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

MAIN RESULTS FOR THE YEAR AND BUSINESS DEVELOPMENT OBJECTIVES 11
External Environment in 2019 12
Financial Performance 15
Positioning 20
Ratings 21
Strategic Goals and Principal Vectors of the Bank’s Development 22
Development of IT and Digital Technology: 2019 Results 24
Corporate Business 26
Customer Base 26
Commercial Lending 31
Trade, Structured and Syndicated Finance 34
Retail Business 36
Retail Business: Key Results in 2019 36
Gazprombank Private Banking: 2019 Results 38
Investment Banking 41
Project and Structured Finance 41
Main Project Finance Deals in 2019 43
Capital Market Operations 44
Asset Management 52
Engineering Assets: Core Business Operations and Key Projects 54
Sustainable Development 57
Policy in the Area of Sustainable Development 57
Responsible Governance 58
HR Policy and Employee Incentives 59
Environmental Matters 62
Social Responsibility 65
Resource Base Development 68
Depository Operations, Specialized Depository Services 70
Risk Management 72
Information Security 81
Regional Network Map 82
Branch Network Operating Results 84
Marketing and Communication 85

CORPORATE GOVERNANCE 89
Bank GPB (JSC) Shareholders 90
Bank GPB (JSC) Board of Directors 91
Bank GPB (JSC) Management Board 94
Corporate Governance in the Bank 102
Bank GPB (JSC) Organizational Management Flowchart 103
Internal Control System 104

FINANCIAL STATEMENTS 107

REFERENCE INFORMATION 127
Branches of Bank GPB (JSC) 128
Representative Offices of Bank GPB (JSC) in Other Countries 130
Subsidiary Banks and Credit Institutions with an Ownership of More Than 5% 131
Bank GPB (JSC) Licenses 133
Contact Information and Bank Details 136
Dear Shareholders,

Gazprombank turns 30 this year. The Bank celebrates this anniversary proudly, ranking third among the country’s financial institutions on all key indicators — a reliable and efficient partner for its customers and a profitable long-term asset for its shareholders. Adhering to the strategy approved by its Board of Directors, Gazprombank retains its financial resilience and its ability to respond to global economic events in a prompt and agile manner. In the reporting year, it improved its operating results, in particular, in terms of net profit, capital and income from the core banking business. One of the priority areas of the Bank’s work is collaboration with companies in the real sector of the Russian economy. Among these, Gazprom Group entities occupy a special position. In particular, the Bank provides centralized management of their cash flows and participates in the financing of investment projects and placement of securities on the capital markets. A landmark event in 2019 was the deal to raise project financing for the Gazprom Group for the construction of the Amur Gas Processing Plant. Gazprombank was actively involved in structuring the deal as financial advisor and became part of a consortium of 22 financial organizations providing a EUR 11.4 billion loan. In terms of the project financing raised, the deal was one of the biggest in Europe in recent years.

Supporting socially significant projects implemented on the basis of public-private partnerships is another important area of activity for the Bank, the primary focus being on the development of transport infrastructure in various regions of Russia. In the Yamal-Nenets Autonomous Area, for example, the Bank is providing financing for the construction of a road bridge across the Pur River. Once completed, the bridge will provide all-year-round uninterrupted transportation services for those living in the settlement of Urengoy and several other local communities. One of the Bank’s long-term development goals is the digital transformation of business processes, including the development of remote customer services. The Bank’s modern and convenient digital services are currently being used by over 40,000 companies every day, and there are plans to provide the Bank’s corporate customers with remote access to all its banking products. At the same time, Gazprombank is continuing to consolidate its position in the retail sector — in 2019, the share of remote sales to individual customers increased by 55%.

The Board of Directors takes a positive view of Gazprombank’s performance in the 2019 reporting year. The Bank’s balanced strategy, its 30-year track record of success and its highly professional team underpin its continued confident development on the Russian market.

Alexey B. Miller
Chairman of the Board of Directors, Bank GPB (JSC), Chairman of the Management Committee, Gazprom
Statement of the Chairman of the Management Board

Dear shareholders, customers, and partners,

It has become customary for us to finally sum up the preceding year at the General Shareholders’ Meeting held in late June. This report on the Bank’s operations in 2019 serves this same purpose. However, the first half of 2020 was extraordinary by the depth commitment demonstrated by our team during the spring and summer months this year, but also by the carefully chosen development strategy that our Bank has put forward for more than two years. It was during this period that we laid a solid foundation for the “bank of the future”, based on state-of-the-art IT technology, that boldly outstrip the boundaries of traditional banking business and, which turned out to be of special importance, is resilient to stresses and risks, even totally new and unexpected ones. The experience of the recent and still continuing crisis is yet to be digested. This will become the theme of our future annual report. Already today, however, we look through the lens of past events to not only get a vision of our future prospects, but to rigorously assess our past year’s performance as well. According to FI 2019 results, the Gazprombank Group generated RUB 84.6 billion of net profit, more than RUB 5 billion above the 2018 indicator (RUB 39.5 billion). Core banking income (net interest income and net fee and commission income) grew by 12.7%, from RUB 157.1 billion to RUB 177.0 billion. The Group’s aggregate net interest margin remained at 2.8% in 2019, same as in 2018. Traditionally, strategic partnerships with Russia’s largest companies, provision of a full range of state-of-the-art financial services to such largest accounts as well as all other corporate customers, has been a dominating element of Gazprombank’s business. The Bank participates in the implementation of national projects and other government-sponsored initiatives, often pioneering provision of the most advanced services to those players in the key industries of the national economy with which it collaborates. The Bank continuously enhances its experience and track record on the project and structured finance market. Participating in the Project Finance Factory, implemented on VEIB’s platform, Gazprombank has led a syndicate for an aggregate loan of USD 1.79 billion, intended for the development of the Udokan copper deposit, ranking the largest in Russia and the third worldwide among undeveloped copper deposits. The Bank acted as the arranger, financial advisor and lender with a commitment of up to USD 650 million. This deal was the largest one closed by the Factory and was named the best deal on Russia’s syndications market in 2019 according to CBonds. Construction of a mining and metal plant with appropriate infrastructure in the Trans-Baikal Territory will create new jobs, reinforcing the region’s business potential and positively affecting the economic development of the country as a whole. Gazprombank has reinforced its leading positions in the financing of infrastructure and PPP projects, primarily in the area of creating and rebuilding roads and transport facilities. In the Moscow Region, the Bank participates in the construction of the Central Ring Road (Tokyo) Phases Three and Four. In 2019, financial closure was achieved under the Vinogradovo — Boltino — Tarasovka auto road and construction project, with the Bank acted in excess of RUB 20 billion. One of the most notable 2019 deals was the Lavna coal transshipment facility construction project at the Murmansk sea port. Once at full capacity, the new terminal will allow for the transshipment of 18 million tons of coal, thereby driving the development of the Northern Sea Route. Jointly with VEIB, financial closure was achieved via the Project Finance Factory in the first federal PPP project, development of a digital ecosystem for countering illegal circulation of goods. Gazprombank’s status of a systematically important bank on the national scale, together with the high reputation and customer confidence allow it, while maintaining a strong foothold in the corporate sector, to be a leader of the retail banking as well. The reporting year was one of robust retail business growth for the Bank. In this business line, the Bank’s loan portfolio amounted to RUB 564 billion at the end of 2019 (a growth by RUB 105 billion). Consumer loans were the key product, displaying growth at rates double the market average, which enabled Gazprombank to be the first in terms of portfolio growth, making it into the TOP 5 Russian banks by portfolio volume. Active promotion of bundled products resulted in a triple growth of retail fee and commission income, which amounted to more than a half of the Bank’s aggregate fee and commission income. The retail bottom line doubled, reaching RUB 8.0 billion, almost one-fifth of the Group’s overall net profit. This spectacular outcome was achieved due to a 30% growth in the active customer base, increased cross-sales, and product range development. The 2019 offerings include some truly unique products. One of these is the Smart Card with a principally new cashback mechanism. This card not only became highly popular with customers, it was also rightfully acclaimed by experts as an efficient loyalty program tool. The Smart Card won Frank Banking Reward awards in two nominations. The Bank’s ability to develop its products and services in accordance with customer needs enables it to thrive in the private banking sector as well. In 2019, the Private Banking investment portfolio exceeded RUB 100 billion, having grown by 80% over two years. For the second consecutive year, Gazprombank Private Banking was named the industry’s best and won the Spectral’s Russia Awards as the Best Russian Bank Providing Private Banking and HNW Capital Management Services. For the team of professionals who have kept Gazprombank among capital market leaders for many years, the reporting year became yet another one of new victories and landmark deals. On the local debt capital market, the Bank occupied the arranger of 100 bond issuances for the aggregate face value of RUB 1 trillion, representing 50 issuers, which became a record for the Bank over its entire history of operations. Gazprombank’s market share in initial offerings on the Russian local bond market was 47.2%, that on the Eurobond market, 65%. The Bank successfully closed 24 major transactions of RUB 15 billion or more for 16 corporate issuers, such as Gazprom, Rosatom, Norilsk Nickel and other domestic business giants. Another record of the past year was the aggregate amount of funds borrowed by the Moscow Region, RUB 51.5 billion, in three issues of regional bonds, with Gazprombank acting as the arranger.
and the general agent. This amount became the largest of all raised by Russian regions over the last five years. The best (according to Cbonds) foreign bonds offering on the Russian market, Series 03 and 04 of the Republic of Belarus bonds, is worth to be specifically mentioned. This was not the only Gazprombank’s project with a foreign issuer. Other successful deals include bond issuances of the Republic of Uzbekistan, of Eurotorg, Belarussian largest retailer, and of KTZ, the Kazakh National Railways.

The Bank’s success in the accomplishment of a vast range of business objectives is largely underpinned by the technological transformation, kicked off at our Bank a couple of years ago and still ongoing. The continuous improvement of our services, products, and internal business processes on the basis of cutting-edge digital technologies, the search for, development, and consistent implementation of innovations have become an inseparable element of Gazprombank’s life. As part of this technological transformation, we have created a fail-safe and scalable IT infrastructure which, in the tumultuous spring of 2020, allowed our Bank to seamlessly migrate its functionality and effectiveness across all lines home arrangements, the Bank was able to fully retain its business.

Even before that, remote services became widely popular among Bank customers. Over 2019, 1.5 million customers got registered in our mobile app and the Internet Bank. In the mobile app, we implemented such functions as no-visit lending, money transfers using the rapid payment system, currency conversions. New product and service launches enabled us to achieve a triple growth in the number of monthly active users of our mobile app and Internet Bank, so that we had more than one million active users in December. We have added the remote product application functionality to the Gazprombank website, including consumer and auto loans, debit cards, and courier card delivery service. In 2019, our website audience grew 4 times, almost reaching 3 million visitors in December.

Summing up the digitization topic, we may say that, having gone digital well in advance, Gazprombank, even though it did not prepare for the pandemic, still turned out to be rather well prepared to face up to it. The hardships we’ve been through raise our morale and enrich our experience. This is how we perceive our Bank’s significant business.

Andrey I. Akimov,
Chairman of the Management Board

### Key Performance Indicators

#### Assets, RUB billion

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts owed to corporate customers, RUB billion</td>
<td>112</td>
<td>114</td>
<td>117</td>
<td>118</td>
<td>119</td>
</tr>
<tr>
<td>Retail loans before deducting loan loss provisions, RUB billion</td>
<td>2623</td>
<td>2633</td>
<td>3072</td>
<td>3623</td>
<td>3798</td>
</tr>
<tr>
<td>Core banking income (normalized), RUB billion</td>
<td>314</td>
<td>329</td>
<td>389</td>
<td>417</td>
<td>450</td>
</tr>
<tr>
<td>Tier 1 capital adequacy (Basel I, II), %</td>
<td>10.0</td>
<td>10.3</td>
<td>10.5</td>
<td>11.9</td>
<td>12.2</td>
</tr>
<tr>
<td>Capital adequacy (Basel I, III), %</td>
<td>18.2</td>
<td>15.5</td>
<td>13.1</td>
<td>12.1</td>
<td>11.0</td>
</tr>
<tr>
<td>Ratio of non-performing loans to loan portfolio, %</td>
<td>2.0</td>
<td>2.5</td>
<td>2.4</td>
<td>2.2</td>
<td>2.1</td>
</tr>
<tr>
<td>Ratio of loan loss provisions to loan portfolio, %</td>
<td>4.4</td>
<td>5.1</td>
<td>5.0</td>
<td>4.5</td>
<td>4.8</td>
</tr>
</tbody>
</table>

#### Equity (capital), RUB billion

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts owed to individuals, RUB billion</td>
<td>310</td>
<td>327</td>
<td>417</td>
<td>512</td>
<td>577</td>
</tr>
<tr>
<td>Core banking income (normalized), RUB billion</td>
<td>987</td>
<td>1017</td>
<td>1122</td>
<td>1220</td>
<td>1378</td>
</tr>
<tr>
<td>Tier 1 capital adequacy (Basel I, II), %</td>
<td>10.0</td>
<td>10.3</td>
<td>10.5</td>
<td>11.9</td>
<td>12.2</td>
</tr>
<tr>
<td>Capital adequacy (Basel I, III), %</td>
<td>18.2</td>
<td>15.5</td>
<td>13.1</td>
<td>12.1</td>
<td>11.0</td>
</tr>
<tr>
<td>Ratio of non-performing loans to loan portfolio, %</td>
<td>2.0</td>
<td>2.5</td>
<td>2.4</td>
<td>2.2</td>
<td>2.1</td>
</tr>
<tr>
<td>Ratio of loan loss provisions to loan portfolio, %</td>
<td>4.4</td>
<td>5.1</td>
<td>5.0</td>
<td>4.5</td>
<td>4.8</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts owed to corporate customers, RUB billion</td>
<td>112</td>
<td>114</td>
<td>117</td>
<td>118</td>
<td>119</td>
</tr>
<tr>
<td>Retail loans before deducting loan loss provisions, RUB billion</td>
<td>2623</td>
<td>2633</td>
<td>3072</td>
<td>3623</td>
<td>3798</td>
</tr>
<tr>
<td>Core banking income (normalized), RUB billion</td>
<td>314</td>
<td>329</td>
<td>389</td>
<td>417</td>
<td>450</td>
</tr>
<tr>
<td>Tier 1 capital adequacy (Basel I, II), %</td>
<td>10.0</td>
<td>10.3</td>
<td>10.5</td>
<td>11.9</td>
<td>12.2</td>
</tr>
<tr>
<td>Capital adequacy (Basel I, III), %</td>
<td>18.2</td>
<td>15.5</td>
<td>13.1</td>
<td>12.1</td>
<td>11.0</td>
</tr>
<tr>
<td>Ratio of non-performing loans to loan portfolio, %</td>
<td>2.0</td>
<td>2.5</td>
<td>2.4</td>
<td>2.2</td>
<td>2.1</td>
</tr>
<tr>
<td>Ratio of loan loss provisions to loan portfolio, %</td>
<td>4.4</td>
<td>5.1</td>
<td>5.0</td>
<td>4.5</td>
<td>4.8</td>
</tr>
</tbody>
</table>
Main Results for the Year and Business Development Objectives

<table>
<thead>
<tr>
<th>Year</th>
<th>Assets, RUB billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>6582</td>
</tr>
<tr>
<td>2018</td>
<td>6532</td>
</tr>
<tr>
<td>2017</td>
<td>5534</td>
</tr>
<tr>
<td>2016</td>
<td>4879</td>
</tr>
<tr>
<td>2015</td>
<td>5122</td>
</tr>
</tbody>
</table>
External Environment in 2019

The past year was tarnished by a global economic slowdown due to continuing trading disputes, geopolitical conflicts and meager economic growth in key emerging markets.

According to preliminary estimates, global economic growth in 2019 was 2.9%, down from 3.6% in 2018. In the USA, growth slowed to 2.3%, a figure that matches the average annual GDP growth rate since the end of the 2008 crisis.

Other countries experienced even more pronounced reductions in their economic growth rate. Germany was particularly heavily hit by the global trade decline, with its GDP growth rate down from 1.5% to 0.6% in 2019. The Euro zone as a whole, too, faced a slowdown in economic activity, aggravated by both slackening trade and the uncertainty around Brexit terms. In the UK, however, GDP grew at the same rate of 1.4% in 2019.

Japan’s 2019 results displayed modest GDP growth, notwithstanding a sales tax increase that caused GDP to drop in the 4th quarter. In China, GDP growth slowed to 6.1% in 2019, as a result of its prolonged trade dispute with the USA. The Chinese government consistently stimulated the economy throughout the year. Another 2019 development was the monetary policy reform, which, as China’s central bank anticipates, will allow it to increase the transparency of its operations.

The ongoing US-China trade conflict caused a noticeable erosion of global trade activity. According to IMF estimates, the global trade growth rate declined from 3.7% to 0.9% in 2019. The developed countries switched to monetary policy easing. In the USA, the FRS started reducing the reference rate, bringing it down to 1.75% by the year end. The ECB reduced the deposit rate to -0.5% and relaunched its asset bailout program. The ECB also experienced a change in its management team, and the new head announced the regulator’s plans to reconsider ECB goals in the monetary policy area. The central banks of developing countries marched in lockstep with the world’s largest CBs.

Monetary policy easements in the major countries resulted in declining yields on their treasury bonds, causing money market rates to drop. For example, the year average yield on 10yr US Treasuries dropped from 2.9% in 2018 to 2.13% in 2019. 10yr Eurobond yields fell from 0.46% to -0.21% on average over the year. In China, the year average money market rate, SHIBOR, declined to 2.83% from 3.75%.

Russia’s economic growth continued despite slowing consumer activity
In 2019, the Russian economy grew by 1.3%, slightly less than in 2018 (2.5%). Consumer demand remained the primary growth driver in 2019, albeit at lower rates than in 2018, due to a slowdown in consumer lending growth. Economic growth was underpinned by extra government spending in consumer projects.

As the global economic environment stabilized in 2019, FX interventions in accordance with the budgetary rule, having been suspended in 2H2018, were resumed. The average Ruble exchange rate in 2019 (RUB 64.7/USD) was...
robust due to the inflow of non-residents’ funds into OFZ, the continued trade account surplus (USD +73.5 billion) and a transitory liquidity shortage experienced by the banking system closer to the year end. Foreign capital inflow became one of the drivers behind the growth in the Moscow Exchange Index (+16.1%) and the RTS FX Index (+8.1%).

After the VAT increase in early 2019, there was a period of faster price growth, with inflation reaching its peak in March 2019 (5.3% YoY), before turning downward to reach 3% YoY by the year end. Slowing price growth rates and reduced inflation expectations eventually caused the Bank of Russia to switch to a milder monetary policy, reducing the key rate by 1.5 p.p. in 2019 (from 7.75% to 6.25%). The Russian stock and debt markets remained attractive for foreign investors. Activity levels remained high in the real sector of the economy throughout 2019. Industrial output grew (+2.3%), underpinned by growth in the extracting sector (+2.6%) and manufacturing industries (+2.5%). Among the manufacturing industries, the most impressive growth was in pharmaceuticals and materials (+22%), while the most impressive growth was in the extracting sector (+2.6%) and manufacturing industries (+2.5%). Among the manufacturing industries, the most impressive growth was in pharmaceuticals and materials (+22%), while

of the National Welfare Fund resources could be reinvested in the economy.

The Bank of Russia persisted with its efforts aimed at keeping the banking system stable. The number of banks was reduced (from 484 to 442) through license revocations. Starting from 1 October, the Bank of Russia raised the risk ratios for unsecured consumer loans. Banks, in turn, improved their balance sheet quality: both provisions for possible losses in lower-quality class loans and capital adequacy ratio comprised 11.9%.

Completing an upward course Banking system assets grew from RUB 84.1 trillion to 96.6 trillion (+2.7% in 2019. With FX revaluations and license revocations factored in, assets increased by 5.2% (+6.9% in 2018) to reach 88% of GDP. The share of the top five banks in banking system assets remained largely unchanged despite the rapid growth of second-tier banks. Banking system assets growth was underpinned by an increase in retail lending (RUB +2.7 trillion, +18.6%, hereinafter, taking into account FX revaluations and bank license revocations). Mortgage loans grew by about RUB 1.1 trillion, and unsecured consumer loans by RUB 1.5 trillion. The corporate loans portfolio grew at a moderate pace (4.5%). The banking system maintained a significant liquidity surplus. The commercial banks’ net position with the Bank of Russia and the Ministry of Finance hovered around RUB 5–6 trillion throughout the year. The cash surplus resulted in consistently low interbank market rates. The Bank of Russia and the Ministry of Finance maintained a significant liquidity surplus. The commercial banks’ net position with the Bank of Russia and the Ministry of Finance hovered around RUB 5–6 trillion throughout the year.

Cost-to-income ratio reached 65.1% compared to 6.8% and 0.6% in 2018.

ROE and ROA stood at 6.3% and 0.7%, respectively, compared to 6.8% and 0.6% in 2018.

Cost of risk comprised -0.1%, with due regard to the adjustment of loans accounted at fair value, against RUB 6,532.1 billion at as at the reporting date, and the Tier 1 capital adequacy ratio comprised 11.9%.

Gazprombank released its financial results for 2019 with net income at RUB 44.6 billion in accordance with International Financial Reporting Standards.

### Financial Performance

Alexander Sobol, Deputy Chairman of the Management Board, Bank GPB (JSC), notes:

“Implementation of a strategy focused on the priority development of the retail business helped to maintain the Bank’s margin at the previous year’s level (2.8%) against the backdrop of significant interest rates decrease, and practically double its fee-based income, thus improving its performance stability in the period of financial markets volatility”.

<table>
<thead>
<tr>
<th>Bank GPB (JSC) key financial indicators for 2019 / as at 31 December 2019:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Net income totaled RUB 44.6 billion compared to RUB 39.5 billion in 2018.</td>
</tr>
<tr>
<td>- Net commission income amounted to RUB 34.2 billion against RUB 16.4 billion in 2018.</td>
</tr>
<tr>
<td>- Net interest margin remained at the 2018 level at 2.8%.</td>
</tr>
<tr>
<td>- Cost of risk comprised -0.1%, with due regard to the adjustment of loans accounted at fair value, against RUB 6,532.1 billion at as at the reporting date, and the Tier 1 capital adequacy ratio comprised 11.9%.</td>
</tr>
</tbody>
</table>


1. Includes gross corporate and retail loans accounted at amortized cost before loan provisioning and also loans accounted at fair value.

1. Includes gross corporate and retail loans accounted at amortized cost before loan provisioning and also loans accounted at fair value.
Overview of key financial indicators, RUB billion:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>1138.2</td>
<td>1138.2</td>
</tr>
<tr>
<td>Shareholder’s equity (capital)</td>
<td>722</td>
<td>722</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>7310</td>
<td>10493</td>
</tr>
<tr>
<td>Loans to corporate customers</td>
<td>34854</td>
<td>37330</td>
</tr>
<tr>
<td>Retail loans</td>
<td>6060</td>
<td>5169</td>
</tr>
<tr>
<td>Securities and investments in associates</td>
<td>5477</td>
<td>7546</td>
</tr>
<tr>
<td>Corporate customer accounts</td>
<td>4748</td>
<td>3622</td>
</tr>
<tr>
<td>Retail customer accounts</td>
<td>12018</td>
<td>9908</td>
</tr>
<tr>
<td>Capital market borrowings</td>
<td>2676</td>
<td>3266</td>
</tr>
<tr>
<td>Subordinated debt</td>
<td>746</td>
<td>1363</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2019</th>
<th>2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit</td>
<td>446</td>
<td>393</td>
</tr>
<tr>
<td>Comprehensive income</td>
<td>39.0</td>
<td>43.0</td>
</tr>
</tbody>
</table>

The Group’s comprehensive income totaled RUB 39.0 billion, including foreign exchange gain/loss on the Group’s foreign investments.

Financial results
The Group successfully completed the year of 2019, earning RUB 44.6 billion of net profit while its comprehensive income totaled RUB 150 billion, including foreign exchange gain/loss on the Group’s foreign investments. By comparison, the Group’s net profit and comprehensive income in 2018 amounted to RUB 39.5 billion and RUB 43.0 billion, respectively. The Group’s ROE was down 0.5 p.p. to 6.3% in 2019 against 2018. ROA reached 0.7% — up 0.1 p.p. against 0.6% at year-end 2018. The Group’s net interest income in 2019 was up 2.9% against 2018 to RUB 142.8 billion, with interest income up 9.6% to RUB 409.5 billion and interest expenses up 13.6% to RUB 266.7 billion. The net interest margin in 2019 remained intact at 2.8%. The Group’s recurring core banking income, including net interest income before loan loss provisions and net commission income, increased by 12.7% in 2019 compared to RUB 177.0 billion in 2018. The net interest margin in 2019 totaled RUB 35.5 billion against the income of RUB 34.2 billion up 1.9 times against 2018. The Group’s net profit and comprehensive income in 2019 amounted to RUB 39.0 billion and RUB 43.0 billion, respectively.

The Group’s operating income in 2018 remained intact at 2.8%. The Group’s recurring core banking income, including net interest income before loan loss provisions and net commission income, increased by 12.7% in 2019 compared to RUB 177.0 billion in 2018. The Group’s net profit and comprehensive income in 2019 amounted to RUB 39.0 billion and RUB 43.0 billion, respectively.

Comprehensive income from transactions in securities in 2019 totaled RUB 35.5 billion against the income of RUB 34.2 billion in 2018: mostly due to positive revaluation of investments and income from associates as well as income from the disposal of subsidiaries. Non-banking segments ended 2019 with the operating loss of RUB 13.0 billion against RUB 17.1 billion in 2018. Impacted by the above factors, the Group’s operating income (before loan loss and impairment of assets provisions) reached RUB 165.5 billion in 2019 compared to RUB 171.0 billion in 2018. Operating expenses reached RUB 120.8 billion in 2019 compared to RUB 88.3 billion in 2018. Higher expenses were due to the on-going implementation of technological transformation projects, including the retail business transformation. The cost-to-income ratio increased by 7.6 p.p. compared to year-end 2018 — from c. 57.5% to 65.1%.

2 Including trading securities, investment securities, and investments in associates.
3 Including bonds issued both on the domestic and international markets.
4 In accordance with Basel Framework.
5 Loans are deemed “non-performing” if their principal or interest is 90+ days overdue, as well as in the event of counterparty default.
6 The ratio of net interest income to the chronological mean of quarter-end interest bearing assets for the reporting period.
7 Other interest income adjusted for the reporting period.
8 Operating expenses include salaries, other personnel compensations and administrative expenses. Operating income includes net interest income, non-interest income and non-banking operating income. Operating income does not include provisions and profit/loss on loans accounted at fair value.
9 Combined income from transactions with securities includes both realized and unrealized gain from securities transactions and a change in the Group’s investments value, as well as net derivative results, loss on financial liabilities designated at fair value through profit or loss, as well as gain from subsidiaries’ disposal.

GAZPROMBANK ANNUAL REPORT 2019
Asset quality
Expenses from loan loss provisioning reached RUB 10.5 billion in 2019 compared to RUB 6.8 billion in 2018. Positive fair value adjustment of loans and receivables amounted to RUB 14.5 billion in 2019 due to the recovery of impairment resulting from the repayment of several loans accounted at fair value and also from the adjustment of loans to market value following the key interest rate cut. The Group’s cost of risk (with due regard to the fair value adjustment of loans and receivables) was -0.1% in 2019 against 0.5% at year-end 2018. NPLs (non-performing loans) in the gross loan book amounted to 2.4% in 2019 compared to 2.4% in 2018. The provisioning ratio (total loan loss allowance to the portfolio of loans accounted at amortized cost) was 4.4% as at 31 December 2019 and 5.0% as at 31 December 2018. At the same time, amortized cost was 4.4% as at 31 December 2018.

Business volumes
The Group’s total assets comprised RUB 6,582.2 billion as at 31 December 2019 — up 9.4% against RUB 6,352.1 billion as at 31 December 2018. In particular, cash and cash equivalents were at RUB 739.0 billion as at 31 December 2019 compared to RUB 1,049.3 billion as at 31 December 2018 mostly due to the reduction in fixed-term deposits in the Bank of Russia. The loan book before loan loss provisions as at 31 December 2019 accounted for RUB 4,593.3 billion — up 8.3% against RUB 4,239.9 billion as at 31 December 2018. The loan book (net of loan loss provisions and profit/loss on loans accounted at fair value) in the Group’s total assets accounted for 66.8% compared to 61.8% at the end of December 2018. Corporate loans were up 6.8% in 2019 to RUB 3,965.3 billion as at 31 December 2019 compared to RUB 3,735.0 billion at year-end 2018. Retail loans showed considerable growth: 19.9% in 2019 — from RUB 506.9 billion to RUB 608.0 billion as at 31 December 2019.

Mortgage loans form the bulk of the Group’s retail loans, accounting for RUB 399.0 billion as at 31 December 2019 — up 6.5% compared to RUB 362.2 billion as at 31 December 2018. Mortgage loans in the retail loan book were down 6.8% for 2019 — from 71.4% to 64.6%. Consumer loans grew in 2019 from RUB 138.6 billion to RUB 207.6 billion (up 49.8%). Consumer lending grew owing to the implementation of several transformation projects, which allowed the Bank to show multiple expansion of the active user database in the new mobile bank (now 15 million users already), the Bank also started to process over 15 thousand loan applications a day. In 2019, the Bank posted fourfold growth in consumer loans’ disbursement a day and increased its sales through digital channels to 55%.

