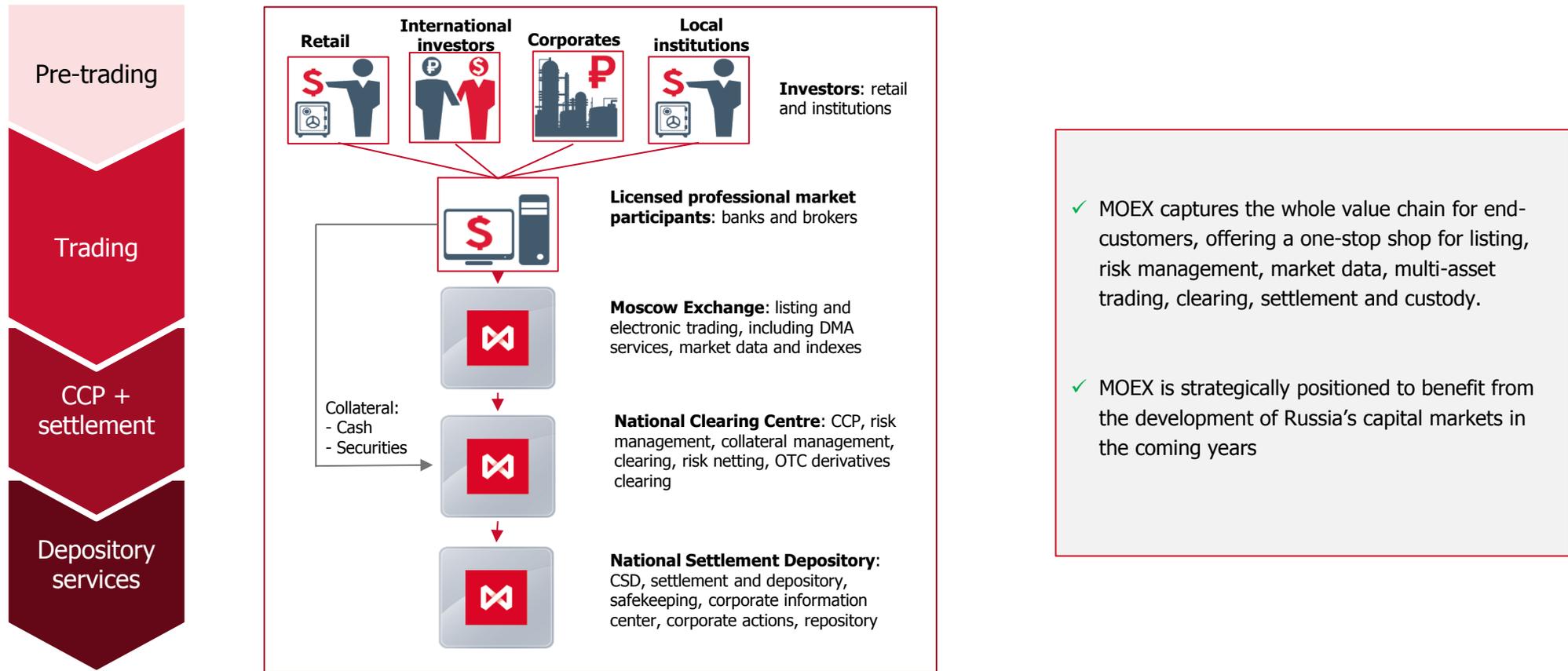


**MOSCOW
EXCHANGE**

April, 2019

RUSSIAN DEBT MARKET

Moscow Exchange Group: Capturing the whole value chain



- ✓ MOEX captures the whole value chain for end-customers, offering a one-stop shop for listing, risk management, market data, multi-asset trading, clearing, settlement and custody.
- ✓ MOEX is strategically positioned to benefit from the development of Russia's capital markets in the coming years

- ✓ Fully vertically integrated infrastructure with regulation and oversight by the Bank of Russia (CBR)
- ✓ Investors trade through brokers and banks, which are licensed locally and have access to MOEX markets
- ✓ Single-tier clearing system requires all participants to provide eligible collateral to trade any asset class, while pre-trade risk checks prevent "fat fingers"/"flash crash" problems
- ✓ The market is open for competition (except the CSD) since its inception, but barriers to entry are very high due to MOEX's post-trade infrastructure and on-exchange market efficiency. However, the environment is competitive, with OTC being a key source of competition

Leading positions in a global context in 2018

3rd largest exchange in fixed income¹

Rank	Exchange	Country	Trading vol. (USD bln)	Incl. REPOs
1	BME	Spain	6 791	✓
2	Oslo Borse	Norway	3 885	✓
3	Moscow Exchange	Russia	3 668	✓
4	Johannesburg SE	South Africa	2 341	✓
5	Korea Exchange	Korea	2 193	×
6	Bolsa de Valores de Colombia	Columbia	333	×
7	LSE Group	UK	297	×
8	Shanghai SE	China	295	×
9	Nasdaq OMX	USA	277	✓
10	Santiago SE	Chile	249	✓

6th largest exchange in derivatives²

Rank	Exchange	Country	Contracts traded (mln)
1	CME Group	USA	4 764
2	NSE India	India	3 808
3	BM&FBOVESPA	Brazil	2 246
4	ICE&NYSE	USA	2 212
5	Deutsche Boerse	Germany	1 931
6	Moscow Exchange	Russia	1 499
7	CBOE	USA	1 434
8	Korea Exchange	Korea	1 411
9	Nasdaq OMX	USA	1 270
10	Shanghai Fut. Exchange	China	1 175

Among top 25 exchanges by equity trading volumes globally³

Rank	Exchange	Country	Mkt Cap (USD bln)	Securities listed	Trading vol. (USD bln)
1	ICE&NYSE	USA	20 679	2 285	19 341
2	Nasdaq OMX	USA	11 080	4 077	17 639
3	Shenzhen SE	China	2 405	2 134	7 563
4	Japan Exchange	Japan	5 297	3 657	6 297
5	Shanghai SE	China	3 919	1 450	6 116
6	LSE Group	UK	3 638	2 479	2 548
7	Korea Exchange	Korea	1 414	2 207	2 521
8	HKEx	Hong Kong	3 819	2 315	2 340
9	Euronext	EU	3 730	1 208	2 203
10	Deutsche Boerse	Germany	1 755	514	1 818
...
24	Moscow Exchange	Russia	576	225	167

14th largest publically listed exchange by Mkt Cap⁴

Rank	Exchange	Country	Mkt Cap (USD bln)
1	CME	USA	66.7
2	ICE&NYSE	USA	43.2
3	HKEx	Hong Kong	38.4
4	Deutsche Boerse	Germany	25.3
5	LSE Group	UK	20.1
6	BM&FBovespa	Brazil	16.2
7	Nasdaq OMX	USA	13.7
8	CBOE	USA	10.9
9	Japan Exchange	Japan	9.8
10	ASX	Australia	8.8
11	SGX	Singapore	5.8
12	Euronext	EU	4.2
13	BATS	USA	3.4
14	Moscow Exchange	Russia	3.2

Sources: Moscow Exchange, WFE as of 22.01.2019, Bloomberg, LSE Group (for LSE Group data)

1. Due to different methodologies applied, data on fixed income trading may not be directly comparable among exchanges. Data for 2018
2. Data for 2018
3. Top equity trading exchanges are ranked by trading volume. Ranking without BATS (excluded due to absence of data for market capitalization and number of listed companies). Data for 2018
4. Market capitalization of public exchanges based on Bloomberg data as of 22 January 2019



