

Gazprombank Group
Annual Report Based
on IFRS Consolidated
Financial Statements

Table of contents

	Statement of the Chairman of the Board of Directors	4
	Statement of the Chairman of the Management Board	6
	Key Performance Indicators	9
1	MAIN RESULTS FOR THE YEAR AND BUSINESS DEVELOPMENT OBJECTIVES	10
1.1	External Environment	12
1.2	Financial Performance	14
1.3	Positioning	18
1.4	Ratings	19
1.5	Business Development Strategy and Objectives in 2016	20
2	SUSTAINABLE DEVELOPMENT	22
	<i>Corporate business</i>	
2.1	Customer Base	24
2.2	Commercial Lending	28
	<i>Retail business</i>	
2.3	Retail Business: Customers and Services	30
2.4	Private Banking: 2015 Full-year Results and Development Prospects	34
	<i>Investment banking</i>	
2.5	Project and Structured Finance, Investment Lending and Investment Banking Advisory Services. M&A Advisory Services	36
2.6	Commodity and Capital Market Operations	41
2.7	Asset Management	45
2.8	Private Equity	46
2.9	OMZ Group: Core Business Operations and Key Projects	47
2.10	Resource Base Development	49
2.11	Depository Operations, Specialized Depository Services	51
2.12	Risk Management	52
2.13	Regional Network Map	58
2.14	Regional Network	60
2.15	HR policy and Employee Development	61
2.16	Development of Information Technologies	62
2.17	Social Responsibility and International Cultural Cooperation	63
3	CORPORATE GOVERNANCE	64
3.1	Shareholders	66
3.2	Board of Directors of «Gazprombank» (Joint-stock Company)	67
3.3	Management Board of «Gazprombank» (Joint-stock Company)	69
3.4	Corporate Governance System of «Gazprombank» (Joint-stock Company)	74
3.5	Organizational Management Flowchart of «Gazprombank» (Joint-stock Company)	75
3.6	Internal Control System	76
4	SUMMARY CONSOLIDATED FINANCIAL STATEMENTS	78
5	REFERENCE INFORMATION	96
5.1	Branches of Bank GPB (JSC)	98
5.2	Representative Offices of Bank GPB (JSC) in Other Countries	100
5.3	Subsidiary and Affiliated Banks with an Ownership of More than 5%	101
5.4	Licenses	103
5.5	Contact Information and Bank Details	107



Statement of the Chairman of the Board of Directors

Dear Shareholders,

In 2015, Gazprombank reaffirmed its status as a backbone bank, a reliable associate of Russia's major enterprises, which contributes to their sustainable development.

The Bank deals with all the key sectors of national economy, including energy, mining and processing industries, agriculture, transport, communications, commerce, services, as well as IT.

In addition to reliability and many years of proven expertise, Gazprombank's corporate customers are attracted by the Bank's flexibility and willingness to offer innovative services and banking products. Over many years, Gazprombank has been a strategic investor into the Russian industry. Import substitution and manufacturing competitive domestic products with high added value are the two missions that Bank GPB (JSC) Group tackles both with its own industrial assets and through the funding of investment projects of the Bank's customers.

Traditionally, special emphasis in Gazprombank's activities is placed on cooperation with PJSC Gazprom. The aspects and the scale of the interaction are expanding continuously. For instance, in early 2015, in compliance with the assignments of the President and the Government of the Russian Federation to establish centralized treasuries in publicly owned corporations, Gazprombank launched a new product commissioned by Gazprom Group, which facilitates liquidity management in Group companies. As of the end of 2015, twenty companies were involved, and over a longer term the number of participants is expected to rise significantly. Those are just a few areas of the Bank's multifaceted activities summarized in the Report presented to you. We are convinced that the strategy pursued by Gazprombank will help it improve efficiency even further and maintain leadership within the Russian banking system.

Alexey B. Miller

*Chairman of the Board of Directors, Bank GPB (JSC)
Chairman of the Management Board,
PJSC Gazprom*



Statement of the Chairman of the Management Board

Dear Shareholders, Customers and Partners of the Bank,

The preceding year turned out to be rather challenging for the Bank. The macroeconomic situation and market volatility amidst slumping oil prices and the sanctions regime caused a slowdown of economic growth and deterioration of the financial position of some of our borrowers. The need for additional provisions with respect to loans issued in the previous years affected the resulting bottom line. However, there is no business without challenges. Every time they represent a "litmus test", which the Bank passed one more time. The first quarter of the new year netted profit. We can say that we have adapted to the new reality, and we are coming back to a growth trajectory. This was achieved by pulling up all of the Bank's internal resources — financial, organizational, and intellectual — in a constructive cooperation with the shareholders, and with the government's good judgment and support. Quickly responding to external challenges, the Bank brings the development objectives of particular business lines to the forefront, bearing in mind the balance between expected benefits and potential risks, optimizes spending, and adjusts its business model taking into account the changes in the macroeconomic and market situation, both the ones that have occurred and those that have been predicted. In the current environment, the Bank is concentrated on maintaining and developing its basic competencies and achieved competitive strengths, such as the strategic partnership with major Russian companies, its status of one of the key backbone banks, the universal nature of its business, and a solid foothold in the market.

Having secured a place for itself among the country's three largest banks, in terms of key performance indicators, Gazprombank is steadily enlarging its presence both in the corporate and retail segments of the banking business. Traditionally, corporate and private customer funds, money has been the foundation of the Bank's resource base. At year-end, those two segments had grown by more than 14%, with corporate funds climbing by over 10%, and deposits and accounts of private natural persons soaring by 34%. Of special note, amidst high costs of the resource base, the Bank still managed to keep revenues from its core activities (including reserves) at the previous year's level in 2015, and the overall bottom-line (excluding reserves) nearly doubled. A set of measures implemented by the Bank to enhance efficiency and to cut overheads is conducive to positive expectations regarding the bottom-line in the forthcoming reporting periods. Of utmost importance were the measures undertaken in the reporting year to increase the capital volume and to maintain the Bank's capital adequacy. A subordinated deposit taken out last April, and a privileged stock issue in August increased the Bank's equity capital to RUB 689.2 billion (a 28.6% rise from the previous year), which gave us the capacity to provide the required scope of funding to strategically important projects in Russian economy. Capital adequacy calculated in compliance with the requirements of the Basel Accord (Basel I) had grown from 12.4% in the beginning of the year to 14.2% by its end. Giving support to projects of national importance in the key industries of the economy has invariably been and remains a priority for the Bank.

Here, I refer to the implementation of large-scale infrastructure projects based on PPPs, encouragement of the upgrade and boosting the production of domestic machinery, equipment, consumer goods and services under import substitution programs, involvement in federal and regional programs promoting social economic development, contract management within the framework of government defense procurement and acquisition. The Bank took an active part in dealing with those matters and with the country's other strategically important affairs last year, and, no doubt, it will be involved in them in the future as well. We perceive in those activities the Bank's mission and a solid foundation for its sustainable growth and development.

Proceeding with the expansion of our lending business, we take full cognizance of the lessons learned recently. The reserves built up by the year-end as a contingency for potential losses on loans are not only fully consistent with the current risk levels associated with the Bank's loan portfolio, but also cover multiple times (4.3 times) the amount of its unserviced portion.

Focused on making its operations universal, Gazprombank consistently strengthens its position in the investment banking business. On a regular basis, we are ranked among the three largest arrangers of ruble-denominated bond issues, and we are ranked second among lead managers

of Eurobond issues of Russian issuers. The Bank is a leading M&A adviser to Russian enterprises, and is identified as one of the country's biggest management companies. Project and structured finance deals have won about two dozen national and international awards in the past few years. Of strategic momentum is the diversified portfolio of direct investments in the key sectors of Russian economy, and investments in some multinational companies of the oil and gas industry.

Social investments made in different regions of Russia on the basis of PPPs are a relatively new line of business for the Bank. In 2015, a three-year pre-school development program was successfully completed in Tomsk Region; under that program, Gazprombank funded the construction of 15 child daycare facilities for 2,500 children in 9 towns and districts. Cooperation with the region is an ongoing project, and now construction of schools is on the agenda. Similar programs with the Bank's involvement were carried out in the Yamal-Nenets Autonomous Area and are under way in the Republic of Sakha (Yakutia). A large PPP social project in healthcare provides for the construction of a new treatment and rehabilitation facility at city hospital No. 40 in St. Petersburg. An agreement to that effect was signed in late 2015, and it is scheduled to be implemented within the next few years.

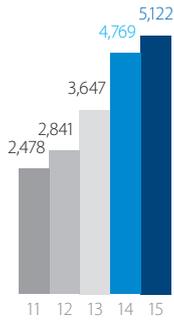
The Bank looks ahead with confidence.

Andrey I. Akimov

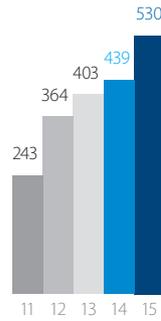
*Chairman of the Management Board,
Bank GPB (JSC)*

Key Performance Indicators

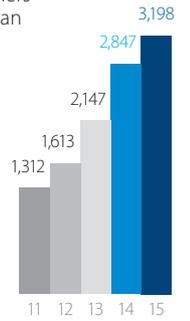
Assets, RUB billion



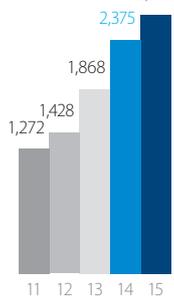
Equity (capital), RUB billion



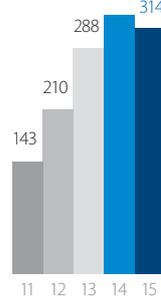
Loans provided to corporate customers before deducting loan loss provisions, RUB billion



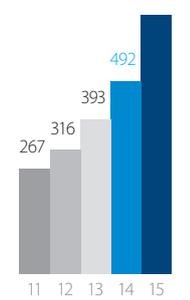
Amounts owed to corporate customers, RUB billion



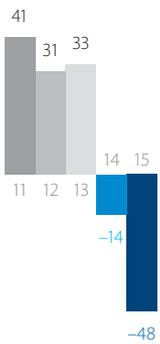
Retail loans before deducting loan loss provisions, RUB billion



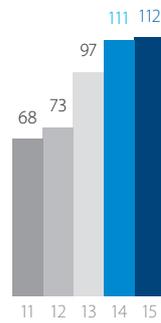
Amounts owed to individuals, RUB billion



Net profit (loss), RUB billion



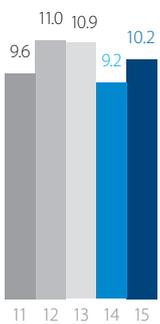
Operating income (normalized), RUB billion



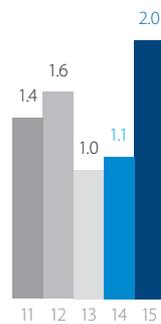
Capital adequacy (Basel I, II), %



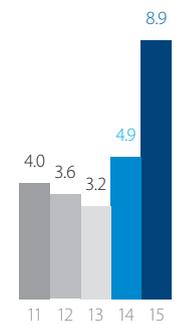
Tier 1 capital adequacy (Basel I, II), %



Ratio of non-performing loans to loan portfolio, %



Ratio of loan loss provisions to loan portfolio, %



1

Main Results for the Year and Business Development Objectives



External Environment

Russian economy adapts to a new international environment in 2015.

The fundamental conditions for global economic growth remained unstable in 2015. With the slight general growth deceleration (from 3.3% to 3.1% in terms of PPP¹), the world's largest economies were seeing slow growth rates amidst low commodity prices, a deflation risk and strengthening their currencies versus currencies of emerging countries. Most advanced countries continued their endeavors to stimulate economic activity and to manage deflation using quantitative easing programs. However, a recourse to those measures still had a weak impact on economic growth (1.8% in the EU; 0.4% in Japan), and failed to boost consumer prices (0.2% and 0.2% respectively). An attempt to roll back a QE program was successfully undertaken only in the U.S. Then again, the U.S. Federal Reserve tweaked the policy rate only by 0.25 p. p. in December, amidst quite unclear prospects of further hikes, and this step failed to produce a significant effect on long-term rates. Currency depreciation in emerging countries undermined demand for imports and left exports from advanced nations sluggish in terms of quantity. Prices for financial assets were highly volatile. Overexposure to dollar-based funding, strengthening of the dollar, a decline in prices for resources and slowdown in growth rates led to outflow of capital from developing countries and devaluation of their currencies. Russia's economy pursued its effort to adapt to an abrupt change in external economic conditions in 2015. Oil plunged from USD 98/barrel in 2014 to USD 51/barrel in 2015, bringing Russian exports from USD 498 billion to USD 340 billion, and, with a floating rate policy, depreciating the Russian currency from RUB 55.8 to RUB 69.7 per USD 1 (December 2014 and December 2015, respectively). Amidst declining hard currency earnings and restricted access to international capital markets, devaluation of the Russian ruble was

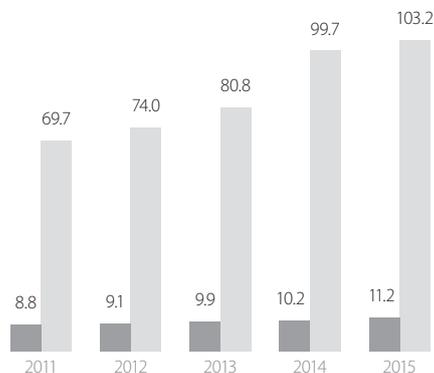
relatively moderate, with the Bank of Russia carrying out measures to stabilize the financial system. At REPO and liquidity auctions secured with non-marketable assets, the Bank of Russia extended more than USD 38 billion (April 2015), which helped the Russian banking system manage deficit of currency liquidity, and the private sector at large was able to repay successfully large amounts of external debts. A more stable situation in the FX market brought inflation rates from 15.5% to 12.9%, thus enabling the Bank of Russia to cut the key rate to 11% in August. Further rate cuts were put on hold amidst fears of further ruble devaluation caused by slipping oil prices (to USD 34/barrel by the end of 2015). Declining purchasing power of households, uncertainty with respect to the start of economic growth revival and tighter lending conditions resulted in a weaker investment activity (-7.6%) and real expenditure by households (-10.1%). Nevertheless, the GDP fell considerably less in 2015 (-3.7%) than in 2009 (-7.8%), backed up by growing efficiency of corporate governance, a still strong external demand for commodities and active import substitution in some industries (agro-industrial sector, chemical industry, plastics and textile industries). The federal budget deficit was up from 0.5% to 2.7% of the GDP. Ruble depreciation made up for the impact of the falling oil price on budget revenues. The gap was covered by the resources of the reserve fund. Outflow of foreign capital made the RTS index shrink from 1,192 to 874 points, while the MICEX index spiked from 1,430 to 1,685 points, boosted by devaluation of the ruble. Aggregate assets of the banking system (clear of FX revaluation) shrank by 1.6%, largely as a result of a declining lending activity. Deterioration of borrowers' financial standing undermined

¹ PPP means purchasing power parity

Assets and banking system capital, as % of GDP

■ Assets
■ Capital

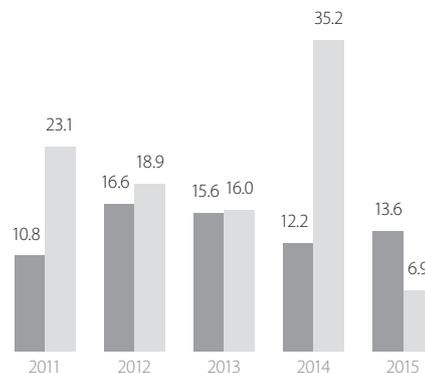
Sources:
Bank of Russia,
Rosstat



Growth of assets and banking system capital, as % year-on-year

■ Assets
■ Capital

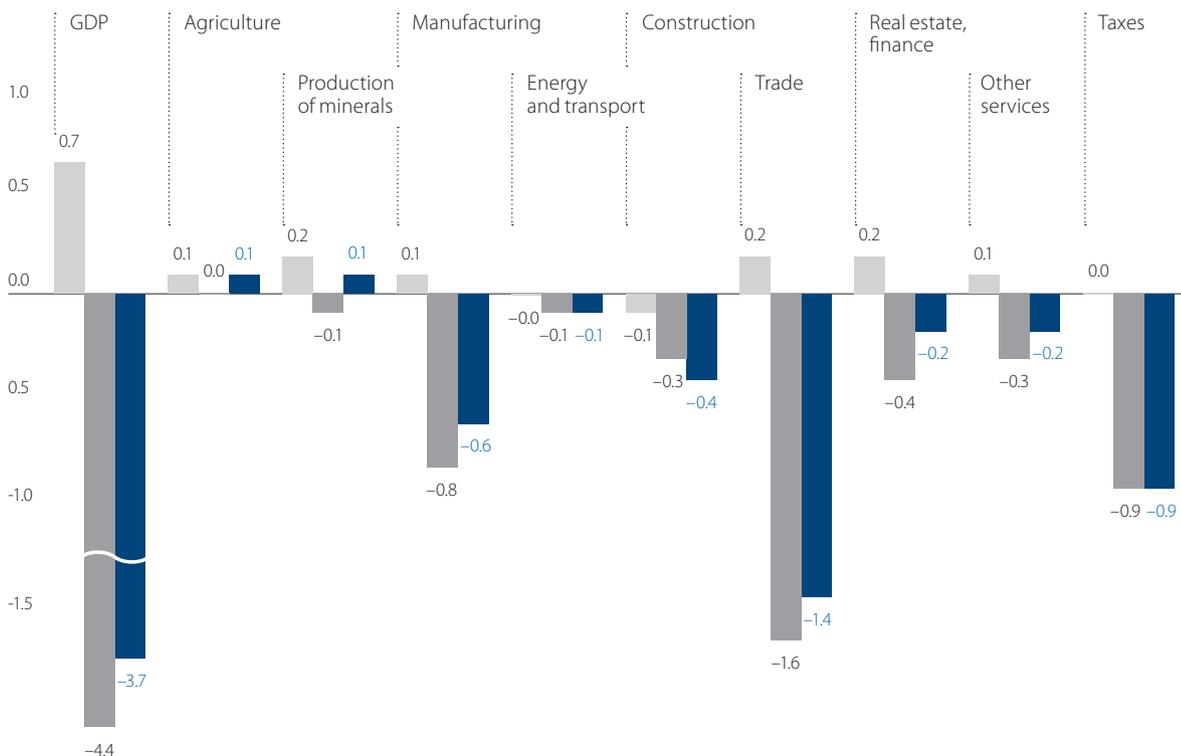
Sources:
Bank of Russia,
Rosstat



Annual GDP growth by sectors, p.p.

■ 2014
■ 2015
■ Delta

Sources:
Rosstat



demand for loans (the loan portfolio of private individuals, adjusted for FX revaluation, contracted (-6.3%), and that of legal entities stagnated (+2.5%)), and boosted overdue indebtedness (from 4.8% to 6.9%). In the course of 2015, banks were introducing stricter requirements for new borrowers and were massively piling up reserves as a contingency to make up for expected losses, which diminished the net profit of the banking system to RUB 192 billion (versus RUB 589 billion in 2014).

High key and deposit rates incentivized cash flows incoming to the banking system, which helped banks increase their liquidity and decrease their dependence on relatively expensive public money, with the net liquid position of banks dwindling from RUB -5.7 to -1.7 trillion over the year. With capital inflows staying at the same rates, the banking system was able to keep up its high stability and to create a resource base that would enable it to resume lending activities as soon as economic growth picks up.

1.2

Financial Performance

As a resounding success of 2015, noteworthy is the Group's ability to keep solid banking earnings at pre-crisis levels.

The main indicators of GPB Group's financial performance are specified below in accordance with its IFRS Consolidated Financial Statements for 2015 (RUB billion).

	31.12.2015	31.12.2014	Change
Assets	5,122.2	4,768.5	+7.4%
Equity (capital)	530.4	439.0	+20.8%
Cash and cash equivalents	633.5	830.3	-23.7%
Loans provided to corporate customers ¹	3,198.0	2,847.0	+12.3%
Retail loans ¹	314.4	330.4	-4.8%
Securities ²	707.9	424.4	+66.8%
Amounts owed to corporate customers	2,623.0	2,375.5	+10.4%
Amounts owed to individuals	658.7	492.0	+33.9%
Borrowings from capital markets ³	475.3	565.3	-15.9%
Subordinated deposits	207.7	131.9	+57.5%
	2015	2014	Change in 2015/2014
Net loss	(47.7)	(13.7)	-
Comprehensive loss	(24.9)	(1.2)	-
	31.12.2015/ 12 months of 2015	31.12.2014/ 12 months of 2014	Change
Capital adequacy⁴	14.2%	12.4%	1.8 p. p.
Tier 1 capital adequacy⁴	10.2%	9.2%	1.0 p. p.
Ratio of non-performing loans⁵ (NPL) to loan portfolio	2.0%	1.1%	+0.9 p. p.
Ratio of loan loss provisions to loan portfolio	8.9%	4.9%	+4.0 p. p.
Ratio of loans provided to customers¹ to amounts owed to customers	107.0%	110.8%	-3.8 p. p.
Net interest margin⁶	2.5%	3.2%	-0.7 p. p.
Cost of credit risk⁷	3.7%	1.8%	+1.9 p. p.
Ratio of operating expenses to operating income⁸	41.8%	47.1%	-5.3 p. p.

¹ Before deducting loan loss provisions.

² Including securities for trading, investments available for sale, investments in associates and investments held to maturity.

³ Including bonds issued and syndicated interbank loans.

⁴ According to recommendations issued by the Bank for International Settlements (Basel I).

⁵ Loans are qualified as non-performing in case of failure to repay the principal amount or interest for 90 days or longer, or in case of the counterparty default.

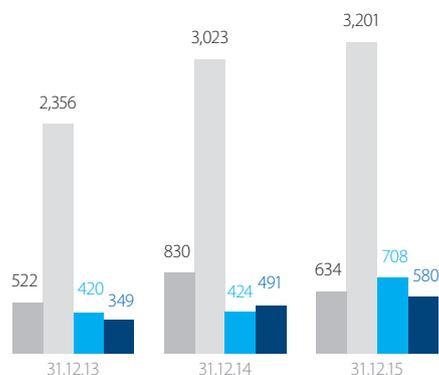
⁶ The ratio of net interest income generated in the reporting period to average interest-earning assets as of the end of each quarter in the reporting period. Interest-earning assets include fixed-term deposits in banks, loans provided to customers and debt securities (all before deducting loan loss provisions).

⁷ The ratio of expenditure on provisioning for depreciation of interest-earning assets in the reporting period to the time average of interest-earning assets as of the end of each quarterly period included in the reporting period.

⁸ Operating expenses include salary and other payments to personnel, and administrative expenses relating to banking activities. Operating income includes net interest income, non-interest income and operating profit from non-banking activities.

Assets dynamics, RUB billion

- Cash and cash equivalents
- Net loans to customers
- Securities
- Other assets



In a complicated economic situation of 2015, the key undertaking faced by the Group was to find an adequate response to the challenges of the external macroeconomic environment. As a resounding success of 2015, noteworthy is the Group's ability to keep solid banking earnings (in terms of both interest income and fee-based income) at pre-crisis levels and to make the full use of the opportunities that came up in financial markets last year. The negative impact of crisis-induced phenomena in economy manifested itself in the maximum volumes of reserves piled up in 2015 as a contingency for depreciation of interest-earning assets. In that context, the Bank was focused on the measures to increase its capital (capital top-up), and those safeguards, once put in place, allowed the Bank to create a significant capital adequacy reserve, and, consequently, to react to external challenges with confidence.

1.21 Business Volume: Key Indicators

According to the IFRS consolidated financial statements, as of 31.12.2015, the Group's assets were up 7.4%, to RUB 5 122.2 billion.

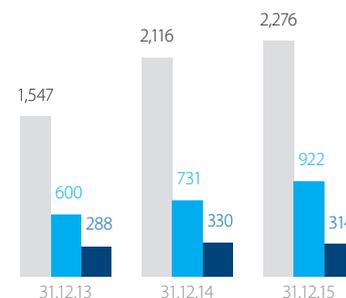
In 2015, the Group optimized the percentage of cash and its equivalents within the Group's assets, by redistributing cash in the liquid securities portfolio and carrying out scheduled redemptions of public borrowings in capital markets. The percentage of cash liquidity within the Group's assets dropped from 17.4% to 12.4%. In absolute terms, cash shrank from RUB 830.3 billion as of the end of 2014 to RUB 633.5 billion as of 31.12.2015.

The Group's aggregate loan portfolio⁹ increased by 10.5% from the end of 2014, to RUB 3,512.4 billion,

⁹ Inclusive of the reserve for contingent depreciation.

Loan portfolio dynamics, RUB billion

- Commercial lending
- Specialized lending
- Loans to individuals

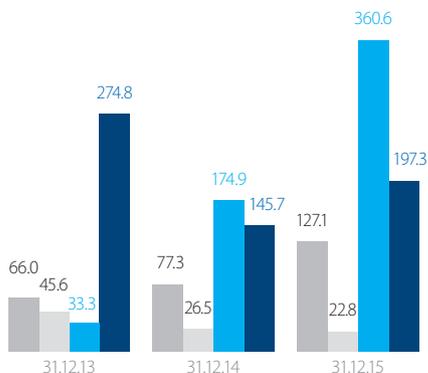


and it accounted for 62.5% of the Group's assets, with its percentage remaining stable within the asset structure in the course of 2015. Corporate loans⁹ grew by 12.3% from the end of 2014, to RUB 3,198.0 billion (91.1% of the aggregate loan portfolio). Retail loans had declined by 4.8% to RUB 314.4 billion by the end of 2015 from RUB 330.4 billion as of 31.12.2014. The Group's securities portfolio in the 12 months of 2015 surged by 66.8% from the end of 2014, to RUB 707.9 billion. Two main factors contributed to the portfolio gain, one being the expansion of the portfolio of government debt securities boosted by federal loan bonds received from the Deposit Insurance Agency, a state-owned corporation, as payment for the Bank's additional preferred stock issued in August 2015, and enlargement of investments in affiliated companies. The greater part (78.8%) of the securities portfolio is comprised by fixed-income instruments representing allocations to Russian government debt instruments, and by bonds and bills of Russian issuers. More than 60% of the Group's debt securities portfolio is included in the Lombard List of the Bank of Russia. As of 31.12.2015, the Group's securities portfolio accounted for 13.8% of the Group's assets, up by 4.9 p. p. since the beginning of the year. The funds of corporate and private customers, the core of the Group's resource base, amounted to RUB 3,281.7 billion, a 14.4% rise from the end of 2014. Corporate funds climbed 10.4%, to RUB 2,623.0 billion, and deposits and accounts of private individuals were up by 33.9%, to RUB 658.7 billion. Client money in the Group's liabilities increased by 5.2 p. p., to 71.4%, from the end of 2014.

Borrowings in capital markets, including bond issues in international and Russian markets, and involvement

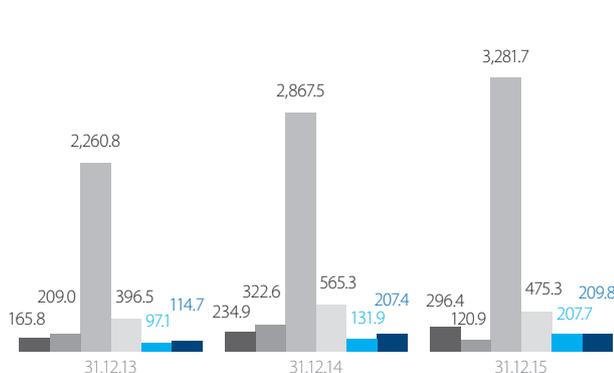
Securities portfolio, RUB billion

- Debt securities reported at fair value
- Debt securities reported at amortized cost
- Traded shares
- Non-traded shares



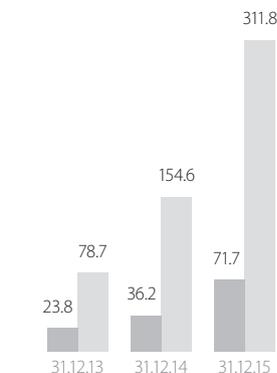
Resource base distribution, RUB billion

- Amounts owed to banks
- Amounts owed to the Bank of Russia
- Amounts owed to customers
- Borrowings from capital markets
- Subordinated debt
- Other liabilities



Asset quality indicators, RUB billion

- Non-performing loans
- Loan loss provisions



in inter-banking syndication amounted to RUB 475.3 billion, down 15.9% from the end of 2014, as scheduled redemptions were carried out. During 2015, the Group redeemed three Eurobond issues with the nominal value of CHF 500 million, USD 948 million and RUB 15 billion; in addition, RUB 48.4 billion worth of ruble-denominated bonds were redeemed using the buyback option. On the back of those transactions, borrowings from capital markets account for a moderate percentage of the resource base — as of 31.12.2015, it accounted for 10.4% of the Group's total liabilities.

As of 31.12.2015, the funds borrowed from the Bank of Russia and secured by loans to customers and by securities equaled RUB 120.9 billion, down by RUB 201.7 billion from 31.12.2014. Borrowings from the Bank of Russia make for a moderate 2.6% in the Group's liabilities.

12.2 Asset Quality Indicators

The economic downturn continues to undermine the financial soundness of the Group's customers, thus, affecting the credit quality of the Group's assets. For instance, as of 31.12.2015, the ratio of unserved debt to the total loan portfolio was 2.0%, compared to 1.1% as of 31.12.2014. Unserved debt includes loans under which the principal or interest was recorded as outstanding for 90 days or more, and also default ones.

In the meantime, the ratio of the reserves accumulated as a loan loss provision to the total loan portfolio increased by 4.0 p. p. to 8.9% from a year before. The reserves accumulated as a loan loss provision are 4.3 times as big as the amount of unserved debt.

