

**PUBLIC JOINT-STOCK COMPANY  
MOSCOW EXCHANGE  
MICEX-RTS**

**Consolidated Interim Condensed Financial Statements  
For the Three - Month Period Ended March 31, 2017**

# MOSCOW EXCHANGE GROUP

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## MOSCOW EXCHANGE GROUP

### Consolidated Interim Condensed Statement of Profit or Loss for the Three - Month Period Ended March 31, 2017

(in millions of Russian rubles)

	Notes	Three - month period ended March 31, 2017 (unaudited)	Three - month period ended March 31, 2016 (unaudited)
Fee and commission income	5	4 881,4	5 010,5
Interest and other finance income	6	4 537,7	6 823,9
Interest expense	7	(263,8)	(8,3)
Net gain on financial assets available-for-sale		25,3	103,9
Foreign exchange gains less losses	8	279,7	(204,5)
Other operating income		9,3	13,5
<b>Operating Income</b>		<b>9 469,6</b>	<b>11 739,0</b>
Administrative and other operating expenses	9	(1 679,2)	(1 438,2)
Personnel expenses	10	(1 602,2)	(1 637,3)
<b>Operating Profit before Tax</b>		<b>6 188,2</b>	<b>8 663,5</b>
Income tax expense	11	(1 190,1)	(1 685,3)
<b>Net Profit</b>		<b>4 998,1</b>	<b>6 978,2</b>
<b>Attributable to:</b>			
Equity holders of the parent		4 997,6	6 976,9
Non-controlling interest		0,5	1,3
<b>Earnings per share</b>			
Basic earnings per share, rubles	23	2,23	3,12
Diluted earnings per share, rubles	23	2,21	3,10

  
Chairman of the Executive Board

Afanasiev A.K.

May 18, 2017  
Moscow

  
Deputy Chief Financial Officer

Abrukina E.G.

May 18, 2017  
Moscow

The notes 1-26 form an integral part of these Consolidated Interim Condensed Financial Statements.

## MOSCOW EXCHANGE GROUP

### Consolidated Interim Condensed Statement of Comprehensive Income for the Three - Month Period Ended March 31, 2017

(in millions of Russian rubles)

	Notes	Three - month period ended March 31, 2017 (unaudited)	Three - month period ended March 31, 2016 (unaudited)
<b>Net profit</b>		<b>4 998,1</b>	<b>6 978,2</b>
<b>Other comprehensive income that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations		(0,1)	(24,2)
Net (loss) / income resulting from revaluation of investments available-for-sale		(221,1)	1 024,7
Net gain on investments available-for sale reclassified to profit or loss		(25,3)	(103,9)
Income tax relating to items that may be reclassified		49,3	(184,2)
<b>Other comprehensive (loss) / income that may be reclassified subsequently to profit or loss</b>		<b>(197,2)</b>	<b>712,4</b>
<b>Total comprehensive income</b>		<b>4 800,9</b>	<b>7 690,6</b>
<b>Attributable to:</b>			
Equity holders of the parent		4 801,5	7 699,2
Non-controlling interest		(0,6)	(8,6)
<b>Total comprehensive income</b>		<b>4 800,9</b>	<b>7 690,6</b>

The notes 1-26 form an integral part of these Consolidated Interim Condensed Financial Statements.

## MOSCOW EXCHANGE GROUP

### Consolidated Interim Condensed Statement of Financial Position as at March 31, 2017

(in millions of Russian rubles)

	Notes	March 31, 2017 (unaudited)	December 31, 2016
<b>ASSETS</b>			
Cash and cash equivalents	12	671 988,7	380 516,6
Financial assets at fair value through profit or loss		61,1	0,4
Due from financial institutions	13	47 942,6	63 842,7
Central counterparty financial assets	14	1 845 291,5	1 733 263,8
Investments available-for-sale	15	217 712,7	218 496,2
Property and equipment	16	7 467,0	7 706,4
Intangible assets	17	18 205,7	18 357,9
Goodwill		15 971,4	15 971,4
Current tax prepayments		100,7	51,9
Deferred tax asset	11	2 901,7	1 776,5
Other assets	18	2 099,0	1 954,1
<b>TOTAL ASSETS</b>		<b>2 829 742,1</b>	<b>2 441 937,9</b>
<b>LIABILITIES</b>			
Balances of market participants	19	844 100,8	574 590,1
Central counterparty financial liabilities	14	1 845 291,5	1 733 263,8
Distributions payable to holders of securities		3 892,3	2 952,3
Derivative financial liabilities		404,0	-
Current tax payables		930,1	990,5
Deferred tax liability	11	3 053,4	3 165,6
Other liabilities	20	3 803,0	3 592,0
<b>TOTAL LIABILITIES</b>		<b>2 701 475,1</b>	<b>2 318 554,3</b>
<b>EQUITY</b>			
Share capital	21	2 498,1	2 498,1
Share premium	21	32 288,1	32 286,2
Treasury shares	21	(2 214,3)	(2 271,9)
Foreign currency translation reserve		(20,4)	(21,4)
Investments revaluation reserve		913,4	1 110,5
Share-based payments		436,1	413,1
Retained earnings		94 175,4	89 177,8
<b>Total equity attributable to owners of the parent</b>		<b>128 076,4</b>	<b>123 192,4</b>
Non-controlling interest		190,6	191,2
<b>TOTAL EQUITY</b>		<b>128 267,0</b>	<b>123 383,6</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2 829 742,1</b>	<b>2 441 937,9</b>

The notes 1-26 form an integral part of these Consolidated Interim Condensed Financial Statements.

