31 December 2023 is 3,18 years.

The following table lists the inputs to the models used for the granted instruments under the new cash settled program during the year ended 31 December 2023:

<b>Assumption</b>	<b>Cash settled 31 December 2023</b>
Expected volatility	29,26%
Risk-free interest rate	11,75%
Weighted average share price, RUB	189,36
Dividend yield	6,0%-7,7%

The volatility assumption is based on realized volatility of returns of quoted shares of Moscow Exchange.

As at 31 December 2023 liabilities under the new program of cash-settled instruments are amounted to RUB 83 280 thousand and are included in Personnel remuneration provision within Other liabilities (Note 18).

**10. Administrative and other operating expenses**

	<b>Year ended 31 December 2023</b>	<b>Year ended 31 December 2022</b>
Amortisation of intangible assets (Note 15)	808 315	869 061
Maintenance of property and equipment and intangible assets	470 754	479 337
Depreciation of property and equipment and right-of-use assets (Note 15)	201 440	214 364
Professional services	156 878	51 572
Taxes (other than income tax)	138 790	133 025
Charity	104 000	104 900
Loss on disposal of property and equipment, intangible assets and software development expenses	81 829	2 737
Communication and telecommunication	68 188	72 760
Insurance	47 853	43 627
Advertising and marketing cost	14 993	11 148
Security	11 813	9 294
Business trip expenses	10 275	2 731
Write-off of materials and low value equipment	7 318	24 175
Other	12 620	10 564
<b>Total administrative and other operating expenses</b>	<b>2 135 066</b>	<b>2 029 295</b>

Professional services comprise consulting, audit and legal services.

**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)  
(in thousands of Russian Rubles)**

**11. Income tax**

NSD 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.

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 relate mostly to different methods of income and expense recognition, as well as to recorded values of certain assets.

The tax rate used for the reconciliations between tax expense and accounting profit is the corporate tax rate of 20% payable by corporate entities in the Russian Federation on taxable profits under the tax law in that jurisdiction.

The analysis of the temporary differences as at 31 December 2023 is presented below:

	31 December 2022	Recognised in profit or loss	Recognised in other comprehen- sive income	31 December 2023
<b>Tax effect from deductible temporary differences</b>				
Cash and cash equivalents	7 517	23 814	–	31 331
Financial assets at fair value through other comprehensive income	78 939	(15 908)	171 827	234 858
Property, equipment and right-of-use assets	20 665	16 550	–	37 215
Intangible assets	58 770	8 564	–	67 334
Other assets	38 875	13 668	–	52 543
Clients' funds	5 229	9	–	5 238
Payables to holders of securities and counterparties	1 401 038	(1 401 038)	–	–
Other liabilities	189 479	37 023	–	226 502
<b>Total tax effect from deductible temporary differences</b>	<b>1 800 512</b>	<b>(1 317 318)</b>	<b>171 827</b>	<b>655 021</b>
<b>Tax effect from taxable temporary differences</b>				
Due from financial institutions	(1 382 178)	1 382 178	–	–
Financial assets at fair value through profit or loss	(1 364)	(2 677)	–	(4 041)
Property, equipment and right-of-use assets	–	(6 678)	–	(6 678)
<b>Total tax effect from taxable temporary differences</b>	<b>(1 383 542)</b>	<b>1 372 823</b>	<b>–</b>	<b>(10 719)</b>
<b>Deferred tax assets</b>	<b>416 970</b>	<b>55 505</b>	<b>171 827</b>	<b>644 302</b>

**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)  
(in thousands of Russian Rubles)**

**11. Income tax (continued)**

The analysis of the temporary differences as at 31 December 2022 is presented below:

	31 December 2021	Recognised in profit or loss	Recognised in other comprehen- sive income	31 December 2022
<b>Tax effect from deductible temporary differences</b>				
Cash and cash equivalents	3	7 514	–	7 517
Financial assets at fair value through other comprehensive income	171 516	(7 718)	(84 859)	78 939
Property, equipment and right-of-use assets	20 864	(199)	–	20 665
Intangible assets	38 914	19 856	–	58 770
Other assets	9 077	29 798	–	38 875
Clients' funds	5 229	–	–	5 229
Payables to holders of securities and counterparties	–	1 401 038	–	1 401 038
Other liabilities	146 603	42 876	–	189 479
<b>Total tax effect from deductible temporary differences</b>	<b>392 206</b>	<b>1 493 165</b>	<b>(84 859)</b>	<b>1 800 512</b>
<b>Tax effect from taxable temporary differences</b>				
Due from financial institutions	–	(1 382 178)	–	(1 382 178)
Financial assets at fair value through profit or loss	(66 198)	64 834	–	(1 364)
<b>Total tax effect from taxable temporary differences</b>	<b>(66 198)</b>	<b>(1 317 344)</b>	<b>–</b>	<b>(1 383 542)</b>
<b>Deferred tax assets</b>	<b>326 008</b>	<b>175 821</b>	<b>(84 859)</b>	<b>416 970</b>

Reconciliation of income tax expense and accounting for the year ended 31 December 2023 and 31 December 2022 is presented below:

	Year ended 31 December 2023	Year ended 31 December 2022
<b>Profit before income tax</b>	<b>26 374 123</b>	<b>22 036 727</b>
Statutory tax rate	20%	20%
Tax at the statutory tax rate (20%)	5 274 825	4 407 345
Tax effect of income taxed at rates different from the statutory tax rate	(100 065)	(46 480)
Tax effect of non-taxable expenses	92 905	63 351
Windfall tax	597 668	–
Adjustments in respect of current income tax of previous years	1 342	(151)
<b>Income tax expense</b>	<b>5 866 675</b>	<b>4 424 065</b>
Current income tax expense	5 323 170	4 600 037
Windfall tax	597 668	–
Adjustments in respect of current income tax of previous years	1 342	(151)
Deferred taxation movement due to origination and reversal of temporary differences	(55 505)	(175 821)
<b>Income tax expense</b>	<b>5 866 675</b>	<b>4 424 065</b>

**Notes to the Summary Financial Statements  
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**11. Income tax (continued)**

Income tax expense includes the amount of security payment for windfall tax in the amount of RUB 597 668 thousand imposed by Federal Law No. 414-FZ *On Windfall Tax* dated 4 August 2023, which establishes the procedure for calculation and payment of the one-off tax on profits earned in previous tax periods. NSD took the opportunity to reduce the tax amount by making a security payment.

