

The MOEX logo consists of the letters "MOEX" in a bold, white, sans-serif font, positioned within a white rectangular box. This box is part of a larger red graphic element in the top-left corner of the cover, which has a stepped, staircase-like appearance.

**MOEX**

MOSCOW  
EXCHANGE

A photograph of a man with a beard and glasses, wearing a dark suit, white shirt, and dark tie. He is smiling and holding a black mobile phone to his ear with his right hand. The background is a blurred office setting. The entire image is framed by a red border with a stepped cutout on the left side.

WHERE  
INVESTMENTS START

MOEX.COM

# ANNUAL REPORT 2022

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Moscow Exchange Group (the Group) operates Russia's only multifunctional trading platform for equities, bonds, derivatives, currencies, money market instruments, carbon emissions, precious metals, grain and raw sugar.

The Group is comprised of:

- Public Joint-Stock Company Moscow Exchange MICEX-RTS (the "Moscow Exchange", the "Exchange" or "MOEX" which operates the Equity & Bond Market, Money Market, Derivatives Market as well as FX Market and Precious Metals Market;
- National Settlement Depository (NSD), the central securities depository;
- Central Counterparty National Clearing Centre (CCP NCC, or NCC) operating as clearing house and a central counterparty for all MOEX's markets;

- National Mercantile Exchange (NAMEX), which operates the Commodities Market;
- MOEX Innovations, which develops innovative technologies and works with fintech start-ups.

Moscow Exchange holds majority stakes in all key subsidiaries, including a 100% stake in NCC, a 99.997% stake in the NSD and, directly and indirectly, a 88.25% stake in the NAMEX.

Moscow Exchange was formed in 2011 by the merger of MICEX (established in 1992) and RTS (created in 1995). In February 2013, Moscow Exchange completed an initial public offering on its own platform (ticker: MOEX). As of year-end 2022, the company's market capitalization was RUB 217.2 billion, and the free float was 64%.

# BUSINESS MODEL

## CLIENTS

## MARKETS

## OPERATING INCOME

### Individuals

**22.9** mln

2022 22,923,647

2021 16,779,069

### Legal entities

**52,600**

2022 52.6

2021 74.5

### Professional brokerage companies

**552**

2022 552

2021 1,711

### INSTRUMENTS BY MARKET

#### EQUITY & BOND MARKET

- Russian and international shares
- Russian government bonds (OFZ)
- Bank of Russia bonds
- Regional and corporate bonds
- Sovereign and corporate Eurobonds
- Mutual funds, ETFs and Russian-law ETFs
- Depository receipts
- Mortgage participation certificates

#### DERIVATIVES MARKET

- Futures and options on:**
- Indices (MOEX Russia Index, RTS Index, RVI)
  - Russian and foreign shares
  - International ETFs
  - OFZ and sovereign Eurobonds
  - Currency pairs
  - Interest rates (RUSFAR, RUONIA)
  - Oil and gas
  - Precious and industrial metals
  - Wheat and sugar

#### FX MARKET

- USD — RUB
- EUR — RUB
- EUR — USD
- CNY — RUB
- USD — CNY
- HKD — RUB
- USD — HKD
- GBP — RUB<sup>1</sup>
- GBP — USD<sup>1</sup>
- CHF — RUB<sup>1</sup>
- USD — CHF<sup>1</sup>
- JPY — RUB<sup>1</sup>
- USD — JPY<sup>1</sup>
- TRY — RUB
- USD — TRY
- BYN — RUB
- KZT — RUB
- USD — KZT
- ZAR — RUB
- USD — ZAR
- AMD — RUB
- USD — AMD
- UZS — RUB
- KGS — RUB
- USD — KGS
- TJS — RUB
- USD — TJS

#### MONEY MARKET

- Repo with the CCP
- GCC repo
- CCP-cleared repo
- Inter-dealer repo
- Repo with the CBR
- Repo with the Federal Treasury
- Repo with collateral management system
- Deposit operations with the CCP
- Deposit and credit operations without the CCP

#### COMMODITIES MARKET

- Gold and silver
- Agricultural products
- Carbon units

### TRADING VOLUMES, RUB TRLN

2022 37.2

2021 52.4

2020 54.5

2022 77.9

2021 158.5

2020 130.0

2022 267.8

2021 322.0

2020 329.5

2022 672.7

2021 476.4

2020 433.2

2022 193.9

2021 223.8

2020 77.9

### F&C INCOME DYNAMICS

#### Equity Market

2022 ▼37.2 %

2021 ▲23.0 %

2020 ▲86.7 %

#### Bond Market

2022 ▼17.6 %

2021 ▼17.4 %

2020 ▲15.3 %

2022 ▼28.0 %

2021 ▲31.9 %

2020 ▲38.1 %

2022 ▲35.1 %

2021 ▼2.0 %

2020 ▼20.5 %

2022 ▼18.8 %

2021 ▲35.8 %

2020 ▲23.4 %

2022 ▼7.0 %

2021 ▲28.7 %

### Total F&C income

2022 **37,487.2** RUB mln  
2021 **41,554.0** RUB mln

### Interest income

2022 **45,628.4** RUB mln  
2021 **12,902.2** RUB mln

### Other operating income

2022 **379.7** RUB mln  
2021 **412.7** RUB mln

### Total

2022 **83,495.3** RUB mln  
2021 **54,868.9** RUB mln

### FINANCIAL MARKETPLACE SERVICES

2022 **▲50.4 %**  
2021 **▲8,469.0 %**

### DEPOSITORY SERVICES AND SETTLEMENT TRANSACTIONS

2022 **▼7.0 %**  
2021 **▲28.7 %**



# STATEMENT FROM THE CHAIRMAN OF THE SUPERVISORY BOARD

Dear shareholders,

I am pleased to present you with the 2022 report of the Supervisory Board of Moscow Exchange.

The previous year brought about significant changes in the Russian financial market, which had a profound impact on the business of Moscow Exchange Group companies and our clients. This was primarily due to increased sanctions pressure from so-called developed countries and measures taken by the Russian authorities to maintain financial stability. The European Union imposed sanctions on NSD, while international financial institutions froze the assets of hundreds of thousands of Russian financial market participants, including cash, international shares and bonds. Russia had to abandon free movement of capital and full convertibility of the national currency, and the securities market was divided into onshore and offshore.

Amid these challenging circumstances, the effectiveness of our risk management system and central counterparty institution once again proved successful. Our experience in handling crisis situations enabled us to prevent the bankruptcy of financial intermediaries in 2022. The suspension of trading in certain market segments allowed participants to adjust to the new realities. We resumed trading in all markets within a short time, and our Group companies implemented all regulatory changes without experiencing operational risks or defaults. The Group ensured new business processes, such as the conversion of depositary receipts, transfer of Russian securities to the Russian infrastructure, issuance of replacement bonds, ruble payments

on Eurobonds held in the Russian record-keeping infrastructure, and operation of the type C and K accounts.

The Supervisory Board provided guidance and direct involvement in these activities, maintaining throughout the year the necessary balance between the interests of shareholders, users, and other stakeholders in the Moscow Exchange Group's operations.

While Moscow Exchange can no longer serve non-residents on the Equity and Bond Market and had to partially discontinue providing Russian clients access to international capital markets, our key markets adapted to the changed situation, allowing us to maintain business prospects and generate meaningful financial results. The Supervisory Board, in collaboration with the executive bodies of Moscow Exchange Group companies, responded promptly to the challenges of 2022 by adjusting priorities and even strategic directions of the Group's development, recognizing that the approved development strategy had lost much of its relevance.

According to the Shareholders' Agreement, NSD's corporate governance is independent of the other Group companies. At the same time, the constructive interaction between the Group's governing bodies and NSD's governing bodies enables the adaptation of key business processes to ensure continuous service delivery for the Russian financial market. NSD's governing bodies also took all possible measures to minimize the consequences of the unlawful extension of sanctions against NSD to clients' assets. This work will continue in 2023.

Despite the demanding workload, the Supervisory Board worked to the extent necessary to develop the Group's future strategy. This strategy is anticipated to be approved in the second half of 2023. It is evident that the new business environment and strategic priorities of Moscow Exchange Group companies will necessitate substantial capital investment. This investment will be required to execute the technical upgrade program and guarantee the sustainability of the Group's business model in the medium and long term. The Group's objective is to continue functioning as an efficient infrastructure for the Russian capital market that enables Russian citizens and the economy to meet their living and production needs. As part of the new strategy, the Group's new dividend policy will also be approved.

For the Board to perform its assigned functions effectively, its combined competence and coherence as a team are crucial. In 2022, a personal self-assessment of the competencies of its directors was carried out to enable succession planning for the upcoming years. The Supervisory Board proposes that the shareholders return to the previous number of twelve Supervisory Board members and adopt such a resolution at the Annual General Meeting of Shareholders (the number of Supervisory Board members to be elected at the Annual General Meeting in 2023 has been determined as nine in accordance with the shareholders' resolution).

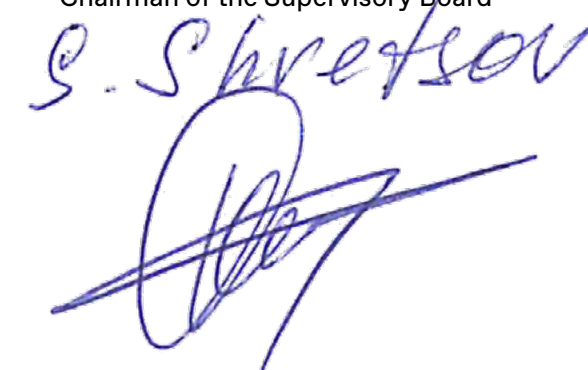
If the matter is approved, the Supervisory Board will convene an Extraordinary General Meeting of Shareholders to form a Board of 12 members. The Supervisory Board invites the shareholders to support the nine nominees as a provisional (interim) resolution at the AGM.

Since the pandemic, the Annual General Meeting of Shareholders has been held in absentia. The 2022 AGM will also be held in absentia. Individual shareholders of the Exchange, whose number has reached almost half a million, will be able to use the electronic service E-voting developed by NSD to vote at the meeting.

For 2022, the Supervisory Board recommended to the Annual General Meeting of Shareholders a dividend of RUB 4.84 per share. The primary factors that influenced the amount of the recommended dividend were the need to comply with regulatory requirements in view of the growth prospects of the markets, the technological upgrade programme and the need to invest in development.

In conclusion, I would like to thank Moscow Exchange's partners, clients and shareholders for their loyalty and understanding as well as the management and employees of Moscow Exchange Group for their dedicated work and achievements in 2022.

Chairman of the Supervisory Board



# STATEMENT FROM THE CHIEF EXECUTIVE OFFICER

Dear shareholders,

In 2022, the Russian financial market and infrastructure faced unprecedented challenges. In this difficult environment, Moscow Exchange managed to keep the markets running and maintain the availability of instruments and services to all categories of clients.

Despite the forced break in trading in some markets, the Money and FX Markets remained open every single day and continued to perform their primary function of providing liquidity and ensuring reliable settlements. Market participants and their clients had access to liquidity management tools and conversion transactions at all times as before.

At the same time, the Group continued to actively develop all lines of business and launched many new products and market segments. At the end of 2022, total trading volumes on MOEX's markets exceeded one quadrillion rubles.

As interest rates stabilised, the debt market fully recovered and returned to its primary function of helping to raise capital for Russian businesses and the state: over RUB 5 trillion worth of bonds were placed through the Moscow Exchange

infrastructure in 2022. New types of bonds have emerged, such as replacement bonds and corporate bonds denominated in CNY.

One of the key changes on the Russian financial market in 2022 was the shift in interest towards national currencies which replaced the Dollar and Euro in trading volumes: the share of transactions in the currencies of friendly countries in total spot transactions reached 38%.

We have long been more than an exchange. We are actively developing OTC systems alongside exchange services. In 2022, we launched an OTC bond trading system with the central counterparty on the debt market, offering more than 2.5 thousand Russian bonds and Eurobonds. An OTC equity trading system is planned to be launched in the first half of 2023.

In 2022, the market structure changed dramatically with the departure of non-residents leading to a growing role for retail investors, whose share of equity trading volume reached 80%. In 2022, more than 6 million new retail investors joined the Moscow Exchange Equity & Bond Market, bringing the total number of retail clients to almost 23 million.

At the same time, activity recovered towards the end of the year, with over 2.2 million people concluding transactions each month.

In response to customer needs, Moscow Exchange launched instruments aimed primarily at retail investors. New currencies and derivatives began to be traded, benchmarks for new investment products began to be calculated and the Russian carbon unit market was launched.

New investors need financial knowledge. Moscow Exchange is constantly striving to improve financial culture and literacy and provides training formats that are convenient for most novice investors. The Investor's Way training course has already helped one and a half million people.

The personal finance platform Finuslugi continued to be actively developed. Twenty banks and 15 insurance companies are connected to the platform, presenting more than 150 offers on the marketplace. More than one million customers transacted on Finuslugi, with one in four users purchasing more than one product on the platform.

We have no plans to slow down and will continue to actively develop in all areas. We are arranging digital financial assets (DFAs) issues. We see DFAs as another category of investment instruments that can be traded in the existing financial infrastructure, where customer demand currently accumulates and there are guarantees of asset delivery and trade settlement.

We will complement our functionality with new information and analytical services and expand the range of traded currencies and futures on equity indices and currency pairs.

We are focused on providing quality services, making the infrastructure available to all clients, and supporting the work of the market and its participants.

I would like to thank all our clients, partners, investors, issuers, shareholders and the regulator for their trust and assistance in developing the Exchange infrastructure and the entire financial market.

Chief Executive Officer



# MAIN TRENDS IN THE DEVELOPMENT OF THE SECTOR

## INDUSTRY OVERVIEW

Exchanges are organized platforms for trading financial instruments, including securities, currencies, commodities and derivatives. The bulk of the revenue of exchanges, as a rule, is made up of commissions charged from issuers for listing securities and from financial intermediaries directly involved in trading financial instruments, as well as fees for the sale of exchange information, technological solutions and services.

In many countries, depository, clearing and settlement services are provided by certain independent organizations, but recently there has been a growing trend towards unification of the largest exchange operators with vertical integration of most or all of these activities within a single group of companies.

Vertically integrated exchanges receive additional income for settlement, clearing and depository services, as well as net interest income from the placement of client funds on the balance sheet of the exchange.

Oversight of exchange activities is usually carried out by the government body responsible for regulating the financial sector of the economy. In some cases, exchanges have quasi-government powers, acting through self-regulatory organizations (SROs).

### Global trends

In the reporting year the financial market was relatively resilient to geopolitical factors. However, it affected by systemic risks, mainly related to uncertainty in commodity markets and inflation expectations. Amid increased volatility, stock exchange infrastructure became increasingly attractive as a more stable and reliable one.

Previous years' trends survived, including an influx of retail investors into the stock market, ESG developments and a growing interest in digital financial assets.

Amid growing retail investor activity in the stock market, it remains essential for regulators and stock exchanges to promote financial literacy, particularly in the context of market turbulence, and to take measures to protect retail investors. In the US, for example, the regulator works towards the equity market reform efforts to create a better environment for retail investors. These include setting government standards for the best execution of bids in place of current standards at the self-regulatory organisation level.

More and more investors are considering the environmental and social impact of a company when deciding whether to invest in it. ESG trends are setting a development vector for global stock exchanges not only from the perspective of an individual issuer, but also as a key financial market institution responsible for creating the necessary infrastructure to meet new sustainability interests and requirements. The year 2022 saw continued increase in the number of ESG instruments on exchanges, as well as the implementation of exchange projects aimed at intensifying sustainability processes, including:

- achieving carbon neutrality (LME, LSE, Nasdaq, SIX);
- launching ESG bonds (SGX, VSE), ESG indices (Euronext/Oslo Børs, Nasdaq, SZSE, TMX), ESG derivatives (CME, ICE), ESG-ETF (HKEx);
- trading in CO<sub>2</sub> emission allowances (EEX), carbon offsets (Climate Impact X, Iberclear) and guarantees of origin (EPEX SPOT);
- creation of new venues and platforms (Deutsche Börse, JPX);
- inorganic growth towards ESG (Euroclear, HKEx, ICE, Nasdaq).

## STRATEGIC REPORT

In parallel, traditional approaches to ESG continue to be redefined, particularly because of the so-called greenwashing problem – the misrepresentation by companies of their green credentials (environmental, climate and own efforts data). Some surveys found that investors invested into funds and companies declared to be ESG compliant, although in fact they were not. Fighting greenwashing practices remains the top priority for regulators. Proposals call for both improvements in the rules for ESG disclosures to investors by companies and funds, and more regulation of the green bond market.

The cryptocurrency market suffered several shocks in 2022, leaving market participants questioning the prospect of digital currencies as an asset in general. In the reporting year Bitcoin’s price dropped almost three times to its lowest since 2020, with the market’s capitalisation shrinking by USD 2 trillion. The cryptocurrency market crash proved that cryptocurrencies do not hedge against inflation, but rather follow the general trend – the expected slowdown, particularly in the wake of rising interest rates. On top of that, the market was rocked by the collapse of TerraLuna in May, which cost investors USD 60 billion according to analysts estimates, and the collapse of FTX cryptocurrency exchange in November, which caused clients to urgently withdraw several billion dollars from cryptocurrency exchanges. The 2022 events are expected to expedite regulators’ efforts towards tougher rules for the crypto market.

The largest classic exchange providers continued with digital asset projects. In particular, Clearstream of Deutsche Börse Group went live with first digital bond issuance pursuant to the German Electronic Securities Act (Gesetz über elektronische Wertpapiere), and HKEx launched Asia’s first crypto asset ETFs – Bitcoin Futures ETF and Ether Futures ETF.

Cloud technologies are becoming more and more central in the strategic projects of the largest stock exchanges. Nasdaq completed migration of the first U.S. options market – MRX – to AWS. The new cloud-enabled market infrastructure delivered a 10% performance improvement. LSE and Microsoft announced a ten-year strategic partnership to leverage Microsoft Azure cloud technology and AI to deliver better performance and next-generation data and analytics services. Microsoft gained up to a 4% stake in the LSE in return. Cloud-based technologies support new exchange products and market data dissemination projects as well. AI-powered clearing and settlement systems started to emerge (Vermiculus, Clearstream). Cloud alliances between big tech businesses and exchanges appear mutually beneficial from a short-term perspective, although the current cloud service providers may later turn from partners to competitors.

Stock exchanges continue to turn the spotlight on cybersecurity. Regulators and market participants keep identifying vulnerabilities and potential threats as new technologies emerge and improving guidance on how to build cyber risk management.

## MOSCOW EXCHANGE IN THE GLOBAL CONTEXT

### No.2 exchange for bonds (2022)<sup>1</sup>

No.	Exchange	Country	Trading volume (USD bln)	Including repo
1	BME	Spain	5,207	√
2	<b>Moscow Exchange</b>	<b>Russia</b>	<b>4,428</b>	<b>√</b>
3	Shanghai SE	China	3,240	√
4	Shenzhen SE	China	2,390	×
5	Johannesburg SE	South Africa	2,299	×
6	Taipei Exchange	Taiwan	1,274	×
7	Korea Exchange	Korea	758	×
8	Euronext	the EU	378	×
9	Tel-Aviv Stock Exchange	Israel	243	×
10	Bolsa y Mercados de Colombia	Colombia	208	×

### No.13 exchange for derivatives (2022)<sup>2</sup>

No.	Exchange	Country	Trading volume (contracts, mln)
1	NSE India	India	38,114
2	B3	Brazil	9,586
3	CME Group	USA	5,846
4	CBOE	USA	3,476
5	Nasdaq	USA	3,144
6	ICE (incl. NYSE)	USA	2,985
7	Borsa Istanbul	Turkey	2,733
8	Zhengzhou Comm. Exch.	China	2,398
...	...	...	...
13	<b>Moscow Exchange</b>	<b>Russia</b>	<b>1,317</b>

<sup>1</sup> Represented are exchanges that provide both listing and trading services for bonds. Bond market data may be incomparable across the marketplaces due to difference in methods.

<sup>2</sup> Position of Moscow Exchange in the ranking is given taking into account the combined performance of Nasdaq (including Nasdaq-US and Nasdaq Nordic and Baltic), CBOE (including Cboe Global Markets and Cboe Europe), ICE (including NYSE, ICE Futures Europe, ICE Futures US).



## No.26 for equities (2022)<sup>1</sup>

No.	Exchange	Country	Market capitalisation (USD bln)	Number of issuers	Trading volume (USD bln)
1	NYSE (ICE Group)	USA	25,228	2,552	30,557
2	Nasdaq	USA	18,094	4,939	28,152
3	CBOE	USA	n/a	n/a	21,427
4	Shenzhen SE	China	4,701	2,743	19,038
5	Shanghai SE	China	6,724	2,174	14,279
6	Japan Exchange	Japan	5,380	3,871	5,861
7	Korea Exchange	Korea	1,645	2,468	3,022
8	HKEx	Hong Kong	4,567	2,597	2,893
9	Euronext	the EU	6,064	1,966	2,861
...	...	...	...	...	...
26	Moscow Exchange	Russia	534	210	229

## No.16 publicly traded exchange by market capitalization (2022)<sup>2</sup>

No.	Exchange	Country	Capitalisation (USD bln)
1	CME	USA	60.5
2	ICE	USA	57.3
3	HKEx	Hong Kong	54.7
4	LSE Group	United Kingdom	47.8
5	Deutsche Börse	Germany	31.7
6	Nasdaq OMX	USA	30.1
7	B3	Brazil	13.4
8	CBOE	USA	13.3
9	ASX	Australia	9.0
10	Euronext	the EU	7.9
11	Japan Exchange	Japan	7.6
12	SGX	Singapore	7.1
13	Tadawul	Saudi Arabia	5.9
14	TMX Group	Canada	5.6
15	Dubai Financial Market	the UAE	3.3
16	Moscow Exchange	Russia	3.0

<sup>1</sup> The largest equity exchanges by equity trading volume (EOB only). Place of Moscow Exchange in the ranking is given taking into account the combined indicators for the Nasdaq exchanges (incl. Nasdaq-US and Nasdaq Nordic and Baltics) and CBOE (incl. Cboe Global Markets and Cboe Europe). As no data was available, NYSE (ICE Group) trading volumes in December are presented as an average of previous 11 months, market capitalisation and number of issuers are as of November 2022.

<sup>2</sup> Market capitalisation of publicly traded exchanges according to Koyfin data as of 30 December 2022.

# MISSION AND CORPORATE VALUES

The mission of the Group is to bring trust, efficiency and innovation to the financial markets, to help companies and citizens achieve sustainable economic well-being. The Group's vision is to be the leading

platform in the Russian financial market, providing reliable access to all classes of traded assets and meeting a wide range of clients' financial needs.

The Group's values serve the aims and objectives of the strategy.



### We are responsible for the future of the company

We share a common goal, we are accountable for our results and for the future of the company



### We work in partnership with our customers

We listen to our clients and stakeholders, we understand their needs and offer them the best solutions.



### We strive for excellence and are open to change

We are ready for changes, continually striving for excellence, innovation and adhering to best practice.



### We value transparency and integrity

We are supportive and have confidence in each other as we pursue our common goal.

# PRIORITY AREAS OF MOSCOW EXCHANGE

## GROUP DEVELOPMENT STRATEGY 2024

In October 2019, the Supervisory Board of Moscow Exchange approved a new Group development strategy through 2024.

The new strategy is based on five key priorities, two of which relate to areas of responsibility, and three to areas of development. The priority areas are two areas of responsibility: deepening major markets and engendering a culture of trust and responsibility.

In April 2021, the Supervisory Board approved additional provisions in the development strategy related to updating ESG topics, developing international cooperation and strengthening cyber security of infrastructure.

The Exchange remains the main capital-raising platform for Russian companies. In this area, the Exchange will continue to expand accessibility and its range of products and services. MOEX will focus in particular on working with investors and issuers, to encourage companies to access capital markets through share and bond placements, as well as diversifying the range of instruments available in the Derivatives Market and working with market data. With the updated strategy, the Sustainability Sector and Growth Sector initiatives, including the launch of ESG tools, as well as international cooperation initiatives, have been added to the current market deepening plans.

In developing a culture of trust and responsibility, the Exchange will focus on accelerating and digitalising business processes, reducing the time

to launch new products and increasing the cyber resistance of key systems. To reach the next level in this area, the Group will focus on developing talents and leaders by delegating authority on a wide range of business development issues.

Further business growth will be supported by initiatives in three areas of development: market access, balance management and financial platform. These are an organic continuation of the previous strategy, based on the strengths of the Group's business model and the key competencies of its employees.

The Exchange will give professional participants and consumers access to a wide range of investment and savings products with the focus on creating services that will provide banks and brokers with new opportunities to promote their services, and individuals with interfaces to access the financial market in a single information field. This will double the base of private investors over the medium term.

In terms of balance management, the Group will provide professional participants and corporations with flexible services for finding liquidity, executing orders and post-trading in a single interface.

Development of a financial platform means extending the capabilities of the Exchange's accounting infrastructure to a wider range of financial assets. Initiatives in this area will lead to the expansion of the NSD's service offer for savings instruments and information assets.

# KEY PROJECTS IN 2022

## FURTHER EXPLORING THE MAIN MARKETS

### Development of the national FX market and launching of new currency pairs

One of the significant changes in the Russian financial market in 2022 was the increasing interest in national currencies, replacing the US Dollar and Euro. At the beginning of 2022, the share of national currencies in the spot volumes was not more than 1%, but it exceeded one-third by the end of the year. Trading volume of the Chinese Yuan increased by 36 times, Turkish lira by 18 times, Belarusian Ruble by 13 times, and Kazakhstan Tenge by 166 times.

Five new currencies were launched for trading in 2022, such as the Armenian Dram, South African Rand, Uzbekistan Sum, Kyrgyzstan Som, and Tajikistan Somoni. Trading in these new currency pairs on MOEX creates more direct conversion opportunities for banks, brokers, and their individual and legal entity clients, including participants in foreign economic activities. This addition is an important infrastructural element in the advancement of settlements in national currencies.

### CNY-denominated instruments

In 2022, all MOEX markets saw an increase in interest in CNY-denominated instruments.

CNY-denominated bonds of Russian companies were introduced on the Debt Market, with 16 issues launched since August from nine issuers, totaling about CNY 50 billion (nearly RUB 450 billion). In August-December 2022, CNY-denominated bond placements accounted for approximately 20% of the total volume of corporate bond placements.

The calculation of the Russian Bond Index denominated in the Yuan was also launched.

On the Money Market, GCC repo, deposits with the CCP, inter-dealer repo and credit market with settlement in the Yuan were rolled out, and the RUSFAR CNY gauge became available.

The Derivatives Market offered CNY/RUB contracts, which soon became some of the most actively traded derivatives contracts. Furthermore, currency swap contracts and deliverable and cash-settled forwards in CNY with terms ranging from three days to one year became available on the Standardised OTC Derivatives Market. In early 2023, the term of transactions in these instruments was extended to five years. The new instruments provide participants of the Standardised OTC Derivatives Market and their clients with an opportunity to hedge currency risk and manage free liquidity in the Chinese Yuan.

### Replacement bonds

A new Debt Market segment for replacement bonds was created. Russian issuers offer these bonds to substitute Eurobonds on the Russian market, with a global certificate at NSD. In 2022, 22 replacement bond issues of eight issuers were placed, with a total volume of around RUB 567 billion. In December, replacement bonds accounted for 20% of corporate bond trading volume. Retail investors have strong demand for replacement bonds, with their share in secondary trading exceeding 60%. This segment is very promising as there are a total of RUB 5 trillion worth of Eurobonds on the market, for which replacement bonds could be issued.

## Carbon units

The infrastructure for issuing and trading carbon units was completed in 2022 in Russia. In September 2022, the first on-exchange trades in carbon units were concluded on National Mercantile Exchange (NAMEX). Carbon units are traded in commodity auctions, where the seller of carbon units sets the starting price and buyers bid competitively by increasing the price of their bids.

On-exchange trades ensure transparent and open pricing of the new asset category. The commodity auction technology introduced at NAMEX is the most effective way to quickly bring new types of assets, including unusual ones such as carbon units, to the exchange market.

## Other new instruments

The futures and options on the real estate index, sector and government bond indices, NASDAQ, Hang Seng and Euro STOXX 50 indices (with index ETFs as underlying assets), wheat, as well as perpetual currency futures and premium options on the most liquid stocks of Russian companies were launched in the Derivatives Market.

The number of ETFs was increased in response to rapidly growing interest from retail investors. Nine new Russian-law ETFs were launched on the Equity Market in 2022.

The calculation of the on-exchange wheat index was launched, which was the first Russian commodity benchmark to be approved by the Bank of Russia. The index is calculated on the basis of commodity auctions for wheat, which have been run at NAMEX since August 2021.

## PROMOTING A CULTURE OF TRUST AND RESPONSIBILITY

In 2022, the Group effectively navigated through a challenging market environment amidst external constraints. The Group ensured the reliable operation of the Exchange's infrastructure: upon Y2022 results, MOEX key systems availability was measured at 99.99%.

The Exchange continued implementing compliance initiatives in 2022. In April 2022, CCP NCC obtained a certificate of compliance with the international compliance management system standard ISO 37301:2021 Compliance management systems - Requirements with guidance for use. The certificate was issued by Bureau Veritas Certification, JSC following certification audit of CCP NCC.

## FINANCIAL PLATFORM

### “Transit 2.0”

“Transit 2.0” helps market participants meet the challenges of reducing costs and improving transparency and interaction. “Transit 2.0” meets the demands of a modern multi-banking platform, which is a necessary element for an efficient digital treasury. At the end of 2022, 50 corporations and the largest Russian banks were connected to the Transit 2.0 platform. Currently, 17 banks are available on the platform.

### Financial Transaction Registrar (FTR)

The FTR began its work together with the launch of Finuslugi platform. Created on the basis of NSD, the FTR accumulates information on all transactions made on any financial platform. The list of registered products continued to expand in 2022.

## BALANCE MANAGEMENT

### MOEX Treasury corporate marketplace

The MOEX Treasury Terminal provides direct access to the Exchange's markets and services that are essential for the efficient liquidity management. The terminal allows treasurers to convert currencies, deposit funds at market rates against the central counterparty guarantee, trade precious metals and obtain loans, as well as view quotations for hedging instruments in the Derivatives Market and hold deposit auctions to place funds on the M-Deposit Market. The terminal is available in a web-based version, allowing transactions to be made from anywhere in the world through

a secure channel. NSD's Transit 2.0 service is also available through the terminal. An important feature of the MOEX Treasury terminal is the option for non-trading transactions: prompt transfer of funds between markets, withdrawal of funds from accounts, requesting account statements, etc. In 2022, an early withdrawal service was introduced, which allows withdrawing part of the funds placed on deposit and then placing them back at the market rate.

In 2022, above 30 companies connected to the MOEX Treasury terminal; the number of Russian corporations using the MOEX Treasury platform exceeded 100.

## MARKET ACCESS

### Personal finance platform Finuslugi

In 2022, Finuslugi doubled its customer base to more than 1 million people. Finuslugi covers all regions of Russia, both major cities and towns of 5,000 people or more. In 81 cities from 2022, customer identification and access to all platform products is on the same day.

During the year, five banks and four insurance companies joined Finuslugi, bringing the total number of banks to 19 and insurance companies to 17. In addition, there are offers from 150 banks and 150 insurance companies on the marketplace.

New loan services were added to the platform: a loan calculator, a credit rating, a common loan application on the website and in the Finuslugi app, and a credit history service. In partnership with banks, exclusive deposits were launched. An additional issue of Kaliningrad People's Bonds took place and work continues on launching bonds from other issuers.

For customer convenience, registration in the personal account of Finuslugi was built into the process of purchasing compulsory car insurance (OSAGO), and each customer now has automatic access to this personal account.

A mobile application has been launched, with all the functionality of the website available.

## FINANCIAL RESULTS REVIEW

In 2022, operating income grew by 52% to a record RUB 83.5 bln. Total fee and commission (F&C) income declined by 10% YoY. The share of operating income accounted for by F&C was 45% in FY'22. F&C income decreased on almost every market. The only market that showed an increase in F&C income was the FX market, which was up 35% year-on-year.

Operating expenses added 16.2% YoY. EBITDA increased by 28.4% YoY; and EBITDA margin was 59.5%, 11 p.p. lower than in 2021. CAPEX for the year stood at RUB 4.2 bln. Net profit was up by 29.2% to a record RUB 36.3 bln.

### Financial highlights (RUB mln)

	2017	2018	2019	2020	2021	2022	Change 2022/2021 (%)
Operating income	38,538.9	39,901.4	43,229.5	48,591.0	54,868.9	83,495.3	52.2
Fee and commission income	21,207.6	23,647.1	26,181.4	34,268.2	41,554.0	37,487.2	-9.8
Net interest and other finance income	17,285.3	16,061.0	16,713.0	14,158.7	12,902.2	45,628.4	253.6
Other operating income	46.0	193.3	335.1	164.1	412.7	379.7	-8.0
Operating expenses (other than other operating expenses, movements in allowance for ECLs and other impairment losses and provisions)	-13,431.8	-14,453.7	-15,435.3	-16,750.0	-20,514.6	-23,843.2	16.2
Operating profit	25,107.1	25,447.7	27,794.2	31,841.0	34,354.3	59,652.1	73.6
EBITDA	28,059.6	27,712.0	28,726.7	35,188.9	38,671.2	49,671.0	28.4
EBITDA margin, %	72.8	69.5	66.5	72.4	70.5	59.5	-11.0 p.p.
Net profit	20,255.2	19,720.3	20,200.6	25,170.5	28,097.5	36,291.1	29.2
Basic earnings per share	9.0	8.8	9.0	11.2	12.5	16.1	29.1

## PERFORMANCE REVIEW

## FEE AND COMMISSION INCOME

F&C income was down 9.8% to RUB 37.5 bln as non-resident trading volumes lowered and RUB asset prices declined. Fee and commission income remained well diversified, with MOEX's largest market, the Money Market, accounting for 25% of the total.

### Fee and commission income structure in 2022 (RUB mln)

	2021	2022	Change 2022/2021 (RUB mln)	Change 2022/2021 (%)
Money Market	11,699.1	9,497.0	-2,202.1	-18.8
Depository and Settlement Services	8,396.3	7,806.5	-589.8	-7.0
FX Market	4,191.4	5,661.6	1,470.2	35.1
IT services, listing, financial marketplace fees and other fees and commissions <sup>1</sup>	4,436.4	5,510.9	1,074.5	24.2
Derivatives Market	5,198.4	3,741.3	-1,457.1	-28.0
Equities Market	5,200.8	3,266.3	-1,934.5	-37.2
Bond Market	2,431.6	2,003.6	-428.0	-17.6

### Money Market

Money Market fee income decreased by 18.8%, despite a 41.2% increase in trading volumes. The effective fee dynamics is mainly explained by the 38% decline of the average repo terms. GCC repo volumes improved by 58.8% to reach RUB 133 trln. Trading volumes of repos with the CCP improved 22.6%.

### Depository and Settlement Services

Fee and commission income from depository and settlement services decreased by 7.0% as average annual assets in custody lost 12.9% YoY.

The decline is primarily attributable to the negative share price dynamics (-30.2%). Fee and commission income is also influenced by other services, mainly for collateral management and clearing by NSD.

### FX Market

Fee income from the FX Market was up 35.1% while trading volumes decreased by 16.8%. Spot volumes added 5.5%, while swap volumes declined by 26.2%. The effective fee dynamics was driven by two main factors: a shift of the trading volume mix towards the more profitable spot segment and the introduction of updated tariffs from 1 August, which contributed to increased liquidity and supported the effective fee.

### IT services, listing, financial marketplace fees and other fees and commissions

The Other fee income line changed mainly due to the results of the personal finance platform Finuslugi as well as the Commodity Market. Sale of software and tech services improved by 7.7%. Listing and other services decreased 24.3% as primary market activity deteriorated. Sales of information services declined by 5.7%, primarily on the back of RUB appreciation during the year.

### Derivatives Market

Derivatives Market fee income was down 28.0% as trading volumes declined by 50.9% following the termination of non-resident trading. The discrepancy between fee income and volume dynamics was the result of a shift in volumes' mix towards FX derivatives and the new asymmetric tariff structure implemented in June 2022.

### Equities Market

The total market capitalization of the Equities Market at the end of 2022 was RUB 38.4 trln (USD 530.1 bln). Fee and commission income from the Equities Market fell by 37.2% on the back of a nearly identical decrease in trading volumes as non-residents ceased trading.

### Bond Market

Fees and commissions from the Bond Market decreased by 17.6% amid a 30.9% decline in trading volumes (excluding overnight bonds). Primary market volumes (excluding placements of overnight bonds) were down 25.4% driven primarily by lower placements of Russian government bonds (OFZ) and Bank of Russia bonds (OBR) in a volatile interest rate environment. Secondary market trading volumes declined by 35.5%. Effective fee dynamics were driven by the migration of trading volumes to value-added CCP-based trading modes.

## NET INTEREST AND OTHER FINANCE INCOME

Net interest income (NII) increased 3.5 times to reach RUB 45.6 billion on the back of higher average interest rates for the year and increased volume of the investment portfolio. NII less realized gains or losses on investment portfolio revaluation (core NII) grew by 276%.

<sup>1</sup> The amount of fees and commissions for the sale of software and technical services, information services, listing services, financial marketplace and other fee income.



## OPERATING EXPENSES

	2021	2022	Change 2022/2021 (RUB mln)	Change 2022/2021 (%)
<b>General and administrative expenses</b>	<b>10,632.9</b>	<b>11,860.9</b>	<b>1,228.0</b>	<b>11.5</b>
▪ Amortization of intangible assets	2,717.6	3,184.4	466.8	17.2
▪ Equipment and intangible assets maintenance	1,912.1	1,779.9	-132.2	-6.9
▪ Advertising costs	835.5	1,563.6	728.1	87.1
▪ Depreciation of property and equipment	971.9	1,176.0	204.1	21.0
▪ Taxes (other than income tax)	787.8	951.2	163.4	20.7
▪ Professional services	629.6	808.0	178.4	28.3
▪ Remuneration to agents	328.6	453.3	124.7	37.9
▪ Market maker fees	764.1	438.4	-325.7	-42.6
▪ Registrar and foreign depository services	620.8	389.5	-231.3	-37.3
▪ Rent and office maintenance	337.9	350.3	12.4	3.7
▪ Information services	433.5	202.9	-230.6	-53.2
▪ Loss on disposal of property, equipment and intangible assets	13.5	119.9	106.4	788.1
▪ Charity	34.9	114.1	79.2	226.9
▪ Communication services	104.3	103.9	-0.4	-0.4
▪ Other general and administrative expenses	140.8	225.5	84.7	60.2
<b>Personnel expenses</b>	<b>9,881.7</b>	<b>11,982.3</b>	<b>2,100.6</b>	<b>21.3</b>
▪ Employees benefits except for share-based payments	7,839.0	9,758.0	1,919.0	24.5
▪ Payroll related taxes	1,620.8	1,960.0	339.2	20.9
▪ Share-based payment expense on equity settled instruments	372.6	228.6	-144.0	-38.6
▪ Share-based payment expense on cash settled instruments	49.3	35.7	-13.6	-27.6

Operating expenses added 16.2% YoY, well within the top end of the guidance range of less than 20% for 2022. The key drivers of the increase in OPEX were:

- rolling out the Finuslugi promo campaign in 2022,
- an increase in personnel expenses due to additional bonus provisioning,
- an increase in amortisation costs of intangible and tangible assets due to increased capital expenditure.

## Capital expenditures

CAPEX for the year was RUB 4.18 bln, in line with the guidance range of RUB 3.8-4.3 bln for 2022. It was mostly attributable to purchases of software and equipment as well as software development.

## Cash and cash equivalents

The cash position<sup>1</sup> at the end of 2022 was RUB 107.33 bln. The company had no debt as of the end of the reporting period.

<sup>1</sup> Cash position is calculated as the sum of Cash and cash equivalents, Financial assets at fair value through profit and loss, Due from financial institutions, Financial assets at fair value through other comprehensive income, Current tax prepayments and Other financial assets less Balances of market participants, Overnight bank loans, Distributions payable to holders of securities, Margin account, Liabilities related to assets held for sale, Current tax payables and Other financial liabilities.

