



**MOSCOW  
EXCHANGE**

September 2015

# Investor presentation



MOEX Overview

**2**

Recent achievements

**3**

Strategy 2015-2020

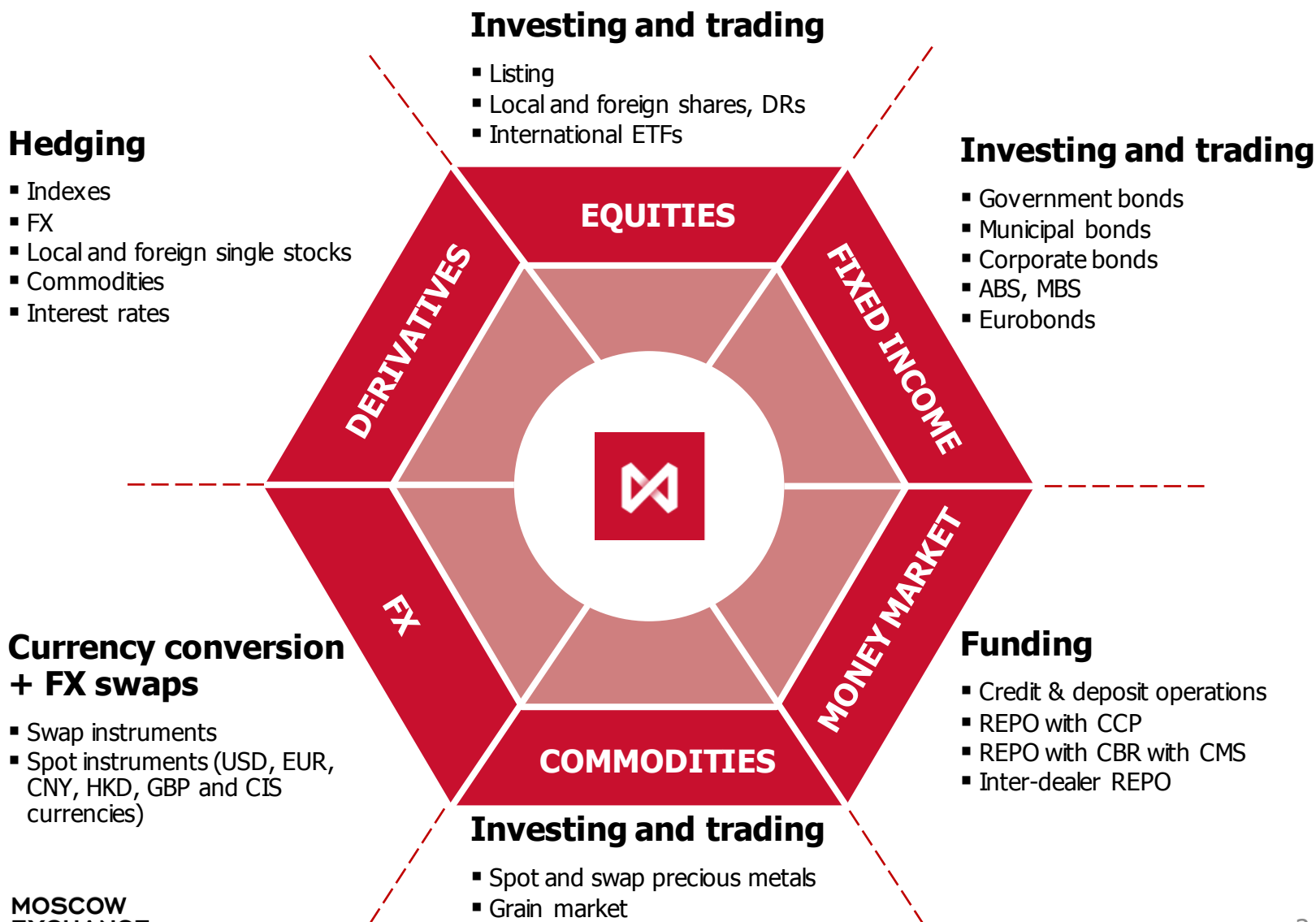
**4**

Strong operating and financial results



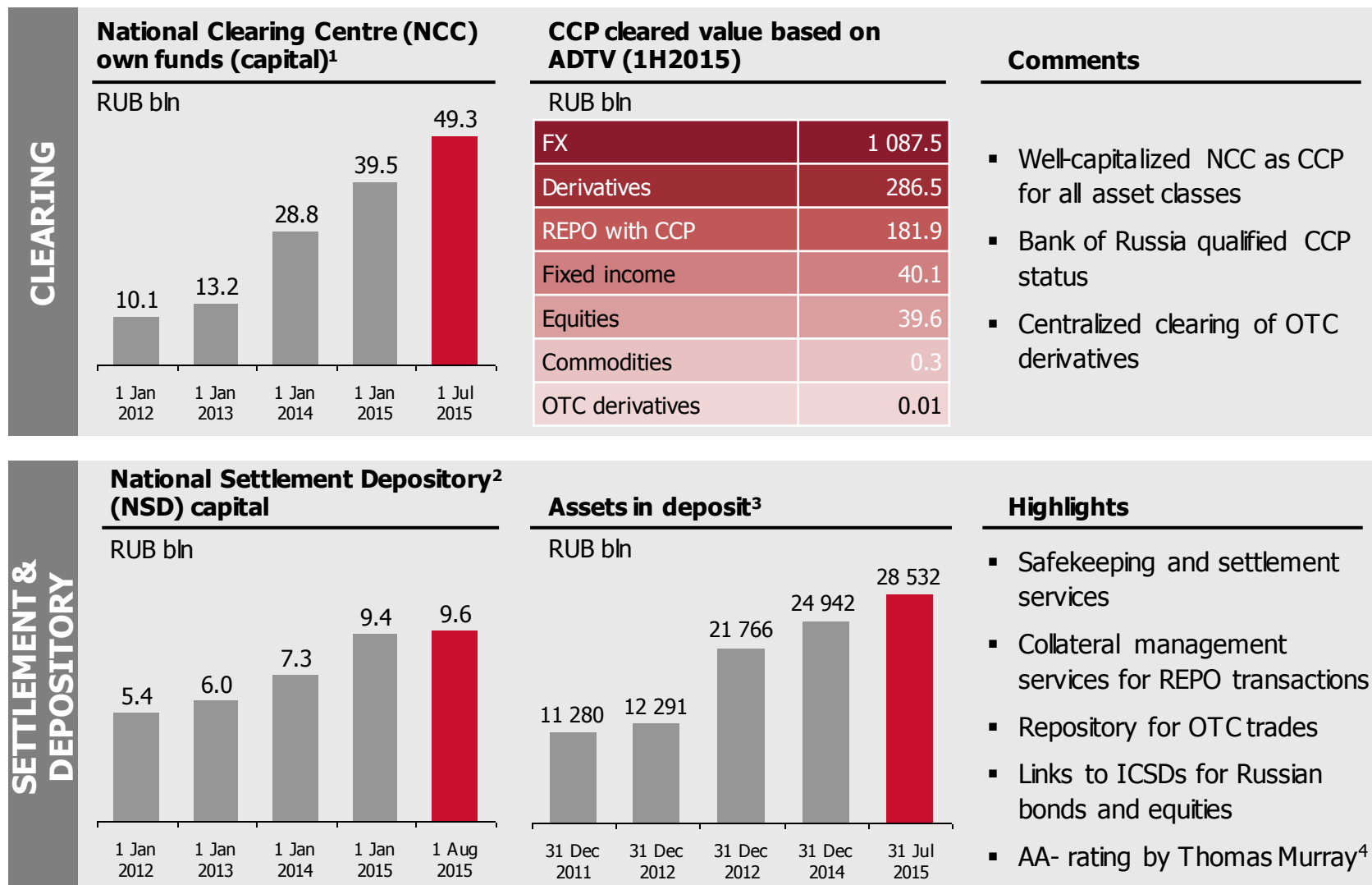
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# Highly diversified product offering...



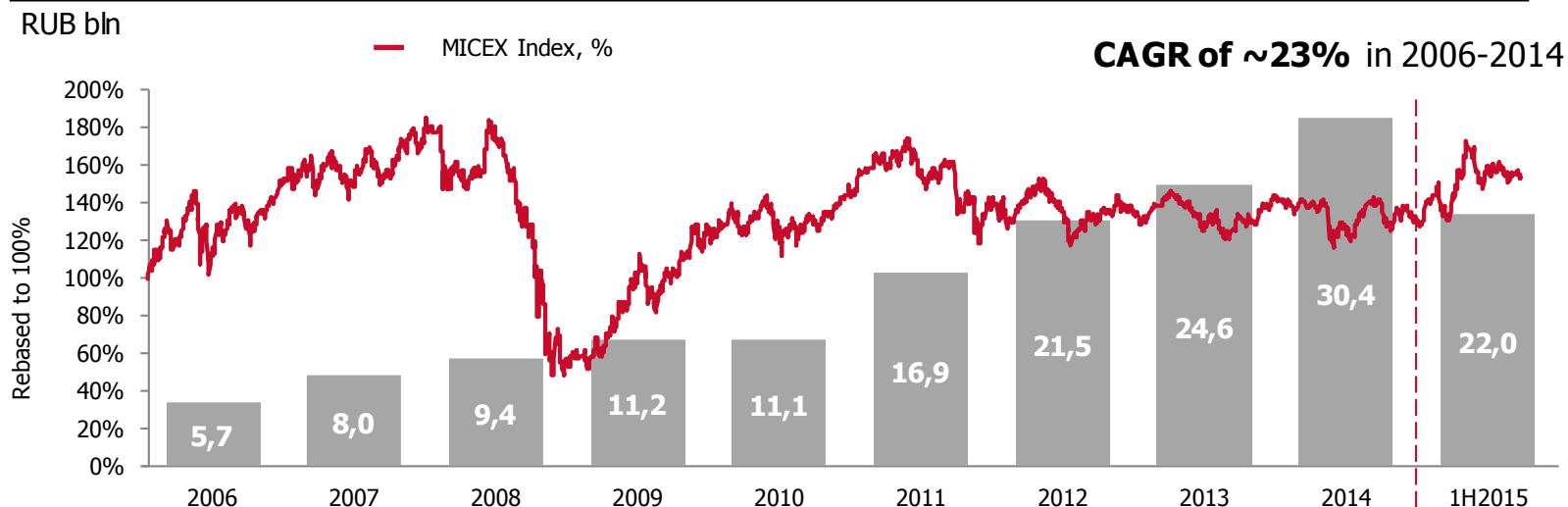
# ...coupled with **strong post-trade infrastructure**

Central Counterparty (CCP) and Central Securities Depository (CSD)



# Moscow Exchange has a proven and **cycle-protected business model**

## Operating income<sup>1</sup>

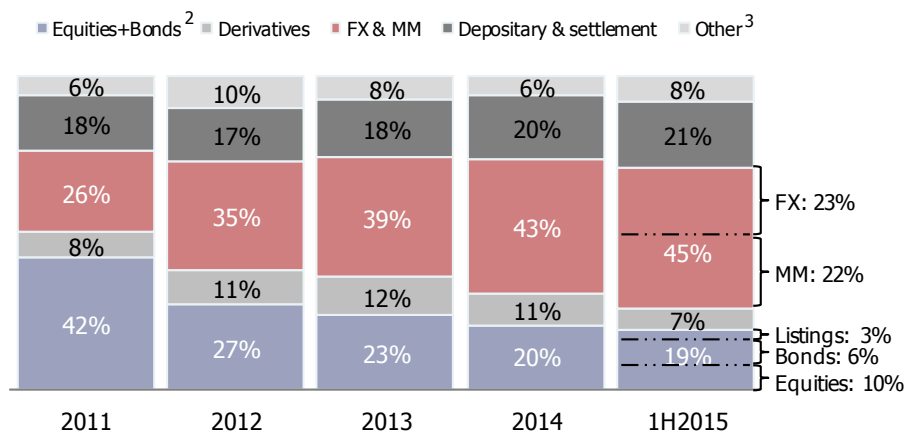


## Key highlights

**Unique business model** allows MOEX to increase operating income regardless the stage of economic cycle:

- **Business line** is diversified, while markets have limited growth correlation
- **Growth drivers differ** across markets and products

