

RESULTS

2015





The Bank of Russia continued the process of active recovery of the banking system in 2015. As a result there were revoked the licenses of the banks that did not meet the regulatory requirements (53% of the total number of revoked licenses in 2013 -2015 due to the loss of capital) and violated the anti-money laundering legislation.



In this regard, there is an outflow of customer accounts from small banks to large private and public credit institutions and the restructuring of the banking industry as a whole.

In 2015 the Russian economy was forced to operate in conditions of geopolitical tensions and financial instability with limited access to international capital markets and high cost of borrowings in the domestic market.

252 banks were 'sanitized' or deprived of their licenses over the past 3 years	Banks from TOP -50 accumulate 85% of assets of the Russian banking system
64.3 bn rubles were paid from the Deposit Insurance Agency to the depositors of "Intercommerz Bank»	ROE for the banking sector decreased by 10 times over the past 2 years (excl. the owners' support)
187,4 bn rubles amounted to the size of 'financial hole' of "Vneshprombank" vs assets in amount of 275 bn rubles reported by the bank	The amount of suspicious transactions aimed to money withdrawal abroad decreased by 70 times (from \$38.8 bn to \$ 558 m)
60 % of the Russian banks are unprofitable	M&A activity decline - 13 M&A transactions for the banking sector over the 1H of 2015

GDP decline for the past 7 quarters	Historic minimum of exchange rate - 72,8827 P/\$ at the year-end 2015 (- 10,9% in Q4)
Drop in consumer demand	Decline in oil prices (below \$40) vs relatively comfortable \$60-65 per barrel of Brent
Investment decline in fixed capital	Decline in export revenue
Migration to a floating exchange rate and devaluation of the national currency by 43% starting in Q4 2014	Volatility in stock and debt markets, growth of currency risks and borrowing rates in domestic market





Financial result in the banking sector 2015 reflects an adequate ability of banks to adapt the deterioration of operating environment.

Anti-crisis measures package and fine-tuning financial instruments implemented by the Bank of Russia and the Government of the Russian Federation have provided a substantial

support for the banking industry.

However, the deterioration in the macro economy in 2016, may require an additional support to certain banks and /or system measures to support the industry.

Indicator	Annual change, %	2015 vs 2014 (bn. rubles)
Assets	+6,9 (-1,6%)*	83 000 / 77 653
Aggregate loans to economy	+7,6 (+0,1%)	43 985 / 40 866
Loans to non-financial organizations	+12,7 (+2,5%)	33 301 / 29 536
Loans to individuals	-5,7 (-6,3%)	10 684 / 11 330
Profit	-67,4	192 / 589
Individual deposits	+25,2 (+16,8%)	23 219 / 18 553
Customer accounts and deposits (excl. individuals)	15,6 (+2,7%)	27 064 / 23 419
Due to the Bank of Russia	-42,3	5 363 / 9 287
Provisions for possible losses (share in liabilities)	+33,4	Source: http://www.cbr.ru/analytics/

(* - amendment for currency revaluation)



NK Bank (License № 2755) is a private commercial Bank, established in 1993 and registered by The Bank of Russia in 1994, organized as a joint stock company under the laws of the Russian Federation, and focused on services for corporate business and private customers.

