

# Presentation of 9m 2012 financial results

December 5, 2012



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Marianna Naumenko, Head of IR



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- For 9 months 2012 Nomos Group reported net income of RUB 10.9 billion, which corresponds to annualized ROE of 18.5% (annualized ROE for 9 months 2011 was 15.6%). Net profit attributable to NOMOS shareholders increased by 60.7% yoy to RUB 9.3 billion.
- The loan portfolio increased 22.6% to RUB 549.0 billion as at Sep.30, 2012 notably outperforming the market average (+15.7%) with impressive results generated by all core business segments:
  - ✓ Retail loans grew by 40.2% as at Sep.30, 2012 to RUB 81.5 billion, outperforming the market average of 29.4%
  - ✓ Small business loans grew 36.2% as at Sep.30, 2012 to RUB 40.8 billion.
  - ✓ Corporate loans grew by 18.2% as at Sep.30, 2012 to RUB 379.2 billion.
- Total operating income increased by 33.6% yoy to RUB 28.5 billion.
  - ✓ Net interest income increased by 13.7% yoy to RUB 22.9 billion. Net interest margin slightly declined to 5.0% - effected by higher cost of funding and Subordinated Eurobonds costs in particular.
  - ✓ Net fees and commissions increased 34.8% yoy to RUB 5.7 billion. This growth came primarily from settlements and documentary operations in the corporate and retail segments.
  - ✓ During 9 months 2012 trading gains stood at RUB 1.3 billion with RUB 1 billion coming from operations with securities (-RUB 2.3 billion in 9m 2011). In Q3 2012 FX losses of USD 23 mln. affected the bottom line. These losses have been recovered as at October 31, 2012. Trading result on transactions with foreign currency in October 2012 amounted to USD 23 million.
- Operating costs increased by 18.8% yoy to RUB 14.8 billion (mainly payroll expenses) in line with growth strategy. The CIR amounted to 47.4%.
- Risk cost was stable at 0.8% at Sep.30, 2012 (0.9% as at FY11) as well as the loan portfolio quality: NPLs share was 2.2% at Sep.30, 2012 (2% in FY11). The NPL coverage ratio was strong at 167.8% (170.2% in 1H2012).
- Customer deposits increased by 8.1% during 9 months 2012 and accounted for 60.4% of total liabilities (RUB 413.4 billion). The growth is primarily coming from corporate and retail deposits, which increased by 6.8% and 9.9% respectively. The other sources of funding remained stable: Interbank borrowings stood at 22.0% (RUB 150.5 billion), bonds and PNs issued were 9.2% (RUB 63.3 billion), subordinated debt amounted to RUB 43.1 billion or 6.3% of total liabilities. As at Sep.30, 2012 the Group's LDR amounted to 128.3% (slightly down from 130.6% as at Q2 2012).
- The Bank's CT1CAR was 11.1% and total CAR was 16.2%.

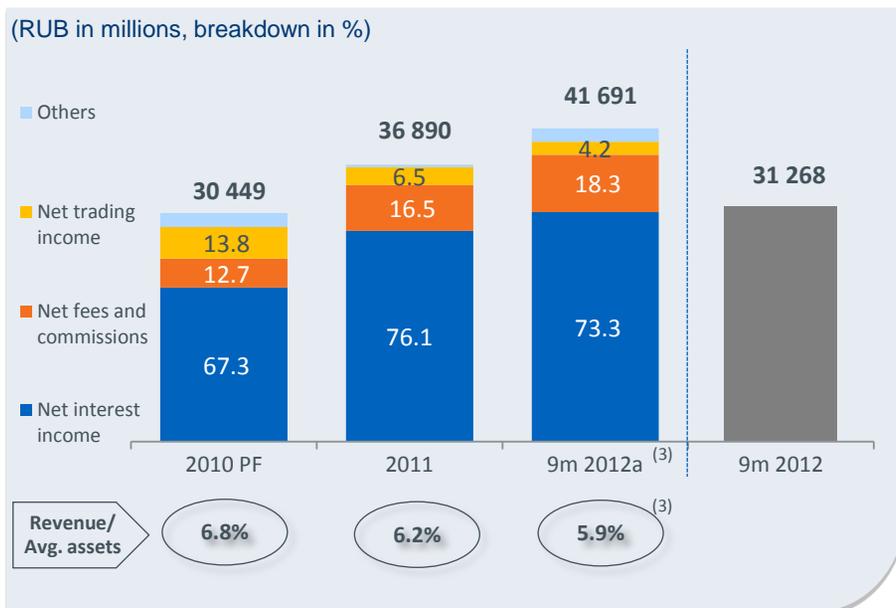
- In Q3 2012 operating results were negatively impacted by a forex loss.
  - ✓ Net interest income grew 3.9% qoq from RUB 7.7 billion to RUB 8.0 billion
  - ✓ Net fees and commissions increased 10.3% qoq from RUB 1.9 billion to RUB 2.1 billion
  - ✓ In Q3 2012 the Group reported FX losses of USD 23 million. Two main components are a) temporary accounting difference referring to mark to market revaluation of hedge contracts using Market rates; b) expense related to the difference in exchange rates on swap contracts concluded to balance the short USD position in July 2012. These expenses have been reversed as of end October 2012. Trading result on transactions with foreign currency in October 2012 amounted to USD 23 million profit.
- Operating expenses increased marginally by 4.2% in Q3 2012 from RUB 5.0 billion to RUB 5.2 billion with dominating share of staff expenses.
- Loan portfolio: substantial growth in all core business segments with retail and small business lending increasing respectively by 14.7% (qoq) and 11.6% (qoq) and corporate lending increasing by 7.4%, in line with guidance and the strategy of the Group.
- The quality of the loan portfolio remained stable during Q3 2012. Risk provision amounted to RUB 1.3 billion, leading to risk cost of 0.9% in Q3 2012 (0.5% in Q2 2012 and 0.8% in 9 months 2012), LLP ratio is stable 3.7% (Q2 3.8%). There were no notable disposal of loans or bad debts written-off. Share of NPLs remained at 2.2%. NPL coverage ratio stood at 167.8%.
- CT1 CAR declined to 11.1% - remaining well above the required minimum target.

