



**MOSCOW
EXCHANGE**

24 August 2018

2Q 2018 Earnings Presentation

Delivery on strategic initiatives in 2Q 2018 and beyond

- New Products -

- 10 foreign stocks admitted to repo through CCP as a precursor to the start of trading in international stocks.
- A futures contract on the US500 index was introduced. The underlying is Solactive US Large Cap Index – a market cap weighted index whose constituents are the 500 largest US public companies.
- USD-denominated deposits through CCP were launched. Previously, only RUB deposits with the CCP were available.
- Soybeans trading started on the Commodities Market. Traded instruments include deliverable forwards and swaps.

- New Services -

- The Unified Collateral Pool (UCP) project was completed. Single trading and clearing accounts with unified collateral requirements, netting of settlements and cross-margining became available across all trading markets.
- The first associated fee increase – applicable to UCP transactions only – went into effect on 1 August 2018.
- MOEX presented a prototype of the Marketplace – an IT platform that allows retail clients to compare deposit terms across banks, conclude deposit contracts and transfer funds online. Full launch will take place in 2019.
- NSD and Interfax launched RU Data Price. The service allows institutional investors to access data needed for risk management and preparation of regulatory reports.

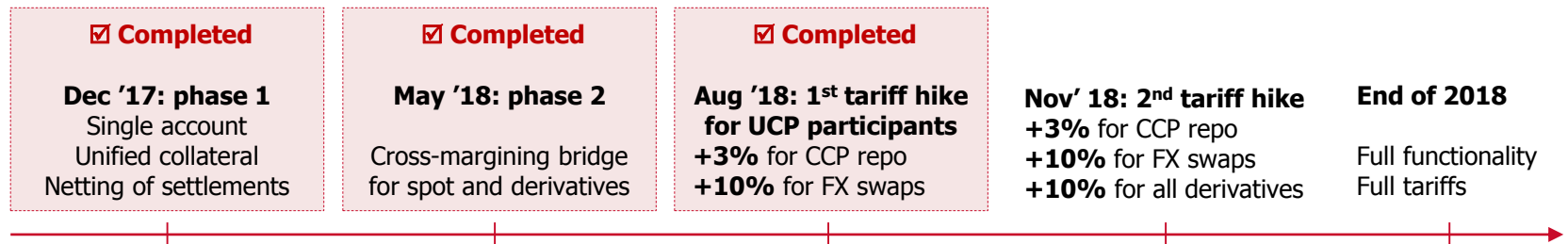
- New Clients & Partners -

- 28 corporates and financial institutions obtained access to deposits through the CCP section of the Money Market. The total number of corporate participants now stands at 82.
- 5 corporates joined the FX Market, bringing the total number of corporates to 26.
- 73 bond issues of 42 corporates were placed on the Fixed Income Market. 13 entities placed their inaugural issues.
- Retail clients opened in excess of 72,000 IIAs since the end of 1Q 2018 for a total of more than 400,000 in August.



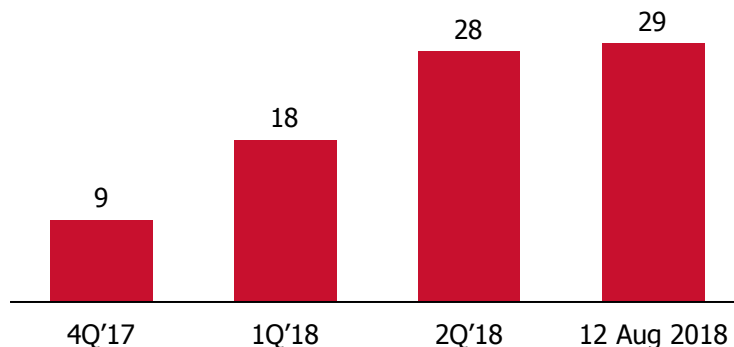
Unified Collateral Pool: strategic project completed

Timeline and latest developments

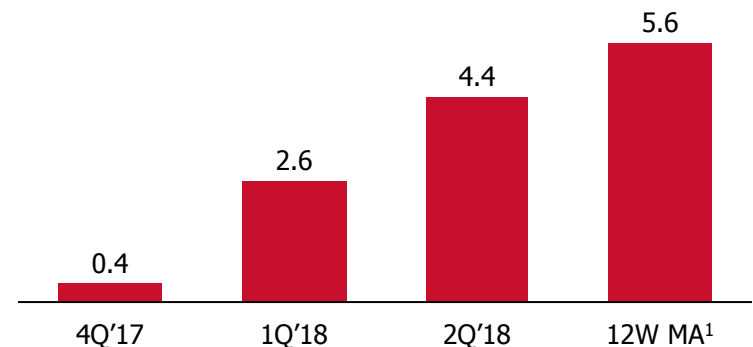


- UCP usage is picking up, now accounting for over 5% of total trading F&C; the 29 UCP participants represent 50%+ of total F&C
- UCP accounts' share of F&C is roughly similar across all participating markets – we see no laggards here
- Early UCP users are professional market participants active in the FX Market, particularly in FX swaps
- This means that we see a larger share of the FX Market in UCP trading volumes compared to total volumes
- Hence, the mix of products traded via UCP accounts does not match that of the total volume yet as clients are testing the service
- We'll be able to verify estimates of UCP effect once the mix of products traded via UCP comes into line with that of the total volume
- UCP balances are 5% of total vs. F&C at 6% due to higher presence of professional participants with optimized balances

Number of market participants with UCP accounts (as per end of period)

