



GAZPROMBANK
(SWITZERLAND) LTD

ANNUAL REPORT

2020





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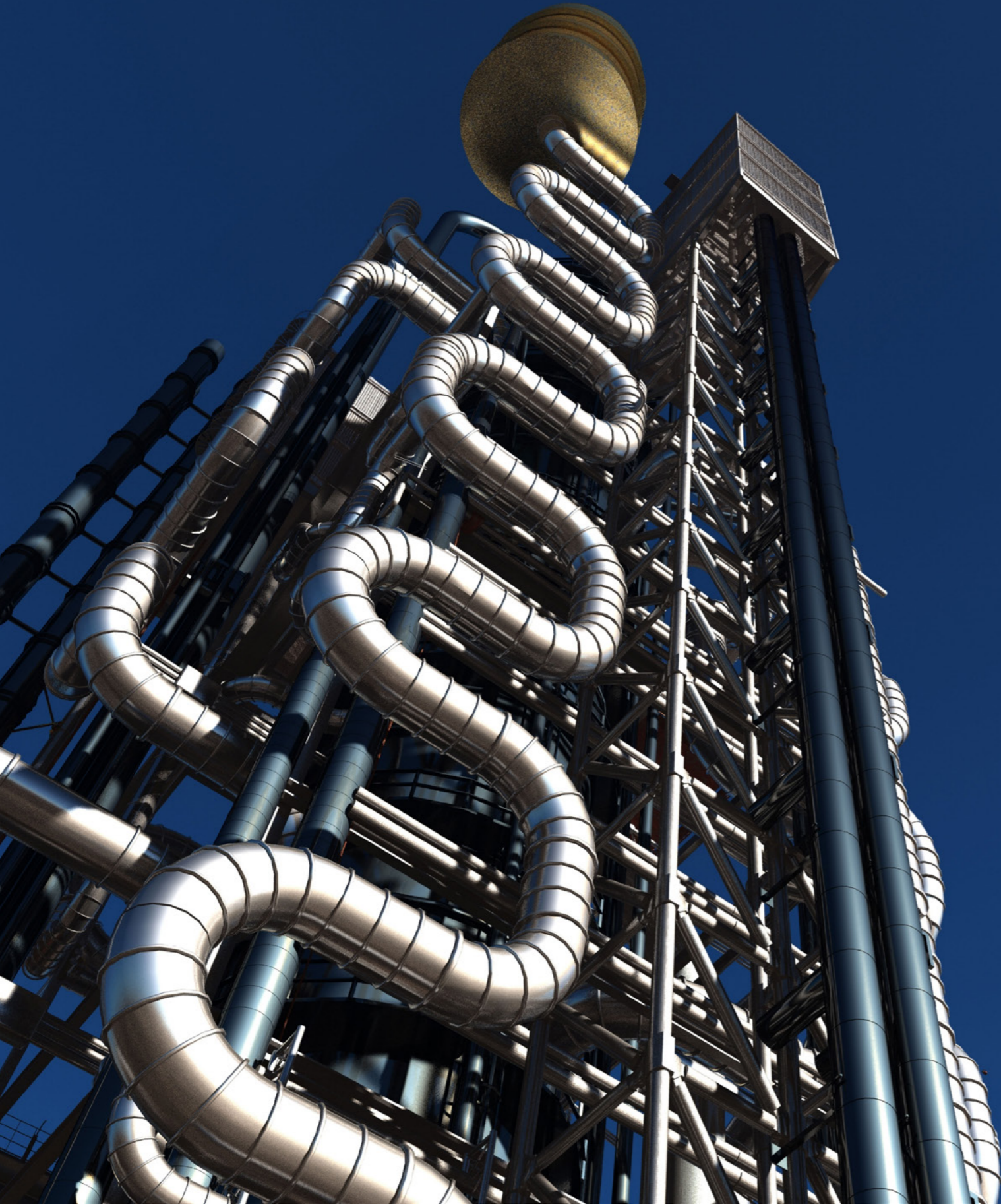
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MANAGEMENT REPORT



Management Report



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.

The economic climate in 2020 was dominated by the downturn triggered by the COVID-19 pandemic. Worldwide quarantine measures put in place inflicted damage to a number of sectors of the economy, including cross-border trade, transportation, hospitality, construction and small and medium businesses. Sharp contraction of global demand pushed down prices on most commodities, including energy prices, which dropped -31% in 2020, affecting exporting economies, including the Russia/CIS market, to which the Bank is exposed to.

Central banks in advanced economies have responded quickly to these financial and economic disruptions with monetary stimulus, which included lowering interest rates (e.g. reduction by the US Fed policy rate from 1.625% to 0.125%), introduction of new asset purchase programs and schemes to lower longer-term interest rates supporting the flow of credit to business and households. These measures allowed to smoothen the impact of the crisis on financial sector and the real economy and prevented a liquidity crunch.

In these challenging economic conditions the banking industry reacted by significantly reducing trade finance business volumes and tightening collateral requirements. The Bank’s primary focus in 2020 was also on managing the increased risks related to its trade finance business. In March 2020 the Bank swiftly reacted to the shock in commodity markets by implementing a de-risking strategy, which amongst other measures involved targeted reduction of exposures to certain commodities, reduction of credit limits or exit from lending to businesses, where additional vulnerabilities were detected through individual stress tests, etc. This was mostly completed in the 3rd quarter 2020 and translated to a decrease of the loan book by 42% in 2020. At the same time the Bank took a prudent stand in building up additional loan loss provisions resulting in a net loss for the year of CHF 3.6 million (2019: net income of CHF 17.7 million).

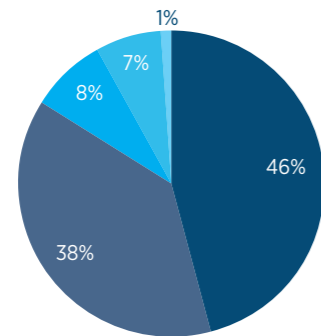
Proper pricing of the increased risks in the loan portfolio and proactive funding steering allowed the Bank to maintain net interest margin on the pre-crisis level. Following the changing industry standards, in the 2nd half of 2020 the Bank performed a thorough revision of its trade finance processes. This laid a solid basis for the planned ramp-up of assets in 2021.

Along with management of the existing portfolio, the Bank continued to deliver on its strategic priorities by broadening the product proposition. In October 2020, FINMA approved the Bank’s initial cryptocurrencies product offering, which includes opening of accounts in Bitcoin, trade execution and custody. A further product expansion in this area is planned for 2021.

Also, in 2020 the Bank updated internal processes for the expansion of services to private individuals which is planned for early 2021.

ASSETS

in CHF million



Assets	%	2020	2019	Change
Placements with SNB & cash	46	824	565	259
Due from customers, net	38	688	1'182	-494
Investment securities	8	136	146	-11
Due from banks	7	131	29	102
Other	1	25	32	-7
Total	100	1'804	1'955	-151

BUSINESS DEVELOPMENT

In 2020, the Bank's interest earning assets ("IEAs"), comprising loans and investment securities, amounted to CHF 824 million (2019: CHF 1'329 million), which represents a -38% decrease.

