



**MOSCOW
EXCHANGE**

May 27, 2014

1Q2014 Earnings Presentation

1Q2014 highlights

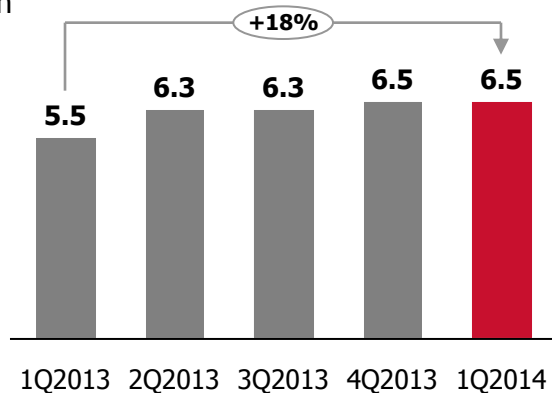
- ✓ **New Listing Rules were registered**
 - As a part of the listing reform, the rules, which had been brought in line with the new Corporate Governance Code, have been approved by the Central Bank of Russia
- ✓ **Euroclear and Clearstream launched settlement services for Russian corporate bonds**
- ✓ **Treasury shares were retired**
 - 99,852,660 of treasury shares or 4.2% of the company's charter capital were retired
- ✓ **The list of the Supervisory Board candidates has been approved**
 - The list includes 15 candidates, of which five are deemed independent. The new Board will be appointed at the Exchange's 2014 AGM on June 26th, 2014
- ✓ **Non-core assets disposal**
 - Moscow Exchange has sold its 100% stake in MICEX-IT, an operator of the electronic marketplace MICEX Goszakupki. The deal size is RUB 440 mln
- ✓ **Moscow Exchange's share in NAMEX has been increased to 59%**
 - Moscow Exchange has increased the stake in commodities exchange trading grain to controlling
- ✓ **In April the Supervisory Board recommended a dividend of 46.83% of FY2013 IFRS net profit, or RUB 2.38 per share**



Financial results: double digit growth of EPS

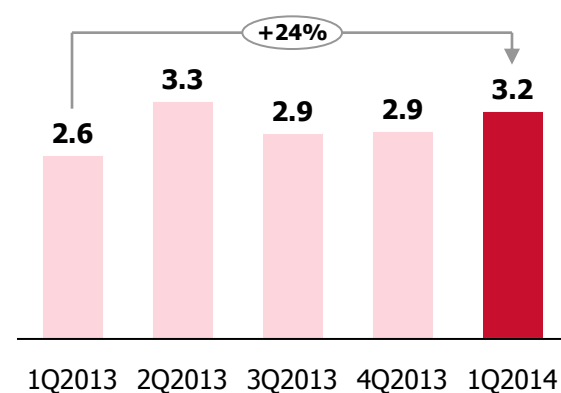
Operating income

RUB bln



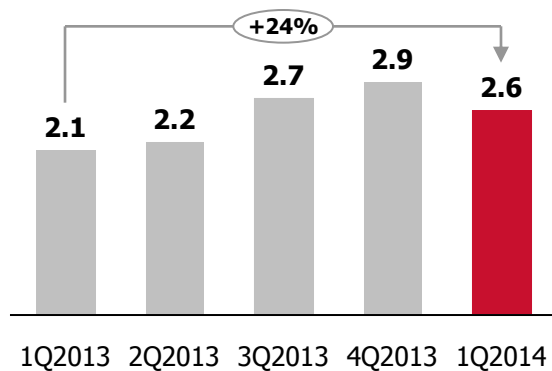
Net income

RUB bln



Operating expenses

RUB bln



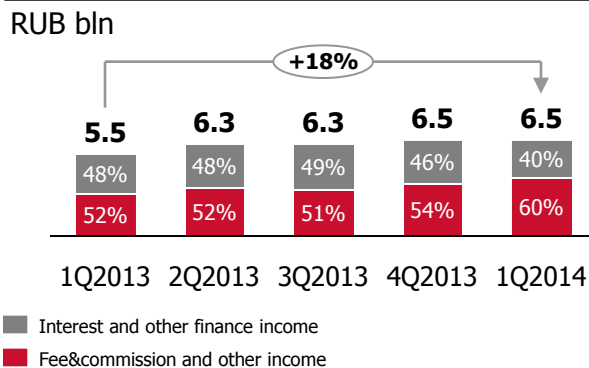
EPS and key financial ratios

	1Q2013	1Q2014
Basic EPS, RUB	1.17	1.45
EBITDA margin	70%	68%
Cost income ratio	37.4%	39.4%

