



**MOSCOW
EXCHANGE**

June 2017

Investor presentation

MOEX Investment highlights

1992
MICEX (Moscow Interbank Currency Exchange) established

1997
National Settlement Depository (NSD) established

2006
National Clearing Centre (NCC) established

2011
Merger of MICEX and RTS

2011-2016
Financial infrastructure reform put MOEX on par with global peers

Currency → Government securities → REPO → Corporate securities → Derivatives



→ Commodities

1995
Foundation of **RTS** (Russian Trading System)

1997
MICEX index – the first Russian equities index launched

- ✓ Financial markets mega-regulator: the Central Bank of Russia
- ✓ New set of market regulation
- ✓ Fully operational CSD launched
- ✓ Unification of clearing across tradable assets
- ✓ Equities Market migrated to T+2
- ✓ Euroclear and Clearstream access to all asset classes
- ✓ New corporate governance code and listing reform



Operates in one of the largest economies globally and encompasses major tradable asset classes on Russian capital markets



Strong transparency and corporate governance standards



Unique diversified and vertically-integrated business model, which proved resilient amidst various macro conditions and offers low-cost product scalability



Attractive dividend policy



Leading market position in a global context and successful track record of infrastructure reforms and improving regulatory framework



Solid financial track record over a long-term period





Business overview

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Corporate governance and dividends

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Market position and competitive strategy

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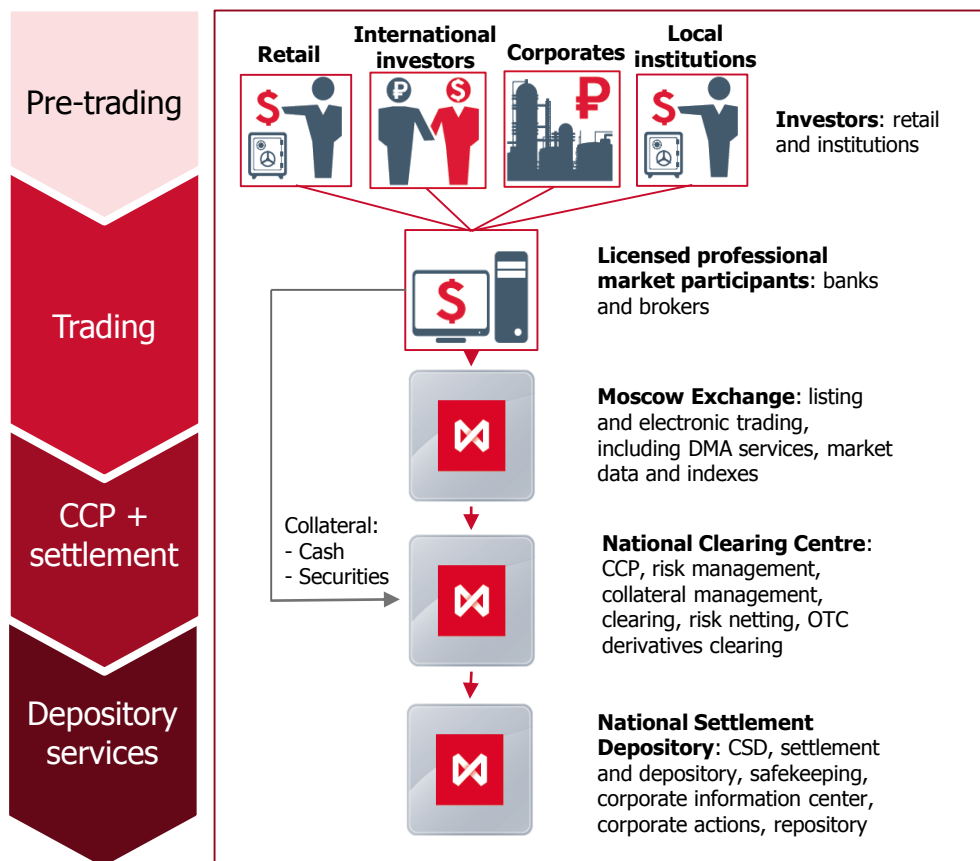
Financial track record

5

1Q 2017 update



On-exchange market: capturing the whole value chain

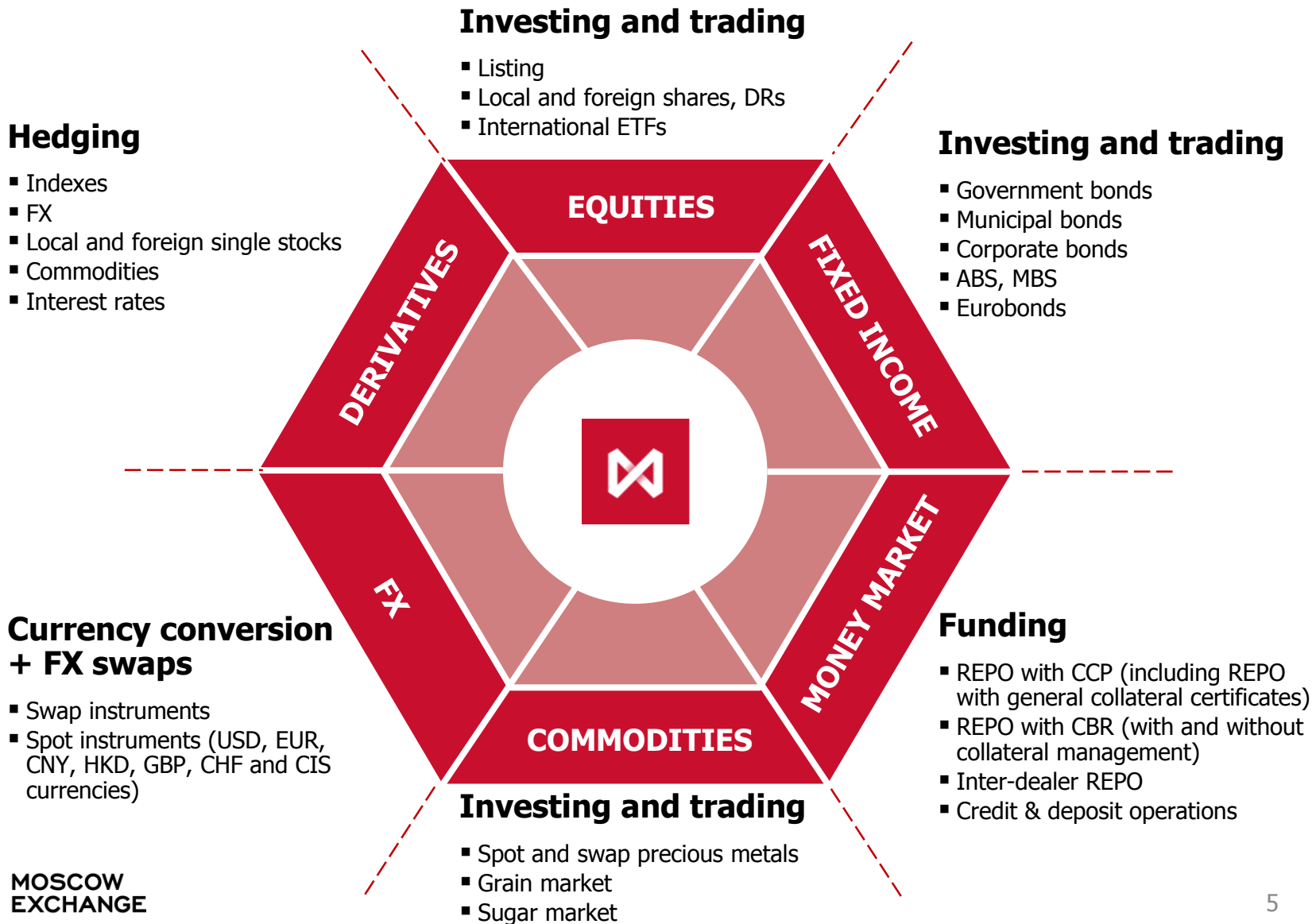


- ✓ MOEX captures the whole value chain for end-customers, offering a one-stop shop for listing, risk management, market data, multi-asset trading, clearing, settlement and custody.
- ✓ MOEX is strategically positioned to benefit from the development of Russia's capital markets in the coming years

- ✓ Fully vertically integrated infrastructure with regulation and oversight by the Bank of Russia (CBR)
- ✓ Investors trade through brokers and banks, which are licensed locally and have access to MOEX markets
- ✓ Single-tier clearing system requires all participants to provide eligible collateral to trade any asset class, while pre-trade risk checks prevent "fat fingers"/"flash crash" problems
- ✓ The market is open for competition (except the CSD) since its inception, but barriers to entry are very high due to MOEX's post-trade infrastructure and on-exchange market efficiency. However, the environment is competitive, with OTC being a key source of competition



Highly diversified product offering



Diversified investor base across different markets

Equities Market
RUB trn

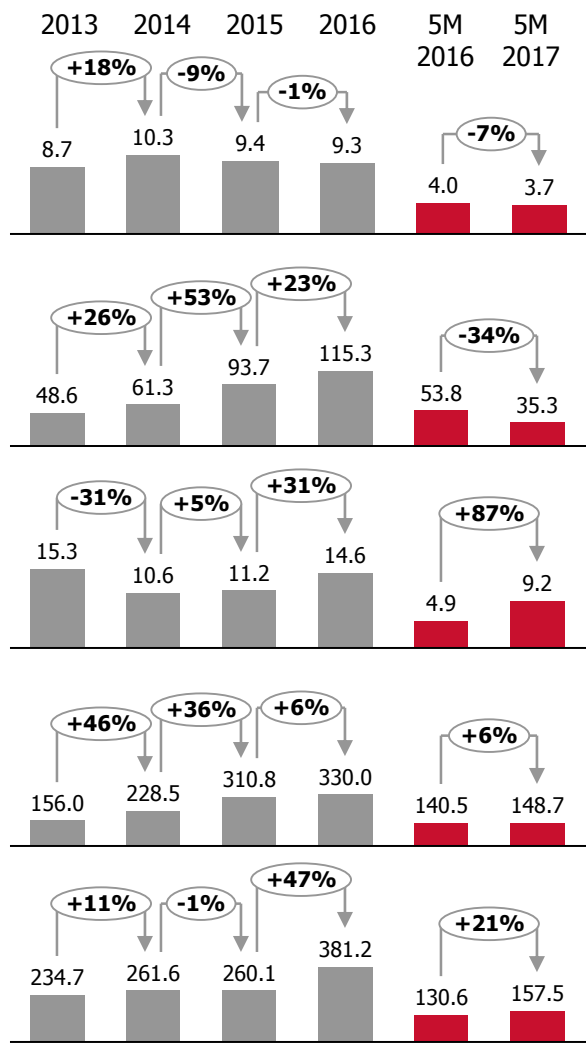
Derivatives Market
RUB trn

Fixed Income Market
RUB trn

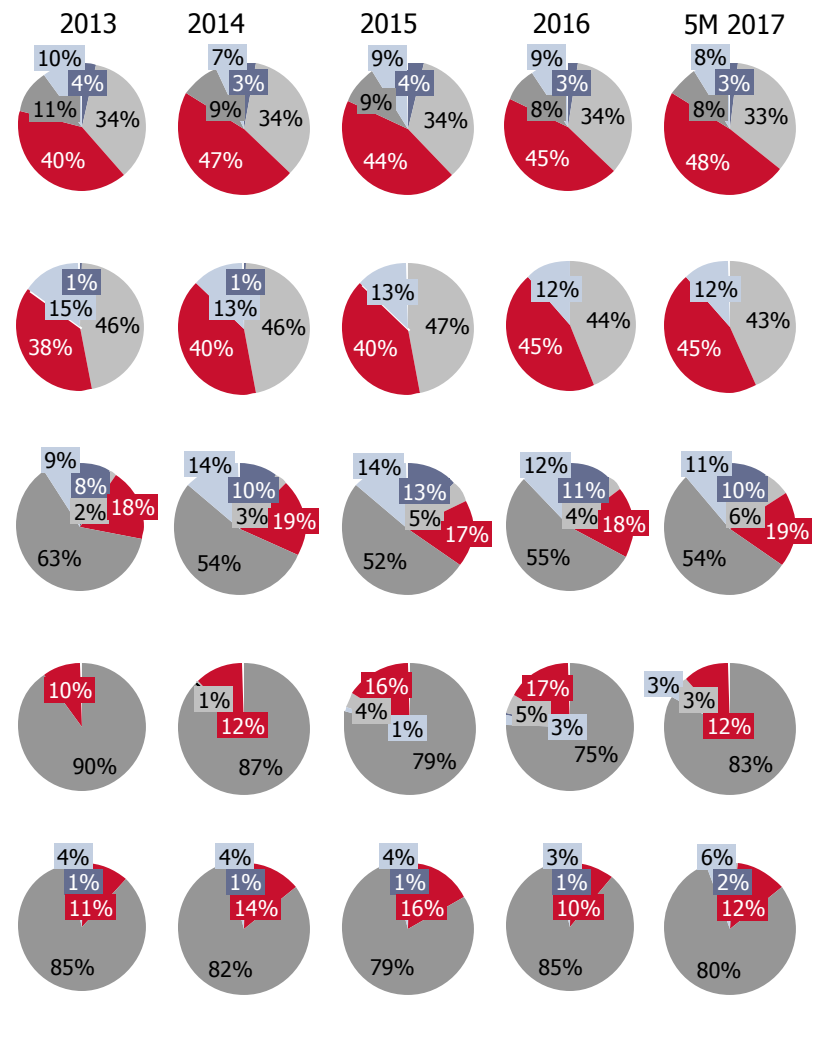
FX Market
RUB trn

Money Market¹
RUB trn

Trading volumes



Volume breakdown by investor types

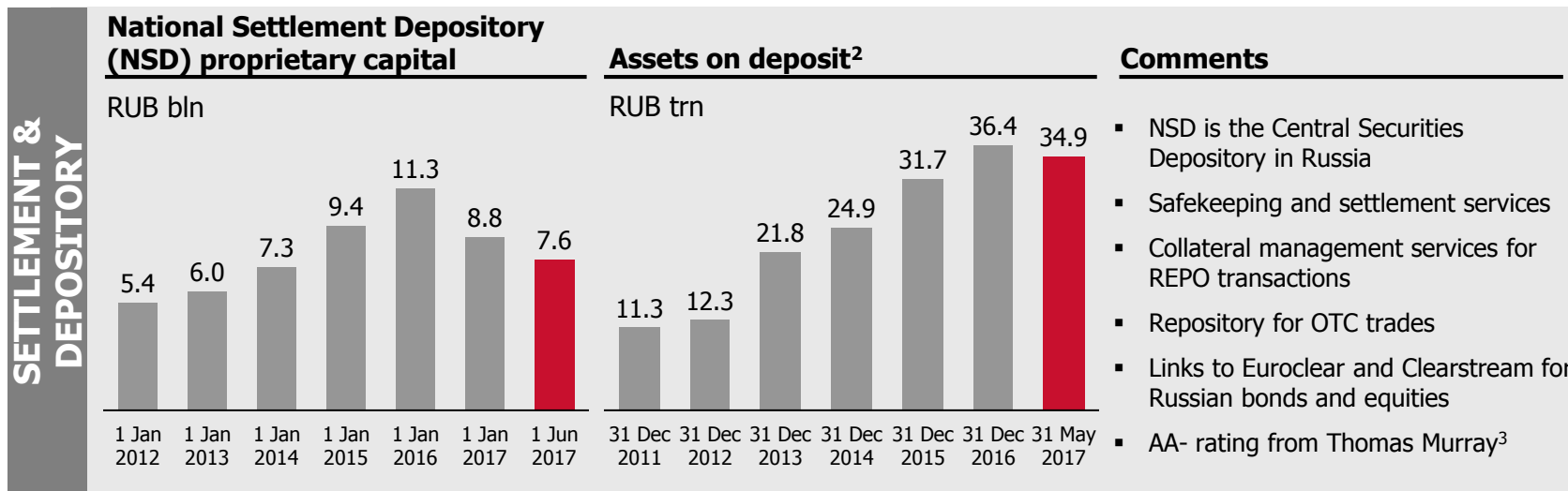
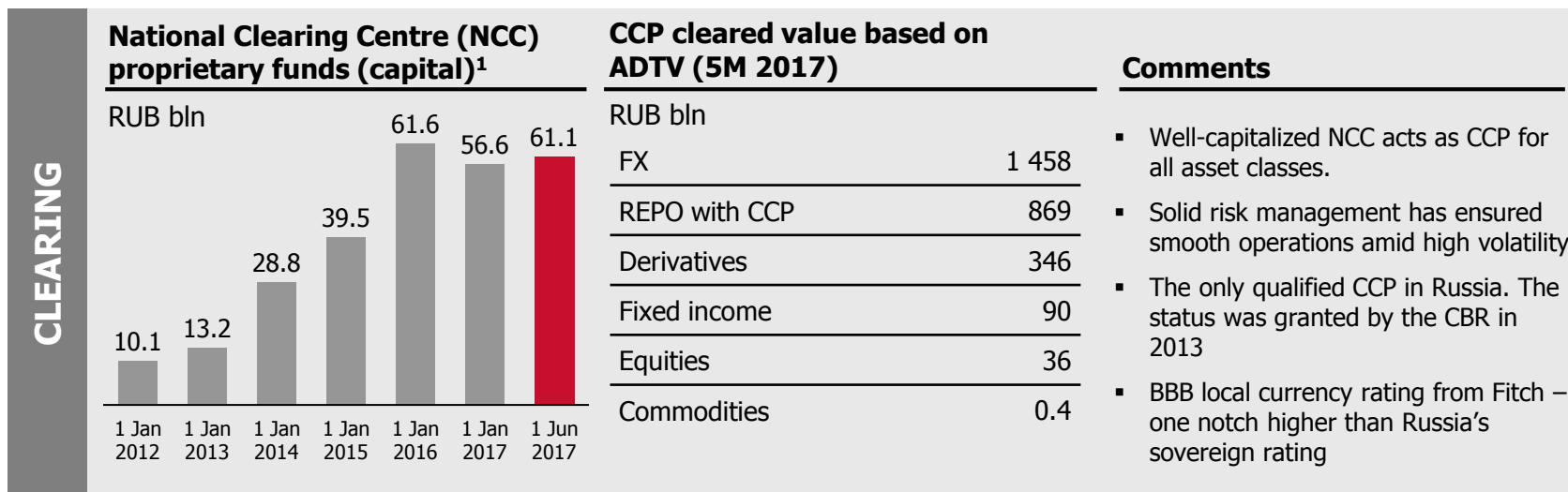