# Operating performance of the Group

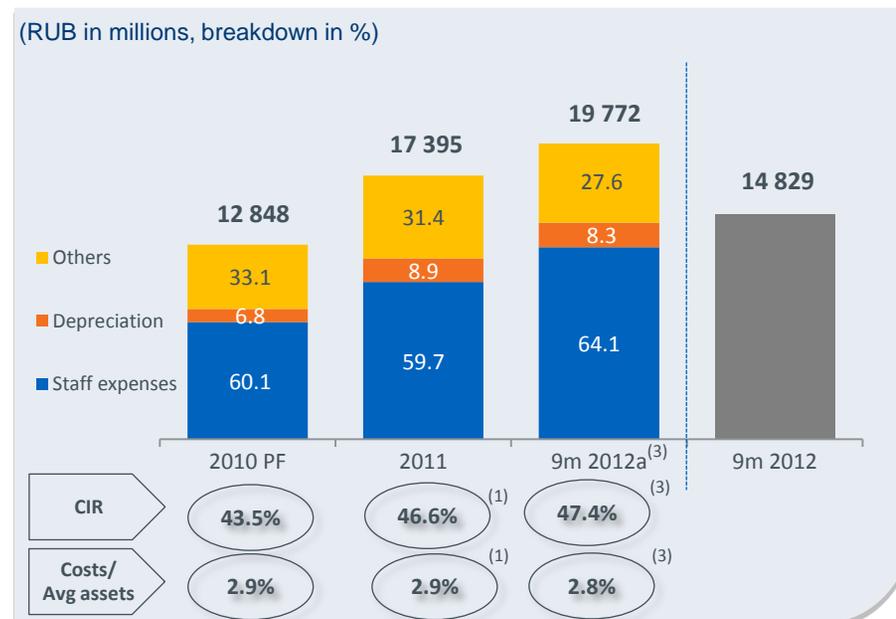


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## Revenue composition



## Operating expenses



## Cost of risk: declining trend



## Strong profitability



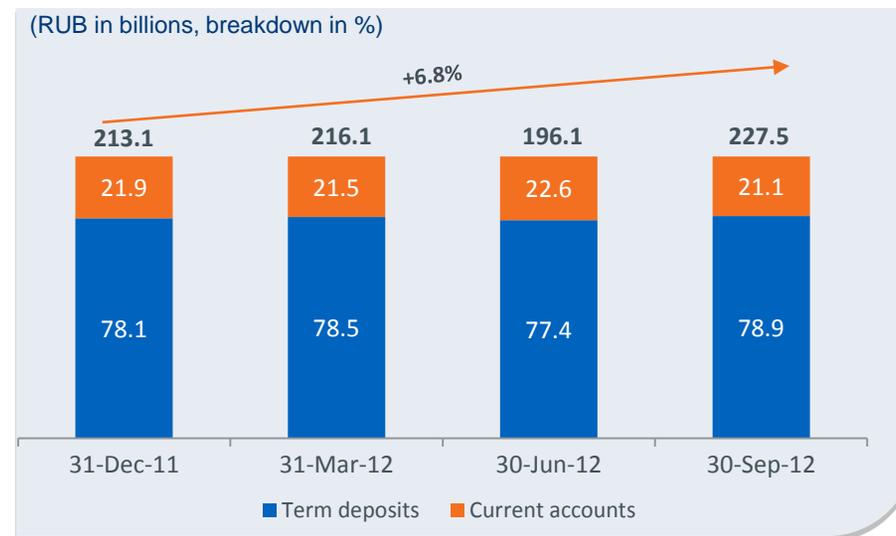
(1) Excluding one-off IPO transaction costs of RUB 215 mln.  
 (2) RoAE to Nomos equity holders.

(3) Annualised.

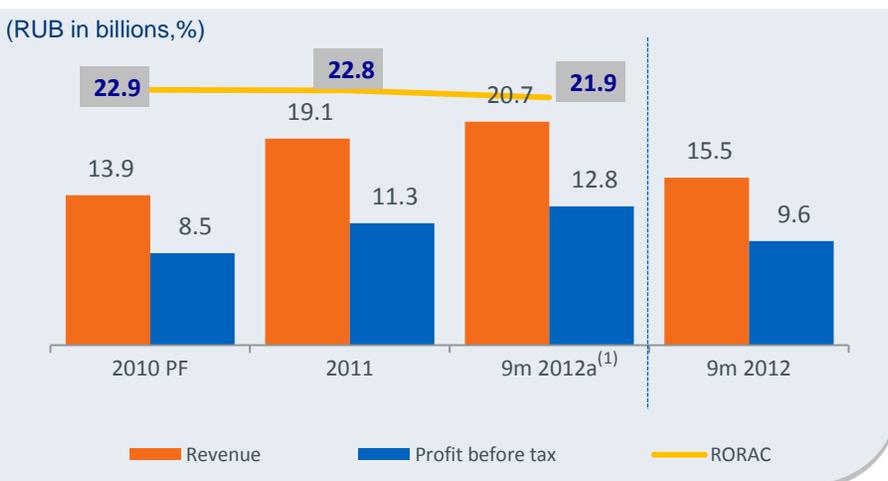
## Loan portfolio dynamic



## Deposit portfolio dynamic



## Profitability results

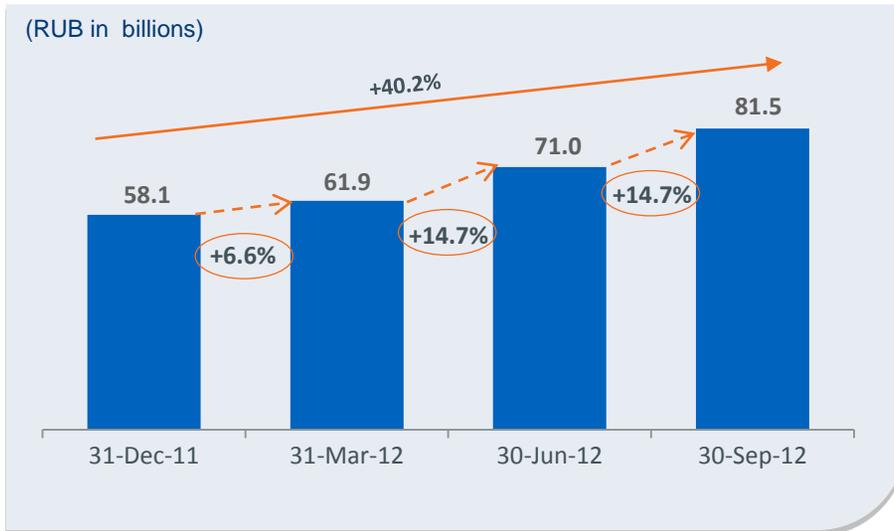


## Net F&C income

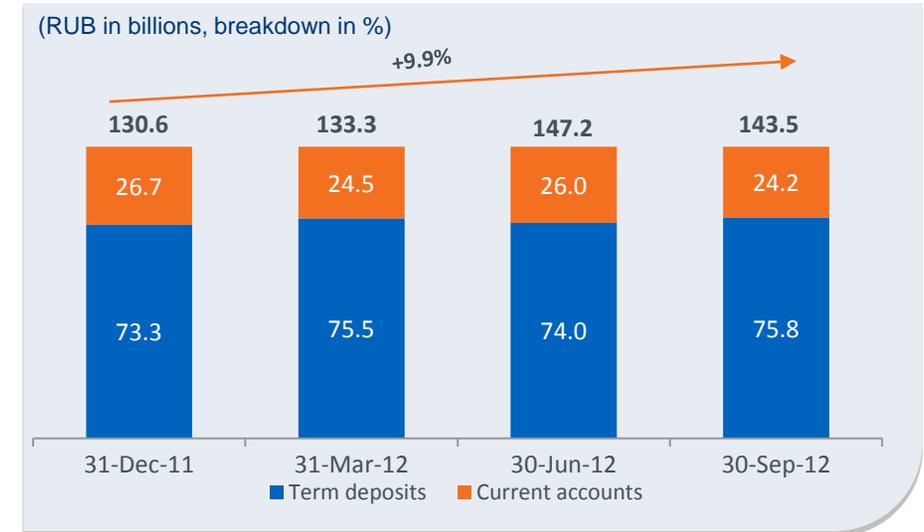


(1) Annualised.

