



**MOSCOW
EXCHANGE**

August 26, 2014

2Q2014 Earnings Presentation

2Q 2014 highlights

✓ **Regulatory framework improvements**

- The new Corporate Governance Code was approved by the CBR
- The new listing rules linked to the new Code came into effect on June 9, 2014

✓ **MOEX held AGM and elected a new Supervisory Board**

- AGM approved annual report, financials & dividends, and elected the new Supervisory Board
- The new Board headed by Alexey Kudrin, includes 15 members, of which 5 are deemed independent

✓ **The Group structure optimization**

- Merger of SC RTS and CC RTS with National Clearing Centre, with liquidation of former entities. RUB 1.79 bln increase of the equity capital of NCC as a result of the merger
- Moscow Exchange's share in NAMEX has been increased to 62%

SUBSEQUENT EVENTS:

✓ **Russian equities became eligible for international central securities depositories settlement services from July 1, 2014**

✓ **CBR successfully placed to the market \$469 mln (11.7% stake) in MOEX, which led to free-float growth:**

- The free-float grew from 43.7% to **55.7%**, being one of the highest among Russian issuers
- Dispersed ownership with no controlling shareholder
- MSCI increased MOEX weight in MSCI Russia index from 0.91% **to 1.16%**



The CBR SPO highlights

Key information

July 2014



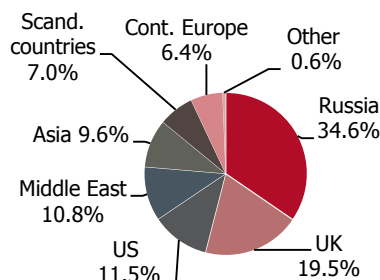
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Secondary public offering (SPO) of the CBR share in MOEX in form of ABB¹

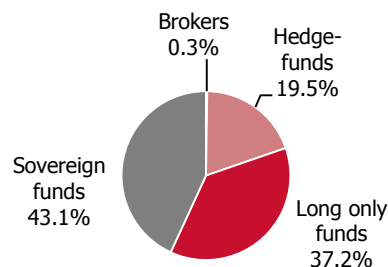
Deal amount: **RUB 16 bln** (USD 469 mln)

The bookbuilding period	The book has been opened: July 1st at 7pm The book has been closed: July 2nd before trading hours
The Seller	The Central Bank of Russia
The transaction form	100% secondary offering in form of ABB ¹
Issuer	OJSC «Moscow Exchange MICEX-RTS»
Security	Ordinary shares
Trading venue	Moscow Exchange
Demand	The book was multiple times oversubscribed
Price	60 RUB per share
Discount vs market	7.8% (Last day close price RUB 65.05)
Lock-up period	180 days
Global coordinators	J.P. Morgan, Goldman Sachs, Sberbank CIB, VTB Capital
Global bookrunners	Citi and Gazprombank

Distribution by geography



Distribution by investors



Highlights

- The **largest Russian SPO** since spring 2013
- The first public equity offering of **local shares only** in 2014, which was priced with lower than average discount despite the material deal size (63x 3-month ADTV)
- The book was multiple times oversubscribed and dominated by **high-quality** sovereign wealth funds and long only funds

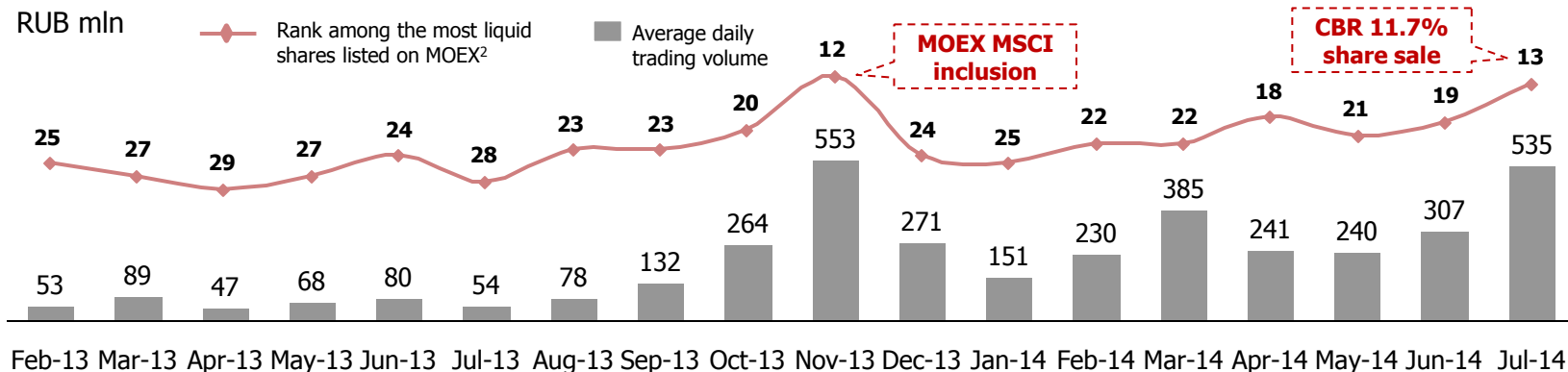


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¹ ABB – accelerated bookbuilding

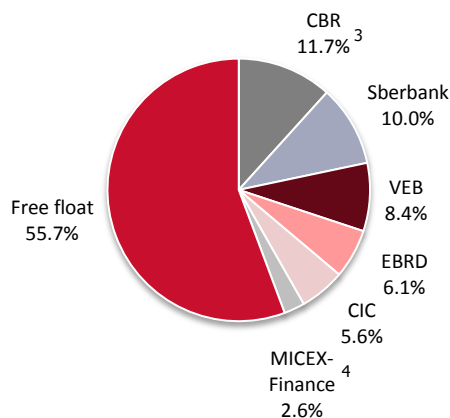
One of the highest free-floats among Russian issuers

Growing ADTV of MOEX shares¹

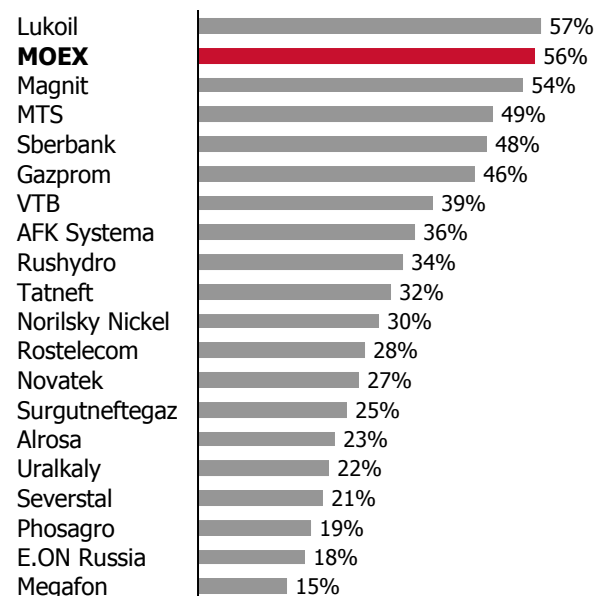


Dispersed ownership with no controlling shareholder...