**MOSCOW
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Key facts about Russia

DOING BUSINESS 2019

31th place (35th in 2018)

All financial assets are available to foreign investors

Diversified economic structure

High-yielding and underpriced assets
MSCI Russia P/E **4.9x** vs **15.5x** MSCI World P/E
One of the highest dividend yield: **7.0%**

No capital restrictions,
RUB is fully convertible

International reserves
>USD 470 BLN
Foreign debt to GDP 33%

Russian economy – the sixth largest in the world

Investment grade
sovereign credit rating
(BBB-) S&P, FITCH

Stable economic situation

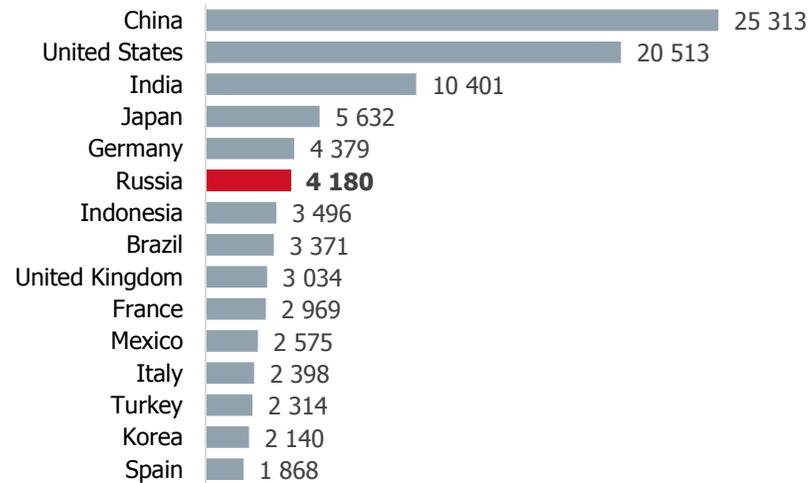
Secure and reliable
financial infrastructure
Systemically important infrastructure as recognized by the Bank of Russia



Russian economy outlook

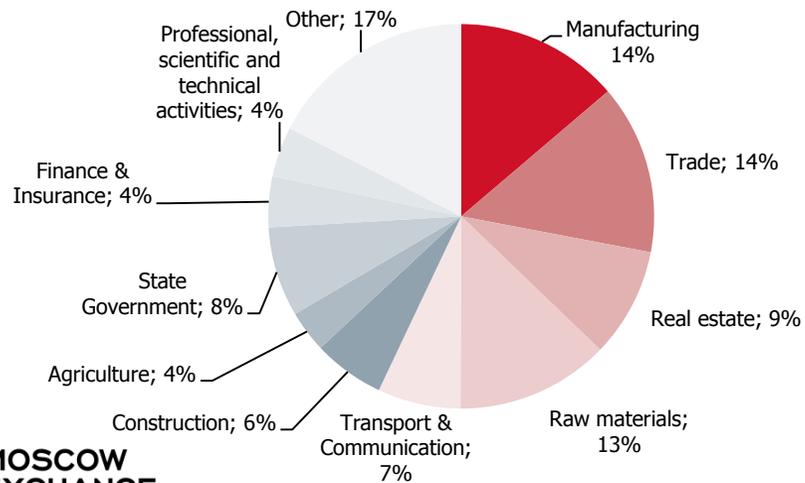
World 6th largest economy

'2018 GDP in USD bln (purchasing power parity) IMF data



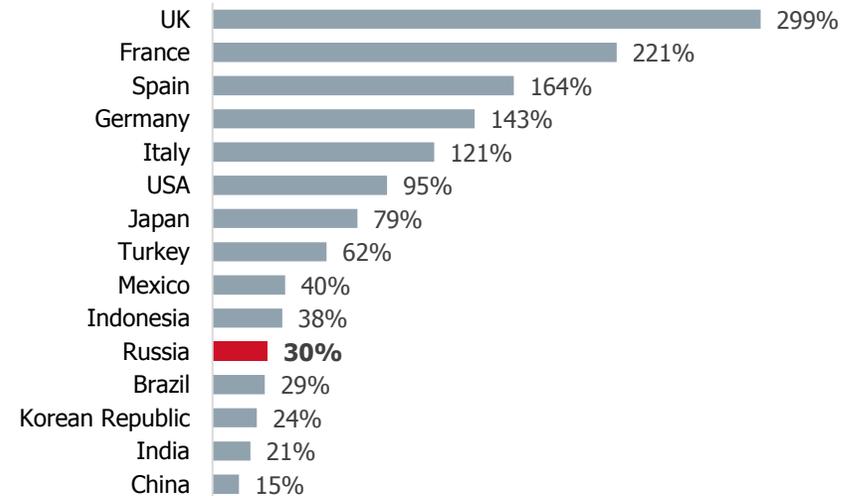
Diversified economy despite oil and gas shift

Russia: GDP by industry, 2018

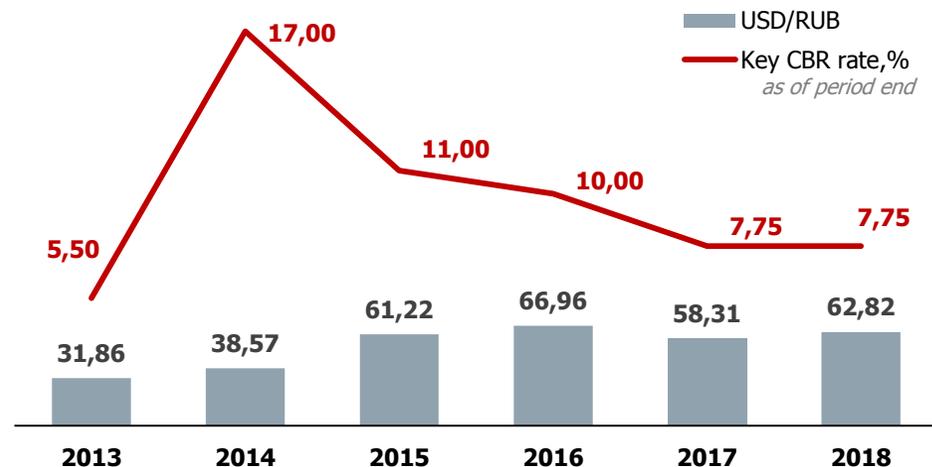


One of the lowest debt burdens

External debt/GDP %



CBR Key rate steadily decreases on the back of stabilized RUB exchange rate



Current value of CBR Key rate: 7.5

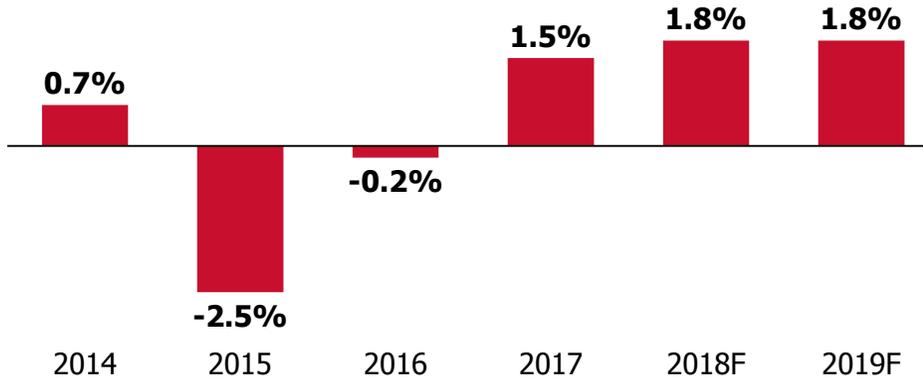


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Russian macro (1/2)