## MOSCOW EXCHANGE GROUP

### Consolidated Interim Condensed Statement of Cash Flows for the Three - Month Period Ended March 31, 2017

(in millions of Russian rubles)

	Notes	Three - month period ended March 31, 2017 (unaudited)	Three - month period ended March 31, 2016 (unaudited)
<b>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES:</b>			
Profit before tax		6 188,2	8 663,5
Adjustments for:			
Depreciation and amortisation charge	9	714,4	503,2
Net change in deferred commission income		(111,6)	(208,0)
Revaluation of derivatives		343,4	(18,8)
Share-based payment expense	10	64,7	88,0
Unrealized (gain) / loss on foreign exchange operations		(6,9)	66,7
Gain on disposal of investments available-for-sale		(25,3)	(103,9)
Net change in interest accruals		(1 090,6)	(710,1)
Net gain on disposal of property and equipment and intangible assets	9	-	(0,6)
Impairment /(reversal of impairment) of other assets	18	1,7	(4,2)
Loss on disposal of assets held for sale	9	-	52,4
<b>Changes in operating assets and liabilities:</b>			
Due from financial institutions		12 253,7	(84 630,1)
Financial assets at fair value through profit or loss		(0,1)	(0,1)
Central counterparty financial assets		(138 965,8)	(445 149,3)
Other assets		(158,3)	226,0
Balances of market participants		315 812,9	(186 033,6)
Central counterparty financial liabilities		138 965,8	445 149,3
Distributions payable to holders of securities		940,0	2 301,9
Margin account under reverse repo		-	(417,7)
Other liabilities		332,6	(287,6)
Cash flows from / (used in) operating activities before taxation		335 258,8	(260 513,0)
Income tax paid		(2 487,8)	(1 071,3)
<b>Cash flows from / (used in) operating activities</b>		<b>332 771,0</b>	<b>(261 584,3)</b>

The notes 1-26 form an integral part of these Consolidated Interim Condensed Financial Statements.

## MOSCOW EXCHANGE GROUP

### Consolidated Interim Condensed Statement of Cash Flows for the Three - Month Period Ended March 31, 2017 (Continued)

(in millions of Russian rubles)

	Notes	Three - month period ended March 31, 2017 (unaudited)	Three - month period ended March 31, 2016 (unaudited)
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES:</b>			
Purchase of investments available-for-sale		(23 823,4)	(59 477,2)
Proceeds from disposal of investments available-for-sale		18 891,7	15 106,2
Purchase of property and equipment and intangible assets		(337,0)	(228,6)
Proceeds from disposal of property and equipment and intangible assets		-	0,6
Proceeds from sale of investments in associates		-	34,2
Disposal of subsidiaries, net of cash disposed		-	46,5
<b>Cash flows used in investing activities</b>		<b>(5 268,7)</b>	<b>(44 518,3)</b>
<b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES:</b>			
Sale of treasury shares		23,6	178,6
Loans received		-	2,0
<b>Cash flows from financing activities</b>		<b>23,6</b>	<b>180,6</b>
Effect of changes in foreign exchange rates on cash and cash equivalents		(36 053,8)	(10 323,8)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>291 472,1</b>	<b>(316 245,8)</b>
<b>Cash and cash equivalents, beginning of period</b>	12	<b>380 516,6</b>	<b>991 797,1</b>
<b>Cash and cash equivalents, end of period</b>	12	<b>671 988,7</b>	<b>675 551,3</b>

Interest received by the Group during the three - month period ended March 31, 2017, amounted to RUB 3 453,4 million (March 31, 2016: RUB 6 122,0 million).

Interest paid by the Group during the three - month period ended March 31, 2017, amounted to RUB 266,0 million (March 31, 2016: RUB 6,0 million).

## MOSCOW EXCHANGE GROUP

### Consolidated Interim Condensed Statement of Changes in Equity for the Three - Month Period Ended March 31, 2017

(in millions of Russian rubles)

	Share capital	Share premium	Treasury shares	Investments revaluation reserve	Share-based payments	Foreign currency translation reserve	Reserves relating to assets held for sale	Retained earnings	Total equity attributable to owners of the parent	Non-controlling interest	Total equity
<b>December 31, 2015</b>	<b>2 498,1</b>	<b>32 471,1</b>	<b>(2 921,8)</b>	<b>901,4</b>	<b>504,6</b>	<b>(16,5)</b>	<b>(72,1)</b>	<b>79 991,0</b>	<b>113 355,8</b>	<b>253,8</b>	<b>113 609,6</b>
Net profit (unaudited)	-	-	-	-	-	-	-	6 976,9	6 976,9	1,3	6 978,2
Other comprehensive income (unaudited)	-	-	-	736,6	-	(10,1)	(4,2)	-	722,3	(9,9)	712,4
<b>Total comprehensive income for the period</b>	-	-	-	<b>736,6</b>	-	<b>(10,1)</b>	<b>(4,2)</b>	<b>6 976,9</b>	<b>7 699,2</b>	<b>(8,6)</b>	<b>7 690,6</b>
<b>Transactions with owners</b>											
Share-based payments (unaudited)	-	(32,1)	307,8	-	(9,1)	-	-	-	266,6	-	266,6
Sale of business in Ukraine (unaudited)	-	-	-	-	-	-	76,3	-	76,3	(40,6)	35,7
<b>Total transactions with owners</b>	-	<b>(32,1)</b>	<b>307,8</b>	-	<b>(9,1)</b>	-	<b>76,3</b>	-	<b>342,9</b>	<b>(40,6)</b>	<b>302,3</b>
<b>March 31, 2016</b>	<b>2 498,1</b>	<b>32 439,0</b>	<b>(2 614,0)</b>	<b>1 638,0</b>	<b>495,5</b>	<b>(26,6)</b>	-	<b>86 967,9</b>	<b>121 397,9</b>	<b>204,6</b>	<b>121 602,5</b>
<b>December 31, 2016</b>	<b>2 498,1</b>	<b>32 286,2</b>	<b>(2 271,9)</b>	<b>1 110,5</b>	<b>413,1</b>	<b>(21,4)</b>	-	<b>89 177,8</b>	<b>123 192,4</b>	<b>191,2</b>	<b>123 383,6</b>
Net profit (unaudited)	-	-	-	-	-	-	-	4 997,6	4 997,6	0,5	4 998,1
Other comprehensive income (unaudited)	-	-	-	(197,1)	-	1,0	-	-	(196,1)	(1,1)	(197,2)
<b>Total comprehensive income for the period</b>	-	-	-	<b>(197,1)</b>	-	<b>1,0</b>	-	<b>4 997,6</b>	<b>4 801,5</b>	<b>(0,6)</b>	<b>4 800,9</b>
<b>Transactions with owners</b>											
Share-based payments (unaudited)	-	1,9	57,6	-	23,0	-	-	-	82,5	-	82,5
<b>Total transactions with owners</b>	-	<b>1,9</b>	<b>57,6</b>	-	<b>23,0</b>	-	-	-	<b>82,5</b>	-	<b>82,5</b>
<b>March 31, 2017</b>	<b>2 498,1</b>	<b>32 288,1</b>	<b>(2 214,3)</b>	<b>913,4</b>	<b>436,1</b>	<b>(20,4)</b>	-	<b>94 175,4</b>	<b>128 076,4</b>	<b>190,6</b>	<b>128 267,0</b>

The notes 1-26 form an integral part of these Consolidated Interim Condensed Financial Statements.