**12. Cash and cash equivalents**

The information on cash and cash equivalents as at 31 December 2023 and 31 December 2022 is provided below:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Balances with banks	52 967 287	124 631 251
Cash on hand	2 610	2 629
<b>Total cash and cash equivalents</b>	<b>52 969 897</b>	<b>124 633 880</b>
Less allowance for expected credit losses	(144)	(228)
<b>Total cash and cash equivalents</b>	<b>52 969 753</b>	<b>124 633 652</b>

As at 31 December 2023, NSD has balances with two counterparties (31 December 2022: four counterparties) each of which is greater than 10% of equity. The total aggregate amount of these balances is RUB 44 493 557 thousand or 84% of total cash and cash equivalents as at 31 December 2023 (31 December 2022: RUB 121 679 958 thousand or 98% of total cash and cash equivalents).

**13. Financial assets at fair value through profit or loss**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Shares issued by foreign companies	46 954	33 574
<b>Total financial assets at fair value through profit or loss</b>	<b>46 954</b>	<b>33 574</b>

**14. Financial assets at fair value through other comprehensive income**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Bonds issued by the Russian issuers	30 599 463	24 716 520
<b>Total financial assets at fair value through other comprehensive income</b>	<b>30 599 463</b>	<b>24 716 520</b>

**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)  
(in thousands of Russian Rubles)**

**14. Financial assets at fair value through other comprehensive income (continued)**

As at 31 December 2023 financial assets at fair value through other comprehensive income of RUB 30 598 448 thousand (31 December 2022: RUB 23 146 276 thousand) were included in the "Blocked by the CBR" section of NSD's securities account and could be used as a collateral for NSD's borrowings within the limit set by the CBR, see CBR Regulation No. 5930-U, *On the Methods and Criteria of Collateralized Refinancing of Credit Organizations* dated 15 September 2021 (before 1 January 2023 see CBR Regulation No. 4801-U, *On the Methods and Criteria of Collateralized Refinancing of Credit Organizations* dated 22 May 2018).

Net gain on financial assets at fair value through other comprehensive income for year ended 31 December 2023 in the amount of RUB 3 679 thousand represents reclassification adjustment from other comprehensive income to profit or loss upon disposal of financial assets.

**15. Property and equipment, right-of-use assets and intangible assets**

	Land	Buildings and other real estate	Other property and equipment	Right-of-use assets	Intangible assets	Intangible assets in development	Total
<b>Cost</b>							
<b>31 December 2021</b>	<b>94 139</b>	<b>2 684 210</b>	<b>1 119 908</b>	<b>62 502</b>	<b>5 423 681</b>	<b>251 103</b>	<b>9 635 543</b>
Additions	–	–	322 162	14 576	644 160	118 026	<b>1 098 924</b>
Reclassification	–	–	–	–	144 251	(144 251)	–
Modification and remeasurement	–	–	–	206	–	–	<b>206</b>
Disposals	–	–	(12 841)	(27 330)	(40 183)	(1 141)	<b>(81 495)</b>
<b>31 December 2022</b>	<b>94 139</b>	<b>2 684 210</b>	<b>1 429 229</b>	<b>49 954</b>	<b>6 171 909</b>	<b>223 737</b>	<b>10 653 178</b>
Additions	–	–	144 932	4 480	698 739	196 166	<b>1 014 317</b>
Reclassification	–	–	–	–	202 851	(202 851)	–
Modification and remeasurement	–	–	–	67	–	–	<b>67</b>
Disposals	–	–	(11 318)	–	(67 960)	(81 282)	<b>(160 560)</b>
<b>31 December 2023</b>	<b>94 139</b>	<b>2 684 210</b>	<b>1 532 843</b>	<b>54 501</b>	<b>7 005 539</b>	<b>135 770</b>	<b>11 507 002</b>
<b>Accumulated depreciation and impairment</b>							
<b>31 December 2021</b>	<b>–</b>	<b>559 505</b>	<b>1 000 608</b>	<b>17 393</b>	<b>3 239 867</b>	<b>–</b>	<b>4 817 373</b>
Charge for the period	–	53 684	154 280	6 400	869 061	–	<b>1 083 425</b>
Written off on disposal	–	–	(12 841)	(9 174)	(38 587)	–	<b>(60 602)</b>
Impairment	–	–	–	–	2 992	–	<b>2 992</b>
<b>31 December 2022</b>	<b>–</b>	<b>613 189</b>	<b>1 142 047</b>	<b>14 619</b>	<b>4 073 333</b>	<b>–</b>	<b>5 843 188</b>
Charge for the period	–	53 684	141 264	6 492	808 315	–	<b>1 009 755</b>
Written off on disposal	–	–	(10 771)	–	(67 960)	–	<b>(78 731)</b>
<b>31 December 2023</b>	<b>–</b>	<b>666 873</b>	<b>1 272 540</b>	<b>21 111</b>	<b>4 813 688</b>	<b>–</b>	<b>6 774 212</b>
<b>Net book value</b>							
<b>31 December 2022</b>	<b>94 139</b>	<b>2 071 021</b>	<b>287 182</b>	<b>35 335</b>	<b>2 098 576</b>	<b>223 737</b>	<b>4 809 990</b>
<b>31 December 2023</b>	<b>94 139</b>	<b>2 017 337</b>	<b>260 303</b>	<b>33 390</b>	<b>2 191 851</b>	<b>135 770</b>	<b>4 732 790</b>

**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)**  
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**15. Property and equipment, right-of-use assets and intangible assets (continued)**

Intangible assets include computer software, trademarks and licenses.

