MOSCOW EXCHANGE

Q1 2021 IFRS results conference call

30 April 2021

Moscow Exchange Speakers:

- Max Lapin, CFO
- Anton Terentiev, Director of IR

Participants asking questions:

- Andrew Keeley, Sber CIB
- Elena Tsareva, BCS GM
- Sergey Garamita, Raiffeisen Centrobank
- Olga Veselova, Bank of America

Investor Relations contacts – Anton Terentiev, Director of Investor Relations

Tel: +7 495 363 3232 – Email: ir@moex.com

Anton Terentiev – Director of IR

Good afternoon, everyone, and welcome to Moscow Exchange's 1Q 2021 IFRS results conference call. As usual, after prepared remarks we will have a Q&A session. Today we have on the call our CFO, Max Lapin.

Before we start, I would like to remind you that certain statements in this presentation and during the Q&A session may relate to future events and expectations, and as such constitute forward looking statements. Actual results may differ materially from those projections. The company does not intend to update these statements to reflect events occurring after the date of the call, prior to the next conference call.

By now, you should have received our press release containing the results for the first quarter of 2021. Our management presentation is available on the company's website in the Investor Relations section. I will now hand the call over to Max Lapin, CFO of Moscow Exchange. Max, please go ahead.

Max Lapin – CFO

Thank you, Anton, and thank you all for joining us today to discuss Moscow Exchange's financial results for the first quarter 2021.

Let's start with the second slide on our strategic initiatives and beyond. First, the Exchange continues to add new products. Fix Price, a Russian variety value retailer, held a successful IPO. It was the largest IPO of a private sector Russian company in a decade. Segezha Group, a lumber, paper and packaging company followed suit raising some RUB 30 bln via its IPO on MOEX earlier this week.

We launched seven new indices: three in the equities, including a new sustainability index, three in commodities, and one in bonds.

Over 20 new ETFs have begun trading on MOEX in the beginning of March this year, including one that tracks a Russian sustainability index. All in all, 79 ETFs are now available on MOEX with a total net asset value of approximately RUB 190 bln.

We continue to add foreign equities to the securities market, bringing 18 more to the range and building the count to 105. We are adding 19 additional ones in May. As we said before, the plan is to have over 250 foreign equities available for trading by the end of this year.

9 new products were introduced on the Derivatives Market: 7 futures-style options on securities of Russian companies as well as a deliverable futures contract on Ozon DRs and Transneft preferred shares. Eurobonds not linked to domestic businesses started trading on MOEX with Rolls-Royce being the pioneer in that area.

Second, we continue to work on adding new services. A morning session commenced on FX and Derivatives Markets on March 1st. The share of morning session ADTV on these markets reached 5 and 7 percent, respectively. On the Money Market, CCP repos are now available during the after-hours trading session. Foreign securities can now be used as collateral in GCC repo deals, allowing for a wider range of liquidity management solutions. FX Market introduced micro-lots and reduced the minimum trade size to one dollar, making this product more accessible for retail clients.

Together with market participants, MOEX developed a Financial Markets Code of Ethical Conduct. It establishes a set of unified rules and principles for resolving controversial issues.

And finally, we continued to develop new clients and partnerships. As of the end of March, the number of unique retail clients exceeded 11 mln. More than two million new clients have joined since the beginning of the year. The total number of Individual Investment Accounts (IIAs) has passed the 3.8 million mark. 53 corporates – including 14 newcomers – placed 119 bond issues, raising a total of RUB 448 bln in the first quarter. DOM.RF Bank as well as Sovcombank joined the Finuslugi platform, expanding the range of available deposits.

Earlier in April, we hosted the 11th Moscow Exchange Forum in a remote format. Speakers from top-tier Russian market participants as well as from the Central Bank and the Government addressed a wide range of trends and topics. MOEX held a Ring the Bell for Gender Equality ceremony in support of gender equality and the empowerment of women in business. Let us now move on to thematic slides.

