



MOSCOW
EXCHANGE

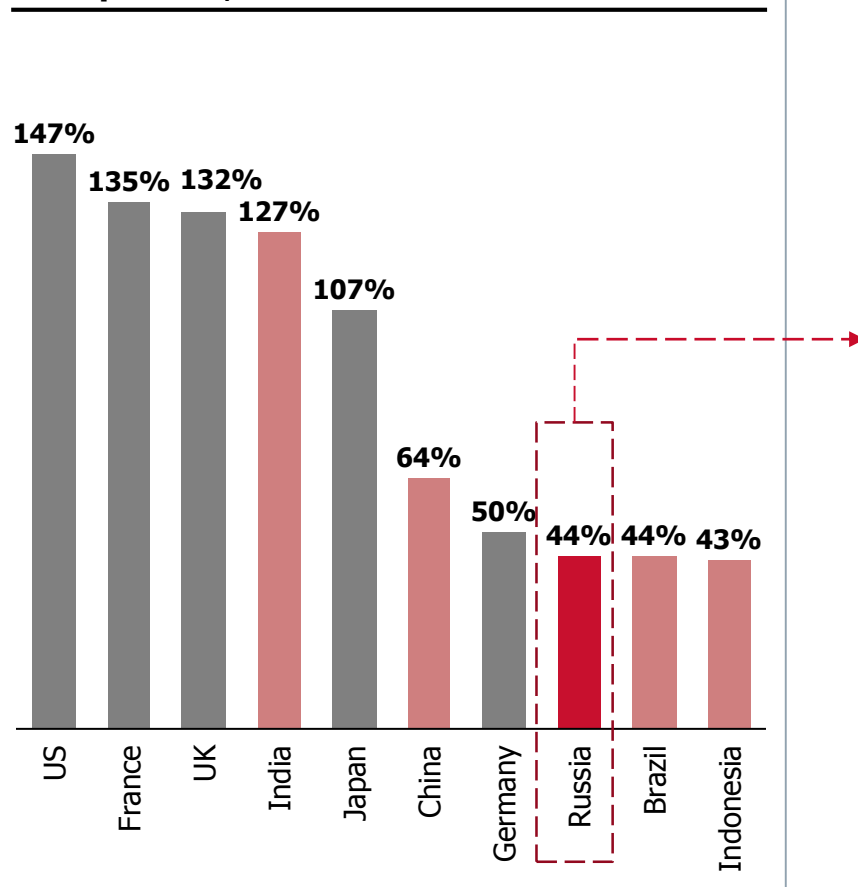
November 2017

Russian equity market key trends

Russian equity market on a GDP scale

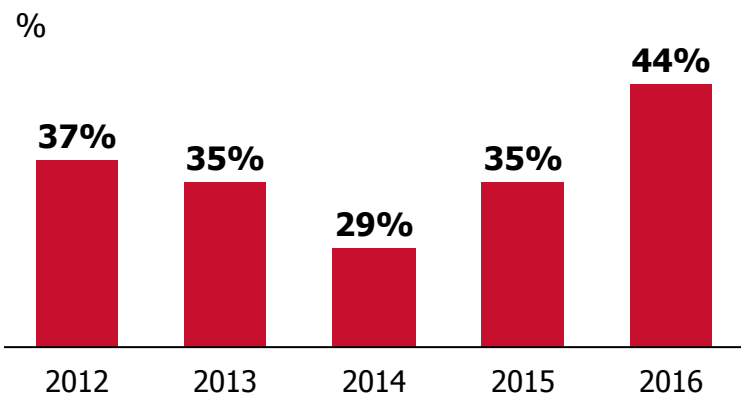
Global comparison

MCap / GDP, %

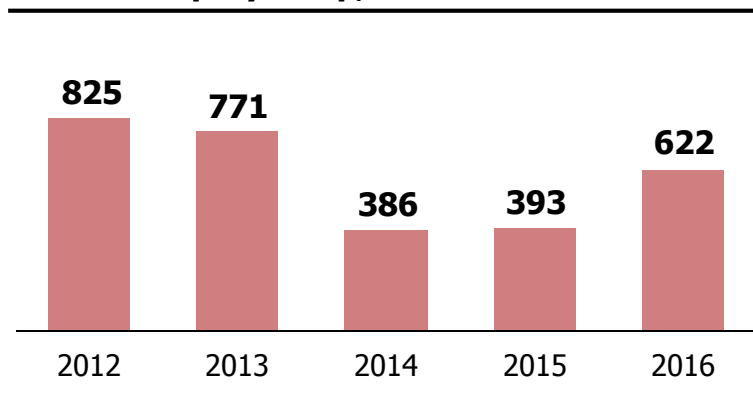


Trends in Russia

Dynamics of Russian market cap to GDP



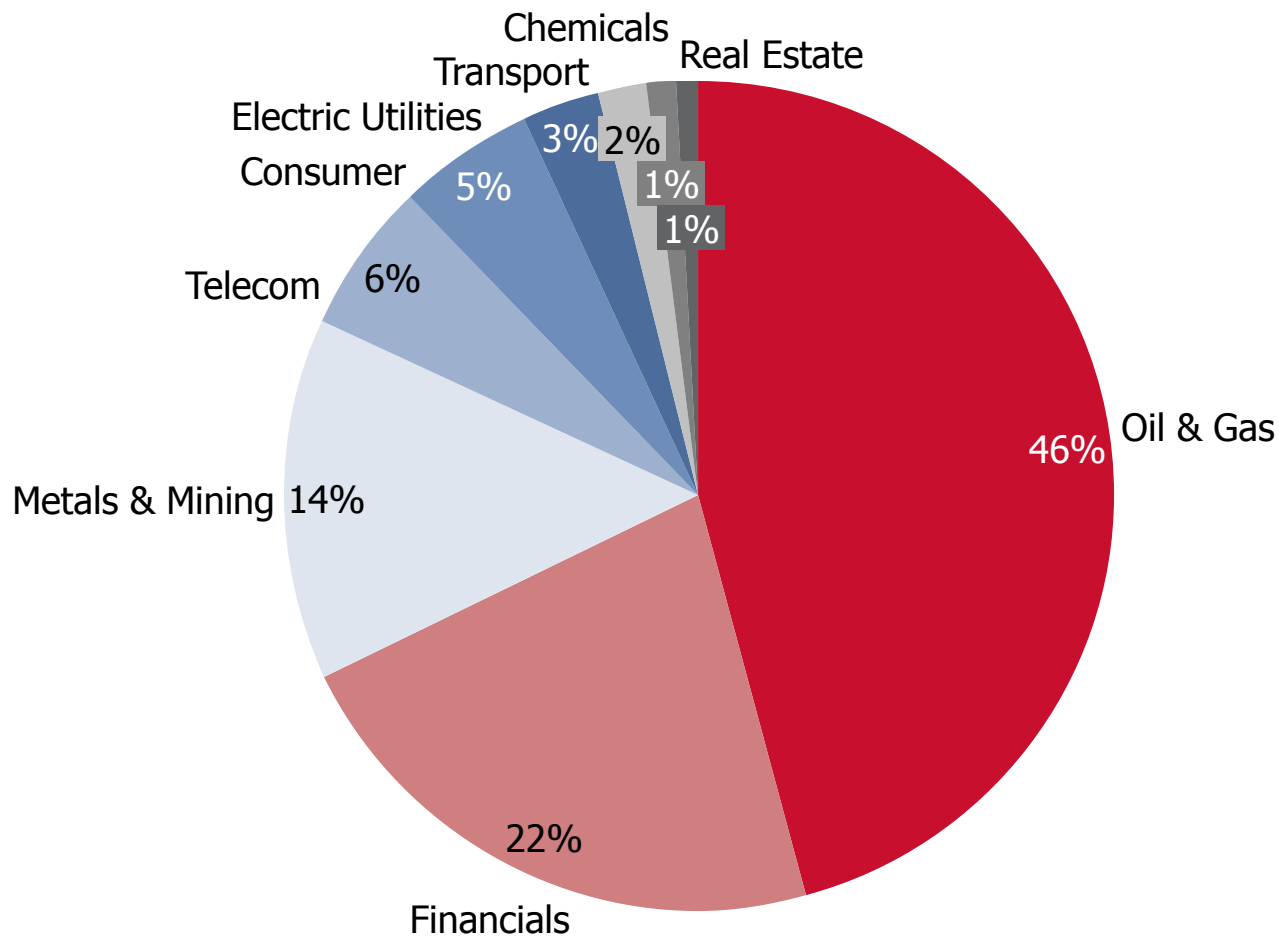
Russian equity Mcap, USD bln













Russian equity market by sector

Composition of MOEX's main equity market index (MICEX) – 50 member names out of 285 total

%













TOP-10 issuers by market capitalization

No	Company	Industry	Market cap, USD bln	Share in total Market Cap, %
1	 Sberbank	Banks & Finance	72.1	12%
2	 Rosneft	Oil & Gas	58.7	9%
3	 Gazprom	Oil & Gas	52.2	8%
4	 Lukoil	Oil & Gas	44.4	7%
5	 Novatek	Oil & Gas	35.0	6%
6	 NorNickel	Metals & Mining	29.3	5%
