



**MOSCOW
EXCHANGE**

9 November 2017

3Q 2017 Earnings Presentation

Key developments in 3Q 2017 and after the reporting period

✓ Corporate events

- The Supervisory Board appointed Maxim Lapin as the new CFO of MOEX. Previously Maxim focused on operational efficiency, business development and finance, working in various senior management positions at leading industrial and consulting companies.
- MOEX held the first EGM where shareholders had the option of voting electronically using E-voting technology. The EGM voted to pay a dividend of RUB 2.49 per share for 1H 2017. MOEX completed dividend payments for 1H 2017 in early November.
- ACRA affirmed NCC's credit rating at AAA (RU) with stable outlook. AAA rating is the highest rating in ACRA's national rating scale. Earlier this year Fitch upgraded NCC's rating outlook to positive and affirmed its foreign currency rating at BBB-. NCC's local currency rating is BBB – one notch higher than Russia's long-term local currency rating.
- Moscow Exchange held its annual Forum in New York. The event attracted more than 300 investors and financial market professionals interested in the Russian capital markets.
- MOEX hosted its first large scale retail event in Moscow, FINFAIR, to educate private investors about opportunities on the markets.

✓ Key developments

- MSCI, the global index provider, started using MOEX's closing auction prices for listed Russian securities to calculate end-of-day values of its indices.
- In 2H 2017 till the reporting date, 8 Russian companies held IPO or SPOs on Moscow Exchange, raising a total of RUB 89.4 bln (USD 1.5 bln).
- Capital Group Companies, Inc., through its subsidiaries, increased its ownership stake in MOEX to 5.005% of the company's outstanding shares.

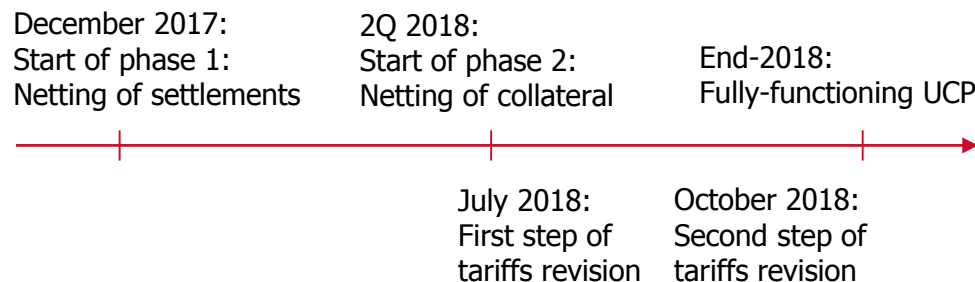
✓ Expansion of the product offering

- In July, corporate participants obtained direct access to the Money Market and started placing deposits with the CCP at repo market rates.
- MOEX launched new instruments for FX fixing, allowing market participants to reduce risks associated with FX and derivatives trading. These new products are in demand from international clients.
- Weekly options on USD/RUB were introduced on the Derivatives Market, complementing the existing offering of maturities of USD/RUB options.
- Options on GBP/USD and USD/JPY FX futures contracts began trading on the Derivatives Market.



Update on key initiatives

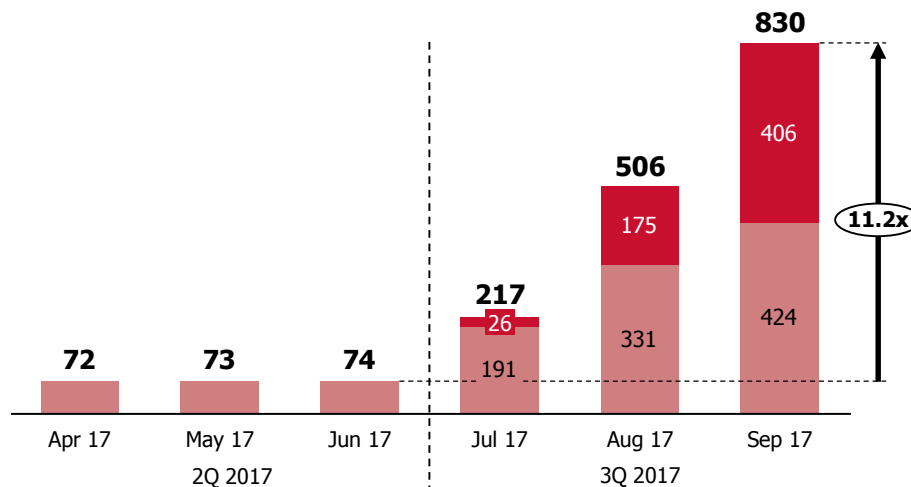
Unified Collateral Pool (UCP) phase-in schedule



- The basic functionality of the unified collateral pool is being tested by market participants.
- Staggered implementation of the unified collateral pool is expected to be completed over by mid-2018.
- It will be followed by corresponding changes to the fee structure of the Money, Derivatives and FX Markets.

Repo with general collateral certificates

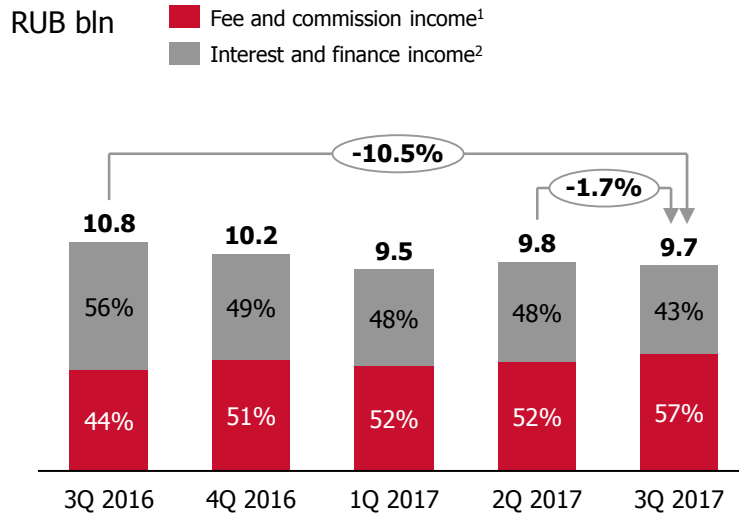
- GCC repo trading volumes (repo-deposits placed by corporates), RUB bln
- GCC repo trading volumes (repo-repo), RUB bln



