



GAZPROMBANK
(SWITZERLAND) LTD

10 years

ANNUAL REPORT

2019





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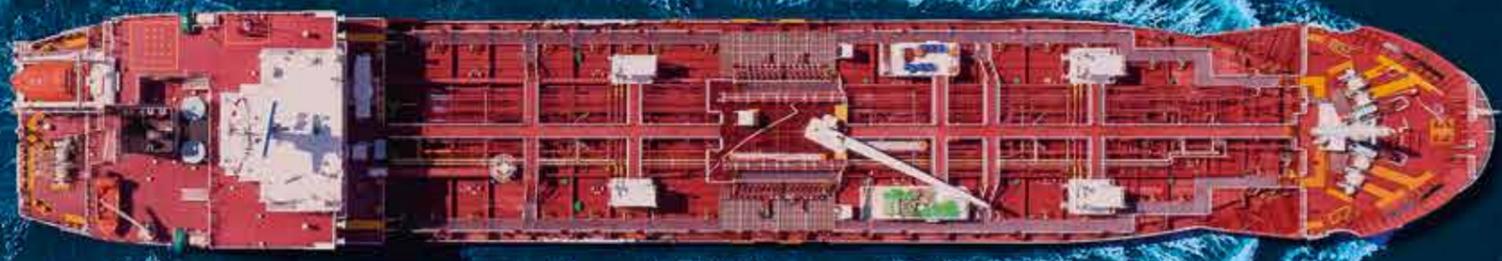
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FOREWORD



MESSAGE FROM THE CHAIRMAN AND THE CEO

In this report we share with you the results of 2019, another successful year of Gazprombank Group's presence in Switzerland marking the 10th anniversary of Gazprombank (Switzerland) Ltd. Our mission continues to be supporting international trade, assisting Swiss exporters and industrial companies in doing business with Russia, and serving Russian and international corporates with business interests in Switzerland.

In 2019, rising trade and geopolitical tensions have had impact on business confidence, investment decisions and global trade. At the same time Russia continued to improve its economic and fiscal standing. This was further confirmed by Moody's Investors Service upgrading Russia to Baa3 in February 2019 and then Fitch Ratings upgrading its sovereign rating to BBB in August 2019.

Gazprombank (Switzerland) Ltd consistently demonstrates strong performance, delivering a return on equity of 7.4% in 2019 with the average ROE of 7.3% over the last five years. The Bank continued to grow its main lending business, increasing the loan book by 26%. Asset quality remains strong. The Bank is well capitalised, which provides a solid foundation for further business growth. Throughout 2019 the Bank maintained comfortable capital adequacy, liquidity and stable funding ratios.

The Bank's traditional core focus are trade flows coming from Russia and the Commonwealth of Independent States (CIS). In 2019, the Bank continued to diversify its business operations by expanding corporate relationships in other major trading hubs such as Dubai and Singapore and broader coverage of the MENA region.

For the past several years Gazprombank (Switzerland) Ltd has been a valuable partner to its institutional clients, providing expertise and access to the Russian financial markets. In 2019, Gazprombank Group's trading volumes with clients based in Switzerland and Italy increased by 70%.

Gazprombank (Switzerland) Ltd has met with satisfaction the recent completion of the regulatory enquiry into the Bank's compliance processes and the positive assessment of its practices by the Swiss Financial Market Supervisory Authority. The Bank remains committed to the highest standards and best market practices in combating money laundering and anti-terrorist activities.

The Board of Directors and the Executive Management would like to thank the Bank's team for the contribution to the positive results in 2019 and continuous commitment to provide the best service to our clients. We would also like to thank our clients and counterparties for the cooperation and remain fully committed to further business development in Switzerland.

Zurich, March 2020

Oleg M. Vaksman

President of the Board of Directors

Roman R. Abdulin

CEO, Chairman of the
Executive Management Board

GAZPROMBANK AT A GLANCE



GAZPROMBANK (SWITZERLAND) HIGHLIGHTS



ROMAN R. ABDULIN

Chief Executive Officer
Chairman of the
Executive Management Board

“We are a wholly-owned subsidiary of one of the largest systemically important banks in Russia, which positions us to provide a wide range of services and ensure the highest standards to our clients.”

GAZPROMBANK (SWITZERLAND) LTD AT A GLANCE

- Gazprombank (Switzerland) Ltd is a core subsidiary of Gazprombank (Joint Stock Company) (“Gazprombank”) in Western Europe sharing the same brand name
- Acquired by Gazprombank in 2009 to continue the Russian banking presence in Switzerland since 1966
- An integral part of the Group’s long-term business strategy: it is of strategic importance for corporate and investment business of the Group focusing on international trade finance and export finance with a high level of management and operational integration
- Banking license for all banking operations (excl. savings deposits from individuals)
- 10 continuous years of positive development
- Successful track record of domestic bond issuance on the Swiss capital market
- International credit ratings by Standard & Poor’s at (BB+) and Fitch Ratings (BBB-) at the Gazprombank Group level
- Swiss credit rating from Fedafin: Baa- (stable)
- Solid financial standing (data as of 31 December 2019):
 - total assets CHF 1’955 Mio;
 - equity CHF 248 Mio;
 - capital adequacy ratio (CAR) 17.3%;
 - liquidity coverage ratio (LCR) 375.1%;
 - non-performing loans 0.1% of the loan portfolio;
 - annual profit CHF 17.7 Mio.
- Multinational team of 87 professionals

GAZPROMBANK GROUP OVERVIEW

Gazprombank was founded by the world's largest natural gas producer and exporter Gazprom in 1990 to provide banking services for Russian gas industry enterprises. Since then Gazprombank has grown to become the third largest bank in Russia by most important metrics (assets, equity, corporate loans, corporate and retail deposits)¹.

Gazprombank delivers a wide range of banking services focusing on large corporates in major sectors of the Russian economy — oil and gas, petrochemical industry, manufacturing, transport and infrastructure, telecommunications and real estate construction.

Besides core commercial banking services, Gazprombank offers a full range of investment banking products and has one of the largest retail banking franchises in Russia and a successful private banking business.

Gazprombank is focused on servicing Russian corporate clients.

DOMESTIC PRESENCE

- Gazprombank, the parent bank with headquarters in Moscow, Russia, and a domestic network of 390 offices across Russia
- Subsidiary financial companies specialising in financial leasing, factoring, asset management and card processing

FOCUSED GLOBAL PRESENCE

- Subsidiary and associate banks in Switzerland, Luxemburg and Belarus
- Financial companies in Cyprus, Hong Kong and South Africa
- Representative offices in Kazakhstan, China, India and Mongolia

CORPORATE BANKING

- the core provider of a full range of services to Gazprom Group
- services over 45,000 Russian corporate businesses
- commercial and investment services include:
 - *commercial lending, project and acquisition finance, trade finance, financial and operating leasing;*
 - *deposit taking;*
 - *payments and settlements;*
 - *cash management;*
 - *debt and equity capital markets transactions;*
 - *brokerage and asset management;*
 - *trading in foreign exchange, securities, derivatives, precious metals;*
 - *private equity, corporate finance, and mergers and acquisitions advisory;*
 - *depository and custodian services.*

RETAIL AND PRIVATE BANKING

- the Group leverages its corporate relationships to attract mass retail clients and high-net-worth individuals
- currently more than 5 million private clients
- services include lending, deposit taking, debit and credit card services, brokerage, asset management, structured products

BENEFICIARY OWNERSHIP STRUCTURE (BY VOTING RIGHTS)

- Non-State Pension Fund Gazfond² — 41.58%
- Gazprom, Public Joint-stock Company — 29.76%
- Gazprom capital, Limited Liability Company — 16.26%
- State Development Corporation (“VEB.RF”) — 8.53%
- Novie finansovie tekhnologii, Limited Liability Company³ — 3.86%
- Leader, Closed Joint-Stock Investment Company — 0.0003%
- individuals — 0.01%

INTERNATIONAL CREDIT RATINGS

- Fitch Ratings: BBB- (Stable) / Standard & Poor's: BB+ (Stable) / Moody's: Ba1 (Stable)
- Dagong: A- (Stable)

¹ According to Interfax, a leading data and ranking provider on Russian and CIS companies

² Including 36.5% managed by following asset management companies: 9.3% OJSC Gaz-Tek, 13.6% OJSC Gaz-servis, 13.6% OJSC Gazkon

³ Including 0.3% CJSC Leader on behalf of LLC Novie finansovie tekhnologii

NETWORK OF GAZPROMBANK



ZURICH



LUXEMBOURG



MINSK



LIMASSOL



JOHANNESBURG



NUR SULTAN



MOSCOW



ULAN BATOR



BEIJING



HONG KONG



NEW DELHI



CLIENTS AND PRODUCTS



TARGETED CLIENTELE



ALEXANDER D. KRASNOSELSKIY

Chief Business Officer
Member of the
Executive Management Board

“We provide a wide range of financial solutions to our clients, leveraging our knowledge of the Swiss financial market, its regulatory and economic environment, expertise and strong positioning of Gazprombank Group in the Russian corporate banking sector, and competence in servicing Russian corporate groups operating abroad.”

OVERVIEW

As a fully licensed financial institution based in Zurich, Gazprombank (Switzerland) Ltd offers a wide range of banking products and services for corporate clients both in Switzerland and abroad.

The Bank's clientele is represented by:

- Swiss exporters and industrial companies engaged in doing business with Russia, Commonwealth of Independent States (CIS) and other countries;
- Large and medium sized commodity traders operating from Switzerland and other international trading hubs;
- Russian and international corporates with business interests in Switzerland.

The Bank's key advantages include deep knowledge of the Swiss financial market, Swiss regulatory and economic environment, expertise and strong positioning of Gazprombank Group in the Russian corporate sector and long-proven competence in servicing international corporate groups.

PRODUCT LINES



WERNER GEEL

Head of Financial Markets
Member of the Executive Management Board

“Our mission is to offer our clients first-class trading services, strategies and solutions across all asset classes.”

PRODUCT RANGE

CORPORATE LENDING

To meet financing needs of its clientele, the Bank has developed a comprehensive range of financial products. These products can be structured and tailored to the client needs.

TRADE FINANCE

- Structured commodity trade finance arranged bilaterally or on a syndicated basis
- Self-liquidating commodity trade finance
- Invoice discounting (factoring) and discounting of letters of credit
- Inventory financing
- Documentary credits, documentary collections
- Bank guarantees (including issuance of bid bonds and performance bonds)

EXPORT FINANCE

The Bank actively develops export finance business in co-operation with the Swiss state-owned export credit agency SERV and other European export credit agencies focusing on export to Russia and developing countries including the CIS.

OTHER STRUCTURED FINANCE

- Project finance
- Tailor-made structured loans

COMMERCIAL LENDING

Overdraft facilities, term loans, revolving credit facilities, lombard loans and other individual credit solutions.

SYNDICATED FACILITIES

Gazprombank (Switzerland) Ltd has extensive experience in arranging syndicated financing facilities for Russian, CIS and other large international companies. In addition to participating in syndications with its parent bank – Gazprombank (JSC) or other international lenders, the Bank acts as administrative agent, facility (payment) agent and security agent.

CORPORATE TRANSACTIONAL SERVICES

CURRENT ACCOUNTS AND TERM DEPOSITS

In Swiss francs and major international currencies, including the Russian Rouble. Current accounts can be managed on a non-borrowing basis or in combination with an overdraft facility.

Gazprombank (Switzerland) Ltd offers competitive interest rates on liquidity management products such as term deposits, structured deposits and minimum balance solutions in various currencies across different tenors for Swiss and international corporates. Flexible individual pricing can be arranged depending on the volume and stability of funds.

SPECIAL ACCOUNTS

Opening and maintenance of special accounts according to Swiss law and English law, such as capital contribution accounts, pledged and escrow accounts. The Bank offers a range of document collection and verification services supporting individual client needs.

FIDUCIARY DEPOSITS

Placement of fiduciary deposits with banks outside of Switzerland to maximize returns on excess liquidity.

PAYMENT AND SETTLEMENT SERVICES

Execution of incoming/outgoing local and international payments.

LIQUIDITY MANAGEMENT

Optimisation of returns on clients' cash holdings achieved through investment support that takes into account liquidity requirements of individual clients.

CUSTODIAN SERVICES

The Bank provides the following services:

- The Bank performs custodian services for different types of securities.
- Income is deposited to clients' accounts, and they automatically receive a statement of interest, dividends and payments.
- Based on the client's instructions, the Bank will purchase/sell securities in capital increases, exercise options or convertible rights, handle dividends and perform similar services.
- Upon request, the Bank can procure for the client entry and voting tickets. It can also act as proxy at the annual meeting of shareholders.

To obtain a bank custody account, the client should first open a current account with the Bank. Gazprombank (Switzerland) Ltd has a long and successful relationship with Clearstream and Gazprombank (JSC), which is one of the largest custodian banks in Russia.

MATERIAL ZERO BALANCE CASH POOLING

Gazprombank (Switzerland) Ltd optimizes the efficiency of working capital with the Bank's cash pooling techniques. The Bank offers a wide range of cash pooling solutions to suit the needs of each particular business. Material cash pooling offers maximum mobility of funds, allows for cash consolidation on any group entity including cross border scenarios and serves to increase the efficiency of the internal treasury function.

E-BANKING SOLUTION

The clients have a possibility to manage their accounts with a remote access through the Bank's E-Banking solution. Key benefits are:

- Higher information security due to two-factor identification and verification
- Flexibility to comply with internal corporate standards of the client with regards to individual roles and access rights, including the "four eye" principle
- Ability to execute mass payments via DTA format
- Generation of Swift confirmations upon execution of payment orders

- Provision of near real-time intra-day account statements
- Provision of end of day account statements (including via MT 940 standard)
- Additional channel for communication with the Bank with function to upload / transmit sensitive documentation
- Web based application standard (no additional software required)

TREASURY AND FINANCIAL MARKETS SOLUTIONS

The Bank offers financial solutions to its corporate clients and financial institutions:

BROKERAGE SERVICES

The Bank trades in bonds, shares and other exchange-listed and over-the-counter (OTC) securities and financial instruments (in Swiss francs and other currencies). The client benefits from enhanced execution capacity thanks to our broad network of counterparties, institutional clients, and connectivity to multiple trading venues as well as our access to the Russian market through our parent, Gazprombank (JSC), Moscow.