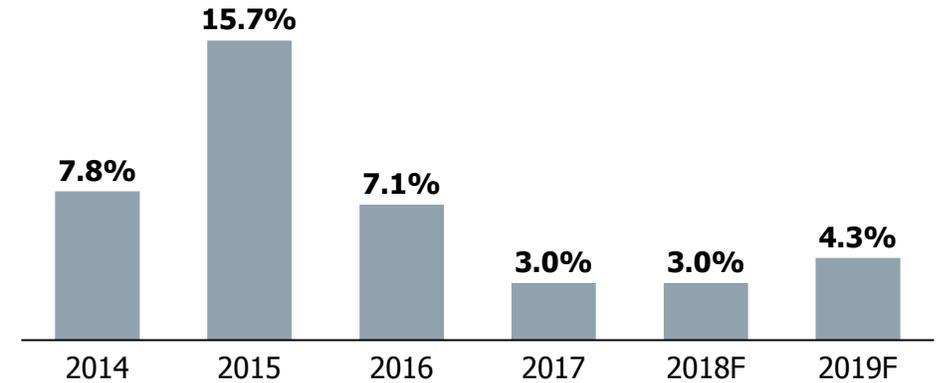
Real GDP growth

% y-o-y



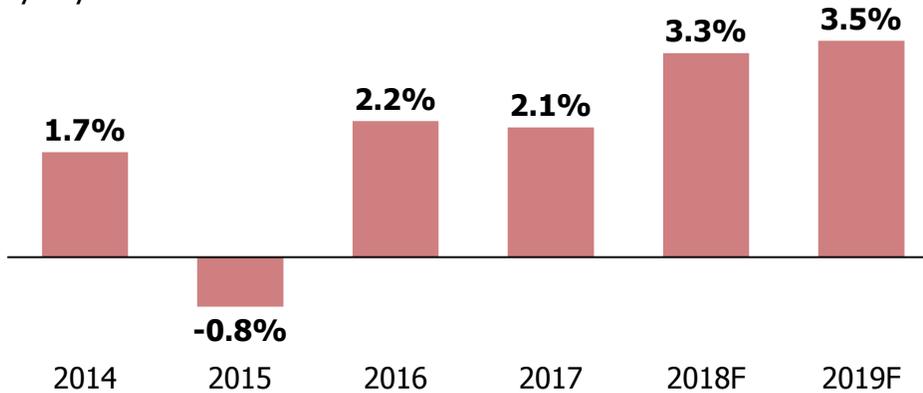
Inflation

year average % y-o-y



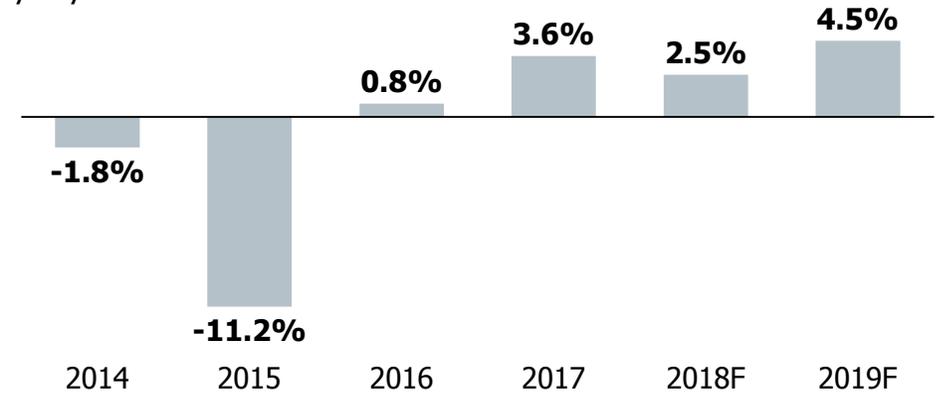
Industrial production growth

% y-o-y



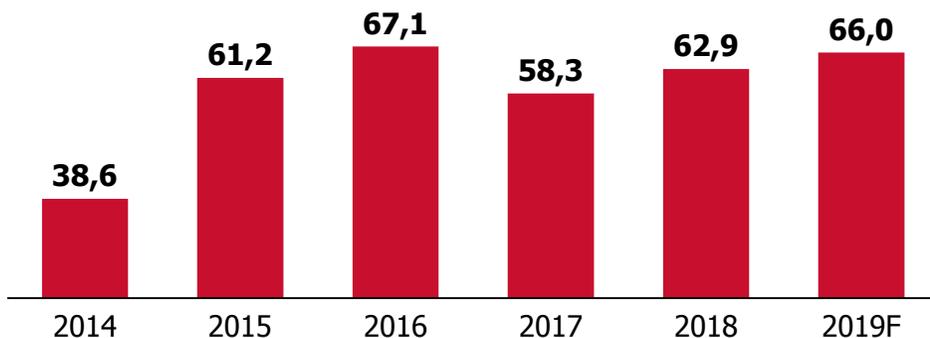
Gross fixed investment

% y-o-y



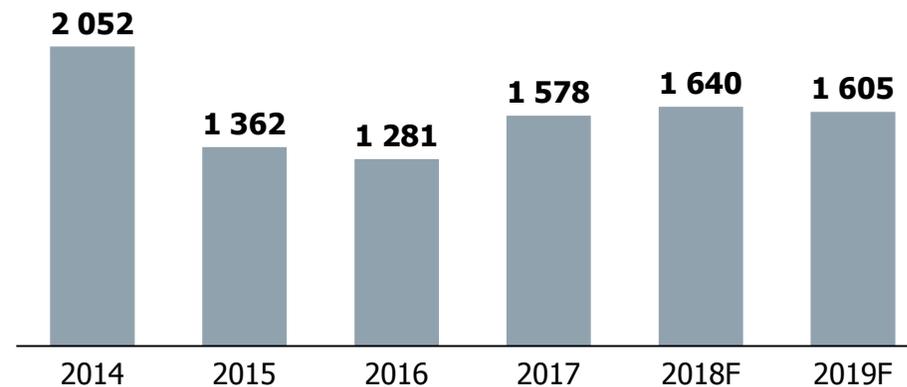
Russian macro (2/2)