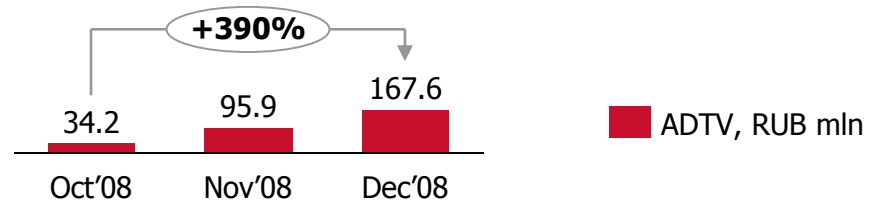


Share of F&C from UCP accounts as % of total trading F&C

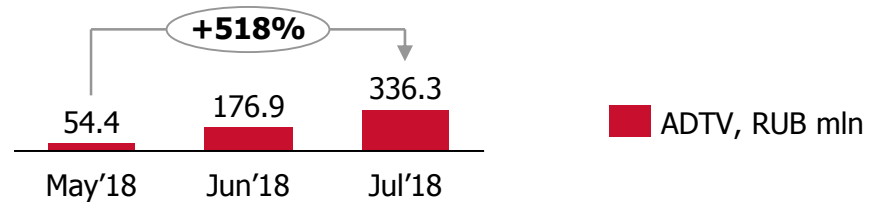


Global products: building a portfolio of solutions

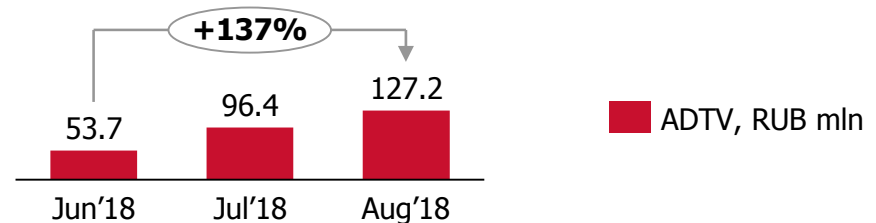
Futures on Brent Oil: launch history



Futures on Light Sweet Crude Oil



Futures on US500 index¹



Repo with 10 foreign shares¹

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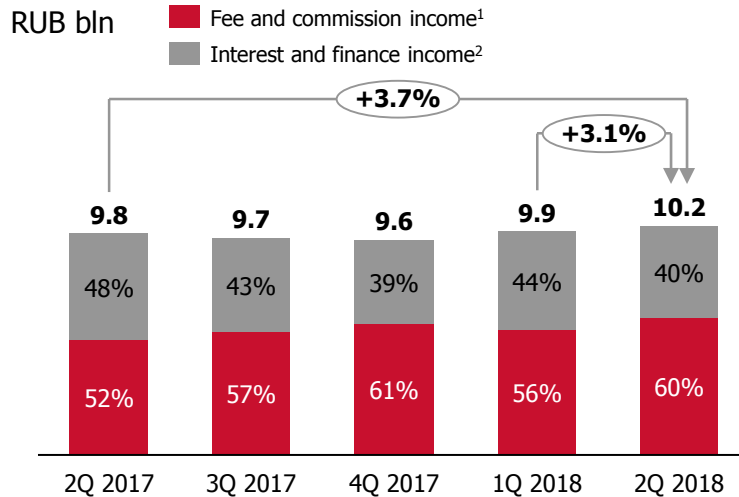
RUB
mln

1-day equivalent trading
volumes since launch

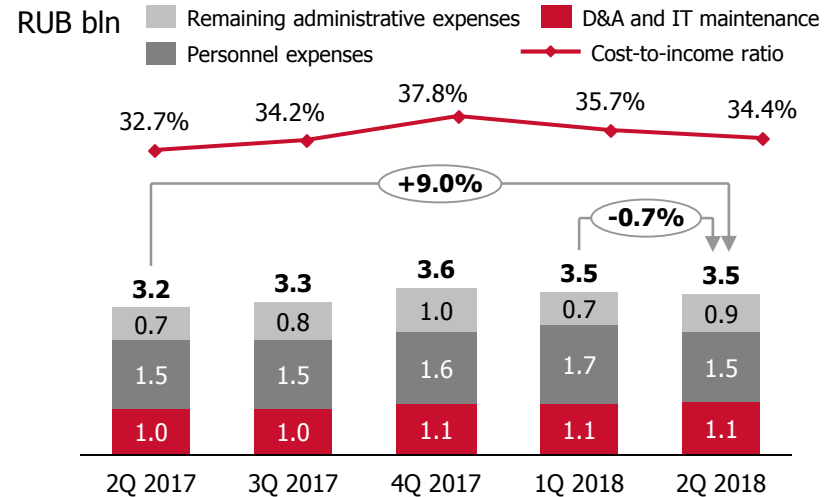


2Q 2018 summary of financials

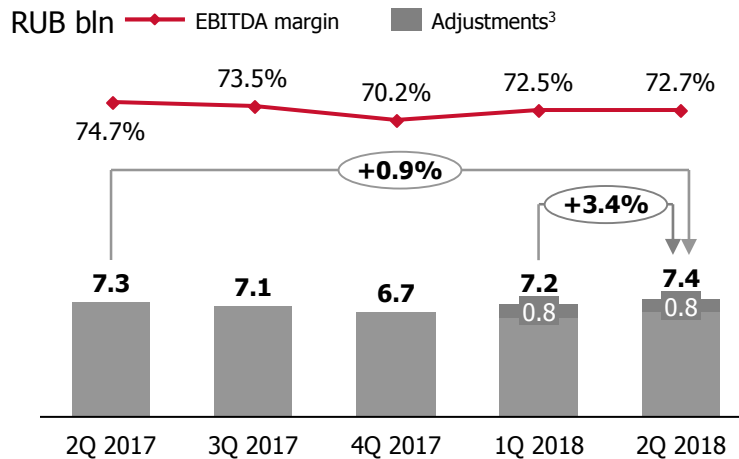
Operating income



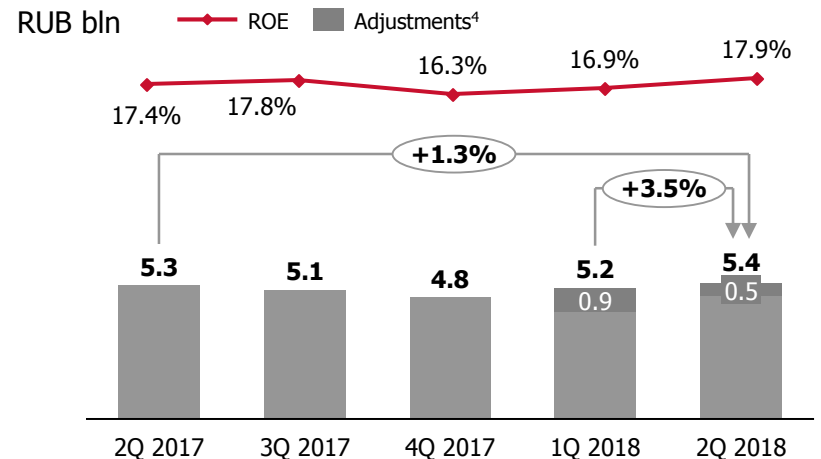
Operating expenses



EBITDA and EBITDA margin



Net income



Source: Moscow Exchange

1 Includes Other operating income

2 Includes Interest and other finance income, Interest expense, Net gain on financial assets available-for-sale, Net gain on financial assets at fair value through other comprehensive income and Foreign exchange gains less losses

