



Annual Report

2015

Sberbank (Switzerland) AG

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Board of Directors 2015

Maxim Safonov Head of Sberbank Global Markets, Managing Director, Sberbank CIB (subsidiary of Sberbank of Russia, Moscow)	Moscow Russian Federation	Chairman of the Board of Directors
Bruno Battaini Consultant	Zurich Switzerland	Deputy Chairman of the Board of Directors (Independent Member)
Dr. Thomas Frick¹⁾ Lawyer	Zollikon Switzerland	Deputy Chairman of the Board of Directors (Independent Member)
Oleksandr Bazarov Deputy Head of Sberbank CIB, Senior Vice President, Member of the Executive Board, Sberbank of Russia, Moscow	Moscow Russian Federation	Member of the Board of Directors
Dr. Giuseppe Benelli Senior Financial Consultant	Bülach Switzerland	Member of the Board of Directors (Independent Member)
Andrey Ivanov Global Head of Trade Finance and Correspondent Banking, Sberbank of Russia, Moscow	Moscow Russian Federation	Member of the Board of Directors
Alexander Morozov¹⁾ Chief Financial Officer, Deputy Chairman of the Executive Board, Sberbank of Russia, Moscow	Moscow Russian Federation	Member of the Board of Directors
Roland Müller-Ineichen¹⁾ Senior Banking Consultant, Certified Public Accountant	Rain Switzerland	Member of the Board of Directors (Independent Member)
Dr. Hans W. Niederer Lawyer	Hernandarias Paraguay	Member of the Board of Directors (Independent Member)

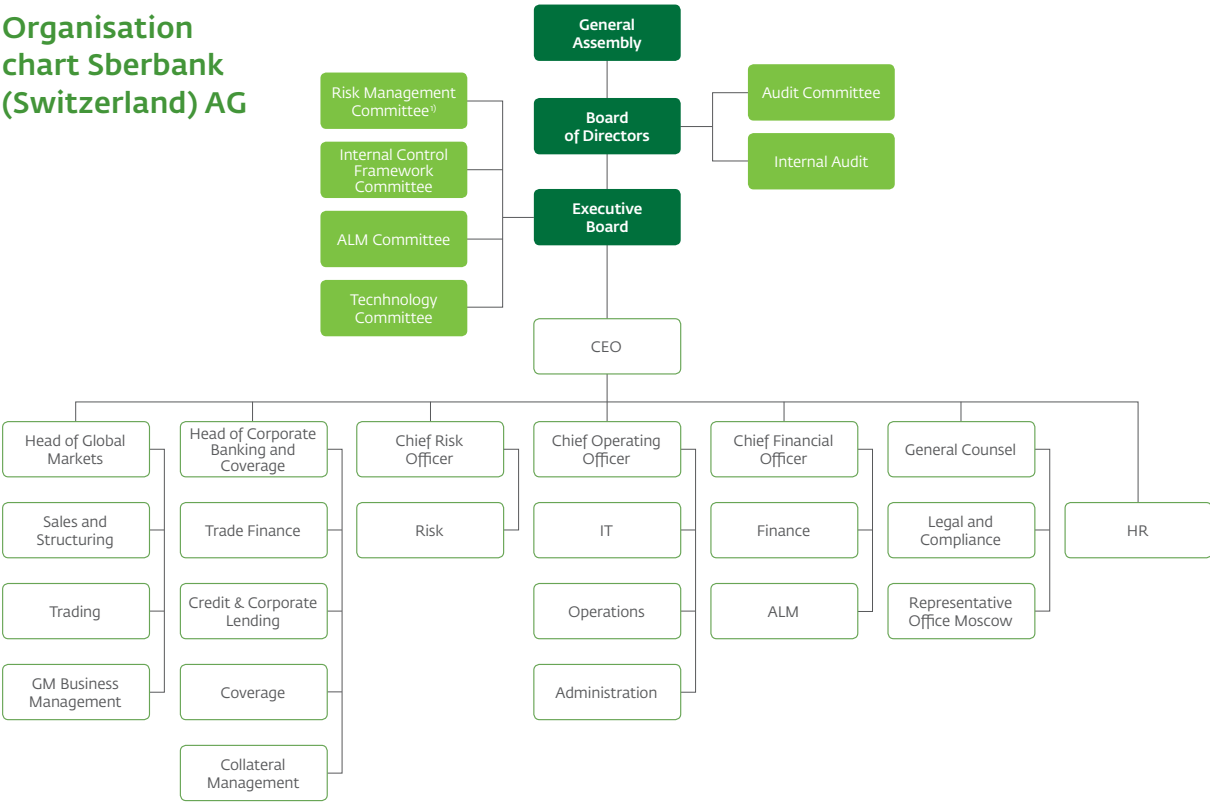
¹⁾ The Board of Directors has established an Audit Committee in accordance with the FINMA Circular 2008/24 cypher 28. The members of the Audit Committee are Roland Müller-Ineichen (Chairman), Dr. Thomas Frick and Alexander Morozov. There were no changes in the Audit Committee during the year.

In all cases the whole Board of Directors is collectively responsible for the delegated tasks of the Audit Committee or tasks delegated to individual persons within the Audit Committee.

Executive Board

Peter McNulty	Chairman of the Executive Board	From 1 January 2015
John Emerson	Member of the Executive Board	From 17 November 2015
Tamas Haiman	Member of the Executive Board	From 17 November 2015
Irina Kalinina	Member of the Executive Board	
Toms Silins	Member of the Executive Board	
Igor Ukrasin	Member of the Executive Board	From 17 November 2015
Alexander Wächter	Member of the Executive Board	Until 8 September 2015

Organisation chart Sberbank (Switzerland) AG



¹⁾ Risk Management Committee covers Credit Risk, Market Risk and Operational Risk.

Statutory Auditors

Ernst & Young AG, Zurich

Internal Auditors

PricewaterhouseCoopers Ltd, Zurich

Foreword by the Chairman of the Board of Directors and the CEO

to the Annual General Meeting of Shareholders on 15 April 2016



Foreword by Maxim Safonov, Chairman of the Board of Directors, and Peter McNulty, Chairman of the Executive Board and CEO

Introduction

2015 was a pivotal year in the history of Sberbank (Switzerland) AG. Despite the on-going difficulties of the geopolitical situation and sanctions regime, the bank made considerable strides forward in its development.

Investments have continued in building the bank's platform to support the nascent global markets business as well as the existing core businesses of commodity trade finance and corporate lending. These investments have increased efficiency as well as improved the risk and control environment.

Management has focused on maintaining a prudent cost environment whilst simultaneously growing the revenue base. Additionally the focus has been on the workout of problematic assets to improve the bank's credit risk profile, which allowed release of special provisions created in 2014.

These efforts combined have resulted in the first annual profit of Sberbank (Switzerland) AG.

2015 year in review

The bank embarked on a programme of change designed to focus the bank on its core products with the right systems and people in place to support them.

The commodity trade finance business, which commenced in 2014, continued its growth bolstered by additional headcount and new IT systems. These increased levels of support allowed the bank to increase the number of its commodity trade finance clients and facilities, ultimately driving an increase in revenue and laying the foundation for future business growth.

Due to funding restrictions that have arisen as a result of the US and EU sanctions regime, growth in the corporate lending business has been constrained. Nonetheless, the bank is focused on maintaining its current portfolio of corporate loans and redeploying repayments profitably.

Work on developing the global markets platform continued in earnest in 2015. Investments were made in building the infrastructure to support the bank's first global markets revenues, which began in 2015, as well as the longer term growth of the business. The team has been expanded by bringing more global markets professionals to the bank. Over the course of 2015, the bank negotiated additional counterparty agreements to broaden and deepen its market access.

In late 2015 the bank submitted an application to FINMA for its Securities Dealers Licence, an important milestone in the development of the global markets business.