Source: Moscow Exchange data
 1 Trading volumes including REPO with collateral management. Investor structure based on on-exchange REPO trading volumes only

- Local funds
- Local banks and brokers prop trading
- Local retail investors
- Local corporates
- Foreign investors

Robust post-trade infrastructure

Central Counterparty (CCP) and Central Securities Depository (CSD)



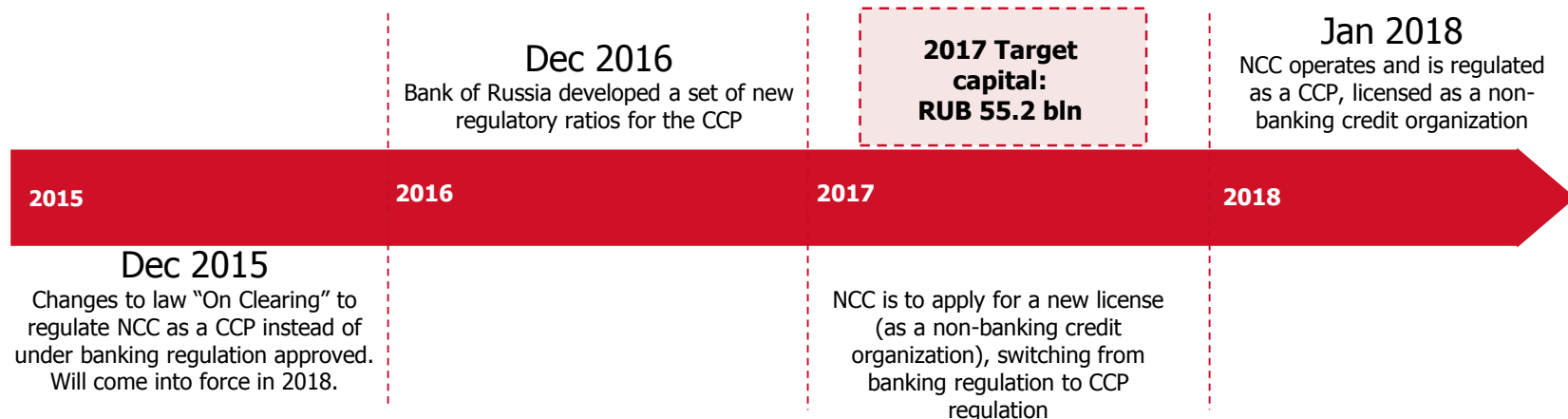
Source: Moscow Exchange

1 Figures in accordance with Russian Accounting Standards as reported to and disclosed by the CBR on a monthly basis. Figures from the end of 2015 onwards include skin in the game and other deductions in accordance with the regulation of CCPs by the CBR

2 Assets in deposit based on Company operational data

3 Thomas Murray is the leading global agency for depository services

From 2018 NCC will be regulated as a clearing organization and a CCP




Capital adequacy	At all times NCC's own capital shall exceed the sum of "skin in the game", the minimum capital to maintain 11% of RWA and a reserve of 75% of annual operating expenses
Adequacy of total resources	At all times the sum of "skin in the game" and the guarantee fund shall exceed potential losses in the event of default of the two largest counterparties
Adequacy of initial margin	Price fluctuations of each asset shall not exceed the initial margin amount in more than 99% of cases of price changes
Liquidity ratio	The amount of liquid assets of the CCP at any time shall exceed the amount of potential losses in the event of default of the two largest counterparties
Collateral concentration	A certain type of asset is eligible as collateral if its addition does not make its share in total assets placed as collateral by market participants exceed 25%



Supporting fintech initiatives to develop the retail investor base

GENERATION 

 FINOPOLIS 2016

MOEX is an industry partner of the **Finance & Banking Technologies** track of the largest accelerator for technology start-ups in Russia and Eastern Europe. The track is organized by the Bank of Russia and combines projects in the area of financial technologies, services and e-commerce. The best projects selected via a multi-stage assessment will receive intensive development as well as opportunities to attract major new investment.

MOEX is the general partner of the **Forum of Innovative Financial Technologies** (Finopolis), the largest fintech forum in Russia organized by the Bank of Russia to spur the introduction of innovation technologies in the financial sector. At a MOEX roundtable five start-ups presented services in robo-advising, financial marketplaces, access interfaces and crypto-security.

MOEX launched the first annual **“Innovations in Investing”** contest among professional market participants and independent developers to support and develop products and services complimentary to MOEX technologies:

Selected contest participants:



RIGHT

- ✓ Automated stock and bond trading app
- ✓ Robo-advising with online recommendations driven by fundamental analysis
- ✓ Personal approach based on the client's risk profile



- ✓ Technology for aggregating decentralized forecasts of financial markets to drive trades and investment decisions
- ✓ A joint contest with MOEX proved that aggregated forecasts of unprofessional traders can achieve an annual yield of more than 40%



SIMPLE INVEST

- ✓ An easy way to start investing
- ✓ Personalization of the investment process
- ✓ Gamification to learn and strengthen investment skills
- ✓ Link to the client's bank card



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E-voting via Blockchain successfully tested at NSD

Blockchain: E-voting for bondholders

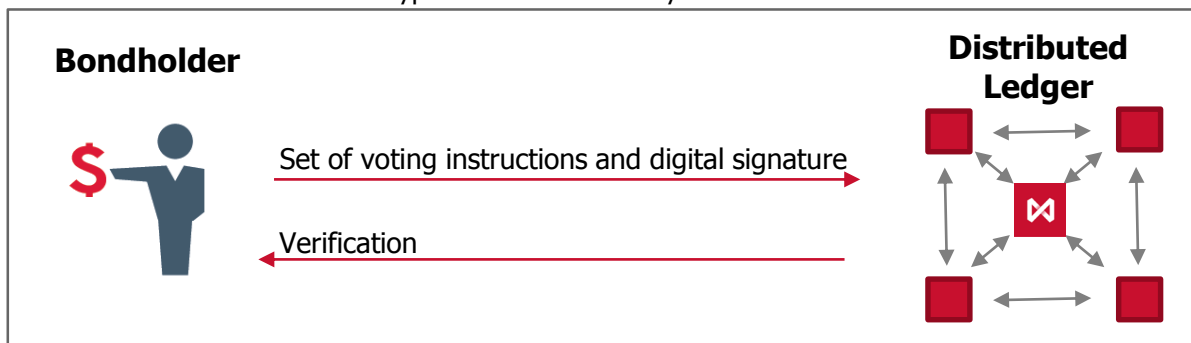
E-voting for bondholders

Prototype version successfully tested in 2016

Open source code

80
transactions per second

Pilot version
to be launched in 2017



Changing the environment of the financial market...

- ✓ Participation in the development of unified standards for e-voting based on distributed ledger technology in BRICS
- ✓ Membership in **Hyperledger**, a leading consortium aimed at developing and promoting blockchain technology, as well as the working group of the Bank of Russia, and the **Post-Trade Distributed Ledger (PTDL) Group**, an initiative of 37 member financial institutions aiming to determine how distributed ledger technology can best benefit the post-trade industry.
- ✓ Support of hackathons and sponsorship of **FinTech Pilotbed**, a blockchain start-up accelerator

...while studying areas of potential implementation

1. Issuance and trading of commercial bonds
2. Trading repository
3. Mutual investment funds
4. KYC, AML



1 Business overview



Corporate governance and dividends

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1Q 2017 update



Best-in-class corporate governance standards

- ✓ Independent directors represent 50% of the 2017-2018 Board vs. a minimum threshold of 20%¹. Five of the six Supervisory Board Commissions are chaired by independent directors
- ✓ MOEX was a pioneer to adopt the new criteria of Director Independence aligned with the new Corporate Governance Code
- ✓ Alexei Kudrin, a well-known and respected financial expert globally who was acknowledged as the best Minister of Finance in 2004 ("The Banker") and 2010 ("Euromoney"), serves as Board Chairman
- ✓ 11 out of 12 Board members are non-executive, with CEO Alexander Afanasiev the only executive Director

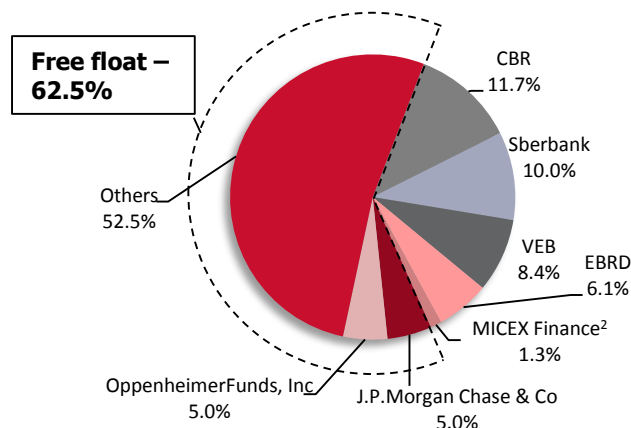
	Board members	Strategy Planning	Audit	Nomination and Remuneration	Budget	Technical Policy ²	Risk Management
	Alexey Kudrin - Chairman Chairman of the Board at the Centre for Strategic Research						
	Andrey Golikov - Deputy Chairman Deputy Chairman of the Supervisory Board at Moscow Exchange	✓			Chair	✓	
	Alexander Afanasiev CEO, Chairman of the Executive Board at Moscow Exchange						
	Anatoly Braverman First Deputy CEO at MC RDIF, LLC	✓			✓		✓
	Valery Goreglyad Chief Auditor at Bank of Russia				✓		✓
	Bella Zlatkis Deputy Chairman of the Executive Board at Sberbank of Russia						
	Oleg Vyugin Professor at Higher School of Economics	✓		✓			
	Maria Gordon Independent Director at Alrosa		✓				
	Yuriy Denisov Chairman of the Supervisory Board at NCC Clearing Bank	✓		✓			Chair
	Anatoly Karachinsky President, IBS LLC					Chair	
	Duncan Paterson Chairman at G. H. Financials Limited	✓	Chair				
	Rainer Riess Director General at Federation of European Securities Exchanges (FESE)	Chair	✓	Chair			

* Independent directors

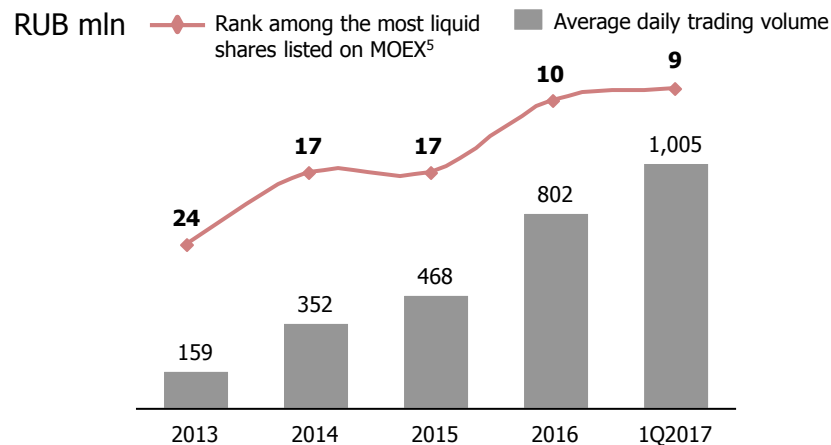
Dispersed ownership with one of the **highest free-floats** in Russia

Dispersed ownership with no controlling shareholder...

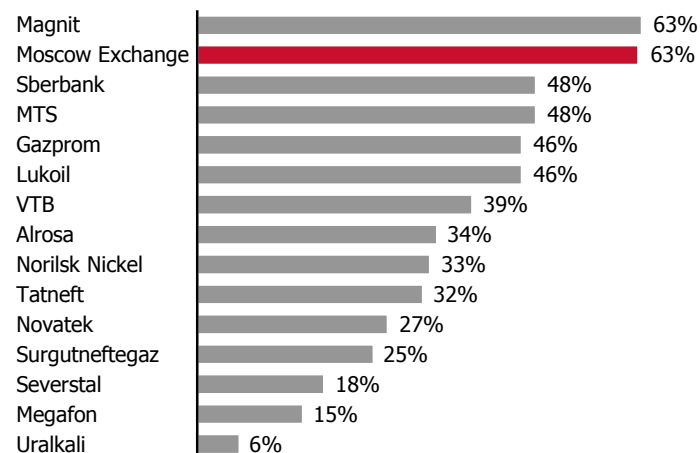
as of 3 April 2017¹



Growing liquidity of MOEX shares⁴



...and one of the highest free-floats in Russia³

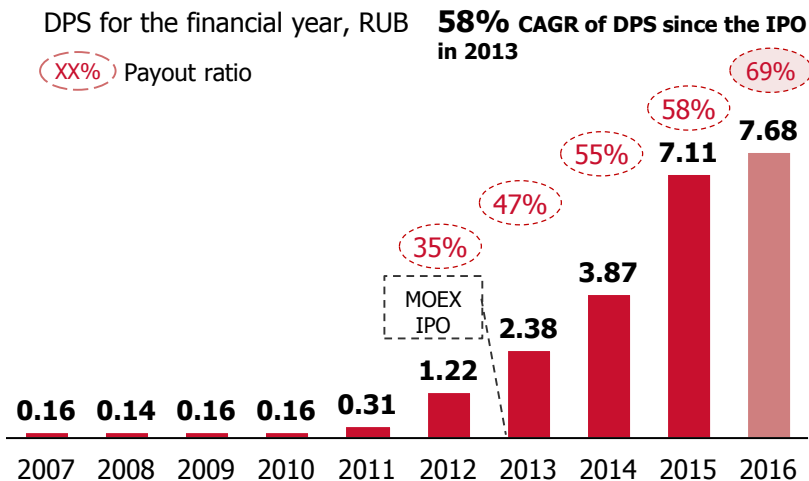


Striving for transparency

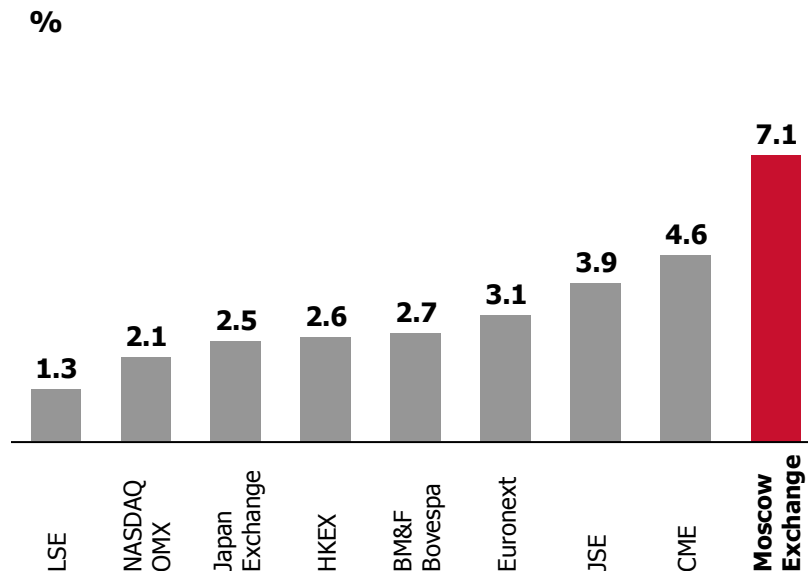
- **Voluntary disclosures** and regular updates of investor materials, including monthly trading results
- Annual **MOEX Forums** in Moscow, New York, London and Shanghai have become a well-know venue to maintain a dialogue with international market participants
- **Robust investor relations program:**
 - ✓ 349 investor meetings in 2016
 - ✓ IR activities in Russia, the UK, Europe and the US to maintain dialogue with overseas investors
 - ✓ IR awards in Russia in 2014, 2015 and 2016

2016 payout of 69.4%

History of dividend growth



Dividend yields of MOEX and exchange peers, 2017E¹




Comments

- A dividend policy approved in September 2015 sets 55% of net profit as the minimum payout.
- On 27 April 2017 the AGM of shareholders of Moscow Exchange voted to pay out a dividend of RUB 7.68 per share, or 69.4% of 2016 net profit.