7	 Gazprom Neft	Oil & Gas	19.0	3%
8	 Surgutneftegas <small>OPEN JOINT STOCK COMPANY</small>	Oil & Gas	18.4	3%
9	 Tatneft	Oil & Gas	15.9	3%
10	 NLMK	Metals & Mining	13.8	2%
Total TOP-10			359	58%
Total market			622	100%



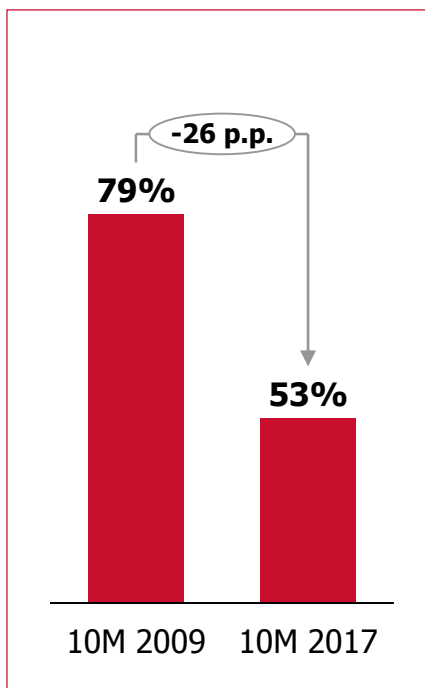
TOP-10 issuers by trading value

No	Company	Industry	ADTV ¹ , USD mln	Share in total trading value, %
1	 Sberbank	Banks & Finance	134.0	22%
2	 Gazprom	Oil & Gas	85.9	14%
3	 NorNickel	Metals & Mining	39.1	6%
4	 Lukoil	Oil & Gas	36.8	6%
5	 Rosneft	Oil & Gas	26.5	4%
6	 Alrosa	Metals & Mining	23.4	4%
7	 Magnit	Consumer goods & Trade	20.1	3%
8	 Moscow Exchange	Banks & Finance	16.2	3%
9	 Aeroflot	Airlines	13.0	2%
10	 VTB	Banks & Finance	12.6	2%
Total TOP-10			408	67%
Total market			606	100%

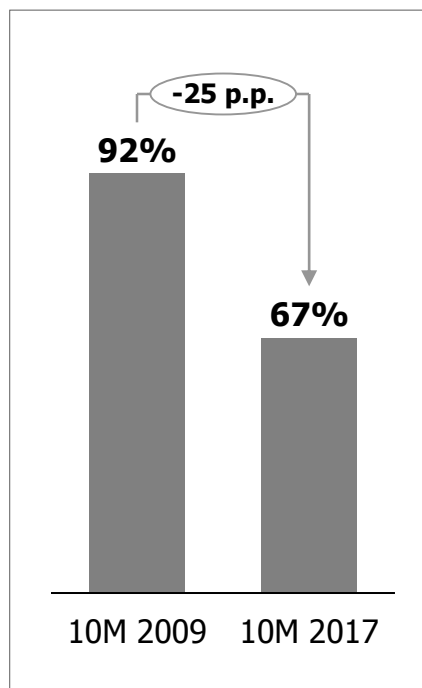
Concentration in trading on equities market decreases