At the start of 2015, the bank reinvigorated its deposits business by offering sub 30 day fixed term deposits in a variety of currencies. This is a key product that the bank offers clients and is an important step in the development of the bank's funding base.

In order to improve efficiency within the bank and encourage better communication and teamwork, a number of organisational changes have been made. This included merging teams and functions where appropriate or uniting teams previously managed separately under a single leader.

Since September, Sberbank (Switzerland) AG has an additional 3.5% CET1 capital requirement from FINMA.

The additional capital buffer is in line with the bank's conservative capital planning and utilisation.

In September, Fitch affirmed Sberbank (Switzerland) AG's rating as BBB- (negative outlook), in line with the credit rating of Sberbank of Russia.

Financial performance

Revenues after loan loss provisions increased by CHF 22.8 million (356%) year-on-year, from CHF 6.4 million to CHF 29.2 million. This was driven by increases in net commission income (from CHF 4.5 million in 2014 to CHF 7.2 million in 2015) and trading income (from CHF 1.2 million in 2014 to CHF 4.0 million in 2015) as well as a positive result from loan loss provisions. The provision reversal was driven primarily by the release of special provisions made in 2014 related to a problematic exposure, which was fully recovered in 2015, and the release of a provision as a result of a global markets transaction. Net interest income before loan loss provisions decreased slightly (from CHF 10.7 million in 2014 to CHF 9.5 million in 2015).

Operating expenses rose by CHF 2.7 million (11%) year-on-year from CHF 23.6 million to CHF 26.3 million, primarily driven by increased headcount as well as by building and maintaining infrastructure to support the growing business.

Including CHF 1.8 million in depreciation, write-offs and other adjustments, a net profit after tax of CHF 0.9 million was realised, compared to a loss of CHF 19.1 million in 2014.

During 2015 total assets grew by CHF 303 million to reach CHF 984 million compared to CHF 680 million in 2014. This increase was primarily driven by higher liquidity and a larger commodity trade finance portfolio. Gross loans increased by CHF 48 million (10%) year-on-year from CHF 474 million to CHF 522 million.

To fund the increased level of business activities in 2015 and planned 2016 growth, deposits from cus-

tomers grew by CHF 87 million (39%) year-on-year, from CHF 221 million to CHF 308 million.

Going forward

Sberbank (Switzerland) AG remains committed to further growth and development. In 2016 management's focus will be on maintaining the momentum generated in core businesses in 2015, whilst operating in a cost-conscious manner and ensuring a robust control environment.

The expansion of infrastructure to support the development of the global markets business will continue with the aim of facilitating increased revenue flows in this area.

Attracting and retaining employees of the highest calibre has been and remains a top priority as the bank continues working towards its ambitious targets.

Change in the Board of Directors

Dr. Hans Niederer will retire from the Board in April 2016. Dr. Hans Niederer has been a member of the Board since 1991 and we would like to take this opportunity to thank him for his many years of dedicated service, and his most valued contributions throughout this period.

Thank you

Our achievements have been made possible by the trust and loyalty that our clients have placed in us and the dedication and hard work of our employees. On behalf of the entire Board of Directors and Executive Board, we offer our sincerest appreciation and look forward to continuing a deep and lasting partnership.

We would also like to thank our shareholder, Sberbank of Russia, for its on-going support of our development plans.



Maxim Safonov
Chairman of the Board of Directors



Peter McNulty
CEO and Chairman of the Executive Board

Report by the Board of Directors

to the Annual General Meeting of Shareholders on 15 April 2016

1. Shareholders

As at 31 December 2015 Sberbank of Russia, Moscow owned 99.28% (2014: 99.28%) of the Bank's share capital through its 100% owned subsidiary, SB Luxembourg S.à r.l., Luxembourg.

The remaining 0.72% (2014: 0.72%) of the Bank's share capital is held by the State Corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)", Moscow.

2. Report about participations

The Bank does not own shares or participations in any company.

3. Changes in the Board of Directors, Executive Board, and auditors

Board of Directors

The Board of Directors was re-appointed at the Annual General Meeting on 17 April 2015 as follows:

- Maxim Safonov
Chairman (Head of Sberbank Global Markets, Managing Director, Sberbank CIB (subsidiary of Sberbank of Russia, Moscow))
- Bruno Battaini
Deputy Chairman (Consultant)
- Dr. Thomas Frick
Deputy Chairman (Lawyer)
- Oleksandr Bazarov
Member (Deputy Head of Sberbank CIB, Senior Vice President, Member of the Executive Board, Sberbank of Russia, Moscow)

- Dr. Giuseppe Benelli
Member (Senior Financial Consultant)
- Andrey Ivanov
Member (Global Head of Trade Finance and Correspondent Banking, Sberbank of Russia, Moscow)
- Alexander Morozov
Member (Chief Financial Officer, Deputy Chairman of the Executive Board, Sberbank of Russia, Moscow)
- Roland Müller-Ineichen
Member (Senior Banking Consultant, Certified Public Accountant)
- Dr. Hans W. Niederer
Member (Lawyer)

As at the end of the year the composition of the Board of Directors is as follows:

- Maxim Safonov
Chairman (Head of Sberbank Global Markets, Managing Director, Sberbank CIB (subsidiary of Sberbank of Russia, Moscow))
- Bruno Battaini
Deputy Chairman (Consultant)
- Dr. Thomas Frick
Deputy Chairman (Lawyer)
- Oleksandr Bazarov
Member (Deputy Head of Sberbank CIB, Senior Vice President, Member of the Executive Board, Sberbank of Russia, Moscow)
- Dr. Giuseppe Benelli
Member (Senior Financial Consultant)
- Andrey Ivanov
Member (Global Head of Trade Finance and Correspondent Banking, Sberbank of Russia, Moscow)

- Alexander Morozov
Member (Chief Financial Officer, Deputy Chairman of the Executive Board, Sberbank of Russia, Moscow)
- Roland Müller-Ineichen
Member (Senior Banking Consultant, Certified Public Accountant)
- Dr. Hans W. Niederer
Member (Lawyer)

In March 2016 Maxim Safonov announced his resignation from the position of Head of Sberbank Global Markets, Sberbank CIB.

Executive Board

As at the end of the year the members of the Executive Board are as follows:

- Peter McNulty
Chairman of the Executive Board
(from 1 January 2015)
- John Emerson
Member of the Executive Board
(from 17 November 2015)
- Tamas Haiman
Member of the Executive Board
(from 17 November 2015)
- Irina Kalinina
Member of the Executive Board
- Toms Silins
Member of the Executive Board
- Igor Ukrasin
Member of the Executive Board
(from 17 November 2015)

Peter McNulty was appointed as Chairman of the Executive Board with effect from 1 January 2015. John Emerson, Tamas Haiman and Igor Ukrasin were all appointed as Members of the Executive Board with effect from 17 November 2015.

On 8 September 2015 Alexander Wächter left the Bank and stepped down from his position as a member of the Executive Board.

Auditors

On 17 April 2015 the Annual General Meeting re-elected Ernst & Young AG, Zurich as statutory auditors.

PricewaterhouseCoopers Ltd, Zurich agreed to continue as internal auditors.

4. Events to be reported after the closing of the business year 2015

No events required to be reported have taken place since the closing of the business year 2015.

5. Proposal of the Board of Directors concerning the allocation of the net profit for the year and the Balance Sheet net loss carry forward

The Board of Directors proposes to the Annual General Meeting to apply the net profit for the year 2015 of CHF 880,462.76 to the net loss brought forward from the previous year of CHF 42,095,654.78 resulting in a balance sheet net loss carry forward of CHF 41,215,192.02.

Management Report 2015

Employees

At the end of 2015 the number of employees of the Bank amounted to 83 (2014: 72), including employees of the representative office in Moscow. The full-time equivalent number of employees at this date was 80.1 (2014: 70.3). The annual average headcount for 2015 was 71.8 (2014: 69.5) and the annual average full-time equivalent number of employees was 70.2 (2014: 68.7).