3 Adjustments are related to 1) IFRS 9 provisions change and 2) one-off provision

4 Adjustments are related to 1) changes in amortization schedules, 2) IFRS 9 provisions change and 3) one-off provision



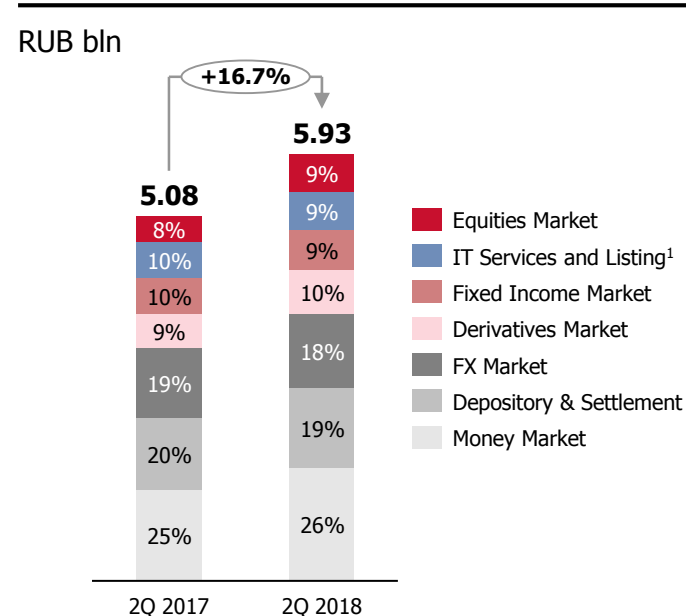
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Diversified fees and commissions: growth across every line

Fee & commission income performance

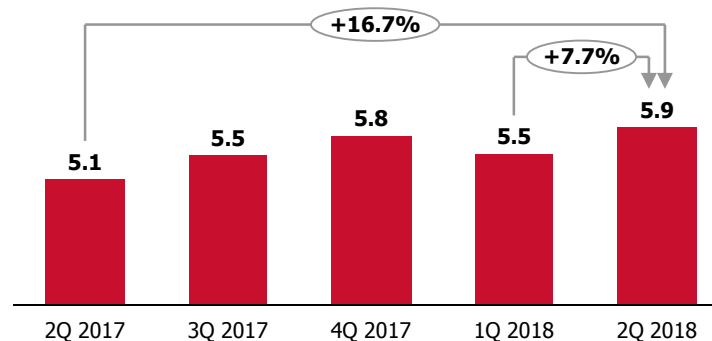
| RUB mln | 2Q 2017 | 2Q 2018 | Change YoY, mln | Change YoY, % |
|--------------------------------------|---------|---------|-----------------|---------------|
| Money Market | 1252.8 | 1561.6 | 308.8 | 24.6% |
| Depository and Settlement | 1000.9 | 1099.1 | 98.2 | 9.8% |
| FX Market | 964.8 | 1044.5 | 79.7 | 8.3% |
| Derivatives Market | 481.1 | 612.8 | 131.7 | 27.4% |
| Fixed Income Market | 502.1 | 551.3 | 49.2 | 9.8% |
| IT Services and Listing ¹ | 490.1 | 541.8 | 51.7 | 10.5% |
| Equities Market | 385.1 | 516.1 | 131.0 | 34.0% |

