



**GAZPROMBANK**  
(SWITZERLAND) LTD

# ANNUAL REPORT

# 2015



**GAZPROMBANK**  
(SWITZERLAND) LTD

## MANAGEMENT REPORT

The year 2015 was characterized by a challenging geopolitical and economic environment. Deteriorating economic situation in Russia and volatile commodities markets resulted in lower financing demand from some of the Banks' core customers.

Adverse economic environment had an impact on the Bank's commercial lending business and resulted in a loan portfolio decrease as of the year end 2015. In spite of this development a set of operational initiatives, including a build-up of the fixed income securities portfolio and money market activities, contributed to the overall positive performance in 2015. Also, in June 2015 the Bank has completed a share capital increase in the amount of CHF 35 million with simultaneous repayment of a subordinated loan from the parent company in the same amount. This strengthened the Bank's capital base and together with the increase of term corporate funding established a robust base for further business growth.

### **Business development**

As of 31 December 2015 the interest earning assets, which include customer loans and investment securities, amounted to CHF 848 million, a 3.7% decrease compared to the end of 2014.

Loans due from customers in amount of CHF 596.9 million as of the year end 2015 represent 70% of the interest earning assets. The loan book mainly comprises commercial lending products (59% of the loan portfolio), cash collateralized loans – 22% and trade related facilities – 19%. Industry-wise the loan portfolio is well diversified and includes exposures in metals and mining, oil and gas, transportation, real estate etc. The majority of loan facilities are secured by pledged assets or guarantees from either parent companies or external parties. Lending not covered by any type of collateral or guarantee constitutes only 26% of the loan book. A contraction of loans due from customers in amount of CHF 154.0 million (-21%) compared to the beginning of the year is driven by reduced financing demand, which translated into early repayment of certain loan facilities and lower need for new financing, and a shift in realization of large infrastructure projects financed by the Bank.

Loan loss provisions amounted to CHF 8.6 million (1.4% of the loan portfolio) and relate to two exposures in the total amount of CHF 23.1 million. One exposure, a bilateral loan facility in amount of CHF 7.6 million, is secured by physical assets. A corresponding provision of CHF 2.9 million covers the difference between the loan balance outstanding as of the year end and the latest fair value estimate of the collateral. The other exposure of CHF 15.5 million is a part of a loan facility provided by an international syndicate of lenders which is currently under restructuring. The impairment of CHF 5.7 million is based on assessed net present value of the expected cash flows under the currently proposed restructuring.

Investment portfolio mostly comprises held-to-maturity corporate Eurobonds of top Russian borrowers and has grown by CHF 121.0 million to CHF 251.4 million as of 31 December 2015.

Placements with the Swiss National Bank (SNB) remain a significant share of the assets amounting to CHF 970.0 million as of 31 December 2015. A large share of SNB balances and amounts due to banks in total assets (57%) is mostly explained by the structure of the Bank's funding. On-call funds placed with Gazprombank (Switzerland) Ltd by its parent bank (CHF 389.5 million as of the year end) as well as on-call customer funds (CHF 855.7 million) represent 61% of the Bank's total liabilities and equity as of 31 December 2015.

Since the introduction of negative interest rates by the SNB in January 2015 the Bank has taken steps to adjust its pricing policy and liquidity management to the new environment. Such steps include, among other: re-charging the interest expense on the Bank's placements with SNB to CHF depositors; and swaps of CHF on-call deposits into USD taking advantage of the interest rate differential between USD and CHF. In August 2015 the parent bank withdrew CHF 500 million from its account with the Bank to repay a maturing senior Eurobond, which resulted in a corresponding reduction of CHF liquidity placed with the SNB.

In October 2015 the Bank attracted additional USD 200 million of term corporate funds. This positive transformation of the funding structure provides a basis for further growth of longer-term interest earning assets.

### **Financial results**

Profit for 2015 amounts to CHF 4.3 million compared to CHF 2.4 million in 2014. This resulted from an increase of operating income<sup>1</sup> by 4% compared to 2014, a reduction of operating expenses by 3% and an increase of provisions for losses on corporate loans.

The main factors explaining the dynamics of the Bank's operating income in 2015 are the following:

- Net interest income<sup>2</sup> increased by 18% in 2015. This is mainly driven by a lower cost of funding subsequent to repayment of subordinated loan from the parent bank in June 2015 and a higher income from foreign exchange swaps.
- A commission income growth of 5% in 2015 compared to prior year is mainly attributable to commissions from lending activities.
- Trading result of 2015 principally represents income from trading of client portfolios and foreign exchange conversion transactions. The trading profit for 2014 additionally included results from proprietary trading in securities and foreign currencies. At the end of 2014 the Bank chose a conservative approach in terms of market risk and liquidated its proprietary trading positions. This was the main factor influencing the reduction of trading profits by 53% in 2015 compared to 2014.

Operating expenses<sup>3</sup> in 2015 decreased to CHF 24.4 million, a 3% contraction compared to 2014. This was mainly driven by the management's cost optimization efforts.

The loan loss provision (LLP) of CHF 5.5 million created in 2015 is attributable to the Bank's assessment of increased credit risk relating to its participation in a syndicated loan facility, which is currently under restructuring. A release of reserve for general banking risks in amount of CHF 0.9 million in 2015 represents

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<sup>1</sup> Operating income includes net interest income, net commission income, net trading profit and other ordinary income

<sup>2</sup> Before changes in value adjustments for default risks

<sup>3</sup> Operating expenses include personnel expenses, general and administrative expenses, depreciation and amortization of tangible fixed assets and intangible assets

reallocation to the mentioned LLP. The combined effect on profit for 2015 of the charge of the LLP and the movement in reserve for general banking risks is CHF 4.7 million, a 1% increase compared to 2014.

### **Capital adequacy**

Subsequent to the capital increase in amount of CHF 35 million in June 2015, in August 2015 FINMA has reduced the capital adequacy add-on that is individually required for the Bank from 5.5% to 3.5%. This resulted in total capital adequacy requirement of 14% compared to 16% as of 31 December 2014.

