



**MOSCOW
EXCHANGE**

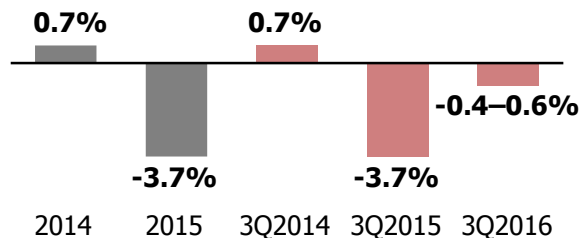
9 November 2016

3Q 2016 Earnings Presentation

This time is different: changes in the macro environment

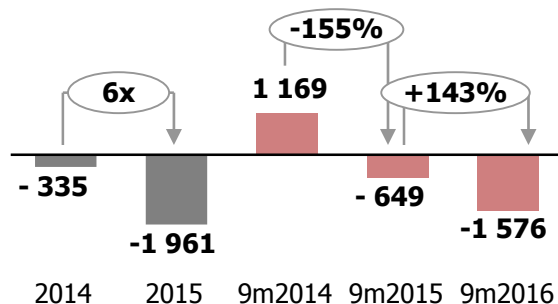
GDP dynamics

%



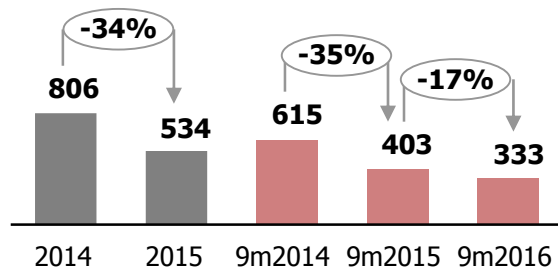
Budget deficit

RUB bln



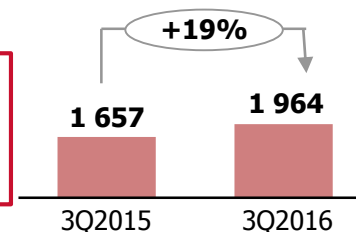
Export+Import

USD bln



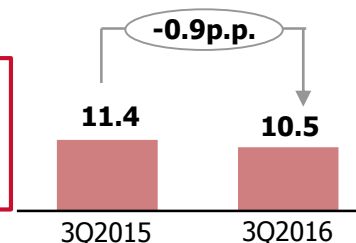
MICEX Index

average for the period



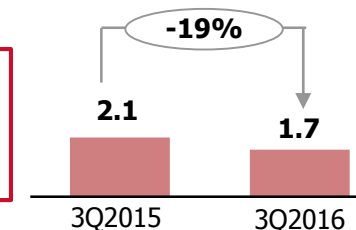
Mosprime rate

average for the period, %



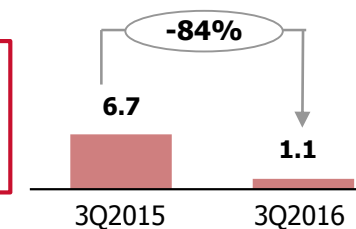
MICEX Index volatility

%



USD/RUB volatility¹

%



Key developments in 3Q and Oct-Nov 2016

✓ **Corporate structure optimization**

- An EGM on 2 September 2016 approved a corporate restructuring whereby 100%-owned subsidiaries CJSC MICEX Stock Exchange and MB Technologies LLC will be consolidated into Moscow Exchange. The purpose of the restructuring is to optimize MOEX's corporate structure, simplify customers' interactions with Group companies and reduce costs both for customers and the Exchange.

✓ **Superior infrastructure recognized**

- The Bank for International Settlements (BIS) assigned the highest rating to the Russian financial market infrastructure based on a thorough analysis of the legislative framework for operations of Russia's CSDs, repositories, and central counterparties.
- DataSpace1, the only data center in Russia with Tier-III certification from Uptime Institute, became MOEX's primary data center in November. Prior to that, MOEX tested the data center's new status jointly with market participants. The previous main data center, M1, is now operating as a disaster recovery site.
- SWIFT assigned Premier certification status to the Service Bureau of NSD, making it the first bureau to receive this status in Eastern Europe, which guarantees the highest safety and reliability to clients who use its services for working with SWIFT.

✓ **Further improvements to listings**

- MOEX will launch a Listing Council in Jan 2017. The 30-35 member committee is expected to be comprised of a wide range of experts on listing-related issues – auditors, appraisers, legal advisors and corporate governance experts, representatives of rating agencies, the regulator and professional market players in order to advise MOEX on different listing issues.

✓ **Expansion of the client base and product offering**

- Alfa-Capital AM became the first asset manager with direct access to the Equities, Fixed income and FX Markets
- VTB Bank issued first ultra-short term bonds with 1-day maturity.

✓ **Risk management enhancements**

- MOEX increased NCC's dedicated capital ("skin in the game") to RUB 9.5 bn and reserved RUB 5 bn for the guarantee fund. These measures are a part of an initiative to implement a new CCP safeguard structure ("default waterfall"), aligned with IOSCO requirements.
- Concept of collateral for stress was introduced, an additional level of protection for the CCP to mitigate potential risks of market concentration.



New tariff structure on the Derivatives Market: greater control over effective fees

From October 3rd, the new tariff structure came into force in order to...

- 1 Harmonize fee structure across all MOEX markets
- 2 Bring fees on derivatives in line with asset values as MOEX had not adjusted derivatives pricing for several years
- 3 Simplify the pricing structure

From

- Rub per contract
- Different fees for derivatives on the same class of underlying assets, e.g. different price for futures on RTS (Rub 2.00 per contract) and MICEX (Rub 3.00 per contract)



To

- Rub per value traded (ad valorem)
- A uniform approach to fees within the same asset class of underlying assets, e.g. futures on Sberbank and MTS are priced equally

Transition period and marketing programs set up to maintain liquidity and smooth the transition to the new tariffs

- ✓ Transition period of 12 months with ad valorem fees revision on a quarterly basis will allow professional market participants to adjust their mid- and back-office procedures and IT systems smoothly. After the end of the marketing period the fee will be calculated for each trade.
- ✓ Marketing programs for futures on FX, gold and oil for market participants exceeding minimum liquidity threshold
- ✓ 12-month marketing period for option trading – reduced prices to support liquidity

