PUBLIC JOINT-STOCK COMPANY MOSCOW EXCHANGE MICEX-RTS

Consolidated Interim Condensed Financial Statements
For the Three-Month Period Ended March 31, 2018

MOSCOW EXCHANGE

Table of Contents

MOSCOW EXCHANGE

Consolidated Interim Condensed Statement of Profit or Loss (unaudited) for the Three-Month Period Ended March 31, 2018

(in millions of Russian rubles)

	Notes	Three-month period ended March 31, 2018 (unaudited)	Three-month period ended March 31, 2017 (unaudited)
Fee and commission income	4	5 505,7	4 881,4
Interest and other finance income	5	4 430,7	4 537,7
Interest expense	6	(86,7)	(263,8)
Net gain on financial assets at fair value through other comprehensive income		355,3	-
Net gain on financial assets available-for-sale		-	25,3
Foreign exchange gains less losses	7	(365,7)	279,7
Other operating income		31,5	9,3
Operating Income		**9 870,8**	**9 469,6**
Administrative and other operating expenses	8	(1 820,8)	(1 679,2)
Personnel expenses	9	(1 707,1)	(1 602,2)
Operating Profit		**6 342,9**	**6 188,2**
Other expense	11	(856,4)	-
Profit before Tax		**5 486,5**	**6 188,2**
Income tax expense	12	(1 200,9)	(1 190,1)
Net Profit		**4 285,6**	**4 998,1**
Attributable to:			
Equity holders of the parent		4 284,8	4 997,6
Non-controlling interest		0,8	0,5
Earnings per share			
Basic earnings per share, rubles	25	1,91	2,23
Diluted earnings per share, rubles	25	1,90	2,21

Chairman of the Executive Board

Afanasiev A.K.

May 18, 2018
Moscow

Chief Financial Officer,
Executive Board Member
Lapin M.V.

May 18, 2018
Moscow

MOSCOW EXCHANGE

Consolidated Interim Condensed Statement of Comprehensive Income (unaudited) for the Three-Month Period Ended March 31, 2018
(in millions of Russian rubles)

	Notes	Three-month period ended March 31, 2018 (unaudited)	Three-month period ended March 31, 2017 (unaudited)
Net profit		**4 285,6**	**4 998,1**
Other comprehensive income that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		1,8	(0,1)
Movement in investment revaluation reserve for financial assets at fair value through other comprehensive income		(549,8)	-
Movement in the allowance for expected credit losses on financial assets at fair value through other comprehensive income	10	(2,4)	-
Net gain on investments at fair value through other comprehensive income reclassified to profit or loss		(355,3)	-
Net loss resulting from revaluation of investments available-for-sale		-	(221,1)
Net gain on investments available-for sale reclassified to profit or loss		-	(25,3)
Income tax relating to items that may be reclassified		181,5	49,3
Other comprehensive loss that may be reclassified subsequently to profit or loss		**(724,2)**	**(197,2)**
Total comprehensive income		**3 561,4**	**4 800,9**
Attributable to:			
Equity holders of the parent		3 557,2	4 801,5
Non-controlling interest		4,2	(0,6)

The notes 1-30 form an integral part of these consolidated interim condensed financial statements.

Consolidated Interim Condensed Statement of Financial Position (unaudited) as at March 31, 2018

(in millions of Russian rubles)

	Notes	March 31, 2018 (unaudited)	December 31, 2017 (restated)
ASSETS			
Cash and cash equivalents	13	382 760,8	273 243,4
Financial assets at fair value through profit or loss	14	7 956,9	8 053,0
Due from financial institutions	15	56 949,5	63 583,2
Central counterparty financial assets	16	2 439 561,7	2 430 083,8
Financial assets at fair value though other comprehensive income	17	236 845,7	207 497,1
Property and equipment	18	6 343,8	6 636,2
Intangible assets	19	18 047,2	18 307,9
Goodwill		15 971,4	15 971,4
Current tax prepayments		193,2	306,8
Deferred tax asset	12	480,6	258,2
Other assets	20	1 721,9	3 769,2
TOTAL ASSETS		**3 166 832,7**	**3 027 710,2**
LIABILITIES			
Balances of market participants	21	591 190,2	466 860,2
Central counterparty financial liabilities	16	2 439 561,7	2 430 083,8
Distributions payable to holders of securities		3 708,4	2 507,8
Margin account		-	384,6
Current tax payables		62,6	-
Deferred tax liability	12	2 797,3	2 943,3
Other liabilities	22	4 665,4	3 711,2
TOTAL LIABILITIES		**3 041 985,6**	**2 906 490,9**
EQUITY			
Share capital	23	2 495,9	2 495,9
Share premium	23	32 108,7	32 105,5
Treasury shares	23	(1 887,0)	(1 908,1)
Foreign currency translation reserve		(20,1)	(18,5)
Investments revaluation reserve		892,3	1 618,3
Share-based payments		566,1	524,0
Retained earnings		90 512,1	86 227,3
Total equity attributable to owners of the parent		**124 668,0**	**121 044,4**
Non-controlling interest		179,1	174,9
TOTAL EQUITY		**124 847,1**	**121 219,3**
TOTAL LIABILITIES AND EQUITY		**3 166 832,7**	**3 027 710,2**

The notes 1-30 form an integral part of these consolidated interim condensed financial statements.

Consolidated Interim Condensed Statement of Cash Flows (unaudited) for the Three-Month Period Ended March 31, 2018
(in millions of Russian rubles)

	Notes	Three-month period ended March 31, 2018 (unaudited)	Three-month period ended March 31, 2017 (unaudited)
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES:			
Profit before tax		5 486,5	6 188,2
Adjustments for:			
Depreciation and amortisation charge	8	839,8	714,4
Net change in deferred commission income		(160,8)	(111,6)
Revaluation of derivatives		407,8	343,4
Share-based payment expense	9	74,3	64,7
Unrealized gain on foreign exchange operations		(55,5)	(6,9)
Gain on disposal of financial assets at fair value though other comprehensive income		(355,3)	-
Gain on disposal of financial assets available-for-sale		-	(25,3)
Net change in interest accruals		833,5	(1 090,6)
Net gain on disposal of property and equipment and intangible assets		(1,2)	-
Change in allowance for expected credit losses	10	(24,4)	-
Impairment of other assets	8	-	1,7
Changes in operating assets and liabilities:			
Due from financial institutions		6 129,2	12 253,7
Financial assets at fair value through profit or loss		(306,7)	(0,1)
Central counterparty financial assets		(10 665,1)	(138 965,8)
Other assets		1 984,9	(158,3)
Balances of market participants		114 680,6	315 812,9
Central counterparty financial liabilities		10 665,1	138 965,8
Distributions payable to holders of securities		1 200,6	940,0
Margin account		(384,6)	-
Other liabilities		1 088,8	332,6
Cash flows from operating activities before taxation		131 437,5	335 258,8
Income tax paid		(1 211,6)	(2 487,8)
Cash flows from operating activities		**130 225,9**	**332 771,0**

The notes 1-30 form an integral part of these consolidated interim condensed financial statements.

Consolidated Interim Condensed Statement of Cash Flows (unaudited) for the Three-Month Period Ended March 31, 2018 (continued)
(in millions of Russian rubles)

	Notes	Three-month period ended March 31, 2018 (unaudited)	Three-month period ended March 31, 2017 (unaudited)
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES:			
Purchase of financial assets at fair value though other comprehensive income		(61 371,2)	(23 823,4)
Proceeds from disposal of financial assets at fair value though other comprehensive income		30 815,5	18 891,7
Purchase of property and equipment and intangible assets		(214,0)	(337,0)
Proceeds from disposal of property and equipment and intangible assets		1,4	-
Cash flows used in investing activities		**(30 768,3)**	**(5 268,7)**
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES:			
Sale of treasury shares		-	23,6
Cash flows from financing activities		**-**	**23,6**
Effect of changes in foreign exchange rates on cash and cash equivalents		10 058,8	(36 053,8)
Net increase in cash and cash equivalents		**109 516,4**	**291 472,1**
Cash and cash equivalents, beginning of period	13	**273 248,6**	**380 516,6**
Cash and cash equivalents, end of period	13	**382 765,0**	**671 988,7**

Interest received by the Group during the period ended March 31, 2018, amounted to RUB 5 259,4 million (March 31, 2017: RUB 3 453,4 million).

