



**MOSCOW
EXCHANGE**

18 May 2017

1Q 2017 Earnings Presentation

Key developments in 2017 YTD

- ✓ **Corporate events: AGM approved dividends and new Board composition, Oppenheimer increased its stake**
 - Shareholders approved 2016 dividend of RUB 17.5 bln, or 69.4% of consolidated IFRS net profit, well above the minimum threshold of 55% set in the dividend policy. Dividend per share for 2016 is RUB 7.68 (up 8% YoY).
 - Shareholders elected new Supervisory Board, with 12 directors including six independent directors. Alexey Kudrin was re-elected as Chairman.
 - Oppenheimer reported increase in ownership of MOEX shares to 5.01%.

- ✓ **Strengthening the product offering & systems**
 - Russian corporates were admitted to trade directly on MOEX's FX Market, which will lead to greater efficiency of FX operations and minimize customer costs. Alrosa, Rosneft and AlfaStrakhovanie became the first companies to obtain direct market access.
 - Moscow Exchange completed the first stage of listing reform and updated its quotation lists. The listing reform aims to strengthen corporate governance at Russian public companies and improve transparency and the attractiveness of the Russian equity market as a whole.
 - Sugar market was launched with trading of forward and swap contracts. On-exchange trading will defragment the sugar market and further diversify MOEX's client base.
 - Grain swaps were launched to give market participants an option to use grain as collateral to obtain financing and eliminate cash gaps.
 - MOEX's Derivatives Market added weekly options on the RTS Index, in addition to monthly and quarterly RTS Index options. The new maturity of option contracts will allow investors to implement a wide array of short-term strategies.

- ✓ **Ongoing focus on international footprint**
 - An annual assurance review by Ernst & Young confirmed that MOEX indices are compliant with IOSCO Principles for Financial Benchmarks.
 - NSD completed the annual assessment of its compliance with CPMI-IOSCO Principles for Financial Market Infrastructures (PFMIs). Compared with the previous year's assessment, improvements were reported in NSD's observance of three principles (Money Settlements, Custody & Investment Risk and Tiered Participation Arrangements). The level of observance of the remaining principles remained unchanged.
 - Bloomberg became a distributor of the data provided by NSD's Valuation Center in addition to other vendors including Interfax, Cbonds and Thomson Reuters.

- ✓ **The 8th annual Moscow Exchange Forum held in Moscow gathered more than 2,000 delegates including government officials, investors, issuers, market participants and media representatives**



Update on key initiatives

Expansion of investor base by offering a state-of-the-art liquidity management tool



Attraction of international investors to the FX-market

Up ~2 times

- ✓ Share of International clearing members in total trading volumes 2017YTD / 2016YTD

Bondization: People's Treasury Bonds

Rub 9.84 bln

- ✓ Amount of successfully placed Peoples' Treasury Bonds, which demonstrated material interest of retail investors to the fixed income instruments, bringing ~7,500 of new retail accounts to the exchange

Retail investors development

1.69 mln

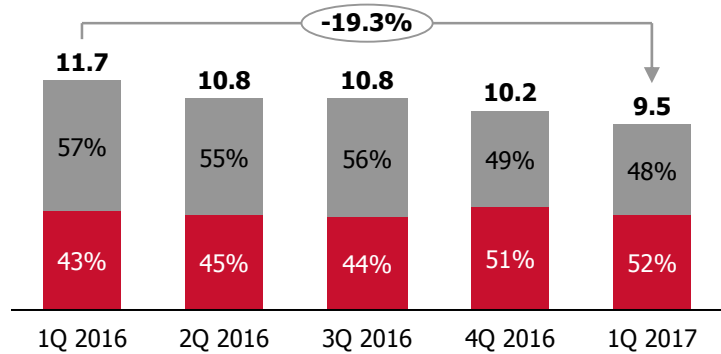
- ✓ Number of retail accounts reached 1.69 mln at the end of March 2017 – an increase of 29% compared to end of 1Q 2016 as retails investors turn to securities in the low interest rate environment