1.2.3 Financial Performance

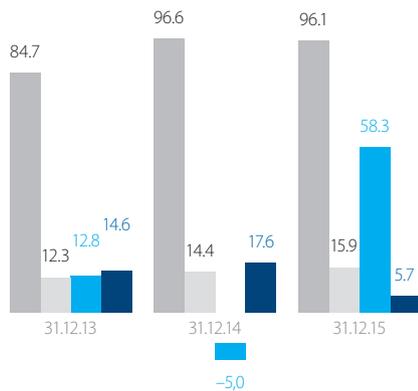
While core commercial banking operations (net interest income and fees) continue to generate stable income on pre-crisis levels and both trade and investment incomes added significantly, the Group reported a net loss of RUB 47.7 billion in 2015 as opposed to a net loss of RUB 13.7 billion in 2014. The comprehensive loss, which includes, inter alia, revaluation of non-trade investments and positive FX revaluation of the Group's foreign investments, totaled RUB 24.9 billion versus a comprehensive loss of RUB 1.2 billion in 2014.

The main reason behind the Group's negative financial result in 2015 includes considerably bigger expenses on establishing reserves for contingent depreciation of interest-earning assets, as a result of the deterioration of the credit quality of the Group's assets. The outlays on reserves for contingent depreciation of interest-earning assets were at all-time high in 2015, totaling RUB 139.5 billion versus RUB 54.2 billion a year before. In consequence, the cost of credit risk as an indicator of the Group's credit exposure climbed to 3.7% in 2015 as opposed to 1.8% in 2014.

Basically, the Group's stable income from core commercial banking operations, including the net interest income inclusive of the reserves for contingent depreciation of interest-earning assets and the net fee income, stayed at the 2014 level; they added 0.9% and totaled RUB 112.0 billion versus RUB 111.0 billion one year earlier. Their percentage in the Group's operating income was down from 89.8% in 2014 to 63.6% in 2015, as the percentage of income generated from securities operations increased significantly in the Group's comprehensive operating income.

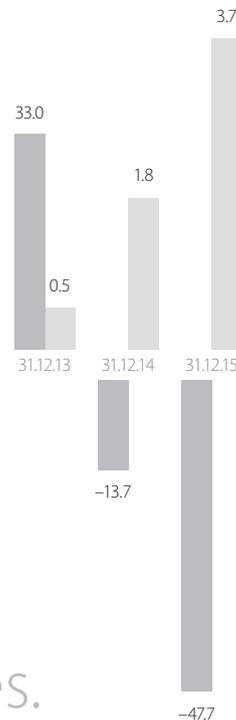
Distribution of operating income, RUB billion

- Net interest income
- Commission income
- Net income from trading in foreign currencies and securities
- Other income



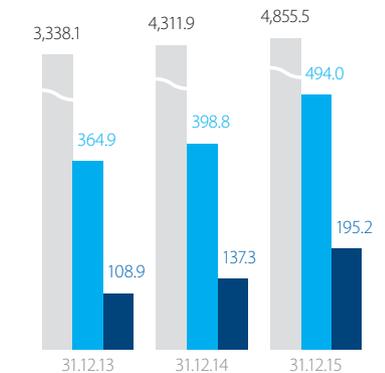
Operating profitability

- Net profit, RUB billion
- Cost of risk, %



Capital adequacy indicators, RUB billion

- RWA
- Tier 1 capital
- Tier 2 capital



Faced with a challenging economic environment, the Bank was focused on capital top-up measures.

A relatively weaker volatility of financial markets in 2015, and recognition of revenue from the Group's equity investments were the factors that helped the Group report positive performance from securities operations in the amount of RUB 50.2 billion. In 2014, the Group posted a loss of RUB 9.5 billion on securities operations as its financial performance. The comprehensive financial result from trading in securities includes both realized and unrealized results from trading in securities, and also the change in the value of the Group's equity investments and the results from trading in derivatives.

The operating income generated by the Group's non-banking segments was down by 36.0% year-on-year, to RUB 5.3 billion, in 2015.

Consequently, the Group's operating income (minus the reserves for contingent depreciation of interest-earning assets) went up by 42.4% year-on-year, to RUB 176.0 billion.

on the figures included in the consolidated IFRS statements increased by 28.6% from the end of 2014, to RUB 689.2 billion. The growth factors that boosted the total capital were the subordinated deposit in the amount of RUB 38.4 billion provided to the Bank by the Government of the Russian Federation in April 2015, and a new issue of privileged stock worth RUB 125.7 billion purchased by the Deposit Insurance Agency, a state-owned corporation, in August 2015. During 2015, the Group's total risk-weighted assets grew by 12.6%. At the same time, the above-mentioned increase of the Group's total capital helped completely mitigate that effect and create comfortable capital adequacy levels for the Group's future. As of 31.12.2015, the Group's capital adequacy was 14.2%, up from 12.4% as of 31.12.2014. Tier 1 capital adequacy was 10.2% versus 9.2% at year-end 2014.

1.24 Capital Adequacy

In the 12 months of 2015, the Group's total capital calculated in compliance with the requirements of the Basel Accords (Basel I) and based

1.3

Positioning

Domestically, Bank GPB (JSC) remains in the lead, reaffirming its stable position as one of the top three banks in terms of key volume indicators.

Share of Bank GPB (JSC) in the key indicators of the Russian banking system (RAS), %

	Assets	Capital	Loans to corporate customers	Loans to individuals	Amounts owed to corporate customers	Amounts owed to individuals
As of 01.01.2015	5.9	6.3	8.5	2.7	11.5	2.5
As of 01.01.2016	6.0	7.3	8.5	2.7	11.1	2.7

Growth rates in 2015: Bank GPB (JSC) vs. Russian banking system, %

	Assets	Capital	Loans to corporate customers	Loans to individuals	Amounts owed to corporate customers	Amounts owed to individuals
Banking system	6.9	13.6	12.8	-5.7	13.6	25.2
Bank GPB (JSC)	7.5	29.2	13.3	-4.5	9.6	34.1

1.4

Ratings

The Bank's current ratings are supported by its strong position in the market and systemic importance.

As of 31.12.2015, the following long-term credit ratings were assigned to Gazprombank:

Standard & Poor's

- BB+ (long-term foreign currency credit rating) — negative outlook;
- ruAA+ (long-term national scale rating).

Fitch Ratings

- BB+ (long-term foreign-currency issuer default rating) — negative outlook;
- AA+(rus) (national scale rating) — stable outlook.

Moody's Investors Service, Moody's Interfax

- Ba2 (long-term foreign-currency deposit rating) — negative outlook;
- Aa2.ru (long-term national scale rating).

Dagong Global Credit Rating

- A- (long-term foreign currency credit rating) — stable outlook.

Expert RA

A++ (national scale creditworthiness rating).

Gazprombank's long-term foreign currency credit ratings were consistent with the sovereign rating of the Russian Federation awarded by Standard & Poor's and were one grade lower than Russia's rating awarded by Moody's Investors Service and Fitch Ratings.

In 2015, international rating agencies downgraded sovereign ratings of the Russian Federation, following up with similar moves in respect to the Bank's rating.

On 26.01.2015, Standard & Poor's downgraded Russia's foreign currency sovereign rating from BBB- to BB+, and followed up with downgrading the Bank's rating from BBB- to BB+ on 04.02.2015.

After Fitch Ratings dropped Russia's long-term foreign currency rating from BBB to BBB- on 09.01.2015, the agency downgraded Gazprombank's rating from BBB- to BB+ on 16.01.2015.

In 2015, Moody's downgraded Russia's sovereign rating twice, ultimately to Baa3.

On 18.03.2015, Gazprombank, the first of Russian issuers, was awarded an A- rating with stable outlook by Dagong Global Credit Rating, a Chinese international rating agency.

The Bank's current ratings result from its traditionally strong position in the lending market, specifically due to loans to large corporations, the systemic importance of the Bank, high probability of receiving government support when necessary, a comfortable liquidity level adequate for debt servicing, and a diversified funding structure.

1.5

Business Development Strategy and Objectives in 2016

Strategic partnerships with major Russian companies, a strong market position and a universal nature of its business give the Bank a competitive edge.

Over the past few years, Gazprombank has made significant progress in the implementation of its key strategic objectives identified by the Board of Directors (Main Objectives for the Development of GPB Group's business through 2015), including the following:

- The Bank has strengthened its position in the banking sector as the third largest bank in terms of assets.
- The Bank's capital has increased significantly, which contributed to GPB Group's stable development and ensured compliance with all regulatory requirements.
- There has been a tangible rise in the volume for the areas of business identified by the Board of Directors as top priorities (corporate lending, including investment finance and retail banking).
- The share of regular income (interest and fees) in the overall income of the Bank has increased.

Deterioration of macroeconomic and market conditions due to an array of factors, including imposition of economic sanctions by Western countries, puts forward additional requirements to the Bank's operations. With its well-timed response to the external challenges, Gazprombank promptly updates development objectives of individual business areas, taking into account the balance between expected benefits and potential risks, and adapts its current business model to the changes in the macroeconomic and market situation.

In the current complicated environment, Bank GPB (JSC) is marshaling efforts to develop its key competences and competitive strengths, which include strategic partnership with major Russian companies, a strong market position and a universal

nature of its business. To achieve that goal, the following steps are envisioned:

- to ensure a stable structure of the Bank's account balance and capital adequacy;
- to participate in government initiatives to for stable economic development;
- to develop an internal banking framework for asset quality management and to improve management of potentially distressed debt with the aim of minimizing credit risks;
- to enhance internal efficiency all over GPB Group through optimization of expenses and identification of new income sources.

Subject to the economic conditions, work to enhance efficiency and to optimize the structure of the corporate and investment business will be continued in 2016. With a bigger risk exposure of its business, the Bank identifies reallocation of the loan portfolio to more reliable segments of Russian economy, optimization of the currency structure of the loan portfolio, and realizing the potential of cross-sales as its priorities. Amidst limitations on access to Western capital markets and restrictions on fundraising, the Bank will continue to improve investment banking services trying to cater to the changes in the customer demand.

One of top priority missions of GPB Group is to maintain stable long-term relations with strategic customers. To do so, the Bank will continue to back up financially key Russian companies carrying out projects in vital industries of economy. Bank GPB (JSC) intends to maintain its presence in the market in financing investment projects essential to the Russian economy. In doing so, the Bank is considering refinancing options using the funds

Promptly responding to external challenges, Gazprombank directs its efforts at fostering its key competencies and enhancing its competitive edge.

from the Bank of Russia and the National Wealth Fund. These include PPP-based projects, infrastructure projects, projects for manufacturing and supply of local equipment, goods and services as part of import substitution initiatives, projects implemented under state-run development programs and targeted federal programs, projects by major state-owned companies, etc.

At the regional level, the Bank is determined to further develop cooperation with local authorities and private enterprises to implement PPP-based projects for construction of transport infrastructure, as well as social, healthcare and housing facilities in the Russian regions. Considering the measures of the Russian Government aimed at developing small and medium-sized enterprises, the Bank will continue to provide services to medium-sized customers. In the meantime, the main criterion for the Bank in making lending decisions remains the borrower's creditworthiness and reliability. The Bank plans to increase earnings from its retail

business, and contemplates changes in the loan portfolio structure. In its retail business, Gazprombank continues to focus primarily on its core customer base represented by employees of its corporate clients and high net worth individuals. Improvement of the quality of the services provided to retail customers, diversification of the functionality of remote sales channels, centralization of services are important tasks in the development of the retail customer service system. In that sector, the Bank will be striving to improve the bottom-line of its operations by offering a broader range of fee-based products to its customers (payroll projects and bank cards, including cards issued by the MIR payment system) and secured lending (mortgage loans), with requirements for borrowers as high as before. To improve the Bank's stability in a highly volatile business environment and ensure continuous business operations during the period of sanctions, special attention is being paid to the creation of a well-balanced and well-diversified resource base. To achieve that, the Bank will continue to implement measures providing for a wider range of opportunities to access funding sources, using expansion of operations in the Russian debt market and trying to get access to new international capital markets, and to enlarge the base of potential investors. Responding to the economic challenges of today, the Bank undertakes focused actions to optimize costs, boost productivity and efficiency of the key business processes and technologies.

2

Sustainable Development



Customer Base

By the end of 2015, amounts raised from corporate customers of Bank GPB (JSC) had increased by 10.4%, totaling RUB 2,623 billion.

In 2015, Bank GPB (JSC) continued to develop cooperation with Gazprom Group. In early 2015, in compliance with the assignment of the President and the Government of the Russian Federation to establish centralized treasuries in publicly owned corporations, a new cash management product was successfully launched for Gazprom Group; it is a material cash pooling service with an overdraft facility on the head company's account (using the end-of-day technology). The product allows for effective liquidity management within a group of companies and for the outsourcing of certain functions to the Bank, e. g. automatic consolidation of a group's funds (a pool) in one master account selected by the customer and further automatic funding of the pool members' payments from master accounts (inter alia, using an overdraft facility). A pilot project for cash concentration (in which five PJSC Gazprom subsidiaries took part) where Gazprom Group managed to optimize intragroup liquidity management processes and to minimize operating risks, proved high efficiency and full compliance with the customer's requirements. Today, the cash concentration service functions in the commercial operation mode, with 20 subsidiaries of PJSC Gazprom connected to it, and more on the way, as the Bank is working to connect other Group companies one by one. Ultimately, the pool will enlarge its membership to about 300 enterprises contributing to Gazprom Group's consolidated statements prepared in accordance with IFRS. An agreement to provide host-to-host services has been signed with PJSC Gazprom.

Within the framework of collaboration with Novatek Group, the aggregate limit of the credit risk was raised. Funding has been provided under the Yamal LNG

project and another one, envisaging development of gas field in the Yamal-Nenets Autonomous Area (JSC ARCTICGAZ). A continuous effort is being made to have all Group companies serviced by the Bank. In 2015, within the framework of public-private partnerships (PPP) projects, a joint program with "Production company "VIS", LLC was implemented to finance construction of daycare facilities and schools in the Yamal-Nenets Autonomous Area. In another PPP, work has been started to carry out a project to finance construction of pre-school, general school and advanced education and culture facilities in the Republic of Sakha (Yakutia).

The Bank continued to finance day-to-day operations of energy sector enterprises, and was involved in the funding of the projects to build a 230 MW CCGT at Kazan CHPP-1 and the Razdolinskaya — Taiga substation (based on a company established jointly by PJSC Federal Grid Company of Unified Energy System and JSC Polyus) under an investment projects support program. As part of the mission to establish a centralized treasury, Rosseti Group has been connected to a new and more sophisticated technology that enables the notional cash pooling. The technology connects the accounts of pool members open at any Bank division (head office or branch) in a single service. Furthermore, one of the Bank's biggest customers in the energy sector, Inter RAO Group, has been switched over to the new technology. The service facilitates intragroup liquidity management as it helps identify the ideal equilibrium between borrowed money and credit balance on a group's accounts. The mechanism underpinning the service does not imply any real cash flow between accounts of pool members. An agreement was concluded with PJSC Inter RAO to define the terms

and the SWIFT SCORE procedure of message exchange, which helps exchange e-docs with Bank GPB (JSC) via a centralized gateway.

The Bank continued its long-term cooperation with Rosneft, Gazprom Neft PJSC, Zarubezhneft JSC, PJSC SIBUR Holding, PJSOC Bashneft, Surgutneftegaz OJSC, PJSC Lukoil. In the course of 2015, the Bank introduced and enlarged the cash management functionality for its customers. The updated functionality was appreciated by Gazprom Neft PJSC,

Bank GPB (JSC) has become a partner for State Space Corporation Roscosmos set up in 2015.

PJSC SIBUR Holding, PJSOC Bashneft and Transbunker Group companies. A pilot project to manage cash logistics of Gazprom Neft PJSC service stations in St. Petersburg using automatic safe boxes was successfully implemented, which allowed the company to make considerable time cuts when depositing earnings to accounts and to manage its cash flows in real time. The number of Gazprom Neft PJSC subsidiaries participating in the centralized document management built on the basis of the host-to-host technology has expanded significantly. Gazprombank is a strategic partner of major Russian metallurgical and coal enterprises. In 2015, the Bank was active in that sector, providing ongoing and investment financing, including a project to build a casting and rolling complex of Tulachermet Steel, LLC. The Bank acted as an arranger in bond issues for a number of companies, such as Evraz Group, Metalloinvest Management Company, LLC and PJSC NLMK. Banking products and services were provided to both metallurgical holdings (PJSC TMK, PJSC MMC NORILSK NICKEL, PAO Severstal, OJSC MMK, UC RUSAL) and coal mining companies (JSC SUEK, JSC SBU-Coal, OJSC Russian Coal). A notional cash pooling project was implemented for a group of companies called United Metallurgical Company (OMK). The list of Evraz Group enterprises connected

to the SWIFT SCORE service was expanded in 2015 to include enterprises operating in the Siberian Federal District and having accounts open with the Kemerovo branch of Bank GPB (JSC). A significant progress has been achieved in further development of partner relations with the Russian Direct Investment Fund (RDIF), with accounts open for its management company and enterprises engaged in various projects; and joint efforts involving a wide range of banking products are under way. In 2015, the Bank's strategic partnership with Sistema JSFC was given a new boost, as three bond issues took place arranged by Bank GPB (JSC).

Bank GPB (JSC) is a backbone bank of the nuclear power industry of the Russian Federation and maintains leadership in servicing cash flows of ROSATOM State Corporation enterprises. In 2015, the Bank lead-managed issues of listed bonds of JSC AEP, and was successful in launching services to take account of subsidized meals on payroll cards and to accept payments via the Bank's ATMs and terminals. ROSATOM SC continues to be an active user of the host-to-host service.

Bank GPB (JSC) has become one of the backbone banks for State Space Corporation ROSCOSMOS established in 2015, and, inter alia, it provides cash management and payment services, handles documentary transactions, and invests temporarily available funds.

Gazprombank was involved in a project to build and launch Express AMU1, a communications and broadcasting satellite (customer: Russian Satellite Communications Company). COFACE (France), an export credit insurance agency, was also involved in the deal. In 2015, FSUE Rosmorport and all of its branches continued to use our Corporate Payment & Settlement Center, using the cash concentration service. The company regards Bank GPB (JSC) as a backbone bank, with more than 50% of FSUE Rosmorport's revenue held on the settlement accounts open with the Bank.

In 2015, mutually beneficial relations with Rostec State Corporation evolved actively, with two large newly established holding companies, JSC United Instrument Manufacturing Corporation and JSC National Immuno Biological Company, becoming the Bank's customers. Using the host-to-host technology, the Bank has carried out a project to integrate

the centralized treasury of Rostec State Corporation with the Bank's automated system, on the basis of the Corporate Payment & Settlement Center. Gazprombank lead-managed two issues of listed bonds for OJSC Power Machines. In 2015, e-document exchange was launched using the host-to-host technology between JSC United Shipbuilding Corporation and Gazprombank.

Last year, Bank GPB (JSC) was included in the list of authorized banks to support government defense procurement and acquisition. Favorable terms were offered to enterprises performing functions of head contractors or contractors under government defense procurement contracts, a bank account number pre-registration technology was implemented, as well as a special procedure for opening such accounts with the Bank's offices and branches. In 2015, Gazprombank introduced a fundamentally innovative extritorial banking technology to service settlements under defense procurement and acquisition contracts. The Bank's specialists have designed an automated system of budgetary control of defense procurement and acquisition, which helps review and accept customer payment orders online. The Bank has also established relevant internal regulations, procedures, and dedicated software. From September to December 2015, the Bank opened and pre-registered over 10,000 separate accounts and carried out more than 11,000 customer transactions under the government defense procurement contracts. The total amount of serviced contracts exceeded RUB 300 billion. The list of customers includes JSC RPC URALVAGON-ZAVOD, JSC Corporation Kometa, JSC VEGA Corp., JSC Russian Space Systems, JSC Voentorg, enterprises of the Federal Agency for Special Construction (Spetsstroy of Russia), JSC FEP Zvezda and others. In compliance with the requirements of the law on government defense procurement and acquisition, Gazprombank became the principal settlement bank providing banking services under government defense procurement and acquisition contracts for enterprises of the Spetsstroi of Russia in 2015. In keeping with the resolution of the Government of the Russian Federation on banking services provided under contracts and interaction with corporate customers, the Bank concluded agreements on advanced banking services and monitoring with a number of new corporate customers, including

JSC Stroytransgaz, Samaratransstroy, LLC, JSC Gidroremont – VKK, State Company Russian Highways, Samara Region Public Roads Maintenance Agency, JSC BashkirAvtodor, JSC SverdlovskAvtodor. By way of a pilot project in the energy sector, a new service was designed for JSC Gidroremont–VKK, to provide banking services under a construction contract in the Republic of Bashkortostan. In addition, the Bank provided banking support services to companies of Gazprom Neft Group and Rosneft Group.

In 2015, large projects were implemented in the transport and infrastructure sectors. Bank GPB (JSC) provided funding under a project to create an automated road toll system for vehicles heavier than 12 tons (Platon system) carried out by RT-Invest Transportation Systems, LLC, and made arrangements for relevant merchant acquiring services. In 2015, RT-Invest Transportation Systems, LLC began to exchange e-docs with Gazprombank using the host-to-host technology.

Last year, the Bank pursued cooperation with major Russian universities, including the Russian Presidential Academy of National Economy and Public Administration (RANEPA), MSPU, MGIMO — University of the Ministry of Foreign Affairs of the Russian Federation, National University of Science and Technology "MISIS", SPbSEU, Nizhny Novgorod State Technical University named after R. E. Alekseev, Tyumen State Oil and Gas University, FEFU and many others. The interim outcome of interaction with educational institutions was the implementation of campus projects for more than 100 universities across Russia; within the framework of those projects, the Bank has issued and maintains more than 270,000 campus cards, and has accepted endowment funds of 27 major universities for fiduciary management. The Bank continued active interaction with major museums, including the Pushkin State Museum of Fine Arts, the State Hermitage Museum, the State Tretyakov Gallery, the State Russian Museum, and the State Museum Reserves of Peterhof, Tsarskoye Selo and Gatchina. In 2015, the State Darwin Museum, the Central Naval Museum, the Tula State Arms Museum became the Bank's customers.

The Bank has expanded its customer base among sports organizations. The Bank now has among its customers the Russian Ice Hockey Federation and the Russian Basketball Federation, hockey clubs Spartak (Moscow), Dynamo (Moscow) and Admiral (Vladivostok),

members of the Continental Hockey League, a long-standing customer and partner of the Bank. In 2015, a line of hi-tech settlement products, the Corporate Settlement Center and cash concentration was made available to Gazprom Media, the Russia's biggest media holding. Interaction with asset management companies and private pension funds was enlarged, with MDM Asset Management, LLC, BIN Finam Group, LLC, Atomfond, a nongovernment pension fund, OJSC RGS, a nongovernment pension fund, and others brought

In 2015, a major export finance deal was arranged together with EXIAR.

in as customers. The Bank has reaffirmed its leadership in servicing cash flows generated from retirement savings and pension reserves. The Bank pioneered collaboration with entities of a new business form — investment partnerships, such as North Energy Ventures, LLC, TONAP-Venture, LLC. Over the past year, systematic work with insurance firms, the Bank's partners, was set up and intensified, in order to enhance efficiency of insurance cover of the property pledged to the Bank. The list of fee-based insurance products sold by the Bank to customers, including both legal entities and private individuals, through cross sales has been enlarged.

In 2015, the Bank carried on dynamic relations with agribusinesses and food industry enterprises. The first major export finance deal was consummated. The Bank executed a loan agreement for USD 150 million with INTERGRAIN S.A., a subsidiary of Sodrugestvo Group, a leading processor of oil seeds in the CIS and Europe. The Bank finances exports of agricultural products of Sodrugestvo Group to European market. Insurance coverage in the deal is provided by the Russian Agency for Export Credit and Investment Insurance (EXIAR). The deal is a major agribusiness export transaction for both the Bank and EXIAR.

The Bank was active in installing the automatic safe boxes for cash collection across the Victoria retail chain (DIXY Group), the chain of Gazpromneft service stations (Gazprom Neft PJSC) and offices of Aeroexpress, LLC. Pilot projects implemented at several POS were found successful, and agreements were achieved to roll out the service across the chain. Pilot cash collection projects using automatic safe boxes were implemented for major nationwide chains, such as Magnit, O'KEY, Ulmart, etc. An automatic cash collection box installed by Gazprombank is a valuable time-saving device, and all a customer needs to do is to put sale proceeds into the automatic safe box, and just a few minutes later the money will be credited to his/her settlement account. Cash collection using automatic safe boxes is designed first and foremost for retail sector companies operating nationwide or regional grocery or FMCG chains.

In 2015, the Bank pursued vigorous operations across the retail sales industry. As interaction with the Ulmart retail chain was expanding, acquiring services became available at more than 200 POS across the chain; an acquiring project at Rive Gauche was scaled up. In 2015, the Bank became a strategic partner of ROSINKAS, a Russian cash collection association, providing a package of services. An integrated cooperation project was launched, and there are plans to open accounts for 77 territorial divisions of ROSINKAS, to invest free funds, to accomplish payroll projects, etc.

In 2015, Bank GPB's e-trading platform was ranked first in the e-procurement market, in terms of trading volumes. The number of customers was up by 80%, with the biggest of them being Surgutneftegaz OJSC, OJSC Gazprom neftekhim Salavat, insurance company JSC SOGAZ-Med. The number of vendors doubled. A PJSC Gazprom trading portal is also successful as a working project.

Pursuing relations with companies operating in CIS countries, the Bank extended a 10-year investment loan to the State Oil Company of the Azerbaijan Republic (SOCAR). The funds will be used to finance construction of two SOCAR Polymer factories designed to manufacture high-density polypropylene and polyethylene at the Sumgait Chemical Industrial Park. As part of the project, delivery of Russian equipment manufactured by OMZ Group is contemplated.

2.2

Commercial Lending

By the end of 2015, commercial lending was up 8%, to RUB 2,276 billion.

In 2015, amid a complicated economic environment and contracted demand for borrowed funds, Bank GPB (JSC) has managed to hold its position as a lender to majors of the Russian economy. The sectorial loan portfolio profile did not change much in the reporting period. The bulk of loans covers the key industries: iron and steel industry, power sector, oil and gas upstream and downstream, mining, agribusiness, machine-building, and trade.

The Bank is focused on attracting and keeping the most promising and reliable segment of borrowers with high creditworthiness.

Gazprombank pursues active collaboration with enterprises of iron-and-steel and non-ferrous industries. The list of its customers includes major metallurgical holdings of Russia, such as TMK Group, UMMC Group, OMK Group, Evraz Group, NLMK Group, Russian Copper Company Group, UC RUSAL, PJSC MMC NORILSK NICKEL.

During 2015, the Bank was keeping high levels of bank loans extended to power sector enterprises, including heat producing, heat supplying and heat distributing companies of T Plus Group. RusHydro Group and EuroSibEnergog enterprises accounted for a large portion of operational lending deals.

The Bank remained the largest lender of Rosseti Group interregional distribution grid companies. Loans were provided to finance both current operations and new grid infrastructure. To finance short-term cash shortages, the Bank provided lending in the form of an overdraft facility to major companies of the electric power industry, including PJSC E.ON Russia and power supply companies of Inter RAO Group.

Strengthening its relations with the machine-building industry, Gazprombank continues to cooperate with enterprises of the power engineering sector,

engineering and service companies of the energy sector (OJSC Power Machines, OJSC Taganrog Boiler-Making Works Krasny Kotelschik, PJSC Machine-Building Factory of Podolsk and others).

Gazprombank was actively involved in cooperation with major nuclear power enterprises, assisting in their achievement of the industry's strategic goals. ROSATOM State Corporation confirmed that the Bank is one of the backbone banks authorized to service enterprises of the nuclear industry.

As a strategic partner of ROSATOM State Corporation, the Bank continued cooperation with JSC AEP. The Bank was tasked to ensure centralized funding of nuclear-sector enterprises, and also to provide bank guarantees to secure contract performance by the enterprises, including those required by the Unified Industrial Purchasing Standard that governs the business of all ROSATOM State Corporation entities.

Gazprombank also kept up its collaboration with JSC AEM-Technology and with JSC Central Mechanical Engineering Design Bureau, subsidiaries of JSC Atomenergomash, a consolidator of the machine-building assets of ROSATOM, which manufactures key equipment for the nuclear power and thermal power industry, shipbuilding, gas and petrochemical industries.

In 2015, the Bank worked together with enterprises of fuel company TVEL, financed day-to-day operations of a number of enterprises of the industry, including FSUE ElectroKhimPribor Integrated Plant and JSC TENEX.

In 2015, still active was collaboration between Bank GPB (JSC) and major companies of the oil and petrochemical industries, including OJSC Rosneft, PJSC LUKOIL, PJSOC Bashneft, Slavneft Group, Gazprom Neft Group, PJSC SIBUR Holding

and OJSC Gazprom neftekhim Salavat. Loans were provided to finance operations of the enterprises and to implement retrofit programs.

In 2015, the Bank was still pursuing actively its cooperation with Gazprom Group and was involved in financing the Group's subsidiaries and affiliates as part of the PJSC Gazprom investment program, which contemplates, inter alia:

- construction of necessary facilities at license blocks;
- construction, reconstruction and technical upgrade of gas production sites and gas transportation facilities;
- construction of new and renovation of operating gas treatment facilities.

Gazprombank also provided loans to large corporate contractors engaged in the implementation of the PJSC Gazprom investment program. Simultaneously, the Bank extended its involvement in the funding of projects of independent gas producers, such as PJSC Sibneftegaz and OJSC NOVATEK.

In 2015, Gazprombank continued to do business with the defense industry and ROSCOSMOS.

In 2015, Bank GPB (JSC) was furthering partner relations with retail businesses, including nationwide and regional chains Magnit, DIXY, O'KEY, Rive Gauche, Ulmart, L'Etoile, Sportmaster, and enterprises of the agro-industrial sector. Special emphasis was made on interaction with large vertically-integrated holdings in food industry and agriculture, such as Miratorg, Cherkizovo, Komos Group, Aston, Efko, NMGK, KDV, Dominant, and major regional businesses.

Gazprombank backs up international economic activities of corporate customers, by providing bank guarantees and letters of credit, settlement management services (documentary collection) and trade finance (pre-export financing; short-, medium- and long-term loans on international trade transactions and import factoring).