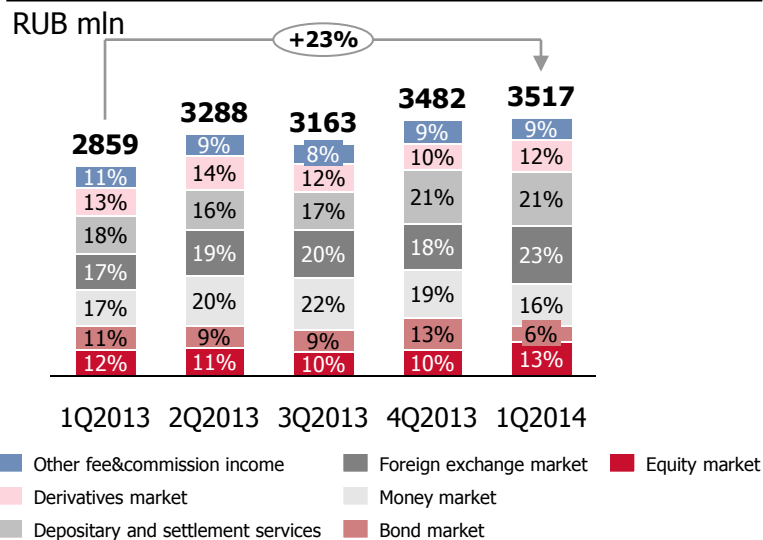


Operating income: record high fees and commissions

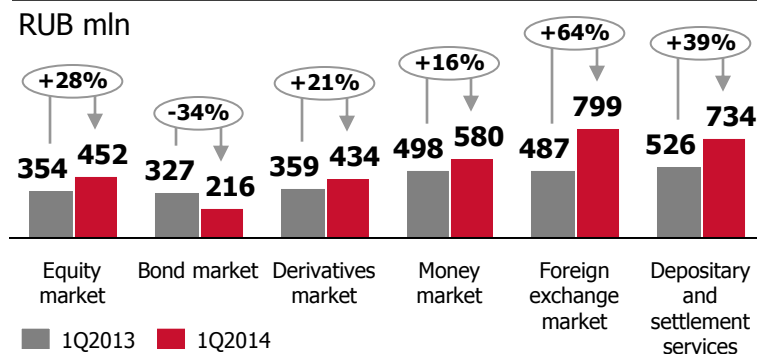
Operating income breakdown



Fee & commission income breakdown



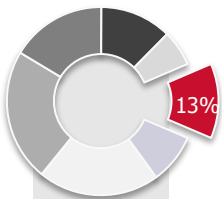
Fee & commission income trends



Comments

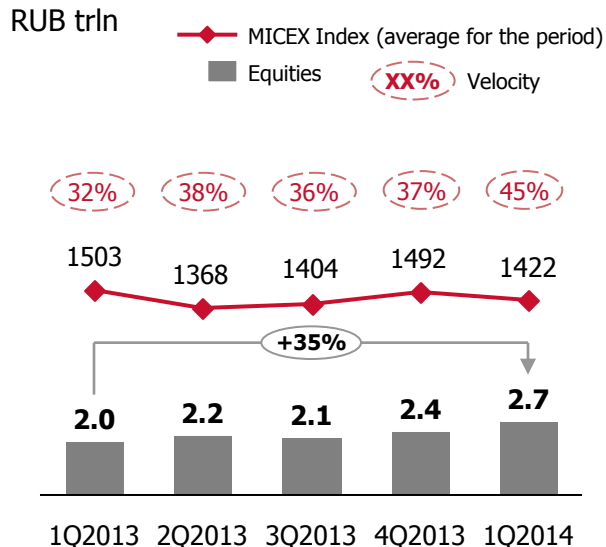
- Fee & commission income increased by 18% YoY driven by FX market (+64% YoY), depository and settlement services (+39% YoY) and equities (+28% YoY)
- Bond market (down 34% YoY) performance was affected by higher interest rates and overall uncertainty in economy. However, it was more than offset by strong performance across all other markets
- Growth in trading volumes and fee & commission income on equity market was due to the migration to T+2