Slide 3, on the extension of trading hours: morning and evening sessions. We have observed convincing results from the launch of the evening and morning trading sessions. On the Equities Market, ADTV during the after-hours session increased 3.5 times since the launch in June last year. As we expected, retail investors appreciated this convenient service. Their share in the evening session amounts to roughly 2/3 of the volumes. Our research shows that 70% of the after-hours trading volumes on Equities Market are original new flows, new volumes and only 30% are spillover volumes from the main session.

Morning session on Derivatives and FX Markets have so far also performed well. The share of pre-market trading accounts for 7% and 5% of Derivatives and FX average daily volumes, respectively. Higher retail participation is also observed during the morning session with retail encompassing 62% of total volumes on Derivatives and 15% on the FX Market. Again, according to our internal research, nearly 60% of spot volumes and approximately 40% of swap volumes on the FX Market are original new flows. On Derivatives Market, we observe a similar situation to the after-hours in Equities Market with approximately 70% new flows and 30% spillovers.

Next slide: MOEX Treasury, the interface for corporate clients. The development of our corporate footprint is one of our key strategic priorities. MOEX Treasury addresses just that. It's a web-based platform designed for corporate treasurers that features both trading and post-trade solutions. MOEX Treasury clients can access CCP Deposits, M-deposits, Credit, FX and Precious Metals Markets. We keep developing the platform with additional features like money additions and withdrawals coming up. The demand from corporate clients is evident. The total number of MOEX Treasury clients was 35 at the end of the first quarter. 11% of CCP deposits during the first quarter came from MOEX Treasury users. 28% of all active users on CCP deposits market are connected via MOEX Treasury platform.

Let's switch to financials on slide 5. Operating income improved by 7% YoY. Fee income expanded 17% YoY, making up for an 11% YoY decrease in net interest income. The share of F&C income remained above the 70% mark for the third quarter in a row. That is our strategic threshold. Operating expenses amounted to RUB 4.5 bln, increasing by 23% YoY mainly due to the growth in personnel expenses, which I'll dissect later in the presentation. The recurring cost-to-income ratio increased 4.5 pp YoY and decreased 0.3 pp QoQ. Adjusted EBITDA stood virtually unchanged, adding just 1.3% YoY for a margin of 71.7%. Overall, adjusted net income increased by 1.6% YoY, coming in at RUB 6.7 bln.

Let's switch to fees and commission on slide 6. The F&C income showed double-digit growth despite a high base of last year. The top-3 leading contributors in absolute terms were the Money Market, Depository & Settlement Services and the Equities Market. The former two business lines increased their shares in fee income. The Equities and Derivatives Markets hit all-time highs despite the volatility-driven high base of the last year.

Money market, slide 7. Fee income from the Money Market gained 39% YoY, while trading volumes barely changed. The effective fee dynamics were driven by two main factors. First, the extraordinary expansion of the overall repo terms. The environment of rising RUB interest rates caused market participants to lock in the repo conditions for a longer term. Second, it's the increase of the value-added CCP-based repo, both single-security and GCC, in the total repo volumes to the level of 93%. Open interest on GCC repos with the Federal Treasury amounted to more than RUB 600 bln, indicating a healthy demand for such instruments. Federal Treasury deposits substantially contributed to the general growth of the average term and open interest. As you already know, we also continued to onboard corporates. They stand behind some 10% of the Money Market's fees and volumes.

Let's dissect a little bit deeper recent trends in the money market on slide 8. The average on-exchange repo term increased by 70% YoY. GCC-repo average term more than doubled YoY to reach nearly 7 days. Due to the nature of the prolonged repo terms that I explained on the previous slide, one should treat this surge as a positive one-off event rather than a persistent trend. The aggregate position remained elevated through the first quarter.