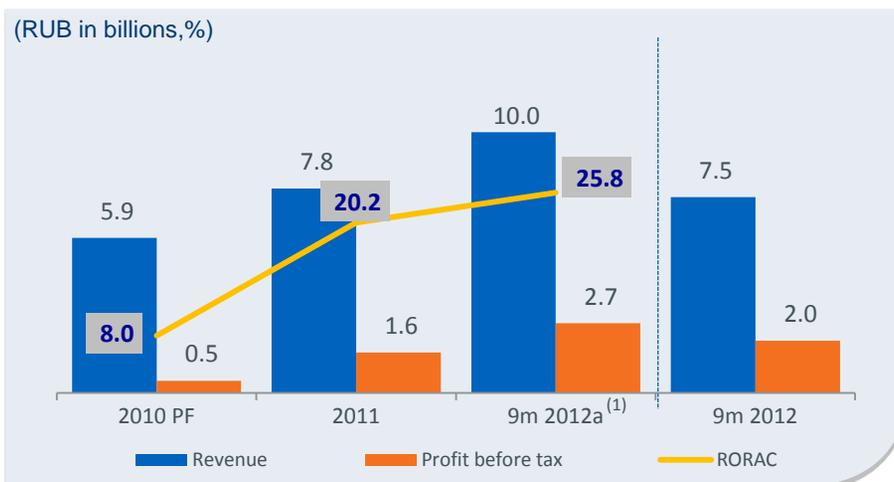
## Loan portfolio dynamic



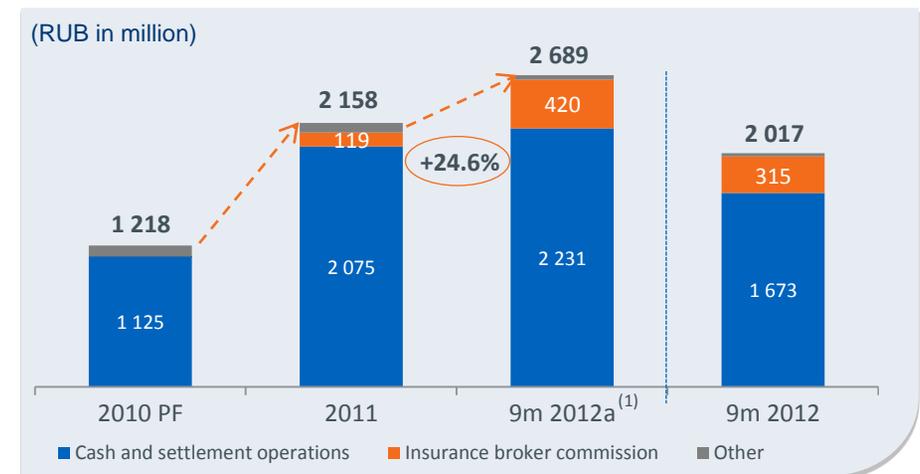
## Deposit portfolio dynamic



## Profitability results

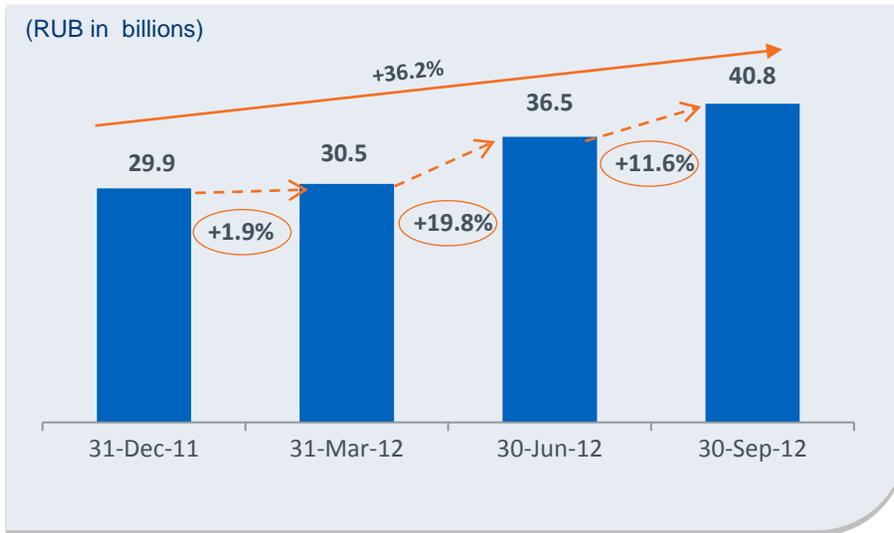


## Net F&C income

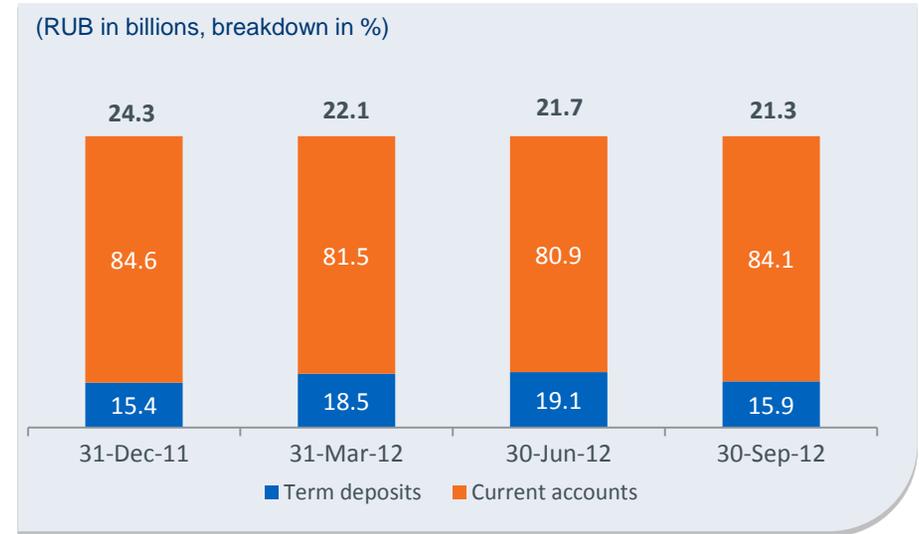


(1) Annualised.

