

**MOSCOW
EXCHANGE**

November 19, 2013

Q3 2013 Earnings Presentation

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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;
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Q3 and October 2013 highlights

✓ **T+2 project**

- T+2 fully implemented on equity market on September 2, 2013

✓ **Direct Market Access (DMA)**

- Four global banks (Citigroup, Credit Suisse, Merrill Lynch and Morgan Stanley) started to offer DMA to securities trading on Moscow Exchange in September 2013, five global banks are expected to follow by the end of 2013

✓ **New issuers**

- New listings: Polymetal shares, Qiwi and TMK depository receipts
- IPOs/SPOs: Alrosa (USD 1.3 bln) and Nomos Bank (USD 602 mln)

✓ **New markets and products**

- Launch of precious metals trading
- Launch of OTC derivatives clearing
- New ETFs launched: 6 ETFs on MSCI countries indices and ETF on gold
- MOEX futures launched

✓ **Post-trade services**

- National Clearing Centre (NCC) has gained the status of the qualified central counterparty from the Bank of Russia
- NCC has been capitalized by RUB 9 bln: equity amount has reached RUB 27.3 bln

✓ **IT services**

- Equities & Bonds, FX, and the Derivatives Market's trading platforms were moved into a single technology venue, namely the new state of the art M1 data centre



Key regulatory changes: on the right track

✓ Listing Reform

- Simplification of the securities lists (three sections instead of six)
- Alignment of the Russian listing standards with international best practice
- A new legislation came into effect in September 2013, new listing rules are expected to be approved by Moscow Exchange in H1 2014

✓ Access of Euroclear and Clearstream to the corporate bonds market

- Settlement services for corporate bonds transactions are expected to start in Q1 2014 after taxation issues are clarified
- The changes to the Tax code, prepared by the Ministry of Finance, have been approved by the State Duma

✓ Pension regulation changes may be adopted in late 2013 – 2014 – *draft*

- Abolishment of the requirement for returns on pension savings accounts of individuals in non-state pension funds (NPFs) to be positive each year
- Implementation of the pension savings insurance system
- Possibility to change an NPF manager once in 5 years instead of once a year
- Further expansion of the list of securities eligible for investment from NPFs. In 2013, NPFs have been allowed to participate in IPO/SPO of issuers, included in A1 list

The changes are under discussion

✓ Tax incentives for retail investors are discussed – *draft*

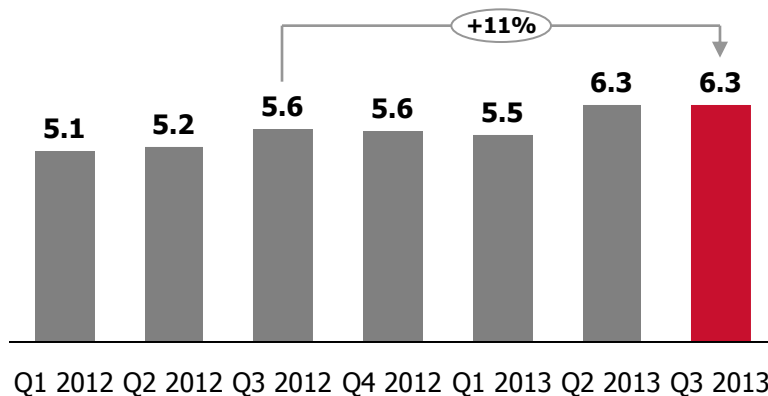
- 0% tax rate on income (up to RUB 9 mln) from securities held for more than three years. Draft law is under revision in the Government
- Individual investment accounts



Financial Performance: strong **double digit** EPS growth

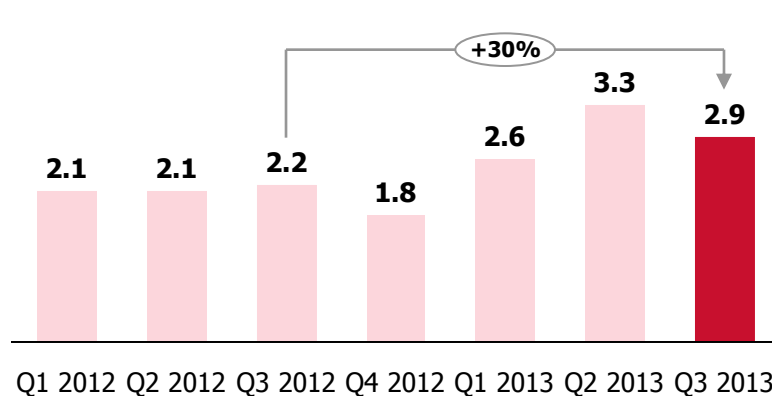
Operating income

RUB bln



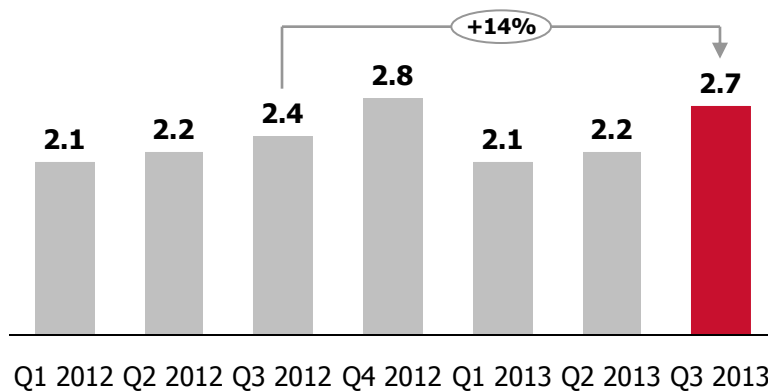
Net Profit

RUB bln



Operating expenses

RUB bln



EPS and key financial ratios

	Q3 2012	Q3 2013
Basic EPS, RUB	1.04	1.29
EBITDA margin	65%	64%
Cost/income ratio	42.1%	43.2%



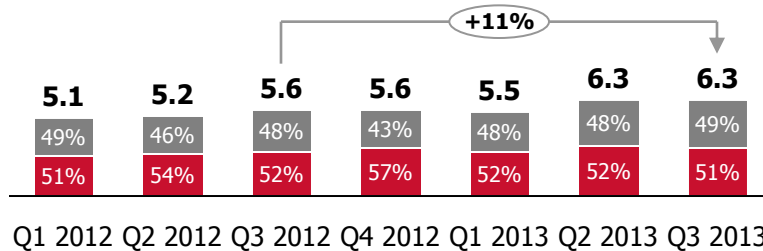
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Source: Consolidated Interim Financial Statements