# MARKET PERFORMANCE

## EQUITY & BOND MARKET

The Equity and Bond Market is a liquidity center for operations with Russian securities and the main platform for Russian companies to raise capital. MOEX is a leading venue for issuance and trading of shares and depositary receipts of Russian and foreign shares; government, regional and corporate bonds; sovereign and corporate bonds and Eurobonds; mutual funds (PIFs) and Russian-law ETFs.

## Trading results

In 2022, total trading volumes on the Equity Market amounted to RUB 17.6 trln. Total trading volume on the BondMarket was RUB 19.6 trln in 2022, of which RUB 6.5 trln was traded on the secondary market.

The volume of placements of corporate, regional and sovereign bonds was RUB 2.58 trln (2021: RUB 3.17 trln). The number of bond issuers decreased from 176 to 139 compared to the previous year. In 2022, the volume of OFZ placements increased by 24% YoY to RUB 3.1 trln.

At the end of February, the market experienced significant volatility due to the changing geopolitical situation, resulting in the Bank of Russia halting trading on the Equity & Bond Market from 28 February.

Trading on the market gradually resumed on 21 March, starting with Russian government bonds (OFZ), and then on 24 March 2022, the most liquid shares of the MOEX Russia Index were added. Following the resumption of trading, the trading hours were extended, and the number of available instruments on the market increased.

## Equity & Bond Market

	2020	2021	2022	Change 2022/2021 (%)
<b>Equity Market trading volumes, RUB billion</b>	<b>23,904</b>	<b>29,997</b>	<b>17,591</b>	<b>-41.3</b>
<b>Including by instrument type, RUB billion:</b>				
Russian and "quasi-Russian" shares	23,463	28,521	16,977	-40
US shares (-RM)	86	726	136	-
ETFs and Russian-law ETFs	295	611	448	-27
▪ Russian-law ETFs	147	446	415	-7
▪ ETFs	148	165	33	-
Open-ended, interval and closed-ended mutual funds, mortgage participation certificates	60	139	30	-78
<b>Including by trading session, RUB billion:</b>	<b>23,904</b>	<b>29,997</b>	<b>17,591</b>	<b>-41</b>
Main trading session	22,661	25,930	15,353	-41
Additional trading sessions	802	2,591	2,238	-14
▪ including after-hours trading session	802	2,437	1,557	-36
▪ including pre-market trading session	-	154	681	342
<b>Bond Market trading volumes, RUB billion</b>	<b>30,617</b>	<b>22,433</b>	<b>19,631</b>	<b>-12.5</b>
<b>Secondary market, RUB bln</b>	<b>11,085</b>	<b>10,098</b>	<b>6,517</b>	<b>-35.5</b>
Sovereign bonds (OFZ)/Bank of Russia bonds (OBR)	7,674	7,218	4,226	-41.5
Other (Eurobonds, bonds of MFOs and foreign countries)	3,411	2,880	2,292	-20.4
<b>Primary market and bond redemptions, RUB billion</b>	<b>19,532</b>	<b>12,335</b>	<b>13,114</b>	<b>6.3</b>

## Attracting retail investors

The number of individuals with brokerage accounts on Moscow Exchange increased by 6.1 million to 22.9 million people in 2022, with over 38.3 million accounts (+10.7 million in 2022) opened.

The top 10 regions are Moscow (2.10 million individuals with brokerage accounts), Moscow Region (1.30 million), St. Petersburg (1.01 million), Krasnodar Krai (0.83 million), Bashkortostan (0.77 million), Sverdlovsk Region (0.75 million), Tatarstan (0.71 million), Rostov Region (0.65 million), Chelyabinsk Region (0.59 million), and Samara Region (0.55 million).

In 2022, the number of individual investment accounts (IIA) increased by 449.0 thousand to 5.2 million.

The regions with the most open IIAs are Moscow (537,300 accounts opened (+36,600 in 2022)), Moscow Oblast (310,700 accounts (+28,800)), and Saint-Petersburg (247,700 accounts (+23,500)). Among the other regions, the top 3 included the Sverdlovsk Region with 168,800 accounts (+16,400 in 2022), the Republic of Bashkortostan with 164,300 (+16,600), and Krasnodar Krai with 159,700 (+20,000).

Due to non-resident restrictions, the share of retail investors in equity trading increased to 76% from 40% in 2021. The share of retail investors in the OFZ market increased to 15.3% (6.5% in 2021) and in the corporate bond market to 22.9% (19.7% in 2021).

Over 2.2 million people transacted on the Moscow Exchange Equity Market monthly (2.0 million in 2021). In 2022, the total turnover of IIAs was RUB 1.7 trln with the majority of activity being in equities, accounting for 87.6% of the turnover. Bonds accounted for 4.9% of the turnover, while ETFs made up 7.4%.

## Collective investment

As of February 2022, there were 148 ETFs, including 123 Russian-law ETFs and 25 ETFs, as well as 102 mutual funds (open-end, interval and closed-end mutual funds) of 36 asset management companies. The collective investment industry

adapted quickly to the new realities as it was less oriented towards international participants. Moscow Exchange, together with the Regulator and the asset management companies, did everything possible to resume trading in all funds.

The resumption of trading in Russian-law ETFs on Russian assets began on 29 March, mutual funds in April and Russian-law ETFs on international assets on 23 May. At the end of 2022, trading in units of over 75% of all mutual funds, including all Russian-law ETFs on Russian assets, resumed. In addition, since March 2022, six new Russian-law ETFs by five asset management companies were launched, and three mutual funds of three asset management companies were admitted to trading. A total of nine new Russian-law ETFs of six asset management companies were launched in 2022. At the end of 2022, investors could trade 166 mutual funds of 43 asset managers, including 71 Russian-law ETFs of 16 asset managers and 95 mutual funds (open-end, interval and closed-end mutual funds) of 35 asset managers.

In 2022, Moscow Exchange also created favorable conditions for the expansion of the CNY-denominated Russian-law ETFs. Thus, the RUSFARCN benchmark was launched on 26 September 2022 and the CNY-denominated Russian Bonds Index on 14 November 2022. Additionally, from 5 December 2022, Moscow Exchange introduced trading modes to buy/sell CNY-denominated mutual funds.

## After-hours trading session

On 12 September 2022, after-hours trading was resumed on the Moscow Exchange Equity Market. The total trading time on the market extended to 14 hours a day.

The share of the evening trading increased to 8.9% (8.1% in 2021).

Retail investors were the most active participants of the evening trading session, with trading volume of RUB 2.0 trln.

40% of the total number of retail investors, or almost 3.5 million individuals traded in the evening session in 2022.

## Boosting liquidity

On 1 November 2022, new Equity Market tariffs were implemented. The changes include the introduction of an asymmetric “maker-taker” tariff model, which resulted in a reduction of an average of 20% in spreads in the most liquid securities and an increase in the number of market makers executing trades.

In response to regulatory requirements and demand from market participants, a new type of order, Passive Only, was introduced along with the new tariff policy. This order type ensures participants that the order they submit to the trading system will never be an active side of a transaction (taker). This order type is increasingly being utilized by market makers and algorithmic traders.

## Market-making programs

A new market-making program, IMOEX+, was launched to support the restart of trading when the Equity Market resumed.

The program was updated throughout the year, for example, in November, due to the introduction of an asymmetrical “maker-taker” tariff model, the variable fee was replaced by the volume of market maker passive trades multiplied by the appropriate multiplier in the market maker fee calculation formula. The number of market makers executing on securities under the IMOEX+ program increased by an average of 20%.

With the resumption of the evening trading session on 12 September 2022, the Good Evening market making program was resumed, which had a positive impact on restarting the evening session and increasing its share of total trading volume.

To support the liquidity of certain instruments, tripartite market-making agreements were successfully applied, where market-maker services were sponsored by the issuers. Of particular note here are exchange-traded funds, whose liquidity was provided by market makers in all order books and in all sessions.

## Development of the OTC segment for bonds

The OTC Central Counterparty (CCP) service was successfully launched in April 2022 and quickly gained popularity due to its ease of use, wide range of instruments and direct order book transactions with the CCP, which reduced the need for mutual limits for end counterparties. In the first eight months of 2022, volumes in order book transactions with the CCP exceeded RUB 200 billion, the number of participants was more than 100 companies, and the new service had a trading volume of up to 9% of the exchange market. The service also allows for unlisted bond transactions (116 unlisted instruments, or about 5% of the total number of instruments in the mode, were available at the end of 2022). Transactions in unlisted instrument accounted for 14% of the total volume of OTC transactions with the CCP in 2022.

## Replacement bonds – currency yields without custodial risks

Emerging as a response to the difficulty of servicing Eurobonds in foreign infrastructure, replacement bonds have quickly become a separate market segment offering currency yields without infrastructure risks. At the end of 2022, there were 22 replacement bond issues of eight issuers trading on the exchange, with a total volume of around RUB 567 billion. Of these, eight issues worth RUB 130 billion were floated on Moscow Exchange. In December 2022, the share of replacement bonds in total corporate bond trading volumes reached 20%. Individuals accounted for more than 60% of the trading volume of replacement bonds.

## Yuan-denominated bonds – a new market trend

August 2022 saw the first placement of local bonds in Chinese Yuan amid a rapidly growing resource base of investors seeking to diversify their foreign currency savings. In the first five months of 2022, ten issuers placed a total of 17 issues of yuan-denominated bonds on Moscow Exchange, worth CNY 49.7 bln (approximately RUB 512 bln), representing 20% of total corporate bond placements in August-December 2022 (excluding overnight issues).

## Attracting SMEs

To encourage SMEs to tap the public markets, the Growth Sector is available on Moscow Exchange. The Growth Sector is intended to attract funds to high-potential companies in the real sector of the economy, to expand the range of traded instruments on the financial market and to diversify investors' allocations.

The Growth Sector is supported by the Federal Corporation for Small and Medium-Sized Enterprises (SME Corporation), SME Bank and the Russian Ministry of Economic Development.

As part of the implementation of the SME national project, SME issuers have access to financial support instruments. In order to implement the mechanism to compensate SME issuers for the costs of going public, subsidies are provided to reimburse the issuers' expenses on the services of book runners and rating agencies, as well as on the payment of coupon income on bonds. SMEs will also receive support in the form of sureties/guarantees for bond issues from SME Corporation and participation of SME Bank as a co-organiser and anchor investor.

For bonds to be included in the Growth Sector, issuers must meet the following key requirements: revenue for the last reporting period is at least

RUB 120 million, the issuer has existed for at least three years, and its credit rating is at least BB- according to the Russian scale (not applicable to issues guaranteed by SME Corporation or anchor investments by SME Bank). SME bond issues in the Growth Sector amounted to RUB 5.6 billion in 2022.

In 2022, financing of RUB 33.5 million was provided for 19 bond issues by SME issuers and subsidies on bond coupon rates in the amount of RUB 386.8 million were provided for 33 transactions.

Moscow Exchange supports SME issuers by maintaining from 1 January 2020 a preferential listing fee for SME issuers issuing bonds in the Growth Sector; from 27 April 2020, SME issuers have not been charged a listing fee when issuing bonds of up to RUB 400 million (the preferential period extends to 31 December 2023). To mitigate the negative impact of the geopolitical situation and increased volatility in the financial market, Moscow Exchange introduced a credit rating grace period in March 2022 to maintain Growth Sector bonds by accepting ratings as of 1 February 2022 until 1 October 2022.

## Innovation and Investment Market

Moscow Exchange successfully operates the Innovation and Investment Market (IIM), which was created to to promote investment in the innovation sector of the Russian economy.

By the end of 2022, 31 securities were traded in the IIM Sector: 10 shares, 19 bonds, one ETF and one pre-IPO closed-end mutual fund. The total capitalisation of the sector amounted to about RUB 450 billion. Total trading volumes exceeded RUB 225 bln. In 2022, five companies placed their securities through the IIM Sector: four bond issuers and one IPO.

In order to encourage technology companies to enter the exchange, the following government support tools have been envisaged:

- tax relief (personal income tax) on income from the sale or other disposal of shares, bonds of Russian organisations, investment units that are securities of the high-tech (innovative) sector of the economy, provided that they have been continuously owned by the taxpayer for at least one year as of the date of their sale;
- tax relief applies to transactions in shares of high-tech companies with a market capitalisation of no more than RUB 75 billion, bonds of issuers with annual revenue of no more than RUB 75 billion, and investment units (NAV of no more than RUB 75 billion);
- within the framework of the initiative [Taking off – from Start-up to IPO](#) approved by the Government

of the Russian Federation in 2022, small innovative enterprises will be provided with grant support to co-finance innovative projects from the Federal State Institution “Foundation for Assistance to Small Innovative Enterprises in Science and Technology”. The grant ceiling is RUB 30 million, part of which can be spent on the listing activities (legal, investment bank services, marketing and other services).

## Listing of securities

In 2022, work continued to inform investors about the quality of traded securities: 32 securities of 22 issuers were included in the Increased Investment Risk Companies Sector.

Moscow Exchange actively works with SMEs to support the development of the respective national project. For four consecutive years, Moscow Exchange has provided listing services to SME issuers at preferential rates.

In 2022, the Exchange began actively introducing automated and robotic processes in the operations.

As of the end of 2022, 4,154 securities of 1,400 issuers were admitted to trading, including 994 shares and depositary receipts of 922 issuers and 2,929 bonds of 505 issuers. The Exchange's quotation lists include 1,332 securities of 258 issuers: the Level 1 includes 921 securities of 163 issuers and the Level 2 includes 411 securities of 122 issuers.

## DERIVATIVES MARKET

The Derivatives Market is one of Moscow Exchange's largest financial markets. It currently offers 166 instruments, 30% of which (49 contracts) were launched in 2022. Despite the challenging economic and political situation, the market managed not only to maintain but also increase the number of active clients compared to 2021: there were 169,000 clients trading on the market, an increase of 16% compared to 2021.

The departure of non-residents from the market was largely compensated by the increase in HFT resident clients' activity. While the total HFT trading volume in 2022 was RUB 44 trillion (2021: RUB 98 trillion), the trading volume of Russian resident HFT clients increased by RUB 4 trillion, reaching RUB 28 trillion.

### Derivatives Market

	2020	2021	2022	Change 2022/2021 (%)
<b>Derivatives Market trading volumes, RUB billion</b>	<b>129,953</b>	<b>158,529</b>	<b>77,876</b>	<b>-51</b>
Futures	124,605	151,762	75,602	-50
Options	5,348	6,768	2,273	-66
<b>Futures, RUB bln</b>	<b>124,605</b>	<b>151,762</b>	<b>75,602</b>	<b>-50</b>
FX	63,369	66,692	45,316	-32
Interest rates	94	524	536	2
Single stock	3,957	7,078	4,573	-35
Indices	29,810	38,904	14,797	-62
Commodities	27,375	38,563	10,380	-73
<b>Options, RUB bln</b>	<b>5,348</b>	<b>6,768</b>	<b>2,273</b>	<b>-66</b>
FX	1,654	2,009	1,063	-47
Single stock	30	75	37	-50
Indices	3,343	4,359	1,086	-75
Commodities	321	326	87	-73

The influence of retail investors has significantly increased: the share of individuals in the total trading volume rose from 41% to 61%. In some instruments, private investors exceeded 80% of the trading volume. Market conditions' changes have affected the nature of product and technology initiatives.

### Trading volumes

In 2022, total trading volumes on the Derivatives Market amounted to RUB 77.9 trln (RUB 158.5 trln in 2021), including futures trading volumes of RUB 75.6 trln and options trading volumes of RUB 2.3 trln.

### New instruments

2022 was one of the most productive years in terms of the number of new instruments. The current economic situation has caused a change in market conditions, both in the structure of market participants and in the range of underlying assets. New market needs provided the basis for the launch of a number of unique contracts.

The Real Estate Index Futures began trading in January. In 2022, two thousand clients transacted over RUB 1 billion in this instrument, confirming Russian investors' interest in the instrument.

In February, a Russian Government Bond Index (RGBI) futures contract was launched. Participants were able to open a position on the entire government bond segment in a single transaction, without the need to purchase individual issues of securities. In the context of increased volatility on the Russian debt market, the contract proved to be in high demand from trading members, with turnover exceeding RUB 260 million.

The year 2022 saw a significant increase in Russian investors' interest in currencies of friendly countries, which led to the restart of the CNY/RUB FX Futures contract on the Derivatives Market. The contract's trading volume grew exponentially, exceeding RUB 1 trillion by the end of the year, reflecting demand from the market.

Perpetual futures, which were launched in April, are conceptually new instruments on the Derivatives Market in 2022. The advantage of these instruments, and at the same time their main difference from others, is the absence of an expiry date. Potentially endless contracts allow institutional investors to hedge assets and liabilities over the long term without having to roll over a futures position. At the end of the year, trading volume exceeded RUB 150 billion.

Trading in derivatives on Russian wheat began in August. Russia is the world's all-time leader in wheat production and export, so the contract is actively used by grain export market participants

as a representative price reference and hedging tool. The collateral for the contract is about RUB 2,000, which allows the mass investor to freely influence the price of Russian wheat. By the end of the year, individuals accounted for 92% of the total trading volume in the contract.

Russian investors' interest in foreign investment without the infrastructure risk has increased amid external constraints. Three new contracts on the most sought-after foreign benchmarks were launched in 2022. The instruments facilitate portfolio diversification due to their low risk rate and low transaction costs. In December 2022, trading volume in the instruments exceeded RUB 11 billion.

In November, trading in a new type of instrument, premium-based cash-settled options on 21 Russian shares, was launched. Previously, only options on futures contracts were traded on Moscow Exchange. Since the launch of trading, more than 5,000 clients have traded single-stock options for a total of more than RUB 410 million. Contracts are in demand from retail investors, who accounted for 58% of turnover at the end of the year.

### Technological development

In 2022, an asymmetric tariff model was introduced on the Derivatives Market. Under the updated approach, banks and brokers, as well as their clients submitting orders and thus providing liquidity to the market, are exempt from paying exchange fees for futures and options transactions. A fee is charged only to clients who conclude transactions based on orders already on the book. In December, a new "funding" method for perpetual futures was introduced. The mechanism has improved the correlation between the price of perpetual futures and the underlying asset.

The innovations have helped improve efficiency and boost liquidity on the Moscow Exchange Derivatives Market, despite the infrastructural, market and other challenges facing the Russian financial market.



## FX MARKET

Increased exchange rate volatility in the first half of the year, the imposition of external restrictions, the blocking of accounts in currencies of unfriendly countries and the outflow of non-residents required a restructuring of the on-exchange FX market and a reorientation of business towards friendly jurisdictions.

In the new environment, market participants and clients had to quickly realign their strategies and the exchange infrastructure had to be reconfigured to implement monitoring and control measures in line with new legislative initiatives.

To adapt the economy and market participants to the new realities, reorient financial transactions towards currencies of friendly countries and improve the reliability of the exchange infrastructure, the FX Market was restructured in several areas: new currency pairs were introduced, instrument parameters were changed, trading hours were extended, the tariff policy was improved and there was active interaction with participants from friendly countries.

### Updates to official rates methodology

From 25 April 2022, the official EUR/RUB and CNY/RUB rates are set by the Bank of Russia on the basis of transactions executed on MOEX's FX Market between 10:00 to 15:30 Moscow time, similar to the official USD/RUB rate. Previously, only the official USD/RUB rate was established on the basis of MOEX's market data, while the other currencies were calculated using the cross-rate method at the time of calculation.

### Dedollarisation processes and development of trading in national currencies

In 2022, the following projects were implemented as part of diversification and development of trading in national currencies:

- Five new currencies were launched, such as Armenian Dram (AMD), South African Rand (ZAR), Uzbekistan Sum (UZS), Kyrgyzstan Som

(KGS) and Tajikistan Somoni (TJS) with a standard set of TOD, TOM and overnight swaps instruments.

- The range of instruments with small lots in Chinese Yuan (CNY), Turkish Lira (TRY), Hong Kong Dollar (HKD), Belarusian Ruble (BYN), Kazakh Tenge (KZT) and others was expanded. In 2022, more than 50 participants trade instruments with small lots, and the total volume of transactions exceeded RUB 126 billion.
- To concentrate the order book and increase liquidity, the minimum price fluctuation on spot instruments for CNY/RUB and TRY/RUB was increased from 0.0001 to RUB 0.001 roubles.

The case of friendly currencies shows how quickly the need for a reliable exchange infrastructure in extreme situations is growing and dedollarisation processes are evolving.

In 2022, trading volumes in friendly currencies increased sharply, with trades in CNY/RUB growing 128-fold, KZT/RUB 126-fold, TRY/RUB 19-fold and BYN/RUB 440-fold.

Trading in friendly currencies against RUB accounted for 38% of spot FX volume on MOEX (it was less than 0.5% at the beginning of the year). The share of USD/RUB fell from 84% to 40%.

### Expanding trading hours

Pre-market trading was resumed on 12 September, starting at 6:50 Moscow time, giving a total of 12 hours of trading in the FX Market.

On average for October-December 2022, the share of trades from 7:00-10:00 a.m. in total trading volume exceeded 10%, twice as high as in January-February.

TOD trading was extended from 12:00 to 12:30 a.m. on 31 October for CNY, TRY, KZT, BYN and ZAR.

### Improvement of the tariff model

To stimulate liquidity, the following asymmetric tariff model for order book spot transactions was introduced on 1 August: a 0% fee for makers and a 0.0045% fee for takers were offered, and from 14 November, the parameters for the surcharge were changed.

### Attracting Russian investors and corporates

In 2022, the interest of private investors and corporates in conversion transactions and their shift towards friendly currencies was an important driver of MOEX's FX Market.

The share of individuals in spot transactions rose to 28% in December (12.4% on average in 2021).

The share of Russian legal entities, companies and organisations, in spot transactions increased six-fold in the fourth quarter to 11.8% (1.9% for the same period in 2021).

In 2022, 18 companies were given direct access to the FX Market, while the total number of corporates (including insurance companies) with access to the market reached 59.

### Development of the EAEU Integrated FX Market

The EAEU Integrated FX Market plays an important role in the development of trading in national currencies by offering non-resident banks from EAEU countries and Tajikistan access to on-exchange trading on an equal footing with Russian participants.

There are 31 banks from the EAEU/CIS, including two central banks and two international financial institutions, operating in the market.

More than 20 other banks are in the process of gaining direct access.

In the past year, the activity of banks from the EAEU countries on the MOEX market has increased sharply. The annual turnover of EAEU members on Moscow Exchange was RUB 4.7 trillion, up more than 80% from 2021.

Future plans are to expand the list of member banks with direct access and make client access available to as many clients as possible from other friendly countries.

### Precious metals market development

There are 98 companies trading on the Precious Metals Market: 56 banks, 33 professional securities market participants (asset management companies, brokerage companies and their clients), and the Bank of Russia.

In 2022, 32 new members joined the market.

The volume of spot transactions in gold totalled RUB 73.74 billion, down 3% vs. 2021.

There are plans to expand the infrastructure capacity of the Precious Metals Market.

## MONEY MARKET

Moscow Exchange's Money Market is a segment of the Russian financial market through which market participants carry out cash liquidity management.

The key segment of the Money Market is repo transactions with the Central Counterparty (CCP), performed by NCC, and repo transactions in general collateral certificates (GCC). RUSFAR, a Money Market benchmark recognised by the Bank of Russia is calculated on the basis of the GCC repos as the most liquid and efficient market segment.

### Trading volumes

In 2022, total Money Market trading volumes amounted to RUB 672.7 trln, up 42% YoY.

Repo trading volumes totalled RUB 542 trln, (81% of total Money Market volumes); trading volumes of non-CCP deposit and credit transactions totalled RUB 130.8 trln.

The year-on-year increase in total market trading volumes was the result of a 21.7% increase (to RUB 431.4 trln) in the volume of repo transactions



with the CCP (including GCC repo and deposits with the CCP). Trading volume of CCP-cleared repo transactions was RUB 298.7 trillion, up 10.3% YoY. The average daily open position in repos with the CCP in 2022 was RUB 3 trillion.

GCC repo continues to be the most-fastest growing CCP-cleared repo product in 2022: trading volumes increased by 58.5% YoY to RUB 133 trln, and the average daily open position was RUB 956.7 bln.

## Money Market

	2020	2021	2022	Change 2022/2021 (%)
<b>Money Market trading volumes, RUB billion</b>	<b>426,781</b>	<b>474,033</b>	<b>672,733</b>	<b>41.9</b>
<b>On-exchange repo, RUB billion</b>	<b>379,135</b>	<b>418,493</b>	<b>541,898</b>	<b>29.5</b>
Inter-dealer repo	35,125	22,445	8,484	-62.3
CCP-cleared repo	318,876	354,775	431,436	21.7
▪ Incl. CCP-cleared GCC repo	75,069	83,789	132,760	58.5
<b>Credit Market, RUB billion</b>	<b>47,647</b>	<b>30,346</b>	<b>86,729</b>	<b>185.8</b>

## Expanding the range of instruments

In order to provide participants of the repo market with a more flexible approach to liquidity management, MOEX implemented the following projects in 2022:

- admission of mortgage-backed securities of DOM.RF and securities of constituent entities of the Russian Federation to CCP-cleared repo with the Federal Treasury;
- expanding trading hours and terms for CCP-cleared repo with settlement in CNY, launching GCC repo, repo-M, deposits with the CCP and credits with settlement in CNY, and introducing RUSFAR denominated in CNY;
- professional market participants were given the opportunity to access the repo market and the CCP deposit market at the same time.

In 2022, 36 companies were connected to this market. A total of 177 companies were admitted to this segment at the end of 2022.

In addition, the tools offered by the market to members were developed:

- the functionality for partial early withdrawal of deposits was implemented,
- deposits with the CCP in CNY were launched.

The MOEX Treasury platform for corporate clients was further enhanced in 2022, with the following functionality implemented:

- an algorithmic module was launched on the CCP Deposit Market, allowing available funds to be placed according to set parameters,
- option to chart indicators and rate curves by term was introduced,
- integration of MOEX Treasury with the clearing terminal was further developed,
- the functionality for auctions with regional participants on the M-Deposit Market was implemented,
- MOEX Treasury continued to integrate with NSD's Transit 2.0 system,
- the chat service was implemented,
- the interface and platform user settings were further improved.

## Attracting new categories of participants

Real economy companies showed a growing interest in the Moscow Exchange's Money Market in 2022.

The average daily open position on the CCP deposit market increased from RUB 110 billion to RUB 137 billion (up 24.5%).

# COMMODITIES MARKETS

MOEX promotes commodities trading through two key commodities markets: precious metals and agricultural. Precious metals are traded on the MOEX FX Market platform, while trading in agricultural products is operated by the National Mercantile Exchange (NAMEX), part of the Moscow Exchange Group.

## On-exchange trading in agricultural products

In 2022, NAMEX continued to develop the commodity auction market. Commodity auctions are a simplified mechanism for trading new products with direct admission to trading for customers and auction participants. Transactions on the market are not cleared. The customers of the auctions are legal entities, such as large exporters, processors and producers of agricultural products. The customer of the auction determines the main parameters of the auction: delivery terms, basis, starting price, minimum price step, etc. Any legal entities and individual entrepreneurs can participate in auctions. Commodity auctions continued to attract strong interest from market participants, with more than 170 companies joining the auctions in 2022 (the total number of trading members on the commodity auction market exceeded 320 companies). In addition to the most in-demand instrument, wheat on the Novorossiysk CPT basis, the market saw transactions in soybean and rapeseed arranged by Russia's major oilseed processor, Sodruzhestvo Group. In 2022, the volume of agricultural products traded on the commodity auction market totalled RUB 16.3 bln, or 1.03 mln tonns (2021: RUB 11.4 bln, or 656,700 tonns). In September 2022, Russia's first exchange-traded carbon units were launched on the commodity auction market.

In 2022, trading in sugar continued in the form of a bilateral anonymous auction, where NSD clears and settles sale and purchase agreements concluded on the Exchange. In 2022, trading volumes on the sugar market was RUB 7.6 billion, a 3-fold increase from 2021 (RUB 2.5 billion).

NAMEX is Russia's authorised exchange for state commodity and procurement interventions on the grain market. In 2022, grain purchases to the state intervention fund totaled 3.12 mln tonns, or RUB 47 bln (2021: 32,800 tonns, or RUB 394.5 mln).

In April 2022, NAMEX expanded the range of export indices (the indices for wheat, barley and corn have been calculated since 2021) to include sunflower oil and sunflower meal. The sunflower oil and meal indices are calculated on the basis of over-the-counter contracts on the commodities transmitted to NAMEX by oil and fats companies and are used by the Russian Ministry of Agriculture and the Federal Customs Service to set export duties on the commodities.

The NAMEX Novorossiysk SPT Wheat Index started to be calculated and distributed on the basis of wheat transactions concluded on the commodity auction market from August 2021. The Index was approved by the Bank of Russia, and MOEX began trading index contracts on its Derivatives Market.

Using NAMEX's personal accounts, agricultural market participants registered more than 102,000 OTC contracts involving the transfer of ownership of agricultural products, totalling more than 76 million tonns.

A new information product, the Commodity Markets Newsletter, was launched in May 2022, providing key information on the condition of on-exchange and OTC markets for agricultural products.

	2020	2021	2022	Change 2022/2021 (%)
<b>Grain and Sugar Market trading volumes, RUB billion</b>	<b>25</b>	<b>14.37</b>	<b>70.9</b>	<b>+493</b>
Grain	21	11.8	63.3	+536
Sugar	1.98	2.5	7.6	+304

# POST-TRADE SERVICES

## CLEARING

The National Clearing Centre (NCC) acts as a Clearing House and Central Counterparty (CCP) for MOEX's markets. In 2013, the Bank of Russia granted NCC the status of a qualified central counterparty.

In 2022, NCC's clearing efforts were focused on further developing clearing services and services, improving the technology platform and creating additional opportunities for clearing members to operate efficiently, comfortably and in a secure environment in the financial market.

In doing so, NCC was guided by the Moscow Exchange Group Clearing Development Strategy adopted in 2021 and the Roadmap for implementing this Strategy, which includes a detailed action plan for developing and implementing key projects and tasks.

### Key projects in 2022

#### Development of a new margin model on the Standartised OTC Derivatives Market

A new risk management system which is an innovative margining model for the Standartised OTC Derivatives Market, has been piloted in conjunction with the risk management divisions to improve NCC's risk-protection profile and also to help optimise the Group's costs.

The new model is based on a scenario module, which increases its versatility. In addition, it takes into account adaptive volatility estimation models, historical VaR, scenario changes in risk factors,

and allows for better option valuation through a proration model, scenario shifts in risk factors, and additional scenarios.

#### CCP-cleared OTC transactions

As part of the development of OTC services, the FX OTC Services Development project was implemented, the main objective of which is to expand the Group's services into the OTC FX market and generate additional income from OTC clearing.

In addition, the new service provides post-trade services for transactions as part of the overall netting of participants' positions to the central counterparty (CCP), as well as enabling the expansion of trading opportunities for both local and global consumers and liquidity providers.

#### Development of the risk management system

In accordance with the approved Road Map for development of the risk management system of NCC until 2025, the main efforts in this area were focused on implementation of a set of measures to improve risk management processes, maintaining the quality of CCP management at the level required by the regulator and in accordance with international standards. In addition, the operational processes related to risk management were optimised and automated to improve the reliability and continuity of the systems supporting the risk management system.

## NCC projects and objectives

- Transition to daily calculation of stress collateral. The method allows for more accurate risk calculations for NCC and also reduces pro-cyclicality and ensures faster release of collateral for clearing members when positions change.
- A new category of clearing members, B2, was introduced. This category allows for greater risk protection for NCC while enhancing the ability of clearing members to access trading without full collateral required.
- Improved approach to monitoring the eligibility of securities accepted as collateral for trades with the CCP and automation of the process.
- Validation of the methodology for determining internal ratings for NCC's counterparties.

- Revised approach to the calculation of provisions for expected credit losses for the purposes of IFRS 9. Refined methodology for determining the stage of impairment and calculating the probability of default, taking into account the type of legal entity based on international rating agency matrices.
- Issuance of a report on the service provider's control procedures in the area of clearing and settlement services following the successful completion of an independent ISAE/MSRS 3402 Type I audit.
- Improved approaches to non-financial risk management in terms of development of process and risk maps and related control procedures, and expanded description and testing of contingency scenarios as part of development of a business continuity management system.
- Successful completion of an operational audit in accordance with the requirements of Bank of Russia Regulation No. 556-P.

## NATIONAL SETTLEMENT DEPOSITORY

National Settlement Depository (NSD) is the central securities depository of the Russian Federation, that offers clients a wide range of services, including depository, repository, clearing services, banking services, information services, as well as collateral management and technological services.

### Central securities depository

In 2022, the volume of securities in custody on NSD accounts decreased by 13% YoY to RUB 63 trln. The total amount of issued securities (ISIN) being serviced by the NSD decreased by 8.49% to 26.7 thousand (2021: 29.2 thousand).

A total of 945 issues of corporate bonds worth RUB 16.40 trillion were accepted for service in 2022, with four issues of bonds of constituent entities and municipalities of the Russian Federation worth RUB 3.136 billion.

In 2022, the number of bond issues accepted for placement with issuance documentation executed electronically was 97.6% of the total number of accepted issues.

In 2022, 38 issues of commercial bonds of 23 issuers were registered for a total volume of RUB 145.09 billion and CNY 11.8 billion. Seven commercial bond programmes were registered for a total volume of RUB 1.3 trillion.

In 2022, 38 commercial bond issues for a total volume of RUB 77.3 billion and CNY 11.8 billion were placed and 20 commercial bond issues for a total volume of RUB 6.7 billion and USD 111.1 million were redeemed.

### Settlement and clearing

In 2022, the number of OTC trades cleared by NSD on a Delivery Versus Payment (DVP) basis was 133,000 (down 77%). The volume of trades amounted to RUB 5 trillion.

NSD implemented the following depository services legislative initiatives:

- Automatic conversion of depository receipts into Russian shares.
- Forced share recordkeeping transfer under Article 5, Federal Law No. 319-FZ.

## Remote customer service channels

As part of the development of alternative channels for customer service when transmitting SWIFT messages on depository activities, functionality was developed using the SPFS. NSD continued to facilitate the existing SWIFT depository messaging channel, the Integration Gateway.

## Modernisation of record-keeping infrastructure

In 2022, the project continued to develop a new investment instrument for individuals, people's bonds using Finuslugi financial platform. In response to geopolitical and economic challenges, project objectives were adjusted to attract not only public sector issuers but also AAA-rated corporate issuers.

## Corporate Actions Center

In 2022, NSD made efforts to adapt its systems and processes to meet the requirements of the new regulation, including those relating to the payment of income on securities. As required by the legislation, mechanisms were implemented to collect information on securities holders, receive and analyse documents from holders, and make cash distributions. The depository has started automating these processes, which will be completed in 2023.

During 2022, the issuers held 167 general meetings of bondholders. Issuers initiated 4,395 meetings of securities holders using electronic voting technology, 416 corporate actions for redemption of securities for the amount of RUB 11.3 billion and 36 corporate actions related to the exercise of pre-emptive rights.

In 2022, 31 annual general meetings of shareholders were held using e-voting. Sixteen issuers provided their shareholders with the opportunity to vote remotely at AGMs and EGMs using NSD's E-voting service. During the year, almost 23,500 shareholder votes on meeting agendas were submitted through the E-voting service. The vast majority of shareholders used identification via the Russian State and Municipal Services Portal (Gosuslugi) or the Sber ID service, which became available for shareholder identification in 2021.

## Collateral management

The total amount of funds deposited in repo transactions with NSD's Collateral Management System (CMS) since the launch of the system in 2013 exceeded RUB 400 trillion, while the maximum balance due from borrowers (open position) in 2022 reached a record RUB 4.5 trillion.

In 2022, NSD launched an automated deposit settlement service. When placing temporarily free budget funds in deposits, public lenders can transfer settlement functions to NSD, completely digitalising the processes. NSD automatically distributes funds to borrowers when a deposit is made and returns them to public lenders with accrued interest at the end of the deposit period.

As part of the 2019-2024 strategy, NSD is implementing objectives to develop a national platform for government liquidity management.

## Repository

### Trade repository

In 2022, both the number of transactions, 32.41 million (-29% compared to 2021), and their volume, RUB 259.41 trillion (-63% compared to 2021) reduced significantly due to external restrictions.

The repository continued to improve services that simplify customer service and reduce transaction costs for the clients.

- As part of the development of a new area, NSD's IT solution for reporting to the repository, a technological solution was developed to set up a direct reporting process from the client's systems to NSD's Repository.
- As part of the development of communication channels, a new REST API channel was set up for repository processes, enabling the client software to interact directly with the Repository and to obtain information from the Repository's database in various samples.

As part of the development of additional services for the provision of analytical information by the Repository, new forms of extended reports were implemented in response to individual participant requests.

## Financial Transaction Registrar

In 2022, FTR's functionality was further developed:

- new clients were accepted for servicing, two financial platform operators (by the end of the year, six financial platform operators were connected to the FTR),
- the range of registered instruments was expanded to include bank cards.

At the end of 2022, information on bank deposits, transactions in bonds and shares, compulsory car insurance (OSAGO), loans and bank cards is registered in the FTR.

The form and content of the FTR statement transmitted upon requests from individuals using the unified portal of state service Gosuslugi was finalised. At the end of the year, about 20,000 statements were issued to individuals (four times more than in 2021).

## Technological services

NSD, as one of the main pillars of the financial sector, pays particular attention to the development of a robust IT infrastructure. It offers the market technological solutions that increase the efficiency of clients' internal processes while ensuring a high level of reliability of the solutions implemented.

## Transit 2.0

By the end of 2022, 39 corporate clients had joined the Transit 2.0 platform, most of which used the system on a permanent basis to work with their

authorised banks on a one-stop-shop basis and fully integrated it into their business processes. Currently, 17 banks are available on the platform.

Out-of-the-box solutions for integration have been developed.

Platform members are able to interact with banks via the SPFS.

Corporates can now integrate Transit 2.0 with the MOEX Treasury application. Liquidity management and deposit placement on the Exchange became even easier thanks to up-to-date data from Transit 2.0 in the MXT application.

The Platform's API Orchestrator has been started, which will enable seamless connection and management of individual API channels and monitoring of message delivery. The development of the Fintech Association's Open API formats is underway.

## SPFS Service Bureau

In 2020, NSD became the first organisation in Russia to be granted SPFS Service Bureau status. NSD is the largest SPFS service bureau that connects international counterparties to the system.

In 2022, the system's user functions were significantly expanded, customer requests were implemented, and onboarding and training webinars were held.

To date, 75 clients have been connected to the system. The system is key to interbank interaction with Russian counterparties and is expanding the geography of its users every year.

## SWIFT Service Bureau

At the end of 2022, the Service Bureau had 47 active clients. Ongoing client operations are supported, and new compulsory services are provided.

# INFORMATION PRODUCTS AND SERVICES

Moscow Exchange's information services focus primarily on providing market data containing value, quantity and cost parameters for orders and transactions made on its markets, as well as aggregated indicators used in its financial and investment activities: indices, market prices and recognized quotations.

## INDICES

The MOEX Russia Index and RTS Index are the key benchmarks of the Russian equity market. They are calculated based on the most liquid shares of major Russian issuers.

The MOEX index family includes the Blue-Chip Index, comprising 15 shares of the most liquid and largest issuers by market capitalization; the Mid- and Small-Cap Stock Index, consisting of liquid shares of mid- and small-cap companies; and the Broad Market Stock Index, which includes the top 100 Russian companies based on their liquidity and capitalization. The shares covered by the Broad Market Index are used to form baskets of industry indices by dividing the calculation base of the index by sector profiles.

The MOEX bond index family includes indices of corporate, government and municipal bonds segmented by duration and credit quality.

MOEX also calculates several industry-specific indices for market segments not included in the main line of index products. These include the Public Sector Index, Pension Savings Assets Index, Innovations Index, Volatility Index and the MOEX 10 Index.

By the end of 2022, the number of index-linked exchange-traded funds replicating Moscow Exchange's benchmark structure was 26 with assets under management totalling RUB 86 billion. In 2022, two new Russian-law ETFs on the MOEX indices were launched.