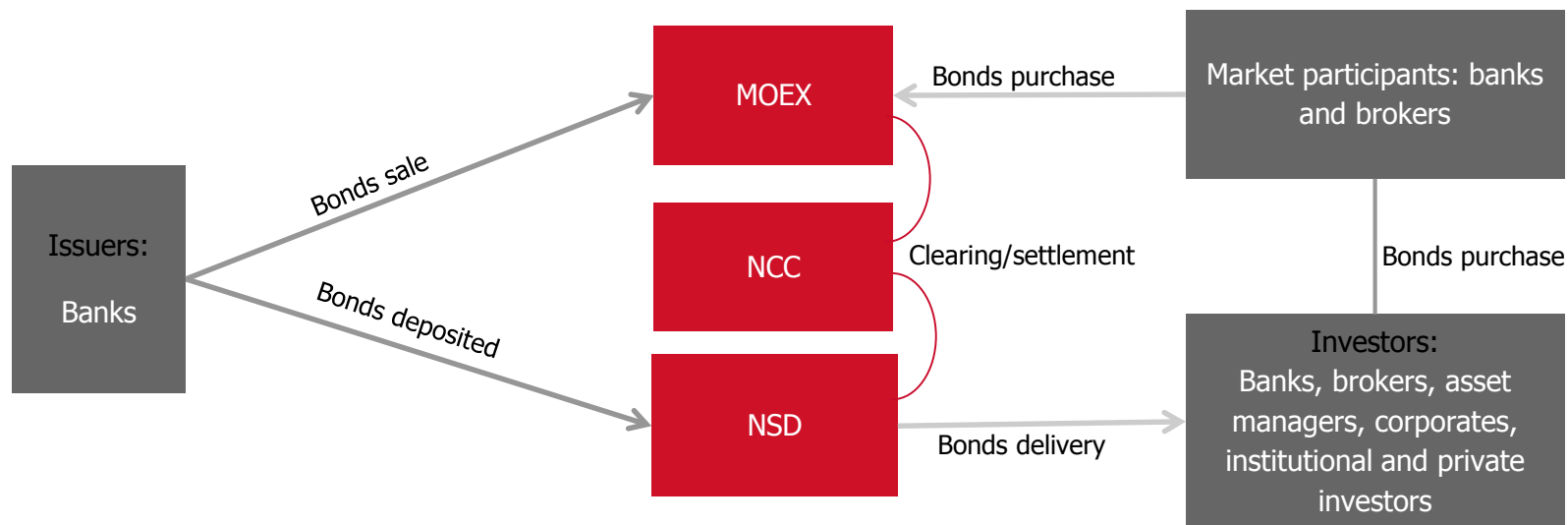


Ultra short-term bonds: a new product with big potential

Key features and advantages of the 1-day bonds

- ✓ As opposed to interbank money market the 1-day bonds:
 - don't require market participants to maintain bilateral credit lines
 - don't require negotiation of deal terms
 - allow to trade lower board lot
 - simplify settlement process
- ✓ Unlike traditional bonds, the product bears limited interest rate and liquidity risks due to its short-term nature
- ✓ Unlike depository certificates, the product has electronic form, can be traded and settled on-exchange

Though issued in the form of bonds, the product has nature of money market instrument:



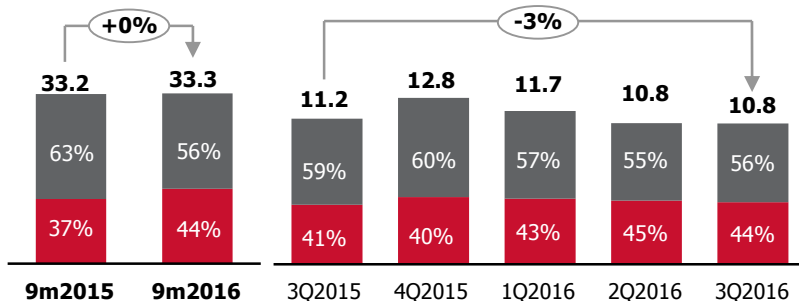
Tariffs for the product are comparable to money market instruments – 0.4 bps for trading, clearing and IT services

3Q 2016 Key Financial Highlights

Operating income

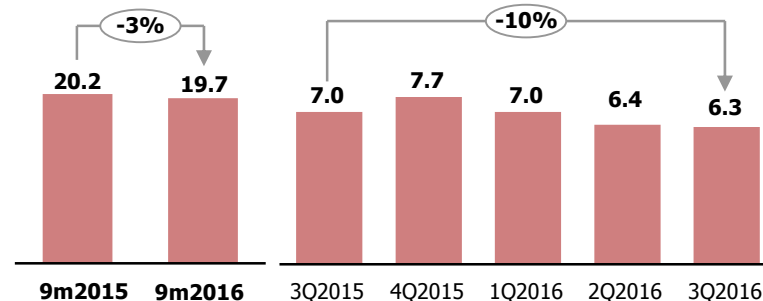
RUB bln

■ Fee & commission income¹
■ Interest and other finance income



Net income

RUB bln



+19.8%
YoY

Operating Expenses
3.0 bln RUB

- For 9M 2016 cost growth was 11.1%. In 3Q 2016 costs grew 19.8% YoY driven by a 29.3% YoY increase in D&A expenses and a 47.8% YoY increase in equipment and intangible assets maintenance costs as new equipment and hardware was put into operation.

+5.3p.p.
YoY

Cost/Income ratio
27.6%

- Cost to income ratio increased to 27.6% from 22.3% in 3Q 2015

-8.1%
YoY

EBITDA
8.4 bln RUB

- EBITDA in 3Q 2016 amounted to RUB 8.4 bln, down by 8.1% YoY. The EBITDA margin remained at a strong 77.9%

-5.7 p.p.
YoY

ROE
21.8%

- ROE declined by 5.7 percentage points YoY due to average equity growth of 13% combined with lower net income (-9.9% YoY)

+14.3%
YoY

Net cash
78.7 bln RUB

- Cash position increased to RUB 78.7 bln thanks to MOEX's highly cash-generative business model



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1 - Including other operating income

3Q 2016 Markets Overview

FX Market

	RUB trn	% YoY
Trading volumes	79.0	-17%

		p.p. YoY
MOEX market share¹	53.4%	+4.2 p.p.

- Trading volumes fell by 17% from the high base of 3Q 2015 due to subdued FX rate volatility. Trading in the spot segment declined by 23% YoY, while swap trading volumes decreased 14% YoY

- MOEX market share versus OTC trading grew to above 50% of the onshore market

Money Market

	RUB trn	% YoY
Trading volumes²	101.5	+63%

	RUB trn	% YoY
REPO with CCP trading volumes	48.0	+158%

- Trading volumes in the Money Market grew by 63% YoY in 3Q 2016 thanks to continued growth of higher-margin repo with CCP (+158% YoY), which more than offset lower demand for repo with the CBR (-11% YoY)

- Launched in 1Q 2013, REPO with CCP remained the fastest-growing product over recent quarters and comprised 62% of total repo market trading volumes in 3Q 2016

Depository and Settlement Services

	RUB trn	% YoY
Assets under custody (average for the period)	33.1	+13%

- The increase in assets under custody was driven by higher market capitalization of the Equities Market, and new government and corporate bond placements