as of May 12, 2014, including shareholders' regulatory disclosure following the CBR SPO



...and one of the highest free-floats in Russia⁵



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- 1 Trading volume in main trading mode (T0, T+2)
- 2 Ordinary and preferred shares
- 3 4.0% of shares held by the CBR as a result of repo transactions are included in the free-float
- 4 100% owned subsidiary of the Moscow Exchange
- 5 Top 20 companies by market capitalisation from MICEX Index

Diversified customer base **driven by domestic investors**

FX market
RUB trln

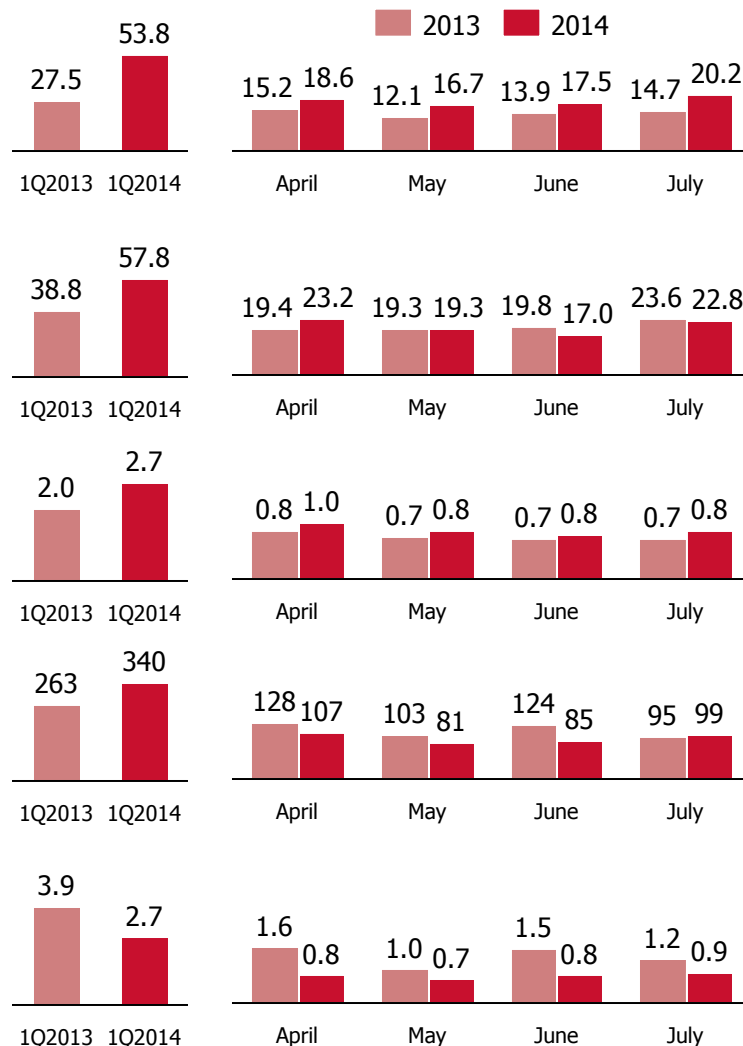
Money
market¹
RUB trln

Equities
market
RUB trln

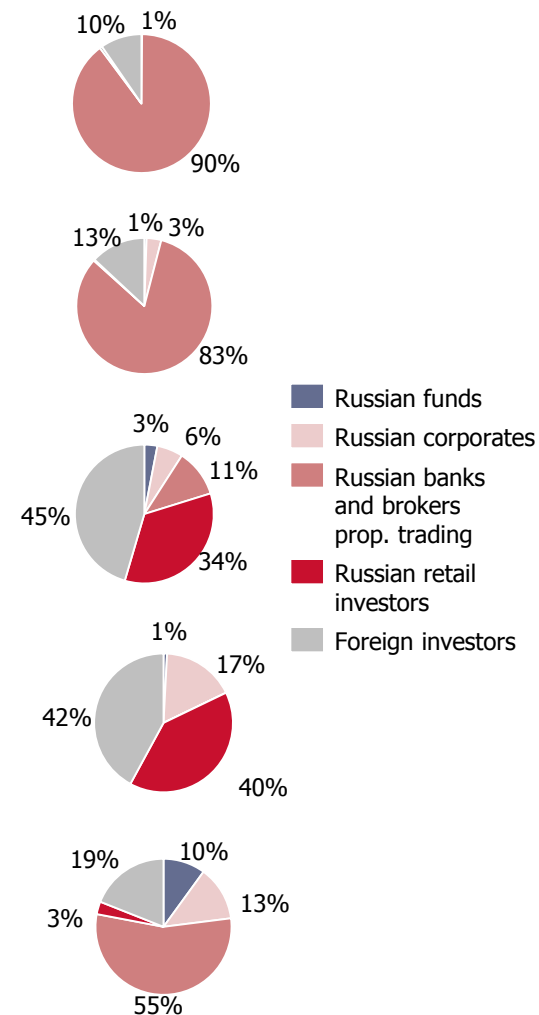
Derivatives
market
mln contracts

Fixed
Income
market
RUB trln

Trading volume



Volumes breakdown by investor types in 1H2014



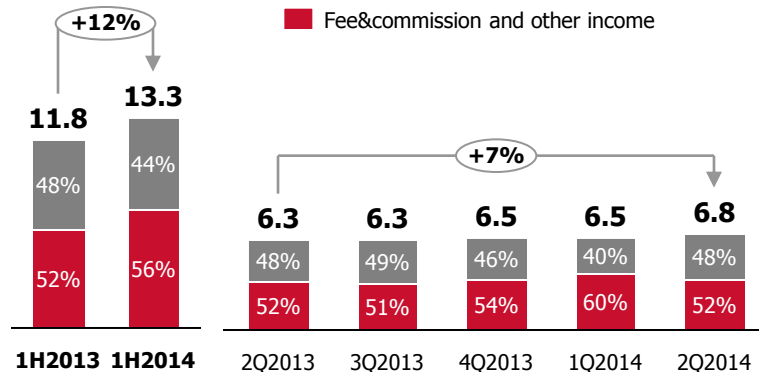
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Markets are sorted by their share in fee&commission income
1 trading volume including REPO with CMS in NSD. Investor structure based on on-exchange trading volumes only

