



**MOSCOW
EXCHANGE**

17 May 2016

1Q 2016 Earnings Presentation

Key developments in 2016 YTD

- ✓ **AGM approved dividends and new Board composition**
 - Shareholders approved 2015 dividend of RUB 16.2 bln, or 58.2% of consolidated IFRS net profit. Dividend per share of RUB 7.11
 - Shareholders elected new Supervisory Board, with 12 directors including five independent directors. Alexey Kudrin was re-elected Chairman

- ✓ **A new set of records on the trading markets**
 - Thanks to increased trading volumes on FX futures, commodity futures, index futures and options, fee and commission income on the Derivatives Markets reached a record high
 - FX Market and Money Market demonstrated another quarter of record-breaking fee and commission income on the back of volume growth in REPO with CCP, FX spot and swap trading
 - Assets under custody at NSD reached a historical high of RUB 32 trln

- ✓ **Strengthening the product offering**
 - A new product, general collateral certificate (GCCs), was launched on the Money Market. This gives participants greater flexibility to manage their collateral and therefore has the potential to increase liquidity
 - New types of centrally cleared OTC transactions, FX swaps and FX forwards were added to the product line. These were in addition to central counterparty (CCP) cleared OTC interest swaps and CCP-cleared on-exchange FX, interest and cross-currency swaps and FX forwards

- ✓ **Continued expansion of international presence**
 - Bank of America, National Association (BANA) joined Moscow Exchange's FX Market as a clearing firm and became the first non-resident global bank with general clearing membership on Moscow Exchange's FX Market
 - MOEX benchmarks for the FX, Equity & Bond and Money Market segments were recognized as compliant with International Organization of Securities Commissions (IOSCO) principles
 - MSCI changed MOEX's FIF (MSCI free-float estimate) to 0.60 from 0.50 in its May semi-annual index review, which may lead to approximately USD 60 mln of inflows into the stock, according to analysts

- ✓ **7th annual Moscow Exchange Forum gathered more than 1,900 delegates including government officials, investors, issuers, market participants and members of the media**



1Q 2016 Key Financial Highlights

-1.1%
YoY

**Operating
Income**
11.7 bln RUB

- Due to the normalization of interest rates, net interest income declined 16.6% YoY, in line with expectations. This was offset by strong 32.2% YoY growth of fee and commission income

+7.2%
YoY

**Operating
Expenses**
3.1 bln RUB

- Costs grew at 7.2% YoY

+2.0 p.p.
YoY

**Cost/Income
ratio**
26.2%

- Cost to income ratio remained at a level of 26.2%, up from 24.2% in 1Q 2015

-2.6%
YoY

EBITDA
9.2 bln RUB

- Strong fee income generation drove EBITDA of RUB 9.2 bln, down 2.6% YoY. EBITDA Margin remained at best-in-class level of 78.1%

-3.1%
YoY

**Net
Profit**
7.0 bln RUB

- Solid operating income coupled with cost controls led to RUB 7 bln of net profit, down 3.1% YoY. EPS amounted to 3.1 RUB

-6.3p.p.
YoY

ROE
23.8%

- ROE remained at a healthy level 23.8%

-

Debt
0 bln RUB

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



1Q 2016 Markets Overview

FX Market

	RUB trn	% YoY
Trading volumes	89.0	+60%

		% YoY
Number of active retail investors	20,240	+33%

Comments

- Record trading volumes on the spot market were driven by free-floating ruble and higher volatility amid increased activity across all groups of market participants. Swap volumes increased amid continued demand from local banks to manage liquidity positions and hedge FX risks
- Active retail accounts on FX market exceeded 20,000 in 1Q 2016

Money Market

	RUB trn	% YoY
Trading volumes¹	77.7	+33%

	RUB trn	% YoY
REPO with CCP trading volumes	31.3	+228%

Comments

- Liquidity improvement in the Russian banking system led to lower demand for Repo with the CBR, which was more than offset by continued growth of repo with CCP, used for liquidity re-distribution among banks
- Launched in 1Q 2013, REPO with CCP remained one of the fastest-growing product (up 3.3x YoY) and contributed 40% of the total money market volumes

Depository and Settlement Services

	RUB trn	% YoY
Assets under custody (average for the period)	32.0	+9%

Comments

- The increase in assets under custody was driven by inflow of Eurobonds, bonds of foreign issuers and international institutions, as well as local bond placements and increased market cap of equities



1Q 2016 Markets Overview

Derivatives Market

	Contracts, mln	% YoY
Trading volumes	557	+78%

	Contracts, mln	% YoY
Futures on commodities	98	+435%

Fixed Income Market

	RUB trn	% YoY
Trading volumes	2.7	+26%

	RUB trn	% YoY
Government bonds secondary placements	1.2	+113%

Equities

	RUB trn	% YoY
Trading volumes	2.3	-6%

	1Q'15	1Q'16
Russian equities trading volumes², MOEX vs LSE	51% 49%	60% 40%

Comments

- Though futures on USD/RUB remained the most popular contract, MOEX marketing activity focused on promotion of other derivative products; this led to strong trading volume growth in index futures (+73% YoY), commodity futures (up 5.3x YoY) and options (up 2.2x YoY), which is leading to a product mix shift
- Commodity futures continued to be one of MOEX's fastest growing products, on the back of growing number of active retail investors driven by MOEX marketing efforts and supported by oil price volatility