1Q 2017 summary of financials

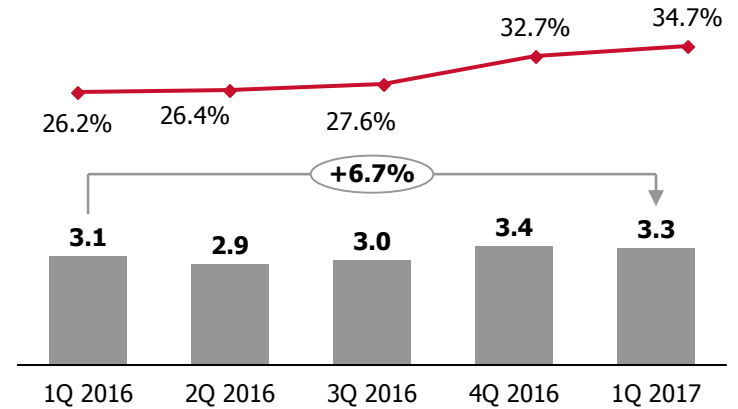
Operating income

RUB bln ■ Fee and commission income¹
■ Interest and finance income²



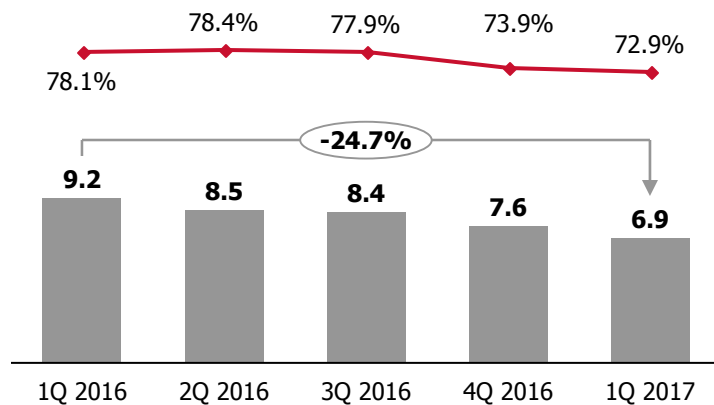
Operating expenses

RUB bln —◆— Cost-to-income ratio



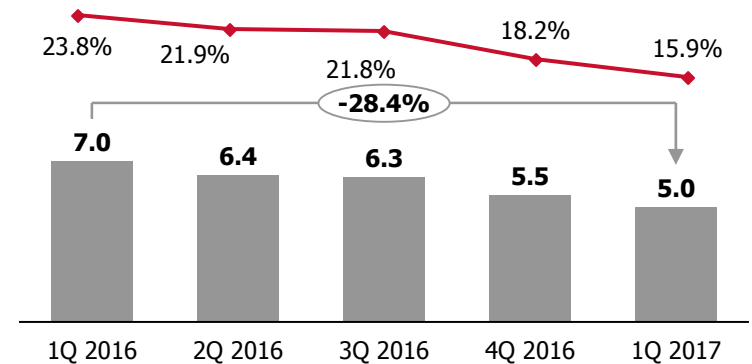
EBITDA and EBITDA margin

RUB bln —◆— EBITDA margin ■ EBITDA



Net income

RUB bln —◆— ROE ■ Net income

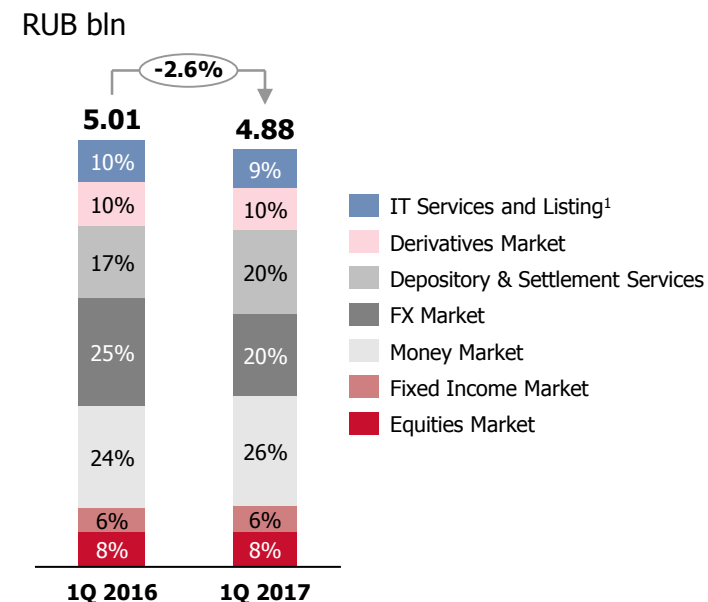


Diversified fee & commission income

Fee & commission income performance

RUB mln	1Q 2016	1Q 2017	Change YoY, mln	Change YoY, %
Depository and Settlement Services	838	991	153	18.2%
Money Market	1,211	1,282	71	5.9%
Fixed Income Market	281	317	36	12.8%
Equities Market	398	397	-1	-0.3%
Derivatives Market	513	497	-16	-3.2%
IT Services and Listing ¹	496	441	-55	-11%
FX Market	1 273	957	-316	-24.8%