Financial results: operating income and net profit growth

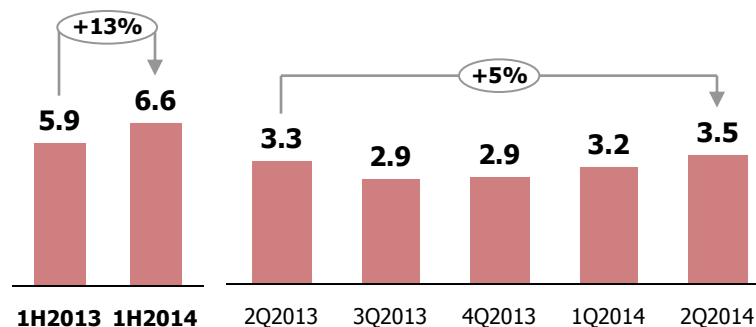
Operating income

RUB bln



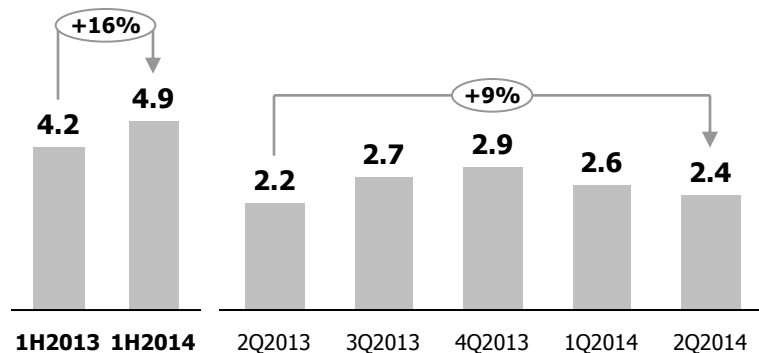
Net profit

RUB bln



Operating expenses

RUB bln



EPS and key financial ratios

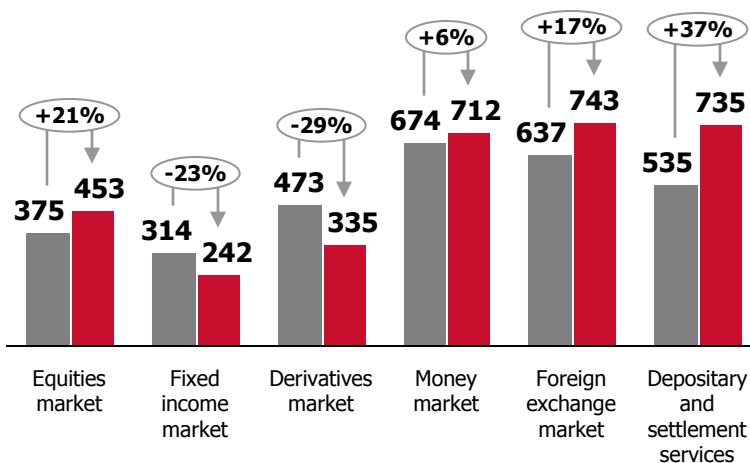
	2Q2014	2Q2013	Chg
Basic EPS, RUB	1.58	1.49	+6.0% ↑
EBITDA margin	75.3%	72.1%	+320 bp ↑
Cost income ratio	35.0%	34.4%	+60 bp ↓

Diversified fee & commission income

Fee & commission income performance

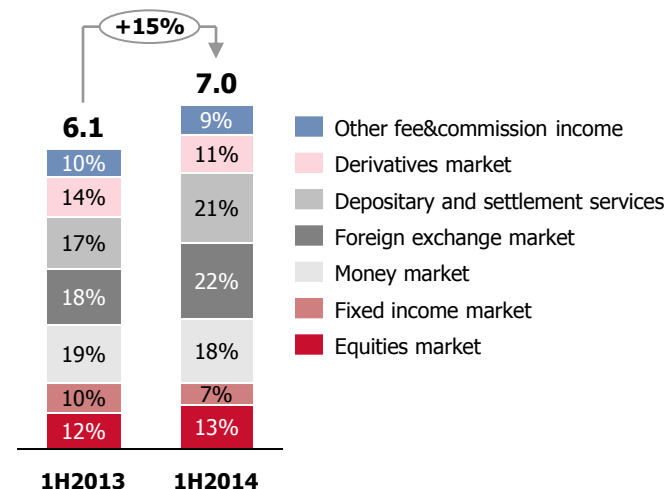
RUB mln

■ 2Q2013
■ 2Q2014



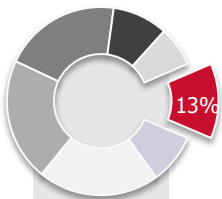
Fee & commission income breakdown

RUB bln



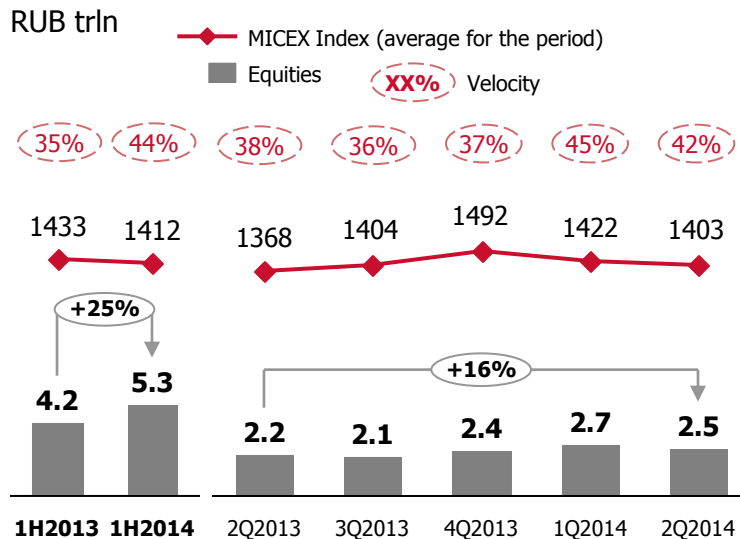
Comments

- In 2Q2014 fee & commission income remained well-diversified and grew by 7% YoY
- Lower income from fixed income and derivatives markets was more than offset by strong performance in FX market, depository and settlement services and equities market