## Fee & commission income evolution<sup>1</sup>



According to Moscow Exchange Consolidated Financial Statements for the relevant period

<sup>1</sup> RTS data is consolidated from June 29, 2011

<sup>2</sup> Include other income related to securities market in 2011-1H2015

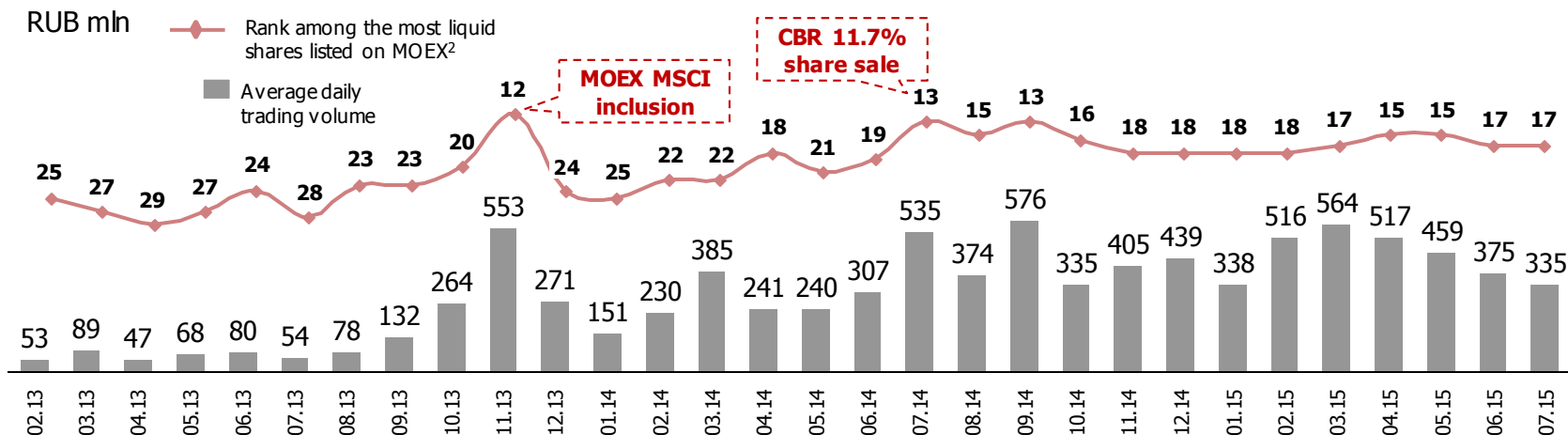
<sup>3</sup> Include income from Information services & sale of software and other fee&commission income in 2011-1H2015



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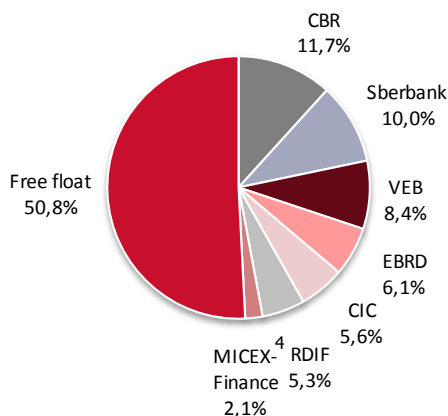
# One of the highest free-floats in Russia

## Growing ADTV (Average Daily Trading Volumes) of MOEX shares<sup>1</sup>

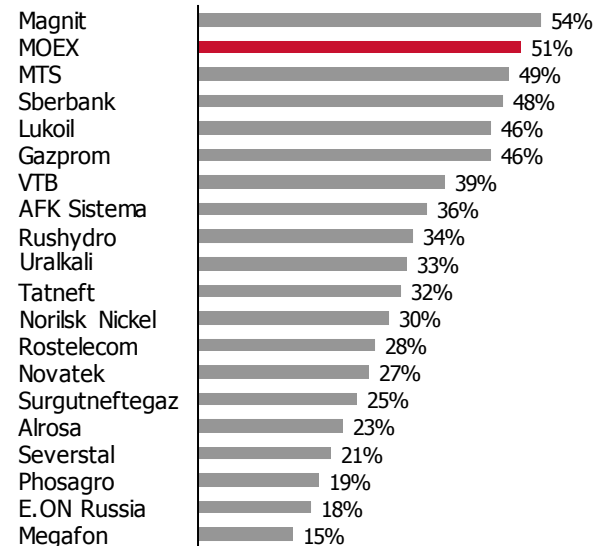


## Dispersed ownership with no controlling shareholder...

as of March 16, 2015<sup>3</sup>


















## ...and one of the highest free-floats in Russia<sup>5</sup>



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- 1 Trading volume in main trading mode (T0, T+2)
- 2 Ordinary and preferred shares
- 3 Including changes disclosed on June 8, 2015
- 4 100% owned subsidiary of the Moscow Exchange
- 5 Top 20 companies by market capitalisation from MICEX Index

# Supervisory Board membership

	Board members	Strategy Planning	Audit	Nomination and Remuneration	Budget	Technical Policy <sup>1</sup>	Risk Management
	<b>Alexey Kudrin - Chairman</b> <i>Sberbank of Russia, Member of the Supervisory Board</i>						
	<b>Andrey Sharonov</b> <i>Rector of the Moscow School of Management SKOLKOVO</i>			✓			
	<b>Mikhail Bratanov</b> <i>Head of Societe Generale Securities Services in Russia and CIS, Head of Securities Services Department at Public JSC ROSBANK</i>		✓	✓	Chair		
	<b>Yuan Wang</b> <i>China Development Bank, Chief Economist</i>	✓	✓				
	<b>Anatoly Karachinsky</b> <i>IBS Group, Chairman of the Board</i>					Chair	
	<b>Rainer Riess</b> <i>Independent Director</i>	✓	Chair				✓
	<b>Sean Glodek</b> <i>Russian Direct Investment Fund, Director, Member of the Executive Board</i>	✓			✓		
	<b>Andrey Golikov</b> <i>Co-Chairman of the Board</i>	✓		Chair	✓		
	<b>Valery Goreglyad</b> <i>Bank of Russia, Chief Auditor</i>				✓		✓
	<b>Yuriy Denisov</b> <i>NCC, Deputy Chairman of the Supervisory Board</i>	✓					Chair
	<b>Bella Zlatkis</b> <i>Sberbank, Deputy Chairman of the Management Board</i>			✓			
	<b>Sergey Lykov</b> <i>Vnesheconombank, Deputy Chairman of the Executive Board</i>						
	<b>Nicola Jane Beattie</b> <i>Nbxc Ltd, Director/Senior Executive Director</i>	Chair					
	<b>Kirill Shershun</b> <i>CentroCredit, First Deputy Chairman of the Executive Board</i>						
	<b>Alexander Afanasiev</b> <i>Moscow Exchange, CEO, Chairman of the Executive Board</i>						



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\* Independent directors

1. Technical Policy Commission includes key industry IT professionals

# MOEX: driver and beneficiary of corporate governance reform

## New Corporate Governance Code

- ✓ New Corporate Governance code approved by the CBR and Russian Government in April 2014
- ✓ Code developed under a 3-year program with OECD and EBRD with MOEX's active participation
- ✓ Key aim is to use the institute of corporate governance to reduce issuers' non-market risks
- ✓ Code enshrines global best practices in areas such as Board performance and remuneration, disclosure and transparency, risk management and internal control, and commitment to treat all shareholders equally

## Listing Reform

- Following adoption of the new Code, MOEX initiated a program to bring listing requirements into line with global standards and the Code. Key changes:
- ✓ Listing structure simplified: 3 sections (Highest, Standard, Off-the-list) replace the previous 6
  - ✓ Stricter criteria for inclusion in Highest sector: at least 3 Independent Directors, history of 3 years of IFRS accounts (vs. 1 year previously), free float of at least 10%, requirement to have internal audit department and Board-approved policy on internal audit, and minimum credit rating increased two notches (for bond issuers)
  - ✓ Foreign securities now eligible for inclusion in Highest sector, which opened the way for the many Russian companies incorporated abroad to attain premium Moscow listing
  - ✓ Issuers are eligible to list in any section at the IPO stage. This allows IPO participation for the pension funds and insurance companies that are authorised to buy only the highest-level stocks
  - ✓ Stricter requirements for Directors to be considered Independent (based on NYSE, LSE and HKEx criteria)

## Ongoing dialogue with the market

- ✓ Issuers Committee holds regular face-to-face meetings to discuss initiatives and provide feedback
- ✓ Optimization of reporting, transparency and disclosure processes is based on proposals of market participants
- ✓ Open discussion and adjustments of the CBR's KPIs in the areas of listing, offerings and corporate governance



# Investment highlights

1

MOEX operates in Top-10 largest economy globally<sup>1</sup> and covers Russia's largest public trading markets

2

Leading market position in a global context

3

Unique business model, offering trading of a wide range of assets together with well-established centralized post-trade infrastructure

4

High transparency and corporate governance standards

5

Successful track record of infrastructural reforms and improving regulatory framework

6

Strong financial performance

7

Attractive dividend policy



**1**

MOEX Overview



Recent achievements

**3**

Strategy 2015-2020

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Strong operating and financial results



# 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

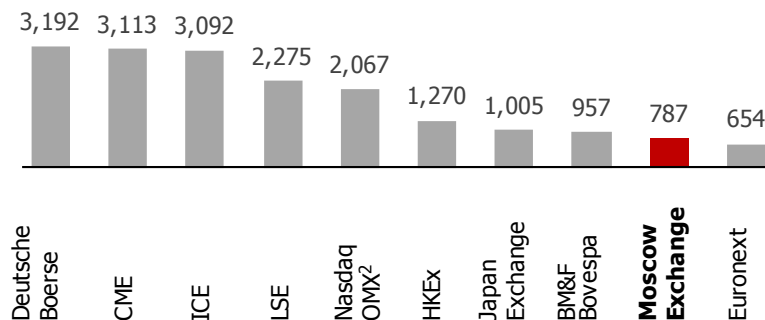
## ✓ New strategic partnerships

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

# Dividend policy

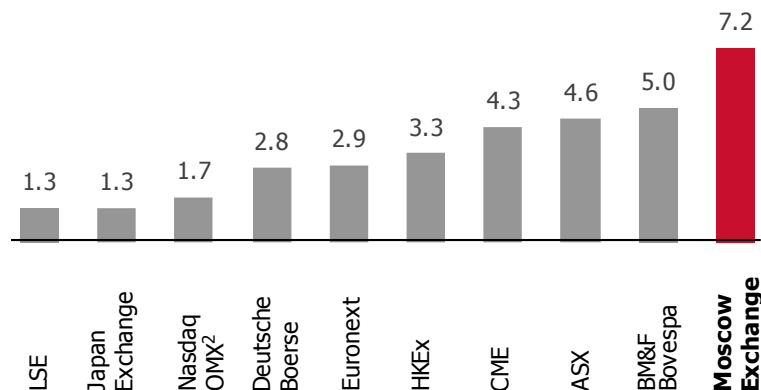
## Revenues 2014<sup>1</sup>

USD mln



## Dividend yield 2015E

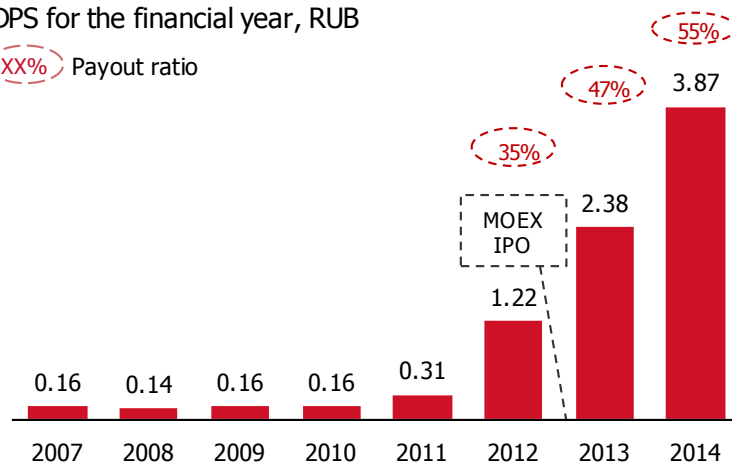
%



## History of dividend growth

DPS for the financial year, RUB

(XX%) Payout ratio



Dividend policy 2013-2015: growing payout ratio of minimum 30/40/50% for Y12/Y13/Y14

Each year MOEX paid more than the minimum threshold set in the dividend policy: 35/47/55% of IFRS net profit

Since IPO MOEX returned **10.3%** of the current Mcap (RUB **166.7 bln**) to shareholders in form of dividends

A new dividend policy is expected to be approved by the Supervisory Board later this year



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Source: Bloomberg as of 21 August 2015

1. Exchanges 2014 financial statements, converted at the average currency exchange rate for the period
2. Revenues excluding rebates

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# Building on the success of Strategy 2012-2015...