To manage urgent issues in trade finance with international financial institutions, the Bank engages its representative offices in China, India, Kazakhstan and other countries; in structured trade finance, the Bank benefits from its European subsidiaries, including Gazprombank (Switzerland) Ltd. and GPB International S.A. (Luxembourg).

In the reporting period, the Bank continued to arrange long-term tied financing of equipment imports backed by export credit agencies as part of the project

for construction of a rolling mill at OJSC KUMZ to the total value of over EUR 380 million.

In 2015, the first on the Russian market yuan-denominated import factoring deal was completed jointly by Gazprombank and the Bank of China. The Bank's customer, a large oil service company, purchased equipment from a Chinese supplier subject to a commercial grace period, to optimize spending and to minimize transactional and currency risks. Bank GPB (JSC) is consistent in its efforts to provide financial backing to Russian exporters through various export finance instruments, including long-term tied export loans within the Program for State Financial (Guarantee) Support of Russian Industrial Exports, trade finance instruments offered jointly with JSC EXIAR, acceptance and post-financing of export letters of credit, etc. In 2015, the Bank concluded with JSC EXIAR its first insurance agreement in respect of an accepted letter of credit.

As a participant of the Program for State Financial (Guarantee) Support of Russian Exports, Bank GPB (JSC) is involved in financing the Angosat telecommunications project in Angola, and financing export supplies for the Toachi-Pilaton and Termogas Machala hydropower projects in Ecuador.

As a member of the Association of Russian Banks, the Bank maintains close relationships with Russia's Finance Ministry and Economic Development Ministry and contributes to the improvement of the federal and municipal procurement legislation, in order to make bank guarantees more available for parties involved in the public procurement system established by Federal Law No. 44-FZ dated 05.04.2013.

Authorized to provide guarantees to customs authorities (as is confirmed by a relevant record made in the register), the Bank provides same to the Federal Customs Service of Russia. Furthermore, it participates in the review and revision of documents regulating the use of bank guarantees in customs activities, including draft amendments to be made to the Federal Law On Customs Regulation in the Russian Federation, so far as cash collaterals and e-copies of bank guarantees for the payment of customs duties and taxes are concerned, as well as information exchange on such bank guarantees. Finally, the Bank regularly updates its customers on any regulatory changes, to allow them to timely introduce necessary modifications in their business processes.

2.3

Retail Business: Customers and Services

In 2015, GPB Group reinforced its market position, keeping high quality of the retail loan portfolio.

In terms of the GPB Group's retail business, in 2015, a challenging year for Russia's economy, the Group has managed to increase its retail business, while a decline in the lending dynamics did not exceed the market average, and the quality of the retail loan portfolio remained high.

2.3.1 Main Results for 2015

For Russian economy, 2015 was a hard time. The principal determinant affecting the economic situation in the banking retail market was the depreciation of the national currency, which was the driving force behind the key market trends. Among them are the outperforming growth of the deposit market, contraction of the retail lending market, and deterioration of the quality of allocated retail loan portfolios. Last year, the retail lending market was largely influenced by two circumstances: on one hand, a falling demand caused by a change in the financial standing of borrowers, and, on the other, a dwindling offer of lending products and growing interest rates. As a result of those two trends, that segment of the banking retail market saw a decline in volume. The ruble devaluation placed additional burden on borrowers' budgets and drove up delinquencies and defaults, especially in the currency lending segment.

Last year, the retail deposit market was pressured by a trend of outperforming growth in volume, caused by revaluation of currency-denominated deposits.

As at the end of 2015, the Group is rated in top lines of retail rankings: it is third in terms of deposits and fourth in terms of retail loan portfolio, with increased market shares.

Systematically following its retail strategy, the Group has managed to enlarge its share in the deposit market and to keep the decline of the loan portfolio in line with the market. (The key components of the Group's retail strategy are the broadest coverage of the customer base and development of retail lending on the basis of a low-risk business model.) The delinquency ratio, although up following the general market trend, turned out to be considerably lower than the market average.

2.3.2 Individual Customers

In 2015, the Group provided services to around 4 million individuals. One of the key target customer segments is represented by employees of Gazprom Group and the Bank's major corporate customers. This segment allows the creation of a low-risk retail loan portfolio that includes mortgage, consumer loans and credit cards, and provides sources of retail funding (payroll card programs, fixed-term deposits and demand accounts).

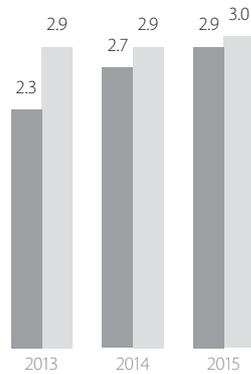
2.3.2 Retail Loans

In the reporting year, the retail loan portfolio shrank by 5%, while the market contracted by 5.7%. As of year-end, loans to private individuals totaled RUB 314 billion, or 9% of the Group's aggregate loan portfolio.

The main lending products offered to individuals by the Bank are mortgage and consumer loans, including credit cards. The remaining portion of the portfolio belongs to car loans. The Group's retail loan portfolio is based on the conservative approach and is formed primarily by secured lending (mortgage loans) and loans to customers

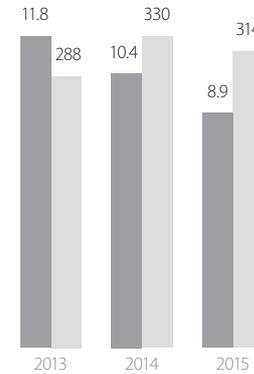
Market shares, %

- Loans
- Deposits



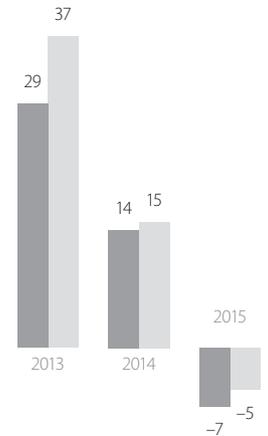
Retail loan portfolio dynamics

- Volume, RUB billion
- % of total Bank's loan portfolio



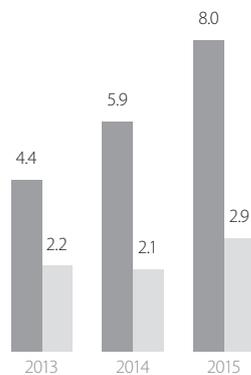
Growth rates for retail loans, %

- GPB Group
- Market, RAS



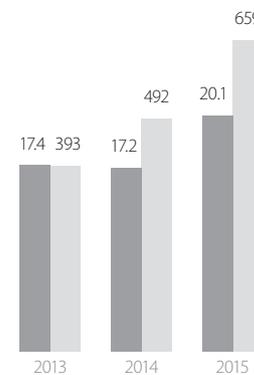
Non-performing loans ratio dynamics, % of loan portfolio

- GPB Group
- Market, RAS



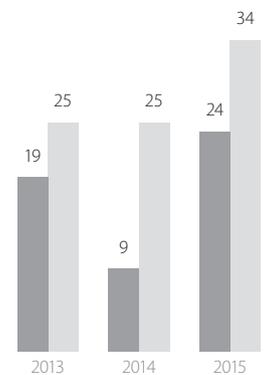
Retail deposit portfolio dynamics

- Volume, RUB billion
- % of total Bank's deposit portfolio



Growth rates for retail deposits, %

- GPB Group
- Market, RAS



demonstrating a transparent financial position, i. e., holders of the Bank's payroll cards with a positive credit record.

The retail loan portfolio profile underwent changes in 2015, following market trends; car lending saw a cutback, and unsecured loans stagnated, while mortgage loans increasingly on the rise.

In 2015, in an attempt to reduce FX exposure related to lending, the Group's banks ceased altogether extending foreign currency loans to retail customers. The results of 2015 show a 2.9% rise in the non-performing retail loans (2.1% in 2014) of the aggregate

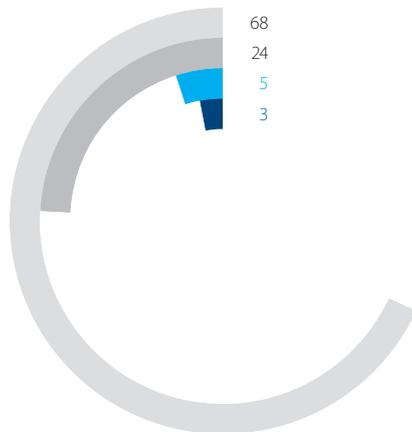
retail loan portfolio. That was growing in line with the general market trend. However, the retail lending model used by the Group allowed it to keep the percentage of non-performing loans at a much lower level compared to the average market level of 8% (according to the RAS financial statements).

234 Amounts Raised from Individuals

In 2015, amounts raised from individuals grew by 33.9% and reached RUB 659 billion, or 20.1% of the total amounts raised from the Group's customers.

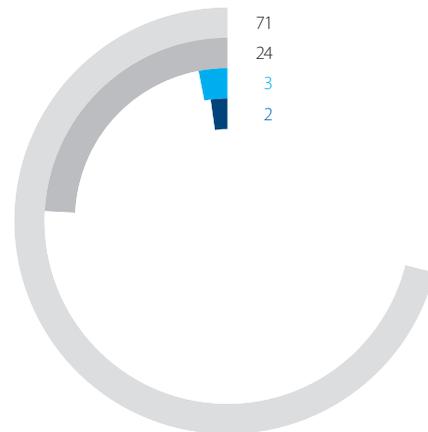
Structure of loans by product lines in 2014, %

- Mortgage loans
- Consumer loans
- Car loans
- Credit cards and overdrafts



Structure of loans by product lines in 2015, %

- Mortgage loans
- Consumer loans
- Car loans
- Credit cards and overdrafts



Structure of deposits by term in 2014, %

- Fixed-term deposits
- Demand accounts



Structure of deposits by term in 2015, %

- Fixed-term deposits
- Demand accounts



In the total volume of deposits of private individuals, on-demand deposits amount to RUB 109 billion, and time deposits total RUB 549 billion.

The Group's reputation and the attractive deposit product line helped the time deposit portfolio profile stay virtually unaffected, which offers benefits in terms of liquidity amid market volatility.

235 Bank Card Services

The main objective of the Gazprombank Group in the development of the bank card business is to increase the commission income and profit

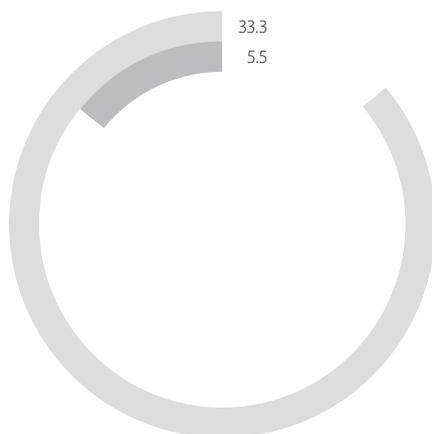
by offering competitive and innovative settlement products. Furthermore, the Group's card business is involved in national projects, increases adaptability and security of its products, demonstrates socially responsible attitudes.

As of year-end 2015, the Group's banks had served over 3.6 million debit and credit cards from international payment systems. The Group's terminal network has more than 39,000 devices and includes ATMs, cash points and POS terminals.

The Group takes an active part in the implementation of the National Payment Card System (NPCS). In 2015,

Key indicators of the Group's terminal network.
Terminal network structure, thousands of pcs.

■ POS
■ ATM



all domestic transactions involving Visa and MasterCard cards issued by the Group and associate banks were made via the NPCCS. In November 2015, the first cards of MIR, a Russian payment system, were issued, and successful transactions with those cards were carried out via third-party acquirer banks. Since 30.12.2015, a MIR card can be issued to any customer willing to have one.

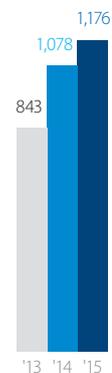
The role played by GPB Group in the launch of the MIR card earned an honorary mention by the leaders of the Central Bank of the Russian Federation and the National Payment Card System. GPB Group is the first and so far only member of the NPCCS to have started in 2015 the issue of co-badge cards MIR–Maestro. MIR–Maestro cards allow their holders to perform transactions in the Russian Federation and abroad, within the MasterCard network.

In 2016, MIR cards are planned to be offered to employees of publicly-funded entities and institutions for salary transfer, and also to customers receiving pensions, social allowances, scholarships and military service pay.

The Group is a leader in the market of campus projects. At year-end 2015, the Group was servicing more than 100 entities using those solutions (educational institutions, healthcare facilities, industrial enterprises). Within the framework of that line of business, more than 270,000 cards have been issued. That product solution provided by the Group is used by Russia's major companies, such as Rostec Corporation and Rosenergoatom. The Group participates in a joint program with the Social Responsibility charity foundation to support the Land of the Leopard national park. That event was commemorated by a special issue of VISA cards called "Leopardess Bary".

In 2015, Visa Inc. bestowed prestigious international excellence awards on the Group's card business in the following categories:

Card turnover,
RUB billion



- o The Best Service for International Transactions with Debit Retail Issue Products.
- o The Most Effective Issue Risks Management in International Transactions. The award is a distinction for efficient risk management and minimization of a risk of unauthorized card use by third parties.

236 Development Prospects

The core of the Group's retail customer base is represented by employees of the Bank's corporate customers and individuals with medium and high levels of income. By capitalizing on its experience with large Russian companies, the Group plans to expand the range of services for employees of corporate customers. For this purpose, the customer base will be segmented to find the right focus in offering retail products.

Mortgage loans, including government-subsidized loans, will still account for a large part of loans extended to private individuals. Such loan portfolio strategy creates a performing banking asset, which will be more secure amidst negative developments, and proved its strength in a troubled 2015.

One of the key factors in further growth of retail banking operations will be improvement of technological platforms and processes designed to support retail customers. The Group plans to reduce costs and raise the efficiency of the retail business through optimization of the regional network, the processes and the existing offer. Furthermore, it is planned to design a flexible customer service system, diversify the functions of remote sales. Improving the quality of services provided to individuals through standardization and optimization of business processes is also one of the Group's priorities.

Retail
business

2.4

Private Banking: 2015 Full-year Results and Development Prospects

In 2015, assets under management increased by more than 50%.

The investment portfolio enlarged by 40%, and the client base expanded by 20%.

For a third year in a row, Gazprombank Private Banking posted a soaring growth in terms of several business indicators at once. In 2015, assets under management skyrocketed by more than 50%. The investment portfolio spiked by 40%, and the customer base by 20%. Those achievements were largely due to staff reinforcements and enlargement of the chain in the Russian Federation and abroad, as well as multiple product innovations and fast market entry of Gazprombank Private Banking services. In 2015, Gazprombank Private Banking consolidated its analytical expertise, built a full range of investment proposals and tools for their implementation, and made a dynamic progress in customer service at the Group's banks in Luxembourg and Switzerland — GPB International S.A., Gazprombank Switzerland Ltd.

In 2015, Gazprombank Private Banking improved the customer service format by offering two packages of services that suited to the maximum degree to specific needs of various customer segments — Private Banking and Private Banking Exclusive. These service packages have differentiated pricing plans depending on the size of the customer's portfolio; other variations include different facility ceilings, customized FX rate and class of issued cards. In the course of 2015, assets under management across all the branches surged by 66%, and the turnover of investment deals by 76%. Income from the Gazprombank Private Banking fee-based products doubled in the provinces. Currently, Gazprombank Private Banking services customers in Moscow, St. Petersburg, Novosibirsk, Krasnodar, Rostov-on-Don, Ufa, Saratov, Yekaterinburg, Tula, Orenburg, Nizhny Novgorod and Surgut. 2015 was a year of intensive development of nonfinancial services. The partners of Gazprombank Private Banking include 6 major international and Russian law firms, 7 developer companies and a world-renowned airline. Within the next two years, all needs of wealthy customers will be fully covered in such categories as international medical care, tourism, education, travel, sports. Gazprombank Private Banking uses a strict vetting system when selecting its partners, which guarantees that the customers are offered the best solutions currently available in the market. SOGAZ-Life, an insurance firm, became a strategic partner of Gazprombank Private Banking in 2015. In addition, a cooperation agreement was executed with Ingosstrakh-Life, another insurance firm. By year's end, the total premiums collected under SOGAZ-Life endowment life insurance programs and Ingosstrakh-Life investment life insurance programs in the Private

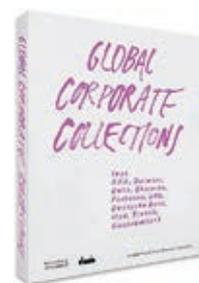


Forbes



One of the best private banks in Russia.
Second place in the Forbes ranking
"Best Russian banks for customers with assets
less than USD 20 million".

Winner of the 11th National Banking
Award of the Association of Russian
Banks. Winner in the nomination
"Customer Service Excellence".



Global Corporate Collections,
a book of distinguished corporate
collectors.

In 2016, Gazprombank Private Banking is focused on keeping its development trajectory and on expanding its regional and international business.

Banking segment exceeded RUB 1.1 billion. Such record results were ensured by effective partner interactions and recruitment of highly qualified life insurance specialists. In 2016, Gazprombank Private Banking plans to increase premium collection even further. In 2015, Gazprombank Private Banking completed the development of a new service, phone banking. The service allows for a remote access to all basic banking operations, where the Bank is accessed by phone. Using the service, the customer may execute internal and external money transfers, buy and sell currency, replenish a deposit. The operations performed via phone banking no longer require execution of paper documents. Therefore, instructions can be submitted remotely from any location across the globe, and no computer is required for that. The activities of Gazprombank Private Banking in 2015 were acclaimed highly by the financial market community. The Bank was ranked second in a Forbes list of Russia's best banks providing Private Banking services. The ranking took a few indicators into account, such as earnings, number of certified employees, availability of offices abroad and comprehensiveness of the product line. Gazprombank Private Banking was also

awarded the 11th National Banking Award in the nomination "Customer Service Excellence". The award was founded by the Association of Russian Banks (ARB). Winners were selected by a board of experts and a panel that included independent experts — recognized authorities in the Russian financial market. In 2016, Gazprombank Private Banking seeks to adhere to the same vector in its development and to enlarge its regional and international business.

Art banking

In 2015, Art Banking was another line of business that saw further evolution. One purpose of its development was establishment of a "service center" to provide customers with an opportunity of having a broadest contact with art, from selecting experts and service providers for dealing with practical matters related to investments, up to involvement in educational programs and attending unique events in the art world. An art event program was designed specifically for the customers who are offered an opportunity to learn about key art events and to attend landmark exhibition projects in Russia and abroad, accompanied by curators, to visit artistic studios, fairs and biennales. Art Banking also manages the Gazprombank's corporate art collection, which is currently comprised of 700 works of contemporary Russian artists. In 2015, the Bank's collection was included in Global Corporate Collections, a catalog of the world's most important corporate collections, which testifies to the high recognition of its artistic excellence and management quality by the global art community. Gazprombank also became the first corporation in Russia and Eastern Europe to be admitted as member to the International Association of Corporate Collections of Contemporary Art (IACCCA).

Investment
banking—
2.5

Project and Structured Finance, Investment Lending and Investment Banking Advisory Services. M&A Advisory Services

The Bank has a firm position among leading lenders in the Russian project finance market.

At year-end 2015 Gazprombank had a firm position among leading banks in the Russian market of project and structured finance and investment lending. The success is nurtured by the Bank's extensive experience in the implementation of complex investment projects in backbone industries of the economy, a well-balanced and judicious lending policy, established relations with key market players and authorities.

Gazprombank's competitive edge in project finance and financial advisory services is well-known in the market, preeminently in the oil and gas sector, chemical and petrochemical industry, mining and metallurgy, machine-building, energy, real estate and construction, transport and infrastructure, agribusiness, space industry, etc.

The Bank's team boasts its insightful knowledge of the projects, integrated financial solutions and customized approach.

As of the end of 2015, the loan portfolio in the dedicated finance sector totaled RUB 922 billion, according to the IFRS financial statements, which accounts for more than a quarter of the Bank's loan portfolio.

Among the projects completed in 2015, the following ones are worth a special mention.

Platon, an electronic toll collection system was launched to charge truckers for the use of federal highway system. The project is carried out by a unit of Rostec Corporation under a concession agreement with the Federal Road Agency (Rosavtodor); Gazprombank provides debt financing. The total amount of funding provided by the Bank will equal RUB 27 billion, including the system upgrade. The project contemplates a localized manufacture

of hi-tech equipment in Russia, which will help promote import substitution. The toll charged from truck owners is an additional source of funding for the Federal Road Fund of the Russian Federation; its money is used for the construction, repair and maintenance of federal highways, which helps improve their quality and reduce the number of road accidents.

In 2015, the construction of the Southern airport complex was started in Rostov Region. The project worth RUB 19.7 billion is funded by Bank GPB (JSC) on lucrative terms because it is subsidized by the government. A 50,000-square-meter passenger terminal is scheduled to be put into operation by the 2018 FIFA World Cup.

In the context of a shortage of long-term investment resources in Russian economy — an issue that has become urgent in the past few years — the Bank is looking for new business growth opportunities that would expand the scale and improve the quality of debt financing. Since the government support to various projects increased in 2014 and 2015, Gazprombank now successfully uses this opportunity to the benefit of its customers. For instance, the Bank is a leader of the Project Finance Support Program approved by the Government of the Russian Federation (Resolution No. 1044 dated 11.10.2014), and it is ranked second in terms of the scope of the projects being implemented under the Program. Moreover, the Bank successfully upheld before the Interagency Commission a series of projects worthy of being funded at a special rate, more lucrative for the borrowers; the total scope of funding amounts to RUB 55.2 billion, or nearly one quarter of the Program budget.

Gazprombank was instrumental in leveraging government backing for the above-mentioned projects within the framework of the Program, and for a number of major energy projects of significance for the economy of several Russian regions, such as the retrofit of the Kazan CHPP-1 in the Republic of Tatarstan (carried out by OJSC Generation Company) and the construction of a power grid infrastructure in Krasnoyarsk Territory (carried out by Polyus Group in conjunction with PJSC Federal Grid Company of United Energy System). Two more projects to build oncologic radiology centers in the towns of Podolsk and Balashikha were included by the Interagency Commission into the Investment Project Support Program in October 2015. The funding of RUB 2.7 billion provided by the Bank on lucrative terms will help build a state-of-the-art and affordable system of diagnostics and treatment of oncological diseases in Moscow Region. The projects were honored with the "Best PPP Project in Social Services" title within the framework of the ROSINFRA national awards. For Gazprombank, a traditional area of investments includes projects to build educational facilities. After Gazprombank provided a loan for Russia's first project to build 15 pre-school educational institutions in Tomsk Region, within the framework of a PPP agreement executed pursuant to the regional legislation, in 2013, in the reporting year 2015, the Bank opened a facility to implement another PPP project that includes construction and operation of 6 pre-school educational institutions and one school in the Yamal-Nenets Autonomous Area. The project is designed to enhance accessibility and quality of pre-school education in the district, to cut waiting lists of pre-school educational facilities by 1,340 places, to facilitate admission of 200 new pupils to elementary schools, and to create about 500 new jobs in the budget-funded sector of the regional economy. The Bank is currently engaged in talks to fund construction of educational and cultural facilities in the Far Eastern Federal District, all on the basis of a PPP.

In 2015, the Bank was vigorously promoting business relations with key associates in CIS countries. One outstanding example of such collaboration is the project finance agreement signed in June 2015. The Bank is to finance the construction

of a production facility of SOCAR Polymer, LLC, a unit of State Oil Company of the Azerbaijan Republic (SOCAR) Group, to manufacture high-density polypropylene and polyethylene. The Bank's 10-year USD 489 million loan will help set up a modern petrochemical production facility at the Sumgait Chemical Industrial Park, Republic of Azerbaijan.

Traditionally, Gazprombank has put a strong emphasis on promotion of diversification of Russia's economy; inter alia, those efforts were focused on setting up new production facilities to advance processing of the hydrocarbons produced in the country.

There were some examples in 2015 — for instance, an investment loan of RUB 15 billion to Acryl Salavat, LLC, a subsidiary of OJSC Gazprom neftekhim Salavat, to finance construction of a plant to manufacture acrylic acid, glacial acrylic acid, and butyl acrylate in the Republic of Bashkortostan, and integrated funding of up to RUB 16 billion arranged by the Bank (with involvement of international banks and export credit agencies) for the construction of a methanol facility at OJSC Shchekinoazot in Tula Region.

In 2015, the Bank reaffirmed its reputation of a pioneer among financial institutions and an active participant in government initiatives, in particular, in the advancement of "green" energy. The first deal to finance construction of solar farms in Russia was completed in the industry. The Bank provides a long-term loan of more than RUB 2.5 billion to Avelar Solar Technology, LLC for the construction of "green" power generating facilities in the Republic of Altai, Republic of Bashkortostan and Orenburg Region, with the total design capacity of 25 MW. A design of the solar farm to be built in the Republic of Altai received the Development Award founded by VEB in the nomination "Best environment and green technology project".

Alongside lending activities, the Bank is heavily involved in a few deals as a financial adviser on large-scale projects.

One example where the Bank's international experience and expertise was engaged is a consulting deal with OJSC Power Machines, under a funding arrangement in the Long Phú Power Centre construction project in the Republic of Vietnam. In 2015, the Bank was appointed financial adviser of OJSC Power Machines (a general contractor in the project), and tasked to arrange funding for the project

Strong experience, highly qualified workforce, established reputation and scale of operations allowed the Bank to prove once again its ability to be a market leader.

enlisting Russian and international export credit agencies, development banks and commercial banks. Industrious work was pursued in financial consulting under construction projects of hi-tech LNG plants. Since 2012, the Bank has been engaged as a financial advisor in the Yamal LNG project, where an LNG plant with an annual output of 16.5 million tons will be constructed using the resources of the South-Tambey gas field in the northeast of the Yamal Peninsula, and since 2015, the Bank has provided financial advisory services for a project to build the third production line of the Sakhalin-2 plant.

As part of federal and regional programs and national projects, the Bank was involved in the preparation and implementation of a number of nationally important projects in 2015, such as pre-construction work at the Central Circular Road in Moscow Region, the Moscow — Kazan long-distance railway line and the Northern Latitudinal Railway, development of gas fields and construction of an LNG plant in Yamal, etc.

Investment projects were carried out in pig farming and poultry breeding, grain crops processing, deep-sea fish and aquaculture harvesting, all of which contribute to the fulfillment of the 2020 State Program of Agriculture Development.

Aviapark, the largest in Europe and Moscow shopping mall and entertainment center, partially financed by loan resources of Gazprombank, received in 2015 the first prize of the CRE Moscow Awards as "Extra-Large Shopping Mall". The first prize of the CRE Federal Awards was bestowed on the project of the Planeta

shopping mall and entertainment center in Novokuznetsk, also implemented with Gazprombank's involvement.

In the 2015 ranking of Project Finance & Infrastructure Journal, Gazprombank was placed first among project finance arrangers in Central and Eastern Europe markets.

Gazprombank's proven ability to lead the market in any economic environment, due to its vast experience, highly qualified talent, established reputation and scale of operations, has laid the foundation for further effective and intensive development of project and structured finance, investment lending and financial advisory services by the Bank.

2.5.1 M&A Advisory Services and Acquisition of Minority Interests in Non-public Companies

For the sixth year in a row, Gazprombank has been among the leaders of M&A market, which is indicative of the Bank's consistently high performance.

At the Russia M&A Awards 2015 organized by PREQVECA, Gazprombank was recognized as the best investment bank in Russia. According to Thomson Reuters, in the period from 2009 to 2015 the Bank participated in over 70 M&A transactions with a total value of more than USD 25 billion. Gazprombank provides advisory services on private placements, acquisition and sale of businesses, consolidation, joint ventures and equity swaps. The Bank continues to develop merchant banking services, i.e., purchasing (as investor or co-investor) of minority interests in non-public fast-growing companies. Representatives of Gazprombank are involved in corporate management of MIR Capital's portfolio companies, a joint fund with Italian Intesa Group. In late 2015, the MIR Capital fund, as a member of a group of investors, successfully sold its stake in Italian company Lima Corporate to a leading manufacturer of orthopedic prostheses.