The Bank's regulatory capital as of 31 December 2015 amounted to CHF 197.9 million. Capital Adequacy Ratio, Tier 1 capital adequacy ratio and CET1 ratio were 23.3%. Total Coverage Ratio II, which compares the Bank's available regulatory capital to the minimum required for its volume of business, amounted to 166.4%.

### **Liquidity**

The Bank had stable and comfortable liquidity situation throughout 2015 with the average Liquidity Coverage Ratio of 140.3%. The required regulatory minimum for 2015 was 60%.

	<b>Q1 2015</b>	<b>Q2 2015</b>	<b>Q3 2015</b>	<b>Q4 2015</b>	<b>Year 2015</b>
Average LCR	140.8%	133.3%	141.1%	155.5%	140.3%

### **Risk assessment**

The Board of Directors has assessed the principal risks to which the Bank is exposed, these being credit risks, market risks and operational risks. This risk assessment was based on evaluations of risks drawn up by the Bank's management. The Bank's risk management regime is set down by the Board of Directors in policies and limits for different risks. This defined process ensures systematic identification, assessment and control by management. A more detailed description of these risks and mitigation procedures is contained in notes to the financial statements.

### **Number of employees (adjusted for part-time staff)**

As of 31 December 2015 the Bank employed 56.3 FTE (2014: 55.9).

### **Future prospects**

Going forward the management intends to develop and expand the Bank's product portfolio, with the focus on:

- Trade related finance, including commodity trade finance secured by the pledge of goods and accounts receivable and working capital finance secured by parent company guarantees,
- fee-based services, including services to private customers.

The operational optimization undertaken in the second half of 2015 is expected to result in cost efficiencies in 2016. This will provide additional resources to invest in business development.

## **Board of Directors**

As of December 31, 2015 the composition of the BoD was as follows:

Oleg M. Vaksman, President, Moscow

Changed Mr. Vladimir M. Ryskin in this position on March 21, 2015.

Wolfram Kuoni, Vice-President (independent<sup>4</sup>), Herrliberg

Member of the BoD since October 31, 2012.

Sergey Y. Nekrasov, Member, Moscow

Member of the BoD since January 1, 2014.

Urs Kloeti, Member (independent<sup>4</sup>), Richterswil

Member of the BoD since April 18, 2011.

Albert Schönenberger, Member (independent<sup>4</sup>), Zug

Member of the BoD since June 12, 2009.

No changes occurred up to the signing of the Annual Report.

## **Committees**

The Audit Committee is comprised of three members of the BoD. It is chaired by Mr. Albert Schönenberger, who is assisted by Dr. Wolfram Kuoni and Mr. Urs Kloeti, who have significant accounting and financial management expertise. The Audit Committee has its own Charter which has been approved by the Board. The committee does not itself perform audits.

## **External audit**

KPMG AG, Zürich was mandated as a statutory auditor for the financial year 2015. Audit work includes financial and regulatory audits, as well as other assurance services that can be provided by the principal auditor.

## **Internal audit**

Internal Audit performs an independent and objective assurance and consulting function that is designed to add value to the Bank's operations. To maximize its independence from the management, internal audit is conducted by Ernst & Young, which assesses effectiveness of the Bank's internal controls system, and the Bank's compliance with statutory, legal and regulatory requirements.

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<sup>4</sup> Fulfills the criteria of independence in accordance with FINMA-RS 08/24 Rz 20-24



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Report of the Statutory Auditor to the General Meeting of Shareholders of  
**Gazprombank (Switzerland) Ltd, Zurich**

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**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 2015.

*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 2015 comply with Swiss law and the company's articles of incorporation.

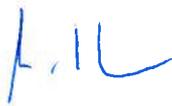
## **Report on Other Legal Requirements**

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



Andreas Herbst  
*Licensed Audit Expert  
Auditor in Charge*



Olivia Bischoff  
*Licensed Audit Expert*

Zurich, 21 March 2016

*Enclosures:*

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

## Gazprombank (Switzerland) Ltd.

**BALANCE SHEET**

	<u>31-Dec-15</u>	<u>31-Dec-14</u>	<u>Change</u>
<b>ASSETS</b>			
Liquid assets	969'987'044.66	1'407'601'356.15	-437'614'311.49
Amounts due from banks	202'342'262.23	168'712'735.90	33'629'526.33
Amounts due from customers	596'939'471.84	750'979'439.30	-154'039'967.46
Positive replacement values of derivative financial instruments	1'587'298.22	6'830'059.69	-5'242'761.47
Financial investments	251'363'713.45	130'356'211.85	121'007'501.60
Accrued income and prepaid expenses	7'069'627.81	5'703'466.45	1'366'161.36
Tangible fixed assets	2'857'616.74	4'272'760.74	-1'415'144.00
Other assets	15'843'109.68	16'570'899.49	-727'789.81
<b>Total assets</b>	<b>2'047'990'144.63</b>	<b>2'491'026'929.57</b>	<b>-443'036'784.94</b>
- Total subordinated claims	-	-	-
<b>LIABILITIES</b>			
Amounts due to banks	747'326'629.60	1'064'308'440.14	-316'981'810.54
Amounts due in respect of customer deposits	855'659'429.57	1'021'712'856.59	-166'053'427.02
Negative replacement values of derivative financial instruments	15'554'437.84	15'954'597.03	-400'159.19
Bonds issues and central mortgage institution loans	199'716'576.64	199'415'851.28	300'725.36
Accrued expenses and deferred income	13'012'604.73	9'958'572.23	3'054'032.50
Other liabilities	18'371'063.80	17'583'743.10	787'320.70
Provisions	404'740.00	354'740.00	50'000.00
Reserves for general banking risks	6'120'000.00	7'000'000.00	-880'000.00
Bank's capital	136'000'000.00	101'000'000.00	35'000'000.00
Statutory capital reserve	46'618'504.30	48'818'504.30	-2'200'000.00
of which tax-exempt capital contribution reserve	46'618'504.30	48'818'504.30	-2'200'000.00
Statutory retained earnings reserve	3'900'000.00	2'500'000.00	1'400'000.00
Profit carried forward / loss carried forward	1'019'624.90	15'820.60	1'003'804.30
Profit / loss (result of the period)	4'286'533.25	2'403'804.30	1'882'728.95
<b>Total liabilities</b>	<b>2'047'990'144.63</b>	<b>2'491'026'929.57</b>	<b>-443'036'784.94</b>
- Total subordinated liabilities	-	34'621'998.60	-34'621'998.60
<b>OFF-BALANCE-SHEET TRANSACTIONS</b>			
Contingent liabilities	5'600'506.21	11'269'635.15	-5'669'128.94
Irrevocable commitments	14'916'518.20	12'405'392.77	2'511'125.43
Credit commitments	6'638'995.17	5'842'156.35	796'838.82

