



**MOSCOW
EXCHANGE**

4 August 2016

2Q 2016 Earnings Presentation

Key developments in April – July 2016

✓ **Main corporate events**

- The Supervisory Board called EGM on Sept 2nd. The EGM will vote on a corporate restructuring proposal aimed at simplifying the corporate structure, reducing costs and streamlining customer relations
- The Supervisory Board appointed Anna Kuznetsova, Managing Director of Equities & Fixed Income Markets and Igor Marich, Managing Director of FX and Money Markets to be members of the Executive Board for two year terms

✓ **Expansion of the product offering**

- MOEX launched deliverable futures contracts on USD/RUB, EUR/RUB, and CNY/RUB
- New currency pair CHF/RUB started trading on the spot (with T0 and T+1 settlement) and swap segments of FX market
- MOEX introduced direct market access to the Money Market for corporate clients through M-deposits, which allow corporate customers to manage their liquidity position through on-exchange auction technology

✓ **Continued international expansion**

- MOEX's USD/RUB benchmark was recommended by the Emerging Markets Traders Association (EMTA) as the reference rate for OTC rouble derivatives for its OTC FX members. CME Group also started to use MOEX's USD/RUB benchmark for its rouble-denominated currency futures
- MOEX expanded its relationships with CQG and IHS Markit to make access to MOEX's markets easier for international traders. CQG is a leading global provider of trading solutions, which started to provide its customers access to MOEX's Equities and FX Markets. IHS Markit provides post-trade infrastructure services in FX that complement MOEX's products.
- MOEX became the first Russian financial institution to join the HyperLedger Project, an international open-sourced community aimed at developing blockchain-based technologies

✓ **Pursuing excellence of IT-infrastructure**

- MOEX completed the first stage of migration of its IT infrastructure to its future data center: DataSpace1 became fully operational as a reserve data center, a disaster recovery (DR) site for MOEX's trading and clearing platforms

✓ **Driving infrastructural reform in Russia**

- On 1 July 2016, the legal framework for corporate actions reform went into effect
- Corporate Information Center was launched by NSD, establishing a single source of corporate data with "golden copy" status, which will solve the problem of multiple, inconsistent corporate actions data

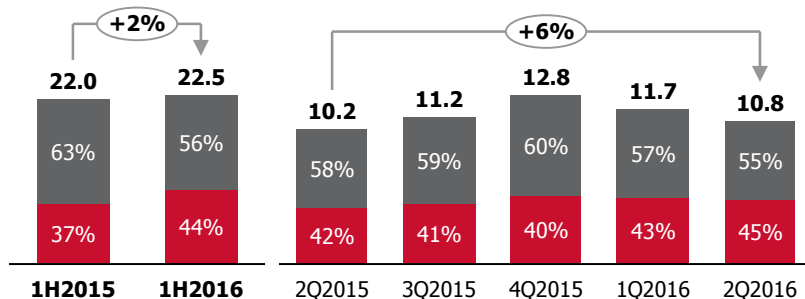


2Q 2016 Key Financial Highlights

Operating income

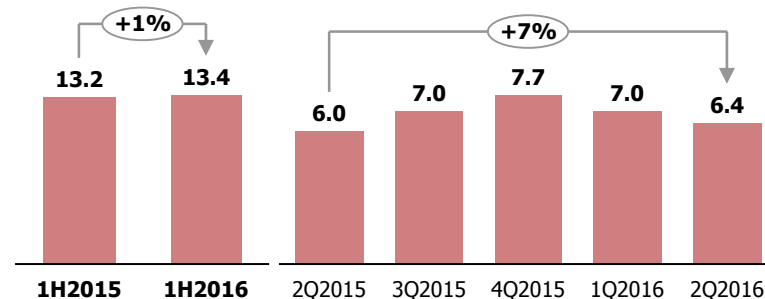
RUB bln

■ Fee & commission income¹
 ■ Interest and other finance income



Net income

RUB bln



+7.2%
YoY

Operating Expenses
2.9 bln RUB

- In Q2 2016 costs grew 7.2% YoY, slightly below CPI in Russia

+0.3p.p.
YoY

Cost/Income ratio
26.4%

- Cost to income ratio remained at a strong 26.4%, up from 26.1% in 2Q 2015

+6.6%
YoY

EBITDA
8.5 bln RUB

- Robust fee income generation drove EBITDA of RUB 8.5 bln, up 6.6% YoY. The EBITDA margin of 78.4% remained one of the best-in-class

-2.4 p.p.
YoY

ROE
21.9%

- ROE declined by 2.4 percentage points due to equity growth and remained at a healthy level of 21.9%

+16.7%
YoY

Net cash
74.4 bln RUB

- Cash position increased to 74.4 bln (+16.7%) thanks to MOEX highly cash-generative business model



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¹ Including other operating income

2Q 2016 Markets Overview

FX Market

	RUB trn	% YoY
Trading volumes	79.4	+6%

		p.p. YoY
MOEX market share	54.7%	+5.9 p.p.

