



**MOSCOW  
EXCHANGE**

June 2015

# Investor presentation



MOEX Overview

**2**

Recent achievements

**3**

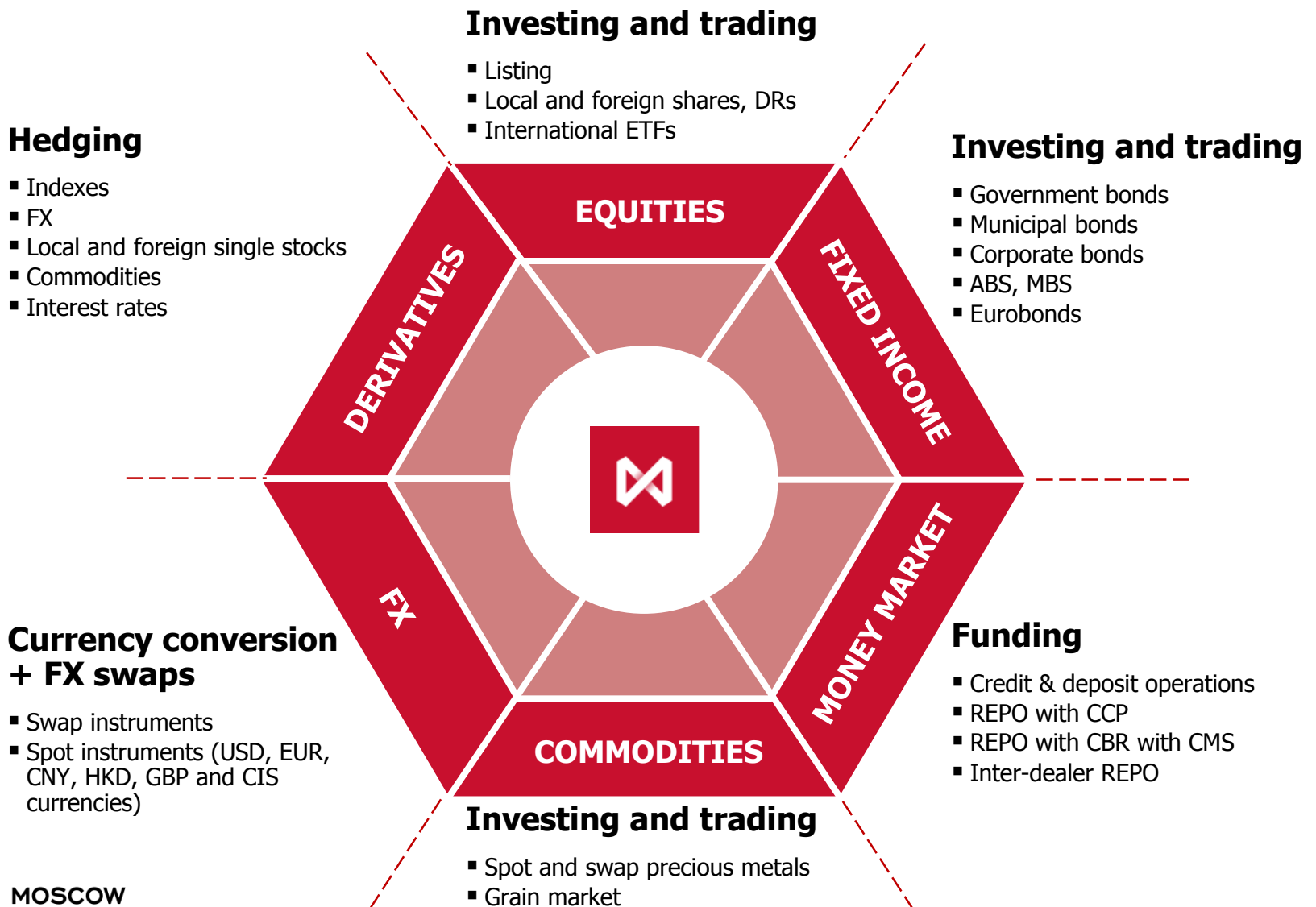
Strategy 2015-2020

**4**

Strong operating and financial results



# Highly diversified product offering...



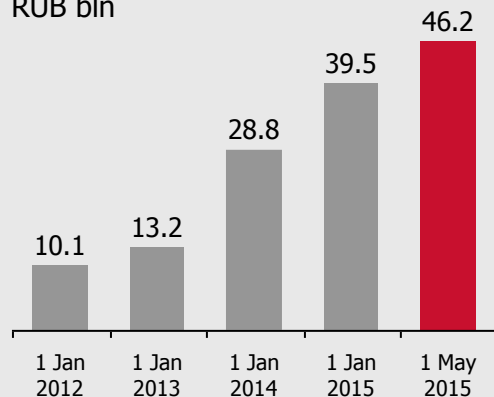
# ...coupled with **strong post-trade infrastructure**

Post-Trade Excellence: CCP and CSD

## CLEARING

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

RUB bln



### CCP cleared value based on ADTV (Jan – Dec 2014)

RUB bln

FX	910.5
Derivatives	244.3
REPO with CCP	99.7
Equities	41.0
Fixed income	42.2
Commodities	0.07
OTC derivatives	0.01

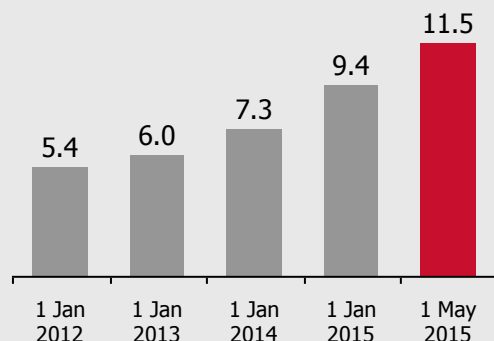
### Comments

- Well-capitalized NCC as CCP for all asset classes
- Bank of Russia qualified CCP status
- Centralized clearing of OTC derivatives

## SETTLEMENT & DEPOSITORY

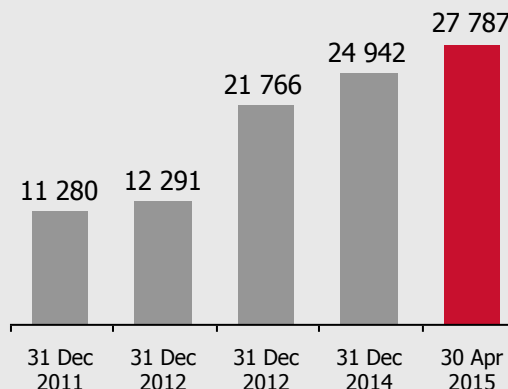
### National Settlement Depository<sup>2</sup> (NSD) capital

RUB bln



### Assets in deposit<sup>3</sup>

RUB bln



### Comments

- Safekeeping and settlement services
- Collateral management services for REPO transactions
- Repository for OTC trades
- Links to ICSDs for Russian bonds and equities
- AA- rating by Thomas Murray<sup>4</sup>



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Source: Moscow Exchange operational information

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

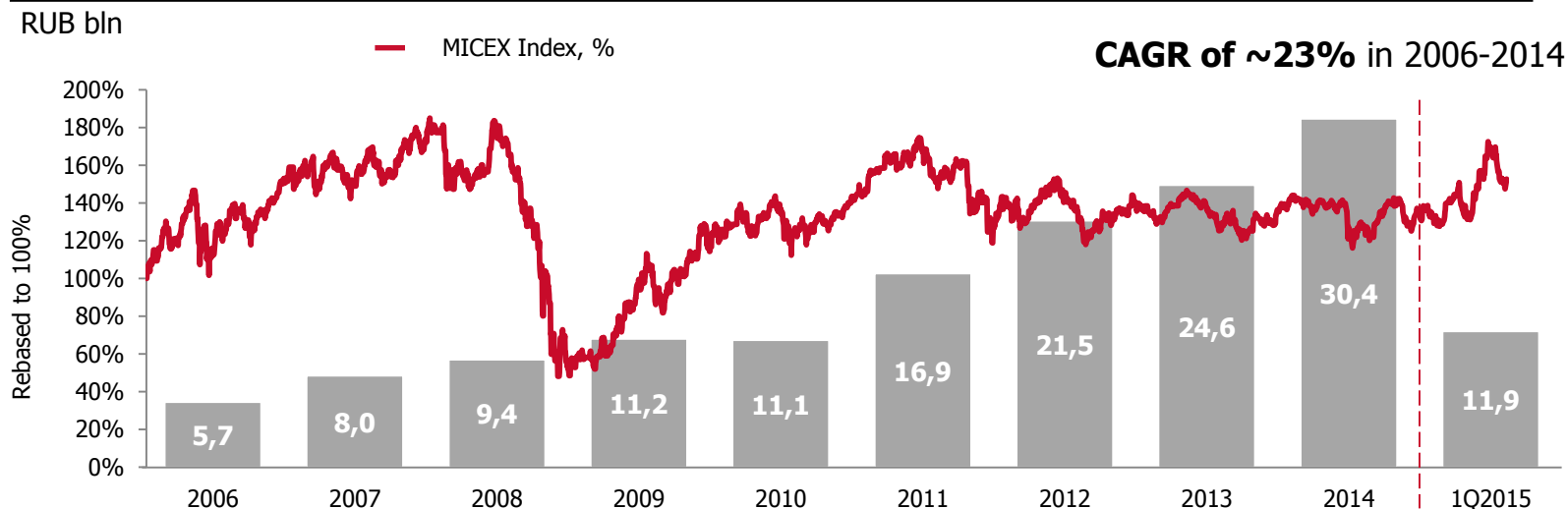
<sup>2</sup> Russian Central Securities Depository