Gazprombank (Switzerland) Ltd.

	31-Dec-15	31-Dec-14	Change
<b>Income statement</b>			
Result from interest operations			
Interest and discount income	37'387'557.40	39'038'815.25	-1'651'257.85
Interest and dividend income on trading portfolios	-	424'352.59	-424'352.59
Interest and dividend income on financial investments	6'521'719.29	4'732'481.72	1'789'237.57
Interest expense	-18'978'065.16	-23'081'337.12	4'103'271.96
Gross result from interest operations	24'931'211.53	21'114'312.44	3'816'899.09
Changes in value adjustments for default risks and losses from interest operations	-5'548'138.29	-2'627'504.93	-2'920'633.36
Subtotal net result from interest operations	19'383'073.24	18'486'807.51	896'265.73
Results from commission and service fee activities			
Commission income from securities and investment transactions	356'503.70	164'735.58	191'768.12
Commission income from lending activities	3'076'960.90	3'377'137.83	-300'176.93
Commission income from other services	2'861'415.92	2'428'888.92	432'527.00
Commission expenses	-75'050.50	-73'036.91	-2'013.59
Subtotal result from commission business and services	6'219'830.02	5'897'725.42	322'104.60
Result from trading activities and the fair value option	2'400'891.17	5'066'010.63	-2'665'119.46
Other result from ordinary activities			
Other ordinary income	1.33	0.81	0.52
Subtotal other result from ordinary activities	1.33	0.81	0.52
Operating expenses			
Personnel expenses	-14'504'460.12	-15'136'580.95	632'120.83
General and administrative expenses	-8'452'562.74	-8'472'933.64	20'370.90
Subtotal operating expenses	-22'957'022.86	-23'609'514.59	652'491.73
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	-1'415'144.00	-1'428'144.00	13'000.00
Changes to provisions and other value adjustments, and losses	-50'000.00	-	-50'000.00
Operating result	3'581'628.90	4'412'885.78	-831'256.88
Extraordinary income	120'000.00	261'598.47	-141'598.47
Changes in reserves for general banking risks	880'000.00	-2'000'000.00	2'880'000.00
Taxes	-295'095.65	-270'679.95	-24'415.70
Profit / loss (result of the period)	4'286'533.25	2'403'804.30	1'882'728.95
<b>Appropriation of profit/coverage of losses/other distributions</b>			
Profit / loss	4'286'533.25	2'403'804.30	1'882'728.95
Profit / loss carried forward	1'019'624.90	15'820.60	1'003'804.30
Distributable profit / accumulated loss	5'306'158.15	2'419'624.90	2'886'533.25
Appropriation of profit:			
Allocation to statutory retained earnings reserve	-250'000.00	-1'400'000.00	1'150'000.00
Distributions from distributable profit	-2'200'000.00	-	-2'200'000.00
New amount carried forward	2'856'158.15	1'019'624.90	1'836'533.25
Dividends distribution from statutory capital contribution reserves	-	2'200'000.00	2'200'000.00

Gazprombank (Schweiz) AG

<b>Statement of changes in equity</b>	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
<b>Equity at start of current period 1-Jan-15</b>	101'000'000.00	48'818'504.30	2'500'000.00	7'000'000.00	15'820.60	-	2'403'804.30	161'738'129.20
Capital increase / decrease	35'000'000.00	-	-	-	-	-	-	35'000'000.00
Dividends and other distributions	-	-2'200'000.00	-	-	-	-	-	-2'200'000.00
Other allocations to (transfers from) the reserves for general banking risks	-	-	-	-880'000.00	-	-	-	-880'000.00
Other allocations to (transfers from) the other reserves	-	-	1'400'000.00	-	1'003'804.30	-	-2'403'804.30	-
Profit / loss (result of the period)	-	-	-	-	-	-	4'286'533.25	4'286'533.25
<b>Equity at end of current period 31-Dec-15</b>	136'000'000.00	46'618'504.30	3'900'000.00	6'120'000.00	1'019'624.90	-	4'286'533.25	197'944'662.45

**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 policies**

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 guidelines of the Swiss Financial Market Supervisory Authority.

Items stated under a balance-sheet position are in principle valued individually (individual valuation).

**Type of financial statements:**

Reliable assessment statutory single-entity financial statements

**Changes in the accounting and valuation policies in the current year:**

Effective as of 1 January 2015, the bank adopted FINMA Circ 15/01 "Accounting - banks".

**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 recognized in the balance sheet.

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 collateralized 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 collateralized 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.

Balance-sheet recording of sub-participations in the lending business

A sub-participation is the assumption of a share in a credit transaction entered into by another bank, the lead bank.

The sub-participating bank does not act as the lender vis-à-vis the borrower. It assumes the default risk for its share of the loan and is entitled to receive a share of the interest income corresponding to its share of the loan.

The lead bank must deduct the sub-participations from the total credit amount; the sub-participating bank must recognize its share of the loan in accordance with the nature of the borrower.