USD/RUB



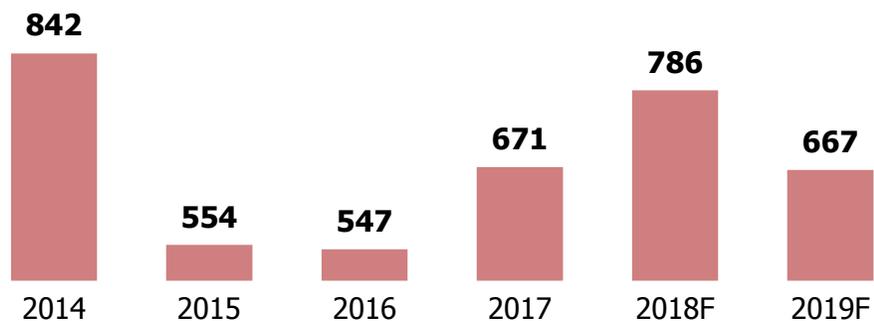
Nominal GDP

Bln USD



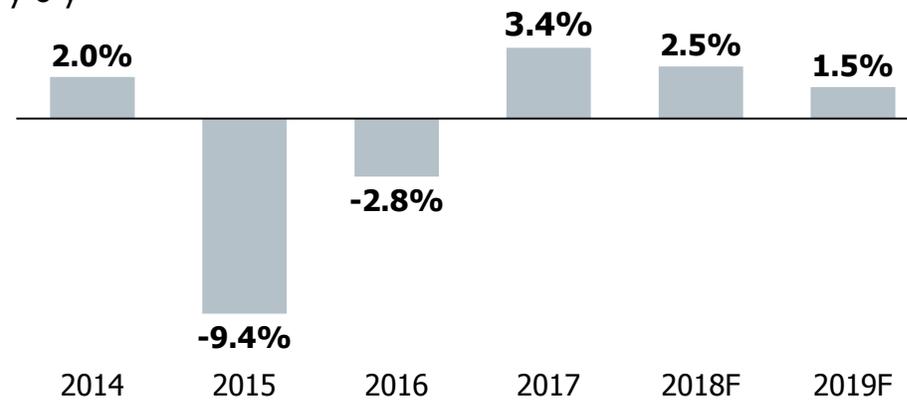
Average wages

USD



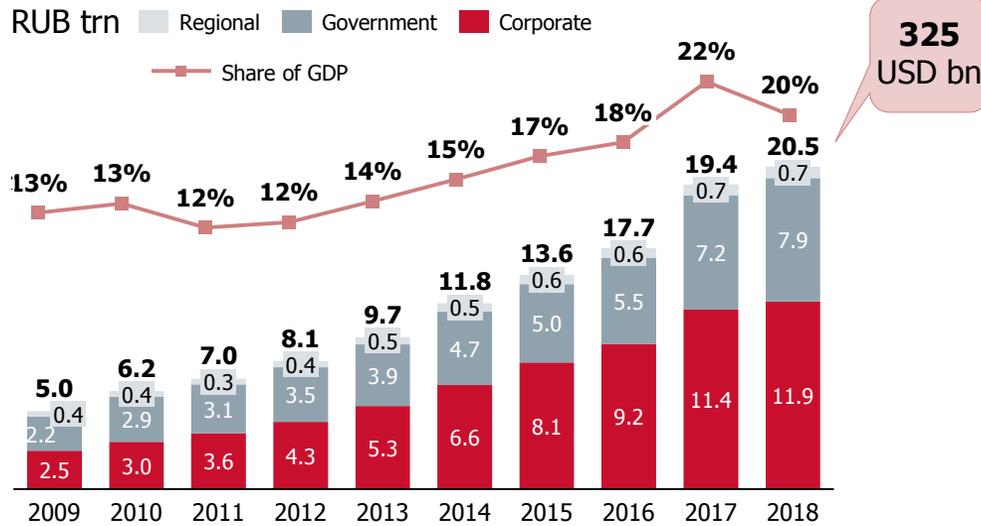
Personal Consumption expenditures

% y-o-y

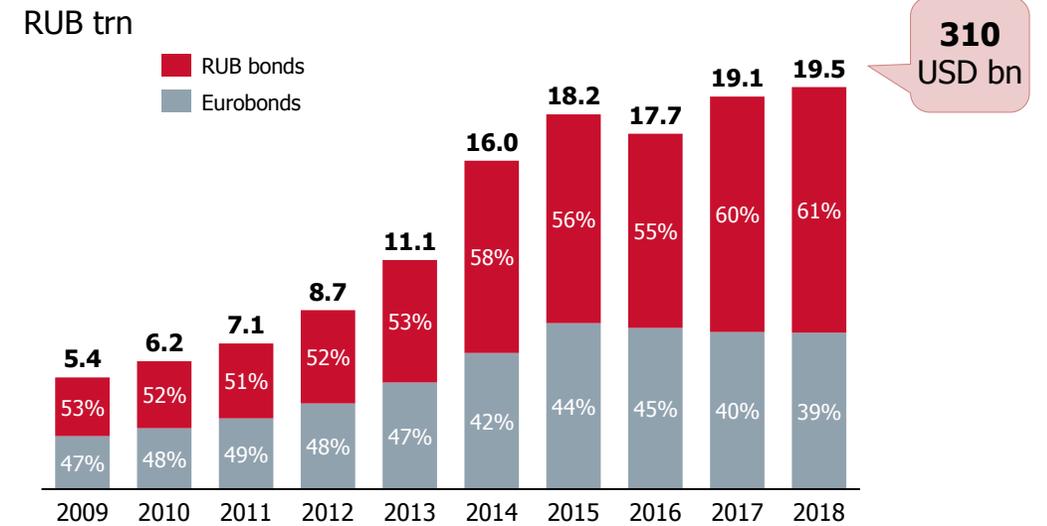


Bond market: High potential

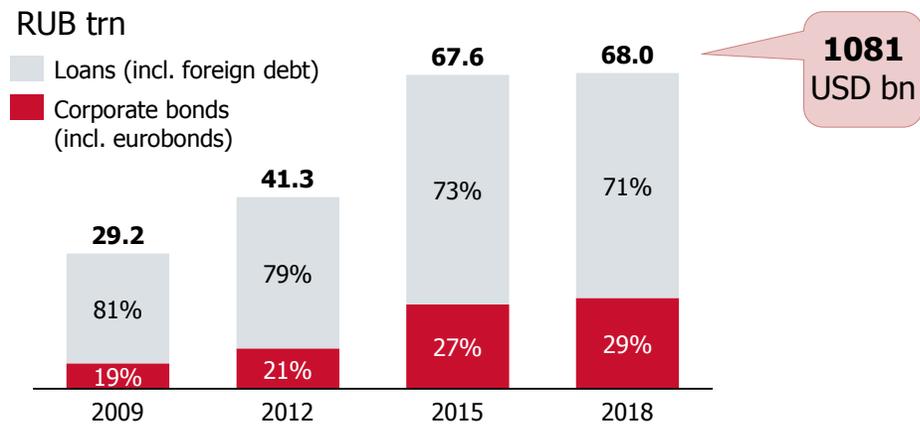
Growth of outstanding local bonds



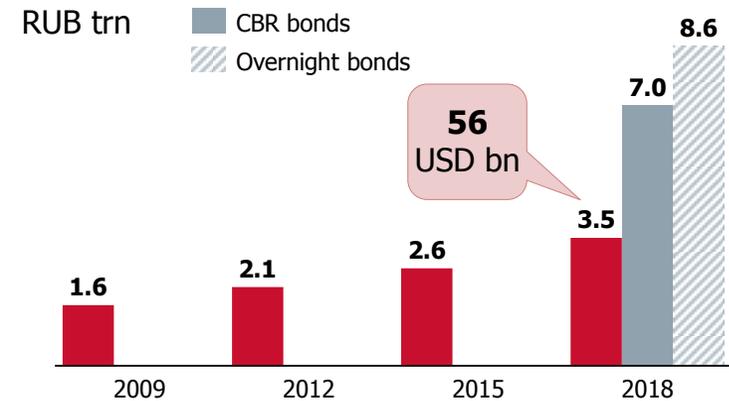
Local bonds vs Eurobonds of Russian corporates²