FOREIGN EXCHANGE (FX)

Spot, forward and swap transactions in all major international currencies through our network of counterparties and e-platforms. Access to the Russian Ruble market is provided through our parent, Gazprombank (JSC), Moscow.

DERIVATIVES

Hedging instruments for interest rate, FX and Commodity price risks. Either OTC or securitized hedging.

STRUCTURED PRODUCTS

The Bank provides its clients with access to custom-made structured financial products – structured/engineered by the Gazprombank Group or issued by top European banks.

SECURITIZATION OF ASSETS

The Bank is able to offer a professional and fully Swiss compliant securitization of all types of assets.

MONEY MARKET

The Bank is an active player in the interbank market, offering services such as term or on-call deposits through its large network of counterparties as well as through its parent bank.

FIXED INCOME SALES

The Bank offers unique access to Russian assets for investors. Our exceptional relations to Russian companies provide opportunities to meet various managers at roadshows, one-on-one meetings and Research Days. Clients and investors are able to grow a network of contacts, which benefits investors and issuers in interactions and discussions.

Fixed Income Sales, in cooperation with Equity Traders, offer bid and offer side liquidity and active placing/sourcing of Russian equities and bonds. Business relations between

Senior Sales Desks and sophisticated EM Investors are key in a fast market and challenging global liquidity picture. Real time information on new issues and issuer roadshows are appreciated by our clients, who want to be on top of any market development.

Our research team provides coverage of Russian macroeconomics, the oil & gas sector, RUB local market research, credit/issuer research, trade ideas and equity research. We regularly hold research updates in Switzerland, offering live exchange and interaction with dedicated researchers. Direct access to specific researchers are offered by the Sales Desk and allow clients to have a deep discussion on requested topics.

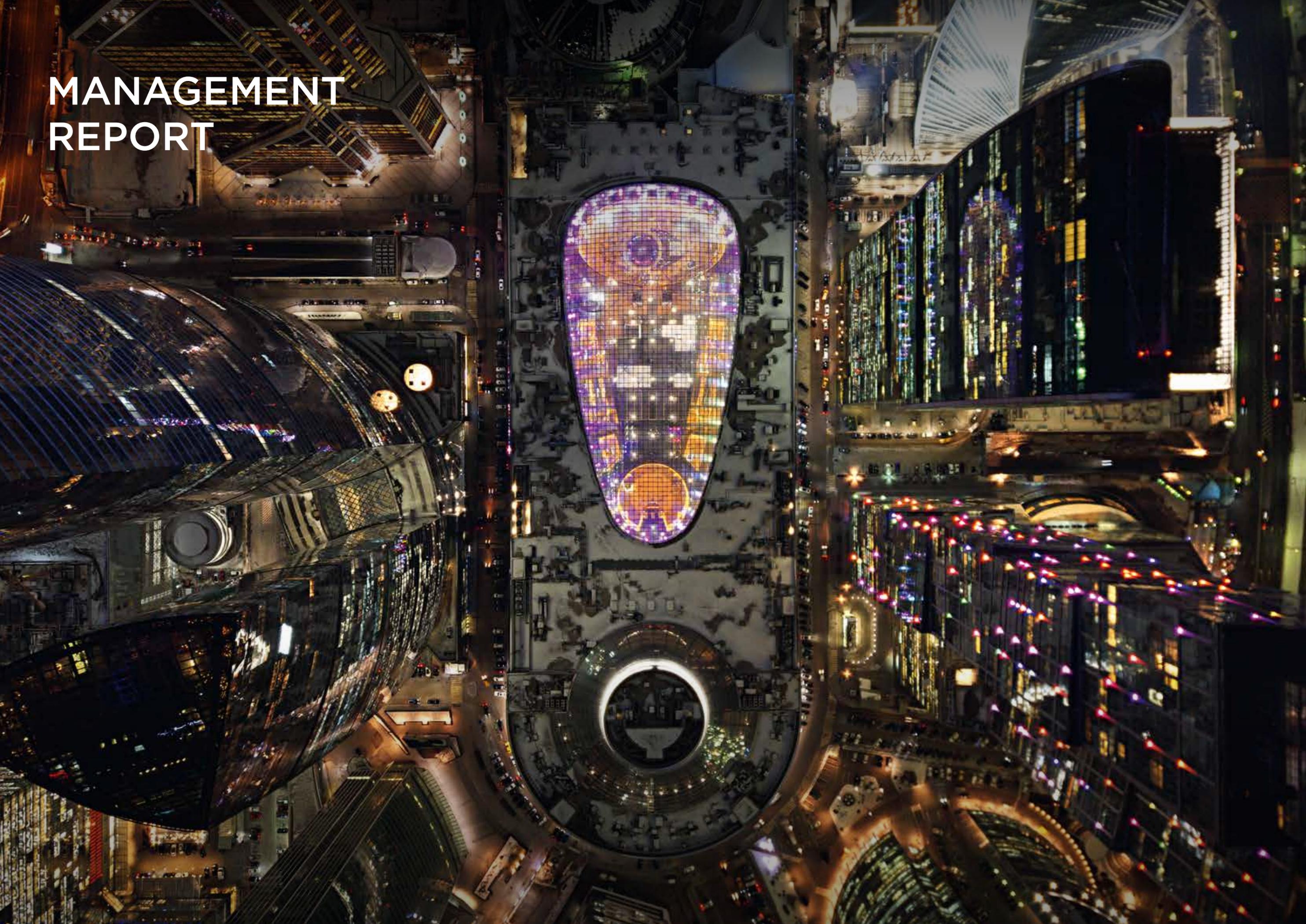
CLIENTELE AND LOAN BOOK DEVELOPMENT IN 2019

In 2019, the Bank continued to diversify its client base focusing on core client segments: Swiss and international operating companies mainly engaged in commercial activity, commodity trading or manufacturing.

Broader client coverage and expansion into international markets in major trading hubs such as Switzerland, Dubai and Singapore in addition to the traditional Russia/CIS client segment supported credit business development, which demonstrated a spectacular growth with the loan book reaching CHF 1'182 million, a +26% increase. Key lending products in demand in 2019 included trade finance, commercial lending and structured finance. At the same time, the Bank continued to adhere to prudent approach to credit risk taking. Non-performing loans currently comprise 0.15% of the loan book, average expected credit losses amounted to 0.5%.

Increased client coverage and higher volumes of business resulted in a growing volume of fees both from lending and transactional products increased by CHF 8.8 million to CHF 20 million.

MANAGEMENT REPORT



MANAGEMENT REPORT



YURY R. MALIKOV

Chief Financial Officer
Member of the Executive Management Board

“Strong capital adequacy and considerable liquidity reflect prudent financial standing of the Bank and support further business growth.”

Gazprombank (Switzerland) Ltd (“the Bank”) is a Zurich based, Swiss registered bank. It is 100% owned by Gazprombank (JSC), Moscow (“the parent”), which is the third largest bank in Russia by assets and equity. As a fully licensed financial institution, the Bank offers banking services in Switzerland mainly to the corporate sector, focusing on trade finance, export finance and commercial lending, transactional business, including payment and settlement services, escrow services, deposit-taking, execution-only treasury products and brokerage. The Bank’s clientele comprises companies based in Switzerland and other international commodity trade hubs that service international trade flows, including commodity exports from Russia, CIS and other emerging markets, as well as Swiss and European manufacturing companies exporting to these regions.

In 2019, rising trade and geopolitical tensions have had impact on business confidence, investment decisions and global trade. Weaker global trade and manufacturing were affecting commodity demand with energy prices¹ declining by an average of 12% compared to 2008, while non-energy commodities prices declined by 4%. Central banks promptly reacted to the weaker activity. Over the course of the year, several — including the US Federal Reserve, the European Central Bank (ECB), and large emerging market central banks — cut interest rates, while the ECB also restarted asset purchases. These policies averted a deeper slowdown. Lower interest rates and supportive financial conditions reinforced purchases of goods and services, encouraging job creation. Tight labour markets and gradually rising wages, in turn, supported consumer confidence and household spending².

Despite challenging economic conditions and slowing commodity markets, the Bank successfully navigated through 2019 and demonstrated robust growth of its lending business. Continued focus on loan portfolio diversification resulted in the share of lending to clients related to Russia/CIS business falling to 60% as of year-end 2019 while other international business grew to 40%.

¹ World Bank commodity price indices for low and middle income countries

² IMF: 2019 in Review

BUSINESS DEVELOPMENT

In 2019, the Bank’s share of Interest earning assets (“IEAs”) in the total assets continued to grow reaching 68% by the end of the year (2018: 47%). IEAs comprising loans and investment securities portfolio amounted to CHF 1’328 million (2018: CHF 1’252 million), which represents a +6% increase. Main growth driver is the development of the corporate lending business.

CORPORATE LENDING

In 2019 the Bank continued to demonstrate steady growth of lending business. Development of trade finance, commercial lending and structured finance contributed to +246 million (+26%) growth of the loan book, totalling CHF 1’182 million by the end of the year.

The loan book demonstrates the Bank’s core focus on corporate business and comprises trade finance (67%), export finance (14%), commercial lending (12%) and structured finance (7%). Industry-wise the loan portfolio is diversified with main sectors being oil and gas, metals and mining, transportation, food and agriculture. The portfolio is well collateralized: 57% of the loan portfolio is secured by liquid assets, export credit agency insurance or third party guarantees. Lending covered by other types of non-qualifying collateral or not covered by collateral or guarantees constitutes 43% of the loan book.

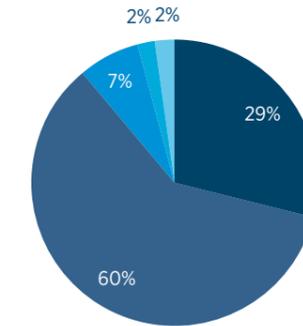
Throughout 2019, the Bank maintained sound asset quality. As trade finance products are mostly collateralized and typically have short duration, average expected loss of the interest earning assets was -0.5% and remains stable. Non-performing loans amount to CHF 2.0 million or 0.1% of the credit portfolio and are fully covered by loan loss provisions.

INVESTMENT SECURITIES PORTFOLIO

The investment securities portfolio consists of held-to-maturity fixed income instruments, which predominantly represent Eurobonds of blue-chip Russian corporate borrowers with a sound risk – return profile and good liquidity characteristics and complements the composition of interest earning assets. In 2019, with the continuous growth of lending business the Bank chose to decrease the HTM portfolio to CHF 146 million, which represent 8% of the interest earning assets (2018: CHF 316 million or 25%).

ASSETS

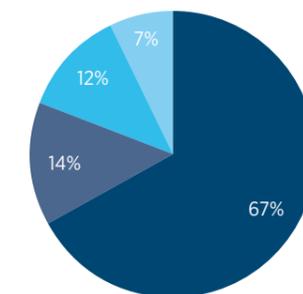
in CHF million



Assets	%	2019	2018	Change
Placements with SNB & cash	29	565	1’217	-652
Due from customers, net	60	1’182	937	246
Investment securities	7	146	316	-169
Due from banks	2	29	163	-134
Other	2	32	23	9
Total	100	1’955	2’656	-700

LOAN PORTFOLIO

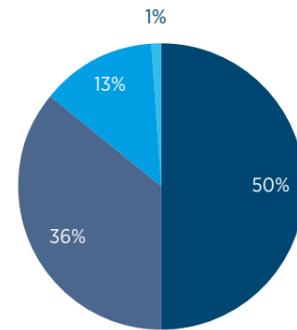
in CHF million



Loan portfolio	%	2019	2018	Change
Trade finance	67	793	538	255
Export finance	14	171	168	3
Project finance	-	-	114	-114
Commercial lending	12	136	59	77
Structured Finance	7	82	58	24
Total	100	1’182	937	246

FUNDING

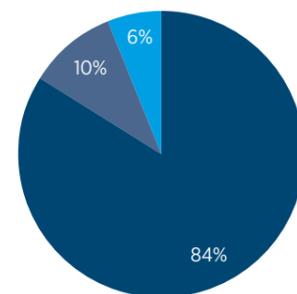
in CHF million



Funding	%	2019	2018	Change
Due to customers	50	976	1'654	-677
Due to banks	36	711	731	-20
Equity	13	248	237	11
Other liabilities	1	20	33	-13
Total	100	1'955	2'656	-700

OPERATING INCOME

in CHF million



Operating income	%	2019	2018	Change
Income from lending and securities	84	49.8	41.7	8.1
Non-lending client income	10	6.1	6.0	0.1
Interest income from liquidity management, net	6	3.5	9.5	-6.0
Total	100	59.3	57.2	2.1

FUNDING

The Bank's funding principally comprises clients' funds (50%), placements by the parent — Gazprombank (JSC) and other financial institutions (36%) and equity (13%).

Clients' funds predominantly comprise on-demand and term deposits of corporate customers. A significant share of the Bank's corporate funds is represented by on-demand accounts of exporters involved in commodities trading. Their volumes are defined by the companies' liquidity needs and may affect the level of placements with the Bank. A share of corporate client funds assessed as stable is used for funding the short-term trade finance business. Remaining funds are managed as volatile liquidity and placed with the SNB or with financial institutions.

As of year-end 2019 corporate customer funds amounted to CHF 755 million compared to CHF 1'654 million in 2018, which represents a 54% decrease. The decline is driven by an adjustment of the Bank's client acquisition policy and general volatility of funds placed by large commodity traders. In 2019 the Bank established a more stable funding base with the share of term funding from corporates, financial institutions and the parent bank increasing in 2019 to 49% (2018: 18%). The adjusted funding mix is better aligned with the interest rate profile of the asset portfolio allowing the Bank to secure its net interest margin and reduce interest rate risk.

