MOEX MOSCOW EXCHANGE

WHERE
INVESTMENTS START

MOEX.COM

ANNUAL REPORT 2023

CONTENTS

APPROVED BY
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MOSCOW EXCHANGE IN BRIEF

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Moscow Exchange Group operates Russia's only multifunctional trading platform for equities, bonds, derivatives, currencies, money market instruments, carbon emissions, precious metals and agricultural products.

The Group is comprised of:

- Public Joint-Stock Company Moscow Exchange MICEX-RTS (the "Moscow Exchange", the "Exchange" or "MOEX") which operates the Equity & Bond Market, Money Market, Derivatives Market as well as FX Market and Precious Metals Market;
- National Settlement Depository (NSD), the central securities depository;
- Central Counterparty National Clearing Centre (CCP NCC, or NCC) operating as clearing house and a central counterparty (CCP) for all MOEX's markets;
- National Mercantile Exchange (NAMEX), which operates the Commodities Market;
- MOEX Innovations, which develops innovative technologies and works with fintech start-ups.

Moscow Exchange holds majority stakes in all key subsidiaries, including a 100% stake in NCC, a 99.997% stake in the NSD and, directly and indirectly, and a 88.25% stake in the NAMEX.

Moscow Exchange was formed in 2011 by the merger of MICEX (established in 1992) and RTS (created in 1995). Later, the Exchange was renamed Moscow Exchange. In 2013, the Exchange completed an initial public offering on its own platform (ticker: MOEX). Over 2023, the Exchange's market capitalization doubled, from RUB 215.2 billion to RUB 431.3 billion, and the free float was 64%.

BUSINESS MODEL

CLIENTS

Retail investors

29.7 million

2023	29,712,261
2022	22,923,647
2021	16,779,069

Legal entities

61,000

2023	61.0
2022	52.6
2021	48.4

Professional brokerage companies

620

2023	620
2022	552
2021	545

MARKETS

INSTRUMENTS BY MARKET | INFORMATION PRODUCTS | TRADING VOLUMES | F&C INCOME DYNAMICS

EQUITY & BOND MARKET

- Russian shares
- Russian government bonds (OFZ)
- Bank of Russia bonds
- Regional and corporate bonds
- Sovereign and corporate Eurobonds
- Mutual funds and Russian-law ETFs
- Depositary receipts
- Mortgage participation certificates

Trading volumes, RUB trln

	Equity Market	Bond Market	Total
2023	23.0	39.9	62.9
2022	17.6	19.6	37.2
2021	30.0	22.4	52.4

■ Equity Market ■ Bond Market

F&C income dynamics

	Equity Market	Bond Market
2023	▲113.2%	▲67.6%
2022	▼37.2%	▼17.6%
2021	▲23.0%	▼17.4%

DERIVATIVES MARKET

Futures and options on:

- Indices (MOEX Russia Index, RTS Index, RVI, sectoral indices, government bond index, and Moscow Real Estate DomClick Index)
- Russian shares
- International ETFs
- Currency pairs
- Interest rates (RUSFAR, RUONIA)
- Oil and gas
- Precious, non-ferrous and industrial metals
- Wheat and sugar

RUB trln	Trading volumes	F&C income dynamics
2023	80.7	▲79.2%
2022	77.9	▼28.0%
2021	158.5	▲31.9%

FX MARKET

- USD/RUB
- EUR/RUB
- EUR/USD
- CNY/RUB
- USD/CNY
- HKD/RUB
- USD/HKD[1]
- BYN/RUB
- KZT/RUB
- USD/KZT
- TRY/RUB
- USD/TRY
- ZAR/RUB
- USD/ZAR
- AMD/RUB
- USD/AMD
- UZS/RUB
- KGS/RUB
- USD/KGS
- TJS/RUB
- USD/TJS

RUB trln	Trading volumes	F&C income dynamics
2023	328.0	▲30.4%
2022	267.8	▲35.1%
2021	322.0	▼2.0%

MONEY MARKET

- Repo with the CCP
- GCC repo
- Inter-dealer repo
- Repo with collateral management system
- Deposit operations with the CCP
- Deposit and credit operations without the CCP

RUB trln	Trading volumes	F&C income dynamics
2023	837.6	▲26%
2022	672.7	▼18.8%
2021	476.4	▲35.8%

COMMODITIES MARKET

- Gold and silver
- Agricultural products
- Carbon units

RUB bln	Trading volumes
2023	520.1
2022	193.9
2021	223.8

[1] Currency pairs available for negotiated trading only are highlighted in grey.

OPERATING INCOME

Total F&C income

2023	2022	2021
52,242.1 RUB mln	37,487.2 RUB mln	41,554.0 RUB mln

Interest income

2023	2022	2021
52,206.1 RUB mln	45,628.4 RUB mln	12,902.2 RUB mln

Other operating income

2023	2022	2021
212.8 RUB mln	379.7 RUB mln	412.7 RUB mln

Total

2023	2022	2021
104,661 RUB mln	83,495.3 RUB mln	54,868.9 RUB mln

Fee & commission income

	2023	2022	2021
IT SERVICES, LISTING, FINANCIAL MARKETPLACE AND OTHER FEES AND COMMISSIONS	▲11.6%	▲50.4%	▲8,469.0%
DEPOSITORY AND SETTLEMENT SERVICES	▲24.5%	▼7.0%	▲28.7%

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STRATEGIC REPORT

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MAIN TRENDS IN THE DEVELOPMENT OF THE SECTOR

INDUSTRY OVERVIEW

Exchanges are organized platforms for trading financial instruments, including securities, currencies, commodities and derivatives. Exchanges typically generate core revenue by collecting fees from issuers for listing securities and from financial intermediaries directly involved in trading financial instruments, and the sale of market data, technological solutions and services.

In many countries, depository, clearing and settlement services are provided by certain independent organizations, but recently there has been a growing trend towards unification of the largest exchange operators with vertical integration of most or all of these activities within a single group of companies.

Vertically integrated exchanges receive additional income for settlement, clearing and depository services, as well as net interest income from the placement of client funds on the balance sheet of the exchange.

The exchange industry is generally supervised by a government body responsible for the regulation of the financial sector of the economy. In some cases, exchanges have quasi-government powers, acting through self-regulatory organizations (SROs).

Global trends

In 2023, previous years' trends in the financial market survived, including an influx of retail investors into the stock market and heightened financial volatility, ESG developments and a growing interest in tech innovations.

Amid growing retail investor activity in the stock market, it remains essential for regulators and stock exchanges to promote financial and investment literacy, and to take measures to protect retail investors. In 2023, the United States regulator was in discussions with market participants about equity market reform efforts it developed to provide a better environment for retail investors. ESMA issued guidelines for brokers requiring them to make retail clients aware of securities lending risks. LSE's Turquoise Europe platform implemented price improvement auctions for retail bids within the periodic auctions. The Stock Exchange of Thailand (SET) launched a campaign to promote financial planning for retirement.

The year 2023 saw continued increase in the number of ESG instruments and services on stock exchanges, as well as the implementation of stock exchange projects aimed at intensifying sustainability processes, including:

- Achieving carbon neutrality (HKEx and SET);
- Launch of ESG indices: Euronext (EU) - index on shares of companies committed to limiting the average global temperature rise to 1.5°C; Shenzhen SE (China) - indices in the major areas, namely advanced manufacturing (energy-saving, biotechnology, advanced information technology, and other equipment) and the green economy; BME (Spain) - a family of ESG indices - and the launch of ESG derivatives (ICE's carbon-neutral electricity futures).
- Trading in carbon credits and certificates: Climate Impact X exchange (Singapore), Bursa Carbon Exchange (Malaysia), IDX (Indonesia), CCTPA (Vietnam), TSE (Japan), JSE Ventures (South African Republic), ACX (Abu Dhabi).
- Creation of new services. Nasdaq (US) launched Nasdaq Metrio, a cloud-based (SaaS) platform for companies to collect, analyse and report relevant data; Nasdaq eVestment ESG Analytics, a tool that allows institutional investors to assess the impact of ESG on their portfolio performance; and Sustainable Lens, a cloud-based (SaaS) and AI-powered platform for analysing and interpreting ESG data from multiple sources. Further, Nasdaq brought to market technology allowing interested users to issue digital assets for carbon units, provide safekeeping, and settle transactions involving carbon units. JPX (Japan) launched JPX ESG Link, a portal featuring links to ESG-related information disclosed by companies listed on the Tokyo Stock Exchange (TSE).

However, the ESG investment market faces less inflows into ESG-funds and a lower volume of assets under management. The primary reasons include difficulty in quantifying the results for each pillar (E, S, G) and especially in integrating the assessments for the three pillars into one indicator, along with greenwashing problem – the misrepresentation by companies of their green credentials (environmental, climate and own efforts data). Investment managers' greenwashing concerns have risen by 20% over the past three years.

Fighting greenwashing practices remains the key task for regulators. The European Parliament adopted the green bond regulation setting standards for such bonds to be issued. The US's SEC adopted a rule requiring investment funds to hold assets appropriate to their name in an amount not less than 80% of the portfolio value. The European Union is also looking into requiring that companies declaring, for example, the greenness of their products, confirm it with the scientific research findings.

Measures to counter greenwashing have also been developed at other levels. The International Organisation of Securities Commissions (IOSCO) issued international standards for sustainability reporting for business. The member stock exchanges of the World Federation of Exchanges (WFE) agreed on principles for designating a stock as green: at least 50 per cent of the issuer's revenues must come from activities that contribute to the green economy; the issuer must adhere to a transparent taxonomy; the issuer must comply with the listing's corporate governance requirements; the issuer must undergo assessment by a stock exchange-appointed observer; and the issuer must make appropriate disclosures. Further, the WFE released guidelines for the application of these principles (WFE Green Equity Principles). Only the LSE and Nasdaq have so far green-labelled shares for ESG compliance, but other stock exchanges intend to follow their lead as investor and regulatory demand rises and the IPO market recovers.

Many world stock exchanges have intensified their efforts to attract new issuers to the market. Euronext offers tech companies six-month educational programmes to help them prepare for IPOs, and Dubai Financial Market (Dubai) launched a similar programme. HKEx launched a digital platform for IPOs, bringing the settlement time for deals down from five days to two days, and allowed the company's existing shareholders and key investors in the company to purchase its shares during the IPO. Beyond listing and IPO services, stock exchanges are giving more thought to services for private capital markets and non-public companies (TISE (Guernsey), LSE).

In 2023, the cryptocurrency market received a notable influx of institutional investors. However, further expansion is hampered by regulation and missing tools that could link traditional finance to the digital asset ecosystem. Ultimately all assets are expected to become digital, which will blur the boundary between traditional and digital assets. At that, institutional investors' turnovers in crypto-assets on OTC markets are nearly 20 times higher than their stock exchange turnovers. The European Union's Markets in Crypto Assets Regulation (MiCA) of 2023 led to a three-fold increase in the turnover of the crypto market in Europe.

The capital market infrastructure steps into another round of tech modernisation, which should be approached by institutions as a continuous process rather than as a one-time major change. The ever-changing world of technology demands constant adaptation. However, the goal should not be technology, but rather using it to fuel business growth. Generative AI appears to be one such technology, with the market growing by over 30% per annum, according to various estimates. It is projected to surpass USD 50 billion by 2028. Capital markets can use generative AI in internal processes (software code generation, content creation, legal document evaluation, etc.), marketing (customer relations), key services (identification of unfair practices, risk management), among participants (generation of trading signals and investment solutions, new product creation), and in infrastructure (innovation matching [ICE, Nasdaq]).

Stock exchanges and capital market infrastructure providers keep implementing cloud technologies. Key services, such as trading (Aquis, Nasdaq) and post-trading (B3, Nodal Clear) migrate to the cloud, along with the addition of other services, such as marketplace for non-public companies (TISE), platform providing startups access to testing business ideas (NYSE LaunchPad), access to data on OTC derivatives trades (DTCC Direct Connect), personalisation of client work and marketing content, customer retention.

Stock exchanges continue to turn the spotlight on cybersecurity. Regulators and market participants keep identifying vulnerabilities and potential threats as new technologies emerge and improving guidance on how to design cyber risk management.

MOSCOW EXCHANGE IN THE GLOBAL CONTEXT

No. 4 exchange for bonds (2023)[1]

No.	Moscow Exchange	Country	Trading volume (USD bln)	Including repo
1	CME	USA	26,431	√
2	BME	Spain	6,217	√
3	Shanghai SE	China	5,025	√
4	**Moscow Exchange**	**Russia**	**4,329**	**√**
5	Iran Fara Bourse SE	Iran	3,250	×
6	Johannesburg SE	South Africa	2,422	×
7	Shenzhen SE	China	1,532	×
8	Taipei Exchange	Taiwan	1,269	×
9	Korea Exchange	Korea	839	×
10	Bolsa y Mercados Argentinos[3]	Argentina	583	×

No. 12 exchange for derivatives (2023)[3]

No.	Moscow Exchnage	Country	Trading volume (contracts, mln)
1	NSE India	India	84,784
2	B3	Brazil	9,761
3	CME	USA	6,099
4	Iran Fara Bourse SE	Iran	4,015
5	CBOE	USA	3,709
6	Zhengzhou Commodity Exchange	China	3,533
7	Nasdaq	USA	3,197
8	ICE	USA	3,158
...	...	...	...
12	**Moscow Exchange**	**Russia**	**2,070**

[1] Bond market data may be incomparable across the marketplaces due to difference in methods.
[2] Forecast value for the year using data for incomplete year.
[3] Nasdaq includes Nasdaq-US, Nasdaq Nordic and Baltic; CBOE includes Cboe Global Markets, Cboe Europe, Cboe Futures Exchange; ICE&NYSE includes NYSE, ICE Futures Europe, ICE Futures US.

No.26 for equities (2023)[1]

No.	Moscow Exchange	Country	Market capitalisation (USD bln)	Number of issuers	Trading volume (USD bln)
1	NYSE (ICE Group)	USA	25,565	2,272	26,360
2	Nasdaq	USA	25,534	4,653	24,454
3	Shenzhen SE	China	4,432	2,835	17,462
4	CBOE	USA	n/a	n/a	17,202
5	Shanghai SE	China	6,525	2,263	12,576
6	Japan Exchange	Japan	6,149	3,935	6,333
7	Korea Exchange	Korea	1,968	2,558	3,629
8	Euronext	the EU	6,889	1,924	2,524
9	HKEx	Hong Kong	3,975	2,609	2,322
...	...	...	...	...	...
26	**Moscow Exchange**	**Russia**	**629**	**194**	**255**

No.15 publicly traded exchange by market capitalization (2023)[2]

No.	Moscow Exchange	Country	Capitalisation (USD bln)
1	CME	USA	73.5
2	ICE	USA	72.7
3	LSE Group	United Kingdom	62.4
4	HKEx	Hong Kong	38.7
5	Deutsche Börse	Germany	37.3
6	Nasdaq	USA	33.6
7	CBOE	USA	19.9
8	B3	Brazil	15.6
9	Japan Exchange	Japan	11.4
10	Euronext	the EU	9.4
11	ASX	Australia	8.4
12	SGX	Singapore	7.8
13	Tadawul	Saudi Arabia	7.0
14	TMX Group	Canada	7.0
15	**Moscow Exchange**	**Russia**	**5.1**

Sources: Moscow Exchange, WFE, Koyfin.

[1] Equity trading volume is calculated in the EOB (Electronic Order Book) mode, for Moscow Exchange in the Main Board.
[2] Market capitalisation of publicly traded exchanges according to Koyfin data.

MISSION AND CORPORATE VALUES

Our mission: we transform the financial market for the growth of everyone's wealth.

Our vision: we aim to become the number one choice for comprehensive and effective financial management.

The Group's values serve the aims and objectives of the strategy.

We are responsible for the future of the company

We share a common goal, we are accountable for our results and for the future of the company.

We work in partnership with our customers

We listen to our clients and stakeholders, we understand their needs and offer them the best solutions.

We strive for excellence and are open to change

We are ready for changes, continually striving for excellence, innovation and adhering to best practice.

We value transparency and integrity

We are supportive and have confidence in each other as we pursue our common goal.

PRIORITY ACTIVITIES OF THE EXCHANGE

GROUP STRATEGY 2028

On 27 September 2023, the Supervisory Board of the Exchange approved the Group's new strategy to 2028 and a new dividend policy.

The new strategy is largely based on trends in the Russian market. These include the increasing role of the retail investor, which is becoming one of the key demand providers in a number of financial market segments and the growing need of Russian companies to raise capital in the domestic market.

The development of capital markets is the most important priority of the new strategy. To promote this direction, the company will expand the list of instruments, including ESG products, and work to improve their liquidity. The company will focus on working with issuers to raise capital market financing for companies through equity and bond offerings, including through OTC and investment platforms.

The key provisions of the new development strategy naturally continue the previous strategies and are based on the strengths of the Group's business model and the key competences of its employees.

Consistent implementation of the new strategy will allow the Group to maintain a leading growth rate in fee and commission income over a mid-term, achieve sustained growth in business efficiency in terms of cost-to-fee & commission income position and business model profitability of at least 18% ROE.

An integral part of the strategy in terms of capital management is the new dividend policy, which implies a minimum limit on dividend payments set at 50% of the Group's IFRS net profit. Free cash flow for dividend policy purposes includes necessary capital expenditure to maintain the business and investments in further development, as well as regulatory requirements for the Exchange and its subsidiaries.

The strategy will be considered successfully implemented in case of a significant increase in Group's market capitalisation supported by a steady growth of key financial indicators.

KEY PROJECTS IN 2023

Capital markets development

Moscow Exchange remains the primary platform for Russian businesses to raise funds for their development. In 2023, the total amount of funds raised by Russian companies in the Equity Market totalled more than RUB 140 billion, with eight new companies entering the market; the Bond Market saw a record RUB 5.5 trillion raised, 53 new issuers came to the market.

At the end of 2023, the volume of replacement bonds was RUB 1.7 trillion (13 issuers) and the volume of Yuan-denominated bonds reached RUB 0.9 trillion (13 issuers). Russian companies started issuing floaters, with their float volume reaching RUB 1.4 trillion (44 issuers) by the end of 2023.

Gold and UAE dirham denominated bonds are emerging to expand the offering.

The Group holds issuer engagement events, organises meetings and IPO sessions. In 2023, the Group presented updated versions of IPO guide, ESG Best Practices Guide and the Bond Issuers' Guide.

In April 2023, the Exchange offered a service for making OTC trades in equities with the CCP, also without listing. At the end of the year, the service had 28 unlisted shares available. Trade volumes surpassed RUB 55 billion. Trades to buy are available only to qualified investors, and all investors have access to sell trades. The service is being used as a source of the technological support for the placement of non-public companies' shares.

The Exchange continued developing its OTC segment with the CCP in the Bond Market launched at the end of 2022. Since the launch, the total volume of trades has reached more than RUB 2 trillion, with more than 220 bonds without listing admitted to trading in this mode.

Finuslugi

In 2023, Finuslugi's customer base grew by more than 70% to reach 1.9 million people. Offers from 25 banks and 20 insurance companies are available on the marketplace. Finuslugi services cover 82 regions in Russia.

The platform's product offering includes bank deposits, cash loans, OSAGO and mortgage insurance policies, and people's bonds. In 2023, the platform was used to implement more than 20 new products and services, such as "Nakopilka" and brokers and mutual funds catalogues, along with investment rating for private investors and credit rating. The Platform welcomed green bonds of the City of Moscow, new issues of bonds placed by Kaliningrad Region and first issue of corporate bonds for individuals.

Trade Radar and expanded market data offering

In 2023, Moscow Exchange launched a new information and trading terminal, Trade Radar. Trade Radar users are able to timely receive the necessary financial market news, current and historical quotes for various assets, and securities issue reference data in a single data interface. The terminal offers advanced graphical analytics for technical analysis and provides an optimal solution for traders and sales teams of financial institutions, liquidity management specialists, treasury officers and representatives of professional financial market participants.
The terminal's important feature is its trade module, which permits users to negotiate and execute transactions on the OTC market. On top of that, Trade Radar allows messaging between interbank market participants to negotiate terms and make OTC trades in designated secure chat rooms. The trading module has an option for viewing trades history and quote prices to market makers.

Moscow Exchange launched the Information and Analytical Centre (IAC) to provide customers with Russian and CIS commodities market prices and analytical data on a regular basis.

New instruments

In 2023, the Derivatives Market saw a record high 37 new futures and options, including premium-style options on equities and FX, gold perpetual futures and premium-style options, perpetual futures on MOEX Russia Index, and sugar contracts. Floating rate trades (repos, deposits with the CCP and loans) and open-dated repos became available on the Money Market. The range of instruments for managing currency and interest rate risks in CNY is nearly completed: the maximum maturity of currency instruments was increased to five years, fixed-rate cross-currency swaps in CNY, RUSFAR CNY interest rate and cross-currency swaps with floating rates with maturities from three days to five years were added. The number of ETFs attracting investor interest was increased in response to rapidly growing interest from retail investors. Nine new Russian-law ETFs were launched on the Equity Market in 2023. Milk and dairy products, corn, sunflower seeds, and sugar began to trade in on-exchange commodity auctions. New commodity market indices started to be calculated: soybean Index, daily OTC regional sugar indices for the Central Federal District, Southern Federal District, and the Volga Federal District. NSD kept on with developing SPFS and Multibank platform bringing new clients.

Carbon units

In 2023, Russia was further shaping the market for carbon units, with new climate projects emerging on the market. In November 2023, NAMEX successfully auctioned 2,735 carbon units. SIBUR acted as the seller and auction client. The carbon units were generated through the climate project implemented at SIBUR-Khimprom to reduce greenhouse gas emissions from dioctyl terephthalate production. The change in technology reduced NG consumption per unit of output.

Carbon units are traded through on-exchange commodity auctions, where the seller of carbon units sets the starting price and buyers bid competitively by increasing the price of their bids. On-exchange trades ensure transparent and open pricing of the new asset category. The commodity auction technology introduced at NAMEX is the most effective way to quickly bring new types of assets, such as carbon units, to the exchange market.

The development of the carbon unit market infrastructure also continued. NAMEX concluded an Agreement with Kontur and joined the Procedure for interaction between the carbon units registry operator and market operators. The Procedure sets out the rights and obligations of the parties in sharing information required for transactions in the carbon units registry.

PROMOTING A CULTURE OF TRUST AND RESPONSIBILITY

In 2023, the Group effectively navigated through a challenging market environment amidst external constraints. The Group ensured the reliable operation of the Exchange's infrastructure: the Exchange's key systems availability was measured at 99.99%.

2023 events included the following.

- For the first time, ISO 37301:2021 Compliance Management System certification at the Group level was achieved.
- Moscow Exchange Group was chosen a winner in the "Development of a culture of trust in the financial market" category of Russian Compliance Award 2023.
- 68 trading participants joined the Exchange's Code of Conduct created in cooperation with the Bank of Russia, SROs, Group companies and trading members.

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PERFORMANCE REVIEW

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FINANCIAL RESULTS REVIEW

In 2023, operating income grew by 25.3% YoY to RUB 104.7 bln. Total fee and commission (F&C) income was up by 39.4%. The share of operating income accounted for by F&C was 50% in FY'23. F&C income increased on every market.

Operating expenses added 20.2% mainly driven by a rise of personnel expenses. EBITDA grew 65.6% YoY on the back of an increase in both F&C and interest income. EBITDA margin was 78.6%, up 19 pp YoY. Non-operating expenses, movements in allowance for expected credit losses (ECLs) and other impairment losses and provisions, put significant pressure on the EBITDA margin in the reporting period. This created the low base effect. CAPEX for the year stood at RUB 4.0 bln. Net profit was up by 67.5% to a record RUB 60.8 bln.

FINANCIAL HIGHLIGHTS (RUB mln)

	2018	2019	2020	2021	2022	2023	Change 2023/2022 (%)
Operating income	39,901.4	43,229.5	48,591.0	54,868.9	83,495.3	104,661.0	25.3
▪ Fee and commission income	23,647.1	26,181.4	34,268.2	41,554.0	37,487.2	52,242.1	39.4
▪ Net interest and other finance income	16,061.0	16,713.0	14,158.7	12,902.2	45,628.4	52,206.1	14.4
▪ Other operating income	193.3	335.1	164.1	412.7	379.7	212.8	-44.0
Operating expenses (other than other operating expenses, movements in allowance for ECLs and other impairment losses and provisions)	-14,453.7	- 15,435.3	- 16,750.0	-20,514.6	-23,843.2	-28,662.6	20.2
Operating profit	25,447.7	27,794.2	31,841.0	34,354.3	59,652.1	75,998.4	27.4
EBITDA	27,712.0	28,726.7	35,188.9	38,671.2	49,671.0	82,231.2	65.6
EBITDA margin, %	69.5	66.5	72.4	70.5	59.5	78.6	32.1
Movements in allowance for ECLs (from 2021 onwards)/other operating expenses (before 2021)	-1,075.2	-2,614.8	-0.9	627.4	-13,093.9	1,662.5	-112.7
Other impairment losses and provisions	-	-	-	-	-1,247.6	-294.0	-76.4
Net profit	19,720.3	20,200.6	25,170.5	28,097.5	36,291.1	60,769.5	67.5
Basic earnings per share	8.8	9.0	11.2	12.5	16.1	26.9	67.5

FEE AND COMMISSION INCOME

F&C income grew on the back of elevated client activity, the launch of new products and services, as well as the introduction of a new asymmetric tariff structure on a number of markets in 2022. Fee and commission income remained well diversified. The largest contributor to F&C income was the Money Market (23%).

Fee and commission income structure in 2023 (RUB mln)

	2022	2023	Change 2023/2022 (RUB mln)	Change 2023/2022 (%)
Money Market	9,497.0	11,962.1	2,465.1	26.0
Depository and Settlement Services	7,806.5	9,721.2	1,914.7	24.5
FX Market	5,661.6	7,383.8	1,722.2	30.4
Equities Market	3,266.3	6,964.6	3,698.3	113.2
Bond Market	2,003.6	3,357.5	1,353.9	67.6
Derivatives Market	3,741.3	6,703.7	2,962.4	79.2
IT services, listing, financial marketplace fees and other fees and commissions[1]	5,510.9	6,149.2	638.3	11.6

Money Market

Trading volumes added 24.5%. Volumes of repo in General Collateral Certificates (GCC-repo), increased by 68.1% to reach almost RUB 224 trln. Trading volumes of repos with the CCP added 35.1%.

Depository and Settlement Services

The growth was primarily due to a 19.9% increase in the average value of assets under custody. The discrepancy between the growth rates of F&C income and assets under custody is the result of business lines beyond safekeeping, primarily clearing and collateral management services, which are the reflection of repo operations at the NSD.

FX Market

Spot volumes added 7.5%, while swap volumes grew by 31.4%. The effective fee dynamics is explained by two opposing factors: [1] the asymmetric tariff structure favoring liquidity makers on the spot market that came into effect on 1 August 2022, and [2] a shift in the volumes' mix towards the less profitable swap segment.

IT services, listing, financial marketplace fees and other fees and commissions

This line was largely driven by Finuslugi revenues which increased by 141.7% due to the development of new features and the acquisition of new customers. Sale of software and tech. services improved by 34.0% driven by tariffs revision and the introduction of low-latency protocols for market data distribution and access – SIMBA ASTS and FIFO TWIME ASTS – to Equities and FX Markets. Listing and other services grew by 26.6% as primary market activity in equities and bonds recovered. Sales of information services rose by 20.7%, also on the back of RUB depreciation during the year. Other fee income shrank by 66.1% as base period revenues included additional fees on EUR balances of 0.2 p.p. above the non-positive ECB rate.

Derivatives Market

The trading volume stood virtually flat, adding just 3.7%. The discrepancy between fee income and volume dynamics was the result of a shift in volumes' mix towards value-added commodity derivatives and the new asymmetric tariff structure implemented in June 2022.

[1] The amount of fees and commissions for the sale of software and technical services, information services, listing services, financial marketplace and other fee income.

Equities Market

The total market capitalization of the Equities Market at the end of 2023 was RUB 58.1 trln (USD 647.3 bln). Trading volumes grew by 30.9%. The discrepancy between fee income and trading volumes dynamics is largely explained by the introduction of a new asymmetric tariff structure providing more favourable terms for liquidity makers, which came into effect in November 2022.

Bond Market

Trading volumes were up 60.1% (excluding overnight bonds). Primary market (excluding overnight bonds) grew by 45.2%, mainly due to high activity of corporate borrowers. Secondary trading volumes increased by 74.6%. The effective fee in the Bond Market improved thanks to the updated tariffs that went live at the beginning of 2023 and migration of volumes to value-added CCP-based trading modes.

NET INTEREST AND OTHER FINANCE INCOME

Net interest income (NII) increased by 14.4% to RUB 52.2 bln on the back of higher average interest rates for the year and increased volume of the investment portfolio. NII less realized gains or losses on investment portfolio revaluation (core NII) grew by 14.5%.

OPERATING EXPENSES (RUB MLN)

	2022	2023	Change 2023/2022 (RUB mln)	Change 2023/2022 (%)
General and administrative expenses	**11,860.9**	**13,398.1**	**1,537.2**	**13.0**
Amortization of intangible assets	3,184.4	3,893.5	709.1	22.3
Advertising costs	1,563.6	1,808.7	245.1	15,7
Equipment and intangible assets maintenance	1,779.9	1,608.8	-171.1	-9.6
Depreciation of property and equipment	1,176.0	970.8	-205.2	-17.4
Taxes (other than income tax)	951.2	892.3	-58.9	-6.2
Professional services	808.0	812.0	4.0	0.5
Remuneration to agents	453.3	771.1	317.8	70.1
Market maker fees	438.4	685.7	247.3	56.4
Registrar and foreign depository services	389.5	552.9	163.4	42.0
Information services	202.9	375.9	173.0	85.3
Rent and office maintenance	350.3	331.7	-18.6	-5.3
Charity	114.1	129.3	15.2	13.3
Loss on disposal of property, equipment and intangible assets	119.9	118.8	1.1	-0.9
Communication services	103.9	100.5	-3.4	-3.3
Other general and administrative expenses	225.5	346.1	120.6	53.5
Personnel expenses	**11,982.3**	**15,264.5**	**3,282.2**	**27.4**
Employees benefits except for share-based payments	9,758.0	11,692.1	1,934.1	19,8
Payroll related taxes	1,960.0	2,609.7	649.7	33.1
Share-based payment expense on equity settled instruments	228.6	191.3	-37.3	-16.3
Share-based payment expense on cash settled instruments	35.7	771.4	735.7	2,060.8

OPEX for FY'23 increased by 20.2%. The key drivers of the increase in OPEX were: [1] the growth in personnel expenses, mainly driven by extra bonus provisions following the review of the compensation system and overachievement of corporate financial KPIs and new hires, [2] the increase in amortisation of intangible assets due to capital expenditure on development and acquisition of software and licences in 2023, [3] a significant increase in agent fees, reflecting insurance sales on the Finuslugi platform.

Capital expenditures

CAPEX for the year was RUB 4.04 bln, in line with the guidance range of RUB 3-5 bln for 2023. It was mostly attributable to purchases of software and equipment as well as software development.

Cash and cash equivalents

The cash position[1] at the end of 2023 was RUB 139.07 bln. The company had no debt as of the end of the reporting period.

[1] Cash position is calculated as the sum of Cash and cash equivalents, Financial assets at fair value through profit and loss, Due from financial institutions, Financial assets at fair value though other comprehensive income, Current tax prepayments and Other financial assets less Balances of market participants, Overnight bank loans, Distributions payable to holders of securities, Margin account, Liabilities related to assets held for sale, Current tax payables and Other financial liabilities.

MARKET PERFORMANCE

EQUITY & BOND MARKET

The Equity and Bond Market is a liquidity center for operations with Russian securities and the main platform for Russian companies to raise capital. MOEX is a leading venue for issuance and trading of shares and depositary receipts of Russian and "quasi-Russian" shares; regional and corporate bonds; sovereign and corporate Eurobonds; mutual funds and Russian-law ETFs.

Trading results

At the end of 2023, total trading volumes on the Equity and Bond Markets totalled RUB 23 trillion, and RUB 39.9 trillion (including secondary market volume of RUB 11.4 trillion), respectively.

Eight initial public offerings (IPOs) and four secondary public offerings (SPOs) totalling about RUB 145 billion took place. In 2023, the volume of corporate bond placements more than doubled versus 2022 (RUB 2.68 trillion) totalling RUB 5.47 trillion excluding overnight bonds. A record 206 issuers placed bonds on MOEX in 2023. The volume of Russian government bond (OFZ) placements in 2023 totalled RUB 2.48 trillion.

Equity Market (RUB billion)

	2021	2022	2023	Change 2023/2022, %
Equity Market trading volumes	**29,997**	**17,591**	**23,034**	**31**
By instrument type:				
Russian and «quasi-Russian» shares	28,521	16,977	21,772	28
ETFs and Russian-law ETFs	611	448	1,196	167
Open-ended, interval and closed-ended mutual funds, mortgage participation certificates	139	30	65	118
By trading sessions:				
Main trading session	25,930	15,353	20,426	33
Additional trading sessions	2591	2,238	2,607	17
Bond Market trading volumes	**22,433**	**19,631**	**39,894**	**103**
Secondary market	**10,098**	**6,517**	**11,380**	**75**
Sovereign bonds (OFZ)/Bank of Russia bonds (OBR)	7,218	4,226	6,513	54
Other (Eurobonds, bonds of MFOs and foreign countries)	2,880	2,292	4,867	112
Primary market and bond redemptions	**12,335**	**13,114**	**28,513**	**117**

Attracting retail investors

In 2023, the number of individuals with brokerage accounts on MOEX increased by almost 30% to 30.1 million, and the number of accounts opened increased by more than 33% from 44.9 million to 59.8 million accounts.

Over 3 million people transacted on the Equity Market monthly (2.3 million in 2022). In September-December 2023, more than one million people traded every day. The total number of active retail investors who executed at least one trade during 2023 reached a record 7.6 million people.

The share of retail investors in equity trading increased to 82% from 60%. Retail investors accounted for 19.5% (2022: 17.6%) of the OFZ Central Order Book trading and 47.6% (2022: 42.4%) of the Central Order Book for corporate bonds.

The volume of retail investors' investments in securities totalled RUB 1.1 trillion, including RUB 393.5 billion in shares and exchange-traded funds and RUB 715 billion in bonds.

In 2023, the number of individual investment accounts (IIA) increased by 560 thousand to 5.8 million. In 2023, the total turnover of IIAs rose by 47% to RUB 2.5 trln with the majority of activity being in equities, accounting for 84% of the turnover. Bonds accounted for 10.6% of the turnover, while ETFs made up 5.4%.

Collective investment

As of the end of 2023, there were 82 ETFs as well as 100 mutual funds (open-end, interval and closed-end mutual funds) of 38 asset management companies.

In 2023, the net asset value of exchange-traded funds tripled to about RUB 380 billion, and the number of shareholders reached 4.8 million.

Nine new exchange-traded funds started trading in 2023. The efforts made in 2022 (launch of the CNY-denominated Money Market benchmark RUSFAR CNY and the CNY-denominated Russian bond index, as well as the introduction of trading modes for purchase and sale transactions in CNY-denominated mutual funds) allowed to start trading in three CNY-denominated Russian-law ETFs: two funds on RUSFAR CNY, as well as an ETF tracking the CNY-denominated Russian bond index.

The ETFs of the Money Market developed actively in 2023. In 2023, the net asset value of Russian-law ETFs of the Money Market increased almost 12 times, reaching RUB 226 billion at the end of the year. In 2023, net inflows to Money Market ETFs totalled around RUB 190 billion, or 92% of the total net asset inflows to Russian-law ETFs.

In addition, three new Money Market ETFs started trading in 2023: a RUB-denominated RUSFAR fund and two Russian-law ETFs on RUSFAR CNY.

Migration to T+1 settlement cycle

On 31 July 2023, Moscow Exchange switched trading in shares and bonds to a single T+1 settlement cycle. This means that trades in the Central Order Books of all Moscow Exchange markets are settled and assets are delivered on the next trading day after the trade date (previously, on the second trading day).

The shorter settlement cycle has increased the convenience of trading and settlement for both trading and clearing members and all investor groups.

Synchronisation of settlements with other markets allowed to reduce time costs of market transactions and facilitate liquidity management mechanisms, as well as eased the compilation of the trading and settlement calendar of the Equity Market for holidays. Furthermore, the move to the T+1 settlement cycle provided an additional trading day for corporate events of Russian public companies, including an additional trading day until the cut-off date before dividend payments.

The transition to the T+1 settlement cycle is a global trend followed by major trading venues. India and China have already switched to T+1, US exchanges are planning to switch in 2024, and European trading platforms are actively discussing the move.

After-hours trading session

The share of after-hours trading increased to 12% (2022: 8.9%, 2021: 8.1%) of total trading volumes of the Equity Market. Retail investors were the most active participants of the after-hours trading session, with trading volume of RUB 2.6 trillion. Almost 2.5 million unique clients, or 32% of the total number of retail investors, traded after-hours in 2023.

In 2023, 20 shares were admitted to the evening trading session, including shares not in the MOEX Russia Index. The criteria for admission are the liquidity of securities and investor interest.

Boosting liquidity

Boosting securities other than the MOEX Russia Index

The Exchange continued improving liquidity of stocks other than those in the MOEX Russia Index (IMOEX), and was in constant interaction with issuers from the Level 2 and Level 3 Lists regarding market making, raising the listing level, and expanding analytical coverage.

In 2023, the trading volume of non-IMOEX stocks was around RUB 10 trillion, or an average of 27% of trading volumes of stocks on MOEX.

Market maker programs

The IMOEX+ and Good Evening open market maker schemes continued to develop in 2023. The programs were updated in line with the current Equity Market conditions: the number of instruments increased from 41 to 50 in IMOEX+ and from 48 to 64 in Good Evening. Programs participants were involved to improve efficiency and increase the number of quoted securities.

Tri-party market maker agreements were successfully used to support the liquidity of individual instruments, where market maker services were sponsored by the issuers. Liquidity in ETFs was successfully provided by market makers in all trading modes.

To enhance liquidity for replacement bonds, an open market maker program was launched on 21 June 2023. By the end of 2023, the program covered 35 replacement bonds of 10 major issuers, with each security having individual parameters for the market maker's obligations, selected in such a way as to reduce transaction costs for a retail investor.

OTC market with the CCP Secondary market

On 10 April 2023, Moscow Exchange offered professional market participants and their clients an OTC trading service for Russian shares not listed on MOEX with settlement through a central counterparty (OTC with the CCP).

In 2023, 28 securities (27 Russian shares and one DR) were added to the list of non-listed securities for OTC with the CCP.

The list is formed on the basis of data from the MOEX Board indicative quotation system, which includes over one thousand shares of Russian companies, taking into account trading volumes in a security, compliance with the disclosure requirements, the availability of financial statements and investor interest.

The new segment is available only to qualified investors. Only qualified investors can buy securities, while selling is available to all. Participants do not need to set up an additional connection to the platform. Brokers independently regulate access to trading for their clients.

Anonymous and negotiated trades are available.

In 2023, the total volume of OTC trades with the CCP was about RUB 54 billion.

Raising equity capital by non-public companies

In December 2023, the capital raising service for non-public joint stock companies was technology-ready. Issuers together with managers will be able to offer shares by private subscription among professional participants and their clients – qualified investors.

Currently, the pool of potential managers is being formed to compile an expert council to admit issuers to the new placement regime.

Development of the OTC segment for bonds

In April 2022, an OTC bond trading service with a central counterparty (OTC: Bonds with CCP) was successfully launched, which quickly became popular due to its ease of use, wide range of instruments and the ability to make direct negotiated trades with the CCP without the need to open mutual counterparty limits.

In 2023, CCP-cleared negotiated trading volumes exceeded RUB 1.7 trillion, which is 6.3 times higher than in 2022. 24% of the trading volume was made with voice brokers. CCP-cleared negotiated trading accounted for 15.2% of the whole secondary bond market. The number of trading members using the service reached 136. As of the end of 2023, 2,988 instruments were available for trading with the service, including 592 non-listed bond issues.

Replacement bonds are the most popular market segment

Emerging as a response to the difficulty of servicing Eurobonds in foreign infrastructure, replacement bonds have become the fastest growing and most active market segment offering foreign currency yields without infrastructure risk. At the end of 2023, there were 47 replacement bond issues of 13 issuers trading on the exchange, with a total volume of around RUB 1.7 trillion. Replacement bonds made up 29% of the total trading volume of corporate bonds in the Central Order Book. Individuals accounted for more than 56% of the trading volumes of replacement bonds.

Yuan-denominated bonds – a new market trend

August 2022 saw the first placement of local bonds in Chinese Yuan amid a rapidly growing resource base of investors seeking to diversify their foreign currency savings. At the end of 2023, 25 yuan-denominated bonds of 13 issuers traded on MOEX, worth around RUB 0.9 trillion. In 2023, Central Order Book trading volumes in the bonds totalled RUB 59 billion, up 2.2 times YoY (2022: RUB 27 billion).

Floaters – bonds in a rising rate environment

Against the backdrop of rising interest rates from the second half of 2023, investors are demanding ever higher compensation for market risk. One of the solutions that kept the primary market active and helped to find a balance between the interests of issuers and investors was the issuance of bonds with coupon rates linked to floating benchmarks. In 2023, 44 issuers placed floaters worth RUB 1.4 trillion, which accounted for 35% of the volume of corporate bond placements in August-December or 26% for the whole of 2023.

Attracting SMEs

To encourage SMEs to tap the public markets, the Growth Sector is available on Moscow Exchange. The Growth Sector is intended to attract funds to high-potential companies in the real sector of the economy, to expand the range of traded instruments and to diversify investors' allocations.

The Growth Sector is supported by the Federal Corporation for Small and Medium-Sized Enterprises (SME Corporation), SME Bank and the Russian Ministry of Economic Development. The main partner of this initiative is the Bank of Russia.

As part of the implementation of the SME national project, SME issuers have access to financial support instruments. In order to implement the mechanism to compensate SME issuers for the costs of going public, subsidies are provided to reimburse the issuers' expenses on the services of book runners and rating agencies, as well as on the payment of coupon income on bonds. SMEs will also receive support in the form of sureties/guarantees for bond issues from SME Corporation and participation of SME Bank as a co-organiser and anchor investor.

For a bond to be admitted to the Growth Sector, the issuer must meet basic requirements:

- revenue for the last reporting period not less than RUB 120 million;
- the issuer has been existed for at least three years;

- a credit rating of at least BB- on the Russian scale (does not apply to issues with a guarantee from SME Corporation or "anchor" investments by SME Bank).

In 2023, the volume of SME bond placements in the Growth Sector was RUB 11.3 billion. As part of subsidising pre-listing, 22 bond issues of SME issuers were financed in the amount of RUB 45.5 million, and subsidies on bond coupon rates were provided in the amount of RUB 680 million for 53 transactions.