<sup>3</sup> Assets in deposit based on Company' operational data

<sup>4</sup> Thomas Murray – leading global agency for depository services

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

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

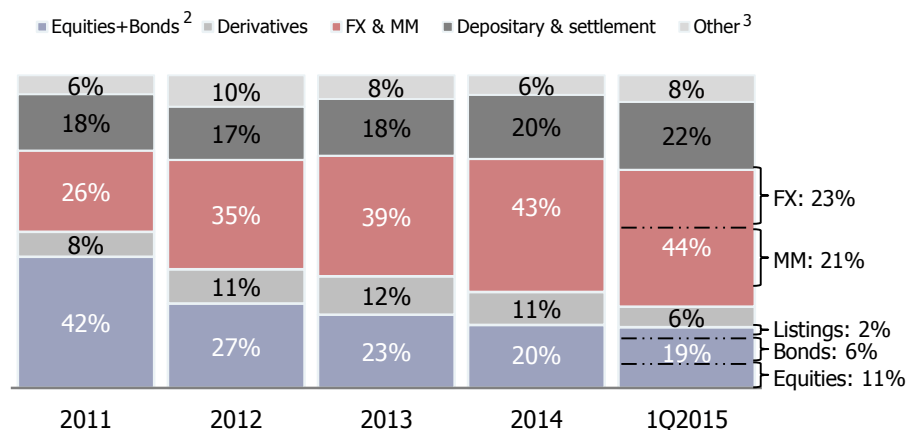


## Key highlights

**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>



According to Moscow Exchange Consolidated Financial Statements for the relevant period

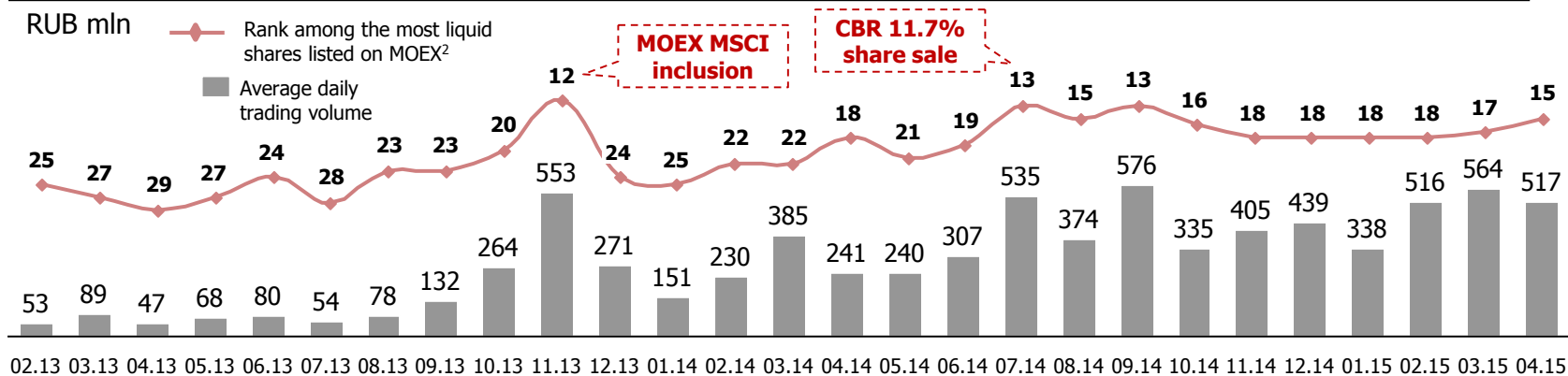
1 RTS data is consolidated from June 29, 2011

2 Include other income related to securities market in 2011-1Q2015

3 Include income from Information services & sale of software and other fee&commission income in 2011-1Q2015

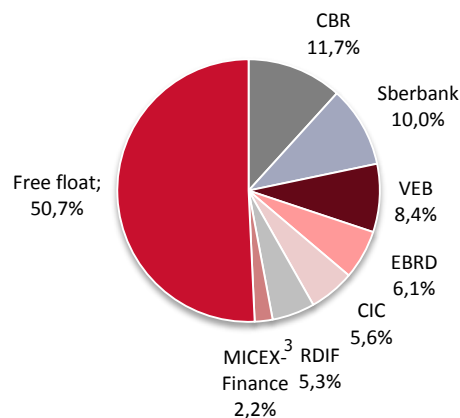
# One of the highest free-floats in Russia

## Growing ADTV (Average Daily Trading Volumes) of MOEX shares<sup>1</sup>

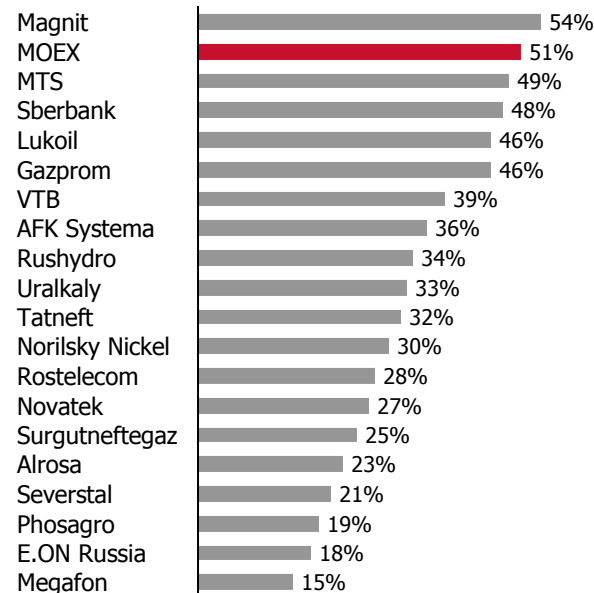


## Dispersed ownership with no controlling shareholder...

as of March 16, 2015



## ...and one of the highest free-floats in Russia<sup>4</sup>



# Investment highlights

1

MOEX operates in Top-10 largest economy globally<sup>1</sup> 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



**1**

MOEX Overview



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Strong operating and financial results



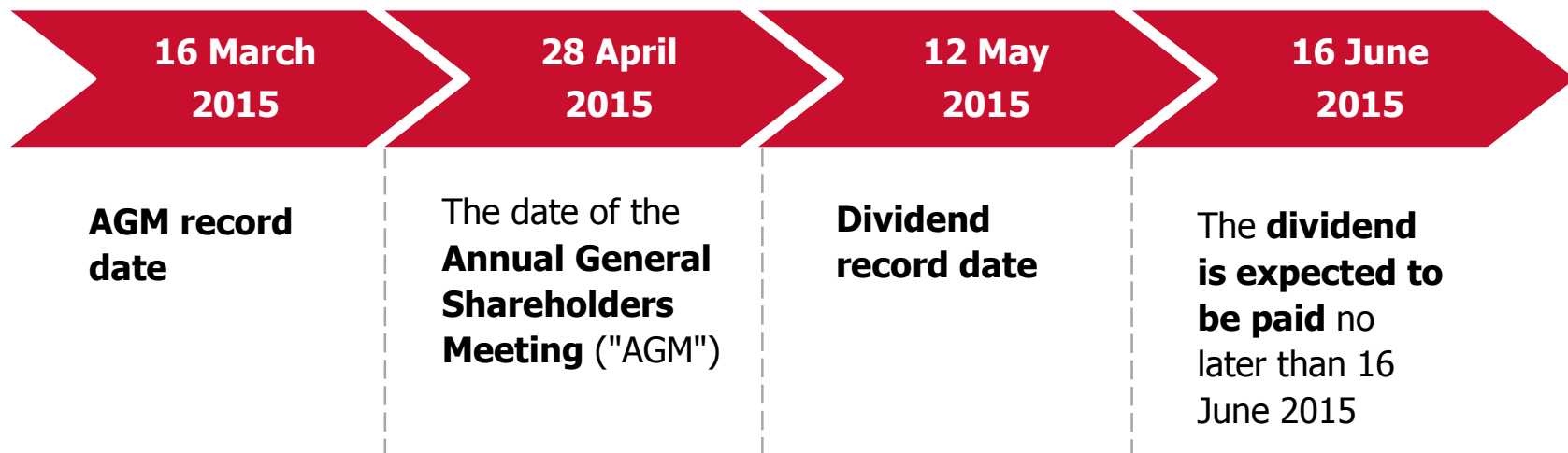


# Key developments in 2015 YTD

- ✓ **AGM approved dividends, new Board composition and CEO's re-appointment**
  - Shareholders approved 2014 dividend of RUB 8.8 bln, or 55.12% of consolidated IFRS net profit. Dividend per share of RUB 3.87
  - Shareholders elected new Supervisory Board, with 15 directors including five independent directors. Alexey Kudrin – re-elected Chairman. Shareholders also approved a reduction in the number of Supervisory Board members to 12, to be elected at the 2016 AGM
  - Alexander Afanasiev was appointed CEO / Chairman of the Executive Board for a new three-year term
- ✓ **Supervisory Board approved MOEX strategy for 2015-2020**
- ✓ **New IPOs/SPOs on Equities Market**
  - Magnit held an SPO in February, selling a 1.06% stake to raise RUB 9.8 bln
  - Ordinary shares of UC RUSAL began trading on MOEX in March
  - United Wagon Company completed an IPO on MOEX, raising RUB 9 bln
- ✓ **Continued expansion of international presence**
  - MOEX has started offering its customers network connectivity in top financial centers globally using TMX Atrium's infrastructure
  - FTSE began using MOEX's closing auction prices for listed Russian securities for end-of-day indexes values calculation
- ✓ **Strengthening the product offering**
  - Launched new futures contract on CNY/RUB, USD/CAD and USD/TRY currency pairs
  - Revamped approach to the exercise of options. Starting March 2015, all options expiring in the money will be exercised automatically
- ✓ **6th annual MOEX Forum gathered more than 1,200 participants including government officials, investors, issuers, brokers and media**



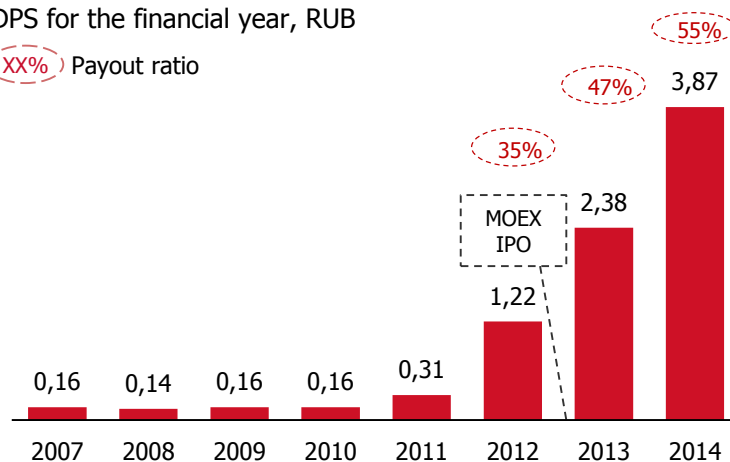
# AGM and dividends



## History of dividend growth

DPS for the financial year, RUB

XX% Payout ratio



Dividend policy 2013-2015: growing payout ratio of minimum 30/40/50% for Y12/Y13/Y14

