



**MOSCOW
EXCHANGE**

17 May 2019

1Q 2019 Earnings Presentation

Delivery on strategic initiatives in 1Q 2019 and beyond

- New Products -

- Russian Secured Funding Average Rate (RUSFAR), the new interest rate benchmark based on GCC repos, was launched.
- Deliverable futures on ordinary shares of Polyus and MMK, as well as options on these futures, started trading.
- 2 new Russian-law ETFs tracking the S&P 500 became available. MOEX now has 7 Russian-law ETFs, with 4 settled in USD.
- ETF offering expanded to 16 with the addition of the product tracking US T-bills. 11 ETFs are settled in USD in T+2 mode.
- A new USD/RUB order book with random delay eliminates technical access arbitrage to boost non-HFT institutional liquidity.
- 2 sustainability indices, "Responsibility and Transparency" and "Vector of Sustainability", were launched jointly with RSPP.

- New Services -






- International Clearing Membership (ICM) is available on the Derivatives Market. Sova Capital is the first ICM in Derivatives.
- CNY became the 4th settlement currency for overnight repos with the CCP (joining RUB, USD and EUR).
- MOEX launched a proprietary aggregator for asset management services, which features 71 products offered by 7 providers.
- A market making program covering 12 pairs of equities and futures started in April – the first cross-market program.

- New Clients & Partners -

- 80 Russian corporates, including 14 market newcomers, placed 176 bond issues in 2019 YTD – up 64% YoY.
- The number of IIAs expanded 29% in 2019 YTD, surpassing 770,000 by end-April.
- The number of corporate participants on the FX Market and Money Market reached 37 and 116, respectively.
- MOEX joined the UN's Sustainable Stock Exchanges (SSE) initiative, committing to promotion of sustainability practices.
- The 10th annual Moscow Exchange Forum was held in Moscow. It attracted more than 2,000 participants.
- BSE & India INX signed an MoU with MOEX to cooperate in cross-listing of derivatives, ETFs, develop equity and FI products.

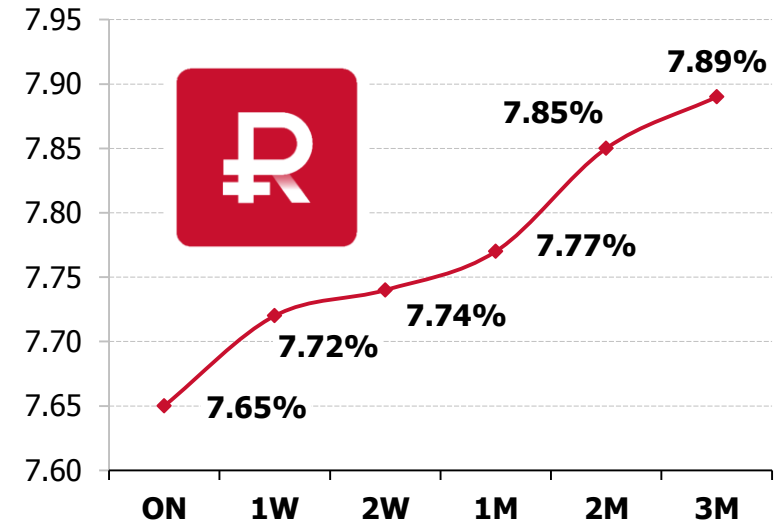


RUSFAR - the benchmark for secured short-term lending

	Daily updated curve since launch on 18 April 2019
	Based on the most liquid segment of the Russian money market – GCC repo
	Six available terms: ON, 1W, 2W, 1M, 2M and 3M
	200+ market participants; 17 market makers
	Overnight Index Swaps (OIS) based on RUSFAR are now available

Russian Secured Funding Average Rate (RUSFAR)

as of 15 May 2019

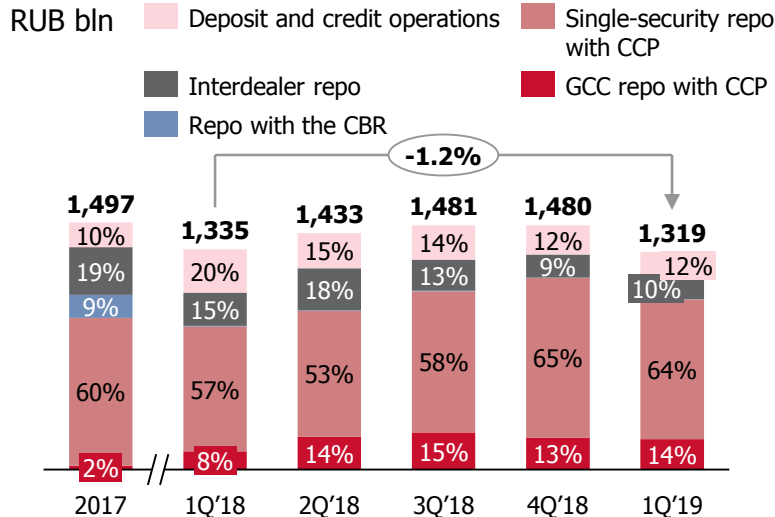


- **CCP involvement** means that discrepancy of counterparties' **credit quality does not influence price**
- **GCC mechanism** protects from shortage of a particular security that might otherwise occur in single-security repo
- **Rich market structure** accommodating professional market participants, financial and non-financial companies
- **Liquidity pooling** in one order book for all eligible securities at every given term
- **Actual transactions and orders** determine the rate. It's a global trend to forgo the use of poll-based indicators
- **Proprietary algorithm** for price determination ensures fairness and precludes manipulation
- **Coming soon:** futures contract on RUSFAR traded on MOEX's Derivatives Market