- Trading volumes growth normalized to 6% YoY, which is in line with the decline of currency rate volatility. Spot segment trading volumes grew by 16% YoY, while swap trading volumes were up just 2% on the back of a better liquidity situation and lower demand from local banks to manage liquidity positions
- MOEX continued to increase its market share versus OTC trading, concentrating more than 50% of rouble liquidity on-exchange

Money Market

	RUB trn	% YoY
Trading volumes¹	83.9	+39%

	RUB trn	% YoY
REPO with CCP trading volumes	38.5	+213%

- Lower demand for Repo with the CBR on the back of better liquidity in the banking sector was more than offset by continued growth of repo with CCP, used for liquidity re-distribution among local banks
- Launched in 1Q 2013, REPO with CCP remained one of the fastest-growing products (up 3.1x YoY) and contributed 46% of total Money Market volumes

Depository and Settlement Services

	RUB trn	% YoY
Assets under custody (average for the period)	32.4	+15%

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



2Q 2016 Markets Overview

Derivatives Market

	Contracts, mln	% YoY
Trading volumes	472	+35%

	Contracts, mln	% YoY
Futures on commodities	87	+393%

- Futures on USD/RUB remained the most popular contract, and the Derivatives Market saw growth across the board – index futures (+62% YoY), commodity futures (up 4.9x YoY) and options (up 1.6x YoY), resulted in 35% YoY trading volume growth
- Commodity futures continued to be one of MOEX's fastest growing products on the back of a growing number of active investors thanks to increased liquidity of the product

Fixed Income Market

	RUB trn	% YoY
Trading volumes	3.4	+27%

	RUB bn	% YoY
Corporate bonds primary placements	625	+45%

- Continued growth of trading volumes on the secondary markets (+25% YoY) was mainly driven by solid performance of government bonds thanks to product advancements completed in 2015 (shift to T+1 settlement, improved tariff plans, launch of auctions for large blocks)
- Corporate bond primary market grew 45% YoY on the back of lower interest rates and easier access for Russian corporates to public debt

Equities

	RUB trn	% YoY
Trading volumes	2.4	+7%

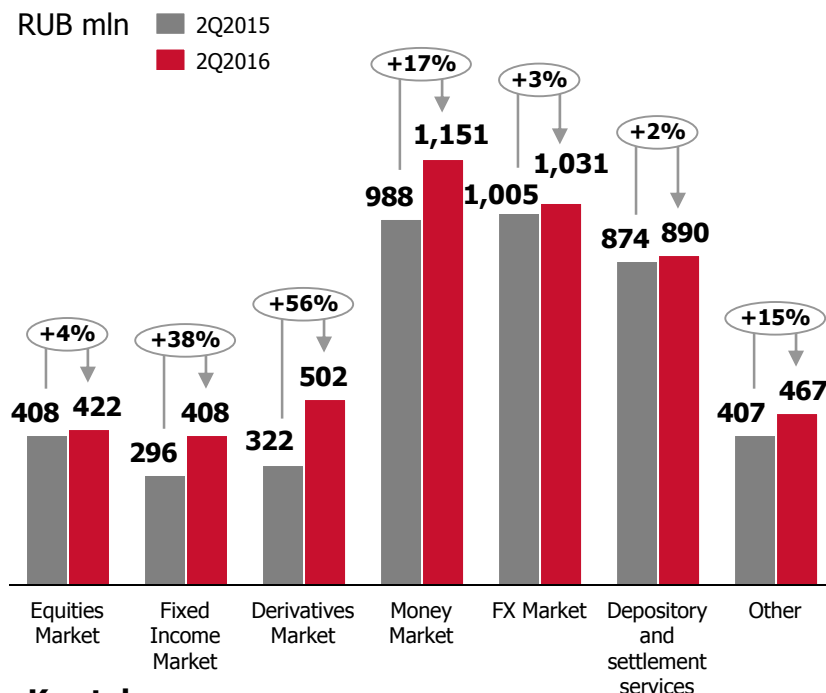
	2Q'16	2Q'15
Russian equities trading volumes, MOEX vs LSE	59% 41%	55% 45%

- Secondary trading volumes in Russian equities grew by 7% YoY, while MOEX's market share vs LSE for dual-listed Russian companies continued to grow and accounted for **59%** versus **55%** in 2Q 2015



