











**MOSCOW  
EXCHANGE**

March 14, 2014




# Full Year 2013 Earnings Presentation

# Key regulatory changes in 2013

Domestic investors	<p>Pension laws adopted in December 2013:</p> <ul style="list-style-type: none"> <li>▪ Abolishment of the requirement for returns on pension savings accounts of individuals in non-state pension funds (NPFs) to be positive each year</li> <li>▪ Implementation of the pension savings insurance system</li> <li>▪ Possibility to change an NPF manager once in five years instead of once a year</li> </ul>	
	Individual investment accounts for private investors (IIA)	
	0% tax rate on income (up to RUB 9 mln) from securities held for more than three years	
Listing and corporate governance	<p>Change in regulation of securities admission to trading:</p> <ul style="list-style-type: none"> <li>▪ Simplification of the securities lists (three sections instead of six)</li> <li>▪ Availability of any section of the securities list for public offerings</li> <li>▪ Alignment of the Russian listing standards with international best practice</li> </ul>	
	<p>Change to corporate governance legislation:</p> <ul style="list-style-type: none"> <li>▪ New rules for dividend payments (no backdated dividends, terms specification)</li> <li>▪ New Corporate Governance Code: <ul style="list-style-type: none"> <li>– Reasonability, good faith and the interest of the company as key indicators of directors actions</li> <li>– Integrated risk management and internal control system</li> <li>– Accountability, transparency and adequacy of remuneration system</li> <li>– Greater transparency through disclosure of major corporate actions</li> </ul> </li> </ul>	
Opening up of MOEX to international investors	Amendments to the tax code removed the barriers for Euroclear and Clearstream access to the Russian corporate bonds and equities markets	
New instruments	Foreign ETF admission to organised trading	
	<p>Change in legislation on securitisation:</p> <ul style="list-style-type: none"> <li>▪ Securities based on assets other than mortgage</li> <li>▪ Full-functioning SPVs in Russian jurisdiction</li> </ul>	



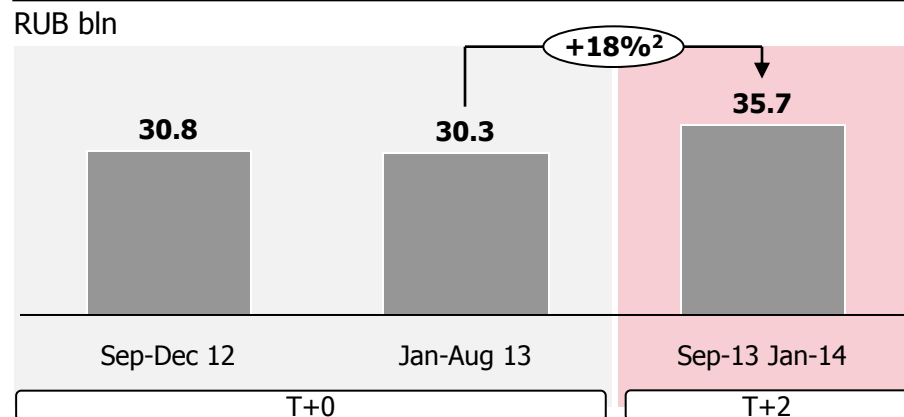
# Key developments in 2013

	Plans	Achievements	
T+2	<ul style="list-style-type: none"> <li>▪ T+2 settlement cycle meeting international standards</li> <li>▪ Direct market access (DMA) for non-resident clients</li> <li>▪ Post-trading auction mechanism to meet international standards</li> </ul>	<ul style="list-style-type: none"> <li>▪ Equities in <b>T+2</b>, phasing out T+0 for equities on September 2, 2013</li> <li>▪ Five global banks (Citigroup, Credit Suisse, Merrill Lynch, Morgan Stanley, UBS) have launched DMA services on Moscow Exchange securities market in 2013. Their non-resident clients trading volumes increased by 30% in September-December 2013 compared to January-August 2013</li> <li>▪ Closing auctions to determine representative closing prices was launched on securities market in T+2 in September 2013. The share of closing auctions in total equity trading volumes reached 1% in December (the share of the post trading auction, which existed previously, did not exceed 0.3% in January-August 2013)</li> </ul>	
Central Counterparty	<ul style="list-style-type: none"> <li>▪ Central Counterparty (CCP) on all Moscow Exchange markets</li> </ul>	<ul style="list-style-type: none"> <li>▪ National Clearing Centre (NCC) acts as CCP on all markets of Moscow Exchange Group</li> <li>▪ In October 2013 NCC was granted the Qualified central counterparty status by the Bank of Russia</li> <li>▪ Financial stability rating equal to Russia's sovereign BBB rating (Fitch Ratings) since December 2013</li> </ul>	
Central Depository	<ul style="list-style-type: none"> <li>▪ Simplifying securities market record keeping system</li> <li>▪ Opening up of MOEX to international investors</li> </ul>	<ul style="list-style-type: none"> <li>▪ CSD full functionality since April 2013 (the process of conversion of nominee accounts into CSD nominee accounts in share registrars was completed)</li> <li>▪ Euroclear and Clearstream provide settlement services for Russian sovereign (since Q1 2013) and corporate bonds (since January 2014), equities will be eligible for Euroclear and Clearstream settlement services from July 2014</li> </ul>	



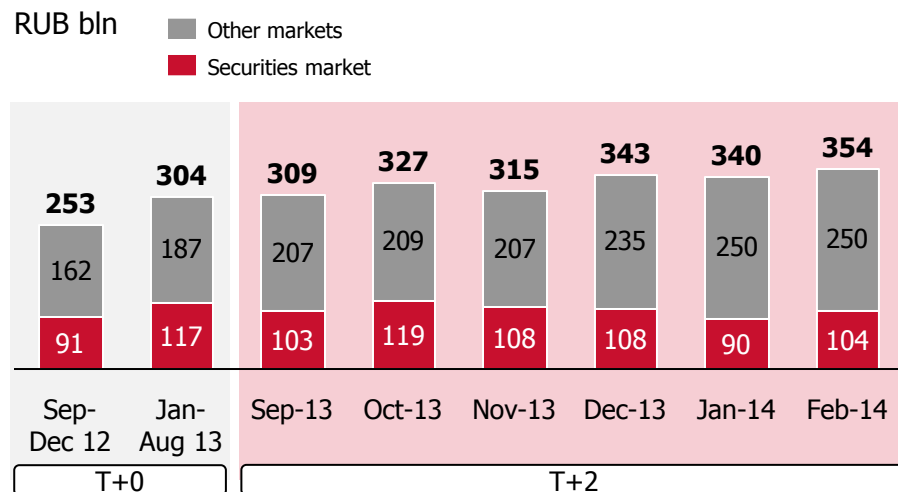
# Impact of T+2 launch on equities market