Risk assessment

Risk management

The risk policy is based on the Sberbank of Russia group principles and is regularly reviewed by the Board of Directors and provides the basis for the risk management. The Board of Directors and the Executive Board receive information on a regular basis about the Bank's portfolios, liquidity, financial and profitability state as well as the risks involved.

The observation of the risk limits set by the Board of Directors is controlled permanently. Positions are evaluated daily, whereby responsibility for risk control at the Executive Board level is separated from the responsibility of the business areas generating those risks.

The Board of Directors is regularly reviewing all material risks of the Bank. This risk assessment is based on the data and tools that the Bank uses to manage risk. The Board of Directors has defined the internal control system to monitor all risks and has set limits to the risks as appropriate for the business of the Bank. The Executive Board has implemented the internal control system. Relevant risks are further explained in the notes to the financial statements below.

Default risks

The approval of loans and other credit exposures comprises the prior application of an adequate

internal rating system. The strict observation of the limits as set out in the Credit Committee decisions, business regulations and directives is independently monitored. All loans and other exposures are evaluated regularly as to the credit-worthiness of the debtor as well as to the value of collateral provided and reported to the Board of Directors on a regular basis. Doubtful or non-performing assets are dealt with by the Executive Board and its Risk Management Committee.

Interest rate risks

Risks deriving from changing interest rates of on-balance assets and liabilities as well as off-balance sheet instruments are centrally supervised by the Executive Board/Asset and Liability Management (ALM) Committee of the Bank, even though these risks are restricted by the primarily short-term interest rate resetting of loans as well as the maturity matching refinancing in foreign currencies. Interest rate risks are managed by the ALM Department and independently monitored by the Risk Department and reported to the Board of Directors, Executive Board and its ALM Committee.

Other market risks

Other market risks are restricted by set limits. Positions in trading portfolios are evaluated daily at market conditions and monitored.

Liquidity risks

Liquidity risks are managed by the ALM Department, monitored independently by the Risk Department and supervised by the ALM Committee. The Bank's liquidity is continuously monitored using a set of internal and external ratios attributing particular weight to liquidity gap analysis and the liquidity coverage ratio (LCR) to ensure compliance with FINMA regulations as well as the internal ALM limits and targets.

Liquidity Coverage Ratio	Average Q1	Average Q2	Average Q3	Average Q4	Average 2015
Total High Quality Liquid Assets (HQLA) in CHF 1,000	177,758	347,997	511,962	345,858	345,894
Total Net Cash Outflow in CHF 1,000	113,295	299,675	445,504	346,976	301,362
Liquidity Coverage Ratio LCR	156.90%	116.12%	114.92%	99.68%	126.61%

The values used to calculate the liquidity coverage ratio are simple monthly averages for the relevant quarter. The average for the year is calculated based on the values shown in the monthly liquidity reports submitted to FINMA and the SNB.

The HQLA is exclusively composed of deposits at the Swiss National Bank. The variation in the LCR is caused by relatively large swings in intercompany customer deposits which can be expected as the Bank acts as the CHF global clearing platform for the Sberbank group.

Operational risks

Operational risks are monitored and controlled continuously by means of an internal control system, organisational directives, staff training and key process maps and controls. The Chief Risk Officer monitors deviations from the control processes and reports regularly to the Board of Directors and the Executive Board.

Compliance and legal risks

The Compliance Department examines on an annual basis the compliance risk inventory and prepares a risk based activity plan related to the management of compliance risks and where necessary implementing monitoring and control measures in the context of the compliance control framework including staff training on relevant topics. Further-

more, the Compliance function is responsible for providing advice with the objective of avoiding or minimising identified compliance risks. The Compliance function is independent within the organisation and has a direct reporting line to the CEO and to the Audit Committee.

The Bank has its own in-house Legal Department that manages the legal function in accordance with industry standards, with the engagement of external legal firms where appropriate.

Extraordinary events

No extraordinary events have occurred during the year.

Future prospects

The future focus and future prospects of the Bank have been defined in the Bank's strategy of growing the commodity trade finance business and developing the global markets trading platform and Bank infrastructure to support further revenue growth. For further details please refer to the "Foreword by Maxim Safonov, Chairman of the Board of Directors, and Peter McNulty, Chairman of the Executive Board and CEO".

Balance Sheet

	31/12/2015	31/12/2014	Change
	CHF 1,000	CHF 1,000	CHF 1,000
Assets			
Liquid assets	331,047	122,028	209,019
Amounts due from banks	50,949	83,294	-32,345
Amounts due from customers	519,136	463,232	55,904
Trading portfolio assets	4,538	0	4,538
Positive replacement values of derivative financial instruments	67,113	1,619	65,494
Financial investments	2	2	0
Accrued income and prepaid expenses	2,238	3,310	-1,072
Tangible fixed assets	6,124	6,694	-570
Other assets	2,478	67	2,411
Total assets	983,625	680,246	303,379
Total subordinated claims	15,490	8,937	6,553
<i>of which subject to mandatory conversion and/or debt waiver</i>	0	0	0
Liabilities			
Amounts due to banks	416,678	264,939	151,739
Amounts due in respect of customer deposits	307,672	221,247	86,425
Negative replacement values of derivative financial instruments	65,853	2,317	63,536
Accrued expenses and deferred income	8,794	7,659	1,135
Other liabilities	218	158	60
Provisions	624	1,020	-396
Bank's capital	118,750	118,750	0
Statutory capital reserve	106,251	106,251	0
<i>of which tax exempt capital contribution reserve</i>	106,251	106,251	0
Profit/loss (-) brought forward	-42,095	-22,965	-19,130
Profit/loss (-) for the year	880	-19,130	20,010
Total liabilities	983,625	680,246	303,379
Total subordinated liabilities	82,153	75,000	7,153
<i>of which subject to mandatory conversion and/or debt waiver</i>	75,000	75,000	0
Off-Balance Sheet transactions			
Contingent liabilities	95,182	4,434	90,748
Irrevocable commitments	88	60	28

Income Statement

	2015 CHF 1,000	2014 CHF 1,000	Change CHF 1,000
Result from interest operations			
Interest and discount income	26,972	24,231	2,741
Interest expense	-17,461	-13,533	-3,928
Gross result from interest operations	9,511	10,698	-1,187
Changes in value adjustments for default risks and losses from interest operations	8,419	-10,069	18,488
Subtotal net result from interest operations	17,930	629	17,301
Result from commission business and services			
Commission income from securities trading and investment activities	20	19	1
Commission income from lending activities	4,932	2,686	2,246
Commission income from other services	2,253	1,762	491
Commission expense	-1	-14	13
Subtotal result from commission business and services	7,204	4,453	2,751
Result from trading activities and the fair value option	4,043	1,162	2,881
Other result from ordinary activities			
Other ordinary income	2	107	-105
Subtotal other result from ordinary activities	2	107	-105
Operating expense			
Personnel expense	-18,947	-17,567	-1,380
General and administrative expense	-7,337	-6,007	-1,330
Subtotal operating expense	-26,284	-23,574	-2,710
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	-1,482	-739	-743
Changes to provisions and other value adjustments, and losses	-296	-781	485
Operating result	1,117	-18,743	19,860
Extraordinary income	7	17	-10
Extraordinary expense	-47	-10	-37
Taxes	-197	-394	197
Profit/loss (-) for the year	880	-19,130	20,010