## Key initiatives of Strategy 2012-2015 successfully implemented

- ✓ Central Securities Depository (CSD)
- ✓ CCP across all markets
- ✓ T+ settlement cycle
- ✓ DMA across all markets
- ✓ ICSDs access to local infrastructure
- ✓ USD/RUB futures emergence as flagship derivative contract
- ✓ Crucial regulatory reforms (individual investment accounts, “non-loss” rule elimination for NPFs, revival of pension savings)

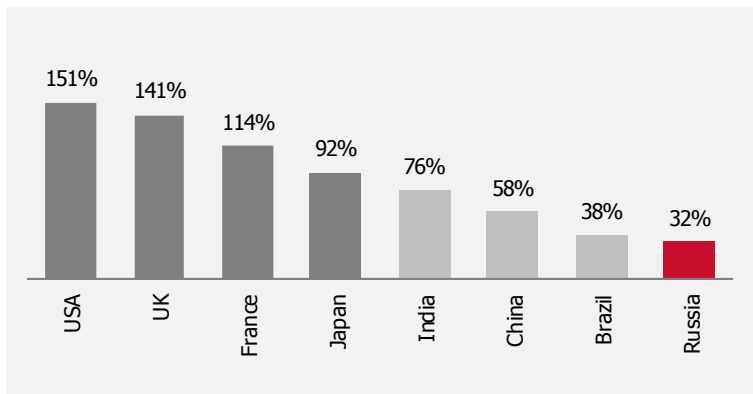
- Total trading volumes CAGR of ~**18%** in 2012-2014
- Operating profit CAGR of ~**29%** in 2012-2014
- EPS for 2014 up **2.3 times** versus 2011 to RUB 7.2
- Dividend per share up **12.5 times** versus 2011 to RUB 3.87 with a payout ratio of 55% for 2014



# ...based on significant growth opportunities

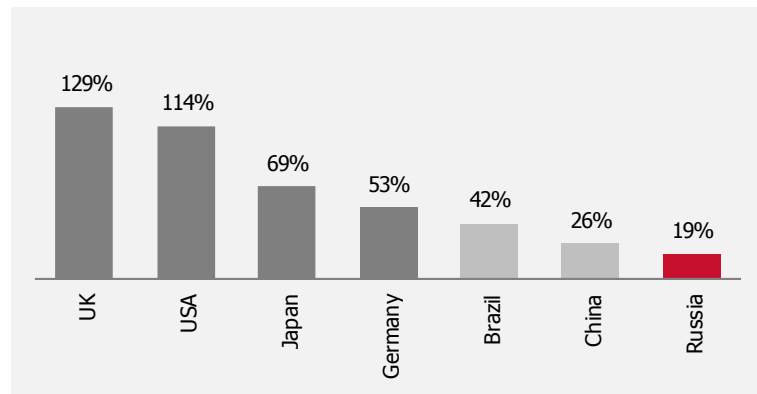
## Equity market capitalisation to GDP<sup>1</sup>

2014



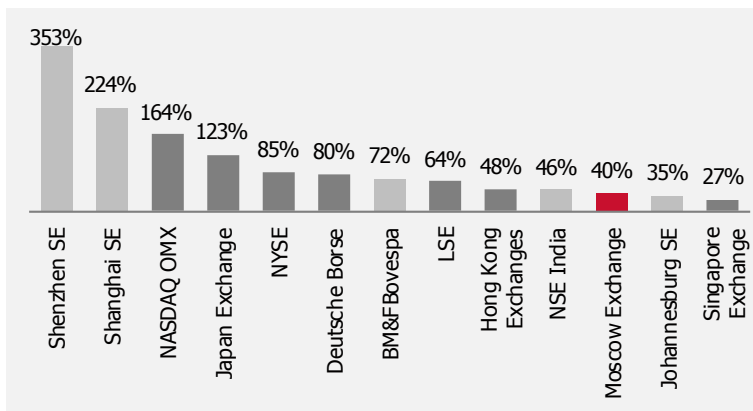
## Corporate debt to GDP<sup>2</sup>

2014



## Equity market velocity<sup>3</sup>

2014



■ Developed markets

■ Emerging markets

## Comments

- Russian capital and derivatives markets have potential both on supply and demand points of view:
  - Relatively low share of equity and debt market capitalisation to GDP



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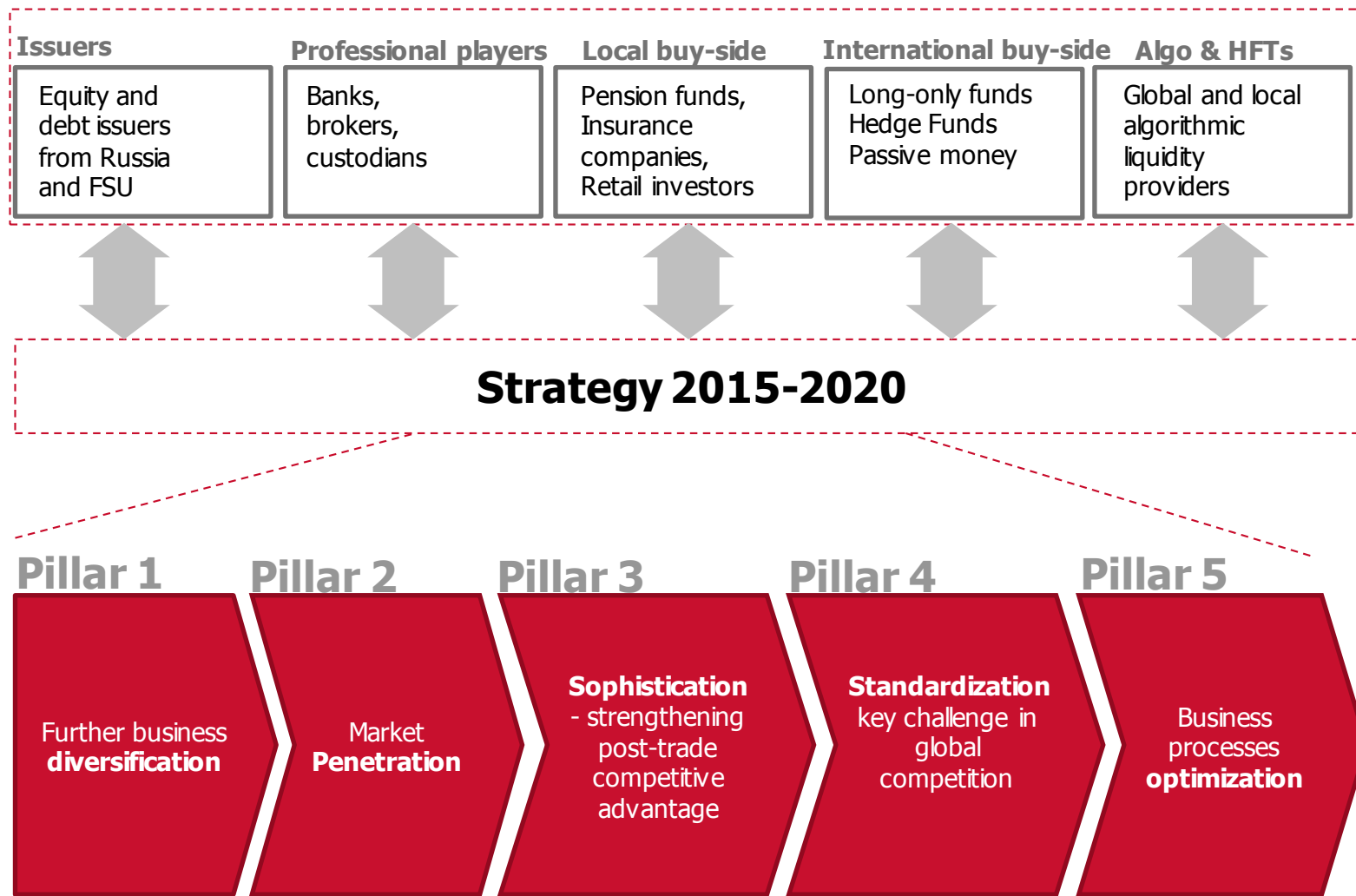
Source: Moscow Exchange, WFE, IMF, Rosstat, SCIB, BIS

<sup>1</sup> Data for 2014. Market capitalisation for the USA is the sum of NASDAQ and NYSE market capitalisations, for India – BSE market capitalisation, for Brazil – BM&FBovespa market capitalisation, for Russia – Moscow Exchange market capitalisation, for France – NYSE Euronext Europe market capitalisation, for UK – LSE market capitalisation (including Borsa Italiana market capitalisation), GDP – IMF forecast

<sup>2</sup> Corporate debt data – BIS statistics of debt securities amount outstanding as of June 2014, Russia GDP estimate for 2014 – SCIB, other countries – IMF data

<sup>3</sup> NASDAQ OMX including Nordic markets

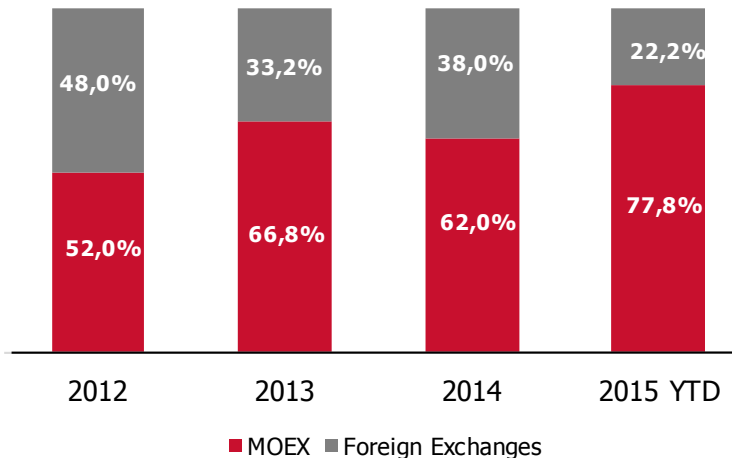
# Strategy 2015-2020: focus on key client groups through five pillars



# Issuers: Increasing supply on the market

## Equity capital raised by Russian companies

MOEX vs. foreign exchanges



- Upgrades to market infrastructure have made MOEX **the first-choice venue for IPOs and SPOs**
- Magnit, Alrosa, Moscow Exchange, Credit Bank of Moscow, United Wagon Company, VTB, Polymetal, PIK Group raised equity capital exclusively on MOEX in 2013-2015
- **Primary bond issuance has recovered:** in 1H 2015 on a year-on-year basis corporate and regional bonds placements doubled and sovereign placements tripled