Diversified fee & commission income

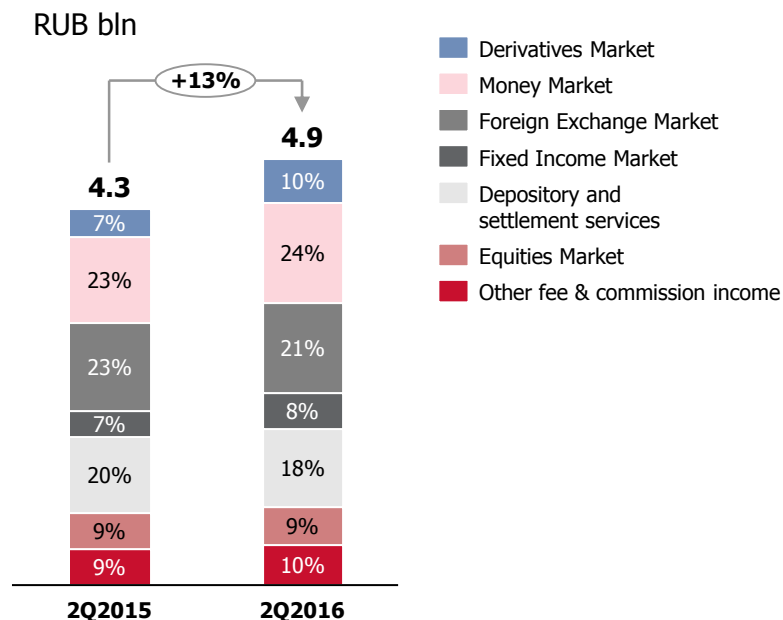
Fee & commission income performance



Key takeaways

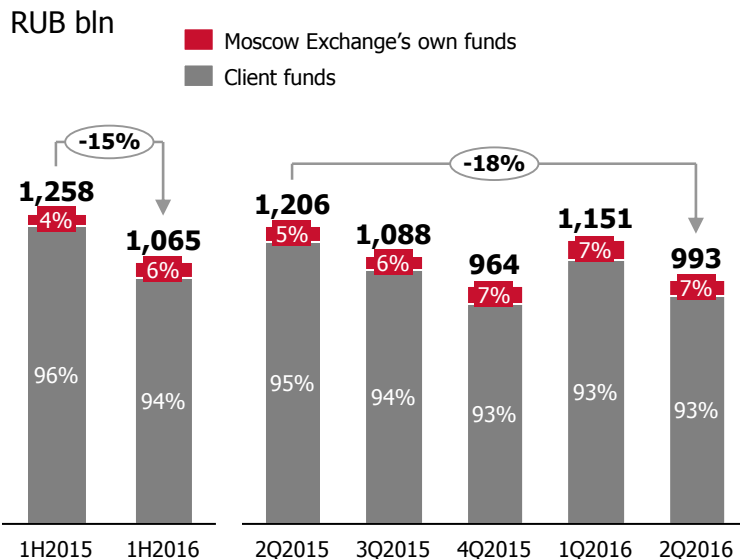
- Fee and commission income increased 13% YoY to RUB 4.9 bln, with the Derivatives, Fixed Income and Money Markets showing the strongest growth rates
- Fee & commission income remained well-diversified, with seven segments contributing, none of which represents more than a quarter of the total

Fee & commission income breakdown

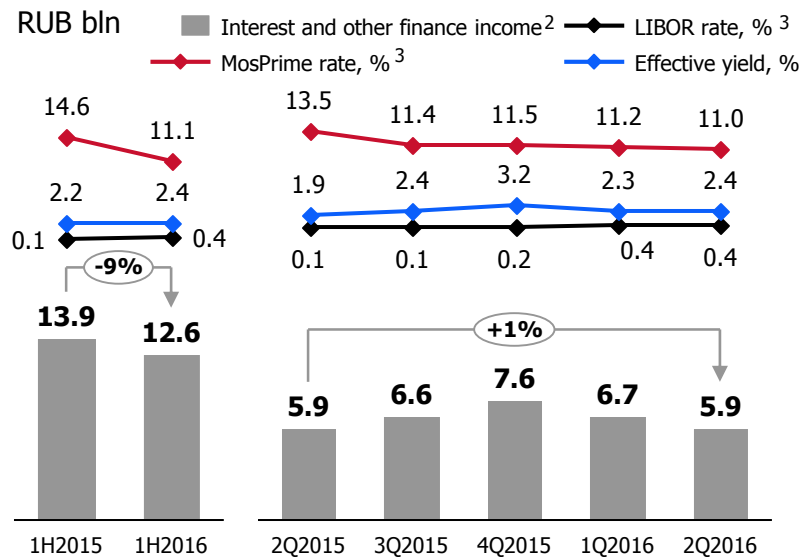


2Q 2016 Interest income

Investment portfolio¹ (average daily volume)

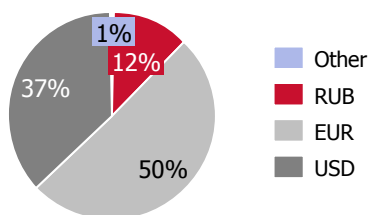


Interest income



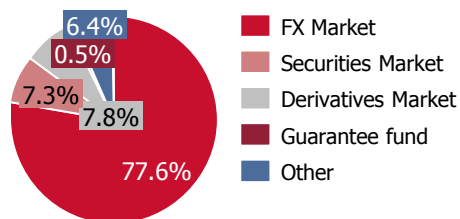
Clients funds by currency

2Q2016



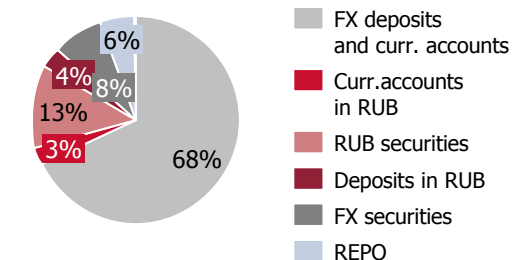
Clients funds by source

2Q2016



Investment portfolio by type of asset

2Q2016



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

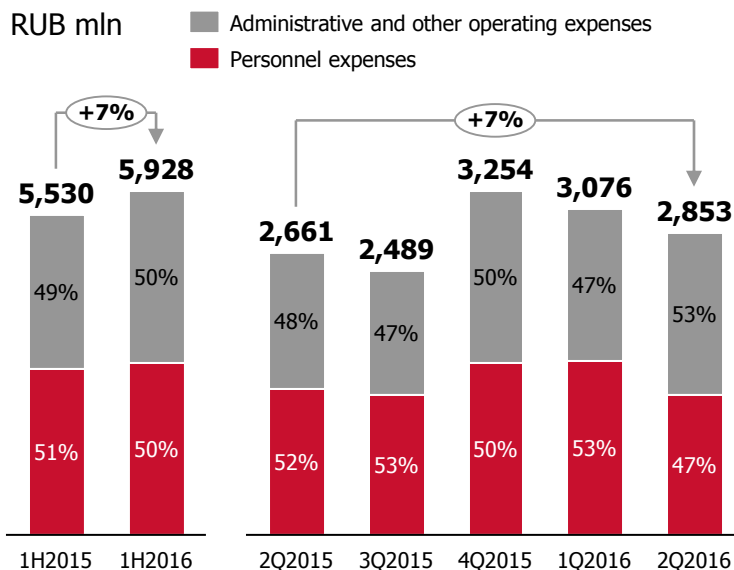
3 Average daily rate for the period



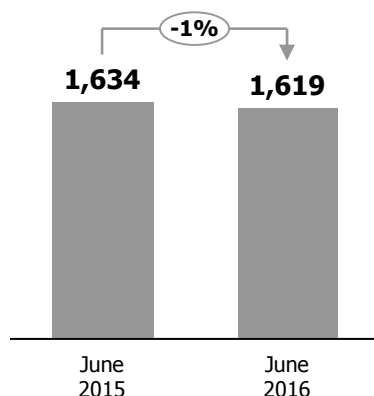
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Operating expenses