Corporate loans vs corporate bonds in Russia



Bond primary market trading volume



Sources: Bank of Russia, Cbonds, Rosstat, Moscow Exchange

1 RUB-denominated bonds traded on MOEX's Bond Market in January 2018

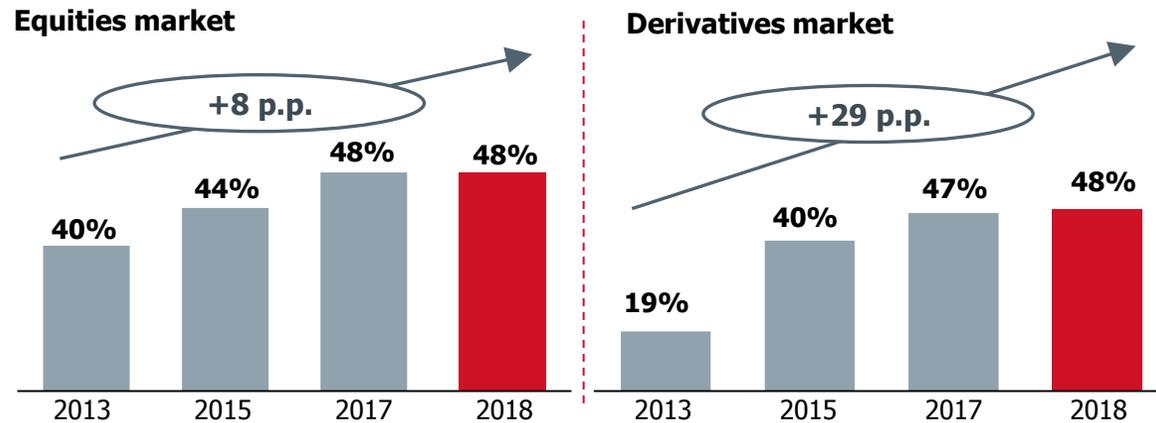
2 Including banks and financial institutions. Data for 2018 as of 31 December 2018



MOSCOW EXCHANGE

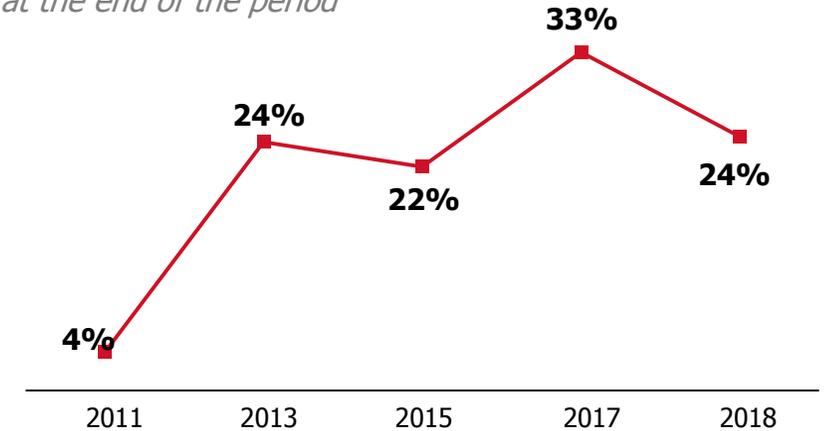
Russian assets attracting foreign investors

Share of non-residents in trade volumes on the Moscow Exchange markets, %



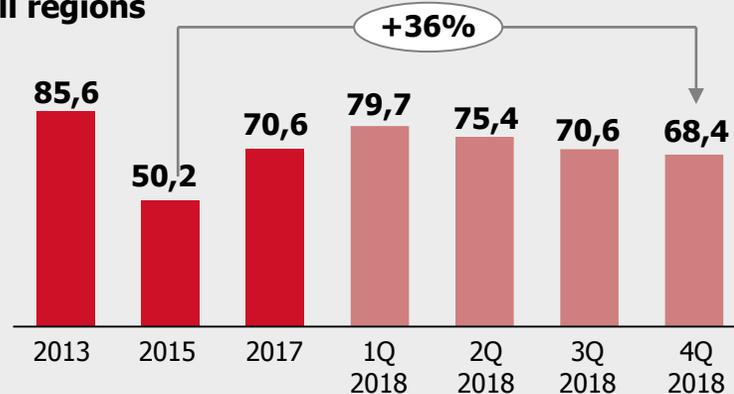
Share of non-residents in OFZ, %

at the end of the period

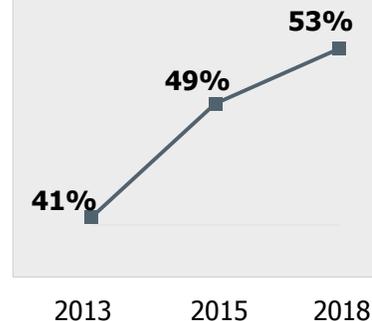


UK, Europe and North America Foreign funds investment in Russian equities, bln USD

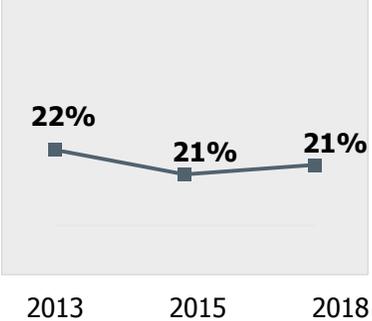
All regions



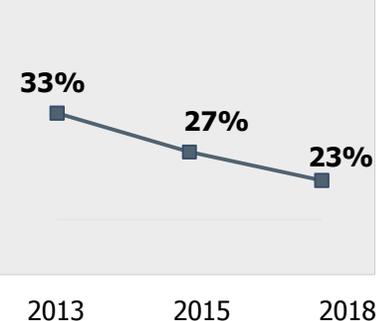
USA & Canada



UK



Europe (excluding UK)



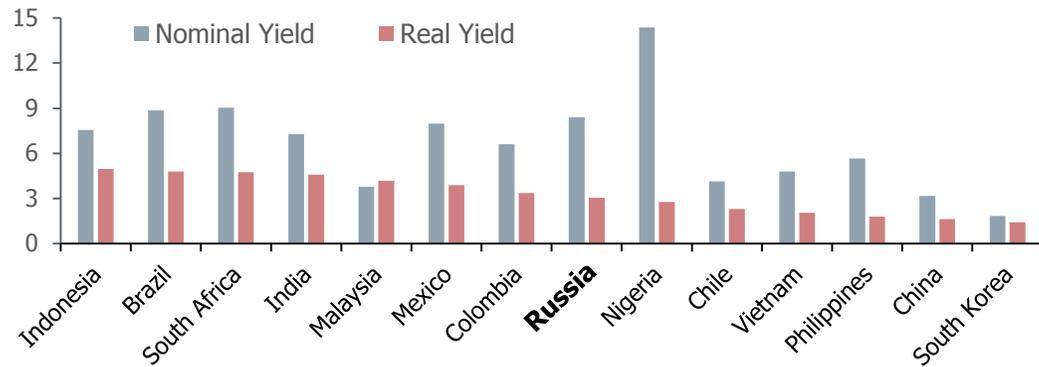
MOSCOW EXCHANGE

Source: Moscow Exchange, Bank of Russia ThomsonONE – at the end of the reporting period, including DRs on Russian equities

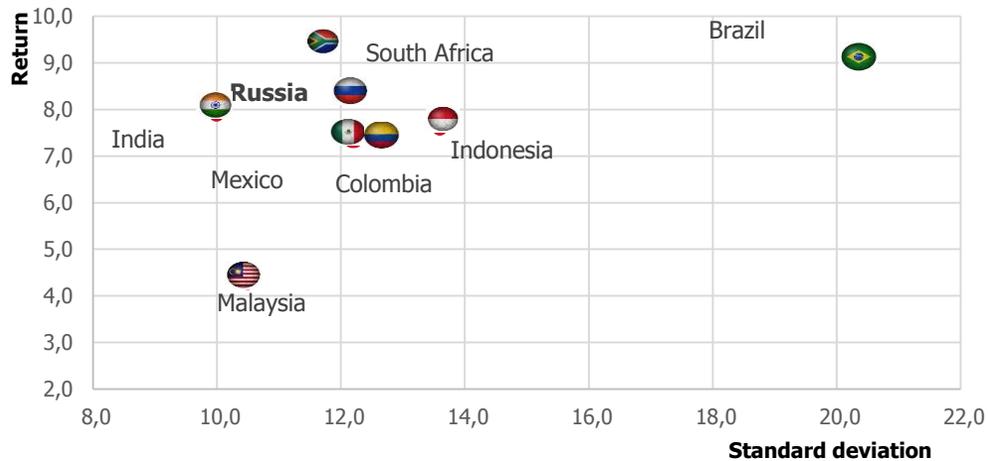
XX% → - CAGR ◆ - Share in investment volume