## Average daily trading volume on equities market<sup>1</sup>



- Following the launch of T+2 settlement cycle:
  - Smooth and successful customers transition to the new settlement cycle
  - Average daily trading volume up 18%<sup>2</sup>

## Average daily client balances

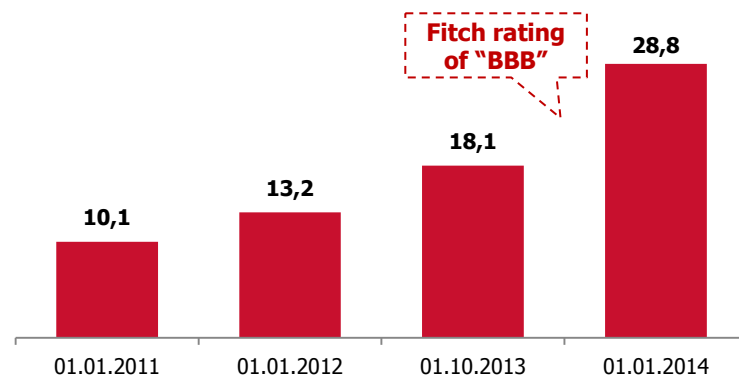


- Client balances on securities market declined in January 2014 but then recovered in February 2014
- Total amount of clients balances grew by 9% in September 2013 - February 2014 compared to the first 8 months of 2013

# Strongly capitalized CCP and fully established CSD

## National Clearing Centre (NCC) own funds (capital)<sup>1</sup>

RUB bln



## Comments

- NCC acts as CCP on all markets of MOEX Group
- The NCC received qualified central counterparty status from the Bank of Russia in October 2013
- BBB financial stability rating (Fitch) equals sovereign credit rating
- Up to 100% of collateral can be provided in foreign currency (USD)
- Significant equity capital injection in 2013

## National Settlement Depository assets in deposit<sup>2</sup>

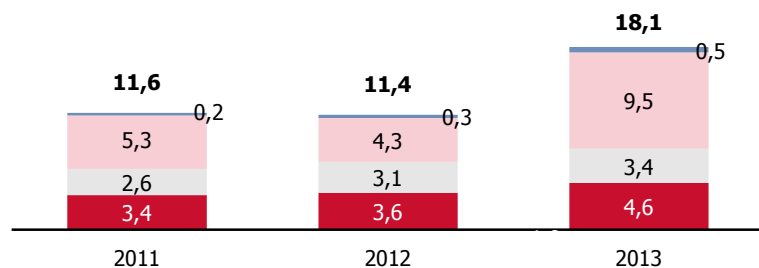
RUB trn

Other

Equities<sup>3</sup>

OFZ

Corporate and regional bonds



## Comments

- Assets in deposit in NSD increased as a result of NSD functioning as central securities depository
  - Monthly average assets in deposits increased by 59% in 2013 compared to 2012
- Repository services launched in February 2013, reporting of OTC REPO deals and FX swaps became obligatory in November 2013
- NSD is rated by Thomas Murray<sup>4</sup> (AA-)



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Source: Moscow Exchange operational information

1 Figures in accordance with Russian Accounting Standards as reported to and disclosed by the CBR on a monthly basis

2 Monthly average assets in deposits based on Company' operational data




3 Corporate shares on deposit with the NSD and with the DCC (Depository Clearing Company)

4 Thomas Murray – leading global agency for depository services

# Successful optimization of the Group structure

## Key targets

- Disposal of non-core assets
- Increasing efficiency in use of capital
- Increased cost efficiency of the MOEX Group administration

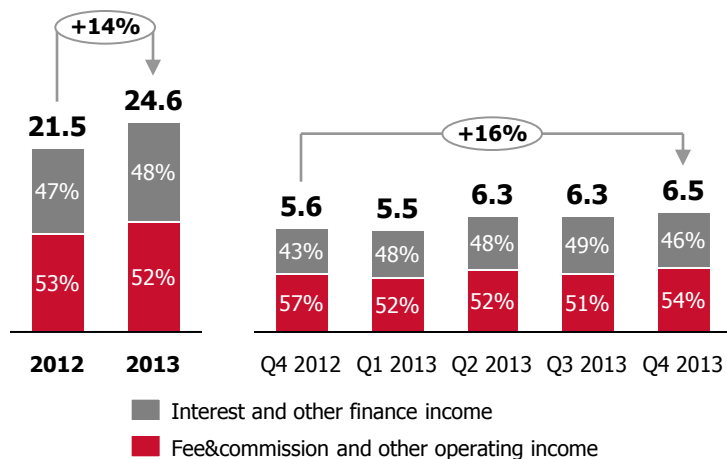
Project	Description	Status
Sale of MICEX-IT	<ul style="list-style-type: none"> <li>▪ Sale of 100% share of MICEX-IT (electronic platform for state and municipal procurement – “ETP Goszakupki”)</li> <li>▪ MOEX sold 100% share in MICEX-IT for <b>RUB 440 mln</b></li> </ul>	
Sale of SDCO <sup>1</sup>	<ul style="list-style-type: none"> <li>▪ Sale of the entire stake in SDCO (28.5%)</li> <li>▪ Total proceeds of <b>RUB 594 mln</b></li> </ul>	
Consolidation of NAMEX <sup>2</sup>	<ul style="list-style-type: none"> <li>▪ Acquisition of minority stakes in NAMEX as well as treasury shares. MOEX increased its stake in NAMEX up to 59%</li> </ul>	
Merger of SC RTS <sup>3</sup> and NCC	<ul style="list-style-type: none"> <li>▪ Liquidation of SC RTS via merger with NCC (RUB 750 mln of additional capital for NCC)</li> </ul>	Q3 2014 <i>(expected)</i>
Merger of CC RTS <sup>4</sup> and NCC	<ul style="list-style-type: none"> <li>▪ Liquidation of CC RTS via merger with NCC (RUB 750 mln of additional capital for NCC)</li> </ul>	Q3 2014 <i>(expected)</i>