Fee & commission income breakdown

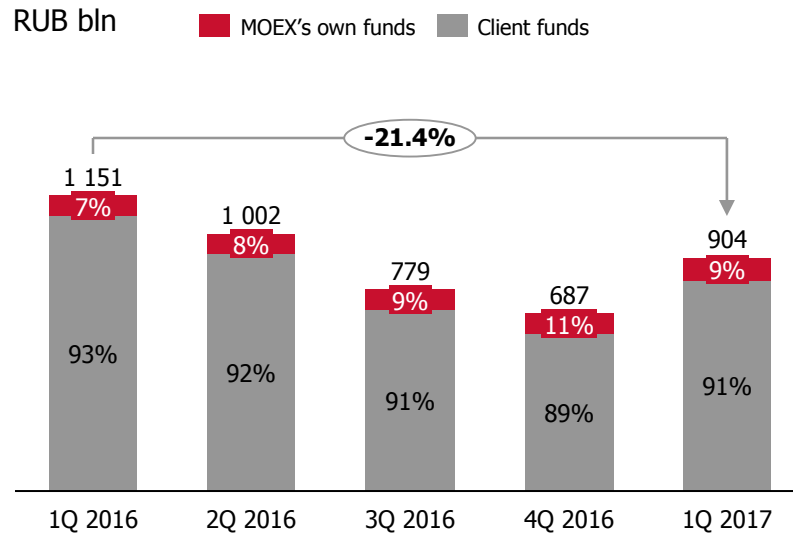


Key highlights

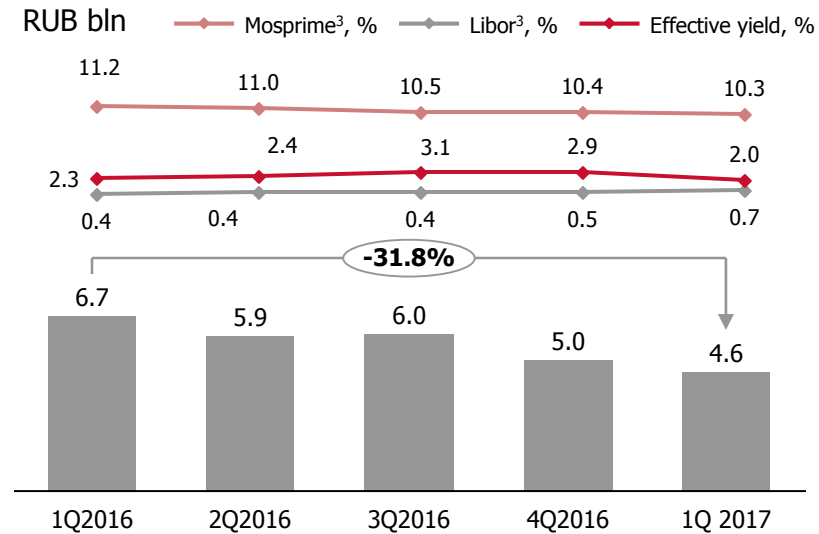
- The structure of fee & commission income remained well diversified. The largest contributors to total commissions were the Money Market (26%), FX Market (20%) and Depository and Settlement Services (20%).
- Growth of the Money Market (+RUB 71.1 mln YoY), Fixed Income Market (+RUB 35.9 mln YoY) and Depository & Settlement Services (+RUB 152.6 mln YoY) helped to partially offset weaker performance of the FX Market (-RUB 315.8 mln YoY).