As at 31 December 2023, NSD's historical cost of fully depreciated property and equipment amounts to RUB 910 939 thousand (31 December 2022: RUB 899 331 thousand).

As at 31 December 2023, NSD's historical cost of fully depreciated intangible assets amounts to RUB 2 799 939 thousand (31 December 2022: RUB 1 439 281 thousand).

As at 31 December 2023 the book value of right-of-use assets is represented by leased premises in the amount of RUB 24 161 thousand, parking spaces in the amount of RUB 626 thousand and equipment in the amount 8 603 thousand (31 December 2022: RUB 28 873 thousand, RUB 729 thousand and RUB 5 733 thousand accordingly).

The amounts recognised in profit or loss related to NSD's lease contracts are as follows:

	<b>Year ended 31 December 2023</b>	<b>Year ended 31 December 2022</b>
<b>Amounts recognised in profit or loss</b>		
Depreciations expense on right-of-use assets	6 492	6 400
Interest expense on lease liabilities	3 207	3 731
Expense relating to short-term leases	403	81
Profit from disposal on right-of-use assets	—	(2 446)
	<b>10 102</b>	<b>7 766</b>

**16. Other assets**

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Other financial assets</b>		
Services and other accounts receivable	1 075 432	817 126
Less allowance for expected credit losses	(17 747)	(9 065)
<b>Total other financial assets</b>	<b>1 057 685</b>	<b>808 061</b>
<b>Other non-financial assets</b>		
Prepaid expenses	299 220	282 690
Non-current assets prepaid	191 556	45 913
Taxes prepayments	101 076	939
Less allowance for impairment	(174 366)	(170 029)
<b>Total other non-financial assets</b>	<b>417 486</b>	<b>159 513</b>
<b>Total other assets</b>	<b>1 475 171</b>	<b>967 574</b>

**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)**  
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**16. Other assets (continued)**

The impairment allowance for other non-financial assets was created due to the temporary suspension of services by the counterparties.

An analysis of impairment and provisions for other non-financial assets for the Year ended 31 December 2023 and 31 December 2022 is as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
<b>Beginning of the period</b>	<b>170 029</b>	–
Net charge for the period	4 337	170 029
<b>End of the period</b>	<b>174 366</b>	<b>170 029</b>

**17. Clients' funds**

	31 December 2023	31 December 2022
Balances of credit institutions	327 178 527	587 319 608
Balances of financial companies	29 350 925	19 976 006
<b>Total clients' funds</b>	<b>356 529 452</b>	<b>607 295 614</b>

As at 31 December 2023 NSD's clients' funds in the amount of RUB 284 922 681 thousand (80%), (31 December 2022 NSD's clients' funds in the amount of RUB 484 256 134 thousand (80%)) related to 10 clients.

**18. Other liabilities**

	31 December 2023	31 December 2022
<b>Other financial liabilities</b>		
Payables for services	290 061	144 148
Payroll settlements	79 234	79 770
Lease liabilities	37 647	38 835
Other	8 836	2 583
<b>Total other financial liabilities</b>	<b>415 778</b>	<b>265 336</b>
<b>Other non-financial liabilities</b>		
Tax agent liabilities regarding Payables to holders of securities	2 543 723	2 923 748
Personnel remuneration provision	896 697	748 554
Advances received for depository services	374 673	314 331
Taxes payable other than income tax	155 694	172 899
<b>Total other liabilities</b>	<b>4 386 565</b>	<b>4 424 868</b>

**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)**  
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**18. Other liabilities (continued)**

Maturity analysis of lease liabilities as at 31 December 2023 and 31 December 2022 is provided below:

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Maturity analysis of lease liabilities</b>		
Less than one year	9 577	8 273
One to two years	9 477	8 273
Two to three years	9 133	8 273
Three to four years	9 133	8 273
Four to five years	8 460	8 273
More than five years	–	7 767
<b>Less unearned interest</b>	<b>(8 133)</b>	<b>(10 297)</b>
<b>Lease liabilities</b>	<b>37 647</b>	<b>38 835</b>

The table below details changes in the NSD's lease liabilities arising from financial activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the NSD's statement of cash flows as cash flows from financing activities.

<b>31 December 2021</b>	<b>49 919</b>
Financing cash flows	(8 995)
Modification and remeasurement	206
New leases	14 576
Other changes	(16 871)
<b>31 December 2022</b>	<b>38 835</b>
Financing cash flows	(8 941)
Modification and remeasurement	67
New leases	4 480
Other changes	3 206
<b>31 December 2023</b>	<b>37 647</b>

**19. Share capital and share premium**

As at 31 December 2023 and 31 December 2022 NSD's share capital comprised of 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 2023 and 31 December 2022 the share capital including inflation adjustment amounted to RUB 1 193 982 thousand.



**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)**  
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**19. Share capital and share premium (continued)**

Share premium represents an excess of the sale price of NSD's share over their par value. Share premium was formed as a result of a merger of NDC and MICEX SH (Note 1) and sale of shares to the former shareholders of NDC.

NSD has the right to place an additional 74 325 ordinary shares with a par value of 1 thousand rubles each. In case of placement of the declared shares, the volume of rights granted by these shares will be similar to the volume of rights granted by the placed ordinary shares.