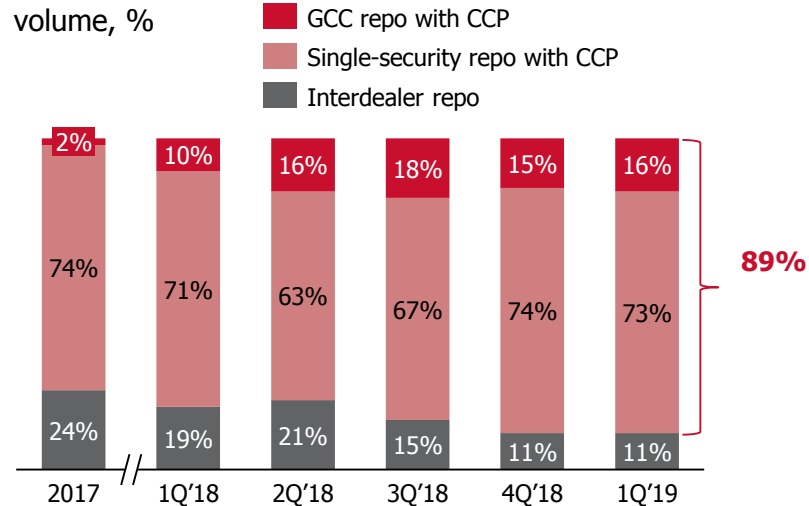


Recent trends in the Money Market

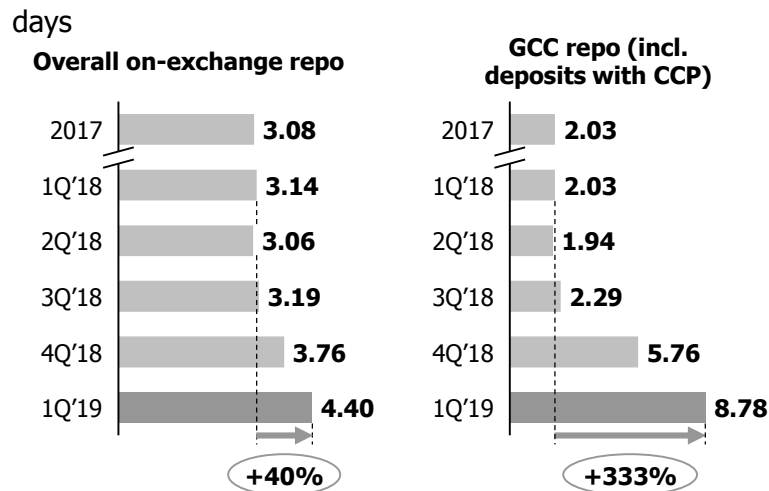
Money Market ADTV



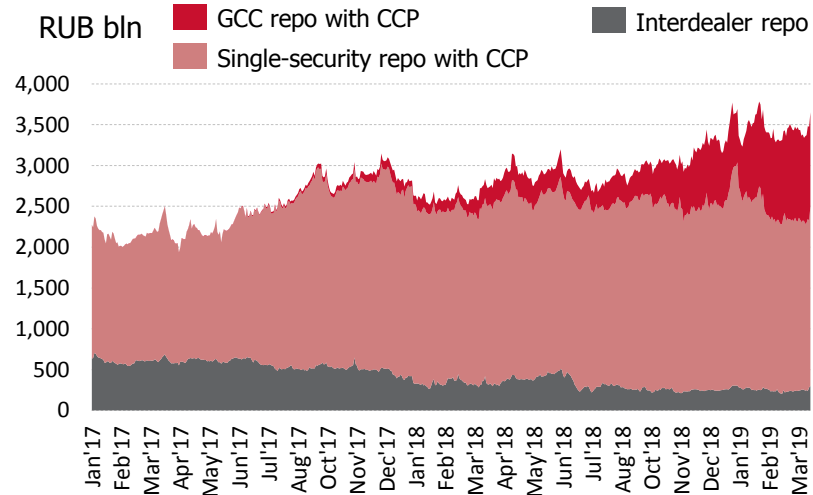
The share of CCP repo is on the rise



Growing average repo terms



Growing open interest drives fee income



Due to the shift away from 1-day and 1-week repo towards longer-term repo



Emergence of FX-linked instruments for retail investors

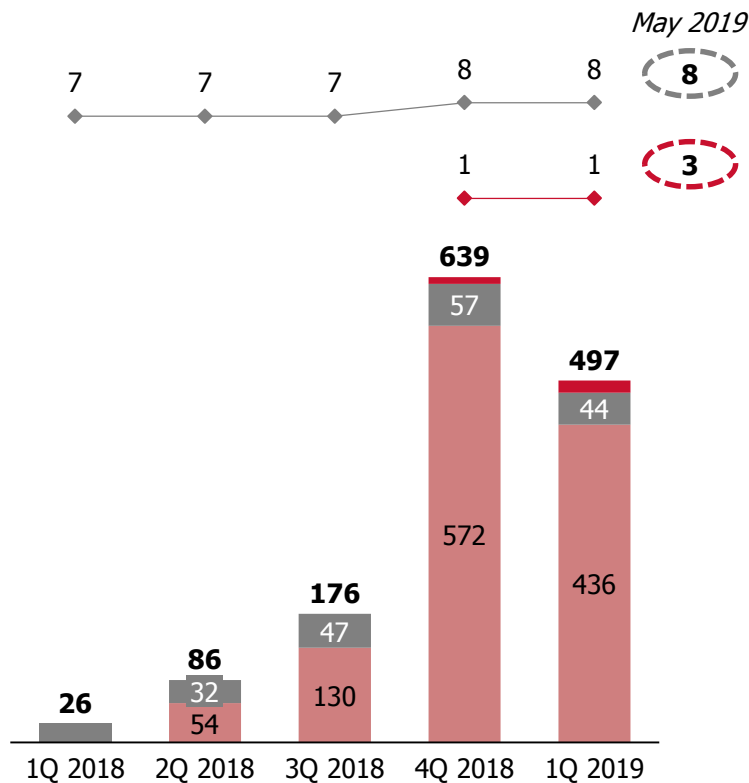
Exposure to Foreign Equities

Number of instruments:

- Russian-law ETFs
- Foreign-law ETFs

ADTV, RUB mln

- Russian-law ETFs
- Foreign-law ETFs
- Futures on Solactive US Large Cap Index



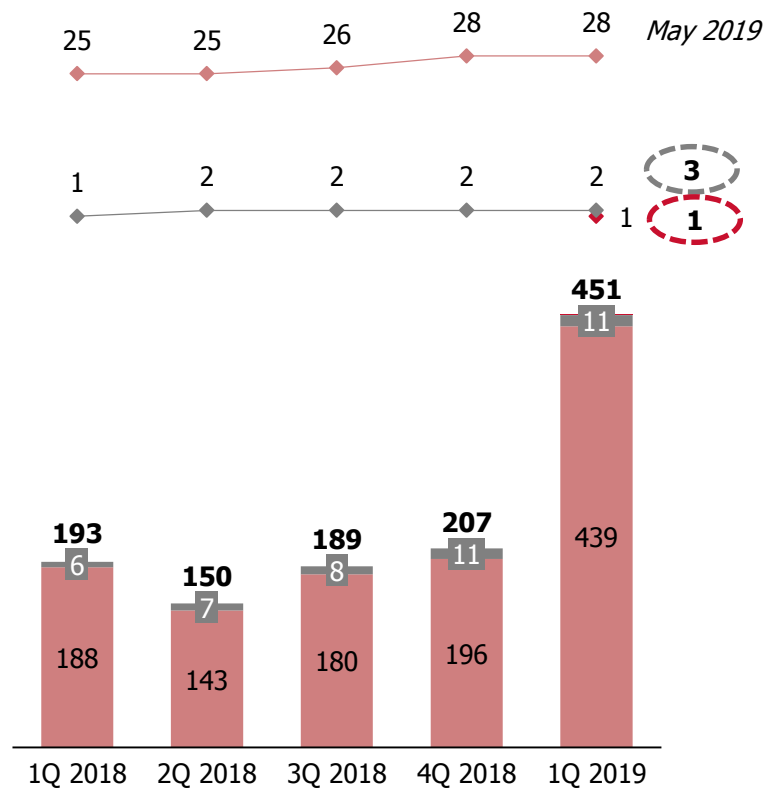
Exposure to USD, EUR Fixed Income

Number of instruments:

- Russian-law ETFs
- Foreign-law ETFs
- Eurobonds with face value ≤ USD or EUR 1000 (traded)

ADTV, RUB mln

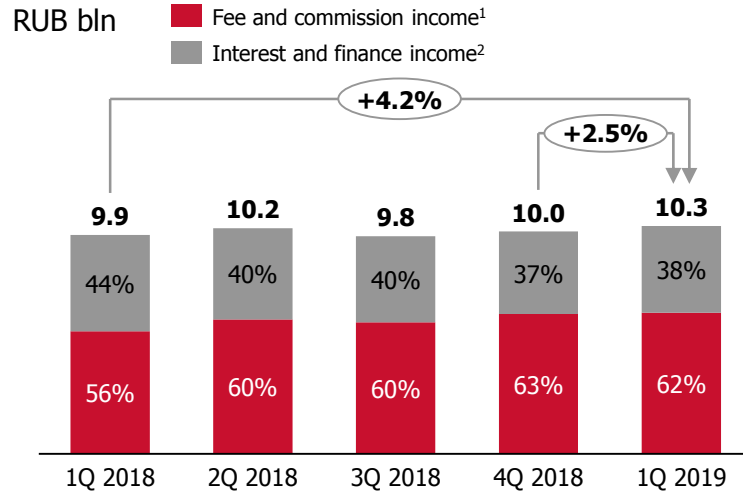
- Russian-law ETFs
- Foreign-law ETFs
- Eurobonds with face value ≤ USD or EUR 1000



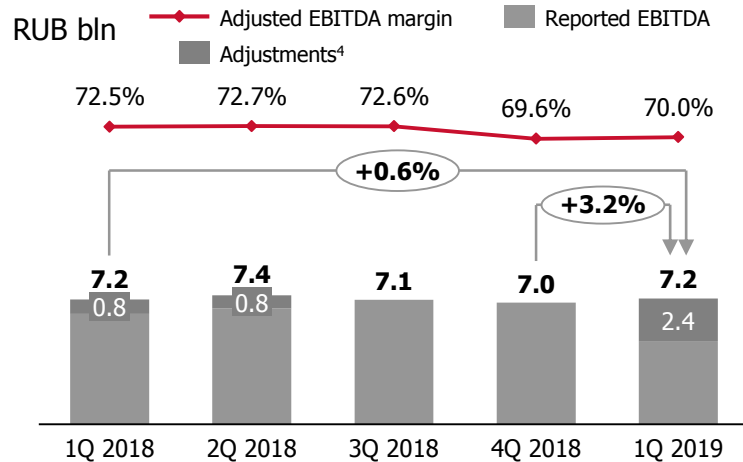
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1Q 2019 summary of financials

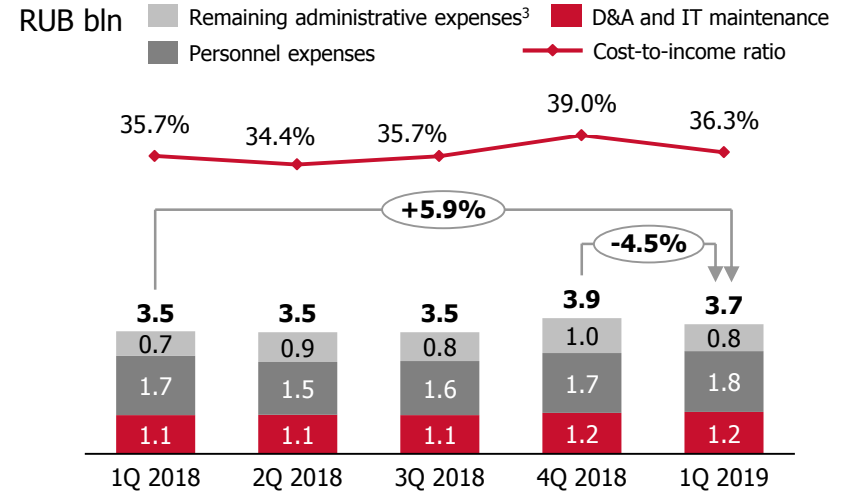
Operating income



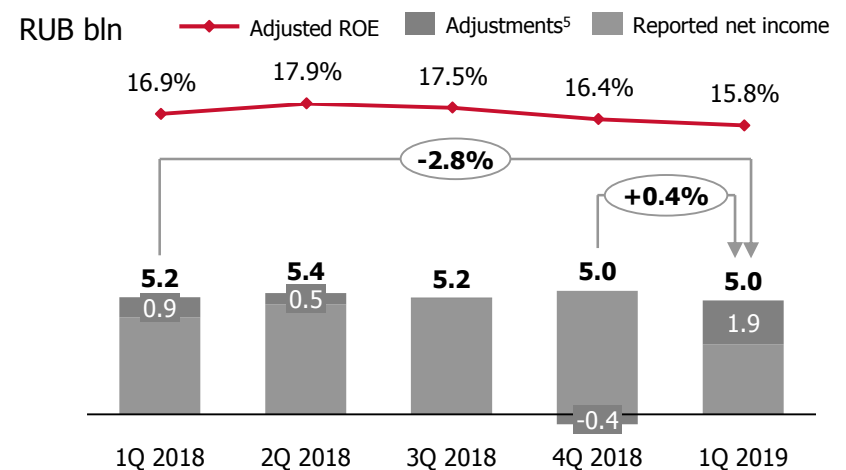
EBITDA and EBITDA margin



Operating expenses (excl. other operating expenses)



Net income



Source: Moscow Exchange

1 Includes Other operating income

2 Includes Interest and other finance income, Interest expense, Net gain on financial assets FVTOCI and Foreign exchange gains less losses

3 Remaining administrative expenses are calculated as General and administrative expenses less Depreciation of property and equipment, Amortisation of intangible assets and Equipment and intangible assets maintenance

4 Adjustments are related to 1) IFRS 9 movement in allowance for ECLs and 2) one-off provisions' accrual/release in 1Q'18, 2Q'18, 4Q'18 and 1Q'19

5 Adjustments are related to 1) IFRS 9 movement in allowance for ECLs, 2) one-off provisions' accrual/release in 1Q'18, 2Q'18, 4Q'18 and 1Q'19, 3) for 2018 only – additional D&A related to change in amortization schedules

