



MOSCOW  
EXCHANGE

January 2015

Investor presentation



MOEX Overview

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Recent achievements

3

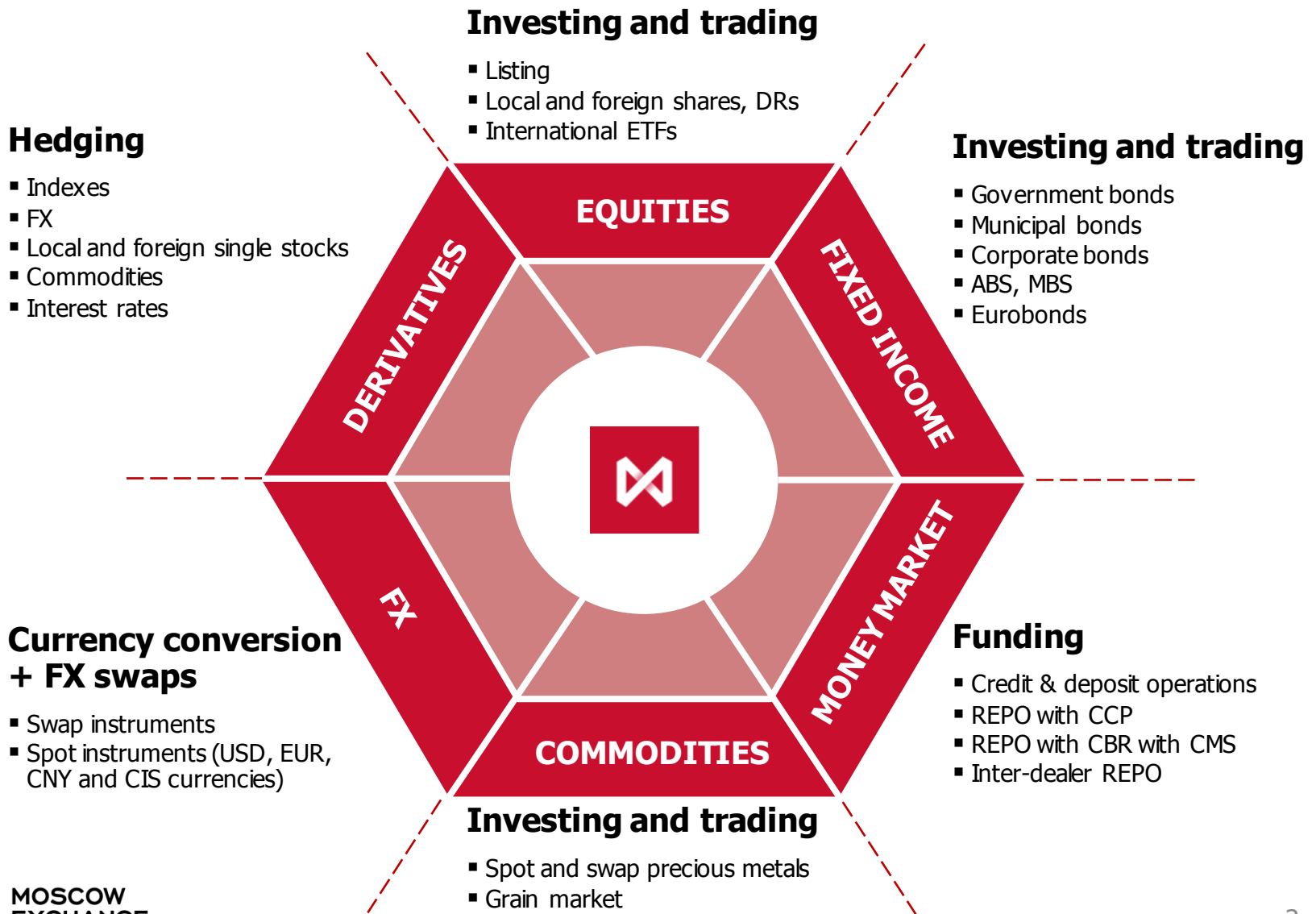
Where we are heading

4

Strong operating and financial results

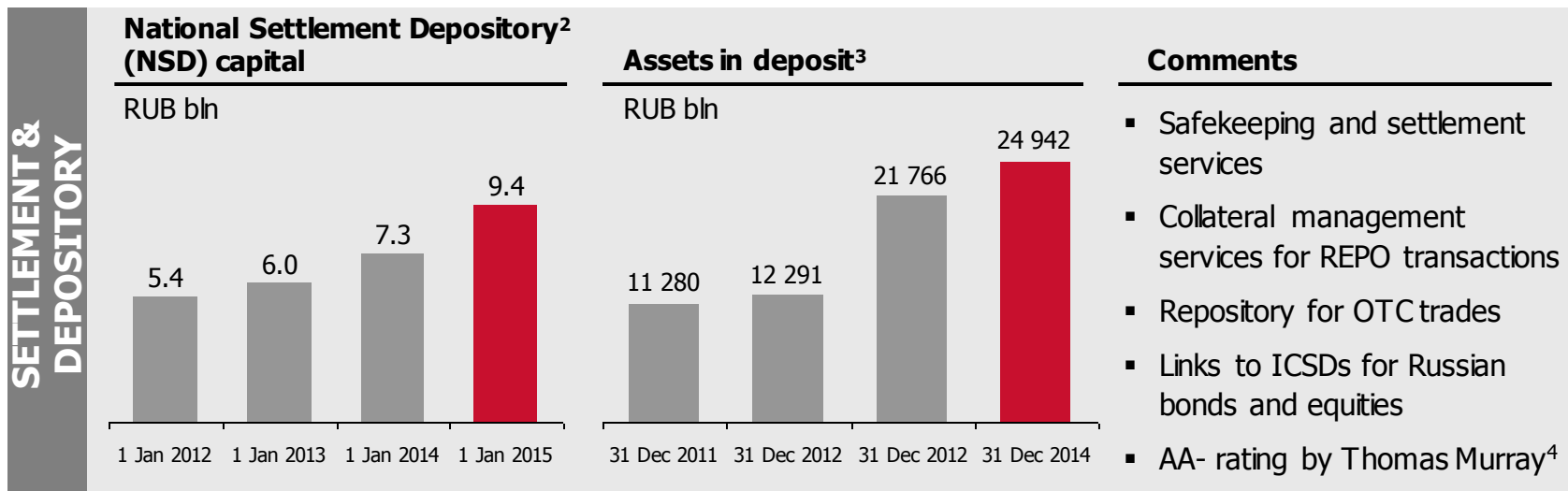
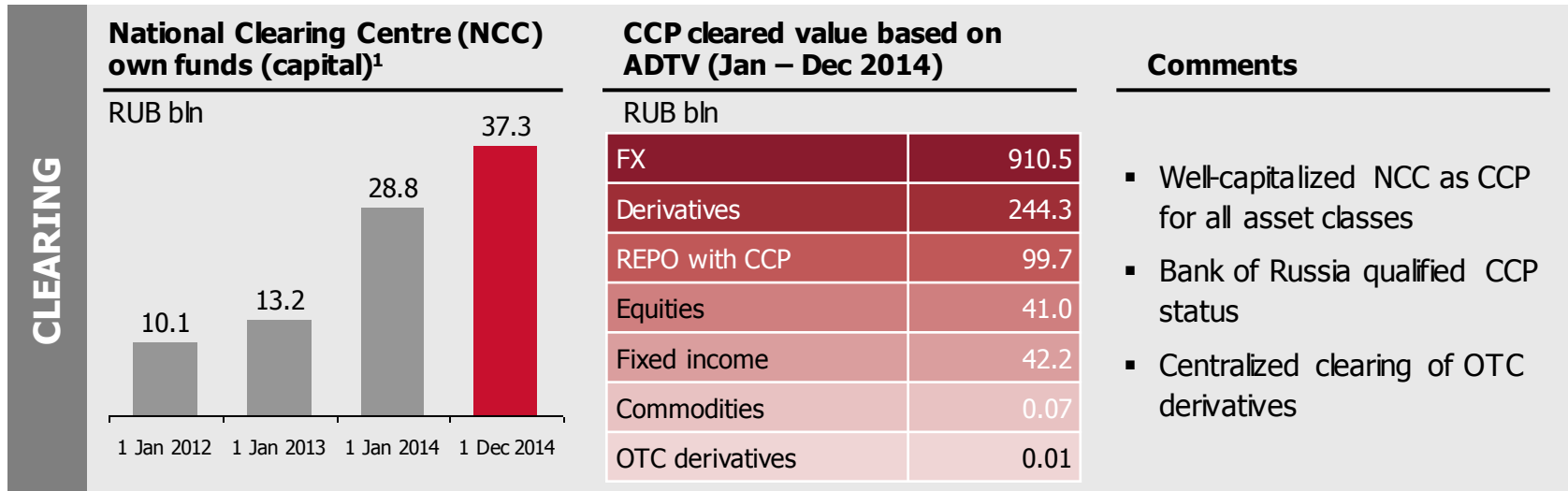


# Highly diversified product offering...



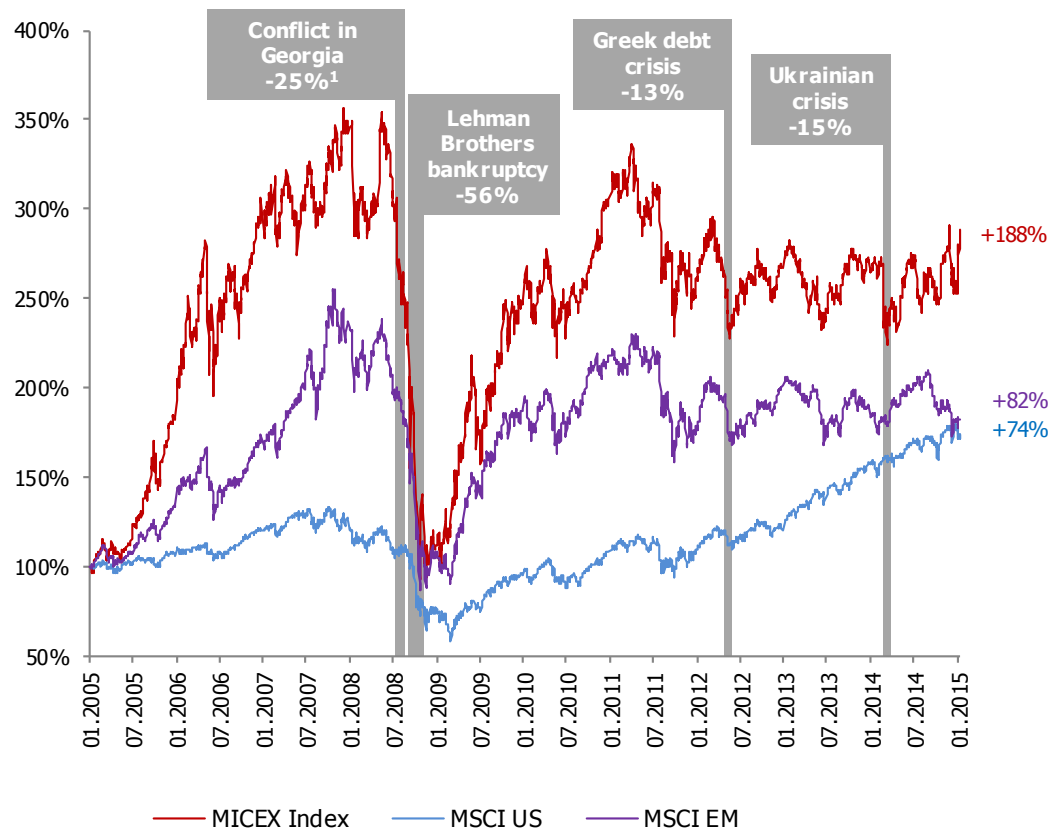
# ...coupled with **strong post-trade infrastructure**

Post-Trade Excellence: CCP and CSD



# 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



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Source: Moscow Exchange; Bloomberg as of January 19, 2015 (last date included – January 18, 2015)