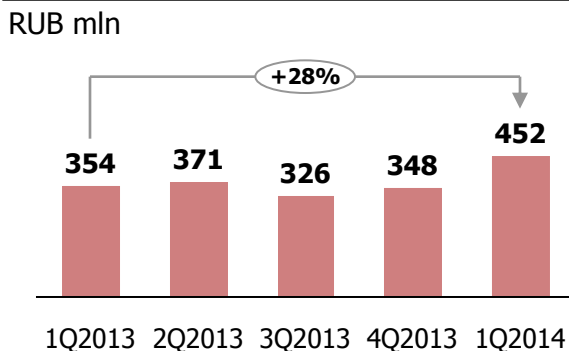


Equity Market: trading volumes and fee & commission income

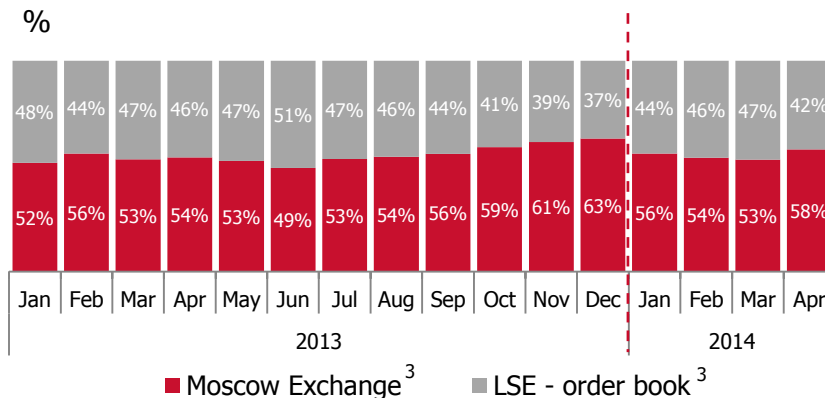
Trading volumes¹



Fee & commission income



Russian equities trading volume², Moscow Exchange vs LSE



Comments

- Both trading volumes and velocity increased due to migration to T+2 supported by the volatility spike
- Despite market turbulence in March, risk systems worked well: there were no trading halts and no defaults
- In March-April 2014 more than 23 000 of new accounts were opened on the securities market
- The share of non-residents on equity market grew to 46% in 1Q2014 (from 40% in 2013)
- Following the lower market share in the beginning of the year due to seasonally lower business activity (public holidays in Jan, Feb, Mar), the market share bounced back in April



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

¹ Volumes on both primary and secondary markets

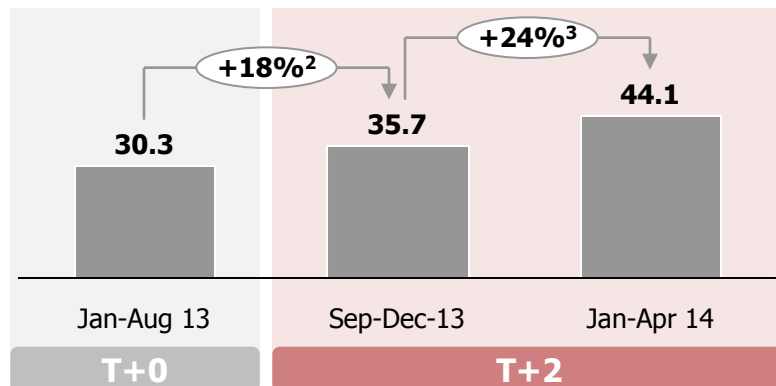
² Moscow Exchange and London Stock Exchange data for Russian dual-listed companies

³ Only electronic order book deals

Impact of T+2 launch on equity market

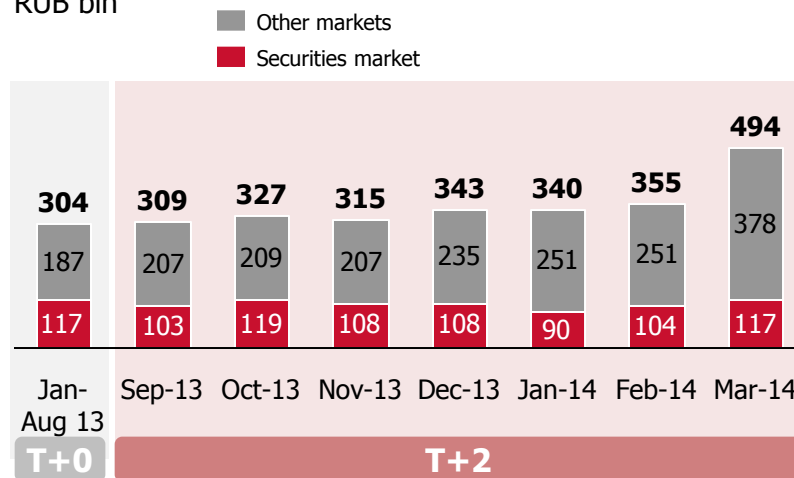
Average daily trading volumes (ADTV) on equity market¹ in 2013-2014

RUB bln

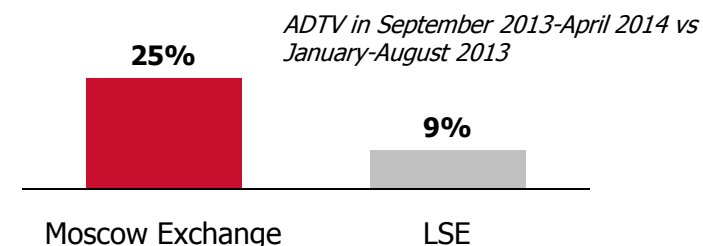


Average daily client balances

RUB bln



ADTV growth following T+2⁴



Following transition to T+2, trading volumes growth on Moscow Exchange exceeded the growth of DRs traded on LSE by **almost 3 times**

Comments

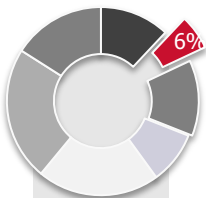
- Following the launch of T+2 settlement cycle:
 - Smooth and successful** customers **transition** to the new settlement cycle
 - Average daily trading volume **growth**
 - Six global banks (Citigroup, Credit Suisse, Merrill Lynch, Morgan Stanley, UBS and Deutsche Bank) offer **Direct Market Access (DMA)** to securities trading on MOEX
- Total amount of clients balances grew by 17% in September 2013 - March 2014 compared to the first 8 months of 2013