An increase in the retail loan book brought the share of retail loans within the total loan portfolio to 13.2% as at 31 December 2019 — an increase of 1.3 p.p. compared to that at 31 December 2018. The portfolio of securities and investments in the Group’s associates comprised RUB 647.7 billion as at 31 December 2019 — down by 14.2% (securities stood at RUB 754.6 billion as at 31 December 2018). The share of securities and investments in the Group’s associates in the total assets of the Group declined by 1.8 p.p. in 2019 to 9.8% as of the reporting date compared to 11.6% at year-end 2018. The profile of the portfolio of securities and investments in the Group’s associates mostly includes fixed income instruments such as investments in Russian government debt, bonds and promissory notes of Russian issuers, with debt securities up 10.2 p.p. in 2019 — from 70.4% to 80.6%.

An increase in the retail loan book brought the share of retail loans within the total loan portfolio to 13.2% as at 31 December 2019 — an increase of 1.3 p.p. compared to that as at 31 December 2018.
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)

<table>
<thead>
<tr>
<th></th>
<th>Assets</th>
<th>Capital</th>
<th>Corporate loans</th>
<th>Retail loans</th>
<th>Amounts owed to corporate customers¹</th>
<th>Amounts owed to individuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of 1 January 2019</td>
<td>6.9%</td>
<td>6.8%</td>
<td>10.9%</td>
<td>3.2%</td>
<td>12.7%</td>
<td>3.3%</td>
</tr>
<tr>
<td>As of 1 January 2020</td>
<td>6.8%</td>
<td>6.8%</td>
<td>11.0%</td>
<td>3.3%</td>
<td>11.9%</td>
<td>3.8%</td>
</tr>
</tbody>
</table>

Growth rates in 2019: Bank GPB (JSC) vs. the Russian banking system (RAS)

<table>
<thead>
<tr>
<th></th>
<th>Assets</th>
<th>Capital¹</th>
<th>Corporate loans</th>
<th>Retail loans</th>
<th>Amounts owed to corporate customers¹</th>
<th>Amounts owed to individuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking system</td>
<td>2.7%</td>
<td>6.9%</td>
<td>0.6%</td>
<td>18.5%</td>
<td>2.0%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Bank GPB (JSC)</td>
<td>2.9%</td>
<td>7.4%</td>
<td>2.6%</td>
<td>19.9%</td>
<td>-4.4%</td>
<td>22.6%</td>
</tr>
</tbody>
</table>

2. Regulatory capital ('Total Capital (Equity)' metric in the Capital Adequacy Report (Form 808)).
3. Including funds of individual entrepreneurs.

Ratings

The Bank’s current ratings are underpinned by its strong market position and systemic importance.

As of 31 December 2019, the following credit ratings were assigned to Gazprombank:

- **Fitch Ratings**
  - BBB- (long-term foreign-currency issuer default rating) — stable outlook;
- **S&P Global Ratings**
  - BB+ (long-term foreign-currency issuer rating) — stable outlook;
- **Moody's Investors Service**
  - Ba1 (long-term bank deposit rating) — stable outlook;
- **Expert RA**
  - ruAA+ (national scale creditworthiness rating) — stable outlook;
- **ACRA**
  - AA+(RU) (credit rating) — stable outlook.

Gazprombank’s long-term foreign currency credit ratings were one step lower than Russia’s rating assigned by S&P Global Ratings, Moody’s Investors Service and Fitch Ratings.

On 8 February 2019, Moody’s Investors Service upgraded the sovereign rating of the Russian Federation to Ba3 with a stable outlook. Following this rating action, on 12 February 2019, Moody’s Investors Service upgraded Gazprombank’s rating to Ba1 with a stable outlook.

On 25 June 2019, Expert RA rating agency affirmed Gazprombank’s credit rating at ruAA+ with a stable outlook.


On 9 August 2019, Fitch Ratings upgraded the sovereign rating of the Russian Federation to BBB- with a stable outlook. Following this, on 19 August 2019, the agency upgraded Gazprombank’s rating to BBB- and changed the outlook from positive to stable.


On 28 November 2019, ACRA upgraded the rating of Gazprombank to AA+(RU) and changed the outlook from positive to stable.

The Bank’s current ratings are traditionally underpinned by its 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, low share of distressed assets compared to banking sector in general, adequate risk management system, and comfortable liquidity level adequate for debt servicing.
**Strategic Goals and Principal Vectors of the Bank’s Development**

Special attention is devoted to the strategic goal of the Bank’s technological transformation and digitization in an environment characterized by the growing importance of remote customer service and work-from-home arrangements.

The strategic priorities of the GPB Group were formulated with reference to the development goals and current objectives outlined by the President and the Government of the Russian Federation.

In an era of rapidly developing technology and changing consumer behavior, the Gazprombank strategy defines the key areas of the Bank’s operations based on current market prospects and capabilities, building upon existing competitive advantages and accumulated competencies.

Bank GPB (JSC) channels its efforts towards achieving its key strategic objectives, which include:

- maintaining its status as a systemically important bank, participating in government initiatives aimed at assuring sustainable economic development;
- developing strategic partnerships with, and providing the full range of financial services to, major Russian companies;
- diversifying the business and maintaining its key positions in the banking services market, with performance improvements across all GPB Group entities.

Corporate customers will remain a priority for the Bank. Retaining its status as a systemically important bank, Gazprombank will:

- actively participate in government programs aimed at the recovery and subsequent sustainable growth of the Russian economy;
- provide Russian companies with project and structured financing, focusing on industries with growth potential in which the Bank has considerable experience (oil and gas production and refining, agriculture, mining and metals, infrastructure, and transport);
- retain leadership in the financing of, and advising on, PPP projects, in particular, in the regions.

The Bank continuously monitors the status and outlook of those sectors of the Russian economy where the Bank has developed servicing competences:

- infrastructure and PPP projects, electricity generation, export-oriented industries, technical and technological refurbishment projects, petroleum and gas chemistry, and advanced import substitution;
- development of cross sales, particularly in relation to complex products, will support the generation of returns by the Bank’s corporate business.

Gazprombank is endeavoring to actively develop its retail business as one of its most important strategic business areas, through:

- attracting new customers and implementing loyalty programs;
- expanding the range of banking products and services offered, in particular, via remote channels;
- expanding and upgrading its service network.

The key objectives are as follows:

- set up an efficient sales function, improve the functionality and user-friendliness of remote banking;
- expand the commission-based products line (packaged offerings, partner loan insurance products, investment insurance instruments);
- stimulate cardholder transaction activity;
- optimize footprint and upgrade office layouts.

Achieving the Bank’s strategic goals in the development of the retail business will require a rigorous transformation and ambitious technological advancement of its operations, including:

- integration of existing service channels into an all-encompassing system of continuous communication with the customer;
- enhancement of mobile and Internet banking;
- improved service channel accessibility;
- faster banking service and improved reliability of IT infrastructure.

Development of cross sales, particularly in relation to complex products, will support generation of returns by the Bank’s corporate business.

Going forward, Gazprombank will enhance its regional network, taking into account the needs of its key customers and their partners. It is expected that incremental return on capital will be generated through technological transformation of the business, process improvements and migration of operations to remote channels.

In the challenging macroeconomic environment of 2020, the majority of the above-mentioned goals and objectives remain on the agenda, while their level of priority and the sequence in which they are addressed may be adapted to the current situation.
Development of IT and Digital Technology: 2019 Results

In 2019, Gazprombank continued working on its Transformation Program, which comprises more than 2,000 tasks aimed at technological upgrading and organizational transition from conventional to digital.

The past year’s key milestones were the establishment of a new failure-proof infrastructure designed to overcome technological constraints, and the synchronization of systems and processes for continued business upscaling, digital channel development, new banking products relaunch, customer base growth, and improvement in the stability and resilience of our banking systems.

Based on the new Retail Loan Pipeline (RLP 2.0) implemented in late 2018, new loan products were taken to the market throughout 2019, while existing products were improved in new channels. Partner programs were actively developed: the Bank implemented the option of applying for consumer loans via aggregators (Banki.ru, Stanin.ru), and Home Credit Bank and Megaфон were connected via OpenAPI. There was a particular focus on improving the performance and resilience of RLP 2.0: the pipeline processed up to 15,000 requests a day.

Another 2019 development was the implementation of Tessa, a Russian ECM platform, which served as the basis for the Bank’s new uniform customer file feature. Jointly with our ecosystem team, we implemented corporate customer onboarding procedures, as well as an archive of retail customer documents and integration with front-office systems. In late 2019, Gazprombank, jointly with the FinTech Association and the Bank of Russia, became one of the first banks in Russia to launch a decentralized depositary system (DDS) for mortgage deed accounting using blockchain technology. At present, the DDS system is used to track electronic mortgage deeds, while continued development work will see its application expanded to other kinds of securities as well. As data is stored in a distributed ledger system, there is less risk of fraud and the emergence of a gray market in mortgage deeds. The new technology reduces transaction costs by 30% relative to traditional securities accounting and storage processing technologies. The blockchain technology will significantly improve the stability and reliability of data on electronic mortgage deeds, thereby minimizing the risks of nonexistent pledges, and transactions will take less time to execute. DDS development also facilitates the securitization of mortgage deeds.

For the borrower, the system cuts the electronic mortgage deed execution and registration time from 9 days to 24 hours, while allowing the Bank to gradually digitalize mortgage transactions and grow their volume. Customers also benefit from faster registration of real estate titles.

Also, in 2019, the Bank launched pilot operation of the key modules of our Omni-Channel Platform:
- unified authentication and authorization platform;
- info services;
- universal will declaration services.
A prototype of the Omni-Channel Customer Service — the credit card application feature — was launched on the Bank’s website. The more a company knows about its customer and the faster it processes such data, the greater its market competitiveness. In 2019, the Bank started pilot operation of its Memory Caching component — a system designed to dramatically reduce the time a customer has to wait for data to load. This solution will enable faster RAM data interchange and an adaptive approach to data management.

In the area of retail bad loan recovery process automation, a whole range of activities were successfully completed in 2019. In particular, search and collection services for contact information in Collection Management were implemented on the basis of Collection, the flagship automated banking system (ABS). Additional information is gathered through interaction with mobile operators’ services. The integration of Collection ABS with the Unified Federal Register of Bankruptcies takes debtor interaction at the bankruptcy stage to a new level. Compliance with Federal Law No. 76 regarding the implementation of a mortgage holidays calculator on the basis of Collection ABS optimizes Collection services, making them as convenient as possible for our customers. As Collection ABS is used to monitor the Bank’s insurance functions, it is already demonstrating an upward trend in outstanding insurance debt recovery and generally optimizing the Bank’s spend on this functionality.

Development of digital channels became one of the Bank’s priority areas of activity. In 2019, Gazprombank continued its course towards digitization. The Telecard 2.0 mobile app grew its audience three times over the year, reaching 1.5 million registered customers. It also made it into the TOP 5 highest-rated apps in the app store and the TOP 10 best promotion strategies. As part of the New IT Infrastructure program implementation, projects to streamline Data Center operations and upgrade network infrastructure were completed in 2019. To ensure prompt release of IT resources and optimal use of server capabilities through virtualization, a Private Cloud platform was established and 66 automated systems were migrated to it, followed by implementation of automatic release of Private Cloud resources. A workplace virtualization program was undertaken (using Virtual Desktop Infrastructure (VDI) technology) and over 10,000 workplaces in the head office and across the branch network were migrated.

Throughout 2019, the mobile app and the Internet bank were updated at least once a month. New functions were added: transfers via the Fast Payments System, transfers by telephone number, as well as the implementation of a mortgage holidays calculator on the basis of Collection ABS, making them as convenient as possible for our customers. As Collection ABS is used to monitor the Bank’s insurance functions, it is already demonstrating an upward trend in outstanding insurance debt recovery and generally optimizing the Bank’s spend on this functionality.

Development of digital channels became one of the Bank’s priority areas of activity. In 2019, Gazprombank continued its course towards digitization. The Telecard 2.0 mobile app grew its audience three times over the year, reaching 1.5 million registered customers. It also made it into the TOP 5 highest-rated apps in the app store and the TOP 10 best promotion strategies. As part of the New IT Infrastructure program implementation, projects to streamline Data Center operations and upgrade network infrastructure were completed in 2019. To ensure prompt release of IT resources and optimal use of server capabilities through virtualization, a Private Cloud platform was established and 66 automated systems were migrated to it, followed by implementation of automatic release of Private Cloud resources. A workplace virtualization program was undertaken (using Virtual Desktop Infrastructure (VDI) technology) and over 10,000 workplaces in the head office and across the branch network were migrated.

The corporate mobility (M) platform and a uniform communication system were implemented to enable prompt remote access to the Bank’s corporate resources.
Customer Base

In 2019, important steps were taken to improve the competitiveness of the corporate customer relations management system.

Implementation of a customer loyalty and satisfaction improvement project commenced: preliminary studies were undertaken and their results used to refine banking products.

In 2019, the Bank reinforced its status as a leader in the provision of services to ensure the legitimacy of spending by co-funded construction contractors, in accordance with the requirements of Federal Law No. 214-FZ dated 30 December 2014. The Bank also implemented an electronic reporting feature on escrow accounts for developers.

As part of our comprehensive financing product development for real-estate developers, we implemented support of residential estate construction projects in connection with the provision of project financing. Given that residential construction market participants are still in the early stages of adapting to the new realities, control of the legitimacy of spending dramatically reduces the risk that developers will divert loan proceeds to other projects. Much attention is being paid to the development of state-of-the-art electronic services, and banking support is no exception. In 2019, we completed an ambitious Interactive Reporting Service development project that allows banking support results to be seen in real time, including the list of counterparties involved in a project, a database of evidences of title and analytics, as well as the ability to generate the necessary reports. This system is unique and unmatched on the market. For the Gazprom Group’s needs, a personal account section for banking support purposes has been developed and is continuously updated on the GPB Electronic Trading Platform. This provides an information platform for interaction not only between the Bank and the Gazprom Group, but also among the Group’s structural units.

In December 2019, GPB (JSC) launched a tailored solution for energy sector companies, enabling centralized liquidity management (cash pooling) with an overdraft limit of RUB 15 billion, thereby confirming the Bank’s position as the leader on the transaction products market. We actively developed our relations with IT industry players, including major system integrators, software vendors and cloud service providers across a wide range of products, from traditional loans to specialized complex settlement solutions. Over the reporting year, we succeeded in reinforcing our image as a contemporary Bank capable of satisfying the needs of the most progressive sector of the economy.

By way of providing the cash balance pooling service on the basis of GPB (JSC), 435 accounts of subsidiaries and branches, including non-residents, were connected to enable efficient management of the Gazprom Group’s liquidity. As a result of this service implementation in 2019, the pooled cash balances on the ruble-denominated master account amounted to more than RUB 1.3 trillion, with pooled FX balances of approximately EUR 440 million. In addition, to develop the Corporation Settlement Center service for Gazprom subsidiaries and affiliates, integration with the Gazprom Budget Management Automated System’s Settlement Management Subsystem was completed, and the process of connecting new participants to the service was started in 2019. The Bank continued providing its Integrated Solution for Direct Electronic Document Exchange from Gazprom Accounting System (host-to-host), 88 subsidiaries and over 170 branches (924 accounts) were connected. In 2019, the number of connected service participants grew by 30%.

The Bank implemented its customs duty payment service using Round payment cards issued by Multiservice Payment System LLC, the operator of the Round customs payment system. The service was implemented with a view to satisfying customer requirements for fast payment of customs duties, levies and charges, and reducing funds diversion to a minimum. Custom inspectors can see payments made via Round cards in the Personal Accounts system in real time, enabling prompt completion of the customs declaration and clearance procedures.

Bank GPB (JSC) continued to be actively involved in the activities of financial markets and financial institutions, enhancing its relevance and role in this area. Work is underway with industry associations, asset management market leaders and oversight authorities to create a common information space for professional market participants, including commercial organizations, specialized depositaries, and the Bank.

If all players use a common Client-Bank system, this will achieve the aim of providing accurate information on movements (or absence of movements) in the customers’ current, brokerage and investment accounts, in a timely manner. The Bank will also alleviate the workload on corporate customers’ operating units and back offices, and comply with the legal requirements.

In 2019, the Bank continued to actively develop its online collection service using automated deposit machines, and remains the leader in this market in its own right. The number of stores offering this service doubled to 12,000 by the year end.
In 2019, a number of pilot projects were launched in the promising new segment of pharmacy chains. In 2019, the Bank actively developed its cooperation with transport industry players — a service that became a core part of its key growth points. Gazprombank has continued this project with a focus on railway transport entities. The scope of cooperation with government investment funds was increased significantly. The Bank acts as a reliable business partner, taking into account the specific features of their operations. The Bank actively participated in a seamless integration under a major M&A transaction on the Russian insurance market, which built on existing technologies and services to allow corporate and retail clients to access high-quality insurance products as conveniently and promptly as possible.

In 2019, Bank GPB (JSC) won the “Retail Partner Bank” nomination in the Retail Week Awards 2019, a professional industry contest. The award ceremony took place at the 5th Russian Retail Week international business and government forum. Winning this distinguished award demonstrates the high repute in which the Bank is held by the industry community and proves that it is moving in the right direction, successfully developing useful and innovative services for retail companies.

To date, our collaboration with universities has brought the number of campus projects to 150, with over 400,000 campus cards issued and serviced, in particular, the co-branded card of the Bank and the Russian Union of Youth. Bank GPB (JSC) remains a leader on the Russian debt capital market; maintaining the amount of lending extended to that company at RUB 48 billion. At SPIEF 2019, the Bank entered into a strategic cooperation agreement with T Plus, making it the largest lender to that company with a 46% share in its loan portfolio (RUB 54 billion).

In addition to the traditional forms of collaboration in the areas of corporate lending, transaction banking and capital market transactions, this collaboration expanded into new areas such as projects implemented by ROSSETI within the Digital Transformation 2030 concept. A memorandum was signed with ROSSETI on cooperation in the digital transformation of its treasury function. The first joint project, successfully launched in the summer of 2019, was a service for automated processing of incoming ruble payments made by corporate entities and individuals in favor of MOESK (the brand operated by Rosseti Moscow Region). Furthermore, at the Electricity Grids International Forum held in late 2019, the Bank, jointly with the Digital Horizon Fund, introduced the ROSSETI management team to the Edison smart blockchain platform, developed for the energy and utility market.

It is worth noting the growing scope of factoring operations (including agent factoring) in the limit set for key companies by industry. Factoring remains a popular settlement product among Russia’s largest media groups. For example, the Bank continued to provide TV series production financing through factoring transactions in 2019.

The Bank continued to work on hedging transactions for mining and metals sector companies. It should be noted, in particular, that for the first time on the Russian market, the Bank completed a price hedging transaction in respect of iron ore stock with 65% iron content. One of the key events was the syndicated loan agreement signed between Bank GPB (JSC), VEB.RF and Operator-CRPT company as a Project Finance Factory project in December 2019, with a limit of RUB 2.4 billion, to finance a product marking and traceability system project. Bank GPB (JSC) acted as the financing arranger. The project is being implemented using the public-private partnership (PPP) mechanism, via an agreement between Operator-CRPT and the Russian Ministry of Industry and Trade.

The Bank started providing financing to a project in the Moscow Region to build four solid waste incineration plants using “waste to energy” technology. They will be capable of processing 2.8 million tons of waste per year, with a total installed capacity of 280 MW. The project budget amounts to RUB 1.17 billion. The lenders are a banking syndicate comprising Bank GPB (JSC) and VEB.RF. The project is being implemented as part of the Russian Government’s Clean Country priority project within Russia’s Environment Protection 2012–2020 National Program. The project limit has been set at RUB 68 billion until 2035.

In 2019, the Bank provided financing to a project in the Moscow Region to build four solid waste incineration plants using “waste to energy” technology. They will be capable of processing 2.8 million tons of waste per year, with a total installed capacity of 280 MW. The project budget amounts to RUB 1.17 billion. The lenders are a banking syndicate comprising Bank GPB (JSC) and VEB.RF. The project is being implemented as part of the Russian Government’s Clean Country priority project within Russia’s Environment Protection 2012–2020 National Program. The project limit has been set at RUB 68 billion until 2035.

In 2019, the Bank continued to actively develop cooperation with telecoms, IT, and media companies. The Bank remained the primary debt market partner of major telecommunication companies, acting as the arranger of listed bond issues with a total value of RUB 97.5 billion.

Despite the challenging situation in the oil, chemical and petrochemical industries, the Bank took part in arranging corporate bond issues for oil and gas and chemical-sector companies for a total amount of more than RUB 150 billion. The Bank has historically been the main partner of ROSSETI in arranging financing on the Russian and international debt capital markets. In 2019, the Bank acted as the arranger of bond issues with a total value of RUB 20 billion for the Group’s companies. In addition, the Bank performed several successful transactions on the public capital market during the year, placing three bond issues of the Moscow Integrated Power Company (MIPC) for a total amount of RUB 15 billion, and RosHydro Eurobonds for a total amount of RUB 15 billion. In 2019, the Bank continued to expand the scope of its cooperation with machine-building industry companies through a number of projects, including:

- arranging a RUB 15 billion financing on the Russian debt capital market;
- hedging over EUR 100 million worth of FX risks.

Besides the above-mentioned transactions, work was initiated jointly with Bank GPB (JSC) in Switzerland in 2019 to establish cooperation with European TMH International on the provision of financing to the company. Lending for current operations and financing of investment projects remained an important domain in the Bank’s relations with mining and metals sector companies: a major loan transaction — the Udokan copper deposit development project financing — was implemented via the Project Finance Factory with the involvement of VEB.RF. The total project budget is approximately USD 2.9 billion, of which up to USD 1.79 billion is being raised as a loan from a syndicate of banks for a period of up to 12 years.

In 2019, Bank GPB (JSC) won the “Retail Partner Bank” nomination in the Retail Week Awards 2019, a professional industry contest.
The Bank remained the primary debt market partner of major telecommunication companies, acting as the arranger of listed bond issues with a total value of RUB 97.5 billion.

Agreements were made with the Ministry of Industry and Trade of the Russian Federation and the Russian Export Center, providing for subsidized interest rates on export loans issued in accordance with Russian Government Resolution No. 191 dated 23 February 2019. The Bank will be compensated at 3% per annum under each of the lending transactions. Thus, following the execution of these agreements, the Bank became a full member of the International Cooperation and Export National Project.

In 2019, the Bank continued dynamic collaboration with the Gazprom Group and was involved in financing and servicing its subsidiaries, affiliates and contractors within the framework of the Group’s investment program. Besides existing customers, such as the Gazprom Neft Group and the Gazprom Avtomatsatsiya Group companies, the Bank started providing loan products to the Gazprom Aktivy SPG Group, Gazprom Gazosnabpredelennye Group companies and contractor entities, such as KNGK, RusGasDobycha, and RusGasShelf. Another completed transaction involved the use of Round customs cards for the Bank to process customs payments by Gazprom export LLC.

During the reporting period, the Bank managed to maintain the optimal industrial structure of its loan portfolio. Loans were mainly extended to the basic industries of the economy, such as metallurgy, power generation, oil and gas production, transportation and refining, chemical and petrochemical industries, minerals extraction, agribusiness, engineering, and trade. The Bank is expanding cooperation with prospective customers in various sectors, at the same time maintaining relations with traditional creditworthy customers.

By the end of 2019, commercial lending was up 8%, to RUB 3,169 billion.

During 2019, the Bank continued to actively develop its collaboration with oil and oilfield service industry enterprises, including both vertically integrated majors (Rosneft Group, Tatneft Group, etc.), and large and mid-sized independent regional oil producers / service providers.

In 2019, the following pilot transactions were completed in the oil industry:

- The Bank provided working capital financing to one of Russia’s largest independent refiners, KNGB-INZ (Izby Oil Refinery).
- In a transaction to provide a counter guarantee on the obligations of Socar Construction (Belarus), the Bank, jointly with Belgazprombank, implemented a cross-border banking support arrangement for the first time ever.
- An important area of development was the expansion of factoring operations, as well as credit and leasing transactions under the programs of the Russian Ministry of Industry and Trade and the Russian Export Center (acting as the agent) to subsidize interest rates of pre-export and post-export financing, as well as the program of the Russian Ministry of Industry and Trade to subsidize part of the cost of purchasing innovative rolling stock. In particular, in December 2019, the Bank became the first among Russian banks to enter into a trilateral agreement on subsidizing interest rates on export loans and other financing instruments within the International Cooperation and Export National Project, whereby the Bank will support export deliveries of polyamide produced by KulyshevAzot.

Further business development is pursued with enterprises of the ferrous and non-ferrous metal industry, as well as the pipe segment. Among its customers, the Bank has Russia’s major metallurgical holdings: UGMK Group, EVRAZ Group, USKM Group, Russian Copper Company Group, Metallinvest Group, IMH Group, PJSC MMC Norilsk Nickel, OJSC KUMZ.
Based on its 2019 results, the Bank was among the TOP 3 banks providing agribusiness financing under preferential lending programs, having re-asserted its leading market position. Since the launch of the preferential lending programs, the total amount of loans extended by the Bank has exceeded RUB 400 billion.

In 2019, the Bank increased its working capital financing of electric power industry companies, generating volume growth of 48% over the year. In a tightening competitive environment, the Bank continued collaborating with major energy companies, including the Rosseti Group, and in particular:
• entered into a strategic collaboration agreement with T Plus, making the Bank its largest creditor;
• retained its role as a key partner of the Russian Utility Systems Group in working capital and investment lending;
• financed a project to create a general heat supplier for the city of Nizhnevartovsk on the basis of Gorelektroset (the STS-ESE Group); the Bank provided working capital and investment loans for construction of a boiler house and connections to newly developed residential quarters.

The Bank also continued to provide support to a number of Russian regions. Gazprombank is working with aviation industry companies among Russia’s TOP 5 carriers. In particular, the Bank provided funding to Ural Airlines. It also continued working within the fuel guarantee limit set for S7 Airlines.

Several major transactions were made with the State Transport Leasing Company. Collaboration with agricultural sector companies is a priority area of business development for the Bank, which is a key partner for many companies in the industry across the entire product line. Active use of government support mechanisms, including the Agribusiness and Agricultural Industry Preferential Lending Programs (Russian Government Resolutions No. 1528 and No. 512), enabled the Bank to provide its customers with loan resources to finance current operations and implement new investment projects, at rates not exceeding 5% per annum in rubles for periods of up to 15 years. Based on its 2019 results, the Bank was among the TOP 3 banks providing agribusiness financing under preferential lending programs, having re-asserted its leading market position. Since the launch of the preferential lending programs, the total amount of loans extended by the Bank has exceeded RUB 400 billion.

In 2019, the Bank significantly increased trading sector financing volumes both by increasing its share with existing clients (Dixi, Golden Apple, LStoile) and by acquiring new customers. More than 15 limits were set for the Bank’s new and existing customers in various food and non-food retail segments. The Bank implemented investment loans with the Magnit Group and several deals in the field of e-commerce (Wildberries, Ozon).

In 2019, a credit risk limit was set for, and the first transaction entered into with, the ILIM Group, a leading player in the pulp and paper industry both in Russia and globally. The Bank continued to hone its expertise in developing business with telecom, IT and media companies:
• launched the first telecommunication equipment leasing project for the Rostelecom Group; and
• continued developing cooperation chains on the basis of the Gazprom-Media Group for factoring products.

The Bank actively supports foreign trade activities of corporate customers, issuing bank guarantees and letters of credit, as well as providing settlement services and trade finance services.

The Bank actively supports foreign trade activities of corporate customers, issuing bank guarantees and letters of credit, as well as providing settlement services and trade finance services (short, medium and long-term lending to foreign trade operations, including under the cover of export credit agencies). Documentary products related to servicing current operations of customers within the country are becoming highly relevant, in particular, bank guarantees and domestic ruble-denominated letters of credit, including deferred payment refunds and early repayment (discounting). New products were also introduced, such as electronic bank guarantee and letters of credit in favor of the Russian Federal Tax Service, which allow customers to secure obligations to the tax authorities without paper workflow, and discounting of deferred payments under letters of credit issued in favor of exporters.

The total volume of the Bank’s documentary portfolio as at 1 January 2020 amounted to RUB 671 billion (year-on-year growth of 24%). The total volume of guarantees issued in 2019 exceeded the figure for 2018 and amounted to RUB 535 billion (4,767 guarantees in total). The volume of open letters of credit on behalf of corporate customers and counterparty banks increased by 91% and amounted to RUB 114 billion. In addition, 2019 saw an increase in the value and number of trade finance transactions executed on behalf of both corporate customers (year-on-year growth of 27% in terms of value and 61% in terms of the number of transactions) and counterparty banks, where transactions with the Republic of Uzbekistan were the key growth factor as more than 150 transactions with the total value exceeding RUB 8 billion were executed.

The Bank cooperates with Russian exporters within the framework of state financial (guarantee, insurance) export support programs, as well as through trade finance instruments, including confirmation, pre-funding and discounting of export letters of credit, and also participates in a program for subsidizing interest rates on export credits.

1 Within the framework of the Russian Federation Government Resolution No. 788, according to the data provided by the Russian Ministry of Agriculture.
Trade, Structured and Syndicated Finance

In 2019, the GPB Group reinforced its position on the trade, structured and syndicated finance market.