LIQUIDITY MANAGEMENT

The liquid assets comprise placements with the Swiss National Bank ("SNB"), money market deposits and Nostro accounts with other banks in the total amount of CHF 594 million as of 31 December 2019. Placements with SNB account for 29% of total assets and are driven by the volatility of the Bank's funding, both from corporates and from financial counterparties. The Bank charges its customers and counterparties negative interest rates on the CHF and EUR placements (above certain thresholds).

FINANCIAL PERFORMANCE

The Bank's operating income primarily consists of income from lending and investment securities (84%), non-credit client income (10%) and net interest result from liquidity management (6%). Generally, the Bank has low appetite to market risk and does not engage in proprietary trading. Operating income increased in 2019 to CHF 59.3 million, a +4% change compared to prior year (2018: CHF 57.1 Mio).

Income from lending and investment securities includes net interest income and credit-related commission income, including arrangement, agent, structuring and commitment fees. It amounted to CHF 49.8 Mio in 2019, an increase of 19% over 2018 and was driven by the growth of the loan book and the fee services.

Non-credit client income includes net commission income from transactional business and debt capital markets as well as net trading income from executing client orders. This income remained stable in 2019 at CHF 6.0 Mio (2018: CHF 6.1 Mio).

Net interest income from liquidity management amounted to CHF 3.5 million (2018: CHF 9.3 million). It includes result from money market transactions, FX swaps and net result from negative interest rates. Lower net interest income from liquidity management is mainly driven by higher utilization of funding in lending business and generally lower volumes of corporate funds placed with the Bank.

Operating expenses: business growth and broadening of the product portfolio required additional investment in human capital and IT infrastructure, which lead to a 9% increase of the cost base to CHF 36.6 million. Cost-to-income of 62% remains within the target (2018: 59%)

Net income³ for 2019 remained strong at CHF 17.7 million (2018: 18.6 million), resulting in return on equity of 7.4% compared to 7.8% in 2018.

REGULATORY RATIOS

Capital adequacy, liquidity and leverage ratios remained at comfortable levels throughout the year 2019:

KEY REGULATORY RATIOS	MINIMUM REQUIREMENT	2019	2018
Total capital ratio	14%	17.3%	20.3%
Liquidity coverage ratio	100% ⁴	375.1%	169%
Leverage ratio (LERA)	3%	10.9%	8.3%

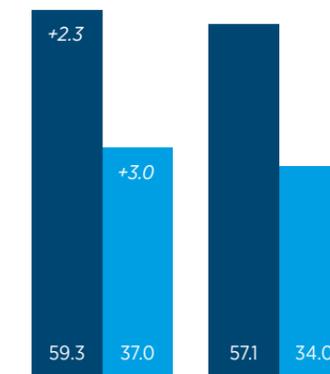
Additional key regulatory disclosures can be found in the accompanying Note 25 "Additional disclosures as per FINMA – Circ. 2016/1".

NUMBER OF EMPLOYEES (ADJUSTED FOR PART-TIME STAFF)

The annual average number of employees the Bank employed in 2019 was 85.3 FTE (2018: 80.3).

OPERATING INCOME DYNAMICS

in CHF million



Operating income dynamics	2019	2018	Change
Operating income	59.3	57.1	2.3
Operating expense	37.0	34.0	3.0

³ before changes in Reserves for general banking risks

⁴ for 2019; the minimum LCR requirement for 2018 was 90%

CORPORATE GOVERNANCE



CORPORATE GOVERNANCE



ALEXEY A. SMIRNOV

Chief Operating Officer
Deputy Chairman
of the Executive Management Board

“Early and pro-active regulatory enhancement adaptations, prudent risk tolerance establishment, the internal control system (ICS) efficient maintenance are a few examples of our continuous operational excellence thrived by the Bank’s professionals.”

Gazprombank (Switzerland) Ltd (“the Bank”) is subject to, and acts in compliance with, all relevant Swiss legal and regulatory requirements regarding corporate governance as well as the market best practices. The Bank’s corporate governance principles are designed to lead Gazprombank (Switzerland) Ltd towards sustainable growth and profitability, and to protect the shareholder’s and other stakeholder’s interests.

OVERVIEW

As mandated by the Swiss banking law, the Bank operates under a strict dual board structure comprising the Board of Directors (“BoD”) and the Executive Management Board (“EMB”). The separation of responsibilities between the BoD and the EMB is clearly defined in the Organizational Guidelines and Regulations (“OGR”). The OGR, adopted by the BoD based on article 716b of the Swiss Code of Obligations and article 20 of the Articles of Incorporation, constitute the Bank’s primary corporate governance guidelines. The BoD is the Bank’s most senior body and ultimately responsible for the strategic development, supervision, and monitoring of the business, whereas the Executive Management Board has executive management responsibilities. The functions of the Chairman of the BoD (“Chairman”) and the Chairman of the EMB / Chief Executive Officer (“CEO”) are assigned to two different people, ensuring a separation of power. This structure establishes checks and balances and preserves institutional independence of the BoD from the day-to-day management of the Bank, for which responsibility is delegated to the EMB under the leadership of the CEO. No member of the BoD may simultaneously be a member of the EMB and vice versa.

BOARD OF DIRECTORS

The BoD, under the leadership of the Chairman, consists of six members. The BoD decides on the strategy of Gazprombank (Switzerland) Ltd, upon recommendation by the CEO, and is responsible for the overall direction, supervision and control of the Bank and its management, as well as for supervising compliance with applicable laws, rules and regulations. The BoD exercises oversight over, and is responsible to effectively steer the Bank, taking into account the material risks to which it is exposed. The BoD has ultimate responsibility for the success of the Bank and for delivering sustainable shareholder value within a framework of prudent and effective controls, including defining the risk appetite. It also approves all financial statements for issue, appoints and removes EMB members. The shareholder elects each member of the BoD individually for a term of office of three years.

Following each annual general assembly, the BoD meets to appoint the Chairman and the Vice-Chairman of the BoD as well as the members of the BoD committees. According to the Articles of Association and the Organization Regulations, the BoD meets as often as business requires, but it must meet at least four times a year. At least once a year, the BoD reviews its own performance. This review is based on a self-assessment of each BoD member. The latest self-assessment determined that the BoD is functioning effectively and efficiently.

ROLES AND RESPONSIBILITIES OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Mr. Oleg M. Vaksman serves as Chairman of the BoD based on a mandate agreement. The Chairman coordinates tasks within the BoD, calls BoD meetings and sets their agendas.

He presides over all general meetings of shareholders. Together with the CEO, the Chairman is responsible for effective communication with shareholders and other stakeholders including government officials, regulators and public organizations. This is in addition to establishing and maintaining a close working relationship with the CEO and other EMB members, and providing advice and support when appropriate.

MEMBERS OF THE BOARD OF DIRECTORS

At the annual general assembly on 30 September 2019, the shareholders' meeting took note of and accepted the resignation of Mr. Schönenberger from the BoD and granted full discharge. Mr. Christopher Barrett was elected as a new member of the BoD on 1 August 2019, combining his duty with the membership in both, the Audit Committee and the Risk Committee. Furthermore, the annual general assembly on 30 September 2019 elected Mr. Bruno Oppliger as new BoD member and the Chairman of the Audit Committee. No member of the BoD carries out operational management tasks within the Bank and all members of the BoD are therefore non-executive members. The BoD is composed of members with a broad spectrum of skills, educational backgrounds, experience and expertise from a range of sectors that reflect the nature and scope of the Bank's business. The following biographies provide information on the BoD members.

OLEG M. VAKSMAN

South African, born 1977

FUNCTIONS AT THE BANK

- Chairman of the Board of Directors
- Member of the Risk Committee

PROFESSIONAL HISTORY

Mr. Oleg M. Vaksman was elected to the Board of Directors at the annual general assembly on 21 March 2015. He is Chairman of the BoD of the Bank. Since 2018, he is a Member of the Risk Committee.

Mr. Vaksman is co-founder and managing partner of Digital Horizon Venture Capital technology fund since 2018. He worked for Gazprombank (JSC), Moscow, between 2010 and 2018. Mr. Vaksman joined Gazprombank (JSC) as Chief Risk Officer and was elected as member of the Board of Directors. From 2013 until the end of 2018 he was Deputy Chairman of the Management Board of Gazprombank (JSC). From 2008 until 2010, Mr. Vaksman was a partner at PwC Financial Services Consulting in Moscow. From 2005 until 2008 he worked as an executive advisor with respect to M&A transactions at KPMG Advisory in London and from 2003 until 2005 as project manager at First Rand Bank Limited in Johannesburg. From 1999 until 2002 he worked for EM&I consulting in Johannesburg as consultant and project manager.

EDUCATION

His academic career encompasses a professorship at the MGIMO, Faculty of Banking and International finance in Moscow. Mr. Vaksman graduated with a Bachelor of Arts in Economics, and a LLB in Banking, both from the University of the Witwatersrand, Johannesburg. Mr. Vaksman further holds a MBA TRIUM Global EMBA and a diploma of the Executive leadership program in organizational leadership at IMD Business School.

WOLFRAM KUONI*Swiss, born 1966***FUNCTIONS AT THE BANK**

- Vice-Chairman of the Board of Directors (independent)
- Chairman of the Risk Committee

PROFESSIONAL HISTORY

Mr. Wolfram Kuoni was elected to the Board of Directors at the annual general assembly on 31 October 2012. He is Vice-Chairman of the BoD of the Bank and Chairman of the Risk Committee.

Mr. Kuoni founded in 2015 and is partner at “Kuoni Attorneys at Law Ltd”, which focuses on commercial law. From 2000 until 2005, he worked for UBS Investment Bank in Zurich in the area of Equity Capital Markets, Corporate Derivatives and from 1998 until 2000 for UBS Warburg as Client Relationship Manager for M&A mandates. In 1993, Mr. Kuoni joined Swiss Bank Corporation and worked from 1993 until 1995 as legal counsel in the Group Legal Services focusing on Corporate Finance (Export Finance, Litigation, M&A) and from 1996 until 1998 as Head of Export Finance. Mr. Kuoni chairs and serves on several boards.

EDUCATION

Mr. Kuoni holds a master’s degree in law (lic. iur.) from the University of Bern and a PhD in law from the University of Zurich. Mr. Kuoni is a qualified attorney-at-law.

URS KLÖTI*Swiss, born 1965***FUNCTIONS AT THE BANK**

- Member of the Board of Directors (independent)
- Member of the Audit Committee
- Member of the Risk Committee

PROFESSIONAL HISTORY

Mr. Urs Klöti was elected to the Board of Directors of the Bank at the annual general assembly on 18 April 2011. He is a member of the Audit Committee since 2011 and, since 2018, member of the Risk Committee.

Mr. Urs Klöti is Managing Partner of Pestalozzi Attorneys at Law Ltd and heads Pestalozzi’s Financial Services Group. He joined Pestalozzi in 1995 and became Partner in 2005. From 2000 until 2003, he was head of the Legal and Compliance department of Merrill Lynch Capital Markets AG in Zurich. Mr. Klöti is ranked in Chambers, Legal 500 and IFLR 1000.

EDUCATION

Mr. Klöti holds a master’s degree in economics (lic. oec.) as well as a master’s degree in law (lic. iur.) from the University of St. Gallen. He is a qualified attorney-at-law admitted to the bar in Zurich.

CHRISTOPHER BARRETT*British, born 1952***FUNCTIONS AT THE BANK**

- Member of the Board of Directors (independent)
- Member of the Risk Committee
- Member of the Audit Committee

PROFESSIONAL HISTORY

Mr. Christopher Barrett was elected to the BoD at the annual general assembly on 2 August 2019. He is a member of the Audit Committee and member of the Risk Committee since 2019.

Mr. Christopher Barrett is an international management consultant specializing in corporate governance and risk management of financial institutions. Over the past 35 years, Mr. Barrett has advised many clients on all aspects of corporate governance, risk management and business strategy. From 1994 until 2011, he worked as a Senior Partner in the Governance, Risk and Compliance practice at PwC in Central and Eastern Europe and since 2012 as a Senior Advisor at Nestor Advisors, a specialist corporate governance consultancy. While working at PwC, Mr. Barrett has established and led a dedicated Financial Services advisory practice across the CEE Region. His clients in Russia included the Central Bank, 3 out of the top 4 State-owned banks, as well as the World Bank and many international banks. Previously Mr. Barrett established the successful and fast growing Forensic Services practice in PwC's Paris office, specializing in risk management for banks and major industrial groups and investigation of frauds and other irregularities.

Mr. Barrett has delivered training on risk governance and the risk appetite framework to bank directors in the UK, Slovenia and Lebanon. He has been a prominent speaker on multiple risk conferences and an active contributor to professional journals.

EDUCATION

Mr. Barrett holds a Masters degree in English Literature from the University of Cambridge and a Masters degree in Business Administration from the University of Kingston.

DENIS KAMYSHEV*Russian, born 1975***FUNCTIONS AT THE BANK**

- Member of the Board of Directors
- Member of the Audit Committee

PROFESSIONAL HISTORY

Mr. Denis Kamyshev was elected to the BoD of Gazprombank (Switzerland) Ltd at the annual general assembly on 20 July 2018. He is a member of the Audit Committee since 2018.

Mr. Kamyshev joined Gazprombank (JSC) in 2013 as First Vice-President and has been supervising international business and strategy development focusing on emerging markets. He further established relations with regions and countries of strategic importance, providing support for overseas initiatives and supervised representative offices of Gazprombank (JSC). In July 2017, he was appointed as a member of the Management Board of Gazprombank (JSC) responsible for the Client Coverage Department, International Business Development and Credit Rating Advisory Department. Before joining Gazprombank (JSC) and since 2008, he was a partner at Ernst and Young Advisory Department focusing on corporate governance, internal audit and risk management. From 2006 until 2008, Mr. Kamyshev was a senior manager at PricewaterhouseCoopers in Moscow.

EDUCATION

Mr. Kamyshev holds a master's degree in Applied Mathematics from Moscow Steel and Alloys Institute, Chair of Engineering Cybernetics.

BRUNO OPPLIGER

Swiss, born 1960

FUNCTIONS AT THE BANK

- Member of the Board of Directors (independent)
- Chairman of the Audit Committee

PROFESSIONAL HISTORY

Mr. Bruno Oppliger was elected to the Board of Directors at the annual general assembly on 30 September 2019. As of the same date he was also elected as the Chairman of the Audit Committee.