Moscow Exchange indices became available on the services of China's largest search portal, Baidu, thanks to the joint efforts of the Exchange and its strategic partner in China, Infonet, part of the Shanghai Stock Exchange Group.

## New benchmarks

The range of bond indices was expanded. In November 2022, a new debt market gauge, the CNY-denominated Russian Bond Index, began to be calculated. The new benchmark reflects the dynamics of a new segment of the Russian debt market, CNY-denominated bonds of Russian issuers, which began to be placed on Moscow Exchange in August 2022. The total capitalisation of bond issues included in the new index exceeds CNY 31 billion at face value.

The calculation of the OFZ-IN Index began in 2022 which is based on the prices of federal bonds with a face value indexed to the inflation rate. The total capitalisation of OFZ-IN issues included in the new inflation index exceeds RUB 1 trillion at face value.

The new gauge will improve transparency of the Russian debt market and complement MOEX's family of bond indices, which includes a wide range of government, corporate and municipal bond market indicators.

In view of the growing volume of on-exchange trading in CNY and the expansion of the range of CNY-denominated instruments on the Money Market, in September 2022, a new benchmark for the cost of CNY liquidity in Russia, RUSFAR CNY (Russian Secured Funding Average Rate CNY), was launched. The rate is calculated on the basis of overnight repo transactions in general collateral certificates with the central counterparty with settlement in CNY.

Russian credit ratings assigned by national rating agencies have been more widely used in forming the bases for calculating bond indices. In addition to ratings assigned by ACRA and Expert RA,

credit ratings assigned to issuers and bond issues by National Rating Agency and National Credit Ratings began to be used. It was also decided to abandon the use of credit ratings assigned by international agencies in 2023.

In addition, the pension saving index methodology was improved in 2022 by harmonising the procedure for forming the indices constituent bases, taking into account legislative requirements for the investment of pension savings.

## INFORMATION SERVICES

In 2022, Moscow Exchange provided its clients with a service for trade negotiations and setting out the terms of negotiated transactions on the OTC market in the form of the MOEX Dealing product, which was provided on preferential terms as part of a marketing program. When developing the service, Moscow Exchange carefully analysed and took into account the wishes of clients (trading members) regarding the product's functionality.

As part of further development of MOEX Dealing, a project was launched to develop an information and trading terminal by adding price data, analysis and news to the product. The information and trading terminal is being developed as a universal solution for financial market participants which will contain all necessary tools (calculators, visualisation tools, charts, technical analysis and trading functionality) and information sources (both Russian and international). The pilot launch of the new information and trading terminal is scheduled for the first half of 2023.

The Standardised OTC Derivatives Market data service was launched in test mode in the reporting year. Through the Exchange's Information and Statistical Server (ISS), web-API technology was used to provide discount and forward curves, as well as market data for Overnight Index Swaps and Interest Rate Swaps instruments for local and foreign rates.

The Analytical Report by the Market Operator for Issuers product was further developed in 2022. The product was supplemented with statistics

on individual clients (including security holding times and average holding sizes) in line with demand from clients, which number increased significantly in 2022. In addition, data on repo transactions involving issuer securities was added to the product.

In 2022, a commercial model was implemented to provide the joint service Marking Complex Financial Instruments with a partner (Interfax Agency) to trading members via the Exchange's trading system interfaces.

A single entry point was created for service users (trading members) to receive the service in a familiar format (through an ITS agreement with Moscow Exchange). Work was started to integrate data from the Marking of Complex Financial Instruments service into the Exchange's web-based information platform (the Exchange's Information and Statistical Server). Development of the service in 2022 was aimed at enriching it with new functionality (historical marking data, selection and sorting of data on individual securities, option of automated unloading using web-API).

The Exchange continued further promote and sell information services containing non-real-time data (delayed streams, end-of-data data, archived market data) through partner channels, including those specialising in working with Russian issuers, using special data visualisation tools (data widgets) developed by partners (TradingView, Sbonds).



# CLIENT SERVICES

## ACCESS TO THE MARKETS

In 2022, work continued to facilitate the customer journey:

- the requirements of Moscow Exchange Group companies for documents as part of the KYC procedure were harmonised, which helped optimise the list of KYC documents.
- A unified group storage facility for electronic KYC documents was put into production, and a unified process for receiving and processing paper KYC documents across the Group was created; as a result, customers were able to submit a package of documents on a one-off basis to one of the Group companies.
- The Personal Account of trading and clearing members was further developed:
  - the option of submitting a single client questionnaire via the Personal Account to all Group companies was implemented;
  - customers were provided with a service for creating and submitting a digital power of attorney through the Personal Account, as well as for monitoring the validity period of the powers of attorney granted.
- The unified client registration system was brought in line with new legal and market requirements due to the changing geopolitical environment, and residence-based client marking became available.

- The process of connecting non-resident clients to the EDI service was streamlined, with the option for processing scanned copies of documents followed by mandatory sending of originals.
- Robotisation makes internal processes more technologically advanced and less time-consuming, reducing the time it takes to process customer enquiries.

### Finuslugi (Marketplace of financial products)

In 2022, the process of identifying individual customers in onboarding to the Finuslugi platform was accelerated by 40% through the introduction of automatic passport recognition of individual customers and changes to the identification process, enabling customers to access platform services faster: deposit opening, loan processing, insurance policies and investment instruments.

## INFORMATION TECHNOLOGIES

### High system availability

Moscow Exchange continues to demonstrate the high reliability of its technology platforms, with a trading system availability ratio of 99.99%.

Support processes based on monitoring teams and specialist work are built on a 24\*7(5) on-demand basis.

Processes for handling customer enquiries have been improved, resulting in a 30% improvement in the timeliness of enquiries.

In 2022, load testing of trading and clearing systems (TCS) was successfully conducted with market participants and the following conclusions were drawn:

- The TCSs of all markets have a significant performance and information capacity reserve relative to the parameters of production trading.
- All markets' TCSs maintained the operability of all subsystems within the limits of data volumes and constant, not just peak, transaction frequencies shown in the table.

### IT processes

An approach has been developed to managing the Group's IT landscape based on business competencies.

Launched a programme to harmonise the Group's IT landscape, the main objectives of which are:

- reduction of operational risk;
- reduction of operating costs;
- speeding up implementation.

Production process streamlined in terms of incidents, issues and processes with process regulations prepared and teams connected to production metrics.

Production culture is built: CI/CD pipelines, DevSecOps. Production speed and quality are measured, and deviations are dealt with.

All Moscow Exchange teams are connected to the platform solutions and tools. This allows a fully unified production landscape, thereby speeding up development processes and saving resources significantly.

The internal engineer portal is being improved, which is arranged according to the principle of self-service without the involvement of third-party resources.

The processes of establishing a competence centre for the development platform have been initiated, which has already made it possible to unify the development tools and pipelines among all Group companies.

A unified project portal has been established and the process of managing tasks in a single planning location has been built.

Production speed and quality are measured through lead time and cycle time of tasks, percentage of devops coverage, defect containment, etc.

### Elements of digital transformation

As part of the ongoing digitalisation process, the introduction of Russian software has begun.

The Exchange is embedded in an ecosystem of Russian and independent technology development (bringing in-house solutions to market, private consortia, government participation).

At all stages of implementing IT tasks, Moscow Exchange follows the principles of "Security by design" and secure development practices.



## IT resources

To eliminate the risk of dependence on a single external IT resource provider, the Dedicated Development Centre format with a single resource provider has been replaced by the Supplier Pool format, which is a flexible and efficient tool for sourcing IT resources.

The Vendor Pool provides:

- flexible resource base management,
- the best human resources at a market price,
- increased recruitment speed,
- common principles and services across the Group,
- reduced dependence on IT resource providers.

## High-speed market data feeds

In October 2022, Moscow Exchange introduced new high-speed market data distribution protocols (SIMBA ASTS) and access (FIFO TWIME ASTS) in the Equity & Bond and FX Markets. The new services are an in-house development of Moscow Exchange and are intended for banks, brokers, algorithmic and high-frequency traders, which co-locate their equipment in the Exchange's data centre.

SIMBA ASTS is the fastest market data feed available for the Equity & Bonds and FX Markets. The protocol is based on the modern Simple Binary Encoding, which significantly speeds up the process of obtaining and processing market data by clients' trading algorithms.

The main advantages of the service are:

- speed which is far superior to all existing protocols;
- unified message formats;
- an ability to quickly assess movements of the best prices;
- a dedicated high-speed network infrastructure in the colocation area.

Moscow Exchange introduced a similar service for derivatives in 2021.

## New access protocol for FX and Equity & Bond Markets

FIFO TWIME ASTS is a new protocol used to access the FX and Equity & Bonds Markets that significantly accelerates the delivery and processing of trade orders compared with the previous FIFO MFIX Trade protocol.

The new service is able to transmit orders to the trading system without waiting for a response on the processing of a previous order (asynchronous order delivery), making trading more convenient for high-speed traders. Strict first-in-first-out (FIFO) compliance improves the transparency and predictability of the exchange's IT infrastructure.

The new services deliver the best possible IT solution for clients of the Equity & Bond and FX Markets, whose trading strategies are extremely sensitive to the speed of market data feed and order entry latency.

## Technical connection via partners

A model of technical connection to the Exchange's trading and clearing system through the partner infrastructure of trading members has been implemented for trading members and their clients (subject to information security requirements). The model includes special tariffs and forms of contractual documents for ordering technical connection services. More than 25 clients from among trading members were connected to the Exchange's TCS using this access model.

# OUTLOOK FOR 2023

In line with the strategy until 2024, Moscow Exchange will continue to expand its toolkit, make products and services accessible to participants and clients, improve technology and attract new categories of clients.

In 2023, a fundamentally new type of instrument is planned to be launched, as Moscow Exchange is preparing to issue digital financial assets (DFAs). The pilot project will be DFAs on short-term claims to large corporates, with other scenarios and instruments planned for introduction in the future. Moscow Exchange applied for the register of DFA exchange operators and information system operators at the end of 2022.

In 2023, the Exchange will also focus on the development of Russian information services to replace the products of international providers that have left the Russian market. There are plans to create a customised solution for all participants in the Russian financial market, an information and trading terminal. The trading functionality has already been implemented on the basis of MOEX Dealing. In 2023, the trading terminal will be upgraded, and its functionality will be expanded by refining the information and analytical part. The terminal will receive a modern design and will be aligned with customer requests.

New instruments will continue to be launched on the Moscow Exchange markets. New currency pairs will be added to the FX Market. There are plans to expand the range of contracts on the Derivatives Market for equity indices of other countries, launch of perpetual equity index futures and futures on new currency pairs. On the Money Market, floating rate repo instruments will appear, as well as on-demand repo transactions to help lengthen the maturity of funds. Trading in platinum and palladium is planned to be launched on the Precious Metals Market.

In 2023, new indices will be launched, in particular bond and gold price indices, as well as new FX fixings.

In 2022, the structure of Moscow Exchange's core markets has undergone a significant transformation, with a noticeable increase in the share of retail investors in trading volumes. Retail investors continue to join the financial market, with new investors in need of financial knowledge, so Moscow Exchange sees the development of financial literacy a key priority both for 2023 and beyond. To improve the financial literacy and broaden knowledge of the principles of the exchange and traded instruments, Moscow Exchange offers specialised courses, events, training seminars and competitions.

# COMPLIANCE

## COMPLIANCE ROADMAP 2024

A detailed Compliance Roadmap to 2024 has been developed in conjunction with the expert divisions of Group companies, which takes into account the Group's strategy and is designed to help achieve the Group's mission.

In 2022, the Group continued to implement the roadmap objectives, taking into account the adjustments that were promptly made due to significant changes in the regulatory environment. Examples of roadmap activities implemented:

- in order to improve the efficiency of compliance risk management, the concept and roadmaps for the development of Group's centres of expertise in compliance areas were approved;
- to facilitate the exchange of best practices between the Group, the Bank of Russia, financial market participants and self-regulatory organisations, Moscow Exchange held its annual conference entitled Compliance: Key Trends 2022;

- in order to confirm the effectiveness of compliance, Moscow Exchange underwent a compliance audit in accordance with ISO 37301:2021, "Compliance Management System", and underwent an operational audit in accordance with ISAE 3402;
- to protect the legal rights of investors, the Group, together with self-regulatory organisations, professional associations and major financial market participants, established the Investor Protection Club;
- NSD started challenging the EU blocking sanctions against the company; applications for Licences to unblock investor funds were submitted to the EU competent authorities.

## ATTESTING COMPLIANCE EFFICIENCY

In 2022, Moscow Exchange obtained a certificate of compliance with the international compliance management system standard ISO 37301:2021 Compliance management systems – Requirements with guidance for use. The certificate of compliance is valid until 9 November 2024 and provides for annual surveillance audits. In 2022, Moscow Exchange successfully passed an independent supervisory audit and confirmed compliance of Moscow Exchange's compliance management systems with ISO 37301:2021 in relation to:

- anti-corruption;
- combating money laundering and the financing of terrorism;
- preventing unlawful use of insider information and market manipulation;

- resolving conflicts of interest;
- exercising internal control over the activities of the market operator and the financial platform operator.
- economic restrictions.

In 2022, Moscow Exchange successfully completed an operational audit in accordance with International Standard on Assurance Engagements 3402 ("ISAE 3402"). As a result of the audit, a SOC 1 Type 1 report was issued expressing the independent auditor's opinion on the effectiveness of the design and implementation of control procedures for the Financial Platform Client Admission, Trading Member Admission and Listing processes to process client transactions as at 31 July 2022.

# HUMAN RESOURCES

## HR POLICY

The efficiency and results-orientation of Exchange employees is one of the most important factors in achieving the Group's strategic goals. The Exchange's HR Policy aims to achieve three major objectives:

- involve, motivate and retain highly qualified employees and managers;
- support employees' continuous professional development;
- create an atmosphere that supports employees' personal development and enables the Exchange to achieve best results and achieve its strategic goals.

In 2022, the main challenge for Moscow Exchange was to maintain human capacity and ensure uninterrupted operation of the Group's trading and clearing and other critical IT systems. The main driver of personnel changes in 2022 was M&A, i.e. the inclusion of MOEX Marketplace as part of the development of the Finuslugi platform and NT Progress for FX Market development. As a technology company, Moscow Exchange is focused on developing IT systems and ensuring information security, which

was also a driver of headcount growth. Against a backdrop of negative external factors, the focus of the Exchange in 2022 was to control and optimise personnel costs, leading to the implementation of a project to centralise a number of back-office functions within the Group.

In line with applicable regulation and the MOEX Business Ethics Code, the Exchange practices equality of opportunity. The Business Ethics Code enshrines adherence to principles of equality with regard to the observance of labor rights as well as non-discrimination based on sex; race; skin color; nationality; language; national origin; financial, marital, social, and employment status; age; place of residence; religious orientation; beliefs; or membership or non-membership of any non-governmental association or social group. The Exchange respects the cultures, opinions and lifestyle of all of its employees, and categorically opposes any actions that could contribute to the creation of a threatening, hostile, insulting or humiliating atmosphere.

### Total number of employees, persons

2019	2020	2021	2022
1,791	1,981	2,199	2,339

Total number of employees in 2022 by gender, (persons):

women – 997, men – 1,342.

## TRAINING AND DEVELOPMENT

Moscow Exchange's training and development system includes educational programmes, workplace development tools and self-study. However, the choice of a particular type of training is left to the employees themselves. To meet their development needs, they can use modern technology, corporate resources and other opportunities such as cross-functional internships, mentoring, a wiki and an electronic library.

In 2022, the main focus of training was to maintain business continuity. 24% of employees participated in various educational programmes and sessions.

IT communities in the Group were further developed: 22 IT communities were functioning in 2022, and 6 meetups on professional community topics were organised, with more than 300 employees taking part therein.

Onboarding training for new employees takes place in an online format. The training includes topics that allow the newcomer to quickly get up to speed. The newcomer course includes webinars on the operations of all Group companies, HR processes, compliance, information security, and corporate life. In 2022, all new hires remarked on the high quality of the onboarding process.

## SOCIAL SUPPORT

As part of the Group's social policy to provide social security for its employees, Moscow Exchange provides social support and guarantees over and above the basic legal minimum. Corporate social support is provided in accordance with the Regulation on Employees' Corporate Social Support. Priorities for social support include health care of employees and their relatives, maternity and support for children. All Group companies provide voluntary health insurance schemes and international medical insurance for their employees, as well as travel insurance policies including accident and sickness insurance.

In 2022, the Exchange continued to implement measures aimed at preventing COVID-19 illnesses: employee testing was organised, the practice of compensating for income losses of sick employees continued, and work in a predominantly remote mode was ensured. Shared workspaces and additional meeting and co-working spaces have been actively developed to ensure the best possible working

conditions. Corporate sports clubs were active, participating in football, hockey, running and triathlon competitions. The office gym was reopened and yoga classes are held for those wishing to attend. Corporate chess and table tennis tournaments were held.

The Group implemented a project to improve the remuneration package for key employees. Specially created commissions consisted of senior managers reviewed the nominees and generated a list of the most professional specialists, i.e. key experts. The key experts are provided with improved compensation packages: recreation, sports and workplace equipment costs are compensated, and conditions for voluntary health insurance can be improved.

The Group has a standing Social Committee which can provide financial assistance to employees in the event of an accident or force majeure not covered by insurance schemes.

## OCCUPATIONAL SAFETY AND HEALTH PROTECTION

A responsible attitude to occupational safety is one of Moscow Exchange's core principles. High occupational health and safety standards are maintained, and employees are continuously trained to raise their awareness of occupational health and safety issues.

Moscow Exchange organises occupational safety briefings, including introductions to newly hired employees, as well as initial, refresher and unscheduled on-the-job briefings, and has all types of occupational safety and fire safety instructions in place. In 2022, 384 new employees completed the occupational safety induction course. MOEX's internal corporate portal contains instructions and provisions on occupational safety, as well as articles about health, and allows for remote learning on occupational safety topics. The Exchange has an interactive health and safety video training course. The course is compulsory and covers key health and safety topics that should always be kept in mind.

The company conducts annual monitoring of the implementation of sanitary, anti-epidemic and preventive measures, medical examinations at the time of employment and in the course of work of certain categories of employees.

During the coronavirus pandemic, Group employees working in the offices were provided with antiseptic agents, gloves, personal thermometers and medical masks. Air fumigators were purchased. Workplaces were equipped with protective partitions in order to prevent the spread of COVID-19. The temperature of employees was monitored on a daily basis. Employees with fever were not allowed to work in the office.

Employees who feel unwell or need urgent medical aid can be treated by in-house corporate doctors at their facilities in the Exchange's offices.

In order to ensure and maintain safe working conditions and prevent occupational injuries and diseases, the Group carries out occupational risk assessment and takes measures to reduce them, as well as a special assessment of working conditions. The procedures for emergency situations and elimination of their consequences are updated in a timely manner.

# MOSCOW EXCHANGE AND THE COMMUNITY

## PROFESSIONAL COMMUNITY

The Exchange is working hard to build constructive dialogue with investors, market participants, current and potential issuers, regulatory agencies and with the professional community, both by direct communication through advisory bodies and working groups, and also at investment conferences, forums

and specialized training events. This work helps to attract new investors to the Exchange's markets, expand the Exchange's client base, increase liquidity on the financial markets and attract investment into the Russian economy.

## EXCHANGE COUNCIL

To ensure efficient interaction with trading participants and clients, a special advisory collegial body, the Exchange Council, which is tasked with elaborating strategic proposals for the development of the Russian financial market, and also represents the interests of market participants and the Exchange's clients, to ensure that their needs are fully reflected when addressing issues related to the organization and development of financial market infrastructure. The Exchange Council includes management of major market participants, heads of self-regulatory organizations, management companies, investment banks and the Bank of Russia.

The Exchange Council is elected every two years by the Exchange's Executive Board. The current members of the Exchange Council were approved by the Executive Board in August 2022.

In 2022, ten meetings of the Exchange Council were held to consider the following issues:

- the current situation on the financial markets and the resumption of trading on the Moscow Exchange markets in March 2022,
- plans to organise payments on Eurobonds of Russian issuers.
- depositary receipts on Russian shares,
- the work of the Expert Council for listing,
- the status of the Investor Protection Club,
- settlement in foreign currencies,
- the performance of the Moscow Exchange for certain periods,
- approaches to information disclosure by issuers,
- the project to set up an information and trading terminal,
- the status of asset unblocking process.

## USER COMMITTEES

The Exchange, NCC and NSD convene 23 user committees comprising groups of financial market participants and issuers.

The composition of most user committees is reviewed annually. The members of the committees represent both professional market participants - banks and brokers - as well as issuers, non-financial companies and the regulator, the Bank of Russia.

For many years, the User Committees have been an effective means of communication between Moscow Exchange and the market. Members of the Committees formulate proposals to improve

the regulatory framework and develop Moscow Exchange's products and services. Issues considered at Committee meetings cover all aspects of the Exchange's activities, from regulation of securities issuance and trading, information disclosure and corporate governance to technological solutions for organising on-exchange trading and clearing and settlements.

A total of 100 meetings of the Committees were held during 2022, at which market participants discussed and provided recommendations on amendments to the Exchange rules, technology and tariffs.

## EXPERT COUNCIL ON LISTING

The Expert Council on Listing has operated to improve the quality of securities analysis at admission and maintenance of a security in MOEX's list. It is responsible for reviewing, analysing and making recommendations on the listing/ delisting of securities, moving companies between the listing levels, suspending trading in securities and other issues.

In early 2022, the Listing Expert Council of 49 members, including appraisers, auditors, bankers, lawyers, analysts, investors and methodologists. A separate group of experts specialising in ESG was established to strengthen the expertise of ESG practices.

Meetings of the Expert Council are held in the format of working groups of subject matter experts of 7-15 people approved by the Chairman of the Expert Council to consider issues on the agenda.

In 2022, five meetings of the Listing Expert Council were held, and seven issues were considered, including elaboration of recommendations on amendments to the Listing Rules, development of recommendations on disclosure of information by securities issuers, and discussion of the introduction of a risk profiling system for securities issuers.

## CORPORATE GOVERNANCE DEVELOPMENT IN RUSSIA

One of the key events in the field of corporate governance and investor relations is the annual report contest which has been held by the Exchange since 1997. The competition helps to increase transparency among public companies and effective information disclosure to investors and customers.

In 2022, 86 companies took part in the 25th anniversary annual reports contest, including seven debutants. The jury consisted of 17 experts, including representatives of professional associations, major consulting companies, banks and investment companies, rating agencies, leading financial analysts, corporate governance and communications specialists.

In 2022, the competition was held with a renewed contestant evaluation process and nomination system. Five grand prizes were introduced in the main

categories, which were awarded for the best annual reports and sustainability report, depending on the company's capitalisation. The contest was held in partnership with Joint Stock Company magazine, Interfax Information Group and RusBonds portal.

Moscow Exchange was a partner of the of the All-Russian Corporate Governance Forum and the Director of the Year Award, an annual platform for communication and exchange of experience among corporate governance professionals.

In addition, Moscow Exchange supported the National Corporate Secretaries Association (NCSA) Forum and the Congress of the Russian Institute of Directors, as well as holding a meeting of members of the boards of directors of major Russian companies.

## INTERACTION WITH THE INVESTMENT COMMUNITY

For many years, the Exchange has organized its own events and supported major professional financial markets conferences.

In 2022, Moscow Exchange held its FX and Money Market Forum, Compliance: Key Trends 2022, was a partner in the business programme of the St Petersburg International Economic Forum (SPIEF-2022) and the Finopolis 2021/22 Innovative Financial Technologies Forum, and supported events organized by self-regulatory organizations – the National Association of Stock Market Traders (NAUFOR) and the National Financial Association (NFA), as well as ACI Russia, the Association of Corporate Treasurers and Cbonds.

As part of the MOEX Home Talks series of online meetings, Moscow Exchange representatives talk to company CEOs, discussing doing business in a changing environment, as well as development plans and new opportunities for the Russian economy and private investors. In 2022, five meetings were held with executives of major issuers.

More than 10 ceremonies and roundtables were held to launch new products and admit new securities to trading on the Exchange.

At the end of 2021, the MOEX IR Club, a professional investor communications community, was established. Four meetings were held in 2022, at which club members and invited experts discussed current events and shared their experiences.

## INTERNATIONAL COOPERATION

In 2022, Moscow Exchange continued to actively develop cooperation and interaction with international exchanges. In addition to continuing cooperation with financial institutions in China on the Equity & Bond, FX and Precious Metals Markets, Moscow

Exchange is developing business relations with the exchanges of Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

## IMPROVING FINANCIAL LITERACY

The inflow of private investors to Moscow Exchange continued. In 2022, more than 6 million people opened brokerage accounts with Moscow Exchange; the total number of individuals with brokerage accounts reached 22.9 million, and they opened 38.3 million brokerage accounts. To improve the financial literacy of Russians and broaden knowledge of the principles of the exchange and traded instruments, Moscow Exchange holds specialised events, training seminars and competitions.

In 2022, Moscow Exchange continued to elaborate the Investor's Way, a training course developed by MOEX with expert support from the Bank of Russia using the methodology of the International Organisation of Securities Commissions (IOSCO). It covers the key principles of effective investing - from understanding the risks of market operations to knowing investor rights - and explains in a simple format how on-exchange trading is organised. The Investor's Way is the first course to be accredited by the Association for the Advancement of Financial Literacy (ARF), confirming its compliance with financial education best practice. The course is available online on the Moscow Exchange School website and is free of charge for anyone.

In 2022, The Investor's Way became available on the online cinema Okko, as well as on brokerage websites and mobile apps. It also won NAUFOR's annual Securities Market Elite award in the category "National Securities Market Development Project". In 2022, the course's audience exceeded 500,000

people. A total of 108,000 people were trained as part of the Moscow Exchange School and more than 100 courses were created.

In 2022, Moscow Exchange introduced a new interactive training course, Money Makes Money, for novice investors. The course covers the basics of investing in stocks, bonds and funds, and approaches to forming individual investment portfolio. The course consists of 10 thematic modules, each of which ends with a practical homework. The new course continues Moscow Exchange's Money Makes Money podcast, whose two seasons have attracted over 1.7 million listens.

The Exchange annually organizes competitions for private investors to demonstrate the opportunities and potential profitability of competent trading on MOEX. The 'Best Private Investor' contest has been held since 2003 and is the world's largest exchange competition for traders.

In 2022, the results in the main category, Best Private Investor, were judged using a new methodology for calculating returns, developed by the Exchange together with CFA Russia. In addition to the main nominations, new categories were introduced for the 2022 contest, including Best Buy-and-Hold Strategy, Best Wheat Index Futures Trader, and Best Spot Metals Trader. The Moscow Exchange School established a "Best Course Attendee" nomination for trainees, which evaluated the work of participants who had completed training on the School's platform.



# CORPORATE GOVERNANCE SYSTEM

## CORPORATE GOVERNANCE MODEL AND PRACTICE

Moscow Exchange is one of Russia's largest public companies. The Bank of Russia, which acts as regulator of the financial market, is one of the Exchange's shareholders. The Exchange is also a market infrastructure operator that establishes rules for other issuers. Because of all these factors, the Exchange must adhere to the highest corporate governance standards. Continued development of the corporate governance system is aimed primarily at improving the Exchange's effectiveness and competitiveness, and maintaining a positive perception of the Exchange's corporate governance system among shareholders, investors and the broader business community.

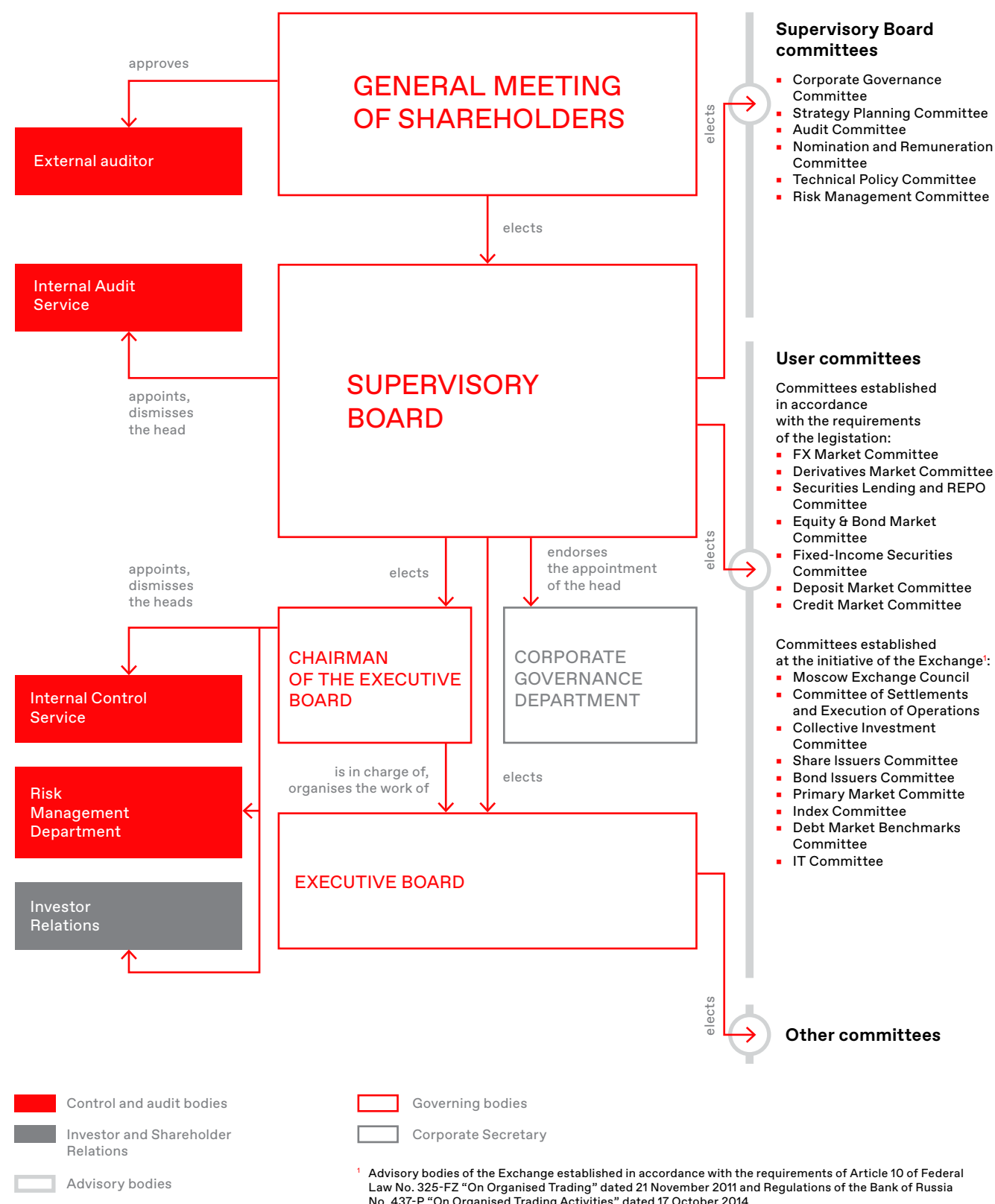
The Exchange continuously evaluates and responds to developments in corporate legislation and corporate governance practices in Russia and internationally. It complies with Federal Law No. 325-FZ "On Organised Trading" dated 21 November 2011, which outlines the corporate governance requirements for the organiser of trading; the principles and recommendations prescribed in the Corporate Governance Code of the Bank of Russia; the requirements of the Listing Rules; the G20/

OECD corporate governance principles; international standards and principles relating to corporate social responsibility and sustainable development.

**Shares of the Exchange are included in the first level quotation list. To ensure that the Exchange's activities and documents fully comply with the corporate governance requirements set out in the Listing Rules and with the Bank of Russia's Corporate Governance Code, the following measures were taken in 2022:**

- five independent directors were elected to the Supervisory Board, which consists of 12 members;
- all independent directors meet the independence criteria set by the Listing Rules;
- independent members of the Supervisory Board are included the Audit Committee and the Nomination and Remuneration Committee.

## Corporate Governance Structure



## GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the supreme governing body of the Exchange. General Meetings of Shareholders adopt resolutions on strategic issues. The scope of issues within the terms of reference of General Meetings of Shareholders is determined by Federal Law No. 208-FZ "On Joint-Stock Companies" dated 26 December 1995 and the Exchange Charter. The Annual General Meeting of Shareholders (AGM) of the Exchange was held in absentia on 28 April 2022. In addition to reviewing mandatory and routine issues, the AGM was supposed to vote for resolutions on approval of new versions of the Charter, Regulation on the Supervisory Board, Regulation on Remuneration and Compensation for Members of the Supervisory Board, Regulation on the Executive Board and to consider the reduction of the number

of members of the Supervisory Board's from 12 to 9. However, based on the results of counting the votes by the counting commission, the AGM was declared invalid as there was no quorum needed to adopt resolutions. Pursuant to Federal Law No. 208-FZ "On Joint-Stock Companies" dated 26 December 1995, in the absence of a quorum for holding an annual general meeting of shareholders, a repeated general meeting of shareholders must be held with the same agenda, which is legally competent (has a quorum) if shareholders holding an aggregate of at least 30 per cent of the voting shares in the company take part in it. The repeated meeting of shareholders, at which favourable resolutions were passed on all the matters submitted for consideration, was held on 6 June 2022.

## SUPERVISORY BOARD

### Role of the Supervisory Board

The Supervisory Board is a key element of the corporate governance system, with overall responsibility for the activities of the Exchange. The Supervisory Board is accountable to the General Meeting of Shareholders: members of the Supervisory Board are elected by the General Meeting of Shareholders, and their powers may be terminated at any time by the General Meeting of Shareholders.

The terms of reference of the Supervisory Board are established in the Charter and are clearly separated from those of the executive bodies that manage the day-to-day activities of the Exchange. In particular, the Supervisory Board:

- determines the vision, mission and strategy of the Exchange;
- is responsible for strategic oversight and long-term sustainable development of the Exchange;
- establishes strategic goals and key performance indicators of the Exchange's activities.

When developing the Exchange's strategy, the Supervisory Board takes into account shareholders' vision for the development of the Exchange. The Supervisory Board considers queries and requests from shareholders and investors and, if necessary, gives appropriate instructions to the management.

The work schedule approved by the Supervisory Board for the calendar year includes the main activities of the Exchange, which are correlated with the strategic planning cycle and ongoing business cycles of the Exchange. When preparing the work schedule, proposals of members of the Supervisory Board and the management on priority issues are taken into account.

Information on the activities of the Supervisory Board, including meetings held and work of its committees, is disclosed in the Annual Report of the Exchange.

### Structure of the Supervisory Board

The Supervisory Board is composed of directors who have the experience and professional skills required to implement the Exchange's strategy.

In accordance with the Exchange's Charter, the number of members of the Supervisory Board is set by the resolution of the General Meeting of Shareholders. Currently, the Supervisory Board of the Exchange is comprised of 12 members.

The Supervisory Board is managed and administered by the Chairman of the Supervisory Board.

The Chairman is elected/re-elected by the members of the Supervisory Board from among the Board membership by a majority vote.

The following committees were formed under the Supervisory Board in 2022 for preliminary consideration of key issues and preparation of recommendations for the Supervisory Board to adopt respective resolutions:

- Strategy Planning Committee;
- Audit Committee;
- Nomination and Remuneration Committee;
- Technical Policy Committee;
- Risk Management Committee;
- Corporate Governance Committee.

Members of the committees are selected annually from among the members of the Supervisory Board of the Exchange. Three of the five Supervisory Board committees (Audit Committee, Nomination and Remuneration Committee and Technical Policy Committee) are headed by independent directors and include, but are not limited to, independent directors.

Other experts in the relevant professional areas are also invited to participate in the Technical Policy Committee and Corporate Governance Committee.

Members of the Supervisory Board of the Exchange are experts in financial market infrastructure, international organised trading, IT in the financial sector, operational and financial risk management and financial reporting. They also have skills in personnel policy and modern approaches to incentivising top managers.

At the 2022 repeated Annual General Meeting of Shareholders, four independent members were elected into the Supervisory Board who met all the independence criteria set forth in the Listing Rules (no relationship with the Exchange, its significant shareholders, significant competitors or counterparties, as well as no relationship with the government), and eight non-executive members were elected. At the first meeting, one

additional member was qualified as an independent director, notwithstanding existing nominal relationship with a significant shareholder.

There are no conflicts of interests of Supervisory Board members and Executive Board members, including those relating to the participation of the said persons in the governing bodies of the Exchange's competitors.

## Activities of the Supervisory Board in 2022

From 1 January 2022 to 31 December 2022, the Supervisory Board held 23 meetings, including seven in-person meetings.

Ten meetings of the Supervisory Board were held prior to and 13 meetings after the Annual General Meeting of Shareholders on 6 June 2022.

The cumulative attendance rate of the Supervisory Board members at the Supervisory Board meetings exceeded 92%.

In 2022, the cumulative length of service of all its members was 48 years.

## In 2022, the Supervisory Board considered issues relating to the performance of its main functions, including:

- strategy issues:
  - implementation of strategic areas overseen by the Supervisory Board;
  - approval of the Tax Strategy of the Moscow Exchange Group.
- personnel issues:
  - approval of the Remuneration and Reimbursement (Compensation) Policy for Members of the Supervisory Board, the Remuneration and Compensation Policy for Members of the Executive Bodies, the Employee Remuneration Policy.

- business development issues:
  - review of fees on the equity and bond market, deposit market, derivatives market; trading fees on the FX market, and listing fees;
  - approval of the new version of the Regulation on Fees for Participation in Trading on the Equity and Bond Market and Deposit and Credit Markets.
- key documents of the Exchange:
  - Rules of Organised Trading of Moscow Exchange on Various Markets, Listing Rules, Rules of Admission to Organised Trading of Moscow Exchange on all markets.
- risk management issues:
  - approval of the Strategic Risk Management Policy, the Operational Risk Management Policy, the Financial Risk Management Policy, the Regulatory Risk Management Policy, the Legal Risk Management Policy and the Business Reputation Loss Risk Management Policy;
  - endorsement of the Rules for Managing Risks Associated with Activities of a Trade Organiser and Digital Financial Asset Exchange Operator;
  - approval of the Rules for Managing Risks Associated with Activities of a Financial Platform Operator.

## Appointment, induction and training of the Supervisory Board members

In accordance with the Federal Law "On Joint-Stock Companies" and the Exchange's Charter, shareholders holding in aggregate at least 2% of the voting shares in the Exchange may nominate candidates to the Supervisory Board of the Exchange, the number of which cannot exceed the number of members of the Supervisory Board of the Exchange, no later than 60 days after the end of each fiscal year.

As of 2 March 2022, the Exchange had received proposals for the nomination of two candidates to the Supervisory Board to be elected at the Annual General Meeting of Shareholders in 2022; both of them were included in the list for voting at the General Meeting of Shareholders.

In accordance with the Federal Law "On Joint-Stock Companies", the Supervisory Board is entitled to nominate candidates for the Exchange's Supervisory Board, apart from those nominated by the shareholders, at its own discretion. Succession planning and provision for the required competencies on the Supervisory Board are considered to be best practice. The Nomination and Remuneration Committee, taking into account consultations with the members of the Supervisory Board and significant shareholders, recommended that the Supervisory Board include 12 candidates most suitable for election to the Supervisory Board for the 2022–2023 corporate year (including two candidates nominated by a shareholder of the Exchange) in the list of candidates for election to the Supervisory Board of the Exchange at the 2022 Annual General Meeting of Shareholders. In total, 12 candidates were nominated to the Supervisory Board.

As part of the induction of newly elected directors, an onboarding programme for new members of the Supervisory Board of the Exchange is being implemented, which provides for familiarisation with the main internal documents of the Exchange, resolutions of the meeting of shareholders and the Supervisory Board, as well as for holding individual meetings with the Chairman of the Supervisory Board, Chairman of the Executive Board, Corporate Secretary and key managers of the Group.

## ACTIVITIES OF THE SUPERVISORY BOARD COMMITTEES IN 2022

### Number of meetings of Supervisory Board committees

Committees	Over the period		Over the period		Total in 2022
	01.01.2022–06.06.2022		06.06.2022–31.12.2022		
	in-person	remote	in-person	remote	
Strategy Planning Committee	1	0	2	0	3
Audit Committee	4	0	5	2	11
Nomination and Remuneration Committee	7	1	5	0	13
Risk Management Committee	3	1	3	3	10
Technical Policy Committee	1	0	5	0	6
Corporate Governance Committee	0	0	0	0	0

### Audit Committee

The primary purpose of the Audit Committee is to ensure the Supervisory Board is effective in addressing issues relating to the control of financial and economic activities.