# Financial Performance: Strong **double digit** EPS growth

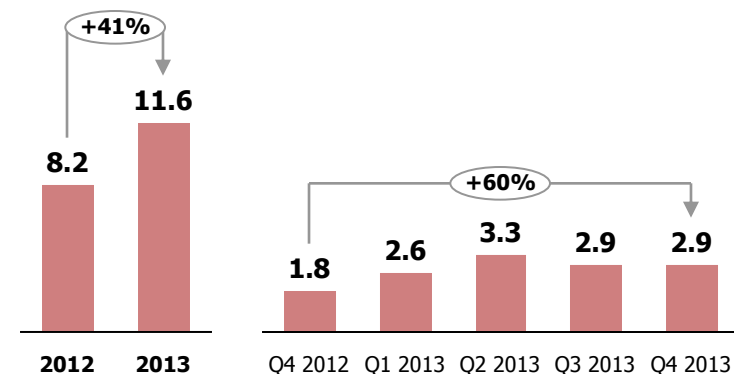
## Operating income

RUB bln



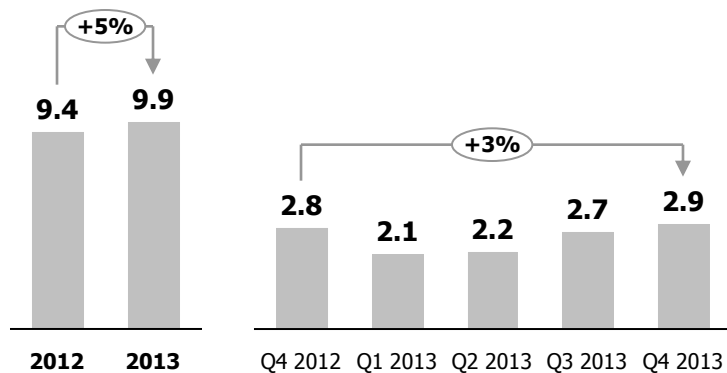
## Net Profit

RUB bln



## Operating expenses

RUB bln



## EPS and key financial ratios

	2012	2013
<b>Basic EPS, RUB</b>	3.86	5.23
<b>EBITDA, RUB bln</b>	13.7	16.4
<b>EBITDA margin</b>	64%	67%



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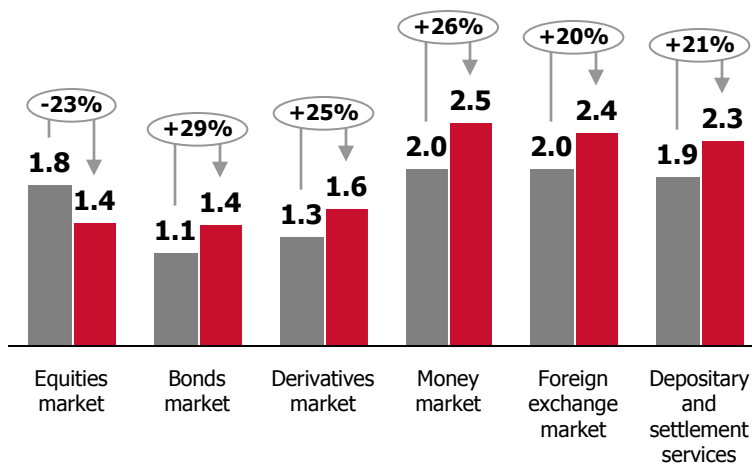
Source: Consolidated Financial Statements

# Diversified fee & commission income

## Fee & commission income trends

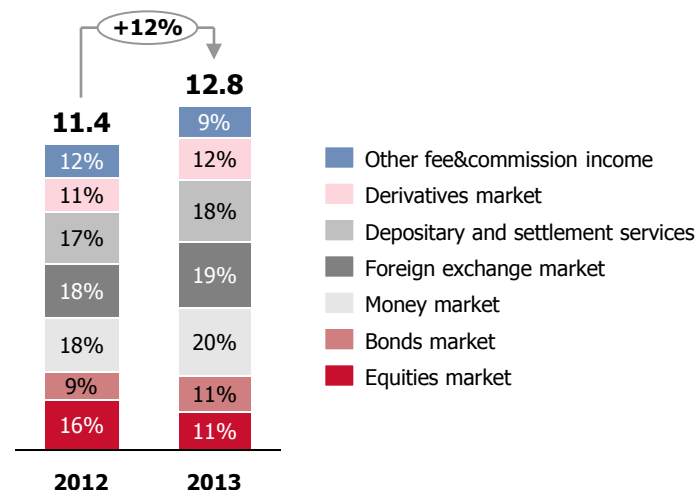
RUB bln

■ 2012 ■ 2013



## Fee & commission income breakdown

RUB bln

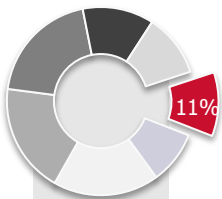


## Comments

- In 2013 investors continued to prefer fixed income instruments versus equities
- Fee & commission income grew by 12% in 2013 compared to 2012. Lower income from equities (off 23% YoY) was more than offset by strong performance across all other markets