## Key Strategy 2015-2020 initiatives to continue to boost issuance

### (i) Further strengthen corporate governance

- ✓ Additional development of listing rules
- ✓ Promotion benefits of high corporate governance standards

### (ii) New products and services

- ✓ Simplification of bond issuance
- ✓ New instruments: CPI-linked bonds, structured notes
- ✓ Simplification of listing for foreign companies

### (iii) Initiatives to reduce costs for maintaining listing

- ✓ Corporate actions reform
- ✓ Corporate information center

# **Banks and brokers:** Priming the engine of the financial market

## **Key initiatives**

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### **(i) Product portfolio development**

- ✓ Repository development
- ✓ Creation of the CSD-based information center
- ✓ Valuation center
- ✓ Development of technical services

### **(ii) Post-trade infrastructure services:**

- ✓ OTC derivatives clearing
- ✓ Tri-party services
- ✓ Single collateral pool and new collateral management services

### **(iii) Strengthening IT offering**

- ✓ Integration of clearing, risk-management and settlement offering
- ✓ Unification of risk management system across all markets, including cross margining and risk netting
- ✓ Reduction of market participants costs related to the infrastructure



## Local investor base: Growing institutional & retail segments

**MOEX currently has strong market share across our markets. Thus our focus is on deepening the markets, specifically growing the local institutional & retail investor segments.**

### **Key Strategy 2015-2020 initiatives**

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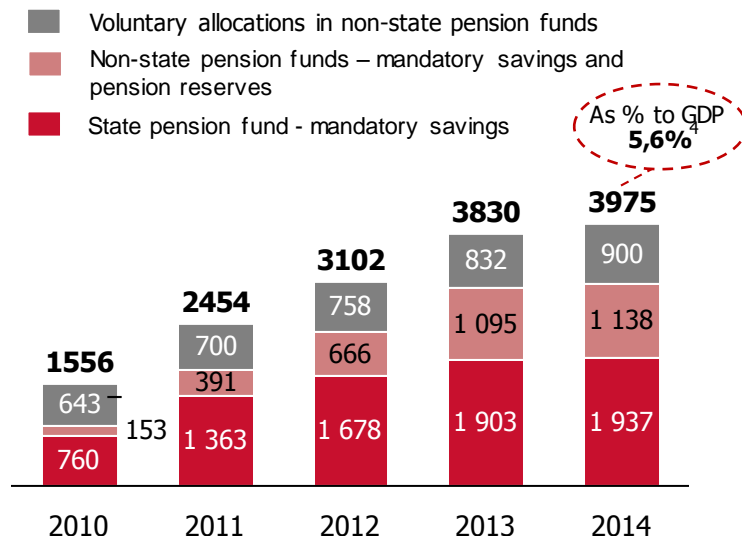
- ✓ Active work in partnership with the government to improve regulatory framework:
  - Regulation of pension funds, insurance companies and mutual funds
  - Development of individual investment accounts
  - Tax initiative to attract retail investors
- ✓ Increase in financial literacy of local investors through educational and promotional efforts in major cities across the country
- ✓ Develop and promote new products driven by local investor demand in REPO, FX and derivatives



# Institutional money: pension funds reform

## Pension assets<sup>1</sup> in Russia

RUB bln

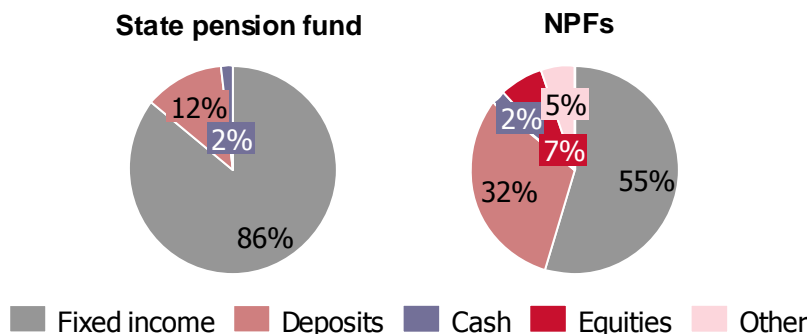


## Key highlights

### Positive regulatory framework development:

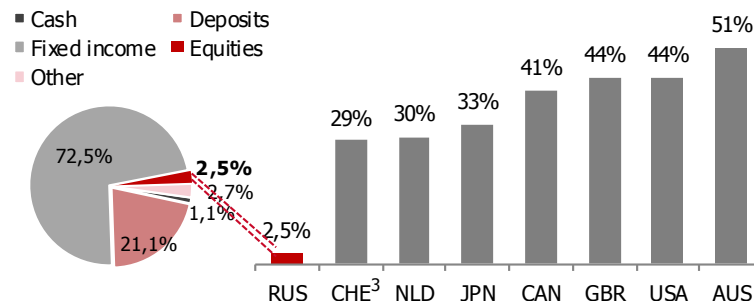
- CBR became a regulator of the pension system
- Adopted changes in pension funds regulation:
  - ✓ “One year non-loss rule” was abolished
  - ✓ Investment horizon of NPFs<sup>2</sup> was extended to 5 years
  - ✓ Customer incentive to stay with the fund manager not less than 5 years
  - ✓ Guarantee fund mechanism (similar to Deposit Insurance Agency in the banking system)
- Number of individuals, whose pension savings are invested in non-state pension funds increased from ~1 mln in 2007 to ~28 mln in 2014
- On Apr, 2015 the government made a decision to return funds for 2H'13-14 (clients who transferred their pension money from the State fund to NPFs - more than RUB 500 bln), which were under moratorium. New inflows to NPFs for 2014-2015 remains under moratorium and to be utilized for PAYGO system funding.
- New contributions to NPFs will start from 2016.

## Pension system Investment portfolio



## Exposure to equities is limited

2014<sup>2</sup>



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Source: O ECD, investfunds.ru, FSFM, Economist Intelligence Unit, Russian State Statistics Agency (Rosstat), Tower Watson

<sup>1</sup> Obligatory savings, not including reserves

<sup>2</sup> For Russia mandatory savings managed both by NPFs (Non-state pension funds) and Pension fund of Russia

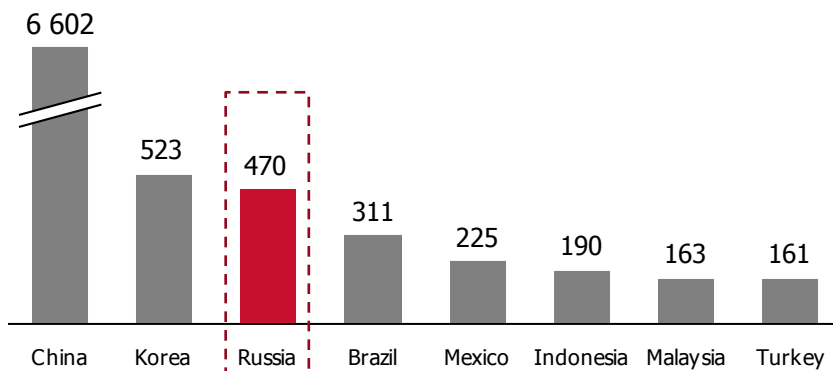
<sup>3</sup> Chile

<sup>4</sup> Source: Rosstat. GDP for 2014.

# Retail money: aiming to grow equity culture

## Retail investors bank deposits<sup>1</sup>

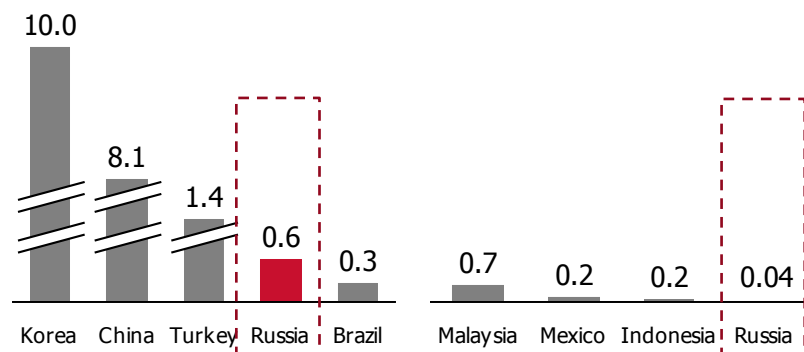
USD bln



## Population exposure to securities market, %

*retail investors / total population*

*Active retail investors/total population*



## Comments

- As Russian securities market passed through several periods of turbulence, individuals preferred bank deposits or real estate to securities market
- Due to young equity culture, there is a limited number of “buy and hold” investor type among individuals, while interest from short-term speculative investors is relatively strong
- Recent regulatory changes:**
  - ✓ **Tax breaks** on capital gains on securities held for more than 3 years (up to RUB 9 mln for securities purchased after 1 Jan 2014)
  - ✓ Introduction of **individual investment accounts** for private investors since 2015
- These initiatives are set to attract individuals to securities market

**45 000 of individual investment accounts**  
opened as of July 20, 2015

# International buy-side: Integrating into the global financial system

## Key initiatives

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### **(i) Completing the upgrade to best international standards**

- ✓ Simplification of access for international investors
- ✓ Optimization of documentary and technical interface
- ✓ Corporate governance standards and investor protection
- ✓ EMIR and CFTC compliance

### **(ii) New products and services**

- ✓ Strengthen market data and index offering
- ✓ Information services and creation of corporate information center
- ✓ Single collateral pool across asset classes
- ✓ Development of opening and closing auctions

### **(iii) Marketing**

- ✓ Telling the story of Russian market infrastructure reform through the media, events and direct interaction with investors
- ✓ Outreach to new investor types and new geographies



# Algo & HFTs: growing role in the market eco-system

## Key initiatives

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- ✓ Strengthen market data and index offering
- ✓ Collocation services
- ✓ Transfer of IT-facilities into the new Tier-III certified data center
- ✓ Cross margining and risk netting
- ✓ Single access point to all asset classes, single collateral pool and new collateral management services
- ✓ Optimization of documentary and technical interface
- ✓ Reduction of trading costs related to the infrastructure

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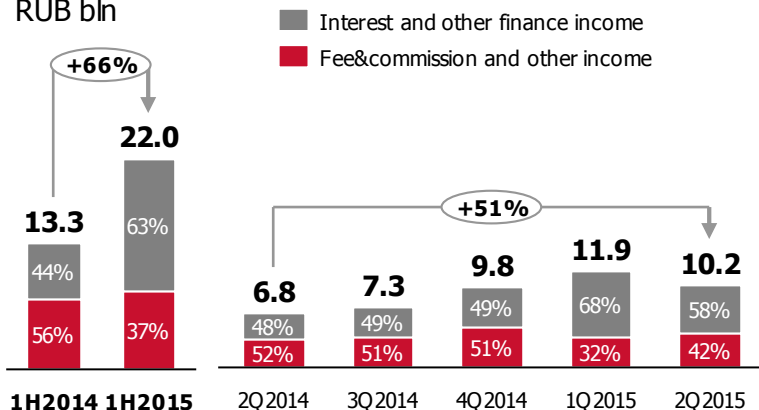
Strong operating and financial results