Moscow Exchange supports SME issuers by maintaining a preferential listing fee for SME issuers issuing bonds in the Growth Sector; SME issuers have not been charged a listing fee when issuing bonds of up to RUB 400 million (the preferential period extends to 31 December 2024).

Innovation and Investment Market

Moscow Exchange successfully operates the Innovation and Investment Market (IIM), which was created to promote investment in the innovation sector of the Russian economy.

By the end of 2023, 30 securities were traded in the IIM Sector: 10 shares, 19 bonds and one pre-IPO closed-end mutual fund. The total capitalisation of the sector amounted to about RUB 630 billion. Total trading volumes exceeded RUB 470 bln.

In 2023, the IIM Sector hosted seven bond issuer placements with a total issue volume of RUB 28 billion, as well as twoIPOs totalling RUB 740 million.

To encourage technology companies to enter the exchange, the following government support tools have been envisaged:

- tax relief (personal income tax) on income from the sale or other disposal of shares, bonds of Russian organisations, investment units that are securities of the high-tech (innovative) sector of the economy, provided that they have been continuously owned by the taxpayer for at least one year as of the date of their sale;
- tax relief applies to transactions in shares of high-tech companies with a market capitalisation of no more than RUB 75 billion, bonds of issuers with annual revenue of no more than RUB 75 billion, and investment funds with NAV of no more than RUB 75 billion;
- within the framework of the initiative Taking off – from Start-up to IPO, small innovative enterprises are provided with grant support to co-finance innovative projects from the Federal State Institution "Foundation for Assistance to Small Innovative Enterprises in Science and Technology". The grant ceiling is RUB 30 million, part of which can be spent on the listing activities (legal, investment bank services, marketing and other services).

To ensure that SME issuers from high-tech sectors are eligible for tax benefits in addition to support under the national project "Small and Medium Enterprises", the Exchange has cancelled the restriction on simultaneous inclusion of securities in the Growth and IIM sectors in March 2023.

Sustainability Sector

Moscow Exchange facilitates the implementation of sustainability principles by Russian companies, improve the quality of sustainability disclosure and create an environment for responsible investment.

One of the Exchange's priority tasks is to develop infrastructure for "green" investment on the Russian market. In 2019, Moscow Exchange established the Sustainability Sector, where bonds are traded to finance environmental and social projects.

Currently, the Sustainability Sector includes the following segments:

- Sustainability Bonds Segment (green, social and sustainability bonds);
- A segment for Sustainable Development Goals (sustainable development goal bonds and climate transition bonds);
- A segment dedicated to national and adaptation projects.

In 2023, eight new bond placements totalling RUB 141 billion took place in the Sustainability Sector.

In 2023, a total of 32 securities of 17 issuers with a total volume of RUB 379.8 billion were traded in the Sustainability Sector, including 19 issues of "green" bonds, five issues of social bonds, two issues of sustainability bonds, five issues of national bonds and one issue of adaptation bonds.

Primary Equity and Bond Market

An Initial Public Offering (IPO) is a major milestone for an issuer, designed to raise additional capital to finance its growth and development, and to assess the fair market value of the company. In 2023, 13 equity capital market transactions totalling RUB 145 billion were conducted on the Exchange.

Moscow Exchange is the primary platform for attracting debt capital to the economy. In 2023, the volume of primary placements of corporate bonds was more than RUB 5 trillion.

To promote the primary market, Moscow Exchange pays great attention to educational and awareness-raising activities aimed at both owners and top managers of issuers, as well as professional intermediaries and consultants.

In 2023, issuer guides were updated:

- The Issuer's Guide to Bonds: How to Enter the Public Debt Market. The Bond Guide is intended for both companies planning to enter the public debt market and experienced borrowers. The guide contains up-to-date information on all stages of preparation of bond issues, primary placement, trading and redemption of bonds;
- ESG Practices Guide "Issuer's Guide: How to Meet Sustainability Best Practices". The guide is aimed at companies that are committed to the principles of sustainability and being transparent to customers, counterparties and investors;
- IPO Guide, the authors of the new edition are representatives of the investment community. In the updated guide, we have tried to cover the most significant and important aspects of the whole process, including preparation, the IPO and life after the IPO.

To effectively address issues related to the primary market, the Exchange has advisory bodies:

- The Primary Equity Market Committee, which includes participants in the IPO process;
- The Bond Issuers Committee, which includes bond issuers and securities market experts.

In March 2023, Moscow Exchange held its first IPO seminar on practical aspects of IPOs in Russia. The seminar was attended by representatives of companies from various sectors of the economy that are considering going public.

Listing of securities

As of the end of 2023, 3,501 securities of 1,306 issuers were admitted to trading, including 899 shares and depositary receipts of 856 issuers and 2,411 bonds of 473 issuers. MOEX's quotation lists include 1,026 securities of 243 issuers: the Level 1 includes 657 securities of 141 issuers and the Level 2 includes 369 securities of 120 issuers.

In 2023, work was continued to inform investors about the quality of listed securities, as well as increased investment risk for a particular security: 52 securities of 35 issuers were included in the Sector of High Investment Risk Companies.

The Exchange is actively working with small- and medium-sized enterprises (SMEs), supporting the development of the SME national project. For five consecutive years, Moscow Exchange has maintained preferential tariffs on listing services to SME issuers.

As part of the work to develop the Sustainability Sector, and as the regulatory framework has been updated, the Sector has been able to add new types of bonds:

- bonds related to the Sustainable Development Goals;
- climate transition bonds;
- adaptation bonds.

There were 32 securities in the Sustainability Sector at the end of 2023, eight of which were included in the Sector in 2023.

DERIVATIVES MARKET

In 2023, Moscow Exchange continued to actively promote Derivatives Market instruments and services. Today, 196 derivatives are available to clients, 18% of which (37 contracts) were launched in 2023. The underlying assets of futures and options include stock indices, single stocks, currency pairs, precious and industrial metals, oil, gas and other commodities, as well as interest rates.

The expansion of the range of instruments was the main factor behind the active arrival of new clients into the Derivatives Market, with 100,000 clients joining the market in 2023.

Individuals' trading activity also increased: In 2023, 331,000 individuals made trades, up 12% YoY, with 155,000 clients making trades in November, an all-time high for MOEX's Derivatives Market. In December 2023, trading volumes was twice as high as in December 2022 and totalled RUB 8.6 trillion.

At year-end, trading volumes on the market exceeded RUB 80 trillion. The number of active clients increased by 16% to 355 thousand.

Trading volumes

In 2023, total trading volumes on the Derivatives Market amounted to RUB 80.7 trln (RUB 77.9 trln in 2022), including futures trading volumes of RUB 77.9 trln and options trading volumes of RUB 2.9 trln.

Derivatives Market (RUB billion)

	2021	2022	2023	Change 2023/2022, %
Derivatives Market trading volumes	**158,529**	**77,876**	**80,741**	**3.7**
Futures	151,762	75,602	77,856	3.0
Options	6,768	2,273	2,885	26.9
Futures	**151,762**	**75,602**	**77,856**	**3.0**
FX	66,692	45,316	44,500	-1.8
Interest rates	524	536	1,784	232.8
Single stock	7,078	4,573	4,251	-7.0
Indices	38,904	14,797	7,836	-47.0
Commodities	38,563	10,380	19,486	87.7
Options	**6,768**	**2,273**	**2,885**	**26.9**
FX	2,009	1,063	1,995	87.7
Single stock	75	37	93	151.4
Indices	4,359	1,086	746	-31.3
Commodities	326	87	51	-41.4

New instruments

2023 was one of the most productive years in terms of the number of instruments launched: 37 new contracts started trading, and trading volumes exceeded RUB 290 billion at year-end. The list of new products included futures on currency, gold, stocks, commodities, as well as perpetual futures and premium-style options.

Premium-style options on shares of Moscow Exchange, MTS, Positive Group, Rosneft and Tatneft were offered in 2023, allowing Derivatives Market clients to implement a wider range of trading strategies. Trades in the new options were made by more than 15 thousand people for a total turnover of over RUB 2 billion.

In January 2023, a futures contract on the US dollar-Chinese yuan currency pair was launched. MOEX also launched futures on the Turkish lira-Russian rouble currency pair and Hong Kong dollar-Russian rouble in March 2023 and United Arab Emirates Dirham-Russian rouble and Indian rupee-Russian rouble futures contracts in April.

Cash-settled futures on the ETFs tracking the German DAX index and the Japanese NIKK index became available to private and institutional investors in 2023. They offer Russian clients the opportunity to benefit from price movements in foreign markets without infrastructural risks. Last year, more than 4,000 investors took advantage of price movements in the new futures.

In April, a futures and premium-style option on Human Stem Cell Institute shares was launched. 3,800 clients made trades in these instruments for more than RUB 630 million 12 new futures contracts on shares of Whoosh Holding, Softline, Astra, Beluga and other companies was also launched. In total, more than 21,000 clients traded in the new instruments of the equity section in 2023.

The expansion of perpetual futures offering allowed clients to widen the range of trading strategies involving Russian gold in roubles and the MOEX Russia Index. GLDRUBF and IMOEXF futures were launched in July and November, respectively. Their aggregate trading volume exceeded RUB 18 billion, and more than 10,000 clients made trades in 2023.

In September, trading in derivatives on the sugar index (trade code SUGAR), calculated by Moscow Exchange Group and tracking the price of Russian sugar, was launched. Trading turnover of the new instruments totalled RUB 125 million.

In the fourth quarter of 2023, trading in premium-style options on gold and the MOEX Russia Index began. The advantages of these instruments are simple calculation of the financial result and no intermediate exposure to futures.

Technological development

The most significant technological project in 2023 on MOEX's Derivatives Market was the introduction of an options calculator. The service allows modelling trading strategies with Derivatives Market instruments and scenarios of price movements of underlying assets, as well as to calculate strategy parameters online. The functionality of the calculator makes it much easier to understand options trading strategies and helps to increase trading activity.

In addition, the Derivatives Market launched an opening auction in 2023 to reduce the probability of sharp price movements at market opening.

The new mechanisms are designed to increase the efficiency and liquidity of MOEX's Derivatives Market.

Standartised OTC Derivatives Market

The Standardised OTC Derivatives Market is Russia's only marketplace offering the ruble yield curve based on interest rate derivatives. The market trades interest rate swaps, currency swaps, cross currency swaps, currency forwards with maturities ranging from three days to ten years, depending on the type of instrument. NCC acts as a clearing house and central counterparty on the Standartised OTC Derivatives Market. This saves market participants from having to assess the risks of each counterparty and sign master agreements, reduces capital costs and allows them to take advantage of unified clearing and collateral across Moscow Exchange's markets.

Trading volumes

In 2023, total trading volumes on the market exceeded RUB 4.4 trillion, of which currency derivatives accounted for RUB 2.5 trillion and interest rate derivatives for RUB 1.9 trillion. Open interest in the market instruments approached RUB 5 trillion.

Expanding the range of instruments

From February 2023, the maximum term for currency swap transactions, as well as deliverable and cash-settled currency forwards with the currency pair Chinese yuan – Russian rouble will be increased to five years. Previously, the term of transactions in these instruments did not exceed one year. The longer terms of swap and forward transactions in Chinese yuan-Russian ruble currency pair allowed market participants to get an idea of the cost of funding in yuan on a horizon of more than one year.

It is now possible to choose the exchange rate for transactions in cash-settled currency forwards in all underlying assets – MOEX FX fixing or the Bank of Russia rate. The Bank of Russia's rate is available for all ruble currency pairs.

In July, a cross-currency fixed-rate CNY interest rate swap with maturities ranging from three days to five years became available to the participants of the Standartised OTC Derivatives Market, allowing them to limit the impact of exchange rates and reduce foreign currency funding costs.

In December, the market launched floating rate interest rate swaps and cross-currency interest rate swaps with maturities ranging from three days to five years. The launch of these instruments was the final stage of implementing a full range of market solutions to effectively manage currency and interest rate risk and liquidity in the Chinese yuan. The new instruments will provide participants with the ability to lengthen transactions in the yaun and hedge interest rate risk for maturities greater than one week. This is an important factor that enhances the ability to effectively balance risks across the full range of CNY transactions: lending, taking deposits, and hedging currency and interest rate risks.

Technological development

In 2023, the Standartised OTC Derivatives Market successfully completed the transition from MosPrime Rate and LIBOR benchmarks to RUONIA and SOFR, respectively, in interest rate and cross-currency interest rate swaps. The transition to risk-free benchmarks, such as RUONIA and SOFR, increased the transparency and quality of market pricing.

In addition, a new procedure for early termination of Standartised OTC Derivatives Market contracts was defined. The amendments provide for an offset transaction, the terms of which are identical (except for the terms of the additional payment) but differently directed from the terms of the outstanding Standartised OTC Derivatives Market contract, and both contracts are recorded on the same position register.

FX AND PRECIOUS METALS MARKETS

As part of the implementation of the Group's new strategy, MOEX's FX Market was developed in a number of important areas. To ensure the transformation of the foreign trade payment and settlement system, the product line and trading hours of national currencies were expanded. To diversify the business and meet the needs of clients, the development of OTC services and the introduction of innovations aimed at increasing the liquidity and stability of the exchange market continued. The client base was actively expanded by attracting corporations and private investors. Emphasis was placed on the development of international relations and integration processes with participants from friendly countries.

FX and Precious Metals Market trading volumes (RUB billion)

	2021	2022	2023	Change 2023/2022, %
FX Market	319,784	263,299	328,002	24.6
▪ Spot	95,160	100,373	107,916	7.5
▪ Swaps	224,625	162,926	220,087	35.1
Precious Metals Market	209	123	470	282.1

Growth of operations with friendly currencies

In 2023, the following projects were implemented as part of the development of operations in national currencies:

- Trading hours for instruments with "today" settlement for Chinese yuan (CNY) and Hong Kong dollar (HKD) were extended until 19:00 Moscow time. In December 2023, more than 20% of trades in Chinese yuan with "today" settlement were made in these extra hours;
- The Exchange began accepting Kazakhstani tenge as collateral, which allows professional market participants and their clients more flexibility in financing their own operations, increases the efficiency of free funds utilisation and promotes the growth of trading activity;
- new instruments were launched for the Chinese yuan-Russian rouble pair, which allow participants to trade at the average weighted exchange rate of the yuan (the Bank of Russia rate) and at the Exchange's FX CNY fixing. The launch of this kind of instruments increases the convenience of conversion operations for market participants and facilitates hedging currency risks.

Active work is underway to improve the conditions for trading in national currencies, which contributes to an increase in the trading volumes.

- In 2023, trading activity in the currencies of friendly countries continued to grow: up 4 times in CNY/RUB, up 4.7 times in KZT/RUB, up 9 times in BYR/RUB and up 10 times in TRY/RUB.
- The share of trading accounted for by national currencies against the ruble in the total volume of MOEX's spot trading reached 45% in December 2023 versus 26% at the beginning of the year. The share of trading accounted for the USD/RUB pair decreased from 40% to 31%, and the EUR/RUB pair fell from 20% to 12%.

Promotion of FX Market OTC services

One of the main principles of development of the FX Market has become the multiple-choice offer of services for order execution for different types of clients and clearing. In 2023, the OTC services launched earlier were further developed.

- After-hours trading was resumed in the CCP OTC trades clearing service. Trading in spot instruments and overnight swaps was extended.

- Turkish Lira-Russian Rouble, US Dollar-Turkish Lira, Hong Kong Dollar-Russian Rouble and US Dollar-Hong Kong Dollar currency pairs were added to the CCP OTC trades clearing service.
- RUBKZT_TOM instrument providing additional liquidity in Kazakhstani tenge was launched in OTC trading mode.
- The Kazakhstani tenge-Russian ruble, Belarusian ruble-Russian ruble and Turkish lira-Russian ruble currency pairs became available in the Request for Stream (RFS), a service for converting large currency liquidity.

Attracting Russian investors and corporates

One of the important tasks in the development of the FX Market was the refocusing of on-exchange products and services towards Russian counterparties.

- At the end of the year, the number of registered clients exceeded 16 million increasing twofold YoY (December 2022: 8 million clients). In December 2023, the number of registered clients reached 29.6 million, up 30% YoY (December 2022: 22.9 million clients).
- The share of individuals in spot transactions was 18% (20% on average for 2022).
- The share of Russian legal entities, companies and organisations in spot transactions tripled to 26% in December 2023 (December 2022: 9%).
- Direct access to trading on the FX Market was granted to 16 companies. In total, more than 70 corporations, including insurance companies, have access to the market.

Development of international relations and integration processes

Direct access to the FX and Derivatives Markets for banks and brokers from friendly countries should play an important role in the development of operations with national currencies, which became possible in September 2023, following amendments to the Federal Law “On Organised Trading” and the publication of a resolution of the Government of the Russian Federation with a list of friendly countries. Prior to that, only non-resident banks from the EAEU countries and Tajikistan were admitted to on-exchange trading within the framework of the integrated FX market of the EAEU countries.

In 2023, there was a steady increase in the activity of banks from the EAEU/CIS countries on the market.

Measures to improve market liquidity and stability

Moscow Exchange pays great attention to ensuring financial stability by introducing technologies, control functions and parameters aimed at improving liquidity and stability of the FX market.

- A mechanism for monitoring the aggressiveness of limit orders has been introduced, which sets the maximum deviation of the trade price from the value of a counter order at 1%.
- In accordance with the regulator’s requirements, a ban on cross trades on the FX Market was introduced. At the same time, trading members may choose the method of rejecting cross orders in the order book trading, as well as ban or permit cross trades in negotiated trading.
- An option to place “hide quantity” orders has been added for swap instruments in the order book trading.
- Users of the Trade Radar terminal now can place negotiated orders on the FX Market. The new functionality allows to send a request to find a counterparty for a negotiated trade and submit a subsequent order based on the electronic tickets generated from the negotiations in the Trade Radar (MOEX Dealing) desktop application.
- A new type of Book or Cancel order has been introduced; for the convenience of makers, an order is put in the order book only if there is no valid counter order.

The development of the national benchmark system is important for ensuring financial stability. On 1 June, changes to the exchange’s fixing calculation methodology came into effect, increasing the MOEX FX fixing calculation period from 5 to 15 minutes.

In 2023, the calculation and publication of new FX fixings for Hong Kong dollar-Russian ruble (HKDFIXME), Turkish lira-Russian ruble (TRYFIXME) and US dollar-Chinese yuan (USDCNYFIXME) pairs began.

Precious metals market development

There are 110 companies trading on MOEX’s Precious Metals Market: 65 banks, 36 professional securities market participants (brokerage and asset management companies), eight corporations, including gold mining companies, and the Bank of Russia.

In 2023, 13 new trading members entered the Precious Metals Market, including three from the EAEU countries. The direct access option for trading members from the EAEU countries appeared in 2023.

In February 2023, the calculation of the RUGOLD refined gold price benchmark was launched. In 2023, the gauge was approved by the Bank of Russia, and the quality of index construction and calculation was assessed with the participation of the Federal Antimonopoly Service, the Ministry of Finance and the Ministry of Economic Development. RUGOLD became the underlying asset for MOEX’s derivatives: cash-settled gold futures and premium-style gold options.

In 2023, trading volumes on MOEX’s Precious Metals Market totalled RUB 469.8 billion.

MONEY MARKET

Moscow Exchange’s Money Market is the largest segment of the Russian financial market, through which market participants place and raise funds secured by securities.

Trading members have access to repo transactions with and without the central counterparty (CCP), including repo transactions in general collateral certificates (GCC). RUSFAR, a Money Market benchmark recognised by the Bank of Russia is calculated on the basis of the GCC repos as the most liquid and efficient market segment. In addition, the Money Market offers deposit and lending transactions.

Repo trading volumes totalled RUB 659.9 trillion, (78.8% of total Money Market volumes); trading volumes of non-CCP deposit and credit transactions totalled RUB 177.7 trillion.

The year-on-year increase in total market trading volumes was the result of a 36.2% increase (to RUB 587.6 trillion) in the volume of repo transactions with the CCP (including GCC repo and deposits with the CCP).

Trading volume of CCP-cleared repo transactions (excluding GCC and deposits with the CCP) was RUB 364 trillion, up 21.9% YoY. The average daily open interest was RUB 3.6 trillion.

Trading volumes

In 2023, total Money Market trading volumes amounted to RUB 837.6 trillion.

Money Market (RUB billion)

	2021	2022	2023	Change 2023/2022, %
Money Market trading volumes	**476,352**	**672,733**	**837,561**	**24.5**
On-exchange repo	**420,811**	**541,898**	**659,882**	**21.8**
Inter-dealer repo	22,445	8,484	2,227	-73.8
CCP-cleared repo	354,775	431,436	587,607	36.2
▪ Incl. CCP-cleared GCC repo	83,789	132,760	223,631	68.4
Non-CCP deposit and credit transactions	**55,541**	**130,835**	**177,680**	**35.8**

Expanding the range of instruments

In 2023, Moscow Exchange provided participants with additional opportunities for more flexible liquidity and interest rate risk management on long maturities, such as floating rate transactions, as well as the ability to enter into open-dated repo transactions. By the end of 2023, the volume of the open position on floating rate CCP transactions totalled about RUB 800 billion, and the average term of such transactions reached 115 days.

The Exchange continued to develop the yuan segment of the Money Market and its liquidity. A weekly market maker program was launched, and the RUSFAR weekly CNY benchmark was launched. In addition, CCP deposit market participants were able to place deposits in CNY for up to one year, previously only overnight transactions were available.

In October 2023, a Request for Quotation (RFQ) service was launched to help participants find counterparties for repo, deposit and lending transactions with the most favourable terms.

Attracting new participants

In 2023, real economy companies showed a growing interest in the Money Market.

As at the end of the year, 236 participants were admitted to this segment of the Money Market.

In addition, the tools of the CCP-cleared deposit market were developed:
- the option of partial repayment of deposits with the CCP in CNY was introduced;
- the option of admission of rating agencies and exchanges to deposits with the CCP was added.

In 2023, active development of MOEX Treasury platform for Money and FX Markets clients continued:
- implemented analytics building service in MOEX Treasury for the CCP-cleared deposit market and FX market;
- global lenders were given the opportunity to work with MOEX Treasury;
- the option for auctions in Chinese yuan on the M-Deposits market was added;
- Request for Quotation (RFQ) service was implemented on the deposit market with the CCP;
- the interface for platform users was finalised.

COMMODITIES MARKETS

Moscow Exchange Group promotes commodities trading through two key commodities markets: precious metals and agricultural. Precious metals are traded on the MOEX FX Market platform, while trading in agricultural products is operated by the National Mercantile Exchange (NAMEX), part of the Moscow Exchange Group.

On-exchange trading in agricultural products

In 2023, NAMEX continued to develop the commodity auction market. Commodity auctions are a simplified mechanism for trading new products with direct admission to trading for customers and auction participants. Transactions on the market are not cleared. The customers of the auctions are legal entities, such as large exporters, processors and producers of agricultural products. The customer of the auction determines the main parameters of the auction: delivery terms, basis, starting price, minimum price step, etc. Any legal entities and individual entrepreneurs can participate in auctions. Commodity auctions continued to attract great interest of market participants: 270 companies joined the auction in 2023 (170 companies joined in 2022). The total number of trading members in the commodity auctions exceeded 500 companies. In addition to the most in-demand instrument, wheat on the Novorossiysk CPT basis, the market saw transactions in soybean and rapeseed arranged by Sodrugestvo Group, a major Russian oilseed processor, as well as in barley, corn, sunflower and sugar.

In October 2023, NAMEX launched milk and dairy products auctions. EkoNiva Group acted as the seller and customer of the auction.

In 2023, the volume of agricultural products traded on the commodity auction market totalled RUB 31.4 billion, or 1.46 million tons (2022: RUB 16.3 billion, or 1.03 million tons).

In 2023, trading in sugar continued in the form of a bilateral anonymous auction, where NSD clears and settles sale and purchase agreements concluded on the Exchange. In 2023, trading volumes on the sugar market was RUB 15.2 billion, a twofold increase versus 2022 (RUB 7.6 billion).

NAMEX is Russia's authorised exchange for state commodity and procurement interventions on the grain market. In December 2023, grain purchases to the state intervention fund were made in the amount of 260.1 thousand tons worth RUB 3.6 billion.

Commodity indices

In 2023, NAMEX continued to develop a range of OTC and exchange-traded commodity indices.

OTC commodity indices are based on OTC contracts of agro-industrial market participants registered in member personal account with NAMEX.

Thus, in 2023, more than 166,000 OTC contracts with a total volume of more than 160 million tons were registered by agricultural market participants through personal accounts (in 2022, 102,000 contracts with a total volume of more than 76 million tons).

The volumes of OTC contracts being registered and the development of the OTC contract registration service via an API interface allowed NAMEX to start calculating three daily OTC regional sugar indices (sugar value in the Central Federal District, Volga Federal District, Southern Federal District and North Caucasus Federal District) in August 2023.

In May 2023, digital logistics platform Smartseeds became a NAMEX partner. The partnership made it possible to construct and publicly disclose to market participants on the NAMEX website a benchmark of the cost of logistics services, which is formed on the basis of data from the Smartseeds platform. Participants in state grain market interventions and NAMEX's commodity auctions were also given the opportunity to order transportation of sold grain through Smartseeds at a fixed tariff within two weeks.

In October 2023, NAMEX started daily calculation and publication of the price index for soybeans. The soybean price index is calculated based on the results of commodity auctions held by NAMEX for the purchase of soybeans on DAP (Delivered at Place) delivery terms to Kursk region and reflects the cost of one tonne of the commodity.

Commodities markets (RUB billion)

	2021	2022	2023	Change 2023/2022, %
Trading volumes	**14.4**	**70.9**	**46.9**	**-33.9**
Grains and oilseeds (excluding state interventions)	11.4	16.3	31.4	92.6
State interventions on the grain market	0.4	47.0	0.3	-99.4
Sugar	2.6	7.6	15.2	100.0

POST-TRADE SERVICES

CLEARING

The National Clearing Centre (NCC) acts as a Clearing House and Central Counterparty (CCP) for MOEX's markets. The Bank of Russia granted NCC the status of a qualified central counterparty.

In 2023, NCC's clearing efforts were focused on further developing clearing services and services, improving the technology platform and creating additional opportunities for clearing members to operate efficiently, comfortably and in a secure environment in the financial market.

In doing so, NCC was guided by the Moscow Exchange Group Clearing Development Strategy adopted in 2021 and the roadmap for implementing this strategy, which includes a detailed action plan for developing and implementing key projects and tasks.

Projects in 2023

Migration to T+1 settlement cycle

In 2023, Moscow Exchange in cooperation with NCC switched trading and settlement in shares and bonds to a single T+1 settlement cycle. This means that trades in the Central Order Books of all Moscow Exchange markets are settled and assets are delivered on the next trading day after the trade date (previously, on the second trading day).

Clearing of OTC trades on the Equity Market

Since April 2023, Moscow Exchange has offered professional market participants and their clients an OTC trading service for Russian shares not listed on MOEX with settlement through a central counterparty (CCP).

At the first stage, investors could conclude OTC trades in ten Russian shares not listed on the Exchange; by the end of 2023 the number of securities reached 28. The list was compiled on the basis of data from the MOEX Board indicative quotation system, which includes over one thousand shares of Russian companies, taking into account trading volumes in a security, compliance with the disclosure requirements, the availability of financial statements and investor interest.

The new service helps enterprises and businesses at different stages of their life cycle, many of which have already become joint stock companies and have their own shareholders but are not yet public, to gain their first experience of trading their securities on the secondary market.

Money Market Instruments

At the beginning of 2023, Money Market participants are enabled to make repo transactions, place deposits with the CCP and take floating rate loans. Traded are made and settled in RUB and CNY. Floating rate trades are available in the modes of repo with the CCP, GCC repo and inter-dealer repo. The floating rate at trade execution is made up of an indicator and a spread, the amount of which is set by the parties to the trade. RUSFAR family benchmarks, the key rate of the Bank of Russia and the RUONIA rate are available for entering into floating rate negotiated trades. The new instruments allow participants to levelling interest rate risk when managing liquidity in roubles and yuan for long terms, which contributes to lengthening the terms of funds placement and improving the efficiency of financial planning.

In August 2023, on demand repo transactions became available to professional money market participants. The new type of transactions provides clients with a unique opportunity: execution of the second part of a repo transaction at any convenient moment at the initiative of one of the parties, which expands opportunities for operational liquidity management, makes treasury processes more flexible and allows for faster response to changes in market conditions for each party to the transaction.

Development of the risk management system

In accordance with the approved roadmap for the development of the risk management system of NCC until 2025, the main efforts in this area were focused on implementation of a set of measures to improve risk management processes, maintaining the quality of CCP management at the level required by the regulator and in accordance with international standards. In addition, the operational processes related to risk management were optimised and automated to improve the reliability and continuity of the systems supporting the risk management system.

NCC projects and objectives

- The Clearing Rules set requirements for non-resident clearing members based on the strategic plan for admission of these type of members. The correspondent network was expanded to ensure smooth settlements in foreign currencies, sources of information and services for monitoring risks on foreign counterparties were enabled.
- External validation of the methodology for determining internal ratings for the most significant groups of NCC counterparties (banks, financial organisations, corporate clients), as well as validation of margining models for FX, Equity & Bond, Derivatives and Standartised OTC Derivatives Markets.
- A model risk management policy was developed, including an approach to model validation, and the model register was updated and approved.
- Approaches to liquidity risk management continued to be updated taking into account changes in the structure of the FX Market and a significant decrease in the share of turnover and trading in dollars and euros against the background of the appreciation of the Chinese yuan.
- Approaches to measuring market risk, including interest rate risk, for the trading portfolio on a revaluation basis in the event of a stress scenario were refined.
- Approaches to non-financial risk management were modernised in terms of developing process and risk maps and related control procedures, assessing potential losses, introducing a system of key risk indicators across all core business lines, conducting scenario analysis, and expanding the scope of description and testing of emergency scenarios as part of the development of the business continuity management system.
- The risk appetite structure was optimised in line with the newly approved strategy of Moscow Exchange Group.

NATIONAL SETTLEMENT DEPOSITORY

National Settlement Depository (NSD) is Russia's central securities depository, offering its clients a wide range of services, including depository services, repository and clearing services, banking services, information services, collateral management services and technology services.

Depository services

In 2023, the total amount of issued securities being serviced by the NSD was 24.6 thousand, of which 13.9 thousand were international securities and 10.7 thousand were Russian securities.

Settlement and clearing

In 2023, the number of OTC trades cleared by NSD on a Delivery Versus Payment (DVP) basis was 66.6 thousand. The volume of trades totalled RUB 2.7 trillion. At the same time, the number of FOP (Free of Payment) trades increased by 22% to 10.9 million in 2023.

Automatic conversion of depositary receipts on foreign securities into Russian shares of international companies

In accordance with the decision of the Board of Directors of the Bank of Russia dated 15 September 2023[1], NSD converted depositary receipts into shares of three international companies (ICPAO VK, ICAO

[1] The Decision of the Board of Directors of the Bank of Russia «On Establishing the Procedure and Terms for Automatic Conversion of Securities of Foreign Issuers Certifying Ownership of Shares of Joint-Stock Companies with the Status of an International Company into Shares of Such Joint-Stock Companies» dated 15 September 2023.

Global Ports Investments and ICPAO United Medical Group) as part of their redomiciliation in Russia. After the automatic conversion procedures were completed, MOEX resumed trading in the securities of ICPAO VK and ICPAO United Medical Group, and investors were once again able to earn on these securities and participate in corporate actions.

Customer service channels

In the reporting period, the functionality of messaging via the Bank of Russia's SPFS was finalised and put into operation.

Modernisation of record-keeping infrastructure

In 2023, NSD continued modernising its record-keeping infrastructure with a view to its use in the retail segment of the market as part of a project to develop a new investment instrument for individuals such as people's bonds using Finuslugi financial platform.

In 2023, NSD placed four issues of people's bonds, including the first issue of corporate bonds.

NSD acts as a depository for individuals, an agent for issuers in placing and redeeming bonds via the marketplace, and a withholding agent for individuals.

NSD enters into depository agreements with individuals remotely via Finuslugi personal account, opens the owner's securities accounts, keeps records of the rights to the bonds, executes transactions with the bonds, maintains the individual's position by transactions executed on the platform with the bonds, and calculates and withholds personal income tax on the sale, payment of income and redemption of the bonds.

Services for issuers

As a central securities depository, NSD provides collective custody of bond issue certificates and collective recording of ownership to bond issues of Russian and certain foreign issuers listed on Russian stock exchanges and the OTC market, provides issuers with depository services related to bond offerings, registers commercial bonds, provides counting board services at bondholders' meetings, and, by law, represents bondholders in bankruptcy proceedings against issuers.

NSD is developing electronic channels to communicate with issuers to facilitate the placement and redemption of bonds, as well as to perform corporate actions on bonds, optimising service processes as well as streamlining and speeding up issuers' access to services.

In April 2023, NSD offered issuers and Russian borrowers of Eurobond issues a new service to verify holders' ownership of securities.

A total of 2,010 issues of corporate bonds worth RUB 49.15 trillion and eight issues of bonds of constituent entities and municipalities of the Russian Federation worth RUB 36.5 billion were accepted for service in 2023. The total number of bond issues accepted for service increased by 113% YoY.

In 2023, the share of bond issues accepted for placement with issuance documentation executed electronically was 95% (2022: 97.6%) of the total number of accepted issues.

NSD, as a central securities depository, registers commercial bond issues. Such bonds are registered without a prospectus and may be placed only by private subscription.

In 2023, 48 commercial bond issues by 26 issuers totalling RUB 118.3 billion and CNY 3.3 billion with maturities ranging from one to 50 years were registered. Ten commercial bond programmes worth RUB 227 billion were registered.

In 2023, 44 commercial bond issues worth RUB 180.8 billion and CNY 3.3 billion were placed and 34 commercial bond issues worth RUB 148.1 billion and EUR382.4 million were redeemed.

Payment services and client systems

NSD has started developing electronic client channels based on domestic technologies.

A unified approach to the visualisation of user interfaces for all client areas was applied, taking into account modern requirements to the customer journey and Moscow Exchange Group's UX/UI standards.

Client areas now have a uniform interface, user-friendly, intuitive functionality, and their speed meets market standards and expectations.

The result in 2023 was an integration gateway and crypto service for Linux, successfully implemented using independent technologies. Client areas for depository and clearing services and collateral management system have been developed and are scheduled to be implemented in early 2024. NSD has launched and is actively promoting the migration of necessary and non-alternative functionality from the outdated LUCH software to the new specific client areas.

In 2023, a new bank-client was successfully implemented with functionality in line with the best practices of the banking industry.

Tri-party services

NSD, as an equidistant infrastructure, operates the Automated Collateral Management System (ACMS) and provides post-trade services for trades executed by market participants, as required by Russian law. By the end of 2023, 143 banks were connected to NSD's settlement services; the total amount of repo transactions settled using NSD's ACMS since 2013 exceeded RUB 466 trillion, and the maximum average daily volume of services provided (open position) reached RUB 4.5 trillion in 2023.

Post-trade services provided by NSD to market participants in 2023 totalled RUB 78 trillion, or 11.8% of the total volume of services provided by NSD as a settlement depository for on-exchange repo transactions.

Starting from the fourth quarter of 2023, NSD provides post-trade securities services for repo transactions. The facility allows credit institutions facing a temporary shortage of liquidity to promptly make up the shortfall with low-rated securities put as collateral.

From 2022, NSD provides settlement services for on-exchange deposit transactions. In 2023, the volume of these services totalled RUB 93 billion.

NSD also services inter-dealer repo transactions in yuan, i.e. repo transactions between market participants on the OTC market. In 2023, the total trading volume was over CNY 11 billion. In December 2023, the daily average volume of the services exceeded CNY 6 billion.

NSD provides clearing and settlement services on the Commodity Market. In 2023, NSD cleared for a total of RUB 15.2 billion across 67 participants.

Repository

In 2023, the number of transactions made on the Derivatives Market amounted to 27.3 million, totalling RUB 209.41 trillion.

The work to implement an independent infrastructure, which began a year earlier, was successfully completed in 2023. All processes were transferred to domestic solutions capable of continuing to provide a high level of IT infrastructure fault tolerance.

The Repository continued to develop and improve services that simplify interaction with clients, as well as optimise internal systems and client processes.

As part of the development of additional services for the provision of analytical information, the NSD Repository developed and implemented new forms of extended reports in response to individual participant requests. Two large clients joined the service.

In addition, the depository continues to make efforts with the National Financial Association to provide information on the OTC repo market for analytical reports.

For the convenience of clients, services were developed and tested to calculate fair value for determining thresholds and initial margin levels within the framework of Bank of Russia Directive No. 6032-U dated 23 December 2021.

Financial Transaction Registry

In 2023, NSD continued to develop the Financial Transaction Registrar (FTR) business line. The main function of the FTR is to make records of bank deposits, bond transactions, compulsory car insurance (OSAGO), loans and bank cards.

- Four financial platform operators were added to the service (in total nine financial platform operators were connected to FTR by the end of the year).
- About 55,000 statements were issued using a seamless service of requests through the unified portal of state service Gosuslugi.
- In order to ensure the quality of reporting by financial platform operators, a service was implemented aimed at reconciling the information transmitted to the FTR register with the data registered in the systems of financial platform operators.

Technological services

NSD Multibank

At the end of 2023, 57 corporations were connected to NSD's multibank platform. The number of supported banks increased to 26, with at least five new banks scheduled to be connected in 2024. In 2023, the number of messages processed tripled year-on-year and exceeded 65 million. NSD developed a universal banking module to facilitate the process of connecting new banks to Multibank. NSD introduced an API orchestrator that allows for seamless customisation of individual API channels; the orchestrator was used to integrate with two major banks.

Due to the growing customer base, the performance of Multibank was quadrupled in advance. In December 2023, a Linux version of the Multibank software was released and made available to all system users.

INFORMATION PRODUCTS AND SERVICES

Moscow Exchange Group's information services focus primarily on providing market data containing value, quantity and cost parameters for orders and transactions made on its markets, as well as aggregated indicators used in its financial and investment activities: indices, market prices and recognized quotations.

INDICES

MOEX's indices continue to be the main benchmarks reflecting the state and trends of all segments of the Russian financial market.

In 2023, the Exchange's index management services were further developed, with key product innovations related to the changing market landscape and client preferences. New benchmarks were launched, including:

- MOEX Refined Gold Index;
- four new FX fixings;
- RUSFAR family indicators, one-week RUSFARCN1W and RUSFARC1WR, denominated in Chinese yuan;
- new bond indices under the scale of Russian rating agencies;
- sunflower oil, sunflower meal and sugar indices calculated for NAMEX;
- MOEX-RAEX ESG Sustainability Index;
- warehouse property index;
- diamond indices.

Many of the new gauges became the basis for the creation of exchange-traded financial products such as futures contracts and mutual funds.

In 2023, index management revenues grew by a record 14%.

INFORMATION SERVICES

Moscow Exchange Group's information services continued to develop steadily in 2023. Moscow Exchange managed not only to retain clients for its information services, but also to increase revenues from them. The key growth drivers were:

- active development of new information services using the MOEX's own information resources, among which products designed for information and analytical support of issuers, including reports analysing investor clientele for a particular security, are particularly noteworthy;
- expansion of the product line of services created in cooperation with the Exchange's partners, including services with securities labelling, which met the expectations of market participants and made it possible to meet the regulator's requirements for the quality of service to investor clients.

In 2023, two new issuer-focused information and analytical products were developed and put into commercial operation:

- a report on the issuer's individual clients (includes advanced analytics on retail investors);
- a customised report with in-depth analytics of liquidity indicators of the issuer's securities (which helps issuers determine the impact of corporate news, identify abnormal activity, and evaluate the efficiency of brokers and market makers).

The launch of new information and analytical products for issuers ensured a 73% revenue growth for this service in 2023.

As part of the service with data on securities labelling, the product line was expanded to include labelling on securities of strategic Russian companies and foreign issuers, as well as labels archives. This service became available not only to trading members in MOEX's trading system, but also to a wide range of clients via the Exchange's web-based information platform (MOEX's ISS) with the option for automated data upload using API. The natural result of the work carried out to develop the service was the growth in the number of its users and the Exchange's revenues from its commercial realisation, which increased 3.5 times compared to 2022.

The securities labelling data service was highly appreciated by the professional financial community. In August 2023, at the 13th annual FINAWARD-23 Financial Industry Innovation and Achievement Awards, Moscow Exchange was awarded the 1st place diploma in the Investment Product or Service category for its service for labelling complex financial instruments.

In 2023, new impetus was given to the development of partnership relations in improving mechanisms for controlling and protecting rights to MOEX's information resources, including through joint web monitoring and information audit with a partner.

Efforts to introduce new and modernise existing information products and services have driven revenue growth in this area by 18% in 2023.

TECHNOLOGY SERVICES AND INFORMATION TECHNOLOGIES

2023 was a successful year for the Group in developing technology services that provide trading members, institutional and private investors, and other categories of clients with convenient and high-tech access to MOEX's financial market resources and mechanisms.

The key drivers of the dynamic development of Moscow Exchange's technology services in 2023 were:
- update of the tariff policy for technology services and the launch of a programme to support the development of infrastructure for trading members;
- launch of new high-speed binary protocols;
- the growing number of new HFT and algo teams on the market;
- effective relations with clients regarding new technology services.

In terms of technological services to provide access to trading for professional participants and their clients, a number of technological protocols, including high-speed binary protocols (SIMBA, TWIME ASTS), were in demand in 2023, which was due to a significant increase in the number of users working in algorithmic and high-speed trading of exchange-traded financial instruments.

Services for technical connectivity to MOEX's software and hardware suite in 2023 were further developed through the infrastructure of technology partners, which included not only specialised companies such as network service providers, but also trading members, allowing them to facilitate their investments in the development of systems and channels for technical access to trading on MOEX's markets.

Of particular note here is the growth in sales of the SIMBA binary protocol. In 2023, sales of this service grew by 212%.

CLIENT SERVICES

ACCESS TO THE MARKETS

In 2023, work continued to facilitate the customer journey:
- processes and requirements for documents for Know Your Customer (KYC) were unified across Moscow Exchange Group companies;
- the unified client registration system was brought in line with new legislative requirements: multi-level registration was made available in terms of technology and the algorithm for cross-trades was adjusted;
- the first major corporate clients and credit organisations gained access to trading in digital financial assets;
- The Exchange continued to streamline the client areas of trading and clearing members, including adapting the interface for non-resident participants;
- robotisation has made internal processes more technologically advanced and less time-consuming, reducing the time it takes to process customer enquiries.

INFORMATION TECHNOLOGIES

Availability and reliability

In 2023, Moscow Exchange Group continued to demonstrate high reliability with 99.98% uptime of trading systems.

The performance and information capacity of the trading and clearing systems (TCS) of all markets was tripled versus live trading parameters.

