



**MOSCOW
EXCHANGE**

5 August 2015

2Q 2015 Earnings Presentation

Key developments in 2Q and July 2015

✓ **Record high dividends**

- MOEX paid FY2014 dividend of RUB 8.8 bln, or 55% of IFRS net profit, with a dividend yield of 5.2%

✓ **New placements and listings**

- Credit Bank of Moscow (MOEX: CBOM) completed an IPO on MOEX, raising RUB 13.2 bln
- United Wagon Company (MOEX: UWGN) completed an IPO on MOEX, raising RUB 9.0 bln
- Strong YoY recovery (+85%) in fixed income issuance in both corporate and sovereign segments, including first issuance under a new on-exchange debt raising mechanism

✓ **Corporate governance**

- MOEX's inaugural Corporate Governance Guidelines approved by the Supervisory Board, establishing a framework to further strengthen corporate governance at the company

✓ **Local investor base development**

- Individual investment accounts (IIA) beat expectations: more than **39 700** IIAs registered during 7M 2015

✓ **Strengthening the product offering**

- Migration from T0/T2 to T+1 completed for Russian federal government bonds (OFZ) with a new liquidity support program introduced for T+1 to assist participants' transition to the new settlement cycle

✓ **New strategic partnerships**

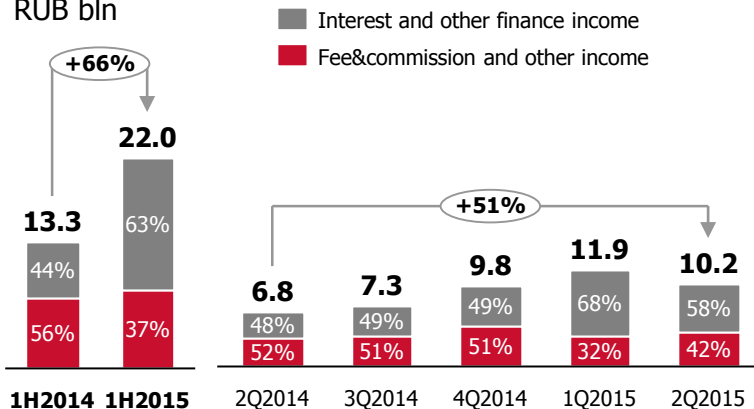
- MOEX and China Financial Futures Exchange signed a memorandum of understanding (MoU) aimed to strengthen bilateral partnership through closer cooperation in various areas



Financial results: MOEX business model delivers again

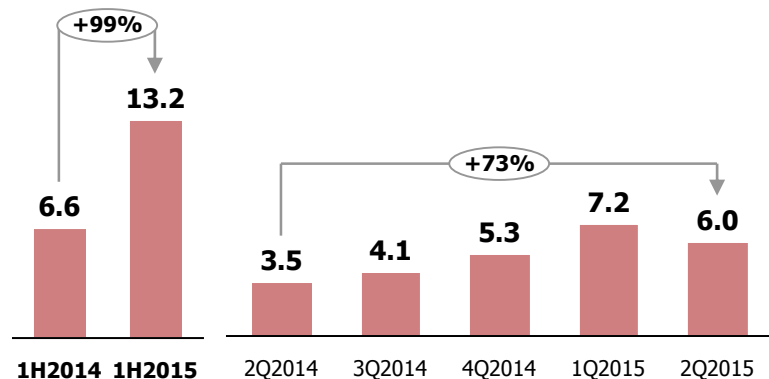
Operating income

RUB bln



Net profit

RUB bln



Key metrics

	2Q2014	2Q2015	Chg
Basic EPS, RUB	1.58	2.70	+71% ▲
F&C Income	3,522.0	4,299.1	+22% ▲
Net Interest and other finance income	3,219.1	5,854.3	+82% ▲
EBITDA	4,774.8	7,947.2	+67% ▲
EBITDA margin	75.3%	78.1%	+2.8 p.p. ▲
Cost income ratio	35.0%	26.1%	-8.9 p.p. ▼

Key highlights

- High double digit growth in operating income driven by solid performance across both major components
- Efficiency ratio (CIR) improved further driven by healthy income and stringent cost control
- Record 6M EBITDA and net profit



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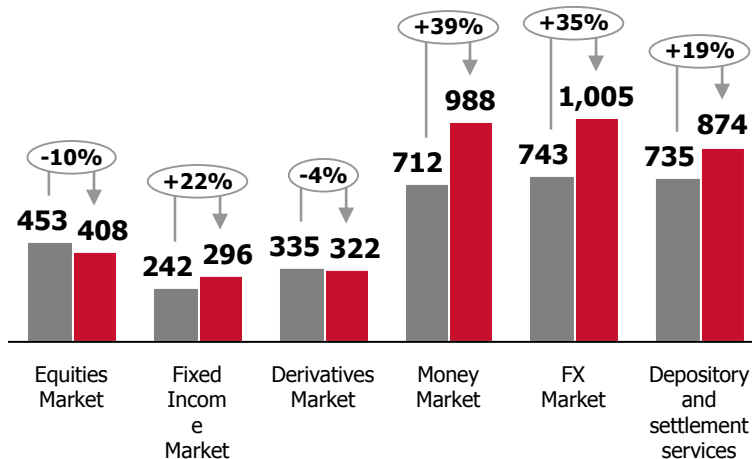
Source: Consolidated Financial Statements

