



**MOSCOW
EXCHANGE**

3 March 2016

FY2015 Earnings Presentation

2015: Tough macro backdrop, strong MOEX performance

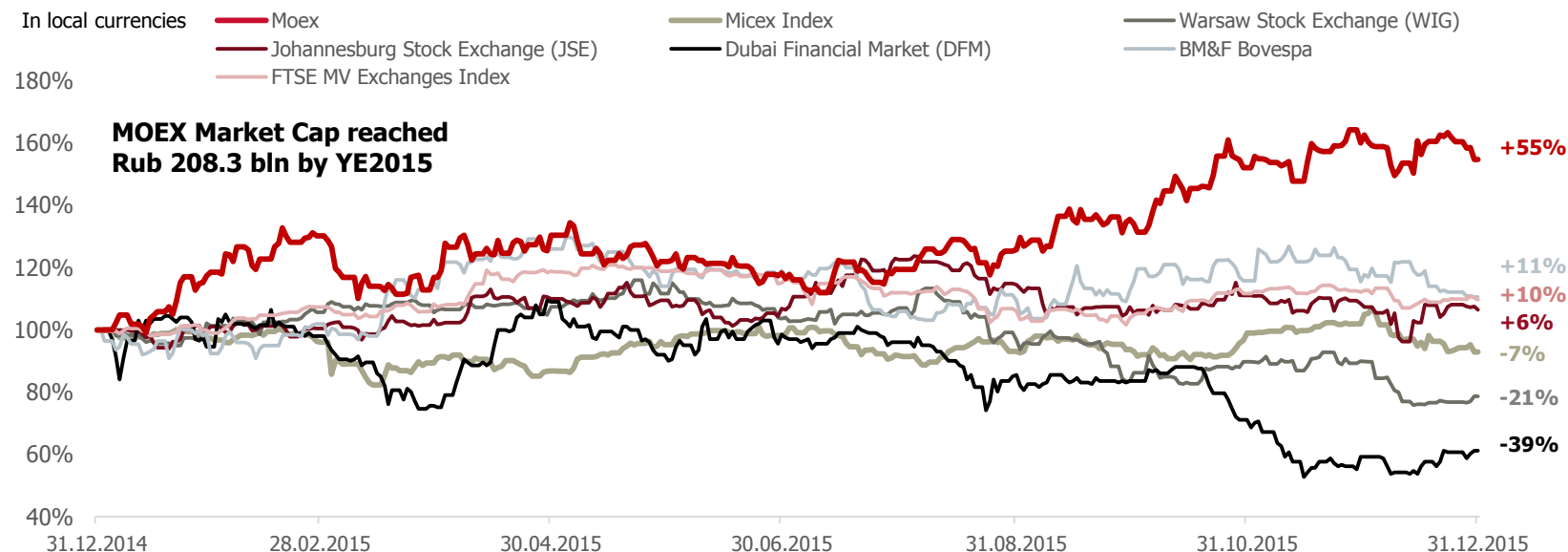
2015 was characterized by a challenging economic and market environment...

- ✓ Average oil price (Urals) dropped 45% YoY
- ✓ Russia entered recession cycle with GDP contraction of -3.7%
- ✓ Average RUB/USD rate depreciated by 37% YoY
- ✓ Western sanctions regime remained in place
- ✓ FED rate¹ increased and capital outflow from EM countries continued (USD765 bln)

...but MOEX delivered record financial results

Well-diversified business model and sound strategy allowed Moscow Exchange to deliver record financial results in the worse economic environment since the 1998 financial crisis.

... which led to market capitalization growth



МОСКОВСКАЯ
БИРЖА

Key developments in 2015

✓ Excellent year with a set of records

- Record-breaking results achieved in 2015 across different markets:
 - FX Market volumes reached RUB 311 trn, setting records both in spot and swap segments
 - Repo with CCP volumes reached RUB 66.7 trn and became an important liquidity distribution mechanism in the Russian banking system
 - Futures on USD/RUB was the most traded currency derivative contract globally¹
 - Precious metals trading volumes increased 4.7 times YoY to the record high of RUB 94 bln

✓ Supervisory Board made cornerstone decisions

- Supervisory Board approved a new dividend policy, raising the payout floor to 55% of the Group's net profit under IFRS, in line with the record payout ratio level of 2014
- Supervisory Board approved the Group's new strategy for 2015-2020 setting a framework for further growth
- Supervisory Board approved a new MOEX corporate governance code, which reflects global best practices in protection of minorities' rights

✓ Growing the local investor base & local listings

- Individual investment accounts (IIA) beat expectations: more than 80,000 IIAs registered (>100,000 as of 1 March 2016)
- Changes in the regulation allowed retail investors to remotely open a brokerage account. This streamlines and simplifies the process for retail investors in Russia's regions
- Shift towards local listings continued: 8 companies listed shares on MOEX and 2 companies dual-listed. Total capital raised approximately RUB 78 bln

✓ MOEX now has the highest free-float among Russian issuers – 57%

- In February 2016, more than 30 institutional funds from the US, UK, Europe and Russia acquired a 5.2% stake (USD 136 mln) in MOEX from Chengdong Investment Corporation via a successful accelerated book building, with the book closed in less than 2 hours.

Key Financial Highlights 2015

**+51%
YoY**

**Operating
Income
46.0 bln RUB**

- Strong double digit operating income growth thanks to a solid performance across both major components - fees and commissions (+14%) and interest and other finance income (+97%). Operating Income CAGR +29% since 2012

**+9%
YoY**

**Operating
Expenses
11.3 bln RUB**

- Operating expenses rose 8.7% YoY, versus annual inflation of 12.9%

**-9.6p.p.
YoY**

**Cost/Income
ratio
24.5%**

- Cost to income ratio was 24.5% versus 34.1% in 2014

**+69%
YoY**

**EBITDA
36.5 bln RUB**

- Record high EBITDA of RUB 36.5 bln as a result of strong operating income growth coupled with strict cost control. EBITDA Margin of 79% in 2015, 8p.p. higher than in 2014

**+74%
YoY**

**Net
Profit
27.9 bln RUB**

- Outstanding net profit growth of 74% with best-in-class net profit margin of 61% in 2015. EPS grew to 12.5 RUB in 2015 from 7.2 RUB in 2014

**+8.7p.p.
YoY**

**ROE
27.3%**

- ROE ratio increased to 27.3% in 2015 from 18.6% in 2014, which is well-above estimated cost of equity

-

**Debt
0 bln RUB**

- Moscow Exchange's highly cash-generative business continued to operate with no debt

Markets Overview 2015

FX Market

	RUB trn	% YoY
Trading volumes	310.8	+33%
	RUB bln	% YoY
CNY/RUB trading volumes	858.0	+280%

Comments

- Spot market was driven by higher volatility and increased activity across all groups of market participants. Swap transaction volumes increased amid continued demand from local banks to manage liquidity positions and hedge FX risks
- Trading in the CNY/RUB currency pair continued to grow rapidly and reached a new record of RUB 858 bln in 2015

Money Market

	RUB trn	% YoY
Trading volumes¹	260.2	-1%
	RUB trn	% YoY
REPO with CCP trading volumes	26.3	+290%

Comments

- Average REPO maturity grew from 5.0 days to 6.6 days mainly driven by long-term FX-repo with the CBR, which was in a high demand during 1H 2015
- REPO with CCP remained one of the fastest-growing product (up 2.7x YoY). The split between repo with CCP/repo with CBR shifted from 14%/86% in 2014 to 36%/54% in 2015

Depository and Settlement Services

	RUB trn	% YoY
Assets under custody (average for the period)	29.1	+27%

Comments

- The increase in assets under custody was driven by admission of DRs and Eurobonds as collateral for repo and on-exchange Eurobond trading and new primary bond placements



Markets Overview 2015

Equities

	RUB trn	% YoY
Trading volumes	9.4	-9%
	Dec'14	Dec'15
Russian equities trading volumes², MOEX vs LSE	56% 44%	59% 41%

Comments

- Though secondary trading volumes in Russian equities declined both domestically and internationally, market share of MOEX vs LSE for dual-listed Russian companies grew from 55% in Q4'14 to 58% in Q4'15
- MOEX had 100% market share for new Russian listings, with IPOs & SPOs raising RUB ~78 bln

Fixed Income Market

	RUB trn	% YoY
Trading volumes	11.2	+5%
	RUB trn	% YoY
Bonds primary placements	2.6	+31%