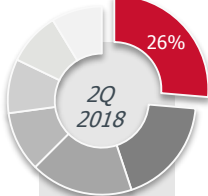
Fee & commission income breakdown



Fee & commission income dynamics

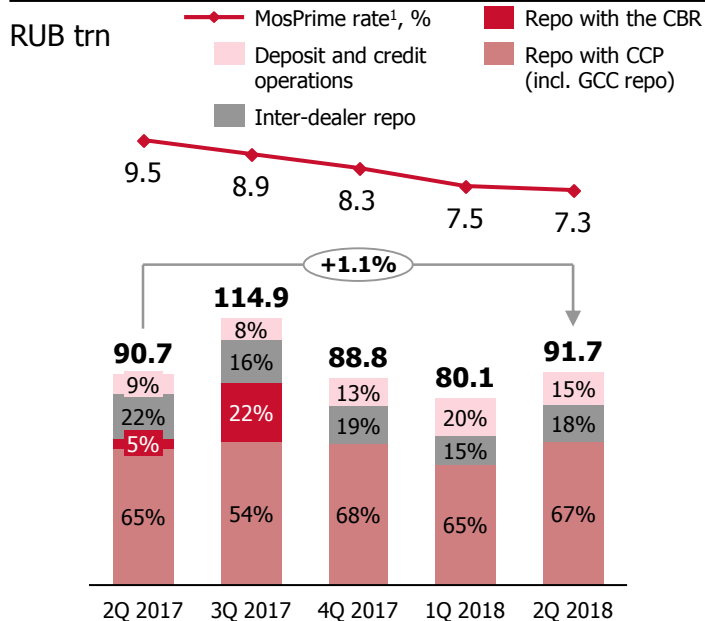
RUB bln



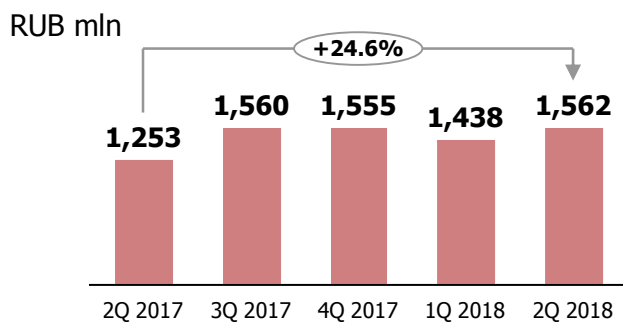


Money Market

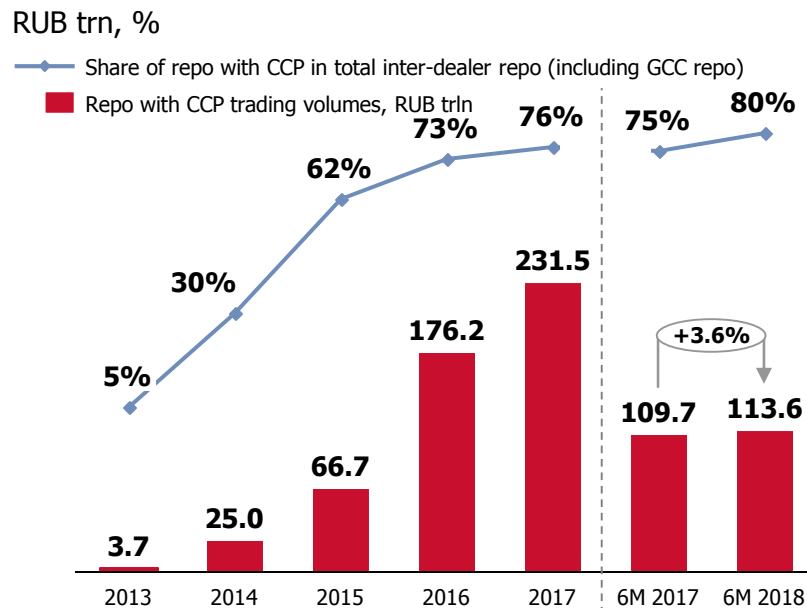
Trading volumes



Fee & commission income



Trading volumes of repo with CCP



Comments

- Trading volumes increased 1.1% YoY due to growth of deposit and credit operations (+65.0% YoY) as well as CCP repo inclusive of GCC (+4.9% YoY).
- F&C income increased 24.6% supported by (1) improvement in the mix with a larger share of higher-priced GCC and CCP repo, (2) extension of average repo term, (3) lower market concentration and (4) accruals from long-term repo trades of past periods.
- The average term of on-exchange repo was 3.1 days, up from 2.7 days in 2Q 2017 and flat QoQ (1Q 2018: 3.1 days).

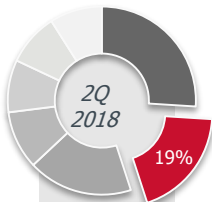


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Source: Moscow Exchange operational information and Consolidated Financial Statements, NFA

¹ Overnight rate, average for the period

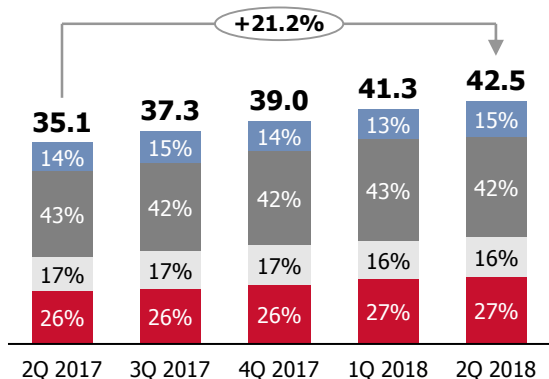
Depository and Settlement



Assets on deposit (average for the period)

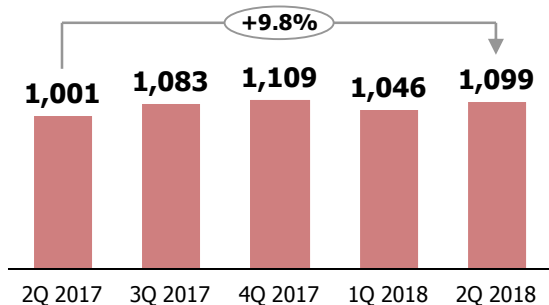
RUB trn

- Other
- OFZ
- Equities
- Corporate and regional bonds



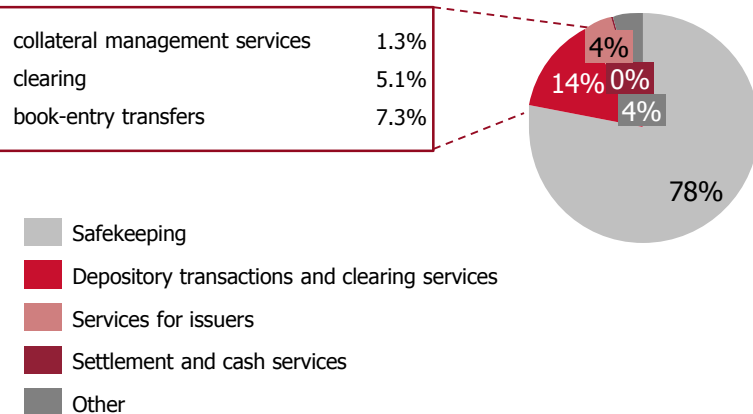
Fee & commission income

RUB mln



Fee & commission income breakdown

2Q 2018

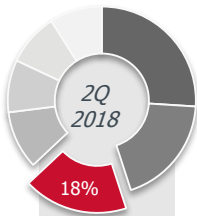


Comments

- F&C increased 9.8% YoY on the back of an increase in average assets on deposit (up 21.2% YoY).
- The growth in assets on deposit was universal across all asset classes. Corporate bonds on deposit grew 27.1% YoY, OFZs (federal government bonds) grew 15.6% YoY and equities grew 18.1% YoY.
- Income from safekeeping remained strong, fees from repo with collateral management services through NSD declined due to lower volumes.
- The latter explains the difference between growth rates for assets on deposit and F&C income for the category.

