

Exhibit III-25

**LAW
OF THE RUSSIAN FEDERATION
NO. 2395-1 OF FEBRUARY 21, 1992
ON SUBSOIL**

(with the Amendments and Additions of June 26, December 25, 1992, July 1, 1994, March 3, 1995, February 10, 1999, January 2, 2000, May 14, August 8, 2001, May 29, 2002, June 6, 2003, June 29, August 22, 2004, April 15, October 25, 2006, June 26, December 1, 2007, April 29, July 14, 18, 23, December 30, 2008, July 17, December 27, 2009, May 19, July 26, 2010, April 5, July 18, November 21, 30, December 6, 7, 2011, June 14, July 28, December 30, 2012, May 7, July 23, December 28, 2013, June 23, July 21, November 24, December 29, 31, 2014)

Информация об изменениях:

Federal Law No. 261-FZ of July 21, 2014 amended the preamble of this Federal Law. The amendments shall enter into force on February 1, 2015

See the preamble in the previous wording

Subsoil is part of the Earth's crust underlying the soil stratum and, in its absence, underlying the Earth surface and the bottom of bodies of water and watercourses, and extending to depths accessible to geological exploration and development.

The present Law regulates the relationships occurring in the field of the geological study, use and conservation of subsoil, the use of waste products of the mining industry and related processing industries, specific mineral resources (brine of firths and lakes, peat, sapropels and others), underground water for instance associated waters (waters extracted from subsoil together with hydrocarbon raw materials) and the waters used by users for own production and technological needs.

This Law provides the legal and economic basis for comprehensive and rational use and conservation of subsoil; ensures protection of the interests of the state and citizens of the Russian Federation, as well as the rights of users of subsoil.

Section I. General Provisions

Информация об изменениях:

Federal Law No. 118-FZ of July 14, 2008 amended Article 1 of this Law

See the Article in the previous wording

Article 1. Russian Federation Legislation on Subsoil

The Legislation on subsoil of the Russian Federation is based on the Russian Federation Constitution and shall comprise this Law and other related federal laws and statutory regulations, as well as laws and other statutory regulations passed by sub-divisions of the Russian Federation on the basis of this Law.

This Law shall apply throughout the entire territory of the Russian Federation and shall also govern relations with respect to the use of subsoil on the Russian Federation's

continental shelf subject to federal statutory regulations on the continental shelf and international law.

Laws and other statutory regulations passed by subjects of the Russian Federation shall not contradict with this Law.

If laws or other statutory regulations passed by subjects of the Russian Federation contradict the provisions of federal laws governing relations with respect to the use of subsoil, this Law and other federal laws shall apply.

Relations pertaining to the use and conservation of land, water bodies, wildlife, atmosphere, and arising from the use of subsoil shall be governed by the appropriate legislation of the Russian Federation and that of the subjects of the Russian Federation.

Specific relations pertaining to the geological exploration and production of specific types of mineral raw materials, as well as burying radioactive waste and toxic substances may be governed by other federal laws subject to the principles and provisions of this Law.

Relations pertaining to the use of subsoil with foreign legal entities and natural persons shall be governed by this Law, by other federal laws and other statutory regulations of the Russian Federation.

Peculiarities of relations in subsoil usage on production sharing terms shall be established by the Federal Law on Production Sharing Agreements.

Информация об изменениях:

Federal Law No. 122-FZ of August 22, 2004 amended Article 1.1 of this Law. The amendments shall enter into force from the day of the official publication of the said Federal Law

See the previous text of the Article

Article 1.1. Statutory Regulation of Relations Pertaining to the Use of Subsoil

The division of power and responsibilities between government bodies of the Russian Federation and the government bodies of the subjects of the Russian Federation pertaining to state control over the use of subsoil shall be as provided for by the Constitution of the Russian Federation and the federal laws adopted in compliance with it.

The subjects of the Russian Federation shall pass their laws and other statutory regulations governing the use of subsoil within their power.

Local self-government bodies shall have the right to govern the use of subsoil within the power granted to them by applicable law.

Article 1.2. Title to Subsoil

Subsoil within the territory of the Russian Federation, including the subsoil domain and mineral resources contained therein, energy and other resources shall be state property. Issues of ownership, use and disposal of subsoil shall fall under the joint jurisdiction of the Russian Federation and the subjects of the Russian Federation.

Subsoil areas shall not be subject to purchase, sale, gift, inheritance, deposit, pledge or any other form of alienation. Rights for the use of subsoil may be subject to alienation or assignment by one person to another insofar as such transfer right is

permitted by federal laws.

Mineral and other subsoil produced under licence terms may have the status of federal property, the property of the Russian Federation sub-divisions, municipal, private or any other property status.

Информация об изменениях:

Federal Law No. 309-FZ of December 30, 2008 amended Article 2 of this Law. The amendments do not concern the English text

Article 2. State Subsoil Reserve

The state subsoil reserve shall consist of plot in use defined as geometric blocks of subsoil, as well as subsoil areas not in use within the territory of the Russian Federation and its continental shelf.

Ownership, use and disposal of the state subsoil reserve within the territory of the Russian Federation in the interests of the people living in the relevant areas and all peoples of the Russian Federation shall be jointly effected by the Russian Federation and the subjects of the Russian Federation.

Federal executive government bodies and executive government bodies of the subjects of the Russian Federation shall approve state programmes for geological exploration, replacement of the mineral raw materials base and rational use of subsoil within their respective power presented by the federal mineral reserve management body and take decisions on the issues related to the use of subsoil, conservation of subsoil and environmental protection subject to control by legislative bodies.

Информация об изменениях:

Federal Law No. 58-FZ of April 29, 2008 reworded Article 2.1 of this Law

See the Article in the previous wording

Article 2.1. Subsoil Areas of Federal Importance

For the purpose of ensuring the country's defence capacity and state security, some subsoil areas shall be deemed pertaining to subsoil areas of federal importance.

A list of subsoil areas of federal importance shall be officially published by the federal body in charge of managing the state mineral reserve in the procedure established by the Government of the Russian Federation in an official publication of the Russian Federation.

The following areas shall pertain to subsoil areas of federal importance:

1) those containing deposits and occurrences of uranium, diamonds, especially pure quartz raw stuff, rare earths of the yttria group, nickel, cobalt, tantalum, niobium, beryllium, lithium and metals belonging to the platinum group;

2) those located in the territory of a constituent entity of the Russian Federation or in the territories of constituent entities of the Russian Federation and containing, on the basis of data of the state balance sheet of minerals, starting from January 1, 2006:

recoverable oil reserves starting from 70 million tons;

natural gas reserves starting from 50 billion cubic metres;

primary gold reserves starting from 50 tons;

copper reserves starting from 500 thousand tons;

3) those of internal sea waters, territorial sea and the continental shelf of the Russian Federation;

4) those whose disposal involves the use of land plots pertaining to defence and security lands.

Subsoil areas of federal importance whose list is officially published in compliance with Part Two of this article shall preserve the status of subsoil areas of federal importance, regardless of the requirements established by this article.

ГЛАВНОЕ:

The provisions of Parts 5 and 6 of Article 2.1 of this Law (in the wording of Federal Law No. 58-FZ of April 29, 2008) shall apply in the event of discovering a mineral deposit after the date of entry into force of said Federal Law and shall not apply in respect of subsoil plots which are granted for use with the aim of geological subsoil survey, prospecting and extraction of minerals on the basis of a combined licence and where the subsoil user has finished geological subsoil survey and has started in the established procedure exploration and extraction of minerals before the date of entry into force of said Federal Law

If in the course of a geological survey of subsoil effected, in particular, on the basis of a combined licence, the subsoil user being a legal entity with the participation of foreign investors or a foreign investor discovers a mineral deposit whose characteristics satisfy the requirements established by Part Three of this article, the Government of the Russian Federation may adopt a decision to deny granting the right of using the subsoil area for exploration and extraction of minerals on the given subsoil area of federal importance to such person or, in the event of geological exploration of subsoil under a combined licence, the decision to terminate the right of using the subsoil area for exploration and extraction of minerals on the given subsoil area of federal importance, if it poses a danger for the country's defence or state security. A procedure for adopting such decisions shall be established by the Government of the Russian Federation.

Outlays on prospecting and evaluation of a discovered mineral deposit and the amount of the one-off payment made in compliance with the terms and conditions of the combined licence for using the subsoil area shall be compensated to the persons who are denied under Part Five of this article the right to use a subsoil area for exploration and extraction of minerals in the subsoil area of federal importance, and remuneration shall be paid to such persons out of federal budget funds in the procedure established by the Government of the Russian Federation.

The concept "foreign investor" is used in this Federal Law in the meaning specified by Article 2 of Federal Law No. 160-FZ of July 9, 1999 on Foreign Investments in the Russian Federation. In the present Law, as foreign investors shall be likewise deemed organisations which are under the control of foreign investors, including those which are established in the territory of the Russian Federation.

Информация об изменениях:

Federal Law No. 58-FZ of April 29, 2008 supplemented this Law with Article 2.2

Article 2.2. The Federal Fund of Reserve Subsoil Areas

For the purpose of meeting in the long term the needs of the Russian Federation for strategic and critical kinds of minerals, the federal fund of reserve subsoil areas shall be formed on the basis of subsoil areas which are not granted for use.

The subsoil areas included into the federal fund of reserve subsoil areas shall not be granted for use before rendering the decision on their exclusion from the federal fund of reserve subsoil areas.

The decision to include subsoil areas in the federal fund of reserve subsoil areas and to exclude subsoil areas therefrom, shall be adopted by the Government of the Russian Federation on the proposal of the authorized federal executive body, if not otherwise established by federal laws.

ГАРАНТ:

In accordance with Federal Law No. 58-FZ of April 29, 2008, a procedure for forming the federal fund of reserve subsoil plots shall be established by the Government of the Russian Federation upon the expiry of one hundred and eighty days after the date of entry into force of the said Federal Law

Информация об изменении:

Federal Law No. 364-FZ of November 30, 2011 supplemented this Law with Article 2.3

Article 2.3. Local Significance Subsoil Plots

The following shall be deemed "local significance subsoil plots":

- 1) subsoil plots containing ubiquitous;
- 2) subsoil plots used for the construction and operation of underground installations of local and regional significance not relating to mineral extraction.

Информация об изменении:

Federal Law No. 459-FZ of December 29, 2014 supplemented part 1 of Article 2.3 of this Law with Item 3. The Item shall enter into force on January 1, 2015

3) subsoil areas containing ground water used for potable and public water supply (hereinafter - domestic water supply) or process water supply for industrial or agricultural facilities, whose daily extraction volume is not more than 500 cubic meters.

The preparation and endorsement of lists of local significance subsoil plots in respect of the local significance subsoil plots specified in Item 1 of Part 1 of the present article shall be carried out by executive governmental bodies of the subjects of the Russian Federation by agreement with the federal body responsible for the management of the state stock of subsoil or by its territorial bodies.

The procedure for the preparation, consideration and approval of lists of local significance subsoil plots or for refusal to grant approval to such lists shall be established by the federal body responsible for the management of the state stock of subsoil.

Информация об изменении:

Federal Law No. 122-FZ of August 22, 2004 amended Article 3 of this Law. The amendments shall enter into force from the day of official publication of said Federal

Law

See the previous text of the Article

Article 3. Powers of Federal Government Bodies in Governing Relations with Respect to the Use of Subsoil

The federal government bodies shall have the powers governing relations in the use of subsoil:

- 1) to draft and improve Russian Federation legislation on subsoil;
- 2) to design and implement federal policy for the use of subsoil, a strategy for the use of the mineral raw materials base, the rate of its replacement, its further increase and qualitative improvement by preparing and fulfilling federal programmes;
- 3) to establish generally applicable procedures for the use and conservation of subsoil, to set appropriate standards (norms, regulations), including classification of reserves and probable mineral resources;

Информация об изменениях:

Federal Law No. 85-FZ of May 7, 2013 supplemented part 1 of of Article 3 of this Federal Law with Item 3.1. The Item shall enter into force on July 1, 2013

3.1) to establish a procedure for fixing the amount of the fee for participation in tenders or auctions for the right to use subsoil plots;

4) to create and update an integrated federal and territorial geological information pool on subsoil, to use data paid for from state budget funds as required;

Информация об изменениях:

Federal Law No. 364-FZ of November 30, 2011 amended Item 5 of part 1 of Article 3 of this Law

See the Item in the previous wording

5) to conduct the state evaluation of the data on explored mineral reserves, other characteristics of subsoil areas, revealing their value or hazardous nature, except for the information about subsoil areas of local significance;

Информация об изменениях:

Federal Law No. 58-FZ of April 29, 2008 reworded Item 6 of Part 1 of Article 3 of this Law

See the Item in the previous wording

6) to publish officially a list of subsoil areas of federal importance in the official publication to be determined by the Government of the Russian Federation, to form the federal fund of reserve subsoil areas, to establish lists of subsoil areas in respect of which the right to use them may be only granted under the terms and conditions of production sharing agreements;

Информация об изменениях:

Federal Law No. 364-FZ of November 30, 2011 amended Item 6.1 of part 1 of Article 3 of this Law

See the Item in the previous wording

6.1) to prepare, jointly with constituent entities of the Russian Federation, regional lists of minerals classified as commonly occurring ones;

Информация об изменениях:

Federal Law No. 364-FZ of November 30, 2011 supplemented part 1 of Article 3 of this Law with Item 6.2

6.2) approving the lists of local significance subsoil plots submitted by executive governmental bodies of subjects of the Russian Federation or refusing to grant approval to said lists;

Информация об изменениях:

Federal Law No. 364-FZ of November 30, 2011 supplemented part 1 of Article 3 of this Law with Item 6.3

6.3) establishing a procedure for the preparation, consideration and approval of the lists of local significance subsoil plots submitted by executive governmental bodies of subjects of the Russian Federation or refusing to grant approval to such lists;

Информация об изменениях:

Federal Law No. 228-FZ of July 23, 2013 amended Item 7 of part 1 of Article 3 of this Law. The amendments shall come into force on January 1, 2014

See the Item in the previous wording

7) to prepare a state balance of mineral reserves; to compose and maintain a state record of subsoil areas used for mineral production and construction of underground facilities unrelated to mineral production; to compose and to maintain a state cadastre of fields and proven mineral reserves; to perform the state registration of geological exploration operations; to establish a procedure for composing and maintaining the state balance sheet of mineral resources, a procedure for composing and maintaining the state cadastre of mineral deposits and shows thereof, a procedure for composing and maintaining regional balance sheets of resources and cadastres of mineral deposits and shows of ubiquitous minerals;

Информация об изменениях:

Federal Law No. 227-FZ of July 23, 2013 supplemented part 1 of Article 3 of this Law with Item 7.1. The Item shall enter into force on January 1, 2014

7.1) to establish a procedure for fixing specific rates of regular payments for subsoil use;

8) to manage subsoil areas in the continental shelf of the Russian Federation;

Информация об изменениях:

Federal Law No. 309-FZ of December 30, 2008 amended Item 9 of Part 1 of Article 3 of this Law. The amendments do not concern the English text

9) to impose restrictions on the use of subsoil in individual areas for reasons of national security and environmental protection;

10) to manage jointly with the Russian Federation the state subsoil reserve, excluding the areas falling under the exclusive jurisdiction of the Russian Federation;

Информация об изменениях:

Federal Law No. 89-FZ of May 19, 2010 amended Item 11 of Part 1 of Article 3 of this Law. The amendments shall enter into force from January 1, 2011

See the Item in the previous wording

11) the endorsement of production sharing contracts;

12) to coordinate scientific research and experimental design work related to the use of subsoil;

13) to protect the rights of subsoil users and the interests of citizens of the Russian Federation;

14) to resolve disputes between the subjects of the Russian Federation related to the use of subsoil;

15) to execute international agreements of the Russian Federation on geological exploration, the use and conservation of subsoil;

Информация об изменениях:

Federal Law No. 242-FZ of July 18, 2011 reworded Item 16 of part 1 of Article 3 of this Law. The new wording of the Item shall enter into force on August 1, 2011

See the Item in the previous wording

16) to establish a procedure for exercising state supervision of geological exploration, rational use and conservation of subsoil, to organise and exercise the federal state supervision over geological exploration, rational use and conservation of subsoil;

17) conclusion of production sharing agreements which involve the use of subsoil plots;

Информация об изменениях:

Federal Law No. 242-FZ of July 18, 2011 supplemented part 1 of Article 3 of this Law with Item 8. The Item shall enter into force on August 1, 2011

18) to establish a procedure for the organisation and exercise of the federal state supervision in respect of the safe execution of works involved in subsoil use (hereinafter referred to as the state mining supervision).

Информация об изменениях:

Federal Law No. 408-FZ of December 28, 2013 supplemented Part 1 of Article 3 of this Law with Item 19. The Item shall enter into force on July 1, 2014

19) to establish a procedure for preparing and drawing up the documents certifying the updated boundaries of a mine allotment;

Информация об изменении:

Federal Law No. 408-FZ of December 28, 2013 supplemented Part 1 of Article 3 of this Law with Item 20. The Item shall enter into force on July 1, 2014

20) to consider and coordinate plans or schemes of developing mining works subject to the kinds of minerals;

Информация об изменении:

Federal Law No. 408-FZ of December 28, 2013 supplemented Part 1 of Article 3 of this Law with Item 21. The Item shall enter into force on July 1, 2014

21) to establish a procedure for preparing, considering and coordinating plans or schemes of developing mining works subject to the kinds of minerals.

Информация об изменении:

Federal Law No. 261-FZ of July 21, 2014 supplemented part 1 of Article 3 of this Law with Item 22. The Item shall enter into force on February 1, 2015

22) to establish the pattern of placement within rock strata of associated waters and the waters used by subsoil users for own production and technological needs, in hydrocarbon raw material prospecting and production.

The federal mineral reserve management body and its territorial body shall be responsible for implementation of a comprehensive federal policy for the use of subsoil within the Russian Federation.

The Russian Federation shall have the right to delegate certain powers for governing relations pertaining to subsoil use to the subjects of the Russian Federation.

Информация об изменении:

Federal Law No. 122-FZ of August 22, 2004 amended Article 4 of this Law. The amendments shall enter into force from the day of the official publication of said Federal Law

See the previous text of the Article

Article 4. Powers of the Government Bodies of the Subjects of the Russian Federation in Governing Relations Pertaining to the Use of Subsoil

The government bodies of the subjects of the Russian Federation shall have the following powers in governing relations pertaining to the use of subsoil within their respective territories:

1) to pass and improve laws and other statutory acts of the subjects of the Russian Federation governing the use of subsoil;

2) to participate in designing and implementation of state programmes for geological exploration, developing and exploiting the mineral raw material base of the Russian Federation;

3) to prepare and implement territorial programmes for developing and using the

mineral raw materials base;

4) to create and update territorial geological information pools, to use data paid for from budget funds of respective subjects of the Russian Federation and respective local budgets at their option;

5) to participate in state evaluation of the data on explored mineral reserves and other characteristics of subsoil areas, revealing their value or hazardous nature;

Информация об изменениях:

Federal Law No. 228-FZ of July 23, 2013 amended Item 6 of Article 4 of this Law. The amendments shall come into force on January 1, 2014

See the Item in the previous wording

6) to prepare territorial balance of mineral reserves and cadastres of fields and occurrence of ubiquitous mineral resources; to compose and maintain record of subsoil areas used for construction of underground facilities unrelated to mineral production;

Информация об изменениях:

Federal Law No. 364-FZ of November 30, 2011 amended Item 7 of Article 4 of this Law

See the Item in the previous wording

7) to manage jointly with the Russian Federation the integrated state mineral reserve within their respective territories, to form jointly with the Russian Federation regional lists of minerals classified as commonly occurring ones and the grant of the right of using subsoil plots of local importance;

Информация об изменениях:

Federal Law No. 364-FZ of November 30, 2011 supplemented Article 4 of this Law with Item 7.1

7.1) preparing and approving lists of local significance subsoil plots by agreement with the federal body responsible for the management of the state stock of subsoil or its territorial bodies;

8) Item is abolished in accordance with Federal Law No. 122-FZ of August 22, 2008.

Информация об изменениях:

Federal Law No. 228-FZ of July 23, 2013 supplemented Article 4 of this Law with Item 8.1. The amendments shall come into force on January 1, 2014

8.1) to coordinate technical projects of developing deposits of ubiquitous minerals and other project documentation as to carrying out the works connected with the use of subsoil plots of local importance;

Информация об изменениях:

Federal Law No. 364-FZ of November 30, 2011 reworded Item 9 of Article 4 of this Law

See the Item in the previous wording

- 9) establishing a procedure for the use of local significance subsoil plots;
10) to protect the interests of ethnic minorities, the rights of subsoil users and the interests of citizens, resolve disputes related to the use of subsoil;
11) Item is abolished in accordance with Federal Law No. 122-FZ of August 22, 2008.
12) participation of the subjects of the Russian Federation within the competence established by the Constitution of the Russian Federation and federal laws in production sharing agreements which involve the use of subsoil plots;
13) to participate in the establishment of the terms and procedure for the use of mineral fields;

Информация об изменении:

Federal Law No. 364-FZ of November 30, 2011 amended Item 14 of Article 4 of this Law

See the Item in the previous wording

- 14) to organise and exercise the regional state supervision over geological exploration, rational use and conservation of subsoil with respect to subsoil plots of local importance;

Информация об изменении:

Federal Law No. 364-FZ of November 30, 2011 amended Item 14.1 of Article 4 of this Law

See the Item in the previous wording

- 14.1) the conduct of state expert examination of the reserves of minerals, geological, economic and ecological information on subsoil areas of local significance furnished for use;

- 15) to govern other issues related to the use and conservation of subsoil excluding the issues falling under the jurisdiction of the Russian Federation.

Информация об изменении:

Federal Law No. 122-FZ of August 22, 2004 amended Article 5 of this Law. The amendments shall enter into force from the day of the official publication of said Federal Law

See the previous text of the Article

Article 5. Powers of Local Self-Government Bodies in Governing Relations Pertaining to the Use of Subsoil

Local self-government bodies shall have the following powers in governing relations pertaining to the use of subsoil:

Информация об изменении:

Federal Law 118-FZ of June 26, 2007 amended Item 1 of Article 5 of this Law

See the Item in the previous wording

- 1) to participate in decision-making related to social, economic and ecological interests of the population of the territory when granting subsoil areas for use;
- 2) to increase the mineral raw materials base of local industrial enterprises;
- 3) abrogated;

Информация об изменениях:

See the text of Item 3 of Article 5

4) to suspend operations related to the use of subsoil on land areas in the case of violation of the provisions of Article 18 hereof;

5) to establish control over the use and conservation of subsoil in the process of production of common types of minerals, as well as construction of local underground facilities unrelated to mineral production;

6) Item is abolished in accordance with Federal Law No. 122-FZ of August 22, 2008.

Section II. Use of Subsoil

ГАРАНТ:

On the state regulation of relations in the sphere of the geological study of and prospecting for the deposits of precious metals and of precious stones, of their extraction, production, use and sale, see Federal Law No. 41-FZ of March 26, 1998 on Precious Metals and Precious Stones

Информация об изменениях:

Federal Law No. 58-FZ of April 29, 2008 amended Article 6 of this Law

See the Article in the previous wording

Article 6. Types of Use of Subsoil

Subsoil conditions shall be granted for:

1) regional geological exploration, including regional geological and geophysical study, geological surveying, engineering and geological study, scientific research, paleontological and other studies aimed at integrated geological exploration of subsoil, geological surveys for early earthquake warning and study of volcanic processes, creating and performing ecological monitoring; monitoring of the underground water regime, as well as other types of operations performed without material penetration into subsoil, and also geological study and assessment of usability of subsoil plots for the construction and operation of underground facilities not associated with the extraction of mineral resources.

2) geological study including exploration and appraisal of mineral fields;

Информация об изменениях:

Federal Law No. 261-FZ of July 21, 2014 amended Item 3 of part 1 of Article 6 of this Federal Law. The amendments shall enter into force on February 1, 2015

See the Item in the previous wording

3) exploration and production of minerals, including utilisation of waste products of

mining and related processing industries, and also in the event of hydrocarbon raw material prospecting and production for the placement in rock strata of associated waters and the waters used by subsoil users for own production and technological needs;

4) construction and operation of underground facilities unrelated to mineral production;

5) special protection of geological features of scientific, cultural, aesthetic, sanitary and other value (scientific and training grounds, geological reserves, wildlife reserves, caves and other underground areas);

6) sampling mineral, paleontological, and other geological materials for collection purposes.

Информация об изменении:

Federal Law No. 459-FZ of December 29, 2014 amended part 2 of Article 6 of this Law. The amendments shall enter into force on January 1, 2015

See the part in the previous wording

Subsoil areas may be granted for use concurrently for minerals' geological survey, prospecting and extraction. With this, minerals' prospecting and extraction, except for minerals' prospecting and extraction on a subsoil area of federal importance, may be effected both in the course of a subsoil geological survey and after completion thereof. Minerals' exploration and extraction on a subsoil plot of federal importance by a legal entity controlled by foreign investors or by a foreign investor may be only effected on the basis of a decision of the Government of the Russian Federation on the possibility of minerals' exploration and extraction on this subsoil area.

Информация об изменении:

Federal Law No. 408-FZ of December 28, 2013 amended Article 7 of this Law. The amendments shall enter into force on July 1, 2014

See the Article in the previous wording

Article 7. Subsoil Areas Granted for Use

In accordance with the licence to use subsoil in the course of mineral resource extraction, construction and operation of subsoil structures not associated with the extraction of mineral resources; of setting up special protection geological objects, as well as in case of mineral resources being prospected and extracted under a production sharing agreement, a subsoil plot shall be allocated to its user in the form of a geometrically delineated section of subsoil.

ГАРАНТ:

See Instructions on Tract Allocation Formalities for Using Subsoil for Purposes Not Relating to the Recovery of Mineral Resources approved by Decision of the Ministry of Natural Resources of the Russian Federation and Federal Mining and Industrial Inspectorate of Russia No. 18/24 of March 25, 1999

See Instructions on the Official Registration of Mining Concessions for Working Mineral Deposits approved by the State Mining and Industrial Inspectorate of the Russian Federation, the Ministry of Environmental Protection and Natural Resources of the

Russian Federation Nos 58, 56 of December 31, 1997 and February 7, 1998

See the Instructions on the Procedure for Granting Mining Allotments for Gas and Oil-Field Development approved by Decision of the State Mining and Industrial Supervision Agency of the Russian Federation No. 35 of September 11, 1996

The boundaries of a mining allotment shall be defined on the basis of 3-D contours of a mineral field, the geographic location of a construction site and operation of underground facilities, boundaries of safe performance of mining and explosive operations, the presence of sanitary zones providing protection from the hazardous effects of mining operations, zones of rock faults, contours of safety pillars under natural features, buildings and facilities, a distance between the sides of quarries and cuttings, as well as other factors impacting the condition of subsoil and Earth's surface related to geological exploration and use of subsoil.

The preliminary boundaries of a mine allotment shall be fixed when granting the licence for subsoil use. After developing a technical project of carrying out the works connected with subsoil use, obtaining a positive opinion of the state expert examination and coordinating the cited project in compliance with Article 23.2 of this Law the state mining supervision body or, where it is established by the Government of the Russian Federation, the executive power body of a constituent entity of the Russian Federation (in respect of subsoil plots of local importance) shall draw up the documents certifying the updated boundaries of a mine allotment (the mine allotment certificate and graphic annexes) to be included into the licence as an integral part thereof.

A subsoil user who has been awarded a mining allotment shall have the exclusive right to the use of subsoil within its boundaries under the awarded licence. Any activity related to use of subsoil within the boundaries of a mining allotment shall be performed only by agreement with the subsoil user who holds a licence for it. An area of subsoil granted under a licence for geological exploration without material penetration into subsoil (without deep mining or well drilling for mineral production or construction of underground facilities unrelated to mineral production) shall be qualified as a mining allotment by decision of the federal mineral reserve management body or its territorial body. Several subsoil users may concurrently perform operations within the boundaries of a mining allotment. Relations between such users shall be defined at the time of granting the right for the use of subsoil.

When a subsoil section is allocated for use under a production sharing agreement for prospecting, search for and extraction of mineral resources a mining or geological section shall be assigned within the limits specified by said agreement.

For the purpose of ensuring the completeness of the subsoil geological survey, rational use and protection, the boundaries of a subsoil plot allotted for use may be changed.

A procedure for establishing and changing the boundaries of subsoil plots allotted for use, a procedure for preparing and drawing up the documents certifying the updated boundaries of a mine allotment shall be established by the Government of the Russian Federation.

Информация об изменениях:

Federal Law No. 459-FZ of December 29, 2014 supplemented this Law with Article 7.1. The Article shall enter into force on January 1, 2015

Article 7.1 Correction of Technical Errors in Subsoil Licence

ГАРАНТ:

According to Federal Law No. 459-FZ of December 29, 2014 any technical errors (slips of the pen, misprints, grammatical or arithmetical or similar errors) made in the course of execution or re-execution of subsoil licences, including those in the information on boundaries of subsoil areas that are not corrected by the day of entering into force of this Federal Law shall be corrected in accordance with provisions of Article 7.1 of this Law (in the wording of Federal Law No. 459-FZ of December 29, 2014)

Any technical errors (slips of the pen, misprints, grammatical or arithmetical or similar errors) made in the course of execution or re-execution of subsoil licences, including those in the information on boundaries of subsoil areas, shall be corrected by a federal authority for administration of the state fund of underground resources or its territorial body, for subsoil areas of local significance - by the authorised executive authority of the related Russian Federation constituent entity within 15 calendar days after its revelation of the technical errors or within 60 calendar days after receipt from the holder of a subsoil licence of an application for correction of technical errors in it, if the said authorities have confirmed their existence.

Applications for correction of technical errors in subsoil licences shall be filed by the subsoil licence holders to the federation authority for administration of the state fund of underground resources or its territorial body, for subsoil areas of local significance - to the authorised executive authority of the related Russian Federation constituent entity.

The federation authority for administration of the state fund of underground resources or its territorial body, and for subsoil areas of local significance - the authorised executive authority of the related Russian Federation constituent entity, shall inform the holder of the subsoil licence of correction of technical errors in it or of a refusal to correct within 7 calendar days after taking a decision on their correction or on refusal to correct. Technical errors in the subsoil licence shall be corrected in case, if it does not entail termination, creation or transfer of the right of underground resources use.

Any disputes arising in the course of correction of technical errors in the subsoil licence shall be settled judicially.

Информация об изменениях:

Federal Law No. 309-FZ of December 30, 2008 amended Article 8 of this Law. The amendments do not concern the English text

Article 8. Restrictions on the Use of Subsoil

The use of individual areas of subsoil may be restricted or prohibited for reasons of national security and environmental protection.

The use of subsoil within populated areas, suburban zones, industrial, transportation and communication facilities may be partially or fully prohibited if such use might endanger people's life and health, cause damage to production facilities or the local

environment.

The use of subsoil within specially protected areas shall be performed under the appropriate regulations for areas of that status.

Информация об изменениях:

Federal Law No. 458-FZ of December 29, 2014 amended Article 9 of this Law. The amendments shall come into force on January 1, 2016

Federal Law No. 118-FZ of July 14, 2008 amended Article 9 of this Law

See the Article in the previous wording

Article 9. Subsoil Users

As users of subsoil resources may be deemed persons engaging in business activities, including members of ordinary partnerships, foreign citizens and legal entities, if not otherwise established by federal laws.

Информация об изменениях:

Federal Law No. 323-FZ of December, 2012 amended Part 2 of Article 9 of this Law

See the Part in the previous wording

ГАРАНТ:

The provisions of Parts 2 and 3 of Article 9 of this Law (in the wording of Federal Law No. 58-FZ of April 29, 2008) shall not apply, if the user of subsoil resources on subsoil areas of federal importance is a person to which the right of using this area has been granted before the entry into force of the said Federal Law

As users of subsoil resources on subsoil areas of federal importance, except for subsoil areas of federal importance on the continental shelf of the Russian Federation and subsoil areas of federal importance which are located in the territory of the Russian Federation and extend to the continental shelf thereof, may be deemed legal entities established in compliance with the legislation of the Russian Federation, if the Government of the Russian Federation has not established under this Law additional restrictions in respect of admittance to participation in auctions for the right to use such subsoil plots of legal entities with participation of foreign investors which are established in compliance with the legislation of the Russian Federation.

As subsoil users of subsoil areas of federal importance on the continental shelf of the Russian Federation, as well as on subsoil areas of federal importance located in the territory of the Russian Federation and extending to the continental shelf thereof, may be deemed legal entities which are established in compliance with the legislation of the Russian Federation, have expertise in developing subsoil areas of the continental shelf of the Russian Federation within at least five years, in which the share (contribution) of the Russian Federation is over fifty per cent and/or in respect of which the Russian Federation is entitled to dispose directly or indirectly of over fifty per cent of the total number of votes falling at the voting stocks (shares) constituting authorised capitals of such legal entities.

As subsoil users under the terms of production sharing agreements may be deemed legal entities, as well as associations of legal entities which are set up on the

basis of joint operations agreements (contracts of simple partnership), such associations not having the status of an association of legal entities, provided that the participants in such associations have joint and several liability on obligations arising from production sharing agreements.

If federal laws establish that a permit (licence) is required to perform certain kinds of activities involved in subsoil use, subsoil users must hold permits (licences) required to perform relevant kinds of activities involving the use of subsoil resources, or to invite for the performance of these kinds of activity the persons, possessing such permits (licences).

As users of subsoil resources engaged in carrying out the extraction of radioactive raw materials and burial of radioactive wastes, toxic substances and other hazardous waste may be only deemed legal entities established in compliance with the legislation of the Russian Federation and holding permits (licences) for carrying out works aimed at the extraction and use of radioactive substances, as well as at the use of toxic and other hazardous waste, issued by the authorised federal executive body.

The rights and duties of subsoil users shall arise as of the date of the state registration of the licence for a subsoil area's use or, when granting the right to use a subsoil area under the terms of a production sharing agreement, as of the date when such agreement enters into force.

Информация об изменениях:

Federal Law No. 261-FZ of July 21, 2014 amended Article 10 of this Law. The amendments shall enter into force on February 1, 2015

See the Article in the previous wording

Article 10. Terms of Use of Subsoil Plots

The right to use subsoil plots shall be granted either for a fixed or unlimited period of time. The right to use subsoil plots shall be granted for a fixed period of time in the following cases:

- for the geological study - for a period of up to five years, or for a term of up to seven years when carrying out the works involved in geological survey of the subsoil plots located in full or in part within the boundaries of the Republic of Sakha (Yakutia), the Kamchatka Territory, the Krasnoyarsk Territory, the Khabarovsk Territory, the Irkutsk Region, the Magadan Region, the Sakhalin Region, the Nenets Autonomous Area, the Chukotka Autonomous Area and the Yamalo-Nenets Autonomous Area, or for a period of up to 10 years during the works of the geological exploration of the subsoil section in the inland sea waters, the territorial sea and the continental shelf of the Russian Federation;

- in order to extract mineral resources - for the period of extraction of the mineral deposit, which is calculated on the basis of the feasibility study for the extraction of the mineral deposit ensuring the rational use and protection of subsoil;

- in order to extract underground water - up to 25 years;

- in order to extract mineral resources on the grounds of a short-term right granted to use subsoil in keeping with Article 21.1. of this Law - up to one year.

The right to use subsoil areas shall be granted for an unlimited time in order to

construct and operate underground facilities unrelated to mining production, to construct and operate underground facilities involved in the burial of waste generated by the construction and operation of crude oil and natural gas storage facilities, for the placement in rock strata of associated waters and the waters used by subsoil users for own production and technological needs in the event of hydrocarbon raw material prospecting and production, and in order to establish specially protected geological facilities and for other purposes.

Информация об изменениях:

Federal Law No. 122-FZ of August 22, 2004 amended part 3 of Article 10 of this Law. The amendments shall enter into force from the day of the official publication of said Federal Law

See the previous text of the part

The period of use of a subsoil plot shall be extended at the initiative of the user of the subsoil, if there is a need to complete exploration and assessment or development of a mineral deposit or to carry out liquidation works, provided there are no breaches of the license's terms and conditions by this subsoil user.

A production sharing agreement shall stipulate the terms for extending the period of use of a subsoil plot.

The starting date of a period of use of subsoil plots shall be the date of state registration of licences to use such subsoil plots.

Информация об изменениях:

Federal Law No. 58-FZ of April 29, 2008 reworded Article 10.1 of this Law

See the Article in the previous wording

Article 10.1. Grounds for Granting the Right to Use Subsoil Plots

The following shall be deemed grounds for the rise of the right to use subsoil plots:

Информация об изменениях:

Federal Law No. 458-FZ of December 29, 2014 amended Item 1 of Article 10.1 of this Law. The amendments shall come into force on January 1, 2016

Federal Law No. 323-FZ of December, 2012 amended Item 1 of Article 10.1 of this Law

See the Item in the previous wording

1) a decision of the Government of the Russian Federation adopted:
on the basis of the results of an auction for exploration and extraction of mineral resources or for geological survey of subsoil, prospecting and extraction of mineral resources on the basis of a combined licence on a subsoil plot of federal importance;
upon the establishment of the fact of striking a mineral deposit in a mining claim of federal importance or in a subsoil site that is assigned to the category of mining claims of federal importance as a result of the striking of a mineral deposit by the subsoil assets user, who was engaged in the work of geological investigation of the mineral wealth in such site for prospecting and extracting minerals in an open-cast deposit, with the

exception of the performance of such works under a government contract;

for burial of radioactive, toxic and other hazardous waste at deep levels, this ensuring such waste localization;

for prospecting and extracting minerals or for the geological investigation of subsoil assets, the prospecting and mining minerals under a combined license in a making claim of federal importance, in the continental shelf of the Russian Federation, in a subsoil site of federal importance located on the territory of the Russian Federation and stretching to its continental shelf, in a subsoil site of federal importance that contains gas, from the Government-approved list of subsoil sites of federal importance, which are granted for use without holding auctions;

Информация об изменениях:

Federal Law No. 364-FZ of November 30, 2011 amended Item 2 of Article 10.1 of this Law

See the Item in the previous wording

2) the decision of the federal body in charge of managing the state mineral reserve or of a regional agency thereof on granting the right of short-term (up to one year) use of a land plot for the exercise by a legal entity (operator) of activities on the land plot whose right of use is terminated ahead of schedule, except for local significance subsoil plots;

Federal Laws Nos 261-FZ of July 21, 2014 and 459-FZ of December 29, 2014 amended Item 3 of Article 10.1 of this Federal Law

Информация об изменениях:

See the Item in the previous wording

3) the decision of the commission established by the federal body in charge of managing the state mineral reserve and including likewise representatives of the executive body of the appropriate constituent entity of the Russian Federation for consideration of applications for granting the right to use subsoil plots;

for the purpose of geological survey of subsoil plots, except for subsoil on subsoil plots of federal importance and subsoil plots of local importance;

upon the establishment of the fact of striking a mineral deposit in a subsoil site by a subsoil user who carried out the work of geological study of the subsoil assets in such a site for prospecting and mining minerals in the open cast deposit, except for a subsoil site of federal importance, subsoil site that is attributed to subsoil sites of federal importance as a result of striking a mineral deposit and the works of the geological survey of the subsoil assets in accordance with a government contract, and also survey of subsoil plots of local importance;

for extraction of ground water used for domestic supply or process water supply for industrial or agricultural enterprises in subsoil areas not belonging to those of local significance, or for geological survey of subsoil areas not belonging to those of local significance, for the purpose of exploration and prospecting of ground water, and its extraction;

paragraph 5 is abrogated;

Информация об изменениях:

See the text of paragraph 5 of Item 3 of Article 10.1

for the purpose of constructing oil and gas storage facilities in rock beds and operating such oil and gas storage facilities, placing industrial and domestic waste, placing in rock strata associated waters and the waters used by subsoil users for own production and technological needs in the event of hydrocarbon raw material prospecting and production;

for establishing specially guarded geological objects;

4) the decision of a tender or auction commission on granting the right to use a subsoil plot for the purpose of exploration and extraction of minerals or for the purpose of a geological subsoil survey, exploration and extraction of minerals under a combined licence, except for subsoil plots of federal importance;

5) the decision of the executive body of a constituent entity of the Russian Federation coordinated with the federal body in charge of managing the state mineral reserve or with a regional agency thereof and adopted for the purpose of collecting mineralogical, paleontological and other geological specimens;

Информация об изменении:

Federal Law No. 459-FZ of December 29, 2014 amended Item 6 of Article 10.1 of this Law. The amendments shall enter into force on January 1, 2015

See the Item in the previous wording

6) a decision concerning the following adopted by a governmental body of a subject of the Russian Federation in accordance with the legislation of the subject of the Russian Federation:

the grant according to the results of an auction of the right of using a local significance subsoil plot included in the list of local significance subsoil plots approved by an executive governmental body of the subject of the Russian Federation for the purposes of exploration and ubiquitous minerals or geological study, exploration and extraction of ubiquitous minerals;

the grant of the right of using a local significance subsoil plot for the purposes of constructing and operating underground installations of local and regional significance not relating to mineral extraction;

the grant of the right of using a local significance subsoil plot which contains a deposit of ubiquitous minerals and is included in the list of local significance subsoil plots approved by an executive governmental body of the subject of the Russian Federation -- for the purposes of exploration and extraction of the ubiquitous minerals of the discovered deposit if it has been established that it has been discovered by the user of subsoil that had carried out a geological study of the subsoil plot for the purpose of exploration and assessing ubiquitous mineral deposits, except for the performance of said works under a state contract;

the grant of the right of short-term (up to one year) use of a local significance subsoil plot for the purposes of a legal entity's (operator's) pursuing activities on a local significance subsoil plot in respect of which the right of use had been terminated before due time;

the grant of the right of using a local significance subsoil plots included in the list of local significance subsoil plots approved by an executive governmental body of the

subject of the Russian Federation - for a geological study thereof for the purposes of exploring and assessing ubiquitous mineral deposits;

provision of the right to use a subsoil area of local significance for geological survey for exploration and prospecting of ground water, its extraction or for geological survey for exploration, prospecting and extraction of ground water;

7) the lapse of right to use subsoil plots for the reasons established by the federal laws regulating subsoil use relations;

8) an effective production sharing agreement made in compliance with the Federal Law on Production Sharing Agreements;

Информация об изменениях:

Federal Law No. 396-FZ of December 28, 2013 amended Item 9 of Article 10.1 of this Law. The amendments shall enter into force on January 1, 2014

See the Item in the previous wording

9) a state contract of carrying out works aimed at a subsoil geological survey (in particular regional one) made by the federal body in charge of managing the state mineral reserve in compliance with Federal Law No. 44-FZ of April 5, 2013 on the Contractual System in the Sphere of Purchasing Goods, Works and Services for Meeting State and Municipal Needs.