**20. Retained earnings**

During the year ended 31 December 2023, NSD declared and paid dividends on ordinary shares for the year ended 31 December 2022 in the amount of RUB 5 800 007 thousand, the amount of dividends per share is RUB 4 912,45 per ordinary share (during the year ended 31 December 2022: did not pay or declare dividends on ordinary shares).

NSD's distributable reserves are limited to the amount of reserves reported in the statutory financial statements of NSD. 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. The reserve fund was formed in accordance with Articles of association of NSD providing for the establishment of a reserve for these purposes of not less than 15% of the share capital NSD according to RAS.

As at 31 December 2023 and 31 December 2022 reserve fund amounted to RUB 177 101 thousand.

**21. Commitments and contingencies**

**Legal proceedings.** NSD interacts with clients and counterparties on a number of the lawsuits and claims. According to management's estimates, based on existing business and judicial practice, such lawsuits and claims cannot have a significant impact on financial and economic activities, and NSD will not incur significant losses. Accordingly, no provisions were created in the financial statements.

**Fiduciary activities.** NSD provides depository services to its customers. As at 31 December 2023 and 31 December 2022, NSD had customer securities totalling 89 950 billion items and 85 528 billion items, respectively, in its nominal holder accounts. NSD accepts the operational risk on depository activities, credit and market risks for these transactions are born by NSD's clients.

When funds are credited to NSD's clients' account with a bank or a foreign depository and the correspondent bank or foreign depository establishes restrictions on NSD's account for the use of the received funds for reasons beyond NSD's control, NSD has the right to establish restrictions on debiting the received funds from the client's bank account with NSD in the amount equal to the amount of the restriction or not to transfer the specified funds to the client.

**Taxation.** A substantial part of the activities of NSD carried out in the Russian Federation. Some provisions of the Russian tax, currency and customs legislation as at present in force are defined not clearly enough, which frequently leads to different interpretations (that can be applied to the past legal matters), selective and inconsistent application and also in some cases to changes that are hard to predict.

NSD's management interpretation of such legislation as applied to its operations and activity may be challenged by the relevant regional and federal authorities. Recent trends in tax law enforcement practice suggest that the tax authorities may be taking a more assertive position in their interpretation and application of this legislation and assessments. It is therefore possible that transactions and activities of NSD that have not been challenged in the past may be challenged at any time in the future. As a result, significant additional taxes, penalties, interest and NSD's accounting methods may be assessed by the relevant authorities. At the same time, it is not possible to determine the amounts of accruals for possible, but not submitted claims, as well as to assess the likelihood of an unfavourable outcome in the event of claims from the tax authorities

Fiscal periods remain open and subject to review by the tax authorities for a period of three calendar years immediately preceding the year in which the decision to conduct a tax review is taken. Under certain circumstances tax reviews may cover longer periods.

**Notes to the Summary Financial Statements  
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*(in thousands of Russian Rubles)*

**21. Commitments and contingencies (continued)**

As at 31 December 2023 management believes that its interpretation of the relevant legislation is appropriate and that NSD's tax, currency and customs positions will be sustained by the tax and judicial authorities.

**Insurance.** NSD has insurance policies from Ingosstrakh Insurance Company. The insurance packages comprise fraud, errors and omissions coverage and a comprehensive liability and crime policy. The comprehensive liability and crime policy have been developed especially for insuring professional risks of clearing houses and central securities depositories. The total coverage level for the packages of insurance at 31 December 2023 is RUB 7 800 000 thousand at the rate of CBR on the reporting date (31 December 2022: USD 65 million or RUB 4 571 938 thousand at the rate of CBR on the reporting date).

**22. Transactions with related parties**

**Transactions with key management.** Key management personnel comprise members of the Supervisory Board, Chairman of the Executive Board and members of the Executive Board. The total remuneration paid to key management personnel includes short-term benefits (salary, bonuses, payroll related taxes, insurance, health care, etc.), long-term benefits and payments based on the shares of the parent company.

Included in the statement of financial position are the following amounts that arose on transactions with key management personnel:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Other liabilities	480 775	474 993

Included in the statement of profit or loss are the following amounts that arose due to transactions with key management personnel:

	<b>Year ended 31 December 2023</b>	<b>Year ended 31 December 2022</b>
Short-term employee benefits except payments based on the shares of the parent company	326 140	292 383
Payments based on the shares of the parent company	113 630	34 070
Long-term employee benefits	52 889	25 181
<b>Total remuneration of key management personnel</b>	<b>492 659</b>	<b>351 638</b>

**23. Capital management**

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

NSD performs capital management in order to:

- Assess capital adequacy for the coverage of significant risks;
- Plan capital based on a comprehensive evaluation of significant risks, NSD's testing of resistance to internal and external risk factors (stress testing), business development targets, NSD's development strategy, capital adequacy requirements established by the Bank of Russia.

NSD's capital and operations are planned annually for the period of 1 year.

**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)**  
*(in thousands of Russian Rubles)*

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**23. Capital management (continued)**

The capital amount required to cover losses if significant risks materialize, including in response to stress conditions, (planned economic capital level) is set by the Supervisory Board of NSD.

NSD's capital is assessed as adequate when all of the following conditions are met:

- NSD's capital is adequate to cover capital requirements with respect to all significant risks calculated in accordance with the Regulation on the Procedure for Stress Testing and NSD's Capital Adequacy Assessment;
- NSD complies with minimum regulatory capital requirements for all licensed types of activities;
- N1.0 capital adequacy ratio set by the Bank of Russia for non-banking credit institution is applied.

The planned economic capital structure of NSD includes:

- Capital required to cover current risks;
- Supplementary capital for stress;
- Allowance for inaccuracy of the existing stress-testing models;
- Capital reserve for development.

The CBR established special requirements for credit institutions and banking 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%. In November 2012, FFMS assigned NSD the status of a central depository. Since then, NSD's minimum equity requirement has been set at RUB 4 billion.

