



**MOSCOW  
EXCHANGE**

January 2016

Investor presentation



MOEX Overview

**2**

Recent achievements

**3**

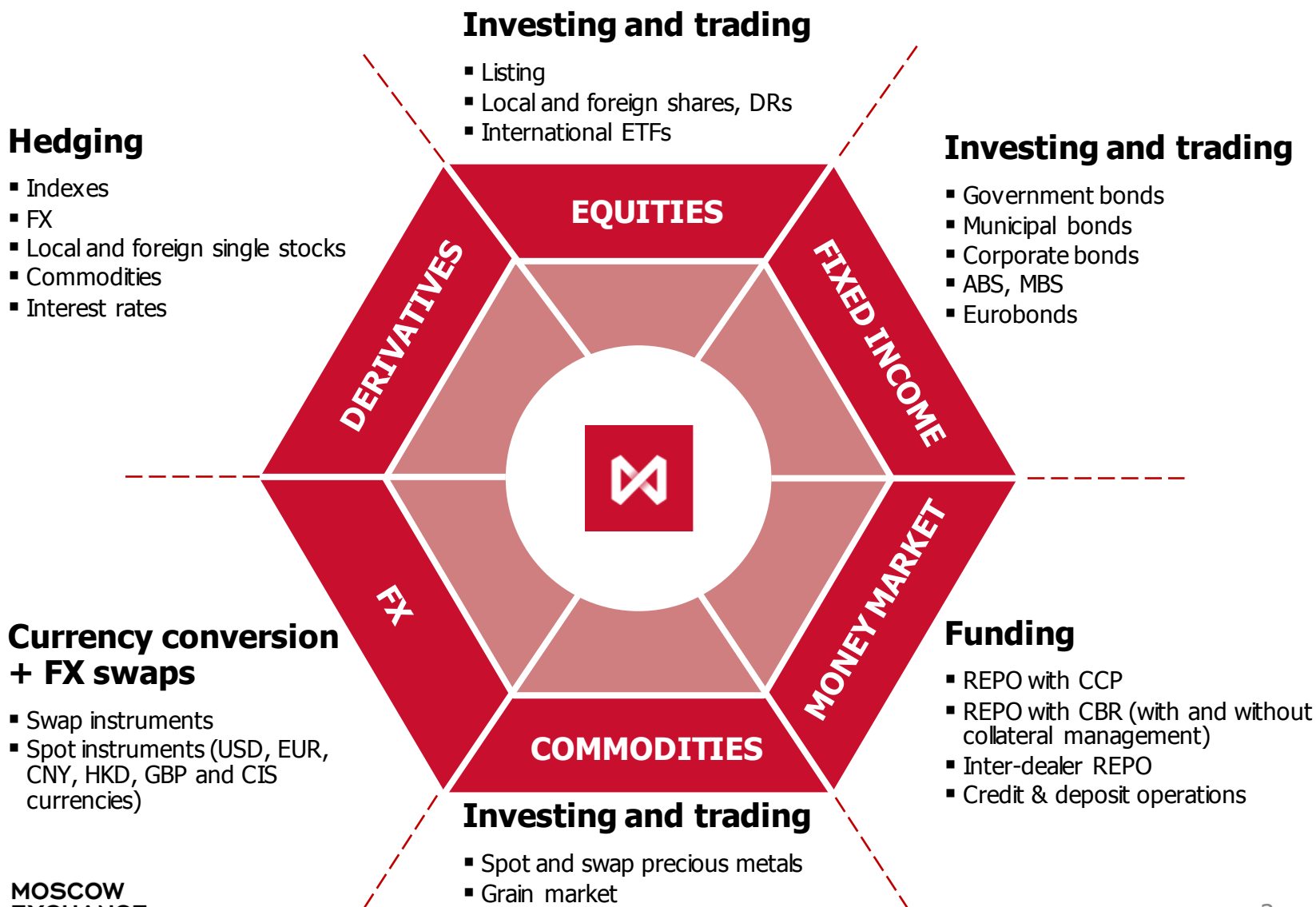
Strategy 2015-2020

**4**

Strong operating and financial results

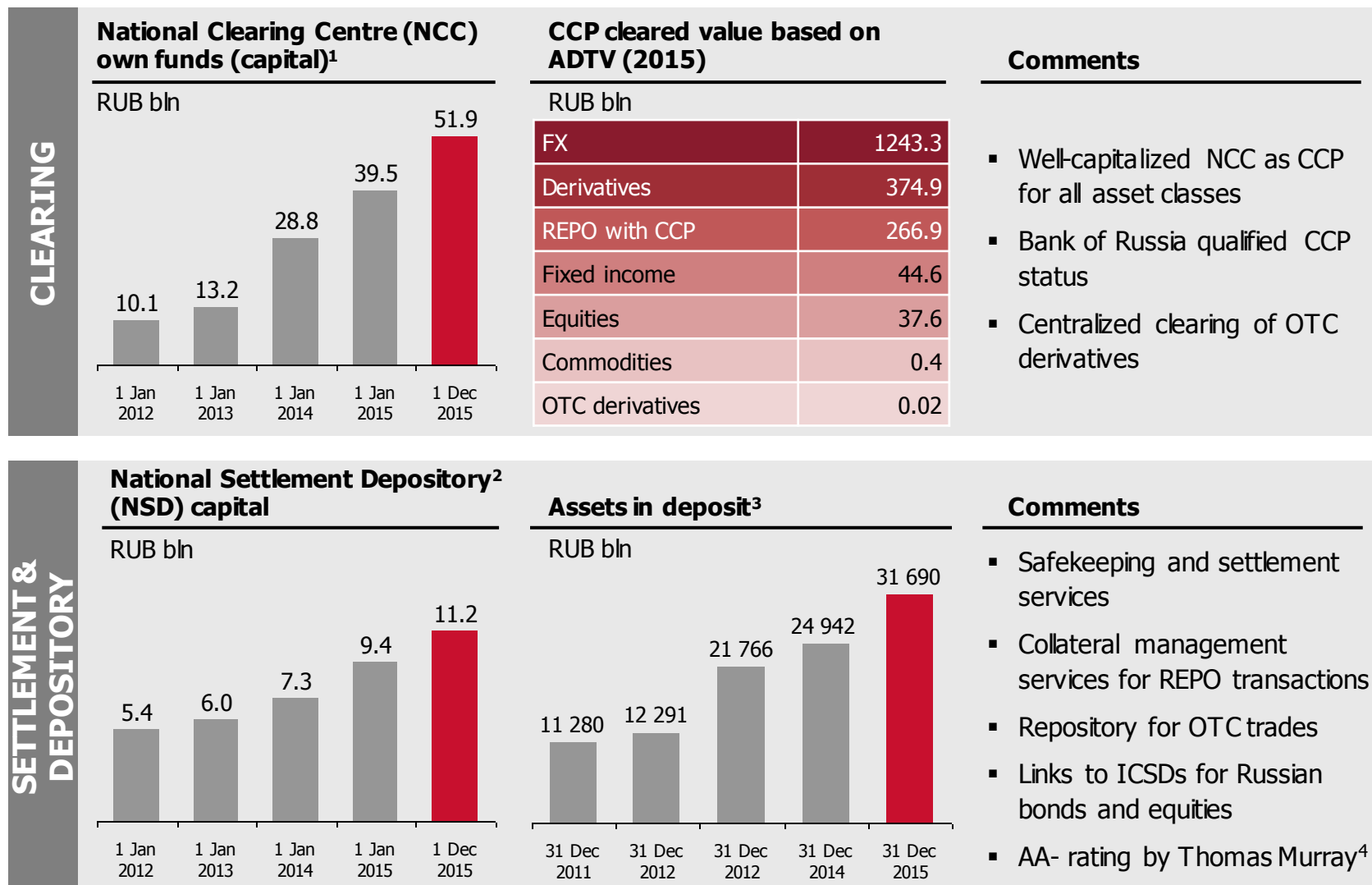


# Highly diversified product offering...



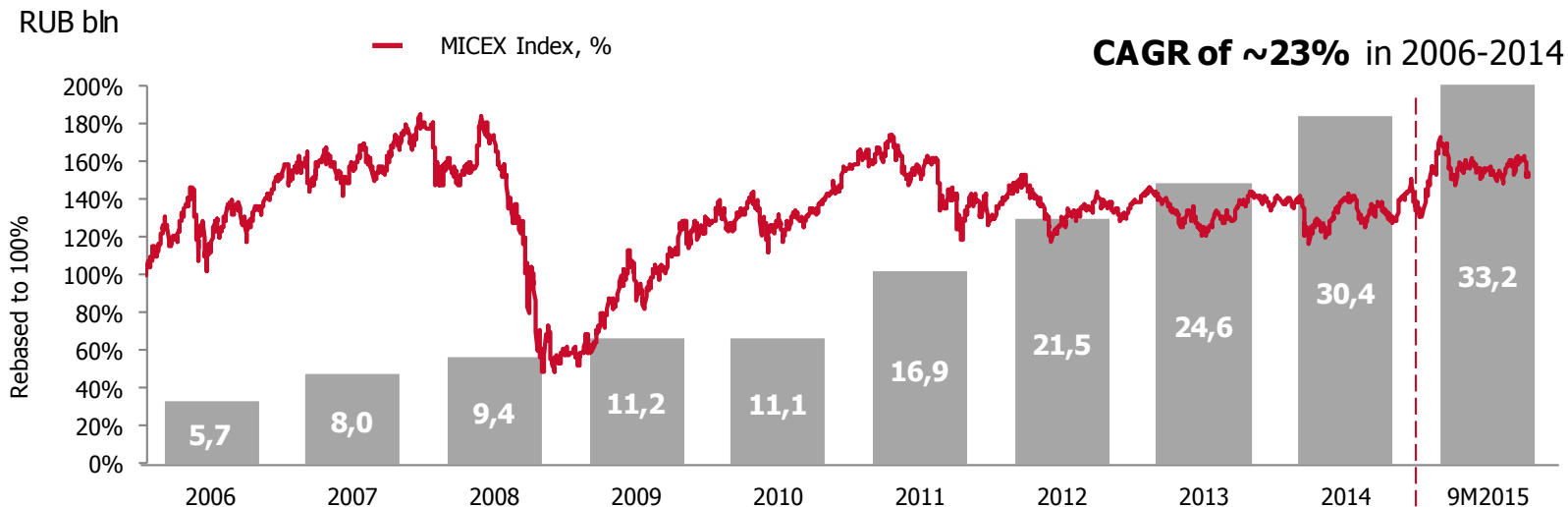
# ...coupled with **strong post-trade infrastructure**