Depository and settlement, slide 9. Fees and commissions from Depository and Settlement improved by 38% YoY. The main factor behind this growth was the 23% expansion of average assets on deposit at the NSD. The growth occurred across all asset classes but was most pronounced in government bonds. The gap between growth rates of fee income and assets on deposit is the result of business lines beyond safekeeping. Clearing and collateral management services showed outstanding fee growth in 1Q'21 amid higher demand for repo operations at the NSD.

Equities market, slide 10. Fee income from the Equities Market grew 13% YoY, following a nearly equivalent increase in trading volumes of 14%. The minor discrepancy between fees and volume dynamics was due to the tariff structure that provides incentives for higher volume traded. Both fees and volumes were supported by the average MOEX Index level that posted an all-time high for the third quarter in a row, reaching 3,437 points. MOEX's market share vs the LSE in trading of dual listed stocks reached an all-time high of 81% for the first three months of the year. Velocity of trading volumes nearly reached the high of 1Q'20, which was a volatile quarter, coming in at 53% thanks to activity from 11 mln retail investors. Individual investors also have a growing interest towards the Exchange Traded Funds. 20+ ETFs were added to the product range since the beginning of the quarter. In total, there are 79 ETFs available on MOEX with a combined NAV of around RUB 190 bln. ETFs generate us multiple fees – trading the fund, trading the underlying, listing and benchmarking – but they also represent a ready-made diversification solution for retail clients. There's also a new trend for using the framework of a closed-end mutual fund to set up REITs. We've recently launched three new products of this sort.

Derivatives market, slide 11. Fee income from the Derivatives Market improved by 12% YoY. Trading volumes of on-exchange contracts were up 19% YoY. FX futures were by far the main volume driver, expanding by 40% YoY. The discrepancy between volumes and fees is due to a couple of reasons. First, the volume mix shifted in favor of less profitable FX and index derivatives, which together amounted for 76% of the volume mix versus 70% in 1Q'20. And second, a lower share of options trading – 3.7% in 1Q'21 vs 4.9% in 1Q'20. Speaking of the standardized OTC derivatives market, trading volumes delivered strong dynamics, as shown in the top right corner of the slide. Open interest in that segment reached RUB 1 trn. Corporates are also manifesting their interest in the standardized OTC derivatives segment. It is a strategic area of development for us.

FX market, next slide. The FX Market demonstrated a flat YoY dynamic with fee income adding just 0.3% and trading volumes decreasing by 2.6%. Spot volumes improved by 6% YoY, while swap volumes declined by 6% YoY. The higher share of spot trading remains the primary explanation of effective fee dynamics. USD/RUB spot volumes grew 11% YoY and remained the main contributor to spot market dynamics among FX pairs. The number of active clients surpassed 900,000 in March – up 4 times YoY. The share of retail volumes in the spot market amounted to 14%, up 4 p.p. YoY. Corporates' ADTV surged by 135% YoY. The morning trading session proved its viability as more than 250 banks and brokers as well as 150,000 retail clients traded pre-market.

Next slide, 13. IT services, listing and other fee income. We call it ITSLOFI. The line exhibited a flat performance, with fee income adding just 1.8% YoY. Listing fees improved by 14% YoY. Information services fees declined by almost 6% YoY due to a high base effect stemming from information audit proceeds in 1Q'20, which was partially offset by a weaker RUB. Sales of software and technical services were up 17.0% YoY. On top of organic factors, this growth was driven by proceeds from a recently launched ASTS FIFO MFIX protocol. Its users are HFTs, algo and ultra-low latency clients. Other F&C income was down 10% YoY, mainly due to a high base effect of additional fees on euro client balances.

Fixed income market. The Fixed Income Market had a predictably challenging quarter amid rising RUB interest rates, particularly compared to a very strong 4Q'20. Total trading volumes declined by 36% YoY. Fee income decreased 21% YoY. Primary market placements excluding overnight bonds shrank by 35% YoY. Today we see that the Fixed Income Market has digested this temporary decline and started to recover. The negative volume effect during the quarter was mitigated by tariff adjustments across trading modes. We upped the tariff for negotiated trades and simultaneously lowered electronic order book tariffs to stimulate volume flow towards the CLOB – i.e., the main mode. The net change of the effective fee was positive.