Comments

- Continued growth of trading volumes on secondary markets (+46% YoY) on the back of solid primary issuances of government and corporate bonds in the preceding periods
- Government bond secondary market trading volumes grew 113% YoY on the back of changes implemented in 2015 (shift to T+1, improved tariff plans, launch of auctions for large blocks)

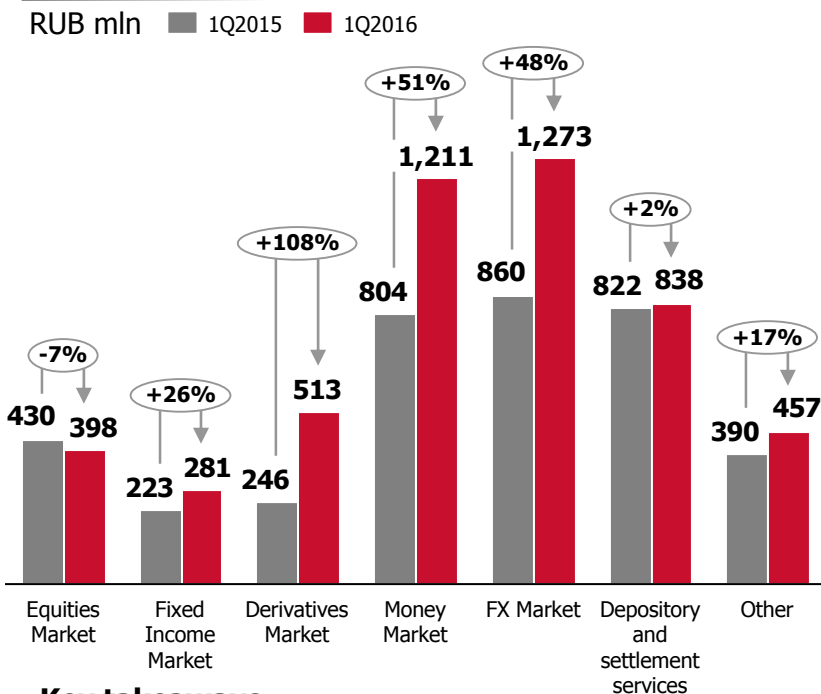
Comments

- Though secondary trading volumes in Russian equities declined both domestically and internationally, MOEX's market share vs LSE for dual-listed Russian companies grew to **60%** from **51%** in 1Q15



Diversified fee & commission income

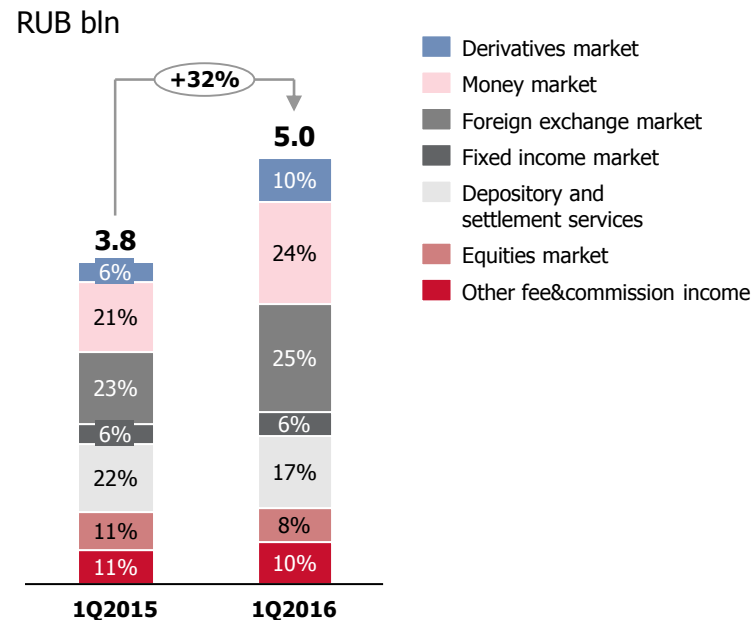
Fee & commission income performance



Key takeaways

- Fee and commission income increased 32% YoY to Rub 5.0 bln, the second best result at the MOEX history
- Fee & commission income remained well-diversified, with seven segments contributing, none of which represents more than a quarter of the total
- In 1Q'16 new record fees levels reached on Money Market, FX, and derivatives

Fee & commission income breakdown

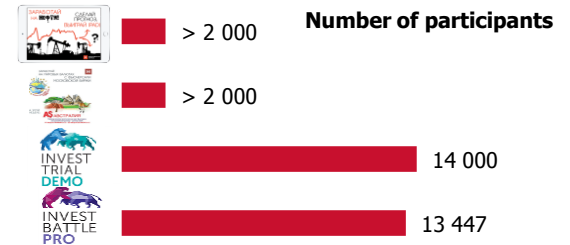


Case study: Derivatives Market delivers record results

Focused efforts to improve financial literacy and attract retail investors...