Comments

- Normalization of interest rates and continued substitution of international debt led to robust growth in sovereign and corporate bond primary issuance
- Corporate bond placements reached a historical record of RUB 2.0 trn in 2015

Derivatives Market

	Contracts, mln	% YoY
Trading volumes	1,659	+17%
	RUB trn	% YoY
Futures on commodities	4.4	+372%

Comments

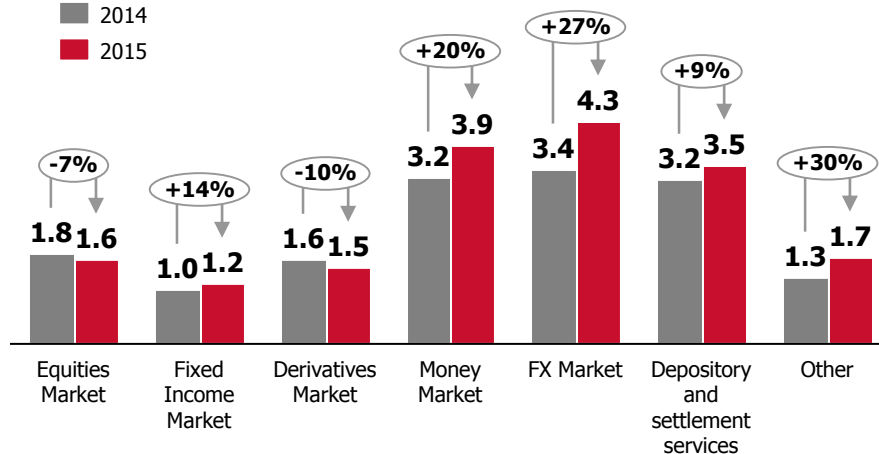
- Futures on USD/RUB remained the most popular contract. Increased market volatility on the FX Market led to 2x growth in FX derivatives trading value
- Futures on commodities became one of the most rapidly growing products, up 4.7x on the back of oil price volatility

Diversified fee & commission income

Fee & commission income performance

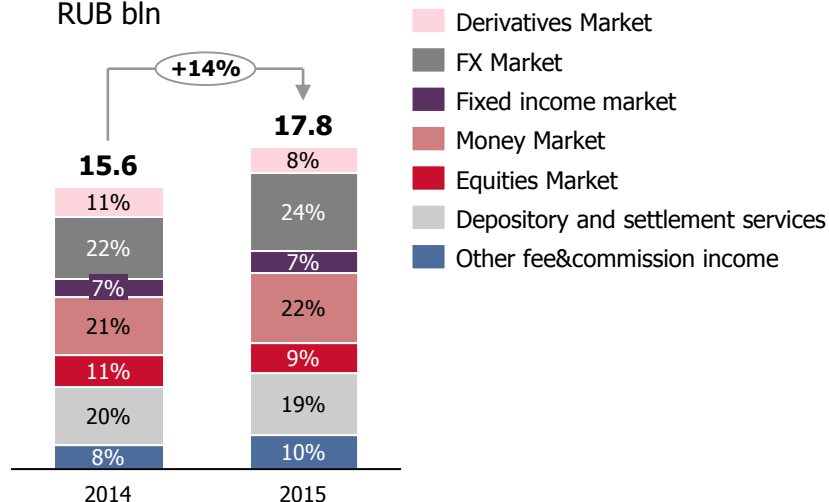
RUB bln

■ 2014
■ 2015



Fee & commission income breakdown

RUB bln



Comments

- FX Market income grew 27% YoY driven by strong performance of both spot and swap trading volumes. USD/RUB swap and spot trades remained key contributors to total FX Market income growth
- Money Market income increased 20% YoY thanks to rapid growth of repo with CCP and extension of average maturity of repo
- Equities Market income decreased 7% YoY mostly due to lower trading volumes
- Derivatives Market income declined 10% YoY due to continued shift in the products mix towards futures on USD/RUB trading
- Fixed income market income grew 14% YoY thanks to robust growth in sovereign bond primary issuance (~3.6x YoY) and corporate bond primary issuance (+5% YoY), while secondary trading volumes remained flat
- Depository and Settlement Services income increased 9% YoY thanks to new assets under custody and market cap expansion
- Other fee and commission income grew 30% mostly due to solid increase in fees from information services (58% YoY), while listing and other fees related to the Securities Market grew by 28% YoY



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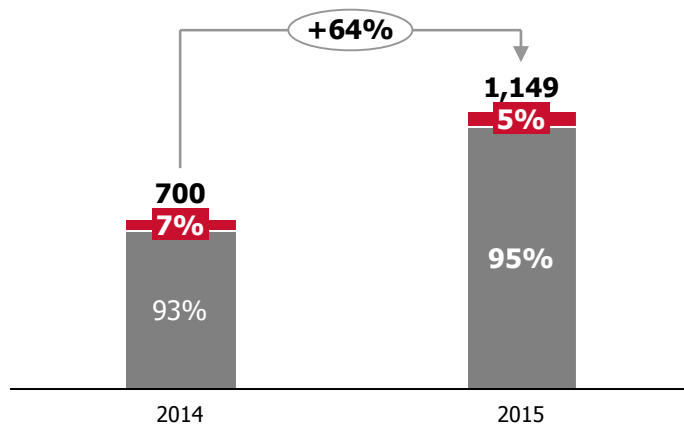
Source: Consolidated Financial Statements

Other fee & commission income mainly include income from sale of software and technical services, information services, listing and other service fees

Interest income: growth driven by higher interest rates and inflows of client funds

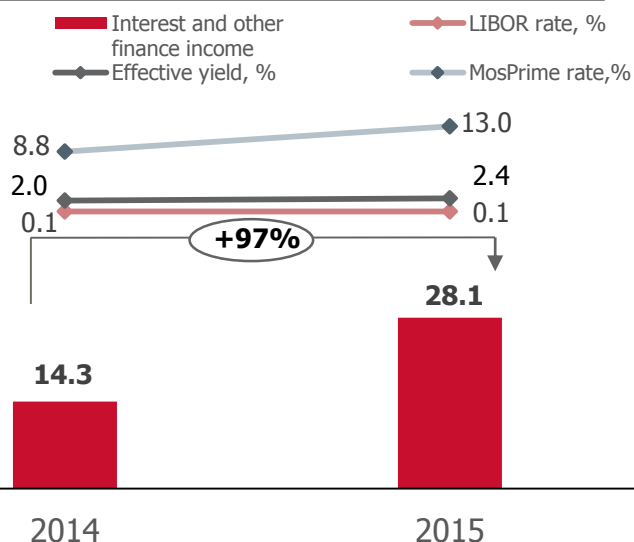
Investment portfolio¹ (average daily volume)