Operating expenses



Headcount



Major expense items

RUB mln

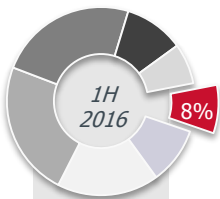
	2Q2015	2Q2016	Change YoY
Personnel expenses	1387	1328	-4%
Administrative and other operating expenses, including	1274	1525	20%
Amortisation of intangible assets	291	305	5%
Equipment and intangible assets maintenance	156	217	39%
Depreciation of property and equipment	142	211	49%
Rent and office maintenance	123	118	-4%
Taxes other than income tax	113	118	5%
Professional services	97	76	-21%
Advertising and marketing costs	54	158	195%
Total	2 661	2 853	7%
Cost income ratio	26.1%	26.4%	-

Comments

- Cost control remained strict with 7.2% growth YoY, which is below Russia's inflation rate
- Administrative expenses grew by 20% YoY due to higher depreciation of property & equipment, amortization of intangible assets and equipment, spending on intangible assets maintenance as a result of investments in IT-infrastructure and higher advertising and marketing costs
- Personnel costs decreased 4% YoY due to reversal of bonus provision related to 2015 year. Headcount declined 1% YoY



Appendix

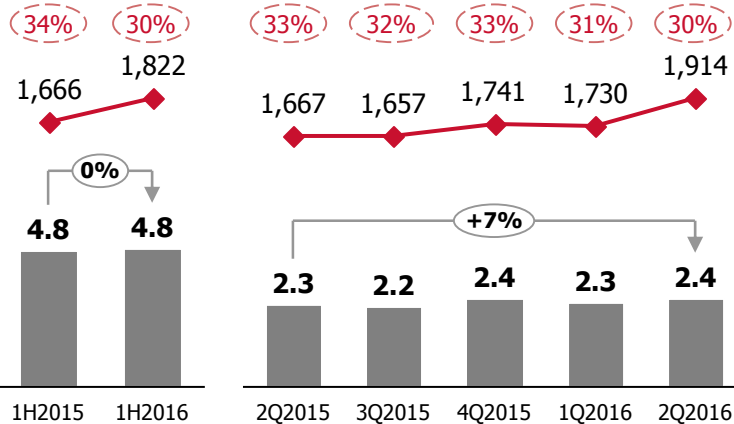


Equities Market: Market capitalization growth drives F&C income

Trading volumes¹

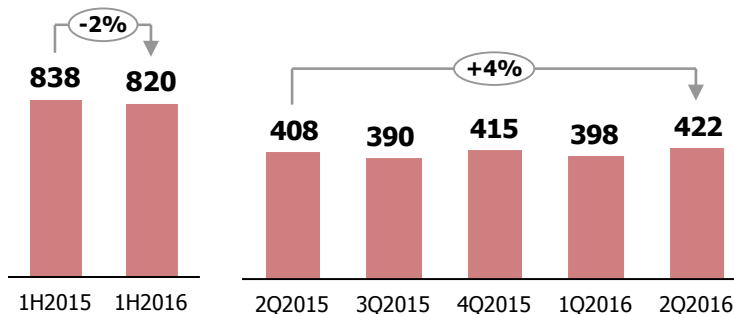
RUB trn ◆ MICEX Index (average for the period) ■ Equities

XX% Velocity



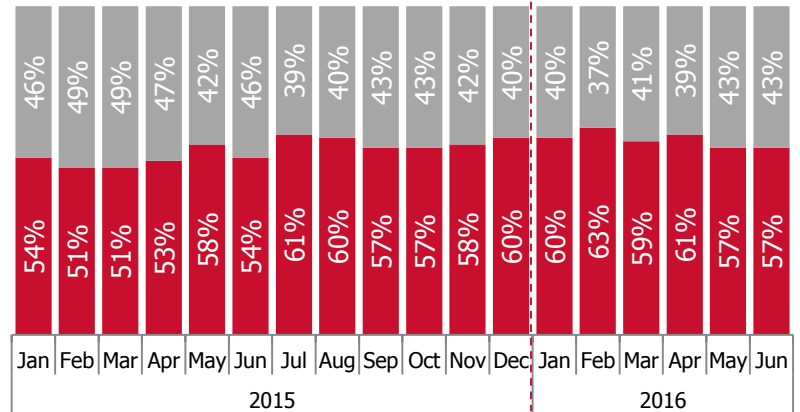
Fee & commission income

RUB mln



Russian equities trading volumes², MOEX vs LSE

%



■ Moscow Exchange³ ■ LSE - international order book³

Comments

- In July, the privatization process started with the SPO of Alrosa. The state successfully sold 10.9% of the company's share capital with a discount to the market price of just 4%. The deal size was RUB 52.2 bln (US \$813 mln). Additionally, UWC and Promsvyazbank raised RUB 5.0 bln (USD 77 mln) and RUB 2.6 bln (USD 39 mln) respectively through SPOs on MOEX in 2Q 2016
- Average market share of MOEX vs LSE for dual-listed Russian companies was 59% in 2Q 2016, while equities market capitalization growth led to 4% YoY fees and commissions increase



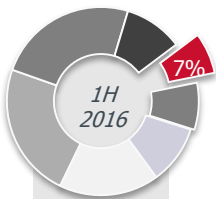
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Source: Moscow Exchange operational information and Consolidated Financial Statements, Liquidmetrix