Slide 15: interest and finance income in the 1Q 2021. Net interest and finance income decreased by 11% YoY yet was up 12% QoQ. Excluding the effect of portfolio revaluation, Core NII was down 11% YoY, in line with expectations. The negative effect from declining interest rates offset the strong growth of USD client balances. Our investment portfolio's value increased by 23% YoY and the effective yield narrowed by 0.6 pp YoY. The client funds' currency mix shifted in favor of USD following the introduction of the additional fee on EUR balances. As for the composition of the investment portfolio, FX deposits and current accounts remain its largest constituents, while smaller shares of RUB deposits and RUB securities remain major income generators. We do not expect the Core NII run-rate of RUB 2.7-3.0 bln a quarter to increase in the near term, despite the growing RUB interest rates. This is because the positive effect on the money-market part of the RUB portfolio will soon be mitigated by dividend distribution, which is akin to 10% of our portfolio. A corresponding decrease of funds will happen.

Onto the operating expenses, excluding provisions. Operating expenses in 1Q'21 increased by 23% YoY. Personnel expenses added 33% YoY and were the primary driver of OPEX dynamics, accounting for 71% of the increase. Personnel expenses growth decomposes into 4 main factors: 11.6 pp comes from headcount growth as we hired some IT personnel; 9.8 pp is the net effect of bonus provisions – last year we released some bonuses due to underperformance; 6.9 pp are general wage increases, and the remaining 5.0 pp come from the introduction of the new LTIP program last summer. D&A costs increased by 12% YoY, which is largely explained by higher capital expenditures last year. Together with equipment and intangibles' maintenance, the line added 12%. Remaining admin expenses grew 14% YoY. 84% of this increase is directly linked to business expansion, representing variable costs. By the way, we usually have a meaningful seasonality of G&A expenses in Q4 followed by a retracement in Q1 – something you can see on the top left chart and use it for modelling. CAPEX for the quarter amounted to RUB 0.5 bln and was spent on purchases of equipment, software development and furniture. We keep both 2021 OPEX and CAPEX guidance ranges unchanged. These are 11%-14% OPEX growth plus 0-6% Finuslugi marketing option and RUB 3 – 4 bln CAPEX in 2021.

I also wanted to warmly thank our shareholders who had submitted their votes ahead of the AGM that took place 2 days ago, on April 28. The level of turnout approached 80%, which is the highest level of shareholder participation since 2013. Shareholders approved the dividend distribution of RUB 9.45 per share and elected the new Supervisory Board, where 8 out of 12 directors are independent.

This concludes my overview of quarterly financials. We are now ready to take questions.

Operator

Thank you. Dear participants, we will now begin the Q&A session.

The first question comes from line of Andrew Keeley from Sber CIB. Please ask your question.

Andrew Keeley – Sber CIB

Hi, good afternoon. Thank you for the call. A couple of questions from me. First of all, on, on costs. As you outlined, there’s quite a few moving parts here. I just wondered – particularly on the staff costs side - if you can give any further thoughts on where you stand at the moment in terms of your quite wide cost growth guidance of 11% to potentially 20%?

And in that regard how is the marketplace spend looking? I mean, RUB 1 bln, have you spent any of that yet? Do you think you're going to spend that 6% uplift or not? That's my first question.

And then the second question. It's interesting what you said about the average repo terms with people trying to lock in longer terms here. You said it's a one off. If rates are expected to rise further, do you think that perhaps actually it won't be such a one off, and that you could potentially see a further increase in the repo terms which would benefit the money market segment going forward?

And then finally, if you could update us on what the share of foreign equities in your average daily trading for equities is, that would be great. Thank you.

