



**MOSCOW
EXCHANGE**

November 19, 2014

3Q2014 Earnings Presentation

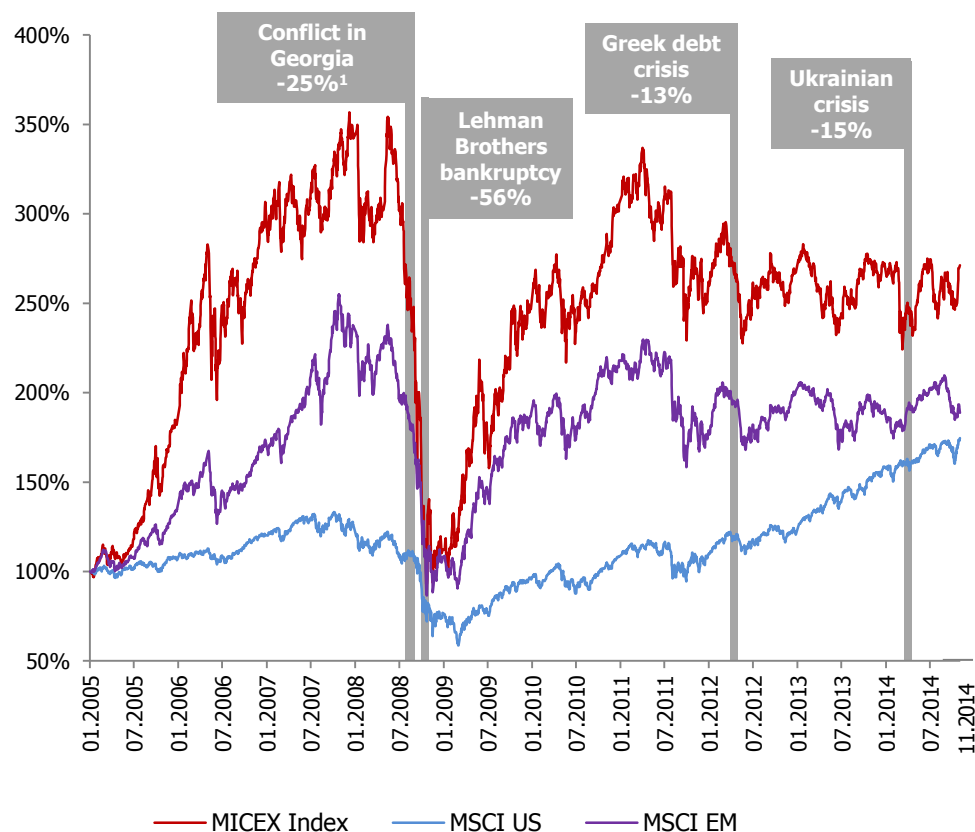
3Q 2014 and October **highlights**

- ✓ **The CBR successfully placed to the market \$469 mln (stake of 11.7%) in MOEX, which led to free-float growth:**
 - One of the highest free-floats among Russian issuers post placement – **55.7%**
 - Dispersed ownership with no controlling shareholder
- ✓ **International Central Securities Depositories (Euroclear and Clearstream) launched services for Russian equities, which became eligible for ICSDs settlement services from July 1, 2014**
- ✓ **National Clearing Centre and National Settlement Depository gained a status of systemically important infrastructure, assigned by the CBR**
 - NCC was recognized as a systemically important CCP
 - NSD was recognized as a systemically important CSD and payment system
- ✓ **Further improvement of governing framework**
 - Realization of shareholder rights of foreign pension funds or trust companies are streamlined by the new law FZ-218 dated 21.07.2014
 - Simplification of bonds issue and admission of foreign securities to trade specified in amendments to the listing rules
- ✓ **Product line enhancement**
 - Admission of Eurobonds to on-exchange trading
 - Launch of foreign currency (FCY) repo and further collateral extension on money market
 - Futures on Eurobonds
 - Risk rebalancing on FX and derivatives markets for offsetting positions



Sound risk-management amidst challenging environment

Where we are now: 10 years of market volatility



Comments

Though volatility has increased throughout 2014, this level is far from the levels of market turbulence of 2008

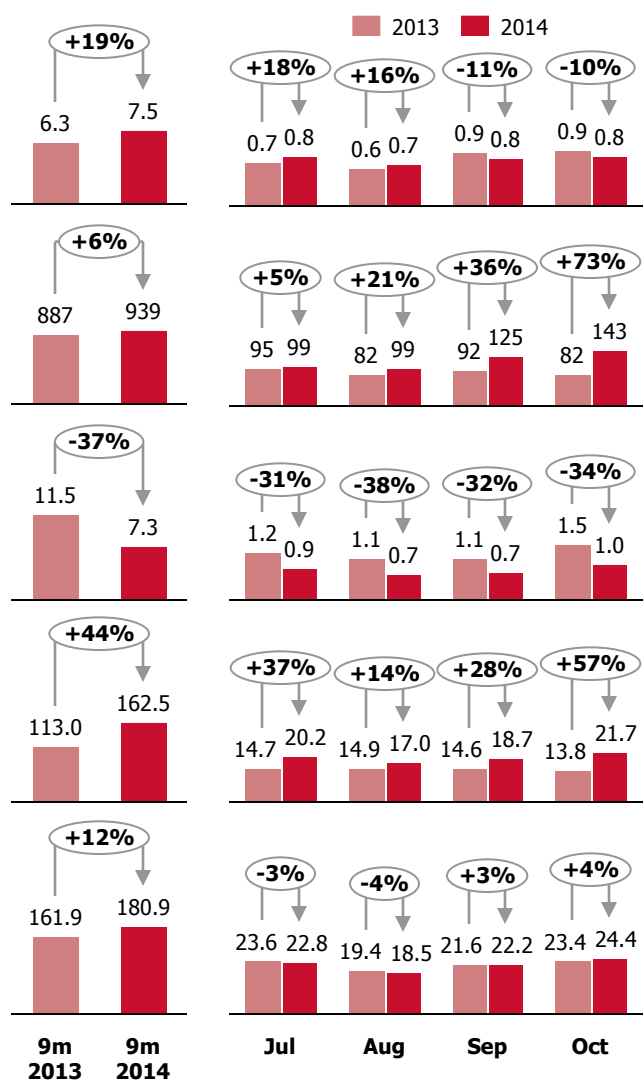
MOEX is well-positioned to ensure an uninterrupted trading, clearing and settlement amid periods of augmented volatility:

- ✓ One of the most capitalized CCPs in the world
- ✓ "Systemically important infrastructure" status by the CBR
- ✓ Skin in the game: large base of committed resources of the CCP prior to any loss mutualization
- ✓ Full-fledged pre-trade risk control mechanism
- ✓ Improved risk monitoring and flexible margin adjustments
- ✓ Discrete auction mechanism for equities, no trading halts on other markets in case of significant asset price changes

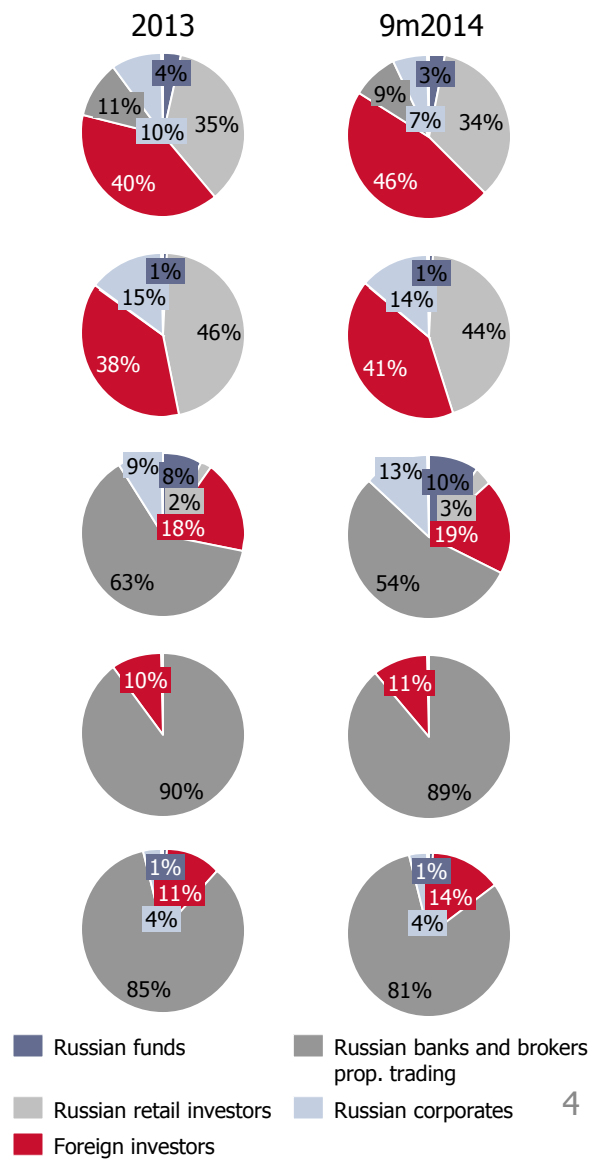
Growing interest from foreign investors, while domestic investor base remains the core

- Equities market
RUB trln
- Derivatives market
mln contracts
- Fixed Income market
RUB trln
- FX market
RUB trln
- Money market¹
RUB trln

Trading volumes



Volumes breakdown by investor types

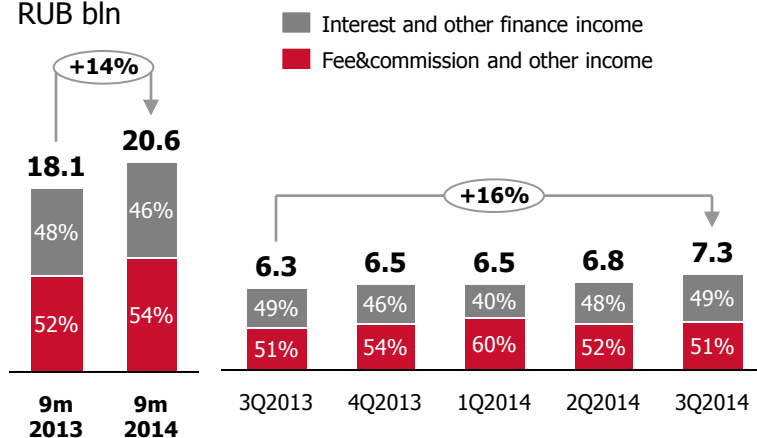


Markets are sorted by their share in fee&commission income
¹ trading volumes including REPO with CMS in NSD. Investor structure based on on-exchange trading volumes only