Most Significant Project finance and Financial Advice Transactions in 2015



Financing the costs and of the reconstruction of the Imperial yachting club for the purpose of building a luxury apartment complex

RUB 6.04 billion

Lender



Otrada Gen, LLC
Funding the second construction stage of the DanAvI-branded multiplication farms

RUB 2.8 billion

Lender



Orbita, LLC
Funding the construction of a Hampton by Hilton hotel complex in Nizhny Novgorod

RUB 905 million

Lender



Cryogas-Vysotsk, LLC
Credit and documentary financing of Stage 1 of the LNG plant construction in Leningrad Region

EUR 450 million

Lender, Guarantor



Funding the construction of power-generating units at the Kazan CHPP-1

RUB 11.1 billion

Lender



Funding the construction of the Razdolinskaya — Taiga high-voltage power line and a substation in Krasnoyarsk Territory

RUB 6.1 billion

Lender



Funding the construction of high-density polypropylene and polyethylene production facilities in the Republic of Azerbaijan

USD 489 million

Lender



Intergrain S.A.
Working capital financing of the Group's exporter companies, covered by insurance from JSC EXIAR

USD 200 million

Lender



Funding the development of gas and condensate deposits and the construction of facilities in the Yamal-Nenets Autonomous Area

RUB 53 billion

Lender, Security Manager



Advisory services in fund raising from export credit agencies and Russian banks for the Long Phú Power Centre construction project in Vietnam

USD 1.1 billion

Financial Adviser



Funding the construction of a methanol production facility (M-450-2)

RUB 15.9 billion

Lender



Funding the establishment of a nationwide system to charge toll from trucks

RUB 29.6 billion

Lender



Acryl Salavat, LLC
Funding the construction of a plant to manufacture acrylic acid, glacial acrylic acid, and butyl acrylate in the Republic of Bashkortostan

RUB 15 billion

Lender



Funding the construction of oncology centers in the towns of Podolsk and Balashikha, Moscow Region

RUB 4 billion

Lender

<p>RPK Nord</p> <hr/> <p>Financing the construction of a road transshipment facility</p> <hr/> <p>USD 48 million</p> <hr/> <p><i>Lender</i></p>	<p></p> <hr/> <p>Financing insurance of the launch and operation of the Express AMU1, a communications and broadcasting satellite</p> <hr/> <p>RUB 2.3 billion covered by EXIAR</p> <hr/> <p><i>Arranger, Lender</i></p>	<p></p> <hr/> <p>Provision of access to a capital grant from the National Wealth Fund through a bond issue</p> <hr/> <p>RUB 38.4 billion</p> <hr/> <p><i>Arranger</i></p>	<p></p> <hr/> <p>Working capital financing</p> <hr/> <p>USD 176.4 million</p> <hr/> <p><i>Lender</i></p>
<p></p> <hr/> <p>A project of the Oktyabrsky Railway Electric Car Repair Works to set up a flexible tram and subway car production facility</p> <hr/> <p>RUB 0.6 billion</p> <hr/> <p><i>Lender</i></p>	<p></p> <hr/> <p>Funding the construction of the Southern airport complex in Rostov-on-Don</p> <hr/> <p>RUB 19.7 billion</p> <hr/> <p><i>Lender</i></p>	<p></p> <hr/> <p>Tulachermet-Steel, LLC Funding of a casting and rolling facility to manufacture rolled steel products from converter steel, with the annual capacity of up to 1.75 million tons</p> <hr/> <p>RUB 20 billion</p> <hr/> <p><i>Lender</i></p>	<p></p> <hr/> <p>Blagovarsky Breeding and Hybrid Center, LLC Funding the construction of a pig breeding and hybrid facility in the Republic of Bashkortostan</p> <hr/> <p>RUB 2.1 billion</p> <hr/> <p><i>Lender</i></p>
<p></p> <hr/> <p>Funding the construction of LNG facilities and of a gas-distribution infrastructure</p> <hr/> <p>EUR 50 million</p> <hr/> <p><i>Lender</i></p>	<p></p> <hr/> <p>Refinancing the construction of an associated gas treatment unit and of an energy complex</p> <hr/> <p>RUB 4.9 billion</p> <hr/> <p><i>Lender</i></p>	<p></p> <hr/> <p>Cryogaz Tula Establishment of a facility to produce industrial gases</p> <hr/> <p>RUB 2.5 billion</p> <hr/> <p><i>Lender</i></p>	<p></p> <hr/> <p>Funding the construction of solar farms in the Republic of Altai, Republic of Bashkortostan and Orenburg Region</p> <hr/> <p>RUB 2.5 billion</p> <hr/> <p><i>Lender</i></p>

<p></p> <hr/> <p>Sakhalin-2 Construction of the third production line at an LNG plant</p> <hr/> <p><i>Financial Adviser to PJSC Gazprom</i></p>
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Commodity and Capital Market Operations

Gazprombank provides a wide range of services, keeping leadership in key business areas in capital markets.

2.6.1 Analytical Support

In this area of business, the Bank's Market Research Department is focused on the Russian power industry, financial markets and business expansion in other emerging markets, including Eurasian Economic Union and China.

The Bank conducts analysis of the Russian financial market by industry and most important issues of concern. The year 2015 continued a series of reviews addressing up-to-the-minute subjects. In particular, there were several special reviews entitled "Import substitution in Russia", "Russia and China: Current situation and agriculture cooperation prospects", "Russia's infrastructure. Investments: downsize impossible to scale up", which provided an insight into the needs of the Russian economy for investments. Gazprombank continued issuing its weekly review of the oil and gas industry. The review provides analysis of the burning issues in the oil and gas market, assessment of the external impact that companies are exposed to, and addition to trading ideas on shares and bonds. Apart from industry-specific reports, Gazprombank provides analytical data on all key issuers and financial instruments of Russia.

The Bank's analytical work enjoys authority with and is highly praised by the community of investors. In past years, Cbonds has included Gazprombank in the top three Russian analysts in the debenture market.

2.6.2 Brokerage Services

In 2015, the Bank's brokerage business got a considerable boost, as customer assets doubled to exceed RUB 400 billion and the trade volume of customer transactions spiked by 87% from 2014, to RUB 1.34 trillion. Volumes grew in all serviced markets, but the bond market saw the biggest growth. The Bank's leadership in that segment, and a strong trust of customers were corroborated by 2015 Cbonds Awards, a prize of the investment community, in the nomination "Best brokerage in bond market", where the Bank was placed second.

Special emphasis in the reporting period was placed on the promotion of brokerage services in international markets. In 2015, the Bank started to provide a direct e-access to trading on the London Stock Exchange, and to open renminbi brokerage accounts that give customers an opportunity of transacting over the counter in the Chinese currency.

2.6.3 Deals Arranged in Debt Capital Market

In 2015, Gazprombank became a leader in the Russian debt capital market, and continued to build up its foothold in the Eurobond market.

Leadership in the Russian market:

- 1st line of a ranking of managers of all local bond issues;
- 1st line in a ranking of managers of local bond issues in the corporate sector;
- 1st line in a ranking of managers of local bond issues in the corporate sector (excluding own issues);
- 1st line in a ranking of managers of securitization deals and mortgage bonds.

Gazprombank was bestowed 7 annual Cbonds Awards, the most important of which was the 1st rank in the nomination "Best investment bank in dealings with first-tier borrowers".

2.6.4 Some of Gazprombank Deals in 2015

Gazprombank's achievements were acclaimed through the accolades to the deals arranged by the Bank:

- "Innovation of the Year — Russia, 52001 (OFZ-IN, Federal Loan Bonds with index-based par value)" — issue of bonds of the Finance Ministry of the Russian Federation with inflation-indexed nominal value;
- "Year's Debut" — Eximbank of Russia;
- "Best IPO deal in Securitization Market" — Specialized Financial Company Europe 14-1A.

The securitization deal arranged by Gazprombank with respect to auto loans of JSC Credit Europe Bank (Specialized Financial Company Europe 14-1A) was the first non-mortgage securitization deal structured under Russian legislation in the Russian market.

 OFZ-IN 52001 1 issue RUB 75,000,000,000 Arranger	 Russian Railways 3 issues RUB 52,000,000,000 Arranger	 Evraz Group S.A. 1 issue USD 750,000,000 Arranger	 Federal Grid Company of the Unified Energy System 2 issues RUB 40,000,000,000 Arranger	 Rosseti 3 issues RUB 26,000,000,000 Arranger
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Arrangers Rating (all issues)

Source:
Cbonds
as of 31.12.2015

Arranger	Share, %	Amount, RUB million
Gazprombank	15.3	253,645
VTB Capital	14.2	235,254
Sberbank CIB	13.1	216,407
Region Broker Company	11.2	186,258
Otkritie Financial Corporation Bank	11.1	183,682
Others	35.1	583,501
Total	100	1,658,747

Arrangers Rating (corporate sector)

Source:
Cbonds
as of 31.12.2015

Arranger	Share, %	Amount, RUB million
Gazprombank	15.0	222,187
Sberbank CIB	12.3	182,415
VTB Capital	12.3	182,129
Otkritie Financial Corporation Bank	12.2	180,632
Region Broker Company	11.7	173,853
Others	36.5	544,076
Total	100	1,485,292

In 2015, Gazprombank managed a series of deals to issue infrastructure bonds to finance investment projects (OJSC Yamal LNG, Avtodor (Russian Highways)). Moreover, the range of services offered by Gazprombank in the international debt capital market is getting increasingly broader. For instance, in 2015, the Bank arranged an issue of Evraz Group S.A. Eurobonds, to improve the Evraz debt portfolio structure.

2.6.5 Cultivation of Business Relations in Asia

Gazprombank's continuous efforts in cultivating relations with Asian investors were crowned with a successful deal of the Russia's Finance Ministry: in an unprecedented move, Chinese investors were involved in an initial bond offering in the Russian market. An important part in that deal belongs to Gazprombank's first business workshop on the opportunities of the Russian debt capital

 AEP 3 issues RUB 25,000,000,000 Arranger	 Sistema JSFC 3 issues RUB 25,000,000,000 Arranger	 Freight One 3 issues RUB 20,000,000,000 Arranger	 Metalloinvest 1 issue RUB 10,000,000,000 Arranger	 Komi Republic 1 issue RUB 10,000,000,000 Arranger
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Arrangers Rating (corporate sector; excl. own issues)

Source:
Cbonds
as of 31.12.2015

Arranger	Share, %	Amount, RUB million
Gazprombank	17.0	217,187
Sberbank CIB	14.3	182,415
VTB Capital	14.3	182,129
Region Broker Company	13.0	165,853
Otkritie Financial Corporation Bank	8.8	111,632
Others	32.6	415,162
Total	100	1,274,378

Arrangers Rating (securitization and mortgage bonds)

Source:
Cbonds
as of 31.12.2015

Arranger	Share, %	Amount, RUB million
Gazprombank	32.6	26,062
Region Broker Company	16.9	13,504
VTB Capital	16.1	12,846
Raiffeisenbank	10.8	8,633
Rosbank	6.3	5,000
Others	17.3	13,873
Total	100	79,918

market, which Chinese investors and bankers were invited to attend. The conference was also attended by representatives of the Ministry of Finance of the Russian Federation, the Bank of Russia, Moscow Stock Exchange, major Russian companies and Asian banks and investment firms. Gazprombank was instrumental in holding the first Stock Exchange Forum of the Moscow and Shanghai Stock Exchanges in November 2015 in Shanghai, where

officials of Ministry of Finance of the Russian Federation and a number of major Russian companies and banks came to attend. Gazprombank arranged meetings with Chinese investors for six Russian companies willing to issue Eurobonds in the Asian market. An important step promoting business relations in Asia was a license received by GPB Financial Services Hong Kong Limited, a Bank's subsidiary, in 2015. It authorizes dealing in and advising on securities

in Hong Kong (The Securities and Futures Commission License Type 1: Dealing in Securities and Type 4: Advising on Securities). The move will let the Bank enlarge the range of services available to Russian customers in Asia and use a consistent approach in the promotion of relations with Hong Kong investors and regulators, and with Asian partners in general.

2.6.6 The Bank's Transactions in Equity Capital Markets

Equity market — primary offerings (IPO)

Gazprombank keeps expanding its foothold in equity capital markets with success.

PJSC Europlan's RUB 3.2 billion IPO on the Moscow Stock Exchange was arranged in December 2015. Gazprombank was a joint bookrunner in the deal. The company's public offering was the third deal in the Russian market in 2015. All Gazprombank sales channels were tested and utilized, including the institutional equity sales team, brokerage service channels across 33 regions of the Russian Federation (including private individuals), and Private Banking.

Since 2013, Gazprombank has been acting as a corporate broker on behalf of PJSC Gazprom. In February 2015, the Bank was involved in the arrangements leading to Gazprom's Investor Days in Singapore and Hong Kong. The events were attended by over 230 representatives of Asian investors.

Gazprombank continues its endeavors to make Russian companies more attractive for Asian investors. In 2014 and 2015, Gazprombank organized more than 20 road shows for Russian companies in Asia.

2.6.7 Exchange Trading and Debt Instruments

In 2015, the Bank reaffirmed its position in a list of top five biggest dealers in Russian Eurobonds (Bloomberg) and top three biggest dealers of the corporate segment. Moreover, the Bank was awarded the status of market maker (specializing in Federal Loan Bonds (OFZ) and OFZ futures). Across the board, the Bank remains one of the three most active players in the local bond market, with a share of up to 10% in total trade. Active work continues to advance trade relations with institutional investors; measures to that effect include conferences, road shows and events arranged for customers in Europe, the U.S. and Asia. The Bank is making a continuous effort to open trading limits, focusing on key customers. A dialog has been built with virtually all notable investors in the Asian region.

2.6.8 Transactions in Precious Metals

The Bank is engaged in financing and purchase transactions involving precious metals with the top leaders of the industry, which handle mining and processing of refined precious metals. The key customers of Bank GPB (JSC) include Polymetal International Plc., Millhouse Capital UK Ltd., NORILSK NICKEL, UMMC, Highland Gold Mining Ltd., Polyus, UGC (Gold Mining Company), Russian Platinum, refineries of OJSC Krastsvetmet, JSC Prioksky Non-Ferrous Metals Plant, JSC Yekaterinburg Non-Ferrous Metal Processing Plant.

In 2015, the scope of finance provided to various enterprises of the industry exceeded RUB 30 billion. Loans were extended to gold-mining and processing businesses to finance their operating and investment needs; one area of focus was enlargement of the operations spectrum and improvement of their efficiency; documentary framework and appropriate estimates were prepared to offer loans in precious metals to companies of the precious metal industry (extraction and primary processing), and to enterprises of the chemical and petrochemical industries. Today, Gazprombank stays at the cutting edge of the interbank market of precious metals. In terms of precious metals purchases from producing and processing plants, the Bank is consistently ranked third in the Russian market. Last year, the purchase volume exceeded 31 tons in gold equivalent. Exports to major global centers of trade in precious metals as physical commodities (London, Zurich, Hong Kong, Dubai, New Delhi, and Ahmedabad) amounted to 8 tons of gold and 182 tons of silver.

Dynamic work is going on to bring in new businesses as holders of unallocated precious metal accounts. Funds allocated on those deposits went over RUB 1.5 billion in 2015.

GPB MetallInvest, LLC, a Bank subsidiary, has a strong foothold in the Russian market of secondary precious metals. The company is involved in purchase of raw materials containing precious metals, its reprocessing, and sale of finished products, imports of catalytic units to the Russian petrochemical enterprises, and recycling spent catalysts.

The core customer base includes major global and Russian companies, such as UOP (U.S.), AXENS (France), Surgutneftegaz OJSC, Kinef, LLC, Rosneft, Gazprom Neft PJSC, Tobolsk Polymer, LLC, PJSC SIBUR Holding, PJSOC Bashneft.

2.7

Asset Management

Gazprombank Group achieved one of the best portfolio management return levels in the market in 2015, despite challenging conditions.

Gazprombank Group is one of the leaders of the asset management market, providing wealth management services to both private and corporate customers. In 2015, assets under management of GPB Group exceeded RUB 177 billion.

A few essential factors contributed to a significant build-up of total assets under management, including expansion of investment advisory services, bringing in new businesses, and additional assets put under management by existing customers.

- An important milestone in the business development was a contract executed in early 2015 with a large foreign family office; under that contract, Gazprombank became an exclusive adviser on investments in the Russian stock market. Excellent performance of the asset management business in 2015 was the underpinning reason for the 100% increase of the amount placed under management by year-end.
- Gazprombank Asset Management has reiterated once again its leadership in the asset management market. The company brought in 10 new endowments, manifesting the most

dynamic growth in the market¹. At year-end 2015, the company had 41 endowments under management, delivering nearly a 30% year-on-year rise. Gazprombank Asset Management has the biggest pool of university endowments placed under management of a single company.

- Gazprombank Asset Management was ranked among top three² management companies in terms of the net volume of holdings in open-end mutual investment funds; the MIF net asset value under the company's management increased by 75%. Gazprombank — Bonds Plus became the leader³ among all open-end mutual investment bond funds in terms of the net volume of third-party funds.

In 2015, Gazprombank Asset Management was included in the top ten leaders of Russia's Top 20 Money Managers, compiled by the Institutional Investor magazine; it was also assigned the highest reliability rating A++ from Expert rating agency and, once again, the highest reliability rating AAA from the National Rating Agency.

¹ In terms of endowment money under management.

² The National League of Management Companies' 2015 ranking of management companies in terms of funds brought in to open-end and interval mutual investment funds.

³ The National League of Management Companies' 2015 ranking of mutual investment funds.

Private Equity

For many years Gazprombank has been actively investing in the strategic sectors of the Russian economy.

2.8.1 Media Business and Telecommunications

Gazprom Media

Gazprom Media Holding is the leader in broadcast television and TV advertising, and plays an important role in other sectors of the Russian media market. In 2015, a new team embarked on the development and implementation of the Holding's short-term and long-term strategies, which include, among other things, the launch of Match TV, a new nationwide television channel promoting sports and healthy lifestyles.

Speech Technology Center

The company is the leading provider of innovative systems for high-quality recording, processing and analysis of audio and video data, as well as speech synthesis and recognition. Among large-scale projects carried out in 2015 was the rollout of a mobile biometric authentication application at Wells Fargo; the system provides authorization for customer accounts. Using the built-in mic and camera of a portable device, the system recognizes customer's voice and face, thus improving the reliability manifold.

Optic Fiber Systems

In 2015, only optic fiber factory in Russia was commissioned; optic fiber is essential components of telecom cables. Bank GPB (JSC) and RUSNANO Group are major project investors. All leading Russian optic fiber and cable industry research centers are also involved in the project. The factory is located in the Russian Federation to ensure strategic independence of the Russian cable and telecom industries and to substitute imported fibers with domestic products.

2.8.2 Infrastructure Projects

Northern Capital Highway

A consortium of investors including Gazprombank is involved in a project for construction and operation of the toll road Western High-Speed Diameter in St. Petersburg in the form of a public-private partnership. The Western High-Speed Diameter is a section of the ring road that connects the city to the seaport. The highway is of strategic importance for the St. Petersburg transport system.

Completion of the central section is expected in 2016. The southern and northern sections of the Western High-Speed Diameter have been in operation since 2014.

Portenergo

In November 2015, a consortium established by Gazprombank and a group of major Russian and international investors closed a purchase of an LPG and light oil terminal from SIBUR, a Russian petrochemical holding, at the Ust-Luga commercial sea port. As a result, the consortium got a full control of one of the most advanced facilities of the port and terminal infrastructure in the Baltic Sea. The terminal is a project of federal importance; it was built under the government program for the development of sea ports in the northwest of Russia.

BIONET

Jointly with its partners, the Bank is carrying out a biofuel plant construction project in Arkhangelsk Region. The main products of the enterprise are pellets used as pollution-free fuels in heat and power generation. The production capacity is 150,000 tons of pellets per year. In October 2015, the factory was put into operation. In 2016, the first lots of fuel pellets are expected to be sold to European buyers.

2.8.3 Petrochemical Industry

PENOPLEX

PENOPLEX SPb, LLC, of which GPB Group became a shareholder in 2012, is a leading manufacturer of heat insulation materials based on extruded polystyrene foam (XPS). For the second year in a row, PENOPLEX has been ranked first in Europe and second in the world in terms of XPS production (total capacity reached 2.7 million cubic meters per year). The company seeks to supply Russian consumers with quality and reliable polymer construction materials. Thanks to Gazprombank loans contributing to both the company's investment program and working capital, 2015 was a year when PENOPLEX consolidated its technology superiority and its market standing as a leader in terms of production output.

OMZ Group: Core Business Operations and Key Projects

United Heavy Machinery Plants (Uralmash-Izhora Group) is an integrated and highly diversified engineering, R&D and manufacturing holding specializing in heavy machine-building.

OMZ Group holds leading market positions in almost every principal segment of heavy machine-building, including:

- equipment for nuclear power plants;
- equipment for petrochemical enterprises;
- drilling equipment (oil & gas);
- products made from specialty and common steels;
- metallurgical equipment;
- mining machinery;
- air separation and cryogenic engineering;
- pipeline accessories.

The year 2015 saw the implementation of a series of significant projects.

Nuclear power industry: Izhorskiye Zavody JSC completed the production and shipment of a VVER 1000 reactor vessel for the fourth nuclear power unit at Rostov NPP and a VVER 1000 reactor vessel and main circulation pumps for the fourth unit of the Tianwan NPP (China); Škoda J.S. was completing Units 3 and 4 at the Mochovce NPP and upgrading the process control system at the Dukovany NPP.

Petrochemical industry: OMZ Group enterprises completed the design of key units at the Amur Gas Processing Plant, the pivotal link of the Eastern Gas Program of PJSC Gazprom. Izhorskiye Zavody completed and shipped to PJSC Tatneft a hydro treating unit for a complex of oil refineries and petrochemical plants in Nizhnekamsk; JSC Uralchemmash manufactured key equipment for a large-scale retrofit program at Omsk Oil Refinery (Gazprom Neft), and a complete set of equipment for an integrated vacuum distillation unit and a visbreaker for the Afipka Oil Refinery; a set of column equipment for the propane-butane mixture separation for Achinsk Oil Refinery; a SMARTFLOW™ AEM-150007 refrigerator for OJSC Altai-Koks.

In 2015, OMZ Group companies concluded **the following major contracts:** a contract to manufacture equipment for the third unit of Kudankulam NPP in India; contracts to renovate RRCS/SZBVR and RCS/RTSZ of the Paks NPP, and also to produce a set of upgraded containers CASTOR 440/84M with a heavy-duty cast iron shell for ČEZ a.s., a Czech energy company (for a new spent fuel storage facility at the Dukovany NPP); a contract to produce and supply 8 tanks of the emergency core cooling system for Units 3 and 4 of the Kudankulam NPP (India); a contract to supply twelve spherical storage tanks of 600 cubic meters for ZapSibNeftekhim, and others.

OMZ Group's medium-term strategic priorities include three areas of development

Development of competencies in the implementation of turn-key EPC (engineering, procurement and construction) projects

PJSC OMZ continues to build up its EPC contractor competencies, which is essential for the national machine-building industry's competitive edge in the global market. A joint venture was set up with Daelim Group, a leading Korean industrial group, and a contract was concluded to build a medium-scale LNG plant near Vysotsk. Moreover, an agreement was signed with Air Liquide, under which a foreign technology of construction of LNG plants based on the mixed refrigerant process is to be transferred to domestic manufacturers.

Innovations and development of new products

OMZ Group enterprises are consistent in designing new types of products. In 2015, Izhorskiye Zavody made an industrial prototype of TUK-151, a new generation container for transportation and

storage of spent nuclear fuel from VVER 1000 and VVER 1200 reactors. Izhora steelmakers of OMZ-Special Steels cast a 130-ton hollow ingot from steel SA336MF22V. It will be used to forge the shell ring of a petrochemical reactor for Omsk Oil Refinery. A hollow ingot saves metal and energy resources, cuts blank production time and the cost of finished products. In 2015, IZ-KARTEX, LLC increased the output of modernized heavy-duty mining shovels (EKG-32R for coal company Kuzbass-razrezugol), and embarked on the design of a heavy hydraulic mining shovel, a product with good prospects, whose alternatives are currently manufactured only abroad.

Improvement and optimization of business processes

Upgrade of production facilities and enhancement of their effectiveness and competitive edge are still among the top priorities of GPB Group. For instance, in 2015, PJSC Cryogenmash completed large-scale upgrade of production facilities and construction of a state-of-the-art multiproduct research and manufacturing complex with the total area of 25,000 square meters. These facilities will allow the company to double the output of science-based innovative products and to carry out new and promising projects in the production of LNG, APG, noble gases, and helium, and to cut production costs significantly. According to plans, the construction of a lab and bench-testing facility is to be completed, and an LNG 100 pilot production unit is to be installed in 2016. Onsite projects (production and sale of industrial gases for commercial users) remain one of the key lines for the enterprise's development strategy. For instance, in 2015, Cryogenmash Group and JSC Uralchem, a united chemical company,

one of the biggest in the mineral fertilizer market of the Russian Federation, CIS and Eastern Europe) signed a contract to build and operate new industrial gas production facilities in Kirovo-Chepetsk, Kirov Region.

In 2016, IZ-KARTEX, LLC is to complete an integrated facility upgrade program and to build a space-effective closed production cycle facility. Once implemented, such combination of investment undertakings will allow IZ-KARTEX, LLC to manufacture the entire line of competitive and state-of-the-art electric mining shovels with the bucket capacity ranging from 10 to 50 cubic meters, high-capacity drilling rigs with a diameter from 160 to 275 mm, and to cultivate production of a wide range of equipment for other segments of the machine-building industry.

JSC Uralchemmash put into operation Spirit-400 FPT, a multifunctional milling machine, which made it possible to retire outdated equipment, accelerate the machining and improve its quality.

2.10 Resource Base Development

In 2015, the Bank was building up its resource base, shifting the focus from currency sources of funding to ruble ones. Meanwhile, growing foreign currency rates led to revaluation of the currency-denominated segment of the funding portfolio. As a consequence, the Bank's total liabilities climbed by 6.1% in 2015.

2.101 Resource Base Structure

Amounts raised from customers constitute the core of Gazprombank's resource base. As of the end of 2015, they accounted for 71.4% of the Bank's total liabilities. Fund-raising in capital markets is equally important, including senior and subordinated debt (the two accounts for 13.9% of the resource base) that ensures long-term funds for the Bank. In 2015, Gazprombank scaled back its exposure with respect to the Bank of Russia, because those loans are costlier than customer money. At the end of the reporting period, this funding source reached 2.6% in the resource base.

2.102 Amounts Owed to Customers

The key component of Gazprombank's resource base is comprised of funds of corporate and individual customers. Long-lasting cooperation with Russia's largest enterprises and their staff enables the Bank to maintain a steady volume of customer funds resistant to economic stresses.

In 2015, amounts raised from corporate customers grew by 10.4% to reach RUB 2,623.0 billion. By the end of the reporting period, they accounted for 57.1% of the Bank's resource base.

Amounts owed to individuals totaled RUB 658.7 billion, or 14.3% of all customer funds. In 2015, this indicator grew by 33.9%, increasing the Bank's share in the market from 2.5% to 2.7%.

2.103 Debt Capital Markets

The portfolio of funds raised in capital markets amounts to RUB 642 billion, or 13.9% of the Bank's resource base. Senior debt instruments equal RUB 475 billion, and subordinated Eurobonds

total RUB 166 billion. The debt portfolio is diversified by instrument and currency, including ruble, euro, Swiss franc, Chinese renminbi and U.S. dollar. 12% of the portfolio comprises loans taken out in the Russian domestic market. The portfolio is characterized by a regular repayment schedule, with annual repayment amounts not exceeding 4% of the Bank's assets as of the end of 2015.

In 2015, the Bank opened up the internal bond market for Russian issuers by placing a bond issue among the investor community after a long volatility period that begun in the fall of 2014. Furthermore, in 2015, the Bank successfully issued an innovative instrument — variable coupon listed bonds (the coupon is pegged to yields on Federal Loan Bonds, or OFZ).

In 2015, the Bank redeemed three Eurobond issues worth CHF 500 million, USD 1 billion and RUB 20 billion.

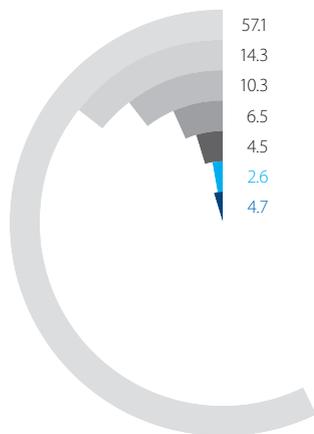
2.104 Refinancing Facilities

To maintain comfortable liquidity levels in the banking system challenged by a hindered access to external funding sources, the Bank of Russia kept in 2015 a broad list of instruments to provide liquidity in Russian rubles, in the form of regular REPO and credit auctions secured with non-marketable assets.

The Bank of Russia persisted in its efforts to provide and foster long-term refinancing opportunities to banks at lucrative rates by expanding a list of specialized instruments eligible for refinancing. In addition to investment loans and investment bonds, EXIAR-covered loans, and loans provided via MSP Bank and the Federal Corporation

Resource base distribution as of 31.12.2015, %

- Amounts owed to corporate customers
- Amounts owed to individuals
- Senior debt, borrowed from capital markets
- Amounts owed to banks
- Subordinated debt
- Amounts owed to the Bank of Russia
- Other liabilities



for the Development of Small and Medium-Sized Businesses, the list of specialized instruments now includes loans to leasing companies.

To have comfortable liquidity levels in the event of stress scenarios, the Bank has accumulated a sizable pool of assets that can leverage secured financing from the Bank of Russia. As of the end of the reporting period, total volume of liquidity sources in the Bank of Russia amounted to RUB 948 billion, while the actual volume of borrowings from the Bank of Russia remained moderate and totaled RUB 121 billion in the past year (12.8% of the funds available from the Bank of Russia).

Collaboration with major Russian enterprises that spans over many years and all-inclusive services provided to the companies and their employees are the factors that generate a stable volume of customer funds, resilient to economic shocks, for the Bank.

2.105 Capital Build-up

In April 2015, Gazprombank took out a RUB 38.4 billion subordinated loan from the National Wealth Fund. The funds were allocated to fund infrastructure projects. Such subordinated loan allowed the Bank to increase its capital adequacy level by approx. 1 p. p. In August 2015, Gazprombank issued its preferred stock for RUB 125.75 billion. The shares were purchased by the Deposit Insurance Agency, a state corporation, within the framework of measures designed to increase capitalization of backbone banks. Pursuant to the legislation of the Russian Federation, preferred stock does not accrue fixed dividend, does not count in a quorum on a majority of issues deliberated at annual meetings of the Bank's shareholders, and has no impact on the voting pattern when holders of ordinary stock cast their votes. The issued preferred stock is included into Gazprombank's core capital, thus improving the Bank's capital structure and quality, and increasing the adequacy of the Bank's core and, consequently, of the overall regulatory capital by 2.7 p. p.

2.11

Depository Operations, Specialized Depository Services

In 2015, Bank GPB (JSC) maintained high class in providing depository services and specialized depository services.

The Bank's depository is assigned the AAA reliability rating, according to the national depository reliability rating scale, and is ranked first among the Top 30 biggest depositories in terms of the market value of deposited securities¹. With its extensive regional network that includes about 30 service outlets and more than 100 transfer agents, the depository maintains more than 415,000 securities accounts for over 700 issuers, leaving its competitors behind by the amount of deposited assets and the number of depositors. Local offices of the Bank's depository chain inform shareholders of PJSC Gazprom and other issuers about submissions for general meetings of shareholders. The depository provides infrastructure support to international projects of Gazprom Group (an ADR program) and to domestic and international projects of Gazprombank Group.

In 2015, the Bank's Depository Center carried on its collaboration with the National Securities Market Association, JSC AHML and the Central Bank of the Russian Federation as an authorized depository of the Bank of Russia responsible for accounting and safekeeping collaterals (mortgage pool) pledged by borrowing banks in favor of the Bank of Russia under a pilot Lombard lending project implemented by the Bank of Russia.