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



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

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

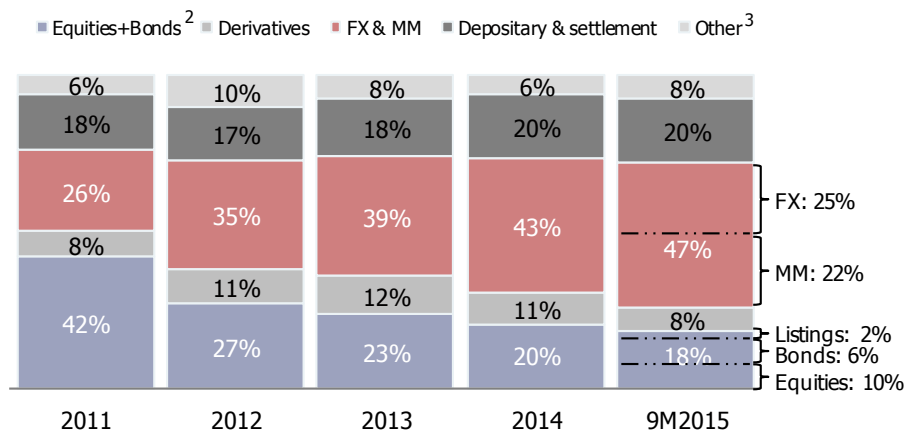


## Key highlights

**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 2011-9m2015

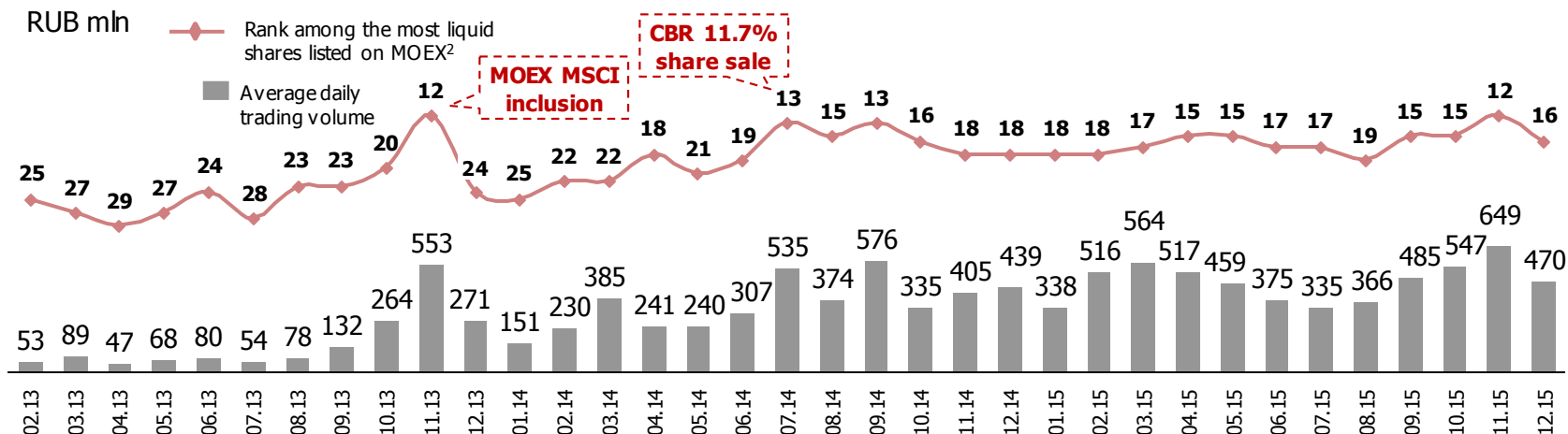
<sup>3</sup> Include income from Information services & sale of software and other fee&commission income in 2011-9m2015



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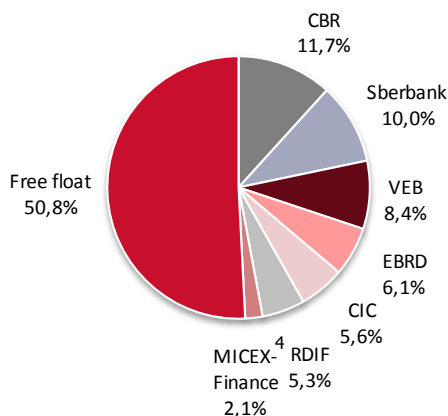
# One of the highest free-floats in Russia

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

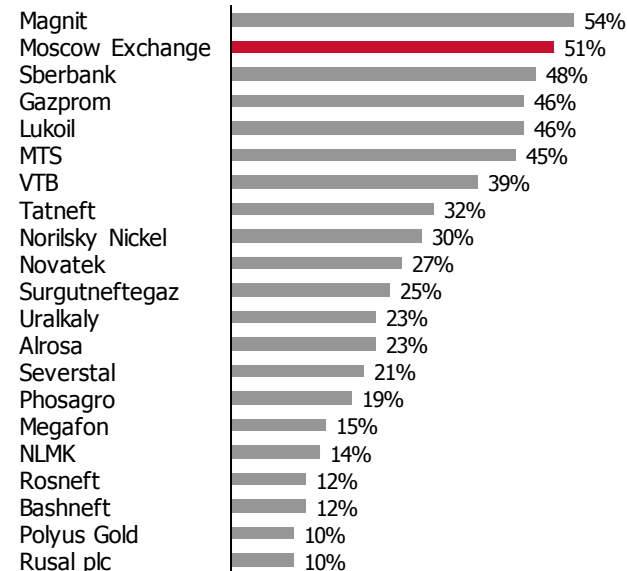


## Dispersed ownership with no controlling shareholder...

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 Moscow Exchange and top 20 companies by market capitalisation from MICEX Index on October 30, 2015

# 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



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Strong operating and financial results



# Key developments in 2H 2015

## ✓ **New dividend policy**

- Supervisory Board approved a new dividend policy, raising the payout floor to 55% of the Group's net profit under IFRS, which was the record payout ratio level achieved in 2014

## ✓ **Strengthening the product offering**

- New indices of publicly-traded companies where the Russian state has an ownership stake were launched. These are new equity market benchmarks, developed in cooperation with Economy Ministry of Russia, the Federal Agency for State Property Management
- Since October 1<sup>st</sup>, market participants are obliged to report all types of derivative transactions on the Russian market to the NSD repository, including bond options, bond forwards, equity options, and currency binary options
- National Mercantile Exchange, part of Moscow Exchange Group, launched on-exchange trading in grain in December 2015. NCC Clearing Bank acts as the central counterparty
- IPOs of Europlan, Novorossiysk Grain Plant and SPO of Moscow Credit Bank

## ✓ **Growing the local investor base**

- Individual investment accounts (IIA) beat expectations: **80,000** IIAs registered during 2015
- Changes in regulation allowed retail investors to open an account with a broker remotely. This will streamline and simplify the process for retail investors in Russia's regions

## ✓ **Corporate actions reform**

- Seventy-nine issuers, including top names like Gazprom and Sberbank conducted shareholder meetings using ISO 20022, an international corporate actions standard

## ✓ **Aligning the CCP risk waterfall with international best practice**

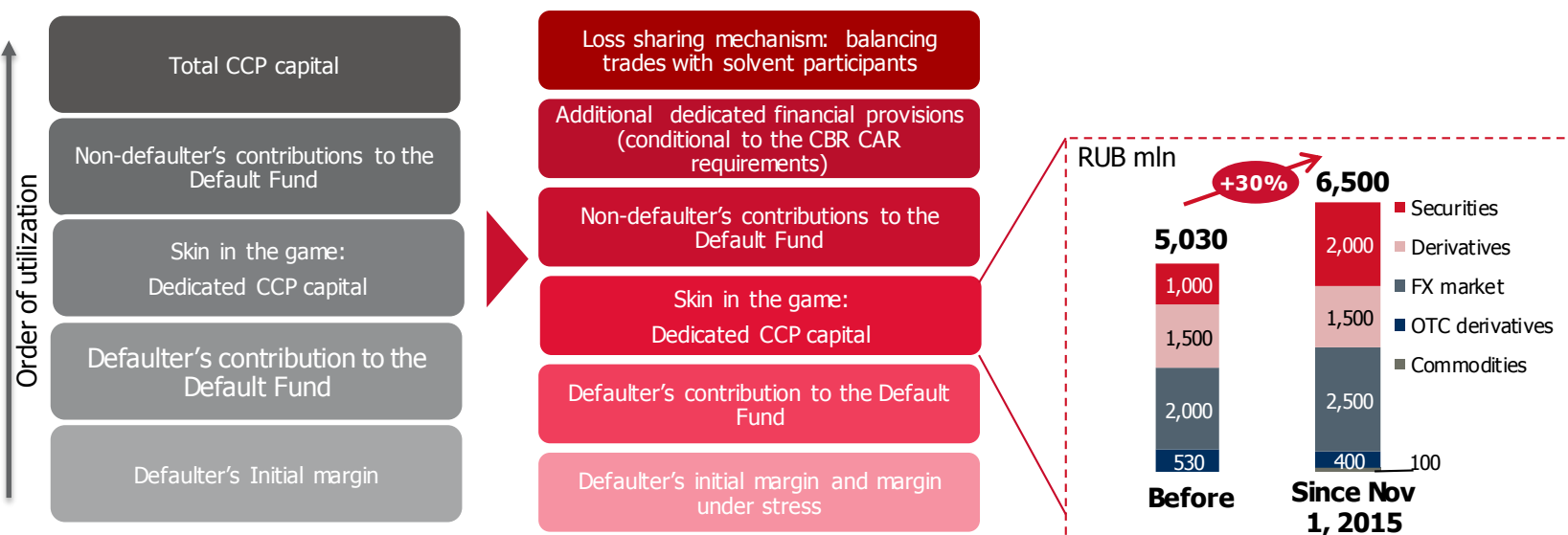
- Since November 1<sup>st</sup>, NCC harmonized the risk-waterfall structure across different markets and aligned it with CPMI-IOSCO recommendations and the CBR's requirements. Dedicated capital ("Skin in the game") has been specified for each MOEX market, with the introduction of an updated risk distribution mechanism



# New financial stability recovery mechanism

- ✓ Unification of NCC risk-protection system across all markets
- ✓ The CBR sponsored alignment of risk-waterfall in accordance with CPSS-IOSCO requirements, which is in line with the "Standardization" pillar of MOEX's strategy
- ✓ Recovery and continuity – the CCP remains operational even under extreme circumstances

## The updated unified risk-waterfall structure specifies a new amount of "skin in the game"

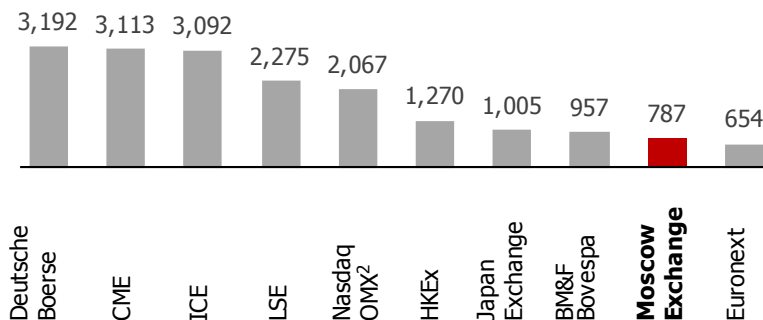


New structure outlined in the new clearing rules, came into effect on 3 August 2015, with the specified "Skin in the game" amount approved by NCC effective from 1 November 2015