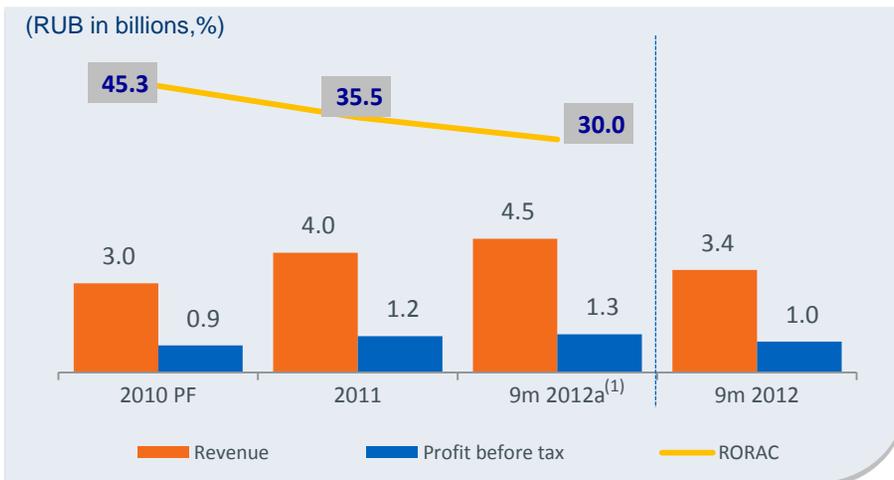
## Loan portfolio dynamic



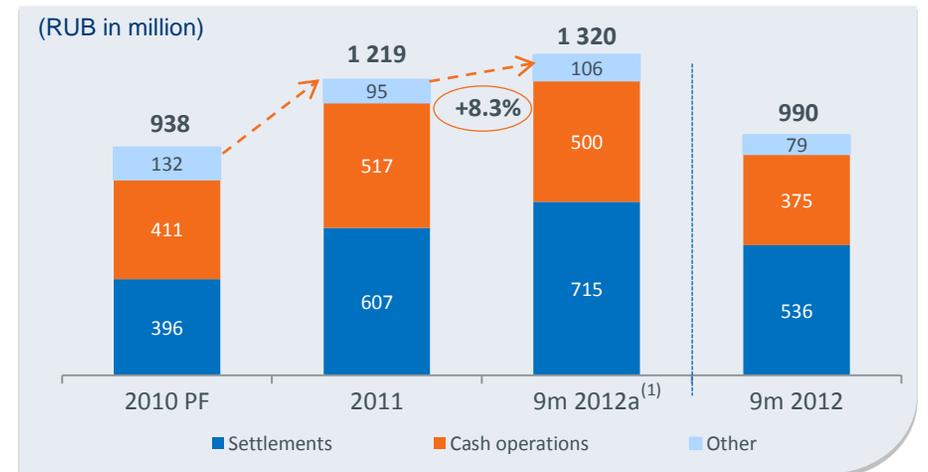
## Deposit portfolio dynamic



## Profitability results



## Net F&C income



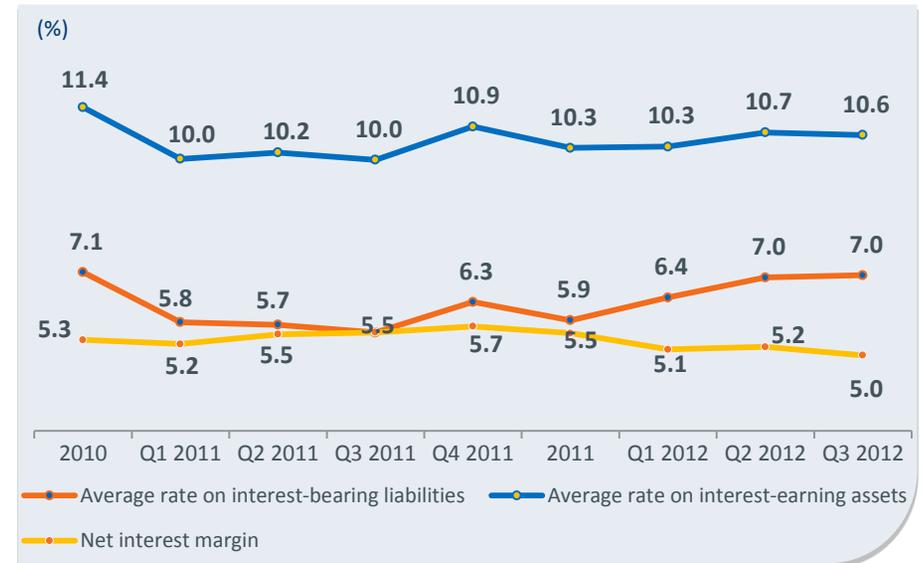
(1) Annualised.

# Net interest income growth under pressure of increasing funding costs

## Net interest income



## Net interest margin



## Average rate on loans to customers



## Average rate on customer accounts



(1) Annualised.

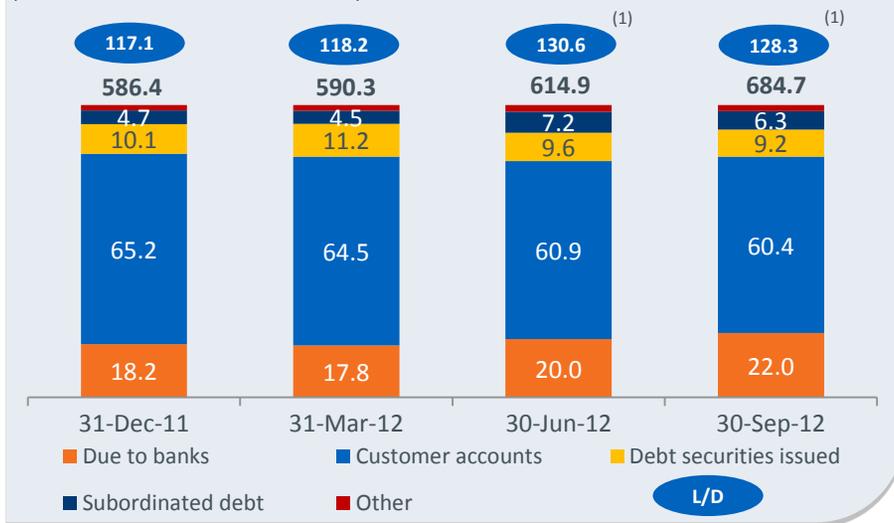
# Strong and diversified funding



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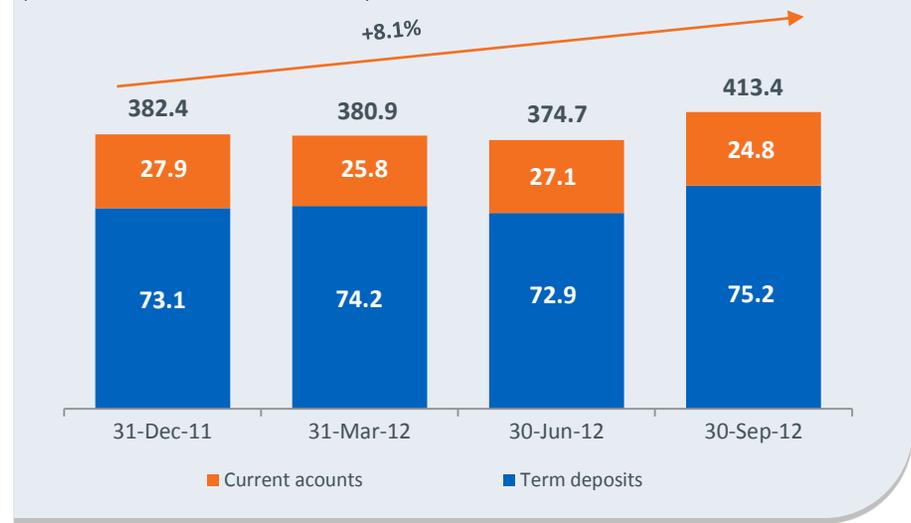
## Liabilities composition

(RUB in billions, breakdown in %)



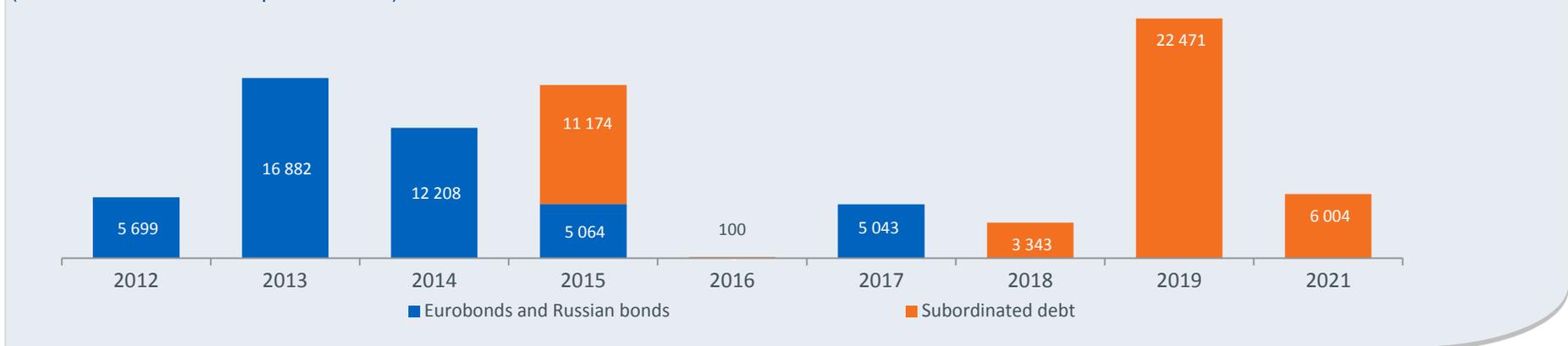
## Customer accounts composition

(RUB in billions, breakdown in %)