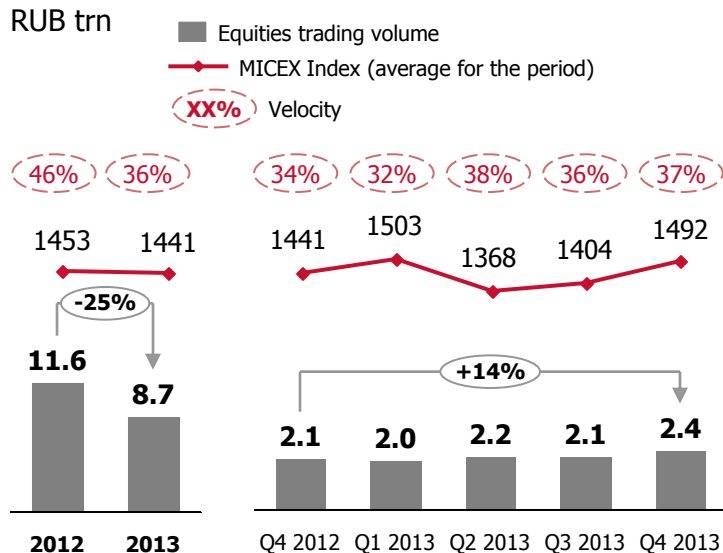




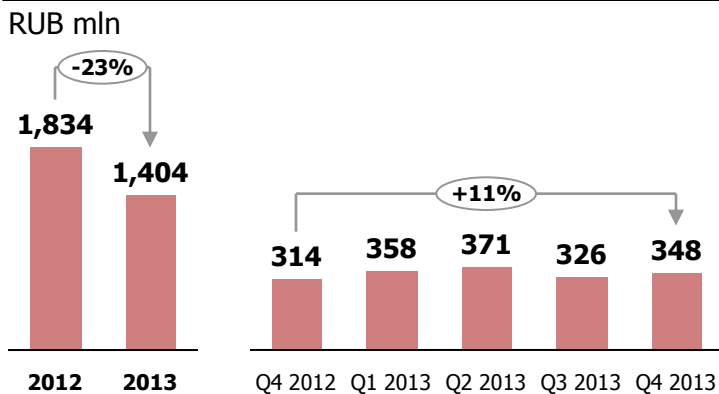


# Equities Market: Strong performance in Q4

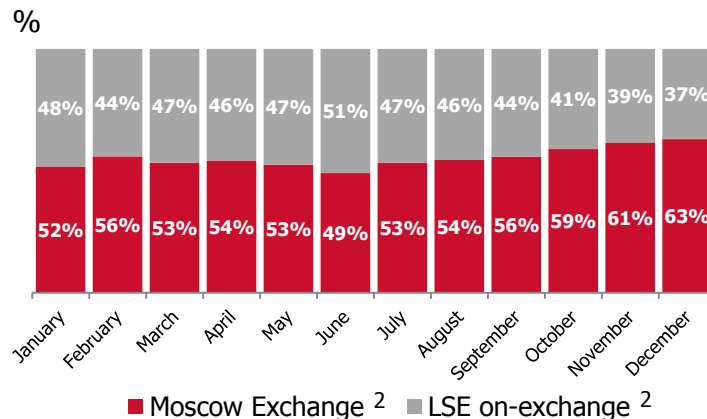
## Trading volumes



## Fee & commission income



## Russian equities trading volume in 2013<sup>1</sup>, Moscow Exchange vs LSE



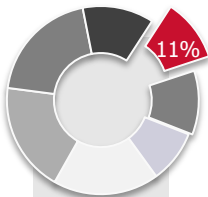
## Comments

- Implemented in 2013:
  - Transfer to T+2 settlement
  - DMA from global banks to MOEX securities market
  - Closing auction
  - New placements, including placements of foreign issuers
- Key future drivers of growth:
  - Potential for repatriation of liquidity
  - International demand increase on the back of ICSD access and DMA offering by international banks
  - Domestic demand increase driven by prospective/announced and completed reforms
  - New listings



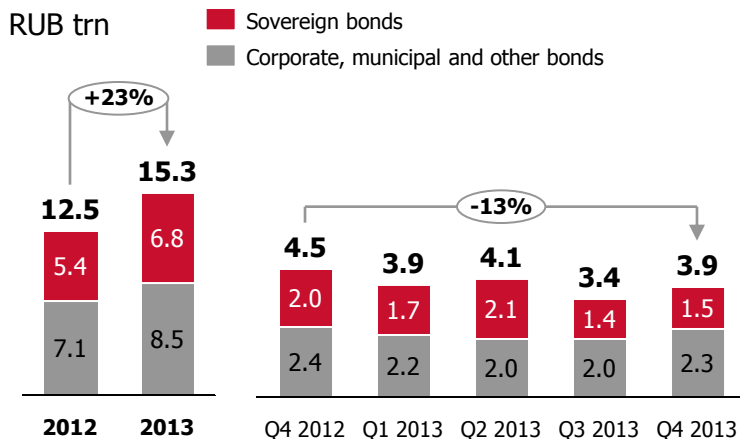
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Source: Moscow Exchange operational information and Consolidated Financial Statements, equities and bonds market fee&commission income for Q1-Q2 2013 were not reported in IFRS interim statements – management accounts data are used for the purposes of presentation  
 (1) Moscow Exchange and London Stock Exchange data for Russian dual-listed companies; (2) Only electronic order book deals

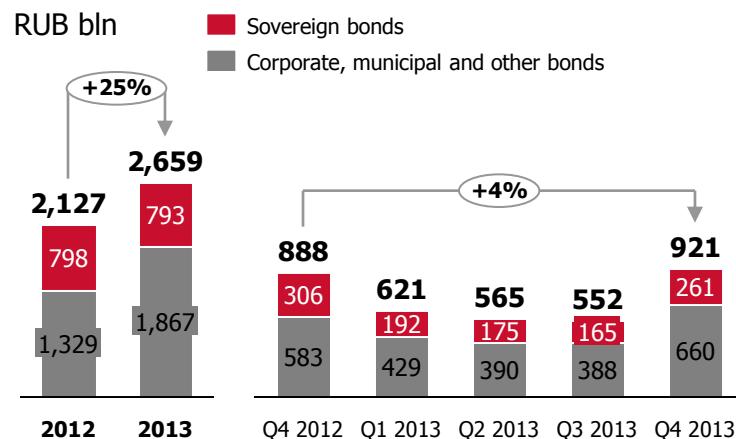


# Fixed Income Market: Solid growth

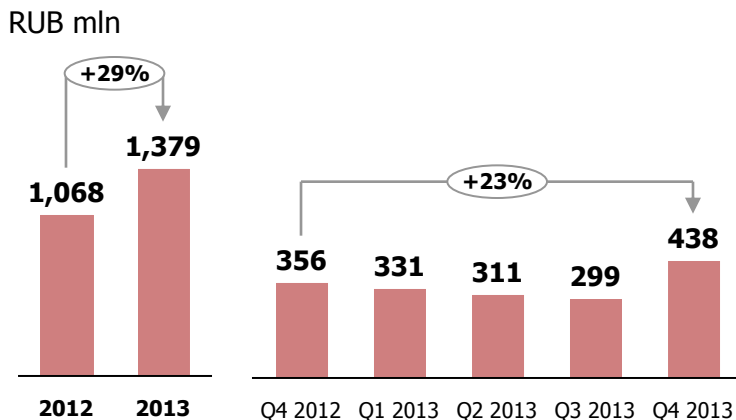
## Trading volumes (secondary and primary)



## Primary market volumes



## Fee & commission income



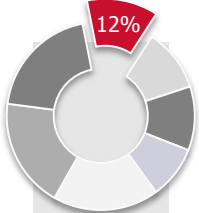
## Comments

- Implemented in 2013:
  - Five foreign issuers placements
  - Eurobonds ETFs launched
- Key future drivers of growth:
  - New listing volumes growth as an alternative to bank lending
  - ICSD access to corporate bonds
  - Further development of anonymous trading modes
  - New products: new ETFs, ABSs, MBSs and CDOs



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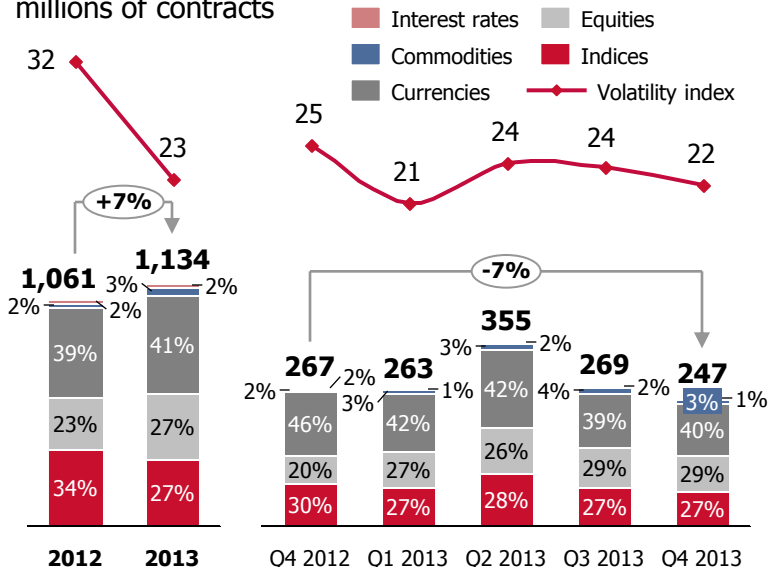
Source: Moscow Exchange operational information and Consolidated Financial Statements, equities and bonds market fee&commission income for Q1-Q2 2013 were not reported in IFRS interim statements – management accounts data are used for the purposes of presentation