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Source: Moscow Exchange operational data

- Daily average secondary trading volume in EOB on Main market (T0,T+2), including negotiated deals with CCP
- Average daily trading volumes in September-December 2013 vs January-August 2013
- Average daily trading volumes in January-April 2014 vs September-December 2013
- Trading volumes in Moscow Exchange main trading mode vs LSE electronic order book (IOB), calculated for 32 dual-listed companies



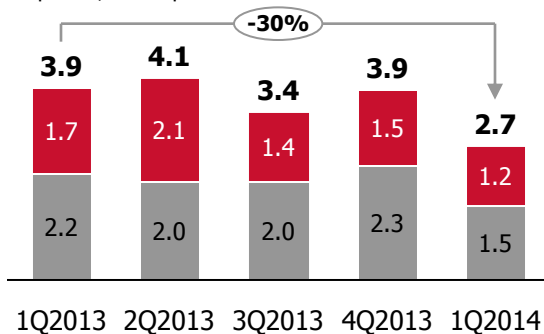
Fixed Income Market: trading volumes and fee & commission income

Trading volumes¹

RUB trln

■ Sovereign bonds

■ Corporate, municipal and other bonds

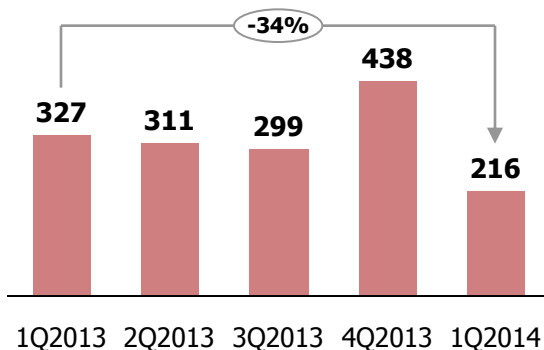


Comments

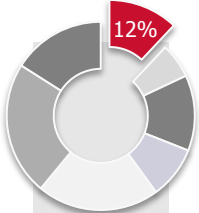
- Bond market trading volumes drop both in corporate and sovereign sectors as a result of high market uncertainty, higher interest rates and exchange rate volatility
- Primary placements were affected by challenging market conditions
- In May 2014 the market reopened with a number of successfully completed placements by Megafon, Gazprombank and Unicredit

Fee & commission income

RUB mln



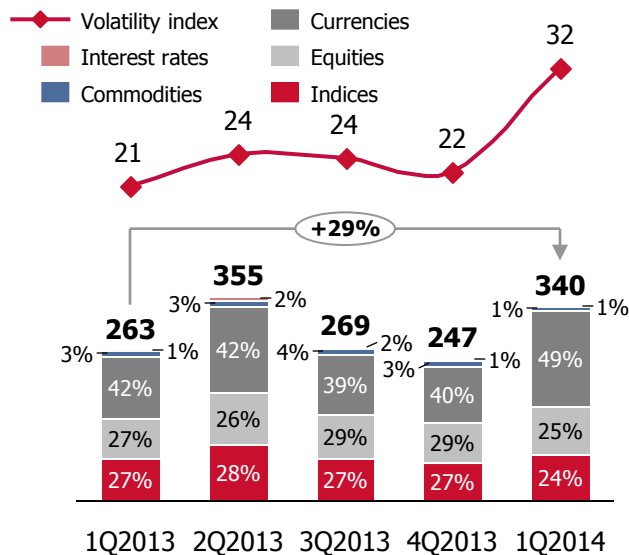
- Key future drivers of growth:
 - New placements as an alternative to bank lending
 - Development of ICSD access to corporate bonds
 - Further development of anonymous trading modes
 - New products: new ETFs, ABSs, MBSs and CDOs