# Financial results: MOEX business model delivers again

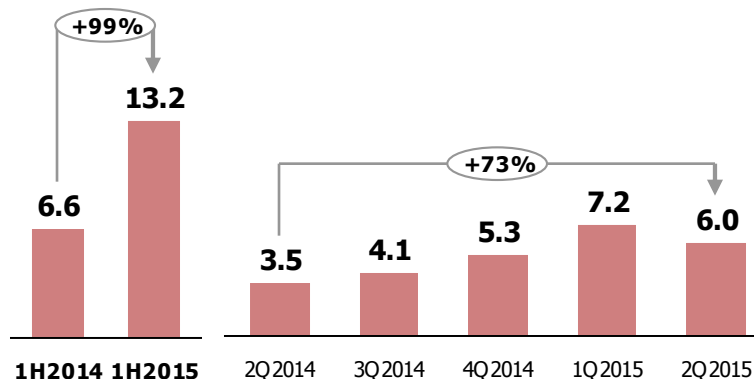
## Operating income

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



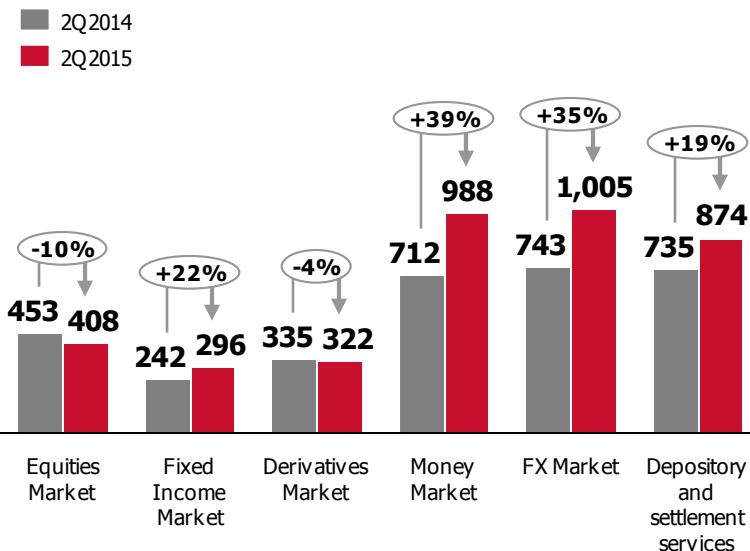
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Source: Consolidated Financial Statements

# Diversified fee & commission income

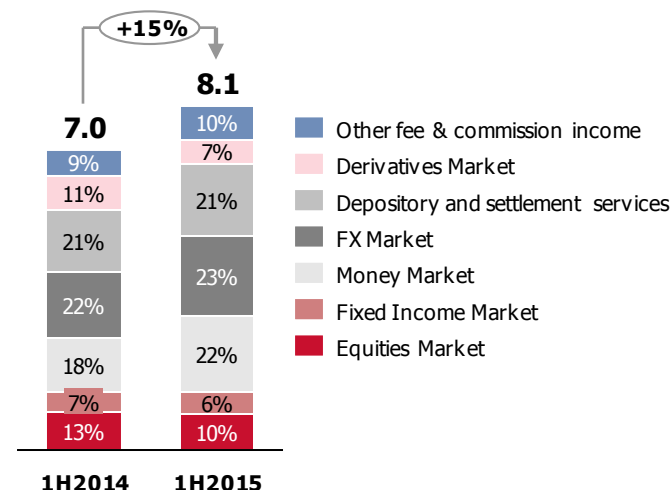
## Fee & commission income performance

RUB mln



## 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

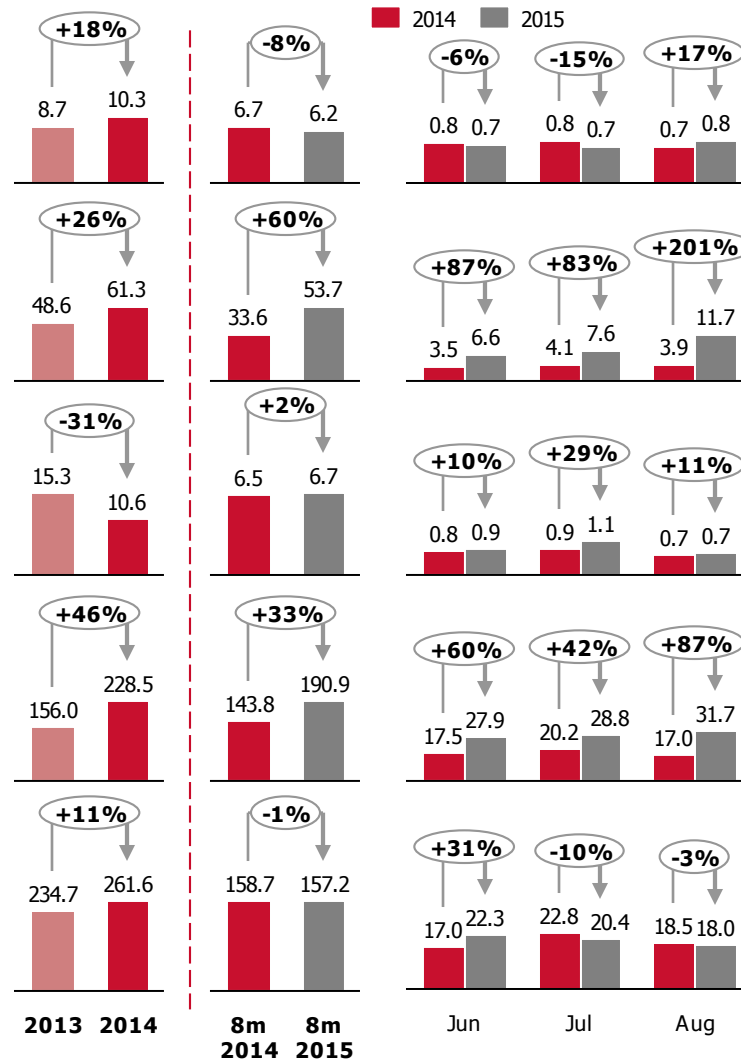
Derivatives Market  
RUB trln

Fixed Income Market  
RUB trln

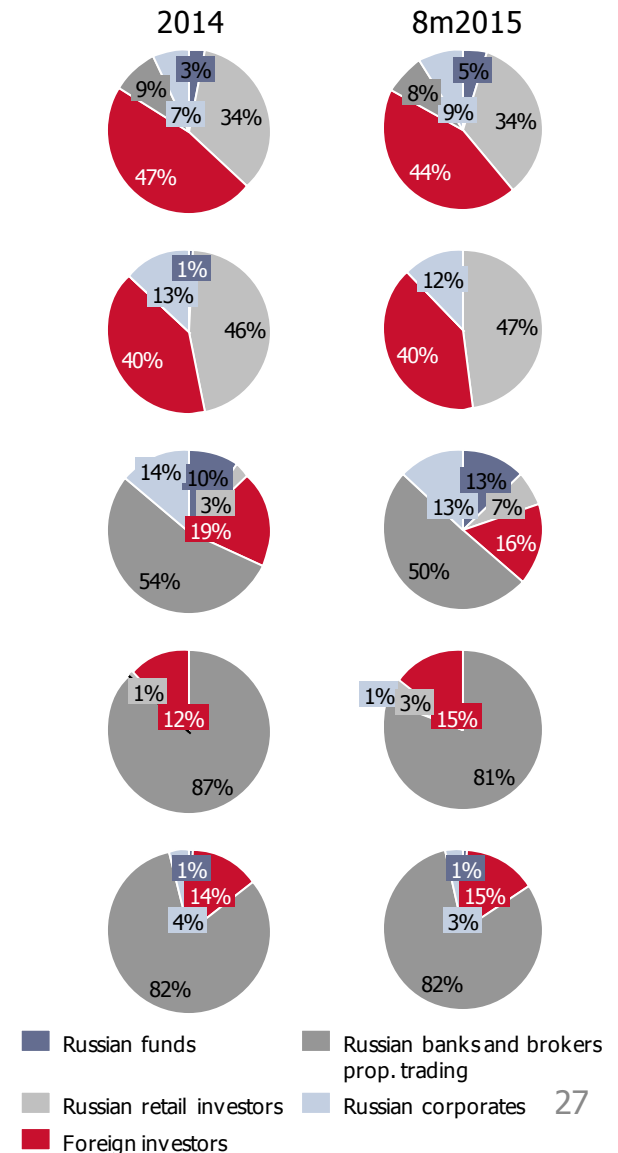
FX Market  
RUB trln

Money Market<sup>1</sup>  
RUB trln

## Trading volumes



## Volume breakdown by investor types



Source: Moscow Exchange data  
<sup>1</sup> Trading volumes including REPO with collateral management. Investor structure based on on-exchange trading volumes only

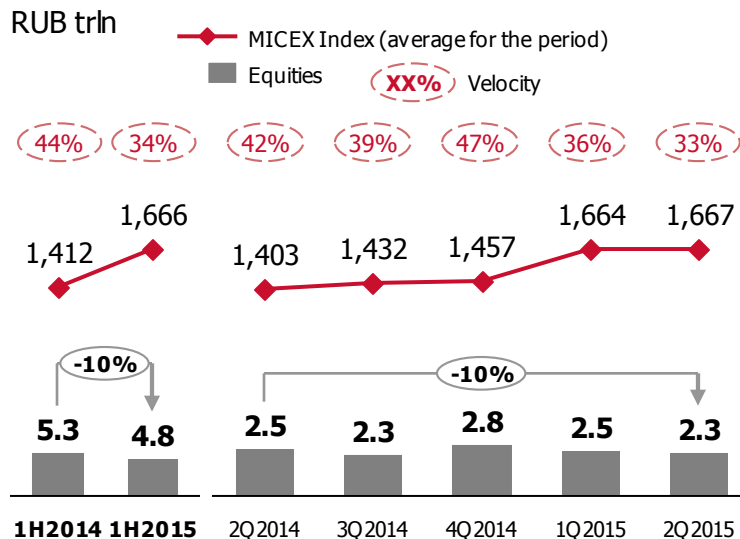


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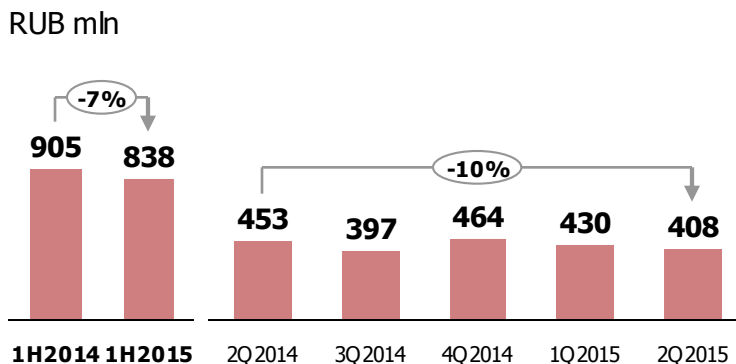


# Equities Market

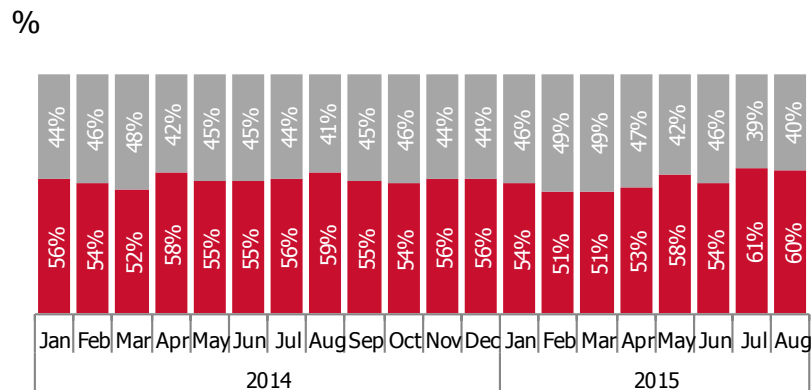
## Trading volumes<sup>1</sup>



## Fee & commission income



## Russian equities trading volumes<sup>2</sup>, MOEX vs LSE



■ Moscow Exchange<sup>3</sup> ■ LSE - international order book<sup>3</sup>

## 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

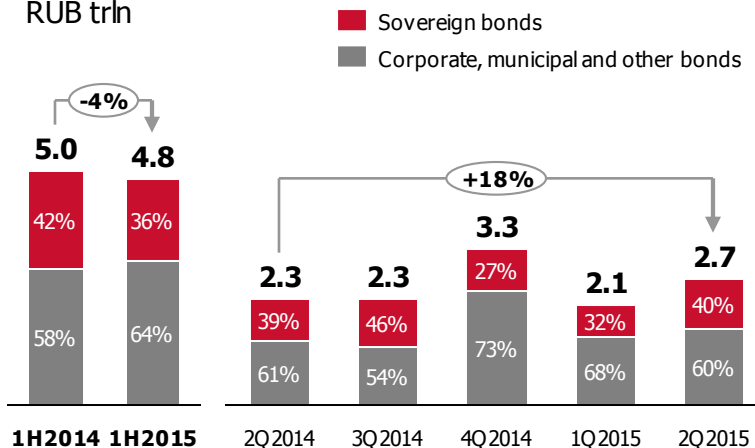


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# Fixed Income Market: rejuvenation of primary market