1. Difference between maximum and minimum values for the period

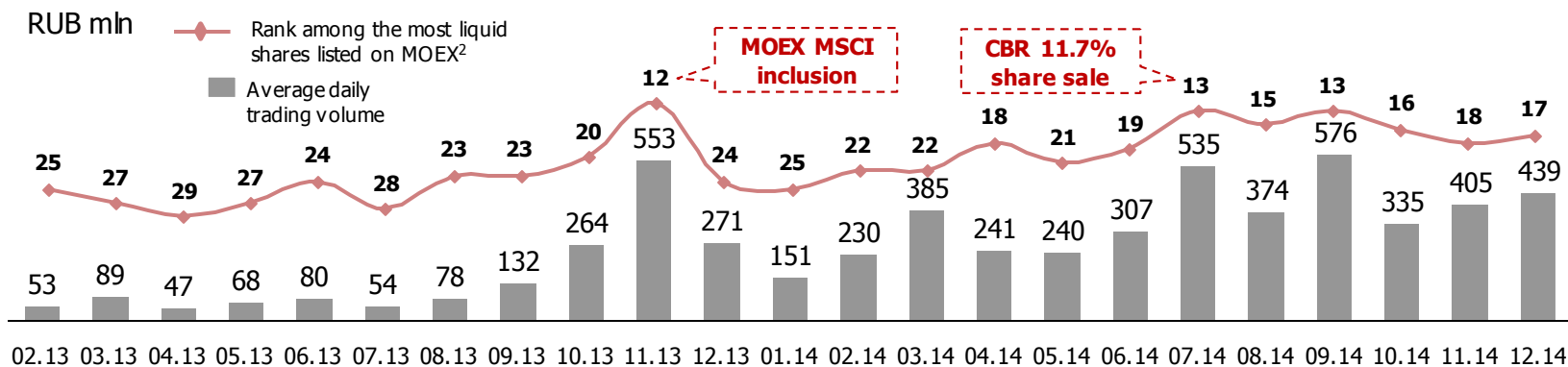
# Corporate governance: aiming to set an example for Russian issuers

	Board members	Position	NEW
	<b>Alexey Kudrin</b>	<i>Chairman of the Supervisory Board; Sberbank of Russia, Member of the Supervisory Board</i>	✓
	<b>Nicola Jane Beattie</b>	<i>Nbxc Ltd, Director/Senior Executive Director</i>	
	<b>Mikhail Bratanov</b>	<i>Societe Generale Group, Head of Societe Generale Securities Services for Russia and CIS; Rosbank, Head of Depository Department at Rosbank</i>	
	<b>Yuan Wang</b>	<i>China Development Bank, Chief Economist</i>	✓
	<b>Anatoly Karachinsky</b>	<i>IBS Group, Chairman of the Board</i>	
	<b>Rainer Riess</b>	<i>Independent Director</i>	
	<b>Sean Glodek</b>	<i>Russian Direct Investment Fund, Director, Member of the Executive Board</i>	
	<b>Andrey Golikov</b>	<i>Strana Detej, Director for Investments and Commerce</i>	
	<b>Valery Goreglyad</b>	<i>Bank of Russia, Chief Auditor</i>	✓
	<b>Yuriy Denisov</b>	<i>NCC, Deputy Chairman of the Supervisory Board</i>	
	<b>Bella Zlatkis</b>	<i>Sberbank, Deputy Chairman of the Management Board</i>	
	<b>Sergey Kozlov</b>	<i>VTB-24, Senior Vice-president, Deputy Director of Investment Department</i>	✓
	<b>Sergey Lykov</b>	<i>Vnesheconombank, Deputy Chairman of the Executive Board</i>	
	<b>Kirill Shershun</b>	<i>CentroCredit, First Deputy Chairman of the Executive Board</i>	
	<b>Alexander Afanasiev</b>	<i>Moscow Exchange, CEO, Chairman of the Executive Board</i>	



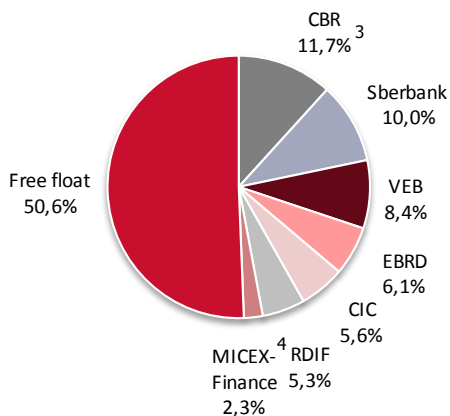
# One of the highest free-floats in Russia

## Growing ADTV of MOEX shares<sup>1</sup>

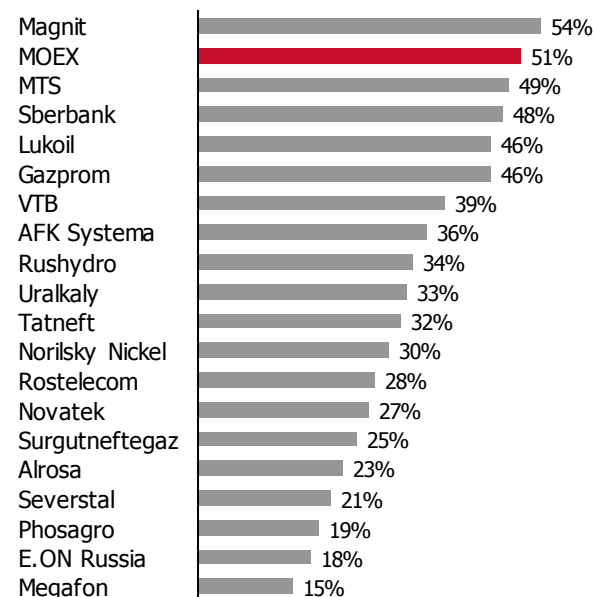


## Dispersed ownership with no controlling shareholder...

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



## ...and one of the highest free-floats in Russia<sup>5</sup>



1 Trading volume in main trading mode (T0, T+2)  
 2 Ordinary and preferred shares  
 3 1.4% 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

# Investment highlights

1

MOEX operates in #8 largest economy globally and covers Russia's largest public trading markets

2

Leading market position in a global context

3

Unique business model, offering trading of a wide range of assets together with well-established centralized post-trade infrastructure

4

High transparency and corporate governance standards

5

Successful track record of infrastructural reforms and improving regulatory framework

6

Strong financial performance

7

Attractive dividend policy





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# One of few **growing exchanges** in EM space

## Equities trading volume<sup>1</sup>

Developed markets exchanges	Change 12m2014/ 12m2013	Emerging markets exchanges	Change 12m2014/ 12m2013
NASDAQ OMX	27%	Shanghai SE	63%
London SE Group	24%	Korea Exchange	5%
BME Spanish Exchanges	23%	<b>Moscow Exchange</b>	2%
SIX Swiss Exchange	18%	Johannesburg SE	1%
Euronext	17%	Borsa Istanbul	-6%
ICE&NYSE	16%	BM&FBOVESPA	-10%
Hong Kong Exchanges	15%	Mexican Exchange	-12%
Deutsche Boerse	10%	Stock Exchange of Thailand	-16%

## Derivatives trading volume<sup>2</sup>

Developed markets exchanges	Change 12m2014/ 12m2013	Emerging markets exchanges	Change 12m2014/ 12m2013
Hong Kong Exchanges	30%	Shanghai Futures Exchange	31%
ICE&NYSE	15%	<b>Moscow Exchange</b>	25%
Chicago Board Options Exchange	12%	China Financial Futures Exchange	12%
Chicago Mercantile Exchange	9%	Dalian Commodity Exchange	10%
Singapore Exchange	5%	Johannesburg SE	6%
NASDAQ OMX	1%	National Stock Exchange India	-11%
Deutsche Boerse	-13%	BM&FBOVESPA	-13%



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Source: WFE

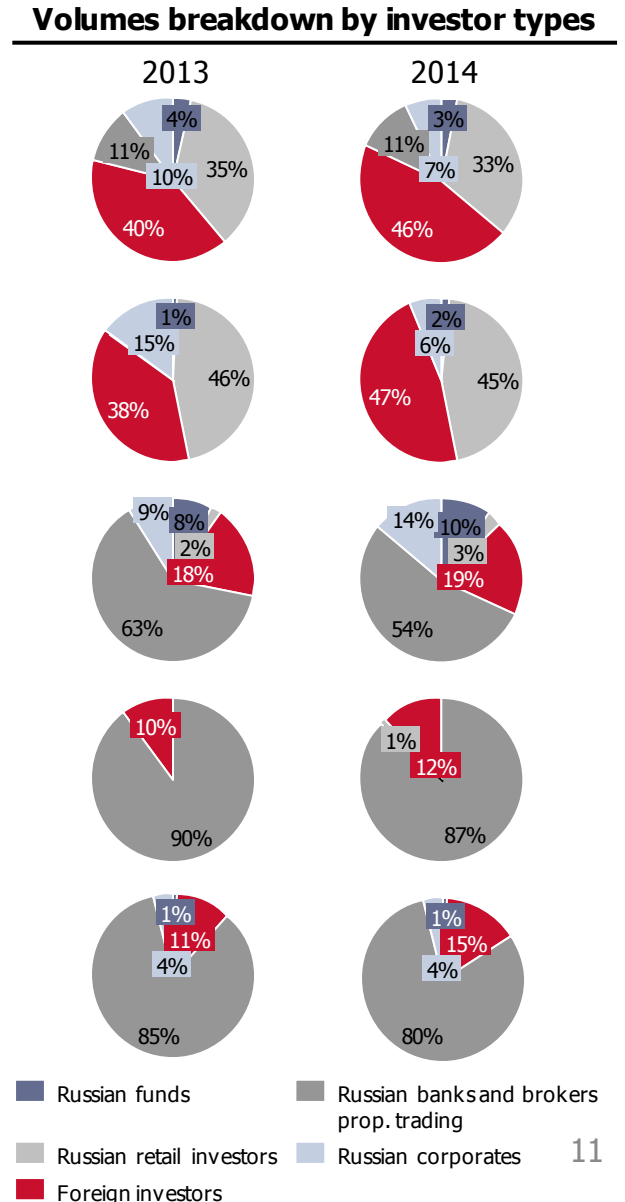
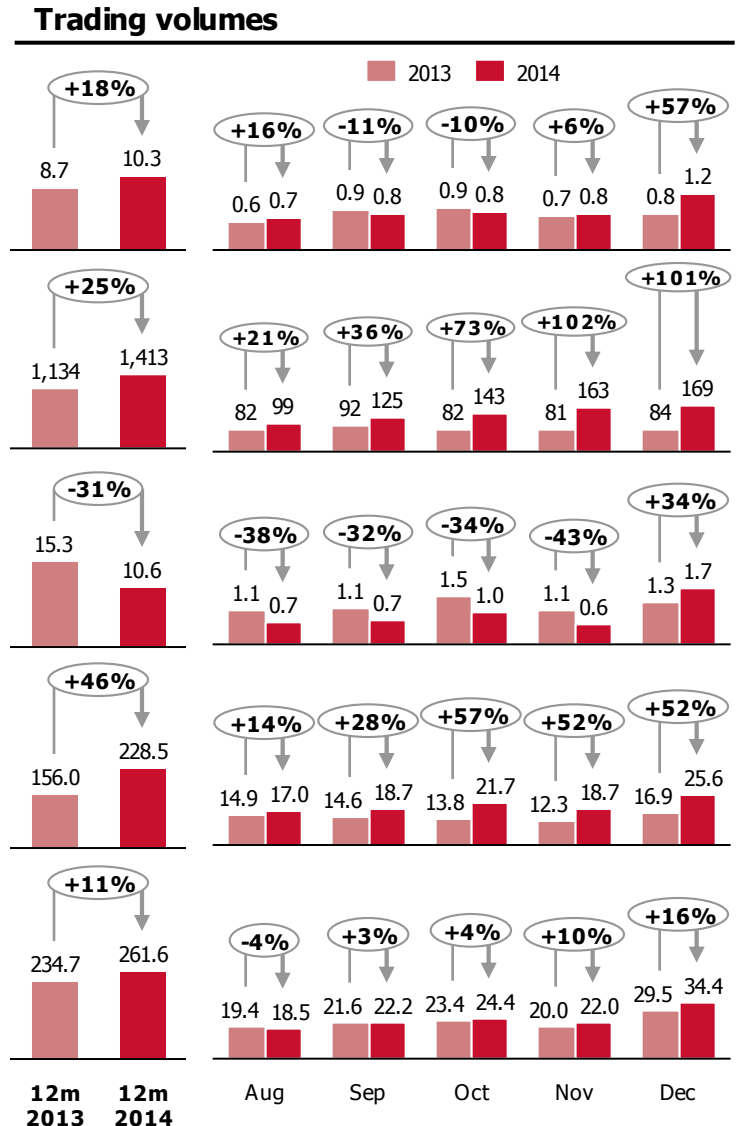
1 – Trading volumes in Electronic order book