¹ Volumes on both primary and secondary markets

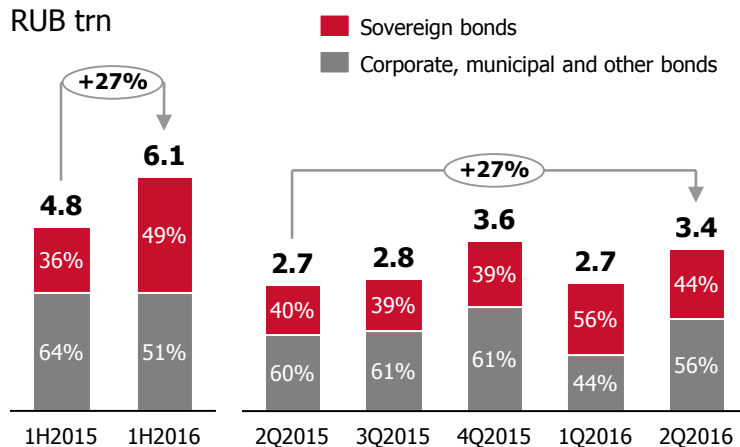
² Moscow Exchange and London Stock Exchange data for Russian dual-listed companies

³ Only electronic order book deals

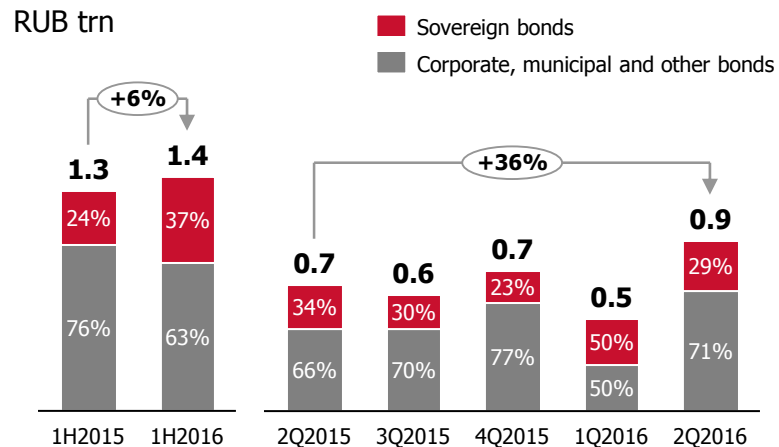


Fixed Income Market: F&C growth driven by new primary placements

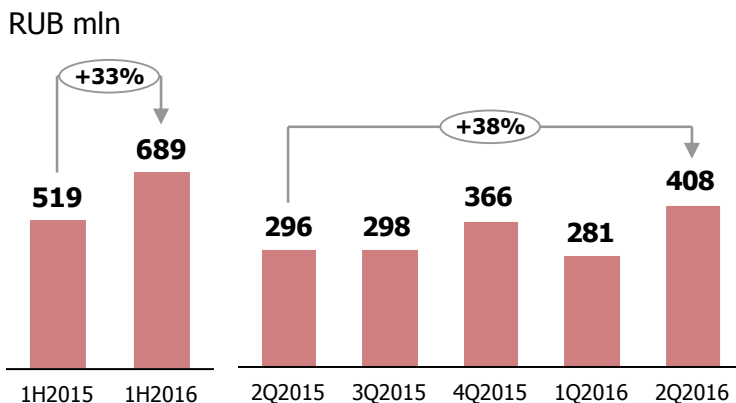
Trading volumes¹



Primary market

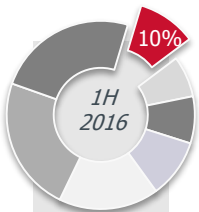


Fee & commission income



Comments

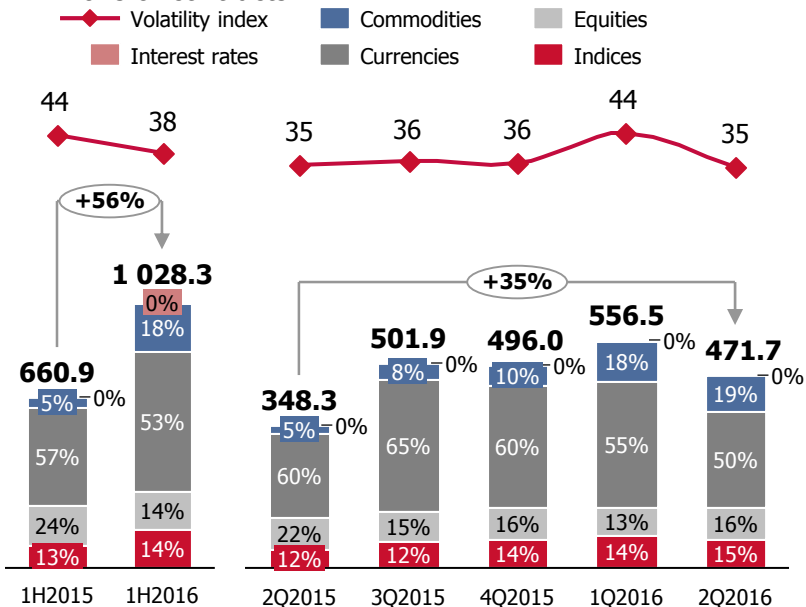
- The share of corporate bonds in the total trading volumes accounted for 56% on the back of strong primary placements, which grew 45% YoY driven by lower interest rates and easier access for Russian corporates to public debt
- Continued growth of trading volumes on secondary markets contributed to total trading volume growth (+27% YoY), mainly driven by solid performance of government bonds thanks to product advancements completed last year (shift to T+1 settlement, improved tariff plans, launch of closing and opening auctions)