Derivatives Market: volatility drives the growth

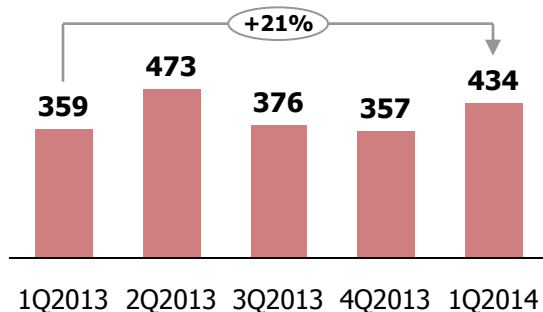
Trading volumes

millions of contracts



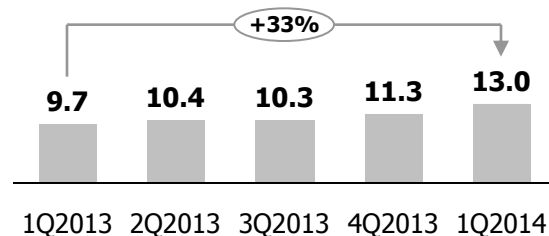
Fee & commission income

RUB mln



Open interest

millions of contracts, average for the period

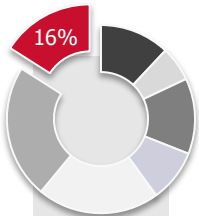


Comments

- Increased volatility and activity on spot markets in 1Q2014 was the key driver of derivatives trading volume growth. Particularly, volumes of FX contracts trading grew by 52% YoY, while its share up to 49%
- Open interest growth was driven mainly by new institutional clients, including foreign clients, which contributed 45% of open positions as of the end of March 2014
- Non-residents share increased to 44% in March 2014 (37% in 2013) of total trading volume
- Key future drivers of growth:
 - Options market development
 - Interest rate derivatives
 - Deliverable derivatives
 - OTC derivatives clearing and product standardisation
 - Attraction of international investors to the market
 - Cross-margining with spot markets

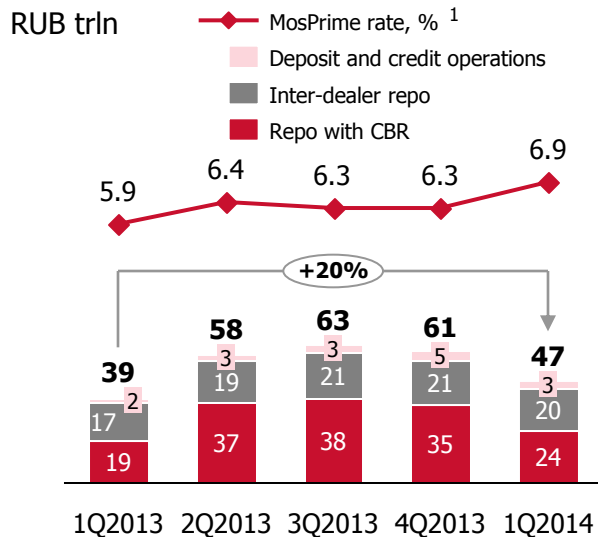


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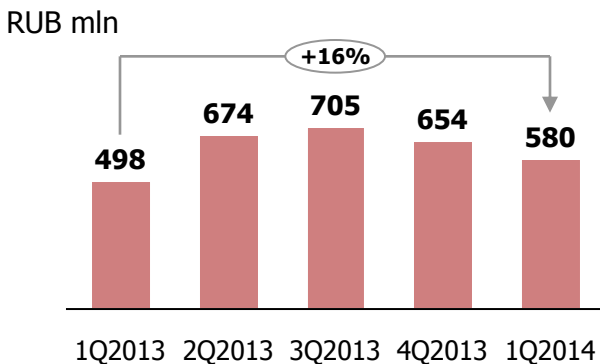


Money market: healthy demand for liquidity

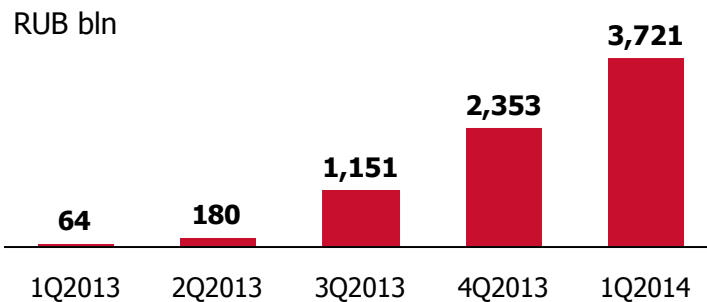
Trading volumes, incl. REPO with CBR



Fee & commission income



REPO with CCP trading volumes



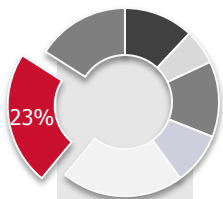
Comments

- Trading volumes growth was driven by strong demand for liquidity management instruments in higher interest rates environment
- Historically highest trading volumes of REPO with CCP (RUB 93 bln) were reached on March 3, 2014
- 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



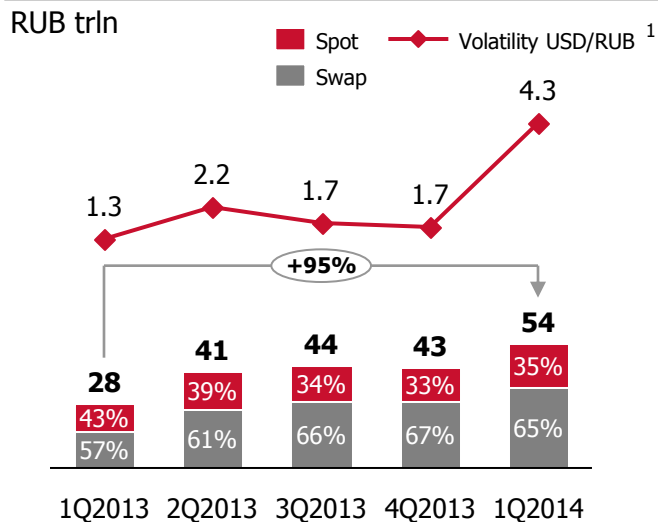
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Source: Consolidated Financial Statements
1 Overnight rate, average for the period