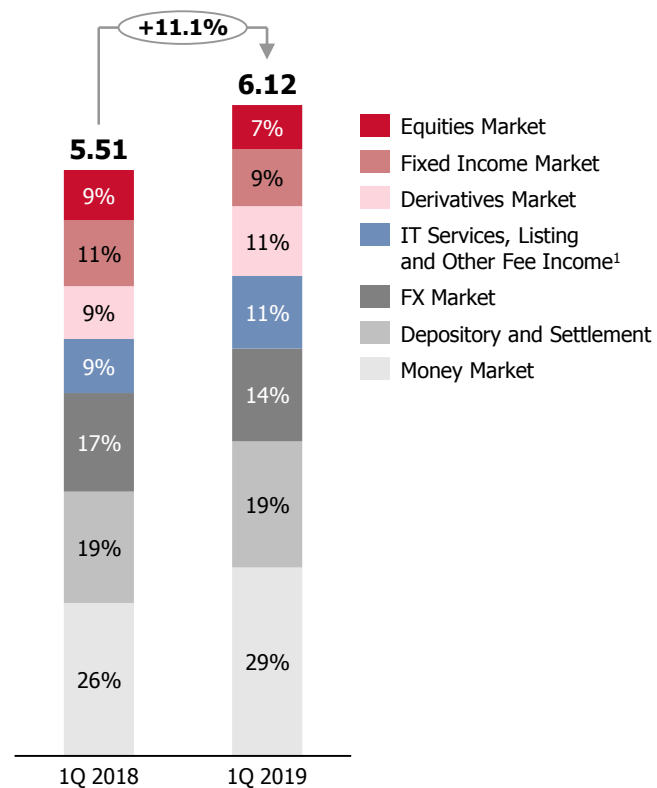
Diversified fee and commission income

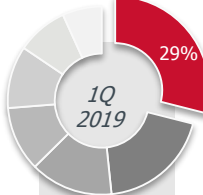
Fee & commission income performance

RUB mln	1Q 2018	1Q 2019	Change YoY, mln	Change YoY, %
Money Market	1,438	1,771	333	23.2%
Depository and Settlement	1,046	1,187	140	13.4%
FX Market	926	872	-55	-5.9%
IT Services, Listing and Other Fee Income ¹	509	681	172	33.9%
Derivatives Market	495	655	161	32.5%
Fixed Income Market	622	537	-84	-13.6%
Equities Market	470	414	-56	-11.8%

Fee & commission income breakdown

RUB bln



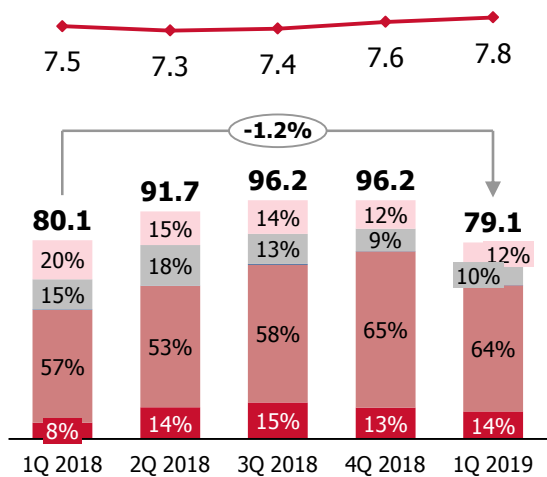


Money Market

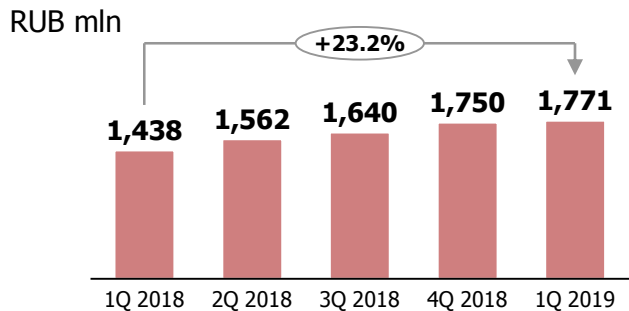
Trading volumes

RUB trn

- MosPrime rate¹, %
- Repo with the CBR
- Deposit and credit operations
- Single-security repo with CCP
- Inter-dealer repo
- GCC repo



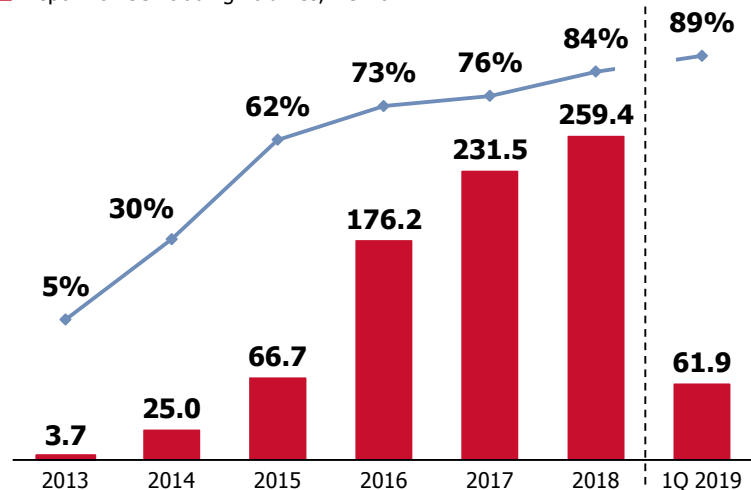
Fee & commission income



Trading volumes of repo with CCP

RUB trn, %

- Share of repo with CCP in total "inter-dealer" repo (including GCC repo)
- Repo with CCP trading volumes, RUB trn

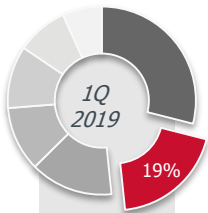


Comments

- F&C increased 23.2% YoY. Trading volumes were flat (-1.2% YoY).
- The discrepancy between F&C and trading volumes dynamics was due to: (1) growing repo terms, (2) higher share of CCP repo (both GCC and single-security), (3) UCP-linked fee rate increase.
- Volumes of repo with the CBR and interdealer repo declined 33.4% YoY and 36.9% YoY, respectively. Volumes of GCC repo were up 67.4% YoY, single-security repo with CCP added 11.8% YoY.
- Average term of on-exchange repo was up from 3.1 days in 1Q 2018 to 4.4 days in 1Q 2019, primarily due to emergence of longer-term GCC repo. Average terms of single-security CCP repo and interdealer repo were up as well.