Trading value concentration on equities market

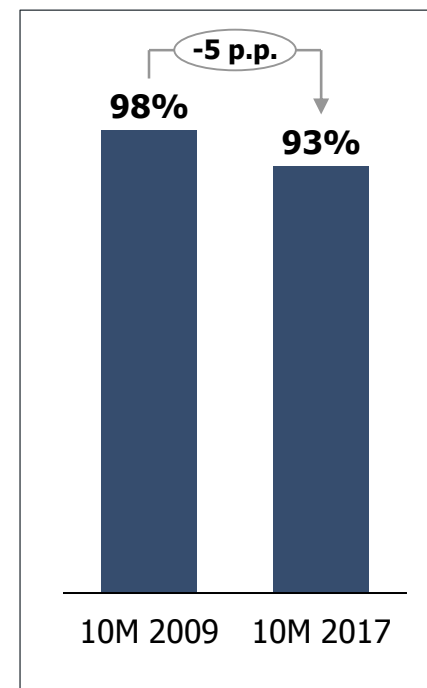
Top-5 shares



Top-10 shares

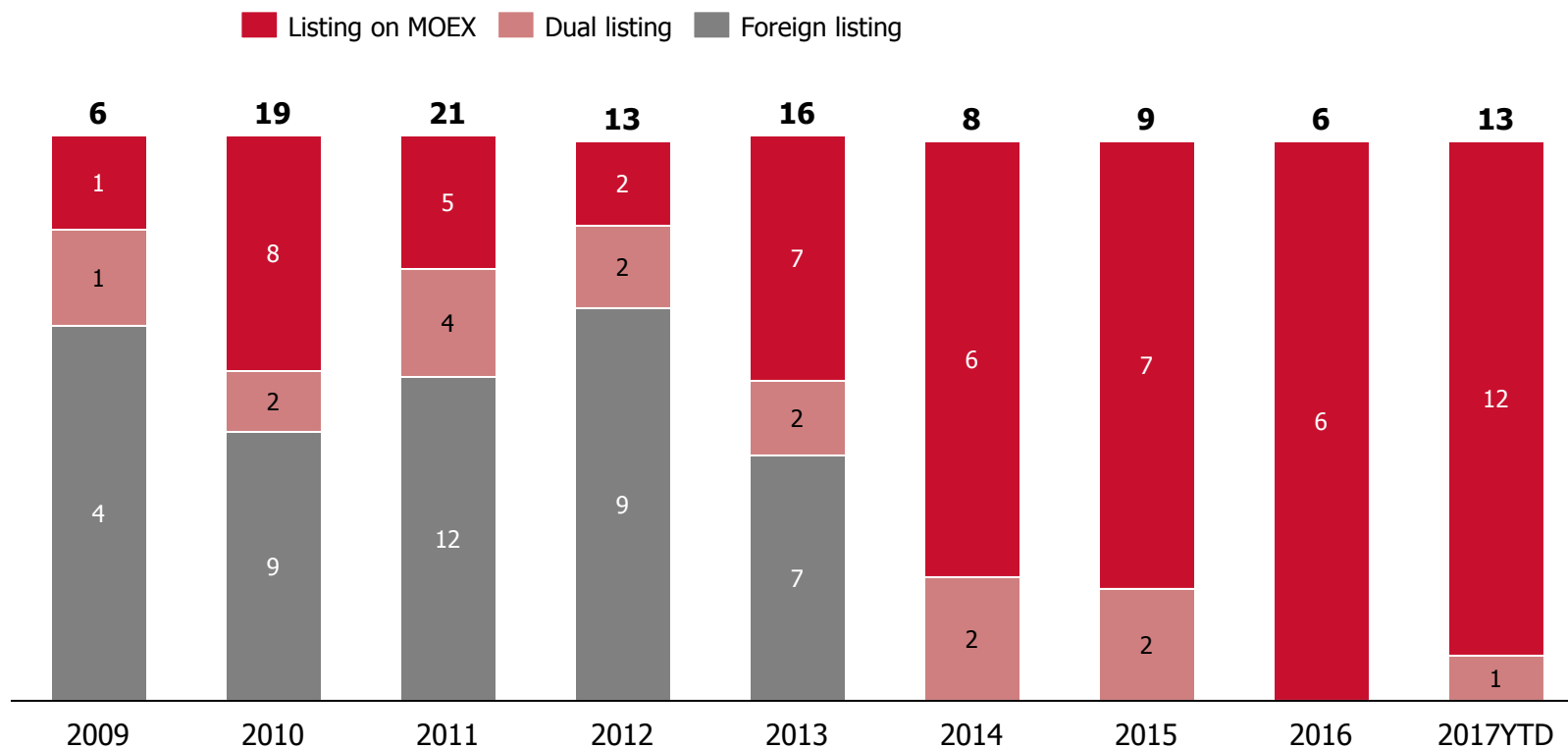


Top-30 shares



Shift towards local capital raisings

IPOs/SPOs/listings by Russian issuers



MOEX procedures and technologies **comply with global standards**

Global trends
before 2011

«Group 30»
recommendations

Global trends
2011+

Dodd Frank (2010)
IOSCO/EMIR (2012)

✓ **Central securities depository**

✓ **Settlement with partial pre-funding (T+)**

✓ **Pre-trade risk check**

✓ **Alignment of the Russian listing standards, dividend payment process with international best practice**

✓ **MOEX Clearing House qualification as the CCP**

✓ **Repository**

✓ **Segregation and portability**

✓ **MOEX CCP recognition by ESMA and CFTC (*in progress*)**



Results of 1st stage of MOEX Listing reform (1/2)

		Number of issuers	
		31.12.2016	31.01.2017
Shares	Quotation List 1	64	52
	Quotation List 2	34	33
	Quotation List 3	150	160
Bonds	Quotation List 1	110	99
	Quotation List 2	82	86
	Quotation List 3	261	268

Results of 1st stage of MOEX Listing reform (2/2)