Interest paid by the Group during the period ended March 31, 2018, amounted to RUB 86,7 million (March 31, 2017: RUB 266,0 million).

MOSCOW EXCHANGE

Consolidated Interim Condensed Statement of Changes in Equity (unaudited) for the Three-Month Period Ended March 31, 2018
(in millions of Russian rubles)

	Share capital	Share premium	Treasury shares	Invest-ments revaluation reserve	Share-based payments	Foreign currency translation reserve	Retained earnings	Total equity attributable to owners of the parent	Non-controlling interest	Total equity
December 31, 2016	**2 498,1**	**32 286,2**	**(2 271,9)**	**1 110,5**	**413,1**	**(21,4)**	**89 177,8**	**123 192,4**	**191,2**	**123 383,6**
Net profit (unaudited)	-	-	-	-	-	-	4 997,6	4 997,6	0,5	4 998,1
Other comprehensive income (unaudited)	-	-	-	(197,1)	-	1,0	-	(196,1)	(1,1)	(197,2)
Total comprehensive income for the period	**-**	**-**	**-**	**(197,1)**	**-**	**1,0**	**4 997,6**	**4 801,5**	**(0,6)**	**4 800,9**
Transactions with owners										
Share-based payments (unaudited)	-	1,9	57,6	-	23,0	-	-	82,5	-	82,5
Total transactions with owners	**-**	**1,9**	**57,6**	**-**	**23,0**	**-**	**-**	**82,5**	**-**	**82,5**
March 31, 2017	**2 498,1**	**32 288,1**	**(2 214,3)**	**913,4**	**436,1**	**(20,4)**	**94 175,4**	**128 076,4**	**190,6**	**128 267,0**
December 31, 2017	**2 495,9**	**32 105,5**	**(1 908,1)**	**1 357,0**	**524,0**	**(18,5)**	**86 546,4**	**121 102,2**	**176,6**	**121 278,8**
Effect of adoption of IFRS 9	-	-	-	261,3	-	-	(319,1)	(57,8)	(1,7)	(59,5)
December 31, 2017 (restated)	**2 495,9**	**32 105,5**	**(1 908,1)**	**1 618,3**	**524,0**	**(18,5)**	**86 227,3**	**121 044,4**	**174,9**	**121 219,3**
Net profit (unaudited)	-	-	-	-	-	-	4 284,8	4 284,8	0,8	4 285,6
Other comprehensive income (unaudited)	-	-	-	(726,0)	-	(1,6)	-	(727,6)	3,4	(724,2)
Total comprehensive income for the period	**-**	**-**	**-**	**(726,0)**	**-**	**(1,6)**	**4 284,8**	**3 557,2**	**4,2**	**3 561,4**
Transactions with owners										
Share-based payments (unaudited)	-	3,2	21,1	-	42,1	-	-	66,4	-	66,4
Total transactions with owners	**-**	**3,2**	**21,1**	**-**	**42,1**	**-**	**-**	**66,4**	**-**	**66,4**
March 31, 2018	**2 495,9**	**32 108,7**	**(1 887,0)**	**892,3**	**566,1**	**(20,1)**	**90 512,1**	**124 668,0**	**179,1**	**124 847,1**

The notes 1-30 form an integral part of these consolidated interim condensed financial statements.

(in millions of Russian rubles, unless otherwise indicated)

1. Organization

Public Joint-Stock Company Moscow Exchange MICEX-RTS (Moscow Exchange) is a stock exchange based in Moscow, Russian Federation. It was established as closed joint-stock company "Moscow Interbank Currency Exchange" (MICEX) in 1992. In December 2011 the company was reorganized into the form of open joint-stock company and renamed to Open Joint-Stock Company MICEX-RTS. In July 2012 the name of the company was changed to Open Joint-Stock Company Moscow Exchange MICEX-RTS. On April 28, 2015 at Annual General Meeting of Shareholders of Moscow Exchange (AGM) the company's new business name as Public Joint Stock Company Moscow Exchange MICEX-RTS was approved to meet revised standards of the Russian Civil Code. The new business name and respective changes to the Charter of Moscow Exchange took effect from May 13, 2015, the day the registration authority recorded new version of the Charter.

The legal address of Moscow Exchange: 13 Bolshoy Kislovsky per., Moscow, the Russian Federation.

Moscow Exchange Group ("the Group") is an integrated exchange structure that provides financial market participants with a full set of competitive trading, clearing, settlement, depository and information services. The Group operates on the following markets: foreign currencies exchange market, government securities and money market, market of derivative financial instruments, equities market, corporate and regional bonds market, commodities market.

Moscow Exchange is the parent company of the Group, which includes the following entities:

Name	Principal activities	March 31, 2018 Voting rights, %	December 31, 2017 Voting rights, %
JSC Central Counterparty National Clearing Centre (former Bank National Clearing Centre JSC) (NCC)	Clearing operations	100%	100%
JSC National Settlement Depository (NSD)	Depository, clearing, repository and settlement services	99,997%	99,997%
JSC National Mercantile Exchange (NAMEX)	Commodities exchange operations	65,08%	65,08%
OJSC Evraziyskaia Trading System Commodity Exchange (ETS)	Commodities exchange operations	60,82%	60,82%
MICEX Finance LLC (MICEX Finance)	Financial activities	100%	100%
MOEX Innovations LLC (MOEX Innovations)	Fintech start-ups, financial activities	100%	100%

NCC performs functions of a clearing organization and central counterparty on the financial market and holds licences for clearing operations and banking operations for non-banking credit institutions - central counterparties issued by the CBR. In November 2017 NCC was assigned a new status of a non-banking credit institution. From the moment of foundation in May 2006 to the assignment of a new status, the NCC functioned as a bank with the name Bank National Clearing Centre JSC.

1. Organization (continued)

NSD is the central securities depository of the Russian Federation. NSD is the Russian national numbering agency and the substitute numbering agency for the Commonwealth of Independent States (CIS), authorized to assign the international ISIN, CFI and pre-LEI codes. NSD holds licences for depository, repository, clearing and settlement operations issued by the Central Bank of Russia (CBR).

NAMEX is a commodity exchange operating in Russia.

ETS is a commodity exchange, which has a licence for organisation of trading in commodities in Kazakhstan.

MICEX Finance is established for facilitating financial activities of the Group.

MOEX Innovations concentrates on start-ups development in the fintech sphere.

Moscow Exchange and all subsidiaries are located in Russia, except for ETS which is located in Kazakhstan.

The Group has 1 665 employees as at March 31, 2018 (December 31, 2017: 1 662 employees).

2. Basis of Presentation and Significant Accounting Policies

Statement of compliance

These Consolidated Interim Condensed Financial Statements of the Group have been prepared in accordance with the International Financial Reporting Standard IAS 34 "Interim Financial Statements".

Basis of presentation

These Consolidated Interim Condensed Financial Statements are presented in millions of Russian rubles, unless otherwise indicated. These Consolidated Interim Condensed Financial Statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair value.

Moscow Exchange and its subsidiaries registered in the Russian Federation maintain their accounting records in accordance with Russian Accounting Standards ("RAS"). Foreign subsidiaries of the Group maintain their accounting records in accordance with the accounting standards of the countries in which they operate. These Consolidated Interim Condensed Financial Statements have been prepared on basis of the statutory accounting records and have been adjusted to conform to IFRS.

Inflation accounting

The Russian economy was considered hyperinflationary until December 31, 2002. As such, the Group applied IAS *29 Financial Reporting in Hyperinflationary Economies*. The effect of applying IAS 29 is that non-monetary items, including components of equity, were restated to the measuring units current at December 31, 2002 by applying the relevant inflation indices to the historical cost, and that these restated values were used as a basis for accounting in subsequent periods.

2. Basis of Presentation and Significant Accounting Policies (continued)

Significant Accounting Policies

The accounting policies adopted by the Group in the preparation of these Consolidated Interim Condensed Financial Statements are consistent with those followed in the preparation of the Group's Consolidated Financial Statements for the year ended December 31, 2017, except the adoption of IFRS 9 "Financial Instruments" since January 1, 2018.

In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the IASB and IFRIC of the IASB that are relevant to its operations and effective for reporting periods ending on March 31, 2018.