Sovereign Bonds (OFZ): macro and EM debt

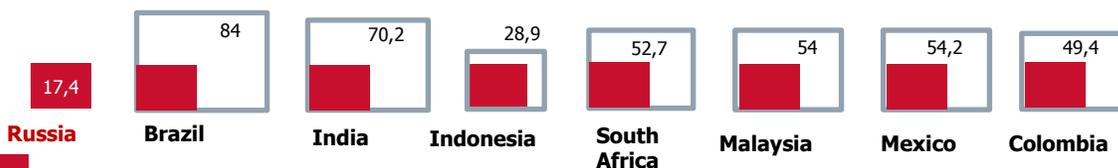
10Y Yields, %



Expected Return / Risk



Debt (public) to GDP



Yield

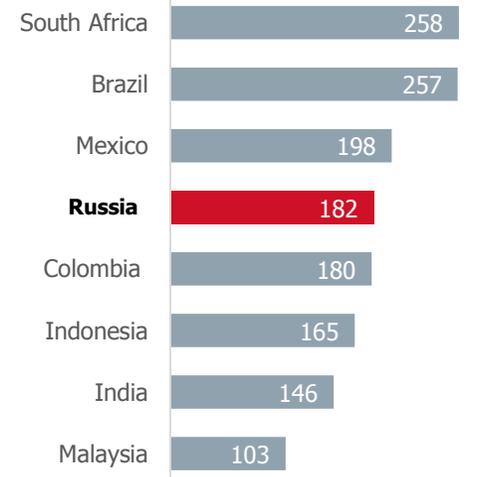


Non-resident share ~27% as of 2018.

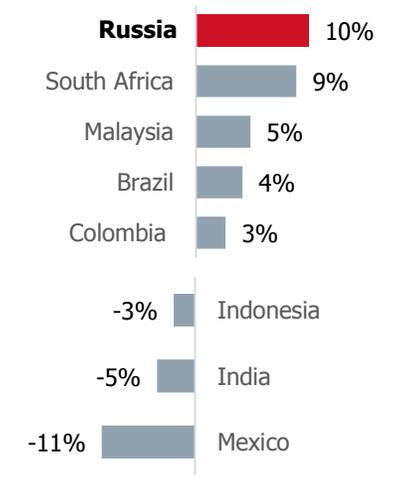
Top fund holders:

- BlackRock
- Stone Harbor Investment
- Fidelity Investment
- Allianz
- Pitcet Funds

10Y CDS

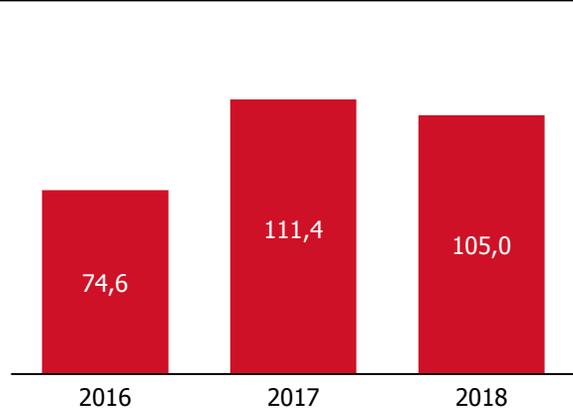


Currency performance 3 year horizon 2016-2019

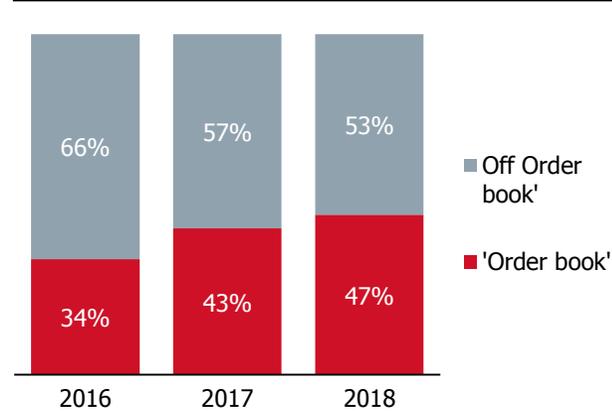


OFZ liquidity growth

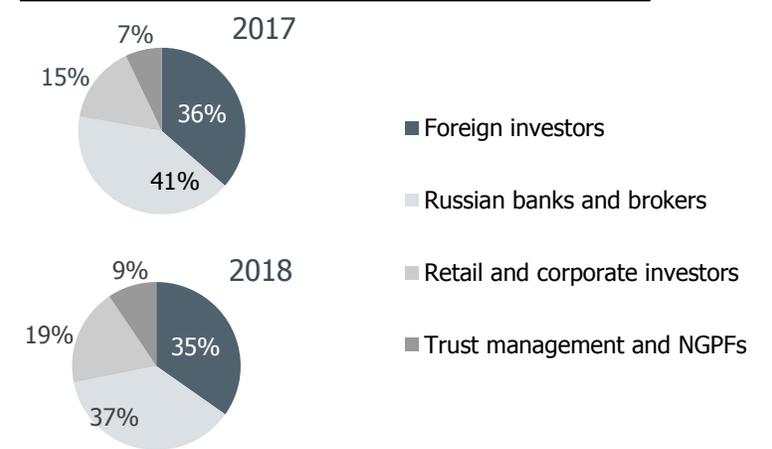
Secondary market trading, USD bln



Share of the CLOB

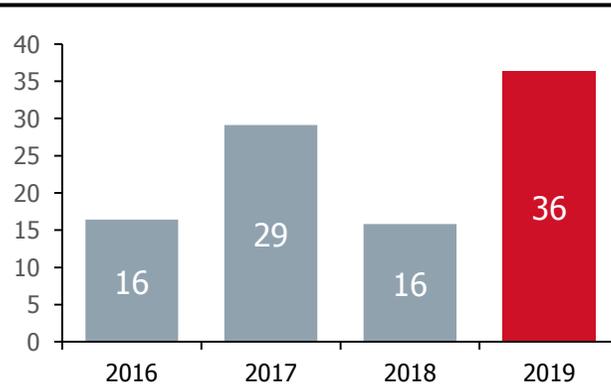


Trading activity by client groups

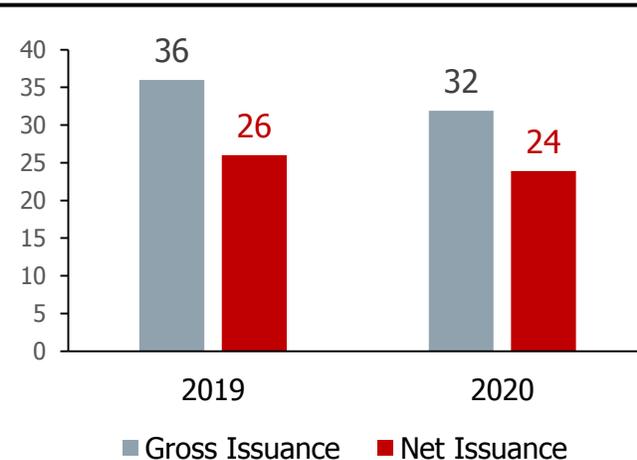


- Strong growth prospect for trading volumes and order book trading share
- Retail and domestic entities increase their trading volume
- Significant growth of new debt including new type of floaters