	Number of issuers	
	31.12.2016	31.01.2017
Shares in QL 1	64	52

↓ -19%

100% issuers comply with Corporate Governance requirements

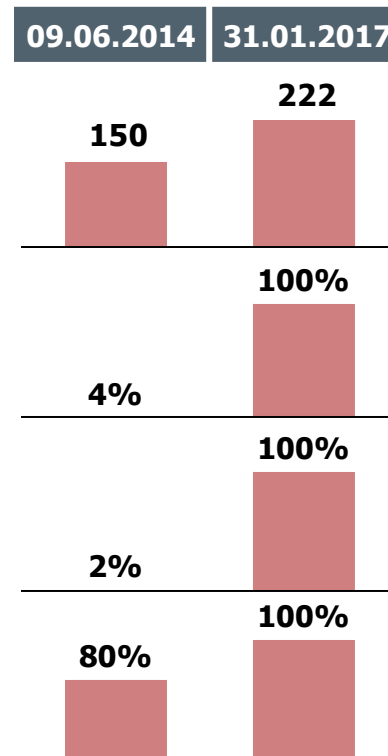
Number of independent directors

Compliance with requirements for audit committee

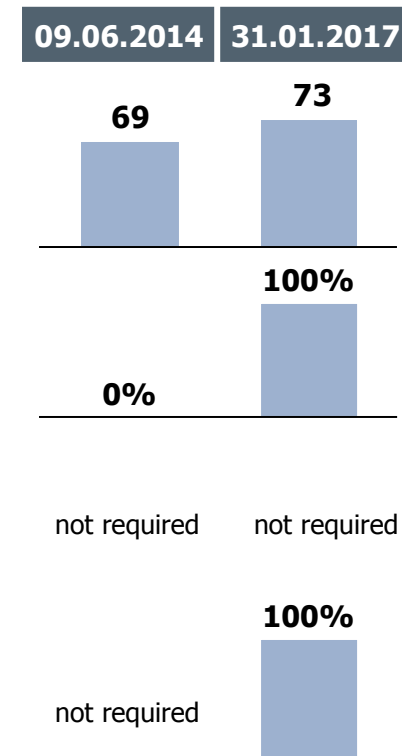
Compliance with requirements for HR and Remuneration Committee