3Q 2016 Markets Overview

Derivatives Market

	Contracts, mln	% YoY
Trading volumes	478	-5%

	Contracts, mln	% YoY
Futures on commodities	134	+246%

- Derivatives Market trading volumes contracted by 5% YoY on the back of lower volatility. Futures trading volumes declined 5% YoY mainly due to lower activity in FX futures. However, options trading volumes grew 15% YoY.
- Commodity futures continued to be one of MOEX's key growth drivers in Derivatives on the back of a growing investor activity as liquidity of the product increased

Fixed Income Market

	RUB trn	% YoY
Trading volumes	3.2	+17%

	RUB bn	% YoY
Government bonds primary placements	350	+93%

- Trading volumes in the Fixed Income Market increased by 17% YoY thanks to growth of secondary market trading volumes (+11% YoY) driven by OFZ trading and new bond placements (+38% YoY) by the government and corporates
- Government bond primary market grew 93% YoY driven by needs to finance the state budget deficit

Equities

	RUB trn	% YoY
Trading volumes	2.0	-10%

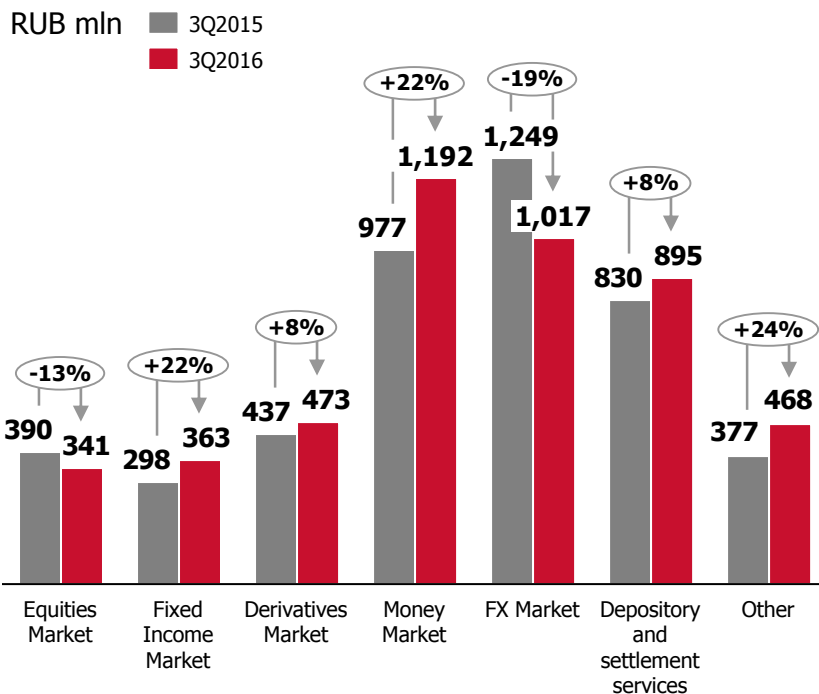
	# of accounts,ths	% YoY
Active retail clients	87.2	+17%

- Secondary trading volumes in Russian equities declined by 10% YoY due to lower velocity on the back of muted volatility, which affected market participants' activity
- Number of active retail investors grew by 17% driven by growth of Individual Investment Accounts and investors' search for yields amid lower deposit interest rates

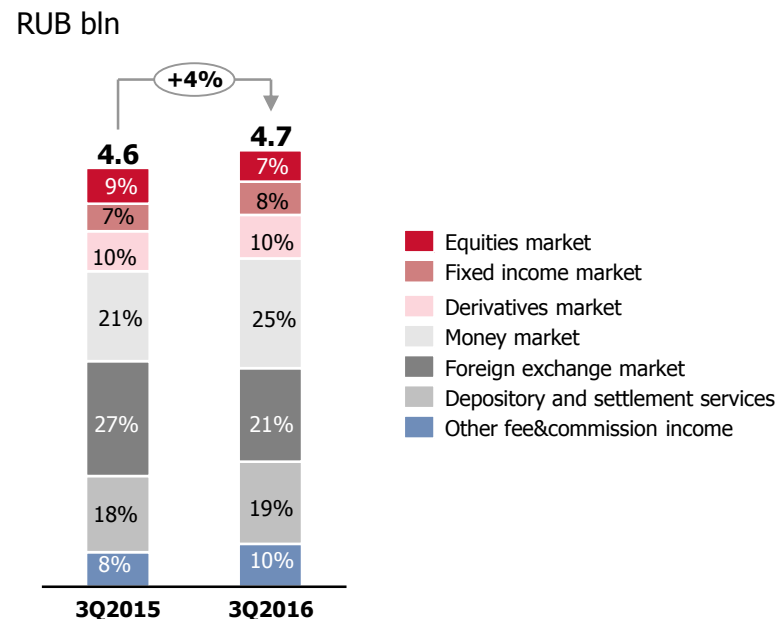


Diversified fee & commission income

Fee & commission income performance



Fee & commission income breakdown

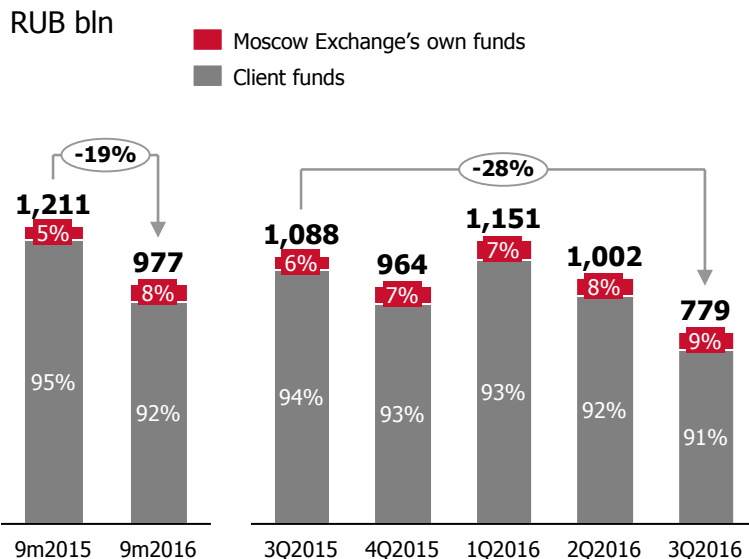


Key takeaways

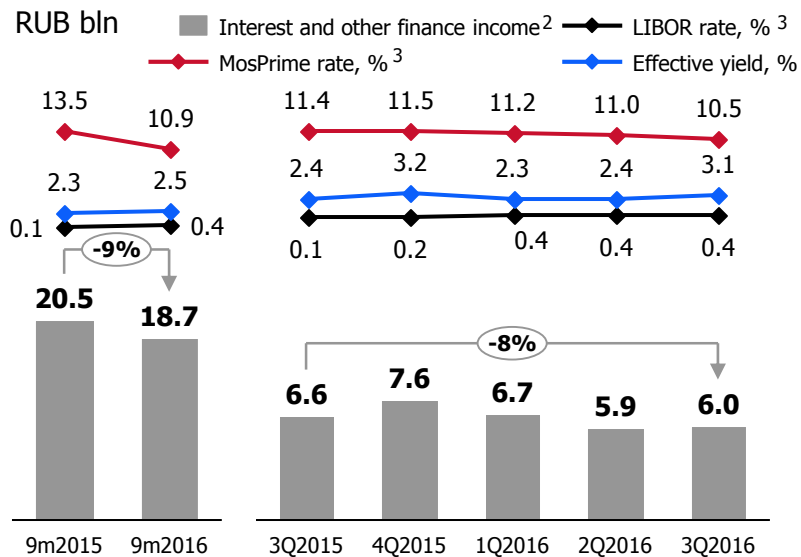
- Fee and commission income increased 4% YoY to RUB 4.7 bln, with the Money Market, Fixed Income Market and non-trading fees, including information and software sales showing the fastest growth rates
- Fee & commission income remained well-diversified, with seven segments contributing, none of which represents more than a quarter of the total