Interest and finance income

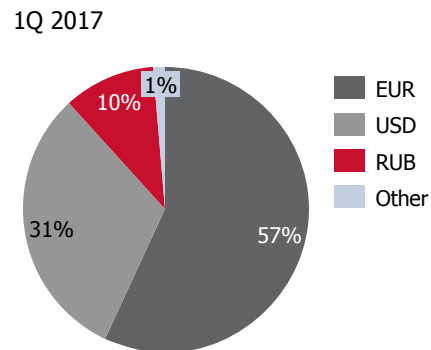
Investment portfolio¹



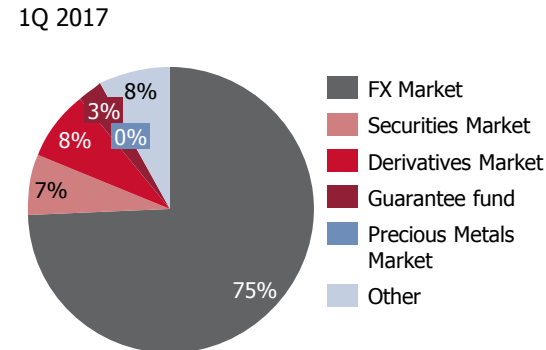
Interest and finance income²



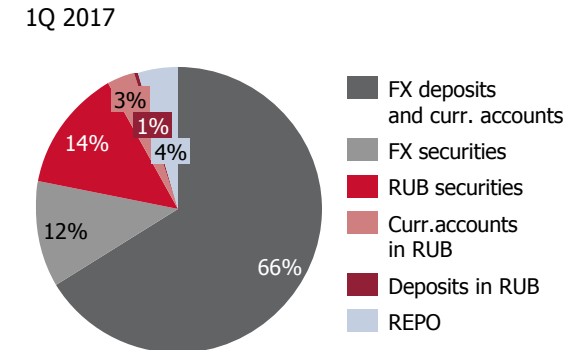
Client funds by currency

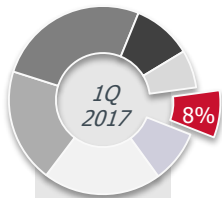


Client funds by source



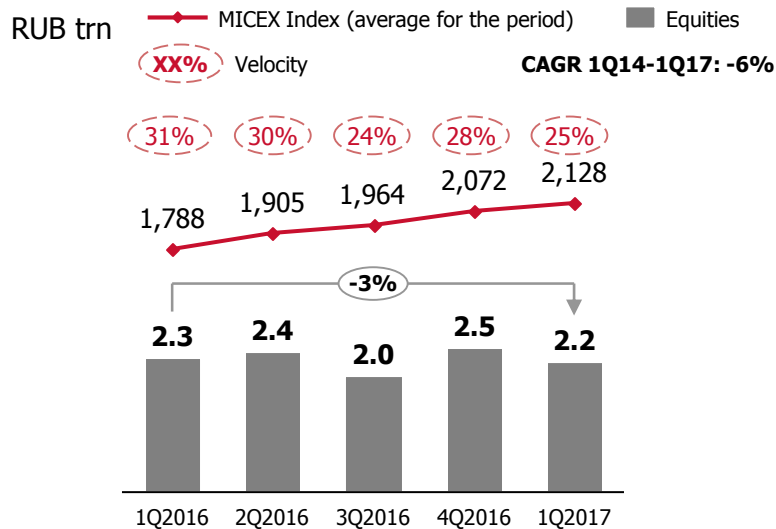
Investment portfolio by type of asset





Equities Market: growing retail interest

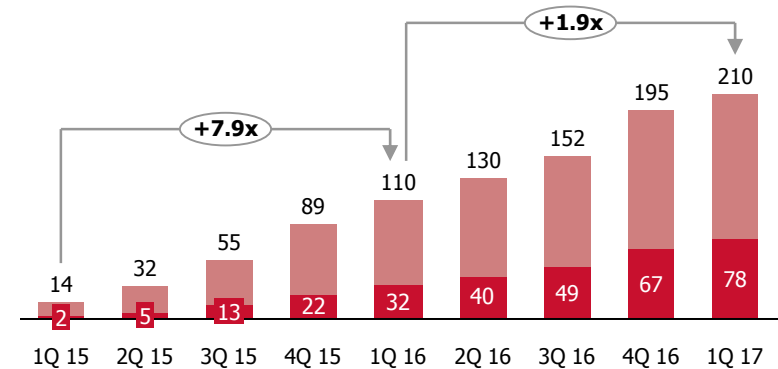
Trading volumes¹



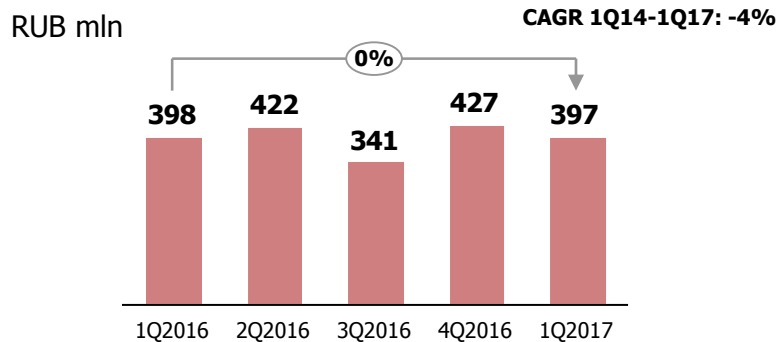
Growing interest from retail investors

Individual Investment Accounts, thousands

█ Customers who have other brokerage accounts
█ New customers



Fee & commission income



Comments

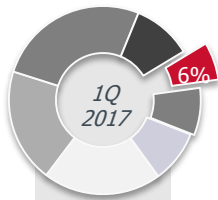
- Total market capitalization of the Equities Market continued to grow and reached Rub 35 trln, while volatility remained muted with velocity at 25% versus 31% a year ago.
- Four primary transactions totalling Rub 48 bln were completed YTD.
- Market diversification has grown, with the top 10 most liquid stocks contributing 68% of trading volumes versus 76% a year ago.
- Lower bank deposit rates supported inflow of retail investors to the Equities Market. Number of opened individual investment accounts (IIA) reached 210,000. More than 90% of trading volumes through IIAs are equities trades.



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

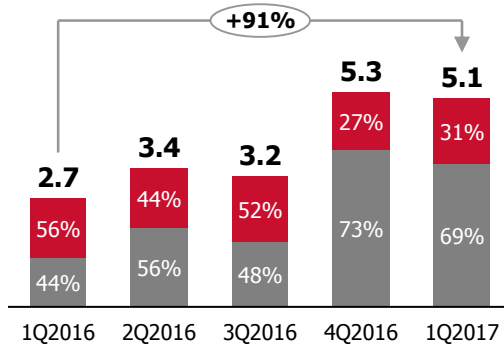
1 Volumes on both primary and secondary markets



Fixed Income Market: growth in fees driven by new primary placements

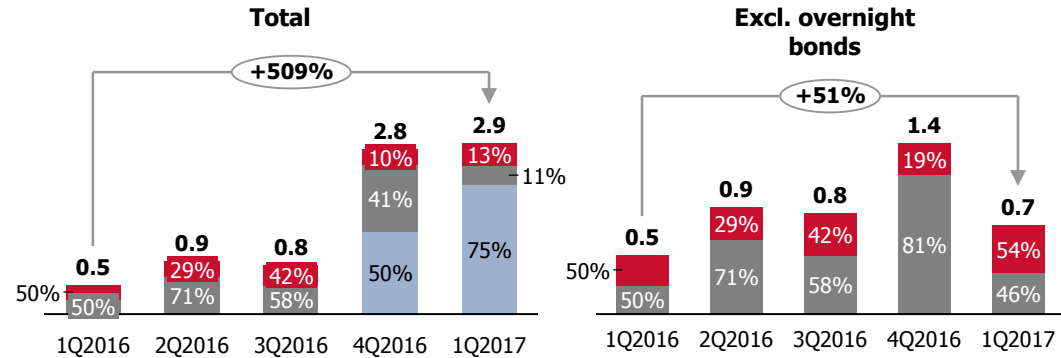
Trading volumes¹

RUB trn **CAGR 1Q14-1Q17: +24%**
 ■ Sovereign bonds
 ■ Corporate, municipal and other bonds