# New dividend policy: payout floor raised to 55%

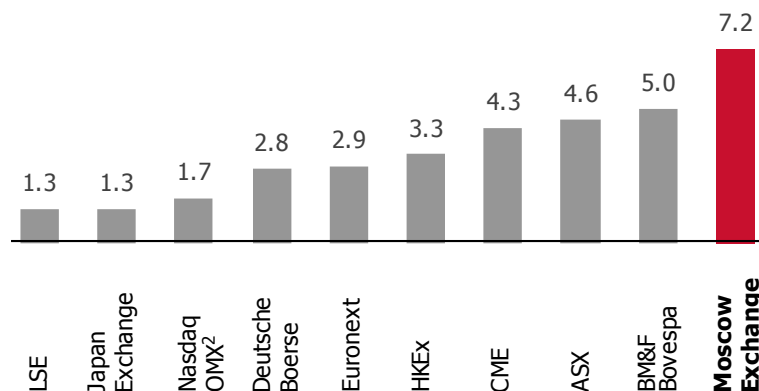
## Revenues 2014<sup>1</sup>

USD mln



## Dividend yield 2015E

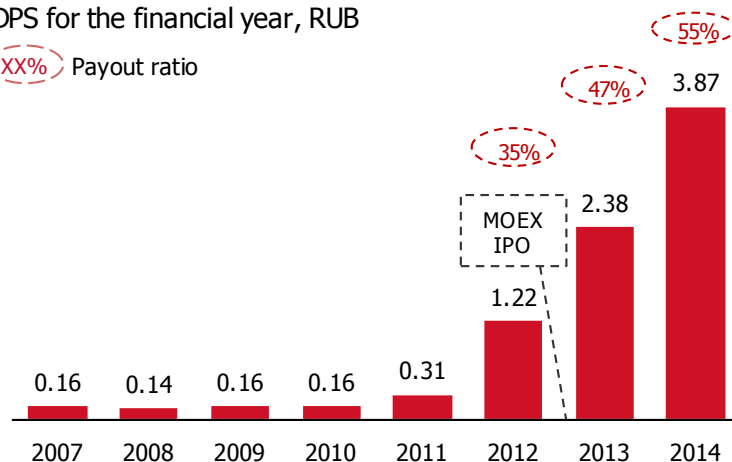
%



## 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 approved in Sep'15 sets 55% as a new payout floor**



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Source: Bloomberg

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)

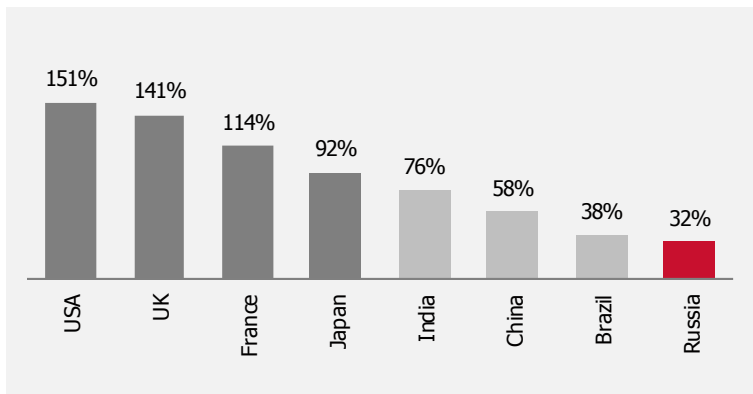
- Total trading volumes CAGR of ~**18%** in 2012-2014
- Operating profit CAGR of ~**29%** in 2012-2014
- EPS for 2014 up **2.3 times** versus 2011 to RUB 7.2
- Dividend per share up **12.5 times** versus 2011 to RUB 3.87 with a payout ratio of 55% for 2014



# ...based on significant growth opportunities

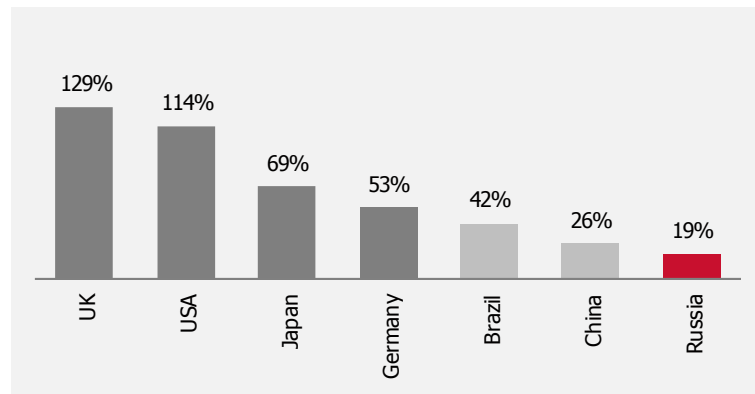
## Equity market capitalisation to GDP<sup>1</sup>

2014



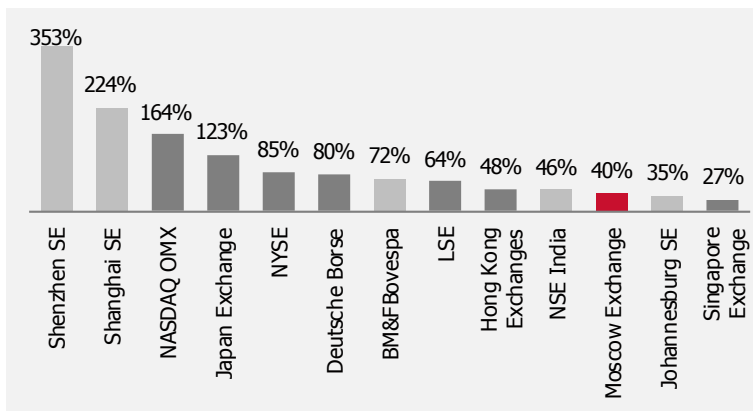
## Corporate debt to GDP<sup>2</sup>

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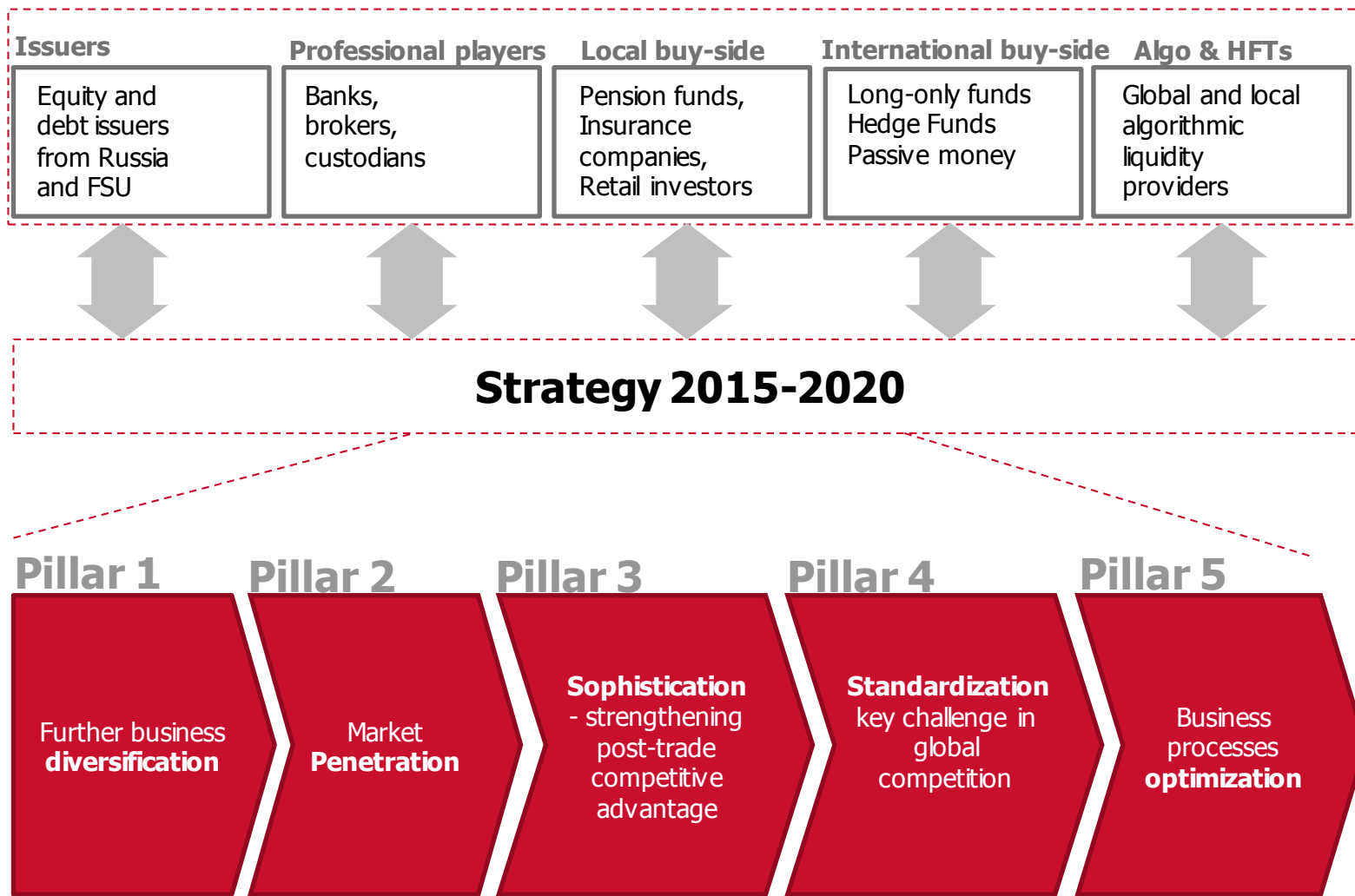
Source: Moscow Exchange, WFE, IMF, Rosstat, SCIB, BIS

<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

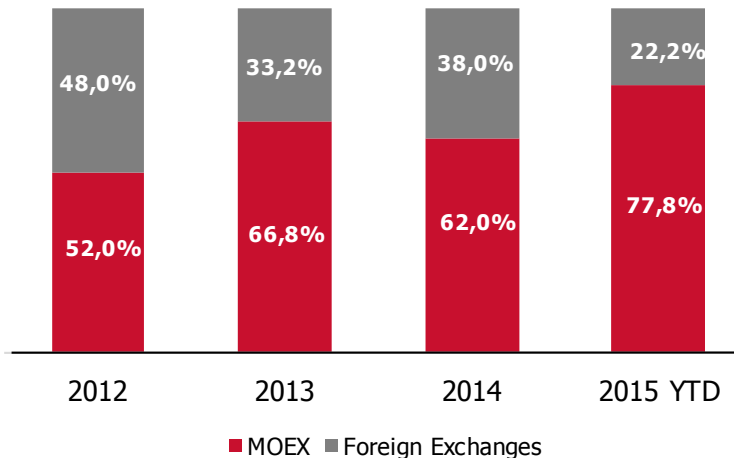
# Strategy 2015-2020: focus on key client groups through five pillars



# 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 2015 on a year-on-year basis corporate and regional bonds placements increased by 6% and sovereign placements grew more than 3 times

## 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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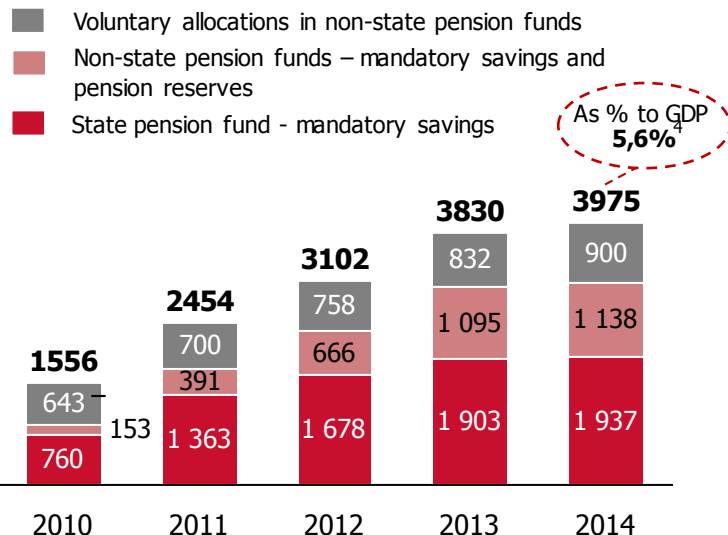
- ✓ Active work in partnership with the government to improve regulatory framework:
  - Regulation of pension funds, insurance companies and mutual funds
  - Development of individual investment accounts
  - Tax initiative to attract retail investors
- ✓ Increase in financial literacy of local investors 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