2 – Volumes in contracts

Data for Nasdaq OMX includes Nasdaq OMX Nordic Exchange

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

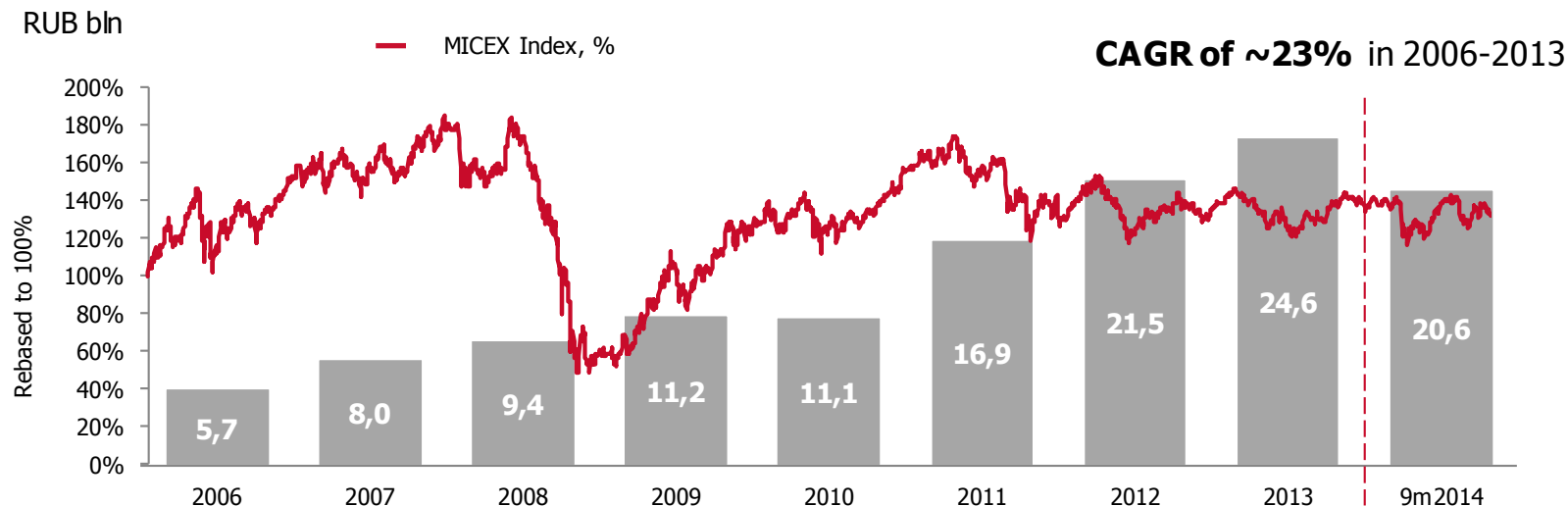
- Equities market  
RUB trln
- Derivatives market  
mln contracts
- Fixed Income market  
RUB trln
- FX market  
RUB trln
- Money market<sup>1</sup>  
RUB trln



1 Trading volumes including REPO with CMS in NSD. Investor structure based on on-exchange trading volumes only

# Moscow Exchange has a proven and **cycle-protected business model**

## Operating income<sup>1</sup>

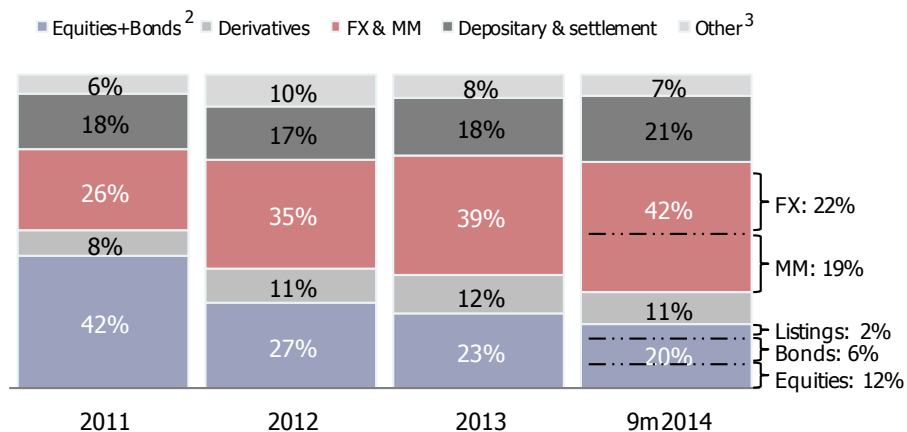


## Key highlights

**Unique business model** allows MOEX to increase operating income regardless the stage of economic cycle:

- **Business line** is diversified, while markets have limited growth correlation
- **Growth drivers differ** across markets and products

## Fee & commission income evolution<sup>1</sup>



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According to Moscow Exchange IFRS financial statement

1 RTS data is consolidated from June 29, 2011

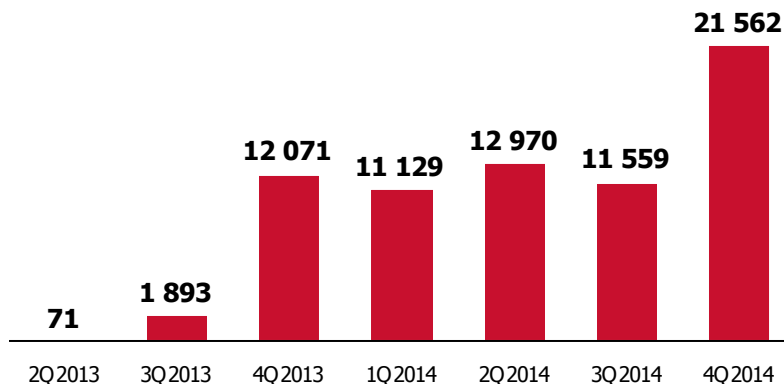
2 Include other income related to securities market in 2011-9m2014

3 Include income from Information services & sale of software and other fee&commission income in 2011-9m2014

# The fastest growing products: different markets, different drivers

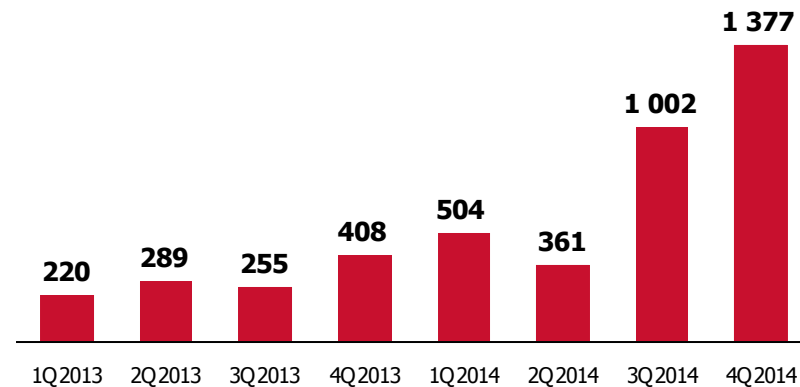
## Money market: REPO with collateral management

RUB bln



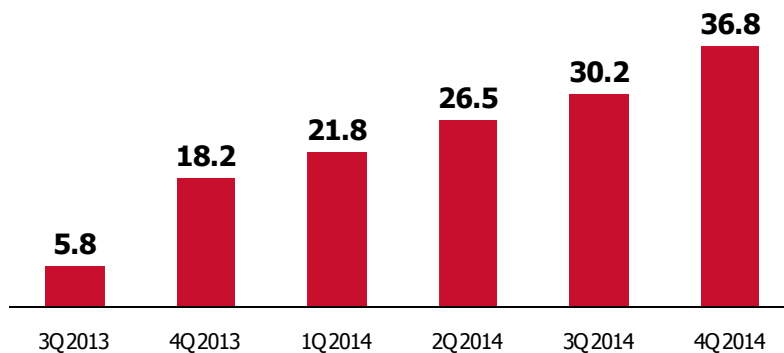
## FX: Long-term swaps trading volumes

RUB bln



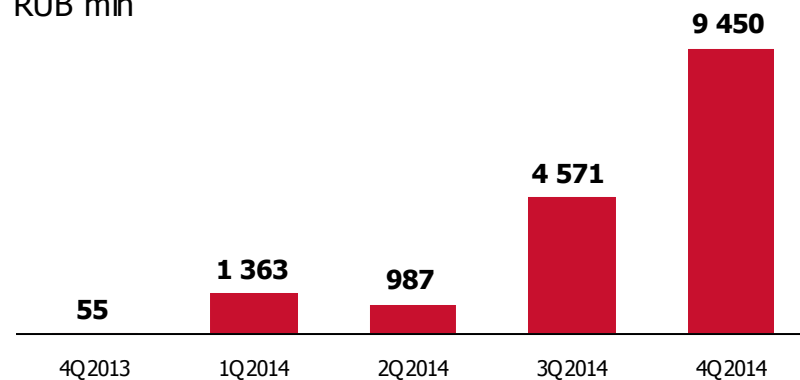
## Equities: trading volumes in closing auction

RUB bln



## Commodities: precious metals trading volumes

RUB mln



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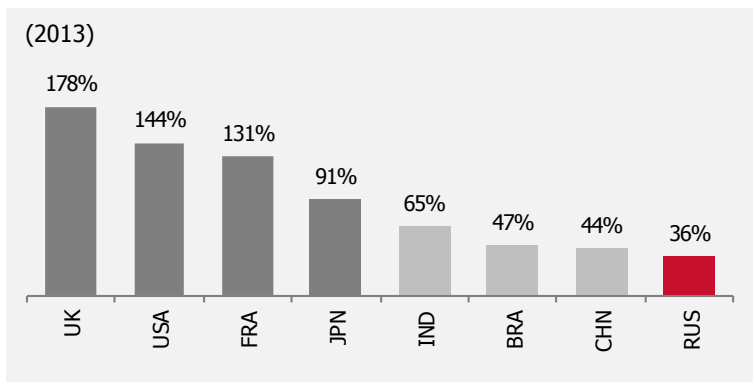
# Key initiatives and growth areas

Diversification	Optimization	Penetration	Sophistication	Standardization
<ul style="list-style-type: none"> <li>▪ Market Data</li> <li>▪ Indexes</li> <li>▪ OTC derivatives</li> <li>▪ Listing</li> <li>▪ Commodities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Client service and experience</li> <li>▪ Business processes (IT platform, fast product development)</li> <li>▪ Organizational structure and costs</li> <li>▪ Tariffs optimization</li> </ul>	<ul style="list-style-type: none"> <li>▪ GR strategy alignment with regulator</li> <li>▪ New listings (privatization, high quality new names in the region, Russian offshore names)</li> <li>▪ Local investor base development</li> <li>▪ Products ("bondization", repo with pool, FX non residents)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Single collateral pool</li> <li>▪ Cross market margining</li> <li>▪ Tri party services</li> <li>▪ Collateral management</li> </ul>	<ul style="list-style-type: none"> <li>▪ EMIR recognition</li> <li>▪ Foreign clearing membership</li> <li>▪ RUB settlement, regulation and technologies alignment with global standards</li> <li>▪ Repatriate issuers and liquidity from international venues</li> <li>▪ Corporate governance lighthouse</li> </ul>