Each year MOEX paid more than the minimum threshold set in the dividend policy: 35/47/55% of IFRS net profit

Since IPO MOEX returned **10.3%** of the current Mcap (RUB **166.7 bln**) to shareholders in form of dividends

A new dividend policy is expected to be approved by the Supervisory Board later this year



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# Trends in on-exchange trading in 1Q2015

	Developed markets exchanges	1Q2015/1Q2014, %	Emerging markets exchanges	1Q2015/1Q2014, %
		In national currencies		In national currencies
Equities (electronic order book)	London SE Group	14%	BM&FBOVESPA	7%
	ICE&NYSE	10%	Mexican Exchange	5%
	TMX Group	10%	Bursa Malaysia	1%
	Japan Exchange Group	7%	Taiwan SE Corp.	-9%
	Wiener Borse	6%	<b>Moscow Exchange</b>	-10%
	Singapore Exchange	6%	Colombia SE	-14%
	Hong Kong Exchanges	6%	Santiago SE	-26%
	NASDAQ OMX	3%	Warsaw SE	-43%
Bonds (secondary trading)	NASDAQ OMX	16%	National Stock Exchange India	2%
	TMX Group	0%	Buenos Aires SE	-27%
	Australian SE	-7%	BM&FBOVESPA	-36%
	BME Spanish Exchanges	-10%	<b>Moscow Exchange</b>	-46%
	London SE Group	-11%	Warsaw SE	-54%
	Euronext	-15%	Mexican Exchange	-70%
	Japan Exchange Group	-60%	Bursa Malaysia	-79%
Derivatives (in contracts)	Developed markets exchanges	1Q2015/1Q2014, %	Emerging markets exchanges	1Q2015/1Q2014, %
	Singapore Exchange	-3%	Buenos Aires SE	-1%
	NASDAQ OMX	-5%	Korea Exchange	-1%
	Euronext	-11%	BM&FBOVESPA	-4%
	CBOE	-15%	<b>Moscow Exchange</b>	-8%
	ICE&NYSE	-16%	Mexican Exchange	-11%
	Deutsche Borse	-32%	Johannesburg SE	-15%
	TMX Group	-50%	Tel Aviv SE	-32%
	London SE Group	-64%	Budapest SE	-51%

In Jan-Feb 2015 volumes increased by 19% vs 2014



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Source: WFE

Equities trading volumes in electronic order book on MOEX decreased by 10%, while total volumes (including negotiated deals) – by 9%

Bonds trading volumes include only secondary trading without placements. Including placements trading volumes on MOEX decreased by 21%

Derivatives trading volumes on MOEX in contracts decreased by 8%, while trading volumes in RUB grew by 18%

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Strong operating and financial results



# Strategy 2015-2020: **background, vision and mission**

- Key initiatives set in the strategy 2012-2015 have been successfully implemented:
  - Central Securities Depository (CSD)
  - CCP functions across all markets
  - T+ settlement cycle
  - DMA across all markets
  - ICSDs access to local infrastructure
  - USD/RUB futures emergence as flagship derivative contract
  - Critical regulatory reforms (CSD and CCP laws, individual investment accounts introduction, “non-loss” rule elimination for non-state pension funds, revival of pension savings)

## **VISION**

- ❑ Become global financial center for capital formation, price discovery, settlement, risk and capital management across all types of Russian financial assets
- ❑ Develop efficient and transparent financial infrastructure offering diversified, competitive and integrated services

## **MISSION**

Support economic growth and restructuring of the local economy by:

- ❑ extending capital raising opportunities to issuers
- ❑ and facilitating a client-friendly, safe and transparent environment for local and international investors



## Pillar 1: Further business diversification

Diversification is **an important competitive advantage**

Further diversification through development of infrastructural services

### Listing development

Equities & Bonds markets

Money market

#### Trading

FX market

Derivatives market

Commodities market

### Clearing and risk-management

CCP services

Clearing and settlement

OTC derivatives clearing

### Settlement and tri-party services

Depository services

On-exchange and OTC settlement

Tri-party services

Market data

Indexes and benchmarks

Technical services

Corporate info center

Valuation center

Repository



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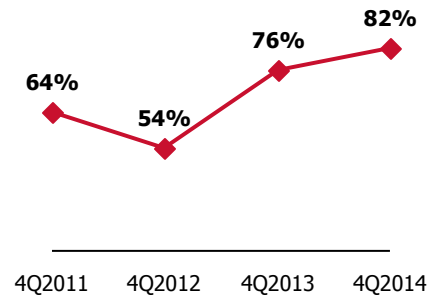
Existing products

Key priorities 2015-2020

## Pillar 2: Market Penetration is a basis for future growth

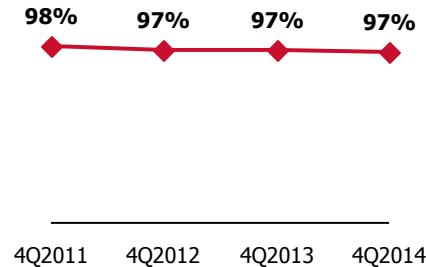
### Share on equity market

In total volumes on Moscow Exchange and Russian OTC market



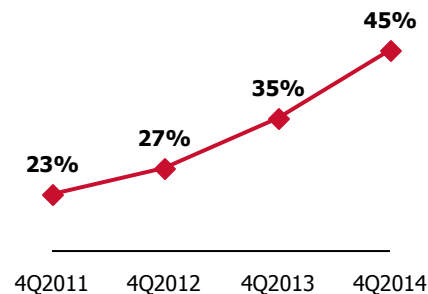
### Share on bond market

In total volumes on Moscow Exchange and Russian OTC market (incl. REPO with CMS by NSD)



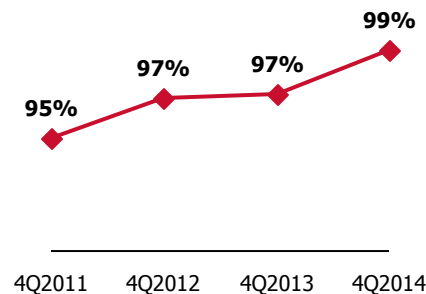
### Share on FX market

In total volumes on Moscow Exchange and Russian interbank FX market



### Share on derivatives market

In total volumes on Moscow Exchange and CME, Wiener Börse, Turquoise, Eurex



MOEX has significant market share across all asset classes. Further growth is expected to be primarily driven by expansion of markets, which have strong structural room for growth

MOEX's long-term goal is to develop local institutional & individual investor base and to attract new issuers & placements

### Key priorities

- ✓ Increase in financial literacy of local investors
- ✓ Develop and promote new products driven by local investor demand in REPO, FX and derivatives
- ✓ Develop public debt market
- ✓ New listings

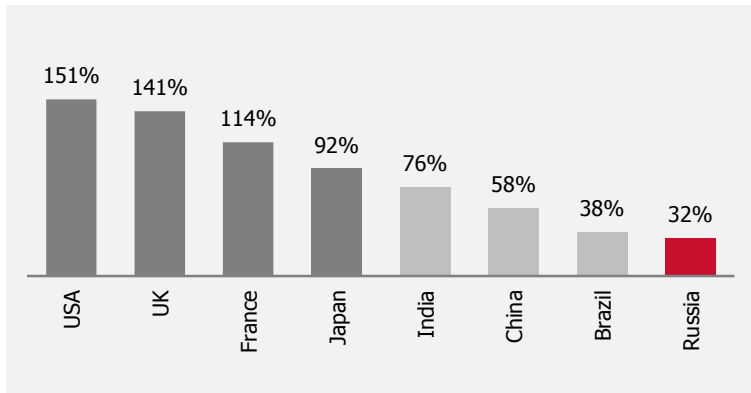


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# Growth opportunities across all markets

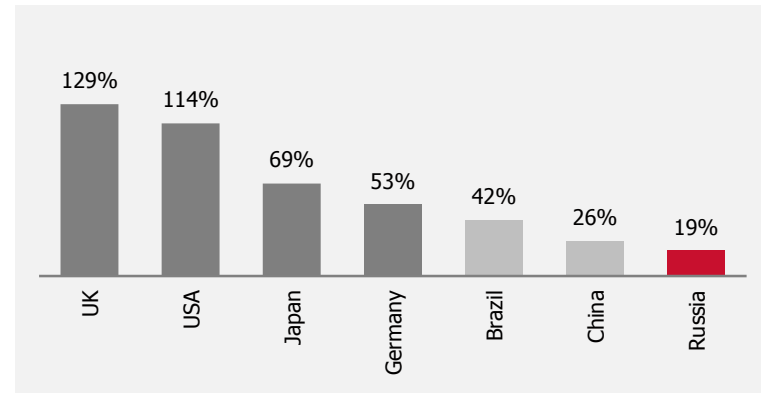
## Equity market capitalisation to GDP<sup>1</sup>

2014



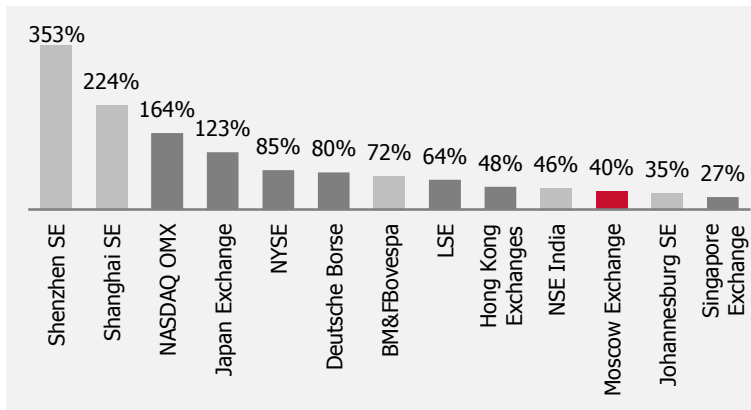
## Corporate debt to GDP<sup>2</sup>

2014



## Equity market velocity<sup>3</sup>

2014



■ Developed markets

■ Emerging markets

## Comments

- Russian capital and derivatives markets have potential both on supply and demand points of view:
  - Relatively low share of equity and debt market capitalisation to GDP