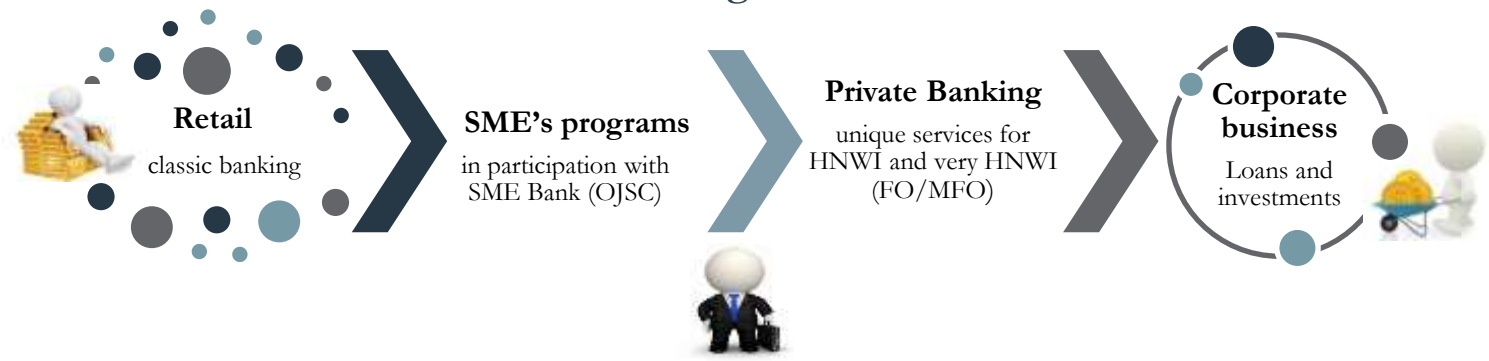
In spite of its business concentration in Moscow and Moscow region, the Bank using its more than 20 years long experience, provides services for the clientele within the regions of Russia. NK Bank does not participate in a bank group (bank holding).

- JSC “NK Bank” traditionally demonstrates the positive dynamics of the key financial indicators.
- Bank’s financial reliability and health is supported by the following ratings assigned by Moody’s : **B3/NP** and Counterparty risk - **B2(cr)/NP(cr)**.
- The reputation of a reliable financial partner which properly fulfills its obligations to customers, counterparties and investors, provides the Bank's successful cooperation with partners in domestic and international markets.

Clear-cut strategy, client-focused operational and robust business models allow to develop the new mixed and tailor-made products for our customers with the help of the modern financial instruments that leads to more effective and comfortable cooperation.

We highly appreciate transparency and confidentiality, individual approach and loyalty in relations with our customers and partners.

Strategic Lines





Licenses, permissions and participation:



Association of Regional Banks of Russia



Moscow Internal Currency Association



MasterCard Worldwide



Visa International



Business National SWIFT Association



Moscow Exchange, JSC «MICEX-RTS», JSC «Stock Market MICEX»



Association for Banking Information Security Standards



Reuters



Bloomberg



Info system RVS – Bills



SRO National Finance Association



Business concentration in Moscow region

Participation in Deposit Insurance System since 1994

Extensive experience in banking

Positive credit records

Individual business approach





The Bank provides banking products and high quality services to corporate and private clients, cooperates with credit institutions, investors and issuers.

The Bank's primary business consists of commercial banking, trading with securities and foreign currencies, originating loans and guarantees.

Corporate accounts is a significant part of the Bank's credit portfolio. The corporate line is expected to prevail in the structure of the Bank's business in the foreseeable future.

The Bank's Retail business focuses on originating consumer loans to private customers with relatively low credit risk, with particular emphasis on cross-sales of retail products to employees and customers.

The Deposit portfolio of the Bank has traditionally comprised of the private deposits in significant part.

Priorities	Practical steps	Targets
Business stabilization in the current environment	<ul style="list-style-type: none"> ▪ Gradual increase in the share of highly profitable services ▪ Extension of transactions focused on generating fee income ▪ Service extension for SMEs and further using of investment advantages 	Maintaining its niche in key business segments
Asset quality and risk management	<ul style="list-style-type: none"> ▪ Development of tiered risk management system ▪ Adoption of Basel 3 ▪ Tightening of collateral requirements ▪ Sale of non-core assets 	Saving the risk value within the limits not exceeding the market average
Efficiency	<ul style="list-style-type: none"> ▪ Reducing operating costs and improving the efficiency of operations 	Comfortable ratio of costs to income at the level of 2014



Grigoryev Viktor

More than 25 years of successful business experience as a Head, Chairman and a Member of the Board of Directors of industrial enterprises and holdings. President of JSC "NK Bank" since 2011.

Business activity: industrial, oil and gas, energy and other assets in economy key sectors.

In 2008 - 2015 the main shareholder have used the following forms of investments in Bank's development, incl.:

- Additional share issue – 55.5 m rubles in 2009
- Subordinated debt in the amounts of:
 - 148.5 m rubles in 2009
 - 324 m rubles in 2014.
 - Free of charge financing:
 - 150 m rubles in 2013
 - 200 m rubles in 2014
 - 15 m rubles in 2015.