Issuers have a dividend policy

Quotation List 1

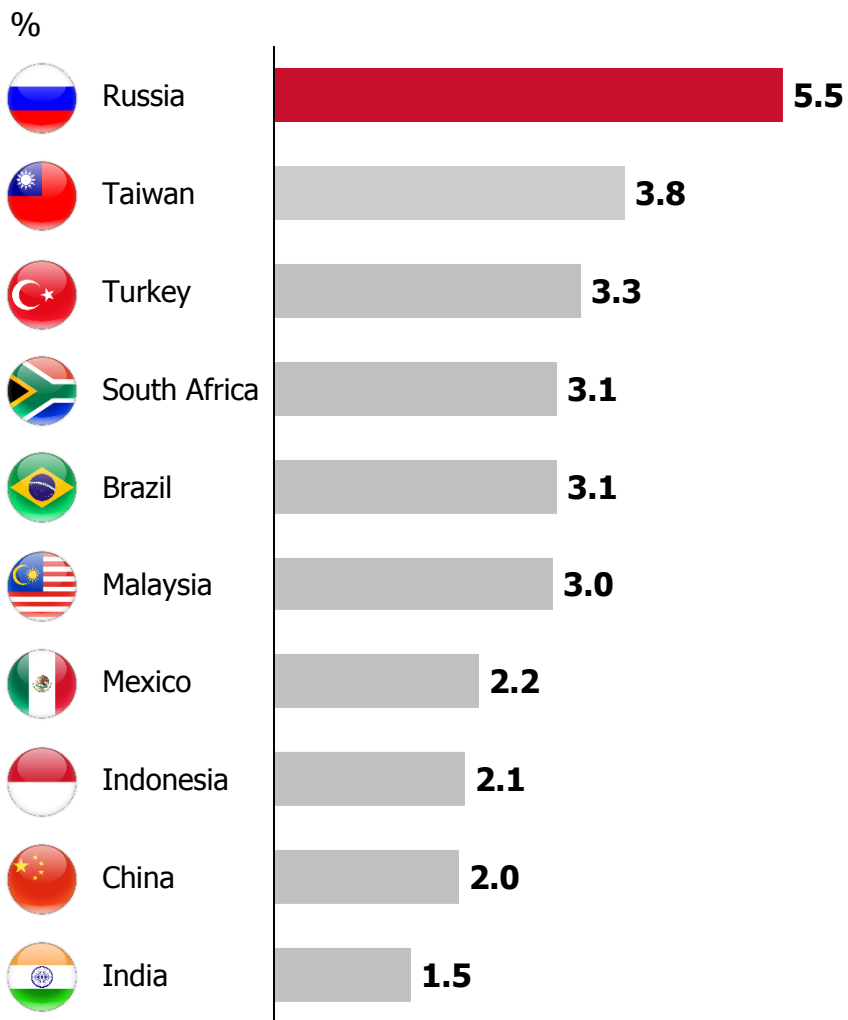


Quotation List 2

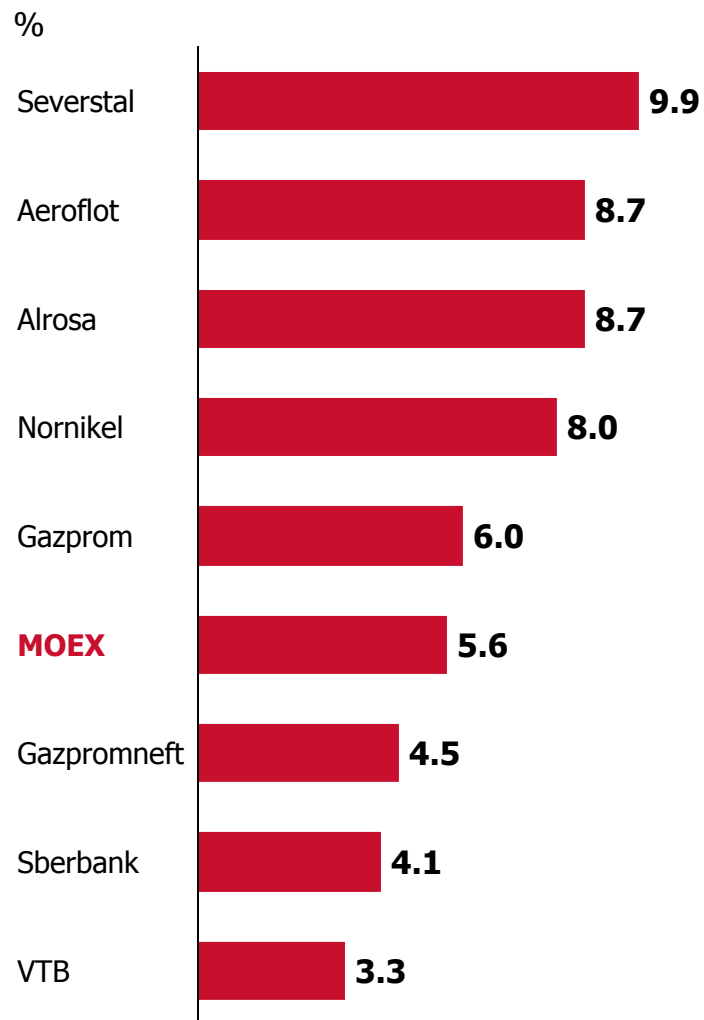


Dividend yields on Russian equities

Russia has one of the highest dividend yield 2017¹



2017E dividend yield for Russian stocks²













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Source: Bloomberg as of 13.11.2017, VTB capital

1 Bloomberg estimate - 2017E dividend yield for emerging market indexes

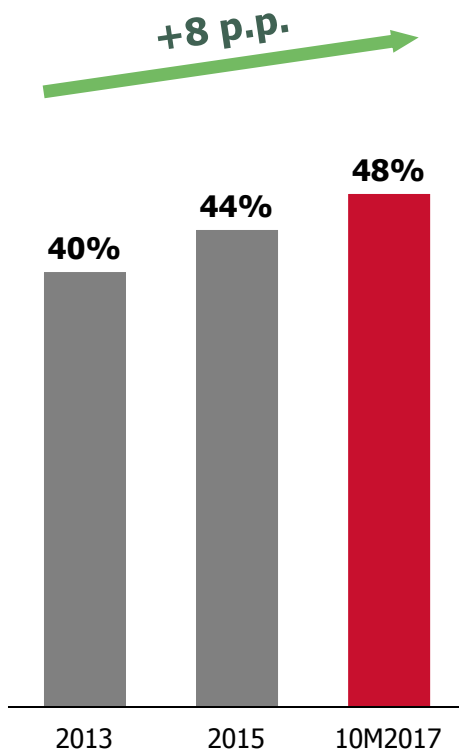
2 VTB Capital

Dividends from government companies expected to grow

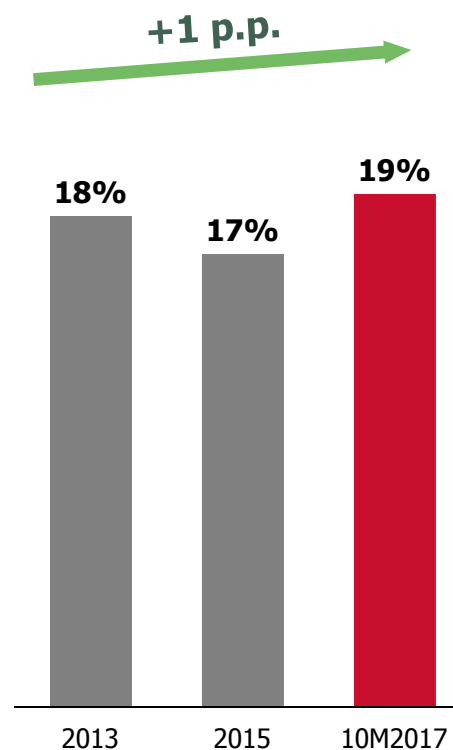
Company	2013	2014	2015	2016	2017 Est ¹	Change of 2017 Est to 2013
 Aeroflot	1.4%	7.8%	6.8%	0.0%	8.6%	+7.2 p.p.
 Alrosa	3.2%	2.3%	2.6%	2.1%	8.5%	+5.3 p.p.
 Rostelecom	2.2%	3.6%	3.7%	7.0%	7.4%	+5.2 p.p.
 Gazprom	4.3%	5.5%	5.3%	5.1%	6.0%	+1.7 p.p.
 Tatneft	4.1%	3.6%	3.3%	2.6%	5.0%	+0.9 p.p.
 Gazpromneft	9.1%	6.9%	5.0%	0.3%	4.4%	-4.7 p.p.
 Transneft	0.8%	0.6%	0.4%	0.4%	4.2%	+3.4 p.p.
 Sberbank	2.5%	5.8%	0.4%	1.1%	3.8%	+1.3 p.p.
 VTB	2.9%	1.7%	1.5%	1.6%	3.3%	+0.4 p.p.
 Rosneft	3.2%	6.6%	3.2%	2.9%	3.2%	+0.0 p.p.
Average	3.4%	4.4%	3.2%	2.3%	5.4%	+2.1 p.p.