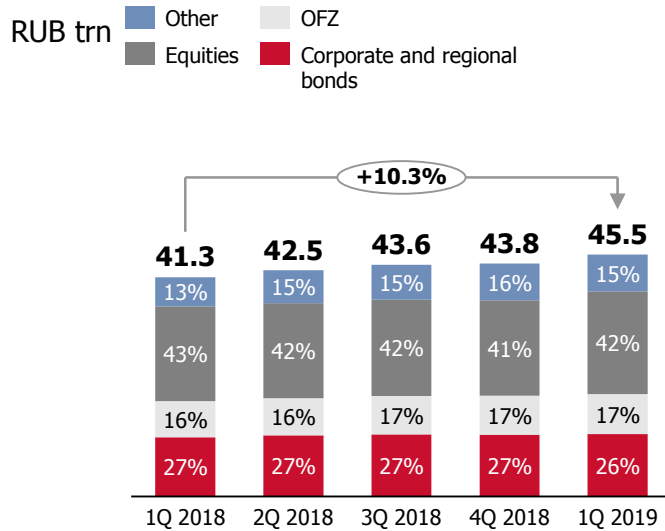


Source: Moscow Exchange operational information and Consolidated Financial Statements, NFA
¹ Overnight rate, average for the period

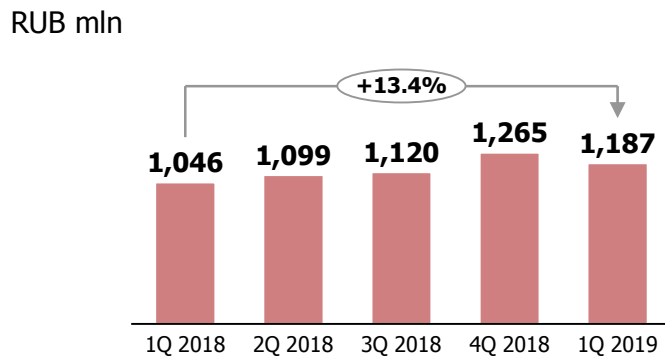


Depository and Settlement

Assets on deposit (average for the period)

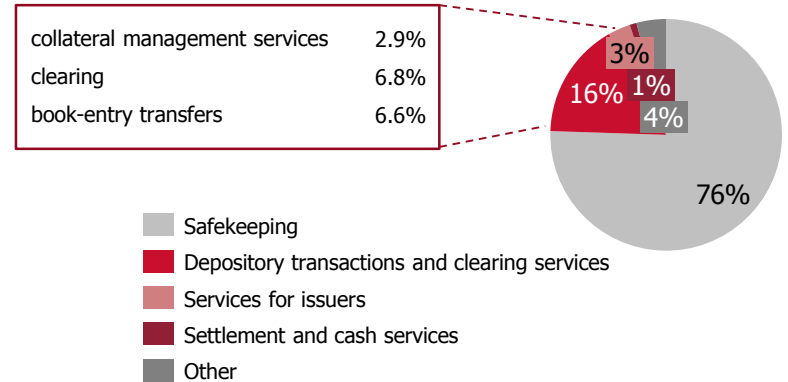


Fee & commission income



Fee & commission income breakdown

1Q 2019

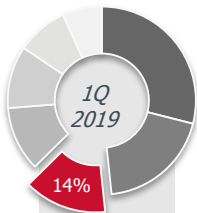


Comments

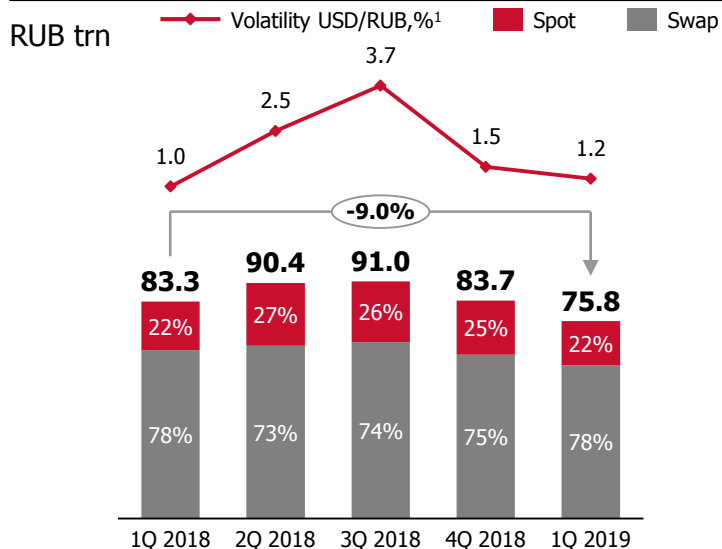
- F&C income grew 13.4% YoY, average assets on deposit increased by 10.3% YoY.
- The growth in assets on deposit was universal across all asset classes: equities were up 8.4% YoY, federal government bonds – up 10.3% YoY, corporate and regional bonds – up 5.4% YoY.
- Volumes of repo with CMS through NSD grew 4.7x YoY (although declined 7.2% QoQ), triggering growth of income from collateral management and clearing services compared to 1Q 2018.



FX Market

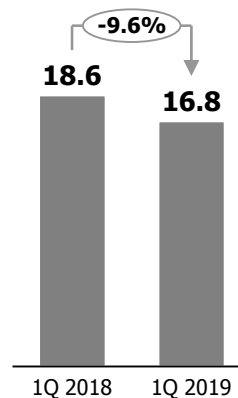


Trading volumes



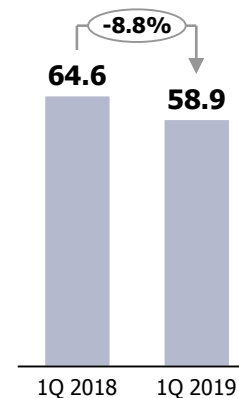
Spot trading volumes

RUB trn



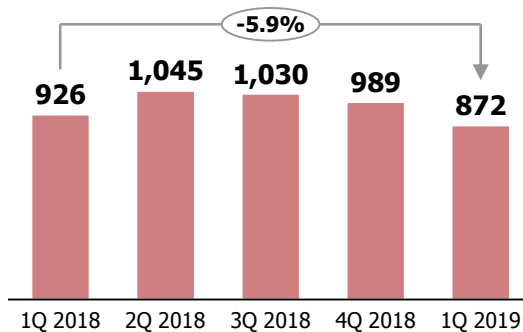
Swap trading volumes

RUB trn



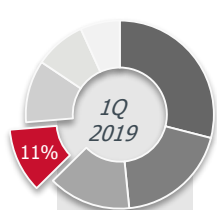
Fee & commission income

RUB mln



Comments

- F&C income was down 5.9% YoY on the back of lower trading volumes (-9.0% YoY).
- Spot trading volumes declined 9.6% YoY; swap trading volumes were down 8.8% YoY.
- The UCP-linked fee rate increase for swaps supported the average fee, but this effect was largely offset by the increasing concentration of trading volumes with larger market participants.