Информация об изменениях:

Federal Law No. 171-FZ of June 23, 2014 amended Article 11 of this Law. The amendments shall enter into force on March 1, 2015

See the Article in the previous wording

Article 11. Licence for the Use of Subsoil

Granting of subsoil for use, in particular granting it for use by state power bodies of constituent entities of the Russian Federation, shall be legalized by a special state permit in the form of the licence comprising the letterhead of the standard pattern with the State Emblem of the Russian Federation, as well as textual, graphic and other annexes which form an integral part of the licence and define the basic terms of subsoil use.

Allocation of a plot (of plots) of subsoil for use under the terms of production sharing agreements shall be documented by drawing up a licence to use the subsoil. The licence shall confirm the right to use the aforementioned plot (plots) of subsoil under the terms of production sharing agreements where the latter sets out all necessary conditions for the use of subsoil in accordance with the Federal Law on Production Sharing Agreements and the legislation of the Russian Federation on subsoil.

The licence is a document certifying the right of its holder to use a subsoil plot within specific boundaries in accordance with the purpose stated therein over an established period of time, provided its holder complies with the terms and conditions agreed in advance. A contract may be concluded between the duly authorised bodies of state power and the subsoil user to establish the terms for the use of such a plot as well as the obligations of the parties under the aforesaid contract. The authorised government bodies and licence holders may enter into an agreement establishing specific terms and

conditions related to the use of subsoil.

The licence shall certify the right of geological exploration, development of mineral fields, placement in rock strata of associated waters and the waters used by subsoil users for own production and technological needs in the event of hydrocarbon raw material prospecting and production, utilisation of waste products of mining and related processing industries, use of subsoil for purposes other than mineral production, establishment of specially protected geological features, sampling mineral, paleontological, and other geological materials for collection purposes.

A licence for the use of subsoil may be awarded for several types of concurrent activities.

Abrogated from March 1, 2015.

Информация об изменениях:

See the text of part 6 of Article 11

ГАРАНТ:

Federal Law No. 20-FZ of January 2, 2000 amended Article 12 of this Federal Law

See the previous text of the Article

Article 12. Contents of the Licence for the Use of Subsoil

The licence and inseparable constituent parts thereof shall contain the following information:

- 1) on a user of subsoil who has been awarded the licence, as well as the grounds on which the licence has been awarded;
- 2) on the objective of the operations related to the use of subsoil;

Информация об изменениях:

Federal Law No. 222-FZ of July 18, 2011 amended Item 3 of Part 1 of Article 12 of this Law. The amendments shall enter into force upon the expiry of 180 days after the day of the official publication of the said Federal Law

See the Item in the previous wording

- 3) boundaries of the subsoil area granted for use;

Информация об изменениях:

Federal Law No. 171-FZ of June 23, 2014 amended Item 4 of part 1 of Article 12 of this Law. The amendments shall enter into force on March 1, 2015

See the Item in the previous wording

- 4) boundaries of the territory of a land plot or marine body designated for operations related to the use of subsoil;

- 5) term of licence and date of commencement of operations (preparation of an engineering design, time schedule for reaching designed production capacity, submission of geological information for state evaluation);

- 6) terms and conditions with respect to payments levied on users of subsoil, land

areas, marine body areas;

7) agreed level of mineral raw material production, title to recovered mineral raw materials;

ГАРАНТ:

Concerning the issues of production sharing agreements in use of subsoil resources see Federal Law No. 225-FZ of December 30, 1995, Decree of the President of the Russian Federation No. 2285 of December 24, 1993

8) agreement on title to geological information obtained in the course of the use of subsoil;

Информация об изменениях:

Federal Law No. 309-FZ of December 30, 2008 amended Item 9 of Part 1 of Article 12 of this Law. The amendments do not concern the English text

9) terms and conditions for compliance with standards (norms, regulations) for conservation of subsoil, environmental protection and safety of operations as provided for by legislation;

Информация об изменениях:

Federal Law No. 186-FZ of July 26, 2010 supplemented Part 1 of Article 12 of this Law with Item 9.1. The Item shall enter into force upon the expiry of ninety days from the date of the official publication of the said Federal Law

9.1) the conditions for reducing the content of highly explosive gases in a mine, coal seams and worked-out areas down to the established permissible norms in the extraction (processing) of coal (oil shale);

10) procedures and time schedule for preparing abandonment or conservation programmes for mine workings and land reclamation.

A licence for the use of subsoil shall confirm the above terms and conditions and the form of contractual relations pertaining to the use of subsoil, including service contracts (risk and no-risk contracts), and also may contain other terms and conditions subject to the provisions hereof.

In the case of significant change in the consumption levels of recovered products caused by circumstances beyond the control of the subsoil user, the terms for putting into operation the facilities envisaged by the licence agreement may be adjusted by the bodies issuing the licence to use the subsoil, based on an application of the subsoil user.

The licence to use subsoil under the terms of production sharing agreements shall contain the relevant data and conditions provided for by the aforementioned agreement.

Terms and conditions for the use of subsoil provided for by the licence shall remain effective throughout the term stipulated in the licence or throughout the entire term of the licence. These terms and conditions shall be subject to change only by agreement of the subsoil user and the bodies that awarded the licence, or as provided for by law.

Article 13. Article is abolished in accordance with Federal Law No. 122-FZ of August 22, 2008.

Информация об изменениях:

See text of Article 13

Federal Law No. 323-FZ of December, 2012 reworded Article 13.1 of this Law

See the Article in the previous wording

Article 13.1. Tenders and Auctions for the Right to Use Subsoil Plots

Decisions on holding auctions for the right to use subsoil plots of federal importance, on the composition and operating procedure of auction commissions shall be adopted, and the procedure for, and terms of, holding such auctions in respect of each subsoil plot or a group of subsoil plots shall be established, by the Government of the Russian Federation.

Decisions on holding tenders or auctions for the right to use subsoil plots, on the composition and operating procedure of tender or auction commissions shall be adopted, and the procedure for, and terms of, holding such tenders or auctions in respect of each subsoil plot or a group of subsoil plots shall be established by:

- 1) a state power body of a relevant constituent entity of the Russian Federation in respect of subsoil plots of local significance;
- 2) by the federal body in charge of managing the state mineral reserve or by regional agencies thereof in respect of subsoil plots, except for subsoil plots of federal or local importance.

For the purpose of ensuring the country's defence capacity and state security, the Government of the Russian Federation when determining the procedure for, and terms of, holding auctions for the right to use subsoil plots of federal importance, except for subsoil plots of federal importance on the continental shelf of the Russian Federation and subsoil plots of federal importance located in the territory of the Russian Federation and extending to the continental shelf thereof, may establish restrictions on the basis of a proposal of the federal executive power body exercising the functions of devising and pursuing the state policy in respect of defence and/or the federal executive body in charge of security, as to the admittance to participation in such auctions of legal entities established in compliance with the legislation of the Russian Federation in which foreign investors participate.

The decision on endorsing the results of a tender or auction for the right to use a subsoil plot shall be adopted within a time period of at most 30 days as from the date when the tender or auction is held by the bodies cited in Part One and Two of this article.

Tender or action commissions established by the federal body in charge of managing the state mineral reserve or by regional agencies thereof shall likewise include representatives of the executive body of the corresponding constituent entity of the Russian Federation.

The basic criteria for determining the winner when holding a tender for the right to use a subsoil plot shall be the scientific and technical level of programme aimed at geological survey and use of subsoil plots, the completeness of mineral extraction, the contribution to the social and economic development of the region, time periods for implementation of corresponding programs, efficiency of measures aimed at the protection of subsoil and the environment, as well as ensuring the national defence and

security.

The basic criterion for determining the winner when holding an auction for the right to use a subsoil plot shall be the amount of the one-off payment for the right to use the subsoil plot.

If a tender for the right to use a subsoil plot is recognised as frustrated as there is only one application from a single participant, the licence for the use of the subsoil plot may be issued to this participant under the terms and conditions of such tender.

An announcement on holding a tender or an auction for the right to use subsoil plots shall be placed on the official site of the Russian Federation on the Internet intended for placing information about holding sales (hereinafter referred to as the official site).

The official site and the body authorised to keep it shall be determined by the Government of the Russian Federation.

An announcement on holding a tender or an auction for the right to use subsoil plots shall be placed on the official site at least 90 days before the date of holding a tender for the right to use subsoil plots and at least 45 days before the date of holding an auction for the right to use subsoil plots. Announcements on holding auctions for the right to use subsoil plots of federal importance must contain an indication of the information about a restricted admittance to participation in such auctions which is provided for by Part Three of this article.

A procedure for and terms of holding tenders or auctions for the right to use subsoil plots for making production sharing agreements shall be defined in compliance with the legislation of the Russian Federation.

Pending the designation by the Government of the Russian Federation of the official site, the announcement on holding a tender or auction for the right to use subsoil plots shall be placed on official sites of the bodies mentioned in Part One and Two of this article on the Internet, and shall be published in nationwide mass media and in mass media issued in the territories of the corresponding constituent entities of the Russian Federation at the latest 90 days before the date of holding a tender for the right to use subsoil plots and at the latest 45 days before the date of holding an auction for the right to use subsoil plots, counting from the date of the first publication. Mass media shall be selected for publishing such announcements by the bodies cited in Parts One and Two of this article.

It is not permitted to issue a licence and to make a contract (agreement) on the basis of the results of a tender or auction for the right to use subsoil plots or, in case such tender or auction are declared frustrated, earlier than ten days from the date of signing the record serving a ground for issuance of the licence or conclusion of the contract (agreement) or, if it is stipulated to insert the cited record on the Internet earlier than in ten days from the date of such placing.

ГЛАВНОЕ:

Federal Law No. 20-FZ of January 2, 2000 amended Article 14 of this Federal Law

See the previous text of the Article

Article 14. Rejection of Tender or Auction Bids or an Application to Obtain the

Right to Use Subsoil on a Non-Competitive Basis

Tender or auction bids or an application to obtain the right to use subsoil on a non-competitive basis may be rejected in the following cases:

1) if the application for a licence was submitted in violation of established regulations, including cases when its contents are not in line with the announced tender or auction terms;

2) the applicant has deliberately provided false information about himself;

3) the applicant failed, and is not in a position, to prove that he has or will have qualified specialists, technical and financial capabilities required for effective and safe operations;

ГАРАНТ:

Federal Law No. 32-FZ of February 10, 1999 amended subitem 4 of Article 14 of this Law

See the previous text of the subitem

4) awarding rights to use the subsoil to a given applicant will violate anti-monopoly provisions;

Информация об изменениях:

Federal Law No. 323-FZ of December, 2012 amended Item 5 of Article 14 of this Law

See the Item in the previous wording

5) the applicant does not comply with the criteria established by the terms and conditions of holding an auction for the right to use a subsoil plot of federal importance.

Article 15. State Licensing Regulations

State licencing regulations provide for a unified system of awarding licences, including the preparation and drawing up of materials containing appropriate information, scientific analysis, economic and legal data. The state licensing regulations shall be aimed at ensuring the following:

ГАРАНТ:

Federal Law No. 20-FZ of January 2, 2000 amended part 2 of Article 15 of this Federal Law

See the previous text of the part

- practical implementation of state programmes for development of the mining industry and increase of the mineral raw materials base, protection of the national security interests of the Russian Federation;

- protection of social, economic, ecological and other interests of the population of a given territory and all citizens of the Russian Federation;

- equal opportunities for all legal entities and citizens in obtaining licences;

- enhancement of market relations, implementation of anti-monopoly policy with respect to the use of subsoil;

- necessary guarantees to licence holders (including foreign entities) and protection of their right to use of subsoil.

Информация об изменениях:

Federal Law No. 309-FZ of December 30, 2008 amended Article 12 of this Law

See the Article in the previous wording

Article 16. Organisational Support to the State Licensing System

The federal body in charge of managing the state mineral reserve and its regional agencies shall be held responsible for providing organisational support to the state licensing system.

The federal body in charge of managing the state mineral reserve and its regional agencies:

Информация об изменениях:

Federal Law No. 323-FZ of December, 2012 amended Item 1 of Part 2 of Article 16 of this Law

See the Item in the previous wording

1) shall submit to the Government of the Russian Federation their proposals on holding auctions for the right to use subsoil sites of federal importance, on the inclusion in the list of the subsoil sites of federal importance, which are granted without holding auctions, of the subsoil sites of federal importance on the continental shelf of the Russian Federation, of subsoil sites of federal importance located on the territory of the Russian Federation and stretching to its continental shelf, the subsoil sites of federal importance containing natural gas, for prospecting and mining minerals or for the geological study of subsoil assets, prospecting and mining minerals under a combined license, and also for granting the right to use such sites without holding auctions;

Информация об изменениях:

Federal Law No. 364-FZ of November 30, 2011 amended Item 2 of part 2 of Article 16 of this Law

See the Item in the previous wording

2) shall prepare a list of subsoil plots proposed for use, shall endorse such list and the terms and conditions of granting subsoil plots, except for the subsoil plots of federal importance and subsoil plots of local importance;

Информация об изменениях:

Federal Law No. 364-FZ of November 30, 2011 supplemented part 2 of Article 16 of this Law with Item 2.1

2.1) approve lists of local significance subsoil plots;

Информация об изменениях:

Federal Law No. 364-FZ of November 30, 2011 amended Item 3 of part 2 of Article 16 of this Law

See the Item in the previous wording

3) shall ensure the functioning of the state licensing system, except for licensing the use of subsoil plots of local importance;

Информация об изменениях:

Federal Law No. 364-FZ of November 30, 2011 amended Item 4 of part 2 of Article 16 of this Law

See the Item in the previous wording

4) shall prepare conditions for using subsoil plots for the purpose of geological survey, exploration and extraction of minerals in respect of every subsoil plot, except for the subsoil plots of local importance.

Executive bodies of constituent entities of the Russian Federation in respect of the subsoil plots located in the territories thereof:

Информация об изменениях:

Federal Law No. 364-FZ of November 30, 2011 amended Item 1 of part 3 of Article 16 of this Law

See the Item in the previous wording

1) shall ensure the functioning of the state system of licensing the use of subsoil plots of local importance;

Информация об изменениях:

Federal Law No. 364-FZ of November 30, 2011 amended Item 2 of part 3 of Article 16 of this Law

See the Item in the previous wording

2) shall prepare conditions for using subsoil plots of local importance;

3) are entitled to present to the federal body in charge of managing the state mineral reserve or to regional agencies thereof proposals related to forming the programme of licensing the use of subsoil plots, to the terms and conditions of holding tenders and auctions for the right to use subsoil plots and to the terms and conditions of licenses for using subsoil plots.

Информация об изменениях:

Federal Law No. 364-FZ of November 30, 2011 supplemented part 3 of Article 16 of this Law with Item 4

4) shall prepare and approve lists of local significance subsoil plots by agreement with the federal body responsible for the management of the state stock of subsoil or its territorial bodies.

Federal executive bodies shall participate in ensuring the functioning of the state licensing system in compliance with the scope of their authority determined by the Government of the Russian Federation.

Информация об изменениях:

Federal Law No. 364-FZ of November 30, 2011 amended part 5 of Article 16 of this Law

See the part in the previous wording

Drawing up, state registration and issuance of licenses for the use of subsoil plots shall be effected by the federal body in charge of managing the state mineral reserve or by regional agencies thereof, while with respect to the subsoil plots of local importance it shall be done by authorised executive power bodies of appropriate constituent entities of the Russian Federation.

Информация об изменениях:

*Federal Law No. 364-FZ of November 30, 2011 amended part 6 of Article 16 of this Law
See the part in the previous wording*

The procedure for drawing up, state registration and issuance of licenses for the use of subsoil plots of local importance shall be established by the state power bodies of constituent entities of the Russian Federation.

Информация об изменениях:

*Federal Law No. 458-FZ of December 29, 2014 amended part 7 of Article 16 of this Law. The amendments shall come into force on January 1, 2016
Federal Law No. 323-FZ of December, 2012 amended Part 7 of Article 16 of this Law
See the Part in the previous wording*

The Government of the Russian Federation shall establish a procedure for considering applications for the right to use subsoil to bury radioactive, toxic and other dangerous waste in the deep levels which make possible the localisation of such waste, upon the establishment of the fact of striking a mineral deposit in a subsoil site of federal importance or in a subsoil site that belongs to the subsoil sites of federal importance as a result of the striking of the mineral deposit by the subsoil user who carried out the works of geological study of mineral wealth at the expense of his own resources for prospecting and mining minerals in an opencast deposit, and the procedure for examining such applications for prospecting and mining minerals or for the geological study of the depths of the earth under a combined license, in a subsoil site of federal importance granted for use without holding auctions in the continental shelf of the Russian Federation, subsoil site of federal importance located on the territory of the Russian Federation and stretching to its continental shelf, in a subsoil site of federal importance that contains natural gas.

Информация об изменениях:

*Federal Laws Nos 261-FZ of July 21, 2014 and 459-FZ of December 29, 2014 amended part 8 of Article 16 of this Law
See the part in the previous wording*

The procedure for consideration of mineral rights applications for the geological study of subsoil (except for federal-significance subsoil plots and local significance subsoil plots), for procurement of the underground waters used for the purposes of potable-water supply or technological-water supply to industrial or agricultural facilities in subsoil areas not belonging to those of local significance, or for geological survey of subsoil areas not belonging to those of local significance, for the purpose of exploration

and prospecting of ground water and its extraction, for the construction of oil and gas storage facilities in rock strata and the operation of such oil and gas storage facilities, for the placement of industrial and consumption waste, for the placement in rock strata of associated waters and the waters used by subsoil users for own production and technological needs in the event of hydrocarbon raw material prospecting and production, for the formation of special-protection geological objects, the grant of the right of short-term (up to one year) using a subsoil plot, the gathering of mineralogical, paleontological and other geological collection materials or if it is established that a mineral deposit has been discovered on a subsoil plot (except for a federal-significance subsoil plot classified as "federal-significance subsoil plot" as the result of the discovery of a mineral deposit and a local significance subsoil plot) by the subsoil user that has carried out geological study of subsoil with his own funds for the purposes of exploration and extraction of the minerals of the discovered deposit shall be established by the federal body responsible for the management of the state stock of subsoil by agreement with the federal executive governmental body in charge of the function of normative legal regulation in the area of economic development.

The procedure for licensing the use of subsoil plots shall be established by the laws of the Russian Federation. The form of the licence for subsoil use shall be established by the federal executive body in charge of managing the state subsoil reserves.

Информация об изменениях:

Federal Law No. 122-FZ of August 22, 2004 amended Article 17 of this Law. The amendments shall enter into force from the day of the official publication of the said Federal Law

See the previous text of the Article

Article 17. Anti-monopoly Provisions for the Use of Subsoil

The actions of government bodies shall be prohibited or invalidated under established procedures, as shall the actions of any participant of economic activities (subsoil users) if they have the following aims:

- to restrict access to a given tender or auction by legal entities and citizens willing to acquire the right the use of subsoil under this Law, in violation of the terms of a given tender;

- to not award a licence to tender or auction winners, as well as not granting licences to use subsoil under the terms of production sharing agreements which are provided for by Article 11 of the present Law;

- to substitute direct negotiations for tenders and auctions apart from in the cases covered by the present Law and federal laws;

- to discriminate against subsoil users who establish entities competing with the participants of economic activities who are major subsoil users;

- to discriminate against subsoil users in granting access to transportation and infrastructure facilities;

The federal mineral reserve management body shall have the right to set an upper limit to the size of subsoil areas, the number of areas, and the amount of reserves

granted for use.

Federal Law No. 417-FZ of December 7, 2011 amended Item Article 17.1 of this Federal Law. The amendments shall enter into force on January 1, 2013

Информация об изменениях:

See the Article in the previous wording

Article 17.1. Assignment of Rights for the Use of Subsoil and Renewal of the Effective Licence

The right to use mining sites shall pass to another subject of business activity in the following cases:

the reorganisation of a juridical person, a subsoil user by means of transforming it, and changing its organisational and legal form;

the reorganisation of a juridical person, a subsoil user by means of the joining to it of another juridical person or the merger of it with another juridical person in keeping with the legislation of the Russian Federation;

the termination of the activity of a juridical person, a subsoil user, owing to its joining of another juridical person in accordance with the legislation of the Russian Federation, provided that another juridical person meets the requirements made to subsoil users, and also has qualified specialists and necessary financial and technical facilities for the conduct of safe works;

the reorganisation of a juridical person, a subsoil user, by means of dividing or separating from it another juridical person in conformity with the legislation of the Russian Federation, if the newly-created juridical person intends to continue its activity in accordance with the license for using the mining sites granted to the former subsoil user;

the juridical person, a subsoil user, shall found the new juridical person set up for continuing the activity on the granted subsoil plot in keeping with the license for using the subsoil plot, if the new juridical person is formed under the legislation of the Russian Federation and it is given the property needed to carry on the activity indicated in the license for the use of a subsoil plot, including from the property of the territorial management of facilities within the boundaries of the subsoil plot, and also has the necessary permits or licenses for the subsoil usage activity and a share of the former juridical person, a subsoil user, in the authorised capital of the new juridical person at the time of the passage of the right to use the subsoil plot, a share that makes up not less than half of the authorised capital of the new juridical person;

the transfer of the right of using a subsoil plot by the juridical person, a subsoil user, which represents the principal company, to the juridical person that is its subsidiary company, the transfer of the right of using a subsoil plot by the juridical person, a subsoil user, that is a subsidiary company, to the juridical person that is its principal company, if the juridical person, which is given the right of using subsoil, is set up in accordance with the legislation of the Russian Federation, meets the requirements made to the subsoil user by the legislation of the Russian Federation, the terms of holding a tender or an auction for the right to use the given subsoil plot, the conditions of the license for using the given subsoil plot and such juridical person is given the property necessary to carry on the activity indicated in the license for using subsoil, including that from the property of the territorial management of facilities within the boundaries of the subsoil plot, and also

the transfer of the right of using a subsoil site by the juridical person, a subsoil user, which is a subsidiary company of the principal company, to the juridical person, which is a subsidiary company of the same principal company, according to its direction, with the observance of the indicated conditions;

the acquisition by a subject of business activity in the order provided for by the Federal Law on Insolvency (Bankruptcy) of the property (a property complex) of bankrupt enterprise (a subsoil user), provided that the acquirer of the property is the juridical person set up in accordance with the legislation of the Russian Federation, meets the qualification requirements made to subsoil users by the legislation of the Russian Federation on Subsoil Assets;

the conclusion of a concession agreement, a contract of lease and other contracts in respect of centralised hot water supply systems, cold water supply systems and/or water drainage systems and the specific facilities of such systems envisaged by the Federal Law on Water Supply and Water Drainage.

The assignment of the right to use subsoil plots shall require licence renewal. In this case the terms and conditions for the use of the subsoil plot laid down by the previous licence shall not be subject to revision.

The transfer of rights to use subsoil plots granted on the basis of production sharing agreements and the reissue of existing licences to use subsoil plots shall be performed in accordance with the Federal Law on Production Sharing Agreements.

The licence shall also be subject to renewal in the case of the change of name of legal entities acting as users of subsoil plots.

Информация об изменении:

Federal Law No. 364-FZ of November 30, 2011 amended part 5 of Article 17.1 of this Law

See the part in the previous wording

A procedure for re-drawing licences for the use of subsoil plots shall be established by the federal executive body in charge of managing the state subsoil reserves, while a procedure for re-drawing up licences for the use of subsoil plots of local importance.

The subsoil user shall have the right to appeal in court against refusal to renew a licence.

The right to use a subsoil plot or plots acquired by a legal entity in the established manner may not be transferred to any third parties, including under an assignment provided for by civil legislation, except as otherwise provided for by this Law or other federal laws.

A subsoil use licence acquired by a legal entity in the established manner shall not be assigned to third persons, including, for use.

If not otherwise established by this Law, it shall be forbidden to assign the right of using a subsoil plot of federal importance to a legal entity with participation of a foreign investor or to a group of persons which includes a foreign investor, established in compliance with the legislation of the Russian Federation, which:

1) are entitled to dispose directly or indirectly (in particular on the basis of a contract of property trust management, contract of ordinary partnership, contract of agency, or as a result of other transactions, or for other reasons) of over ten per cent of

the total number of votes falling at the voting stocks (shares) constituting the authorized (reserve) capital of such legal entity;

2) are entitled on the basis of a contract or for another reason to determine decisions adopted by such legal entity, in particular the terms of exercising business activities by it;

3) are entitled to appoint a one-man executive body and/or over ten per cent of the composition of a collective executive body and/or have an unconditional ability to elect over ten per cent of the composition of the board of directors (supervisory board) or other collective managerial body of such legal entity.

It is allowable on extraordinary occasions by decision of the Government of the Russian Federation to assign the right of using subsoil plots of federal importance to the persons engaged in business activities which are cited in Part Nine of this Article.

Информация об изменениях:

Federal Law No. 459-FZ of December 29, 2014 amended Article 18 of this Law. The amendments shall enter into force on January 1, 2015

See the Article in the previous wording

Article 18. Granting of Subsoil Areas of Local Significance for Use

Subsoil areas of local significance shall be granted for use for geological survey of widespread mineral deposits, exploration and extraction of widespread mineral deposits or for their geological survey, exploration and extraction under a combined licence, for geological survey for exploration and prospecting of ground water, for extraction of ground water or for geological survey for exploration, prospecting and extraction of ground water and for the purposes not related to extraction of mineral deposits, according to the procedure established by laws and other regulatory legal acts of the Russian Federation constituent entities.

The licence for production of commonly occurring minerals from subsoil areas for the purpose of construction materials production might not be awarded if the waste products of mining and other industries serving as alternative sources of raw materials may be utilised.

Информация об изменениях:

Federal Law No. 459-FZ of December 29, 2014 reworded Article 19 of this Law. The new wording shall enter into force on January 1, 2015

See the Article in the previous wording

Article 19. Rights of Owners of Land Plots, Land Users, Landlords and Land Plot Tenants for Use of Widespread Mineral Deposits and Ground Water Located within the Land Plots for Own Needs

Land plot owners, land users, landlords or tenants shall have the right to use widespread mineral deposits that are not on the state balance, located within such land plots for own needs not applying blasting operations, of ground water whose daily volume of extraction shall be not more than 100 cubic meters, from water-bearing formations that

are not sources of centralised water supply and located over water-bearing formations that are sources of centralised water supply, as well as to make underground constructions for the depth of up to 5 meters through the procedure established by laws and other regulatory legal acts of the Russian Federation constituent entities.

For the purpose of this Article, use of widespread mineral deposits and ground water for own needs shall be understood as their use by land plot owners, users, landlords or land plot tenants for personal, domestic and other needs not related to entrepreneurship activities.

Widespread mineral deposits and ground water located within a land plot and used by land plot owners, land users, landlords or land plot tenants for personal, domestic or other needs not related to entrepreneurship activities cannot be alienated or transferred from one person to other.

Информация об изменениях:

Federal Law No. 261-FZ of July 21, 2014 amended Article 19.1 of this Law. The amendments shall enter into force on February 1, 2015

See the Article in the previous wording

Article 19.1. Exploration and Extraction of Commonly Occurring Minerals and Underground Water by the Subsoil Users Engaged in Exploration and Extraction of Other Kinds of Minerals within the Boundaries of the Mining Allotments Granted to Them and/or Geological Allotments, Placement in Rock Strata of Associated Waters and the Waters Used by Subsoil Users for Own Production and Technological Needs in the Event of Hydrocarbon Raw Material Prospecting and Production

The subsoil users engaged in exploration and extraction of minerals or under a combined licence in geological survey, exploration and extraction of minerals within the boundaries of the mining allotments and/or geological allotments granted to them in compliance with this Law are entitled to extract on the basis of an approved engineering design for their own industrial and engineering needs commonly occurring minerals in the procedure established by appropriate executive power bodies of constituent entities of the Russian Federation.

The subsoil users engaged in exploration and extraction of minerals or under a combined licence in geological survey, exploration and extraction of minerals within the boundaries of the mining allotments and/or geological allotments granted to them in compliance with this Law are entitled to extract on the basis of an approved engineering design for their own industrial and engineering needs underground water in the procedure established by the federal body in charge of managing the state subsoil reserves.

The subsoil users which prospect and produce hydrocarbon raw materials or under a combined licence carry out the geological study, prospecting and production of hydrocarbon raw materials within the boundaries of the mine allotments and/or the geological allotments granted thereto in accordance with by the present Law have the right under endorsed technical project documentation to place in rock beds associated waters and the waters used for own production and technological needs in the event of

hydrocarbon raw material prospecting and production in the procedure established by the federal mineral reserve management body.

Информация об изменениях:

Federal Law No. 118-FZ of July 14, 2008 amended Article 20 of this Law

See the Article in the previous wording

Article 20. Grounds for Termination of the Right for the Use of Subsoil

The right to use subsoil shall be terminated in the following cases:

- 1) upon expiry of the licence term stipulated therein;
- 2) if the licence holder relinquishes his right for the use of subsoil;
- 3) if certain circumstances occur under which the right to use subsoil shall be terminated (provided such circumstances are stipulated by the licence);
- 4) if the licence has been renewed in violation of the terms and conditions provided for by Article 17.1 hereof;
- 5) in the cases, stipulated in the legislation of the Russian Federation on concession agreements.

The right to use subsoil may be subject to early termination, suspension or restricted by the bodies that have awarded the licence in the following cases:

- 1) appearance of immediate danger to the health of the people working or living in the areas affected by operations related to the use of subsoil;
- 2) material violation of the licence terms by the subsoil user;
- 3) repeated violation of the established rules for the use of subsoil by the user;
- 4) occurrence of emergency situations (natural disasters, war and others);
- 5) if the subsoil user failed to commence operations in the established scope within the term provided for by the licence;
- 6) liquidation of an enterprise or other subject of economic activities who holds the licence for the use of subsoil;
- 7) by request of the licence holder;
- 8) the non-filing of the reports stipulated by Russian law by a subsoil user on subsoil reserves;
- 9) on the initiative of a subsoil user at its application.

The right to use a subsoil plot of federal importance for exploration and extraction of minerals on the basis of a combined licence shall be terminated ahead of time by the bodies that have granted such licence on the basis of a decision of the Government of the Russian Federation adopted in compliance with Part Five of Article 2.1 of this Law.

If the subsoil user takes exception to a decision for termination, suspension or restriction of his right to use subsoil, he shall be entitled to appeal against such decision by administrative order or in court;

In the course of use of subsoil pursuant to a production sharing agreement the right to use the subsoil may be terminated, suspended or restricted under the terms and in the procedure stipulated by said agreement.

Информация об изменениях:

Federal Law No. 58-FZ of April 29, 2008 amended Article 21 of this Law

See the Article in the previous wording

Article 21. Procedures for Early Termination of the Right for the Use of Subsoil

Pursuant to Item 2 of the first part of Article 20 hereof, the licence holder shall submit a notice of relinquishment of his right for the use of subsoil in writing to the bodies that awarded the licence no later than six months prior to the specified date of relinquishment.

The subsoil use licence holder shall fulfil all his obligations provided for by the licence for the case of early relinquishment of his rights prior to the established date of termination of his right for the use of subsoil. If the licence holder does not fulfil said obligations, the bodies that awarded the licence are entitle to claim the recovery in court of losses incurred by the licence holder's default.

Pursuant to Items 1 and 4 of the second part and the third part of Article 20 hereof, the use of subsoil shall be terminated immediately following a decision by the authorised body and submission of a written notice thereon to the subsoil user.

Pursuant to Items 2, 3 and 5 of the second part of Article 20 hereof, a decision on termination of the right to use subsoil may be made three months after the receipt of a written notice by the subsoil user about the violations he has committed, if the user has failed to remedy said violations within this period.

In the case of early termination of the right for the use of subsoil, abandonment or conservation of the enterprise shall be performed as provided for by Article 26 hereof. The cost of conservation and abandonment shall be covered by the subsoil user if the use of subsoil was terminated for the reasons set forth in Items 1 (provided the termination occurred through the fault of the enterprise), 2 and 3 of the second part of Article 20 hereof, or by request of the subsoil user.

The cost of conservation and abandonment of the subsoil user enterprise shall be covered by the state if the use of subsoil was terminated for the reasons set forth in Items 1 (provided the termination occurred through no fault of the enterprise) and 4 of the second part and the third part of Article 20 hereof.

If the circumstances or conditions that caused the suspension or restriction of the right to use subsoil have been removed, said right may be restored in full. The period of temporary suspension through no fault of the subsoil user shall not be included in the total term of the licence.

ГЛАВНОЕ:

Federal Law No. 32-FZ of February 10, 1999 supplemented Article 21 of this Law with Part 8

In the course of use of the subsoil pursuant to a production sharing agreement the terms and procedure for early termination of the right to use subsoil shall be stipulated by the said agreement.

ГЛАВНОЕ:

Federal Law No. 20-FZ of January 2, 2000 supplemented this Federal Law with Article 21.1

Article 21.1. The Use of Subsoil Plots in the Case of Early Termination of the Right to Use Subsoil Plots

If in order to sustain the rational use and protection of subsoil resources it is impossible or not feasible to suspend the extraction of mineral products, the bodies which have ordered the early termination of the right to use a corresponding subsoil plot may grant the right to short-term (up to one year) use of such a subsoil plot to the legal entity (the operator) until a new subsoil user is named in the established procedure, in so doing a corresponding licence shall be issued in the manner laid down by this Law.

A contract may be made between the former user of the subsoil whose right to use subsoil has been terminated early and a provisional operator on the repayable transfer of property required to sustain the use of subsoil.

ГЛАВНОЕ:

Federal Law No. 32-FZ of February 10, 1999 amended Article 22 of this Law

See the previous text of the Article

Article 22. Basic Rights and Obligations of the User of Subsoil

The subsoil user shall have the right to:

1) use the subsoil area granted to it for any type of entrepreneurial or other activity in accordance with the purpose provided for by the licence or by the production sharing agreement;

2) to chose such activity at his discretion provided it is not in conflict with the applicable law;

3) to use the results of his activity, including produced mineral raw materials in accordance with the licence and applicable law or the production sharing agreement;

4) to use waste products from its mining and related processing industries unless otherwise is provided for by the licence or by the production sharing agreement;

5) to limit construction on the areas containing mineral deposits within the boundaries of a mining allotment granted to him;

6) to perform geological exploration within the boundaries of a mining allotment granted to him under the licence or the production sharing agreement without additional permits and at his cost;

7) to request a revision of the licence terms from the bodies that awarded the licence if circumstances materially change from those under which the licence was granted.

Информация об изменениях:

Federal Law No. 261-FZ of July 21, 2014 supplemented part 1 of Article 22 of this Law with Item 8. The Item shall enter into force on February 1, 2015

8) to use overburden and enclosing rock, ferrous metal production waste, Hazard Class IV and V, in the abandonment of mining excavations.

The user of subsoil shall ensure the following:

1) observance of the law, as well as compliance with technological standards (norms, regulations) for operations related to the use of subsoil and primary processing of

mineral raw materials, approved in the established procedures;

Информация об изменениях:

Federal Law No. 408-FZ of December 28, 2013 amended Item 2 of Part 2 of Article 22 of this Law. The amendments shall enter into force on July 1, 2014

See the Item in the previous wording

2) compliance with standards for engineering design, programmes or flow charts for mining operations, prevention of losses in excess of the accepted standards, impoverishment and selective development of mineral reserves;

Информация об изменениях:

Federal Law No. 52-FZ of April 5, 2011 amended Item 3 of Part 2 of Article 22 of this Law

See the text of the Item in the previous wording

3) maintaining geological, mine surveying and other records in the process of all types of use of the subsoil;

4) contributing geological information to the federal and appropriate territorial information pools;

5) contribution of reliable data on explored and recoverable reserves and the reserves to be left undeveloped, components contained therein, on the use of subsoil unrelated to mineral production to the federal and appropriate territorial pools of geological information, and to federal statistical bodies;

6) safe performance of operations related to the use of subsoil;

Информация об изменениях:

Federal Law No. 118-FZ of July 14, 2008 amended Item 7 of Article 22 of this Law

See the Item in the previous wording

7) compliance with standards (norms, regulations) approved in the established procedures for conservation of subsoil, protection of the atmosphere, land, forests, water bodies, as well as buildings and facilities from the harmful effect of operations related to the use of subsoil;

8) restoration of land areas and other natural features damaged in the use of subsoil to a condition suitable for further use;

Информация об изменениях:

Federal Law No. 408-FZ of December 28, 2013 supplemented Article 22 of this Law with Item 8.1

8.1) safety of mining, boreholes and other structures connected with subsoil use which are located within the boundaries of the subsoil plot allotted for use;

9) safety of exploratory mining excavations and wells which may be used for field development and/or for other economic purposes, abandonment of mining excavation and wells not subject to further use in accepted procedures;

10) compliance with the licence or the production sharing agreement terms, timely and proper payments for the use of subsoil.

Информация об изменениях:

Federal Law No. 52-FZ of April 5, 2011 supplemented Part 2 of Article 22 of this Law with Item 11

11) safekeeping of valuable and hazardous cargo, geological, underground survey and other documentation, special correspondence, as well as of cargo containing carriers of the data classified as state secret.

Информация об изменениях:

Federal Law No. 261-FZ of July 21, 2014 supplemented part 2 of Article 22 of this Law with Item 12. The Item shall enter into force on February 1, 2015

12) preventing negative environmental effects in the event of placement in rock strata of associated waters and the waters used by subsoil users for own production and technological needs.

The users of subsoil or other legal entities or physical persons involved by them in the use of subsoil shall be required to have special qualification and expertise confirmed by a state licence (certificate, diploma) for the performance of an appropriate type of activity: geological surveying, exploration and various methods for mineral production, construction and operation of underground facilities, other types of use of subsoil.

Информация об изменениях:

Federal Law No. 52-FZ of April 5, 2011 supplemented Section II of this Law with Article 22.1

Article 22.1. The Right to Acquire, Store and Use Service Weapons by Organisations Carrying Out Field Works Involved in the Regional Geological Survey of Subsoil and Geological Survey Comprising Prospecting and Evaluation of Mineral Deposits in the Arctic Regions and in the Areas Which Are Equated to Them

Organisations carrying out in compliance with this Law field works involved in the regional geological survey and in a geological survey comprising prospecting and evaluation of mineral deposits in the Arctic regions and in the areas equated to them, as well as in other sparsely populated and hard-to-reach localities whose list is established by the Government of the Russian Federation are entitled on the basis of Articles 4 and 12 of Federal Law No. 150-FZ of December 13, 1996 on Weapons to acquire, keep and use in the established procedure service weapons (except for service short-barreled fire arms) and hunting firearms as service weapons (hereinafter referred to as weapons).

Officials and employees of the organisations cited in Part One of this article are entitled to keep, carry and use weapons in the procedure established by Federal Law No. 77 of April 14, 1999 on Departmental Security Guard for the purpose of self-defence, as well as when discharging the duties involved in guarding valuable and hazardous cargo, geological, underground survey and other documentation, special correspondence, as

well as cargo containing carriers of the data classified as state secret.

A list of the organisations cited in Part One of this article, of officials and employees of such organisations, as well as kinds, types, models of weapons, cartridges to them and standards of service weapons supply shall be established by the Government of the Russian Federation.

The organisations cited in Part One of this article are obliged to acquire, keep, register and give out weapons to officials and employees in the procedure established for legal entities with special statutory tasks by Federal Law No. 150-FZ of December 13, 1995 on Weapons and by other regulatory legal acts of the Russian Federation.

Section III. Rational Use and Conservation of Subsoil

Article 23. Basic Provisions for Rational Use and Conservation of Subsoil

The following are the basic provisions for rational use and conservation of subsoil:

- 1) compliance with the procedures for granting subsoil for use provided for by the law and prevention of unauthorised use of subsoil;
- 2) ensuring full geological exploration, rational comprehensive use and conservation of subsoil;
- 3) performance of early geological exploration permitting reliable appraisal of mineral reserves or characteristics of the subsoil area granted for use for purposes unrelated to mineral production;
- 4) performance of state evaluation and keeping a state record of mineral reserves, as well as subsoil areas used for purposes unrelated to mineral production;

ГАРАНТ:

On the procedure for stock-taking, entering in and writing off the balance sheet of mineral resources see the Regulations approved by Order of the Ministry of Natural Resources of the Russian Federation No. 122 of July 9, 1997

- 5) ensuring the maximum recovery of the main reserves and associated minerals and components;
- 6) maintaining an accurate record of recoverable reserves and those left in strata, the main reserves and associated minerals and components in the process of mineral field development;
- 7) protection of mineral fields from flooding, fire and other factors adversely affecting the quality of minerals and commercial value of fields or complicating their development;

Информация об изменениях:

Federal Law No. 458-FZ of December 29, 2014 amended Item 8 of part 1 of Article 23 of this Law. The amendments shall come into force on January 1, 2016

Federal Law No. 261-FZ of July 21, 2014 amended Item 8 of part 1 of Article 23 of this Law. The amendments shall enter into force on February 1, 2015

See the Item in the previous wording

8) prevention of subsoil pollution in the course of operations related to the use of subsoil, particularly in underground storage of oil, gas or other substances and materials, burial of toxic substances and production waste, disposal of sewage water, the placement in rock strata of associated waters and the waters used by subsoil users for own production and technological needs;

9) compliance with the established regulations for conservation and abandonment of mineral production enterprises and underground facilities unrelated to mineral production;

10) prevention of unauthorised construction in the areas containing mineral reserves and compliance with the accepted procedures for the use of those areas for other purposes;

Информация об изменениях:

Federal Law No. 459-FZ of December 29, 2014 amended Item 1 of part 1 of Article 23 of this Law. The amendments shall enter into force on January 1, 2015

See the Item in the previous wording

11) prevention of the placement of production and consumption wastes in the water collection areas of underground water bodies and at the places of the underground beddings of water, which are used for the purposes of domestic water supply or process water supply of industrial or agricultural facilities, or that are reserved as sources of domestic water supply.

Информация об изменениях:

Federal Law No. 122-FZ of August 22, 2004 amended part 2 of Article 23 of this Law. The amendments shall enter into force from the day of the official publication of said Federal Law

See the previous text

In the case of non-compliance with the provisions of this Article 23, the right to use of subsoil may be restricted, suspended or terminated by authorised bodies under applicable law.

ГАРАНТ:

Federal Law No. 20-FZ of January 2, 2000 reworded Article 23-1 of this Federal Law

See the previous text of the Article

Article 23.1. Geological-and-Economic and Cost Evaluation of Mineral Deposits and Subsoil Plots

The state regulation of the use of subsoil and the development of the mineral resources base is accomplished through the use of geological-and-economic and cost evaluations of mineral deposits and subsoil plots.

Methods used in the geological-and-economic and cost evaluation of mineral deposits and subsoil plots for specific kind of minerals are to be approved by the federal mineral reserve management body.