In 2022, 54 issues were considered at meetings of the Audit Committee.

The main issues considered by the Committee in 2022, on which recommendations were given to the Supervisory Board, related to the assessment of the performance of the Group's external auditor, review of the consolidated financial statements and reports of the Internal Audit Service.

The Audit Committee considered issues related to the principles of organisation of the internal control system, preliminary results of the audit of Group companies, implementation of the consolidated business plan, and the Group's Corporate Governance Policy.

The Committee considered and recommended to the Supervisory Board to adopt the Internal Audit Policy (Standard), Regulation on Identifying and Preventing Conflicts of Interest by Moscow Exchange while Acting as Trading Organiser and Financial Platform Operator, and Internal Control System Principles.

In 2022, the Supervisory Board recommended that the General Meeting of Shareholders select TsATR LLC (Ernst and Young LLC before renaming in 2022)

as external auditor upon the recommendation of the Audit Committee, and the corresponding resolution was adopted at the Annual General Meeting.

### Nomination and Remuneration Committee

The primary purpose of the Nomination and Remuneration Committee is to support the effective work of the Supervisory Board in addressing issues relating to the activities of the Exchange, as well as other companies directly or indirectly controlled by the Exchange, in the field of nomination and remuneration of members of supervisory boards, executive bodies and other key executives and members of revision commissions.

In 2022, 42 issues were considered by the Nomination and Remuneration Committee of the Supervisory Board.

The main issues considered by the Committee in 2022, on which relevant recommendations were given to the Supervisory Board, related to planning of compositions of supervisory boards of the Exchange, National Settlement Depository (NSD), and Central Counterparty National Clearing Centre (CCP NCC), external assessment of activities of the Supervisory Board and Committees of the Exchange, nomination of candidates for the Supervisory Board, giving recommendations on the determination and assessment of achievement of corporate KPIs of the Group and individual KPIs of members of executive bodies and the Director of the Corporate Governance Department

of the Exchange, the option program for management, Supervisory Board and management succession program, the financial protection program for the Moscow Exchange Group management in the event of sanction risk materialising, the Employee Reimbursement Policy of the Exchange, and extension of powers of the Executive Board members.

### Strategy Planning Committee

The primary purpose of the Strategy Planning Committee is to improve the performance of the Exchange and companies directly or indirectly controlled by the Exchange in the long and medium term.

In 2022, 12 issues were considered at the meetings of the Strategy Planning Committee of the Supervisory Board.

The main issues considered by the Committee in 2022, on which recommendations were given to the Supervisory Board, related to recommendations to adjust the Group Strategy, technology sanction risk management, feasibility of the Exchange's participation in other companies, and consolidated business planning issues.

### Risk Management Committee

The main task of the Risk Management Committee is to foster the improvement of the risk management system of the Exchange and Group companies in order to enhance the reliability and efficiency of the activities of the Exchange.

In 2022, 26 issues were considered by the Risk Management Committee of the Supervisory Board.

The main issues considered by the Committee in 2022, on which relevant recommendations were given to the Supervisory Board, related to the review

of the results of external assessment of the central counterparty's control system and the maturity level of information security within the Group, approval of the Asset and Liability Management policies of the Group, as well as information security and revision of the Rules and Policies for managing various types of risks at the Group, including business continuity, operational, non-financial, non-economic, legal and IT risks. At the meetings of the Committee, special attention was paid to the follow-up of the Committee's previous recommendations.

### Technical Policy Committee

The primary purpose of the Technical Policy Committee is to develop and strengthen effectiveness of the Group's activities through preparation of recommendations and expert opinions to the Supervisory Board of the Exchange, boards of directors (supervisory boards) of Group companies and their committees, executive bodies of the Exchange and Group companies in respect of technical policy and development of IT and software of the Group.

In 2022, 25 issues were considered by the Technical Policy Committee of the Supervisory Board.

The issues considered by the Committee in 2022, on which recommendations were given to the Supervisory Board, related to the implementation of the IT strategy of the Group and its technical policy, assessment of the maturity level of information security of the Group, the Group's technology landscape change, and development of the project of digital financial assets automation.

### Corporate Governance Committee

The Supervisory Board's resolution to form a new Corporate Governance Committee was adopted at the end of December 2022, due to which no meetings of the Committee were held during the year.



## ASSESSMENT OF SUPERVISORY BOARD AND COMMITTEE PERFORMANCE

### Assumptions and Grounds for the Assessment

In accordance with the recommendations of the Corporate Governance Code and best international practices, Moscow Exchange assesses the performance of the Supervisory Board on an annual basis. In accordance with the internal Regulation, the Nomination and Remuneration Committee of the Supervisory Board regularly (once in three years) engages external consultants for an independent assessment.

In 2022, the external assessment was performed by Ward Howell, an independent consultant selected by the Supervisory Board through a bid process. The selection criteria, alongside with the cost of services, included availability of similar project experience, academic and practical expertise in corporate governance with the consultant, and the experience and professional level of the project team. In addition, Ward Howell already conducted an external assessment of the Supervisory Board of Moscow Exchange in 2019, which ensured continuity of the assessment methodology.

### Assessment Goals and Objectives

The assessment goals include monitoring of the dynamics of changes in the activities of the Supervisory Board and the committees, as well as identification of areas for improvement of performance of the Supervisory Board and its individual members. In addition, a particular focus of the 2022 assessment was the vision of the Group's corporate governance model.

To achieve these goals, the following objectives were addressed:

- the role and functions of the Supervisory Board and the committees in the Moscow Exchange's corporate governance system were assessed;
- the composition of the Supervisory Board and the committees in terms of its balance and the effectiveness of the formation process was analysed;
- the priority areas for the Supervisory Board and the Committees were identified;
- the effectiveness of processes and procedures of the Supervisory Board and the committees was assessed;

- the effectiveness of interaction between Moscow Exchange and its subsidiaries was assessed;
- the dynamics of the meetings of the Supervisory Board and the committees was assessed;
- the contribution and effectiveness of the Chairman of the Supervisory Board, the chairmen of the committees and the Corporate Secretary were assessed;
- the level of involvement and preparation for Supervisory Board meetings was assessed on an individual basis;
- recommendations to improve the activities of the Supervisory Board and its collegiate bodies, to ensure optimal composition, to plan succession and to implement training and development measures were prepared.

### Assessment Methodology

To collect necessary information and obtain as objective results as possible, the consultants used several tools:

- internal document analysis;
- analysis of video records of the meetings of the Supervisory Board and the committees;
- questionnaire survey of the Supervisory Board members and management representatives;
- interviews with members of the Supervisory Board, Moscow Exchange management representatives, and representatives of NCC Supervisory Board and management;
- individual assessment of the Supervisory Board members using the "360-degree" method.

The Supervisory Boards members and management representatives of Moscow Exchange and NCC took an active part in the assessment. The main assessment tool, the structured interview, covered 32 persons (94% of the envisaged assessment participants). The external consultant noted the high quality of the feedback and the openness of the participants during the interviews. For the Supervisory Board members and management of Moscow Exchange, participation in the questionnaire survey was also envisaged. More than half of all Moscow Exchange management representatives and half of all directors of the Board took part in the survey. The participation of NCC representatives was only envisaged during the interview phase (100% of the participants were interviewed). Involvement of participants from different groups allowed for the widest and most objective assessment.

### Assessment Results

According to the results of the 2022 assessment, the Supervisory Board has significantly improved its performance in certain aspects of its work that were highlighted as areas for development during the previous external assessment in 2019, namely the quality of the Supervisory Board's interaction with the management; the quality of interaction with the regulator, the Central Bank; strengthened competencies in IT, digital product development, operational risks; reduced agenda overload and fewer formal items on the agenda.

Among the strengths of the Supervisory Board, the following aspects particularly stood out:

- Effective dialogue between the Supervisory Board and the management: clear separation of powers, minimal interference by the Supervisory Board in operational management, increased trust, increased management autonomy, mutual support and high speed of interaction.

- Professional and diverse composition<sup>1</sup>: The Supervisory Board brings together professionals with diverse profiles (entrepreneurial, functional, country-specific) and international expertise (in the stock exchange industry, digital products, finance), which enables the Supervisory Board to address issues in a comprehensive manner and engage in meaningful discussions from different perspectives. The Supervisory Board There also demonstrates gender and age diversity.
- The leadership style of the Chairman of the Supervisory Board: the Chairman is deeply involved in the Board operation, supporting directors and management, effectively managing relationships with key stakeholders and representing the Company externally.
- The Corporate Secretary and support from the Corporate Governance Department: the Corporate Secretary promptly implements best corporate governance practices and ensures the effective operation and support of the Supervisory Board.

## FURTHER DEVELOPMENT OF CORPORATE GOVERNANCE

The main focus of the Supervisory Board in developing the Group's corporate governance system is to create a corporate governance model for all Group companies shared by all stakeholders, including through the establishment of competence centres in Group companies, as well as to update the corporate governance risk management system in the companies included in the Group as a result of the mergers and acquisitions being implemented.

In terms of operational efficiency of the Supervisory Board, the focus will be on the dynamics of online meetings, which were widespread during the pandemic, and the emerging demand for in-person meetings with the attendance of the members of governing bodies.

The strategic vector of the Supervisory Board's work seems important: minimising formal and technical items on the agenda, prioritising the Group's strategic development, especially addressing strategic developments within the personal finance platform Finuslugi project.

Additional attention will be paid to creating a balance between the advisory and supervisory functions of the Supervisory Board in relation to management, both during meetings and ongoing interactions.

The essential objective is to reshape the succession programme for the Supervisory Board and management in the light of the lessons learned in 2022, for it to be able to ensure the successful implementation of the new strategy that the Supervisory Board has been preparing in 2022–2023.

<sup>1</sup> The assessment looked at the composition of the Supervisory Board functioning until February 2022.



## MOSCOW EXCHANGE'S CORPORATE GOVERNANCE CODE

The current version of the Exchange's Corporate Governance Code was approved by the Supervisory Board in October 2019.

The Code complies with Russian legislation and was developed taking into account principles and recommendations of the Bank of Russia's Corporate Governance Code, OECD's Corporate Governance Principles, and other principles of corporate governance recommended by recognised international organisations; it complements the Exchange's corporate governance system with procedures that comply with high standards of corporate governance.

The main purpose of the Exchange's Code is to describe the corporate governance system currently applied on the Exchange to protect the rights and interests of its shareholders, enhance the business efficiency and improve the transparency and attractiveness of the Exchange for shareholders and consumers.

The Exchange's Code describes the system, principles and practices of corporate governance of the Company, risk management and internal control. It provides for principles designed to ensure the protection of legitimate rights and interests of shareholders and the equal treatment of all shareholders when they exercise their rights. Additionally, the Code contains the Exchange's corporate social responsibility goals and principles, the principles of interaction with shareholders, service users and other stakeholders, and the principles of corporate governance at Group companies.

A distinctive feature of the document is that it provides the background and mechanisms for the further improvement of the corporate governance system of the Exchange, as well as that it contains development plans for the implementation of corporate governance principles. This sets not a declarative but a practical tone for the Code and allows the Exchange to continue reforming and improving corporate governance.

## METHODOLOGY FOR ASSESSING COMPLIANCE WITH THE PRINCIPLES OF THE BANK OF RUSSIA'S CORPORATE GOVERNANCE CODE

The recommendations of the Bank of Russia were applied as the methodology used by the Exchange to assess compliance with the corporate management principles set out in the Bank of Russia's Corporate Governance Code.

The assessment looked at, among other things, compliance of the Exchange's corporate governance practices and internal procedures with the principles and recommendations of the Bank of Russia's Corporate Governance Code.

The results of the assessment are contained in the Report on Compliance with the Principles and Recommendations of the Corporate Governance Code, which is a part of this Annual Report.

Over the latest years, the Exchange has been working to bring its corporate management practices in line with the Bank of Russia's Corporate Governance Code. An annual analysis of the results of the corporate governance assessment shows an increasing trend in the number of principles and recommendations observed.

## INFORMATION POLICY

The Exchange strives to ensure that its activities are as transparent as possible for shareholders, investors and other stakeholders. To achieve these goals, the Exchange has adopted and has been implementing the Information Policy. The Information Policy is a body of rules that the Exchange (including members of its governing

bodies, officials and employees) adheres to when disclosing information and/or providing information to shareholders and other stakeholders.

The information policy provides additional opportunities for stakeholders to exercise their rights and interests and is also aimed at improving the Exchange's information interaction with all stakeholders.

## DIRECTOR'S LIABILITY INSURANCE

The liability of the Exchange's directors and officers (including independent directors), as members of the Exchange's governing bodies is insured on annual basis. The purpose of this insurance is to provide compensation for potential damages caused by unintended negligent actions (or by their inaction) on the part of the insured individuals in the performance of their administrative activities.

Under the insurance contract concluded in 2022, the insurance premium is USD 520,000, and the insured amount is USD 50 mln (the total additional insured amount for independent directors is USD 5 mln). The insurer is Ingosstrakh.

The terms and conditions of the insurance contract, including the insurance coverage, are consistent with the best global insurance practices.

## EXTERNAL AUDITOR

Full company name: TsATR (CENTRE FOR AUDIT TECHNOLOGIES AND SOLUTIONS — AUDIT SERVICES) LIMITED LIABILITY COMPANY

INN (TAXPAYER IDENTIFICATION NUMBER): 7709383532.

OGRN (PRIMARY STATE REGISTRATION NUMBER): 1027739707203.

ORNZ (PRINCIPAL NUMBER OF REGISTRATION ENTRY): 12006020327.

Location of the auditing organisation: 77 Sadovnicheskaya nab., bld 1, Moscow 115035, Russian Federation.

Full name of the self-regulatory organisation of auditors, of which the auditor is a member: Self-regulated organisation of auditors Association Sodruzhestvo.

Locations of the self-regulatory organisation of auditors, of which the auditor is a member: 21 Michurinsky pr., bld 4, Moscow 119192, Russian Federation.

The fee for the audit of the annual accounting (financial) statements of Moscow Exchange and of the consolidated statements of Moscow Exchange Group for 2022, as well as the review of the consolidated statements for 6M 2022 was RUB 18,780,000, including VAT.

### External Auditor Selection Procedure

Moscow Exchange selects its auditors every three years, as stipulated by the Regulation on the Auditor Selection Committee. The number of audit years by one organisation normally does not exceed six years, or two consecutive auditor selection periods. The best candidate is chosen by the Auditor Selection Committee.

The auditor selection process is based on a review of technical and price characteristics of the bids and the selection of those providing the best terms for the audit of the financial (accounting) statements of Moscow Exchange and Group companies.

Based on its review of the bids, the Auditor Selection Committee determines the winning bid and recommends the candidate to the Supervisory Board's Audit Committee. In turn, the Audit Committee recommends that the Supervisory

Board should propose to the General Meeting of Shareholders of the Exchange to approve the candidate as the auditor. The final decision on auditor selection is made by the Annual General Meeting of Shareholders.

## REMUNERATION FOR MEMBERS OF THE SUPERVISORY BOARD

The Exchange's remuneration system for Supervisory Board members is set by the Policy for Remuneration and Reimbursement of Expenses (Compensations) (the "Policy") and by the latest version of the Regulation on Remuneration and Compensation (the "Regulation") approved in the latest version by the Annual General Meeting of Shareholders in 2022.

The Nomination and Remuneration Committee actively participates in improvement of the remuneration system for Supervisory Board members, taking into account corporate governance best practice and the experience of other public companies and international exchanges. The Policy and the Regulation apply only to members of Moscow Exchange Supervisory Board.

According to the Policy, remuneration paid to Supervisory Board members shall be sufficient to attract, retain and properly motivate individuals with the skills and qualifications necessary to work effectively on the Supervisory Board.

The Nomination and Remuneration Committee provides recommendations on remuneration of Supervisory Board members on the basis of an expert assessment of remuneration paid by Russian companies with similar capitalisation and competitors of the Exchange.

The Policy and Regulation govern all types of payments, benefits, and privileges provided to Supervisory Board members and contain no other forms of short-term or long-term incentives of Supervisory Board members.

In order to implement the principle of independent decision-making, the remuneration of Supervisory Board members is not linked to the performance of the Exchange or the value of the Exchange shares and does not include stock option programs. Supervisory Board members enjoy no pension contributions, insurance programs (apart from the Supervisory Board member liability insurance and the conventional insurance associated with travelling to perform duties as a director or to participate in Supervisory Board activities), investment programs, or other benefits or privileges, unless specified in the Policy and Regulation. The Exchange does not provide loans to Supervisory Board members and does not enter into civil law contracts with them for the provision of services to the Exchange, including on non-market terms.

Remuneration for performing the Supervisory Board member duties shall not be paid to government officials, employees of the Bank of Russia, employees and managers of the Exchange or its subsidiaries.

Remuneration of directors for performing the duties of Supervisory Board members comprises basic and supplementary components.

The level of basic remuneration of a member of the Supervisory Board depends on whether such member is independent or not, and:

- for an independent member of the Supervisory Board, amounts to RUB 9 mln;
- for a non-independent member of the Supervisory Board, amounts to RUB 6.5 mln.

The following differentiated supplementary remuneration is paid to Supervisory Board members for performance of additional duties, requiring extra time and effort, of Chairman of the Supervisory Board, Deputy Chairman of the Supervisory Board, Chairman of a Supervisory Board Committee, or member of a Supervisory Board Committee:

- for the Chairman of the Supervisory Board, RUB 11 mln;
- for the Deputy Chairman of the Supervisory Board, RUB 4 mln;
- for the Chairman of a Supervisory Board Committee, RUB 3.75 mln;
- for a member of a Supervisory Board Committee, RUB 1.5 mln.

In order to ensure remuneration of Supervisory Board members corresponds to changing market demands, until the next cycle of remuneration level review, the Regulation provides for adjustment of the level of remuneration of Supervisory Board members in line with the consumer price index at the end of the year in which the corresponding composition of the Supervisory Board was elected, and accrued starting from 1 January 2022.

The basic and additional remuneration of a Supervisory Board member may be reduced by 50% if the Supervisory Board member has attended less than 75% of the meetings of the Supervisory Board or committees in person, respectively. If a member of the Supervisory Board took part in 1/3 or less of the total number of meetings of the Supervisory Board or its committees or in 1/4 or less of in-person meetings of the Supervisory Board or its committees, the respective part of remuneration is not paid.

Apart from the remuneration for work on the Supervisory Board and Supervisory Board Committees, members of the Supervisory Board are reimbursed for travel expenses relating to participation in in-person meetings of the Supervisory Board or its Committees, General Meetings of Shareholders, as well as events attended while performing duties of Supervisory Board members.

The total amount of remuneration paid to the members of the Supervisory Board in 2022 was RUB 185,614 thousand.

## EXECUTIVE BOARD AND CHAIRMAN OF THE EXECUTIVE BOARD

The current activities of the Exchange are managed by the Chairman of the Executive Board who is the sole executive body and by the Executive Board, which is the collegial executive body of the Exchange.

The Executive Board is headed by the Chairman who manages its activities.

## REMUNERATION OF EXCHANGE BOARD MEMBERS

In 2022, the Supervisory Board approved the new Remuneration and Compensation Policy for Members of the Executive Bodies, regulating the remuneration of members of the Exchange's executive bodies. The Policy sets out principles and approaches for remuneration, and establishes procedures for determining remuneration levels and types of payments, incentives and privileges provided to members of the executive bodies.

The Policy is based on the following key principles:

- Involvement and retention of a professional and effective team consisting of members of the executive bodies able to implement the Exchange's strategy and other priorities and increase shareholder value;
- Competitive remuneration at a level sufficient to engage, motivate and retain competent and qualified Executive Board members;
- Maintaining an optimal balance between the Exchange's business performance and the personal contribution of an Executive Board member in determining remuneration levels.

Executive Board members' remuneration consists of a fixed salary and a variable component. The variable component comprises a significant portion of annual remuneration, and includes short- and long-term components. Short-term variable remuneration takes the form of an annual bonus based on the Exchange's results and the individual contribution of the Executive Board member to those results. Long-term variable remuneration is shares-based and is established by the Long-Term Incentive Programme.

The short-term variable component is determined by an annual approval of key performance indicators including corporate and individual key efficiency indicators. From 2021, corporate indicators have been having more impact on the size of the bonus for Executive Board members: the ratio of corporate and individual indicators was 40:60 before 2021, it was set at 50:50 in 2021. In 2022, it was decided that for all members of the executive bodies the corporate targets will be individual targets, i.e. the corporate targets are 100%. For the Chairman of the Executive Board, this practice applies from 2020 onwards.

To promote personal responsibility, the Supervisory Board applies a delayed bonus plan taking into account the contribution of Executive Board members to the Exchange's financial and other results, including the possibility of reducing or cancelling part of the delayed bonus if no positive results are obtained in the relevant area. Payment of 60% of the approved bonus amount for 2022 will be made in 2023, and 40% will be paid with a delay in equal portions within one and two calendar years (20% within one calendar year, and 20% within two calendar years) based on the relevant decisions of the Exchange's Supervisory Board. This procedure makes it possible to account for risks created by decisions made by Executive Board members.

The stock-based Long-Term Incentive Programme, as approved by the Supervisory Board, is designed to boost Executive Board members' motivation and responsibility, align their interests with those of shareholders and connect remuneration with long-term performance results. From 2 July 2020, a new programme has been in place, under which the right to obtain shares becomes effective in stages: over periods of three, four and five years after the programme start (i.e. in 2023, 2024 and 2025),

provided that the contracts of the members remain in force and the established key efficiency indicator under the Programme is met.

Compensation paid in the event of early termination of the authority of a member of the Executive Board (following a Supervisory Board decision on terminating a contract), and assuming no unethical practices on the part of the member, is capped at the amount of the fixed annual bonus component. If a contract is terminated for other reasons, compensation is paid only in cases and amounts provided for by the Labour Code of the Russian Federation.

Specific remuneration due to executive body members, conditions and procedure for paying such remuneration, as well as conditions for early termination of agreements, including discharge allowances, compensations and other payments in any form exceeding those established by law, and conditions for their provision are considered and approved by the Supervisory Board based on recommendations made by the Assignment and Remuneration Committee, which reports to the Supervisory Board.

The Supervisory Board, supported by the Assignment and Remuneration Committee, ensures oversight of implementation of the Remuneration Policy, and can amend it as necessary.

Total remuneration due to a member of the Board, including the ratio of the remuneration components, is assessed by the Assignment and Remuneration Committee to ensure compliance with remuneration levels at comparable companies, based on a remuneration study from a leading consulting company.

Executive Board members are not paid for their work in management bodies of other Group companies.

The Exchange does not lend to members of management bodies and does not enter into civil law contracts with them for the provision of services to the Exchange, including any contracts on non-market terms.

The total amount of remuneration including salary and bonuses, paid to the members of the Executive Board in 2022 was RUB 361,349 thousand.

## INTERNAL CONTROL SYSTEM

MOEX's internal control system ensures that the Exchange's licensed activities are conducted in accordance with Russian legislation and regulation, the rules of organised trading, and the Exchange's own constituent and internal documents.

Internal control activities aim to identify, analyse, assess and monitor the risk of loss and/or other adverse consequences of both MOEX's operational activities and measures taken by the Bank of Russian and other regulatory bodies ("compliance risk"), and to manage any such risks.

Within this framework, the Exchange's internal control system is based on the COSO concept and utilizes a Three Lines of Defence model, which distributes risk management and internal control obligations among MOEX's governing bodies, control and coordination units, and the internal audit unit.

The First Line of Defence is represented by employees of the Exchange's business and operational units, whose key functions are to identify, assess and manage the risks inherent in MOEX's daily activities, and to develop and implement policies and procedures governing existing business processes.

The Second Line of Defence is represented by the Operational Risk, Informational Security and Business Continuity Department, the Internal Control and Compliance Department, Internal Control Service, Security Department and Legal Department as well as certain employees and divisions of the Financial Division, which carry out continuous

risk monitoring and management within their function, including but not limited to risk management in the following areas:

- ensuring information security, including protecting the Exchange's interests in the information sphere;
- compliance with legislation, as well as the Exchange's own constituent and internal documents;
- preventing the Exchange and its employees from being involved in unlawful and unethical activities, including money laundering, terrorist financing and corrupt practices;
- preventing unlawful use of insider information and/or market manipulation;
- preventing conflicts of interests, including by identifying and monitoring conflicts of interests and preventing the consequences of conflicts of interests.

These units support the First Line of Defence in identifying compliance risks, developing and embedding control procedures, interpreting applicable legislation, and preparing reports for MOEX's governing bodies based on the results of monitoring.

The Third Line of Defence is represented by the Internal Audit Service, which monitors the efficiency and productivity of the Exchange's financial and economic activities, the efficiency of asset and liability management, including the safety of assets and the efficiency of the market operator's risk management. The Exchange's governing bodies set the terms of reference for internal control systems related to risk management.

# RISK MANAGEMENT

## KEY RISKS

Moscow Exchange Group has built an integrated risk management system, however each of the Group company faces its own inherent risks associated with the specific field of its activities. Thus, Moscow Exchange, being the parent company of the Group, assumes the risks of a market operator, risks related to operations in its assets as well as risks of a financial platform operator.

That said, the Group's principal risk taker is none other than Non-banking credit institution — Central Counterparty National Clearing Centre (short name "CCP NCC") on the grounds that it operates as clearing house, a central counterparty for all main markets of Moscow Exchange Group, and an operator of deliveries in the Commodities Market.

**The Group's comprehensive risk management system extends to the NSD, the infrastructure powerhouse of the Russian financial market, whose priorities lie in the reliable operation and stable development of the following key areas:**

- Central securities depository;
- Settlement and clearing system;
- Trade repository;
- Tripartite services;
- Corporate actions centre.

## SYSTEM FOR MANAGING RISKS TO THE CURRENT STRATEGY

The principles and approaches employed by the Group in installing and operating the risk management system (RMS) are based on best international practices implemented in compliance with national and international risk and capital management standards.

In 2021, the Exchange was reaffirmed under the ISO/IEC27001:2013 (Information Security Management Systems) and ISO 22301:2012 (Business Continuity Management Systems) certification covering the organization of on-exchange trading, clearing and other services on the Equity and Bond, Derivatives, FX and Money Markets. This certification ensures that the Exchange and NCC fully meet over 100 technical and administrative requirements in the area of information security and business continuity.

In 2021, Moscow Exchange renewed insurance contracts covering Electronic and Computer Crime and Personal Indemnity to mitigate operational and information security risks.

The integration of risk management functionality in business processes makes it possible to identify risks and assess their materiality in a timely manner, and to ensure an efficient response by mitigating potential adverse effects and/or by reducing the probability that they will materialize. Tools for mitigation include insurance, hedging, limit requirements and transaction collateral requirements.

The Group's Risk Management System operates on the principles of comprehensive coverage, continuity, transparency, independent assessment, paper trail, prudence and materiality:

**Comprehensive Coverage** is premised on identifying risk factors and risk objects, determining risk appetite based on a comprehensive analysis of existing and proposed business processes (products), implementing universal RMS working procedures and elements, consistently applying methodological approaches in resolving similar risk assessment and risk management tasks, and assessing and managing key operational risks in close connection with the non-key operational RMS.

**Continuity** is premised on regular, coherent, target-driven procedures, such as assessment of existing risks (including monitoring of risk parameters), review of key RMS parameters and how they are determined (including limits and other restrictions in respect of clearing members' transactions), analysing RMS technologies and operational rules, holding stress tests and preparing reports for management.

**Transparency** is manifested in providing relevant information regarding the RMS to clearing members / counterparties. Clearing members, including potential members, have access to methodological documents describing the RMS, including approaches to risk assessment, as well as to key aspects of the procedures employed in monitoring their financial stability. At the same time, the assessment results of a specific clearing member or counterparty, as represented in the form of internal ratings, or limits, as well as other restrictions established in respect of treasury or administrative operations, are never made public and are never subject to disclosure.

**Independent Assessment** means that a comprehensive assessment and review of each risk is undertaken by separate divisions / employees who are independent of the divisions responsible for taking on risks or counterparties. These divisions / employees cannot be charged with any responsibilities that may give rise to a conflict of interest.

**Paper Trail** means that RMS guidelines, procedures and rules are negotiated with the divisions involved in risk assessment and management procedures, and approved by the relevant governing bodies.

**Prudence** suggests that the Group bases its decision-making on a prudent combination of RMS reliability and profitability in choosing methods of risk assessment and management, and in determining the acceptable level of risk (risk appetite).

**Materiality** means that, in implementing various RMS elements, the Group is guided by the relationship between the costs that implementation of risk analysis, control and management mechanisms will require, and the potential outcome of such implementation, as well as the costs of the development and implementation of products, services or tools carrying the relevant exposure.

As part of the risk management strategy, and with a view to achieving strategic objectives, in 2021, companies of the Group revised the risk appetite of the Moscow Exchange Group set by the Supervisory Board of Moscow Exchange in 2020. The Group's risk appetite is designed to help the Supervisory Board of Moscow Exchange, as the Group's parent company, manage the Group's overall risk level taking into account all intragroup effects and to set a target risk/return ratio for the Group.

The Group's risk appetite is set in relation to risks recognised as significant at the Group level, and inherent to all Group companies and equally measurable. The risk appetite of each company within the Group consists of a decomposed part of the Group's risk appetite and individual indicators reflecting the specific risks of a particular company.

These priority areas serve as the basis for calculating threshold values for specific target indicators. Compliance with these indicators is regularly reviewed and communicated to the Supervisory Board.

## RISK MAP

The risk map is based on an annual risk identification procedure.



## Financial risks

Risk	Description	Actions
<b>Credit risk (incl. CCP risk and concentration risk)</b>	The risk of possible losses caused by failure of a Group's counterparty to perform or properly perform its obligations to the Group.	<p>The Group controls credit risk by employing the following procedures:</p> <ul style="list-style-type: none"> <li>■ establishing single or group counterparty limits, subject to a comprehensive assessment of their financial position, the analysis of the macroeconomic environment they are operating in, the level of their information transparency, business reputation, as well as other financial and non-financial factors;</li> <li>■ using an internal rating system providing a weighted assessment of the counterparty's financial position, and the level of the credit risk assumed in its respect;</li> <li>■ controlling the credit risk concentration in accordance with the current regulatory requirements;</li> <li>■ establishing strict requirements for the types and quality of the acceptable collateral, including liquid securities, as well as cash in Russian roubles and in foreign currency.</li> </ul> <p>In order to reduce the credit risk associated with the CCP's operations, the Group has implemented a multi-level safeguard structure triggered upon a clearing member's failure to perform or properly perform its obligations, in compliance with regulatory requirements and strict international standards.</p>
<b>Market risk</b>	Market risk may emerge from a defaulting clearing member's need to close major positions / sell collateral, which in case of low market liquidity may adversely affect the price at which such position will be closed, or the collateral can be sold.	<p>The market risk management upon investing idle cash is aimed primarily to improve the risk/profitability correlation, and to minimize any losses should any adverse events occur. With this view the Group:</p> <ul style="list-style-type: none"> <li>■ diversifies its securities portfolio (by maturity, issuer's industry profile);</li> <li>■ sets up maximum expiration periods for investments in securities;</li> <li>■ sets up maximum volumes of investment in securities (by the total volume, by types of investments, and issuers);</li> <li>■ classifies debt obligations and securities by risk groups;</li> <li>■ establishes provisions for potential losses under securities should they be not marked to market.</li> </ul> <p>The market risk emerging as part of trading or clearing operations, is primarily managed by:</p> <ul style="list-style-type: none"> <li>■ identifying, monitoring, and timely reviewing risk parameters, taking into account regular stress test results;</li> <li>■ establishing individual collateral rates taking into account concentration limits, profiles of the instruments traded at each of the markets, and possible volatility change scenarios;</li> <li>■ back testing collateral rates and controlling collateral adequacy.</li> </ul> <p>In managing the market risk emerging as part of trading or clearing operations, the Group:</p> <ul style="list-style-type: none"> <li>■ devises mechanisms permitting to close positions of defaulting clearing members within two trading days;</li> <li>■ sets discounts for the assets accepted as collateral, with the view to covering possible changes in their values in the period from their most recent re-evaluation until the time of their sale;</li> <li>■ sets concentration limits that define clearing member's position volume, upon reaching which the underlying collateral is subject to heightened requirements;</li> <li>■ evaluates clearing members' collateral adequacy subject to market liquidity;</li> <li>■ develops procedures for resolving a situation, when a terminated obligation of a clearing member is secured by property other than the subject of the underling obligation;</li> <li>■ maintains a system of additional financial collateral meant to cover losses not secured by clearing member's clearing or any other collateral.</li> </ul>

Risk	Description	Actions
<b>Liquidity risk</b>	Risk of potential losses following the Group's inability to meet its obligations in full and on time	<p>The liquidity management system includes the following elements:</p> <ul style="list-style-type: none"> <li>■ distribution of powers in managing liquidity;</li> <li>■ specific liquidity management and control procedures;</li> <li>■ information system to accumulate and review liquidity related information;</li> <li>■ a set of guidelines, performance indicators, and plans of initiatives designed to ensure efficient liquidity management and control;</li> <li>■ internal management accounts underlying any decision adopted with respect to the liquidity efficient control and management.</li> </ul>
<b>Bank book interest risk</b>	Risk of potential losses following an adverse change in the value of the instruments comprising the bank book, caused by changes in interest and/or yield rates.	In order to measure the impact of the interest risk over the fair value of financial instruments, the Group holds regular assessment of potential losses, which may be caused by negative change of the market terms. The risk management division regularly monitors the financials of the Group and its principal members, assesses the sensitivity of the market value of the investment portfolio and of the proceeds to the interest risk.

## Non-financial risks

Risk	Description	Actions
<b>Operational risk</b>	Risk of potential losses caused by inconsistency of internal operational procedures to the nature and scope of the business, and/or statutory requirements, their non-observance by employees, lack of functionality, inadequacy of information, technological and other systems and/ or their failure, as well as by external events.	<p>The principal operational risk management (mitigation) methods include:</p> <ul style="list-style-type: none"> <li>■ development of organizational structure, internal operational rules and regulations, distribution of powers, approval (negotiation) and reporting of undertaken operations, all of which will assist in avoiding (minimizing) the probability of operational risk factors;</li> <li>■ development of control measures following the analysis of statistical data undertaken with the view to identifying typical operational risks on the basis of recurrent events;</li> <li>■ monitoring compliance with the adopted rules and procedures;</li> <li>■ technological automation of undertaken operations, and development of information protection systems;</li> <li>■ insurance, including both traditional property and personal insurance (insuring buildings and other property against destruction, damage, loss caused by a natural disaster and other accidents, as well as by actions of third parties or employees; insuring employees against accidents and personal injuries), as well as insurance of specific professional risks, both on a comprehensive basis and against specific types of risks;</li> <li>■ development of the system of business continuity measures to apply in the operational cycle, including emergency plans (business continuity and/or disaster recovery plans).</li> </ul>



Risk	Description	Actions
<b>Information security risk</b>	risk associated with the potential loss of the security properties (confidentiality, integrity, availability) by the Company's information assets as a result of the occurrence of information security threats.	Information security is understood as the protection of information and means of its processing from accidental or intentional impacts of natural or artificial nature. The main objective of the measures aimed to ensure information security is to achieve adequate protection of the Company's business processes and minimize information security risks when organizing trading and providing services on the Equity & Bond, Derivatives, FX and Money Markets. This goal is achieved by ensuring and constantly maintaining the confidentiality, integrity and availability of the Company's protected information assets.
<b>Continuity risk</b>	Risk of discontinued critical services.	With the view to ensuring normal operations in emergency situations: <ul style="list-style-type: none"> <li>the Group has put together a reserve complex including reserve office and firmware capabilities located at a safe distance from the principal office;</li> <li>the Group has developed business continuity and disaster recovery plans (BCDR Plans) that define critical business processes, priority actions in an emergency situation, timing and volumes of recovery operations, and business processes to enjoy priority recovery, as well as mandatory steps to be taken after the emergency situation subsides.</li> </ul>
<b>Legal risk</b>	Risk of losses caused by breach of contractual obligations, litigations, criminal and administrative liability of Group members and/or their governing bodies acting in their official capacity.	Legal risk management procedures include: <ul style="list-style-type: none"> <li>regular monitoring of laws, and verification of internal procedures as to their compliance with actual regulations;</li> <li>establishing quantitative and volume restrictions for claims, and controlling compliance with the established restrictions;</li> <li>analysing the legal basis for new products and services;</li> <li>updating internal regulations with the view to avoiding fines.</li> </ul> Losses associated with legal risks shall be reflected in the operational risk database.
<b>Custody risk</b>	Risk of loss of Group's assets posted on it as collateral caused an action or omission of a counterparty responsible for safe custody and recordkeeping of the asset.	The custody risk is estimated within the credit risk as the custody risk occurrence may cause the credit risk event; and the custody risk is managed as part of the operational risk which may be the trigger the custody risk event. The custody risk management methods include: <ul style="list-style-type: none"> <li>evaluation of financial position of a third-party custodian;</li> <li>the multi-level admission scheme for elevators and warehouses including accreditation and storage limits establishment processes;</li> <li>verification of compliance with the established requirements for technical facilities and regular audits of assets in the depositories and vaults of precious metals;</li> <li>insurance of commodities at stock;</li> <li>verification of custodians; confirmation of qualitative and quantitative measures of a commodity by a surveyor upon storage and transfer of the commodity to a bailor;</li> <li>monitoring of actual location of the asset;</li> <li>monitoring of the asset's availability by the time a claim is made.</li> </ul>

Risk	Description	Actions
<b>Compliance (regulatory) risk</b>	Risk of losses caused by noncompliance with the laws, internal regulations, self-regulating organizations' standards (if mandatory), as well as by sanctions and/or other actions taken by regulatory authorities	The compliance risk is managed by the Group's responsible business units within the Group's unified compliance structure. As part of the activities of the Compliance Committee managed by the Chairman of the Executive Board of Moscow Exchange, Group companies seek to unify their approaches and implement best Russian and global practices in compliance risk management.
<b>Reputational risk</b>	Risk of losses caused by a negative public opinion of the Group's operational (technical) stability, quality of its services and its activities in general	In order to avoid losses associated with the realization of the reputational risk, the Group continuously monitors media space for information about the Group and analyses its internal processes applying the impact assessment methodology to each identified event or factor. The primary source of the reputational risk is the realization of the operational risk, especially when such information becomes public. Thus, all actions taken to prevent and to mitigate the operational risk work simultaneously towards the reduction of the reputational risk.
<b>Strategic risk</b>	Risk of expenses (losses) sustained by the market operator as a result of mistakes (defects) made in deciding on the operator's business and development strategy.	Principal methods of strategic risk management include: <ul style="list-style-type: none"> <li>building up a process for strategic planning and management commensurate with the Exchange's calibre and operations;</li> <li>preventing any decisions, including strategic, to be taken by an inappropriate body from the hierarchic point of view;</li> <li>exercising general control over the performance of the risk management system;</li> <li>determining the process for major transactions, for development and implementation of prospective projects as part of the general concept of Moscow Exchange Group's development;</li> <li>controlling the consistency of the risk management parameters with the Exchange's current condition and its development strategy</li> </ul>
<b>Tax risk</b>	Tax risk uncertainty regarding the achievement of a business goal as a result of factors related to the taxation process, which may manifest itself as financial losses or other negative consequences resulting from current or future events and processes in the area of tax legal relations and tax accounting, or events or processes affecting tax legal relations and tax accounting.	Tax risk may arise in all areas of the Exchange's activities without exception, as well as have different causes (factors): both related to the Exchange activities and under its control (internal tax risks), and caused by external factors beyond the Exchange's control (external tax risks). The Exchange's main goal in managing tax risks is to limit the negative consequences of tax risks (reputational, financial, personal liability for the Exchange's management and others) for the Exchange. This goal is achieved through the use of effective tax risk management methods and mechanisms compliant with the requirements of regulators and best practices, including raising awareness of the Exchange's management bodies of the level of risk taken when making management decisions, as well as ensuring a common understanding of tax risk and acceptable level of tax risk for the Exchange.