Mr. Oppliger has 25 years of experience in Advisory and Audit of national and international banks, both in Switzerland and abroad. From 1992 until 2019 he held various management positions at Ernst & Young Switzerland (EY); since 2003 as a Partner and since 2010 as a Senior Partner and member of the Financial Services Advisory Leadership Team. From 2013 to 2019 he was on a part-time secondment in Moscow as Head of Financial Services Risk Management for the CIS area of EY. On behalf of EY, Mr. Oppliger was for several years in charge of the Global Risk Management Audit of one of the two major global Swiss banks. Before joining EY, Mr. Oppliger has worked in the Union of Swiss Regional Banks and at Credit Suisse. Moreover, Mr. Oppliger was, for more than 10 years, a member of the Swiss National Working Group of Swiss Regulator FINMA for the implementation of the Basel Capital Accord (Basel II – IV) into Swiss Legislation. In addition, he is a lecturer in the fields of Risk Management, Audit and Risk Governance at various universities and Business Schools.

EDUCATION

Mr. Oppliger holds a bachelor of science degree in Business Administration from the University of Applied Sciences in Bern.

COMMITTEES

The BoD has delegated the preparation of certain decisions to the Audit Committee and the Risk Committee while it ultimately remains responsible for functions and duties delegated. The responsibilities of the committees are described in the OGR and their Terms of References. Each committee meets as often as its business requires, but at least four times a year. Each of the committees consists of four BoD members.

AUDIT COMMITTEE

The function of the Audit Committee is to support the BoD in fulfilling its duty to oversight:

1. accounting policies, financial reporting and disclosure controls and procedures;
2. quality, adequacy and scope of external audit;
3. compliance with financial reporting requirements;
4. executives' approach to internal controls with respect to the production and integrity of the financial statements;
5. performance of internal audit.

The executives are responsible for the preparation, presentation and integrity of the financial statements. The Audit Committee operates under the Terms of Reference of the Audit Committee, which have been approved by the BoD.

The Audit Committee consists of the following BoD members:

- Bruno Oppliger (Chairman; independent)
- Christopher Barrett (Member; independent)
- Denis Kamyshev (Member)
- Urs Klöti (Member; independent)

As a group, members of the Audit Committee must have the necessary qualifications and skills to perform all of their duties and together must possess financial literacy and experience in banking and risk management. The Audit Committee itself does not perform audits but monitors the work of the external auditors, KPMG, who in turn are responsible for auditing Gazprombank's annual financial statements. Together with the external and internal auditors, the Audit Committee in particular reviews the annual financial statements and the interim financial statements, as proposed by management, in order to recommend approval to the BoD or to propose any adjustments the Audit Committee considers appropriate.

Periodically, the Audit Committee assesses the qualifications, expertise, effectiveness, independence and performance of the external auditors and their lead audit partner, in order to support the BoD in reaching a decision in relation to the appointment or dismissal of the external auditors and to the rotation of the lead audit partner. The BoD then submits these proposals to the shareholders for approval at the annual general assembly.

In 2019, the Audit Committee held four committee meetings and one call. All meetings and the call of the Audit Committee were attended by the CEO and the Chief Financial Officer ("CFO") and some of the meetings were attended by other members of the EMB. Occasionally, the Audit Committee invited internal or external subject matter experts to present on selected topics.

RISK COMMITTEE

The function of the Risk Committee is to oversee and support the BoD in fulfilling its duty to supervise and set an appropriate risk management and control framework in the areas of:

1. risk policy and risk management framework, which includes also Gazprombank's capital and liquidity planning and reporting, monitoring the implementation of risk strategies and the compliance function;
2. supervision, control over the EMB and ensurance that there are both, an appropriate risk and control environment and an effective internal control system.
3. The executives are responsible for the preparation, presentation and integrity of the risk related topics. The Committee operates under the Terms of Reference of the Risk Committee.

The Risk Committee is comprised of the following BoD members:

- Dr. Wolfram Kuoni (Chairman, independent)
- Christopher Barrett (Member, independent)
- Urs Klöti (Member, independent)
- Oleg M. Vaksman (Member)

In 2019, the Risk Committee held four committee meetings. Usually, the CEO, the CFO, the Chief Operating Officer (“COO”) and the General Counsel attend the meetings. Occasionally, the committee invited internal and external subject matter experts to present on selected topics.

IMPORTANT BUSINESS CONNECTIONS OF INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS

The Bank enters into business relationships with companies, including those in which some of the BoD members assume management or board responsibilities. In each instance, it is carefully considered whether the nature of Gazprombank's business relationship with such a company might compromise the BoD members' capacity to express independent judgement. All relationships and transactions with BoD members are conducted in the ordinary course of business and are on the same terms as those prevailing at the time for comparable transactions with non-affiliated persons. All relationships and transactions with BoD members' associated companies are conducted at arm's length.

The Bank's OGR requires that the majority of the BoD consists of members who are independent. For this purpose, independence is determined in accordance with the FINMA Circular 2017/1 “Corporate Governance – Banks”.

The Bank's BoD meets the standards of the OGR for the percentage of directors that are considered independent under the criteria described above. Due to the Chairman's previous role with, and Mr. Kamyshev's current full-time employment by the sole shareholder Gazprombank (JSC), Moscow, both are not considered independent. No other BoD member has a significant business connection to Gazprombank or any of its group companies.

INFORMATION AND CONTROL INSTRUMENTS EXECUTIVE MANAGEMENT BOARD

The BoD is kept informed of the activities of the EMB in various ways, including minutes of EMB meetings and resolutions, which are made available to the BoD. The CEO and other EMB members also regularly update the BoD on important issues at BoD meetings. The BoD receives a regular performance update. This report highlights and discusses financial results, capital, funding, liquidity, risk, regulatory and legal developments, as well as performance against plan and forecasts for the remainder of the year. The EMB also provides the BoD members with regular updates on key issues and significant events, as is deemed appropriate or requested. The BoD also reviews and approves significant changes in organizational structures and significant transactions. At every BoD meeting, each committee chairperson provides the BoD with an update on current activities of his committee as well as important committee issues.

BoD members may at any time request from the BoD or EMB members any information about matters concerning Gazprombank that they require to fulfill their duties. The BoD is entitled to engage independent legal, financial or other advisors as it deems appropriate with respect to any matters within its authority. The BoD is supported in discharging its governance responsibilities by Gazprombank's internal audit function, which, among other things, assesses the reliability of financial and operational information and the effectiveness of processes for compliance with legal, regulatory and statutory requirements.

EXECUTIVE MANAGEMENT BOARD

The BoD delegates the management of the business to the Executive Management Board (“EMB”).

Under the leadership of the CEO, the EMB has executive management responsibility for the steering of Gazprombank (Switzerland) Ltd and its business. It assumes overall responsibility for developing the Bank’s strategies and the implementation of the approved strategies. The authorities of the EMB are defined in more detail in the Organizational Guidelines and Regulations (“OGR”). In particular, the EMB is responsible for the organization, management and supervision of the Bank. It implements the strategy approved by the BoD and ensures execution of the resolutions of the Board and its Committees together with other duties outlined in the OGR.

The members of the EMB who are appointed by the BoD, are domiciled in Switzerland and have professional education and work experience in the banking and finance industry. The EMB adopts its resolutions by means of the votes cast by the majority of members present. In case of a tie, the Chairman of the EMB has the casting vote. The EMB meets as often as business requires, at least twice a month or at the request of an EMB member. All members of the EMB (with the exception of the CEO) are proposed by the CEO. The BoD approves the appointments. The EMB is comprised of the following six members:

ROMAN ABDULIN

*Chairman, Chief Executive Officer
Russian, born 1974*

CEO and Chairman of the EMB since 2014; Member of the EMB since November 2008; joined Gazprombank as Deputy General Director in November 2008

EDUCATION

— Moscow State University, MA in Economics – State Academy of Management

PREVIOUS EXPERIENCE

- Gazprombank (JSC), First Vice-President (from 2002);
- Arthur Andersen (Russia), Senior Banking Manager (from 1996);
- Menatep Bank, Banking Officer (1995).

ALEXEY SMIRNOV

*Deputy Chairman, Chief Operating Officer
British, born 1967*

Member of the EMB since 2014;
joined Gazprombank in September 2014

EDUCATION

— MA – Middlesex University Business School in London.

PREVIOUS EXPERIENCE

- Gazprombank (JSC), Advisor to Deputy Chairman of the Management Board (from 2013);
- Long experience from 1993 in banking and financial services, including Barclays (London), Head of Eastern Europe Credit Risk Management, and UBS (London), Head of Eastern Europe, MENA Credit Risk Management.

WERNER GEEL

*Member, Head of Financial Markets
Swiss, born 1963*

Member of the EMB since 2011;
joined Gazprombank in September 2010

EDUCATION

— GSBA Graduate School of Business Administration Zurich

PREVIOUS EXPERIENCE

- Dresdner Bank (Switzerland), Head Treasury/Trading/ALM, Managing Director (from 1995);
- Bank Leu AG (Switzerland), Chief Dealer Forex Arbitrage (from 1987);
- Schweizerische Kreditanstalt (from 1985).

PHILIPP JENNI

*Member, General Counsel
Swiss, born 1972*

Member of the EMB since 2018;
joined Gazprombank in February 2018

EDUCATION

- Bar admission, all Swiss courts;
- Master of Law (lic. iur.), University of Basel;
- Executive Master of International and Business Law (E.M.B.L.-HSG) University of St. Gallen.

PREVIOUS EXPERIENCE

- Saxo Bank (Switzerland) Ltd, Head of Legal & Compliance (2016 – 2017);
- UBS AG, various positions as legal team head and legal counsel (2002 – 2016);
- Attorney-at-law in Baden/AG, Switzerland (2001 – 2002).

ALEXANDER D. KRASNOSELSKIY

*Member, Chief Business Officer
Russian, born 1964*

Member of the EMB since 2012;
joined Gazprombank in April 2012

EDUCATION

- PhD in Economics, Moscow State University

PREVIOUS EXPERIENCE

- Gazprombank (JSC), Executive Vice-President (from 2011);
- Russian Technologies State Corporation, Head of Investment Dept.;
- Bank VTB, Senior Vice President;
- Bank for Industry and Construction, First Deputy Chairman of the Management Board;
- SVA Bank, President and CEO;
- National Reserve Bank, First Vice President;
- Inkombank, Vice President.

YURY MALIKOV

*Member, Chief Financial Officer
Russian, born 1977*

Member of the EMB since 2015;
joined Gazprombank in November 2015

EDUCATION

- TRIUM Global EMBA, MAS World Economy Financial University under the Government of the Russian Federation, ACCA qualified

PREVIOUS EXPERIENCE

- Gazprombank (JSC), Vice-President, Head of IFRS Reporting (from 2002);
- Arthur Andersen (Russia), Senior Auditor (from 1998).

THE BANK'S REGULATIONS

The Bank's corporate governance principles are defined in a series of documents governing the organization and management of Gazprombank. These documents include but are not limited to:

ARTICLES OF INCORPORATION

The articles of association are the basic legal document of Gazprombank (Switzerland) Ltd and therefore have to be submitted for approval to the shareholders' meeting. The most important issues governed by the articles of association are:

- amount and composition of Gazprombank's share capital and organization of the share register;
- organization, authorities and powers of the annual general meeting;
- composition, duties and authorities of the BoD;
- composition, duties and authorities of the EMB;
- functions of the external auditors.

ORGANIZATIONAL GUIDELINES AND REGULATIONS

The Organizational Guidelines and Regulations ("OGR") define how the corporate bodies of the Bank are organized and fulfill their duties by defining their responsibilities and spheres of authority, as well as the relevant reporting procedures.

TERMS OF REFERENCE OF THE COMMITTEES OF THE BOD

The committees of the BoD operate under the Terms of Reference of the Audit Committee or the Terms of Reference of the Risk Committee, respectively, which define the duties and responsibilities of the relevant committee.

SHAREHOLDERS AND CAPITAL STRUCTURE

The sole shareholder of Gazprombank is Gazprombank (Joint-stock Company) head-quartered in Moscow, Russia. Please refer to section "Gazprombank at a Glance" for the shareholding structure of Gazprombank (JSC).

The share capital of Gazprombank was CHF 136'000'000 as of 31 December 2019. It is divided into 136'000 fully paid-up common shares with a nominal value of CHF 1'000. No changes occurred up to the signing of the Annual Report.

AUDITORS

Both external and internal auditors play a key role in providing an independent assessment of Gazprombank's operations and internal controls.

EXTERNAL AUDIT

KPMG AG, Zurich, was mandated as a statutory auditor for the financial year 2019. The audit team is led by Mr. Reto Gareus (Partner) and Mr. Lukas Blum (Manager). Audit work includes financial and regulatory audits, as well as other assurance services that can be provided by the principal auditor. A representative of the external auditor attends all meetings of the Audit Committee at which it reports on the findings of its audit

or interim review work. The Audit Committee discusses on an annual basis external auditor's audit plan and evaluates performance of external auditor and its senior representatives in fulfilling their responsibilities. The external auditor provides a report on its independence to the Audit Committee at least once a year. The Audit Committee monitors the fees to be paid to the external auditor for provided services.

INTERNAL AUDIT

The Bank's Internal Audit function operates independently from the daily business processes and the management. The Bank decided to outsource its internal audit activities. Given the size of the Bank, outsourcing the function of internal audit to an audit firm gives access to a wider range of skills and experience as opposed to keeping it internally.

Ernst & Young Ltd has been entrusted with the role as internal auditor since 2010. The internal auditor is being mandated annually after an assessment by the Audit Committee of the quality, the effectiveness as well as the general performance of the work of the internal auditors. The annual internal audit plan is risk-based referring to a multi-year internal audit plan and approved by the Board of Directors, following the recommendation of the Audit Committee. Progress against the agreed audit plan and progress on implementation of any outstanding recommendations (tracking of internal audit points) from prior internal audits are regularly reviewed and discussed with the internal auditors at the quarterly meetings of the Audit Committee..