Syndicated lending market
In 2019, the Bank was active as an arranger of syndicated and club deal loans involving Russian and international banks. In particular, the Bank acted as one of the arrangers of financing for Eurotorg, the largest grocery store chain in Belarus, in the form of a RUB 5 billion syndicated loan under Russian law. The Bank acted as the documentation agent in the transaction. This loan is the first arm’s-length syndicated loan for a private corporate borrower from Belarus. The Bank maintains partner relations with leading Russian banks and is developing interbank cooperation in lending to corporate customers via sales of participation shares in loans originally issued by the Bank. For example, in 2019, several deals to sell loans on the secondary syndicated lending market were closed for a total equivalent of ca. RUB 50 billion. Through such loan assignments, the Bank remains flexible in managing its loan portfolio, can minimize the load on capital and, provided that a loan is sold at a premium to its face value, earns commission income. The bank buying the asset, in turn, has the opportunity to acquire a high-quality and well-structured loan asset at minimal cost in terms of time and resources.

Loan products in the field of structured finance
In 2019, the Bank structured and closed, for the first time on the Russian banking market, a deliverable repo transaction in relation to an exchange-traded commodity for an amount of ca. USD 1 billion via a platform of overseas subsidiary banks and companies.

The Bank is successfully developing and implementing loan products in the field of structured finance, which are innovative for the Russian market.

<table>
<thead>
<tr>
<th>&gt;2500 million US dollars</th>
<th>50 billion rubles</th>
<th>916.4 million euros</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total amount of trade finance transactions entered into in 2019</td>
<td>Total amount of loan sales on the secondary market for syndicated lending</td>
<td>Funds raised in a repo transaction for natural gas with Gazprom export LLC</td>
</tr>
</tbody>
</table>
Retail Business. Key Results in 2019

In 2019, one of the Bank’s key areas for development was its retail business, in which it implemented a radically new and high-quality approach to customer service.

Strategy adaptation to market specifics and flagship products

As Gazprombank’s retail product lines adapt to customer expectations and needs, some interesting and even unique service packages have evolved. The Smart Card — the only offer in its segment with a personalized cashback feature — has become a flagship product for growing the Bank’s active customer base. Gazprombank has been highly acclaimed among the expert community for this unique product, receiving, amongst other awards, the Frank Banking Award for the “Most Beneficial Premium Segment Debit Card with Cashback Feature” and the “Most Beneficial Premium Segment Card for Travelers.” Another innovative product on the market was the Bank’s co-branded virtual Motorist Card, issued jointly with Gazpromneft retail fuel network via the partner’s mobile app. Success in these new products is evidenced by the numbers, with 400,000 virtual cards having been issued over the 5 months since the program launch and applications for Smart Card service packages now at 100,000 per month. All this helped to drive a 1.3-fold increase in bank card turnover.

Customer acquisition in the online environment is one of the key retail business priorities, and Gazprombank is actively developing its digital service channels. In 2019, the Bank took first place in the Go Awards Banking ranking in the “Fast Start” format. Today, it interacts with more than 30% of its customers via remote channels, and every third cash loan is originated exclusively online with no branch visit. In 2019, Gazprombank was named one of the best banks on the market in terms of customer willingness to recommend. One crucial parameter, queue waiting time, was reduced by almost 30% to 8 minutes.

A country-wide advertisement campaign launched in 2019 on television, in the streets and on the Internet, contributed strongly to retail business growth, taking the active retail customer base up to 3.5 million people (+30%). As the Bank overcomes technological barriers and continues on its path toward digital breakthrough, its brand strength, intrinsic innovation culture and experienced team provide grounds for forecasting continued retail business growth. It is expected that business volumes will grow by 1.7 times on average by 2023. On a general note, retail earnings should more than double to RUB 8 billion from RUB 2.5 billion.

High-quality service and plans for the future

High-quality service is an important aspect of competition for the retail customer. Gazprombank is endeavoring to save as much of its customers’ time as possible by introducing new remote service formats. Today, it interacts with more than 30% of its retail customers via remote channels, and every third cash loan is originated exclusively online with no branch visit. In 2019, Gazprombank was named one of the best banks on the market in terms of customers’ willingness to recommend. One crucial parameter, queue waiting time, was reduced by almost 30% to 8 minutes.

A country-wide advertisement campaign launched in 2019 on television, in the streets and on the Internet, contributed strongly to retail business growth, taking the active retail customer base up to 3.5 million people (+30%). As the Bank overcomes technological barriers and continues on its path toward digital breakthrough, its brand strength, intrinsic innovation culture and experienced team provide grounds for forecasting continued retail business growth. It is expected that business volumes will grow by 1.7 times on average by 2023. On a general note, retail earnings should more than double to RUB 8 billion from RUB 2.5 billion.

The growing quality of the Bank’s product line, efficient advertisement campaigns, and continuing product digitalization have increased the deposit portfolio to RUB 659 billion (+RUB 182 billion).

Partner channels development and commission income growth

To achieve the objective of improving performance, Gazprombank is developing its partnership programs by offering interesting and lucrative products, thereby compensating for the fall in customer demand for classical deposits that have ceased to be a capital gain instrument in a declining key rate environment. In 2019, 20% of aggregate deposits taken were composite deposits combining the advantages of a term deposit and the extra returns of investment solutions. By developing partnerships with leading insurance companies, the Bank was able to improve its return on operations through active cross sales of commission-based products. Insurance product penetration in the loan and deposit bases was 70% (TOP 3 on the Russian market) and 5% (TOP 7 on the Russian market), respectively. Commission income from insurance policy sales grew by 11 times over the reporting period, contributing significantly to the Bank’s overall financial result.

The net commission income in retail was RUB 16 billion (+RUB 10 billion) in 2019, up by more than 2.5 times from the 2018 level.
Gazprombank Private Banking. 2019 Results

Gazprombank Private Banking was named the best Russian bank providing private banking services for the second year in a row, according to Spear's.

Notwithstanding the overall downward trend in term deposit rates and the aggressive rate policies pursued by competitors, Gazprombank Private Banking not only preserved its asset portfolio but also succeeded in growing it by 10%, by offering efficient capital preservation and accretion solutions, as well as flexible solutions for liquidity management and placement of temporarily free cash.

The customer investment portfolio grew by 42% to more than RUB 100 billion. The product line was expanded through the addition of popular investment solutions earning income on a wide range of asset classes, as well as parity investment instruments in credit assets, matched by the Bank.

The range of securities offered to customers by way of investment advice was also expanded. In 2019, the Private Banking division, jointly with Gazprombank — Asset Management, expanded the range of solutions it offers, including structured notes and instruments enabling investment in alternative asset types.

Insurance solutions also remain popular with Private Banking customers. In 2019, the product range was expanded by adding tailored rental income solutions, as well as insurance products enabling customers to receive treatment at the best Russian and international clinics in any life situation, from out-patient services to treatment of critical diseases. A good level of protection is afforded through the high insurance limit, with the entire amount of premiums paid being refunded in full at the end of the insurance period. The solutions implemented in 2019 secured high insurance policy renewal rates. The amount of cash in investment and universal life insurance products amounted to RUB 4.7 billion.

In line with market trends, customer interest in lending has grown. The Bank introduced a multicurrency deposit-backed lending option, improved its credit cards line, optimized business processes, and closed a number of deals jointly with GPB International S.A.

In early 2019, Gazprombank Private Banking launched a new service package, centered around the first-on-the-market co-branded card combining the unique offerings of the Bank, Mastercard, and PRIME loyalty program privileges. The Heirs program, launched as part of the total family asset management approach, won the Frank Private Banking Award 2019. The flagship product of this program was a kids’ card with 15% cashback (iTunes, books, souvenir shops, theaters, cinemas, museums). The Heirs Project magazine issued as part of this program was produced with contributions from participants in the financial literacy schools that operated for a third consecutive year. Last year, 30 classes were delivered.
2019 saw a radical change in the Private Banking regional block’s performance: Implementation of a vertical hierarchy of functions in regional sales management helped the Bank to achieve an 86% increase in the regional block’s investment portfolio, while expanding the investment customer base by 36%. The regional footprint of Gazprombank Private Banking was expanded and reinforced its leading positions over 2019, Gazprombank reinforced its leading positions on the domestic and international project finance markets.

The Bank draws on its competitive advantages, in particular, its considerable experience of financing projects with complex structures in the service of key sectors of the economy. The most ambitious and high-profile deals of 2019 were predominantly in the oil and gas refining, mining and metals, chemical, energy and residential construction sectors.

Project and Structured Finance

In December 2019, as part of a consortium of 22 international and Russian banks, Gazprombank signed the financial documentation extending a loan for the Amur Gas Processing Plant construction project. This multicurrency loan with a value equivalent to EUR 11.4 billion is the largest ever project finance transaction for the Gazprom Group and a landmark deal for the Russian market. The project is an important link in the process chain of the Power of Siberia gas pipeline. Gazprombank’s share of financing is RUB 60 billion for a period of 15 years. The Project Finance Factory, created as an arm of state-owned VEB RF corporation, began to play a notable role in the evolution of the Russian investment projects market in 2019. Its first deals were closed in the mineral fertilizer segment.

In July 2019, Gazprombank, in a syndicate with VEB RF and Sberbank, signed a syndicated loan agreement with the Baikal Mining Company (the USM Group) for the development of the Udokan copper deposit (the deposit is located in the Trans-Baikal Territory and is the largest undeveloped copper deposit in Russia and the third largest in the world). The project provides for Phase 1 construction of a mining and metal plant, with associated infrastructure. The total budget is USD 2.9 billion, including a loan facility of up to USD 1.79 billion for up to 12 years. Gazprombank is acting as the arranger of the financing, financial advisor and creditor with a commitment of up to USD 650 million. The Udokan project is the largest deal ever closed by the Project Finance Factory.

One important factor and development trend in the reporting year’s project financing business was the replacement of co-investor’s funds in residential construction projects with bank project financing, made available to developers via escrow arrangements. An agreement on Gazprombank’s largest loan under these new rules was signed in September 2019 with Glavstroy. St. Petersburg and Sberbank, signed a syndicated loan agreement for Kuibyshevazot, with a budget of RUB 30 billion, intended for the financing of two residential quarters in St. Petersburg. Energy sector financing remains a substantial area of business, with a primary focus on renewable energy projects. The Bank is supporting projects by Fortum and ROSNANO for the construction of wind generation plants in Kalmykia and the Ulyanovsk Region with 250 MW of aggregate installed capacity, and a RUB 6.6 billion wind
Private-Public Partnership (PPP)

Gazprombank’s 2019 results show growth in key financial metrics relating to transactions in the infrastructure and PPP fields. Gazprombank succeeded in significantly increasing its loan portfolio through the financing of concession-based projects providing for the construction of two toll segments of the Central Ring Road (TAKAD), Phases Three and Four. In 2019, financial closure was achieved on the 1.6 km Vinogradovo — Baltilino — Tarasovka auto road construction project in the Moscow Region. The facility cost exceeds RUB 36 billion. Opening of financing for the construction of a road bridge across the Pur River in the Yamal-Nenets Autonomous Area became a significant driver of Gazprombank’s portfolio growth. The project, once completed, will provide the local community with year-round road access. The project budget is RUB 9.6 billion. In 2019, financial closure was achieved on the first federal PPP project, i.e. creation of a digital ecosystem for countering illegal circulation of goods. With the help of the “Chesny Znak” (Honest Mark) national electronic marking system, each piece of any product sold is tracked from the factory or the national border to the individual consumer. The system is expected to cost over RUB 24 billion. Gazprombank provides financing to this project in a consortium with VEB.RF through the Project Finance Factory.

A consortium of Gazprombank and BaltNedvizhServis entered into a concession agreement with St. Petersburg in relation to laying and operating a tram network on the Kupchino Underground Station — Shushary settlement — Slavyanka route in October 2019. On the basis of the 2019 results, the National Association of Concessioners and Long-Term Infrastructure Investors named Gazprombank the best infrastructure investor in credit financing.

Main Project Finance Deals in 2019

<table>
<thead>
<tr>
<th>Main Project Description</th>
<th>Lender(s)</th>
<th>Finance Deals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of a methanol production unit (M-500)</td>
<td>EUR 310 million</td>
<td>Lender</td>
</tr>
<tr>
<td>Construction of a sulphuric acid and oleum production unit</td>
<td>EUR 1.45 billion</td>
<td>Lender</td>
</tr>
<tr>
<td>Financing of the 50 MW Amur GPP construction financing</td>
<td>RUB 5.6 billion</td>
<td>Lender</td>
</tr>
<tr>
<td>Railway rolling stock acquisition/financing</td>
<td>RUB 7.5 billion</td>
<td>Lender</td>
</tr>
<tr>
<td>Financing of the 50 MW Udokan copper deposit development</td>
<td>RUB 3.8 billion</td>
<td>Lender</td>
</tr>
<tr>
<td>Financing of the former &quot;Rassvet&quot; machine building plant site</td>
<td>RUB 16 billion</td>
<td>Lender</td>
</tr>
<tr>
<td>Financing of the 50 MW Ulyanovsky wind generation power plant No. 2</td>
<td>RUB 35 billion</td>
<td>Lender</td>
</tr>
<tr>
<td>Financing of coal deposits development on Yakutia (GOK Ingalinskiy)</td>
<td>RUB 1.6 billion</td>
<td>Lender</td>
</tr>
<tr>
<td>Financing of the development of the Topolikha area of pulp mill production site</td>
<td>EUR 3.9 billion</td>
<td>Lender</td>
</tr>
</tbody>
</table>

To view the table, please refer to the full document.
Capital Market Operations

Gazprombank maintains leading positions in capital markets offering a full range of debt and equity raising services.

Arranging transactions on the local debt capital market

Over the last five years (2015–2019), Gazprombank has reasserted its leading and strengthening positions on the local debt issuance market; the Bank’s market share grew from 26% in 2015 to 40% in 2018 and 43% in 2019.

The overall result of these most recent five years is that the Gazprombank team retains leadership in the market ranking of bond issue arrangers on the Russian debt capital market (Cbonds). In 2019, Gazprombank acted as the arranger of 100 bond issuances on the local debt capital market with an aggregate face value of RUB 1 trillion, representing 50 issuers and setting a new record for the Bank over its entire history of operations on the local debt market.

2019 was also a record-breaking year for the majority of Gazprombank customers, many of which secured, at the individual issuer or sector levels, or for the Russian market as a whole, minimum coupon rates (over 20 records), maximum placement volumes (over 5 records), and maximum financing tenors (over 5 records).

In 2019, Gazprombank customers on the Russian debt market represented the oil and gas, extracting, chemical, metallurgy, retail, infrastructure and transport, construction, telecommunications and financial sectors, development institutions and sub-federal borrowers, as well as foreign corporate and sovereign borrowers.

2019 achievements

According to the results of Cbonds Awards voting at the 17th Annual Russian Bond Congress — the largest event on the debt securities market in Russia and the CIS — Gazprombank won nine awards, of which five were in team categories and four were based on the results of transactions executed.

Five team awards in prestigious categories include:
• Best Investment Bank — Arranger for Tier 1 Issuers — 1st place
• Best Investment Bank — Arranger for Non-Financial Institutions — 1st place
• Best Bond Market Sales Team — 1st place
• Best Bond Market Research Team — 2nd place
• Best Investment Bank in the Eurobond Market — 2nd place

Separately noted unique transactions arranged by Gazprombank:
• Best Foreign Issuer Deal in the Russian Bond Market — Belaruskali, OJSC and 01
• Best Primary Subfederal/Municipal Bond Deal — Moscow Region, 34012
• Best Primary Corporate Bond Deal — RUSAL Bratsk, BO-001P-01
• Debut of the Year — Retail Bel Finance, 01 (Belarus)

Landmark 2019 deals on the Russian debt market

Republic of Belarus
• First bond offering on the Russian market after the advent of foreign depositaries
• Extremely high levels of interest in the issue from investors (demand exceeded RUB 45 billion)

The offering of Belarus sovereign ruble-denominated bonds became a benchmark on the Russian market both for subsequent offerings of Belarus bonds and for potential bond offerings of other foreign sovereign and corporate issuers, including Belarusian borrowers.

Moscow Region
• Minimum coupon rate among market offerings of Russian regions since 2011 (6.55% p.a.)
• Record annual volume of bond placements among Russian regions since 2014 (in 2019, this issuer placed three bond issues worth RUB 51.5 billion).

Gazprom Neft
• Minimum coupon rate (7.15% p.a.) and maximum offering volume (RUB 20 billion) of 10-year bonds over the entire history of market placements on the Russian market.

RUSAL Bratsk
• Raised the equivalent of USD 1 billion on the Russian bond market (in 2019, this issuer raised RUB 60 billion through the placement of four issues of 3.3-year bonds).

Euroopt
• The first placement of this Belarusian corporate issuer’s bonds on the Russian market (RUB 5 billion), with a subsequent placement of an additional issue (another RUB 5 billion).

VEB.RF
• Placement of RUB 0.5 trillion of short-term bonds (arranged 98 issues for periods of 14–28 days).

Steady growth of Gazprombank’s market positions, RUB trillion

• Gazprombank’s transactions volume
• Total market volume

The market share was calculated on the basis of the nominal amount of issues.
All statistical data exclude mortgage and structured products.
Source: Cbonds.
### Best deals

**Best Primary Subordinated / Municipal Bond Deal**

- **Arranger**: Gazprombank
- **Coupon**: 5.000%
- **Yield**: 3.25% per annum
- **Maturity date**: 15 years
- **Listing**: SIX Swiss Exchange, AIX

**Best Primary Corporate Bond Deal**

- **Arranger**: Gazprombank
- **Coupon**: 4.750%
- **Yield**: 2.875% per annum
- **Maturity date**: 16 years
- **Listing**: Euronext Dublin, Res S /144A

**Debut of the Year**

- **Arranger**: Gazprombank
- **Coupon**: 3.250%
- **Yield**: 2.25% per annum
- **Maturity date**: 5 years
- **Listing**: SIX Swiss Exchange, AIX

**Source**: Cbonds

### Arranging transactions on international debt capital markets

Gazprombank is a leader among arrangers and underwriters of debt instruments issued by Russian issuers in international capital markets. In 2019, the Bank was book-runner and underwriter of 21 international issuances of issuers from the Russian Federation and other CIS countries; the total amount exceeded the equivalent of USD 14.4 billion in various currencies, including the US dollar, the euro, the Swiss franc and the Russian ruble.

The Bank was placed at the top of rankings of underwriters of Eurobond issues in 2019:

- **1st place** in the ranking of Eurobond issues of CIS-based issuers
- **1st place** in the ranking of Eurobond issues of Russian oil and gas industry issuers
- **2nd place** in the ranking of Eurobond issues of issuers based in Russia

Several landmark deals were completed in 2019:

- **Russian Ministry of Finance** — the Bank acted as the book-runner and settlement agent for two Eurobond issues of USD 3 billion and EUR 750 million; in total there were four placements for an aggregate amount equivalent to more than USD 6 billion.
- **Republic of Uzbekistan** — arranged a debut Eurobond offering on the international market, where the Bank was the only Russian bank in a syndicate of arrangers and acted as the rating advisor to the Republic.
- **Kazakhstan Temir Zhol National company (Kazakhstan Railways)** — the Bank’s first international deal for this issuer from the Republic of Kazakhstan, arranging an additional Eurobond offering in Swiss francs.

### Arrangers rating at year end 2019 (bonds), Market issues

<table>
<thead>
<tr>
<th>Arranger</th>
<th>Share, %</th>
<th>Amount, RUB mln</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Gazprombank</td>
<td>16.1%</td>
<td>325,158</td>
</tr>
<tr>
<td>2. Sberbank CIB</td>
<td>13.9%</td>
<td>279,726</td>
</tr>
<tr>
<td>3. REGION BC</td>
<td>11.5%</td>
<td>231,281</td>
</tr>
<tr>
<td>4. CREDIT BANK OF MOSCOW</td>
<td>11.4%</td>
<td>229,475</td>
</tr>
<tr>
<td>5. Sovcombank</td>
<td>10.2%</td>
<td>206,356</td>
</tr>
<tr>
<td>Others</td>
<td>36.9%</td>
<td>744,359</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100.0%</td>
<td>2,016,355</td>
</tr>
</tbody>
</table>

**Source**: Cbonds as at 31 December 2019

### Arrangers rating at year end 2019 (Eurobonds), Issues of CIS-based issuers

<table>
<thead>
<tr>
<th>Arranger</th>
<th>Share, %</th>
<th>Amount, USD bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Gazprombank</td>
<td>16.6%</td>
<td>5.0</td>
</tr>
<tr>
<td>2. VTB Capital Plc</td>
<td>14.6%</td>
<td>4.3</td>
</tr>
<tr>
<td>3. J.P. Morgan</td>
<td>11.6%</td>
<td>3.3</td>
</tr>
<tr>
<td>4. CIB</td>
<td>5.2%</td>
<td>1.6</td>
</tr>
<tr>
<td>5. Societe Generale</td>
<td>31.9%</td>
<td>10.8</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>100.0%</td>
</tr>
</tbody>
</table>

**Source**: Bloomberg as at 31 December 2019

### 2019 milestone deals on international debt markets

**Dublin 21 March 2019**

- **Ministry of Finance of the Russian Federation**
- **Issue**: Best Primary Subordinated / Municipal Bond Deal
- **Coupon**: 5.000%
- **Yield**: 3.25% per annum
- **Maturity**: 15 years
- **Listing**: Euronext Dublin, Res S /144A

**Dublin 21 March 2019**

- **Ministry of Finance of the Russian Federation**
- **Issue**: Debut of the Year
- **Coupon**: 3.250%
- **Yield**: 2.25% per annum
- **Maturity**: 5 years
- **Listing**: SIX Swiss Exchange, AIX

**London 13 February 2019**

- **Ministry of Finance of the Republic of Kazakhstan**
- **Issue**: Best Primary Subordinated / Municipal Bond Deal
- **Coupon**: 4.750%
- **Yield**: 2.875% per annum
- **Maturity**: 16 years
- **Listing**: Euronext Dublin, Res S /144A

**London 13 February 2019**

- **Ministry of Finance of the Republic of Uzbekistan**
- **Issue**: Best Primary Subordinated / Municipal Bond Deal
- **Coupon**: 3.250%
- **Yield**: 2.25% per annum
- **Maturity**: 5 years
- **Listing**: SIX Swiss Exchange, AIX

**Dublin 21 March 2019**

- **Ministry of Finance of the Republic of Uzbekistan**
- **Issue**: Debut of the Year
- **Coupon**: 3.250%
- **Yield**: 2.25% per annum
- **Maturity**: 5 years
- **Listing**: SIX Swiss Exchange, AIX

**Source**: Cbonds

### Cbonds Awards 2019

**Team awards**

- **Best Bond Market Sales Team**
- **Best Bond Market Research Team**

**Best deals**

- **Best Foreign Issuer Deal in the Russian Bond Market**
- **Best Russian Investment Bank of the Year**
- **Best Bond Market Conference**
- **Best Foreign Issuer Deal in the Russian Bond Market**
- **Best Corporate Bond Deal**
- **Best Primary Subordinated / Municipal Bond Deal**
- **Debut of the Year**

**Source**: Cbonds
In 2019, the Bank acted as the arranger of some of the largest deals on the Russian stock market, for an aggregate amount in excess of USD 5.7 billion.
In 2019, the average financing volume provided to various enterprises of the industry exceeded RUB 102 billion. Loans were extended to gold-mining and processing businesses to finance their operating and investment needs.

Transactions in precious metals

The Bank actively pursues financing and purchase transactions involving precious metals with the top leaders of the gold-mining industry. The customers of Bank GPB (JSC) include Polymetal International Plc companies, PJSC Polyus, Millhouse Capital UK Ltd., NORILSK NIKEL, Petropavlovsk PLC, Yuzhuralzoloto (UGC), UMMC, Russian Copper Company, Highland Gold Mining Ltd., Russian Platinum, JSC Pavlik, GeoPromining, refineries of JSC Unalakit, OJSC Krastsvetmet, JSC Prokislyk Non-Ferrous Metals Plant, and JSC Shchelkovo Precious Metals Recycling Plant. In 2019, the average financing volume provided to various enterprises of the industry exceeded RUB 102 billion. Loans were extended to gold-mining and processing businesses to finance their operating and investment needs. During the reporting period, the Bank prepared a transaction of industry-wide significance, involving financing and complete support of Uzhuralzoloto’s acquisition of 28% of Petropavlovsk Plc shares and convertible bonds. Both companies are among the TOP-10 Russian gold mining groups and the transaction had a value of USD 270 million. DVP settlements on UK papers in Euroclear, and all subsequent transactions in relation to the transfer of shares to the depository of Bank GPB (JSC) were performed by Bank GPB International S.A. The transaction was completed in 2020. Enlargement of the operations spectrum and improvement of their efficiency were given a lot of attention. In the area of narrow-scoped industry products, which have become widely popular, we could cite further development of short-term and mid-term prepaid supplies of precious metals within the framework of trade agreements. In January 2019, for the first time in its history, the Gazprombank banking group successfully launched an important project to buy Doré bars, transport them, and sell them to a foreign end purchaser (ICBC Standard Bank London). The basic infrastructure required for regular transactions with Doré bars has now been created, and the transactions have been made regular as part of a 2-year package of contracts between Bank GPB International S.A., GeoPromining Gold (Armenia) and ICBC Standard Bank London. Among other things, these contracts provide an opportunity to pay for deliveries in advance with the help of a credit facility opened by Bank GPB International S.A. The result is an example of efficient use of the strengths of the Gazprombank Group international network and an important stage in the expansion of cross-border interaction between Gazprombank Group units. In terms of purchases of precious metals from mining and processing enterprises, Gazprombank is one of the leaders in the Russian market of precious metals. Last year, purchases exceeded the record 70 tons in gold equivalent. Besides, the Bank is one of the major counterparties of the Central Bank of Russia in terms of gold bars sale and purchase. Long-established exports to key global centers of spot trade in precious metals — London, Zurich, Hong Kong, Dubai, Singapore and Delhi — continued. Own export operations and exports under commission agency agreements equaled 34 tons in gold equivalent. A separate area of business in commodity markets is development of the service segment to supply gas and petrochemical companies with high-tech catalytic systems and equipment provided by the Bank’s 100% subsidiary, GPB-Metallinvest. The strategic partners of GPB-Metallinvest are Gazprom, Rosneft, Gazprom Neft, SIBUR Holding, Novatek (Yamal LNG), Lukol, Krastsvetmet, and Surgutneftegaz (RNPF). The subsidiary is the operator (arranger) of the precious metals circulation system at Gazprom Neft, the official dealer of Avex, a subsidiary of Institut Francais du Pétrole et Energies Nouvelles (IFPEN), has dealership status in supplying catalysts produced by Shell Global Solutions (Eastern Europe) B.V. In 2019, GPB-Metallinvest as the sole supplier of Chevron (USA) catalysts for hydrotreating, hydrosulphurization, hydrogen production and isodehydrogenation to Rosneft’s refineries successfully delivered first batches of the said catalysts to RN-Komsomolsk Refinery LLC and JSC Achinsk Oil Refinery VNK. In 2019, the volume of supplies of chemical products to companies of the gas and petrochemical industries in Russia grew steadily. The first framework contract was made with SIBUR-Holding for the supply of Shell catalysts for ethylene oxide production in 2020–2022. Scheduled delivery of Deh-16 propane dehydrogenation catalyst and adsorbents manufactured by UOP (USA) to SIBUR-Holding was successfully implemented. The revenue of GPB-Metallinvest amounted to RUB 10.3 billion in 2019.

NOVATEK (Yamal LNG), LUKOIL, Krastsvetmet, and Surgutneftegaz (RNPF). The subsidiary is the operator (arranger) of the precious metals circulation system at Gazprom Neft, the official dealer of Avex, a subsidiary of Institut Francais du Pétrole et Energies Nouvelles (IFPEN), has dealership status in supplying catalysts produced by Shell Global Solutions (Eastern Europe) B.V. In 2019, GPB-Metallinvest as the sole supplier of Chevron (USA) catalysts for hydrotreating, hydrosulphurization, hydrogen production and isodehydrogenation to Rosneft’s refineries successfully delivered first batches of the said catalysts to RN-Komsomolsk Refinery LLC and JSC Achinsk Oil Refinery VNK. In 2019, the volume of supplies of chemical products to companies of the gas and petrochemical industries in Russia grew steadily. The first framework contract was made with SIBUR-Holding for the supply of Shell catalysts for ethylene oxide production in 2020–2022. Scheduled delivery of Deh-16 propane dehydrogenation catalyst and adsorbents manufactured by UOP (USA) to SIBUR-Holding was successfully implemented. The revenue of GPB-Metallinvest amounted to RUB 10.3 billion in 2019.
Asset Management

Based on its 2019 results, the Gazprombank Group asset management business almost doubled in size, having increased its aggregate assets under management by 93%.

In late 2019, the Group had more than RUB 644 billion worth of assets under management. The Gazprombank Group is a market leader in the management of private and institutional investors’ assets.

Joint Stock Company Gazprombank — Asset Management (GPB–AM) is part of the Gazprombank Group’s asset management business and ranks 5th among Russian management companies in terms of customer assets under management. In 2019, Expert RA rating agency confirmed the company’s high service reliability and quality rating of A++.