1 Business overview

2 Corporate governance and dividends

 **Market position and competitive strategy**

4 Financial track record

5 1Q 2017 update

Leading positions in a global context

2nd largest exchange in fixed income¹

Rank	Exchange	Country	Trading vol. (USD bln)	Incl. REPOs
1	BME	Spain	6 875	✓
2	Moscow Exchange	Russia	3 764	✓
3	Korea Exchange	Korea	2 843	×
4	LSE Group	UK	1 976	×
5	Johannesburg SE	South Africa	1 850	✓
6	Nasdaq OMX	USA	1 712	✓
7	Oslo Borse	Norway	713	✓
8	Bolsa de Valores de Colombia	Colombia	417	×
9	Shanghai SE	China	398	×
10	Taipei Exchange	Taiwan	268	×

3rd largest exchange in derivatives²

Rank	Exchange	Country	Contracts traded (mln)
1	CME Group	USA	3 942
2	NSE India	India	2 135
3	Moscow Exchange	Russia	1 963
4	Shanghai Futures Exchange	China	1 681
5	Deutsche Boerse	Germany	1 592
6	Dalian Commodity Exchange	China	1 537
7	BM&FBOVESPA	Brazil	1 358
8	CBOE	USA	1 124
9	Nasdaq OMX	USA	998
10	Zhengzhou Commodity Exchange	China	901

Among top 25 exchanges by equity trading volumes globally³

Rank	Exchange	Country	Mkt Cap (USD bln)	Securities listed	Trading vol. (USD bln)
1	ICE&NYSE	USA	19 573	2 307	17 318
2	Nasdaq OMX	USA	8 965	3 835	11 781
3	Shenzhen SE	China	3 217	1 870	11 606
4	Shanghai SE	China	4 104	1 182	7 492
5	Japan Exchange	Japan	5 061	3 541	5 618
6	LSE Group	UK	3 496	2 590	2 286
7	Euronext	EU	3 493	1 051	1 766
8	Korea Exchange	Korea	1 282	2 059	1 673
9	HKEx	Hong Kong	3 193	1 973	1 350
10	Deutsche Boerse	Germany	1 732	592	1 306
...
24	Moscow Exchange	Russia	636	245	129

12th publically listed exchange by Mkt Cap⁴

Rank	Exchange	Country	Mkt Cap (USD bln)
1	CME	USA	42.8
2	ICE&NYSE	USA	38.2
3	HKEx	Hong Kong	31.7
4	Deutsche Boerse	Germany	20.3
5	LSE Group	UK	15.9
6	Nasdaq OMX	USA	11.8
7	BM&FBovespa	Brazil	11.6
8	CBOE	USA	10.1
9	Japan Exchange	Japan	9.9
10	ASX	Australia	7.5
11	SGX	Singapore	5.7
12	Moscow Exchange	Russia	4.3

Source: Moscow Exchange, WFE, Bloomberg, LSE Group (for LSE Group data)

1 Due to different methodologies applied, data on fixed income trading may not be directly comparable among exchanges. Data for 2016

2 Data for 2016

3 Top equity trading exchanges are ranked by trading volume. Ranking without BATS (excluded due to absence of data for market capitalization and number of listed companies). Data for 2016

4 Market capitalization of public exchanges based on Bloomberg data as of June 14, 2017



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Building on the success of Strategy 2012-2015

Key initiatives of Strategy 2012-2015 successfully implemented

- ✓ Central Securities Depository (CSD)
- ✓ CCP across all markets
- ✓ T+ settlement cycle
- ✓ DMA across all markets
- ✓ ICSDs access to local infrastructure
- ✓ USD/RUB futures emergence as a flagship derivative contract
- ✓ Crucial regulatory reforms (corporate governance, individual investment accounts, “non-loss” rule elimination for NPFs, revival of pension savings)

- Total trading volume CAGR of ~**23%** in 2012-2015
- Operating profit CAGR of ~**29%** in 2012-2015
- EPS for 2015 up **4.0 times** versus 2011 to RUB 12.5
- Dividend per share up **22.9 times** versus 2011 to RUB 7.11 with a payout ratio of 58% for 2015



Competitive strategy 2015-2020: key pillars - 1



	Strategy	Drivers and initiatives
Equities	Aggressive growth: development of the equity capital market	<ul style="list-style-type: none"> ✓ Benefits from completed infrastructure, tax and regulatory reforms (T+2, CSD and access of ICSDs, IIA) ✓ Growing the retail investor base ✓ New listings and IPOs, repatriation of capital ✓ Further simplification of access for international investors
Fixed income	Aggressive growth: bonds to substitute bank loans as a funding tool	<ul style="list-style-type: none"> ✓ Development of short-term and ultra short-term bonds, securitization ✓ Simplification of access to the bond market for corporates ✓ Growth through expansion of the retail investor base ✓ Benefits from completed reforms (shift to T+1 for OFZs, improved tariffs, large block auctions, ICSDs)
Derivatives	Aggressive growth through new asset classes and tariff reform	<ul style="list-style-type: none"> ✓ Tariff reform to increase effective fees ✓ Development of commodity derivatives ✓ Approval of CFTC registration application in order to permit access for US market participants ✓ Options market development ✓ Synergies with spot markets via a unified collateral pool ✓ OTC derivatives clearing
Market data	Aggressive growth through enhancement of the product offering	<ul style="list-style-type: none"> ✓ Expansion of market data sales ✓ Improvement of data dissemination: development of a real-time and non-real time data platform ✓ Development of the corporate information center ✓ Development of the pricing center ✓ Expansion of the repository offering



Competitive strategy 2015-2020: key pillars - 2

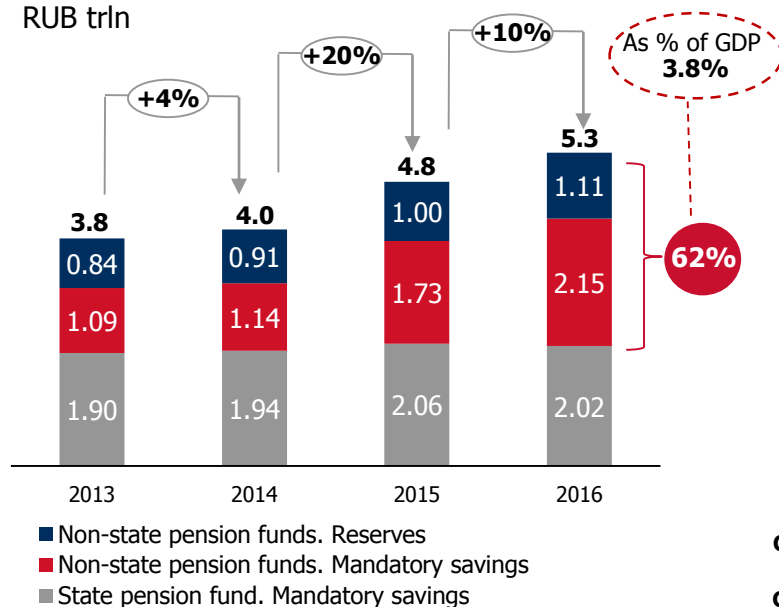


	Strategy	Drivers and initiatives
FX Market	Market share protection through further market expansion	<ul style="list-style-type: none"> ✓ Development of international clearing membership ✓ Direct access of corporates to the market ✓ Development of SMA services
Money Market	Market share protection through further product development	<ul style="list-style-type: none"> ✓ Further enhancement of the existing product portfolio – collateral management services, REPO with General collateral pool ✓ Direct access of corporates to REPO with CCP in “net creditor” mode
Depository services	Steady growth via development of new services	<ul style="list-style-type: none"> ✓ Corporate actions reform ✓ Launch of the corporate information center ✓ Expansion of the repository offering
Treasury business	Gradual replacement of NII with F&C income	<ul style="list-style-type: none"> ✓ Reduction of NII contribution to revenue through implementation of the single collateral pool as a fee-based service, including risk netting, cross-margining and portfolio margining
IT	Ongoing enhancement of IT systems	<ul style="list-style-type: none"> ✓ Focus on reliability of hardware ✓ Improved processes of software development and installation ✓ Corporate accelerator to foster fintech startups that develop technologies complementary to MOEX’s product offering

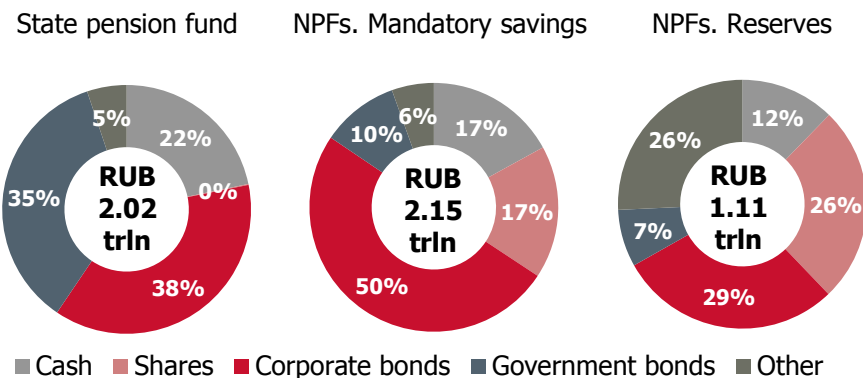
Local institutional investors: the potential of pension funds

Pension assets in Russia

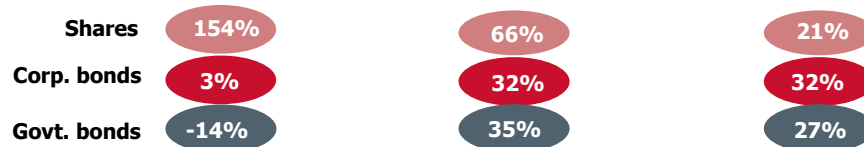
RUB trln



Pension system asset allocation 2016



Change 2015/2016, %



Key highlights of the pension reform

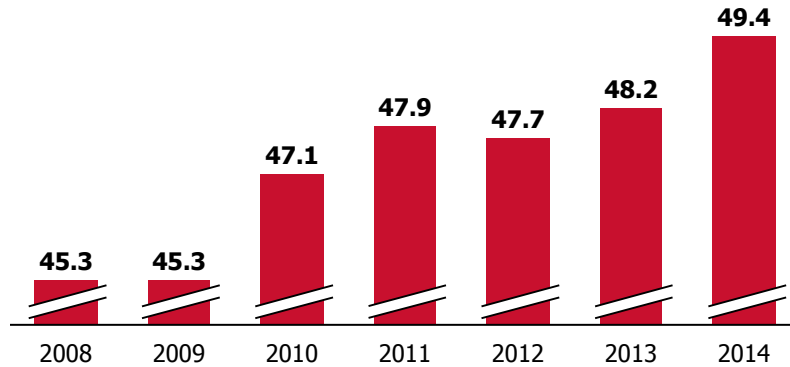
- Bank of Russia became a regulator of the pension system in 2013
- Adopted changes in non-state pension fund regulation:
 - "One year non-loss" rule was abolished
 - Investment horizon of NPFs was extended to 5 years
 - Customers are now incentivized to stay with the fund for not less than 5 years
 - Guarantee fund mechanism (similar to the Deposit Insurance Agency in the banking system)
 - New allocations to NPFs remained under moratorium until 2019, which reduced growth potential and left room for organic growth only



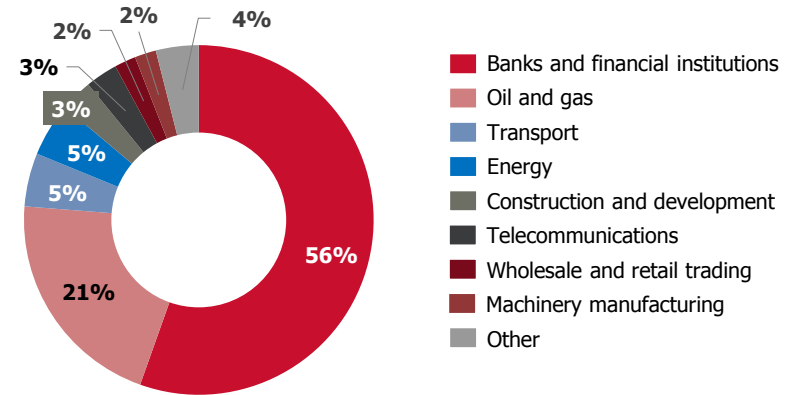
Bond market – why we are strong believers

Ageing fixed assets require long-term investments

Accumulated depreciation as % of fixed assets



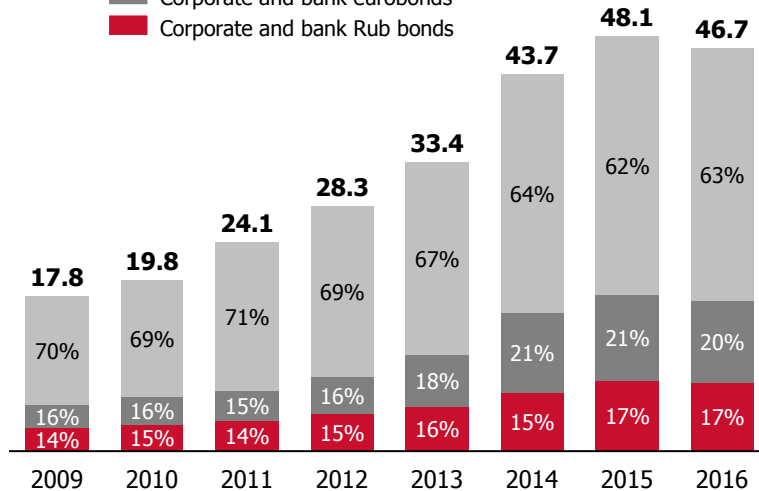
Breakdown of bond issuers¹ by industry



Corporate bonds substitute bank loans

RUB trln

■ Bank loans to corporates, excl. interbank
■ Corporate and bank eurobonds
■ Corporate and bank Rub bonds



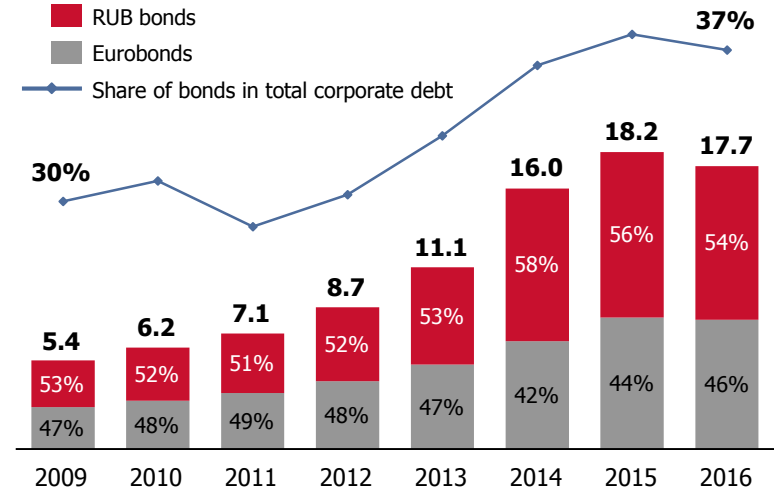
Local bonds vs Eurobonds of Russian corporates²

RUB trln

■ RUB bonds

■ Eurobonds

— Share of bonds in total corporate debt



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Source: Bank of Russia, Cbonds, Rosstat, Moscow Exchange

¹ Bonds issued in 2015-2016 traded on MOEX's Bond Market

² Including banks and financial institutions

Retail money: aiming to grow the culture of investing

Retail investor savings

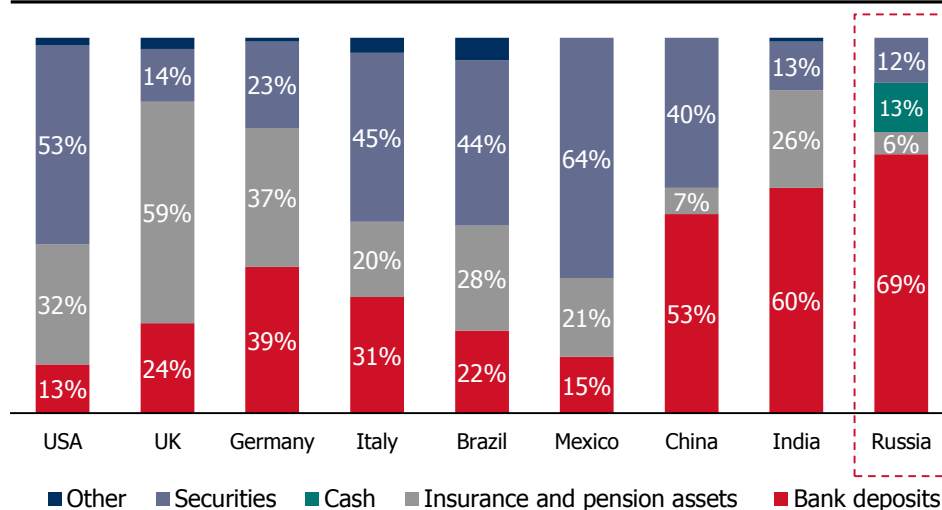
Rub **23**trln

with banks...