Информация об изменениях:

Federal Law No. 459-FZ of December 29, 2014 amended Article 23.2 of this Law. The amendments shall enter into force on January 1, 2015

See the Article in the previous wording

Article 23.2. Procedures for Mineral Field Development and the Use of Subsoil for Purposes Unrelated to Mineral Production

The procedures for mineral field development (except for extraction of ground water used for domestic water supply or process water supply of industrial or agricultural facilities and whose daily volume of extraction is not more than 100 cubic meters) and the use of subsoil for purposes unrelated to mineral production shall be performed on the basis of approved engineering designs.

Engineering designs and the amendments made therein before their endorsement shall be coordinated with the commission to be established by the federal body in charge of managing the state subsoil reserves which shall comprise representatives of the state mining supervision bodies and the executive power bodies in charge of environmental protection, as regards the subsoil plots of local importance, it shall be done with the state power bodies of appropriate constituent entities of the Russian Federation.

A procedure for drawing up, coordination and endorsement of engineering designs and other project documentation for carrying out works connected with the use of subsoil plots shall be established by the Government of the Russian Federation according to kinds of minerals and kinds of subsoil use.

Article 23.3. Primary Processing of Mineral Raw Materials by the Users of Subsoil

The users of subsoil performing primary processing of mineral raw materials they produce shall ensure the following:

1) strict compliance with technological flow charts for processing mineral raw materials allowing for rational and comprehensive recovery of valuable components contained therein; maintaining record and control over the distribution of valuable components at various processing stages and the rate of their recovery from the mineral raw materials;

2) further study of technological characteristics and composition of the mineral raw materials, technological testing aimed at improvements in mineral raw material processing technologies;

3) maximal rate of utilisation of by-products and processing wastes (slurries, dust, industrial waste water, etc.); storage, recording and saving of production and industrial waste containing valuable components for future use.

Информация об изменениях:

Federal Law No. 408-FZ of December 28, 2013 amended Article 24 of this Law. The amendments shall enter into force on July 1, 2014

See the Article in the previous wording

Article 24. Basic Provisions for Safety of Operations Related to the Use of Subsoil

Construction and operation of mineral production enterprises, various underground facilities, and performance of exploration work shall be permitted only on the condition of ensuring the safety and good health of employees of those enterprises and the population in the areas affected by operations related to the use of subsoil. State government bodies and the subsoil users shall ensure compliance with standards (norms, regulations) for safe operations related to the use of subsoil. State mining inspection bodies shall establish control over operational safety issues related to the use of subsoil and ensure the state regulation thereof within their authority. Senior managers of appropriate enterprises shall be immediately responsible for ensuring the safety of operations related to the use of subsoil regardless of whether such enterprises operate under licences or as contractors.

The following are basic provisions for the safety of operations related to the use of subsoil:

- 1) employment of persons who have special training and appropriate qualifications for operations performance, employment of persons with an appropriate education level to fill senior management positions in mining operations;
- 2) provision of protective clothing, means of individual and collective protection to persons engaged in mining and drilling;
- 3) use of machines, equipment and materials meeting safety and sanitary standards;
- 4) proper use of explosives and explosive devices, their proper registering, storage and use;
- 5) carrying out comprehensive geological exploration, mining and other surveys sufficient for a regular technological operation cycle and to warn of emergency situations, timely identification and marking of hazardous zones on operational mining maps;
- 6) regular control over the atmospheric condition in mines, levels of oxygen, harmful and explosive gases and dust;
- 7) banning mining operations if the air temperature in mines, as well as the levels of oxygen in the air of operating mining excavations or harmful and explosive gases and dust do not meet safety and sanitary standards;
- 8) taking specific measures to warn against and prevent sudden gas emissions, breakout of water, minerals and rock, as well as mining shocks;
- 9) control over the deformation of the rock mass, allowing the safe presence of people in mining excavations;
- 10) preparing and implementing programmes providing for the protection of employees of enterprises conducting operations related to the use of subsoil, and the population in areas affected by said operations against the harmful effects of such operations performed in regular mode and in emergency situations.

The activities involved in satisfaction of the basic requirements for ensuring safe carrying out of the works connected with subsoil use shall be included into the plans or schemes of mining development which are subject to coordination with the state mining supervision body. A procedure for preparing, considering and coordinating plans or schemes of mining development subject to the kinds of minerals shall be established by the Government of the Russian Federation.

All operations involving higher risks in the use of subsoil shall be performed under licences for the appropriate type of operations.

ГАРАНТ:

On licensing activity in the sphere of industrial safety of hazardous production objects and of the performance of mine-surveying works, see Decision of the Government of the Russian Federation No. 382 of June 4, 2002

The subsoil users performing underground mining operations shall use the services of professional rescue crews, those involved in exploration and development of oil and gas fields shall use a professional service for early warning and liquidation of oil and gas gushers under contracts executed by the subsoil users with such services.

In the case of an immediate danger to the life and good health of the population arising in the area affected by the use of subsoil, senior managers of the appropriate enterprises shall notify appropriate government and self-government bodies thereof immediately.

Информация об изменениях:

Federal Law No. 133-FZ of July 28, 2012 amended Article 25 of this Law. The amendments shall enter into force on January 1, 2013

See the Article in the previous wording

Article 25. Terms and Conditions for Construction Within Areas Containing Mineral Reserves

Design and construction of settlements, industrial complexes and other infrastructure facilities shall be permitted only following a conclusion of the federal mineral reserve management body on the absence of mineral reserves under the projected construction site.

The development of areas with deposits of minerals, as well as placement in the areas with deposits of minerals of underground structures, shall be allowed on the basis of a permit of the federal body in charge of the state subsoil reserves or of a regional agency thereof. Such permit may be issued through a multifunctional center for rendering state and municipal services.

Unauthorized construction in areas containing mineral reserves shall be terminated without any recovery of costs incurred or the costs for the removal of construction and land reclamation.

For issuance of the permit to development of areas of mineral deposits, as well as to placement in such arrears of underground structures within the boundaries of a mine allotment, a state duty shall be paid at the rate and in the procedure which are established by the legislation of the Russian Federation on taxes and fees.

Информация об изменениях:

Federal Law No. 499-FZ of December 31, 2014 reworded Article 25.1 of this Law. The new wording shall enter into force on April 1, 2015

See the Article in the previous wording

Article 25.1. Allotting Land Plots and Water Bodies Which Are under State or Municipal Ownership and Are Required for Carrying Out the Works

Connected with Subsoil Use

Land plots, including forest blocks, and water bodies which are under the state or municipal ownership and which are required for carrying out the works connected with subsoil use shall be allotted to subsoil users in compliance with the civil legislation, land legislation, forest legislation, water legislation and this Law.

Land plots which are under the state or municipal ownership and which are required for carrying out the works connected with subsoil use shall be let to subsoil users on lease without holding sales (tenders, auctions). The lands or land plots which are under the state or municipal ownership, except for the land plots allotted to citizens or legal entities, may be used for the purpose of geological exploration of subsoil without allotting land plots and establishing easements on the basis of a permit of the state power body or local authority provided for by Article 39.2 of the Land Code of the Russian Federation.

A land plot which is under the state or municipal ownership and is required for carrying out the works connected with subsoil use shall be provided to subsoil users after receiving the licence for subsoil use and legalization of geological allotment and/or mining allotment, as well as after endorsing the project documentation for carrying out the cited works.

Информация об изменениях:

Federal Law No. 499-FZ of December 31, 2014 supplemented this Law with Article 25.2. The Article shall enter into force on April 1, 2015

Article 25.2. Termination of the Rights of Citizens and Legal Entities to the Land Plots and Water Bodies Which Are Required for Carrying Out the Works Connected with Subsoil Use

The rights of citizens and legal entities to the land plots and water bodies which are required for carrying out the works connected with subsoil use shall be terminated in compliance with the civil, land and water legislation, as well as with this Law.

It is allowable to seize for state or municipal needs land plots, including forest blocks, if such land plots are required for carrying out the works connected with subsoil use.

Информация об изменениях:

Federal Law No. 261-FZ of July 21, 2014 amended Article 26 of this Law. The amendments shall enter into force on February 1, 2015

See the Article in the previous wording

Article 26. Abandonment and Conservation of Mineral Production Enterprises and Underground Facilities Unrelated to Mineral Production

Mineral production enterprises and underground facilities unrelated to mineral production shall be subject to abandonment or conservation in the case of licence expiry or early termination of the use of subsoil.

Prior to completion of abandonment or conservation the subsoil user shall bear the responsibilities provided for herein.

In the case of partial or complete abandonment of an enterprise or an underground facility, mining excavations and drilled wells shall be put in a condition ensuring the safety of the life and good health of the population, safety of the environment, buildings and facilities, and in the case of conservation, also safety of the fields, mining excavations and drilled wells for the entire conservation period. For abandonment of mining excavations there may be used overburden and enclosing rock, ferrous metal production waste, Hazard Class IV and V, in accordance with the mining excavation abandonment project documentation.

In the process of abandonment and conservation of mineral production enterprises or any part thereof, as well as of underground facilities unrelated to mineral production, records of geological exploration, mine surveys and other records shall be kept by the date of completion of operations, and submitted for storage in the established procedures.

Abandonment and conservation of mineral production enterprises or underground facilities unrelated to mineral production shall be deemed completed following the signing of an abandonment or conservation act by the bodies that awarded the licence and the state mining inspection body.

Conservation and abandonment of mining excavations and other facilities related to the use of subsoil shall be performed at the expense of enterprises who are users of subsoil.

ГЛАВНОЕ:

Federal Law No. 32-FZ of February 10, 1999 supplemented Article 26 of this Law with Part 7

Pursuant to a production sharing agreement conservation and liquidation of mining shafts and other structures associated with the use of subsoil shall be performed at the expense of a liquidation fund created by the investor, pursuant to the legislation of the Russian Federation such an agreement is to specify the size of the fund and procedure of its formation and usage.

ГЛАВНОЕ:

See the Regulations on the Formation and Utilisation of the Liquidation Fund in the Course of Implementation of Production Sharing Agreements approved by Decision of the Government of the Russian Federation No. 741 of July 8, 1999

Article 27. Geological Information on Subsoil

ГЛАВНОЕ:

The export of prospecting data on natural deposits shall be regulated by Decision of the Government of the Russian Federation No. 540 of August 3, 1992 on the Export of Prospecting Data on Natural Deposits

Information on the geological structure of subsoil, mineral reserves contained therein, their development conditions, as well as other characteristics of subsoil included in geological reports and other materials may be owned either by the state or by the subsoil user.

Geological or other information on subsoil obtained by the subsoil user and paid for

from state funds shall be state property and shall be contributed by the subsoil user in the established form to the federal and appropriate territorial pools of geological information where such data shall be processed and stored. The procedures and terms for the use of the said information shall be defined by the federal mineral reserve management body pursuant to Russian Federal laws.

Geological and other information on subsoil obtained by the subsoil user and paid for from his own funds shall be the property of the subsoil user and shall be contributed by the subsoil user in the established form to the federal and appropriate territorial pools of geological information who will define the terms for its use, including commercial use.

Officials responsible for the federal and territorial pools of geological information shall ensure the confidentiality of information submitted to them, they shall also incur financial, administrative or criminal liability for its unauthorised disclosure.

The title to geological information and other information on subsoil shall be protected as provided for by the same Russian Federal law as title to other assets.

Specialists shall be entitled to use geological and other information on subsoil obtained by them in the course of operations for research and teaching purposes unless otherwise is provided for in an agreement.

Article 28. State Records and Registration

Exploration operations, subsoil areas granted for mineral production, as well as for purposes unrelated to such production, and licences for the use of subsoil shall be subject to state record and inclusion in a state register.

State record-keeping and maintaining the state register shall be performed in a standard manner in the procedures established by the federal mineral reserve management body.

Информация об изменениях:

Federal Law No. 459-FZ of December 29, 2014 amended Article 29 of this Law. The amendments shall enter into force on January 1, 2015

See the Article in the previous wording

Article 29. State Evaluation of Mineral Reserves

In order to create conditions for the rational and comprehensive use of subsoil, the established rate of payment for the use of subsoil, the boundaries of the subsoil areas granted for use and the mineral reserves of explored fields shall be subject to state evaluation, except for ground water resources in subsoil areas of local significance granted for extraction of ground water used for domestic water supply or process water supply of industrial or agricultural facilities and whose daily volume of extraction is not more than 100 cubic meters.

The right to mineral production shall be granted only after state evaluation of mineral reserves in the areas in question, except for granting of subsoil areas of local significance for extraction of ground water used for domestic water supply or process water supply of industrial or agricultural facilities and whose daily volume of extraction is not more than 100 cubic meters.

Conclusions of the state evaluation committee on the commercial value of the

explored reserves shall serve as the grounds for their inclusion in the state register.

State evaluation of mineral reserves may be performed at any stage of field exploration, provided the geological materials submitted for state evaluation allow a reliable assessment of the amount and quality of mineral reserves, their social and economic value, mining and technological, hydrogeological, ecological and other parameters for their development.

Also, geological information on the subsoil areas suitable for construction and operation of underground facilities unrelated to development of mineral fields. The right to use such areas may be granted only following the state evaluation of geological information.

State expert evaluation of mineral reserves, of geological, economic and ecological information on the subsoil plots granted for use shall be performed at the expense of subsoil users.

The conduct of state expert examination of the reserves of minerals, geological, economic and ecological information about subsoil areas furnished for use shall be carried out by the federal body managing the state fund of subsoil resources and concerning subsoil areas of local significance by the bodies of state power of the entities of the Russian Federation in the procedure established by the Government of the Russian Federation.

ГЛАВНОЕ:

In accordance with Decision of the Government of the Russian Federation No. 69 of February 11, 2005, organisation of the conduct of the state expert examination of mineral reserves, the geological, economic and ecological information on the subsoil areas granted for use shall be carried out by the Federal Agency on the Use of Subsoil Resources

The fee for the conduct of such expert examination shall go to the revenue of the federal budget, except for the fee going to the revenues of the budgets of the entities of the Russian Federation for the conduct by the bodies of state power of the entities of the Russian Federation of such expert examination concerning subsoil areas of local importance.

The amount of payment for carrying out the state expert evaluation of mineral reserves, of geological, economic and ecological information on the subsoil plots granted for use and the procedure for collecting it shall be determined by the Government of the Russian Federation.

Article 30. State Cadastre of Fields and Occurrence of Mineral Reserves

The state cadastre of fields and mineral reserve occurrence shall be maintained with a view to facilitating preparation of federal and regional geological exploration programmes, integrated use of mineral fields, identification of rational geographic locations for mineral production enterprises, as well as for other national economic purposes. The state cadastre of fields and mineral reserve occurrence shall include information on each field defining the amount and quality of main and accompanying mineral reserves, components contained therein, mining technological, ecological and other parameters of field development, and also contain a geological and economic appraisal of each field, as well as information on identified occurrences of mineral

reserves.

Article 31. State Balance of Mineral Reserves

The state balance of mineral reserves shall be maintained in order to keep a record of the condition of the mineral raw materials base. This balance shall contain information on the amount, quality, degree of exploration of each type of mineral reserves by commercial fields, on their location, extent of commercial development, production, losses and projected production period given the amount of explored reserves based on the classification of mineral reserves subject to approval in the order established by the Russian Federation Government.

Inclusion of mineral reserves in the state balance and writing them off the state balance shall be performed in the manner established by the federal mineral reserve management body by agreement with the state mining inspection bodies.

ГАРАНТ:

On the procedure for stock-taking, entering in and writing off the balance sheet of mineral resources see the Regulations approved by Order of the Ministry of Natural Resources of the Russian Federation No. 122 of July 9, 1997

Информация об изменениях:

Federal Law No. 228-FZ of July 23, 2013 amended the title of Article 32 of this Law. The amendments shall come into force on January 1, 2014

See the title in the previous wording

Article 32. Composition and Maintenance of the State Cadastre of Fields and Occurrences of Mineral Reserves and the State Balance of Mineral Reserves

The State Cadastre of Fields and Mineral Reserve Occurrences, and the State Balance of Mineral Reserves shall be compiled and kept by the federal mineral reserve management body on the basis of geological information contributed by enterprises conducting geological exploration of mineral resources to federal and territorial pools of geological information under this Law; as well as on the basis of state reports submitted by enterprises engaged in geological exploration and production of minerals to the said information pools under the procedures established by the federal executive body authorised by the Government of the Russian Federation.

ГАРАНТ:

See Procedure for Submission of the State Prescribed Reports to the Federal and Territorial Geological Information Funds by Enterprises Engaged in the Exploration of Deposits of Mineral Resources and Extraction of Them approved by Decision of the Government of the Russian Federation No. 215 of February 28, 1996

Article 33. Conservation of Subsoil Areas of Special Scientific or Cultural Value

Rare geological outcrops, mineralogical formations, paleontological features and subsoil areas of special scientific and cultural value may be duly declared geological or wild-life preserves, or cultural monuments. Any activity jeopardising the safety of the said preserves and monuments shall be prohibited.

Should any rare geological and mineralogical formations, meteorites, paleontological, archaeological and other objects of scientific or cultural interest be discovered in the process of using subsoil, the user shall suspend operations in the area in question and notify the bodies that awarded the licence of such discovery.

Информация об изменениях:

Federal Law No. 364-FZ of November 30, 2011 supplemented this Law with Article 33.1

Article 33.1. Establishing the Fact of Discovery of a Deposit of Ubiquitous Minerals

The fact that a deposit of ubiquitous minerals has been discovered shall be established by a commission which is set up by an executive governmental body of the subject of the Russian Federation and includes representatives of the federal body responsible for the management of the state stock of subsoil or its territorial bodies.

Информация об изменениях:

Federal Law No. 260-FZ of July 21, 2014 reworded Article 34 of this Law. The new wording shall enter into force from January 1, 2015

See the Article in the previous wording

Article 34. State Monetary Remuneration for Opening a Deposit of Mineral Resources

Natural persons defined in accordance with the procedure laid down by the Government of the Russian Federation as the persons who have taken part in the opening of an earlier unknown deposit of mineral resources financed at the expense of funds from the federal budget or at the expense of the republican budget of the RSFSR and of a part of the state budget of the USSR comprising the union budget (with the exception of a deposit of the generally spread mineral resources), the stocks of mineral resources of which are put onto the state balance, have the right to a state monetary reward. The payment out of this reward is to be made at the expense of funds from the federal budget in accordance with the procedure and in the amount established by the Government of the Russian Federation.

Section IV. State Regulation of the Use of Subsoil

Информация об изменениях:

Federal Law No. 242-FZ of July 18, 2011 amended Article 35 of this Law. The amendments shall enter into force on August 1, 2011

See the Article in the previous wording

Article 35. Objectives of State Regulation of the Use of Subsoil

The main objective of state regulation of the use of subsoil shall be ensuring replacement of the mineral raw materials base, its rational use and conservation in the interests of the present and future generations of the peoples of the Russian Federation.

State regulation of the use of subsoil shall be performed through licensing,

registering and state supervision.

State regulation shall have the following objectives:

- to establish current and long-term estimates of production levels of the main types of minerals throughout the Russian Federation and by region;
- to ensure the increase of the raw materials' production base and preparation of subsoil areas for construction of underground facilities unrelated to mineral production;
- to ensure the performance of geological exploration of the Russian Federation territory, its continental shelf, the Antarctic and the World Ocean floor;
- to establish quotas for shipments of produced mineral raw materials;
- to levy payments related to the use of subsoil, as well as control prices of individual types of mineral raw materials;
- to establish standards (norms, regulations) for geological exploration, use and conservation of subsoil, except performance of operations related to the use of subsoil, to the rational use and conservation of subsoil, as well as to exercise the state supervision over adherence thereto.

Информация об изменениях:

Federal Law No. 122-FZ of August 22, 2004 amended Article 36 of this Law. The amendments shall enter into force from the day of the official publication of said Federal Law

See the previous text of the Article

Article 36. State Control over Relations in the Use of Subsoil

State control over the relations arising with respect to the use of subsoil shall be performed by the Russian Federation President, the Russian Federation government, executive government bodies of the subjects of the Russian Federation, as well as by the federal mineral reserve management body and state mining inspection bodies.

The federal mineral reserve management body and its territorial branches shall not be authorised to control the economic performance of enterprises engaged in the exploration and development of mineral reserves or construction and operation of underground facilities unrelated to mineral production, or to be involved in commercial operations.

Информация об изменениях:

Federal Law No. 122-FZ of August 22, 2004 amended Article 36.1 of this Law. The amendments shall enter into force from the day of the official publication of said Federal Law

See the previous text of the Article

Article 36.1. State Geological Exploration

Exploration of subsoil shall be conducted in the Russian Federation with the following objectives: geological mapping of the Russian Federation territory and its continental shelf, exploration and appraisal of mineral fields under government programmes, monitoring of subsoil condition and forecasting changes occurring therein, gathering and storage of information on subsoil, condition of the mineral raw material

base and other types of exploration-related operations.

The federal mineral reserve management body shall be responsible for organising exploration under state programmes.

Works on geological study of the subsoil, exploration, prospecting of mineral deposits which are conducted at the expense of federal budgetary funds and other funds shall be performed in keeping with duly approved programmes which are to be examined by the federal mineral reserve management body or its territorial body at the expense of the subsoil users.

Информация об изменениях:

Federal Law No. 331-FZ of November 21, 2011 supplemented this Federal Law with Article 36.2. The Article shall enter into force on January 1, 2012

Article 36.2. The State Monitoring of the State of Subsoil

1. The state monitoring of the state of the subsoil is a part of state ecological monitoring (state environmental monitoring).

2. The state monitoring of the state of subsoil shall be carried out by the federal body responsible for the administration of the state sub-soil in accordance with the legislation of the Russian Federation.

Информация об изменениях:

Federal Law No. 242-FZ of July 18, 2011 reworded Article 27 of this Law. The new wording of the Article shall enter into force on August 1, 2011

See the Article in the previous wording

Article 37. The State Supervision over Geological Exploration, Rational Use and Conservation of Subsoil

The tasks of the state control over geological exploration, rational use and protection of subsoil shall be seen as the prevention, detection and suppression of subsoil users' failures to satisfy the requirements of international treaties made by the Russian Federation and of the legislation of the Russian Federation on subsoil and of the standards (norms, rules) related to geological exploration, rational use and conservation of subsoil which are endorsed in the procedure established by the legislation of the Russian Federation.

State supervision over geological exploration, rational use and protection of subsoil shall be exercised by authorised federal executive bodies (the federal state supervision) and by executive bodies of the constituent entities of the Russian Federation (the regional state supervision) according to the scope of authority thereof in the procedure established accordingly by the Government of the Russian Federation and by the supreme executive agency of a constituent entity of the Russian Federation.

The provisions of Federal Law No. 294-FZ of December 26, 2008 on the Protection of Legal Entities' and Individual Entrepreneurs' Rights in the Course of State Control (Supervision) and Municipal Control shall apply to the relations connected with the exercise of state supervision over geological exploration, rational use and protection of subsoil, arrangement and holding of inspections of legal entities and individual

businessmen.

Информация об изменениях:

Federal Law No. 242-FZ of July 18, 2011 amended Article 38 of this Law. The amendments shall enter into force on August 1, 2011

See the Article in the previous wording

Article 38. State Inspection of Operating Safety with Respect to the Use of Subsoil

The tasks of the state mining supervision shall be deemed as the prevention, detection and suppression of failures of subsoil users' and of the persons carrying out works on the subsoil plots allotted to subsoil users to satisfy the requirements for the safe execution of works connected with subsoil use, for the prevention and removal of their harmful impact upon the population, environment, buildings and structures, as well as for the subsoil protection established by the legislation of the Russian Federation on subsoil and by the standards (norms and rules) endorsed in the procedure established by the legislation of the Russian Federation.

The state mining supervision shall be exercised by an authorized federal executive body while exercising federal state supervision over industrial safety in the procedure established by the legislation of the Russian Federation.

The powers of state mining inspection bodies, their rights, obligations, and operation rules shall be defined by statutes subject to approval by the Russian Federation government.

ПАРАГ:

Federal Law No. 126-FZ of August 8, 2001 reworded Section V of this Law

See the previous text of the Section

The subsequent numbering of the Articles in this Law is unchanged

The amendments shall come into force as of January 1, 2002, but - in as much as they concern the powers of the Government of the Russian Federation to set minimum and maximum limits on the rate of regular subsoil use payment and also in as much as they concern the powers of executive bodies of Russian regions to set a specific rate of regular subsoil use payment - shall come into force as of the date of official publication of the present Federal Law

Section V. Payments Required in Subsoil Use

ПАРАГ:

Federal Law No. 57-FZ of May 29, 2002 amended Article 39 of this Federal Law. The amendments shall be put into effect on the expiry of one month as of the date of the official publication of the mentioned Federal Law and shall extend to the relations arising as of January 1, 2002

See the previous text of the Article

Article 39. Subsoil Use Payment System

The following payments shall be made in the case of use of subsoil:

Информация об изменениях:

Federal Law No. 222-FZ of July 18, 2011 amended Item 1 of Part 1 of Article 39 of this Law. The amendments shall enter into force upon the expiry of 180 days after the day of the official publication of the said Federal Law

See the Item in the previous wording

1. one-off payments for the use of subsoil upon the onset of certain events stipulated by the licence, including one-off payments made when changing the boundaries of subsoil plots allotted for use;

2. regular payments for the use of subsoil;

3. abrogated from January 1, 2011;

Информация об изменениях:

See the text of Item 3 of part 1 of Article 39

4. a fee charged for participation in a tender (auction);

5. abrogated upon the expiry of one month from the date of the official publication of Federal Law No. 374-FZ of December 27, 2009.

Информация об изменениях:

See the text of Item 5 of Part 1 of Article 39

Apart from these, subsoil users shall pay the other taxes and fees established under the Russian legislation on taxes and fees.

Subsoil users acting as party to a production sharing agreement shall be deemed payers of subsoil use payments under Russian law.

When production sharing agreements are being concluded, a provision shall be made for sharing the mineral raw material extracted between the Russian Federation and the user of subsoil under the Federal Law on Production Sharing Agreements. A subsoil user being party to a production sharing contract shall be relieved from certain taxes and other compulsory payments in the portion and in the manner specified by the Federal Law on Production Sharing Agreements and Russian law. The levying of said taxes and fees shall be replaced with the sharing of production under the production sharing agreement concluded in compliance with the Federal Law on Production Sharing Agreements. The distribution of the production received by the state as the result of sharing a produced product in keeping with the terms of a production sharing agreement or the equivalent value thereof between the Russian Federation and the Russian region on whose territory the plot of subsoil provided for use is located shall be done under agreements concluded by relevant executive bodies of the Russian Federation and the executive bodies of the Russian region.

The procedure for and the rate of subsoil use payments and the conditions for levying such payments under production sharing agreements shall be established by the said contracts in keeping with Russian law effective as on the date of signing the agreement.

When operating under production sharing agreements signed prior to the entry into

force of the Federal Law on Production Sharing Agreements, the terms and conditions of calculating and making payments for the use of subsoil reserves established in these agreements shall apply.

Информация об изменениях:

Federal Law No. 366-FZ of November 24, 2014 amended Article 40 of this Law. The amendments shall enter into force on January 1, 2015

See the Article in the previous wording

Article 40. One-Off Subsoil Use Payments in the Case of Onset of Certain Events Stipulated by a Licence

Subsoil users that have acquired a right to use subsoil shall make one-off payments for the use of the subsoil upon the onset of certain events stipulated in the licences (hereinafter referred to as one-off subsoil use payments).

The minimal (starting) rates of one-time payments for subsoil use shall be fixed in the amount of at least 10 per cent of the amount of severance tax with a view to the average annual capacity of an extractive organisation, except for the one-time payments for subsoil use fixed in respect of oil and/or gas condensate. The minimal (starting) rates of one-time payments for subsoil use shall be fixed in respect of oil and/or gas condensate in the amount of at least five per cent of the sum of severance tax with a view to the average annual capacity of an extractive organisation as to oil and/or gas condensate, respectively. In the event of holding an auction for the right to use a subsoil plot of federal importance containing a mineral deposit discovered in the course of a geological survey by the legal entity with participation of foreign investors or by the foreign investor in respect of which it is decided to deny granting the right of using this subsoil plot for exploration and extraction of minerals in compliance with Part Five of Article 2.1 of this Law, the minimum (start-up) rates of subsoil use one-off payment shall be established as equal to the amount of this person's outlays on prospecting and assessment of such mineral deposit. Methods for estimation of the minimum (start-up) rate of subsoil use one-off payment shall be established by the federal body in charge of managing the state reserve fund.

The final rate of one-off subsoil use payments shall be set according to the results of a tender or auction and they shall be fixed in a subsoil use licence. Flat charges for the use of subsoil assets in subsoil sites, which are granted for use without holding competitions and auctions for prospecting and mining minerals or for the geological study of subsoil, prospecting and mining minerals under a combined license, with the exception of subsoil sites granted with the right to use these sites for a short period of time (up to one year), shall be established in the license for the use of subsoil assets in the scope determined in the procedure prescribed by the Government of the Russian Federation. When changing the boundaries of the subsoil plots allotted for use, a subsoil user shall make an one-off payment in an amount that shall be determined in the procedure established by the Government of the Russian Federation.

The licence shall not contain one-off subsoil use payment rates below those set by the terms and conditions of a tender (auction) and each of the payments shall not be below the value declared in the bid filed by the winner.

One-off payments shall be effected in the manner established by a sub-soil use licence.

One-time payments may be made by parts in the instances and in the procedure established by the Government of the Russian Federation.

The rate of one-off subsoil use payments and also the manner of their payment made under a production sharing agreement shall be established by the agreement.

One-off subsoil use payments in the case of onset of certain events stipulated by a licence shall be paid to the federal budget and budgets of the subjects of the Russian Federation in compliance with the budget laws of the Russian Federation.

In the event of termination, in particular ahead of time, of the right to subsoil use, the one-time payments made by the subsoil user for subsoil use are not subject to repayment, except as provided for by Article 2.1 of this Law.

Article 41. Abrogated from January 1, 2011.

Информация об изменениях:

See the text of Article 41

Federal Law No. 85-FZ of May 7, 2013 amended Article 42 of this Federal Law. The amendments shall enter into force on July 1, 2013

See the Article in the previous wording

Article 42. The Fee Charged for Participation in a Tender (Auction)

A fee for participation in a tender (auction) shall be paid by all participants thereof and it shall be a condition for a bid's registration. The amount of the fee shall be determined on the basis of the costs incurred to prepare, hold and summarise the results of a tender (auction) and the remuneration paid to the experts recruited.

A procedure for fixing the amount of the fee for participation in tenders or auctions for the right to use subsoil plots shall be established by the federal governing body of the state subsoil stock.

The amount of the fee for participation in a tender (auction) shall be remitted to the revenues of the federal budget. The amount of the fee for participation in a tender (auction) in respect of subsoil plots of local importance shall be remitted to the revenues of budgets of the constituent entities of the Russian Federation that regulate the subsoil use at the said plots.

ГАРАНТ:

Federal Law No. 57-FZ of May 29, 2002 amended Article 43 of this Federal Law. The amendments shall be put into effect on the expiry of one month as of the date of the official publication of the mentioned Federal Law and shall extend to the relations arising as of January 1, 2002

See the previous text of the Article

Article 43. Regular Payments for the Use of Subsoil

1. Regular subsoil use payments shall be collected for providing subsoil users with

exclusive rights for prospecting and assessment of mineral deposits/fields, mineral resource exploration, geological exploration and assessment of subsoil plots' suitability for the construction and operation of structures not relating to extraction of mineral resources, the construction and operation of underground structures not relating to extraction of mineral resources, except for shallow (down to 5 m) engineering structures used as designated.

Regular subsoil use payments shall be collected from subsoil users separately for each type of work carried out in the Russian Federation, on the continental shelf of the Russian Federation and in the economic exclusion zone of the Russian Federation and outside the Russian Federation on territories under the jurisdiction of the Russian Federation (and also rented from foreign states or used under an international treaty, except as otherwise established under an international treaty).

For the purposes of the present article the "construction and operation of underground structures not relating to extraction of mineral resources" shall in particular include the construction of artificial structures and underwater laying of cables and pipelines.

Regular subsoil use payments shall not be charged for:

- 1) use of subsoil for the purposes of regional geological exploration;
- 2) use of subsoil for the purposes of forming specially-protected geological objects of scientific, cultural, aesthetic, sanitary, rehabilitation and other significance. The procedure for classifying subsoil use objects as "specially-protected geological objects of scientific, cultural, aesthetic, sanitary, rehabilitation and other significance" shall be established by the Government of the Russian Federation;
- 3) undertaking exploration of mineral resources in commissioned deposits/fields within the boundaries of a subsoil plot allocated to the subsoil user for the purpose of extracting these mineral resources;
- 4) undertaking exploration of a mineral resource within the boundaries of a subsoil plot allocated to the subsoil user for the purpose of extracting the mineral resource.

Информация об изменениях:

Federal Law No. 227-FZ of July 23, 2013 amended Item 2 Article 43 of this Law. The amendments shall enter into force on January 1, 2014

See the Item in the previous wording

2. The rate of regular subsoil use payments shall be set depending on the economic and geographic conditions, the size of the subsoil plot, the type of mineral resource, the duration of works, the degree to which the territory has been studied in terms of geology and the degree of risk involved. A procedure for fixing specific rates of regular payments for subsoil use shall be established by the federal body engaged in managing the state subsoil reserve.

Regular subsoil use payments shall be collected for the area of the subsoil plot allotted to a subsoil user less the portion of the licence tract that has been returned. Payments for the right of using subsoil mineral reserves shall be imposed in strict compliance with the stages and phases of the geological process and shall be recovered:

at the rates established for carrying out works concerning exploration for the area

of the subsoil plot where deposits of an appropriate mineral (except for the area of a mining allotment and (or) mining allotments) are found and recorded in the state balance sheet of reserves;

at the rates established for carrying out works related to exploration and evaluation of a mineral deposit - for the area from which the territories of open deposits are excluded.

The rate of regular subsoil use payments shall be set per square kilometre of subsoil plot.

The specific rate of a regular sub-soil use payment shall be set by the the federal body in charge of managing the state mineral reserve or by a territorial body thereof, and in respect of subsoil plots of local importance by authorized executive power bodies of constituent entities of the Russian Federation separately in respect of every subsoil plot for which the license for subsoil use is issued in the established procedure within the following limits:

(roubles per square kilometre of subsoil plot)

	Rate	
	Minimum	Maximum
1. Rates of Regular Payments for the Use of Subsoil with the Aim of Search and Evaluation of Mineral Deposits		
Hydrocarbon raw material	120	540
Hydrocarbon raw material on the continental shelf and in the exclusive economic zone of the Russian Federation, and also outside the Russian Federation, in the territories under the jurisdiction of the Russian Federation	50	225
Precious metals	90	405
Metallic minerals	50	225
Placer deposits of minerals of all types	45	205
Non-metallic minerals, coal, oil shale and peat	27	135
Other hard minerals	20	75
Underground waters	30	135
2. Rates of Regular Payments for the Use of Subsoil with the Aim of Prospecting Minerals		
Hydrocarbon raw material	5,000	20,000
Hydrocarbon raw material on the continental shelf of the Russian Federation and in the exclusive economic zone of the Russian Federation, and also outside the Russian Federation, on the territories under the jurisdiction of the Russian Federation	4,000	16,000
Precious metals	3,000	18,000
Metallic minerals	1,900	10,500
Placer deposits of minerals of all types	1,500	12,000
Non-metallic minerals	1,500	7,000

Other hard minerals	1,000	10,000
Underground waters	800	1650

3. Rates of Regular Payments for the Use of Subsoil During the Construction and Operation of Underground Structures Unconnected with the Output of Minerals

Oil and gas-condensate storage (roubles per ton)	3.5	5
Gas and helium storage (roubles per 1,000 cubic metres)	0.2	0.25

The amount of regular payments for subsoil use shall be included by organisations into the composition of other outlays connected with production and sale which are accounted for when determining the tax base for the profit tax of organisations in equal portions in the course of a year.

3. The rate of regular sub-soil use payments, and the terms and conditions for collecting them in the case of performance under production sharing agreements shall be established by the production sharing agreements within the scope set by this Article.

When operating under production sharing agreements made prior to the entry into force of the Federal Law on Production Sharing Agreements, the terms of calculation and making of regular payments established by the said agreements shall apply.

When operating under production sharing agreements made after the entry into force of the Federal Law on Production Sharing Agreements and prior to the entry into force of this Article, regular payments for the use of subsoil, and the terms and procedure for collecting them shall be established in compliance with the laws of the Russian Federation effective as on the date of signing each such agreement.

4. Regular subsoil use payments shall be made by subsoil users on a quarterly basis at the latest on the last day of the month following the expired quarter in equal portions and in the amount of one quarter of the amount of payment calculated for a year.

The procedure and terms for collecting regular payments for the use of subsoil from subsoil users engaged in search and prospecting of mineral deposits on the continental shelf and in the exclusive economic zone of the Russian Federation, as well as outside the Russian Federation on the territories under the jurisdiction of the Russian Federation, shall be established by the Government of the Russian Federation and the sums of said payments shall be entered to the federal budget.

5. Regular subsoil use payments shall be collected in monetary form and entered into federal, regional and local budgets under the budget legislation of the Russian Federation.

Информация об изменении:

Federal Law No. 227-FZ of July 23, 2013 amended Item 6 of Article 43 of this Law. The amendments shall enter into force on January 1, 2014

See the Item in the previous wording

6. Every quarter, before the last day of the month succeeding the expired quarter, the users of subsoil assets shall submit to the territorial agencies of the federal executive

power bodies exercising the functions of control and supervision over the observance of the legislation on taxes and fees, and the federal executive body in the sphere of natural resources, authorised by the Government of the Russian Federation, according to the location of mining districts, their calculations of regular payments for the use of subsoil assets in the forms approved by the federal executive power body exercising the functions of formulation of the state policy and normative legal regulation in the field of budgetary and tax activities by approbation of the federal executive power body in charge of managing the state subsoil reserve.

ГАРАНТ:

According to Federal Law No. 126-FZ of August 8, 2001, reworded Section V of this Law, the subsequent numbering of the articles is not changed

Информация об изменениях:

Federal Law No. 74-FZ of June 14, 2012 reworded the title of Section VI of this Law. The new wording shall enter into force on January 1, 2013

See the title in the previous wording

Section VI. Liability for Breaching the Legislation of the Russian Federation on Subsoil and Settlement of Disputes Involving Subsoil Use

Информация об изменениях:

Federal Law No. 74-FZ of June 14, 2012 reworded Article 49 of this Law. The new wording shall enter into force on January 1, 2013

See the Article in the previous wording

Article 49. Administrative and Criminal Liability for Breaching the Legislation of the Russian Federation on Subsoil

The persons guilty of breaching the legislation of the Russian Federation on subsoil shall bear administrative and criminal liability in the procedure established by the legislation of the Russian Federation.

Being held liable for breaching the legislation of the Russian Federation on subsoil shall not relieve guilty persons of the duty of removing the detected violation and of compensating for the harm inflicted by these persons.

ГАРАНТ:

Federal Law No. 20-FZ of January 2, 2000 amended Article 50 of this Federal Law

See the previous text of the Article

Article 50. Dispute Resolution

Disputes arising from the use of subsoil shall be subject to resolution by government bodies, in court, court of arbitration within their respective jurisdiction and pursuant to applicable legislation.

The following disputes shall be subject to resolution in court or court of arbitration:

- 1) financial, property and other disputes related to the use of subsoil;
- 2) appeals against decisions of government bodies counter to this Law, including denial of a request for a licence for the use of subsoil or early termination of the right to the use of subsoil;
- 3) appeals against actions or decisions by government officials and bodies in violation of this Law;

Информация об изменениях:

Federal Law No. 309-FZ of December 30, 2008 amended Item 4 of Part 2 of Article 50 of this Law. The amendments do not concern the English text

4) appeals against the application of standards (norms, regulations) for technological operations related to the use of subsoil, conservation of subsoil and environmental protection counter to the applicable legislation.

Upon the mutual consent of the Parties, property disputes concerning in the subsoil use may be referred to an arbitration court.

Disputes concerning issues of the use of subsoil under the terms of production sharing shall be settled pursuant to the terms of said agreements.

Информация об изменениях:

Federal Law No. 74-FZ of June 14, 2012 reworded Article 51 of this Law. The new wording shall enter into force on January 1, 2013

See the Article in the previous wording

Article 51. Compensation for Harm Caused to Subsoil as a Result of Breaching the Legislation of the Russian Federation on Subsoil

The persons that have inflicted harm upon subsoil as a result of breaching the legislation of the Russian Federation on subsoil shall compensate for it on a voluntary basis or in a judicial procedure.

The procedure for estimating the extent of harm inflicted upon subsoil as a result of breaching the legislation of the Russian Federation on subsoil shall be established by the Government of the Russian Federation.

Section VII. International Agreements

Article 52. International Agreements

If an international agreement of the Russian Federation establishes provisions other than those established herein, the provisions of the international agreement shall apply.

Exhibit III-26



Phosphorus Fertilizer Production and Technology

Ore Impurities and Beneficiation

- Initial removal of impurities from PR ore is called beneficiation
- Beneficiation of PR involves removal of materials such as sand, clay, carbonates, organics, and iron oxide
- Beneficiation may involve
 - Screening (wet or dry)
 - Washing
 - Hydrocyclones
 - Calcination
 - Flotation
 - Magnets



Ore Washing and Screening

- Separates oversize material (3 to 20 cm)
- Removes clays and other fines which result in a slurry of suspended waste called “slime”
- In areas without sufficient water, dry screening may be used



Ore Flotation

- Froth flotation requires deslimed feedstock
- The first step involves bubbling air through an anionic collector such as fatty acid
- Fine ore is passed through flotation cells, PR is attracted to the anionic collector, and rises with froth
- Floating apatite is thus separated from silica tailings by overflow or paddlewheels



Ore Calcination

- Is used at some locations to remove organic matter
- Organic matter is burned by passing ore through furnace
- Results in higher quality product
- Used where energy cost, especially natural gas, is low



Non calcined PR, 67% BPL



Calcined PR, 72% BPL

Exhibit III-27

Phosphate Rock Prices (\$/t)

Argus Phosphates, Argus Media

Phosphate Rock (%BPL)

fob Jordan (68-70)
 cfr India (68-70)
 cfr India (70-72)
 fob Algeria (65-68)
 fob north Africa (69)
 CFR India Average

1Q19, Range		1Q19	2Q19, Range		2Q19	3Q19, Range		3Q19	4Q19, Range		4Q19	2019
Low	High	Average	Low	High	Average	Low	High	Average	Low	High	Average	Average
97	114	105.50	88	105	96.50	80	85	82.50	80	85	82.50	91.75
125	135	130.00	120	132	126.00	96	105	100.50	96	105	100.50	114.25
135	140	137.50	135	140	137.50	120	130	125.00	120	130	125.00	131.25
na	na		na	na		50	65	57.50	50	60	55.00	56.25
70	110	90.00	70	80	75.00	70	75	72.50	70	75	72.50	77.50
130	138	133.75	128	136	131.75	108	118	112.75	108	118	112.75	122.75

Sources:

Argus Phosphates Issue 19-31, August 2019.
Argus Phosphates Issue 19-36, September 2019.
Argus Phosphates Issue 19-40, October 2019.
Argus Phosphates Issue 20-1, January 2020.