Managing institutional investors’ assets

In the non-governmental pension funds segment, the Group’s business demonstrated multifold growth. Active expansion in the customer segment in 2019 led to growth of 403% in NGPF assets under the Group management to RUB 71.2 billion. Based on its 2019 results, Gazprombank once again reasserted its leading position on the Russian endowments market, having accumulated the largest number of endowments under management: 64 endowments (57 unique customers). At the same time, the Group business ranks 2nd on the Russian market in terms of endowment fund assets volume, according to Expert RA. The total value of endowment fund assets under management exceeded RUB 6.9 billion, up 18% on the previous year. The Group currently manages the assets of 87 corporate customers, including major non-governmental pension funds, insurance company reserves, endowment fund assets and self-regulated companies. Seeking to expand the range of institutional investors’ investment capabilities in the longer term, GPB–AM in 2019 proposed a unique product to the market that fully complies with the regulations on NGPF fund investment. The Company brought two exchange-traded unit investment funds to the market: Gazprombank — Corporate Bonds (2 Years) and Gazprombank — Corporate Bonds (4 Years), in conjunction with their corresponding benchmarks (indicators) calculated by the Moscow Exchange.

Closed-end unit investment funds

The Gazprombank Group is the undisputed leader in the closed-end unit investment funds (CEIF) market. GPB–AM manages 23 funds. For the third consecutive year, the company was rated No.1 by Expert RA agency in terms of customer assets in CEIF, which grew by 81% in 2019 to reach RUB 495 billion. This vehicle allows investors to structure complex investment deals and do project financing, direct and venture investments. The opportunities provided by closed-end investment funds are popular among wealthy individual customers, too, as they are useful in addressing a wide range of tasks, from property and securities management to financing of various investment projects.

Retail customers

The Gazprombank Group’s retail business likewise recorded healthy growth, with the number of individual customers placing assets under management reaching 55,000. At the same time, assets of individual investors in open-end unit investment funds (OEIF) and those held in individual investment accounts (IIA) increased by RUB 5.7 billion over the year, exceeding RUB 34.7 billion in total. The average open-end fund account size grew by 20% to RUB 660,000. The online business of GPB–AM also performed positively in 2019. In particular, the number of retail customers opening online accounts using the Personal Account feature increased 88% to reach RUB 20.5 billion. In 2019, the Group expanded its interval unit investment funds line. Qualified investors now have access to a new specialized leveraged fund called Gazprombank — Eurobonds Plus EURO.

High Net Worth Individuals

The HNWI asset management business offers wealthy individual customers a wide range of investment solutions tailored to their financial objectives, investment horizons and scopes. The product line comprises strategies with various risk-return ratios. High net worth individual investors have access to ruble and FX bonds, stocks, structured deposits and notes, and leveraged strategies, as well as alternative investment class solutions. In 2019, the Group’s HNWI asset management business expanded its customer base. The amount of assets brought in by high net worth individual investors grew by 88% to reach RUB 20.5 billion. In 2019, the Group expanded its interval unit investment funds line. Qualified investors now have access to a new specialized leveraged fund called Gazprombank — Eurobonds Plus EURO.

In 2019, the Group opened two new investment accounts (IIA) increased by RUB 5.7 billion over the year, exceeding RUB 34.7 billion in total. The average open-end fund account size grew by 20% to RUB 660,000. The online business of GPB–AM also performed positively in 2019. In particular, the number of retail customers opening online accounts using the Personal Account feature increased 88% to reach RUB 20.5 billion. In 2019, the Group expanded its interval unit investment funds line. Qualified investors now have access to a new specialized leveraged fund called Gazprombank — Eurobonds Plus EURO.

High Net Worth Individuals

The HNWI asset management business offers wealthy individual customers a wide range of investment solutions tailored to their financial objectives, investment horizons and scopes. The product line comprises strategies with various risk-return ratios. High net worth individual investors have access to ruble and FX bonds, stocks, structured deposits and notes, and leveraged strategies, as well as alternative investment class solutions. In 2019, the Group’s HNWI asset management business expanded its customer base. The amount of assets brought in by high net worth individual investors grew by 88% to reach RUB 20.5 billion. In 2019, the Group expanded its interval unit investment funds line. Qualified investors now have access to a new specialized leveraged fund called Gazprombank — Eurobonds Plus EURO.
Engineering Assets: Core Business Operations and Key Projects

In 2019, the machine engineering assets of the Gazprombank Group continued their successful development.

The machine engineering assets of the Gazprombank Group provide strategically important sectors of the Russian economy with integrated solutions and unique domestic-made technological equipment.

The highlights of 2019 are as follows:

In the nuclear energy sector:
- A contract was signed for the manufacture of equipment and embedded items for inspection cavities at Kudankulam NPP (India), Power Units No. 5, 6. Equipment was supplied for Power Unit No. 4.
- A contract was signed for the manufacture and delivery of the Upper Unit for Ruppur NPP (Bangladesh), Power Unit No. 2. Equipment was delivered under a previous order.
- A contract was signed for the manufacture of pre-formed passive reactor core impoundment vessel bottoms for Power Unit No. 2 at Akkuyu NPP (Turkey).
- Equipment was delivered for the second power unit of Leningrad NPP-2: upper unit lid and in-vessel internals.
- Development and pilot manufacturing were continued in relation to vacuum test bed components as part of the International Thermonuclear Experimental Reactor (ITER) construction project.

In the petrochemical and oil and gas refining industries:
- A contract was signed for engineering design, supply, designer oversight and startup and commissioning services for a low-temperature separation unit within the Novy Port project (Novoportovskoye oil and gas condensate field, Gazprom Neft PJSC).
- A contract was signed for the manufacture of a hydrotreatment plant and hydro cracking reactors R-101, R-102 for the Moscow Refinery (Gazprom Neft PJSC).
- An order was secured for the supply of reactors, separators, columns and absorbers for the Omsk Lubricants Plant (Gazpromneft-Lubricants Ltd.).
- A tender for the manufacture of an isodewaxing plant for SMU No. 7 (PISC Tatarstan) was won.
- A contract was signed for the manufacture and supply of equipment for gas treatment unit UKPG-31 (in the vicinity of UKPG-6 within the Achimov deposit of the Urengoy oil and gas condensate field, AO Achimgaz).
- A contract was signed for the supply of 52, 3.4 separator units for Gazprom Dobycha Yamburg LLC, to be used at the Kamenomaysky-Soo gas field.
- A contract was signed for the supply of column equipment for a new anhydride production facility, launched on a site in Tobolsk for SIBUR Holding.
- A contract was signed with NOVATEC-Murmansk (NOVATEC Group) for the manufacture, supply, designer oversight, startup and commissioning of 64 cranes of various capacity, from 10 to 300 tons.

Air separation and LNG:
- Three major investment projects by the OMZ Group were completed, bringing air separation units for the supply of process gases to anchor customers on stream in Tul, for a new state-of-the-art metallurgical facility at Tulachermet-Steel in Tobolsk, for ZapsibNeftekhim, Russia’s largest modern petrochemical facility (SIBUR Holding), and in Kirovo-Chepetsk, for the mineral fertilizer production business of the Uralchem Group.
- By way of developing cooperation with the Republic of Uzbekistan, a project is underway for the supply of two extra-large cryogenic air separation units for a synthetic liquid fuel plant at the Shurtan Gas Chemical Complex (Uzbekistan GTL).

For the space industry:
- Large-dimension storage system equipment was manufactured and delivered for the Vostochny Cosmodrome space launch facility.
- Liquid oxygen and nitrogen vessels were manufactured for semi-cryogenic fuel-fired rocket propulsion units and rocket stage testing beds, ordered by the Indian Space Research Organization (the ISRO Propulsion Complex project).

Export expansion:
- Manufacturing of 16 EKG-20 open-pit excavators and 20 crushing machines has started for the Almalyk Mining and Metallurgical Complex (Republic of Uzbekistan).
- Two EKG-12 open-pit excavators were supplied and commissioned at Eldenet Mining Corporation. SOT (Mongolia).

In the field of new product capture:
- A contract was signed for the manufacture and supply of a production well drilling and workover plant for the ICZ M ice-resistant stationary platform at the Kamennomaysky-Sea field.
- A manifold test piece and grid mat with integrated safety equipment was manufactured and successfully tested for use in production of lifting facilities of domestic origin, to be developed in accordance with a program sponsored by the Russian Ministry of Industry and Trade.
- Manufacturing of heavy forged support rolls of 60 tons or heavier for the metallurgical industry was set up.
- As part of the construction project to build a natural gas liquefaction facility capable of producing up to 1 million tons of LNG a year in the settlement of Sabota, ordered by NOVATEC, the primary cryogenic spiral-wound heat exchanger and nitrogen turbo-expanding assemblies were manufactured and shipped.
- The first mine hoisting engine of domestic origin was set in operation at the Gaskiy GOK (UMMC).
- An import substitution program in relation to mills of 4.5*6 m, 7*3 m, 3.6*4.5 m is underway.
- Production of new crushing facilities was started with a view to replacing imported equipment for the Severstal Group (Karelsky Okatysh) and the EVRAZ Group (Kachkanar GOK): two commissioned, two shipped and two currently being manufactured.
Sustainable Development

The ground-setting document that mobilizes the international business community to handle global issues, is the Global Accord styled “Transforming our world: the 2030 Agenda for Sustainable Development”, approved by heads of states and governments at the UN Sustainable Development Summit in New York on 25 September 2015. This Accord sets forth 17 sustainable development goals aimed at improving the global well-being and protecting our planet.

1. No poverty
2. Zero hunger
3. Good health and well-being for people
4. Quality education
5. Gender equality
6. Clean water and sanitation
7. Affordable and clean energy
8. Decent work and economic growth
9. Industry, innovation and infrastructure
10. Reducing inequalities
11. Sustainable cities and communities
12. Responsible consumption and production
13. Climate action
14. Life below water
15. Life on land
16. Peace, justice and strong institutions
17. Partnerships for sustainable development

Throughout our almost 30 years of history, we have always demonstrated our whole-hearted commitment to the principles of responsible and honest business conduct and adherence to corporate ethics.

We pay special attention to environmental matters, in particular, by reducing the environmental impact of the Bank’s business processes and by making efficient use of energy and other resources, largely through better management of consumables. The Bank places ever-higher priority on employee education and embedment of a corporate culture that facilitates the proliferation of sustainable development principles both inside and outside the Bank.

The transition from a conventional model of doing business to a sustainable one is a complex, long, and tedious process for entities in any sector of economy. Gazprombank has already embarked upon this course of change, setting new sustainable development goals every year and doing everything possible to achieve them.
Gazprombank always keeps abreast of the times; with that said, our key values, such as responsible governance, remain unchanged. By governing its own affairs responsibly, for the benefit of both the company and society as a whole, the Bank is building much needed capital of trust and fairness.

The Bank has adopted a Corporate Governance Code and enforces it to ensure that the Bank’s activities conform to international and Russian principles of corporate governance, promoting the risk and capital management system effectiveness on the Bank and the Group level, information transparency, management responsibility and accountability.

The Bank’s governance bodies are improving the decision-making system and corporate control tools used to manage Bank assets. In accordance with the Bank of Russia recommendations and the applicable Code, a review of the status of the Bank’s corporate governance system was undertaken in 2019. Another such review will be undertaken in the 1st quarter of 2021.

The internal audit function, performed at the Bank by the Internal Audit Department, is an important element of assuring effective functioning of the Bank’s internal control system. The Internal Audit Department is part of the Bank’s system of internal control bodies and is an independent structural unit reporting and directly accountable to the Bank’s Board of Directors. The Internal Audit Department assists the Bank’s governance bodies in the assurance of efficient functioning of the Bank and Bank Group companies, guided by the principles of going concern, independence, fairness, and professional competence.

The Bank’s governance bodies are improving the decision-making system and corporate control tools used to manage Bank assets. In accordance with the Bank of Russia recommendations and the applicable Code, a review of the status of the Bank’s corporate governance system was undertaken in 2019. Another such review will be undertaken in the 1st quarter of 2021.

The Bank follows the principles of good corporate governance recommended by the Bank of Russia and the Basel Committee on Banking Supervision.

In an environment characterized by growing competition among leading banks and technology companies, together with tightening banking regulations, the Bank continued to pursue its Technological Transformation and Retail Business Development Strategy in 2019.

Gazprombank always keeps abreast of the times; with that said, our key values, such as responsible governance, remain unchanged. By governing its own affairs responsibly, for the benefit of both the company and society as a whole, the Bank is building much needed capital of trust and fairness.

Our digital solutions are changing and reformatting the services to which our customers and employees are accustomed. The continued growth and diversification of our customer base, as well as digital infrastructure upgrades with concurrent improvements in reliability and functionality necessitate the recruitment of highly qualified IT specialists and customer relationship managers.

Banking support of contracts for Russia’s largest oil and gas companies and lending to small and mid-sized businesses have also become priority areas of business that require HR reinforcement. Building upon personnel management experience accumulated in the corporate segment, Gazprombank applies innovative approaches to HR processes setup, continuously endeavoring to improve the convenience, speed and quality of the HR services it provides. Priority is placed on searching the market for qualified specialists, helping personnel to adapt, improving the levels of employee qualification and training in breakthrough technology areas, and developing target-setting, motivation and retention mechanisms for key specialists.

Given the Bank management’s strategic focus on the prioritized development of individual areas of activity, in 2019 it became obvious that the institution of HR business partners needed to be established for the retail business, as well as for the IT support and digital technology areas. HR business partners directly interact on a day-to-day basis with HR service customers at various levels, helping to build a deeper understanding of the business’s current and longer-term needs in the area of personnel management.

Work is currently ongoing to transform several functional areas associated with the relocation and centralization of support functions on the basis of regions with optimal labor costs, and to build a service organization toolkit. Cutting support function costs, reducing operational risk levels, and improving the quality and speed of the services provided, as well as internal customer satisfaction levels, help to free up HR resources for redeployment to other areas of the banking business with higher priority or better margins.

In 2019, the Bank’s headcount grew by approximately 3,000 people, mainly retail business staff and IT specialists. While net new hires grew by 50% from 2018, personnel turnover...
in 2019 remained below the minimum market level for the banking segment, which is explained by the Bank’s high-quality and reliable, intelligent recruitment, adaptation and training system, mature system of social benefits and guarantees, non-governmental pension schemes and voluntary health insurance, in addition to a corporate culture in which Bank personnel are perceived as the most valuable strategic asset. In its activities, Gazprombank traditionally endeavors to create optimal conditions for its personnel to act in an optimal manner, assisting them in unlocking their potential and fostering in each employee the ambition to be creative and useful for the Bank.

Over 1,100 of the Bank’s employees are qualified financial market professionals, approximately 50 hold MBA certificates, and over 100 have a Candidate of Science or Doctor of Science degree. Over several years, the Bank has relied on in-house personnel selection competences and, alongside recruitment via traditional channels, has developed new mechanisms of horizontal rotation. In particular, this means that freed up personnel from units involved in the support function transformation programs can be redeployed to other business areas and apply their long-standing experience and qualifications with minimum onboarding periods. The Bank welcomes the use of in-house expertise in the search for qualified personnel, and in late 2019 it launched RE/Re-Nevering, a federal program that allows Bank employees to nominate acquaintances and ex-colleagues on a competitive basis.

The GTB Space digital portal implemented in 2019, intended for the presentation of the Bank’s events and activities in the information technology sphere, as well as specialized developer conferences held regularly in Bank forums, also helps the Bank to recruit unique specialists with new skill sets and to exchange experience.

To reduce labor input and optimize the timings for onboarding, comprehensive integration of new hires into the Gazprombank corporate culture, increased levels of engagement, creation of a process of prompt feedback analysis, and implementation of new HR tools and procedures.

Welcome Days are held for head office new hires on a weekly basis, providing them with all the information they need on the Bank, its strategy and goals, key banking units and services, and rules and behavior in extreme situations, as well as on their training, development and self-improvement capabilities. In addition to all the required materials, new hires receive assistance from an onboarding chat bot. In 2019, an up-to-date Onboarding Program was launched for retail business new hires across the entire country.

From 2019, open meetings between senior management team members and head office and branch network management became a regular feature at the Bank. More than 400 managers have participated in these events so far, including via online channels. Company-wide and sports events held jointly with relevant units, as well as meetings with interesting personalities and motivational speakers.

During 2019, the Bank’s training programs portfolio expanded to include 22 new training courses and more than 100 e-courses. They currently offer in-class and mixed training programs and 479 active e-courses. Online training formats are evolving, helping to expand training geographies and audiences.

Much has been done to automate the Bank’s HR services over recent years. In late 2019, a group of forward-looking initiatives in the personnel development and management area was incorporated into the Human Capital Management comprehensive program, aimed at building the Bank’s image as a contemporary and high-tech financial institution, improving performance through correct target-setting, supporting the feedback culture, attracting, retaining and developing talent, and providing customer-oriented HR services.

A survey of internal customer satisfaction with service quality, conducted for the second consecutive year, is helping to optimize processes, promptly amend the Bank’s internal regulations, and shift management’s focus to personnel management bottlenecks. In 2019, a country-wide pilot was undertaken with a view to assessing whether the most numerous category of Bank personnel, the retail business front office staff, are satisfied with their work for the Bank. Based on the project outcomes, changes were made to personnel training and motivation programs, information support processes associated with the Bank’s programs and products, and logistical support of operations, interaction and subordination procedures were optimized, and feedback was given to the respondents.

For several years, the Bank has been a co-organizer and active participant of one of the most authoritative forums for the exchange of opinions on relevant personnel management matters, the Human Capital Management International Interbank Conference. In 2019, presentations were mainly focused on the most pressing trends in the HRM technology market in a digitalizing economy.

capabilities on the basis of modular programs and comprehensive training in professional topics, while regular sales and service training is provided for the Bank’s front office staff. In 2019, an open-ended hiring program format was launched in the Bank’s head office that allows any employee to complete a training course of interest to develop individual competences. The Bank has implemented a comprehensive approach to remote employee training (by year end, more than 18,000 people had been trained). During 2019, the Bank’s training programs portfolio expanded to include 22 new training courses and more than 100 e-courses. They currently offer in-class and mixed training programs and 479 active e-courses. Online training formats are evolving, helping to expand training geographies and audiences.

Much has been done to automate the Bank's HR services over recent years. In late 2019, a group of forward-looking initiatives in the personnel development and management area was incorporated into the Human Capital Management comprehensive program, aimed at building the Bank’s image as a contemporary and high-tech financial institution, improving performance through correct target-setting, supporting the feedback culture, attracting, retaining and developing talent, and providing customer-oriented HR services. A survey of internal customer satisfaction with service quality, conducted for the second consecutive year, is helping to optimize processes, promptly amend the Bank’s internal regulations, and shift management’s focus to personnel management bottlenecks. In 2019, a country-wide pilot was undertaken with a view to assessing whether the most numerous category of Bank personnel, the retail business front office staff, are satisfied with their work for the Bank. Based on the project outcomes, changes were made to personnel training and motivation programs, information support processes associated with the Bank’s programs and products, and logistical support of operations, interaction and subordination procedures were optimized, and feedback was given to the respondents.

For several years, the Bank has been a co-organizer and active participant of one of the most authoritative forums for the exchange of opinions on relevant personnel management matters, the Human Capital Management International Interbank Conference. In 2019, presentations were mainly focused on the most pressing trends in the HRM technology market in a digitalizing economy.
Environmental Matters

Sustainable development nurtures a special attitude towards the world around us, demonstrating that ignoring ecological needs will result in degradation of the environment and endanger the very existence of the mankind.

Environmental protection is the dominant strand in the ESG (Environmental. Social. Governance) concept, and a company’s activities cannot be viewed as “sustainable” unless they include nature conservation measures, primarily those aimed at reducing the consumption of resources and generation of harmful emissions polluting our planet’s atmosphere and water bodies.

In 2019, the Bank invested in Gazprom — Gas-Engine Fuel LLC, a company engaged in the establishment of infrastructure for the development of the gas engine fuel market in the Russian Federation. On average throughout the country, automobile transport is responsible for approximately 44% of overall pollution, reaching as high as 93% in major cities such as Moscow and St. Petersburg. Natural gas is a cleaner type of fuel compared to gasoline or diesel.

In the course of 2019, 28 new gas motor fuel infrastructure facilities were built or purchased. The transition to gas motor fuel will reduce the level of harmful atmospheric pollutants generated by the transport sector and thus allow city dwellers to breathe cleaner air. The company structure envisages further expansion of the fueling station network to make gas motor fuel more accessible for consumers.

As its responsible investment concept, aimed primarily at creating positive social change and reducing negative environmental impact, takes shape, Gazprombank pays more attention to investment in, and lending to, “green” projects.

Renewable energy
The development of renewable energy is one of the most important trends in the Russian electric power industry and one of the fastest developing sectors in the global economy. It represents a step forward in terms of technology, digitization, and environmental standards. At present, over 60% of domestic projects in the renewable energy field are implemented with credit support from Gazprombank, which confirms the Bank’s strong interest in green energy projects. The Bank team completed the industry’s first solar power plant construction financing deal back in 2015, and Gazprombank sees good prospects for the financing of more renewable energy projects. In November 2019, Gazprombank and the portfolio company of the Wind Energy Development Fund (a joint investment fund established by Fortum and the ROSNANO Group on a parity basis) signed a loan agreement for the purposes of financing the construction of the 50.4 MW wind power plant No. 2 in Ulyanovsk and two wind generation plants with a total capacity of 200 MW in the Republic of Kalmykia. The wind generation farms will start supplying electricity to the wholesale electricity and capacity market (WECM) in the fourth quarter of 2020.

Technology and innovations
Technologies aimed at preserving our planet’s ecological resources are acquiring paramount importance for the sustainable development of the global economy. All innovations that reduce waste, cut emissions of pollutants, and help switch to more environmentally friendly materials enable companies to take a step towards responsible business conduct. In 2019, Gazprombank continued on its path towards digitalization, enabling, among other things, a big reduction in paper documentation flows. In particular, towards the end of the year, Gazprombank, jointly with the FinTech Association and the Bank of Russia, became one of the first Russian banks to launch a decentralized depository system (DDS) for mortgage deed accounting using blockchain technology. DDS enables the Bank to start gradually migrating mortgage deals to the digital channel and eliminate the need to use large amounts of paper. Application of this technology will also significantly improve the stability and reliability of electronic deeds data, reduce execution times, eradicate the risk of fraud and the emergence of a gray mortgage deeds market, and minimize the risks of non-existent pledges.

As part of the Bank’s New IT Infrastructure program, a Private Cloud platform was created in 2019, to which 66 automated systems were migrated, followed by implementation of automated release of resources in the Private Cloud. A workplace virtualization program was undertaken (using the Virtual Desktop Infrastructure (VDI) technology) and over 9,800 workplaces in the head office and across the branch network were migrated to that technology. Over 850 employees registered on the corporate mobility (MI) platform, and over 900 mobile clients of the uniform communication system were installed, enabling prompt remote access to the Bank’s corporate resources and remote performance of certain tasks. This helped to reduce both employee time and other non-renewable resources spent on travelling to the office. The Boardmaps automated system was brought into day-to-day use, enabling electronic circulation of pre-read materials for meetings of the Bank’s collegiate bodies and, ultimately, creating a paper-free office environment. Thirty-two collective advisory bodies are now connected to the system and over 80 meetings have been held to date.
Sorting of waste and recyclable items in Bank offices

In 2019, Gazprombank launched a program to collect waste and recyclable items. The Bank started migrating to the concept of a “green” office, i.e. an office where consumption of resources is rational and sparing, and employees are actively involved in waste collection and recycling programs. In the second half of 2019, containers were installed in three Moscow offices to collect batteries, plastic cups and plastic lids in an initiative that is to be rolled out at all Bank sites. Batteries and plastics will continue to be collected in 2020 and will be handed over for recycling as sufficient volumes are accumulated.

In addition, starting from this year, all documents are accumulated. In 2019, Gazprombank made another annual application for the recycling of 760 trees, each of which produces 76 tons of scrap paper, which totalled 76,000 tons of paper. In total, 76,000 tons of paper were collected, which helped save about 760 trees, each of which produces 76 tons of scrap paper. By the end of 2019, over 120,000 documents had been handed over for recycling (production of table napkins, toilet tissue, etc.). By the end of 2019, over 120,000 documents had been handed over for recycling (production of table napkins, toilet tissue, etc.).

Protection of endangered fauna species

Preservation of our planet’s biodiversity is one of the most significant aspects of sustainable development, as the problem of species extinction becomes more and more urgent with every passing year. In 2014, Gazprombank committed to an unusual pet: Berry, a female Far Eastern leopard that lives in the Land of the Leopard reserve in the Primorye Territory. In the 20th century, forest fires, poaching and extermination, not so much of the leopard itself as of its traditional quarry, have put this carnivore on the brink of extinction. In the 1990s, no more than 30 of these animals remained, but today their number has increased to about 70, offering hope that this rare species can be preserved. Ninety percent of the Far Eastern leopard population dwells in the Land of the Leopard reserve.

In June 2015, Gazprombank started issuing its Leopardess Berry Cards featuring this remarkable animal. The Bank transfers 1% of every purchase made using the Leopardess Berry Visa Card to the Social Responsibility Charity Fund, for subsequent spending on Berry’s sustenance. The primary goal of this program is to preserve the population of the Far Eastern leopard and help create conditions in which it can thrive. By year end, 2,284 cards in support of Berry the Leopardess had been issued. In 2019, Gazprombank made another annual donation to the Land of the Leopard Fund as a way of supporting its environmental protection efforts.

Supporting culture and the arts

Culture is both a stimulus and a vehicle of sustainable development, as it is closely connected with such crucial spheres of mankind’s harmonious development as economics and education. In a globalized environment where numerous communities are both interconnected and exposed, it is culture that helps to preserve the immanent values, historical experience and traditions of each individual country. For this reason, Gazprombank considers it its duty to support projects in the sphere of arts and culture, as well as to promote mutual cultural enrichment between Russia and other countries.

One particular focus of the Bank’s culture and arts support program is cooperation with the Igor Moiseyev State Academic Ensemble of Popular Dance. This ensemble, whose repertoire includes dances from all over the world, combines the classical ballet school and popular dancing traditions. Gazprombank is a long-standing strategic partner of this glorious company, supporting its active touring activity.

Social Responsibility

While being vastly experienced in the areas of economics and finance management, Gazprombank has always paid as much attention to the social aspect of its activities.

Every year, we implement over 300 charity and sponsor projects aimed at supporting low-income groups, cultural, academic, arts and educational establishments, public organizations, sports teams and clubs, applied science forums and conferences.
Supporting sport

By way of making a contribution to the promotion of healthy lifestyles, the Bank provides sponsorship to organizations involved in the development of sports such as football, hockey, rowing, tennis, handball, dancing sport, acrobatic rock and roll, and others, especially in relation to children and young people.

We have been partners of the Zenit football club for many years. With the help of the Gazprombank — Zenit FC co-branded card, a charity program has been set up, to which the Bank will make donations from its funds in favor of Zenit FC Junior Sports School to train young footballers. The Bank is also the general partner of SKA hockey club in the CHL championship. As part of its cooperation with the Russian Football Union, Gazprombank is the official Bank partner of the Russian national football team for the 2020–2021 season. Gazprombank has for a long time supported competitions in various dancing sports arranged by the Russian Dancing Union and the Russian National Federation of Dancing Sports and Acrobatic Rock and Roll. Every year, championships and festivals held according to the Latin American and European programs, as well as domestic and international acrobatic rock and roll competitions, attract the best sportmen from all continents. Since the end of 2015, corporate acrobatic rock and roll clubs have been set up in 22 Russian cities, where anyone of any age can give this dynamic sport a try.

Supporting disadvantaged groups

Assistance to disadvantaged groups, such as veterans’ organizations, orphanages and boarding schools, occupies a prominent place in the Bank’s social program. Support for orphans is one of the most important aspects in this area. For many years, the Bank has made donations to Children’s Villages — SOS, an interregional non-governmental charity. This is a unique alternative to orphanages — a model as close to a normal home as possible, where children live as in a regular family. There are currently six SOS villages in Russia: in Tomilino, Lavrovo, Pushkin, Kandalaksha, Vologda, and Pikov. There are also six Youth Centers (2 in St. Petersburg, 2 in Oryol, 1 in Ulyanovsk and 1 in Murmansk). In total, there are more than 400 children living in Children’s Villages — SOS homes. The Bank is involved in the construction of family houses for children’s accommodation and provides financial assistance on an annual basis.

We regularly allocate funds for the provision of targeted charitable aid to critically ill children and entire medical establishments, and also procure medicines and special equipment, including ambulances.

Since 2000, we have run a traditional “I Believe in Father Frost” New Year Eve charity campaign for the benefit of orphaned children. On New Year’s Eve, Gazprombank employees start performing small miracles. Every child residing in an orphanage supported by the Bank is given the opportunity to share their most heartfelt wish. Envelopes containing letters from the children appear on Christmas trees at several Bank sites. To join the “Father Frost Team”, employees merely have to take an envelope and make the child’s dream come true. As many years of practice have shown, our colleagues are not afraid of addressing the children’s most challenging wishes, some of which require formidable commitment in terms of time and search abilities. During this campaign, Gazprombank staff have provided invaluable aid not only in procuring New Year presents, but also in purchasing specialized medical equipment, children’s furniture, and sports equipment.

Sustainable Development Performance in 2019

Search for young talent

<table>
<thead>
<tr>
<th>Universities</th>
<th>Scholarships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moscow State University</td>
<td>2,284 cards issued in support of Berry the leopardess</td>
</tr>
</tbody>
</table>

Environmental initiatives

<table>
<thead>
<tr>
<th>Office</th>
<th>Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Three offices in Moscow</td>
<td>2,284 cards issued in support of Berry the leopardess</td>
</tr>
</tbody>
</table>

Employer rating

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3rd place</td>
<td>Russia’s top 10 employers for female careers according to Forbes</td>
<td>Third place in the Russia’s best employers rating according to Forbes</td>
</tr>
<tr>
<td>3rd place</td>
<td>Three consecutive Randstad Awards in the “Most Attractive Employer in Financial Services” nomination</td>
<td>Three consecutive Randstad Awards in the “Most Attractive Employer in Financial Services” nomination</td>
</tr>
</tbody>
</table>
Resource Base Development

In 2019, the time pattern of Bank funding volumes and structure changed somewhat, impacted by the retail business development strategy and scheduled repayment of several borrowings on international capital markets.