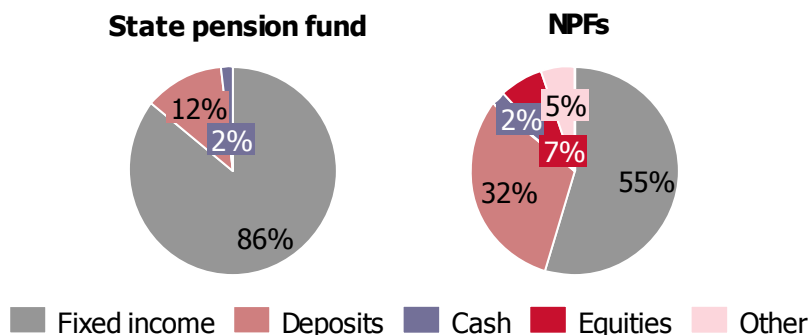


## Key highlights

### Positive regulatory framework development:

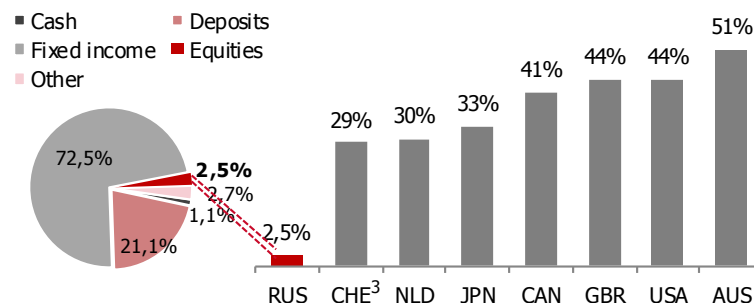
- CBR became a regulator of the pension system
- Adopted changes in pension funds regulation:
  - ✓ “One year non-loss rule” was abolished
  - ✓ Investment horizon of NPFs<sup>2</sup> was extended to 5 years
  - ✓ Customer incentive to stay with the fund manager not less than 5 years
  - ✓ Guarantee 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. The moratorium was extended to 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

1 Obligatory savings, not including reserves

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

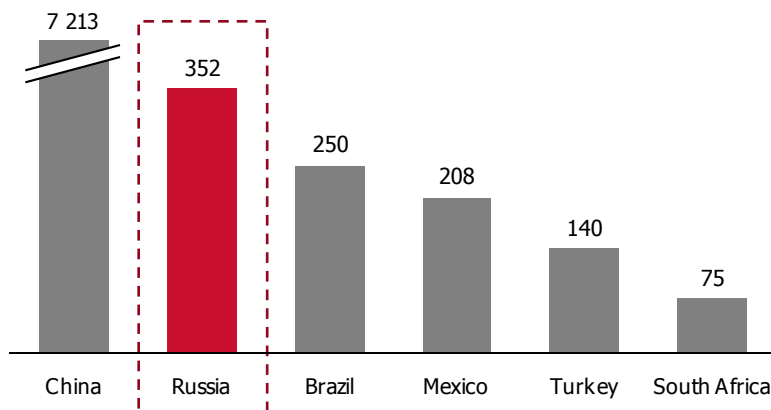
3 Chile

4 Source: Rosstat. GDP for 2014.

# Retail money: aiming to grow equity culture

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

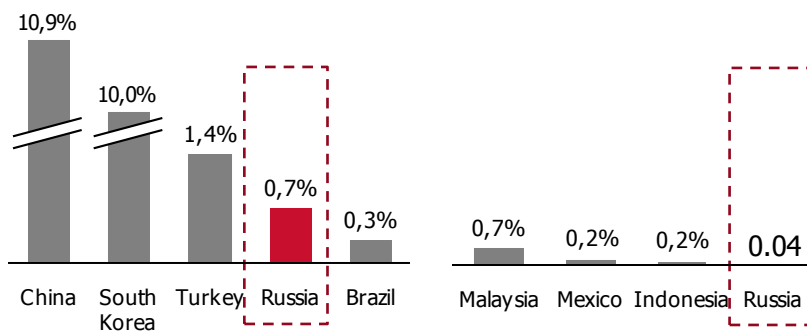
USD bln



## Population exposure to securities market<sup>2</sup>, %

*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
  - ✓ Retail investors were allowed to **open an account** with a broker **remotely**. This will simplify the process for retail investors in Russia’s regions

**80 000 of individual investment accounts**  
opened in 2015



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1. Source: Allianz, national Central Banks, national statistical agencies. Turkey, Russia - June 2015, Mexico – May 2015, Brazil – 2014, China – 2013, South Africa – 2012  
2. Russia, China – 2015, Turkey, South Korea, Brazil, Malaysia, Mexico, Indonesia – 2014

# 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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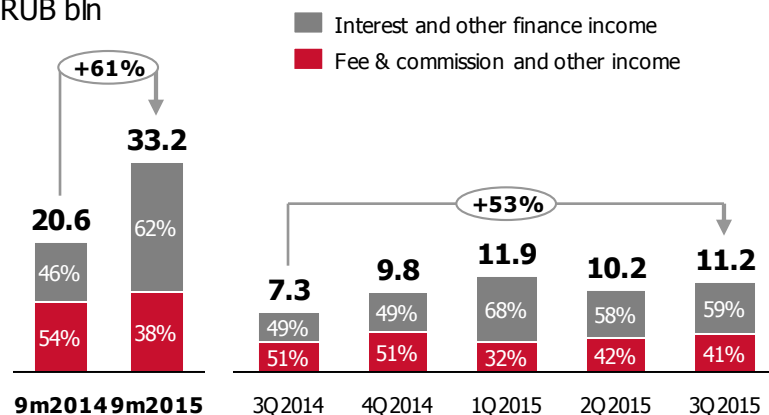
Strong operating and financial results



# Financial results: MOEX business model delivers again

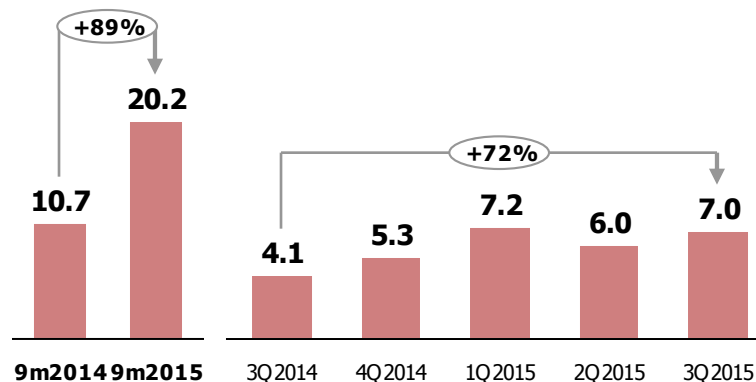
## Operating income

RUB bln



## Net profit

RUB bln



## Key metrics

	3Q2014	3Q2015	Change
<b>Basic EPS, RUB</b>	1.82	3.13	+72% ↑
<b>F&amp;C Income, RUB mln</b>	3,589.8	4,557.7	+27% ↑
<b>Net Interest and other finance income, RUB mln</b>	3,611.2	6,576.2	+82% ↑
<b>EBITDA, RUB mln</b>	5,476.0	9,140.8	+67% ↑
<b>EBITDA margin</b>	74.9%	81.8%	+6.9 p.p. ↑
<b>Cost income ratio</b>	30.5%	22.3%	-8.2 p.p. ↓

## Key highlights

- High double digit growth in operating income driven by solid performance across both major components - fees and commissions and interest and other finance income
- Efficiency ratio (Cost to income ratio) improved further driven by strong income growth and stringent cost control



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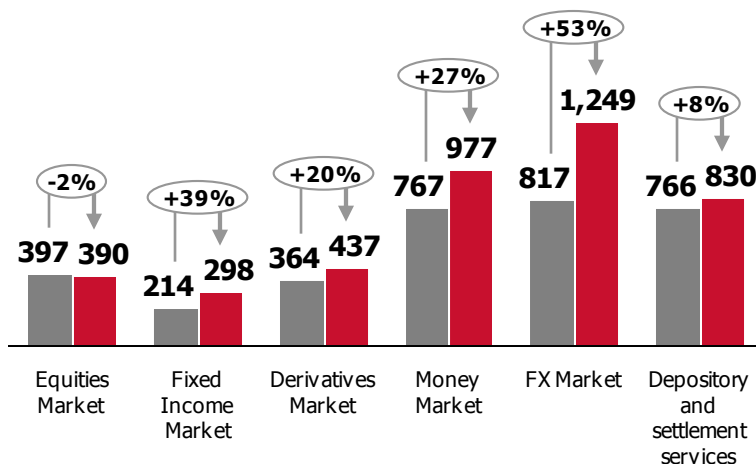
Source: Consolidated Financial Statements

# Diversified fee & commission income

## Fee & commission income performance

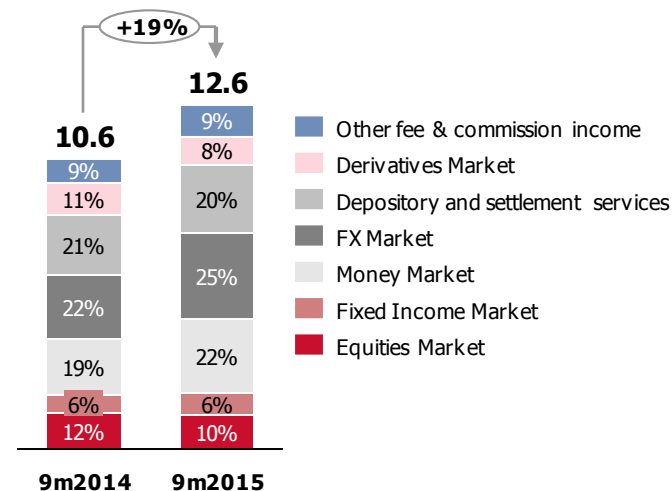
RUB mln

■ 3Q 2014  
■ 3Q 2015



## Fee & commission income breakdown

RUB bln



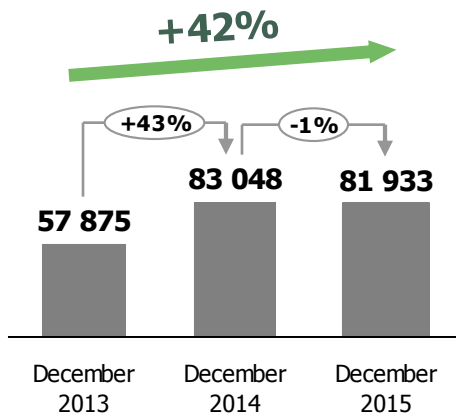
## Comments

- Strong performance delivered across nearly all segments, including Money Market (+27% YoY), FX Market (+53% YoY), Derivatives Market (+20% YoY) and Fixed Income Market (+39% YoY)
- Fee & commission income remained well-diversified, and was up 27% YoY in 3Q 2015 and 19% YoY in 9m2015

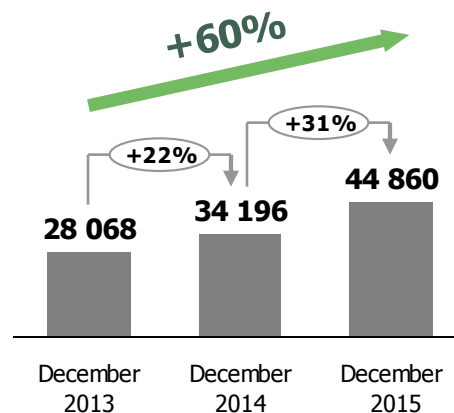
# Activity of retail clients on Moscow Exchange markets increased