The adoption of these new and revised Standards and Interpretations (except the adoption of IFRS 9 "Financial Instruments") has not resulted in significant changes to the Group's accounting policies that have affected the amounts reported for the current or prior years.

The effects of the adoption of IFRS 9 "Financial Instruments"

1 January 2018 is the date of initial application of IFRS 9 in accordance with IFRS 9 article 7.2.2. The Group has elected not to restate the comparative information in accordance with the relevant transition provisions (IFRS 9 7.2.15). Also according to IFRS 9 article 7.2.16 the Group does not need to apply the requirements of this standard to interim periods prior to the date of initial application as it is impracticable (as defined in IAS 8).

All financial assets are measured at fair value at initial recognition, including transaction costs, except for those financial assets classified as at fair value through profit or loss (further – FVTPL). Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically:

- financial assets should be measured at amortised cost if both of the following criteria are met:
    a. financial asset is held within a business model with the objective to collect the contractual cash flows, and
    b. the contractual cash flows of financial asset are solely payments of principal and interest on the principal amount outstanding (SPPI);
- financial assets should be measured at fair value through other comprehensive income (FVTOCI) if both of the following criteria are met:
    a. financial asset is held within a business model with the objective both to collect the contractual cash flows and to sell the financial assets and
    b. the contractual cash flows of financial assets are SPPI;
- all other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models on the basis that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business models do not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

2. Basis of Presentation and Significant Accounting Policies (continued)

The effects of the adoption of IFRS 9 "Financial Instruments" (continued)

The Group has several business models for managing its financial instruments that reflect how the Group manages its financial assets in order to generate cash flows. The Group's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group considers all relevant information available when making the business model assessment. However, this assessment is performed not on the basis of scenarios that the Group does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Group takes into account the following relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

At initial recognition of a financial asset, the Group determines whether newly recognised financial asset is part of an existing business model or whether it reflects the commencement of a new business model, if the asset does not match the existing business models. The Group reassesses its business models every reporting period to determine whether they have changed or not since the preceding period.

Debt instruments at amortised cost or at FVTOCI

The Group assesses the classification and measurement of a financial asset based on contractual cash flow characteristics of the asset and the Group's business model for managing the asset.
For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest accrued on principal amount outstanding consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is performed in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are not related to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

2. Basis of Presentation and Significant Accounting Policies (continued)

The effects of the adoption of IFRS 9 "Financial Instruments" (continued)

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell.

The Group does not designate assets at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

Reclassifications

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassification the Group's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described below.

Impairment

The Group recognises loss allowances for expected credit losses (ECLs) on the following financial instruments, not measured at FVTPL:

- due from financial institutions;
- cash and cash equivalents;
- debt investment securities;
- other financial assets subject to credit risk.

No loss allowances for expected credit losses is recognised on equity investments, financial assets arising from CCP activity.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those possible default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

Loss allowance for full lifetime ECL is required for a financial instrument if the credit risk attributable to that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. More details on the determination of a significant increase in credit risk are provided below.

2. Basis of Presentation and Significant Accounting Policies (continued)

The effects of the adoption of IFRS 9 "Financial Instruments" (continued)

ECLs are a probability-weighted estimate of the present value of potential credit losses. ECLs are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios.

The Group measures ECLs on an individual basis or on a collective basis for portfolios of debtors that share similar value and economic risk characteristics.

The Group does not form any loss allowance on ECLs for CCP activities. The CCP is acting as an intermediary between the parties: i.e. as a seller for each buyer and as a buyer for each seller, so that replacing their contractual relations between each other with relevant contracts with a central counterparty. CCP assets and liabilities are simultaneously reflected in the Group's statement of financial position due to the following:

- the net market value of those deals at the end of each day is equal to zero (if there are no defaulted market participants);
- there are no uncollateralised receivables in case all the obligations are duly fulfilled by the clearing participants.

The risks of non-fulfilment or improper fulfilment of clearing participants obligations on the CCP deals are managed using the following risk-management system measures, organised according to the federal law as of 07.02.2011 №7-FZ "On clearing, clearing activities and the central counterparty":

- setting the requirements for individual and collective clearing collateral to mitigate expected losses in case of non-fulfilment or improper fulfilment of clearing participants obligations;
- forming the CCP's guarantee fund – part of net assets designated according to the Clearing Rules to mitigate possible losses caused by non-fulfilment or improper fulfilment of clearing participants obligations;
- conducting regular stress-tests of the CCP capital adequacy, including the control of statutory ratios calculation;
- limitation of the CCP's liabilities.

Definition of default

Critical to the determination of ECLs is the definition of default. The definition of default is used in measuring the amount of ECLs and in the determination of whether the loss allowance is based on 12-month or lifetime ECLs, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Group considers the following as constituting an event of default:

- the counterparty has gone bankrupt;
- a third party has filed a claim with the court to call the counterparty bankrupt and it has been accepted for hearing;
- the counterparty is permanently insolvent, i.e. has obligations to the Group that are past due for over 90 days; or
- the borrower's licence has been revoked by the CBR.

2. Basis of Presentation and Significant Accounting Policies (continued)

The effects of the adoption of IFRS 9 "Financial Instruments" (continued)

Significant increase in credit risk

The Group monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime ECL.

When assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring to the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default that was anticipated for the remaining maturity at the reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

When an asset becomes past due for up to 30 days, and not less than a half of the counterparty's credit ratings issued by international rating agencies declined or internal credit rating declined by 3 grades or more since initial recognition, the Group considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECLs.

Probability of default (PD)

Multiple economic scenarios form the basis of determination of the probability of default at initial recognition and for the future. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

To determine PD the Group uses:

- available data from international rating agencies;
- internal ratings if the data mentioned above is unavailable.

The Group allocates its counterparties to a relevant internal rating depending on their credit quality based on quantitative and qualitative information. The historical PD is identified using a migration matrix, where internal ratings are mapped to the rating scales of international rating agencies for those counterparties that are not rated by international rating agencies.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

2. Basis of Presentation and Significant Accounting Policies (continued)

The effects of the adoption of IFRS 9 "Financial Instruments" (continued)

When a financial asset is modified the Group assesses whether this modification results in derecognition. In accordance with the Group's policy a modification results in derecognition when it gives rise to substantially different terms. To determine whether the modified terms differ substantially from the original contractual terms the Group considers the following qualitative factors:

a. contractual cash flows after modification are no longer SPPI;
b. change in currency;
c. change of counterparty;
d. the extent of change in interest rates;
e. maturity.

If these do not clearly indicate a substantial modification, then quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest. If the difference in present value is greater than 5% the Group deems the arrangement is substantially different leading to derecognition.

In the case when the financial asset is derecognised the loss allowance for ECLs is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the eventual occasions where the new asset is considered to be originated-credit impaired. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines whether the credit risk associated with the financial asset has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

Where a modification does not lead to derecognition the Group calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

2. Basis of Presentation and Significant Accounting Policies (continued)

The effects of the adoption of IFRS 9 "Financial Instruments" (continued)

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss. The cumulative gain/loss on equity investment designated as measured at FVTOCI, previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

Write-off

Financial assets are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the counterparty does not have assets and/or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation reserve.