## RISK MANAGEMENT STRATEGY

### In 2022, the following Exchange and Group strategies approved by decisions of the Supervisory Board continue in force:

- Moscow Exchange's Information Technology Strategy through 2024 (approved on 1 October 2020);
- Moscow Exchange Group's 2024 Risk Management Strategy (approved on 29 October 2020);
- Moscow Exchange Group's Information Security Strategy for 2021–2024 (approved on 10 December 2020).

In 2022, the roadmaps developed earlier under the 2024 Risk Management Strategy continued to be implemented.

The Information Security Strategy sets out measures aimed at reducing the likelihood of actual threats to the information security of Moscow Exchange and defines key performance indicators for the implementation of the Strategy.

All principal risk takers among the companies of the Group have developed a risk and capital management strategy. The principles and processes of the Strategy seek to build, use and develop a comprehensive system of capital and risk management to ensure business continuity both in normal and stressed economic conditions, to enhance transparency of the risk and capital management processes, as well as to identify and assess significant risks in a timely manner, support capital planning and take due account of risks in the decision-making process.

### With a view to maintain efficiency of the regular risk management processes:

- the following committees operate: the Risk Committee of the NCC Supervisory Board, Risk Management Committee of Moscow Exchange,

Risk Management Committees of NCC Management Board and Moscow Exchange and Risk Committee of NSD Executive Board;

- a system of distribution of powers and responsibilities is in place to implement key risk management principles;
- risks are regularly identified and mitigation measures are taken;
- financial resilience recovery plans and plans for engagement of additional resources have been developed.

At the end of 2021, the Supervisory Board also developed and approved a Financial Stability Recovery Plan for Moscow Exchange, taking into account the interaction with other companies of the Group.

The Exchange is constantly developing and improving its risk management system to reduce the vulnerability of business processes and their recovery time, to improve system redundancy based on spacing and duplication of resources, and to improve the reliability of communication systems between traders, the Exchange and depository and settlement organizations.

Moscow Exchange has also established a separate market operator's risk management subsystem that enables it to identify and assess risks in a timely manner and to develop mitigation measures. This subsystem incorporates continuous monitoring of emergencies and assessment of their potential impact on the technical processes of the Exchange's markets, as well as updating the integrated operational and financial risk management system in line with adopted decisions and procedures.

The Exchange has developed and approved the Regulations on Managing the Risks of a Market Operator and the Regulations on Managing the Risks of a Financial Platform Operator. In addition, the Exchange has also set up a separate structural unit aiming to identify and assess risks in a timely manner and to develop mitigation measures.

In addition, the Group's Risk Management Development Strategy through 2024 was developed and, as a followup, roadmaps were approved that include a description of specific objectives in such areas as risk management development, risk culture, deepening of core markets, balance sheet

management, treasury and capital management. In particular, in pursuance of this Strategy, the Supervisory Board of Moscow Exchange approved the Group's risk appetite indicators and their thresholds.

## SHORT-TERM RISK OUTLOOK

Given that the Group's strategy calls for the development of new products, formation of new trading markets and the expansion of the investor base, the management of financial risks will be key for the Company.

Receiving the status of a Financial Platform Operator by Moscow Exchange and expansion of its presence in the respective market entail new risks, in particular information security risks and reputational risks came from the arrival of a new category of customers — individuals.

HR risks will remain neutral, given that most ongoing activities are long-term; however, staff turnover remains acceptable. Given that the Exchange's strategic objectives include the financial platform and balance management, regulatory and legal risks will continue to have a high impact on the Exchange's

activities; however, taking into account ongoing activities, we do not expect a significant increase in regulatory and legal risk.

Plans to modify the Exchange's key information systems and to substitute the imported ones will keep information security risks elevated.

Strategic risks are analysed and assessed for the possibility of achieving strategic objectives, as well as substantial delays and/or negative variances in implementation of the budget for strategic projects and initiatives considering the Group's strategy through 2024.

# INFORMATION FOR SHAREHOLDERS AND INVESTORS

## SHARE CAPITAL

### Information on share capital

Type, category and form of shares	Ordinary registered uncertificated shares
State registration number of shares issue	1-05-08443-H
Par value of one share	RUB 1
Total number of outstanding shares	2,276,401,458 shares
Share capital	RUB 2,276,401,458
Trading code / ISIN	MOEX / RU000A0JR4A1
Number of shares purchased by the company	0

In 2022, Moscow Exchange's share capital remained unchanged. As of 31 December 2022, it amounted to RUB 2,276,401,458 and the number of outstanding ordinary shares stood at 2,276,401,458. Pursuant to the Exchange's Charter, each share grants the right to one vote at the General Meeting of Shareholders.

The shares are traded on Moscow Exchange's own trading platform (ticker: MOEX) and are included in the first-level quotation list. The shares are also

a constituent of the Russian market benchmark indices, the MOEX Russia Index and the RTS Index, which are comprised of up to 50 stocks issued by Russia's largest traded companies. They are also in the sectoral index for Finance and the equity sub-index of the Pension Savings Assets Index. As of 26 January 2022, Moscow Exchange shares were included in the thematic sustainability index — MOEX-RSPP Responsibility & Transparency Index.

### Moscow Exchange ownership structure

Shareholder	31 December 2022	
	Voting power (units)	Voting power (%)
Central Bank of the Russian Federation	268,151,437	11.780
Sberbank of Russia	227,682,160	10.002
VEB.RF	191,299,389	8.404
EBRD	120,472,902	5.292
State Street Bank & Trust Company	119,663,685	5.257
MICEX-Finance	119,663,685	0.827
Free float (excl. MICEX-Finance; incl. State Street Bank & Trust Company)	1,449,966,491	63.696

The Exchange has no shareholders possessing any degree of control over the company disproportionate to their holding of the Exchange's share capital, as per a shareholder agreement or other agreement concerning rights attached to shares.

The Exchange has not issued preferred shares, such as those with a different nominal value. The share capital structure does not include any instrument that would provide the holder control over the company disproportionate to its stake in the company.

The total number of MOEX shareholders was over 480,000, including 478,500 individual shareholders. MICEX-Finance, a controlled entity of the Exchange, held 18,929,079 shares (0.827% of the share capital).

In 2022, the Exchange executed no special-purpose related-party transactions with its shareholders. All transactions were of market nature and were executed on terms and conditions similar to those applied in transactions with other counterparties of the Exchange.

## REGISTRAR

Registry company STATUS keeps the register of Moscow Exchange's shareholders.

Full company name	Joint-Stock Company "Registry company STATUS"
Place of business	23/1 Novokhokhlovskaya St., Office 1, 109052 Moscow, Russian Federation
Registration details	State registration certificate No. 066.193 dated 20 June 1997, certificate to confirm the legal entity dated 4 July 2002
Primary State Registration Number (OGRN)	1027700003924
License	Registrar License No. 10-000-1-00304 dated 12 March 2004 (without limitation of the period of validity) issued by the Federal Financial Market Service
Contact details	General enquiries: +7 (495) 974-83-50 Shareholders service enquiries: +7 (495) 974-83-47 Fax: +7 (495) 678-71-10 E-mail: <a href="mailto:office@rostatus.ru">office@rostatus.ru</a>

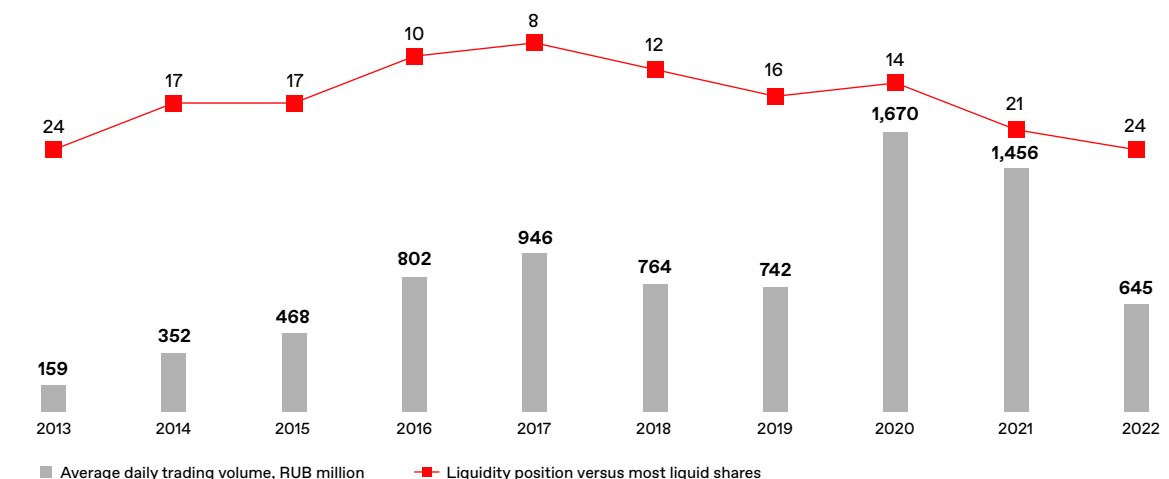
For more details, please visit the company's website: [www.rostatus.ru](http://www.rostatus.ru)

## MOEX SHARE PERFORMANCE

As of the end of 2022, Moscow Exchange's market capitalization was RUB 217.2 bn (versus RUB 348.8 bn as at the end of 2021).

In 2022, the average daily trading volume (ADTV) of the company's shares amounted to RUB 645 bn. The decline in average daily trading volume year-on-year is explained by the inability of brokers to trade in Russian equities on behalf of non-residents from the end of February 2022.

### ADTV and liquidity position versus most liquid shares

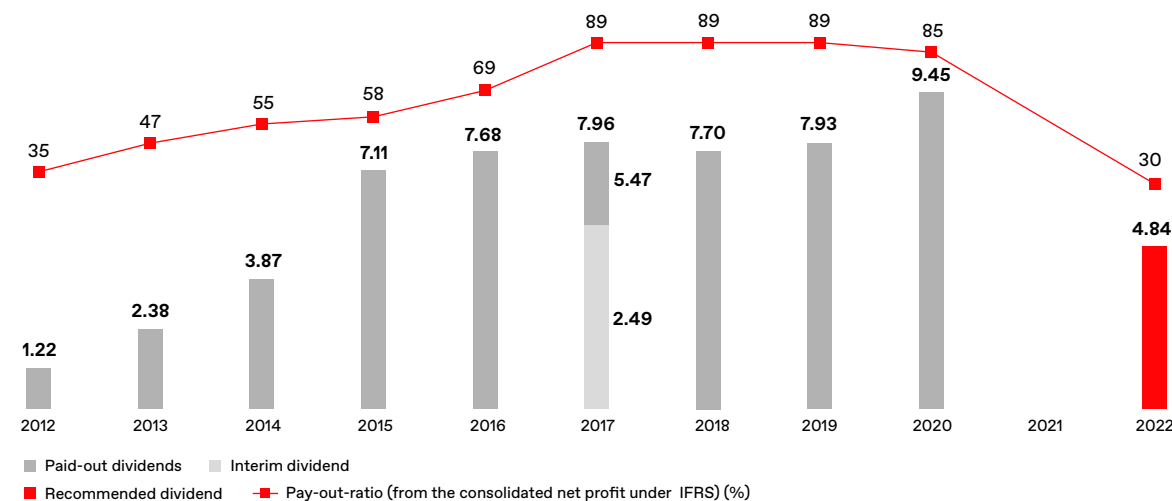


## DIVIDENDS

Moscow Exchange's Annual General Meeting of Shareholders (AGM) resolved not to pay dividends for 2021. This decision is based on the current

Dividend Policy which prioritises capital requirements in Moscow Exchange Group companies over dividend distributions.

### Dividends per share in 2012–2020 (RUB)



### Dividend payment in 2012–2020

Dividend payment year	Dividend period	Announcement date, shareholders meeting minutes No.	Total pre-tax amount of dividends declared and paid (RUB)	Dividend record date
2013	for 2012	25 June 2013, Minutes of AGM No. 49	2,901,756,800	20 May 2013
2014	for 2013	26 June 2014, Minutes of AGM No. 52	5,423,154,900	11 July 2014
2015	for 2014	28 April 2015, Minutes of AGM No. 53	8,818,323,227.91	12 May 2015
2016	for 2015	29 April 2016, Minutes of AGM No. 54	16,201,105,465.23	16 May 2016
2017	for 2016	28 April 2017, Minutes of AGM No. 56	17,482,763,197.44	16 May 2017
2017	for H1 2017	14 September 2017, Minutes of AGM No. 57	5,668,239,600	29 September 2017
2018	for 2017	26 April 2018, Minutes of AGM No. 58	12,451,915,975.26	15 May 2018
2019	for 2018	25 April 2019, Minutes of AGM No. 59	17,528,291,226.60	14 May 2019
2020	for 2019	28 April 2020, Minutes of AGM No. 61	18,051,863,561.94	15 May 2020
2021	for 2020	28 April 2021, Minutes of AGM No. 62	21,511,993,778.10	14 May 2021

In accordance with the Federal Law on Joint Stock Companies, the deadline for payment of dividends to a nominee registered in the shareholder register

should not exceed 10 business days, and to other persons registered in the shareholder register — 25 business days from the dividend record date.

## INVESTOR RELATIONS

Moscow Exchange engages with existing and prospective investors to provide them with an overview of the activities of the company and raise awareness of MOEX's business with the aim of continually diversifying the shareholder base. Investor relations activities are scheduled in such a manner that any investor has the opportunity to interact with and ask questions of MOEX management at least once a year and receive all the information she/he needs in a timely manner in order to make reasonable investment decisions. It is one of Moscow Exchange's priorities to adhere to the highest standards of information disclosure given its roles as both a public company and operator of Russia's core financial markets infrastructure.

In 2022, Moscow Exchange's management held 302 meetings (also online) with institutional investors and analysts and took part in the Smart-lab conference. They met with the Russian private investor community, spoke about business and answered questions, as part of the pilot event under Invest Tour project of Otkritie Investments. Please see the following links:

- YouTube: <https://www.youtube.com/watch?v=w4lvSoA991U>
- RuTube: <https://rutube.ru/video/193b1a78cb21f3dbca5d85f7c7b4f4a3>
- VK: [https://vk.com/video-18078368\\_456239489](https://vk.com/video-18078368_456239489)

### Meetings with investors

Years	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Number of meetings with investors	180	236	270	349	355	326	318	261	241	302

In total, in 2022, Moscow Exchange's management contacted 138 institutional investors and 12 sell-side analysts.

MOEX also places strong emphasis on engaging with retail investors. The number of retail shareholders exceeded 478,000 as of the end of 2022. Against the backdrop of the growing

activity of individuals on the stock market, Moscow Exchange is implementing a number of initiatives aimed at improving the financial literacy of individual investors (see the "Exchange and the Community" chapter). Moscow Exchange management participates in a wide range of public events and webinars organised by Moscow Exchange and external partners.

## ANALYSTS

MOEX's performance is closely monitored by leading Russian and international banks.

They publish regular reports on MOEX's shares as well as provide stock recommendations and financial forecasts.

### Sell-side covering analysts

Company	Analyst	Telephone number	E-mail
Invest Heroes	Alexander Saiganov	+7 (916) 358 1843	<a href="mailto:a.sayganov@invest-heroes.ru">a.sayganov@invest-heroes.ru</a>
	Alekper Mamedov	+7 (985) 027 6364	<a href="mailto:a.mamedov@invest-heroes.ru">a.mamedov@invest-heroes.ru</a>
ITInvest	Stanislav Yudin	+7 (495) 933 3232	<a href="mailto:stanislav.yudin@itininvest.ru">stanislav.yudin@itininvest.ru</a>
Sberbank CIB	Mikhail Krasnopyorov Andrey Akhatov	+7 (495) 933 9838	<a href="mailto:mikhail_krasnoperov@sberbank-cib.ru">mikhail_krasnoperov@sberbank-cib.ru</a> <a href="mailto:ARAkhatov@sberbank.ru">ARAkhatov@sberbank.ru</a>
Sinara FC	Olga Naidyonova	+7 (495) 771 7095	<a href="mailto:NaidenovaOA@sinara-finance.ru">NaidenovaOA@sinara-finance.ru</a>
Alfa Bank	Eugene Kipnis	+7 (495) 795 3713	<a href="mailto:ekipnis@alfabank.ru">ekipnis@alfabank.ru</a>
Aton	Mikhail Ganelin	+7 (495) 213 0338	<a href="mailto:mikhail.ganelin@aton.ru">mikhail.ganelin@aton.ru</a>
BCS	Elena Tsareva	+7 (495) 213 1537	<a href="mailto:etsareva@bcsgm.com">etsareva@bcsgm.com</a>

As of 31 December 2022, the market consensus forecast for MOEX shares based on forecasts of seven analysts was RUB 127.43 per share.

## KEY PERFORMANCE INDICATORS

In December 2021, the Supervisory Board set MOEX KPIs for 2022. Due to changes in external factors, the Supervisory Board has adjusted the KPIs to prioritise the following areas:

**Financial efficiency:** ensuring the target level of F&C income in a negative external environment, net profit and cost control. F&C income amounted to RUB 37.5 billion, exceeding the 2022 adjusted business plan by 14%. The group achieved a historical record net profit of RUB 36.3 billion, exceeding the respective value of 2021 by 29%. The cost-to-income ratio was below target, ensuring the Group's financial efficiency.

**Ensuring business continuity.** Ensuring the smooth operation of trading, clearing and other critical information systems in the face of heightened cyber threats has become one of the Group's key focuses. The Exchange has provided the necessary level of cyber security for the systems.

**Retail business development.** MOEX key project for the coming years is the Retail Financial Services Marketplace (Finuslugi platform). The year 2022 saw further development of the platform: new products were launched, a mobile app was designed and launched, sales channels were developed, and retail customers and partners were actively recruited.

# 5

## APPENDICES



# REPORT ON MOSCOW EXCHANGE COMPLIANCE WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE

This Report on Compliance with the Principles and Recommendations of the Corporate Governance Code was reviewed by the Supervisory Board of Moscow Exchange at the Supervisory Board meeting on 24 March 2023 (Minutes No. 20).

The Supervisory Board confirms that the data quoted herein contain comprehensive and reliable information on the Moscow Exchange compliance

with the principles and recommendations of the Corporate Governance Code for the 2022 reporting year.

The Annual Report sections describe the most significant aspects of the corporate governance model and practices at Moscow Exchange, as well as the approach to assessing compliance with the corporate governance principles legitimized in the Corporate Governance Code.

#	Corporate governance principles	Corporate governance principle compliance criteria	Status <sup>1</sup> of conformity with the corporate governance principle	Explanations <sup>2</sup> of deviation from the assessment criteria of compliance with the corporate governance principle
1	2	3	4	5
1.1	<b>The company shall ensure equal and fair treatment of all shareholders when they exercise their right to participate in the company's governance.</b>			
1.1.1	The company should create most favourable conditions for its shareholders enabling them to participate in the general meeting and develop informed positions on issues on its agenda, as well as provide them with the opportunity to coordinate their actions and express their opinions on issues being discussed.	1. The Company provides an easy-to-access way to communicate with the community, such as the "hotline", email or Internet forum that enables shareholders to express their opinion and to put forward issues to the agenda pending preparation for the General Meeting. These actions were taken by the Company the day before each general meeting held in the reporting period.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
1.1.2	Procedures for notification of the general meeting and provision of materials for it should enable the shareholders to get properly prepared for participation therein.	1. The notice of the General Meeting of Shareholders was posted (published) on the website at least 30 days prior to the General Meeting date. 2. The notice of the meeting specifies the venue of the meeting and the documents required to get access to the premise. 3. Access to the information on the person who proposed the agenda items and the one who nominated candidates to the Board of Directors and the Internal Audit Commission of the Company was provided to shareholders.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	

<sup>1</sup> The "complied with" status is only indicated if the Company meets all the criteria of the corporate governance principle compliance assessment. Otherwise, the "partially complied with" or "not complied with" status is displayed.

<sup>2</sup> They are shown for each criterion of the corporate governance principle compliance if the Company meets only part of the criteria or fails to meet any of the principle compliance assessment criteria. If the Company indicated the "complied with" status, no explanations are required.

#	Corporate governance principles	Corporate governance principle compliance criteria	Status of conformity with the corporate governance principle	Explanations of deviation from the assessment criteria of compliance with the corporate governance principle
1.1.3	During the preparation for and holding of the general meeting, the shareholders should be able to freely and timely receive information about the meeting and its materials, to pose questions to members of the company's executive bodies and board of directors, and to communicate with each other.	1. The shareholders were enabled to ask members of the executive bodies and members of the Company's Board of Directors before and during the annual General Meeting in the reporting period. 2. The standpoint of the Board of Directors (including any special opinions included into the minutes) on each agenda item of the General Meetings conducted during the reporting period was included into the materials of the General Meeting of Shareholder. 3. The Company provided the shareholders with the appropriate entitlement with the access to the list of persons eligible to attend the General Meeting, starting from the date of its receipt by the Company, in all cases of holding the General Meetings in the reporting period.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	This recommendation concerning shareholders' posing questions to members of executive bodies and members of the board of directors of the company in the course of the general meeting is not applicable as no general meetings were held in the form of joint attendance of shareholders in the reporting period.
1.1.4	There should be no unjustified difficulties preventing shareholders from exercising their right to demand that a general meeting be convened, nominate candidates to the company's governing bodies, and to place proposals on its agenda.	1. In the reporting period, shareholders were entitled, within 60 days from the end of the respective calendar year a minimum, put forward proposals to be included into the agenda of the annual General Meeting. 2. In the reporting period, the Company did not refuse to accept proposals to the agenda or candidates to the Company's bodies due to misprints and other insignificant defects in the shareholder's proposal.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
1.1.5	Each shareholder should be able to freely exercise his right to vote in a straightforward and most convenient way.	1. The Charter of the company includes provisions for filling in the electronic form of the ballot on the website specified in the notice of the General Meeting of Shareholders	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
1.1.6	Procedures for holding a general meeting set by the company should provide equal opportunity to all persons present at the general meeting to express their opinions and ask questions that might be of interest to them.	1. When General Meetings of Shareholders are held in the reporting period in the form of a meeting (joint presence of shareholders), sufficient time is envisaged for the reports on agenda items and the time to discuss these issues, shareholders were provided with opportunity to express their opinion and ask questions on agenda issues that might be of interest to them. 2. The company invited candidates to the management and control bodies and took all necessary actions to ensure their participation in the general meeting of shareholders, where their candidacies were put to a vote. The candidates to the management and control bodies of the Company attending the general meeting of shareholders were available to answer shareholders' questions. 3. The sole executive body, the person responsible for accounting, the chairman or other members of the audit committee of the board of directors were available to answer shareholders' questions at the general meeting of shareholders held the reporting period. 4. In the reporting period the Company either used telecommunications tools to provide shareholders with remote access to participate in the General Meetings, or made decisions that it was not necessary (not possible) to use such tool in the reporting period.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	In the reporting period the Company did not hold general meetings of shareholders in the form of joint attendance of shareholders.
<b>1.2</b>	<b>Shareholders are provided with an equitable and fair opportunity to participate in the company's profits through the distribution of dividends.</b>			
1.2.1	The company should develop and put in place a transparent and clear mechanism for determining the amount of dividends and their payment.	1. The dividend policy provisions of the Company were developed, approved by the Board of Directors, and disclosed at the Company's website. 2. If the Company produces consolidated financial statements and its dividend policy uses these financial statements to determine the amount of dividends, the relevant dividend policy provisions incorporate the consolidated measures of financial statements. 3. Rationale for the proposed net profit distribution, including for dividend payments and for the company's own needs, along with compliance assessment in respect of the company's dividend policy and explanations and economic substantiation of the need to allocate a certain portion of net profit for the company's own needs in the reporting period were included in the materials for the general meeting of shareholders, where the agenda of the meeting included an item on profit distribution (including the payment (announcement) of dividends).	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
1.2.2	The company should not make a decision on the payment of dividends, if such decision, without formally violating limits set by law, is unjustified from the economic point of view and might lead to the formation of false assumptions about the company's activity.	1. In addition to statutory restrictions, the Company's dividend policy clearly indicates financial/ economic circumstances when the Company should not pay dividends.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status of conformity with the corporate governance principle	Explanations of deviation from the assessment criteria of compliance with the corporate governance principle
1.2.3	The company should not allow deterioration of dividend rights of its existing shareholders.	1. In the reporting period, the Company did not take steps that impaired the existing shareholders' dividend rights.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
1.2.4	The company should strive to rule out any ways through which its shareholders can obtain any profit or gain at the company's expense other than dividends and distributions of its liquidation value.	1. During the reporting period, other ways of obtaining profit or gaining at the expense of the Company by persons controlling the company other than dividends (for example, through transfer pricing, unreasonable provision of services to the Company by the controlling person at higher prices, through internal loans substituted for dividends to the controlling persons and (or) controlled persons) were not used.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
<b>1.3</b>	<b>The system and practices of corporate governance should ensure equal terms and conditions for all shareholders owning shares of the same class (category) in a company, including minority and foreign shareholders, as well as their equal treatment by the company.</b>			
1.3.1	The company should create conditions which would enable its governing bodies and controlling persons to treat each shareholder fairly, in particular, which would rule out the possibility of any abuse of minority shareholders by major shareholders.	1. During the reporting period the persons, controlling the Company, did not abuse their authorities towards shareholder, no conflicts between controlling persons and shareholders existed, and, if such conflicts existed the Board of Directors paid enough attention to address them.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
1.3.2	The company should not perform any acts which will or might result in artificial reallocation of corporate control therein.	1. Quasi-treasury shares are not available or were not used in the voting during the reporting period.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
<b>1.4</b>	<b>Shareholders should be provided with reliable and efficient means of recording their rights in shares as well as with the opportunity to freely dispose of such shares in a non-onerous manner.</b>			
1.4	The shareholders should be provided with reliable and efficient means of recording their rights in shares as well as with the opportunity to freely dispose of such shares in a non-onerous manner.	1. Quality and reliability of the business pursued by the Company's registrar to keep the register of the securities' holders meet the Company's and its shareholders' needs and ensure that shareholder rights are accounted for and exercised in the most efficient way.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
<b>2.1</b>	<b>The Board of Directors shall be in charge of strategic management of the company, determine major principles of and approaches to creation of a risk management and internal control system within the company, monitor the activity of the company's executive bodies, and carry out other key functions.</b>			
2.1.1	The board of directors should be responsible for decisions to appoint and remove [members] of executive bodies, including in connection with their failure to properly perform their duties. The board of directors should also procure that the company's executive bodies act in accordance with an approved development strategy and main business goals of the company.	1. The Board of Directors has the powers stipulated in the Charter to appoint, dismiss, and determine conditions of the contracts, with respect to members of executive bodies. 2. In the reporting period, the Nominations Committee <sup>1</sup> considered how the professional qualifications, skills and experience of the members of the executive bodies meet the current and expected needs of the company, prompted by the approved strategy of the company. 3. In the reporting period, the Board of Directors reviewed the report(s) of the sole executive body and members of the collegial executive body on fulfilment of the Company's strategy.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.1.2	The board of directors should establish basic long-term targets of the company's activity, evaluate and approve its key performance indicators and principal business goals, as well as evaluate and approve its strategy and business plans in respect of its principal areas of operations.	1. During the reporting period, meetings of the Board of Directors reviewed the progress of execution and updating the strategy, approval of the Company's financial and business plan (budget), and the review of the criteria and measures (including intermediate) to implement the Company's strategy and business plans.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.1.3	The board of directors should determine principles of and approaches to creation of the risk management and internal control system in the company.	1. The principles of and approaches to the risk management and internal control system in the Company are set forth by the Board of Directors and documented in the Company's internal regulations defining the risk management and internal control policy. 2. In the reporting period, the Board of Directors approved (revised) the acceptable level of risk (risk appetite) of the Company, or the Audit Committee and (or) Risk Committee (if any) considered the expediency of bringing the issue of risk appetite revision to the attention of the Board of Directors.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	

<sup>1</sup> Hereinafter, the Nominations Committee.

#	Corporate governance principles	Corporate governance principle compliance criteria	Status of conformity with the corporate governance principle	Explanations of deviation from the assessment criteria of compliance with the corporate governance principle
2.1.4	The board of directors should determine the company's policy on remuneration due to and/or reimbursement of costs incurred by its board members, members of its executive bodies and other key managers.	1. The Company has developed and implemented the policy(-ies) approved by the Board of Directors on remuneration and reimbursement of costs incurred by the members of the Board of Directors, the Company's executive bodies and other key managers of the Company. 2. The meetings of the Board of Directors reviewed issues related to the above policy (-ies) during the reporting period.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.1.5	The board of directors should play a key role in prevention, detection and resolution of internal conflicts between the company's bodies, shareholders and employees.	1. The Board of Directors plays a key part in prevention, detection, and settlement of internal conflicts. 2. The Company has established the system to identify transactions related to the conflict of interest and the system of efforts designed to settle such conflicts.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.1.6	The board of directors should play a key role in procuring that the company is transparent, discloses information in full and in due time, and provides its shareholders with unhindered access to its documents.	1. Company's internal documents list the persons responsible for information policy implementation.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.1.7	The board of directors should monitor the company's corporate governance practices and play a key role in its material corporate events.	1. During the reporting period, the Board of Directors reviewed self-assessment results and (or) external assessment in relation to the corporate governance practice in the Company.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
<b>2.2</b>	<b>The Board of Directors should be accountable to the company's shareholders.</b>			
2.2.1	Information about the board of directors' work should be disclosed and provided to the shareholders.	1. The Company's annual report for the reporting period includes information on the Board of Directors and committee meeting attendance by individual directors. 2. The annual report contains information on the principal findings of the Board of Directors' performance self-assessment (assessment) in the reporting period.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.2.2	The chairman of the board of directors must be available to communicate with the company's shareholders.	1. The Company has a transparent procedure that enables shareholders to submit their questions and their standpoint thereon to the Chairman of the Board of Directors and, if applicable, to the senior independent director and get feedback from them.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
<b>2.3</b>	<b>The board of directors should be an efficient and professional governing body of the company which is able to make objective and independent judgements and pass resolutions in the best interests of the company and its shareholders.</b>			
2.3.1	Only persons with impeccable business and personal reputation should be elected to the board of directors; such persons should also have knowledge, skills, and experience necessary to make decisions that fall within the jurisdiction of the board of directors and to perform its functions efficiently.	1. In the reporting period, the Board of Directors (or its Nominations Committee) assessed the nominees to the Board of Directors in terms of the required experience, expertise goodwill, lack of the conflict of interests, etc.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.3.2	Board members should be elected pursuant to a transparent procedure enabling the shareholders to obtain information about respective candidates sufficient for them to get an idea of the candidates' personal and professional qualities.	1. Where the agenda of the General Meeting of Shareholders held in the reporting period included election of the Board of Directors d, the Company provided shareholders with biographical data for all the nominees to the Board of Directors, results from assessment of whether the candidates' professional qualifications, experience and skills meet the company's current and expected needs performed by the Board of Directors or Nominations Committee, and information on conformity of the nominees to the independence criteria, according to the recommendations in paragraphs from 102 to 107 of the Code and the nominees' written consent to be elected to the Board of Directors.	<input type="checkbox"/> complied with <input checked="" type="checkbox"/> <b>partially complied with</b> <input type="checkbox"/> not complied with	In previous reporting periods, the Company complied with this principle. In 2022, the Company's management decided to limit disclosures about candidates to the Supervisory Board for election at the Annual General Meeting in 2022, so as to minimise the risk of restrictive measures against the persons in question. However, the Supervisory Board approved that the materials for the General Meeting in 2022 should include biographical details of all candidates to the Supervisory Board, outcomes of assessment of the relevance of the candidates' professional qualifications, experience and skills to the current and expected needs of the company made by the Supervisory Board, along with information on candidates' compliance with independence criteria. According to the Company, what seps the Company took to minimise the risks of partial non-compliance with the recommendation of the CCG of the Bank of Russia was that the Company allowed shareholders to seek additional information from the Company. In addition, the list of candidates for the Supervisory Board was disclosed on the company's website. The company intends to resume disclosure so to adhere to this recommendation once the geopolitical situation stabilises and the risk of restrictive measures against the persons concerned returns to an acceptable level.
2.3.3	The composition of board of directors should be balanced, in particular, in terms of qualifications, expertise, and business skills of its members. The board of directors should enjoy the confidence of the shareholders.	1. As part of the assessment of the Board of Directors in the reporting period, the Board of Directors reviewed its own needs in professional qualifications, experience, and business skills, and identified competencies required for the Board of Directors in the short and long term.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status of conformity with the corporate governance principle	Explanations of deviation from the assessment criteria of compliance with the corporate governance principle
2.3.4	The membership of the board of directors of the company must enable the board to organize its activities in a most efficient way, in particular, to create committees of the board of directors, as well as to enable substantial minority shareholders of the company to elect a candidate to the board of directors for whom they would vote.	1. In the reporting period, the Board of Directors reviewed whether the size of the Board of Directors met the company's needs and the interests of the shareholders	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
<b>2.4</b>	<b>The Board of Directors should include a sufficient number of independent directors.</b>			
2.4.1	An independent director should mean any person who has required professional skills and expertise and is sufficiently able to have his/her own position and make objective and bona fide judgments, free from the influence of the company's executive bodies, any individual group of its shareholders or other stakeholders. It should be noted that, under normal circumstances, a candidate (or an elected director) may not be deemed to be independent, if he/she is associated with the company, any of its substantial shareholders, material trading partners or competitors, or the government.	1. During the reporting period, all independent members of the Board of Directors met the independence criteria specified in recommendations 102 to 107 of the Code or were recognized as such by resolution of the Board of Directors.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.4.2	It is recommended to evaluate whether candidates nominated to the board of directors meet the independence criteria as well as to review, on a regular basis, whether or not independent board members meet the independence criteria. When carrying out such evaluation, substance should take precedence over form.	1. In the reporting period, the Board of Directors (or the Nominations Committee of the Board of Directors) formed the estimate of independence of each nominee to the Board of Directors and submitted the relevant opinion to shareholders. 2. In the reporting period, the Board of Directors (or the Nominations Committee of the Board of Directors) reviewed the independence of the existing members of the Board of Directors (after their election) at least once. 3. The Company has drafted the procedures that determine the necessary actions to be taken by a member of the Board of Directors, if he/she loses his/her independence, including the obligations to timely notify the Board of Directors accordingly.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.4.3	Independent directors should account for at least one-third of all directors elected to the board of directors.	1. Independent directors account for at least one third of the Board of Directors.	<input type="checkbox"/> complied with <input checked="" type="checkbox"/> <b>partially complied with</b> <input type="checkbox"/> not complied with	At early 2022, independent directors made up more than half of the Supervisory Board. The Annual General Meeting in 2022 elected 12 members of the Supervisory Board of the Company, among them five directors were independent. Thus, the Company was compliant with the recommendation. During the reporting year two independent directors exited the Supervisory Board. Therefore, as of 31/12/2022, only three of the 10 sitting members of the Supervisory Board were independent or had been recognised as independent directors. Consequently, the non-compliance with the recommendation of the CCR of the Bank of Russia in some part was due to external circumstances, specifically due to the increasing pressure from foreign states on Russian companies. The Company was forced to do so because this was outside the purview of the Company. In the next reporting year, the Company plans to form a new Supervisory Board relying on this recommendation, so that independent directors account for at least one-third of all members elected.
2.4.4	Independent directors should play a key role in prevention of internal conflicts in the company and performance by the latter of material corporate actions.	1. Independent directors (who do not have any conflicts of interest) preliminarily estimate the substantial corporate actions related to a potential conflict of interests, and the findings of such assessment are submitted to the Board of Directors.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	In the reporting year 2022, the Company did not record any material corporate actions related to a potential conflict of interest.
<b>2.5</b>	<b>The Chairman of the Board of Directors should help the Board carry out the functions imposed on it in a most efficient manner.</b>			
2.5.1	It is recommended to either elect an independent director to the position of the chairman of the board of directors or identify the senior independent director among the company's independent directors who would coordinate work of the independent directors and liaise with the chairman of the board of directors.	1. The Chairman of the Board of Director is an independent director, or a senior independent director is identified among independent directors <sup>1</sup> 2. The role, rights and duties of the Chairman of the Board of Directors (and, if applicable, the senior independent director) are duly determined in the Company's internal documents.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	

<sup>1</sup> Please specify, which of the two alternative approaches admitted by the principle is implemented in the Company and explain the reasons for the selection made.