Operating Income: **diversified model** supports growth

Operating income structure

RUB bln

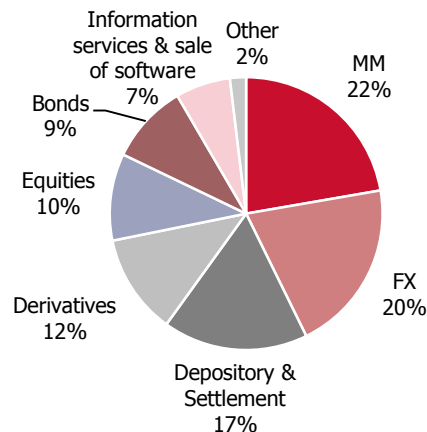


■ Interest and other finance income
■ Fee & commission and other income

Fee & commission income breakdown

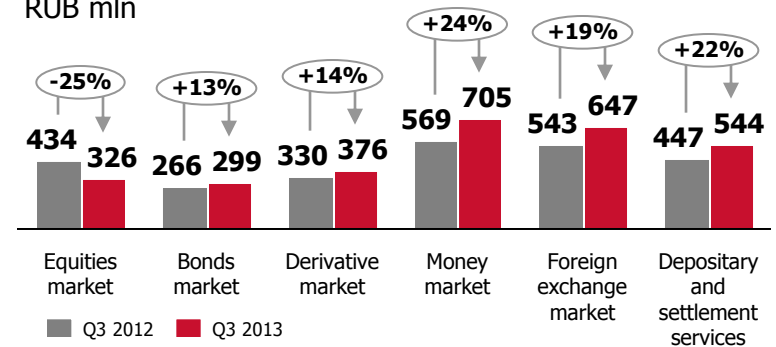
RUB mln

Q3 2013



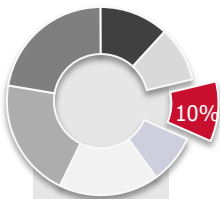
Fee & commission income by markets

RUB mln



Comments

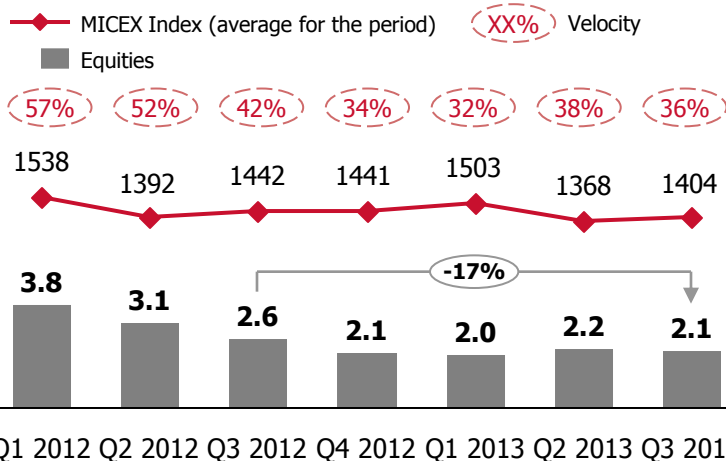
- Due to diversified revenue stream, Moscow Exchange operating income in Q3 2013 **increased by 11% YoY**, while fee & commission income **grew by 8% YoY**
- Lower income from equities (off 25% YoY) was more than offset by strong performance across all other markets
- Bonds market income **grew by 13% YoY**, derivatives market income **up 14%**, FX market income **gained 19%**, while money market income **thrived by 24%**. Income from depository and settlement services **increased by 22%**



Equities Market: Overview

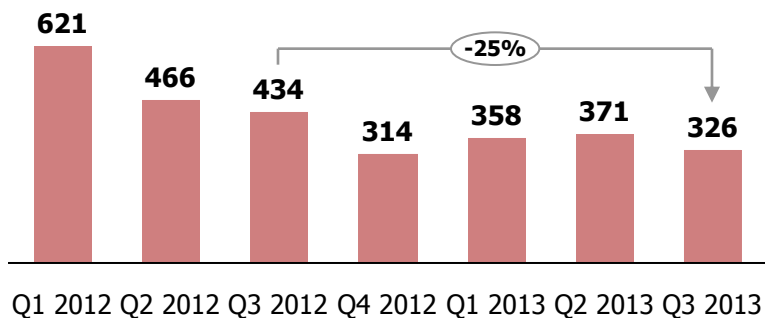
Equities market trading volumes, MICEX Index

RUB trn, points



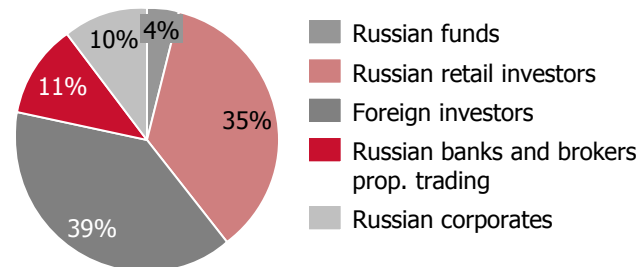
Equities market fee & commission income

RUB mln



Secondary trading volumes breakdown by clients

9m2013



Comments

- Trading volumes remained subdued in Q3 2013, which resulted in 25%YoY reduction of fees and commission income
- However, following a full migration to T+2, trading volumes started to recover
- Drivers: what one should expect...
 - Expected upside from migration to T+2
 - Equities are expected to become eligible for Euroclear and Clearstream settlement starting from 1 July 2014
 - Development of trading in foreign stocks and depositary receipts, ETFs
 - Announced privatization and potential pipeline of private IPOs/SPOs to support trading volumes