Source: Moscow Exchange, WFE, IMF, Rosstat, SCIB, BIS

1 Data for 2014. Market capitalisation for the USA is the sum of NASDAQ and NYSE market capitalisations, for India – BSE market capitalisation, for Brazil – BM&FBovespa market capitalisation, for Russia – Moscow Exchange market capitalisation, for France – NYSE Euronext Europe market capitalisation, for UK – LSE market capitalisation (including Borsa Italiana market capitalisation), GDP – IMF forecast

2 Corporate debt data – BIS statistics of debt securities amount outstanding as of June 2014, Russia GDP estimate for 2014 – SCIB, other countries – IMF data

3 NASDAQ OMX including Nordic markets

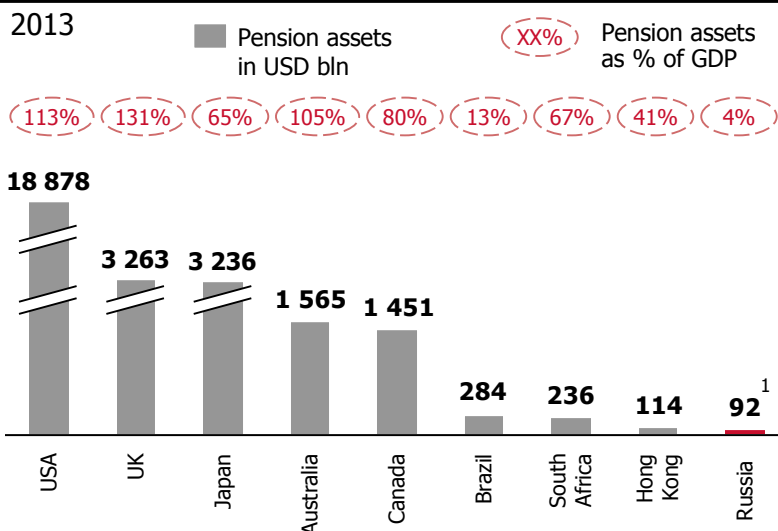


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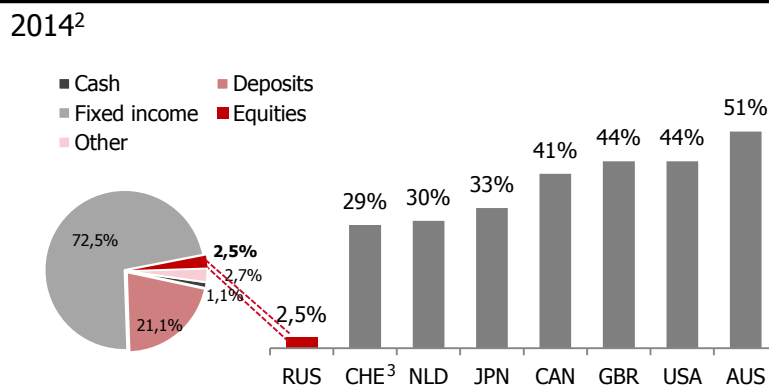


# Institutional money: pension funds reform

## Pension assets



## Allocation of Russian pension fund assets



## Key highlights

- Russian pension funds assets are low compared to other countries and biased towards bank deposits, while share of bonds and equities in portfolios is quite low

### Positive framework development:

- 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 ~28 mln in 2014
- On Apr, 2015 the government made a decision to return funds, which were under moratorium for 2H'13-14 from State Pension Fund to NPFs. New contributions to NPFs will start from 2016

### Schedule of funds transfer to NPFs (for 2H'13-14)<sup>4</sup>

Rub bln	Mar'15	Apr-May'15
Transfer size, incl.	217	526
cash	76	199
gov.bonds	141	327

Source: OECD, investfunds.ru, FSFM, Economist Intelligence Unit, Russian State Statistics Agency (Rosstat), Tower Watson

<sup>1</sup> Obligatory savings, not including reserves

<sup>2</sup> For Russia obligatory savings managed both by NPFs (Non-state pension funds) and Pension fund of Russia

<sup>3</sup> Chile

<sup>4</sup> Source: UBS Research

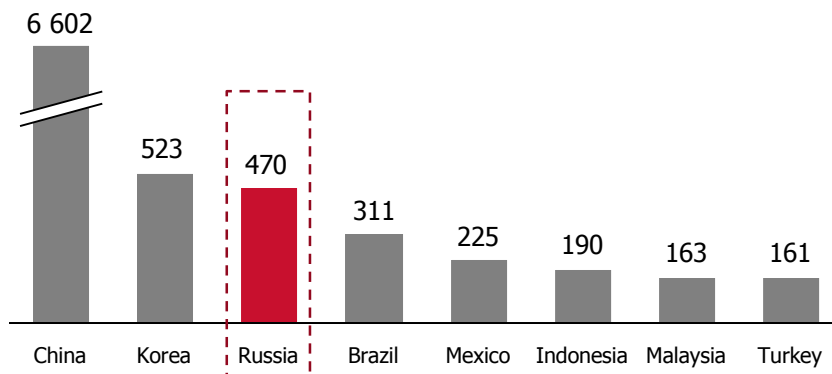


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# Retail money: aiming to grow equity culture

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

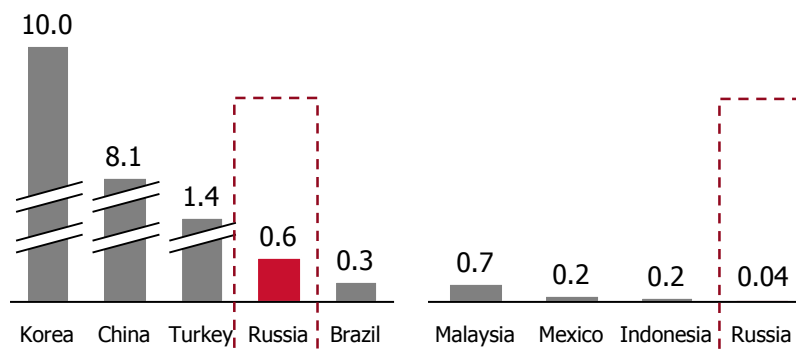
USD bln



## Population exposure to securities market, %

*retail investors / total population*

*Active retail investors/total population*



## Comments

- As Russian securities market passed through several periods of turbulence, individuals preferred bank deposits or real estate to 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

**21 808 of individual investment accounts**  
opened as of May 15, 2015

## Pillar 3: Sophistication - strengthening competitive advantage

MOEX markets	Equities	Bonds	REPO	FX market	Derivatives	Commodities
Electronic access						
Trading						
Risk management						
Clearing						
Settlement and collateral						
Electronic access						
Trading						
Risk management						
Clearing						
Settlement and collateral						

2013



2017

- ✓ MOEX operates key infrastructure elements (exchange, CCP, CSD) and has unrealised potential for further integration of its clearing, risk-management and settlement offering
- ✓ Post-trade services integration will substantially increase infrastructure efficiency and attractiveness of its product offering for market participants

### Key initiatives

Unification of risk management system across all markets, including cross margining and risk netting

Unified clearing and settlement pool

Single collateral pool and new collateral management services



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## Pillar 4: Standardization – key challenge in global competition

MOEX requirements, procedures and technologies have further room for alignment to evolving global standards

### Initiatives

EMIR and CFTC compliance

Simplification of access for international investors

Optimization of documentary and technical interface

Corporate governance standards and investor protection

Global trends before 2011

«Group 30» recommendations

✓ Launching of the Central depository

2012

✓ Settlement with partial pre-funding (T+)

✓ Pre-trade risk check

✓ NCC qualification as the CCP

✓ Repository

✓ OTC derivatives clearing

✓ Segregation and portability

2015

✓ MOEX CCP recognition by ESMA and CFTC

Global trends 2011+

Dodd Frank (2010)

IOSCO/EMIR (2012)



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## Pillar 5: Business process **optimization** – basis for the long-term shareholder value growth

### Goals

Further infrastructure development with focus on its high reliability

Reduction of market participants costs related to the infrastructure

Shareholder value growth in the long run

### Key initiatives

Optimization of key business processes based on...

...strengthening of corporate culture

...improvement of client service

...opportunities arising from the new IT platform

Tariffs optimization

Focus on cost saving



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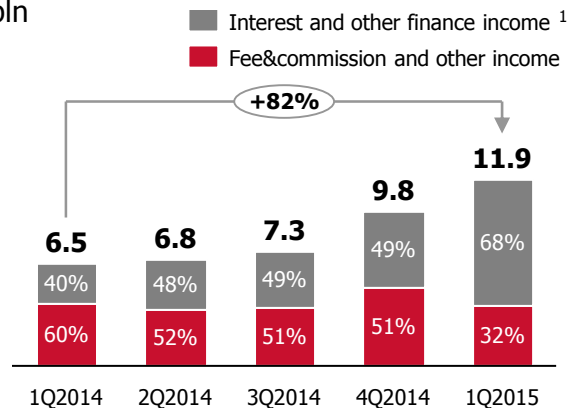
Strong operating and financial results



# Financial results: outstanding performance

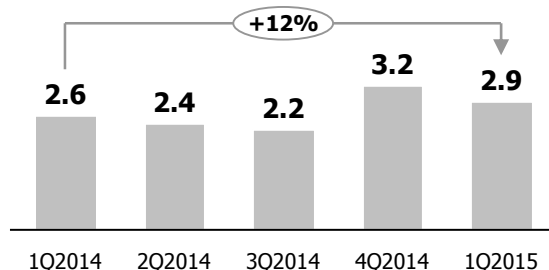
## Operating income

RUB bln



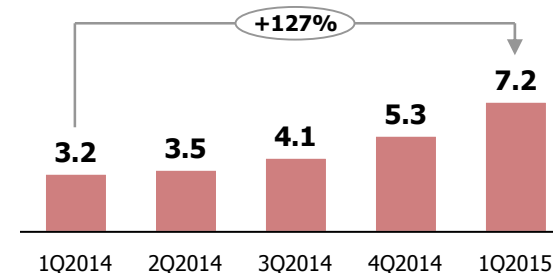
## Operating expenses

RUB bln



## Net profit

RUB bln



## EPS and key financial ratios

	1Q2014	1Q2015	Chg	
Basic EPS, RUB	1.45	3.25	+124%	↑
EBITDA margin	66.9%	79.3%	+12.4 p.p.	↑
Cost income ratio	39.4%	24.2%	-15.2 p.p.	↓