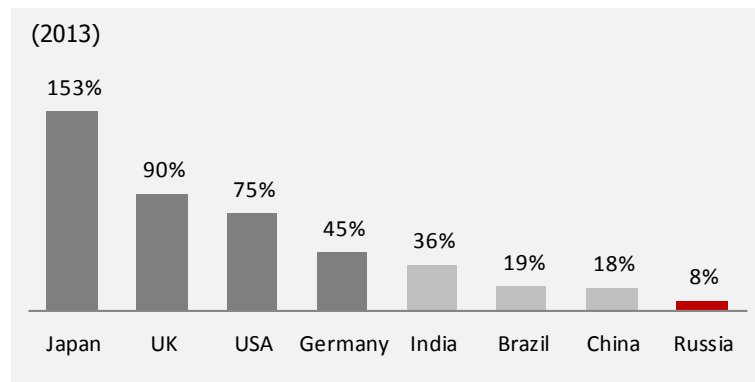


# Growth opportunities across all markets

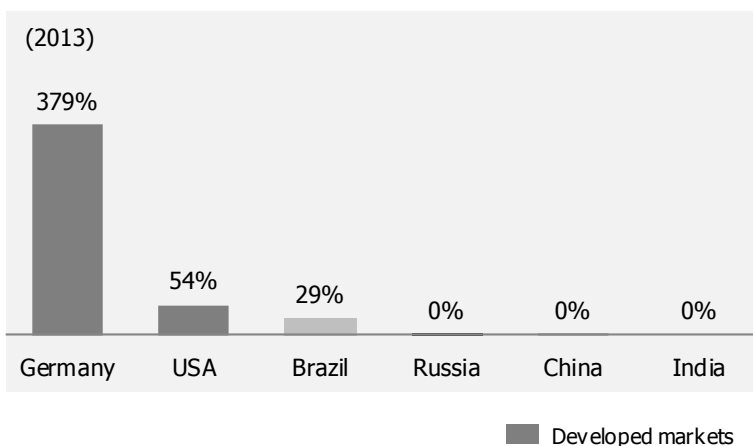
## Equity market capitalisation to GDP<sup>1</sup>



## Corporate debt to GDP



## Interest rate derivatives open position to GDP



## Comments

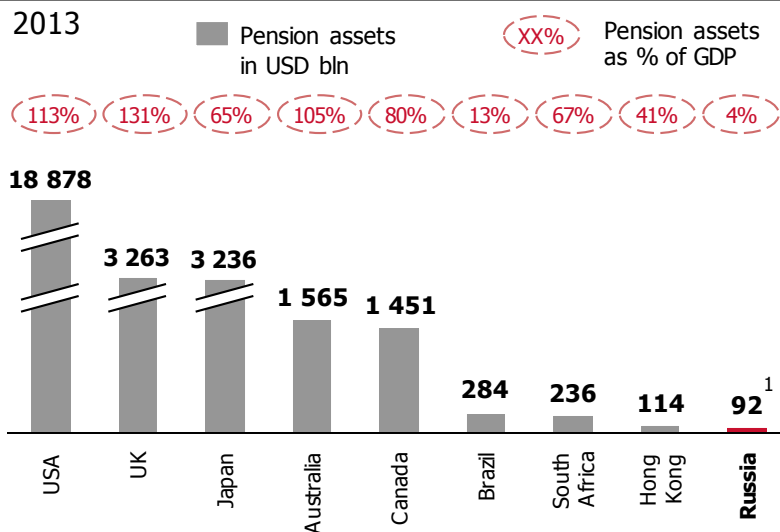
- Russian capital and derivatives markets has significant upside potential both on supply and demand points of view:
  - Relatively low share of equity and debt market capitalisation to GDP
  - Potential in growth in interest rate derivatives due to market development and the CBR policy



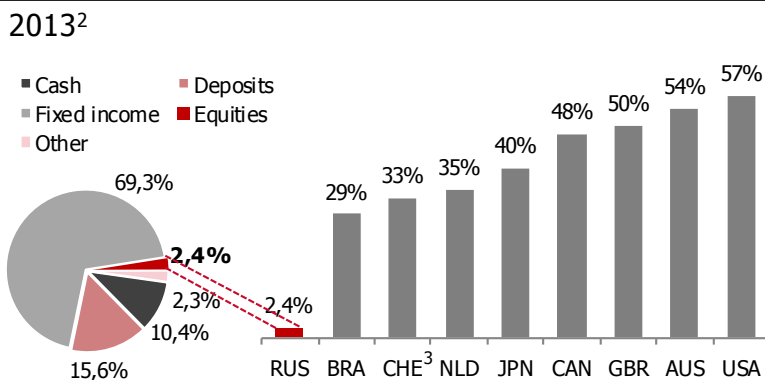


# Institutional money: pension funds reform

## Pension assets



## Allocation of Russian pension fund assets



## Key highlights

- Russian pension funds assets are low compared to other countries both in an absolute term and relative to GDP
- Pension funds intensively invested in bank deposits and affiliated companies, while share of equities in portfolios is negligible

### Positive developments:

- CBR became a regulator of the pension system
- Adopted changes in pension funds regulation:
  - ✓ "One year non-loss rule" was abolished
  - ✓ Investment horizon of NPFs was extended to 5 years
  - ✓ Customer incentive to stay with the fund manager not less than 5 years
  - ✓ Guarantee fund mechanism (similar to Deposit Insurance Agency in the banking system)
- Number of individuals, whose pension savings are invested in non-state pension funds increased from ~1 mln in 2007 to ~20 mln in 2013

### Constraints:

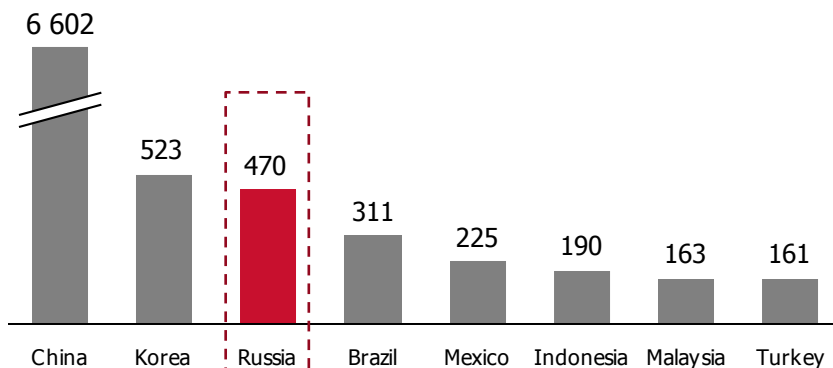
The governmental decision to extend the moratorium on pension savings contributions<sup>4</sup> to NPFs doesn't support non-state pension industry growth for 2014-2015



# Retail money: aiming to grow equity culture

## Retail investors bank deposits<sup>1</sup>

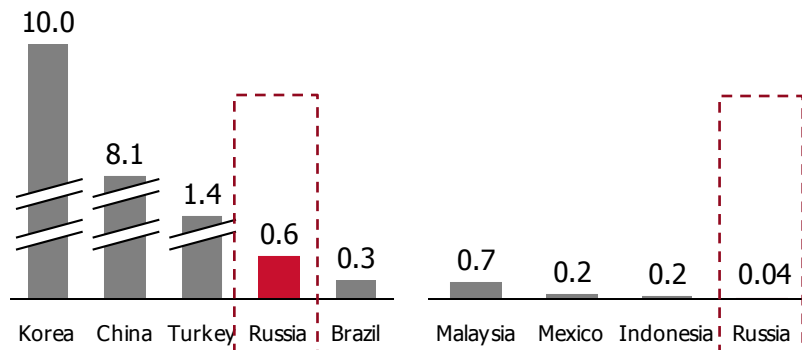
USD bln



## Share of population with accounts opened for securities trading

%

*Share of all retail clients accounts*      *Share of active retail clients accounts*



## Comments

- As Russian securities market passed through several periods of turbulence, individuals preferred conservative bank deposits or real estate over securities market
- Due to young equity culture, there is a limited number of “buy and hold” investor type among individuals, while interest from short-term speculative investors is relatively strong
- **Recent regulatory changes:**
  - ✓ **Tax breaks** on capital gains on securities held for more than 3 years (up to RUB 9 mln for securities purchased after 1 Jan 2014)
  - ✓ Introduction of **individual investment accounts** for private investors since 2015
- These initiatives are set to attract individuals to securities market

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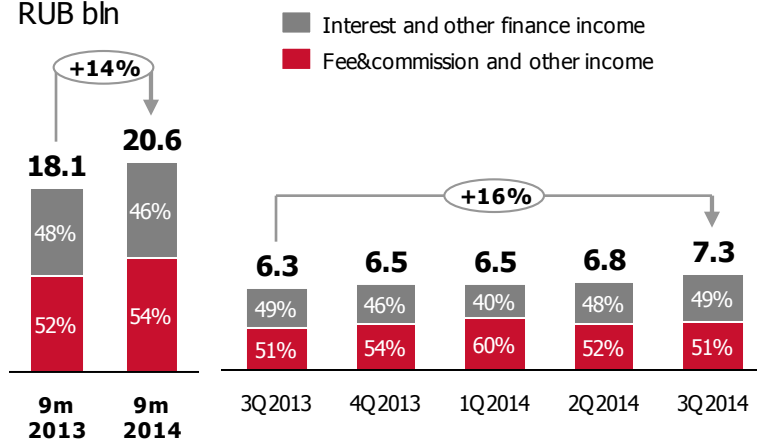


Strong operating and financial results

# Financial results: excellence of the MOEX business model

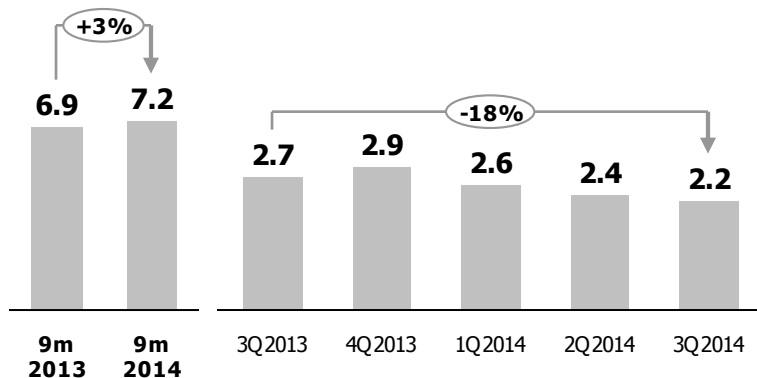
## Operating income

RUB bln



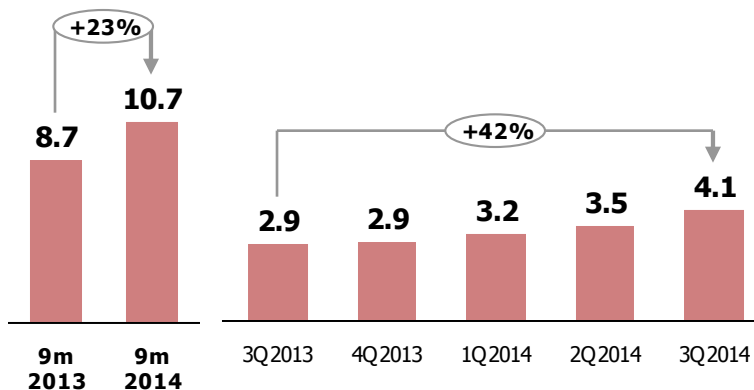
## Operating expenses

RUB bln



## Net profit

RUB bln



## EPS and key financial ratios

	3Q2014	3Q2013	Chg
<b>Basic EPS, RUB</b>	1.82	1.29	+41% ↑
<b>EBITDA margin</b>	74.9%	63.6%	+11.3 p.p. ↑
<b>Cost income ratio</b>	30.5%	43.2%	-12.7 p.p. ↓