# Derivatives Market: Continued open interest growth

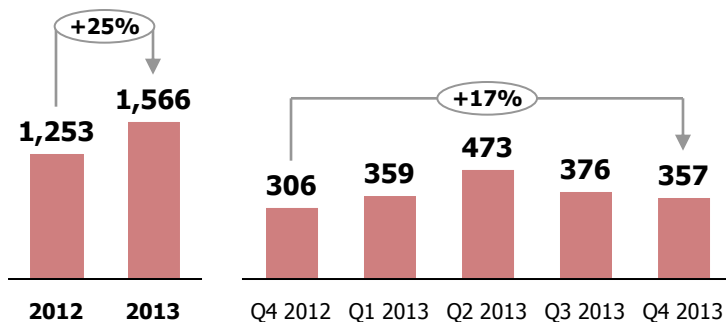
## Trading volumes

millions of contracts



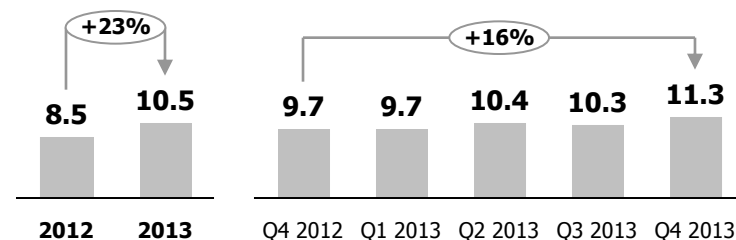
## Fee & commission income

RUB mln



## Open interest

millions of contracts, average for period



## Comments

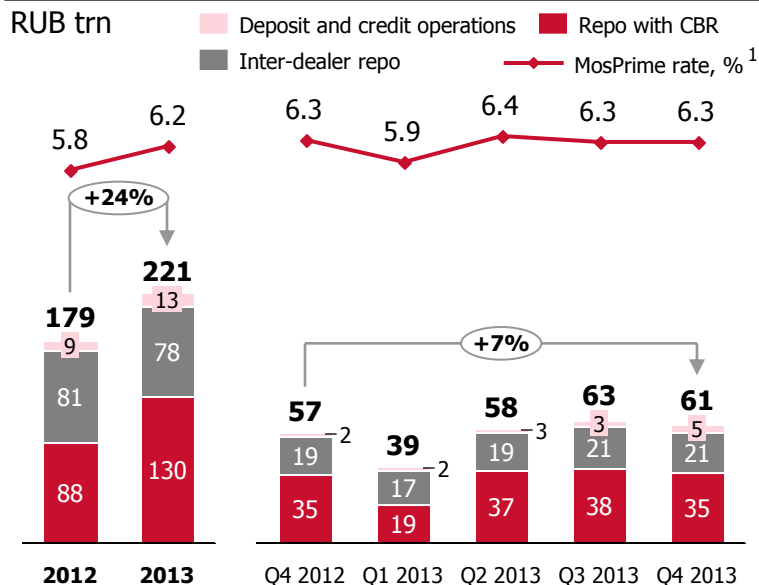
- Implemented in 2013:
  - OTC derivatives clearing
  - Collateral in foreign currency
  - New instruments (futures on USD/CHF, USD/JPY, USD/UAH; futures on foreign shares: Deutsche Bank, Siemens, BMW, Volkswagen and Daimler)
- Key future drivers of growth:
  - Options and interest rate derivatives
  - OTC derivatives clearing and product standardisation
  - Attraction of international investors to the market



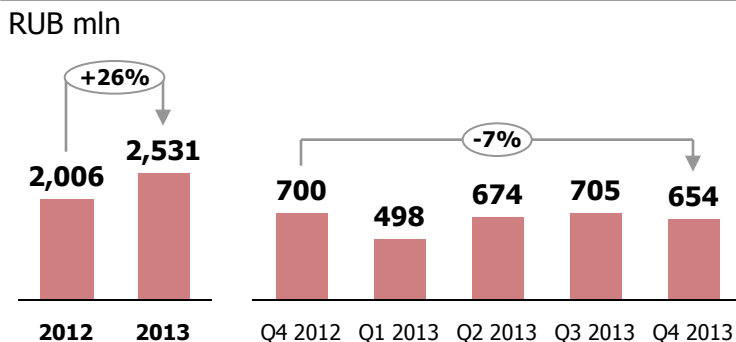
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# Money Market: Expansion of REPO with CCP

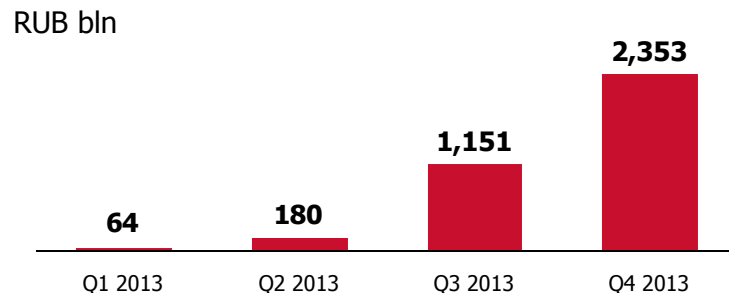
## Trading volumes (incl. repo with CBR)



## Fee & commission income



## REPO with CCP volumes



## Comments

- Implemented in 2013:
  - REPO with CCP (3% of money market revenues in Q4 2013, 4% - in January 2014)
  - Russian State Pension Fund's deposit operations
- Key future drivers of growth:
  - Penetration of inter-bank lending market with REPO with pool of securities and REPO with collateral management system
  - Expansion of collateral base (corporate bond placements to increase, eurobonds and Russian DRs to become eligible for collateral)
  - On-exchange REPO with CBR with collateral management by NSD