#	Corporate governance principles	Corporate governance principle compliance criteria	Status of conformity with the corporate governance principle	Explanations of deviation from the assessment criteria of compliance with the corporate governance principle
2.5.2	The board chairman should ensure that board meetings are held in a constructive atmosphere and that any items on the meeting agenda are discussed freely. The chairman should also monitor fulfilment of decisions made by the board of directors.	1. Performance of the Chairman of the Board of Directors was estimated as part of the BoD efficiency assessment procedure in the reporting period.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.5.3	The chairman of the board of directors should take any and all measures as may be required to provide the board members in a timely fashion with information required to make decisions on issues on the agenda.	1. The duty of the Chairman of the Board of Directors to take efforts to ensure timely filing of documents to members of the Board of Directors on agenda items of the meeting of the Board of Directors is legitimized in the Company's internal documents.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
<b>2.6</b>	<b>Board members must act reasonably and in good faith in the best interests of the company and its shareholders, being sufficiently informed, with due care and diligence.</b>			
2.6.1	Acting reasonably and in good faith means that board members should make decisions considering all available information, in the absence of a conflict of interest, treating shareholders of the company equally, and assuming normal business risks.	1. The Company's internal documents require that a member of the Board of Directors should notify the Board of Directors if he/she has a conflict of interests with respect to any agenda item of the meeting of the Board of Directors or a committee of the Board of Directors, before the start of the discussion of the relevant agenda item. 2. The Company's internal documents envisage that a member of the Board of Directors should refrain from voting on any item where he/she has a conflict of interests. 3. The Company has establishes the procedure that enables the Board of Directors to obtain professional advice on issues falling within its competence, at the Company's expense.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.6.2	Rights and duties of board members should be clearly stated and documented in the company's internal documents.	1. The Company adopted and published the internal document that clearly determines rights and duties of members of the Board of Directors.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.6.3	Board members should have sufficient time to perform their duties.	1. Individual attendance of meetings of the Board and committees as well as the time spent on preparation for participation in the meetings was taken into account as part of the assessment (self-assessment) procedure of the Board of Directors in the reporting period. 2. According to the Company's internal documents, members of the Board of Directors are obliged to notify the Board of Directors of their intention to join management bodies of other companies (except for the Company's affiliates and dependent companies) and about such actual appointment.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.6.4	All board members should have equal opportunity to access the company's documents and information. Newly elected board members should be provided with sufficient information about the company and work of its board of directors as soon as practicable.	1. According to the Company's internal documents, members of the Board of Directors are free to gain access to information and documents necessary for them to perform their duties, pertaining to the Company and its affiliates, and the Company's executive bodies are obliged to provide the relevant information and documents. 2. The Company implements a formalized onboarding program for newly elected members of the Board of Directors.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
<b>2.7</b>	<b>Meetings of the Board of Directors, preparation for them, and participation of Board members therein should ensure efficient work of the Board.</b>			
2.7.1	It is recommended to hold meetings of the board of directors as needed, with due account of the company's scope of activities and its then current goals.	1. The Board of Directors held at least six meetings in the reporting year.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.7.2	It is recommended to develop a procedure for preparing for and holding meetings of the board of directors and set it out in the company's internal documents. The above procedure should enable the shareholders to get prepared properly for such meetings.	1. The Company approved the internal document that governs the procedure for preparation for and holding of meetings of the Board of Directors, which, in particular, stipulates that the notice of the meeting should be normally made at least five (5) days prior to the meeting. 2. In the reporting period, members of the Board of Directors who were not in attendance at the meeting were given the opportunity to participate in the discussion of the agenda items and voting remotely via conference and videoconference calls.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status of conformity with the corporate governance principle	Explanations of deviation from the assessment criteria of compliance with the corporate governance principle
2.7.3	The form of a meeting of the board of directors should be determined with due account of importance of issues on the agenda of the meeting. Most important issues should be decided at the meetings held in person.	1. The Charter or the internal document of the Company envisage that the most significant issues (according to the list in Recommendation 168 of the Code) should be considered at the personal meetings of the Board.	<input type="checkbox"/> complied with <input checked="" type="checkbox"/> <b>partially complied with</b> <input type="checkbox"/> not complied with	<p>According to the Charter, the issues listed in Recommendation 168 of the Code (except for material related party transactions and placing the issue of delegating the CEO's powers to the asset management company for the AGM for consideration) are decided at the meetings held in person.</p> <p>Issues of material related party transactions are not included on the said list since the Company's Code of Corporate Governance does not classify related party transactions as a specific material transaction criterion.</p> <p>Measures aimed at minimizing the risk of partial compliance with the CGC's recommendation include the Company's setting materiality thresholds in terms of amount and subject of a transaction, regardless of parties to the transaction. Therefore, interested-party transactions shall be considered at in-person meetings of the Supervisory Board if the amount and/or subject matter of such transactions meet the established materiality criteria. The Audit Committee considered whether it was appropriate to define other materiality criteria for interested-party transactions and found it inappropriate to do so. Accordingly, the Company has no immediate plans to achieve full compliance with the said recommendation. Placing the issue of delegating the sole executive body's powers to the asset management company before the AGM is not within the Supervisory Board competence, since, in pursuance with the Federal Law on Organised Trading, (1) the Company's sole executive body is elected by the Supervisory Board, and (2) the Organiser of Trading is not authorised to delegate the powers of the sole executive body to other entity (asset manager, asset management company).</p>
2.7.4	Decisions on most important issues relating to the company's business should be made at a meeting of the board of directors by a qualified majority vote or by a majority vote of all elected board members.	1. The Charter of the Company envisages that resolutions on the most critical issues set forth in Recommendation 170 of the Code, shall be adopted at the meeting of the Board of Directors, by a qualified, at least three fourths majority of votes, or by a majority of votes of all elected members of the Board of Directors.	<input type="checkbox"/> complied with <input checked="" type="checkbox"/> <b>partially complied with</b> <input type="checkbox"/> not complied with	<p>Partly complied with.</p> <p>Most issues listed in Recommendation 170 of the Code, are included on the list of issues that should be decided by a three fourths majority vote of directors participating in the meeting, or by a majority of all votes</p> <p>The list did not include the matters regarding (1) approval of priority activities, 2) placing listing issues before the AGM.</p> <p>The Company has no plans to include approval of priorities to such issues, since priorities are normally described in the strategy approved by a three fourths majority vote of all Supervisory Board members attending the meeting.</p> <p>According to the Company, a preliminary and thorough discussion of most issues including those specified above, by the relevant ad-hoc committees, as a rule, allows the Supervisory Board to make decisions unanimously and helps reduce risks related to non-compliance with the principle specified above.</p> <p>Submitting issues on listing to the consideration by the AGM is not on the list as these listing issues are referred to the Supervisory Board competency (3/4 majority vote), but not to the AGM.</p>

#	Corporate governance principles	Corporate governance principle compliance criteria	Status of conformity with the corporate governance principle	Explanations of deviation from the assessment criteria of compliance with the corporate governance principle
2.8	<b>The Board of Directors should form committees for preliminary consideration of the most important aspects of the company's business.</b>			
2.8.1	For the purpose of preliminary consideration of any matters of control over the company's financial and business activities, it is recommended to form an audit committee comprised of independent directors.	<p>1. The Board of Directors established the Audit Committee comprising independent directors only.</p> <p>2. The Company's internal documents determine the objectives for the Audit Committee, including, in particular, the objectives contained in Recommendation 172 of the Code.</p> <p>3. At least one member of the Audit Committee, which is an independent director, has experience and expertise in drafting, reviewing, assessment and audit of financial statements (accounts).</p> <p>4. Meetings of the Audit Committee were held at least quarterly during the reporting period.</p>	<p><input type="checkbox"/> complied with</p> <p>✓ <b>partially complied with</b></p> <p><input type="checkbox"/> not complied with</p>	<p>1. Partly complied with.</p> <p>At the beginning of the reporting period (before the Company's Annual General Meeting in 2022), the Audit Committee comprised solely independent directors. The Audit Committee formed from the new Supervisory Board elected at the Annual General Meeting in 2022 included two independent directors and one non-executive director. This was due to the lack of enough independent directors on the Supervisory Board with the competences required for the Audit Committee because of the limited number of candidates. In the second half of 2022, two independent directors resigned from their office, which resulted in the Audit Committee consisting of one independent director, who is also the Chairman of the Committee, and two non-executive directors. In forming the Audit Committee, the Supervisory Board relied not on the need to comply formally with the recommendations of the Corporate Governance Code of the Bank of Russia, but on the competencies that the remaining directors in the Supervisory Board of the Company had, so that the Audit Committee could perform as efficiently as the prevailing circumstances allowed and could protect interests of the Company and Company's shareholders.</p> <p>To minimise the risks of partial non-compliance with the recommendation of the Bank of Russia's Corporate Governance Code, the Supervisory Board also addressed the key issues considered by the Audit Committee, which were generally in-person meetings of the Supervisory Board at which independent directors were able to voice their position.</p> <p>When forming the Audit Committee, the Supervisory Board resolved to suspend the rules on the Audit Committee, which require that the Audit Committee be composed only of independent directors until the Supervisory Board, elected by the AGM in 2023, forms a new Audit Committee. Consequently, in the next reporting year the Company plans to form its Audit Committee in line with this recommendation in such a way so that the Audit Committee consists only of independent directors.</p> <p>2. Compiled with.</p> <p>3. Compiled with.</p> <p>4. Compiled with.</p>

#	Corporate governance principles	Corporate governance principle compliance criteria	Status of conformity with the corporate governance principle	Explanations of deviation from the assessment criteria of compliance with the corporate governance principle
2.8.2	For the purpose of preliminary consideration of any matters of development of efficient and transparent remuneration practices, it is recommended to form a remuneration committee comprised of independent directors and chaired by an independent director who should not concurrently be the board chairman.	<p>1. The Board of Directors set up the Remuneration Committee consisting of independent directors only.</p> <p>2. Chairman of the Remunerations Committee is an independent director, who is not concurrently the Chairman of the Board of Directors.</p> <p>3. The Company's internal documents determine the objectives of the Remunerations Committee, including those contained in Recommendation 180 of the Code and the circumstances (events), upon the occurrence of which the Remuneration Committee shall consider revising the Company's remuneration policy with respect to members of the Board of Directors, executive bodies, and other key executives.</p>	<p><input type="checkbox"/> complied with</p> <p>✓ <b>partially complied with</b></p> <p><input type="checkbox"/> not complied with</p>	<p>1. Partly complied with.</p> <p>The Nomination and Remuneration Committee consisted solely of independent directors until 1 November 2023, thus the Company was compliant this recommendation. In the second half of 2022, two independent directors withdrew, leaving the total number of members of the Nomination and Remuneration Committee to only two out of three, including the Chairman of the Commission, in the period from 1.11.2022 until the end of the reporting period.</p> <p>In forming the Nomination and Remuneration Committee, the Supervisory Board relied not on the need to comply formally with the recommendations of the Corporate Governance Code of the Bank of Russia, but on the competencies that the remaining directors in the Supervisory Board of the Company had, so that the Nomination and Remuneration Committee could perform as efficiently as the prevailing circumstances allowed and could protect interests of the Company and Company's shareholders.</p> <p>To minimise the risks of partial non-compliance with the recommendation of the Bank of Russia's Corporate Governance Code, the Supervisory Board also addressed the key issues considered by the Nomination and Remuneration Committee, which were generally in-person meetings of the Supervisory Board at which independent directors were able to voice their position.</p> <p>The next reporting year the Company plans to form the Nomination and Remuneration Committee in line with this recommendation, so that the Nomination and Remuneration Committee comprise solely independent directors.</p> <p>2. Complied with.</p> <p>3. Partly complied with.</p> <p>The Company's internal documents do not set forth the circumstances (events), upon the occurrence of which the Remuneration Committee shall consider revising the Company's remuneration policy with respect to members of the Board of Directors, executive bodies, and other key executives.</p> <p>At that, measures to minimise the risks of partial non-compliance with this recommendation include the following.</p> <p>Every three years, with the assistance of an independent consultant engaged for this purpose, the Company revises the remuneration system for members of the Supervisory Board.</p> <p>Between these cycles, remuneration due to members of the Supervisory will be adjusted for inflation in accordance with the Regulations on Remuneration and Compensation due to Members of the Supervisory Board of the Moscow Exchange. Once a year, and where appropriate, more frequently, while formulating the Key Performance Indicators for the executive bodies and other key executives of the Company for the following year, the Nomination and Remuneration Committee reviews the executive remuneration policy principles and rules for the executive bodies and other key executives of the Company. The Company finds the actions taken to review the remuneration policy for the board of directors, executive bodies and other key executives of the Company as sufficient and regular, and the Company can also take such actions if a non-standard situation requires so. This allows the Company revise policies in response to ongoing changes in the economic situation in the country, rather than when conditions (events) stated in the internal documents occur, which protects the Company's interests more effectively in today's realities. Therefore, the Company does not plan to achieve full compliance with this recommendation of the Code in this respect.</p>
2.8.3	For the purpose of preliminary consideration of any matters relating to human resources planning (making plans regarding successor directors), professional composition and efficiency of the board of directors, it is recommended to form a nominating committee (a committee on nominations, appointments and human resources) with a majority of its members being independent directors.	<p>1. The Board of Directors established the Nominations Committee (or its objectives specified in Recommendation 186 of the Code are implemented as part of another committee<sup>1</sup>, a majority of which are independent directors.</p> <p>2. The Company's internal documents determine the objectives of the Nominations Committee (or the relevant committee with a combined functionality), including those contained in Recommendation 186 of the Code.</p> <p>3. For the purposes of forming the board of directors that best meets the Company's goals and objectives, during the reporting period the Nominations Committee independently or jointly with other committees of the board of directors or the authorised division of the Company for shareholder relations arranged for interactions with shareholders, including but not limited to the major shareholders, in the context of selecting candidates for the Company's Board of Directors.</p>	<p><input type="checkbox"/> complied with</p> <p>✓ <b>partially complied with</b></p> <p><input type="checkbox"/> not complied with</p>	<p>1. Partly compiled with.</p> <p>In the Company the tasks of a committee on nominations are implemented through the Nomination and Remuneration Committee. See comments to criterion 1 in 2.8.2. above.</p> <p>2. Compiled with.</p> <p>3. Compiled with.</p>

<sup>1</sup> If the objectives of the Nominations Committee are only implemented as part of another committee, indicate its name.

#	Corporate governance principles	Corporate governance principle compliance criteria	Status of conformity with the corporate governance principle	Explanations of deviation from the assessment criteria of compliance with the corporate governance principle
2.8.4	Taking account of its scope of activities and levels of related risks, the company should form other committees of its board of directors, in particular, a strategy committee, a corporate governance committee, an ethics committee, a risk management committee, a budget committee or a committee on health, security and environment, etc.	1. In the reporting period, the Company's Board of Directors reviewed the conformity of membership in its committees to the objectives assigned to the Board of Directors and to the Company's operating goals. Additional committees were either established or were not recognized as necessary.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.8.5	The composition of the committees should be determined in such a way that it would allow a comprehensive discussion of issues being considered on a preliminary basis with due account of differing opinions.	1. In the reporting period the Committees of the Board of Directors (Audit Committee, Nominations Committee, or a committee which combines the functions) were headed by independent directors. 2. The Company's internal documents (policies) contain the provisions, whereby persons not included into the Audit Committee, the Nominations Committee (or a committee which combines the functions), may attend meetings of the committees upon invitation of the Chairman of the respective committee only.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.8.6	The chairmen of the committees should inform the board of directors and its chairman of the work of their committees on a regular basis.	1. During the reporting period, the chairmen of the committees reported on the committees' operations to the Board of Directors on a regular basis.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
<b>2.9</b>	<b>The Board of Directors should evaluate of the quality of its work and that of its committees and Board members.</b>			
2.9.1	Evaluation of quality of the board of directors' work should be aimed at determining how efficiently the board of directors, its committees and board members work and whether their work meets the company's needs, as well as at making their work more intensive and identifying areas of improvement.	1. The internal documents of the Company set out procedures for assessment (self-assessment) of quality of the Board of Director's work. 2. Self-assessment or external assessment of the Board of Directors' performance conducted in the reporting period included the assessment of operations of the committees, individual members of the Board of Directors and the entire Board of Directors. 3. The findings of assessment (self-assessment) of the Board of Directors in the reporting period were reviewed at the personal meeting of the Board of Directors.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.9.2	Quality of work of the board of directors, its committees and board members should be evaluated on a regular basis, at least once a year. To carry out an independent evaluation of the quality of the board of directors' work, it is recommended to retain a third-party entity (consultant) on a regular basis, at least once every three years.	1. For independent quality assessment of the Board of Directors' performance, an external company (advisor) was engaged by the Company at least once in three recent reporting periods.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
<b>3.1</b>	<b>The company's corporate secretary shall be responsible for efficient interaction with its shareholders, coordination of the company's actions designed to protect the rights and interests of its shareholders, and support of efficient work of its Board of Directors.</b>			
3.1.1	The corporate secretary should have knowledge, experience, and qualifications sufficient for performance of his/her duties, as well as an impeccable reputation and should enjoy the trust of the shareholders.	1. The Company's website and the annual report include biographical information about the corporate secretary (including age, education, qualifications, experience), as well as information about the positions in the management bodies of other legal entities held by the corporate secretary during at least the last five years	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
3.1.2	The corporate secretary should be sufficiently independent of the company's executive bodies and be vested with powers and resources required to perform his/her tasks.	1. The Company adopted and disclosed an internal document, the Regulation on the Corporate Secretary. 2. The Board of Directors approves a candidate for the role of Corporate and terminates Corporate Secretary's powers, considers the matter of extra remuneration due to the Corporate Secretary. 3. Company's internal documents secure the Corporate Secretary's right to request and obtain documents and information from the Company's management bodies, divisions and officials	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	



#	Corporate governance principles	Corporate governance principle compliance criteria	Status of conformity with the corporate governance principle	Explanations of deviation from the assessment criteria of compliance with the corporate governance principle
4.1	<b>The level of remuneration paid by the company should be sufficient to enable it to attract, motivate, and retain persons having required skills and qualifications. Remuneration due to board members, the executive bodies, and other key managers of the company should be paid in accordance with a remuneration policy approved by the company.</b>			
4.1.1	It is recommended that the level of remuneration paid by the company to its board members, executive bodies, and other key managers should be sufficient to motivate them to work efficiently and enable the company to attract and retain knowledgeable, skilled, and duly qualified persons. The company should avoid setting the level of remuneration any higher than necessary, as well as an excessively large gap between the level of remuneration of any of the above persons and that of the company's employees.	1. The level of remuneration due to members of the Board of Directors, executive bodies and to other key managers is set based on remuneration level benchmarking among peer companies	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
4.1.2	The company's remuneration policy should be developed by its remuneration committee and approved by the board of directors. With the help of its remuneration committee, the board of directors should monitor implementation of and compliance with the remuneration policy by the company and, should this be necessary, review and amend the same.	1. In the reporting period, the Remunerations Committee reviewed the remuneration policy(-ies) and the practice of its/their implementation, assessed whether they were efficient and transparent, and, where it was necessary, submitted the relevant recommendations to the Board of Directors.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
4.1.3	The company's remuneration policy should provide for transparent mechanisms to be used to determine the amount of remuneration due to members of the board of directors, the executive bodies, and other key managers of the company, as well as to regulate any and all types of payments, benefits, and privileges provided to any of the above persons.	1. The Company's remuneration policy(-ies) contain(s) transparent arrangements on determining the amount of the remuneration of members of the Board of Directors, executive bodies and other key managers of the Company and govern(s) all types of fees, benefits and advantages provided to these persons.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
4.1.4	The company is recommended to develop a policy on reimbursement of expenses which would contain a list of reimbursable expenses and specify service levels provided to members of the board of directors, the executive bodies, and other key managers of the company. Such policy can form part of the company's policy on compensations.	1. The remuneration policy(-ies) or other internal documents of the Company establish(-es) the rules on reimbursement of expenses to the members of the Board of Directors, executive bodies and other key employees of the Company.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
4.2	<b>The system of remuneration of board members should ensure harmonisation of financial interests of the directors with long-term financial interests of the shareholders.</b>			
4.2.1	A fixed annual fee shall be a preferred form of monetary remuneration of the board members. It is not advisable to pay a fee for participation in individual meetings of the board of directors or its committees. It is not advisable to use any form of short-term incentives or additional financial incentives in respect of board members.	1. In the reporting period the Company paid remuneration due to members of the Board of Directors pursuant to the Company's remuneration policy. 2. In the reporting period the Company did not use short-term incentives based on the company's performance indicators, neither the Company paid a fee for participation in individual meetings of the Board of Directors or its committees	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
4.2.2	Long-term ownership of shares in the company contributes most to aligning financial interests of board members with long-term interests of the company's shareholders. However, it is not recommended to make the right to dispose of shares dependent on the achievement by the company of certain performance results; nor should board members take part in the company's option plans.	1. If the Company's internal document(s), such as the remuneration policy(-ies), envisage(s) granting of shares to members of the Board of Directors, clear rules for holding shares by members of the Board of Directors, intended to encourage long-term ownership of such shares, should be available and disclosed.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	Company's internal documents do not provide for the provision of shares to the Supervisory Board members.
4.2.3	It is not recommended to provide for any additional allowance or compensation in the event of early dismissal of board members in connection with a change of control over the company or other circumstances.	1. The Company does not envisage any additional benefits or compensations in case of early termination of powers of the members of the Board of Directors in connection with change of control over the Company or any other circumstances.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status of conformity with the corporate governance principle	Explanations of deviation from the assessment criteria of compliance with the corporate governance principle
<b>4.3</b>	<b>The system of remuneration due to the executive bodies and other key managers of the company should provide that their remuneration is dependent on the company's performance and their personal contributions to the achievement thereof.</b>			
4.3.1	Remuneration due to the executive bodies and other key managers of the company should be set in such a way as to procure a reasonable and justified ratio between its fixed portion and its variable portion that is dependent on the company's performance results and employees' personal (individual) contributions to the achievement thereof.	<p>1. During the reporting period, the annual performance indicators approved by the Board of Directors, were used to determine the amount of variable remuneration of members of executive bodies and other key managers of the Company.</p> <p>2. During the most recent assessment of the remuneration system for the members of executive bodies and other key managers of the Company, the Board of Directors (the Remunerations Committee) made sure the Company applied an efficient ratio of the fixed remuneration portion to the variable one.</p> <p>3. While setting the size of remuneration due to members of the executive bodies and other key managers, the Company proceeds from risk the Company bears, so to avoid creating incentives for highly risky management decisions.</p>	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
4.3.2	Companies whose shares are admitted to trading at organised markets are recommended to put in place a long-term incentive programme for the company's executive bodies and other key managers involving the company's shares (or options or other derivative financial instruments the underlying assets for which are the company's shares).	1. In case the Company has introduced a long-term incentive program for members of executive bodies and other key managers of the Company using shares in the Company (financial instruments based on the shares in the Company), the program implies that the right to sell the shares and other financial instruments used in such program will not arise until three years from their provision; provided that the right to sell the same is conditional upon achievement of certain performance indicators of the Company.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
4.3.3	The amount of severance pay (so-called "golden parachute") payable by the company in the event of early dismissal of an executive body or other key manager at the initiative of the company, provided that there have been no bad faith actions on the part of such person, should not exceed two times the fixed portion of his/her annual remuneration.	1. The amount of compensation ("golden parachute") paid by the Company in case of early termination of powers to the members of executive bodies or key managers at the Company's initiative and in the absence of unfair actions on their part, did not exceed the double fixed portion of the annual remuneration in the reporting period.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
<b>5.1</b>	<b>The company should have in place an efficient risk management and internal control system designed to provide reasonable confidence that the company's goals will be achieved.</b>			
5.1.1	The board of directors should determine the principles of and approaches to creation of the risk management and internal control system in the company.	1. Functions of various management bodies and business units of the Company in the risk management and internal control system are clearly determined in internal documents/ the Company's relevant policy approved by the Board of Directors.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
5.1.2	The company's executive bodies should ensure the establishment and continuing operation of the efficient risk management and internal control system in the company.	1. The Company's executive bodies ensured allocation of the functions and powers as concerns risk management and internal control among their subordinate managers (heads) of business units and divisions.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
5.1.3	The company's risk management and internal control system should enable one to obtain an objective, fair and clear view of the current condition and prospects of the company, integrity and transparency of its accounts and reports, and reasonableness and acceptability of risks being assumed by the company.	<p>1. The Company approved the anti-corruption policy.</p> <p>2. The Company established a secure, confidential and affordable method to notify the Board of Directors or the Board of Directors Audit Committee on actual violations of the laws, internal procedures, and the Company's ethics code.</p>	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
5.1.4	The board of directors is recommended to take required and sufficient measures to procure that the existing risk management and internal control system of the company is consistent with the principles of and approaches to its creation as set forth by the board of directors and that it operates efficiently.	<p>1. In the reporting period, the Board of Directors (the Audit Committee and (or) Risk Committee (if applicable), arranged for assessing the reliability and effectiveness of the risk management and internal control system.</p> <p>2. In the reporting period, the Board of Directors reviewed findings of assessment of Company's risk management and internal control system efficiency. Information about the results of the review is presented in the Company's annual report</p>	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status of conformity with the corporate governance principle	Explanations of deviation from the assessment criteria of compliance with the corporate governance principle
<b>5.2</b>	<b>To independently evaluate, on a regular basis, reliability and efficiency of the risk management and internal control system and corporate governance practices, the company should arrange for internal audits.</b>			
5.2.1	It is recommended that internal audits be carried out by a separate structural division (internal audit department) to be created by the company or through retaining an independent third-party entity. To ensure the independence of the internal audit department, it should have separate lines of functional and administrative reporting. Functionally, the internal audit department should report to the board of directors, while from the administrative standpoint, it should report directly to the company's one-person executive body.	1. For the purposes of internal audit, the Company established a separate business unit for internal audit, which functionally reports to the Board of Directors or the Audit Committee, or engaged an independent external company with the same principle of reporting.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
5.2.2	When carrying out an internal audit, it is recommended to evaluate efficiency of the internal control system and the risk management system, as well as to evaluate corporate governance and apply generally accepted standards of internal auditing.	1. In the reporting period, as part of internal audit, the internal control and risk management system efficiency was assessed. 2. In the reporting period, the internal audit assessed corporate governance practices (individual practices), including those relating to internal control and risk management) across all company's management levels, and stakeholder relationship procedures were assessed either.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
<b>6.1</b>	<b>The company and its activities should be transparent to its shareholders, investors and other stakeholders.</b>			
6.1.1	The company should develop and implement an information policy enabling the company to efficiently exchange information with its shareholders, investors, and other stakeholders.	1. The Company's Board of Directors approved the Company's information policy developed with the view to the Code's recommendations. 2. During the reporting period, the Board of Directors (or one of its committees) reviewed whether the Company exchanged information with its shareholders, investors and other stakeholders efficiently and whether it was expedient (necessary) to revise the Company's information policy.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
6.1.2	The company should disclose information on its corporate governance system and practices, including detailed information on compliance with the principles and recommendations of this Code.	1. The Company discloses its corporate governance system and the general corporate governance principles applied, in particular, on the Company's website. 2. The Company discloses the composition of executive bodies and the Board of Directors, independence of members of the Board and their membership in committees of the Board of Directors (as defined in the Code). 3. If the Company has a controlling person, the Company publishes the memorandum of the controlling person concerning such person's plans for corporate governance in the Company.	<input type="checkbox"/> complied with <input checked="" type="checkbox"/> <b>partially complied with</b> <input type="checkbox"/> not complied with	1. Complied with 2. Not complied with In previous reporting periods, the Company complied with this principle. In the reporting year, non-compliance was solely for the reasons of protecting the Company from the risk of restrictive measures. Pursuant to the regulations of the Russian Federation and resolutions of the Board of Directors of the Bank of Russia, the Company's management decided not to disclose the said information. The Company will resume disclosure so to adhere to this recommendation when restrictive measures against Russian companies and members of their governing bodies are lifted. 3. The Company has no controlling persons.
<b>6.2</b>	<b>The company should disclose, on a timely basis, full, updated and reliable information about itself so as to enable its shareholders and investors to make informed decisions.</b>			
6.2.1	The company should disclose information in accordance with the principles of regularity, consistency and timeliness, as well as accessibility, reliability, completeness and comparability of disclosed data.	1. The company has a procedure for coordinating the work of all company divisions and employees associated with the disclosure of information or whose activities may require the disclosure of information. 2. If the Company's securities are traded in foreign organized markets, materials information is disclosed in the Russian Federation and on such markets simultaneously and equivalently in the reporting year. 3. If foreign shareholders hold a significant number of shares in the Company, then, in the reporting period, disclosures were carried out not only in Russian but also in one of the most common foreign languages.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	1. Complied with. 2. Not applicable, as the Company securities do not trade on foreign regulated markets. 3. Complied with.
6.2.2	The company is advised against using a formalistic approach to information disclosure; it should disclose material information on its activities, even if disclosure of such information is not required by law.	1. The Company's information policy sets out the approaches to and criteria for determining the information that may materially influence the value or prices of its securities and disclosure of information not required by law. 2. The Company discloses comprehensive information on the Company's capital structure, according to Recommendation 290 of the Code in the annual report and on the Company's website. 3. The Company discloses information on the controlled entities that are material to it, including their key activities, methods for ensuring accountability of controlled entities, the powers of the Company's Board of Directors regarding strategy definition and evaluation of the controlled entities' performance. 4. The Company discloses a non-financial report, the ESG or any other report containing non-financial information, including factors related to the environment (inclusive of environmental factors and factors related to climate change), society (social factors) and corporate governance, except for the report of the issuer of issue-grade securities and the annual report of a joint stock company	<input type="checkbox"/> complied with <input checked="" type="checkbox"/> <b>partially complied with</b> <input type="checkbox"/> not complied with	1. Complied with. 2. Partly complied with. In previous reporting periods, the Company complied with this principle. The Company discloses all the Company's capital structure information according to Recommendation 290 of the Code in the annual report and on the Company's website. Pursuant to the regulations of the Russian Federation and resolutions of the Board of Directors of the Bank of Russia, the Company's management decided not to disclose the Annual Report. The non-disclosure decision in the reporting period was made solely to protect the Company from the risk of restrictive measures. The Company will resume disclosure so to adhere to this recommendation when restrictive measures against Russian companies and members of their governing bodies are lifted. 3. Complied with. 4. Complied with.

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6.2.3	The company's annual report, as one of the most important tools of its information exchange with its shareholders and other stakeholders, should contain information enabling one to evaluate the company's performance results for the year.	1. The Company's annual report contains information on findings of the audit committee's review in respect of external and internal audit processes. 2. The Company's annual report contains information on environmental and social dimensions of the Company's business.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	1. Complied with 2. Complied with
<b>6.3</b>	<b>The company should provide information and documents requested by its shareholders in accordance with the principle of equal and unhindered accessibility.</b>			
6.3.1	Exercise by the shareholders of their right to access the company's documents and information should not be unreasonably burdensome.	1. The Company's information policy (internal documents setting the information policy) defines an easy procedure for providing access for shareholders to Company's information and documents upon their request. 2. The Company's information policy (internal documents setting the information policy) include provisions requiring that if a shareholder requests information on entities under the company's control, the company shall make the necessary efforts to obtain such information from the relevant entities under the company's control	<input type="checkbox"/> complied with <input checked="" type="checkbox"/> <b>partially complied with</b> <input type="checkbox"/> not complied with	1. Complied with. 2. Partly complied with. Information on entities under the Company's control that the Company decided to disclose is available on the Company's website on the Internet. The Company assumes no obligations towards shareholders to provide information other than referred to above, as such information may be confident and may also result in restrictive measures. In view of the above, the Company's Information Policy excludes such provisions. To minimize non-compliance risk, the Company discloses the list of entities under the Company's control on the Company's website on the Internet. Also, the Company reserves the right to provide the shareholder with the information requested proceeding from the principle of reasonableness. At the same time, it should be noted that shareholders have not made any such queries and, according to the Company, no other risk mitigation actions need to be taken. In referring to the above, the Company does not plan to achieve full compliance with this recommendation of the Code in this respect.
6.3.2	When providing information to its shareholders, the company should maintain a reasonable balance between the interests of individual shareholders and its own interests related to the fact that the company is interested in keeping confidential sensitive business information that might have a material impact on its competitiveness.	1. In the reporting period, the Company did not deny any shareholders' requests for information or such denials were reasonable. 2. In cases determined in the Company's information policy, shareholders are warned of the confidential nature of the information and undertake to keep it confidential.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
<b>7.1</b>	<b>Any actions which will or may materially affect the company's share capital structure and its financial position and, accordingly, the position of its shareholders ("material corporate actions") should be taken on fair terms and conditions ensuring that the rights and interests of shareholders as well as other stakeholders are observed.</b>			
7.1.1	Material corporate actions shall be deemed to include reorganisation of the company, acquisition of 30 or more percent of its voting shares (takeover), entering by the company into any material transactions, increasing or decreasing its share capital, listing and delisting of its shares, as well as other actions which might result in material changes in rights of its shareholders or violation of their interests. It is recommended to include in the company's articles of association a list of (criteria for identifying) transactions or other actions falling within the category of material corporate actions and provide therein that decisions on any such actions should fall within the jurisdiction of the company's board of directors.	1. The Company's Charter determines a list of transactions and other efforts that constitute material corporate actions. According to the Company's Charter, decision-making on material corporate actions falls within the competence of the Board of Directors. Where taking of these corporate actions is directly referred by law to the competence of GSM, the Board of Directors makes the relevant recommendations to the shareholders.	<input type="checkbox"/> complied with <input checked="" type="checkbox"/> <b>partially complied with</b> <input type="checkbox"/> not complied with	1. Partly complied with. The list of material corporate actions is not defined in the Charter, but in the Company Corporate Governance Code. As part of its review of the issue of the Bank of Russia CGC implementation, the Audit Committee found it appropriate to provide, in the Company's Charter, a reference to the Corporate Governance Code that contains the List of Material Corporate Actions. At present, the Company has no intention to include the list of transactions and actions that constitute material corporate actions for the Company. The applicable law and the Company Charter reserve decisions on material actions for the Supervisory Board or the shareholders meeting. In connection with any matters brought before the shareholders meeting, including those related to material corporate actions, the Supervisory Board provides relevant recommendations to shareholders.
7.1.2	The board of directors should play a key role in passing resolutions or making recommendations relating to material corporate actions; for that purpose, it should rely on opinions of the company's independent directors.	1. The Company envisages the procedure; whereby independent directors announce their standpoint on material corporate actions before their approval.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
7.1.3	When taking any material corporate actions which would affect rights or legitimate interests of the company's shareholders, equal terms and conditions should be ensured for all of the shareholders; if statutory mechanisms designed to protect the shareholder rights prove to be insufficient for that purpose, additional measures should be taken with a view to protecting the rights and legitimate interests of the company's shareholders. In such instances, the company should not only seek to comply with the formal requirements of law but should also be guided by the principles of corporate governance set out in this Code.	1. The Company's Charter, established lower minimum criteria for classifying the Company's transactions as major corporate actions than envisaged in law, taking account of specifics of Company's operations. 2. During the reporting period, all material corporate actions were approved prior to their implementation.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status of conformity with the corporate governance principle	Explanations of deviation from the assessment criteria of compliance with the corporate governance principle
7.2	<b>The company should have in place such a procedure for taking any material corporate actions that would enable its shareholders to receive full information about such actions in due time and influence them, and that would also guarantee that shareholder rights are observed and duly protected in the course of taking such actions.</b>			
7.2.1	When disclosing information about material corporate actions, it is recommended to give explanations concerning reasons for, conditions and consequences of such actions.	1. If the Company implemented any material corporate actions during the reporting period, such actions were disclosed by the Company in a timely and detailed manner, including the reasons, terms of such actions, and their consequences for shareholders	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	In 2022, the Company did not conduct material corporate actions.
7.2.2	Rules and procedures in relation to material corporate actions taken by the company should be set out in its internal documents.	1. The Company's internal documents define when and how to engage an independent appraiser in evaluating the assets disposed of or purchased under a major transaction or a related party transaction. 2. The Company's internal documents envisage the procedure for engaging an independent appraiser in evaluating the purchase and redemption price for the shares in the Company. 3. If a member of the board of directors, the sole executive body, a member of the collegial executive body of the company or a person who controls the company, or a person who has the right to give the company binding instructions, has no formal interest in transactions of the company, but has a conflict of interest or any other de facto interest, the internal documents of the company require that such persons shall not participate in voting on the approval of such transaction.	<input type="checkbox"/> complied with <input checked="" type="checkbox"/> <b>partially complied with</b> <input type="checkbox"/> not complied with	1. Partly complied with In February 2019, the new Corporate Governance Code of the Company was adopted, allowing for the engagement of an appraiser when purchasing or selling assets under major transactions. In February 2019, the new Corporate Governance Code of the Company was adopted, allowing for the engagement of an appraiser when purchasing or selling assets under major transactions. Company's internal documents do not provide for an independent appraiser to be engaged in assessing assets sold or purchased under related party transactions (as separate grounds). However, the new Corporate Governance Code of the Company provides for the engagement of an appraiser for the real estate or non-core assets valuation when the value of such assets exceeds RUB 600 mln, whether there is an interested party in the transaction or not. The Company believes that this approach aims to reduce the risk of non-compliance with the Code's principle described above. 2. Partly complied with. In redemption requested by shareholders, an appraiser is engaged under the law. The Company's by-laws do not envisage the obligation to engage an appraiser to evaluate the Company's shares. The reason for this non-compliance is that since Company's shares are traded on the exchange, the share purchase price has been determined subject to share weighted average price according to trading results for six months. Hence, the Company does not plan to establish the obligation to involve an appraiser in purchasing its shares in the near future. However, the Company may engage an appraiser in any other cases not expressly provided for by law, in particular, to determine the share acquisition price. Thus, in accordance with the Company's Corporate Governance Code, the decision to engage an independent appraiser may be made by the executive management bodies or may be recommended by the Supervisory Board depending on the nature of the transaction and the assets to be disposed of or acquired. Regardless of the purpose of the engagement, the appraiser shall be chosen in accordance with the internal procedures of Moscow Exchange which ensure that the choice is efficient and transparent. 3. Compiled with



# REPORT ON THE ADHERENCE TO THE MOSCOW EXCHANGE CORPORATE GOVERNANCE CODE

## AND THE RESULTS OF THE IMPLEMENTATION OF GOVERNANCE PRINCIPLES PRESENTED THEREIN<sup>1</sup>

Moscow Exchange (hereinafter also referred to as MOEX) fully complies with its own Corporate Governance Code whose new version was approved by the Resolution of the Supervisory Board of 14/10/2019

Information on the results of the implementation of corporate governance principles is set out in Chapter I, Section 4, Clause 4.2, of MOEX CGC:

No.	Principle	Implementation Results
1	Support of MOEX governance system that corresponds to its strategic goals, corporate values, operational specifics and clients' needs and interests	<p>A special feature of MOEX is that, on the one hand, it is a public company with shares traded on the regulated market and, on the other hand, it sets corporate governance standards for Russian public companies (including itself) as a part of the listing procedure. In this regard, active participation of MOEX and MOEX Group (hereinafter, the Group) in improving the level of corporate governance of Russian companies is one of its strategic initiatives, set out in its strategy.</p> <p>Compliance with the principles and best practices of corporate governance, as well as Group's strategy, is a key condition for MOEX successful development. MOEX aims to set the example for other public companies in implementing high standards of corporate governance.</p> <p>MOEX's corporate governance system includes the system of governing bodies, supervisory bodies and other MOEX bodies and the system of the relationship between control bodies, supervisory bodies, other MOEX bodies and its shareholders, as well as their engagement with stakeholders.</p> <p>The system of MOEX bodies engagement with MOEX shareholders and stakeholders is based on the following principles:</p> <ul style="list-style-type: none"> <li>■ safety and effective use of shareholders' funds;</li> <li>■ mitigation of risks that investors are not able to assess;</li> <li>■ corporate accountability;</li> <li>■ respecting the interests of MOEX customers;</li> <li>■ disclosure of the information in order to ensure transparency of MOEX activities to stakeholders.</li> </ul>

No.	Principle	Implementation Results
2	Support to MOEX Supervisory Board's activities based on the following: <ul style="list-style-type: none"> <li>■ Strategic governance</li> </ul>	<p>In accordance with MOEX Charter, the Supervisory Board performs strategic governance of MOEX through the following:</p> <ul style="list-style-type: none"> <li>■ identification of the priorities and main focuses of the activity;</li> <li>■ participation in the development and approval of the strategy, supervision of its implementation, as well as determination of the development strategy and evaluation of the results of controlled companies' activity;</li> <li>■ approval of the budget (business plan), amendments to the budget (business plan), as well as approval and evaluation of its implementation.</li> </ul> <p>MOEX strategic goals are defined under the MOEX Group Strategy 2024. Strategic goals of MOEX are subject to continuous monitoring based on the MOEX Group Strategy 2024.</p> <p>Thus, the Supervisory Board approved by its Resolution dated 14/10/2019 the <a href="#">MOEX Group Strategy 2024</a> (pre-considered at the meeting of the Strategy Planning Committee of the Supervisory Board). The Strategy defines MOEX strategic goals until 2024.</p> <p>In 2022 the Supervisory Board reviewed and (or) approved the following strategies of MOEX and the MOEX Group:</p> <ul style="list-style-type: none"> <li>■ MOEX Group Tax Strategy (resolution of 02/02/22).</li> </ul> <p>Also in 2022, the Supervisory Board reviewed the information on the progress in implementing strategic directions of the Moscow Exchange controlled by the Supervisory Board (resolution of 16/12/2022) and the report on implementing such strategic directions in 2022 (resolution of 30/6/2022).</p> <p>Given the geopolitical and economic situation, in 2022 the Supervisory Board considered a temporary shift to annual business planning as appropriate and approved a consolidated business plan (budget) for the Group for 2023 with a strategic scenario (resolution of 16/12/2022). The Supervisory Board also approved KPIs (targets) for MOEX for 2023 (resolution of 16/12/2022).</p> <ul style="list-style-type: none"> <li>■ MOEX Supervisory Board's supervision of activities of MOEX executive bodies, as well as of decision-making aimed at the elimination of faults in the activity of MOEX executive bodies, in the case of their detection as a result of such supervision</li> </ul> <p>The Supervisory Board controls activities of executive bodies by means of the following:</p> <ul style="list-style-type: none"> <li>■ election of sole (temporary sole) and collegiate executive bodies, early termination of their powers and approval of terms of employment contracts with them, including the establishment of the amount of their remuneration;</li> <li>■ approval of positions overlapping for members of executive bodies in governing bodies of other organisations;</li> <li>■ approval of the policy on remuneration payable to members of executive bodies and control of its implementation;</li> <li>■ control of strategy implementation;</li> <li>■ consideration of annual reports and, if necessary, interim reports of the Chairman of the Executive Board and members of the Executive Board on their performance, as well as quarterly reports of the Executive Board on the results (including financial highlights) of MOEX activity and decision-making on the results of their consideration, including decisions on bonus payment;</li> <li>■ approval and assessment of corporate and individual key performance indicators (targets) achievement by the Chairman of the Executive Board and members of the Executive Board for the reporting year.</li> </ul> <p>In 2022 the Supervisory Board reviewed and took under advisement the following documents:</p> <ul style="list-style-type: none"> <li>■ reports on performance in 2021 (meeting individual KPIs/targets for 2021) of members of executive bodies of MOEX (resolution of 03/3/2020);</li> <li>■ report of the MOEX Executive Board on performance results, financials and implementation of the MOEX Group Strategy in 2021 (resolution of 03/3/2022);</li> <li>■ report on MOEX performance (including financial highlights) for 5M 2022 (resolution of 30/6/2022);</li> <li>■ report on MOEX performance (including financial highlights) for Q2 and July-August 2022 (resolution of 03/3/2022). On 03/3/2022, the Supervisory Board decided to pay out bonuses to members of the Executive Board based on Y2021 performance.</li> </ul>

<sup>1</sup> In accordance with Bank of Russia Ordinance No. 5062-U of 17 January 2019.