Max Lapin – CFO

Andrew, I appreciate your questions, as always. Okay, let me start backwards. With the foreign equity market share, we disclose it in the separate investor presentation that we upload to the website on a monthly basis. It's already beyond 2% of ADTV and the share is rising. We expect it to grow further as we add new foreign equities.

The other question that you asked was with regards to the average repo terms. The average repo terms were growing for several years. Sometime they retraced back. This year they shot up a little bit ahead of the previous trends. So, some backtracking is possible. But looking several years forward I would expect relatively longer repo rates than they used to be because we add more corporates to the market and corporates usually work with longer repo terms. But yes, indeed; so far given this year we are probably on the longer side, on the upper range of the repo terms. I would think that this might continue for a couple of quarters and then we'll see.

Talking about the marketing option for marketplace. The marketing option is RUB 1 bln. It was not spent yet. Therefore, you are not seeing substantial expenditures in the first quarter results. It's an open-end option. We might use it this year as we launch the consumer loans facility within the marketplace. You will be hearing from us once it starts. So far, it is an option. I have no specific guidance on what precisely it could be within RUB 1 bln.

Speaking on the cost and the staff cost. The overall headcount grew by 11% last year. A little bit less than half of that growth could be attributed to marketplace headcount. The other half is roughly split between moving IT personnel from outsourcing in-house and the remaining half of the half is the internal audit strengthening, risk management strengthening, and other control functions – such as compliance – also strengthening.

This staff dynamics would be visible for the second quarter too, because we had a low base in the second quarter last year. And as I mentioned before, starting summer last year, we noticed that there was a wide amount of talent available in the market, during the summer of the pandemic, so we decided to hire those people.

Our guidance without the marketing option hence will stand at 11-14%, which, if we would look into the first quarter F&C dynamics at 17%, and we would do an adjustment in the personnel expenditures for the bonus deduction last year and run on comparable terms, then the operating leverage for the first quarter was flat.

I hope that answers your questions, Andrew.

Andrew Keeley – Sber CIB

Yeah, okay, that's great. Thank you. Thanks, Max.

Operator

Thank you. The next question comes from line of Elena Tsareva from BCS GM. Please ask your question.

Elena Tsareva – BCS GM

Good afternoon. Thank you very much for presentation. I have several questions. I will just run through them one by one by. So, the first question, given some subdued dynamics of fixed income market in the first quarter and your comments in the press release that you expect some adjustment to higher interest rate on corporate side and, as I understand, more activity in the fixed income market. Do you have any effect from sanctions on all of that in terms of mechanics or some potential negative impact on volumes in the fixed income market? This is my first question.

My second question is a small one. Are you going to extend this early hours trading on other segments as well?

And another question. Could you provide any marketplace update in terms of users, banks connected or some other operational data? Thank you.

Max Lapin – CFO

Elena, I appreciate your questions. Let's start with fixed income market. For that, I would rather switch to the fixed income slide which is slide 14. Look, the fixed income market is a market that fluctuates with the expectation of what is happening with the interest rates.

If we would look on slide 14 and see the dynamics of the primary market last year, you would see that the primary market was extremely up in the fourth quarter on the back of several rate cuts in the summer last year. So, it fluctuates.

Then, after that spike we had a tepid market in the first quarter because there was a spike in the quarter before. There was expectation of changes in interest rates and the market kind of froze for a little. It's a usual situation for the fixed income market. It's nothing unusual, so it comes and goes.

On average, if you would look into multiyear dynamics, it's always up. So, I would say that fluctuations will happen, but year on year dynamics it's doing well. Our expectations for the second quarter are positive for a simple reason – because we are already seeing a good April coming. So, April is doing better. There is a recovery happening in the primary market.

As for the result of sanctions, well, I cannot quantify those. I would say the fixed income market has its certain independence already. So, I don't have a certain opinion as to the size of that impact.