Customer funds remain the primary source of funding for Gazprombank's lending and investment business, accounting for 85% of the Bank's liabilities at the end of 2019. The Bank's reputation as a reliable borrower and a competitive pricing policy have enabled it to retain a strong position on the corporate borrowing market, while active promotion of its settlement and deposit products, coupled with customer service improvements, have helped reinforce its position in the retail segment.

In 2019, the share of the capital market borrowings portfolio declined by 2.0 p.p. relative to the end of 2018, whereas that of customer account balances in liabilities grew by 3.4 p.p.

Debt capital markets
The fundraising portfolio in capital markets constitutes a stable long-term funding base for the Bank and plays an important role in maintaining the net stable funding standard. As of end 2019, the portfolio amounted to RUB 342 billion (5.8% of the Bank’s liabilities). Most of it was raised by placing ruble-denominated bonds in the Russian market, the volume of such bonds grew 35% to RUB 268 billion in 2019. The loan portfolio is characterized by a smooth repayment schedule.

In 2019, the Bank actively developed its bond products offer for individuals. In particular, the amount of outstanding additional bond issues placed predominantly among individuals reached RUB 6.5 billion. As additional issues are placed, bids are executed in real time, while secondary market liquidity is achieved through market-making. In addition, the Bank has been offering index bonds to its retail customers since 2018. This product combines the features of a borrowing instrument and a derivative financial instrument, affording 100% capital protection and an opportunity to earn incremental income. The scope of index bond placements more than doubled in 2019, reaching RUB 3.3 billion.

Resource base structure as at 31 December 2019, %

- 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

2019 vs 2018

- Amounts owed to corporate customers: 64.0%
- Amounts owed to individuals: 20.8%
- Senior debt, borrowed from capital markets: 4.6%
- Amounts owed to banks: 4.9%
- Subordinated debt: 1.3%
- Other liabilities: 3.9%
Depository Operations, 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 securities.1

At the end of 2019, the Bank depository was serving over 430,000 depo accounts and maintaining securities registers for more than 1,200 issuers. In the course of the year, more than 1,250,000 depository transactions were carried out, securities income was distributed on more than 4,000 issuers’ corporate actions, and over 460,000 notifications of more than 9,200 issuers’ corporate actions were emailed to depositors.

The Bank depository acts as the custodian in relation to storage and recording of the underlying asset for the issuance and redemption of ADRs on Gazprom shares. In 2019, the Bank continued its collaboration with DOM.RF as the depository providing mortgage deed accounting and custody services. At the end of 2019, the Bank depository had approximately 135,000 mortgage deeds in custody, with the total amount of the mortgage-secured obligations in excess of RUB 200 billion.

For the purposes of implementing its electronic mortgage deed depository accounting project, the Bank actively participated in the FinTech Development Association (FTDA) Task Force for the implementation of the Decentralized Depository System (DDS) developed on the Masterchain platform. The Bank has accepted the DDS for pilot operation, with the first issue of electronic mortgage deeds scheduled for early 2020. To upgrade the depository’s software and hardware facilities, and to expedite the automation of its operations, the Bank in 2019 launched a project for the design, development and implementation of a new automated depository system for issue-grade securities.

In 2019, the Bank depository implemented a project featuring electronic document exchange with corporate customers via the Remote Banking and Corporate Settlement Center system. This helped to improve the quality and convenience of using depository services and made it possible to initiate execution of depository operations without having to visit a Bank service location.

The Bank’s specialized depository was ranked among the TOP 10 of the national rating of specialized depositories on the back of its performance in 1H2019, and was in the ninth line on the TOP 10 list of specialized depositories in terms of assets in custody as of 30 June 2019. The value of assets held in custody was over RUB 135 billion as of 30 June 2019.

The Bank’s specialized depository supervises asset management of its customers, which include, in particular, mortgage bond issuers, mortgage pool managers, and state-owned corporations and funds established by the Russian Federation.

In 2019, the Bank’s specialized depository once again won the tender of the State Space Corporation ROSCOSMOS.

In 2019, the Bank completed a transformation of the customer depository service model, aimed at improving the quality and service provided to depository customers. As a result of the action taken, over 70 Bank offices in a number of different country regions were designated to provide services to individual depositors. In regional service locations, depository customers can receive qualified advice on the procedure for conducting depository operations, submit depository orders and obtain statements and transaction completion reports.

The Bank engages in depository operations on the securities market in strict accordance with the law, the Bank of Russia regulations and basic standards, with a view to satisfying customer needs as fully as possible, including development of the product range of services and instruments, optimization of business processes and tariff policy, and implementation of new service technologies. The model of the depository business adopted by the Bank will enable it to benefit from its competitive advantages — an extensive customer base, a strong brand, and a wide service network — as much as possible.

1 The ratings were released by the Foundation for Development of Financial Institutions — Infrastructural Institute (INFI), 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 2019.
The Bank focuses on improving its risk and capital management system in accordance with the requirements of the Bank of Russia.

The Bank continues refining and developing a new pipeline of technologies, launching further process automation projects, as well as developing a portfolio limitation methodology, synchronizing financial planning and risk budgeting processes, and building a business continuity system.

**Risk management system**

The Board of Directors annually approves the Risk Appetite Statement, which includes both quantitative and qualitative indicators designed to provide high-level guidelines on the structure and values of risks and capital that the Bank and the Group are willing to take in pursuit of their strategic goals. The Bank and the Group then use these approved risk appetite parameters and operationalize them to the level of limits for separate risks and positions. The following key components outline the Bank’s approach to risk management:

- **a)** The Board of Directors adopts the general risk and capital management policy and sets the level of risk acceptability (risk appetite), strategic goals, fundamental risk management policies and the stress-testing scenarios.
- **b)** Within the risk and capital management strategy 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.
- **c)** Dedicated committees and commissions reporting to the Charter of the Management Board and the Management Board of Bank GPB (JSC) (Credit Committee, Assets and Liabilities Management Committee (ALM Committee), Transformation Committee, Financial Markets Committee, ICAAP and Operational Risks Commission, Corporate Governance and Compensations Committee, Assets Restructuring Committee, and Retail Business Committee) are designed to address issues relating to individual risk types. Members of the committees are appointed by the Chairman of the Management Board.
- **d)** Units of the Risk Management Service (RMS) are independent from business units, whose functions envisage risk-taking, and are supervised by the Head of the Risk Management Service reporting directly to the Chairman of the Management Board.
- **e)** Risk management is applied in an integrated manner at all operational levels, considering the relationships and cross impact of various risks.
- **f)** The RMS performs the function of managing Group’s risks.
- **g)** At the Group level, the Bank has adopted a Group Risk and Capital Management Strategy which defines the roles and objectives of the management bodies of the Group companies, including those of local Risk Management Services (if any), as they pertain to identification, assessment, monitoring and control of risks assumed by the Group companies.

The mandate of the Compensation Committee of the Board of Directors includes preliminary review of matters coming within the terms of reference of the Board of Directors and related to establishment and functioning of an effective remuneration system subject to accepted risk.

**Risk management and capital management system**

In 2019, the Bank was focused on the following aspects of risk management:

- improvement of risk and capital management system in line with the requirements set forth by the Bank of Russia Regulation No. 3624-U “On the Requirements to the Risk and Capital Management System of a Credit Institution or a Banking Group” (hereinafter referred to as “Order No. 3624-U”) at the level of the Bank and the Group.
- implementation of new risk characteristics for retail credits (loans) in accordance with the requirements of the Bank of Russia Ordinance No. (4892-U) “On Types and Characteristics of Assets for Which Risk-Based Capital Buffers Are Set and on the Methodology for Applying These Buffers to the Said Types of Assets for Credit Institutions to Calculate Their Capital Adequacy Ratio”;
- improvement of the authority delegation system and system of limits for lending and financial market transactions, optimization of the portfolio limit setting process;
- introduction of new lending products, adapting the lending process tools to efficiently work with retail customers, small and medium-size businesses;
- improvement of the Bank and Group financial recovery system in accordance with the Bank of Russia requirements;
- improvement of the system for the management of risks in Gazprombank’s payment system in accordance with the requirements of the Bank of Russia Regulation No. 607-P “On the Requirements for the Procedure Ensuring Smooth Functioning of the Payment System, Indicators of Payment System Smooth Operation and Methodologies Used to Analyze Payment System Risks, Including Risk Profiles”;
- development and optimization of the Bank’s business continuity and recovery system;
- formulation of requirements as part of the implementation of a new optimized version of the automated operational risk management system;
- improvement of the system for early identification of counterparties with a higher risk level;
- improvement of mechanisms helping work out early response measures and strategies of work with respective counterparties;
- further development of a methodology for quantitative evaluation of credit exposure;
- implementation, with effect from 1 January 2019, of the new Bank of Russia requirements on the recognition of estimated provisions for anticipated credit losses (in accordance with the principles set out in International Financial Reporting Standard (IFRS) 9 “Financial Instruments”) using adjustment accounts;
- implementation of risk management process automation projects (in credit analysis, the financial statements storage and processing system, and the limit-setting system);
- development of the portfolio limits methodology;
- synchronization of the financial planning and risk budgeting processes.

**Key risks in 2019**

1. **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 Bank of Russia, Basel Committee principles and guidelines concerning banking supervision, and internal documents developed by the Group.

The main objectives of credit risk management include but are not limited to:

- maintaining an acceptable level of credit risk exposure for the Bank and the Group to achieve their strategic goals;
- optimal combination of profitability and credit risk level, compliance of the credit risk profile with the risk appetite and the capital budget;
- 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.
- Credit risk management process includes the following steps:
  - risk identification, quantitative and qualitative assessment of risk;
  - risk limitation and mitigation measures (including setting limits, taking security, management of distressed assets).
The Group performs stress tests of credit exposure on a regular basis (at least once a year), in order to evaluate potential changes in the quality of the loan portfolio in the event of unfavorable changes in the economic situation.

- Risk monitoring and control (including control of set limits), both with respect to individual borrowers and at the general portfolio level;
- building loan loss provisions;
- planning credit risk levels;
- informing the management bodies about the level of risk exposure and limits compliance on a regular basis (reporting).

Qualitative assessment of credit risk is designed for a comprehensive analysis of deals with credit risk exposure taking into account non-quantifiable factors, which takes the form of conclusive expert opinions on acceptability of the requested deal parameters, identified risk factors and measures required to minimize credit risks taken in that regard.

Quantitative assessment of credit risk provides a quantification of the credit risk taken, which is then used in internal models and the Group’s internal processes. Quantitative credit risk assessment is exercised in accordance with the Group’s models based on the classification of credit claims:

- claims against corporate customers (including specialized lending deals);
- claims against financial institutions;
- claims against retail customers;
- claims against sovereigns;
- participation.

Counterparties are assigned internal ratings based on the approved models for estimating the probability of borrower default. Internal credit ratings are used to take lending decisions and calculate expected losses, define price terms of deals and create provisions, conduct risk-weighted analysis of the loan portfolio and financial planning. Target credit risk levels are set in accordance with risk appetite. The Group sets ultimate risk limits for every borrower or a group of borrowers. Compliance with (and use of) credit risk limits is monitored on an ongoing basis and takes the form of checking the terms and conditions of deals against the approved limits.

The Group performs stress tests of credit exposure on a regular basis (at least once a year), in order to evaluate potential changes in the quality of the loan portfolio in the event of unfavorable changes in the economic situation.

- credit scoring;
- independent counterparty and collateral (if any) assessment by the relevant expert teams.

Following the above procedures, the decision on the counterparty’s loan application is made automatically (without the expert team involvement) and with due account of the motivated judgment based on the independent expert review completed by the expert team.

Qualitative risk assessment also applies to partners who are legal entities, if they are involved in retail customers lending programs implementation, to decide on potential cooperation with a partner or define the terms of such cooperation.

2. Concentration risk

Concentration risk arises in connection with the Group’s exposure to big risks, which may cause significant losses with a potential to jeopardize the paying capacity of the Bank and the Group entities and their ability to continue operations. The Group performs on a regular basis:

- analysis of the Group’s exposure to each form of concentration risk (identifies concentration risk);
- monitoring of the level of acceptability of concentration risk and estimates acceptability of concentration risk with respect to every form for which no limits are set.

The Group stress tests concentration risk regularly in order to evaluate potential losses in the event of adverse changes in the economic situation as part of the integration stress testing. The result of stress-testing is presented in the form of evaluation of the impact of negative scenarios on quantitative metrics of concentration risk, capital adequacy, and actions aimed at minimizing expected losses.

To limit the risk of concentration of financial claims, the Group has adopted limits per country, industry, region, per borrower (group of related borrowers), per one person affiliated with the Bank (group of persons...
The Bank’s liquidity management system is an integrated solution of risk identification, evaluation and control across the Group’s banking segment.

4. 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 at all times.

The Bank’s liquidity management system is an integrated solution of risk identification, evaluation and control across the Group’s banking segment. It is an essential part of the assets and liability management (ALM) system at the Group level, 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 Service monitors liquidity risks and reports on the status regularly to the ALM Committee, the Management Board and the RSM Head. Risk reporting includes qualitative and quantitative risk estimations, stress testing results, and evaluation of additional liquidity sources (liquidity buffer).

5. 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, Financial Markets Committee and the Chairman of the Management Board. The market risk management function is assigned to the Risk Management Service. 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 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.

The RAS supports the market risk management system on a regular basis, and, in particular:

- monitors pre-set risk limits;
- builds reports to be submitted to authorized bodies and senior executives;
- revises values of risk limits in accordance with the Bank’s plans and appetite for risk;
- establishes alarm levels for the key risk limits (VaR, stop-loss), which initiate risk mitigation actions when achieved;
- takes part in working out measures for the optimization of the use of risk limits subject to business efficiency, including with due account of stress-test results.

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 risks:
- sensitivity of net interest income changes in the trading and bank books;
- sensitivity of net present value changes in the trading and the bank books;
- sensitivity of trading bond portfolio value to interest rate fluctuations;
- gaps between the cost (interest rate) revision dates of financial instruments;
- 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 Board of Directors. The RMS prepares regular reports on the interest rate revision gaps, value at risk and scenario analysis (including interest rate stress-testing) for the Bank’s management bodies and the ALM Committee.

In accordance with the Bank’s appetite for risk, the ALM Committee and the Financial Markets Committee have set the following indicators of interest rate risk:
- sensitivity of the net present value of assets and liabilities;
- gaps in the Bank’s claims and commitments in terms of time pools and currency groups;
- sensitivity of the financial outcome (so far as revaluation of financial instruments is concerned) to the changes in the interest rate curve.

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 timely hedging.

As the position arising from creation of provisions on currency assets that is subject to timely hedging.

The main tool for managing this risk is allocating concentration limits for each issuer/financial instruments. Therefore, the Bank does not exercise control over the risk of depreciation over the horizon of financial planning (one year).

The Bank also assesses the sensitivity to currencies 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.

The stress test 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).

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.

The existing operational risk management methodology framework lays the foundation for implementing the operational risk proactive management strategy, enabling integrated management of operational risks and control procedures.

The operational risk management system is described in the Bank and Bank Group Operational Risk Management Policy and includes the following key elements:
- operational risk management methodology;
- gathering and registration of data on risk events and their consequences;
- maintenance of an operational risks register;
- self-assessment of risks and control procedures;
- integrated assessment of the Bank’s operational risk; operational risks scenario analysis;
- business continuity and (or) recovery assurance program.

6. Operational risk

Operational risk is associated with the probability of direct and/or indirect losses arising as a result of:
- a mismatch between the internal rules and procedures of banking operations and other dealings, on the one hand, and the nature and scope of operations and/or the requirements of the law, on the other;
- employees and/or other persons being in violation of the requirements of any rules, norms and standards of banking operations and other dealings (as a result of inadvertent or deliberate acts or omissions);
- insufficiency (inadequacy) of the functionality (characteristics) of existing information, technology, and other systems and/or their failures (malfunctioning);
- external impacts.

The existing operational risk management methodology framework lays the foundation for implementing the operational risk proactive management strategy, enabling integrated management of operational risks and control procedures.

The operational risk management system is described in the Bank and Bank Group Operational Risk Management Policy and includes the following key elements:
- operational risk management methodology;
- gathering and registration of data on risk events and their consequences;
- maintenance of an operational risks register;
- self-assessment of risks and control procedures;
- integrated assessment of the Bank’s operational risk; operational risks scenario analysis;
- business continuity and (or) recovery assurance program.

The Bank has investments primarily in sovereign securities and bonds of high-quality major Russian issuers. The Bank also assumes risks from non-portfolio 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).

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.

The existing operational risk management methodology framework lays the foundation for implementing the operational risk proactive management strategy, enabling integrated management of operational risks and control procedures.

The operational risk management system is described in the Bank and Bank Group Operational Risk Management Policy and includes the following key elements:
- operational risk management methodology;
- gathering and registration of data on risk events and their consequences;
- maintenance of an operational risks register;
- self-assessment of risks and control procedures;
- integrated assessment of the Bank’s operational risk; operational risks scenario analysis;
- business continuity and (or) recovery assurance program.

The Bank has investments primarily in sovereign securities and bonds of high-quality major Russian issuers. The Bank also assumes risks from non-portfolio 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).

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.

The existing operational risk management methodology framework lays the foundation for implementing the operational risk proactive management strategy, enabling integrated management of operational risks and control procedures.

The operational risk management system is described in the Bank and Bank Group Operational Risk Management Policy and includes the following key elements:
- operational risk management methodology;
- gathering and registration of data on risk events and their consequences;
- maintenance of an operational risks register;
- self-assessment of risks and control procedures;
- integrated assessment of the Bank’s operational risk; operational risks scenario analysis;
- business continuity and (or) recovery assurance program.

The Bank has investments primarily in sovereign securities and bonds of high-quality major Russian issuers.
Group member subsidiary banks follow the approaches, principles and recommendations developed by the Bank in relation to the set-up of the Operational Risk Management System generally, as well as the individual tools and elements of that system.

- Segregation of authorities. The Bank and Group members avoid any combination of functions that may give rise to a conflict of interest. The Bank segregates the authorities of units and their employees executing banking transactions and the functions of their accounting recognition, execution, support and control, and will avoid combinations of any other functions that may give rise to a conflict of interest.
- Escalation of operational risk management authorities. Depending on the level of the operational risk identified and the extent of its impact on the likelihood of other risks becoming materialized, decisions on methods of management will be made at different levels of management.
- Identification and optimization of the operational risk level for new products and processes. It is not permitted to perform any new transactions or make changes to an approved transaction procedure unless there are internal regulatory bodies regulating the manner in which these are to be performed. Any new business process and product must pass an expert review by an independent risk management unit with a view to analyzing and optimizing the level of operational risks inherent therein.
- The Bank and Group members hold tenders for the procurement of equipment providing security of banking operations, operating systems, software products, equipment for electronic communication systems, ATMs, etc.
- Disclosure of information on the operational risk management system. The Bank and Group members disclose information on the operational risk management system, making sure that the disclosure granularity level matches the nature and scope of operations.

For the purposes of integrating the negative impact of individual types of operational risks, the Bank has in place a comprehensive insurance program, which includes:
- a “BankersBlanketBond” (“BBB”) blanket property insurance contract with a 2019–2020 liability limit of RUB 5.97 billion;
- property insurance, including insurance of self-service devices;
- voluntary health insurance of employees.

The information security threats landscape changed in 2019. This was due to the impact of the following factors: sweeping development of the retail business, the creation of new online services, the engagement of external contractors with unique competences, and the application of new customer acquisition and service channels.

Previously, banks as a rule tried to foresee potential damage and prevent incidents. Today, Gazprombank has migrated to a risk-oriented approach based on the degree of protection analysis of the target system. This has helped to cut costs and reduce the time to market of popular banking products. In 2019, the following projects were implemented in the information protection area:

- security as an element of the product release issuance process (the DevSecOps pipeline): 40 tests were undertaken in the enterprise environment and 378 vulnerable components were blocked;
- identity management;
- analysis of abnormal traffic in the internal (wired) and guest (wireless) network segments;
- active countering of fraud in remote banking channels: over 2,000 compromised bank cards were blocked, and RUB 126 million and RUB 48 million was saved in the accounts of individuals and legal entities, respectively, impacted by cybercrime.

In 2019, the Bank launched a multi-stage Cybersecurity Program, aimed at selecting and implementing means of information protection that are commensurate with contemporary threats.

The Bank and Group members avoid any combination of functions that may give rise to a conflict of interest. The Bank segregates the authorities of units and their employees executing banking transactions and the functions of their accounting recognition, execution, support and control, and will avoid combinations of any other functions that may give rise to a conflict of interest. The Bank and Group members follow the approaches, principles and recommendations developed by the Bank in relation to the set-up of the Operational Risk Management System generally, as well as the individual tools and elements of that system.
Regional Network Map

Geographic location of the branches across principal regions where the Bank has a foothold as of 6 April 2020:

<table>
<thead>
<tr>
<th>Regions</th>
<th>Number of branches</th>
<th>Locations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Federal District</td>
<td>3</td>
<td>Krasnogorsk (Moscow Region), Tula, Voronezh</td>
</tr>
<tr>
<td>Northwestern Federal District</td>
<td>2</td>
<td>St. Petersburg, Kaliningrad</td>
</tr>
<tr>
<td>Southern Federal District</td>
<td>1</td>
<td>Krasnodar</td>
</tr>
<tr>
<td>North Caucasian Federal District</td>
<td>1</td>
<td>Stavropol</td>
</tr>
<tr>
<td>Volga Federal District</td>
<td>3</td>
<td>Nizhny Novgorod, Ufa, Perm, Samara, Kazan</td>
</tr>
<tr>
<td>Ural Federal District</td>
<td>3</td>
<td>Yekaterinburg, Surgut, Novy Urengoy</td>
</tr>
<tr>
<td>Siberian Federal District</td>
<td>4</td>
<td>Tomsk, Novosibirsk, Krasnoyarsk, Kemerovo</td>
</tr>
<tr>
<td>Far Eastern Federal District</td>
<td>1</td>
<td>Vladivostok</td>
</tr>
<tr>
<td>Total</td>
<td>20</td>
<td></td>
</tr>
</tbody>
</table>

Headquarters • Branches
Branch Network Operating Results

The Bank's branch network is present in 66 regions of Russia, whose aggregate GRP (gross regional product) accounts for 96% of the country's GRP (excluding Moscow).

<table>
<thead>
<tr>
<th>Branch</th>
<th>New offices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid-Russian Branch</td>
<td>2</td>
</tr>
<tr>
<td>Southern Branch</td>
<td>1</td>
</tr>
<tr>
<td>Northwestern Branch</td>
<td>2</td>
</tr>
<tr>
<td>Far Eastern Branch</td>
<td>1</td>
</tr>
<tr>
<td>Ural Branch</td>
<td>2</td>
</tr>
<tr>
<td>Central Black Earth Branch</td>
<td>3</td>
</tr>
<tr>
<td>West Siberian Branch</td>
<td>1</td>
</tr>
<tr>
<td>Povolzhskiy Branch</td>
<td>3</td>
</tr>
<tr>
<td>Total branch network</td>
<td>20</td>
</tr>
<tr>
<td>Moscow</td>
<td>6</td>
</tr>
<tr>
<td>Total branch network +</td>
<td>26</td>
</tr>
<tr>
<td>Moscow branch offices</td>
<td></td>
</tr>
</tbody>
</table>

Number of offices opened in 2019

Marketing and Communication

In its interactions with various target audiences, Gazprombank endeavors to follow best international practices, employ the considerable experience it has accumulated over its 30-year history, and address current challenges.

In 2019, Gazprombank significantly transformed its principles and approaches to publicity, consistently moving towards greater openness and activity as regards Russian and international media relations. The Bank’s public relations specialists, with support from the Bank’s experts, analysts, and top officials, processed and provided information and authoritative opinions in response to over 500 media inquiries, while managers of various Bank business lines gave 17 full-feature interviews for the Russian and international media.

Six press tours were arranged for the benefit of Gazprombank’s industrial assets. The press tours took place in Russia and abroad at industrial facilities where equipment manufactured at Group facilities successfully operates—Vostochny Cosmodrome space launch facility, the Krovo-Chepetski Chemical Plant, the Metafax facility in the Perm Region, the Sakhalin-2 project, and a phosphorus plant in Kazakhstan. In total, journalists from 32 Russian federal and regional media (including nine TV channels) and two Kazakhstan-based publications participated in the press tours. The tours resulted in dozens of articles in the Russian and foreign media.

Perception of the financial institution’s visual image and values by different target audiences is one of the key success factors in customer interaction.

In 2019, Gazprombank significantly transformed its principles and approaches to publicity, consistently moving towards greater openness and activity as regards Russian and international media relations. The Bank’s public relations specialists, with support from the Bank’s experts, analysts, and top officials, processed and provided information and authoritative opinions in response to over 500 media inquiries, while managers of various Bank business lines gave 17 full-feature interviews for the Russian and international media.

Six press tours were arranged for the benefit of Gazprombank’s industrial assets. The press tours took place in Russia and abroad at industrial facilities where equipment manufactured at Group facilities successfully operates—Vostochny Cosmodrome space launch facility, the Krovo-Chepetski Chemical Plant, the Metafax facility in the Perm Region, the Sakhalin-2 project, and a phosphorus plant in Kazakhstan. In total, journalists from 32 Russian federal and regional media (including nine TV channels) and two Kazakhstan-based publications participated in the press tours. The tours resulted in dozens of articles in the Russian and foreign media.

In 2019, Gazprombank significantly transformed its principles and approaches to publicity, consistently moving towards greater openness and activity as regards Russian and international media relations. The Bank’s public relations specialists, with support from the Bank’s experts, analysts, and top officials, processed and provided information and authoritative opinions in response to over 500 media inquiries, while managers of various Bank business lines gave 17 full-feature interviews for the Russian and international media.

Six press tours were arranged for the benefit of Gazprombank’s industrial assets. The press tours took place in Russia and abroad at industrial facilities where equipment manufactured at Group facilities successfully operates—Vostochny Cosmodrome space launch facility, the Krovo-Chepetski Chemical Plant, the Metafax facility in the Perm Region, the Sakhalin-2 project, and a phosphorus plant in Kazakhstan. In total, journalists from 32 Russian federal and regional media (including nine TV channels) and two Kazakhstan-based publications participated in the press tours. The tours resulted in dozens of articles in the Russian and foreign media.

In 2019, Gazprombank significantly transformed its principles and approaches to publicity, consistently moving towards greater openness and activity as regards Russian and international media relations. The Bank’s public relations specialists, with support from the Bank’s experts, analysts, and top officials, processed and provided information and authoritative opinions in response to over 500 media inquiries, while managers of various Bank business lines gave 17 full-feature interviews for the Russian and international media.

Six press tours were arranged for the benefit of Gazprombank’s industrial assets. The press tours took place in Russia and abroad at industrial facilities where equipment manufactured at Group facilities successfully operates—Vostochny Cosmodrome space launch facility, the Krovo-Chepetski Chemical Plant, the Metafax facility in the Perm Region, the Sakhalin-2 project, and a phosphorus plant in Kazakhstan. In total, journalists from 32 Russian federal and regional media (including nine TV channels) and two Kazakhstan-based publications participated in the press tours. The tours resulted in dozens of articles in the Russian and foreign media.

In 2019, Gazprombank significantly transformed its principles and approaches to publicity, consistently moving towards greater openness and activity as regards Russian and international media relations. The Bank’s public relations specialists, with support from the Bank’s experts, analysts, and top officials, processed and provided information and authoritative opinions in response to over 500 media inquiries, while managers of various Bank business lines gave 17 full-feature interviews for the Russian and international media.

Six press tours were arranged for the benefit of Gazprombank’s industrial assets. The press tours took place in Russia and abroad at industrial facilities where equipment manufactured at Group facilities successfully operates—Vostochny Cosmodrome space launch facility, the Krovo-Chepetski Chemical Plant, the Metafax facility in the Perm Region, the Sakhalin-2 project, and a phosphorus plant in Kazakhstan. In total, journalists from 32 Russian federal and regional media (including nine TV channels) and two Kazakhstan-based publications participated in the press tours. The tours resulted in dozens of articles in the Russian and foreign media.

In 2019, Gazprombank significantly transformed its principles and approaches to publicity, consistently moving towards greater openness and activity as regards Russian and international media relations. The Bank’s public relations specialists, with support from the Bank’s experts, analysts, and top officials, processed and provided information and authoritative opinions in response to over 500 media inquiries, while managers of various Bank business lines gave 17 full-feature interviews for the Russian and international media.

Six press tours were arranged for the benefit of Gazprombank’s industrial assets. The press tours took place in Russia and abroad at industrial facilities where equipment manufactured at Group facilities successfully operates—Vostochny Cosmodrome space launch facility, the Krovo-Chepetski Chemical Plant, the Metafax facility in the Perm Region, the Sakhalin-2 project, and a phosphorus plant in Kazakhstan. In total, journalists from 32 Russian federal and regional media (including nine TV channels) and two Kazakhstan-based publications participated in the press tours. The tours resulted in dozens of articles in the Russian and foreign media.
The Bank consistently occupies leading positions in the rankings of Russia's credit institutions enjoying the widest media coverage.