3Q 2016 Interest income

Investment portfolio¹ (average daily volume)

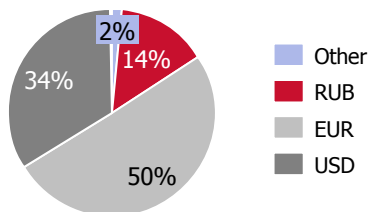


Interest income



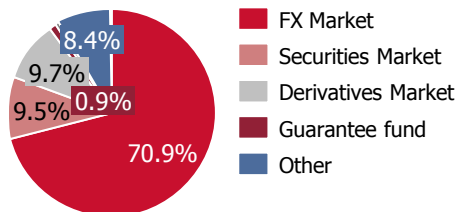
Client funds by currency

3Q2016



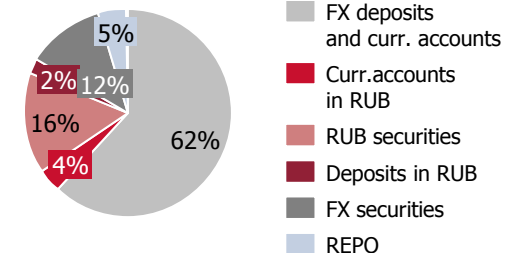
Client funds by source

3Q2016



Investment portfolio by type of asset

3Q2016



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

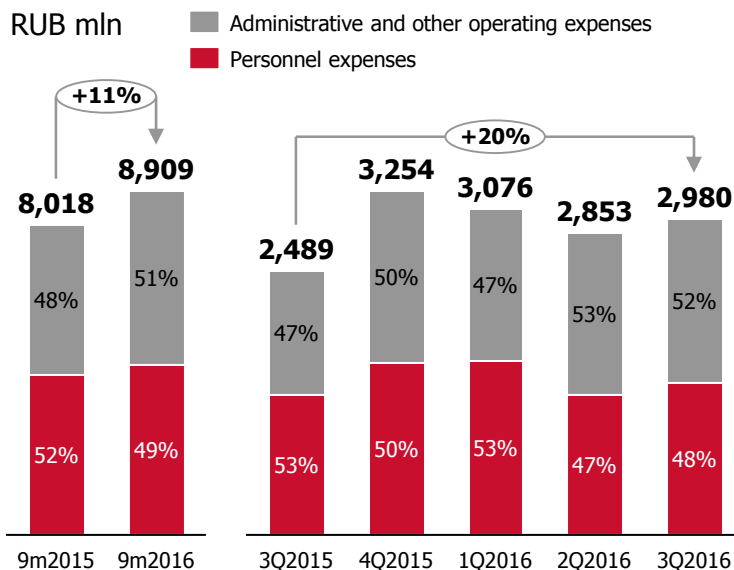
3 Average daily rate for the period



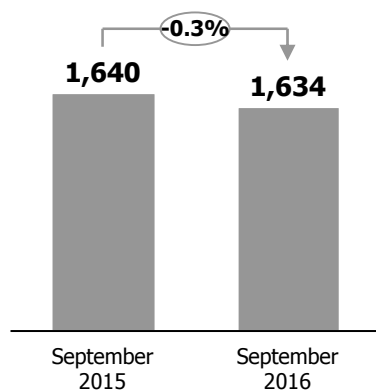
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Operating expenses

Operating expenses



Headcount



Major expense items

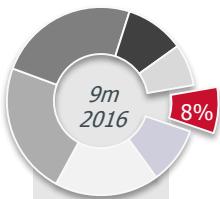
RUB mln	3Q2015	3Q2016	Change YoY
Personnel expenses	1,321	1,433	8.4%
Administrative and other operating expenses, including	1,167	1,548	32.6%
Amortisation of intangible assets	294	314	6.8%
Equipment and intangible assets maintenance	166	245	47.8%
Depreciation of property and equipment	167	282	69.0%
Rent and office maintenance	108	122	12.3%
Taxes other than income tax	97	112	15.5%
Professional services	73	91	24.4%
Advertising and marketing costs	38	61	60.2%
Total	2,489	2,980	19.8%
Cost income ratio	22.3%	27.6%	-

Comments

- For 9M 2016 operating expenses grew 11.1% YoY, slightly below FY guidance of 12-14%
- In 3Q 2016 operating expenses grew by 19.8% YoY as a large-scale set of equipment was put into operation under the capex program. As a result, depreciation costs grew by 69.0% YoY, and spending related to maintenance of equipment and intangible assets increased by 47.8% YoY.
- Personnel costs grew by 8.4% YoY, slightly above inflation in 3Q 2016 (6.8%) driven by higher payroll-related taxes and selective salary increases.