# MOSCOW EXCHANGE GROUP

## Notes to the Consolidated Interim Condensed Financial Statements for Three - Month Period Ended March 31, 2017

(in millions of Russian rubles, unless otherwise indicated)

### 1. Organization

Public Joint-Stock Company Moscow Exchange MICEX-RTS (Moscow Exchange) is a stock exchange based in Moscow, Russian Federation. It was established as closed joint-stock company "Moscow Interbank Currency Exchange" (MICEX) in 1992. In December 2011 the company was reorganized into the form of open joint-stock company and renamed to Open Joint-Stock Company MICEX-RTS. In July 2012 the name of the company was changed to Open Joint-Stock Company Moscow Exchange MICEX-RTS. On April 28, 2015 at Annual General Meeting of Shareholders of Moscow Exchange (AGM) the company's new business name as Public Joint Stock Company Moscow Exchange MICEX-RTS was approved to meet revised standards of the Russian Civil Code. The new business name and respective changes to the Charter of Moscow Exchange took effect from May 13, 2015, the day the registration authority recorded new version of the Charter.

The legal address of Moscow Exchange: 13 Bolshoy Kislovsky per., Moscow, the Russian Federation.

Moscow Exchange Group ("the Group") is an integrated exchange structure that provides financial market participants with a full set of competitive trading, clearing, settlement, depository and information services. The Group operates on the following markets: foreign currencies exchange market, government securities and money market, market of derivative financial instruments, equities market, corporate and regional bonds market, commodities market.

Moscow Exchange is the parent company of the Group, which includes the following entities:

Name	Principal activities	March 31, 2017	December 31, 2016
		Voting rights, %	Voting rights, %
NCO JSC National Settlement Depository (former NCO CJSC National Settlement Depository) (NSD)	Depository, clearing, repository and settlement services	99,997%	99,997%
Bank National Clearing Centre (JSC) (NCC)	Banking and clearing operations	100%	100%
OJSC Evraziyskaia Trading System Commodity Exchange (ETS)	Commodities exchange operations	60,82%	60,82%
LLC MICEX Finance (MICEX Finance)	Financial activities	100%	100%
MICEX (CYPRUS) LIMITED (MICEX Cyprus)	Financial activities	100%	100%
JSC National Mercantile Exchange (former CJSC National Mercantile Exchange) (NAMEX)	Commodities exchange operations	65,08%	65,08%

NSD is the central securities depository of the Russian Federation. NSD is the Russian national numbering agency and the substitute numbering agency for the Commonwealth of Independent States (CIS), authorized to assign the international ISIN, CFI and pre-LEI codes. NSD holds licenses for depository, clearing and settlement operations issued by the Central Bank of Russia (CBR). As of December 28, 2016 NSD Repository received the license for repository operations issued by the CBR.

# MOSCOW EXCHANGE GROUP

## Notes to the Consolidated Interim Condensed Financial Statements for Three - Month Period Ended March 31, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

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### 1. Organization (continued)

NCC performs functions of a clearing organization and central counterparty on the financial market. NCC has a license for clearing activities.

MICEX Finance and MICEX Cyprus are established for facilitating financial activities of the Group.

ETS is a commodity exchange, which has a license for organisation of trading in commodities in Kazakhstan.

NAMEX is a commodity exchange operating in Russia.

Moscow Exchange and all subsidiaries are located in Russia, except for ETS and MICEX Cyprus. ETS is located in Kazakhstan and MICEX Cyprus is registered in Cyprus.

The Group has 1 629 employees as at March 31, 2017 (December 31, 2016: 1 635 employees).

### 2. Basis of Presentation

#### ***Statement of compliance***

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

#### ***Basis of presentation***

These Consolidated Interim Condensed Financial Statements are presented in millions of Russian rubles, unless otherwise indicated. These Consolidated Interim Condensed Financial Statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair value.

Moscow Exchange and its subsidiaries registered in the Russian Federation maintain their accounting records in accordance with Russian Accounting Standards ("RAS"). Foreign subsidiaries of the Group maintain their accounting records in accordance with the accounting standards of the countries in which they operate. These Consolidated Interim Condensed Financial Statements have been prepared on basis of the statutory accounting records and have been adjusted to conform to IFRS.

#### ***Inflation accounting***

The Russian economy was considered hyperinflationary until December 31, 2002. As such, the Group applied IAS 29 *Financial Reporting in Hyperinflationary Economies*. The effect of applying IAS 29 is that non-monetary items, including components of equity, were restated to the measuring units current at December 31, 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.

## MOSCOW EXCHANGE GROUP

### Notes to the Consolidated Interim Condensed Financial Statements for Three - Month Period Ended March 31, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

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#### 3. Significant Accounting Policies

##### **Basis for consolidation**

The accounting policies adopted by the Group in the preparation of these Consolidated Interim Condensed Financial Statements are consistent with those followed in the preparation of the Group's Consolidated Financial Statements for the three - month period ended March 31, 2017.

In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the IASB and IFRIC of the IASB that are relevant to its operations and effective for reporting periods ending on March 31, 2017.

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

#### 4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies the Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

##### ***Key sources of estimation uncertainty***

###### *Impairment of receivables*

The Group regularly reviews its receivables to assess for impairment. The Group's receivables impairment provisions are established to recognize incurred impairment losses in its portfolio of receivables.

The Group uses Management's judgment to estimate the amount of any impairment loss in cases where the debtor has financial difficulties and there are few available sources of historical data relating to similar debtors. Similarly, the Group estimates changes in future cash flows based on past performance, past counterparty behavior, observable data indicating an adverse change in the payment status, and national or local economic conditions that correlate with defaults on assets in the group.