RUB bln



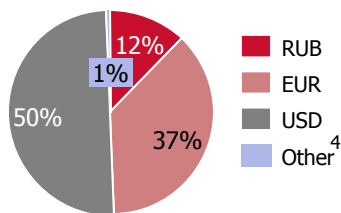
Interest income

RUB bln



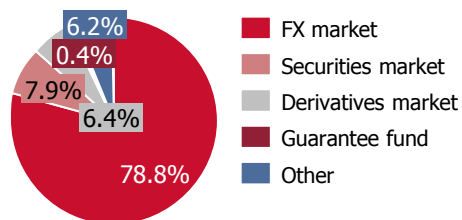
Clients funds by currency

2015



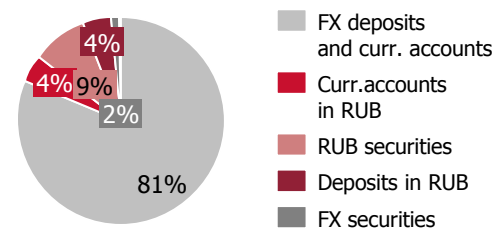
Clients funds by source

2015



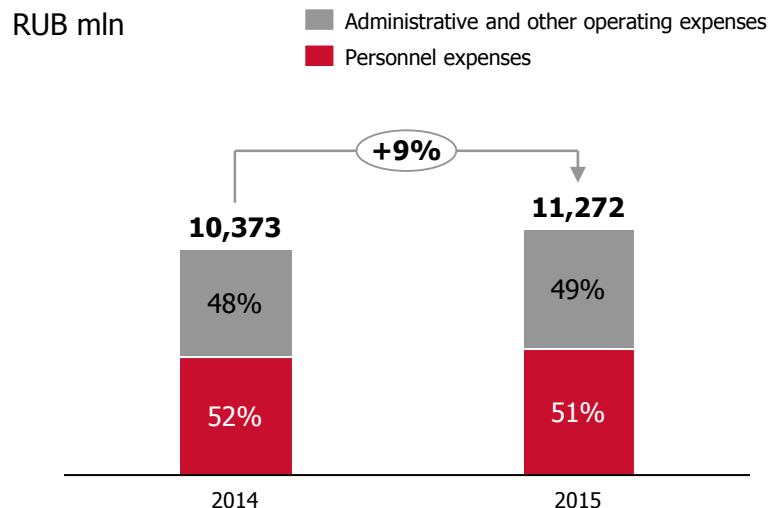
Investment portfolio by type of asset

2015

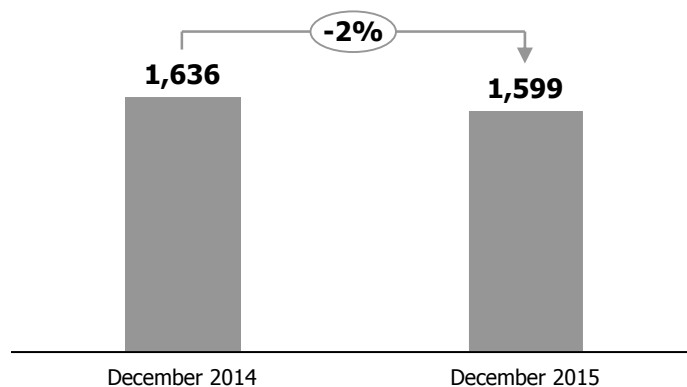


Operating expenses: effective cost control

Operating expenses



Headcount



Major expense items

RUB mln	2014	2015	Change YoY
Personnel expenses	5 395	5 783	7.2%
Administrative and other operating expenses, including	4 979	5 489	10.3%
Amortisation of intangible assets	1 095	1 207	10.3%
Equipment and intangible assets maintenance	508	690	35.9%
Professional services	616	505	-18.1%
Depreciation of property and equipment	493	593	20.1%
Rent and office maintenance	435	484	11.2%
Taxes other than income tax	430	451	5.0%
Market maker fees	363	352	-3.0%
Total	10 373	11 272	8.7%
Cost income ratio	34.1%	24.5%	-

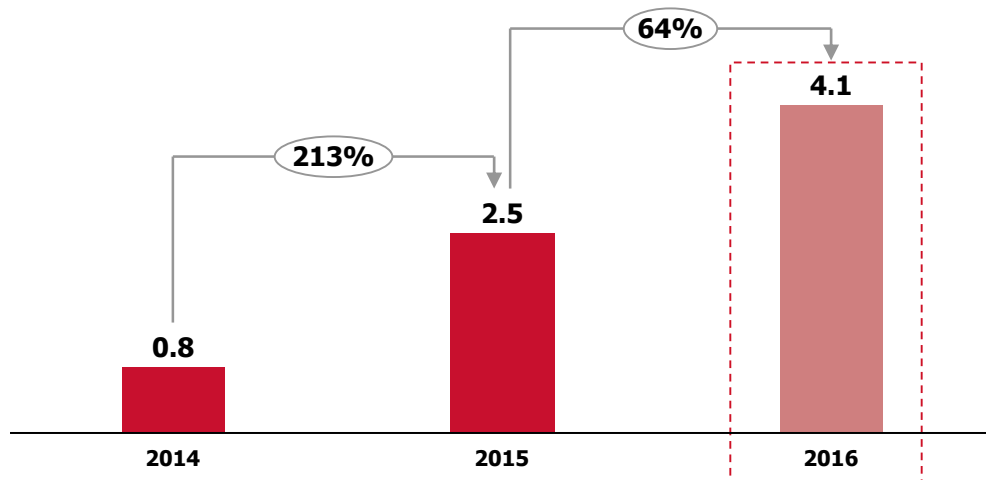
Comments

- Cost control remained strict with operating expense growth of 8.7% YoY, versus inflation of 12.9% YoY
- Administrative and operating expenses up 10.2% YoY driven by higher spending on:
 - maintenance of equipment and intangible assets due to commissioning of new IT facilities
 - IT systems maintenance and improvements
 - depreciation of property and equipment
- MOEX managed to keep personnel costs growth at just 7.2% YoY. MOEX continued its staff optimization, which led to 2% YoY headcount decline

CAPEX and OPEX Guidance

CAPEX 2015-2016

RUB bln



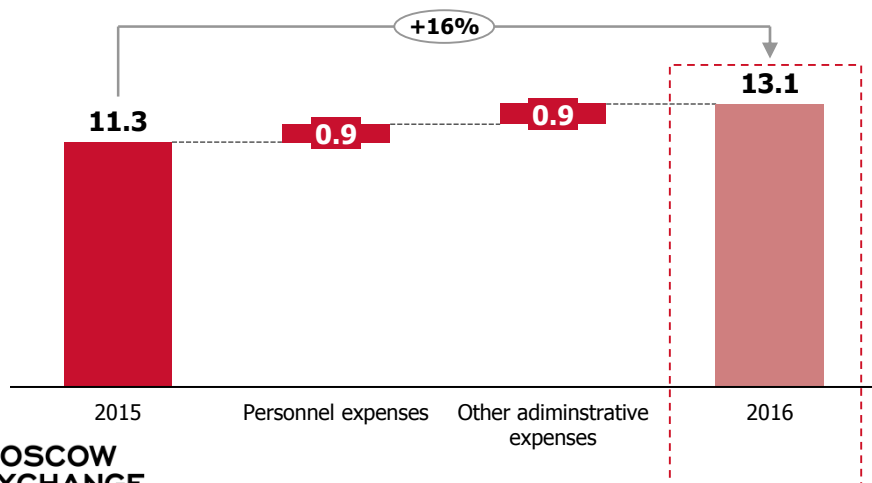
- Capex 2016 is expected to exceed normalized mid-term forecasted level of RUB 2.5-3.0 bln due to the partial shift of expenditures from 2015 to 2016

■ Capex scope remained the same:

- New IT architecture
- New data-center
- Hardware upgrade and implementation of advanced quality assurance practices
- Other projects, including grain market and corporate actions reform

Operating expenses 2015-2016

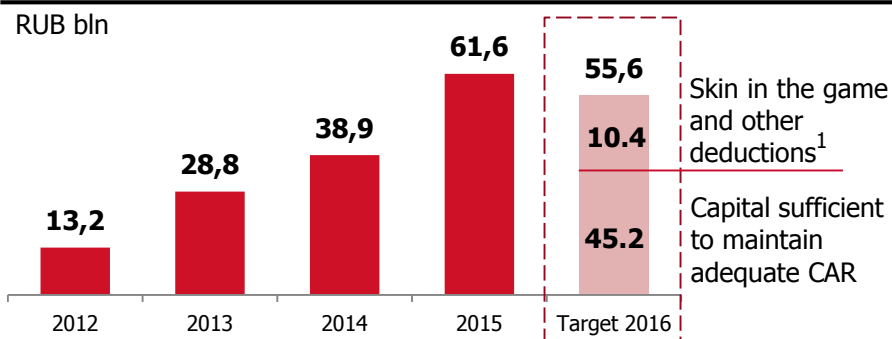
RUB bln



- Personnel expenses are expected to grow 16% in 2016 on the back of employment of new IT specialists and higher spending on social taxes
- Administrative and other expense are expected to increase 16% driven by higher IT spending and depreciation & amortization.

NCC capital target: RUB 55.6 bln

NCC capital (end of period)



Key takeaways

Target level of NCC capital is set at **RUB 55.6 bln** based on:

- ✓ **CCP Stress-tests with a new risk-covering mechanism**
Capital should be sufficient to cover potential losses under a stress scenario and keep business operational
- ✓ **New CBR regulation of capital adequacy ratio**
CAR should be sufficient under Basel III rules (**min of 8%** versus 10% before), and following adjustments of capital (skin in the game) and RWA

New regulation and its impact on NCC capital requirements

1

New regulation of CCPs in Russia

The CBR required all CCPs to be incorporated as entities with (i) clearing and (ii) non-credit banking organization licenses. The law was adopted in Dec 2015 with a transition period of 2 years for NCC. The licenses switch is expected to move regulation of NCC away from a classical banking regulation towards best practices of CCP regulation, which may reduce capital requirements for NCC in the long-run.