Derivatives Market: healthy growth across the board

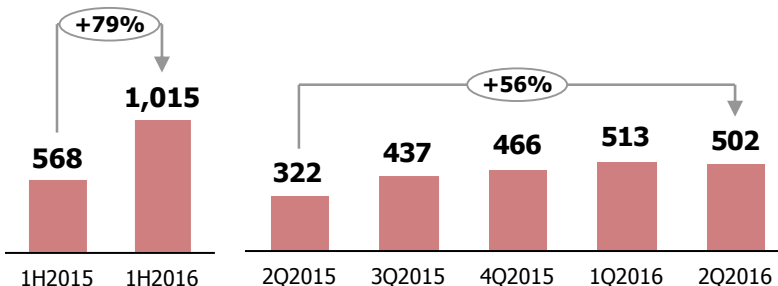
Trading volumes

millions of contracts



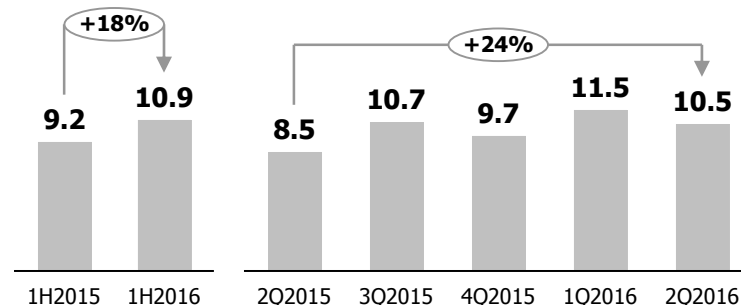
Fee & commission income

RUB mln



Open interest

millions of contracts, daily average

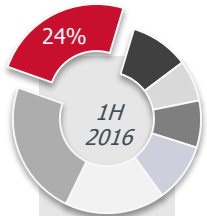


Comments

- Fee and commission income showed a second best quarterly growth rate ever (up 56% YoY) and increased to RUB 502 mln thanks to solid growth of trading volumes in futures on FX, commodities, indices, as well as options
- Futures and options on FX remained the most traded contracts and accounted for 50% of total derivatives contracts. Derivatives on commodities continued their rapid expansion with a 19% share of total trading volumes versus 5% a year ago
- Open interest grew by 24% to 10.5 mln contracts

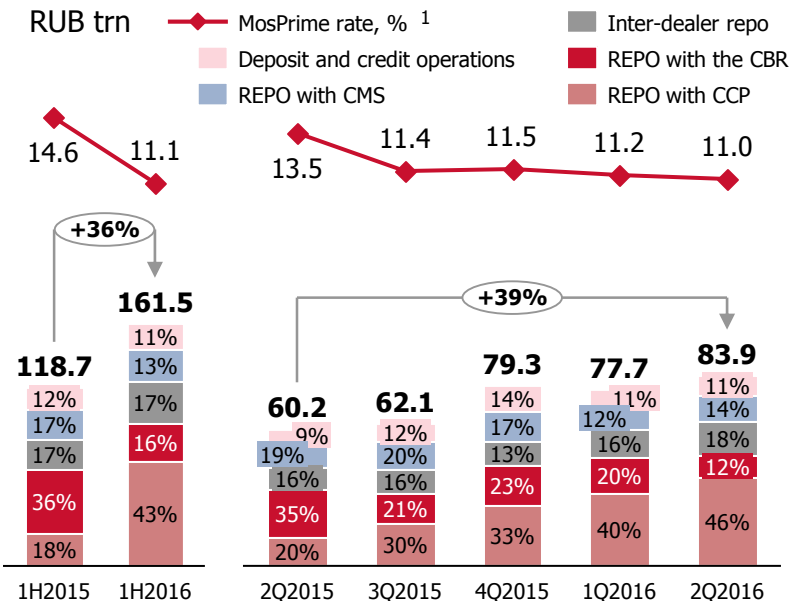


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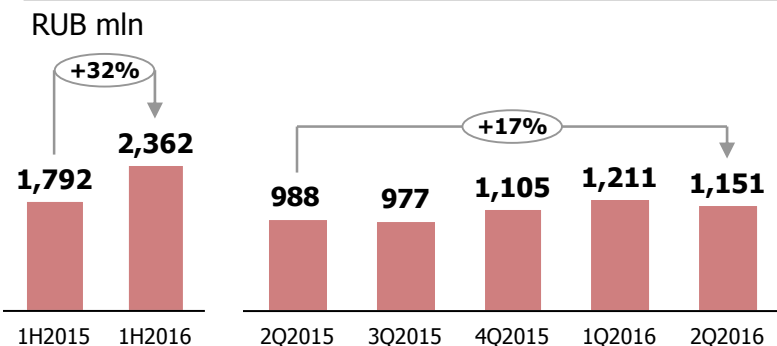