Financial results: excellence of the MOEX business model

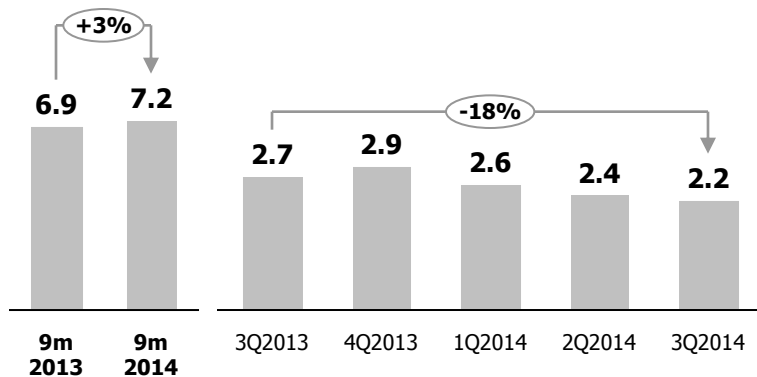
Operating income

RUB bln



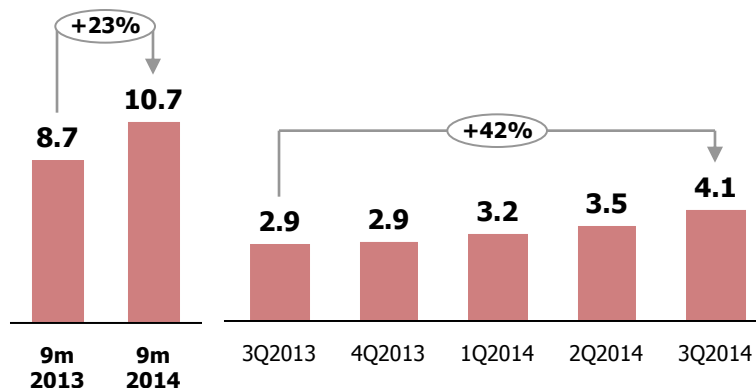
Operating expenses

RUB bln



Net profit

RUB bln



EPS and key financial ratios

	3Q 2014	3Q 2013	Chg
Basic EPS, RUB	1.82	1.29	+41% ↑
EBITDA margin	74.9%	63.6%	+11.3 p.p. ↑
Cost income ratio	30.5%	43.2%	-12.7 p.p. ↓



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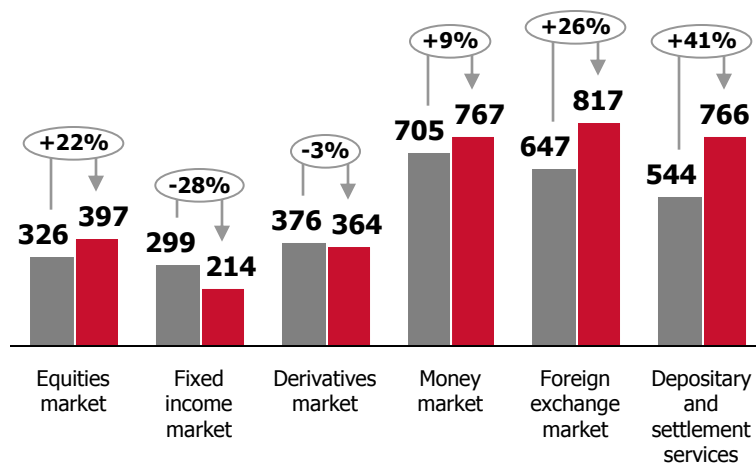
Source: Consolidated Financial Statements

Diversified fee & commission income

Fee & commission income performance

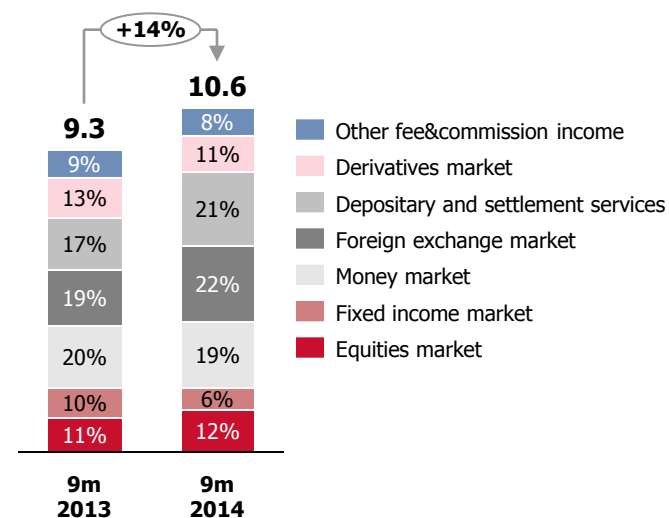
RUB mln

■ 3Q2013
■ 3Q2014



Fee & commission income breakdown

RUB bln



Comments

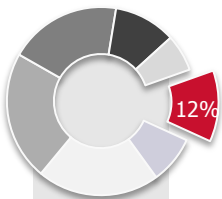
- In 3Q2014 fee & commission income remained well-diversified and grew by 13.5% YoY
- Lower income from fixed income and derivatives markets was more than offset by strong performance in FX market, depository and settlement services and equities market



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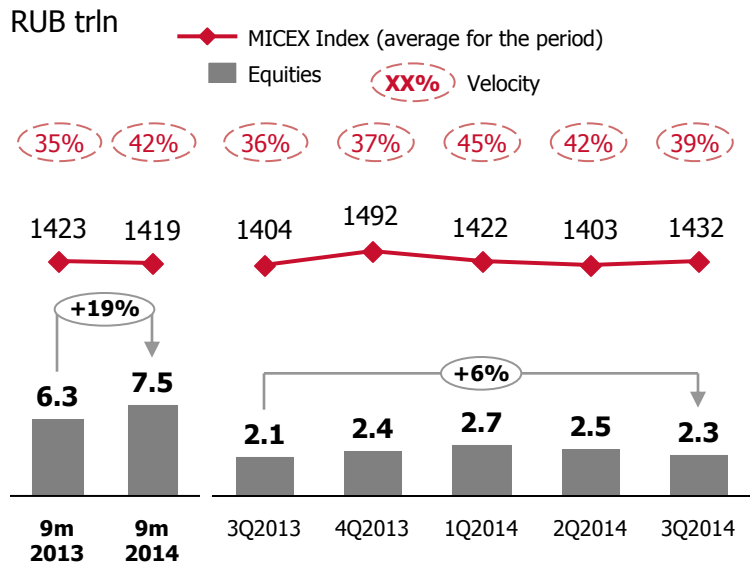
Source: Consolidated Financial Statements

Other fee&commission income mainly includes income from sale of software and technical services and information services, listing and other service fees