(in millions of Russian rubles, unless otherwise indicated)

2. Basis of Presentation and Significant Accounting Policies (continued)

The effects of the adoption of IFRS 9 "Financial Instruments" (continued)

The table below illustrates the classification and measurement of financial assets and financial liabilities and the corresponding effect on equity and deferred tax under IFRS 9 and IAS 39 at the date of initial application January 1, 2018:

	Original measurement category under IAS 39	New measurement category under IFRS 9	Original carrying amount under IAS 39	Additional loss allowance under IFRS 9	Reclassification of carrying amount IFRS 9	New carrying amount under IFRS 9
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost	273 248,6	(5,2)	-	273 243,4
Financial assets at fair value through profit or loss	Financial assets at FVTPL	Financial assets at FVTPL	413,6	-	7 639,4	8 053,0
Due from financial institutions	Loans and receivables	Financial assets at amortised cost	63 606,9	(23,7)	-	63 583,2
Central counterparty financial assets	Loans and receivables	Financial assets at amortised cost	2 430 083,8	-	-	2 430 083,8
Financial assets at fair value though other comprehensive income	Available-for-sale	Financial assets at FVOCI	215 132,2	-	(7 635,1)	207 497,1
Other financial assets	Loans and receivables	Financial assets at amortised cost	734,9	(49,7)	-	685,2
Balances of market participants	Financial liabilities at amortised cost	Financial liabilities at amortised cost	466 860,2	-	-	466 860,2
Central counterparty financial liabilities	Financial liabilities at amortised cost	Financial liabilities at amortised cost	2 430 083,8	-	-	2 430 083,8
Distributions payable to holders of securities	Financial liabilities at amortised cost	Financial liabilities at amortised cost	2 507,8	-	-	2 507,8
Margin account	Financial liabilities at amortised cost	Financial liabilities at amortised cost	384,6	-	-	384,6
Other financial liabilities	Financial liabilities at amortised cost	Financial liabilities at amortised cost	2 808,3	-	-	2 808,3
Deferred tax asset	n/a	n/a	243,4	15,7	(0,9)	258,2
Corresponding lines in Equity:						
Investments revaluation reserve	n/a	n/a	1 357,0	270,9	(9,6)	1 618,3
Retained earnings	n/a	n/a	86 546,4	(332,1)	13,0	86 227,3
Non-controlling interest	n/a	n/a	176,6	(1,7)	-	174,9

2. Basis of Presentation and Significant Accounting Policies (continued)

The effects of the adoption of IFRS 9 "Financial Instruments" (continued)

The additional loss allowance recognised upon the initial application of IFRS 9 as disclosed above resulted entirely from a change in the measurement attribute of the loss allowance relating to each financial asset (also refer to Note 10). The change in measurement category of the different financial assets had no significant impact on their respective carrying amounts on initial application. There were no financial assets or liabilities which the Group elected to designate as at FVTPL at the date of initial application. There were no equity instruments the changes in fair value of which the Group irrevocably elected to present in other comprehensive income.

Reclassification of carrying amount was due to the following:

- movement of equity investments from AFS to FVTPL in the amount of RUB 130,5 million;
- movement of debt instruments with contractual cash flows that are not SPPI from AFS to FVTPL in the amount of RUB 7 508,9 million.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective (for more details refer to Note 2). The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. The Group's conducts continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change and so a prospective change to the classification of those assets.

Significant increase of credit risk

As explained in note 2, expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account the information listed in Note 2.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Impairment of goodwill and other intangible assets

Goodwill is tested for impairment annually (as at December 31) and when there is an indication that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of each cash-generating unit (CGU) or group of CGUs to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

At the end of each reporting period, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Useful lives of intangible assets

The Group annually examines the estimated useful life of its intangible assets. When determining the asset's useful life, the factors taken into account include the anticipated use of the asset, its typical life cycle, technical obsolescence, etc.

Based on the analysis of actual useful lives of intangible assets as at January 1, 2018 the Group adjusted the estimates in relation to remaining useful lives of intangible assets. The amendments were applied to the client base and certain types of software and licences. Should the Group not apply these amendments, amortisation of client base for the three-month period ended March 31, 2018 would be RUB 98,3 million lower, amortisation of software and licences for the three-month period ended March 31, 2018 would be RUB 17,2 million higher.

Valuation of financial instruments

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- using recent arm's length market transactions;
- reference to the current fair value of another instrument that is substantially the same;
- a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 29.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the instrument and volatility and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 9.

(in millions of Russian rubles, unless otherwise indicated)

4. Fee and Commission Income

	Three-month period ended March 31, 2018	Three-month period ended March 31, 2017
Money market	1 438,2	1 282,0
Securities market	1 170,8	792,6
- bonds	*621,6*	*316,9*
- equities	*470,0*	*396,8*
- listing and other services	*79,2*	*78,9*
Depository and settlement services	1 046,1	991,0
Foreign exchange	926,2	957,0
Derivatives	494,8	497,0
Information services	176,3	176,5
Sale of software and technical services	169,2	156,5
Other	84,1	28,8
Total fee and commission income	**5 505,7**	**4 881,4**

5. Interest and Other Finance Income

	Three-month period ended March 31, 2018	Three-month period ended March 31, 2017
Income/(loss) on securities at fair value through profit or loss		
Interest income	49,0	0,8
Net income/(loss) on securities at fair value through profit or loss	4,8	(4,1)
Total income/(loss) on securities at fair value through profit or loss	**53,8**	**(3,3)**
Interest income on financial assets other than at fair value through profit or loss		
Interest income on investments at fair value though other comprehensive income/available-for-sale	3 119,6	3 675,9
Interest on cash and cash equivalents and due from financial institutions	1 257,3	865,1
Total interest income on financial assets other than at fair value through profit or loss	**4 376,9**	**4 541,0**
Total interest and other finance income	**4 430,7**	**4 537,7**

(in millions of Russian rubles, unless otherwise indicated)

6. Interest Expense

	Three-month period ended March 31, 2018	Three-month period ended March 31, 2017
Interest expense on interbank loans and deposits	53,6	131,4
Interest expense on repo agreements and other	30,8	10,5
Interest expense on stress collateral	2,3	121,9
Total interest expense	**86,7**	**263,8**

7. Foreign Exchange Gains Less Losses

	Three-month period ended March 31, 2018	Three-month period ended March 31, 2017
Foreign exchange swaps	(419,4)	366,0
Net other foreign exchange gains/(losses)	53,7	(86,3)
Total foreign exchange gains less losses	**(365,7)**	**279,7**

The Group enters into foreign exchange swaps for the purposes of short-term investments and liquidity management.

8. Administrative and Other Operating Expenses

	Three-month period ended March 31, 2018	Three-month period ended March 31, 2017
Amortisation of intangible assets (Note 19)	474,1	359,0
Depreciation of property and equipment (Note 18)	365,7	355,4
Equipment and intangible assets maintenance	275,1	283,3
Market makers fees	140,1	120,2
Taxes, other than income tax	119,7	118,9
Rent and office maintenance	112,3	113,9
Professional services	101,1	83,3
Registrar and foreign depositary services	59,5	66,2
Information services	54,5	47,9
Advertising and marketing costs	41,5	46,5
Communication services	24,8	32,9
Business trip expenses	12,7	9,6
Security expenses	7,4	7,3
Transport expenses	3,9	4,2
Charity	3,9	2,2
Impairment of other assets (Note 10)	-	1,7
Other	24,5	26,7
Total administrative and other operating expenses	**1 820,8**	**1 679,2**

Professional services comprise consulting, audit, legal and other services.

(in millions of Russian rubles, unless otherwise indicated)

9. Personnel Expenses

	Three-month period ended March 31, 2018	Three-month period ended March 31, 2017
Employees benefits except for share-based payments	1 304,5	1 220,4
Payroll related taxes	328,3	317,1
Share-based payment expense on equity settled instruments	66,4	58,9
Share-based payment expense on cash settled instruments	7,9	5,8
Total personnel expenses	**1 707,1**	**1 602,2**

Rights to purchase equity instruments granted to some employees give to holders a choice either to only purchase the full number of shares at exercise price or also to sell back shares at the market price for the same ruble value. A majority of the rights vest when the employee continues to be employed by the Group at the vesting date. The maximum contractual term of the contracts is four years. The maximum contractual term of the contracts granted beginning from 2017 is three and a half years. The fair value of the rights is measured at the grant date using a binomial model taking into account the terms and conditions upon which the instruments were granted.

In 2017 the new program of cash settled instruments was introduced. The amount of cash consideration to be received by the employees is linked to the future market price of the Group's shares. A majority of the rights vest when the employee continues to be employed by the Group at the vesting date. The maximum contractual term of the contracts is three and a half years. The fair value of the rights is remeasured at each reporting date using a binomial model.

The following table illustrates the number and weighted average exercise prices (WAEP), and movements in rights to purchase equity settled instruments:

	Number	WAEP
Outstanding at January 1, 2017	**31 133 342**	**74,60**
Granted	3 631 180	119,04
Exercised (Note 23)	(846 632)	65,62
Forfeited	(666 667)	64,45
Expired	(570 036)	65,62
Outstanding at March 31, 2017	**32 681 187**	**80,13**
Outstanding at January 1, 2018	**42 924 517**	**93,16**
Granted	800 000	114,27
Exercised (Note 23)	(310 752)	83,46
Expired	(739 246)	83,46
Outstanding at March 31, 2018	**42 674 519**	**93,79**

WAEP for exercised rights in the table above is calculated based on the contractual exercise price.