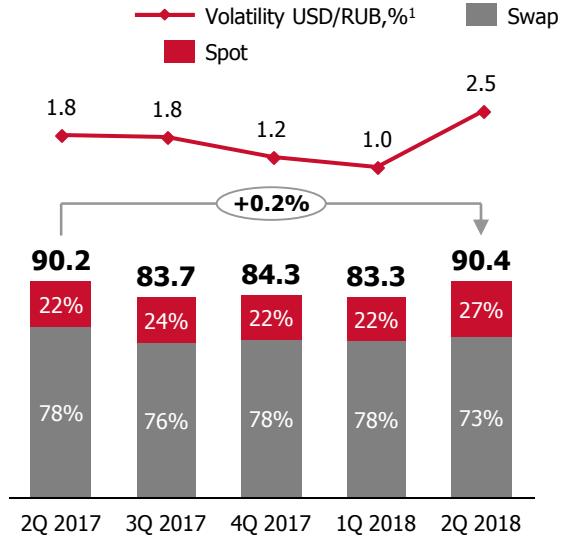


FX Market



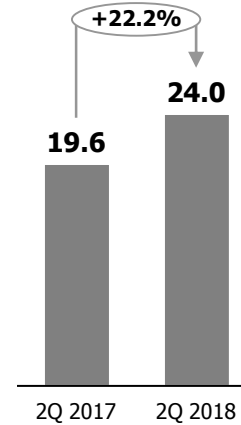
Trading volumes

RUB trn



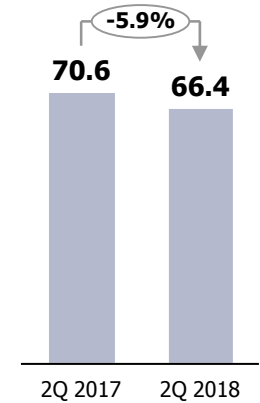
Spot trading volumes

RUB trn



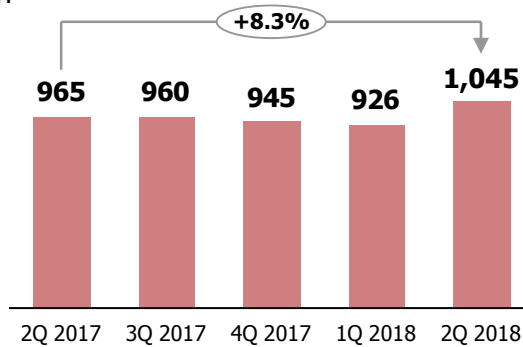
Swap trading volumes

RUB trn



Fee & commission income

RUB mln



Comments

- F&C was up 8.3% YoY on the back of more active spot trading.
- Swap trading volumes declined 5.9% YoY, while spot trading volumes increased 22.2% YoY, driven by increased FX volatility.
- The growth in EUR/RUB trading volumes was the most pronounced of the Market's major currency pairs, with 67.6% YoY growth in spot and 5.7% YoY growth in swap.
- CNY/RUB volumes showed impressive growth: 38.3% YoY in spot and 329.3% YoY in swap, albeit the pair's share in total FX volumes remains below 1%.
- A new technological platform was launched on the FX Market. The platform separates trading and clearing, thus improving reliability, scalability and performance.



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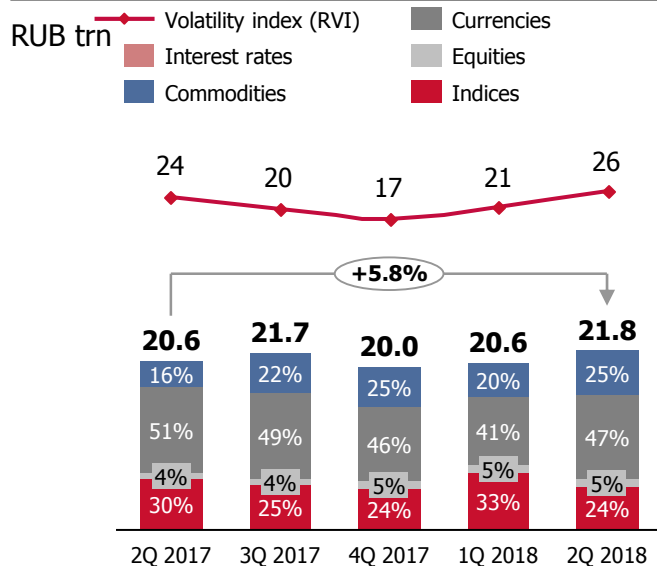
Source: Moscow Exchange operational information and Consolidated Financial Statements, CBR