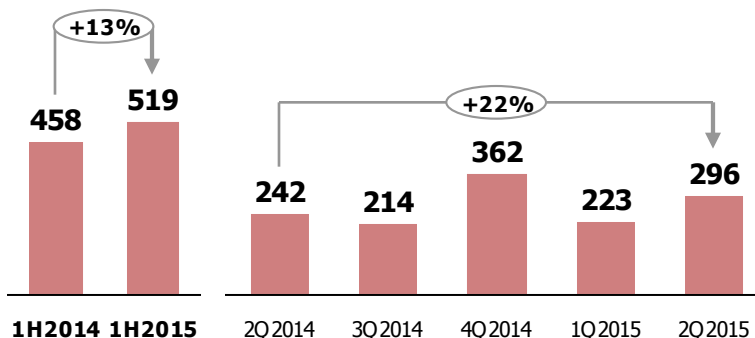
## Trading volumes<sup>1</sup>

RUB trln

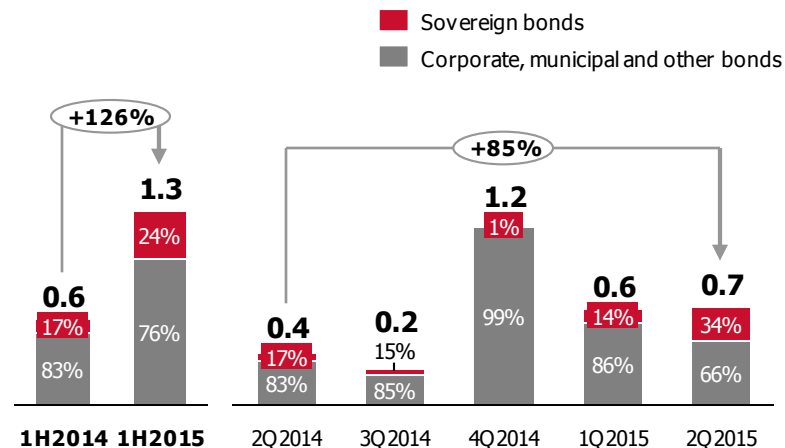


## Fee & commission income

RUB mln



## Primary market returns



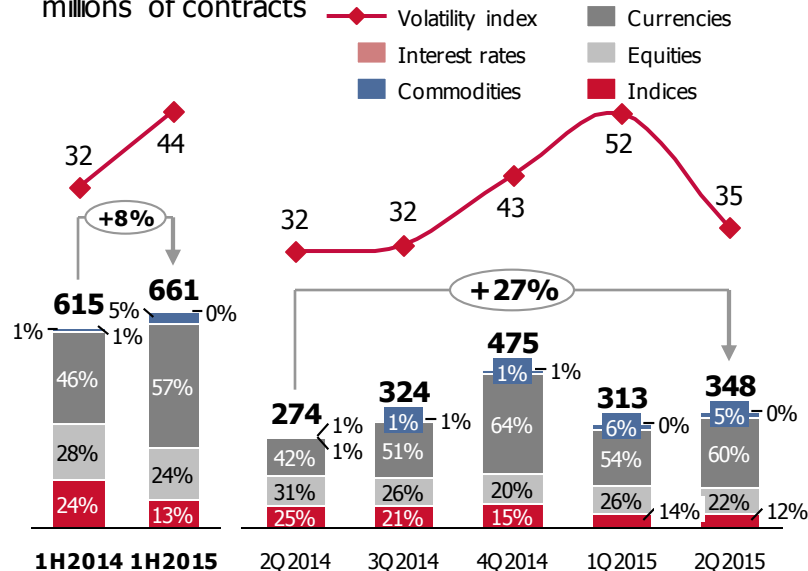
## Comments

- 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

# Derivatives Market: FX futures remains a key growth driver

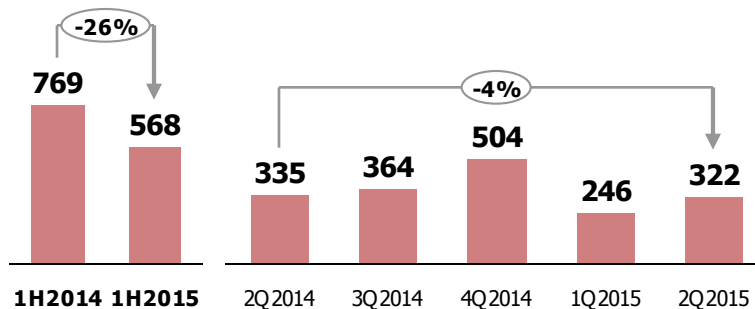
## Trading volumes

millions of contracts



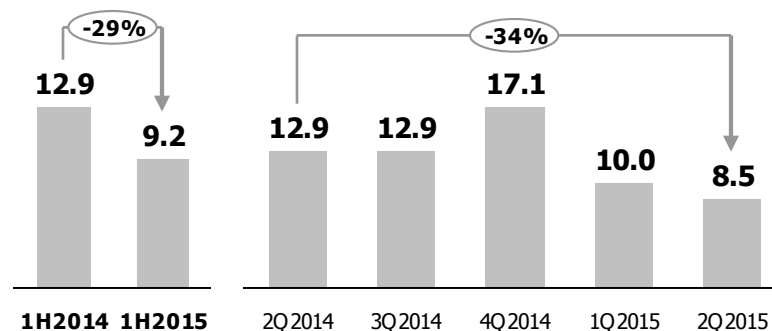
## Fee & commission income

RUB mln



## Open interest

millions of contracts, daily average



## Comments

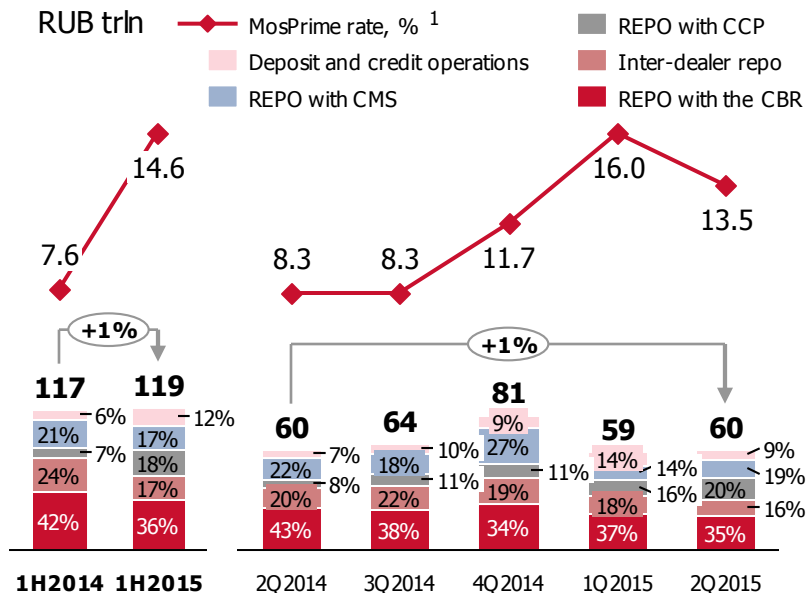
- Increased FX Market volatility led to 84% YoY growth in FX derivatives trading, which comprised 60% of total trading volumes on Derivatives Market versus 42% in 2Q2014
- Futures on indexes and single-stocks contracted by 22% YoY in contract terms
- Fees and commissions declined 4% due to lower fees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



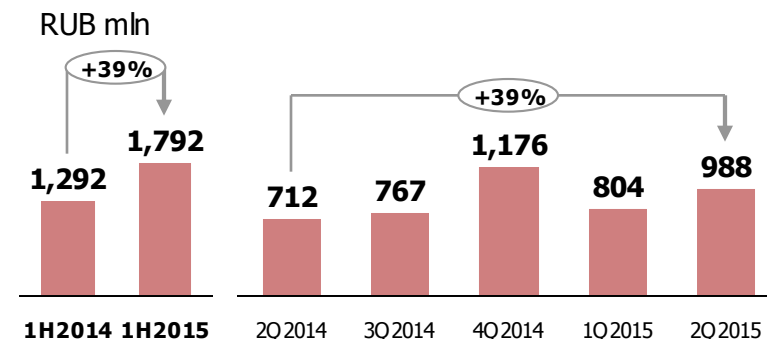
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# Money Market: solid demand for on-exchange services

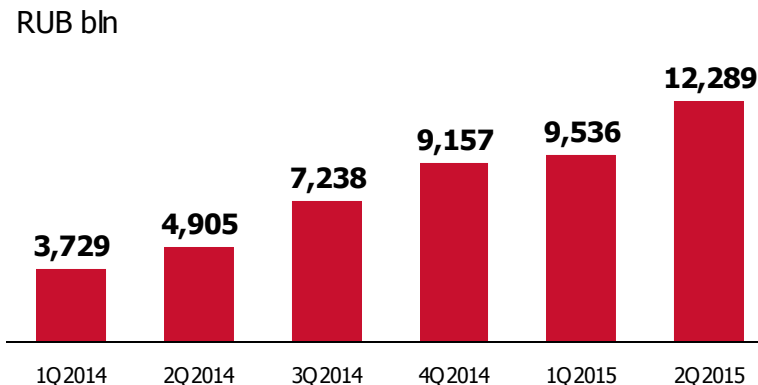
## Trading volumes



## Fee & commission income



## Trading volumes for REPO with CCP



## Comments

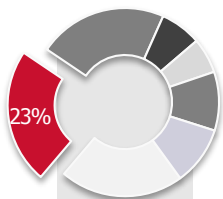
- REPO with CCP remained the fastest-growing product (up 2.5x YoY) and contributed 20% of trading volumes versus 8% year ago
- Average REPO maturity increased from 4.9 days to 7.3 days mainly driven by the CBR direct repo in FX. This led to higher fee income, since both deal amount and term are basis 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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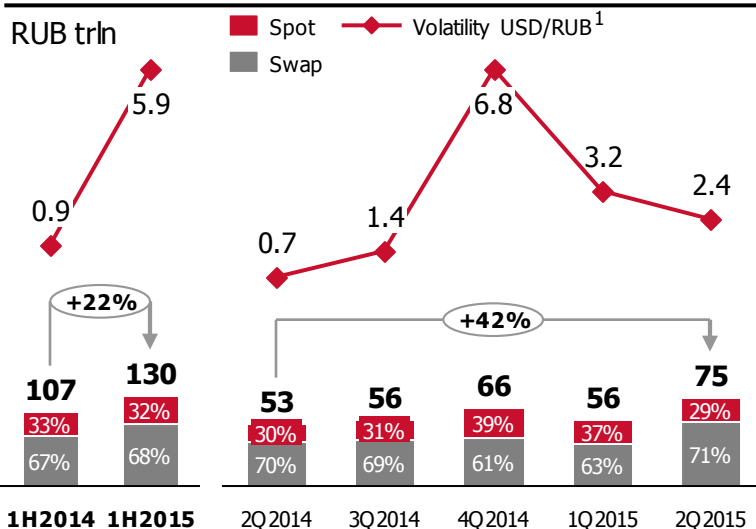
Source: Moscow Exchange operational information and Consolidated Financial Statements