CORPORATE LENDING

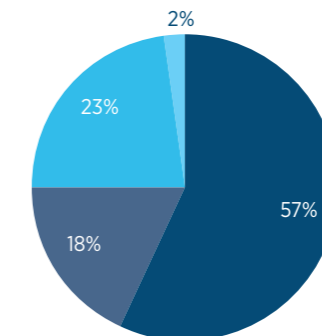
The Bank's loan book demonstrates core focus on corporate business and comprises trade finance (57%), export finance (18%), commercial lending (23%) and structured finance (2%). Industry-wise the loan portfolio is diversified with main sectors being oil and gas, metals and mining, transportation, food and agriculture. The portfolio is very well collateralized: 96% of the loan portfolio is secured by liquid assets, export credit agency insurance or third party guarantees (2019: 76%). Lending covered by other types of non-qualifying collateral or not covered by collateral or guarantees constitutes 4% of the loan book.

In 2020, the dynamics of the Bank's lending business reflects:

- The Bank's decision to temporary reduce its trade and structured finance exposures from CHF 875 million to CHF 406 million (-54%)
- Stable commercial lending business, which grew from CHF 136 million to CHF 158 million (+15%)

LOAN PORTFOLIO

in CHF million



Loan portfolio	%	2020	2019	Change
Trade finance	57	390	793	-403
Export finance	18	124	171	-47
Commercial lending	23	158	136	22
Structured Finance	2	16	82	-66
Total	100	688	1'182	-494

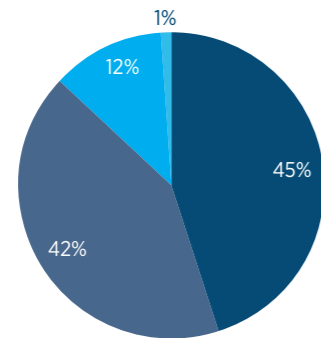
INVESTMENT SECURITIES PORTFOLIO

The investment securities portfolio consists of held-to-maturity fixed income instruments, which predominantly represent Eurobonds of blue-chip Russian corporate borrowers (59% of the portfolio) and select emerging markets exposures with a sound risk-return profile. The book performed well throughout the crisis, complementing the composition of the IEAs. The investment securities portfolio amounted to CHF 136 million as of 31st December 2020.

As of the year-end 2020 non-performing exposures amounted to CHF 52.6 million (2019: CHF 2.0 million) or 6.4% of the IEAs. Loan loss provisions represent 75.3% of non-performing exposures.

FUNDING

in CHF million



Funding	%	2020	2019	Change
Due to customers	45	820	976	-156
Due to banks	42	752	711	41
Equity	12	214	248	-34
Other liabilities	1	18	20	-2
Total	100	1'804	1'955	-151

FUNDING AND LIQUIDITY MANAGEMENT

The Bank's funding principally comprises clients' funds (45%), placements by the Parent – Gazprombank (JSC) – and other financial institutions (42%) and equity (12%).

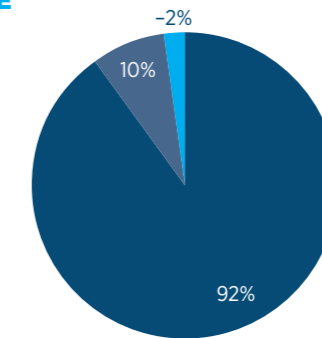
Throughout the year the Bank executed a set of coordinated measures to realign its funding to lower asset base. These included reducing funding from the Parent, timely renegotiation of deposit terms with counterparties to leverage decreasing interest rates, and raising additional corporate deposits. This helped to secure the net interest margin on a pre-crisis level and ensured that sufficient funding sources are available to support the planned business growth in 2021.

As of the year-end, funding from customers amounted to CHF 820 million compared to CHF 976 million in 2019. 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 on-demand corporate client funds, which the Bank assesses as stable, is used to fund the short-term trade finance business. The Bank charges its customers and counterparties negative interest rates on the CHF and EUR placements (above certain thresholds).

The share of the funds assessed as volatile is managed as liquidity and placed with the SNB or with financial institutions. As of 31st December 2020 liquid assets amounted to CHF 955 million (53% of the total assets) compared to CHF 594 million as of year-end 2019.

OPERATING INCOME

in CHF million



Operating income	%	2020	2019	Change
Income from lending and securities	92	45.4	49.8	-4.4
Non-lending commission income & FX	10	5.3	6.1	-0.8
Interest income from liquidity management, net	-2	-1.1	3.5	-4.6
Total	100	49.6	59.3	-9.8

FINANCIAL PERFORMANCE

The Bank's operating income consists of income from lending and investment securities (92%), non-credit client income (10%) and net interest result from liquidity management (-2%). Generally, the Bank has low appetite to market risk and does not engage in proprietary trading. In 2020, operating income amounted to CHF 49.6 million (2019: CHF 59.3 million), which represents a 16.4% decrease.

Income from lending and investment securities includes net interest income and credit-related commission income, including arrangement, agent, structuring and commitment fees. It decreased by -8.8% to CHF 45.4 million compared to 2019 driven by a tactical reduction of the trade finance portfolio.

Non-lending client income represents net commission income from transactional business, net trading income and FX from executing client orders and debt capital markets fees. While commission income from transactional business remained stable, lower capital market activity in 2020 resulted in CHF 0.8 million lower fees compared to prior year (2020: CHF 5.3 million, 2019: CHF 6.1 million).

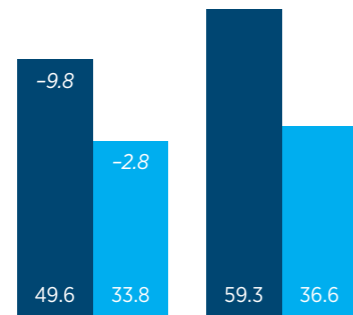
Net interest income from liquidity management amounted to CHF -1.1 million (2019: CHF 3.5 million). It includes result from money market transactions, FX swaps and net result from negative interest rates. Lower net interest income from liquidity management is mainly driven by a reduction of the interest-free threshold on the Bank's account with the Swiss National Bank in November 2019.

Operating expenses: cost optimization measures undertaken by the Management in 2020 contributed to the cost base reduction to CHF 33.8 million (-7.6%). Cost-to-income ratio for 2020 is 68% (2019: 62%).

In 2020 the Bank incurred a net loss of CHF -3.6 million (2019: net income CHF 17.7 million). Net income before loan loss provisions and the release of Reserve for general banking risks for 2020 is CHF 15.4 million (2019: CHF 17.5 million).

OPERATING INCOME DYNAMICS

in CHF million



Operating income dynamics	2020	2019	Change
Operating income	49.6	59.3	-9.8
Operating expense	33.8	36.6	-2.8

REGULATORY RATIOS

Capital adequacy, liquidity and leverage ratios remained at comfortable level throughout the year 2020:

KEY REGULATORY RATIOS	MINIMUM REQUIREMENT	2020	2019
Total capital ratio	14.0%	23.9%	17.3%
Liquidity coverage ratio	100.0%	195.7%	375.1%
Leverage ratio (LERA)	3.0%	19.5%	10.9%

Additional key regulatory disclosures can be found in the accompanying note 26 "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 2020 was 85.5 FTE (2019: 85.3).