Let me switch to the second question that you asked on the early hours trading in the other markets. We expect to launch early hours session in the equities this year. We are working on it. It takes mutual effort for the exchange and brokerage houses to make it launched because the exchange can do it, but if brokerage houses are not ready for that, it would not be viable. So, we are working together and by the end of this year we will have morning trading hours in the equities market.

The hours will be the same: starting 7:00 AM in the morning, similar as the FX and derivatives market. We are not like a 24/7 type of exchange, but we expect to be a 17/5 type of exchange by the end of the year. 17 hours of trading since starting 7:00 AM to almost midnight in FX, derivatives and equities.

For the marketplace update. For the marketplace update the best data I could provide you is that we are working very hard on the consumer loans facility solution. It’s the product line that we want technologically add to the marketplace. And we added two substantial banks – DOM.RF and Sovcombank – to the Finluslugi platform.

I cannot just go with additional data on the marketplace as of now. Thank you, Elena.

Elena Tsareva – BCS GM

Thank you very much, Max.

Operator

Thank you. The next question comes from line of Sergey Garamita from Raiffeisen Bank. Please ask your question.

Sergey Garamita – Raiffeisen Bank

Hello. Thank you for the presentation and congratulations on good results. Just one question left. Everything else is already answered. Can you guide us regarding your Core NII in regards to the lift of interest rates? Thank you.

Max Lapin – CFO

Let me dissect it into components, the Core NII. Our ruble portfolio is RUB 200 bln. Out of that portfolio, one third is extremely short, which is immediately sensitive to the upside in interest rates because of the lack of duration. The effective hike in interest rates was actually 60 basis points, so 60 over one third of 200 is quite a decent sum for immediate effect.

The rest of the portfolio will have a certain duration, up to two years. So, the average duration for the longer part of the portfolio is close to two years. The wait will take some time to roll over the effect of the hike of the interest rates.

All in all, when full effect kicks in, it will be approximately RUB 1 bln on an annualised basis, but it will take time to seep through into the results. One notion though. Out of those RUB 60-70 bln of short duration assets, approximately RUB 21.5 bln will go out as a dividend in May and June. So, yes, that's what I meant when interest rates go up, which is a positive for us, but that is offset by the dividend payout, which is definitely negative but very beneficial for the shareholders. That's the best explanation that happens.

For the FX. The USD part is short term, duration is not long. Therefore, if Fed engages in the near-term interest rate hikes, it will be positive for us. For instance, if Fed hikes approximately by a quarter of a percentage – or 25 basis points – that would be approximately a billion rubles in annualized terms for us.

That's it. Sergey, did I answer your question?

Sergey Garamita – Raiffeisen Bank

Yes, thank you.

Anton Terentiev – Director of IR

Just a quick word to reiterate what Max has just said that we stick to the Core NII run rate range of RUB 2.7-3.0 bln and we stand at around the midpoint now.

Operator

Sergey, any further comments from your side?

Sergey Garamita – Raiffeisen Bank

No, thank you.

Operator

Thank you very much. The next question comes from the line of Olga Veselova from Bank of America. Please ask the question.

Olga Veselova – Bank of America

Thank you, good day, everyone. I have several questions. My first question is about the dynamics of client balances. What dynamics do you anticipate in the next several quarters? And could you update us on the evolution of the collateral structure these days. Which changes do you see in the past several months or quarters there?

My second question is about the regulation. We heard in the media that different government bodies discussed the concept of regulation of digital platforms in Russia. Is Moscow Exchange a part of this debate? Have you seen the concept? Do you participate in these discussions or you just see what the Central Bank releases, their view for now?

And my third question is about the households. We see that the number of households involved in the markets, in the trading keeps going up, but their share in trading - in equities at least - is almost stable: 41-42%. Can you help us to understand why is that? What part of these incoming accounts are actually actively trading accounts? And do you have a sense how does your average retail customer look like now? Is it getting smaller or bigger in terms of average ticket? Is investment horizon going up or down? Any colour would be appreciated, thank you.