International investors share on Moscow Exchange markets is increasing

Equity market



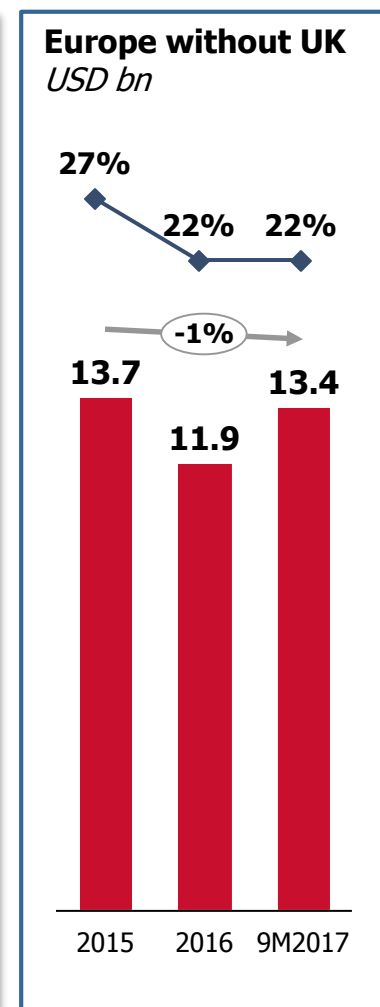
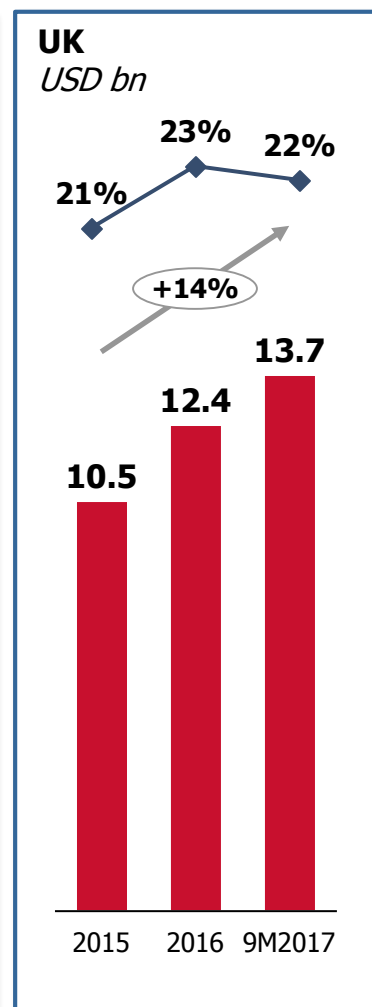
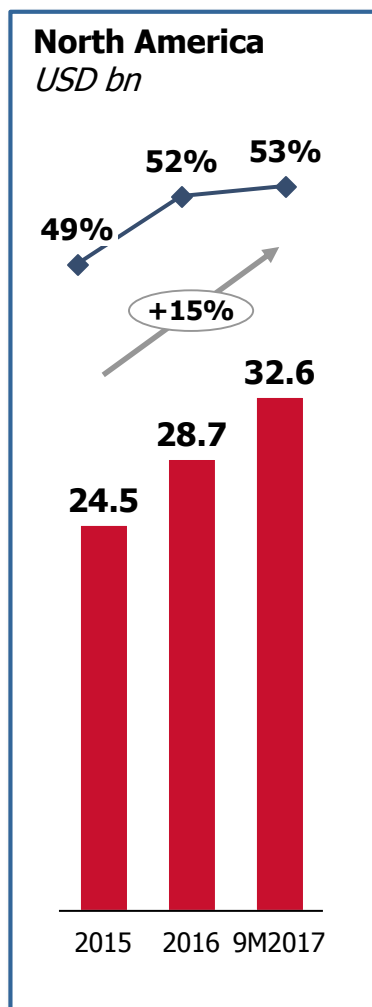
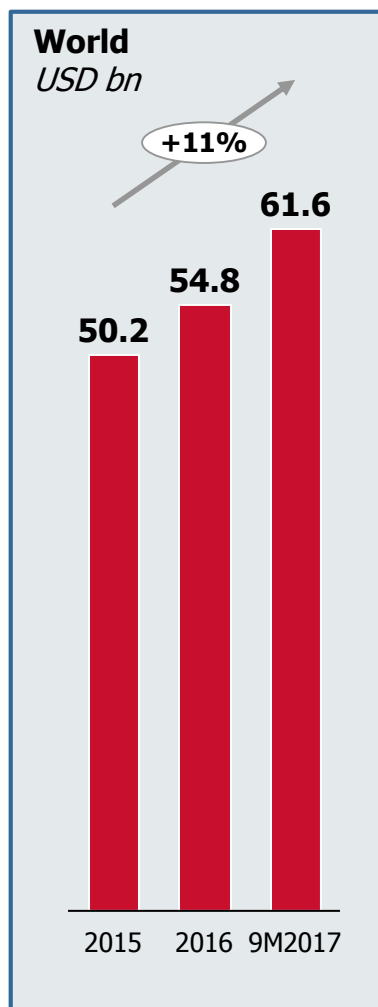
Bond market