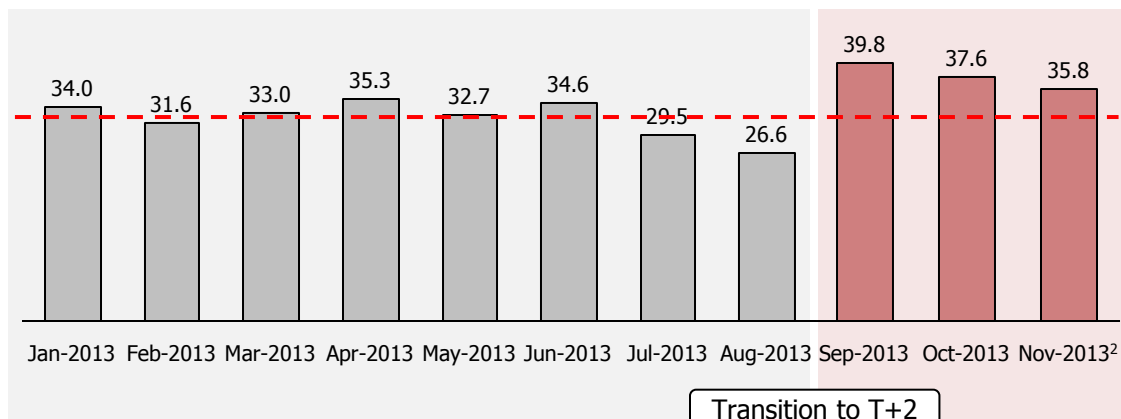
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Volumes rebound after complete migration to T+2

Trading volume on equity market¹

RUB bln

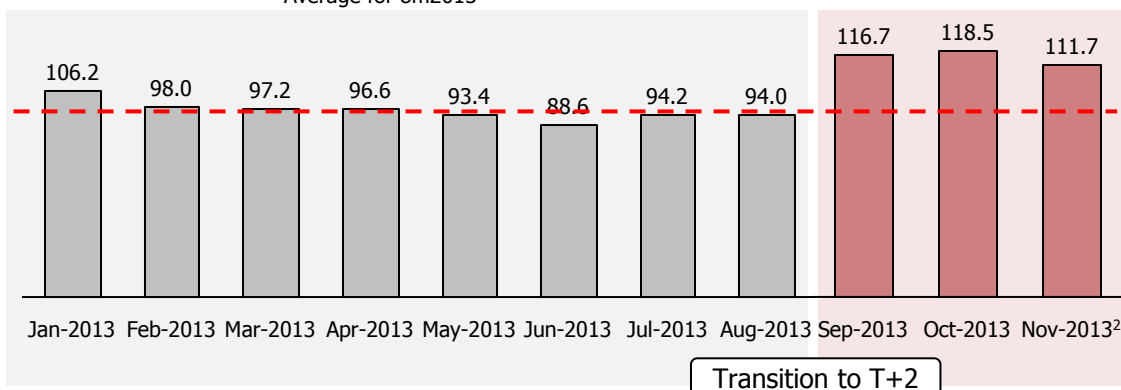
- Average daily trading volume
- Average daily trading volume after transition to T+2
- - Average for 8m2013



Average deal size¹

RUB thousand

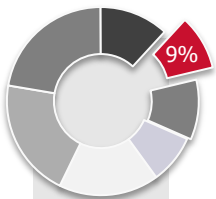
- Average deal size
- Average deal size after transition to T+2
- - Average for 8m2013



Project milestones

- March 25
 - **T+2**: TOP-15 stocks and all sovereign bonds (OFZ)
 - Parallel trading T+0 / T+2
- July 8
 - **T+2**: 50 stocks + all OFZ
- September 2
 - **T+2**: all stocks and OFZ
 - **T+0**: OFZ, corporate and municipal bonds
 - Closing auction in T+2
 - New algorithm of official closing price calculation

- Following smooth transition to T+2, equity trading volumes for the first months rebounded with average daily turnover in equities up to **RUB 38 bln**

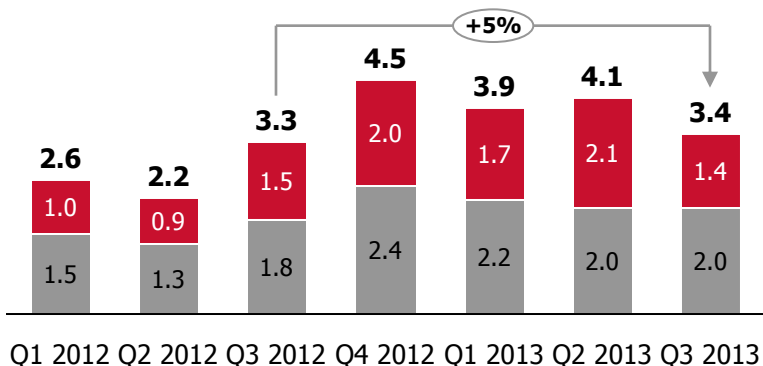


Fixed Income Market: Overview

Fixed income market trading volumes¹

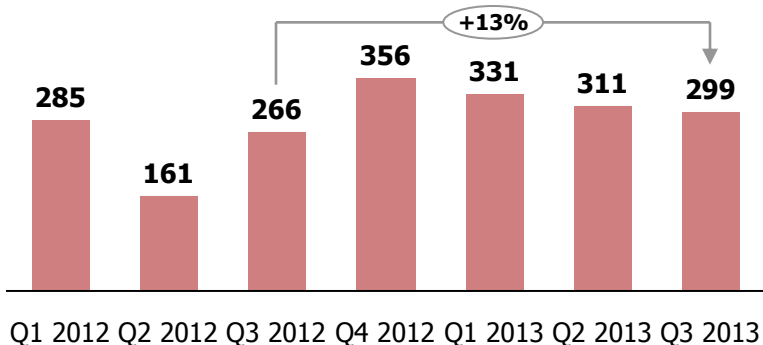
RUB trn

- Government bonds
- Corporate, municipal and other bonds



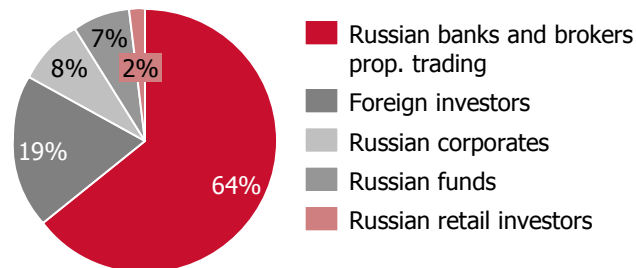
Fixed income market fee & commission income

RUB mln



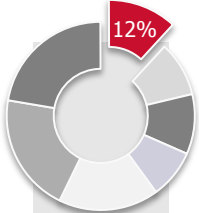
Secondary trading volumes breakdown by clients