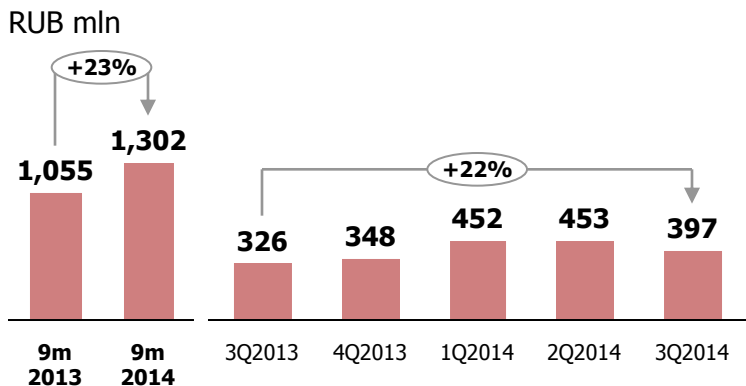


Equities Market

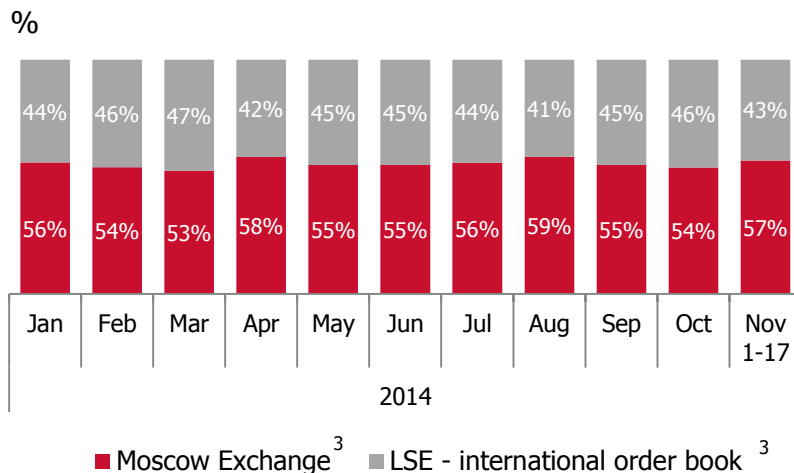
Trading volumes¹



Fee & commission income



Russian equities trading volumes², MOEX vs LSE



Comments

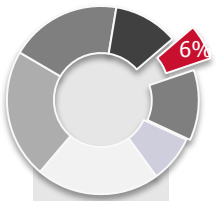
- Trading volumes growth was driven by increased velocity amid higher market volatility and transition to T+2 settlement regime
- MOEX market share vs LSE remained above 50% throughout the year, despite a negative backdrop on the market. Strategically, we believe interest to local shares vs DRs is positioned to grow due to changes in risk profiles
- Fee and commission income grew by 22% YoY thanks to trading volumes growth and changes in presentation of fee and commission income, applied in 2Q2014, which better reflects fee distribution across different markets



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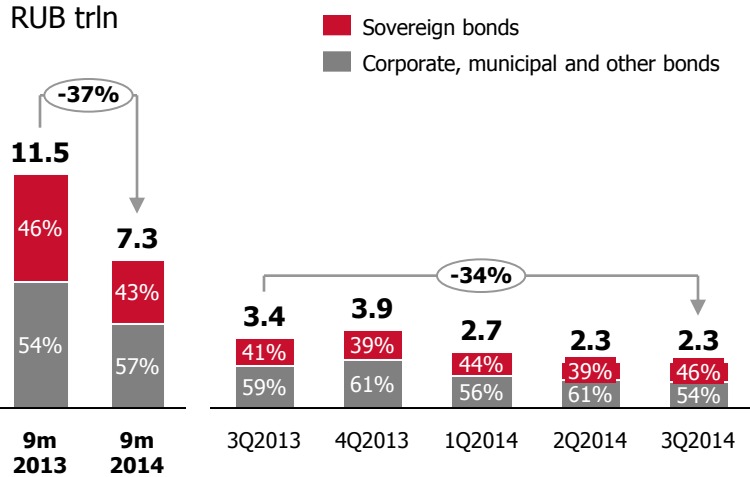
Source: Moscow Exchange operational information and Consolidated Financial Statements, Liquidmetrix

- Volumes on both primary and secondary markets
- Moscow Exchange and London Stock Exchange data for Russian dual-listed companies
- Only electronic order book deals



Fixed Income Market remained muted since 1Q2014

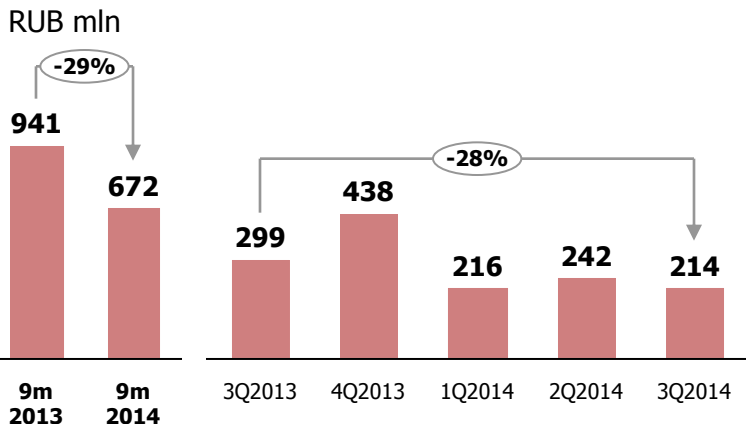
Trading volumes¹

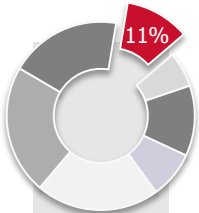


Comments

- Significant RUB depreciation coupled with interest rate growth led to lower placements and trading volumes both in corporate and sovereign bond markets
- Market participants have been adopting to the changing market conditions, which lowered market activity and affected primary placements
- Fixed income market started to pick up in October 2014 on the back of increased demand for refinancing and limited supply of bank loans due to Tier1 Capital Ratio constraints