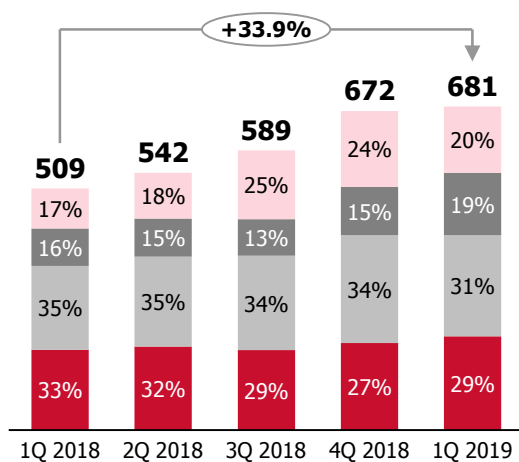


IT Services, Listing and Other Fee Income

IT Services, Listing and Other Fee Income¹

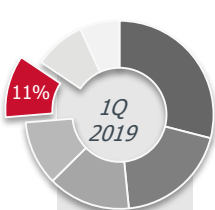
RUB mln

- Other fee and commission income
- Listing and other fees related to Securities Market
- Information services
- Sale of software and technical services



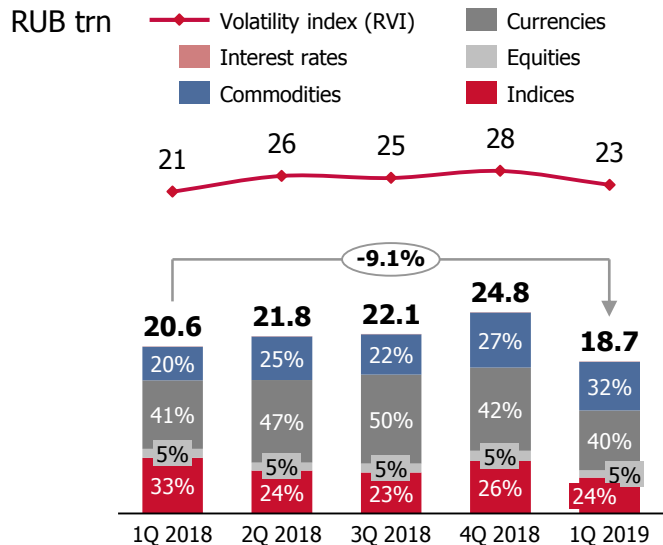
Comments

- Listing and other fees related to the Securities Market increased 65.9% YoY due to the scheduled tariff update and a higher number of issues.
- Sales of information services increased 20.6% YoY on the back of RUB weakening versus USD.
- Sales of software and technical services grew 16.8% YoY on the back of RUB weakening versus USD and tariff unification.
- Other fee and commission income was up 65.8% YoY. This line includes contribution from the Commodities Market.



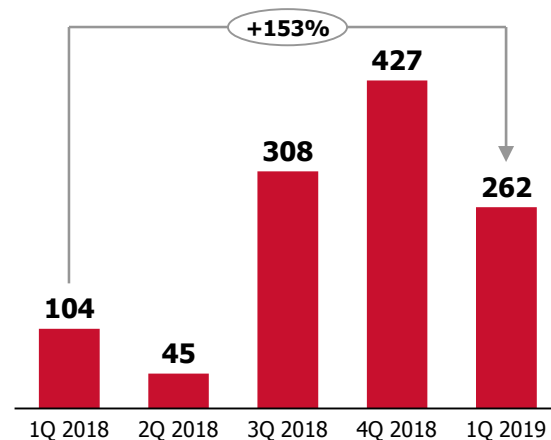
Derivatives Market

Trading volumes



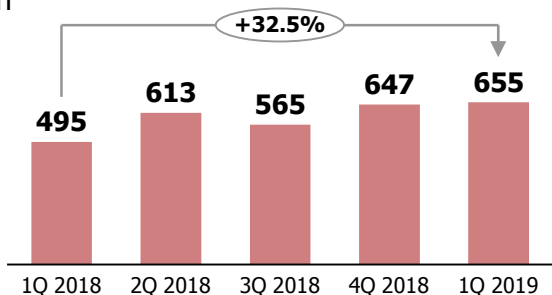
Standardized OTC derivatives – NCC-cleared volumes

RUB bln



Fee & commission income

RUB mln

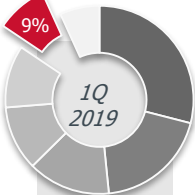


Comments

- F&C income was up 32.5% YoY, while trading volumes declined 9.1% YoY.
- The discrepancy between F&C income and volumes was due to (1) a higher share of commodity derivatives in total trading volumes, (2) growing contribution from clearing of standardized OTC derivatives, where volumes were up 2.5x YoY, (3) positive effect of UCP-linked fee rate increase and (4) base effect of negative IFRS accruals affecting 1Q'18.



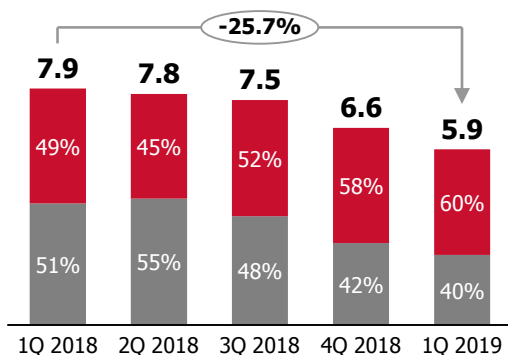
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Fixed Income Market

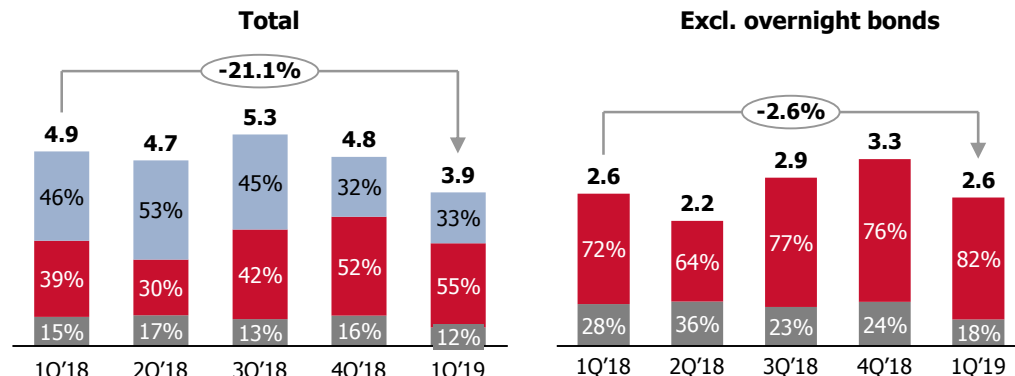
Trading volumes¹

RUB trn ■ Government and CBR bonds (OFZ, OBR)
■ Corporate, municipal and other bonds