## Bonds and subordinated debt repayments schedule

(RUB in millions as of 30 September 2012)



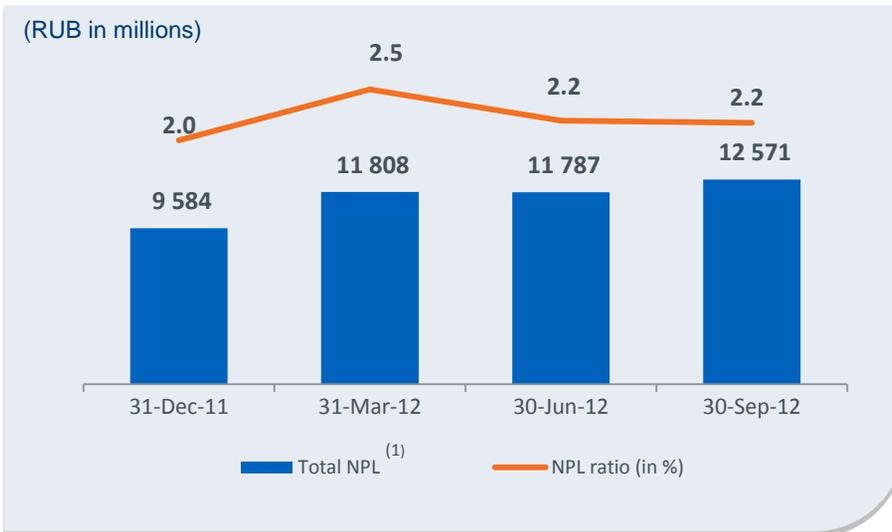
(1) Including promissory notes issued to clients in amount of RUB 14.4 billion as of September 30, 2012 and RUB 15.1 billion as of June 30, 2012.

# High quality assets

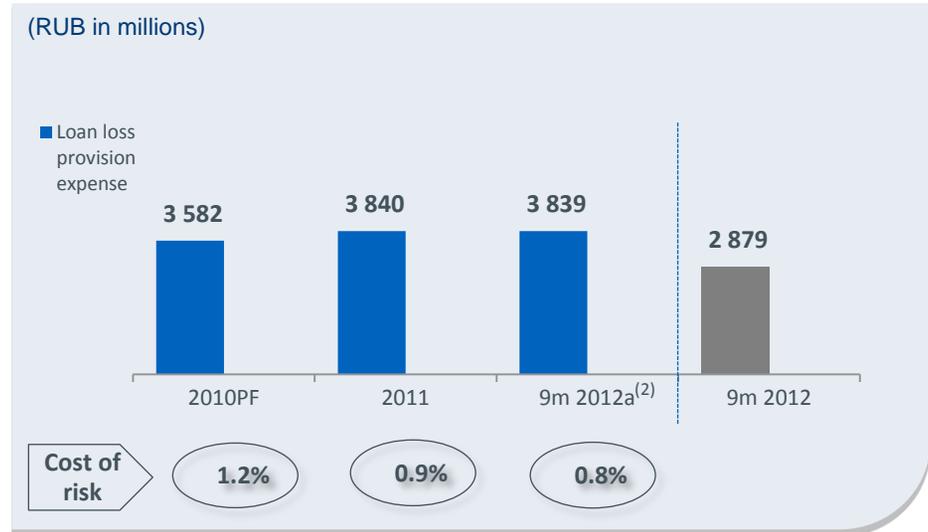


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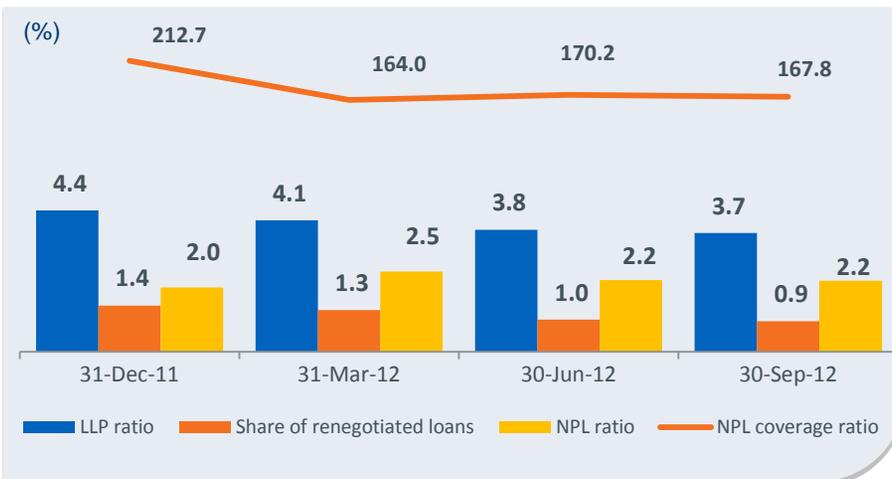
## NPLs dynamic



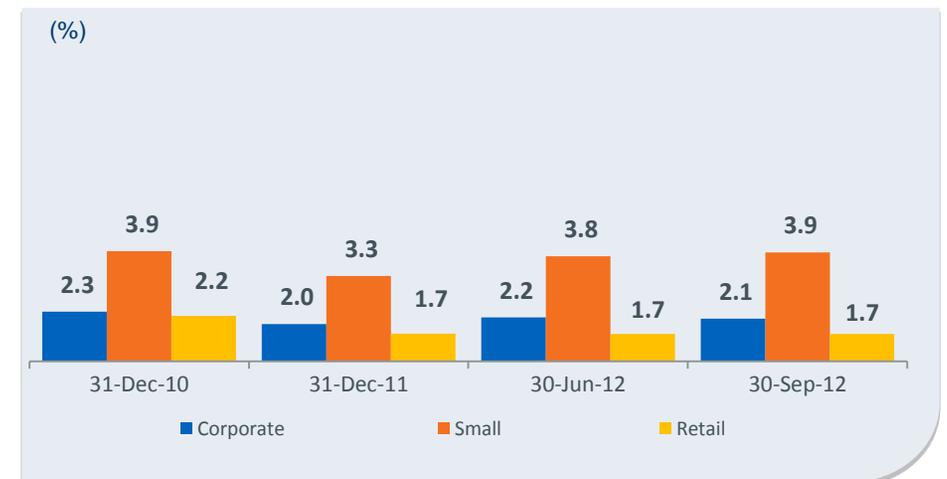
## Stable cost of risk



## Conservative LLP ratio and NPL coverage



## NPLs by segment



(1) Loans overdue more than 90 days.