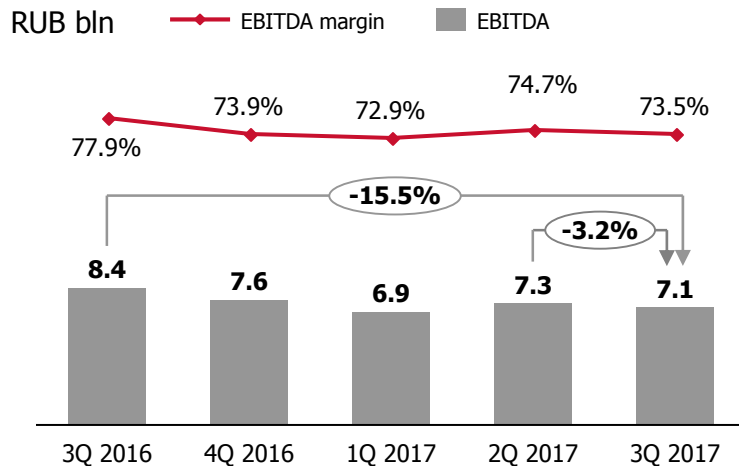
- Trading volumes of GCC repo in 3Q 2017 increased more than seven-fold QoQ following the launch of deposits with the CCP for corporates in July and changes in the CBR's treatment of GCCs for calculation of regulatory ratios.
- As of 9 November 2017, 20 corporates have joined the Money Market.
- In June 2017, MOEX started a marketing period for GCC repo, reducing fees for order-book transactions by 20%.