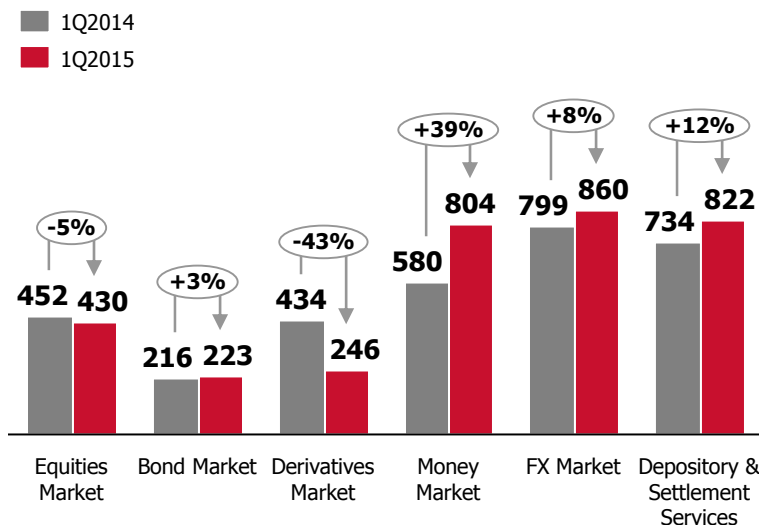
Source: Consolidated Financial Statements

1 Interest and other finance income includes interest and other finance income, interest expense, net loss on financial assets available-for-sale, foreign exchange gains less losses

# Diversified fee & commission income

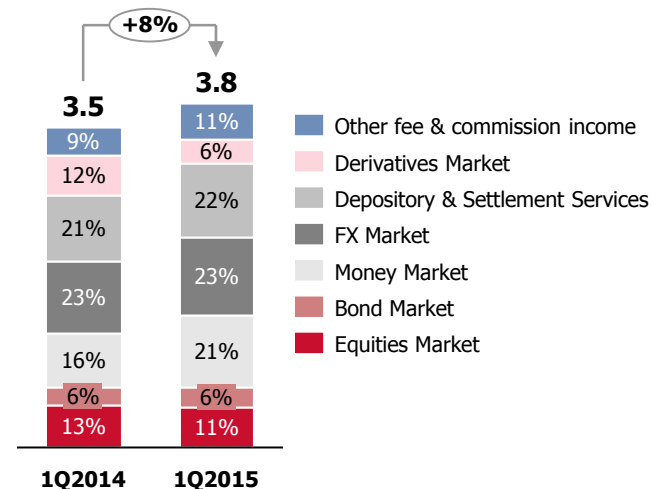
## Fee & commission income YoY performance

RUB mln



## Fee & commission income breakdown

RUB bln



## Comments

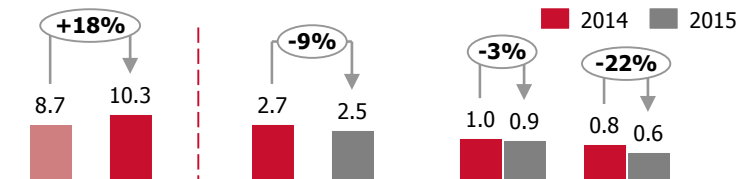
- Well-diversified fee & commission income. Overall increase of 8% YoY
- Money Market, FX Market and Depository and Settlement Services remained key growth drivers offsetting lower fees from Derivatives and Equities
- RUB 936.5 mln of fee and commission income for long-term trades that occurred on the Money, Derivatives, and FX Markets in 1Q2015 has been accounted for as deferred commission income



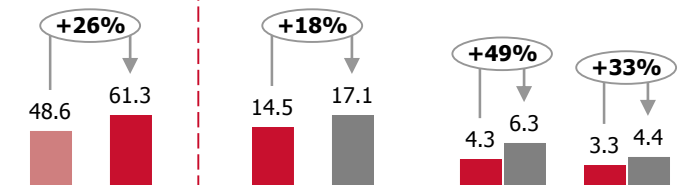
# Domestic investor base remains the core, with growing interest from foreign investors

## Trading volumes

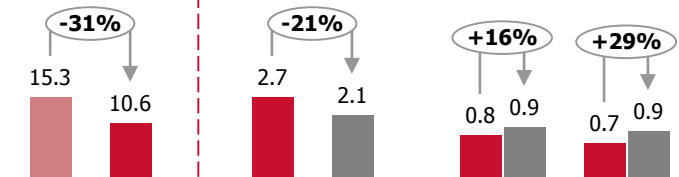
Equities  
Market  
RUB trln



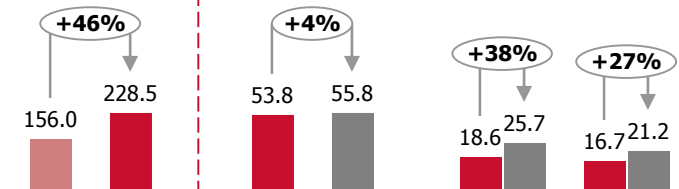
Derivatives  
Market  
RUB trln



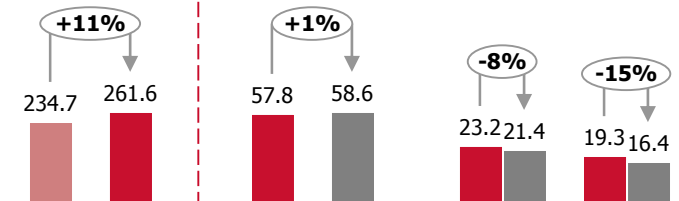
Fixed  
Income  
Market  
RUB trln



FX Market  
RUB trln



Money  
Market<sup>1</sup>  
RUB trln



2013 2014

1Q 2014 1Q 2015

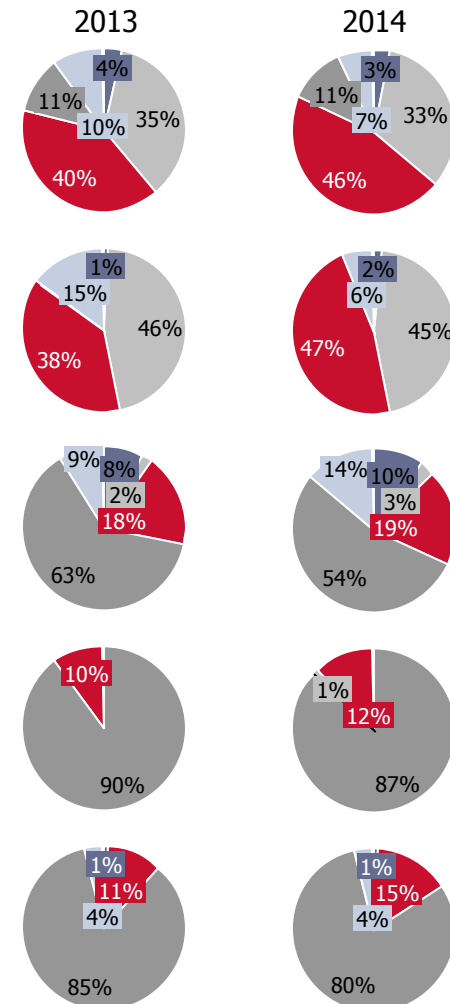
Apr

May

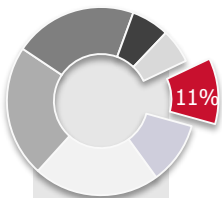
Source: Moscow Exchange data

<sup>1</sup> Trading volumes including REPO with collateral management. Investor structure based on on-exchange trading volumes only

## Volume breakdown by investor types

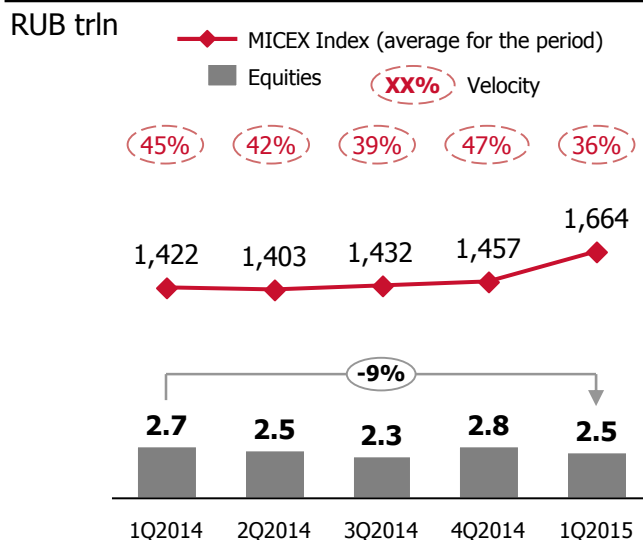


■ Russian funds  
■ Russian banks and brokers prop. trading  
■ Russian retail investors  
■ Russian corporates  
■ Foreign investors



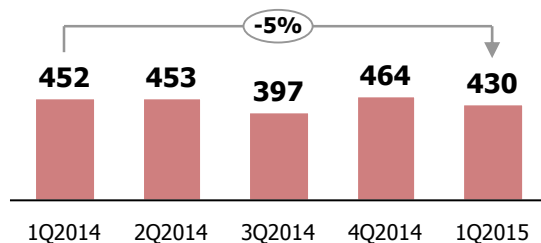
# Equities Market

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

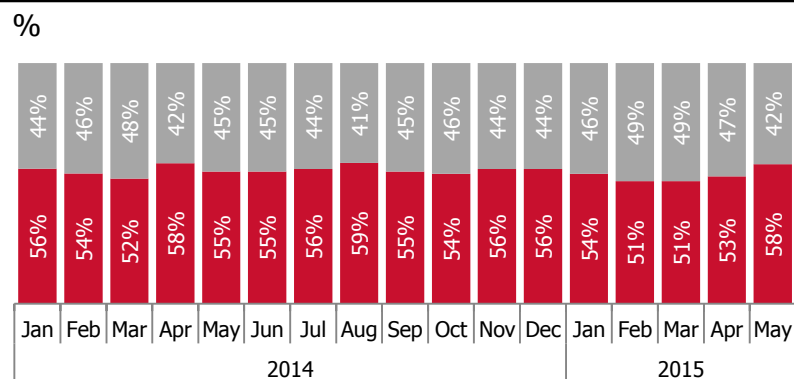


## Fee & commission income

RUB mln



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



■ Moscow Exchange<sup>3</sup> ■ LSE - international order book<sup>3</sup>

## Access to the equities market: up-to-date and simple

- No restrictions on investments in local securities
- No approval is required to start investing
- RUB currency restrictions were lifted in 2006
- Brokers offer set up to invest in local equities either in RUB or in hard currency
- Payments can be proceeded outside of Russia