**CORPORATE
GOVERNANCE**



Corporate Governance

Gazprombank (Switzerland) Ltd (“the Bank” or “Gazprombank”) 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 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, 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 supervision of 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 and appoints or 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 Organizational Guidelines and 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 self-assessments 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

The composition of the Board of Directors remained unchanged in 2020. 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

Born 1977

South African Citizen

Member since 2015

CHAIRMAN OF THE BOARD OF DIRECTORS

PROFESSIONAL HISTORY

2018 – present	DIGITAL HORIZON VENTURE CAPITAL TECHNOLOGY FUND Co-founder and Managing Partner
2010 – 2018	GAZPROMBANK JSC (RUSSIAN FEDERATION) Deputy Chairman of the Management Board, Board Member (2013 – 2018) Group Board Member, Chief Risk Offices (2010 – 2013)
2008 – 2010	PWC FINANCIAL SERVICES CONSULTING (RUSSIAN FEDERATION) Partner Financial Services Consulting
2005 – 2008	KPMG ADVISORY (UK) Executive Advisor for M&A transactions
2003 – 2005	FIRST RAND BANK LTD (SOUTH AFRICA) Project Manager
1999 – 2002	EM&I CONSULTING (SOUTH AFRICA) Management Consultant, Project Manager

EDUCATION

2014	Diploma in the Executive leadership program, Organizational leadership, IMD Business School
2011 – 2013	MBA, TRIUM Global EMBA
1995 – 2000	LLB in Banking, University of the Witwatersrand, Johannesburg
1995 – 1998	Bachelor's degree in Economics Law, University of the Witwatersrand, Johannesburg

OTHER ACADEMIC ACHIEVEMENTS

2010 – present	Professorship in the Faculty of Banking and International Finance, MGIMO (Russian Federation)
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OTHER ACTIVITIES AND FUNCTIONS

Member of the Risk Committee

WOLFRAM KUONI

Born 1966
Swiss Citizen
Member since 2012

VICE-CHAIRMAN OF THE BOARD OF DIRECTORS (INDEPENDENT)**PROFESSIONAL HISTORY**

2005 – present	KUONI ATTORNEYS AT LAW LTD Founder and Partner
2000 – 2005	UBS INVESTMENT BANK (SWITZERLAND) Equity Capital Markets, Corporate Derivatives
1998 – 2000	UBS WARBURG (SWITZERLAND) Client Relationship Manager for M&A mandates
1993 – 1998	SWISS BANK CORPORATION (UBS), STRUCTURED FINANCE (SWITZERLAND) Head of Export Finance (1996 – 1998) Legal Counsel in the Group Legal Services (1993 – 1996)

EDUCATION

2004	PhD in Law, University of Zurich
1995 – 1996	MBA, INSEAD Fontainebleau
1986 – 1991	Master in Law (lic. iur.), University of Bern

OTHER ACTIVITIES AND FUNCTIONS

Chairman of the Risk Committee

URS KLÖTI

Born 1965
Swiss Citizen
Member since 2011

MEMBER OF THE BOARD OF DIRECTORS (INDEPENDENT)**PROFESSIONAL HISTORY**

1995 – present	PESTALOZZI ATTORNEYS AT LAW LTD (SWITZERLAND) Managing Partner and Head of Financial Services Group (since 2005)
2000 – 2003	MERRILL LYNCH CAPITAL MARKETS AG (SWITZERLAND) Head of the Legal and Compliance Department

EDUCATION

1994	Master's degree in Law (lic. iur.), University of St. Gallen
1990	Master's degree in Economics (lic. oec.), University of St. Gallen

OTHER ACTIVITIES AND FUNCTIONS

Member of the Risk Committee
Member of the Audit Committee

CHRISTOPHER BARRETT

Born 1952
British Citizen
Member since 2019

MEMBER OF THE BOARD OF DIRECTORS (INDEPENDENT)**PROFESSIONAL HISTORY**

2012 – present	NESTOR ADVISORS LTD (UK) Senior Advisor and independent business consultant
2004 – 2011	PRICEWATERHOUSECOOPERS (CENTRAL AND EASTERN EUROPE) Director & Partner in the Governance, Risk and Compliance practice
1999 – 2004	PRICEWATERHOUSECOOPERS (FRANCE) Director & Partner

EDUCATION

1990 – 1991	MBA, University of Kingston (UK)
1971 – 1974	Master's degree in English Literature, University of Cambridge (UK)

OTHER ACTIVITIES AND FUNCTIONS

Member of the Risk Committee
Member of the Audit Committee

DENIS KAMYSHEV

Born 1975
Russian Citizen
Member since 2018

MEMBER OF THE BOARD OF DIRECTORS**PROFESSIONAL HISTORY**

2013 – present	GAZPROMBANK JSC (RUSSIAN FEDERATION) First Vice-President, Member of the Management Board (since 2017)
2008 – 2013	ERNST & YOUNG (RUSSIAN FEDERATION) Partner at Advisory Department focusing on corporate governance, internal audit and risk management
2006 – 2008	PRICEWATERHOUSECOOPERS (RUSSIAN FEDERATION) Senior manager of corporate governance, risk management and compliance Division; Head of local corporate risk management practice

EDUCATION

1993 – 1999	Master's degree in Applied Mathematics, Moscow Steel and Alloys Institute, Chair of Engineering and Cybernetics (Russian Federation)
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OTHER ACTIVITIES AND FUNCTIONS

Member of the Audit Committee

BRUNO OPPLIGER

Born 1960
Swiss Citizen
Member since 2019

MEMBER OF THE BOARD OF DIRECTORS (INDEPENDENT)**PROFESSIONAL HISTORY**

2019 – present	INDEPENDENT SENIOR RISK ADVISOR Managing owner
1992 – 2019	ERNST & YOUNG (SWITZERLAND) Partner, Member Swiss Financial Services Advisory Leadership Team and Financial Services Risk Management Practice, responsible for Risk Management, Governance, Compliance, Internal and External Audit (2003 – 2019) Part-time secondment to EY Russia, Moscow, as Head of Financial Services Risk Management for the CIS area (2013 – 2019) Senior Manager, Financial Services Risk Management, Advisory (1996 – 2003) Manager (1992 – 1996)

EDUCATION

1983 – 1986	Bachelor's degree in Business Administration, University of Applied Sciences, Bern
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OTHER ACTIVITIES AND FUNCTIONS

Chairman of the Audit Committee

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 four 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 auditor, KPMG, who in turn is responsible for auditing Gazprombank's annual financial statements. Together with the external auditors and Internal Audit, 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 2020, the Audit Committee held four committee meetings and three calls. The CFO attended all meetings and calls as representative of the EMB, while other EMB members attended the meetings. 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 assurance that there are both, an appropriate risk and control environment, and an effective internal control system.