3Q 2017 summary of financials: best ever fee income

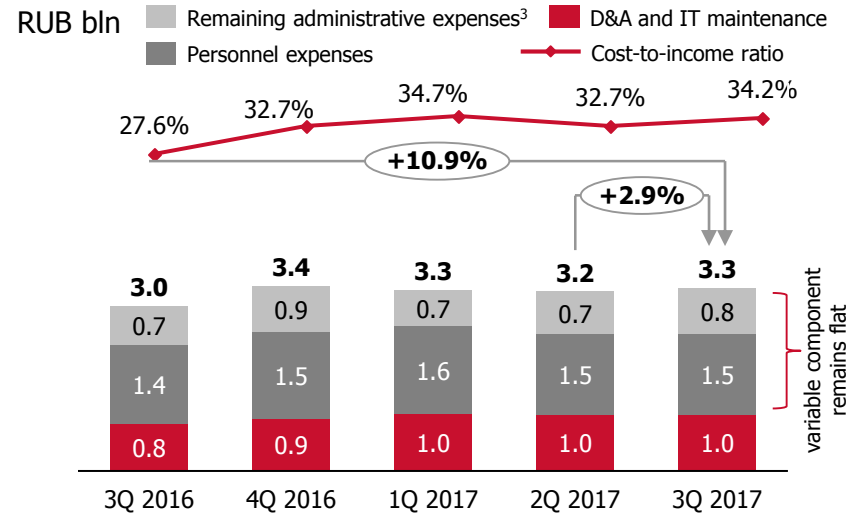
Operating income



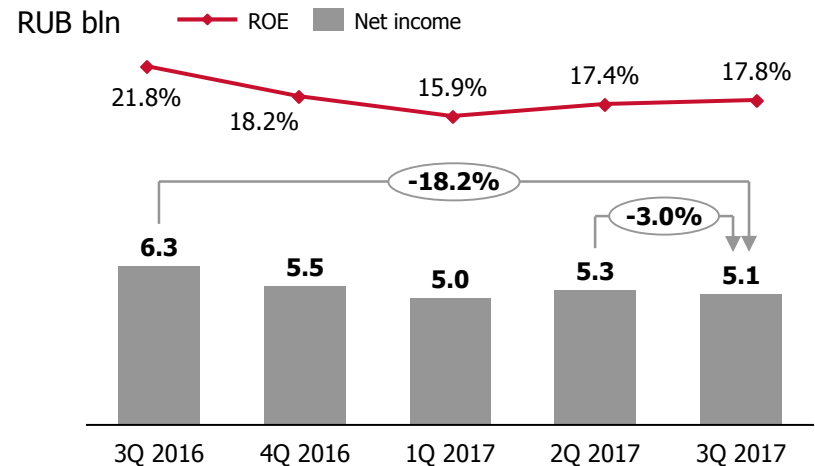
EBITDA and EBITDA margin



Operating expenses



Net income

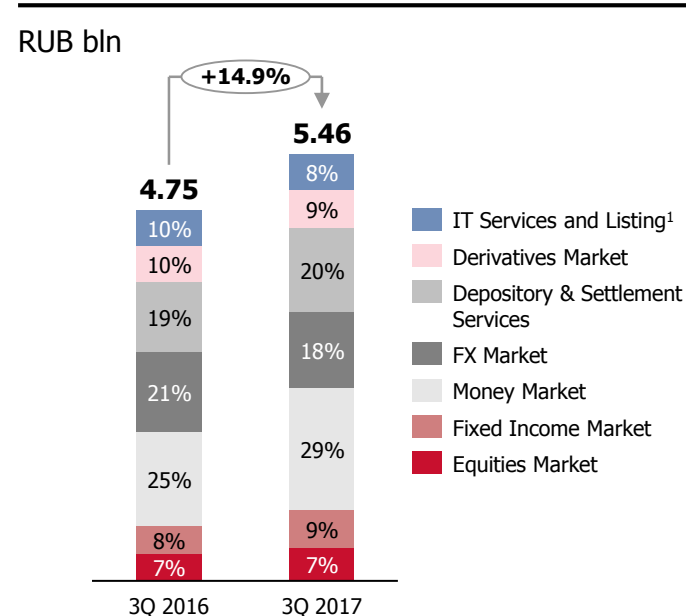


Diversified fee and commission income

Fee & commission income performance

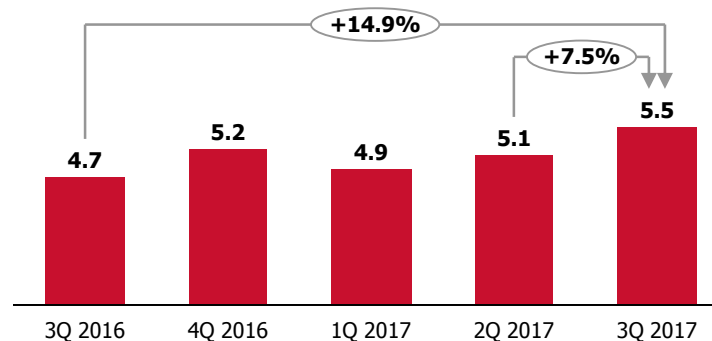
RUB mln	3Q 2016	3Q 2017	Change YoY, mln	Change YoY, %
Money Market	1192.4	1560.1	367.7	30.8%
Depository and Settlement Services	895.0	1083.4	188.4	21.1%
Fixed Income Market	363.4	494.8	131.4	36.2%
Equities Market	341.0	408.5	67.5	19.8%
Derivatives Market	472.8	494.5	21.7	4.6%
IT Services and Listing ¹	468.1	457.4	-10.7	-2.3%
FX Market	1016.7	959.8	-56.9	-5.6%

Fee & commission income breakdown



Fee & commission income dynamics

RUB bln



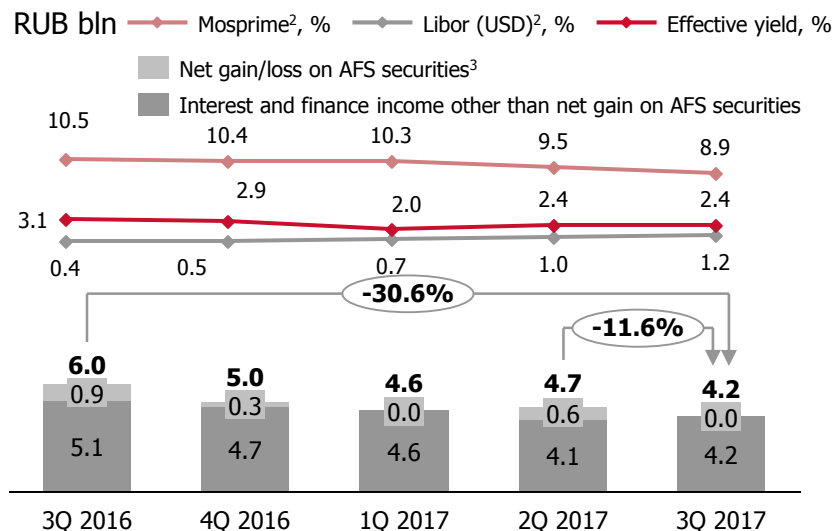
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Source: Consolidated Financial Statements

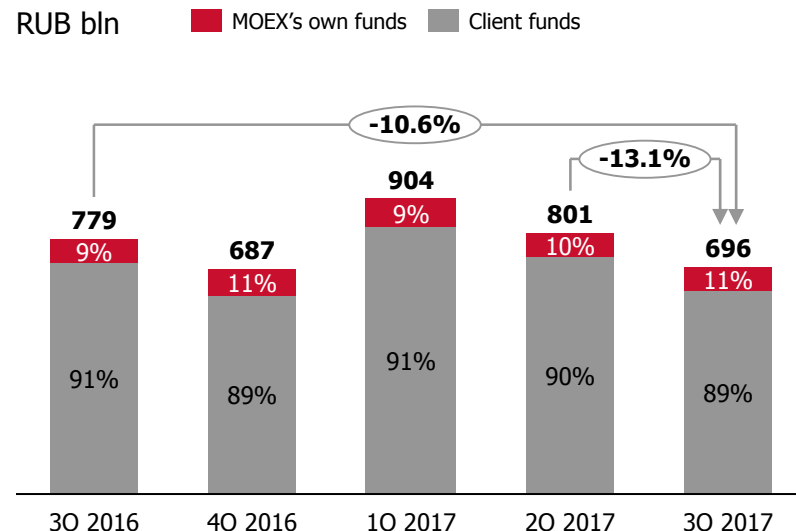
¹ IT Services and Listing includes Information services, Sale of software and technical services, Listing and other service fees and Other fee income