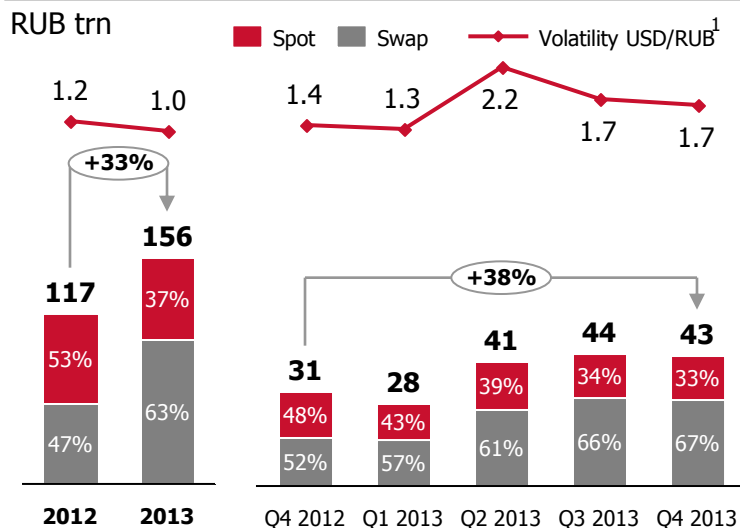
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Source: NFEA, Moscow Exchange operational information and Consolidated Financial Statements

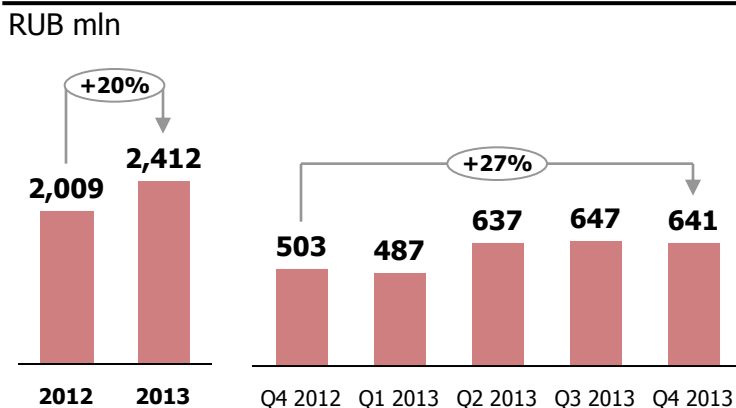
<sup>1</sup> Mosprime overnight rate, average for the period

# FX Market: Favourable environment supports growth

## Trading volumes



## Fee & commission income

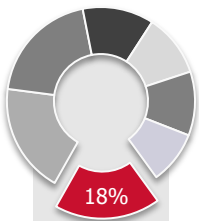


## Comments

- Implemented in 2013:
  - Non-banking organisations admitted to trading since Jan 2013
  - Partial pre-funding for CNY/RUB, launch on up to 6m swaps on CNY/RUB – similar terms as for other major currency pairs
- Key future drivers of growth:
  - Organic growth due to increase in volatility following switch of CBR from FX corridor targeting to inflation targeting
  - Unified collateral and clearing pool with derivatives market
  - Attraction of international investors to the market

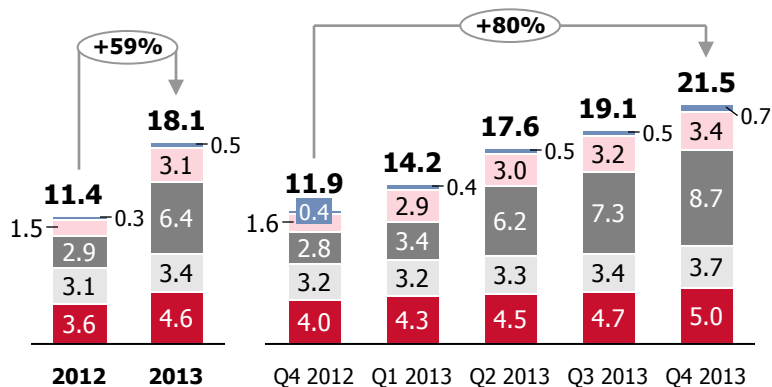
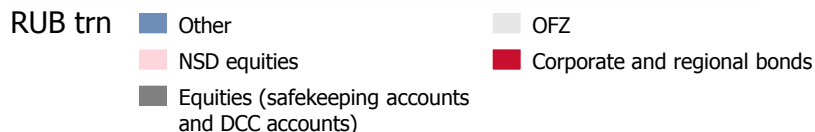


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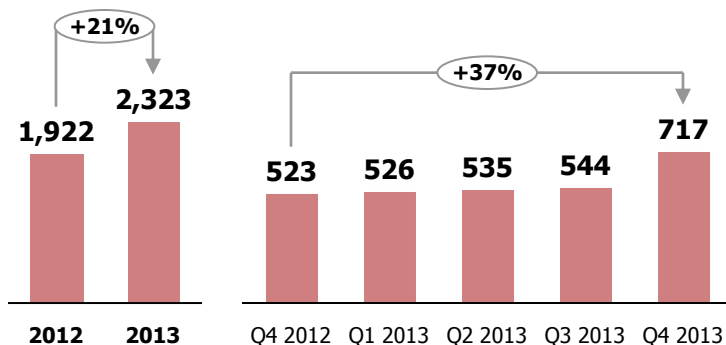
# Depository and Settlement: Development of new services

## Assets in deposit (average for period)



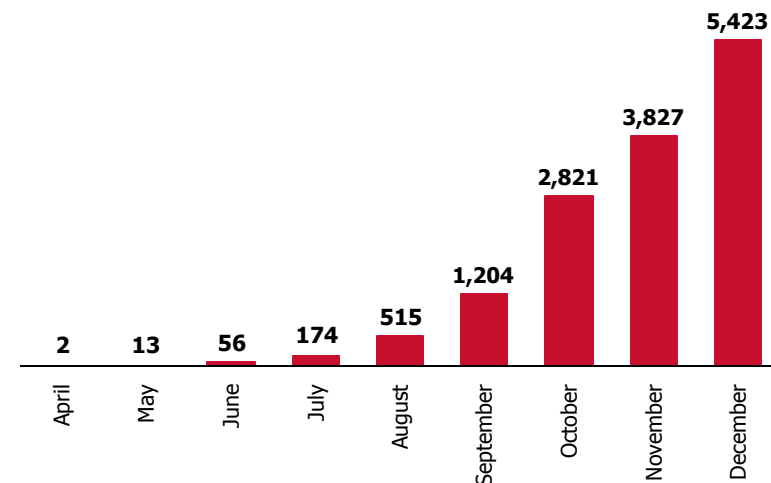
## Fee & commission income

RUB mln



## Collateral management system – deals volume

RUB bln

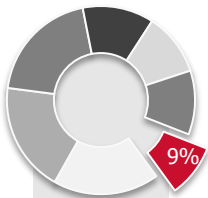


## Comments

- Implemented in 2013:
  - Fully functioning central securities depository
  - Trading data repository
  - Collateral management system
- Key future drivers of growth:
  - Additional trading data repository services development
  - Launch of the corporate information centre and price information centre
  - Tri-party and collateral management services