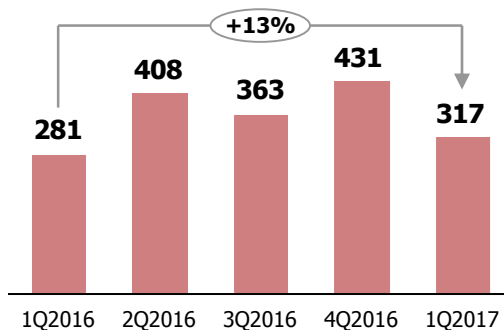
Primary market

RUB trn
 ■ Sovereign bonds
 ■ Corporate, municipal and other bonds (excl. overnight)
 ■ Overnight bonds



Fee & commission income

RUB mln **CAGR 1Q14-1Q17: +14%**



Comments

- Fees and commissions grew by 13% YoY driven by primary placements of government and corporate bonds, including overnight bonds.
- Primary placements were strong both in government bonds (+62.5% YoY) and corporate bonds with more than 1-day maturity (+39.7% YoY). Overnight bonds amounted to Rub 2.2 trln in 1Q 2017.
- The government successfully placed Rub 9.8 bln of "People's Treasury Bonds", which helped to attract 7,500 new retail clients to the Exchange.
- Secondary trading volumes remained flat, with government bond trading declining by 4.1% YoY, offset by 5.7% YoY growth of corporate bond trading volumes.



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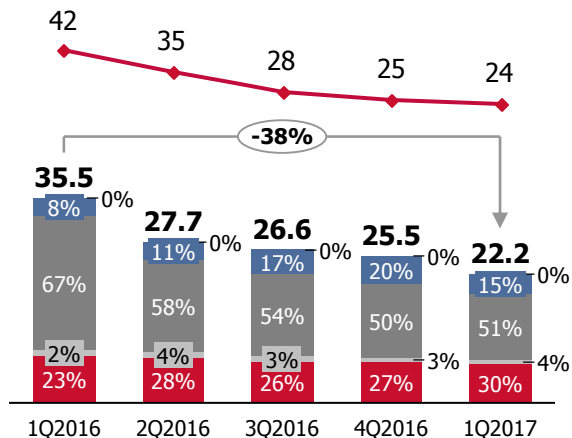


Derivatives Market: record share of commodities futures

Trading volumes

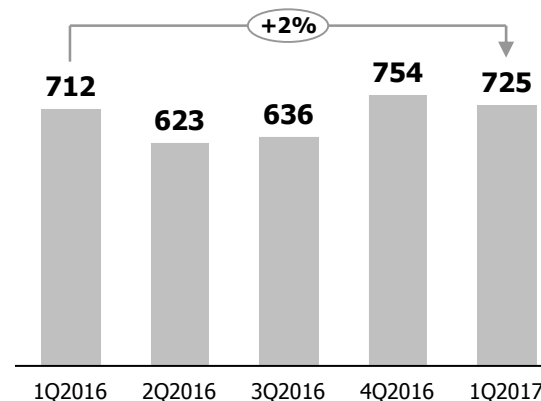
RUB trn **CAGR 1Q14-1Q17: +15%**

- Volatility index (RVI)
- Currencies
- Interest rates
- Equities
- Commodities
- Indices



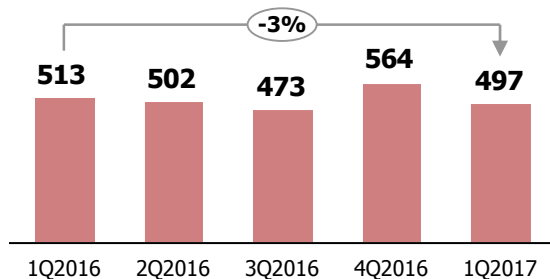
Open interest

RUB bn, daily average



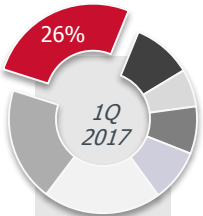
Fee & commission income

RUB mln **CAGR 1Q14-1Q17: +5%**



Comments

- Trading volumes contracted by 38% YoY due to weaker activity in FX derivatives amid lower FX rate volatility.
- Share of commodity derivatives continued to grow and accounted for 30% of total derivatives trading.
- Options market grew by 21% YoY
- Despite the decline in trading volumes, the completion of tariff reform, as well as a shift in the product mix, mitigated the negative impact on fees and commissions, which decreased by 3% YoY