Non-resident on-exchange investment inflow reached RUB 25.7 bln YTD (vs outflow of RUB 25.3 bln in 4M2014)

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

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

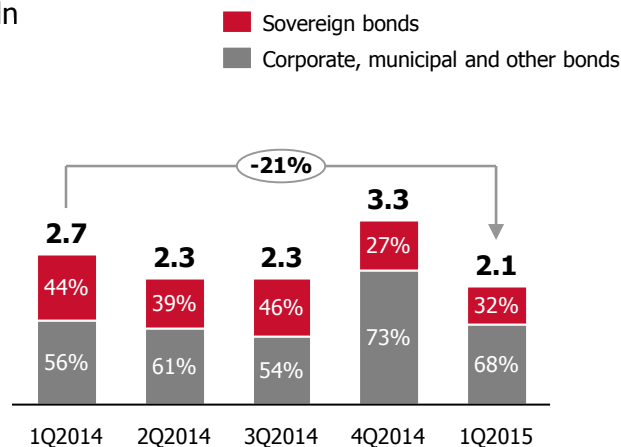


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# Fixed income Market: new issues indicate market re-opening

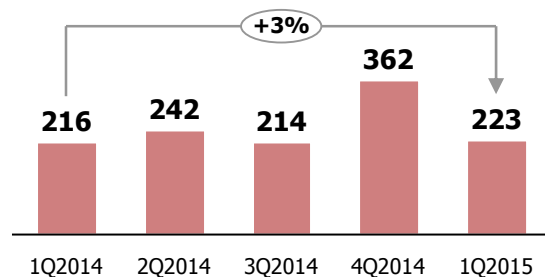
## Trading volumes<sup>1</sup>

RUB trln



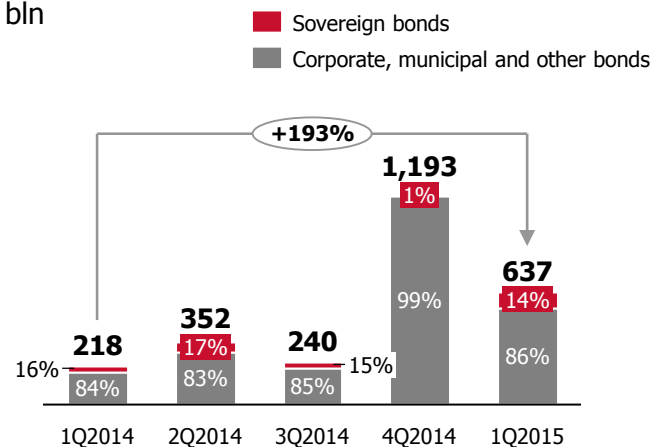
## Fee & commission income

RUB mln



## Placement volumes<sup>1</sup>

RUB bln



## Comments

- Overall market activity remained muted amid high interest rates and low risk appetite of market participants
- However, primary corporate bond placements of RUB 545 bln held in 1Q2015 (versus RUB 182 mln in 1Q2014) led to YoY fee & commission income growth of 3%

Source: Moscow Exchange operational information and Consolidated Financial Statements

<sup>1</sup> Trading volumes on fixed income market include placements

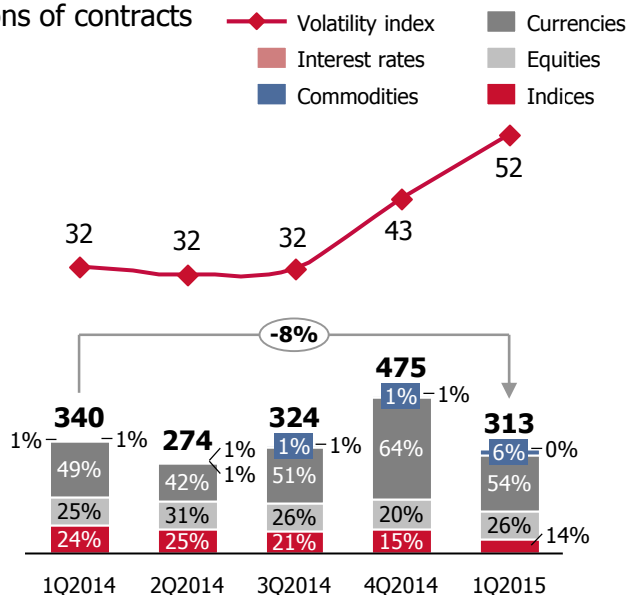


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# Derivatives Market: driven by FX

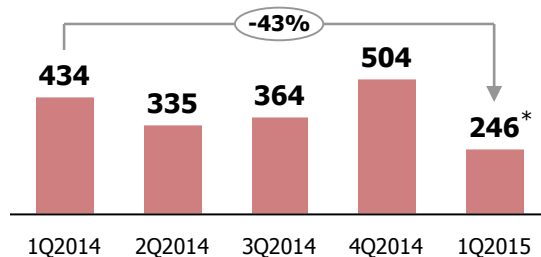
## Trading volumes

millions of contracts



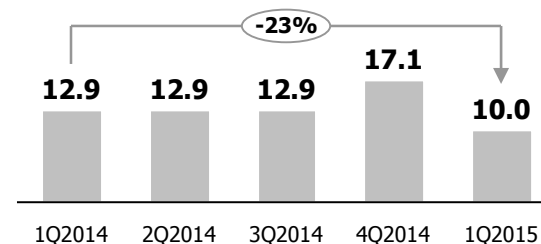
## Fee & commission income

RUB mln



## Open interest

millions of contracts, daily average



## Comments

- Demand for derivative products shifted towards FX derivatives trading, which comprised 54% of total trading volumes in 1Q2015 compared to 49% in 1Q2014
- Trading volumes declined 8% in contract terms YoY and grew 18% YoY in ruble terms mainly due to RUB depreciation which led to higher notional amount of contacts on currency pairs. This led to lower effective fees as they are charged on a "per contract" basis
- Since January 1, 2015 trading volumes of long-term instruments and respective commission income increased significantly across all markets. Since 1Q2015, commission income is deferred and reported over the life period of these instruments. Without this change **RUB 52 mln** would have been accounted for in Q1 and fees and commissions would have declined **by 31% YoY**



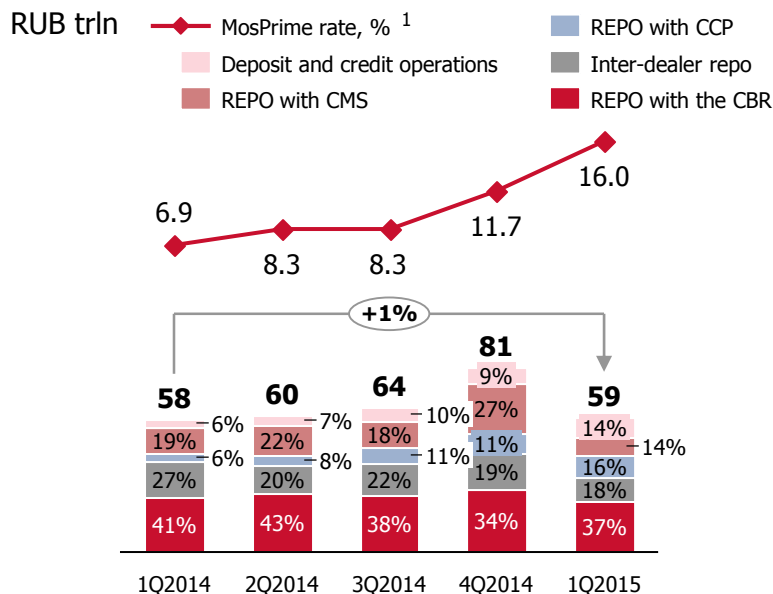
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Source: Moscow Exchange operational information and Consolidated Financial Statements

\*see comment explaining difference of methodology

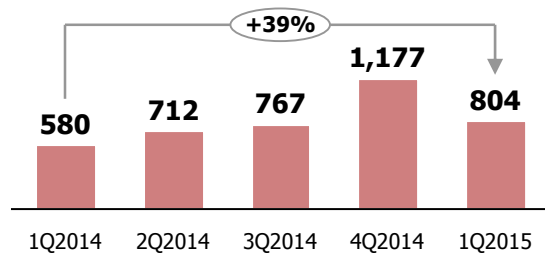
# Money Market: repo with CCP continued expansion

## Trading volumes



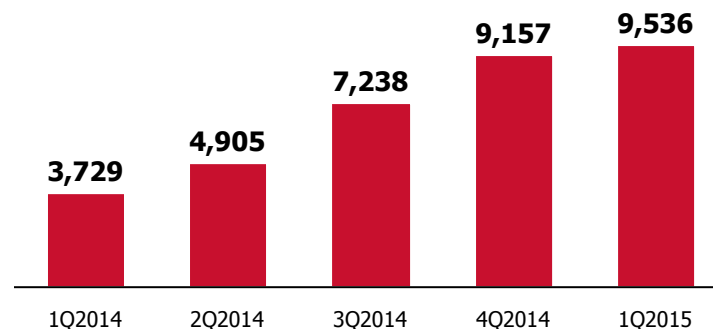
## Fee & commission income

RUB mln



## REPO with CCP trading volumes

RUB bln



## Comments

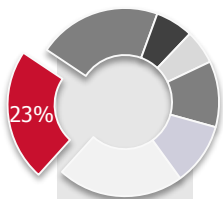
- REPO with CCP remained the most rapidly growing product (increased 2.6x YoY)
- Average REPO maturity increased from 3.9 days to 12.5 days mainly driven by the CBR's shift to 1-week REPO. This led to higher fee income, since both deal amount and term are basis for fees
- Since January 1, 2015 trading volumes of long-term REPOs and respective commission income increased significantly. Since 1Q2015, commission income is deferred and reported over the life period of these instruments with **RUB 870 mln** been booked as deferred income on Money Market