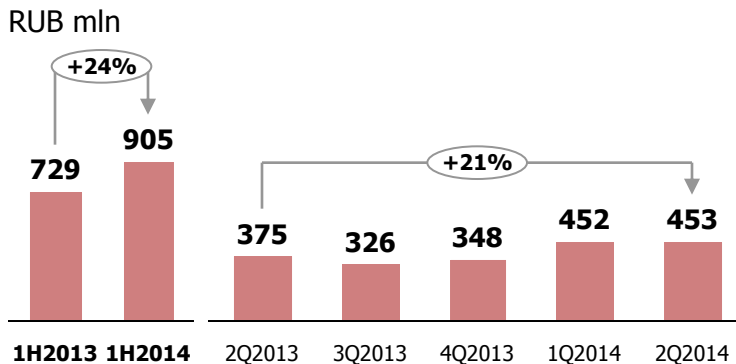


Equities Market: trading volumes and fee & commission income

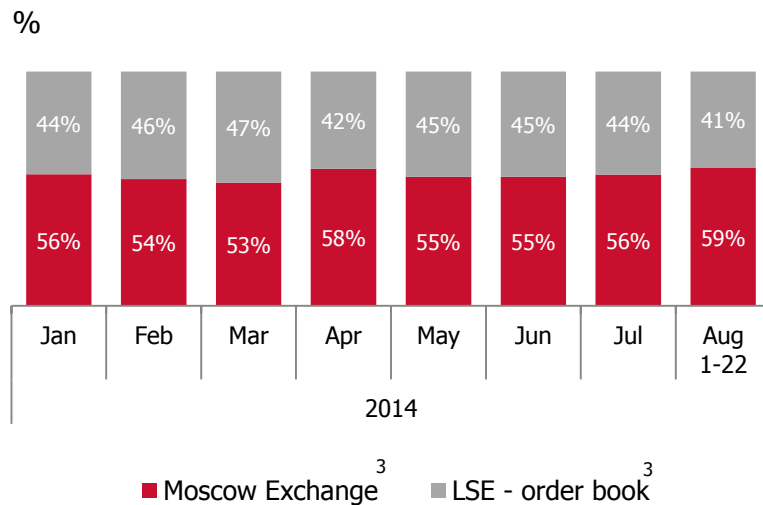
Trading volumes¹



Fee & commission income



Russian equities trading volume², MOEX vs LSE



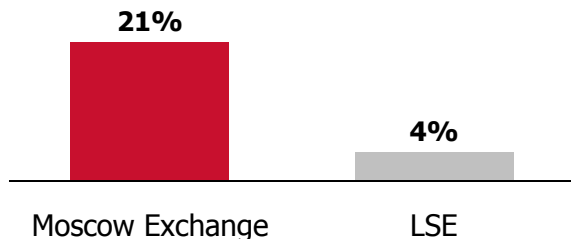
Comments

- Trading volumes growth was largely driven by migration to T+2, while velocity increased to 42%
- MOEX market share vs LSE started to recover following low point reached in March due to risk-off environment. In August the market share bounced back to 59%
- In 2Q2014 Yandex was listed on MOEX and Qiwi held an SPO both on MOEX and Nasdaq

Trading volumes growth driven by **upgrades to MOEX infrastructure**

MOEX vs LSE ADTV growth¹

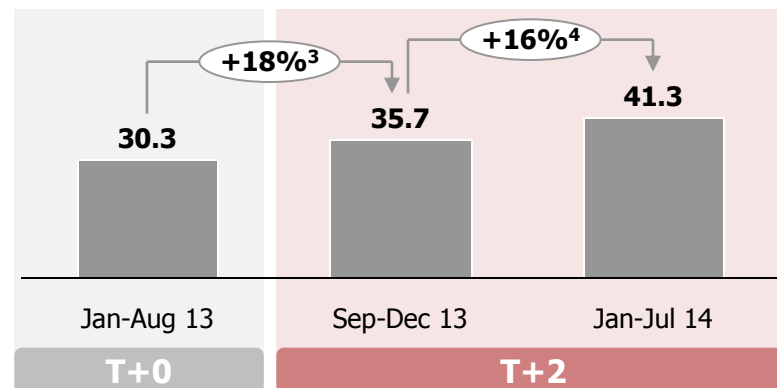
ADTV in 2Q2014 vs 2Q2013



Following transition to T+2, trading volumes growth on Moscow Exchange exceeded the growth of DRs traded on LSE by **almost 5 times in 2Q2014**