9m2013



Comments

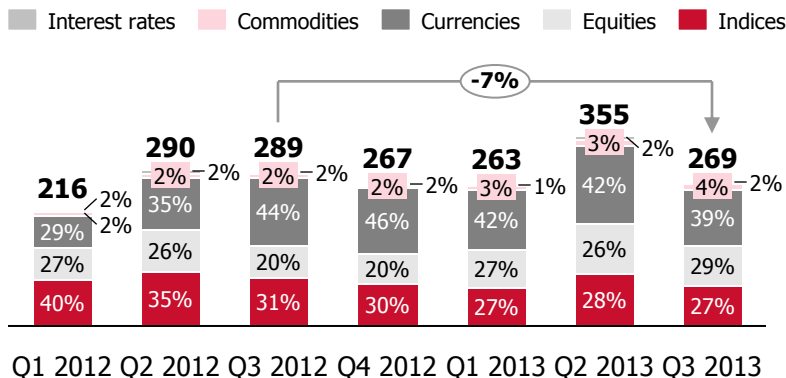
- In Q3 2013, both new placements and secondary trading volumes **grew by 16%YoY** and **3%YoY** respectively
- Primary market volumes growth driven by material increase in corporate bonds placements (**+56% YoY**) more than offset 27% reduction of OFZ placements due to Ministry of Finance debt policy changes
- Drivers: what one should expect...
 - Euroclear and Clearstream are expected to play more active role on Russian corporate bonds market following changes in tax legislation, approved by the State Duma in October 2013
 - Further development of new products (ABS, MBS, CDO)



Derivatives Market: F&C income growth on the back of lower volumes

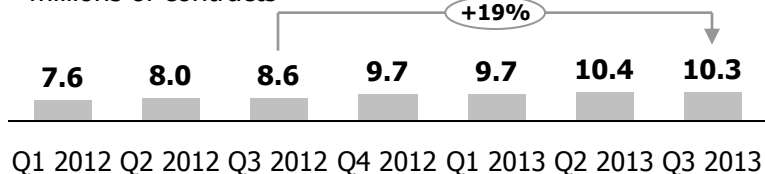
Derivatives trading volumes

millions of contracts



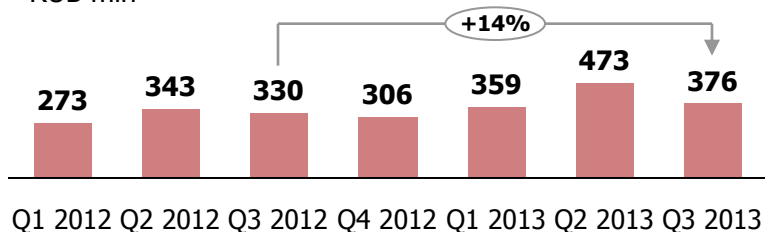
Open interest¹

millions of contracts



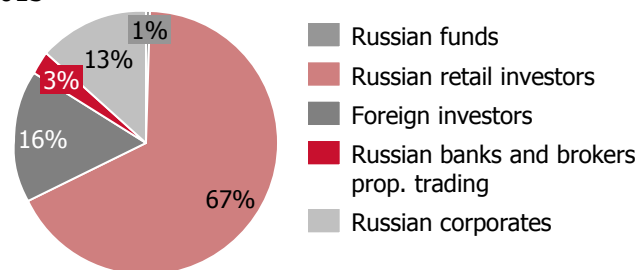
Derivatives market fee & commission income

RUB mln



Trading volumes breakdown by clients

9m2013



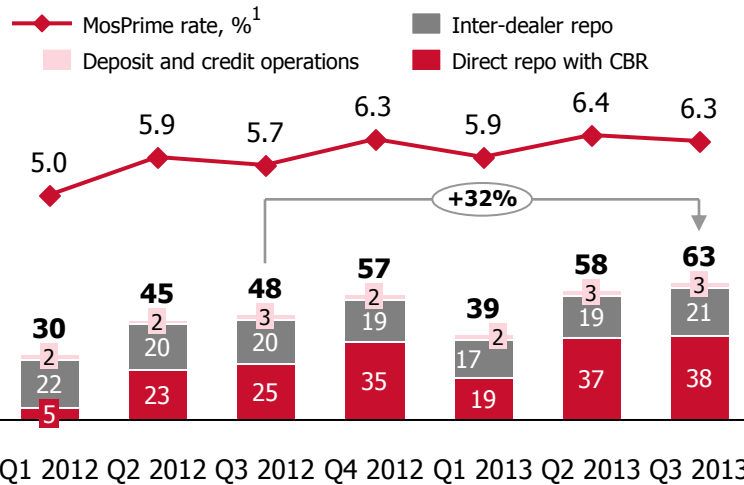
Comments

- Despite global headwinds in derivatives, new institutional customers continued to join the market, which led to **19% YoY growth** of open interest
- Despite contraction of trading volumes driven by lower activity in underlying assets, fee&commission income **grew by 14% YoY**
- Drivers: what one should expect...
 - Unified cross market clearing pool and margining to incentivize customers for more active trading
 - OTC derivatives clearing and further market standardization to continue development
 - Interest rates and single stock futures development

Money Market: growth on the back of difficult economic environment

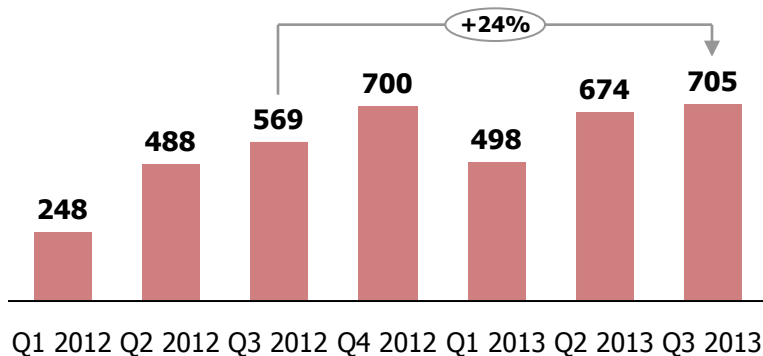
Money market trading volumes (incl. repo with CBR)