In 2019, according to the Interfax News Agency's SCAN system, 99% of references to the Bank were either positive or neutral.

In addition, the results for 2019 show that Gazprombank brand awareness grew by 10 p.p. to reach a record level of 76% in December 2019. Advertising awareness grew to 12% from 7%, also reaching a record level by the end of 2019. In terms of individual products, year-end advertising recognition grew 2–3 times. All of these factors are having a positive impact on the acquisition of new customers for all the Bank’s retail products.

Gazprombank’s brand recognition and memorability are being significantly improved by broadcasting its special projects on television, radio and social media. The implementation of a series of such projects resulted in multifold growth in the number of subscribers to the Bank’s social media pages: its VK group grew from 17,000 to 264,000, while the Instagram follower base grew from 10,000 to 33,000. On Facebook, organic audience growth over the most recent year exceeded 5,500 people, reaching 11,000 subscribers.

The number of Yandex searches for “Gazprombank” doubled in 2019, from 600,000 to 1.2 million a month. The number of visits to the gazprombank.ru website grew 2.5 times in 2019 vs. 2018, from 12 million to 30 million. There were also sponsor projects aimed at fostering Gazprombank’s positive image.

In 2019, a number of marketing options designed to achieve image and marketing objectives were included in the contract with Zenit football club, a long-standing partner of the Bank. In particular, Artem Dzyuba, captain of Zenit and the Russian national football team became the brand ambassador for the Chempionskiy (Champion’s) deposit. In addition, promo zones named “Entry Suite”, “Kids’ Bank” and “Lecture Center” were built in the Gazprom-Arena stadium. The stadium also features Russia’s first augmented reality zone, where all fans can take selfies with football players. Another important event in 2019 was the start of cooperation between Gazprombank and the Football Union of Russia, with the Russian national team holding three-match-days in Kaliningrad, Moscow, and St. Petersburg.

On the launch day of the Chempionskiy deposit, the Russian team played Scotland in the Luzhniki arena. This systemic approach to sponsorship projects is helping to address not only the marketing tasks of interaction with sports organizations but also the key business objective of acquiring new customers as efficiently as possible.

Gazprombank’s marketing system was reinvented during the reporting year. To accomplish the outstanding tasks, a strong team was established to take care of all advertising activities and partner programs, studies and product marketing, and a creative development system was set up. Work in the area of internal communications and event management is also being approached in a new way, both for the Bank’s employees and for external partners and customers.

In 2019, regional marketing efforts were considerably reinforced and systematized, in particular, uniform merchandising standards were developed and implemented. The project’s primary objective is to make offices convenient and understandable for customers, and to define the overall rules of information posting inside offices.

Much was also done in the reporting year to develop internal communications within the Bank. New tools were launched: regular mail campaigns, corporate TV at key sites outside the head office for which almost 200 videos were produced, and an Instagram account covering the Bank’s internal corporate life, with over 4,000 followers by year end. Based on its 2019 results, Gazprombank was named “Leader Company: Best Corporate Media Communication System” at the Silver Threads annual national corporate media resources contest. The “Gazprombank. Heroes in Person” video project, in which the Bank’s senior executives talk about their careers, hobbies, and working principles, was received with much interest on the part of employee banks.

Over 1,000 employees participated in the projects of GBI Transform, the Employee Holistic Personal Development Platform. The essence of the platform is best described by its slogan: “Improve yourself, improve your Bank!” The project aims to involve employees in the Bank’s corporate life, enable networking with colleagues from different units and cities, promote healthy lifestyles, and broaden outlooks. The Transformation of Power: Pushing the Boundaries (sports competition among employee teams trained by professional coaches) and Transformation of Spirit (a course for creative employees in three categories — Dancing, Acting Technique, and Photo) projects were for the first time held with the participation of colleagues from branches. The Bank team again won the Banking Championship in the Heroes Race project and participated in the world and European OCR (Obstacle Course Race) championships. One new element of the Platform was the Transformation of Mind, which became a forum for the GBI QUIZ championship and 12 GBI Intelectorum events — informal meetings with interesting personalities from the worlds of science, culture and arts, business and sports.

This was a truly breakthrough year for the internal communication function, with both the relaunch of a number of existing projects and the kick-off of new initiatives, primarily designed to develop the corporate culture and build a positive attitude towards the transformational changes taking place in the Bank.

The span of entertainment

days in the summer months

days in the reporting year

1 A range of entertainment and promotional events held at or around the stadium on days when the team plays at home.
<table>
<thead>
<tr>
<th>Year</th>
<th>Equity, RUB billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>722</td>
</tr>
<tr>
<td>2018</td>
<td>617</td>
</tr>
<tr>
<td>2017</td>
<td>577</td>
</tr>
<tr>
<td>2016</td>
<td>495</td>
</tr>
<tr>
<td>2015</td>
<td>530</td>
</tr>
</tbody>
</table>
Bank GPB (JSC)
Shareholders

<table>
<thead>
<tr>
<th>Full name of the shareholder</th>
<th>As of 1 January 2019</th>
<th>As of 1 January 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Share in common stock (of the total number of common shares), %</td>
<td>Share in Type A preferred stock (of the total number of Type A preferred shares), %</td>
</tr>
<tr>
<td>Public Joint Stock Company Gazprom</td>
<td>29.7640</td>
<td>0</td>
</tr>
<tr>
<td>Joint Stock Company Gazprom Gazasprazpredelenie (as of 1 January 2020 — Limited Liability Company “Gazprom capital”)</td>
<td>16.2555</td>
<td>0</td>
</tr>
<tr>
<td>Non-State Pension Fund GAZFOND*</td>
<td>5.0915</td>
<td>0</td>
</tr>
<tr>
<td>Public Joint-stock Company GAZ-Tele*</td>
<td>9.3061</td>
<td>0</td>
</tr>
<tr>
<td>Public Joint-stock Company GAZ-service*</td>
<td>13.5813</td>
<td>0</td>
</tr>
<tr>
<td>Public Joint-Stock Company Gazfon*</td>
<td>13.5931</td>
<td>0</td>
</tr>
<tr>
<td>Closed Joint Stock Company Leader (pension fund asset management company), Trust Management</td>
<td>0.2960</td>
<td>0</td>
</tr>
<tr>
<td>Closed Joint Stock Company Leader (pension fund asset management company)</td>
<td>0.0003</td>
<td>0</td>
</tr>
<tr>
<td>State Development Corporation VEB RF</td>
<td>8.5341</td>
<td>0</td>
</tr>
<tr>
<td>The Russian Federation represented by the Ministry of Finance of the Russian Federation</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>State Corporation Deposit Insurance Agency</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Limited liability company New Financial Technologies</td>
<td>3.5618</td>
<td>0</td>
</tr>
<tr>
<td>Individuals</td>
<td>0.0123</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

* Non-State Pension Fund GAZFOND controls 41.58% of the voting shares of Bank GPB (JSC), out of which:
• 5.09% are held directly by Non-State Pension Fund GAZFOND;
• 36.49% are controlled through the following shareholders of the Bank:
  • 13.59% are held by PJSC “GAZ-service”;
  • 13.59% are held by PJSC Gazkon;
  • 9.31% are held by PJSC GAZ-Tek.

Bank GPB (JSC)
Board of Directors

As of 1 January 2020

Alexey B. Miller
Chairman of the Management Committee, Gazprom
Chairman of the Board of Directors

Andrey I. Akimov
Chairman of the Management Board, Gazprombank
Joint Stock Company
Deputy Chairman of the Board of Directors

Mikhail L. Sereda
Deputy Chairman of the Management Committee, Head of the Administration of the Management Committee, Gazprom
Deputy Chairman of the Board of Directors

Yury N. Shamalov
President, Non-State Pension Fund GAZFOND
Deputy Chairman of the Board of Directors

Elena A. Vasilieva
Deputy Chairwoman of the Management Committee — Chief Accountant, Gazprom

Anatoly A. Gavrinenko
General Director, CAO, Gazprom

Yury G. Azaryan
Deputy Chairman, State Development Corporation VEB RF

Vladimir A. Dmitriev
Vice President, Chamber of Commerce and Industry of the Russian Federation

Kirill A. Dmitriev
Chief Executive Officer, Joint Stock Company Management Company of Russian Direct Investment Fund

Rya V. Eliseev
Deputy Chairman of the Management Board, Gazprombank (Joint Stock Company)

Sergey S. Ivanov
Chief Executive Officer — Chairman of the Executive Committee, Joint Stock Company ALROSA

Famil K. Sadygov
Deputy Chairman of the Management Committee, Gazprom

Vyacheslav A. Tyurin
Director General, Gazprom Invest

GAZPROMBANK ANNUAL REPORT 2019
TABLE OF CONTENTS
CHAPTER
Alexey B. Miller
Job titles in the past three years: From June 2001 to date — Chairman of the Management Committee, Gazprom.

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).

Mikhail L. Sereda
Year of birth: 1970
Educational background: Graduated from St. Petersburg State University of Economics and Finance in 1997; graduated from International Management Institute St. Petersburg (IMISP) in 2008 (Master of Business Administration).
Job titles in the past three years: From September 2001 to date — Deputy Chairman of the Management Committee — Chief Accountant, Gazprom.

Yuriy N. Shamalov
Year of birth: 1970
Job titles in the past three years: From August 2003 to date — President of Non-State Pension Fund GAZFOND.

Elena A. Vasilieva
Year of birth: 1959
Job titles in the past three years: From September 2001 to date — Deputy Chairman of the Management Committee — Chief Accountant, Gazprom.

Anatoly A. Gavrilenko
Year of birth: 1972
Job titles in the past three years: From May 2004 to date — General Director, CJSC Leader (pension fund asset management company).

Yuriy G. Gazaryan
Year of birth: 1974
Job titles in the past three years: From April 2013 to May 2018 — Deputy Head of the Secretariat of First Deputy Prime Minister of the Russian Federation; from June 2018 to date — Deputy Chairman, State Development Corporation VEB.RF.

Vladimir A. Dmitriev
Year of birth: 1953
Educational background: Graduated from the Moscow Institute of Finance in 1975, starting from 2004 he has been Corresponding Member of the Russian Academy of Natural Sciences. Doctor of Sciences (Economics).
Job titles in the past three years: From June 2007 to February 2016 — Chairman, State Corporation Bank for Development and Foreign Economic Affairs (Vnesheconombank); from April 2016 to date — Vice President, Chamber of Commerce and Industry of the Russian Federation.

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 February 2012 to date — Chief Executive Officer, Joint Stock Company Management Company of Russian Direct Investment Fund.

Ilya V. Eliseev
Year of birth: 1965
Educational background: Graduated from A.A. Zhdanov Leningrad State University in 1987. Candidate of Sciences (Law).
Job titles in the past three years: From August 2005 to date — Deputy Chairman of the Management Board, Bank GPB (JSC).

Sergey S. Ivanov
Year of birth: 1980
Educational background: Graduated from Moscow State Institute (University) of International Relations (MGIMO University) in 2002. Candidate of Sciences (Economics).
Job titles in the past three years: From March 2017 to January 2018 — President — Chairman of the Executive Committee, Public Joint Stock Company ALROSA; from January 2018 to date — Chief Executive Officer — Chairman of the Executive Committee, Public Joint Stock Company ALROSA.

Famil K. Sadygov
Year of birth: 1968
Job titles in the past three years: From February 2009 to April 2019 — Deputy Chairman of the Management Board, Bank GPB (JSC); from April 2019 to date — Deputy Chairman of the Management Committee, Gazprom.

Vyacheslav A. Tyurin
Year of birth: 1960
Educational background: Graduated from Kirov Ural Polytechnic Institute in 1982.
Job titles in the past three years: From July 2002 to March 2019 — Director General, Gazpromtrans; from March 2019 to date — Director General, Gazprom Invest; from June 2018 to date — Vice President, Bank GPB (JSC) (concurrently).
# Bank GPB (JSC) Management Board

As of 1 January 2000

<table>
<thead>
<tr>
<th>Full name of the member of the Management Board</th>
<th>Position in Bank GPB (JSC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrey I. Akimov</td>
<td>Chairman of the Management Board</td>
</tr>
<tr>
<td>Alexey P. Belous</td>
<td>Deputy Chairman of the Management Board</td>
</tr>
<tr>
<td>Elena A. Borisenko</td>
<td>Deputy Chairwoman of the Management Board</td>
</tr>
<tr>
<td>Ilya V. Eliseev</td>
<td>Deputy Chairman of the Management Board</td>
</tr>
<tr>
<td>Dmitry V. Zaures</td>
<td>Deputy Chairman of the Management Board</td>
</tr>
<tr>
<td>Viktor A. Romanov</td>
<td>Deputy Chairman of the Management Board</td>
</tr>
<tr>
<td>Alexey A. Malyshev</td>
<td>Deputy Chairman of the Management Board</td>
</tr>
<tr>
<td>Alexander Y. Muranov</td>
<td>Deputy Chairman of the Management Board</td>
</tr>
<tr>
<td>Igor V. Rusanov</td>
<td>Deputy Chairman of the Management Board</td>
</tr>
<tr>
<td>Vladimir M. Rykin</td>
<td>Deputy Chairman of the Management Board</td>
</tr>
<tr>
<td>Alexander I. Sobol</td>
<td>Deputy Chairman of the Management Board</td>
</tr>
<tr>
<td>Alexander M. Stepantsev</td>
<td>Deputy Chairman of the Management Board</td>
</tr>
<tr>
<td>Tigran G. Khachaturov</td>
<td>Deputy Chairman of the Management Board</td>
</tr>
<tr>
<td>Vladimir N. Vinokurov</td>
<td>First Vice President, Member of the Management Board</td>
</tr>
<tr>
<td>Denis V. Kamyshiev</td>
<td>First Vice President, Member of the Management Board</td>
</tr>
<tr>
<td>Irina A. Kaplunnik</td>
<td>First Vice President, Member of the Management Board</td>
</tr>
<tr>
<td>Alexey V. Popovich</td>
<td>First Vice President, Member of the Management Board</td>
</tr>
</tbody>
</table>

## 1. Andrey I. Akimov

**Born in 1953.**

**Education:** higher, a graduate of Moscow Financial Institute (1975) majoring in Economics.

**Career:** From October 1974 to November 1990 Mr. Akimov 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. Alexey P. Belous

**Born in 1969.**

**Education:** higher, in 1992, he graduated from the Ordzhonikidze Moscow Aviation Institute, majoring in Electrical Engineering; and in 1997, from the Financial Academy of the Government of the Russian Federation, majoring in Economics. In 2000, he was awarded the degree of Candidate of Sciences (Economics).

**Career:** Mr. Belous began his career at the Moscow Experimental Design Bureau MAKS, where he worked as Engineer from April 1992 to June 1993. From June 1993 to August 1996, he was employed at the Main Directorate of the State Marine Emergency Rescue Service of Russia, where he first held the position of a Lead Specialist of the Commercial Department and then that of a Chief Specialist of the Foreign Trade and Contract Administration Department. From August 1996 to October 1999, he worked for Commercial Bank SBS-AGRO and the Managing Company of SBS-AGRO Banking Group, where he served in turn as Expert, Head of the Banks and Investment Funds Department of the Investment Resource Market Research Division, Deputy Head and then Head of the International Resources Division of the International Banking Operations Center. From October 1999 to April 2000, he held the office of Head of the Project Financial Support Department in CJSC STB-Card; from May 2000 to March 2001, the position of Senior Advisor of the Financial Solutions Department in CJSC NCR; from June 2001 to May 2002, the position of Head of the Economic Projects Department at Gaztechnika. In June 2002, he joined Bank GPB (JSC) as Head of the Long-Term Foreign Trade Finance Section at the Project Finance Department; in March 2004, he was transferred to the position of Deputy Director of the Project Finance Department, and in July 2007, to the position of Director of the Project and Export Finance Directorate of the Project and Structured Finance Department. In January 2009, he was appointed Deputy Head of the Project and Structured Finance Department; in July 2009, Head of the Project and Structured Finance Department; and in April 2013, Vice President — Department Head, Project and Structured Finance Department. From February 2014 to April 2016, he held the office of Executive Vice President — Department Head, Project and Structured Finance Department of Bank GPB (JSC). In August 2017, Mr. Belous was elected as Member of the Management Board of Bank GPB (JSC), since September 2017, he has been Deputy Chairman of the Management Board of Bank GPB (JSC).

## 3. Elena A. Borisenko

**Born in 1978.**

**Education:** higher, a graduate of St. Petersburg State University (2000), majoring in Law.

**Career:** Elena started her career in May 1999 as a Legal Adviser at CJSC Plaza Firm. From August to November 2000, she was the Head of the Law Group at CJSC Plaza Plus. From December 2000 to November 2008, she worked at OJSC Jewelry Trade of North-West, first as a Legal Adviser, then as the Head of the Law Section in the Executive Office. From November 2008 to September 2009, she was an Adviser to the Head of the Federal Service for State Registration, Cadastral Records and Cartography. In September 2009, she joined the Ministry of Justice of the Russian Federation as an Adviser to the Minister and in February 2010 she was appointed as the Director of the Department of Legal Aid and Interaction with the Judicial System of the Ministry of Justice of the Russian Federation, and in March 2011, as an Adviser to the Minister of Justice of the Russian Federation. From June 2012 to July 2015, she was Deputy Minister of Justice of the Russian Federation. In September 2015, Ms. Borisenko joined Bank GPB (JSC) as First Vice President. In September 2015, she was elected as Member of the Management Board of Bank GPB (JSC). Since September 2017, Elena has been Deputy Chairwoman of the Management Board of Bank GPB (JSC).
4. Vladimir N. Vinokurov
Born in 1959.
Education: higher; graduated from F. E. 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 field work) from September 1983 to December 1996. From December 1996 to March 2014, he served in the FSB Center for Special Assignments, holding the position of Chief Deputy and Chief Officer of Unit A from June 2003 to March 2014 and Chief Officer of the Management Board since August 2005.

5. Ilya V. Eliseev
Born in 1965.
Career: From January 1991 to March 2003, Mr. Eliseev worked at St. Petersburg State University and was a Partner at Ernst & Young (CIS) B.V. in Moscow. Since April 2002, he has worked for Bank GPB (JSC) as a Category 2 Economist in the Government Enterprises and Organizations Lending Department, Lead Economist in the Short-Term and Long-Term Lending Department, branch Chief Economist, and Chief Expert in the Lending Division. From August 1996 to November 1996, he worked at International Commercial Bank in the position of Lead Economist in the Customer Lending Department. In November 1996, he was employed by Business Joint-Stock Commercial Bank in the capacity of the Chief Expert in the Credit Resources Taking and Deployment Department; in April 1997, he was appointed to the position of Deputy Head of Commission Operations Division, and in May 1998, to the position of the Head of Securities Division. From January 2001 to April 2002, he occupied the position of First Deputy Director of the Business Consulting Division in PricewaterhouseCoopers Russia B.V. From August 2008 to June 2013, he was the Director of the Business Risk Service Section of the Business Consulting Division in PricewaterhouseCoopers Russia B.V. From August 2008 to June 2013, he was elected as Member of the Management Board of Bank GPB (JSC).

6. Dmitry V. Zauers
Born in 1969.
Education: higher; graduated from Tamok State University with a degree in Management (2001).
Career: Dmitry started his career in August 2001 with Gazprombank. Throughout 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 Department and held the position of Chief Specialist of the Network Management Section until March 2006; from March 2006 to September 2007 he was Deputy Head of the Network Coordination Division and Head of the Network Management Section; from September 2007 to February 2010 he served as Head of the Network Coordination Division and from February 2010 to May 2011 as Deputy Head of the Department. 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.

7. Irina A. Kaplunnik
Born in 1969.
Education: higher; graduated from G. V. Plekhanov Russian Academy of Economics (1990) as a highly qualified goods manager.
Career: She started her career in August 1990 in the Dzerzhinsk branch of Zhiltsovbank as a Category 2 Economist. From December 1990 to July 1996, she worked at Business Commercial Bank, where she consecutively held the positions of Category 1 Economist in the Government Enterprises and Organizations Lending Department, Lead Economist in the Short-Term and Long-Term Lending Department, branch Chief Economist, and Chief Expert in the Lending Division. From August 1996 to November 1996, she worked at International Commercial Bank in the position of Lead Economist in the Customer Lending Department. In November 1996, she was employed by Business Joint-Stock Commercial Bank in the capacity of the Chief Expert in the Credit Resources Taking and Deployment Department; in April 1997, she was appointed to the position of Deputy Head of Commission Operations Division, and in May 1998, to the position of the Head of Securities Division. From January 2001 to April 2002, she occupied the position of First Deputy Director of Bank St. Petersburg branch in Moscow. She has been with Bank GPB (JSC) since April 2002. Was initially appointed Head of the Customer Cash Management Service Department. In April 2004, she was redeployed as Head of the Banking Operations Accounting, Documenting and Execution Department. In December 2006, she was appointed to the position of Deputy Chief Accountant of the Bank — Head of the Banking Operations Accounting, Documenting and Execution Department, and in October 2007, to the position of Deputy Chief Accountant of the Bank. In April 2012, she was redeployed to the position of First Vice President — Deputy Chief Accountant of the Bank. Since July 2016, she has held the position of First Vice President. In August 2019, she was elected as Member of the Management Board.

8. Denis V. Kamyshev
Born in 1975.
Education: higher; in 1999, he graduated from the Moscow State Institute of Steel and Alloys (Technology University), majoring in Mathematics and Engineering.
Career: He started his career in February 1998 at SI Leader LLC as a System Administrator. From April 1999 to April 2002, he was a postgraduate student at the V.A. Trapeznikov Institute of Control Sciences. From November 2002 to January 2003, he worked at Russian Aluminum Management as a Chief Specialist of the Corporate Risk Division of the Finance Directorate. From January 2003 to September 2006, he was employed at RUSAL-Managing Company LLC, where he was a Manager at the Risk Section of the Finance Directorate; Head of the Corporate Risk Evaluation Section of the Risk Department, and Director of the Risk Department. From October 2006 to August 2008, he held the position of Senior Manager of the Business Performance Management Section at the Business Consulting Division in PricewaterhouseCoopers Russia B.V. From August 2008 to June 2013, he was the Director of the Business Risk Service Section of the Business Consulting Division, and then a Partner at Ernst & Young (CIS) B.V. in Moscow. In June 2013, he joined Bank GPB (JSC) in the capacity of First Vice President. In July 2017, he was elected as Member of the Management Board of Bank GPB (JSC).
9. Viktor A. Komanov  
Career: Viktor started his career in September 1990 with commercial banks Stroycredit and Moscowa. Then until March 1996 he worked as a Lead Economist at commercial banks VALOSBANK, National Credit and Gaganomys. From 1996 to 1997, he served as Head of the New Product Development Sector 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 Section Head of the M&A Department and later Section 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 Director in the Corporate Finance Department; from February 2004 to November 2007, he was Head of the Treasury Finance Department; from November 2007 to July 2010 served as First Vice President. He was elected as Member of the Management Board in April 2007 and appointed Deputy Chairman of the Management Board in July 2010.  
10. Alexey V. Popovich  
Born in 1962.  
Education: higher; a graduate of Leninsky-Komsomol Luki Polytechnic Institute majoring in Electronic Engineering (1980).  
Career: Alexey’s career started in November 1980 with the Institution of Design Automation under the USSR Academy of Sciences, where he worked as an Engineer from April 1990 to May 1993. In August 1993 he joined JSC Bank Credit Suisse (Moscow) where he was Head of the Financial Credits Department until January 1993. 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-Sectional Commercial Bank for Wholesale Development. In July 1995, he joined ZC 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 Tsyska Dialog (CJSC).  
He joined Bank GBP (JSC) 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.  
12. Alexey V. Popovich  
Born in 1987.  
Education: higher; in 2008, he graduated from the British University Academy of the Ministry of Finance of the Russian Federation as a qualified economist; in 2018, he completed an MBA course at the SICILKNOVO Moscow School of Management.  
Career: He started his career in July 2006 in the Account Opening Section of the Moscow Representative Office of MANPOWER Inc. From January to March 2007, he worked at Moscow Credit Bank (Open Joint Stock Company) in the capacity of Car Dealership Front Office Group Manager in the Retail Lending Department. From June 2007 to March 2008, he held the position of Auto Lending Section Manager at Spetfinans LLC. From July 2007 to June 2010, he worked as an underwriter and senior underwriter in the Analytical Section of Bank DeltaCredit’s Credit Department. In June 2010, he was employed by EVROFINANCE MOSKOBANK (Open Joint-Stock Company) in the capacity of Deputy Head of the Mortgage Lending Section in the Retail Lending Division; in July 2009, he was appointed Head of the Retail Lending Section of the Lending Division; from December 2010 to July 2014, he worked at Raiffeisenbank. He was initially deployed to the Retail Service Directorate’s Mortgage Lending Development Department’s Regional Sales Development Team in the position of Team Leader. In April 2012, he was re-deployed to the Retail Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Development Section in the position of Section Head; in October 2012, he was deployed to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section in the position of Section Head; in December 2012, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Directorate Head; in March 2013, to the Retail and Small Business Service Directorate’s Mortgage Lending Development Division’s Mortgage Product Sales Section as Deputy Division Head and Director; in January 2014, he joined Otkritie Bank in the capacity of Vice President — Director, Pledge-Backed Lending Division. In October 2014, he was appointed to the position of Senior Vice President — Director, Pledge-Backed Lending and Premium Banking Development Department. From August 2017 to 2018, he was appointed as Advisor to the Chair of the Management Board. From February 2018, he held the position of Senior Vice President, and from February to July 2018, the position of Member of the Management Board at Bank Rossiyiskiy Capital (joint stock company). In August 2018, he joined Bank GBP (JSC). From August 2018 to February 2019, he held the position of Vice President, and in February 2019, he was appointed First Vice President. In September 2019, he was elected as Member of the Management Board.  
13. Igor V. Rusanov  
Born in 1970.  
Education: higher; 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 worked at Moscow Credit Bank (Open Joint Stock Company) in the positions of Specialist and Chief Specialist of the Securities Department until May 1996 and Deputy Head of Securities Department from June 1996 to July 1997. In July 1997, he was appointed Acting Head of Treasury. In August 1997 he joined Bank GBP (JSC) where he worked as Head of the Promissory Notes and Bonds Section and Deputy-Head of Securities Division until January 1999, Deputy Head of Treasury, Deputy Head of Treasury — Head of Liquidity Control and Analysis, and Deputy Head of Treasury — Head of Cash Flow Management from January 1999 to December 2003, Head of Structured and Syndicated Finance Department 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 Debt Capital Markets Department from January 2006 to September 2007; Vice President — Head of Structured and Syndicated Financing and Corporate Solutions Department from September 2007 to January 2011. He was appointed First Vice President in January 2011 and elected as Member of the Management Board in February 2013. Mr. Rusanov has been Deputy Chairman of the Management Board since May 2019.
14. Vladimir M. Ryskin
Born in 1961.

Education: higher; in 1983, he graduated from the Moscow Financial Institute, majoring in Economics.

Career: He started his professional career at Vnesheconombank of the USSR in August 1983, where he successively held positions of Inspector of the Commercial Operations Division, Senior Economist of the Economic Situation Analysis Section of the Commercial Operations Division, Senior Economist of the Precious Metals Section of the International Currency Exchange Transactions Division. From January 1989 to September 1990, he worked at the International Economic Cooperation Bank, where he first was Senior Assistant in the Arbitration Section of the Freely Convertible Currency Operations Division, and then Chief Economist of the Lending Operations and Securities Section of the Freely Convertible Currency Operations Division. From September to December 1990, he was employed by Zhilsotsbank of the USSR, in the capacity of Aide to the Chairman of the Management Board. From November 1992 to July 1994, he worked for Mosoblnabank as Head of the Currency Exchange Section of the Currency Exchange and International Settlements Division, and then, Deputy Director of the Currency Exchange and International Settlements Division — Head of the Currency Exchange Section. From July 1994 to November 2006, he was an employee of OJSC Onexim Bank, holding positions of Deputy Chairman of the Management Board, First Deputy Chairman of the Management Board, First Vice President. From May to July 2001, he was First Executive Vice President of Commercial Joint Stock Bank Rusbank. From November 2001 to July 2002, he moved to OISC Avtobank, a commercial bank, and was Deputy Chairman and then Chairman of that bank. From June 2003 to August 2007, he worked for OISC Bank Uralalsb, in the position of Chief Executive Officer, Chairman of the Management Board, First Deputy Chairman of the Management Board. In October 2009, he joined Bank GBP (JSC) as First Vice President. In February 2017, he was elected as Member of the Management Board of Bank GBP (JSC). Mr. Ryskin has been Deputy Chairman of the Management Board since May 2019.

15. Alexander I. Sobol
Born in 1969.


Career: Alexander 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 and Head of the Compliance Control Service, and Deputy Chairman of the Management Board and Head of the Compliance Control Service. Alexander joined Bank GBP (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 and Advisor to the Chairman of the Management Board from February 1999 to November 1999. He has been Deputy Chairman of the Management Board of Bank GBP (JSC) since November 1999.

16. Alexander M. Stepanov
Born in 1976.

Education: higher; a bachelor’s degree from Moscow State Institute (University) of International Relations (MGIMO) in Management with a minor 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: Mr. Stepanov started his career in April 1994 with Sozdanije LLP as a Computer Operator. From February 1997 to December 1999 he worked as a Consultant at Monitor Eurafrica 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 Finarts LLC. In October 2004, Alexander joined Gazprombank as Director of the Project Finance Department until October 2006 and Advisor to the Chairman of the Management Board from October 2006 to February 2011. From February 2011 to September 2017, he was First Vice President — Head of the Strategic Industrial Assets Department. Elected as Member of the Management Board in November 2014. He has been Deputy Chairman of the Management Board since September 2017.