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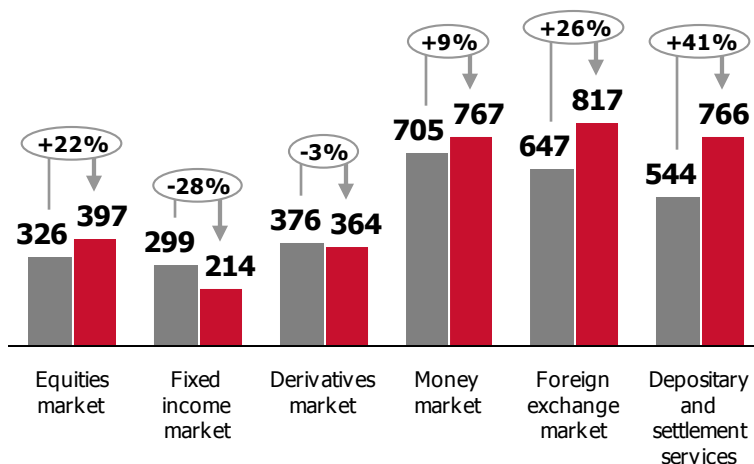
Source: Consolidated Financial Statements

# Diversified fee & commission income

## Fee & commission income performance

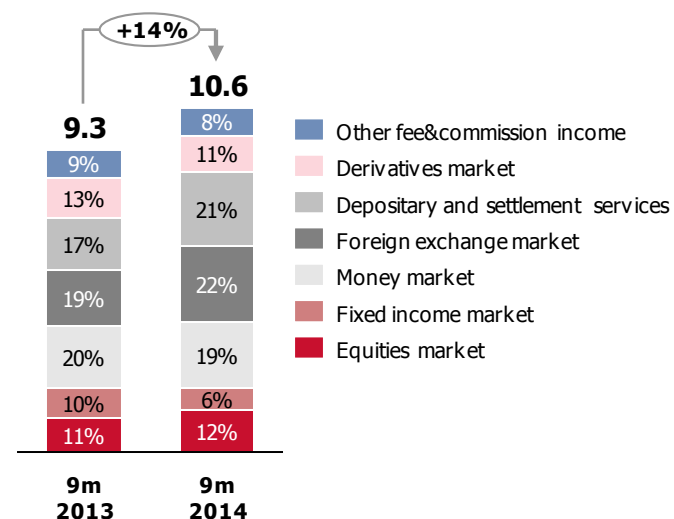
RUB mln

■ 3Q 2013  
■ 3Q 2014



## Fee & commission income breakdown

RUB bln



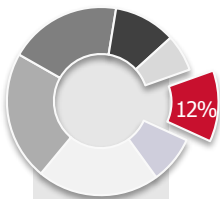
## Comments

- 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



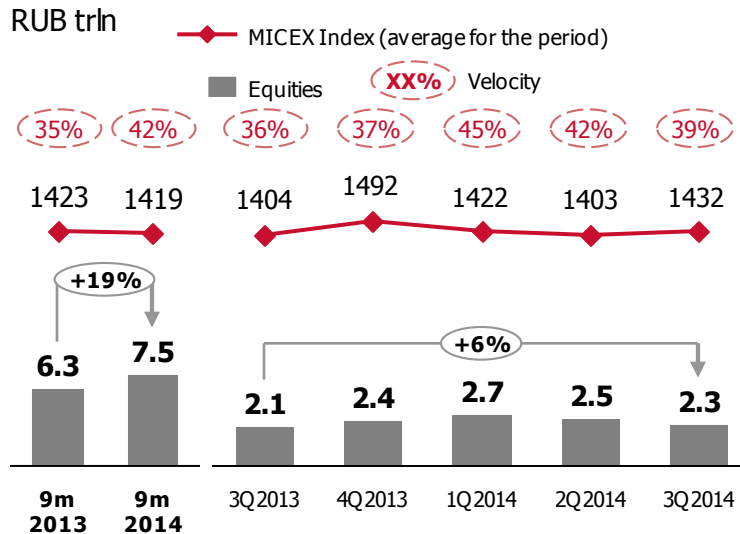
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Source: Consolidated Financial Statements  
Other fee&commission income mainly includes income from sale of software and technical services and information services, listing and other service fees

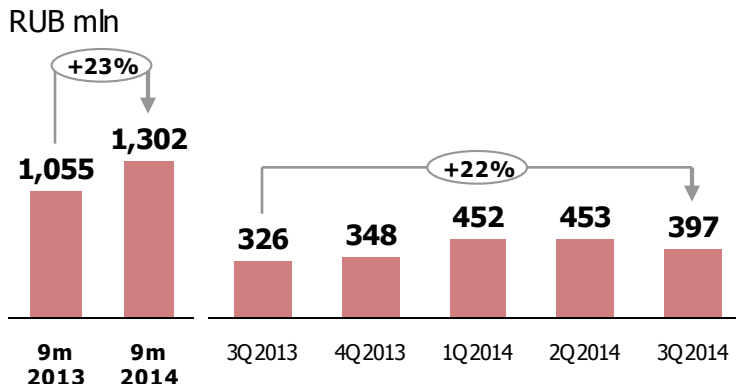


# Equities Market

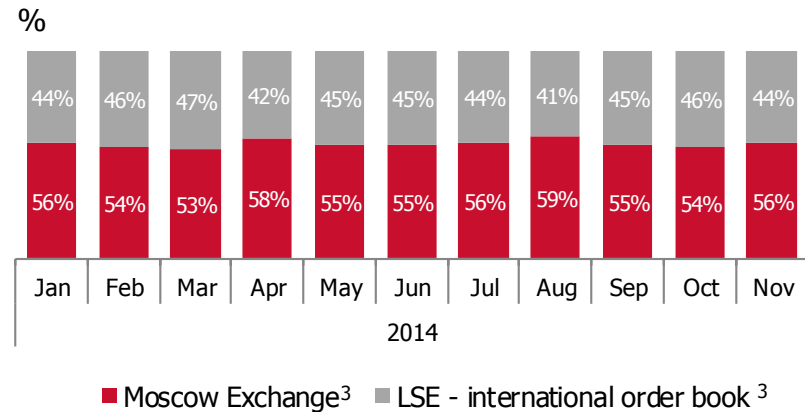
## Trading volumes<sup>1</sup>



## Fee & commission income



## Russian equities trading volumes<sup>2</sup>, MOEX vs LSE



## Comments

- Trading volumes growth was driven by increased velocity amid higher market volatility and transition to T+2 settlement regime
- RUB depreciation made valuations more attractive in USD terms, which led to higher market activity
- MOEX market share vs LSE remained above 50% throughout the year, despite significant RUB depreciation against USD. 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



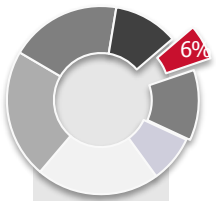
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Source: Moscow Exchange operational information and Consolidated Financial Statements, Liquidmetrix

<sup>1</sup> Volumes on both primary and secondary markets

<sup>2</sup> Moscow Exchange and London Stock Exchange data for Russian dual-listed companies

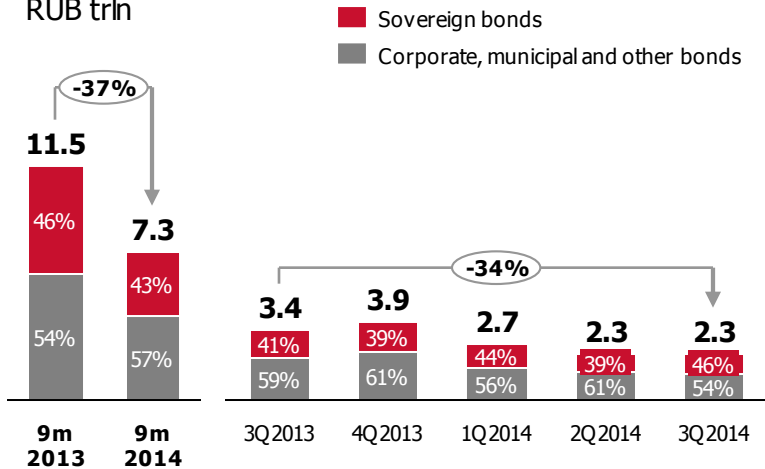
<sup>3</sup> Only electronic order book deals



# Fixed Income Market remained muted since 1Q2014

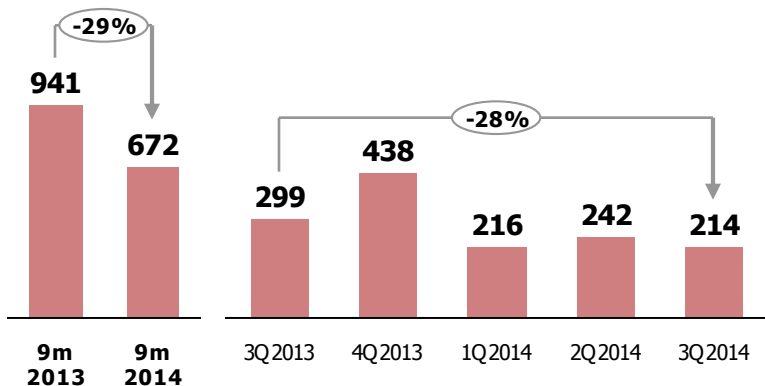
## Trading volumes<sup>1</sup>

RUB trln



## Fee & commission income

RUB mln



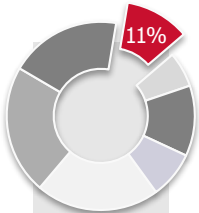
## Comments

- 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
- In a long-run substitution of international debt funding and bank loans with fixed-income instruments ("bondization") is expected to drive bond market growth



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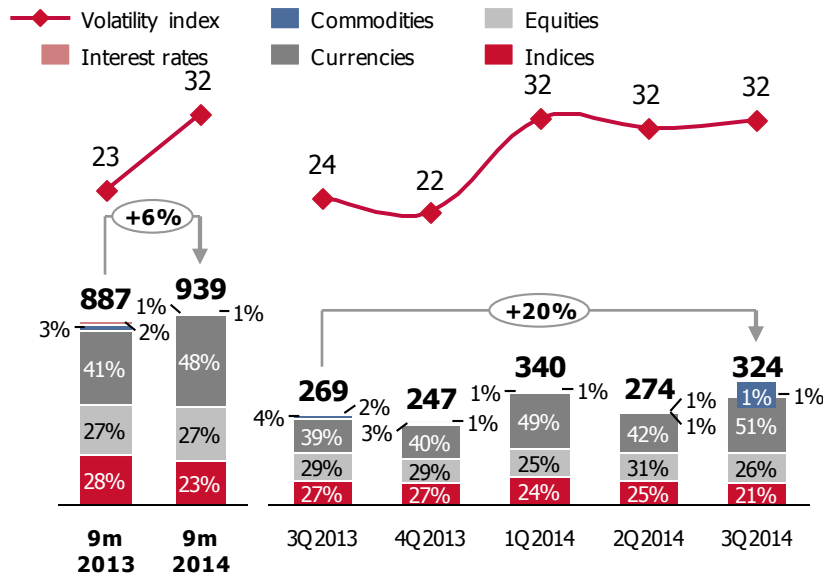
Source: Moscow Exchange operational information and Consolidated Financial Statements  
<sup>1</sup> Trading volumes on fixed income market include placements