(in millions of Russian rubles, unless otherwise indicated)

9. Personnel Expenses (continued)

No cash settled instruments were granted during the three-month period ended March 31, 2018 (March 31, 2017: 507 530). The weighted average remaining contractual life of outstanding instruments is 1,31 years (March 31, 2017: 2,08 years).

75 148 cash settled instruments were exercised during the three-month period ended March 31, 2018 with WAEP of RUB 119,21 (March 31, 2017: 0).

The number of equity rights exercisable as at March 31, 2018 is 13 089 568 with WAEP of RUB 75,31 (December 31, 2017: 13 083 329 with WAEP of RUB 74,09).

The weighted average fair value of equity rights granted during the three-month period ended March 31, 2018 was RUB 20,84 (March 31, 2017: RUB 27,64). There were no cash settled rights granted during the three-month period ended March 31, 2018 (March 31, 2017: RUB 97,77).

The range of exercise prices and weighted average remaining contractual life of equity rights are as follows:

	March 31, 2018		December 31, 2017	
Exercise price	**Number outstanding**	**Weighted average remaining contractual life**	**Number outstanding**	**Weighted average remaining contractual life**
46,9 - 62,0	166 667	-	166 667	-
62,0 - 77,0	17 066 668	0,03	17 066 668	0,13
77,0 - 92,0	2 950 004	0,40	4 000 002	0,40
107,0 - 122,0	22 491 180	1,51	21 691 180	1,72
	42 674 519	**0,84**	**42 924 517**	**0,96**

The following table lists the inputs to the models used:

	Equity settled		Cash settled	
Assumption	**Three-month period ended March 31, 2018**	**Three-month period ended March 31, 2017**	**Three-month period ended March 31, 2018**	**Three-month period ended March 31, 2017**
Expected volatility	25,1%	23,6%	-	22,7%
Risk-free interest rate	6,3%	8,3%	-	8,4%
Weighted average share price, RUB	115,54	126,90	-	112,76
Dividend yield	4,9%	5,2%	-	6,3%

The volatility assumption is based on implied volatilities of quoted shares of similar stock exchanges. Equity settled instruments are measured at grant date and cash settled instruments are remeasured at each reporting date.

(in millions of Russian rubles, unless otherwise indicated)

10. Movement in Allowance for Expected Credit Losses

The information on the movement in the allowance for expected credit losses of the Group for the three-month periods ended March 31, 2018 and March 31, 2017, is provided below.

	Cash and cash equivalents	Due from credit institutions	Financial assets at fair value through other comprehensive income	Other financial assets	Total
Note	*13*	*15*		*20*	
December 31, 2016	**-**	**-**	**-**	**41,7**	**41,7**
Net charge for the period	-	-	-	1,7	1,7
Write-offs	-	-	-	(0,3)	(0,3)
March 31, 2017	**-**	**-**	**-**	**43,1**	**43,1**
December 31, 2017	**5,2**	**23,7**	**338,6**	**73,0**	**440,5**
Net (reversal)/charge for the period	(1,0)	(23,3)	(2,4)	2,3	(24,4)
March 31, 2018	**4,2**	**0,4**	**336,2**	**75,3**	**416,1**

Total net reversal of the allowance for expected credit losses of the Group for the three-month period ended March 31, 2018 is included in other operating income within consolidated interim condensed statement of profit or loss. Net charge for the three-month period ended March 31, 2017 is included in administrative and other operating expenses (Note 8).

As at March 31, 2018 and December 31, 2017, the allowance for expected credit losses of financial assets at fair value through other comprehensive income is included in investments revaluation reserve. The movement of the allowance is reflected within consolidated interim condensed statement of comprehensive income.

11. Other Expense

A professional participant in the money market defaulted. During the default management procedure a partial release of collateral was triggered due to an operational error. The remaining collateral on the participant's accounts within the Group at the end of April 2018 may be insufficient to cover its corresponding liabilities to the Group. Our current conservative estimate for the provision amounts to RUB 856,4 million (Note 22). The Group's actual financial loss will be determined regarding the participant's ability to fulfill its liabilities. The Group will pursue all feasible legal solutions to resolve the matter. The Group implemented a set of measures to preclude the recurrence of such an operational event in the future.

(in millions of Russian rubles, unless otherwise indicated)

12. Income Tax

The Group provides for taxes based on the tax accounts maintained and prepared in accordance with the tax regulations of countries where the Group and its subsidiaries operate and which may differ from IFRS.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences relate mostly to different methods of income and expense recognition, as well as to recorded values of certain assets.

The tax rate used for the reconciliations between tax expense and accounting profit is the corporate tax rate of 20% payable by corporate entities in the Russian Federation on taxable profits under the tax law in that jurisdiction.

Reconciliation of income tax expense and accounting profit for the three-month periods ended March 31, 2018 and 2017, are explained below:

	Three-month period ended March 31, 2018	Three-month period ended March 31, 2017
Profit before income tax	**5 486,5**	**6 188,2**
Tax at the statutory tax rate (20%)	1 097,3	1 237,6
Tax effect of income taxed at rates different from the prime rate	(98,7)	(94,3)
Non-deductible expenses for tax purposes	202,3	46,8
Income tax expense	**1 200,9**	**1 190,1**
Current income tax expense	1 388,0	2 320,7
Deferred taxation movement due to origination and reversal of temporary differences	(186,0)	(1 129,6)
Deferred taxation movement due to tax losses carried forward	(1,1)	(1,0)
Income tax expense	**1 200,9**	**1 190,1**

	Three-month period ended March 31, 2018	Three-month period ended March 31, 2017
Beginning of the period – deferred tax assets (restated)	**258,2**	**1 776,5**
Beginning of the period – deferred tax liabilities	**(2 943,3)**	**(3 165,6)**
Changes in deferred income tax balances recognised in other comprehensive income	181,5	107,2
Change in deferred income tax balances recognised in profit or loss	187,1	1 130,6
Effect of movements in exchange rates	-	(0,4)
End of the period - deferred tax assets	**480,5**	**2 901,7**
End of the period - deferred tax liabilities	**(2 797,0)**	**(3 053,4)**

(in millions of Russian rubles, unless otherwise indicated)

13. Cash and Cash Equivalents

	March 31, 2018	December 31, 2017 (restated)
Correspondent accounts and overnight deposits with banks	382 577,5	209 939,5
Balances with the CBR	118,3	63 304,2
Receivables on broker and clearing operations	64,7	-
Cash on hand	4,5	4,9
Total cash and cash equivalents	**382 765,0**	**273 248,6**
Less allowance for impairment (Note 10)	(4,2)	(5,2)
Total cash and cash equivalents	**382 760,8**	**273 243,4**

14. Financial Assets at Fair Value through Profit or Loss

	March 31, 2018	December 31, 2017 (restated)
Bonds issued by foreign companies	7 788,8	7 477,7
Shares issued by Russian companies	120,4	119,3
Bonds issued by Russian companies	30,9	31,2
Shares issued by foreign companies	10,3	11,2
Derivative financial instruments	6,5	413,6
Total financial assets at fair value through profit or loss	**7 956,9**	**8 053,0**

15. Due from Financial Institutions

Due from financial institutions are presented as follows:

	March 31, 2018	December 31, 2017 (restated)
Reverse repo receivables from financial institutions	47 268,9	46 935,2
Interbank loans and term deposits	6 246,7	7 345,5
Correspondent accounts and deposits in precious metals	3 434,3	3 315,0
Mandatory cash balances with the CBR (restricted)	-	6 010,6
Receivables on broker and clearing operations	-	0,6
Total due from financial institutions	**56 949,9**	**63 606,9**
Less allowance for impairment (Note 10)	(0,4)	(23,7)
Total due from financial institutions	**56 949,5**	**63 583,2**

(in millions of Russian rubles, unless otherwise indicated)

15. Due from Financial Institutions (continued)

As at March 31, 2018, interbank loans and term deposits include restricted amounts on correspondent account with Euroclear Bank S.A./N.V., Brussels, which relate to foreign securities (coupon and principal repayments) owned by the depositary client, in the amount of RUB 6 141,8 million (December 31, 2017: RUB 6 144,1 million). Balances of market participants include balances due to this client in respect of those securities in the amount of RUB 6 141,8 million (December 31, 2017: RUB 6 144,1 million).