Diversified fee & commission income

Fee & commission income performance

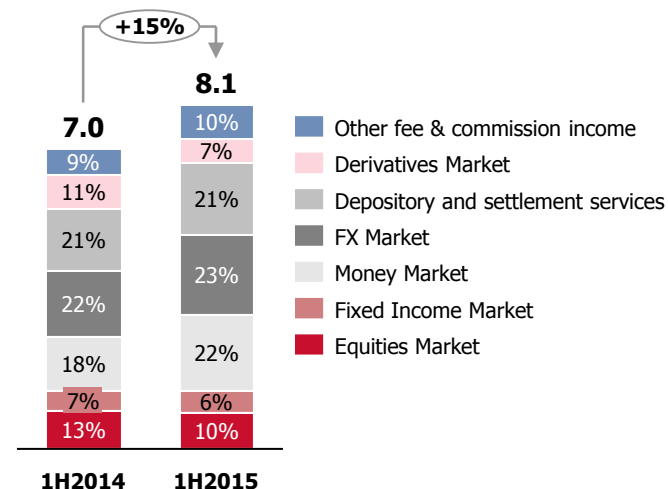
RUB mln

■ 2Q2014
■ 2Q2015



Fee & commission income breakdown

RUB bln



Comments

- Fee & commission income remained well-diversified, up 22% YoY in 2Q 2015 and 15% YoY in 1H 2015
- Strong performance delivered across various segments, including Money Market (+39% YoY), FX Market (+35% YoY), Depository and Settlement Services (+19% YoY) and Fixed Income Market (+22% YoY)