Increasing foreign funds holding shares of Russian companies

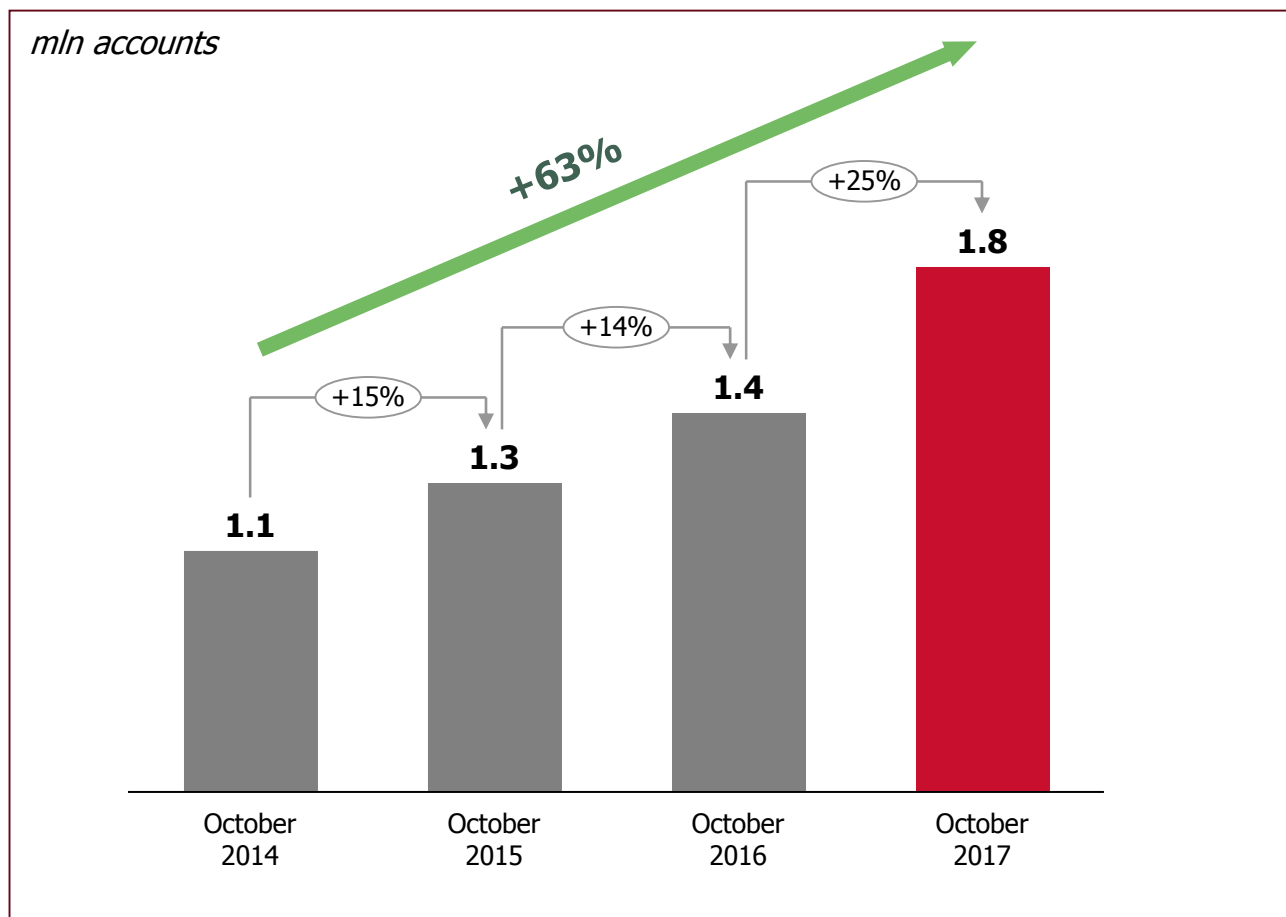
→ (XX%) → - CAGR

◆ - share in total holdings



Retail clients: a growing segment of the Russian financial market

Number of retail clients accounts

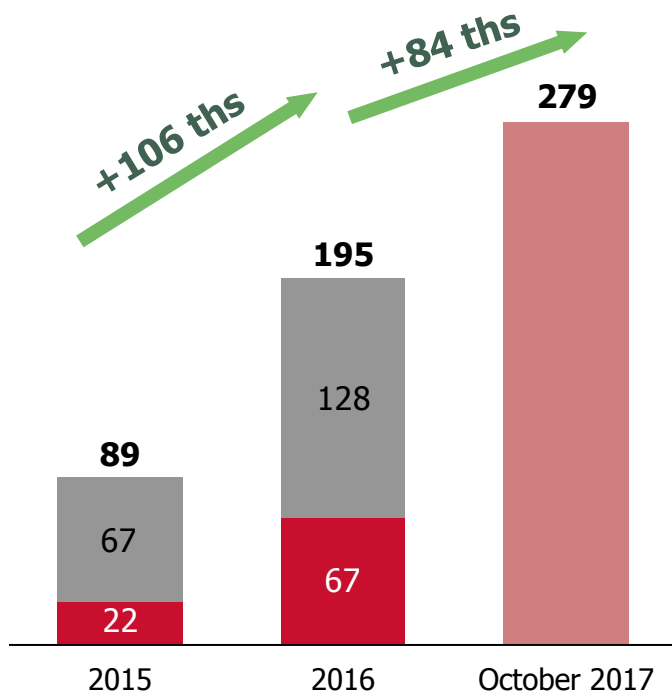


Growing number of Individual Investment Accounts (IIA)

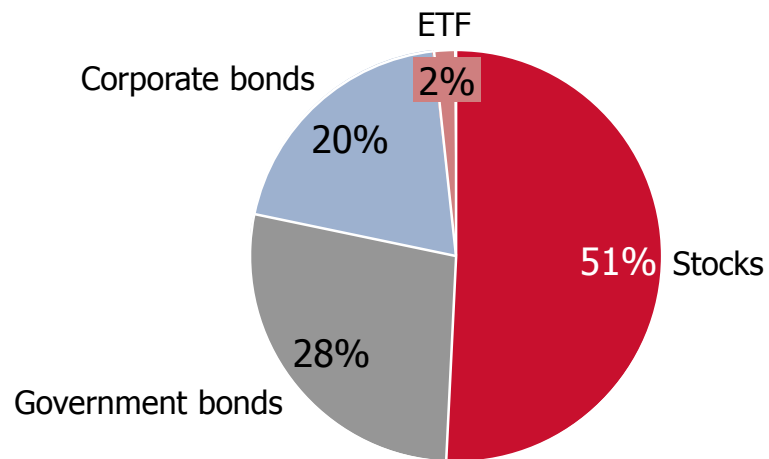
Number of opened IIA

accrued number, thousand accounts

- Clients, who had got brokerage account before IIA
- IIA as a new brokerage account