# Derivatives Market: shift in product mix

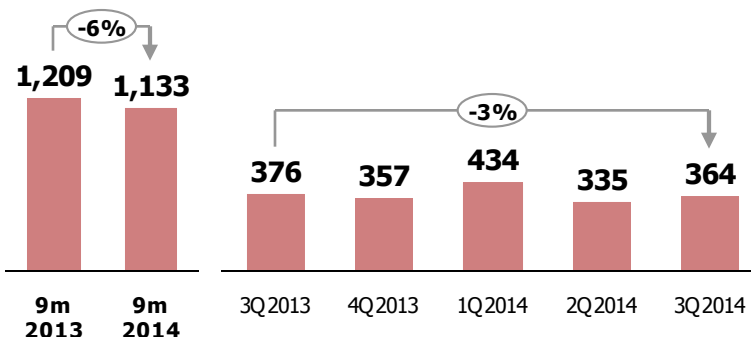
## Trading volumes

millions of contracts



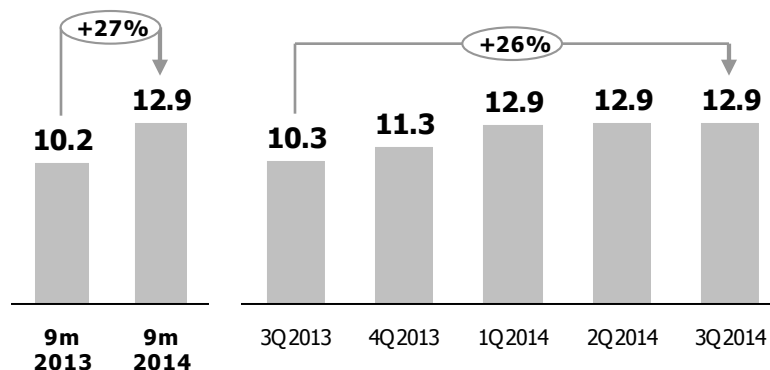
## Fee & commission income

RUB mln



## Open interest

millions of contracts, daily average



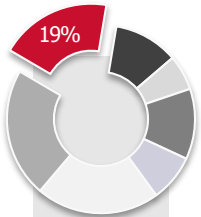
## Comments

- 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
- Open position growth** driven by large institutions implementing hedging strategies



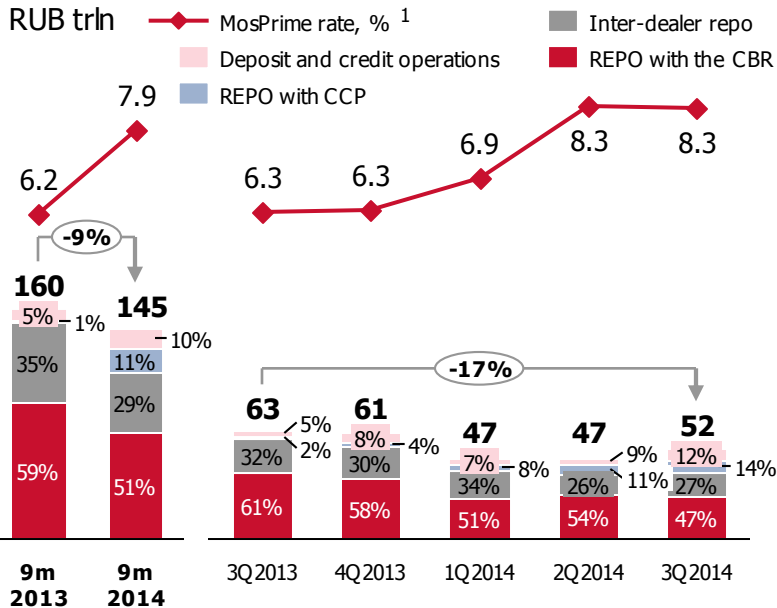
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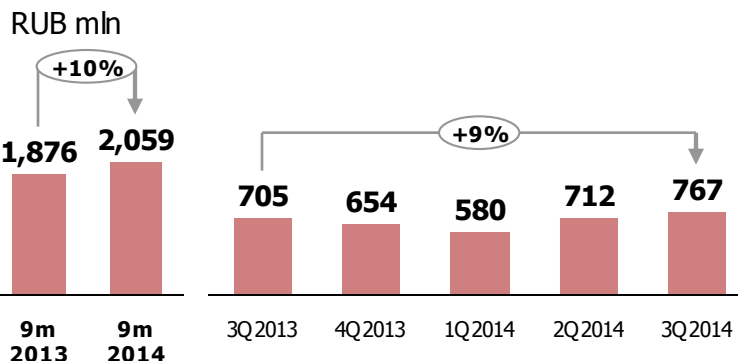


# Money Market: risk-aversion continued to attract clients to on-exchange services

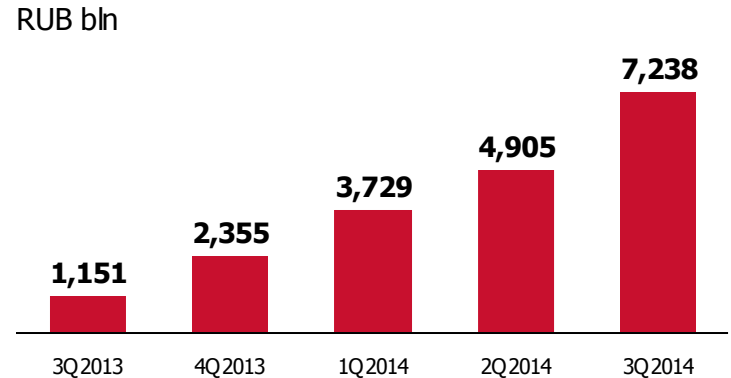
## Trading volumes



## 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% YoY<sup>2</sup>
- In October 2014 MOEX launched FCY-repo with settlement in foreign currencies with the CBR and on inter-dealer market
- Strong demand for money market products is driven by **liquidity needs** in the banking system

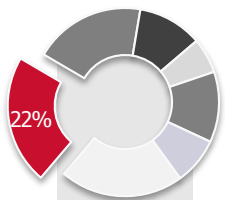


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Source: Moscow Exchange operational information and Consolidated Financial Statements

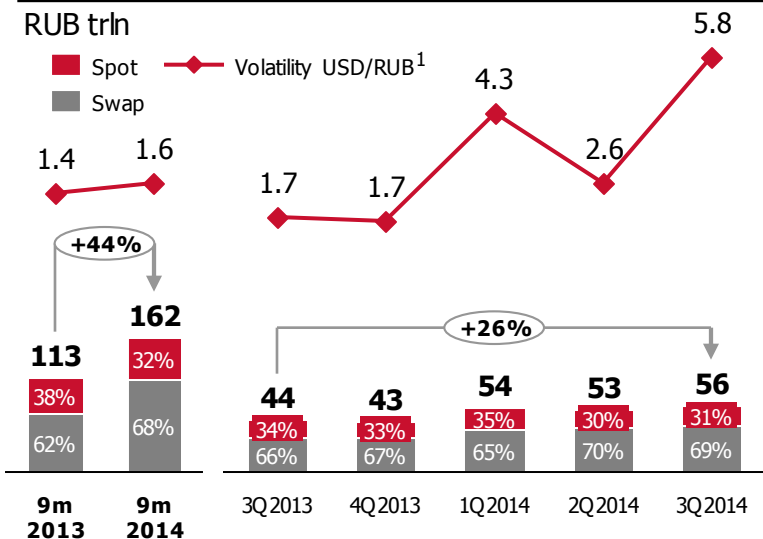
<sup>1</sup> Overnight rate, average for the period

<sup>2</sup> 9 months 2014 vs 9 months 2013

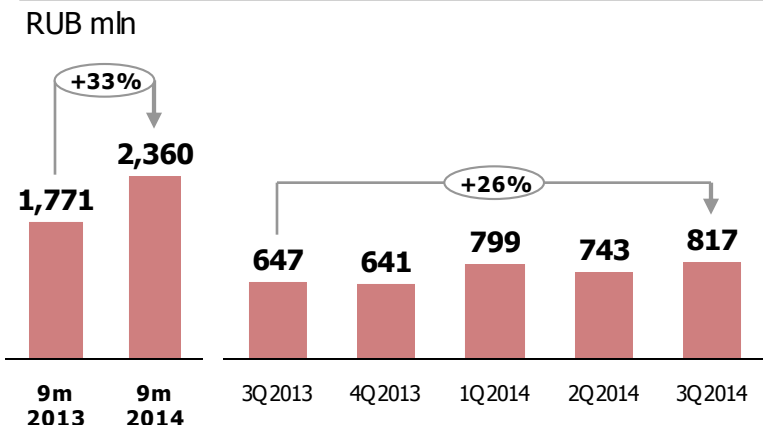


# FX Market: swaps and spot volumes benefited from FX volatility

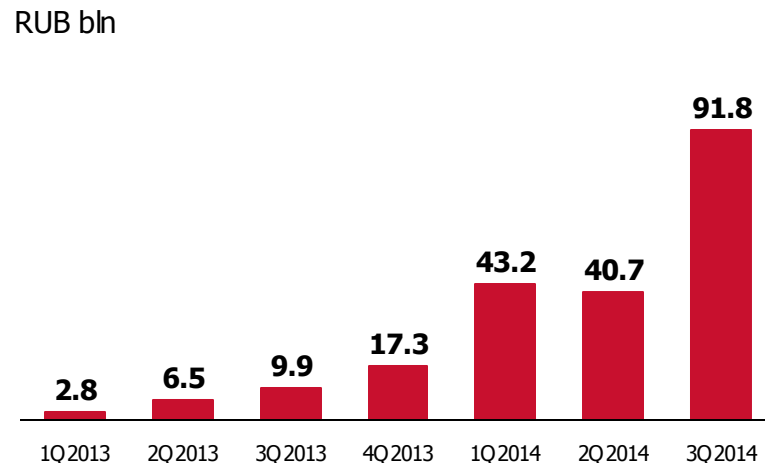
## Trading volumes



## Fee & commission income



## CNY/RUB trading volumes



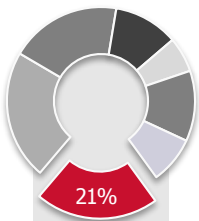
## Comments

- 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



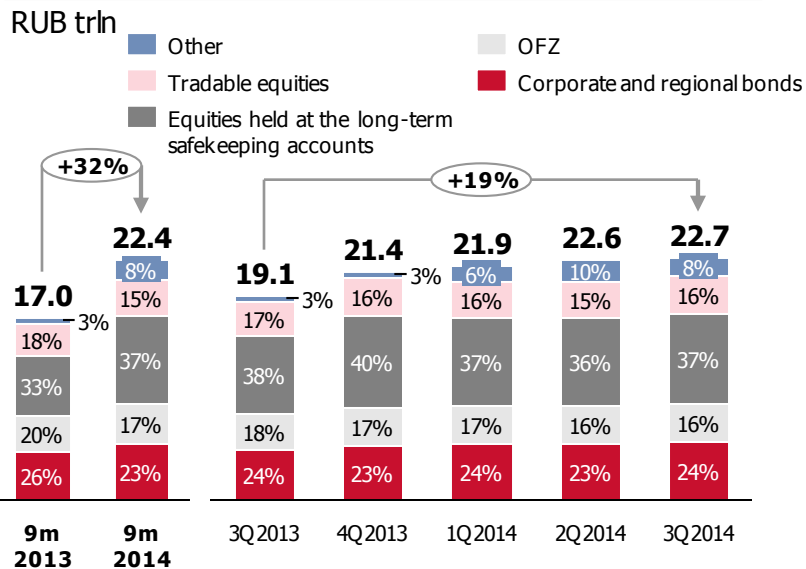
**MOSCOW EXCHANGE**

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

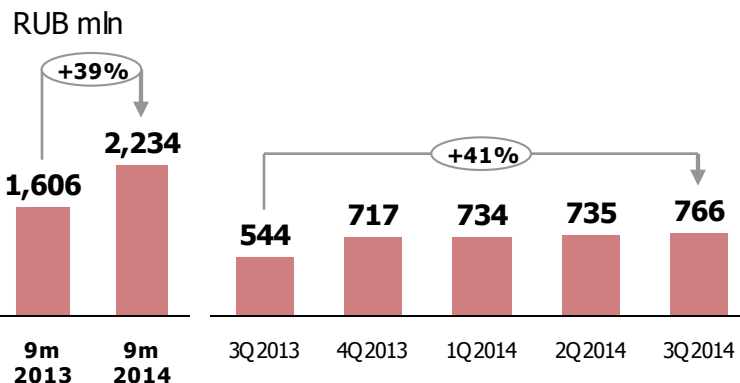


# NSD: collateral management services drive F&C growth

## Assets in deposit (average for a period)



## Fee & commission income



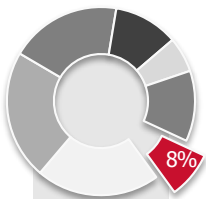
## Comments

- 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 3Q2014<sup>1</sup>
- In July, NSD was recognized as a systemically important infrastructure by the CBR:
  - a nationally important payment system
  - a nationally important CSD