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 2020, the Risk Committee held four committee meetings. Usually, the CEO, the CFO, the 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 and certain business affiliation with, and Mr. Kamyshev's current full-time employment by the sole shareholder Gazprombank (JSC), Moscow, both of these members of the BoD are not considered independent. No other BoD member has a significant business relationship with 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 structure 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 residents in Switzerland and have professional training and extensive 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. During 2020, the EMB was comprised of the following seven members:



ROMAN ABDULIN

Born 1974
Russian Citizen
Member since 2008

**CHAIRMAN
CHIEF EXECUTIVE OFFICER**

PROFESSIONAL HISTORY

2008 – present	GAZPROMBANK (SWITZERLAND) LTD Chief Executive Officer (2014 – present) Chairman of the EMB (2014 – present) Member of the EMB (2008 – present)
2002 – 2008	GAZPROMBANK (JSC) First Vice-President, Head of Finance Department
1996 – 2002	ARTHUR ANDERSEN (RUSSIA) Senior Banking Manager
1995 – 1996	MENATEP BANK Expert, Lead Expert

EDUCATION

1998	MA State Academy of Management of S. Ordzhonikidze
1996	Moscow State University of M.V. Lomonosov Bachelor Economics / Banking

OTHER ACTIVITIES AND FUNCTIONS

Chairman of the Compliance Risk Committee (CRC)



YURY MALIKOV

Born 1977
Russian Citizen
Member since 2015

**DEPUTY CHAIRMAN
CHIEF FINANCIAL OFFICER**

PROFESSIONAL HISTORY

2015 – present	GAZPROMBANK (SWITZERLAND) LTD Deputy Chairman of the EMB (2021 – present) Chief Financial Officer (2015 – present) Member of the EMB (2015 – present)
2002 – 2015	GAZPROMBANK (JSC) Head of IFRS Reporting, Vice-President (2011–2015) Deputy Head of Financial Department (2006–2011) Head of Management Accounting & IFRS Reporting Division (2002–2006)
1998 – 2002	ARTHUR ANDERSEN (RUSSIA) Senior Auditor

EDUCATION

2015	TRIUM Global Executive MBA
1999	MAS World Economy, Financial University under the Government of the Russian Federation

OTHER ACTIVITIES AND FUNCTIONS

Chairman of the Asset & Liability Committee (ALCO)
Member of the Compliance Risk Committee (CRC)
Member of the Information Security Committee (ISC)



ALEXANDER KRASNOSELSKIY

Born 1964
Russian Citizen
Member since 2012

CHIEF BUSINESS OFFICER

PROFESSIONAL HISTORY

2012 – present	GAZPROMBANK (SWITZERLAND) LTD Member of the EMB (2012 – present) Chief Business Officer (2012 – present)
2010 – 2012	GAZPROMBANK (JSC) Executive Vice-President
2008 – 2010	RUSSIAN TECHNOLOGIES STATE CORPORATION Head of Investment Programs Department
2006 – 2008	VTB BANK Senior Vice President
2001 – 2006	INDUSTRY & CONSTRUCTION BANK First Deputy Chairman of the Board
2000 – 2001	COMMERCIAL BANK SVA President
1999 – 2000	NATIONAL RESERVES BANK Vice President
1998 – 1999	JOINT-STOCK BANK INKOMBANK Vice President, Corporate business, Member of the Finance Committee

EDUCATION

1988	PhD in Economics, Moscow State University of M.V. Lomonosov
1985	MA economics and cybernetics, Moscow State University of M.V. Lomonosov

**WERNER GEEL**

Born 1963
Swiss Citizen
Member since 2011

HEAD OF FINANCIAL MARKETS**PROFESSIONAL HISTORY**

2010 – present	GAZPROMBANK (SWITZERLAND) LTD Member of the EMB (2011 – present) Head of Financial Markets (2010 – present)
1995 – 2010	DRESDNER BANK (SWITZERLAND) LTD Head of Treasury / Trading / ALM, Managing Directors
1987 – 1995	BANK LEU Chief Dealer Forex Arbitrage (1992 – 1995) Head Currencies Regionalbanks (1991) Trader (1989 – 1991)
1985 – 1987	SCHWEIZERISCHE KREDITANSTALT

EDUCATION

1987	GSBA Graduate School of Business Administration Zurich
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OTHER ACTIVITIES AND FUNCTIONS

Member of the Asset & Liability Committee (ALCO)
President of the Founding Board of Vorsorgestiftung der Gazprombank (Schweiz) AG

**PHILIPP JENNI**

Born 1972
Swiss Citizen
Member since 2018

GENERAL COUNSEL**PROFESSIONAL HISTORY**

2018 – present	GAZPROMBANK (SWITZERLAND) LTD Member of the EMB (2018 – present) General Counsel (2018 – present)
2016 – 2018	SAXO BANK (SCHWEIZ) AG Head of Legal & Compliance
2002 – 2016	UBS AG / UBS (SWITZERLAND) AG Head Legal Entity Restructuring (2015 – 2016) Head Legal Swiss NewCo (Legal Regulat. Affairs & Strat. Initiat.) (2013 – 2015) Legal Counsel (Legal Structured Transactions / Corp. Finance) (2002 – 2013)
2001 – 2002	SCHIBLI & PARTNER Attorney-at-law

EDUCATION

2013	Executive Master of International and Business Law (E.M.B.L.-HSG), University of St. Gallen
2000	Bar admission, all Swiss courts
1997	Master of Law (lic. iur.), University of Basel

OTHER ACTIVITIES AND FUNCTIONS

Member of the Compliance Risk Committee (CRC)
Manager / Member of the Founding Board of Vorsorgestiftung der Gazprombank (Schweiz) AG



IVO SAUTER

Born 1977
Swiss Citizen
Member since 2020

**CHIEF DIGITAL,
TRANSFORMATION AND
STRATEGY OFFICER**

PROFESSIONAL HISTORY

2020 - present	GAZPROMBANK (SWITZERLAND) LTD Member of the EMB (2020 - present) Chief Digital, Transformation and Strategy Officer (2020 - present)
2019	SIX DIGITAL EXCHANGE Chief Client Officer, Member of the Executive Management Board
2010 - 2018	FALCON PRIVATE BANK LTD Member of the Management Committee (2017 - 2018) Operations and Trading, Managing Director (2013 - 2018) Investment Solutions, Executive Director (2011 - 2013) Investment Solutions (Singapore) (2010 - 2011)
1994 - 2010	BANK JULIUS BÄR Investment Advisory (Singapore), Director (2008 - 2010) Head of Securities Execution and Advisory (Singapore), Director (2006 - 2008) Deputy Head of Asian Equities (Zurich), Associate Director (2003 - 2006)

EDUCATION

2006	Certificate in Financial Mathematics, Luchsinger Mathematics, Zurich
1985	DHA Diploma in Business Management and Sales, DHA Business School, Zurich

OTHER ACTIVITIES AND FUNCTIONS

Member of the Information Security Committee (ISC)



ALEXEY SMIRNOV

Born 1967
British Citizen
Member from 2014 - 2020

**CHIEF OPERATING OFFICER
(UNTIL 31 DECEMBER 2020)**

PROFESSIONAL HISTORY

2014 - 2020	GAZPROMBANK (SWITZERLAND) LTD Member of the EMB (2014 - 2020) Chief Operating Officer (2014 - 2020)
2013 - 2014	GAZPROMBANK (JSC) Deputy Head of Credit Risk Management
2010 - 2013	RENCAP (MOSCOW) Head of Risk
2006 - 2010	BARCLAYS (LONDON) Head of Eastern Europe Credit Risk Management
1997 - 2006	UBS LIMITED (LONDON) Head of Eastern Europe, MENA Credit Risk Management (2001 - 2006) Credit Risk Management (1997 - 2001)
1997	CBI-UBP INTERNATIONAL (LONDON) Asset Management
1994 - 1996	USAID (MOSCOW) Senior Financial Analyst
1993 - 1994	MEES PIERSON (AMSTERDAM) Corporate Finance, Equity Research

EDUCATION

2001	CFA Programme
1997	MS Financial Management, Master Programme, Middlesex University

OTHER ACTIVITIES AND FUNCTIONS

Member of the Information Security Committee (ISC)

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 Incorporation 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 Incorporation 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, define 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 2020. 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 2020. The audit team was led by Mr. Reto Gareus (Partner) until September 2020, followed by Mr. Erich Schärli (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

Internal Audit is an independent, professional auditing and supervisory body of the Bank, which works independently from the daily business processes. It reports directly to the Audit Committee and the Board of Directors on results of the audits carried out, deficiencies identified and any weaknesses in the internal control system. All findings and issues are also communicated to the management. To ensure access to a wide pool of expertise, the BoD has appointed Ernst & Young Ltd, Zurich, as internal auditor of Gazprombank.