Fee & commission income

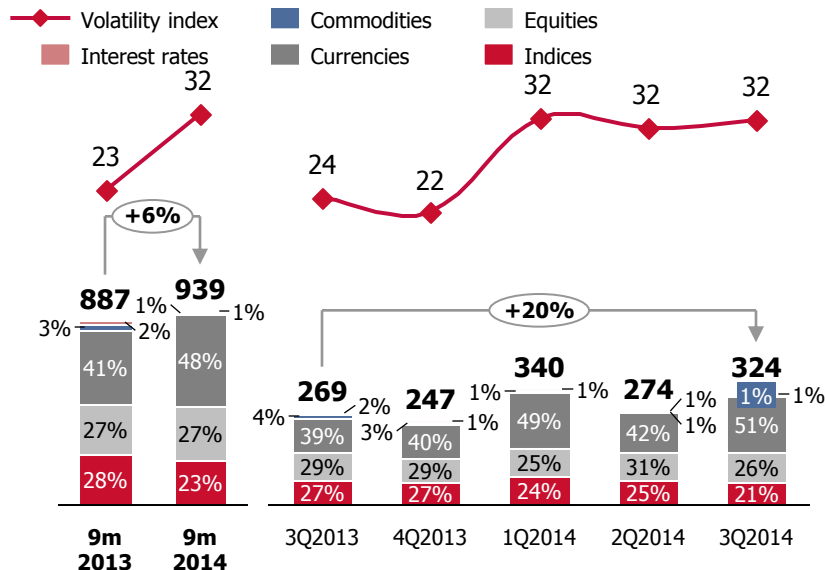




Derivatives Market: shift in product mix

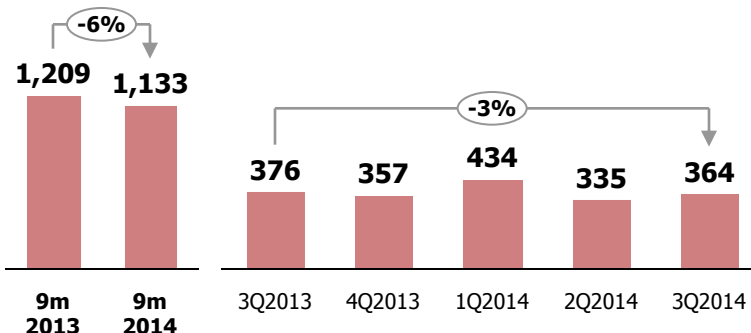
Trading volumes

millions of contracts



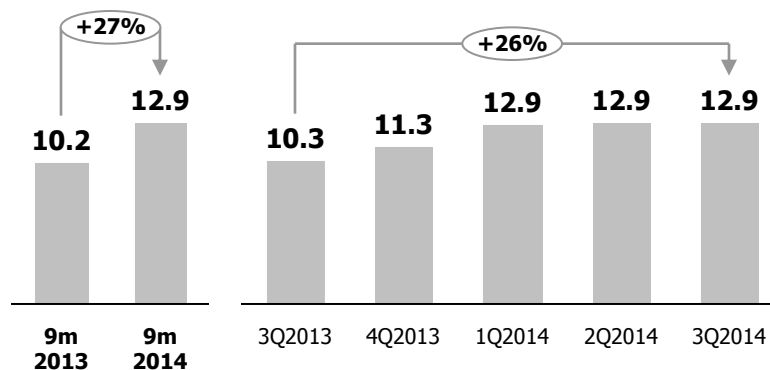
Fee & commission income

RUB mln



Open interest

millions of contracts, daily average

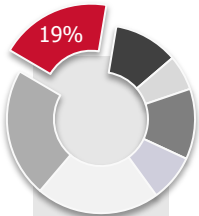


Comments

- Changed historical correlation between main economic inputs (GDP growth rate, oil price, key interest rates, FX rate) led to **increased demand for hedging strategies**, resulted in 20% YoY trading volumes growth, i.e.:
 - uplift in volatility on FX market led to **60% YoY** growth in FX derivatives trading
 - risk rebalancing on FX and derivatives markets, a new functionality launched in July 2014, contributed to higher market activity
- Trading volumes of FX derivatives comprised 51% of total trading volumes on derivatives market, while product mix shift resulted in lower effective yield

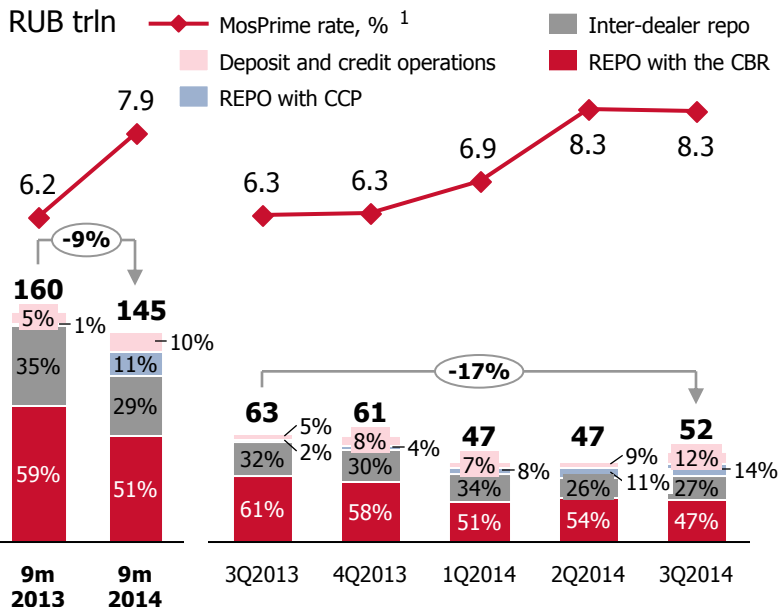


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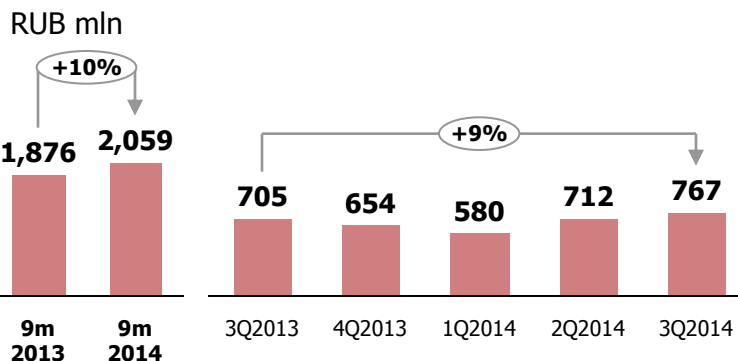