MOSCOW EXCHANGE

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

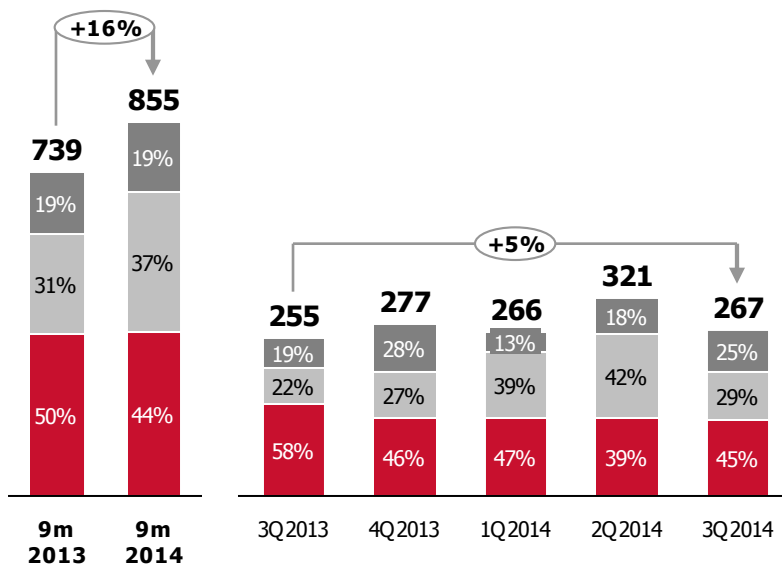


# Other fee & commission income

## Other fee & commission income<sup>1</sup>

RUB mln

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

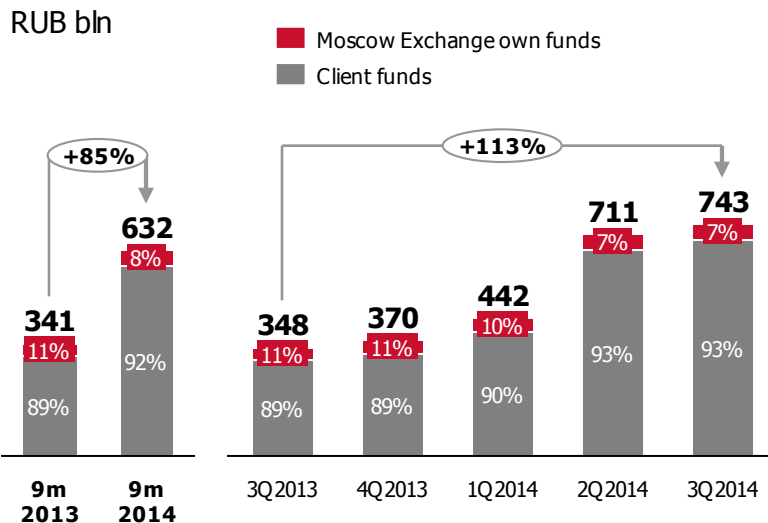


## Comments

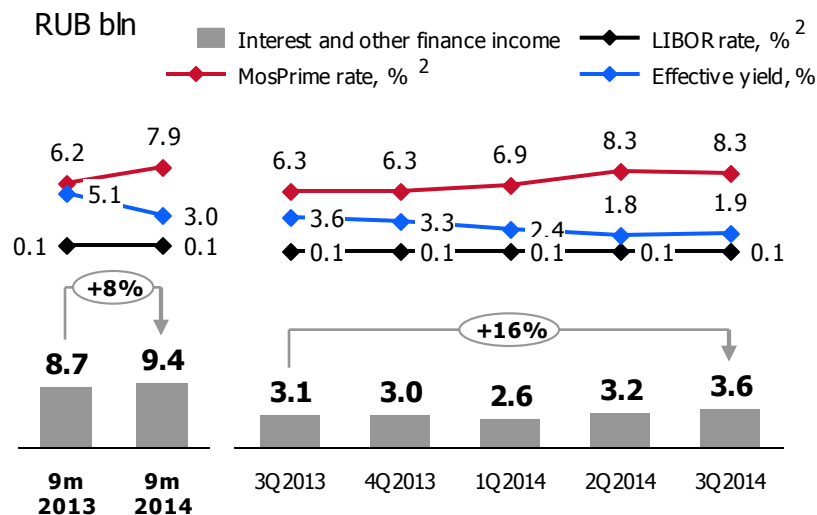
- Other fee & commission income grew by 5% YoY mainly driven by higher information services and listing fees
- Information services fees were driven by penalties paid to the exchange as a result of information audit
- Listing fees growth of 37% YoY was driven by new pricing following the completion of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

# Interest income: stable and sustainable revenue source

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

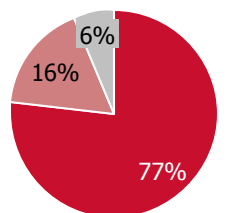


## Interest income



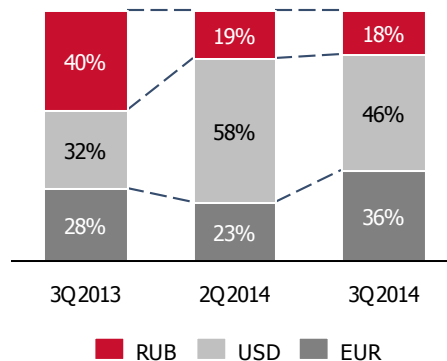
## Clients funds by source

3Q 2014



■ FX market  
■ Securities market  
■ Derivatives market

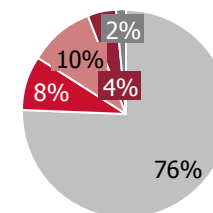
## Clients funds by currency



■ RUB ■ USD ■ EUR

## Investment portfolio by type of asset

3Q 2014

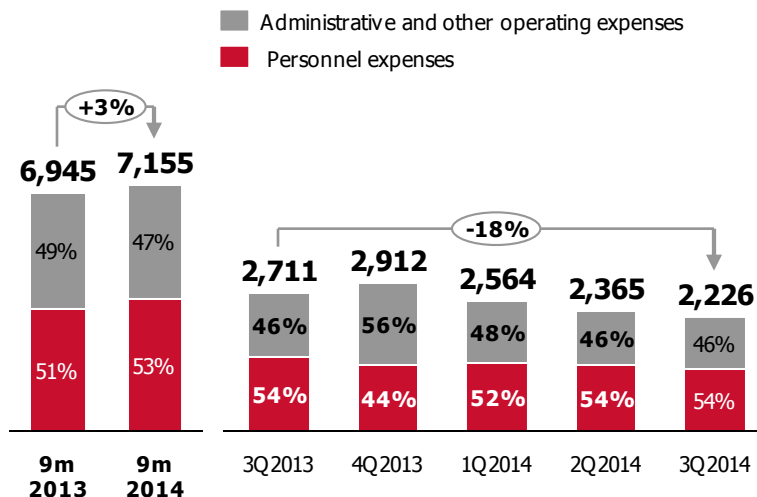


■ FX deposits and curr. accounts  
■ Deposits in RUB  
■ Curr.accounts in RUB  
■ FX securities  
■ RUB securities

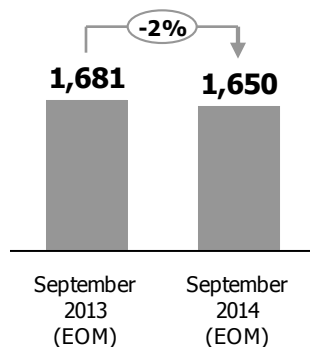
# Operating expenses

## Operating expenses

RUB mln



## Headcount development



## Major expense items

RUB mln

	3Q 2013	3Q 2014	Change YoY
<b>Personnel expenses</b>	<b>1 466</b>	<b>1 201</b>	<b>-18%</b>
<b>Administrative and other operating expenses, including</b>	<b>1 246</b>	<b>1 025</b>	<b>-18%</b>
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%
<b>Total</b>	<b>2 711</b>	<b>2 226</b>	<b>-18%</b>
<b>Cost income ratio</b>	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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Source: Moscow Exchange, Consolidated Financial Statements

# Appendix



# Consolidated Statement of **Financial Position**

<i>In thousand rubles</i>	<i>September 30, 2014</i>	<i>December 31, 2013</i>	<i>% chg. September 30, 2014/December 31, 2013</i>
<b>Assets:</b>			
Cash and cash equivalents	491 075 703	255 041 610	93%
Central counterparty financial assets	177 815 789	47 008 536	278%
Financial assets <sup>1</sup>	126 434 775	122 227 888	3%
Property and equipment and intangible assets	24 229 526	25 044 955	-3%
Goodwill	15 971 420	16 071 458	-1%
Other assets <sup>2</sup>	2 796 709	1 070 174	161%
<b>Total Assets</b>	<b>838 323 922</b>	<b>466 464 621</b>	<b>80%</b>

<i>In thousand rubles</i>	<i>September 30, 2014</i>	<i>December 31, 2013</i>	<i>% chg. September 30, 2014/December 31, 2013</i>
<b>Liabilities:</b>			
Balances of market participants	564 335 747	322 250 561	75%
Central counterparty financial liabilities	177 815 789	47 008 536	278%
Distributions payable to holders of securities	3 226 440	3 670 761	-12%
Other liabilities <sup>3</sup>	6 239 230	11 740 612	-47%
<b>Total Liabilities</b>	<b>751 617 206</b>	<b>384 670 470</b>	<b>95%</b>
<b>Total Equity</b>	<b>86 706 716</b>	<b>81 794 151</b>	<b>6%</b>
<b>Total Liabilities and Equity</b>	<b>838 323 922</b>	<b>466 464 621</b>	<b>80%</b>

Source: Moscow Exchange, Consolidated Interim Financial Statements

- 1 Financial assets at fair value through profit or loss, Due from financial institutions, Assets held for sale, Investments available-for-sale, Investments in associates
- 2 Current tax prepayments, Deferred tax asset, Other assets
- 3 Loans payable, Liabilities related to assets held for sale, Deferred tax liability, Current tax payables, Other liabilities



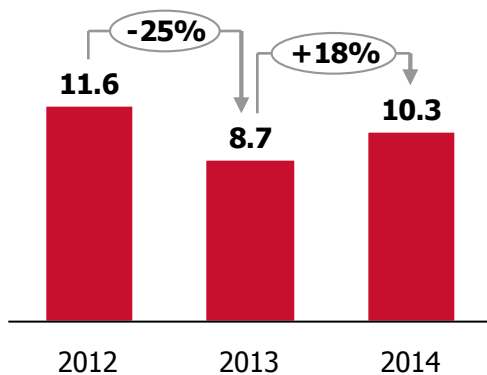
# Consolidated Statement of **Comprehensive Income**