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 2020, Gazprombank employed 84 people. A dedicated international team consisting of 18 nationalities and speaking 13 languages combines the knowledge of Swiss, Russian and international financial markets. The average age of employees is 42 years, 28% 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 a 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 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 Swiss National Bank (SNB) is responsible for implementing the government's monetary policy relating to banks and securities dealers, and for ensuring stability of the Swiss financial system. It does not exercise any banking supervision authority and is not responsible for enforcing banking legislation. SNB may also carry out its own inquiries and request information directly from the banks.

FINMA and SNB exchange information and share opinions about the soundness of the banking sector.



FINANCIAL INFORMATION



BALANCE SHEET

ASSETS	Note	December 31, 2020	December 31, 2019	Change
in CHF thousand				
Liquid assets		824'174	564'982	259'192
Amounts due from banks		131'171	29'444	101'727
Amounts due from customers	1	688'168	1'182'472	-494'304
Positive replacement values of derivative financial instruments	2	539	189	350
Financial investments	3	135'589	146'257	-10'668
Accrued income and prepaid expenses	4	21'223	28'776	-7'553
Tangible fixed assets	5	1'533	1'160	373
Other assets	6	1'810	2'116	-306
Total assets		1'804'207	1'955'396	-151'189

LIABILITIES	Note	December 31, 2020	December 31, 2019	Change
in CHF thousand				
Amounts due to banks		751'967	932'261	-180'294
Amounts due in respect of customer deposits		820'194	755'288	64'906
Negative replacement values of derivative financial instruments	2	686	822	-136
Accrued expenses and deferred income	4	12'512	13'904	-1'392
Other liabilities	6	4'430	4'935	-505
Provisions		351	351	-
Reserves for general banking risks	9	-	21'420	-21'420
Bank's capital	10	136'000	136'000	-
Statutory capital reserve	13	46'619	46'619	-
of which tax-exempt capital contribution reserve	13	46'619	46'619	-
Statutory retained earnings reserve	13	7'100	6'000	1'100
Profit carried forward / loss carried forward		27'946	20'103	7'843
Profit / loss (result of the period)		-3'598	17'693	-21'291
Total liabilities		1'804'207	1'955'396	-151'189

OFF-BALANCE-SHEET TRANSACTIONS	Note	December 31, 2020	December 31, 2019	Change
in CHF thousand				
Contingent liabilities	1, 19	52'922	94'942	-42'020
Irrevocable commitments	1, 20	96'558	99'826	-3'268

INCOME STATEMENT

RESULTS	Note	December 31, 2020	December 31, 2019	Change
in CHF thousand				
Result from interest operations				
Interest and discount income		35'237	71'991	-36'754
Interest and dividend income on financial investments		7'085	8'202	-1'117
Interest expense		-18'767	-44'300	25'533
Gross result from interest operations		23'555	35'893	-12'338
Changes in value adjustments for default risks and losses from interest operations		-40'392	170	-40'562
Subtotal net result from interest operations		-16'837	36'063	-52'900
Results from commission and service fee activities				
Commission income from securities and investment transactions		1'318	2'540	-1'222
Commission income from lending activities		18'169	18'049	120
Commission income from other services		2'822	1'902	920
Commission expenses		-64	-123	59
Subtotal result from commission business and services		22'245	22'368	-123
Result from trading activities and the fair value option	21	3'690	1'050	2'640
Other result from ordinary activities				
Other ordinary income		85	-	85

EXPENSES	Note	December 31, 2020	December 31, 2019	Change
in CHF thousand				
Operating expenses				
Personnel expenses	23	-21'610	-25'044	3'434
General and administrative expenses	24	-11'988	-11'451	-537
Subtotal operating expenses		-33'598	-36'495	2'897
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets		-202	-96	-106
Operating result		-24'617	22'890	-47'507
Changes in reserves for general banking risks		21'420	-	21'420
Taxes	25	-401	-5'197	4'796
Profit / loss (result of the period)		-3'598	17'693	-21'291
APPROPRIATION OF PROFIT/OTHER DISTRIBUTIONS				
Profit / loss (result of the period)		-3'598	17'693	-21'291
Profit carried forward		27'946	20'103	7'843
Distributable profit		24'348	37'796	-13'448
Appropriation of profit				
Allocation to statutory retained earnings reserve		-	-1'100	1'100
Distributions from distributable profit		-	-8'750	8'750
New amount carried forward		24'348	27'946	-3'598

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, 2020	136'000	46'619	6'000	21'420	20'103	-	17'693	247'835
Capital increase / decrease	-	-	-	-	-	-	-	-
Dividends and other distributions	-	-	-	-	-	-	-8'750	-8'750
Other allocations to (transfers from) the reserves for general banking risks	-	-	-	-21'420	-	-	-	-21'420
Other allocations to (transfers from) the other reserves	-	-	1'100	-	7'843	-	-8'943	-
Profit / loss (result of the period)	-	-	-	-	-	-	-3'598	-3'598
Equity at end of current period, December 31, 2020	136'000	46'619	7'100	-	27'946	-	-3'598	214'067

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 2020/1).

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, 2020	December 31, 2019
USD 0.8821	USD 0.9679
EUR 1.0839	EUR 1.0842
GBP 1.2010	GBP 1.2696
RUB 84.3202	RUB 64.0588

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 loans, 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) 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 4 years
– Fixtures, Furniture and Equipment	straight line over 4 years
– IT Equipment	straight line over 5 years
– Vehicles	straight line over 5 years

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

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”.

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, 2020 the plan is overfunded by 9.56%, previous year 8.66%.

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 may use 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

No event occurred after the balance sheet date that might have a significant influence on the Bank's financial statements.

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	
Total loans (before netting with value adjustments)	December 31, 2020	-	120'051	607'747	727'798
Total loans (before netting with value adjustments)	December 31, 2019	-	180'302	1'004'218	1'184'520
Total loans (after netting with value adjustments)	December 31, 2020	-	120'051	568'117	688'168
Total loans (after netting with value adjustments)	December 31, 2019	-	180'302	1'002'170	1'182'472

OFF-BALANCE-SHEET

Contingent liabilities	-	52'011	911	52'922
Irrevocable commitments	-	-	96'558	96'558
Credit commitments	-	-	-	-

Total off-balance-sheet	December 31, 2020	52'011	97'469	149'480
Total off-balance-sheet	December 31, 2019	84'044	110'724	194'768

IMPAIRED LOANS / RECEIVABLES

in CHF thousand

	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
December 31, 2020	52'588	-	52'588	39'631
of which with collateral	52'588	-	52'588	39'631
of which without collateral	-	-	-	-
December 31, 2019	2'048	-	2'048	2'048
of which with collateral	2'048	-	2'048	2'048
of which without collateral	-	-	-	-

2 PRESENTATION OF DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS AND LIABILITIES)

in CHF thousand

	Trading Instruments			Hedging Instruments		
	Positive replacement values	Negative replacement values	Contract volume	Positive replacement values	Negative replacement values	Contract volume
Foreign exchange / precious metals						
Forward contracts	539	317	428'720	-	-	-
Combined interest rate / currency swaps	-	-	-	-	369	18'728