Investor Contests

MOEX has been involving retail investors through a set of competitions focused on new clients ("invest-trial") and experienced investors ("invest-battle"), or focused on different products, e.g. futures on Brent ("Make your call on oil price") and FX futures ("Around the world in 35 days")



MOEX School – basic financial education

MOEX held more than 75 educational seminars through the **MOEX school**, which focused on market basics to improve financial literacy



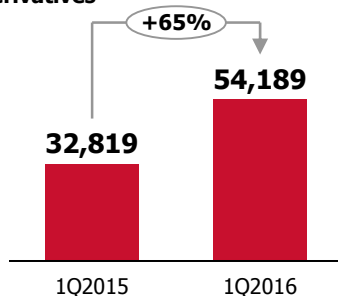
Specialized seminars & workshops

MOEX held 35 specialized workshops, conferences and seminars to improve financial literacy and promote MOEX products in more than 20 Russian cities

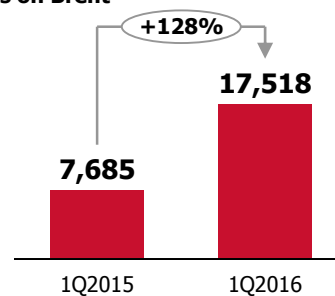


...led to outstanding growth of active clients and new records

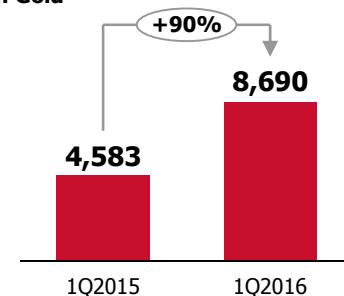
Active clients: All derivatives



Active clients: Futures on Brent



Active clients: Futures on Gold



NSD: crucial component of the financial infrastructure generating steady revenues

- The largest settlement depository **in Central and Eastern Europe**
- The Russian CSD and an operator of **systemically important depository, repository and payment system**
- **Links with** other CSDs and **ICSDs**
- Stable and **recurring revenue source**, which is less depended on the market environment

CSD

- ✓ Safekeeping
- ✓ Settlement (FOP, DVP)
- ✓ Corporate actions
- ✓ Tax agent services

Clearing & Tri-party services

- ✓ Clearing
- ✓ Collateral management (tri-party services)

Payment service provider

- ✓ Cash settlement services
- ✓ FX services

Repository

- ✓ OTC derivatives reporting
- ✓ Clearing, CMS and information services

Corporate Information Center

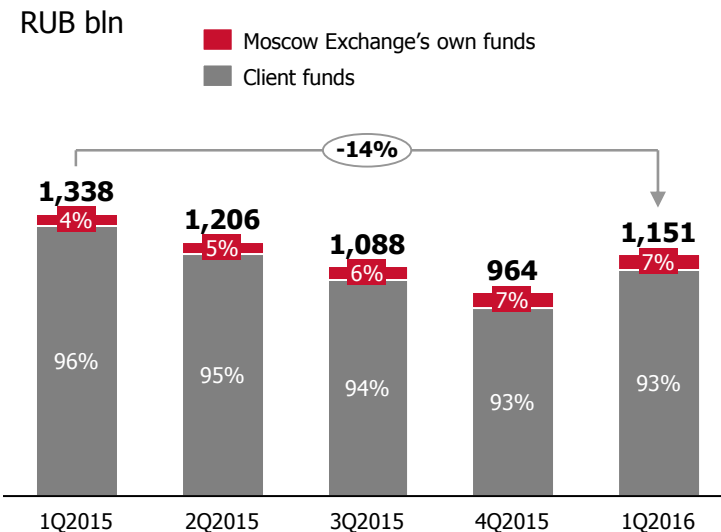
- ✓ Comprehensive source of corporate information
- ✓ Valuation center
- ✓ Pricing center

Key initiatives

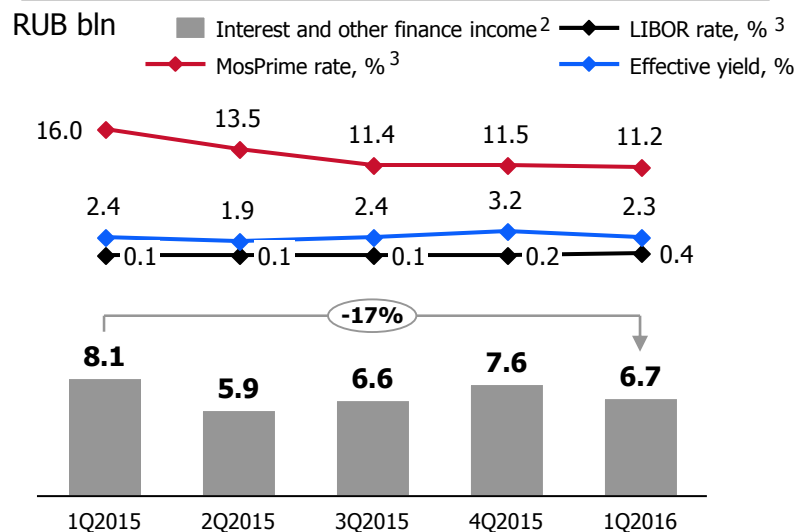
- Completion of the ongoing corporate actions reform to further simplify market access and reduce costs for market participants
- Development of the corporate information center and a recognized pricing center, which are set to become a comprehensive and authoritative source of reliable information on securities and corporate actions
- Further trade repository development to make OTC derivatives market more transparent and better understand risks associated with the market

1Q 2016 Interest income

Investment portfolio¹ (average daily volume)