Statement of Cash Flows

	2015		2014	
	Cash inflow CHF 1,000	Cash outflow CHF 1,000	Cash inflow CHF 1,000	Cash outflow CHF 1,000
Cash flow from operating activities (Internal financing)				
Profit/loss (-) for the year	880	0	0	19,130
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	1,482	0	739	0
Changes in value adjustments for default risks and losses	0	8,420	5,335	0
Provisions and other value adjustments	0	396	533	0
Accrued income and prepaid expenses	1,072	0	0	2,775
Accrued expenses and deferred income	1,135	0	4,738	0
Other assets	0	2,411	0	64
Other liabilities	60	0	118	0
Subtotal	4,629	11,227	11,463	21,969
Cash flow from shareholders' equity transactions				
Bank's capital	0	0	18,750	0
Statutory capital reserve	0	0	106,251	0
Changes in reserves from capital contributions	0	0	0	125,001
Subtotal	0	0	125,001	125,001
Cash flow from transactions in respect of participations, tangible fixed assets and intangible assets				
Tangible fixed assets	0	912	0	5,967
Subtotal	0	912	0	5,967
Cash flow from banking operations				
Medium and long-term business (> 1 year)				
Amounts due to banks	0	19,211	164,011	0
Amounts due from customers	41,547	0	0	144,722
Short-term business				
Amounts due to banks	170,950	0	60,397	0
Amounts due in respect of customer deposits	86,425	0	140,282	0
Negative replacement values of derivative financial instruments	63,536	0	1,693	0
Amounts due from banks	32,345	0	0	14,987
Amounts due from customers	0	89,031	0	107,342
Trading portfolio assets	0	4,538	0	0
Positive replacement values of derivative financial instruments	0	65,494	0	1,474
Liquidity				
Liquid assets	0	209,019	0	81,385
Subtotal	394,803	387,293	366,383	349,910
Total	399,432	399,432	502,847	502,847

Appropriation of Profit

	31/12/2015 CHF 1,000	31/12/2014 CHF 1,000	Change CHF 1,000
Appropriation of profit/coverage of loss			
Profit/loss (-) brought forward	-42,095	-22,965	-19,130
Profit/loss (-) for the year	880	-19,130	20,010
Distributable profit/accumulated loss (-)	-41,215	-42,095	880
Transfer from statutory capital reserve (tax-exempt capital contribution reserve)	0	0	0
Total available for appropriation	-41,215	-42,095	880
Appropriation of profit/coverage of loss			
Allocation to statutory retained earnings reserve	0	0	0
Allocation to voluntary retained earnings reserves	0	0	0
Distributions from distributable profit	0	0	0
Other appropriation of profit	0	0	0
Profit/loss (-) carried forward	-41,215	-42,095	880

Statement of Changes in Equity

	Bank's capital CHF 1,000	Capital reserve CHF 1,000	Voluntary retained earnings reserves and profit/loss (-) carried forward CHF 1,000	Profit/loss (-) for the year CHF 1,000	Total CHF 1,000
Equity at start of current period	118,750	106,251	-42,095	0	182,906
Capital increase/decrease	0	0	0	0	0
Other contributions/other capital paid in	0	0	0	0	0
Dividends and other distributions	0	0	0	0	0
Other allocations to (transfers from) the reserves for general banking risks	0	0	0	0	0
Other allocations to (transfers from) the other reserves	0	0	0	0	0
Profit/loss (-) for the year	0	0	0	880	880
Equity at end of current period	118,750	106,251	-42,095	880	183,786

Notes to the Financial Statements 2015

1. Explanatory notes to the Bank's business activities

Main activities

During 2015 Sberbank (Switzerland) AG was an internationally active bank whose major fields of business were commodity trade finance, corporate lending and global markets, supplemented by transactional banking services.

Balance Sheet transactions

The interest differential business constitutes the major source of revenue for the Bank, with the emphasis on loans and short-term commodity trade finance transactions.

The Bank did not hold any significant financial investments during the year.

Trading

The Bank is active in the foreign exchange market mainly on behalf of clients. Additionally during the year the Bank was involved in some separate securities and commodity options transactions resulting in a significant increase in the result from trading activities.

Commissions and service fees

Commission income relating to lending and global markets operations is the second largest source of revenues. Commissions and service fees result predominantly from the servicing of commodity trade finance loans and corporate loans, risk participation transactions under global markets, documentary business as well as transaction banking fees.

Risk assessment, risk management and various risks

The risk assessment, risk management and various risks are described in the "Management Report".

Outsourcing

A third party company provides the funds transfer platform on a contractual basis, and the e-banking solution is based on SaaS (Software as a Service) with a Swiss-based partner.

With the introduction of the Global Markets business, the Bank leverages Sberbank Group's front to back IT systems by outsourcing trade capture, risk and collateral management applications.

All outsourcing contracts are in line with regulations issued by FINMA.

The internal audit and salary accounting functions are outsourced to a professional audit firm. These activities are not considered as outsourcing under the terms of the FINMA Circular 2008/7 (Outsourcing – Banks).

2. Accounting and valuation principles

Accounting, reporting and evaluations are based on the provisions of the Swiss Code of Obligations, the Swiss Federal Banking Law and its Ordinance as well as the statutes and guidelines of the Swiss Financial Market Supervisory Authority (FINMA) concerning the preparation of financial statements for banks (FINMA Circular 2015/1).

Sberbank (Switzerland) AG standalone financial statements are prepared in accordance with Swiss GAAP in the form of reliable assessment statutory single-entity financial statements.

Recording of business transactions

All business transactions are recorded in the books of the Bank as at trade date and as of this time are shown in the balance sheet and the income statement of the Bank in accordance with the set valuation principles, whereby the results of all concluded transactions are included in the income statement. Open forward transactions are shown off-balance sheet until maturity. As of maturity these transactions are included in the balance sheet.

Translation of foreign currencies

Transactions in foreign currencies are recorded at daily market rates. The values of assets and liabilities in foreign currencies are translated at the market rate of the balance sheet and the foreign exchange translation impact is recorded in the income statement. Expenses and revenues in foreign currencies are translated at the market rate prevailing on the transaction date and are recorded in the income statement. Profits and losses from foreign currency translation are recognised in the result from trading activities.

The following foreign currency exchange rates were used for translation as per the relevant balance sheet dates:

	2015	2014
USD/CHF	0.99635	0.99100
EUR/CHF	1.08478	1.20248
GBP/CHF	1.47654	1.54507
100 RUB/CHF	1.34733	1.67271

General valuation principles

The detailed positions stated in the balance sheet are evaluated individually (individual valuation).

Liquid assets and amounts due from and due to banks

These assets and related interest due but still unpaid are recorded in the balance sheet at nominal value less required specific or general loan loss provisions.

Loans (amounts due from customers)

Amounts due from customers are recorded in the balance sheet at nominal value. Interest is accrued according to the relevant period.

Doubtful claims that are claims where it is unlikely that the debtor will be able to fulfil his future liabilities are evaluated on an individual basis and any specific or general loan loss provisions are netted against the individual loan exposures. Off-balance sheet transactions like firm commitments, guarantees and derivative financial instruments are also evaluated on an individual basis and any specific or general risk provisions are booked as provisions in the balance sheet. Interest due for more than 90 days is considered overdue. Overdue interest and interest unlikely to be received is not recorded in the income statement but added to provisions. As the number of loans is manageable, the identification of default risks is based on the assessment of the individual loan positions.

The value reduction results from the difference between the nominal value of the claim and the amount likely to be recovered considering the counterparty risk and the result from the realisation of collateral. If it is to be expected that the realisation

of collateral takes more than a year, the estimated result from the realisation is discounted to the present value as per the balance sheet date. The Bank generally grants unsecured loans. Possible marketable collaterals are generally valued at current market prices.

Trading portfolios in securities and precious metals

Trading portfolios are evaluated and recorded at fair value. Fair value is considered to be the price quoted in an efficient and liquid market or the value resulting from the calculation using an appropriate evaluation model. Trading portfolios, for which, as an exception, a fair value cannot be ascertained, are treated according to the principle of lower of cost or market.

Financial investments

Fixed interest bearing securities are valued according to the accrual method, i.e. a premium or a discount arising on acquisition is distributed over the remaining term and recorded accordingly. A value reduction due to a change in quality is recorded immediately in the income statement.