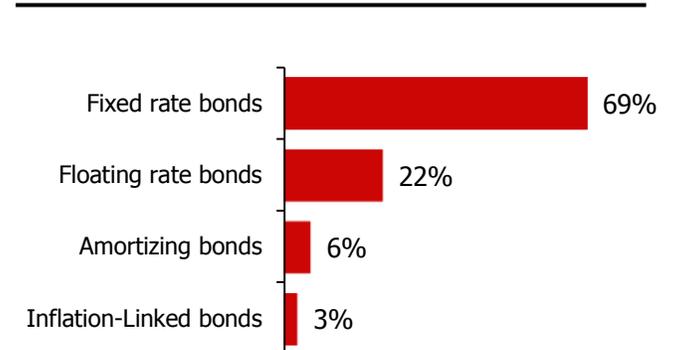
New Issue amount, USD bln



Redemption Schedule



Current Debt Structure



MOEX solution for OFZ market:

- ✓ T+1 settlement cycle
- ✓ Partial pre-funding (collateral requirements from 4% to 10%)
- ✓ Central limit order book (CLOB) and negotiated bilateral trades
- ✓ Market-making in CLOB
- ✓ OFZs used as collateral in repo trades
- ✓ Primarily placements on a weekly basis (for all market participants)
- ✓ OFZs used as underlying of derivatives contracts
- ✓ DMA/SMA for international investors
- ✓ Highly liquid OFZ REPO market with CCP
- ✓ OFZ deliverable futures with quarter expiration available



International investors at MOEX

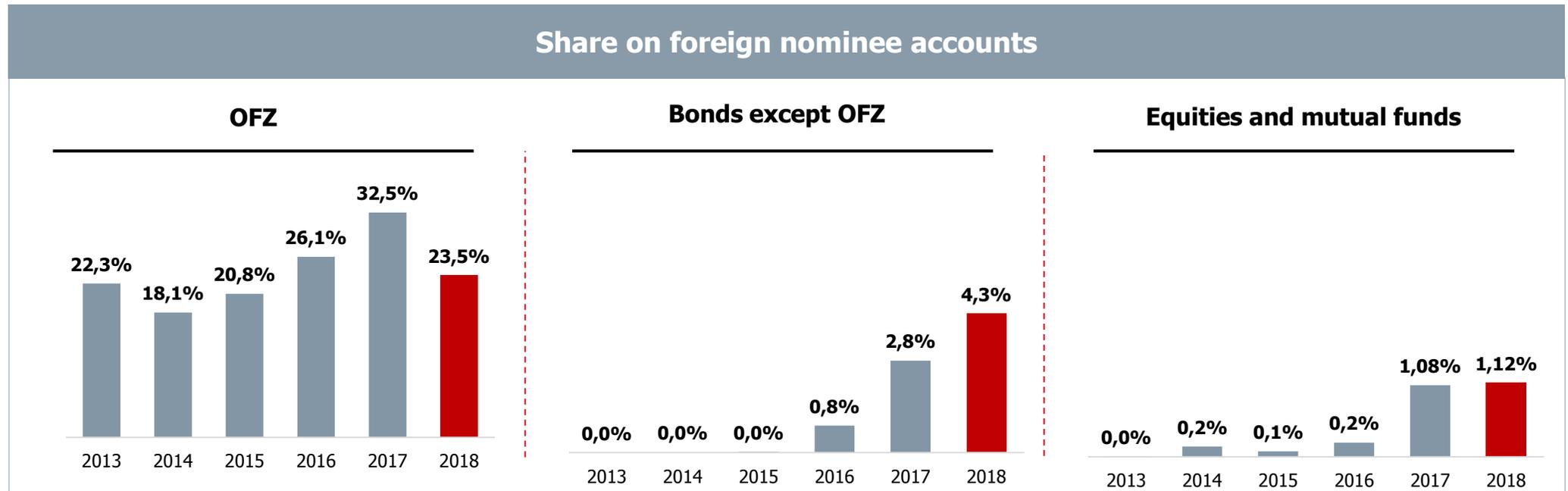
Foreign banks and brokers trade on MOEX via Russian subsidiaries

- ~16 000 accounts of foreign investors
- 25 subsidiaries of foreign banks are MOEX trading participants
- 15 subsidiaries of foreign banks have DMA access to MOEX

Key foreign participants of Equity and Bond markets at MOEX:

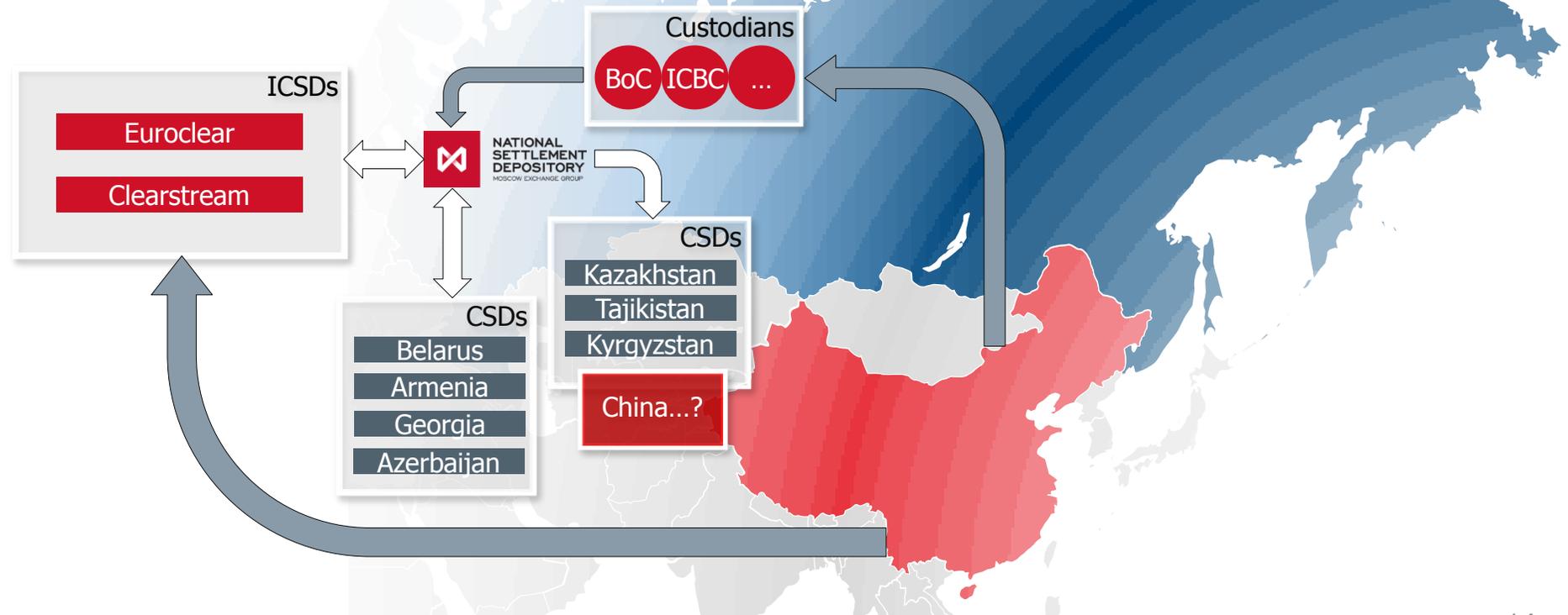
- Barclays Capital
- BNP Paribas
- Citigroup
- Credit Suisse
- ING Bank
- Goldman Sachs
- JP Morgan
- Merrill Lynch
- Morgan Stanley
- HSBC
- Raiffaisenbank
- UBS
- ICBC
- Bank of China
- China Construction Bank
- Unicredit Bank
- Commerzbank