Interest and finance income

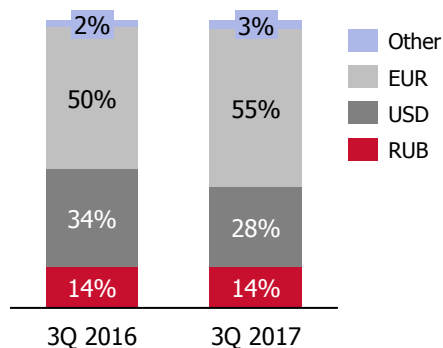
Interest and finance income¹



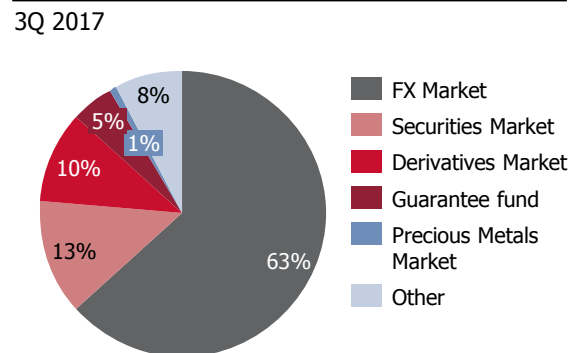
Investment portfolio sources⁴



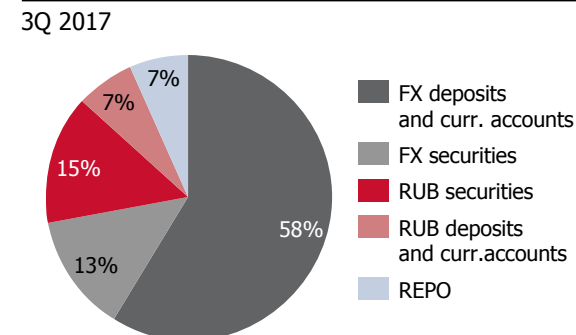
Client funds by currency



Client funds by source



Investment portfolio by type of asset



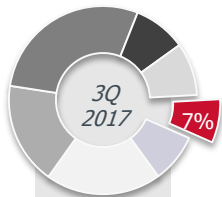
Source: NFEA, Bloomberg, Moscow Exchange operational information and Consolidated Financial Statements

1 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

2 Average daily rate for the period

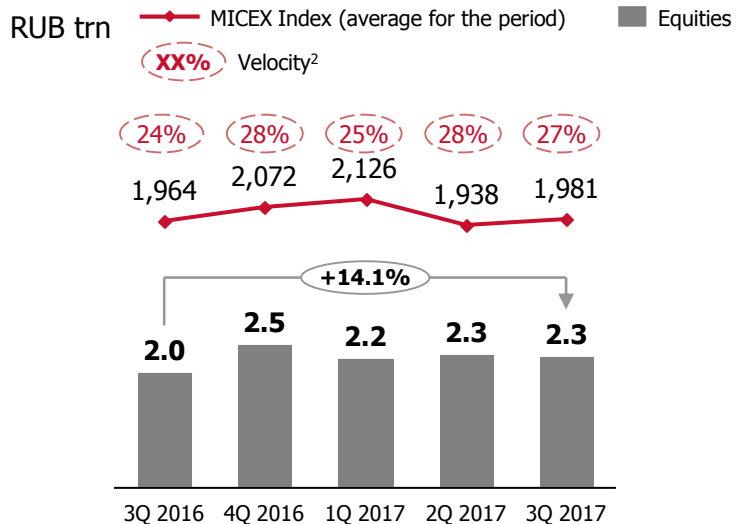
3 IFRS Net gain on financial assets available-for-sale

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



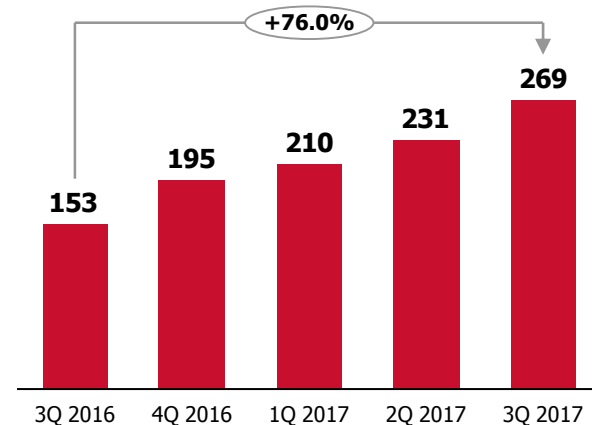
Equities Market: solid growth in fees and volumes

Trading volumes¹

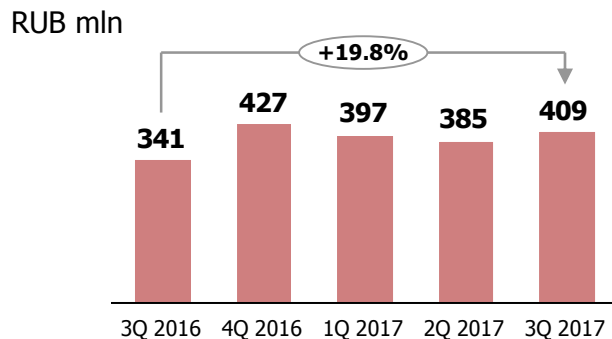


Increasing popularity of Individual Investment Accounts

Individual Investment Accounts, thousands, end-of-period



Fee & commission income



Comments

- Equities trading volumes grew by 14.1% YoY. 3Q 2017 featured the highest trading volume in equities among third quarters since the IPO year of 2013.
- Trading volumes generated by retail investors increased by 4.7% YoY. The number of active retail accounts increased to 92,500 in September 2017 (up 19% YoY from 78,000 in September 2016).
- Fee and commission income increased by 19.8% YoY.
- In 2H 2017 to date, 8 companies held IPOs/SPOs on MOEX, raising a combined RUB 89 bln.
- The share of international investors in equities trading volumes increased by 1.3 pp YoY to 46.2%.