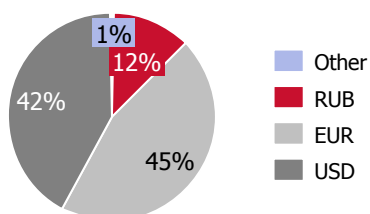


Interest income



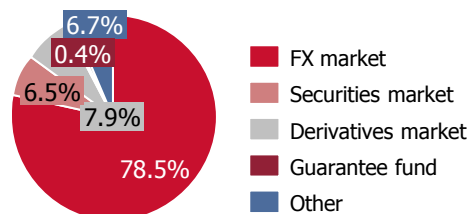
Clients funds by currency

1Q2016



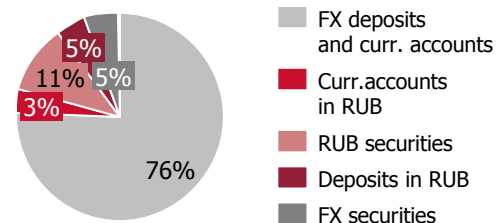
Clients funds by source

1Q2016



Investment portfolio by type of asset

1Q2016



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

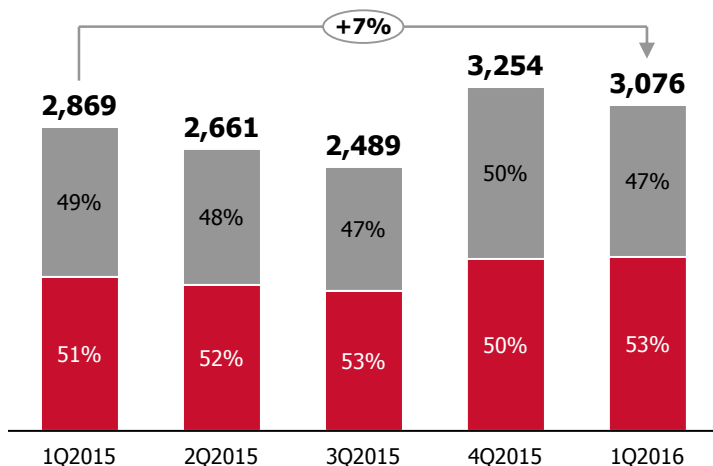
3 Average daily rate for the period

Operating expenses

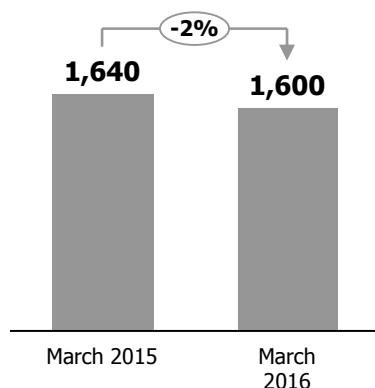
Operating expenses

RUB mln

- Administrative and other operating expenses
- Personnel expenses



Headcount



Major expense items

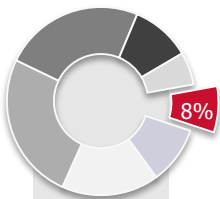
RUB mln	1Q2015	1Q2016	Change YoY
Personnel expenses	1,457	1,637	12.4%
Administrative and other operating expenses, including	1,412	1,438	1.8%
Amortisation of intangible assets	295	307	3.8%
Equipment and intangible assets maintenance	132	236	78.8%
Depreciation of property and equipment	109	197	80.8%
Rent and office maintenance	137	116	-15.1%
Market maker fees	62	116	87.4%
Taxes other than income tax	116	102	-12.2%
Professional services	79	69	-12.3%
Total	2,869	3,076	7.2%
Cost income ratio	24.2%	26.2%	-

Comments

- Cost control remained strict with 7.2% growth YoY, which is below Russia's inflation rate
- Administrative expenses grew by only 2% YoY
- Personnel costs grew 12% YoY mostly due to higher social tax spending and execution of vested rights to purchase shares granted to the management. Headcount declined 2% YoY



Appendix

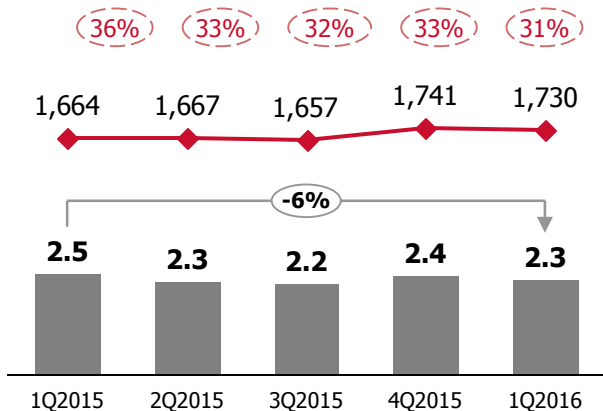


Equities Market: Volumes lower, MOEX market share higher

Trading volumes¹

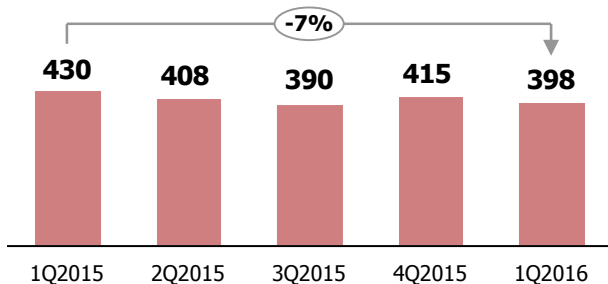
RUB trln ◆ MICEX Index (average for the period) ■ Equities