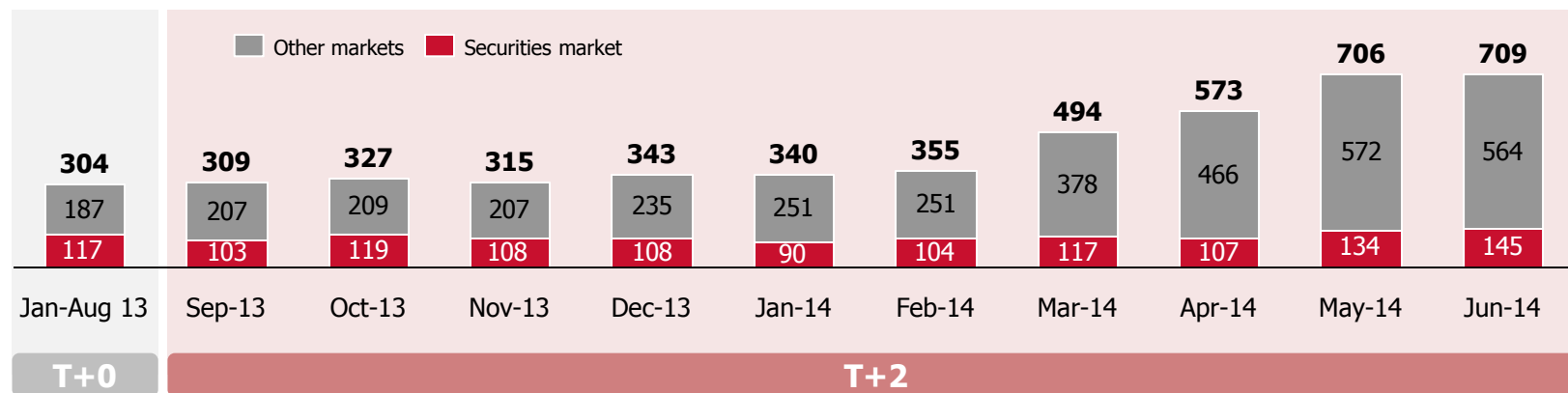
ADTV on equities market² in 2013-2014

RUB bln



Average daily client balances

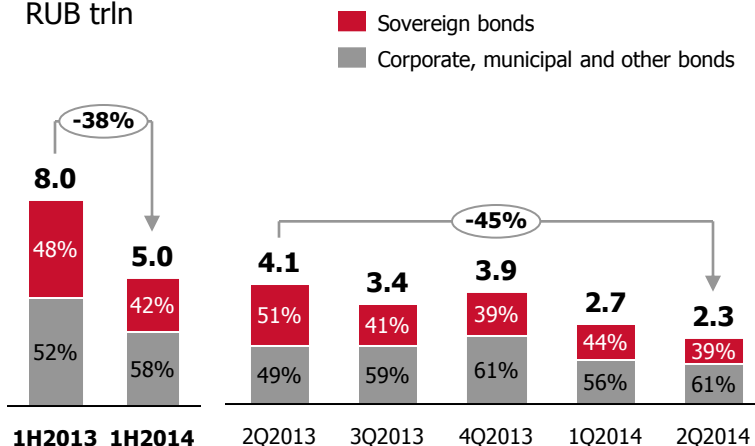
RUB bln



Fixed Income Market: remained under pressure

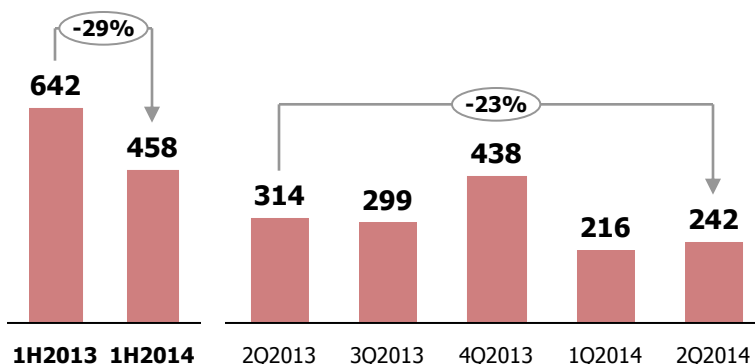
Trading volumes¹

RUB trln



Fee & commission income

RUB mln



Comments

- Fixed income market trading volumes drop both in corporate and sovereign sectors as a result of higher interest rates and exchange rate volatility
- Primary placements were also affected by challenging market conditions
- However in 2Q2014 primary market volumes were up 62% QoQ, leading by new placements of MinFin, RZhD, Gazprombank, AHML, VEB and Megafon
- In 2Q2014, **50** corporate and regional issuers placed **66** bonds issues, compared to 24 corporate and regional issuers with 30 bonds issues in 1Q2014
- Going forward domestic public debt might be better positioned for growth due to lower accessibility of foreign markets and pressure on local banks capital



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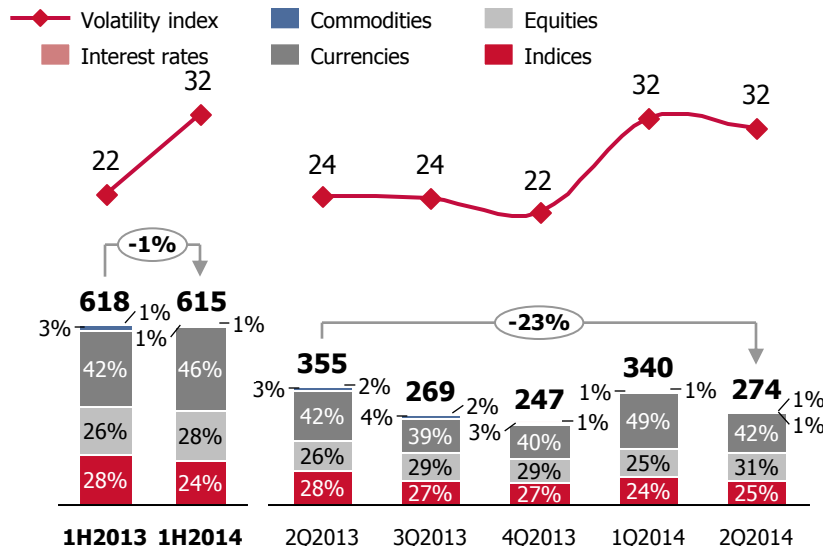
Source: Moscow Exchange operational information and Consolidated Financial Statements, equities and fixed income market fee&commission income for Q2 2013 was not reported in IFRS interim statements – management accounts data are used for the purposes of presentation