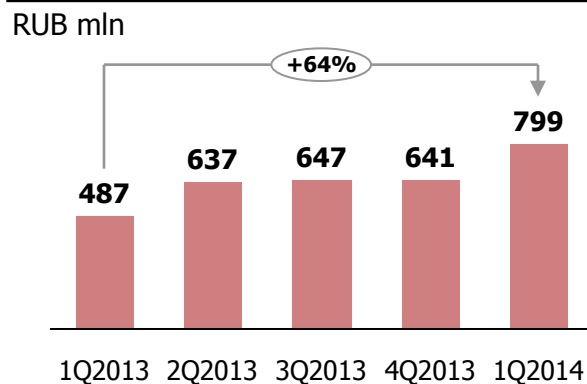


FX Market: close to two times growth of trading volume

Trading volumes

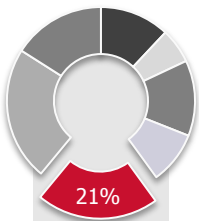


Fee & commission income



Comments

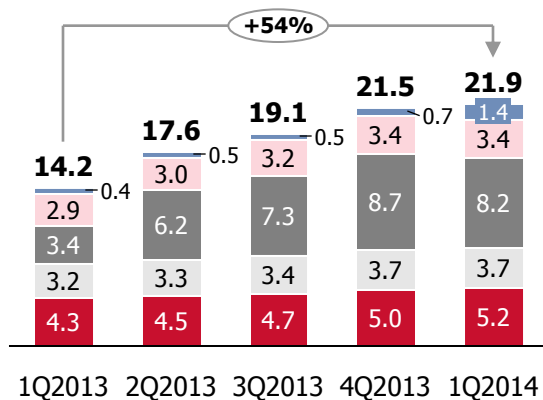
- Spot trading volumes grew (+61%) due to increase in exchange rate volatility. Swap trading volumes grew (+122%) due to higher demand for interest rates instruments and refinancing
 - Significant increase in trading volumes of CNY-RUB currency pair (more than 10 times)
 - Increase in number of registered clients ~1,9 times: from 65 000 as of end of 2013 to 125 000 in 1Q2014
-
- Key future drivers of growth:
 - Organic growth due to increase in volatility following switch of CBR from exchange rate targeting to inflation targeting
 - Unified collateral and clearing pool with derivatives market
 - Attraction of international investors to the market



NSD: assets in deposit, income from depository and settlement services

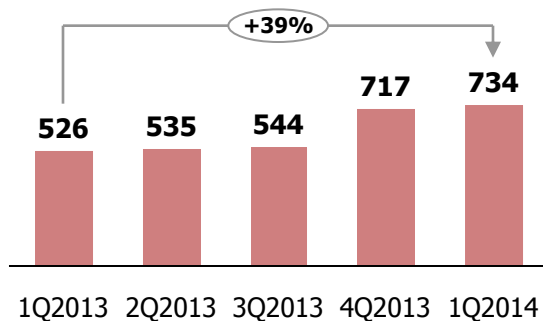
Assets in deposit (average for a period)

RUB trln



Fee & commission income

RUB mln



Comments

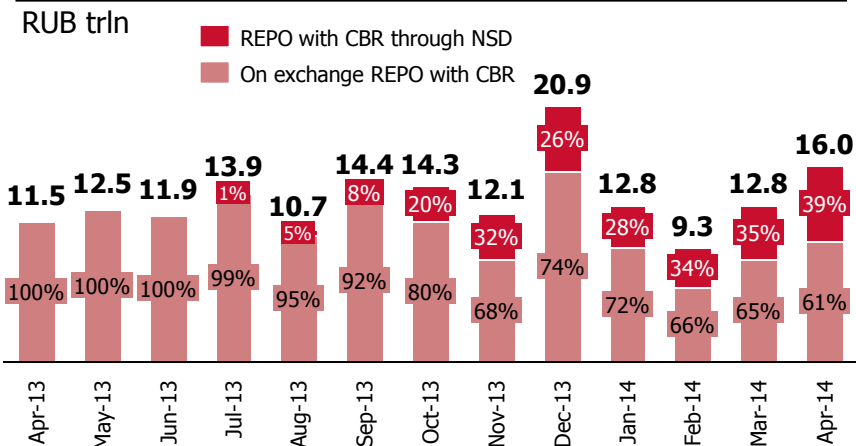
- Solid fees and commissions performance was driven by both assets under custody growth and higher number of inventory transactions in the reporting period due to strong demand for collateral management services
- Collateral management system for REPO transactions generated ~ RUB 140 mln in 1Q2014