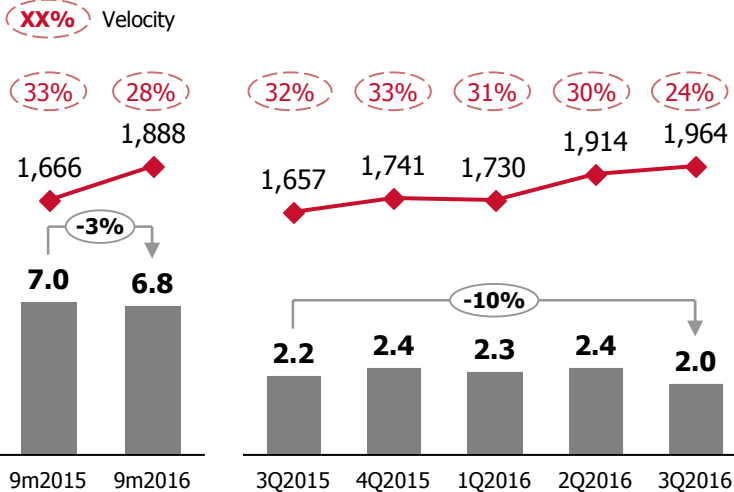
Appendix



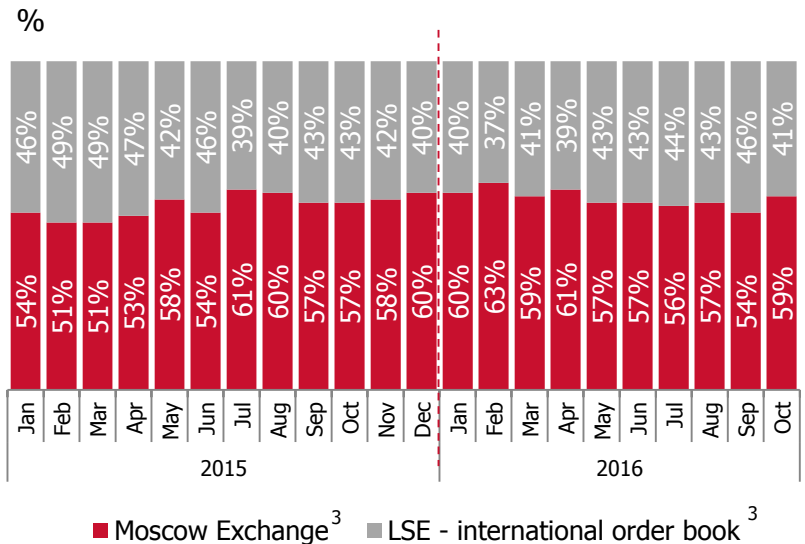
Equities Market: subdued volatility, growing index

Trading volumes¹

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

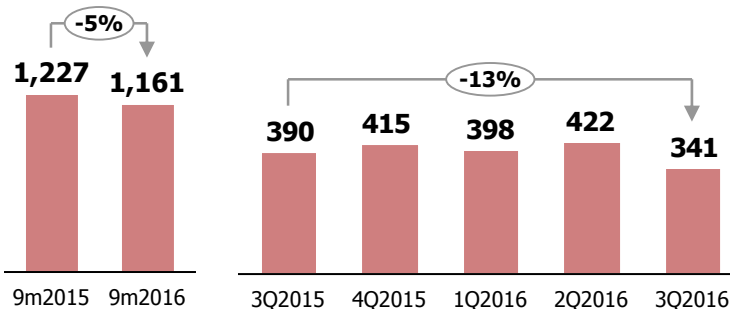


Russian equities trading volumes², MOEX vs LSE



Fee & commission income

RUB mln



Comments

- Velocity of the Equities Market remained subdued on the back of historically low volatility, which affected trading activity of market participants. Trading volumes contracted by 10% YoY in 3Q 2016
- Fees and commissions declined by 13% YoY in line with the contraction in trading volumes
- Average MOEX market share for dual-listed stocks was 56% in 3Q 2016



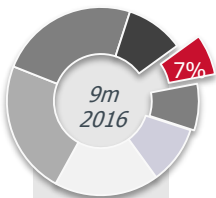
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Source: Moscow Exchange operational information and Consolidated Financial Statements, Liquidmetrix

1 Volumes on both primary and secondary markets

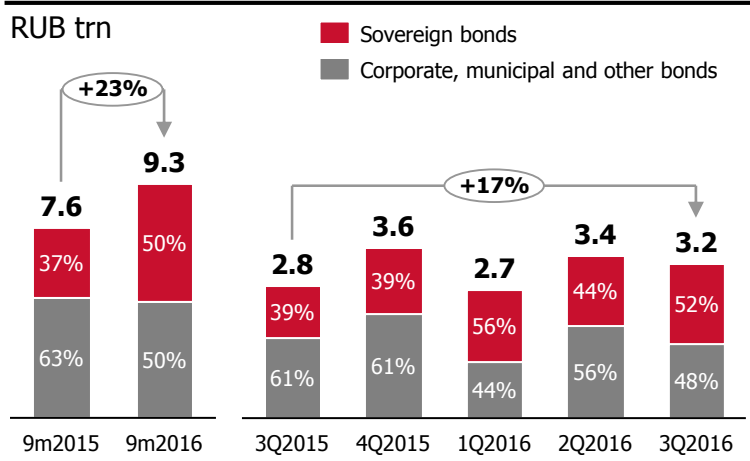
2 Moscow Exchange and London Stock Exchange data for Russian dual-listed companies