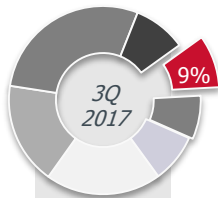


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Source: Moscow Exchange operational information and Consolidated Financial Statements, WFE

1 Volumes of both primary and secondary markets

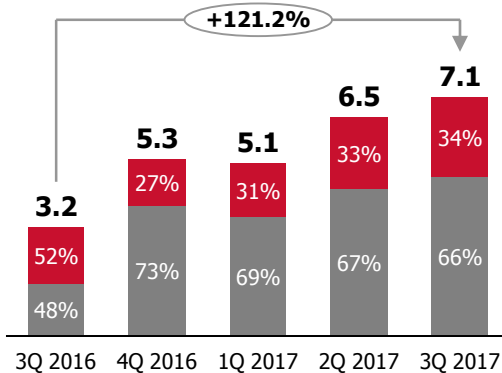
2 Velocity is calculated as annualized trading volumes for the period divided by the average market capitalization



Fixed Income Market: continued growth in secondary trading and strong placements

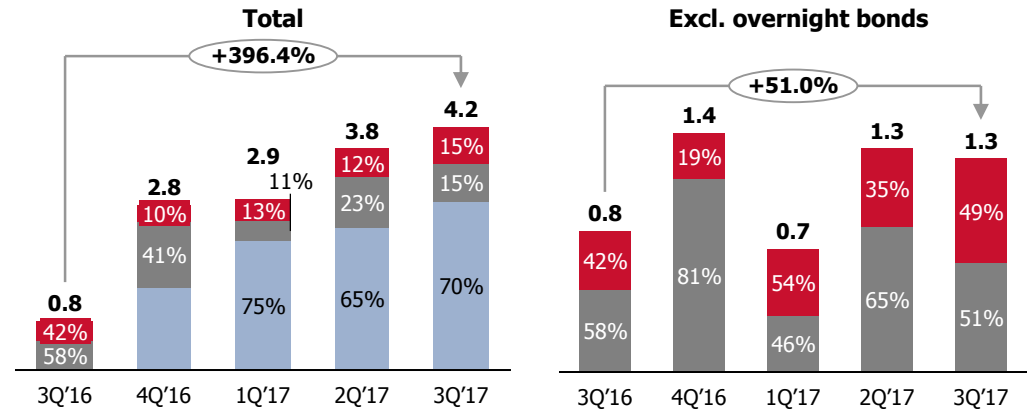
Trading volumes¹

RUB trn
■ Government and CBR bonds (OFZ, OBR)
■ Corporate, municipal and other bonds



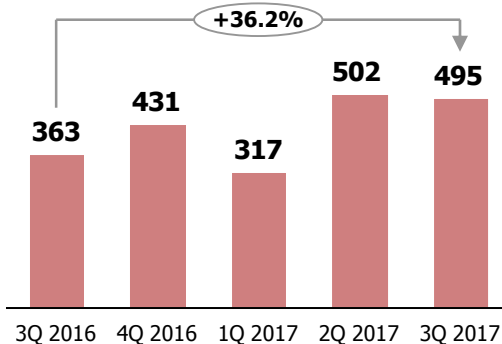
Primary market

RUB trn
■ Government and CBR bonds (OFZ, OBR)
■ Corporate, municipal and other bonds (excl. overnight)
■ Overnight bonds



Fee & commission income

RUB mln

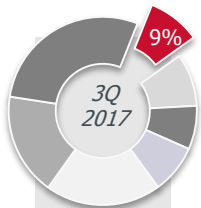


Comments

- Performance of the Fixed Income Market continues to accelerate through 2017. Interest rates' environment remains favorable for issuers, while infrastructural upgrades aimed to ease the placement process work as a supportive factor.
- Total primary placements excluding overnight bonds were up 51.0% YoY. Placements of government and CBR bonds grew by 78.8% YoY, while placements of corporate, municipal and other bonds, excluding overnight bonds, rose by 31.1% YoY.
- Secondary trading volumes increased 24.6% YoY, with trading in government and CBR bonds growing the most rapidly, up 36.1% YoY.
- Total trading volumes, excluding overnight bonds, grew by 31.5% YoY. Fee and commission income increased by 36.2% YoY thanks to high activity in the primary market as well as growth in secondary trading.

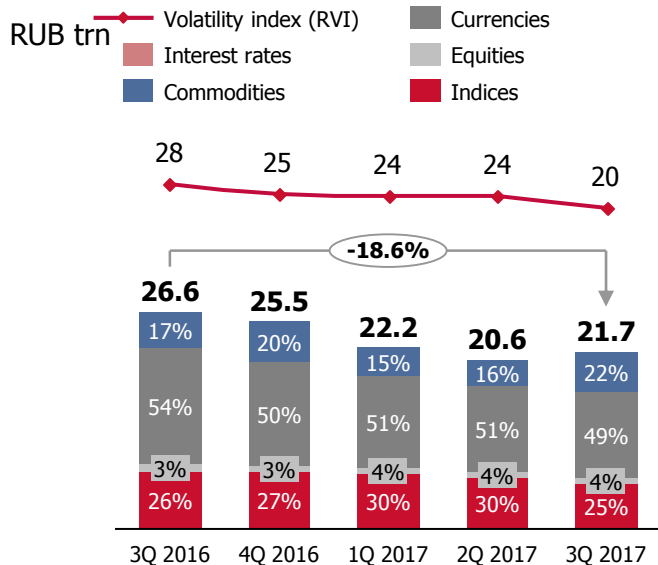


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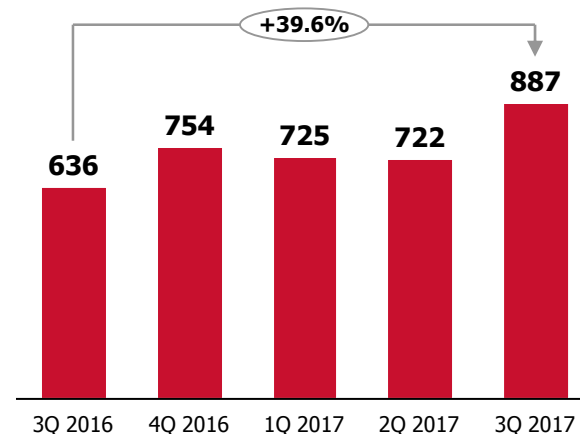
Derivatives Market: growth of the options segment