Domestic investors activity growth in fixed income and derivatives markets

Equities
Market
RUB trln

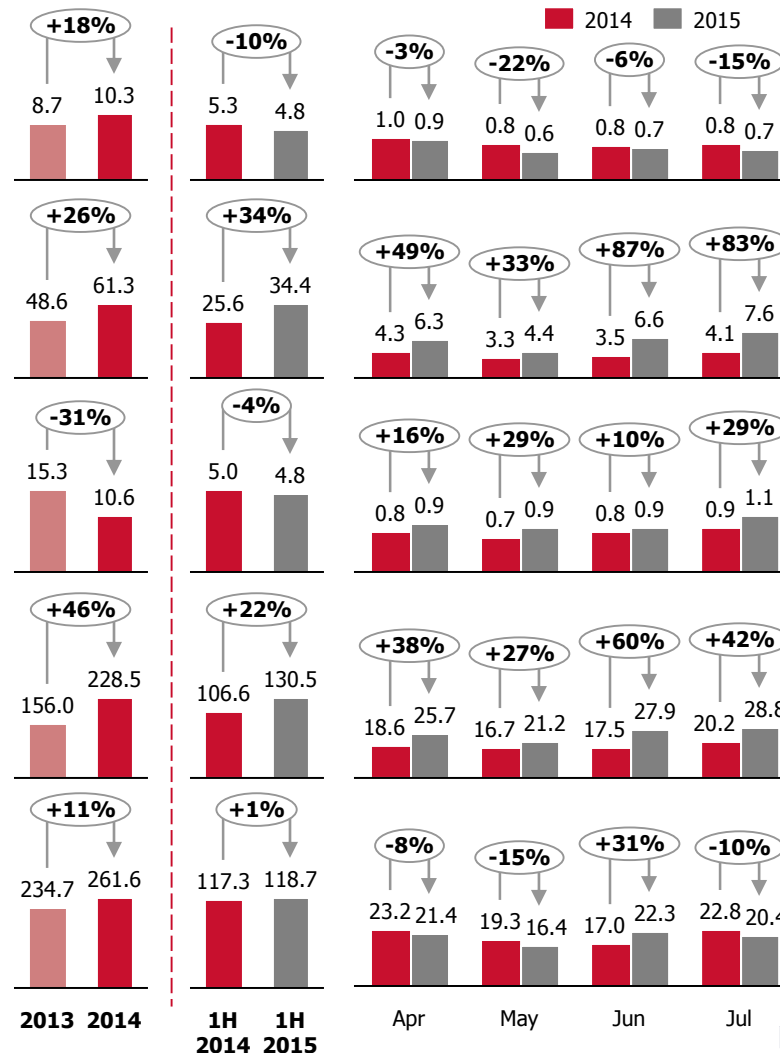
Derivatives
Market
RUB trln

Fixed
Income
Market
RUB trln

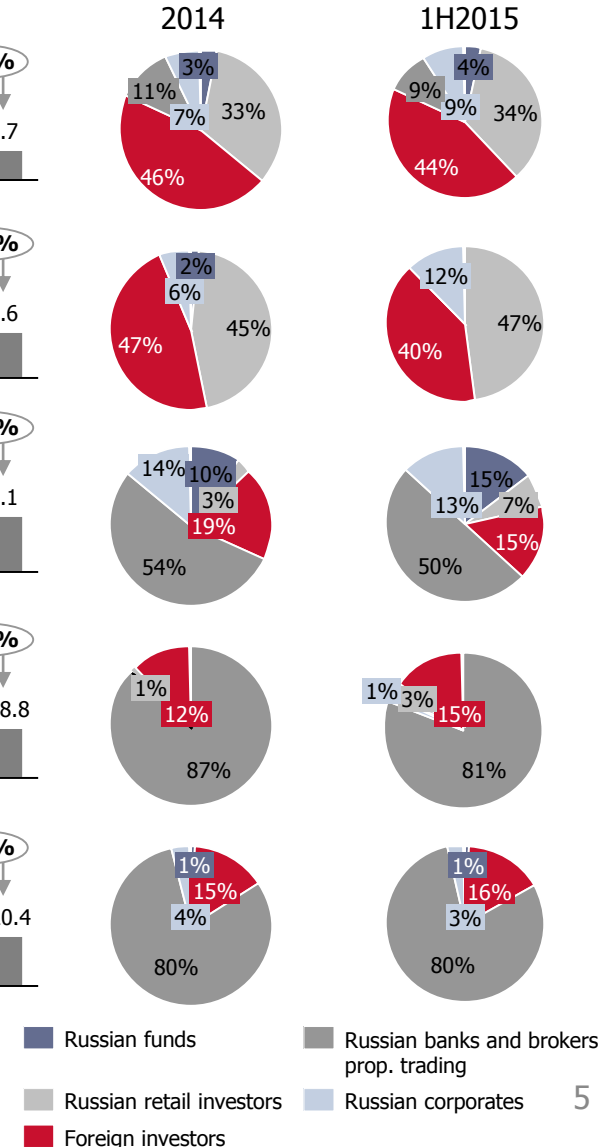
FX Market
RUB trln

Money
Market¹
RUB trln

Trading volumes



Volume breakdown by investor types



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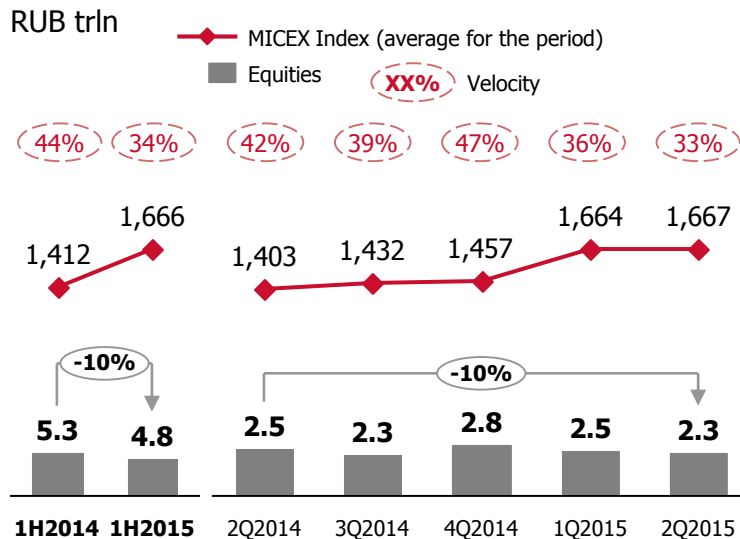
Source: Moscow Exchange data

¹ Trading volumes including REPO with collateral management. Investor structure based on on-exchange trading volumes only

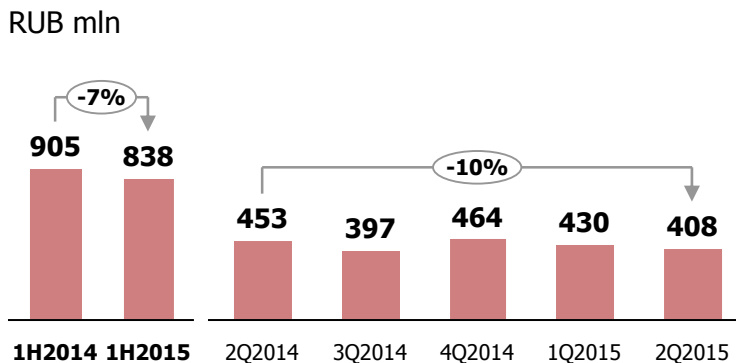


Equities Market

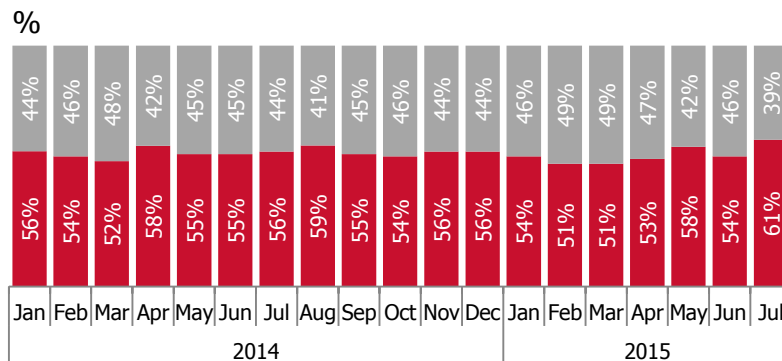
Trading volumes¹



Fee & commission income



Russian equities trading volumes², MOEX vs LSE



■ Moscow Exchange³ ■ LSE - international order book³

Comments

- In 2Q2015, MOEX fine-tuned its tariff plans for professional market participants aiming to support competitive environment among participants. The impact on effective yields is expected to be neutral
- Opening auction technology launched in June to make price setting more transparent and representative for market participants
- MOEX increased number of securities eligible for partial pre-funding from 50 to 82, which will lead to lower funding costs for customers

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

¹ Volumes on both primary and secondary markets

² Moscow Exchange and London Stock Exchange data for Russian dual-listed companies

³ Only electronic order book deals

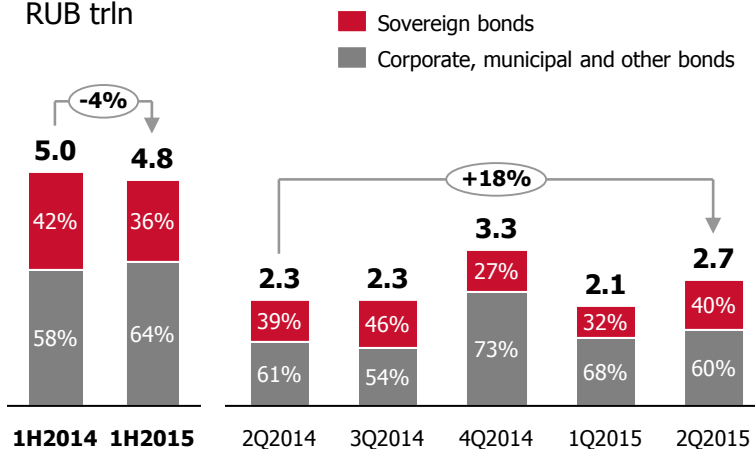


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Fixed Income Market: rejuvenation of primary market