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Source: Moscow Exchange operational information and Consolidated Financial Statements

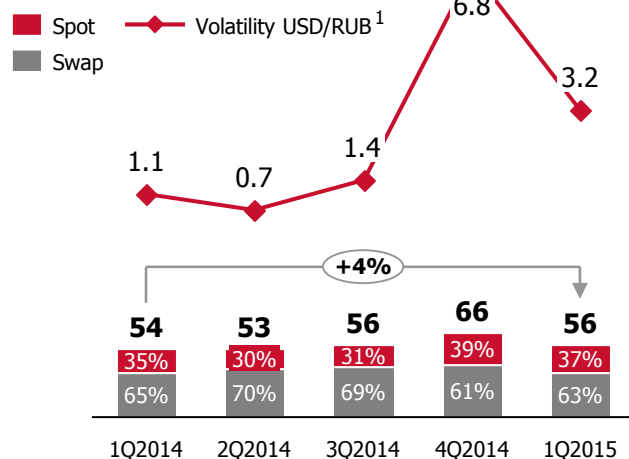
<sup>1</sup> Overnight rate, average for the period



# FX Market: swap and spot volume growth

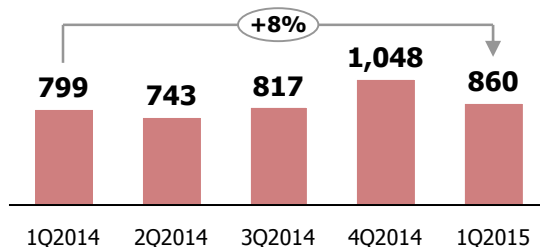
## Trading volumes

RUB trln



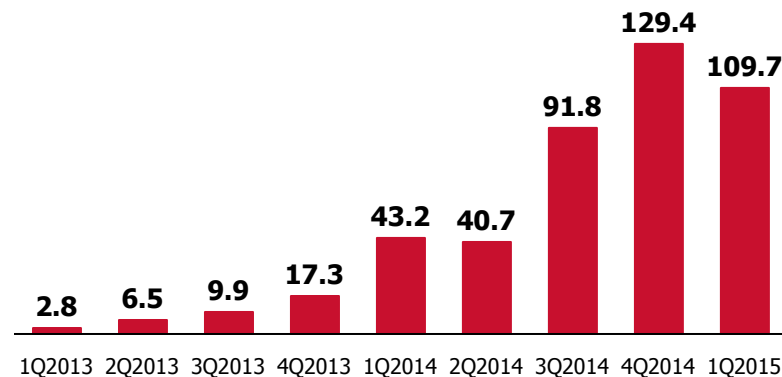
## Fee & commission income

RUB mln



## CNY/RUB trading volumes

RUB bln



## Comments

- In 1Q2015 spot market trading volumes increased 9% YoY driven by increased volatility, while swap transaction volumes remained flat
- Average daily trading volumes in the CNY/RUB currency pair remained at the same level as in 4Q2014



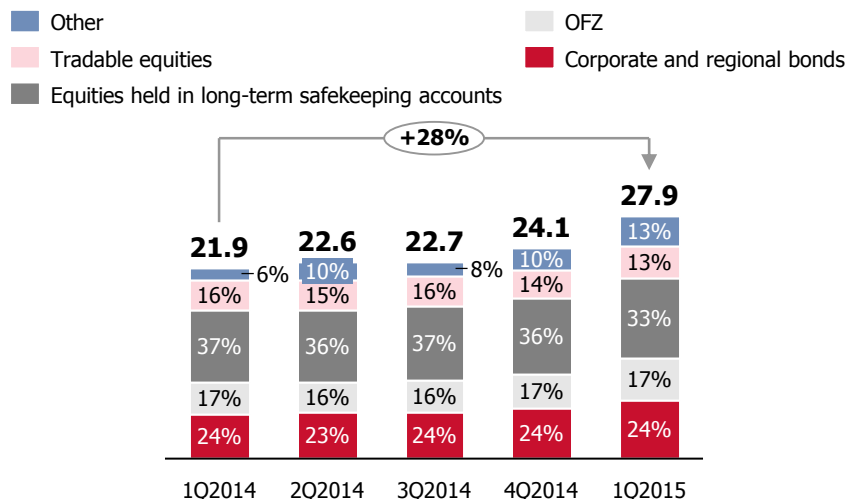
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Source: Moscow Exchange operational information and Consolidated Financial Statements  
<sup>1</sup> Calculated as daily standard deviation of the USD/RUB exchange rate for the period

# NSD: New assets under custody drive fee growth

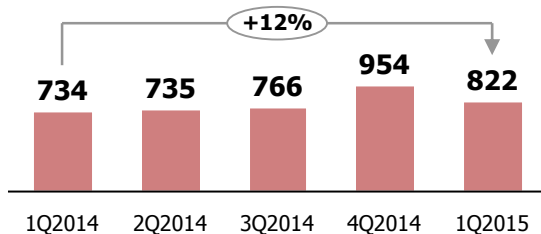
## Assets under custody (average for the period)

RUB trln



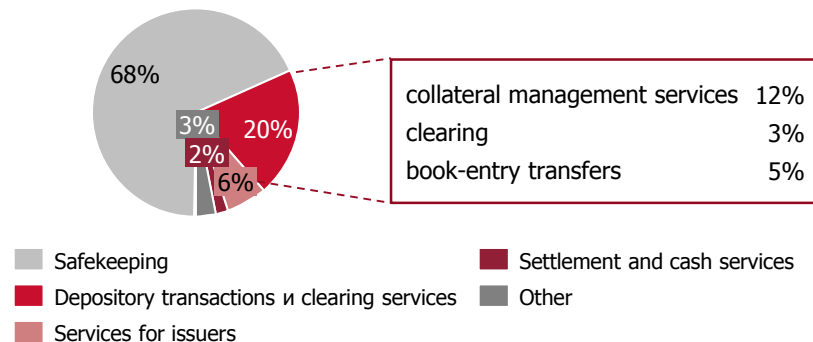
## Fee & commission income

RUB mln



## Fee & commission income breakdown

1Q2015



## Comments

- New assets under custody and market cap expansion drives fee growth. Assets under custody increase was driven by admission of DRs & Eurobonds as collateral for repo and on-exchange Eurobond trading
- A leading CSD rating agency Thomas Murray Data Services affirmed the rating of NSD at AA, Outlook «Stable»
- Number of clients linked to the collateral management services reached 216 (versus 174 as of the end of 1Q2014)
- In 1Q2015 172 shareholder meetings were held using the e-proxy voting technology which allows remote voting
- Under the corporate actions reform, NSD applied international standards for its e-proxy voting service: new technology allows implementation of ISO 20022 and ISO 15022 standards at all stages of the remote voting process



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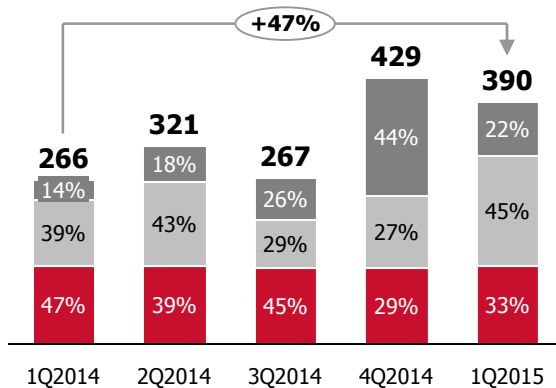
Source: Moscow Exchange operational information and Consolidated Financial Statements

# Growth in listings and information services fees

## 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

- Listing fees grew from RUB 35.4 bln to RUB 86.4 bln and comprised 22% of other fee & commission income driven by both new placements and the new pricing structure following the completion of the listing reform
- Fees from sale of software and technical services remained flat at RUB 127 mln versus RUB 126 mln in 1Q2014
- Information services fees grew by 67.7% YoY driven mainly by price increases for some products (real-time by 15%, end-of-day by 80%) and RUB devaluation



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Source: Consolidated Financial Statements

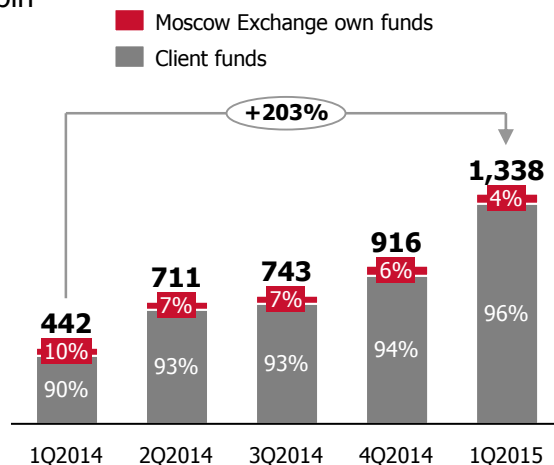
<sup>1</sup> Not including other fee&commission income as presented in financial statements



# Interest income: higher interest rates and client balances drive growth

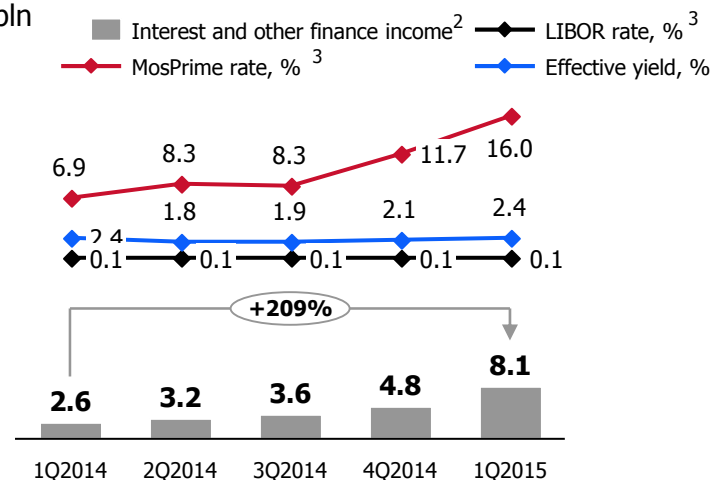
## Investment portfolio<sup>1</sup> (average daily volume)