Note: Ranges appear rounded to the nearest dollar.

Exhibit III-28

CRU Phosphatic Rock Prices, Annual

Year	PriceDate	Phosphate Rock Bulk FOB			Phosphate Rock Bulk CFR			Phosphate Rock Bulk CFR			Phosphate Rock Bulk FOB			Phosphate Rock Bulk FOB			Phosphate Rock Bulk FOB			Phosphate Rock Bulk FOB			Phosphate Rock Bulk FOB		
		Morocco (68-72% BPL) Contract			India (71-75% BPL) Spot/Contract			India (65-70% BPL) Spot/Contract			Egypt (60-68% BPL) Spot/Contract			Jordan Q1 2020 (66-72% BPL) Contract			Jordan Q1 2020 (73-75% BPL) Contract			Peru (63-68% BPL) Spot/Contract			Algeria (63-66% BPL) Spot/Contract		
		USD/t			USD/t			USD/t			USD/t			USD/t			USD/t			USD/t			USD/t		
		Max	Min	Avg	Max	Min	Avg	Max	Min	Avg	Max	Min	Avg	Max	Min	Avg	Max	Min	Avg	Max	Min	Avg	Max	Min	Avg
2013		190	81	148	198	130	165	175	105	144	105	70	83	110	90	99	125	100	113	100	80	91			
2014		145	81	110	149	130	141	135	93	112	90	60	69	118	90	103	137	115	120	100	70	88			
2015		130	110	117	155	136	143	135	90	114	79	59	69	124	105	113	137	128	133	105	88	94			
2016		140	90	112	155	118	129	135	68	97	79	40	61	124	82	100	137	108	120	105	65	81			
2017		115	70	90	122	105	118	110	55	79	70	36	50	105	70	88	120	95	109	75	55	66	63	47	57
2018		115	70	91	135	105	124	120	60	89	56	36	46	110	70	92	120	95	110	80	55	70	60	43	51
2019		120	72	95	135	115	126	120	65	92	56	35	47	110	52	88	120	103	112	80	60	75	65	44	55
2020		105	70	85	125	112	119	110	64	86	55	35	45	95	52	74	105	100	103	80	60	70	60	42	51

Exhibit III-29

A Comparison of Peru's Bayóvar Phosphate Rock with Alternatives

A Review of Phosphate Rock Chemical Specifications to Determine which Alternative Global Supplier Provides The Most Comparable Product to Bayóvar

Bayóvar Phosphate Rock Comparative Analysis

Introduction

Unlike typical agricultural and fertilizer commodities, phosphate rock is not fungible. That means one source of phosphate rock typically is not interchangeable with another. In fact, different sources of phosphate rock generally differ in chemical composition as well as physical characteristics¹. The phosphate content and levels of trace elements (or impurities) are the primary determinants of the market value – i.e. price – of phosphate rock. The phosphate content or grade, measured by its P_2O_5 or BPL² percentage, is the most important factor, but it is not the only important one. Other chemical components also impact the overall quality of the rock and are critical in determining what markets and end-uses that can be accessed. These chemical characteristics also can significantly effect processing costs. In short, phosphate content and levels of trace elements (or impurities) will determine the price premium/discount of one source of rock versus competing sources.

This analysis compares several chemical characteristics of Bayóvar phosphate rock with other sources and common benchmarks. The analysis was conducted based on known market preferences for phosphate rock chemical characteristics and common contract provisions utilized to determine the market value (i.e. price) of various phosphate rock products around the world. The goal of the analysis is to demonstrate which alternative source of phosphate rock was most comparable to Bayóvar phosphate rock in 2014.

-
- 1. Differences in physical characteristics of various sources of phosphate rock do not usually have a meaningful impact on marketability or value of the rock, and therefore are not considered in this analysis.*
 - 2. BPL – Bone Phosphate of Lime – is simply a different convention for measuring phosphate content, but it has lost favor to the use of P_2O_5 . BPL is synonymous with tricalcium phosphate ($Ca_3(PO_4)_2$), and therefore converting from percent P_2O_5 to percent BPL is an arithmetic exercise undertaken by multiplying the former by 2.185.*

Bayóvar Phosphate Rock Comparative Analysis

Conclusion

The conclusion of this analysis is that Algerian phosphate rock is the most comparable to Bayóvar phosphate rock. This is true from both a grade as well as impurity standpoint. In addition:

- Egyptian phosphate rock is similar to Bayóvar phosphate rock, but it is not as close of a comparator as Algerian rock. Furthermore, there are commercial considerations that render Egyptian rock a poorer comparator.
- High-grade phosphate rock is not a suitable comparator to Bayóvar rock. This means that much of the supply from Morocco and Jordan, and virtually all phosphate rock sold from Russia, South Africa, Senegal and Togo, is not comparable to Bayóvar simply because such sources have a much superior grade.

Exhibit III-30



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ARGUS PHOSPHATES

Contents:

Methodology overview	2
Publication frequency	5
General methodology	5
Assessing price ranges	5
Spot, contract and formula pricing	6
Terms	6
Units	6
Lot and cargo sizes	6
Products and specifications	6
Markets covered	7
Raw material contracts	9
Relative nutrient values	10
Argus DAP index	10
Freight	10

LAST UPDATED: APRIL 2020

The most up-to-date Argus Phosphates methodology is available on www.argusmedia.com

TSP Tunisia

GCT sells much of its TSP to Bangladesh under government-to-government contracts priced under formula, limiting price transparency. Prices are defined mainly by sales to European markets. The price typically tracks the Moroccan TSP price closely.

TSP Morocco

The TSP Morocco price assessment is defined by sales made by OCP to Europe at the high end of the range and to Latin America at the low end.

TSP China

The Chinese TSP price is assessed mainly on sales to southeast Asia, particularly Indonesia, as well as sales to Brazil and Latin America. Iran is also an occasional outlet although this price is not included in the assessment.

TSP eastern Med (Lebanon/Israel)

The price predominantly refers to Lebanese TSP produced by LCC Lebanon, which primarily goes to European markets as well as Latin America and Bangladesh. Israel exports to Europe, the US and Brazil.

DAP/MAP/TSP — fob bulk

DAP/MAP cfr bulk Argentina/Uruguay

Argentina and Uruguay usually pay the same price for DAP and MAP and shipments are often combined. The market usually trades at a premium to the Brazilian cfr price owing to freight and logistic costs. The price assessment is predominantly defined on the basis of trader sales, although some producers such as OCP occasionally sell directly.

MAP Brazil

Brazil is the most competitive MAP market as no one producer has a distinct freight advantage. Brazil imports MAP throughout the year from a variety of origins, both through direct producer sales and through traders. The market is liquid and often the range is assessed on the basis of transactions, although bids and offers are also included when liquidity or confirmation of trades is lacking.

MAP 10-50 (ex-China) cfr Brazil

See the [Argus Brazil Grains and Fertilizer methodology](#).

MAP 11-44 (ex-China) cfr Brazil

See the [Argus Brazil Grains and Fertilizer methodology](#).

MAP South Africa

The price is assessed on the basis of conversations with Russian and Saudi suppliers and local and regional traders and importers.

DAP India

The cfr price in India is ultimately capped by importer economics relative to the current subsidy in place, the value of the Indian rupee and the maximum retail price in force. The price assessment is usually defined on the basis of sales by Chinese producers at the lower end and Saudi product at the higher end, which trades at a slight premium. Offers in specific purchase tenders are also taken into account if an award is made.

DAP Pakistan

Pakistan usually trades at a slight premium to India owing to freight economics. Chinese DAP dominates the market with Saudi DAP discouraged due to colour issues. Australian DAP usually commands a slight premium over other sources.

DAP Turkey duty paid/duty free

This is the price paid by Turkish importers for DAP on a duty free/duty paid basis. A duty of 6.5pc is paid on DAP from Russia, Saudi Arabia, the US, China and Australia. However there is no duty on imports from Morocco, Tunisia and Jordan (from which the majority of DAP is sourced). North African producers agree volume contracts which are priced on a cargo by cargo basis. There are additionally spot trader sales particularly of Jordanian material. Turkey is most active during the third quarter but imports throughout the year both for direct application and use in NPK manufacture. The price is influenced by the relative price of NPKs in the domestic sector. Low NPK prices tend to encourage a switch away from DAP and hence lower prices.

DAP east coast Africa

The price is assessed on the basis of conversations with producers and local importers and traders in Kenya and Tanzania. Prices given in tenders, for example, are netted to a cfr value accounting for local port and any financing costs.

Raw material contracts

Phosphoric acid/t P2O5

Cfr India

The price is usually settled on a quarterly basis with OCP leading negotiations. The price is settled in \$/t P2O5 cfr with 30 days credit. On occasion, the price is settled for six months. This is explained in the text and the quarterly price is moved at the appropriate time. Contract negotiations can be protracted and the price does not always settle promptly.

Cfr western Europe

Imports are primarily from OCP Morocco for producers in Belgium, France and the Netherlands. Prices are agreed on a quarterly basis. The price change from quarter to quarter usually tracks the Indian price.

Cfr Brazil

OCP Morocco provides most of the phosphoric acid to Brazil and the price usually moves in tandem with those for India and western Europe.

Phosphate rock (% BPL)

Fob Jordan (68-70)

JPMC is a major phosphate rock producer, and much of its exports go to India.

Phosphate rock fob Algeria 29-30pc P2O5 contract

The majority of trade takes place under annual or six-month contracts. The price will be assessed on the basis of conversations with importers and with local producer Somiphos.

Cfr India (68-70), cfr India (70-72)

India is the major phosphate rock buyer globally. It buys from Egypt, Israel, Morocco and Togo as well as Jordan, the largest supplier.

Fob north Africa (69pc)

Defined by sales to Europe, India and Brazil from OCP/GCT.

Relative nutrient values

The price of various products in their pure P2O5 nutrient form, with the value of nitrogen extracted. As DAP (18pc) and MAP (11pc) contain nitrogen elements, these have been extracted to calculate a pure phosphate nutrient value.

Fob DAP Morocco \$/t P2O5, \$/unit

The value of Moroccan DAP in P2O5 terms per tonne and per unit, useful in comparing Moroccan DAP prices and netbacks to the price of phosphoric acid contracts in India, a relationship that shapes quarterly phosphoric contract negotiations.

Calculated as:

$$$/t P2O5 = (DAP Morocco - (18/46 * North Africa Urea)) * 100/46$$

A \$/unit value figure is also provided, calculated as the \$/t P2O5 value divided by 100.

Fob DAP China \$/t P2O5, \$/unit

The value of Chinese DAP fob in P2O5 terms per tonne and per unit, useful in comparing Chinese DAP export values to other phosphate exports and to netbacks from the domestic sector.

Calculated as:

$$$/t P2O5 = (DAP China fob - (18/46 * China prilled urea fob)) * 100/46$$

A \$/unit value figure is also provided, calculated as the \$/t P2O5 value divided by 100.

Cfr MAP 11-52 Brazil \$/t P2O5, \$/unit

The value of 11-52 MAP sourced from China for export to Brazil, useful in comparing the relative P2O5 values of 11-52, 10-52 and 11-44. Typically there is a discount in the price of 11-44 and 10-50 to 11-52 when relative nutrient values are taken into account. In recent years, this discount has narrowed, reflecting Chinese producer export strategies and the pull on MAP from the Chinese domestic sector.

Calculated as:

$$$/t P2O5 = (Brazilian MAP 11-52 cfr range - (11/46 * Brazilian granular urea cfr)) * 100/52$$

A \$/unit value figure is also provided, calculated as the \$/t P2O5 value divided by 100.

Cfr MAP 11-44 Brazil \$/t P2O5, \$/unit

Calculated as:

$$$/t P2O5 = (Brazilian MAP 11-44 cfr range - (11/46 * Brazilian granular urea cfr)) * 100/44$$

A \$/unit value figure is also provided, calculated as the \$/t P2O5 value divided by 100.

Cfr MAP 10-50 Brazil \$/t P2O5 and \$/unit

Calculated as: \$/t P2O5 = (Brazilian MAP 10-50 cfr range - (10/46 * Brazilian granular urea cfr)) * 100/50

A \$/unit value figure is also provided, calculated as the \$/t P2O5 value divided by 100.

Argus DAP index

A weekly global composite DAP index based on a basket of Argus price assessments weighted by annual export volumes.

Component assessments

The index is based on five Argus price assessments:

- DAP bulk fob China
- DAP bulk fob Morocco
- DAP bulk fob Saudi Arabia
- DAP bulk fob Russia
- DAP/MAP bulk fob Tampa

Weighting

Those prices are weighted in the index in proportion to the country of origin's exports, according to the latest available IFA data. The index is re-weighted in the first report following the publication of the latest IFA DAP data – historical re-weighting dates are shown in the table below.

Weighted prices are totalled and indexed such that 1 June 2017 = 100.

Weighting				
Statistical year	2015	2016	2017	2018
Weighting effective date	13/10/2016	12/10/2017	25/10/2018	28/11/2019
China	0.53787	0.51144	0.45508	0.47998
Morocco	0.08712	0.12949	0.16473	0.19513
Saudi Arabia	0.15643	0.13953	0.18421	0.17721
Russia	0.079	0.09072	0.07807	0.08261
US	0.13958	0.12882	0.11791	0.06507

Freight

Argus Phosphates includes several freight rate assessments. Prices are assessed as a range and include information collected over the course of the trading week.

Freight rate assessments are established by surveying freight providers and buyers of spot freight, maintaining a balance between both parties. The assessment is for cargoes that will load and move within the next 30-40 days.

Exhibit III-31

Phosphate Rock Freight Rates (2019)

Source: Argus Media, Issues of Argus Phosphates

Loading	Destination	Low Rate (\$/t)	High Rate (\$/t)	Mid Rate (\$/t)	Approximate	Source Note
Morocco	South Brazil	16.12	18.12	17.12	4,760	Distance retrieved from sea-distances.org (Casablanca, Morocco to Rio Grande.)
	US	17.71	19.71	18.71	3,151	Distance retrieved from sea-distances.org (Casablanca, Morocco to New York/New Jersey.)
Red Sea	Indonesia	18.73	20.73	19.73	4,583	Distance retrieved from sea-distances.org (Jeddah, Saudi Arabia to Tanjung Priok, Indonesia.)
	WC/EC India	16.41	18.41	17.41	2,353	Distance retrieved from sea-distances.org (Jeddah, Saudi Arabia to Mumbai India.)
Average		17.24	19.24	18.24	3,712	
Jordan	Russia			24.09	4,903	Distance retrieved from sea-distances.org (Port of Aqaba, Jordan to St. Petersburg, Russia). Mid rate calculated as (distance from Jordan to Russia * Average mid rate for all freight quotes) / (Average distance for all freight quotes).

Commodity	Loading	Destination	Tonnage Range	Tonnage Midpoint	Low Rate (\$/t)	High Rate (\$/t)	Mid Rate (\$/t)	Month	Year	Source for Freight Rates
Phosphate Rock	Red Sea	Indonesia	25-35	30	19	21	20	1	2019	Argus Phosphates, Issue 19-1, January 3, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	19	21	20	1	2019	Argus Phosphates, Issue 19-2, January 10, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	20	22	21	1	2019	Argus Phosphates, Issue 19-3, January 17, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	19	21	20	1	2019	Argus Phosphates, Issue 19-4, January 24, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	19	21	20	1	2019	Argus Phosphates, Issue 19-5, January 31, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	19	21	20	2	2019	Argus Phosphates, Issue 19-6, February 7, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	16	18	17	2	2019	Argus Phosphates, Issue 19-7, February 14, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	16	18	17	2	2019	Argus Phosphates, Issue 19-8, February 21, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	16	18	17	2	2019	Argus Phosphates, Issue 19-9, February 28, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	17	19	18	3	2019	Argus Phosphates, Issue 19-10, March 7, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	17	19	18	3	2019	Argus Phosphates, Issue 19-11, March 14, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	17	19	18	3	2019	Argus Phosphates, Issue 19-12, March 21, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	17	19	18	3	2019	Argus Phosphates, Issue 19-13, March 28, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	17	19	18	4	2019	Argus Phosphates, Issue 19-14, April 4, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	17	19	18	4	2019	Argus Phosphates, Issue 19-15, April 11, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	17	19	18	4	2019	Argus Phosphates, Issue 19-16, April 18, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	17	19	18	4	2019	Argus Phosphates, Issue 19-17, April 25, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	18	20	19	5	2019	Argus Phosphates, Issue 19-18, May 2, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	18	20	19	5	2019	Argus Phosphates, Issue 19-19, May 9, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	17	19	18	5	2019	Argus Phosphates, Issue 19-20, May 16, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	17	19	18	5	2019	Argus Phosphates, Issue 19-21, May 23, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	17	19	18	5	2019	Argus Phosphates, Issue 19-22, May 30, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	16	18	17	6	2019	Argus Phosphates, Issue 19-23, June 6, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	16	18	17	6	2019	Argus Phosphates, Issue 19-24, June 13, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	17	19	18	6	2019	Argus Phosphates, Issue 19-25, June 20, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	17	19	18	6	2019	Argus Phosphates, Issue 19-26, June 27, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	18	20	19	7	2019	Argus Phosphates, Issue 19-27, July 4, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	18	20	19	7	2019	Argus Phosphates, Issue 19-28, July 11, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	18	20	19	7	2019	Argus Phosphates, Issue 19-29, July 18, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	20	22	21	7	2019	Argus Phosphates, Issue 19-30, July 25, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	21	23	22	8	2019	Argus Phosphates, Issue 19-31, August 1, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	20	22	21	8	2019	Argus Phosphates, Issue 19-32, August 8, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	20	22	21	8	2019	Argus Phosphates, Issue 19-33, August 15, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	21	23	22	8	2019	Argus Phosphates, Issue 19-34, August 22, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	22	24	23	8	2019	Argus Phosphates, Issue 19-35, August 29, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	21	23	22	9	2019	Argus Phosphates, Issue 19-36, September 5, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	21	23	22	9	2019	Argus Phosphates, Issue 19-37, September 12, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	21	23	22	9	2019	Argus Phosphates, Issue 19-38, September 19, 2019

Phosphate Rock Freight Rates (2019)

Source: Argus Media, Issues of Argus Phosphates

Loading	Destination	Low Rate (\$/t)	High Rate (\$/t)	Mid Rate (\$/t)	Approximate	Source Note
Morocco	South Brazil	16.12	18.12	17.12	4,760	Distance retrieved from sea-distances.org (Casablanca, Morocco to Rio Grande.)
	US	17.71	19.71	18.71	3,151	Distance retrieved from sea-distances.org (Casablanca, Morocco to New York/New Jersey.)
Red Sea	Indonesia	18.73	20.73	19.73	4,583	Distance retrieved from sea-distances.org (Jeddah, Saudi Arabia to Tanjung Priok, Indonesia.)
	WC/EC India	16.41	18.41	17.41	2,353	Distance retrieved from sea-distances.org (Jeddah, Saudi Arabia to Mumbai India.)
Average		17.24	19.24	18.24	3,712	
Jordan	Russia			24.09	4,903	Distance retrieved from sea-distances.org (Port of Aqaba, Jordan to St. Petersburg, Russia). Mid rate calculated as (distance from Jordan to Russia * Average mid rate for all freight quotes) / (Average distance for all freight quotes).

Commodity	Loading	Destination	Tonnage Range	Tonnage Midpoint	Low Rate (\$/t)	High Rate (\$/t)	Mid Rate (\$/t)	Month	Year	Source for Freight Rates
Phosphate Rock	Red Sea	Indonesia	25-35	30	22	24	23	9	2019	Argus Phosphates, Issue 19-39, September 26, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	22	24	23	10	2019	Argus Phosphates, Issue 19-40, October 3, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	20	22	21	10	2019	Argus Phosphates, Issue 19-41, October 10, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	20	22	21	10	2019	Argus Phosphates, Issue 19-42, October 17, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	20	22	21	10	2019	Argus Phosphates, Issue 19-43, October 24, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	20	22	21	10	2019	Argus Phosphates, Issue 19-44, October 31, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	14	16	15	11	2019	Argus Phosphates, Issue 19-45, November 7, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	21	23	22	11	2019	Argus Phosphates, Issue 19-46, November 14, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	21	23	22	11	2019	Argus Phosphates, Issue 19-47, November 21, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	21	23	22	11	2019	Argus Phosphates, Issue 19-48, November 28, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	21	23	22	12	2019	Argus Phosphates, Issue 19-49, December 5, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	20	22	21	12	2019	Argus Phosphates, Issue 19-50, December 12, 2019
Phosphate Rock	Red Sea	Indonesia	25-35	30	20	22	21	12	2019	Argus Phosphates, Issue 19-51, December 19, 2019
Phosphate Rock	Morocco	South Brazil	30	30	17	19	18	1	2019	Argus Phosphates, Issue 19-1, January 3, 2019
Phosphate Rock	Morocco	South Brazil	30	30	17	19	18	1	2019	Argus Phosphates, Issue 19-2, January 10, 2019
Phosphate Rock	Morocco	South Brazil	30	30	17	19	18	1	2019	Argus Phosphates, Issue 19-3, January 17, 2019
Phosphate Rock	Morocco	South Brazil	30	30	15	17	16	1	2019	Argus Phosphates, Issue 19-4, January 24, 2019
Phosphate Rock	Morocco	South Brazil	30	30	15	17	16	1	2019	Argus Phosphates, Issue 19-5, January 31, 2019
Phosphate Rock	Morocco	South Brazil	30	30	17	19	18	2	2019	Argus Phosphates, Issue 19-6, February 7, 2019
Phosphate Rock	Morocco	South Brazil	30	30	13	15	14	2	2019	Argus Phosphates, Issue 19-7, February 14, 2019
Phosphate Rock	Morocco	South Brazil	30	30	14	16	15	2	2019	Argus Phosphates, Issue 19-8, February 21, 2019
Phosphate Rock	Morocco	South Brazil	30	30	14	16	15	2	2019	Argus Phosphates, Issue 19-9, February 28, 2019
Phosphate Rock	Morocco	South Brazil	30	30	14	16	15	3	2019	Argus Phosphates, Issue 19-10, March 7, 2019
Phosphate Rock	Morocco	South Brazil	30	30	14	16	15	3	2019	Argus Phosphates, Issue 19-11, March 14, 2019
Phosphate Rock	Morocco	South Brazil	30	30	14	16	15	3	2019	Argus Phosphates, Issue 19-12, March 21, 2019
Phosphate Rock	Morocco	South Brazil	30	30	14	16	15	3	2019	Argus Phosphates, Issue 19-13, March 28, 2019
Phosphate Rock	Morocco	South Brazil	30	30	14	16	15	4	2019	Argus Phosphates, Issue 19-14, April 4, 2019
Phosphate Rock	Morocco	South Brazil	30	30	14	16	15	4	2019	Argus Phosphates, Issue 19-15, April 11, 2019
Phosphate Rock	Morocco	South Brazil	30	30	14	16	15	4	2019	Argus Phosphates, Issue 19-16, April 18, 2019
Phosphate Rock	Morocco	South Brazil	30	30	13	15	14	4	2019	Argus Phosphates, Issue 19-17, April 25, 2019
Phosphate Rock	Morocco	South Brazil	30	30	14	16	15	5	2019	Argus Phosphates, Issue 19-18, May 2, 2019
Phosphate Rock	Morocco	South Brazil	30	30	15	17	16	5	2019	Argus Phosphates, Issue 19-19, May 9, 2019
Phosphate Rock	Morocco	South Brazil	30	30	13	15	14	5	2019	Argus Phosphates, Issue 19-20, May 16, 2019
Phosphate Rock	Morocco	South Brazil	30	30	13	15	14	5	2019	Argus Phosphates, Issue 19-21, May 23, 2019
Phosphate Rock	Morocco	South Brazil	30	30	14	16	15	5	2019	Argus Phosphates, Issue 19-22, May 30, 2019
Phosphate Rock	Morocco	South Brazil	30	30	13	15	14	6	2019	Argus Phosphates, Issue 19-23, June 6, 2019
Phosphate Rock	Morocco	South Brazil	30	30	13	15	14	6	2019	Argus Phosphates, Issue 19-24, June 13, 2019
Phosphate Rock	Morocco	South Brazil	30	30	14	16	15	6	2019	Argus Phosphates, Issue 19-25, June 20, 2019

Phosphate Rock Freight Rates (2019)

Source: Argus Media, Issues of Argus Phosphates

Loading	Destination	Low Rate (\$/t)	High Rate (\$/t)	Mid Rate (\$/t)	Approximate	Source Note
Morocco	South Brazil	16.12	18.12	17.12	4,760	Distance retrieved from sea-distances.org (Casablanca, Morocco to Rio Grande.)
	US	17.71	19.71	18.71	3,151	Distance retrieved from sea-distances.org (Casablanca, Morocco to New York/New Jersey.)
Red Sea	Indonesia	18.73	20.73	19.73	4,583	Distance retrieved from sea-distances.org (Jeddah, Saudi Arabia to Tanjung Priok, Indonesia.)
	WC/EC India	16.41	18.41	17.41	2,353	Distance retrieved from sea-distances.org (Jeddah, Saudi Arabia to Mumbai India.)
Average		17.24	19.24	18.24	3,712	
Jordan	Russia			24.09	4,903	Distance retrieved from sea-distances.org (Port of Aqaba, Jordan to St. Petersburg, Russia). Mid rate calculated as (distance from Jordan to Russia * Average mid rate for all freight quotes) / (Average distance for all freight quotes).

Commodity	Loading	Destination	Tonnage Range	Tonnage Midpoint	Low Rate (\$/t)	High Rate (\$/t)	Mid Rate (\$/t)	Month	Year	Source for Freight Rates
Phosphate Rock	Morocco	South Brazil	30	30	14	16	15	6	2019	Argus Phosphates, Issue 19-26, June 27, 2019
Phosphate Rock	Morocco	South Brazil	30	30	14	16	15	7	2019	Argus Phosphates, Issue 19-27, July 4, 2019
Phosphate Rock	Morocco	South Brazil	30	30	14	16	15	7	2019	Argus Phosphates, Issue 19-28, July 11, 2019
Phosphate Rock	Morocco	South Brazil	30	30	14	16	15	7	2019	Argus Phosphates, Issue 19-29, July 18, 2019
Phosphate Rock	Morocco	South Brazil	30	30	16	18	17	7	2019	Argus Phosphates, Issue 19-30, July 25, 2019
Phosphate Rock	Morocco	South Brazil	30	30	16	18	17	8	2019	Argus Phosphates, Issue 19-31, August 1, 2019
Phosphate Rock	Morocco	South Brazil	30	30	16	18	17	8	2019	Argus Phosphates, Issue 19-32, August 8, 2019
Phosphate Rock	Morocco	South Brazil	30	30	16	18	17	8	2019	Argus Phosphates, Issue 19-33, August 15, 2019
Phosphate Rock	Morocco	South Brazil	30	30	17	19	18	8	2019	Argus Phosphates, Issue 19-34, August 22, 2019
Phosphate Rock	Morocco	South Brazil	30	30	19	21	20	8	2019	Argus Phosphates, Issue 19-35, August 29, 2019
Phosphate Rock	Morocco	South Brazil	30	30	18	20	19	9	2019	Argus Phosphates, Issue 19-36, September 5, 2019
Phosphate Rock	Morocco	South Brazil	30	30	19	21	20	9	2019	Argus Phosphates, Issue 19-37, September 12, 2019
Phosphate Rock	Morocco	South Brazil	30	30	22	24	23	9	2019	Argus Phosphates, Issue 19-38, September 19, 2019
Phosphate Rock	Morocco	South Brazil	30	30	22	24	23	9	2019	Argus Phosphates, Issue 19-39, September 26, 2019
Phosphate Rock	Morocco	South Brazil	30	30	22	24	23	10	2019	Argus Phosphates, Issue 19-40, October 3, 2019
Phosphate Rock	Morocco	South Brazil	30	30	20	22	21	10	2019	Argus Phosphates, Issue 19-41, October 10, 2019
Phosphate Rock	Morocco	South Brazil	30	30	18	20	19	10	2019	Argus Phosphates, Issue 19-42, October 17, 2019
Phosphate Rock	Morocco	South Brazil	30	30	17	19	18	10	2019	Argus Phosphates, Issue 19-43, October 24, 2019
Phosphate Rock	Morocco	South Brazil	30	30	15	17	16	10	2019	Argus Phosphates, Issue 19-44, October 31, 2019
Phosphate Rock	Morocco	South Brazil	30	30	20	22	21	11	2019	Argus Phosphates, Issue 19-45, November 7, 2019
Phosphate Rock	Morocco	South Brazil	30	30	19	21	20	11	2019	Argus Phosphates, Issue 19-46, November 14, 2019
Phosphate Rock	Morocco	South Brazil	30	30	19	21	20	11	2019	Argus Phosphates, Issue 19-47, November 21, 2019
Phosphate Rock	Morocco	South Brazil	30	30	20	22	21	11	2019	Argus Phosphates, Issue 19-48, November 28, 2019
Phosphate Rock	Morocco	South Brazil	30	30	20	22	21	12	2019	Argus Phosphates, Issue 19-49, December 5, 2019
Phosphate Rock	Morocco	South Brazil	30	30	18	20	19	12	2019	Argus Phosphates, Issue 19-50, December 12, 2019
Phosphate Rock	Morocco	South Brazil	30	30	18	20	19	12	2019	Argus Phosphates, Issue 19-51, December 19, 2019
Phosphate Rock	Morocco	US	25-35	30	18	20	19	1	2019	Argus Phosphates, Issue 19-1, January 3, 2019
Phosphate Rock	Morocco	US	25-35	30	18	20	19	1	2019	Argus Phosphates, Issue 19-2, January 10, 2019
Phosphate Rock	Morocco	US	25-35	30	18	20	19	1	2019	Argus Phosphates, Issue 19-3, January 17, 2019
Phosphate Rock	Morocco	US	25-35	30	17	19	18	1	2019	Argus Phosphates, Issue 19-4, January 24, 2019
Phosphate Rock	Morocco	US	25-35	30	17	19	18	1	2019	Argus Phosphates, Issue 19-5, January 31, 2019
Phosphate Rock	Morocco	US	25-35	30	18	20	19	2	2019	Argus Phosphates, Issue 19-6, February 7, 2019
Phosphate Rock	Morocco	US	25-35	30	15	17	16	2	2019	Argus Phosphates, Issue 19-7, February 14, 2019
Phosphate Rock	Morocco	US	25-35	30	16	18	17	2	2019	Argus Phosphates, Issue 19-8, February 21, 2019
Phosphate Rock	Morocco	US	25-35	30	16	18	17	2	2019	Argus Phosphates, Issue 19-9, February 28, 2019
Phosphate Rock	Morocco	US	25-35	30	16	18	17	3	2019	Argus Phosphates, Issue 19-10, March 7, 2019
Phosphate Rock	Morocco	US	25-35	30	16	18	17	3	2019	Argus Phosphates, Issue 19-11, March 14, 2019
Phosphate Rock	Morocco	US	25-35	30	16	18	17	3	2019	Argus Phosphates, Issue 19-12, March 21, 2019

Phosphate Rock Freight Rates (2019)

Source: Argus Media, Issues of Argus Phosphates

Loading	Destination	Low Rate (\$/t)	High Rate (\$/t)	Mid Rate (\$/t)	Approximate	Source Note
Morocco	South Brazil	16.12	18.12	17.12	4,760	Distance retrieved from sea-distances.org (Casablanca, Morocco to Rio Grande.)
	US	17.71	19.71	18.71	3,151	Distance retrieved from sea-distances.org (Casablanca, Morocco to New York/New Jersey.)
Red Sea	Indonesia	18.73	20.73	19.73	4,583	Distance retrieved from sea-distances.org (Jeddah, Saudi Arabia to Tanjung Priok, Indonesia.)
	WC/EC India	16.41	18.41	17.41	2,353	Distance retrieved from sea-distances.org (Jeddah, Saudi Arabia to Mumbai India.)
Average		17.24	19.24	18.24	3,712	
Jordan	Russia			24.09	4,903	Distance retrieved from sea-distances.org (Port of Aqaba, Jordan to St. Petersburg, Russia). Mid rate calculated as (distance from Jordan to Russia * Average mid rate for all freight quotes) / (Average distance for all freight quotes).

Commodity	Loading	Destination	Tonnage Range	Tonnage Midpoint	Low Rate (\$/t)	High Rate (\$/t)	Mid Rate (\$/t)	Month	Year	Source for Freight Rates
Phosphate Rock	Morocco	US	25-35	30	16	18	17	3	2019	Argus Phosphates, Issue 19-13, March 28, 2019
Phosphate Rock	Morocco	US	25-35	30	16	18	17	4	2019	Argus Phosphates, Issue 19-14, April 4, 2019
Phosphate Rock	Morocco	US	25-35	30	16	18	17	4	2019	Argus Phosphates, Issue 19-15, April 11, 2019
Phosphate Rock	Morocco	US	25-35	30	16	18	17	4	2019	Argus Phosphates, Issue 19-16, April 18, 2019
Phosphate Rock	Morocco	US	25-35	30	16	18	17	4	2019	Argus Phosphates, Issue 19-17, April 25, 2019
Phosphate Rock	Morocco	US	25-35	30	16	18	17	5	2019	Argus Phosphates, Issue 19-18, May 2, 2019
Phosphate Rock	Morocco	US	25-35	30	16	18	17	5	2019	Argus Phosphates, Issue 19-19, May 9, 2019
Phosphate Rock	Morocco	US	25-35	30	15	17	16	5	2019	Argus Phosphates, Issue 19-20, May 16, 2019
Phosphate Rock	Morocco	US	25-35	30	16	18	17	5	2019	Argus Phosphates, Issue 19-21, May 23, 2019
Phosphate Rock	Morocco	US	25-35	30	15	17	16	5	2019	Argus Phosphates, Issue 19-22, May 30, 2019
Phosphate Rock	Morocco	US	25-35	30	14	16	15	6	2019	Argus Phosphates, Issue 19-23, June 6, 2019
Phosphate Rock	Morocco	US	25-35	30	14	16	15	6	2019	Argus Phosphates, Issue 19-24, June 13, 2019
Phosphate Rock	Morocco	US	25-35	30	15	17	16	6	2019	Argus Phosphates, Issue 19-25, June 20, 2019
Phosphate Rock	Morocco	US	25-35	30	15	17	16	6	2019	Argus Phosphates, Issue 19-26, June 27, 2019
Phosphate Rock	Morocco	US	25-35	30	16	18	17	7	2019	Argus Phosphates, Issue 19-27, July 4, 2019
Phosphate Rock	Morocco	US	25-35	30	16	18	17	7	2019	Argus Phosphates, Issue 19-28, July 11, 2019
Phosphate Rock	Morocco	US	25-35	30	16	18	17	7	2019	Argus Phosphates, Issue 19-29, July 18, 2019
Phosphate Rock	Morocco	US	25-35	30	18	20	19	7	2019	Argus Phosphates, Issue 19-30, July 25, 2019
Phosphate Rock	Morocco	US	25-35	30	17	19	18	8	2019	Argus Phosphates, Issue 19-31, August 1, 2019
Phosphate Rock	Morocco	US	25-35	30	18	20	19	8	2019	Argus Phosphates, Issue 19-32, August 8, 2019
Phosphate Rock	Morocco	US	25-35	30	18	20	19	8	2019	Argus Phosphates, Issue 19-33, August 15, 2019
Phosphate Rock	Morocco	US	25-35	30	19	21	20	8	2019	Argus Phosphates, Issue 19-34, August 22, 2019
Phosphate Rock	Morocco	US	25-35	30	21	23	22	8	2019	Argus Phosphates, Issue 19-35, August 29, 2019
Phosphate Rock	Morocco	US	25-35	30	20	22	21	9	2019	Argus Phosphates, Issue 19-36, September 5, 2019
Phosphate Rock	Morocco	US	25-35	30	20	22	21	9	2019	Argus Phosphates, Issue 19-37, September 12, 2019
Phosphate Rock	Morocco	US	25-35	30	23	25	24	9	2019	Argus Phosphates, Issue 19-38, September 19, 2019
Phosphate Rock	Morocco	US	25-35	30	22	24	23	9	2019	Argus Phosphates, Issue 19-39, September 26, 2019
Phosphate Rock	Morocco	US	25-35	30	22	24	23	10	2019	Argus Phosphates, Issue 19-40, October 3, 2019
Phosphate Rock	Morocco	US	25-35	30	20	22	21	10	2019	Argus Phosphates, Issue 19-41, October 10, 2019
Phosphate Rock	Morocco	US	25-35	30	19	21	20	10	2019	Argus Phosphates, Issue 19-42, October 17, 2019
Phosphate Rock	Morocco	US	25-35	30	19	21	20	10	2019	Argus Phosphates, Issue 19-43, October 24, 2019
Phosphate Rock	Morocco	US	25-35	30	18	20	19	10	2019	Argus Phosphates, Issue 19-44, October 31, 2019
Phosphate Rock	Morocco	US	25-35	30	21	23	22	11	2019	Argus Phosphates, Issue 19-45, November 7, 2019
Phosphate Rock	Morocco	US	25-35	30	21	23	22	11	2019	Argus Phosphates, Issue 19-46, November 14, 2019
Phosphate Rock	Morocco	US	25-35	30	20	22	21	11	2019	Argus Phosphates, Issue 19-47, November 21, 2019
Phosphate Rock	Morocco	US	25-35	30	21	23	22	11	2019	Argus Phosphates, Issue 19-48, November 28, 2019
Phosphate Rock	Morocco	US	25-35	30	21	23	22	12	2019	Argus Phosphates, Issue 19-49, December 5, 2019
Phosphate Rock	Morocco	US	25-35	30	20	22	21	12	2019	Argus Phosphates, Issue 19-50, December 12, 2019

Phosphate Rock Freight Rates (2019)

Source: Argus Media, Issues of Argus Phosphates

Loading	Destination	Low Rate (\$/t)	High Rate (\$/t)	Mid Rate (\$/t)	Approximate	Source Note
Morocco	South Brazil	16.12	18.12	17.12	4,760	Distance retrieved from sea-distances.org (Casablanca, Morocco to Rio Grande.)
	US	17.71	19.71	18.71	3,151	Distance retrieved from sea-distances.org (Casablanca, Morocco to New York/New Jersey.)
Red Sea	Indonesia	18.73	20.73	19.73	4,583	Distance retrieved from sea-distances.org (Jeddah, Saudi Arabia to Tanjung Priok, Indonesia.)
	WC/EC India	16.41	18.41	17.41	2,353	Distance retrieved from sea-distances.org (Jeddah, Saudi Arabia to Mumbai India.)
Average		17.24	19.24	18.24	3,712	
Jordan	Russia			24.09	4,903	Distance retrieved from sea-distances.org (Port of Aqaba, Jordan to St. Petersburg, Russia). Mid rate calculated as (distance from Jordan to Russia * Average mid rate for all freight quotes) / (Average distance for all freight quotes).

Commodity	Loading	Destination	Tonnage Range	Tonnage Midpoint	Low Rate (\$/t)	High Rate (\$/t)	Mid Rate (\$/t)	Month	Year	Source for Freight Rates
Phosphate Rock	Morocco	US	25-35	30	20	22	21	12	2019	Argus Phosphates, Issue 19-51, December 19, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	16	18	17	1	2019	Argus Phosphates, Issue 19-1, January 3, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	15	17	16	1	2019	Argus Phosphates, Issue 19-2, January 10, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	15	17	16	1	2019	Argus Phosphates, Issue 19-3, January 17, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	15	17	16	1	2019	Argus Phosphates, Issue 19-4, January 24, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	15	17	16	1	2019	Argus Phosphates, Issue 19-5, January 31, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	17	19	18	2	2019	Argus Phosphates, Issue 19-6, February 7, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	13	15	14	2	2019	Argus Phosphates, Issue 19-7, February 14, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	13	15	14	2	2019	Argus Phosphates, Issue 19-8, February 21, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	14	16	15	2	2019	Argus Phosphates, Issue 19-9, February 28, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	14	16	15	3	2019	Argus Phosphates, Issue 19-10, March 7, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	14	16	15	3	2019	Argus Phosphates, Issue 19-11, March 14, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	14	16	15	3	2019	Argus Phosphates, Issue 19-12, March 21, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	14	16	15	3	2019	Argus Phosphates, Issue 19-13, March 28, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	14	16	15	4	2019	Argus Phosphates, Issue 19-14, April 4, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	14	16	15	4	2019	Argus Phosphates, Issue 19-15, April 11, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	14	16	15	4	2019	Argus Phosphates, Issue 19-16, April 18, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	14	16	15	4	2019	Argus Phosphates, Issue 19-17, April 25, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	15	17	16	5	2019	Argus Phosphates, Issue 19-18, May 2, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	15	17	16	5	2019	Argus Phosphates, Issue 19-19, May 9, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	14	16	15	5	2019	Argus Phosphates, Issue 19-20, May 16, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	15	17	16	5	2019	Argus Phosphates, Issue 19-21, May 23, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	14	16	15	5	2019	Argus Phosphates, Issue 19-22, May 30, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	14	16	15	6	2019	Argus Phosphates, Issue 19-23, June 6, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	14	16	15	6	2019	Argus Phosphates, Issue 19-24, June 13, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	15	17	16	6	2019	Argus Phosphates, Issue 19-25, June 20, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	15	17	16	6	2019	Argus Phosphates, Issue 19-26, June 27, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	16	18	17	7	2019	Argus Phosphates, Issue 19-27, July 4, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	16	18	17	7	2019	Argus Phosphates, Issue 19-28, July 11, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	16	18	17	7	2019	Argus Phosphates, Issue 19-29, July 18, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	19	21	20	7	2019	Argus Phosphates, Issue 19-30, July 25, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	19	21	20	8	2019	Argus Phosphates, Issue 19-31, August 1, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	19	21	20	8	2019	Argus Phosphates, Issue 19-32, August 8, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	19	21	20	8	2019	Argus Phosphates, Issue 19-33, August 15, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	20	22	21	8	2019	Argus Phosphates, Issue 19-34, August 22, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	20	22	21	8	2019	Argus Phosphates, Issue 19-35, August 29, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	19	21	20	9	2019	Argus Phosphates, Issue 19-36, September 5, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	19	21	20	9	2019	Argus Phosphates, Issue 19-37, September 12, 2019

Phosphate Rock Freight Rates (2019)

Source: Argus Media, Issues of Argus Phosphates

Loading	Destination	Low Rate (\$/t)	High Rate (\$/t)	Mid Rate (\$/t)	Approximate	Source Note
Morocco	South Brazil	16.12	18.12	17.12	4,760	Distance retrieved from sea-distances.org (Casablanca, Morocco to Rio Grande.)
	US	17.71	19.71	18.71	3,151	Distance retrieved from sea-distances.org (Casablanca, Morocco to New York/New Jersey.)
Red Sea	Indonesia	18.73	20.73	19.73	4,583	Distance retrieved from sea-distances.org (Jeddah, Saudi Arabia to Tanjung Priok, Indonesia.)
	WC/EC India	16.41	18.41	17.41	2,353	Distance retrieved from sea-distances.org (Jeddah, Saudi Arabia to Mumbai India.)
Average		17.24	19.24	18.24	3,712	
Jordan	Russia			24.09	4,903	Distance retrieved from sea-distances.org (Port of Aqaba, Jordan to St. Petersburg, Russia). Mid rate calculated as (distance from Jordan to Russia * Average mid rate for all freight quotes) / (Average distance for all freight quotes).