Max Lapin – CFO

What brilliant questions, Olga. Thank you. The dynamics of client balances. If you look at slide 15, we are currently hovering around RUB 900 bln figure, between 800 and 900 bln. I would say it's kind of a new normal. So, we've got to this number, and it seems like a sustainable level given that the exchange grew. I keep reiterating for years that the revenues or the volumes of the exchange do correlate with the collateral or collateral does correlate with the volumes and revenues. So, it is normal that the balances grew.

What we appreciate is that the ruble part of the balances is also growing because rubles are used for settlements. Settlements are directly the function of volumes of trading, so you should model them as pegged to one another.

The evolution of collateral structure. Rubles are predictable because they are used for settlements. As for mix between euros and dollars, let's say if there would be a hike in the near-term dollar rate, then definitely the share of dollars will decline because the market participants look at the cash collateral from the opportunity cost logic. Euros used to be cheap, before we introduced the additional clearing fee on euro balances because euros are not a convenient currency to carry. So, dollars shot up. If dollars go more expensive than their share will decline.

All in all, number wise, the vast majority of our interest and finance income comes from rubles. So, as long as you can predict rubles, you would be capable of predicting approximately three quarters of the NII.

Switching to the regulations. We have a strong GR footprint. We do communicate and we are always present in the working groups within the government and Duma – the parliament – and the Central Bank.

On the digital platforms, we were the first company to obtain the marketplace licence. So, we do talk about the changes in regulations and if you would look into our latest IFRS report, the second paragraph from the end in the events after reporting date will report the participation in terms of one sixth of the capital of Masterchain, which is blockchain joint venture for the blockchain application in Russia and for the potential opportunities for digital ruble application. We are also present in there. So, we do keep our foot in the door, and we monitor the situation tightly and we participate as usual.

The households. I would encourage to look into several slides in the extended investor presentation. It will show you several trends. The money vested in the accounts correlates tightly with the number of accounts opened. That means that average cheque is not being diluted at the moment. Yes, there is a mix between certain brokerage houses. Some brokerage houses have lower average cheque, and some have larger, which is obvious, and the difference could be substantial between brokerage houses. But all in all, on average, those two trends correlate and there is a couple of slides on that in the investor presentation.

In terms of activity or velocity of trading, the trend there is actually faster than the overall trend of accounts opening. That means that more accounts being opened, even faster is the growth of the active accounts and the money vested in the accounts correlate with the total accounts dynamics. Average ticket is not being diluted but velocity or activity of trading seems to improve.

In terms of the structure of investment. Here we depend on the NAUFOR, the Association of Market Participants in Russia, statistics. They disclose that roughly one half is going to bonds, between one quarter and one third is going to equities – the majority going to domestic equities – and the rest is being split between like ETFs and mutual funds.

I would say that, yeah, I do not have data on the table that is showing the shift in that structure. But let's observe like within a year. Probably there will be a little bit bigger shift into equities, but I cannot vouch for that, Olga.

Anton Terentiev – Director of IR

Yeah, a short word from me. Olga, you mentioned the structure of trading being 41-42% retail, and that is particularly in the equities market, not in all markets across the board. So, if you recall what we had several years ago when we had like a couple of million unique clients, this share was about 34-35%, so just above a third, and now it's just above 40%. So, as you see, the number of retail investors increased like five times, but their share in the equities trading didn't change much.

And this is just purely because of the market structure because whenever you have a retail investor putting an extra ruble on the table, you immediately have other participants putting their funds proportionally on the table. For instance, HFTs.

So, overall, if you look at it like from a bird's eye view, you have foreigners versus locals, right? Foreigners are mostly HFTs and algo traders. So, these are professional market participants that will trade over retail flows. When retail brings in next ruble, they will bring their ruble. And then the trend of retail spills over institutions as well because these same retail investors are bringing their funds into asset management, into insurance, stuff like that. So, it's that kind of a situation where whenever you bring a new ruble, then the other party will put their own ruble or even more than this. Therefore, the share in trading will not change much. That's just by design.