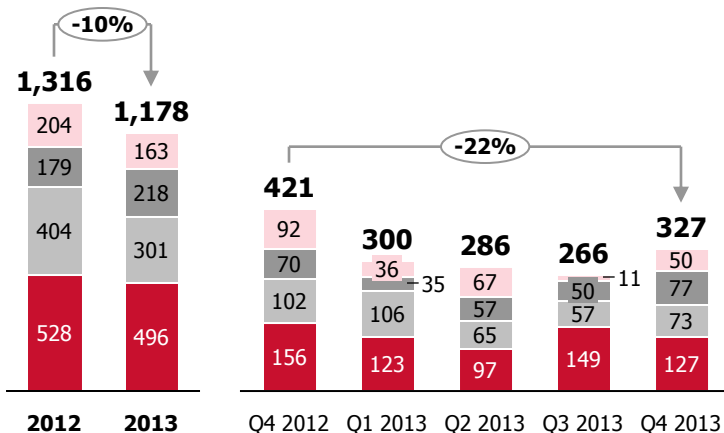
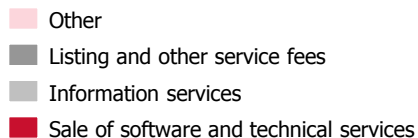
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# Other Fee & Commission Income

## Other fee&commission income

RUB mln



## Comments

- Decrease in information services income (off 25%) YoY) was due to the new fee structure for information services in 2013: separate fees for MICEX and RTS markets information were replaced with one fee
- Income from sale of software and technical service decreased by 6% YoY
- Listing fees increased by 22% in 2013 compared to 2012 due to new placements of equities and bonds. Number of placements grew by 32%

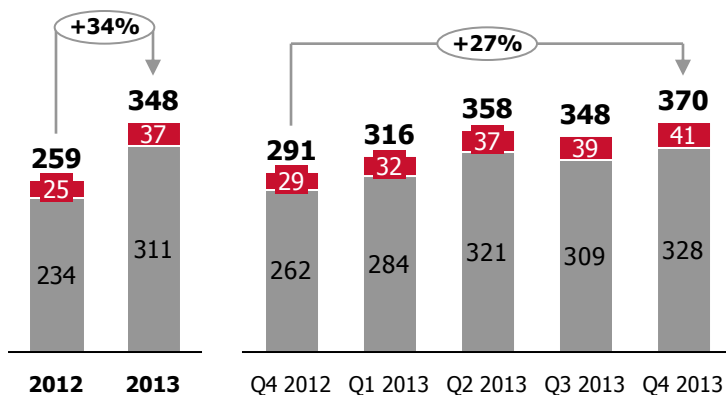
# Investment Portfolio: Stable revenue source

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

RUB bln

■ Moscow Exchange own funds

■ Client funds



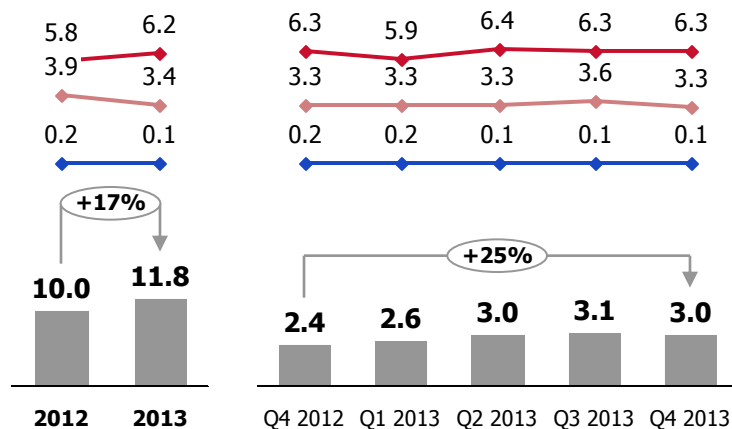
## Interest income

RUB bln

■ Interest and other finance income

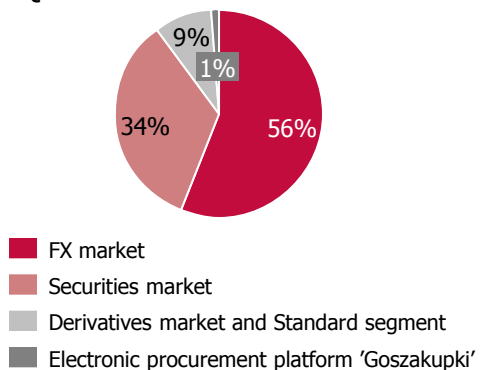
◆ MosPrime rate, %<sup>2</sup> ◆ Effective yield, %

◆ LIBOR rate, %<sup>2</sup>



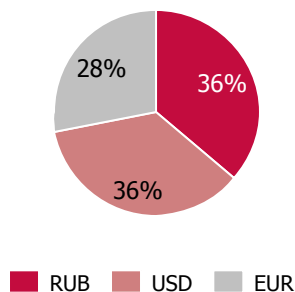
## Clients funds by source

Q4 2013



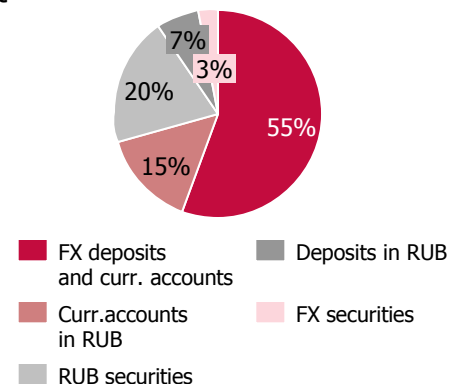
## Clients funds by currency

Q4 2013



## Investment portfolio by type of asset

Q4 2013



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

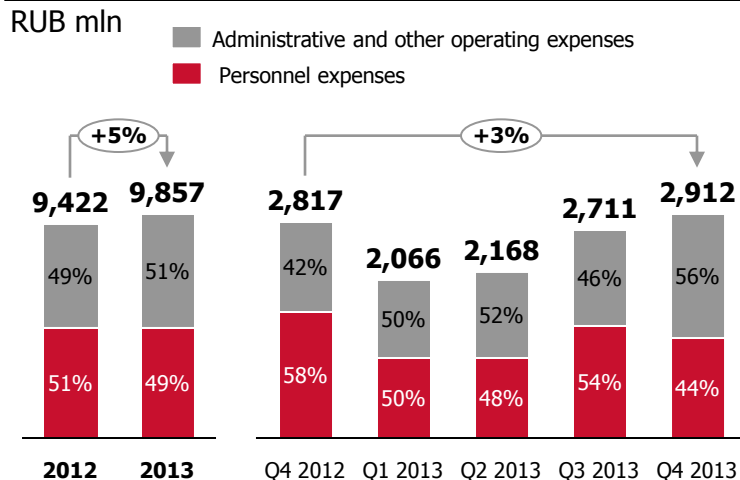
1 Based on average daily investment portfolio according to management accounts