2

New financial stability recovery mechanism

Risk-protection system was unified across all markets and aligned with CPSS-IOSCO requirements. New "Skin in the game" size was approved by the NCC's Supervisory Board in line with the CBR's requirements:

- ✓ RUB **6.5 bln since Nov 2015**
- ✓ RUB **9.5 bln since July 2016 (planned)**

'Skin in the game' is deducted from the capital adequacy ratio (CAR) calculation, while NCC's financial assets and obligations, which NCC entered with market participants as CCP, are excluded from risk-weighted assets (RWA).

Net effect is expected to reduce capital requirements of NCC in the mid-run.

3

Introduction of Basel III rules

CAR calculation was aligned with Basel III requirements, with minimum CAR set at 8% level. NCC is expected to maintain a capital buffer to keep CAR at comfortable level exceeding 8%.



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MOEX priorities and points of growth 2016

Key projects

New products

- ✓ Repo with General collateral certificates
- ✓ DMA for corporates to FX Market, Fixed Income Market and Money Market
- ✓ Focus on bonds: substitution of bank lending with public capital markets and securitization development
- ✓ Expanding the market data business: new products and subscription-based services
- ✓ Corporate actions reform

Grow the investor base

- ✓ Attract non-resident flow, including further infrastructure developments, foreign clearing membership on FX & derivatives markets, NCC accreditation by EMIR/CFTC and creation of trading links between Russia and international markets
- ✓ Focus on retail investors, including on-line marketing tools, product and brand development, educational efforts for individuals

Cross-market services

- ✓ Unified collateral pool across all markets
- ✓ Collateral management services
- ✓ Cross-margining

IT excellence

- ✓ New IT architecture of the Exchange – segregation of trading and clearing modules
- ✓ New Tier-3 data center

Organic growth

- ✓ Privatization program
- ✓ Public debt increase



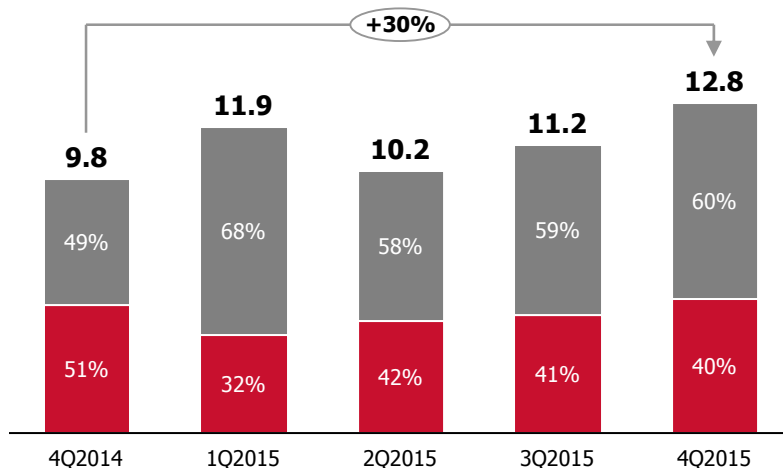
Appendix

4Q 2015 Financial Results

Operating income

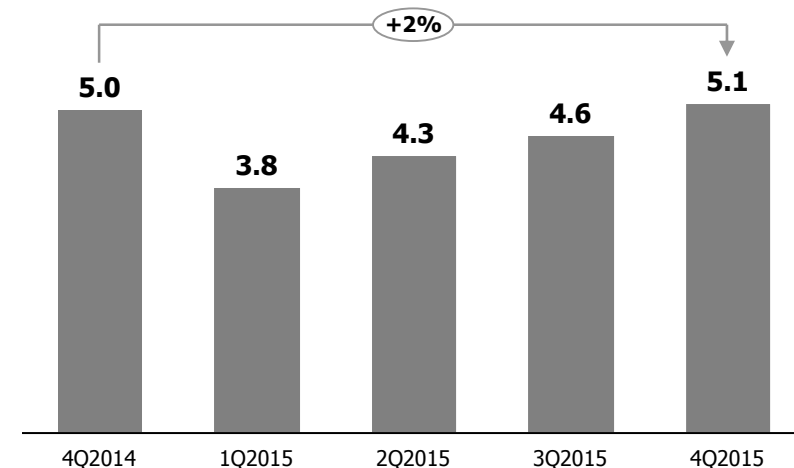
RUB bln

■ Interest and other finance income
■ Fee & commission and other income



Fee and Commission Income

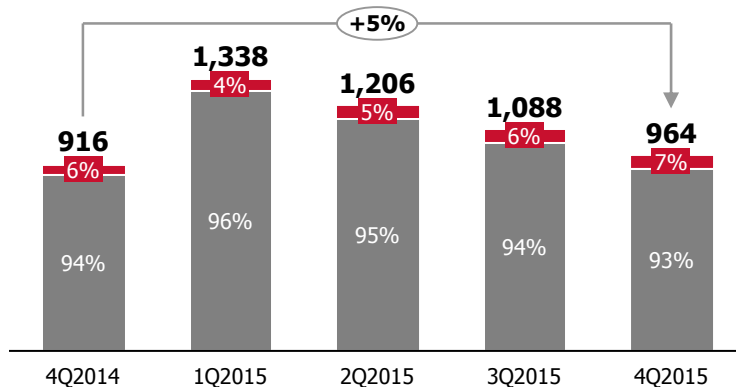
RUB bln



Investment portfolio¹ (average daily volume)

RUB bln

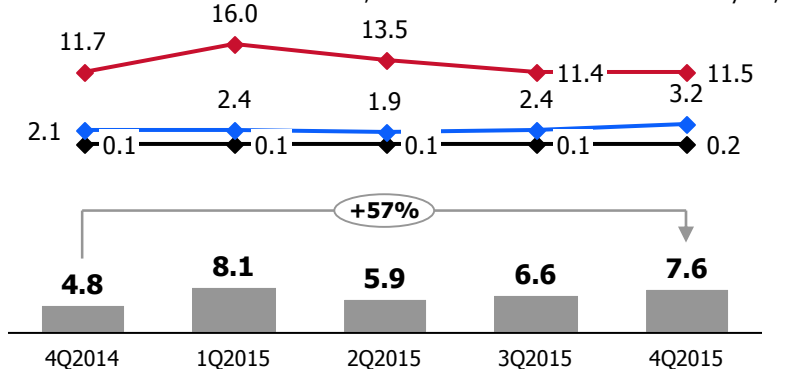
■ Moscow Exchange's own funds ■ Client funds



Interest income

RUB bln

■ Interest and other finance income
◆ MosPrime rate, %
◆ LIBOR rate, %
◆ Effective yield, %



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

¹ Based on average daily investment portfolio according to management accounts

² Interest and other finance income includes interest and other finance income, interest expense, net loss on financial assets available-for-sale, foreign exchange gains less losses