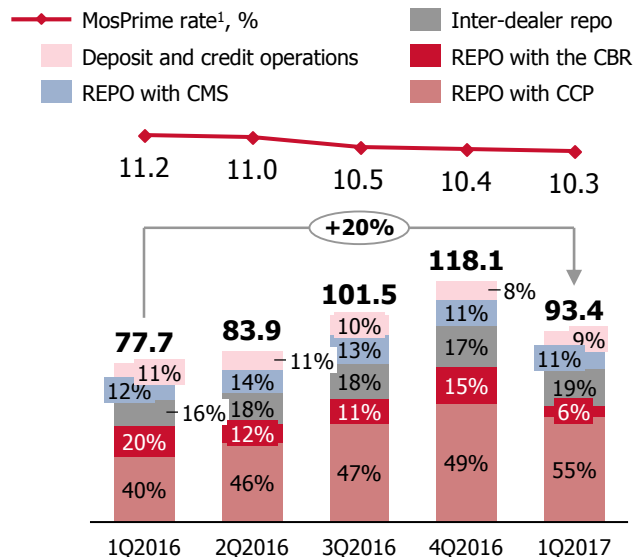


Money Market: repo with CCP led growth

Trading volumes

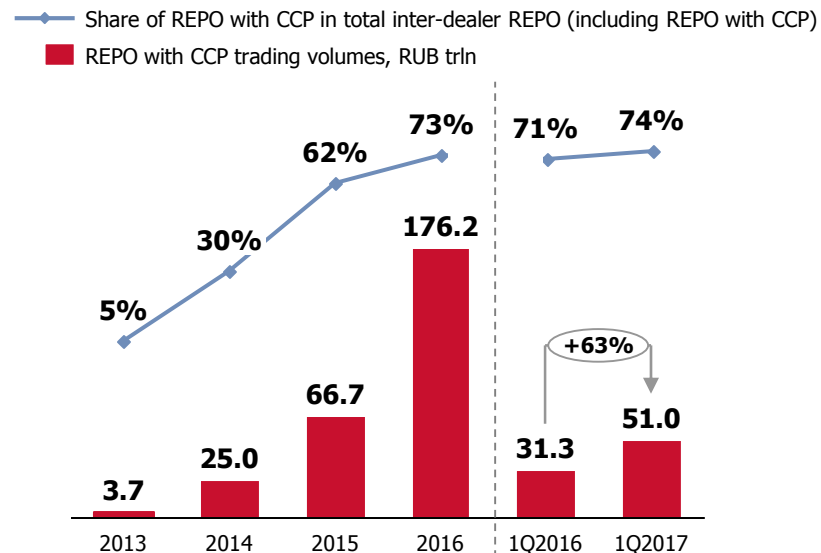
RUB trn

CAGR 1Q14-1Q17: +17%



Trading volumes for REPO with CCP

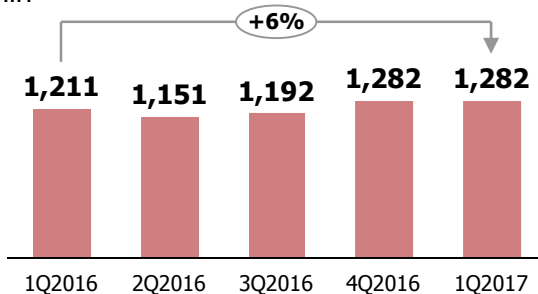
RUB trn, %



Fee & commission income

RUB mln

CAGR 1Q14-1Q17: +30%



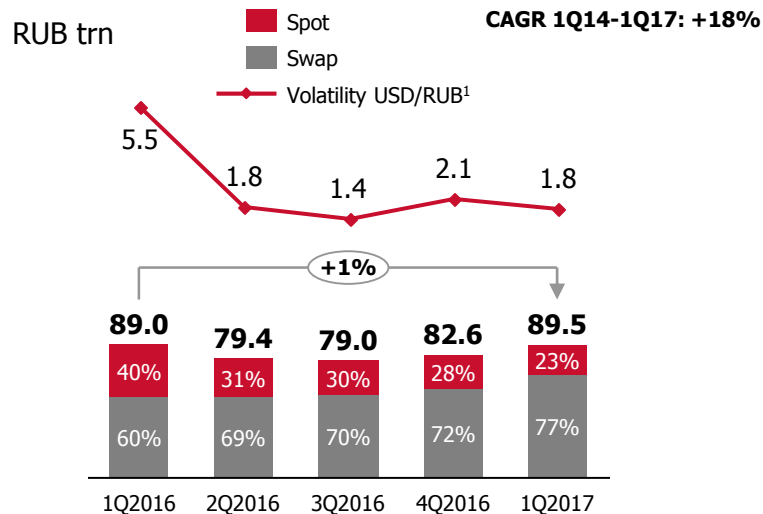
Comments

- Fee and commission income grew by 6% YoY, driven by continued strong demand for repo with CCP (trading volumes grew by 63% YoY)
- Significant improvement in liquidity in the banking system led to lower demand for repo with the CBR (-66% YoY), while continued need to redistribute liquidity among market players drove strong demand for repo with CCP
- Share of repo with CCP accounted for 74% of total inter-dealer repo versus 71% a year ago