RUB bln



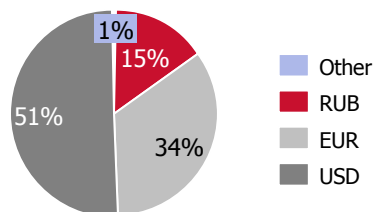
## Interest income

RUB bln



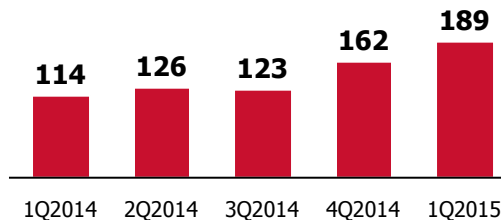
## Clients funds by currency

1Q2015



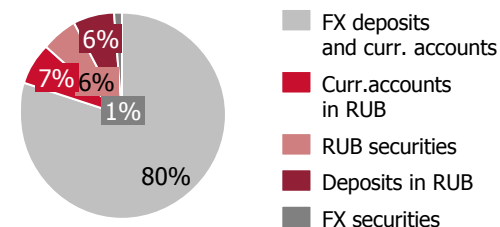
## RUB clients funds dynamics

RUB bln



## Investment portfolio by type of asset

1Q2015



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

<sup>1</sup> Based on average daily investment portfolio according to management accounts

<sup>2</sup> Interest and other finance income includes interest and other finance income, interest expense, net loss on financial assets available-for-sale, foreign exchange gains less losses

<sup>3</sup> Average daily rate for the period



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# NCC capital target set at RUB 51 bln for 2015

## Approach to setting target capital

### CBR regulation of capital adequacy ratio

- Risk weighted assets (RWA) less provisions
- Market risk (according to 387-P)
- Operational risk

Tier 1 ratio  
(N1) >10%

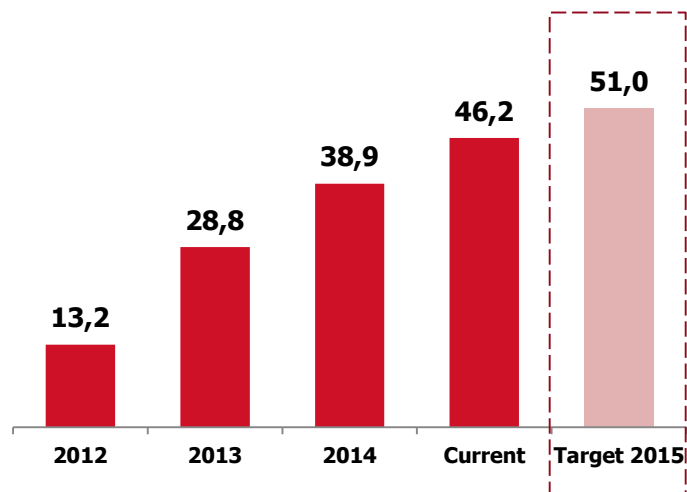
### CCP Stress-tests

- Market risk
- Credit risk
- CCP risk

Capital should be sufficient to (i) cover potential losses under a stress scenario and (ii) keep business operational

## NCC capital (eop)

RUB bln



## Key factors that impacted the target capital:

- ✓ Rapid growth of market participants balances in 2014, particularly FX denominated
- ✓ Ruble devaluation
- ✓ Expected abolishment of temporarily requirements for RWA in FX set by the CBR under 211-T regulation

## Key factors to watch:

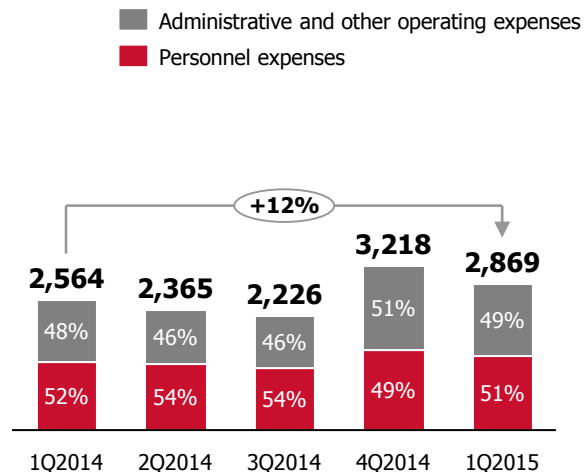
- ✓ Changes in client balances
- ✓ Interest rates in the US and EU
- ✓ MOEX and CBR collaboration on regulation developments on NCC as a Central counterparty (CCP)



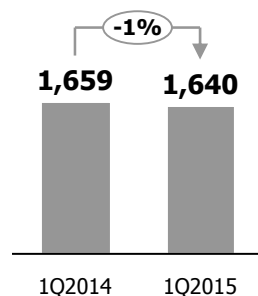
# Operating expenses

## Operating expenses

RUB mln



## Headcount (end of period)



## Major expense items

RUB mln

	1Q2014	1Q2015	Change YoY
<b>Personnel expenses</b>	<b>1335</b>	<b>1457</b>	<b>9%</b>
<b>Administrative and other operating expenses, including</b>	<b>1229</b>	<b>1412</b>	<b>15%</b>
Amortisation of intangible assets	276	295	7%
Professional services	125	166	33%
Depreciation of property and equipment	126	109	-14%
Rent and office maintenance	103	136	32%
Taxes other than income tax	86	116	36%
Market maker fees	91	62	-32%
Other	370	528	43%
<b>Total</b>	<b>2564</b>	<b>2869</b>	<b>12%</b>
<b>Cost income ratio</b>	<b>39.4%</b>	<b>24.2%</b>	<b>-</b>

## Comments

- Operating expenses increased 12% YoY in 1Q2015, less than the inflation rate
- Administrative and other operating expenses grew by 15% YoY driven by impairment of due from financial institutions in Ukraine and higher spending on rent and office equipment as well as on the reserves related to the rent contracts
- Personnel costs increased 9% YoY

# Appendix



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# Consolidated Statement of **Financial Position**

<i>In million rubles</i>	<i>March 31, 2015</i>	<i>December 31, 2014</i>	<i>% chg. March 31, 2015/December 31, 2014</i>
<b>Assets:</b>			
Cash and cash equivalents	1 162 030.3	1 163 783.1	0%
Central counterparty financial assets	279 518.6	139 609.8	100%
Financial assets <sup>1</sup>	147 693.0	132 266.5	12%
Property and equipment and intangible assets	24 546.0	24 200.6	1%
Goodwill	15 971.4	15 971.4	0%
Other assets <sup>2</sup>	1 338.6	1 673.4	-20%
<b>Total Assets</b>	<b>1 631 097.9</b>	<b>1 477 504.9</b>	<b>10%</b>

<i>In million rubles</i>	<i>March 31, 2015</i>	<i>December 31, 2014</i>	<i>% chg. March 31, 2015/December 31, 2014</i>
<b>Liabilities:</b>			
Balances of market participants	1 238 890.4	1 231 999.1	1%
Central counterparty financial liabilities	279 518.6	139 609.8	100%
Distributions payable to holders of securities	3 343.0	6 353.0	-47%
Other liabilities <sup>3</sup>	9 246.3	7 695.5	20%
<b>Total Liabilities</b>	<b>1 531 385.3</b>	<b>1 385 657.5</b>	<b>11%</b>
<b>Total Equity</b>	<b>99 712.6</b>	<b>91 847.4</b>	<b>9%</b>
<b>Total Liabilities and Equity</b>	<b>1 631 097.9</b>	<b>1 477 504.9</b>	<b>10%</b>

Source: Moscow Exchange, Consolidated Financial Statements

1 Financial assets at fair value through profit or loss, Due from financial institutions, 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 million rubles</i>	<i>Three-month period ended March 31, 2015</i>	<i>Three-month period ended March 31, 2014</i>	<i>% chg. 1Q2015/ 1Q2014</i>	<i>Year ended December 31, 2014</i>	<i>Year ended December 31, 2013</i>	<i>% chg. 2014/ 2013</i>
Fee and commission income	3 790.8	3 517.0	8%	15 586.0	12 792.1	22%
Interest and other finance income <sup>1</sup>	8 052.1	2 606.3	209%	14 279.4	11 754.9	21%
Other operating income	29.3	387.1	-92%	528.7	58.9	797%
<b>Operating Income</b>	<b>11 872.2</b>	<b>6 510.4</b>	<b>82%</b>	<b>30 394.0</b>	<b>24 606.0</b>	<b>24%</b>
Administrative and other operating expenses	-1 412.3	-1 229.0	15%	-4 978.5	-5 030.0	-1%
Personnel expenses	-1 456.7	-1 334.9	9%	-5 394.8	-4 827.0	12%
<b>Operating Expense</b>	<b>-2 869.0</b>	<b>-2 563.9</b>	<b>12%</b>	<b>-10 373.3</b>	<b>-9 857.0</b>	<b>5%</b>
<b>Operating Profit</b>	<b>9 003.2</b>	<b>3 946.5</b>	<b>128%</b>	<b>20 020.8</b>	<b>14 749.0</b>	<b>36%</b>
Interest expense in respect of written put option over own shares	-	-	-	-	-199.7	-
Share of profit/(loss) of associates	3.4	9.4	-64%	7.4	74.6	-90%
<b>Profit before Tax</b>	<b>9 006.6</b>	<b>3 955.9</b>	<b>128%</b>	<b>20 028.1</b>	<b>14 623.9</b>	<b>37%</b>
Income tax expense	-1 803.6	-785.7	130%	-4 035.0	-3 042.2	33%
<b>Net Profit</b>	<b>7 203.0</b>	<b>3 170.2</b>	<b>127%</b>	<b>15 993.2</b>	<b>11 581.7</b>	<b>38%</b>
<b>Earnings per share</b>						
Basic earnings per share, rubles	3.25	1.45	124%	7.21	5.23	38%
Diluted earnings per share, rubles	3.23	1.44	124%	7.18	5.23	37%

# 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		Depository 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>

<b>Fund A</b>	4 734 003 USD
<b>Fund B</b>	5 029 605 USD
<b>Fund C</b>	3 179 714 USD

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

<b>Fund A</b>	5 808 931 USD
<b>Fund B</b>	5 828 632 USD
<b>Fund C</b>	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 taxed at a 30% rate from 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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