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



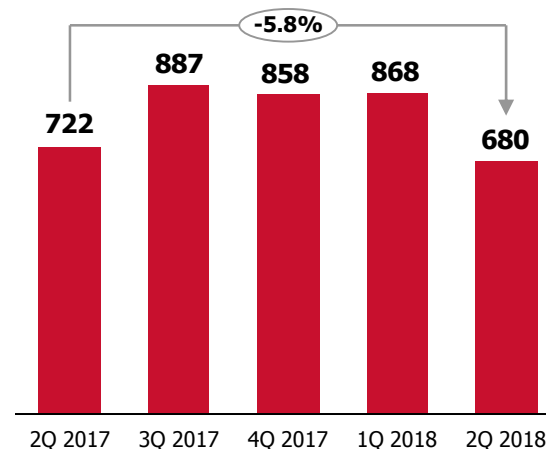
Derivatives Market

Trading volumes

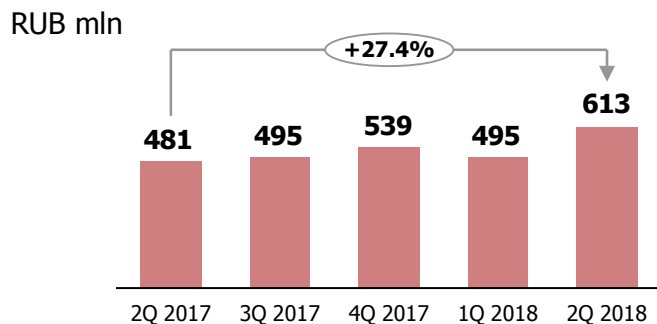


Open interest

RUB bln, daily average

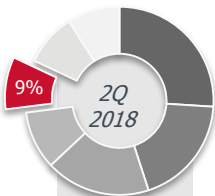


Fee & commission income



Comments

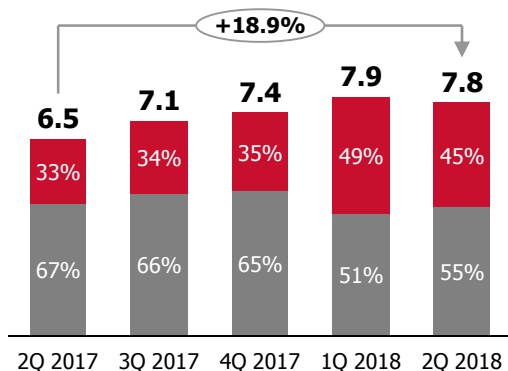
- F&C grew 27.4% YoY, while total trading volumes increased 5.8% YoY. Options trading volumes declined 6.5% YoY.
- Trading volumes of FX and index derivatives declined 2.6% YoY and 13.9% YoY, respectively.
- On the flipside, trading volumes of contracts on equities and commodities grew 22.3% YoY and 65.5% YoY, respectively.
- F&C was supported by improvement in the mix in favor of higher-priced contracts on commodities and equities.
- The Derivatives Market posted all-time high quarterly income, returning to the 4th place among F&C contributors and reclaiming the position from the Fixed Income Market.



Fixed Income Market

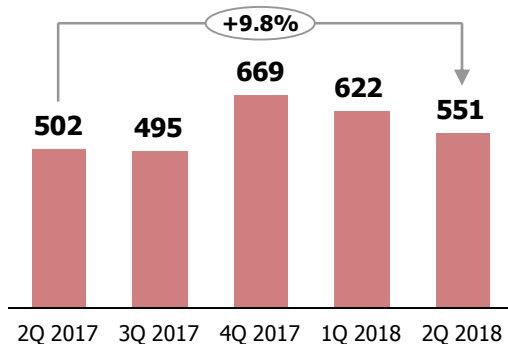
Trading volumes¹

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



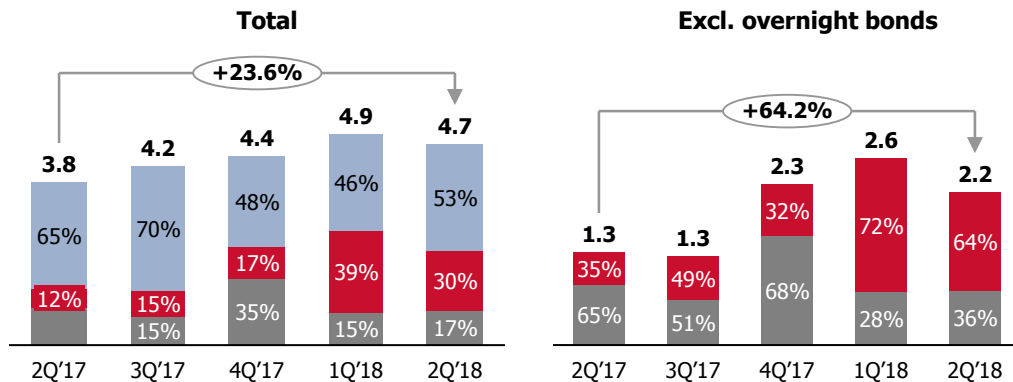
Fee & commission income

RUB mln



Primary market

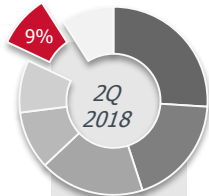
RUB trn ■ Overnight bonds ■ Corporate, municipal and other bonds (excl. overnight) ■ Government and CBR bonds (OFZ, OBR)



Comments

- F&C grew 9.8% YoY, supported by strong placements and secondary trading.
- Trading volumes were up 18.9% YoY. Secondary trading volumes grew 12.3% YoY, and primary placements (excl. overnight bonds) rose 64.2% YoY.
- The discrepancy in growth rates for trading volumes and F&C is explained by (1) higher YoY share of government and CBR bonds in the primary market and (2) emergence of shorter-term OBR and corporate bonds (NOT overnights).

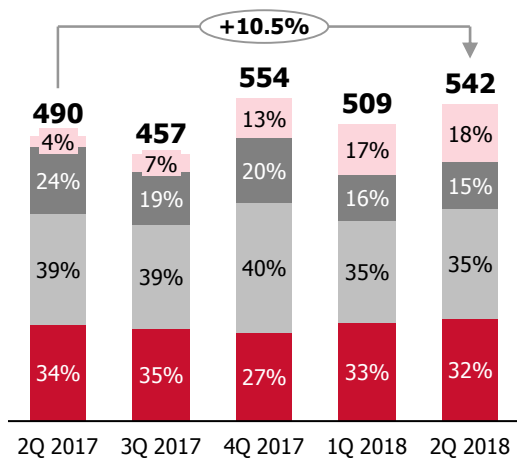
IT Services and Listings



IT Services and Listings¹

RUB mln

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



Comments

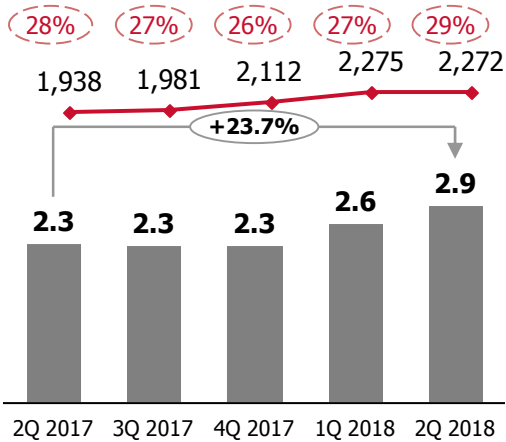
- Listing and other service fees were RUB 80.3 mln, down 30.3% YoY due to a larger average size of issues.
- Sales of data and information services contributed RUB 189.5 mln to fee income, down 0.8%.
- Income from sales of software and technical services was RUB 175.6 mln, up 6.7% YoY.
- Other fee and commission income was RUB 96.4 mln, up 5.0 times YoY. This line includes contribution from the Commodities Market.