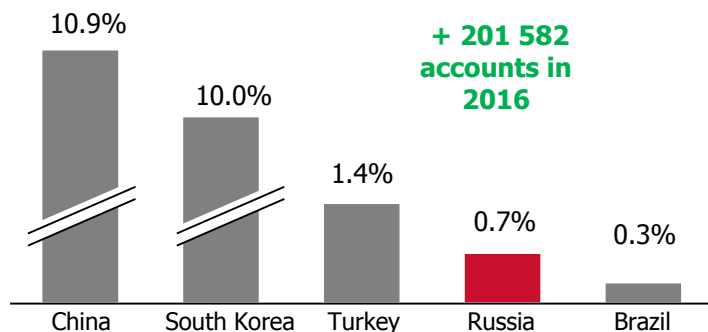
Rub **4**trln

in cash ...vs Rub **33.8** trln of the Russian equity market's market cap

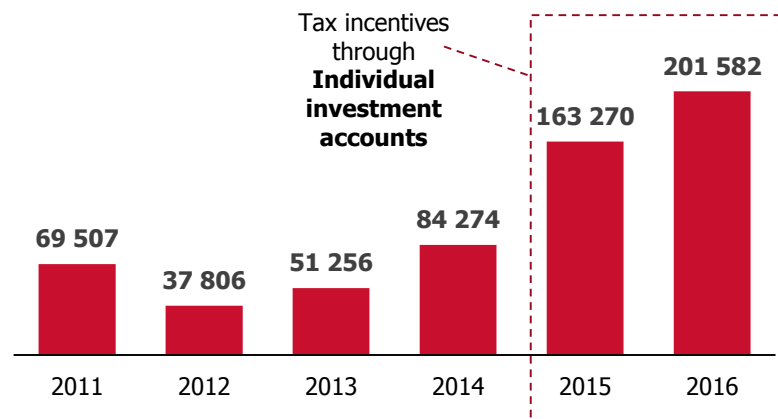
Russians hold majority of savings in banks and cash¹



Population's participation in the securities market²



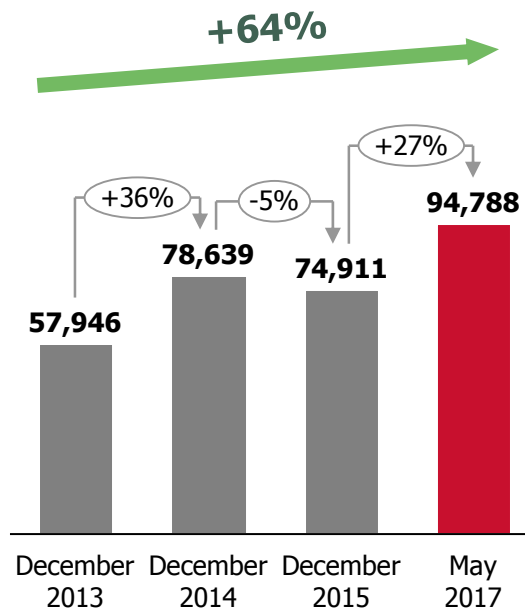
Newly opened retail accounts



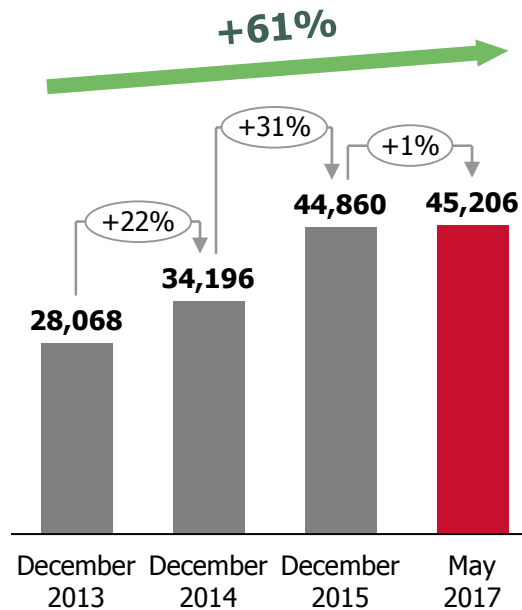
Retail clients: a growing segment of the Russian financial market

Number of active retail client accounts

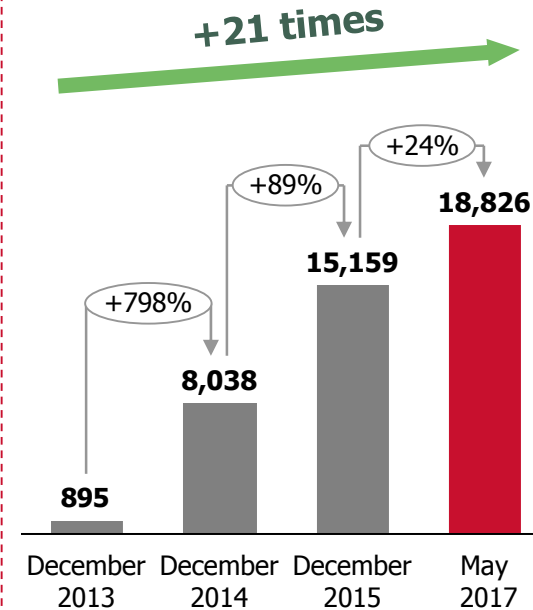
Equities Market



Derivatives Market



FX Market¹



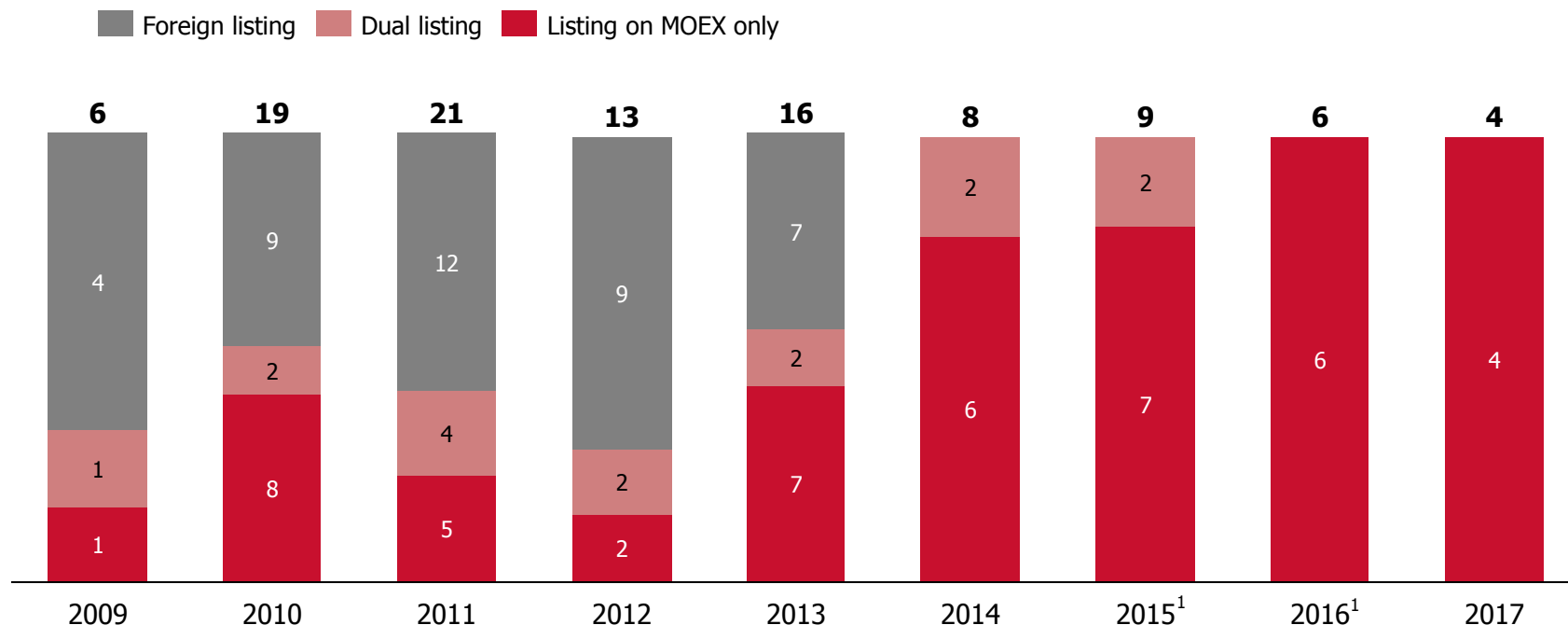
Recent regulatory changes:

- Introduction of **individual investment accounts** for private investors since 2015: more than 220,000 accounts opened as of May 2017
- **Tax breaks** on capital gains on securities held for more than 3 years (up to RUB 9 mln for securities purchased after 1 Jan 2014)
- Retail investors allowed to **remotely open a brokerage account**. This simplifies the process for retail investors in Russia's far-flung regions



Shift towards local capital raisings

IPOs/SPOs/listings by Russian issuers



Despite a challenging macro environment that impacted Russian equity capital markets

- In 2016, 7 Russian issuers held IPOs/SPOs that raised a total of ~RUB 135 bln, including Alrosa's privatisation transaction in July 2016
- Nearly all ECM transactions in 2015-2016 were held exclusively on MOEX
- During the first two months of 2017 the IPO of Detsky Mir and the SPOs of TMK, Phosagro and UWC were held on MOEX, raising more than RUB 48 bln.

Trend of local placements continued

All public capital raisings by Russian companies in 2016 were held exclusively on MOEX

Company	Sector	Date	Transaction type	Transaction value, RUB bln
	Leasing	December 2016	SPO	15.0
	Oil & gas	November 2016	IPO	32.4
	Financials	October 2016	IPO	11.7
	Metals & mining	July 2016	SPO	54.4
	Manufacturing & transportation	May 2016	SPO	5.0
	Financials	April 2016	SPO	2.6

... and a good start for 2017:

 **SPO**
(oil & gas services)

Date: 3 Feb 2017
Deal size: RUB 10 bln (\$174 mln)
Free float: up from 16% to 30%

 **IPO**
(retail)

Date: 8 Feb 2017
Deal size: RUB 21.1 bln (\$356 mln)
Free float: 30.55%

 **SPO**
(fertilizers)

Date: 8 Feb 2017
Deal size: RUB 15 bln (\$255 mln)
Free float: up from 20% to 25%

 **SPO**
(manufacturing)

Date: 5 May 2017
Deal size: RUB 1,9 bln (\$32 mln)
Free float: up from 19.83% to 21.05%

DR holders pay substantial **EXTRA FEES** to depositary banks

Fees to be paid to depositary bank for some of DR programs of the Russian companies

DR program		Depository Service Fee ¹ (DSF), USD per DR	Dividend Fee ² , USD per DR	DSF + Dividend Fee as % of dividend amount ³	DRs cancellations fee, USD per DR
VTB Bank	BoNY Mellon	0.03	0.004	93%	0.05
RusHydro	BoNY Mellon	0.02	0.007	46%	0.05
Surgutneftgaz	BoNY Mellon	0.02	0.011	31%	0.05
MMK	BoNY Mellon	0.02	0.012	22%	0.05
TMK	BoNY Mellon	0.01	0.015	20%	0.05
Sberbank	BoNY Mellon	0.01	0.015	16%	0.05
NLMK	BoNY Mellon	0.02	-	11%	0.05
Gazprom	BoNY Mellon	-	0.020	8%	0.05
Phosagro	Citi	0.02	-	7%	0.05
Rostelecom	JP Morgan	0.01	0.030	7%	0.05
Norilsk Nickel	BoNY Mellon	-	0.020	6%	0.05
Megafon	BoNY Mellon	0.03	-	4%	0.05
Tatneft'	BoNY Mellon	0.02	0.020	4%	0.05
Rosneft	JP Morgan	0.00	-	2%	0.05
Novatek	BoNY Mellon	-	0.020	2%	0.05
Magnit	JP Morgan	0.01	-	2%	0.05
Lukoil	BoNY Mellon	-	0.020	1%	-
AFKS	Deutsche Bank	0.02	-	-	-
Lenta	DB	0.03	-	-	0.05
Average		0.014	0.010	17%	0.05

Gross DSF and dividend fees calculated for Top-3 international funds holding DRs of Russian companies⁴

Fund A	3 055 341 USD
Fund B	3 787 609 USD
Fund C	3 619 592 USD

Cost of cancellations all DR in portfolios to local shares for Top-3 funds

Fund A	7 130 574 USD
Fund B	7 386 356 USD
Fund C	3 319 803 USD

- Depository service fee and Dividend fee are to be paid by DR holder to the depositary bank while there are no such fees for holders of local shares
- Majority of DRs cancellations operations are also charged 0.05 USD per DR



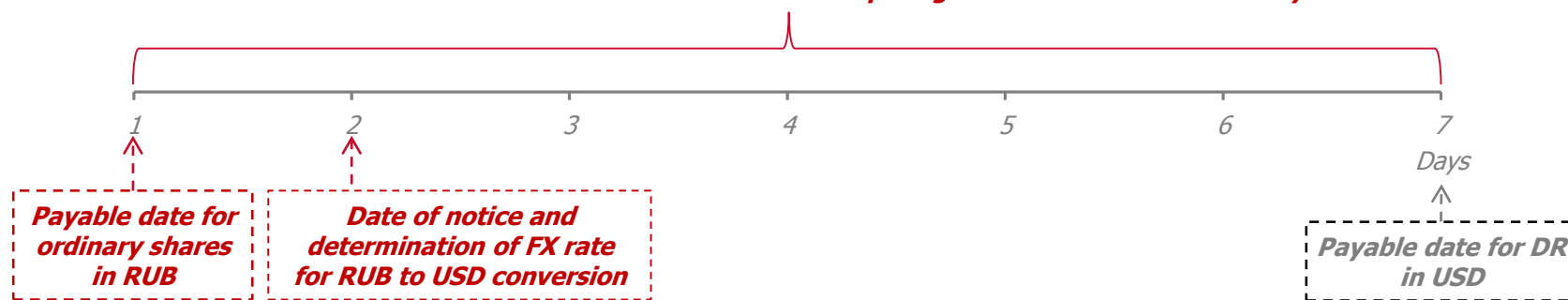
Dividend payments for DR holders

FX rate determination for dividends

- FX rates for conversion of dividends are determined in nontransparent manner
- According to information from notices for DR holders³:
 - Custodian - DR issuer has no obligation to obtain the "best price" for any FX Trade
 - The conversion rate reflects a foreign currency ("FX") transaction ("FX Trade") executed by Custodian - DR issuer as principal counterparty and not as agent, fiduciary or broker

Issuer	Record date	Local Shares		DR		Diff.
		Payable date	FX rate ¹	Payable date	FX rate ²	
FSK YeES	11-Jul-16	25-Jul-16	65.0	1-Aug-16	66.4	2.2%
Novatek	11-Oct-16	1-Nov-16	63.2	8-Nov-16	63.6	0.8%
Lukoil	12-Jul-16	27-Jul-16	66.0	3-Aug-16	66.5	0.7%
TGK-1	7-Jul-16	26-Jul-16	66.0	2-Aug-16	66.5	0.7%
Tatneft	8-Jul-16	27-Jul-16	66.0	3-Aug-16	66.5	0.7%
TransContainer	20-Sep-16	11-Oct-16	62.4	18-Oct-16	62.8	0.7%
Mosenergo	17-Jun-16	5-Jul-16	64.3	12-Jul-16	64.8	0.6%
Rosneft	27-Jun-16	18-Jul-16	63.1	25-Jul-16	63.5	0.6%

DR holders received their dividends one week later comparing with holders of the ordinary shares



Corporate actions reform in Russia: From paper to leading market technology

From July 1st 2016

New approach to corporate actions processing

LOWER COSTS

- ✓ Power of attorney no longer necessary for corporate actions
- ✓ Zero mailing costs, no hard copies needed for investors to participate in corporate actions
- ✓ CSD's service pricing based on principles of covering costs, simplicity and fairness

LOWER RISKS

- ✓ Creation of a single source of reliable and comprehensive information on corporate actions at the Russian CSD
- ✓ Unified electronic ISO-based standards for corporate actions
- ✓ Control over assets and settlement oversight by the Russian CSD

BETTER CORPORATE GOVERNANCE

- ✓ Direct electronic access to AGMs for investors
- ✓ Standardized electronic meeting convocations, nomination of directors, participation in corporate actions through custodians
- ✓ No more special requirements for holders' incorporation set by issuers



Improved corporate governance as a result of listing modernization

Completion of the 1st stage of the listing reform

Following adoption of the new Corporate Governance Code in 2014, MOEX initiated a program to bring listing requirements into line with global standards and the Code:

- ✓ **Listing structure simplified:** 3 quotation lists (Highest, Standard, Off-the-list) replaced the previous 6
- ✓ **Stricter criteria for inclusion in Highest list:** at least 3 Independent Directors, history of 3 years of IFRS accounts (vs. 1 year previously), free float of at least 10%, requirement to have internal audit department and Board-approved policy on internal audit, etc
- ✓ **Issuers are eligible to list in any section at IPO.** This allows pension funds and insurance companies (that are authorised to buy only the highest-level stocks) to invest at the IPO stage
- ✓ **Stricter requirements for Directors to be considered Independent**
- ✓ **Listing committee** consisting of more than 30 market experts was launched at MOEX **to monitor special listing situations**

Results of the 1st stage: higher listing quality, approved dividend policies, increased number of INEDs

	June 2014		Jan 2017	
	Highest list	Standard list	Highest list	Standard list
# of Independent Directors	150	69	222	73
Issuers complying with criteria for Audit Committee	2 issuers (3.57%)	0 issuers	52 issuers (100%)	33 issuers (100%)
Issuers complying with criteria for HR and Remuneration Committee	1 issuer (1.79%)	n/a	52 issuers (100%)	n/a
Issuers with approved dividend policies	45 issuers (80.3%)	n/a	52 issuers (100%)	33 issuers (100%)

What's next?