As of 31.12.2015, the Bank, acting as lead bank, held sub-participations to the equivalent of CHF 404.8 million (previous year: 444.2 million), of which CHF 252.3 million placed with holders of qualified participations (previous year: 277.4 million), and had correspondingly booked this as an asset reduction (under "Amounts due from customers").

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.

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 and discount are recorded on the balance sheet using the accrual method. 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".

Positions in participation issues and precious metals are valued in accordance with the lower of cost or market principle.

The Bank currently holds no positions in precious metals or real estate.

#### Tangible fixed assets and intangible assets

Investments in new fixed assets including software are capitalized and valued at cost, if they are used for more than one accounting period and their value exceeds the lower threshold for capitalization. Investments in existing fixed assets are capitalized, 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. If the reason for the exceptional depreciation ceases to apply, a corresponding upward revaluation is made.

The following depreciation rates/methods are used:

- Equipment, machinery and furniture	25% of the book value
- EDP	straight line over 5 years

Gains realized on the disposal of fixed assets are recognized under "Extraordinary income", while realized losses are recognized 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. Provisions may contain undisclosed reserves.

#### Bond issues

This item comprises the bonds issued by the bank. They are stated at nominal value with any discount or premium amortized over the maturity of the instrument using the accrual method.

#### Reserves for general banking risks

The reserves for general banking risks are eligible as Tier 1 capital pursuant to Art.18b of the Capital Adequacy Ordinance (CAO) and are taxed.

#### Accrued interest

Accrued interest is recognized both under assets and liabilities.

#### 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 quarter of the financing of the pension plan, and contributions from the employer account for the remaining three quarters. 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 at 31.12.2015 the plan is overfunded 8.64%, previous year 10.09%

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 – as a rule, annual – taxes on income. 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 recognized as an expense in the accounting period in which the profit arises. Direct taxes payable on current profits are recognized 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.

#### Legal cases

There are no significant litigation risks.

#### **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. Monetary assets are translated at the exchange rate on the balance-sheet date and recognized as income. Differences between the exchange rate on the trade date and that on the settlement date are recognized in the income statement.

The following exchange rates as at the balance-sheet date were used for currency translations:

	31-Dec-15		31-Dec-14
USD	0.9889	USD	0.9892
EUR	1.0811	EUR	1.2028
GBP	1.4661	GBP	1.5396
RUB	74.3263	RUB	56.2003

#### **c) Explanations of risk management, in particular on the treatment of interest rate risk, other market risks and credit risks**

The risk policies of the Bank define the relevant risk categories as well as the powers of authorization, organizational structure, methods and processes relating to the management and control of its risks. 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.

#### 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 and derivative transactions, and default risks related to transaction settlement.

The Bank uses an internal rating system to assess and classify commercial loans into one of six rating categories. The loans in the rating categories 6 to 2 are paying interest, the loan-to-value ratio of the collateral is appropriate, the repayment of the loan is not considered to be significantly impaired, and therefore no individual value adjustments are made for these loans. For the loans in categories 3 and 2, overall value adjustments are made per category on the basis of empirical values. The loans in the category 1 are considered to be materially impaired and are subject to 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 activities related to OTC financial derivatives instruments that are traded under ISDA CSA agreements.

The Bank, as an element of its treasury management and trading business, utilizes repo agreements and reverse repo agreements with securities. In such cases only highly liquid marketable securities are used. The securities are valued at fair value using market quotations and applies an appropriate haircut.

For the Bank's commercial loans and other credit exposures that are collateralized (cash or other collaterals) FX mismatches between the exposure and collateral currency are generally avoided. Limiting collateral to cash and avoiding FX mismatches minimizes the calculation of the current market value and lending value of collateral to its notional amount. 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. In such cases the Bank also periodically reassesses the market value of the collateral.

**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 realized and unrealized results are recognized in profit or loss under "Result from trading activities and the fair value option".

**g) Explanation of material events occurring after the balance sheet date**

Since the balance-sheet date, there have been no events with a negative impact on the Bank's assets, financial positions and results of operation.

Gazprombank (Switzerland) Ltd.

1. Collateral for loans/receivables and off-balance-sheet transactions, as well as impaired loans/receivables	Type of collateral			Total
	Secured by mortgage	Other collateral	Unsecured	
<b>Loans (before netting with value adjustments)</b>				
Amounts due from customers	-	142'242'656.03	463'266'273.40	605'508'929.43
<b>Total loans (before netting with value adjustments)</b>				
31-Dec-15	-	142'242'656.03	463'266'273.40	605'508'929.43
31-Dec-14	-	143'064'109.36	612'190'125.26	755'254'234.62
<b>Total loans (after netting with value adjustments)</b>				
31-Dec-15	-	139'369'550.32	457'569'921.52	596'939'471.84
31-Dec-14	-	138'789'314.04	612'190'125.26	750'979'439.30
<b>Off-balance-sheet</b>				
Contingent liabilities	-	843'291.20	4'757'215.01	5'600'506.21
Irrevocable commitments	-	-	14'916'518.20	14'916'518.20
Credit commitments	-	-	6'638'995.17	6'638'995.17
<b>Total off-balance-sheet</b>				
31-Dec-15	-	843'291.20	26'312'728.38	27'156'019.58
31-Dec-14	-	2'966'787.60	26'550'396.67	29'517'184.27

Impaired loans / receivables	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
31-Dec-15	23'111'702.95	4'746'959.92	18'364'743.03	8'569'457.59
<i>of which with collateral</i>	<i>7'620'065.63</i>	<i>4'746'959.92</i>	<i>2'873'105.71</i>	<i>2'873'105.71</i>
<i>of which without collateral</i>	<i>15'491'637.32</i>	<i>-</i>	<i>15'491'637.32</i>	<i>5'696'351.88</i>
31-Dec-14	9'022'955.10	4'748'159.78	4'274'795.32	4'274'795.32
<i>of which with collateral</i>	<i>7'621'991.79</i>	<i>4'748'159.78</i>	<i>2'873'832.01</i>	<i>2'873'832.01</i>
<i>of which without collateral</i>	<i>1'400'963.31</i>	<i>-</i>	<i>1'400'963.31</i>	<i>1'400'963.31</i>

Gazprombank (Switzerland) Ltd.