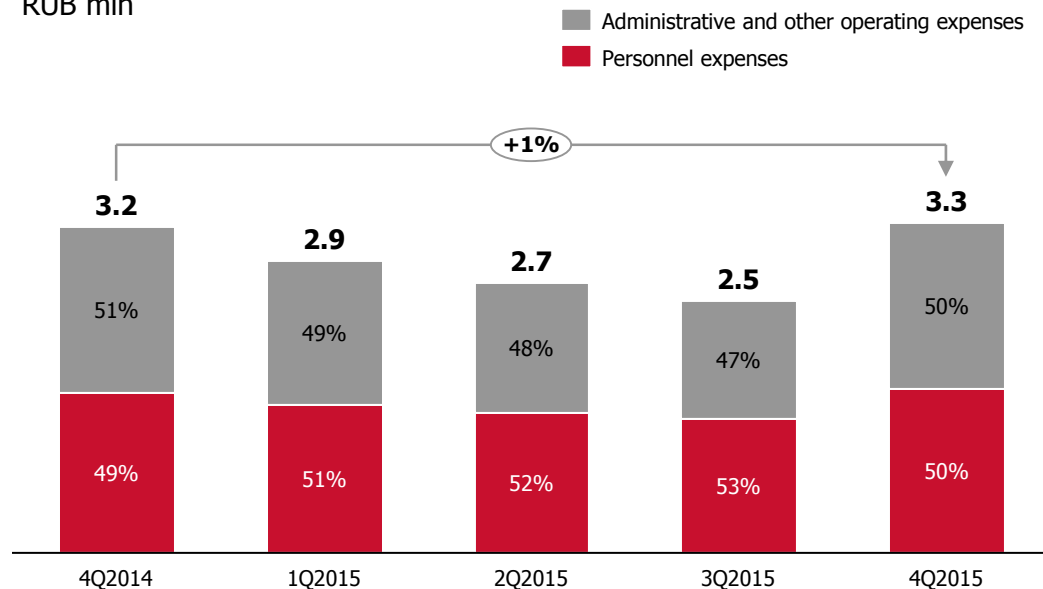
³ Average daily rate for the period

⁴ Share of other currencies is close to zero

4Q 2015 Financial Results

Operating expenses

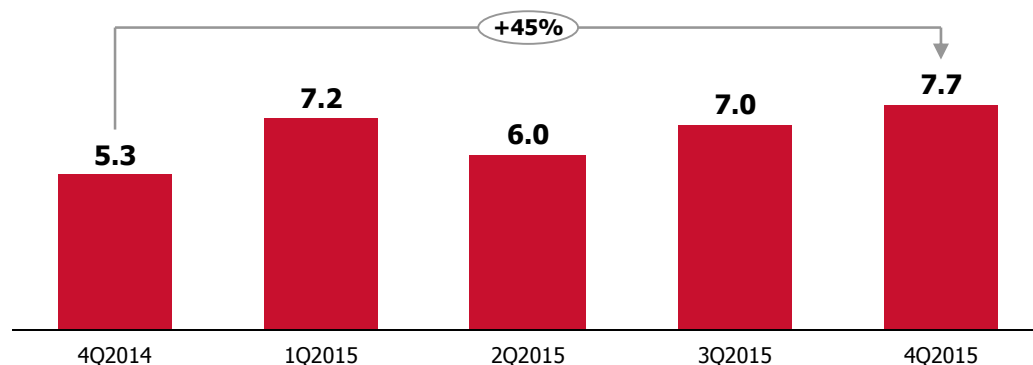
RUB mln



- Cost control remained strict with operating expense growth of only 1% QoQ.
- Administrative and operating reduced -0.7% QoQ
- Personnel costs increased only 2.9% QoQ. MOEX continued its staff optimization, which led to 2% YoY headcount decline

Net profit

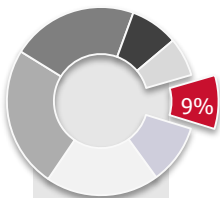
RUB bln



- Outstanding net profit growth of 74% with best-in-class net profit margin of 61% in 2015.
- EPS grew to 12.5 RUB in 2015 from 7.2 RUB in 2014.

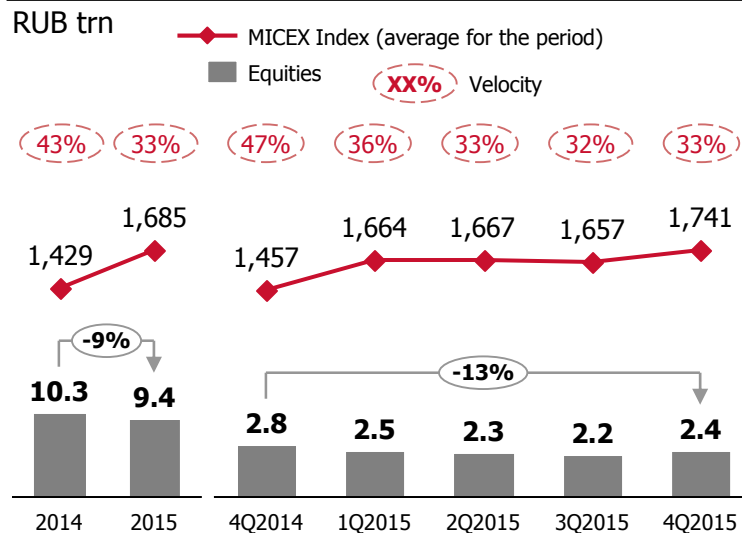


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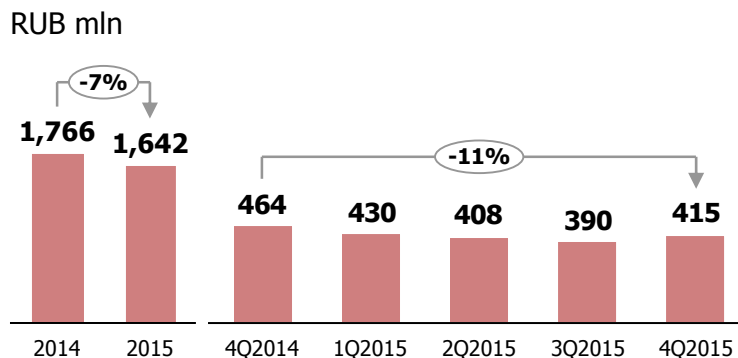


Equities Market

Trading volumes¹



Fee & commission income



Russian equities trading volumes², MOEX vs LSE

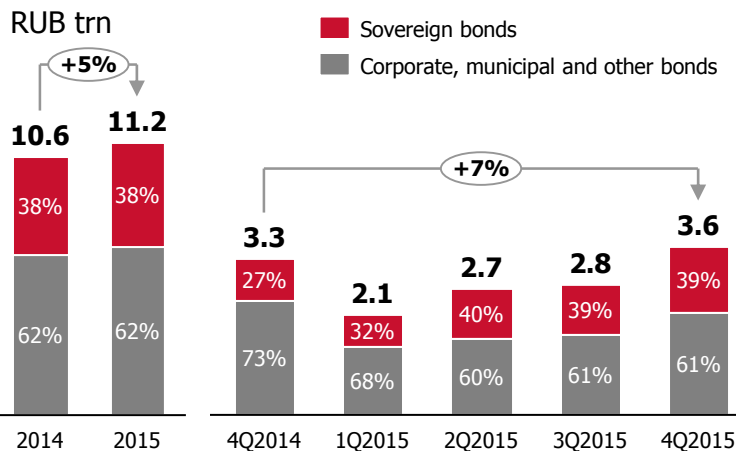


Comments

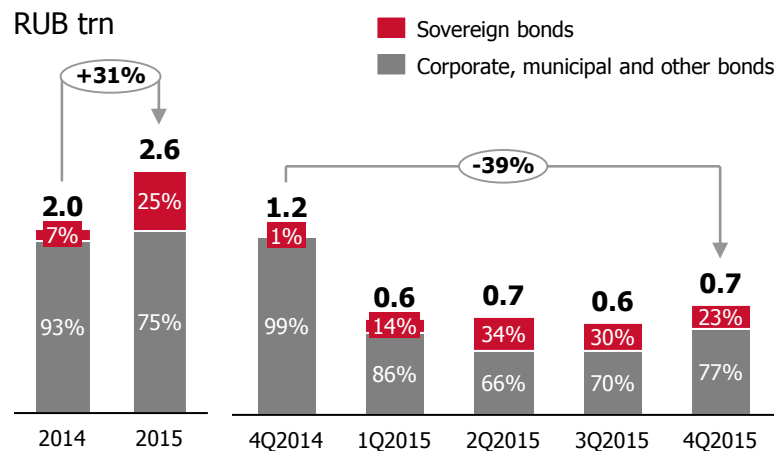
- Russian equities market index (Micex Index) was one of few EM-indexes closed in the positive territory (+26.1%) by year-end
- Market share of MOEX vs LSE for dual-listed Russian companies grew from 54% to 59% in 2015
- MOEX had 100% of new listings in 2015, with 8 companies locally-listed and 2 dual-listed
- Non-residents net purchase on MOEX amounted to RUB 51.9 bln versus net sales of RUB 18.1 bln