As at March 31, 2017, the gross receivables totalled RUB 1 060,0 million (December 31, 2016: RUB 861,3 million) and allowance for impairment losses amounted to RUB 43,1 million (December 31, 2016: RUB 41,7 million) recognised within other assets in the statement of financial position.

## MOSCOW EXCHANGE GROUP

### Notes to the Consolidated Interim Condensed Financial Statements for Three - Month Period Ended March 31, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

#### 4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

##### *Key sources of estimation uncertainty (continued)*

###### *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.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 25.

###### *Impairment of goodwill*

Goodwill is tested for impairment annually (as at December 31) and when there is an indication that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of each cash-generating unit (CGU) or group of CGUs to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

###### *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 share option and volatility and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 10.

#### 5. Fee and Commission Income

	<b>Three - month period ended March 31, 2017</b>	<b>Three - month period ended March 31, 2016</b>
Money market	1 282,0	1 210,9
Depository and settlement services	991,0	838,4
Foreign exchange	957,0	1 272,8
Securities market	792,6	780,3
Derivatives	497,0	513,3
Information services	176,5	202,6
Sale of software and technical services	156,5	152,7
Other	28,8	39,5
<b>Total fee and commission income</b>	<b>4 881,4</b>	<b>5 010,5</b>

## MOSCOW EXCHANGE GROUP

### Notes to the Consolidated Interim Condensed Financial Statements for Three - Month Period Ended March 31, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

#### 5. Fee and Commission Income (continued)

Income from securities market comprises fees and commissions from equities trading, bonds trading, listing and service fees:

	Three - month period ended March 31, 2017	Three - month period ended March 31, 2016
Equities	396,8	398,1
Bonds	316,9	281,0
Listing and other service fees	78,9	101,2
<b>Total fee and commission income from securities market</b>	<b>792,6</b>	<b>780,3</b>

#### 6. Interest and Other Finance Income

	Three - month period ended March 31, 2017	Three - month period ended March 31, 2016
<b>Income on securities at fair value through profit or loss</b>		
Interest income	0,8	-
Net loss on securities at fair value through profit or loss	(4,1)	(10,5)
<b>Total loss on securities at fair value through profit or loss</b>	<b>(3,3)</b>	<b>(10,5)</b>
<b>Interest income on financial assets other than at fair value through profit or loss</b>		
Interest income on investments available-for-sale	3 675,9	3 890,3
Interest on cash and cash equivalents and due from financial institutions	865,1	2 944,1
<b>Total interest income on financial assets other than at fair value through profit or loss</b>	<b>4 541,0</b>	<b>6 834,4</b>
<b>Total interest and other finance income</b>	<b>4 537,7</b>	<b>6 823,9</b>

#### 7. Interest expense

	Three - month period ended March 31, 2017	Three - month period ended March 31, 2016
Interest expense on interbank loans and deposits	131,4	4,3
Interest expense on stress collateral	121,9	-
Interest expense on reverse repo agreements and other	10,5	4,0
<b>Total interest expense</b>	<b>263,8</b>	<b>8,3</b>

## MOSCOW EXCHANGE GROUP

### Notes to the Consolidated Interim Condensed Financial Statements for Three - Month Period Ended March 31, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

#### 8. Foreign Exchange Gains Less Losses

	Three - month period ended March 31, 2017	Three - month period ended March 31, 2016
Foreign exchange swaps	366,0	(119,5)
Net other foreign exchange losses	(86,3)	(85,0)
<b>Total foreign exchange gains less losses</b>	<b>279,7</b>	<b>(204,5)</b>

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

#### 9. Administrative and Other Operating Expenses

	Three - month period ended March 31, 2017	Three - month period ended March 31, 2016
Amortisation of intangible assets (Note 17)	359,0	306,5
Depreciation of property and equipment (Note 16)	355,4	196,7
Equipment and intangible assets maintenance	283,3	236,3
Market makers fees	120,2	116,0
Taxes, other than income tax	118,9	102,2
Rent and office maintenance	113,9	116,4
Professional services	83,3	69,0
Registrar and foreign depository services	66,2	60,3
Information services	47,9	50,4
Advertising and marketing costs	46,5	56,5
Communication services	32,9	34,0
Business trip expenses	9,6	15,8
Security expenses	7,3	8,1
Transport expenses	4,2	4,9
Charity	2,2	1,0
Impairment of other assets (Note 18)	1,7	-
Loss on disposal of assets held for sale	-	52,4
Other	26,7	11,7
<b>Total administrative and other operating expenses</b>	<b>1 679,2</b>	<b>1 438,2</b>

During the three - month period ended March 31, 2016 the Group recognised a loss of RUB 52,4 million on sale of the disposal group held for sale under IFRS 5 "Non-current assets held for sale and discontinued operations". It consists of the loss on sale of the investment in associate Joint-Stock Company "Ukrainian Exchange" (UEX) in the amount of RUB 13,0 million and subsidiary PJSC PFTS Stock Exchange in the amount of RUB 39,4 million.

Professional services comprise consulting, audit, insurance, legal services and other.

## MOSCOW EXCHANGE GROUP

### Notes to the Consolidated Interim Condensed Financial Statements for Three - Month Period Ended March 31, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

#### 10. Personnel Expenses

	Three - month period ended March 31, 2017	Three - month period ended March 31, 2016
Employees benefits except for share-based payments	1 220,4	1 250,0
Payroll related taxes	317,1	299,3
Share-based payment expense on equity settled instruments	58,9	88,0
Share-based payment expense on cash settled instruments	5,8	-
<b>Total personnel expenses</b>	<b>1 602,2</b>	<b>1 637,3</b>

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

In 2017 the 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 Group's shares. A majority of the rights vest when the employee continues to be employed by the Group at the vesting date. The maximum contractual term of the contracts is three and a half years. The fair value of the rights is remeasured at each reporting date using a binomial model.