2. Presentation of derivative financial instruments (assets and liabilities)	Trading Instruments			Hedging Instruments		
	Positive replacement values	Negative replacement values	Contract volume	Positive replacement values	Negative replacement values	Contract volume
Foreign exchange / precious metals	1'587'298.22	482'818.12	281'713'280.27	-	-	-
• Forward contracts • Combined interest rate / currency swaps	-	-	-	-	15'071'619.72	200'000'000.00

<b>Total before</b>	31-Dec-15	1'587'298.22	482'818.12	281'713'280.27	-	15'071'619.72	200'000'000.00
<b>netting agreements:</b>	of which, determined using a valuation model	-	-	----	-	-	----
	31-Dec-14	6'830'059.69	98'473.33	734'166'821.08	-	15'856'123.70	200'000'000.00
	of which, determined using a valuation model	-	-	----	-	-	----

<b>Total after netting agreements:</b>	Positive replacement values (cumulative)	Negative replacement values (cumulative)
31-Dec-15	1'587'298.22	15'554'437.84
31-Dec-14	6'830'059.69	15'954'597.03

<b>Breakdown by counterparty:</b>	Central clearing houses	Bank and securities dealers	Other customers
Positive replacement values (after netting agreements)	-	1'540'854.00	46'444.22

Gazprombank (Switzerland) Ltd.

3. Breakdown of financial investments	Book value		Fair value	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
Debt securities	251'363'712.45	130'356'210.85	250'654'686.96	117'282'026.21
- of which, intended to be held to maturity	251'363'712.45	130'356'210.85	250'654'686.96	117'282'026.21
- of which, not intended to be held to maturity (available for sale)	-	-	-	-
Equity securities	1.00	1.00	1.00	1.00
- of which, qualified participations (at least 10% of capital or votes)	-	-	-	-
<b>TOTAL</b>	251'363'713.45	130'356'211.85	250'654'687.96	117'282'027.21
of which, securities eligible for repo transactions in accordance with liquidity requirements	5'985'934.37	6'119'287.98	---	---

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	-	-	-	181'310'205.33	6'057'388.41	63'996'118.71

Gazprombank (Switzerland) Ltd.

4. Presentation of tangible fixed assets	Acquisition cost	Accumulated depreciation	Book value as of 31-Dec-14	Reporting year					Book value 31-Dec-15
				Reclassification	Additions	Disposals	Depreciations	Reversals	
Other tangible fixed assets	9'515'005.47	5'242'244.73	4'272'760.74	-	-	-	1'415'144.00	-	2'857'616.74
<b>Total tangible fixed assets</b>	9'515'005.47	5'242'244.73	4'272'760.74	-	-	-	1'415'144.00	-	2'857'616.74

Operating leases:	Maturities:	within one year	>1 – ≤ 2 years	>2 – ≤ 3 years	>3 – ≤ 4 years	>4 – ≤ 5 years	> 5 years	Total
Total amount of non-recognised lease commitments		98'624.49	73'749.55	34'996.91	-	-	-	207'370.95
- of which that can be terminated within one year:		-						

5. Breakdown of other assets and other liabilities	Other assets		Other liabilities	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
Compensation account	15'348'703.06	16'137'261.47	17'434'212.01	17'489'173.54
Indirect tax	12'443.75	19'118.75	217'040.19	83'034.87
Payment accounts	337'535.55	270'724.70	719'811.60	11'534.69
Others	144'427.32	143'794.57	-	-
<b>TOTAL</b>	15'843'109.68	16'570'899.49	18'371'063.80	17'583'743.10

6. Disclosure of assets pledged or assigned to secure own commitments and of assets under reservation of ownership				
Pledged / assigned assets	Book values		Effective commitments	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
Financial investments	5'985'934.37	6'119'287.98	-	-
<b>Assets under reservation of ownership</b>				
none	-	-	-	-

Gazprombank (Switzerland) Ltd.

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	
		31-Dec-15	31-Dec-14		31-Dec-15	31-Dec-14
Pension schemes without own assets	8.64%	-	-	2'259'500.00	2'259'500.00	2'118'500.00

8. Presentation of bonds outstanding and mandatory convertible bonds			Year of issue	Maturity	Amount
Bonds	Non-subordinated	Interest rate 2.375%	2013	09.12.2016	200'000'000.00

Gazprombank (Schweiz) AG

9. Presentation of value adjustments and provisions, reserves for general banking risks, and changes therein during the current year								
	Balance as of 31-Dec-14	Use in conformity with designated purpose	Reclassifications	Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income	Balance as of 31-Dec-15
Other provisions	354'740.00	-	-	-	-	50'000.00	-	404'740.00
<b>Total provisions</b>	354'740.00	-	-	-	-	50'000.00	-	404'740.00
<b>Reserves for general banking risks*</b>	7'000'000.00		-	-		-	880'000.00	6'120'000.00
<b>Value adjustments for default and country risks</b>								
- of which, value adjustments for default risks in respect of impaired loans / receivables	4'274'795.32	-1'244'395.84	-	-9'081.18	-	5'548'139.29	-	8'569'457.59
- of which, value adjustments for latent risks	-	-	-	-	-	-	-	-

\* The reserves for general banking risks are taxed

Gazprombank (Switzerland) Ltd.