■ Grigoryev.V
90,0%

■ Smirnov.S.
10,0%

Smirnov Sergey



More than 20 years of successful business experience in the Russian banking system as a Director (CEO) and a Member of the Board of Directors in commercial banks.

Professional corporate management skills and personal leadership qualities have defined the Bank's success in overcoming economic crisis in 2008 – 2010.

Chairman of the Board (CEO) of JSC "NK Bank" since 2005.

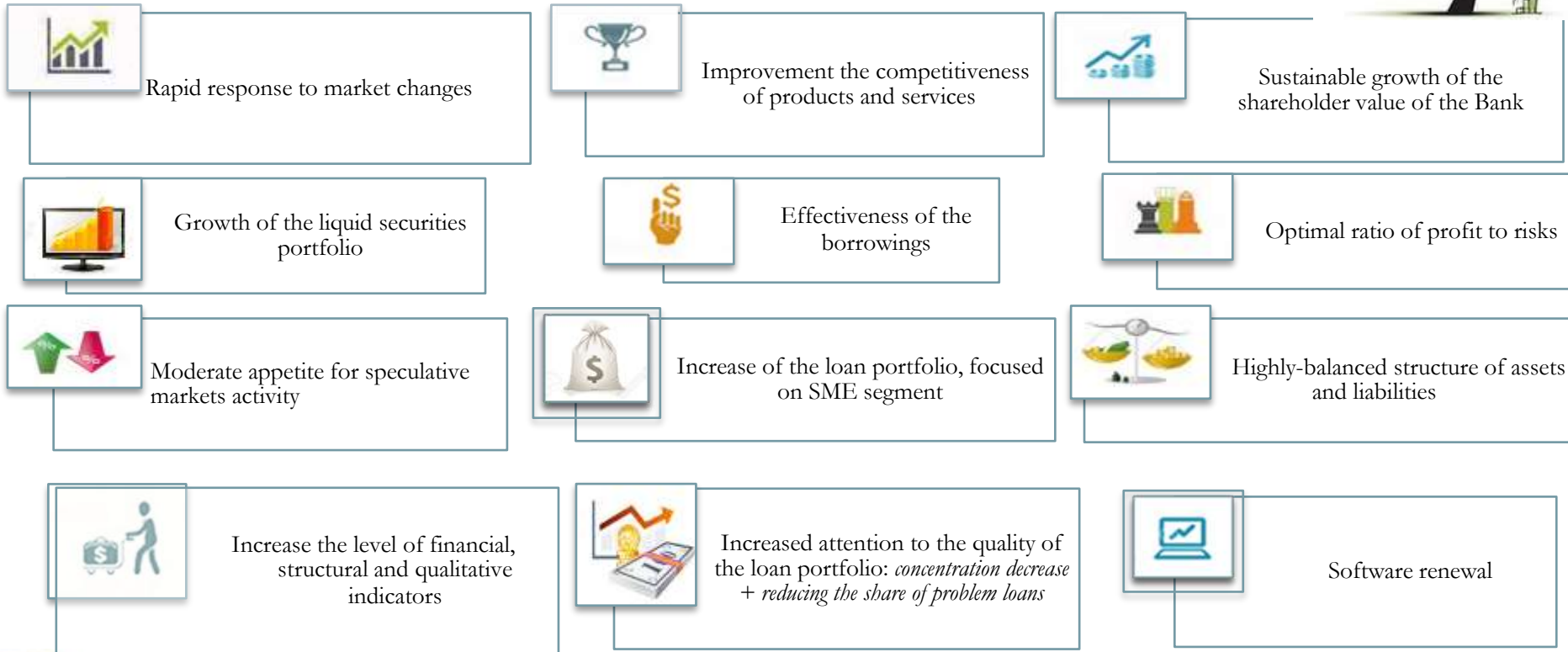
High Shareholders' interest in development of the Bank helps to:

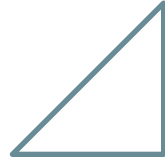
Attract financially stable partners and new customers

Organic business development and extension of the Bank's activities

Participate in financially stable and long term projects

Balanced business growth of the Bank, included in the Top-150 largest Russian banks as universal and dynamically developing financial institution, aimed to provide mutually beneficial financial solutions, products and services for key and potential customers in private and corporate sectors.