Fixed Income Market: new record for corporate bonds placements

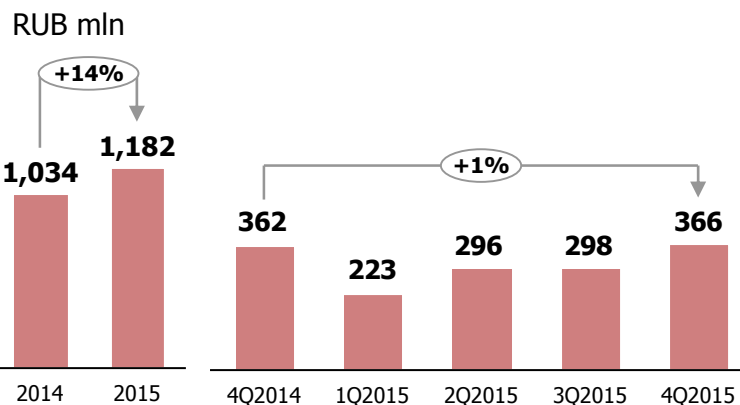
Trading volumes¹



Bonds primary placements



Fee & commission income



Comments

- Normalization of interest rates and continued substitution of international debt led to robust growth in sovereign bond primary issuance (~3.6x YoY) and corporate bond primary issuance +5% YoY). Strong primary placements contributed 14% YoY to fee growth
- Corporate bond placements reached a historical record of RUB 2.0 trn in 2015



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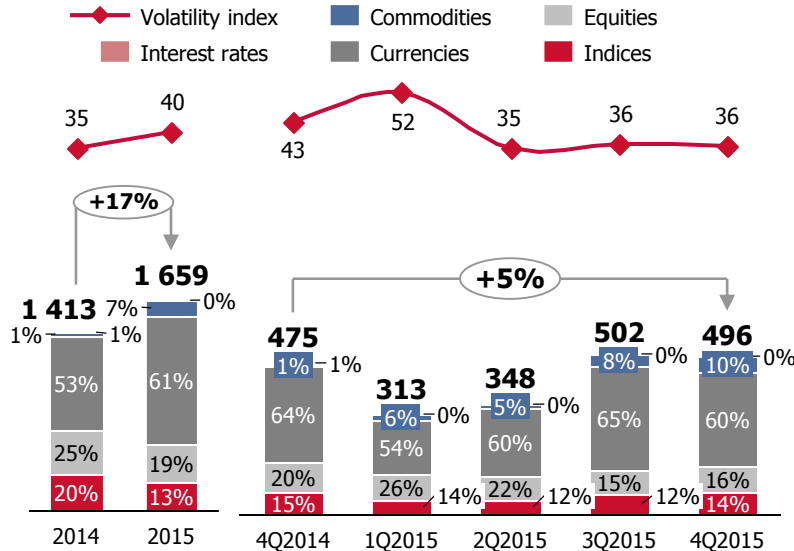
Source: Moscow Exchange operational information and Consolidated Financial Statements

¹ Trading volumes on fixed income market include primary placements

Derivatives Market: USD/RUB futures most traded contract globally

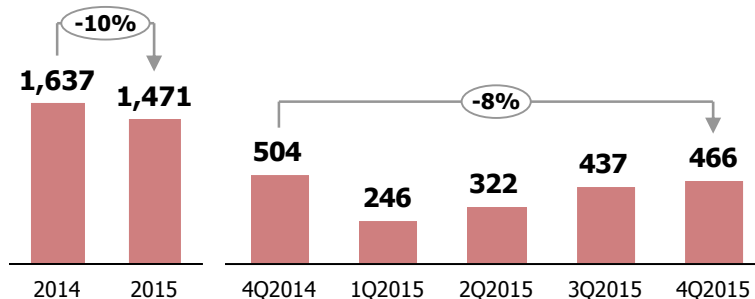
Trading volumes

Mln of contracts



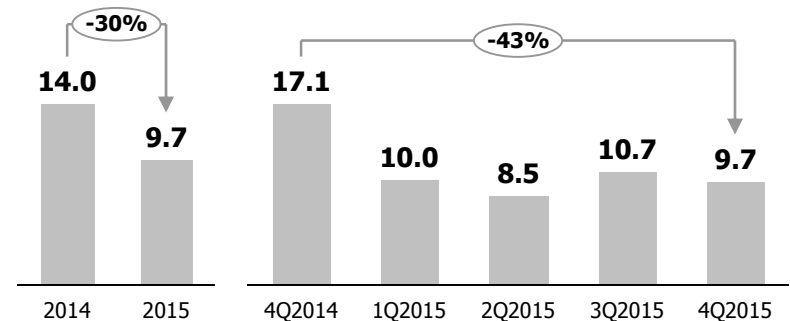
Fee & commission income

RUB mln



Open interest

Mln of contracts, daily average



Comments

- Increased FX Market volatility and RUB depreciation led to 2x growth in FX derivatives trading value
- FX derivatives trading volume in contract terms grew by 34% YoY and contributed 61% to total derivatives trading compared to 53% last year. This made RUB/USD futures the most traded currency derivatives contract globally¹
- The share of futures on commodities accounted for 7.6% of total futures trading volume in contract terms versus just 1.5% in 2014, driven by strong demand from individuals
- Fee and commission income continued its upward trend over 2015, though declined by 10% YoY



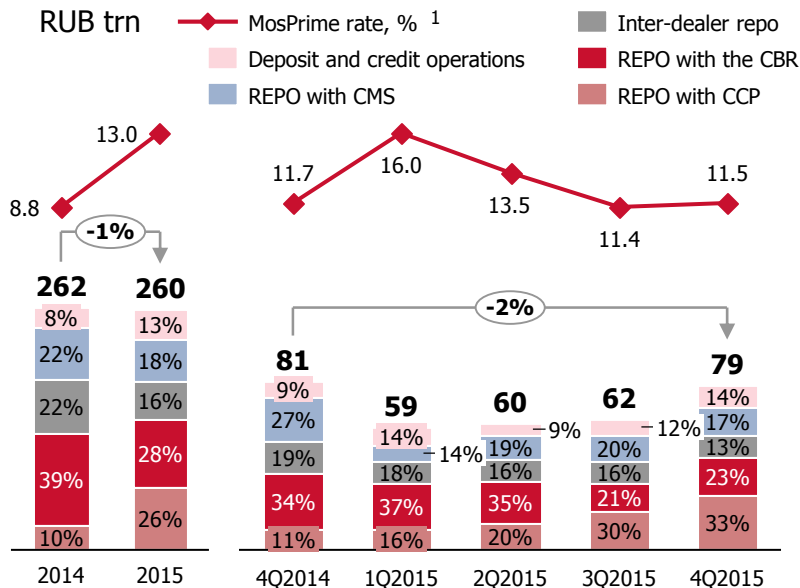
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Source: Moscow Exchange operational information and Consolidated Financial Statements

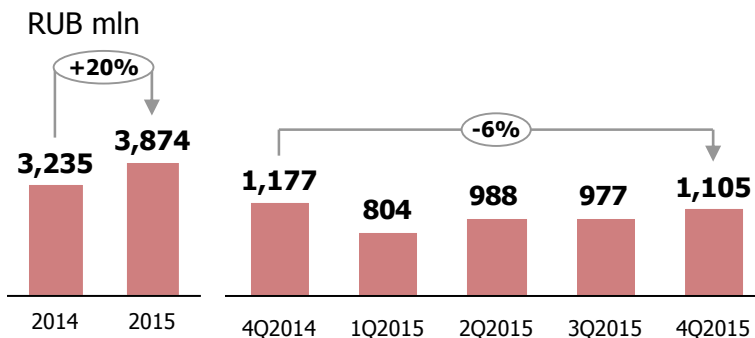
1 – Most traded currency derivative product, both by trading volume and open interest, according to Euromoney TRADEDATA

Money Market: solid demand for on-exchange services

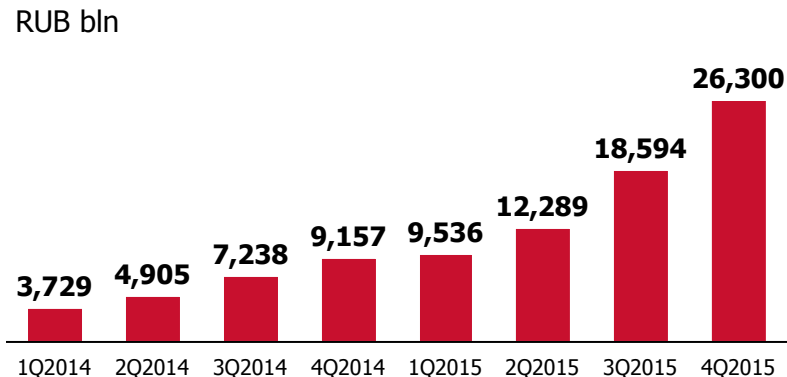
Trading volumes



Fee & commission income



Trading volumes for REPO with CCP



Comments

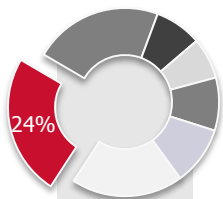
- REPO with CCP remained the fastest-growing product (up 2.7x YoY) and contributed 36% of repo trading volumes versus 25% a year ago
- Average REPO maturity grew from 5.0 days to 6.6 days mainly driven long-term repo with the CBR, which was in a great demand during 1H 2015
- Recognition of fee and commission income for long-term repo instruments was made during the lifespan of these instruments since 1Q 2015. Net effect of deferred fees was RUB 203 mln in 4Q 2015