RISK MANAGEMENT

RISK GOVERNANCE

The Bank's risk management framework is supervised by the BoD. The BoD approves the bank-wide risk management framework and is responsible for issuing regulations, establishing and monitoring an effective risk management function, and managing overall risks. The EMB is responsible for the development of the bank-wide risk management framework, which is approved by the BoD. The risk management framework comprises of the risk policy and risk tolerance, based on which risk limits for all key risk categories are defined. The risk management framework takes into account the applicable regulations. The Risk Management & Risk Control department maintains effective processes and systems to manage the Bank's risks, including robust and comprehensive internal controls and documented procedures. It monitors the Bank's risk profile in line with the risk tolerance and risk limits defined in the bank-wide risk management framework and reports on its risk profile and its activities to the EMB and to the Board at least every six months or annually.

RISK STRATEGY

The BoD approves the risk appetite of Gazprombank (Switzerland) Ltd on an annual basis and in line with its overall business strategy. The risk appetite reflects the types of risks that the Bank is willing to accept or intends to avoid. The Bank's adherence to the approved risk appetite is reported to the BoD on a regular basis. The BoD monitors the implementation of the risk strategies, ensuring in particular that they are in line with the defined risk tolerance and risk limits defined in the bank-wide risk management framework.

RISK PROFILE

The overall risk profile of Gazprombank remains sound. The Bank actively assumes credit risks towards its corporate clients while making sure that the quality of the banking book

is preserved. The market risk assumed by Gazprombank is insignificant and mainly limited to the banking book activities. The operational risks are well managed to ensure business continuity and lack of operational losses. Details on the main risks to which Gazprombank is exposed to are described in more detail in the section on risk management in the notes to the financial statements.

EMPLOYEES

As of 31 December 2019, Gazprombank employed 87 people. A dedicated international team consisting of 17 nationalities and speaking 17 languages combines the knowledge of Swiss, Russian and international financial markets. The average age of employees is 41 years, 26% of the staff are under 36 years old. The Bank maintains a number of corporate social programs for its employees, including medical and accident insurances, occupational pension plan, etc. To facilitate organizational capability and effectiveness as well as employees' engagement and alignment with Gazprombank's goals, it implemented performance assessment process based on the Management by Objectives model.

REGULATION AND SUPERVISION

As a Swiss-registered bank, Gazprombank (Switzerland) Ltd is regulated by the Swiss Financial Market Supervisory Authority (FINMA). FINMA is the banking supervisory authority in Switzerland and is independent from the Swiss National Bank (SNB). FINMA is decisive in shaping legislative framework for banks, which it does by exerting a strong influence on the drafting of Swiss Federal Legislation at a macro level and by issuing circulars on various aspects of legislation. Generally, supervision in Switzerland is based on separation of tasks between FINMA and authorized audit firms. FINMA is responsible for overall supervision and enforcement measures, while the audit firms carry out official duties on behalf of FINMA. The responsibility of external auditors includes audit of financial statements, reviewing of banks' compliance with all prudential requirements and on-site audits.

The SNB is responsible for implementing the government's monetary policy relating to banks and securities dealers, as well as for ensuring stability of the Swiss financial system. It does not exercise any banking supervision authority and is not responsible for enforcing banking legislation. FINMA and SNB exchange information and share opinions about the soundness of the banking sector. The SNB may also carry out its own inquiries and request information directly from the banks.

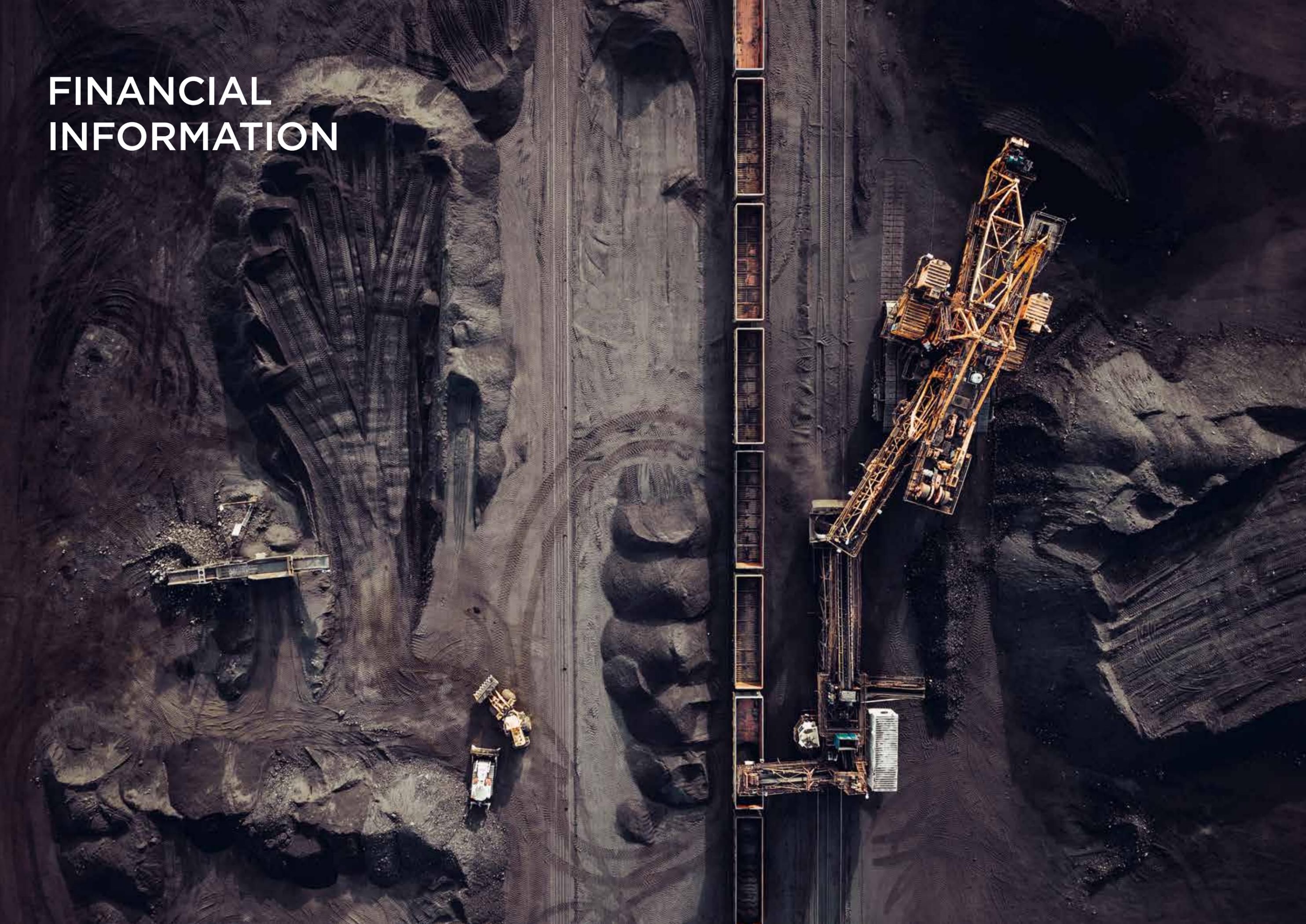


PHILIPP JENNI

General Counsel
Member of the Executive Management Board

“In order to do business successfully, we obey the laws and regulations, act fairly and responsibly and as a reliable counterparty.”

FINANCIAL INFORMATION



BALANCE SHEET

ASSETS	Note	December 31, 2019	December 31, 2018	Change
in CHF thousand				
Liquid assets		564'982	1'216'587	-651'605
Amounts due from banks		29'444	163'492	-134'048
Amounts due from customers	1	1'182'472	936'549	245'923
Positive replacement values of derivative financial instruments	2	189	81	108
Financial investments	3	146'257	315'622	-169'365
Accrued income and prepaid expenses		28'776	21'939	6'837
Tangible fixed assets	4	1'160	626	534
Other assets	5	2'116	667	1'449
Total assets		1'955'396	2'655'563	-700'167

LIABILITIES	Note	December 31, 2019	December 31, 2018	Change
in CHF thousand				
Amounts due to banks		932'261	731'446	200'815
Amounts due in respect of customer deposits		755'288	1'653'664	-898'376
Negative replacement values of derivative financial instruments	2	822	3'484	-2'662
Accrued expenses and deferred income		13'904	25'714	-11'810
Other liabilities	5	4'935	3'937	998
Provisions	8	351	351	-
Reserves for general banking risks	8	21'420	21'420	-
Bank's capital	9	136'000	136'000	-
Statutory capital reserve	12	46'619	46'619	-
<i>of which tax-exempt capital contribution reserve</i>	12	46'619	46'619	-
Statutory retained earnings reserve	12	6'000	5'300	700
Profit carried forward / loss carried forward		20'103	13'979	6'124
Profit (result of the period)		17'693	13'649	4'044
Total liabilities		1'955'396	2'655'563	-700'167

OFF-BALANCE-SHEET TRANSACTIONS	Note	December 31, 2019	December 31, 2018	Change
in CHF thousand				
Contingent liabilities	1, 18	94'942	53'172	41'770
Irrevocable commitments	1, 19	99'826	107'694	-7'868

INCOME STATEMENT

RESULTS	Note	December 31, 2019	December 31, 2018	Change
in CHF thousand				
Result from interest operations				
Interest and discount income		71'991	61'073	10'918
Interest and dividend income on financial investments		8'202	11'531	-3'329
Interest expense		-44'300	-32'501	-11'799
Gross result from interest operations		35'893	40'103	-4'210
Changes in value adjustments for default risks and losses from interest operations		170	582	-412
Subtotal net result from interest operations		36'063	40'685	-4'622
Results from commission and service fee activities				
Commission income from securities and investment transactions		2'540	1'447	1'093
Commission income from lending activities		18'049	8'544	9'505
Commission income from other services		1'902	2'576	-674
Commission expenses		-123	-76	-47
Subtotal result from commission business and services		22'368	12'491	9'877
Result from trading activities and the fair value option	20	1'050	4'536	-3'486

EXPENSES	Note	December 31, 2019	December 31, 2018	Change
in CHF thousand				
Operating expenses				
Personnel expenses	22	-25'044	-21'501	-3'543
General and administrative expenses	23	-11'451	-11'433	-18
Subtotal operating expenses		-36'495	-32'934	-3'561
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets		-96	-678	582
Operating result		22'890	24'100	-1'210
Changes in reserves for general banking risks		-	-5'000	5'000
Taxes	24	-5'197	-5'451	254
Profit (result of the period)		17'693	13'649	4'044

OFF-BALANCE-SHEET TRANSACTIONS

Profit		17'693	13'649	4'044
Profit carried forward		20'103	13'979	6'124
Distributable profit		37'796	27'628	10'168
Appropriation of profit				
Allocation to statutory retained earnings reserve		-1'100	-700	-400
Distributions from distributable profit		-8'750	-6'825	-1'925
New amount carried forward		27'946	20'103	7'843

STATEMENT OF CHANGES IN EQUITY

	Bank's capital	Capital reserve	Retained earnings reserve	Reserves for general banking risks	Voluntary retained earnings reserves and profit/loss carried forward	Own shares (negative item)	Result of the period	Total
in CHF thousand								
Equity at start of current period, January 1, 2019	136'000	46'619	5'300	21'420	13'979	-	13'649	236'967
Capital increase / decrease	-	-	-	-	-	-	-	-
Dividends and other distributions	-	-	-	-	-	-	-6'825	-6'825
Other allocations to (transfers from) the reserves for general banking risks	-	-	-	-	-	-	-	-
Other allocations to (transfers from) the other reserves	-	-	700	-	6'124	-	-6'824	-
Profit / loss (result of the period)	-	-	-	-	-	-	17'693	17'693
Equity at end of current period, December 31, 2019	136'000	46'619	6'000	21'420	20'103	-	17'693	247'835

NOTES TO THE FINANCIAL STATEMENTS

A) NAME OF THE BANK, AND ITS LEGAL FORM AND DOMICILE

Gazprombank (Switzerland) Ltd, Zollikerstrasse 183, 8032 Zurich

B) ACCOUNTING AND VALUATION PRINCIPLES

The bookkeeping, accounting and valuation principles applied conform to the provisions of the Swiss Code of Obligations, the Swiss Federal Law on Banks and Savings Banks and its related ordinance, the statutory provisions and the FINMA guidelines concerning the preparation of financial statements for banks (FINMA Circular 2015/1).

TYPE OF FINANCIAL STATEMENTS

Reliable assessment statutory single-entity financial statements

CHANGES IN THE ACCOUNTING AND VALUATION POLICIES IN THE CURRENT YEAR

No change was made to the accounting and valuation principles compared to previous year.

DISCLOSURES AS TO HOW TRANSACTIONS ARE RECORDED

All transactions are recorded in the Bank's books on a trade-date basis. The concluded transactions are recorded as off-balance-sheet transactions until their settlement or value date at which point they are recognised on the balance sheet.

DISCLOSURES CONCERNING THE TREATMENT OF TRANSLATION DIFFERENCES OF FOREIGN CURRENCIES, THE METHOD USED FOR FOREIGN CURRENCY TRANSLATION, AND THE EXCHANGE RATES OF THE MOST IMPORTANT FOREIGN CURRENCIES

Transactions in foreign currencies are recorded at the rate of exchange on the date of the transaction. Assets and liabilities are translated at the exchange rate on the balance-sheet date and the effect of foreign currency adjustments is recorded as income. Differences between the exchange rate on the trade date and that on the settlement date is recorded in the income statement.

THE FOLLOWING EXCHANGE RATES AS AT THE BALANCE-SHEET DATE WERE USED FOR CURRENCY TRANSLATIONS

December 31, 2019	December 31, 2018
USD 0.9679	USD 0.9853
EUR 1.0842	EUR 1.1258
GBP 1.2696	GBP 1.2503
RUB 64.0588	RUB 70.7060

LIQUID ASSETS, AMOUNTS DUE FROM BANKS AND AMOUNTS DUE TO BANKS/CUSTOMERS

These items are recognized in the balance sheet at their nominal value; for amounts due from banks less any operationally necessary individual value adjustments for impaired dues.