17. Tigran G. Khachaturov
Born in 1979.

Education: higher; in 2000, he graduated from the G.V. Plekhanov-Russian Academy of Economics, majoring in Economics.

Career: Mr. Khachaturov embarked on his professional career in September 2000 at the Enterprise for Product Supplies of the Administrative Department of the President of the Russian Federation, a federal state unitary enterprise, as Head of the Financial Analysis Sector, then held positions of Head of the Financial Analysis Planning Section, Acting Head of the Financial and Economic Division. From April 2002 to August 2007, he worked for Techsnabexport, a joint stock foreign trade company, as Director of the Internal Control and Audit Department, Director of the Financial Department, Deputy General Director (Finance), First Deputy General Director. From August 2007 to May 2013, he was employed at OJSC Atomredmetzoloto, holding the position of First Deputy General Director and then of Acting General Director. From June 2013 to July 2014, he was First Executive Vice President, Head of the Representative Office of Uranium One Holding N.V. (Netherlands) in Moscow. From July to December 2014, he was employed as Advisor to Director of JSC Atomic Energy Power Corporation (Atomenergoexport). In April 2015, he joined Bank GBP (JSC) as Advisor to the Chairman of the Management Board, and in August 2016, he was appointed to the position of Head of the Bank’s Restructured Assets Management. In September 2017, he was elected as Member of the Management Board of Bank GBP (JSC). He has been Deputy Chairman of the Management Board since August 2019.
Corporate Governance in the Bank

The Bank is managed in compliance with the legislation of the Russian Federation and the Bank’s Articles of Association.

According to the Bank’s Articles of Association, the Bank’s management bodies are: the General Shareholders Meeting, the Board of Directors and two executive bodies that manage the Bank’s day-to-day operations: the sole one (Chairman of the Management Board) and the collective one (the Management Board).

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 in accordance with the laws of the Russian Federation and the Bank’s Articles of Association. The Bank’s day-to-day operations are managed by its executive bodies. The Bank’s Articles of Association authorize the Bank’s management bodies to delegate some of their powers to collective bodies which they may set up. Thus, members of the Bank’s Board of Directors comprise the Audit Committee and the Compensation Committee. Members of the Bank’s Management Board participate in committees and advisory bodies set up by the Management Board and the Chairman of the Management Board to jointly review key issues related to the Bank’s activities. Committees meet on a regular basis.

In the reporting year, the Bank’s annual General Shareholders Meeting was held, which approved the Bank’s 2018 annual report and annual accounting (financial) statements, payment of 2018 year-end dividend as well as the relevant record date, the Bank’s auditor, and the composition of the Bank’s Board of Directors and Revision Commission; the meeting also heard other matters included in the agenda of the Bank’s annual General Shareholders Meeting.

In its activities and operations, the Bank adheres to the principles of corporate governance, which were recommended for use by the Bank of Russia and the Basel Committee on Banking Supervision. For that purpose, the Bank maintains the Corporate Governance Code (hereinafter, “the Code”) and monitors compliance of the Bank’s activities and operations with international and Russian principles of corporate governance, efficiency of the risk and capital management system functioning at the Bank and across the Gazprombank Group, transparency of information, responsibility and accountability of the management.

The Bank’s management bodies continuously improve the decision-making system and corporate controls to ensure efficient management of the Bank. In accordance with the recommendations of the Bank of Russia and the Code, a review of the Bank’s corporate governance system was performed in 2019. The next such review will take place in the first quarter of 2021.
Internal Control System

An efficient internal control system is essential for the steady development of Gazprombank.

A well-functioning system ensures timely response to current challenges, changes in the competitive and regulatory environment, which allows the Bank to achieve strategic goals it has in view.

The Bank makes every effort to adopt an efficient internal control system as an element of its competitive edge. The internal control system affects all managerial levels, all areas of operations, all branches and divisions of the Bank.

The Bank's management bodies with the required level of assurance that the internal control system functions properly.

The Bank's internal control system includes 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 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;
- the Business Units and employees of the Bank in charge of internal control by their authority as stated in the Bank's internal regulations.

Compliance control

One of the integral parts of the internal control 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;
- prevention and detection of competing interests that may arise in the course of the Bank's activity and conflicts of interest involving the Bank's employees;
- performing the functions of a controller of the professional stock market operator;
- performing the functions of a controller of the Bank's specialized depository;
- internal control aimed at prevention of illegal use of insider information and market manipulation, including compliance with the EU Market Abuse Regulation (MAR);
- internal control aimed at compliance with the US Foreign Account Tax Compliance Act (FATCA), the Common Reporting Standard (CRS), and any applicable Russian laws by the Bank and all entities of the Gazprombank Group;
- internal control aimed at compliance with the EU General Data Protection Regulation (GDPR);
- development of unified approaches to internal control for all entities within the Group.

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 Compliance Risk and AML/CFT Committee of the Association “Russia” and the AML/CFT, Internal Control and Regulatory (Compliance) Risk Committee of the National Financial Market Council (NFM), and play an active role in the task forces of the National Association of Securities Market Participants (NAUFOR), National Finance Association (NFA) and NFM looking at matters related to insider information, FATCA, internal control and compliance. They are also members of the task force working on the development of a global compliance control concept for finance institutions.

Internal audit

The Internal Audit and Internal Control Services are an integral part of the internal control system.

The Internal Audit Service is an important element of the Bank's system of internal control bodies and is an independent structural unit reporting and directly accountable to the Bank's Board of Directors. The Internal Audit Department assists the Bank's governance bodies in assuring the effective functioning of the Bank and Bank Group companies, guided by the principles of going concern, independence, fairness, and professional competence.

The Bank takes all necessary action to provide an environment that enables the Internal Audit Department to perform its functions without impediment and in an effective manner. The Internal Audit Department is guided by best international audit practice, including the international principles underlying professional internal audit practices, and by the requirements of the law. The Internal Audit Department performs comprehensive audits of the operations of each of the Bank's structural units, or of each kind of operations and transactions, at least once every three years. On the basis of the findings of such audits, Bank units take action aimed at improving their internal control systems. The Internal Audit Department exercises permanent oversight over the effectiveness of actions taken by the Bank's units and governance bodies on the basis of audit findings. The Head of the Internal Audit Department reports to the Bank's Board of Directors at least once every six months on progress against the Internal Audit Department Work Plan, providing information on actions taken on the basis of audit findings in the respective reporting period.
<table>
<thead>
<tr>
<th>Year</th>
<th>Loans Provided to Corporate Customers Before Loan Loss Provisions, RUB Billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>3985</td>
</tr>
<tr>
<td>2018</td>
<td>3733</td>
</tr>
<tr>
<td>2017</td>
<td>3384</td>
</tr>
<tr>
<td>2016</td>
<td>3175</td>
</tr>
<tr>
<td>2015</td>
<td>3198</td>
</tr>
</tbody>
</table>

Loans provided to corporate customers before loan loss provisions, RUB billion.
Independent Auditors' Report on the Summary Consolidated Financial Statements

To the Shareholders and Board of Directors of Gazprombank (Joint Stock Company)

Opinion
The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2019, the summary consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Gazprombank (Joint Stock Company) (the “Bank”) and its subsidiaries (the “Group”) for the year ended 31 December 2019.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the basis described in Note 2.

The Audited Consolidated Financial Statements and Our Report Thereon
We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 24 March 2020. That report also includes the communication of key audit matters. Key audit matters are those matters that in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current period.

Management’s Responsibility for the Summary Consolidated Financial Statements
Management is responsible for the preparation of the summary consolidated financial statements in accordance with the basis described in Note 2.

Auditors’ Responsibility
Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), “Engagements to Report on Summary Financial Statements.”

Kolosov A.E.
JSC “KPMG”
Moscow, Russian Federation
14 May 2020
## Gazprombank Group
### Summary Consolidated Statement of Profit or Loss and Other Comprehensive Income for 2019

(All amounts are in millions of Russian rubles unless otherwise stated.)

### Summary Consolidated Statement of Profit or Loss

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
<th>Change, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income calculated using the effective interest rate method</td>
<td>377,982</td>
<td>348,358</td>
<td>8%</td>
</tr>
<tr>
<td>Other interest income</td>
<td>31,477</td>
<td>25,124</td>
<td>25%</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(266,705)</td>
<td>(234,801)</td>
<td>12%</td>
</tr>
<tr>
<td>Net interest income</td>
<td>142,754</td>
<td>138,681</td>
<td>3%</td>
</tr>
<tr>
<td>Provision charge for credit losses on interest earning assets</td>
<td>(10,478)</td>
<td>6,738</td>
<td>-60%</td>
</tr>
<tr>
<td>Net interest income after provision charge for credit losses on interest earning assets</td>
<td>132,276</td>
<td>131,923</td>
<td>0%</td>
</tr>
<tr>
<td>Fee and commission income</td>
<td>50,718</td>
<td>31,774</td>
<td>58%</td>
</tr>
<tr>
<td>Fee and commission expense</td>
<td>(16,489)</td>
<td>(13,366)</td>
<td>23%</td>
</tr>
<tr>
<td>Net fee and commission income</td>
<td>34,239</td>
<td>18,408</td>
<td>87%</td>
</tr>
<tr>
<td>Net gain (loss) from trading operations</td>
<td>7,202</td>
<td>(17,521)</td>
<td>-224%</td>
</tr>
<tr>
<td>Net gain (loss) from loans and other financial instruments at fair value</td>
<td>28,800</td>
<td>(18,884)</td>
<td>305%</td>
</tr>
<tr>
<td>Income from equity method investments in associates</td>
<td>7,817</td>
<td>7,712</td>
<td>1%</td>
</tr>
<tr>
<td>Net (loss) gain from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation</td>
<td>(23,496)</td>
<td>2,088</td>
<td>-119%</td>
</tr>
<tr>
<td>Income from sale of subsidiaries</td>
<td>1,790</td>
<td>1,191</td>
<td>43%</td>
</tr>
<tr>
<td>Net other operating income</td>
<td>7,918</td>
<td>8,992</td>
<td>-12%</td>
</tr>
<tr>
<td>Other non-interest income (loss)</td>
<td>36,991</td>
<td>(1,976)</td>
<td>-93%</td>
</tr>
<tr>
<td>Non-banking operating revenues</td>
<td>270,566</td>
<td>287,415</td>
<td>-6%</td>
</tr>
<tr>
<td>Non-banking operating expenses</td>
<td>(283,608)</td>
<td>(289,078)</td>
<td>2%</td>
</tr>
<tr>
<td>Non-banking operating loss</td>
<td>(13,042)</td>
<td>(1,662)</td>
<td>-91%</td>
</tr>
<tr>
<td>Banking salaries and employment benefits</td>
<td>61,810</td>
<td>50,719</td>
<td>22%</td>
</tr>
<tr>
<td>Banking administrative expenses</td>
<td>(18,987)</td>
<td>(17,611)</td>
<td>20%</td>
</tr>
<tr>
<td>(Provision charge for) recovery of credit losses on non-interest earning financial instruments</td>
<td>(2,334)</td>
<td>384</td>
<td>-98%</td>
</tr>
<tr>
<td>(Charge for) recovery of impairment on non-financial assets and provision for other risks</td>
<td>(6,319)</td>
<td>4,107</td>
<td>-36%</td>
</tr>
<tr>
<td>Impairment of goodwill</td>
<td>(2,334)</td>
<td>384</td>
<td>-98%</td>
</tr>
<tr>
<td>Non-interest expense</td>
<td>(129,450)</td>
<td>(94,243)</td>
<td>37%</td>
</tr>
<tr>
<td>Profit before profit tax</td>
<td>60,914</td>
<td>53,060</td>
<td>14%</td>
</tr>
<tr>
<td>Profit tax expense</td>
<td>(15,429)</td>
<td>(13,527)</td>
<td>6%</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>44,485</td>
<td>39,533</td>
<td>13%</td>
</tr>
</tbody>
</table>

### Other comprehensive (loss) income, net of tax

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
<th>Change, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Items that are or may be reclassified to profit or loss in subsequent periods</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange differences on translation of foreign operations</td>
<td>(9,088)</td>
<td>3,315</td>
<td>-175%</td>
</tr>
<tr>
<td>Movements in other comprehensive income of associates</td>
<td>474</td>
<td>181</td>
<td>163%</td>
</tr>
<tr>
<td>Total other comprehensive (loss) income, net of tax</td>
<td>(5,614)</td>
<td>4,496</td>
<td>26%</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>38,971</td>
<td>43,035</td>
<td>-9%</td>
</tr>
</tbody>
</table>

### Profit (loss) for the year attributable to:

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
<th>Change, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks’ shareholders</td>
<td>45,539</td>
<td>41,086</td>
<td>11%</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(774)</td>
<td>(1,547)</td>
<td>51%</td>
</tr>
<tr>
<td>Total profit (loss) for the year</td>
<td>39,745</td>
<td>44,582</td>
<td>-11%</td>
</tr>
</tbody>
</table>

### Total comprehensive income (loss) for the year attributable to:

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
<th>Change, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks’ shareholders</td>
<td>39,745</td>
<td>44,582</td>
<td>-11%</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(774)</td>
<td>(1,547)</td>
<td>51%</td>
</tr>
<tr>
<td>Total comprehensive income (loss)</td>
<td>38,971</td>
<td>43,035</td>
<td>-9%</td>
</tr>
</tbody>
</table>

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 24 March 2020.

Signed on behalf of the Management Board:

Andrey I. Akimov
Chairman of the Management Board

Alexander I. Sobol
Deputy Chairman of the Management Board

14 May 2020
Gazprombank Group
Summary Consolidated Statement of Financial Position as at 31 December 2019

(67 millions of Russian rubles unless otherwise stated)

<table>
<thead>
<tr>
<th>Assets</th>
<th>31 December 2019</th>
<th>31 December 2018*</th>
<th>Change, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>739,554</td>
<td>1,049,345</td>
<td>-30%</td>
</tr>
<tr>
<td>Obligatory reserve with the Central Bank of the Russian Federation</td>
<td>51,309</td>
<td>47,512</td>
<td>-8%</td>
</tr>
<tr>
<td>Due from financial institutions</td>
<td>214,699</td>
<td>97,192</td>
<td>121%</td>
</tr>
<tr>
<td>Financial assets held for trading</td>
<td>161,876</td>
<td>134,755</td>
<td>20%</td>
</tr>
<tr>
<td>of which pledged under repo agreements</td>
<td>5,739</td>
<td>2,207</td>
<td>161%</td>
</tr>
<tr>
<td>Loans to customers</td>
<td>4,394,954</td>
<td>4,035,079</td>
<td>8%</td>
</tr>
<tr>
<td>Investment financial assets</td>
<td>47,479</td>
<td>36,505</td>
<td>30%</td>
</tr>
<tr>
<td>of which pledged under repo agreements</td>
<td>9,007</td>
<td>53,707</td>
<td>-83%</td>
</tr>
<tr>
<td>Investments in associates</td>
<td>43,688</td>
<td>81,787</td>
<td>-47%</td>
</tr>
<tr>
<td>Receivables and prepayments</td>
<td>116,993</td>
<td>158,361</td>
<td>-26%</td>
</tr>
<tr>
<td>Inventories</td>
<td>47,479</td>
<td>58,852</td>
<td>-19%</td>
</tr>
<tr>
<td>Rights for audio-visual products</td>
<td>40,151</td>
<td>41,780</td>
<td>-4%</td>
</tr>
<tr>
<td>Profit tax assets</td>
<td>39,473</td>
<td>40,049</td>
<td>-1%</td>
</tr>
<tr>
<td>Property, plant, and equipment and right-of-use assets</td>
<td>148,913</td>
<td>125,622</td>
<td>18%</td>
</tr>
<tr>
<td>Intangibles</td>
<td>24,470</td>
<td>22,934</td>
<td>6%</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>37,880</td>
<td>16,986</td>
<td>123%</td>
</tr>
<tr>
<td>Goodwill</td>
<td>25,739</td>
<td>25,739</td>
<td>0%</td>
</tr>
<tr>
<td>Other assets</td>
<td>21,237</td>
<td>29,659</td>
<td>-28%</td>
</tr>
<tr>
<td>Total assets</td>
<td>6,582,198</td>
<td>6,532,091</td>
<td>1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>31 December 2019</th>
<th>31 December 2018*</th>
<th>Change, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial liabilities held for trading</td>
<td>39,675</td>
<td>42,897</td>
<td>-8%</td>
</tr>
<tr>
<td>Financial liabilities designated as at FVTPL</td>
<td>48,154</td>
<td>49,593</td>
<td>-3%</td>
</tr>
<tr>
<td>Amounts owed to financial institutions</td>
<td>319,402</td>
<td>405,919</td>
<td>-21%</td>
</tr>
<tr>
<td>Amounts owed to customers</td>
<td>4,698,481</td>
<td>4,812,484</td>
<td>-2%</td>
</tr>
<tr>
<td>Bonds issued</td>
<td>247,617</td>
<td>326,596</td>
<td>-25%</td>
</tr>
<tr>
<td>Profit tax liabilities</td>
<td>8,975</td>
<td>5,902</td>
<td>52%</td>
</tr>
<tr>
<td>Subordinated debts</td>
<td>74,555</td>
<td>134,519</td>
<td>-45%</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>133,167</td>
<td>134,453</td>
<td>-1%</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>5,860,026</td>
<td>5,915,543</td>
<td>-1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Equity</th>
<th>31 December 2019</th>
<th>31 December 2018*</th>
<th>Change, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>206,834</td>
<td>206,834</td>
<td>0%</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>105,837</td>
<td>149,877</td>
<td>-30%</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>(9,750)</td>
<td>(9,750)</td>
<td>0%</td>
</tr>
<tr>
<td>Perpetual debts issued</td>
<td>206,906</td>
<td>124,469</td>
<td>66%</td>
</tr>
<tr>
<td>Foreign currency translation reserve</td>
<td>5,797</td>
<td>11,883</td>
<td>-51%</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>144,708</td>
<td>127,143</td>
<td>14%</td>
</tr>
<tr>
<td>Equity attributable to the Bank's shareholders</td>
<td>730,526</td>
<td>626,612</td>
<td>17%</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>1,646</td>
<td>(9,864)</td>
<td>117%</td>
</tr>
<tr>
<td>Total equity</td>
<td>722,172</td>
<td>616,748</td>
<td>17%</td>
</tr>
</tbody>
</table>

| Total liabilities and equity | 6,582,198         | 6,532,091         | 1%        |

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

14 May 2020
Gazprombank Group
Summary Consolidated Statement
of Changes in Equity for 2019

(in millions of Russian rubles unless otherwise stated)

<table>
<thead>
<tr>
<th>Date</th>
<th>Share capital</th>
<th>Additional paid-in capital</th>
<th>Treasury shares</th>
<th>Perpetual debts issued</th>
<th>Foreign currency translation reserve</th>
<th>Fair value reserve</th>
<th>Retained earnings</th>
<th>Equity attributable to Bank’s shareholders</th>
<th>Non-controlling interests</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 December 2017</td>
<td>206,834</td>
<td>166,037</td>
<td>(9,756)</td>
<td>67,057</td>
<td>8,570</td>
<td>572</td>
<td>144,230</td>
<td>583,544</td>
<td>(6,715)</td>
<td>576,829</td>
</tr>
<tr>
<td>Impact of adopting IFRS 9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impact of adopting IFRS 15</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 January 2018</td>
<td>206,834</td>
<td>166,037</td>
<td>(9,756)</td>
<td>67,057</td>
<td>8,570</td>
<td></td>
<td>40</td>
<td>519,424</td>
<td>(6,715)</td>
<td>552,689</td>
</tr>
</tbody>
</table>

Profit (loss) for the year
- 41,086
- 41,086

Impact of adopting IFRS 15
- 40
- 40

Profit (loss) for the year
- 41,086
- 41,086

Items that are or may be reclassified to profit or loss in subsequent periods:
- Perpetual debts issued
  - 45,542
  - 45,542

Movements in other comprehensive income of associates:
- 3,315
- 3,315

Total comprehensive income (loss) for the year
- 3,315
- 44,582

Additional movements:
- 251
- (222)

Disposal of subsidiaries
- (759)
- (759)

Dividends declared
- (21,008)
- (21,008)

Other movements
- 53
- 53

31 December 2018
206,834  166,037  (9,756)
124,469  11,880  127,141  626,072  (9,664)  616,748

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 2019

*(in millions of Russian rubles unless otherwise stated)*

<table>
<thead>
<tr>
<th>31 December 2018</th>
<th>Share capital</th>
<th>Additional paid-in capital</th>
<th>Treasury shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>206,834</td>
<td>166,037</td>
<td>(9,756)</td>
<td></td>
</tr>
</tbody>
</table>

### Profit (loss) for the year

- **Total comprehensive (loss) income for the year:**
  - *Perpetual debts issued:
    - 90,000
  - *Accruals of interest on perpetual debts issued:
    - (8,028)
  - *Foreign exchange translation on perpetual debts issued:
    - (7,563)
  - *Tax effect on perpetual debts issued:
    - 93
  - *Acquisition and disposal of non-controlling interests in subsidiaries:
    - 63
  - *Disposal of subsidiaries:
    - (12,343)
  - *Dividends declared:
    - (18,106)
  - *Other distributions to shareholders:
    - (12,343)
  - *Other movements:
    - 144,708
  - 5,797
  - (720,526)
  - 1,646
- **Total equity:** 722,172

### Items that are or may be reclassified to profit or loss in subsequent periods:

- **Foreign currency translation reserve**
  - (6,088)
  - 474
  - (6,088)
- **Movements in other comprehensive income of associates**
  - 474
  - (5,614)

### Total comprehensive (loss) income for the year:

- **Total comprehensive (loss) income for the year:**
  - (6,088)
  - 474
  - (5,614)

### Perpetual debts issued

- **Total comprehensive (loss) income for the year:**
  - 206,834
  - 5,797
  - 144,708
  - 720,526
  - 1,646
  - 722,172

### Signed on behalf of the Management Board:

**Andrey I. Akimov**
Chairman of the Management Board

**Alexander I. Sobol**
Deputy Chairman of the Management Board

14 May 2020
# Gazprombank Group
## Summary Consolidated Statement of Cash Flows for 2019

(All figures are in millions of Russian rubles unless otherwise stated)

### Cash Flows from Operating Activities

<table>
<thead>
<tr>
<th>Activity</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received</td>
<td>402,896</td>
<td>344,021</td>
</tr>
<tr>
<td>Fee and commission received</td>
<td>50,068</td>
<td>32,827</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(266,924)</td>
<td>(227,141)</td>
</tr>
<tr>
<td>Fee and commission paid</td>
<td>(16,264)</td>
<td>(13,974)</td>
</tr>
<tr>
<td>Non-interest receipts from financial assets and liabilities held for trading</td>
<td>48,099</td>
<td>60,074</td>
</tr>
<tr>
<td>(Payments on) receipts from derivative contracts with foreign currency and from foreign exchange operations</td>
<td>(6,320)</td>
<td>5,717</td>
</tr>
<tr>
<td>Media business operating receipts</td>
<td>100,396</td>
<td>96,818</td>
</tr>
<tr>
<td>Media business operating payments</td>
<td>(99,578)</td>
<td>(64,330)</td>
</tr>
<tr>
<td>Machinery business operating receipts</td>
<td>81,493</td>
<td>75,386</td>
</tr>
<tr>
<td>Machinery business operating payments</td>
<td>(71,712)</td>
<td>(65,791)</td>
</tr>
<tr>
<td>Other segment operating receipts</td>
<td>100,869</td>
<td>92,217</td>
</tr>
<tr>
<td>Other segment operating payments</td>
<td>(95,951)</td>
<td>(96,043)</td>
</tr>
<tr>
<td>Other operating receipts</td>
<td>5,053</td>
<td>6,484</td>
</tr>
<tr>
<td>Banking salaries and employment benefit payments</td>
<td>(59,580)</td>
<td>(46,283)</td>
</tr>
<tr>
<td>Banking administrative expenses and other operating payments</td>
<td>(51,877)</td>
<td>(41,622)</td>
</tr>
<tr>
<td>Cash flows from operating activities before changes in operating assets and liabilities</td>
<td>76,352</td>
<td>131,993</td>
</tr>
</tbody>
</table>

### Increase (decrease) in operating assets

<table>
<thead>
<tr>
<th>Activity</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obligatory reserve with the Central Bank of the Russian Federation</td>
<td>(3,737)</td>
<td>(3,523)</td>
</tr>
<tr>
<td>Due from financial institutions</td>
<td>(124,408)</td>
<td>(2,614)</td>
</tr>
<tr>
<td>Financial assets held for trading</td>
<td>(19,734)</td>
<td>82,746</td>
</tr>
<tr>
<td>Loans to customers</td>
<td>(441,518)</td>
<td>(271,444)</td>
</tr>
<tr>
<td>Other operating assets</td>
<td>5,052</td>
<td>(15,664)</td>
</tr>
</tbody>
</table>

### Increase (decrease) in operating liabilities

<table>
<thead>
<tr>
<th>Activity</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial liabilities held for trading</td>
<td>4,547</td>
<td>(8,699)</td>
</tr>
<tr>
<td>Financial liabilities designated as at FVPL</td>
<td>(5,263)</td>
<td>(591)</td>
</tr>
<tr>
<td>Amounts owed to financial institutions</td>
<td>(449,295)</td>
<td>35,812</td>
</tr>
<tr>
<td>Amounts owed to customers</td>
<td>359,309</td>
<td>640,131</td>
</tr>
<tr>
<td>Other operating liabilities</td>
<td>(5,012)</td>
<td>13,908</td>
</tr>
<tr>
<td>Net cash flows (used in) from operating activities before profit tax</td>
<td>(209,227)</td>
<td>275,383</td>
</tr>
</tbody>
</table>

### Profit tax paid

<table>
<thead>
<tr>
<th>Activity</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit tax paid</td>
<td>(43,768)</td>
<td>(23,676)</td>
</tr>
<tr>
<td>Net cash flows (used in) from operating activities</td>
<td>(253,803)</td>
<td>301,422</td>
</tr>
</tbody>
</table>

### Cash Flows from Investing Activities

<table>
<thead>
<tr>
<th>Activity</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment, intangibles and rights for audio-visual products purchased</td>
<td>(80,263)</td>
<td>(76,647)</td>
</tr>
<tr>
<td>Property, plant and equipment, intangibles and rights for audio-visual products sold</td>
<td>8,600</td>
<td>2,648</td>
</tr>
<tr>
<td>Disposal of subsidiaries, net of cash disposed</td>
<td>2,757</td>
<td>1,537</td>
</tr>
<tr>
<td>Investment financial assets purchased</td>
<td>(78,113)</td>
<td>(113,212)</td>
</tr>
<tr>
<td>Investment financial assets sold and redeemed</td>
<td>147,818</td>
<td>56,463</td>
</tr>
<tr>
<td>Acquisition and contribution to share capital of associates</td>
<td>(2,770)</td>
<td>(14,286)</td>
</tr>
<tr>
<td>Disposal of associates</td>
<td>11,698</td>
<td>2,284</td>
</tr>
<tr>
<td>Dividends received from associates</td>
<td>10,126</td>
<td>5,330</td>
</tr>
<tr>
<td>Dividends received</td>
<td>2,140</td>
<td>2,586</td>
</tr>
<tr>
<td>Net cash flows from (used in) investing activities</td>
<td>22,487</td>
<td>(187,334)</td>
</tr>
</tbody>
</table>

### Cash Flows from Financing Activities

<table>
<thead>
<tr>
<th>Activity</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds issued and sold from earlier repurchased</td>
<td>95,245</td>
<td>57,406</td>
</tr>
<tr>
<td>Bonds redeemed or repurchased</td>
<td>(149,962)</td>
<td>(99,120)</td>
</tr>
<tr>
<td>Perpetual debts issued</td>
<td>90,000</td>
<td>45,542</td>
</tr>
<tr>
<td>Interest on perpetual debts paid</td>
<td>(7,870)</td>
<td>(5,644)</td>
</tr>
<tr>
<td>Subordinated debts redeemed or repurchased</td>
<td>(6,561)</td>
<td>(34,039)</td>
</tr>
<tr>
<td>Acquisition of non-controlling interests in subsidiaries</td>
<td>(2,177)</td>
<td>5,015</td>
</tr>
<tr>
<td>Financing of non-banking activities received</td>
<td>(7,631)</td>
<td>(4,965)</td>
</tr>
<tr>
<td>Financing of non-banking activities redeemed</td>
<td>(18,208)</td>
<td>(22,045)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(10,037)</td>
<td>(5,965)</td>
</tr>
<tr>
<td>Other distributions to shareholders</td>
<td>0</td>
<td>(2,177)</td>
</tr>
<tr>
<td>Lease liabilities redeemed</td>
<td>0</td>
<td>(2,177)</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(73,672)</td>
<td>(78,055)</td>
</tr>
</tbody>
</table>

### Effect of changes in exchange rates on cash and cash equivalents

<table>
<thead>
<tr>
<th>Activity</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effect of changes in exchange rates on cash and cash equivalents</td>
<td>(45,429)</td>
<td>64,123</td>
</tr>
<tr>
<td>Change in cash and cash equivalents (in millions of Russian rubles)</td>
<td>(310,417)</td>
<td>400,221</td>
</tr>
</tbody>
</table>

### Cash and cash equivalents

<table>
<thead>
<tr>
<th>Activity</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents, beginning of the year</td>
<td>739,024</td>
<td>1,049,343</td>
</tr>
<tr>
<td>Cash and cash equivalents, end of the year</td>
<td>1,049,343</td>
<td>739,024</td>
</tr>
</tbody>
</table>

Signed on behalf of the Management Board:

Andrey I. Akimov
Chairman of the Management Board

Alexander I. Sobol
Deputy Chairman of the Management Board

14 May 2020
Notes to the Summary Consolidated Financial Statements for 2019

Note 1. Principal activities and organization

The Gazprombank Group (the Group) primarily consists of:

- Gazprombank (Joint Stock Company), which is the parent company
- subsidiary banks and financial companies, including Gazprombank (Switzerland) Ltd, Bank GPB International S.A., Gazprombank Leasing JSC, and a number of other financial companies, that support the banking business
- several large 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 the Russian Federation, which in 2013 became a part of the CBR. Its subsidiary banks and companies also have general banking licenses for operations in Switzerland and Luxembourg 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 depository 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. 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 entities, which are consolidated in these summary consolidated 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, which principal activities are TV and radio broadcasting, advertising, publishing, film production and distribution primarily undertaken in the Russian Federation
- PSC 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

The legal address of the Bank is: 81, 16 Namestnika St., Moscow, 117400, Russian Federation.