Trading volumes



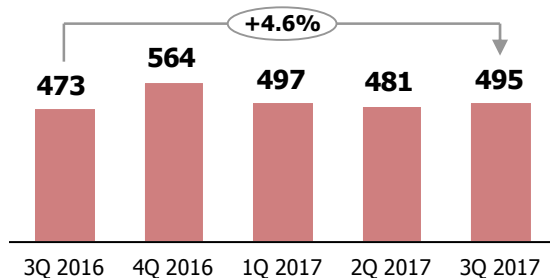
Open interest

RUB bn, daily average



Fee & commission income

RUB mln



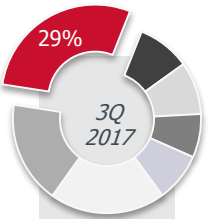
Comments

- As a result of muted volatility, Derivatives Market trading volumes declined by 18.6% YoY. However, average open interest increased by 39.6% YoY during the quarter.
- Futures trading volumes decreased by 20.9% YoY due to less active trading in FX and index futures. Trading in commodity futures continued its growth and was up by 7.8% YoY.
- Options trading volumes were up by 26.5% YoY. Options on indices and commodities were the fastest growing types of instruments in the options segment (+35.1% and 150.6% YoY, respectively).
- As a result, fees and commissions rose by 4.6% YoY due to the product mix shift.

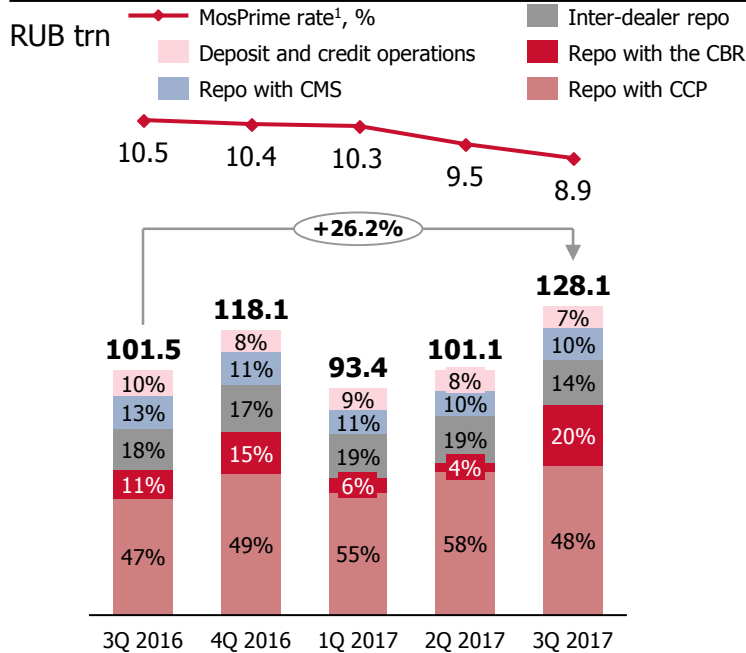


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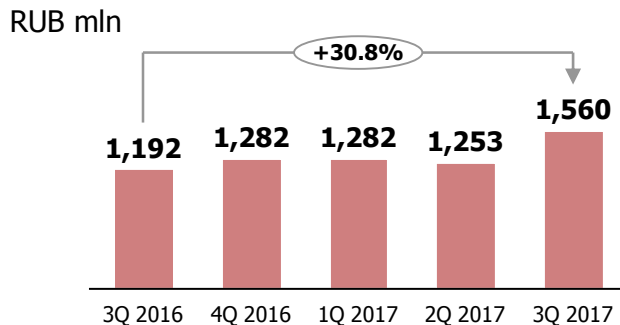
Money Market: the new record high achieved in 3Q 2017



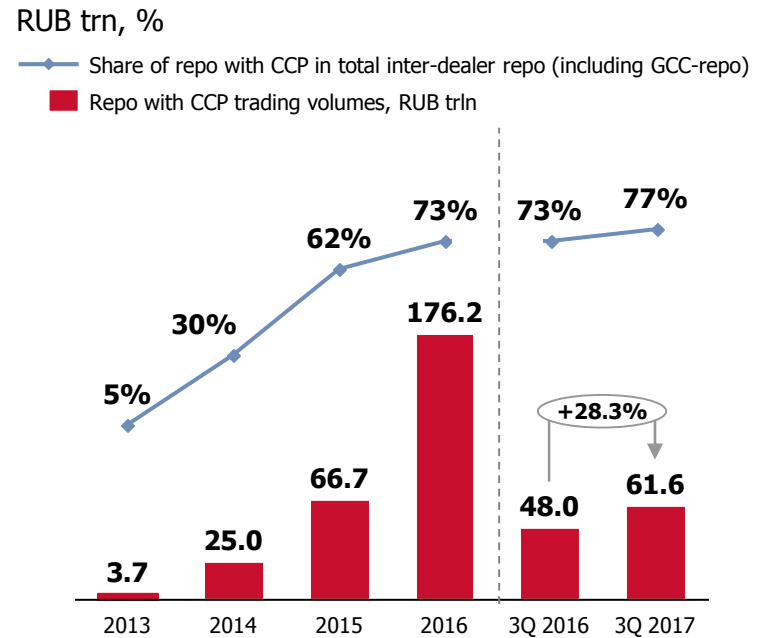
Trading volumes



Fee & commission income

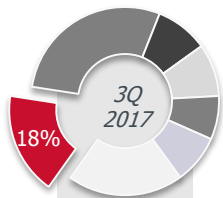


Trading volumes for repo with CCP



Comments

- Fee and commission income increased by 30.8%, in line with the growth in trading volumes (+30.5% excl. repo with CMS through NSD), reaching a new record high.
- Due to liquidity imbalances in the banking system in 3Q 2017, volumes of repo with the CBR increased more than two-fold compared to 3Q 2016. Repo through CCP strengthened its position versus direct inter-dealer repo: its share advanced to 77.1% from 72.8% in 3Q 2016.
- Volumes of GCC repo increased over 14x times YoY, making it the most dynamic segment of the Money Market. It is becoming a visible component of on-exchange repo volumes.