Load tolerance

	FX Market	Derivatives Market	Equity & Bond Market
Peak transaction load in second intervals, live trading	20,000	25,000	15,000
Limit frequency of constant transaction flow, load testing	81,000	150,000	79 000
Latency	220 ms	75–150 ms	220 ms
Maximum quantity of orders:			
▪ live trading (2022/2023)	85/98 mln	60/80 mln	100/80 mln
▪ validation in public load testing	112 mln	145 mln	115 mln
▪ hardware load limit	> 200 mln	> 200 mln	> 200 mln
Maximum quantity of trades:			
▪ validation in load testing	5 mln	12 mln	13 mln

Technological development of MOEX's TCS allowed for the following upgrades:
- the start/restart time of the trading system was reduced;
- the clearing session T+ was facilitated;
- performance of the clearing engine was increased;
- performance of TCS commands was increased by 15%.

IT processes

The Group's production processes and tools were centralised in the reporting period:

- DevOps platform: unified planning, estimation and joint implementation;
- unified stack of development tools;
- 100 per cent coverage of the Group's teams with production metrics.

IT process maturity level improved from 2.3 to 3.5 according to COBIT, which was confirmed by an external audit of Exchange's IT development, testing and operations processes.

IT departments continued to measure the speed and quality of production and introduce the improvements, resulting in continuous improvement and reduced time-to-market for new products.

Elements of digital transformation

Moscow Exchange Group is actively implementing a programme to harmonise the IT landscape, and the gap between the current and target landscape is narrowing. The share of the target landscape increased by 15%.

The Group's technology sovereignty programme is being implemented in line with regulatory requirements, i.e. the share of foreign software and equipment has decreased by 18%.

IT resources

The Group has active IT communities (DevOps, QA, etc.), which helps accelerate the development of new digital products by attracting additional expertise, as well as involve the high-calibre specialists by improved brand awareness.

The Company continues to actively source resources through a pool of accredited suppliers, which enables the Company to provide the best personnel at market price and increases the speed of hire.

Expanding the range of instruments

In line with Strategy 2028, in 2024, Moscow Exchange will continue to develop capital markets and attract clients to the market.

To develop capital markets, Moscow Exchange engages with companies at all stages, creating a product line and providing assistance from the pre-public stage to pre-IPO with a view to going public. The Exchange will continue this work by analysing new trends in capital raising, streamlining the processes of going public, and encouraging the sharing of experience and best practices between issuers.

The Group will continue to expand the range of traded instruments on all on-exchange and OTC markets, expand trading and settlement hours, and boost liquidity in all segments. In particular, in 2024, Moscow Exchange will continue to actively promote Money Market products among various client groups (corporate clients, Money Market funds). MOEX will focus on improving liquidity in the yuan segment of the Money Market for long maturities, including RUSFAR yuan indicators with maturities of more than a week.

MOEX will continue to actively expand our Derivatives Market instrument offering, including the development of a range of perpetual futures and premium-style options. MOEX plans to launch an IPO index tracking the share prices of recently listed companies, as well as adding new instruments to the CCP cleared OTC Equity and Bond Market.

The 2024 target for the Finuslugi platform is to become Russia's first platform for selecting and processing financial products. MOEX will continue to operate in four areas: savings (deposits), investments (bonds and financial literacy), protection (insurance) and loans (expenses), so that customers can solve their main financial tasks in one area.

Technological development

In 2024, MOEX plans to introduce Smart Allocator service on the Equities Market, which will allow lead underwriters to conduct allocations more efficiently. It will contain a large set of rules and options to determine allocations and fulfil investors' requests with them. The technology will be built into MOEX's trading platform and will not require additional connection costs.

A new type of orders, GTT (Good Till Today), will be introduced on the secondary equity market, which implies automatic transfer of orders from the main session to the evening session. At present, they are automatically removed at the end of the main session.

On the Debt Market, MOEX is developing a bookbuilding service for issuers and lead managers of bond offerings that will allow for more efficient collection of bids and determination of bond yield and allocation.

On the Derivatives Market, modification of the trading session is considered. The general idea is to make it seamless for clients, do away with intermediate clearing sessions and switch to the T+1 settlement cycle, synchronising it with settlements on other markets. Clients will get an extra 20 minutes of trading time and no technical breaks in trading.

Information services

The Trade Radar terminal will continue to improve in 2024. There are also plans to launch DataShop, a marketplace for information products for a wide range of users. It will allow access to financial data and analytics to solve a wide range of tasks from algorithmic trading to analytical solutions designed to support investors by brokers. DataShop Marketplace will be an open platform where information products will be presented not only by the Group, but also by partners.

MOEX's Information and Analytical Centre, established in 2023, plans to develop a wide range of information and analytical products (reviews, bulletins, reports) on commodity markets in Russia and CIS countries, which will be distributed both through the Exchange's own channels (primarily the Trade Radar terminal) and through partners' channels (international, regional and national news agencies and exchanges).

COMPLIANCE

CONTINUOUS IMPROVEMENT OF COMPLIANCE

In 2023, Moscow Exchange Group continued to implement the objectives of the compliance roadmap for 2020-2024, taking into account the adjustments that were made due to significant changes in the regulatory environment.

- To improve the efficiency of compliance risk management, inter-Group competence centres for compliance areas were established.
- To promote best practices between the regulator, financial market participants and self-regulatory entities, the Group held its annual conference Compliance: Key Trends 2023.
- To confirm the effectiveness of compliance at the Group level, the Group was certified under the international compliance management standard ISO 37301:2021.
- To protect the legitimate rights of investors, the Investor Protection Club established in 2022 continued its work with support from the Group.
- The Group continued to challenge the EU blocking sanctions against NSD.

ATTESTING COMPLIANCE EFFICIENCY

Moscow Exchange Group received the Compliance 2023 award in the category "For Developing a Culture of Trust in the Financial Market". The judges praised the Group's efforts to ensure fair behaviour of market participants, improving financial literacy and protecting investors' rights. They also highlighted the Group's innovative systems to identify unfair practices and support for sustainability initiatives.

In 2023, Moscow Exchange Group was certified to ISO 37301:2021 for the first time. Moscow Exchange and NCC confirmed compliance with the standard, while NSD and NTB passed certification audits for the first time. Auditors of Bureau Veritas Certification Rus JSC assessed not only the efficiency of compliance management according to the standard, but also stressed the uniform compliance methodologies and processes across the Group.

The following items were independently audited for compliance of the corporate control system with ISO 37301:2021:

- internal control of licensed business;
- combating money laundering, the financing of terrorism and the financing of proliferation of weapons of mass (AML/CFT/ FPWMD) destruction;
- preventing unlawful use of insider information and market manipulation;
- control of foreign taxes (FATCA/CRS);
- anti-corruption;
- conflict of interest management;
- economic restrictions.

HUMAN RESOURCES

HR POLICY

The efficiency and results-orientation of Exchange employees is one of the most important factors in achieving the Group's strategic goals.
The Exchange's HR Policy aims to achieve three major objectives:

- involve, motivate and retain highly qualified staff and managers;
- support employees' continuous professional development;
- create an atmosphere that supports employees' personal development and enables the Exchange to achieve best results and achieve its strategic goals.

In 2023, MOEX's main objectives were to retain human capital and ensure uninterrupted operation of the Group's trading, clearing and other critical IT systems, as well as to staff new business areas to ensure the achievement of the Group's strategic goals. The main driver of the Exchange's headcount growth in 2023 was an increase in the number of personnel in such business areas as data monetisation and the development of the Finuslugi platform, as well as the launch of a new business area, Digital Assets. In 2023, the project launched a year earlier to centralise a number of back-office functions across the Group continued.

In line with applicable regulation and the MOEX Business Ethics Code, the Exchange practices equality of opportunity. The Business Ethics Code enshrines adherence to principles of equality with regard to the observance of labor rights as well as non-discrimination based on sex; race; skin color; nationality; language; national origin; financial, marital, social, and employment status; age; place of residence; religious orientation; beliefs; or membership or non-membership of any non-governmental association or social group. The Exchange respects the cultures, opinions and lifestyle of all of its employees, and categorically opposes any actions that could contribute to the creation of a threatening, hostile, insulting or humiliating atmosphere.

Total number of employees (persons)

2019	2020	2021	2022	2023
1,791	1,981	2,199	2,339	2,586

Total number of employees in 2023 by gender, (persons): women – 1,116, men – 1,470.

LEARNING AND DEVELOPMENT

The company's approach to employee skills development can be described in the fundamental criteria:

- **Flexibility and affordability of training:** training planning, based on the collection of needs every quarter, makes it possible to tailor training programmes to the specific needs and professional interests of employees, facilitating their personal and career development. The priority for the training decision for an employee is the need for new skills to fulfil strategy and tactical objectives, rather than the cost of training, which ensures a high level of accessibility and the possibility of comprehensive development of skills and competences.
- **Compliance with the company's strategy:** when designing training programmes, the employee profile is taken into account, as well as the assessment of competencies required to achieve the company's

goals, implement innovative projects, and improve the efficiency of processes. Employees are provided with an environment that helps them to apply what they have learnt in training, learn from expert colleagues and evolve in the workplace.

- **Adaptability:** regular collection of feedback from employees after training programmes allows the pool of training providers and educational courses to be adapted and improved, making them more relevant and effective.

Investment in the development of personnel: The Group demonstrates its commitment to investing in its employees as a key element of its sustainability strategy. In 2023, 980 employees of the Group received various types of training, and 255 employees upgraded their qualifications and received relevant certificates.

The Group will continue to introduce new training technologies and methods, expand the range of training programmes, and strengthen the link between training and employees' career development.

SOCIAL SUPPORT

As part of the Group's social policy to provide social security for its employees, Moscow Exchange provides social support and guarantees over and above the basic legal minimum. Corporate social support is provided in accordance with the Regulation on Employees' Corporate Social Support. Priorities for social support include health care of employees and their relatives, maternity and support for children. All Group companies provide voluntary health insurance schemes and international medical insurance for their employees, as well as travel insurance policies including accident and sickness insurance.

Shared workspaces and additional meeting and co-working spaces have been actively developed to ensure the best possible working conditions.

Corporate sports clubs were active, participating in football, hockey, running and triathlon competitions. The office gym was reopened and yoga classes are held for those wishing to attend. Corporate chess and table tennis tournaments were held.

The Group has formed a pool of the most professional specialists – key experts – who are provided with improved compensation packages: recreation, sports and workplace equipment costs are compensated, and conditions for voluntary health insurance can be improved. The Group has a standing Social Committee which can provide financial assistance to employees in the event of an accident or force majeure not covered by insurance schemes.

OCCUPATIONAL SAFETY AND HEALTH PROTECTION

The lives and health of the Group's employees are of the highest value to the Company. Therefore, one of the fundamental principles of doing business is to deal responsibly with occupational health and safety issues. The Exchange has introduced and operates an occupational safety management system (OSMS), which is a set of procedures and documents regulating the policy, goals and objectives in the field of occupational safety. The OSMS makes it possible to reduce or eliminate the risks of accidents and incidents resulting in serious consequences for employees and the Exchange as a whole. There were no accidents in 2023.

As part of the OSMS, the Exchange organises and conducts various types of briefings on occupational health and safety, fire safety, electrical safety and emergency situations, and works on their automation. Occupational safety training for Exchange employees is organised regularly and conducted by a specialised training centre. Thus, the competences of employees are maintained at an appropriate level and constantly improved.

On an annual basis, the Exchange approves and implements a plan of measures to improve working conditions and safety. The main ones are: preliminary, periodic medical examinations, psychiatric examination of certain categories of employees; pre-trip medical examinations of the Exchange's drivers; a special assessment of working conditions, as well as identifying hazards and assessing occupational risks at the workplaces of the Exchange's employees. According to the results of a special assessment of working conditions conducted by a specialised organisation, harmful and hazardous working conditions at the Exchange's workplaces were not identified, on the basis of which the Exchange's workplaces were assigned the second class of working conditions.

Twice a year the Exchange conducts training on evacuation in case of fire. This is an important exercise to practise staff evacuation actions in the event of a fire, including practising staff actions in accordance with the evacuation plan, as well as keeping staff in a state of 'ready to act' at all times in a real fire.

MOSCOW EXCHANGE AND THE COMMUNITY

PROFESSIONAL COMMUNITY

The Exchange is working hard to build constructive dialogue with investors, market participants, current and potential issuers, regulatory agencies and with the professional community, both by direct communication through advisory bodies and working groups, and also at investment conferences, forums and specialized training events. This work helps to attract new investors to the Exchange's markets, expand the Exchange's client base, increase liquidity on the financial markets and attract investment into the Russian economy.

EXCHANGE COUNCIL

To ensure efficient interaction with trading participants and clients, a special advisory collegial body, the Exchange Council, which is tasked with elaborating strategic proposals for the development of the Russian financial market, and also represents the interests of market participants and the Exchange's clients, to ensure that their needs are fully reflected when addressing issues related to the organization and development of financial market infrastructure. The Exchange Council includes management of major market participants, heads of self-regulatory organizations, management companies, investment banks and the Bank of Russia.

The Exchange Council is elected every two years by the Exchange's Executive Board. The current members of the Exchange Council were approved by the Executive Board in August 2022.

USER COMMITTEES

The Exchange, NCC and NSD convene 23 user committees comprising groups of financial market participants and issuers.

The composition of most user committees is reviewed annually. The members of the committees represent both professional market participants – banks and brokers – as well as issuers, non-financial companies and the regulator, the Bank of Russia.

For many years, the User Committees have been an effective means of communication between Moscow Exchange and the market. Members of the Committees formulate proposals to improve the regulatory framework and develop Moscow Exchange's products and services. Issues considered at Committee meetings cover all aspects of the Exchange's activities, from regulation of securities issuance and trading, information disclosure and corporate governance to technological solutions for organising on-exchange trading and clearing and settlements.

A total of 100 meetings of the Committees were held during 2023, at which market participants discussed and provided recommendations on amendments to the Exchange rules, technology and tariffs.

EXPERT COUNCIL ON LISTING

The Expert Council on Listing has operated to improve the quality of securities analysis at admission and maintenance of a security in MOEX's list.

It is responsible for reviewing, analysing and making recommendations on the listing/ delisting of securities, moving companies between the listing levels, suspending trading in securities and other issues.

At the end of 2023, The Expert Council on Listing comprises 49 members, including appraisers, auditors, bankers, lawyers, analysts, investors, methodologists and ESG specialists. Meetings of the Expert Council are held in the format of working groups of subject matter experts of 7–15 people approved by the Chairman of the Expert Council to consider issues on the agenda.

In 2023, the Council held eight meetings and considered 27 issues, including recommendations to amend the Listing Rules to relax the free-float requirements in order to stimulate the IPO market.

The Council's recommendations were used to delist 31 securities of 12 issuers, add three securities of three issuers to the High Investment Risk Companies sector, remove three securities of two issuers from the High Investment Risk Companies sector, transfer one security from the Tier 2 list to the Tier 3 list, and deny one issuer a new instrument listing.

CORPORATE GOVERNANCE DEVELOPMENT IN RUSSIA

One of the key events in the field of corporate governance and investor relations is the Annual Report Contest which has been held by the Exchange since 1997. The competition helps to increase transparency among public companies and effective information disclosure to investors and customers.

Eighty-five companies, including 11 debutants, took part in the XXVI Annual Report Contest held in 2023. The expert group and judges included heads of the National Association of Stock Market Participants (NAUFOR) and the National Financial Association (NFA), representatives of major consulting companies, news agencies, banks and investment companies, rating agencies, leading financial analysts, representatives of business associations and specialists in corporate governance and communications.

The contest was held in partnership with the business publication Vedomosti, the magazine Joint Stock Company, the economic information agency PRIME, the Interfax information group and the RusBonds portal.

Moscow Exchange was a partner of the of the All-Russian Corporate Governance Forum and the Director of the Year Award, an annual platform for communication and exchange of experience among corporate governance professionals.

In addition, Moscow Exchange was a partner of the session of the XVII National Corporate Secretaries Association (NCSA) Forum, where the Group's representatives shared Moscow Exchange's experience in developing corporate governance and relations with issuers and investors.

Moscow Exchange also supported the congress of the Russian Institute of Directors and organised a number of meetings of members of the boards of directors of major Russian companies.

INTERACTION WITH THE INVESTMENT COMMUNITY

For many years, the Exchange has organized its own events and supported major professional financial markets conferences.

In 2023, Moscow Exchange held the annual FX & Money Market Forum and online conference Compliance: Key Trends 2023, partnered with the Innovation Territory of the St. Petersburg International Economic Forum (SPIEF 2023), and partnered with the Bank of Russia's events, Finopolis 2023 Innovative Financial Technologies Forum and Financial Congress.

Moscow Exchange also supported the events of the NAUFOR and NFA self-regulatory organisations, as well as ACI Russia, Cbonds, the Association of Corporate Treasurers, the Association of Retail Investors, the Analytical Credit Rating Agency and the Association of Eurasian Central Securities Depositories.

As part of the MOEX Home Talks series of online meetings, Moscow Exchange representatives talked to company CEOs, discussing doing business in a changing environment, as well as development plans and new opportunities for the Russian economy and private investors. In 2023, three meetings were held with executives of major issuers.

More than 10 ceremonies and roundtables were held to launch new products and admit new securities to trading. The MOEX IR Club, a professional investor communications community, continued its work. Two meetings were held in 2023, at which club members and invited experts discussed current events and shared their experiences.

INTERNATIONAL COOPERATION

In 2023, the Exchange continued to deepen and expand its relationships with overseas trading venues in Southeast Asia, focusing on not only maintaining but also developing existing ties with financial organisations in China and other countries in the region. In addition, engagement with exchanges in the CIS and the Middle East was strengthened, underlining a continued focus on international co-operation and expanding partnerships.

IMPROVING FINANCIAL LITERACY

In 2023, the inflow of private investors to the Exchange continued: over 6.8 million people opened accounts with MOEX in 2023. The total number of individuals with brokerage accounts reached 30.1 million, with 59.8 million brokerage accounts opened by them.

It is important that new investors coming to the financial market stay on it for many years. For this, they need knowledge, positive investment experience, protection of their rights and the widest possible choice of instruments to diversify their investments. To improve financial literacy and expand knowledge of the principles of the exchange and the instruments traded, Moscow Exchange offers specialised courses, events, training seminars and competitions aimed at both improving investment literacy and popularising the investment culture.

In 2023, Moscow Exchange continued to elaborate the Investor's Way, a training course developed by MOEX with expert support from the Bank of Russia. It covers the key principles of effective investing – from understanding the risks of market operations to knowing investor rights – and explains in a simple format how on-exchange trading is organised. The course is available online on the Moscow Exchange School website and is free of charge for anyone.

In 2023, the course's audience exceeded 700,000 people. A total of 100,000 people were trained as part of the Moscow Exchange School and more than 80 courses were created.

In 2023, Moscow Exchange introduced a new training course Equity Investment Analysis for all categories of investors. The course covers the basics of analysing public companies and the criteria for selecting shares for an investment portfolio. The course consists of 12 thematic modules and each of which ends with a practical homework.

The Exchange annually organizes competitions to demonstrate the opportunities and potential profitability of competent trading on MOEX to private investors. The 'Best Private Investor' contest has been held since 2003 and is the world's largest exchange competition for traders. A record number of 37,964 private investors competed in the 2023 jubilee contest (the previous high was 26,054 in Best Private Investor 2021). The total assets of the participants exceeded an all-time high of RUB 10.6 billion. For the first time, six issuers of stocks listed on MOEX became partners of the contest. They set their own prizes for participating investors who trade company shares.

More than 1,850 participants traded on the Exchange for the first time in their lives to participate in the special contest nominations for novice investors, which included 405 cash prizes. Among the new nominations of the contest are: "Best Trader in Mid- and Small-cap Stocks", "Best Trader in Premium-Style Options", and "Best Trader in Perpetual Futures". Contestants also received bonuses for their first purchases of people's bonds on the Finuslugi platform.

In 2023, Moscow Exchange experts made a major contribution to the Bank of Russia's Financial Literacy Days project. As part of the project, specialists and managers of various financial organisations conduct online lessons on financial literacy for high school students from across the country.

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CORPORATE GOVERNANCE

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CORPORATE GOVERNANCE SYSTEM

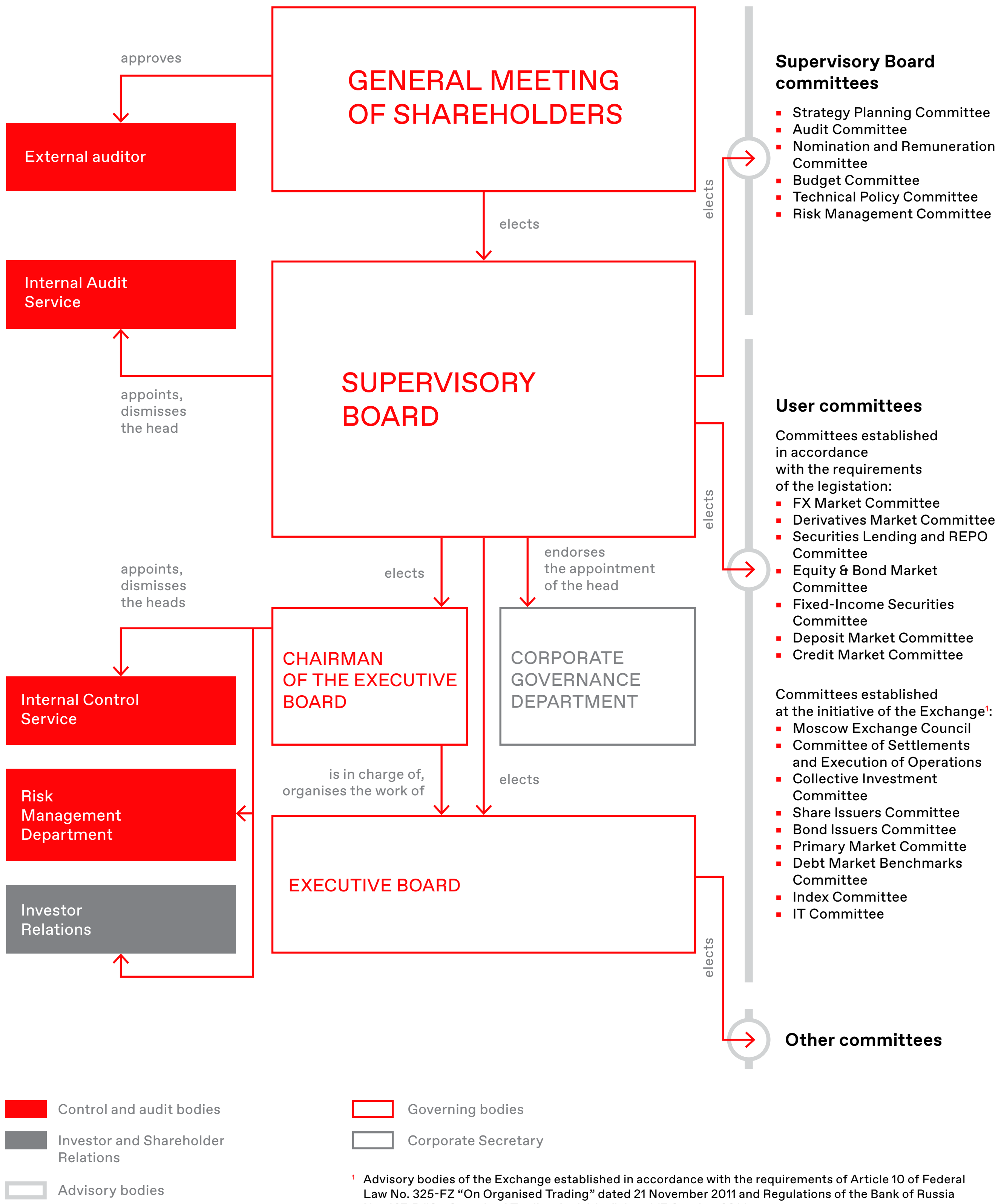
CORPORATE GOVERNANCE MODEL AND PRACTICE

Moscow Exchange is one of Russia's largest public companies. The Bank of Russia, which acts as regulator of the financial market, is one of the Exchange's shareholders. The Exchange is also a market infrastructure operator that establishes rules for other issuers. Because of all these factors, the Exchange must adhere to the highest corporate governance standards Continued development of the corporate governance system is aimed primarily at improving the Exchange's effectiveness and competitiveness, and maintaining a positive perception of the Exchange's corporate governance system among shareholders, investors and the broader business community.

The Exchange continuously evaluates and responds to developments in corporate legislation and corporate governance practices in Russia and internationally. It complies with the Federal Law on Organized Trading (No. 325-FZ dated 21 November 2011), which outlines the corporate governance requirements for the market operator; the principles and recommendations prescribed in the Corporate Governance Code of the Bank of Russia; the requirements of the Listing Rules; the G20/OECD corporate governance principles; international standards and principles relating to corporate social responsibility and sustainable development.

Shares of the Exchange are included in the first level quotation list. To ensure that the Exchange's activities and documents fully comply with the corporate governance requirements set out in the Listing Rules and with the Bank of Russia's Corporate Governance Code, the following measures were taken in 2023:
- seven independent directors were elected to the Supervisory Board, which consists of 12 members;
- all independent directors meet the independence criteria set by the Listing Rules;
- independent members of the Supervisory Board are included the Audit Committee and the Nomination and Remuneration Committee.

Corporate Governance Structure



[1] Advisory bodies of the Exchange established in accordance with the requirements of Article 10 of Federal Law No. 325-FZ "On Organised Trading" dated 21 November 2011 and Regulations of the Bank of Russia No. 437-P "On Organised Trading Activities" dated 17 October 2014.

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the supreme governing body of the Exchange. General Meetings of Shareholders adopt resolutions on strategic issues. The scope of issues within the terms of reference of General Meetings of Shareholders is determined by Federal Law No. 208-FZ "On Joint-Stock Companies" dated 26 December 1995 and the Exchange Charter.

The Exchange's Annual General Meeting of Shareholders, held in absentia, was scheduled for 27 April 2023, which would, alongside addressing mandatory and regular matters and electing the 9-member Supervisory Board, was to decide to increase the Supervisory Board's size from 9 to 12 members. However, based on the results of counting the votes by the counting commission, the AGM was declared invalid as there was no quorum needed to adopt resolutions. Pursuant to Federal Law No. 208-FZ "On Joint-Stock Companies" dated 26 December 1995, in the absence of a quorum for holding an annual general meeting of shareholders, a repeated general meeting of shareholders must be held with the same agenda, which is legally competent (has a quorum) if shareholders holding an aggregate of at least 30 per cent of the voting shares in the company take part in it. The repeated annual general meeting of shareholders, at which favourable resolutions were passed on all the matters submitted for consideration, was held on 2 June 2022.

The Supervisory Board resolved to hold an Extraordinary Shareholders' Meeting on 31 July 2023 to re-elect the Supervisory Board with the newly approved membership of 12 members. However, the EGM was also declared invalid because the required quorum was not reached. Consequently, a repeated EGM was held on 07 September 2023, which re-elected the 12-member Supervisory Board.

SUPERVISORY BOARD

Role of the Supervisory Board

The Supervisory Board is a key element of the corporate governance system, with overall responsibility for the activities of the Exchange. The Supervisory Board is accountable to the General Meeting of Shareholders: members of the Supervisory Board are elected by the General Meeting of Shareholders, and their powers may be terminated at any time by the General Meeting of Shareholders. The terms of reference of the Supervisory Board are established in the Charter and are clearly separated from those of the executive bodies that manage the day-to-day activities of the Exchange. In particular, the Supervisory Board:

- determines the vision, mission and strategy of the Exchange;
- is responsible for strategic oversight and long-term sustainable development of the Exchange;
- establishes strategic goals and key performance indicators of the Exchange's activities.

When developing the Exchange's strategy, the Supervisory Board takes into account shareholders' vision for the development of the Exchange. The Supervisory Board considers queries and requests from shareholders and investors and, if necessary, gives appropriate instructions to the management The work schedule approved by the Supervisory Board for the calendar year includes the main activities of the Exchange, which are correlated with the strategic planning cycle and ongoing business cycles of the Exchange. When preparing the work schedule, proposals of members of the Supervisory Board and the management on priority issues are taken into account Information on the activities of the Supervisory Board, including meetings held and work of its committees, is disclosed in the Annual Report of the Exchange.

Structure of the Supervisory Board

The Supervisory Board is composed of directors who have the experience and professional skills required to implement the Exchange's strategy. In accordance with the Exchange's Charter, the number of members of the Supervisory Board is set by the resolution of the General Meeting of Shareholders. Currently, the Supervisory Board of the Exchange is comprised of 12 members. The Supervisory Board is managed and administered by the Chairman of the Supervisory Board. The Chairman is elected/re-elected by the members of the Supervisory Board from among the Board membership, by a majority vote. In 2023, the following committees were formed by the Supervisory Board for preliminary consideration of key issues and preparation of recommendations for the Supervisory Board:

- Audit Committee;
- Nomination and Remuneration Committee;
- Strategy Planning Committee;
- Risk Management Committee;
- Technical Policy Committee.

Members of the committees are selected annually from among the members of the Supervisory Board. Two of the five Supervisory Board committees (Audit Committee, Nomination and Remuneration Committee and Technical Policy Committee) are comprised of independent directors. Non-Board member IT experts are also invited to participate in the Technical Policy Committee.

Members of the Supervisory Board of the Exchange are experts in financial market infrastructure, international organized trading, IT in the financial sector, operational and financial risk management and financial reporting. They also have skills in personnel policy and modern approaches to incentivizing top managers.

Following the election at the repeated 2023 Annual General Meeting of Shareholders, the Supervisory Board included four independent directors who met all the independence criteria set forth in the Listing Rules (no relationship with the Exchange, its significant shareholders, significant competitors, or counterparties, as well as no relationship with the government), and five non-executive directors. At the first meeting, one more director was qualified as independent director, notwithstanding existing nominal relationship with the issuer and counterparty of the Exchange.

Following the election at the repeated Extraordinary General Meeting held on 7 September 2023, five of 12 members were independence directors, who met all the independence criteria set forth in the Listing Rules, and two more newly elected directors were recognised independent afterwards.

There are no conflicts of interests of Supervisory Board members and Executive Board members (including those relating to the participation of the said persons in the governing bodies of the Exchange's competitors).

Activities of the Supervisory Board in 2023

From 1 January 2023 to 31 December 2023, the Supervisory Board held 27 meetings, including eight in-person. 10 meetings of the Supervisory Board were held prior to and 17 meetings after the Annual General Meeting of Shareholders on 2 June 2022. The cumulative attendance rate of the Supervisory Board members at the Supervisory Board meetings exceeded 91% In 2023, the cumulative length of service of all its members was 54 years.

In 2023, the Supervisory Board considered issues relating to the performance of its main functions, including:

- strategy issues:
  - approval of the new Moscow Group Strategy 2028, recognition of the previous Strategy 2024 as implemented.
- personnel issues:
  - update of the Remuneration and Compensation Policy for Members of the Executive Bodies;
  - approval of the Employee Remuneration Policy and approaches to employees' bonus scheme.
- business development issues:
  - review of fees on the derivatives market; fees for FX and precious metals trades, and listing fees;
  - approval of the new version of the Regulation on Fees on the Equity and Bond Market and Deposit and Credit Markets.
- update of key documents of the Exchange:
  - Rules of Organised Trading of Moscow Exchange on Various Markets;
  - Listing Rules;
  - Rules of Admission to Organised Trading of Moscow Exchange on all markets
- risk management issues:
  - approval of Rules for Managing Risks Associated with Market Operator and DFA Exchange Operator Activities as amended;
  - approval of key approaches to compliance risk management;
  - approval of risk management performance assessment results.

Appointment and induction of Supervisory Board members

In accordance with the Federal Law "On Joint-Stock Companies" and the Exchange's Charter, shareholders holding in aggregate at least 2% of the voting shares in the Exchange may nominate candidates to the Supervisory Board of the Exchange, the number of which cannot exceed the number of members of the Supervisory Board of the Exchange, no later than 60 days after the end of each fiscal year.

As of 1 March 2023, the Exchange had received proposals for the nomination of three candidates to the Supervisory Board to be elected at the Annual General Meeting of Shareholders in 2023; all of them were included in the list for voting at the General Meeting of Shareholders.

In accordance with the Federal Law "On Joint-Stock Companies", the Supervisory Board is entitled to nominate candidates for the Exchange's Supervisory Board, apart from those nominated by the shareholders, at its own discretion Succession planning and provision for the required competencies on the Supervisory Board are considered to be best practice. The Nomination and Remuneration Committee, taking into account consultations with the members of the Supervisory Board and significant shareholders, recommended that the Supervisory Board include nine candidates most suitable for election to the Supervisory Board for the 2023–2024 corporate year (including three candidates nominated by a shareholder of the Exchange) in the list of candidates for election to the Supervisory Board of the Exchange at the 2023 Annual General Meeting of Shareholders. In total, nine candidates were nominated to the Supervisory Board.

As part of the induction of newly elected directors, an onboarding programme for new members of the Supervisory Board of the Exchange is being implemented, which provides for familiarisation with the main internal documents of the Exchange, resolutions of the meeting of shareholders and the Supervisory Board, as well as for holding individual meetings with the Chairman of the Supervisory Board, Chairman of the Executive Board, Corporate Secretary and key managers of the Group.

ACTIVITIES OF THE SUPERVISORY BOARD COMMITTEES IN 2023

Number of meetings of Supervisory Board committees

Committee	Over the period 01/01/2023 - 02/06/2023		Over the period 02/06/2023 - 31/12/2023		Total
	in-person	remote	in-person	remote	
Strategy Planning Committee	4	1	6	1	12
Audit Committee	5	0	5	1	11
Nomination and Remuneration Committee	6	0	6	2	14
Risk Management Committee	1	1	3	2	7
Technical Policy Committee	3	0	5	0	8

Audit Committee

The primary purpose of the Audit Committee is to ensure the Supervisory Board is effective in addressing issues relating to the control of financial and economic activities.

In 2023, 57 issues were considered at meetings of the Audit Committee.

The main issues considered by the Committee in 2023, on which recommendations were given to the Supervisory Board, related to auditing firm selection procedures, internal audit policy, review of the consolidated financial statements and reports of the Internal Audit Service. The Audit Committee considered issues related to the risk management performance assessment, preliminary results of the audit of Group companies, implementation of the consolidated business plan, and changes in the procurement process.

The Committee considered and recommended to the Supervisory Board to adopt the Moscow Exchange Group Companies Group Audit Concept, Regulation on Identifying and Preventing Conflicts of Interest by Moscow Exchange while Acting as a Market Operator and Financial Platform Operator, and Information Policy as amended.

Nomination and Remuneration Committee

The primary purpose of the Nomination and Remuneration Committee is to support the effective work of the Supervisory Board in addressing issues relating to the activities of the Exchange as well as other companies directly or indirectly controlled by the Exchange, and the nomination and remuneration of members of supervisory boards, executive bodies and other key executives and members of revision commissions.

In 2023, 43 issues were considered by the Nomination and Remuneration Committee of the Supervisory Board.

The main issues considered by the Committee in 2023, on which relevant recommendations were given to the Supervisory Board, related to planning of compositions of supervisory boards of the Exchange, National Settlement Depository (NSD), and Central Counterparty National Clearing Centre (CPP NCC), the Exchange's Supervisory Board self-assessment, development of recommendations on changes in the Group's remuneration and bonus principles, assessment of achievement of corporate KPIs of the Group and individual KPIs of members of executive bodies and the Director of the Corporate Governance Department of the Exchange, the option program for management, Supervisory Board and management succession program.

Strategy Planning Committee

The primary purpose of the Strategy Planning Committee is to improve the performance of the Exchange and companies directly or indirectly controlled by the Exchange in the long and medium term.

In 2023, 27 issues were considered at the meetings of the Strategy Planning Committee of the Supervisory Board.

The main issues considered by the Committee in 2023, on which recommendations were given to the Supervisory Board, related to recommendations on approval of Group Strategy to 2028 and a new dividend policy, and feasibility of the Exchange's participation in other companies.

Risk Management Committee

The main task of the Risk Management Committee is to foster the improvement of the risk management system of the Exchange and Group companies in order to enhance the reliability and efficiency of the activities of the Exchange.

In 2023, 22 issues were considered by the Risk Management Committee of the Supervisory Board.

The main issues considered by the Committee in 2023, on which relevant recommendations were given to the Supervisory Board, related to approval of ALM policies of the Group, the revision of the Rules and Policies for managing various types of risks at the Group, including business continuity, operational, legal risks. At the meetings of the Committee, special attention was paid to the follow-up of the Committee's previous recommendations.

Technical Policy Committee

The primary purpose of the Technical Policy Committee is to develop and strengthen effectiveness of the Group's activities through preparation of recommendations and expert opinions to the Supervisory Board, boards of directors (supervisory boards) of Group companies and their committees, executive bodies of the Exchange and the Group companies in respect of technical policy and development of IT and software of the Group.

In 2023, 37 issues were considered by the Technical Policy Committee of the Supervisory Board.

The issues considered by the Committee in 2023, on which recommendations were given to the Supervisory Board, related to the implementation of the IT strategy of the Group and its information security strategy, update of the Technical Policy, technology and infrastructure import substitution project.

ASSESSMENT OF SUPERVISORY BOARD AND COMMITTEE PERFORMANCE

Assumptions and Grounds for the Assessment

In accordance with the recommendations of the Corporate Governance Code and best international practices, Moscow Exchange assesses the performance of the Supervisory Board on an annual basis. Pursuant to internal regulations, the Nomination and Remuneration Committee of the Supervisory Board engages external consultants regularly (once every three years) to conduct an independent assessment. Other times, the Supervisory Board performs self-assessment. In 2023, the Supervisory Board performed self-assessment.

Assessment Goals and Objectives

The assessment goals include monitoring of the dynamics of changes in the work of the Supervisory Board and the committees and identification of areas for improvement of performance of the Supervisory Board and its individual members. In addition, a particular focus of the 2023 assessment was renewed practices of the Supervisory Board in the context of the evolving changes in the way business is run amidst geopolitical developments.

The self-assessment process involves the directors answering questions focusing on analysing the Supervisory Board's effectiveness on the following key components:
- Formation and membership of the Supervisory Board;
- Organization of Supervisory Board meetings;
- Proper attention given by the Supervisory Board to relevant and essential matters;
- Level of directors' involvement and preparation;
- Director development;
- Leadership and strategic goal setting;
- Succession planning, remuneration and working with management;
- Risk management;
- Role of the Chairman and independent directors;
- Directors' understanding and adherence to compliance requirements.

In the interim between the self-assessment in spring 2023 and the analysis of self-assessment data in autumn 2023, strategic sessions were convened, working groups comprised of directors and management were established, and Supervisory Board training was scheduled, thus allowing a prompt response to individual comments made in the course of the self-assessment.

Assessment Methodology

The self-assessment process takes the form of an electronic questionnaire filled in anonymously by the members of the Supervisory Board. The questionnaire form has 100 questions, including some recurring questions worded differently so as to obtain maximum possible accuracy of the information from the assessment. Assessment was well representative, with 7 out of 12 directors participating, but was second to previous assessments, with 10 out of 12 directors participating. However, the overall average score remains at a high level (6.1 out of 7 points, the same as in 2022).

Assessment Results

According to the 2023 self-assessment, the Supervisory Board has demonstrated marked improvement in its effectiveness in some aspects that were highlighted for improvement during the previous external assessment in 2022. Namely, such aspects included Moscow Exchange Group corporate governance vision, priority of in-person meetings over on-line ones, better-quality strategic discussions at the meetings and better balance of the advisory and controlling functions of the Supervisory Board. A particularly positive outcome from the completed self-assessment is that no consolidation of the Supervisory Board members' opinions was seen towards any critical area, which was characteristic of previous assessments and self-assessments.

The strengths of the Supervisory Board stay the following aspects.

- The effective dialogue between the Supervisory Board and the management: clear separation of powers, minimal interference by the Supervisory Board in operational management, increased trust, increased management autonomy, mutual support and high speed of interaction.
- Professional and diverse composition: The Supervisory Board brings together professionals with diverse profiles (entrepreneurial, functional) and competencies, which enables the Supervisory Board to address issues comprehensively and engage in meaningful discussions from different perspectives. The Supervisory Board continues to demonstrate gender and age diversity.
- The leadership style of the Chairman of the Supervisory Board: the Chairman is deeply involved in the work of the Supervisory Board, supports directors and management, effectively manages relations with key stakeholders, and represents the company externally;
- The Corporate Secretary and support for the Corporate Governance Department: the Corporate Secretary promptly implements best corporate governance practices and ensures the effective operation and support of the Supervisory Board.

CORPORATE SECRETARY

In accordance with a resolution of the Supervisory Board, the function of Corporate Secretary is performed by the Corporate Governance Department headed by its Director, administratively reporting to the Chairman of the Executive Board, and functionally reporting to the Chairman of the Supervisory Board. Resolutions on appointment, dismissal, and remuneration of the Director of the Corporate Governance Department are adopted by the Supervisory Board, which ensures the necessary degree of independence of the work of the governing bodies. Alexander Kamensky has been Director of the Corporate Governance Department of Moscow Exchange since 2013.

Alexander Kamensky – Corporate Secretary of Moscow Exchange Born in 1982 in Moscow. In 2005, he graduated (with distinction) from the Law Faculty of Lomonosov Moscow State with a degree in Jurisprudence. He is also a graduate of the Leadership Program at INSEAD Business School. In 2014, he received a Director Certificate from the UK's Institute of Directors. He was awarded the Director of the Year Prize by AID and RSPP in the Corporate Secretary category in 2015; the twelfth ARISTOS 2014 award in the Best Corporate Governance Director category; the Top 1000 Russian Managers 2017 award in the Best Corporate Governance Director category. In 2014-2021 and 2023 he was ranked first in the Top 1000 Russian Managers of Financial Companies in the Corporate Governance Directors category.

Work experience:
- Since 2013: Director of the Corporate Governance Department and the Corporate Secretary of Moscow Exchange;
- 2012–2013: Head of the Corporate Governance Centre and the Corporate Secretary of MDM Bank;
- 2011–2012: Manager for Corporate Governance and the Corporate Secretary of Enel Russia.

He does not own any shares in the Exchange's subsidiaries or affiliates. He has no family relations with any members of the governing bodies and/or supervisory bodies controlling the financial and business activities of the Exchange. He has been a member of the Council of the National Union of Corporate Secretaries since 2016.

FURTHER DEVELOPMENT OF CORPORATE GOVERNANCE

In 2023, the Supervisory Board defined the following main priorities following results of self-assessment:
- setting criteria for monitoring the implementation of the Moscow Exchange Group's new strategy;
- conforming compliance of the Group's risk management policies and risk appetite with the new Moscow Exchange Group's strategy;
- long-term succession planning for the executive bodies of the Moscow Exchange Group's companies;
- adopting a new balanced long-term employee incentive model for employees;
- assessing the Finuslugi project over the long term;
- developing a vision of the company's long-term target shareholding structure, based on geopolitical realities; introducing annual planning of in-person meetings of the committees and making these plans available to all Supervisory Board members;
- introducing the practice of regular briefings on global trends;
- holding regular meetings of Supervisory Board members with the external auditor; ensuring that an adequate risk management system, including provisioning, is in place.