16. Central Counterparty Financial Assets and Liabilities

	March 31, 2018	December 31, 2017
Repo transactions	2 436 407,7	2 428 117,0
Currency transactions	3 154,0	1 966,8
Total central counterparty financial assets and liabilities	**2 439 561,7**	**2 430 083,8**

CCP financial assets are receivables under currency and repo transactions and CCP financial liabilities are payables under offsetting transactions, which the Group entered with market participants as a CCP.

As at March 31, 2018 and December 31, 2017, none of these assets were past due.

CCP financial assets and liabilities under currency transactions represent fair values of overnight currency deals. Gross claims and liabilities with individual counterparties are offset in accordance with IAS 32.

17. Financial Assets at Fair Value though Other Comprehensive Income

	March 31, 2018	December 31, 2017 (restated)
Bonds issued by Russian Federation	114 440,0	119 453,3
Bonds issued by CBR	42 953,7	9 062,5
Bonds issued by foreign companies	36 108,7	36 051,5
Bonds issued by Russian banks	22 633,4	21 674,7
Bonds issued by Russian companies	20 709,9	21 255,1
Total financial assets at fair value through other comprehensive income	**236 845,7**	**207 497,1**

(in millions of Russian rubles, unless otherwise indicated)

18. Property and Equipment

	Land	Buildings and other real estate	Furniture and equipment	Construction in progress	Total
Cost					
December 31, 2016	**219,9**	**5 972,2**	**6 295,0**	**51,5**	**12 538,6**
Additions	-	-	95,1	21,9	117,0
Reclassification	-	(8,8)	8,8	-	-
Disposals	-	-	(3,9)	-	(3,9)
Effect of movements in exchange rates	(0,2)	(0,9)	(0,2)	-	(1,3)
March 31, 2017	**219,7**	**5 962,5**	**6 394,8**	**73,4**	**12 650,4**
December 31, 2017	**219,3**	**5 863,1**	**6 799,2**	**8,8**	**12 890,4**
Additions	-	-	70,9	-	70,9
Reclassification	-	-	4,2	(4,2)	-
Disposals	-	-	(2,0)	-	(2,0)
Effect of movements in exchange rates	0,4	2,5	0,5	-	3,4
March 31, 2018	**219,7**	**5 865,6**	**6 872,8**	**4,6**	**12 962,7**
Accumulated depreciation					
December 31, 2016	**-**	**1 353,1**	**3 479,1**	**-**	**4 832,2**
Charge for the period	-	29,6	325,8	-	355,4
Disposals	-	-	(3,9)	-	(3,9)
Reclassification	-	(4,3)	4,3	-	-
Effect of movements in exchange rates	-	(0,2)	(0,1)	-	(0,3)
March 31, 2017	**-**	**1 378,2**	**3 805,2**	**-**	**5 183,4**
December 31, 2017	**-**	**1 453,0**	**4 801,2**	**-**	**6 254,2**
Charge for the period	-	29,1	336,6	-	365,7
Disposals	-	-	(1,8)	-	(1,8)
Effect of movements in exchange rates	-	0,5	0,3	-	0,8
March 31, 2018	**-**	**1 482,6**	**5 136,3**	**-**	**6 618,9**
Net book value					
December 31, 2017	**219,3**	**4 410,1**	**1 998,0**	**8,8**	**6 636,2**
March 31, 2018	**219,7**	**4 383,0**	**1 736,5**	**4,6**	**6 343,8**

As at March 31, 2018, historical cost of fully depreciated property and equipment amounts to RUB 2 272,7 million (December 31, 2017: RUB 2 254,2 million).

(in millions of Russian rubles, unless otherwise indicated)

19. Intangible Assets

	Software and licences	Client base	Intangible assets development	Total
Cost				
December 31, 2016	**3 752,1**	**19 606,7**	**549,6**	**23 908,4**
Additions	136,2	-	70,4	206,6
Reclassification	58,5	-	(58,5)	-
March 31, 2017	**3 946,8**	**19 606,7**	**561,5**	**24 115,0**
December 31, 2017	**4 916,4**	**19 606,7**	**613,9**	**25 137,0**
Additions	459,1	**-**	(245,6)	213,5
Effect of movements in exchange rates	0,1	-	-	0,1
March 31, 2018	**5 375,6**	**19 606,7**	**368,3**	**25 350,6**
Accumulated amortisation and impairment				
December 31, 2016	**1 225,1**	**4 325,4**	**-**	**5 550,5**
Charge for the period	163,2	195,8	-	359,0
Disposals	(0,2)	-	-	(0,2)
March 31, 2017	**1 388,1**	**4 521,2**	**-**	**5 909,3**
December 31, 2017	**1 719,4**	**5 109,7**	**-**	**6 829,1**
Charge for the period	180,0	294,1	**-**	474,1
Effect of movements in exchange rates	0,2	-	-	0,2
March 31, 2018	**1 899,6**	**5 403,8**	**-**	**7 303,4**
Net book value				
December 31, 2017	**3 197,0**	**14 497,0**	**613,9**	**18 307,9**
March 31, 2018	**3 476,0**	**14 202,9**	**368,3**	**18 047,2**

(in millions of Russian rubles, unless otherwise indicated)

20. Other Assets

	March 31, 2018	December 31, 2017 (restated)
Other financial assets:		
Receivables on services rendered and other operations	835,5	758,2
Less allowance for impairment (Note 10)	(75,3)	(73,0)
Total other financial assets	**760,2**	**685,2**
Other non-financial assets:		
Prepaid expenses	403,0	293,4
Precious metals	393,0	2 539,0
Non-current assets prepaid	111,2	179,2
Taxes receivable other than income tax	38,1	57,5
Other	16,4	14,9
Total other assets	**1 721,9**	**3 769,2**

21. Balances of Market Participants

	March 31, 2018	December 31, 2017
Accounts of clearing participants	526 283,4	408 127,6
Other current and settlement accounts	49 122,9	41 119,4
Risk-covering funds	6 234,5	6 298,6
Stress collateral	5 722,3	5 460,6
Accounts of clearing participants in precious metals	3 827,1	5 854,0
Total balances of market participants	**591 190,2**	**466 860,2**

Accounts of clearing participants include margins deposited by clearing participants. The purpose of margins is to support clearing settlements on the market and to cover risks arising from open positions of market participants, including operations of market participants, where the Group acts as a central counterparty. If an initial margin requirement exceeds the collateral posted by a market participant in the guarantee fund, the participant is required to cover the deficit by posting additional margin for the unsettled trades or to reduce the open position to an appropriate level. The margins is payable to a market participant when it closes its positions. The Group places guarantee fund amounts on current accounts and deposits with reputable banks or repo receivables (Notes 13, 15).

Market participants also pledge traded securities to the guarantee fund as collateral for their obligations. These securities are blocked at the participants' custody accounts in NSD. These securities are not assets of the Group and are not recognised in the Consolidated Interim Condensed Statement of the Financial Position.

(in millions of Russian rubles, unless otherwise indicated)

21. Balances of Market Participants (continued)

Stress collateral is an additional individual clearing collateral used on foreign exchange, securities and derivative markets. Stress collateral is calculated based on the volume of risk on transactions with partial collateral concluded by the clearing participants with the Central Counterparty. Requirements for depositing stress collateral arise for clearing participants who have average daily positions in excess of positions of other participants in the relevant market. NCC is obliged to pay an interest to the clearing participants for the right to use funds deposited as stress collateral.

The risk-covering funds comprise contributions deposited by market participants. The purpose of these funds is to provide additional insurance to the market participants in respect of the ability of the Group to guarantee proper settlements of open positions in case of a market participant default. The minimum contribution amount per one participant is determined by the NCC Supervisory Board and it is approved by the Derivatives Market Committee, the Currency Market Committee, the Securities Market Committee and the Securities Lending & REPO Committee. Risk-covering funds amounts are only used to cover the deficit if a margin posted by a trading participant is not sufficient to cover its losses. Cash received from the market participants in the risk-covering funds is placed with top-rated banks (Notes 13, 15).