3 Only electronic order book deals

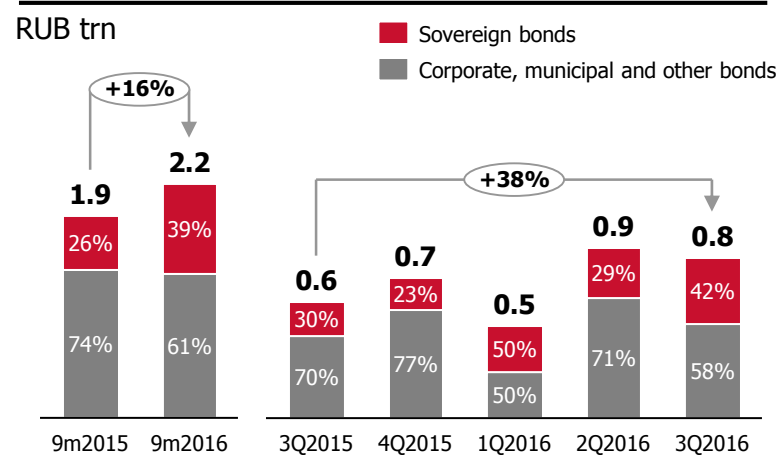


Fixed Income Market: F&C growth driven by new primary placements

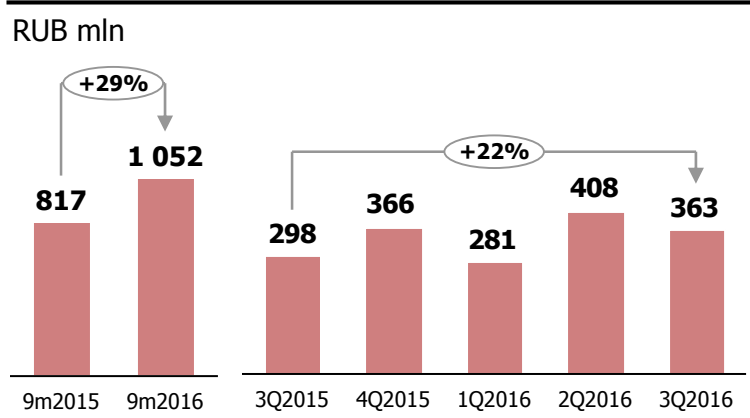
Trading volumes¹



Primary market

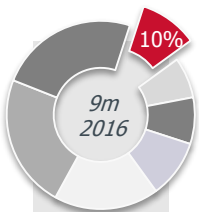


Fee & commission income



Comments

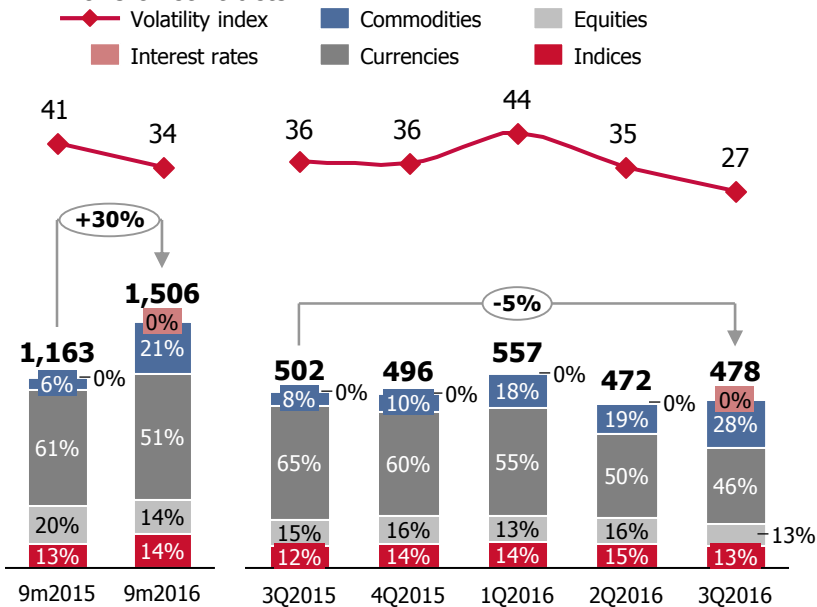
- Fee and commission growth of 22% YoY was driven by both healthy primary placement activity and higher trading volumes in the order book of OFZs in the secondary market
- Primary placements grew by 38% YoY mainly driven by active borrowing from the government to cover state budget needs (+93% YoY). Corporate bond placements grew by 15% YoY amid lower interest rates and a stable ruble.
- In 3Q, a new product, 1-day bonds, was launched. The product aims to expand liquidity management options for Russian banks and corporates.



Derivatives Market: commodity futures are a star

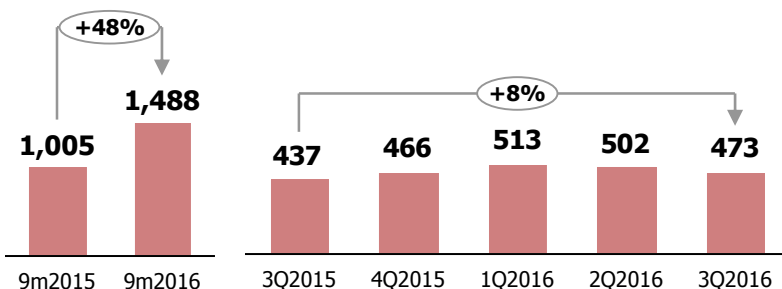
Trading volumes

millions of contracts



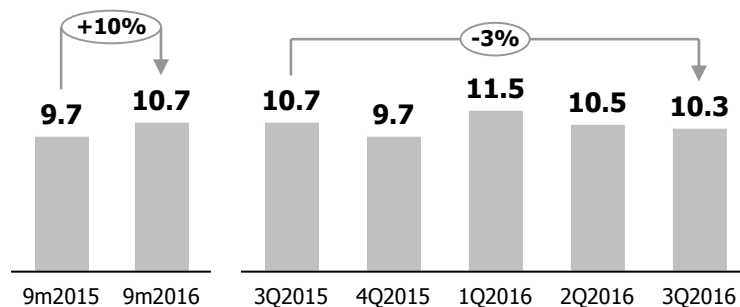
Fee & commission income

RUB mln



Open interest

millions of contracts, daily average

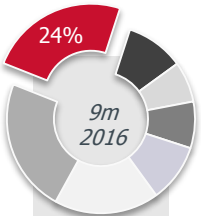


Comments

- Despite a trading volume decrease of 5% YoY, fee and commission income grew by 8% YoY to RUB 473 mln thanks to a continued shift to trading in higher-yielding products.
- Futures and options on FX remained the most traded contracts and accounted for 46% of total derivatives contracts. Derivatives on commodities continued their rapid expansion with a 28% share of total trading volumes versus 8% a year ago
- Options trading volumes increased by 15% YoY in contract terms. The growth was driven by options on commodities (33x YoY) and on indices (+27.4% YoY)
- Open interest declined by 3% (from 10.7 mln to 10.3 mln contracts) in 3Q, but in RUB terms spiked 32% YoY in Oct 2016
- From Oct 3rd a new tariff structure, linking fees to prices of underlying assets, came into effect on the Derivatives Market. The new structure harmonizes tariffs with the rest of the product portfolio and unifies tariffs among derivatives on the same underlying assets

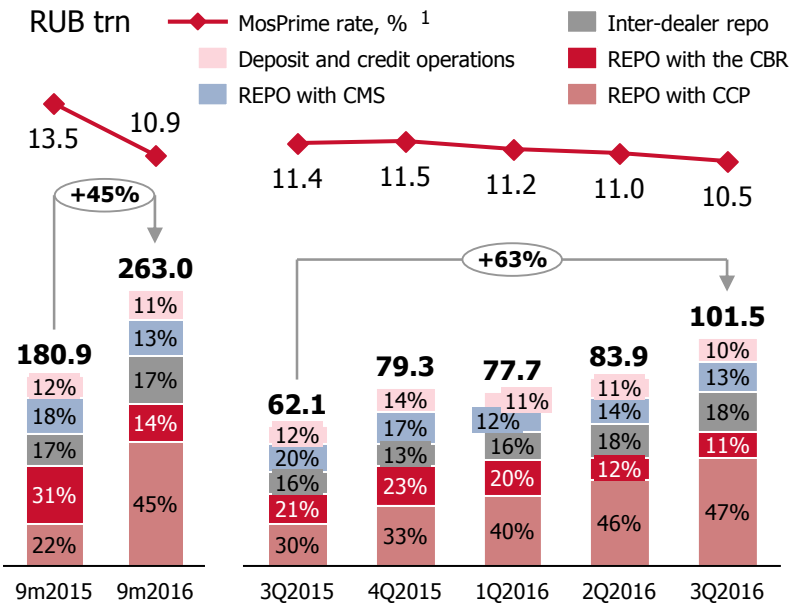


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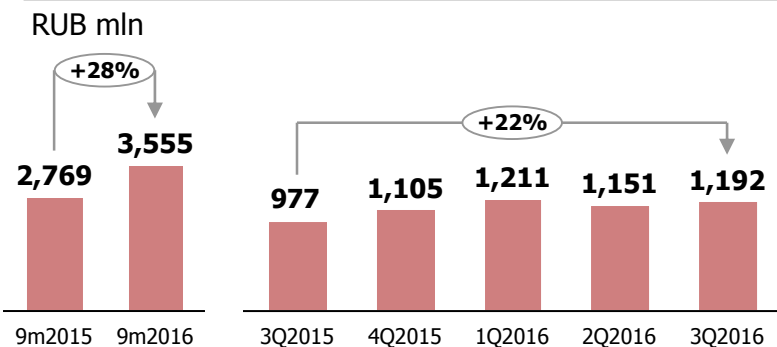