- ✓ On 1 October 2017 the Corporate Governance Code's requirements for INEDs will fully come into force
- ✓ Starting January 2018, only ratings by approved rating agencies will count towards listing requirements



1 Business overview

2 Corporate governance and dividends

3 Market position and competitive strategy



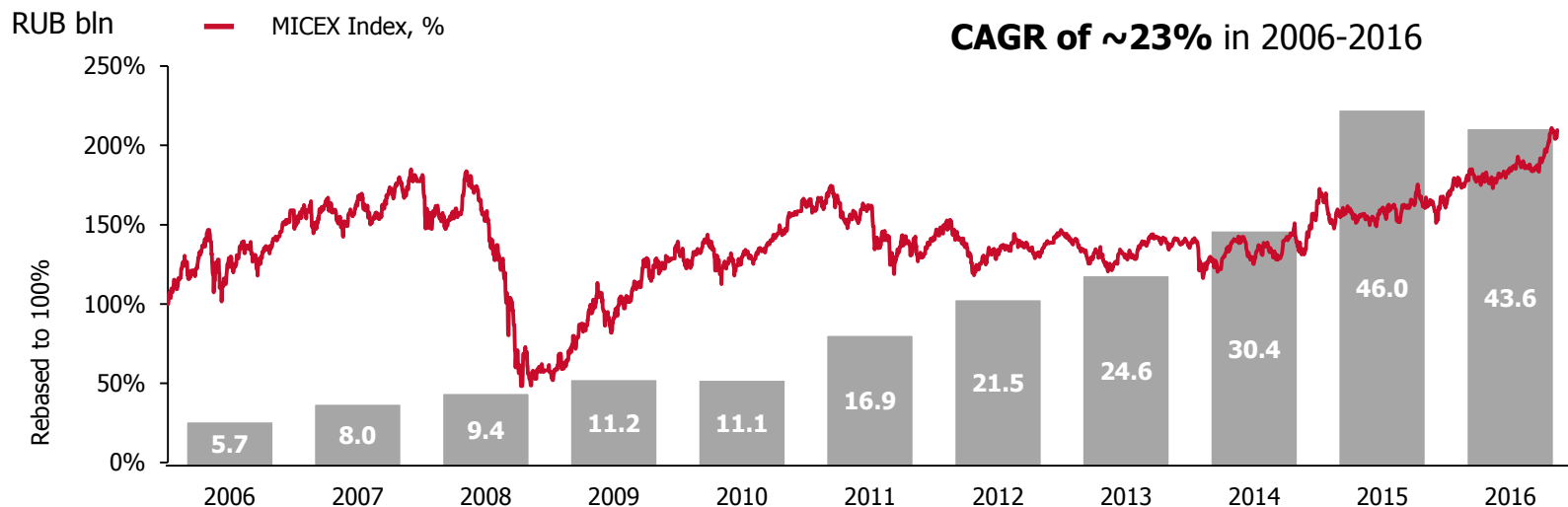
Financial track record

5 1Q 2017 update



MOEX business model continues to deliver

Operating income¹

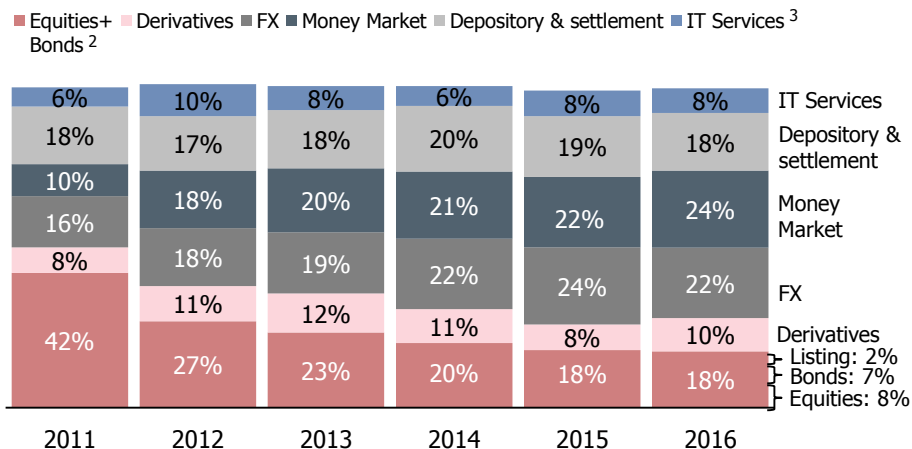


Key highlights

Unique business model allows MOEX to increase operating income regardless of the stage of the economic cycle:

- **Business lines** are diversified, while markets have limited growth correlation
- **Growth drivers differ** across markets and products

Fee & commission income evolution¹



According to Moscow Exchange Consolidated Financial Statements for the relevant period

1 RTS data is consolidated from 29 June 2011

2 Includes other income related to securities market

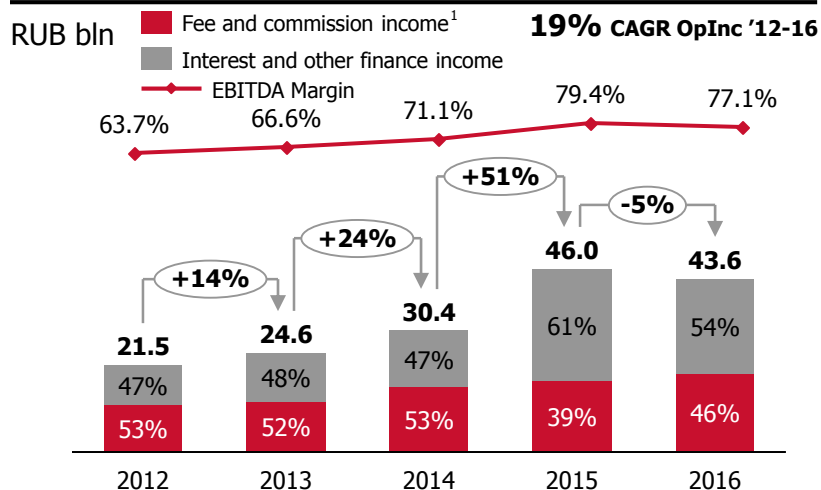
3 Includes income from information services, sale of software and other fee & commission income



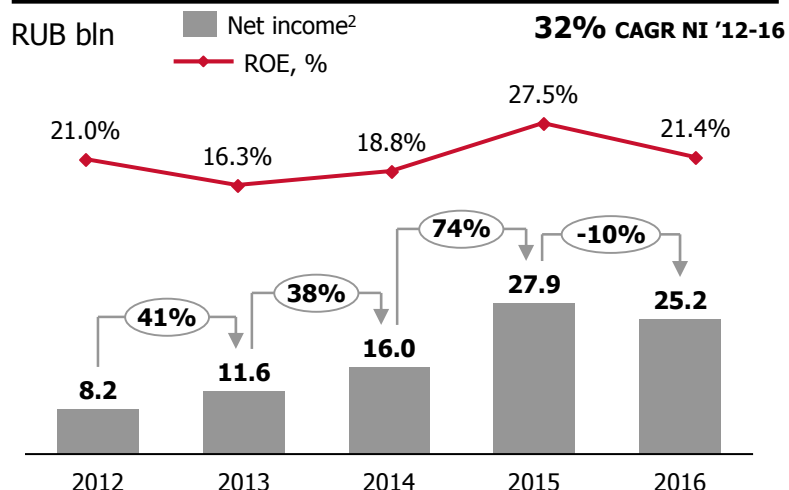
MOSCOW EXCHANGE

Strong financial performance

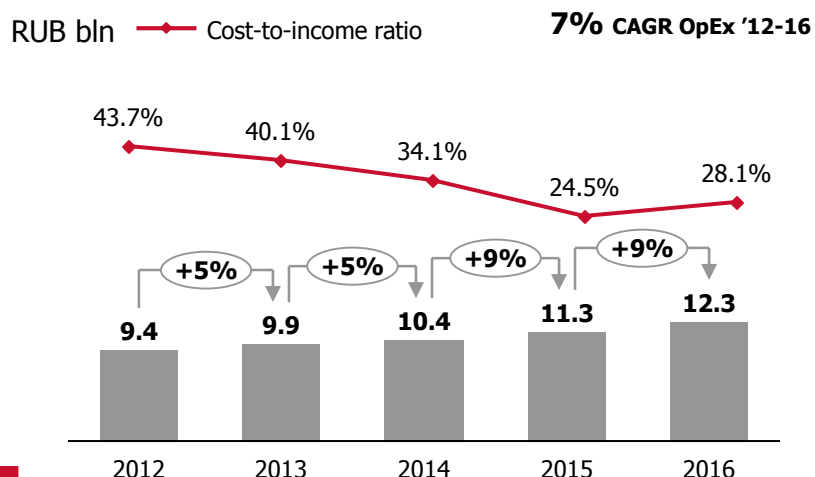
Growing fees support the EBITDA margin



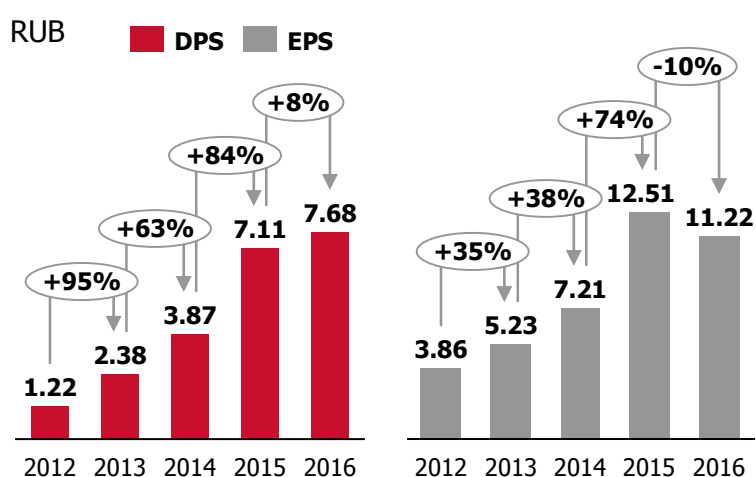
Strong ROE generation



Tight control over expenses



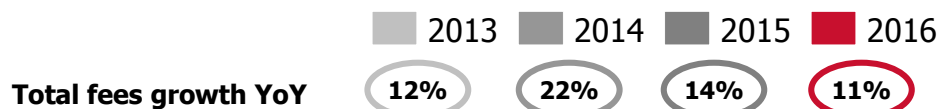
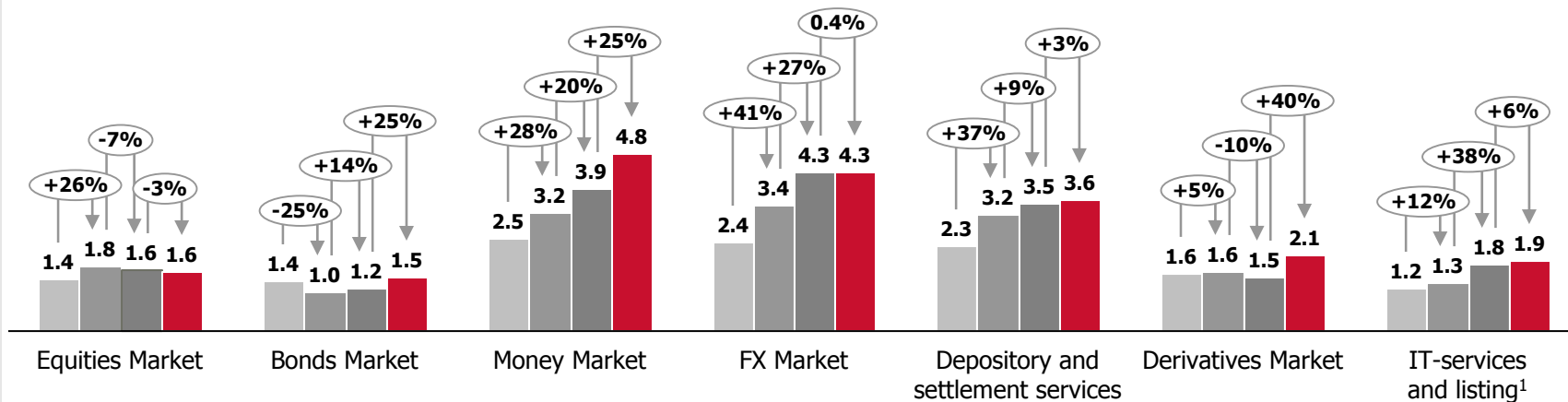
DPS growth outperforming EPS



Well-diversified and growing fee income

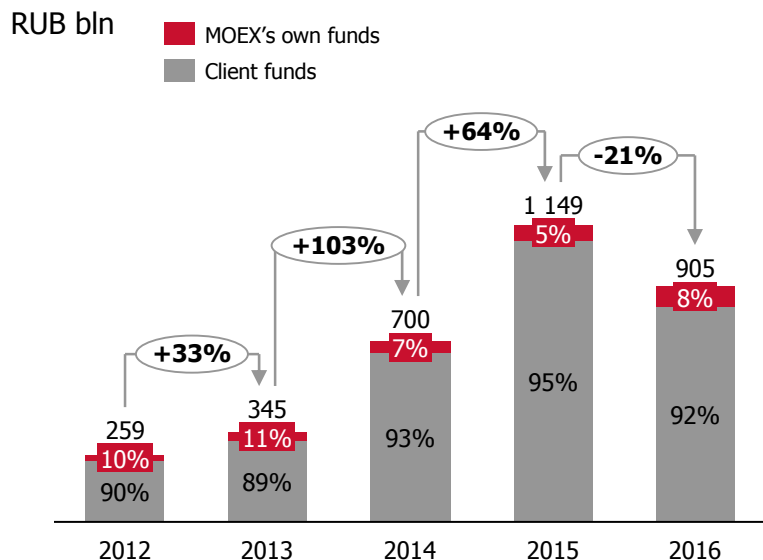
Fee & commission income

RUB bln

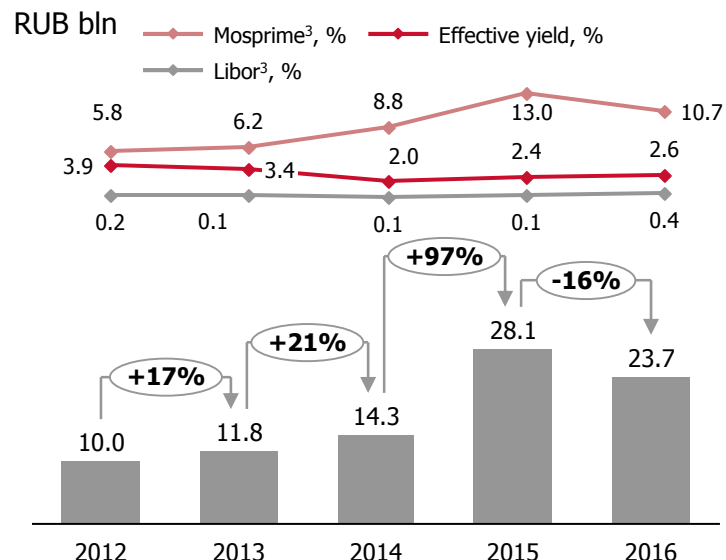


Interest and finance income

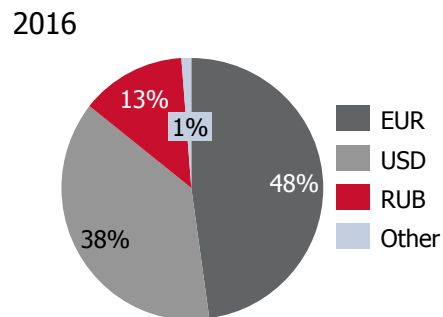
Investment portfolio¹



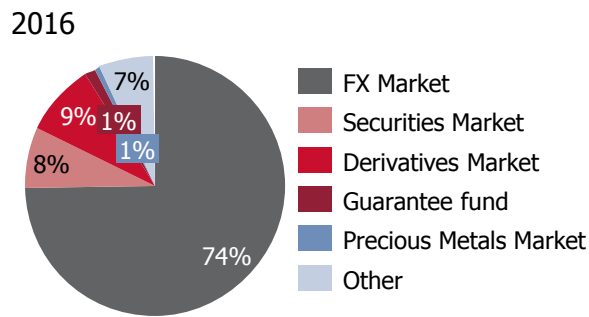
Interest income²



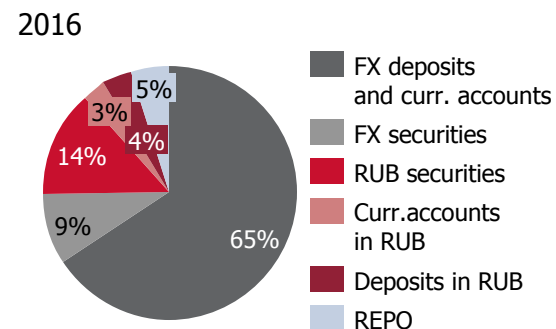
Client funds by currency



Client funds by source

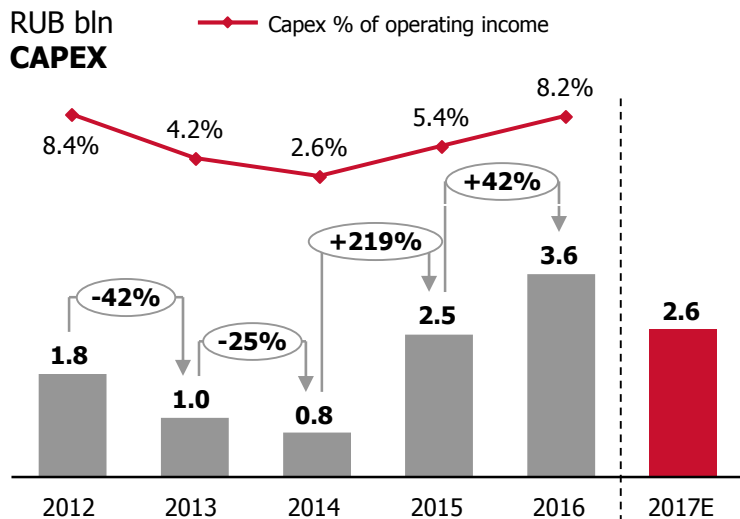


Investment portfolio by type of asset



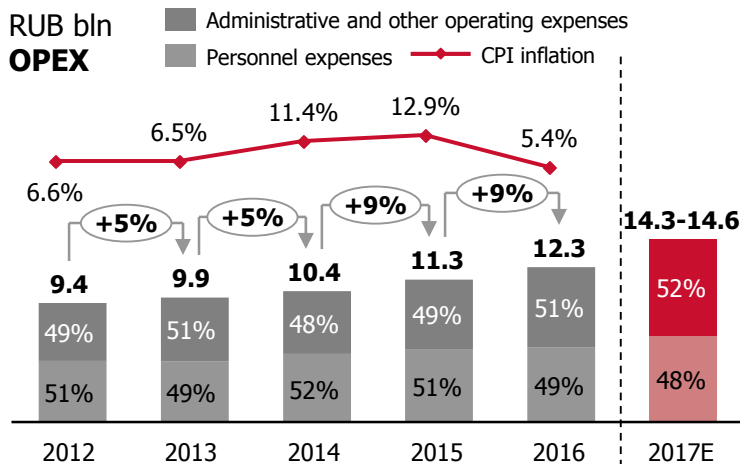
CAPEX and OPEX 2017

Moderate capital intensity in spite of operating a technology-based business



- Capex 2016 peaked, and amounted to RUB 3.6 bln, in line with guidance.
- In 2017 and onwards capex is expected to normalize at RUB 2.5-3.0 bln/year.
- The scope of key capital expenditures includes:
 - New IT architecture to add functionality of single collateral pool
 - Hardware upgrade
 - Corporate actions reform