22. Other Liabilities

	March 31, 2018	December 31, 2017
Other financial liabilities		
Payables to employees	2 448,2	2 163,2
Trade and other payables	440,6	427,6
Derivative financial liabilities	7,0	6,3
Tax agent liabilities regarding distributions payable to holders of securities	1,4	211,1
Dividends payable	0,1	0,1
Total other financial liabilities	**2 897,3**	**2 808,3**
Other non-financial liabilities		
Provision (Note 11)	856,4	-
Deferred commission income	373,1	533,9
Advances received	366,4	257,5
Taxes payable, other than income tax	166,6	105,7
Other	5,8	5,8
Total other liabilities	**4 665,6**	**3 711,2**

(in millions of Russian rubles, unless otherwise indicated)

23. Share Capital and Share Premium

The share capital of Moscow exchange comprises ordinary shares with a par value of RUB 1 each:

	Ordinary shares issued and fully paid (number of shares)	Treasury shares (number of shares)
December 31, 2016	**2 278 636 493**	**(33 424 960)**
Exercised equity instruments (Note 9)	-	846 632
March 31, 2017	**2 278 636 493**	**(32 578 328)**
December 31, 2017	**2 276 401 458**	**(28 072 870)**
Exercised equity instruments (Note 9)	-	310 752
March 31, 2018	**2 276 401 458**	**(27 762 118)**

Share premium represents an excess of contributions received over the nominal value of shares issued.

As at March 31, 2018 and December 31, 2017, the number of authorized shares is 12 095 322 151.

As at July 7, 2017 changes to the Charter of Moscow Exchange came into force. Changes included share reduction through the redemption of 2 235 035 treasury shares with nominal value of 1 RUB each. Share capital reduction was approved by the Annual General Shareholders Meeting on April 27, 2017. The treasury shares were acquired as a result of obligatory buy-out during the merge of CJSC MICEX Stock Exchange and LLC ME Technology with the parent company.

24. Retained Earnings

During the three-month periods ended March 31, 2018 and March 31, 2017 the Group did not pay or declare dividends on ordinary shares.

The Group's distributable reserves are limited to the amount of reserves reported in the statutory financial statements of the Group members. Non-distributable reserves comprise a reserve fund, which is created according to the statutory regulations, to cover risks, including future losses and other unforeseen risks and contingencies, as well as funds of NCC required to comply with regulations of CBR relating to CCP activities.

(in millions of Russian rubles, unless otherwise indicated)

25. Earnings per Share

The calculation of earnings per share is based on the profit for the period attributable to shareholders of the Group and the weighted average number of ordinary outstanding during the period, calculated as shown below.

	Three-month period ended March 31, 2018	Three-month period ended March 31, 2017
Net profit attributable to ordinary equity holders of the parent	**4 284,8**	**4 997,6**
Weighted average number of shares	**2 248 470 952**	**2 245 769 509**
Effect of dilutive share options	8 347 869	12 074 777
Weighted average number of shares adjusted for the effect of dilution	**2 256 818 821**	**2 257 844 286**
Basic earnings per share, RUB	1,91	2,23
Diluted earnings per share, RUB	1,90	2,21

26. Operating Segments

The Group distinguishes the following operating segments for management purposes depending on the types of products and services:

Operating segment **"Trading services"** includes the Group's trading services in foreign exchange, securities, derivatives and money markets, listing and other trading services.

In the **Foreign Exchange Market** of Moscow Exchange spot and swap transactions are performed with different maturities in the following currencies: USD, EUR, CNY, HKD, GBP, CHF, UAH, KZT and BYR. Deliverable forward contracts for currency pairs are also traded in the foreign exchange market, and transactions with precious metals are performed (gold and silver).

In the **Money Market** Moscow Exchange provides repo services with shares and bonds of the following types: repo with the CCP, including repo with General Collateral Certificates with CCP (GCC-repo), inter-dealer repo, direct repo with the CBR. Participants can also perform depositary-credit operations, in particular, funds placement auctions on bank deposits.

In the **Securities Market** of Moscow Exchange primary and secondary trades in shares, Russian government bonds (OFZ), municipal and corporate bonds, foreign state and corporate eurobonds, depositary receipts, fund shares, ETFs are performed.

In the **Derivatives Market** of Moscow Exchange the following derivative instruments are traded: futures contracts on indices, Russian and foreign shares, Russian government bonds (OFZ) and eurobonds Russia-30, currency pairs, interest rates, precious metals, crude oil and sugar, and option contracts on futures.

Listing services – inclusion and maintenance of securities in the List of securities admitted to on-exchange trading.

26. Operating Segments (continued)

Operating segment **"Clearing"** includes mainly CCP clearing services and other clearing services.

The CCP guarantees stability in the serviced market segments through the risk-management system implementation, and provides clearing services to the market participants. The CCP guarantees that all obligations to all non-defaulting parties of the contracts signed with the CCP, regardless of whether obligations to the CCP are met or not, are fulfilled.

Operating segment **"Depositary"** includes depositary and settlement services provided to participants in the on-exchange and OTC markets, OTC transaction registration services (repository services), collateral management services and information services.

Operating segment **"Other services"** includes the Group's results from information products, software and technical services provision and unallocated income and expense.

Software, technical and information services include a wide range of professional instruments used for access to the Exchange markets, electronic trade based on modern exchange trade technologies, real time market data, trading results data and indices.

Less than 1% of the Group's income from external clients is earned outside of the Russian Federation. Less than 1% of the Group's non-current assets are situated outside of the Russian Federation. The business of the Group on the territory of the Republic of Kazakhstan does not have any significant influence on the financial statements of the Group. Therefore, it is not distinguished as a separate operating segment.

Financial results of the operating segments are defined before the income tax expense. Therefore, the income tax is not allocated to operating segments.

It became feasible to allocate operating profits to operating segments due to the introduction of the ERP system.

Segment reports and the segment financial results provided to Management of the Group for analysis are prepared according to the International Financial Reporting Standards and are adjusted for intersegment transfers. Management of the Group evaluates the segment financial results, using the segment total income and operating profit figures, taking into account differences in products and services of different segments.

(in millions of Russian rubles, unless otherwise indicated)

26. Operating Segments (continued)

The information on income and expenses of the Group broken down into operating segments for the three-month periods ended March 31, 2018 and March 31, 2017, is provided below.

	Three-month period ended March 31, 2018				
	Trading services	**Clearing**	**Depositary**	**Other services**	**Total**
INCOME					
Commission income	2 221,7	1 863,1	1 088,6	332,3	5 505,7
Net interest and other finance income	1 524,2	2 289,0	520,4	-	4 333,6
Other operating income	-	21,8	-	9,7	31,5
Total income	**3 745,9**	**4 173,9**	**1 609,0**	**342,0**	**9 870,8**
EXPENSES					
Personnel expenses	(814,5)	(251,8)	(511,9)	(128,9)	(1 707,1)
Administrative and other expenses,	(912,1)	(1 138,9)	(488,3)	(137,9)	(2 677,2)
Incl. depreciation and amortisation	*(421,7)*	*(143,1)*	*(244,2)*	*(30,8)*	*(839,8)*
Total expenses	**(1 726,6)**	**(1 390,7)**	**(1 000,2)**	**(266,8)**	**(4 384,3)**
Total income less total expenses	**2 019,3**	**2 783,2**	**608,8**	**75,2**	**5 486,5**

	Three-month period ended March 31, 2017				
	Trading services	**Clearing**	**Depositary**	**Other services**	**Total**
INCOME					
Commission income	1 982,5	1 558,9	1 013,5	326,5	4 881,4
Net interest and other finance income	1 888,5	2 125,7	564,7	-	4 578,9
Other operating income	-	-	-	9,3	9,3
Total income	**3 871,0**	**3 684,6**	**1 578,2**	**335,8**	**9 469,6**
EXPENSES					
Personnel expenses	(693,7)	(286,4)	(478,7)	(143,4)	(1 602,2)
Administrative and other operating expenses,	(830,7)	(259,7)	(453,0)	(135,8)	(1 679,2)
Incl. depreciation and amortisation	*(361,6)*	*(117,3)*	*(196,4)*	*(39,1)*	*(714,4)*
Total expenses	**(1 524,4)**	**(546,1)**	**(931,7)**	**(279,2)**	**(3 281,4)**
Total income less total expenses	**2 346,6**	**3 138,5**	**646,5**	**56,6**	**6 188,2**

(in millions of Russian rubles, unless otherwise indicated)

27. Commitments and Contingencies

Legal proceedings – From time to time and in the normal course of business, claims against the Group may be received from customers and counterparties. Management of the Group believes that such claims may not have a material impact on its financial and operational activities and that no material losses will be incurred, and accordingly no provision has been made in these Consolidated Interim Condensed Financial Statements.