Bank Today:

- Client-focused operational model
- Long-term “niche” strategy
- Sustainable business model
- Highly - balanced structure of assets and liabilities
- Effective risk management
- Well - diversified customer base
- High level of liquidity
- Transparent ownership structure
- Support from the shareholders and independence from the FIGs



Bank tomorrow:

- Sustainable development
- Increase of the loan portfolio, focused on SME segment
- Increased attention to the loan portfolio quality
- Loan portfolio concentration decrease and reduce of the PLs share
- Strong deposit base with particularly focus on private clients
- Moderate appetite on speculative markets and growth of the liquid securities portfolio





As at 01.01.2016, JSC "NK Bank" is in the TOP-200 largest banks of Russia

«Expert-RA», 01.01.2016



Assets	184
Aggregated loan portfolio	195
Loans to legal entities	178
Loans to individuals	184
Customer accounts	115
Individuals' deposits	191

Moody's ratings, December 2015

Outlook	Stable
Bank Deposits	B3/NP
NSR Bank deposits – Dom Curr	Baa3.ru/--
Counterparty Risk Assessment	B2(cr) / NP(cr)
Baseline Credit Assessment	b3
Adjusted Baseline Credit Assessment	b3

Interfax – 100. Banks Of Russia. Key performance indicators 2015



Equity	204
Assets	189

Banki.ru, January 2016 /+ January 2015



Russia	Region	January 2016
189 +35	120	Net assets
195 +7	131	Capital (reporting form 123)
177 +5	115	Loan portfolio
111 +62	71	Overdue loans
151 +30	89	Individuals' deposits
195 +94	126	Investments in securities
115 +4	75	Loans to individuals
88 +56	57	Overdue debt
181 +12	119	Loans to legal entities
32 +58	23	Equity investments
187 +32	115	Legal entities' accounts

NRA RANKING , 01.01.2016



Top- 100	DEBT ISSUED
69	
Top-200	CREDIT PORTFOLIO
176	
Top-100	TURNOVER ON THE STOCK MARKET
66	
Top-200	NET ASSETS
186	





Board Of Directors

- Grigoryev Victor, Chairman of the Board
- Grigoryeva Ksenia, Member of the Board
- Kiyko Svetlana, Independent Member of the Board
- Mekhryakov Vladimir, Independent Member of the Board
- Yakubenko Philipp , Member of the Board

Authorities and activities

➤ Strategy and Development

Grigoryev Victor, Grigoryeva Ksenia

Compensations

Grigoryev Victor, Mekhryakov Vladimir

Risks

Mekhryakov Vladimir , Kiyko Svetlana

Audit and internal control

Yakubenko Philipp

Executive Board

- Smirnov Sergey, Chairman of the Board
- Batraev Vladislav, Deputy Chairman of the Board
- Grigoryeva Ksenia, Deputy Chairman of the Board
- Gusarova Natalya, Deputy Chairman of the Board
- Demchenko Vladimir , Deputy Chairman of the Board
- Dremova Olga, Deputy Chairman of the Board
- Lyalyushko Julia, Deputy Chairman of the Board
- Solganik Janna, Deputy Chairman of the Board
- Merkulova Elena, Chief Accountant





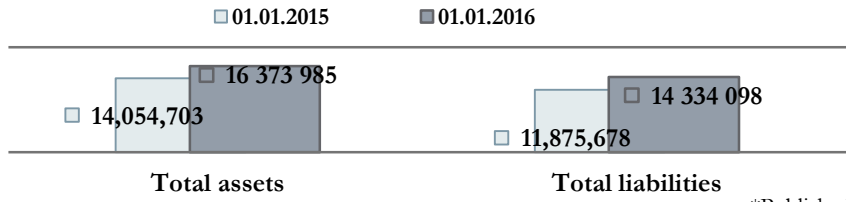
As at December 31, 2015, the Bank's assets increased by 18.6%, or up to 2.7 bn RUB