Number of active retail client accounts

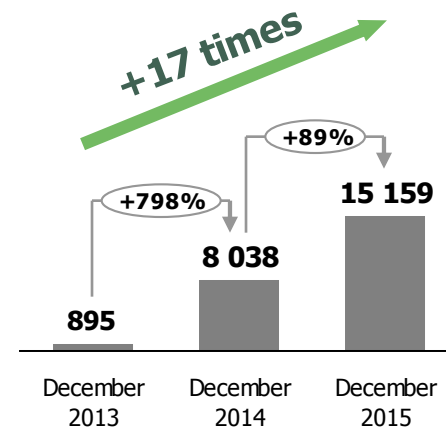
## Equities Market



## Derivatives Market



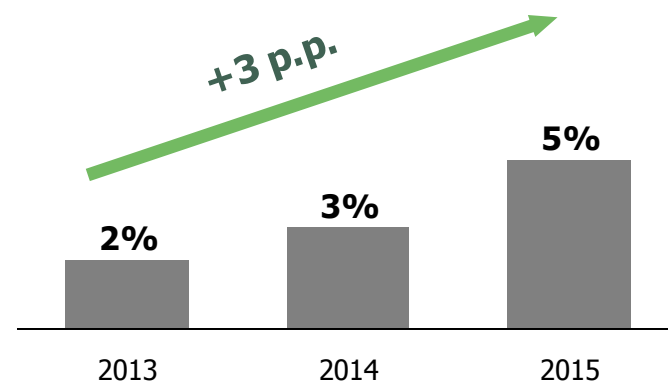
## FX Market<sup>1</sup>



## Incentives for retail investors in 2015

- Individual investment accounts for retail investors – 80,000 accounts opened in 2015
- Capital gain on securities held for more than three years is tax exempt (up to RUB 9 mln)

## Retail investors share in bond trading volumes



# Diversified investor base across different markets

Equities  
Market  
RUB trln

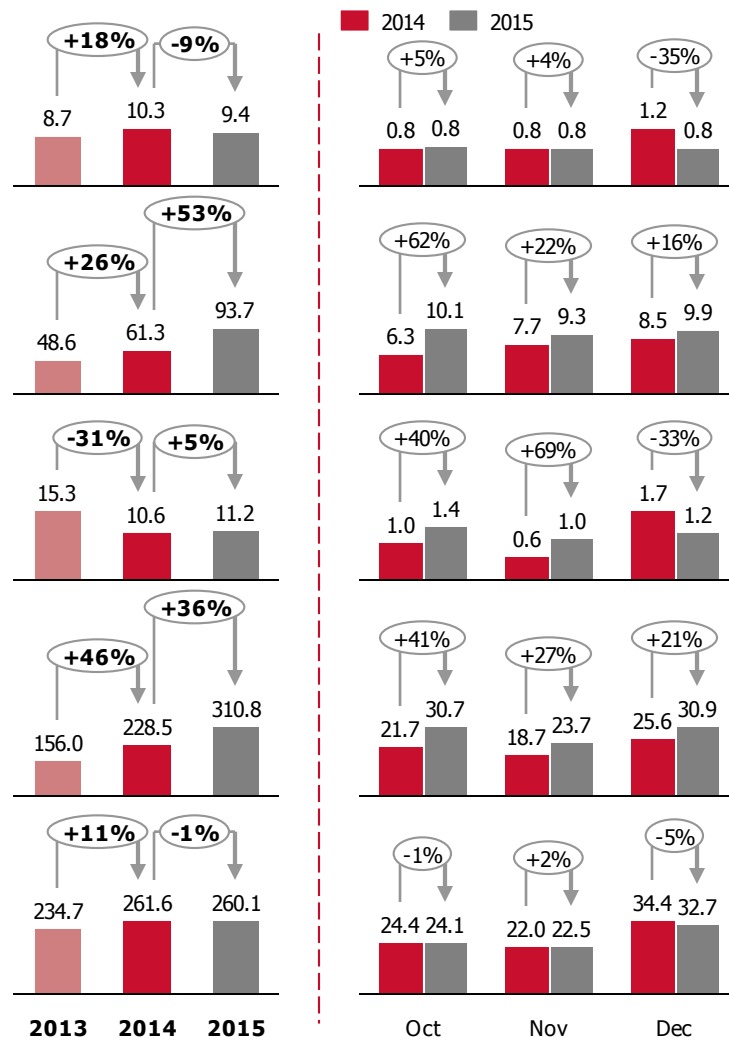
Derivatives  
Market  
RUB trln

Fixed  
Income  
Market  
RUB trln

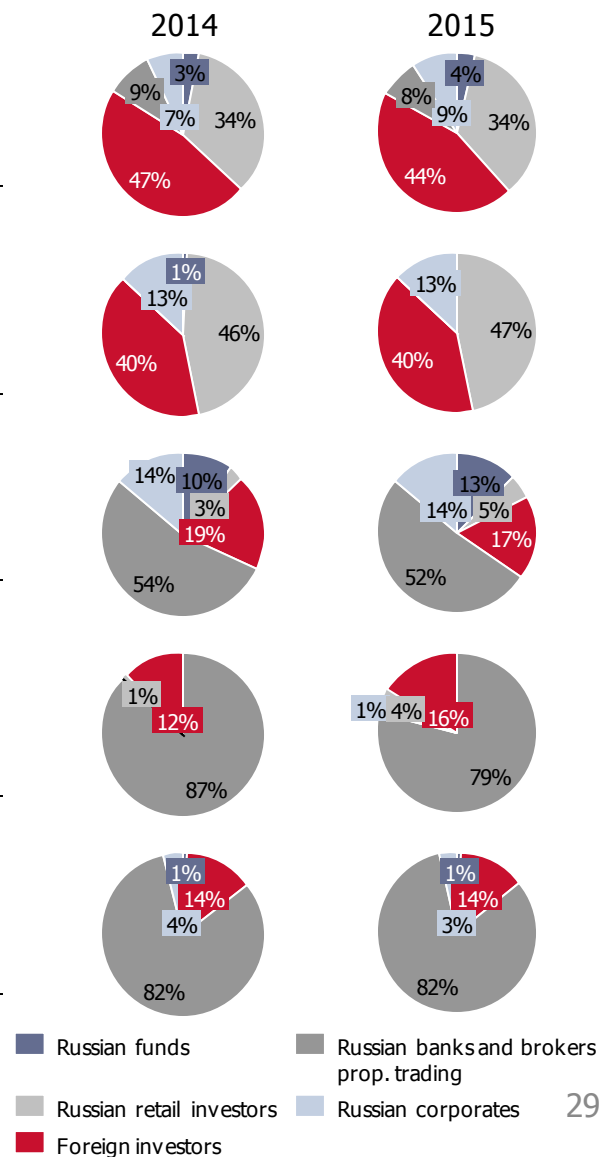
FX Market  
RUB trln

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

## Trading volumes

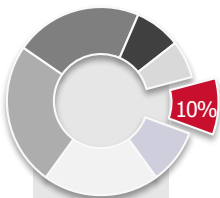


## Volume breakdown by investor types



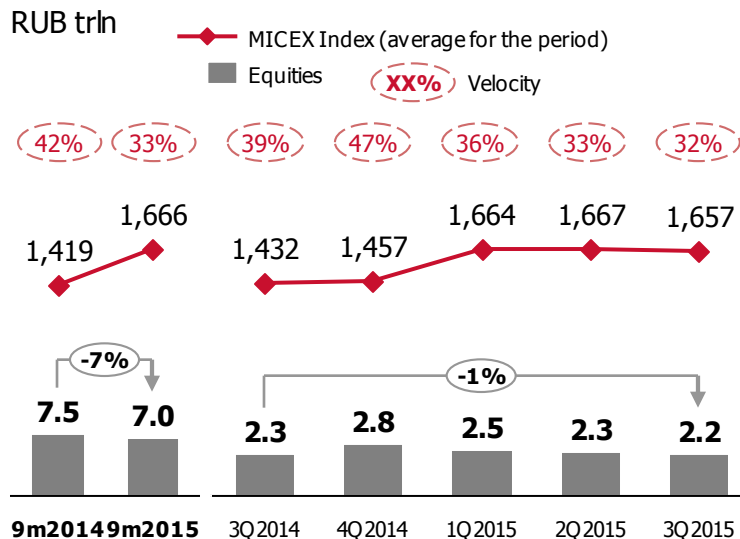
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Source: Moscow Exchange data  
<sup>1</sup> Trading volumes including REPO with collateral management. Investor structure based on on-exchange trading volumes only

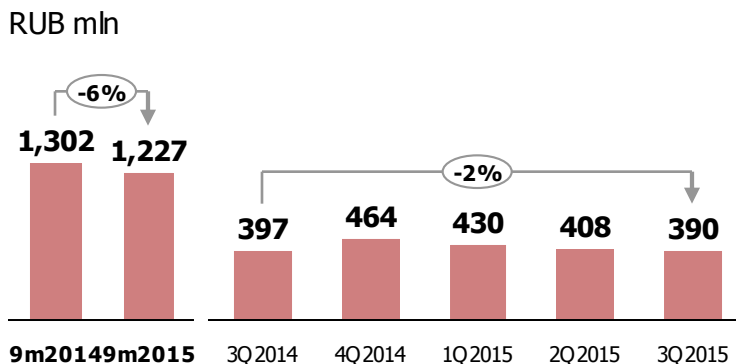


# Equities Market

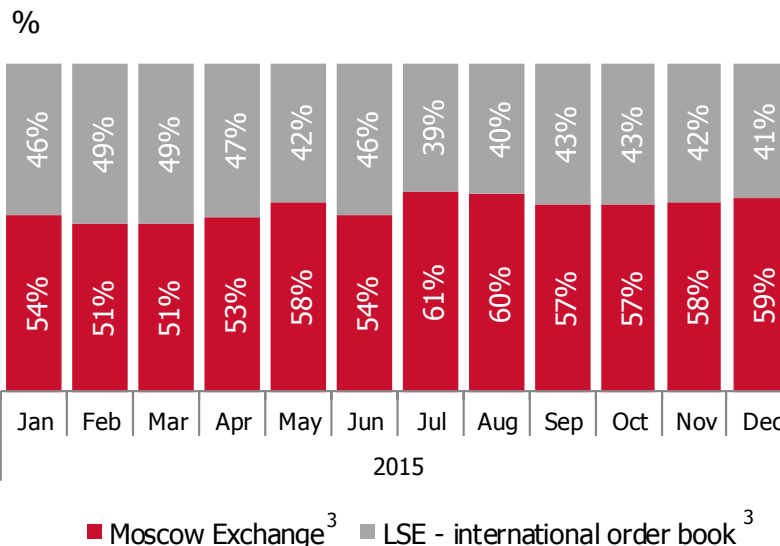
## Trading volumes<sup>1</sup>



## Fee & commission income



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



## Comments

- MOEX's Closing Auction (launched in September 2013) has shown record volumes, accounting for up to **7% of total daily trading volume** after FTSE started using MOEX's closing auction price methodology within its indices
- In September 2015 FTSE replaces AFK Sistema Depository Receipt with local line
- MOEX market share for dual-listed stocks set **a record in 3Q2015**