TOTAL BEFORE NETTING AGREEMENTS

December 31, 2020	539	317	428'720	-	369	18'728
of which, determined using a valuation model	-	-	-	-	-	-
December 31, 2019	189	111	299'873	-	711	18'728
of which, determined using a valuation model	-	-	-	-	-	-

TOTAL AFTER NETTING AGREEMENTS

	Positive replacement values (cumulative)	Negative replacement values (cumulative)
December 31, 2020	539	686
December 31, 2019	189	822

BREAKDOWN BY COUNTERPARTY

	Central clearing houses	Bank and securities dealers	Other customers
Positive replacement values (after netting agreements)	-	539	-

3 BREAKDOWN OF FINANCIAL INVESTMENTS

	Book value		Fair value	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019

in CHF thousand

Debt securities	135'589	146'257	140'093	150'077
of which, intended to be held to maturity	135'589	146'257	140'093	150'077
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	135'589	146'257	140'093	150'077
of which, securities eligible for repo transactions in accordance with liquidity requirements	5'751	5'947	5'754	5'948

BREAKDOWN OF COUNTERPARTIES BY RATING (MOODY'S)

	Aaa to Aa3	A1 to A3	Baa1toBaa3	Ba1toBa3	B1toB3	Unrated
Debt securities						
Book values	-	-	60'844	20'449	48'545	5'751

5 PRESENTATION OF TANGIBLE FIXED ASSETS

	Acquisition cost	Accumulated depreciation	Book value as of December 31, 2019	Reporting year					Book value as of December 31, 2020
				Reclassification	Additions	Disposals	Depreciations	Reversals	

in CHF thousand

Proprietary or separately acquired software	1'079	29	1'050		446		134		1'362
Other tangible fixed assets	177	67	110	-	129	-	68	-	171
Total tangible fixed assets	1'256	96	1'160	-	575	-	202	-	1'533

OPERATING LEASES

	Maturities:	within 12 Months	within 1 to 5 years	Total
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Total amount of non-recognised lease commitments	-	-	1'568	1'568
of which that can be terminated within one year:	-	-	-	-

4 BREAKDOWN OF ACCRUED INCOME AND ACCRUED EXPENSES

	Accrued income and prepaid expenses		Accrued expenses and deferred income	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019

in CHF thousand

Accrued interest	11'920	20'508	4'257	1'832
Accrued expense	-	-	6'807	9'944
Accrued commission	8'116	7'623	-	-
Deferred income	-	-	1'448	2'128
Other	1'187	645	-	-
Total	21'223	28'776	12'512	13'904

6 BREAKDOWN OF OTHER ASSETS AND OTHER LIABILITIES

	Other assets		Other liabilities	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019

in CHF thousand

Compensation account	1'402	1'833	1'245	1'447
Indirect tax	161	106	316	342
Payment accounts	165	-	2'869	3'146
Others	82	177	-	-
Total	1'810	2'116	4'430	4'935

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

	Book values		Effective commitments	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019

in CHF thousand

PLEGDED / ASSIGNED ASSETS

Financial investments	5'751	5'947	-	-
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ASSETS UNDER RESERVATION OF OWNERSHIP

none	-	-	-	-
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8 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, 2020	December 31, 2019		December 31, 2020	December 31, 2019

in CHF thousand

Pension schemes without own assets	9.56%	-	-	2'358	2'358	2'234
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9 PRESENTATION OF VALUE ADJUSTMENTS AND PROVISIONS, RESERVES FOR GENERAL BANKING RISKS, AND CHANGES THEREIN DURING THE CURRENT YEAR

	Balance as of December 31, 2019	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, 2020
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in CHF thousand

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	2'048	-1'334	-	-141	-	41'139	-2'081	39'631
of which, value adjustments for latent risks	-	-	-	-	-	-	-	-

* The reserves for general banking risks are taxed

10 PRESENTATION OF THE BANK'S CAPITAL

	December 31, 2020			December 31, 2019		
	Total par value	No. of shares in thousand	Capital eligible for dividend	Total par value	No. of shares in thousand	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

11 DISCLOSURE OF AMOUNTS DUE FROM / TO RELATED PARTIES

	Amounts due from		Amounts due to	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019

in CHF thousand

BALANCE-SHEET

Holders of qualified participations	949	8'155	484'979	707'441
Group companies	10'540	149	10'972	9'645
Members of governing bodies	8'221	8'134	1'447	1'211
Total	19'710	16'438	497'398	718'297

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.

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) 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.

12 DISCLOSURE OF HOLDERS OF SIGNIFICANT PARTICIPATIONS

	December 31, 2020		December 31, 2019	
	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": 49.88% of voting rights (7.49% 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

13 DISCLOSURE OF OWN SHARES AND COMPOSITION OF EQUITY CAPITAL

	January 1, 2020	December 31, 2020
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in CHF thousand

Number and nature of own equity securities held	none	none
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Composition of equity capital

Registered shares, fully paid with voting rights, without restrictions as per table 9	136'000	136'000
Total of non-distributable reserves	52'619	53'719
of which non-distributable statutory capital reserve	46'619	46'619
of which non-distributable statutory retained earnings reserve	6'000	7'100

Disclosure of transactions with holders of participations in their capacity as holders of participations

	none	none
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14 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	824'174	-	-	-	-	-	-	824'174
Amounts due from banks	129'399	9	-	1'763	-	-	-	131'171
Amounts due from customers	12'984	275	240'868	86'144	210'247	137'650	-	688'168
Positive replacement values of derivative financial instruments	539	-	-	-	-	-	-	539
Financial investments	-	-	-	11'346	124'243	-	-	135'589
Total December 31, 2020	967'096	284	240'868	99'253	334'490	137'650	-	1'779'641
Total December 31, 2019	592'584	319	581'828	262'965	303'838	181'810	-	1'923'344
DEBT CAPITAL / FINANCIAL INSTRUMENTS								
Amounts due to banks	278'085	-	424	179'177	176'410	117'871	-	751'967
Amounts due in respect of customer deposits	689'205	-	130'989	-	-	-	-	820'194
Negative replacement values of derivative financial instruments	686	-	-	-	-	-	-	686
Total December 31, 2020	967'976	-	131'413	179'177	176'410	117'871	-	1'572'847
Total December 31, 2019	660'400	-	432'987	290'593	138'736	165'655	-	1'688'371

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

in CHF thousand

	December 31, 2020			December 31, 2019		
	Domestic	Foreign	Total	Domestic	Foreign	Total
ASSETS						
Liquid assets	824'174	-	824'174	564'982	-	564'982
Amounts due from banks	4'181	126'990	131'171	2'497	26'947	29'444
Amounts due from customers	204'616	483'552	688'168	326'059	856'413	1'182'472
Positive replacement values of derivative financial instruments	493	46	539	189	-	189
Financial investments	5'751	129'838	135'589	5'947	140'310	146'257
Accrued income and prepaid expenses	10'274	10'950	21'223	9'768	19'008	28'776
Tangible fixed assets	1'533	-	1'533	1'160	-	1'160
Other assets	1'810	-	1'810	2'115	1	2'116
Total assets	1'052'832	751'375	1'804'207	912'717	1'042'679	1'955'396
LIABILITIES						
Amounts due to banks	106	751'861	751'967	223	932'038	932'261
Amounts due in respect of customer deposits	523'733	296'461	820'194	480'812	274'476	755'288
Negative replacement values of derivative financial instruments	686	-	686	85	737	822
Accrued expenses and deferred income	8'785	3'727	12'512	12'366	1'538	13'904
Other liabilities	4'413	17	4'430	4'913	22	4'935
Provisions	351	-	351	351	-	351
Reserves for general banking risks	-	-	-	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	7'100	-	7'100	6'000	-	6'000
Profit carried forward / loss carried forward	27'946	-	27'946	20'103	-	20'103
Profit / loss (result of the period)	-3'598	-	-3'598	17'693	-	17'693
Total liabilities	752'141	1'052'066	1'804'207	746'585	1'208'811	1'955'396