Money Market: demand for on-exchange services continues to grow

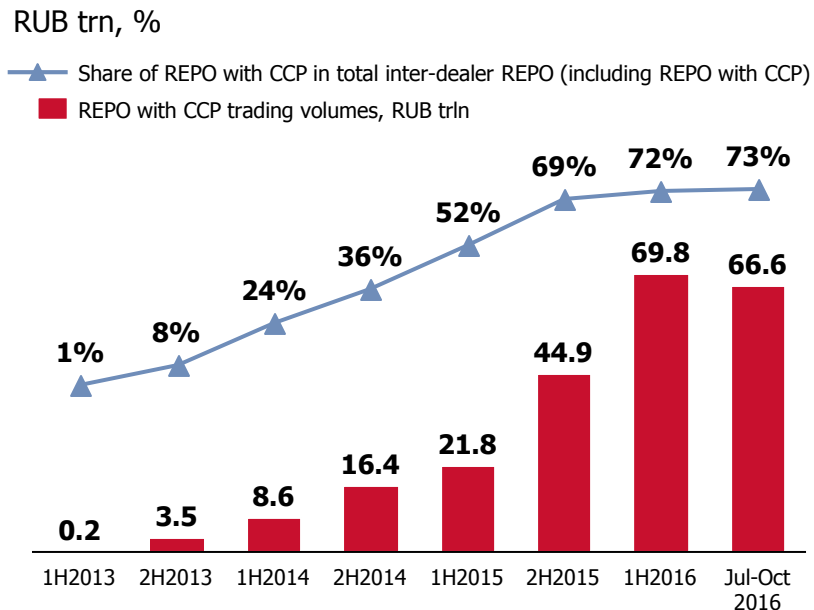
Trading volumes



Fee & commission income



Trading volumes for REPO with CCP

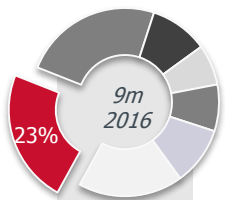


Comments

- Fees of RUB 1.19 bln (+22% YoY) were driven mainly by growth of REPO with CCP (up 2.6x YoY). F&C growth underperformed trading volumes growth due to contraction of average maturity and high-base effect as fees received in 1Q2015 from 1-year repo with the CBR were accrued over the subsequent periods.
- Repo with GCC (general collateral certificate) launched in the end of February continued to gain steam and grew by 33% QoQ
- Average REPO maturity declined from 3.8 days to 3.2 days due to lower demand for longer term repo by the CBR in 3Q 2016. However, average maturity of REPO with the CCP grew from 1.7 to 2.2 days following introduction of 1-week repo in 1Q 2016.

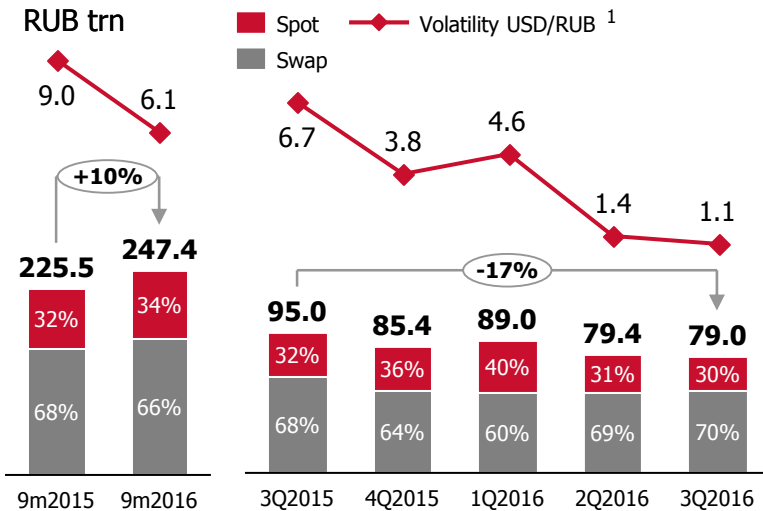


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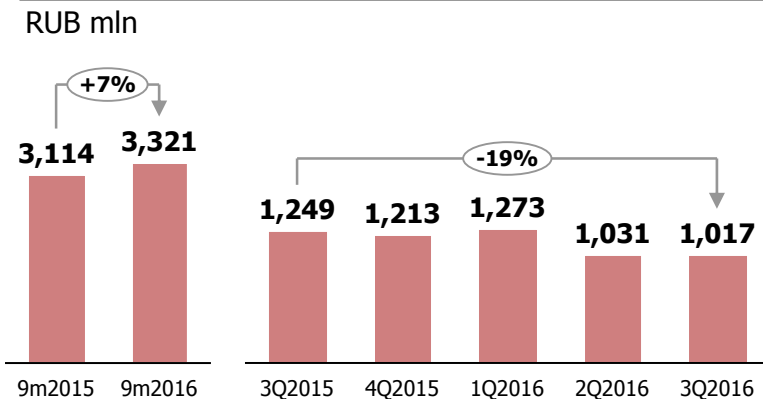


FX Market: normalization of volatility

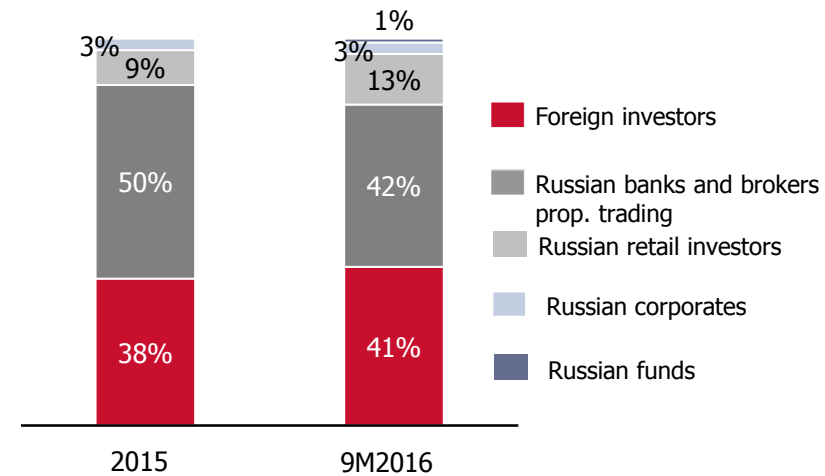
Trading volumes



Fee & commission income



Foreign investor share in MOEX spot FX market



Comments

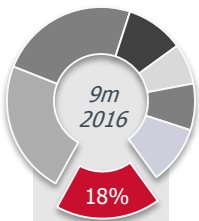
- Trading volumes declined by 17% YoY on the back of record low volatility, which led to 19% YoY decline of fees and commissions. USD/RUB volatility decreased to the lowest level in the past 2 years
- Marketing efforts and introduction of international clearing membership led to higher share of international investors trading Rub-based currency pairs, up from 38% in 2015 to 41% for the 9M of 2016
- MOEX maintained its market share versus OTC trading, having more than 50% of ruble liquidity concentrated on-exchange