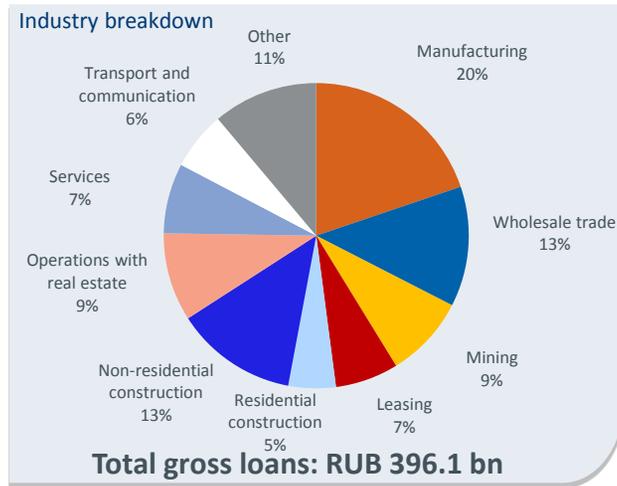
(2) Annualised.

# A well-diversified portfolio

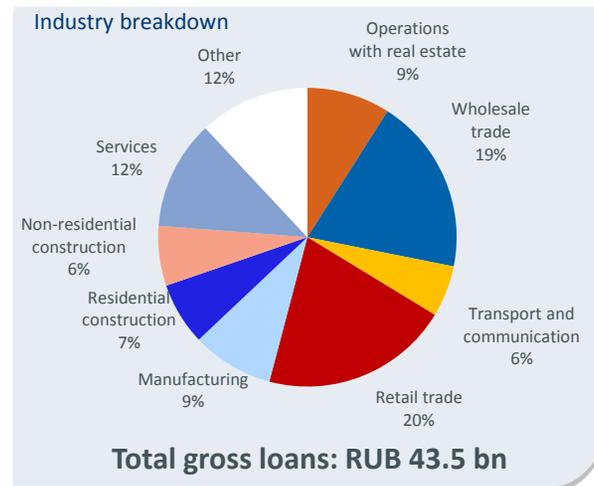


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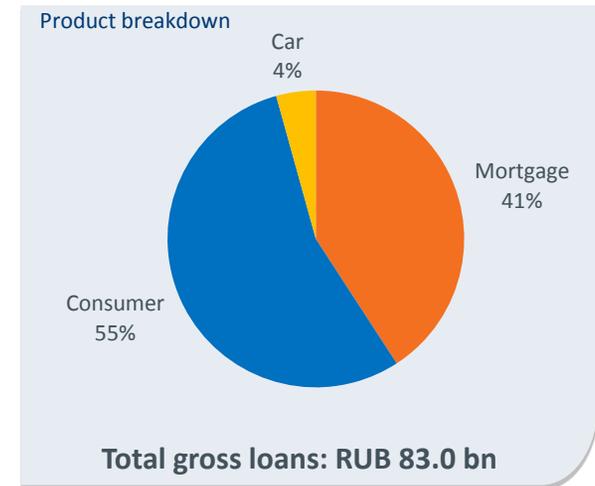
## Corporate business



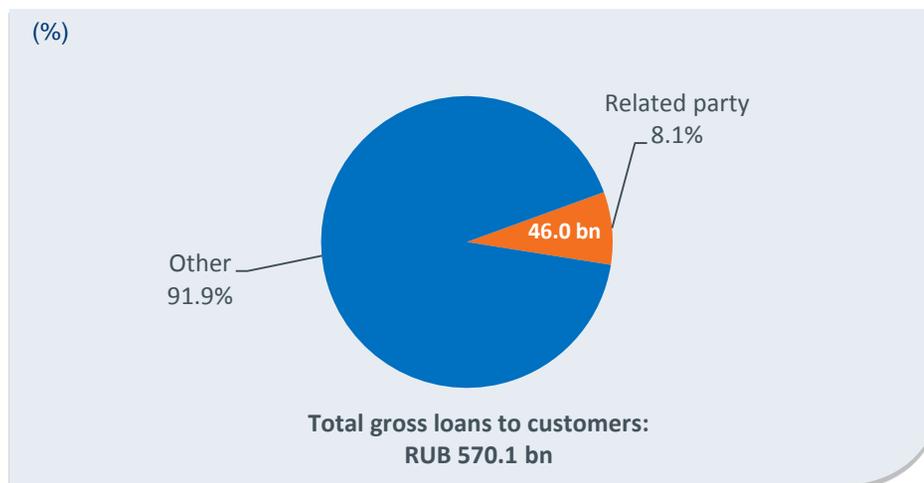
## Small business



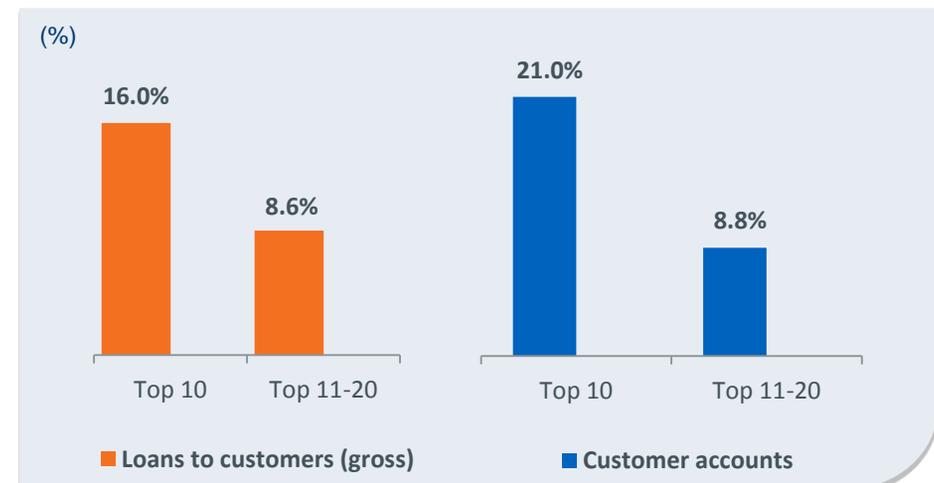
## Retail



## Exposure to related party loans as at 30 Sep 2012



## Loan and deposit concentrations as at 30 Sep 2012

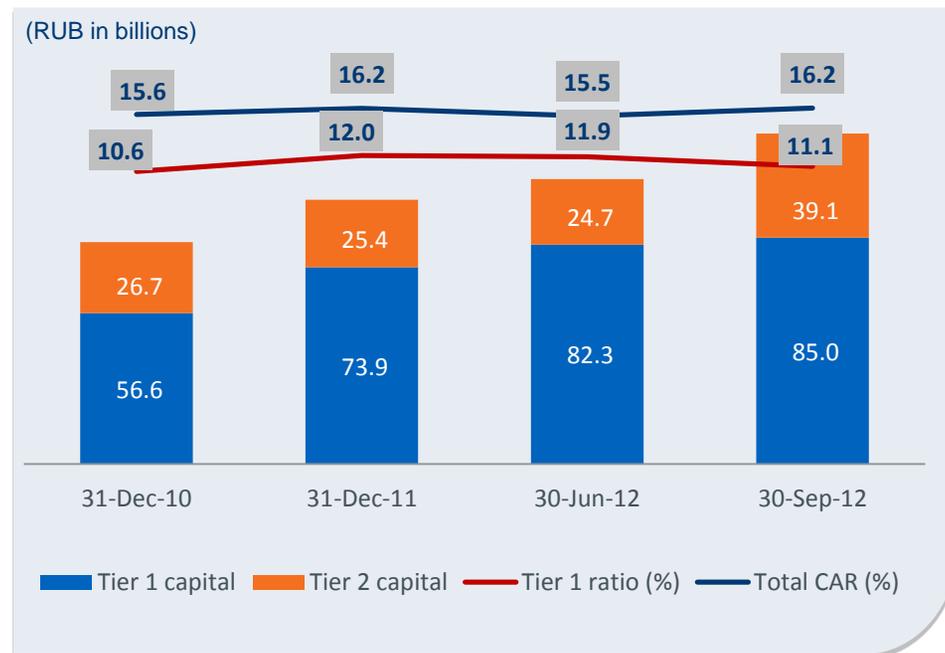


# 11.1% CT1 and 16.2% total CAR allowing further growth



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## Capital adequacy



## Total RWA





**THANK YOU!**

# Appendix



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# Strong results are the result of a healthy business mix