Commodity	Loading	Destination	Tonnage Range	Tonnage Midpoint	Low Rate (\$/t)	High Rate (\$/t)	Mid Rate (\$/t)	Month	Year	Source for Freight Rates
Phosphate Rock	Red Sea	WC/EC India	25-35	30	19	21	20	9	2019	Argus Phosphates, Issue 19-38, September 19, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	19	21	20	9	2019	Argus Phosphates, Issue 19-39, September 26, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	19	21	20	10	2019	Argus Phosphates, Issue 19-40, October 3, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	18	20	19	10	2019	Argus Phosphates, Issue 19-41, October 10, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	18	20	19	10	2019	Argus Phosphates, Issue 19-42, October 17, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	18	20	19	10	2019	Argus Phosphates, Issue 19-43, October 24, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	17	19	18	10	2019	Argus Phosphates, Issue 19-44, October 31, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	21	23	22	11	2019	Argus Phosphates, Issue 19-45, November 7, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	19	21	20	11	2019	Argus Phosphates, Issue 19-46, November 14, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	19	21	20	11	2019	Argus Phosphates, Issue 19-47, November 21, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	18	20	19	11	2019	Argus Phosphates, Issue 19-48, November 28, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	18	20	19	12	2019	Argus Phosphates, Issue 19-49, December 5, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	18	20	19	12	2019	Argus Phosphates, Issue 19-50, December 12, 2019
Phosphate Rock	Red Sea	WC/EC India	25-35	30	18	20	19	12	2019	Argus Phosphates, Issue 19-51, December 19, 2019

Exhibit III-32

Phosphate Rock Subsidy Rate Estimates

Year	Company	Benchmark Price	Company (Cost + Profit per Ton) (\$/t)	Per Unit Benefit (\$/t)	Quantity of Phosphate Rock Produced (tons)	Total Revenue (in 1,000s USD)	Rate %	Methodology Description	Sources	
		<i>a</i>	<i>b</i>	<i>c = a - b</i>	<i>d</i>	<i>e</i>	<i>f = c * d / e</i>			
2019	PhosAgro	124.67		37.93	86.74	10,506,000	3,832,777	23.8%	Subsidy rate (%) = (per unit subsidy * quantity of phosphate rock extracted) / total revenue. The per unit subsidy is the difference between the world benchmark price and the company/govt price.	The benchmark price is equivalent to an average of Indian and Jordan high-quality phosphate rock prices including freight costs to Russia in 2019 (see phosphate rock benchmark prices and freight rates in tables below). The underlying sources for the phosphate rock prices are CRU and issues of <i>Argus Phosphates</i> , Argus Media. The freight rates were retrieved from issues of <i>Argus Phosphates</i> , Argus Media (see the freight rate table below). The company price for PhosAgro was derived from its Q4 and FY 2019 F/S (see Estimated Price for PhosAgro). The quantity produced is from PhosAgro Q4 and FY 2019 Operational Results, at 2 "Production Volumes by Type". PhosAgro's Q4 and FY 2019 F/S at 15 reports its total revenue was 248,125 (RUB mil) or approximately 13,832,777 (USD thousands) when converted to USD using 2019 average exchange rates. Exchange rates for RUB to USD from Organization for Economic Co-operation and Development, National Currency to US Dollar Exchange Rate: Average of Daily Rates for the Russian Federation [CCUSMA02RU/A618N], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/CCUSMA02RU/A618N , May 7, 2020.
2019	Eurochem	124.67		17.91	106.76	2,585,000	6,183,970	4.5%	Subsidy rate (%) = (per unit subsidy * quantity of phosphate rock extracted) / total revenue. The per unit subsidy is the difference between the world benchmark price and the company/govt price.	The benchmark price is equivalent to an average of Indian and Jordan high-quality phosphate rock prices including freight costs to Russia in 2019 (see phosphate rock benchmark prices and freight rates in tables below). The underlying sources for the phosphate rock prices are CRU and issues of <i>Argus Phosphates</i> , Argus Media. The freight rates were retrieved from issues of <i>Argus Phosphates</i> , Argus Media (see the freight rate table below). The company price for EuroChem was derived from its 2019 Consolidated F/S (see the Estimated Price for EuroChem). EuroChem does not have a 2019 Annual Report at this time, so the best available information for production is applied. The quantity produced in 2019 by EuroChem is assumed to be similar to its 2017 production of 2,585 thousand tons. "Located in Kovdor in the Murmansk Oblast in northern Russia, Kovdorskiy GOK is the second largest producer of apatite concentrate in Russia, one of the largest producers of iron ore concentrate in Russia and the only mine that produces baddeleyite (a zirconium oxide mineral) concentrate in the world. Over the last ten years, the Group allocated US\$766 million in capital expenditure to Kovdorskiy GOK." See EuroChem 2017 AR, 10. The Group's mining assets comprise of "Kovdorskiy GOK (Russia) and EuroChem Karatay (Kazakhstan)". See EuroChem 2018 AR at p. 36 and 15. Note that apatite "is the most common mineral for phosphates production, particularly for fertilizers and phosphoric acid. Apatite can be igneous or sedimentary." See "Apatite", accessed at https://www.sciencedirect.com/topics/chemical-engineering/apatite . EuroChem's 2019 Consolidated F/S reports its total revenue was 6,183,970 (USD thousands).

Phosphate Rock Benchmark Prices (BPL % and Terms)	2019 Average (\$/t)		Data Source
	FOB	CFR (FOB + Freight)	
India (71-75% BPL) Spot/Contract (CFR)		126.13	The CFR price is reported by CRU.
India (68-70% BPL) (CFR)		114.25	CFR price is an average of 2019 quarterly prices reported in <i>Argus Phosphates</i> , Argus Media. See Issues 19-31, 19-36, 19-40, and 20-1.
India (70-72% BPL) (CFR)		131.25	CFR price is an average of 2019 quarterly prices reported in <i>Argus Phosphates</i> , Argus Media. See Issues 19-31, 19-36, 19-40, and 20-1.
Jordan (73-75% BPL) Contract (FOB)	111.78	135.88	The FOB price is a 2019 price reported by CRU. CFR (\$/t) = FOB (\$/t) + freight cost (\$/t). The freight cost is the average freight rate from Jordan to Russia (see below in Freight table).
Jordan (68-70% BPL) (FOB)	91.75	115.84	The FOB price is an average of 2019 quarterly prices reported in <i>Argus Phosphates</i> , Argus Media. See Issues 19-31, 19-36, 19-40, and 20-1. CFR (\$/t) = FOB (\$/t) + freight cost (\$/t). The freight cost is the average freight rate from Jordan to Russia (see below in Freight table).
Average		124.67	

Freight	2019 Average (\$/t)	Data Source
Phosphate Rock Freight Rate (Average) (\$/t)	18.24	Average of freight rates (\$/t) during 2019 for phosphate rocks reported on a weekly basis in issues of <i>Argus Phosphates</i> , Argus Media.
Jordan to Russia Freight Rate (\$/t)	24.09	Mid rate calculated as (distance from Jordan to Russia * Average mid rate for all freight quotes) / (Average distance for all freight quotes) See Freight Database worksheet.

Exhibit III-33

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	2019		Source Note	Calc Note
	All Segments	Phosphate Rock		
Exchange Rate	64.74		64.74 Organization for Economic Co-operation and Development, National Currency to US Dollar Exchange Rate: Average of Daily Rates for the Russian Federation [CCUSMA02RUA618N], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/CCUSMA02RUA618N , May 7, 2020.	
Phos rock per ton (USD) sold in Russia			67.99 64 USD / ton in 2015 was reported as a purchase price of phosphate rock for URALCHEM, a Russian manufacturer of a wide range of chemical products including mineral fertilizers. See Ural Chem AR 2015, at 66, accessed at https://www.uralchem.com/corporate_management/financial-results/annual-reports/ . URALCHEM had a partnership with PhosAgro to buy phosphate rock and sourced phosphate rock from PhosAgro. "URALCHEM and PhosAgro reached an agreement on the supply of phosphate rock Voskresensk Mineral Fertilizers, JSC resumed production of its main products — phosphate fertilizers. All differences in relation to the supply of phosphate rock were finally resolved by representatives of URALCHEM and PhosAgro during a meeting chaired by the Minister of Industry and Trade of the Russian Federation Denis Manturov." See URALCHEM 2015 AR at 16. Therefore, this \$64/t price is indicative of a Russian domestic price for companies such as PhosAgro and EuroChem. This 2015 price has been converted to 2019 levels, using exchange rates for Russian (RUB) to United States (USD) currency. In 2015, the exchange rate was 60.94, and in 2019 the exchange rate was 64.74 for RUB to USD. Source for Exchange Rates: Organization for Economic Co-operation and Development, National Currency to US Dollar Exchange Rate: Average of Daily Rates for the Russian Federation [CCUSMA02RUA618N], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/CCUSMA02RUA618N , May 7, 2020.	(Ural Chem price paid from PhosAgro in 2015 of \$64 / t * 2019 exchange rate) / 2015 exchange rate. This is (64 * 64.74) / (60.94).
Phos rock per ton (RUB)		4,401.58		
Total phos rock sales (tons)		3,256,400	PhosAgro 4Q and FY 2019 Operational Results.	Multiplied by original figures which were reported in kt or thousands.
Total phos rock production (tons)		10,506,000	PhosAgro 4Q and FY 2019 Operational Results, at 2 "Production Volumes by Type". PhosAgro has 5 mining licenses, all of which are for operations within Russia. See PhosAgro 2018 AR at p. 55.	Multiplied by original figures which were reported in kt or thousands.
Revenue Allocation %	100%	10.40%	PhosAgro 2018 AR at 59.	The first phosphate rock allocation method takes sales of apatite concentrate divided by total revenue to find 10.40%. The second phosphate rock allocation method uses 0.01%, because in PhosAgro's prior annual reports, it appears that phosphate rock sales accounted for ~0.01% of total sales. For instance, in 2018, PhosAgro reported 22.1 (RUB mil) of phosphate rock sales out of 233,430 (RUB mil) total sales. 22.1/233,430 = ~ 0.01%. See Revenues in RUB reported in PhosAgro 2018 AR at 59.
Revenue	248,125	25,799	PhosAgro F/S for FY 2019 at page 27. Sales of apatite concentrate = 25,799.	The first phosphate rock allocation reports sales of apatite concentrate (see source note). The second phosphate rock allocation reports sales of phosphate calculated by multiplying the revenue allocation 0.01% by total revenue for the year.
Cost of Sales	136,224	10,295	PhosAgro Consolidated F/S for FY 2019, Profit and Loss Statement and note 9.	Sums cost of sales.
Depreciation	21,368	2,222	PhosAgro Consolidated F/S for FY 2019, Profit and Loss Statement and note 9.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Materials and services	20,138	2,094	PhosAgro Consolidated F/S for FY 2019, Profit and Loss Statement and note 9.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Potash	13,691		PhosAgro Consolidated F/S for FY 2019, Profit and Loss Statement and note 9.	Did not allocate to phosphate rock revenue.
Salaries and social contributions	12,744	1,325	PhosAgro Consolidated F/S for FY 2019, Profit and Loss Statement and note 9.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Natural gas	12,627	1,313	PhosAgro Consolidated F/S for FY 2019, Profit and Loss Statement and note 9.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Repair expenses	10,119	1,052	PhosAgro Consolidated F/S for FY 2019, Profit and Loss Statement and note 9.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Sulphur and sulphuric acid	9,165		PhosAgro Consolidated F/S for FY 2019, Profit and Loss Statement and note 9.	Did not allocate to phosphate rock revenue.
Transportation of phosphate rock	8,641	898	PhosAgro Consolidated F/S for FY 2019, Profit and Loss Statement and note 9.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Chemical fertilisers and other products for resale	6,683		PhosAgro Consolidated F/S for FY 2019, Profit and Loss Statement and note 9.	Did not allocate to phosphate rock revenue.
Electricity	6,204	645	PhosAgro Consolidated F/S for FY 2019, Profit and Loss Statement and note 9.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Fuel	4,849	504	PhosAgro Consolidated F/S for FY 2019, Profit and Loss Statement and note 9.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Ammonia	4,095		PhosAgro Consolidated F/S for FY 2019, Profit and Loss Statement and note 9.	Did not allocate to phosphate rock revenue.
Ammonia sulphate	3,577		PhosAgro Consolidated F/S for FY 2019, Profit and Loss Statement and note 9.	Did not allocate to phosphate rock revenue.

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	2019		Source Note	Calc Note
	All Segments	Phosphate Rock		
Drilling and blasting operations expenses	2,323	242	PhosAgro Consolidated F/S for FY 2019, Profit and Loss Statement and note 9.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Other Costs				
Administrative expenses	16,476	1,713	PhosAgro Consolidated F/S for FY 2019, Profit and Loss Statement and note 10.	Sums administrative expenses.
Salaries and social contributions	9,300	967	PhosAgro Consolidated F/S for FY 2019 at note 10.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Professional services	1,963	204	PhosAgro Consolidated F/S for FY 2019 at note 10.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Depreciation and amortisation	1,378	143	PhosAgro Consolidated F/S for FY 2019 at note 10.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Other expenses, net	3,835	399	PhosAgro Consolidated F/S for FY 2019 at note 10.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Selling Expenses	38,121	3,964	PhosAgro Consolidated F/S for FY 2019, Profit and Loss Statement and note 11.	Sums selling expenses.
Expenses linked to basis of delivery, inc.	32,628	3,393	PhosAgro Consolidated F/S for FY 2019 at note 11.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Freight, port and stevedoring expenses	18,340	1,907	PhosAgro Consolidated F/S for FY 2019 at note 11.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Russian railways infrastructure tariff and operators' fees	11,441	1,190	PhosAgro Consolidated F/S for FY 2019 at note 11.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Custom duties	1,898	197	PhosAgro Consolidated F/S for FY 2019 at note 11.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Materials and services	949	99	PhosAgro Consolidated F/S for FY 2019 at note 11.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Other fixed expenses	5,493	571	PhosAgro Consolidated F/S for FY 2019 at note 11.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Salaries and social contributions	2,662	277	PhosAgro Consolidated F/S for FY 2019 at note 11.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Depreciation and amortisation	1,185	123	PhosAgro Consolidated F/S for FY 2019 at note 11.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Materials and services	1,646	171	PhosAgro Consolidated F/S for FY 2019 at note 11.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Taxes, other than income tax, net	2,384	248	PhosAgro Consolidated F/S for FY 2019, Profit and Loss Statement and note 12.	Sums taxes, other than income tax, net.
Mineral extraction tax	954	99	PhosAgro Consolidated F/S for FY 2019 at note 12.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Property tax	558	58	PhosAgro Consolidated F/S for FY 2019 at note 12.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Land tax	301	31	PhosAgro Consolidated F/S for FY 2019 at note 12.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
VAT included in expenses	294	31	PhosAgro Consolidated F/S for FY 2019 at note 12.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Environment pollution payment	171	18	PhosAgro Consolidated F/S for FY 2019 at note 12.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Using water objects payment	38	4	PhosAgro Consolidated F/S for FY 2019 at note 12.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Other taxes	68	7	PhosAgro Consolidated F/S for FY 2019 at note 12.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Other expenses, net	3,269	340	PhosAgro Consolidated F/S for FY 2019, Profit and Loss Statement and note 13.	Sums other expenses, net
Social expenditures	2,661	277	PhosAgro Consolidated F/S for FY 2019 at note 13.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Loss on disposal of property, plant and equipment and intangible assets	611	64	PhosAgro Consolidated F/S for FY 2019 at note 13.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Increase in provision of bad debt	106	11	PhosAgro Consolidated F/S for FY 2019 at note 13.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Increase in provision for inventory obsolescence	19	2	PhosAgro Consolidated F/S for FY 2019 at note 13.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
(Accrual)/reversal of accrual of contingent liabilities	62	6	PhosAgro Consolidated F/S for FY 2019 at note 13.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Other income, net	(190)	(20)	PhosAgro Consolidated F/S for FY 2019 at note 13.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Total costs	196,474	16,560		Cost of sales + administrative expenses + selling expenses + taxes, other than income tax, net + other expenses, net
Gross profit	111,901	15,504	PhosAgro Consolidated F/S for FY 2019, Profit and Loss Statement.	Gross profit = revenue - cost of sales
Operating profit	51,651	9,239	PhosAgro Consolidated F/S for FY 2019, Profit and Loss Statement.	Operating profit = revenues - cost of sales - administrative expenses - selling expenses - taxes other than income tax net - other expenses net

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	2019		Source Note	Calc Note
	All Segments	Phosphate Rock		
AUVs using production/extraction quantities:				
Cost per ton of production (RUB/t)		1,576.19		Total costs / production quantity of phosphate rock
Cost per ton of production (USD/t)		24.35		Total costs / production quantity of phosphate rock (converted to USD using exchange rate above)
Profit per ton of production (RUB/t)		879.45		Operating profit / production quantity of phosphate rock
Profit per ton of production (USD/t)		13.58		Operating profit / production quantity of phosphate rock (converted to USD using exchange rate above)
Cost + profit per ton of production (RUB/t)		2,455.64		Cost per ton + profit per ton
Cost + profit per ton of production (USD/t)		37.93		Cost per ton + profit per ton

Exhibit III-34

EuroChem		thousands of USD, unless otherwise stated			
		2019			
	All Segments	Phosphate Rock	Source Note		Calc Note
Exchange Rate	64.74	64.74	Organization for Economic Co-operation and Development, National Currency to US Dollar Exchange Rate: Average of Daily Rates for the Russian Federation [CCUSMA02RUA618N], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/CCUSMA02RUA618N , May 7, 2020.		
Phos rock per ton (USD) sold in Russia		67.99	64 USD / ton in 2015 was reported as a purchase price of phosphate rock for URALCHEM, a Russian manufacturer of a wide range of chemical products including mineral fertilizers. See Ural Chem AR 2015, at 66, accessed at https://www.uralchem.com/corporate_management/financial-results/annual-reports/ . URALCHEM had a partnership with PhosAgro to buy phosphate rock and sourced phosphate rock from PhosAgro. "URALCHEM and PhosAgro reached an agreement on the supply of phosphate rock Voskresensk Mineral Fertilizers, JSC resumed production of its main products — phosphate fertilizers. All differences in relation to the supply of phosphate rock were finally resolved by representatives of URALCHEM and PhosAgro during a meeting chaired by the Minister of Industry and Trade of the Russian Federation Denis Manturov." See URALCHEM 2015 AR at 16. Therefore, this \$64/t price is indicative of a Russian domestic price for companies such as PhosAgro and EuroChem. This 2015 price has been converted to 2019 levels, using exchange rates for Russian (RUB) to United States (USD) currency. In 2015, the exchange rate was 60.94, and in 2019 the exchange rate was 64.74 for RUB to USD. Source for Exchange Rates: Organization for Economic Co-operation and Development, National Currency to US Dollar Exchange Rate: Average of Daily Rates for the Russian Federation [CCUSMA02RUA618N], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/CCUSMA02RUA618N , May 7, 2020.	(Ural Chem price paid from PhosAgro in 2015 of \$64 / t * 2019 exchange rate) / 2015 exchange rate. This is (64 * 64.74) / (60.94).	
Phos rock per ton (RUB)		4,401.58			
Total phos rock sales (tons)		136,000	EuroChem Q4 and FY 2019 F/S at note 24, page 51. EuroChem reports under mining products, "other products" of 136 thousand metric tonnes.		Multiplied by original figures which were reported in kt or thousands.
Total phos rock production (tons)		2,585,000	EuroChem reports in its 2017 AR that it produces apatite concentrate of 2,585 (KMT) in Russia. The 2019 production level is unknown since the 2019 AR has not been released. "Located in Kovdor in the Murmansk Oblast in northern Russia, Kovdorskiy GOK is the second largest producer of apatite concentrate in Russia, one of the largest producers of iron ore concentrate in Russia and the only mine that produces baddeleyite (a zirconium oxide mineral) concentrate in the world. Over the last ten years, the Group allocated US\$766 million in capital expenditure to Kovdorskiy GOK." See EuroChem 2017 AR at 10. The Group's mining assents comprise of "Kovdorskiy GOK (Russia) and EuroChem Karatau (Kazakhstan)". See EuroChem 2018 AR at p. 36 and 15. Note that apatite "is the most common mineral for phosphates production, particularly for fertilizers and phosphoric acid. Apatite can be igneous or sedimentary." See "Apatite", accessed at https://www.sciencedirect.com/topics/chemical-engineering/apatite .		Multiplied by original figures which were reported in kt or thousands.
Revenue Allocation %	100%	0.75%			Phosphate rock segment allocation % = phosphate rock revenue / total revenue
Revenue	6,183,970	46,296	EuroChem Q4 and FY 2019 F/S at 2 and note 24. Phosphate rock revenue is presumed to be equivalent to other products revenue under mining products reported in note 24.		
Cost of Sales	3,809,862	28,522	EuroChem Q4 and FY 2019 F/S Profit and Loss Statement, and note 25.		Sums cost of sales.
Raw materials	1,164,159	8,715	EuroChem Q4 and FY 2019 at note 25.		Phosphate rock segment = total revenue * phosphate rock segment allocation %
Goods for resale	1,446,293	10,828	EuroChem Q4 and FY 2019 at note 25.		Phosphate rock segment = total revenue * phosphate rock segment allocation %
Other materials	217,494	1,628	EuroChem Q4 and FY 2019 at note 25.		Phosphate rock segment = total revenue * phosphate rock segment allocation %
Energy	198,600	1,487	EuroChem Q4 and FY 2019 at note 25.		Phosphate rock segment = total revenue * phosphate rock segment allocation %
Utilities and fuels	88,268	661	EuroChem Q4 and FY 2019 at note 25.		Phosphate rock segment = total revenue * phosphate rock segment allocation %
Labour, including contributions to social funds	269,161	2,015	EuroChem Q4 and FY 2019 at note 25.		Phosphate rock segment = total revenue * phosphate rock segment allocation %

EuroChem	<i>thousands of USD, unless otherwise stated</i>			
	2019			
	All Segments	Phosphate Rock	Source Note	Calc Note
Depreciation and amortisation	323,937	2,425	EuroChem Q4 and FY 2019 at note 25.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Repairs and maintenance	57,379	430	EuroChem Q4 and FY 2019 at note 25.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Production overheads	77,564	581	EuroChem Q4 and FY 2019 at note 25.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Property tax, rent payments for land and related taxes	27,473	206	EuroChem Q4 and FY 2019 at note 25.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Impairment/(reversal of impairment)/write-off of idle property, plant and equipment, net	1,481	11	EuroChem Q4 and FY 2019 at note 25.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Provisions/(reversal of provision) for obsolete and damaged inventories, net	263	2	EuroChem Q4 and FY 2019 at note 25.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Changes in work in progress and finished goods	(88,686)	-664	EuroChem Q4 and FY 2019 at note 25.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Other costs/compensations, net	26,476	198	EuroChem Q4 and FY 2019 at note 25.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Other Costs				
Distribution costs	912,542	6,832	EuroChem Q4 and FY 2019 Profit and Loss Statement, and note 26.	Sums distribution costs.
Transportation	703,376	5,266	EuroChem Q4 and FY 2019 at note 26.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Labour, including contributions to social funds	94,386	707	EuroChem Q4 and FY 2019 at note 26.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Depreciation and amortisation	47,635	357	EuroChem Q4 and FY 2019 at note 26.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Repairs and maintenance	8,270	62	EuroChem Q4 and FY 2019 at note 26.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Provision/(reversal of provision for impairment of receivables, including ECL allowance, net	3,252	24	EuroChem Q4 and FY 2019 at note 26.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Other costs	55,623	416	EuroChem Q4 and FY 2019 at note 26.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
General and Administrative Expenses	241,830	1,810	EuroChem Q4 and FY 2019 Profit and Loss Statement and note 27.	Sums general and admin expenses.
Labour, including contributions to social funds	132,588	993	EuroChem Q4 and FY 2019 at note 27.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Depreciation and amortisation	16,983	127	EuroChem Q4 and FY 2019 at note 27.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Audit, consulting and legal services	30,110	225	EuroChem Q4 and FY 2019 at note 27.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Bank charges	3,761	28	EuroChem Q4 and FY 2019 at note 27.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Social expenditures	3,909	29	EuroChem Q4 and FY 2019 at note 27.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Repairs and maintenance	2,435	18	EuroChem Q4 and FY 2019 at note 27.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Provision/(reversal of provision for impairment of receivables, including ECL allowance, net	1,026	8	EuroChem Q4 and FY 2019 at note 27.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Other expenses	51,018	382	EuroChem Q4 and FY 2019 at note 27.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Other operating income and expenses	41,848	313	EuroChem Q4 and FY 2019 Profit and Loss Statement and note 28.	Sums other operating income and expenses.
Sponsorship	11,435	86	EuroChem Q4 and FY 2019 at note 28.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Gain/loss on disposal of property, plant and equipment and intangible assets, net	4,213	32	EuroChem Q4 and FY 2019 at note 28.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Foreign exchange (gain)/loss of operating activities, net	55,562	416	EuroChem Q4 and FY 2019 at note 28.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
Impairment/(reversal of impairment)/write-off of idle property, plant and equipment, net	5,832	44	EuroChem Q4 and FY 2019 at note 28.	Phosphate rock segment = total revenue * phosphate rock segment allocation %
(Gain)/loss on sales and purchases of foreign currencies, net	(359)	(3)	EuroChem Q4 and FY 2019 at note 28.	Phosphate rock segment = total revenue * phosphate rock segment allocation %

EuroChem

thousands of USD, unless otherwise
stated

	2019		
	All Segments	Phosphate Rock	Source Note
Non-recurring (income)/expenses, net	(37,619)	(282)	EuroChem Q4 and FY 2019 at note 28.
Other operating (income)/expenses, net	2,784	21	EuroChem Q4 and FY 2019 at note 28.
Total costs	5,006,082	37,478	
Gross profit	2,374,108	17,774	EuroChem Q4 and FY 2019 Profit and Loss Statement.
Operating profit	1,177,888	8,818	EuroChem Q4 and FY 2019 Profit and Loss Statement.

AUVs using production/extraction quantities:

Cost per ton of production (RUB/t)	938.58
Cost per ton of production (USD/t)	14.50
Profit per ton of production (RUB/t)	220.84
Profit per ton of production (USD/t)	3.41
Cost + profit per ton of production (RUB/t)	1,159.42
Cost + profit per ton of production (USD/t)	17.91

Calc Note

Phosphate rock segment = total revenue * phosphate rock
segment allocation %

Phosphate rock segment = total revenue * phosphate rock
segment allocation %

Cost of sales + distribution costs + general and administrative
costs + other operating income and expenses

Gross profit = revenue - cost of sales

Operating profit = revenue - cost of sales - distribution costs -
general and administrative costs - other operating income and
expenses.

Total costs / production quantity of phosphate rock

Total costs / production quantity of phosphate rock

Operating profit / production quantity of phosphate rock

Operating profit / production quantity of phosphate rock

Cost per ton + profit per ton

Cost per ton + profit per ton

Exhibit III-35

Revenue Data

Eurochem	2017	2018	2019
Annual Revenue (USD thousands)	4,865,664	5,577,472	6,183,970
Phosphate Rock: Mining Products (Other Products) (USD thousands)	30,297	40,452	46,296
Phosphate Rock Segment % of Total Revenue	0.62%	0.73%	0.75%
Source :	<i>EuroChem 2018 AR at 88 and 136. The "other products" segment of mining may include a very small quantity of products that are not phosphate minerals/rocks.</i>	<i>EuroChem 2018 AR at 88 and 136. This "other products" segment of mining may include a very small quantity of products that are not phosphate minerals/rocks.</i>	<i>EuroChem Q4 and FY 2019 F/S at 2 and note 24.</i>

Revenue Data

PhosAgro	2017	2018	2019
Annual Revenue (USD thousands)	3,108,370	3,724,860	3,832,777
Annual Revenue (RUB millions)	181,351	233,430	248,125
Source:	F/S Consolidated Statement of Profit or Loss and Other Comprehensive Income.	F/S Consolidated Statement of Profit or Loss and Other Comprehensive Income.	F/S Consolidated Statement of Profit or Loss and Other Comprehensive Income.
Phosphate Rock Revenue (USD thousands)	363	353	405
Phosphate Rock Revenue (RUB millions)	21.2	22.1	26
Phosphate Rock Segment % of Total Revenue	0.01%	0.01%	0.01%
Source:	<i>Revenues in RUB reported in PhosAgro 2018 AR at 59. Revenue in USD converted using exchange rates below. Phosphate Rock Segment % of Total Revenue = Phosphate Rock Revenue / Total Revenue.</i>	<i>Revenues in RUB reported in PhosAgro 2018 AR at 59. Revenue in USD converted using exchange rates below. Phosphate Rock Segment % of Total Revenue = Phosphate Rock Revenue / Total Revenue.</i>	<i>Phosphate Rock Segment % of Total Revenue is averaged from the 2017 and 2018 percentages. The phosphate rock revenue in USD and RUB estimated by multiplying the phosphate rock segment % by total revenue (i.e., ~0.01% by total revenue).</i>

Exchange Rate	2015	2016	2017	2018	2019
RUB to USD	60.94	67.06	58.34	62.67	64.74

Source: Organization for Economic Co-operation and Development, National Currency to US Dollar Exchange Rate: Average of Daily Rates for the Russian Federation [CCUSMA02RUA618N], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/CCUSMA02RUA618N>, May 7, 2020.

Sales Volume of Phosphate Rock

EuroChem	2017	2018	2019
EuroChem's Mining Products, "Other Minor Products" (Kt)	34	133	136
Source :	<i>EuroChem 2018 AR at 136.</i>	<i>EuroChem 2018 AR at 136.</i>	<i>EuroChem 2019 F/S at note 24, page 51.</i>

Sales Volume of Phosphate Rock

PhosAgro	2017	2018	2019
Phosphate Rock Sales Volume (Kt)	2,732	2,964	3,256
Source:	<i>PhosAgro 2018 Annual Report at 54, 59.</i>	<i>PhosAgro 2018 Annual Report at 54, 59.</i>	<i>PhosAgro 4Q and FY 2019 Operational Results.</i>

Production Volume of Phosphate Rock

Eurochem	2017	2018 (Estimated)	2019 (Estimated)
<i>Kt</i>	2,585	2,585	2,585
Source :	EuroChem reports in its 2017 AR that it produces apatite concentrate of 2,585 (KMT) in Russia. This figure is applied to 2018 and 2019. "Located in Kovdor in the Murmansk Oblast in northern Russia, Kovdorskiy GOK is the second largest producer of apatite concentrate in Russia, one of the largest producers of iron ore concentrate in Russia and the only mine that produces baddeleyite (a zirconium oxide mineral) concentrate in the world. Over the last ten years, the Group allocated US\$766 million in capital expenditure to Kovdorskiy GOK." See EuroChem 2017 AR at 10. The Group's mining assents comprise of "Kovdorskiy GOK (Russia) and EuroChem Karatau (Kazakhstan)". See EuroChem 2018 AR at p. 36 and 15. Note that apatite "is the most common mineral for phosphates production, particularly for fertilizers and phosphoric acid. Apatite can beigenous or sedimentary." See "Apatite", accessed at https://www.sciencedirect.com/topics/chemical-engineering/apatite .		

Production Volume of Phosphate Rock

PhosAgro	2017	2018	2019
<i>Kt</i>	9,540	10,067	10,507
Source:	PhosAgro 2018 Annual Report at 54.	PhosAgro 2018 Annual Report at 54.	PhosAgro 4Q and FY 2019 Operational Results.

Exhibit III-36

The document is provided to Konsultantplus

4 August 2004

N 1009

**DECREE
PRESIDENT OF THE RUSSIAN FEDERATION
ABOUT THE APPROVAL OF THE LIST
STRATEGIC ENTERPRISES AND STRATEGIC
JOINT-STOCK COMPANIES**

The list of changing documents

(in an edition. Decrees of the Russian President from 22.11.2004 N 1470, of 29.11.2004 N 1483, of 07.12.2004 N 1502, of 19.01.2005 N 41, of 26.08.2005 N 985, of 02.09.2005 N 1034, of 12.12.2005 N 1442, of 01.02.2006 N 68, of 20.02.2006 N 140, of 03.03.2006 N 176, of 27.03.2006 N 262, of 25.04.2006 N 427, of 03.05.2006 N 456, of 09.06.2006 N 578, of 22.06.2006 N 623, of 12.10.2006 N 1135, of 22.11.2006 N 1301, of 30.11.2006 N 1320, of 30.12.2006 N 1489, of 26.01.2007 N 67, of 03.02.2007 N 122, of 03.02.2007 N 126, of 03.02.2007 N 128, of 05.02.2007 N 135, of 14.02.2007 N 164, of 23.02.2007 N 242, of 21.03.2007 N 394, of 21.03.2007 N 395, of 21.03.2007 N 396, of 21.03.2007 N 397, of 21.03.2007 N 398, of 21.03.2007 N 399, of 21.03.2007 N 400, of 13.04.2007 N 473, of 27.04.2007 N 556, of 28.04.2007 N 567, of 28.04.2007 N 569, of 28.04.2007 N 570, of 27.05.2007 N 664, of 20.06.2007 N 784, of 26.06.2007 N 805, of 20.07.2007 N 931, of 03.08.2007 N 1019, of 06.08.2007 N 1031, of 10.08.2007 N 1048, of 11.08.2007 N 1039, of 11.08.2007 N 1040, of 27.08.2007 N 1102, of 11.09.2007 N 1162, of 18.10.2007 N 1382, of 20.10.2007 N 1392, of 03.11.2007 N 1452, of 19.11.2007 N 1536, of 21.11.2007 N 1560, of 21.11.2007 N 1563, of 21.11.2007 N 1564, of 26.11.2007 N 1577, of 06.12.2007 N 1642, of 19.12.2007 N 1715, of 28.12.2007 N 1753, of 28.12.2007 N 1754, of 20.02.2008 N 217, of 28.02.2008 N 259, of 28.02.2008 N 273, of 01.03.2008 N 292, of 03.03.2008 N 303, of 08.04.2008 N 460, of 08.04.2008 N 464, of 11.04.2008 N 486, of 16.04.2008 N 497, of 26.04.2008 N 592, of 29.04.2008 N 610, of 27.05.2008 N 855, of 29.05.2008 N 861, of 09.06.2008 N 917, of 10.06.2008 N 935, of 12.06.2008 N 956, of 10.07.2008 N 1052, of 15.07.2008 N 1096, of 27.09.2008 N 1409, of 03.10.2008 N 1432, of 16.12.2008 N 1785, of 23.12.2008 N 1837, of 06.03.2009 N 243, of 10.03.2009 N 260, of 19.03.2009 N 286, of 20.03.2009 N 290, of 20.03.2009 N 297, of 11.05.2009 N 526, of 11.06.2009 N 659, of 24.08.2009 N 972, of 19.09.2009 N 1053, of 05.11.2009 N 1251, of 06.11.2009 N 1253, of 26.12.2009 N 1474, of 29.03.2010 N 383, of 05.04.2010 N 419, of 22.04.2010 N 504, of 23.04.2010 N 513, of 09.06.2010 N 696, of 18.06.2010 N 762, of 21.06.2010 N 769, of 30.09.2010 N 1186, of 30.09.2010 N 1190, of 01.10.2010 N 1197, of 16.10.2010 N 1261, of 03.11.2010 N 1324, of 29.04.2011 N 564, of 19.05.2011 N 656, of 30.05.2011 N 688, of 05.07.2011 N 883, of 15.07.2011 N 957, of 07.09.2011 N 1177, of 19.10.2011 N 1389, of 21.10.2011 N 1403, of 07.11.2011 N 1471, of 27.12.2011 N 1691, of 31.12.2011 N 1715, of 17.02.2012 N 197, of 24.03.2012 N 340, of 17.04.2012 N 457, of 17.05.2012 N 621, of 17.05.2012 N 622, of 21.05.2012 N 688, of 31.05.2012 N 758, of 09.06.2012 N 796, of 30.06.2012 N 932, of 08.08.2012 N 1139, of 14.10.2012 N 1381, of 27.10.2012 N 1443, of 22.11.2012 N 1564, of 22.11.2012 N 1567, of 01.12.2012 N 1597, of 02.02.2013 N 86, of 25.03.2013 N 287, of 29.03.2013 N 295,

от 03.05.2013 N 437, от 01.08.2013 N 661, от 14.11.2013 N 837,
от 02.12.2013 N 874, от 09.12.2013 N 894, от 14.01.2014 N 20,
от 20.02.2014 N 91, от 05.03.2014 N 122, от 25.03.2014 N 178,
от 23.04.2014 N 275, от 04.06.2014 N 404, от 01.09.2014 N 600,
от 05.12.2014 N 760, от 05.02.2015 N 56, от 31.03.2015 N 167,
от 28.05.2015 N 272, от 21.06.2015 N 317, от 28.08.2015 N 442,
от 06.10.2015 N 504, от 14.10.2015 N 514,

with the amendments brought by the Decree of the Russian President of 10.05.2010 N 568)

For realization of a uniform state policy in the sphere of privatization of federal property and according to the Federal law of December 21, 2001 N 178-FZ "About privatization of the state and municipal property" I decide: 1. To approve the enclosed list of the strategic enterprises and strategic joint-stock companies. 2. To the government of the Russian Federation: a)) to include in the expected plan (program) of privatization of federal property after acceptance by the President of the Russian Federation of decisions on an exception of the enterprises from among strategic or about reduction of extent of participation of the Russian Federation in management of strategic joint-stock companies (shares of the state in authorized capital of joint-stock companies): the federal state unitary enterprises called in section 1 of the list, approved by the present Decree, for their transformation to open joint stock companies, 100 which percent of shares is in federal property;

the actions which were in federal property of the open joint stock companies called in section 2 of the list, approved by the present Decree; b)) to provide inclusion of the strategic enterprises and the strategic joint-stock companies called in the list, approved by the present Decree, in the list of the strategic enterprises and the organizations, approved as the order of the Government of the Russian Federation of January 9, 2004 of N 22-p; c)) to bring the regulations into accord with the present Decree. 3. To recognize become invalid the Decree of the President of the Russian Federation of December 21, 2001 N 1514 "About interaction of the President of the Russian Federation and the Government of the Russian Federation concerning privatization of the state and municipal property" (The Russian Federation Code, 2002, N 4, Art. 299). 4. The present Decree comes into force from the date of its signing.

President
Russian Federatsi and
V. PUTIN
Москва, Кремль

4 august 2004
N 1009

Approved by N Decree of the President of Russian Federatsi and of August 4, 2004 N 1009

ConsultantPlus: note. The strategic enterprises and the strategic joint-stock companies provided by the List, at implementation of measures for the bankruptcy prevention, making decision on giving in arbitration court of the statement for recognition by their bankrupts and carrying out procedures of bankruptcy, are considered, according to the Resolution of the Government of the Russian Federation of 17.11.2005 N 684, as the strategic enterprises and the organizations concerning which the rules provided by paragraph 5 of chapter IX of the Federal law of 26.10.2002 N 127-FZ "About insolvency (bankruptcy)" are applied.