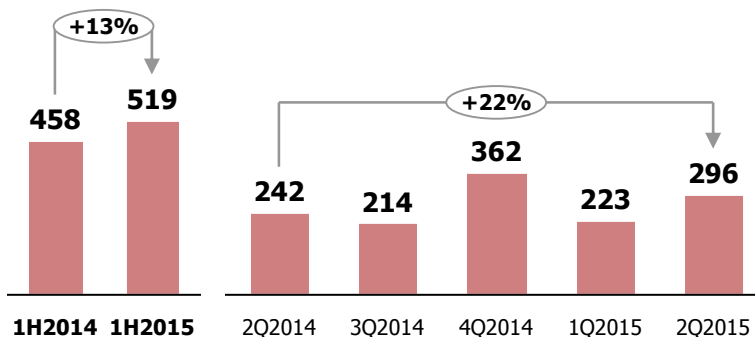
Trading volumes¹

RUB trln

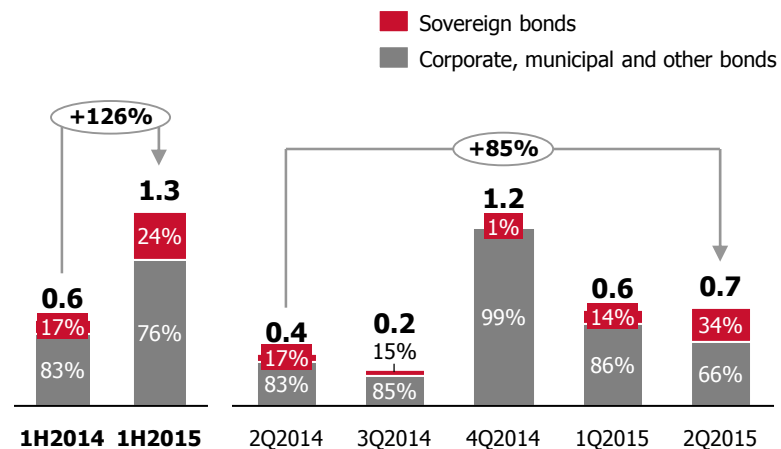


Fee & commission income

RUB mln



Primary market returns



Comments

- Robust growth in primary corporate bond placements (+47% YoY) and sovereign bond placements (+279% YoY) led to fee & commission income growth of 22%
- MOEX migrated to T+1 settlement cycle for OFZs, which helped to reduce market participants' funding costs and increase liquidity of OFZ trading through order book.
- Mechanism for block trading of OFZs was introduced: market participants can see only their own orders, which minimizes impact on market price



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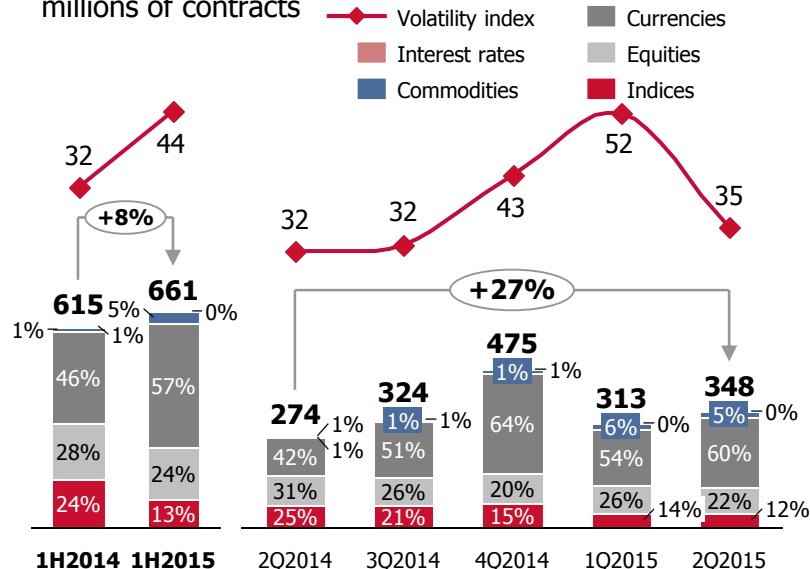
Source: Moscow Exchange operational information and Consolidated Financial Statements