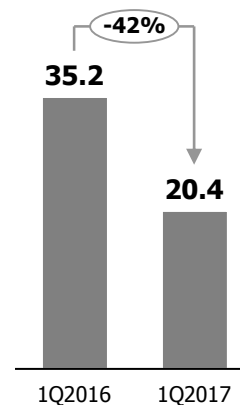
FX Market: normalization of volatility

Trading volumes



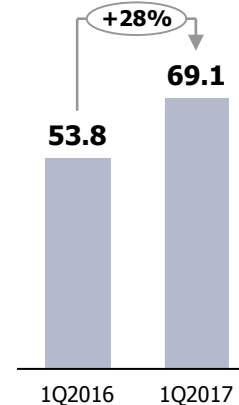
Spot trading volumes

RUB trn



Swap trading volumes

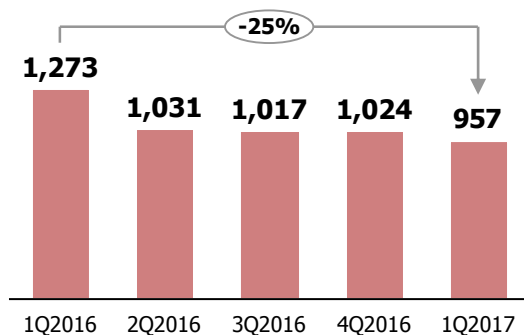
RUB trn



Fee & commission income

RUB mln

CAGR 1Q14-1Q17: +6%



Comments

- Trading volumes added 1% YoY driven by stronger needs of market players to manage liquidity positions through FX swaps.
- FX swaps grew by 28% YoY, while weaker volatility led to 42% YoY contraction of FX spot transactions.
- As a result of divergent trends in spot and swap operations, fees and commissions declined by 25% YoY.
- MOEX's share of the total on-shore FX market reached a record 57.6%.



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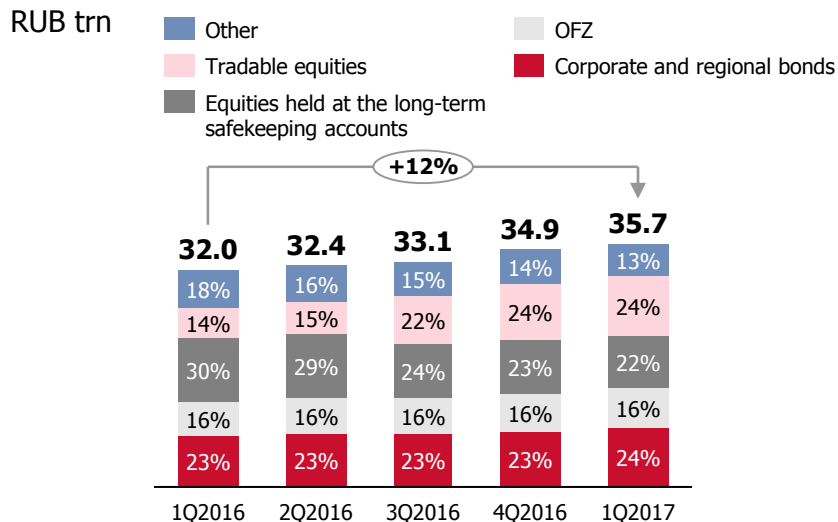
Source: Moscow Exchange operational information and Consolidated Financial Statements, CBR

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

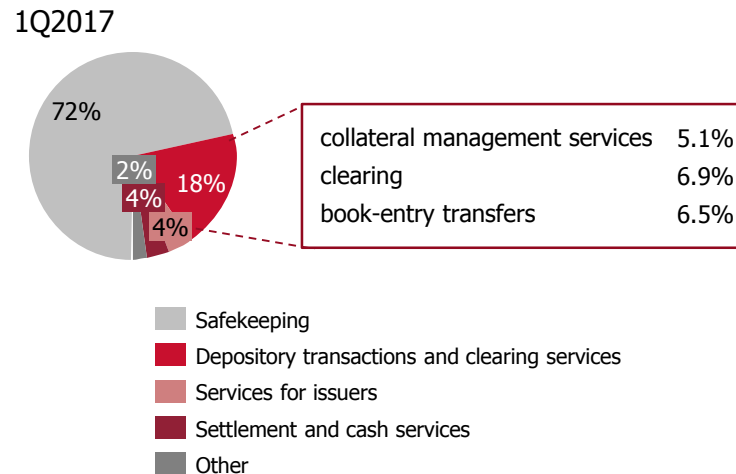


Depository and settlement: continued growth of assets under custody

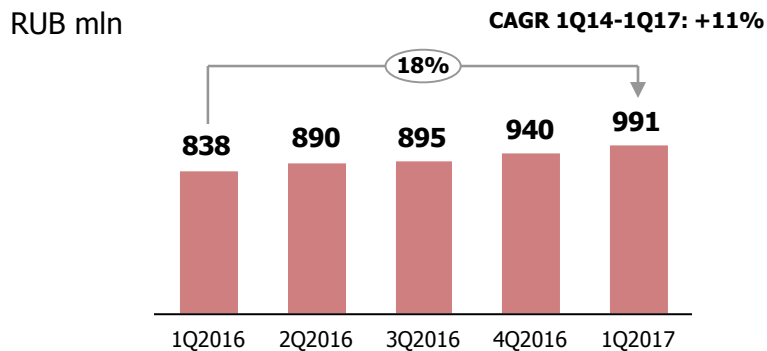
Assets on deposit (average for the period)



Fee & commission income breakdown



Fee & commission income



Comments

- The increase in assets under custody (+12% YoY) was driven by increased market cap of the Equities Market and new bond placements, both by corporates and the government.
- Fees and commissions grew by 18% YoY driven by fees from safekeeping, clearing and collateral management services.
- NSD completed the annual assessment of its compliance with the CPMI-IOSCO Principles for Financial Market Infrastructures (PFMIs). Compared with the previous year's assessment, improvements were reported in NSD's observance of three principles (Money Settlements, Custody & Investment Risk and Tiered Participation Arrangements). The level of observance of the remaining principles remained unchanged.