By the end of the year, the Bank's depository kept more than 337,000 mortgage certificates with a total value of mortgage-backed liabilities over RUB 529 billion.

The total number of transactions handled by the depository network exceeded 1,550,000.

In 2015, the scheduled upgrade of the depository's IT infrastructure was completed on time. The bulk of efforts was focused on IT systems centralization, implementation of amendments introduced to the

AML/CFT laws, and tackling issues related to operational risk management.

The Bank's specialized depository was ranked among Top 10 of the national rating of specialized depositories on the back of its performance in 1H 2015, and was in seventh line on the Top 10 list of specialized depositories in terms of assets in custody as of 30.06.2015. The value of assets held in custody was approx. RUB 140 billion as of the year-end 2015. Customers of the Bank's specialized depository include management companies of mutual investment funds (MIF), mortgage bond issuers, mortgage pool managers, and state-owned corporations established by the Russian Federation.

As far as customer relations are concerned, the depository intends to strengthen its positions significantly through greater coverage of the customer base and more active customer relations with the existing depositors. The principal vector of the depository's customer service policy now is to differentiate the depository performance model by individual segments (professional financial traders, strategic investors, insurance companies, pension funds, and pooled investment market players), development of the product range, and optimization of internal technologies and processes. The depository seeks to raise the efficiency of its performance by taking the following steps: study of customer needs, offering a wide range of new financial instruments, investigation and classification of Russian customers and their need for custodial services. The client-oriented model of the depository business will enable the Bank to benefit from its competitive advantages as much as possible. These advantages include an extensive customer base, a strong brand, and a wide service network.

¹ The ratings were released by the Foundation for Development of Financial Institutions — Infrastructural Institute (INF), in cooperation with the Professional Association of Registrars, Transfer-Agents, and Depositories (PARTAD) on the official website: www.safedepo.ru, based on the performance in the first 6 months of 2015.

2.12

Risk Management

Gazprombank is focused on improving its risk and capital management system in line with the new requirements of the Bank of Russia.

2.12.1 Risk Management System

The Board of Directors annually approves the Bank's Risk Appetite Statement, which includes both quantitative and qualitative indicators designed to provide high-level guidelines on the structure and values of risks that the Group is willing to take in pursuit of its strategic goals. This risk appetite is further scaled and operationalized to the level of limits for separate risks and positions.

The following key principles guide the Bank's approach to risk management:

1. The Board of Directors adopts the general risk management policy and determines the level of risk acceptability (risk appetite), strategic goals and priorities of the policy, and the risk management system.
2. Within the policy adopted by the Board of Directors, the Management Board provides overall risk management for the Group's operations and regularly monitors actual risk levels to see how they conform to the approved risk appetite level.
3. Dedicated committees and commissions (Investment Committee, Credit Committee, Assets and Liabilities Management Committee (ALMC), Commission for Financial Market and Operational Risks (Risk Commission), Strategy Committee and Corporate Governance and Compensations Committee) are appointed to address issues relating to individual risks. Members of the committees and commissions are subject to approval by the Chairman of the Management Board.
4. Units of the Risk Management Division (RMD) are independent from business units and are supervised by the Head of the Risk Management Division reporting directly to the Chairman of the Management Board.

5. Risk management is applied in an integrated manner at all operational levels, considering the relationships and cross impact of various risks.

6. At the Group level, the Bank authorizes local risk management divisions to identify, assess and monitor risks on subsidiary transactions.

The Group has an integrated risk management system which enables it to:

- use unified risk management approaches in separate organizations of the Group;
- enhance control over risk management activities in such organizations;
- align the overall risk profile with the Group's strategic objectives, and make decisions at the Group level.

The Group's risk management system is based on advanced standards, models and practices accepted in financial organizations.

In 2015, the Bank was focused on the following aspects of risk management:

- improvement of corporate governance and the risk and capital management system in line with the requirements set forth by Directive of the Bank of Russia No. 3624-U, "On Requirements to the Risk and Capital Management System of a Credit Institution or a Banking Group", at the level of Bank GPB (JSC) (hereinafter referred to as "Directive No. 3624-U");
- working out of approaches to implement requirements of Directive No. 3624-U at the consolidated level of Gazprombank Group, and at the individual level of each of its subsidiary banks (this work will be still in progress in 2016);
- development of a system of early identification of high-risk counterparties, improvement of early

- response measures and strategies of handling certain types of counterparties (in particular, a special task force was set up and operates under the Investment Committee, to handle debt restructuring of corporate customers, and an early identification tool was adopted based on the industry-specific portfolio analysis performed by the RMD);
- development of a rating methodology applicable to counterparties and transactions;
 - streamlining approaches to interest risk management, elaboration and application of behavioral patterns in risk assessment, planning new banking products that provide for the optimization of risk exposure.

2.12.2 Key Risks in 2015

Credit Risk

The Group is exposed to the risk of financial losses occurring due to a borrower or counterparty defaulting on their obligation to the Group (credit risk).

Credit risk is managed in accordance with the regulations of the Central Bank of Russia, Basel Committee principles and guidelines concerning banking supervision, and internal documents developed to incorporate such principles.

The main objectives of credit risk management include:

- sustainable development of the Group;
- compliance of the loan portfolio quality and the credit risk profile with the Group's strategic goals;
- optimal combination of profitability and credit risk level with due account of capital limits and capital adequacy requirements.

Credit risk management is based on uniform methodological approaches and procedures within the framework of an integrated system of risk analysis, management and control. Credit risk management is performed at all stages of the credit process, from the review of a customer's loan application to the full settlement of all liabilities.

The credit risk management process includes the following elements:

- risk identification, quantitative and qualitative assessment of risk;
- risk limitation and mitigation measures (including setting limits, taking security);
- risk monitoring and control (including control of set limits), both with respect to individual borrowers and at the general portfolio level;
- building loss reserves;
- planning credit risk levels.

Qualitative assessment of credit risk takes the form of conclusive expert opinions on acceptability of requested parameters of a deal, required measures of minimizing credit risks taken in that regard, and on compatibility of the requested form of the cash flow funding model to the designated purpose of the deal.

Quantitative credit risk assessment is exercised in accordance with the Group's models designed to estimate the probability of borrower default for various types of counterparties, including:

- corporate customers (leading, major, medium sized and other customers, for project finance transactions);
- financial institutions;
- individuals (applicative models of default probability assessment by retail lending sector);
- constituent entities of the Russian Federation and local authorities.

Counterparties are assigned internal ratings based on the approved models for estimating the probability of borrower default. All ratings assigned to corporate customers are registered in the Group's system, which is a corporate IT solution. Internal credit ratings are used to set credit risk limits, calculate expected losses, create loan loss provisions, and conduct risk-weighted analysis of the loan portfolio and financial planning.

Target credit risk levels are set in accordance with risk appetite. Decisions on manageable risk levels are made by authorized bodies, including the Investment Committee, the Loan Committee and the Chairman of the Management Board. Transactions submitted to review by the Loan Committee or Investment Committee are subject to examination by independent experts of the RMD.

The Group sets ultimate risk limits for every borrower or a group of borrowers. Compliance with (and use of)

The Group is vigorously developing a system of early identification of excessive counterparty risk, and is improving the system of credit exposure limitation.

credit risk limits is monitored on an ongoing basis and represents the limit compliance monitoring. Development and improvement of the credit risk limits system is a priority line of work for the Group. The following basic tools are used for risk monitoring:

- a system of credit risk limits;
- observation of contingent and additional clauses provided for by the decision on credit risk-taking;
- monitoring the borrower's financial state and the collateral;
- compiling a Watch List.

The Group makes efforts to improve the system of credit risk monitoring and control. There is a bank-wide information resource that contains results of the monitoring process for all transactions exposed to credit risk. In the event of discovery of negative trends for a specific counterparty, the latter is included in a relevant category on the Watch List. Information from the Watch List is a factor to take into account when determining, inter alia, severity (mode) of monitoring and the strategy of further work with assets, and also when triggering certain constraints on transactions with counterparties.

The Group carries out stress tests of credit risk on a regular basis, for the purpose of assessing a potential change in the loan portfolio quality in the event of adverse economic events.

In retail lending, credit risk management is largely impacted by the analysis of a borrower's credit risk and of the price risk with respect to the real estate value. The RMD routinely examines loan applications in spot checks and, in the mortgage lending sector, verifies the quality of the appraisal of the property to be collateralized, performed by an independent

appraiser. In connection with the adoption of the law on bankruptcy of private individuals, Bank GPB (JSC) has set up a database to identify private individuals declared bankrupt; the database is updated on a daily basis.

Country Risk

Country risk is a risk of financial losses due to foreign counterparties defaulting on their obligations to the Group for economic, political or social reasons, or as a result of a limited access to the counterparty's committed amounts denominated in foreign currency because of national legislation (irrespective of the counterparty's creditworthiness).

The Group manages this risk according to its Country Risk Policy. This policy defines key principles and approaches for the assessment of country risks and setting country limits. Country risk assessment considers the economy scale (GDP level) and the sovereign rating of the country.

Liquidity Risk

The Group manages its liquidity to ensure that sufficient liquidity is available to meet its commitments to customers, creditors and note holders, and to fulfill its business plans for active banking operations.

The Bank's liquidity management system is an integrated solution of risk identification, evaluation and control across the banking segment.

It is an essential part of the assets and liability management (ALM) system and it covers operations on a bank-wide basis, including the head office and regional branches.

The liquidity management system consists of two main components:

- instant (short-term) liquidity management implemented by the Treasury on a regular basis;
- medium-term and long-term liquidity management performed by the ALM Committee and the Internal Treasury Department as part of the ALM function, ultimately for the purpose of setting an effective risk-return ratio.

The liquidity management policy is subject to approval by the Board of Directors upon submission by the Management Board.

At the executive level, liquidity risk is managed by the ALM Committee. The ALM Committee

determines the policy for asset and liability management that aims to build up a liquidity gap control framework considering maturity profiles for assets and liabilities. It also helps to provide effective diversification of funding sources and availability of sufficient funding in stressed conditions.

The Risk Management Division monitors liquidity risks and reports on the status regularly to the ALM Committee, the Management Board and the head of the Risk Management Division. Risk reporting includes qualitative and quantitative risk estimations, stress testing results, and evaluation of additional liquidity sources (liquidity buffer).

Liquidity Risk Management Methods

Liquidity risk analysis covers the whole range of banking operations and allows identification of possible periods and reasons for potential liquidity shortage/excess.

The liquidity risk management system is integrated into the transaction planning processes in order to determine the required funding sources in normal and stressful situations. The Group applies the following indicators and limits to mitigate liquidity risk:

- period of solvency without external support;
- short-term liquidity (STL);
- net stable funding ratio (NSFR);
- liquidity gaps for realistic (business as usual) and liquidity stress scenarios in terms of maturity and key currencies;
- minimum level of liquidity buffer.

Gap analysis estimates the excess or shortfall of cash inflows over outflows grouped by maturity and currencies (individually and in general) and thus allows identification and management of open liquidity exposures. Gap analysis is supported by scenario analysis, which includes a realistic scenario (business as usual) and a liquidity stress scenario. Scenario analysis is performed as part of regular risk evaluation:

- Realistic scenario: shows the average expected liquidity level.
- Stress scenario: shows stress tolerance and the ability to maintain sufficient liquidity without implying restrictions on assets related banking transactions.

As part of the integrated liquidity risk management system, the Bank has a contingency funding plan (CFP) that sets out the strategies for addressing liquidity shortfalls in emergency situations. The CFP is updated on an annual basis and outlines policies to manage a range of stress scenarios, and establishes lines of responsibility, including proactive emergency monitoring, activation and escalation procedures.

Market Risk

Managing market risk includes limitation and monitoring of market risks that affect the Group's banking business. Responsibility for the decision-making process regarding acceptable market risk levels is vested in dedicated bodies: ALM Committee, Risk Management Commission and the Chairman of the Management Board. The market risk management function is assigned to the Risk Management Division.

The Bank's existing market risk management system is based on:

- a system of limits ensuring that the volume of risks corresponds to the adopted risk appetite and the amount of economic capital distributed among business lines concerned;
- qualitative and quantitative market risk assessment with the use of value-at-risk (VaR) methodology, stress testing, scenario analysis and sensitivity analysis.

Interest rate risk

Interest rate risk in the trading book comes from the bonds and derivatives present in the Bank's trading portfolio. Interest rate risk in the banking book arises when there is a mismatch between the maturity profiles of rate sensitive assets and rate sensitive liabilities.

The Bank uses the following parameters to assess interest rate risk exposure:

- net interest income sensitivity for both the banking and the trading book;
- net present value sensitivity for both the banking and the trading book;
- net interest income sensitivity of the trading bond portfolio;
- stress test results.

The Bank's policy with respect to the interest-rate risk exposure is reviewed on a regular basis and approved

by the ALM Committee. The RMD prepares regular reports on time gaps in the revision of interest rates, results of the gap analysis, value at risk, and stress testing of the interest rate risk exposure. Those data are submitted to the ALM Committee for consideration.

The ALM Committee sets the following limits on the level of interest rate risk exposure in accordance with the Bank's risk appetite:

- net present value sensitivity limit for both assets and liabilities;
- structural limits (limits between assets and liabilities by maturity profiles);
- net interest income sensitivity limit for the banking book;
- limit of financial result sensitivity (with respect to revaluation of financial instruments) to interest rate curve variations.

Currency risk

The principal sources of currency risk include investment in foreign companies and banks, as well as the position arising from creation of provisions on currency assets that is subject to due hedging. The Bank is free of significant currency positions opened for the purpose of speculative gains. Currency risks arising from transactions with customers are hedged by counter transactions with highly reliable counterparties.

The ALM Committee sets limits on the level of currency risk exposure for each portfolio (trading, investment, the Group, the Bank and subsidiaries).

For trading portfolios, maximum losses are also limited (stop-loss). Separate limits apply to operations involving derivatives. The Bank's currency risk exposure limits comply with the minimum requirements of the Central Bank of Russia.

The Bank assesses the value at risk and sensitivity of profit to foreign exchange rate fluctuations as part of a stress scenario. Stress testing provides conservative scenarios for fluctuations of currencies and precious metals against the ruble.

Equity risk

The Bank has investments primarily in sovereign securities and bonds of high-quality major Russian issuers. The Bank also assumes risks from non-market financial instruments (strategic and direct investments). These risks, however,

are specific, due to the fact that no revaluation is required for this type of assets and the investments are long-term, which makes it possible to gain profit from projects once the economic environment becomes favorable. Derivatives are used for risk hedging.

The VaR methodology is only applied to quoted instruments. Non-quoted instruments are not included in the traditional VaR model, and a separate model is used to calculate the capital value for these instruments. Therefore, the Bank does not exercise real-time monitoring of risks relating to these assets. The main tool for managing this risk is allocating capital to cover the risk of depreciation over the horizon of financial planning (one year) and strategic planning (five years).

The Bank also assesses the sensitivity to securities price changes as part of a systemic stress scenario. Stress testing includes analysis of conservative scenarios, where the stress level assumes a decrease in quotes for equities and an increase in YTM for debt securities.

According to the Bank's risk appetite, the Risk Committee sets market risk limits (VaR limits, limits for sensitivity to interest rate fluctuations), limits for maximum losses (stop-loss), limits for exposure level (nominal limits, structural limits). The Committees the Risk Commission make decisions on the risk concentration limits for each issuer/financial instrument.

Operational Risk

Operational risk is defined as the risk of a loss resulting from inadequate or ineffective internal processes, personnel and (or) third parties, management systems or external events. In particular, losses from staff errors, internal or external fraud, model errors or natural disasters are considered losses due to operational risks.

Quantitative measurement of those risks is more complicated than in case of other types of financial risks, therefore a comprehensive system of operational risk management is a decisive factor in effective management of that kind of risk.

Today, the Bank's operational risk management system comprises the following key elements:

- operational risk management methodology;

- principles on which operational risk management is based and their integration in decision-making procedures observed at the Bank;
- operational risk identification and escalation procedures;
- acquisition and registration of data on risk events caused by operational risk, and their consequences;
- self-evaluation of operational risks by the Bank's divisions, including keeping a register of the Bank's operational risks;
- qualitative and quantitative assessment of risk (including the process of evaluation of controls effectiveness);
- business continuity and disaster recovery system (is being optimized);
- operational risk monitoring system (including key risk indicators); and
- operational risk reporting.

Altogether, these components provide the advantage of quick detection of risks in policies, processes and procedures for adequate operational risk management. Prompt detection, assessment

The Bank lays special emphasis on a systematic approach to regular monitoring of and reporting on operational risk.

and addressing of these deficiencies to risk owners of the corresponding management level can substantially reduce the potential frequency and/or severity of losses due to operational risk and/or event.

The Bank attaches special importance to a systemic approach to regular monitoring and to submission of statements on the operational risk and substantial risks of operational losses.

In order to mitigate operational risks, the Bank uses principles, methods and approaches based on best

practices in operational risk governance and control as follows:

A. A system of operational risk management is integrated in the Bank's risk management system.
 B. The Bank approves risk appetite both at the Bank level at large, and in the form of principles governing constraints set on operational risk-taking.

C. The Bank develops internal documents regulating:

- staff job descriptions;
- business processes for banking operations;
- business continuity and disaster recovery plans;
- policy on information disclosure.

D. The Bank implements principles for segregation of duties and conflict-of-interest policies.

E. The Bank implements new products and business processes only after the relevant procedures and processes have been properly documented. Internal regulatory documents are only submitted when approved by subject matter experts, including Risk Management Service, the internal control service and the structural unit responsible for the Bank's security.

F. The Bank organizes procurement of goods and services on a competitive basis.

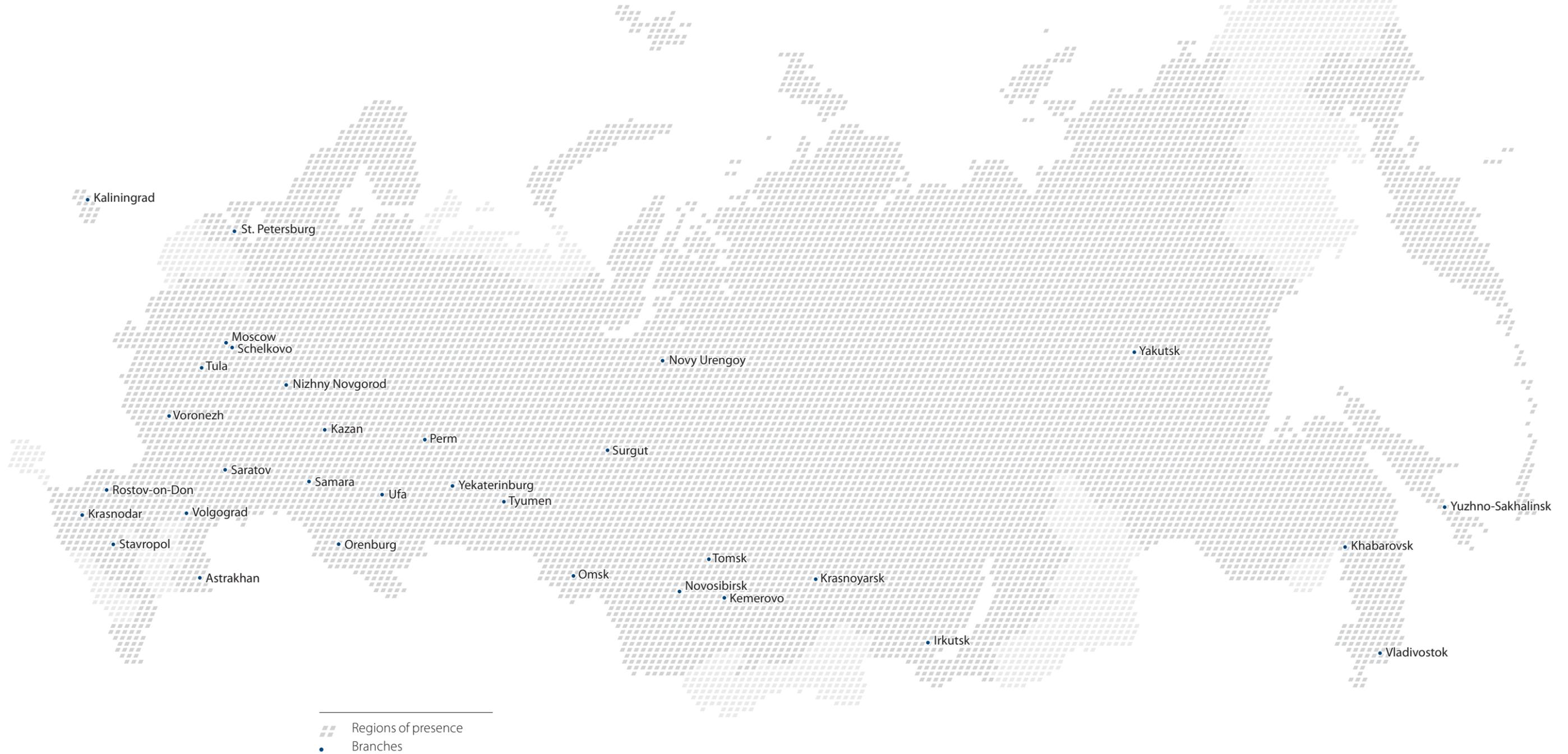
In order to reduce the negative effects from specific types of operational risks, the Bank has provided comprehensive insurance coverage including contracts for:

- comprehensive Crime & Professional Indemnity Insurance (standard crime insurance, including internal fraud, electronic crime insurance and computer crime insurance, professional liability insurance);
- employee voluntary medical insurance;
- insurance of property, including insurance of self-service machines.

2.13 Regional Network Map

Geographic location of the branches across principal regions where the Bank has a foothold:

Central Federal District	3	Moscow Region, Tula, Voronezh
Ural Federal District	4	Yekaterinburg, Surgut, Tyumen, Novy Urengoy
Siberian Federal District	6	Tomsk, Novosibirsk, Omsk, Krasnoyarsk, Irkutsk, Kemerovo
Volga Federal District	7	Nizhny Novgorod, Saratov, Orenburg, Ufa, Perm, Samara, Kazan
Southern Federal District	4	Krasnodar, Volgograd, Astrakhan, Rostov-on-Don
Northwestern Federal District	2	St. Petersburg, Kaliningrad
Far Eastern Federal District	4	Yakutsk, Khabarovsk, Vladivostok, Yuzhno-Sakhalinsk
North Caucasian Federal District	1	Stavropol
Total	31	



2.14 Regional Network

In the reporting period, Gazprombank's regional network continued to evolve. In 2015, it added 4 sales offices, 6 new branch offices were opened, 5 sales offices were relocated, and 2 offices were closed down.

To enhance presence efficiency, the branches based in Yugorsk (branch office No. 048/1010 of the Surgut Branch) and in Belgorod (operational office No. 049/2008 of the Voronezh Branch) were converted into operational offices following resolutions of the Bank's Board of Directors and the Management Board.

In 2016, the Bank contemplates expanding its sales office chain across Russian regions that are deemed to have the biggest retail business potential. In the third quarter of 2015, the Bank's Management Board approved the guidelines for the transformation

of the Bank's branch network up to 2017, which envisages keeping the focus on the optimization of forms of the Bank's presence in specific regions, and also on the enhancement of the functional and organizational architecture of the chain.

As part of the transformation, the basic instruments to improve efficiency of the regional network include centralization of several functions, such as support and administration and back office operations, as well as standardization of the main business processes, and improvement of the regional network's organizational and functional structure.

Number of units in the regional network:

Regional network in the Russian Federation	As of 01.01.2015	As of 01.01.2016
Branches	33	31
Branch offices	233	237
Operational offices	70	72
Out-of-office cash counters	2	2
Total units in the Russian Federation:	338	342
Moscow network		
Branch offices	27	25
Sales and operational services office	1	1
Out-of-office cash counters	5	3 ¹
Total	33	29

¹ Including Out-of-office cash counter No. 099/3034 of Bank GPB (JSC), located at Sinopskaya nab. 22, Lit. A, St. Petersburg, 191167.

2.15 HR policy and Employee Development

Active consolidation of the national banking industry changed the situation in the job market in 2015.

Over the past few years, workforce efficiency improvement has been the key objective of the HR policy of Bank GPB (JSC). Optimization of the organizational structure and regional network, establishment of bank-wide service centers, staff management that takes into account the scope and range of work at hand, development of a KPI system, regular performance evaluations, and development of the HR methodology for the banking group are just a few instruments applied to achieve the purpose. As of 31.12.2015, the Bank's workforce consisted of 13,900 people, having seen a slight upturn during the year (largely due to the opening of new sales offices and development of new lines of business, such as banking support of construction contracts). About 90% of the staff are college graduates, the average period of service at the Bank is 5.5 years, with about 1,000 people having stayed with Bank GPB (JSC) for more than 15 years. The average age of employees is 38 years; approximately 25% of the personnel are under 30.

Active consolidation of the national banking industry changed the situation in the job market in 2015. On the one hand, competition for talents is now even more fierce among market majors, and, on the other, the job market transformed into an "employer's marketplace", which opens up new opportunities for finding and recruiting promising employees. On a separate note, western markets, which used to be a source of highly qualified specialists with unique competencies (e. g., in risk management or operations in financial markets), have virtually become inaccessible.

Weathering through macroeconomic challenges, the Bank continues to pay significant attention to

the reinforcement of its talent pool by way of education and training programs among other things. The Bank is consistent in the implementation of a set of measures aiming to attract, develop and keep high-potential employees; in 2015, traditional forms of staff education and training were supplemented by vigorously used distant learning courses and self-study techniques.

In all its activities, Gazprombank invariably adheres to the requirements and recommendations of relevant regulators. By now, the Bank has fully activated a compliance management system to ensure compliance of the Bank's operations with the requirements of the Deposit Insurance Agency (under a capital top-up agreement) and of the Bank of Russia (in pursuance of Instruction No. 154-I, dated 17.06.2014). The steps undertaken in that direction will bring Gazprombank's payroll system in line with the nature and scale of its operations, performance, level of risk-taking and combination of risks, and will help retain the key personnel, incentivize them and enhance their efficiency.

In 2016, our efforts will be focused on the rollout of a customer-oriented business model; greater transparency in the delineation of functions, authorities and responsibilities among the Bank's structural units and officers; optimization of business processes and automation of operations involving considerable manual labor; work fast-tracking and better quality.

Continuous improvement and efficiency-boosting innovations must become a standard for every Bank employee, as that is increasingly becoming a major factor for competitive success.

2.16 Development of Information Technologies

In 2015, the Bank continued centralizing and standardizing IT solutions, and carried out IT cost optimization and efficiency improvement initiatives.

As of today, the Bank is working on over 30 IT projects aimed at raising the quality of customer services, expanding the Bank's product range and reducing expenses for internal operational support. In 2015, necessary alterations were performed in the technology that supports the centralized accounting and operating environment for the corporate customer service in the head office and the Central Branch. Furthermore, a technology was implemented and required solutions were introduced to keep a centralized master reference guide of economic agents — legal entities, sole proprietors and individuals engaged in private practice. The above-mentioned technology was launched at the Central Branch, branches in St. Petersburg, Novy Urengoy, Tyumen and Perm. A new solution was rolled out in the remote banking system to identify fraudulent transactions with customer settlement accounts; it uses a Financial Transactions Monitoring System. In early 2015, another technology was unveiled. It helps support a single retail customer service area that unites service offices in Moscow, St. Petersburg, Moscow and Leningrad Regions within a uniform information and technology space. An updated version of the Telecard mobile banking application has been designed and launched for individual customers; it has a new layout and a user-friendly interface. For some customer segments, multi-currency deposits were introduced, with one deposit agreement covering up to five accounts in different currencies. The key benefit for the customer here is the opportunity to carry out currency conversions between different currency accounts in one deposit and save on conversion charges. In addition, a specialized solution was rolled out to issue and service customs cards of the Customs Payment System.

In 2015, a complex of information and trading systems, Reuters Electronic Trading (RET) and Thomson Reuters Dealing Aggregator (TRDA), was brought online; it makes a two-tier system of FX trading available for the Bank's customers. Furthermore, the GPB Dealing system that performs conversion deals with corporate customers in the automatic mode, based on external quotes, was upgraded to commercial status. In an ongoing effort to centralize accounting and operational functions, several branches of the Bank were connected to the centralized messaging service that enables exchange of electronic messages with the Bank of Russia; money transfers are now processed on the basis of a centralized architecture. The Tomsk Branch has launched a solution based on the software complex "Client of the Bank of Russia, Special" (KBR-S) and the SC — CFT automated system, which enables building hubs for settlements with the Bank of Russia at the Bank's authorized branches. Necessary IT solutions were introduced to support the creation of the Bank's Business Operational Support Center. The Bank's Regulatory Framework information retrieval system and an automated envelope-tracking system to control the document flow between the Bank's locations (buildings) were put into operation to optimize the internal processes even further. The Corporate Training Portal was used as a platform to roll out a webinar solution, and now employees of the head office and of the Bank's branches can take part in workshops and training courses without having to travel. Backup copies of critical components of the IT infrastructure were made and stored at the Bank's supplemental data center in Moscow; additional work was performed and tests were run to try out a disaster-proof software and hardware package used for SWIFT payments.

2.17 Social Responsibility and International Cultural Cooperation

Social responsibility has always been and remains among the high-priority corporate values in Gazprombank.

Continuous and systematic work in that area is pursued along several lines, such as science and education, culture and awareness, sports, welfare of underprivileged social strata, and environment. Being conscious of the particular importance of training highly qualified economic specialists, Gazprombank closely interacts with Russia's major universities, strongly supports elementary and secondary vocational education institutions. Since 2010, more than 25 cities and towns across the country have been involved in the nationwide annual professional excellence competition, "Gazprombank Working Scholars". It is open for educational institutions training workforce for the strategic industries of the Russian economy, such as metallurgy, nuclear power, petrochemical industry, heavy- and medium-duty machinery, automotive industry, defense industry. On the back of their outstanding performance in the competition, 40 winners in every institution are awarded an annual scholarship from Gazprombank, and the participating colleges receive charity donations.

To foster healthy lifestyles, Gazprombank backs up a host of federations, clubs and other organizations promoting elite or mass sports, including physical culture among children.