¹ Trading volumes on fixed income market include placements

Derivatives Market: FX futures remains a key growth driver

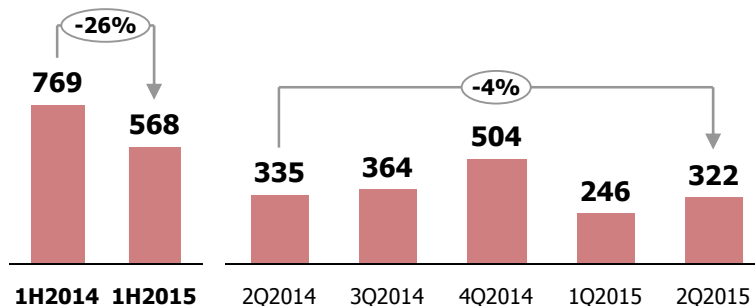
Trading volumes

millions of contracts



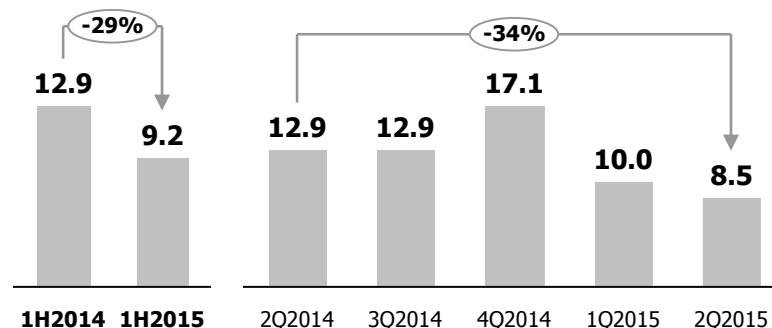
Fee & commission income

RUB mln



Open interest

millions of contracts, daily average



Comments

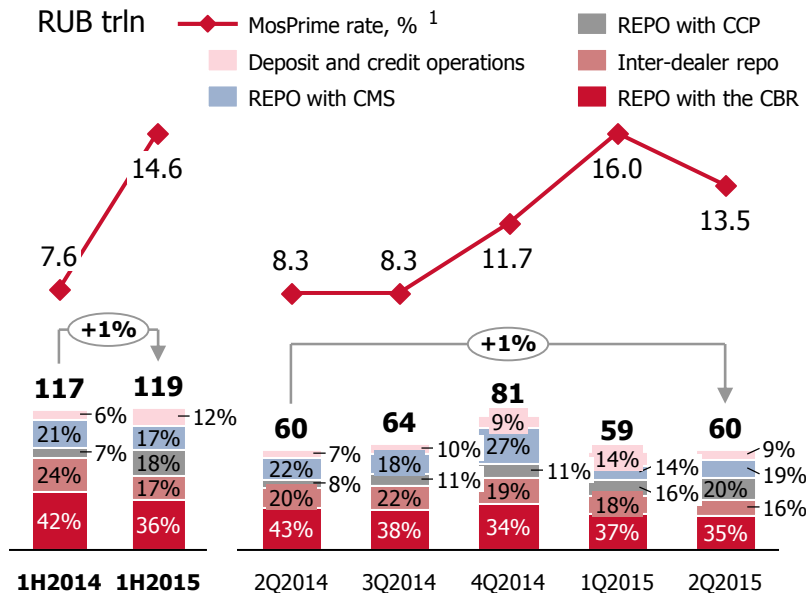
- Increased FX Market volatility led to 84% YoY growth in FX derivatives trading, which comprised 60% of total trading volumes on Derivatives Market versus 42% in 2Q2014
- Futures on indexes and single-stocks contracted by 22% YoY in contract terms
- Fees and commissions declined 4% due to lower fees for FX-based futures as compared to single-stocks and indexes futures



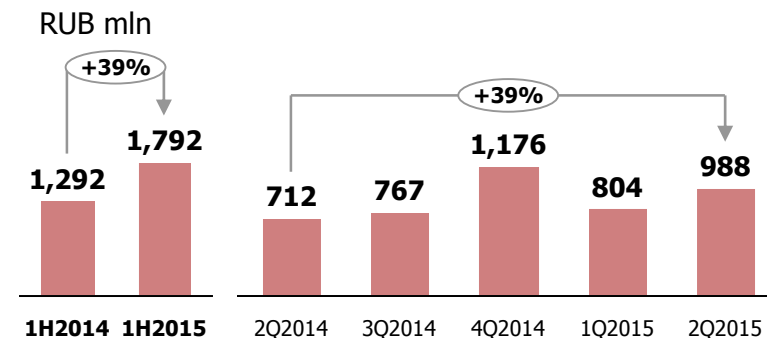
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Money Market: solid demand for on-exchange services

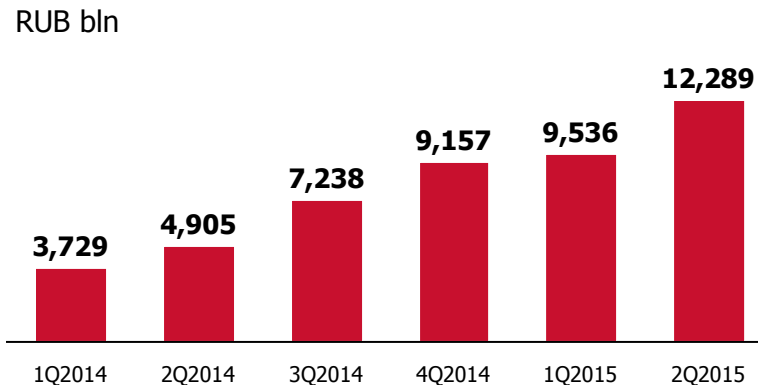
Trading volumes



Fee & commission income



Trading volumes for REPO with CCP



Comments

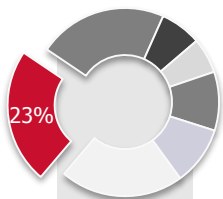
- REPO with CCP remained the fastest-growing product (up 2.5x YoY) and contributed 20% of trading volumes versus 8% year ago
- Average REPO maturity increased from 4.9 days to 7.3 days mainly driven by the CBR direct repo in FX. This led to higher fee income, since both deal amount and term are basis for fees
- On the back of growth in trading of long-term instruments, recognition of fee and commission income is deferred and is made during the lifespan of these instruments since 1Q2015. In 2Q2015, the sum of current period commission deferral and amortization / partial reversal of previous deferral was RUB 44.5 mln