Capital adequacy and mandatory equity ratios for NSD were as follows:

<b>Equity</b>		<b>Mandatory equity</b>		<b>Capital adequacy ratio</b>	
<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
47 149 976	33 105 964	4 000 000	4 000 000	117,25	60,77

As at 31 December 2023 and 31 December 2022, NSD was in full compliance with all envisaged external requirements for capital adequacy and mandatory equity.

**24. Fair value measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in conducting operations on a voluntary basis between market participants at the measurement date.

NSD measures fair values for financial assets recorded on the statement of financial position at fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

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

**Notes to the Summary Financial Statements  
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**24. Fair value measurements (continued)**

The fair value of the unquoted equity securities is determined using discounted cash flow method representing the calculation of the present value of expected future cash flows to the reporting date for which unobservable inputs are used.

The table below analyses financial assets and liabilities measured at fair value as at 31 December 2023, by the level in the fair value hierarchy into which the fair value measurement is categorized:

	<b>31 December 2023</b>		<b>Total</b>
	<b>Level 1</b>	<b>Level 3</b>	
Financial assets at fair value through profit or loss	–	46 954	<b>46 954</b>
Financial assets at fair value through other comprehensive income	30 599 463	–	<b>30 599 463</b>

The table below analyses financial assets and liabilities measured at fair value as at 31 December 2022, by the level in the fair value hierarchy into which the fair value measurement is categorized:

	<b>31 December 2022</b>		<b>Total</b>
	<b>Level 1</b>	<b>Level 3</b>	
Financial assets at fair value through profit or loss	–	33 574	<b>33 574</b>
Financial assets at fair value through other comprehensive income	24 716 520	–	<b>24 716 520</b>

**Assets and liabilities fair value of which is disclosed**

The fair value of cash and cash equivalents, due from financial institutions, other financial assets, clients' funds, payables to holders of securities and counterparties and other financial liabilities as at 31 December 2023 and 31 December 2022 refer to level 2 hierarchy of fair value.

Management of NSD considers that the fair value of cash and cash equivalents, due from financial institutions, other financial assets, clients' funds, payables to holders of securities and counterparties and other financial liabilities not carried at fair value in statement of financial position approximates their carrying value due to their short-term nature.

**Transfers between level 1 and 2**

For assets and liabilities that are recognised at fair value on a recurring basis, NSD 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.

There were no transfers between levels during 2023 and 2022.

**Notes to the Summary Financial Statements  
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**24. Fair value measurements (continued)**

The following table shows a reconciliation for year ended 31 December 2023 and 31 December 2022 for fair value measurements in Level 3 of the fair value hierarchy:

	<b>Financial assets at fair value through profit or loss</b>
<b>Balance as at 31 December 2021</b>	<b>31 051</b>
Gains reported in profit or loss	4 758
Foreign exchange	(2 235)
<b>Balance as at 31 December 2022</b>	<b>33 574</b>
Gains reported in profit or loss	2 579
Foreign exchange	10 801
<b>Balance as at 31 December 2023</b>	<b>46 954</b>

**25. Risk management policies**

Risk management is an integral part of NSD's activities. NSD distinguishes the following significant risks: credit, operational, market, liquidity. Market risk includes currency risk, interest rate risk and price risk.

Risk management core objectives include identification of sources of risks, measurement of risk levels, development of risk management policies and implementation of risk controls, including setting limits and further compliance with them.

Risk management system participants include all divisions of NSD as well as management and advisory bodies of NSD.

Depending on the competencies of the divisions, there are three lines (levels) of defence providing for the involvement of each employee of NSD in the risk management process:

The first line (level) of defence is represented by all employees of NSD involved in the risk management process as part of their day-to-day work. Competencies of NSD divisions in terms of risk management are determined in accordance with the NSD's internal documents including Regulations on divisions. Their competencies as part of the risk management system include:

- Identification, collections, assessment of risks, designing and implementing risk mitigation procedures as envisaged by internal documents of NSD;
- Development of specific recovery plans for business processes as part of the general business continuity and business recovery plan of NSD, participation in recovery procedures to ensure the continuity of business processes, taking preventive measures;
- Executing decisions of NSD's management bodies to the extent relating to risk management issues.

**Notes to the Summary Financial Statements  
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**25. Risk management policies (continued)**

The second line (level) of defence is represented by divisions responsible for the organization of processes and the application of risk management tools: Risk Management Department, Internal Control Department, Legal Department, Business Continuity Service, Information Security Department, Security Department. Their competencies include:

- Collection, analysis and assessment of risks in NSD;
- Development of a risk management methodology;
- Participation in the development of proposals on the improvement of business processes and controls to mitigate risks;
- Monitoring of planned events to mitigate risks;
- Preparation of risk management reports.

The third line (level) of defence is represented by the Internal Audit Department of NSD. Competencies of the Internal Audit Department as part of the risk management system include:

- Review and assessment of efficiency of NSD's risk management and internal control systems and the execution of decisions of NSD's management bodies;
- Review of completeness of application and efficiency of the risk assessment methodology and risk management procedures;
- Review of reliability of the internal control system with respect to the use of automated systems;
- Review of risk management and internal control processes and procedures including the compliance of internal documents with regulatory requirements and self-regulatory organization standards;
- Review of activities of the departments.

Roles and responsibilities are allocated between management and advisory bodies of NSD as follows:

Supervisory Board of NSD:

- Approves internal documents of a conceptual nature i.e., setting out the main principles of the risk management system of NSD;
- Reviews regular risk management and internal capital adequacy assessment procedures (ICAAP) reports;
- Approves the amount of NSD's economic capital;
- Exercises control over risk management activities of NSD's executive bodies and assesses the efficiency of risk management procedures in NSD;
- Exercises control over the completeness and frequency of reviews by the Internal Audit Department of the efficiency of the risk assessment methodology and risk management procedures;
- Develops recommendations for the General Meeting of Shareholders with respect to dividends to be paid to NSD's shareholders based on the Organization's economic capital;
- Approves the development strategy of NSD and functional strategies developed for its implementation;
- Approves the risk management system development strategy and monitors the status of its implementation;
- Considers issues with respect to organization, monitoring and control over the compensation system and other issues specified in Instruction of the Bank of Russia No. 154-I dated 17 June 2014.