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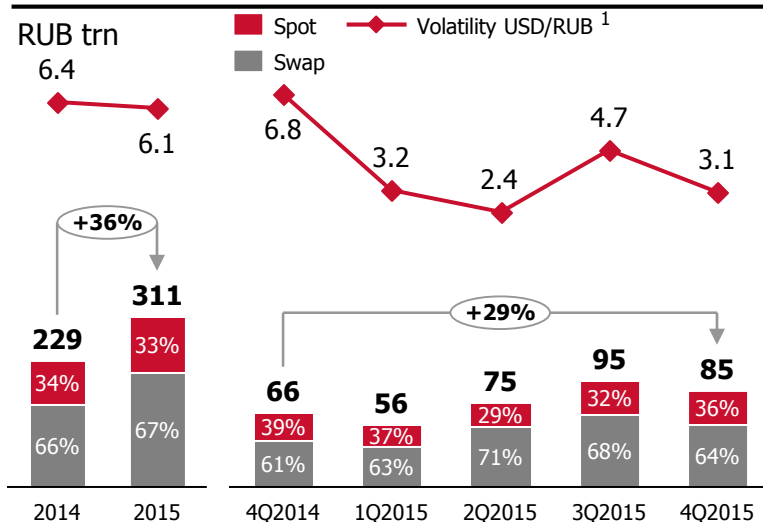
Source: Moscow Exchange operational information and Consolidated Financial Statements

¹ Overnight rate, average for the period

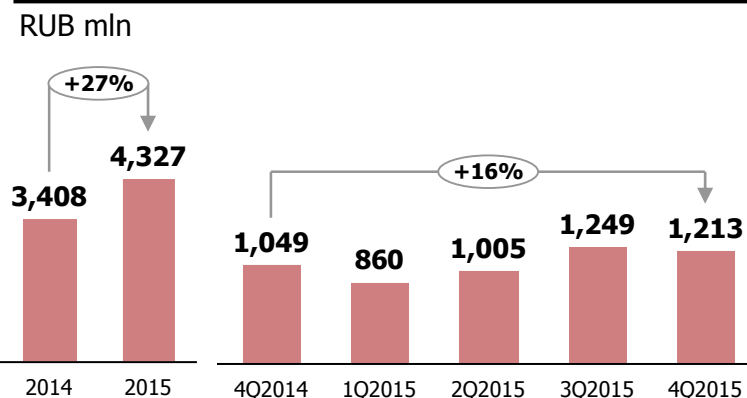


FX Market: setting records both in spot and swap segments

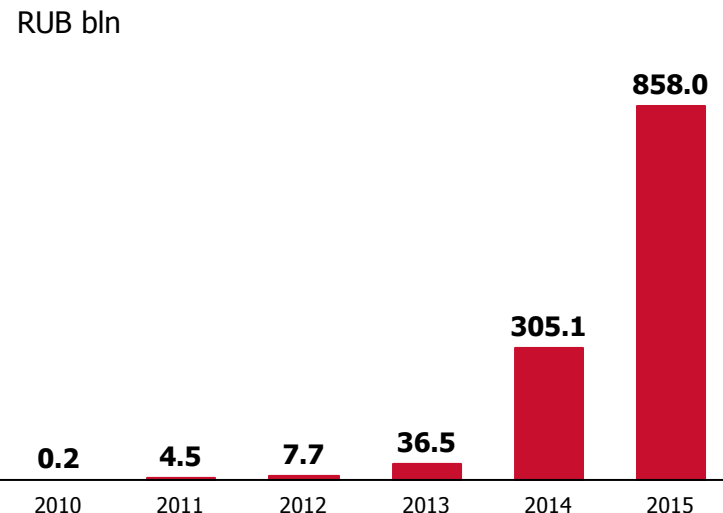
Trading volumes



Fee & commission income



CNY/RUB trading volumes



Comments

- Spot market trading volumes were up 33% YoY driven by higher volatility and increased activity across all groups of market participants
- Swap transaction volumes increased 38% YoY amid continued demand from local banks to manage liquidity positions and hedge FX risks
- Trading in the CNY/RUB currency pair continued rapid growth. New record high of RUB 858 bln reached in 2015

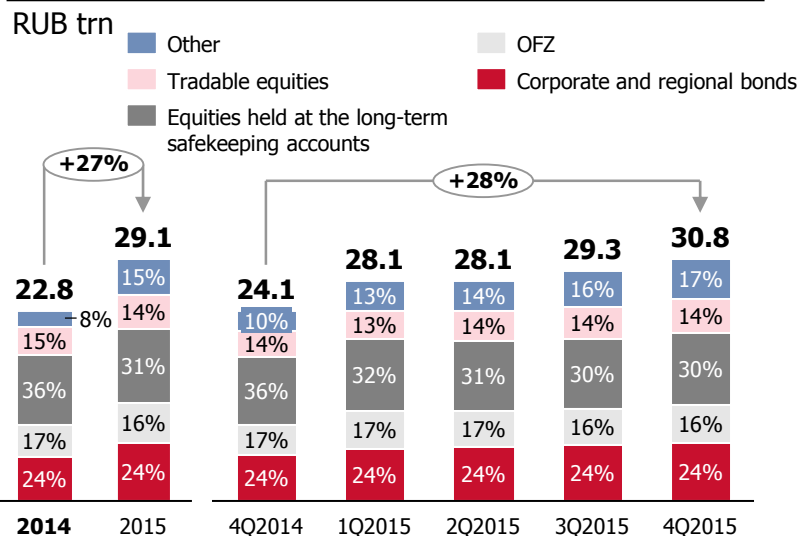


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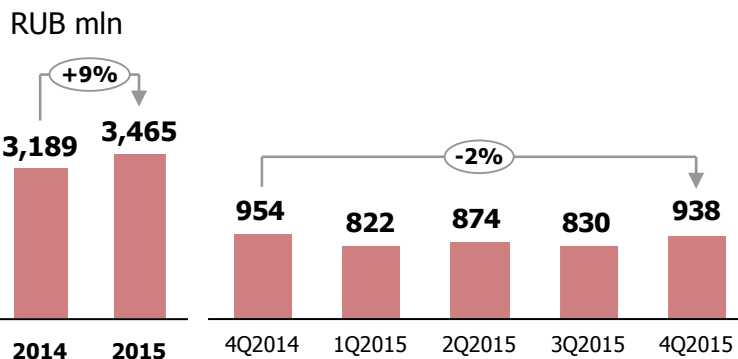
Source: Moscow Exchange operational information and Consolidated Financial Statements
¹ Calculated as daily standard deviation of the USD/RUB exchange rate for the period

Depository and settlement: new assets under custody drive growth

Assets on deposit (average for the period)¹

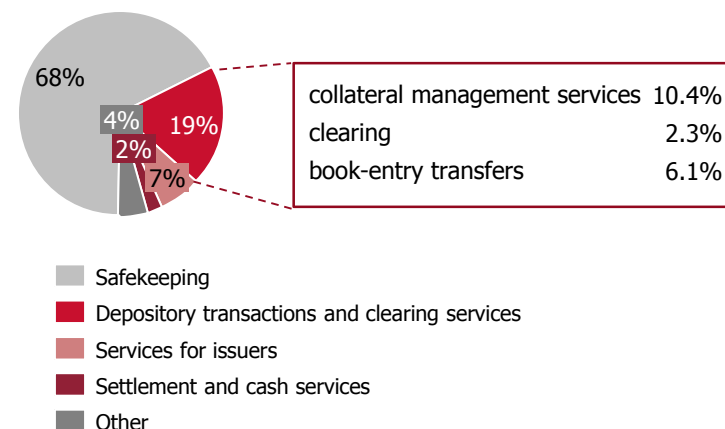


Fee & commission income



Fee & commission income breakdown¹

2015



Comments

- New assets under custody and market cap expansion contributed to fee growth of 27% YoY
- The increase in assets under custody was driven by admission of DRs and Eurobonds as collateral for repo and on-exchange Eurobond trading and new primary bond placements