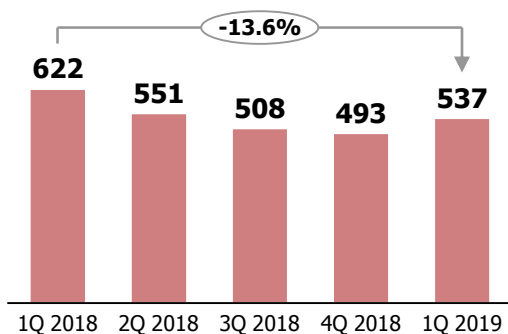
Primary market

RUB trn ■ Overnight bonds ■ Corporate, municipal and other bonds (excl. overnight)
■ Government and CBR bonds (OFZ, OBR)



Fee & commission income

RUB mln

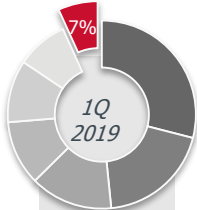


Comments

- Fee income was down 13.6% YoY; trading volumes (excl. overnight bonds) declined 18.9% YoY.
- Primary placement volumes (excl. overnight bonds) contracted 2.6% YoY due to a decline in placements of corporate, municipal and other bonds.
- In 1Q 2019, the share of federal government bonds (OFZ) in total primary placements of OFZ and short-term Bank of Russia bonds (OBR) rebounded QoQ, approaching the level of 1Q 2018.
- As a result, the effective fee from the primary segment of OFZ, OBR increased QoQ. This supported the blended fee in the Fixed Income Market.



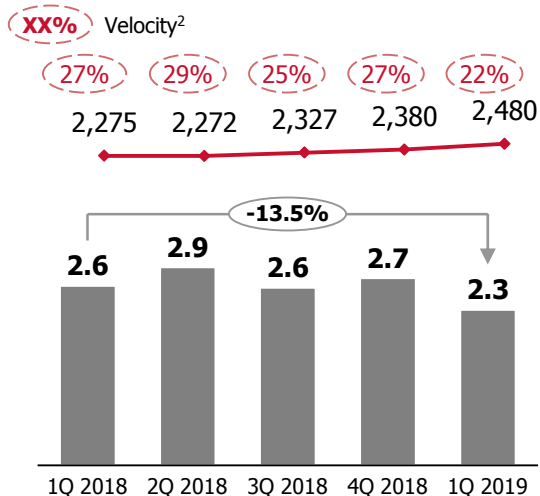
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Equities Market

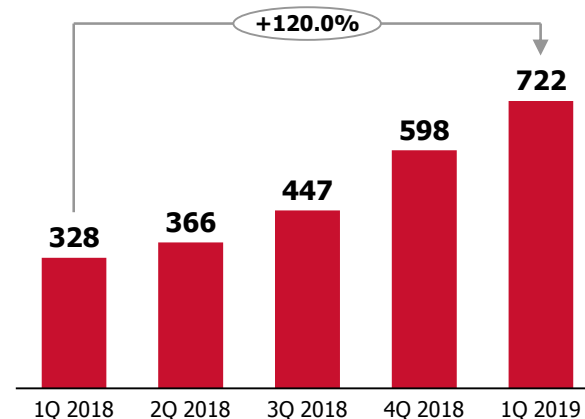
Trading volumes¹

RUB trn ■ Equities — MOEX Index (average for the period)



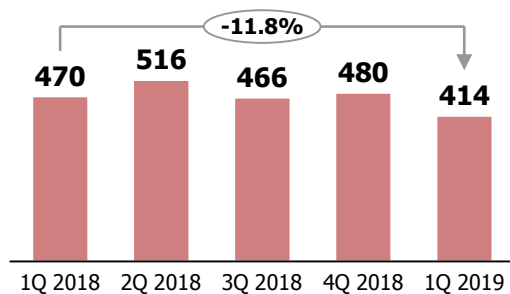
Increasing popularity of Individual Investment Accounts

Individual Investment Accounts, thousands, end-of-period



Fee & commission income

RUB mln

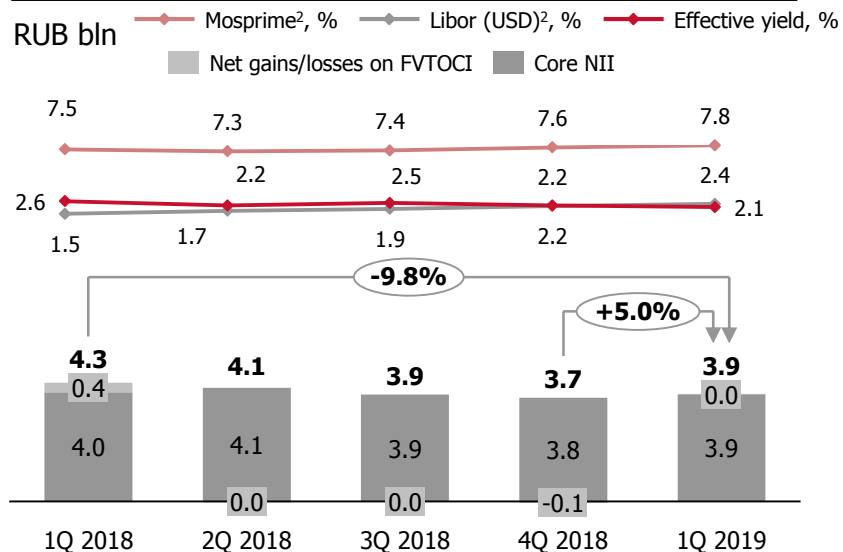


Comments

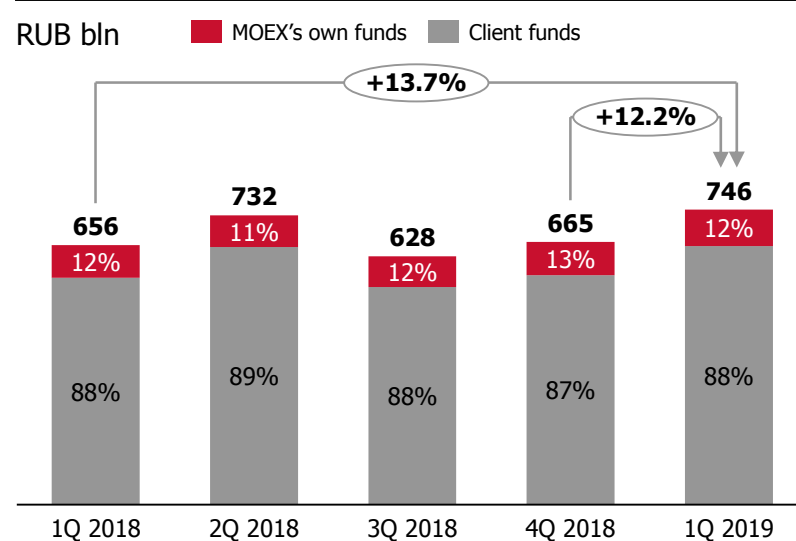
- Equity trading volumes declined 13.5% YoY on the back of lower volatility.
- Fee income for the quarter was down 11.8% YoY.
- Lower velocity offset higher price levels as MOEX Russia Index reached a new all-time high.
- The average value of MOEX Russia Index increased 9.0% YoY
- MOEX's market share vs LSE in trading of dual-listed stocks was 65% (1Q 2018: 60%).