Shares and similar securities are valued according to the principle of lower of cost or market.

Tangible fixed assets

New investments in fixed assets are capitalised and valued at purchase value provided they are used for more than one accounting period and the value exceeds CHF 5'000. New investments in existing fixed assets are capitalised if this investment enhances the market or utilisation value or the life time significantly.

Fixed assets are recorded in the balance sheet at purchase value less accumulated depreciation. Depreciation is implemented systematically over the estimated utilisation period of the asset. Depreciation is recorded in the income statement under the heading "Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets".

The value of fixed assets is re-evaluated whenever events or circumstances indicate that the book value of the asset is no longer warranted.

The estimated utilisation terms for different fixed assets are as follows:

Bank software	60 months
Vehicles	60 months
Fixtures, fittings and installations	60 months
Computer and communication equipment	36 months
Other	60 months

Realised profits or losses from the disposal of fixed assets are recorded as "Extraordinary income" or "Extraordinary expense".

Liabilities to pension plan

The Bank does not have its own pension plan. The employees of the Bank are insured in the pension fund of Swiss Life. The pension fund of Swiss Life is a defined contribution scheme. All employees are insured against death and invalidity, and in addition, all employees who have reached the age of 24 are insured against old age from the start of the next

calendar year. The pension age for men and women is as set by law. The Bank includes the employer contributions in the Personnel expenses. The Bank has no further pension liabilities even in the case of the pension fund having an under coverage of its liabilities.

Taxes

Provisions have been made for all Federal, Cantonal and Commune taxes estimated to be payable on the basis of reported results through to the end of the current year. Current taxes for the relevant period are calculated according to regulations prescribed by the tax authorities and recorded as expenses in the same period. Capital and income taxes are disclosed under "Accrued expenses and deferred income".

Indirect taxes due such as VAT are disclosed under "Other liabilities".

Valuation adjustments and provisions

Valuation adjustments and provisions are prudently made for all risks identifiable at the balance sheet date. General valuation adjustments and provisions cover latent risks. The Bank uses a loan loss provision methodology based on individual credit ratings driven by probability of default (PD), exposure at default (EAD) and loss given default (LGD).

In addition to economically necessary provisions, silent reserves can be created in the form of "Other provisions" in order to cover general business risks.

Contingent liabilities and irrevocable commitments

Contingent liabilities and irrevocable commitments are recorded off-balance sheet at nominal value. For identifiable risks, provisions are made in the balance sheet.

Derivative financial instruments

Derivative financial instruments for trading purposes are valued at fair value and the results recorded in "Result from trading activities". Hedging transactions are valued on the same basis as the underlying hedged transaction.

Changes in comparison to the previous year

There were no changes to the accounting and valuation principles compared to the previous year.

However, there have been some reclassifications of balance sheet and income statement items as prescribed by the new FINMA Circular 2015/1. The previous year's figures were restated based on the new accounting rules.

Events after the Balance Sheet date

No extraordinary events occurred after the balance sheet date that could have a significant impact on the equity, financial state or results of the Bank with regard to the year under review.

3. Information on the Balance Sheet

3.1 Presentation of collateral for loans/receivables and Off-Balance Sheet transactions, as well as impaired loans/receivables

		Type of collateral			Total
		Mortgage collateral CHF 1,000	Other collateral CHF 1,000	Without collateral CHF 1,000	CHF 1,000
Loans (before netting with value adjustments)					
Due from customers		0	141,544	380,085	521,629
Total loans (before netting with value adjustments)					
	current year	0	141,544	380,085	521,629
	previous year	0	116,338	357,806	474,144
Total loans (after netting with value adjustments)					
	current year	0	140,906	378,230	519,136
	previous year	0	115,709	347,523	463,232
Off-Balance Sheet transactions					
Contingent liabilities		0	610	94,572	95,182
Irrevocable facilities granted		0	0	88	88
Total Off-Balance Sheet transactions					
	current year	0	610	94,660	95,270
	previous year	0	1,042	3,452	4,494
		Gross debt amount CHF 1,000	Assumed liquidation value of collateral CHF 1,000	Net debt amount CHF 1,000	Individual provisions CHF 1,000
Impaired loans/receivables					
	current year	0	0	0	0
	previous year	20,067	12,845	7,222	7,222

Impaired loans and non-performing receivables

As at 31 December 2014 the Bank had made specific loan loss provisions amounting to TCHF 7,222 for two separate customer loans where it was possible that impairment could occur due to significant decreases in commodity prices in the 4th quarter of 2014.

During 2015, after an extensive loan work-out, one impaired loan amounting to TCHF 3,278 was fully recovered by the Bank and for the other impaired loan collateral of CHF 3,944 was secured.

As at 31 December 2015 there were no impaired loans or non-performing receivables held by the Bank.

General loan loss provisions

As at 31 December 2015 the Bank had general loan loss provisions (value adjustments for latent default risks) amounting to TCHF 2,493 (2014: TCHF 3,690).

3.2 Breakdown of trading portfolios and other financial instruments at fair value (assets and liabilities)

	31/12/2015 CHF 1,000	31/12/2014 CHF 1,000
Assets		
Trading portfolio assets		
Debt securities, money market securities/transactions <i>of which, listed</i>	4,538 4,538	0 0
Total trading portfolio assets	4,538	0
Total assets		
	4,538	0
<i>of which, determined using a valuation model</i>	0	0
<i>of which, securities eligible for repo transactions in accordance with liquidity requirements</i>	0	0
Liabilities		
Trading portfolio liabilities		
Debt securities, money market securities/transactions* <i>of which, listed</i>	0 0	0 0
Total trading portfolio liabilities	0	0
Total liabilities		
	0	0
<i>of which, determined using a valuation model</i>	0	0

* For short positions (booked using the trade date accounting principle)

3.3 Presentation of derivative financial instruments (assets and liabilities)

	Own trading contracts			Hedging instruments		
	Positive replacement values	Negative replacement values	Contract volume	Positive replacement values	Negative replacement values	Contract volume
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Interest rate instruments						
Swaps	2,508	1,942	4,527,488	0	0	0
Foreign exchange/precious metal						
Forward contracts	6,300	6,839	809,522	0	0	0
Options (OTC)	58,305	57,072	578,293	0	0	0
Total before netting agreements						
Current year	67,113	65,853	5,915,303	0	0	0
<i>of which, determined using a valuation model</i>	60,813	59,014	5,105,781	0	0	0
Previous year	1,619	2,317	294,587	0	0	
<i>of which, determined using a valuation model</i>	0	0	0	0	0	0

		Positive replacement values CHF 1,000	Negative replacement values CHF 1,000
Total after netting agreements	current year	67,113	65,853
	previous year	1,619	2,317

	Central clearing houses CHF 1,000	Banks and securities dealers CHF 1,000	Other customers CHF 1,000
Breakdown by counterparty			
Positive replacement values (after netting agreements)	0	66,704	409

3.4 Breakdown of financial investments

	Book Value		Fair Value	
	31/12/2015 CHF 1,000	31/12/2014 CHF 1,000	31/12/2015 CHF 1,000	31/12/2014 CHF 1,000
Financial investments				
Equity securities	2	2	2	2
<i>of which, qualified participations (at least 10% of capital or votes)</i>	0	0	0	0
Total	2	2	2	2
<i>of which repo, securities eligible for repo transactions in accordance with liquidity requirements</i>	0	0	0	0

3.5 Presentation of tangible fixed assets

	Acquis- ition cost CHF 1,000	Accumu- lated depreci- ation CHF 1,000	Book value as at end of previ- ous year CHF 1,000	Reclassi- fications CHF 1,000	2015				Book value as at end of current year CHF 1,000
					Additions CHF 1,000	Deductions CHF 1,000	Depre- ciation CHF 1,000	Reversals CHF 1,000	
Tangible fixed assets									
Proprietary or separately acquired software	3,088	-1,988	1,100	0	94	0	-290	0	904
Other tangible fixed assets	7,118	-1,524	5,594	0	1,014	-196	-1,192	0	5,220
Total tangible fixed assets	10,206	-3,512	6,694	0	1,108	-196	-1,482	0	6,124

	31/12/2015	31/12/2014
	CHF 1,000	CHF 1,000
Operating leases		
Due up to 12 months	154	368
Due within 12 months to 5 years	0	154
Due after 5 years	0	0
Total	154	522
<i>of which, can be terminated within one year</i>	<i>0</i>	<i>0</i>

Fire insurance value of tangible fixed assets CHF 1,750

Tangible fixed assets with a historical cost of TCHF 358 and accumulated depreciation of TCHF 162 were scrapped or sold during the year.