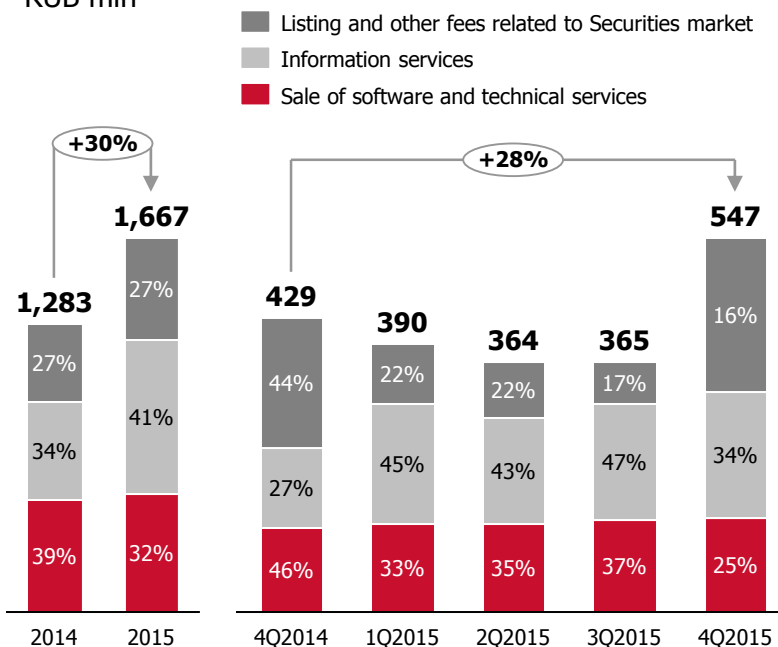
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Source: Moscow Exchange operational information and Consolidated Financial Statements
1 According to management accounts

Growth in information services fees

Other fee & commission income¹

RUB mln



Comments

- Solid growth of fees from information services (58% YoY) driven by RUB depreciation, client base growth and price increases made in the beginning of 2015 was key contributor to 30% increase in other fee & commission income
- Listing and other fees related to the Securities Market grew by 28% YoY on the back of higher activity on Fixed Income Market and new listing tariffs
- Fees from sale of software and technical services increased by 6% YoY

Diversified investor base across different markets

Equities
Market
RUB trn

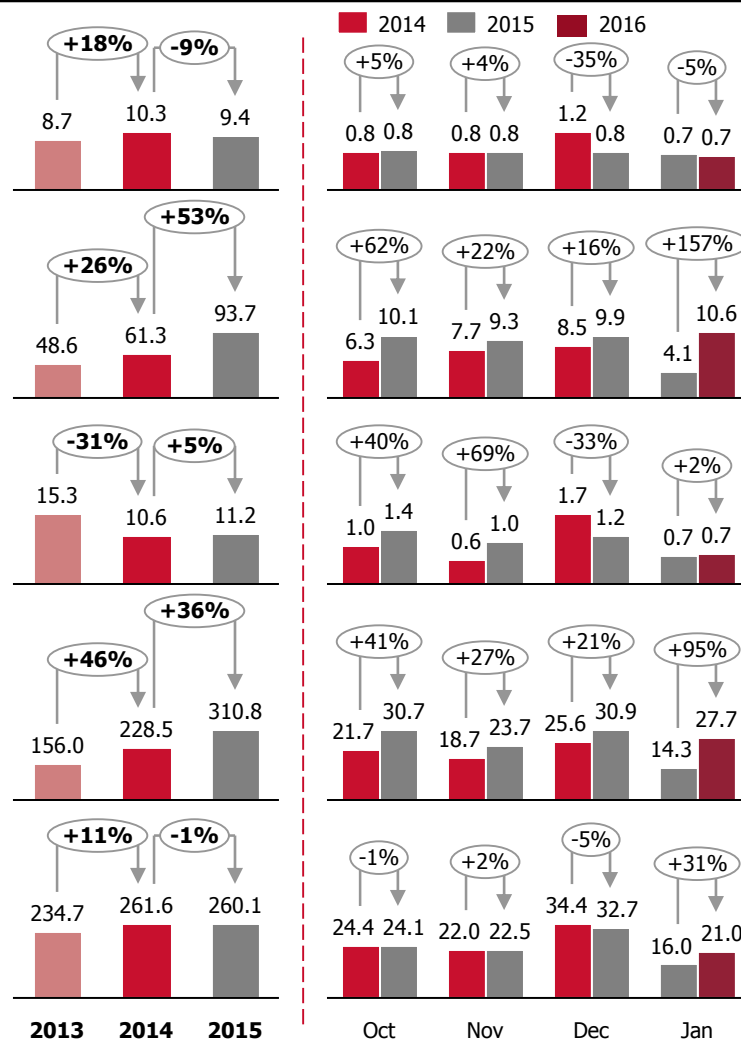
Derivatives
Market
RUB trn

Fixed
Income
Market
RUB trn

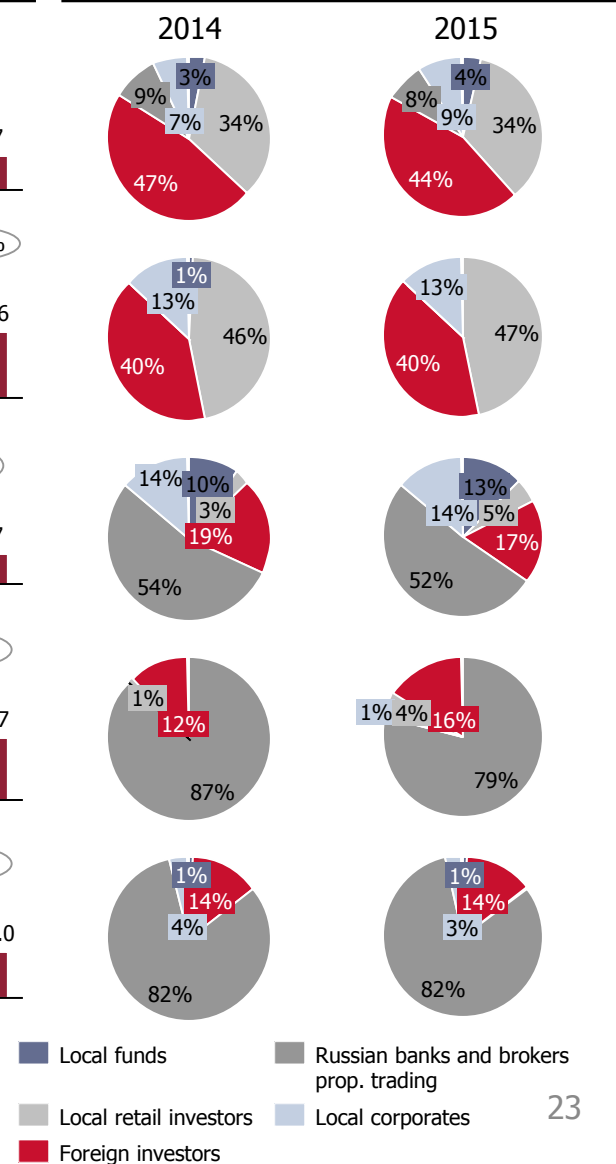
FX Market
RUB trn

Money
Market¹
RUB trn

Trading volumes



Volume breakdown by investor types



Source: Moscow Exchange data

¹ Trading volumes including REPO with collateral management. Investor structure based on on-exchange trading volumes only



МОСКОВСКАЯ
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- volatility (a) of the Russian economy and the securities market and (b) sectors with a high level of competition that the Company and its subsidiaries operate;
- changes in (a) domestic and international legislation and tax regulation and (b) state policies related to financial markets and securities markets;
- competition increase from new players on the Russian market;
- the ability to keep pace with rapid changes in science and technology environment, including the ability to use advanced features that are popular with the Company's and its subsidiaries' customers;
- the ability to maintain continuity of the process of introduction of new competitive products and services, while keeping the competitiveness;
- the ability to attract new customers on the domestic market and in foreign jurisdictions;
- the ability to increase the offer of products in foreign jurisdictions.

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