ASSETS, in thousands of RUB (rf. 806)	01.01.2014	01.01.2015	01.01.2016
Cash and balances	274 865	583 788	1 196 166
Mandatory reserves	100 906	111 276	93 973
Due from credit institutions	1 334 426	1 535 221	261 269
Financial assets at fair value	1 220 811	602 551	527 227
Net loans receivable	8 662 789	9 791 896	12 032 103
Net investments in securities and other financial assets	68 328	82 947	1 171 131
Property, equipment and intangible assets	22 010	67 282	518 449
Other assets	262 434	193 760	339 688

The structure of Bank's assets comprised of:

- **51.6%** - loan portfolio
- **18.6%** - sort-term interbank loans to Russian banks (up to 30 days)
- **9.7%** - securities portfolio (consists of over 70% part of investments in equity securities of private companies, and the other part - state bonds, corporate bonds and bonds of credit institutions)
- **9.5%** - highly liquid assets
- **7.6%** - other assets, mainly inventories.

Key balance figures* (in thousands of RUB)



LIABILITIES, in thousands of RUB (rf. 806)	01.01.2014	01.01.2015	01.01.2016
Due to credit institutions	342 260	319 699	390 209
Customer accounts(non-credit organizations)	7 409 985	9 528 566	11 851 264
Deposits of individuals and individual entrepreneurs	4 519 226	6 306 804	8 072 715
Debt securities issued	2 477 876	1 872 120	1 861 293
Other liabilities	169 131	132 135	207 749

Liabilities are diversified by the sources of borrowing:

- **45.8%** - deposits of individuals, borrowed mainly for 1 -3 year term
- **21.8%** - legal entities accounts and term deposits up to 90 days
- **13.5%** - equity (capital), including a subordinated loan in amount of 324,1 m RUB with maturity in 2024.

Liabilities' increase due to the growth of

- individuals' deposits (+28,7% or 1.8 bn RUB)
- legal entities accounts (+17.3% or 563,3 m RUB)
- interbank loans (+44,1% or 110.1 m RUB)

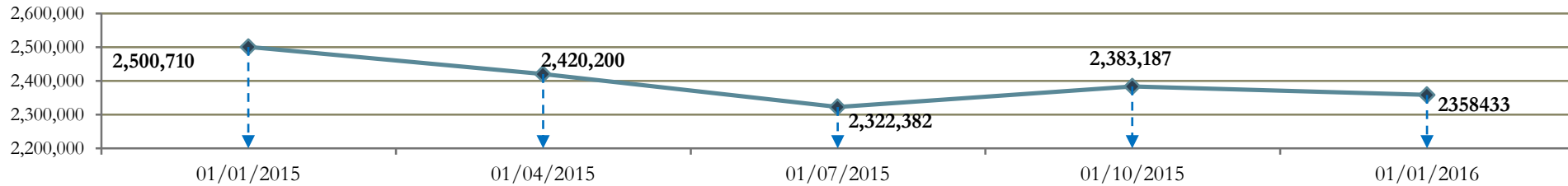
vs insignificant decrease of

- equity (-5,7% or 142.3 m RUB)
- issued promissory notes (- 10.8 m RUB).

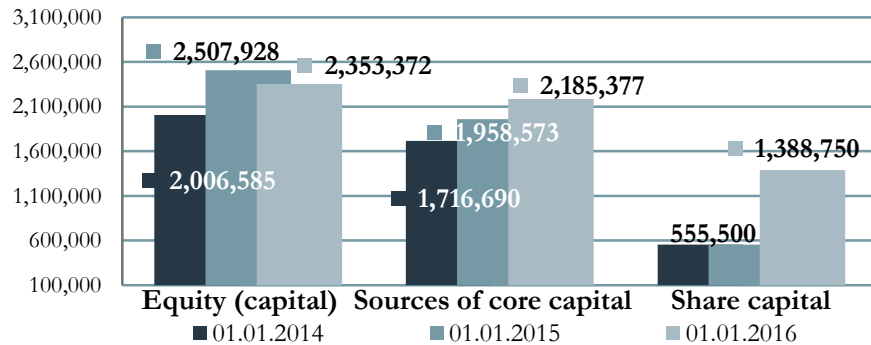
*Published RAS financial statements, reporting form 806 incl. events after the reporting date 01.01.2016.