**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)**  
*(in thousands of Russian Rubles)*

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**25. Risk management policies (continued)**

Audit Committee of the Supervisory Board of NSD:

- Reviews, approves and makes recommendations to the Supervisory Board of NSD for approval of risk management internal documents prior to their submission for approval by the Supervisory Board of NSD;
- Reviews, preliminary approves and makes recommendations to the Supervisory Board of NSD for approval of the risk management system development strategy and risk appetite of NSD;
- Makes recommendations to the Supervisory Board of NSD for improvement of the existing risk management tools;
- Reviews regular reports on the status of the risk management system development strategy implementation and makes recommendations to the management of NSD and/or the Supervisory Board of NSD;
- Reviews regular risk management and ICAAP reports and makes recommendations to the management of NSD and/or the Supervisory Board of NSD;
- Reviews, approves and recommends to the Supervisory Board to approve the amount of NSD's economic capital before its submission for approval by the Supervisory Board of NSD.

Budget Committee of the Supervisory Board of NSD:

- Approves the amount of NSD's economic capital;
- Approves the amount of dividends to be paid to NSD's shareholders based on the Organization's economic capital.

Central Securities Depository Customer Committee:

- Reviews and approves rules for the management of risks associated with NSD's activities and the internal document regulating the procedure for handling complaints and requests from customers.

Committee for Quality Control and Risk Management:

- Makes recommendations on the customer policy of NSD;
- Draws up proposals for customer services of NSD;
- Makes risk management recommendations in terms of the financial market infrastructure including risks posed by NSD and its participants;
- Preliminary approves internal documents including rules for the management of credit, operational and other risks including risks associated with the combination of clearing and other activities, measures to ensure the uninterrupted operation of software and hardware systems intended for clearing operations, measures aimed at preventing and managing the conflict of interests with respect to clearing operations and the combination of clearing and other activities.

Chairman of the Management Board of NSD and Management Board of NSD:

- Allocate risk management roles and responsibilities to NSD's employees and divisions;
- Ensure the adoption of internal documents including risk management rules and procedures;
- Approve methodologies and decide the frequency of assessments of various risks;
- Maintain the capital adequacy ratio of NSD within the established limits;
- Approve the amount of NSD's economic capital;
- Ensure the risk management process of NSD;
- Take risk management decisions, manage the recovery of business processes in accordance with internal documents aimed at business continuity and business recovery.

**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)**  
*(in thousands of Russian Rubles)*

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**25. Risk management policies (continued)**

Risk Management Committee of the Management Board of NSD:

- Considers risk acceptance issues and makes recommendations to the Management Board of NSD for their acceptance;
- Makes recommendations with respect to the distribution of authority and responsibilities related to risk management between the heads of NSD's divisions to comply with the main risk management principles;
- Draws up proposals to improve risk management procedures in NSD;
- Draws up proposals on contingency plans and is responsible for the analysis of a crisis scenario and the initiation of corrective measures, if required;
- Monitors events/facts that may compromise customers' interests or affect the financial sustainability, NSD reputation, identifies the causes and makes recommendations on corrective measures.

Risk Management Committee for Payment System of the Management Board of NSD:

- Establishes criteria and assesses the risk management system in the NSD Payment System;
- Draws up proposals and makes recommendations resulting from the assessment of the risk management system in the NSD Payment System;
- Makes recommendations on information security, reliability and continuity of the NSD Payment System;
- Considers issues of risk monitoring in the NSD Payment System.

The Risk Management Department is responsible for risk management issues. The Risk Management Department is responsible for identifying and assessing risks, setting risk limits, determining capital requirements for their coverage, as well as exercising control over the compliance with the above limits for certain portfolios, types of activity and NSD as a whole. The Risk Management Department is the centre ensuring a single risk management approach, methods and exercising control over the compliance of risk management processes with the existing methodology.

The following is a description of NSD's risk management policy for each significant risk.

**Credit risk.** NSD uses credit risk management approaches under requirements of the Russian regulators, based on the best international practices and standards. NSD's assets are exposed to credit risk, which is defined as the risk of losses resulting from a default or improper performance of their obligations to NSD by its counterparties.

NSD's credit risk assessment includes the assessment of the credit portfolio and other assets involving credit risks (portfolio analysis) as well as the assessment of credit risks related to specific counterparties.

The portfolio analysis is the analysis of changes in the structure of assets exposed to credit risk and credit risk concentration. The evaluation of the quality of the credit portfolio enables a judgment to be made of the possibility of the credit risk on assets and an estimate of expected losses. The analysis of the credit risk concentration enables an assessment to be made of the credit portfolio diversification level by counterparty.

NSD's counterparty assessment is made in accordance with an expert evaluation of the counterparties' credit risks based on the analysis of their respective financial statements and other available information about their activity. The expert evaluation results include an analytical report containing conclusions on the level of the counterparty's credit quality, the acceptability of parameters of planned transactions and proposed risk mitigation techniques by counterparty. Methods of credit risk management include:

- Establishment of the limits for counterparty banks;
- Creation of allowances for possible losses.

As explained in Note 2, NSD monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk NSD will measure the loss allowance based on lifetime rather than 12-month ECL.