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

	Number	WAEP
Outstanding at 1 January 2016	48 399 029	61,49
Exercised	(4 717 118)	48,00
Expired	(1 059 218)	48,00
<b>Outstanding at March 31, 2016</b>	<b>42 622 693</b>	<b>63,31</b>
Outstanding at 1 January 2017	31 133 342	74,60
Granted	3 631 180	119,04
Exercised	(846 632)	65,62
Forfeited	(666 667)	64,45
Expired	(570 036)	65,62
<b>Outstanding at March 31, 2017</b>	<b>32 681 187</b>	<b>80,13</b>

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

During the three-month period ended March 31, 2017 507 530 cash settled instruments were granted. The weighted average remaining contractual life is 2,08 years.

## MOSCOW EXCHANGE GROUP

### Notes to the Consolidated Interim Condensed Financial Statements for Three - Month Period Ended March 31, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

#### 10. Personnel Expenses (continued)

The number of equity rights exercisable as at March 31, 2017 is 8 649 999 with WAEP of RUB 67,18 (December 31, 2015: 9 000 000 with WAEP of RUB 67,25).

The weighted average fair value of equity rights granted during the three - month period ended March 31, 2017 was RUB 27,64 (March 31, 2016: no new rights). The weighted average fair value of cash settled rights granted during the three - month period ended March 31, 2017 was RUB 97,77.

The range of exercise prices and weighted average remaining contractual life of equity rights are as follows:

Exercise price	March 31, 2017		December 31, 2016	
	Number outstanding	Weighted average remaining contractual life	Number outstanding	Weighted average remaining contractual life
46,9 - 62,0	1 600 004	0,08	2 416 673	0,07
62,0 - 77,0	19 800 002	0,40	20 466 669	0,60
77,0 - 92,0	4 650 001	0,90	5 250 000	0,96
119,0-120,0	6 631 180	2,05	3 000 000	2,26
	<b>32 681 187</b>	<b>0,79</b>	<b>31 133 342</b>	<b>0,78</b>

The following table lists the inputs to the models used:

Assumption	Equity settled		Cash settled	
	Three - month period ended March 31, 2017	Three - month period ended March 31, 2016	Three - month period ended March 31, 2017	Three - month period ended March 31, 2016
Expected volatility	23,6%	-	22,7%	-
Risk-free interest rate	8,3%	-	8,4%	-
Weighted average share price, RUB	126,90	-	112,76	-
Dividend yield	5,2%	-	6,3%	-

The volatility assumption is based on implied volatilities of quoted shares of similar stock exchanges. Equity settled instruments are measured at grant date and cash settled instruments are remeasured at each reporting date.

#### 11. Income Tax

The Group provides for taxes based on the tax accounts maintained and prepared in accordance with the tax regulations of countries where the Group and its subsidiaries operate and which may differ from IFRS.

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



## MOSCOW EXCHANGE GROUP

### Notes to the Consolidated Interim Condensed Financial Statements for Three - Month Period Ended March 31, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

#### 11. Income Tax (continued)

Reconciliation of income tax expense and accounting profit for the three - month period ended March 31, 2017 and 2016, are explained below:

	Three - month period ended March 31, 2017	Three - month period ended March 31, 2016
<b>Profit before income tax</b>	<b>6 188,2</b>	<b>8 663,5</b>
Tax at the statutory tax rate (20%)	1 237,6	1 732,7
Tax effect of income taxed at rates different from the prime rate	(94,3)	(93,0)
Non-deductible expenses for tax purposes	46,8	46,7
Write-off of deferred tax asset	-	(0,2)
Adjustments in respect of current income tax of previous years	-	(0,9)
<b>Income tax expense</b>	<b>1 190,1</b>	<b>1 685,3</b>
Current income tax expense	2 320,7	3 345,1
Deferred taxation movement due to origination and reversal of temporary differences	(1 129,6)	(1 487,9)
Deferred taxation movement due to tax losses carried forward	(1,0)	(171,9)
<b>Income tax expense</b>	<b>1 190,1</b>	<b>1 685,3</b>

	Three - month period ended March 31, 2017	Three - month period ended March 31, 2016
<b>Beginning of the period – deferred tax assets</b>	<b>1 776,5</b>	<b>114,7</b>
<b>Beginning of the period – deferred tax liabilities</b>	<b>(3 165,6)</b>	<b>(5 017,3)</b>
Changes in deferred income tax balances recognised in other comprehensive income	107,2	(160,6)
Change in deferred income tax balances recognised in profit or loss	1 130,6	1 659,8
Disposal of assets held for sale	-	(3,5)
Effect of movements in exchange rates	(0,4)	(0,3)
<b>End of the period - deferred tax assets</b>	<b>2 901,7</b>	<b>10,3</b>
<b>End of the period - deferred tax liabilities</b>	<b>(3 053,4)</b>	<b>(3 417,5)</b>

#### 12. Cash and Cash Equivalents

	March 31, 2017	December 31, 2016
Correspondent accounts and overnight deposits with banks	671 920,3	356 741,6
Balances with the CBR	24,6	23 693,7
Receivables on broker and clearing operations	39,7	77,3
Cash on hand	4,1	4,0
<b>Total cash and cash equivalents</b>	<b>671 988,7</b>	<b>380 516,6</b>

## MOSCOW EXCHANGE GROUP

### Notes to the Consolidated Interim Condensed Financial Statements for Three - Month Period Ended March 31, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

#### 13. Due from Financial Institutions and Margin Account under Reverse Repo

Due from financial institutions are presented as follows:

	March 31, 2017	December 31, 2016
Reverse repo receivables from financial institutions	34 455,2	47 887,7
Interbank loans and term deposits	5 363,5	4 633,8
Correspondent accounts and deposits in precious metals	3 334,0	3 076,3
Mandatory cash balances with the CBR (restricted)	3 008,0	3 240,8
Receivables on broker and clearing operations	1 781,9	-
Term deposits with the CBR	-	5 004,1
<b>Total due from financial institutions</b>	<b>47 942,6</b>	<b>63 842,7</b>

#### 14. Central Counterparty Financial Assets and Liabilities

	March 31, 2017	December 31, 2016
Repo transactions	1 837 979,9	1 730 377,0
Currency transactions	7 311,6	2 886,8
<b>Total central counterparty financial assets and liabilities</b>	<b>1 845 291,5</b>	<b>1 733 263,8</b>

CCP financial assets are receivables under currency and repo transactions and CCP financial liabilities are payables under offsetting transactions, which the Group entered with market participants as a CCP.