Most of the planned tasks were implemented in 2023, with those left scheduled for 2024 and onwards.

MOSCOW EXCHANGE'S CORPORATE GOVERNANCE CODE

The Corporate Governance Code of the Exchange is approved by the Supervisory Board of the Exchange. The Code complies with Russian legislation and was developed taking into account principles and recommendations of the Bank of Russia's Corporate Governance Code and the OECD's Corporate Governance Principles, other principles of corporate governance, recommended by recognised international organisations; it complements the Exchange's corporate governance system with procedures that comply with high standards of corporate governance.

The main purpose of the Code is to describe the corporate governance system currently applied on the Exchange to protect the rights and interests of its shareholders, enhance the business efficiency, as well as improve the transparency and attractiveness of the Exchange for shareholders and consumers.

The Exchange's Code describes the system, principles and practices of corporate governance of the Company, risk management and internal control. It provides for principles designed to ensure the protection of legitimate rights and interests of shareholders and the equal treatment of all shareholders when they exercise their rights. Additionally, the Code contains the Exchange's corporate social responsibility goals and principles, the principles of interaction with shareholders, service users and other stakeholders and the principles of corporate governance at Group companies.

A distinctive feature of the document is that it provides the background and mechanisms for the further improvement of the corporate governance system of the Exchange, as well as that it contains development plans for the implementation of corporate governance principles. This sets not a declarative but a practical tone for the Code and allows the Exchange to continue reforming and improving corporate governance.

METHODOLOGY FOR ASSESSING COMPLIANCE WITH THE PRINCIPLES OF THE BANK OF RUSSIA'S CORPORATE GOVERNANCE CODE

The recommendations of the Bank of Russia were applied as the methodology used by the Exchange to assess compliance with the corporate management principles set out in the Bank of Russia's Corporate Governance Code.

The assessment looked at, among other things, compliance of the Exchange's corporate governance practices and internal procedures with the principles and recommendations of the Bank of Russia's Corporate Governance Code.

The results of the assessment are contained in the Report on compliance with the principles and recommendations of the Corporate Governance Code, which is a part of this Annual Report.

Over the latest years, the Exchange has been working to bring its corporate management practices in line with the Bank of Russia's Corporate Governance Code. An annual analysis of the results of the corporate governance assessment shows an increasing trend in the number of principles and recommendations observed.

INFORMATION POLICY

The Exchange strives to ensure that its activities are as transparent as possible for shareholders, investors and other stakeholders. To achieve these goals, the Exchange has adopted and has been implementing the Information Policy. The Information Policy is a body of rules that the Exchange (including members of its management bodies, officials and employees) adheres to when disclosing information and/or providing information to shareholders and other stakeholders. The information policy provides additional opportunities for stakeholders to exercise their rights and interests and is also aimed at improving the Exchange's information interaction with all stakeholders. In 2023, the Supervisory Board approves a new version of the Information Policy.

DIRECTORS' LIABILITY INSURANCE

The liability of Moscow Exchange's directors and officers (including independent directors), as members of the Company's management bodies, is insured on annual basis. The purpose of this insurance is to provide compensation for potential damages caused by unintended negligent actions (or by their inaction) on the part of the insured individuals in the performance of their administrative activities.

Under the insurance contract concluded 2023, the insurance premium is USD370,000, and the insured amount is USD50 million (the total additional insured amount is USD2 million for independent directors). The insurer is Ingosstrakh.

The terms and conditions of the insurance contract, including the insurance coverage, are consistent with the best global insurance practices.

EXTERNAL AUDITOR

Full company name: TsATR (CENTRE FOR AUDIT TECHNOLOGIES AND SOLUTIONS – AUDIT SERVICES) LIMITED LIABILITY COMPANY.

INN (TAXPAYER IDENTIFICATION NUMBER): 7709383532.

OGRN (PRIMARY STATE REGISTRATION NUMBER): 1027739707203.

ORNZ (PRINCIPAL NUMBER OF REGISTRATION ENTRY): 12006020327.

Location of the auditing organisation: 77 Sadovnicheskaya nab., bld 1, Moscow 115035, Russian Federation.

Full name of the self-regulatory organisation of auditors, of which the auditor is a member: Self-regulated organisation of auditors Association Sodruzhestvo.

Locations of the self-regulatory organisation of auditors, of which the auditor is a member: 21 Michurinsky Prospect, building 4, 119192 Moscow.

The auditor's fee for auditing annual accounting (financial) statements and summary accounting (financial) statements of Moscow Exchange, consolidated financial statements and summary consolidated statements of the Group for 2023, and the review of the consolidated statements and consolidated for 6M 2023 was RUB 19,719 thousand, including VAT.

External Auditor Selection Procedure

Moscow Exchange selects its auditors every three years, as stipulated by the Regulations on the Auditor Selection Committee. The best candidate is chosen by the Auditor Selection Committee.

The auditor selection process is based on a review of technical and price characteristics of the bids and the selection of those providing the best terms for the audit of the financial (accounting) statements of Moscow Exchange and Group companies.

Based on its review of the bids, the Auditor Selection Commission determines the winning bid and recommends the candidate to the Supervisory Board's Audit Committee. In turn, the committee recommends that the Supervisory Board should propose to the General Meeting of Shareholders of the Exchange to approve the candidate as the auditor. The final decision on auditor selection is made by the Annual General Meeting of Shareholders.

REMUNERATION FOR MEMBERS OF THE SUPERVISORY BOARD

The Exchange's remuneration system for Supervisory Board members is set by the Remuneration and Compensation Policy (the "Policy") and by the latest version of the Remuneration and Compensation Regulation (the "Regulation") approved by the Annual General Meeting of Shareholders in 2023.

The Nomination and Remuneration Committee actively participates in improvement of the remuneration system for Supervisory Board members, taking into account corporate governance best practice and the experience of other public companies and international exchanges. The Policy and the Regulation apply only to members of Moscow Exchange Supervisory Board.

According to the Policy, remuneration paid to Supervisory Board members shall be sufficient to attract, retain and properly motivate individuals with the skills and qualifications necessary to work effectively on the Supervisory Board.

The Nomination and Remuneration Committee provides recommendations on remuneration of Supervisory Board members on the basis of an expert assessment of remuneration paid by Russian companies with similar capitalization and competitors of the Exchange.

The Policy and Regulation govern all types of payments, benefits, and privileges provided to Supervisory Board members and contain no other forms of short-term or long-term incentives of Supervisory Board members.

In order to implement the principle of independent decision-making, the remuneration of Supervisory Board members is not linked to the performance of the Exchange or the value of the Exchange shares and does not include stock option programs. Supervisory Board members enjoy no pension contributions, insurance programs (apart from the Supervisory Board member liability insurance and the conventional insurance associated with travelling to perform duties as a director or to participate in Supervisory Board activities), investment programs, or other benefits or privileges, unless specified in the Policy and Regulation. The Exchange does not provide loans to Supervisory Board members and does not enter into civil law contracts with them for the provision of services to the Exchange on non-market terms.

Remuneration for performing the duties of Supervisory Board member shall not be paid to state employees, employees of the Bank of Russia, employees and managers of the Exchange or its subsidiaries.

Remuneration of directors for performing their duties comprises basic and supplementary components.

The level of basic remuneration of a member of the Supervisory Board depends on whether such member is independent or not, and:
- for an independent member of the Supervisory Board, amounts to RUB 9 mln;
- for a non-independent member of the Supervisory Board, amounts to RUB 6.5 mln.

The following differentiated supplementary remuneration is paid to Supervisory Board members for performance of additional duties, requiring extra time and effort, of Chairman of the Supervisory Board, Deputy Chairman of the Supervisory Board, Chairman of a Supervisory Board Committee, or member of a Supervisory Board Committee, and:
- for the Chairman of the Supervisory Board, amounts to RUB 11 mln;
- for the Deputy Chairman of the Supervisory Board, amounts to RUB 4 mln;
- for the Chairman of a Supervisory Board Committee, amounts to RUB 3.75 mln;
- for a member of the Supervisory Board Committee, amounts to RUB 1.5 mln.

In order to ensure remuneration of Supervisory Board members corresponds to changing market demands until the next cycle of remuneration level review, the Regulation provides for adjustment of the level of remuneration of Supervisory Board members in line with the consumer price index at the end of the year in which the corresponding composition of the Supervisory Board was elected, and accrued starting from 1 January 2022.

The amount of the basic and supplementary remuneration of a Supervisory Board member may be reduced by 50% if the Supervisory Board member has attended less than 75% of the meetings of the Supervisory Board or committees in person, respectively If a member of the Supervisory Board took part in 1/3 or less of the total number of meetings of the Supervisory Board or its committees or in 1/4 or less of in-person meetings of the Supervisory Board or its committees, the respective part of remuneration is not paid.

Apart from the remuneration for work on the Supervisory Board and Supervisory Board Committees, members of the Supervisory Board are reimbursed for travel expenses relating to participation in in-person meetings of the Supervisory Board or its Committees, General Meetings of Shareholders, as well as events attended while performing duties of Supervisory Board members.

The total amount of remuneration paid to the members of the Supervisory Board in 2023 was RUB 143,336 thousand.

EXECUTIVE BOARD AND CHAIRMAN OF THE EXECUTIVE BOARD

The current activities of the Exchange are managed by the Chairman of the Executive Board who is the sole executive body and by the Executive Board, which is the collegial executive body of the Exchange. The Executive Board is headed by the Chairman who manages its activities.

REMUNERATION OF EXCHANGE BOARD MEMBERS

In 2023, the Supervisory Board approved the new Remuneration and Compensation Policy for Members of the Executive Bodies, regulating the remuneration of members of the Exchange's executive bodies.

The Policy sets out principles and approaches for remuneration, and establishes procedures for determining remuneration levels and types of payments, incentives and privileges provided to members of the executive bodies.

The Policy is based on the following key principles:
- Involvement and retention of a professional and effective team consisting of Executive Board members able to implement the Exchange's strategy and other priorities and increase shareholder value;
- Competitive remuneration at a level sufficient to engage, motivate and retain competent and qualified Executive Board members;
- Maintaining an optimal balance between the Exchange's business performance and the personal contribution of an Executive Board member in determining remuneration levels.

Executive Board members' remuneration consists of a fixed salary and a non-fixed (variable) component.

The variable component comprises a significant portion of annual remuneration, and includes short- and long-term components. Short-term variable remuneration takes the form of an annual bonus based on the Exchange's results and the individual contribution of the Executive Board member to those results.

Long-term variable remuneration is shares-based and is established by the Long-Term Incentive Programme in effect.

To support the new Group Strategy 2028, the Supervisory Board has approved changes to the Group's employee bonus scheme and a new stock-based Long-Term Incentive Programme.

The new bonus scheme links the size of an executive body member's annual bonus directly to the Group's financial performance. All Group companies have a common corporate target "Net profit of the Group".

To promote personal responsibility, the Supervisory Board applies a delayed bonus plan taking into account the contribution of Executive Board members to financial performance and other results, including the possibility of reducing or cancelling part of the delayed bonus if no positive results are obtained in the relevant area. New unified approaches for the main companies of the Group were introduced in 2023. Payment of 60% of the approved bonus amount for 2023 will be made in 2024, and 40% will be paid with a delay in equal portions within one, two and three calendar years (24% within one calendar year, 12% within two and 4% within three calendar years) based on the relevant decisions of Supervisory Board. This procedure makes it possible to account for risks created by decisions made by Executive Board members.

The stock-based Long-Term Incentive Programme, as approved by the Supervisory Board, is designed to boost Executive Board members' motivation and responsibility, align their interests with those of shareholders and connect remuneration with long-term performance results. Under the Programme launched on 2 July 2022, the right to obtain shares becomes effective in stages: over periods of three, four and five years after the Programme start (the first tranche was in 2023, the second and the third tranches are planned for 2024 and 2025 respectively), provided that the contracts of the members remain in force and the established key efficiency indicator under the Programme is met. Under the new Long-Term Incentive Programme approved on 27 September 2023, remuneration is paid in money terms and linked to the price of Exchange's shares. The right to receive remuneration becomes effective in stages: over one, two, three, four and five years. The Participants are entitled to exercise their rights by 31 December 2028 at the latest.

Compensation paid in the event of early termination of the authority of a member of the Management Board (following a Supervisory Board decision on terminating a contract), and assuming no unethical practices on the part of the member, is capped at the amount of the fixed annual bonus component.

If a contract is terminated for other reasons, compensation is paid only in cases and amounts provided for by the Labour Code of the Russian Federation.

Specific remuneration due to executive body members, conditions and procedure for paying such remuneration, as well as conditions for early termination of agreements, including discharge allowances, compensations and other payments in any form exceeding those established by law, and conditions for their provision are considered and approved by the Supervisory Board based on recommendations made by the Assignment and Remuneration Committee, which reports to the Supervisory Board.

The Supervisory Board, supported by the Assignment and Remuneration Committee, ensures oversight of implementation of the Remuneration Policy, and can amend it as necessary.

Total remuneration due to a member of the Board, including the ratio of the remuneration components, is assessed by the Assignment and Remuneration Committee to ensure compliance with remuneration levels at comparable companies, based on a remuneration study from a leading consulting company.

Executive Board members are not paid for their work in management bodies of other Group companies.

The Exchange does not lend to members of management bodies and does not enter into civil law contracts with them for the provision of services to the Exchange, including any contracts on non-market terms.

The total amount of remuneration including salary and bonuses, paid to the members of the Executive Board in 2022 was RUB 533,649 thousand.

INTERNAL CONTROL SYSTEM

MOEX's internal control system ensures that the Exchange's licensed activities are conducted in accordance with Russian legislation and regulation, the rules of organised trading, and the Exchange's own constituent and internal documents.

Internal control activities aim to identify, analyse, assess and monitor the risk of loss and/or other adverse consequences of both MOEX's operational activities and measures taken by the Bank of Russian and other regulatory bodies ("compliance risk"), and to manage any such risks.

Within this framework, the Exchange's internal control system is based on the COSO concept and utilizes a Three Lines of Defence model, which distributes risk management and internal control obligations among MOEX's governing bodies, control and coordination units, and the internal audit unit.

The First Line of Defence is represented by employees of the Exchange's business and operational units of the Exchange, whose key functions are to identify, assess and manage the risks inherent in MOEX's daily activities, and to develop and implement policies and procedures governing existing business processes.

The Second Line of Defence is represented by the Operational Risk, Informational Security and Business Continuity Department, the Internal Control and Compliance Department, Internal Control Service, Security Department and Legal Department as well as certain employees and divisions of the Financial Division, which carry out continuous risk monitoring and management also of the following areas:

- ensuring information security, including protecting the Exchange's interests in the information sphere;
- compliance with legislation, as well as the Exchange's own constituent and internal documents;
- preventing the Exchange and its employees from being involved in unlawful and unethical activities, including money laundering, terrorism financing and corrupt practices;
- avoiding misuse of insider information and/or market manipulation;
- preventing conflicts of interests, including by identifying and monitoring conflicts of interests and preventing the consequences of conflicts of interests.

These units support the First Line of Defence in identifying compliance risks, developing and embedding control procedures, interpreting applicable legislation, and preparing reports for MOEX's governing bodies based on the results of monitoring.

The Third Line of Defence is represented by the Internal Audit Service, which monitors the efficiency and productivity of the Exchange's financial and economic activities, the efficiency of asset and liability management, including the safety of assets and the efficiency of the market operator's risk management.

The Exchange's governing bodies set the terms of reference for internal control systems related to risk management.

RISK MANAGEMENT

KEY RISKS

The Moscow Exchange Group has built an integrated risk management system, however each of the Group company faces its own inherent risks associated with the specific field of its activities. Thus, Moscow Exchange, being the parent company of the Group, assumes the risks of a market operator, risks related to operations in its assets as well as risks of a financial platform operator and DFA exchange operator.

That said, the Group's principal risk taker is none other than CCP NCC on the grounds that it operates as clearing house, a central counterparty for all main markets of the Moscow Exchange Group, and an operator of deliveries in the Commodities Market.

The Group's comprehensive risk management system extends to the NSD, the infrastructure powerhouse of the Russian financial market, whose priorities lie in the reliable operation and stable development of the following key areas:

- Central securities depository;
- Settlement and clearing system;
- Trade repository;
- Tripartite services;
- Corporate actions centre;
- Information system for digital financial assets.

SYSTEM FOR MANAGING RISKS TO THE CURRENT STRATEGY

The principles and approaches employed by the Group in installing and operating the risk management system (RMS) are based on best international practices implemented in compliance with national and international risk and capital management standards.

In 2023, the Exchange was reaffirmed under the ISO/IEC27001:2013 (Information Security Management Systems) and ISO 22301:2012 (Business Continuity Management Systems) certification covering the organization of on-exchange trading, clearing and other services on the Equity and Bond, Derivatives, FX and Money Markets.

This certification ensures that the Exchange and NCC fully meet over 100 technical and administrative requirements in the area of information security and business continuity.

In 2023, Moscow Exchange renewed insurance contracts covering Electronic and Computer Crime and Personal Indemnity to mitigate operational and information security risks.

The integration of risk management functionality in business processes makes it possible to identify risks and assess their materiality in a timely manner, and to ensure an efficient response by mitigating potential adverse effects and/or by reducing the probability that they will materialize. Tools for mitigation include insurance, hedging, limit requirements and transaction collateral requirements.

The Group's Risk Management System operates on the principles of comprehensive coverage, continuity, transparency, independent assessment, paper trail, prudence and materiality:

Comprehensive Coverage is premised on identifying risk factors and risk objects, determining risk appetite based on a comprehensive analysis of existing and proposed business processes (products), implementing universal RMS working procedures and elements, consistently applying methodological approaches in resolving similar risk assessment and risk management tasks, and assessing and managing key operational risks in close connection with the non-key operational RMS.

Continuity is premised on regular, coherent, target-driven procedures, such as assessment of existing risks, including monitoring risk parameters, review of key RMS parameters and how they are determined, including limits and other restrictions in respect of clearing members' transactions, analysing RMS technologies and operational rules, holding stress tests and preparing reports for management.

Transparency is manifested in providing relevant information regarding the RMS to clearing members / counterparties. Clearing members, including potential members, have access to methodological documents describing the RMS, including approaches to risk assessment, as well as to key aspects of the procedures employed in monitoring their financial stability. At the same time, the assessment results of a specific clearing member or counterparty, as represented in the form of internal ratings, or limits, as well as other restrictions established in respect of treasury or administrative operations, are never made public and are never subject to disclosure.

Independent Assessment means that a comprehensive assessment and review of each risk is undertaken by separate divisions / employees who are independent from the divisions responsible for taking on risks or counterparties. These divisions / employees cannot be charged with any responsibilities that may give rise to a conflict of interest.

Paper Trail means that RMS guidelines, procedures and rules are negotiated with the divisions involved in risk assessment and management procedures, and approved by the relevant governing bodies.

Prudence suggests that the Group bases its decision-making on a prudent combination of RMS reliability and profitability in choosing methods of risk assessment and management, and in deter-mining the acceptable level of risk (risk appetite).

Materiality means that, in implementing various RMS elements, the Group is guided by the relationship between the costs that implementation of risk analysis, control and management mechanisms will require, and the potential outcome of such implementation, as well as the costs of the development and implementation of products, services or tools carrying the relevant exposure.

As part of the risk management strategy, and with a view to achieving strategic objectives, in 2023, companies of the Group revised the risk appetite of the Moscow Exchange Group set by the Supervisory Board of Moscow Exchange. The Group's risk appetite is designed to help the Supervisory Board of Moscow Exchange, as the Group's parent company, manage the Group's overall risk level taking into account all intragroup effects and to set a target risk / return ratio for the Group.

The Group's risk appetite is set in relation to risks recognised as significant at the Group level, and inherent to all Group companies and equally measurable. The risk appetite of each company within the Group consists of a decomposed part of the Group's risk appetite and individual indicators reflecting the specific risks of a particular company.

These priority areas serve as the basis for calculating threshold values for specific target indicators. Compliance with these indicators is regularly reviewed and communicated to the Supervisory Board.

RISK MAP

The risk map is based on an annual risk identification procedure.

Financial risks

Risk	Description	Actions
Credit risk (incl. CCP risk and concentration risk)	The risk of possible losses caused by failure of a Group's counterparty to perform or properly perform its obligations to the Group.	The Group controls credit risk by employing the following procedures: ▪ establishing single or group counterparty limits, subject to a comprehensive assessment of their financial position, the analysis of the macroeconomic environment they are operating in, the level of their information transparency, business reputation, as well as other financial and non-financial factors; ▪ using an internal rating system providing a weighted assessment of the counterparty's financial position, and the level of the credit risk assumed in its respect; ▪ controlling the credit risk concentration in accordance with the current regulatory requirements; ▪ establishing strict requirements for the types and quality of the acceptable collateral, including liquid securities, as well as cash in Russian roubles and in foreign currency. In order to reduce the credit risk associated with the CCP's operations, the Group has implemented a multi-level safeguard structure triggered upon a clearing member's failure to perform or properly perform its obligations, in compliance with regulatory requirements and strict international standards.
Market risk	Market risk may emerge from a defaulting clearing member's need to close major positions / sell collateral, which in case of low market liquidity may adversely affect the price at which such position will be closed, or the collateral can be sold.	The market risk management upon investing idle cash is aimed primarily to improve the risk/profitability correlation, and to minimize any losses should any adverse events occur. With this view the Group: ▪ diversifies its securities portfolio (by maturity, issuer's industry profile); ▪ sets up maximum expiration periods for investments in securities; ▪ sets up maximum volumes of investment in securities (by the total volume, by types of investments, and issuers); ▪ classifies debt obligations and securities by risk groups; ▪ establishes provisions for potential losses under securities should they be not marked to market. The market risk emerging as part of trading or clearing operations, is primarily managed by: ▪ identifying, monitoring, and timely reviewing risk parameters, taking into account regular stress test results; ▪ establishing individual collateral rates taking into account concentration limits, profiles of the instruments traded at each of the markets, and possible volatility change scenarios; ▪ back testing collateral rates and controlling collateral adequacy. In managing the market risk emerging as part of trading or clearing operations, the Group: ▪ devises mechanisms permitting to close positions of defaulting clearing members within two trading days; ▪ sets discounts for the assets accepted as collateral, with the view to covering possible changes in their values in the period from their most recent re-evaluation until the time of their sale; ▪ sets concentration limits that define clearing member's position volume, upon reaching which the underlying collateral is subject to heightened requirements; ▪ evaluates clearing members' collateral adequacy subject to market liquidity; ▪ develops procedures for resolving a situation, when a terminated obligation of a clearing member is secured by property other than the subject of the underling obligation; ▪ maintains a system of additional financial collateral meant to cover losses not secured by clearing member's clearing or any other collateral.

Risk	Description	Actions
Liquidity risk	Risk of potential losses following the Group's inability to meet its obligations in full and on time.	The liquidity management system includes the following elements: ▪ distribution of powers in managing liquidity; ▪ specific liquidity management and control procedures; ▪ information system to accumulate and review liquidity related information; ▪ a set of guidelines, performance indicators, and plans of initiatives designed to ensure efficient liquidity management and control; ▪ internal management accounts underlying any decision adopted with respect to the liquidity efficient control and management.
Bank book interest risk	Risk of potential losses following an adverse change in the value of the instruments comprising the bank book, caused by changes in interest and/or yield rates.	In order to measure the impact of the interest risk over the fair value of financial instruments, the Group holds regular assessment of potential losses, which may be caused by negative change of the market terms. The risk management division regularly monitors the financials of the Group and its principal members, assesses the sensitivity of the market value of the investment portfolio and of the proceeds to the interest risk.

Non-financial risks

Risk	Description	Actions
Operational risk	Risk of potential losses caused by inconsistency of internal operational procedures to the nature and scope of the business, and/or statutory requirements, their non-observance by employees, lack of functionality, inadequacy of information, technological and other systems and / or their failure, as well as by external events.	The principal operational risk management (mitigation) methods include: ▪ development of organizational structure, internal operational rules and regulations, distribution of powers, approval (negotiation) and reporting of undertaken operations, all of which will assist in avoiding (minimizing) the probability of operational risk factors; ▪ development of control measures following the analysis of statistical data undertaken with the view to identifying typical operational risks on the basis of recurrent events; ▪ monitoring compliance with the adopted rules and procedures; ▪ development of operation automation technologies and information protection systems; ▪ insurance, including both traditional property and personal insurance (insuring buildings, other property against destruction, damage, loss caused by a natural disaster and other accidents, as well as by actions of third parties or employees; insuring employees against accidents and personal injuries), as well as insurance of specific professional risks, both on a comprehensive basis and against separate types of risks; ▪ development of the system of business continuity measures to apply in the operational cycle, including emergency plans (business continuity and/or disaster recovery plans).
Informational security risk as part of operational risk	Risk associated with the potential loss of the security properties (confidentiality, integrity, availability) by the Group company's information assets as a result of the occurrence of information security threats.	Information security is understood as the protection of information and means of its processing from accidental or intentional impacts of natural or artificial nature. The main objective of the measures aimed to ensure information security is to achieve adequate protection of the Group companies' business processes and minimize information security risks when organizing trading and providing services on the Equity & Bond, Derivatives, FX and Money Markets. This goal is achieved by ensuring and constantly maintaining the confidentiality, integrity and availability of the Group companies' protected information assets.

Risk	Description	Actions
Continuity risk	Risk of discontinued critical services.	With the view to ensuring normal operations in emergency situations: ▪ the Group has put together a reserve complex including reserve office and firmware capabilities located at a safe distance from the principal office; ▪ the Group has developed business continuity and disaster recovery plans (BCDR Plans) that define critical business processes, priority actions in an emergency situation, timing and volumes of recovery operations, and business processes to enjoy priority recovery, as well as mandatory steps to be taken after the emergency situation subsides.
Legal risk	Risk of losses caused by breach of contractual obligations, litigations, criminal and administrative liability of Group members and / or their governing bodies acting in their official capacity.	Legal risk management procedures include: ▪ regular monitoring of laws, and verification of internal procedures as to their compliance with actual regulations; ▪ establishing quantitative and volume restrictions for claims, and controlling compliance with the established restrictions; ▪ analysing the legal basis for new products and services; ▪ updating internal regulations with the view to avoiding fines. Losses associated with legal risks shall be reflected in the operational risk database.
Custody risk	Risk of loss of Group's assets posted on it as collateral caused an action or omission of a counterparty responsible for safe custody and recordkeeping of the asset.	The custody risk is estimated within the credit risk as the custody risk occurrence may cause the credit risk event; and the custody risk is managed as part of the operational risk which may be the trigger the custody risk event. The custody risk management methods include: ▪ evaluation of financial position of a third-party custodian; ▪ the multi-level admission scheme for elevators and warehouses including accreditation and storage limits establishment processes; ▪ verification of compliance with the established requirements for technical facilities and regular audits of assets in the depositories and vaults of precious metals; ▪ insurance of commodities at stock; ▪ verification of custodians; confirmation of qualitative and quantitative measures of a commodity by a surveyor upon storage and transfer of the commodity to a bailor; ▪ monitoring of actual location of assets; ▪ monitoring of the asset's availability by the time a claim is made.
Compliance (regulatory) risk	Risk of losses caused by non-compliance with the laws, internal regulations, self-regulating organizations' standards (if mandatory), as well as by sanctions and/or other actions taken by regulatory authorities.	The compliance risk is managed by the Group's responsible business units within the Group's unified compliance structure. As part of the activities of the Compliance Committee managed by the Chairman of the Executive Board of Moscow Exchange, Group companies seek to unify their approaches and implement best Russian and global practices in compliance risk management.

Risk	Description	Actions
Reputational risk	Risk of losses caused by a negative public opinion of the Group's operational (technical) stability, quality of its services and its activities in general.	In order to avoid losses associated with the realization of the reputational risk, the Group continuously monitors media space for information about the Group and analyses its internal processes applying the impact assessment methodology to each identified event or factor. The primary source of the reputational risk is the realization of the operational risk, especially when such information becomes public. Thus, all actions taken to prevent and to mitigate the operational risk work simultaneously towards the reduction of the reputational risk.
Strategic risk	Risk of expenses (losses) sustained by the market operator as a result of mistakes (defects) made in deciding on the operator's business and development strategy.	The main methods in strategic risk management include: ▪ building up a process for strategic planning and management commensurate with the Exchange's caliber and operations; ▪ preventing any decisions, including strategic, to be taken by an inappropriate body from the hierarchic point of view; ▪ exercising general control over the performance of the risk management system; ▪ determining the process for major transactions, for development and implementation of prospective projects as part of the general concept of Moscow Exchange Group's development; ▪ controlling the consistency of the risk management parameters with the Exchange's current condition and its development strategy.
Tax risk	Uncertainty regarding the achievement of a business goal as a result of factors related to the taxation process, which may manifest itself as financial losses or other negative consequences resulting from current or future events and processes in the area of tax legal relations and tax accounting, or events or processes affecting tax legal relations and tax accounting.	Tax risk may arise in all areas of the Exchange's activities without exception, as well as have different causes (factors): both related to the Exchange activities and under its control (internal tax risks), and caused by external factors beyond the Exchange's control (external tax risks). The Exchange's main goal in managing tax risks is to limit the negative consequences of tax risks (reputational, financial, personal liability for the Exchange's management and others) for the Exchange. This goal is achieved through the use of effective tax risk management methods and mechanisms compliant with the requirements of regulators and best practices, including raising awareness of the Exchange's management bodies of the level of risk taken when making management decisions, as well as ensuring a common understanding of tax risk and acceptable level of tax risk for the Exchange.

RISK MANAGEMENT STRATEGY

In 2023, the following Exchange and Group strategies approved by decisions of the Supervisory Board continue in force:

- Moscow Exchange's Information Technology Strategy through 2024 (approved on 1 October 2020);
- Moscow Exchange Group's 2024 Risk Management Strategy (approved on 29 October 2020);
- Moscow Exchange Group's Information Security Strategy for 2021-2024 (approved on 10 December 2020).

In 2023, the roadmaps developed earlier under the 2024 Risk Management Strategy continued to be implemented. In 2023, the roadmap under the 2024 Risk Management Strategy as amended in line with the MOEX Group Strategy through 2028 was approved (approved resolution dated 17 November 2023).

In 2023, MOEX Group risk management priorities were, among others, import substitution and compliance with regulatory requirements in terms of operational reliability.

The Information Security Strategy sets out measures aimed at reducing the likelihood of actual threats to the information security of the Group and defines key performance indicators for the implementation of the Strategy.

All principal risk takers among the companies of the Group have developed a risk and capital management strategy. The principles and processes of the strategy seek to build, use and develop a comprehensive system of capital and risk management to ensure business continuity both in normal and stressed economic conditions, to enhance transparency of the risk and capital management processes, as well as to identify and assess significant risks in a timely manner, support capital planning and take due account of risks in the decision-making process.

With a view to maintaining efficiency of the regular risk management processes:

- the following committees operate: the Risk Committee of the NCC Supervisory Board, Risk Management Committee of Moscow Exchange, Risk Management Committees of NCC Management board and Moscow Exchange and Risk Committee of NSD Executive Board;
- a system of distribution of powers and responsibilities is in place to implement key risk management principles;
- risks are regularly identified and mitigation measures are taken;
- financial stability recovery plans and plans for engagement of additional resources have been developed.

At the end of 2021, the Supervisory Board also developed and approved a Financial Stability Recovery Plan for Moscow Exchange, taking into account the interaction with other companies of the Group.

The Exchange is constantly developing and improving its risk management system to reduce the vulnerability of business processes and their recovery time, to improve system redundancy based on spacing and duplication of resources, and to improve the reliability of communication systems between traders, the Exchange and depository and settlement organizations.

Moscow Exchange has also established a separate risk management system that enables it to identify and assess risks in a timely manner and to develop mitigation measures. This system incorporates continuous monitoring of emergencies and assessment of their potential impact on the technical processes of the Exchange's markets, as well as updating the integrated operational and financial risk management system in line with adopted decisions and procedures.

In 2023, ss part of risk management system improvement efforts, Moscow Exchange introduced a climate risk management system.

The Exchange has developed and approved the Regulations on Managing the Risks of a Market Operator and DFA Exchange Operator, Rules of Managing the Risks of a Financial Platform Operator. In addition, the Exchange has also set up a separate structural unit aiming to identify and assess risks in a timely manner and to develop mitigation measures.

In addition, the Group's Risk Management Development Strategy through 2024 was developed and, as a follow-up, roadmaps were approved that include a description of specific objectives in such areas as risk management development, risk culture, deepening of core markets, balance sheet management, treasury and capital management. In particular, in pursuance of this Strategy, the Supervisory Board of Moscow Exchange approved the Group's risk appetite indicators and their thresholds.

SHORT-TERM RISK OUTLOOK

Given that the Group's strategy calls for the development of new products, formation of new trading markets and the expansion of the investor base, the management of financial risks will be key for the Exchange.

Receiving the status of a Financial Platform Operator by Moscow Exchange entails new risks.

HR risks will remain neutral, given that most ongoing activities are long-term; however, staff turnover remains acceptable.

Given that the Exchange's strategic objectives include the financial platform and balance management, regulatory and legal risks will continue to have a high impact on the Exchange's activities; however, taking into account ongoing activities, we do not expect a significant increase in regulatory and legal risk.

Plans to modify the Exchange's key information systems and to substitute the imported ones will keep information security risks elevated.

Monitoring metrics have been developed to analyse and assess whether strategic goals within the framework of the approved MOEX Group Strategy 2028 are achievable. At present, strategic risks is expected to remain at an acceptable level.

INFORMATION FOR SHAREHOLDERS AND INVESTORS

SHARE CAPITAL

Information on share capital

Type, category and form of shares	Ordinary registered uncertificated shares
State registration number of shares issue	1-05-08443-H
Par value of one share	RUB 1
Total number of outstanding shares	2,276,401,458 shares
Share capital	RUB 2,276,401,458
Trading code / ISIN	MOEX / RU000A0JR4A1
Number of shares purchased by the company	0

In 2023, Moscow Exchange's share capital remained unchanged. As of 31 December 2023, it amounted to RUB 2,276,401,458 and the number of outstanding ordinary shares stood at 2,276,401,458. Pursuant to the Exchange's Charter, each share grants the right to one vote at the General Meeting of Shareholders.

The shares are traded on Moscow Exchange's own trading platform (ticker: MOEX) and are included in the first-level quotation list. The shares are also a constituent of the Russian market benchmark indices, the MOEX Russia Index and the RTS Index, which are comprised of up to 50 stocks issued by Russia's largest traded companies. They are also in the sectoral index for Finance and the equity sub-index of the Pension Savings Assets Index. As of 1 February 2023, Moscow Exchange shares were included in the thematic sustainability indices, such as MOEX-RSPP Responsibility & Transparency Index, MOEX-RSPP Sustainability Vector and MOEX-RAEX ESG Indices.

Moscow Exchange ownership structure

Shareholder	31 December 2022		31 December 2023	
	Voting power (units)	Voting power (%)	Voting power (units)	Voting power (%)
Central Bank of the Russian Federation	268,151,437	11.780	268,151,437	11.780
Sberbank of Russia	227,682,160	10.002	227,682,160	10.002
VEB.RF	191,299,389	8.404	191,299,389	8.404
State Street Bank & Trust Company	119,663,685	5.257	121,692,450	5.346
EBRD	120,472,902	5.292	120,472,902	5.292
MICEX-Finance	18,829,079	0.827	15,716,469	0.690
Free float (excl. MICEX-Finance; incl. State Street Bank & Trust Company)	1,449,966,491	63.696	1,453,079,101	63.832

The Exchange has no shareholders possessing any degree of control over the company disproportionate to their holding of the Exchange's share capital, as per a shareholder agreement or other agreement. The Exchange has not issued preferred shares, such as those with a different nominal value. The share capital structure does not include any instrument that would provide the holder control over the company disproportionate to its stake in the company.

As of 31 December 2023, the total number of MOEX shareholders was 485,523, including 484,106 individual shareholders. MICEX-Finance, a controlled entity of the Exchange, held 15,716,469 shares (0.690% of the share capital).

In 2021, the Exchange executed no special-purpose related-party transactions with its shareholders. All transactions were of market nature and were executed on terms and conditions similar to those applied in transactions with other counterparties of the Exchange.

REGISTRAR

Registry company STATUS keeps the register of Moscow Exchange's shareholders.

Full company name	Joint-Stock Company "Registry company STATUS"
Address:	23/1 Novokhokhlovskaya St., Office 1, 109052, Moscow Russian Federation
Registration details	State registration certificate No. 066.193 from 20 June 1997, certificate to confirm the legal entity from 4 July 2002
Primary State Registration Number (OGRN)	1027700003924
License	Registrar License No. 10-000-1-00304 from 12 March 2004 (without limitation of the period of validity) issued by the Federal Financial Market Service
Contact details	General enquiries: +7 (495) 974-83-50 Shareholders service enquiries: +7 (495) 974-83-47 Fax: +7 (495) 678-71-10 E-mail: office@rostatus.ru

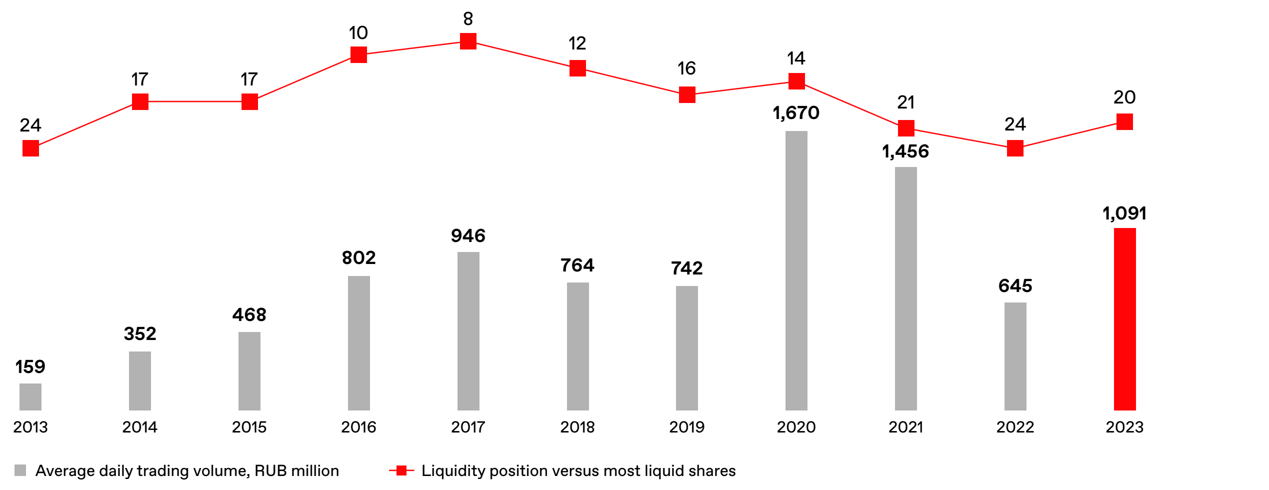
For more details, please visit the company's website: www.rostatus.ru.

MOEX SHARE PERFORMANCE

As of the last trading day of 2023, Moscow Exchange's market capitalization was RUB 430,5 bln (versus RUB 217.2 bln as at the end of 2022).

In 2023, the average daily trading volume (ADTV) of the Exchange's shares was RUB 1.1 bln (versus RUB 645 mln in 2022).

ADTV and liquidity position versus most liquid shares[1]



DIVIDENDS

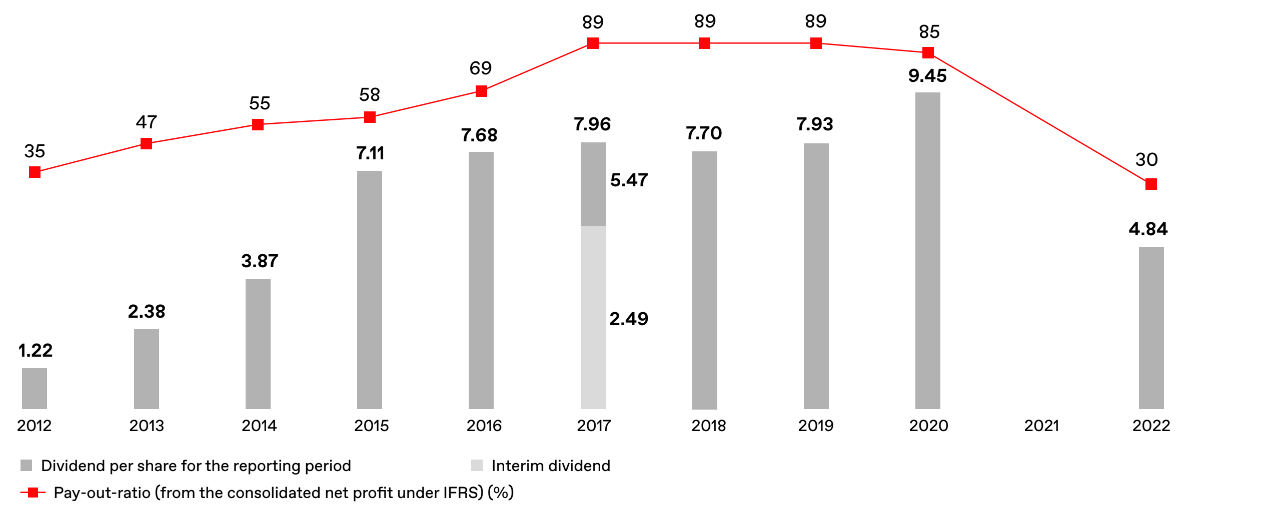
For 2023, Moscow Exchange's Annual General Meeting of Shareholders (AGM) resolved to distribute dividends in the amount of RUB 4.84 per share. In total, RUB 11.0 bln was allocated for the payment of dividends, equivalent to 30% of the 2023 IFRS consolidated net income of the Exchange.

On 27 September 2023, the Supervisory Board approved a new dividend policy that set a minimum divided at 50% of net profit of the Group according to IFRS. Dividend payments are made at least once a year. The target level of the profit allocated for dividend payment is determined as the free cash flow to equity (FCFE). Free cash flow for dividend policy purposes includes necessary capital expenditure to maintain the business and investments in further development, as well as regulatory requirements for Moscow Exchange and its subsidiaries.

5 March 2024, the Exchange's Supervisory Board recommended that shareholders at the AGM approve the payment of dividends based on the Exchange's 2023 results in the amount of RUB 17.35 per share. In total, it was recommended to allocate RUB 39.5 bln for the payment of dividends. If the AGM approves dividends at this level, the dividend payment for 2023 will be equivalent to 65% of IFRS net income for 2023.