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	Corporate banking		Small business banking		Retail banking		Investment banking	
(RUB in millions)								
<b>Net loans to customers (30 Sep 2012)</b>		379,200		40,754		81,466		47,503
<b>Customer accounts (30 Sep 2012)</b>		227,518		21,332		143,540		6,781
<b>Revenues (9m 2012)</b>		15,514		3,422		7,506		4,634
<b># of clients</b>		~13,200		~83,000		appr.1,5 mln		>790
	<b>FY 2011</b>	<b>9m 2012</b>	<b>FY 2011</b>	<b>9m 2012</b>	<b>FY 2011</b>	<b>9m 2012</b>	<b>FY 2011</b>	<b>9m 2012</b>
% of loans	71.6	69.1	6.7	7.4	13.0	14.8	8.7	8.7
% of deposits	57.5	57.0	6.5	5.3	35.2	36.0	0.8	1.7
% of revenues	53.7	49.9	11.2	11.0	22.0	24.2	13.1	14.9
RORAC (%) <sup>(1)</sup>	22.8	21.9	35.5	30.0	20.2	25.8	27.2	33.0

(1) Return on risk-allocated capital.

# Key financial ratios



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(RUB in millions)	2010 <sup>(1)</sup>	2011	Q1 2012	Q2 2012	1H 2012	Q3 2012	9M 2012
<b>Balance sheet items</b>							
Total assets	530 217	662 144	670 341	699 278	699 278	771 690	771 690
Gross customer loans	354 860	468 287	469 518	529 195	529 195	570 060	570 060
Customer accounts	313 376	382 445	380 926	374 732	374 732	413 414	413 414
Shareholders' equity	46 883	62 297	65 694	69 556	69 556	71 801	71 801
Total equity	57 935	75 710	80 039	84 343	84 343	86 982	86 982
<b>Income statement items</b>							
Net interest income	20 499	28 056	7 306	7 654	14 960	7 951	22 911
Net fee and commission	3,871	6,089	1 678	1 924	3 602	2 122	5 724
Total revenue	30 499	36 890	10 706	10 863	21 569	9 699	31 268
Net profit	10 446	12 134	4 048	4 245	8 293	2 569	10 862
<b>Profitability &amp; efficiency metrics (%)</b>							
RoAE <sup>(2)</sup>	21.1	18.5 <sup>(3)</sup>	20.1	22.8	21.5	12.9	18.5
RoAA	2.3	2.1 <sup>(3)</sup>	2.4	2.5	2.4	1.4	2.1
Net interest margin	5.3	5.5	5.1	5.2	5.1	5.0	5.0
Cost/income ratio	43.5	46.6 <sup>(3)</sup>	43.0	46.1	44.6	53.8	47.4
Net fees and commissions/Total revenue	12.7	16.5	15.7	17.7	16.7	21.9	18.3
<b>Liquidity ratios (%)</b>							
Net loans/Customer deposits	108.3	117.1	118.2	130.6	130.6	128.3	128.3
Net loans/Total assets	64.0	67.6	67.2	72.8	72.8	71.1	71.1
<b>Asset quality ratios (%)</b>							
Coverage ratio	182.3	212.7	164.0	170.2	170.2	167.8	167.8
NPL/Gross loans	2.4	2.0	2.5	2.2	2.2	2.2	2.2
Cost of risk	1.2	0.9	0.8	0.5	0.7	0.9	0.8
Provisions/Gross loans	4.4	4.4	4.1	3.8	3.8	3.7	3.7
<b>Capitalisation ratios (%)</b>							
Tier 1 ratio	10.6	12.0	12.8	11.9	11.9	11.1	11.1
Total capital ratio	15.6	16.2	16.7	15.5	15.5	16.2	16.2

(1) Pro-forma for income statement items.

(2) RoAE to NOMOS equity holders.

(3) Excluding one-off IPO transaction costs of RUB 215 mln.

# Balance sheet



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RR in billions	NOMOS					% growth			
	YE2010	YE2011	31-Mar-12	30-Jun-12	30-Sep-12	YE'10- YE'11	YE'11- 1H'12	YE'11- 9M'12	Q2'12- Q3'12
<b>Assets</b>									
Cash and balances with central bank	43.3	40.1	28.8	29.6	30.1	(7.4)	(26.1)	(25.0)	1.5
Due from banks	41.6	53.7	80.1	54.2	57.1	29.1	0.9	6.3	5.4
Securities and other financial assets	82.1	88.2	82.4	72.6	102.0	7.4	(17.7)	15.7	40.5
Loans and receivables (gross)	354.9	468.3	469.5	529.2	570.1	32.0	13.0	21.7	7.7
Impairments	(15.6)	(20.4)	(19.4)	(20.1)	(21.1)	30.8	(1.6)	3.5	5.2
Net customer loans	339.3	447.9	450.1	509.1	549.0	32.0	13.7	22.6	7.8
Property and equipment	11.0	11.0	11.0	11.0	10.8	0.0	(0.0)	(1.5)	(1.4)
Other assets	12.9	21.2	18.0	22.8	22.7	64.3	7.1	6.9	(0.2)
<b>Total assets</b>	<b>530.2</b>	<b>662.1</b>	<b>670.3</b>	<b>699.3</b>	<b>771.7</b>	<b>24.9</b>	<b>5.6</b>	<b>16.5</b>	<b>10.4</b>
<b>Liabilities</b>									
Due to banks	59.8	106.6	105.2	123.2	150.5	78.3	15.5	41.2	22.2
Customer accounts	313.4	382.4	380.9	374.7	413.4	22.0	(2.0)	8.1	10.3
Bonds and Eurobonds	34.4	40.3	38.2	38.1	44.9	17.2	(5.4)	11.4	17.8
Promissory notes	33.2	18.9	28.0	21.2	18.4	(43.1)	12.2	(2.6)	(13.2)
Other liabilities	4.4	10.8	11.7	13.5	14.4	145.5	25.2	32.9	6.1
Subordinated debt	27.1	27.4	26.4	44.2	43.1	1.1	61.2	57.3	(2.5)
<b>Total liabilities</b>	<b>472.3</b>	<b>586.4</b>	<b>590.3</b>	<b>614.9</b>	<b>684.7</b>	<b>24.2</b>	<b>4.9</b>	<b>16.8</b>	<b>11.3</b>
<b>Total equity</b>	<b>57.9</b>	<b>75.7</b>	<b>80.0</b>	<b>84.3</b>	<b>87.0</b>	<b>30.7</b>	<b>11.4</b>	<b>14.8</b>	<b>3.1</b>