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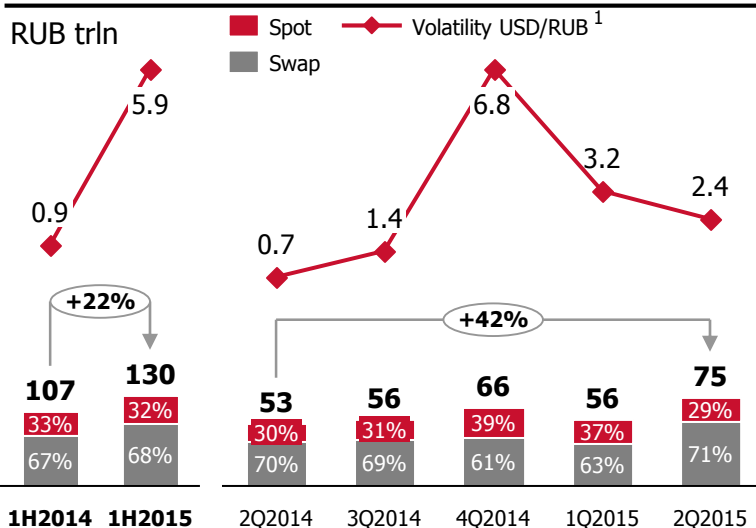
Source: Moscow Exchange operational information and Consolidated Financial Statements

¹ Overnight rate, average for the period

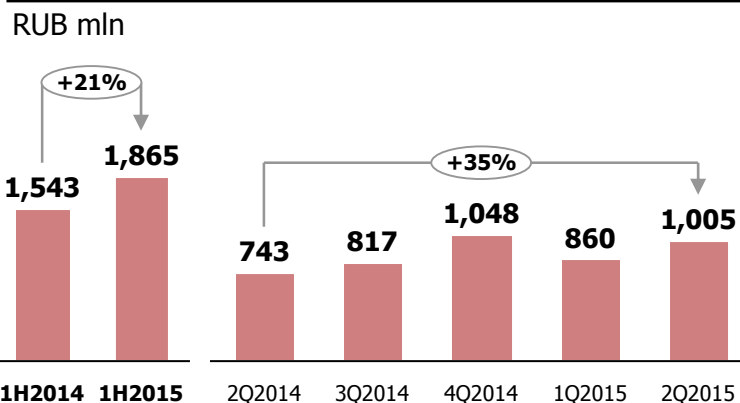


FX Market: stronger demand for risk management via swaps

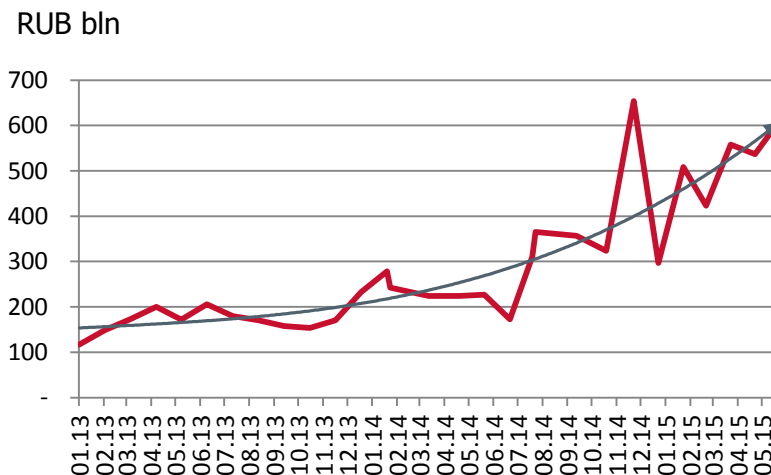
Trading volumes



Fee & commission income



Swaps with >1w maturity



Comments

- In 2Q2015, spot market trading volumes were up 36% YoY driven by higher volatility and increased activity across all groups of market participants
- Swap transaction volumes increased 44% YoY amid growing demand from local banks to manage liquidity positions and hedge FX risks
- The share of 1 week+ swaps continued to grow, demonstrating a healthy demand for FX risks hedging, while limiting risks thanks to transactions with CCP

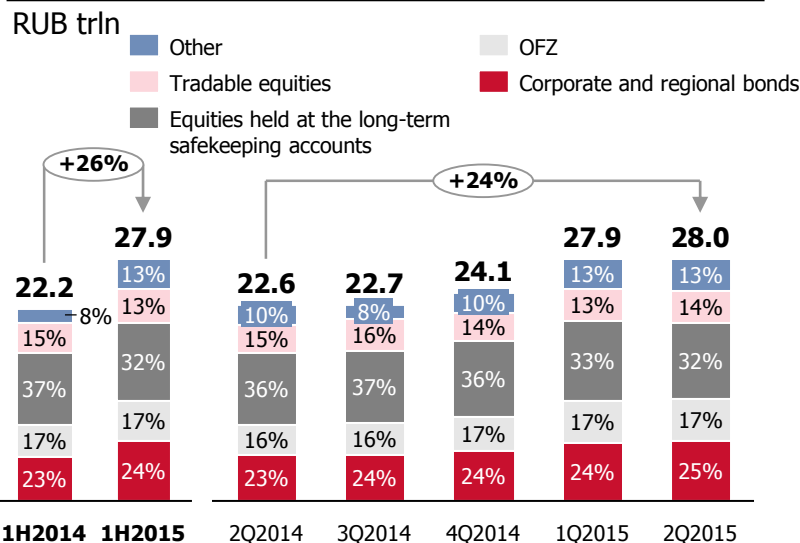


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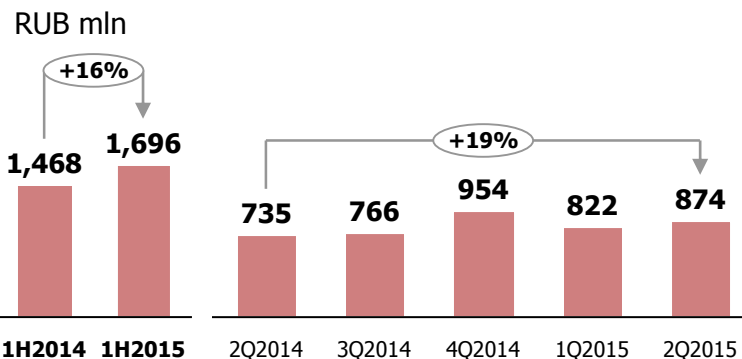
Source: Moscow Exchange operational information and Consolidated Financial Statements
¹ Calculated as daily standard deviation of the USD/RUB exchange rate for the period