As at March 31, 2017 and 2016, none of these assets were past due.

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

#### 15. Investments Available-for-Sale

	March 31, 2017	December 31, 2016
Bonds issued by Russian Federation	132 940,8	135 133,6
Bonds issued by foreign companies	43 141,2	39 809,3
Bonds issued by Russian companies	21 857,7	21 977,3
Bonds issued by Russian banks	19 635,1	21 438,0
Shares issued by Russian companies	119,4	119,4
Shares issued by foreign companies	18,5	18,6
<b>Total investments available-for-sale</b>	<b>217 712,7</b>	<b>218 496,2</b>

## MOSCOW EXCHANGE GROUP

### Notes to the Consolidated Interim Condensed Financial Statements for Three - Month Period Ended March 31, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

#### 16. Property and Equipment

	Land	Buildings and other real estate	Furniture and equipment	Construction in progress	Total
<b>Cost</b>					
<b>December 31, 2015</b>	<b>222,0</b>	<b>5 983,2</b>	<b>4 403,6</b>	<b>197,1</b>	<b>10 805,9</b>
Additions	-	1,5	48,8	-	50,3
Reclassification	-	-	132,6	(132,6)	-
Disposals	-	-	(3,9)	-	(3,9)
Effect of movements in exchange rates	(1,1)	(6,7)	(1,2)	-	(9,0)
<b>March 31, 2016</b>	<b>220,9</b>	<b>5 978,0</b>	<b>4 579,9</b>	<b>64,5</b>	<b>10 843,3</b>
<b>December 31, 2016</b>	<b>219,9</b>	<b>5 972,2</b>	<b>6 295,0</b>	<b>51,5</b>	<b>12 538,6</b>
Additions	-	-	95,1	21,9	117,0
Reclassification	-	(8,8)	8,8	-	-
Disposals	-	-	(3,9)	-	(3,9)
Effect of movements in exchange rates	(0,2)	(0,9)	(0,2)	-	(1,3)
<b>March 31, 2017</b>	<b>219,7</b>	<b>5 962,5</b>	<b>6 394,8</b>	<b>73,4</b>	<b>12 650,4</b>
<b>Accumulated depreciation</b>					
<b>December 31, 2015</b>	<b>-</b>	<b>1 234,6</b>	<b>2 775,5</b>	<b>-</b>	<b>4 010,1</b>
Charge for the period	-	30,1	166,6	-	196,7
Disposals	-	-	(3,9)	-	(3,9)
Effect of movements in exchange rates	-	(0,9)	(1,2)	-	(2,1)
<b>March 31, 2016</b>	<b>-</b>	<b>1 263,8</b>	<b>2 937,0</b>	<b>-</b>	<b>4 200,8</b>
<b>December 31, 2016</b>	<b>-</b>	<b>1 353,1</b>	<b>3 479,1</b>	<b>-</b>	<b>4 832,2</b>
Charge for the period	-	29,6	325,8	-	355,4
Disposals	-	-	(3,9)	-	(3,9)
Reclassification	-	(4,3)	4,3	-	-
Effect of movements in exchange rates	-	(0,2)	(0,1)	-	(0,3)
<b>March 31, 2017</b>	<b>-</b>	<b>1 378,2</b>	<b>3 805,2</b>	<b>-</b>	<b>5 183,4</b>
<b>Net book value</b>					
<b>December 31, 2016</b>	<b>219,9</b>	<b>4 619,1</b>	<b>2 815,9</b>	<b>51,5</b>	<b>7 706,4</b>
<b>March 31, 2017</b>	<b>219,7</b>	<b>4 584,3</b>	<b>2 589,6</b>	<b>73,4</b>	<b>7 467,0</b>

As at March 31, 2017, historical cost of fully depreciated property and equipment amounts to RUB 1 891,7 million (December 31, 2016: RUB 1 797,6 million).

## MOSCOW EXCHANGE GROUP

### Notes to the Consolidated Interim Condensed Financial Statements for Three - Month Period Ended March 31, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

#### 17. Intangible Assets

	Software and licenses	Client base	Intangible assets development	Total
<b>Cost</b>				
<b>December 31, 2015</b>	<b>2 786,2</b>	<b>19 606,7</b>	<b>229,0</b>	<b>22 621,9</b>
Additions	52,6	-	175,3	227,9
Disposals	(3,3)	-	-	(3,3)
Effect of movements in exchange rates	(0,5)	-	-	(0,5)
<b>March 31, 2016</b>	<b>2 835,0</b>	<b>19 606,7</b>	<b>404,3</b>	<b>22 846,0</b>
<b>December 31, 2016</b>	<b>3 752,1</b>	<b>19 606,7</b>	<b>549,6</b>	<b>23 908,4</b>
Additions	136,2	-	70,4	206,6
Reclassification	58,5	-	(58,5)	-
<b>March 31, 2017</b>	<b>3 946,8</b>	<b>19 606,7</b>	<b>561,5</b>	<b>24 115,0</b>
<b>Accumulated amortisation</b>				
<b>December 31, 2015</b>	<b>1 051,4</b>	<b>3 541,1</b>	<b>-</b>	<b>4 592,5</b>
Charge for the period	110,4	196,1	-	306,5
Disposals	(3,3)	-	-	(3,3)
Effect of movements in exchange rates	(0,1)	-	-	(0,1)
<b>March 31, 2016</b>	<b>1 158,4</b>	<b>3 737,2</b>	<b>-</b>	<b>4 895,6</b>
<b>December 31, 2016</b>	<b>1 225,1</b>	<b>4 325,4</b>	<b>-</b>	<b>5 550,5</b>
Charge for the period	163,2	195,8	-	359,0
Transfer to other assets	(0,2)	-	-	(0,2)
<b>March 31, 2017</b>	<b>1 388,1</b>	<b>4 521,2</b>	<b>-</b>	<b>5 909,3</b>
<b>Net book value</b>				
<b>December 31, 2016</b>	<b>2 527,0</b>	<b>15 281,3</b>	<b>549,6</b>	<b>18 357,9</b>
<b>March 31, 2017</b>	<b>2 558,7</b>	<b>15 085,5</b>	<b>561,5</b>	<b>18 205,7</b>