Money Market: demand for on-exchange services continues to grow

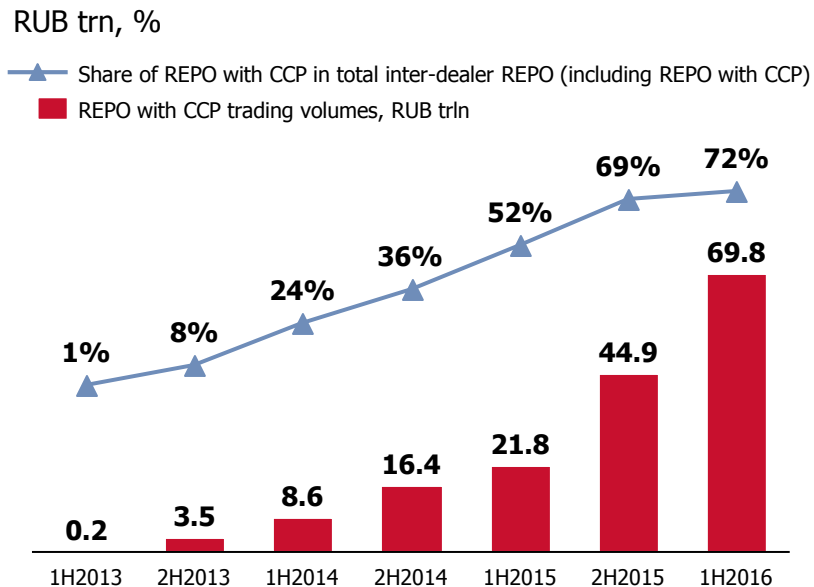
Trading volumes



Fee & commission income



Trading volumes for REPO with CCP



Comments

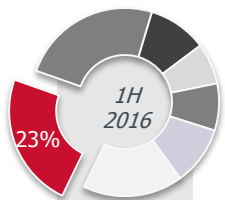
- Fees of RUB 1.15 bln (+17%) thanks to the growth of REPO with CCP, one of the fastest-growing products (up 3.1x YoY) across MOEX's product portfolio
- Repo with GCC (general collateral certificate) launched in the end of February kept gaining steam and grew 13 times QoQ
- Average REPO maturity declined from 7.2 days to 3.9 days due to change in the liquidity available in the banking system and lack of long-term FX repo by the CBR in 2Q2016, which was in great demand in 1H 2015



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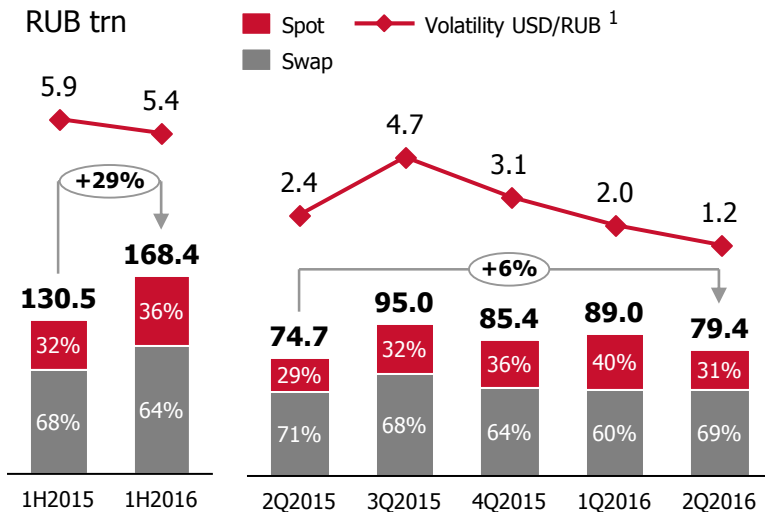
Source: Moscow Exchange operational information and Consolidated Financial Statements

1 Overnight rate, average for the period

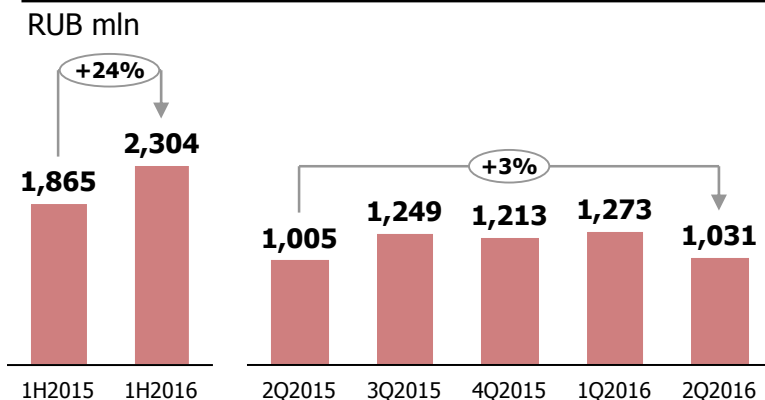


FX Market: normalization of volatility, normalization of growth

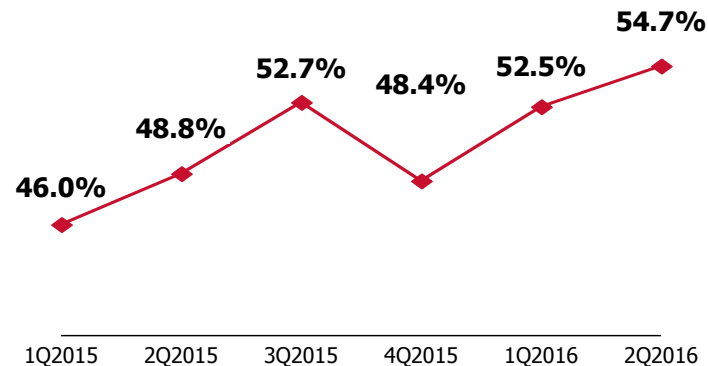
Trading volumes



Fee & commission income



MOEX share on the Russian interbank FX market



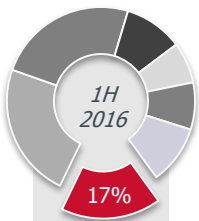
Comments

- Trading volumes growth decelerated to 6% YoY on the back of volatility normalization that led to 3% YoY growth of fees and commissions. USD/RUB volatility decreased to the lowest level for the recent 2 years
- Spot market trading volumes grew 16% YoY, while swap transaction volumes increased 2% YoY amid cooling demand from local banks to manage liquidity positions
- MOEX continued to increase its market share versus OTC trading, having more than 50% of Ruble liquidity concentrated on-exchange