<i>In thousand rubles</i>	<i>Three-month period ended September 30, 2014</i>	<i>Three-month period ended September 30, 2013</i>	<i>% chg. 3Q2014/3Q2013</i>	<i>Nine-month period ended September 30, 2014</i>	<i>Nine-month period ended September 30, 2014</i>	<i>% chg. 9m2014/9m2013</i>
Fee and commission income	3 589 822	3 163 374	13%	10 628 795	9 310 036	14%
Interest and other finance income <sup>1</sup>	3 611 116	3 102 751	16%	9 436 623	8 736 178	8%
Other operating income	105 951	14 729	619%	505 157	55 356	813%
<b>Operating Income</b>	<b>7 306 889</b>	<b>6 280 854</b>	<b>16%</b>	<b>20 570 575</b>	<b>18 101 570</b>	<b>14%</b>
Administrative and other operating expenses	-1 024 981	-1 245 533	-18%	-3 332 019	-3 408 865	-2%
Personnel expenses	-1 201 307	-1 465 834	-18%	-3 822 759	-3 535 776	8%
<b>Operating Expense</b>	<b>-2 226 288</b>	<b>-2 711 367</b>	<b>-18%</b>	<b>-7 154 778</b>	<b>-6 944 641</b>	<b>3%</b>
<b>Operating Profit</b>	<b>5 080 601</b>	<b>3 569 487</b>	<b>42%</b>	<b>13 415 797</b>	<b>11 156 929</b>	<b>20%</b>
Interest expense in respect of written put option over own shares	-	-	-	-	-199 686	-
Share of profit/(loss) of associates	-397	21 017	-102%	7 111	62 347	-89%
<b>Profit before Tax</b>	<b>5 080 204</b>	<b>3 590 504</b>	<b>41%</b>	<b>13 422 908</b>	<b>11 019 590</b>	<b>22%</b>
Income tax expense	-1 016 685	-736 486	38%	-2 715 602	-2 301 964	18%
<b>Net Profit</b>	<b>4 063 519</b>	<b>2 854 018</b>	<b>42%</b>	<b>10 707 306</b>	<b>8 717 626</b>	<b>23%</b>
<b>Earnings per share</b>						
Basic earnings per share, rubles	1,82	1,29	41%	4,83	3,95	22%
Diluted earnings per share, rubles	1,82	1,28	42%	4,82	3,94	22%

# Diversified and uncorrelated products: 2012-2014 case study

## Equities market

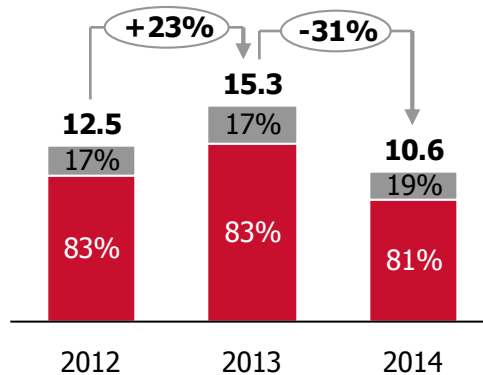
RUB trln



## Fixed income market

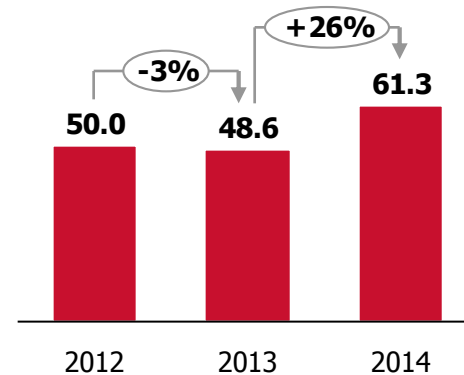
RUB trln

■ Primary market  
■ Secondary trading



## Derivatives market

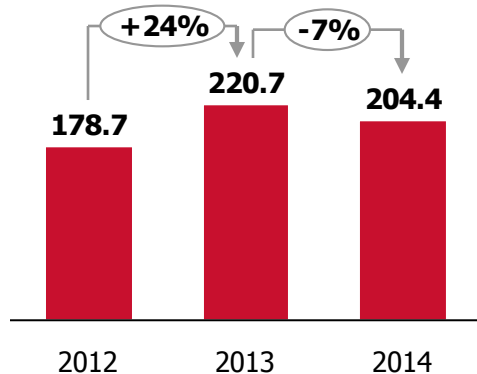
RUB trln



## Money market

RUB trln

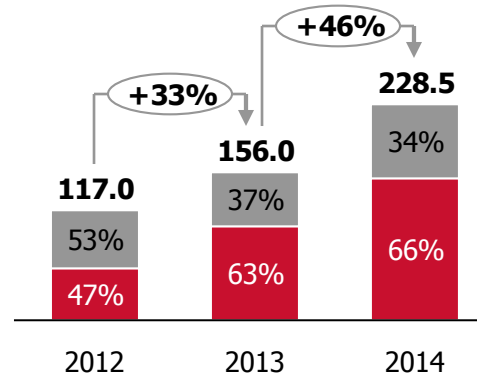
*(not incl. REPO with CMS with NSD)*



## FX market

RUB trln

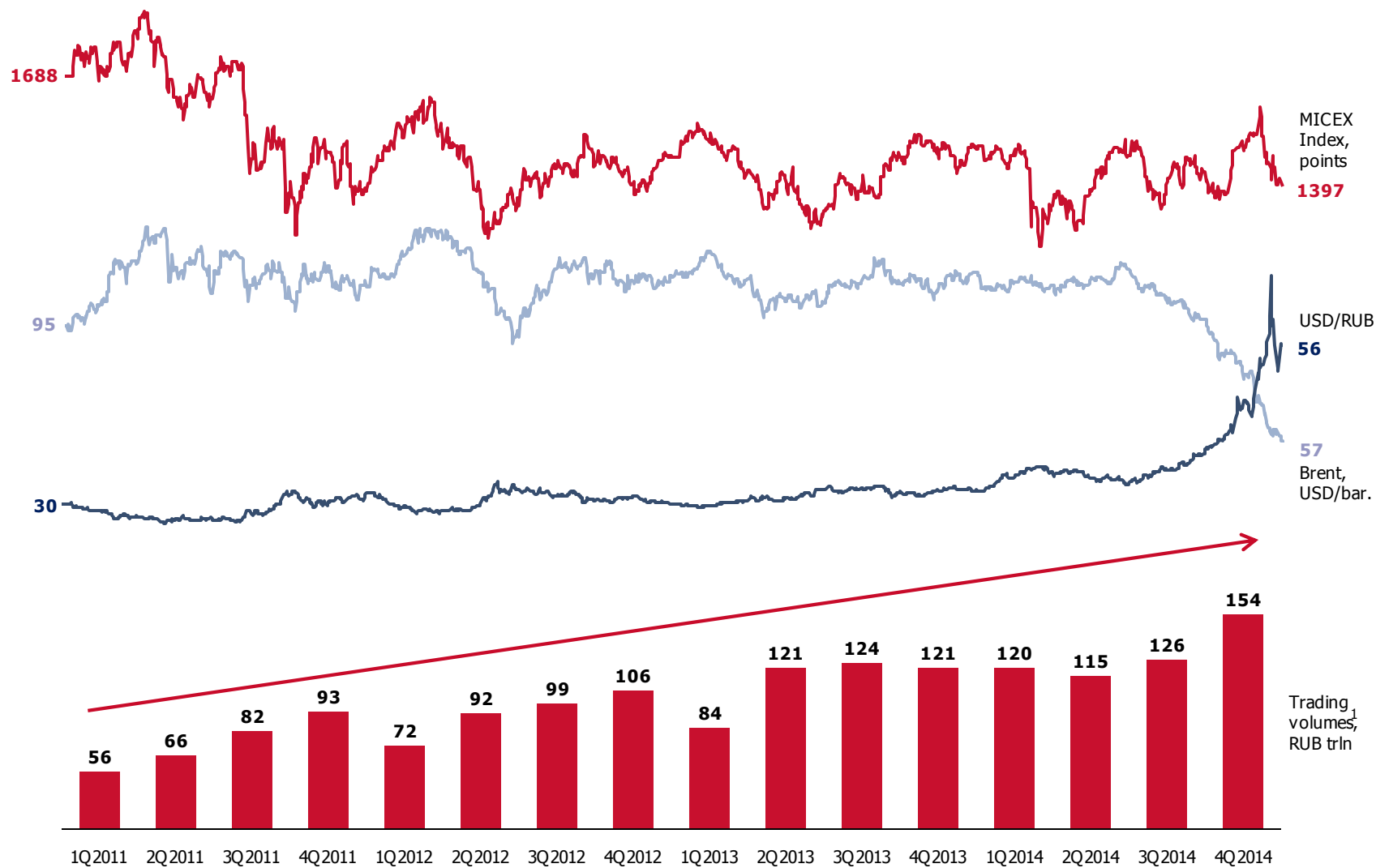
■ Spot ■ Swap



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Source: Moscow Exchange

# Volumes growth on the back of reforms, diversification and uplifted volatility



# SPO of the CBR stake in MOEX highlights

## Key information

July 2014



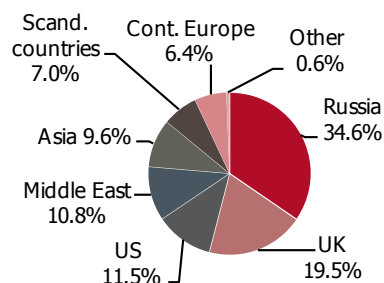
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Secondary public offering (SPO) of the CBR share in MOEX in form of ABB<sup>1</sup>

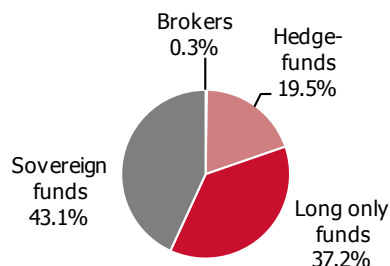
Deal amount: **RUB 16 bln** (USD 469 mln)

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 <sup>1</sup>
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

# DR holders pay substantial **EXTRA FEES** to depositary banks

## Fees to be paid to depositary bank for some of DR programs of the Russian companies

DR program		Depositary Service Fee <sup>1</sup> (DSF), USD per DR	Dividend Fee <sup>2</sup> , USD per DR	Dividend Fee as % of dividend amount <sup>3</sup>	DRs cancellations fee, USD per DR
RusHydro	BoNY Mellon	0.02	0.004	14%	0.05
TGK-1	BoNY Mellon	0.02	0.002	13%	0.05
VTB Bank	BoNY Mellon	0.03	0.009	12%	0.05
TMK	BoNY Mellon	0.02	0.01	12%	0.05
MMK	BoNY Mellon	0.02	0.012	12%	0.05
Sberbank	BoNY Mellon	0.02	0.02	8%	0.05
Gazprom	BoNY Mellon	0.02 <sup>5</sup>	0.02	7%	0.05
Surgutneftgaz-p	BoNY Mellon	0.02	0.02	6%	0.05
Russian Grids	BoNY Mellon	0.02	0.02	5%	0.05
Lukoil	BoNY Mellon	0.02 <sup>5</sup>	0.02	2%	0.05
Norilsk Nickel	BoNY Mellon	0.01	0.02	2%	0.05
Acron	Deutsche Bank	0.02	0.015	9%	0.05
Mechel	Deutsche Bank	0.02	0.017	8%	0.05
MTS	JP Morgan	0.01	0.03	3%	0.05
Rosneft	JP Morgan	0.03	-	n/a	0.05
Phosagro	Citi	0.02	0.01	7%	0.05
<b>Average</b>		<b>0.02</b>	<b>0.01</b>	<b>8%</b>	<b>0.05</b>

## Gross DSF and dividend fees calculated for Top-3 international funds holding DRs of Russian companies<sup>4</sup>

Fund A	4 734 003 USD
Fund B	5 029 605 USD
Fund C	3 179 714 USD

## Cost of cancellations all DR in portfolios to local shares for Top-3 funds

Fund A	5 808 931 USD
Fund B	5 828 632 USD
Fund C	4 376 841 USD

- Depositary service fee and Dividend fee are to be paid by DR holder to the depositary bank while there are no such fees for holders of local shares
- All DRs cancellations operations are also charged 0.05 USD per DR
- DR dividend income in case of non disclosure of beneficial owners will be taxed at a 30% rate in 2014<sup>6</sup>

(1) Service fees are charged annually, in arbitrary date. Calculated based on number of DR on client account on the record date

(2) Dividend fees are charged when dividends are paid

(3) As % of dividend amount after tax

(4) Calculations based on Thomson Reuters data as of June 2014

(5) Data on depositary service fees for these companies are not available. Indicative numbers based on average level of depositary service fee for DR of Russian companies are used for the purposes of this presentation.

(6) Federal Law of 02.11.2013 № 306-FZ came into force January 1, 2014

Source: BNY Mellon, Deutsche Bank, JP Morgan, Citi, Thomson Reuters



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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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