# Income statement



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RR in millions	NOMOS						Growth, %	
	9m 2011	2011	Q1 2012	Q2 2012	Q3 2012	9m 2012	Y-o-Y	Q-o-Q
	9m'12-9m'11	Q3'12-Q2'12						
Interest income	37 309	52 358	14 799	15 969	17 081	47 849	28.3	7.0
Interest expenses	(17 151)	(24 302)	(7 493)	(8 315)	(9 130)	(24 938)	45.4	9.8
<b>Net interest income</b>	<b>20 158</b>	<b>28 056</b>	<b>7 306</b>	<b>7 654</b>	<b>7 951</b>	<b>22 911</b>	<b>13.7</b>	<b>3.9</b>
Net fee and commissions	4 246	6 089	1 678	1 924	2 122	5 724	34.8	10.3
Net trading income	(692)	2 413	1 395	353	(430)	1 318	(290.5)	(221.8)
Net gains from trading securities	(2 301)	(966)	914	(220)	266	960	(141.7)	(220.9)
Net gain on FX operations, operations with PM and other derivatives	1 697	3 029	483	589	(731)	341	(79.9)	(224.1)
Net gain on AFS investments	(95)	343	(2)	(16)	35	17	(117.9)	(318.8)
Net gain on HTM investments	7	7	-	-	-	-	nd	nd
Net gain/(loss) on disposal of loans	112	181	84	676	25	785	600.9	(96.3)
Other net non-interest income	219	151	243	256	31	530	142.0	(87.9)
<b>Net non-interest income</b>	<b>3 885</b>	<b>8 834</b>	<b>3 400</b>	<b>3 209</b>	<b>1 748</b>	<b>8 357</b>	<b>115.1</b>	<b>(45.5)</b>
<b>Revenue</b>	<b>24 043</b>	<b>36 890</b>	<b>10 706</b>	<b>10 863</b>	<b>9 699</b>	<b>31 268</b>	<b>30.1</b>	<b>(10.7)</b>
Operating expenses	(12 486)	(17 395)	(4 600)	(5 010)	(5 219)	(14 829)	18.8	4.2
Impairment of buildings and constructions	-	45	-	-	-	-	nd	nd
<b>Pre provision profit</b>	<b>11 557</b>	<b>19 541</b>	<b>6 106</b>	<b>5 853</b>	<b>4 480</b>	<b>16 439</b>	<b>42.2</b>	<b>(23.5)</b>
Provision for impairment losses	(2 719)	(4 007)	(941)	(461)	(1 375)	(2 777)	2.1	198.3
<b>Profit before tax</b>	<b>8 838</b>	<b>15 533</b>	<b>5 165</b>	<b>5 392</b>	<b>3 105</b>	<b>13 662</b>	<b>54.6</b>	<b>(42.4)</b>
Income tax expense	(1 891)	(3 399)	(1 117)	(1 147)	(536)	(2 800)	48.1	(53.3)
<b>Net profit</b>	<b>6 947</b>	<b>12 134</b>	<b>4 048</b>	<b>4 245</b>	<b>2 569</b>	<b>10 862</b>	<b>56.3</b>	<b>(39.5)</b>
attributable to shareholders	5 817	10 003	3 218	3 848	2 280	9 346	60.7	(40.7)

# High quality interbank funding



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## Due to banks portfolio structure and duration<sup>(1)</sup>

RUB in millions	30-Sep-2012	Duration, days	Effective rate, %
Interbank loans	46 891	156	7.2
International and trade financing	43 354	329	2.6
REPO	23 964	23	6.2
Deposits in PM	13 310	80	0.8
Loro accounts	13 033	0	0.9
Syndicated loans	6 254	22	2.6
Long-term financing	3 217	1 197	6.3
Brokerage accounts	421	1	-
Settlement accounts	89	1	-
<b>Total</b>	<b>150 532</b>	<b>181</b>	<b>4.3</b>

## CBR funding and Min Fin deposits structure and duration

RUB in millions	30-Sep-2012	Duration, days	Effective rate, %
Due to the CBR	732	1	5.7
Min Fin Deposits	13 477	29	7.1
<b>Total</b>	<b>14 209</b>	<b>28</b>	<b>7.0</b>

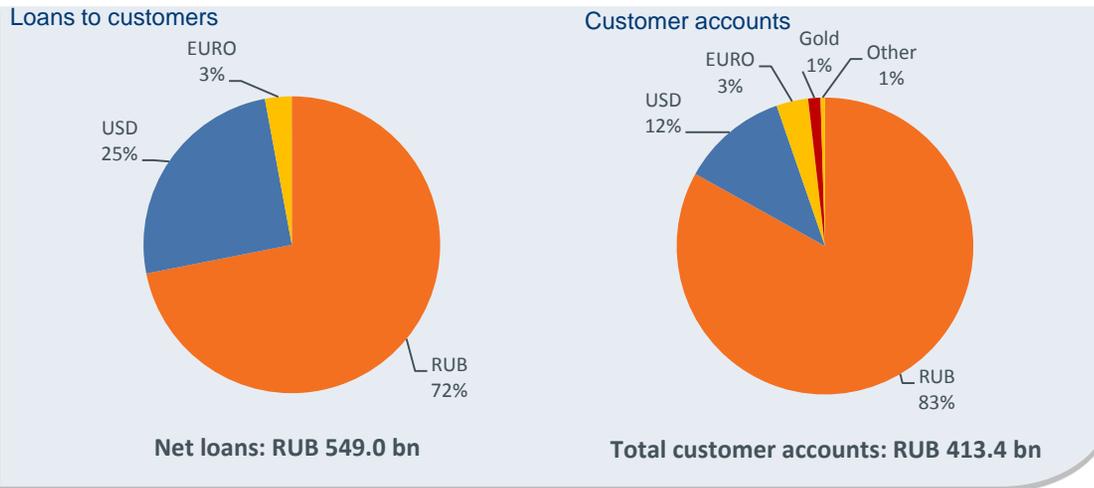
(1) Including due to the Central Bank of the Russian Federation.

# Risk management as of 30/09/2012

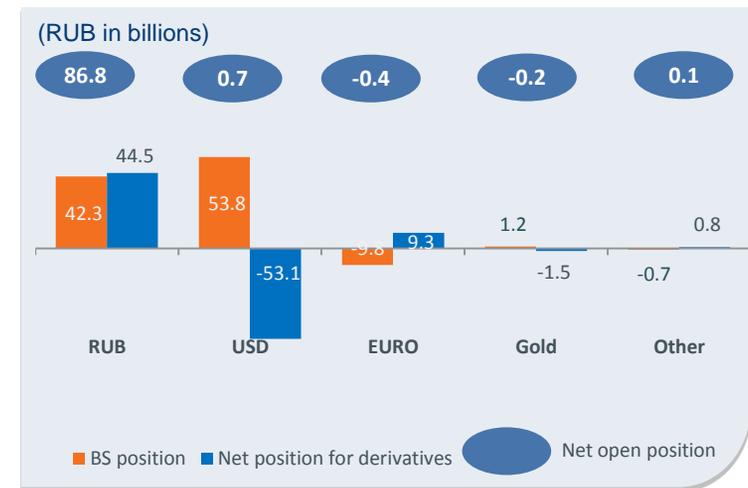


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## Foreign currency risk



## Open currency position



## Term structure of assets and liabilities



(1) Adjusted liquidity gap to stable source of funding.

# Contact information

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