XX% Velocity



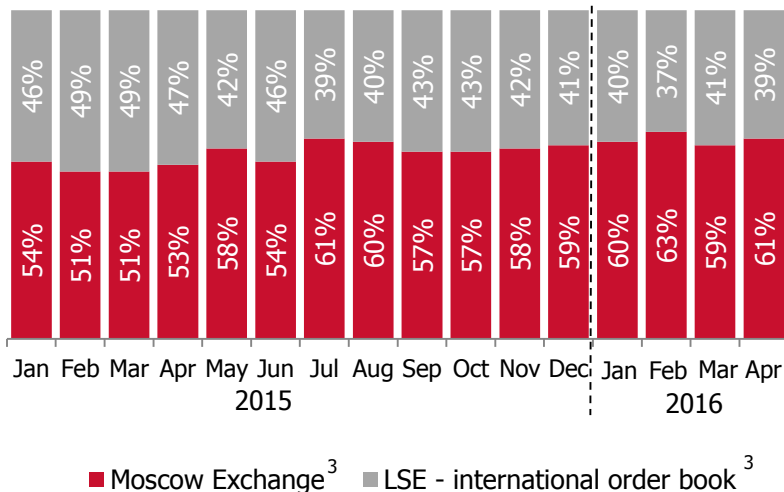
Fee & commission income

RUB mln



Russian equities trading volumes², MOEX vs LSE

%



Comments

- Market share of MOEX vs LSE for dual-listed Russian companies continued to grow and reached 60% in 1Q 2016
- Promsvyazbank and Rusagro completed SPOs in 2016 and raised RUB 2.6 bln and apx. US\$250 mln, respectively



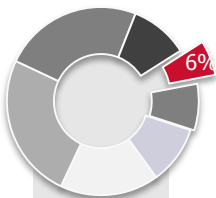
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Source: Moscow Exchange operational information and Consolidated Financial Statements, Liquidmetrix

¹ Volumes on both primary and secondary markets

² Moscow Exchange and London Stock Exchange data for Russian dual-listed companies

³ Only electronic order book deals

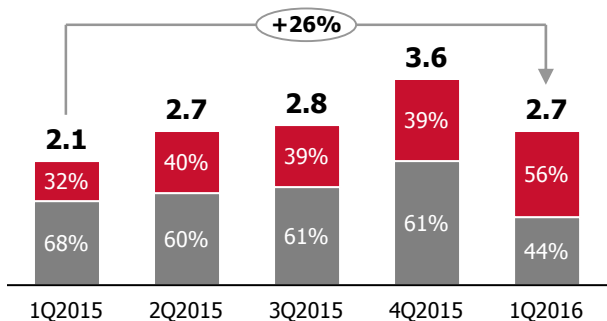


Fixed Income Market: Strong volume and F&C growth

Trading volumes¹

RUB trln

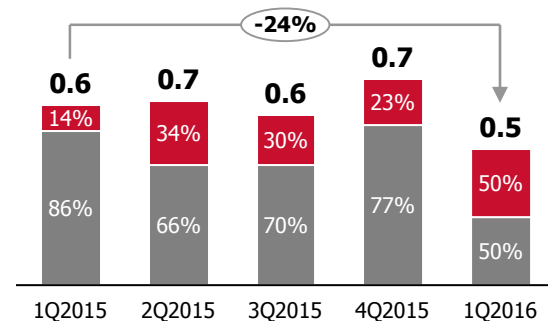
■ Sovereign bonds
■ Corporate, municipal and other bonds



Primary market

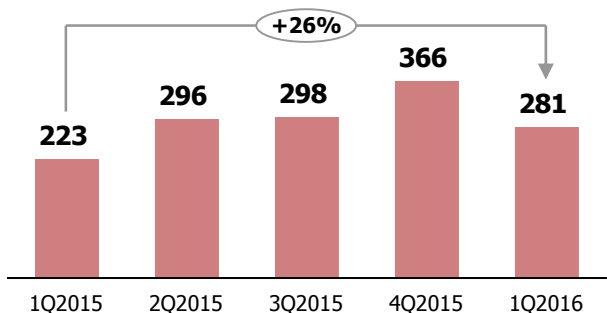
RUB trln

■ Sovereign bonds
■ Corporate, municipal and other bonds



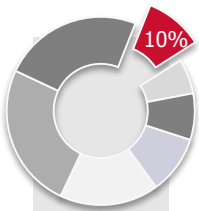
Fee & commission income

RUB mln



Comments

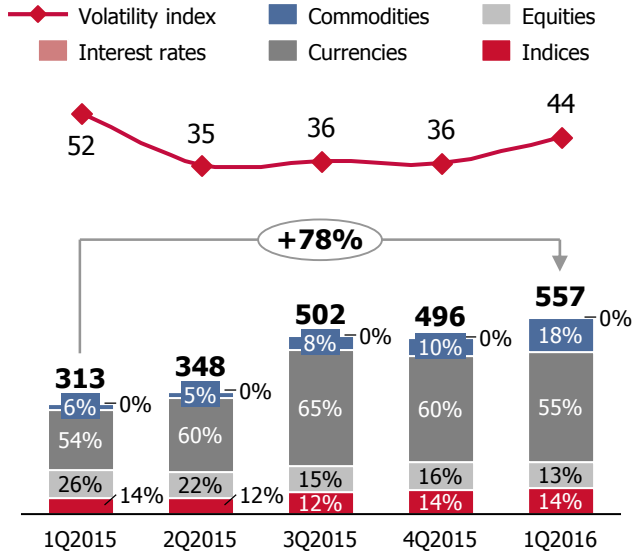
- Normalization of interest rates, continued substitution of international debt and a shift to on-exchange borrowing led to a healthy dynamic of primary bond placements
- Government bond primary placements grew by +63% YoY and contributed 50% to total bond primary placements
- Corporate bond placements declined 56% YoY, though from an inflated base due to a bulky one-time corporate bond placement in Q1'15. Excluding this transaction, growth was 64% YoY