- 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

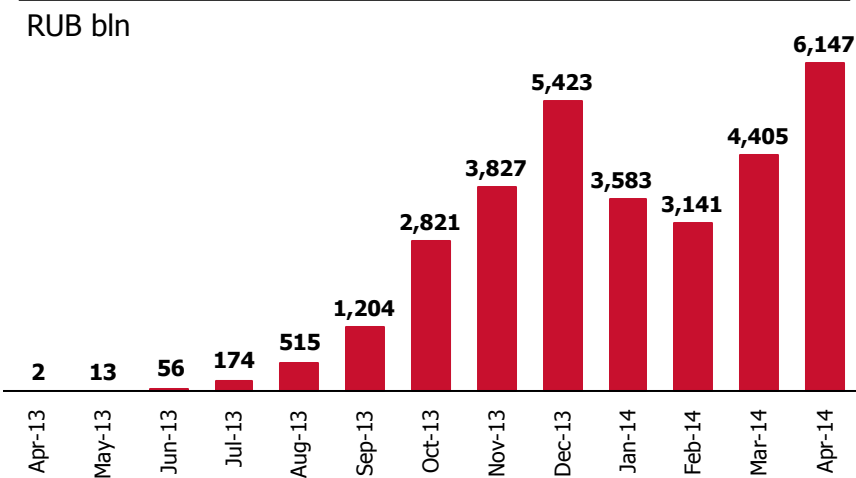


Tri-party REPO service with collateral management by NSD

REPO with CBR volume split

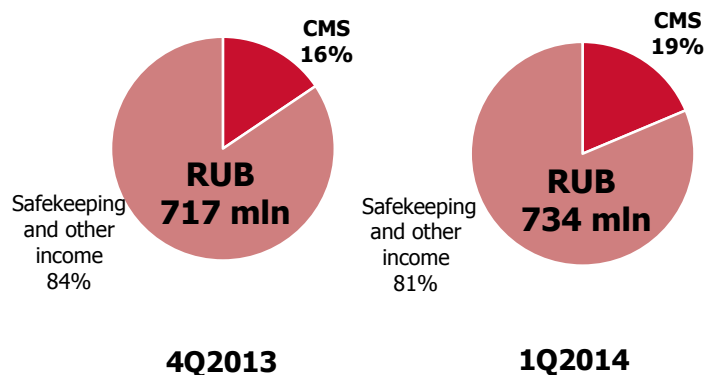


REPO volume with CMS through NSD



Growing share of CMS¹ driven fees & commissions

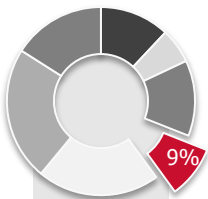
Split of depository and settlement fees and commissions



Comments

- In April 2013, NSD launched a new service of REPO transactions with CBR, which offers collateral management system (CMS) through Bloomberg terminal
- Strong customer's demand for collateral management service led to rapid growth of the transaction volume and additional fees & commission source for NSD
- As an expansion of the service offering, MOEX plans to launch REPO with CMS through the exchange terminal



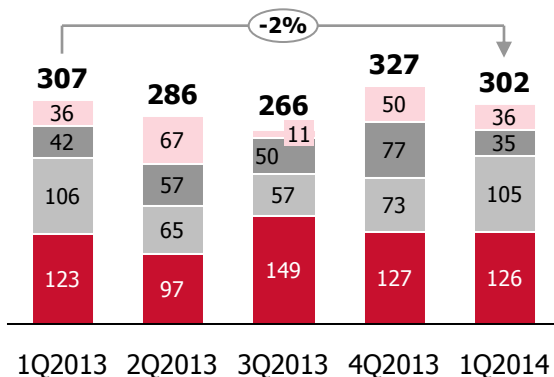


Other fee & commission income

Other fee & commission income

RUB mln

- Listing and other fees related to Securities market
- Information services
- Sale of software and technical services
- Other