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

December 31, 2020		December 31, 2019	
Absolute	Share as %	Absolute	Share as %

in CHF thousand

ASSETS

ASSETS				
Europe				
Switzerland	1'052'832	58.4	912'716	46.7
Russian Federation	147'035	8.1	252'868	12.9
Ireland	54'761	3.0	41'128	2.1
Germany	91'480	5.1	17'637	0.9
Luxembourg	48'035	2.7	61'047	3.1
Netherlands	78'361	4.3	78'608	4.0
Cyprus	23'263	1.3	52'832	2.7
Austria	30'861	1.7	54'914	2.8
Turkey	-	0.0	43'965	2.2
Great Britain	19'960	1.1	52'803	2.7
Belgium	25'793	1.4	7'607	0.4
Jersey	39'701	2.2	48'396	2.5
Other	7'402	0.4	8'935	0.5
North America	12'135	0.7	23'780	1.2
South America	2'560	0.1	4'232	0.2
Asia	161'817	9.0	216'829	11.1
Africa	-	0.0	68'050	3.5
Australia/Oceania	8'211	0.5	9'049	0.5
Total assets	1'804'207	100	1'955'396	100

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

Net foreign exposure December 31, 2020		Net foreign exposure December 31, 2019	
in CHF thousand	Share as %	in CHF thousand	Share as %

in CHF thousand

SERV / MOODY'S

Serv*	Moody's				
0 (no rating)	No rating	21	0.0	13	0.0
1	Aaa	487'574	64.9	522'142	50.1
2	Aa	-	0.0	-	0.0
3	A	46'278	6.2	119'401	11.5
4	Baa	17'641	2.3	38'783	3.7
5	Ba	155'892	20.7	264'398	25.4
6	B	43'969	5.9	97'943	9.4
7	Caa	-	0.0	-	0.0
8	Ca	-	0.0	-	0.0
9	C	-	0.0	-	0.0
Total		751'375	100	1'042'680	100

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

**18.1 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	824'095	33	39	-	7	-	824'174
Amounts due from banks	3'812	122'425	3'846	734	131	223	131'171
Amounts due from customers	306	216'515	353'454	117'889	3	1	688'168
Positive replacement values of derivative financial instruments	539	-	-	-	-	-	539
Financial investments	5'751	-	129'838	-	-	-	135'589
Accrued income and prepaid expenses	2'636	249	9'942	8'380	16	-	21'223
Tangible fixed assets	1'533	-	-	-	-	-	1'533
Other assets	769	1'010	24	-	-	7	1'810
Total assets shown in balance sheet	839'441	340'232	497'143	127'003	157	231	1'804'207
Delivery entitlements from spot exchange, forward forex and forex options transactions	18'728	325'172	97'026	6'523	-	-	447'448
Total assets	858'169	665'404	594'169	133'525	157	231	2'251'655

**18.2 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	187'502	710	443'112	120'531	112	-	751'967
Amounts due in respect of customer deposits	24'272	644'736	143'583	7'471	98	34	820'194
Negative replacement values of derivative financial instruments	686	-	-	-	-	-	686
Accrued expenses and deferred income	6'360	-	817	5'335	-	-	12'512
Other liabilities	3'524	887	-	-	-	19	4'430
Provisions	351	-	-	-	-	-	351
Reserves for general banking risks	-	-	-	-	-	-	-
Bank's capital	136'000	-	-	-	-	-	136'000
Statutory capital reserve	46'619	-	-	-	-	-	46'619
Statutory retained earnings reserve	7'100	-	-	-	-	-	7'100
Profit carried forward / loss carried forward	27'946	-	-	-	-	-	27'946
Profit / loss (result of the period)	-3'598	-	-	-	-	-	-3'598
Total balance-sheet liabilities	436'762	646'333	587'512	133'337	210	53	1'804'207
Delivery obligations from spot exchange, forward forex and forex options transactions	421'963	18'589	6'470	-	-	-	447'021
Total liabilities	858'725	664'922	593'982	133'337	210	53	2'251'228
Net positions per currency	-556	482	187	189	-53	178	427

19 BREAKDOWN OF CONTINGENT LIABILITIES

	December 31, 2020	December 31, 2019	Change
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in CHF thousand

Performance guarantees and similar	5'748	51'413	-45'665
Irrevocable commitments arising from documentary letters of credit	47'174	43'529	3'645
Total contingent liabilities	52'922	94'942	-42'020

20 BREAKDOWN OF CREDIT COMMITMENTS AND IRREVOCABLE COMMITMENTS

	December 31, 2020	December 31, 2019	Change
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in CHF thousand

Irrevocable commitments	96'558	99'826	-3'268
Total credit commitments and irrevocable commitments	96'558	99'826	-3'268

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

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

	December 31, 2020	December 31, 2019
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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	3'690	1'050
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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)	14	5
Foreign currencies	3'676	1'045

Total result from trading activities	3'690	1'050
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22 DISCLOSURE OF MATERIAL REFINANCING INCOME IN THE ITEM INTEREST AND DISCOUNT INCOME AS WELL AS MATERIAL NEGATIVE INTEREST

	December 31, 2020	December 31, 2019
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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	3'006	2'331
Portion of negative interest booked under Interest Expenses	2'593	9'278

23 BREAKDOWN OF PERSONNEL EXPENSESDecember 31,
2020December 31,
2019

in CHF thousand

Salaries (meeting attendance fees and fixed compensation to members of the bank's governing bodies, salaries and benefits)	16'933	20'390
Social insurance benefits	1'855	1'895
Staff welfare benefits	2'357	2'234
Other personnel expenses	465	525
Total	21'610	25'044

24 BREAKDOWN OF GENERAL AND ADMINISTRATIVE EXPENSESDecember 31,
2020December 31,
2019

in CHF thousand

Office space expenses	1'656	1'814
Expenses for information and communications technology	6'537	6'220
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	138	192
Fees of audit firm	364	372
of which, for financial and regulatory audits	350	350
of which, for other services	14	22
Other operating expenses	3'293	2'853
Total	11'988	11'451

25 PRESENTATION OF CURRENT TAXES, DEFERRED TAXES, AND DISCLOSURE OF TAX RATEDecember 31,
2020December 31,
2019

in CHF thousand

Income tax expenses	-	4'827
Capital tax expenses	401	370
Deferred tax expenses	-	-
Total taxes	401	5'197

A tax loss of CHF 24.6 million occurred in 2020 (net result for 2020 before release of reserves for general banking risks) is available for offset against future profits over the next seven calendar years.