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

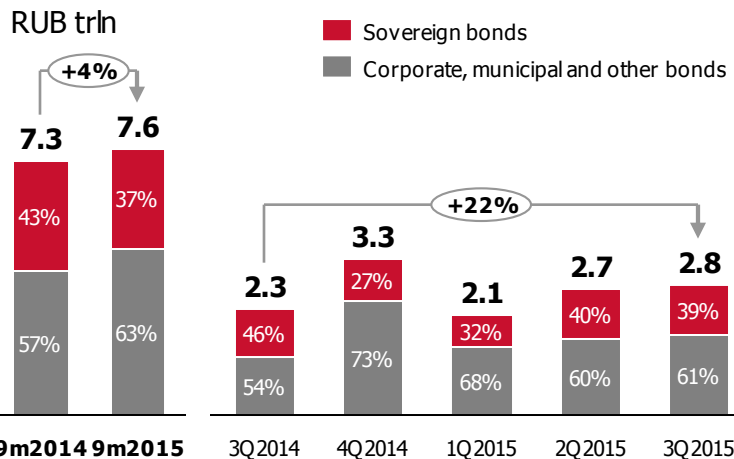
<sup>1</sup> Volumes on both primary and secondary markets

<sup>2</sup> Moscow Exchange and London Stock Exchange data for Russian dual-listed companies

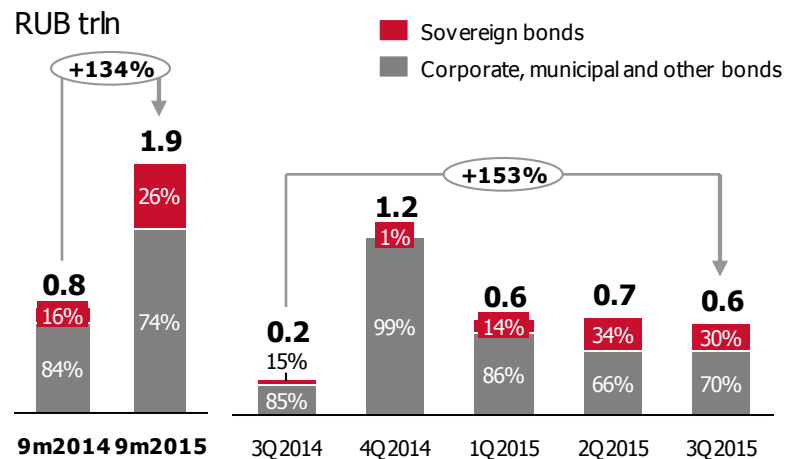
<sup>3</sup> Only electronic order book deals

# Fixed Income Market: rejuvenation of primary market

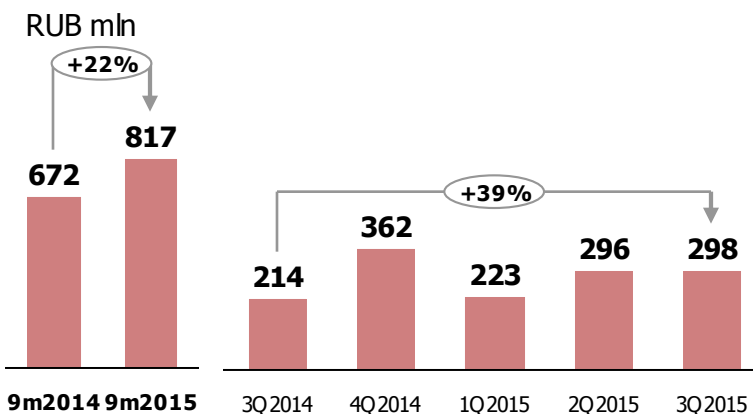
## Trading volumes<sup>1</sup>



## Primary market returns



## Fee & commission income



## Comments

- Substitution of international debt continued and led to robust growth in corporate bond primary issuance (~2 times YoY) and sovereign bond primary issuance (~5 times YoY). This resulted in fee & commission income growth of 39%
- Russia's first CPI-linked federal government bonds, known as OFZ-INS, were placed on Moscow Exchange in July. Investors bought bonds for a total of RUB 52.0 bln, a daily record in OFZ offerings on Moscow Exchange



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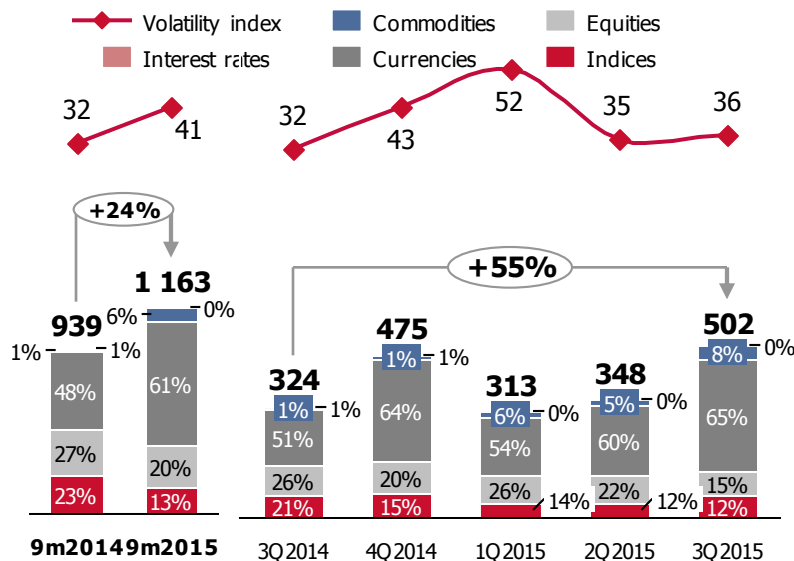
Source: Moscow Exchange operational information and Consolidated Financial Statements

<sup>1</sup> Trading volumes on fixed income market include placements

# Derivatives Market: FX futures remained key growth driver

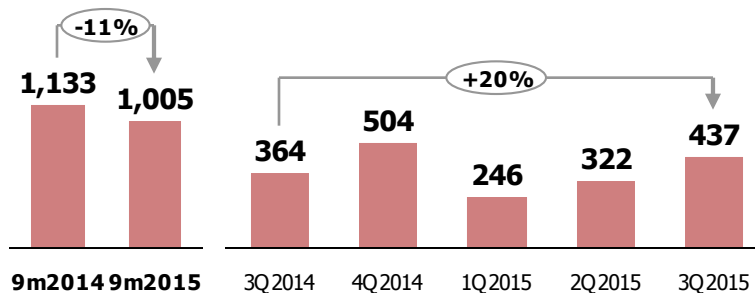
## Trading volumes

millions of contracts



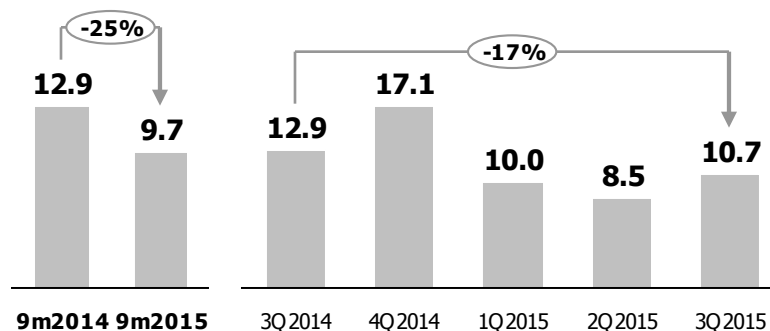
## Fee & commission income

RUB mln



## Open interest

millions of contracts, daily average



## Comments

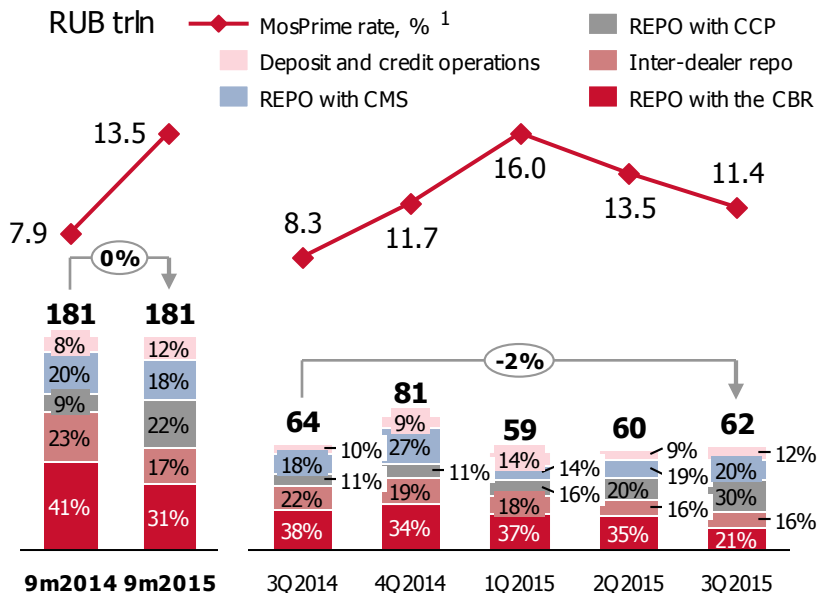
- Increased FX Market volatility led to 97% YoY growth in FX derivatives trading, which comprised 65% of total trading volumes (in contract terms) on the Derivatives Market, versus 51% in 3Q2014
- FX derivatives trading volume in contract terms was 8% higher compared to the previous peak in 4Q2014
- The share of futures on commodities accounted for 7.9% of total futures trading volume in contract terms versus 1.4% in 3Q2014, driven by strong demand from individuals
- Fee and commission income continued its upward trend in 2015 and grew by 20% YoY in 3Q2015



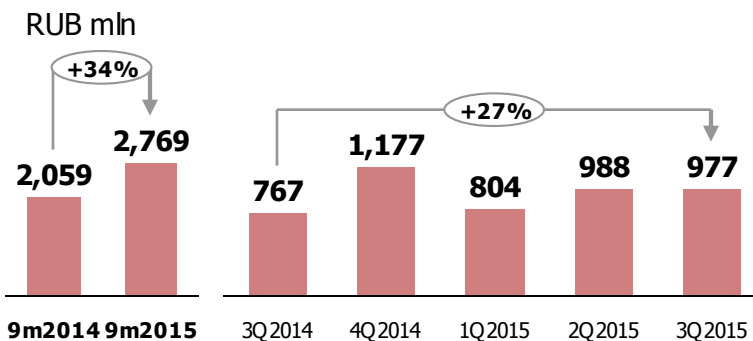
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# Money Market: solid demand for on-exchange services

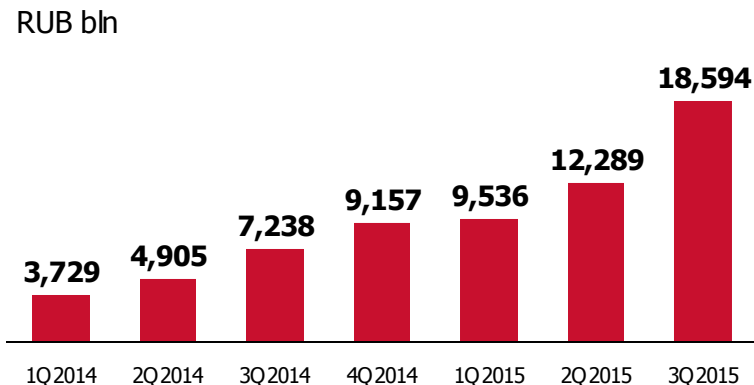
## Trading volumes



## Fee & commission income



## Trading volumes for REPO with CCP



## Comments

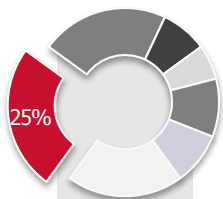
- REPO with CCP remained the fastest-growing product (up 2.6x YoY) and contributed 30% of trading volumes versus 11% a year ago
- Average REPO maturity declined from 4.4 days to 3.8 days mainly driven by the higher share of REPO with CCP versus CBR direct repo
- Recognition of fee and commission income for long-term repo instruments was made during the lifespan of these instruments since 1Q2015. RUB 329 mln of previously deferred fees were recognized in 3Q2015