REPO AND REVERSE REPO TRANSACTIONS

Repo and reverse repo transactions are collateralised financial transactions that are entered into to generate interest income, increase liquidity, or facilitate trading activities. These instruments are secured against government bonds, money market paper and

corporate bonds, with terms ranging from overnight to longer or unspecified maturities. In the event of the counterparty defaulting, the Bank is contractually entitled to sell the collateral it holds.

From the economic perspective, purchases of securities with an obligation to sell them back (reverse repo transactions) and sales of securities with an obligation to repurchase them back (repo transactions) do not as a rule qualify as sales. Such transactions are treated as collateralized financial transactions, and are recorded in the balance sheet at the amount of the cash collateral provided/received. Reverse repo transactions are booked as collateralised assets, while repo transactions are recorded as liabilities. Securities sold with a repurchase obligation remain on the balance sheet as securities in trading portfolios or investments in securities. The fair value of the securities to be repurchased/resold is monitored on a daily basis and additional collateral is demanded to cover credit risks where required.

AMOUNTS DUE FROM CUSTOMERS (LOANS)

These items are recognized in the balance sheet at their nominal value less any necessary value adjustments. Impaired dues, i.e. those where the borrower is unlikely to be able to fulfill its future obligation, are valued on an individual basis, and individual value adjustments are made to cover the reduction in the carrying value. Individual value adjustments are made for identifiable risks in accordance with the principle of prudent accounting.

POSITIVE AND NEGATIVE REPLACEMENT VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

These items comprise the replacement values for all derivative financial instruments. Results from derivatives are presented under "Result from trading activities and the fair value option", unless derivatives are used for hedging outside of trading. Results from derivatives entered into as part of a hedging relationship are recorded in the compensation account.

TRADING PORTFOLIOS

Securities and precious metal trading portfolios are in principle valued and shown in the balance sheet at their fair value. The price that can be obtained on a price-efficient and liquid market or the price established on the basis of a valuation model is taken as the fair value. If, by way of exception, no fair value is available, valuation and recording in the balance sheet takes place at the lower of cost or market. Any gains or losses resulting from the valuation are recorded under "Results from trading activities and the fair value option". Interest and dividend income on trading portfolios in securities are credited to "Interest and dividend income on trading portfolios".

FINANCIAL INVESTMENTS (SECURITIES)

Fixed-income debt securities, convertible bonds and bonds with warrants which are not part of the trading portfolio are valued at the lower of cost or market, provided there is no intention of holding them to maturity (available for sale).

Changes in book value are recognised via the items "Other ordinary expenses" or "Other ordinary income". Upward revision to the maximum of acquisition cost is recorded if the market value had previously fallen below acquisition cost and thereafter recovers. This value adjustment is recorded under "Change in value adjustments for default risks and losses from interest operations".

Debt securities acquired with the intention of holding them to maturity are valued using the accrual method. During the entire term of these investments until maturity, the premium / discount is accrued over the term. Any interest-related profit or loss realized on premature sale or repayment is accrued over the residual term, i.e. to the original maturity.

Value adjustments made due to creditworthiness issues and subsequent recoveries are treated in the income statement under “Change in value adjustments for default risks and losses from interest operations”.

TANGIBLE FIXED ASSETS AND INTANGIBLE ASSETS

Investments in new fixed assets including software are capitalised and valued at cost, if they are used for more than one accounting period and their value exceeds the lower threshold for capitalisation of CHF 100,000. Investments in existing fixed assets are capitalised, if they result in a lasting increase in the market or utility value of the said assets or significantly extend their useful life.

In subsequent valuations, the fixed assets are recorded in the balance sheet at cost less the accumulated depreciation. Depreciation (linear or degressive) normally takes place over the estimated useful life of the asset. The value of assets is reviewed on an annual basis. If this review reveals a change in the useful life or a diminution in value, the residual carrying value is normally depreciated over the asset’s remaining useful life or an exceptional depreciation is made. Regular depreciation and any additional exceptional write-offs are charged to “Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets” in the income statement.

The following depreciation rates/methods are used:

- Software straight line over 5 years
- Fixtures, Furniture and Equipment straight line over 4 years
- IT Equipment straight line over 5 years

Capitalization term for larger projects will depend on individual assessment.

Gains realised on the disposal of fixed assets are recognised under “Extraordinary income”, while realised losses are recognised under “Extraordinary expenses”.

There are currently no intangible assets.

PROVISIONS

Provisions are made for a probable obligation based on a past event where amount and/or due date is uncertain but can be reliably estimated.

PENSION LIABILITIES

Pursuant to the provisions of the BVG, the deed of foundation and the regulations, the employees of Gazprombank (Switzerland) Ltd are insured in the pension fund “Vorsorgestiftung der Gazprombank (Schweiz) AG” against the consequences of old age, death and disability. The pension fund is a semi-autonomous defined contribution plan that provides retirement benefits and bears the associated risks, while insuring risks relating to death and disability with an insurance company.

Contributions from the employees account for one third of the financing of the pension plan, and contributions from the employer account for the remaining two thirds. The employer’s contributions are reported under “Personnel expenses”.

The Bank applies the principles of FER 16. An assessment is made annually to determine whether the pension fund represents an economic benefit or an economic liability from the Bank’s perspective. This is based on the contracts and the annual financial statements of the pension fund, which are drawn up in Switzerland pursuant to FER 26, and other calculations which present the financial situation and the actual level of over-/underfunding. The Bank involves an expert in occupational pensions to assist it in assessing whether the fund represents a benefit or liability.

Based on the preliminary financial statements of Vorsorgestiftung der Gazprombank (Schweiz) AG as of December 31, 2019 the plan is overfunded by 8.66%, previous year 1.81%.

The overfunding in a pension plan will be used for the benefits of the employees. As a result, there is no economic benefit to the Bank of an overfunding.

There are no employer contribution reserves.

TAXES

Current taxes consist of recurring taxes on income and capital. One-time or transaction-related taxes are not included in current taxes. Current taxes on profits for the period are determined in accordance with the local fiscal provisions on the determination of profits and recognised as an expense in the accounting period in which the profit arises. Capital and Income taxes payable on current profits are recognised under “Accrued expenses and deferred income”.

CONTINGENT LIABILITIES, IRREVOCABLE COMMITMENTS, LIABILITIES FOR CALLS ON SHARES AND OTHER EQUITIES

These are recorded at nominal value under “Off-balance-sheet transactions”. Provisions for foreseeable risks are established under liabilities in the balance sheet.

C) EXPLANATIONS OF RISK MANAGEMENT, IN PARTICULAR ON THE TREATMENT OF INTEREST RATE RISK, OTHER MARKET RISKS AND CREDIT RISKS

A conscious and prudent approach to risk is a prerequisite for the sustained, long-term success of the Bank. The assumption of risk is an inherent part of the Bank’s activities. The Bank-wide risk culture, which is firmly established at every level and is reviewed on an ongoing basis, ensures that risks are recognized and that appropriate control and mitigation mechanisms are implemented and refined.

In its risk policies, the Bank defines the relevant risk categories, the corresponding risk profiles, the methods and processes relating to the management and control of risks, as well as the approval authority. The appropriateness of the Bank’s risk policies and its Internal Control System is discussed with the Executive Management Board and reviewed by the Board of Directors at least annually.

The Bank’s most important principles regarding risk management and risk control are:

- Clearly defined responsibilities and delegated authority
- Alignment of risk profile, appetite, and capacity
- Independent control functions with adequate human and technical resources
- Adequate internal control systems
- Transparency regarding the risks taken

The risk policies are based on the applicable Swiss Banking Laws, the principles issued by the Basel Committee on Banking Supervision, and FINMA Circulars. The appropriateness of the policies is reviewed annually by the Board of Directors. Based on these requirements and best market practices the Risk Management & Risk Control department ensures that all risks are managed and monitored very carefully and reported correctly.

TREATMENT OF CREDIT RISKS

The Bank applies high standards to assess the credit risk of its counterparties. For commercial loans and bonds (issuer risk) the requirements are particularly high and therefore the assessment also takes into account stressed economic conditions to simulate the impact on the individual counterparty. All credit exposures are limited and monitored using a differentiated limit system that also includes the credit documentation terms (covenants). Concentration risk is countered by limiting the credit risk per counterparty and its related group.

The Bank engages in foreign currency and financial derivative transactions for own balance sheet management purposes (asset & liability management) and as a broker for its clients. OTC financial derivative transactions are engaged under netting (ISDA) and credit support (CSA) agreements with low threshold amounts to limit the uncovered credit exposure. The Bank is also exposed to settlement risks that mainly arise from security and foreign currency transactions.

INTEREST RATE AND OTHER MARKET RISKS

Market risks are limited, controlled and monitored using volume, sensitivity, and stress test limits. Interest rate risks and currency risks are managed, monitored, and limited at an aggregated level as part of the Bank's asset and liability management (ALM) activities. Interest rate and currency risks arise in balance sheet management through different interest commitments and foreign currencies on the asset and liability side of the balance sheet and of off-balance-sheet items. These risks are generally kept at a low level through currency-congruent investments and refinancing activities as well as derivative transactions for hedging purposes.

LIQUIDITY RISKS

The liquidity risk is managed to ensure that the Bank always has sufficient liquidity to be able to fulfil its payment obligations, even in stress scenarios. The liquidity risk framework comprises functional risk measurement and control systems to ensure the Bank is continuously able to pay its obligations at any time. It also defines strategies and requirements for the management of liquidity risk under stress conditions as part of the defined liquidity risk tolerance. They mainly include risk mitigation measures, the holding of highly liquid assets as a liquidity buffer, and a contingency plan to manage liquidity shortfalls. The Bank's liquidity is managed, monitored, reported and assured on a daily basis.

OPERATIONAL RISKS

Operational risks are identified and restricted by implementing appropriate measures such as internal control systems (ICS) as well as the selection, training and supervision of employees within the departments. At the quantitative and qualitative levels, risk thresholds (risk tolerances) are defined and monitored where appropriate. The identification, analysis and measurement of operational risks are managed as an iterative, ongoing process that is conducted throughout the Bank.

The qualitative risk assessment method takes account of risks that are difficult or impossible to quantify. This method is based on the view that the most accurate picture can be obtained primarily through subjective evaluations by internal specialists in the relevant fields. Subjective estimates are produced using various methods of data collection. The assessment and qualitative evaluation of risks is founded on the Key Risk Indicator (KRI) process.

The quantitative risk assessment is performed to record actual or potential operational risks that occur in the Bank in the form of numerical values. The primary objective of this assessment is to create transparency and expertise regarding the Bank's operational risk situation and its active management of risks as well as to ensure compliance with regulatory and legislative requirements.

The Bank mitigates operational risks through its ICS and an iterative process to ensure that the ICS functions effectively and that it is kept up to date. The reporting procedure provides Executive Management with support in the early identification of operational risks and in implementing appropriate mitigation measures.

D) EXPLANATION OF THE METHODS USED FOR IDENTIFYING DEFAULT RISKS AND DETERMINING THE NEED FOR VALUE ADJUSTMENTS

The Bank's default risk mainly arises from commercial lending, bond investments (issuer risk), time deposit (money market) investments and Nostro accounts with other banks, documentary credits, foreign currency und derivative transactions, and default risks related to transaction settlement.

The Bank uses internal credit rating system that provides information on changes in the credit risk on each individual loan / receivable and aids in detecting potential impairment.

Among others, the following impairment factors are monitored:

- considerable financial difficulties on the part of the debtor;
- actual breach of contract (e.g. default on or delay in interest or principal payments);
- concessions on the part of the Bank to the borrower based on economic or legal circumstances linked to the financial difficulties of the borrower that the Bank would not otherwise grant;
- high probability of bankruptcy or other need for restructuring on the part of the debtor;
- disappearance of an active market for this particular financial asset due to financial difficulties.

If it determined that default risks increase, an individual value adjustment is made to the impaired loan's carrying value.

Due to the fact that the Bank's loan portfolio consists of exposures that can only be analysed on an individual basis, the Bank does not make collective individual value adjustments.

E) EXPLANATIONS OF THE VALUATION OF COLLATERAL, IN PARTICULAR KEY CRITERIA FOR THE CALCULATION OF THE CURRENT MARKET VALUE AND THE LENDING VALUE

The Bank provides and receives only cash collateral from its counterparties when performing collateral management for the OTC financial derivatives that are traded under ISDA CSA agreements.

As part of its treasury management and trading business, the Bank engages in repo and reverse repo transactions with highly liquid marketable securities. The fair value of the securities is based on current market prices and their collateral (lending) value is calculated after the application of appropriate haircuts. The haircuts are derived in accordance with the “comprehensive approach” described in the capital adequacy requirements of the Basel Committee on Banking Supervision (Basel III). The appropriate haircuts are based on the security type, issuer type, credit rating, remaining years to maturity, liquidity and tradability. Additional haircuts are applied if the loan and the collateral are not denominated in the same currency.

When the Bank engages in commercial lending against collateral, the Bank uses assessments by independent appraisers, market quotations for traded assets, or uses models for assessment of the collateral's fair value. The Bank also applies appropriate haircuts to the valuations to reflect the risk of the collateral and to derive the lending value. The haircuts are mainly based on the expected recovery value of the collateral in the event the counterparty defaults. The market value and expected recovery value of the collateral is reassessed periodically.

F) EXPLANATIONS OF THE BANK'S BUSINESS POLICY REGARDING THE USE OF DERIVATIVE FINANCIAL INSTRUMENTS, INCLUDING EXPLANATIONS RELATING TO THE USE OF HEDGE ACCOUNTING

All derivative financial instruments are valued at fair value. The fair value is based on market rates, discounted cash flow and option pricing models, and price quotes from traders. The derivatives are recorded in the balance sheet under “Positive/Negative replacement values of derivative financial instruments”.

HEDGING

The Bank mainly uses derivative financial instruments as part of its asset and liability management to manage interest rate, currency and default risks. The Bank enters into individual hedging transactions and also uses macro hedges.