3.6 Breakdown of other assets and other liabilities

	31/12/2015		31/12/2014	
	Other assets	Other liabilities	Other assets	Other liabilities
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Indirect taxes	26	77	0	43
Transit account*	2,429	41	1	15
Other assets and liabilities	23	100	66	100
Total	2,478	218	67	158

*As at 31 December 2015 the TCHF 2,429 relates to cash in transit for one customer.

3.7 Disclosure of assets pledged or assigned to secure own commitments and of assets under reservation of ownership

	31/12/2015		31/12/2014	
	Collateral resp. Book Value	Liability resp. amount used	Collateral resp. Book Value	Liability resp. amount used
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Pledged/assigned assets				
Due from banks (margin deposits FX forward contracts)	10,926	0	8,926	0
Due from banks (rent deposits)	26	0	11	0
Total of pledged/assigned assets	10,952	0	8,937	0

Neither in the year under review nor in the previous year were assets subject to ownership reservation.
At the balance sheet date there were no securities lending and borrowing transactions or repo transactions outstanding.

3.8 Disclosure of liabilities relating to own pension schemes, and number and nature of equity instruments of the bank held by own pension schemes

The Bank has no own pension scheme. The employees of the Bank are insured under an occupational defined contribution plan with an independent pension company (Swiss Life). The last audited financial statements of this independent pension company (31 December 2014) showed a coverage of 100%. There are no economic benefits or economic costs attributable to the Bank.

3.9 Presentation of value adjustments and provisions, reserves for general banking risks, and changes therein during the current year

	2015							
	Balance at previous year end	Use in conformity with designated purpose	Reclassifications	Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income	Balance at current year end
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Provisions for default risks	0	0	0	0	0	121	0	121
Provisions for restructuring	750	-715	0	0	0	68	0	103
Provisions for process risks	30	-30	0	0	0	0	0	0
Other provisions	240	0	0	0	0	160	0	400
Total provisions	1,020	-745	0	0	0	349	0	624

Value adjustments for default and country risks

	10,913	0	0	0	0	0	-8,420	2,493
<i>of which, value adjustments for default risks in respect of impaired loans/receivables</i>	7,222	0	0	0	0	0	-7,222	0
<i>of which, value adjustments for latent risks</i>	3,691	0	0	0	0	0	-1,198	2,493

The amount of the value adjustments for default and country risk was determined based upon the requirements that an adequate amount has to be provided for risks which will likely be a liability for the Bank.

The amount of the provisions is based upon information available to the Bank taking into account positive and negative factors known at the time these financial statements have been prepared.

3.10 Presentation of the Bank's capital

	31/12/2015			31/12/2014		
	Total par value	Number of shares	Capital eligible for dividend	Total par value	Number of shares	Capital eligible for dividend
	CHF 1,000		CHF 1,000	CHF 1,000		CHF 1,000
Bank's capital						
Registered shares	118,750	416,668	118,750	118,750	416,668	118,750
<i>of which, paid up</i>	118,750	416,668	118,750	118,750	416,668	118,750
Total Bank's capital	118,750	416,668	118,750	118,750	416,668	118,750

3.11 Number and value of equity securities or options on equity securities held by all executives and directors and by employees, and disclosures on any employee participation schemes

The Bank does not have an equity security or option on equity securities scheme for members of the board of directors, members of executive bodies or employees.

3.12 Disclosure of amounts due from/to related parties

	Amounts due from related parties		Amounts due to related parties	
	31/12/2015 CHF 1,000	31/12/2014 CHF 1,000	31/12/2015 CHF 1,000	31/12/2014 CHF 1,000
Holders of qualified participations	16,018	901	280,791	263,830
Linked companies	12,126	2,747	77,378	31,337

Amounts due from and due to related parties represent holdings on current accounts as well as loans, which are granted at the same conditions as for independent third parties.

Transactions with members of the Bank's governing bodies

The Bank does not grant loans to the Bank's governing bodies.

3.13 Disclosure of holders of significant participations

	31/12/2015		31/12/2014	
	Nominal CHF 1,000	% of equity	Nominal CHF 1,000	% of equity
Significant shareholders of Sberbank (Switzerland) AG				
Voting shareholders				
SB Luxembourg S.à r.l., Luxembourg	117,895	99.28	117,895	99.28
The State Corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)", Moscow	855	0.72	855	0.72
Total Bank's capital	118,750	100.00	118,750	100.00

SB Luxembourg S.à r.l. is owned 100% by Open Joint Stock Company "Sberbank of Russia" in which the following shareholders held more than 5% as at 31 December 2015:

Name	Share Capital in %	Voting Shares in %
Central Bank of Russia, Moscow (share capital owned is 50% plus 1 share)	50.00	52.32

3.14 Presentation of the maturity structure of financial instruments

	At sight CHF 1,000	Cancel- lable CHF 1,000	Due				no maturity CHF 1,000	Total CHF 1,000
			within 3 months CHF 1,000	within 3 to 12 months CHF 1,000	within 1 to 5 years CHF 1,000	after 5 years CHF 1,000		
Assets/financial instruments								
Liquid assets	331,047	0	0	0	0	0	0	331,047
Amounts due from banks	35,132	0	11,225	4,592	0	0	0	50,949
Amounts due from customers	0	19,128	99,749	92,310	211,538	96,411	0	519,136
Trading portfolio assets	4,538	0	0	0	0	0	0	4,538
Positive replacement values of derivative financial instruments	67,113	0	0	0	0	0	0	67,113
Financial investments	0	0	0	0	0	0	2	2
Total current year	437,830	19,128	110,974	96,902	211,538	96,411	2	972,785
Total previous year	150,722	163	133,723	41,269	224,686	119,610	2	670,175
Debt capital/financial instruments								
Amounts due to banks	165,868	0	69,927	0	35,013	145,870	0	416,678
Amounts due in respect of customer deposits	181,357	4,042	122,273	0	0	0	0	307,672
Negative replacement values of derivative financial instruments	65,853	0	0	0	0	0	0	65,853
Total current year	413,078	4,042	192,200	0	35,013	145,870	0	790,203
Total previous year	214,378	0	74,030	0	37,110	162,985	0	488,503

3.15 Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle

	31/12/2015		31/12/2014	
	Domestic CHF 1,000	Foreign CHF 1,000	Domestic CHF 1,000	Foreign CHF 1,000
Assets				
Liquid assets	331,034	13	122,019	9
Amounts due from banks	6,386	44,563	19,180	64,114
Amounts due from customers	145,928	373,208	86,937	376,295
Trading portfolio assets	0	4,538	0	0
Positive replacement values of derivative financial instruments	629	66,484	1,617	2
Financial investments	0	2	0	2
Accrued income and prepaid expenses	463	1,775	1,329	1,981
Tangible fixed assets	6,099	25	6,655	39
Other assets	2,478	0	67	0
Total assets	493,017	490,608	237,804	442,442