10. Presentation of the bank's capital	31-Dec-15			31-Dec-14		
	Total par value	No. of shares	Capital eligible for dividend	Total par value	No. of shares	Capital eligible for dividend
Share capital	136'000'000	136'000	136'000'000	101'000'000	101'000	101'000'000
- of which, paid up	136'000'000	136'000	136'000'000	101'000'000	101'000	101'000'000
Participation capital	-	-	-	-	-	-
<b>Total bank's capital</b>	136'000'000	136'000	136'000'000	101'000'000	101'000	101'000'000
Authorised capital	-	-	-	-	-	-
Conditional capital	-	-	-	-	-	-

Gazprombank (Switzerland) Ltd.

11. Disclosure of amounts due from / to related parties	Amounts due from		Amounts due to	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
Balance-sheet				
Holders of qualified participations:	10'773'888.22	7'280'318.67	715'867'924.77	1'065'126'076.54
Group companies	25'823.20	397'783.73	166'531'152.64	700'833'292.96
Transactions with members of governing bodies	-	-	592'394.34	585'677.39
<b>Total</b>	<b>10'799'711.42</b>	<b>7'678'102.40</b>	<b>882'991'471.75</b>	<b>1'766'545'046.89</b>

	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
Fiduciary transactions				
Due from holders of qualified participations	32'654'871.33	148'379'994.00	-	-
Due to group companies	-	-	417'079.85	148'379'994.00
<b>Total</b>	<b>32'654'871.33</b>	<b>148'379'994.00</b>	<b>417'079.85</b>	<b>148'379'994.00</b>

The Bank is part of the Gazprombank Group and conducts numerous transactions with associated companies.

The most important of these are as follows:

- The Bank grants loans to affiliates and receives deposits from affiliates for the refinancing of its lending activities. This includes fully collateralized loans on a cash-backed basis.
- In payment transactions and in foreign exchange transactions, the Bank acts as an important partner for the international activities of affiliates.

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

Gazprombank (Switzerland) Ltd.

12. Disclosure of holders of significant participations	31-Dec-15		31-Dec-14	
	Nominal	% of equity	Nominal	% of equity
Holders of significant participations and groups of holders of participations with pooled voting rights				
with voting rights      Gazprombank (JSC), Moscow Therein indirectly participating as significant shareholders: with 49.65% Non-state Pension Fund "GAZFOND" with 35.54% OAO "Gazprom" with 10.19% Vnesheconombank	136'000'000	100%	101'000'000	100%

13. Disclosure of own shares and composition of equity capital	1-Jan-15	31-Dec-15
Number and nature of own equity securities held	none	none
Registered shares, fully paid with voting rights, without restrictions as per table 10	101'000'000.00	136'000'000.00
Total of non-distributable reserves	50'500'000.00	50'518'504.30
- of which non-distributable statutory capital reserve	48'000'000.00	46'618'504.30
- of which non-distributable statutory retained earnings reserve	2'500'000.00	3'900'000.00

Gazprombank (Switzerland) Ltd.

14. Presentation of the maturity structure of financial instruments	At sight	Cancellable	Due					Total	
			within 3 months 3 months	within 3 to 12 months	within 12 months to 5 years	after 5 years	No maturity		
<b><u>Assets / financial instruments</u></b>									
Liquid assets	969'987'044.66	-----	-----	-----	-----	-----	-----	969'987'044.66	
Amounts due from banks	176'979'774.32	-	25'362'487.91	-	-	-	-----	202'342'262.23	
Amounts due from customers	-	5'643'224.43	152'221'760.11	69'434'480.64	234'771'924.00	134'868'082.66	-----	596'939'471.84	
Positive replacement values of derivative financial instruments	1'587'298.22	-----	-----	-----	-----	-----	-----	1'587'298.22	
Financial investments	1.00	-	36'820'709.44	15'756'810.87	198'786'192.14	-	-	251'363'713.45	
<b>Total</b>									
	31-Dec-15	1'148'554'118.20	5'643'224.43	214'404'957.46	85'191'291.51	433'558'116.14	134'868'082.66	-	2'022'219'790.40
	31-Dec-14	1'585'134'056.06	926'990.81	219'170'280.37	95'918'782.65	431'317'952.61	129'456'476.02	-	2'461'924'538.52
<b><u>Debt capital / financial instruments</u></b>									
Amounts due to banks	523'401'856.01	-	-	98'894'998.00	-	125'029'775.59	-----	747'326'629.60	
Amounts due in respect of customer deposits	648'326'066.26	-	9'592'814.81	197'740'548.50	-	-	-----	855'659'429.57	
Negative replacement values of derivative financial instruments	15'554'437.84	-----	-----	-----	-----	-----	-----	15'554'437.84	
Bond issues and central mortgage institution loans	-----	-----	-	199'716'576.64	-	-	-----	199'716'576.64	
<b>Total</b>									
	31-Dec-15	1'187'282'360.11	-	9'592'814.81	496'352'123.14	-	125'029'775.59	-	1'818'257'073.65
	31-Dec-14	1'813'071'738.12	-	-	13'073'701.24	332'957'845.88	126'333'862.77	-	2'285'437'148.01