In the area of culture and education, Gazprombank has Moscow Kremlin Museums, Pushkin Museum of Fine Arts, Hermitage and other museums, theaters and movie houses among partners.

As part of the efforts to nurture creative endeavors of children, every year Orlyonok (Eaglet), a national center for children situated on the shores of the Black Sea, hosts the Children's Song of the Year festival presided by Angelina Vovk, a people's artist.

The event is a gathering bringing together more than 300 performers from across the nation, where talented youngsters have an excellent opportunity to prove their mettle on big stage, to take part in master classes hosted by stars of the Russian show business, and relax on the seaside in a cozy cove.

Special emphasis in Gazprombank charity activities is given to veterans' organizations, orphans' homes and orphans support in general, boarding schools. For many years, the Bank has been a donor of Children's Villages — SOS, an inter-regional charity NGO, it is actively involved in the construction of family child-care homes for orphans across Russia and backs up the traditional New Year charity campaign "I believe in Father Frost" organized for the benefit of orphans; the Bank's employees also take part in it on an individual basis. Within the framework of its environmental endeavors, Gazprombank continues to donate to the endowment fund of the Land of the Leopard national park. In 2015, the Bank took a young leopardess named Bary under its care and since then has been observing closely the development of the natural reserve at large and the life of its ward in particular.

International Cultural Cooperation

In 2015, within the framework of international cultural collaboration, Gazprombank and its associates joined their efforts to arrange a first viewing of *The Crossing* (2014), a Chinese motion picture directed by John Woo, a world-famous film director who won international acclaim for his works, such as *Mission: Impossible II* (2000), *Face/Off* (1997) and many others. The first viewing in Moscow, which was opened by John Woo personally, was attended by members of the business and culture communities, and by public figures of the two countries. The guests underlined the strong significance of that event for effective promotion of Russian-Chinese relations. Among the festivities dedicated to the 70th anniversary of the victory in the Great Patriotic War, the Italian town of Verona hosted a concert of the Alexandrov Red Army Choir. In addition, Italian movie-goers were able to watch *Fortress of War* (2010) for the first time. The motion picture was presented by its General Producer Igor Ugolnikov. Both these events were a memorable occasion for the town, and stirred only positive vibes among the Italian public.

3

Corporate Governance



3.1 Shareholders

Full name	As of 01.01.2015		As of 01.01.2016		
	Share in common stock ¹ , %	Share in Type A preferred stock ² , %	Share in common stock ¹ , %	Share in Type A preferred stock ² , %	Share in Type B preferred stock ³ , %
Public Joint Stock Company Gazprom	35.5414	0	35.5414	0	0
Non-State Pension Fund GAZFOND	6.0798	0	6.0798	0	0
Open Joint-Stock Company GAZ-Tech	11.1125	0	11.1125	0	0
Open Joint-Stock Company GAZ-Service	16.2223		16.2223	0	0
Open Joint-Stock Company GAZKON	16.2316	0	16.2316	0	0
Closed Joint-Stock Company Leader (pension fund asset management company), Trust Management	0.3534	0	0.3534	0	0
Closed Joint-Stock Company Leader (pension fund asset management company)	0.0004	0	0.0004	0	0
State Corporation Bank for Development and Foreign Economic Affairs (Vnesheconombank)	10.1907	0	10.1907	0	0
Russian Federation represented by the Ministry of Finance of the Russian Federation	0	100	0	100	0
State Corporation Deposit Insurance Agency	0	0	0	0	100
Limited liability company New Financial Technologies	4.0475		4.2180		
Individuals	0.2204	0	0.0499	0	0
Total:	100	100	100	100	100

¹ Of the total number of common shares.

² Of the total number of Type A preferred shares.

³ Of the total number of Type B preferred shares.

3.2

Board of Directors of «Gazprombank»
(Joint-stock Company)*Board of Directors (as of 01.01.2016)*

Chairman of the Board of Directors	
Alexey B. Miller	Chairman of the Management Board of Gazprom
Deputy Chairmen of the Board of Directors	
Andrey I. Akimov	Chairman of the Management Board of «Gazprombank» (Joint-stock Company)
Mikhail L. Sereda	Deputy Chairman of the Management Board, Chief Administration Officer of Gazprom
Yury N. Shamalov	President of Non-State Pension Fund GAZFOND
Members of the Board of Directors	
Yelena A. Vasilyeva	Deputy Chairperson of the Management Board, Chief Accountant of Gazprom
Anatoly A. Gavrilenko	Chief Executive Officer of ZAO Leader
Kirill A. Dmitriev	Chief Executive Officer of Russian Direct Investment Fund (RDIF)
Ilya V. Eliseev	Deputy Chairman of the Management Board of «Gazprombank» (Joint-stock Company)
Sergey S. Ivanov	Chairman of the Management Board of JSC SOGAZ
Yulia S. Karpova	Deputy Chairperson and Member of the Management Board of Vnesheconombank
Andrey V. Kruglov	Deputy Chairman of the Management Board of Gazprom
Kirill G. Seleznev	Member of the Management Board, Department Head, Gazprom

**Profiles of Members of the Board of Directors,
«Gazprombank» (Joint-stock Company)****1. Alexey B. Miller***Year of birth:* 1962.*Educational background:* Graduated from the Voznesensky Leningrad Institute of Finance and Economics in 1984. Candidate of Sciences (Economics).*Job titles in the past three years:*

From June 2001 to date — Chairman of the Management Board, PJSC Gazprom.

2. Andrey I. Akimov*Year of birth:* 1953.*Educational background:* Graduated from the Moscow Institute of Finance in 1975.*Job titles in the past three years:*

From January 2003 to date — Chairman of the Management Board, Bank GPB (JSC).

3. Mikhail L. Sereda*Year of birth:* 1970.*Educational background:* Graduated from St. Petersburg State University of Economics and Finance in 1997.*Job titles in the past three years:*

From September 2004 to date — Deputy Chairman of the Management Board, Chief Administration Officer of the Management Board, PJSC Gazprom.

4. Yury N. Shamalov

Year of birth: 1970.

Educational background: Graduated from the Higher Naval Engineering School in 1992; graduated from the Russian Foreign Trade Academy (Ministry of External Economic Relations of the Russian Federation) in 1996. Ph. D. (Economics).

Job titles in the past three years:

From August 2003 to date — President of Non-State Pension Fund GAZFOND.

5. Yelena A. Vasilyeva

Year of birth: 1959.

Educational background: Graduated from the Voznesensky Leningrad Institute of Finance and Economics in 1986; graduated from the St. Petersburg International Institute of Management in 2008.

Job titles in the past three years:

From September 2001 to date — Deputy Chairman of the Management Board, Chief Accountant, PJSC Gazprom.

6. Anatoly A. Gavrilenko

Year of birth: 1972.

Educational background: Graduated from Lomonosov Moscow State University in 1995 and 2001.

Job titles in the past three years:

From May 2004 to date — Chief Executive Officer, ZAO Leader (retirement fund asset management company).

7. Kirill A. Dmitriev

Year of birth: 1975.

Educational background: Graduated from Stanford University in 1996; graduated from Harvard University in 2000.

Job titles in the past three years:

From June 2009 to July 2011 — Head of Ukraine's Representative Office of Icon Private Equity Limited; from May 2011 to date — Chief Executive Officer, Russian Direct Investment Fund (RDIF).

8. Ilya V. Eliseev

Year of birth: 1965.

Educational background: Graduated from Zhdanov Leningrad State University in 1987. Ph. D. (Law).

Job titles in the past three years:

From August 2005 to date — Deputy Chairman of the Management Board, Bank GPB (JSC).

9. Sergey S. Ivanov

Year of birth: 1980.

Educational background: Graduated from the Moscow State Institute of International Relations (University) (Russia's Ministry of Foreign Affairs) in 2002. Ph. D. (Economics).

Job titles in the past three years:

From December 2009 to April 2011 — Deputy Chairman of the Management Board of Bank GPB (JSC). From April 2011 to date — Chairman of the Management Board, SOGAZ (JSC), adviser to the Chairman of the Management Board, Bank GPB (JSC) (concurrently).

10. Julia S. Karpova

Year of birth: 1970.

Educational background: Graduated from the Plekhanov Russian University of Economics in 1991; graduated from the Financial Academy (under the Government of the Russian Federation) in 1999.

Job titles in the past three years:

From November 2007 to April 2012 — Director, Directorate of FX and Financial Transactions, from April 2012 to March 2014 — Deputy Chairperson, from March 2014 to date — Deputy Chairperson, Member of the Management Board, Vnesheconombank.

11. Andrey V. Kruglov

Year of birth: 1969.

Educational background: Graduated from St. Petersburg Technology Institute of Refrigeration Industry in 1994; studied at the Interdisciplinary Institute of Advanced Training and Staff Retraining at the St. Petersburg University of Economics and Finance in 1995. Doctor of Sciences (Economics).

Job titles in the past three years:

From April 2004 to July 2015 — Deputy Chairman of the Management Board, Head of Department; from July 2015 to date — Deputy Chairman of the Management Board, PJSC Gazprom.

12. Kirill G. Seleznev

Year of birth: 1974.

Educational background: Graduated from the Ustinov Baltic State Technical University in 1997; graduated from St. Petersburg State University in 2002. Ph. D. (Economics).

Job titles in the past three years:

From September 2002 to date — Member of the Management Board, Department Head, PJSC Gazprom; from March 2003 to date — CEO of Gazprom Mezhregiongaz, LLC (concurrently).

3.3

Management Board of «Gazprombank» (Joint-stock Company)

Management Board (as of 01.01.2016)

Andrey I. Akimov	Chairman of the Management Board
Oleg M. Vaksman	Deputy Chairman of the Management Board
Vladimir N. Vinokurov	First Vice President
Ilya V. Eliseev	Deputy Chairman of the Management Board
Dmitry V. Zauers	Deputy Chairman of the Management Board
Viktor A. Komanov	Deputy Chairman of the Management Board
Nikolay G. Korenev	Deputy Chairman of the Management Board
Svetlana E. Malyuseva	Deputy Chairperson of the Management Board, Chief Accountant of the Bank
Alexey A. Matveev	Deputy Chairman of the Management Board
Alexander Y. Muranov	Deputy Chairman of the Management Board
Andrey A. Pimenov	First Vice President
Igor V. Rusanov	First Vice President
Famil K. Sadygov	Deputy Chairman of the Management Board
Alexander I. Sobol	Deputy Chairman of the Management Board
Valery A. Seregin	First Vice President
Alexander M. Stepanov	First Vice President, Head of Strategic Industrial Assets Department
Yan V. Tsenter	First Vice President

Management Board Member Profiles

1. Andrey I. Akimov

Born in 1953.

Education: A graduate of Moscow Financial Institute (1975) qualified as an economist.

Career: From October 1974 to November 1990 Andrey was an employee of Vneshtorgbank in the positions of Credit Inspector, Head of Foreign Exchange Department, Deputy General Manager of the bank's office in Zurich, and Chairman of the Management Board in Donau Bank. From February 1991 to January 2003 he held the position of Managing Director at IMAG Investment Management & Advisory Group AG (Austria). Chairman of Bank GPB (JSC) Management Board since January 2003.

2. Oleg M. Vaksman

Born in 1977.

Education: Bachelor's degree in Law from the University of the Witwatersrand in Johannesburg, South Africa (2002).

Career: From May 2003 to March 2005 Oleg held the position of Chief Operating Officer (Analysis) at First National Bank in Johannesburg, South Africa. From October 2005 to January 2008 he worked at KPMG London Advisory Department as a risk consulting manager responsible for the financial sector. From January 2008 to June 2009 Oleg served as Performance Management Director and from July 2009 to February 2010 as Consulting Director (Partner)

with Business Consulting at PricewaterhouseCoopers Russia B.V., Moscow. Employed by Gazprombank in February 2010 as First Vice President, elected as a Member of the Management Board in April 2010 and appointed Deputy Chairman of the Management Board in February 2013.

3. Vladimir N. Vinokurov

Born in 1959.

Education: Graduated from Dzerzhinsky Tambov Higher Military Aviation Engineering School in 1981 with a degree in Radio Engineering; a graduate of the Higher School of the KGB qualified as an officer with a degree in higher professional education in 1991; a graduate of the Russian Academy of Public Administration with a degree in Social Sciences in 1994.

Career: Vladimir did military service with the USSR Ministry of Defense from July 1981 to September 1983 and with KGB/FSB counterintelligence offices (staff records and fieldwork) from September 1983 to December 1998. From December 1998 to March 2014 he served in the FSB Center for Special Assignments, holding the position of Chief Deputy and Chief Personnel Officer to June 2003, Chief Deputy and Chief Officer of Unit A from June 2003 to March 2014. Employed by Bank GPB (JSC) since March 2014 in the positions of First Vice President and Member of the Management Board.

4. Ilya V. Eliseev

Born in 1965.

Education: A degree in Law from Zhdanov Leningrad State University (1987). Awarded a degree of Candidate of Sciences in Law in 2001.

Career: From January 1991 to March 2003 Ilya worked at St. Petersburg State University in the Department of Law (Civil Law). From May 2003 to July 2005 he held the position of Vice President and President of the Law Center Association in St. Petersburg. He joined Bank GPB (JSC) in the position of Deputy Chairman of the Management Board in August 2005.

5. Dmitry V. Zauers

Born in 1979.

Education: Graduated from Tomsk State University with a degree in Management (2001).

Career: Dmitry started his career in August 2001 with Gazprombank. Through June 2003, he held the positions of specialist and lead specialist of the Lending Department with the Bank's branch in Tomsk; from June 2003 to May 2011 he worked in the Bank's Regional Business Development Division and held the position of Chief Specialist of the Network Management Department until March 2006; from March 2006 to September 2007 he was Deputy Head of the Network Coordination Division and Head of the Network Management Department; from September 2007 to February 2010 he served as Head of the Network Coordination Department and from February 2010 to May 2011 as Deputy Head of the division. In May 2011 he was appointed Vice President and then First Vice President of the Bank in September 2012. He has been a Member of the Management Board since February 2013 and Deputy Chairman of the Management Board since November 2014.

6. Viktor A. Komanov

Born in 1973.

Education: A graduate of Plekhanov Russian University of Economics qualified as an economist (1995) and the London School of Economics and Political Science (1997).

Career: Viktor started his career in September 1990 with commercial banks Stroycredit and Moscovia. Then until March 1996 he worked as a lead economist at commercial banks YALOSBANK, National Credit and Gagarinsky. From 1996 to 1997 he served as Head of the New Product Development Division of the Corporate Services Division at Menatep Bank.

From December 1997 to November 1998 Viktor was an analyst with the Corporate Finance Department of Fleming USB (CJSC). Up to February 2001, he held the position of Deputy Head of the Investment Banking Department of Fleming USB (CJSC). Up to March 2002 he was Deputy Head of the Corporate Client Banking and Capital Markets Department at J. P. Morgan Bank International, LLC. From April 2002 to October 2003 Viktor worked in the Moscow office of Lukoil Overseas Service LTD in the positions of Head of the M&A Department and later Head of the International Business Development Department. Joined Bank GPB (JSC) in October 2003. From October 2003 to February 2004 he acted as Advisor to the Management Board and Corporate Finance Director; from February 2004 to November 2007 he was Head of the Corporate Finance Department; from November 2007 to July 2010 served as First Vice President. He was elected as a Member of the Management Board in April 2007 and appointed Deputy Chairman of the Management Board in July 2010.

7. Nikolay G. Korenev

Born in 1952.

Education: A graduate of Lomonosov Moscow State University with a teacher's degree in History (1980) and the All-Russian State Distance-Learning Institute of Finance and Economics with a degree in Economics (1990). Awarded a degree of Candidate of Sciences in Economics in 2003.

Career: Nikolay started his career in September 1974 with the USSR Ministry of Finance, where he held the positions of the Personnel and Educational Work Instructor, Senior Inspector, Chief Inspector, Head of the Personnel and Training Department, Deputy Head of the Personnel and Training Division, Acting Head of the Financial System Personnel and Training Division. In August 1991 he was appointed First Deputy Head of the Department for Administrative and Financial Affairs at the State Agency for Leadership Training under the USSR Cabinet of Ministers. Until July 1997 he served as Vice President, Deputy Chairman of the Management Board, First Deputy Chairman of the Management Board and Head of the HR and Development Department, and a Member of the Management Board at the Russian State Insurance Company. From July 1997 to July 2004 Nikolay served in the Administrative Directorate of the RF Government and held the positions of Deputy Head of the Department for Communications with the RF Constituent Entities

and the Council of the Federation, Deputy Head of the Department for Regional Development and Communications with the Council of the Federation, Deputy Head and Head of the Department for Regional Development, and Deputy Head of the Department for Regional Monitoring of the RF Government. Joined Bank GPB (JSC) in July 2004 holding the positions of First Vice President from July 2004 to July 2006 and Deputy Chairman of the Management Board from July 2006 to the present.

8. Svetlana E. Malyuseva

Born in 1952.

Education: A graduate of Voznesensky Leningrad Institute of Finance and Economics with a degree in Economics (1974).

Career: Svetlana's first employer was the Petrodvorets branch of Gosbank, where she worked from August 1974 to December 1987 as Economist, Deputy Chief Accountant and Chief Accountant. From January 1988 to June 1994 she held the positions of Chief Accountant, Chief Officer & Chief Accountant in the Leningrad Regional Department of Zhilsocbank. From July 1994 to June 2001 she served as Chief Accountant, Vice President for Economic Affairs, Vice President & Deputy Chairperson of the Management Board, First Deputy Chairperson of the Management Board, and Deputy Chairperson of the Management Board in Bank St. Petersburg (OJSC). From June to November 2001 Svetlana held the position of Vice President of the International Bank of St. Petersburg (OJSC). She joined Gazprombank in November 2001 as Advisor to the Chairman of the Management Board until February 2002 and Chief Accountant of the Bank from February 2002 to July 2006. She was elected as a Member of the Management Board in February 2002 and appointed Deputy Chairperson of the Management Board & Chief Accountant of the Bank in July 2006.

9. Alexey A. Matveev

Born in 1963.

Education: A degree in Economics from Moscow Financial Institute (1986).

Career: Alexey started his career in January 1986 with VTB's Soyuzraschetexport, where he worked as an inspector and an economist until December 1987. From January 1988 to June 1989 he worked as an economist in Vnesheconombank of the USSR. Then Alexey joined International Moscow Bank where

he was Head of the Financial Credits Department until January 1992. During the following year he worked as Foreign Affairs Consultant with Servis-Globus (a joint venture). From February 1993 to July 1995 he held the positions of Director for External Loans, Member of the Management Board, and Executive Vice President of Inter-Sectoral Commercial Bank for Wholesale Development. In July 1995 he joined JSC Bank Credit Suisse (Moscow) where he worked as Head of the Securities Management Department and Vice President until June 1998. During 1999, Alexey was Advisor to the Chairman of the Management Board in Eastern European Investment Bank. From June 1999 to March 2001 he held the position of Head of the Investment Banking Department in Fleming USB (CJSC). From May 2001 to February 2003 he was Managing Director in Investment Company Troika Dialog (CJSC). He joined Gazprombank in February 2003, working as Advisor to the Chairman of the Management Board from February to July 2003, and was appointed Deputy Chairman of the Management Board in July 2003.

10. Aleksandr Y. Muranov

Born in 1958.

Education: A graduate of Leninsky Komsomol Lviv Polytechnic Institute qualified as an electronic engineer (1980).

Career: Aleksandr's career started in November 1980 with Elektroizmeritel Plant named after the 50th Anniversary of the USSR in Zhytomyr, where he worked as an Engineer, Laboratory Chief and Deputy Head of R&D until August 1994. From 1995 to 1998 he held the positions of Economist, Head of the Correspondent Relations Department, Deputy Chairman of the Management Board and First Deputy Chairman of the Management Board in Unibest (a commercial bank). From October 1998 to February 2005 his career continued with Rosprombank in the positions of Vice President, First Vice President, and President of the Bank. He joined Bank GPB (JSC) in February 2005 and has been acting as Deputy Chairman of the Management Board until the present.

11. Andrey A. Pimenov

Born in 1964.

Education: A graduate of Moscow Pedagogical Institute with a teacher's degree in Vocational Training and General Technical Disciplines (1992).

Career: Andrey started his career in 1984 as Foreman of Vocational Training in a technical college. In April

1991 he became Director General of Cicera (a small enterprise), and then served as Deputy Director General in Ares LLP from January 1993 to January 1995. From February 1995 to September 1996 Andrey held the position of Senior Manager of the Branching Department in Commercial Investment Bank Alfa Bank. From October 1996 to October 1998 he worked in the Moscow Regional Office of Menatep Bank, LLC as Head of Business Development. From October 1998 to February 1999 he was Head of Corporate Services in the Moscow Branch of Menatep St. Petersburg. From March 1999 to November 2000 he held the position of Head of Administration in Rosprombank LLC. From November 2000 to November 2002 he acted in the capacity of Business Center Manager in the Moscow Representative Office of Trekhprudny Management Limited. From November 2002 to April 2005 Andrey was head of Polet Federal Operating Company. He joined Gazprombank in May 2005 working as Head of Administrative Support until December 2006. From December 2006 to July 2007 he held the position of First Vice President & Head of Administrative Support. He was appointed First Vice President in July 2007 and elected as a Member of the Management Board in October 2013.

12. Igor V. Rusanov

Born in 1970.

Education: A graduate of Moscow Institute of Physics and Technology with a degree in Engineering Mathematics (1993).

Career: Igor's career started with the Institute of Design Automation under the USSR Academy of Sciences, where he worked as an engineer from April 1990 to November 1993. From June 1994 to July 1997 he was employed by Neftekhimbank, where he held the positions of Specialist and Chief Specialist of the Securities Department until May 1996 and Deputy Head of the Dealing Department from June 1996 to July 1997. In July 1997 he was appointed Acting Head of Treasury. In August 1997 he joined Bank GPB (JSC) where he worked as Head of the Promissory Notes and Bonds Department and Deputy Head of Securities until February 1999; Deputy Head of Treasury, Deputy Head of Treasury & Head of Liquidity Control & Analysis, and Deputy Head of Treasury & Head of Cash Flow Management from February 1999 to December 2003; Head of Structured & Syndicated Financing from December 2003 to September 2004; Vice President & Head of the Debt Capital Markets Department from

September 2004 to January 2006; Vice President & Head of the Capital Markets Department from January 2006 to September 2007; Vice President & Head of Structured & Syndicated Financing and Corporate Solutions from September 2007 to January 2011. He was appointed First Vice President in January 2007 and elected as a Member of the Management Board in February 2013.

13. Famil K. Sadygov

Born in 1968.

Education: A graduate of Ordzhonikidze State Academy of Management qualified as a planning engineer (1993). Awarded a degree of Candidate of Sciences in Economics in 2006.

Career: From 1992 to 1994 Famil occupied managerial positions in a number of trading companies. From June 1994 to May 1995 he held the position of Deputy CEO & Chief Manager at National Diamond Fund (CJSC). From June 1995 to March 1996 he served in the Ministry of Finance of the Russian Federation as a consultant of the Administrative Control Department. From March 1996 to April 1997 Famil held the position of Head of the Forecast & Analysis Department. From April to June 1997 he acted as Deputy Head of Science and Technology under the Russian Federal Road Service. He was Deputy Head of the Directorate in Dorinvest until January 1998 and Deputy Head of the Russian Federal Road Service until July 1999. From July 1999 to December 2004 he served in the capacity of Deputy Minister for Taxes and Duties of the Russian Federation. From January 2005 to February 2009 he held the position of Deputy Head of the Federal Treasury. From February 2009 until the present Famil has been Deputy Chairman of the Management Board in Bank GPB (JSC).

14. Aleksandr I. Sobol

Born in 1969.

Education: A graduate of Ordzhonikidze Moscow Aviation Institute qualified as a planning engineer (1991). Awarded a degree of Candidate of Sciences in Economics in 2003.

Career: Aleksandr started his career in February 1989 in S. Ordzhonikidze Moscow Aviation Institute, where he worked as a technician and an engineer until September 1993. In September 1993 he joined Russian National Commercial Bank (RNCB) and worked there until November 1998 in the positions of Economist, Head of the Financial

Resources Department, Deputy Head and Head of the Consolidated Analysis Department, Vice President of the Bank, Vice President & Head of the Compliance Control Service, and Deputy Chairman of the Management Board & Head of the Compliance Control Service. Aleksandr joined Bank GPB (JSC) in November 1998 and held the positions of Advisor to the Chairman of the Management Board from November 1998 to February 1999 and Deputy Head of Strategic Development and Resource Planning & Advisor to the Chairman of the Management Board from February 1999 to November 1999. He has been Deputy Chairman of the Management Board since November 1999.

15. Valery A. Seregin

Born in 1966.

Education: A graduate of Makarov Pacific Higher Naval School majoring in Radio Engineering (1988).

Career: From 1991 to 1992 Valery worked for Moskovsky Fondovy Dom as Head of the Operations Department. From June 1992 to May 1994 he was Head of the Securities Department of Avia-bank. In May 1997 he joined Neftekhimbank where he held the positions of Head of the Securities Department and Deputy Chairman of the Management Board until May 1997. From May 1997 to April 2002 he was Deputy Chairman of the Management Board in Gazprombank. Until November 2004 he occupied the position of Deputy CEO of the Agency for Housing Mortgage Lending (OJSC). From December 2004 to April 2010 Valery worked in GPB-Mortgage (OJSC) in the capacity of Advisor to the Management Board and Chairman of the Management Board. He joined Bank GPB (JSC) in April 2010 as First Vice President. Elected as a Member of the Management Board in June 2010.

16. Aleksandr M. Stepanov

Born in 1976.

Education: A bachelor's degree from Moscow State Institute (University) of International Relations (MGIMO) in Management with a qualification in a foreign language (1997); a master's degree from G.V. Plekhanov Russian Academy of Economics in Economics (1999). Awarded a degree of Candidate of Sciences in Economics in 2000.

Career: Aleksandr started his career in April 1994 with Sozidanie LLP as a computer operator. From February 1997 to December 1999 he worked as a consultant at Monitor Eurasia Africa Ltd.

and then as a consultant in the Moscow Representative Office of A.T. Kearney GmbH from January 2000 to April 2001. From April 2001 to October 2004 he held the position of Analyst, Deputy Director of Transportation Projects, and Investment Director in Finartis, LLC. In October 2004 Aleksandr joined Gazprombank as Director of the Project Finance Department until October 2006 and Advisor to Chairman of the Management Board from October 2006 to February 2011. In February 2011 he was appointed First Vice President & Head of the Strategic Industrial Assets Department. Elected as Member of the Management Board in November 2014.

17. Yan V. Tsenter

Born in 1974.

Education: A graduate of Ural State University of the Order of the Red Banner of Labor with a degree in Mathematics (1996); a graduate of Ural State University of Economics majoring in Economics (2006).

Career: Yan's career started in July 1995 with Ural-promstroibank, where he worked until February 1998 as an economist and a dealer. From February 1998 to March 2000 he held the positions of Manager and Asset Manager of the Trust Management Department, Deputy Head of Treasury and Head of Customer Service of the Ural Bank for Reconstruction and Development. He joined Bank GPB (JSC) in March 2000 as a department head. Later he occupied the positions of Deputy Branch Manager in Yekaterinburg from April 2002 to July 2010, and Branch Manager from July 2010 to February 2012. In February 2012 Yan was appointed Vice President and Branch Manager in Yekaterinburg. From August 2012 to December 2013 he acted in the capacity of First Vice President and Branch Manager in Yekaterinburg. Elected as a Member of the Management Board in August 2012 and appointed First Vice President in January 2014.

3.4

Corporate Governance System of «Gazprombank» (Joint-stock Company)

In 2015, the Bank was focused on corporate governance improvement, including keeping its relevant internal regulatory framework up to date.

The Corporate Governance System of Bank GPB (JSC) comprises management bodies, internal control services, a system of relations between management bodies and the Bank's Shareholders, and the management's interaction with stakeholders. The Bank is managed in compliance with the procedure spelled out in the legislation of the Russian Federation and the Bank's Articles of Association.

Pursuant to Article 9 of the Bank's Articles of Association, the Bank's management bodies are:

- the General Shareholders Meeting;
- the Board of Directors;
- the sole (Chairperson of the Management Board) and the collective (Management Board) executive bodies.

The decision-making powers and competences of the General Shareholders Meeting, the Board of Directors, the Management Board and the Chairman of the Management Board are established in line with the laws of the Russian Federation and the Bank's Articles of Association. The Bank's supreme management body is the General Shareholders Meeting.

The Bank's Board of Directors is in charge of the general management of the Bank's operations, except for matters reserved for the General Shareholders Meeting, according to the Federal Law on Joint-Stock Companies (No. 208-FZ, dated 26.12.1995) and the Bank's Articles of Association. In 2015, an Audit Committee was functioning under the Bank's Board of Directors. In 2016, arrangements are to be made for setting up a Compensation Committee.

The Bank's day-to-day operations are managed by the sole (Chairman of the Management Board) and collective (Management Board) executive bodies.

3.4.1 Regulatory Framework for the Corporate Governance System

In 2015, the Bank was focused on corporate governance improvement, including keeping its relevant internal regulatory framework up to date.

The Bank's key document, which defines the principles, guidelines and procedures of corporate governance, is the Corporate Governance Code of Gazprombank (Open Joint-Stock Company) approved by the resolution of the General Shareholders Meeting on 23.06.2009 (Minutes No. 01). At present, the Code is being updated on the basis of the provisions of the Federal Law on Amending Certain Legislative Acts of the Russian Federation (No. 146-FZ, dated 02.07.2013), and relevant instructions of the Bank of Russia.

During 2015, the Bank developed and adopted about 130 internal regulations on various aspects of banking business.

Amendments were made to the Bank's Articles of Association and internal regulations governing the system of internal controls and internal audit at the Bank.