No.	Principle	Implementation Results
		<p>On 16/12/2022 the Supervisory Board approved:</p> <ul style="list-style-type: none"> <li>■ general corporate KPIs (targets) of MOEX for 2022 (resolution of 27/4/2022, applies from 01/1/2022);</li> <li>■ descriptions of target performance levels and an algorithm for calculating bonuses based on general corporate KPIs (targets) for employees of MOEX for 2022 (resolution of 27/4/2022, applies from 01/1/2022);</li> <li>■ for the CEO and members of the Executive Board the corporate KPIs (targets) for 2022 with their weights, minimum and maximum percentages of targets achievement and the algorithm for calculating the bonus linked to these KPIs shall be selected as individual ones (resolution of 27/04/2022 shall apply 01/01/2022);</li> <li>■ general corporate KPIs (targets) of MOEX for 2023 (resolution of 16/12/2022);</li> <li>■ descriptions of target performance levels and an algorithm for calculating bonuses based on general corporate KPIs (targets) for employees of MOEX for 2023 (resolution of 16/12/2022);</li> <li>■ for the CEO and members of the Executive Board the corporate KPIs (targets) for 2023 with their weights, minimum and maximum percentages of targets achievement and the algorithm for calculating the bonus linked to these KPIs shall be selected as individual ones (resolution of 16/12/2022).</li> </ul>
■	Assessment of working efficiency of the MOEX Supervisory Board, as well as assessment of the quality of committees work under the MOEX Supervisory Board and disclosure of the results of such assessments	<p>The MOEX Supervisory Board assesses its own performance and performance of its members, as well as performance of committees under the Supervisory Board. Working efficiency of the Supervisory Board and committees of the Supervisory Board is assessed on the basis of the MOEX Methodology of Corporate Governance Assessment approved by the MOEX Supervisory Board on 21/10/2016. Performance assessment is carried out in the form of internal assessment (self-assessment and competence assessment) – once a year, and independent evaluation (with the involvement of an independent expert) – once in 3 years. In 2020-2021, an internal assessment of performance of MOEX Supervisory Board and committees under the Supervisory Board was conducted. Based on the performance assessment results, the Director of the Corporate Governance Department reviewed and prepared a report along with an action plan to improve current corporate governance processes related to the performance and delineation of authorities of governing bodies. In spring 2022, an external independent consultant, LEADERSHIP VECTOR company, assessed the Supervisory Board's performance. The findings of the external assessment (Report of the independent consultant On the Results of the External Assessment) were considered at the in-person meeting of the MOEX Supervisory Board on 08/06/2022. A substantial part of the recommendations mentioned in the Report was implemented, while some recommendations are in the process of implementation. Information on findings of performance assessment of the Supervisory Board and committees at the Supervisory Board is included in the annual report and is disclosed on the official website of MOEX.</p>
■	Separation of supervision functions and governance responsibilities and of individual and collective responsibility of members of the MOEX Supervisory Board.	<p>MOEX Supervisory Board's governance and control functions are segregated according to the Charter. The Supervisory Board controls, among other things, the following:</p> <ul style="list-style-type: none"> <li>■ corporate governance practices, including those related to material corporate actions<sup>1</sup>;</li> <li>■ financial-economic and business activity;</li> <li>■ executive bodies' activities.</li> </ul> <p>In regard to governance functions, the Supervisory Board provides, among other things, overall management of MOEX, namely, it determines the main guidelines, development strategy and priorities, approves the consolidated business plan (budget) of the MOEX Group and defines principles and approaches to the organisation of risk management, internal control and internal audit systems. Members of the Supervisory Board in the exercise of their rights and duties act in the interests of MOEX in good faith and reasonably. They are obliged to reimburse MOEX and shareholders acting in the interests of MOEX, for losses caused to the Company through their fault, if it is proved that the member of the Supervisory Board acted in bad faith or unreasonably in exercising his/her rights and duties, including if his/her actions (omissions) were not consistent with the ordinary terms of civil-law transactions or normal business risk</p>

<sup>1</sup> The list of material corporate actions is specified in Chapter II, Section 8, Clause 8.1. of MOEX CGC.

No.	Principle	Implementation Results
3	Ensuring the functioning of internal control, internal audit, MOEX risk management system	<p>MOEX has in place the risk management and internal control system that complies, among others, with the requirements of the Russian legislation applicable to MOEX as trade organiser, as well as with international recommendations for building risk management and internal control systems.</p> <p>The risk-oriented approach is applied to the internal control system. Internal control is ensured by MOEX governing bodies (General Meeting of Shareholders, Supervisory Board, Executive Board and the Chairman of the Executive Board), Audit Committee of the Supervisory Board, external auditor, Internal Audit Service, Internal Control Service, Internal Control and Compliance Department, risk and business continuity management subdivisions, security subdivisions and other subdivisions and employees of MOEX (including the Chief Accountant and his or her deputies), that ensure control within the scope of their authorities, as outlined in MOEX internal documents. The internal control follows the three lines of defence principle, which is in line with the best international practices.</p> <p><b>The first line of defence</b> means all representatives of MOEX business functions and employees of operation subdivisions involved in the detection, assessment, and management of risks inherent in daily activity, as well as in development and implementation of policies and procedures that govern existing business processes.</p> <p><b>The second line of defence</b> comprises the Department for Operational Risk, Information Security and Business Continuity, Internal Control and Compliance Department, Internal Control Service, Security Department, Legal Department and certain employees and subdivisions of the Finance Unit. The second line of defence employees and business units perform continuous risk monitoring and management, and they also control MOEX compliance with the federal laws and regulations adopted in accordance therewith and compliance with trading rules and MOEX constituent and internal documents as part of the following areas:</p> <ul style="list-style-type: none"> <li>■ ensuring information security, inclusive of protection of interests (goals) of MOEX in the information domain;</li> <li>■ ensuring compliance with the legislation of the Russian Federation, MOEX constituent and internal documents;</li> <li>■ ensuring non-involvement of MOEX and its employees in illegal or unfair activities, including legalisation (laundering) of criminal proceeds and financing of terrorism;</li> <li>■ eliminating illegal use of insider information and (or) market manipulation;</li> <li>■ eliminating conflicts of interest, including identification, control and prevention of any consequences thereof.</li> </ul> <p>The second line of defence supports the first line of defence on the matters regarding identification of regulatory risks, development and implementation of control procedures, clarification of applicable law requirements and preparation of monitoring reports for governing bodies.</p> <p><b>The third line of defence</b> is the Internal Audit Service that independently assesses the efficiency of processes developed by the first and second lines of defence and delivers independent and objective information to governing bodies on efficiency and effectiveness of financial and economic activity, efficiency of assets and liabilities management, including assets safety, and efficiency of management of trade organiser risks. The governing bodies of MOEX define internal control and risk management principles and approaches.</p> <p>MOEX has in place a risk management system that is appropriate to the nature and scope of its transactions and includes risk mitigation measures; risk monitoring system that ensures submission of necessary information to MOEX governing bodies; and the process to manage major risk types that may adversely affect its activities as trade organiser and financial platform operator. Risk management functions are distributed between the Supervisory Board and its committees, executive bodies, heads of subdivisions responsible for particular directions of MOEX activities where risks may arise, special subdivision responsible for risks arising in the activities of the trade organiser, Internal Control Service, as well as consultative and advisory bodies of MOEX.</p>

No.	Principle	Implementation Results
		<p>In 2022, MOEX risk management priorities shifted towards reliability of systems in the existing macro situation. In 2022, implementation of MOEX Group's Risk Management System Development Strategy 2024 (hereinafter, RMS Strategy 2024), approved by the Supervisory Board in October 2020, continued. The Risk Management Committee of the Moscow Exchange Supervisory Board approved the RMS Strategy 2024 Roadmap.</p> <p>The Risk Management Strategy 2024 outlined the following areas of risk management development:</p> <ul style="list-style-type: none"> <li>■ supporting the key business development areas identified in the RMS Strategy 2024;</li> <li>■ improving risk and capital management tools and processes at the Group level;</li> <li>■ maintaining the infrastructural role of the Group;</li> <li>■ risk-culture development across the Group.</li> </ul> <p>Among other priorities for the RMS Strategy in 2022 were import substitution and regulatory compliance in terms of operational reliability.</p> <p>The Risk Management Strategy 2024 also identified the system's success criteria, risks related to the RMS Strategy 2024 implementation and measures aimed at preventing such risks.</p> <p>Information on the risk management system is brought to shareholders, trading and clearing members, the Bank of Russia and other stakeholders on a regular basis either in the form of reports or on the website.</p> <p>In 2022 the implementation of Stabilisation 3.0 programme, which comprises independent assessment of the internal control system and operational and compliance risk mitigation efforts was completed at the level of MOEX Group. One of the main focuses of the programme is to improve compliance culture and develop new channels for risk communication among employees of MOEX Group companies. Seeking to develop a unified approach to compliance risk management in the Group companies and to coordinate the relevant divisions of the Group companies, the Company has established the Steering Committee for Compliance under the Chairman of the MOEX Executive Board. The main objective of the established Committee is to develop unified compliance risk management policies and procedures for the Group companies.</p> <p>MOEX ensures independent internal audit function (Internal Audit Service) by segregating its functional and administrative accountability.</p> <p>Within functional accountability, the Supervisory Board took the following resolutions:</p> <ul style="list-style-type: none"> <li>■ approve Amendments 1 to Internal Audit Regulations of Public Joint-Stock Company Moscow Exchange MICEX-RTS (resolution of 31/10/2022);</li> <li>■ approve amendments to the Moscow Exchange Internal Audit Service Plan for 2022 (resolution of 31/10/2022);</li> <li>■ approve the Internal Audit Policy (Standard) of the Moscow Exchange. Provision of consulting services (resolution of 18/11/2022);</li> <li>■ approve amendments to the terms and conditions of the employment contract with the Head of the Moscow Exchange Internal Audit Service (resolution of 27/4/2022);</li> <li>■ approve the Moscow Exchange Internal Audit Service Plan for 2023 (resolution of 29/12/2022);</li> <li>■ review report on the Moscow Exchange Internal Audit Service's performance (the audits performed) for H2 2022 (resolution of 30/9/2022);</li> <li>■ review report on the audits performed and the Moscow Exchange Internal Audit Service's results for H2 2021 (resolution of 03/3/2022);</li> <li>■ approve the size of the annual bonus and pay the bonus to the Head and employees of Internal Audit Service for 2021 (resolution of 03/3/2022).</li> </ul> <p>Within administrative accountability, the Chairman of the Executive Board:</p> <ul style="list-style-type: none"> <li>■ allocated the necessary funds within the approved budget of the Internal Audit Service;</li> <li>■ provided support in dealing with the divisions of the Exchange.</li> </ul> <p>Internal audits at MOEX, including relations between the Internal Audit Service and other divisions and the external auditor of MOEX, are organised and performed in accordance with the Internal Audit Regulations.</p> <p>Internal audit employees operate within the framework of applicable laws and professional standards.</p>

No.	Principle	Implementation Results
4	Ensuring prevention, identification, and settlement of conflicts of interest related to MOEX activity as well as the fight against corruption	<p>Measures taken by MOEX as a trade organiser and financial platform operator to prevent conflicts of interest are regulated by MOEX internal documents, including the Provision on Identifying and Preventing Conflicts of Interest in the Exercise of Trade Organiser, Financial Platform Operator Activities and Activities of Digital Financial Assets Exchange Operator by the Moscow Exchange, which was approved in 2022. Such measures aim to prevent situations in which personal interest of MOEX employees may affect their fair and efficient discharge of duties.</p> <p>In terms of managing corruption risks, MOEX follows key principles set out in <a href="#">the Anti-corruption Policy</a> approved in 2020. Namely, a zero tolerance approach to corruption; employee engagement; development and implementation of measures to minimise the likelihood of involvement of MOEX and its employees in corruption practices; investigations into good-faith reports of violations of procedures for preventing and combating corruption and holding the guilty persons liable regardless of their position, length of service or other conditions, if they commit corruption offences as part of their duties; mandatory screening of counterparties; and monitoring of the efficiency of the anti-corruption standards and procedures that are in effect.</p> <p>MOEX prevents and detects corruption and manages anti-corruption efforts through the instruments described in the Policy, namely:</p> <ul style="list-style-type: none"> <li>■ anti-corruption efforts: <ul style="list-style-type: none"> <li>- existence of a body that controls procurement procedures to decide on contract awards;</li> <li>- counterparty due diligence, including checking for conflicts of interest and relations with public officials and Exchange employees; and inclusion of anti-corruption provisions (clauses) in contracts;</li> <li>- establishment of criteria for identifying gifts and procedure of gift-taking and gift-giving by employees;</li> <li>- possibility of reporting corruption risks (also anonymously) by employees through the Speak Up! whistleblowing helpline;</li> <li>- management of conflicts of interest;</li> <li>- monitoring and assessment of corruption risks;</li> </ul> </li> <li>■ setting procedures to identify violations;</li> <li>■ setting procedures for in-house investigations;</li> <li>■ defining measures to respond to confirmed cases of corruption.</li> </ul> <p>Measures aimed at the management of a conflict of interests, arising in cases of conflict between MOEX interests and personal interests of the members of control bodies due to their business, friendly, family and other ties and relations, as well as in cases of conflict between their responsibilities in relation to MOEX and to other persons, are defined in <a href="#">The Policy on the Management of a conflict of interests and corporate conflict in Moscow Exchange</a> approved by the Supervisory Board. The Policy defines obligations of the governing body members related to the implementation of measures to manage conflicts of interest. It outlines approaches and methods to prevent and detect conflicts of interest, including identification of transactions involving a conflict of interest (including transactions with securities of MOEX, interested-party transactions and transactions made outside the ordinary course of business that carry a potential conflict of interest).</p>

No.	Principle	Implementation Results
5	Ensuring equal and fair attitude towards all shareholders (participants) in exercising their right to participate in MOEX governance, as well as the balance between the rights and interests of customers, MOEX contractors and other stakeholders	<p>MOEX ensures equal and fair attitude towards all shareholders in exercising their right to participate in the governance of the Company. One special feature of MOEX's shareholding structure is the absence of a controlling shareholder. Each shareholder is entitled to take part in the General Meeting of Shareholders held in a form of joint presence, exercising the right to vote in a convenient manner: by sending voting bulletin by mail, personally participating or using an electronic form of voting. In the reporting period, the General Meeting of Shareholders was held in the form of absentee voting (without joint presence of shareholders to discuss agenda items and take decisions on issues put to a vote) in accordance with the applicable law. Each shareholder was allowed to take part in the General Meeting of Shareholders held in the form of absentee voting, exercising their right to vote in a convenient manner: by sending voting bulletin by mail, using an electronic form of voting or giving voting directions (instructions) to record keepers of rights to MOEX's shares in accordance with the Russian law on securities. MOEX shareholders are allowed to vote electronically by filling in an electronic voting ballot on the website. To ensure equal attitude towards all shareholders, MOEX provides information on holding the meetings, including materials for the meeting, both in Russian and in English. Voting ballots are also available in English, which, in accordance with OECD recommendations, eliminates voting obstacles for foreign shareholders. At General Meetings held in the form of joint presence shareholders are given the opportunity to communicate with MOEX management and receive feedback on the issues of interest to them, whereas members of the executive bodies and the Supervisory Board, the Chief Accountant, representatives of the auditor, and candidates nominated for election to the Supervisory Board are always invited to attend the Annual General Meeting. Given that many of the MOEX's shareholders are also its customers, MOEX ensures equal treatment of customers in offering its services, thereby avoiding any unfair advantage. MOEX follows the principle of respecting the best interests of MOEX and MOEX Group service users through creating user committees by type of activities carried out by financial market participants, type of contracts executed in organised trading and type of securities placed by issuers. Along with user committees, which simultaneously serve as market section councils according to law on organised trading, MOEX has voluntarily established individual committees to ensure a regular dialogue with its customers and their participation in shaping business initiatives. The user committees review most of the business innovations that MOEX implements, as well as tariff policy and technological solutions. Moreover, MOEX strives to build long-term and sustainable mutually beneficial relations with its contractors. MOEX has in place a competitive procedure for selecting contractors that makes the contracting process transparent and allows to select the best contractors for the company.</p>

No.	Principle	Implementation Results
6	Ensuring transparency and effective communications with shareholders (participants) and other stakeholders	<p>MOEX sees timely and full disclosure of information as an important tool for building long-term confidence-based relations with shareholders, which contributes to MOEX's value and its ability to raise capital and to maintain confidence of shareholders, investors and other stakeholders MOEX seeks to ensure that its shareholders and other stakeholders have access to information on all material facts of MOEX's operations to enable them to make informed investment and management decisions. The main approaches and principles of information disclosure are established by the <a href="#">Information Policy of MOEX</a>. The new version of the document was approved by the Supervisory Board in 2020. According to the Information Policy, information disclosed by MOEX is divided into three groups:</p> <ul style="list-style-type: none"> <li>■ information about MOEX activities as of an issuer of securities and as of a trade organiser that is mandatory disclosed in accordance with the requirements of the legislation and regulatory documents;</li> <li>■ information that is disclosed voluntarily at the discretion and choice of MOEX;</li> <li>■ information freely available at the request of stakeholders.</li> </ul> <p>For user convenience, <a href="#">on the official website of the Exchange</a> on the Internet <a href="#">Information Disclosure</a> and <a href="#">Compliance</a> sections are available. The <a href="#">Information Disclosure</a> section comprises the following subsections: <a href="#">Issuer's Disclosure</a>, <a href="#">Trade Organiser's disclosure</a>, <a href="#">Financial Platform Operator's disclosure</a>, <a href="#">Other disclosure</a>. Information is also disclosed by publishing in the <a href="#">news feed</a>. The Compliance section comprises the following subsections: MOEX Compliance, Codes of Good Practice and Compliance Hotline.</p> <p>Amid the unprecedented international pressure on Russian companies, MOEX decided to limit disclosures of the personal data of its governing body members, some financial information and client data in 2022. MOEX intends to resume its disclosure practices after further research into the risks associated with such disclosures.</p> <p>For foreign shareholders and investors, a special section <a href="https://www.moex.com/en/">https://www.moex.com/en/</a> is available on the English page of the MOEX website. It contains news for investors, key information on MOEX shares, dividend policy and payments, financial and operating results of MOEX activities, compliance, corporate governance, past and upcoming events for investors and shareholders, as well as contact information. The Head of Investor Relations is responsible for shareholder and investor communications. Contact details are available <a href="#">on the website of MOEX</a>.</p> <p>MOEX management regularly communicates with investors and shareholders and their representatives through news feeds, press releases, annual reports, presentations and other investor materials, meetings and special events for analysts and investors, investor conferences, as well as quarterly conference calls and webcasts for analysts and investors, featuring financial highlights for the reporting period and management commentary. The listed special events were mostly digital in 2022, respecting the Bank of Russia's restrictions and recommendations. MOEX management also actively engages with the media.</p> <p>These measures help both investors and shareholders stay posted to be able to take informed investment decisions.</p> <p>The Corporate Governance Department with the Head of Investor Relations ensure engagement with existing shareholders of MOEX and, where necessary, with shareholders/participants of MOEX Group companies, also in preparing for General Meetings.</p>



No.	Principle	Implementation Results
7	Striving for further progress with a view to sustainable development of MOEX and increased return on investments in the equity capital	Seeking to ensure sustainable development and increase the return on investments in the equity capital in the long term, MOEX governing bodies acknowledge the need for continuous improvement of MOEX corporate governance system, taking into account its level of development and the impact of external factors, as well as the need for ongoing control over the observance of the rights and interests of shareholders and other stakeholders. On 1 July 2022, the Sustainability Roadmap for 2022 was updated pursuant to the Executive Board's resolution. The road map features sustainable development indicators within the following five focuses: 1. Partnership with local communities. 2. Responsible investment and sustainable development. 3. Corporate culture based on equal opportunity principle. 4. Responsible business practices and advanced governance. 5. Trusted and resilient market infrastructure.

# CONTACTS

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<b>Fax:</b>	+7 (495) 234-48-40
<b>Place of business:</b>	13 Bolshoy Kislovsky Per, Moscow, Russia 125009

## Emails for specific enquiries

<b>Media:</b>	<a href="mailto:pr@moex.com">pr@moex.com</a>
<b>Investors and analysts:</b>	<a href="mailto:ir@moex.com">ir@moex.com</a>
<b>Issuers:</b>	<a href="mailto:issuersconsulting@moex.com">issuersconsulting@moex.com</a>
<b>Listing:</b>	<a href="mailto:listing@moex.com">listing@moex.com</a>
<b>Technical support:</b>	<a href="mailto:help@moex.com">help@moex.com</a>
<b>Supervisory Board</b>	<a href="mailto:SeniorIndependentDirector@moex.com">SeniorIndependentDirector@moex.com</a>

## SCOPE OF THE REPORT

Moscow Exchange (the “Exchange”) declares that the information contained in the Annual Report is accurate as of 31 December 2022. All provisions of the Annual Report, which in one way or another reflect the Exchange’s plans, shall be considered without regard to events occurring after the reporting date (31 December 2022).

The Exchange does not assume any liabilities with regard to the information stated in this Annual Report not related to the reporting period.

This Annual Report has been prepared by PJSC Moscow Exchange MICEX-RTS (“Moscow Exchange”, “the Exchange” or “MOEX”).

It reviews the consolidated performance in 2022 of the Group, which is comprised of PJSC Moscow Exchange MICEX-RTS and its subsidiaries, including

NCO CJSC National Settlement Depository (“NSD”), JSC Bank National Clearing Centre (“NCC”), and JSC National Mercantile Exchange (“NAMEX”).

## COMPLIANCE

Information in this report has been consolidated in accordance with Bank of Russia Instruction No. 714-P “On Disclosing Information by Securities Issuers” dated 27 March 2020, the Bank of Russia Corporate Governance Code of 21 March 2014 and GRI G4 Sustainability Reporting Guidelines.



# SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

## PUBLIC JOINT-STOCK COMPANY MOSCOW EXCHANGE MICEX-RTS

**Summary Consolidated Financial Statements  
For the Year Ended December 31, 2022**

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## Independent auditor's report

To the Shareholders, Supervisory Board  
and Audit Commission of the Supervisory Board of  
Public Joint-Stock Company "Moscow Exchange MICEX-RTS"

### Opinion

The accompanying summary consolidated financial statements, which comprise the summary consolidated statement of profit or loss, the summary consolidated statement of comprehensive income for the period ended 31 December 2022, the summary consolidated statement of financial position as at 31 December 2022, and the summary consolidated statement of cash flows, the summary consolidated statement of changes in equity for the year then ended and related notes are derived from the audited consolidated financial statements of Public Joint-Stock Company "Moscow Exchange MICEX-RTS" and its subsidiaries (the Group) for the year ended 31 December 2022 prepared in accordance with International Financial Reporting Standards (the "audited consolidated financial statements").

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the criteria specified in Note 2.

### Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards (IFRS). Therefore, reading the summary consolidated financial statements and the auditor's report thereon is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

### Audited consolidated financial statements and our auditor's report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 9 March 2023. This report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

### Management's responsibility for the summary consolidated financial statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with the principles specified in Note 2.

### Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which are conducted in accordance with International Standard on Auditing (ISA) 810 (Revised) *Engagements to Report on Summary Financial Statements*.

G.A. Shinin,  
acting on behalf of TSATR – Audit Services Limited Liability Company  
on the basis of power of attorney dated 18 April 2022,  
partner in charge of the audit resulting in this independent auditor's report  
(main registration number 22006013387)

24 March 2023

### Details of the auditor

Name: TSATR – Audit Services Limited Liability Company  
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.  
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.  
TSATR – Audit Services Limited Liability Company is a member of Self-regulatory organization of auditors Association "Sodruzhestvo". TSATR – Audit Services Limited Liability Company is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

### Details of the audited entity

Name: Public Joint-Stock Company "Moscow Exchange MICEX-RTS"  
Record made in the State Register of Legal Entities on 16 October 2002, State Registration Number 1027739387411.  
Address: Russia 125009, Moscow, Bolshoy Kislovsky per., building 13.

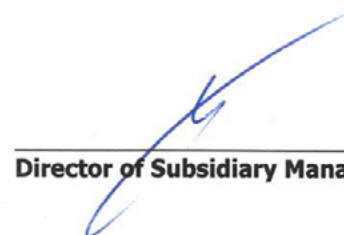
**Summary Consolidated Statement of Profit or Loss  
for the Year Ended December 31, 2022**  
(in millions of Russian rubles)

	Notes	Year ended December 31, 2022	Year ended December 31, 2021
Fee and commission income	3	37 487,2	41 554,0
Interest income calculated using the effective interest method	4	44 706,4	13 836,4
Other interest income	4	173,3	439,5
Interest expense	5	(3 054,2)	(1 190,1)
Net gain/(loss) on financial assets at fair value through profit or loss	6	775,9	(96,4)
Net (loss)/gain on financial assets at fair value through other comprehensive income		(665,6)	589,7
Gains less losses arising from foreign currencies and precious metals		3 692,6	(676,9)
Other operating income		379,7	412,7
<b>Operating income</b>		<b>83 495,3</b>	<b>54 868,9</b>
General and administrative expenses	7	(11 860,9)	(10 632,9)
Personnel expenses	8	(11 982,3)	(9 881,7)
<b>Profit before other operating expenses and tax</b>		<b>59 652,1</b>	<b>34 354,3</b>
Movement in allowance for expected credit losses		(13 093,9)	627,4
Other impairment and provisions		(1 247,6)	—
<b>Profit before tax</b>		<b>45 310,6</b>	<b>34 981,7</b>
Income tax expense	9	(9 019,5)	(6 884,2)
<b>Net profit</b>		<b>36 291,1</b>	<b>28 097,5</b>
<b>Attributable to:</b>			
Equity holders of the parent		36 271,1	28 095,1
Non-controlling interest		20,0	2,4
<b>Earnings per share (rubles)</b>			
Basic earnings per share	16	16,07	12,45
Diluted earnings per share	16	15,96	12,35



Chairman of the Executive Board

March 24, 2023  
Moscow



Director of Subsidiary Management

March 24, 2023  
Moscow

The notes 1-18 are an integral part of these summary consolidated financial statements.

**Summary Consolidated Statement of Comprehensive Income  
for the Year Ended December 31, 2022**  
(in millions of Russian rubles)

	Notes	Year ended December 31, 2022	Year ended December 31, 2021
<b>Net profit</b>		<b>36 291,1</b>	<b>28 097,5</b>
<b>Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translating foreign operations		(9,9)	5,0
Movement in investment revaluation reserve for financial assets at fair value through other comprehensive income		(2 481,8)	(6 352,0)
Movement in revaluation reserve associated with changes in expected credit losses on financial assets at fair value through other comprehensive income		1 900,0	(106,4)
Net loss/(gain) on investments at fair value through other comprehensive income reclassified to profit or loss		665,6	(589,7)
Income tax relating to items that may be reclassified	9	(16,8)	1 409,6
<b>Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss</b>		<b>57,1</b>	<b>(5 633,5)</b>
<b>Total comprehensive income</b>		<b>36 348,2</b>	<b>22 464,0</b>
<b>Attributable to:</b>			
Equity holders of the parent		36 328,7	22 461,6
Non-controlling interest		19,5	2,4

The notes 1-18 are an integral part of these summary consolidated financial statements.

### Summary Consolidated Statement of Financial Position as at December 31, 2022 (in millions of Russian rubles)

	Notes	December 31, 2022	December 31, 2021
<b>Assets</b>			
Cash and cash equivalents		451 531,4	471 283,4
Financial assets at fair value through profit or loss	10	3 154,3	15 639,1
Due from financial institutions		1 515 726,7	102 970,6
Central counterparty financial assets		4 388 472,8	5 256 071,2
Financial assets at fair value through other comprehensive income		178 023,3	237 821,2
Equity-accounted investments		127,0	99,2
Property and equipment	11	5 589,5	6 896,2
Intangible assets	12	17 248,5	16 971,1
Goodwill		16 300,8	17 267,2
Current tax prepayments		2 714,7	205,1
Deferred tax asset	9	6 061,2	2 563,7
Other assets		34 330,1	15 650,3
<b>Total assets</b>		<b>6 619 280,3</b>	<b>6 143 438,3</b>
<b>Liabilities</b>			
Clients' funds	13	1 112 789,8	718 395,2
Due to financial institutions		–	182,2
Central counterparty financial liabilities		4 388 472,8	5 256 071,2
Distributions payable to holders of securities		928 064,4	17 015,4
Current tax payables		1 157,8	375,8
Deferred tax liability	9	1 464,1	1 602,3
Other liabilities	14	10 589,6	9 625,2
<b>Total liabilities</b>		<b>6 442 538,5</b>	<b>6 003 267,3</b>
<b>Equity</b>			
Share capital	15	2 495,9	2 495,9
Share premium	15	32 246,4	32 251,4
Treasury shares	15	(1 527,8)	(1 535,4)
Foreign currency translation reserve		(4,4)	5,0
Investments revaluation reserve		(3 930,2)	(3 997,2)
Share-based payments		783,9	557,9
Retained earnings		146 582,0	110 292,8
<b>Total equity attributable to owners of the parent</b>		<b>176 645,8</b>	<b>140 070,4</b>
Non-controlling interest		96,0	100,6
<b>Total equity</b>		<b>176 741,8</b>	<b>140 171,0</b>
<b>Total liabilities and equity</b>		<b>6 619 280,3</b>	<b>6 143 438,3</b>

The notes 1-18 are an integral part of these summary consolidated financial statements.

### Summary Consolidated Statement of Cash Flows for the Year Ended December 31, 2022 (in millions of Russian rubles)

	Notes	Year ended December 31, 2022	Year ended December 31, 2021*
<b>Cash flows from / (used in) operating activities</b>			
Profit before tax		<b>45 310,6</b>	<b>34 981,7</b>
<b>Adjustments for:</b>			
Depreciation and amortisation charge	7	4 360,4	3 689,5
Revaluation of derivatives		2 100,8	(147,2)
Share-based payment expense	8	264,3	421,9
Unrealized loss on foreign exchange operations		126 942,3	5 569,8
Unrealized loss on precious metals		1 421,1	–
Loss/(gain) on disposal of financial assets at FVTOCI		665,6	(589,7)
Net change in interest accruals		650,0	3 635,9
Net loss/(gain) on disposal of property and equipment		119,7	(37,2)
Change in allowance for expected credit losses		13 093,9	(627,4)
Change in other impairment and provisions		1 247,6	(14,4)
Gain from revaluation of previously held equity interest in the acquiree		–	(89,4)
Fair value adjustment on securities at fair value through profit or loss		(922,7)	–
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>195 253,6</b>	<b>46 793,5</b>
<b>Changes in operating assets and liabilities</b>			
<i>(Increase)/decrease in operating assets</i>			
Due from financial institutions		(1 089 782,9)	52 189,1
Financial assets at FVTPL		2 653,2	2 593,3
Central counterparty financial assets		967 994,2	(1 199 436,2)
Other assets		(1 497,9)	309,7
<i>Increase/(decrease) in operating liabilities</i>			
Clients' funds		1 628 626,3	2 345,7
Due to financial institutions		(182,7)	228,1
Central counterparty financial liabilities		(967 994,2)	1 199 436,2
Distributions payable to holders of securities		491 087,3	48,9
Other liabilities		937,4	3 627,4
<b>Cash flows from operating activities before taxation</b>		<b>1 227 094,3</b>	<b>108 135,7</b>
Income tax paid		(14 399,6)	(9 961,3)
<b>Cash flows from operating activities</b>		<b>1 212 694,7</b>	<b>98 174,4</b>

The notes 1-18 are an integral part of these summary consolidated financial statements.



**Summary Consolidated Statement of Cash Flows  
for the Year Ended December 31, 2022 (continued)**  
(in millions of Russian rubles)

	Notes	Year ended December 31, 2022	Year ended December 31, 2021*
<b>Cash flows from / (used in) investing activities</b>			
Purchase of financial assets at FVTOCI		(39 400,7)	(113 086,4)
Proceeds from sale and redemption of financial assets at FVTOCI		88 600,7	57 703,7
Purchase of property and equipment and intangible assets		(3 611,7)	(4 147,1)
Proceeds from disposal of property and equipment and intangible assets		0,4	51,1
Acquisition of subsidiaries, net of cash acquired		–	(1 119,3)
Acquisition of equity-accounted investments		(127,0)	(210,7)
<b>Cash flows from / (used in) investing activities</b>		<b>45 461,7</b>	<b>(60 808,7)</b>
<b>Cash flows from / (used in) financing activities</b>			
Dividends paid		–	(21 369,1)
Cash outflow for lease liabilities		(194,5)	(163,0)
Acquisition of non-controlling interest in subsidiaries		(86,0)	(38,2)
Acquisition of treasury shares		–	(450,0)
<b>Cash flows used in financing activities</b>		<b>(280,5)</b>	<b>(22 020,3)</b>
Effect of changes in foreign exchange rates on cash and cash equivalents		(1 271 233,4)	(15 854,8)
<b>Net decrease in cash and cash equivalents</b>		<b>(13 357,5)</b>	<b>(509,4)</b>
Cash and cash equivalents, beginning of period		471 283,7	471 793,1
Reclassification of restricted funds from cash and cash equivalents, beginning of period		(6 391,2)	–
<b>Cash and cash equivalents, end of period</b>		<b>451 535,0</b>	<b>471 283,7</b>

Interest received by the Group from operating activities the year ended December 31, 2022, amounted to RUB 45 492,1 million (December 31, 2021: 17 777,9 RUB million).

Interest paid by the Group as part of its operating activities the year ended December 31, 2022, amounted to RUB 2 974,7 million (December 31, 2021: RUB 1 056,2 million) and as part of its financing activities RUB 40,6 million (December 31, 2021: RUB 83,0 million).

**Summary Consolidated Statement of Changes in Equity  
for the Year Ended December 31, 2022**  
(in millions of Russian rubles)

	Share capital	Share premium	Treasury shares	Investments revaluation reserve	Share-based payments	Foreign currency translation reserve	Retained earnings	Total equity attributable to owners of the parent	Non- controlling interest	Total equity
<b>December 31, 2020</b>	<b>2 495,9</b>	<b>32 316,7</b>	<b>(1 260,9)</b>	<b>1 641,3</b>	<b>295,5</b>	<b>–</b>	<b>103 693,8</b>	<b>139 182,3</b>	<b>107,4</b>	<b>139 289,7</b>
Net profit	–	–	–	–	–	–	28 095,1	28 095,1	2,4	28 097,5
Other comprehensive (loss)/income	–	–	–	(5 638,5)	–	5,0	–	(5 633,5)	–	(5 633,5)
<b>Total comprehensive (loss)/income for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(5 638,5)</b>	<b>–</b>	<b>5,0</b>	<b>28 095,1</b>	<b>22 461,6</b>	<b>2,4</b>	<b>22 464,0</b>
Repurchase of treasury shares	–	–	(450,0)	–	–	–	–	(450,0)	–	(450,0)
Dividends declared	–	–	–	–	–	–	(21 369,1)	(21 369,1)	–	(21 369,1)
Share-based payments	–	(65,3)	175,5	–	262,4	–	–	372,6	–	372,6
Acquisition of subsidiary	–	–	–	–	–	–	–	–	62,0	62,0
Recognition of liabilities reserve for buyout of non- controlling interest (Note 14)	–	–	–	–	–	–	(160,0)	(160,0)	–	(160,0)
Acquisition of non-controlling interest	–	–	–	–	–	–	33,0	33,0	(71,2)	(38,2)
<b>Total transactions with owners</b>	<b>–</b>	<b>(65,3)</b>	<b>(274,5)</b>	<b>–</b>	<b>262,4</b>	<b>–</b>	<b>(21 496,1)</b>	<b>(21 573,5)</b>	<b>(9,2)</b>	<b>(21 582,7)</b>
<b>December 31, 2021</b>	<b>2 495,9</b>	<b>32 251,4</b>	<b>(1 535,4)</b>	<b>(3 997,2)</b>	<b>557,9</b>	<b>5,0</b>	<b>110 292,8</b>	<b>140 070,4</b>	<b>100,6</b>	<b>140 171,0</b>
Net profit	–	–	–	–	–	–	36 271,1	36 271,1	20,0	36 291,1
Other comprehensive income/(loss)	–	–	–	67,0	–	(9,4)	–	57,6	(0,5)	57,1
<b>Total comprehensive income/(loss) for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>67,0</b>	<b>–</b>	<b>(9,4)</b>	<b>36 271,1</b>	<b>36 328,7</b>	<b>19,5</b>	<b>36 348,2</b>
Share-based payments	–	(5,0)	7,6	–	226,0	–	–	228,6	–	228,6
Acquisition of non-controlling interest	–	–	–	–	–	–	18,1	18,1	(24,1)	(6,0)
<b>Total transactions with owners</b>	<b>–</b>	<b>(5,0)</b>	<b>7,6</b>	<b>–</b>	<b>226,0</b>	<b>–</b>	<b>18,1</b>	<b>246,7</b>	<b>(24,1)</b>	<b>222,6</b>
<b>December 31, 2022</b>	<b>2 495,9</b>	<b>32 246,4</b>	<b>(1 527,8)</b>	<b>(3 930,2)</b>	<b>783,9</b>	<b>(4,4)</b>	<b>146 582,0</b>	<b>176 645,8</b>	<b>96,0</b>	<b>176 741,8</b>

The notes 1-18 are an integral part of these summary consolidated financial statements.

The notes 1-18 are an integral part of these summary consolidated financial statements.



## Notes to the Summary Consolidated Financial Statements for the Year Ended December 31, 2022

(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.

The Group has 2 339 employees as at December 31, 2022 (December 31, 2021: 2 279 employees).

#### The financial statements approval

These summary consolidated financial statements of the Group were approved for issue by the Management on March 24, 2023.

### 2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements

#### Basis of Preparation

These summary consolidated financial statements of the Group have been prepared on the basis of the audited consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as at December 31, 2022 and for the year then ended, by copying from it without any modifications:

- The consolidated statement of profit or loss for the year ended December 31, 2022;
- The consolidated statement of comprehensive income for the year ended December 31, 2022;
- The consolidated statement of financial position as at December 31, 2022;
- The consolidated statement of cash flows for the year ended December 31, 2022;
- The consolidated statement of changes in equity for the year ended December 31, 2022.

The summary consolidated financial statements as at December 31, 2022 and for the year ended December 31, 2022 do not disclose the information listed in the following regulatory documents:

- Decision of the Board of Directors of the Bank of Russia dated December 23, 2022 "On the list of information that non-credit financial institutions may elect not to disclose, and information not to be published on the website of the Bank of Russia", i.e., the following information contained in the notes to the consolidated financial statements is not included in these summary consolidated financial statements of the Group:
  - Information on debtors, creditors, members of the governing bodies of the non-credit financial institution, structure and composition of shareholders (participants), officers of the non-credit financial institution and other parties;
  - Information on risks and transactions, the disclosure of which will result (may result) in the imposition of restrictions by foreign states and/or national unions and/or associations and/or state-owned (interstate) entities of foreign states or national unions and/or associations with respect to the non-credit financial institution and/or other parties, and when the above parties are already affected by these restrictions.

## Notes to the Summary Consolidated Financial Statements for the Year Ended December 31, 2022 (continued)

(in millions of Russian rubles, unless otherwise indicated)

### 2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

#### Basis of Preparation (continued)

- Decree No. 400 of the Russian Government dated April 4, 2019 *On Specifics of Disclosures and Reporting of Information Subject to Disclosure and Reporting in Accordance with the Federal Laws "On Joint-Stock Companies" and "On the Securities Market"*, i.e., the following information contained in the notes to the consolidated financial statements is not included in these summary consolidated financial statements of the Group:
  - Information on members of the governing bodies of the Company, deputies of the sole executive body, the issuer's chief accountant and his/her deputies, chief executives and chief accountants of the Group's branches;
  - Information on the Group's transactions, its controlling parties and controlled entities;
  - Information on banking groups, banking holdings, holdings and associations, to which the Group belongs, and their members;
  - Information on the Group's affiliates;
  - Information on the entities under the Group's control and members of their governing bodies, parties controlling the Group and members of their governing bodies;
  - Information on related parties with whom the Group enters into transactions;
  - Information on the Group's subsidiaries;
  - Information on the Group's financial investments;
  - Information on risks assumed by the Group, its risk assessment and management procedures;
  - Information on the Group's transactions and (or) the volume of the Group's transactions and (or) the volume of the Group's funds in foreign currencies;
  - Information, including summarized information about the Group's segments;
  - Information, including summarized information, on the Group's counterparties, their industry-specific and geographical structure.