RUB trn



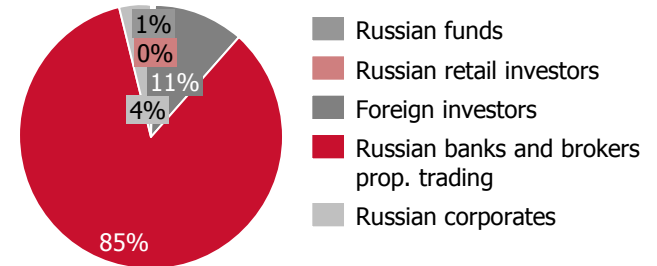
Money market fee & commission income

RUB mln



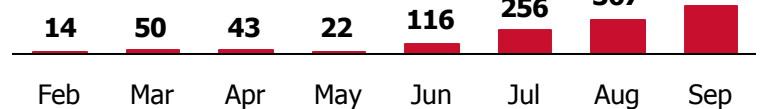
Trading volumes breakdown by clients

9m2013



REPO with CCP trading volumes in 2013

RUB bln

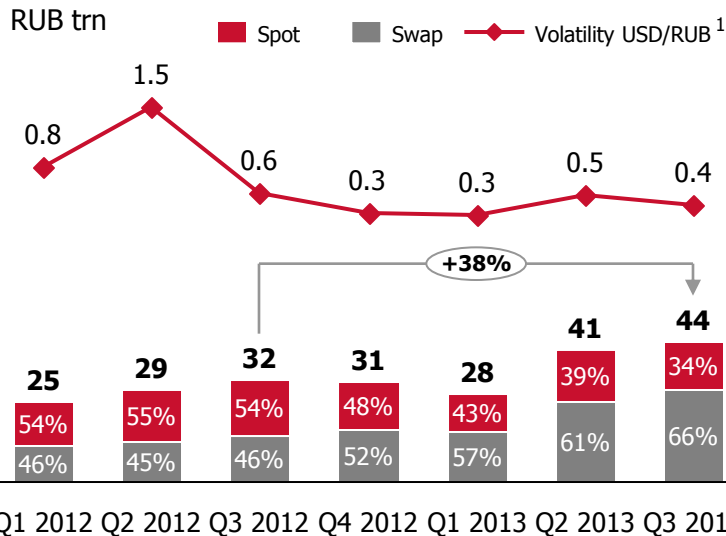


Comments

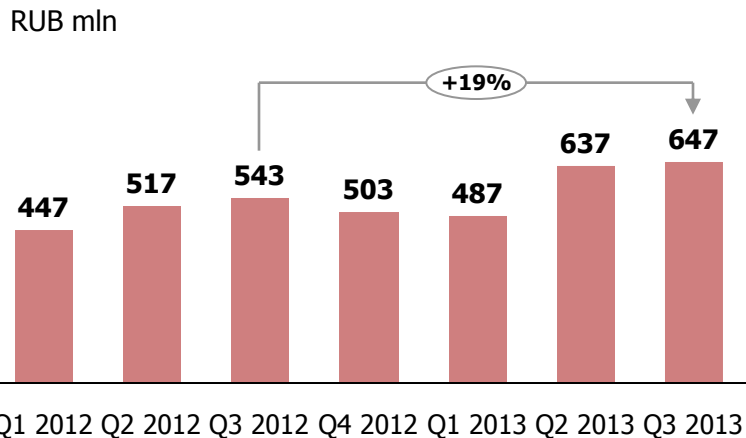
- Challenging economic environment led to tight liquidity situation in the financial system, which supported continued growth of REPO transactions
- Strong growth of trading volumes led to **24% YoY increase** of fees and commissions
- Drivers: what one should expect...
 - Further development of REPO with CCP (new securities in anonymous trading and negotiated deals mode, new settlement codes)
 - On-exchange REPO with CBR with collateral management by NSD
 - REPO with pool of securities

FX Market: Overview

FX market trading volumes

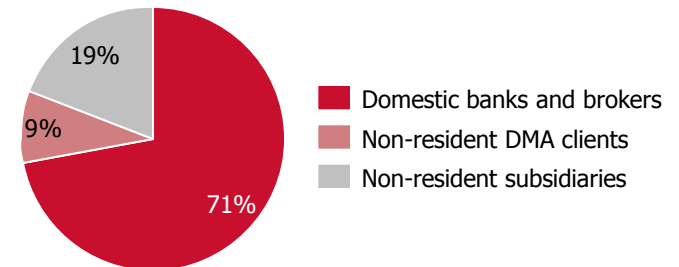


FX market fee & commission income



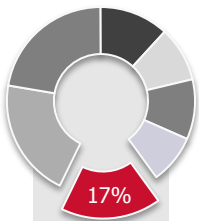
Trading volumes breakdown by clients

9m2013



Comments

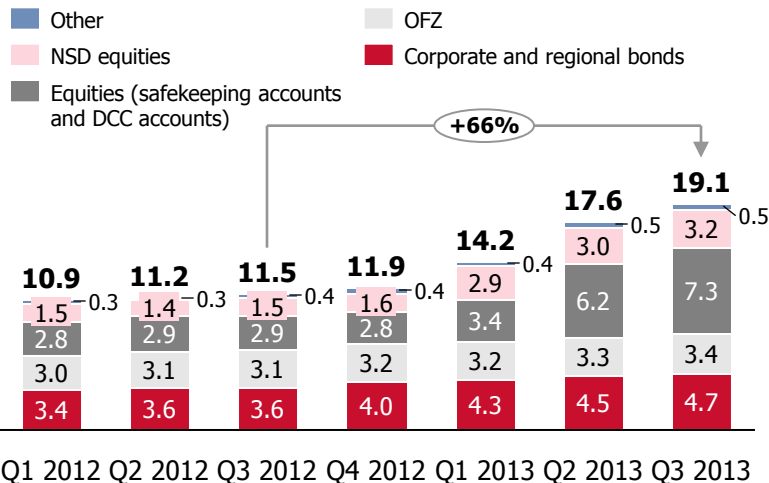
- FX-swaps, mainly used by domestic banks to manage liquidity, grew by 97% YoY growth due to tight liquidity conditions
- Lower FX volatility led to 12% YoY contraction of FX spot trading volumes
- In Q3 2013, number of clients reached 40,000 driven by largest brokers, which continued to provide access to the market for their clients
- Drivers: what one should expect...
 - Combined collateral for FX market and derivatives market
 - Unified clearing of spot FX transactions and FX derivatives
 - New options for non-residents clients access