¹ Trading volumes on fixed income market include placements

Derivatives Market: growth of open interest

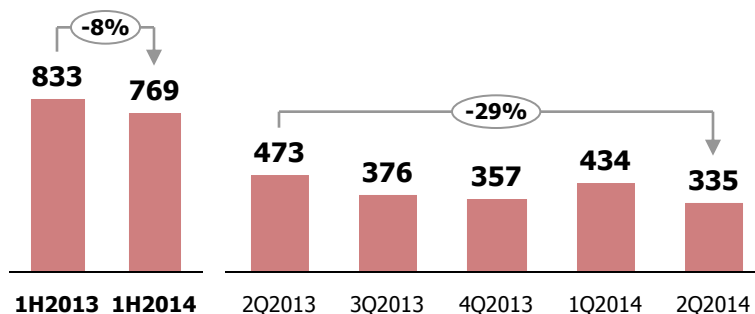
Trading volumes

millions of contracts



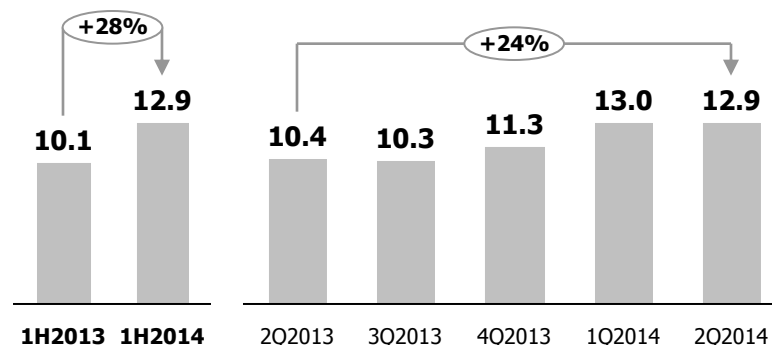
Fee & commission income

RUB mln



Open interest

millions of contracts, daily average



Comments

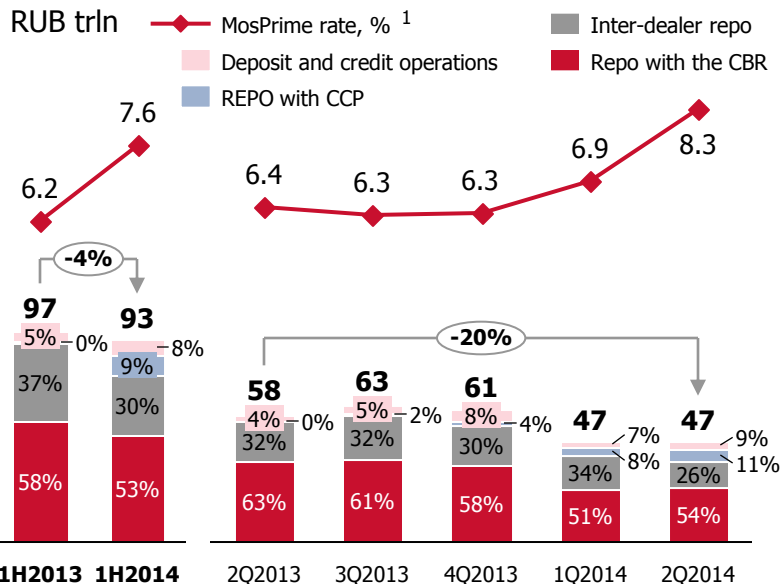
- High uncertainty and increased market risks led to "wait-and-see" position of market participants and moderately lower trading activity
- However, open interest continued to grow, mainly driven mainly by new institutional clients
- Moscow Exchange included new instruments to market maker ranking program and launched new VIX index in 2Q2014



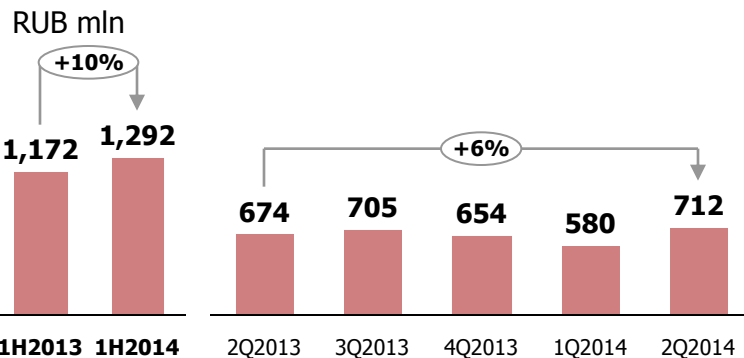
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Money Market: healthy demand for liquidity

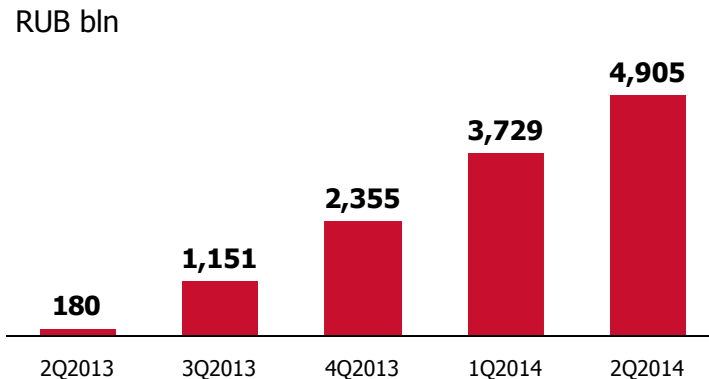
Trading volumes



Fee & commission income



REPO with CCP trading volumes



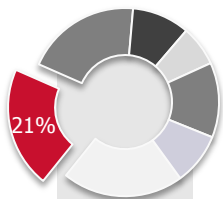
Comments

- On-exchange trading volumes contracted mainly due to the CBR shift to 1-week repo auctions instead of overnight auctions. Longer maturity resulted in higher income on transactions despite lower volumes, since both volumes and maturity are the basis for fees
- Total volumes of REPO operations (including on-exchange and REPO through NSD) remained almost flat YoY
- MOEX continued to expand collateral base for REPO: a number of depositary receipts, foreign issuers' shares and eurobonds became eligible for REPO transactions



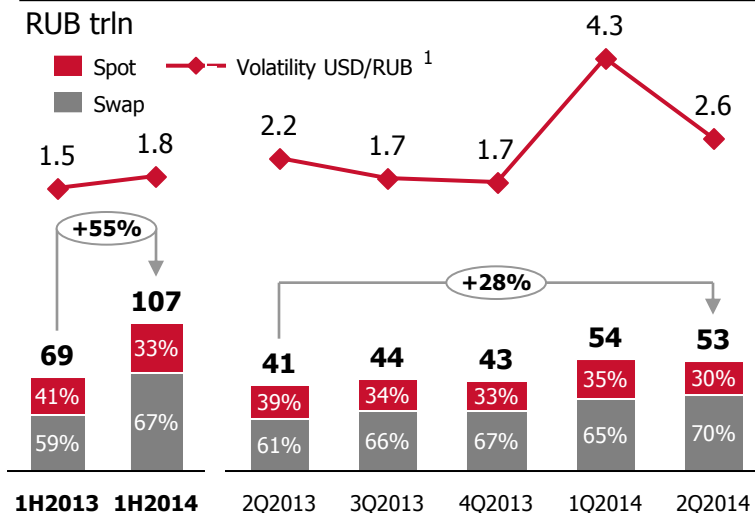
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Source: Moscow Exchange operational information and Consolidated Financial Statements
¹ Overnight rate, average for the period