Derivatives Market: F&C income more than doubles

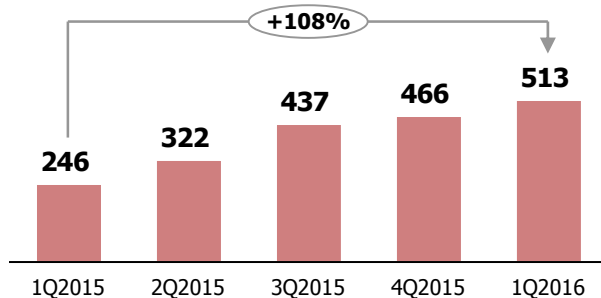
Trading volumes

millions of contracts



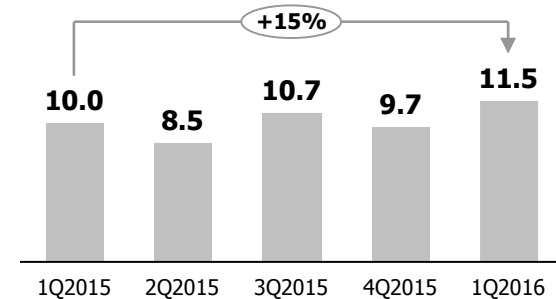
Fee & commission income

RUB mln



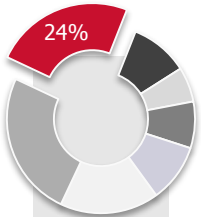
Open interest

millions of contracts, daily average



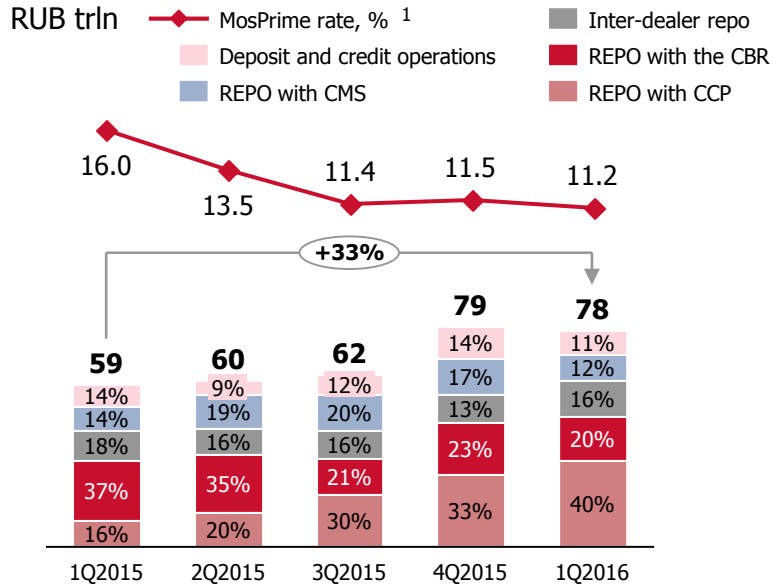
Comments

- Fee and commission income (up 108% YoY) achieved a record quarterly result of RUB 513 mln thanks to solid growth of trading volumes in futures on FX, commodities and indices, as well as options
- Futures and options on FX remained the most traded contracts and accounted for 55% of total derivatives contracts. Derivatives on commodities continued their rapid expansion with a share of 18% of total trading volumes versus 6% a year ago.
- Open interest grew by 15% to 11.5 mln contracts