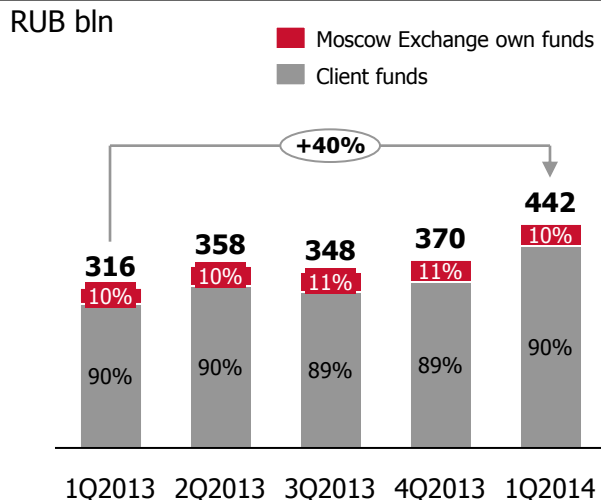


Comments

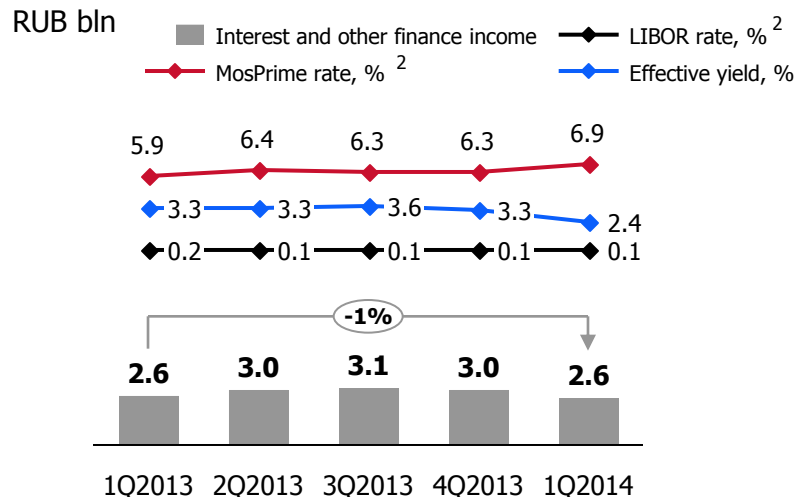
- Listing fees were affected by lower market primary activity in the first quarter and expiration of previously issued securities
- Information service performance was supported by RUB 21 mln of extra penalties received by the exchange from a large corporate customer

Investment Portfolio: stable revenue source

Investment portfolio¹ (average daily volume)

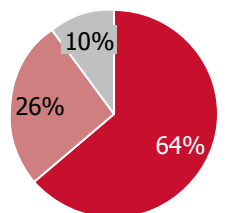


Interest income



Clients funds by source

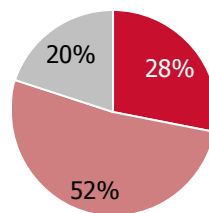
1Q2014



■ FX market
■ Securities market
■ Derivatives market

Clients funds by currency

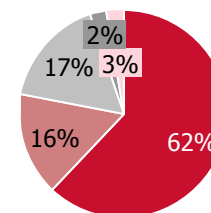
1Q2014



■ RUB
■ USD
■ EUR

Investment portfolio by type of asset

1Q2014

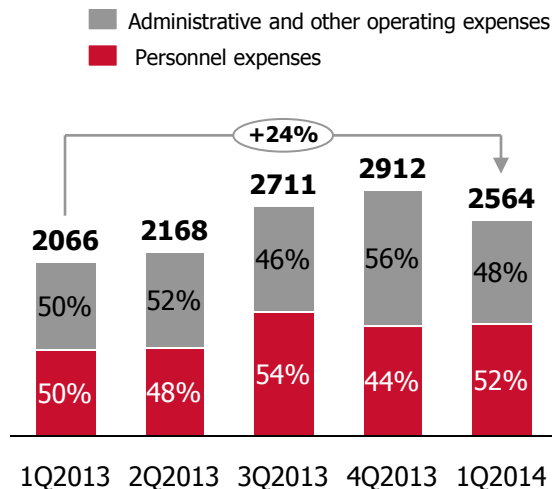


■ FX deposits and curr. accounts
■ Deposits in RUB
■ Curr. accounts in RUB
■ RUB securities
■ FX securities

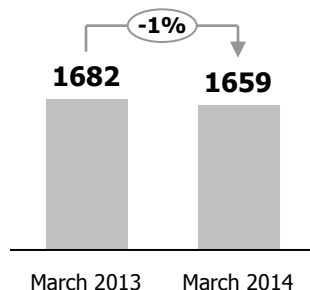
Operating expenses

Operating expenses

RUB mln



Headcount as of period end



Major expense items

RUB mln

	1Q 2014	1Q 2013	Change YoY
Personnel expenses	1 335	1 028	30%
Administrative and other operating expenses, including	1 229	1 038	18%
Amortisation of intangible assets	276	258	7%
Depreciation of investment in associate ¹	181	-	-
Professional services	177	193	-8%
Market makers fees	91	62	47%
Depreciation of property and equipment	126	133	-5%
Rent and office maintenance	103	93	11%
Taxes other than income tax	86	106	-19%
Total	2 564	2 066	24%
Cost income ratio	39.4%	37.4%	-

Comments

- Staff costs remained the major cost item, up 29.9% YoY, driven mainly by a low-base effect as a result of the introduction of a new methodology for bonus accruals. Some bonuses for FY2014 were accrued in 1Q2014, while similar expenses for the full year 2013 started to be reflected in financials in the second half of the previous year
- Excluding accrued bonuses, **personnel expenses growth would be 3.9% YoY**
- Increase in administrative expenses was due to one-off impairment of investment in associated companies (~RUB 181 mln) – in Ukrainian subsidiary PFTS. **Excluding one-off item, administrative expenses remained unchanged YoY**



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Source: Moscow Exchange, Consolidated Financial Statements

¹ One-off impairment of investment in Ukrainian subsidiary PFTS

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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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