2 Average daily rate for the quarter

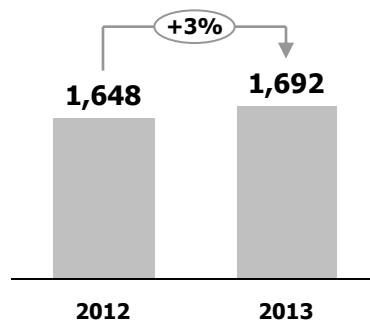


# Strong control over personnel costs and solid efficiency

## Operating expenses structure



## Headcount as of period end



## Major expense items

RUB mln

	2013	2012	Change YoY
<b>Personnel expenses</b>	4,827	4,840	0%
<b>Administrative and other operating expenses, including</b>	5,030	4,582	10%
Amortisation of intangible assets	1,040	1,016	2%
Professional services	899	826	9%
Market makers fees	557	362	54%
Depreciation of property and equipment	530	519	2%
Taxes other than income tax	505	337	50%
Rent and office maintenance	382	492	-22%
Advertising and marketing costs	257	273	-6%
<b>Total</b>	<b>9,857</b>	<b>9,422</b>	<b>5%</b>
<b>Cost income ratio</b>	<b>40.1%</b>	<b>43.7%</b>	

## Comments

- Personnel expenses – a major expense item – were flat in 2013
- Compared to 2012 savings came from rent and office maintenance and advertising and marketing costs
- Market makers fees growth was due to loyalty program launch to support T+2 migration
- Taxes other than income tax grew by 50% due to regulatory changes in VAT taxation
- Increase in expenses was partly due to one-off impairment of investment in associated companies (~RUB 110 mln) – in Ukrainian Exchange



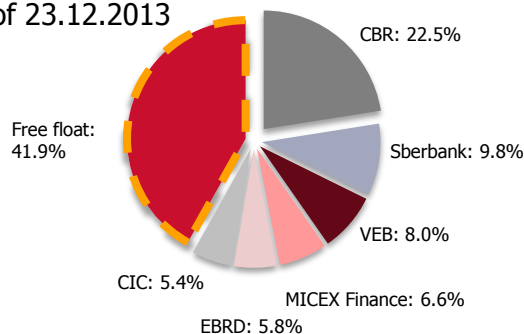
# First year as a public company

## Strong corporate governance

- Eight of 19 members (42%) of Supervisory Board are Independent Directors<sup>1</sup>
- Corporate governance complies with OECD standards<sup>2</sup>
- Pioneer of to-be-adopted corporate Governance Code
- Transparent and frequent financial and operating disclosure
- Management / shareholder alignment through stock option programme
- One of the highest free float ratio among Russian blue chips: 42%
- Shareholders: more than 150 large international investors, more than 30 Russian institutional investors and more than 1000 retail investors

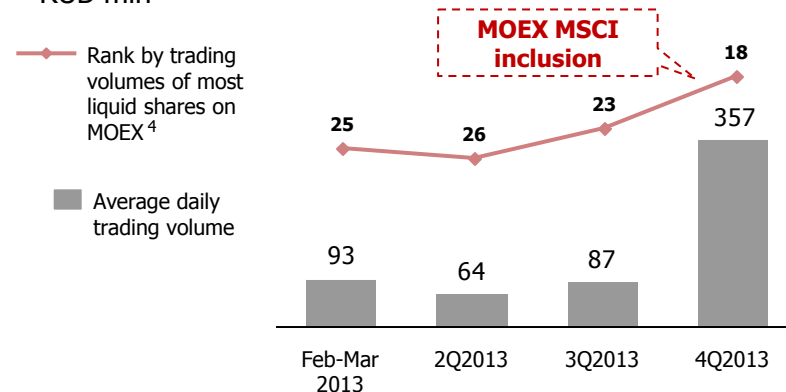
## Shareholder structure

as of 23.12.2013

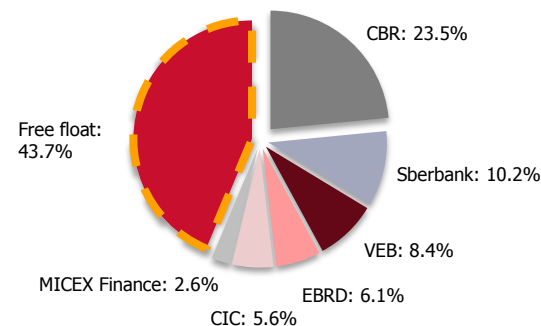


## MOEX shares average daily trading volume<sup>3</sup>

RUB mln



## Expected shareholder structure after quasi-treasury shares cancellation



Source: Moscow Exchange information, Bloomberg as of 16.01.2014

- In accordance with the definition in Russia
- Moscow Exchange estimation
- Trading volume in main trading mode (T0, T+2)
- Ordinary and preferred shares



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EXCHANGE**

## 2014: Key **growth drivers**

<b>Infrastructure</b>	<b>New products and services</b>	<ul style="list-style-type: none"> <li>▪ REPO with a pool of securities</li> <li>▪ New ETFs, ABSs, MBSs and CDOs</li> </ul>	2014
	<b>Modernisation of clearing</b>	<ul style="list-style-type: none"> <li>▪ Clients accounts segregation</li> <li>▪ Accounts portability</li> <li>▪ Unified risk profile</li> <li>▪ Unified clearing pool</li> </ul>	2014+
	<b>Euroclear and Clearstream access</b>	<ul style="list-style-type: none"> <li>▪ Equities will be eligible for Euroclear and Clearstream settlement services</li> </ul>	July 1, 2014
<b>New high quality issues</b>	<b>Privatization</b>	<ul style="list-style-type: none"> <li>▪ Privatisation program of over USD 50 billion</li> <li>▪ The program may result in a pipeline of new listings on Moscow Exchange</li> </ul>	2014+
	<b>New placements</b>	<ul style="list-style-type: none"> <li>▪ IPOs/SPOs of non-state companies</li> <li>▪ Corporate bonds, ETFs</li> </ul>	2014+
	<b>New corporate governance code and new listing rules</b>	<ul style="list-style-type: none"> <li>▪ Protection of minority shareholders, transparency and disclosure</li> <li>▪ New listing standards comply with international standards</li> </ul>	2014



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