LIST OF THE STRATEGIC ENTERPRISES AND STRATEGIC JOINT-STOCK COMPANIES

The list of changing documents

(в ред. Указов Президента РФ от 22.11.2004 N 1470,
от 29.11.2004 N 1483, от 07.12.2004 N 1502, от 19.01.2005 N 41,

от 26.08.2005 N 985, от 02.09.2005 N 1034, от 12.12.2005 N 1442,
от 01.02.2006 N 68, от 20.02.2006 N 140, от 03.03.2006 N 176,
от 27.03.2006 N 262, от 25.04.2006 N 427, от 03.05.2006 N 456,
от 09.06.2006 N 578, от 22.06.2006 N 623, от 12.10.2006 N 1135,
от 22.11.2006 N 1301, от 30.11.2006 N 1320, от 30.12.2006 N 1489,
от 26.01.2007 N 67, от 03.02.2007 N 122, от 03.02.2007 N 126,
от 03.02.2007 N 128, от 05.02.2007 N 135, от 14.02.2007 N 164,
от 23.02.2007 N 242, от 21.03.2007 N 394, от 21.03.2007 N 395,
от 21.03.2007 N 396, от 21.03.2007 N 397, от 21.03.2007 N 398,
от 21.03.2007 N 399, от 21.03.2007 N 400, от 13.04.2007 N 473,
от 27.04.2007 N 556, от 28.04.2007 N 567, от 28.04.2007 N 569,
от 28.04.2007 N 570, от 27.05.2007 N 664, от 20.06.2007 N 784,
от 26.06.2007 N 805, от 20.07.2007 N 931, от 03.08.2007 N 1019,
от 06.08.2007 N 1031, от 10.08.2007 N 1048, от 11.08.2007 N 1039,
от 11.08.2007 N 1040, от 27.08.2007 N 1102, от 11.09.2007 N 1162,
от 18.10.2007 N 1382, от 20.10.2007 N 1392, от 03.11.2007 N 1452,
от 19.11.2007 N 1536, от 21.11.2007 N 1560, от 21.11.2007 N 1563,
от 21.11.2007 N 1564, от 26.11.2007 N 1577, от 06.12.2007 N 1642,
от 19.12.2007 N 1715, от 28.12.2007 N 1753, от 28.12.2007 N 1754,
от 20.02.2008 N 217, от 28.02.2008 N 259, от 28.02.2008 N 273,
от 01.03.2008 N 292, от 03.03.2008 N 303, от 08.04.2008 N 460,
от 08.04.2008 N 464, от 11.04.2008 N 486, от 16.04.2008 N 497,
от 26.04.2008 N 592, от 29.04.2008 N 610, от 27.05.2008 N 855,
от 29.05.2008 N 861, от 09.06.2008 N 917, от 10.06.2008 N 935,
от 12.06.2008 N 956, от 10.07.2008 N 1052, от 15.07.2008 N 1096,
от 27.09.2008 N 1409, от 03.10.2008 N 1432, от 16.12.2008 N 1785,
от 23.12.2008 N 1837, от 06.03.2009 N 243, от 10.03.2009 N 260,
от 19.03.2009 N 286, от 20.03.2009 N 290, от 20.03.2009 N 297,
от 11.05.2009 N 526, от 11.06.2009 N 659, от 24.08.2009 N 972,
от 19.09.2009 N 1053, от 05.11.2009 N 1251, от 06.11.2009 N 1253,
от 26.12.2009 N 1474, от 29.03.2010 N 383, от 05.04.2010 N 419,,
от 22.04.2010 N 504, от 23.04.2010 N 513, от 09.06.2010 N 696,
от 18.06.2010 N 762, от 21.06.2010 N 769, от 30.09.2010 N 1186,
от 30.09.2010 N 1190, от 01.10.2010 N 1197, от 16.10.2010 N 1261,
от 03.11.2010 N 1324, от 29.04.2011 N 564, от 19.05.2011 N 656,
от 30.05.2011 N 688, от 05.07.2011 N 883, от 15.07.2011 N 957,
от 07.09.2011 N 1177, от 19.10.2011 N 1389, от 21.10.2011 N 1403,
от 07.11.2011 N 1471, от 27.12.2011 N 1691, от 31.12.2011 N 1715,
от 17.02.2012 N 197, от 24.03.2012 N 340, от 17.04.2012 N 457,
от 17.05.2012 N 621, от 17.05.2012 N 622, от 21.05.2012 N 688,
от 31.05.2012 N 758, от 09.06.2012 N 796, от 30.06.2012 N 932,
от 08.08.2012 N 1139, от 14.10.2012 N 1381, от 27.10.2012 N 1443,
от 22.11.2012 N 1564, от 22.11.2012 N 1567, от 01.12.2012 N 1597,
от 02.02.2013 N 86, от 25.03.2013 N 287, от 29.03.2013 N 295,
от 03.05.2013 N 437, от 01.08.2013 N 661, от 14.11.2013 N 837,
от 02.12.2013 N 874, от 09.12.2013 N 894, от 14.01.2014 N 20,
от 20.02.2014 N 91, от 05.03.2014 N 122, от 25.03.2014 N 178,
от 23.04.2014 N 275, от 04.06.2014 N 404, от 01.09.2014 N 600,
от 05.12.2014 N 760, от 05.02.2015 N 56, от 31.03.2015 N 167,
от 28.05.2015 N 272, от 21.06.2015 N 317, от 28.08.2015 N 442,
от 06.10.2015 N 504, от 14.10.2015 N 514,

with the amendments brought by the Decree of the Russian President of 10.05.2010 N 568)

1. The federal state unitary enterprises which are carrying out production (works, services), having a strategic importance for ensuring defense capability and safety of the state, protection of moral, health, the rights and legitimate interests граждан N of the Russian

Exhibit III-37



A Strategic Resource

Gazprom Group's Position in the Global and Russian Energy Industry

(in 2018 or as at 31 December 2018)

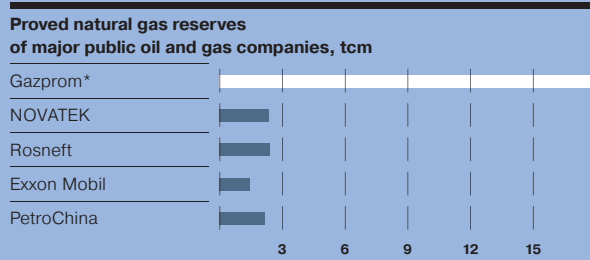
Natural Gas

Gazprom is the global leader by natural gas reserves and gas production, ahead of national oil and gas companies, as well as major global public oil and gas companies.

PJSC Gazprom is the biggest supplier of natural gas to European far abroad countries. Gazprom Group is the absolute leader by sales in the Russian market.

Exploration

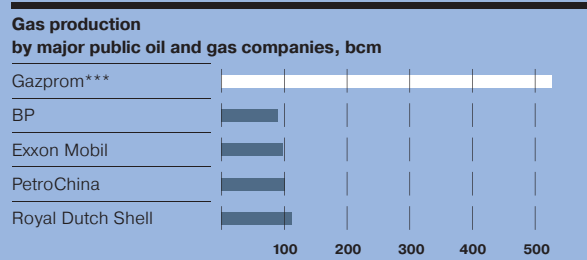
No. 1 globally by natural gas reserves



Source: PJSC Gazprom data, Bloomberg data, companies' reports data

Production

No. 1 globally by natural gas production



Source: PJSC Gazprom data, Bloomberg data, companies' reports data

16%

of global natural gas reserves**

12%

of global natural gas production**

71%

of Russia's natural gas reserves**

69%

of Russia's natural gas production**

* Gazprom Group's proved natural gas reserves under PRMS, including share in the reserves of entities in which Gazprom has investments classified as joint operations and excluding share in the reserves of associates and joint ventures. 93.0% of Gazprom Group's A+B+C₁ reserves (as per the Russian Classification of Reserves and Resources) were estimated under PRMS standards as totalling 35.2 tcm. Data on other major public oil and gas companies includes share in the reserves of associates and joint ventures.

** Including the Group's share in the reserves and production volumes of entities in which Gazprom has investments classified as joint operations.

*** Natural and associated gas production of Gazprom Group in Russia including share in the production volumes of entities in which Gazprom has investments classified as joint operations, and including share in the production volumes of associates and joint ventures for data comparability with major public oil and gas companies.

PJSC Gazprom's Board of Directors

(as at 31 December 2018)



**Viktor
Alekseevich
Zubkov**

**Chairman
of the Board of Directors**

Non-executive director

Born in 1941.
Graduate of Leningrad Agricultural
Institute.
Doctor of Economics.

2007–2008:
Prime Minister of the Russian
Federation.
2008–2012:
First Deputy Prime Minister
of the Russian Federation.
Since 2012 —
Russian Special Presidential
Representative for Cooperation
with Gas Exporting Countries Forum.
2012–2014:
member of the Board of Directors,
Director General, Chairman of
the Management Committee of
OOO Gazprom gazomotornoe
toplivo.
Since 2014 —
Deputy Chairman of the Board
of Directors of OOO Gazprom
gazomotornoe toplivo.

Chairman of the Company's
Board of Directors
since 2008.



**Alexey
Borisovich
Miller**

**Deputy Chairman
of the Board of Directors**

Executive director

Born in 1962.
Graduate of N.A. Voznesensky
Leningrad Finance and Economics
Institute.
Candidate of Economics.

Since 2001 —
Chairman of the Company's
Management Committee.

Deputy Chairman of the Company's
Board of Directors
since 2002.



**Andrey
Igorevich
Akimov**

Non-executive director

Born in 1953.
Graduate of Moscow Finance
Academy.

Since 2002 —
Chairman of the Management
Board of Joint Stock Bank of Gas
Industry Gazprombank (Closed
Joint Stock Company), since
2007 — Gazprombank (Open Joint
Stock Company), since 2014 —
Gazprombank (Joint Stock
Company).

Member of the Company's
Board of Directors
since 2011.



**Timur
Askarovich
Kulibaev**

Independent director

Born in 1966.
Graduate of M.V. Lomonosov
Moscow State University.
Candidate of Economics.

Since 2007 —
Head of the Association of Legal
Entities the Kazenergy Kazakh
Association of Oil, Gas and Energy
Companies.
Since 2010 —
Chairman of the Presidium of the
Atameken National Chamber of
Entrepreneurs of the Republic of
Kazakhstan.
In 2011 —
member of the Board of Directors,
and Chairman of the Management
Board of AO Samruk-Kazyna
National Welfare Fund.

Member of the Company's
Board of Directors
since 2011.

There were no changes to the Board of Directors in 2018

Note. The independent status of members of the Board of Directors is determined in compliance with criteria for assessing independence of members of the board of directors (nominees to the board of directors) set forth in the Corporate Governance Code recommended by the Bank of Russia, and Appendix 4 to the Listing Rules of the Moscow Exchange.



**Denis
Valentinovich
Manturov**

Non-executive director

Born in 1969.
Graduate of M.V. Lomonosov
Moscow State University.
Candidate of Economics.

Since 2012 —
Minister of Industry and Trade
of the Russian Federation.

Member of the Company's
Board of Directors
since 2017.



**Vitaly
Anatolievich
Markelov**

Executive director

Born in 1963.
Graduate of S.P. Korolev Kuibyshev
Aviation Institute.
Candidate of Technical Sciences.

2003–2011:
Director General
of OOO Tomsktransgaz (since
2008 — OOO Gazprom transgaz
Tomsk).
In 2011 —
Director General of OOO Gazprom
invest Vostok.
Since 2011 —
Deputy Chairman of the Company's
Management Committee.

Member of the Company's
Board of Directors
since 2012.



**Viktor
Georgievich
Martynov**

Independent director

**Chairman of the Board
of Directors' Audit Committee,
member of the Board
of Directors' Nomination
and Remuneration Committee**

Born in 1953.
Graduate of the I.M. Gubkin
Moscow Institute of the
Petrochemical and Gas Industry.
Candidate of Geology and
Mineralogy, Doctor of Economics.

Since 2008 —
Rector of I.M. Gubkin Russian
State Oil and Gas University
(a federal budget-funded
educational institution of higher
professional education, national
research university).

Member of the Company's
Board of Directors
since 2013.



**Vladimir
Alexandrovich
Mau**

Independent director

**Member of the Board
of Directors' Audit Committee,
member of the Board
of Directors' Nomination
and Remuneration Committee**

Born in 1959.
Graduate of the G.V. Plekhanov
Moscow Institute of National
Economy.
Doctor of Economics.

2002–2010:
Rector of the State Educational
Institution of Higher Professional
Education, the Academy
of National Economy under
the Government of the Russian
Federation.
Since 2010 —
Rector of the Russian Presidential
Academy of National Economy
and Public Administration (a federal
state budget-funded institution
of higher education).

Member of the Company's
Board of Directors
since 2011.



**Alexander
Valentinovich
Novak**

Non-executive director

Born in 1971.
Graduate of Norilsk Industrial
Institute.

2010–2012:
Deputy Minister of Finance
of the Russian Federation.
Since 2012 —
Minister of Energy of the Russian
Federation.

Member of the Company's
Board of Directors
since 2015.



**Dmitry
Nikolaevich
Patrushev**

Non-executive director

Born in 1977.
Graduate of the State University
of Management, and of the
Diplomatic Academy of the
Russian Ministry of Foreign Affairs.
Doctor of Economics.

2007–2010:
Senior Vice-President
of OAO Vneshtorgbank.
2010–2018:
member of the Supervisory Board
of AO Russian Agricultural Bank,
Chairman of the Management
Board of AO Russian Agricultural
Bank.
Since 2018 —
Minister of Agriculture
of the Russian Federation.

Member of the Company's
Board of Directors
since 2016.



**Mikhail
Leonidovich
Sereda**

Executive director

**Member of the Board
of Directors' Audit Committee,
Chairman of the Board
of Directors' Nomination
and Remuneration Committee**

Born in 1970.
Graduate of Saint Petersburg
State University of Economics
and Finance.

Since 2004 —
Deputy Chairman of the
Management Committee, Head
of the Management Committee
Administration of the Company.

Member of the Company's
Board of Directors
since 2002.

The biographical details of the members of PJSC Gazprom's Board of Directors are also available on PJSC Gazprom's website → www.gazprom.com



Exhibit III-38



EuroChem opens new \$1bn ammonia plant in Kingisepp, Russia

 07 June 2019

Zug, Switzerland, June 7, 2019 – EuroChem Group AG, a leading global fertilizer company, has opened a new ammonia production plant, EuroChem Northwest, in Kingisepp, Russia. The plant has the largest single-train production capacity in Europe, at 1 million tonnes per year.



An opening ceremony took place at the St. Petersburg International Economic Forum on Friday. Joined by officials including Sergei Ivanov, Special Presidential Representative for Environmental Protection, Ecology and Transport; Denis Manturov, Minister of Industry and Trade; and Leningrad Region Governor Alexander Drozdenko; EuroChem beneficiary Andrey Melnichenko turned a

symbolic valve to signify the start of the ammonia flow from the plant, where EuroChem staff were watching by video-link.



“The opening of EuroChem Northwest marks an important milestone in the company’s growth story, and cements our position as a global leader in fertilizer production,” said Petter Ostbo, Chief Executive of EuroChem. “By investing in the latest technologies, this landmark facility will help deliver world-class nutrients to our growing customer base, allowing farmers to get more out of their land.”

Over the last three years, EuroChem has invested \$1bn in the development of the plant, which has a design capacity of 2,890 tonnes per day, ensuring self-sufficiency for EuroChem in an important component of its fertilizer production needs. EuroChem will supply ammonia to its fertilizer production plants in Antwerp, Belgium, Lifosa in Lithuania, and Phosphorit, the Group’s adjacent phosphate fertilizer facility in Kingisepp. About 25% of total output will be sold to third parties, offering them a more cost-effective supply of ammonia.

Close proximity to the Group’s existing rail and shipping facilities allows the ammonia to be easily transported to production units and world markets.

Maire Tecnimont subsidiaries Tecnimont SpA and Tecnimont Russia OOO, were retained for the engineering, procurement and construction of the plant. EuroChem Northwest incorporates the latest production technology, including KBR's proprietary Purifier™ Ammonia Process.



Sensitive to local environmental concerns, the plant was built on a brownfield site, and care was taken to avoid any negative impact on the surrounding areas. The facility features a closed water recycling system to prevent effluent discharges into the nearby Luga River, which flows into the Baltic Sea in the Gulf of Finland. EuroChem continues to work closely with the John Nurminen Foundation on a major environmental project to prevent water runoff from any of its operations in Kingisepp.

EuroChem Northwest has created 300 permanent jobs within the local community. At the peak of construction, which began in 2016, more than 5,000 people were employed in building the facility. Some 12,000 tonnes of steel were used in construction and more than 64km of piling was installed.

Exhibit III-39



Fertz major EuroChem nears decision on new ammonia, urea, and methanol plants

Author: Richard Ewing

2019/07/31

KINGISEPP (ICIS)--EuroChem is nearing a final decision on ambitious plans for new ammonia, urea, and methanol plants in northwest Russia to serve international markets, two executives from the Switzerland-headquartered fertilizer group disclosed on Tuesday.

The green light for a 1m tonne/year ammonia facility; 1.1m-1.5m tonne/year granular urea plant; and a 1.8m tonne/year methanol manufacturing unit at Kingisepp could arrive before the end of this year, the officials confirmed.

The pair also confirmed that plans for a duplicate unit to generate feedstock for urea production are at an advanced stage.

"We are working on a second stage for the plant, involving new ammonia and urea units, and a third phase involving a methanol plant," disclosed Ilya Beloborodov, EuroChem Northwest Director, during a media tour of the [recently commissioned 1m tonne/year ammonia plant](#) at EuroChem Northwest at the brownfield site near St Petersburg.

"We have the land and the natural gas pipeline capacity from Gazprom for the second and third stage, and are just 50km from the [Estonian] port of Sillamae to the west.

"We are also a similar distance from the Russian port of Ust Luga to the north, where our bulk terminal project is currently being executed.

"EuroChem has been looking at these proposals for the past 18 months when we realised just how many commercial opportunities this site has, and all the documentation has been readied."

Dmitry Boldyrev, EuroChem's head of global operational logistics, hinted the group is looking to diversify its product portfolio as it looks to expand its global reach from its main markets in Europe.

While he did not put a figure on any potential capital expenditure for Kingisepp, the privately owned group recently said such investment would likely fall in the \$2.5bn bracket.

"Methanol is very popular right now, and while we are a relatively small producer, we don't want to put all our eggs in one basket [ammonia and urea] so it's only logical to explore such opportunities," he said.

He added any new urea capacity would be in addition to existing production facilities, but declined to discuss where such urea would be sold.

Increasing demand for mineral fertilizers from Brazilian farmers and Russian agricultural users means both markets could be targets for any additional urea output, he suggested.

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Exhibit III-40

PhosAgro Ammonia Production Facility, Cherepovets

Project Type

Ammonia plant

Location

Cherepovets, Vologda, Russia

Construction Commenced

November 2013

Expected Completion

End of 2017

Estimated Investment

\$785m

Contractors

Consortium of Mitsubishi Heavy Industries, Sojitz and Renaissance Heavy Industries (RHI), Haldor Topsøe, and Gazprom

Owner and Operator

PhosAgro
Expand



PhosAgro started construction of a large-scale, energy-efficient ammonia production plant in Russia in November 2013. The plant is located at Cherepovets city, which is situated 400km to the north of Moscow in the Vologda region.

The new facility is expected to be operational by the end of 2017. It will be the third production line that PhosAgro will construct as part of its long-term modernisation and growth strategy. The project development is led by the National Mineral Resources University, St. Petersburg.

Production at PhosAgro's new ammonia plant

"The new plant is expected to bring down operating costs by 20% in comparison with other ammonia lines currently in operation."

The new facility will produce ammonia using natural gas as feedstock. It will have a production capacity of 2,200t a day and 760,000t a year. It will consume 20% less natural gas for the production of a unit of ammonia than the current average consumed by any other ammonia facility in Russia.

The new plant is also expected to bring down operating costs by 20% in comparison with other ammonia lines currently in operation. It will be equipped with state-of-the-art technology to meet the most stringent environmental and safety standards of the industry, according to PhosAgro.

Technology employed at the ammonia facility

The new ammonia facility will adopt the highly energy-efficient ammonia process technology supplied by Haldor Topsøe, an engineering company based in Denmark. Haldor Topsøe will provide proprietary hardware and [catalysts](#) as well as the engineering design and licence for the plant.

Contractors involved with the new ammonia plant

PhosAgro-Cherepovets, a subsidiary of PhosAgro, signed the engineering, procurement and construction (EPC) contract at the St. Petersburg International Economic Forum held in June 2013 for the construction of the new plant. The EPC contract was awarded to a consortium consisting of Mitsubishi Heavy Industries, Sojitz and Renaissance Heavy Industries (RHI).

"PhosAgro is one of the leading phosphate-based fertiliser companies in Europe."

The consortium will be led by Mitsubishi Heavy Industries, which will provide basic and detailed designs for the plant. It will also offer equipment procurement, and dispatch of technical advisors for installation and test operation at the plant.

Sojitz will undertake the coordination between related parties and transport within Russia, while RHI will offer construction services and transportation by taking charge of the construction.

Financing

The estimated investment for the construction of the ammonia plant is \$785m. PhosAgro will finance the project through its own cash flows and third-party funding.

Feedstock for the PhosAgro plant

PhosAgro anticipates no major issues with feedstock sourcing as Russia is one of the world's leading producers of natural gas.

Gazprom has agreed to offer an additional 800 million cubic metres of gas a year for the new plant upon start of operations. The Russian Ministry of Economic Development will also provide natural gas for the plant.

Marketing commentary

PhosAgro is one of the leading phosphate-based fertiliser companies in Europe. The company produces high-grade phosphate rock, ammonia and nitrogen fertilisers.

The demand for ammonia-based fertilisers is expected to be on the rise worldwide as there is a rise in food production in lieu of response to the increasing global population.

Join the conversation



To comment on this article, speak to the writers or share your thoughts on any other energy related topic please click here to join our Energy Technology forum on LinkedIn.

Related content

[Ca Mau Fertiliser Plant, Khánh An, Vietnam](#)

Ca Mau Fertiliser Plant is located in Khánh An, in the district of U Minh of the Ca Mau province, in southern Vietnam.

[Sasol Nitro Calcium Ammonium Nitrate \(CAN\) Plant, Secunda, South Africa](#)

Energy and chemical company Sasol Nitro has completed construction of a new calcium ammonium nitrate (CAN) or limestone ammonium nitrate (LAN) production plant at its existing chemical complex in Secunda, South Africa.

Exhibit III-41

Gazprom Sulphur and PhosAgro Sign Contract for Supply of Liquid Sulphur through 2021

15 December 2015 year

Moscow – Gazprom Sulphur and PhosAgro have signed a five-year contract for the supply of liquid sulphur, based on market prices, to PhosAgro-Cherepovets and the Balakovo branch of Apatit for the period from 1 January 2016 to 31 December 2020.

This agreement will enable PhosAgro-Cherepovets and the Balakovo branch of Apatit to fully meet their demand for liquid sulphur, which is a raw material used in the production of mineral fertilizers. These facilities' demand for liquid sulphur has grown following increases in production capacities.

Gazprom Sulphur CEO Andrey Lazukov said: "The parties have agreed to set the price of sulphur based on the principles of transparency and a balance of the interests of all sides. This mechanism uses publicly available data from independent sources. In order to increase the volume of liquid sulphur supplies, PhosAgro has also expressed its willingness to allocate additional tanker cars to transport the liquid sulphur that its production facilities will use. This agreement will enable long-term production planning and predictable delivery volumes for PhosAgro's plants. It will also decrease the overall level of tension surrounding liquid sulphur supplies that is currently affecting the market due to the lack of appropriate railcar capacities."

PhosAgro CEO Andrey Guryev said: "We are pleased to restart our partnership with Gazprom Group companies, and hope that they will be long-term and constructive in all areas of doing business."

Exhibit III-42

Natural Gas Subsidy Rate Estimates

Company	Year	Benchmark Price	Estimated Price	Estimated Per Unit Benefit (\$/MWh)	Methodology Description	Sources
		<i>a</i>	<i>b</i>	<i>c = a - b</i>	<i>g</i>	<i>h</i>
PhosAgro	2018	38.26	6.01	32.24	Estimated company price = cost of natural gas / natural gas consumption.	The benchmark price is the IEA's Europe average 2018 price for natural gas for industry (\$/MWh) reported in the IEA Energy Prices and Taxes, 2019 publication. See Exhibit IEA OECD Natural Gas Prices. The IEA is a well respected authority on energy prices, and a commonly accepted source for natural gas benchmark prices for the DOC. PhosAgro's cost of natural gas is reported on page 60 of its 2018 Annual Report, and its natural gas consumption on page 84.
EuroChem	2017	32.80	8.39	24.41	Estimated company price converted to USD/MWh.	The benchmark price is the IEA's Europe average 2017 price for natural gas for industry (\$/MWh) reported in the IEA Energy Prices and Taxes, 2019 publication. See Exhibit IEA OECD Natural Gas Prices. The IEA is a well respected authority on energy prices, and a commonly accepted source for natural gas benchmark prices for the DOC. Cost per unit was derived from the price reported for EuroChem Group's average unit cost for natural gas in its 2017 Annual Report at page 43, which does not appear to include internally sourced natural gas.

IEA Natural Gas Prices

Source: IEA Energy Prices and Taxes, 2019

Natural gas prices for industry in USD/MWh (GCV basis)												
	2010	2011	2012	2013	2014	2015	2016	2017	2018	1Q2019	2Q2019	3Q2019*
Australia	..	..	..	..	..	..	..	..	..	..	..	..
Austria	..	..	47.9	48.8	45.9	41.9	38.4	33.9	37.6	37.9	37.5	37.1
Belgium	40.2	48.6	46.9	50.3	39.4	32.5	27.1	27.5	31.6	..	..	..
Canada	13.8	15.4	11.9	13.7	16	10.2	13.8	17.2	15.5	15	15	..
Chile	c	c	c	c	c	c	c	c	c	c	c	c
Czech Republic	45.6	50.8	48.8	47.3	42.8	33.7	30.3	29.6	32.3	34.2	32.6	..
Denmark	45.4	55.4	51.0	55.8	46.8	37.0	30.1	34.9	41.8	..	..	..
Estonia	36.4	39.6	45.6	47.2	47.4	33.6	26.0	30.7	36.9	..	..	..
Finland	36.3	52.9	53.9	55.6	53.5	41.3	39.5	46.1	53.7	53.6	50.8	..
France	45.5	51.7	52.4	55.1	52.4	42.1	36.4	38.5	43.6	..	..	..
Germany	45.1	50.3	44.6	49.9	44.6	34.1	29.3	27.8	30.8	..	..	..
Greece	44.5	56.0	66.8	61.0	56.5	36.9	28.6	26.4	36.1	..	..	..
Hungary	36.7	43.6	47.8	45.6	51.2	34.2	28.3	26.1	31.5	30.2	25.6	..
Iceland	..	..	..	..	..	..	..	..	..	..	..	..
Ireland	37.1	43.9	45.6	51.7	48.6	35.9	34.2	36.2	41.7	45	38.8	..
Israel	c	c	c	c	c	c	c	c	c	c	c	c
Italy	41.5	49.2	54.7	56.4	50.9	41.8	36.6	34.5	39.4	..	..	..
Japan	52.0	67.0	73.3	68.6	66.9	44.3	35.3	39.2	46.0	..	..	..
Korea	48.2	59.0	61.5	66.2	72.3	49.7	40.9	43.7	43.3	45.0	41.5	..
Latvia	37.3	42.6	48.1	48.7	45.6	35.2	28.1	30.3	36.3	..	..	..
Lithuania	44.6	55.9	58	56.9	55.6	33	30.4	35.2	44.1	..	..	..
Luxembourg	42.1	50.1	49.6	53.5	44.8	42.4	30.9	28.9	33.1	..	..	..
Mexico	..	..	..	..	..	..	..	..	..	..	..	..
Netherlands	34.4	38.5	38.6	41.7	41	31.7	27.3	27.2	30.3	..	..	..
New Zealand	20.8	21.6	22.8	23.7	22.2	17.8	15.3	17.8	18.5	..	..	..
Norway	x	x	x	x	x	x	x	x	x	x	x	x
Poland	39.1	42.5	44.0	42.3	43.8	31.8	23.6	25.3	30.1	29.9	25.2	..
Portugal	40.3	50.0	52.7	55.7	57.8	44.1	34.1	31.0	33.5	..	..	..
Slovak Republic	46.0	50.2	52.5	49.3	44.2	36.3	33.8	32.5	34.4	33.0	32.9	31.3
Slovenia	51.6	58.3	64.4	57.9	51.7	38.0	32.1	31.2	35.2	38.1	32.7	..
Spain	33.6	37.7	44.0	45.8	44.4	33.2	26.4	26.8	30.2	32.4	30.2	..
Sweden	56.0	67.7	63.3	63.8	54.9	44.4	38.5	40.8	50.1	..	..	..
Switzerland	56.9	72.5	71.7	72.2	73.5	65.8	61.9	60.6	73.5	76.1	75.1	..
Turkey	35.0	33.8	41.1	43.6	38.7	32.6	28.6	22.0	23.7	28.8	26.4	..
United Kingdom	28.3	35.5	38.5	41.9	40.1	33.3	24.9	25.2	30.4	30.8	26.6	..
United States	17.8	16.9	12.8	15.3	18.3	12.9	11.6	13.5	13.9	15.5	12.3	..
OECD Europe	40.1	45.6	46.6	49	45.5	35.9	30.4	29.5	33.5	..	..	..
OECD Total	28.5	31.1	29.5	31.9	31.8	23.3	20.1	21.3	23.1	..	..	..

* Prices for 3Q2019 are preliminary.

INTERNATIONAL ENERGY AGENCY

Calculations using IEA Data above

European average	41.9	49.7	51.3	52.3	49.1	38.1	32.4	32.8	38.3	40.1	37.1	34.2
excluding Turkey												
European average calculated	41.6	49.1	50.9	51.9	48.6	37.9	32.2	32.4	37.7	39.2	36.2	34.2

IEA Natural Gas Prices

Source: IEA Energy Prices and Taxes, 2019

Natural gas prices for electricity generation in USD/MWh (GCV basis)												
	2010	2011	2012	2013	2014	2015	2016	2017	2018	1Q2019	2Q2019	3Q2019*
Australia	c	c	c	c	c	c	c	c	c	c	c	c
Austria	..	..	..	..	..	..	..	29.8	37	37.6	37.2	36.8
Belgium	c	c	c	c	c	c	c	c	c	c	c	c
Canada	17.6	15.9	13.1	16	..	..	..	..	..	..	..	..
Chile	c	c	c	c	c	c	c	c	c	c	c	c
Czech Republic	..	..	..	..	..	..	..	..	..	..	..	..
Denmark	c	c	c	c	c	c	c	c	c	c	c	c
Estonia	..	..	..	..	..	..	..	..	..	..	..	..
Finland	33.8	41.6	43.4	41.9	39.8	25.9	22.2	27.2	32.5	32.4	29.8	..
France	..	..	..	..	..	..	..	..	..	..	..	..
Germany	..	..	..	..	..	..	..	..	..	..	..	..
Greece	c	c	c	c	c	c	c	c	c	c	c	c
Hungary	32.6	41.9	44	42.2	43.1	31.9	23.3	24.9	29	28.1	25.6	..
Iceland	..	..	..	..	..	..	..	..	..	..	..	..
Ireland	c	c	c	c	c	c	c	c	c	c	c	c
Israel	37.5	41.9	42.5	..	..	..	..	..	..	..	..	..
Italy	c	c	c	c	c	c	c	c	c	c	c	c
Japan	..	..	..	..	..	..	..	..	..	..	..	..
Korea	44.5	53.2	56.4	60.3	66.1	44.3	33.6	38.6	46	50.9	39.2	..
Latvia	..	..	..	..	..	..	..	c	c	c	c	c
Lithuania	..	..	..	..	..	..	..	..	..	..	..	..
Luxembourg	c	c	c	c	c	c	c	c	c	c	c	c
Mexico	20	18.8	14.1	19.4	21.3	13.4	12.9	17.3	15.5	16.9	..	..
Netherlands	..	..	..	..	..	..	..	..	..	..	..	..
New Zealand	c	c	c	c	c	c	c	c	c	c	c	c
Norway	..	..	..	..	..	..	..	..	..	..	..	..
Poland	25.1	27.5	28.4	27	26.1	22.3	17.4	19.1	22.4	24.1	21.2	..
Portugal	33.5	41.3	46.1	47.6	46.5	30.8	22.5	26	30.7	33.2	28.5	..
Slovak Republic	34.3	44.4	53.3	49.7	51.1	46.3	32.1	33.6	39.4	30.9	40.5	40.1
Slovenia	c	c	c	c	c	c	c	c	c	c	c	c
Spain	..	..	..	..	..	..	..	..	..	..	..	..
Sweden	..	..	..	..	..	..	..	..	..	..	..	..
Switzerland	..	..	..	..	..	..	..	..	..	..	..	..
Turkey	34.1	33.3	41	43.2	38.4	32.8	28.8	22.2	26.9	31.7	29.2	..
United Kingdom	22.6	30.7	33.8	35.9	31.1	24.2	17.2	19.6	25.7	22.2	..	..
United States	17.3	16.1	11.7	14.8	17	11	9.8	11.5	12.1	12.6	9.1	..
OECD Europe	..	..	..	..	..	..	..	..	..	..	..	..
OECD Total	..	..	..	..	..	..	..	..	..	..	..	..

* Prices for 3Q2019 are preliminary.

INTERNATIONAL ENERGY AGENCY

PhosAgro Natural Gas Annual Prices

	2017	2018	Source
<u>Cost</u>			
Cost (RUB)	9,715,000,000	12,096,000,000	PhosAgro 2017 AR at 67 and 2018 AR at 60. Organization for Economic Co-operation and Development, National Currency to US Dollar Exchange Rate: Average of Daily Rates for the Russian Federation [CCUSMA02RUA618N], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/CCUSMA02RUA618N , April 29, 2020.
Exchange Rate	58.34	62.67	
Cost (USD)	166,515,831	193,016,759	
<u>Consumption</u>			
Cubic meters	2,240,883,000	2,667,470,000	PhosAgro 2017 AR at 82 and PhosAgro 2018 AR at 84. Conversion rate for cubic meters (m ³) to kilowatt hours (kWh) is derived from "Heat & Conversion Tables" of International Gas Union, Natural Gas Conversion Guide (2012) at 20. According to the table, there are 12.03 kilowatt hours in one Normal cubic meter of natural gas. See "Natural Gas Conversion Guide", <i>International Gas Union</i> , accessed at http://agnatural.pt/documentos/ver/natural-gas-conversion-guide_cb4f0ccd80ccaf88ca5ec336a38600867db5aaf1.pdf .
kWh	26,957,822,490	32,089,664,100	
MWh	26,957,822	32,089,664	
<u>Price</u>			
USD/MWh	\$6.18	\$6.01	

Note: The annual reports display consumption in terms of cubic meters. However, it is clear that these figures are actually 1000s of cubic meters. For instance, the 2017 report (at 82) mentions an annual consumption of 2.241 million cubic meters of natural gas, but above displays a figure of only 2,240,883 cubic meters, meaning the figure is in 1000s.

EuroChem Natural Gas Annual Prices

	2017	Source
<u>Price</u>		
USD/mmBtu	\$2.46	EuroChem 2017 AR at 43 [1]
		Conversion rate for million British thermal units (mmBtu) to kilowatt hours (kWh) is derived from "Heat & Conversion Tables" of International Gas Union, Natural Gas Conversion Guide (2012) at 20. According to the table, there are 293.1 kilowatt hours in one million British thermal units of natural gas. See "Natural Gas Conversion Guide", <i>International Gas Union</i> , accessed at http://agnatural.pt/documentos/ver/natural-gas-conversion-guide_cb4f0ccd80ccaf88ca5ec336a38600867db5aaf1.pdf .
kWh/mmBtu	293.1	
kWh/USD	119.15	
MWh/USD	0.119146	
USD/MWh	\$8.39	
<u>Consumption</u>		
Cubic meters	4,610,000,000	EuroChem 2017 AR at 11 [2]
		Conversion rate for cubic meters (m ³) to kilowatt hours (kWh) is derived from "Heat & Conversion Tables" of International Gas Union, Natural Gas Conversion Guide (2012) at 20. According to the table, there are 12.03 kilowatt hours in one Normal cubic meter of natural gas. See "Natural Gas Conversion Guide", <i>International Gas Union</i> , accessed at http://agnatural.pt/documentos/ver/natural-gas-conversion-guide_cb4f0ccd80ccaf88ca5ec336a38600867db5aaf1.pdf .
kWh	55,458,300,000	
MWh	55,458,300	
<u>Cost</u>		
USD	\$465,463,726	(Constructed using price and consumption) [3]

Notes:

- [1] This price appears to exclude natural gas produced by its own facilities, and therefore it only applies to externally sourced gas. In its 2015 Annual Report at page 24, it reports prices paid for natural gas at two plants (\$2.12/mmBtu and \$2.37/mmBtu), "[e]xcluding deliveries from our Severneft Urengoy natural gas operator." The average of these prices line up with the 2015 price paid of \$2.24/mmBtu given in the 2017 Annual Report at 43.
- [2] This is an external sourcing figure, but EuroChem also produced some natural gas internally. A plant it sold in 2017 Q4 had provided gas at \$1.66/mmBtu the year before (see 2016 Annual Report at 34).
- [3] This far exceeds both "energy" and "utilities and fuel" in the Cost of Sale breakdown on page 31 of the 2017 Annual Report. However, EuroChem likely considers natural gas a raw material and thus part of its "materials and components" category (see p. 43).

Exhibit III-43



МИНИСТЕРСТВО ЮСТИЦИИ РОССИЙСКОЙ ФЕДЕРАЦИИ

ЗАРЕГИСТРИРОВАНО

Регистрационный № 54845

от "05" мая 2019 г.

ФЕДЕРАЛЬНАЯ АНТИМОНОПОЛЬНАЯ СЛУЖБА

П Р И К А З

13.05.2019

№

583/19

Москва

Об утверждении оптовых цен на газ, используемых в качестве предельных минимальных и предельных максимальных уровней оптовых цен на газ, добываемый ПАО «Газпром» и его аффилированными лицами, реализуемый потребителям Российской Федерации, указанным в пункте 15.1 Основных положений формирования и государственного регулирования цен на газ, тарифов на услуги по его транспортировке и платы за технологическое присоединение газоиспользующего оборудования к газораспределительным сетям на территории Российской Федерации, утвержденных постановлением Правительства Российской Федерации от 29 декабря 2000 года № 1021

На основании подпункта 5.3.21.17 Положения о Федеральной антимонопольной службе, утвержденного постановлением Правительства Российской Федерации от 30 июня 2004 года № 331 (Собрание законодательства Российской Федерации, 2004, № 31, ст. 3259; 2006, № 45, ст. 4706; № 49 (часть II), ст. 5223; 2007, № 7, ст. 903; 2008, № 13, ст. 1316; № 44, ст. 5089; № 46, ст. 5337; 2009, № 3, ст. 378; № 39, ст. 4613; 2010, № 9, ст. 960; № 25, ст. 3181; № 26, ст. 3350; 2011, № 14, ст. 1935; № 18, ст. 2645; № 44, ст. 6269; 2012, № 27, ст. 3741; № 39, ст. 5283; № 52, ст. 7518; 2013, № 35, ст. 4514; № 36, ст. 4578; № 45, ст. 5822; 2014, № 35, ст. 4774; 2015, № 1 (часть II), ст. 279; № 10, ст. 1543; № 37, ст. 5153; № 44, ст. 6133; № 49, ст. 6994; 2016, № 1 (часть II), ст. 239; № 28, ст. 4741; № 38, ст. 5564; № 43, ст. 6030; 2018, № 5, ст. 772; № 9 ст. 1399; № 51, ст. 7991), а также в соответствии с пунктами 4 и 7 Основных положений

формирования и государственного регулирования цен на газ, тарифов на услуги по его транспортировке и платы за технологическое присоединение газоиспользующего оборудования к газораспределительным сетям на территории Российской Федерации, утвержденных постановлением Правительства Российской Федерации от 29 декабря 2000 года № 1021 (Собрание законодательства Российской Федерации, 2001, № 2, ст. 175; 2002, № 21, ст. 2001; 2006, № 50, ст. 5354; 2007, № 23, ст. 2798; 2008, № 50, ст. 5971; 2009, № 5, ст. 618; № 30, ст. 3842; 2010, № 49, ст. 6520; 2011, № 8, ст. 1109; № 35, ст. 5078; № 48, ст. 6943; 2012, № 6, ст. 682; № 17, ст. 1997; 2013, № 47, ст. 6104; 2014, № 2 (часть I), ст. 137; № 18 (часть IV), ст. 2185; № 26 (часть II), ст. 3566; № 43, ст. 5909; № 50, ст. 7094; 2015, № 37, ст. 5153; 2016, № 22, ст. 3211; 2018, № 1 (часть II), ст. 390; № 6, ст. 897; № 45, ст. 6942; № 51, ст. 7991; № 53 (часть II), ст. 8666; 2019, № 8, ст. 801),

п р и к а з ы в а ю:

1. Утвердить с 1 июля 2019 года оптовые цены на газ, используемые в качестве предельных минимальных и предельных максимальных уровней оптовых цен на газ, добываемый ПАО «Газпром» и его аффилированными лицами, реализуемый потребителям Российской Федерации, указанным в пункте 15.1 Основных положений формирования и государственного регулирования цен на газ, тарифов на услуги по его транспортировке и платы за технологическое присоединение газоиспользующего оборудования к газораспределительным сетям на территории Российской Федерации, утвержденных постановлением Правительства Российской Федерации от 29 декабря 2000 года № 1021, в соответствии с приложением к настоящему приказу.

2. Оптовые цены на газ, утвержденные настоящим приказом, учитываются при формировании цен на газ для потребителей.

3. Признать утратившим силу с 1 июля 2019 года приказ ФАС России

от 3 августа 2018 года № 1088/18 «Об утверждении оптовых цен на газ, используемых в качестве предельных минимальных и предельных максимальных уровней оптовых цен на газ, добываемый ПАО «Газпром» и его аффилированными лицами, реализуемый потребителям Российской Федерации, указанным в пункте 15.1 Основных положений формирования и государственного регулирования цен на газ, тарифов на услуги по его транспортировке и платы за технологическое присоединение газоиспользующего оборудования к газораспределительным сетям на территории Российской Федерации, утвержденных постановлением Правительства Российской Федерации от 29 декабря 2000 года № 1021» (зарегистрирован Минюстом России 10 августа 2018 года, регистрационный № 51843).

4. Контроль исполнения настоящего приказа возложить на заместителя руководителя ФАС России А.Н. Голомолзина.