Equities Market

Trading volumes¹

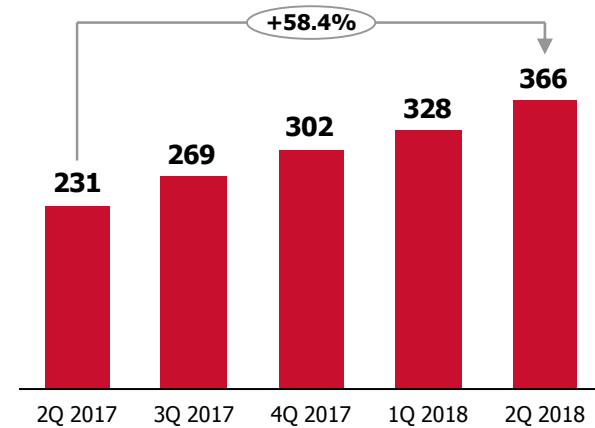
RUB trn ■ Equities — MOEX Index (average for the period)

XX% Velocity²



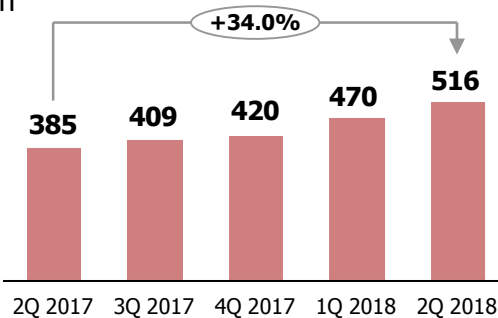
Increasing popularity of Individual Investment Accounts

Individual Investment Accounts, thousands, end-of-period



Fee & commission income

RUB mln

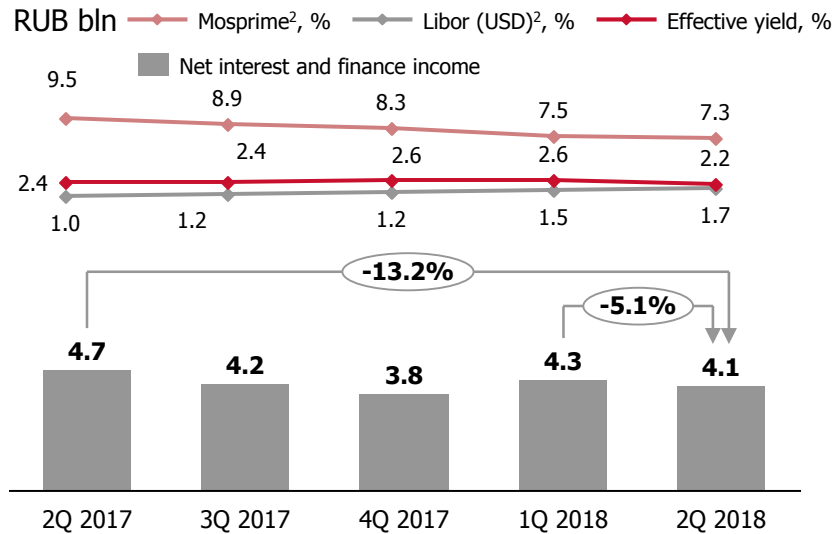


Comments

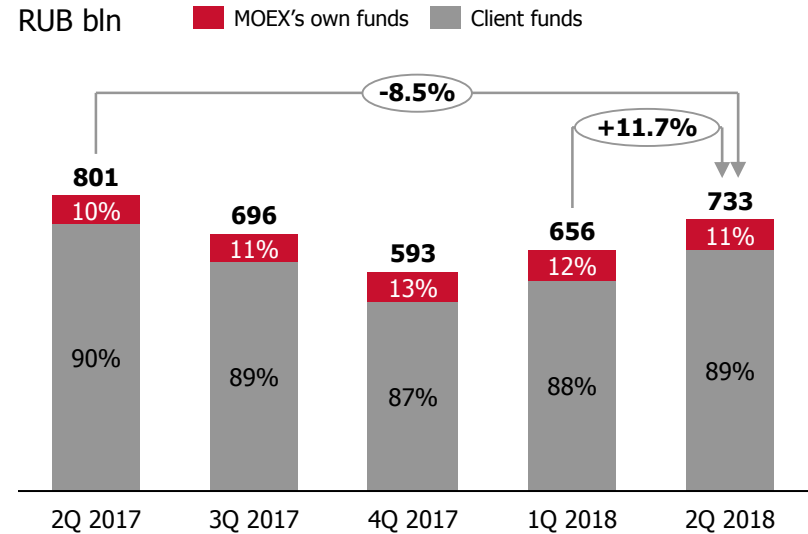
- Trading volumes increased 23.7% YoY. F&C rose by 34.0% YoY to a new record high.
- Growth in trading volumes was explained by higher index level and slightly higher velocity on a YoY basis.
- The average value of MOEX Russia Index grew 17.2% YoY and stood at high values despite the end of the dividend season.
- The methodology for calculating tick sizes on the Equities Market was changed to align tick size calculation with MiFID II/MIFIR regulation and improve the market microstructure.