**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)**  
*(in thousands of Russian Rubles)*

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**25. Risk management policies (continued)**

In order to assess the financial condition of counterparties and the level of credit risk assumed by them, NSD has developed and continuously improves its internal rating system. NSD's internal rating system includes ten categories. Internal rating information is based on a combination of actual financial reporting data and nonfinancial information, including expert judgment regarding the credit risk of the counterparty. The analysis takes into account the nature of the risk and type of counterparty. Internal ratings are determined using qualitative and quantitative factors that indicate the risk that a counterparty may default on its obligations NSD.

Internal ratings serve as a basis for assessing the time pattern of probability of default and subsequent estimation of expected credit losses.

NSD analyzes all data collected using statistical models and assesses the probability of default of the counterparty over the remaining term of the exposed instruments and its possible evolution over time in order to subsequently calculate an allowance for expected credit losses.

NSD considers that the credit risk on a financial asset has increased significantly since initial recognition if contractual payments are overdue by more than 30 days or if the counterparty's external credit rating or internal rating has been downgraded by 3 notches in the preceding 12 months or by 6 notches or more since initial recognition of the financial asset.

NSD has monitoring procedures in place to validate the effectiveness of the criteria used to identify a significant increase in credit risk. This means that a significant increase in credit risk is identified before an event of default occurs or before a payment becomes 31 days or more overdue or a counterparty's credit rating is downgraded by 3 notches or more. NSD tests its internal ratings annually based on historical data to determine whether the internal ratings adequately and timely take into account credit risk factors.

In order to determine the amount of expected credit losses, NSD assesses the level of credit risk for those financial instruments that give rise to financial assets exposed to credit risk (Note 2).

NSD assesses the level of credit risk for a financial instrument on a monthly basis as at the reporting date throughout the life of that financial instrument, taking into account the provisioning period.

NSD uses the following methodological approaches to estimate provisions:

- Determining the period of the macroeconomic cycle to assign an asset to a specific stage of impairment;
- Determining the probability of counterparty default (PD) and the amount at risk (EAD) depending on the stage of impairment and the characteristics of the asset;
- Determination of the risk-free value of the financial asset and the amount of expected losses (EL);
- Receivables are booked taking into account their grouping;
- The EAD on demand assets is determined as the minimum of the following two values:
  - The account balance as of the reporting date;
  - The average daily account balance for the five years preceding the reporting date inclusive.

The procedure for determining the required amount of provision formation includes the following assessment steps:

- Determination of the provision period;
- Determination of the stage of the economic cycle for the next planned provisioning period;
- Determination of the stage of current impairment of a financial instrument.

For financial instruments exposed to credit risk, NSD calculates expected credit losses by estimating the expected cash flows considering all contractual terms of the financial instrument over the next 12 months or over the life of the asset (depending on the stage).

**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)  
(in thousands of Russian Rubles)**

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**25. Risk management policies (continued)**

NSD assesses the counterparty's financial position and whether there is any indication that the financial instrument may be impaired based on the amount's receivable, the counterparties the period of delay in the fulfilment of the obligation. Depending on the impairment indicators identified by NSD, the financial instrument is assigned classified into one of three stages of impairment.

Default determination is an important consideration in assessing expected credit losses. The criteria for determining default are described in Note 2.

In its assessment of significant increase in credit risk as well as in its measurement of ECL NSD uses forward-looking information. NSD uses ruble zero-coupon yield curves in its measurement of macroeconomic factor for the purpose of the measurement of ECL.

**Maximum credit risk exposure.** NSD's maximum exposure to credit risk equals to the carrying value of financial assets exposed to credit risk.

As at 31 December 2023 included into other assets are overdue receivables of RUB 6 255 thousand (31 December 2022: RUB 2 666 thousand).

Financial assets are classified according to the current credit ratings issued by international rating agencies (Fitch Ratings, Standard & Poor's and Moody's Investor Service) for non-residents and the current credit ratings issued by Russian national rating agencies (ACRA and Expert RA) for residents (including sovereign counterparties). Russian national ratings are mapped to the scales of international rating agencies.

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.

**Liquidity risk.** Liquidity risk is the risk of facing the situation where available funds are insufficient to meet current financial liabilities. Liquidity risk arises when the terms of the claim for active transactions do not match the maturities of obligations.

The main purpose of liquidity management is to ensure NSD's ability to perform its obligations not only under normal market conditions but also in cases of unforeseen emergencies without suffering unacceptable losses or risk of damaging its business reputation.

The main methods of limiting and reducing liquidity risk:

- Procedures for assessing the level of liquid assets required to settle liabilities at maturity;
- Ensuring access to various sources of financing;
- Development of action plans in case of unavailability of these sources;
- Daily liquidity monitoring;
- Regular stress testing on liquidity risk in various scenarios;
- Setting restrictions on the placement of temporarily available funds in terms of terms and instruments, taking into account the results of the liquidity analysis;
- Daily assessment of outflows and inflows of funds.

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

The liquidity position is controlled on a daily basis by the Treasury Operations Department and the Accounting and Reporting Department of NSD in accordance with the internal regulations.

**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)**  
*(in thousands of Russian Rubles)*

**25. Risk management policies (continued)**

Management expects that the cash flows from certain financial assets will be different from their contractual terms either because NSD has the discretionary ability to manage the cash flows or because past experience indicates that cash flows will differ from contractual terms.

**Market risk.** Market risk is the risk of losses due to changes in market variables such as interest rates, foreign exchange rates, and prices of financial instruments.

The main methods of limiting and reducing market risk:

- Determining the structure of own securities portfolio;
- Measuring market risk and determining capital requirements for market risk;
- Determining the value of instruments in your own securities portfolio;
- Monitoring and regular review of Risk factors;
- Control of market risk limits for own securities portfolio;
- Control of concentration limits by type of instruments;
- Conducting stress testing, back-testing;
- Sensitivity analysis.