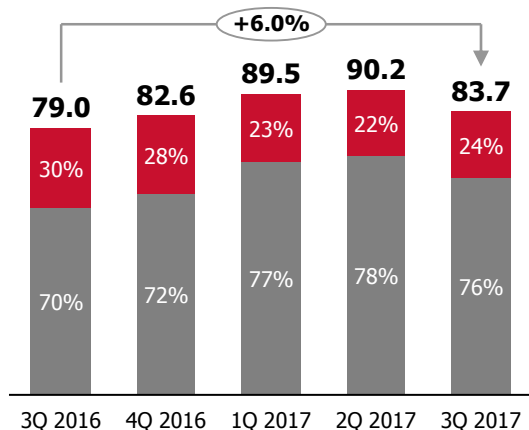


FX Market: continued growth in swaps

Trading volumes

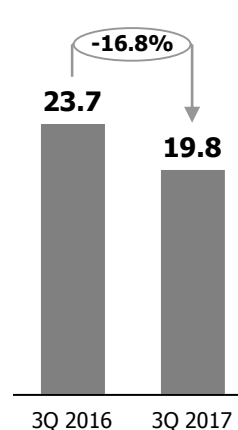
RUB trn

■ Spot ■ Swap



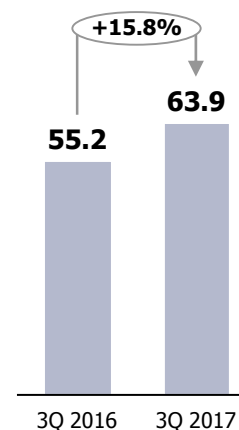
Spot trading volumes

RUB trn



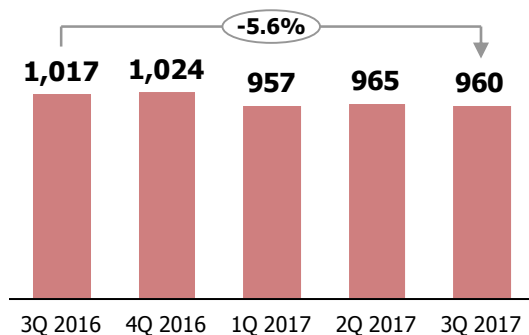
Swap trading volumes

RUB trn



Fee & commission income

RUB mln



Comments

- Trading volumes grew by 6.0% YoY thanks to an increase in swap trading volumes (+15.8% YoY). Spot trading decreased by 16.8% YoY. Fee and commission income was lower by 6% YoY than in 3Q 2016 due to a shift in the structure of trading towards swaps.
- Number of corporates with access to the FX Market increased from 9 at the beginning of 3Q 2017 to 16 at the start of November.
- Fixing deals were launched on the FX Market. They allow market participants to enter FX trades at MOEX 12:30 fixing rates.



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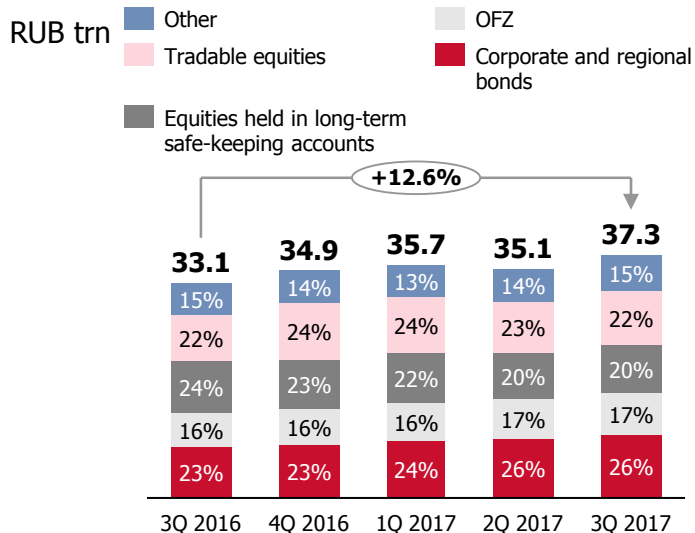
Source: Moscow Exchange operational information and Consolidated Financial Statements, CBR

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



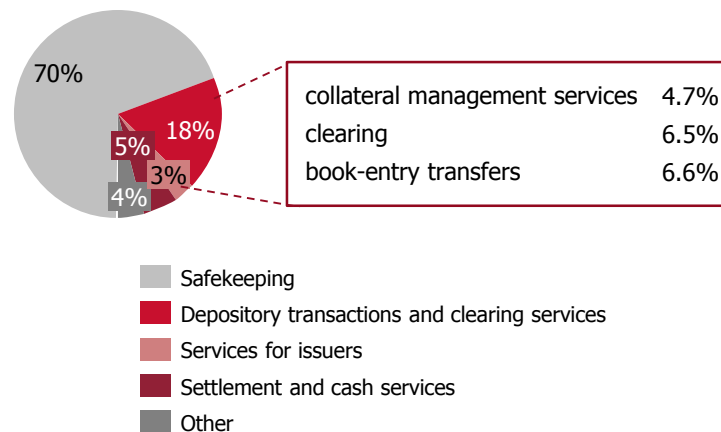
Depository and settlement: growing assets under custody

Assets on deposit (average for the period)