NSD: new assets under custody drive growth

Assets on deposit (average for the period)¹

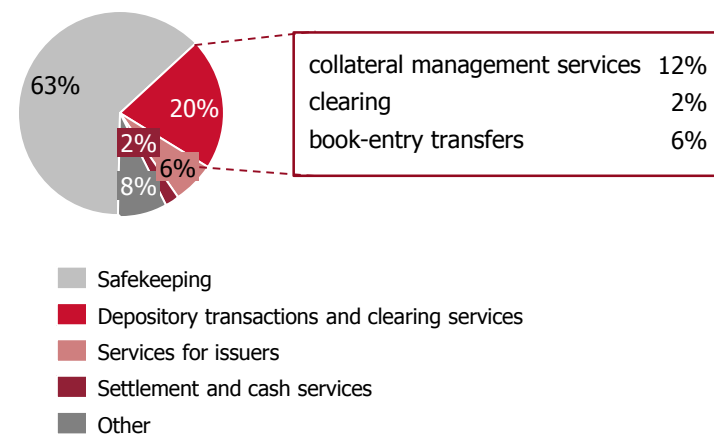


Fee & commission income



Fee & commission income breakdown¹

2Q2015



Comments

- New assets under custody and market cap expansion contributed to fee growth of 19%. The increase in assets under custody was driven by admission of DRs and Eurobonds as collateral for repo and on-exchange Eurobond trading
- Under the corporate actions reform, NSD applied international standards for its e-proxy voting service: new technology allows implementation of ISO 20022 and ISO 15022 standards at all stages of the remote voting process



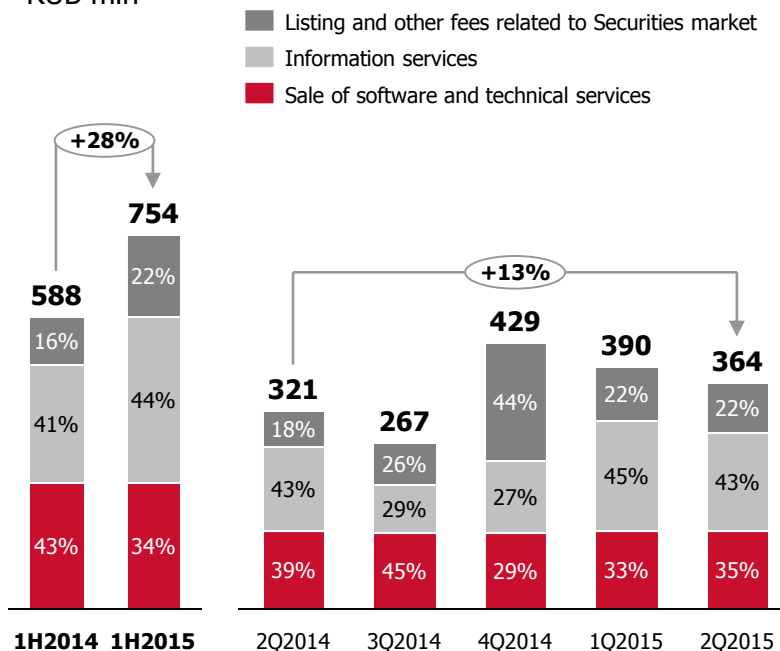
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Source: Moscow Exchange operational information and Consolidated Financial Statements
1 according to management accounts data

Growth in listing and information services fees

Other fee & commission income¹

RUB mln



Comments

- Solid YoY growth in fees from information services (15%) and listings (37%) led to other fee & commission income growth of 13% YoY
- Price increases for some products (real-time market data and end-of-day market data) led to higher fees from information services
- Fees from sale of software and technical services remained flat at RUB 127 mln (2Q2014: RUB 126 mln)
- Growth of listing fees was driven by strong primary placement activity on equities and fixed income markets and the new pricing structure following the completion of the listing reform in 2Q2014



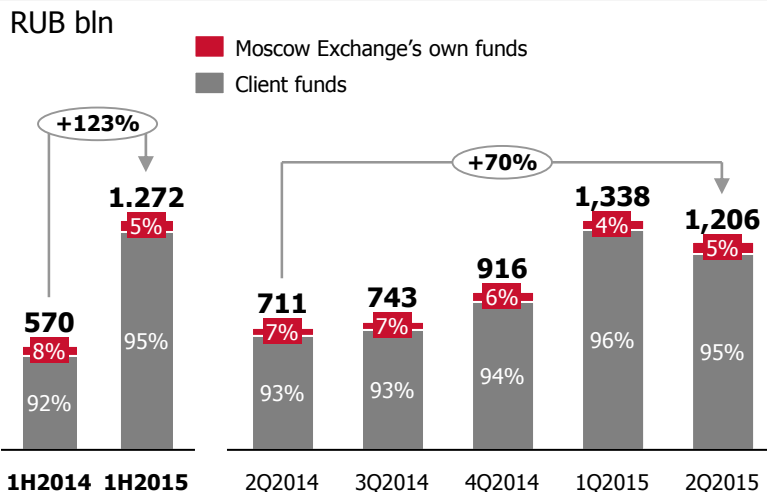
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Source: Consolidated Financial Statements