**Interest rate risk.** Interest rate risk is the risk of changes in interest income or the financial instruments price due to the interest rate changes.

NSD's result is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial positions and cash flows. Interest margin may increase, decrease or lead to losses as a result of unexpected movements.

In order to measure the impact of interest rate risk on the fair value of financial instruments NSD conducts periodic assessments of potential losses, which may be triggered by negative changes in market environment. The Risk Management Department conducts periodic monitoring of the current financial results of NSD, assesses the sensitivity of the impact of interest rate risk on portfolio fair value and income.

The results of the sensitivity analysis of the impact of interest rate risk on the fair value of debt securities measured at FVTOCI included in own portfolio as at 31 December 2023 and 31 December 2022 are presented in the table below:

	<b>At 31 December 2023</b>		<b>At 31 December 2022</b>	
	<b>Net profit</b>	<b>Equity</b>	<b>Net profit</b>	<b>Equity</b>
Interest rates rise	–	(706 744)	–	(731 113)
Interest rate fall	–	518 943	–	547 708

Sensitivity analysis is performed based on the risks of interest rate fluctuations at the reporting date. The calculation uses the assumption of interest rate changes from 86 to 207 basis points (31 December 2022: 86 to 200 basis points) depending on the maturity of the security and the direction of interest rate changes (growth or decline). These interest rate scenarios are derived from historical data on changes in the OFZ coupon-free yield curve (G-curve).

**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)**  
*(in thousands of Russian Rubles)*

**25. Risk management policies (continued)**

**Currency risk.** Currency risk is the risk of changes in financial instruments value due to the exchange rates fluctuations. The financial position and cash flows of NSD are subject to the influence of such fluctuations. The main source of currency risk are open foreign currency positions. NSD maintain control over the currency risk through monitoring of open foreign currency positions.

The following exchange rates are applied during the period:

	31 December 2023			31 December 2022		
	USD	EUR	CNY	USD	EUR	CNY
Minimum	67,5744	72,7908	9,8949	51,1580	52,7379	7,6985
Maximum	101,3598	110,6847	13,8926	120,3785	132,9581	19,0415
Average	85,7492	92,8046	12,0486	68,3761	72,1990	10,2386
Year-end	89,6883	99,1919	12,5762	70,3375	75,6553	9,8949

**Price risk.** Price risk is the risk of potential losses as a result of adverse changes in the market value of the financial instruments forming the NSD's portfolio.

The basis for assessing price risk is the value of securities that are measured at fair value through profit and loss and are measured at fair value through other comprehensive income if there is an intention to sell in the short term, reflected in NSD's internal documents.

The procedure for calculating indicators that characterize the magnitude of price risk is determined by the Financial Risk Assessment Method of NSD, approved by NSD's Executive Board. If there is a portfolio of securities that are sensitive to changes in market value, a sensitivity analysis is made to the possible changes in market value, which will coincide with the sensitivity of changes in interest rates (Note 25 Interest Rate Risk).

In order to manage price risk, limits on investments in financial market instruments, limits on the maximum loss from investing in financial market instruments and other limits, as appropriate, may be established.

**Operational risk.** Operational risk is the risk of potential losses resulting from the fact that NSD's internal rules and procedures for transactions are inadequate to the nature and scope of its business and/or the current legislative requirements; from failure by NSD's employees and/or other persons to comply with such internal rules and procedures (through unintentional or deliberate action, or omission); from inadequacy/insufficiency of the operational features/characteristics of informational, technical and other systems used by NSD and/or their failures/breakdowns; and from external impacts.

The sources of operational risk are:

- Improper/unlawful conduct by employees of NSD (including internal fraud);
- Shortcomings in the organizational structure and internal documents of NSD in terms of the delegation of authority to divisions and employees, rules and procedures for transactions and their documentation and recognition, non-compliance with established rules and procedures by NSD's employees, inefficiency of internal controls (risk of internal processes);
- Malfunction of systems and equipment (risk of information technologies);
- Adverse external events beyond NSD's control (including external fraud, cyber and other crimes, man-made and natural disasters).

**Notes to the Summary Financial Statements  
for the Year Ended 31 December 2023 (continued)**  
***(in thousands of Russian Rubles)***

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**25. Risk management policies (continued)**

Basic operational risk management methods:

- Development of the organizational structure, internal rules and procedures for transactions, delegation of authority, approval (agreement) and accountability for the transactions in a way that allows eliminating (minimizing) exposure to the operational risk;
- Development of controls taking into account the results of the analysis of statistical data performed to identify operational risks typical for NSD based on the repeated operational risk issues;
- Control over the compliance with the established rules and procedures as part of the internal control system;
- Development of transaction and data protection automation technology;
- Insurance, including both traditional types of property and personal insurance (insurance of buildings, other property (including currency values and internal securities) against destruction, damage and loss caused by natural disasters and other random events, or through actions of third parties or employees of NSD; insurance of employees against accidents and injury to health), and insurance against occupation-specific risks, both comprehensive risk insurance and by individual risk;
- Development of a system of measures to ensure continuity of financial and business operations, including contingency plans (business continuity plan and/or business recovery plan).

The methods of management of the operational risk arising from a combination of various types of activities by NSD include processes preventing the use of confidential information:

- Ensure territorial, organizational and technical, functional, information isolation of NSD divisions involved in various types of professional activity;
- Develop measures to differentiate rights to transactions in performing various types of activity;
- Prevent employees from other NSD divisions involved in other types of activity from access to the available confidential information;
- Develop measures to establish liability for the provision of confidential information to employees of other NSD divisions involved in other types of activity.

The procedures preventing the use of confidential information related to various types of NSD's activity are described in internal regulations on interaction between divisions.

The operational risk management procedures are determined by the *Regulation on Non-Financial Risk Management of NSD JSC and other internal documents* of NSD.