

## NOMOS announces its Q1 2011 interim financial results

### A good start in 2011 in a challenging external environment

Performance summary:

- Assets growth faster than the market in Q1 2011: up 7.4% to RUB 569.7 billion driven by further expansion of small business and retail lending (up 7.5%) and stable funding base
- Strong profitability allows to support growth: RoAE remains at a high 21.2%, net profit attributable to Nomos equity holders totaled RUB 2.6 billion, and total net profit – RUB 3.2 billion
- Revenues reached RUB 8.2 billion: further improvement of revenue structure on the back of organic growth in core segments and stabilization of interest margins from 2<sup>nd</sup> half of 2010
- Improved capital position: Tier 1 ratio of 11.2% and CAR of 15.9%
- Low risk profile: cost of risk at 0.6% with NPL ratio at a stable 2.4% and NPL coverage at 181.4%

The Supervisory Board of NOMOS Bank on 3 June 2011 approved Condensed Interim Consolidated Financial Statements in accordance with IFRS as of 31 March 2011 and for the 3 months ended 31 March 2011, including review report by independent auditor.

Nomos **total assets** increased by 7.4% in the Q1 2011 compared to 31 December 2010 and reached RUB 569.7 billion. The structure of consolidated assets didn't change significantly with the loan portfolio representing 62.3% of total assets (31 December 2010: 64.0%).

**Loan portfolio** amounted to RUB 355.0 billion and increased by 4.6% at the end of Q1 2011 as compared to the year end 2010 driven by healthy growth of customer lending: small business loans grew by 9.2% to RUB 20.9 billion and retail loans grew by 6.6% to RUB 38.9 billion. The corporate banking segment with its focus on medium-sized companies remains the largest segment of NOMOS, representing 73.0% of the total loan portfolio<sup>1</sup>. Corporate loans showed an increase of 4.2% to RUB 259.1 billion.

**Nomos remains committed to the prudent credit risk management policy** which allows it to achieve a low share of non-performing loans (NPLs: loans overdue more than 90 days). As of 31 March 2011, the NPL ratio remained at a low level of 2.4% while provision for loan impairment to total gross loans was 4.3% compared to 4.4% at 31 December 2010. NOMOS maintains a very conservative provision coverage of non-performing loans of 181.4%.

**Total liabilities** as of 31 March 2011 comprised to RUB 508.4 billion and increased by 7.6% compared to the beginning of the year. NOMOS has a balanced and diversified funding structure with customer accounts comprising 61.9% of total liabilities (31 December 2010: 66.4%). Customer accounts amounting to RUB 314.6 billion represent the most stable and diversified source of funding with retail and small business accounts accounting for 46.1%<sup>2</sup> of the total deposit base. The net loans to deposits ratio was 112.8% as of 31 March 2011 (31 December 2010: 108.3%).

As of 31 March 2011, **the Group's total equity amounted to RUB 61.3 billion**, including RUB 12.1 billion of non-controlling interest. Strong capital generation, aided by slower increase in risk-weighted assets, strengthened Tier 1 ratio to 11.2% from 10.6% at the year end 2010, the total capital adequacy ratio under the Basel Capital Accord comprised 15.9%, up by 3 bp.

**In the first quarter NOMOS continued its focus on profitability and creating shareholder value.** NOMOS delivered net profit of RUB 3.2 billion, RUB 2.6 billion of which are attributable to Nomos equity holders.

Annualized **return on average equity (RoAE)** to NOMOS equity holders remained at a **strong 21.2%** compared to 21.1%<sup>3</sup> for 2010.

Annualized **return on average assets (RoAA)** was **2.36%** compared to 2.32%<sup>3</sup> for 2010.

**Operating income before provisions for impairment for the Q1 2011 was RUB 8.2 billion**, an increase of 6.1% on annualized basis compared to 2010 (pro-forma).

Net interest income and fee and commissions continued to be the key drivers of the NOMOS revenue generation.

**Net interest income** amounted to RUB 6.2 billion and increased by 20.7% on annualized basis compared to 2010 pro-forma result. Net interest income remained the core component of revenue – 75.4% compared to 66.3% for 2010. **Net interest margin was 5.2%** compared to 5.3%<sup>3</sup> in 2010 reflecting a stabilization of the NOMOS' margin.

**Net fee and commission income** continued to strengthen gradually in Q1 2011, rising by 17.4% on annualized basis to RUB 1.1 billion. Net fee and commission income represents an increasing portion of revenue (13.9% for Q1 2011 compared to 12.5%<sup>3</sup> for 2010), with stronger share of retail and small business.

**Cost of risk reduced to 0.6% vs 1.3%<sup>3</sup> in 2010** largely as a result of continuing improvement in quality of the loan book.

In the Q1 2011, 50.7% of NOMOS revenue was generated by the corporate business segment and 29.7% by small and retail business<sup>4</sup>.

NOMOS demonstrated high levels of operating efficiency in the Q1 2011 with operating expenses to operating income before provision for impairment (**Cost to income ratio**) of **44.5%** (2010: 43.0%<sup>3</sup>).

---

<sup>1</sup> Calculated as the share of total loans to customers for business segments excluding the Treasury and asset and liability management unit and unallocated balances

<sup>2</sup> Calculated as the share of total customer accounts for business segments excluding the Treasury and asset and liability management unit and unallocated balances.

<sup>3</sup> Pro-forma if the acquisition of Bank of Khanty-Mansiysk would take place on 1 January 2010.

<sup>4</sup> Calculated as the share of total revenue for business segments excluding the Treasury and asset and liability management unit and unallocated balances.