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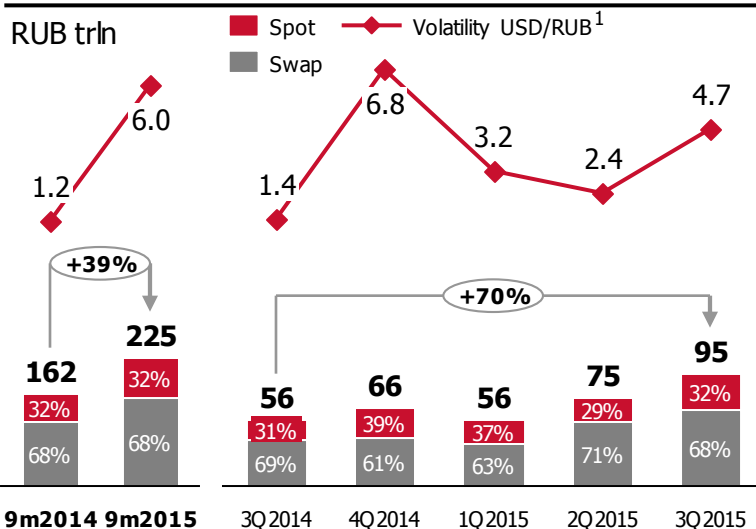
Source: Moscow Exchange operational information and Consolidated Financial Statements

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

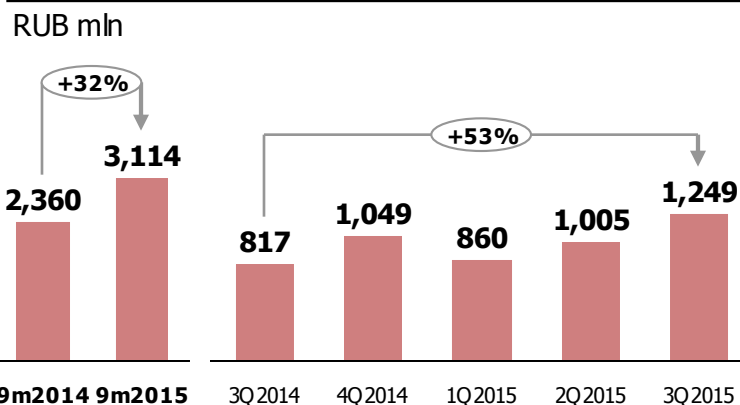


# FX Market: stronger demand for risk management via swaps

## Trading volumes

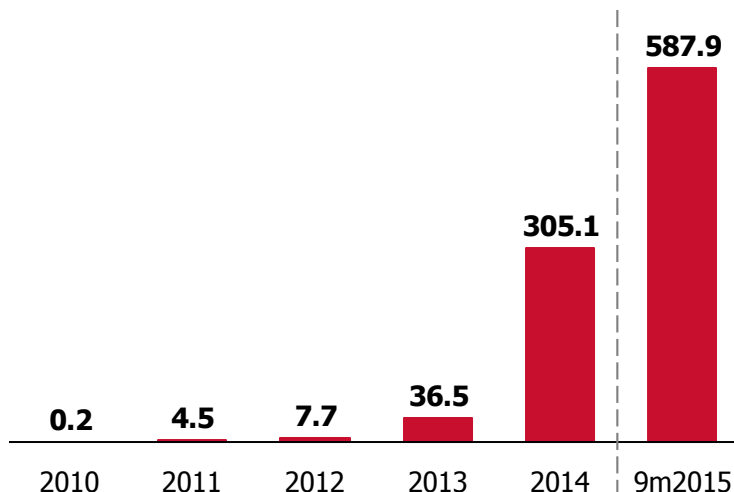


## Fee & commission income



## CNY/RUB trading volumes

RUB bln



## Comments

- In 3Q2015, spot market trading volumes were up 78% YoY driven by higher volatility and increased activity across all groups of market participants
- Swap transaction volumes increased 67% YoY amid growing demand from local banks to manage liquidity positions and hedge FX risks
- Trading in the CNY/RUB currency pair continued rapid growth. New record high of RUB 396 bln reached in 3Q2015

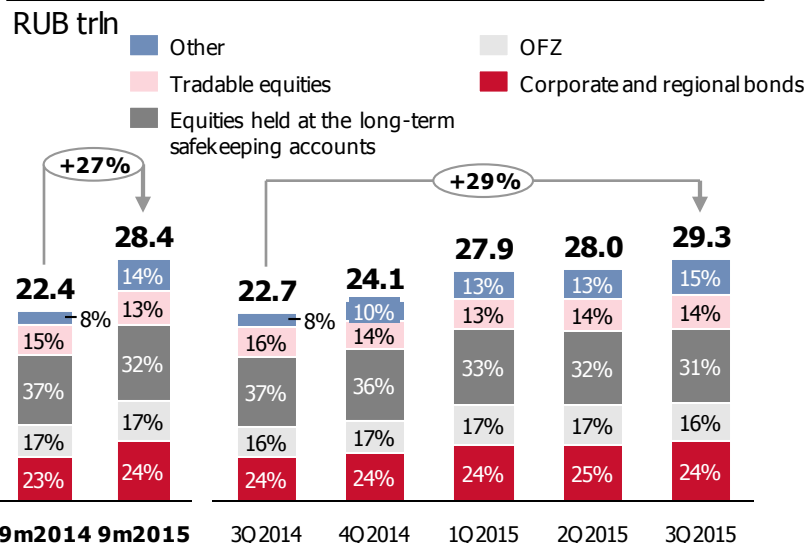


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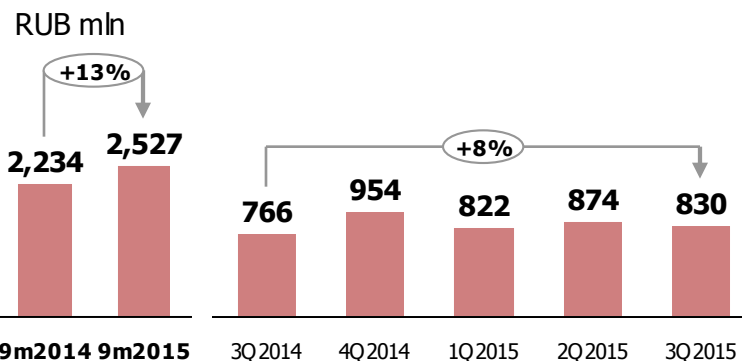
Source: Moscow Exchange operational information and Consolidated Financial Statements  
<sup>1</sup> Calculated as daily standard deviation of the USD/RUB exchange rate for the period

# NSD: new assets under custody drive growth

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

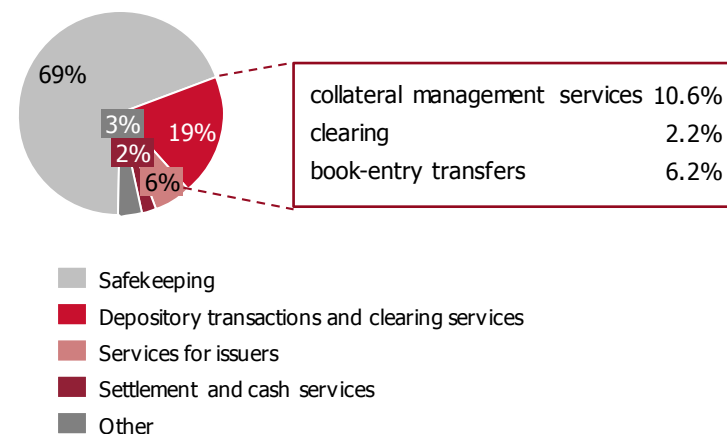


## Fee & commission income



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

3Q2015



## Comments

- New assets under custody and market cap expansion contributed to fee growth of 8%
- The increase in assets under custody was driven by admission of DRs and Eurobonds as collateral for repo and on-exchange Eurobond trading and new primary bond placements



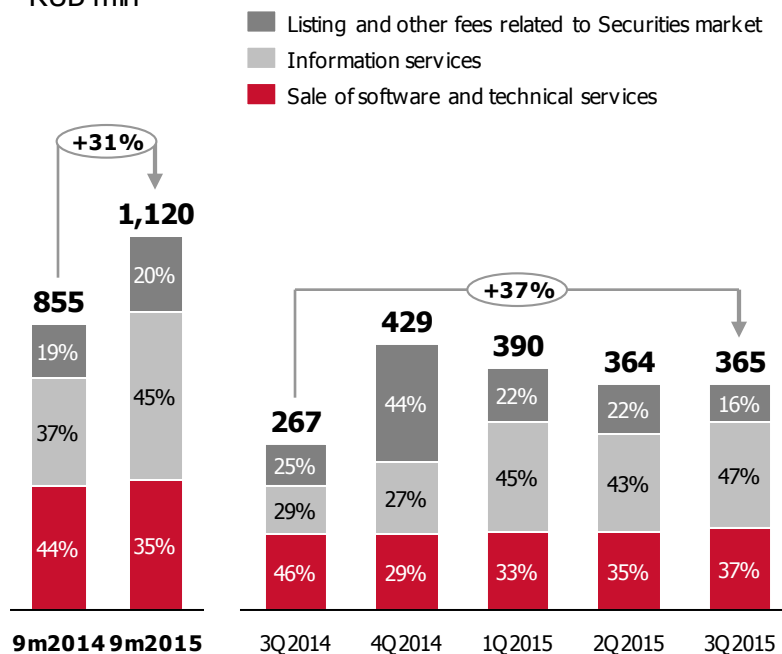
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Source: Moscow Exchange operational information and Consolidated Financial Statements  
1 according to management accounts data

# Growth in information services fees

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

RUB mln



## Comments

- Solid YoY growth of fees from information services (119%) driven by RUB depreciation, client base growth and price increase made in the beginning of 2015 led to 37% growth of other fee & commission income
- Fees from sale of software and technical services increased by 10%
- Listing and other fees related to the Securities Market declined by 10% on the back of lower number of application for admission to trading in summer months



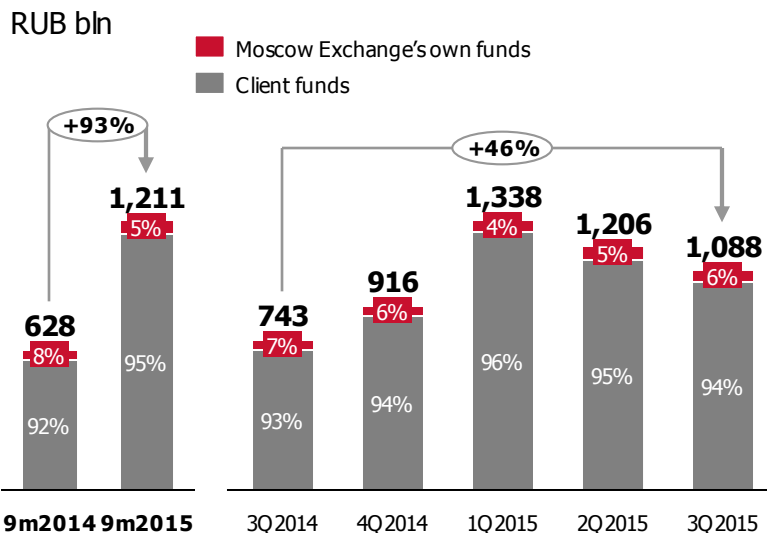
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Source: Consolidated Financial Statements