On initial designation of an individual hedge, the Bank documents the relationship between the hedging instrument and the hedged item, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Bank makes an assessment, both at inception of the hedge relationship and on an ongoing basis, of whether the hedging instrument is expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of the hedge are within a range of 80 – 125%.

When a derivative is designated as the hedging instrument in an individual hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability (cash flow hedge) that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in the compensation account and is presented as an asset or a liability as part of “positive / negative replacement values of derivative financial instruments”. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. The amount recognised in the compensation account is reclassified to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item

in profit or loss. If the hedging derivative expires or is sold, terminated or exercised, or the hedge designation is revoked, then hedge accounting is discontinued prospectively.

Macro hedges may also be used to hedge interest rate risks. Unrealised results from derivatives used in a macro hedge are recognised in profit or loss as part of “Result from trading activities and the fair value option”. Realised results are reclassified to “Interest income / expense”.

TRADING

In case the Bank enters into transactions with derivative financial instruments for trading purposes, the realised and unrealised results are recognized in profit or loss under “Result from trading activities and the fair value option”.

G) SUBSEQUENT EVENTS

The spread of the coronavirus that caused COVID-19 is expected to have a significant impact on the global economy in general and the international trade in particular, and hence, it is possible that it will affect the Bank's business performance in 2020. Management is closely monitoring the economic developments and their potential effects on the Bank's operations and business.

The extent to which COVID-19 impacts the Bank's business, including with respect to the financial goals, is highly uncertain and cannot be predicted at this time.

1 COLLATERAL FOR LOANS/RECEIVABLES AND OFF-BALANCE-SHEET TRANSACTIONS, AS WELL AS IMPAIRED LOANS/RECEIVABLES

in CHF thousand

	Type of collateral			Total
	Secured by mortgage	Other collateral	Unsecured	
LOANS (BEFORE NETTING WITH VALUE ADJUSTMENTS)				
Amounts due from customers		180'302	1'004'218	1'184'520
Total loans (before netting with value adjustments) December 31, 2019		180'302	1'004'218	1'184'520
Total loans (before netting with value adjustments) December 31, 2018		651'095	287'710	938'805
Total loans (after netting with value adjustments) December 31, 2019		180'302	1'002'170	1'182'472
Total loans (after netting with value adjustments) December 31, 2018		648'839	287'710	936'549

OFF-BALANCE-SHEET

Contingent liabilities	-	84'044	10'898	94'942
Irrevocable commitments	-	-	99'826	99'826
Total off-balance-sheet December 31, 2019		84'044	110'724	194'768
Total off-balance-sheet December 31, 2018		51'915	108'950	160'865

IMPAIRED LOANS / RECEIVABLES

in CHF thousand

	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
December 31, 2019	2'048	-	2'048	2'048
of which with collateral	2'048	-	2'048	2'048
of which without collateral	-	-	-	-
December 31, 2018	2'256	-	2'256	2'256
of which with collateral	2'256	-	2'256	2'256
of which without collateral	-	-	-	-

2 PRESENTATION OF DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS AND LIABILITIES)

in CHF thousand

	Trading Instruments		Contract volume	Hedging Instruments		Contract volume
	Positive replacement values	Negative replacement values		Positive replacement values	Negative replacement values	
Foreign exchange / precious metals						
Forward contracts	189	111	299'873	-	-	-
Combined interest rate / currency swaps	-	-	-	-	711	18'728

TOTAL BEFORE NETTING AGREEMENTS

December 31, 2019	189	111	299'873	-	711	18'728
of which, determined using a valuation model	-	-	-	-	-	-
December 31, 2018	49	3'484	662'261	-	-	224'463
of which, determined using a valuation model	-	-	-	-	-	-

TOTAL AFTER NETTING AGREEMENTS

	Positive replacement values (cumulative)	Negative replacement values (cumulative)
December 31, 2019	189	822
December 31, 2018	49	3'484

BREAKDOWN BY COUNTERPARTY

	Central clearing houses	Bank and securities dealers	Other customers
Positive replacement values (after netting agreements)	-	158	31

3 BREAKDOWN OF FINANCIAL INVESTMENTS

	Book value		Fair value	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
in CHF thousand				
Debt securities	146'257	315'622	150'077	311'792
of which, intended to be held to maturity	146'257	315'622	150'077	311'792
of which, not intended to be held to maturity (available for sale)	-	-	-	-
Equity securities	-	-	-	-
of which, qualified participations (at least 10% of capital or votes)	-	-	-	-
Total	146'257	315'622	150'077	311'792
of which, securities eligible for repo transactions in accordance with liquidity requirements	5'947	5'873	5'948	5'987

BREAKDOWN OF COUNTERPARTIES BY RATING (MOODY'S)

	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to Ba3	B1 to B3	Unrated
Debt securities						
Book values	-	-	90'824	15'564	33'922	5'947

4 PRESENTATION OF TANGIBLE FIXED ASSETS

	Acquisition cost	Accumulated depreciation	Book value as of December 31, 2018	Reporting year					Book value as of December 31, 2019
				Reclassification	Additions	Disposals	Depreciations	Reversals	
in CHF thousand									
Other tangible fixed assets	9'980	9'354	626	-	630	-	96	-	1'160
Total tangible fixed assets	9'980	9'354	626	-	630	-	96	-	1'160

OPERATING LEASES

	Maturities:	within 12 Months	within 1 to 5 years	Total
Total amount of non-recognised lease commitments	-	-	2'812	2'812
of which that can be terminated within one year:	-	-	-	-

5 BREAKDOWN OF OTHER ASSETS AND OTHER LIABILITIES

	Other assets		Other liabilities	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
in CHF thousand				
Compensation account	1'833	525	1'447	2'346
Indirect tax	106	39	342	117
Payment accounts	-	-	3'146	1'474
Others	177	103	-	-
Total	2'116	667	4'935	3'937

6 DISCLOSURE OF ASSETS PLEDGED OR ASSIGNED TO SECURE OWN COMMITMENTS AND OF ASSETS UNDER RESERVATION OF OWNERSHIP

	Book values		Effective commitments	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
in CHF thousand				
PLEGDED / ASSIGNED ASSETS				
Financial investments	5'947	5'873	-	-

7 PRESENTATION OF THE ECONOMIC BENEFIT / OBLIGATION AND THE PENSION EXPENSES

	Overfunding / (under-funding) at end of current year	Economic interest of the bank		Contributions paid for the current period	Pension expenses in personnel expenses	
		December 31, 2019	December 31, 2018		December 31, 2019	December 31, 2018

in CHF thousand

Pension schemes without own assets	8.66%	-	-	2'234	2'234	2'101
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8 PRESENTATION OF VALUE ADJUSTMENTS AND PROVISIONS, RESERVES FOR GENERAL BANKING RISKS, AND CHANGES THEREIN DURING THE CURRENT YEAR

	Balance as of December 31, 2018	Use in conformity with designated purpose	Reclassifications	Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income	Balance as of December 31, 2019
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in CHF thousand

Other provisions	351	-	-	-	-	-	-	351
Total provisions	351	-	-	-	-	-	-	351
Reserves for general banking risks*	21'420	-	-	-	-	-	-	21'420
Value adjustments for default and country risks								
of which, value adjustments for default risks in respect of impaired loans / receivables	2'256	-	-	-38	-	-	170	2'048
of which, value adjustments for latent risks	-	-	-	-	-	-	-	-

* The reserves for general banking risks are taxed

9 PRESENTATION OF THE BANK'S CAPITAL

	December 31, 2019			December 31, 2018		
	Total par value	No. of shares	Capital eligible for dividend	Total par value	No. of shares	Capital eligible for dividend

in CHF thousand

Share capital	136'000	136	136'000	136'000	136	136'000
of which, paid up	136'000	136	136'000	136'000	136	136'000
Participation capital	-	-	-	-	-	-
Total bank's capital	136'000	136	136'000	136'000	136	136'000

10 DISCLOSURE OF AMOUNTS DUE FROM / TO RELATED PARTIES

	Amounts due from		Amounts due to	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018

in CHF thousand

BALANCE-SHEET

Holders of qualified participations	8'155	4'875	707'441	693'025
Group companies	149	10'756	9'645	19'409
Members of governing bodies	8'134	26	1'211	1'190
Total	16'438	15'657	718'297	713'624

Transactions with associated persons:

The Bank is 100% owned by Bank GPB (JSC), Moscow. The operations with it are disclosed in the line "Holders of qualified participations". The operations with other subsidiaries and associates of Bank GPB (JSC) (the "Gazprombank Group") are disclosed as "Group companies". "Members of governing bodies" include members of the Board of Directors and of the Executive Management Board of the Bank and of similar bodies of Bank GPB (JSC).

The most important transactions with related parties are as follows:

- The Bank receives term deposits from Bank GPB (JSC) that form a significant part of its term funding base. Also, some deposits are placed by Bank GPB (JSC) and other Group companies for the refinancing of the Bank's lending activities (fully collateralized loans on a cash-backed basis).
- Some Group companies with international business hold current accounts with the Bank. The Bank provides payment, foreign exchange and other transactional services to them.
- Amounts due from related parties mostly represent Nostro accounts with the parent and other banks of Gazprombank Group.

Balance-sheet and off-balance-sheet transactions are carried out under the same conditions that apply to third parties.

11 DISCLOSURE OF HOLDERS OF SIGNIFICANT PARTICIPATIONS

	December 31, 2019		December 31, 2018	
	Nominal	% of equity	Nominal	% of equity

in CHF thousand

Holders of significant participations and groups of holders of participations with pooled voting rights				
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with voting rights

Gazprombank (Joint-stock Company) (short name: Bank GPB (JSC)), Moscow	136'000	100%	136'000	100%
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Indirectly participating as significant holders of voting shares of Bank GPB (JSC):

Non-state Pension Fund "GAZFOND": 41.58% of voting rights (6.25% of share capital)
 OAO "Gazprom": 46.02% of voting rights (6.91% of share capital)
 State Development Corporation VEB.RF: 8.53% of voting rights (1.28% of share capital)

without voting rights

none

Holders of non-voting preference shares of Bank GPB (JSC) are:

The State Corporation Deposit Insurance Agency (Russia): 64.49% of share capital
 The Ministry of Finance of the Russian Federation: 20.49% of share capital

12 DISCLOSURE OF OWN SHARES AND COMPOSITION OF EQUITY CAPITAL

	January 1, 2019	December 31, 2019
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in CHF thousand

Number and nature of own equity securities held	none	none
Registered shares, fully paid with voting rights, without restrictions as per table 9	136'000	136'000
Total of non-distributable reserves	51'919	52'619
of which non-distributable statutory capital reserve	46'619	46'619
of which non-distributable statutory retained earnings reserve	5'300	6'000

13 PRESENTATION OF THE MATURITY STRUCTURE OF FINANCIAL INSTRUMENTS

in CHF thousand

	At sight	Cancellable	Due within 3 months	Due within 3 to 12 months	Due within 12 months to 5 years	Due after 5 years	No maturity	Total
ASSETS / FINANCIAL INSTRUMENTS								
Liquid assets	564'982	-	-	-	-	-	-	564'982
Amounts due from banks	27'367	10	-	2'067	-	-	-	29'444
Amounts due from customers	46	309	581'828	238'719	179'760	181'810	-	1'182'472
Positive replacement values of derivative financial instruments	189	-	-	-	-	-	-	189
Financial investments	-	-	-	22'179	124'078	-	-	146'257
Total December 31, 2019	592'584	319	581'828	262'965	303'838	181'810	-	1'923'344
Total December 31, 2018	1'377'579	183	406'633	184'792	395'988	267'155	-	2'632'330
DEBT CAPITAL / FINANCIAL INSTRUMENTS								
Amounts due to banks	119'990	-	254'151	290'593	101'872	165'655	-	932'261
Amounts due in respect of customer deposits	539'588	-	178'836	-	36'864	-	-	755'288
Negative replacement values of derivative financial instruments	822	-	-	-	-	-	-	822
Total December 31, 2019	660'400	-	432'987	290'593	138'736	165'655	-	1'688'371
Total December 31, 2018	1'643'598	-	76'857	198'535	202'447	267'156	-	2'388'593

14 PRESENTATION OF ASSETS AND LIABILITIES BY DOMESTIC AND FOREIGN ORIGIN IN ACCORDANCE WITH THE DOMICILE PRINCIPLE

in CHF thousand

	December 31, 2019			December 31, 2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
ASSETS						
Liquid assets	564'982	-	564'982	1'216'587	-	1'216'587
Amounts due from banks	2'497	26'947	29'444	3'020	160'472	163'492
Amounts due from customers	326'059	856'413	1'182'472	161'070	775'479	936'549
Positive replacement values of derivative financial instruments	189	-	189	81	-	81
Financial investments	5'947	140'310	146'257	5'873	309'749	315'622
Accrued income and prepaid expenses	9'768	19'008	28'776	1'587	20'352	21'939
Tangible fixed assets	1'160	-	1'160	626	-	626
Other assets	2'115	1	2'116	663	4	667
Total assets	912'717	1'042'679	1'955'396	1'389'507	1'266'056	2'655'563
LIABILITIES						
Amounts due to banks	223	932'038	932'261	20	731'426	731'446
Amounts due in respect of customer deposits	480'812	274'476	755'288	579'281	1'074'383	1'653'664
Negative replacement values of derivative financial instruments	85	737	822	1'912	1'572	3'484
Accrued expenses and deferred income	12'366	1'538	13'904	14'292	11'422	25'714
Other liabilities	4'913	22	4'935	3'190	747	3'937
Provisions	351	-	351	351	-	351
Reserves for general banking risks	21'420	-	21'420	21'420	-	21'420
Bank's capital	136'000	-	136'000	136'000	-	136'000
Statutory capital reserve	46'619	-	46'619	46'619	-	46'619
Statutory retained earnings reserve	6'000	-	6'000	5'300	-	5'300
Profit carried forward / loss carried forward	20'103	-	20'103	13'979	-	13'979
Profit / loss (result of the period)	17'693	-	17'693	13'649	-	13'649
Total liabilities	746'585	1'208'811	1'955'396	836'013	1'819'550	2'655'563