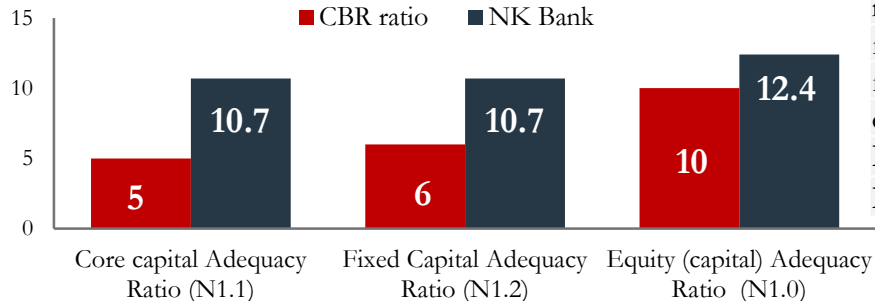
Total sources of equity, Basel III (in thousands of RUB)



Equity (rf 808*, in thousands of RUB)



Regulatory requirements



Financial results (rf 807*, in thousands of RUB)	01.01.2014	01.01.2015	01.01.2016
Total interest income on (incl.):	1 250 996	1 407 106	1 498 026
Balances due from credit institutions	27 663	44 067	131 136
Loans to customers (non-credit institutions)	1 093 158	1 244 305	1 262 464
Investments in securities	130 175	118 734	104 426
Total interest expense on (incl.):	580 491	552 007	642 071
Balances due to credit institutions	49 884	26 925	58 854
Customer accounts (non-credit institutions)	351 313	320 487	468 107
Debt securities issued	179 294	204 595	115 110
Net interest income (negative interest margin) on	670 505	855 099	855 955
financial assets at fair value	-11 393	-9 548	35 956
foreign exchange operations	61 484	23 139	103 037
currency revaluation	28 791	15 210	36 931
Fee and Commission income	107 836	152 336	178 226
Fee and Commission expense	15 136	15 848	18 393

*Published RAS financial statements, reporting forms 807, 808 incl. events after the reporting date 01.01.2016



Net loan receivables amounted to 12.0 bn rubles, incl. the Loan portfolio in amount of 9.4 bn rubles.

Rational and prudent loan policy of NK Bank provides the benefits to successful and transparent customers interested in efficient long-term cooperation. The Bank uses a conservative approach in assessment of credit risk of the borrowers taking into account the current economic conditions.

Low level of overdue debt in corporate loan portfolio is a result of individual approach to analyses of the customers' risks tailored to their business models.

To mitigate credit risk, the Bank reduces excessive concentration of assets by setting limits on counterparties and groups of related counterparties and recognizes the loans collateralized by pledge of real estate, securities, equipment, deposits, receivables, corporate guarantees.

NK Bank provides a wide range of credit products and services in accordance with the following lending classification:

- Borrowers (private/corporate customers);
- Purpose (against turnover, investment, for current activity, targeted loans, consumer, plastic card overdrafts, etc.);
- Maturity (short/long terms);
- Collateral (secured/unsecured);
- Type (loan/credit line);
- Loan repayment (lump sum repayment/scheduled);
- Currency

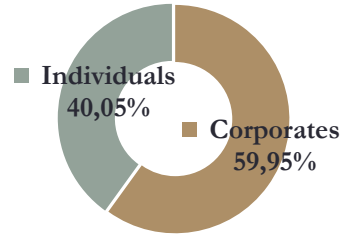
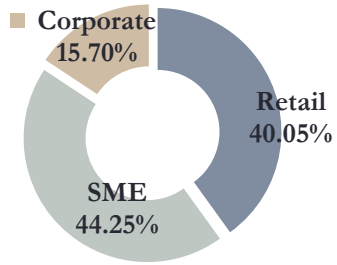
NK Bank traditionally provides services to corporate customers and SMEs of different industries. The Bank offers to its SME customers the products corresponding with the programs of SME's financial support.