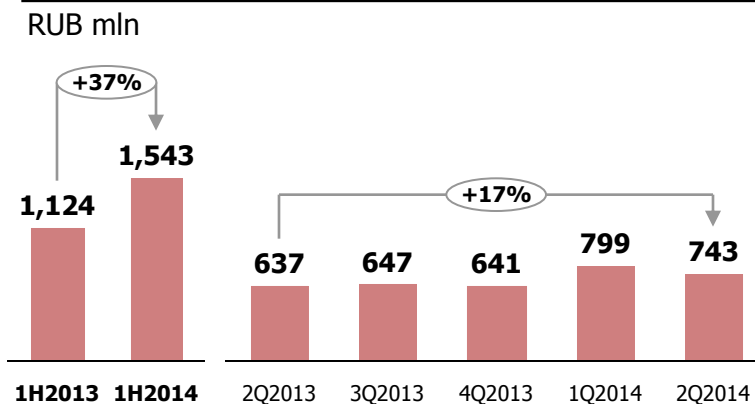


FX Market: strong growth of trading volume

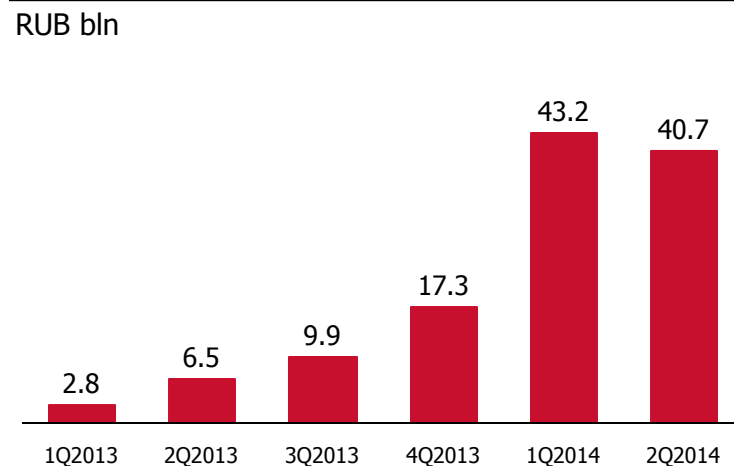
Trading volumes



Fee & commission income



CNY/RUB trading volumes



Comments

- In 2Q2014 spot trading volumes remained flat YoY, while swap trading volumes grew by 47% due to higher demand for interest rates instruments and liquidity management products
- CNY/RUB currency pair demonstrated solid 10x trading volume growth

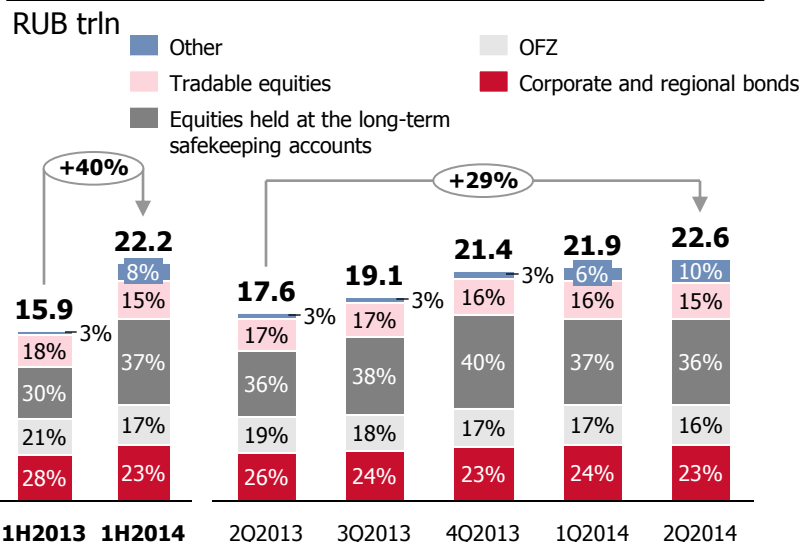


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Source: Moscow Exchange operational information and Consolidated Financial Statements
¹ Calculated as annualised standard deviation of the USD/RUB exchange rate for the period

NSD: collateral management services drive F&C growth

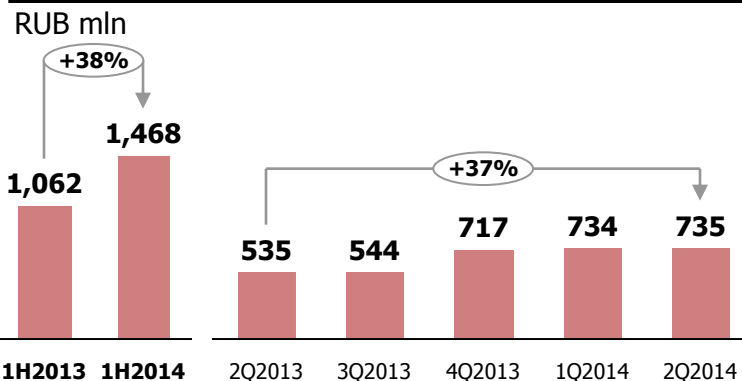
Assets in deposit (average for a period)



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 2Q2014 (the same as in 1Q2014)¹
- In July CBR granted NSD with the status of nationally important payment system

Fee & commission income



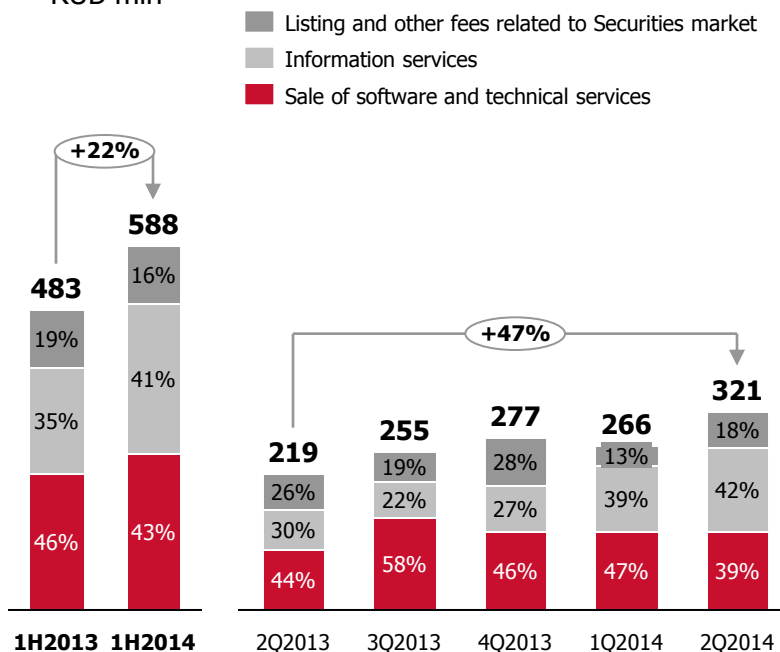
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Source: Moscow Exchange operational information and Consolidated Financial Statements
1 according to management accounts data

Other fee & commission income

Other fee & commission income¹

RUB mln



Comments

- Other fee & commission income grew by 47% YoY mainly driven by higher information services and sale of software and technical services
- Information services fees were driven by information audit and extra penalties received by the exchange from a large corporate customer
- Listing fees were flat despite of lower primary market activity, due to new tariffs following listing reform and higher bond placements in 2Q2014