Interest and finance income

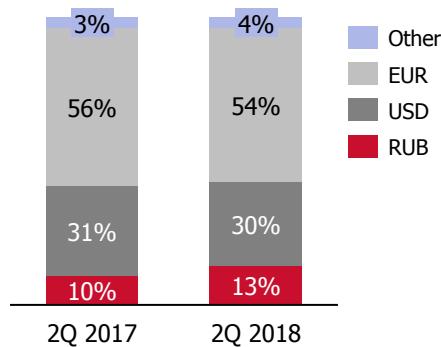
Interest and finance income¹



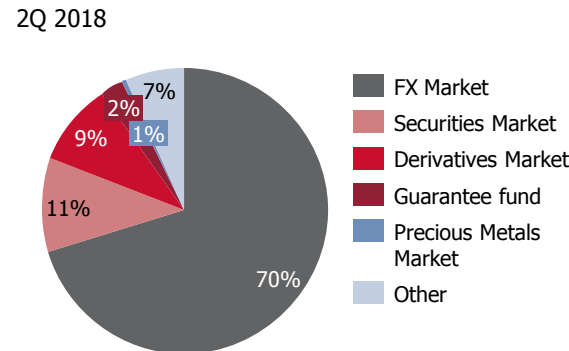
Investment portfolio sources³



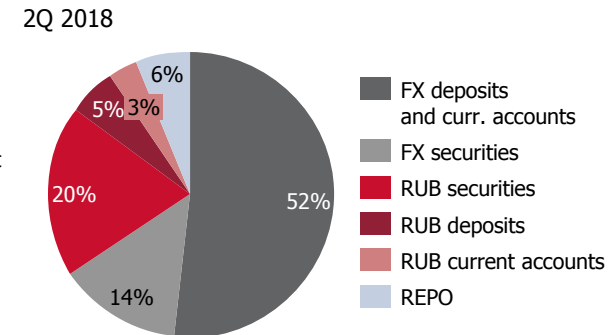
Client funds by currency



Client funds by source



Investment portfolio by type of asset



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

1 Interest and other finance income, Interest expense, Net gain on financial assets available-for-sale, Net gain on financial assets at fair value through other comprehensive income and Foreign exchange gains less losses

2 Average daily rate for the period

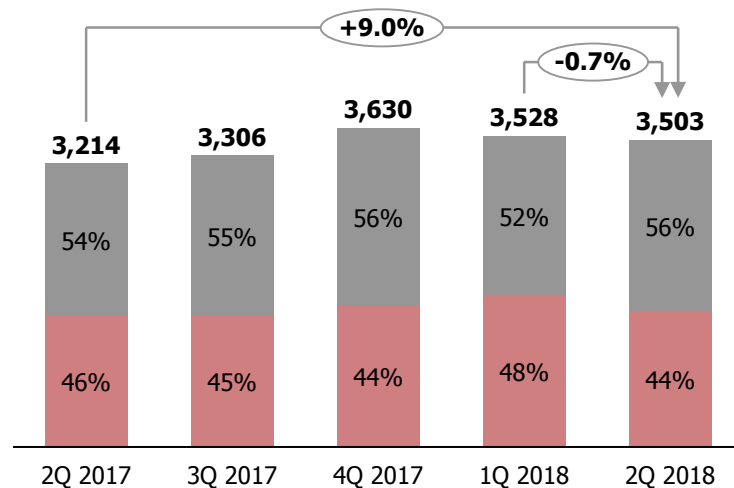
3 Based on average daily investment portfolio sources for the period according to management accounts

Operating expenses

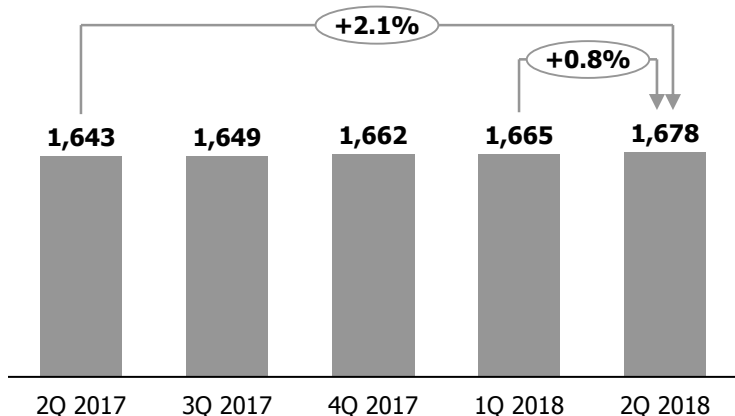
Operating expenses

RUB mln

- Administrative and other operating expenses
- Personnel expenses



Headcount



Major expense items

| RUB mln | 2Q 2017 | 2Q 2018 | Change YoY |
|---|----------------|----------------|-----------------|
| Personnel expenses | 1,477.9 | 1,526.3 | 3.3% |
| D&A and IT maintenance | 997.8 | 1,123.1 | 12.6% |
| D&A & IT maintenance adjusted for change in amortization schedule | 997.8 | 1,038.3 | 4.1% |
| Professional services – growth driven by grain storage costs | 107.4 | 147.6 | n.m. |
| Remaining administrative expenses¹ | 631.0 | 705.6 | 11.8% |
| Total OPEX | 3,214.1 | 3,502.6 | 9.0% |
| Adjusted total OPEX ² | 3,214.1 | 3,417.8 | 6.3% |
| Cost (adj.) / Income Ratio | 32.7% | 33.6% | 0.8 p.p. |

Comments

- OPEX for the quarter was RUB 3.50 bln, up 9.0% YoY. Administrative and other operating expenses were up 13.8% YoY to RUB 1.98 bln.
- Personnel expenses rose by only 3.3% YoY to RUB 1.53 bln.
- Administrative expenses beyond D&A, IT maintenance and professional services increased by 11.8% YoY on the back of costs associated with the development of new projects.
- Professional services' growth is driven by grain storage costs on the back of significant growth in grain swap volumes. This business was at inception stage in Q2 2017, hence the comparison is not meaningful due to the low base effect.
- OPEX excluding D&A expenses was up 7.2% YoY

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– perception of market services offered by the Company and its subsidiaries;

– volatility (a) of the Russian economy and the securities market and (b) sectors with a high level of competition that the Company and its subsidiaries operate;

– changes in (a) domestic and international legislation and tax regulation and (b) state policies related to financial markets and securities markets;

– competition increase from new players on the Russian market;

– the ability to keep pace with rapid changes in science and technology environment, including the ability to use advanced features that are popular with the Company's and its subsidiaries' customers;

– the ability to maintain continuity of the process of introduction of new competitive products and services, while keeping the competitiveness;

– the ability to attract new customers on the domestic market and in foreign jurisdictions;

– the ability to increase the offer of products in foreign jurisdictions.

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