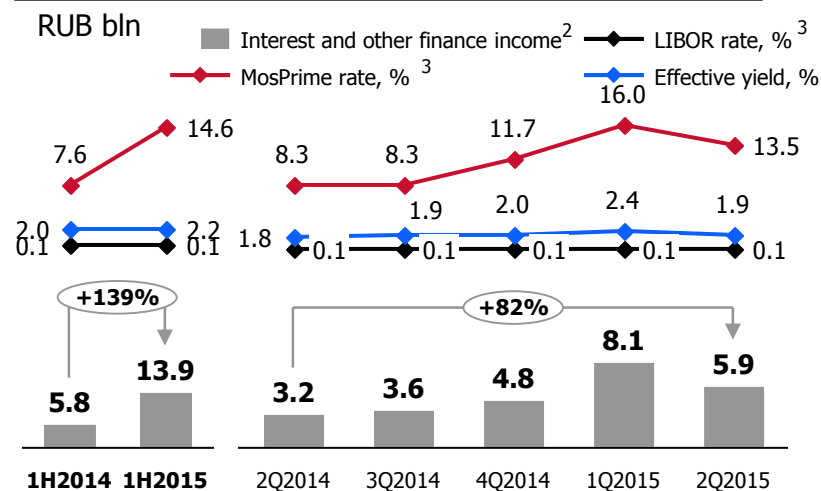
¹ Not including other fee&commission income as presented in financial statements

Interest income: growth driven by higher interest rates and inflows of client funds

Investment portfolio¹ (average daily volume)

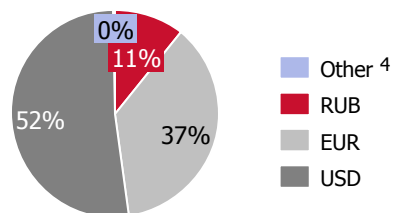


Interest income



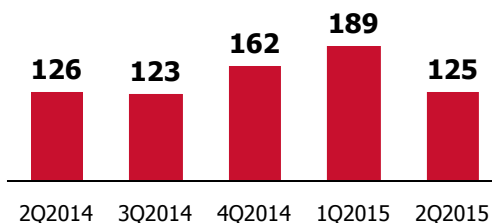
Clients funds by currency

2Q2015



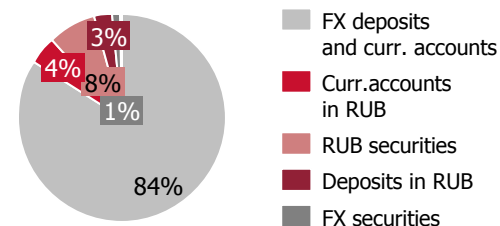
RUB client funds

RUB bln



Investment portfolio by type of asset

2Q2015



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

1 Based on average daily investment portfolio according to management accounts

2 Interest and other finance income includes interest and other finance income, interest expense, net loss on financial assets available-for-sale, foreign exchange gains less losses

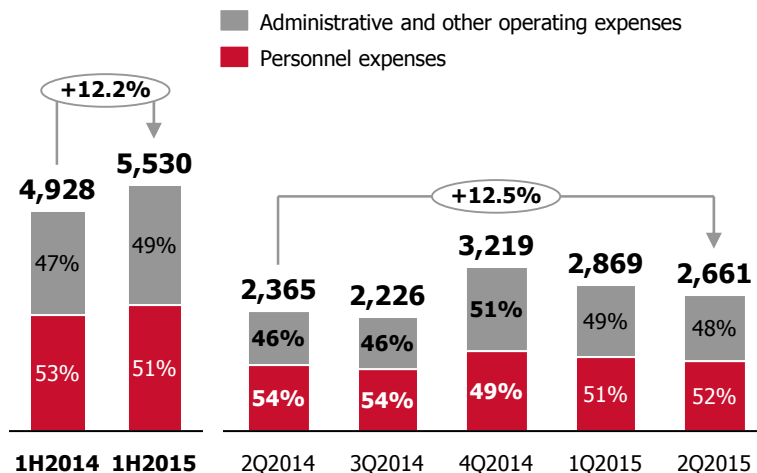
3 Average daily rate for the period

4 Share of other currencies is close to zero

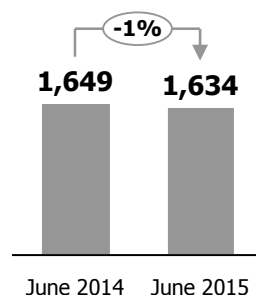
Operating expenses

Operating expenses

RUB mln



Headcount



Major expense items

RUB mln

	2Q2014	2Q2015	Change YoY
Personnel expenses	1 287	1 387	8%
Administrative and other operating expenses, including	1 078	1 274	18%
Amortisation of intangible assets	263	291	11%
Professional services	107	227	112%
Depreciation of property and equipment	126	142	13%
Rent and office maintenance	107	124	16%
Taxes other than income tax	115	113	-2%
Market maker fees	62	74	19%
Total	2 365	2 661	12.5%
Cost income ratio	35.0%	26.1%	-

Comments

- Cost control remained strict with operating expenses growth of 12.2% YoY in 1H2015, versus inflation of 16.0% YoY
- Administrative and operating expenses up 18.2% YoY driven mainly by FX-linked items on the back of weaker ruble as well as higher spending on professional services
- Personnel costs increased 8% YoY driven mainly by higher social taxes introduced in 2015

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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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