Effective cost management



- In 2017 operating expenses growth is expected to be in the range of 17-19% driven by:
 - ✓ Double-digit administrative expenses growth as a result of higher D&A and IT maintenance costs following migration to the new datacenter and increased IT footprint
 - ✓ Personnel expenses growth above inflation mostly due to selective salary increases and approval of the new share-based compensation scheme



1 Business overview

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4 Financial track record

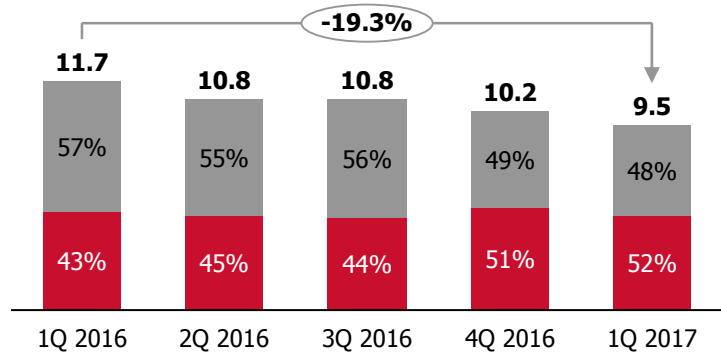


1Q 2017 update

1Q 2017 summary of financials

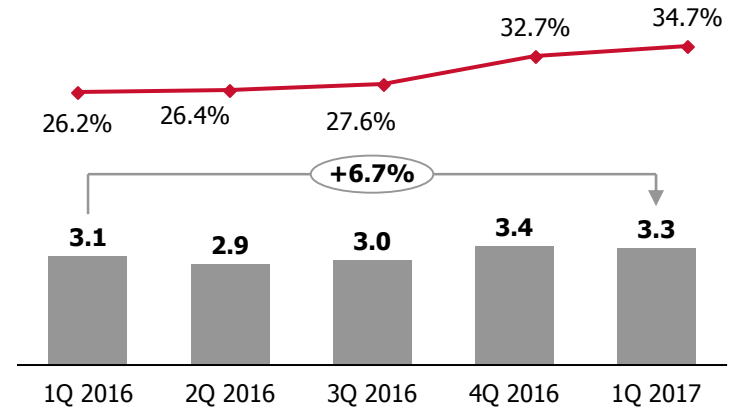
Operating income

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



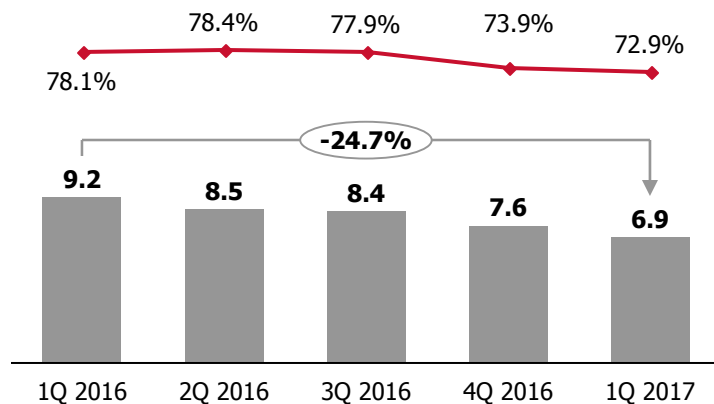
Operating expenses

RUB bln —◆— Cost-to-income ratio



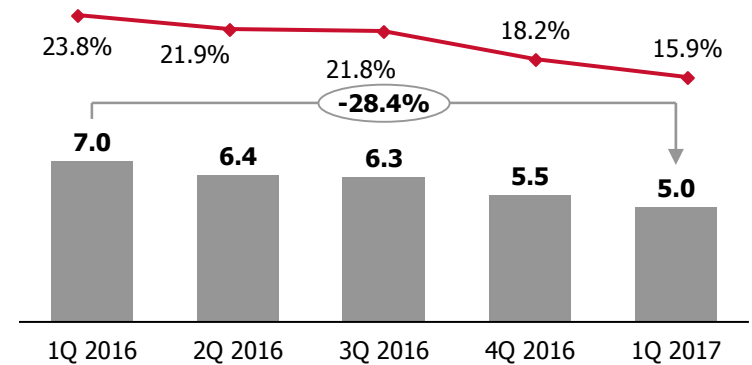
EBITDA and EBITDA margin

RUB bln —◆— EBITDA margin ■ EBITDA



Net income

RUB bln —◆— ROE ■ Net income

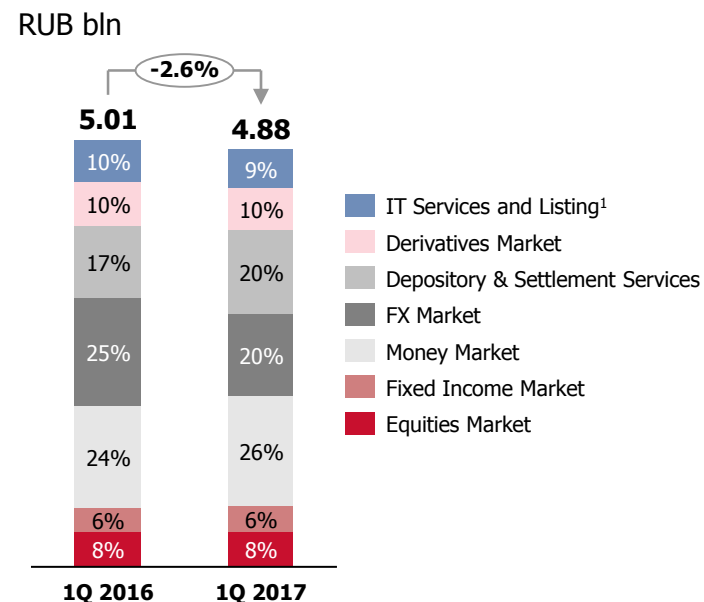


Diversified fee & commission income

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

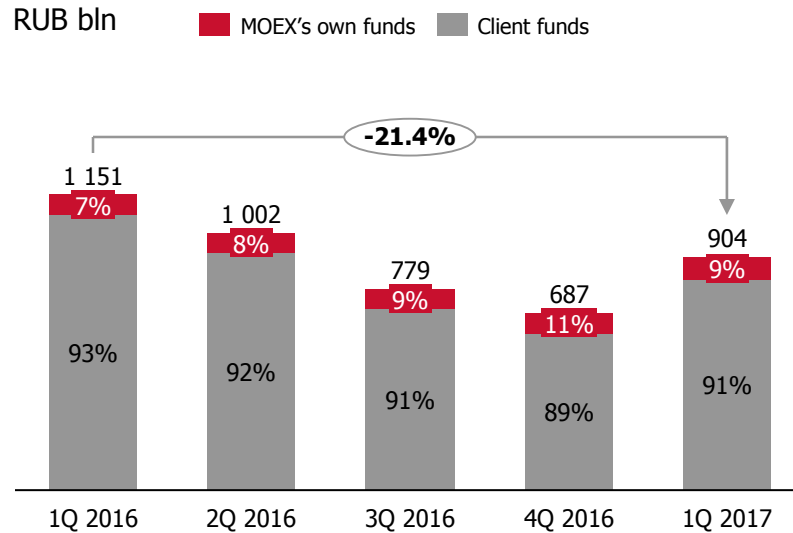


Key highlights

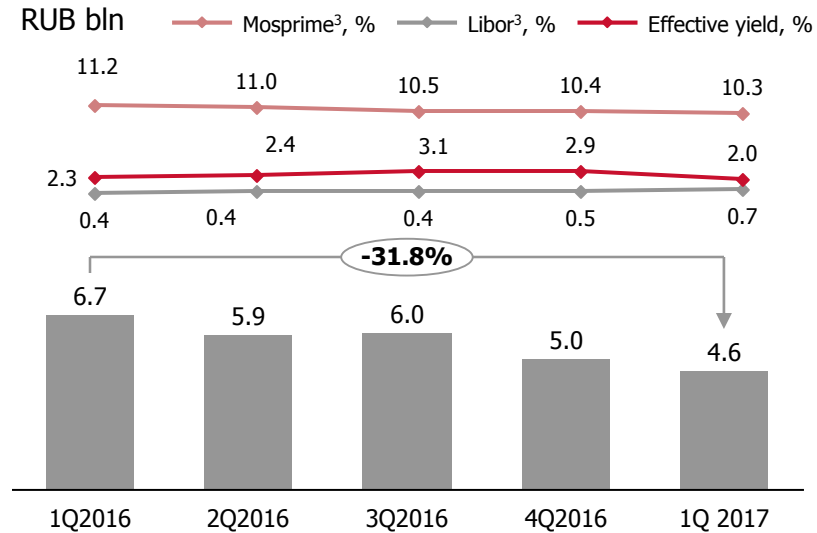
- The structure of fee & commission income remained well diversified. The largest contributors to total commissions were the Money Market (26%), FX Market (20%) and Depository and Settlement Services (20%).
- Growth of the Money Market (+RUB 71.1 mln YoY), Fixed Income Market (+RUB 35.9 mln YoY) and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

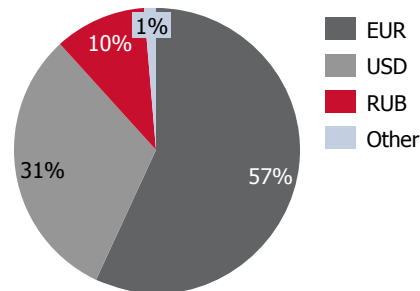


Interest and finance income²



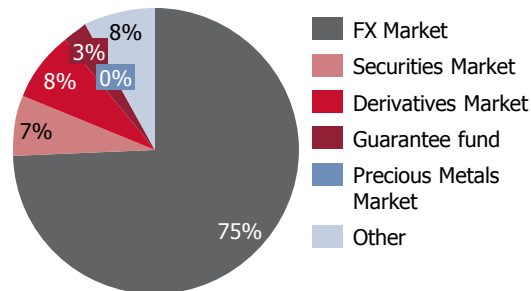
Client funds by currency

1Q 2017



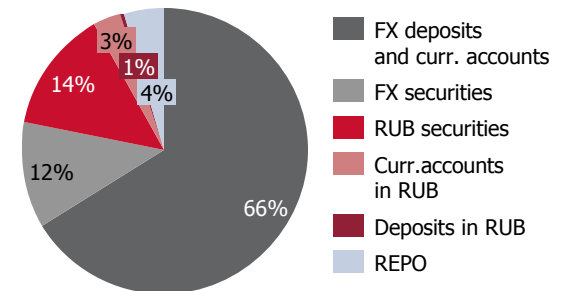
Client funds by source

1Q 2017



Investment portfolio by type of asset

1Q 2017



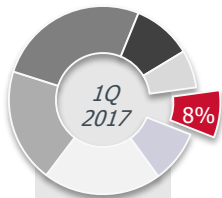
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Source: NFEA, Bloomberg, Moscow Exchange operational information and Consolidated Financial Statements

¹ Based on average daily investment portfolio for the period according to management accounts

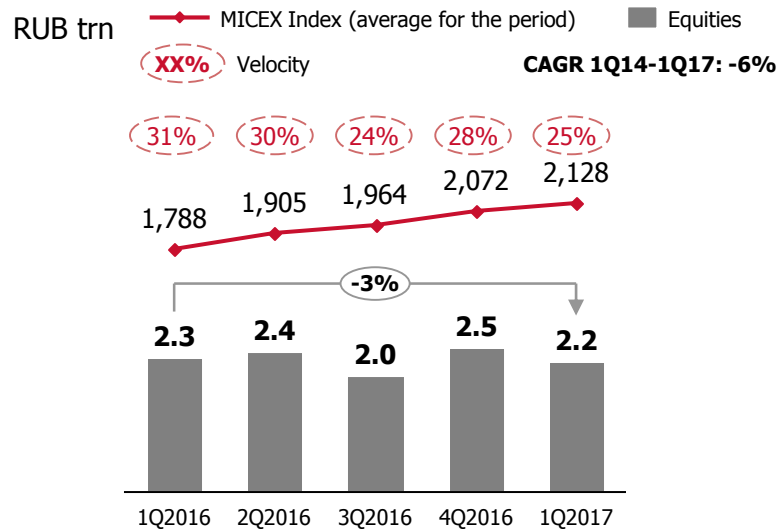
² Interest and finance income includes Interest and other finance income, Interest expense, Net loss on financial assets available-for-sale, Foreign exchange gains less losses

³ Average daily rate for the period



Equities Market: growing retail interest

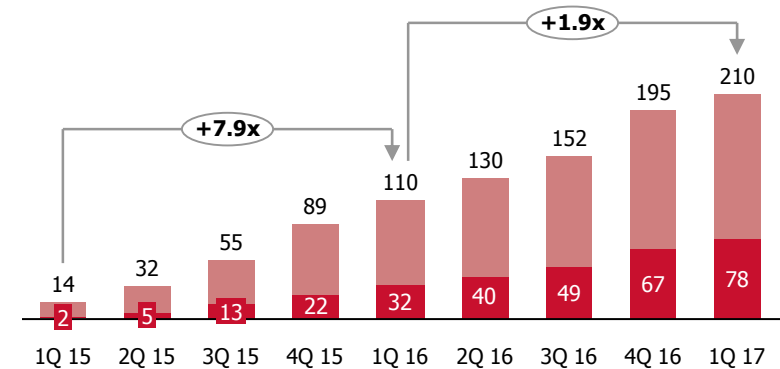
Trading volumes¹



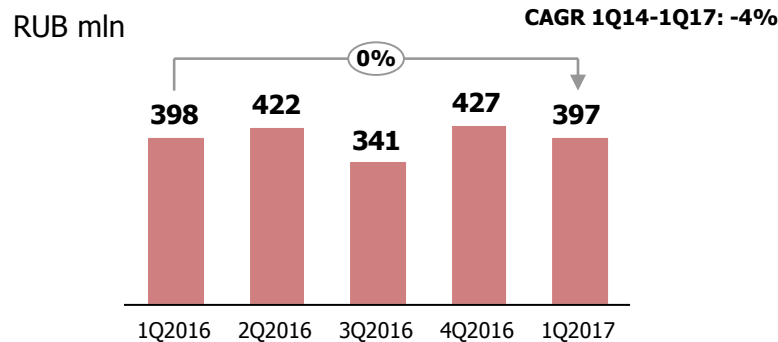
Growing interest from retail investors

Individual Investment Accounts, thousands

█ Customers who have other brokerage accounts
█ New customers



Fee & commission income



Comments

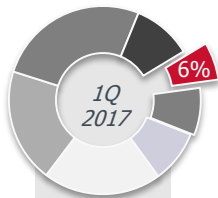
- Total market capitalization of the Equities Market continued to grow and reached Rub 35 trln, while volatility remained muted with velocity at 25% versus 31% a year ago.
- Four primary transactions totalling Rub 48 bln were completed YTD.
- Market diversification has grown, with the top 10 most liquid 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

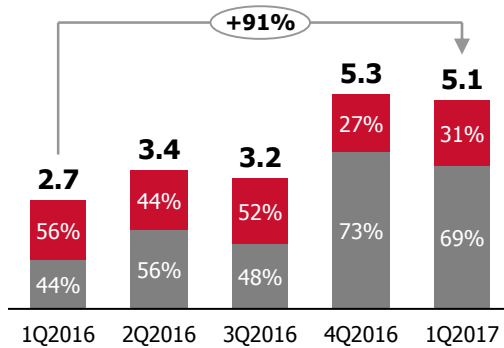
1 Volumes on both primary and secondary markets



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

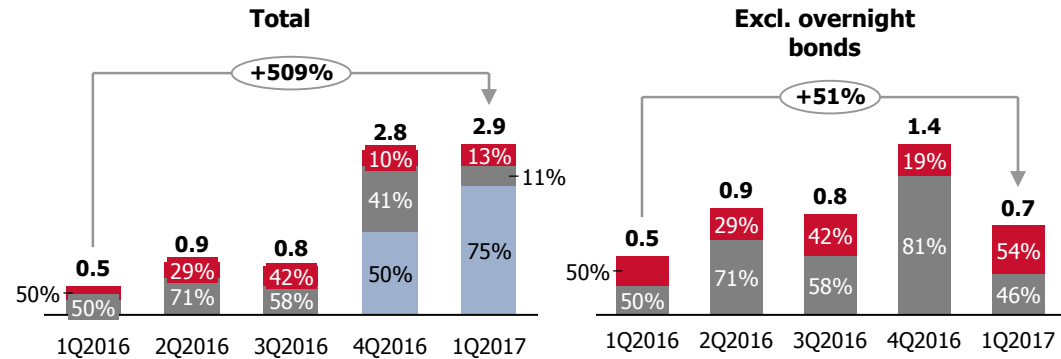
Trading volumes¹

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



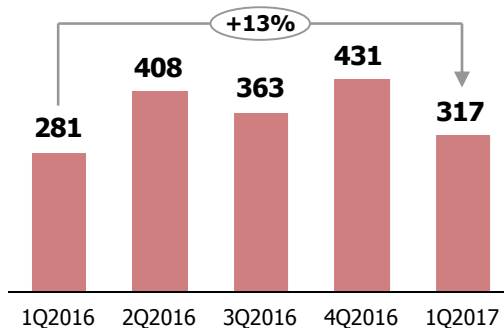
Primary market

RUB trn **CAGR 1Q14-1Q17: +509%**
 ■ 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.