Руководитель



И.Ю. Артемьев

Приложение
к приказу ФАС России
от 13.05.2019 № 583/19

Оптовые цены на газ, используемые в качестве предельных минимальных и предельных максимальных уровней оптовых цен на газ, добываемый ПАО «Газпром» и его аффилированными лицами, реализуемый потребителям Российской Федерации, указанным в пункте 15.1. Основных положений формирования и государственного регулирования цен на газ, тарифов на услуги по его транспортировке и платы за технологическое присоединение газоиспользующего оборудования к газораспределительным сетям на территории Российской Федерации, утвержденных постановлением Правительства Российской Федерации от 29 декабря 2000 года № 1021

Субъекты Российской Федерации	Оптовые цены, используемые в качестве предельного минимального уровня оптовых цен на газ, руб./1000 куб.м (без НДС) ³	Оптовые цены, используемые в качестве предельного максимального уровня оптовых цен на газ, руб./1000 куб.м (без НДС) ³
	с 1 июля 2019 года	с 1 июля 2019 года
1 пояс		
Республика Башкортостан	4 138	4 342
2 пояс		
Республика Калмыкия	4 244	4 452
3 пояс		
Республика Карелия	4 636	4 864
4 пояс		
Республика Коми	3 740	3 924
5 пояс		
Республика Марий-Эл	4 276	4 486
6 пояс		
Республика Мордовия	4 375	4 590
7 пояс		
Республика Татарстан	4 199	4 406
8 пояс		
Удмуртская Республика	4 018	4 216
9 пояс		
Чувашская Республика	4 276	4 486
10 пояс		
Алтайский край ¹	4 400	4 616
11 пояс		
Архангельская область ²	3 954	4 148
12 пояс		
Астраханская область	3 854	4 044
13 пояс		
Белгородская область	4 821	5 058
14 пояс		
Брянская область	4 842	5 080
15 пояс		
Владимирская область	4 554	4 777

16 пояс		
Волгоградская область	4 609	4 836
17 пояс		
Вологодская область	4 286	4 497
18 пояс		
Воронежская область	4 758	4 992
19 пояс		
Ивановская область	4 524	4 747
20 пояс		
Калининградская область	4 618	4 844
21 пояс		
Калужская область	4 821	5 058
22 пояс		
Кемеровская область-Кузбасс	4 416	4 633
23 пояс		
Кировская область	4 162	4 367
24 пояс		
Костромская область	4 525	4 748
25 пояс		
Курганская область	3 766	3 951
26 пояс		
Курская область	4 768	5 002
27 пояс		
Ленинградская область	4 591	4 817
28 пояс		
Липецкая область	4 713	4 945
29 пояс		
Московская область	4 760	4 994
30 пояс		
Нижегородская область	4 396	4 611
31 пояс		
Новгородская область	4 596	4 822
32 пояс		
Новосибирская область	4 180	4 385
33 пояс		
Омская область	4 029	4 226
34 пояс		
Оренбургская область	3 987	4 183
35 пояс		
Орловская область	4 821	5 058
36 пояс		
Пензенская область	4 433	4 651
37 пояс		
Пермский край	3 883	4 073
38 пояс		
Псковская область	4 700	4 931
39 пояс		
Рязанская область	4 652	4 881
40 пояс		
Самарская область	4 272	4 481
41 пояс		
Саратовская область	4 525	4 748
42 пояс		
Свердловская область	3 972	4 167
43 пояс		
Смоленская область	4 622	4 849

44 пояс		
Тамбовская область	4 580	4 805
45 пояс		
Тверская область	4 488	4 708
46 пояс		
Томская область	4 084	4 286
47 пояс		
Тульская область	4 757	4 991
48 пояс		
Тюменская область	3 456	3 626
49 пояс		
Ульяновская область	4 348	4 562
50 пояс		
Челябинская область	4 059	4 258
51 пояс		
Ярославская область	4 386	4 601
52 пояс		
г. Москва	4 760	4 994
53 пояс		
г. Санкт-Петербург	4 591	4 817
54 пояс		
Ханты-Мансийский автономный округ-Югра	3 071	3 222
55 пояс		
Ямало-Ненецкий автономный округ	2 610	2 738
56 пояс		
Республика Адыгея	4 859	5 097
Республика Дагестан	4 859	5 097
Республика Ингушетия	4 859	5 097
Кабардино-Балкарская Республика	4 859	5 097
Карачаево-Черкесская Республика	4 859	5 097
Республика Северная Осетия-Алания	4 859	5 097
Чеченская Республика	4 859	5 097
Краснодарский край	4 859	5 097
Ставропольский край	4 859	5 097
Ростовская область	4 855	5 094
Субъекты Российской Федерации, в которых поставка газа конечным потребителям осуществляется в связи с проведением работ по расширению Единой системы газоснабжения		
57 пояс		
Алтайский край (газопровод «Барнаул-Бийск-Горно-Алтайск» участок 87 км-граница Алтайского края)	4 743	4 976
58 пояс		
Республика Алтай (газопровод «Барнаул-Бийск-Горно-Алтайск», граница Алтайского края-г. Горно-Алтайск)	4 743	4 976
59 пояс		
Архангельская область (газопровод «Нюксеница-Архангельск» участок 147 км - Мирный)	3 954	4 331

60 пояс		
Архангельская область (газопровод «Нюксеница-Архангельск» участок Мирный-Архангельск)	4 250	4 675

Примечание:

1. Кроме покупателей газа, поступающего по газопроводу «Барнаул-Бийск-Горно-Алтайск» (участок 87 км-граница Алтайского края).

2. Кроме покупателей газа, поступающего по газопроводу «Нюксеница-Архангельск» (участок 147 км - Архангельск).

3. Оптовые цены на газ, используемые в качестве предельных минимальных и предельных максимальных уровней оптовых цен на газ, установлены на выходе из системы магистрального газопроводного транспорта на объемную единицу измерения газа (1000 куб. м) с расчетной объемной теплотой сгорания 7900 ккал/м³ (33080 кДж/м³).

В случае отклонения фактической объемной теплоты сгорания от расчетной объемной теплоты сгорания 7900 ккал/м³ (33080 кДж/м³), перерасчет оптовых цен на газ, используемых в качестве предельных минимальных и предельных максимальных уровней оптовых цен на газ, осуществляется по формуле:

$$C_{\text{факт}} = \frac{C_{\text{уст}} * Q_{\text{факт}}}{Q_{\text{расчет}}}$$

где:

$C_{\text{уст}}$ - утвержденные оптовые цены, используемые в качестве предельных минимальных и предельных максимальных уровней оптовых цен на газ;

$Q_{\text{факт}}$ - фактическая объемная теплота сгорания газа, ккал/м³ (кДж/м³);

$Q_{\text{расчет}}$ - расчетная объемная теплота сгорания газа, ккал/м³ (кДж/м³).

[emblem]

[emblem]
MINISTRY OF JUSTICE OF THE
RUSSIAN FEDERATION

REGISTERED

Registration # [hw:] 54845
on [hw:] June 5 2019

FEDERAL ANTIMONOPOLY SERVICE

ORDER

[hw:] 05/13/2019

[hw:] 583/19

Moscow

On approval of wholesale gas prices used as floor and ceiling wholesale prices for gas extracted by PJSC Gazprom and its affiliates and sold to the consumers in the Russian Federation specified in paragraph 15.1 of the Basic Regulations on the Formation and the State Regulation of Prices for Gas, Tariffs on the Services for Its Transportation, and Payments for the Technological Connection of Gas Appliances to Gas Distribution Networks on the Territory of the Russian Federation approved by Order #1021 of the Government of the Russian Federation dated December 29, 2000.

On the basis of subparagraph 5.3.21.17 of the Regulations for the Federal Antimonopoly Service approved by Order #331 of the Government of the Russian Federation dated June 30, 2004 (Collected Legislation of the Russian Federation, 2004, #31, Art. 3259; 2006, #45, Art. 4706; #49 (Part II), Art. 5223; 2007 #7, Art. 903; 2008, #13, Art. 1316; #44, Art. 5089, #46, Art. 5337; 2009, #3, Art. 378; #39, Art. 4613; 2010, #9, Art. 960; #25, Art. 3181; #26, Art. 3350; 2011, #14, Art. 1935; #18, Art. 2645; #44, Art. 6269; 2012, #27, Art. 3741; #39, Art. 5283; #52, Art. 7518; 2013, #35, Art. 4514; #36, Art. 4578; #45, Art. 5822; 2014 #35, Art. 4774; 2015, #1 (Part II), Art. 279; #10, Art. 1543; #37, Art. 5153; #44 Art. 6133; #49, Art. 6994; 2016 #1 (Part II), Art. 239; #28, Art. 4741; #38, Art. 5564; #43, Art. 6030; 2018, #5, Art. 772; #9, Art. 1399; #51, Art. 7991), and also pursuant to paragraphs 4 and 7 of the Basic Regulations on the

Formation and the State Regulation of Prices for Gas, Tariffs on the Services for Its Transportation, and Payments for the Technological Connection of Gas Appliances to Gas Distribution Networks on the Territory of the Russian Federation approved by Order #1021 of the Government of the Russian Federation dated December 29, 2000 (Collected Legislation of the Russian Federation, 2001, #2, Art. 175; 2002, #21, Art. 2001; 2006, #50, Art. 5354; 2007, #23, Art. 2798; 2008, #50, Art. 5971; 2009, #5, Art. 618; #30, Art. 3842; 2010, #49, Art. 6520; 2011, #8, Art. 1109; #35, Art. 5078; #48, Art. 6943; 2012, #6, Art. 682; #17, Art. 1997; 2013, #47, Art. 6014; 2014, #2 (Part I), Art. 137; #18 (Part IV), Art. 2185, #26 (Part II), Art. 3566; #43, Art. 5909; #50, Art. 7094; 2015, #37, Art. 5153; 2016, #22, Art. 3211; 2018, #1 (Part II), Art. 390; #6, Art. 897; #45, Art. 6942; #51, Art. 7991; #53 (Part II), Art. 8666; 2019, #8, Art. 801),

I hereby order:

1. Approve from July 1, 2019 wholesale gas prices used as floor and ceiling wholesale prices for gas extracted by PJSC Gazprom and its affiliates and sold to the consumers in the Russian Federation specified in paragraph 15.1 of the Basic Regulations on the Formation and the State Regulation of Prices for Gas, Tariffs on the Services for Its Transportation, and Payments for the Technological Connection of Gas Appliances to Gas Distribution Networks on the Territory of the Russian Federation approved by Order #1021 of the Government of the Russian Federation dated December 29, 2000, in accordance with the Annex to this Order.

2. The wholesale prices approved by this Order are to be taken into account when forming gas prices for consumers.

3. Declare no longer in force, from July 1, 2019, Order #1088/18 of the FAS of Russia dated August 3, 2018 “On approval of wholesale gas prices used as floor

and ceiling wholesale prices for gas extracted by PJSC Gazprom and its affiliates and sold to the consumers in the Russian Federation specified in paragraph 15.1 of the Basic Regulations on the Formation and the State Regulation of Prices for Gas, Tariffs on the Services for Its Transportation, and Payments for the Technological Connection of Gas Appliances to Gas Distribution Networks on the Territory of the Russian Federation approved by Order #1021 of the Government of the Russian Federation dated December 29, 2000” (registered by the Ministry of Justice of Russia on August 10, 2018, Registration #51843).

4. Assign supervision of the implementation of this Order to the Deputy Head of the FAS of Russia A. N. Golomolzin.

Head

[signature]

I. Y. Artemyev

Annex
to FAS of Russia Order
[hw:] 583/19 of 05/13/2019

Wholesale gas prices used as floor and ceiling wholesale prices for gas extracted by PJSC Gazprom and its affiliates and sold to the consumers in the Russian Federation specified in paragraph 15.1 of the Basic Regulations on the Formation and the State Regulation of Prices for Gas, Tariffs on the Services for Its Transportation, and Payments for the Technological Connection of Gas Appliances to Gas Distribution Networks on the Territory of the Russian Federation approved by Order #1021 of the Government of the Russian Federation dated December 29, 2000.

Federal Subjects of Russia	Wholesale gas prices used as floor wholesale prices for gas, rub./1,000 m3 (excl. VAT) ³	Wholesale gas prices used as ceiling wholesale prices for gas, rub./1,000 m3 (excl. VAT) ³
	from July 1, 2019	from July 1, 2019
Band 1		
Republic of Bashkortostan	4,138	4,342
Band 2		
Republic of Kalmykia	4,244	4,452
Band 3		
Republic of Karelia	4,636	4,864
Band 4		
Komi Republic	3,740	3,924
Band 5		
Mari El Republic	4,276	4,486
Band 6		
Republic of Mordovia	4,375	4,590
Band 7		
Republic of Tatarstan	4,199	4,406
Band 8		
Udmurt Republic	4,018	4,216
Band 9		
Chuvash Republic	4,276	4,486
Band 10		
Altai Krai ¹	4,400	4,616
Band 11		
Arkhangelsk Oblast ²	3,954	4,148
Band 12		
Astrakhan Oblast	3,854	4,044
Band 13		
Belgorod Oblast	4,821	5,058
Band 14		
Bryansk Oblast	4,842	5,080
Band 15		
Vladimir Oblast	4,554	4,777

	Band 16		
Volgograd Oblast		4,609	4,836
	Band 17		
Vologda Oblast		4,286	4,497
	Band 18		
Voronezh Oblast		4,758	4,992
	Band 19		
Ivanovo Oblast		4,524	4,747
	Band 20		
Kaliningrad Oblast		4,618	4,844
	Band 21		
Kaluga Oblast		4,821	5,058
	Band 22		
Kemerovo Oblast-Kuzbass		4,416	4,633
	Band 23		
Kirov Oblast		4,162	4,367
	Band 24		
Kostroma Oblast		4,525	4,748
	Band 25		
Kurgan Oblast		3,766	3,951
	Band 26		
Kursk Oblast		4,768	5,002
	Band 27		
Leningrad Oblast		4,591	4,817
	Band 28		
Lipetsk Oblast		4,713	4,945
	Band 29		
Moscow Oblast		4,760	4,994
	Band 30		
Nizhny Novgorod Oblast		4,396	4,611
	Band 31		
Novgorod Oblast		4,596	4,822
	Band 32		
Novosibirsk Oblast		4,180	4,385
	Band 33		
Omsk Oblast		4,029	4,226
	Band 34		
Orenburg Oblast		3,987	4,183
	Band 35		
Orlov Oblast		4,821	5,058
	Band 36		
Penza Oblast		4,433	4,651
	Band 37		
Perm Krai		3,883	4,073
	Band 38		
Pskov Oblast		4,700	4,931
	Band 39		
Ryazan Oblast		4,652	4,881
	Band 40		
Samara Oblast		4,272	4,481
	Band 41		
Saratov Oblast		4,525	4,748
	Band 42		
Sverdlovsk Oblast		3,972	4,167
	Band 43		
Smolensk Oblast		4,622	4,849

Band 44		
Tambov Oblast	4,580	4,805
Band 45		
Tver Oblast	4,488	4,708
Band 46		
Tomsk Oblast	4,084	4,286
Band 47		
Tula Oblast	4,757	4,991
Band 48		
Tyumen Oblast	3,456	3,626
Band 49		
Ulyanovsk Oblast	4,348	4,562
Band 50		
Chelyabinsk Oblast	4,059	4,258
Band 51		
Yaroslavl Oblast	4,386	4,601
Band 52		
Moscow	4,760	4,994
Band 53		
Saint Petersburg	4,591	4,817
Band 54		
Khanty–Mansi Autonomous Okrug–Yugra	3,071	3,222
Band 55		
Yamalo-Nenets Autonomous Okrug	2,610	2,738
Band 56		
Republic of Adygea	4,859	5,097
Republic of Dagestan	4,859	5,097
Republic of Ingushetia	4,859	5,097
Kabardino-Balkarian Republic	4,859	5,097
Karachay-Cherkess Republic	4,859	5,097
Republic of North Ossetia-Alania	4,859	5,097
Chechen Republic	4,859	5,097
Krasnodar Krai	4,859	5,097
Stavropol Krai	4,859	5,097
Rostov Oblast	4,855	5,094
Federal subjects of Russia in which the supply of gas to end users is performed in connection with the carrying out of work to expand the Unified Gas Supply System		
Band 57		
Altai Krai (Barnaul–Biysk–Gorno-Altaysk gas pipeline, 87 km site–border of Altai Krai)	4,743	4,976
Band 58		
Altai Republic (Barnaul–Biysk–Gorno-Altaysk gas pipeline, border of Altai Krai–Gorno-Altaysk)	4,743	4,976
Band 59		
Arkhangelsk Oblast (Nyuksenitsa–Arkhangelsk gas pipeline, 147 km site–Mirniy)	3,954	4,331

Band 60		
Arkhangelsk Oblast (Nyuksenitsa–Arkhangelsk gas pipeline, Mirniy– Arkhangelsk)	4,250	4,675

Notes:

1. Except for buyers of gas from the Barnaul–Biysk–Gorno-Altai gas pipeline (87 km site–border of Altai Krai)
2. Except for buyers of gas from the Nyuksenitsa–Arkhangelsk gas pipeline (147 km site–Arkhangelsk).
3. Wholesale gas prices used as floor and ceiling wholesale gas prices are set according to the output of the main gas pipeline transport system per gas measurement unit for volume (1,000 m³) with a reference calorific value by volume of 7,900 kcal/m³ (33,080 kJ/m³).

If the actual calorific value by volume differs from the reference calorific value by volume of 7,900 kcal/m³ (33,080 kJ/m³), then the wholesale gas prices used as floor and ceiling wholesale gas prices are adjusted according to the following formula:

$$C_{act} = \frac{C_{set} \frac{Q^P_{act}}{H}}{\frac{Q^P_{ref}}{H}}$$

where:

- C_{set} - set wholesale prices (cost) used as floor and ceiling wholesale gas prices;
- $\frac{Q^P_{act}}{H}$ - actual calorific value of gas, kcal/m³ (kJ/m³);
- $\frac{Q^P_{ref}}{H}$ - reference calorific value of gas, kcal/m³ (kJ/m³).

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Exhibit III-44

Multipolar Energy

Factbook "Gazprom in Figures 2011–2015"

Gazprom Group subsidiaries' gas sales volumes to end-consumers in far abroad countries, mmcm

Country	Subsidiary	For the year ended 31 December				
		2011	2012	2013	2014	2015
Austria	WINGAS GmbH*,	–	–	–	–	303.5
Belgium	WINGAS GmbH*	–	–	–	–	620.7
United Kingdom	Gazprom Marketing & Trading Retail Ltd., WINGAS UK Ltd.*, WINGAS GmbH*	1,959.6	2,437.0	2,682.7	2,734.7	3,028.0
Hungary	WIEE Hungary Kft. *, Gazprom Schweiz AG	–	–	–	–	108.8
Germany	WIEH GmbH & Co. KG*, WINGAS GmbH*	–	–	–	–	409.2
Ireland	Gazprom Marketing & Trading Retail Ltd.	600.9	551.4	350.2	158.0	187.4
Macedonia	Gazprom Schweiz AG	–	–	–	88.5	93.0
Netherlands	Gazprom Marketing & Trading Retail Ltd., WINGAS GmbH*	–	18.8	31.5	29.4	1,335.5
Romania	Wirom Gas S.A. *, WIEE Romania S.R.L. *, WIEE AG*	–	–	–	–	22.8
France	Gazprom Marketing & Trading Retail Ltd., WINGAS GmbH*	492.7	457.7	384.3	510.1	780.9
Czech Republic	Vemex s.r.o.** , WINGAS GmbH*	398.0	526.0	390.7	–	233.9
Slovakia	Vemex Energo s.r.o. **	31.0	40.0	72.6	–	–
Total		3,482.2	4,030.9	3,912.0	3,520.7	7,123.7

* The figures provided since control was taken over in Q4 2015.

** The results for the company are integrated in Gazprom Group aggregate results until deconsolidation by the Group in July 2013.

Gazprom's share in domestic gas demand in Russia

	For the year ended 31 December				
	2011	2012	2013	2014	2015
Domestic gas consumption in Russia, bcm	473.0	466.1	461.3	458.4	444.3
Gas supplies to Russian customers through Gazprom's GTS (excluding technological needs of GTS), bcm	362.5	360.0	351.7	353.7	339.4
from Gazprom Group production	290.2	274.7	254.5	237.0	211.2

Breakdown of Gazprom Group's gas sales volumes in Russia to consumer groups, %

	For the year ended 31 December				
	2011	2012	2013	2014	2015
Power generation	28	28	27	24	23
Metallurgy	7	5	4	4	4
Agrochemistry	7	7	8	8	7
Household consumers	21	21	21	23	24
Utility sector	15	16	15	15	16
Others	22	23	25	26	26
Total	100	100	100	100	100

Exhibit III-45



CONTENTS

SECTION VIII FEDERAL TAXES	1
CHAPTER 21. VALUE ADDED TAX	1
Article 143 Taxpayers	1
Article 145 Exemption from the Fulfilment of Taxpayer Obligations	1
Article 145.1 Exemption of an Organization Which Has Acquired the Status of Participant in a Project Involving the Conduct of Research and Science and Technology Activities from the Performance of Taxpayer Obligations	5
Article 146 Object of Taxation	8
Article 147 Place of Sale of Goods	12
Article 148 Place of Sale of Work (Services)	13
Article 149 Non-Taxable (Tax-Exempt) Operations	18
Article 150 Non-Taxable (Tax-Exempt) Importation of Goods into the Territory of the Russian Federation and Other Territories Under its Jurisdiction	38
Article 151 Special Considerations Relating to Taxation When Goods Are Imported into the Territory of the Russian Federation and Other Territories Under its Jurisdiction and When Goods Are Exported from the Territory of the Russian Federation	41
Article 153 The Tax Base	43
Article 154 The Procedure for Determining the Tax Base Arising from the Sale of Goods (Work and Services)	45
Article 155 Special Considerations Relating to the Determination of the Tax Base When Property Rights Are Transferred	49
Article 156 Special Considerations Relating to the Determination of the Tax Base by Taxpayers Which Receive Income on the Basis of Contracts of Delegation, Commission Agreements or Agency Agreements	49
Article 157 Special Considerations Relating to the Determination of the Tax Base and the Payment of Tax in Respect of Carriage and the Sale of International Communications Services	50
Article 158 Special Considerations Relating to the Determination of the Tax Base Upon the Sale of an Enterprise as a Whole as an Asset Complex	51
Article 159 The Procedure for Determining the Tax Base Upon Carrying Out Operations Involving the Transfer of Goods (Performance of Work, Rendering of Services) for Own Requirements and the Performance of Construction and Installation Work for Own Consumption	52
Article 160 The Procedure for Determining the Tax Base Where Goods Are Imported into the Territory of the Russian Federation and Other Territories Under its Jurisdiction	52
Article 161 Special Considerations Relating to the Determination of the Tax Base by Tax Agents	53
Article 162 Special Considerations Relating to the Determination of the Tax Base With Account Taken of Amounts Associated With Settlements in Respect of Goods (Work and Services)	56
Article 162.1 Special Considerations Relating to Taxation in the Event of the Re-Organization of Organizations	57
Article 162.2 Special Considerations Relating to the Determination of the Tax Base in the Territories of the Republic of Crimea and the City of Federal Significance Sevastopol	59
Article 163 Tax Period	61
Article 164 Tax Rates	61
Article 165 The Procedure for Confirming the Right to the Application of the 0 Per Cent Tax Rate	74
Article 166 Procedure for the Calculation of Tax	102
Article 167 Moment of the Determination of the Tax Base	103

Article 253 Expenses Associated with Production and Sales

1. Expenses associated with production and sales shall include:
 - 1) expenses associated with the manufacture (production), storage and delivery of goods, the performance of work, the rendering of services and the acquisition and (or) sale of goods (work, services, property rights);
 - 2) expenses for the maintenance and operation, repair and technical servicing of fixed assets and other assets, and on keeping them in working order (up-to-date);
 - 3) expenses for the development of natural resources;
 - 4) expenses for research and development;
 - 5) expenses for compulsory and voluntary insurance;
 - 6) miscellaneous expenses associated with production and (or) sales.
2. Expenses associated with production and sales shall be subdivided into:
 - 1) material expenses;
 - 2) labour payment expenses;
 - 3) amounts of amortization charged;
 - 4) miscellaneous expenses.
3. Special considerations relating to the determination of expenses of banks, insurance organizations, the organization which carries out activities involving the insurance of export credits and investments against entrepreneurial and (or) political risks in accordance with Federal Law No. 82-FZ of 17 May 2007 “Concerning the Development Bank”, non-State pension funds, credit consumer co-operatives, microfinance organizations, clearing organizations, professional participants in the securities market and foreign organizations shall be established with account taken of the provisions of Articles 280, 291, 292, 294, 296, 297.2, 297.3, 299, 299.2, 300 to 304 and 307 to 310 of this Code.

Article 254 Material Expenses

1. Material expenses shall include, in particular, the following expenditures of a taxpayer:
 - 1) expenditures on the acquisition of raw materials and (or) other materials which are used in the production of goods (performance of work, rendering of

the foreign geological exploration project shall be the date on which the original obligation which existed between the parties arose.

12. Expenses for the performance of natural resource development work which are provided for in clause 10 of this Article shall be recognised by the taxpayer as other expenses in even amounts over two years from the 1st of the month following the month in which obligations under the loan agreement were terminated in full as a result of the relevant foreign geological exploration project being declared economically unviable and (or) geologically unprospective.

Article 262 Research and (or) Development Expenses

1. For the purposes of this Chapter research and (or) development expenses shall be understood to mean expenses associated with the creation of new or improvement of existing products (goods, work and services) and the creation of new or improvement of existing technologies and methods of organizing production and management.
2. Research and (or) development expenses shall include:
 - 1) amounts of amortization on fixed assets and intangible assets (excluding buildings and installations) used for the performance of research and (or) development which were charged in accordance with this Chapter over a period determined as the number of full calendar months during which those fixed assets and intangible assets were used solely for the performance of research and (or) development;
 - 2) expenses associated with payment for the labour of employees involved in the performance of research and (or) development projects, as provided for in clauses 1 to 3 and 21 of the second part of Article 255 of this Code, for the period in which those employees perform the research and (or) development projects, and amounts of insurance contributions calculated in accordance with the procedure established by this Code on the above-mentioned labour payment expenses;
 - 3) material expenses such as are provided for in subsections 1 to 3 and 5 of clause 1 of Article 254 of this Code which are directly connected with the performance of research and (or) development;
 - 3.1) expenses associated with the acquisition of exclusive rights in inventions, utility models and industrial designs under a contract of alienation or rights to use such results of intellectual activity under a licence agreement where those rights are used exclusively in research and (or) development projects;
 - 4) other expenses which are directly connected with the performance of research and (or) development in an amount not exceeding 75 per cent of the amount of expenses referred to in subsection 2 of this clause;

- 5) the cost of work under contracts for the performance of research work and contracts for the performance of development and technological work – for a taxpayer which acts as a customer for research and (or) development;
 - 6) allocations for the formation of funds for the support of scientific, technical research and innovation activities which have been created in accordance with the Federal Law “Concerning Science and State Scientific and Technical Policy” in an amount not exceeding 1.5 per cent of income from sales which is determined in accordance with Article 249 of this Code.
3. Where, during the period in which employees such as are referred in subsection 2 of clause 2 of this Article performed research and (or) development, they were also engaged in carrying out other activities of the taxpayer which were not connected with the performance of research and (or) development, amounts of labour payment expenses for those employees shall be recognised as research and (or) development expenses in proportion to the time during which the employees were engaged in performing research and (or) development.
4. Research and (or) development expenses incurred by a taxpayer which are provided for in subsections 1 to 5 of clause 2 of this Article shall be recognised for taxation purposes irrespective of the result of the research and (or) development in the manner provided for in this Article after the research or development has been completed (or individual phases of work have been completed) and (or) the parties have signed a delivery and acceptance certificate.

A taxpayer shall have the right to include research and (or) development expenses in miscellaneous expenses in the accounting (tax) period in which the research and (or) development was completed (or individual phases of work were completed), except as otherwise provided by this Article.

5. A taxpayer shall have the right to include expenses directly connected with the performance of research and (or) development (with the exception of expenses provided for in subsections 1 to 3.1, 5 and 6 of clause 2 of this Article), to the extent in excess of 75 per cent of the amount of expenses referred to in subsection 2 of clause 2 of this Article, in miscellaneous expenses in the accounting (tax) period in which the research and (or) development was completed (or individual phases of work were completed).
6. Research and (or) development expenses incurred by a taxpayer which are provided for in subsection 6 of clause 2 of this Article shall be recognised for taxation purposes in the accounting (tax) period in which those expenses were incurred.
7. A taxpayer which incurs expenses for research and (or) development projects included in the list of research and (or) development projects established by the Government of the Russian Federation shall have the right to include those

expenses in miscellaneous expenses for the accounting (tax) period in which the research or projects (individual phases of work) were completed or in the historical cost of amortizable intangible assets such as are referred to in clause 9 of this Article in the manner prescribed by this Code in the amount of actual expenditure with a coefficient of 1.5 applied.

For the purposes of this clause, actual expenditures incurred by a taxpayer for research and (or) development shall consist of expenditures such as are provided for in subsections 1 to 5 of clause 2 of this Article.

8. A taxpayer which exercises the right provided for in clause 7 of this Article shall submit to the tax authority for the organization's location a report on research and (or) development projects (individual phases of work) performed (hereinafter referred to as "report"), except as otherwise provided in this clause, for which expenses incurred are recognised in the amount of actual expenditure with a coefficient of 1.5 applied.

The report shall be submitted to the tax authority together with the tax declaration for the tax period in which the research and (or) development projects (individual phases of work) were completed.

A report shall be submitted by the taxpayer in relation to each research and development project (individual phase of work) and must meet the general requirements for the structure and rules for the presentation of scientific and technical reports which are established by the national standard.

A taxpayer who has been categorized as a major taxpayer in accordance with Article 83 of this Code shall submit a report to the tax authority where it is registered as a major taxpayer.

A tax authority shall have the right to order the performance of an expert examination of a report in accordance with the procedure established by Article 95 of this Code for the purpose of checking that research and (or) development projects performed fall within the list of research and (or) development projects which has been approved by the Government of the Russian Federation. That expert examination may be carried out by State academies of sciences, federal and national research universities, State scientific centres or national research centres.

A taxpayer may refrain from submitting a report to a tax authority if it has been posted on an information system designated by the Government of the Russian Federation. In this respect, when submitting a tax declaration the taxpayer shall be obliged to present to the tax authority information confirming the posting of the report and identifying the report within the relevant State information system in the format and form which have been approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

In the event that a report on research and (or) development projects (individual phases of work) performed is not submitted or is not available in the State information system designated by the Government of the Russian Federation, or if information confirming the posting of the report and identifying the report within the relevant State information system is not available, amounts of expenses for the performance of research and (or) development projects (individual phases of work) in question shall be included in miscellaneous expenses in the amount of actual expenditure.

9. Where, as a result of expenses incurred for research and (or) development, a taxpayer obtains exclusive rights in results of intellectual activity such as are referred to in clause 3 of Article 257 of this Code, those rights shall be recognised as intangible assets which are subject to amortization in accordance with the procedure established by this Chapter, or, at the taxpayer's option, the expenses in question shall be included in miscellaneous production and sale expenses over a period of two years. The treatment chosen by the taxpayer's for the above-mentioned expenses shall be reflected in its accounting policies for taxation purposes. In this respect, amounts of research and (or) development expenses which were previously included in miscellaneous expenses in accordance with this Chapter shall not be restored and included in the historical cost of the intangible asset.

In the event that a taxpayer sells an intangible asset obtained as a result of incurring research and (or) development expenses such as are referred to in clause 7 of this Article at a loss, that loss shall not be recognised for taxation purposes.

10. The provisions of this Article shall not apply to the recognition for taxation purposes of expenses incurred by taxpayers which perform research and (or) development under a contract as a service provider (contractor or subcontractor).
11. Amounts of expenses for research and (or) development activities included in the list provided for in clause 7 of this Article which commenced before 1 January 2012, whether or not the activities have yielded a positive result, shall be included by the taxpayer in miscellaneous expenses in the accounting (tax) period in which they were incurred in the amount of actual expenditures with a coefficient of 1.5 applied according to the procedure effective in 2011. In this respect, the taxpayer shall not submit a report such as is provided for in clause 8 of this Article in relation to such research and (or) development (or individual phases of work).

Article 263 Expenses for Compulsory and Voluntary Property Insurance

1. Expenses for compulsory and voluntary property insurance shall include insurance premiums for all types of compulsory insurance and the following types of voluntary property insurance:

Article 342 Tax Rate

1. Tax shall be levied at the tax rate of 0 per cent (0 roubles where the tax base in relation to an extracted commercial mineral is defined in accordance with Article 338 of this Code as the quantity of extracted commercial minerals expressed in physical terms) in the case of the extraction of:

1) commercial minerals insofar as normative losses of commercial minerals are concerned.

For the purposes of this Chapter, normative losses of commercial minerals shall be understood to mean actual losses of commercial minerals occurring during extraction which are technologically connected with the adopted plan and methods for the development of the deposit within the limits of the loss norms which are approved according to a procedure to be determined by the Government of the Russian Federation.

For the purposes of this Chapter, normative losses of commercial minerals such as are referred to in subsection 13 of clause 2 of Article 337 of this Code shall be understood to mean actual losses of precious metals indicated by data in compulsory records maintained in accordance with the legislation of the Russian Federation concerning precious metals and precious stones which occur in the process of carrying out a set of operations involving the extraction of those metals within the limits of loss norms which are approved in accordance with a procedure to be determined by the Government of the Russian Federation.

If, by the time the due date for the payment of tax for the first tax period of a new calendar year is reached, a taxpayer does not have approved loss norms for the new calendar year, until those loss norms have been approved there shall be applied the loss norms which were previously approved in accordance with the procedure established by paragraph 2 of this subsection (the loss norms for precious metals which were previously approved in accordance with the procedure established by paragraph 3 of this subsection) or, in the case of newly developed deposits, the loss norms established in the technical plan;

- 2) associated gas;
- 3) underground waters containing commercial minerals (industrial waters) which are recovered in connection with the development of other types of commercial minerals or which are recovered upon the development of deposits of commercial minerals and upon the construction and operation of underground installations;
- 4) commercial minerals upon the development of substandard (lower-quality residual reserves) or previously written-off reserves of commercial minerals (except where the quality of reserves of commercial minerals has deteriorated as a result of selective working of the deposit). Reserves of commercial

minerals shall be classified as substandard reserves according to a procedure to be established by the Government of the Russian Federation;

- 5) commercial minerals which remain in overburden and enclosing (diluting) rocks, in waste banks or in waste of processing plants owing to the absence in the Russian Federation of the industrial technology needed for their recovery, or which are extracted from overburden and enclosing (diluting) rocks and waste of mining and related processing plants (including as a result of the processing of oil slurries) within the limits of the normative levels of the content of commercial minerals in such rocks and waste, as approved according to a procedure to be determined by the Government of the Russian Federation;
- 6) mineral waters which are used by the taxpayer solely for medicinal and resort purposes without direct sale (including after treatment, preparation, processing and bottling);
- 7) underground waters which are used by the taxpayer solely for agricultural purposes, including the irrigation of agricultural lands, the supply of water to livestock farms, livestock complexes, poultry plants and gardening, market-gardening and livestock breeding associations of private citizens;
- 13) natural fuel gas (with the exception of associated gas) which is injected into a formation to maintain formation pressure where gas condensate is extracted within one or more subsurface sites licensed for use by the taxpayer in accordance with a technical plan for deposit development which provides for the performance of such work at those subsurface sites. The quantity of natural fuel gas injected into a formation to maintain formation pressure which is taxable at the tax rate of 0 roubles shall be determined by the taxpayer independently on the basis of the direct method of determination using verified and sealed measuring instruments (where natural fuel gas (with the exception of associated gas) is injected into the formation within multiple subsurface sites) and data contained in duly approved federal State statistical observation forms;
- 17) standard tin ores which are mined at subsurface sites lying wholly or partially in the territory of the Far Eastern Federal District, in the period from 1 January 2013 to 31 December 2022 inclusively;
- 18) natural fuel gas at subsurface sites lying wholly or partially on the Yamal and (or) Gydan peninsulas in the Yamal-Nenets Autonomous District which is used exclusively for the manufacture of liquefied natural gas, until the accumulated volume of extraction of natural fuel gas reaches 250 billion cubic metres at a subsurface site and provided that the period of development of the reserves of the subsurface site does not exceed 12 years commencing from the 1st day of the month in which the extraction of natural fuel gas used exclusively for the manufacture of liquefied natural gas commenced;

19) gas condensate together with natural fuel gas used exclusively for the manufacture of liquefied natural gas at subsurface sites lying wholly or partially on the Yamal and (or) Gydan peninsulas in the Yamal-Nenets Autonomous District, until the accumulated volume of extraction of gas condensate reaches 20 million tonnes at a subsurface site and provided that the period of development of the reserves of the subsurface site does not exceed 12 years commencing from the 1st day of the month in which the extraction of gas condensate together with natural fuel gas used exclusively for the manufacture of liquefied natural gas commenced;

20) hydrocarbons extracted from a hydrocarbon reservoir within a subsurface site which lies wholly within the boundaries of the internal sea waters or the territorial sea, on the continental shelf of the Russian Federation or in the Russian part (Russian sector) of the bed of the Caspian Sea, provided that at least one of the following conditions is met:

- the level of depletion of reserves of each type of hydrocarbon (excluding associated gas) extracted from the hydrocarbon reservoir in question as at 1 January 2016 is less than 0.1 per cent;

- reserves of hydrocarbons extracted from the hydrocarbon reservoir in question as at 1 January 2016 have not been placed on the State balance sheet of reserves of commercial minerals.

For the purposes of this subsection, the level of depletion of reserves of each type of hydrocarbon (excluding associated gas) extracted from a hydrocarbon reservoir shall be calculated by a taxpayer independently on the basis of data in the State balance sheet of reserves of commercial minerals as the quotient obtained from dividing the amount of accumulated extraction of the type of hydrocarbon in question from a particular hydrocarbon reservoir (including extraction losses) by the initial reserves (in the case of oil – initial recoverable reserves) of that hydrocarbon reservoir.

Initial recoverable oil reserves which have been duly approved with account taken of increments and write-offs of oil reserves shall be determined as the sum of recoverable reserves of all categories and accumulated extraction from the commencement of exploitation of the above-mentioned hydrocarbon reservoir.

Initial reserves of natural fuel gas (excluding associated gas) or gas condensate which have been duly approved with account taken of increments and write-offs of reserves of natural fuel gas (excluding associated gas) or gas condensate shall be determined as the sum of reserves of natural fuel gas or gas condensate of all categories and accumulated extraction from the commencement of exploitation of the above-mentioned hydrocarbon reservoir.

The provisions of this subsection shall apply until the end of the tax period in which there falls the date on which the process design for the development of the offshore hydrocarbon deposit within whose boundaries the relevant

reservoir (reservoirs) is situated was first approved in accordance with the established procedure, but not for more than sixty calendar months commencing from the 1st of the month following the month in which any type of hydrocarbon from the relevant hydrocarbon reservoir which is subject to tax is first placed on the State balance sheet of commercial minerals;

2. Except as otherwise established by clause 1 of this Article, tax shall be levied at the tax rate of:
 - 1) 3.8 per cent in the case of the extraction of potassium salts;
 - 2) 4.0 per cent in the case of the extraction of:
 - peat;
 - oil shales;
 - apatite-nepheline, apatite and phosphorite ores;
 - 3) 4.8 per cent in the case of the extraction of standard ores of ferrous metals. In this respect, that tax rate shall be multiplied by a coefficient reflecting the method of extraction of standard ores of ferrous metals (C_{und}), which shall be determined in accordance with Article 342.1 of this Code;
 - 4) 5.5 per cent in the case of the extraction of:
 - radioactive metal raw materials;
 - mining-chemical non-metallic raw materials (with the exception of potassium salts and apatite-nepheline, apatite and phosphorite ores);
 - non-metallic raw materials used primarily in the construction industry;
 - natural salt and pure sodium chloride;
 - underground industrial and thermal waters;
 - nephelines, bauxites;
 - 5) 6.0 per cent in the case of the extraction of:
 - mined non-metallic raw materials;
 - bituminous rocks;
 - concentrates and other intermediate products containing gold;
 - other commercial minerals not included in other groups;

- 6) 6.5 per cent in the case of the extraction of:
- concentrates and other intermediate products containing precious metals (with the exception of gold);
 - precious metals which are commercial components of multi-component complex ore (with the exception of gold);
 - standard product of piezo-optic raw materials, high-purity raw quartz and raw gemstones;
- 7) 7.5 per cent in the case of the extraction of mineral waters;
- 8) 8.0 per cent in the case of the extraction of:
- standard ores of non-ferrous metals (other than nephelines and bauxites);
 - rare metals, whether they form their own deposits or are concurrent components in ores of other commercial minerals;
 - multi-component complex ores and commercial components of a multi-component complex ore, with the exception of precious metals and with the exception of multi-component complex ores which are extracted at subsurface sites situated wholly or partially in the territory of the Krasnoyarsk Territory;
 - natural diamonds and other precious and semi-precious stones;
- 9) 766 roubles (in the period from 1 January to 31 December 2015 inclusively), 857 roubles (in the period from 1 January to 31 December 2016) and 919 roubles (in the period from 1 January 2017) per 1 tonne of extracted dewatered, desalted and stabilized oil (with the exception of oil extracted at subsurface sites in relation to which tax on additional income from hydrocarbon extraction is calculated during the entire tax period). In this respect, that tax rate shall be multiplied by a coefficient reflecting movements in world oil prices (C_p). The product obtained shall be reduced by the value of the indicator E_m reflecting oil extraction factors. The value of the indicator E_m shall be determined in accordance with the procedure established by Article 342.5 of this Code;
- 9.1) 1 rouble per 1 tonne of extracted dewatered, desalted and stabilized oil extracted at subsurface sites in relation to which tax on additional income from hydrocarbon extraction is calculated during the entire tax period. In this respect, that tax rate shall be multiplied by a coefficient reflecting the level of taxation of oil extracted at subsurface sites in relation to which tax on additional income from hydrocarbon extraction is calculated (C_{ait}), which shall be determined in accordance with Article 342.6 of this Code.

Where a notification of exemption from the performance of taxpayer obligations with respect to tax on additional income from hydrocarbon

extraction is sent to a tax authority in accordance with Article 333.44 of this Code in relation to subsurface sites specified in subsection 1 of clause 1 of Article 333.44 of this Code, upon the extraction of desalted, dewatered and stabilized oil extracted at those subsurface sites the rate of tax on the extraction of commercial minerals shall be applied in accordance with subsection 9 of clause 2 of this Article commencing from 1 January of the year of the entry into force of Chapter 25.4 of this Code (from 1 January of the year following the year in which oil reserves were first entered on the State balance sheet of reserves of commercial minerals in the case of subsurface sites for which there are no such reserves on the State balance sheet of reserves of commercial minerals as at 1 January 2018);

- 10) 42 roubles per 1 tonne of gas condensate extracted from all types of hydrocarbon deposits. In this respect, the above-mentioned tax rate shall be multiplied by the base value of a unit of standard fuel (U_{sf}), by a coefficient reflecting the degree of difficulty of the extraction of natural fuel gas and (or) gas condensate from a hydrocarbon reservoir (C_{df}) and by an adjustment coefficient C_{cm} , which shall be determined in accordance with Article 342.4 of this Code. The product obtained shall be increased by a value equal to the product of the indicator C_{man} , which is determined in accordance with the procedure established by clause 7 of Article 342.5 of this Code and a coefficient which reflects the quantity of extracted gas condensate excluding natural gas liquids, to which the coefficient C_{man} is not applied, and is equal to 0.75. The tax rate calculated in accordance with this subsection shall be rounded to a whole rouble in accordance with the current rounding rules;
- 11) 35 roubles per 1,000 cubic metres of gas in the case of the extraction of natural fuel gas from all kinds of hydrocarbon deposits. In this respect, the above-mentioned tax rate shall be multiplied by the base value of a unit of standard fuel (U_{sf}) and by a coefficient reflecting the degree of difficulty of the extraction of natural fuel gas and (or) gas condensate from a hydrocarbon reservoir (C_{df}), which shall be determined in accordance with Article 342.4 of this Code. The product obtained shall be added to the value of the indicator reflecting expenses for the transportation of natural fuel gas (T_g) which is determined in accordance with Article 342.4 of this Code. If the amount obtained is found to be less than 0, the value of the tax rate shall be taken to be equal to 0. The tax rate calculated in accordance with this subsection shall be rounded to a whole rouble in accordance with the current rounding rules;
- 12) 47 roubles per 1 tonne of extracted anthracite;
- 13) 57 roubles per 1 tonne of extracted coking coal;
- 14) 11 roubles per 1 tonne of extracted brown coal;
- 15) 24 roubles per 1 tonne of extracted coal other than anthracite, coking coal and brown coal.