## Gazprombank (Switzerland) Ltd.

15. Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle	31-Dec-15		31-Dec-14	
	Domestic	Foreign	Domestic	Foreign
<b><u>Assets</u></b>				
Liquid assets	969'987'044.66	-	1'407'601'356.15	-
Amounts due from banks	37'566'296.46	164'775'965.77	15'313'413.24	153'399'322.66
Amounts due from customers	81'990'619.70	514'948'852.14	169'896'907.19	581'082'532.11
Positive replacement values of derivative financial instruments	1'554'745.62	32'552.60	109'164.38	6'720'895.31
Financial investments	5'985'934.37	245'377'779.08	6'119'287.98	124'236'923.87
Accrued income and prepaid expenses	908'821.84	6'160'805.97	1'247'127.88	4'456'338.57
Tangible fixed assets	2'857'616.74	-	4'272'760.74	-
Other assets	15'704'568.01	138'541.67	16'570'899.49	-
<b>Total assets</b>	<b>1'116'555'647.40</b>	<b>931'434'497.23</b>	<b>1'621'130'917.05</b>	<b>869'896'012.52</b>
<b><u>Liabilities</u></b>				
Amounts due to banks	2'068'256.46	745'258'373.14	221'409.78	1'064'087'030.36
Amounts due in respect of customer deposits	219'140'205.71	636'519'223.86	230'184'036.61	791'528'819.98
Negative replacement values of derivative financial instruments	15'518'918.37	35'519.47	15'861'286.61	93'310.42
Bond issues and central mortgage institution loans	199'716'576.64	-	199'415'851.28	-
Accrued expenses and deferred income	9'466'071.72	3'546'533.01	7'298'793.46	2'659'778.77
Other liabilities	18'174'494.86	196'568.94	17'583'743.10	-
Provisions	404'740.00	-	354'740.00	-
Reserves for general banking risks	6'120'000.00	-	7'000'000.00	-
Bank's capital	136'000'000.00	-	101'000'000.00	-
Statutory capital reserve	46'618'504.30	-	48'818'504.30	-
Statutory retained earnings reserve	3'900'000.00	-	2'500'000.00	-
Profit carried forward / loss carried forward	1'019'624.90	-	15'820.60	-
Profit / loss (result of the period)	4'286'533.25	-	2'403'804.30	-
<b>Total liabilities</b>	<b>662'433'926.21</b>	<b>1'385'556'218.42</b>	<b>632'657'990.04</b>	<b>1'858'368'939.53</b>

Gazprombank (Switzerland) Ltd.

16. Breakdown of total assets by country or group of countries (domicile principle)	31-Dec-15		31-Dec-14	
	Absolute	Share as %	Absolute	Share as %
<b><u>Assets</u></b>				
Europe				
Switzerland	1'116'555'647.40	54.5%	1'621'030'917.05	65.1%
Russian Federation	370'742'317.75	18.1%	395'612'664.72	15.9%
Luxembourg	182'311'936.36	8.9%	195'680'609.41	7.9%
Ireland	124'859'755.70	6.1%	64'078'235.52	2.6%
Germany	99'618'290.56	4.9%	57'929'340.34	2.3%
Netherland	55'611'198.50	2.7%	30'183'362.36	1.2%
Cyprus	44'384'102.89	2.2%	66'211'465.46	2.7%
Jersey	12'572'259.13	0.6%	-	0.0%
Great Britain	8'641'487.09	0.4%	119'359.35	0.0%
Austria	18'644.84	0.0%	12'762.25	0.0%
Belgium	-	0.0%	15'636'494.62	0.6%
Other	3'935.24	0.0%	2'583.03	0.0%
North America	3'129'068.14	0.2%	12'745'473.25	0.5%
South America	19'566'679.24	1.0%	3'282'837.98	0.1%
Asia	9'974'821.79	0.5%	28'500'824.23	1.1%
<b>Total assets</b>	<b>2'047'990'144.63</b>	<b>100%</b>	<b>2'491'026'929.57</b>	<b>100%</b>

Gazprombank (Switzerland) Ltd.

<b>17. Breakdown of total assets by credit rating of country groups (risk domicile view)</b>				
<b>SERV</b>	Net foreign exposure / 31-Dec-15		Net foreign exposure / 31-Dec-14	
	in CHF	Share as %	in CHF	Share as %
0 (no rating)	9'711'884.10	1.1%	84'676.64	0.0%
1	524'068'158.36	56.7%	446'871'897.88	51.1%
2	1'359.78	0.0%	0.00	0.0%
3	9'946'530.43	1.1%	28'503'034.62	3.3%
4	0.00	0.0%	674.79	0.0%
5	370'743'461.07	40.1%	395'612'664.84	45.3%
6	9'954'044.19	1.1%	3'197'859.19	0.4%
7	22'039.12	0.0%	0.00	0.0%
<b>Total</b>	<b>924'447'477.05</b>	<b>100%</b>	<b>874'270'807.96</b>	<b>100%</b>

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

Gazprombank (Switzerland) Ltd.

<b>18. Presentation of assets and liabilities broken down by the most significant currencies for the bank</b>	CHF	EUR	USD	RUB	GBP	Other
<u>Assets</u>						
Liquid assets	969'893'428.19	38'450.04	38'731.24	-	16'435.19	-
Amounts due from banks	4'697'445.74	90'380'765.14	98'868'883.83	6'051'567.13	2'310'517.96	33'082.43
Amounts due from customers	838'499.89	65'110.23	470'966'328.97	125'067'455.48	1'235.19	842.08
Positive replacement values of derivative financial instruments	1'587'298.22	-	-	-	-	-
Financial investments	45'135'388.99	-	206'228'324.46	-	-	-
Accrued income and prepaid expenses	1'728'170.92	13'063.54	3'678'120.15	1'650'273.20	-	-
Tangible fixed assets	2'857'616.74	-	-	-	-	-
Other assets	15'843'109.68	-	-	-	-	-
<b>Total assets shown in balance sheet</b>	<b>1'042'580'958.37</b>	<b>90'497'388.95</b>	<b>779'780'388.65</b>	<b>132'769'295.81</b>	<b>2'328'188.34</b>	<b>33'924.51</b>
Delivery entitlements from spot exchange, forward forex and forex options transactions	200'000'000.00	10'811'201.20	270'902'079.07	-	-	-
<b>Total assets</b>	<b>1'242'580'958.37</b>	<b>101'308'590.15</b>	<b>1'050'682'467.72</b>	<b>132'769'295.81</b>	<b>2'328'188.34</b>	<b>33'924.51</b>
<u>Liabilities</u>						
Amounts due to banks	521'116'132.04	47'764.15	101'003'312.44	125'158'520.20	900.77	-
Amounts due in respect of customer deposits	43'210'559.17	90'513'165.05	715'702'181.00	3'894'003.48	2'326'417.94	13'102.93
Negative replacement values of derivative financial instruments	15'554'437.84	-	-	-	-	-
Bond issues and central mortgage institution loans	199'716'576.64	-	-	-	-	-
Accrued expenses and deferred income	2'974'149.62	-	6'455'872.70	3'582'582.41	-	-
Other liabilities	17'978'459.86	-	392'603.94	-	-	-
Provisions	404'740.00	-	-	-	-	-
Reserves for general banking risks	6'120'000.00	-	-	-	-	-
Bank's capital	136'000'000.00	-	-	-	-	-
Statutory capital reserve	46'618'504.30	-	-	-	-	-
Statutory retained earnings reserve	3'900'000.00	-	-	-	-	-
Profit carried forward / loss carried forward	1'019'624.90	-	-	-	-	-
Profit / loss (result of the period)	4'286'533.25	-	-	-	-	-
<b>Total balance-sheet liabilities</b>	<b>998'899'717.62</b>	<b>90'560'929.20</b>	<b>823'553'970.08</b>	<b>132'635'106.09</b>	<b>2'327'318.71</b>	<b>13'102.93</b>
Delivery obligations from spot exchange, forward forex and forex options transactions	258'917'900.00	10'811'201.20	227'848'853.45	-	-	-
<b>Total liabilities</b>	<b>1'257'817'617.62</b>	<b>101'372'130.40</b>	<b>1'051'402'823.53</b>	<b>132'635'106.09</b>	<b>2'327'318.71</b>	<b>13'102.93</b>
<b>Net positions per currency</b>	<b>-15'236'659.25</b>	<b>-63'540.25</b>	<b>-720'355.81</b>	<b>134'189.72</b>	<b>869.63</b>	<b>20'821.58</b>