Depository and Settlement services: Overview

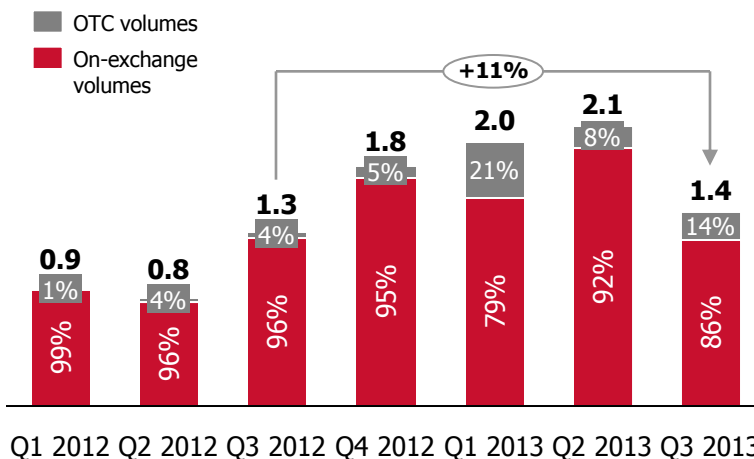
Assets in deposit

RUB trn



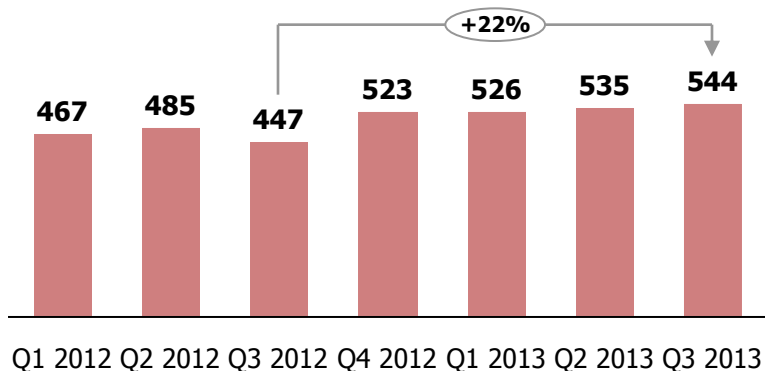
Government bonds (OFZ) trading volumes

RUB trn



Fee & commission income

RUB mln



Comments

- In Q3 2013 the volume of assets in deposit **increased by 66% YoY** resulting from NSD fully functioning as a central securities depository
- Drivers: what one should expect...
 - Trading repository services development
 - New services related to collateral management
 - Launch of the corporate information center, positioned to become the single source of corporate data

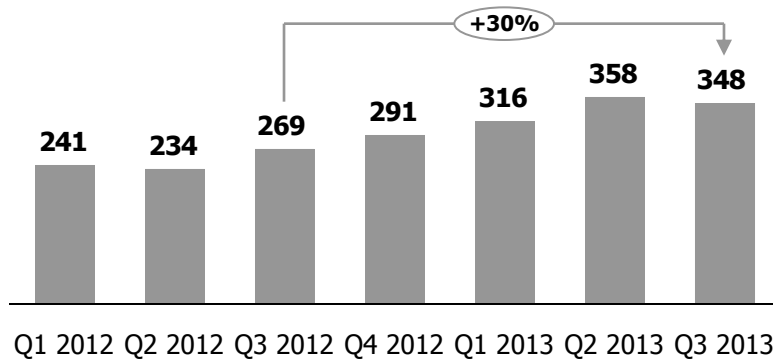


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Investment portfolio: Moderate QoQ decline following T+2

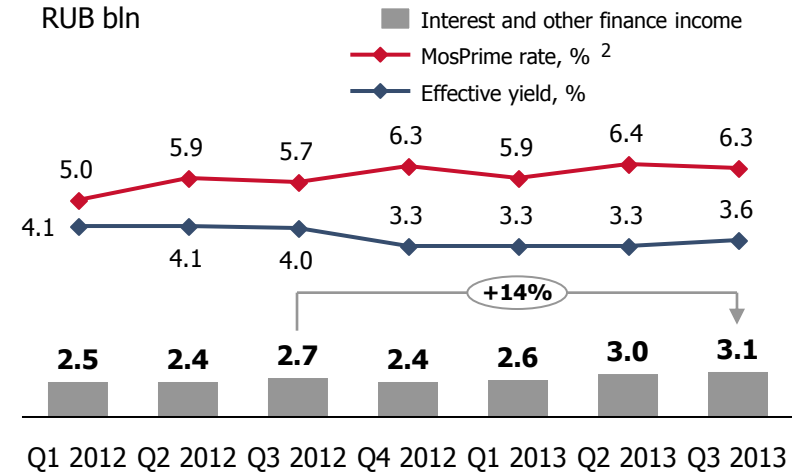
Investment portfolio¹ (daily average volume)

RUB bln



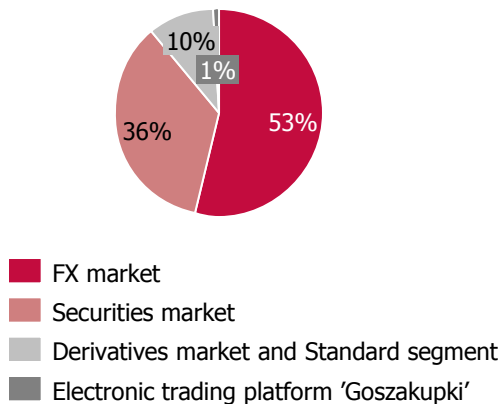
Interest income¹

RUB bln



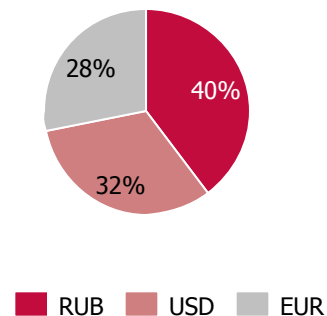
Clients funds by source

Q3 2013



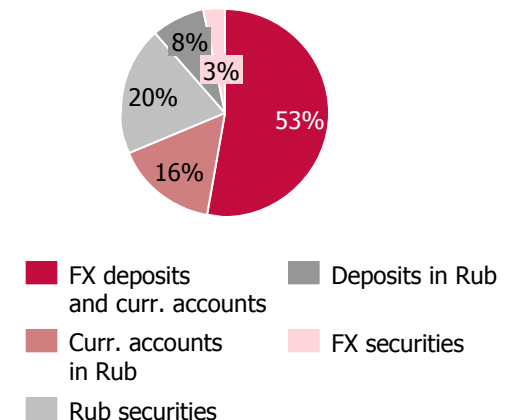
Clients funds by currency

Q3 2013



Investment portfolio by type of asset

Q3 2013

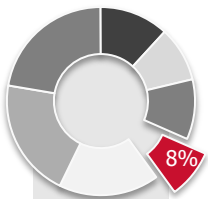


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Source: Moscow Exchange, Consolidated Interim Financial Statements