	31/12/2015		31/12/2014	
	Domestic CHF 1,000	Foreign CHF 1,000	Domestic CHF 1,000	Foreign CHF 1,000
Liabilities				
Amounts due to banks	0	416,678	0	264,939
Amounts due in respect of customer deposits	93,412	214,260	112,930	108,317
Negative replacement values of derivative financial instruments	1,236	64,617	2,075	242
Accrued expenses and deferred income	7,198	1,596	6,263	1,636
Other liabilities	218	0	158	0
Provisions	624	0	780	0
Bank's capital	118,750	0	118,750	0
Statutory capital reserve	106,251	0	106,251	0
<i>of which tax exempt capital contribution reserve</i>	<i>106,251</i>	<i>0</i>	<i>106,251</i>	<i>0</i>
Profit/loss (-) brought forward	-42,095	0	-22,965	0
Profit/loss (-) for the year	880	0	-19,130	0
Total liabilities	286,474	697,151	305,112	375,134

3.16 Breakdown of total assets by country or group of countries (domicile principle)

	31/12/2015		31/12/2014	
	Amount CHF 1,000	Share in %	Amount CHF 1,000	Share in %
Assets				
Switzerland	493,017	50.1%	237,804	35.0%
Europe				
Russian Federation	220,583	22.4%	247,897	36.4%
Greece	39,991	4.1%	44,302	6.5%
Netherlands	30,019	3.1%	46,255	6.8%
Austria	19,020	1.9%	0	0.0%
Ireland	17,211	1.7%	24,329	3.6%
Belarus	7,588	0.8%	0	0.0%
United Kingdom	6,491	0.7%	2	0.0%
Germany	5,483	0.6%	10,668	1.6%
Americas				
USA	83,437	8.5%	53,170	7.8%
Virgin Islands	2,320	0.2%	12	0.0%
Asia				
United Arab Emirates	49,382	5.0%	8,444	1.2%
Hong Kong	8,848	0.9%	0	0.0%
Others				
Others	235	0.0%	7,363	1.1%
Total assets	983,625	100.0%	680,246	100.0%

3.17 Breakdown of total foreign assets by credit rating of country groups (risk domicile view)

	Net foreign exposure/ current year end		Net foreign exposure/ previous year end	
	CHF 1,000	Share as %	CHF 1,000	Share as %
Fitch external rating				
AAA to A-	23,215	4.7%	36,752	8.3%
BBB+ to BBB-	170,762	34.8%	196,331	44.4%
BB+ to BB-	269,754	55.0%	203,239	45.9%
B+ to B-	17,397	3.6%	0	0.0%
CCC+ to D	7,799	1.6%	3,984	0.9%
Without rating	1,681	0.3%	2,136	0.5%
Total net foreign exposure	490,608	100.0%	442,442	100.0%

The country rating is based on Fitch external ratings. The Bank does not have it's own country ratings.

3.18 Balance Sheet by currencies

	CHF CHF 1,000	EUR CHF 1,000	USD CHF 1,000	RUB CHF 1,000	Other CHF 1,000	Total CHF 1,000
Assets						
Liquid assets	331,034	13	0	0	0	331,047
Amounts due from banks	9,449	5,558	35,859	70	13	50,949
Amounts due from customers	11	128,622	319,627	70,869	7	519,136
Trading portfolio assets	0	0	4,538	0	0	4,538
Positive replacement values of derivative financial instruments	129	0	66,984	0	0	67,113
Financial investments	0	2	0	0	0	2
Accrued income and prepaid expenses	135	260	687	1,156	0	2,238
Tangible fixed assets	6,124	0	0	0	0	6,124
Other assets	37	0	2,441	0	0	2,478
Total on-balance assets	346,919	134,455	430,136	72,095	20	983,625
Due from FX Spot, FX Forward and Option transactions	394,190	1,126	409,390	4,816	0	809,522
Total assets	741,109	135,581	839,526	76,911	20	1,793,147
Liabilities						
Amounts due to banks	174,780	20,068	150,960	70,870	0	416,678
Amounts due in respect of customer deposits	1,823	25,925	275,056	4,854	14	307,672
Negative replacement values of derivative financial instruments	0	370	65,420	63	0	65,853
Accrued expenses and deferred income	7,265	45	342	1,142	0	8,794
Other liabilities	177	0	41	0	0	218
Provisions	624	0	0	0	0	624
Bank's capital	118,750	0	0	0	0	118,750
Statutory capital reserve	106,251	0	0	0	0	106,251
Profit/loss (-) brought forward	-42,095	0	0	0	0	-42,095
Profit/loss (-) for the year	880	0	0	0	0	880
Total on-balance liabilities	368,455	46,408	491,819	76,929	14	983,625

	CHF CHF 1,000	EUR CHF 1,000	USD CHF 1,000	RUB CHF 1,000	Other CHF 1,000	Total CHF 1,000
Due from FX Spot, FX Forward and Option transactions	369,603	90,036	349,847	36	0	809,522
Total liabilities	738,058	136,444	841,666	76,965	14	1,793,147
Net position per currency	3,051	-863	-2,140	-54	6	

4. Information on Off-Balance Sheet transactions

4.1 Breakdown and explanation of contingent assets and liabilities

	31/12/2015 CHF 1,000	31/12/2014 CHF 1,000	Change CHF 1,000
Contingent assets and liabilities			
Guarantees to secure credits and similar	92,842	3,550	89,292
Irrevocable commitments arising from letters of credit	2,340	884	1,456
Total contingent liabilities	95,182	4,434	90,748

5. Information on the Income Statement

5.1 Breakdown of the result from trading activities and the fair value option

	2015 CHF 1,000	2014 CHF 1,000
Breakdown by business area		
Trading activities with corporate customers	1,442	1,162
Trading activities bank book	0	0
Other trading activities	2,601	0
Total result from trading activities	4,043	1,162
Breakdown by underlying risk and based on the use of the fair value option		
Interest rate instruments (including funds)	3,115	0
Equity securities (including funds)	0	0
Foreign currencies	1,442	1,162
Commodities/precious metals	-514	0
Total result from trading activities	4,043	1,162
<i>of which, from fair value option</i>	0	0
<i>of which, from fair value option on assets</i>	0	0
<i>of which, from fair value option on liabilities</i>	0	0

5.2 Disclosure of material refinancing income in the item Interest and discount income as well as material negative interest

	2015	2014
	CHF 1,000	CHF 1,000
Negative interest		
Negative interest on the lending business	-1,947	0
Negative interest on the borrowing business	1,723	0

5.3 Breakdown of personnel expense

	2015	2014	Change
	CHF 1,000	CHF 1,000	CHF 1,000
Personnel expense			
Salaries (meeting attendance fees and fixed compensation to members of the bank's governing bodies, salaries and benefits)	14,340	13,244	1,096
<i>of which, expense relating to alternative forms of variable compensation</i>	0	0	0
Social insurance benefits	1,234	1,285	-51
Changes in book value for economic benefits and obligations arising from pension schemes	2,137	1,857	280
Other personnel expense	1,236	1,181	55
Total personnel expense	18,947	17,567	1,380

5.4 Breakdown of general and administrative expense

	2015	2014	Change
	CHF 1,000	CHF 1,000	CHF 1,000
General and administrative expense			
Office space expense	817	688	129
Expense for information and communications technology	2,503	1,556	947
Expense for vehicles, equipment, furniture and other fixtures, as well as operating lease expense	372	259	113
Fees of audit firm(s) (Art. 961a no. 2 CO)	771	441	330
<i>of which, for financial and regulatory audits</i>	388	441	-53
<i>of which, for other services</i>	383	0	383
Other operating expense	2,874	3,063	-189
Total general and administrative expense	7,337	6,007	1,330

5.5 Explanations regarding material losses, extraordinary income and expenses, as well as material releases of hidden reserves, reserves for general banking risks, and value adjustments and provisions no longer required

	2015 CHF 1,000	2014 CHF 1,000	Change CHF 1,000
Extraordinary income			
Profit on sale of fixed assets	0	15	-15
Other revenue related to the previous business year	7	2	5
Total extraordinary income	7	17	-10
Extraordinary expense			
Loss on sale of fixed assets	47	10	37
Other expense related to the previous business year	0	0	0
Total extraordinary expense	47	10	37

5.6 Disclosure of and reasons for revaluations of tangible fixed assets up to acquisition cost at maximum

There were no revaluations of tangible fixed assets during the year under review or in the previous year.