A moderate increase of the loan portfolio, its profitability and quality combined with effective debt recovery is one of the main priorities for the Bank.

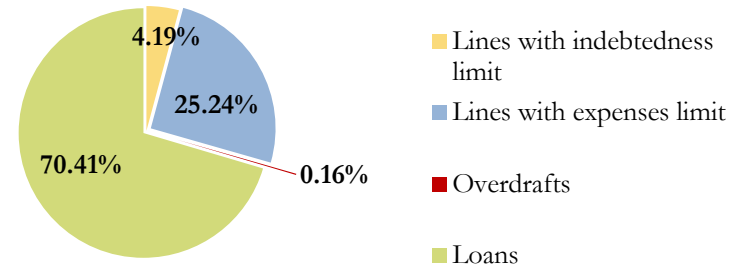




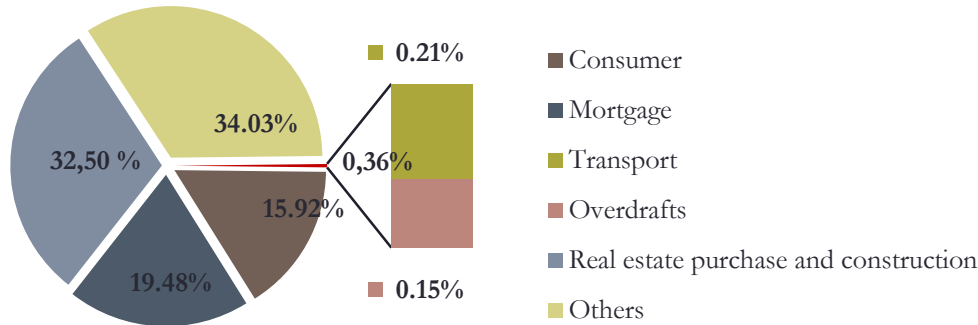
LP diversification



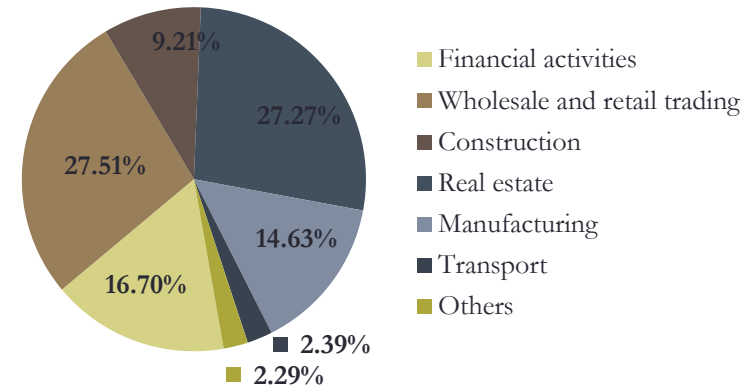
LP corporate structure (types)



LP structure (retail)



LP Structure (corporate)



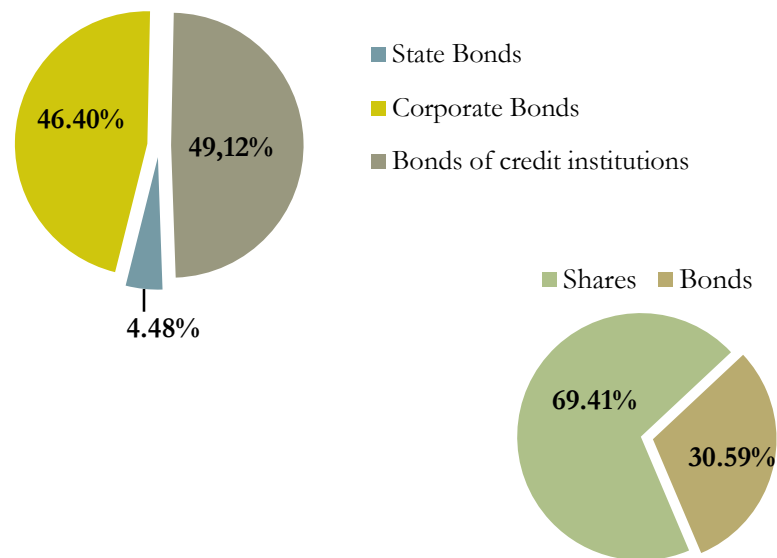


The growth of the Bank's securities portfolio of more than 2X in 2015 due to the changes of market conditions led to portfolio management revision.