Share on foreign nominee accounts



Infrastructure: accessing Russian market is easy

- ✓ No restrictions on investments in Russian local securities
- ✓ No approval is required to start investing
- ✓ RUB is fully convertible since 2006
- ✓ RUB can be acquired on MOEX for other currencies (HKD, CNY, USD, EUR, etc.)
- ✓ Opening an account with ICSD, global or local custodian
- ✓ An account may be opened at Russian subsidiaries of foreign banks
- ✓ Access through a local broker to MOEX may allow to trade all asset classes



Market post-trade infrastructure

Regulator

- The Bank of Russia

Trading platform

- Moscow Exchange

Central Counterparty (CCP)

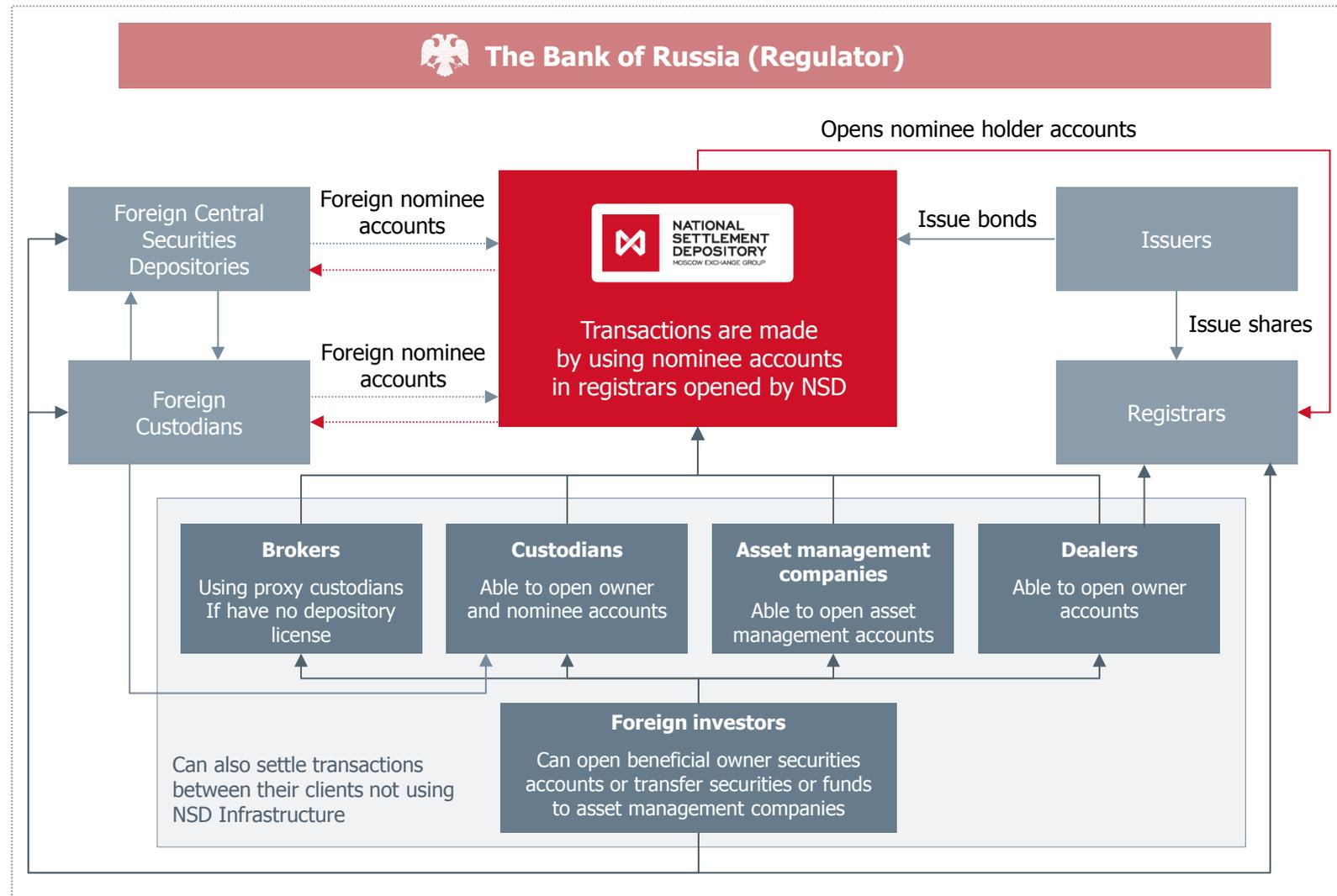
- National Clearing Centre (NCC)

Clearing platform

- On-exchange trades – National Clearing Centre (NCC);
- OTC trades – National Settlement Depository (NSD)

Central Securities Depository (CSD)

- National Settlement Depository (NSD)



Doing business with Asia

DEVELOPING LINKS WITH ASIAN CSDs

- China
- Hong Kong
- Republic of Korea
- Japan

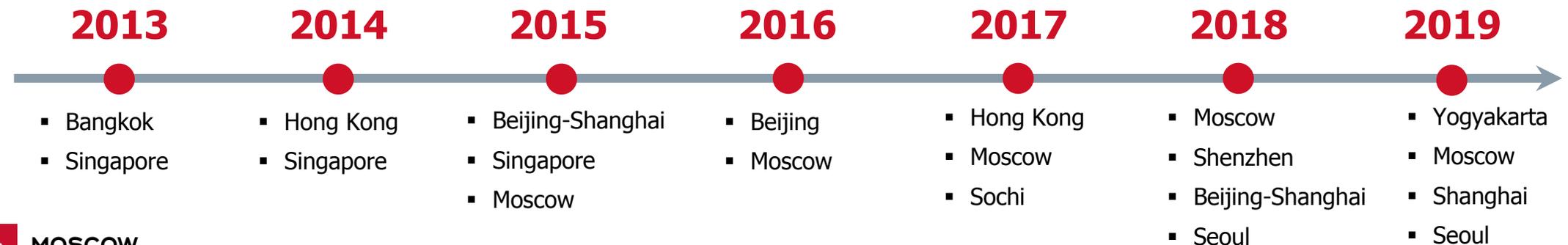
MEMORANDUMS OF UNDERSTANDING

- China: CCDC, SHCH, CSDC
- Japan: JASDEC
- Hong Kong: HKSCC
- India: NSDL, SDSL
- Uzbekistan: CSD of Uzbekistan
- Republic of Korea: KSD
- Mongolia: MCSD
- Turkey: MKK
- Kyrgyzstan: CD

NOSTRO ACCOUNTS NETWORK (CASH)

▪ Industrial and Commercial Bank of China (Asia) Limited, Hong Kong	USD, HKD
▪ Industrial and Commercial Bank of China (Moscow)	CNY
▪ Bank of China (Russia)	CNY
▪ National Bank of Kazakhstan	KZT
▪ Central Securities Depository (Kazakhstan)	KZT

REGULAR MEETINGS WITH ASIAN REGULATORS, CSDs AND INVESTORS



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

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

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

–competition increase from new players on the Russian market;

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

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

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

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

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