Now, as for percentage trading actively, you have a slide in our presentation that shows, for instance, in equities we have 1.8-1.9 million of active clients against 11 million unique clients. So, that's just short of 20%. Unfortunately, we did not see any data showing that all those legacy sleeping accounts wake up and start trading, so I would mostly attribute this increase in activity to accelerated onboarding. So, we onboard a lot of new clients, they start trading when they are new and therefore we see a higher share of trading overall. And then as for the average ticket, it generally follows the rule of diminishing returns, albeit in a mild fashion. That's what we mentioned during the previous call when we were presenting this NAUFOR data as part of our presentation.

And you know that some particular retail brokers, they actually onboard very small tickets and they onboard them in quantities. So, I would not expect average tickets to go up in current circumstances. Thank you.

Olga Veselova – Bank of America

Thank you.

Operator

Thank you.

Anton Terentiev – Director of IR

So, I'll just say it out loud that we have no questions over the webcasting interface, and I don't see any questions in the queue over the phone, so maybe we can wait for a couple more minutes if somebody has a follow up question.

Operator

We have a question from Andrew Keeley from Sber CIB. Please ask your question.

Andrew Keeley – Sber CIB

Hi. Yeah, just a quick follow up on what you were saying on your net interest income and the impact of rate changes, which was very helpful. You basically said that you see it now in this RUB 2.7-3.0 bln range and you're kind of in the middle of that. If we basically have another kind of 50 bps in a higher key rate from here or 50-100 bps, is that range going to move up or does that RUB 2.7-3.0 bln range basically incorporates some expectation of higher rates, or it's based on current rates? Thank you.

Anton Terentiev – Director of IR

Yeah, Andrew. So maybe I'll start with that question. So, basically, how we see the situation. On Core NII, we are standing at the midpoint of that RUB 2.7-3.0 bln range – that's the quarterly rate. That is about 2.85. When we go through this dividend cut-off date, when we actually start distributing cash, we will be down: the immediate run rate will be down to the lower band of that range, and then it will start to recover as we accumulate money as we do the business month after month.

So, you're right that if rates go up further, then we will have an impact and you can quantify that impact because Max gave you all the underlying data that our ruble part of the portfolio is roughly RUB 200 bln. And one third of it is liquid. So, liquid instruments, money market instruments, interbank deposits, stuff like that, that reprices almost instantly once the rate moves.

So, you can just play around it and allow this one third of 200 - 180 billion and see what it brings you. Also, beyond Core NII, we have revaluation gains and losses. And we had a chunk in Q1 this year and maybe something that we wanted to add to that is we're not expecting much of rebalancing happen before autumn this year. We don't expect portfolio rebalancing that triggers gains of losses – much of them before Autumn this year.

Andrew Keeley – Sber CIB

Okay, great, thank you.

Max Lapin – CFO

I would encourage for modelling purposes to look into the balance sheet or the IFRS. The so-called business line called 'investment revaluation reserve'. And I previously mentioned and will reiterate it this time: when that reserve exists, we have the opportunity for additional net interest income through mark-up. When it does not exist then the probability of such additional income is not high. Therefore, when we talk about the Core NII guidance stemming forward, it's highly likely that there shouldn't be additional surprises coming this year from the revaluation of the portfolio. So, stick to Core NII.

Andrew Keeley – Sber CIB

Okay, that's very clear, thank you.

Operator

Thank you. Dear speakers, there are no further questions at this time. Please continue.

Anton Terentiev – Director of IR

All right, thanks everyone for your good and insightful questions. That was a rather brief call, but I think we covered a lot of topics and I hope covered a lot of interesting aspects in our speech and the press release that made it easier for you to prepare for the call. We'll meet again, I think, sometime in mid-August when we do the second quarter so have great holidays everybody and see you next time.

Max Lapin – CFO

Thank you very much.