<sup>1</sup> Overnight rate, average for the period

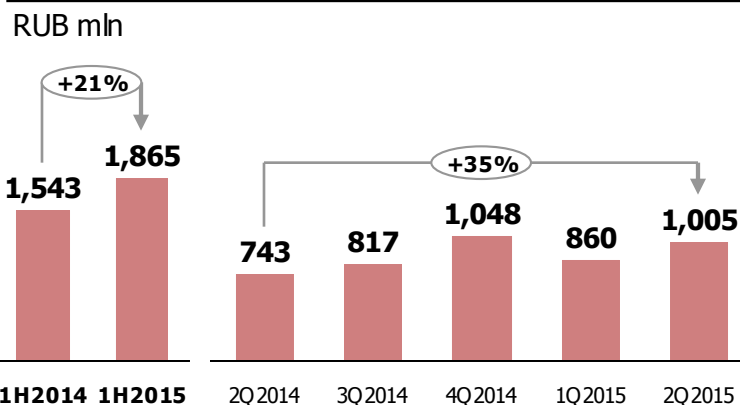


# FX Market: stronger demand for risk management via swaps

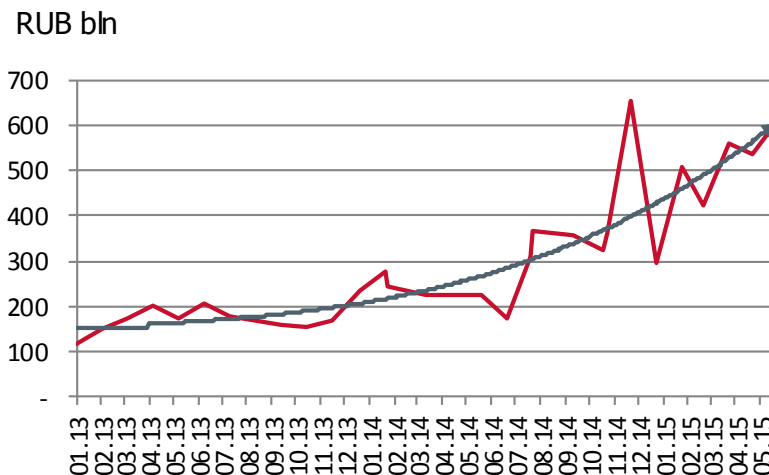
## Trading volumes



## 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

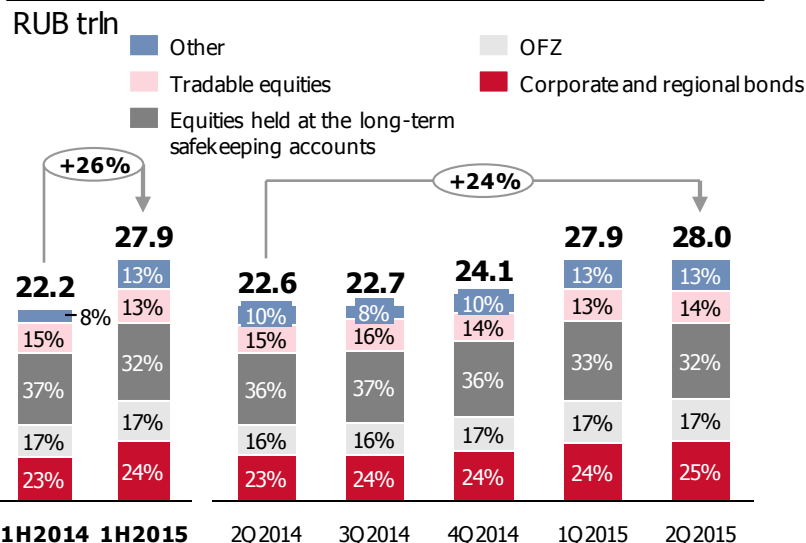


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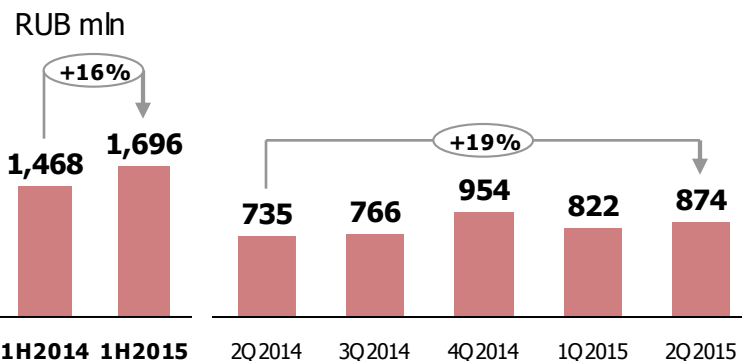
Source: Moscow Exchange operational information and Consolidated Financial Statements  
<sup>1</sup> Calculated as daily standard deviation of the USD/RUB exchange rate for the period

# NSD: new assets under custody drive growth

## Assets on deposit (average for the period)<sup>1</sup>

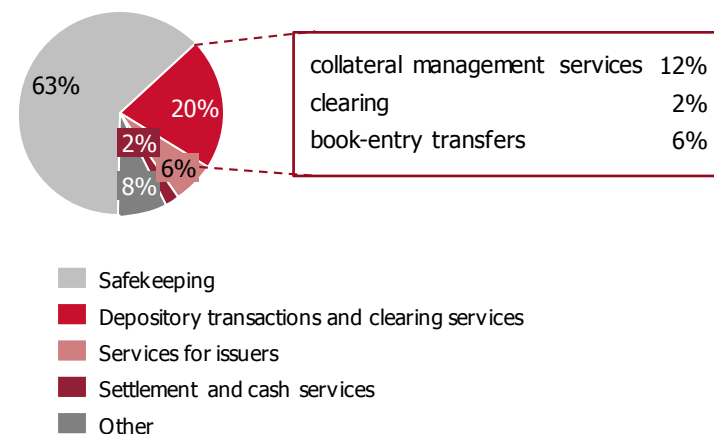


## Fee & commission income



## Fee & commission income breakdown<sup>1</sup>

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



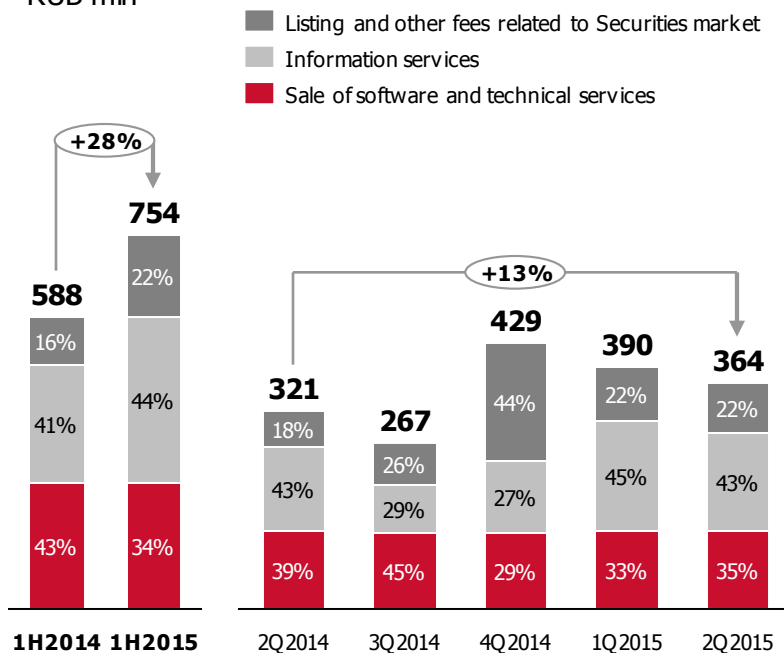
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Source: Moscow Exchange operational information and Consolidated Financial Statements  
1 according to management accounts data

# Growth in listing and information services fees

## Other fee & commission income<sup>1</sup>

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



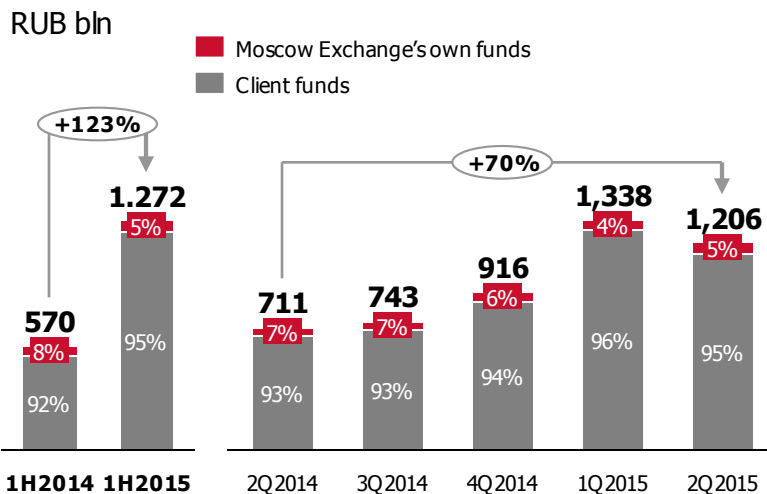
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Source: Consolidated Financial Statements

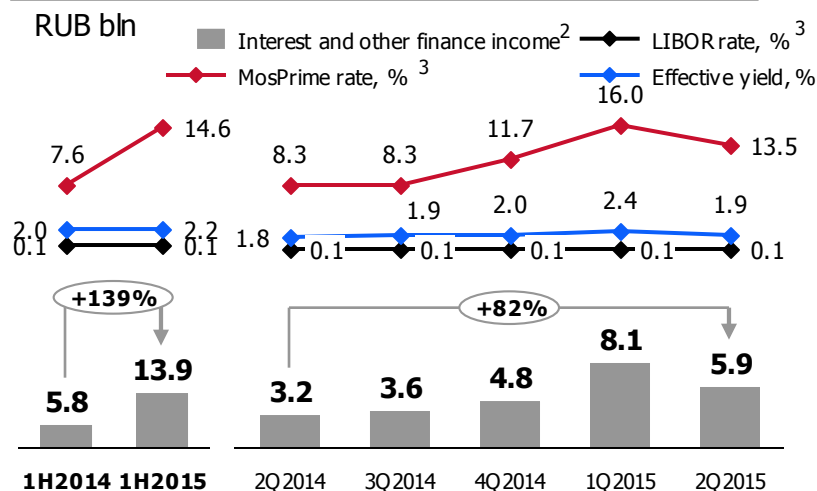
<sup>1</sup> Not including other fee&commission income as presented in financial statements

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

## Investment portfolio<sup>1</sup> (average daily volume)

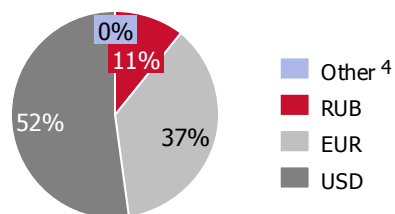


## Interest income



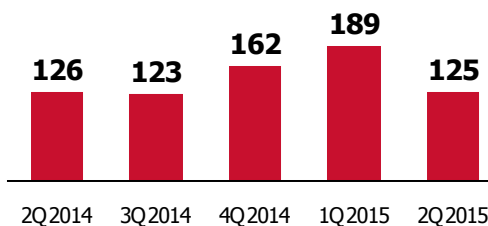
## Clients funds by currency

2Q2015



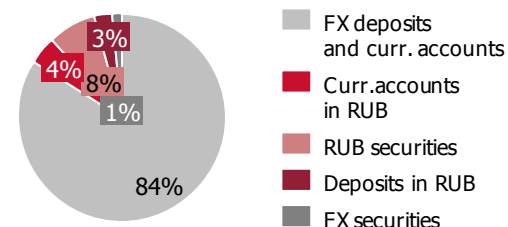
## RUB client funds

RUB bln



## Investment portfolio by type of asset

2Q2015



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

<sup>1</sup> Based on average daily investment portfolio according to management accounts