15 BREAKDOWN OF TOTAL ASSETS BY COUNTRY OR GROUP OF COUNTRIES (DOMICILE PRINCIPLE)

	December 31, 2019		December 31, 2018	
	Absolute	Share as %	Absolute	Share as %

in CHF thousand

ASSETS

	December 31, 2019		December 31, 2018	
	Absolute	Share as %	Absolute	Share as %
Europe				
Switzerland	912'716	46.7	1'389'507	52.3
Russian Federation	252'868	12.9	288'347	10.9
Ireland	41'128	2.1	145'811	5.5
Germany	17'637	0.9	138'378	5.2
Luxembourg	61'047	3.1	121'371	4.6
Netherlands	78'608	4.0	96'319	3.6
Cyprus	52'832	2.7	65'076	2.4
Austria	54'914	2.8	50'671	1.9
Turkey	43'965	2.2	44'909	1.7
Great Britain	52'803	2.7	42'442	1.6
Belgium	7'607	0.4	9'684	0.4
Jersey	48'396	2.5	2	0.0
Other	8'935	0.5	17'379	0.7
North America	23'780	1.2	6'950	0.3
South America	4'232	0.2	5'738	0.2
Asia	216'829	11.1	180'461	6.8
Africa	68'050	3.5	43'267	1.6
Australia/Oceania	9'049	0.5	9'251	0.3
Total assets	1'955'396	100	2'655'563	100

16 BREAKDOWN OF TOTAL ASSETS BY CREDIT RATING OF COUNTRY GROUPS (RISK DOMICILE VIEW)

	Net foreign exposure December 31, 2019		Net foreign exposure December 31, 2018	
	in CHF thousand	Share as %	in CHF thousand	Share as %

in CHF thousand

SERV / MOODY'S

Serv*	Moody's	December 31, 2019		December 31, 2018	
		in CHF thousand	Share as %	in CHF thousand	Share as %
0 (no rating)	No rating	13	0.0	8	0.0
1	Aaa	522'142	50.1	760'814	60.1
2	Aa	-	0.0	-	0.0
3	A	119'401	11.4	112'761	8.9
4	Baa	38'783	3.7	39'442	3.1
5	Ba	264'398	25.4	298'566	23.6
6	B	97'943	9.4	54'462	4.3
7	Caa	-	0.0	3	0.0
Total		1'042'680	100	1'266'056	100

* The breakdown of this table has been prepared using the Swiss Export Risk Insurance (SERV) country rating.

**17.1 PRESENTATION OF ASSETS AND LIABILITIES
BROKEN DOWN BY THE MOST SIGNIFICANT
CURRENCIES FOR THE BANK**

in CHF thousand

	CHF	EUR	USD	RUB	GBP	Other	Total
ASSETS							
Liquid assets	564'918	38	23	-	3	-	564'982
Amounts due from banks	268	18'733	2'181	2'293	181	5'788	29'444
Amounts due from customers	20'612	257'563	741'860	162'431	3	3	1'182'472
Positive replacement values of derivative financial instruments	189	-	-	-	-	-	189
Financial investments	5'947	-	140'310	-	-	-	146'257
Accrued income and prepaid expenses	1'864	7'000	6'123	13'789	-	-	28'776
Tangible fixed assets	1'160	-	-	-	-	-	1'160
Other assets	1'082	1'002	26	-	-	6	2'116
Total assets shown in balance sheet	596'040	284'336	890'523	178'513	187	5'797	1'955'396
Delivery entitlements from spot exchange, forward forex and forex options transactions	18'728	155'697	143'551	625	-	-	318'601
Total assets	614'768	440'033	1'034'074	179'138	187	5'797	2'273'997

**17.2 PRESENTATION OF ASSETS AND LIABILITIES
BROKEN DOWN BY THE MOST SIGNIFICANT
CURRENCIES FOR THE BANK**

in CHF thousand

	CHF	EUR	USD	RUB	GBP	Other	Total
LIABILITIES							
Amounts due to banks	18'890	112'979	629'536	170'738	118	-	932'261
Amounts due in respect of customer deposits	36'825	307'189	402'431	2'921	198	5'724	755'288
Negative replacement values of derivative financial instruments	822	-	-	-	-	-	822
Bond issues and central mortgage institution loans	-	-	-	-	-	-	-
Accrued expenses and deferred income	8'016	-	1'189	4'699	-	-	13'904
Other liabilities	4'000	869	66	-	-	-	4'935
Provisions	351	-	-	-	-	-	351
Reserves for general banking risks	21'420	-	-	-	-	-	21'420
Bank's capital	136'000	-	-	-	-	-	136'000
Statutory capital reserve	46'619	-	-	-	-	-	46'619
Statutory retained earnings reserve	6'000	-	-	-	-	-	6'000
Profit carried forward / loss carried forward	20'103	-	-	-	-	-	20'103
Profit / loss (result of the period)	17'693	-	-	-	-	-	17'693
Total balance-sheet liabilities	316'739	421'037	1'033'222	178'358	316	5'724	1'955'396
Delivery obligations from spot exchange, forward forex and forex options transactions	298'674	18'595	589	625	-	-	318'483
Total liabilities	615'413	439'632	1'033'811	178'983	316	5'724	2'273'879
Net positions per currency	-645	401	263	155	-129	73	118

18 BREAKDOWN OF CONTINGENT LIABILITIES

	December 31, 2019	December 31, 2018	Change
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in CHF thousand

Performance guarantees and similar	51'413	4'582	46'831
Irrevocable commitments arising from documentary letters of credit	43'529	48'590	-5'061
Total contingent liabilities	94'942	53'172	41'770

19 BREAKDOWN OF CREDIT COMMITMENTS AND IRREVOCABLE COMMITMENTS

	December 31, 2019	December 31, 2018	Change
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in CHF thousand

Irrevocable commitments	99'826	107'694	-7'868
Total credit commitments and irrevocable commitments	99'826	107'694	-7'868

Irrevocable commitments represent unused, but firm and irrevocable commitments to grant credit facilities.

20 BREAKDOWN OF THE RESULT FROM TRADING ACTIVITIES AND THE FAIR VALUE OPTION

	December 31, 2019	December 31, 2018
--	----------------------	----------------------

in CHF thousand

BREAKDOWN BY BUSINESS AREA
(IN ACCORDANCE WITH THE ORGANISATION OF THE BANK)

Trading results for the account of customers and for own account	1'050	4'536
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BREAKDOWN BY UNDERLYING RISK AND BASED ON THE USE OF THE FAIR VALUE OPTION**Result from trading activities from:**

Interest rate instruments (including funds)	5	69
Foreign currencies	1'045	4'467

Total result from trading activities	1'050	4'536
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21 DISCLOSURE OF MATERIAL REFINANCING INCOME IN THE ITEM INTEREST AND DISCOUNT INCOME AS WELL AS MATERIAL NEGATIVE INTEREST

	December 31, 2019	December 31, 2018
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in CHF thousand

No refinancing costs for trading activity were credited to interest and discount earnings	-	-
Portion of negative interest booked under Interest Income	2'331	5'092
Portion of negative interest booked under Interest Expenses	9'278	4'180

22 BREAKDOWN OF PERSONNEL EXPENSESDecember 31,
2019December 31,
2018

in CHF thousand

Salaries (meeting attendance fees and fixed compensation to members of the bank's governing bodies, salaries and benefits)	20'390	17'374
of which, expenses relating to share-based compensation and alternative forms of variable compensation	-	-
Social insurance benefits	1'895	1'515
Staff welfare benefits	2'234	2'101
Changes in book value for economic benefits and obligations arising from pension schemes	-	-
Other personnel expenses	525	511
Total	25'044	21'501

23 BREAKDOWN OF GENERAL AND ADMINISTRATIVE EXPENSESDecember 31,
2019December 31,
2018

in CHF thousand

Office space expenses	1'814	1'802
Expenses for information and communications technology	6'220	5'035
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	192	213
Fees of audit firm	372	471
of which, for financial and regulatory audits	325	360
of which, for other services	47	111
Other operating expenses	2'853	3'912
of which, compensation for any cantonal guarantee	-	-
Total	11'451	11'433

24 PRESENTATION OF CURRENT TAXES, DEFERRED TAXES, AND DISCLOSURE OF TAX RATEDecember 31,
2019December 31,
2018

in CHF thousand

Income tax expenses	4'827	5'081
Capital tax expenses	370	370
Deferred tax expenses	-	-
Total taxes	5'197	5'451
Average tax rate	22.7%	22.6%

**25 ADDITIONAL DISCLOSURES
AS PER FINMA CIRC. 2016/1**

 December 31,
2019

 December 31,
2018

in CHF thousand

Composition of the regulatory eligible capital

1	Common Equity Tier 1 (CET1)	230'141	231'466
2	Tier 1	230'141	231'466
3	Total capital	230'141	231'466
4	Total risk-weighted assets (RWA)	1'330'708	1'141'931

Required capital

	Credit risk	98'378	84'699
	Non counterparty risk	93	50
	CVA	289	75
	Market risk	104	118
	Operational risk	7'593	6'412
4a	Minimum capital requirements (CHF) *	106'457	91'354
	Additional regulatory capital buffer for category 5 banks (2.5% of RWA)	33'268	28'548
	Specific additional requirements (3.5% of RWA)	46'575	39'968
	Total capital requirement including specific additional requirements (T1 + T2) (14% of RWA)	186'300	159'870

Capital ratio

5	CET1 ratio (%)	17.29%	20.27%
6	T1 ratio (%)	17.29%	20.27%
7	Total capital ratio (%)	17.29%	20.27%
8	Capital conservation buffer requirement according to Basel minimum requirements (%)	2.50%	1.88%
9	Countercyclical buffer requirement according to Basel minimum requirements (%)	0.00%	0.00%
10	Bank G-SIB and/or D-SIB additional requirements	n/a	n/a
11	Total of bank CET1 specific buffer requirements according to Basel minimum requirements (%)	2.50%	1.88%
12	CET1 available after meeting the bank's minimum capital requirements (%)	9.29%	16.77%
12a	Capital conservation buffer according to CAO Annex 8 (%)	2.50%	2.50%
12b	Countercyclical capital buffer according to CAO Art. 44 and Art. 44a (%)	0.00%	0.00%
12c	CET1 capital target (%) according to CAO Annex 8 + countercyclical buffer according to CAO Art. 44 and 44a	7.00%	7.00%
12d	T1 capital target according to CAO Annex 8 + countercyclical buffer according to CAO Art. 44 and 44a	8.50%	8.50%
12e	Total capital target according to CAO Annex 8 + countercyclical buffer according to CAO Art. 44 and 44a	10.50%	10.50%

 December 31,
2019

 December 31,
2018

in CHF thousand

Leverage Ratio

13	Total Basel III leverage ratio exposure measure (CHF)	2'116'219	2'802'995
	Tier 1 capital	230'141	231'466
14	Basel III Leverage Ratio	10.88%	8.26%

Liquidity coverage ratio 1.Q.19

15	Total stock of high quality liquid assets	955'383	1'315'945
16	Netted cashflow	787'066	918'136
17	LCR quote (in %)	121.39%	143.33%

Liquidity coverage ratio 2.Q.19

15	Total stock of high quality liquid assets	1'246'053	998'953
16	Netted cashflow	965'175	717'134
17	LCR quote (in %)	129.10%	139.30%

Liquidity coverage ratio 3.Q.19

15	Total stock of high quality liquid assets	680'959	1'092'158
16	Netted cashflow	437'666	822'490
17	LCR quote (in %)	155.59%	132.79%

Liquidity coverage ratio 4.Q.19

15	Total stock of high quality liquid assets	492'842	1'208'746
16	Netted cashflow	233'990	813'005
17	LCR quote (in %)	210.63%	148.68%

Net stable funding ratio (NSFR)

18	Available stable refinancing (in CHF)	1'018'466	1'475'786
19	Required stable refinancing (in CHF)	882'108	964'456
20	Net stable funding ratio (NSFR) (in %)	115.46%	153.02%

* Including specific additional requirements (T1 + T2), corresponding to 14% of RWA
Consolidated figures at group level can be found under www.gazprombank.ru

APPLICATIONS TO THE ORDINARY SHAREHOLDERS' MEETING

The Board of Directors proposed to the ordinary shareholders' meeting of the Bank to allocate the Balance Sheet Profit for 2019 of CHF 17,693,292.35 and Retained earnings from 2018 of CHF 20,102,988.51 as follows:

- To allocate CHF 1,100,000.00 to the statutory Retained earnings reserve,
- To distribute CHF 8,750,000.00 to the Sole Shareholder as dividends from distributable profit
- To carry forward the remaining Profit for 2019 of CHF 7,843,292.35 and the Retained earnings from 2018 of CHF 20,102,988.51 totalling to CHF 27,946,280.86 to new account.

We would like to thank our clients and partners for the trust placed in our Bank and look forward to continuing collaboration.

The Board of Directors would like to thank the Executive Management and all employees of the Bank for their contribution to the result for 2019.

Zurich, March 2020

Oleg M. Vaksman

President of the Board of Directors

Roman R. Abdulin

CEO, Chairman of the
Executive Management Board

AUDITOR'S REPORT





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Gazprombank (Switzerland) Ltd, Zurich
Report of the Statutory Auditor
on the Financial Statements 2019
to the General Meeting of Shareholders

Report of the Statutory Auditor to the General Meeting of Shareholders of

Gazprombank (Switzerland) Ltd., Zurich

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Gazprombank (Switzerland) Ltd. which comprise the balance sheet, income statement, statement of changes in equity and notes for the year ended 31 December 2019.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2019 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG


Reto Gareus
Licensed Audit Expert
Auditor in Charge


Lukas Blum
Licensed Audit Expert

Zurich, 30 March 2020

Enclosures:

- Financial statements (balance sheet, income statement, statement of changes in equity and notes)
- Proposed appropriation of available earnings

CORRESPONDENTS

USD	Deutsche Bank Trust Company Americas, New York
GBP	HSBC Bank PLC, London
EUR	VTB Bank (Europe) SE, Frankfurt Bank GPB International SA, Luxembourg Deutsche Bank AG, Frankfurt
RUB	Gazprombank (JSC), Moscow
CHF	SIC

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