## MOSCOW EXCHANGE GROUP

### Notes to the Consolidated Interim Condensed Financial Statements for Three - Month Period Ended March 31, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

#### 18. Other Assets

	March 31, 2017	December 31, 2016
<b>Other financial assets:</b>		
Receivables on services rendered and other operations	1 060,0	861,3
Less allowance for impairment	(43,1)	(41,7)
<b>Total other financial assets</b>	<b>1 016,9</b>	<b>819,6</b>
<b>Other non-financial assets:</b>		
Prepaid expenses	541,1	469,1
Precious metals	441,6	561,1
Taxes receivable other than income tax	41,5	53,7
Non-current assets prepaid	39,8	25,6
Other	18,1	25,0
<b>Total other assets</b>	<b>2 099,0</b>	<b>1 954,1</b>

The movements in allowance for impairment of receivables on services rendered and other operations were as follows:

	Three - month period ended March 31, 2017	Three - month period ended March 31, 2016
<b>Beginning of the period</b>	<b>41,7</b>	<b>46,6</b>
Net charge for the period (Note 9)	1,7	(4,2)
Write-offs	(0,3)	(0,5)
<b>End of the period</b>	<b>43,1</b>	<b>41,9</b>

#### 19. Balances of Market Participants

	March 31, 2017	December 31, 2016
Accounts of clearing participants	719 753,7	497 323,4
Other current and settlement accounts	97 541,9	50 639,8
Stress collateral	19 254,9	19 016,2
Accounts in precious metals	3 775,5	3 637,3
Risk-covering funds	3 774,8	3 973,4
<b>Total balances of market participants</b>	<b>844 100,8</b>	<b>574 590,1</b>

## MOSCOW EXCHANGE GROUP

### Notes to the Consolidated Interim Condensed Financial Statements for Three - Month Period Ended March 31, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

#### 19. Balances of Market Participants (continued)

Accounts of clearing participants include margins deposited by clearing participants. The purpose of margins is to support clearing settlements on the market and to cover risks arising from open positions of market participants, including operations of market participants, where the Group acts as a central counterparty. If an initial margin requirement exceeds the collateral posted by a market participant in the guarantee fund, the participant is required to cover the deficit by posting additional margin for the unsettled trades or to reduce the open position to an appropriate level. The margins is payable to a market participant when it closes its positions. The Group places guarantee fund amounts on current accounts and deposits with reputable banks or repo receivables (Notes 12, 13).

Market participants also pledge traded securities to the guarantee fund as collateral for their obligations. These securities are blocked at the participants' custody accounts in NSD. These securities are not assets of the Group and are not recognised in the Consolidated Interim Condensed Statement of the Financial Position.

Stress collateral is an additional individual clearing collateral used on foreign exchange, securities and derivative markets. Stress collateral is calculated based on the volume of risk on transactions with partial collateral concluded by the clearing participants with the Central Counterparty. Requirements for depositing stress collateral arise for clearing participants who have average daily positions in excess of positions of other participants in the relevant market. The NCC is obliged to pay an interest to the clearing participants for the right to use funds deposited as stress collateral.

The risk-covering funds comprise contributions deposited by market participants. The purpose of these funds is to provide additional insurance to the market participants in respect of the ability of the Group to guarantee proper settlements of open positions in case of a market participant default. The minimum contribution amount per one participant is determined by the NCC Supervisory Board and it is approved by the Derivatives Market Committee, the Currency Market Committee, the Securities Market Committee and the Securities Lending & REPO Committee. Risk-covering funds amounts are only used to cover the deficit if a margin posted by a trading participant is not sufficient to cover its losses. The Group places cash received from the market participants in the risk-covering funds with top-rated banks (Notes 12, 13).

#### 20. Other Liabilities

	March 31, 2017	December 31, 2016
<b>Other financial liabilities</b>		
Payables to employees	2 279,3	2 073,7
Trade and other payables	550,0	592,7
Dividends payable	162,3	162,3
<b>Total other financial liabilities</b>	<b>2 991,6</b>	<b>2 828,7</b>
<b>Other non-financial liabilities</b>		
Advances received	372,8	254,0
Deferred commission income	271,7	383,3
Taxes payable, other than income tax	161,1	120,2
Other	5,8	5,8
<b>Total other liabilities</b>	<b>3 803,0</b>	<b>3 592,0</b>

## MOSCOW EXCHANGE GROUP

### Notes to the Consolidated Interim Condensed Financial Statements for Three - Month Period Ended March 31, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

#### 21. Share Capital and Share Premium

The share capital of Moscow exchange comprises ordinary shares with a par value of RUB 1 each:

	<b>Authorized shares (number of shares)</b>	<b>Ordinary shares issued and fully paid (number of shares)</b>	<b>Treasury shares (number of shares)</b>
<b>December 31, 2015</b>	<b>2 578 200 000</b>	<b>2 278 636 493</b>	<b>(44 771 962)</b>
Exercised options (Note 10)	-	-	4 717 118
<b>March 31, 2016</b>	<b>2 578 200 000</b>	<b>2 278 636 493</b>	<b>(40 054 844)</b>
<b>December 31, 2016</b>	<b>2 578 200 000</b>	<b>2 278 636 493</b>	<b>(33 424 960)</b>
Exercised options (Note 10)	-	-	846 632
<b>March 31, 2017</b>	<b>2 578 200 000</b>	<b>2 278 636 493</b>	<b>(32 578 328)</b>

Share premium represents an excess of contributions received over the nominal value of shares issued.

#### 22. Retained Earnings

During the three-month periods ended March 31, 2017 and March 31, 2016 the Group did not pay or declare dividends on ordinary shares.

The Group's distributable reserves are limited to the amount of reserves reported in the statutory financial statements of the Group members. Non-distributable reserves comprise a reserve fund, which is created according to the statutory regulations, to cover risks, including future losses and other unforeseen risks and contingencies, as well as funds of NCC required to comply with regulations of CBR relating to CCP activities.