[1] Versus ordinary and preferred shared admitted to trading on MOEX's Equity Market, by trading volume in the main trading mode.

Dividend per share in 2012-2022 (RUB)



Dividend payment in 2012–2022

Dividend payment year	Dividend period	Announcement date, shareholders meeting minutes No.	Total pre-tax amount of dividends declared and paid (RUB)	Dividend record date
2013	for 2012	25 May 2013, Minutes of AGM No. 49	2,901,756,800	20 May 2013
2014	for 2013	26 June 2014, Minutes of AGM No. 52	5,423,154,900	11 July 2014
2015	for 2014	28 April 2015, Minutes of AGM No. 53	8,818,323,227.91	12 May 2015
2016	for 2015	29 April 2016, Minutes of AGM No. 54	16,201,105,465.23	16 May 2016
2017	for 2016	28 April 2017, Minutes of AGM No. 56	17,482,763,197.44	16 May 2017
2017	for H1 2017	14 September 2017, Minutes of AGM No. 57	5,668,239,600	29 September 2017
2018	for 2017	26 April 2018, Minutes of AGM No. 58	12,451,915,975.26	15 May 2018
2019	for 2018	25 April 2019, Minutes of AGM No. 59	17,528,291,226.60	14 May 2019
2020	for 2019	28 April 2020, Minutes of AGM No. 61	18,051,863,561.94	15 May 2020
2021	for 2020	28 April 2021, Minutes of AGM No. 62	21,511,993,778.10	14 May 2021
2023	for 2022	02 June 2023, Minutes of AGM No. 66	11,017,783,056.72	16 June 2023

In accordance with the Federal Law on Joint Stock Companies, the deadline for payment of dividends to a nominee registered in the shareholder register should not exceed 10 business days, and to other persons registered in the shareholder register – 25 business days from the dividend record date.

INVESTOR RELATIONS

Moscow Exchange engages with existing and prospective investors to provide them with an overview of the activities of the company and raise awareness of MOEX's business with the aim of continually strengthening the shareholder base. Investor relations activities are scheduled in such a manner that any investor has the opportunity to interact with and ask questions of MOEX management at least once a year and receive all the information s/he needs in a timely manner in order to make reasonable investment decisions. It is one of Moscow Exchange's priorities to adhere to the highest standards of information disclosure given its roles as both a public company and operator of Russia's core financial markets infrastructure.

In 2023, Moscow Exchange's management held 243 meetings (also online) with institutional investors and analysts and took part in the Smart-lab conference in St. Petersburg and Moscow They met with the Russian private investor community and attended several conferences hosted by Russian major brokers.

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Number of meetings with investors	180	236	270	349	355	326	318	261	241	302	243

In total, Exchange management was in contact with 107 institutional investors and 11 sell-side analysts in 2023.

MOEX also places strong emphasis on engaging with retail investors. The number of retail shareholders exceeded 484,000 as of the end of 2023. Against the backdrop of the growing activity of individuals on the stock market, Moscow Exchange is implementing a number of initiatives aimed at improving the financial literacy of individual investors (see the "Exchange and the Community" chapter). Moscow Exchange management participates in a wide range of public events and webinars organised by Moscow Exchange and external partners.

ANALYSTS

MOEX's performance is closely monitored by leading Russian and international banks. They publish regular reports on MOEX's shares as well as provide stock recommendations and financial forecasts.

Sell-side covering analysts

Company	Analyst	Phone	E-mail
Enhanced Investments	Kirill Kuznetsov	-	kkuznetsov@eninvs.com
	Vladislav Azarov		vazarov@eninvs.com
Invest Heroes	Aleksandr Sayganov	+7 (916) 358 1843	a.sayganov@invest-heroes.ru
ITinvest	Stanislav Yudin	+7 (495) 933 3232	stanislav.yudin@itinvest.ru
Sberbank CIB	Mikhail Krasnoperov	+7 (495) 933 9838	mikhail_krasnoperov@sberbank-cib.ru
	Andrey Akhatov		ARAkhatov@sberbank.ru
Sinara FC	Olga Naidyonova	+7 (495) 771 7095	NaidenovaOA@sinara-finance.ru
Alfa Bank	Eugene Kipnis	+7 (495) 795 3713	ekipnis@alfabank.ru
Aton	Mikhail Ganelin	+7 (495) 213 0338	mikhail.ganelin@aton.ru
BCS	Elena Tsareva	+7 (495) 213 1537	etsareva@bcsgm.com
Tinkoff Investments	Lyaysyan Sedova	+7 (800) 770 1770	l.sedova@tinkoff.ru

As of 31 December 2023, the market consensus forecast for MOEX shares based on forecasts of seven analysts was RUB 242.43 per share.

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5 ANNEXES

6

KEY PERFORMANCE INDICATORS

Following the change in the Group’s bonus scheme, a single corporate performance indicator (KPI) “Group Net Profit” was set. The group achieved a historical record net profit of RUB 60.8 billion, exceeding the respective value of 2022 by 67%. In 2023 the main focus was ans will remain on Finuslugi platform development, launch of DFA product, Trade Radar information and trading terminal creation and development, and the growth of the capital market.

REPORT ON MOSCOW EXCHANGE COMPLIANCE WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE

This Report on Compliance with the Principles and Recommendations of the Corporate Governance Code was reviewed by the Supervisory Board of Moscow Exchange at the meeting held on the Supervisory Board meeting on 25 March 2024 (Minutes No. 23).

The Supervisory Board confirms that the data quoted herein contain comprehensive and reliable information on the Company compliance with the principles and recommendations of the Corporate Governance Code for the 2023 reporting year.

The Annual Report sections describe the most significant aspects of the corporate governance model and practices at Moscow Exchange, as well as the approach to assessing compliance with the corporate governance principles legitimized in the Corporate Conduct Code.

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
1.1	**The company shall ensure equal and fair treatment of all shareholders when they exercise their right to participate in the company's governance.**			
1.1.1	The company should create most favourable conditions for its shareholders enabling them to participate in the general meeting and develop informed positions on issues on its agenda, as well as provide them with the opportunity to coordinate their actions and express their opinions on issues being discussed.	1. The Company provides an easy-to-access way to communicate with the community, such as the "hotline", email or Internet forum that enables shareholders to express their opinion and to put forward issues to the agenda pending preparation for the General Meeting. These communication options were organised by the company and provided to shareholders in preparation for each general meeting held in the reporting period.	✓ **complied with** ☐ partly complied with ☐ not complied with	
1.1.2	Procedures for notification of the general meeting and provision of materials for it should enable the shareholders to get properly prepared for participation therein.	1. The notice of the General Meeting of Shareholders was posted (published) on the website at least 30 days prior to the General Meeting date. 2. The notice of the meeting specifies the venue of the meeting and the documents required to get access to the premise. 3. Access to the information on the person who proposed the agenda items and the one who nominated candidates to the Board of Directors and the Internal Audit Commission of the Company was provided to shareholders.	✓ **complied with** ☐ partly complied with ☐ not complied with	
1.1.3	During the preparation for and holding of the general meeting, the shareholders should be able to freely and timely receive information about the meeting and its materials, to pose questions to members of the company's executive bodies and board of directors, and to communicate with each other.	1. The shareholders were enabled to ask members of the executive bodies and members of the Company's Board of Directors before and during the annual General Meeting in the reporting period. 2. The standpoint of the Board of Directors (including any special opinions included into the minutes) on each agenda item of the General Meetings conducted during the reporting period was included into the materials of the General Meeting of Shareholder. 3. The Company provided the shareholders with the appropriate entitlement with the access to the list of persons eligible to attend the General Meeting, starting from the date of its receipt by the Company, in all cases of holding the General Meetings in the reporting period.	✓ **complied with** ☐ partly complied with ☐ not complied with	This recommendation concerning shareholders' posing questions to members of executive bodies and members of the board of directors of the company in the course of the general meeting is not applicable was not applicable, as no general meetings were held in the form of joint attendance of shareholders in the reporting period.

[1] The «complied with» status is only indicated if the Company meets all the criteria of the corporate governance principle compliance assessment. Otherwise, the «partially complied with» or «not complied with» status is displayed.
[2] They are shown for each criterion of the corporate governance principle compliance if the Company meets only part of the criteria or fails to meet any of the principle compliance assessment criteria. If the Company indicated the «complied with» status, no explanations are required.

#	Corporate governance principles	Corporate governance principle compliance criteria	Status of conformity with the corporate governance principle	Explanations of deviation from the assessment criteria of compliance with the corporate governance principle
1.1.4	There should be no unjustified difficulties preventing shareholders from exercising their right to demand that a general meeting be convened, nominate candidates to the company's governing bodies, and to place proposals on its agenda.	1. In the reporting period, shareholders were entitled, within 60 days from the end of the respective calendar year a minimum, put forward proposals to be included into the agenda of the annual General Meeting. 2. In the reporting period, the Company did not refuse to accept proposals to the agenda or candidates to the Company's bodies due to misprints and other insignificant defects in the shareholder's proposal.	✓ **complied with** ☐ partly complied with ☐ not complied with	
1.1.5	Each shareholder should be able to freely exercise his right to vote in a straightforward and most convenient way.	1. The Charter of the company includes provisions for filling in the electronic form of the ballot on the website specified in the notice of the General Meeting of Shareholders.	✓ **complied with** ☐ partly complied with ☐ not complied with	
1.1.6	Procedures for holding a general meeting set by the company should provide equal opportunity to all persons present at the general meeting to express their opinions and ask questions that might be of interest to them.	1. When General Meetings of Shareholders are held in the reporting period in the form of a meeting (joint presence of shareholders), sufficient time is envisaged for the reports on agenda items and the time to discuss these issues, shareholders were provided with opportunity to express their opinion and ask questions on agenda issues that might be of interest to them. 2. The company invited candidates to the management and control bodies and took all necessary actions to ensure their participation in the general meeting of shareholders, where their candidacies were put to a vote. The candidates to the management and control bodies of the Company attending the general meeting of shareholders were available to answer shareholders' questions. 3. The sole executive body, the person responsible for accounting, the chairman or other members of the audit committee of the board of directors were available to answer shareholders' questions at the general meeting of shareholders held the reporting period. 4. In the reporting period the Company either used telecommunications tools to provide shareholders with remote access to participate in the General Meetings, or made decisions that it was not necessary (not possible) to use such tool in the reporting period.	✓ **complied with** ☐ partly complied with ☐ not complied with	In the reporting period the Company did not hold general meetings of shareholders in the form of joint attendance of shareholders.
1.2	**Shareholders are provided with an equitable and fair opportunity to participate in the company's profits through the distribution of dividends.**			
1.2.1	The company should develop and put in place a transparent and clear mechanism for determining the amount of dividends and their payment.	1. The dividend policy provisions of the Company were developed, approved by the Board of Directors, and disclosed at the Company's website. 2. If the Company produces consolidated financial statements and its dividend policy uses these financial statements to determine the amount of dividends, the relevant dividend policy provisions incorporate the consolidated measures of financial statements. 3. Rationale for the proposed net profit distribution, including for dividend payments and for the company's own needs, along with compliance assessment in respect of the company's dividend policy and explanations and economic substantiation of the need to allocate a certain portion of net profit for the company's own needs in the reporting period were included in the materials for the general meeting of shareholders, where the agenda of the meeting included an item on profit distribution (including the payment (announcement) of dividends).	✓ **complied with** ☐ partly complied with ☐ not complied with	
1.2.2	The company should not make a decision on the payment of dividends, if such decision, without formally violating limits set by law, is unjustified from the economic point of view and might lead to the formation of false assumptions about the company's activity.	1. In addition to statutory restrictions, the Company's dividend policy clearly indicates financial/economic circumstances when the Company should not pay dividends.	✓ **complied with** ☐ partly complied with ☐ not complied with	
1.2.3	The company should not allow deterioration of dividend rights of its existing shareholders.	1. In the reporting period, the Company did not take steps that impaired the existing shareholders' dividend rights.	☐ complied with ☐ partly complied with ✓ **not complied with**	The Company followed this principle until 2023. At the beginning of the reporting period, the Supervisory Board resolved on suspension of the Dividend Policy's provision which required at least 60 % of profits to be allocated for dividend payouts. The dividend paid for 2022 was 30 % of the Company's net profit according to IFRS for 2022. The main factors behind this decision were regulatory requirements, the technological re-equipment programme and the need for investment in development, as well as major changes in the external environment. At the end of Q3 2023, the Supervisory Board approved a new dividend policy, whereby the share of profit allocated to dividends was fixed at 50 % of the MOEX Group's net profit for the reporting year.
1.2.4	The company should strive to rule out any ways through which its shareholders can obtain any profit or gain at the company's expense other than dividends and distributions of its liquidation value.	1. During the reporting period, other ways of obtaining profit or gaining at the expense of the Company by persons controlling the company other than dividends (for example, through transfer pricing, unreasonable provision of services to the Company by the controlling person at higher prices, through internal loans substituted for dividends to the controlling persons and (or) controlled persons) were not used.	✓ **complied with** ☐ partly complied with ☐ not complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status of conformity with the corporate governance principle	Explanations of deviation from the assessment criteria of compliance with the corporate governance principle
1.3	**The system and practices of corporate governance should ensure equal terms and conditions for all shareholders owning shares of the same class (category) in a company, including minority and foreign shareholders, as well as their equal treatment by the company.**			
1.3.1	The company should create conditions which would enable its governing bodies and controlling persons to treat each shareholder fairly, in particular, which would rule out the possibility of any abuse of minority shareholders by major shareholders.	1. During the reporting period the persons, controlling the Company, did not abuse their authorities towards shareholder, no conflicts between controlling persons and shareholders existed, and, if such conflicts existed the Board of Directors paid enough attention to address them.	✓ **complied with** ☐ partly complied with ☐ not complied with	
1.3.2	The company should not perform any acts which will or might result in artificial reallocation of corporate control therein.	1. Quasi-treasury shares are not available or were not used in the voting during the reporting period.	✓ **complied with** ☐ partly complied with ☐ not complied with	
1.4	**Shareholders should be provided with reliable and efficient means of recording their rights in shares as well as with the opportunity to freely dispose of such shares in a non-onerous manner.**			
1.4	Shareholders should be provided with reliable and efficient means of recording their rights in shares as well as with the opportunity to freely dispose of such shares in a non-onerous manner.	1. Quality and reliability of the business pursued by the Company's registrar to keep the register of the securities' holders meet the Company's and its shareholders' needs and ensure that shareholder rights are accounted for and exercised in the most efficient way.	✓ **complied with** ☐ partly complied with ☐ not complied with	
2.1	**The board of directors should be responsible for decisions to appoint and remove [members] of executive bodies, including in connection with their failure to properly perform their duties. The board of directors should also procure that the company's executive bodies act in accordance with an approved development strategy and main business goals of the company.**			
2.1.1	The board of directors should be responsible for decisions to appoint and remove [members] of executive bodies, including in connection with their failure to properly perform their duties. The board of directors should also procure that the company's executive bodies act in accordance with an approved development strategy and main business goals of the company.	1. The Board of Directors has the powers stipulated in the Charter to appoint, dismiss, and determine conditions of the contracts, with respect to members of executive bodies. 2. In the reporting period, the Nominations Committee[1] considered how the professional qualifications, skills and experience of the members of the executive bodies meet the current and expected needs of the company, prompted by the approved strategy of the company. 3. In the reporting period, the Board of Directors reviewed the report(s) of the sole executive body and members of the collegial executive body on fulfilment of the Company's strategy.	✓ **complied with** ☐ partly complied with ☐ not complied with	
2.1.2	The board of directors should establish basic long-term targets of the company's activity, evaluate and approve its key performance indicators and principal business goals, as well as evaluate and approve its strategy and business plans in respect of its principal areas of operations.	1. During the reporting period, meetings of the Board of Directors reviewed the progress of execution and updating the strategy, approval of the Company's financial and business plan (budget), and the review of the criteria and measures (including intermediate) to implement the Company's strategy and business plans.	✓ **complied with** ☐ partly complied with ☐ not complied with	
2.1.3	The board of directors should determine principles of and approaches to creation of the risk management and internal control system in the company.	1. The principles of and approaches to the risk management and internal control system in the Company are set forth by the Board of Directors and documented in the Company's internal regulations defining the risk management and internal control policy. 2. In the reporting period, the Board of Directors approved (revised) the acceptable level of risk (risk appetite) of the Company, or the Audit Committee and (or) Risk Committee (if any) considered the expediency of bringing the issue of risk appetite revision to the attention of the Board of Directors.	✓ **complied with** ☐ partly complied with ☐ not complied with	
2.1.4	The board of directors should determine the company's policy on remuneration due to and/or reimbursement of costs incurred by its board members, members of its executive bodies and other key managers.	1. The Company has developed and implemented the policy(-ies) approved by the Board of Directors on remuneration and reimbursement of costs incurred by the members of the Board of Directors, the Company's executive bodies and other key managers of the Company. 2. The meetings of the Board of Directors reviewed issues related to the above policy (-ies) during the reporting period.	✓ **complied with** ☐ partly complied with ☐ not complied with	
2.1.5	The board of directors should play a key role in prevention, detection and resolution of internal conflicts between the company's bodies, shareholders and employees.	1. The Board of Directors plays a key part in prevention, detection, and settlement of internal conflicts. 2. The Company has established the system to identify transactions related to the conflict of interest and the system of efforts designed to settle such conflicts.	✓ **complied with** ☐ partly complied with ☐ not complied with	
2.1.6	The board of directors should play a key role in procuring that the company is transparent, discloses information in full and in due time, and provides its shareholders with unhindered access to its documents.	1. Company's internal documents list the persons responsible for information policy implementation.	✓ **complied with** ☐ partly complied with ☐ not complied with	
2.1.7	The board of directors should monitor the company's corporate governance practices and play a key role in its material corporate events.	1. During the reporting period, the Board of Directors reviewed self-assessment results and (or) external assessment in relation to the corporate governance practice in the Company.	✓ **complied with** ☐ partly complied with ☐ not complied with	

[1] Hereinafter, the Nominations Committee.

#	Corporate governance principles	Corporate governance principle compliance criteria	Status of conformity with the corporate governance principle	Explanations of deviation from the assessment criteria of compliance with the corporate governance principle
2.2	**The Board of Directors should be accountable to the company's shareholders.**			
2.2.1	Information about the board of directors' work should be disclosed and provided to the shareholders.	1. The Company's annual report for the reporting period includes information on the Board of Directors and committee meeting attendance by individual directors. 2. The annual report contains information on the principal findings of the Board of Directors' performance self-assessment (assessment) in the reporting period.	✓ **complied with** ☐ partly complied with ☐ not complied with	
2.2.2	The chairman of the board of directors must be available to communicate with the company's shareholders.	1. The Company has a transparent procedure that enables shareholders to submit their questions and their standpoint thereon to the Chairman of the Board of Directors and, if applicable, to the senior independent director and get feedback from them.	✓ **complied with** ☐ partly complied with ☐ not complied with	
2.3	**The board of directors should be an efficient and professional governing body of the company which is able to make objective and independent judgements and pass resolutions in the best interests of the company and its shareholders.**			
2.3.1	Only persons with impeccable business and personal reputation should be elected to the board of directors; such persons should also have knowledge, skills, and experience necessary to make decisions that fall within the jurisdiction of the board of directors and to perform its functions efficiently.	1. In the reporting period, the Board of Directors (or its Nominations Committee) assessed the nominees to the Board of Directors in terms of the required experience, expertise goodwill, lack of the conflict of interests, etc.	✓ **complied with** ☐ partly complied with ☐ not complied with	
2.3.2	Board members should be elected pursuant to a transparent procedure enabling the shareholders to obtain information about respective candidates sufficient for them to get an idea of the candidates' personal and professional qualities.	1. Where the agenda of the General Meeting of Shareholders held in the reporting period included election of the Board of Directors d, the Company provided shareholders with biographical data for all the nominees to the Board of Directors, results from assessment of whether the candidates' professional qualifications, experience and skills meet the company's current and expected needs performed by the Board of Directors or Nominations Committee, and information on conformity of the nominees to the independence criteria, according to the recommendations in paragraphs from 102 to 107 of the Code and the nominees' written consent to be elected to the Board of Directors.	☐ complied with ✓ **partially complied with** ☐ not complied with	In previous reporting periods, the Company complied with this principle. In the reporting period, the Company's management decided to limit biographical details disclosure of Supervisory Board candidates for election at the Annual General Meeting in 2023, so as to minimise the risk of restrictive measures against the persons in question. According to the Company, what steps the Company took to minimise the risks of partial non-compliance with the recommendation of the CCG of the Bank of Russia was that the Company allowed shareholders to seek additional information from the Company. In addition, the line up of candidates to the Supervisory Board and results of their professional qualifications, experience and skills compliance with the current and expected needs of the Company assessment by the Supervisory Board were disclosed on the Company's website. For each candidate to the Supervisory Board, the Company discloses on its website a recommendation on his/her election as an independent or non-executive director and information on the availability of written consent of the candidates for election to the Supervisory Board. The company intends to resume disclosure so to adhere to this recommendation once the geopolitical situation stabilises and the risk of restrictive measures against the persons concerned returns to an acceptable level.
2.3.3	The composition of board of directors should be balanced, in particular, in terms of qualifications, expertise, and business skills of its members. The board of directors should enjoy the confidence of the shareholders.	1. In the reporting period, the Board of Directors reviewed its own needs in professional qualifications, experience, and business skills, and identified competencies required for the Board of Directors in the short and long term.	✓ **complied with** ☐ partly complied with ☐ not complied with	
2.3.4	The membership of the board of directors of the company must enable the board to organize its activities in a most efficient way, in particular, to create committees of the board of directors, as well as to enable substantial minority shareholders of the company to elect a candidate to the board of directors for whom they would vote.	1. In the reporting period, the Board of Directors reviewed whether the size of the Board of Directors met the company's needs and the interests of the shareholders.	✓ **complied with** ☐ partly complied with ☐ not complied with	
2.4	**The Board of Directors should include a sufficient number of independent directors.**			
2.4.1	An independent director should mean any person who has required professional skills and expertise and is sufficiently able to have his/her own position and make objective and bona fide judgments, free from the influence of the company's executive bodies, any individual group of its shareholders or other stakeholders. It should be noted that, under normal circumstances, a candidate (or an elected director) may not be deemed to be independent, if he/she is associated with the company, any of its substantial shareholders, material trading partners or competitors, or the government.	1. During the reporting period, all independent members of the Board of Directors met the independence criteria specified in recommendations 102 to 107 of the Code or were recognized as such by resolution of the Board of Directors.	✓ **complied with** ☐ partly complied with ☐ not complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status of conformity with the corporate governance principle	Explanations of deviation from the assessment criteria of compliance with the corporate governance principle
2.4.2	It is recommended to evaluate whether candidates nominated to the board of directors meet the independence criteria as well as to review, on a regular basis, whether or not independent board members meet the independence criteria. When carrying out such evaluation, substance should take precedence over form.	1. In the reporting period, the Board of Directors (or the Nominations Committee of the Board of Directors) formed the estimate of independence of each nominee to the Board of Directors and submitted the relevant opinion to shareholders. 2. In the reporting period, the Board of Directors (or the Nominations Committee of the Board of Directors) reviewed the independence of the existing members of the Board of Directors (after their election) at least once. 3. The Company has drafted the procedures that determine the necessary actions to be taken by a member of the Board of Directors, if he/she loses his/her independence, including the obligations to timely notify the Board of Directors accordingly.	✓ **complied with** ☐ partly complied with ☐ not complied with	
2.4.3	Independent directors should account for at least one-third of all directors elected to the board of directors.	1. Independent directors account for at least one third of the Board of Directors.	☐ complied with ✓ **partially complied with** ☐ not complied with	At the beginning of the reporting year, only three out of 10 members of the Supervisory Board were independent or were recognised as independent. The non-compliance with the recommendation of the CCG of the Bank of Russia in some part at the beginning of the reporting year was due to external circumstances emerged in 2022, specifically due to the increasing pressure from foreign states on Russian companies. The Company was forced to do so because this was outside the purview of the Company. Thus, the Annual General Meeting of Shareholders in 2022 elected 12 members of the Supervisory Board with 5 of them being independent at the time of election, which was in line with this recommendation. However, during the year 2022, two independent directors decided to withdraw as members of the Supervisory Board of the Company. In 2023, the Annual General Meeting of Shareholders elected nine members of the Supervisory Board, of which five were recognises as independent, which makes up more than one third of the elected membership. The Annual General Meeting of Shareholders also resolved to expand the membership of the Supervisory Board from nine to 12. In this connection, the Company also held an Extraordinary General Meeting of Shareholders in 2023, which elected a Supervisory Board of 12 members. Seven of them were recognised as independent, representing more than one third of the elected membership. Therefore, the new Supervisory Board line-ups of the Company elected by the General Meetings of Shareholders held in 2023 were created in line with the recommendation on the number of independent directors.
2.4.4	Independent directors should play a key role in prevention of internal conflicts in the company and performance by the latter of material corporate actions.	1. Independent directors (who do not have any conflicts of interest) preliminarily estimate the substantial corporate actions related to a potential conflict of interests, and the findings of such assessment are submitted to the Board of Directors.	✓ **complied with** ☐ partly complied with ☐ not complied with	In 2023, the Company did not record any material corporate actions related to a potential conflict of interest.
2.5	**The Chairman of the Board of Directors should help the Board carry out the functions imposed on it in a most efficient manner.**			
2.5.1	It is recommended to either elect an independent director to the position of the chairman of the board of directors or identify the senior independent director among the company's independent directors who would coordinate work of the independent directors and liaise with the chairman of the board of directors	1. The Chairman of the Board of Director is an independent director, or a senior independent director is identified among independent directors[1]. 2. The role, rights and duties of the Chairman of the Board of Directors (and, if applicable, the senior independent director) are duly determined in the Company's internal documents.	✓ **complied with** ☐ partly complied with ☐ not complied with	
2.5.2	The board chairman should ensure that board meetings are held in a constructive atmosphere and that any items on the meeting agenda are discussed freely. The chairman should also monitor fulfilment of decisions made by the board of directors.	1. Performance of the Chairman of the Board of Directors was estimated as part of the Board of Directors efficiency assessment procedure in the reporting period.	✓ **complied with** ☐ partly complied with ☐ not complied with	
2.5.3	The chairman of the board of directors should take any and all measures as may be required to provide the board members in a timely fashion with information required to make decisions on issues on the agenda.	1. The duty of the Chairman of the Board of Directors to take efforts to ensure timely filing of documents to members of the Board of Directors on agenda items of the meeting of the Board of Directors is legitimized in the Company's internal documents.	✓ **complied with** ☐ partly complied with ☐ not complied with	

[1] Please specify, which of the two alternative approaches admitted by the principle is implemented in the Company and explain the reasons for the selection made.

#	Corporate governance principles	Corporate governance principle compliance criteria	Status of conformity with the corporate governance principle	Explanations of deviation from the assessment criteria of compliance with the corporate governance principle
2.6	**Board members must act reasonably and in good faith in the best interests of the company and its shareholders, being sufficiently informed, with due care and diligence.**			
2.6.1	Acting reasonably and in good faith means that board members should make decisions considering all available information, in the absence of a conflict of interest, treating shareholders of the company equally, and assuming normal business risks.	1. The Company's internal documents require that a member of the Board of Directors should notify the Board of Directors if he/she has a conflict of interests with respect to any agenda item of the meeting of the Board of Directors or a committee of the Board of Directors, before the start of the discussion of the relevant agenda item. 2. The Company's internal documents envisage that a member of the Board of Directors should refrain from voting on any item where he/she has a conflict of interests. 3. The Company has established the procedure that enables the Board of Directors to obtain professional advice on issues falling within its competence, at the Company's expense.	✓ **complied with** ☐ partly complied with ☐ not complied with	
2.6.2	Rights and duties of board members should be clearly stated and documented in the company's internal documents.	1. The Company has adopted and published the internal document that clearly determines rights and duties of members of the Board of Directors.	✓ **complied with** ☐ partly complied with ☐ not complied with	
2.6.3	Board members should have sufficient time to perform their duties.	1. Individual attendance of meetings of the Board and committees as well as the time spent on preparation for participation in the meetings was taken into account as part of the assessment (self-assessment) procedure of the Board of Directors in the reporting period. 2. According to the Company's internal documents, members of the Board of Directors are obliged to notify the Board of Directors of their intention to join management bodies of other companies (except for the Company's affiliates and dependent companies) and about such actual appointment.	✓ **complied with** ☐ partly complied with ☐ not complied with	
2.6.4	All board members should have equal opportunity to access the company's documents and information. Newly elected board members should be provided with sufficient information about the company and work of its board of directors as soon as practicable.	1. According to the Company's internal documents, members of the Board of Directors are free to gain access to information and documents necessary for them to perform their duties, pertaining to the Company and its affiliates, and the Company's executive bodies are obliged to provide the relevant information and documents. 2. The Company implements a formalized onboarding program for newly elected members of the Board of Directors.	✓ **complied with** ☐ partly complied with ☐ not complied with	
2.7	**Meetings of the Board of Directors, preparation for them, and participation of Board members therein should ensure efficient work of the Board.**			
2.7.1	It is recommended to hold meetings of the board of directors as needed, with due account of the company's scope of activities and its then current goals.	1. The Board of Directors held at least six meetings in the reporting year.	✓ **complied with** ☐ partly complied with ☐ not complied with	
2.7.2	It is recommended to develop a procedure for preparing for and holding meetings of the board of directors and set it out in the company's internal documents. The above procedure should enable the shareholders to get prepared properly for such meetings.	1. The Company approved the internal document that governs the procedure for preparation for and holding of meetings of the Board of Directors, which, in particular, stipulates that the notice of the meeting should be normally made at least five (5) days prior to the meeting. 2. In the reporting period, members of the Board of Directors who were not in attendance at the meeting were given the opportunity to participate in the discussion of the agenda items and voting remotely via conference and videoconference calls	✓ **complied with** ☐ partly complied with ☐ not complied with	
2.7.3	The form of a meeting of the board of directors should be determined with due account of importance of issues on the agenda of the meeting. Most important issues should be decided at the meetings held in person.	1. The Charter or the internal document of the Company envisage that the most significant issues (according to the list in Recommendation 168 of the Code) should be considered at the personal meetings of the Board.	☐ complied with ✓ **partially complied with** ☐ not complied with	According to the Charter, the issues listed in Recommendation 168 of the Code (except for material related party transactions and placing the issue of delegating the CEO's powers to the asset management company for the AGM for consideration) are decided at the meetings held in person. Issues of material related party transactions are not included on the said list since the Company's Code of Corporate Governance does not classify related party transactions as a specific material transaction criterion. Measures aimed at minimizing the risk of partial compliance with the CGC's recommendation include the Company's setting materiality thresholds in terms of amount and subject of a transaction, regardless of parties to the transaction. Therefore, the Supervisory Board considers interested-party transactions at in-person meetings of the Supervisory Board if the amount and/or subject matter of such transactions meet the established materiality criteria. The Audit Committee considered whether it was appropriate to define other materiality criteria for interested-party transactions and found it inappropriate to do so. Accordingly, the Company has no immediate plans to achieve full compliance with the said recommendation. Placing the issue of delegating the sole executive body's powers to the asset management company before the AGM is not within the Supervisory Board competence, since, in pursuance with the Federal Law on Organised Trading, (1) the Company's sole executive body is elected by the Supervisory Board, and (2) the Organiser of Trading is not authorised to delegate the powers of the sole executive body to other entity (asset manager, asset management company).

#	Corporate governance principles	Corporate governance principle compliance criteria	Status of conformity with the corporate governance principle	Explanations of deviation from the assessment criteria of compliance with the corporate governance principle
2.7.4	Decisions on most important issues relating to the company's business should be made at a meeting of the board of directors by a qualified majority vote or by a majority vote of all elected board members.	1. The Charter of the Company envisages that resolutions on the most critical issues set forth in Recommendation 170 of the Code, shall be adopted at the meeting of the Board of Directors, by a qualified, at least three fourths majority of votes, or by a majority of votes of all elected members of the Board of Directors.	☐ complied with ✓ **partially complied with** ☐ not complied with	Partially complied with. Most issues listed in Recommendation 170 of the Code, are included on the list of issues that should be decided by a three fourths majority vote of directors participating in the meeting, or by a majority of all votes. The list did not include the matters regarding (1) approval of priority activities, 2) placing listing issues before the AGM. The Company has no plans to include approval of priorities to such issues, since priorities are normally described in the strategy approved by a three fourths majority vote of all Supervisory Board members attending the meeting. According to the Company, a preliminary and thorough discussion of most issues including those specified above, by the relevant ad-hoc committees, as a rule, allows the Supervisory Board to make decisions unanimously and helps reduce risks related to non-compliance with the principle specified above. Submitting issues on listing to the consideration by the AGM is not on the list as these listing issues are referred to the Supervisory Board competency (3/4 majority vote), but not to the AGM.
2.8	**The Board of Directors should form committees for preliminary consideration of the most important aspects of the company's business.**			
2.8.1	For the purpose of preliminary consideration of any matter of control over the company's financial and business activities, it is recommended to form an audit committee comprised of independent directors.	1. The Board of Directors established the Audit Committee comprising independent directors only. 2. The Company's internal documents determine the objectives for the Audit Committee, including, in particular, the objectives contained in Recommendation 172 of the Code. 3. At least one member of the Audit Committee, which is an independent director, has experience and expertise in drafting, reviewing, assessment and audit of financial statements (accounts). 4. Meetings of the Audit Committee were held at least quarterly during the reporting period.	☐ complied with ✓ **partially complied with** ☐ not complied with	1. Partially complied with. At the beginning of the reporting period (before the 2023 Annual General Meeting of the Company), the Audit Committee consisted of one Independent director, who was also the Chairman of the Committee, and two non-executive directors. This was due to the lack of enough independent directors on the Supervisory Board with the competences required for the Audit Committee because of the limited number of candidates and because two independent directors withdrew in the second half 2022. In forming the Audit Committee, the Supervisory Board relied not on the need to comply formally with the recommendations of the Corporate Governance Code of the Bank of Russia, but on the competencies that the remaining directors in the Supervisory Board of the Company had, so that the Audit Committee could perform as efficiently as the prevailing circumstances allowed and could protect interests of the Company and Company's shareholders. To minimise the risks of partial non-compliance with the recommendation of the Bank of Russia's Corporate Governance Code, the Supervisory Board also addressed the key issues considered by the Audit Committee, which were generally in-person meetings of the Supervisory Board at which independent directors were able to voice their position. When forming the Audit Committee, the Supervisory Board resolved to suspend the rules on the Audit Committee, which require that the Audit Committee be composed only of independent directors until the Supervisory Board, elected by the AGM in 2023, forms a new Audit Committee. After the 2023 AGM and the 2023 EGM, the Audit Committee was formed to comprise of independent directors only. 2. Complied with. 3. Complied with. 4. Complied with.

#	Corporate governance principles	Corporate governance principle compliance criteria	Status of conformity with the corporate governance principle	Explanations of deviation from the assessment criteria of compliance with the corporate governance principle
2.8.2	For the purpose of preliminary consideration of any matters of development of efficient and transparent remuneration practices, it is recommended to form a remuneration committee comprised of independent directors and chaired by an independent director who should not concurrently be the board chairman.	1. The Board of Directors set up the Remuneration Committee consisting of independent directors only. 2. Chairman of the Remunerations Committee is an independent director, who is not the Chairman of the Board of Directors. 3. The Company's internal documents determine the objectives of the Remunerations Committee, including those contained in Recommendation 180 of the Code and the circumstances (events), upon the occurrence of which the Remuneration Committee shall consider revising the Company's remuneration policy with respect to members of the Board of Directors, executive bodies, and other key executives.	☐ complied with ✓ **partially complied with** ☐ not complied with	1. Partially complied with. At the beginning of the reporting period and before the new Nomination and Remuneration Committee was formed (the new Committee was formed after the election of the Supervisory Board at the Extraordinary General Meeting of Shareholders held on 07 September 2023), only two of the three members of the Nomination and Remuneration Committee of the Supervisory Board were independent directors, including the Chairman of the Committee, and one member was a non-executive director. In forming the Nomination and Remuneration Committee, the Supervisory Board relied not on the need to comply formally with the recommendations of the Corporate Governance Code of the Bank of Russia, but proceeded from the competencies that the members in the Supervisory Board of the Company had, so that the Nomination and Remuneration Committee could perform as efficiently as the prevailing circumstances allowed and could protect interests of the Company and Company's shareholders. To minimise the risks of partial non-compliance with the recommendation of the Bank of Russia's Corporate Governance Code, the Supervisory Board also addressed the key issues considered by the Nomination and Remuneration Committee, which were generally in-person meetings of the Supervisory Board at which independent directors were able to voice their position. After the Extraordinary General Meeting of Shareholders held on 7 September 2023, the Supervisory Board elected the Nomination and Remuneration Committee comprising solely independent directors. 2. Complied with. 3. Partially complied with. At the beginning of the reporting period, the Company's internal documents did not outline the circumstances (events) giving the rise for the Remuneration Committee's revising the Company's remuneration policy with respect to members of the Board of Directors, executive bodies, and other key executives. In June 2023, the Policy on remuneration and compensations to members of executive bodies was amended to include provisions on the terms (events) following which the Nomination and Remuneration Committee revises the policy. Thus, the Policy of the Company may be amended due to changes in the Company's strategy, the nature and scale of operations, as well as depending on the results of the Company's activities, the level and mix of accepted risks, and socio-political climate in the Russian Federation, inflation rate, sanctions against Russian companies and other factors affecting the Company's operations. At present, the Company's Policy on Remuneration and Compensations to Members of the Supervisory Board has no provisions regarding the terms (events) which, if they occur, will cause the Nomination and Remuneration Committee to revise the Policy. The Company intends to make the appropriate changes in the near future. Until the boardroom pay policy is amended as necessary, the Company applies a different practice for its review. Thus, every three years, with the assistance of an independent consultant engaged for this purpose, the Company revises the remuneration system for members of the Supervisory Board. Between these cycles, remuneration due to members of the Supervisory is adjusted for inflation in accordance with the Regulations on Remuneration and Compensation due to Members of the Supervisory Board of Moscow Exchange. These actions seek to minimise the risks of partial non-compliance with this recommendation.

#	Corporate governance principles	Corporate governance principle compliance criteria	Status of conformity with the corporate governance principle	Explanations of deviation from the assessment criteria of compliance with the corporate governance principle
2.8.3	For the purpose of preliminary consideration of any matters relating to human resources planning (making plans regarding successor directors), professional composition and efficiency of the board of directors, it is recommended to form a nominating committee (a committee on nominations, appointments and human resources) with a majority of its members being independent directors	1. The Board of Directors established the Nominations Committee (or its objectives specified in Recommendation 186 of the Code are implemented as part of another committee[1]), a majority of which are independent directors. 2. The Company's internal documents determine the objectives of the Nominations Committee (or the relevant committee with a combined functionality), including those contained in Recommendation 186 of the Code. 3. For the purposes of forming the board of directors that best meets the Company's goals and objectives, during the reporting period the Nominations Committee independently or jointly with other committees of the board of directors or the authorised division of the Company for shareholder relations arranged for interactions with shareholders, including but not limited to the major shareholders, in the context of selecting candidates for the Company's Board of Directors.	✓ **complied with** ☐ partly complied with ☐ not complied with	
2.8.4	Taking account of its scope of activities and levels of related risks, the company should form other committees of its board of directors, in particular, a strategy committee, a corporate governance committee, an ethics committee, a risk management committee, a budget committee or a committee on health, security and environment, etc	1. In the reporting period, the Company's Board of Directors reviewed the conformity of membership in its committees to the objectives assigned to the Board of Directors and to the Company's operating goals. Additional committees were either established or were not recognized as necessary	✓ **complied with** ☐ partly complied with ☐ not complied with	
2.8.5	The composition of the committees should be determined in such a way that it would allow a comprehensive discussion of issues being considered on a preliminary basis with due account of differing opinions.	1. In the reporting period the Committees of the Board of Directors (Audit Committee, Nominations Committee, or a committee which combines the functions) were headed by independent directors. 2. The Company's internal documents (policies) contain the provisions, whereby persons not included into the Audit Committee, the Nominations Committee (or a committee which combines the functions), may attend meetings of the committees upon invitation of the Chairman of the respective committee only.	✓ **complied with** ☐ partly complied with ☐ not complied with	
2.8.6	The chairmen of the committees should inform the board of directors and its chairman of the work of their committees on a regular basis.	1. During the reporting period, the chairmen of the committees reported on the committees' operations to the Board of Directors on a regular basis.	✓ **complied with** ☐ partly complied with ☐ not complied with	
2.9	**The Board of Directors should evaluate of the quality of its work and that of its committees and Board members.**			
2.9.1	Evaluation of quality of the board of directors' work should be aimed at determining how efficiently the board of directors, its committees and board members work and whether their work meets the company's needs, as well as at making their work more intensive and identifying areas of improvement.	1. Thee internal documents of the Company set out procedures for assessment (self-assessment) of quality of the Board of Director's work. 2. Self-assessment or external assessment of the Board of Directors' performance conducted in the reporting period included the assessment of operations of the committees, individual members of the Board of Directors and the entire Board of Directors. 3. The findings of assessment (self-assessment) of the Board of Directors in the reporting period were reviewed at the personal meeting of the Board of Directors.	✓ **complied with** ☐ partly complied with ☐ not complied with	
2.9.2	Quality of work of the board of directors, its committees and board members should be evaluated on a regular basis, at least once a year. To carry out an independent evaluation of the quality of the board of directors' work, it is recommended to retain a third-party entity (consultant) on a regular basis, at least once every three years	1. For independent quality assessment of the Board of Directors' performance, an external company (advisor) was engaged by the Company at least once in three recent reporting periods.	✓ **complied with** ☐ partly complied with ☐ not complied with	
3.1	**The company's corporate secretary shall be responsible for efficient interaction with its shareholders, coordination of the company's actions designed to protect the rights and interests of its shareholders, and support of efficient work of its Board of Directors.**			
3.1.1	The corporate secretary should have knowledge, experience, and qualifications sufficient for performance of his/her duties, as well as an impeccable reputation and should enjoy the trust of the shareholders	1. The Company's website and the annual report include biographical information about the corporate secretary (including age, education, qualifications, experience), as well as information about the positions in the management bodies of other legal entities held by the corporate secretary during at least the last five years	✓ **complied with** ☐ partly complied with ☐ not complied with	
3.1.2	The corporate secretary should be sufficiently independent of the company's executive bodies and be vested with powers and resources required to perform his/her tasks	1. The Company adopted and disclosed an internal document, the Regulation on the Corporate Secretary. 2. The Board of Directors approves a candidate for the role of Corporate and terminates Corporate Secretary's powers, considers the matter of extra remuneration due to the Corporate Secretary. 3. Company's internal documents secure the Corporate Secretary's right to request and obtain documents and information from the Company's management bodies, divisions and official	✓ **complied with** ☐ partly complied with ☐ not complied with	

[1] If the objectives of the Nominations Committee are only implemented as part of another committee, indicate its name.