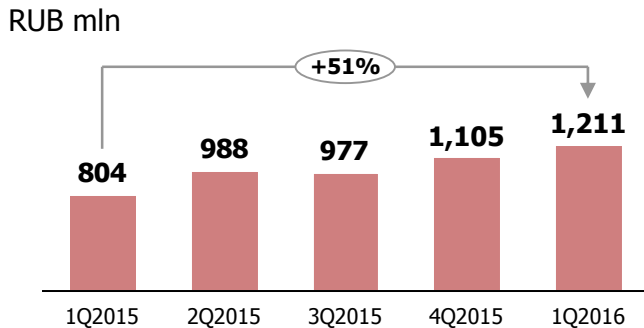


Money Market: solid demand for on-exchange services

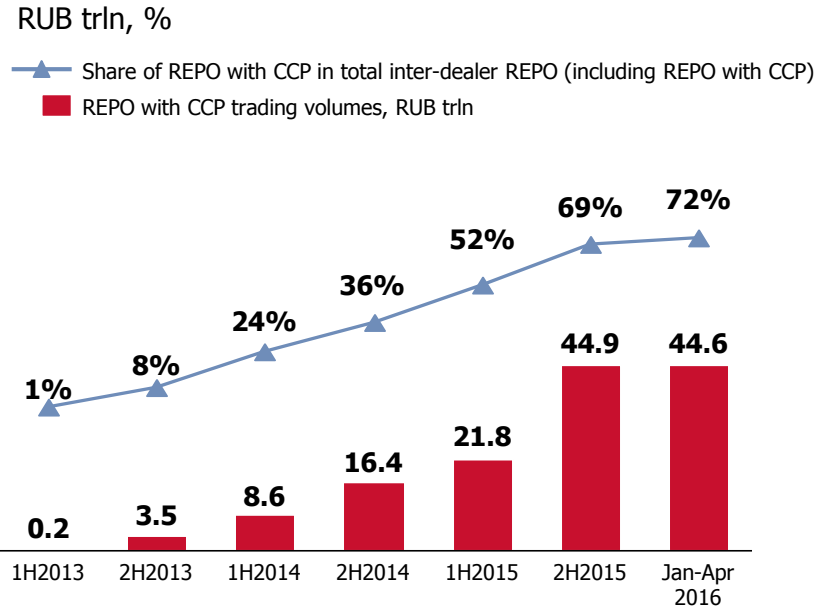
Trading volumes



Fee & commission income

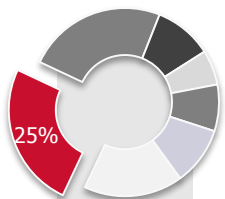


Trading volumes for REPO with CCP



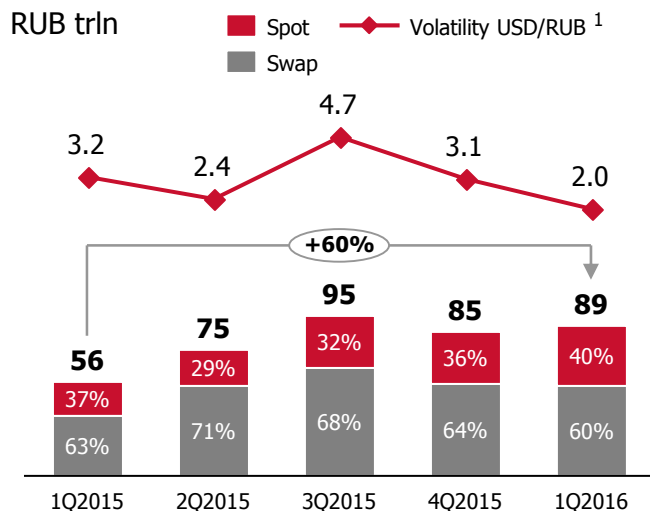
Comments

- Record fees of RUB 1.2 bln (+51%) thanks to the growth of REPO with CCP, one of the fastest-growing products (up 3.3x YoY) across MOEX's product portfolio
- A new product, Repo with GCC (general collateral certificate) was launched in the end of February. Despite its early days the product started as good as repo with CCP when launched in 2013
- Average REPO maturity declined from 12.7 to 3.6 days due to change in the liquidity availability in the banking system and lack of long-term FX repo by the CBR in 1Q16, which was in a great demand in 2015

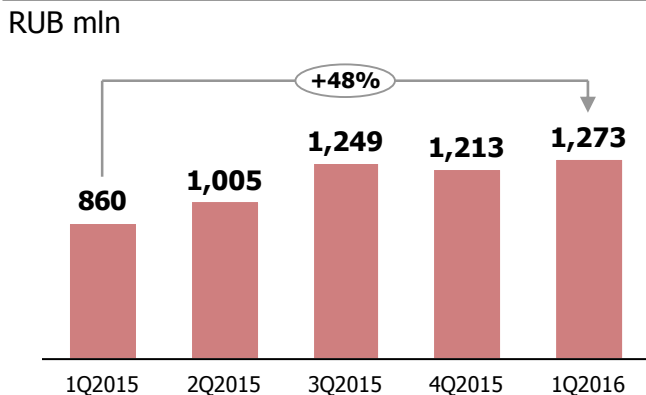


FX Market: record fee & commission income

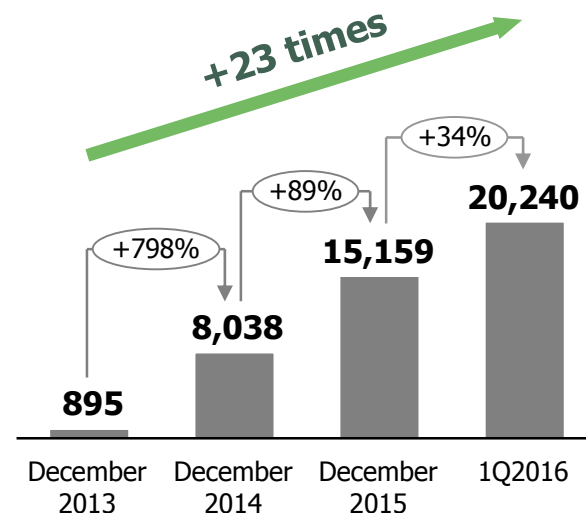
Trading volumes



Fee & commission income



Number of active retail clients accounts (DMA clients)



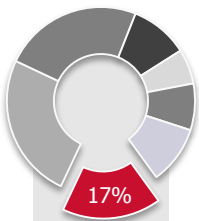
Comments

- Free-floating ruble and increased activity on the FX spot market due to oil price volatility led to record high fees and commissions of RUB 1.3 bln (up 48%)
- Spot market trading volumes grew 69% YoY, while swap transaction volumes increased 54% YoY amid continued demand from local banks to manage liquidity positions and hedge FX risks