Interest and finance income in 1Q'19

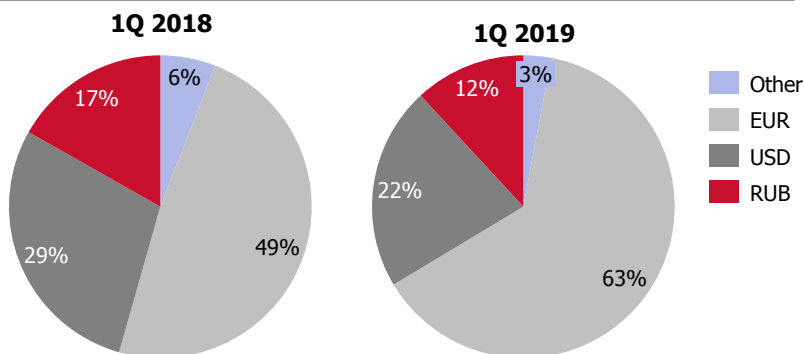
Interest and finance income¹



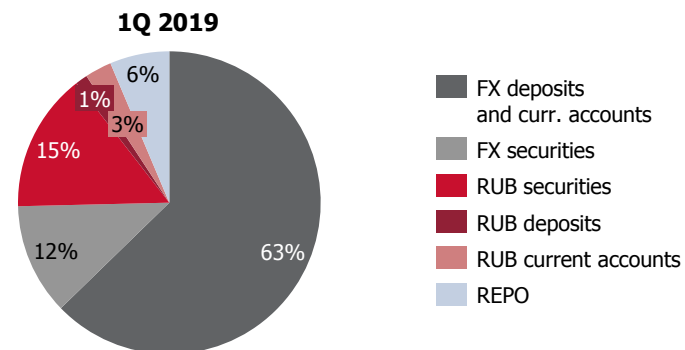
Investment portfolio sources³



Client funds by currency



Investment portfolio by type of asset



Source: NFA, Bloomberg, Moscow Exchange operational information and Consolidated Financial Statements

1 Interest and other finance income, Interest expense, Net gain on financial assets available-for-sale, Net gain on financial assets at fair value through other comprehensive income and Foreign exchange gains less losses

2 Average daily rate for the period

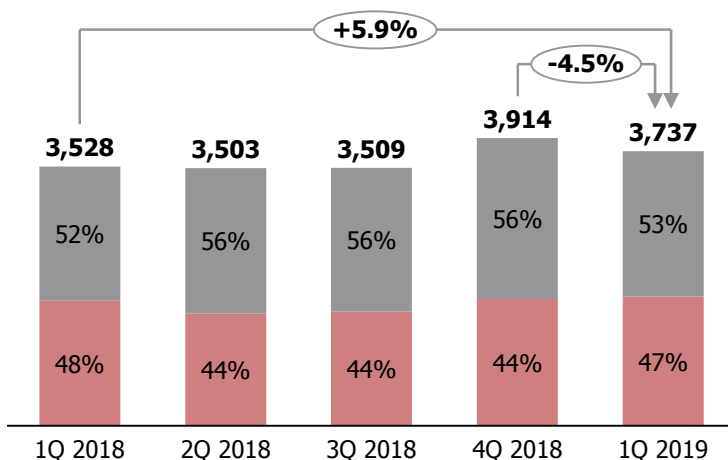
3 Based on average daily investment portfolio sources for the period according to management accounts

Operating expenses (excl. provisions) in 1Q'19

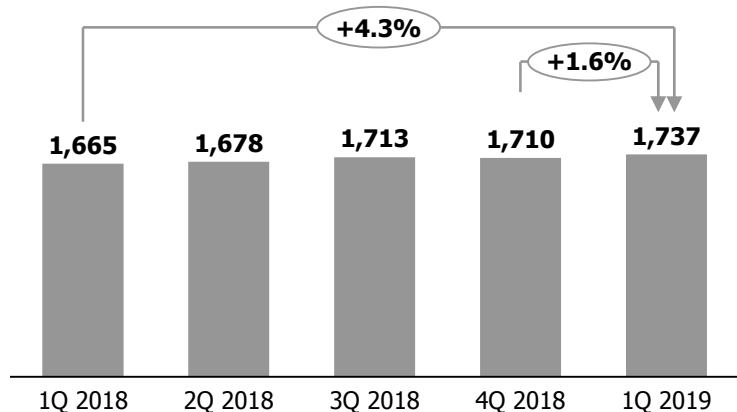
Operating expenses

RUB mln

- General and administrative expenses
- Personnel expenses



Headcount



Major expense items

RUB mln	1Q 2018	1Q 2019	Change YoY
Personnel expenses	1,707	1,756	2.9%
D&A and IT maintenance	1,115	1,205	8.1%
Remaining administrative expenses¹	706	776	9.9%
incl. Professional Services	101	156	53.8%
Total OPEX	3,528	3,737	5.9%
Cost / Income Ratio	35.7%	36.3%	0.6 p.p.

Comments

- OPEX added 5.9% YoY in 1Q'19, below the FY2019 guidance of 9% - 12% YoY.
- Personnel expenses increased 2.9% YoY due to a bonus provision reversal of RUB 112 mln in 1Q 2019.
- Headcount grew 4.3% YoY in connection with the undertaking of the Marketplace project.
- D&A and IT maintenance expanded 8.1% YoY, primarily due to a 20.7% increase in equipment maintenance.
- Remaining administrative expenses were driven by a 53.8% YoY surge of Professional Services – the line that includes logistical expenses for soft commodities.

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–perception of market services offered by the Company and its subsidiaries;

–volatility (a) of the Russian economy and the securities market and (b) sectors with a high level of competition that the Company and its subsidiaries operate;

–changes in (a) domestic and international legislation and tax regulation and (b) state policies related to financial markets and securities markets;

–competition increase from new players on the Russian market;

–the ability to keep pace with rapid changes in science and technology environment, including the ability to use advanced features that are popular with the Company's and its subsidiaries' customers;

–the ability to maintain continuity of the process of introduction of new competitive products and services, while keeping the competitiveness;

–the ability to attract new customers on the domestic market and in foreign jurisdictions;

–the ability to increase the offer of products in foreign jurisdictions.

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