#	Corporate governance principles	Corporate governance principle compliance criteria	Status of conformity with the corporate governance principle	Explanations of deviation from the assessment criteria of compliance with the corporate governance principle
4.1	**The level of remuneration paid by the company should be sufficient to enable it to attract, motivate, and retain persons having required skills and qualifications. Remuneration due to board members, the executive bodies, and other key managers of the company should be paid in accordance with a remuneration policy approved by the company.**			
4.1.1	It is recommended that the level of remuneration paid by the company to its board members, executive bodies, and other key managers should be sufficient to motivate them to work efficiently and enable the company to attract and retain knowledgeable, skilled, and duly qualified persons. The company should avoid setting the level of remuneration any higher than necessary, as well as an excessively large gap between the level of remuneration of any of the above persons and that of the company's employees.	1. The level of remuneration due to members of the Board of Directors, executive bodies and to other key managers is set based on remuneration level benchmarking among peer companies.	✓ **complied with** ☐ partly complied with ☐ not complied with	
4.1.2	The company's remuneration policy should be developed by its remuneration committee and approved by the board of directors. With the help of its remuneration committee, the board of directors should monitor implementation of and compliance with the remuneration policy by the company and, should this be necessary, review and amend the same.	1. In the reporting period, the Remunerations Committee reviewed the remuneration policy(-ies) and the practice of its/their implementation, assessed whether they were efficient and transparent, and, where it was necessary, submitted the relevant recommendations to the Board of Directors.	✓ **complied with** ☐ partly complied with ☐ not complied with	
4.1.3	The company's remuneration policy should provide for transparent mechanisms to be used to determine the amount of remuneration due to members of the board of directors, the executive bodies, and other key managers of the company, as well as to regulate any and all types of payments, benefits, and privileges provided to any of the above persons.	1. The Company's remuneration policy(-ies) contain(s) transparent arrangements on determining the amount of the remuneration of members of the Board of Directors, executive bodies and other key managers of the Company and govern(s) all types of fees, benefits and advantages provided to these persons.	✓ **complied with** ☐ partly complied with ☐ not complied with	
4.1.4	The company is recommended to develop a policy on reimbursement of expenses which would contain a list of reimbursable expenses and specify service levels provided to members of the board of directors, the executive bodies, and other key managers of the company. Such policy can form part of the company's policy on compensations.	1. The remuneration policy(-ies) or other internal documents of the Company establish(-es) the rules on reimbursement of expenses to the members of the Board of Directors, executive bodies and other key employees of the Company.	✓ **complied with** ☐ partly complied with ☐ not complied with	
4.2	**The system of remuneration of board members should ensure harmonisation of financial interests of the directors with long-term financial interests of the shareholders.**			
4.2.1	A fixed annual fee shall be a preferred form of monetary remuneration of the board members. It is not advisable to pay a fee for participation in individual meetings of the board of directors or its committees. It is not advisable to use any form of short-term incentives or additional financial incentives in respect of board members.	1. In the reporting period the Company paid remuneration due to members of the Board of Directors pursuant to the Company's remuneration policy. 2. In the reporting period the Company did no use short-term incentives based on the company's performance indicators, neither the Company paid a fee for participation in individual meetings of the Board of Directors or its committees.	✓ **complied with** ☐ partly complied with ☐ not complied with	
4.2.2	Long-term ownership of shares in the company contributes most to aligning financial interests of board members with long-term interests of the company's shareholders. However, it is not recommended to make the right to dispose of shares dependent on the achievement by the company of certain performance results; nor should board members take part in the company's option plans.	1. If the Company's internal document(s), such as the remuneration policy(-ies), envisage(s) granting of shares to members of the Board of Directors, clear rules for holding shares by members of the Board of Directors, intended to encourage longterm ownership of such shares, should be available and disclosed.	✓ **complied with** ☐ partly complied with ☐ not complied with	Company's internal documents do not provide for the provision of shares to the Supervisory Board members.
4.2.3	It is not recommended to provide for any additional allowance or compensation in the event of early dismissal of board members in connection with a change of control over the company or other circumstances.	1. The Company does not envisage any additional benefits or compensations in case of early termination of powers of the members of the Board of Directors in connection with change of control over the Company or any other circumstances.	✓ **complied with** ☐ partly complied with ☐ not complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status of conformity with the corporate governance principle	Explanations of deviation from the assessment criteria of compliance with the corporate governance principle
4.3	**The system of remuneration due to the executive bodies and other key managers of the company should provide that their remuneration is dependent on the company's performance and their personal contributions to the achievement thereof.**			
4.3.1	Remuneration due to the executive bodies and other key managers of the company should be set in such a way as to procure a reasonable and justified ratio between its fixed portion and its variable portion that is dependent on the company's performance results and employees' personal (individual) contributions to the achievement thereof.	1. During the reporting period, the annual performance indicators approved by the Board of Directors, were used to determine the amount of variable remuneration of members of executive bodies and other key managers of the Company. 2. During the most recent assessment of the remuneration system for the members of executive bodies and other key managers of the Company, the Board of Directors (the Remunerations Committee) made sure the Company applied an efficient ratio of the fixed remuneration portion to the variable one. 3. While setting the size of remuneration due to members of the executive bodies and other key managers, the Company proceeds from risk the Company bears, so to avoid creating incentives for highly risky management decisions.	✓ **complied with** ☐ partly complied with ☐ not complied with	
4.3.2.	Companies whose shares are admitted to trading at organised markets are recommended to put in place a long-term incentive program for the company's executive bodies and other key managers involving the company's shares (or options or other derivative financial instruments the underlying assets for which are the company's shares).	1. In case the Company has introduced a long-term incentive program for members of executive bodies and other key managers of the Company using shares in the Company (financial instruments based on the shares in the Company), the program implies that the right to sell the shares and other financial instruments used in such program will not arise until three years from their provision; provided that the right to sell the same is conditional upon achievement of certain performance indicators of the Company.	☐ compiled with ✓ **partially complied with** ☐ not complied with	Partially complied with. According to long-term incentive program involving the shares of the Company approved by the Supervisory Board in 2020, the right to shares vested after 3, 4 and 5 years from the date of inclusion of the participant in the programme, subject to meeting bonus award criteria, so the recommendation was fully complied with. According to long-term incentive program involving the shares of the Company approved by the Supervisory Board in 2023, it was resolved that the remuneration due to program participants should be paid in money terms. The right to receive funds depends on the target price of the Exchange shares and arises after 1, 2, 3, 4 or 5 years depending on the tranche. If the target Exchange share price is not achieved, no bonus is paid to programme participants under the relevant tranche. This approach is driven by the economic and geopolitical environment. It meets the needs and interests of the Company and proceeds from the risk profile, when nearly all risks have a duration of less than one year. The measures to minimise the risks of non-compliance with this recommendation in part are as follows: ▪ the size of remuneration depends on the price of the Exchange shares at the time of exercising rights under the Programme; ▪ no remuneration is paid for the respective tranche if the Exchange share price has not reached a certain level; ▪ remuneration is paid only if there are no losses in the latest annual accounts according to IFRS. The Company has no immediate plans to achieve full compliance with the said recommendation. However, while developing a new long-term incentive program, the Company will also take into account the potential to comply with this recommendation in the event of economic and geopolitical stability.
4.3.3.	The amount of severance pay (so-called "golden parachute") payable by the company in the event of early dismissal of an executive body or other key manager at the initiative of the company, provided that there have been no bad faith actions on the part of such person, should not exceed two times the fixed portion of his/her annual remuneration.	1. The amount of compensation ("golden parachute") paid by the Company in case of early termination of powers to the members of executive bodies or key managers at the Company's initiative and in the absence of unfair actions on their part, did not exceed the double fixed portion of the annual remuneration in the reporting period.	✓ **complied with** ☐ partly complied with ☐ not complied with	
5.1	**The board of directors should determine the principles of and approaches to creation of the risk management and internal control system in the company.**			
5.1.1	The board of directors should determine the principles of and approaches to creation of the risk management and internal control system in the company.	1. Functions of various management bodies and business units of the Company in the risk management and internal control system are clearly determined in internal documents/ the Company's relevant policy approved by the Board of Directors.	✓ **complied with** ☐ partly complied with ☐ not complied with	
5.1.2	The company's executive bodies should ensure the establishment and continuing operation of the efficient risk management and internal control system in the company.	1. The Company's executive bodies ensured allocation of the functions and powers as concerns risk management and internal control among their subordinate managers (heads) of business units and divisions.	✓ **complied with** ☐ partly complied with ☐ not complied with	
5.1.3	The company's risk management and internal control system should enable one to obtain an objective, fair and clear view of the current condition and prospects of the company, integrity and transparency of its accounts and reports, and reasonableness and acceptability of risks being assumed by the company.	1. The Company approved the anti-corruption policy. 2. The Company established a secure, confidential and affordable method to notify the Board of Directors or the Board of Directors Audit Committee on actual violations of the laws, internal procedures, and the Company's ethics code.	✓ **complied with** ☐ partly complied with ☐ not complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status of conformity with the corporate governance principle	Explanations of deviation from the assessment criteria of compliance with the corporate governance principle
5.1.4	The board of directors is recommended to take required and sufficient measures to procure that the existing risk management and internal control system of the company is consistent with the principles of and approaches to its creation as set forth by the board of directors and that it operates efficiently.	1. In the reporting period, the Board of Directors (the Audit Committee and (or) Risk Committee (if applicable), arranged for assessing the reliability and effectiveness of the risk management and internal control system. 2. In the reporting period, the Board of Directors reviewed findings of assessment of Company's risk management and internal control system efficiency. Information about the results of the review is presented in the Company's annual report.	✓ **complied with** ☐ partly complied with ☐ not complied with	
5.2	**To independently evaluate, on a regular basis, reliability and efficiency of the risk management and internal control system and corporate governance practices, the company should arrange for internal audits**			
5.2.1	It is recommended that internal audits be carried out by a separate structural division (internal audit department) to be created by the company or through retaining an independent third-party entity. To ensure the independence of the internal audit department, it should have separate lines of functional and administrative reporting. Functionally, the internal audit department should report to the board of directors.	1. For the purposes of internal audit, the Company established a separate business unit for internal audit, which functionally reports to the Board of Directors or the Audit Committee, or engaged an independent external company with the same principle of reporting.	✓ **complied with** ☐ partly complied with ☐ not complied with	
5.2.2	When carrying out an internal audit, it is recommended to evaluate efficiency of the internal control system and the risk management system, as well as to evaluate corporate governance and apply generally accepted standards of internal auditing	1. In the reporting period, as part of internal audit, the internal control and risk management system efficiency was assessed. 2. In the reporting period, the internal audit assessed corporate governance practices (individual practices), including those relating to internal control and risk management) across all company's management levels, and stakeholder relationship procedures were assessed either.	✓ **complied with** ☐ partly complied with ☐ not complied with	
6.1	**The company and its activities should be transparent to its shareholders, investors and other stakeholders.**			
6.1.1	The company should develop and implement an information policy enabling the company to efficiently exchange information with its shareholders, investors, and other stakeholders.	1. The Company's Board of Directors approved the Company's information policy developed with the view to the Code's recommendations. 2. During the reporting period, the Board of Directors (or one of its committees) reviewed whether the Company exchanged information with its shareholders, investors and other stakeholders efficiently and whether it was expedient (necessary) to revise the Company's information policy.	✓ **complied with** ☐ partly complied with ☐ not complied with	
6.1.2	The company should disclose information on its corporate governance system and practices, including detailed information on compliance with the principles and recommendations of this Code.	1. The Company discloses its corporate governance system and the general corporate governance principles applied, in particular, on the Company's website. 2. The Company discloses the composition of executive bodies and the Board of Directors, independence of members of the Board and their membership in committees of the Board of Directors (as defined in the Code). 3. If the Company has a controlling person, the Company publishes the memorandum of the controlling person concerning such person's plans for corporate governance in the Company.	☐ complied with ✓ **partially complied with** ☐ not complied with	1. Complied with. 2. Not complied with. The Company followed this principle until 2022. In the reporting year, non-compliance was solely for the reasons of protecting the Company from the risk of restrictive measures. Pursuant to the regulations of the Russian Federation and resolutions of the Board of Directors of the Bank of Russia, the Company's management decided not to disclose the said information. The Company will resume disclosure so to adhere to this recommendation when restrictive measures against Russian companies and members of their governing bodies are lifted. 3. The Company has no controlling persons.
6.2	**The company should disclose, on a timely basis, full, updated and reliable information about itself so as to enable its shareholders and investors to make informed decisions.**			
6.2.1	The company should disclose information in accordance with the principles of regularity, consistency and timeliness, as well as accessibility, reliability, completeness and comparability of disclosed data.	1. The company has a procedure for coordinating the work of all company divisions and employees associated with the disclosure of information or whose activities may require the disclosure of information. 2. If the Company's securities are traded in foreign organized markets, materials information is disclosed in the Russian Federation and on such markets simultaneously and equivalently in the reporting year. 3. If foreign shareholders hold a significant number of shares in the Company, then, in the reporting period, disclosures were carried out not only in Russian but also in one of the most common foreign languages.	✓ **complied with** ☐ partly complied with ☐ not complied with	1. Complied with 2. Not applicable, as the Company securities do not trade on foreign regulated markets. 3. Complied with

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6.2.2	The company is advised against using a formalistic approach to information disclosure; it should disclose material information on its activities, even if disclosure of such information is not required by law.	1. The Company's information policy sets out the approaches to and criteria for determining the information that may materially influence the value or prices of its securities and disclosure of information not required by law. 2. The Company discloses comprehensive information on the Company's capital structure, according to Recommendation 290 of the Code in the annual report and on the Company's website. 3. The Company discloses information on the controlled entities that are material to it, including their key activities, methods for ensuring accountability of controlled entities, the powers of the Company's Board of Directors regarding strategy definition and evaluation of the controlled entities' performance. 4. The Company discloses a non-financial report, the ESG or any other report containing non-financial information, including factors related to the environment (inclusive of environmental factors and factors related to climate change), society (social factors) and corporate governance, except for the report of the issuer of issuegrade securities and the annual report of a joint stock company.	✓ **complied with** ☐ partly complied with ☐ not complied with	
6.2.3	The company's annual report, as one of the most important tools of its information exchange with its shareholders and other stakeholders, should contain information enabling one to evaluate the company's performance results for the year.	1. The Company's annual report contains information on findings of the audit committee's review in respect of external and internal audit processes. 2. The Company's annual report contains information on environmental and social dimensions of the Company's business.	✓ **complied with** ☐ partly complied with ☐ not complied with	
6.3	**The company should provide information and documents requested by its shareholders in accordance with the principle of equal and unhindered accessibility.**			
6.3.1	Exercise by the shareholders of their right to access the company's documents and information should not be unreasonably burdensome.	1. The Company's information policy (internal documents setting the information policy) defines an easy procedure for providing access for shareholders to Company's information and documents upon their request. 2. The Company's information policy (internal documents setting the information policy) include provisions requiring that if a shareholder requests information on entities under the company's control, the company shall make the necessary efforts to obtain such information from the relevant entities under the company's control.	☐ complied with ✓ **partially complied with** ☐ not complied with	1. Complied with. 2. Partially complied with. The Company's information policy has no provisions requiring that if a shareholder requests information on entities under the company's control, the company shall make the necessary efforts to obtain such information from the relevant entities under the company's control. This recommendation of the CGC of the Bank of Russia is observed partially due to the following reasons: ▪ a controlled entity may establish a special protocol for information, which may entail keeping it confidential. ▪ if such information is provided to the shareholder, it may give rise to a risk that restrictive measures may be applied not only to the Company or the controlled entity in respect of which the information is requested, but also to other companies within the Group. However, the information on controlled entities, which the Company decided to disclose, is available on the Company's website. The Company assumes no obligations towards shareholders to provide any other information due to the reasons stated above. To minimize non-compliance risk, the Company discloses the list of entities under the Company's control on the Company's website on the Internet. If such a request is received from a shareholder, the Company reserves the right to provide the shareholder with the information requested proceeding from the principle of reasonableness, as long as the regime of the requested information is respected and the risks mentioned above are not involved At the same time, it should be noted that shareholders have not made any such queries and, according to the Company, no other risk mitigation actions need to be taken. In referring to the above, the Company does not plan to achieve full compliance with this recommendation of the Code in this respect.
6.3.2	When providing information to its shareholders, the company should maintain a reasonable balance between the interests of individual shareholders and its own interests related to the fact that the company is interested in keeping confidential sensitive business information that might have a material impact on its competitiveness.	1. In the reporting period, the Company did not deny any shareholders' requests for information or such denials were reasonable. 2. In cases determined in the Company's information policy, shareholders are warned of the confidential nature of the information and undertake to keep it confidential.	✓ **complied with** ☐ partly complied with ☐ not complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status of conformity with the corporate governance principle	Explanations of deviation from the assessment criteria of compliance with the corporate governance principle
7.1	**Any actions which will or may materially affect the company's share capital structure and its financial position and, accordingly, the position of its shareholders ("material corporate actions") should be taken on fair terms and conditions ensuring that the rights and interests of shareholders as well as other stakeholders are observed.**			
7.1.1	Material corporate actions shall be deemed to include reorganisation of the company, acquisition of 30 or more percent of its voting shares (takeover), entering by the company into any material transactions, increasing or decreasing its share capital, listing and delisting of its shares, as well as other actions which might result in material changes in rights of its shareholders or violation of their interests. It is recommended to include in the company's articles of association a list of (criteria for identifying) transactions or other actions falling within the category of material corporate actions and provide therein that decisions on any such actions should fall within the jurisdiction of the company's board of directors	1. The Company's Charter determines a list of transactions and other efforts that constitute material corporate actions. According to the Company's Charter, decision-making on material corporate actions falls within the competence of the Board of Directors. Where taking of these corporate actions is directly referred by law to the competence of General Meeting of Shareholders, the Board of Directors makes the relevant recommendations to the shareholders.	☐ complied with ✓ **partially complied with** ☐ not complied with	1. Partially complied with. The list of material corporate actions is not defined in the Charter, but in the Company Corporate Governance Code. As part of its review of the issue of the Bank of Russia CGC implementation, the Audit Committee found it appropriate to provide, in the Company's Charter, a reference to the Corporate Governance Code that contains the List of Material Corporate Actions. At present, the Company has no intention to include the list of transactions and actions that constitute material corporate actions for the Company. The applicable law and the Company Charter reserve decisions on material actions for the Supervisory Board or the shareholders meeting. In connection with any matters brought before the shareholders meeting, including those related to material corporate actions, the Supervisory Board provides relevant recommendations to shareholders.
7.1.2	The board of directors should play a key role in passing resolutions or making recommendations relating to material corporate actions; for that purpose, it should rely on opinions of the company's independent directors.	1. The Company envisages the procedure; whereby independent directors announce their standpoint on material corporate actions before their approval.	✓ **complied with** ☐ partly complied with ☐ not complied with	
7.1.3	When taking any material corporate actions which would affect rights or legitimate interests of the company's shareholders, equal terms and conditions should be ensured for all of the shareholders; if statutory mechanisms designed to protect the shareholder rights prove to be insufficient for that purpose, additional measures should be taken with a view to protecting the rights and legitimate interests of the company's shareholders. In such instances, the company should not only seek to comply with the formal requirements of law but should also be guided by the principles of corporate governance set out in this Code.	1. The Company's Charter, taking account of specifics of Company's operations, established lower minimum criteria for classifying the Company's transactions as major corporate actions than those envisaged in law. 2. During the reporting period, all material corporate actions were approved prior to their implementation.	✓ **complied with** ☐ partly complied with ☐ not complied with	
7.2	**The company should have in place such a procedure for taking any material corporate actions that would enable its shareholders to receive full information about such actions in due time and influence them, and that would also guarantee that shareholder rights are observed and duly protected in the course of taking such actions.**			
7.2.1	When disclosing information about material corporate actions, it is recommended to give explanations concerning reasons for, conditions and consequences of such actions.	1. If the Company implemented any material corporate actions during the reporting period, such actions were disclosed by the Company in a timely and detailed manner, including the reasons, terms of such actions, and their consequences for shareholders.	✓ **complied with** ☐ partly complied with ☐ not complied with	In 2023, the Company did not conduct any material corporate actions.

#	Corporate governance principles	Corporate governance principle compliance criteria	Status of conformity with the corporate governance principle	Explanations of deviation from the assessment criteria of compliance with the corporate governance principle
7.2.2	Rules and procedures in relation to material corporate actions taken by the company should be set out in its internal documents.	1. The Company's internal documents define when and how to engage an independent appraiser in evaluating the assets disposed of or purchased under a major transaction or a related party transaction. 2. The Company's internal documents envisage the procedure for engaging an independent appraiser in evaluating the purchase and redemption price for the shares in the Company. 3. If a member of the board of directors, the sole executive body, a member of the collegial executive body of the company or a person who controls the company, or a person who has the right to give the company binding instructions, has no formal interest in transactions of the company, but has a conflict of interest or any other de facto interest, the internal documents of the company require that such persons shall not participate in voting on the approval of such transaction.	☐ complied with ✓ **partially complied with** ☐ not complied with	1. Partially complied with. In February 2019, the new Corporate Governance Code of the Company was adopted, allowing for the engagement of an appraiser when purchasing or selling assets under major transactions. Company's internal documents do not provide for an independent appraiser to be engaged in assessing assets sold or purchased under related party transactions (as separate grounds). However, the new Corporate Governance Code of the Company provides for the engagement of an appraiser for the real estate or non-core assets valuation when the value of such assets exceeds RUB 600 mln, whether there is an interested party in the transaction or not. The Company believes that this approach aims to reduce the risk of non-compliance with the Code's principle described above. 2. Partially complied with. In redemption requested by shareholders, an appraiser is engaged under the law. The Company's by-laws do not envisage the obligation to engage an appraiser to evaluate the Company's shares. The reason for this non-compliance is that since Company's shares are traded on the exchange, the share purchase price has been determined subject to share weighted average price according to trading results for six months. Hence, the Company does not plan to establish the obligation to involve an appraiser in purchasing its shares in the near future. However, the Company may engage an appraiser in any other cases not expressly provided for by law, in particular, to determine the share acquisition price. Thus, in accordance with the Company's Corporate Governance Code, the decision to engage an independent appraiser may be made by the executive management bodies or may be recommended by the Supervisory Board depending on the nature of the transaction and the assets to be disposed of or acquired. Regardless of the purpose of the engagement, the appraiser shall be chosen in accordance with the internal procedures of Moscow Exchange which ensure that the choice is efficient and transparent. 3. Complied with.

REPORT ON THE ADHERENCE TO THE MOSCOW EXCHANGE CORPORATE GOVERNANCE CODE (HEREINAFTER, THE "MOEX CGC") AND THE RESULTS OF THE IMPLEMENTATION OF GOVERNANCE PRINCIPLES PRESENTED IN MOEX CGC[1]

Moscow Exchange (hereinafter also referred to as "MOEX") fully complies with its own Corporate Governance Code whose new version was approved by the Resolution of the Supervisory Board of 14/10/2019.

Information on the results of the implementation of corporate governance principles is set out in Chapter I, Section 4, Clause 4.2, of MOEX CGC:

No.	Principle	Implementation Results
1	Support of MOEX governance system that corresponds to its strategic goals, corporate values, operational specifics and clients' needs and interests	A special feature of MOEX is that, on the one hand, it is a public company with shares traded on the regulated market and, on the other hand, it sets corporate governance standards for Russian public companies (including itself) as a part of the listing procedure. In this regard, active participation of MOEX and MOEX Group (hereinafter, the Group) in improving the level of corporate governance of Russian companies is one of its strategic initiatives, set out in its strategy. Compliance with the principles and best practices of corporate governance, as well as Group's strategy, is a key condition for MOEX successful development. MOEX aims to set the example for other public companies in implementing high standards of corporate governance. MOEX's corporate governance system includes the system of governing bodies, supervisory bodies and other MOEX bodies and the system of the relationship between control bodies, supervisory bodies, other MOEX bodies and its shareholders, as well as their engagement with stakeholders. The system of MOEX bodies engagement with MOEX shareholders and stakeholders is based on the following principles: ▪ safety and effective use of shareholders' funds; ▪ mitigation of risks that investors are not able to assess; ▪ corporate accountability; ▪ respecting the interests of MOEX customers; ▪ disclosure of the information in order to ensure transparency of MOEX activities to stakeholders.
2	Support to MOEX Supervisory Board's activities based on the following:	
	▪ Strategic governance	In accordance with MOEX Charter, the Supervisory Board performs strategic governance of MOEX through the following: ▪ identification of the priorities and main focuses of the activity; ▪ participation in the development and approval of the strategy, supervision of its implementation, as well as determination of the development strategy and evaluation of the results of controlled companies' activity; ▪ approval of the budget (business plan), amendments to the budget (business plan), as well as approval and evaluation of its implementation. MOEX strategic goals are defined under the MOEX Group Strategy 2028. Strategic goals of MOEX are subject to continuous monitoring based on the MOEX Group Strategy 2028. Thus, the Supervisory Board approved by its Resolution dated 27/09/2023 the MOEX Group Strategy 2028 (pre-considered at the meeting of the Strategy Planning Committee of the Supervisory Board). The Strategy defines MOEX strategic goals until 2028. In 2023 the Supervisory Board reviewed and (or) approved the following strategies of MOEX and the MOEX Group: ▪ MOEX Group Strategy 2028 (resolution dated 27/9/2023); ▪ NSD Strategy 2028. (resolution dated the 04/12/2023). In 2024, the Supervisory Board approved (set) criteria to monitor the implementation of MOEX Group Strategy 2028 (resolution dated the 27/9/2023).

[1] In accordance with Bank of Russia Ordinance No. 5062-U of 17/01/2019.

No.	Principle	Implementation Results
	▪ MOEX Supervisory Board's supervision of activities of MOEX executive bodies, as well as of decision-making aimed at the elimination of faults in the activity of MOEX executive bodies, in the case of their detection as a result of such supervision	The Supervisory Board controls activities of executive bodies by means of the following: ▪ election of sole (temporary sole) and collegiate executive bodies, early termination of their powers and approval of terms of employment contracts with them, including the establishment of the amount of their remuneration; ▪ approval of positions overlapping for members of executive bodies in governing bodies of other organisations; ▪ approval of the policy on remuneration payable to members of executive bodies and control of its implementation; ▪ control of strategy implementation; ▪ consideration of annual reports and, if necessary, interim reports of the Chairman of the Executive Board and members of the Executive Board on their performance, as well as quarterly reports of the Executive Board on the results (including financial highlights) of MOEX activity and decision-making on the results of their consideration, including decisions on bonus payment; ▪ approval and assessment of corporate and individual key performance indicators (targets) achievement by the Chairman of the Executive Board and members of the Executive Board for the reporting year. In 2023 the Supervisory Board reviewed and took under advisement the following documents: ▪ report of the MOEX Executive Board on performance results, financials and implementation of the MOEX Group Strategy in 2022 (resolution dated 07/3/2023); ▪ report of the MOEX Executive Board on performance results, financials and implementation of the MOEX Group Strategy in Q1 2023 (resolution dated 08/6/2023); ▪ report of the MOEX Executive Board on performance results and financials of the MOEX Group for 7 months of 2023 (resolution dated 11/9/2023); ▪ report of the MOEX Executive Board on performance results and financials of the MOEX Group for 10 months of 2023 (resolution dated 07/12/2023); ▪ 10-month report on the status of implementation of MOEX key projects for 2023 (resolution dated 07/12/2023). On 07/12/2023, the Supervisory Board of Moscow Exchange decided to acknowledge the interim assessment of the performance of the Group's net profit plan and that the conditions for payment of a part of the annual bonus to employees for 2023 were met, and to pay the annual bonus in December 2023 to the Members of the Executive Board in accordance with the terms of their employment contracts based on their performance in 2023. On 10/3/2023 the Supervisory Board: ▪ considered the achievement of general corporate key performance indicators (targets) of Moscow Exchange for the reporting year 2022; ▪ considered the annual reports of executive bodies' members regarding their performance for 2022 and setting the size of their annual bonus; ▪ set the amounts of annual bonuses for members of executive bodies of Moscow Exchange depending on their performance in 2022; ▪ decided to pay our bonus for 2022 according to terms and conditions of employment contracts. The Supervisory Board approved/set that the general corporate KPIs for 2023 as approved by the Supervisory Board of Moscow Exchange on 15/12/2022 (Minutes No. 12) shall be individual KPIs for members of the Executive Board (resolution dated 28/04/2023).
	▪ Assessment of working efficiency of the MOEX Supervisory Board, as well as assessment of the quality of committees work under the MOEX Supervisory Board and disclosure of the results of such assessments	The MOEX Supervisory Board assesses its own performance and performance of its members, as well as performance of committees under the Supervisory Board. Working efficiency of the Supervisory Board and committees of the Supervisory Board is assessed on the basis of the MOEX Methodology of Corporate Governance Assessment approved by the MOEX Supervisory Board on 21/10/2016. Performance assessment is carried out in the form of internal assessment (self-assessment and competence assessment) – once a year, and independent evaluation (with the involvement of an independent expert) – once in 3 years. In spring 2022, an external independent consultant, LEADERSHIP VECTOR company, assessed the Supervisory Board's performance. The findings of the external assessment (Report of the independent consultant On the Results of the External Assessment) were considered at the in-person meeting of the MOEX Supervisory Board on 08/06/2022. A substantial part of the recommendations mentioned in the Report was implemented, while some recommendations are in the process of implementation. In 2023, an internal assessment of Supervisory Board members was conducted. Following the assessment, the Director of the Corporate Governance Department carried out an analysis and prepared a report along with an action plan to improve current corporate governance processes. The self-assessment of the Supervisory Board's committees is planned for the early 2024, as the years 2022-2023 mark active changes in the membership of the Supervisory Board and its committees. Information on findings of performance assessment of the Supervisory Board and committees at the Supervisory Board is included in the annual report and is disclosed on the official website of MOEX.
	Separation of supervision functions and governance responsibilities and of individual and collective responsibility of members of the MOEX Supervisory Board.	MOEX Supervisory Board's governance and control functions are segregated according to the Charter. The Supervisory Board controls, among other things, the following: ▪ corporate governance practices, including those related to material corporate actions[1]; ▪ financial-economic and business activity; ▪ executive bodies' activities. In regard to governance functions, the Supervisory Board provides, among other things, overall management of MOEX, namely, it determines the main guidelines, development strategy and priorities, approves the consolidated business plan (budget) of the MOEX Group and defines principles and approaches to the organisation of risk management, internal control and internal audit systems. Members of the Supervisory Board in the exercise of their rights and duties act in the interests of MOEX in good faith and reasonably. They are obliged to reimburse MOEX and shareholders acting in the interests of MOEX, for losses caused to the Company through their fault, if it is proved that the member of the Supervisory Board acted in bad faith or unreasonably in exercising his/her rights and duties, including if his/her actions (omissions) were not consistent with the ordinary terms of civil-law transactions or normal business risk.

[1] The list of material corporate actions is specified in Chapter II, Section 8, Clause 8.1. of MOEX CGC.

No.	Principle	Implementation Results
3	Ensuring the functioning of internal control, internal audit, MOEX risk management system	MOEX has in place the risk management and internal control system that complies, among others, with the requirements of the Russian legislation applicable to MOEX as a market operator, as well as with international recommendations for building risk management and internal control systems. The risk-oriented approach is applied to the internal control system. Internal control is ensured by MOEX governing bodies (General Meeting of Shareholders, Supervisory Board, Executive Board and the Chairman of the Executive Board), Audit Committee of the Supervisory Board, external auditor, Internal Audit Service, Internal Control Service, Internal Control and Compliance Department, risk and business continuity management subdivisions, security subdivisions and other subdivisions and employees of MOEX (including the Chief Accountant and his or her deputies), that ensure control within the scope of their authorities, as outlined in MOEX internal documents. The internal control follows the three lines of defence principle, which is in line with the best international practices. The first line of defence means all representatives of MOEX business functions and employees of operation subdivisions involved in the detection, assessment, and management of risks inherent in daily activity, as well as in development and implementation of policies and procedures that govern existing business processes. The second line of defence comprises the Department for Operational Risk, Information Security and Business Continuity, Internal Control and Compliance Department, Internal Control Service, Security Department, Legal Department and certain employees and subdivisions of the Finance Unit. The second line of defence employees and business units perform continuous risk monitoring and management, and they also control MOEX compliance with the federal laws and regulations adopted in accordance therewith and compliance with trading rules and MOEX constituent and internal documents as part of the following areas: ▪ ensuring information security, inclusive of protection of interests (goals) of MOEX in the information domain; ▪ ensuring compliance with the legislation of the Russian Federation, MOEX constituent and internal documents; ▪ ensuring non-involvement of MOEX and its employees in illegal or unfair activities, including legalisation (laundering) of criminal proceeds and financing of terrorism; ▪ eliminating illegal use of insider information and (or) market manipulation; ▪ eliminating conflicts of interest, including identification, control and prevention of any consequences thereof. The second line of defence supports the first line of defence on the matters regarding identification of regulatory risks, development and implementation of control procedures, clarification of applicable law requirements and preparation of monitoring reports for governing bodies. The third line of defence is the Internal Audit Service that independently assesses the efficiency of processes developed by the first and second lines of defence and delivers independent and objective information to governing bodies on efficiency and effectiveness of financial and economic activity, efficiency of assets and liabilities management, including assets safety, and efficiency of management of trade organiser risks. The governing bodies of MOEX define internal control and risk management principles and approaches. MOEX has in place a risk management system that is appropriate to the nature and scope of its transactions and includes risk mitigation measures; risk monitoring system that ensures submission of necessary information to MOEX governing bodies; and the process to manage major risk types that may adversely affect its activities as a market operator, DFA exchange operator and financial platform operator. Risk management functions are distributed between the Supervisory Board and its committees, executive bodies, heads of subdivisions responsible for particular directions of MOEX activities where risks may arise, special subdivision responsible for risks arising in the activities of the trade organiser, Internal Control Service, as well as consultative and advisory bodies of MOEX. In 2023, risk management priorities for MOEX were ensuring trusted and reliable systems in the current macro situation, implementing the new Development Strategy of MOEX Group until 2028 and updated risk management roadmap of MOEX Group for 2023-2024 (hereinafter, "RMS Strategy 2024") (Executive Board resolution dated 17/11/2023). The Risk Management Strategy 2024 outlined the following risk management development areas: ▪ supporting the key business development areas identified in the RMS Strategy 2028; ▪ improving risk and capital management tools and processes at the Group level; ▪ maintaining the infrastructural role of the Group; ▪ risk-culture development across the Group; ▪ outsourcing risk management. Among other priorities for the RMS Strategy in 2023 were import substitution and regulatory compliance in terms of operational reliability. The Risk Management Strategy 2024 also identified the system's success criteria, risks related to the RMS Strategy 2024 implementation and measures aimed at preventing such risks. Information on the risk management system is brought to shareholders, trading and clearing members, the Bank of Russia and other stakeholders on a regular basis either in the form of reports or on the website. In 2023, for the first time, ISO 37301:2021 Compliance Management System certification at the Group level was achieved. Auditors of Bureau Veritas Certification Rus assessed the efficiency of compliance management according to the standard, and also highlighted the uniform compliance methodologies and processes across the Group. The Exchange completed an independent audit to confirm compliance of the corporate control system with the international standard ISO 37301:2021 in the following areas: ▪ internal control of licensed activities; ▪ fight against the legalisation of illegal earnings (money laundering), the financing of terrorism and proliferation of weapons of mass destruction (AML/CFT/CFPWMD); ▪ fight against illegal use of insider information and market manipulation; ▪ foreign tax control (FATCA/CRS); ▪ fight against corruption; ▪ conflict of interest management; ▪ economic restrictions. MOEX ensures independent internal audit function (Internal Audit Service) by segregating its functional and administrative accountability. Under functional accountability, the Supervisory Board: approved the Plan of the Moscow Exchange Internal Audit Service for 2023 as amended with new audits for Q4 2023 (resolution dated the 27/09/2023); ▪ approved the Concept of (approaches to) group-wide audit for MOEX Group, the Concept's roadmap and Regulation on interaction between internal audit functions when implementing group-wide internal audits (resolution dated 15/12/2023); ▪ approved the Moscow Exchange Internal Audit Plan for 2024 (resolution of 15/12/2023); ▪ reviewed the report on the Moscow Exchange Internal Audit on self-assessment of their performance for 2022 (resolution of 07/3/2023). ▪ reviewed the report on the Moscow Exchange Internal Audit Service on their performance (the audits performed) for H2 2022 (resolution dated 07/3/2023); ▪ reviewed the report on the Moscow Exchange Internal Audit performance (the audits performed) for H1 2023 (Appendix 1) (resolution dated 27/9/2023); ▪ approved the performance indicators (targets) for 2023 for the Head of Moscow Exchange Internal Audit (resolution dated 26/01/2023; ▪ approved ceilings for the remuneration payable to Internal Audit employees (except the Head of Internal Audit) (resolution dated the 28/04/2023, 27/9/2023); ▪ approved the size of the annual bonus and pay the bonus to the Head of internal Audit and employees of Internal Audit for 2022 (resolution of 10/3/2023); ▪ approved amendments to the terms and conditions of the employment contract with the Head of the Internal Audit (resolution dated 27/9/2023); ▪ approved the size and structure of the Moscow Exchange Internal Audit Service (resolution dated 15/12/2023); ▪ approved ceilings for remuneration payable to Internal Audit employees (except the Head of Internal Audit) (resolution dated 15/12/2023); ▪ resolved to pay out annual bonus for 2023 to the Head and employees of Moscow Exchange Internal Audit (resolution dated 15/12/2023); ▪ approved key performance indicators (targets) for 2024 for the Head of Moscow Exchange Internal Audit (resolution dated 15/12/2023. Within administrative accountability, the Chairman of the Executive Board: ▪ allocated the necessary funds within the approved budget of the Internal Audit Service; ▪ provided support in dealing with the divisions of the Exchange. Internal audits at the Exchange, including relations between the Internal Audit Service and other divisions and the external auditor of Moscow Exchange, are organised and performed in accordance with the Internal Audit Regulations. Internal audit employees operate within the framework of applicable laws and professional standards.

No.	Principle	Implementation Results
4	Ensuring prevention, identification, and settlement of conflicts of interest related to Exchange's activity as well as the fight against corruption	Measures taken by the Exchange as a market operator, financial platform operator and DFA exchange operator to prevent conflicts of interest are regulated by Exchange's internal documents, including the Provision on Identifying and Preventing Conflicts of Interest in the Exercise of Trade Organiser, Financial Platform Operator Activities and Activities of Digital Financial Assets Exchange Operator by Moscow Exchange, which was approved in 2023 as amended. Such measures aim to prevent situations in which personal interest of Exchange employees may affect their fair and efficient discharge of duties. In terms of managing corruption risks, the Exchange follows key principles set out in the Anti-corruption Policy approved in 2020. Namely, a zero tolerance approach to corruption; employee engagement; development and implementation of measures to minimise the likelihood of involvement of Exchange and its employees in corruption practices; investigations into good-faith reports of violations of procedures for preventing and combating corruption and holding the guilty persons liable regardless of their position, length of service or other conditions, if they commit corruption offences as part of their duties; mandatory screening of counterparties; and monitoring of the efficiency of the anti-corruption standards and procedures that are in effect. The Exchange prevents and detects corruption and manages anti-corruption efforts through the instruments described in the Policy. namely: ▪ anti-corruption efforts: – existence of a body that controls procurement procedures to decide on contract awards; – counterparty due diligence, including checking for conflicts of interest and relations with public officials and Exchange employees; and inclusion of anti-corruption provisions (clauses) in contracts; – establishment of criteria for identifying gifts and procedure of gift-taking and gift-giving by employees; – possibility of reporting corruption risks (also anonymously) by employees through the Speak Up! whistleblowing line; – management of conflicts of interest; – monitoring and assessment of corruption risks; ▪ setting procedures to identify violations; ▪ setting procedures for in-house investigations; ▪ defining measures to respond to confirmed cases of corruption. Measures aimed at the management of a conflict of interests, arising in cases of conflict between Exchange's interests and personal interests of the members of control bodies due to their business, friendly, family and other ties and relations, as well as in cases of conflict between their responsibilities in relation to the Exchange and to other persons, are defined in The Policy on the Management of a conflict of interests and corporate conflict in Moscow Exchange approved by the Supervisory Board. The Policy outlines obligations of the governing body members related to the implementation of measures to manage conflicts of interest. It outlines approaches and methods to prevent and detect conflicts of interest, including identification of transactions involving a conflict of interest (including transactions with securities of Exchange, interested-party transactions and transactions made outside the ordinary course of business that carry a potential conflict of interest).
5	Ensuring equal and fair attitude towards all shareholders (participants) in exercising their right to participate in MOEX governance, as well as the balance between the rights and interests of customers, MOEX contractors and other stakeholders	MOEX ensures equal and fair attitude towards all shareholders in exercising their right to participate in the governance of the Company. One special feature of MOEX's shareholding structure is the absence of a controlling shareholder. Each shareholder is entitled to take part in the General Meeting of Shareholders held in a form of joint presence, exercising the right to vote in a convenient manner: by sending voting bulletin by mail, personally participating or using an electronic form of voting. In the reporting period, the General Meeting of Shareholders was held in the form of absentee voting (without joint presence of shareholders to discuss agenda items and take decisions on issues put to a vote) in accordance with the applicable law. Each shareholder was allowed to take part in the General Meeting of Shareholders held in the form of absentee voting, exercising their right to vote in a convenient manner: by sending voting bulletin by mail, using an electronic form of voting or giving voting directions (instructions) to record keepers of rights to MOEX's shares in accordance with the Russian law on securities. MOEX shareholders are allowed to vote electronically by filling in an electronic voting ballot on the website. To ensure equal attitude towards all shareholders, MOEX provides information on holding the meetings, including materials for the meeting, both in Russian and in English. Voting ballots are also available in English, which, in accordance with OECD recommendations, eliminates voting obstacles for foreign shareholders. At General Meetings held in the form of joint presence shareholders are given the opportunity to communicate with MOEX management and receive feedback on the issues of interest to them, whereas members of the executive bodies and the Supervisory Board, the Chief Accountant, representatives of the auditor, and candidates nominated for the election to the Supervisory Board are always invited to attend the Annual General Meeting. Given that many of the MOEX's shareholders are also its customers, MOEX ensures equal treatment of customers in offering its services, thereby avoiding any unfair advantage. MOEX follows the principle of respecting the best interests of MOEX and MOEX Group service users through creating user committees by type of activities carried out by financial market participants, type of contracts executed in organised trading and type of securities placed by issuers. Along with user committees, which simultaneously serve as market section councils according to law on organised trading, MOEX has voluntarily established individual committees to ensure a regular dialogue with its customers and their participation in shaping business initiatives. The user committees review most of the business innovations that MOEX implements, as well as tariff policy and technological solutions. Moreover, MOEX strives to build long-term and sustainable mutually beneficial relations with its contractors. MOEX has in place a competitive procedure for selecting contractors that makes the contracting process transparent and allows to select the best contractors for the company.
6	Ensuring transparency and effective communications with shareholders (participants) and other stakeholders	MOEX sees timely and full disclosure of information as an important tool for building long-term confidence-based relations with shareholders, which contributes to MOEX's value and its ability to raise capital and to maintain confidence of shareholders, investors and other stakeholders. MOEX seeks to ensure that its shareholders and other stakeholders have access to information on all material facts of MOEX's operations to enable them to make informed investment and management decisions. The main approaches and principles of information disclosure are established by the Information Policy of MOEX. The new version of the document was approved by the Supervisory Board in 2023. According to the Information Policy, information disclosed by MOEX is divided into three groups: ▪ information subject to mandatory disclosure; ▪ voluntary disclosed information; ▪ information submitted upon stakeholders request. For user convenience, on the official website of the Exchange on the Internet Information Disclosure and Compliance sections are available. The Information Disclosure section comprises the following subsections: Issuer's Disclosure, Trade Organiser's disclosure, Financial Platform Operator's disclosure, Other disclosure. Information is also disclosed by publishing in the news feed. The Compliance section comprises the following subsections: MOEX Compliance, Codes of Good Practice and Compliance Hotline. In 2023, amidst continued international pressure on Russian companies, MOEX decided to limit disclosures of the personal data of its governing body members, some financial information and client data. However, the ESG report disclosed general information about management bodies of MOEX. MOEX intends to resume its disclosure practices after further research into the risks associated with such disclosures. For foreign shareholders and investors, a special section https://www.moex.com/en/, is available on the English page of the MOEX website. It contains news for investors, key information on MOEX shares, dividend policy and payments, financial and operating results of MOEX activities, compliance, corporate governance, past and upcoming events for investors and shareholders, as well as contact information. The Head of Investor Relations is responsible for shareholder and investor communications. Contact details are available on the website of MOEX. MOEX management regularly communicates with investors and shareholders and their representatives through news feeds, press releases, annual reports, presentations and other investor materials, meetings and special events for analysts and investors, investor conferences, as well as quarterly conference calls and webcasts for analysts and investors, featuring financial highlights for the reporting period and management commentary. The listed special events were mostly digital in 2022, respecting the Bank of Russia's restrictions and recommendations. MOEX management also actively engages with the media. These measures help both investors and shareholders stay posted to be able to take informed investment decisions. The Corporate Governance Department with the Head of Investor Relations ensure engagement with existing shareholders of MOEX and, where necessary, with shareholders/participants of MOEX Group companies, also in preparing for General Meetings.