Shares of securities on IIA as of the end 2016



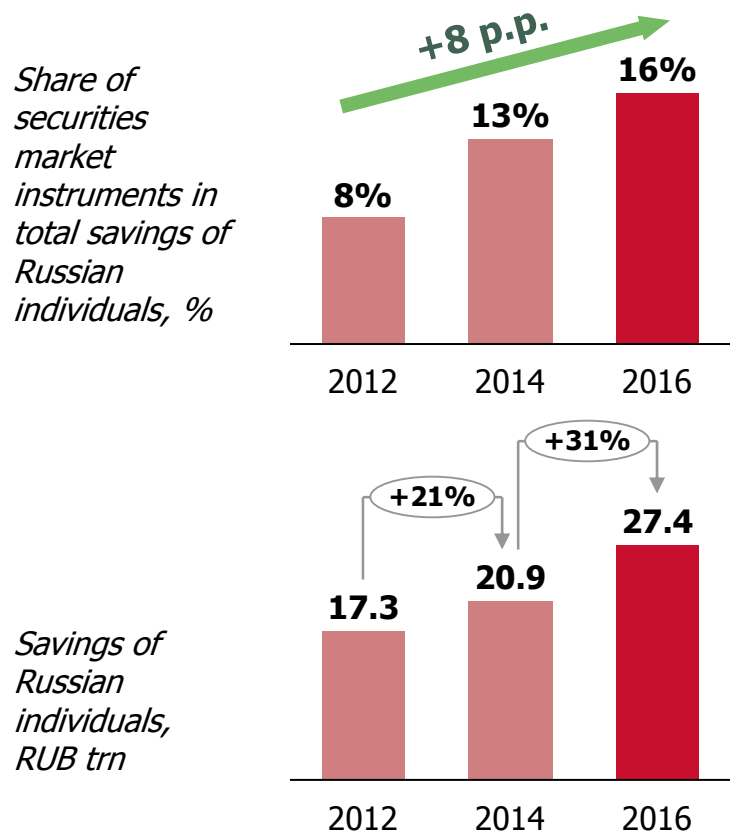
92%

of transactions from IIA are with stocks

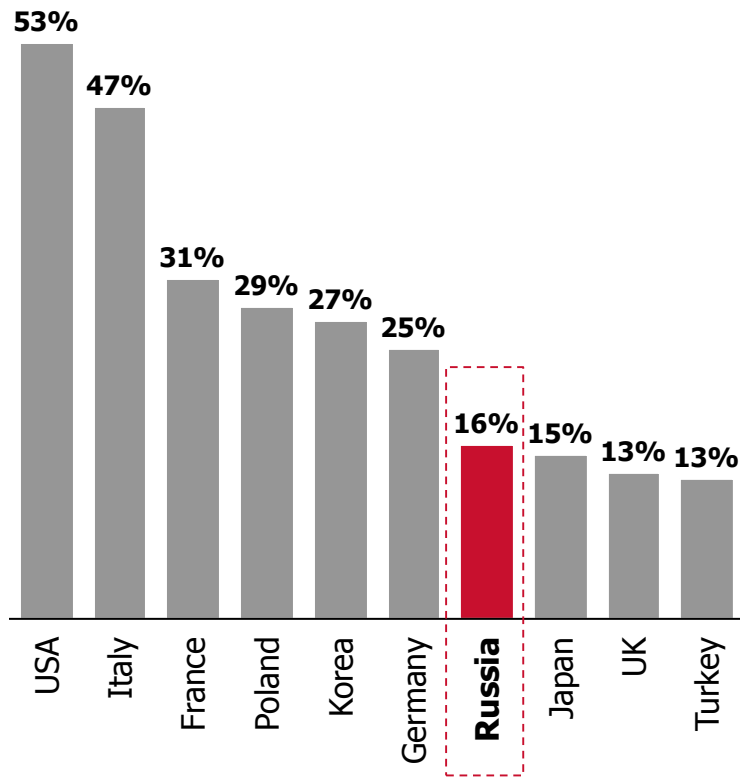


Increasing share of securities market instruments in savings of Russian individuals

Share of securities market instruments in total savings of Russian individuals

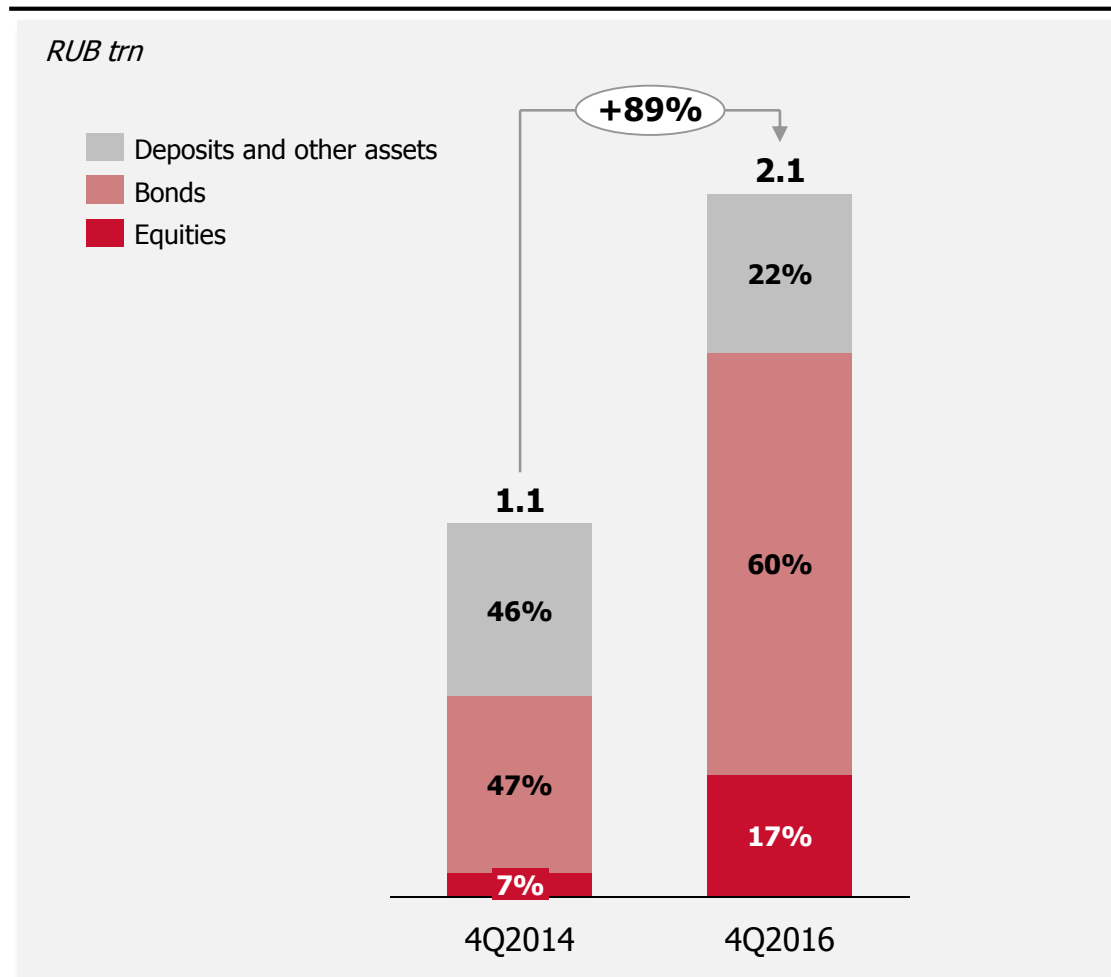


Share of securities market instruments in assets of individuals by country¹



Increasing share of securities in non-state pension funds savings

Investment portfolio of pension savings in NPFs



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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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