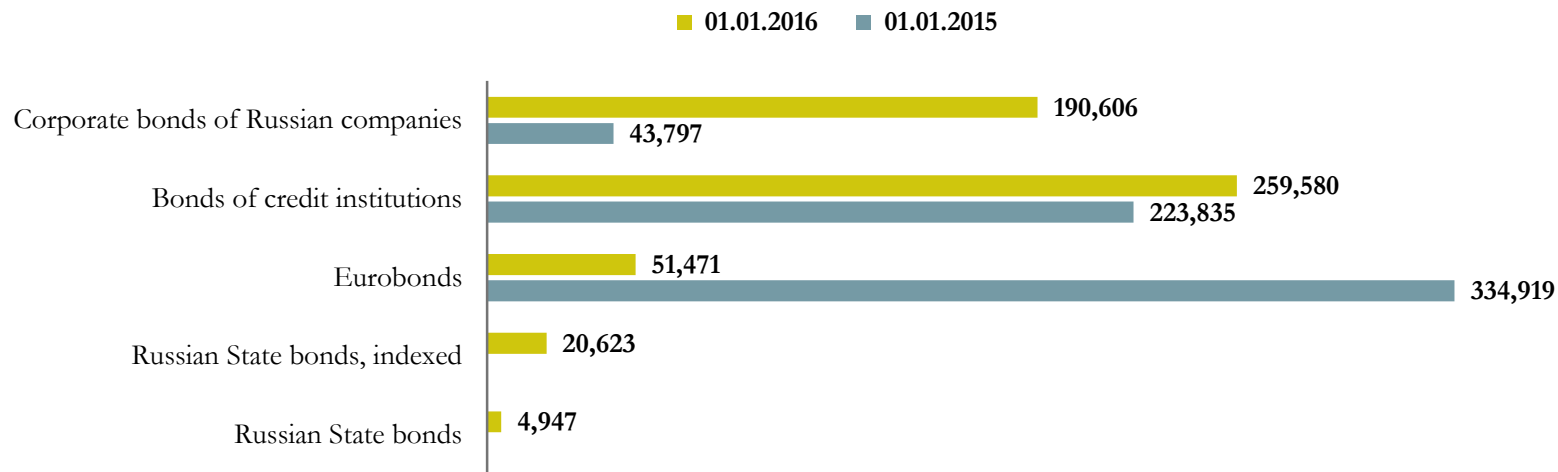
The new strategy comprises the debt instruments listed in the Lombard list of the Bank of Russia in RUB and major currencies, and equity securities - shares of industrial, scientific and manufacturing enterprises traded on OTC stock market.

The Bank also uses the REPOs with the Bank of Russia and other liquidity-providing transactions, if necessary.

Securities portfolio (structure)



Securities portfolio (book value in thousands of RUB)





Licenses and permissions

Bank profile

Banking License № 2755 19. 09. 2012

License № 2755 for operations with precious metals 19. 09. 2012

License № 077-07255-010000 for dealer activities 19. 12. 2003

License № 077-07248-100000 for brokerage activities 19. 12. 2003

License № 077-07265-000100 for depository activities 19. 12. 2003

License № 12573 H for data encryption 15. 11. 2012

Notification of the guarantor to the customs authorities 01.11.2013.
Maturity 31. 10. 2016.

The Bank is listed in the customs register as a guarantor to the customs authorities and listed with the banks, meeting the requirements of acceptance the bank guarantees for taxation purposes (order of the Federal Customs Service of Russia № 847).

Joint stock company «NK Bank»

Banking License № 2755 issued by the Bank of Russia

RN: 2755

GSRN : 1027739028536

BIN: 044525278

TIN [INN]: 7734205131

TRRC [KPP]: 775001001

GIIN: EQCQ2M.99999.SL.643

SWIFT: NASPRUMM

Auditor

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