The consolidated financial statements are published at the Bank’s website www.gazprombank.ru.

The summary consolidated financial statements are authorized for issue by the Management Board of the Bank on 14 May 2020.

The consolidated financial statements were authorised for issue by the Management Board of the Bank on 24 March 2020. The summary consolidated financial statements do not reflect the effects of events that occurred subsequent to the issue date of the consolidated financial statements.

Consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). This is the first set of the Group’s annual financial statements in which IFRS 16 ‘Leases’ has been applied.

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

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosed contingent assets and liabilities at the reporting date in the consolidated financial statements and the reported amounts of income and expense for the reporting period. Actual results could differ from those estimates. Key areas of judgements and key assumptions concerning the future performance and cash flows of assets, being tested for impairment, and appropriate discount rates for the lifetime ECLs depending on whether the contractual terms of the financial asset are evaluated at the acquisition date or at each reporting date. ECLs are estimated at acquisition for the impairment credit losses on financial instruments equals the lifetime ECLs depending on whether the contractual terms of the financial asset are evaluated at the acquisition date or at each reporting date. ECLs are estimated at acquisition for the impairment credit losses on financial instruments.
(b) Russian economic environment

The Group’s operations are primarily located in the Russian Federation. The Russian Federation displays certain characteristics of emerging markets. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. Management of the Group believes that it is taking all necessary efforts to support the economic stability of the Group in the current environment.

Since 2014, the Group operates under 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 14 days (for U.S. sanctions) and 30 days (for EU sanctions). In addition, since 2017, the U.S. introduced restrictions on financing of certain Russian oil projects and the defense industry.

In 2018, the U.S. Congress issued a Report regarding senior political figures and oligarchs in the Russian Federation and Russian parastatal entities. The report does not impose any additional risks for the Group as it does not prohibit any relationships of American and foreign citizens with the figures from the Report, assets of the figures mentioned in the Report are not blocked and the U.S. sanctions are not implemented against them.

In addition, 26 Russian citizens and 15 Russian companies were included in the sanctions list, their assets on the U.S. territory are subject to immediate blocking. US companies and their partners are prohibited from any relationships with these persons or companies.

In 2019, economic conditions remain stable, despite a number of short-term shocks in commodity markets. Slowing growth of the global economy and rising oil supply in the world market led to a decrease in the price of Urals crude oil from 70 US dollars per barrel in 2018 to 63.6 US dollars per barrel in 2019. The average ruble exchange rate in 2019 (64.7 rubles for 1 US dollar) was strong due to the influx of non-residents’ funds into federal loan bonds, the preservation of the trade surplus and a local liquidity deficit in the banking system at the end of 2019. The GDP for 2019 increased by 1.3%. The inflation slowdown and a decrease in inflationary expectations led the CBR to switch to easing its monetary policy by lowering its key rate by 1.5%.

However, the first months of 2020 have seen significant global market turmoil triggered by the outbreak of the coronavirus. Together with other factors, this has resulted in a sharp decrease in the oil price and the stock market indices, as well as a depreciation of the Russian Ruble. These developments are further increasing the level of uncertainty in the Russian business environment. It is not possible to evaluate the economic effect of the ongoing situation at the moment of the issue of the summary consolidated financial report.

The CBR takes measures to support the banking system which will additionally help to meet all regulatory requirements. The consolidated financial statements reflect management’s assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from the management’s assessment.

(c) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except for financial instruments at FVTPL and at FVOCI.

(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
---|---
Gazprombank (Switzerland) Ltd | Swiss franc
Bank GPB International S.A. | Euro
ROSKA JSC | Czech crown
Centros Europe Energy & Gas AG | Euro

The summary consolidated financial statements are presented in millions of RUB, unless otherwise stated.

(e) Changes in accounting policies

The Group has initially adopted IFRS 16 “Leases” from 1 January 2019. A number of other new standards are also effective from 1 January 2019 and do not have a material effect on the Group’s summary consolidated financial statements.

IFRS 16 “Leases”

The Group applied IFRS 16 using the modified retrospective approach. This approach implies recognition of the cumulative effect of adopting IFRS 16 as an adjustment to the opening balance of retained earnings as at 1 January 2019 with no restatement of comparative information.

IFRS 16 replaces existing leases guidance, including IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, IAS 17-15 “Operating Leases — Incentives” and SIC-27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”.

(i) Description and accounting for the Group’s leasing activities

The Group leases various office premises, production premises, cars and other assets. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements may not impose any covenants, but leased assets may not be pledged under borrowings.

Until 1 January 2019, the Group classified lease agreements, where it acted as a lessee, as either operating or finance leases. The Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

From 1 January 2019 a single, on-balance sheet lease accounting model for lessors is introduced. Based on this model the Group recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Besides, the type of expenses associated with the lease agreements has changed: in accordance with IFRS 16 the Group recognises depreciation charge for right-of-use assets and interest expense on lease liabilities instead of rent expenses, evenly recognised during the term of the agreement.

On initial recognition lease liability is measured at the present value of the future lease payments at the date discounted for a lease term using the interest rate implicit in the lease, if that rate can be readily determined, or, if that rate cannot be readily determined, the lessee’s incremental borrowing rate. Subsequently the lease liability is measured at amortised cost using the effective interest rate method.

On initial recognition right-of-use asset is measured at cost, which comprises the amount of the initial measurement of the lease asset adjusted by any lease payments made at or before the commencement date, less any lease incentives received, by any initial direct costs incurred and by an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of lease. Subsequently the right-of-use asset is depreciated on a straight-line basis. The right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or at the end of the lease term. The Group does not recognise the right-of-use asset and the lease liability for short-term leases and for leases for which the underlying asset is of low value. Lease expenses are recognised on a straight-line basis over the term of the lease for such agreements.

The summary consolidated financial statements should be read in conjunction with the consolidated financial statements of the Gazprombank Group from which they were derived.
The summary consolidated financial statements should be read in conjunction with the consolidated financial statements of the Gazprombank Group from which they were derived.
<table>
<thead>
<tr>
<th>Year</th>
<th>Amounts owed to corporate customers, RUB billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>3748</td>
</tr>
<tr>
<td>2018</td>
<td>3823</td>
</tr>
<tr>
<td>2017</td>
<td>3073</td>
</tr>
<tr>
<td>2016</td>
<td>2653</td>
</tr>
<tr>
<td>2015</td>
<td>2623</td>
</tr>
</tbody>
</table>

Reference Information
## Branches of Bank GPB (JSC)

As of 8 April 2020

<table>
<thead>
<tr>
<th>Branch name (short name)</th>
<th>Registration number</th>
<th>Date of registration</th>
<th>Branch Manager’s title</th>
<th>Branch Manager’s name</th>
<th>Phone number</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Far Eastern Branch of Bank GPB (JSC)</td>
<td>354/42</td>
<td>19.02.2009</td>
<td>Vice President — Branch Manager</td>
<td>Dmitry V. Gutnikov</td>
<td>(423) 240-45-55</td>
<td>109A Svetlanskaya St., Vladivostok, Primorsky Region, 690001</td>
</tr>
<tr>
<td>Central Black Earth Branch of Bank GPB (JSC)</td>
<td>354/49</td>
<td>26.06.2013</td>
<td>Vice President — Branch Manager</td>
<td>Gennady N. Kopyrev</td>
<td>(479) 208-61-55</td>
<td>11 Krasny St., Voronezh, Voronezh Region, 394018</td>
</tr>
<tr>
<td>Urals Branch of Bank GPB (JSC)</td>
<td>354/26</td>
<td>24.01.2000</td>
<td>Branch Manager</td>
<td>Alexey V. Vasiliev</td>
<td>(343) 355-58-00</td>
<td>194 Lunacharskogo St., Yekaterinburg, 620073</td>
</tr>
<tr>
<td>Branch of Bank GPB (JSC) in Kazan</td>
<td>354/47</td>
<td>09.02.2010</td>
<td>Vice President — Branch Manager</td>
<td>Mariya F. Mukaitsirovskaya</td>
<td>(843) 221-73-01</td>
<td>22 Levo-Bulachnaya St., Kazan, Republic of Tatarstan, 420013</td>
</tr>
<tr>
<td>Branch of Bank GPB (JSC) in Kaliningrad</td>
<td>354/38</td>
<td>02.08.2007</td>
<td>Branch Manager</td>
<td>Olga V. Bolshakova</td>
<td>(402) 39-52-00</td>
<td>5 Lenninski Ave, Kaliningrad, Kaliningrad Region, 236099</td>
</tr>
<tr>
<td>Branch of Bank GPB (JSC) in Kemerovo</td>
<td>354/36</td>
<td>27.02.2007</td>
<td>Branch Manager</td>
<td>Pavel Yu. Scherbakov</td>
<td>(3842) 34-50-90</td>
<td>32 Sovetskaya Ave, Office 7, Kemerovo, Kemerovo Urban District, Kemerovo Region, 650000</td>
</tr>
<tr>
<td>Southern Branch of Bank GPB (JSC)</td>
<td>354/2</td>
<td>03.11.1992</td>
<td>Branch Manager</td>
<td>Sergey V. Seliputin</td>
<td>(861) 210-48-00</td>
<td>11 Dmitrievskaya Damb St., Krasnodar, Krasnodar Territory, 350013</td>
</tr>
<tr>
<td>East Siberian Branch of Bank GPB (JSC)</td>
<td>354/34</td>
<td>25.01.2006</td>
<td>Vice President — Branch Manager</td>
<td>Pavel G. Avdeev</td>
<td>(919) 274-58-00</td>
<td>10 Mairnicheskaya St., Offices: 4-14, Krasnoyarsk, Krasnoyarsk Territory, 660073</td>
</tr>
<tr>
<td>Povolzhskiy Branch of Bank GPB (JSC)</td>
<td>354/4</td>
<td>04.02.1993</td>
<td>Vice President — Branch Manager</td>
<td>Eugeny A. Kogan</td>
<td>(831) 422-18-18</td>
<td>638 Maxim Gorkogo St., Nizhny Novgorod, 603000</td>
</tr>
<tr>
<td>West Siberian Branch of Bank GPB (JSC)</td>
<td>354/29</td>
<td>05.02.2001</td>
<td>Vice President — Branch Manager</td>
<td>Natalya N. Namzhit</td>
<td>(383) 200-10-00</td>
<td>2 Kavaleriykaya St., Novosibirsk, 630105</td>
</tr>
<tr>
<td>Branch of Bank GPB (JSC) in Novy Urengoy</td>
<td>354/6</td>
<td>04.02.1993</td>
<td>Branch Manager</td>
<td>Andrei S. Bykhov</td>
<td>(3494) 93-53-81</td>
<td>4.26 Syvada KPSS St., Novy Urengoy, Tyumen Region, 67830</td>
</tr>
<tr>
<td>Western Branch of Bank GPB (JSC)</td>
<td>354/12</td>
<td>09.10.2000</td>
<td>Vice President — Branch Manager</td>
<td>Alexander N. Zarubin</td>
<td>(3432) 219-00-55</td>
<td>128 Maina Gorkogo St., Swerdlovskiy District, Perm, Perm Territory, 614007</td>
</tr>
<tr>
<td>Povolzhskiy Branch of Bank GPB (JSC)</td>
<td>354/37</td>
<td>09.03.2007</td>
<td>Vice President — Branch Manager</td>
<td>Vladimir V. Agafonov</td>
<td>(846) 212-35-35</td>
<td>106A Novo-Sosnovaya St., bldg 1, Oktubrysky District, Samara, Samara Region, 443068</td>
</tr>
<tr>
<td>Northwestern Branch of Bank GPB (JSC)</td>
<td>354/13</td>
<td>13.12.1993</td>
<td>Executive Vice President — Branch Manager</td>
<td>Olga V. Dragozenskaya</td>
<td>(812) 301-99-99</td>
<td>3 Lavrentyeva St. Lit. A, St. Petersburg, 191124</td>
</tr>
<tr>
<td>Branch of Bank GPB (JSC) in Surgut</td>
<td>354/48</td>
<td>14.07.2010</td>
<td>Branch Manager</td>
<td>Oleg F. Myzyuy</td>
<td>(3462) 24-49-80</td>
<td>12 Soobshchaja Blvd, Surgut, Khanty-Mansiysk Autonomous Area — Yugra, Tyumen Region, 628417</td>
</tr>
<tr>
<td>Branch of Bank GPB (JSC) in Tomsk</td>
<td>354/12</td>
<td>19.10.1993</td>
<td>Vice President — Branch Manager</td>
<td>Dmitriy N. Limenniko</td>
<td>(3822) 61-00-63</td>
<td>7 1905 Goda Lane, Tomsk, Tomsk Region, 634050</td>
</tr>
<tr>
<td>Mid-Russian Branch of Bank GPB (JSC) in Ufa</td>
<td>354/6</td>
<td>04.02.1993</td>
<td>Vice President — Branch Manager</td>
<td>Natalya A. Antonova</td>
<td>(4872) 59-01-55</td>
<td>116 Lenin Ave, Ufa, Republic of Bashkortostan, 450006</td>
</tr>
<tr>
<td>Branch of Bank GPB (JSC) in Ufa</td>
<td>354/25</td>
<td>03.02.1999</td>
<td>Branch Manager</td>
<td>Roza N. Urzalidzeva</td>
<td>(347) 256-67-80</td>
<td>148 Meldelevskaya St., Ufa, Republic of Bashkortostan, 450006</td>
</tr>
<tr>
<td>Central Branch of Bank GPB (JSC), Moscow region</td>
<td>354/28</td>
<td>23.06.2000</td>
<td>Branch Manager</td>
<td>Evgeny A. Suvorov</td>
<td>(495) 276-31-00</td>
<td>128 GAZPROMBANK, Ul. Drushchevskaya, 11, Moscow, 125009</td>
</tr>
</tbody>
</table>

### TABLE OF CONTENTS

- Branch name (short name)
- Registration number
- Date of registration
- Branch Manager’s title
- Branch Manager’s name
- Phone number
- Address

### As of 6 April 2020

- West Urals Branch of Bank GPB (JSC)
- Povolzhskiy Branch of Bank GPB (JSC)
- Northwestern Branch of Bank GPB (JSC)
- North Caucasian Branch of Bank GPB (JSC)
- Branch of Bank GPB (JSC) in Surgut
- Branch of Bank GPB (JSC) in Tomsk
- Mid-Russian Branch of Bank GPB (JSC) in Ufa
- Branch of Bank GPB (JSC) in Ufa
- Central Branch of Bank GPB (JSC), Moscow region
Representative Offices of Bank GPB (JSC) in Other Countries

As of 1 January 2020

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.

Gazprombank pays close attention to business development abroad. Currently, representative offices of Bank GPB (JSC) are operating in Beijing, Ulaanbaatar, New Delhi and Nur-Sultan.

<table>
<thead>
<tr>
<th>Office</th>
<th>Opening date</th>
<th>Head of the office</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beijing (China)</td>
<td>30.08.2006</td>
<td>Averkiy M. Savostianov</td>
<td>Central International trade Center, Suite No. 1105 in Tower C, No 6 A Jiangguomian Avenue, Chaoyang District, Beijing, China 100022 (+8610) 65-63-05-16</td>
</tr>
<tr>
<td>Ulaanbaatar (Mongolia)</td>
<td>14.02.2008</td>
<td>Valery A. Kislov</td>
<td>6, Prospect Mira, Ulaanbaatar, Mongolia, +976 99-10-99-02</td>
</tr>
<tr>
<td>New Delhi (India)</td>
<td>25.03.2010</td>
<td>Sergey F. Mityukov</td>
<td>10/48 Malcha Marg, Diplomat Enclave, Chancaypuri, New Delhi — 110021, Delhi, India (+9111) 24-10-86-48</td>
</tr>
</tbody>
</table>

Gazprombank has interests in a number of credit institutions in Russia, CIS and Western Europe.

<table>
<thead>
<tr>
<th>Name of the bank</th>
<th>CEO</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUB JSC</td>
<td>Chairperson of the Management Board Svetlana V. Yeremina</td>
<td>17 Gagarina St., Magnitogorsk, Chelyabinsk Region, 455044, Russia</td>
</tr>
<tr>
<td>Gazprombank (Switzerland) Ltd</td>
<td>Chairman of the Management Board Roman R. Abdulin</td>
<td>Zollikerstrasse 181, CH-8032 Zurich, Switzerland</td>
</tr>
<tr>
<td>Bank GPB International S.A.</td>
<td>Chairman of the Management Board Dmitry N. Derkach</td>
<td>15 rue Bédrat, L-1229, Luxembourg</td>
</tr>
<tr>
<td>Belgazprombank OJSC</td>
<td>Chairman of the Management Board Viktor D. Babariko</td>
<td>60/2 Pritsptskogo St., Minsk, 220021, Republic of Belarus</td>
</tr>
</tbody>
</table>

Subsidiary Banks and Credit Institutions with an Ownership of More Than 5%

As of 1 March 2020

Gazprombank Group Banks

In 2019, the regional network of Bank GPB (JSC) included three subsidiary banks: Credit Ural Bank Joint-Stock Company, Gazprombank (Switzerland) Ltd (Switzerland), Bank GPB International S.A. (the Grand Duchy of Luxembourg) and two affiliated banks, i.e., Russian-Venezuelan JOINT-STOCK COMMERCIAL BANK EVROFINANCE MOSNARBANK (Joint-Stock Company) and Belorussian-Russian Belgazprombank Joint-Stock Company (the Republic of Belarus). On 28 August 2019, Gazprombank ceased to be a shareholder of JOINT-STOCK COMMERCIAL BANK EVROFINANCE MOSNARBANK (Joint-Stock Company).
Credit Ural Bank Joint Stock Company

Credit Ural Bank Joint Stock Company is a universal credit institution with many years of experience, providing a full range of banking services in Magnitogorsk, as well as payment services to a wide range of customers based on digital banking platforms. The reliability and sterling reputation of CUB JSC was confirmed by the Expert RA rating agency at ruA+ — “moderately high level of creditworthiness”, with a stable rating outlook. Thanks to the high quality of the bank's mortgage loan portfolio, it holds first place in the TOP 20 Russian banks with the lowest share of overdue debt in the mortgage loan portfolio, according to a survey by banki.ru. In line with its stated policy of digital development, CUB (JSC) has partnered with promising fintech companies with the aim of providing small businesses with banking service via remote channels.

Gazprombank (Switzerland) Ltd

Gazprombank (Switzerland) Ltd assists in the expansion of the Gazprombank Group presence in global financial markets, and provides financial and banking support to the commercial and investment business of its customers. In 2019, the Bank celebrated its 10th anniversary of successful operation within the Gazprombank Group, continuing to develop its traditional business lines (commodity, trade and export finance) while expanding into new niches (crypto assets) and new regions (a representative office was opened in Dubai, UAE). Gazprombank (Switzerland) Ltd has a buffer in terms of its capital adequacy ratio and demonstrates stable profitability and good future development prospects. In August 2019, Fitch Ratings upgraded the Bank’s rating to BBB- (stable). The S&P rating was confirmed at BB+ (stable).

Bank GPB International S.A.

Bank GPB International S.A. focuses on providing services to corporate customers and individuals, developing financial and investment banking services of the Gazprombank Group in the EU countries and in global financial markets. In February 2019, the authorized capital of Bank GPB International S.A. was increased by EUR 50 million as a development measure. The bank acts, and with success, as a platform that offers structured products to customers of the private banking business of the Gazprombank Group, and effectively continues to expand its loan portfolio and promote structured trade finance business in Europe. In December 2019, the bank’s BB+ rating with stable outlook was confirmed by S&P.

Belgazprombank JSC

Belgazprombank JSC is a universal bank with a focus on servicing the subsidiaries of Gazprom, the fuel and energy complex and SMEs in the Republic of Belarus. In June 2019, Fitch Ratings confirmed Belgazprombank’s long-term issuer default rating (IDR) at B with a stable outlook. The sustainability rating of "D", which was also confirmed, reflects Belgazprombank’s stable financial performance indicators, its stable and adequate level of capital, and higher credit quality level compared to competitors. Ranking 3rd in the banking system in terms of charter capital and regulatory capital, Belgazprombank is the largest non-state bank in the Republic of Belarus.

License type (licensed activities):

- General Banking License
- License (permit) or activity-specific permitting document number: 354
- License (authorization, permit) date of issue: 29.12.2014
- Issuing authority: The Bank of Russia
- Validity: Without limitation

License type (licensed activities):

- Professional securities market player license for securities management activities
- License (permit) or activity-specific permitting document number: 177-04329-00100
- License (authorization, permit) date of issue: 27.12.2000
- Issuing authority: Federal Securities Commission of Russia (The Bank of Russia)
- Validity: Without limitation

License type (licensed activities):

- Activity of specialized depository of investment funds, mutual investment funds and private pension funds
- License (permit) or activity-specific permitting document number: 22-000-0-00021
- License (authorization, permit) date of issue: 13.12.2000
- Issuing authority: Federal Securities Commission of Russia (The Bank of Russia)
- Validity: Without limitation

License type (licensed activities):

- Professional securities market player license for dealer activities
- License (permit) or activity-specific permitting document number: 177-04230-01000
- License (authorization, permit) date of issue: 27.12.2000
- Issuing authority: Federal Securities Commission of Russia (The Bank of Russia)
- Validity: Without limitation

License type (licensed activities):

- Professional securities market player license for brokerage activities
- License (permit) or activity-specific permitting document number: 177-04229-10000
- License (authorization, permit) date of issue: 27.12.2000
- Issuing authority: Federal Securities Commission of Russia (The Bank of Russia)
- Validity: Without limitation

License type (licensed activities):

- Professional securities market player license for depository activities
- License (permit) or activity-specific permitting document number: 137-04464-00100
- License (authorization, permit) date of issue: 10.01.2001
- Issuing authority: Federal Securities Commission of Russia (The Bank of Russia)
- Validity: Without limitation

License type (licensed activities):

- License for banking operations (with precious metals)
- License (permit) or activity-specific permitting document number: 354
- License (authorization, permit) date of issue: 29.12.2014
- Issuing authority: The Bank of Russia
- Validity: Without limitation

License type (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 (permit) or activity-specific permitting document number: 0930120022002119
- License (authorization, permit) date of issue: 11.03.2020
- Issuing authority: Ministry of Industry and Trade of the Russian Federation
- Validity: From 11.03.2020 to 09.03.2021

License type (licensed activities):

- Single-use license/export (raw or powdered palladium in bars with a purity value of no less than 999.5 parts of palladium per 1000 parts of alloy)
- License (permit) or activity-specific permitting document number: 354
- License (authorization, permit) date of issue: 26.12.2019
- Issuing authority: Ministry of Industry and Trade of the Russian Federation

License type (licensed activities):

- General 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 (permit) or activity-specific permitting document number: 093012002011758
- License (authorization, permit) date of issue: 11.03.2020
- Issuing authority: Ministry of Industry and Trade of the Russian Federation
- Validity: From 11.03.2020 to 09.03.2021
License type (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).

License (permit) or activity-specific permitting document number: 0928RU190020100991

License (authorization, permit) date of issue: 11.12.2019

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


License type (licensed activities): License authorizing the use of information constituting state secrets.

License (permit) or activity-specific permitting document number: 6034

License (authorization, permit) date of issue: 16.05.2018

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

Validity: Until 22.11.2022

License type (licensed activities): License of the Center for Licensing, Certification and Protection of State Secrets of the Federal Security Service of Russia 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 (except when such maintenance of cryptographic equipment, information and telecommunications systems protected with the use of cryptographic equipment is performed for meeting own needs of the legal entity or an individual entrepreneur).

License (permit) or activity-specific permitting document number: 17076 H

License (authorization, permit) date of issue: 05.02.2019

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

Validity: Without limitation

License type (licensed activities): Technical protection of confidential information.

License (permit) or activity-specific permitting document number: 0860

License (authorization, permit) date of issue: 03.08.2009

Issuing authority: Federal Service for Technical and Export Control

Validity: Without limitation

License type (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 OJSC to JSC as of 27 September 2007) (with a note of the Bank of Russia regarding change of form of incorporation from OJSC to JSC as of 30 December 2014)

License (permit) or activity-specific permitting document number: 354

License (authorization, permit) date of issue: 13.11.2001

Issuing authority: The Bank of Russia

Validity: Without limitation

License type (licensed activities): Certificate of registration of a Russian organization with the tax authority at its registered address.

License (permit) or activity-specific permitting document number: Without number

License (authorization, permit) date of issue: 20.01.2017

Issuing authority: Inspectorate of the Federal Tax Service No. 28 in the city of Moscow

Validity: Without limitation

License type (licensed activities): Certificate of entering information about a legal entity, incorporated prior to 1 July 2002 into the Unified State Register of Legal Entities.

License (permit) or activity-specific permitting document number: 77 RU004990355

License (authorization, permit) date of issue: 28.08.2002

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

Validity: Without limitation

License type (licensed activities): Notice of registration with the tax authority as a major taxpayer.

License (permit) or activity-specific permitting document number: Letter No. 245/02-939

License (authorization, permit) date of issue: Date of the letter: 10.11.2015. Registered on: 17.11.2006.

Issuing authority: Interdistrict Inspectorate of the Federal Tax Service for Major Taxpayers No. 9.

Validity: Without limitation

License type (licensed activities): Certificate of inclusion of the Bank in the Register of the Deposit Insurance System Member Banks

License (permit) or activity-specific permitting document number: 639

License (authorization, permit) date of issue: 10.02.2005

Issuing authority: State Corporation Deposit Insurance Agency

Validity: Without limitation

License type (licensed activities): Certificate of registration of a member of the National Securities Market Association.

License (permit) or activity-specific permitting document number: 645

License (authorization, permit) date of issue: 28.02.2001

Issuing authority: The National Securities Market Association

Validity: Without limitation

License type (licensed activities): Certificate of registration of a member of the Self-regulatory Organization National Finance Association with respect to professional depository activities.

License (permit) or activity-specific permitting document number: 11

License (authorization, permit) date of issue: 13.04.2020

Issuing authority: Self-regulatory Organization National Finance Association

Validity: Without limitation
<table>
<thead>
<tr>
<th><strong>Full name</strong></th>
<th>Gazprombank (Joint Stock Company)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Abbreviated name</strong></td>
<td>Bank GPB (JSC)</td>
</tr>
<tr>
<td><strong>Start of business operations</strong></td>
<td>31 July 1990</td>
</tr>
<tr>
<td><strong>Address of management bodies</strong></td>
<td>16 Nametkina St., bldg 1, 117420, Moscow</td>
</tr>
<tr>
<td><strong>Place of business</strong></td>
<td>63 Novocheremushkinskaya St., 117418, Moscow</td>
</tr>
<tr>
<td><strong>Single Help Desk</strong></td>
<td>+7 (495) 913-74-74</td>
</tr>
<tr>
<td><strong>Fax</strong></td>
<td>+7 (495) 913-73-19</td>
</tr>
<tr>
<td><strong>Telex</strong></td>
<td>412027 GAZ RU</td>
</tr>
<tr>
<td><strong>Website</strong></td>
<td><a href="http://www.gazprombank.ru">www.gazprombank.ru</a></td>
</tr>
<tr>
<td><strong>E-mail</strong></td>
<td><a href="mailto:mailbox@gazprombank.ru">mailbox@gazprombank.ru</a></td>
</tr>
<tr>
<td><strong>SWIFT code</strong></td>
<td>GAZPRUMM</td>
</tr>
<tr>
<td><strong>Reuters Dealing code</strong></td>
<td>GZPM</td>
</tr>
<tr>
<td><strong>Correspondent account</strong></td>
<td>30101810200000000823 with the Main Branch of the Central Bank of the Russian Federation for the Central Federal District, Moscow</td>
</tr>
<tr>
<td><strong>INN</strong></td>
<td>7744001497</td>
</tr>
<tr>
<td><strong>KPP</strong></td>
<td>997950001</td>
</tr>
<tr>
<td><strong>BIC</strong></td>
<td>044525823</td>
</tr>
<tr>
<td><strong>OKPO</strong></td>
<td>09807684</td>
</tr>
<tr>
<td><strong>OKVED</strong></td>
<td>64.19</td>
</tr>
<tr>
<td><strong>OGRN</strong></td>
<td>10277700167110 dated 28 August 2002</td>
</tr>
</tbody>
</table>