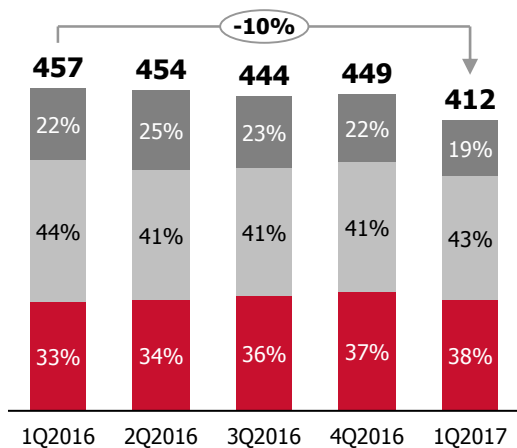


IT Services and Listings

IT Services and Listings

RUB mln

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



Comments

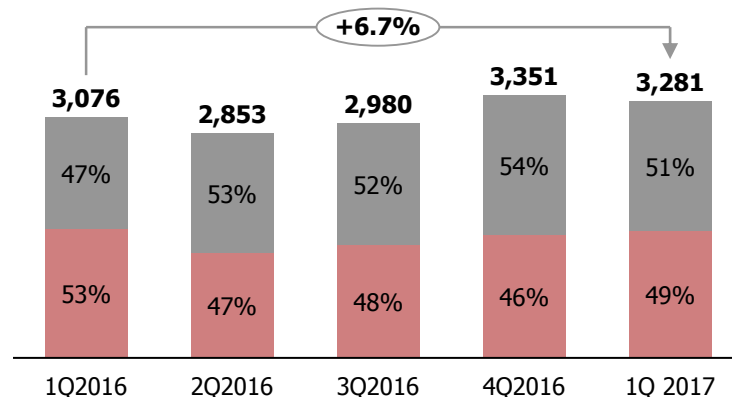
- Listing and other fees related to the Securities Market declined 22% YoY as a stronger appetite for bonds led to fewer placements of a larger size.
- Fee and commission income from the sale of information services contracted by 13%, while software and technical services fees grew by 2%.

Operating expenses

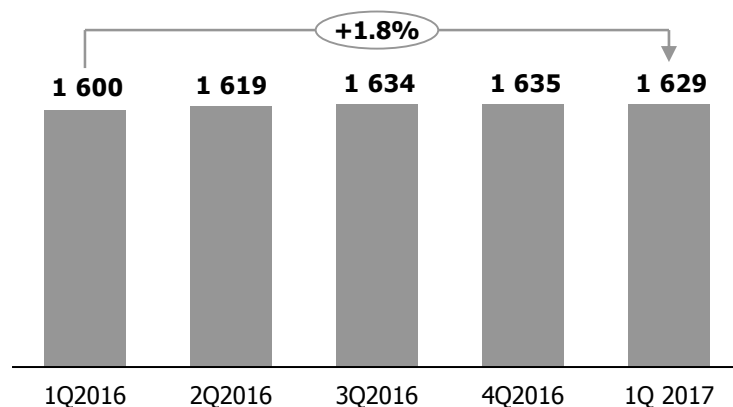
Operating expenses

RUB mln

- Administrative and other operating expenses
- Personnel expenses



Headcount



Major expense items

RUB mln	1Q 2016	1Q 2017	Change YoY
Personnel expenses	1,637	1,602	-2.1%
Administrative and other operating expenses, including	1,438	1,679	16.8%
Amortisation of intangible assets	307	359	17.1%
Equipment and intangible assets maintenance	236	283	19.9%
Depreciation of property and equipment	197	355	80.7%
Rent and office maintenance	116	114	-2.1%
Taxes other than income tax	102	119	16.3%
Professional services	69	83	20.7%
Advertising and marketing costs	57	47	-17.7%
Total	3,076	3,281	6.7%
Cost income ratio	26.2%	34.7%	8.5 p.p.

Comments

- In 1Q 2017 operating expenses grew by 6.7%, slightly above 1Q 2017 CPI of 4.3%.
- Administrative expenses increased by 16.8%, in line with expectations. The growth was primarily driven by depreciation and amortization (+42.0% YoY) and maintenance of equipment and intangible assets (+19.9%) following the migration to a new data center in 2016, which led to the significant increase of MOEX's IT footprint.
- Personnel costs declined by 2%, supported by reversal of a bonus provision and lower share-based compensation expense. End-of-quarter headcount grew 2% YoY.



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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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