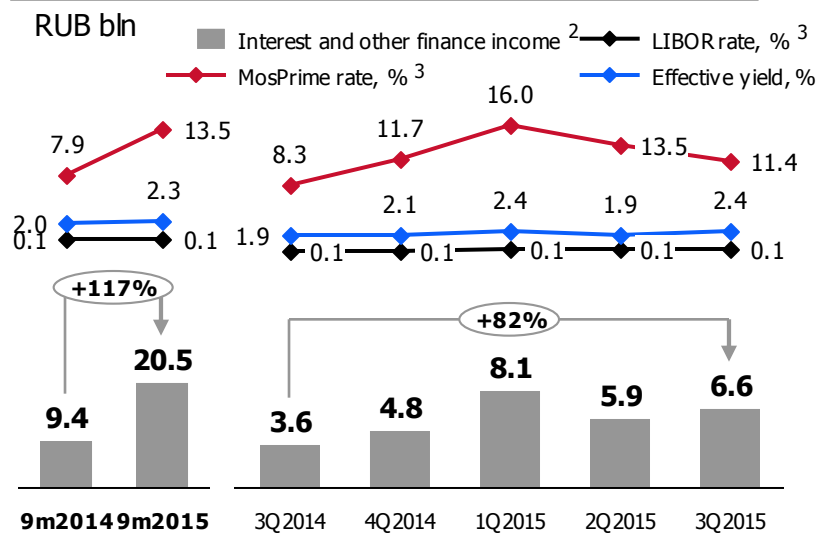
<sup>1</sup> Not including other fee & commission income as presented in financial statements

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

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

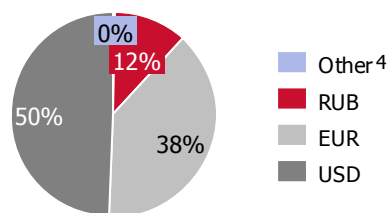


## Interest income



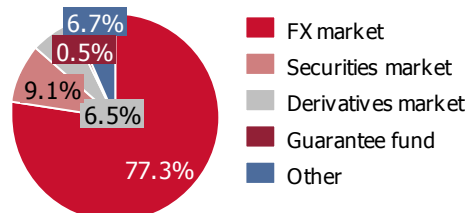
## Clients funds by currency

3Q2015



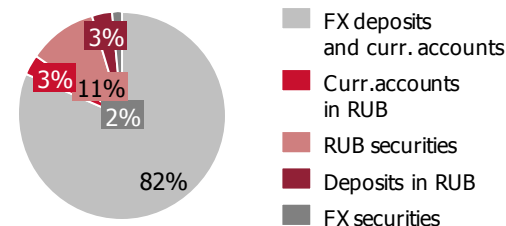
## Clients funds by source

3Q2015



## Investment portfolio by type of asset

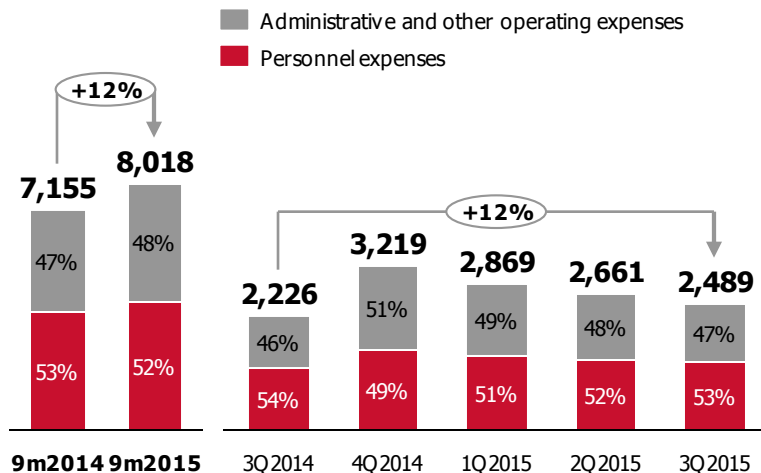
3Q2015



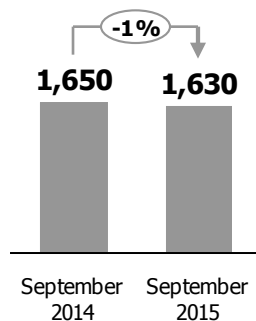
# Operating expenses

## Operating expenses

RUB mln



## Headcount



## Major expense items

RUB mln

	3Q2014	3Q2015	Change YoY
<b>Personnel expenses</b>	<b>1 201</b>	<b>1 321</b>	<b>10%</b>
<b>Administrative and other operating expenses, including</b>	<b>1 025</b>	<b>1 167</b>	<b>14%</b>
Amortisation of intangible assets	275	294	7%
Professional services	58	110	90%
Depreciation of property and equipment	121	167	37%
Rent and office maintenance	104	107	2%
Taxes other than income tax	106	97	-9%
Market maker fees	74	99	34%
<b>Total</b>	<b>2 226</b>	<b>2 489</b>	<b>12%</b>
<b>Cost income ratio</b>	<b>30.5%</b>	<b>22.3%</b>	<b>-</b>

## Comments

- Cost control remained strict with operating expenses growth of 12% YoY in 3Q2015, versus 3Q inflation of 15.7% YoY
- Administrative and operating expenses up 14% YoY driven by higher spending on maintenance of equipment and intangible assets due to commissioning of new IT facilities and spending on IT systems maintenance and improvements, as well as depreciation of property and equipment
- Personnel costs increased 10% YoY, while staff optimization continued with 1% YoY decline in employee numbers

# Appendix



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# Consolidated Statement of Financial Position

<i>In million rubles</i>	<i>September 30, 2015</i>	<i>December 31, 2014</i>	<i>% chg. September 30, 2015/December 31, 2014</i>
<b>Assets:</b>			
Cash and cash equivalents	880 946.4	1 163 783.1	-24%
Central counterparty financial assets	540 074.0	139 609.8	287%
Financial assets <sup>1</sup>	216 029.3	132 266.5	63%
Property and equipment and intangible assets	24 441.9	24 200.6	1%
Goodwill	15 971.4	15 971.4	0%
Other assets <sup>2</sup>	3 861.7	1 673.4	131%
<b>Total Assets</b>	<b>1 681 454.2</b>	<b>1 477 504.9</b>	<b>14%</b>

<i>In million rubles</i>	<i>September 30, 2015</i>	<i>December 31, 2014</i>	<i>% chg. September 30, 2015/December 31, 2014</i>
<b>Liabilities:</b>			
Balances of market participants	976 019.8	1 231 999.1	-21%
Central counterparty financial liabilities	540 074.0	139 609.8	287%
Distributions payable to holders of securities	42 398.0	6 353.0	567%
Other liabilities <sup>3</sup>	17 403.9	7 695.5	126%
<b>Total Liabilities</b>	<b>1 575 895.7</b>	<b>1 385 657.5</b>	<b>14%</b>
<b>Total Equity</b>	<b>105 558.5</b>	<b>91 847.4</b>	<b>15%</b>
<b>Total Liabilities and Equity</b>	<b>1 681 454.2</b>	<b>1 477 504.9</b>	<b>14%</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 September 30, 2015</i>	<i>Three month period ended September 30, 2014</i>	<i>% chg. 3Q2015/ 3Q2014</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	3 589.7	20%	15 586.0	12 792.1	22%
Interest and other finance income <sup>1</sup>	6 596.7	3 739.8	76%	14 279.4	11 754.9	21%
Other operating income	36.2	106.0	-66%	528.7	58.9	797%
<b>Operating Income</b>	<b>10 932.0</b>	<b>7 367.7</b>	<b>48%</b>	<b>30 394.0</b>	<b>24 606.0</b>	<b>24%</b>
Administrative and other operating expenses	-1 167.4	-1 025.0	14%	-4 978.5	-5 030.0	-1%
Personnel expenses	-1 321.3	-1 201.3	10%	-5 394.8	-4 827.0	12%
<b>Operating Expense</b>	<b>-2 488.7</b>	<b>-2 226.3</b>	<b>12%</b>	<b>-10 373.3</b>	<b>-9 857.0</b>	<b>5%</b>
<b>Operating Profit</b>	<b>8 443.3</b>	<b>5 141.4</b>	<b>64%</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	0.9	0.4	125%	7.4	74.6	-90%
<b>Profit before Tax</b>	<b>8 680.5</b>	<b>5 080.2</b>	<b>71%</b>	<b>20 028.1</b>	<b>14 623.9</b>	<b>37%</b>
Income tax expense	-1 702.6	-1 016.7	67%	-4 035.0	-3 042.2	33%
<b>Net Profit</b>	<b>6 977.9</b>	<b>4 063.5</b>	<b>72%</b>	<b>15 993.2</b>	<b>11 581.7</b>	<b>38%</b>
<b>Earnings per share</b>						
Basic earnings per share, rubles	3.13	1.82	72%	7.21	5.23	38%
Diluted earnings per share, rubles	3.12	1.82	71%	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	0.003	12%	0.05
TGK-1	BoNY Mellon	0.02	0.002	12%	0.05
VTB Bank	BoNY Mellon	0.03	0.005	12%	0.05
TMK	BoNY Mellon	0.02	0.003	11%	0.05
MMK	BoNY Mellon	0.02	0.013	11%	0.05
Sberbank	BoNY Mellon	0.02	0.004	12%	0.05
Gazprom	BoNY Mellon	0.02 <sup>5</sup>	0.02	7%	0.05
Surgutneftgaz	BoNY Mellon	0.02	0.012	12%	0.05
Surgutneftgaz-p	BoNY Mellon	0.02	0.02	2%	0.05
Russian Grids	BoNY Mellon	0.02	0.02	10%	0.05
Lukoil	BoNY Mellon	0.02 <sup>5</sup>	0.02	1%	0.05
Norilsk Nickel	BoNY Mellon	0.01	0.02	2%	0.05
Uralkali	BoNY Mellon	0.02	0.02	6%	0.05
Acron	Deutsche Bank	0.02	0.02	8%	0.05
MTS	JP Morgan	0.01 <sup>6</sup>	0.03	5%	0.05
Rosneft	JP Morgan	0.01 <sup>6</sup>	-	0%	0.05
Magnit	JP Morgan	0.01 <sup>6</sup>	-	0%	0.05
Phosagro	Citi	0.02	0.01	1%	0.05
<b>Average</b>		<b>0.02</b>	<b>0.01</b>	<b>7%</b>	<b>0.05</b>

(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 2015

(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) Depositary service fee which is applicable for 0%, 5%, 10% withholding tax rates

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

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

<b>Fund A</b>	6 304 777 USD
<b>Fund B</b>	2 089 864 USD
<b>Fund C</b>	4 843 087 USD

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

<b>Fund A</b>	8 963 463 USD
<b>Fund B</b>	3 015 388 USD
<b>Fund C</b>	6 022 079 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



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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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