Gazprombank (Switzerland) Ltd.

<b>19. Breakdown of contingent assets and liabilities</b>	31-Dec-15	31-Dec-14	Change
- Performance guarantees and similar	1'096'542.20	3'379'190.42	-2'282'648.22
- Irrevocable commitments arising from documentary letters of credit	4'503'964.01	7'890'444.73	-3'386'480.72
<b>Total contingent liabilities</b>	5'600'506.21	11'269'635.15	-5'669'128.94
- Contingent assets arising from tax losses carried forward	66'990'667.00	71'394'471.00	-4'403'804.00
<b>Total contingent assets</b>	66'990'667.00	71'394'471.00	-4'403'804.00

<b>20. Breakdown of credit commitments</b>	31-Dec-15	31-Dec-14	Change
- Commitments arising from deferred payments	6'638'995.17	5'842'156.35	796'838.82
- Other credit commitments	14'916'518.20	12'405'392.77	2'511'125.43
<b>Total credit commitments</b>	21'555'513.37	18'247'549.12	3'307'964.25

<b>21. Breakdown of fiduciary transactions</b>	31-Dec-15	31-Dec-14	Change
- Fiduciary investments with group companies and linked companies	32'654'871.33	148'379'994.00	-115'725'122.67
<b>Total fiduciary business</b>	32'654'871.33	148'379'994.00	-115'725'122.67

<b>22. Breakdown of the result from trading activities and the fair value option</b>		
<b>Breakdown by business area (in accordance with the organisation of the bank)</b>	31-Dec-15	31-Dec-14
Trading results for the account of customers and for own account	2'400'891.17	5'066'010.63
<b>Breakdown by underlying risk and based on the use of the fair value option</b>	31-Dec-15	31-Dec-14
Result from trading activities from:		
- Interest rate instruments (including funds)	452'348.45	2'071'666.83
- Foreign currencies	1'948'542.72	2'994'343.80
<b>Total result from trading activities</b>	<b>2'400'891.17</b>	<b>5'066'010.63</b>

<b>23. Disclosure of material refinancing income in the item Interest and discount income as well as material negative interest</b>		
	31-Dec-15	31-Dec-14
No refinancing costs for trading activity were credited to interest and discount earnings	-	-
Portion of negative credit interest booked under Interest income	4'665'269.08	-
Portion of negative credit interest booked under Interest Expenses	4'127'083.24	-

<b>24. Breakdown of personnel expenses</b>		
	31-Dec-15	31-Dec-14
- Salaries (meeting attendance fees and fixed compensation to members of the bank's governing bodies, salaries and benefits)	10'909'411.20	11'622'630.75
• of which, expenses relating to share-based compensation and alternative forms of variable compensation	-	-
- Social insurance benefits	1'071'502.45	948'705.85
- Staff welfare benefits	2'259'500.00	2'118'500.00
- Other personnel expenses	264'046.47	446'744.35
	<b>14'504'460.12</b>	<b>15'136'580.95</b>

<b>25. Breakdown of general and administrative expenses</b>		
	31-Dec-15	31-Dec-14
- Office space expenses	2'142'152.27	2'190'771.80
- Expenses for information and communications technology	3'494'145.79	3'533'155.54
- Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	288'658.62	331'309.80
- Fees of audit firm	356'111.10	395'628.45
• of which, for financial and regulatory audits	336'730.50	337'185.35
• of which, for other services	19'380.60	58'443.10
- Other operating expenses	2'171'494.96	2'022'068.05
	<b>8'452'562.74</b>	<b>8'472'933.64</b>

<b>26. Presentation of current taxes, deferred taxes, and disclosure of tax rate</b>	31-Dec-15	31-Dec-14
<b>Income tax *</b>	-	-
Release of reserves for current taxes	-48'489.40	-8'320.05
Expenditure for current taxes	343'585.05	279'000.00
<b>Capital tax</b>	295'095.65	270'679.95

\* The bank offsets the profit of the periods ended 31.12.2015 and 31.12.2014 against the loss carry forward and therefore, no income taxes are due.

<b>27. Additional disclosures as per FINMA circ. 16/1, margin nr. 13</b>	31-Dec-15
CET1-Ratio	23.30%
T1-Ratio	23.30%
Total capital ratio	23.30%
Target capital ratio FINMA circ. 11/2	14.00%
Leverage ratio	9.60%
Liquidity coverage ratio	116.75%