Money Market: risk-aversion continued to attract clients to on-exchange services

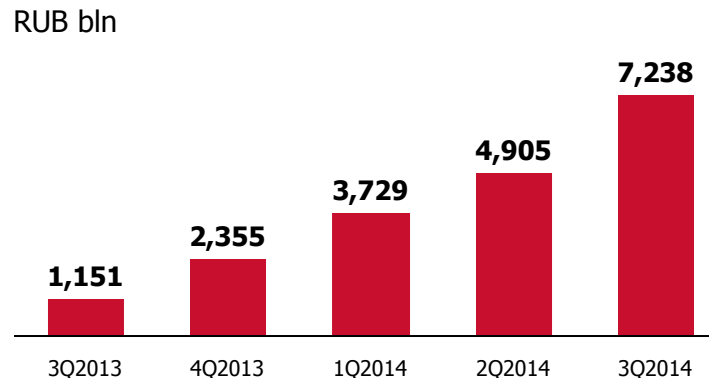
Trading volumes



Fee & commission income

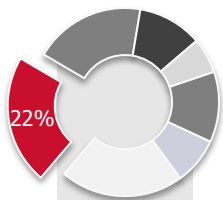


REPO with CCP trading volumes



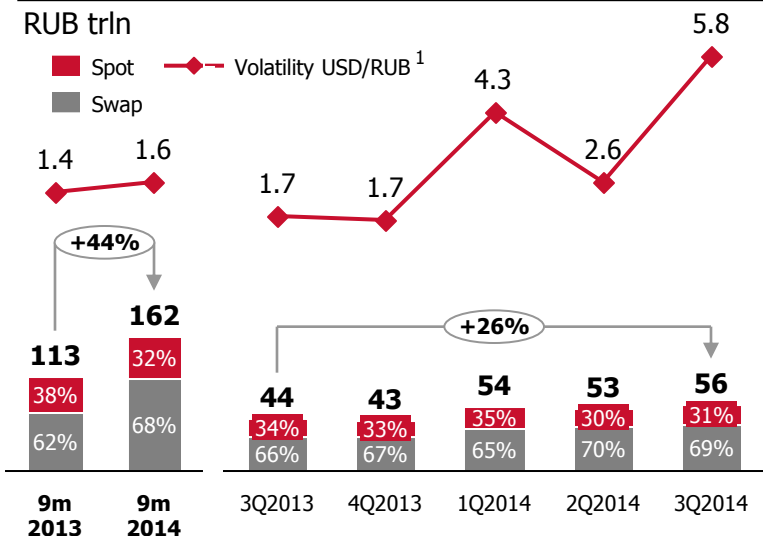
Comments

- REPO with CCP remained the most rapidly growing product (6.3 times YoY), as market players prefer to manage counterparty risk, using on-exchange infrastructure
- In February 2014 the CBR shifted to 1-week repo auctions instead of overnight auctions. As a result on-exchange trading volumes contracted, but longer average maturity led to higher fee income, since both volumes and maturity are the basis for fees
- Total volumes of REPO transactions, including OTC REPO with NSD services grew by 12% YoY²
- In October 2014 MOEX launched FCY-repo with settlement in foreign currencies with the CBR and on inter-dealer market

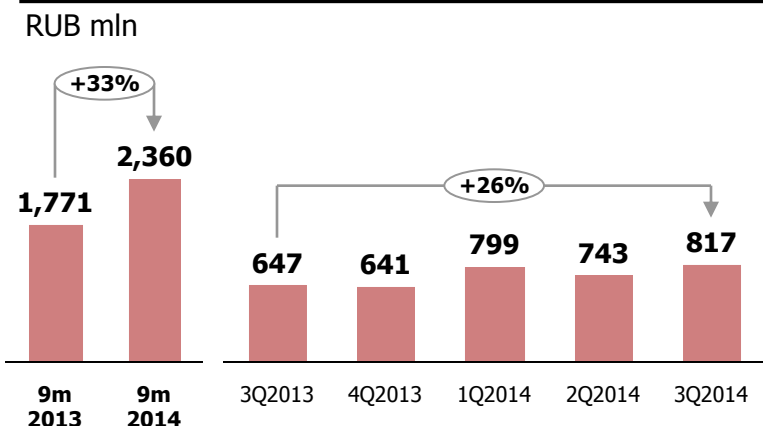


FX Market: swaps and spot volumes benefited from FX volatility

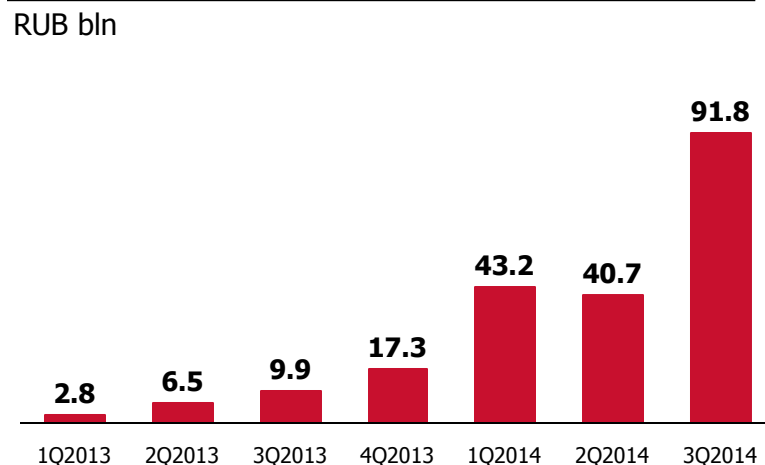
Trading volumes



Fee & commission income



CNY/RUB trading volumes



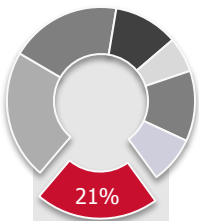
Comments

- Spot market trading volumes increased 14% YoY driven by higher volatility, which led to stronger activity of all groups of market participants
- Swap transactions volumes grew 33% YoY amid the growing demand from local banks to manage liquidity positions and hedge FX risks
- CNY/RUB currency pair trading continued to grow rapidly. A new record high reached in October 2014 - RUB 83.5 bln, compared to RUB 91.8 bln for the 3Q2014