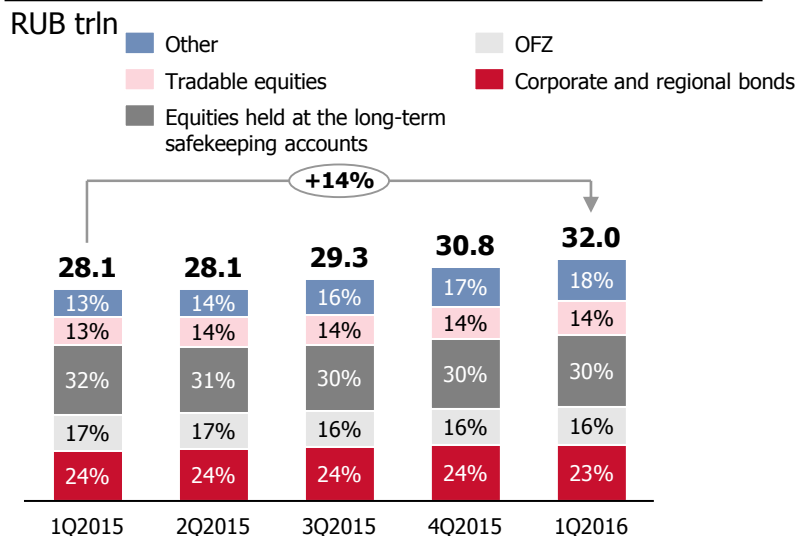
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Source: Moscow Exchange operational information and Consolidated Financial Statements
¹ Calculated as daily standard deviation of the USD/RUB exchange rate for the period



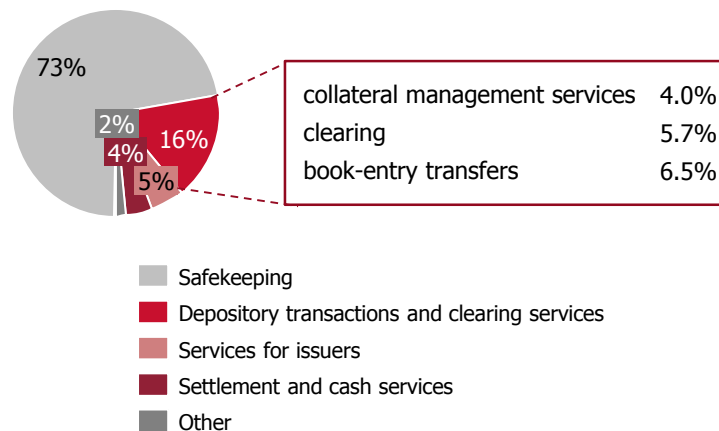
Depository and settlement: continued growth of assets under custody

Assets on deposit (average for the period)



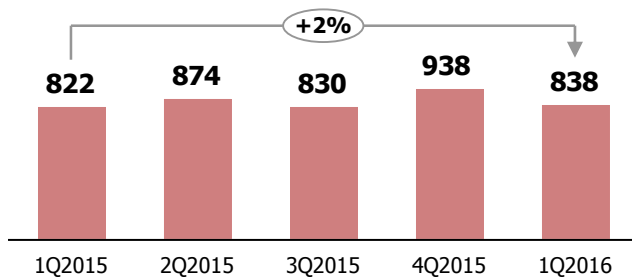
Fee & commission income breakdown

1Q 2016



Fee & commission income

RUB mln



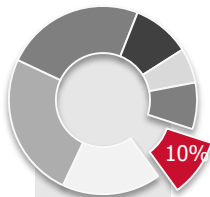
Comments

- Tariff reform effected from Jan 1, 2016 aligned NSD's safekeeping fee structure with international best practice:
 - ✓ New tariff scale with "stepped" approach
 - ✓ All entities within one group are considered as one client
 - ✓ New fees for equities held at the long-term safekeeping account and DRs.
- The increase in assets under custody was driven by inflow of Eurobonds, bonds of foreign issuers and international institutions, as well as local bond placements and expansion of equities market cap



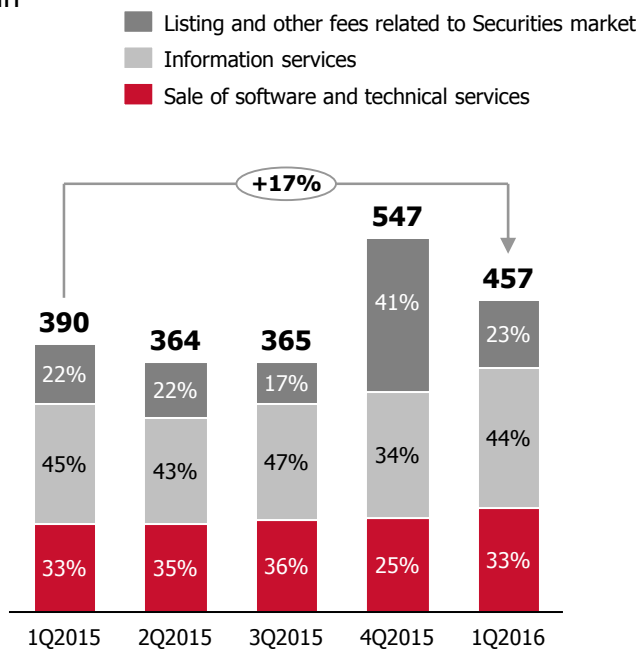
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Growth in information services fees



Other fee & commission income¹

RUB mln



Comments

- Fees and commissions across all lines demonstrated healthy double digit growth
- Listing and other fees related to the Securities Market grew by 16.7% YoY on the back of primary bond placements
- Fees from information services and sale of software and technical services grew by 14.9% YoY and 20.1% YoY respectively, driven by expansion of the client base

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

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

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

– competition increase from new players on the Russian market;

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

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

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

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

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