5.7 Presentation of current taxes, and disclosure of tax rate

	2015 CHF 1,000	2014 CHF 1,000	Change CHF 1,000
Expense for current capital and income taxes	197	394	-197
Expense for deferred taxes	0	0	0
Total taxes	197	394	-197
Average tax rate weighted on the basis of the operating result	0%	0%	

6. Information about the calculation of own funds

In respect of the qualitative information to be provided according to the FINMA circular 2008/22 (Capital Adequacy Disclosure – Banks) and FINMA circular 2016/1 (Disclosure – Banks), the reader should refer to the management report section of these financial statements where risk management activities have been described.

For the calculation of the required capital for credit risk the Bank uses the standard approach-BIZ. The required capital for market risk has been quantified using the standard approach, and for operational risk using the basic indicator approach.

6.1 Composition of eligible capital

	31/12/2015		31/12/2014	
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Total core capital (after taking account of own positions, which are to be deducted)		183,786		182,906
<i>of which attributable to minority shareholders</i>	<u>1,323</u>		<u>1,317</u>	
less regulatory deduction		0		0
less other items that are to be deducted from core capital		0		0
= eligible core capital		183,786		182,906
add supplementary capital and additional capital		77,654		79,816
less other deductions from supplementary capital, from additional capital and from the total capital		0		0
Total eligible capital		261,440		262,722

6.2 Composition of required capital

	Methodology applied	Required capital 31/12/2015		Required capital 31/12/2014	
		CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Credit risk	SA-BIZ		38,892		30,821
<i>of which exchange risk relating to the equity/debt positions in the banking book</i>		<u>0</u>		<u>0</u>	
Non counterparty risk			490		536
Credit value adjustments and settlement risk	Standard Approach		2,857		58
Market risk	Standard Approach (2015)/ De-minimis Approach (2014)		1,471		441
<i>of which on interest instruments (general and specific market risk)</i>		<u>534</u>		<u>0</u>	
<i>of which on equity positions</i>		<u>0</u>		<u>0</u>	
<i>of which on foreign exchange and precious metal positions</i>		<u>472</u>		<u>441</u>	
<i>of which on commodity positions</i>		<u>465</u>		<u>0</u>	
Operational risk	Basic Indicator Approach		2,268		1,352
Required capital excluding buffer [8.0%]			45,978		33,208
Risk weighted assets (RWA)			574,719		415,101

6.3 Capital ratios

		31/12/2015	31/12/2014
		CHF 1,000	CHF 1,000
CET 1 Quota		32.0%	44.1%
Tier 1 Quota		32.0%	44.1%
Capital Adequacy Ratio (CAR)		45.5%	63.3%
	% of Risk Weighted Assets (RWA)	CHF 1,000	CHF 1,000
Required capital including buffer	[10.5%]	60,344	43,586
Specific additional CET 1 buffer	[3.5%]	20,115	-
Total required capital	[14.0% for 2015 and 10.5% for 2014]	80,459	43,586
Leverage ratio		17.4%	25.9%

6.4 Credit risk/distribution by contractor or industry

Loan business (at reporting date)	Banks	Public bodies	Enterprises	Retail	Equity	Other exposures	Total
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Balance Sheet/amounts due:							
from banks	50,949	0	0	0	0	0	50,949
from customers	0	0	519,136	0	0	0	519,136
trading portfolio assets	4,538	0	0	0	0	0	4,538
positive replacement values	66,623	0	490	0	0	0	67,113
financial investments	0	0	0	0	2	0	2
accrued income and prepaid expenses/other assets	0	0	0	0	0	4,716	4,716
Total – current year	122,110	0	519,626	0	2	4,716	646,454
Total – previous year	81,392	0	463,232	0	2	6,898	551,524
Off Balance Sheet (credit equivalents):							
Contingent liabilities	149	0	46,740	0	0	0	46,889
Irrevocable facilities granted	0	18	0	0	0	0	18
Total – current year	149	18	46,740	0	0	0	46,907
Total – previous year	208	12	1,744	0	0	0	1,964

6.5 Credit risk/type of collateral

Loan business (at reporting date)	Covered by recognised financial collateral	Covered by guarantees	Without collateral	Total
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Balance Sheet/amounts due:				
from banks	0	0	50,949	50,949
from customers	140,906	0	378,230	519,136
trading portfolio assets	0	0	4,538	4,538
positive replacement values	56,075	0	11,038	67,113
financial investments	0	0	2	2
accrued income and prepaid expenses/other assets	0	0	4,716	4,716
Total – current year	196,981	0	449,473	646,454
Total – previous year	116,338	0	435,186	551,524

Loan business (at reporting date)	Covered by recognised financial collateral CHF 1,000	Covered by guarantees CHF 1,000	Without collateral CHF 1,000	Total CHF 1,000
Off Balance Sheet (credit equivalents)				
Contingent liabilities	360	0	46,529	46,889
Irrevocable facilities granted	0	0	18	18
Total – current year	360	0	46,547	46,907
Total – previous year	521	0	1,443	1,964

6.6 Segmentation of the credit risk

Loan business/risk weighted credit risk (at reporting date)	Regulatory risk weights					Total CHF 1,000
	0% CHF 1,000	20% CHF 1,000	50% CHF 1,000	100% CHF 1,000	150% CHF 1,000	
Balance Sheet/amounts due:						
from banks	608	33,563	0	9,189	7,589	50,949
from customers	140,906	0	0	378,230	0	519,136
trading portfolio assets	0	0	0	4,538	0	4,538
positive replacement values	56,075	628	2,802	7,608	0	67,113
financial investments	0	0	0	0	2	2
accrued income and prepaid expenses/other assets	0	0	0	4,716	0	4,716
Total – current year	197,589	34,191	2,802	404,281	7,591	646,454
Total – previous year	115,709	78,620	1,687	354,902	606	551,524
Off Balance Sheet (credit equivalents):						
Contingent liabilities	360	115	0	46,414	0	46,889
Irrevocable facilities granted	0	18	0	0	0	18
Total – current year	360	133	0	46,414	0	46,907
Total – previous year	0	12	128	1,743	81	1,964

6.7 Geographical credit risk

Loan business (at reporting date)	Switzerland	Europe incl. Russia	North America	Asia	Other	Total
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Balance Sheet/amounts due:						
from banks	6,385	27,311	17,253	0	0	50,949
from customers	145,928	304,428	8,295	58,153	2,332	519,136
trading portfolio assets	0	4,538	0	0	0	4,538
positive replacement values	999	8,668	57,446	0	0	67,113
financial investments	0	2	0	0	0	2
accrued income and prepaid expenses/ other assets	4,716	0	0	0	0	4,716
Total – current year	158,028	344,947	82,994	58,153	2,332	646,454
Total – previous year	109,128	380,779	53,137	8,444	36	551,524
Off Balance Sheet (credit equivalents)						
Contingent liabilities	21,297	25,159	0	433	0	46,889
Irrevocable facilities granted	18	0	0	0	0	18
Total – current year	21,315	25,159	0	433	0	46,907
Total – previous year	1,355	609	0	0	0	1,964

Report of the Statutory Auditor on the Financial Statements

To the General Meeting of
Sberbank (Switzerland) Ltd, Zurich

Zurich, 15 April 2016

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Sberbank (Switzerland) Ltd, which comprise the balance sheet, income statement, statement of cash flows and notes (pages 11 to 30), for the year ended 31 December 2015.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended 31 December 2015 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

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

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

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

Ernst & Young Ltd



Stefan Fuchs
Licensed audit expert
(Auditor in charge)



Christoph Weidmann
Licensed audit expert

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