One of the regional brokers, whose licence was revoked by CBR at the end of 2015, undergone bankruptcy procedure in autumn 2016. The bankruptcy trustee and the brokers' creditors filed claims with the arbitration court to void several deals concluded by the broker before it went bankrupt. In particular, pursuers sued one of the Group's entities, acting as the central counterparty, challenging the standard clearing procedures on foreclosure of positions of the broker in October 2015. The total amount of securities sold as the result of foreclosure was RUB 873,0 million. According to the legislation, the cash received was used by the central counterparty to settle obligations with non-defaulting counterparties of the related deals. This is the standard clearing mechanism established by laws and regulations and routinely applied by the central counterparty to defaulted market participants. As of March 16, 2018 the arbitration court decided to satisfy the claim of the bankruptcy trustee regarding the void several deals and the return of cash to the bankruptcy estate in the amount of RUB 873,0 million. The Group, considering the court's unjustified decision, filed an appeal with the court. The appeal court hearing is scheduled for June 2018. The Management estimates the risk of economic resources outflow as a result of the claim as average. The Group is confident in its legal position.

28. Transactions with Related Parties

Intragroup transactions have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

(a) Transactions with key management

Key management personnel comprises members of the Executive Board and the Supervisory Board. The total remuneration paid to key management personnel includes short-term benefits (salary, bonuses, payroll related taxes, insurance, health care, etc.), long-term benefits and share-based payment expense.

Included in the Consolidated Interim Condensed Statement of Financial Position are the following amounts that arose on transactions with key management personnel:

	March 31, 2018	**December 31, 2017**
Other liabilities	454,9	501,6
Share-based payments	151,4	309,0

Included in the Consolidated Interim Condensed Statement of Profit or Loss are the following amounts that arose due to transactions with key management personnel:

	Three-month period ended March 31, 2018	**Three-month period ended March 31, 2017**
Short-term employee benefits	199,5	125,0
Long-term employee benefits	24,6	22,9
Share-based payment expense on equity settled instruments	23,7	34,0
Total remuneration of key management personnel	**247,8**	**181,9**

(in millions of Russian rubles, unless otherwise indicated)

28. Transactions with Related Parties (continued)

(b) Transactions with government-related entities

As at March 31, 2018 the Russian Federation exercises significant influence over Moscow Exchange.

In the ordinary course of business the Group provides trading, clearing and depositary services to government-related entities, places funds with government-related banks and bonds issued by the Russian Federation and government-related entities. According to p.26 (b) of IAS 24 the Group discloses the following significant outstanding balances and financial results on operations with government-related entities as at 31 March, 2018 and December 31, 2017, and for the three-month periods ended 31 March, 2018 and 31 March, 2017:

	March 31, 2018	**December 31, 2017 (restated)**
ASSETS		
Cash and cash equivalents	88 107,7	185 947,8
Financial assets at fair value through profit or loss	30,4	31,2
Due from financial institutions	2 772,0	7 190,8
Financial assets at fair value through other comprehensive income	187 874,5	158 293,7
Other assets	250,8	214,3
LIABILITIES		
Balances of market participants	317 793,2	174 570,7
Distributions payable to holders of securities	2 527,1	1 551,0
Other liabilities	157,3	1,8

	Three-month period ended March 31, 2018	**Three-month period ended March 31, 2017**
Fee and commission income	1 898,3	1 304,4
Interest and other finance income	3 096,0	3 225,3
Interest expense	(24,6)	(241,5)
Net gain on financial assets available-for-sale	-	21,5
Net gain on financial assets at fair value through other comprehensive income	302,5	-
Administrative and other operating expenses	(50,5)	(30,6)

As at March 31, 2018 operations with government-related entities within central counterparty financial assets and liabilities amounted to 11,4% of total balance. (December 31, 2017: 11,4%).

(in millions of Russian rubles, unless otherwise indicated)

29. Fair Value Measurements

The Group performs a fair value assessment of its financial assets and liabilities, as required by IFRS 13 Fair Value Measurement. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

The Group measures fair values for financial assets recorded on the statement of financial position at fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.
- Level 2: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).
- Level 3: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

The foreign currency forward contracts are measured based on observable spot exchange rates and the yield curves of the respective currencies.

The fair value of the unquoted debt securities has been determined using a discounted cash flow model, by reference to quoted market prices for similar instruments.

The fair value of unquoted equity instruments has been determined based on market approach using price/net assets ratio for similar companies.

The table below analyses financial assets and liabilities measured at fair value at March 31, 2018, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	March 31, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value though profit or loss	7 788,8	37,4	130,7	**7 956,9**
Central counterparty financial assets and liabilities (currency transactions)	3 154,0	-	-	**3 154,0**
Financial assets at fair value through other comprehensive income	222 844,6	14 001,1	-	**236 845,7**
Derivative financial liabilities	-	(7,0)	-	**(7,0)**

Financial assets and liabilities measured at fair value at December 31, 2017, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	December 31, 2017 (restated)			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value though profit or loss	7 477,7	444,8	130,5	**8 053,0**
Central counterparty financial assets and liabilities (currency transactions)	1 966,8	-	-	**1 966,8**
Financial assets at fair value through other comprehensive income	181 815,8	25 681,3	-	**207 497,1**
Derivative financial liabilities		(6,3)		**(6,3)**

(in millions of Russian rubles, unless otherwise indicated)

29. Fair Value Measurements (continued)

The fair value of cash and cash equivalents, due from financial institutions, other financial assets, balances of market participants and other financial liabilities as of March 31, 2018 and December 31, 2017 refer to level 2 hierarchy of fair value.

The following table shows a reconciliation for the three-month periods ended March 31, 2018 and March 31, 2017, for fair value measurements in Level 3 of the fair value hierarchy:

	Financial assets at fair value through other comprehensive income
Balance at December 31, 2016	**138,0**
Foreign exchange loss	(0,1)
Balance at March 31, 2017	**137,9**
	Financial assets at fair value though profit or loss
Balance at December 31, 2017	**130,5**
Foreign exchange gain	0,2
Balance at March 31, 2018	**130,7**

Management of the Group considers that the fair value of financial assets and liabilities not carried at fair value in Consolidated Interim Condensed Statement of Financial Position approximates their carrying value.

(in millions of Russian rubles, unless otherwise indicated)

29. Fair Value Measurements (continued)

Transfers between level 1 and 2

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table shows total amount of transfers of financial assets between level 1 and level 2. Transfers from level 2 to level 1 (from level 1 to level 2) occurred due to fact that markets for certain financial assets became (ceased to be) active during the period.

	Transfers between Level 1 and Level 2	
	Three-month period ended March 31, 2018	**Three-month period ended March 31, 2017**
From Level 1 to Level 2		
Financial assets at fair value through other comprehensive income	4 892,2	-
Investments available-for-sale	-	932,4
From Level 2 to Level 1		
Financial assets at fair value through other comprehensive income	5 971,6	-
Investments available-for-sale	-	3 856,8

30. Events after the Reporting Date

As at April 26, 2018 at Annual General Meeting of Shareholders of Moscow Exchange (AGM) dividends for the year ended December 31, 2017 were approved and declared in the amount of RUB 12 451,9 million. The amount of dividends per share is RUB 5,47 per ordinary share. Taking into account interim dividends for the period ended 30 June 2017, declared and paid to the owners of the parent in the amount of RUB 5 607,4 million, or RUB 2,49 per ordinary share, the total amount of dividends for the year ended December 31, 2017 declared reaches RUB 18 120,2 million, or RUB 7,96 per ordinary share (for the year ended December 31, 2016: RUB 17 482,8 million; dividends per share: RUB 7,68).