No.	Principle	Implementation Results
7	Striving for further progress with a view to sustainable development of MOEX and increased return on investments in the equity capital	Seeking to ensure sustainable development and increase the return on investments in the equity capital in the long term, MOEX governing bodies acknowledge the need for continuous improvement of MOEX corporate governance system, taking into account its level of development and the impact of external factors, as well as the need for ongoing control over the observance of the rights and interests of shareholders and other stakeholders. On 25/4/2023, the Executive Board of Moscow Exchange approved the report on ESG roadmap 2022 implementation and approved ESG roadmap for 2023 with 59 ESG metrics covering the following five topics: 1. Genuine corporate governance and business ethics. 1. Respect for human rights, equal opportunities and staff engagement. 1. Environmentally friendly and trusted market infrastructure. 1. Advanced practices of responsible investing. 1. Trusted relations with local communities.

CONTACTS

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SCOPE OF THE REPORT

Moscow Exchange declares that the information contained in the Annual Report is accurate as of 31 December 2023. All provisions of the Annual Report, which in one way or another reflect the Exchange's plans, shall be considered without regard to events occurring after the reporting date (31 December 2023).

The Exchange does not assume any liabilities with regard to the information stated in this Annual report not related to the reporting period.

This 2023 Annual Report has been prepared by Public Joint-Stock Company Moscow Exchange MICEX-RTS (Moscow Exchange).

It reviews the consolidated performance in 2023 of the Group, comprising Moscow Exchange and its subsidiaries, including National Settlement Depository (NSD), Central Counterparty National Clearing Centre (CCP NCC, NCC), and National Mercantile Exchange (NAMEX).

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

PUBLIC JOINT-STOCK COMPANY MOSCOW EXCHANGE MICEX-RTS

Summary Consolidated Financial Statements For the Year Ended December 31, 2023

MOEX GROUP

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NEW CHALLENGES
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Independent auditor's report

To the Shareholders, Supervisory Board and
Audit Commission of the Supervisory Board of
Public Joint-Stock Company
"Moscow Exchange MICEX-RTS"

Opinion

The accompanying summary consolidated financial statements, which comprise the summary consolidated statement of profit or loss, the summary consolidated statement of comprehensive income for the period ended 31 December 2023, the summary consolidated statement of financial position as at 31 December 2023, and the summary consolidated statement of cash flows, the summary consolidated statement of changes in equity for the year then ended and related notes are derived from the audited consolidated financial statements of Public Joint-Stock Company "Moscow Exchange MICEX-RTS" and its subsidiaries (the "Group") for the year ended 31 December 2023 prepared in accordance with International Financial Reporting Standards (the "audited consolidated financial statements").

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

Summary consolidated financial statements

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

Audited consolidated financial statements and our auditor's report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 22 February 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.

NEW CHALLENGES
NEW SOLUTIONS

Management's responsibility for the summary consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated 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 26 July 2023,
partner in charge of the audit resulting in this independent auditor's report
(main registration number 22006013387)

22 February 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: Public Joint-Stock Company "Moscow Exchange MICEX-RTS"
Record made in the State Register of Legal Entities on 16 October 2002, State Registration Number 1027739387411.
Address: Russia 125009, Moscow, Bolshoy Kislovsky per., building 13.

MOEX GROUP

Summary Consolidated Statement of Profit or Loss for the Year Ended December 31, 2023
(in millions of Russian rubles)

	Notes	Year ended December 31, 2023	Year ended December 31, 2022
Fee and commission income	4	52 242,1	37 487,2
Interest income calculated using the effective interest method	5	54 916,5	44 706,4
Other interest income	5	10,5	173,3
Interest expense	6	(4 086,9)	(3 054,2)
Net gain on financial assets at fair value through profit or loss	7	1 665,8	775,9
Net loss on financial assets at fair value through other comprehensive income	8	(780,2)	(665,6)
Gains less losses arising from foreign currencies and precious metals		480,4	3 692,6
Other operating income		212,8	379,7
Operating Income		**104 661,0**	**83 495,3**
General and administrative expenses	9	(13 398,1)	(11 860,9)
Personnel expenses	10	(15 264,5)	(11 982,3)
Profit before Other Operating Expenses and Tax		**75 998,4**	**59 652,1**
Movement in allowance for expected credit losses		1 662,5	(13 093,9)
Other impairment and provisions	18, 19, 20	(294,0)	(1 247,6)
Profit before Tax		**77 366,9**	**45 310,6**
Income tax expense	11	(16 597,4)	(9 019,5)
Net Profit		**60 769,5**	**36 291,1**
Attributable to:			
Equity holders of the parent		60 777,2	36 271,1
Non-controlling interest		(7,7)	20,0
Earnings per share (rubles)			
Basic earnings per share	25	26,91	16,07
Diluted earnings per share	25	26,78	15,96

Chairman of the Executive Board

Y.O. Denisov

21 February, 2024
Moscow

Chief Financial Officer

M.V. Panfilov

21 February, 2024
Moscow

The notes 1-32 form an integral part of these summary consolidated financial statements.

MOEX GROUP

Summary Consolidated Statement of Comprehensive Income for the Year Ended December 31, 2023
(in millions of Russian rubles)

	Notes	Year ended December 31, 2023	Year ended December 31, 2022
Net profit		**60 769,5**	**36 291,1**
Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		6,6	(9,9)
Movement in investment revaluation reserve for financial assets at fair value through other comprehensive income		(3 471,0)	(2 481,8)
Movement in revaluation reserve associated with changes in expected credit losses on financial assets at fair value through other comprehensive income		(1 753,0)	1 900,0
Net loss on investments at fair value through other comprehensive income reclassified to profit or loss	8	780,2	665,6
Income tax relating to items that may be reclassified	11	860,2	(16,8)
Other comprehensive (loss)/income that may be reclassified subsequently to profit or loss		**(3 577,0)**	**57,1**
Total comprehensive income		**57 192,5**	**36 348,2**
Attributable to:			
Equity holders of the parent		57 198,0	36 328,7
Non-controlling interest		(5,5)	19,5

The notes 1-32 form an integral part of these summary consolidated financial statements.

MOEX GROUP

Summary Consolidated Statement of Financial Position as at December 31, 2023
(in millions of Russian rubles)

	Notes	December 31, 2023	December 31, 2022
ASSETS			
Cash and cash equivalents	12	458 616,4	451 531,4
Financial assets at fair value through profit or loss	13	3 205,1	3 154,3
Due from financial institutions		1 930 134,6	1 515 726,7
Central counterparty financial assets	14	6 796 539,2	4 388 472,8
Financial assets at fair value through other comprehensive income	15	162 876,9	178 023,3
Investment financial assets at amortised cost	16	17 395,9	–
Equity-accounted investments		294,3	127,0
Property and equipment	17	5 262,9	5 589,5
Intangible assets	18	16 541,3	17 248,5
Goodwill	19	16 246,8	16 300,8
Current tax prepayments		–	2 714,7
Deferred tax asset	11	4 896,3	6 061,2
Other assets	20	52 327,5	34 330,1
TOTAL ASSETS		**9 464 337,2**	**6 619 280,3**
LIABILITIES			
Clients' funds	21	1 116 560,3	1 112 789,8
Central counterparty financial liabilities	14	6 796 539,2	4 388 472,8
Distributions payable to holders of securities and counterparties		1 313 928,2	928 064,4
Current tax payables		995,8	1 157,8
Deferred tax liability	11	1 246,7	1 464,1
Other liabilities	22	11 964,4	10 589,6
TOTAL LIABILITIES		**9 241 234,6**	**6 442 538,5**
EQUITY			
Share capital	23	2 495,9	2 495,9
Share premium	23	32 328,4	32 246,4
Treasury shares	23	(1 275,3)	(1 527,8)
Foreign currency translation reserve		–	(4,4)
Investments revaluation reserve		(7 513,8)	(3 930,2)
Share-based payments		640,7	783,9
Retained earnings		196 377,9	146 582,0
Total equity attributable to owners of the parent		**223 053,8**	**176 645,8**
Non-controlling interest		48,8	96,0
TOTAL EQUITY		**223 102,6**	**176 741,8**
TOTAL LIABILITIES AND EQUITY		**9 464 337,2**	**6 619 280,3**

The notes 1-32 form an integral part of these summary consolidated financial statements.

MOEX GROUP

Summary Consolidated Statement of Cash Flows for the Year Ended December 31, 2023
(in millions of Russian rubles)

	Notes	Year ended December 31, 2023	Year ended December 31, 2022
Cash flows from / (used in) operating activities:			
Profit before tax		**77 366,9**	**45 310,6**
Adjustments for non-cash items:			
Depreciation and amortisation charge	9	4 864,3	4 360,4
Revaluation of derivative financial instruments		(1 559,2)	2 100,8
Share-based payment expense	10	962,7	264,3
Unrealized loss on foreign exchange operations		9 532,6	126 942,3
Unrealized (gain)/loss on precious metals		(33,3)	1 421,1
Loss on disposal of financial assets at FVTOCI	8	780,2	665,6
Net change in interest accruals		103,3	650,0
Change in allowance for expected credit losses		(1 662,5)	13 093,9
Change in other impairment and provisions	18, 19, 20	294,1	1 247,6
Fair value adjustment on securities at fair value through profit or loss		(1 665,8)	(922,7)
Loss on disposal of subsidiaries		84,0	–
Other changes from non-cash items		158,1	119,7
Cash flows from operating activities before changes in operating assets and liabilities		**89 225,4**	**195 253,6**
Changes in operating assets and liabilities:			
(Increase)/decrease in operating assets:			
Due from financial institutions		12 176,2	(1 089 782,9)
Financial assets at FVTPL		1 830,3	2 653,2
Central counterparty financial assets		(2 358 781,5)	967 994,2
Other assets		(444,4)	(1 497,9)
Increase/(decrease) in operating liabilities:			
Clients' funds		(199 054,4)	1 628 626,3
Due to financial institutions		–	(182,7)
Central counterparty financial liabilities		2 358 781,5	(967 994,2)
Distributions payable to holders of securities and counterparties		33 597,3	491 087,3
Other liabilities		915,8	937,4
Cash flows (used in) / from operating activities before taxation		**(61 753,8)**	**1 227 094,3**
Income tax paid		(13 057,1)	(14 399,6)
Cash flows (used in) / from operating activities		**(74 810,9)**	**1 212 694,7**

The notes 1-32 form an integral part of these summary consolidated financial statements.

Summary Consolidated Statement of Cash Flows for the Year Ended December 31, 2023 (continued)

(in millions of Russian rubles)

	Notes	Year ended December 31, 2023	Year ended December 31, 2022
Cash flows from / (used in) investing activities:			
Purchase of financial assets at FVTOCI		(51 496,0)	(39 400,7)
Proceeds from sale and redemption of financial assets at FVTOCI		79 300,1	88 600,7
Purchase of property and equipment and intangible assets		(4 134,2)	(3 611,7)
Proceeds from disposal of property and equipment and intangible assets		–	0,4
Purchase of investment financial assets at amortised cost		(17 143,2)	–
Disposal of subsidiaries, net of cash disposed		(44,3)	–
Acquisition of equity-accounted investments		(167,3)	(127,0)
Cash flows from investing activities		**6 315,1**	**45 461,7**
Cash flows from / (used in) financing activities:			
Dividends paid	24	(10 192,4)	–
Cash outflow for lease liabilities		(111,1)	(194,5)
Acquisition of non-controlling interest in subsidiaries		(84,5)	(86,0)
Cash flows used in financing activities		**(10 388,0)**	**(280,5)**
Effect of changes in foreign exchange rates on cash and cash equivalents		85 965,8	(1 271 233,4)
Net increase/(decrease) in cash and cash equivalents		**7 082,0**	**(13 357,5)**
Cash and cash equivalents, beginning of period	12	**451 535,0**	**471 283,7**
Reclassification of restricted funds from cash and cash equivalents, beginning of period		–	(6 391,2)
Cash and cash equivalents, end of period	12	**458 617,0**	**451 535,0**

Interest received by the Group from operating activities during the year ended December 31, 2023, amounted to RUB 54 542,9 million (December 31, 2022: 45 492,1 RUB million).

Interest paid by the Group as part of its operating activities during the year ended December 31, 2023, amounted to RUB 3 599,5 million (December 31, 2022: RUB 2 974,7 million) and as part of its financing activities RUB 5,6 million (December 31, 2022: RUB 40,6 million).

Summary Consolidated Statement of Changes in Equity for the Year Ended December 31, 2023

(in millions of Russian rubles)

	Share capital	Share premium	Treasury shares	Investments revaluation reserve	Share-based payments	Foreign currency translation reserve	Retained earnings	Total equity attributable to owners of the parent	Non-controlling interest	Total equity
December 31, 2021	**2 495,9**	**32 251,4**	**(1 535,4)**	**(3 997,2)**	**557,9**	**5,0**	**110 292,8**	**140 070,4**	**100,6**	**140 171,0**
Net profit	–	–	–	–	–	–	36 271,1	**36 271,1**	20,0	**36 291,1**
Other comprehensive income/(loss)	–	–	–	67,0	–	(9,4)	–	**57,6**	(0,5)	**57,1**
Total comprehensive income/(loss) for the period	**–**	**–**	**–**	**67,0**	**–**	**(9,4)**	**36 271,1**	**36 328,7**	**19,5**	**36 348,2**
Share-based payments	–	(5,0)	7,6	–	226,0	–	–	**228,6**	–	**228,6**
Acquisition of non-controlling interest	–	–	–	–	–	–	18,1	**18,1**	(24,1)	**(6,0)**
Total transactions with owners	**–**	**(5,0)**	**7,6**	**–**	**226,0**	**–**	**18,1**	**246,7**	**(24,1)**	**222,6**
December 31, 2022	**2 495,9**	**32 246,4**	**(1 527,8)**	**(3 930,2)**	**783,9**	**(4,4)**	**146 582,0**	**176 645,8**	**96,0**	**176 741,8**
Net profit	–	–	–	–	–	–	60 777,2	**60 777,2**	(7,7)	**60 769,5**
Other comprehensive (loss)/income	–	–	–	(3 583,6)	–	4,4	–	**(3 579,2)**	2,2	**(3 577,0)**
Total comprehensive (loss)/income for the period	**–**	**–**	**–**	**(3 583,6)**	**–**	**4,4**	**60 777,2**	**57 198,0**	**(5,5)**	**57 192,5**
Dividends declared (Note 24)	–	–	–	–	–	–	(10 938,5)	**(10 938,5)**	–	**(10 938,5)**
Share-based payments	–	82,0	252,5	–	(143,2)	–	–	**191,3**	–	**191,3**
Acquisition of non-controlling interest	–	–	–	–	–	–	(42,8)	**(42,8)**	(41,7)	**(84,5)**
Total transactions with owners	**–**	**82,0**	**252,5**	**–**	**(143,2)**	**–**	**(10 981,3)**	**(10 790,0)**	**(41,7)**	**(10 831,7)**
December 31, 2023	**2 495,9**	**32 328,4**	**(1 275,3)**	**(7 513,8)**	**640,7**	**–**	**196 377,9**	**223 053,8**	**48,8**	**223 102,6**

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.

The Group has 2 586 employees as at December 31, 2023 (December 31, 2022: 2 339 employees).

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 during the conflict period, 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.

1. Organization (continued)

Operating environment (continued)

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 December 29, 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 March 5, 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 September 9, 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.

The Group has evaluated the potential short-term and long-term implications of changing micro- and macroeconomic conditions on its consolidated interim condensed financial statements, on the regulatory capital and liquidity position of its regulated subsidiaries. This evaluation included various stress-tests. Management of the Group 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. The Group remains vigilant in monitoring day to day changes as the global situation evolves.

The financial statements approval

These Summary Consolidated Financial Statements of the Group were approved for issue by the Management on February 21, 2024.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Material Accounting Policy Information for Consolidated Financial Statements

Basis of preparation of the Summary Consolidated Financial Statements

These Summary Consolidated Financial Statements of the Group have been prepared on the basis of the Consolidated Financial Statements prepared in accordance with the International Financial Reporting Standards (IFRS) as at December 31, 2023 and for the year ended December 31, 2023, by copying from it without any modifications:

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

2. Basis of Preparation of the Summary Consolidated Financial Statements and Material Accounting Policy Information for Consolidated Financial Statements (continued)

Basis of preparation of the Summary Consolidated Financial Statements (continued)

The Summary Consolidated Statements as at December 31, 2023 and for the year ended December 31, 2023 do not disclose the information listed in the following regulatory documents:

- Decision of the Board of Directors of the Bank of Russia dated December 26, 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 consolidated financial statements is not included in these summary consolidated financial statements of the Group:
  - information on debtors, creditors, members of the governing bodies of the non-credit financial institution, structure and composition of shareholders (participants) 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.
- Decree No. 1102 of the Russian Government dated July 4, 2023 "*On Specifics of Disclosures and Reporting of Information Subject to Disclosure and Reporting in Accordance with the Federal Laws* "*On Joint-Stock Companies" and* "*On the Securities Market"*, i.e., the following information contained in the notes to the consolidated financial statements is not included in these summary consolidated financial statements of the Group:
  - information on the Group's transactions, its controlling parties and controlled entities, including the information there were no such transactions;
  - information on banking groups, banking holdings, holdings and associations, to which the Group belongs, and their members;
  - information on the Group's affiliates, including the basis of the affiliation and share of the Group's shares owned by them;
  - information on the entities under the Group's control and members of their governing bodies, parties controlling the Group and members of their governing bodies;
  - information on related parties with whom the Group enters into transactions;
  - information on the Group's subsidiaries;
  - information on the Group's financial investments;
  - information on risks assumed by the Group, its risk assessment and management procedures;
  - information on the Group's transactions and (or) the volume of the Group's transactions and (or) the volume of the Group's funds in foreign currencies;
  - information on balances and (or) volume of funds on accounts opened by the Group for different types of customers;
  - information, including summarized information, on the Group's counterparties, their industry-specific and geographical structure.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Material Accounting Policy Information for Consolidated Financial Statements (continued)

Basis of preparation of the Summary Consolidated Financial Statements (continued)

In accordance with the above regulations of the Russian Federation and the Resolution of the Government of the Russian Federation dated September 13, 2023 No. 1490 *On Peculiarities of Disclosing of consolidated financial statements*, the Group does not publish Consolidated Financial Statements for the year ended December 31, 2023 and discloses Summary Consolidated Financial Statements for the year ended December 31, 2023.

These Summary Consolidated Financial Statements are presented in millions of Russian rubles rounded to one decimal place, unless otherwise indicated.

Consolidated Financial statements have been prepared assuming that the Group is a going concern and will continue operation for the foreseeable future. Consolidated Financial Statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair value.

Consolidated Financial Statements have been prepared on basis of the statutory accounting records and have been adjusted to conform to IFRS.

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

	December 31, 2023	December 31, 2022
USD	89,6883	70,3375
EUR	99,1919	75,6553
CNY	12,5762	9,8949

Changes in presentation

Starting from January 1, 2023 in accordance with Federal Law No. 263-FZ of July 14, 2022 *On Amending Part One and Two of the Tax Code of the Russian Federation*, a new procedure for accounting for accruals and payments of taxes and levies has been adopted. In 2023, a single tax account is opened for each taxpayer, which is replenished by a single tax payment before the taxes 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 January 1, 2023 net overpayment of all taxes is recognised in Taxes prepayments within Other Assets (Note 20).

Changes in Accounting Policies

The accounting policies adopted by the Group in the preparation of Consolidated Financial Statements are consistent with those followed in the preparation of the Group's Consolidated Financial Statements for the year ended December 31, 2022.

The Group applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after January 1, 2023. The Group 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 January 1, 2023.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Material Accounting Policy Information for Consolidated Financial Statements (continued)

Changes in Accounting Policies (continued)

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.

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 the Group's accounting policies that have affected the amounts reported for the current or prior years.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Material Accounting Policy Information for Consolidated Financial Statements (continued)

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

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

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Goodwill

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment at least annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the Consolidated Statement of Profit or Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Material Accounting Policy Information for Consolidated Financial Statements (continued)

Financial assets

Initial recognition

All regular way purchases and sales of financial assets and liabilities are recognised on the settlement date. Regular way purchases or sales are purchases or sales of financial assets and liabilities that require delivery of assets and liabilities within the period generally established by regulation or convention in the marketplace.

Impairment

The Group recognises loss allowances for expected credit losses (ECLs) on the following financial instruments, not measured at FVTPL:

- due from financial institutions;
- cash and cash equivalents;
- debt investment securities;
- other financial assets subject to credit risk.

The Group does not form any loss allowance on ECLs for central counterparty (hereinafter – CCP) activities. The CCP is acting as an intermediary between the parties: i.e. as a seller for each buyer and as a buyer for each seller, so that replacing their contractual relations between each other with relevant contracts with a central counterparty. CCP assets and liabilities are simultaneously reflected in the Group's consolidated statement of financial position due to the following:

- the net market value of those deals at the end of each day is equal to zero (if there are no defaulted market participants);
- there are no uncollateralised receivables in case all the obligations are duly fulfilled by the clearing participants.

The risks of non-fulfilment or improper fulfilment of clearing participants obligations on the CCP deals are managed using the following risk-management system measures, organised according to the federal law as of February 7, 2011 № 7-FZ *On Clearing, Clearing Activities and the Central Counterparty*:

- setting the requirements for individual and collective clearing collateral to mitigate expected losses in case of non-fulfilment or improper fulfilment of clearing participants obligations;
- forming the CCP's guarantee fund – part of net assets designated according to the Clearing Rules to mitigate possible losses caused by non-fulfilment or improper fulfilment of clearing participants obligations;
- conducting regular stress-tests of the CCP capital adequacy, including the control of statutory ratios calculation;
- limitation of the CCP's liabilities.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Material Accounting Policy Information for Consolidated Financial Statements (continued)

Financial assets (continued)

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 (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Group 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 the Group that are past due for over 90 days; or
- the borrower's licence has been revoked;
- liquidation decision was made in respect of the counterparty.

Significant increase in credit risk

The Group 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 the Group will measure the loss allowance based on lifetime ECL.

When assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group 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, the Group 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 the Group's historical experience and expert credit assessment including forward-looking information.

The Group 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.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Material Accounting Policy Information for Consolidated Financial Statements (continued)

Financial assets (continued)

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 the Group 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.

The Group allocates its counterparties to a relevant internal rating depending on their credit quality based on quantitative and qualitative information. The historical PD is identified using a migration matrix, where internal ratings are mapped to the rating scales of international and national rating agencies for those counterparties that are not rated by international and national 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 the Group assesses whether this modification results in derecognition. In accordance with the Group'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 the Group 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.

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% the Group deems the arrangement is substantially different leading to derecognition.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Material Accounting Policy Information for Consolidated Financial Statements (continued)

Financial assets (continued)

Modification and derecognition of financial assets (continued)

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. The Group 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, the Group 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 the Group calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Group 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 the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group 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. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position include cash on hand, balances with the CBR, unrestricted balances on correspondent and deposit accounts with banks with maturity up to one business day and clearing accounts with banks. Amounts that are subject to restrictions on their availability, including minimum reserve deposits with the CBR, are not included in cash and cash equivalents for the purpose of consolidated statement of cash flows.

Repurchase and reverse repurchase agreements

Sale and repurchase agreements ("repos") are treated as secured financing transactions. Securities sold under sale and repurchase agreements are retained in the consolidated statement of financial position and, in case the transferee has the right by contract or custom to sell or repledge them, reclassified as securities pledged under sale and repurchase agreements. The corresponding liability is presented within amounts due to financial institutions. Receivables under agreements to resell ("reverse repo") are recorded as amounts due from financial institutions. The difference between sale and repurchase price is treated as interest income and accrued over the life of REPO agreements using the effective interest method.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Material Accounting Policy Information for Consolidated Financial Statements (continued)

Non-financial assets

Property and equipment

Property and equipment is carried at historical cost less accumulated depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method:

Buildings and other real estate	2%
Furniture and equipment	20-33%

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.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives at the annual rates of 10% - 25%.

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

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Amortisation is recognised on a straight-line basis. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally developed intangible assets

Development costs that are directly associated with the production of identifiable and unique software products controlled by the Group 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 the Group 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.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Material Accounting Policy Information for Consolidated Financial Statements (continued)

Non-financial assets (continued)

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, 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 consolidated 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 the Group's revenue is through fees for services provided. Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue as services are performed and as it satisfies its obligations to provide service to a customer.

The Group provides various services on trading in different markets, clearing, settlement and custody, IT services and also services of the financial platform operator related to providing an opportunity to make transactions by trading participants of the financial platform.

Fees and commission income of the Group are divided into fixed and variable.

Fixed fee and commission income revenue from providing services is recognized in the accounting period in which the services are rendered. Revenue is recognized based on the actual service provided up to the end of the reporting period as a proportion of the total services to be provided (i.e. recognition over time).

Variable fee and commission income are transaction or transaction volume-based revenues and are generated by services which are directly related to a single transaction or volume of transactions.

The performance obligation of a service is satisfied when the transaction or order has been executed trades or contracts cleared, custody service provided. Transaction revenues are recognized at a point in time when the Group meets its obligations to complete the transaction or service.

Being the financial platform operator the Group charges fee and commission income for the providing an opportunity to make transactions by trading participants of the financial platform. Such income is recognised at point in time as the service is provide at the moment of conclusion of the transaction.

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

Share-based payments

The Group grants the right to some employees to purchase equity instruments on the terms set in individual contracts.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Material Accounting Policy Information for Consolidated Financial Statements (continued)

Share-based payments (continued)

The Group implemented 2 types of long-term motivation program: the equity-settled share-based program with the right to receive Moscow Exchange ordinary shares granted under conditions set out in the program and the cash settled share-based program.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity within Share-based payments reserve, 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 the Group's best estimate of the number of equity instruments that will ultimately vest. The consolidated 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 10).

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 year.

Fiduciary activities

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

Foreign currencies

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2. Basis of Preparation of the Summary Consolidated Financial Statements and Material Accounting Policy Information for Consolidated Financial Statements (continued)

New or amended standards issued but not yet effective

Below are the following new and revised IFRSs that have been issued as at these Consolidated Financial Statements publication date but are not required for application and were not early applied by the Group to these Consolidated 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 January 1, 2024. Early application is acceptable.

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

Amendments to IFRS 16 Leases.

On September 22, 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 January 1 2024, with earlier application permitted.

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

2. Basis of Preparation of the Summary Consolidated Financial Statements and Material Accounting Policy Information for Consolidated Financial Statements (continued)

New or amended standards issued but not yet effective (continued)

Amendments to IAS 21 – Lack of Exchangeability

On August 20, 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 January 1, 2025. Early application is acceptable. The Group is currently assessing the impact of these amendments on its consolidated financial statements.

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Notes to the Summary Consolidated Financial Statements
for the Year Ended December 31, 2023 (continued)
(in millions of Russian rubles, unless otherwise indicated)

3. 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.

Judgements and critical estimates made by the Group in the process of applying the accounting policies were consistent with those disclosed in the annual consolidated financial statements for the year ended December 31, 2022, except for the following:

Update of 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 non-fulfillment 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 resulted in a reduction in the amount of allowance for ECL by RUB 1 608,5 million.

Critical accounting judgements

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group 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. The Group 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 the Group takes into account the information listed above.

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

Critical accounting judgements (continued)

Recoverability of deferred tax assets

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 (Note 11).

The management of the Group 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 4 896,3 million and RUB 6 061,2 million as at December 31, 2023 and 2022, respectively.

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 31 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

The companies of the Group are subject to litigations. Such litigations may lead to orders to pay against the entities of the Group. 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. The Group 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 27 for further information.

Impairment of goodwill and other intangible assets

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The following critical estimates were made by the Group for value in use of cash-generating units valuation:

- future cash flows expected to arise from the cash-generating unit;
- discount rate in order to calculate present value.

Details of the goodwill impairment testing are set out in Note 19.

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Notes to the Summary Consolidated Financial Statements
for the Year Ended December 31, 2023 (continued)
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3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

Useful lives of intangible assets

The Group annually examines the estimated useful life of its intangible assets. When determining the asset's useful life, the factors taken into account include earlier termination of licences, technical feasibility up to the date of anticipated use of the asset, its typical life cycle, 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 be based on:

- 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 29.

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.

4. Fee and Commission Income

	Year ended December 31, 2023	**Year ended December 31, 2022**
Money market	11 962,1	9 497,0
Securities market	11 053,7	5 847,9
- equities	*6 964,6*	*3 266,3*
- bonds	*3 357,5*	*2 003,6*
- listing and other services	*731,6*	*578,0*
Depository and settlement services	9 721,2	7 806,5
Foreign exchange market	7 383,8	5 661,6
Derivatives market	6 703,7	3 741,3
Financial marketplace services	1 806,2	747,4
Sale of software and technical services	1 636,2	1 221,2
Information services	1 349,9	1 118,2
Other	625,3	1 846,1
Total fee and commission income	**52 242,1**	**37 487,2**

5. Interest Income

	Year ended December 31, 2023	Year ended December 31, 2022
Interest income calculated using the effective interest method		
Interest on cash and cash equivalents and due from financial institutions	43 707,6	34 090,4
Interest income on financial assets at FVTOCI	10 930,0	9 521,1
Interest income on investment financial assets at amortised cost	278,9	–
Interest income on clients' funds	–	1 094,9
Total interest income calculated using the effective interest method	**54 916,5**	**44 706,4**
Other interest income		
Interest income on financial assets at FVTPL	10,5	173,3
Total other interest income	**10,5**	**173,3**
Total interest income	**54 927,0**	**44 879,7**

6. Interest Expense

	Year ended December 31, 2023	Year ended December 31, 2022
Interest expense on stress collateral	1 979,7	807,4
Interest expense on accounts of clearing participants	1 847,2	304,3
Interest expense on interbank loans and deposits	196,7	82,5
Interest expense on REPO agreements and other	48,1	0,1
Interest expense on cash and cash equivalents and due from financial institutions	9,6	1 819,3
Interest expense on lease liabilities	5,6	40,6
Total interest expense	**4 086,9**	**3 054,2**

7. Net Gain on Financial Assets at Fair Value through Profit or Loss

	Year ended December 31, 2023	Year ended December 31, 2022
Shares issued by foreign companies	1 686,4	868,2
Bonds issued by foreign companies of Russian groups	10,6	(114,5)
Shares issued by Russian companies	(31,2)	–
Other	–	22,2
Total net gain on financial assets at FVTPL	**1 665,8**	**775,9**

MOEX GROUP

Notes to the Summary Consolidated Financial Statements
for the Year Ended December 31, 2023 (continued)
(in millions of Russian rubles, unless otherwise indicated)

8. Net Loss on Financial Assets at Fair Value through Other Comprehensive Income

	Year ended December 31, 2023	Year ended December 31, 2022
Bonds issued by the Russian issuers	(807,4)	(437,5)
Bonds issued by foreign issuers	27,2	(228,1)
Total net loss on financial assets at FVTOCI	**(780,2)**	**(665,6)**

Net loss on financial assets at fair value through other comprehensive income represents reclassification adjustment from other comprehensive income to profit or loss upon disposal of financial assets.

9. General and Administrative Expenses

	Year ended December 31, 2023	Year ended December 31, 2022
Amortisation of intangible assets (Note 18)	3 893,5	3 184,4
Advertising and marketing costs	1 808,7	1 563,6
Equipment and intangible assets maintenance	1 608,8	1 779,9
Depreciation of property and equipment (Note 17)	970,8	1 176,0
Taxes, other than income tax	892,3	951,2
Professional services	812,0	808,0
Agent fees	771,1	453,3
Market makers fees	685,7	438,4
Registrar and foreign depository services	552,9	389,5
Information services	375,9	202,9
Rent and office maintenance	331,7	350,3
Charity	129,3	114,1
Loss on disposal of property, equipment and intangible assets	118,8	119,9
Communication services	100,5	103,9
Loss on disposal of subsidiaries	84,0	–
Business trip expenses	50,3	22,1
Security expenses	33,9	29,7
Transport expenses	24,2	21,9
Other	153,7	151,9
Total general and administrative expenses	**13 398,1**	**11 860,9**

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

(in millions of Russian rubles, unless otherwise indicated)

10. Personnel Expenses

	Year ended December 31, 2023	Year ended December 31, 2022
Employees benefits except for share-based payments	11 692,1	9 758,0
Payroll related taxes	2 609,7	1 960,0
Share-based payment expense on cash settled instruments	771,4	35,7
Share-based payment expense on equity settled instruments	191,3	228,6
Total personnel expenses	**15 264,5**	**11 982,3**

Equity settled share-based program

The Group has an active incentive share-based program of equity settled instruments (hereinafter – "LTIP").

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

	Number	WAFV
Outstanding at December 31, 2021	**16 380 997**	**115,84**
Granted	1 061 157	91,37
Modification	(679 903)	113,27
Forfeited	(3 315 891)	111,95
Outstanding at December 31, 2022	**13 446 360**	**115,09**
Granted	39 277	85,93
Modification	(702 277)	114,92
Forfeited	(1 360 900)	119,72
Exercised	(3 112 610)	119,38
Outstanding at December 31, 2023	**8 309 850**	**117,05**

The weighted average remaining contractual life of the outstanding instruments under LTIP as at December 31, 2023 is 1,07 years (December 31, 2022: 1,68 years).

Cash settled share-based program

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 Group's shares. The rights vest when the employee continues to be employed by the 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 December 31, 2023 218 300 514 cash-settled instruments were granted, with weighted average fair value (WAFV) RUB 37,99.

The weighted average remaining contractual life of the outstanding cash-settled instruments as at December 31, 2023 is 3,17 years.

10. Personnel Expenses (continued)

Cash settled share-based programm (continued)

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

Assumption	Cash settled December 31, 2023
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 of December 31, 2023 liabilities under the cash-settled share-based is amounted to 704,8 RUB million and is included in Personnel remuneration provision within Other liabilities (Note 22).

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.

Notes to the Summary Consolidated Financial Statements for the Year Ended December 31, 2023 (continued)

(in millions of Russian rubles, unless otherwise indicated)

11. Income Tax (continued)

The analysis of the temporary differences as at December 31, 2023 and 2022, is presented below:

	December 31, 2021	Recognised in profit or loss	Recognised in other comprehensive income	December 31, 2022	Recognised in profit or loss	Recognised in other comprehensive income	December 31, 2023
Tax effect from deductible temporary differences:							
Cash, cash equivalents and amounts due from financial institutions	2,0	2 009,9	–	2 011,9	823,3	–	2 835,2
Financial assets at FVTPL	11,5	334,5	–	346,0	(346,0)	–	–
Financial assets at FVTOCI	1 889,8	1 064,3	(16,8)	2 937,3	(2 407,9)	860,2	1 389,6
Property and equipment	19,9	0,1	–	20,0	9,7	–	29,7
Intangible assets	35,6	18,8	–	54,4	8,2	–	62,6
Other assets	499,9	(121,5)	–	378,4	(141,5)	–	236,9
Distributions payable to holders of securities and counterparties	–	1 401,0	–	1 401,0	(1 401,0)	–	–
Other liabilities	942,4	179,5	–	1 121,9	394,3	–	1 516,2
Clients' funds	5,2	–	–	5,2	0,7	–	5,9
Tax loss carried forward	12,9	(2,8)	–	10,1	0,6	–	10,7
Total tax effect from deductible temporary differences	**3 419,2**	**4 883,8**	**(16,8)**	**8 286,2**	**(3 059,6)**	**860,2**	**6 086,8**
Tax effect from taxable temporary differences:							
Cash, cash equivalents and amounts due from financial institutions	(4,1)	(1 371,9)	–	(1 376,0)	1 376,0	–	–
Financial assets at FVTPL	(73,9)	(108,2)	–	(182,1)	(340,9)	–	(523,0)
Financial assets at FVTOCI	–	(4,3)	–	(4,3)	4,3	–	–
Investment financial assets at amortised cost	–	–	–	–	(13,2)	–	(13,2)
Property and equipment	(320,0)	(0,2)	–	(320,2)	(51,8)	–	(372,0)
Intangible assets	(2 059,0)	254,9	–	(1 804,1)	276,7	–	(1 527,4)
Other assets	–	(0,7)	–	(0,7)	(0,1)	–	(0,8)
Other liabilities	(0,8)	(0,9)	–	(1,7)	0,9	–	(0,8)
Total tax effect from taxable temporary differences	**(2 457,8)**	**(1 231,3)**	**–**	**(3 689,1)**	**1 251,9**	**–**	**(2 437,2)**
Deferred income tax assets	**2 563,7**	**3 514,3**	**(16,8)**	**6 061,2**	**(2 025,1)**	**860,2**	**4 896,3**
Deferred income tax liabilities	**(1 602,3)**	**138,2**	**–**	**(1 464,1)**	**217,4**	**–**	**(1 246,7)**
Total deferred tax asset	**961,4**	**3 652,5**	**(16,8)**	**4 597,1**	**(1 807,7)**	**860,2**	**3 649,6**

Notes to the Summary Consolidated Financial Statements for the Year Ended December 31, 2023 (continued)

(in millions of Russian rubles, unless otherwise indicated)

11. Income Tax (continued)

Deferred tax assets decrease as at December 31, 2023 was mainly driven by changes in mark-to-market and forex revaluation of financial assets at FVTOCI as well as by reversal of the allowance for ECL.

Tax effect from deductible temporary differences on other assets is mainly represented by the differences from created provisions on other financial assets. Deductible temporary differences on other liabilities is mainly represented by differences from the personnel remuneration provision and other accruals.

Reconciliation of income tax expense and accounting profit for the year ended December 31, 2023 and December 31, 2022, are explained below:

	Year ended December 31, 2023	Year ended December 31, 2022
Profit before income tax	**77 366,9**	**45 310,6**
Tax at the statutory tax rate (20%)	15 473,4	9 062,1
Tax effect of income taxed at rates different from the prime rate	(454,2)	(404,4)
Permanent differences relating to equity-settled share-based program	36,0	(1,0)
Non-deductible expenses for tax purposes	352,0	365,0
Windfall tax	1 169,3	–
Adjustments in respect of current and deferred income tax of previous years	1,6	(4,8)
Other permanent differences	19,3	2,6
Income tax expense	**16 597,4**	**9 019,5**
Current income tax expense	13 618,8	12 676,8
Current income tax expense related to previous years	1,6	(4,8)
Windfall tax	1 169,3	–
Deferred taxation movement due to origination and reversal of temporary differences	1 807,7	(3 652,5)
Income tax expense	**16 597,4**	**9 019,5**

Income tax expense includes the amount of security payment for windfall tax in the amount of RUB 1 169,3 million imposed by Federal Law No. 414-FZ *On Windfall Tax* dated August 4, 2023, which establishes the procedure for calculation and payment of the one-off tax on profits earned in previous tax periods. The Group took the opportunity to reduce the tax amount by making a security payment.

(in millions of Russian rubles, unless otherwise indicated)

12. Cash and Cash Equivalents

	December 31, 2023	December 31, 2022
Accounts and overnight deposits with banks	458 612,7	451 530,6
Cash on hand	4,3	4,4
Total cash and cash equivalents before allowance for ECL	**458 617,0**	**451 535,0**
Less allowance for ECL	(0,6)	(3,6)
Total cash and cash equivalents	**458 616,4**	**451 531,4**

As at December 31, 2023, the Group has balances with five counterparties, each of which is greater than 10% of equity (December 31, 2022: six counterparties). The total aggregate amount of these balances is RUB 396 205,2 million or 86% of total cash and cash equivalents as at December 31, 2023 (December 31, 2022: RUB 413 763,5 million or 92% of total cash and cash equivalents).

13. Financial Assets at Fair Value through Profit or Loss

	December 31, 2023	December 31, 2022
Shares issued by foreign companies	2 975,9	1 289,4
Shares issued by Russian companies	228,9	210,5
Derivative financial instruments	0,3	22,4
Bonds issued by foreign companies of Russian groups	–	1 632,0
Total financial assets at FVTPL	**3 205,1**	**3 154,3**

Shares issued by foreign companies are represented by investment securities measured at fair value through profit or loss.