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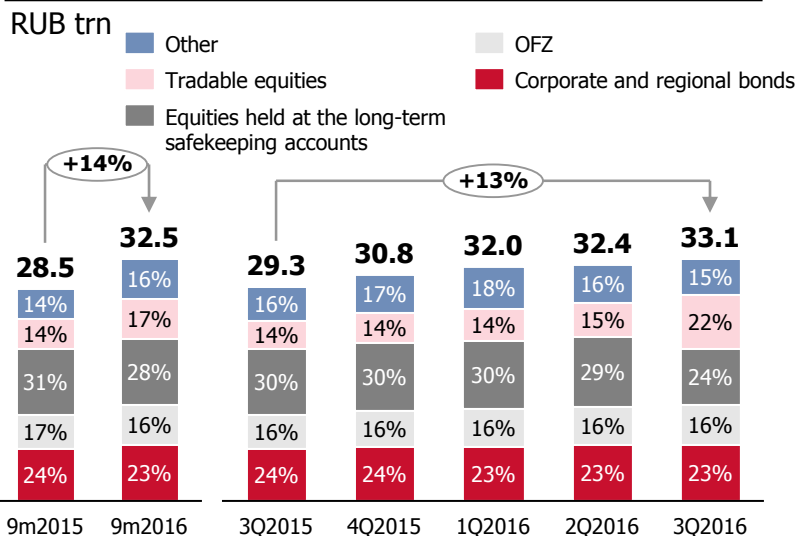
Source: Moscow Exchange operational information and Consolidated Financial Statements, CBR

¹ Calculated as daily standard deviation for the period divided by the average value for the period

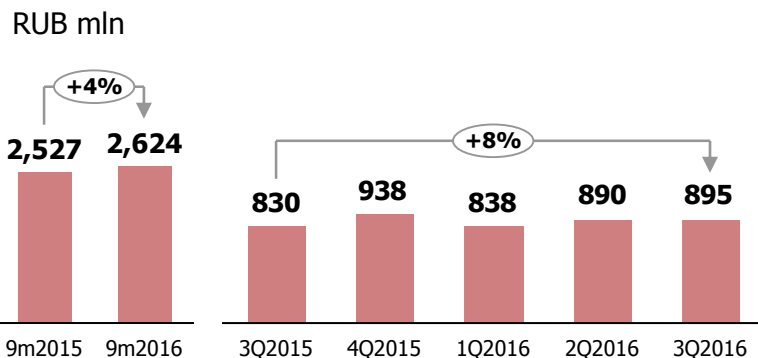


Depository and settlement: continued growth of assets under custody

Assets on deposit (average for the period)

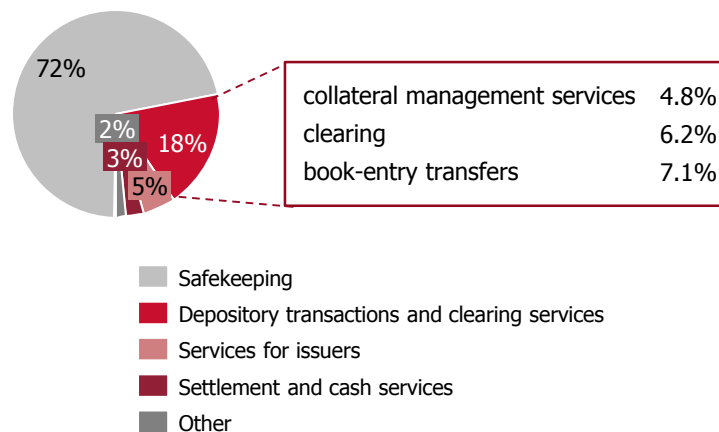


Fee & commission income



Fee & commission income breakdown

3Q 2016

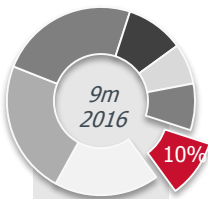


Comments

- The increase in assets under custody was driven by increased market cap of the Equities Market and new local bond placements, both by corporates and the government
- 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 aims to solve the problem of multiple, inconsistent corporate actions data
- NSD played a key role in the Finance Ministry's eurobond placements in September and May 2016, acting as lead depository as well as fiscal and settlement agent



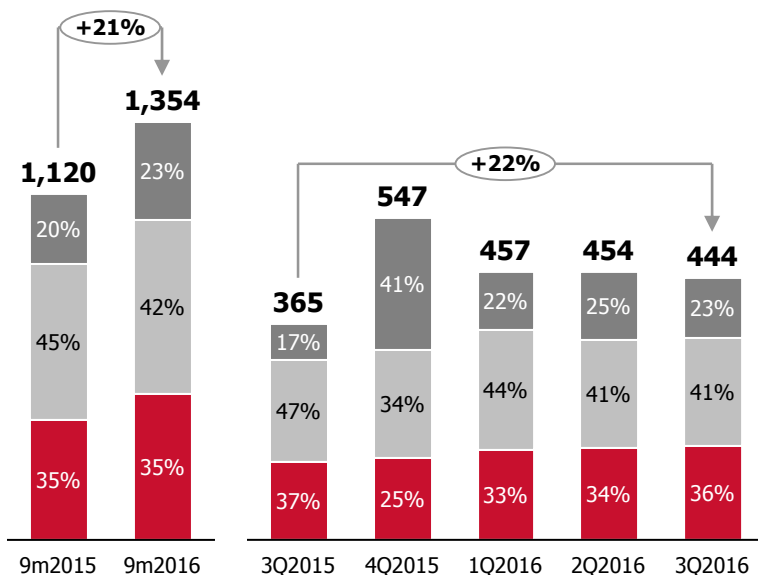
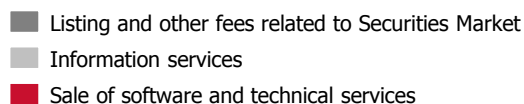
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Growth in information services fees

Other fee & commission income¹

RUB mln



Comments

- Fees and commissions from other services grew across all the lines
- Listing and other fees related to the Securities Market grew by 67% YoY on the back of primary bond placements and higher maintenance fees
- Fees from sale of software and technical services and information services grew by 22% YoY and 6% YoY respectively, driven by expansion of the client base.



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Source: Consolidated Financial Statements

¹ Not including other fee & commission income as presented in financial statements

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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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