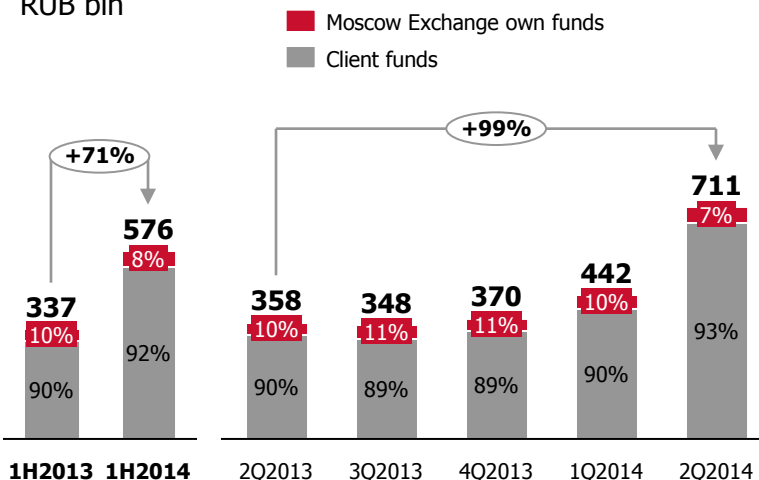
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Source: Consolidated Financial Statements. Listing and other fees related to Securities market for Q2 2013 were not reported in IFRS interim statements – management accounts data are used for the purposes of presentation
 1 Not including other fee&commission income as presented in financial statements

Investment Portfolio: stable and sustainable revenue source

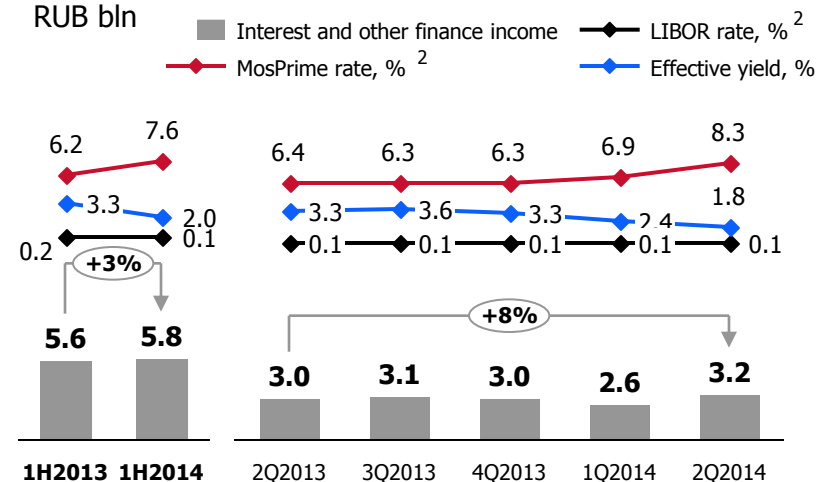
Investment portfolio¹ (average daily volume)

RUB bln



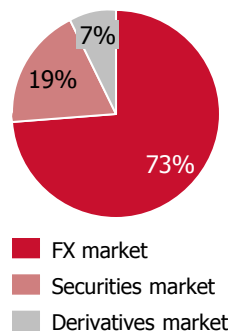
Interest income

RUB bln

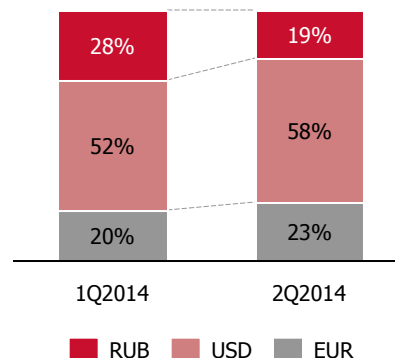


Clients funds by source

2Q2014

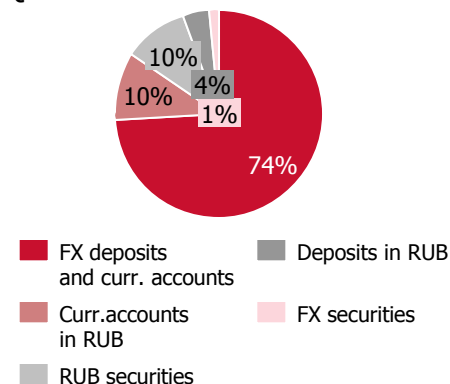


Clients funds by currency



Investment portfolio by type of asset

2Q2014



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

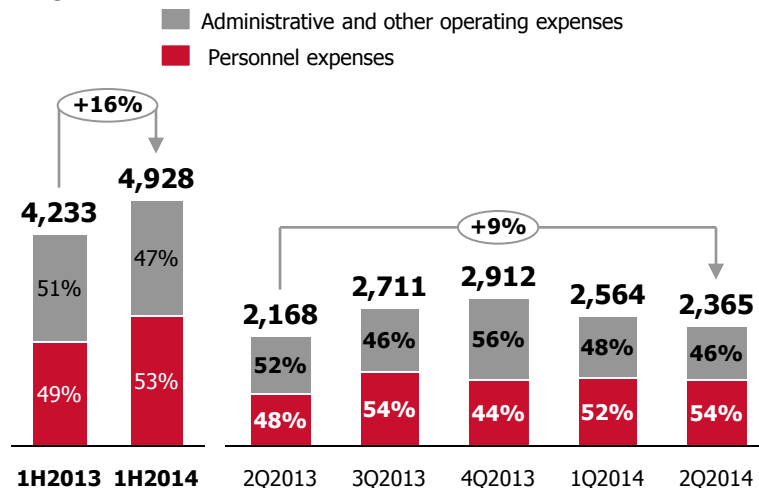
¹ Based on average daily investment portfolio according to management accounts

² Average daily rate for the period

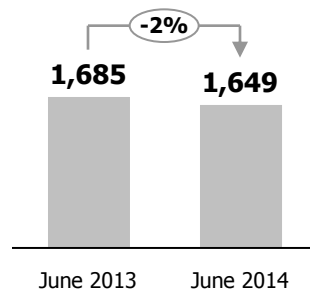
Operating expenses

Operating expenses

RUB mln



Headcount as of period end



Major expense items

RUB mln

	2Q 2013	2Q 2014	Change YoY
Personnel expenses	1,042	1,287	23%
Administrative and other operating expenses, including	1,125	1,078	-4%
Amortisation of intangible assets	253	263	4%
Professional services	133	117	-12%
Market makers fees	105	62	-41%
Depreciation of property and equipment	135	126	-7%
Rent and office maintenance	105	107	2%
Taxes other than income tax	191	115	-39%
Total	2,168	2,365	9%
Cost income ratio	34.4%	35.0%	-

Comments

- Administrative expenses decreased by **4%** due to lower spending on market makers, professional services and taxes other than income tax
- Staff costs remained the major cost item, up 23% YoY, driven mainly by a low-base effect as a result of the introduction of a new methodology for bonus accruals. Part of bonuses for FY2014 were accrued in 1Q-2Q 2014, while similar expenses for the FY2013 started to be reflected in financials in the second half of 2013
- Excluding accrued bonuses, **personnel expenses declined 1% YoY**

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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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