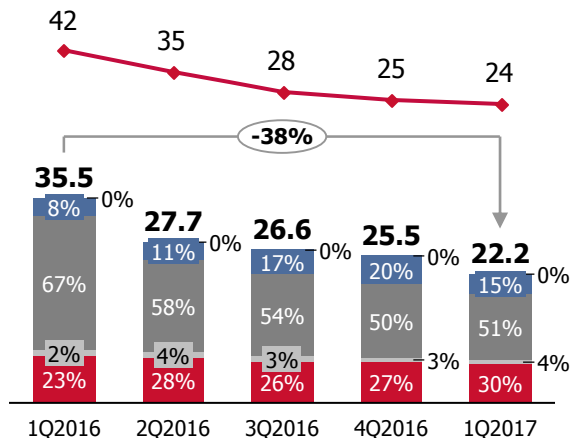


Derivatives Market: record share of commodities futures

Trading volumes

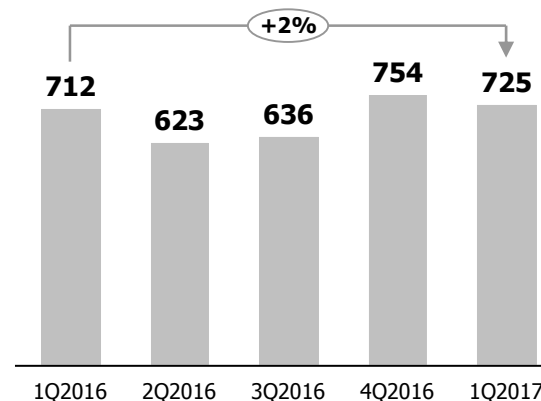
RUB trn **CAGR 1Q14-1Q17: +15%**

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



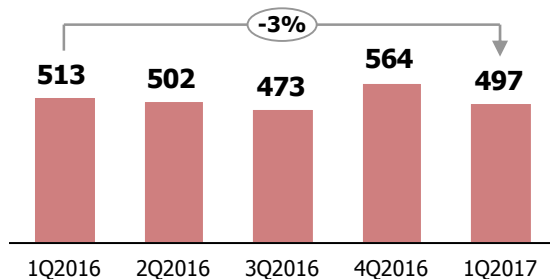
Open interest

RUB bn, daily average



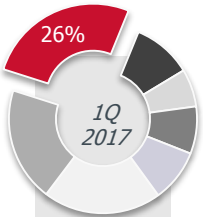
Fee & commission income

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



Comments

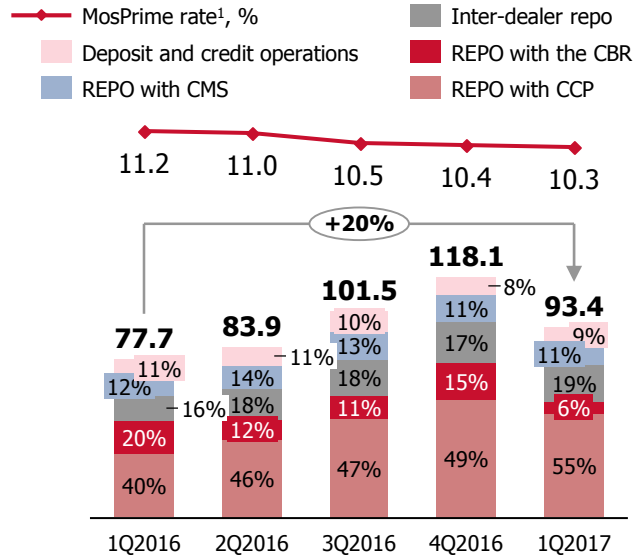
- Trading volumes contracted by 38% YoY due to weaker activity in FX derivatives amid lower FX rate volatility.
- Share of commodity derivatives continued to grow and accounted for 30% of total derivatives trading.
- Options market grew by 21% YoY
- Despite the decline in trading volumes, the completion 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

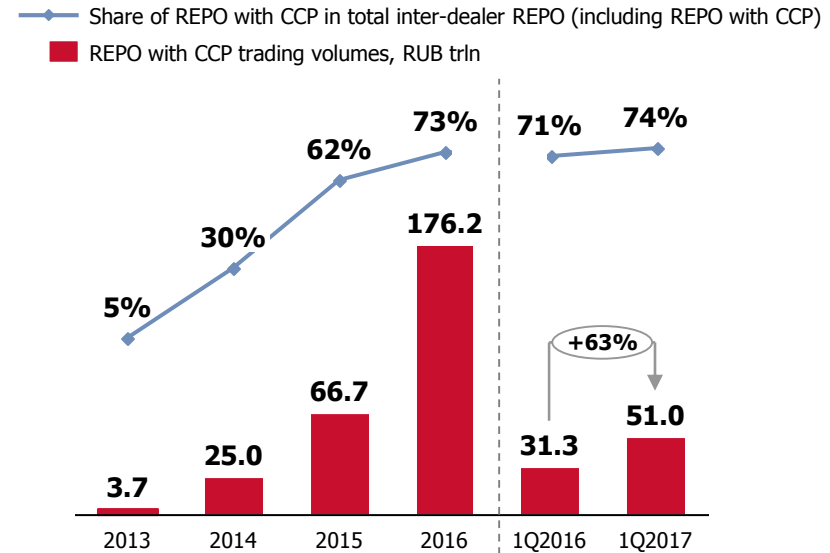
Trading volumes

RUB trn **CAGR 1Q14-1Q17: +17%**



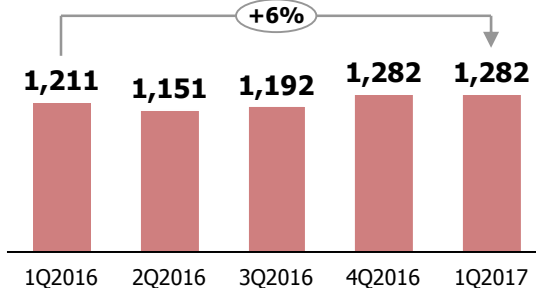
Trading volumes for REPO with CCP

RUB trn, %



Fee & commission income

RUB mln **CAGR 1Q14-1Q17: +30%**



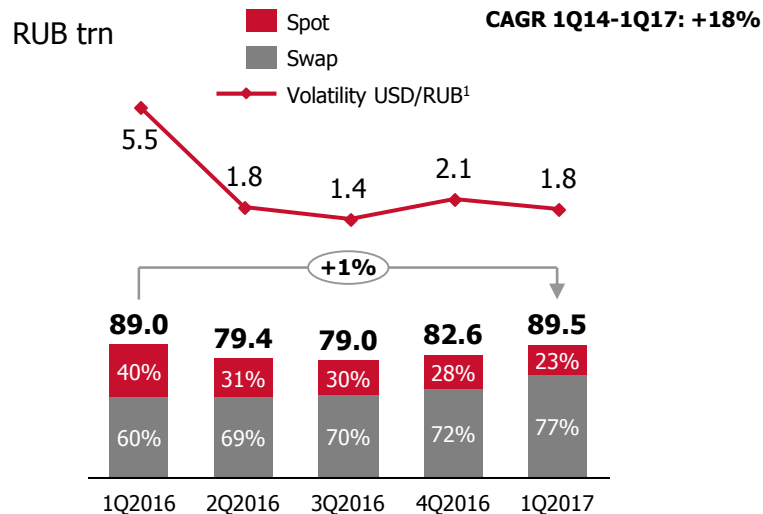
Comments

- 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

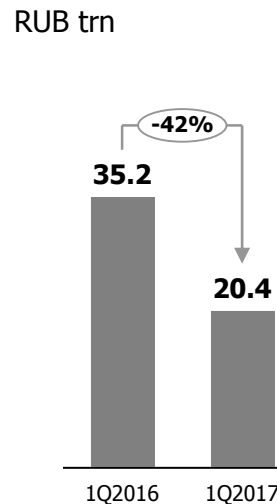


FX Market: normalization of volatility

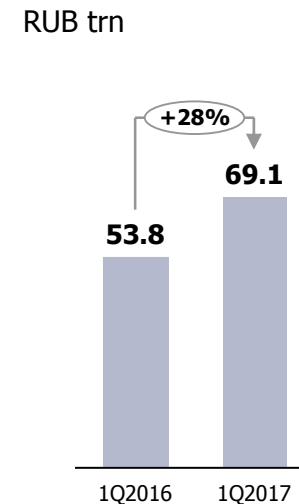
Trading volumes



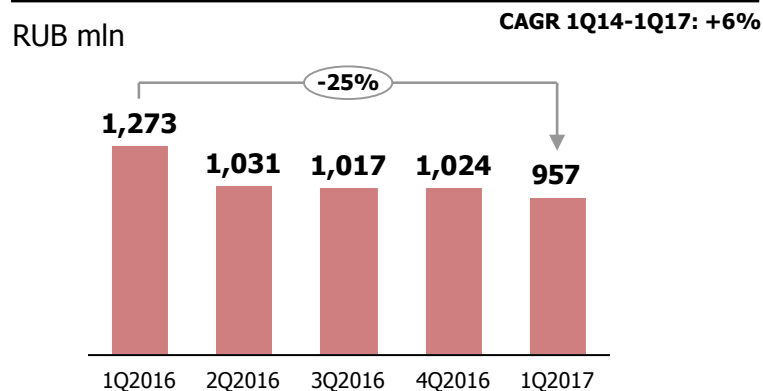
Spot trading volumes



Swap trading volumes



Fee & commission income



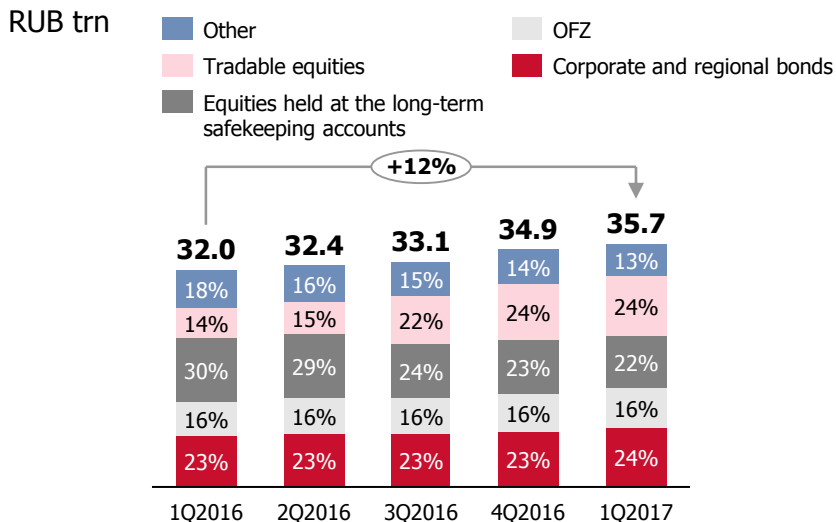
Comments

- 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%.

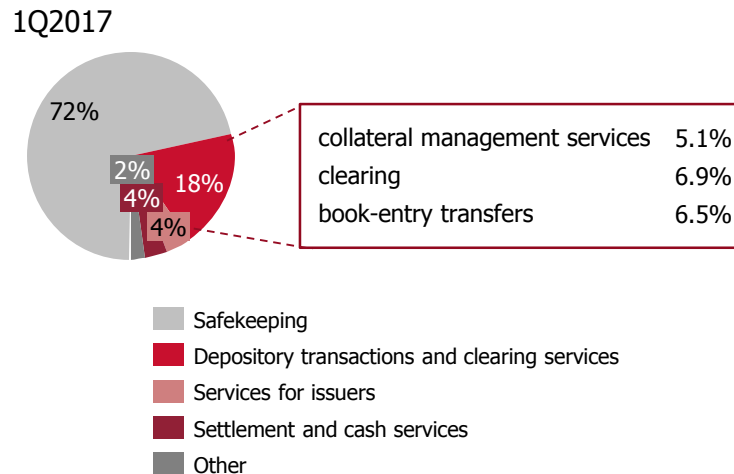


Depository and settlement: continued growth of assets under custody

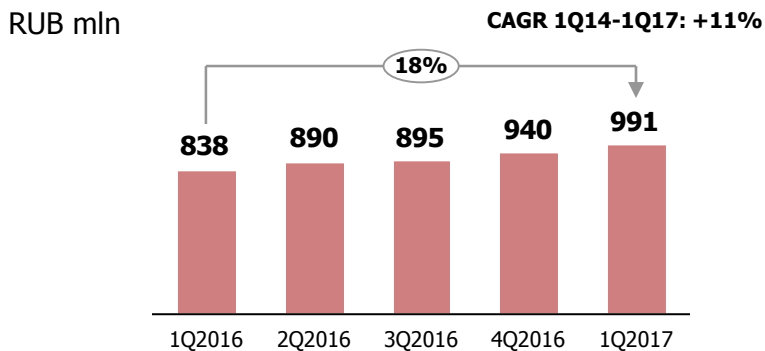
Assets on deposit (average for the period)



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.



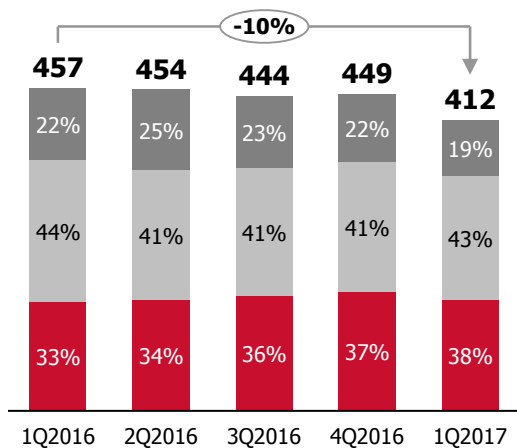


IT Services and Listings

IT Services and Listings

RUB mln

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



Comments

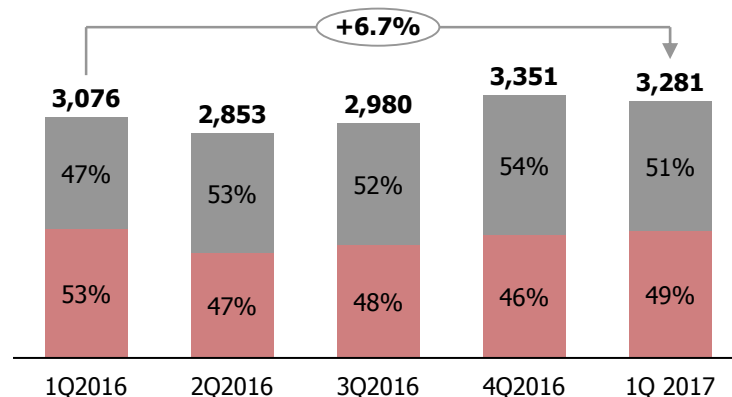
- Listing and other fees related to the Securities Market declined 22% YoY as a stronger appetite for bonds led to fewer placements of a larger size.
- Fee and commission income from the sale of information services contracted by 13%, while software and technical services fees grew by 2%.

Operating expenses

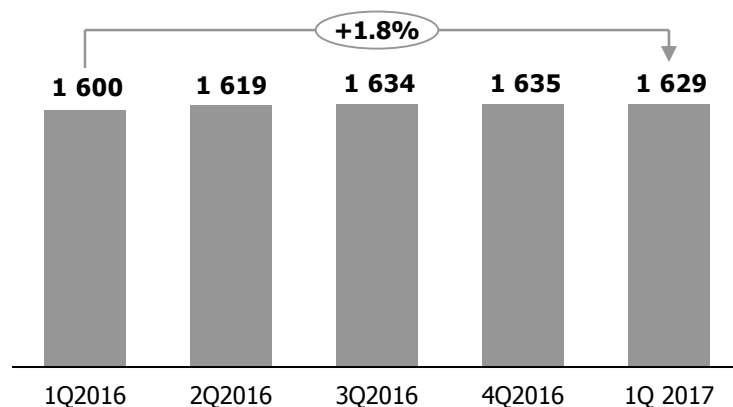
Operating expenses

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.

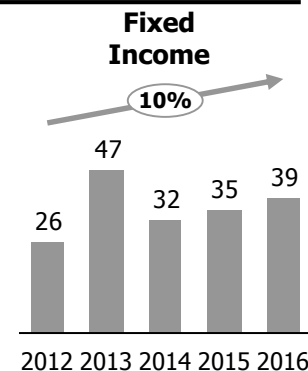
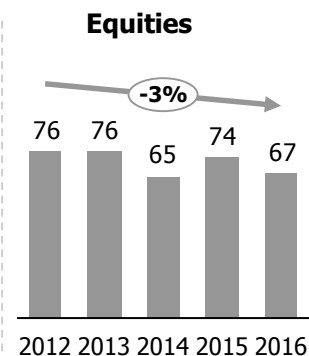
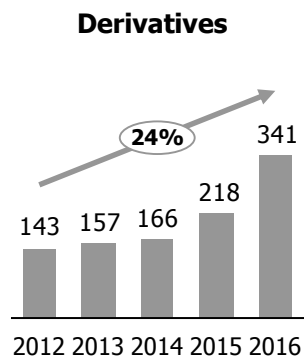
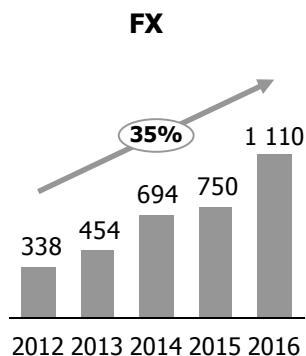
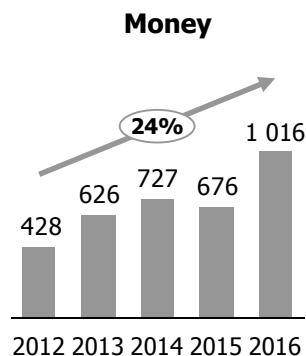
Comments

- 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.