3.4.2 Performance of the Bank's

Management Bodies: Summary

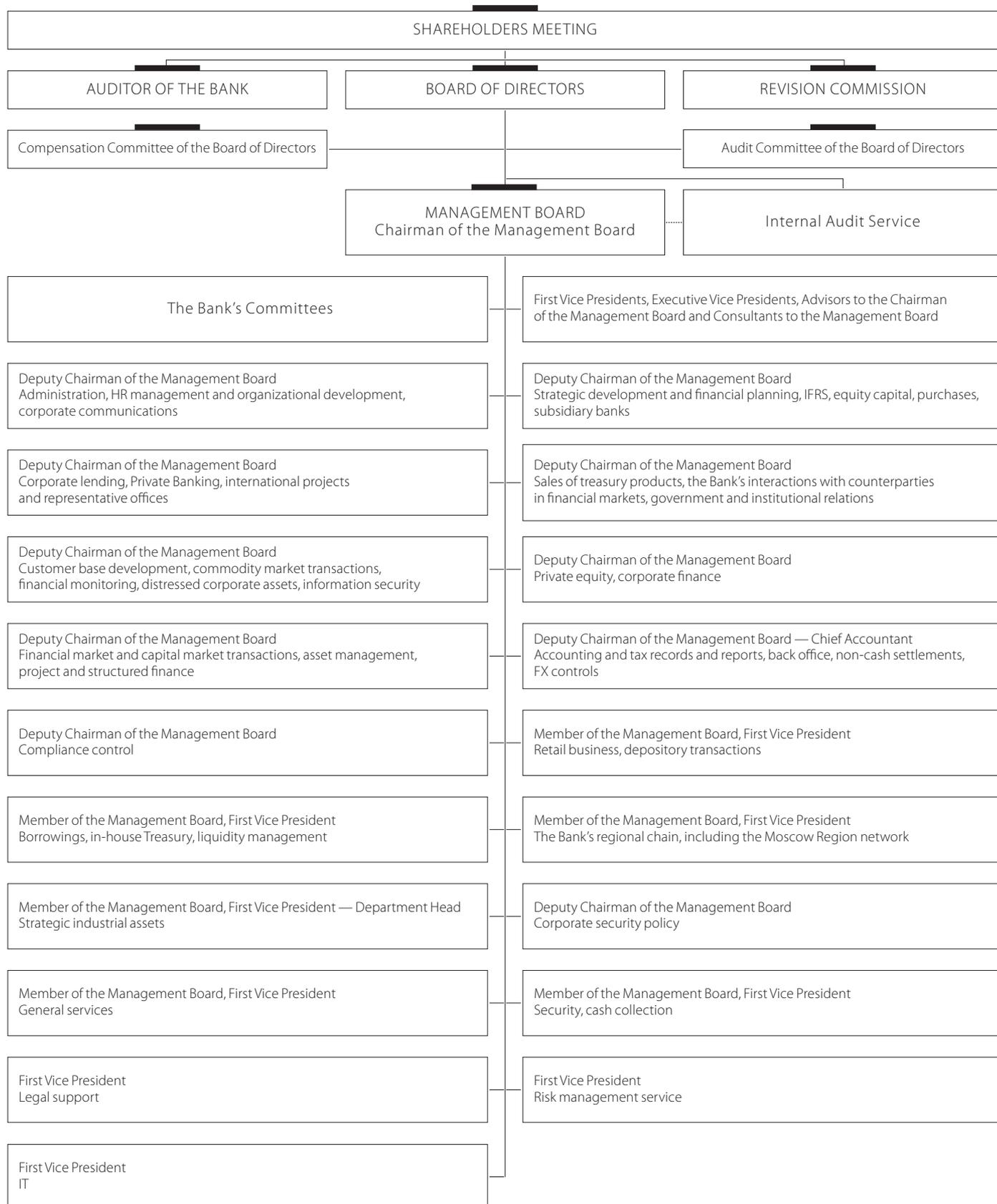
In the reporting year, two General Shareholders Meeting were held: an extraordinary meeting in March and an annual General Shareholders Meeting in June, where the Bank's 2014 annual report and annual accounting (financial) statements were approved, as were the Bank's external auditor and the Bank's Board of Directors. The annual General Shareholders Meeting also resolved to increase the Bank's equity capital, to approve new versions of regulations on the General Shareholders Meeting, the Board of Directors, and the Bank's executive bodies; ruled to approve related-party transactions that might be executed in the future, in the course of the Bank's regular business; and addressed other matters included in the agenda of the annual General Shareholders Meeting.

In 2015, the Board of Directors held 30 meetings and addressed 81 issues; the Audit Committee of the Board of Directors convened 10 times and addressed 29 issues; the Management Board held 61 sessions where it looked into 213 matters.

3.5

Organizational Management Flowchart of «Gazprombank» (Joint-stock Company)

As of 01.01.2016



3.6

Internal Control System

Gazprombank's sustainable development is secured by its effective internal control system, which ensures the achievement of the Bank's strategic goals through adequate response to ongoing challenges and changes in the competitive and regulatory environment.

The Bank does its best to make an effective internal control system its competitive edge.

The internal control system encompasses all management levels of the Bank, and all types of its business, including branches and units.

Efficiency criteria of the Bank's system of internal controls include uninterrupted functioning of all its components and minimization of all significant risks. The Bank has put in place procedures of regular monitoring of the internal control system. Internal controls at the Bank are designed in a package, with the application of both regulatory requirements and generally accepted international practices, including the Three Lines of Defense Model. That approach provides the Bank's management bodies with the required level of assurance that the internal control system functions properly. Setting up the system of effective internal controls and getting it to function is a mission that falls within the authority of the Bank's Board of Directors.

The Bank's internal control system includes:

- management bodies responsible for building the corporate control culture in the Bank to emphasize and demonstrate the significance of internal control and audit to personnel at all levels;
- the Revision Commission of the Bank;
- Chief Accountant (or Deputy Chief Accountants) of the Bank;
- Branch Manager (Deputy Branch Managers) or Chief Accountant (or Deputy Chief Accountants) of a branch;
- business units and employees of the Bank in charge of internal control by their authority as stated in the Bank's internal regulations.

361 Internal Audit

Independent assessment of the internal control system through internal auditing is important for ensuring efficient operation of the Bank's internal control system.

The Bank set up a dedicated Internal Audit Service (IAS) that reports directly to the Board of Directors. The Board of Directors approves all action plans for the auditing team and monitors their fulfillment, reviews IAS performance reports, including internal control inspection and audit results, monitors the progress of the IAS-prescribed correction work to eliminate all identified drawbacks and analyze resource management issues, including the appointment of the IAS managerial staff.

The key principles of the IAS are independence, unbiased judgement and professional competence.

The IAS inspects each of the Bank's structural units or each type of business transaction and operation at least once every three years.

Expert assessment of the residual risk is exercised in respect of all areas of the Bank's activity, which is subject to:

- the objectives and strategy of the Bank;
- change in the level of inherent risk;
- change in business processes;
- previous inspection results;
- the opinion of the Bank's management regarding the current risk levels, and other factors.

The IAS monitors the efficiency of measures taken by the Bank's units and management bodies to mitigate the identified risks.

The scope of the IAS's competence includes independent monitoring of the internal control system performance to assess whether the existing system

The in-house audit service and the in-house control service are two integral parts of the internal control system.

is effective and meets the Bank's objectives, as well as to detect deficiencies and propose initiatives to improve the Bank's internal control system.

36.2 Compliance Control

One of the integral parts of the internal control system is compliance control.

The core of the compliance risk management system is the Compliance Control Service (CCS).

The CCS exercises compliance control in the following areas:

- compliance with the applicable rules, regulations and standards by the Bank and its personnel;
- monitoring of compliance risk levels;
- prevention and detection of competing interests that may arise in the course of the Bank's activity;
- compliance with the US Foreign Account Tax Compliance Act (FATCA) by all entities of the Gazprombank Group;
- compliance with Russian legislation concerning the securities market, protection of rights and legitimate interests of investors

- in the securities market, advertising laws and internal regulations of the Bank in this area;
- compliance with the laws on the prevention of illegal use of insider information and market manipulation by the Bank, its personnel and customers, as well as compliance with Russian legislation and the Bank's internal regulations concerning operations of Gazprombank's Specialized Depository;
- development of unified approaches to internal control for all entities of the Gazprombank Group.

In its work, the CCS interacts with the Audit Committee of the Bank's Board of Directors; the committee evaluates effectiveness of compliance control procedures adopted by the Bank, proposes ways of their improvement, and facilitates the decision-making process in matters related to compliance risk management.

The CCS submits regular reports to the Bank's Board of Directors and the Management Board on its work and identified compliance risks.

CCS officers are members of the AML/CFT and Risk Compliance Committee of the Russian Banking Association and non-commercial partnership "National Financial Market Council" (NFMCC), as well as members of the Pooled Investment Control Committee of the PARTAD self-regulated organization. The CCS also maintains active cooperation with the ICA (UK).

4

Summary Consolidated Financial Statements derived from the audited Consolidated Financial Statements for the year ended 31 December 2015



4.1

Report of the Auditors on the Summary Consolidated Financial Statements

JSC "KPMG"
10 Presnenskaya
Naberezhnaya
Moscow Russia 123317
Telephone +7 (495) 937 4477
Fax +7 (495) 937 4400/99
Internet www.kpmg.ru

Audited entity:

«Gazprombank» (Joint-stock Company).

Registered by the State Bank of the USSR on 31 July 1990, Registration No. 354.

Registered by the Central Bank of the Russian Federation on 23 January 1992, Registration No. 354.

Entered in the Unified State Register of Legal Entities on 28 August 2002 by Moscow Division of the Ministry of Taxes and Duties of the Russian Federation, Registration No. 1027700167110, Certificate series 77 No. 004890355.

Address of the audited entity: 16, Nametkina street, building 1, Moscow, Russian Federation, 117420.

Independent auditor:

JSC "KPMG", a company incorporated under the Laws of the Russian Federation, a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Registered by the Moscow Registration Chamber on 25 May 1992, Registration No. 011.585.

Entered in the Unified State Register of Legal Entities on 13 August 2002 by Moscow Inter-Regional Tax Inspectorate No. 39 of the Ministry of Taxes and Duties of the Russian Federation, Registration No. 1027700125628, Certificate series 77 No. 005721432.

Member of the Self-regulated organisation of auditors "Audit Chamber of Russia" (Association). The Principal Registration Number of the Entry in the State Register of Auditors and Audit Organisations: No.10301000804.

To the Shareholders and the Board of Directors of «Gazprombank» (Joint-stock Company)

The accompanying summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2015, the summary consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for 2015, and related notes, are derived from the audited consolidated financial statements of «Gazprombank» (Joint-stock Company) and its subsidiaries (the Group) as at and for the year ended 31 December 2015. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 31 March 2016.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the Group.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of a summary of the audited consolidated financial statements on the basis described in Note 2.

Auditors' Responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 Engagements to Report on Summary Financial Statements.

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of the Group as at and for the year ended 31 December 2015 are consistent, in all material respects, with those consolidated financial statements on the basis described in Note 2.

Kolosov A. E.

*Director, power of attorney dated
16 March 2015 No. 44/15*

JSC "KPMG"

31 March 2016
Moscow, Russian Federation

Gazprombank Group
Summary Consolidated Statement of Profit or Loss and Other Comprehensive
Income for the Year Ended 31 December 2015

(in millions of Russian rubles unless otherwise stated)

	2015	2014
Interest income	370,945	269,623
Interest expense	(274,886)	(173,004)
<u>Net interest income</u>	<u>96,059</u>	<u>96,619</u>
Impairment of interest earning assets	(139,545)	(54,152)
<u>Net interest (loss) income after impairment of interest earning assets</u>	<u>(43,486)</u>	<u>42,467</u>
Fees and commissions income	25,342	22,505
Fees and commissions expense	(9,430)	(8,129)
Non-interest gain (loss) from financial assets and liabilities at fair value through profit or loss, net	16,527	(25,335)
Gain from investments available-for-sale	3,223	850
Income from accounting for investments in associates under the equity method	31,631	15,553
Gain from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation, net	6,901	3,884
Other operating income	398	9,334
<u>Non-interest income</u>	<u>74,592</u>	<u>18,662</u>
Non-banking operating revenues	201,120	172,438
Non-banking operating expenses	(195,793)	(164,129)
<u>Non-banking operating profits</u>	<u>5,327</u>	<u>8,309</u>
Banking salaries and employment benefits	(39,011)	(30,043)
Banking administrative expenses	(34,539)	(28,162)
Impairment of assets and provisions for other risks	(13,488)	(12,990)
Impairment of goodwill	(2,791)	(2,035)
<u>Non-interest expense</u>	<u>(89,829)</u>	<u>(73,230)</u>
<u>Loss before profit tax</u>	<u>(53,396)</u>	<u>(3,792)</u>
Profit tax benefit (expense)	5,673	(9,906)
<u>Loss for the year</u>	<u>(47,723)</u>	<u>(13,698)</u>

	2015	2014
Other comprehensive (loss) income		
<i>Items that are or may be reclassified to profit or loss in subsequent periods:</i>		
Investments available-for-sale:		
Net change in fair value of investments available-for-sale	(1,721)	305
Net change in fair value transferred to profit or loss	88	(142)
Net impairment of available-for-sale investments transferred to profit or loss	866	1,222
Net change in cash flow hedge reserve	(15)	29
Exchange differences on translation of foreign operations	23,100	11,547
Movements in other comprehensive income of associates	492	(450)
Total other comprehensive income, net of tax	22,810	12,511
Total comprehensive loss for the year	(24,913)	(1,187)
(Loss) profit for the year attributable to:		
Bank's shareholders	(57,117)	(16,546)
Non-controlling interests	9,394	2,848
	(47,723)	(13,698)
Total comprehensive (loss) income attributable to:		
Bank's shareholders	(40,354)	(8,184)
Non-controlling interests	15,441	6,997
	(24,913)	(1,187)

The summary consolidated financial statements were derived from the consolidated financial statements of Gazprombank Group, which were approved for issue by the Management Board of «Gazprombank» (Joint-stock Company) and signed on its behalf on 31 March 2016.

Signed on behalf of the Management Board:

Andrey I. Akimov
Chairman of the Management Board

Alexander I. Sobol
Deputy Chairman
of the Management Board

The summary consolidated financial statements should be read in conjunction with the consolidated financial statements of the Gazprombank Group from which they were derived.

31 March 2016

Gazprombank Group**Summary Consolidated Statement of Financial Position as of 31 December 2015***(in millions of Russian rubles unless otherwise stated)*

	31 December 2015	31 December 2014
Assets		
Cash and cash equivalents	633,509	830,345
Obligatory reserve with the Central Bank of the Russian Federation	24,170	32,591
Due from credit institutions	51,167	7,921
Financial assets at fair value through profit or loss	255,980	205,473
<i>of which pledged under repo agreements</i>	3,141	71,528
Loans to customers	3,200,572	3,022,863
Investments available-for-sale	23,397	19,152
<i>of which pledged under repo agreements</i>	–	7,251
Investments in associates	113,527	66,197
Receivables and prepayments	111,206	110,300
Investments held-to-maturity	360,595	174,859
<i>of which pledged under repo agreements</i>	417	82,745
Inventories	60,783	59,207
Deferred tax assets	44,167	26,425
Property, plant and equipment	117,104	103,553
Intangibles	66,711	55,710
Goodwill	36,427	35,847
Other assets	22,843	18,077
Total assets	5,122,158	4,768,520

	31 December 2015	31 December 2014
Liabilities		
Financial liabilities at fair value through profit or loss	25,278	23,839
Amounts owed to credit institutions	448,996	585,612
Amounts owed to customers	3,281,673	2,867,539
Bonds issued	443,621	537,210
Deferred tax liabilities	8,901	8,791
Subordinated debts	207,697	131,880
Other liabilities	175,581	174,666
Total liabilities	4,591,747	4,329,537
Equity		
Share capital	202,072	76,324
Additional paid-in capital	110,684	110,063
Treasury shares	(9,641)	(9,020)
Perpetual debt issued	72,882	56,258
Foreign currency translation reserve	26,420	9,367
Fair value reserve for securities available-for-sale and cash flow hedge reserve	129	911
Retained earnings	107,288	181,105
Total equity attributable to the Bank's shareholders	509,834	425,008
Non-controlling interests	20,577	13,975
Total equity	530,411	438,983
Total liabilities and equity	5,122,158	4,768,520

The summary consolidated financial statements should be read in conjunction with the consolidated financial statements of the Gazprombank Group from which they were derived.

Signed on behalf of the Management Board:

Andrey I. Akimov
Chairman of the Management Board

Alexander I. Sobol
Deputy Chairman
of the Management Board

31 March 2016

Gazprombank Group**Summary Consolidated Statement of Changes in Equity for the Year Ended 31 December 2015***(in millions of Russian rubles unless otherwise stated)*

	Share capital	Additional paid-in capital	Treasury shares
31 December 2013	36,370	109,103	(8,060)
(Loss) profit for the year	–	–	–
<i>Items that are or may be reclassified to profit or loss in subsequent periods:</i>			
Net change in fair value of investments available- for- sale	–	–	–
Net change in fair value of investments available- for- sale transferred to profit or loss	–	–	–
Net impairment of investments available- for- sale transferred to profit or loss	–	–	–
Net change in cash flow hedge reserve	–	–	–
Exchange differences on translating foreign operations	–	–	–
Movements in other comprehensive income of associates	–	–	–
<i>Total items that are or may be reclassified to profit or loss in subsequent periods</i>	–	–	–
Total comprehensive income (loss) for the year	–	–	–
Preference shares issued	39,954	–	–
Coupon paid on perpetual debt issued	–	–	–
Foreign exchange translation of perpetual debt issued	–	–	–
Tax effect on perpetual debt issued	–	–	–
Acquisition and disposal of non- controlling interests in subsidiaries	–	–	–
Acquisition of subsidiaries	–	–	–
Dividends declared	–	–	–
Acquisition and sale of treasury shares	–	1,174	(960)
Transfer of puttable instruments to liability	–	(214)	–
Other movements	–	–	–
31 December 2014	76,324	110,063	(9,020)

Perpetual debt issued	Foreign currency translation reserve	Fair value reserve for securities available-for-sale and cash flow hedge reserve	Retained earnings	Equity attributable to Bank's shareholders	Non- controlling interests	Total equity
32,729	1,969	(503)	225,866	397,474	5,591	403,065
–	–	–	(16,546)	(16,546)	2,848	(13,698)
–	–	305	–	305	–	305
–	–	(142)	–	(142)	–	(142)
–	–	1,222	–	1,222	–	1,222
–	–	29	–	29	–	29
–	7,398	–	–	7,398	4,149	11,547
–	–	–	(450)	(450)	–	(450)
–	7,398	1,414	(450)	8,362	4,149	12,511
–	7,398	1,414	(16,996)	(8,184)	6,997	(1,187)
–	–	–	–	39,954	–	39,954
–	–	–	(2,808)	(2,808)	–	(2,808)
23,529	–	–	(23,529)	–	–	–
–	–	–	5,267	5,267	–	5,267
–	–	–	(537)	(537)	1,462	925
–	–	–	–	–	10	10
–	–	–	(6,334)	(6,334)	(85)	(6,419)
–	–	–	–	214	–	214
–	–	–	–	(214)	–	(214)
–	–	–	176	176	–	176
56,258	9,367	911	181,105	425,008	13,975	438,983

The summary consolidated financial statements should be read in conjunction with the consolidated financial statements of the Gazprombank Group from which they were derived.

Gazprombank Group**Summary Consolidated Statement of Changes in Equity for the Year Ended 31 December 2015***(in millions of Russian rubles unless otherwise stated)*

	Share capital	Additional paid-in capital	Treasury shares
<u>31 December 2014</u>	<u>76,324</u>	<u>110,063</u>	<u>(9,020)</u>
(Loss) profit for the year	-	-	-
<i>Items that are or may be reclassified to profit or loss in subsequent periods:</i>			
Net change in fair value of investments available-for-sale	-	-	-
Net change in fair value of investments available-for-sale transferred to profit or loss	-	-	-
Net impairment of investments available-for-sale transferred to profit or loss	-	-	-
Net change in cash flow hedge reserve	-	-	-
Exchange differences on translating foreign operations	-	-	-
Movements in other comprehensive income of associates	-	-	-
<i>Total items that are or may be reclassified to profit or loss in subsequent periods</i>	-	-	-
<u>Total comprehensive income (loss) for the year</u>	-	-	-
Preference shares issued	125,748	-	-
Coupon paid on perpetual debt issued	-	-	-
Foreign exchange translation of perpetual debt issued	-	-	-
Tax effect on perpetual debt issued	-	-	-
Acquisition and disposal of non-controlling interests in subsidiaries	-	-	-
Acquisition of subsidiaries	-	-	-
Dividends declared	-	-	-
Acquisition and sale of treasury shares	-	621	(621)
Other movements	-	-	-
<u>31 December 2015</u>	<u>202,072</u>	<u>110,684</u>	<u>(9,641)</u>

Perpetual debt issued	Foreign currency translation reserve	Fair value reserve for securities available-for-sale and cash flow hedge reserve	Retained earnings	Equity attributable to Bank's shareholders	Non- controlling interests	Total equity
56,258	9,367	911	181,105	425,008	13,975	438,983
–	–	–	(57,117)	(57,117)	9,394	(47,723)
–	–	(1,721)	–	(1,721)	–	(1,721)
–	–	88	–	88	–	88
–	–	866	–	866	–	866
–	–	(15)	–	(15)	–	(15)
–	17,053	–	–	17,053	6,047	23,100
–	–	–	492	492	–	492
–	17,053	(782)	492	16,763	6,047	22,810
–	17,053	(782)	(56,625)	(40,354)	15,441	(24,913)
–	–	–	–	125,748	–	125,748
–	–	–	(4,606)	(4,606)	–	(4,606)
16,624	–	–	(16,624)	–	–	–
–	–	–	4,246	4,246	–	4,246
–	–	–	(654)	(654)	232	(422)
–	–	–	–	–	1 147	1 147
–	–	–	(13)	(13)	(10,212)	(10,225)
–	–	–	–	–	–	–
–	–	–	459	459	(6)	453
72,882	26,420	129	107,288	509,834	20,577	530,411

The summary consolidated financial statements should be read in conjunction with the consolidated financial statements of the Gazprombank Group from which they were derived.

Signed on behalf of the Management Board:

Andrey I. Akimov
Chairman of the Management Board

Alexander I. Sobol
Deputy Chairman
of the Management Board

31 March 2016

Gazprombank Group**Summary Consolidated Statement of Cash Flows for the Year Ended 31 December 2015***(in millions of Russian rubles unless otherwise stated)*

	2015	2014
Cash flows from operating activities		
Interest received	338,245	258,315
Fees and commissions received	24,955	22,591
Interest paid	(239,770)	(162,241)
Fees and commissions paid	(9,318)	(8,229)
Non-interest payments from financial assets and liabilities at fair value through profit or loss	(1,231)	(6,549)
Receipts from derivative contracts with foreign currency	13,703	13,722
Foreign exchange receipts (payments)	10,509	(16,093)
Media business operating receipts	73,320	71,524
Media business operating payments	(38,496)	(35,276)
Machinery business operating receipts	54,814	49,863
Machinery business operating payments	(51,338)	(48,312)
Other segment operating receipts	72,985	50,505
Other segment operating payments	(68,519)	(46,767)
Other operating (payments) receipts	(477)	6,562
Banking salaries and employment benefit payments	(34,531)	(36,712)
Banking administrative expenses and other operating payments	(28,333)	(24,304)
<i>Cash flows from operating activities before changes in operating assets and liabilities</i>	<u>116,518</u>	<u>88,599</u>
(Increase) decrease in operating assets		
Obligatory reserve with the Central Bank of the Russian Federation	8,421	(6,436)
Due from credit institutions	(35,471)	2,249
Financial assets at fair value through profit or loss	(12,171)	71,137
Loans to customers	54,845	(123,825)
Other operating assets	(4,638)	(20,084)
Increase (decrease) in operating liabilities		
Amounts owed to credit institutions	(206,512)	43,879
Amounts owed to customers	48,812	65,900
Other operating liabilities	(27,526)	51,592
<i>Net cash flows (used in) from operating activities before profit tax</i>	<u>(57,722)</u>	<u>173,011</u>
Profit tax paid	(5,175)	(11,433)
<i>Net cash flows (used in) from operating activities</i>	<u>(62,897)</u>	<u>161,578</u>

	2015	2014
Cash flows from investing activities		
Property, equipment and intangibles purchased	(70,577)	(61,913)
Property, equipment and intangibles sold	10,435	4,786
Acquisition of subsidiaries, net of cash acquired	(2,422)	(22,357)
Investments available-for-sale sold and purchased	(4,431)	(313)
Investments in associates sold and purchased and recapitalisation of investments in associates	(33,683)	(17,571)
Dividends received from associates	22,539	18,919
Investments held-to-maturity redeemed and purchased	(26,109)	(41,288)
Dividends received	852	2,778
<i>Net cash flows used in investing activities</i>	<i>(103,396)</i>	<i>(116,959)</i>
Cash flows from financing activities	1	44,619
Proceeds from issuance of share capital	–	39,954
Treasury shares sold and acquired	(621)	(868)
Bonds issued	5,000	116,132
Bonds redeemed or repurchased	(171,411)	(75,490)
Coupon on perpetual debt paid	(4,504)	(3,038)
Syndicated loans redeemed	(4,332)	(43,499)
Subordinated debts received	38,434	27,048
Subordinated debts repaid	(50)	(40,405)
Acquisition and disposal of non-controlling interests	(422)	925
Financing of non-banking activities received	5,913	11,137
Financing of non-banking activities redeemed	(9,200)	(7,367)
Dividends paid	(1,162)	(6,419)
<i>Net cash flows (used in) from financing activities</i>	<i>(142,355)</i>	<i>18,110</i>
Effect of change in exchange rates on cash and cash equivalents	111,812	245,755
<i>Change in cash and cash equivalents</i>	<i>(196,836)</i>	<i>308,484</i>
<i>Cash and cash equivalents, beginning of the year</i>	<i>830,345</i>	<i>521,861</i>
<i>Cash and cash equivalents, end of the year</i>	<i>633,509</i>	<i>830,345</i>

The summary consolidated financial statements should be read in conjunction with the consolidated financial statements of the Gazprombank Group from which they were derived.

Signed on behalf of the Management Board:

Andrey I. Akimov
Chairman of the Management Board

Alexander I. Sobol
Deputy Chairman
of the Management Board

31 March 2016

4.2

Gazprombank Group. Notes to the Summary Consolidated Financial Statements for the Year Ended 31 December 2015

Note 1 – Principal activities and organisation

The Gazprombank Group (the Group) primarily consists of:

- «Gazprombank» (Joint-stock Company), which is the parent company,
 - subsidiary banks, including GPB-Mortgage JSC, Credit Ural Bank JSC, Gazprombank (Switzerland) Ltd., Bank GPB International S.A. and Areximbank CJSC, and a number of smaller financial companies, that support the banking business,
 - several significant non-banking companies.
- «Gazprombank» (Joint-stock Company) (the Bank) was established in 1990. The Bank has a general banking license and a license for operations with precious metals from the Central Bank of the Russian Federation (the CBR), and licenses for securities operations and custody services from the Federal Financial Markets Service of Russia, which in 2013 became a part of the CBR. Its subsidiary banks and companies also have general banking licenses for operations in Switzerland, Luxembourg and Armenia and investment, brokerage and asset management licenses for operations in Cyprus, Luxembourg and Hong Kong.

The Bank is the third largest bank in the Russian Federation in terms of assets and equity, and it provides a broad range of commercial and investment banking services to many of Russia's leading corporations, including, among others, PJSC Gazprom and its related parties (the Gazprom Group). The principal corporate banking services include: commercial lending, project and acquisition finance, trade finance, financial and operating leasing, deposit taking, settlements and cash management, capital markets transactions, asset management, brokerage,

corporate finance and mergers and acquisitions advisory, and depositary and custodian services. The Bank is also involved in private equity transactions, foreign exchange and securities trading, and operations with precious metals.

The Bank provides a range of services to private individuals, including employees of its corporate clients, high net worth individuals and the general public. Retail services include: lending, deposit taking, debit and credit card services, brokerage, asset management and a range of other services.

The Bank has controlling stakes in several non-banking investments, which are consolidated in these financial statements and are presented as separate segments, including:

- JSC Gazprom-Media Holding and its subsidiaries (the Media segment) is a Russian media group of companies, the principal activities of which are TV and radio broadcasting, advertising, publishing, film production and distribution primarily undertaken in the Russian Federation.
- OMZ and its subsidiaries (the OMZ Group) and a number of other industrial assets (together — the Machinery segment). OMZ Group produces nuclear power plant equipment, specialty steels, machinery equipment, manufacturing and mining equipment.

The OMZ Group manufacturing facilities are based in the Russian Federation and the Czech Republic.

The legal address of the Bank is: Bld.1, 16, Nametkina St., Moscow, 117420, Russian Federation.

As at 31 December 2015, PJSC Gazprom owns 35.54% of the outstanding ordinary shares of the Group.

A substantial portion of the Group's funding is from

the Gazprom Group. As such the Group is economically dependent on the Gazprom Group. These summary consolidated financial statements were authorized for issue by the Management Board of the Bank on 31 March 2016.

Note 2 – Basis of presentation

a) General

These summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2015, the summary consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for 2015, and related notes are derived from the audited consolidated financial statements of the Group, except that substantially all note disclosures are omitted.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

Management is responsible for the preparation of the consolidated financial statements in accordance with IFRS.