14. Central Counterparty Financial Assets and Liabilities

	December 31, 2023	December 31, 2022
Repo transactions and deposits	6 784 692,2	4 368 592,7
Derivative financial instruments	11 783,3	19 880,1
Other	63,7	–
Total CCP financial assets and liabilities	**6 796 539,2**	**4 388 472,8**

CCP financial assets are receivables under reverse REPO and fair value of derivatives (asset) and CCP financial liabilities are payables under respective direct REPO and deposits and fair value of derivatives (liability) under transactions which the Group concluded with market participants as a CCP.

14. Central Counterparty Financial Assets and Liabilities (continued)

As at December 31, 2023 the fair value of securities purchased and sold by the Group under REPO transactions is RUB 7 211 087,5 million (December 31, 2022: RUB 4 779 554,4 million). As at December 31, 2023 and December 31, 2022, none of these assets were past due.

As at December 31, 2023, the Group has CCP financial assets balances with twenty seven counterparties, each of which is greater than 10% of equity (December 31, 2022: twenty one counterparties). The total aggregate amount of these balances is RUB 6 451 714,1 million or 95% of total CCP financial assets as at December 31, 2023 (December 31, 2022: RUB 4 148 161,6 million or 95% of total CCP financial assets).

As at December 31, 2023, the Group has CCP financial liabilities balances with forty one, each of which is greater than 10% of equity (December 31, 2021: thirty six counterparties). The total aggregate amount of these balances is RUB 6 101 640,8 million or 90% of total CCP financial liabilities as at December 31, 2023 (December 31, 2022: RUB 3 846 509,0 million or 88% of total CCP financial liabilities).

CCP financial assets and liabilities under derivative financial instruments represent fair values of derivative financial instruments. Gross claims and liabilities with individual counterparties are offset in accordance with IAS 32. Information about financial assets offset against financial liabilities in the consolidated statement of financial position is disclosed in Note 32.

15. Financial Assets at Fair Value through Other Comprehensive Income

	December 31, 2023	December 31, 2022
Bonds issued by the Russian issuers	162 876,9	164 774,1
Bonds issued by foreign issuers	–	13 249,2
Total financial assets at FVTOCI	**162 876,9**	**178 023,3**

16. Investment Financial Assets at Amortised Cost

	December 31, 2023	December 31, 2022
Bonds issued by the Russian issuers	17 422,0	–
Total investment financial assets at amortised cost before allowance for ECL	**17 422,0**	**–**
Less allowance for ECL	(26,1)	–
Total investment financial assets at amortised cost	**17 395,9**	**–**

(in millions of Russian rubles, unless otherwise indicated)

17. Property and equipment

	Land	Buildings and other real estate	Furniture and equipment	Construc-tion in progress	Right-of-use assets	Total
Cost						
December 31, 2021	**208,5**	**5 798,6**	**9 202,7**	**18,2**	**1 097,5**	**16 325,5**
Additions	–	–	585,0	2,7	15,7	**603,4**
Reclassification	–	–	17,7	(17,7)	–	**–**
Disposals	–	–	(277,9)	–	(0,8)	**(278,7)**
Modification and remeasurement	–	–	–	–	(732,5)	**(732,5)**
December 31, 2022	**208,5**	**5 798,6**	**9 527,5**	**3,2**	**379,9**	**15 917,7**
Additions	–	–	465,0	145,4	15,9	**626,3**
Disposals	–	–	(207,1)	(0,5)	(319,7)	**(527,3)**
Disposal through sale of subsidiary company	–	–	(0,9)	–	(5,1)	**(6,0)**
Effect of movements in exchange rates	–	–	0,3	–	1,6	**1,9**
Modification and remeasurement	–	–	–	–	20,5	**20,5**
December 31, 2023	**208,5**	**5 798,6**	**9 784,8**	**148,1**	**93,1**	**16 033,1**
Accumulated depreciation						
December 31, 2021	**–**	**1 905,1**	**7 355,8**	**–**	**168,4**	**9 429,3**
Charge for the period	–	116,1	927,4	–	132,5	**1 176,0**
Disposals	–	–	(277,6)	–	(0,1)	**(277,7)**
Other	–	–	0,6	–	–	**0,6**
December 31, 2022	**–**	**2 021,2**	**8 006,2**	**–**	**300,8**	**10 328,2**
Charge for the period	–	116,1	776,6	–	78,1	**970,8**
Disposals	–	–	(207,0)	–	(319,2)	**(526,2)**
Disposal through sale of subsidiary company	–	–	(0,5)	–	(2,9)	**(3,4)**
Effect of movements in exchange rates	–	–	0,1	–	0,7	**0,8**
December 31, 2023	**–**	**2 137,3**	**8 575,4**	**–**	**57,5**	**10 770,2**
Net book value						
December 31, 2022	**208,5**	**3 777,4**	**1 521,3**	**3,2**	**79,1**	**5 589,5**
December 31, 2023	**208,5**	**3 661,3**	**1 209,4**	**148,1**	**35,6**	**5 262,9**

As at December 31, 2023, historical cost of fully depreciated property and equipment amounts to RUB 7 042,1 million (December 31, 2022: RUB 6 465,9 million).

As at December 31, 2023, the book value of right-of-use assets is represented by leased buildings in the amount of RUB 17,5 million and IT equipment (furniture and equipment) in the amount of RUB 18,1 million (December 31, 2022: RUB 67,0 million and RUB 12,2 million).

During the year ended December 31, 2023 there were no modifications. During the year ended December 31, 2022 the Group modified the right-of-use assets due to significant decrease of the lease term of one leased building contract and other not significant modifications.

17. Property and Equipment (continued)

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

	Year ended December 31, 2023	Year ended December 31, 2022
Amounts recognised in profit or loss		
Depreciation expense on right-of-use assets	78,1	132,5
Interest expense on lease liabilities	5,6	40,6
Expense relating to short-term leases	9,9	14,8
Total	**93,6**	**187,9**

18. Intangible Assets

	Software and licenses	Client base	Intangible assets development	Total
Cost				
December 31, 2021	**11 789,5**	**19 764,3**	**1 492,4**	**33 046,2**
Additions	2 503,4	–	1 087,6	**3 591,0**
Reclassification	1 085,7	–	(1 085,7)	**–**
Disposals	(307,7)	–	(35,1)	**(342,8)**
December 31, 2022	**15 070,9**	**19 764,3**	**1 459,2**	**36 294,4**
Additions	1 392,7	–	2 038,2	**3 430,9**
Reclassification	1 138,2	–	(1 138,2)	**–**
Disposals	(221,5)	(157,6)	(84,4)	**(463,5)**
December 31, 2023	**17 380,3**	**19 606,7**	**2 274,8**	**39 261,8**
Accumulated amortisation and impairment				
December 31, 2021	**6 256,9**	**9 818,2**	**–**	**16 075,1**
Charge for the period	1 992,5	1 191,9	–	**3 184,4**
Impairment	9,3	–	–	**9,3**
Disposals	(222,9)	–	–	**(222,9)**
December 31, 2022	**8 035,8**	**11 010,1**	**–**	**19 045,9**
Charge for the period	2 713,6	1 179,9	–	**3 893,5**
Impairment	(6,3)	132,6	–	**126,3**
Disposals	(187,6)	(157,6)	–	**(345,2)**
December 31, 2023	**10 555,5**	**12 165,0**	**–**	**22 720,5**
Net book value				
December 31, 2022	**7 035,1**	**8 754,2**	**1 459,2**	**17 248,5**
December 31, 2023	**6 824,8**	**7 441,7**	**2 274,8**	**16 541,3**

As at December 31, 2023, historical cost of fully depreciated intangible assets amounts to RUB 5 198,2 million (December 31, 2022: RUB 3 214,4 million).

The client base has been recognized on acquisition of subsidiaries by the Group. The Group's purchased client base mainly represents the customer relationships with professional market participants acquired in 2011. The amortization period remaining on these assets is 6,34 years.

(in millions of Russian rubles, unless otherwise indicated)

19. Goodwill

As at December 31, 2023 the Group's goodwill amounted to RUB 16 246,8 million (December 31, 2022: RUB 16 300,8 million).

Goodwill is allocated to the following cash-generating units ("CGU") as at December 31, 2023 and 2022:

	Trading services	Clearing	Depository	Marketplace	OTC Platform*	Total
December 31, 2021	**10 774,1**	**3 738,7**	**1 458,6**	**275,4**	**1 020,4**	**17 267,2**
Impairment	–	–	–	–	(966,4)	**(966,4)**
December 31, 2022	**10 774,1**	**3 738,7**	**1 458,6**	**275,4**	**54,0**	**16 300,8**
Impairment	–	–	–	–	(54,0)	**(54,0)**
December 31, 2023	**10 774,1**	**3 738,7**	**1 458,6**	**275,4**	**–**	**16 246,8**

* OTC Platform being the part of operating segment "Markets"

Impairment Test for Goodwill

Trading services, Clearing, Depository

The recoverable amounts of these CGUs have been determined based on value in use calculations, using discounted cash flow projections prepared by Management of the Group covering the five-year period. The projected cash flows have been updated to reflect current economic situation. Discount rate of 16,6% p.a. is applied to cash flows (December 31, 2022: 16,0% p.a.). Value in use calculations for each CGU are based on key assumptions about short- and medium-term revenue and cost growth and long-term economic growth rates (used to determine terminal values). Terminal growth rate applied is 4,0% p.a. (December 31, 2022: 4,0% p.a.).

Based on the results of the impairment tests performed no impairment of the carrying value of the goodwill in any of the above CGU was identified (Trading services, Clearing, Depository).

20. Other Assets

	December 31, 2023	December 31, 2022
Other financial assets:		
Receivables on services rendered and other operations	2 307,3	1 791,5
Less allowance for ECL	(522,6)	(454,5)
Total other financial assets	**1 784,7**	**1 337,0**
Other non-financial assets:		
Other non-financial assets measured at fair value	49 126,0	32 182,8
Prepaid expenses	1 093,1	808,0
Taxes prepayments	362,3	83,2
Non-current assets prepaid	267,5	174,6
Other	32,8	16,4
Less allowance for impairment	(338,9)	(271,9)
Total other assets	**52 327,5**	**34 330,1**

20. 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 December 31, 2023	Year ended December 31, 2022
Beginning of the period	**271,9**	**–**
Net charge for the period	67,0	271,9
End of the period	**338,9**	**271,9**

21. Clients' Funds

	December 31, 2023	December 31, 2022
Financial liabilities measured at amortised cost		
Accounts of clearing participants	642 627,5	484 219,1
Other current and settlement accounts	355 621,7	583 599,1
Stress collateral	64 688,6	8 463,5
Risk-covering funds	4 496,5	4 309,4
Total financial liabilities measured at amortised cost	**1 067 434,3**	**1 080 591,1**
Non-financial liabilities measured at FVTPL		
Other non-financial liabilities measured at FVTPL	49 126,0	32 198,7
Total non-financial liabilities measured at FVTPL	**49 126,0**	**32 198,7**
Total clients' funds	**1 116 560,3**	**1 112 789,8**

22. Other Liabilities

	December 31, 2023	December 31, 2022
Other financial liabilities		
Trade and other payables	2 229,2	859,5
Dividends payable	747,3	1,2
Payables to employees	444,8	512,0
Lease liabilities	38,6	109,5
Derivative financial liabilities	0,3	1 581,6
NCI acquisition liability	–	80,0
Total other financial liabilities	**3 460,2**	**3 143,8**
Other non-financial liabilities		
Personnel remuneration provision	4 368,6	3 275,1
Tax agent liabilities regarding distributions payable to holders of securities	2 543,7	2 923,7
Taxes payable, other than income tax	1 136,4	842,0
Advances received	455,5	405,0
Total other liabilities	**11 964,4**	**10 589,6**

(in millions of Russian rubles, unless otherwise indicated)

22. Other liabilities (continued)

A maturity analysis of the lease liabilities as of December 31, 2023 and December 31, 2022 is presented below:

	December 31, 2023	December 31, 2022
Maturity analysis of lease liabilities		
Less than one year	23,1	100,5
One to two years	9,8	9,2
Two to three years	6,3	1,5
Three to four years	3,1	1,5
Four to five years	2,2	1,5
More than 5 years	–	0,9
Less: unearned interest	**(5,9)**	**(5,4)**
Lease liabilities	**38,6**	**109,5**

The table below details changes in the Group's lease liabilities arising from financing 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 Group's consolidated statement of cash flows as cash flows from financing activities.

December 31, 2021	**981,0**
Financing cash flows	(194,5)
Modification and remeasurement	(732,5)
New leases	15,7
Other changes	39,8
December 31, 2022	**109,5**
Financing cash flows	(111,1)
Modification and remeasurement	20,5
New leases	15,9
Foreign exchange differences	1,6
Other changes	2,2
December 31, 2023	**38,6**

23. Share Capital and Share Premium

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

	Ordinary shares issued and fully paid (number of shares)	Treasury shares (number of shares)
December 31, 2021	**2 276 401 458**	**(18 922 617)**
Exercised equity instruments (Note 10)	–	93 538
December 31, 2022	**2 276 401 458**	**(18 829 079)**
Exercised equity instruments (Note 10)	–	3 112 610
December 31, 2023	**2 276 401 458**	**(15 716 469)**

As at December 31, 2023 and December 31, 2022, the number of authorized shares is 12 095 322 151.

During the year ended December 31, 2023 the Group distributed to employees 3 112 610 treasury shares under exercised equity instruments (December 31, 2022: 93 538 treasury shares) (Note 10).

24. Retained Earnings

During the year ended December 31, 2023 the Group declared and paid to the owners of the parent dividends for the year ended December 31, 2022 of RUB 10 938,5 million. The amount of dividends per share is RUB 4,84 per ordinary share (for the year ended December 31, 2021 the Group didn't declare and pay 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.

25. Earnings per Share

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

	Year ended December 31, 2023	Year ended December 31, 2022
Net profit attributable to ordinary equity holders of the parent	**60 777,2**	**36 271,1**
Weighted average number of shares	**2 258 941 289**	**2 257 555 978**
Effect of dilutive share options	10 978 124	14 711 915
Weighted average number of shares adjusted for the effect of dilution	**2 269 919 413**	**2 272 267 893**
Basic earnings per share, RUB	26,91	16,07
Diluted earnings per share, RUB	26,78	15,96

(in millions of Russian rubles, unless otherwise indicated)

26. Operating Segments

Starting from July 1, 2023, the Group reconsidered its approach to segment reporting including the comparative period. The management of the Group switched from the segment analysis based on types of the Group companies activities to the approach focused on services provided. According to the changed approach commission income from trading and clearing services is combined and presented in segment "Markets" due to providing of complex trade-clearing services. After the combination of trade-clearing services segment "Treasury" including liquidity management function and placement of available funds, was formed. There was also a change in the consequence of costs allocation and drivers between the segments.

The Group distinguishes the following operating segments for management purposes depending on the types of products and services:

Operating segment **"Markets"** includes the Group's trading services in foreign exchange, securities, derivatives and money markets, listing and other trading services. This segment generates interest and other finance income from the placement of the market participants' funds.

In the *Foreign Exchange Market* of Moscow Exchange spot and swap transactions are performed with different maturities in the following currencies: USD, EUR, CNY, HKD, GBP, CHF, JPY, TRY, KZT, BYT, AMD, ZAR, TJS, KGS, UZS and AED. Deliverable forward contracts for currency pairs are also traded in the foreign exchange market, and transactions with precious metals are performed (gold and silver).

In the *Money Market* Moscow Exchange provides REPO services with shares and bonds of the following types: REPO with the CCP, including REPO with General Collateral Certificates with CCP (GCC-repo), inter-dealer repo, direct REPO with the CBR. Participants can also perform depositary-credit operations, in particular, funds placement auctions on bank deposits.

In the *Securities Market* of Moscow Exchange primary and secondary trades in shares, Russian government bonds (OFZ), municipal and corporate bonds, foreign state and corporate Eurobonds, depositary receipts, fund shares, ETFs are performed.

In the *Derivatives Market* of Moscow Exchange the following derivative instruments are traded: futures contracts on indices, Russian and foreign shares, Russian government bonds (OFZ) and Eurobonds Russia-30, currency pairs, interest rates, commodities, and option contracts on futures.

Listing services – inclusion and maintenance of securities in the List of securities admitted to on-exchange trading.

Clearing includes mainly CCP clearing services and other clearing services. The CCP guarantees stability in the serviced market segments through the risk-management system implementation, and provides clearing services to the market participants. The CCP guarantees that all obligations to all non-defaulting parties of the contracts signed with the CCP, regardless of whether obligations to the CCP are met or not, are fulfilled.

Operating segment **"Treasury"** includes the results of treasury activities related to management of current and long-term liquidity, operations on placement of free cash in order to generate income.

Operating segment **"Depository"** includes depository and settlement services provided to participants in the on-exchange and OTC markets, OTC transaction registration services (repository services), collateral management services and information services. Interest and other finance income is generated from the placement of Depositary's clients' funds.

26. Operating Segments (continued)

Operating segment **"Marketplace"** includes income and expenses from Finuslugi project. Finuslugi is a platform for online processing financial services (mortgages, consumer loans, credit cards, car loans, deposits, debit cards, microloans, investment in bonds) and insurance products ("OSAGO" compulsory automobile insurance, "KASKO" comprehensive insurance, mortgage insurance).

Operating segment **"Other services"** includes the Group's results from information products, software and technical services provision.

Software, technical and information services include a wide range of professional instruments used for access to the Exchange markets, electronic trade based on modern exchange trade technologies, real time market data, trading results data and indices.

Financial results of the operating segments are defined before the income tax expense. Therefore, the income tax is not allocated to operating segments. Segment reports and the segment financial results provided to Management of the Group for analysis are prepared according to the International Financial Reporting Standards and are adjusted for intersegment transfers. Management of the Group evaluates the segment financial results, using the segment total income and operating profit figures, taking into account differences in products and services of different segments.

The information on income and expenses of the Group broken down into operating segments for the year ended December 31, 2023 and December 31, 2022, is provided below.

	Year ended December 31, 2023					
	Markets	**Treasury**	**Depository**	**Marketplace**	**Other services**	**Total**
Income						
Fee and commission income	37 317,1	244,0	10 175,5	1 829,5	2 676,0	**52 242,1**
Net interest and other finance income*	7 876,2	29 937,2	12 605,3	47,1	1 740,3	**52 206,1**
Other operating income	175,2	–	21,0	9,9	6,7	**212,8**
Total income	**45 368,5**	**30 181,2**	**22 801,8**	**1 886,5**	**4 423,0**	**104 661,0**
Expenses						
Personnel expenses	(7 876,8)	(2 529,3)	(2 988,5)	(1 005,2)	(864,7)	**(15 264,5)**
General and administrative expenses,	(5 407,0)	(1 740,4)	(2 568,8)	(3 101,0)	(580,9)	**(13 398,1)**
Incl. depreciation and amortisation	*(2 045,4)*	*(788,3)*	*(1 269,8)*	*(580,1)*	*(180,7)*	***(4 864,3)***
Total expenses before other operating expenses	**(13 283,8)**	**(4 269,7)**	**(5 557,3)**	**(4 106,2)**	**(1 445,6)**	**(28 662,6)**
Total profit before other operating expenses and tax	**32 084,7**	**25 911,5**	**17 244,5**	**(2 219,7)**	**2 977,4**	**75 998,4**
Movement in allowance for expected credit losses	(91,3)	1 765,4	(10,5)	(1,1)	–	**1 662,5**
Other impairment and provisions	(180,2)	–	(46,8)	–	(67,0)	**(294,0)**
Total profit before tax	**31 813,2**	**27 676,9**	**17 187,2**	**(2 220,8)**	**2 910,4**	**77 366,9**

(in millions of Russian rubles, unless otherwise indicated)

26. Operating Segments (continued)

	Year ended December 31, 2022					
	Markets	Treasury	Depository	Marketplace	Other services	Total
Income						
Fee and commission income	24 366,0	1 007,4	8 533,5	748,6	2 831,7	**37 487,2**
Net interest and other finance income*	5 790,2	22 044,2	16 948,0	19,6	826,4	**45 628,4**
Other operating income	342,4	–	19,9	17,4	–	**379,7**
Total income	**30 498,6**	**23 051,6**	**25 501,4**	**785,6**	**3 658,1**	**83 495,3**
Expenses						
Personnel expenses	(6 405,7)	(1 411,1)	(2 764,0)	(723,8)	(677,7)	**(11 982,3)**
General and administrative expenses	(5 002,9)	(1226,4)	(2 770,5)	(2 189,8)	(671,3)	**(11 860,9)**
Incl. depreciation and amortisation	*(1 864,2)*	*(609,9)*	*(1 455,9)*	*(195,8)*	*(234,6)*	***(4 360,4)***
Total expenses before other operating expenses	**(11 408,6)**	**(2 637,5)**	**(5 534,5)**	**(2 913,6)**	**(1 349,0)**	**(23 843,2)**
Total profit before other operating expenses and tax	**19 090,0**	**20 414,1**	**19 966,9**	**(2 128,0)**	**2 309,1**	**59 652,1**
Movement in allowance for expected credit losses	(175,0)	(12 919,6)	1,1	(0,4)	–	**(13 093,9)**
Other impairment and provisions	(1 074,6)	–	(173,0)	–	–	**(1 247,6)**
Total profit before tax	**17 840,4**	**7 494,5**	**19 795,0**	**(2 128,4)**	**2 309,1**	**45 310,6**

* including net gain on financial assets at FVTOCI and net financial result from foreign exchange

27. Commitments and Contingencies

Legal proceedings and claims. From time to time and in the normal course of business, claims against the Group may be received from customers and counterparties. Management of the Group believes that such claims may not have a material impact on its financial and operational activities and that no material losses will be incurred, and accordingly no provision has been made in these Consolidated Financial Statements.

Fiduciary activities. The Group provides depositary services to its customers. As at December 31, 2023 and 2022, the Group had customer securities totalling 89 950 bln items and 85 528 bln items, respectively, in its nominal holder accounts. The Group accepts the operational risk on these activities, but the Group's customers bear the credit and market risks associated with such operations.

Taxation. Major part of the Group's business activity is carried out in the Russian Federation. Russian tax, currency and customs legislation as currently in effect is vaguely drafted and is subject to varying interpretations, selective and inconsistent application and changes, which can occur frequently, at short notice and may apply retrospectively. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and federal authorities. Recent trends in tax law enforcement practice indicate that the tax authorities and courts 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 the Group that have not been challenged in the past may be challenged at any time in the future. As a result, significant additional taxes, penalties and late payment interest may be assessed by the relevant authorities. Generally fiscal periods remain open and subject to review by the Russian 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.

As at December 31, 2023 management believes that its interpretation of the relevant legislation is appropriate and that the Group's tax, currency and customs positions should be sustained vis-à-vis tax authorities and courts.

28. 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 Statement of Financial Position are the following amounts that arose on transactions with key management personnel:

	December 31, 2023	December 31, 2022
Other assets	0,1	0,1
Other liabilities	932,5	449,3
Share-based payments	368,7	134,2

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

	Year ended December 31, 2023	Year ended December 31, 2022
Short-term employee benefits	743,2	671,2
Share-based payment expense on cash settled instruments	240,7	–
Long-term employee benefits	191,6	113,2
Share-based payment expense on equity settled instruments	54,7	65,3
Total remuneration of key management personnel	**1 230,2**	**849,7**

(b) Transactions with equity-accounted investees

Included in the Consolidated Statement of Financial Position are the following amounts that arose on transactions with equity-accounted investees:

	December 31, 2023	December 31, 2022
Assets		
Equity-accounted investments	294,3	127,0
Due from financial institutions	32,4	15,5
Other assets	4,3	–
Liabilities		
Central counterparty financial liabilities	(57,9)	–

Included in the Consolidated Statement of Profit or Loss are the following amounts that arose on transactions with equity-accounted investees:

	Year ended December 31, 2023	Year ended December 31, 2022
Fee and commission income	16,2	–
Other interest income	1,9	–
Other operating income	0,4	–
General and administrative expenses	(5,9)	–

(in millions of Russian rubles, unless otherwise indicated)

29. Fair Value Measurements

The Group performs a fair value assessment of its 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 assets recorded on the consolidated 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).

Derivative financial instruments contracts are measured based on observable spot and forward exchange rates and the yield curves of the respective currencies.

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.

Significant unobservable inputs used in the fair value measurement of the unquoted equity securities using discounted cash flow method are discount rate (for which weighted average cost of capital of the company is used) and long-term growth rate (which mostly approaches to projected long-term inflation rate).

Non-financial assets measured at FVTPL are recorded at CBR prices.

29. Fair value Measurements (continued)

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

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Financial assets at FVTPL	0,3	–	3 204,8	**3 205,1**
CCP financial assets (derivative financial instruments)	10 644,7	1 138,6	–	**11 783,3**
Financial assets at FVTOCI	156 229,4	6 647,5	–	**162 876,9**
Non-financial assets measured at fair value				
Other assets (non-financial assets measured at FVTPL)	–	49 126,0	–	**49 126,0**
Financial liabilities measured at fair value				
CCP financial liabilities (derivative financial instruments)	(10 644,7)	(1 138,6)	–	**(11 783,3)**
Other liabilities (derivative financial instruments)	(0,3)	–	–	**(0,3)**
Non-financial liabilities measured at fair value				
Clients' funds (non-financial liabilities measured at FVTPL)	–	(49 126,0)	–	**(49 126,0)**

Financial assets and liabilities measured at fair value at December 31, 2022, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Financial assets at FVTPL	22,4	1 632,0	1 499,9	**3 154,3**
CCP financial assets (derivative financial instruments)	19 871,9	8,2	–	**19 880,1**
Financial assets at FVTOCI	149 793,7	28 229,6	–	**178 023,3**
Non-financial assets measured at fair value				
Other assets (non-financial assets measured at FVTPL)	–	32 182,8	–	**32 182,8**
Financial liabilities measured at fair value				
CCP financial liabilities (derivative financial instruments)	(19 871,9)	(8,2)	–	**(19 880,1)**
Other liabilities (derivative financial instruments)	(1 581,6)	–	–	**(1 581,6)**
Non-financial liabilities measured at fair value				
Clients' funds (non-financial liabilities measured at FVTPL)	–	(32 198,7)	–	**(32 198,7)**

29. Fair value Measurements (continued)

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, distributions payable to holders of securities and counterparties and other financial liabilities as of December 31, 2023 and 2022, refer to level 2 hierarchy of fair value.

Management of the Group considers that the fair value of cash and cash equivalents, due from financial institutions (except for non-financial assets measured at FVTPL), CCP financial assets and liabilities (REPO transactions and deposits), other assets (except for non-financial assets measured at FVTPL), clients' funds (except for non-financial liabilities measured at FVTPL), due to financial institutions, distributions payable to holders of securities and counterparties and other liabilities (except for derivative financial instruments) not carried at fair value in Consolidated Statement of Financial Position approximates their carrying value due to their short-term nature.

The fair value of investment financial assets at amortised cost as of December 31, 2023 amounted to RUB 17 700,4 million and refer to level 1 hierarchy of fair value.

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.

	Transfers between Level 1 and Level 2	
	Year ended December 31, 2023	**Year ended December 31, 2022**
From Level 1 to Level 2		
Financial assets at FVTPL	–	1 632,0
Financial assets at FVTOCI	3 809,0	24 708,0
From Level 2 to Level 1		
Financial assets at FVTOCI	14 993,0	697,4

Level 3 fair value measurements reconciliation.

The reconciliation of Level 3 fair value measurements of financial assets is presented as follows:

	Financial assets at FVTPL
	Unquoted equities
December 31, 2021	**532,5**
Total unrealized profit in profit or loss	868,2
Purchases	99,2
December 31, 2022	**1 499,9**
Total unrealized profit in profit or loss	1 645,2
Purchases	59,7
December 31, 2023	**3 204,8**

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29. Fair value Measurements (continued)

Unobservable inputs used in measuring fair value

The following table sets out information about significant unobservable inputs used at December 31, 2023 in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

Type of financial instrument	Fair values at December 31, 2023	Valuation technique	Significant unobservable input	Estimates used for significant unobservable input
Financial assets at FVTPL (unquoted shares)	3 204,8	Discounted cash flow model	Discount rate	17,4%
			Long-term growth	5,0%

The Group has performed a sensitivity analysis on how fair value of unquoted shares categorised as Level 3 in the fair value hierarchy will change if the key unobservable inputs used to calculate fair value change by a certain percentage.

The table below outlines the change in fair value of unquoted shares with effect on profit or loss if the key unobservable inputs change while all other inputs stay unchanged:

Significant unobservable input	Change in significant unobservable input	Change in fair value
Discount rate	+1,5%	(215,1)
	-1,5%	274,3
Long-term growth	+1,0%	112,2
	-1,0%	(95,5)

30. Capital Management

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Supervisory Board monitors the return on capital, which the Group defines as net profit divided by total equity, excluding non-controlling interests. The Supervisory Board also monitors the level of dividends to ordinary shareholders.

The capital structure of the Group consists of the shareholder's equity, which includes capital issued, reserves and retained earnings. The allocation of capital between specific operations and activities is, to a large extent, driven by optimization of the return achieved on the capital allocated. Although maximization of return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision making. Account is also taken of synergies with other operations and activities, the availability of management and other resources and the fit of the activity with the longer term strategic objectives. The policies in respect of capital management and allocation are regularly reviewed by the Supervisory Board through approval and review within annual budgets.

The Group entities are subject to capital requirements established by the CBR in respect of the minimum amount of own funds for each entity depending on the nature of their activities and capital adequacy ratio. NSD and NCC as credit institutions have to maintain a ratio of capital to risk weighted assets (statutory capital ratio N1) above the prescribed minimum level, which is 12% for NSD and 100% for NCC as a central counterparty as of December 31, 2023 (December 31, 2022: 12% for NSD and 50% for NCC).

Moscow Exchange and NAMEX have to maintain capital adequacy ratio at minimum level 100%.

(in millions of Russian rubles, unless otherwise indicated)

30. Capital Management (continued)

Regulatory capital adequacy ratios for the major Group companies were as follows:

	Capital adequacy ratio %		Capital adequacy ratios requirements %	
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Moscow Exchange	281,90	243,95	100,0	100,0
NCC	266,61	197,07	100,0	50,0
NSD	117,25	60,77	12,0	12,0
NAMEX	897,88	915,79	100,0	100,0

Own funds and regulatory own funds minimum requirements for the major Group companies were as follows:

	Own funds		Own funds minimum requirements	
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Moscow Exchange	69 502,2	52 912,2	100,0	100,0
NCC	110 823,0	102 759,9	300,0	300,0
NSD	47 149,9	33 106,0	4 000,0	4 000,0
NAMEX	401,7	372,1	100,0	100,0

The Group companies had complied in full with all its externally imposed capital requirements at all times.

31. Risk Management Policies

Risk management is an integral part of the Group's activities. Moscow Exchange Group distinguishes the following significant risks: credit, liquidity, market, operational. 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.

A description of the Group's risk management policies in relation to each significant risk is as follows.

Credit risk

The Group uses credit risk risk management approaches under requirements of the Russian regulators, based on the best international practices and standards. The Group'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 the Group by its counterparties.

The goal of credit risk management is to timely define and efficiently evaluate the level of risk necessary to ensure sustainable growth determined by the Group's development strategy.

The objectives of the Group in credit risk management:

- implement a systemic and enhanced approach to optimize the structure of the assets in order to limit credit risk level;
- enhance the competitive advantages of the Group through implementation of more precise risk measures;
- maintain stability during the introduction of new complex products and services.

31. Risk Management Policies (continued)

Credit risk (continued)

The Group controls credit risk by setting limits on a counterparty and groups of related counterparties. Credit risk limits are set on the basis of a comprehensive and in-depth evaluation of the counterparties financial conditions, analysis of the macroeconomic environment of counterparties' activities, the level of information transparency, business reputation and other financial and non-financial factors. The Group has developed and constantly improves an internal ratings system, providing a prudent assessment of its counterparties and the level of accepted credit risk.

Credit risk limits are approved by authorised bodies. Credit risk limits are monitored and reviewed on a regular basis. Also the Group constantly monitors the concentration of credit risk in compliance with applicable prudential requirements.

To reduce credit risk the Group applies specific requirements to the financial conditions of its counterparties and to the types and quality of collateral accepted by the Group. Accepted collateral includes liquid securities and cash contributions in Rubles and foreign currencies. Eligible types of collateral depend on the market and the type of exposure. To mitigate credit risk from its CCP activities the Group has introduced a multi-level default waterfall structure in compliance with the highest international standards and consisting of various lines of defence applicable in case of a clearing participant default.

As explained in Note 2, the Group 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 the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

In order to assess the financial condition of counterparties and the level of credit risk assumed by them, the Group has developed and continuously improves its internal rating system. The Group's internal rating system includes ten categories. Internal rating information is based on a combination of actual financial reporting data and non-financial 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 to the Group.

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

The Group 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.

The Group 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.

The Group 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. The Group tests its internal ratings annually based on historical data to determine whether the internal ratings adequately and timely take into account credit risk factors.

31. Risk Management Policies (continued)

Credit risk (continued)

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

The Group 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.

The Group 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 NFP provisioning 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, the Group 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).

The Group assesses the counterparty's financial position and whether there is any indication that the financial instrument may be impaired based on the amounts receivable, the counterparties the period of delay in the fulfillment of the obligation. Depending on the impairment indicators identified by the Group, 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 the Group uses forward-looking information to create a "baseline scenario" of future dynamics of the relevant economic indicators, as well as a representative set of other possible forecast scenarios to assess the sensitivity of the results to changes in the parameters. The external information used includes economic data and forecasts published by government and monetary authorities.

The Group uses ruble zero-coupon yield curves in its measurement of macroeconomic factor for the purpose of the measurement of ECL.

As at December 31, 2023 and 2022, the Group has no modified financial assets as a result of the Group's forbearance activities and no amounts outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity.

Maximum credit risk exposure

The Group's maximum exposure to credit risk equals to the carrying value of assets that bear credit risk.

As at December 31, 2023 included into other assets are overdue receivables of RUB 409,5 million (December 31, 2022: RUB 414,9 million).

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). 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. The main purpose of liquidity management is to ensure Group'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.

Group's liquidity management procedures cover various forms of liquidity risk:

- operating liquidity risk arising from the inability to timely meet its current obligations due to the existing structure of current cash credits and debits (operating analysis and control of liquidity);
- risk of mismatch between the amounts and dates of repayment of claims and obligations – analysis and assessment of prospective liquidity (GAP analysis);
- risk of unforeseen claims on liquidity, i.e. the consequences of the risk that unforeseen future events may claim more resources than allocated for this purpose (stress testing).

Liquidity risk management plays an important role in the whole risk management system and includes such procedures as: forecasting/monitoring payment flow and liquidity ratios, planning measures to recover the required liquidity level considering unfavourable and crisis situations, ensuring an optimal structure of assets in accordance with the resource base, taking into account the maturities of fund sources and their volumes when allocating assets to financial instruments.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest and exchange rates.

Management of the Group expects that the cash flows from certain financial assets will be different from their contractual terms either because the Group has the discretionary ability to manage the cash flows or because past experience indicates that cash flows will differ from contractual terms. In case of any liquidity shortages the following liquidity management tools are used by the Group: overdraft borrowing from the CBR, Lombard and interbank borrowings, REPO deals.

(in millions of Russian rubles, unless otherwise indicated)

31. Risk Management Policies (continued)

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, as well as due to the low liquidity of the market for the purpose of the liquidation restructuring of the market position of the defaulted clearing participant. The key components of market risk are interest and currency risks.

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.

Management of the relevant Group entities is responsible for asset-liability management regarding relevant individual Group entities.

Designated functional units within individual Group entities and at the Group level are responsible for interest rate risk management.

The majority of the Group's transactions is represented by fixed income instruments, and hence the contractual maturity dates are also the dates of changes in interest rates.

In order to measure the impact of interest rate risk on the fair value of financial instruments the Group 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 the Group and its entities, 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 and FVTPL included in own portfolio as of December 31, 2023 and December 31, 2022 are presented in the table below:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Net profit	Equity	Net profit	Equity
Interest rates rise	–	(12 418,5)	(6,9)	(5 169,5)
Interest rates fall	–	9 260,1	6,1	4 193,3

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 (December 31, 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).

Currency risk

Currency risk is the risk of changes in financial instruments value due to the exchange rates fluctuations. The financial state and cash flows of the Group are subject to the influence of such fluctuations. The main source of currency risk are open foreign currency positions.

The following exchange rates are applied during the period:

	December 31, 2023			December 31, 2022		
	USD	EUR	CNY	USD	EUR	CNY
Minimum	67,5744	72,7908	9,8949	51,158	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

In addition to projecting and analysing assets and liabilities by currency, the Group analyses sensitivities to movements in exchange rates which are taking into account market conditions.

31. Risk Management Policies (continued)

Operational risk

Operational risk is the risk of direct or indirect losses arising from a wide variety of risk events associated with the internal processes, personnel, technology and infrastructure, and from external factors (other than credit, market and liquidity risks) such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour or IT failure.

The Supervisory Board has overall responsibility for the oversight of operational risk management, reviewing risk management policies and procedures. The risk assessment, reporting and control procedures vary by exposure type, but share a common methodology developed and updated periodically by the risk management personnel.

Both external and internal risk factors are identified and managed throughout the business units within their functional duties. The primary responsibility for the implementation of controls to address operational risk is assigned to management within each business unit.

Operational risk management includes reputational, compliance and legal risks governance as well.

Moreover, strategic risk (risk of non-achievement of strategic goals within certain deadline or resources) is also monitored and managed under the operational risk management framework.

Legal risk

Legal risk is the risk of incurring losses as a result of inefficient organization of legal work leading to legal errors in the activities of the Group due to the actions of employees or management boards; violation of contractual terms and conditions by the Group, as well as by its clients and counterparties; imperfection of the legal system; the Group, its clients and counterparties being under the jurisdiction of different countries. Losses arising from the realisation of legal risk are reflected in the risk event database along with losses from the realisation of operational risk.

Legal risk management procedures include:

- monitoring of legislation and internal procedures for compliance with the up-to-date requirements on a regular basis;
- setting quantitative and volume limits for legal claims and control over limits set;
- analysis of legal basis for all new products and services;
- update of internal regulations in relation to legislation changes.

Compliance risk

Compliance risk is the risk of losses resulting from Group activities being inconsistent with the law, the Charter and internal regulations. Compliance risk is solely managed by Internal Control and Compliance department that takes the following actions in order to prevent losses due to compliance risk realization:

- legislation monitoring;
- interaction with the regulatory authorities regarding the specifics of upcoming regulation;
- compliance risk identification in existing and planned internal procedures;
- best-practice analysis of internal control measures.

31. Risk Management Policies (continued)

Reputational risk

Reputational risk is the risk of the Group incurring losses or loss of profit due to negative impact of external and internal factors on business reputation, which occur in the form of specific events resulting from the actions/inaction of employees, affiliates, shareholder, beneficiaries of the Group, members of management boards, as well as third parties and organizations, which may directly or indirectly adversely affect the maintenance of reputation risk at an acceptable level.

Since January 2023, approaches to reputation risk management have been unified and unified risk appetite indicators have been developed by the Group. The reputation risk level is calculated based on the analysis of negative publications about the Group in mass media and social networks. The unified approach to managing the risk of loss of business reputation provides the possibility of timely identification of reputational threats and informing the management of the Group about them for prompt management decisions to prevent and/or minimize possible damage to the Group.

32. Offsetting of Financial Instruments

Gross claims and liabilities with individual counterparties under CCP currency transactions are offset in accordance with IAS 32.

Direct and reverse REPO transactions of CCP with individual counterparties are subject to clearing rules that create a contingent right of set-off that does not qualify for offsetting. Clearing participants are required to deposit collateral in the form of cash or securities for current deals and make contribution to a risk-covering fund, as described in Note 31. Clearing rules give the Group right to use these amounts under certain conditions (e.g. in case of default). However, offsetting criteria is not met as there is no intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Reverse REPO transactions with financial institutions are subject to master agreement that gives the Group right to settle amounts relating to these transactions on a net basis under certain conditions (e.g. in case of default), but offsetting criteria is not met as there is no enforceable right to set off in the normal course of business.

MOEX GROUP

Notes to the Summary Consolidated Financial Statements
for the Year Ended December 31, 2023 (continued)
(in millions of Russian rubles, unless otherwise indicated)

32. Offsetting of Financial Instruments (continued)

The table below shows financial assets and liabilities offset in the statement of financial position, as well as the effect of clearing agreements that do not result in an offset in the consolidated statement of financial position:

	December 31, 2023			Related amounts not set off in the consolidated statement of the financial position		
	Gross claims	**Gross liabilities**	**Net amount presented in consolidated financial statements**	**Financial instruments**	**Collateral received**	**Net amount**
Due from financial institutions (reverse REPO receivables from financial institutions)	74 051,7	–	**74 051,7**	(74 051,7)	–	**–**
Central counterparty financial assets (REPO transactions and deposits)	6 784 692,2	–	**6 784 692,2**	(6 784 692,2)	–	**–**
Central counterparty financial assets (derivative financial instruments)	11 783,3	–	**11 783,3**	(4 224,2)	(7 559,1)	**–**
Financial assets at FVTPL (derivative financial instruments)	0,3	–	**0,3**	(0,3)	–	**–**
Central counterparty financial liabilities (REPO transactions and deposits)	–	(6 784 692,2)	**(6 784 692,2)**	6 784 692,2	–	**–**
Central counterparty financial liabilities (derivative financial instruments)	–	(11 783,3)	**(11 783,3)**	4 224,2	7 559,1	**–**
Other liabilities (derivative financial liabilities)	–	(0,3)	**(0,3)**	0,3	–	**–**

(in millions of Russian rubles, unless otherwise indicated)

32. Offsetting of Financial Instruments (continued)

	December 31, 2022			Related amounts not set off in the consolidated statement of the financial position		
	Gross claims	**Gross liabilities**	**Net amount presented in consolidated financial statements**	**Financial instruments**	**Collateral received**	**Net amount**
Due from financial institutions (reverse REPO receivables from financial institutions)	8 034,7	–	**8 034,7**	(8 034,7)	–	**–**
Central counterparty financial assets (REPO transactions and deposits)	4 368 592,7	–	**4 368 592,7**	(4 368 592,7)	–	**–**
Central counterparty financial assets (derivative financial instruments)	19 880,1	–	**19 880,1**	(7 136,3)	(12 743,8)	**–**
Financial assets at fair value through profit or loss (derivative financial instruments)	22,4	–	**22,4**	(3,0)	–	**19,4**
Central counterparty financial liabilities (REPO transactions and deposits)	–	(4 368 592,7)	**(4 368 592,7)**	4 368 592,7	–	**–**
Central counterparty financial liabilities (derivative financial instruments)	–	(19 880,1)	**(19 880,1)**	7 136,3	12 743,8	**–**
Other liabilities (derivative financial liabilities)	–	(1 581,6)	**(1 581,6)**	3,0	–	**(1 578,6)**