<sup>2</sup> 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

<sup>3</sup> Average daily rate for the period

<sup>4</sup> Share of other currencies is close to zero

# NCC capital target set at RUB 51 bln for 2015

## Approach to setting target capital

### CBR regulation of capital adequacy ratio

- Risk weighted assets (RWA) less provisions
- Market risk (according to 387-P)
- Operational risk

Tier 1 ratio  
(N1) >10%

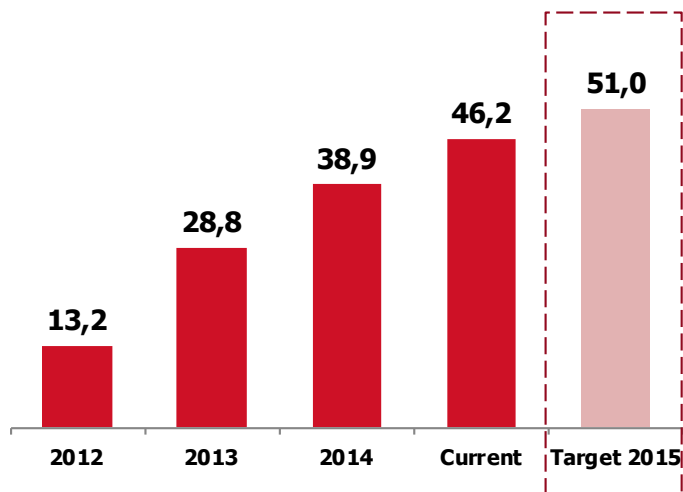
### CCP Stress-tests

- Market risk
- Credit risk
- CCP risk

Capital should be sufficient to (i) cover potential losses under a stress scenario and (ii) keep business operational

## NCC capital (eop)

RUB bln



## Key factors that impacted the target capital:

- ✓ Rapid growth of market participants balances in 2014, particularly FX denominated
- ✓ Ruble devaluation
- ✓ Expected abolishment of temporarily requirements for RWA in FX set by the CBR under 211-T regulation

## Key factors to watch:

- ✓ Changes in client balances
- ✓ Interest rates in the US and EU
- ✓ MOEX and CBR collaboration on regulation developments on NCC as a Central counterparty (CCP)

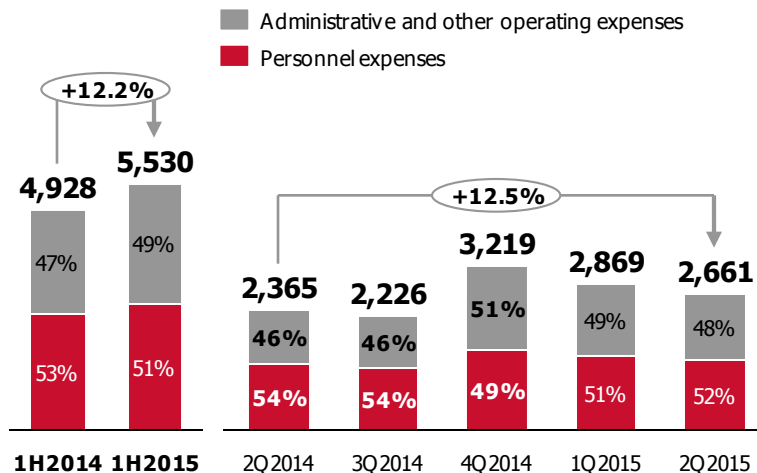


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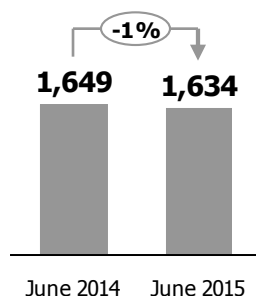
# Operating expenses

## Operating expenses

RUB mln



## Headcount



## Major expense items

RUB mln

	2Q2014	2Q2015	Change YoY
<b>Personnel expenses</b>	<b>1 287</b>	<b>1 387</b>	<b>8%</b>
<b>Administrative and other operating expenses, including</b>	<b>1 078</b>	<b>1 274</b>	<b>18%</b>
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%
<b>Total</b>	<b>2 365</b>	<b>2 661</b>	<b>12.5%</b>
<b>Cost income ratio</b>	<b>35.0%</b>	<b>26.1%</b>	<b>-</b>

## 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

# Appendix



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# Consolidated Statement of Financial Position

<i>In million rubles</i>	<i>June 30, 2015</i>	<i>December 31, 2014</i>	<i>% chg. June 30, 2015/December 31, 2014</i>
<b>Assets:</b>			
Cash and cash equivalents	995 148.2	1 163 783.1	-14%
Central counterparty financial assets	317 904.2	139 609.8	128%
Financial assets <sup>1</sup>	181 390.5	132 266.5	37%
Property and equipment and intangible assets	24 376.1	24 200.6	1%
Goodwill	15 971.4	15 971.4	0%
Other assets <sup>2</sup>	1 399.9	1 673.4	-16%
<b>Total Assets</b>	<b>1 536 190.3</b>	<b>1 477 504.9</b>	<b>4%</b>

<i>In million rubles</i>	<i>June 30, 2015</i>	<i>December 31, 2014</i>	<i>% chg. June 30, 2015/December 31, 2014</i>
<b>Liabilities:</b>			
Balances of market participants	1 082 714.6	1 231 999.1	-12%
Central counterparty financial liabilities	317 904.2	139 609.8	128%
Distributions payable to holders of securities	28 954.1	6 353.0	356%
Other liabilities <sup>3</sup>	8 179.4	7 695.5	6%
<b>Total Liabilities</b>	<b>1 437 752.3</b>	<b>1 385 657.5</b>	<b>4%</b>
<b>Total Equity</b>	<b>98 438.0</b>	<b>91 847.4</b>	<b>7%</b>
<b>Total Liabilities and Equity</b>	<b>1 536 190.3</b>	<b>1 477 504.9</b>	<b>4%</b>

Source: Moscow Exchange, Consolidated Financial Statements

1 Financial assets at fair value through profit or loss, Due from financial institutions, Investments available-for-sale, Investments in associates

2 Current tax prepayments, Deferred tax asset, Other assets

3 Settlement on reverse repo margins, Deferred tax liability, Current tax payables, Other liabilities



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# Consolidated Statement of **Comprehensive Income**

<i>In million rubles</i>	<i>Three month period ended June 30, 2015</i>	<i>Three month period ended June 30, 2014</i>	<i>% chg. 2Q2015/ 2Q2014</i>	<i>Year ended December 31, 2014</i>	<i>Year ended December 31, 2013</i>	<i>% chg. 2014/ 2013</i>
Fee and commission income	4 299.1	3 521.9	22%	15 586.0	12 792.1	22%
Interest and other finance income <sup>1</sup>	5 854.3	3 219.2	82%	14 279.4	11 754.9	21%
Other operating income	23.2	12.1	92%	528.7	58.9	797%
<b>Operating Income</b>	<b>10 176.6</b>	<b>6 753.2</b>	<b>51%</b>	<b>30 394.0</b>	<b>24 606.0</b>	<b>24%</b>
Administrative and other operating expenses	-1 273.7	-1 078.1	18%	-4 978.5	-5 030.0	-1%
Personnel expenses	-1 387.0	-1 286.5	8%	-5 394.8	-4 827.0	12%
<b>Operating Expense</b>	<b>-2 660.7</b>	<b>-2 364.6</b>	<b>13%</b>	<b>-10 373.3</b>	<b>-9 857.0</b>	<b>5%</b>
<b>Operating Profit</b>	<b>7 515.9</b>	<b>4 388.6</b>	<b>71%</b>	<b>20 020.8</b>	<b>14 749.0</b>	<b>36%</b>
Interest expense in respect of written put option over own shares	-	-	-	-	-199.7	-
Share of profit/(loss) of associates	-1.3	-1.8	-28%	7.4	74.6	-90%
<b>Profit before Tax</b>	<b>7 514.6</b>	<b>4 386.8</b>	<b>71%</b>	<b>20 028.1</b>	<b>14 623.9</b>	<b>37%</b>
Income tax expense	-1 511.0	-913.2	65%	-4 035.0	-3 042.2	33%
<b>Net Profit</b>	<b>6 003.6</b>	<b>3 473.6</b>	<b>73%</b>	<b>15 993.2</b>	<b>11 581.7</b>	<b>38%</b>
<b>Earnings per share</b>						
Basic earnings per share, rubles	2.70	1.58	71%	7.21	5.23	38%
Diluted earnings per share, rubles	2.68	1.58	70%	7.18	5.23	37%

# DR holders pay substantial **EXTRA FEES** to depositary banks

## Fees to be paid to depositary bank for some of DR programs of the Russian companies

DR program		Depository Service Fee <sup>1</sup> (DSF), USD per DR	Dividend Fee <sup>2</sup> , USD per DR	Dividend Fee as % of dividend amount <sup>3</sup>	DRs cancellations fee, USD per DR
RusHydro	BoNY Mellon	0.02	0.004	14%	0.05
TGK-1	BoNY Mellon	0.02	0.002	13%	0.05
VTB Bank	BoNY Mellon	0.03	0.009	12%	0.05
TMK	BoNY Mellon	0.02	0.01	12%	0.05
MMK	BoNY Mellon	0.02	0.012	12%	0.05
Sberbank	BoNY Mellon	0.02	0.02	8%	0.05
Gazprom	BoNY Mellon	0.02 <sup>5</sup>	0.02	7%	0.05
Surgutneftgaz-p	BoNY Mellon	0.02	0.02	6%	0.05
Russian Grids	BoNY Mellon	0.02	0.02	5%	0.05
Lukoil	BoNY Mellon	0.02 <sup>5</sup>	0.02	2%	0.05
Norilsk Nickel	BoNY Mellon	0.01	0.02	2%	0.05
Acron	Deutsche Bank	0.02	0.015	9%	0.05
Mechel	Deutsche Bank	0.02	0.017	8%	0.05
MTS	JP Morgan	0.01	0.03	3%	0.05
Rosneft	JP Morgan	0.03	-	n/a	0.05
Phosagro	Citi	0.02	0.01	7%	0.05
<b>Average</b>		<b>0.02</b>	<b>0.01</b>	<b>8%</b>	<b>0.05</b>

## Gross DSF and dividend fees calculated for Top-3 international funds holding DRs of Russian companies<sup>4</sup>

Fund A	4 734 003 USD
Fund B	5 029 605 USD
Fund C	3 179 714 USD

## Cost of cancellations all DR in portfolios to local shares for Top-3 funds

Fund A	5 808 931 USD
Fund B	5 828 632 USD
Fund C	4 376 841 USD

- Depositary service fee and Dividend fee are to be paid by DR holder to the depositary bank while there are no such fees for holders of local shares
- All DRs cancellations operations are also charged 0.05 USD per DR
- DR dividend income in case of non disclosure of beneficial owners taxed at a 30% rate from 2014<sup>6</sup>

(1) Service fees are charged annually, in arbitrary date. Calculated based on number of DR on client account on the record date

(2) Dividend fees are charged when dividends are paid

(3) As % of dividend amount after tax

(4) Calculations based on Thomson Reuters data as of June 2014

(5) Data on depositary service fees for these companies are not available. Indicative numbers based on average level of depositary service fee for DR of Russian companies are used for the purposes of this presentation.

(6) Federal Law of 02.11.2013 № 306-FZ came into force January 1, 2014

Source: BNY Mellon, Deutsche Bank, JP Morgan, Citi, Thomson Reuters

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– 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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