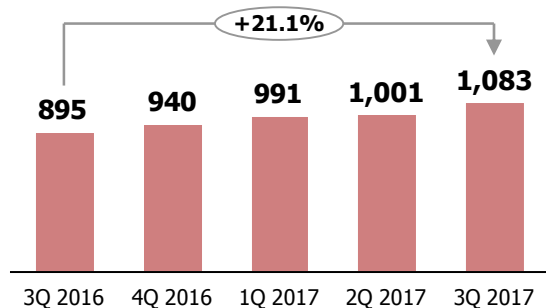
Fee & commission income breakdown

3Q 2017



Fee & commission income

RUB mln



Comments

- The segment continues to be a steady performer, climbing to second place among business lines by revenue generated in Q3 2017.
- Fees and commissions increased by 21.1% YoY. The main driving factor behind fee growth was an increase in average assets under custody (up 12.6% YoY). Assets under custody surpassed RUB 38 trln at the end of 3Q 2017.
- The growth in assets under custody was primarily due to increases in corporate and regional bonds (+25.3% YoY) and government bonds (OFZ, +20.0% YoY).
- NSD used a blockchain-based settlement platform to complete an inaugural placement of RUB 500 mln bond issue.



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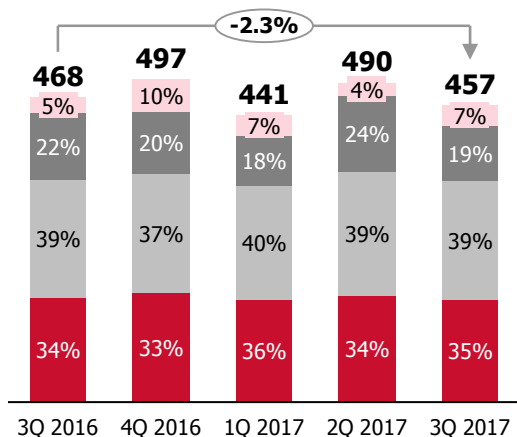


IT Services and Listings: stable fee and commission income

IT Services and Listings¹

RUB mln

- Other fee and commission income
- Listing and other fees related to Securities Market
- Information services
- Sale of software and technical services

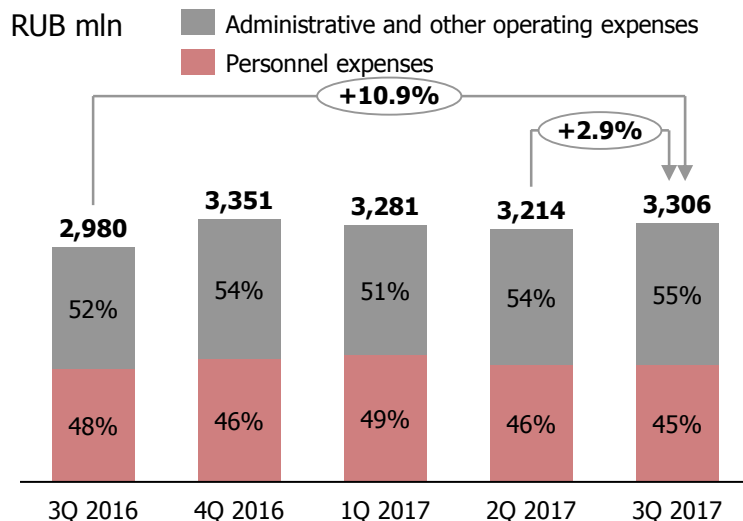


Comments

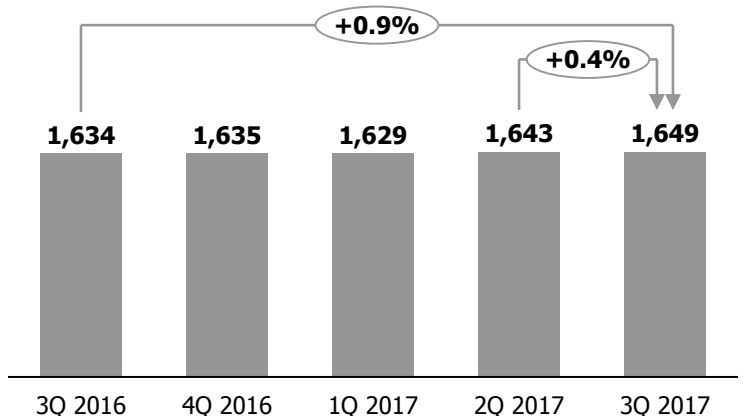
- Listing and other fees related to the Securities Market were RUB 88.1 mln, down 13.6% YoY in spite of active placements happening in the Fixed Income Market, owing to the higher share of large issues.
- Sales of software and technical services were RUB 158.7 mln, down 1.4% YoY.
- Sales of information services were RUB 179.5 mln, down 1.0% YoY.
- The stronger RUB was a factor behind YoY moderation in the segment's revenues.

Operating expenses

Operating expenses



Headcount



Major expense items

RUB mln	3Q 2016	3Q 2017	Change YoY
Personnel expenses	1,432.7	1,475.5	3.0%
D&A and IT maintenance	839.9	1,001.3	19.2%
Remaining administrative expenses ¹	707.8	770.4	8.8%
Loss on disposal of PPE & intangible assets	0.0	59.0	n. m.
Total	2,980.4	3,306.2	10.9%
Cost income ratio	27.6%	34.2%	6.6 pp

Comments

- Operating expenses grew by 10.9% YoY, below the full-year guidance of 15-17% due to lower than expected personnel expenses.
- Administrative expenses increased by 18.3% YoY. 57% of the increase was attributable to D&A and IT equipment maintenance that resulted from last year's CAPEX program. In 3Q 2017 CAPEX amounted to RUB 557.8 mln and CAPEX for 9M 2017 was RUB 1.37 bln.
- Personnel expenses rose by 3.0% YoY, below the full-year guidance due to less active hiring compared to expectations.
- Based on the performance to date, we are updating FY 2017 OPEX growth guidance to 11-13% 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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