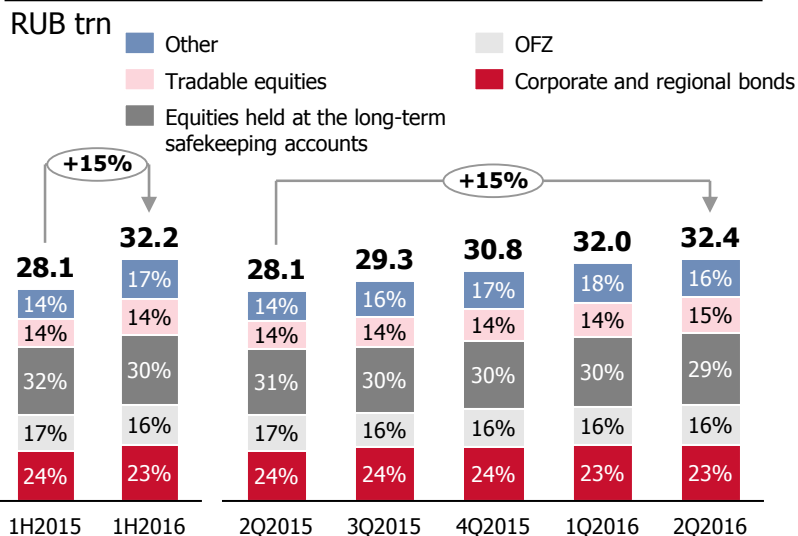
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Source: Moscow Exchange operational information and Consolidated Financial Statements, CBR
¹ Calculated as daily standard deviation of the USD/RUB exchange rate for the period

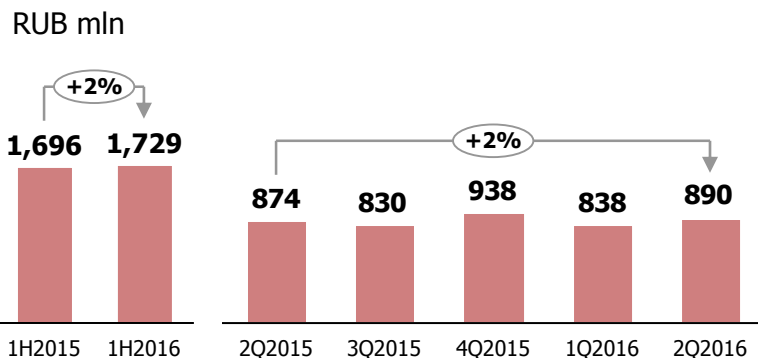


Depository and settlement: continued growth of assets under custody

Assets on deposit (average for the period)

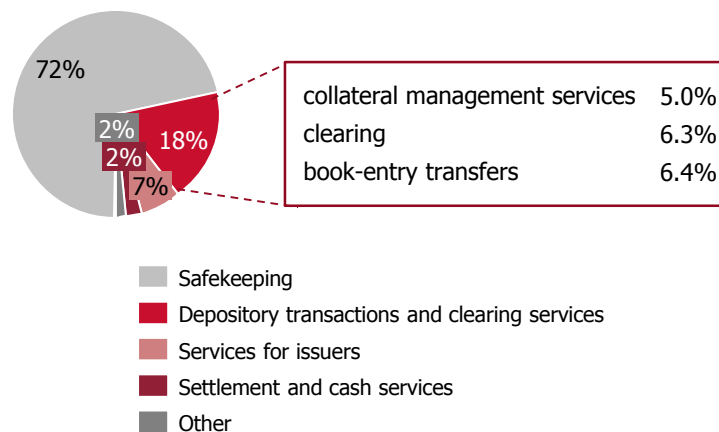


Fee & commission income



Fee & commission income breakdown

2Q 2016

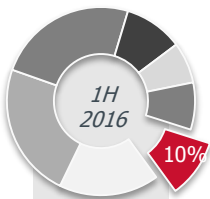


Comments

- The increase in assets under custody was driven by increased market cap of the Equities Market, inflow of Eurobonds, bonds of foreign issuers and international institutions, as well as new local bond placements
- On 1 July 2016, the legal framework for corporate actions reform went into effect
- Corporate Information Center was launched by NSD, forming a single source of corporate data with "golden copy" status, which will solve the problem of multiple, inconsistent corporate actions data



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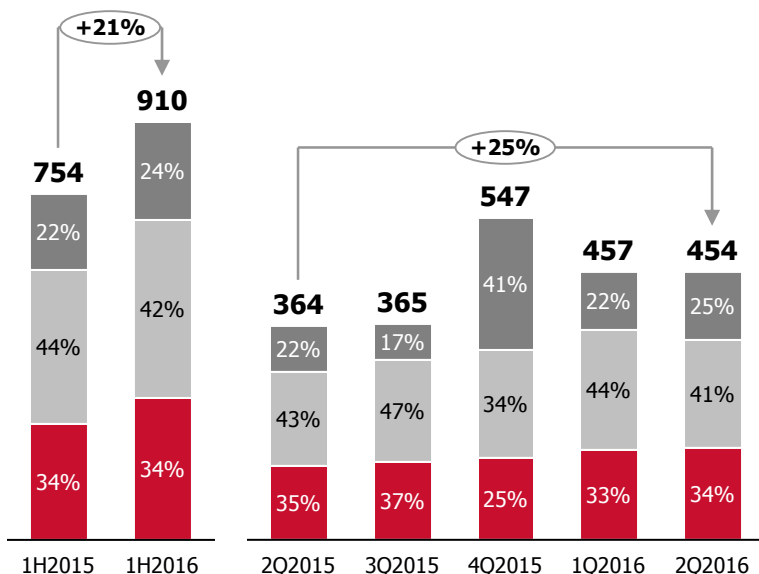


Growth in information services fees

Other fee & commission income¹

RUB mln

- Listing and other fees related to Securities Market
- Information services
- Sale of software and technical services



Comments

- Fees and commissions across all lines demonstrated healthy double-digit growth
- Listing and other fees related to the Securities Market grew by 42.0% YoY on the back of primary bond placements
- Fees from information services and sale of software and technical services grew by 22.9% YoY and 17.1% 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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