## MOSCOW EXCHANGE GROUP

### Notes to the Consolidated Interim Condensed Financial Statements for Three - Month Period Ended March 31, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

#### 23. Earnings per Share

The calculation of earnings per share is based on the profit for the year attributable to shareholders of the Group and the weighted average number of ordinary outstanding during the year, calculated as shown below.

	Three - month period ended March 31, 2017	Three - month period ended March 31, 2016
<b>Net profit attributable to ordinary equity holders of the parent</b>	<b>4 997,6</b>	<b>6 976,9</b>
<b>Weighted average number of shares</b>	<b>2 245 769 509</b>	<b>2 235 013 484</b>
Effect of dilutive share options	12 074 777	16 442 015
<b>Weighted average number of shares adjusted for the effect of dilution</b>	<b>2 257 844 286</b>	<b>2 251 455 499</b>
Basic earnings per share, RUB	2,23	3,12
Diluted earnings per share, RUB	2,21	3,10

#### 24. Transactions with Related Parties

Intragroup transactions have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

##### (a) Transactions with key management

Key management personnel comprises members of the Executive Board and the Supervisory 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 share-based payment expense.

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

	March 31, 2017	December 31, 2016
Other liabilities	468,5	476,8
Share-based payments	269,5	255,0

Included in the Consolidated Interim Condensed Statement of Profit or Loss are the following amounts that arose due to transactions with key management personnel:

	Three - month period ended March 31, 2017	Three - month period ended March 31, 2016
Short-term employee benefits	125,0	141,5
Share-based payment expense	34,0	52,5
Long-term employee benefits	22,9	23,1
<b>Total remuneration of key management personnel</b>	<b>181,9</b>	<b>217,1</b>



## MOSCOW EXCHANGE GROUP

### Notes to the Consolidated Interim Condensed Financial Statements for Three - Month Period Ended March 31, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

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#### 24. Transactions with Related Parties (continued)

##### (b) Transactions with government-related entities

As at March 31, 2017 the Russian Federation exercises significant influence over Moscow Exchange.

The Group considers government-related entities as related parties if Russian Federation has control, joint control or significant influence over the entity. In the ordinary course of business the Group provides stock exchange, clearing and depository services to government-related entities, places funds with government-related banks and bonds issued by the Russian Federation and government-related entities.

##### (c) Transactions with associates

During the three-month period ended March 31, 2017 there were no transactions with associates.

During the three-month period ended March 31, 2016 administrative and other operating expenses with associates in amount of RUB 13,7 mln were included in the Consolidated Interim Condensed Statement of Profit or Loss.

As at December 31, 2015 the Group presented the investment in UEX as disposal group held for sale under IFRS 5 "Non-current assets held for sale and discontinued operations". In February and March 2016 the Group sold its stake in UEX (Note 9).

#### 25. Fair Value Measurements

The Group performs a fair value assessment of its financial assets and liabilities, as required by IFRS 13 Fair Value Measurement. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

The Group 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 and the yield curves of the respective currencies.

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

The fair value of unquoted equity instruments has been determined based on market approach using price/net assets ratio for similar companies.

## MOSCOW EXCHANGE GROUP

### Notes to the Consolidated Interim Condensed Financial Statements for Three - Month Period Ended March 31, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

#### 25. Fair Value Measurements (continued)

The table below analyses financial assets and liabilities measured at fair value at March 31, 2017, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	March 31, 2017			Total
	Level 1	Level 2	Level 3	
Financial assets at fair value though profit or loss	0,5	60,6	-	<b>61,1</b>
Central counterparty financial assets and liabilities (currency transactions)	7 311,6	-	-	<b>7 311,6</b>
Investments available-for-sale	208 283,8	9 291,0	137,9	<b>217 712,7</b>
Derivative financial liabilities	-	404,0	-	<b>404,0</b>

Financial assets and liabilities measured at fair value at December 31, 2016, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	December 31, 2016			Total
	Level 1	Level 2	Level 3	
Financial assets at fair value though profit or loss	0,4	-	-	<b>0,4</b>
Central counterparty financial assets and liabilities (currency transactions)	2 886,8	-	-	<b>2 886,8</b>
Investments available-for-sale	205 222,4	13 135,8	138,0	<b>218 496,2</b>

The following table shows a reconciliation for three-month periods ended March 31, 2017 and 2016, for fair value measurements in Level 3 of the fair value hierarchy:

	FVTPL	AFS
<b>Balance at December 31, 2015</b>	-	<b>145,6</b>
Foreign exchange loss	-	(0,4)
<b>Balance at March 31, 2016</b>	-	<b>145,2</b>
<b>Balance at December 31, 2016</b>	-	<b>138,0</b>
Foreign exchange loss	-	(0,1)
<b>Balance at March 31, 2017</b>	-	<b>137,9</b>

Management of the Group considers that the fair value of financial assets and liabilities not carried at fair value in Consolidated Interim Condensed Statement of Financial Position approximates their carrying value.

## MOSCOW EXCHANGE GROUP

### Notes to the Consolidated Interim Condensed Financial Statements for Three - Month Period Ended March 31, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

#### 25. Fair Value Measurements (continued)

##### *Transfers between level 1 and 2*

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

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

	<b>Transfers between Level 1 and Level 2</b>	
	<b>Three - month period ended March 31, 2017</b>	<b>Three - month period ended March 31, 2016</b>
<b>From Level 1 to Level 2</b>		
Investments available-for-sale	932,4	4 777,5
<b>From Level 2 to Level 1</b>		
Investments available-for-sale	3 856,8	3 647,5

#### 26. Events after the reporting date

As at April 27, 2017 at Annual General Meeting of Shareholders of Moscow Exchange (AGM) dividends for the year ended December 31, 2016 were approved and declared in the amount of RUB 17 482,8 million (for the year ended December 31, 2015: RUB 16 201,1 million). The amount of dividends per share is RUB 7.68 per ordinary share (dividends per share for the year ended December 31, 2015: RUB 7.11 per ordinary share).

As at April 27, 2017 AGM approved the decrease of share capital of Moscow Exchange through cancellation of treasury shares. The treasury shares were acquired as a result of obligatory buy-out during the merge of CJSC MICEX Stock Exchange and LLC ME Technology with the parent company. The amount of shares to be cancelled is 2 235 035 with nominal value of 1 RUB or 0,098% of total share capital.