1 Based on daily average investment portfolio according to management accounts

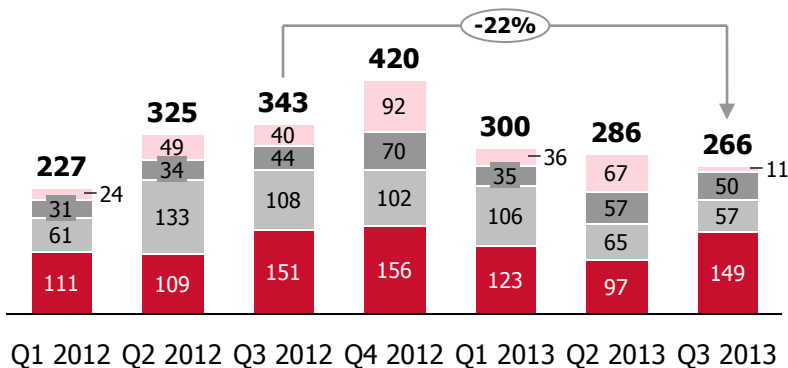
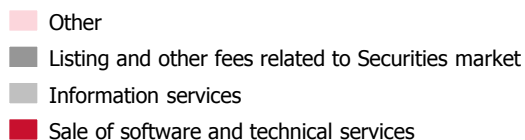
2 Average rate for the quarter



Other Fee&Commission Income

Other fee&commission income

RUB mln

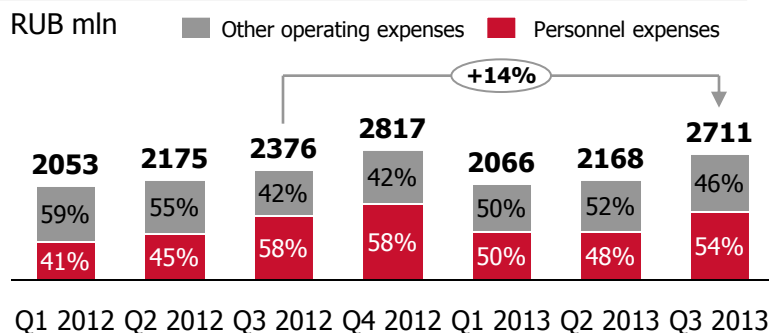


Comments

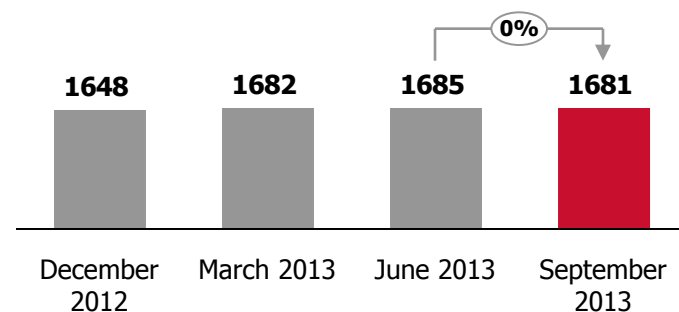
- In Q3 2013 other fee&commission income decreased 21% YoY
- Information services (market data) income was down 47% and sale of software and technical services off 2%
- Due to the new fee structure for information services there was a decrease in income in Q3 2013

Strong control over personnel costs and solid efficiency

Operating expenses structure



Headcount as of Q3 2013 end



Major expenses items

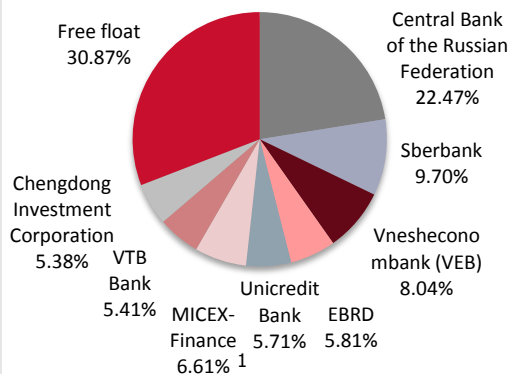
RUB mln

	Q3 2013	Q3 2012	Change YoY
Personnel expenses	1466	1379	6%
Administrative and other operating expenses:	1246	997	25%
Amortisation of intangible assets	268	256	5%
Professional services	202	133	52%
Depreciation of property and equipment	134	132	2%
Taxes, other than income tax	113	70	60%
Market makers fees	142	66	117%
Advertising and marketing costs	43	108	-60%
Other	343	233	47%
Cost to income ratio	43.2%	42.1%	

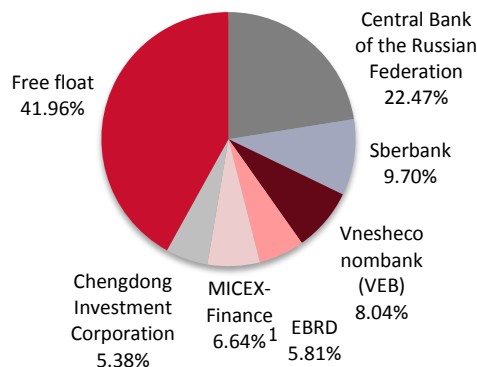


Free-float growth, following changes in the shareholder base

Ownership structure as of September 25, 2013



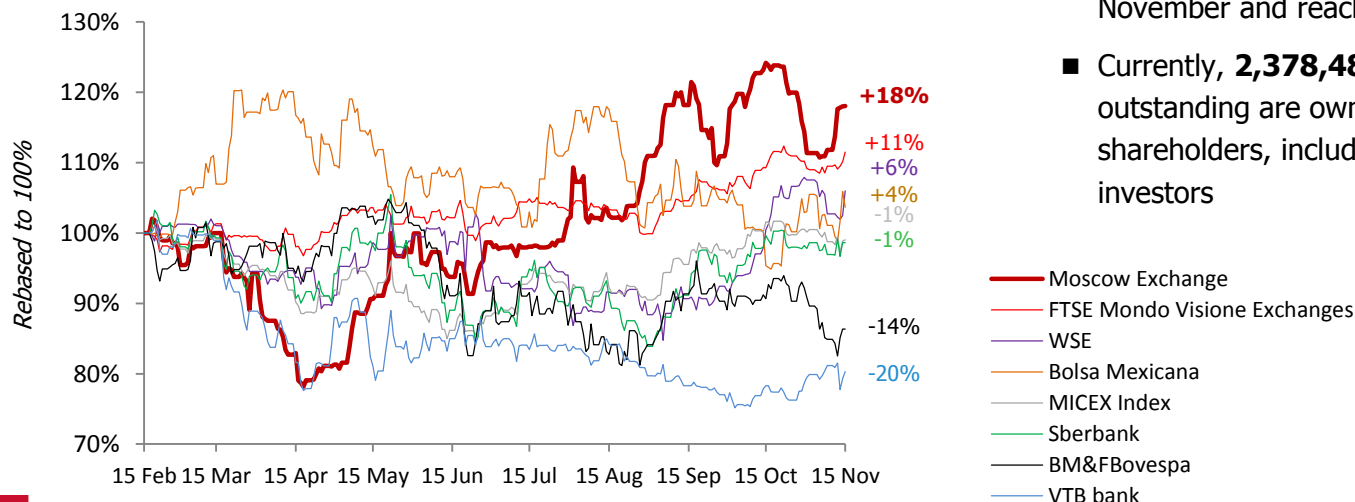
Current ownership structure



Key takeaways:

- Free-float grew to **42% in Q4 2013** from 31% in Q3 2013 following:
 - VTB's stake decline from 5.1% to 3.1%, announced by the holder on October 30, 2013
 - Unicredit sold its 5.7% stake in MOEX shares, according to announcement made on November 6, 2013
- Average daily trading volumes (ADTV) of MOEX grew by 5.6 times from February to November and reached **~RUB 575 mln**
- Currently, **2,378,489,153** of shares outstanding are owned by around **1 200** shareholders, including **~1000** of retail investors

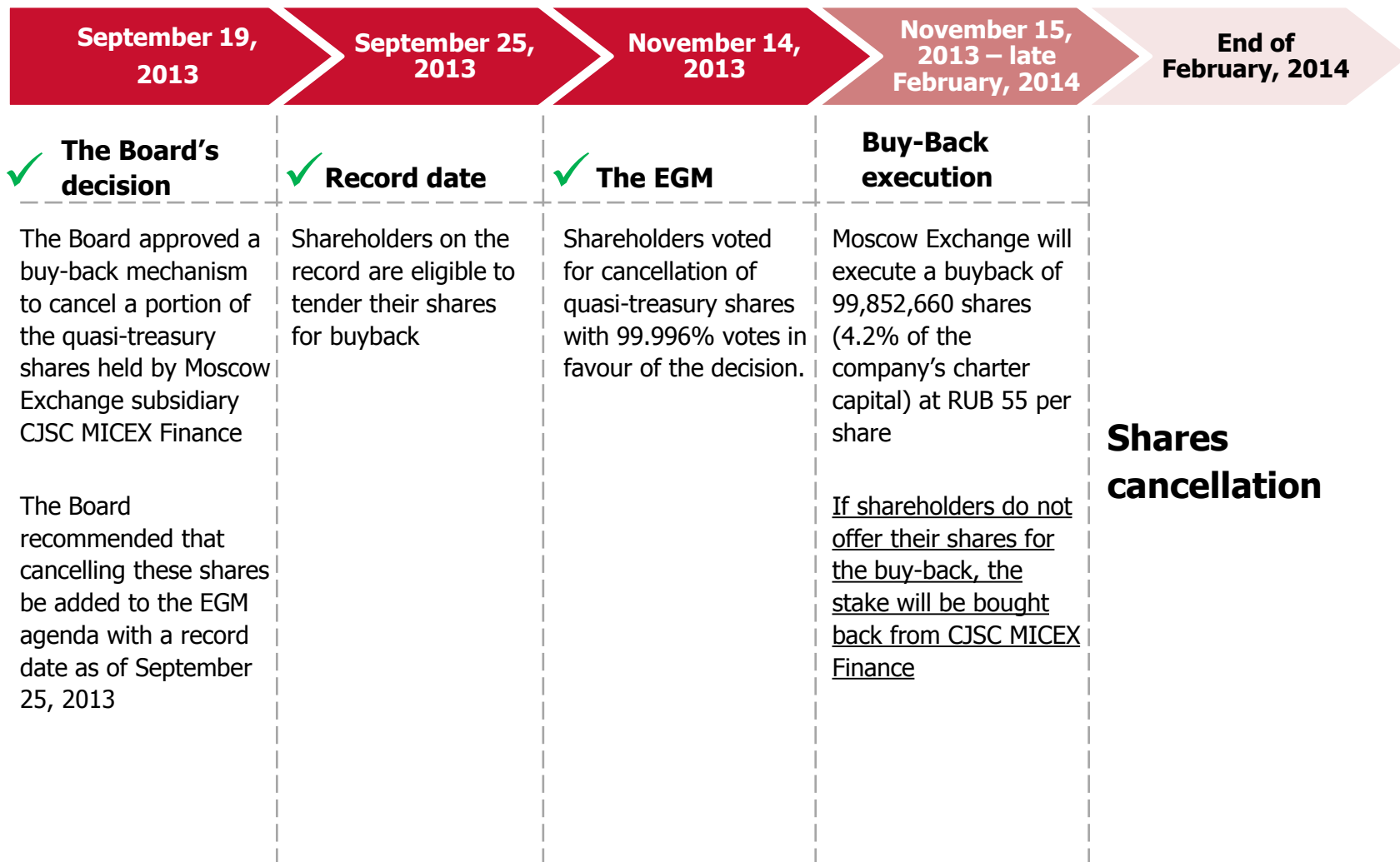
Moscow Exchange price dynamics vs peers and indexes



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¹ 100% owned subsidiary of the Moscow Exchange

Treasury shares cancellation: where we are in the process



Key growth drivers

Infrastructure	New markets and services	<ul style="list-style-type: none"> Precious metals OTC derivatives clearing REPO with a pool of securities 	2013-2014
	Unified clearing pool (cross-margining and collateral management)	<ul style="list-style-type: none"> FX and derivatives market expected in 1H 2014 On the later stage will be implemented on other markets 	2014+
	Euroclear and Clearstream access	<ul style="list-style-type: none"> Equities and corporate bonds will be eligible for Euroclear and Clearstream settlement services 	2014
New high quality issues	Privatization	<ul style="list-style-type: none"> Russia has launched a privatization program of over USD 50 billion The program may result in a pipeline of new listings on Moscow Exchange 	2013-2016
	New placements	<ul style="list-style-type: none"> IPOs/SPOs of non-state companies Corporate bonds, ETFs 	2013+
	Corporate governance and listing reform	<ul style="list-style-type: none"> Protection of minority shareholders, transparency and disclosure Convergence of domestic listing standards with the international standards 	2013-2014