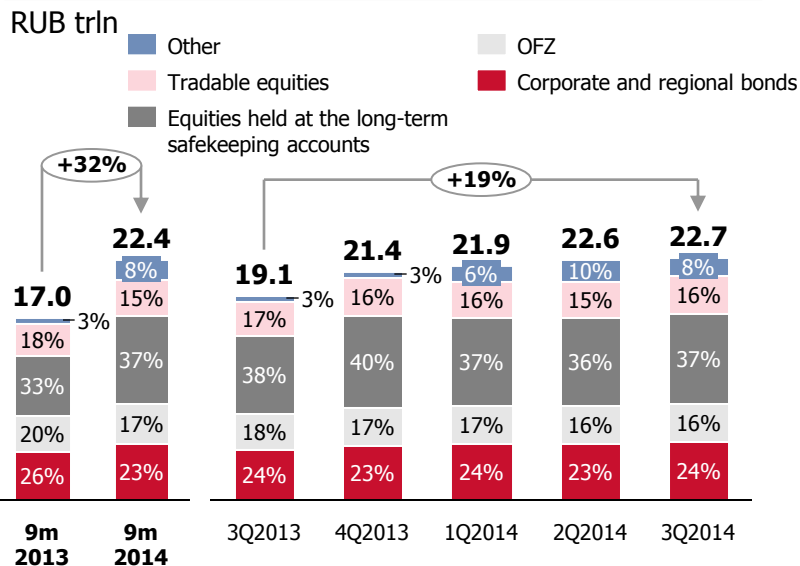
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Source: Moscow Exchange operational information and Consolidated Financial Statements
¹ Calculated as annualised standard deviation of the USD/RUB exchange rate for the period

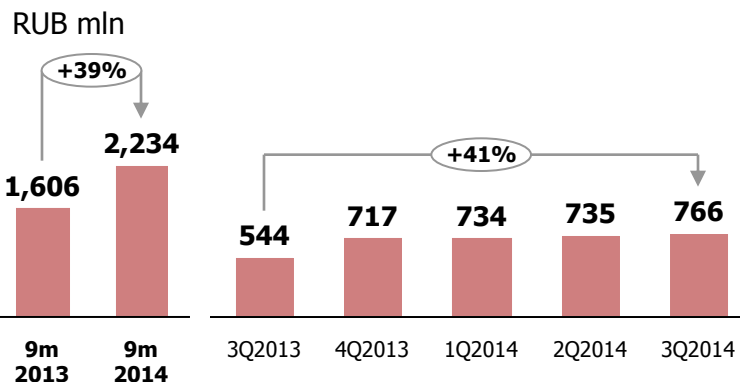


NSD: collateral management services drive F&C growth

Assets in deposit (average for a period)



Fee & commission income



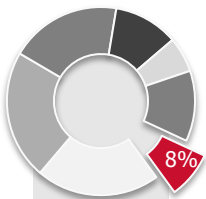
Comments

- Solid fees and commissions growth was driven by both assets under custody increase 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 ~ 16% of income from depository and settlement services in 3Q2014¹
- In July, NSD was recognized as a systemically important infrastructure by the CBR:
 - a nationally important payment system
 - a nationally important CSD