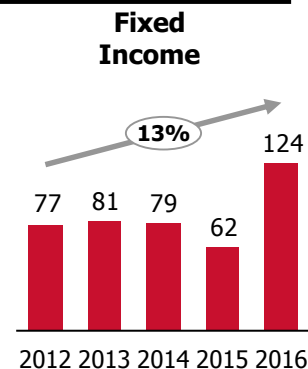
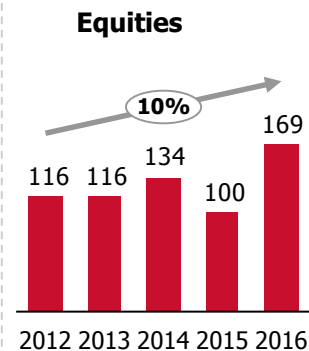
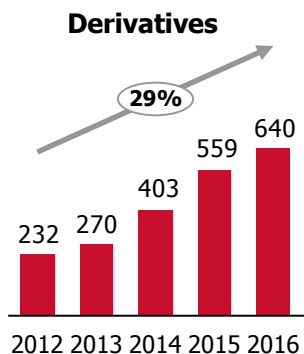
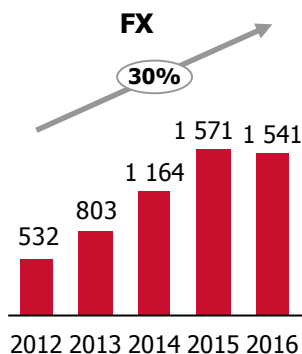
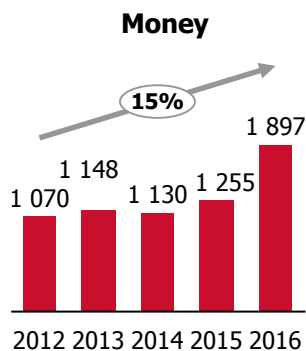
Appendix

Trading volumes demonstrate growth in liquid periods as well as illiquid periods

ADTV in the month of the year with the lowest volumes



ADTV in the month of the year with the highest volumes



Local Shares vs Depository Receipts

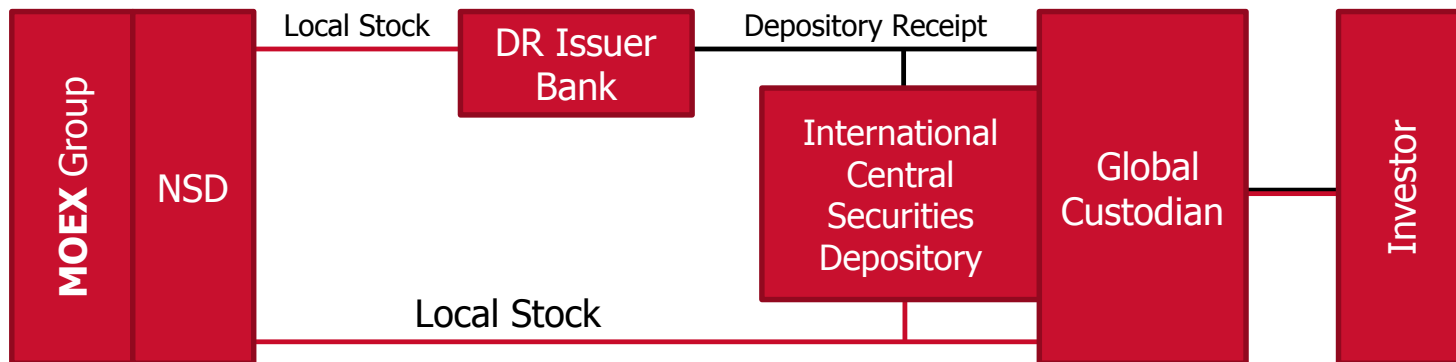
Safekeeping Structure

Trading local equities reduces the number of intermediaries involved

That leads to:

- Removing extra costs to maintain a Depository Receipt program
- Reducing risks of a DR program being suspended or closed

Investors can use the same infrastructure for settling and safekeeping Local Equities and Depository Receipts while Local Equities remain more transparent

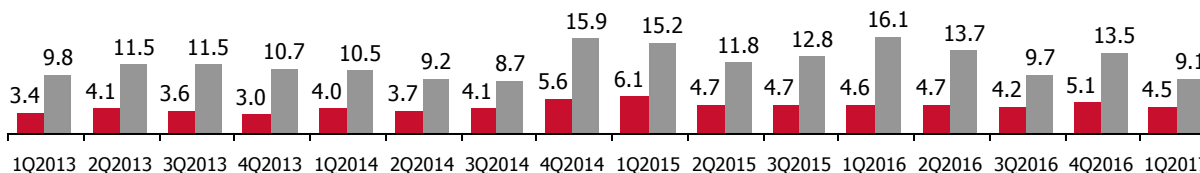


Dual listed stocks virtual index spread dynamics

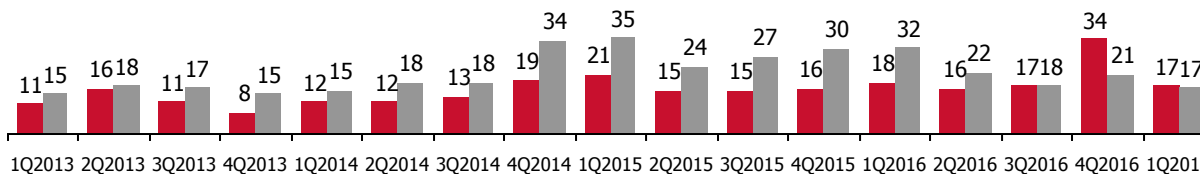
Analysis provided by
LiquidMetrix

MICEX
Virtual index²

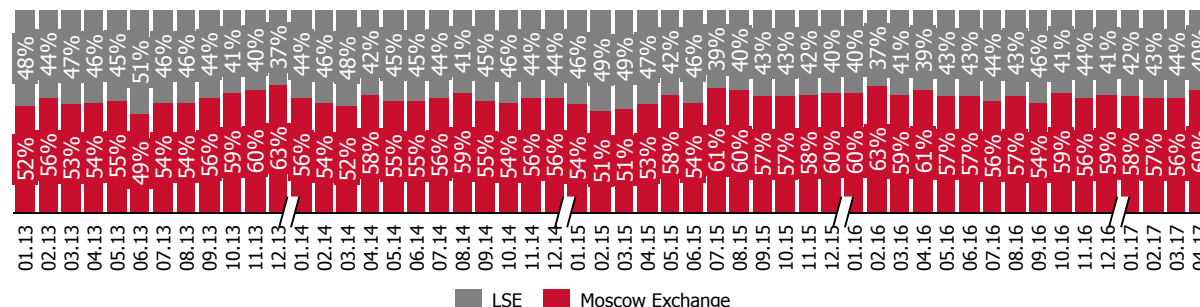
Bid - ask spread 1 Contract (b.p.¹)



Bid - ask spread 50k EUR deal (b.p.)



Market share³ (most liquid Russian dual listed stocks)



- Moscow Exchange is the liquidity center for Russian securities with more than 55% market share in total trading volume
- Aggregated spreads for most liquid dual listed stocks are substantially lower in Moscow and implies lower all-in trading costs

Notes:

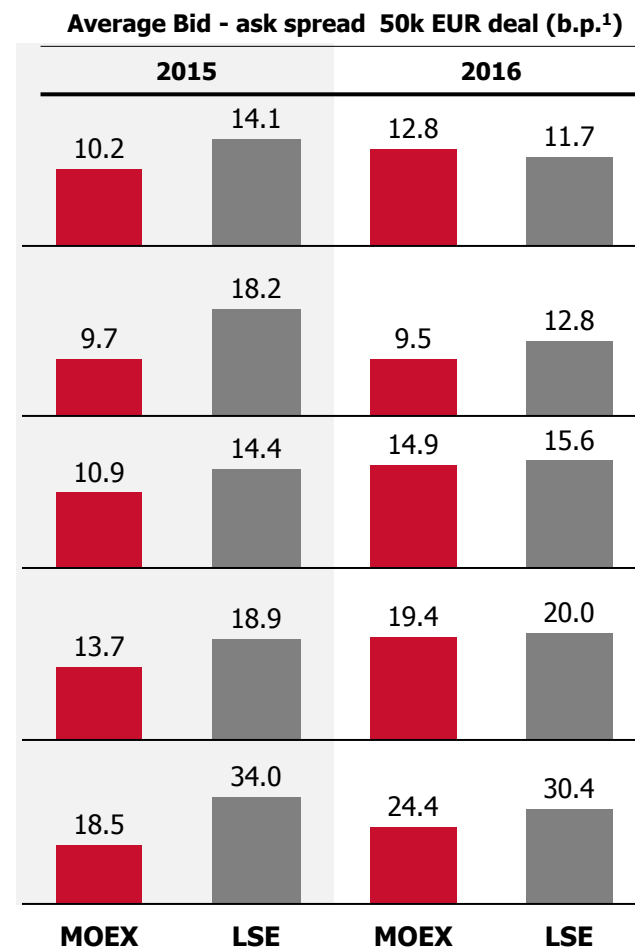
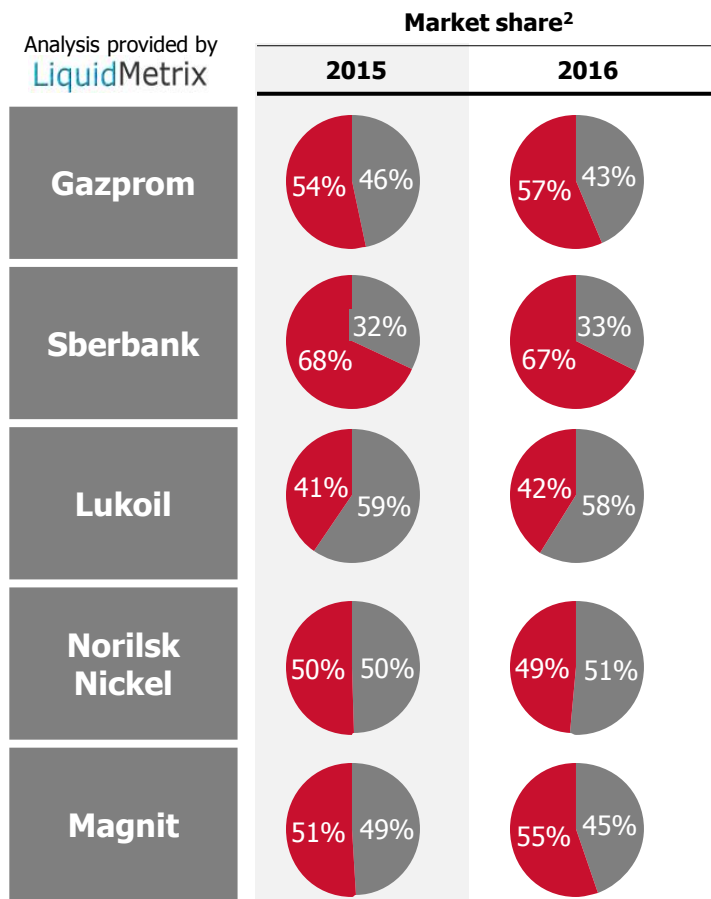
Spreads measure the bid to offer spread of the best visible orders in the book, the result based on measurements of the order books every 30 seconds



(1) The value for the spread is quoted in basis points (0.01%)
 (2) MICEX Virtual Index – index calculated based on prices and EOB data of the most liquid Russian dual listed stocks
 (3) Data since Dec 2015 includes trading auctions on MOEX
 Source: LiquidMetrix

Blue chips bid-ask spread dynamics for 50k EUR deal (1)

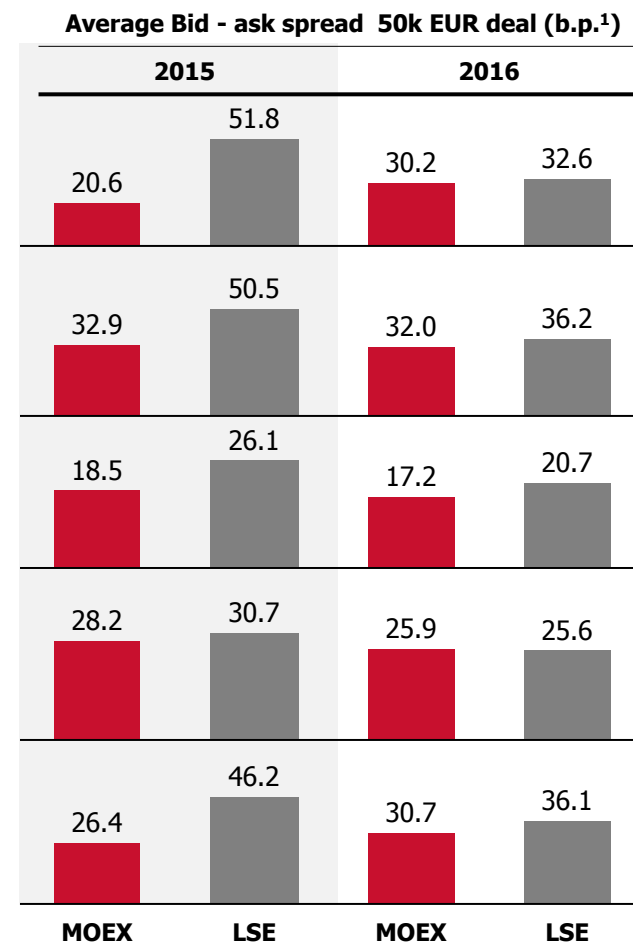
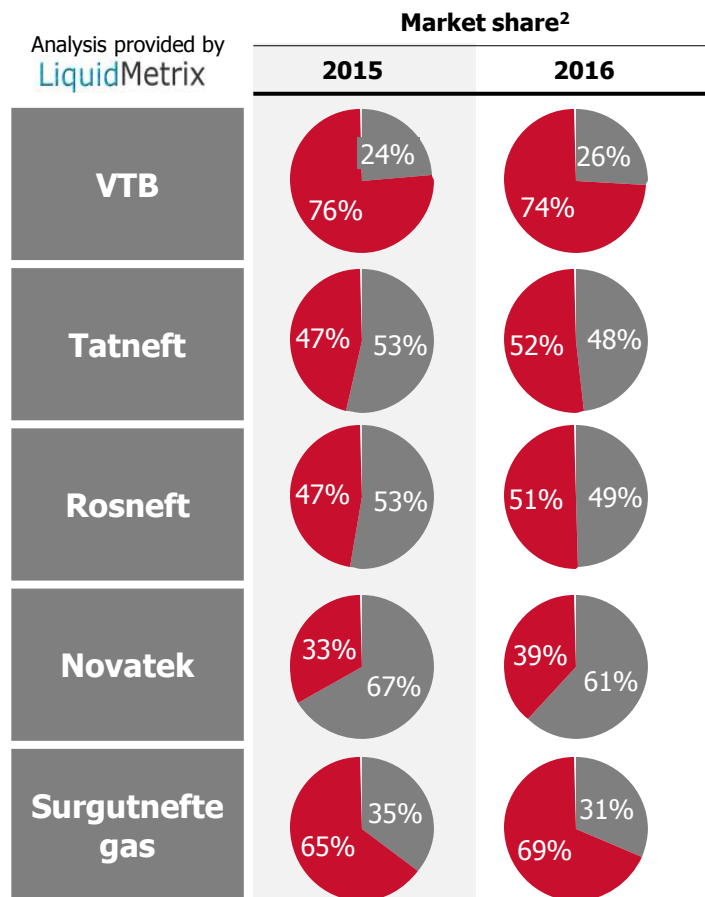
Analysis provided by
LiquidMetrix



Bid-ask spreads for the vast majority of the Russian "Blue Chips" are also substantially lower on Moscow Exchange than on other trading venues

Blue chips bid-ask spread dynamics for 50k EUR deal (2)

Analysis provided by
LiquidMetrix



Bid-ask spreads for the vast majority of the Russian "Blue Chips" are also substantially lower on Moscow Exchange than on other trading venues

Consolidated Statement of **Comprehensive Income**

<i>RUB mln</i>	<i>1Q 2017</i>	<i>1Q 2016</i>	<i>% chg. 1Q 2017/ 1Q 2016</i>
Fee and commission income	4 881.4	5 010.5	-3%
Interest and finance income ¹	4578.9	6 715.0	-32%
Other operating income	9.3	13.5	-31%
Operating Income	9 469.6	11 739.0	-19%
Administrative and other operating expenses	-1 679.2	-1 438.2	17%
Personnel expenses	-1 602.2	-1 637.3	-2%
Operating Expense	-3 281.4	-3 075.5	7%
Operating Profit Before Tax	6 188.2	8 663.5	-29%
Income tax expense	-1 190.1	-1 685.3	-28%
Net Profit	4 998.1	6 978.2	-28%
Earnings per share			
Basic earnings per share, rubles	2.23	3.12	-29%
Diluted earnings per share, rubles	2.21	3.10	-29%

Consolidated Statement of **Financial Position**

<i>RUB mln</i>	<i>March 31, 2017</i>	<i>December 31, 2016</i>	<i>% chg. March 31, 2017/ December 31, 2016</i>
Assets:			
Cash and cash equivalents	671 988.7	380 516.6	77%
Central counterparty financial assets	1 845 291.5	1 733 263.8	6%
Financial assets ¹	265 716.4	282 339.3	-6%
Property and equipment and intangible assets	25 672.7	26 064.3	-2%
Goodwill	15 971.4	15 971.4	0%
Other assets ²	5 101.4	3 782.5	35%
Total Assets	2 829 742.1	2 441 937.9	16%

<i>RUB mln</i>	<i>March 31, 2017</i>	<i>December 31, 2016</i>	<i>% chg. March 31, 2017/ December 31, 2016</i>
Liabilities:			
Balances of market participants	844 100.8	574 590.1	47%
Central counterparty financial liabilities	1 845 291.5	1 733 263.8	6%
Distributions payable to holders of securities	3 892.3	2 952.3	32%
Other liabilities ³	8 190.5	7 748.1	6%
Total Liabilities	2 701 475.1	2 318 554.3	17%
Total Equity	128 267.0	123 383.6	4%
Total Liabilities and Equity	2 829 742.1	2 441 937.9	16%

Source: Moscow Exchange, Consolidated Financial Statements

1 Financial assets at fair value through profit or loss, Due from financial institutions, Investments available-for-sale

2 Current tax prepayments, Deferred tax asset, Other assets

3 Derivative financial liabilities, Deferred tax liability, Current tax payables, Other liabilities

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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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