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgements and key estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial information and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Key areas of judgements and key assumptions concerning the future and other key sources of estimation uncertainty

at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, include:

- estimation of allowance for impairment losses for financial assets measured at amortised cost. This include mainly loans to customers, amounts due from credit institutions, receivables and other assets. The estimation of allowance for impairment losses involves the exercise of judgement and is based on internal credit risk rating systems and statistical data.
- valuation of complex and illiquid financial instruments. This involves the exercise of judgement and use of valuation models. In the absence of an active market management has to make assumptions in respect of appropriate inputs used in valuation models, some of which may not be based on observable market data.
- estimation of fair values of identifiable assets and liabilities acquired in business combinations. This involves the exercise of judgement and use of valuation models, which among others include assumptions about future business performance and cash flows and appropriate discount rates.
- estimation of impairment losses for non-financial assets (including goodwill). This involves the exercise of judgement and use of valuation models, which among others include assumptions about future business performance, estimation of cash flows from assets assessed for impairment and estimation of appropriate discount rates.
- assessment of whether the Group has control or significant influence for investments where control or significant influence is determined

- by contractual arrangements or other factors other than voting rights held by the Group.
- o recognition of income from investments, including equity-accounted investees, and estimation of allowance for impairment losses for exposures to counterparties that are located in regions with social unrest and unstable political situations, such as Venezuela and Ukraine.
- o recognition of deferred tax assets. This involves the exercise of judgement about future taxable profits available to utilise tax losses carryforward.

b) Russian economic environment

The Group's operations are primarily located in the Russian Federation. Consequently, the Group is exposed to Russia's economic and financial markets, which display the characteristics of a developing market. Legal, tax and regulatory frameworks are still developing, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation. The management of the Group believes that it is taking all necessary efforts to support the economic stability of the Group in the current environment.

In 2014, the United States OFAC and the European Council implemented coordinated sectoral sanctions against some of the Russian banks and corporations, including the Bank, and some of the Russian officials and businessmen. The sanctions prohibit the U.S. and EU citizens or entities operating on the territory of the U.S. and EU transacting in, providing financing for, or otherwise dealing in the debt instruments

of the Group with a maturity of longer than 30 days issued after the date of the sanctions announcement. During 2015, the Russian economy was negatively affected by low oil prices, ongoing political tension in the region and continuing international sanctions, all of which contributed to the country's economic recession resulted in a decline in gross domestic product. The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. According to some rating agencies Russia's credit rating was downgraded to below investment grade. These summary consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial The Group is not exposed to significant seasonal or cyclical variations in operating income during the financial year. The Group is not exposed to significant seasonal or cyclical variations in operating income during the financial year.

c) Basis of measurement

These summary consolidated financial statements are prepared on the historical cost basis except for financial instruments at fair value through profit or loss and available-for-sale financial assets are stated at fair value.

d) Functional and presentation currency

The functional currency of the Bank and the majority of its subsidiaries is the Russian ruble (the RUB) as, being the national currency of the Russian Federation, it reflects the economic conditions of the majority

of underlying events and circumstances relevant to them.

Some of the Group's principal subsidiaries have functional currency different from the Russian ruble:

Name	Functional currency
GPB Global Resources B.V.	U.S. dollar
Gazprombank Latin America Ventures B.V.	U.S. dollar
Areximbank CJSC	Armenian dram
Gazprombank (Switzerland) Ltd.	Swiss franc
Bank GPB International S.A.	Euro
ŠKODA JS a.s.	Czech crown
Centrex Europe Energy & Gas AG	Euro

e) Changes in accounting policies

Except for the adoption of new standards and interpretations as of 1 January 2015, the accounting policies are applied consistently to all periods presented in the summary consolidated financial statements. Accounting policies are applied consistently by the Group entities.

The summary consolidated financial statements should be read in conjunction with the consolidated financial statements of the Gazprombank Group from which they were derived.

Signed on behalf of the Management Board:

Andrey I. Akimov

Chairman of the Management Board

Alexander I. Sobol

*Deputy Chairman
of the Management Board*

31 March 2016

5

Reference Information



5.1

Branches of Bank GPB (JSC)

As of 14.03.2016

Branches	Number and date of registration	Head of the branch	Address, phone number
Astrakhan	354/15 22.03.1994	Branch Manager Askar N. Kabikeev	5A Nab. Privolzhskogo Zatona St., Astrakhan, Astrakhan Region, 414024 (8512) 45-10-10
Vladivostok	354/42 19.03.2009	Branch Manager Dmitry V. Gutnikov	5a Uborevicha St., Vladivostok, Primorsky Territory, 690091 (423) 265-08-35
Volgograd	354/10 24.08.1993	Branch Manager Vladimir V. Agafonov	56a Lenina Avenue, Volgograd, Volgograd Region, 400005 (8442) 24-67-00
Voronezh	354/49 26.06.2013	Vice President, Branch Manager Gennady N. Koptyaev	11 Kirova St., Voronezh, Voronezh Region, 394018 (473) 200-81-55
Yekaterinburg	354/26 24.01.2000	First Vice President Yan V. Tsenter	134v Lunacharskogo St., Yekaterinburg, 620075 (343) 355-58-00
Irkutsk	354/35 31.07.2006	Branch Manager Vyacheslav A. Neupokoyev	41 Sverdlova St., Irkutsk, Irkutsk Region, 664011 (3952) 28-31-82
Kazan	354/47 09.02.2010	Vice President, Branch Manager Marat F. Mukhametshin	32 Levo-Bulachnaya St., Kazan, Republic of Tatarstan, 420111 (843) 221-73-01
Kaliningrad	354/38 02.08.2007	Branch Manager Olga V. Bolshakova	5 Leninsky Avenue, Kaliningrad, Kaliningrad Region, 236039 (4012) 30-52-00
Kemerovo	354/36 27.02.2007	Branch Manager Pavel Yu. Scherbakov	Office 262, 3 Sobornaya St., Kemerovo, Kemerovo Region, 650004 (3842) 34-50-90
Krasnodar	354/2 03.11.1992	Branch Manager Vladislav D. Tsyganesh	11 Dmitrievskaya Damba St., Krasnodar, Krasnodar Territory, 350033 (861) 210-48-00
Krasnoyarsk	354/34 25.01.2006	Branch Manager Pavel G. Avdeev	87b Akademika Kirenskogo St., Krasnoyarsk, Krasnoyarsk Territory, 660041 (391) 274-58-00
Nizhny Novgorod	354/4 04.02.1993	Vice President, Branch Manager Evgeny A. Kogan	65b, Maxima Gorkogo St., Nizhny Novgorod, 603000 (831) 422-18-11
Novosibirsk	354/29 05.02.2001	Vice President, Branch Manager Namzhil N. Urbanaev	2 Kavaleriyskaya St., Novosibirsk, 630105 (383) 200-10-00
Novy Urengoy	354/6 04.02.1993	Branch Manager Andrey S. Bykov	4 26 S'ezda KPSS St., Novy Urengoy, Tyumen Region, 629300 (3494) 93-53-81
Omsk	354/31 23.09.2002	Branch Manager Andrey V. Novokreschenov	2 Magistralnaya St., Omsk, 644088 (3812) 24-50-00
Orenburg	354/22 13.06.1997	Vice President, Branch Manager Elena S. Varnavskaya	18 Pravdi St., Orenburg, 460000 (3532) 73-30-71
Perm	354/32 09.10.2002	Vice President, Branch Manager Aleksandr N. Zarubey	77a Maksima Gorkogo St., Sverdlovsky District, Perm, Perm Territory, 614007 (342) 219-00-50
Rostov-on-Don	354/20 11.01.1996	Branch Manager Mikhail P. Lebedev	20/17 Voroshilovskiy Avenue, Rostov-on-Don, Rostov Region, 344006 (863) 249-77-60

Samara	354/37 09.03.2007	Branch Manager Alexey P. Anfimov	106a, bld. 1, Novo-Sadovaya St., Oktyabrsky District, Samara, Samara Region, 443068 (846) 339-69-45
St. Petersburg	354/13 13.12.1993	Executive Vice President, Branch Manager Olga V. Dragomiretskaya	3A Proletarskoy Diktaturi St., St. Petersburg, 191124 (812) 301-99-99
Saratov	354/11 24.09.1993	Branch Manager Oleg V. Tsutsaev	2/10 Valovaya St., Saratov, 410031 (8452) 39-06-02
Stavropol	354/24 26.12.1997	Branch Manager Aleksandr G. Kuritsyn	429b Lenina St., Stavropol, Stavropol Territory, 355029 (8652) 56-67-83
Surgut	354/48 14.07.2010	Branch Manager Oleg F. Myzgin	12 Svobody Blvd., Surgut, Khanty-Mansijsk Autonomous Area — Yugra, Tyumen Region, 628417 (3462) 24-49-80
Tomsk	354/12 19.10.1993	Branch Manager Dmitry N. Litvinenko	7 1905 Goda Lane, Tomsk, Tomsk Region, 634009 (3822) 61-00-63
Tula	354/3 04.02.1993	Branch Manager Natalya A. Antonova	106 Lenina Avenue, Tula, 300026 (4872) 50-05-55
Tyumen	354/14 31.01.1994	Branch Manager Valery M. Afonkin	20 Sovetskaya St., Tyumen, Tyumen Region, 625000 (3452) 79-89-41
Ufa	354/25 03.02.1999	Branch Manager Roza N. Urazgildeeva	138 Mendeleeva St., Ufa, Republic of Bashkortostan, 450022 (347) 256-67-80
Khabarovsk	354/40 28.10.2008	Branch Manager Alexandr S. Lyaschenko	46 Turgeneva St., Khabarovsk, Khabarovsk Territory, 680000 (4212) 41-69-59
Central Branch, Moscow Region	354/28 23.06.2000	Branch Manager Evgeny A. Guzeev	1-1a Proletarsky Avenue, Shchelkovo, Moscow Region, 141100 (496) 255-65-55
Yuzhno-Sakhalinsk	354/45 23.07.2009	Branch Manager Vladimir I. Shapoval	30 Pobedy Avenue, Yuzhno-Sakhalinsk, Sakhalinsk Region, 693007 (4242) 45-40-00
Yakutsk	354/39 17.10.2008	Branch Manager Dmitry V. Zuev	Floors 1 & 2, 18 Ammosova St., Yakutsk, Republic of Sakha (Yakutia), 677000 (4112) 42-14-03

5.2

Representative Offices of Bank GPB (JSC) in Other Countries

As of 01.02.2016

Gazprombank pays close attention to business development abroad. Currently, representative offices of Bank GPB are operating in Beijing, Ulaanbaatar, New Delhi and Astana. Besides, GPB Financial Services Hong Kong Limited (Hong Kong) and GPB Africa (Pty) Ltd (Johannesburg, the Republic of South Africa) subsidiaries represent the Bank in the specified regions. The key objectives of the Bank's foreign representative offices include:

- representing the Bank and expanding the scope of its business operations in the local banking markets;
- maintaining relationships with the local governmental authorities and credit institutions;
- assisting in the promotion of Gazprombank brand and products in financial markets;
- supporting business development and implementing specific projects of the Bank's strategic customers and partners.

Offices	Date of opening	Head of the office	Location
Representative Office of «Gazprombank» (Joint-stock Company) in Beijing (China)	30.08.2006	Nina V. Gorodbina	Central International trade Center, Suite No. 1205 in Tower C, No 6A Jianguomenwai Avenue, Chaoyang District, Beijing, China 100022 (+86-10) 65-63-05-16
Representative Office of «Gazprombank» (Joint-stock Company) in Ulaanbaatar (Mongolia)	14.02.2008	Valery A. Kislov	6, Enkh Taivan, Ulan-Bator, Mongolia, 14250 (+976) 99-10-99-02
Representative Office of «Gazprombank» (Joint-Stock Company) in New Delhi (India)	25.05.2010	Sergey F. Mitreykin	10/48 Malcha Marg, Diplomatic Enclave, Chanakyapuri, New Delhi — 110021, Delhi, INDIA (+9111) 24-10-86-48
Representative Office of «Gazprombank» (Joint-stock Company) in the Republic of Kazakhstan	30.09.2014	Askar S. Aspandiyarov	6 th floor, Business Center "Q", block A, building 15A, Kabanbay Batyra avenue, "Esil" district, The Republic of Kazakhstan 010000 +7 701 514 04 40
GPB Financial Services Hong Kong Limited (Hong Kong)	3.03.2014	Michael Hammond	8 th Floor, Gloucester Tower, The Landmark, 15 Queen's Road, Central Hong Kong +852 31017107
GPB Africa (Pty) Ltd. (Johannesburg, the Republic of South Africa)	28.02.2014	Vladimir V. Tevalinskiy	Sandton Eye, 10 th Floor, 126 West Street, Sandton, Johannesburg, Gauteng, 2196, Republic of South Africa +27 117845894

5.3

Subsidiary and Affiliated Banks
with an Ownership of More than 5%

As of 31.03.2016

5.3.1 GPB Group Banks

In 2015, the regional network of Bank GPB (JSC) included five subsidiary banks, namely AREXIMBANK — GAZPROMBANK GROUP CJSC (the Republic of Armenia), Bank GPB-Mortgage (Joint-Stock Company), Credit Ural Bank (Joint-Stock Company, CUB JSC), Gazprombank (Switzerland) Ltd., GPB International S.A. (the Grand Duchy of

Luxembourg), and two affiliated banks, i. e., Belgazprombank OJSC (the Republic of Belarus) and Russian-Venezuelan joint-stock commercial bank EVROFINANCE MOSNARBANK (Joint-Stock Company).

AREXIMBANK — GAZPROMBANK GROUP CJSC is a universal financial institution that ensures the presence of Bank GPB (JSC) in the Republic of Armenia. Offering a wide array of quality financial

Name of the bank	Head of the office	Contacts
AREXIMBANK — GAZPROMBANK GROUP CJSC	CEO Artak K. Ananyan	6-10 Severyn Avenue, Erevan, the Republic of Armenia, 0001 Phone/fax: +374 10 51 4001 e-mail: info@areximbank.am
Belgazprombank OJSC	Chairman of the Management Board Viktor D. Babariko	60/2 Pritytskogo St., Minsk, the Republic of Belarus, 220121 Phone/fax: +375 17 229-16-29 e-mail: bank@bgpb.by
CUB JSC	Chairperson of the Management Board Svetlana V. Yeremina	17 Gagarina St., Magnitogorsk, Chelyabinsk Region, 455044 Phone/fax: 8 (3519) 248-910 e-mail: office@creditural.ru
GPB-Mortgage JSC	Chairman of the Management Board Maxim L. Korotkin	14 Kolomensky Drive, Moscow, 115446 Phone: 8 (495) 223-40-40, fax: 8 (495) 223-40-41 e-mail: mail@gpb-ipoteka.ru
Gazprombank (Switzerland) Ltd.	Chairman of the Management Board Roman R. Abdulin	Zollikerstrasse 183, CH — 8032 Zurich Switzerland +41-44-386-86-86 info@gazprombank.ch
Bank GPB International S.A.	CEO Dmitry N. Derkach CEO Thomas Kiefer	15 rue Bender, L-1229, Luxembourg +352-26-29-751 info@gazprombank.lu
EVROFINANCE MOSNARBANK JSC	CEO and Chairman of the Management Board Valeria B. Adamova	29 Novy Arbat St., Moscow, Russia, 121099 Phone: 8 (495) 967-81-62, fax: 8 (495) 967-81-33 e-mail: info@evrofinance.ru

services in Armenia, it facilitates the development of economic relations between the two countries. In 2015, additional share issues increased the bank's equity capital by USD 30 million (AMD 14,138,741,838).

In 2015, the bank was successfully certified according to ISO 27001:2013.

Moreover, in 2015, CJSC AREXIMBANK-GAZPROMBANK GROUP rolled out ArexiMobile, a free mobile application specifically designed for users of remote banking services; customers get access to basic banking services using their personal smartphones or tablet PCs.

Credit Ural Bank (Open Joint-Stock Company) is a technically advanced universal credit institution. It can boast of many years of business experience and provides a full range of banking services.

The reliability and impeccable reputation of Credit Ural Bank are confirmed by high ratings from the world's top rating agencies. Thus, Expert RA affirmed the bank's rating at A+ (Very high level of creditworthiness) with stable outlook.

In 2015, a joint project entitled "Magnitogorsk, Where Europe and Asia Meet" was implemented in cooperation with the Magnitogorsk City Administration; city-branded banking cards were issued for the purpose.

Belgazprombank OJSC is a universal bank with a focus on providing banking services to the subsidiaries of Gazprom, energy sector enterprises and small- and medium-sized businesses in the Republic of Belarus.

In 2015, the Bank celebrated its 25th anniversary and the opening of a new head office in Minsk. As part of activities aiming to expand cooperation with AKA Ausfuhrkredit GmbH, an agreement was signed under which Belgazprombank will be able to borrow long-term resources from AKA, using insurance coverage provided by Euler Hermes and other export credit agencies.

Collaboration with the Development Bank of the Republic of Belarus was bolstered with a signed agreement on joint funding of startups.

The awards and prizes won by the bank in 2015 acknowledge its excellence and performance. Those are an award of the Development Bank to Belgazprombank as the best partner bank in the support of small and medium-sized businesses; first place in the "Republic" nomination of the 2015 HR Brand Award; honorary second place in the contest "2015 TIBO Internet Award", nomination "Website of a banking and lending institution"; an award for quality excellence of international settlements, 2014 STP Award; an honorary diploma of "Belarus Culture Patron".

Gazprombank (Switzerland) Ltd. assists in the expansion of Gazprombank's presence in global financial markets, money markets and capital markets, and provides financial and banking support to the commercial and investment business of Bank GPB's customers.

The bank is seeking to develop new business areas, such as private banking. In June 2015, the process to increase the bank equity capital by CHF 35 million was completed, and, simultaneously, a USD 35-million subordinated loan from the bank's Shareholder was repaid ahead of schedule.

Bank GPB International S.A. commenced its operations in the Grand Duchy of Luxembourg in January 2014. The bank's focus is to provide services to corporate customers and individuals and develop financial and investment banking services of the Gazprombank Group in the EU countries and in global financial markets.

According to a resolution of its Sole Shareholder, the bank's equity capital was increased by EUR 10 million in January 2015, and by another EUR 50 million in November 2015.

The Management Board of Bank GPB (JSC) approved an updated Development Strategy for 2015–2017, which envisages a stage-by-stage increase of the bank's capital.

5.4

Licenses

License No.: 177-04329-001000

Date of issue: 27.12.2000

Validity: Without limitation

Issuing authority: Federal Financial Markets Service (The Bank of Russia)

Licensed activities: Professional securities market player license for securities management activities

License No.: 22-000-0-00021

Date of issue: 13.12.2000

Validity: Without limitation

Issuing authority: Federal Financial Markets Service (The Bank of Russia)

Licensed activities: License authorizing the business of a specialized depository for investment funds, unit funds and non-governmental pension funds

License No.: 177-04280-010000

Date of issue: 27.12.2000

Validity: Without limitation

Issuing authority: Federal Financial Markets Service (The Bank of Russia)

Licensed activities: Professional securities market player license for dealer activities

License No.: 177-04229-100000

Date of issue: 27.12.2000

Validity: Without limitation

Issuing authority: Federal Financial Markets Service (The Bank of Russia)

Licensed activities: Professional securities market player license for brokerage activities

License No.: 177-04464-000100

Date of issue: 10.01.2001

Validity: Without limitation

Issuing authority: Federal Financial Markets Service (The Bank of Russia)

Licensed activities: Professional securities market player license for depository activities

License No.: 354

Date of issue: 29.12.2014

Validity: Without limitation

Issuing authority: The Bank of Russia

Licensed activities: License for trading in precious metals

License No.: 354

Date of issue: 29.12.2014

Validity: Without limitation

Issuing authority: The Bank of Russia

Licensed activities: General Banking License

License No.: 092RU15002000501

Date of issue: 14.12.2015

Validity: From 14.12.2015 until 06.12.2016

Issuing authority: Ministry of Industry and Trade of the Russian Federation

Licensed activities: General license/export (other raw silver in bars with a purity value of no less than 999 parts of silver per 1000 parts of alloy)

License No.: 5105

Date of issue: 19.02.2015

Validity: 05.12.2017

Issuing authority: Center for Licensing, Certifying and Protecting State Secrets of the Federal Security Service of Russia

Licensed activities: License authorizing the use of information constituting state secrets

Certificate No.: 354

Date of issue: 13.11.2001

Validity: Without limitation

Issuing authority: The Bank of Russia

Licensed activities: Certificate of state registration of a credit institution (with a note of Moscow Main Territorial Directorate of the Bank of Russia regarding change of form of incorporation from CJSC to OJSC as of 27.09.2007) (with a note of the Bank of Russia regarding change of form of incorporation from OJSC to JSC as of 30.12.2014)

Certificate No.: 77 No. 014694628

Date of issue: 29.11.2001

Validity: Without limitation

Issuing authority: Interdistrict Inspectorate of the Federal Tax Service No. 50 in the city of Moscow

Licensed activities: Certificate of registration of a Russian organization with the tax authority at its registered address

Certificate No.: 77 No. 004890355

Date of issue: 28.08.2002

Validity: Without limitation

Issuing authority: Administration of the Ministry of the Russian Federation for Taxes and Levies for the city of Moscow

Licensed activities: Certificate of entering information about a legal entity, incorporated prior to 01.07.2002 into the Unified State Register of Legal Entities

Certificate No.: 629
Date of issue: 10.02.2005
Validity: Without limitation
Issuing authority: State-owned corporation Deposit Insurance Agency
Licensed activities: Certificate of inclusion of the bank in the Register of the Deposit Insurance System Member Banks

Certificate No.: 045
Date of issue: 28.02.2001
Validity: Without limitation
Issuing authority: The National Securities Market Association
Licensed activities: Certificate of registration of a member of the National Securities Market Association

Certificate No.: series A No. 0000193
Date of issue: 29.09.1994
Validity: Without limitation
Issuing authority: Professional Association of Registrars, Transfer Agents and Depositories (PARTAD)
Licensed activities: Certificate of membership in the Professional Association of Registrars, Transfer Agents and Depositories (PARTAD)

Notice No.: 101432880
Date of issue: Date of the letter: 26.12.2014. Registered on 17.11.2006
Validity: Without limitation
Issuing authority: Interdistrict Inspectorate of the Federal Tax Service for Major Taxpayers No. 9
Licensed activities: Notice of registration with the tax authority as a major taxpayer

Notice No.: n/a
Date of issue: 01.05.2016
Validity: until 30.04.2019
Issuing authority: Federal Customs Service of Russia
Licensed activities: Notice regarding the right to act as a guarantor in interaction with tax authorities

License No.: 14136 N
Date of issue: 05.03.2015
Validity: Without limitation
Issuing authority: Center for Licensing, Certifying and Protecting State Secrets of the Federal Security Service of Russia
Licensed activities: License authorizing the development, manufacture and distribution of cryptographic equipment, information and telecommunications systems protected with the use of cryptographic equipment, performance of work and provision of services in the field of data encryption, maintenance of cryptographic equipment, information and telecommunications systems protected with the use of cryptographic equipment

License No.: 0860
Date of issue: 03.08.2009
Validity: Without limitation
Issuing authority: Federal Service for Technical and Export Control
Licensed activities: License authorizing technical protection of confidential information

License No.: 093RU15002000399
Date of issue: 29.09.2015
Validity: From 29.09.2015 until 20.09.2016
Issuing authority: Ministry of Industry and Trade of the Russian Federation
Licensed activities: Single-use license/export (raw or powdered palladium in bars with a purity value of no less than 995.5 parts of palladium per 1000 parts of alloy)

License No.: 093RU15002000397
Date of issue: 29.09.2015
Validity: From 29.09.2015 until 20.09.2016
Issuing authority: Ministry of Industry and Trade of the Russian Federation
Licensed activities: Single-use license/export (raw or powdered platinum in bars with a purity value of no less than 999.5 parts of platinum per 1000 parts of alloy)

License No.: 092RU16002000020
Date of issue: 11.02.2016
Validity: From 11.02.2016 until 08.02.2017
Issuing authority: Ministry of Industry and Trade of the Russian Federation
Licensed activities: General license for export (of other raw gold not used for minting coins in bars with a purity value of no less than 995 parts of gold per 1000 parts of alloy)

Information about licenses of «Gazprombank» (Joint-stock Company).

License No.: 177-04329-001000
Date of issue: 27.12.2000
Validity: Without limitation
Issuing authority: Federal Financial Markets Service (The Bank of Russia)
Licensed activities: Professional securities market player license for securities management activities

License No.: 22-000-0-00021
Date of issue: 13.12.2000
Validity: Without limitation
Issuing authority: Federal Financial Markets Service (The Bank of Russia)
Licensed activities: Activity of specialized depositories, investment funds, mutual investment funds and private pension funds

License No.: 177-04280-010000
Date of issue: 27.12.2000
Validity: Without limitation
Issuing authority: Federal Financial Markets Service (The Bank of Russia)
Licensed activities: Professional securities market player license for dealer activities

License No.: 177-04229-100000
Date of issue: 27.12.2000
Validity: Without limitation
Issuing authority: Federal Financial Markets Service (The Bank of Russia)
Licensed activities: Professional securities market player license for brokerage activities

License No.: 177-04464-000100
Date of issue: 10.01.2001
Validity: Without limitation
Issuing authority: Federal Financial Markets Service (The Bank of Russia)
Licensed activities: Professional securities market player license for depository activities

License No.: 354
Date of issue: 29.12.2014
Validity: Without limitation
Issuing authority: The Bank of Russia
Licensed activities: License for banking operations (with precious metals)

License No.: 354
Date of issue: 29.12.2014
Validity: Without limitation
Issuing authority: The Bank of Russia
Licensed activities: General banking license

License No.: 092RU15002000501
Date of issue: 14.12.2015
Validity: From 14.12.2015 until 06.12.2016
Issuing authority: Ministry of Industry and Trade of the Russian Federation
Licensed activities: General license/export (other raw silver in bars with a purity value of no less than 999 parts of silver per 1000 parts of alloy)

License No.: 5105
Date of issue: 19.02.2015
Validity: 05.12.2017
Issuing authority: Center for Licensing, Certifying and Protecting State Secrets of the Federal Security Service of Russia
Licensed activities: License authorizing the use of information constituting state secrets

Certificate No.: 354
Date of issue: 13.11.2001
Validity: Without limitation
Issuing authority: The Bank of Russia
Licensed activities: Certificate of state registration of a credit institution (with a note of Moscow Main Territorial Directorate of the Bank of Russia regarding change of form of incorporation from CJSC to OJSC as of 27.09.2007) (with a note of the Bank of Russia regarding change of form of incorporation from OJSC to JSC as of 30.12.2014)

Certificate No.: 77 No. 014694628
Date of issue: 29.11.2001
Validity: Without limitation
Issuing authority: Interdistrict Inspectorate of the Federal Tax Service No. 50 in the city of Moscow
Licensed activities: Certificate of registration of a Russian organization with the tax authority at its registered address

Certificate No.: 77 No. 004890355
Date of issue: 28.08.2002
Validity: Without limitation
Issuing authority: Administration of the Ministry of the Russian Federation for Taxes and Levies for the city of Moscow
Licensed activities: Certificate of entering information about a legal entity, incorporated prior to 01.07.2002 into the Unified State Register of Legal Entities

Certificate No.: 629
Date of issue: 10.02.2005
Validity: Without limitation
Issuing authority: State-owned corporation Deposit Insurance Agency
Licensed activities: Certificate of inclusion of the bank in the Register of the Deposit Insurance System Member Banks

Certificate No.: 045
Date of issue: 28.02.2001
Validity: Without limitation
Issuing authority: The National Securities Market Association
Licensed activities: Certificate of registration of a member of the National Securities Market Association

Certificate No.: series A No. 0000193
Date of issue: 29.09.1994
Validity: Without limitation
Issuing authority: Professional Association of Registrars, Transfer Agents and Depositories (PARTAD)
Licensed activities: Certificate of membership in the Professional Association of Registrars, Transfer Agents and Depositories (PARTAD)

Notice No.: 101432880
Date of issue: Date of the letter: 26.12.2014. Registered on 17.11.2006
Validity: Without limitation
Issuing authority: Interdistrict Inspectorate of the Federal Tax Service for Major Taxpayers No. 9
Licensed activities: Notice of registration with the tax authority as a major taxpayer

Notice No.: n/a
Date of issue: 01.05.2016
Validity: until 30.04.2019
Issuing authority: Federal Customs Service of Russia
Licensed activities: Notice regarding the right to act as a guarantor in interaction with tax authorities

License No.: 14136 N
Date of issue: 05.03.2015
Validity: Without limitation
Issuing authority: Center for Licensing, Certifying and Protecting State Secrets of the Federal Security Service of Russia
Licensed activities: License authorizing the development, manufacture and distribution of cryptographic equipment, information and telecommunications systems protected with the use of cryptographic equipment, performance of work and provision of services in the field of data encryption, maintenance of cryptographic equipment, information and telecommunications systems protected with the use of cryptographic equipment

License No.: 0860
Date of issue: 03.08.2009
Validity: Without limitation
Issuing authority: Federal Service for Technical and Export Control
Licensed activities: Technical protection of confidential information

License No.: 093RU15002000399
Date of issue: 29.09.2015
Validity: From 29.09.2015 until 20.09.2016
Issuing authority: Ministry of Industry and Trade of the Russian Federation
Licensed activities: Single-use license/export (raw or powdered palladium in bars with a purity value of no less than 995.5 parts of palladium per 1000 parts of alloy)

License No.: 093RU15002000397
Date of issue: 29.09.2015
Validity: From 29.09.2015 until 20.09.2016
Issuing authority: Ministry of Industry and Trade of the Russian Federation
Licensed activities: Single-use license/export (raw or powdered platinum in bars with a purity value of no less than 999.5 parts of platinum per 1000 parts of alloy)

5.5

Contact Information
and Bank Details

Full name:	«Gazprombank» (Joint-stock Company)
Abbreviated Name:	Bank GPB (JSC)
Start of Business Operations:	31 July 1990
Legal Address:	16, bld. 1, Nametkina St., Moscow, 117420
Place of Business:	63, Novochereomushkinskaya St., Moscow, 117418
Single Help Desk:	(495) 913-74-74
Fax:	(495) 913-73-19
Telex:	412027 GAZ RU
Website:	www.gazprombank.ru
E-mail:	mailbox@gazprombank.ru
SWIFT Code:	GAZPRUMM
Reuters Dealing Code:	GZPM
Correspondent Account:	30101810200000000823 with the Main Branch of the Central Bank of the Russian Federation for the Central Federal District, Moscow
INN:	7744001497
KPP:	997950001
BIC:	044525823
OKPO:	09807684
OKVED:	65.12
OGRN:	1027700167110 as of 28 August 2002