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

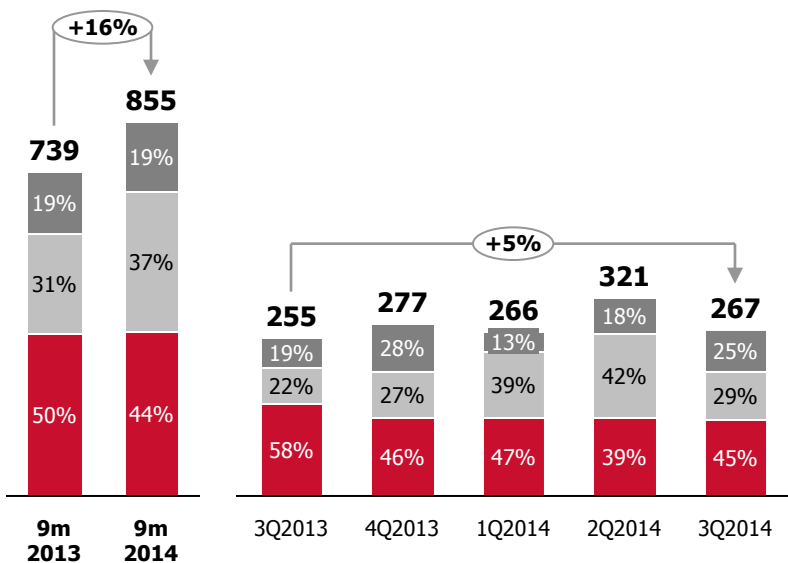


Other fee & commission income

Other fee & commission income¹

RUB mln

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

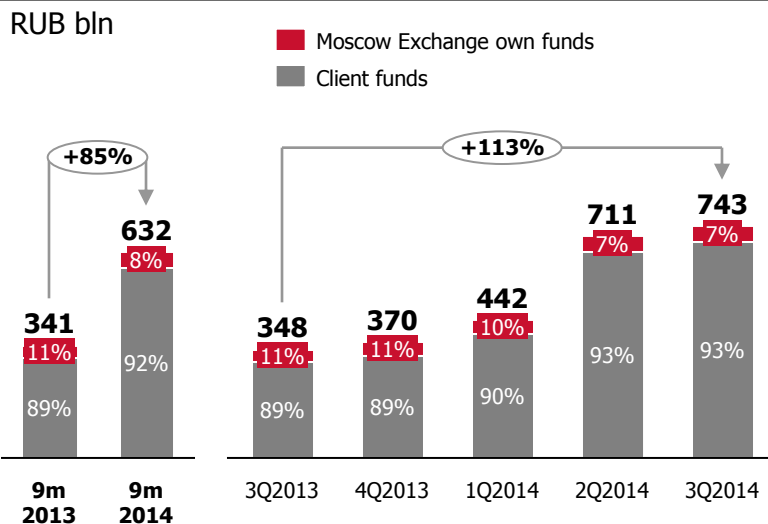


Comments

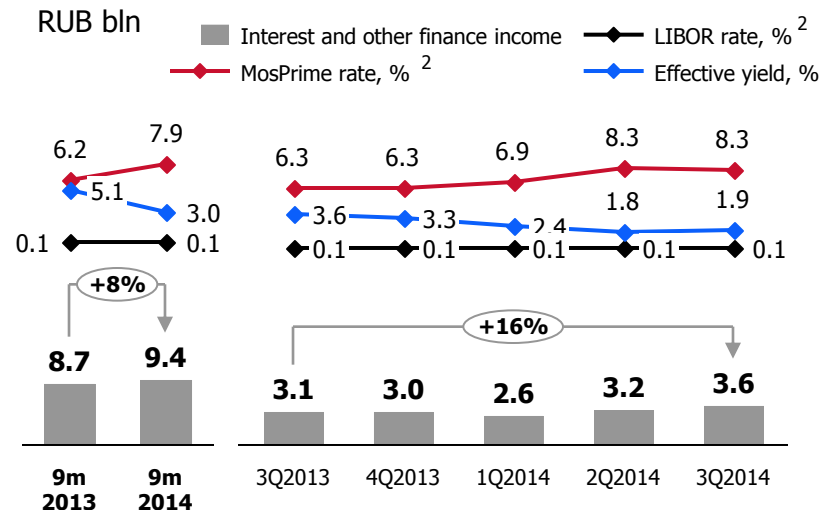
- Other fee & commission income grew by 5% YoY mainly driven by higher information services and listing fees
- Information services fees were driven by penalties paid to the exchange as a result of information audit
- Listing fees growth of 37% YoY was driven by new pricing following the completion of the listing reform

Interest income: stable and sustainable revenue source

Investment portfolio¹ (average daily volume)

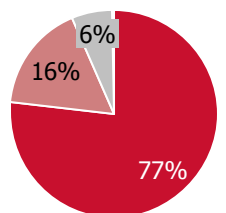


Interest income



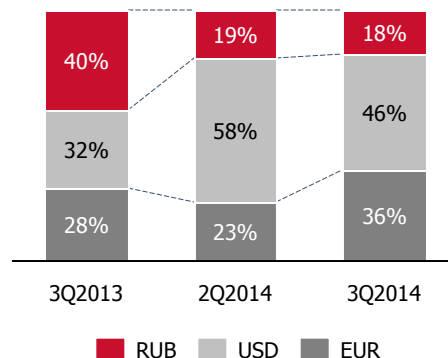
Clients funds by source

3Q2014



■ FX market
■ Securities market
■ Derivatives market

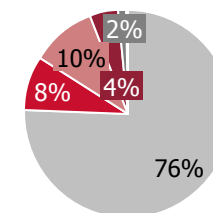
Clients funds by currency



■ RUB ■ USD ■ EUR

Investment portfolio by type of asset

3Q2014

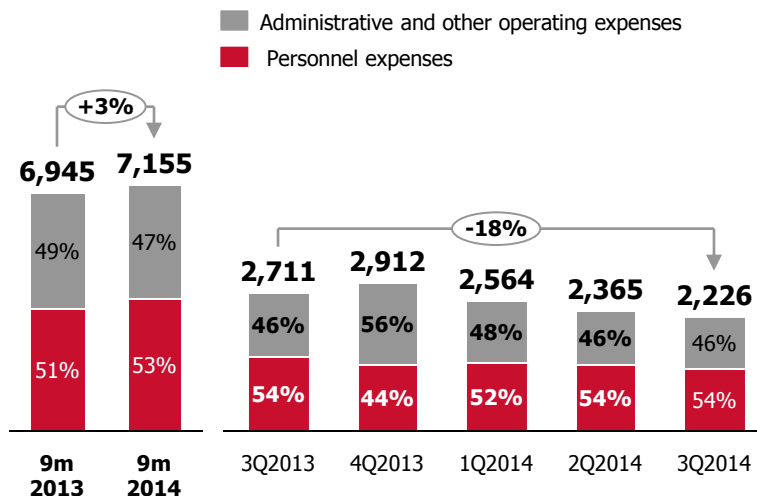


■ FX deposits and curr. accounts
■ Deposits in RUB
■ Curr. accounts in RUB
■ RUB securities
■ FX securities

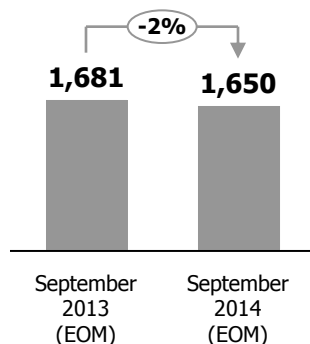
Operating expenses

Operating expenses

RUB mln



Headcount development



Major expense items

RUB mln

	3Q 2013	3Q 2014	Change YoY
Personnel expenses	1 466	1 201	-18%
Administrative and other operating expenses, including	1 246	1 025	-18%
Amortisation of intangible assets	268	274	2%
Professional services	155	149	-4%
Market makers fees	142	74	-48%
Taxes other than income tax	140	106	-25%
Depreciation of property and equipment	134	121	-10%
Rent and office maintenance	103	104	2%
Total	2 711	2 226	-18%
Cost income ratio	43.2%	30.5%	

Comments

- Operating expenses declined by 18% YoY in 3Q2014 to RUB 2.23 bln
- Administrative expenses remained under control and **declined by 18% YoY** due to lower spending on market makers and taxes, other than income tax
- Personnel costs **contracted by 18.0% YoY** to RUB 1.20 bln and remained the major cost item, comprising 54.0% of total costs
- Since 2014 MOEX introduced a new methodology for bonus accruals. Annual bonuses for FY2014 were accrued since the beginning of 2014, while similar expenses for the FY2013 started to be reflected in financials in the second half of 2013

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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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