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

 December 31,
2020

 December 31,
2019

in CHF thousand

Composition of the regulatory eligible capital

1	Common Equity Tier 1 (CET1)	214'067	230'141
2	Tier 1	214'067	230'141
3	Total capital	214'067	230'141
4	Total risk-weighted assets (RWA)	894'783	1'330'708

Required capital

	Credit risk	62'702	98'378
	Non counterparty risk	123	93
	CVA	130	289
	Market risk	74	104
	Operational risk	8'554	7'593
4a	Minimum capital requirements (CHF) *	71'583	106'457
	Additional regulatory capital buffer for category 5 banks (2.5% of RWA)	22'370	33'268
	Specific additional requirements (3.5% of RWA)	31'317	46'575
	Total capital requirement including specific additional requirements (T1 + T2) (14% of RWA)	125'270	186'300

Capital ratio

5	CET1 ratio (%)	23.92%	17.29%
6	T1 ratio (%)	23.92%	17.29%
7	Total capital ratio (%)	23.92%	17.29%
8	Capital conservation buffer requirement according to Basel minimum requirements (%)	2.50%	2.50%
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%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	15.92%	9.29%
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,
2020

 December 31,
2019

in CHF thousand

Leverage Ratio

13	Total Basel III leverage ratio exposure measure (CHF)	1'098'972	2'116'219
	Tier 1 capital	214'067	230'141
14	Basel III Leverage Ratio	19.48%	10.88%

Liquidity coverage ratio 1.Q.20

15	Total stock of high quality liquid assets	549'476	955'383
16	Netted cashflow	294'780	787'066
17	LCR quote (in %)	186.40%	121.39%

Liquidity coverage ratio 2.Q.20

15	Total stock of high quality liquid assets	567'080	1'246'053
16	Netted cashflow	327'283	965'175
17	LCR quote (in %)	173.27%	129.10%

Liquidity coverage ratio 3.Q.20

15	Total stock of high quality liquid assets	594'090	680'959
16	Netted cashflow	348'641	437'666
17	LCR quote (in %)	170.40%	155.59%

Liquidity coverage ratio 4.Q.20

15	Total stock of high quality liquid assets	697'891	492'842
16	Netted cashflow	396'708	233'990
17	LCR quote (in %)	175.92%	210.63%

Net stable funding ratio (NSFR)

18	Available stable refinancing (in CHF)	1'071'406	1'018'466
19	Required stable refinancing (in CHF)	679'462	882'108
20	Net stable funding ratio (NSFR) (in %)	157.68%	115.46%

* 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 make no dividend distributions and no distributions to the statutory retained earnings reserve due to a net loss of CHF 3'598 thousand recorded for 2020. The net loss for 2020 reduces the voluntary retained earnings to CHF 24'348 thousand.

AUDITOR'S REPORT





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Gazprombank (Switzerland) Ltd, Zurich
Report of the Statutory Auditor
on the Financial Statements
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 (pages 42 – 43), income statement (pages 44 – 45), statement of changes in equity (pages 46 – 47) and notes (pages 48 – 77) for the year ended 31 December 2020.

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 2020 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

Erich Schaerli
Licensed Audit Expert
Auditor in Charge

Lukas Blum
Licensed Audit Expert

Zurich, 31 March 2021

CORRESPONDENTS

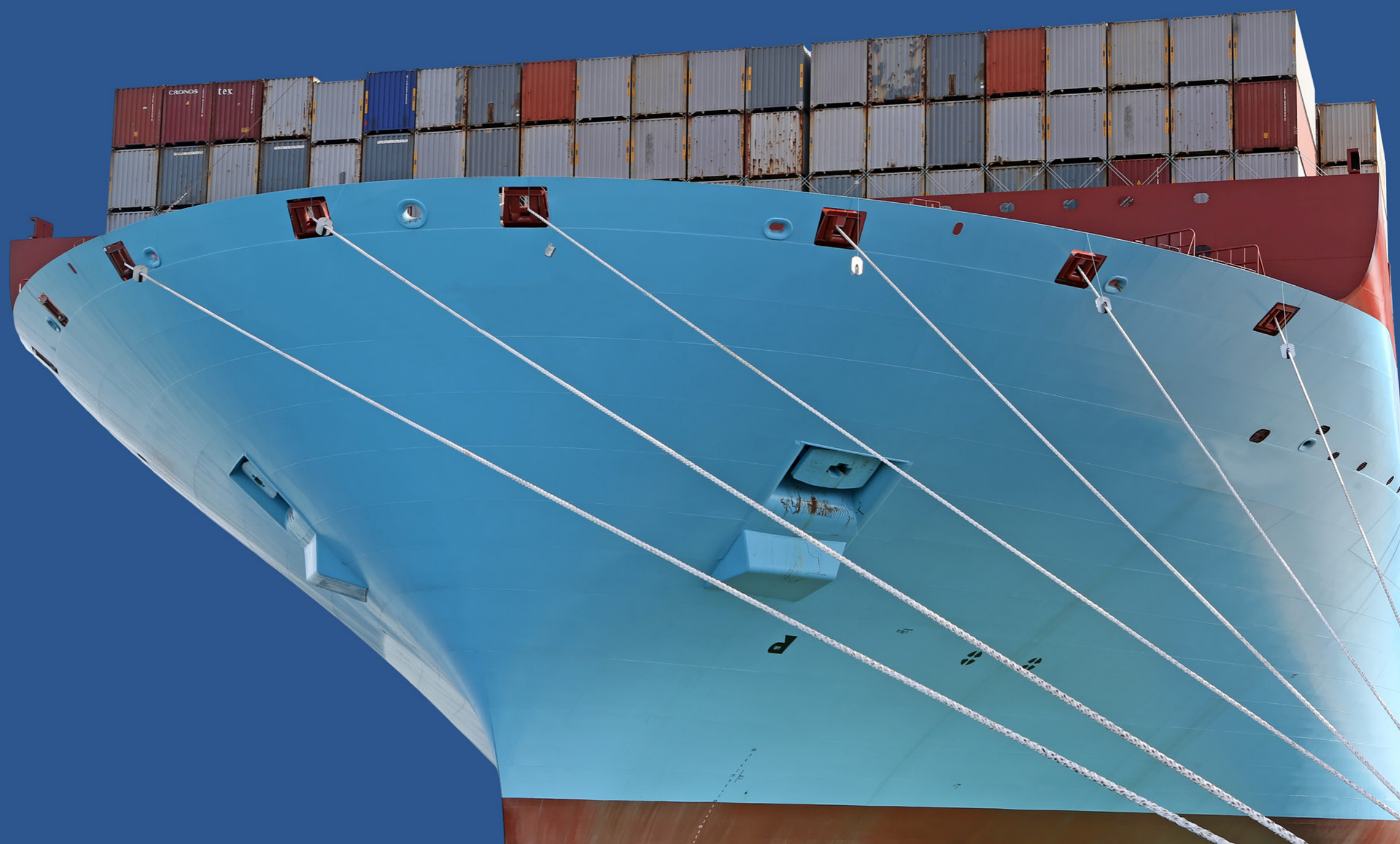
USD	J. P. Morgan Chase Bank, N. A., New York Deutsche Bank Trust Company Americas, New York Bank of New York Mellon, New York
GBP	Bank of New York Mellon, New York
EUR	VTB Bank (Europe) SE, Frankfurt Bank GPB International SA, Luxembourg Deutsche Bank AG, Frankfurt ING Belgium SA/NV, Brussels
RUB	Gazprombank (JSC), Moscow
CHF	SIC

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