In accordance with Resolution No. 351 of March 12, 2022 of the Government of the Russian Federation *On Peculiarities of Disclosing and Providing Information Subject to Disclosure and Provision in Accordance with the Federal Law "On Joint-Stock Companies" and the Federal Law "On the Securities Market" and Specifics of Insider Information Disclosure in Accordance with the Federal Law "On Prevention of Illegal Use of Insider Information and Market Manipulation and on Amendments to Some Legislative Acts of Russia"*, Decision of the Board of Directors of the Bank of Russia dated December 23, 2022 "On the list of information that non-credit financial institutions may elect not to disclose, and information not to be published on the website of the Bank of Russia", and also in accordance with Decree No. 395 of the Russian Government dated March 18, 2022 *On Specifics of Access to Information Published on the Government Financial Reporting Information Resource, and Disclosure of the Consolidated Financial Statements* the Group does not publish the audited Consolidated Financial Statements for the year ended December 31, 2022.

These summary consolidated financial statements are presented in millions of Russian rubles rounded to one decimal place, unless otherwise indicated.

#### Significant Accounting Policies for Consolidated Financial Statements

##### Changes in accounting policies

The accounting policies adopted by the Group in the preparation of these Consolidated Financial Statements are consistent with those followed in the preparation of the Group's Consolidated Financial Statements for the year ended December 31, 2021.

The Group applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after January 1, 2022. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

## Notes to the Summary Consolidated Financial Statements for the Year Ended December 31, 2022 (continued)

(in millions of Russian rubles, unless otherwise indicated)

### 2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

#### Significant Accounting Policies for Consolidated Financial Statements (continued)

##### *Amendments to IFRS 3 Reference to the Conceptual Framework*

In May 2020, the IASB issued Amendments to IFRS 3 *Business Combinations – Reference to the Conceptual Framework*.

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 *Leases*, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the *Framework for the Preparation and Presentation of Financial Statements*.

##### *Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use*

In May 2020, the IASB issued *Property, Plant and Equipment – Proceeds before Intended Use*, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

##### *IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities*

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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

#### Basis for consolidation

Subsidiaries are investees controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In particular, the Group consolidates investees that it controls on the basis of de facto circumstances. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in full; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interests, the cumulative translation differences, recorded in equity; recognises the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss and reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

## Notes to the Summary Consolidated Financial Statements for the Year Ended December 31, 2022 (continued)

(in millions of Russian rubles, unless otherwise indicated)

### 2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

#### Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

#### Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment at least annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the Consolidated Statement of Profit or Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

#### Investments in associates and joint ventures

Associates are entities in which the Group generally has between 20% and 50% of the voting rights, or is otherwise able to exercise significant influence, but which it does not control or jointly control.

Joint venture – a joint arrangement whereby two or more parties (one of which is the Group) that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in associates and joint ventures are accounted for under the equity method and are initially recognised at cost, including goodwill. Subsequent changes in the carrying value reflect the post-acquisition changes in the Group's share of net assets of the associate and joint venture. The Group's share of its associates' or and joint ventures' profits or losses is recognised in profit or loss, and its share of movements in reserves is recognised in other comprehensive income. However, when the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless the Group is obliged to make further payments to, or on behalf of, the associate or joint venture. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

## Notes to the Summary Consolidated Financial Statements for the Year Ended December 31, 2022 (continued)

(in millions of Russian rubles, unless otherwise indicated)

### 2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

#### 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.

#### Financial assets

All regular way purchases and sales of financial assets and liabilities are recognised on the settlement date. Regular way purchases or sales are purchases or sales of financial assets and liabilities that require delivery of assets and liabilities within the period generally established by regulation or convention in the marketplace.

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 (further – “AC”) 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.

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.

## Notes to the Summary Consolidated Financial Statements for the Year Ended December 31, 2022 (continued)

(in millions of Russian rubles, unless otherwise indicated)

### 2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

#### Financial assets (continued)

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. For the current reporting period, the Group has not identified a change in its business models.

#### 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.

#### 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 following the change in business model that results in reclassification the Group’s financial assets. 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.



## Notes to the Summary Consolidated Financial Statements for the Year Ended December 31, 2022 (continued)

(in millions of Russian rubles, unless otherwise indicated)

### 2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

#### Financial assets (continued)

No loss allowances for expected credit losses are recognised on equity investments, financial assets arising from central counterparty (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.

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 consolidated 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 February 7, 2011 No. 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.

## Notes to the Summary Consolidated Financial Statements for the Year Ended December 31, 2022 (continued)

(in millions of Russian rubles, unless otherwise indicated)

### 2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

#### Financial assets (continued)

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;
- Liquidation decision was made in respect of the counterparty.

#### 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.

The Group considers 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 in the following cases:

- When an asset becomes past due over 30 days;
- A decline in the credit ratings given to a resident/non-resident by national/international rating agencies or a decline in the counterparty's internal rating by 3 grades or more over the preceding 12 months (if the recognition period is less than 12 months from the initial recognition);
- Decrease of credit ratings assigned to the resident/non-resident by national/international rating agencies or decrease of the counterparty's internal rating by 6 grades or more from the initial recognition.

#### 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 for non-residents;
- Available data from national rating agencies for residents;
- Internal ratings if the data mentioned above is unavailable.

If the counterparty is rated by more than one rating agency, the historical probability of default is determined:

- For the non-resident by the best of the external ratings of the international agencies;
- For the resident by the best rating of the national agencies.

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 and national rating agencies for those counterparties that are not rated by international and national rating agencies.

## Notes to the Summary Consolidated Financial Statements for the Year Ended December 31, 2022 (continued)

(in millions of Russian rubles, unless otherwise indicated)

### 2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

#### Financial assets (continued)

##### *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.

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 10% 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.

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.

## Notes to the Summary Consolidated Financial Statements for the Year Ended December 31, 2022 (continued)

(in millions of Russian rubles, unless otherwise indicated)

### 2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

#### Financial assets (continued)

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 consolidated statement of financial position*

Loss allowances for ECL are presented in the consolidated 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 consolidated 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.

##### *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire hybrid (combined) contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognized in profit or loss to the extent that they are not part of a designated hedging relationship.



## Notes to the Summary Consolidated Financial Statements for the Year Ended December 31, 2022 (continued)

(in millions of Russian rubles, unless otherwise indicated)

### 2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

#### Other financial liabilities

Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method (for details of the effective interest method see the Interest income and interest expense section below).

#### Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

#### Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position include cash on hand, balances with the CBR, unrestricted balances on correspondent and deposit accounts with banks with maturity up to one business day and clearing accounts with banks. Amounts that are subject to restrictions on their availability, including minimum reserve deposits with the CBR, are not included in cash and cash equivalents for the purpose of the consolidated statement of cash flows.

#### Repurchase and reverse repurchase agreements

Sale and repurchase agreements ("repos") are treated as secured financing transactions. Securities sold under sale and repurchase agreements are retained in the consolidated statement of financial position and, in case the transferee has the right by contract or custom to sell or repledge them, reclassified as securities pledged under sale and repurchase agreements. The corresponding liability is presented within amounts due to financial institutions. Securities purchased under agreements to resell ("reverse repo") are recorded as amounts due from financial institutions. The difference between sale and repurchase price is treated as interest income and accrued over the life of repo agreements using the effective interest method.

#### Derivative financial instruments

The Group enters into derivative financial instruments, which are held for trading and to manage its exposure to foreign exchange rate risk.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain/loss is recognized in profit or loss immediately.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability.

#### Non-financial assets

##### Precious metals

Precious metals are represented by physical precious metals and accounts in precious metals. Precious metals are recorded on the reporting date at the CBR prices, which approximate fair values. Corresponding accounts in precious metals are recorded within Due from financial institutions and physical precious metals are recorded within Other assets. Clients' accounts in precious metals are recorded within Clients' funds. Precious metals are not financial instruments and therefore excluded from financial risk management disclosures in accordance with IFRS 7.

## Notes to the Summary Consolidated Financial Statements for the Year Ended December 31, 2022 (continued)

(in millions of Russian rubles, unless otherwise indicated)

### 2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

#### Non-financial assets (continued)

##### Property and equipment

Property and equipment is carried at historical cost less accumulated depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method:

Buildings and other real estate	2%
Furniture and equipment	20-33%

Freehold land is not depreciated.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Costs related to repairs and renewals are charged when incurred and included in other operating expenses, unless they qualify for capitalization.

##### Intangible assets

##### Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives at the annual rates of 10%-25%. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

##### Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Amortisation is recognised on a straight-line basis. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

##### Internally developed intangible assets

Development costs that are directly associated with the production of identifiable and unique software products controlled by the Group are capitalised and an internally generated intangible asset is recognised only if it is probable that it will generate economic benefits exceeding costs beyond one year and the development costs can be measured reliably. An internally generated intangible asset is recognised only if the Group has the technical feasibility, resources and intention to complete the development and to use the product. Direct costs include software development employee costs and an appropriate portion of relevant overheads. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

## Notes to the Summary Consolidated Financial Statements for the Year Ended December 31, 2022 (continued)

(in millions of Russian rubles, unless otherwise indicated)

### 2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

#### Non-financial assets (continued)

##### *Derecognition of intangible assets*

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

##### *Impairment of non-financial assets*

At the end of each reporting period, the Group reviews the carrying amounts of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. An impairment loss in respect of goodwill is not reversed.

#### Lease

##### *The Group as lessee*

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate as the rate implicit in the lease cannot be generally readily determined. The incremental borrowing rate is determined using the most recent CBR statistics on loan interest rates in the same currency and of the same term.

## Notes to the Summary Consolidated Financial Statements for the Year Ended December 31, 2022 (continued)

(in millions of Russian rubles, unless otherwise indicated)

### 2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

#### Lease (continued)

The lease payments included in the measurement of the lease liability comprise:

- (a) Fixed payments (including in-substance fixed payments), less any lease incentives;
- (b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) Amounts expected to be payable by the lessee under residual value guarantees;
- (d) The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is presented within other liabilities in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- (a) The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- (b) There is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case the revised discount rate is used);
- (c) A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use asset comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the obligation for costs to dismantle and remove a leased asset is incurred or an obligation to restore the site on which it is located or restore the underlying asset to the condition required by the terms of the lease, a provision is recognized and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within the line property and equipment in the consolidated statement of financial position.

The Group applies IAS 36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and to account for the impairment.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

## Notes to the Summary Consolidated Financial Statements for the Year Ended December 31, 2022 (continued)

(in millions of Russian rubles, unless otherwise indicated)

### 2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

#### *The Group as lessor*

A lessor classifies leases as finance or operating leases and account for those two types differently. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease (the Group does not have such contracts). All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

#### **Interest income and interest expense**

Interest income and expense for all financial instruments except for measured or designated as at fair value through profit or loss (FVTPL) are recognized in 'Interest income calculated using the effective interest method' and 'Interest expense' in the profit or loss using the effective interest method.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific transaction costs, and all other premiums or discounts, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

Interest revenue on all financial assets at FVPL is recognised using the contractual interest rate in 'Other interest income' in the consolidated statement of profit or loss. The transaction costs for such assets are recognized in profit or loss at initial recognition.

The interest income / interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets originated or purchased credit-impaired (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

#### **Fee and commission income and expense**

The main source of the Group's revenue is through fees for services provided. Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue as services are performed and as it satisfies its obligations to provide service to a customer.

The Group provides various services on trading in different markets, clearing, settlement and custody, IT services and also services of the financial platform operator related to providing an opportunity to make transactions by trading participants of the financial platform.

Fees and commission income of the Group are divided into fixed and variable.

Fixed fee and commission income revenue from providing services is recognized in the accounting period in which the services are rendered. Revenue is recognized based on the actual service provided up to the end of the reporting period as a proportion of the total services to be provided (i.e. recognition over time).

Variable fee and commission income are transaction or transaction volume-based revenues and are generated by services which are directly related to a single transaction or volume of transactions.

The performance obligation of a service is satisfied when the transaction or order has been executed trades or contracts cleared, custody service provided. Transaction revenues are recognized at a point in time when the Group meets its obligations to complete the transaction or service.

## Notes to the Summary Consolidated Financial Statements for the Year Ended December 31, 2022 (continued)

(in millions of Russian rubles, unless otherwise indicated)

### 2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

#### **Fee and commission income and expense (continued)**

Being the financial platform operator the Group charges fee and commission income for the providing an opportunity to make transactions by trading participants of the financial platform. Such income is recognised at point in time as the service is provide at the moment of conclusion of the transaction.

Fee and commission expenses with regards to services are accounted for as the services are received.

#### **Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Management of the Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### **Deferred income tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets and liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

#### **Operating taxes**

Countries where the Group operates also have various other taxes, which are assessed on the Group's activities. These taxes are included as a component of operating expenses in the Consolidated Statement of Profit or Loss.

#### **Share-based payments**

The Group grants the right to some employees to purchase equity instruments on the terms set in individual contracts.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity within Share-based payments reserve, over the period in which the performance and/or service conditions are fulfilled.

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The consolidated income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period (Note 8).

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.



## Notes to the Summary Consolidated Financial Statements for the Year Ended December 31, 2022 (continued)

(in millions of Russian rubles, unless otherwise indicated)

### 2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

#### Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

#### Contingencies

Contingent liabilities are not recognised in the Consolidated Statement of Financial Position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognised in the Summary Consolidated Statement of Financial Position but disclosed when an inflow of economic benefits is probable.

#### Fiduciary activities

The Group provides custodial services to its customers which include transactions with securities on their custody accounts. Assets accepted and liabilities incurred under the fiduciary activities are not included in the Group's Consolidated Financial Statements. The Group accepts the operational risk on these activities, but the Group's customers bear the credit and market risks associated with such operations. Revenue for provision of fiduciary services is recognised as services are provided.

#### Foreign currencies

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations are translated into RUB using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interest as appropriate).

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

#### Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

#### Segment reporting

An operating segment is a component of a Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same Group); whose operating and financial results are regularly reviewed by the chief operating decision maker (Executive Board) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

## Notes to the Summary Consolidated Financial Statements for the Year Ended December 31, 2022 (continued)

(in millions of Russian rubles, unless otherwise indicated)

### 2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

#### New or amended standards issued but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 17 *Insurance Contracts*;
- Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*;
- Amendments to IAS 8 *Definition of Accounting Estimates*;
- Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies*;
- Amendments to IAS 12 *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*;
- Amendments to IFRS 16 *Lease Liability in a Sale and Leaseback*.

The management does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

#### *Amendments to IAS 1 Classification of Liabilities as Current or Non-current*

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. In June 2022, the IASB decided to finalise the proposed amendments to IAS 1, published in an exposure draft *Non-current Liabilities with Covenants* with some modifications (the 2022 Amendments).

The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification;
- That an entity shall disclose additional information if it classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months.

The amendments apply retrospectively to the periods beginning on or after January 1, 2024. Early application is acceptable.

The management of the Group does not expect that the application of these amendments could have an impact on the Group's financial statements in future periods.

#### *Amendments to IAS 8 Definition of Accounting Estimates*

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The management of the Group does not expect that the application of these amendments could have an impact on the Group's financial statements in future periods.

## Notes to the Summary Consolidated Financial Statements for the Year Ended December 31, 2022 (continued)

(in millions of Russian rubles, unless otherwise indicated)

### 2. Basis of Preparation of the Summary Consolidated Financial Statements and Significant Accounting Policies for Consolidated Financial Statements (continued)

#### New or amended standards issued but not yet effective (continued)

##### Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after January 1, 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The management of the Group does not expect that the application of these amendments could have an impact on the Group's financial statements in future periods.

##### Amendments to IAS 12 Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

In May 2021, the IASB issued amendments, which narrow the scope of the initial recognition exception under IAS 12 *Income Taxes*, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The exemption applies only if the recognition of a lease asset and a lease liability (or a decommissioning liability and the corresponding amounts of the related asset) does not give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented.

At the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

The management of the Group does not expect that the application of these amendments could have an impact on the Group's financial statements in future periods.

## Notes to the Summary Consolidated Financial Statements for the Year Ended December 31, 2022 (continued)

(in millions of Russian rubles, unless otherwise indicated)

### 3. Fee and Commission Income

	Year ended December 31, 2022	Year ended December 31, 2021
Money market	9 497,0	11 699,1
Depository and settlement services	7 806,5	8 396,3
Securities market	5 847,9	8 396,2
- equities	3 266,3	5 200,8
- bonds	2 003,6	2 431,6
- listing and other services	578,0	763,8
Foreign exchange market	5 661,6	4 191,4
Derivatives market	3 741,3	5 198,4
Sale of software and technical services	1 221,2	1 133,6
Information services	1 118,2	1 185,8
Financial marketplace services	747,4	497,0
Other	1 846,1	856,2
<b>Total fee and commission income</b>	<b>37 487,2</b>	<b>41 554,0</b>

### 4. Interest Income

	Year ended December 31, 2022	Year ended December 31, 2021
<b>Interest income calculated using the effective interest method</b>		
Interest on cash and cash equivalents and due from financial institutions	34 090,4	4 215,9
Interest income on financial assets at FVTOCI	9 521,1	8 593,2
Interest income on clients' funds	1 094,9	1 027,3
<b>Total interest income calculated using the effective interest method</b>	<b>44 706,4</b>	<b>13 836,4</b>
<b>Other interest income</b>		
Interest income on financial assets at FVTPL	173,3	439,5
<b>Total other interest income</b>	<b>173,3</b>	<b>439,5</b>
<b>Total interest income</b>	<b>44 879,7</b>	<b>14 275,9</b>

### 5. Interest Expense

	Year ended December 31, 2022	Year ended December 31, 2021
Interest expense on cash and cash equivalents and due from financial institutions	1 819,3	832,9
Interest expense on stress collateral	807,4	129,9
Interest expense on accounts of clearing participants	304,3	117,6
Interest expense on interbank loans and deposits	82,5	14,8
Interest expense on lease liabilities	40,6	83,0
Interest expense on repo agreements and other	0,1	11,9
<b>Total interest expense</b>	<b>3 054,2</b>	<b>1 190,1</b>



**Notes to the Summary Consolidated Financial Statements  
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**6. Net Gain/(Loss) on Financial Assets at Fair Value through Profit or Loss**

	Year ended December 31, 2022	Year ended December 31, 2021
Shares issued by foreign companies	868,2	(15,7)
Bonds issued by foreign companies of Russian groups	(114,5)	(49,8)
Shares issued by Russian companies	–	(14,8)
Other	22,2	(16,1)
<b>Total net gain/(loss) on financial assets at FVTPL</b>	<b>775,9</b>	<b>(96,4)</b>

**7. General and Administrative Expenses**

	Year ended December 31, 2022	Year ended December 31, 2021
Amortisation of intangible assets (Note 12)	3 184,4	2 717,6
Equipment and intangible assets maintenance	1 779,9	1 912,1
Advertising and marketing costs	1 563,6	835,5
Depreciation of property and equipment (Note 11)	1 176,0	971,9
Taxes, other than income tax	951,2	787,8
Professional services	808,0	629,6
Agent fees	453,3	328,6
Market makers fees	438,4	764,1
Registrar and foreign depository services	389,5	620,8
Rent and office maintenance	350,3	337,9
Information services	202,9	433,5
Loss on disposal of property, equipment and intangible assets	119,9	13,5
Charity	114,1	34,9
Communication services	103,9	104,3
Security expenses	29,7	29,8
Business trip expenses	22,1	16,8
Transport expenses	21,9	21,0
Other	151,8	73,2
<b>Total general and administrative expenses</b>	<b>11 860,9</b>	<b>10 632,9</b>

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

**8. Personnel Expenses**

	Year ended December 31, 2022	Year ended December 31, 2021
Employees benefits except for share-based payments	9 758,0	7 839,0
Payroll related taxes	1 960,0	1 620,8
Share-based payment expense on equity settled instruments	228,6	372,6
Share-based payment expense on cash settled instruments	35,7	49,3
<b>Total personnel expenses</b>	<b>11 982,3</b>	<b>9 881,7</b>

**Notes to the Summary Consolidated Financial Statements  
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**8. Personnel Expenses (continued)**

**Equity settled share-based program**

In July 2020 the long-term incentive program of equity settled instruments was introduced by the Group (hereinafter – “LTIP”). Program participants have the right to receive Moscow Exchange ordinary shares granted under conditions set out in the program. The LTIP program vests when employee continues to be employed by the Group at the vesting date and the Group fulfills certain financial performance results set by the program. The maximum contractual term of the contracts is five years. Program participants are entitled to receive fixed and variable number of shares, where variable number is defined as product of fixed number of shares and the sum of dividend yields for the three years preceding the vesting date. The fair value of the rights is measured at the grant date using the observable market price of Moscow Exchange shares at the grant date adjusted to take into account the variable component of the program and vesting conditions upon which the shares are granted.

The previous program of equity settled instruments ended during the year 2022. Rights to purchase equity instruments granted to some employees give 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.

The following table illustrates the number and weighted average fair value of shares granted (WAFV) and movements in rights to receive shares under the LTIP:

	Number	WAFV
<b>Outstanding at January 1, 2021</b>	<b>15 437 368</b>	<b>106,07</b>
Granted	3 742 192	114,82
Modification	(386 044)	107,73
Forfeited	(2 412 519)	109,46
<b>Outstanding at January 1, 2022</b>	<b>16 380 997</b>	<b>115,84</b>
Granted	1 061 157	91,37
Modification	(679 903)	113,27
Forfeited	(3 315 891)	111,95
<b>Outstanding at December 31, 2022</b>	<b>13 446 360</b>	<b>115,09</b>

The weighted average remaining contractual life of the outstanding instruments under new LTIP as at December 31, 2022 is 1,68 years (December 31, 2021: 2,62 years).

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

	Number	WAEP
<b>Outstanding at January 1, 2021</b>	<b>8 328 333</b>	<b>104,54</b>
Exercised (Note 15)	(2 228 138)	108,41
Redeemed	(3 983 529)	108,41
<b>Outstanding at January 1, 2022</b>	<b>2 116 666</b>	<b>93,19</b>
Exercised (Note 15)	(93 538)	89,29
Redeemed	(2 023 128)	93,19
<b>Outstanding at December 31, 2022</b>	<b>–</b>	<b>–</b>

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

**9. 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.

## Notes to the Summary Consolidated Financial Statements for the Year Ended December 31, 2022 (continued)

(in millions of Russian rubles, unless otherwise indicated)

### 9. Income Tax (continued)

The analysis of the temporary differences as at December 31, 2022 and 2021, is presented below:

	December 31, 2020	Recognised in profit or loss	Recognised in other comprehensive income	Effect of business combination	December 31, 2021	Recognised in profit or loss	Recognised in other comprehensive income	December 31, 2022
<b>Tax effect from deductible temporary differences</b>								
Cash, cash equivalents and amounts due from financial institutions	1,2	0,8	-	-	2,0	2 009,9	-	2 011,9
Financial assets at FVTPL	3,7	7,8	-	-	11,5	334,5	-	346,0
Financial assets at FVTOCI	11,8	468,4	1 409,6	-	1 889,8	1 064,3	(16,8)	2 937,3
Property and equipment	25,4	(5,5)	-	-	19,9	0,1	-	20,0
Intangible assets	17,6	18,0	-	-	35,6	18,8	-	54,4
Other assets	727,2	(229,0)	-	1,7	499,9	(121,5)	-	378,4
Distributions payable to holders of securities	-	-	-	-	-	1 401,0	-	1 401,0
Other liabilities	670,9	271,2	-	0,3	942,4	179,5	-	1 121,9
Clients' funds	5,2	-	-	-	5,2	-	-	5,2
Tax loss carried forward	10,4	2,5	-	-	12,9	(2,8)	-	10,1
<b>Total tax effect from deductible temporary differences</b>	<b>1 473,4</b>	<b>534,2</b>	<b>1 409,6</b>	<b>2,0</b>	<b>3 419,2</b>	<b>4 883,8</b>	<b>(16,8)</b>	<b>8 286,2</b>
<b>Tax effect from taxable temporary differences</b>								
Cash, cash equivalents and amounts due from financial institutions	-	(4,1)	-	-	(4,1)	(1 371,9)	-	(1 376,0)
Financial assets at FVTPL	(116,6)	42,7	-	-	(73,9)	(108,2)	-	(182,1)
Financial assets at FVTOCI	(879,2)	879,2	-	-	-	(4,3)	-	(4,3)
Property and equipment	(378,1)	58,1	-	-	(320,0)	(0,2)	-	(320,2)
Intangible assets	(2 186,8)	232,0	-	(104,2)	(2 059,0)	254,9	-	(1 804,1)
Other assets	(6,0)	6,1	-	(0,1)	-	(0,7)	-	(0,7)
Other liabilities	(1,6)	1,3	-	(0,5)	(0,8)	(0,9)	-	(1,7)
<b>Total tax effect from taxable temporary differences</b>	<b>(3 568,3)</b>	<b>1 215,3</b>	<b>-</b>	<b>(104,8)</b>	<b>(2 457,8)</b>	<b>(1 231,3)</b>	<b>-</b>	<b>(3 689,1)</b>
<b>Deferred income tax assets</b>	<b>72,6</b>	<b>1 079,5</b>	<b>1 409,6</b>	<b>2,0</b>	<b>2 563,7</b>	<b>3 514,3</b>	<b>(16,8)</b>	<b>6 061,2</b>
<b>Deferred income tax liabilities</b>	<b>(2 167,5)</b>	<b>670,0</b>	<b>-</b>	<b>(104,8)</b>	<b>(1 602,3)</b>	<b>138,2</b>	<b>-</b>	<b>(1 464,1)</b>

## Notes to the Summary Consolidated Financial Statements for the Year Ended December 31, 2022 (continued)

(in millions of Russian rubles, unless otherwise indicated)

### 9. Income Tax (continued)

Deferred tax assets increase as at December 31, 2022 was mainly driven by changes in mark-to-market and forex revaluation of financial assets at FVTOCI.

Tax effect from deductible temporary differences on other assets is mainly represented by the differences from created provisions on other financial assets. Deductible temporary differences on other liabilities is mainly represented by differences from the personnel remuneration provision and other accruals.

Reconciliation of income tax expense and accounting profit for the year ended December 31, 2022 and December 31, 2021, are explained below:

	Year ended December 31, 2022	Year ended December 31, 2021
<b>Profit before income tax</b>	<b>45 310,6</b>	<b>34 981,7</b>
<b>Tax at the statutory tax rate (20%)</b>	<b>9 062,1</b>	<b>6 996,3</b>
Tax effect of income taxed at rates different from the prime rate	(404,4)	(390,9)
Permanent differences relating to equity-settled share-based program	(1,0)	150,4
Non-deductible expenses for tax purposes	365,0	121,0
Adjustments in respect of current and deferred income tax of previous years	(4,8)	7,2
Differences between 20% and income tax rate adopted in jurisdiction of subsidiary	2,6	0,2
<b>Income tax expense</b>	<b>9 019,5</b>	<b>6 884,2</b>
Current income tax expense	12 676,8	8 626,5
Current income tax expense related to previous years	(4,8)	7,2
Deferred taxation movement due to origination and reversal of temporary differences	(3 652,5)	(1 749,5)
<b>Income tax expense</b>	<b>9 019,5</b>	<b>6 884,2</b>

### 10. Financial Assets at Fair Value through Profit or Loss

	December 31, 2022	December 31, 2021
Bonds issued by foreign companies of Russian groups	1 632,0	14 564,3
Shares issued by foreign companies	1 289,4	421,2
Shares issued by Russian companies	210,5	111,3
Derivative financial instruments	22,4	542,3
<b>Total financial assets at FVTPL</b>	<b>3 154,3</b>	<b>15 639,1</b>

The table below shows the analysis of derivatives of the Group as at December 31, 2022 and as at December 31, 2021:

	Fair value of principal amount or agreed amount		Assets – positive fair value	Liabilities – negative fair value
	Receivables	Payables		
<b>December 31, 2022</b>				
Currency swaps	77 594,0	(79 153,2)	22,4	(1 581,6)
<b>December 31, 2021</b>				
Currency swaps	34 290,4	(33 748,8)	542,3	(0,7)

As at December 31, 2022, the negative fair value of derivative financial instruments in the amount of RUB 1 581,6 million is included in other liabilities (Note 14) (December 31, 2021: RUB 0,7 million).

**Notes to the Summary Consolidated Financial Statements  
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(in millions of Russian rubles, unless otherwise indicated)

**11. Property and Equipment**

	Land	Buildings and other real estate	Furniture and equip- ment	Construc- tion in progress	Right-of- use assets	Total
<b>Cost</b>						
<b>December 31, 2020</b>	<b>208,5</b>	<b>5 798,6</b>	<b>8 072,7</b>	<b>4,5</b>	<b>1 037,4</b>	<b>15 121,7</b>
Additions	–	–	1 304,5	17,7	14,2	<b>1 336,4</b>
Acquisition through business combination	–	–	10,9	–	15,8	<b>26,7</b>
Reclassification	–	–	4,0	(4,0)	–	–
Disposals	–	–	(189,4)	–	(22,6)	<b>(212,0)</b>
Effect of movements in exchange rates	–	–	–	–	0,1	<b>0,1</b>
Modification and remeasurement	–	–	–	–	52,6	<b>52,6</b>
<b>December 31, 2021</b>	<b>208,5</b>	<b>5 798,6</b>	<b>9 202,7</b>	<b>18,2</b>	<b>1 097,5</b>	<b>16 325,5</b>
Additions	–	–	585,0	2,7	15,7	<b>603,4</b>
Reclassification	–	–	17,7	(17,7)	–	–
Disposals	–	–	(277,9)	–	(0,8)	<b>(278,7)</b>
Modification and remeasurement	–	–	–	–	(732,5)	<b>(732,5)</b>
<b>December 31, 2022</b>	<b>208,5</b>	<b>5 798,6</b>	<b>9 527,5</b>	<b>3,2</b>	<b>379,9</b>	<b>15 917,7</b>
<b>Accumulated depreciation</b>						
<b>December 31, 2020</b>	–	<b>1 789,0</b>	<b>6 800,8</b>	–	<b>72,0</b>	<b>8 661,8</b>
Charge for the period	–	116,1	743,4	–	112,4	<b>971,9</b>
Disposals	–	–	(188,4)	–	(16,0)	<b>(204,4)</b>
<b>December 31, 2021</b>	–	<b>1 905,1</b>	<b>7 355,8</b>	–	<b>168,4</b>	<b>9 429,3</b>
Charge for the period	–	116,1	927,4	–	132,5	<b>1 176,0</b>
Disposals	–	–	(277,6)	–	(0,1)	<b>(277,7)</b>
Other	–	–	0,6	–	–	<b>0,6</b>
<b>December 31, 2022</b>	–	<b>2 021,2</b>	<b>8 006,2</b>	–	<b>300,8</b>	<b>10 328,2</b>
<b>Net book value</b>						
<b>December 31, 2021</b>	<b>208,5</b>	<b>3 893,5</b>	<b>1 846,9</b>	<b>18,2</b>	<b>929,1</b>	<b>6 896,2</b>
<b>December 31, 2022</b>	<b>208,5</b>	<b>3 777,4</b>	<b>1 521,3</b>	<b>3,2</b>	<b>79,1</b>	<b>5 589,5</b>

As at December 31, 2022, historical cost of fully depreciated property and equipment amounts to RUB 6 465,9 million (December 31, 2021: RUB 6 111,4 million).

As at December 31, 2022, the book value of right-of-use assets is represented by leased buildings in the amount of RUB 67,0 million and IT equipment (furniture and equipment) in the amount of RUB 12,2 million (December 31, 2021: RUB 918,6 million and RUB 10,5 million).

During the year ended December 31, 2022 the Group modified the right-of-use assets due to significant decrease of the lease term of one leased building contract and other not significant modifications.

The amounts recognized in profit or loss related to Group's lease contracts are as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
<b>Amounts recognised in profit or loss</b>		
Depreciation expense on right-of-use assets	132,5	112,4
Interest expense on lease liabilities	40,6	83,0
Expense relating to short-term leases	14,8	20,1
<b>Total</b>	<b>187,9</b>	<b>215,5</b>

**Notes to the Summary Consolidated Financial Statements  
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(in millions of Russian rubles, unless otherwise indicated)

**12. Intangible Assets**

	Software and licenses	Client base	Intangible assets development	Total
<b>Cost</b>				
<b>December 31, 2020</b>	<b>9 437,9</b>	<b>19 606,7</b>	<b>1 242,5</b>	<b>30 287,1</b>
Acquisition through business combination	380,7	157,6	8,9	<b>547,2</b>
Additions	1 358,7	–	927,7	<b>2 286,4</b>
Reclassification	677,1	–	(677,1)	–
Disposals	(64,9)	–	(9,6)	<b>(74,5)</b>
<b>December 31, 2021</b>	<b>11 789,5</b>	<b>19 764,3</b>	<b>1 492,4</b>	<b>33 046,2</b>
Additions	2 503,4	–	1 087,6	<b>3 591,0</b>
Reclassification	1 085,7	–	(1 085,7)	–
Disposals	(307,7)	–	(35,1)	<b>(342,8)</b>
<b>December 31, 2022</b>	<b>15 070,9</b>	<b>19 764,3</b>	<b>1 459,2</b>	<b>36 294,4</b>
<b>Accumulated amortisation and impairment</b>				
<b>December 31, 2020</b>	<b>4 779,6</b>	<b>8 638,9</b>	–	<b>13 418,5</b>
Charge for the period	1 538,3	1 179,3	–	<b>2 717,6</b>
Disposals	(61,0)	–	–	<b>(61,0)</b>
<b>December 31, 2021</b>	<b>6 256,9</b>	<b>9 818,2</b>	–	<b>16 075,1</b>
Charge for the period	1 992,5	1 191,9	–	<b>3 184,4</b>
Impairment	9,3	–	–	<b>9,3</b>
Disposals	(222,9)	–	–	<b>(222,9)</b>
<b>December 31, 2022</b>	<b>8 035,8</b>	<b>11 010,1</b>	–	<b>19 045,9</b>
<b>Net book value</b>				
<b>December 31, 2021</b>	<b>5 532,6</b>	<b>9 946,1</b>	<b>1 492,4</b>	<b>16 971,1</b>
<b>December 31, 2022</b>	<b>7 035,1</b>	<b>8 754,2</b>	<b>1 459,2</b>	<b>17 248,5</b>

The client bases have been recognized on acquisition of subsidiaries by the Group. The Group's purchased client bases represent the customer relationships with professional market participants acquired in 2011 and the customer relationships with financial institutions acquired in 2021. The amortization periods remaining on these assets are between 7,32 to 8,84 years.

During the year 2022 the Group's impairment of software and licenses amounted to RUB 9,3 million (December 31, 2021: no impairment).

**13. Clients' Funds**

	December 31, 2022	December 31, 2021
<b>Financial liabilities measured at amortised cost</b>		
Other current and settlement accounts	583 599,1	141 822,3
Accounts of clearing participants	484 219,1	518 140,4
Stress collateral	8 463,5	35 972,3
Risk-covering funds	4 309,4	5 370,3
<b>Total financial liabilities measured at amortised cost</b>	<b>1 080 591,1</b>	<b>701 305,3</b>
<b>Non-financial liabilities at FVTPL</b>		
Accounts of clearing participants in precious metals	32 198,7	17 089,9
<b>Total non-financial liabilities at FVTPL</b>	<b>32 198,7</b>	<b>17 089,9</b>
<b>Total clients' funds</b>	<b>1 112 789,8</b>	<b>718 395,2</b>

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**14. Other Liabilities**

	December 31, 2022	December 31, 2021
<b>Other financial liabilities</b>		
Derivative financial liabilities (Note 10)	1 581,6	0,7
Trade and other payables	859,5	1 321,8
Payables to employees	512,0	407,3
Lease liabilities	109,5	981,0
NCI acquisition liability	80,0	160,0
Dividends payable	1,2	1,6
<b>Total other financial liabilities</b>	<b>3 143,8</b>	<b>2 872,4</b>
<b>Other non-financial liabilities</b>		
Personnel remuneration provision	3 275,1	2 350,6
Tax agent liabilities regarding distributions payable to holders of securities	2 923,7	3 213,6
Taxes payable, other than income tax	842,0	787,0
Advances received	405,0	401,6
<b>Total other liabilities</b>	<b>10 589,6</b>	<b>9 625,2</b>

	December 31, 2022	December 31, 2021
<b>Maturity analysis of lease liabilities</b>		
Less than one year	100,5	171,7
One to two years	9,2	166,2
Two to three years	1,5	164,3
Three to four years	1,5	158,5
Four to five years	1,5	158,5
More than 5 years	0,9	552,2
Less: unearned interest	(5,4)	(390,3)
<b>Lease liabilities</b>	<b>109,5</b>	<b>981,0</b>

The table below details changes in the Group's lease liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's summary consolidated statement of cash flows as cash flows from financing activities.

<b>January 1, 2021</b>	<b>985,5</b>
Financing cash flows	(163,0)
Modification and remeasurement	52,6
New leases	14,2
Acquisition through business combination	15,8
Other changes	75,9
<b>December 31, 2021</b>	<b>981,0</b>
Financing cash flows	(194,5)
Modification and remeasurement	(732,5)
New leases	15,7
Other changes	39,8
<b>December 31, 2022</b>	<b>109,5</b>

**Notes to the Summary Consolidated Financial Statements  
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**15. 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)
<b>December 31, 2020</b>	<b>2 276 401 458</b>	<b>(18 551 238)</b>
Purchase of treasury shares	–	(2 600 000)
Treasury shares transferred	–	483
Exercised equity instruments (Note 8)	–	2 228 138
<b>December 31, 2021</b>	<b>2 276 401 458</b>	<b>(18 922 617)</b>
Exercised equity instruments (Note 8)	–	93 538
<b>December 31, 2022</b>	<b>2 276 401 458</b>	<b>(18 829 079)</b>

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

As at December 31, 2022 and December 31, 2021, the number of authorized shares is 12 095 322 151.

During the year ended December 31, 2022 the Group distributed to employees 93 538 treasury shares under exercised equity instruments (December 31, 2021: 2 228 138 treasury shares) (Note 8).

**16. 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.

	Year ended December 31, 2022	Year ended December 31, 2021
<b>Net profit attributable to ordinary equity holders of the parent</b>	<b>36 271,1</b>	<b>28 095,1</b>
<b>Weighted average number of shares</b>	<b>2 257 555 978</b>	<b>2 257 681 433</b>
Effect of dilutive share options	14 711 915	17 885 066
<b>Weighted average number of shares adjusted for the effect of dilution</b>	<b>2 272 267 893</b>	<b>2 275 566 499</b>
Basic earnings per share, RUB	16,07	12,45
Diluted earnings per share, RUB	15,96	12,35

## Notes to the Summary Consolidated Financial Statements for the Year Ended December 31, 2022 (continued)

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### 17. 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 summary consolidated financial statements.

**Taxation** – Major part of the Group’s business activity is carried out in the Russian Federation. Russian tax, currency and customs legislation as currently in effect is vaguely drafted and is subject to varying interpretations, selective and inconsistent application and changes, which can occur frequently, at short notice and may apply retrospectively. Management’s interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and federal authorities. Recent trends in tax law enforcement practice indicate that the tax authorities and courts may be taking a more assertive position in their interpretation and application of this legislation and assessments. It is therefore possible that transactions and activities of the Group that have not been challenged in the past may be challenged at any time in the future. As a result, significant additional taxes, penalties and late payment interest may be assessed by the relevant authorities. Generally fiscal periods remain open and subject to review by the Russian tax authorities for a period of three calendar years immediately preceding the year in which the decision to conduct a tax review is taken. Under certain circumstances tax reviews may cover longer periods.

As at December 31, 2022 management believes that its interpretation of the relevant legislation is appropriate and that the Group’s tax, currency and customs positions should be sustained vis-à-vis tax authorities and courts.

### 18. Events after the Reporting Date

There were no events after the reporting date December 31, 2022.