The tax rates specified in subsections 12 to 15 of this clause for coal shall be multiplied by deflator coefficients which are established for each type of coal referred to in subsection 1.1 of clause 2 of Article 337 of this Code on a quarterly basis for each ensuing quarter and take into account changes in coal prices in the Russian Federation for the preceding quarter, and by deflator coefficients which have previously been applied in accordance with this paragraph. Deflator coefficients shall be determined and must be officially published in accordance with the procedure established by the Government of the Russian Federation.

Taxpayers which have used their own resources to explore and prospect on deposits of commercial minerals developed by them or which have fully reimbursed all expenditure by the State on exploration and prospecting for the relevant quantity of reserves of those commercial minerals and which were exempt as at 1 July 2001 in accordance with federal laws from contributions for the replacement of the mineral raw material base with respect to the development of those deposits shall pay tax in respect of commercial minerals extracted on the licensed site in question with a coefficient of 0.7 applied.

Taxpayers which are participants in the Special Economic Zone in the Magadan Province and carry on the extraction of commercial minerals, with the exception of hydrocarbons and common commercial minerals, at subsurface sites which are situated wholly or partially in the territory of the Magadan Province shall pay tax in respect of commercial minerals extracted at such a subsurface site with a coefficient of 0.6 applied;

- 16) 730 roubles per 1 tonne of a multi-component complex ore which is extracted at subsurface sites situated wholly or partially in the territory of the Krasnoyarsk Territory and contains copper and (or) nickel and (or) platinum group metals;
- 17) 270 roubles per 1 tonne of a multi-component complex ore not containing copper and (or) nickel and (or) platinum group metals which is extracted at subsurface sites situated wholly or partially in the territory of the Krasnoyarsk Territory.
- 2.1 Except as otherwise established by clause 1 of this Article, in the case of the extraction of commercial minerals for which the tax base for tax is determined as their value in accordance with subsection 2 of clause 2 of Article 338 of this Code (with the exception of associated gas), tax shall be levied at the tax rate of:
 - 1) 30 per cent in the case of the extraction of commercial minerals until the expiry of the time periods and at the deposits which are referred to in subsection 1 of clause 6 of Article 338 of this Code;
 - 2) 15 per cent in the case of the extraction of commercial minerals until the expiry of the time periods and at the deposits which are referred to in subsection 2 of clause 6 of Article 338 of this Code;

- 3) 10 per cent in the case of the extraction of commercial minerals (with the exception of natural fuel gas) until the expiry of the time periods and at the deposits which are referred to in subsection 3 of clause 6 of Article 338 of this Code;
 - 4) 5 per cent in the case of the extraction of commercial minerals (with the exception of natural fuel gas) until the expiry of the time periods and at the deposits which are referred to in subsection 4 of clause 6 of Article 338 of this Code. In this respect, tax shall be levied at the tax rate of 4.5 per cent in the case of the extraction of commercial minerals (with the exception of natural fuel gas) by organizations which do not have the right to export liquefied natural gas produced from natural fuel gas extracted at new offshore hydrocarbon deposits to world markets, until the expiry of the time periods and at the deposits which are referred to in subsection 4 of clause 6 of Article 338 of this Code;
 - 5) 1.3 per cent in the case of the extraction of natural fuel gas until the expiry of the time periods and at the deposits which are referred to in subsection 3 of clause 6 of Article 338 of this Code;
 - 6) 1 per cent in the case of the extraction of natural fuel gas until the expiry of the time periods and at the deposits which are referred to in subsection 4 of clause 6 of Article 338 of this Code.
- 2.2 The tax rates specified in subsections 1 to 6, 8 and 12 to 15 of clause 2 of this Article (with the exception of tax rates which are applied in relation to common commercial minerals and underground industrial and thermal waters) shall be multiplied by the coefficient reflecting the territory in which a commercial mineral is extracted (C_{te}) which is determined in accordance with Articles 342.3 and 342.3-1 of this Code.
3. Except as otherwise indicated in this clause, the coefficient reflecting movements in world oil prices (C_p) shall be determined each month by the taxpayer independently by means of multiplying the average level for the tax period of prices for Urals grade oil expressed in US dollars per barrel (P), reduced by 15, by the average value for the tax period of the exchange rate of the US dollar to the Russian Federation rouble which is established by the Central Bank of the Russian Federation (R), and dividing by 261:

$$C_p = (P - 15) \times \frac{R}{261}$$

The average level of prices for Urals grade oil for a tax period which has ended shall be determined as the sum of arithmetic purchase and sale prices on world crude oil markets (Mediterranean and Rotterdam) for all days of trading, divided by the number of days of trading in the relevant tax period.

The average price levels for Urals grade oil on the Mediterranean and Rotterdam crude oil markets for a month which has ended shall, on a monthly basis and not later than the 10th of the following month, be communicated through official sources of information in accordance with the procedure established by the Government of the Russian Federation.

If the above-mentioned information is not available in official sources of information, the average price level for Urals grade oil on the Mediterranean and Rotterdam crude oil markets for a tax period which has ended shall be determined by the taxpayer independently.

The average value for a tax period of the exchange rate of the US dollar to the Russian Federation rouble which is established by the Central Bank of the Russian Federation shall be determined by the taxpayer independently as the arithmetic mean of the exchange rate of the US dollar to the Russian Federation rouble which is established by the Central Bank of the Russian Federation for all days in the relevant tax period.

The coefficient (C_p) which is calculated in accordance with the procedure determined by this Article shall be rounded off to the fourth decimal place in accordance with the current procedure for rounding off.

The coefficient “ C_p ” shall be taken to be equal to zero in the case of the extraction of:

- superviscous oil extracted from subsurface sites containing oil of a viscosity of 10,000 mPa-s or more (under formation conditions);

- oil from a specific hydrocarbon reservoir classed as occurring within the Bazhenov, Abalak, Khadum and Domanik productive formations in accordance with data in the State balance sheet of reserves of commercial minerals, provided that the following conditions are simultaneously met:

 - oil is extracted from wells operating in accordance with duly approved design documentation only within hydrocarbon reservoirs classed as occurring within the above-mentioned productive formations;

 - the metering of oil extracted from the above-mentioned hydrocarbon reservoirs is carried out with account taken of the requirements established by clause 9 of Article 339 of this Code;

 - oil is extracted from hydrocarbon reservoirs whose reserves are recorded in the State balance sheet of reserves of commercial minerals approved as at 1 January 2012 and for which the level of depletion of reserves in accordance with data in the State balance sheet of reserves of commercial minerals as at 1 January 2012 is less than 13 per cent, or for which oil reserves were entered on the State balance sheet of reserves of commercial minerals after 1 January 2012.

The provisions of paragraphs 9 to 12 of this clause shall apply from the tax period following the tax period in which oil reserves for a specific hydrocarbon reservoir were placed on the State balance sheet of reserves of commercial minerals and until the lapse of 180 tax periods commencing from one of the following dates:

- 1 January 2014 – in the case of hydrocarbon reservoirs for which the level of depletion of reserves in accordance with data in the State balance sheet of reserves of commercial minerals as at 1 January 2012 is greater than 1 per cent or equal to 1 per cent, but less than 3 per cent;

- 1 January 2015 – in the case of hydrocarbon reservoirs for which the level of depletion of reserves in accordance with data in the State balance sheet of reserves of commercial minerals as at 1 January 2012 is greater than 3 per cent or equal to 3 per cent;

- 1 January of the year in which the level of depletion of reserves of a specific hydrocarbon reservoir which is calculated by the taxpayer in accordance with data in the State balance sheet of reserves of commercial minerals approved in the year preceding the year of the tax period first exceeded 1 per cent – in the case of other hydrocarbon reservoirs.

The level of depletion of reserves of a hydrocarbon reservoir for the purposes of the application of paragraphs 9 to 12 of this clause shall be computed in accordance with the procedure established by clause 5 of Article 342.2 of this Code.

Article 342.1 Procedure for the Determination and Application of the Coefficient Reflecting the Method of Extraction of Standard Ores of Ferrous Metals (C_{und})

1. Where the conditions established by this Article are met, the coefficient reflecting the method of extraction of standard ores of ferrous metals (C_{und}) shall be taken to be equal to:
 - 1) 0.1 in the case of the extraction of standard ores of ferrous metals at a subsurface site at which balance sheet reserves of ferrous metals to be worked by underground methods account for more than 90 per cent of balance sheet reserves of ores of ferrous metals at that subsurface site.

There shall be used for the purposes of this subsection a figure for duly approved balance sheet reserves of ferrous metal ores which is determined as the sum of Category A, B, C1 and C2 reserves in accordance with data in the State balance sheet of reserves of commercial minerals as at 1 January 2012;

- 2) 1 in the case of the extraction of standard ores of ferrous metals at a subsurface site which does not meet the criterion specified in subsection 1 of this clause.

Exhibit III-46

**TAX CODE OF THE RUSSIAN FEDERATION
PART ONE NO. 146-FZ OF JULY 31, 1998
AND PART TWO NO. 117-FZ OF AUGUST 5, 2000**

(with the Amendments and Additions of March 30, July 9, 1999, January 2, December 29, 2000, May 30, August 6, 7, 8, November 27, 29, December 28, 29, 30, 31, 2001, May 29, July 24, 25, December 24, 27, 31, 2002, May 6, 22, 28, June 6, 23, 30, July 7, November 11, December 8, 23, 2003, April 5, June 29, 30, July 20, 28, August 18, 20, 22, October 4, November 2, 29, December 28, 29, 30, 2004, May 18, June 6, 18, 30, July 1, 18, 21, 22, October 20, November 4, December 5, 6, 20, 31, 2005, January 10, February 2, 28, June 3, 30, July 18, 26, 27, October 16, November 3, 11, December 4, 5, 29, 30, December 18, 2006, April 26, May 16, 17, July 19, 24, October 30, November 4, 8, 29, December 1, 4, 6, 2007, April 30, June 26, 30, July 22, 23, October 13, November 24, 26, December 1, 4, 22, 25, 30, November 26, December 30, 2008, March 14, April 28, June 3, 26, July 17, 18, 19, 24, September 27, October 30, November 9, 23, 25, 28, December 17, 27, 29, 2009, March 9, April 5, 30, May 8, 19, June 2, 17, July 5, 27, 30, September 28, November 3, 8, 15, 27, 29, December 28, 2010, March 7, April 21, June 3, 7, 4, 21, 27, July 1, 11, 18, 19, 20, 21, November 7, 16, 21, 28, 30, December 3, 6, 7, 2011, February 29, March 30, April 23, June 5, 14, 25, 29, July 10, 28, October 2, November 29, December 3, 25, 29, 30, 2012, March 4, April 5, May 7, June 7, 28, July 2, 23, September 30, November 2, 25, December 2, 28, 2013, February 21, April 2, 20, May 5, June 4, 23, 28, July 21, October 4, 22, November 4, 24, 29, December 29, 2014)¹

Part One

(with the Amendments and Additions of March 30, July 9, 1999, January 2, August 5, 2000, March 24, December 28, 29, 30, 2001, May 28, June 6, 30, July 7, December 23, 2003, June 29, 2004, July 1, November 4, 2005, February 2, July 27, December 30, 2006, April 26, May 17, 2007, June 26, 30, July 23, November 24, 26, 2008, July 19, 24, November 23, 25, 28, December 17, 29, 2009, March 9, May 8, July 27, 30, September 28, November 3, 27, 29, December 28, 2010, June 7, 27, July 11, 18, 19, November 16, 21, 28, December 3, 2011, March 30, June 25, 29, July 28, December 3, 2012, March 4, May 7, June 28, July 2, 23, September 30, November 2, December 28, 2013, April 2, June 4, 23, 28, October 4, November 4, 24, 29, 2014)

Adopted by the State Duma on July 16, 1998

Approved by the Council of Federation on July 17, 1998

ГЛАВНОЕ:

See Federal Law No. 147-FZ of July 31, 1998 on Putting Into Force Part I of the Tax Code of the Russian Federation

Section 1. General Provisions

¹ The translation is made by the legal information system "GARANT".

exercise of activities which are not connected with the extraction of hydrocarbon raw materials at a new sea deposit of hydrocarbon raw materials before the first day of the month following the month in which the ratio of the residual value of such item of fixed assets to the initial value thereof turns out to be below 0.2, the depreciation sum charged with the application of the special factor is subject to re-calculation without applying the cited factor. The difference between the depreciation re-calculated with the use of such method and the depreciation which is actually charged for each tax (accounting) period is subject to reinstatement and inclusion into the composition of off-sale income starting from the tax period in which the cited factor was applied for the first time.

3. Taxpayers that apply the declining method of charging depreciation and have transferred (received) fixed assets which are the subject of leasing under contracts made with participants of a leasing transaction before putting this Chapter into effect shall include such property into a separate subgroup within the composition of appropriate depreciation groups. Depreciation of this property shall be charged in respect of depreciable property items in compliance with the methods and norms which were in effect at the time when the property was transferred (received) also applying the special coefficient of at most 3.

4. It is allowable to charge depreciation according to the norms lower than those established by this Chapter by decision of the head of a taxpaying organisation consolidated in the accounting policy for taxation purposes in the procedure for selection of the method of charging depreciation to be applied.

When selling depreciable property by taxpayers using reduced depreciation norms, the residual value of depreciable property items to be sold shall be determined on the basis of the depreciation rate actually applied.

Информация об изменениях:

Federal Law No. 268-FZ of September 30, 2013 supplemented Article 259.3 of this Code with Item 5. The amendments shall enter into force on January 1, 2014, but at the earliest upon the expiry of a month after official publication of the said Federal Law

5. The concurrent application to the basic depreciation rate of more than one special factor on the grounds established by Items 1-3 of this article is not allowed.

Article 260. Outlays on the Repairs of Fixed Assets

1. The outlays on the repairs of the fixed assets made by a taxpayer shall be considered as other outlays and shall be recognised for taxation purposes in the accounting (tax) period in which they were effected in the amount of actual expenses.

2. The provisions of this Article shall also apply to the outlays of the lessee of the depreciated fixed assets, if the contract (agreement) concluded between the lease-holder and the lease-giver does not stipulate the recompense of these outlays.

3. Taxpayers shall be entitled for ensuring the even inclusion of outlays on the repairs of fixed assets in two and more tax periods to create reserves for the forthcoming repairs of fixed assets in the procedure established by Article 324 of this Code.

Article 261. Outlays on the Development of Natural Resources

Информация об изменениях:

Federal Law No. 213-FZ of July 23, 2013 amended Item 1 of Article 261 of this Code. The amendments shall enter into force not earlier than one month from the day of the official publishing of the said Federal Law and not earlier than the first day of the next tax period for tax on organisations' profit

See the Item in the previous wording

1. For the purposes of this Chapter, recognised as outlays on the development of natural resources shall be the taxpayer's expenditures on the geological studies of the earth's bowels, on prospecting for commercial minerals and on the performance of preparatory works, sidetracking of the producing wells.

To the outlays on the development of natural resources shall be referred, in particular:

- outlays made on the search for and on an assessment of the deposits of commercial minerals (including the audit of the stocks), in particular, the outlays connected with construction (drilling) and/or liquidation (conservation) of boreholes (except for those recognized as depreciable property), on prospecting for commercial minerals and (or) on the hydrogeological investigations carried out on the plot of the earth's bowels in accordance with the licences or other permits of authorised bodies obtained in the established order, as well as outlays on the acquisition of the necessary geological and other kinds of information from third persons, including from state bodies;

- the outlays on preparing the territory for carrying out the mining, construction and other works in conformity with the established demands made on the safety and protection of the lands, mineral wealth and the other natural resources, and of the natural environment, including on the construction of temporary approach lines and roads for the transportation of the extracted mining rock, useful minerals and wastes, and on preparing the sites for erecting the corresponding structures and for the preservation of the fertile soil layer intended for the subsequent reclamation of the lands and for the storage of the extracted mining rock, commercial minerals and the wastes;

- the outlays on the recompense of the complex damage inflicted upon the natural resources by the taxpayers in the process of the construction and operation of the objects, for relocation and the paying out of compensation for demolition of housing facilities during the development of the deposit/field. To these outlays shall also be referred the expenses envisaged by the contracts (agreements) with state power bodies of constituent entities of the Russian Federation, with local self-government bodies and (or) with the tribal and family communes of indigenous small-numbered peoples, concluded by these taxpayers.

Информация об изменениях:

Federal Laws No. 213-FZ of July 23, 2013 and No. 268-FZ of September 30, 2013 amended Item 2 of Article 261 of this Code. The amendments shall enter into force on January 1, 2014

See the Item in the previous wording

2. The outlays on the development of natural resources made after this Chapter is

put into operation shall be included in the composition of the other outlays in conformity with this Chapter, if the source of their financing is not the budgetary funds and (or) the resources of the state extra-budgetary funds.

The outlays on the development of natural resources mentioned in Item 1 of this Article shall be recorded in the order stipulated by Article 325 of this Code. When effecting the outlays on the development of natural resources concerning several plots of the earth's bowels, the said outlays shall be recorded separately for every plot of the bowels in the part defined by the taxpayer in accordance with the accounting policy he has accepted for taxation purposes. The said outlays shall be recognised for taxation purposes as from the first day of the month following the month in which the given works (work stages) were completed, and shall be included in the composition of the other outlays, unless otherwise established by Item 7 of this article, in the following procedure:

expenses envisaged in the third paragraph of Item 1 of this Article, as well as those for sidetracking of producing wells shall be included in the expenses in an even manner for 12 months;

ГАРАНТ:

The provisions of Paragraph 4 of Item 2 of Article 261 (as regards the recognition of expenses) of this Code (in the wording of Federal Law No. 229-FZ of July 27, 2010) shall apply in respect of the outlays on the development of natural resources made after January 1, 2011

the outlays provided for by Paragraphs Four and Five of Item 1 of this Article shall be evenly included in the composition of expenditure within two years but within no longer term than the period of operation thereof.

3. Abrogated from January 1, 2011.

Информация об изменении:

See the text of Item 3

Federal Law No. 268-FZ of September 30, 2013 amended Item 4 of Article 261 of this Code. The amendments shall enter into force on January 1, 2014, but at the earliest upon the expiry of a month after official publication of the said Federal Law

See the Item in the previous wording

4. The procedure for recognising the outlays on the development of natural resources for the purposes of taxation envisaged by this Article shall also be applied to the outlays on building (boring) prospecting wells in the deposits of hydrocarbon materials which have proved to be unproductive, on carrying out a complex of geological works and tests with the use of this well, and also on the subsequent liquidation of this well. Such procedure shall be applied by the taxpayer, irrespective of whether he goes on with or stops further works on the corresponding plot of the earth's bowels after the liquidation of the unproductive well, under the condition that the outlays on this well are recorded separately. The outlays made on the unproductive well shall be recognised for taxation purposes evenly in the course of twelve months, beginning with the first day of the month following the month in which this well was liquidated in the established order as not having fulfilled its purpose, unless otherwise established by Item 7 of this article.

The decision on recognising the corresponding well as unproductive shall be taken by the taxpayer once and for all, and shall not be subject to subsequent change. The taxpayer shall inform the tax body at the place of his recording of the decision adopted with respect to every well not later than the ultimate date fixed by this Chapter for submitting the tax declaration for the reporting (tax) period into which he has actually included the outlays (part of such outlays) on the well into the composition of the other outlays.

5. Abrogated from January 1, 2011.

Информация об изменении:

See the text of Item 5

Federal Law No. 229-FZ of July 27, 2010 amended Item 6 of Article 261 of this Code. The amendments shall enter into force upon the expiry of one month from the day of the official publication of the said Federal Law

See the Item in the previous wording

6. The outlays on the acquisition of works (services) of geological and other kinds of information from third persons, as well as outlays on an independent performance of the works aimed at the development of natural resources shall be recorded for the purposes of taxation in the amount of actual expenses.

Информация об изменении:

Federal Law No. 268-FZ of September 30, 2013 supplemented Article 261 of this Code with Item 7. The amendments shall enter into force on January 1, 2014, but at the earliest upon the expiry of a month after official publication of the said Federal Law

7. The outlays on resource development incurred by the taxpayers cited in Subitem 1 of Item 1 of Article 275.2 of this Code at a subsoil plot while exercising the activities connected with prospecting, evaluation and/or exploration of a new sea deposit of hydrocarbon raw materials shall be recognised for taxation purposes starting from the first day of the month in which a taxpayer rendered the decision on referring the total sum of the cited outlays or any part thereof to outlays on the activities connected with the extraction of hydrocarbon raw materials at a new sea deposit of hydrocarbon raw materials located within the boundaries of the corresponding subsoil plot but at the earliest on the date of allotting the first new sea deposit of hydrocarbon raw materials located within the boundaries of the cited subsoil plot or on the date of adoption by a taxpayer of the decision on termination of works at the subsoil plot in connection with economic inexpediency, lack of geological prospects or for other reasons.

For the purposes of this Code, as the date of allotment at a subsoil plot of a new sea deposit of hydrocarbon raw materials shall be deemed the date of the first coordination in the established procedure of the flow chart of development of the corresponding deposit.

If at a subsoil plot more than one new sea deposit of hydrocarbon raw materials is allotted, a taxpayer is entitled at the choice thereof to refer the cited outlays or any part thereof to the activities connected with the extraction of hydrocarbon raw materials at a

new sea deposit of hydrocarbon raw materials which is exercised at any new sea deposit of hydrocarbon raw materials allotted at this subsoil plot.

Информация об изменениях:

Federal Law No. 268-FZ of September 30, 2013 supplemented Article 261 of this Code with Item 8. The amendments shall enter into force on January 1, 2014, but at the earliest upon the expiry of a month after official publication of the said Federal Law

8. If a taxpayer has adopted the decision to terminate works at a subsoil plot in connection with economic inexpediency, lack of geological prospects or for other reasons, the taxpayer is entitled to refer the total sum of the outlays on resource development or any part thereof to the outlays on the activities connected with the extraction of hydrocarbon raw materials on a new sea deposit of hydrocarbon raw materials exercised on this subsoil plot.

In the event of termination of the right to use subsoil on a subsoil plot, a taxpayer is also entitled to refer the total sum of the outlays on resource development or any part thereof to outlays on the activities connected with the extraction of hydrocarbon raw materials on a new sea deposit of hydrocarbon raw materials which are exercised on some other subsoil plot (subsoil plots). In so doing, the sum of the outlays referred to the outlays on the cited activities exercised in respect of each deposit at some other subsoil plot may not exceed one third of the total sum of outlays on nature development made at the subsoil plot in respect of which the right of subsoil use has been terminated.

In the event of repeated obtaining of the right to use subsoil at a given subsoil plot, the total sum of earlier outlays on nature development or any part thereof may be referred to outlays on the activities connected with the extraction of hydrocarbon raw materials at a new sea deposit of hydrocarbon raw materials which is exercised at this subsoil plot.

The taxpayers cited in Subitem 1 of Item 1 of Article 275.2 of this Code shall annually before the deadline established by this chapter for filing the tax declaration for the tax period inform the tax authority at the location thereof (at the place of registration as major taxpayers) according to the form endorsed by the federal executive power body authorised to exercise control and supervision in respect of taxes and fees about the following:

the sum of outlays in the expired tax period on resource development at each subsoil plot where the activities connected with the extraction of hydrocarbon raw materials at a new deposit of hydrocarbon raw materials are exercised (were exercised in the expired tax period);

the new sea deposits of hydrocarbon raw materials allotted in the expired tax period on the subsoil plots where the activities connected with the extraction of hydrocarbon raw materials at a new sea deposit of hydrocarbon raw materials are exercised (were exercised in the expired tax period);

each decision adopted in the expired tax period on referring the outlays on resource development to the activities connected with the extraction of hydrocarbon raw materials on a new sea deposit of hydrocarbon raw materials in respect of each new deposit of hydrocarbon raw materials (citing the sums of such outlays);

the decisions to terminate works on the cited subsoil plot in connection with

economic inexpediency, lack of geological prospects or for other reasons rendered in the expired tax period.

Информация об изменениях:

Federal Law No. 132-FZ of June 7, 2011 reworded Article 262 of this Code. The new wording shall enter into force upon the expiry of a month from the date of the official publication of the said Federal Law and at the earliest on the first day of the next tax period for tax on the profit of organisations

See the Article in the previous wording

Article 262. Outlays on Scientific Studies and (or) on Research and Development Works

1. For the purposes of this chapter, as the outlays on scientific studies and/or research and development works shall be deemed those which are involved in the creation of new products (commodities, works or services) or in the improvement of those which are already being manufactured, in the creation of new technologies, industrial engineering or management methods or in the improvement of those which are being applied.

2. The following shall be deemed the outlays on scientific studies and/or research and development works:

1) depreciation amounts related to fixed assets and intangible assets (except for buildings and structures) used in carrying out scientific studies and/or research and development works charged in compliance with this article for the time period defined as the number of full calendar months within which the cited fixed assets and intangible assets were used solely for scientific studies and/or research and development works;

2) amounts of outlays on labour wages of the employees participating in carrying out the scientific studies and/or research and development works provided for by Items 1, 3, 16 and 21 of Part Two of Article 255 of this Code for the time period while these employees were carrying out the scientific studies and/or research and development works;

3) the material outlays provided for by Subitems 1-3 and 5 of Item 1 of Article 254 of this Code directly connected with carrying out scientific studies and/or research and development works;

4) other outlays directly connected with carrying out scientific and/or research and development works in the amount of at most 75 per cent of the amount of the outlays on labour wages cited in Subitem 2 of this item;

5) the cost of works under contracts for performing scientific studies and contracts on carrying out research and development works, as well as engineering works - in respect of the taxpayer acting as the orderer of the scientific studies and/or research and development works;

6) deductions for forming funds intended for rendering support to scientific, scientific-and-technical and innovative activities established in compliance with the Federal Law on Science and Governmental Scientific-and-Technical Policy in the amount of at most 1.5 per cent of the trade income estimated in compliance with Article 249 of this Code.

Exhibit III-47

[Bank](#)
[Financial and guarantee exports support](#)
[Settlement Services and Currency Control](#)
[High-Technology Exports Credit Support Program](#)
[Success stories](#)
[Contacts](#)

[Home](#)
[Bank profile](#)
[Bank profile](#)

Bank profile
Management
Reporting
Ratings
Financial Institutions / Investor Relations
Corporate governance
Press service
Combating bribery of foreign public officials
Environmental and Social Due Diligence
Careers
Bank details

Bank profile

Mission

Eximbank of Russia is doing everything to ensure the successful representation of Russian manufacturers in international markets. Our mission is to provide Russian exporters with access to convenient credit instruments and to create an infrastructure that will enhance the competitiveness of our national business abroad.

General Information

State Specialized Russian Export- Import Bank (joint-stock company) was founded in 1994 to realize the Russian State's objectives and policy to stimulate and support the export of Russian manufacturing products. The bank's authorized capital is 20,75 billion roubles. Russian rating agency RAEX (Expert RA) has assigned to the Bank an individual credit rating «ruAA» which means "Exceptionally high (the highest) level of creditworthiness". The Bank also has Moody's Ba2 long-term local- and foreign-currency deposit ratings (outlook stable).

Our current goals are to secure access to financial resources for Russian export companies and to support the growth of Russian non-commodity exporters. Bank's products and services are developed and improved based on the experience of international credit agencies and banks that support national exporters. While providing the State's guarantees and financial support of national export, our Bank promotes:

- the growth of the number of national exporters and the number of buying countries;
- the competitiveness of Russian companies in world markets;
- the creation of innovative import-substituting industries;
- the growth of investment into the Russian economy;
- the creation of new workplaces in Russia.

Our Bank functions as the agent of the Russian Government in providing state support of export by issuing loans and providing other types of guarantees backed by the Bank.

Eximbank of Russia works with different non-commodity exporters, including companies that realize the biggest projects. The majority of our clients are exporters that work on medium and large projects. Eximbank of Russia pays special attention to supporting export projects that have limited access to market-based sources of funding. To help beginning exporters enter international markets, our Bank has published a manual for beginner exporters on its site.

The Bank is successfully developing its profile activities in the countries of the Commonwealth of the Independent States (CIS), the countries of the Pacific Rim, BRICS, Latin America, and other countries.

The Bank is a member of the Association of Russian Banks (ARB), Moscow Interbank Currency Exchange (MICEX) and the Russian Finance and Banking Union (RFBU), ROSSWIFT, SWIFT, the Association of Bill Market Participants, Brussels International Banking Club (BIBC), and the non-profit partnership National Committee for the Assistance to the Economic Cooperation with Latin American countries (NC SESLA). Eximbank of Russia is part of a group of Russian Export Center.

Exhibit III-48

Independent auditor's report
on the consolidated financial statements of
EXIMBANK OF RUSSIA
and its subsidiaries
for the year ended 31 December 2019

March 2020

Translation of the original Russian version

Independent auditor's report
on the consolidated financial statements of
EXIMBANK OF RUSSIA
and its subsidiaries

Translation of the original Russian version

Contents	Page
Independent auditor's report	3
Appendices	
Consolidated statement of financial position	10
Consolidated statement of profit or loss	11
Consolidated statement of comprehensive income	12
Consolidated statement of changes in equity	13
Consolidated statement of cash flows	14
Notes to the consolidated financial statements	
1. Principal activities	15
2. Basis of preparation	17
3. Summary of significant accounting policies	18
4. Significant accounting judgments and estimates	35
5. Segment information	35
6. Cash and cash equivalents	37
7. Trading securities	38
8. Amounts due from credit institutions	38
9. Loans to customers	40
10. Investment securities at FVOCI	42
11. Investment securities at amortized cost	43
12. Property and equipment	44
13. Taxation	44
14. Other assets, other liabilities and accrued grants	46
15. Amounts due to the Government of the Russian Federation and the Bank of Russia	47
16. Amounts due to credit institutions	47
17. Amounts due to customers	47
18. Subordinated loans and deposits	48
19. Debt securities issued	49
20. Equity	49
21. Net fee and commission income	50
22. Personnel and other operating expenses	50
23. Commitments and contingencies	51
24. Risk management	52
25. Fair value	67
26. Maturity analysis of financial assets and financial liabilities	71
27. Related party transactions	72
28. Offsetting of financial instruments	74
29. Changes in liabilities arising from financing activities	75
30. Capital adequacy	76
31. Events after the reporting date	76

Independent auditor's report
Translation of the original Russian version

To the Shareholders and Board of Directors of EXIMBANK OF RUSSIA

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of EXIMBANK OF RUSSIA (hereinafter, the "Bank") and its subsidiaries (hereinafter, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Russian Federation, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

<u>Key audit matter</u>	<u>How our audit addressed the key audit matter</u>
<p>Allowance for expected credit losses on loans to customers and credit-related commitments</p> <p>Assessment of the allowance for expected credit losses on loans to customers and credit-related commitments is a key area of judgment for the Group's management.</p> <p>Assessment of expected credit losses involves an extensive use of professional judgment and assumptions, as well as analysis of various factors, including financial position of the borrower and the principal, expected future cash flows and value of collateral. The use of various approaches and assumptions significantly affects the amount of expected credit losses related to loans to customers and credit-related commitments. Due to the significance of loans to customers and credit-related commitments, and the significant use of professional judgment, the estimation of expected credit losses represents a key audit matter.</p> <p>The information on the allowance for expected credit losses on loans to customers and credit-related commitments and the approach of the Group's management to assessing and managing credit risk are described in Note 4 Significant accounting judgments and estimates, Note 9 Loans to customers and Note 24 Risk management to the consolidated financial statements.</p>	<p>Our audit procedures included analysis of the methodology to assess expected credit losses on loans to customers and credit-related commitments.</p> <p>Our audit procedures to assess expected credit losses on loans to customers on a collective basis included analysis of management's judgments that included analysis of financial position and probability of default depending on the rating. We analyzed consistency of management's assumptions used to evaluate expected credit losses in case of default depending on the type of collateral under the loans.</p> <p>To assess expected credit losses on loans to customers on the individual basis, we analyzed the expected future cash flows, including in case when collateral is realized, based on our professional judgment and information available on the market.</p> <p>We analyzed information related to the allowance for expected credit losses on loans to customers and credit-related commitments disclosed in the notes to the consolidated financial statements.</p>

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Other information included in 2019 Annual Report of EXIMBANK OF RUSSIA

Other information consists of the information included in the 2019 Annual Report of EXIMBANK OF RUSSIA other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The 2019 Annual Report of EXIMBANK OF RUSSIA is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and Board of Directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Translation of the original Russian version

We also provide Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report in accordance with the requirements of Article 42 of the Federal Law of the Russian Federation No. 395-1 Concerning Banks and Banking Activities of 2 December 1990

Management of the Bank is responsible for the compliance of the Bank with the mandatory prudential ratios established by the Central Bank of the Russian Federation (hereinafter, the "Bank of Russia") and for the conformity of internal control and organization of the risk management systems of the Bank with the requirements set forth by the Bank of Russia in respect of such systems.

In accordance with the requirements of Article 42 of the Federal Law of the Russian Federation No. 395-1 Concerning Banks and Banking Activities of 2 December 1990 (hereinafter, the "Federal Law"), during the audit of the Group's consolidated financial statements for the year ended 31 December 2019, we determined:

- 1) Whether the Bank complied as at 1 January 2020 with the obligatory ratios established by the Bank of Russia;
- 2) Whether internal control and organization of the risk management systems of the Bank conformed to the requirements set forth by the Bank of Russia for such systems in respect of the following:
 - ▶ subordination of the risk management departments;
 - ▶ the existence of methodologies, approved by the Bank's respective authorized bodies, for detecting and managing risks that are significant to the Bank and for performing stress-testing; the existence of a reporting system at the Bank pertaining to its significant risks and capital;
 - ▶ consistency in applying and assessing the effectiveness of methodologies for managing risks that are significant to the Bank;
 - ▶ oversight performed by the Board of Directors and executive management of the Bank in respect of the Bank's compliance with risk limits and capital adequacy requirements set forth in the Bank's internal documents, and effectiveness and consistency of the application of the Bank's risk management procedures.

Translation of the original Russian version

This work included procedures selected based on our judgment, such as inquiries, analysis, reading of documents, comparison of the requirements, procedures and methodologies approved by the Bank with the requirements set forth by the Bank of Russia, and the recalculation, comparison and reconciliation of numerical values and other information.

The findings from our work are provided below.

Compliance by the Bank with the obligatory ratios established by the Bank of Russia

We found that the values of the obligatory ratios of the Bank as of 1 January 2020 were within the limits established by the Bank of Russia.

We have not performed any procedures in respect of accounting data of the Bank, except for those procedures we considered necessary to express our opinion on the fair presentation of the Bank's consolidated financial statements.

Conformity of internal control and organization of the risk management systems of the Bank with the requirements set forth by the Bank of Russia in respect of such systems

- ▶ We found that, in accordance with the legal acts and recommendations issued by the Bank of Russia, as at 31 December 2019 the Bank's internal audit division was subordinated and accountable to the Board of Directors, and the Bank's risk management departments were not subordinated or accountable to the departments that take the relevant risks.
- ▶ We found that the Bank's internal documents effective as at 31 December 2019 that establish the methodologies for detecting and managing credit, market, operational risks, liquidity risks that are significant to the Bank and stress-testing have been approved by the Bank's authorized bodies in accordance with the legal acts and recommendations issued by the Bank of Russia. We also found that, as at 31 December 2019, the Bank had a reporting system pertaining to credit, market, operational risks, liquidity risks that were significant to the Bank.
- ▶ We found that the frequency and consistency of reports prepared by the Bank's risk management departments and internal audit division during the year ended 31 December 2019 with regard to the management of credit, market, operational risks, liquidity risks of the Bank complied with the Bank's internal documents, and that those reports included observations made by the Bank's risk management departments and internal audit division in respect of the effectiveness of relevant risk management methodologies as well as recommendations on their improvement.
- ▶ We found that, as at 31 December 2019, the authority of the Board of Directors and executive management bodies of the Bank included control over compliance of the Bank with internally established risk limits and capital adequacy requirements. For the purpose of control over the effectiveness and consistency of the risk management procedures applied by the Bank during the year ended 31 December 2019, the Board of Directors and executive management bodies of the Bank regularly reviewed the reports prepared by the Bank's risk management departments and internal audit division and measures suggested to address the findings.

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The procedures pertaining to the internal control and organization of the risk management systems were conducted by us solely for the purpose of determining the conformity of certain elements of the internal control and organization of the risk management systems of the Bank, as listed in the Federal Law and described above, with the requirements set forth by the Bank of Russia.

The partner in charge of the audit resulting in this independent auditor's report is O.V. Youshenkov.

O.V. YOUSHENKOV
Partner
Ernst & Young LLC

27 March 2020

Details of the audited entity

Name: EXIMBANK OF RUSSIA

Record made in the State Register of Legal Entities on 23 August 2002, State Registration Number 1027739109133.

Address: Russia 123610, Moscow, Krasnopresnenskaya naberezhnaya, 12.

Details of the auditor

Name: Ernst & Young LLC

Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.

Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.

Ernst & Young LLC is a member of Self-regulatory organization of auditors Association "Sodruzhestvo". Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**As at 31 December 2019 and 31 December 2018***(Thousands of Russian rubles)*

	<i>Notes</i>	<i>31 December 2019</i>	<i>31 December 2018</i>
Assets			
Cash and cash equivalents	6	18,915,453	26,001,875
Trading securities	7	17,701,493	7,153,086
Amounts due from credit institutions	8	24,303,849	16,555,232
Loans to customers	9	67,996,206	60,531,583
Investment securities:			
- Investment securities at FVOCI	10	1,322,093	1,502,352
- Investment securities at amortized cost	11	10,059,536	10,086,926
Property and equipment	12	98,867	141,828
Current income tax assets	13	267,375	26,875
Deferred income tax assets	13	-	81,201
Accrued grants	14	848,306	543,963
Other assets	14	355,779	378,706
Total assets		141,868,957	123,003,627
Liabilities			
Amounts due to the Government of the Russian Federation and the Bank of Russia	15	8,894,871	14,129,567
Amounts due to credit institutions	16	31,720,491	17,142,091
Amounts due to customers	17	45,600,851	46,668,065
Debt securities issued	19	24,368,127	15,486,589
Current income tax liabilities	13	9,969	26,181
Deferred income tax liabilities	13	139,354	-
Provisions for credit-related commitments	23	110,220	237,404
Other liabilities	14	467,842	208,985
Subordinated loans and deposits	18	5,249,377	5,115,102
Total liabilities		116,561,102	99,013,984
Equity			
Share capital	20	21,965,210	21,965,210
Revaluation reserve for investment securities		36,854	11,291
Retained earnings/(accumulated loss)		3,305,791	2,013,142
Total equity		25,307,855	23,989,643
Total liabilities and equity		141,868,957	123,003,627

R.Yu. Smagin

Acting Chairman of the Management Board

E.I. Korsunova

Chief Accountant

27 March 2020

The accompanying notes on pages 15-76 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS**For the year ended 31 December***(Thousands of Russian rubles)*

	<i>Notes</i>	2019	2018
Interest income calculated using the effective interest rate			
Loans to customers		3,236,860	3,079,394
Cash and cash equivalents		1,806,332	1,760,638
Amounts due from credit institutions		658,302	418,705
Income from use of government grant	14	3,699,421	3,135,541
Investment securities		1,067,062	656,272
		10,467,977	9,050,550
Other interest income			
Trading securities		853,042	351,224
		11,321,019	9,401,774
Interest expense			
Amounts due to credit institutions		(1,233,340)	(347,450)
Subordinated loans and deposits		(492,183)	(480,200)
Amounts due to customers		(1,701,889)	(1,422,648)
Amounts due to the Government of the Russian Federation and the Bank of Russia		(915,186)	(833,755)
Debt securities issued		(1,062,398)	(871,162)
		(5,404,996)	(3,955,215)
Net interest income		5,916,023	5,446,559
Credit loss expense			
	6, 8, 9, 10, 11, 14, 23	(267,506)	(475,412)
Foreign exchange differences on credit loss expense	6, 8, 9, 10, 11, 14, 23	589,232	(679,010)
Net fee and commission income	21	168,224	387,277
Net gains/(losses) from financial instruments at fair value through profit or loss		1,707	(5,940)
Net gains/(losses) from investment securities		2,888	(15)
Net gains/(losses) from foreign currencies:			
- dealing		(2,414,093)	979,049
- translation differences		884,451	(692,511)
Other income		44,388	46,320
		(1,312,435)	714,180
Non-interest income			
Personnel expenses	22	(1,398,944)	(1,012,500)
Leases		(149,740)	(164,250)
Depreciation		(43,186)	(36,154)
Other operating expenses	22	(502,604)	(383,717)
		(2,094,474)	(1,596,621)
Non-interest expenses			
Profit before income tax expense		2,830,840	3,409,696
Income tax expense	13	(487,257)	(700,132)
Profit for the reporting period		2,343,583	2,709,564

The accompanying notes on pages 15-76 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**For the year ended 31 December***(Thousands of Russian rubles)*

	<i>2019</i>	<i>2018</i>
Profit for the reporting period	2,343,583	2,709,564
Other comprehensive income to be subsequently reclassified to profit or loss when specific conditions are met		
Net change in the fair value of debt instruments at fair value through other comprehensive income	28,130	(4,687)
Change in the allowance for ECL on debt instruments at fair value through other comprehensive income	(2,200)	(9,747)
Income tax effect	(367)	937
Net other comprehensive income/(loss) to be subsequently reclassified to profit or loss when specific conditions are met	25,563	(13,497)
Total comprehensive income for the reporting period	2,369,146	2,696,067

The accompanying notes on pages 15-76 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For the year ended 31 December***(Thousands of Russian rubles)*

	<i>Share capital</i>	<i>Revaluation reserve for investment securities at FVOCI</i>	<i>(Accumulated loss)/retained earnings</i>	<i>Total equity</i>
Balance at 1 January 2018	21,965,210	24,788	(696,422)	21,293,576
Profit for the reporting period	–	–	2,709,564	2,709,564
Other comprehensive loss for the reporting period	–	(13,497)	–	(13,497)
Total comprehensive income/(loss) for the reporting period	–	(13,497)	2,709,564	2,696,067
31 December 2018	21,965,210	11,291	2,013,142	23,989,643
1 January 2019	21,965,210	11,291	2,013,142	23,989,643
Profit for the reporting period	–	–	2,343,583	2,343,583
Other comprehensive income for the reporting period	–	25,563	–	25,563
Total comprehensive income for the reporting period	–	25,563	2,343,583	2,369,146
Dividends paid to shareholders	–	–	(1,050,934)	(1,050,934)
31 December 2019	21,965,210	36,854	3,305,791	25,307,855

The accompanying notes on pages 15-76 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS**For the year ended 31 December***(Thousands of Russian rubles)*

	<i>Notes</i>	2019	2018
Cash flows from operating activities			
Interest received		10,755,813	9,280,859
Interest paid		(5,065,925)	(3,654,415)
Fees and commissions received		238,798	409,198
Fees and commissions paid		(72,250)	(22,470)
Net gains from trading securities		(2,804)	(8,142)
Net realized losses from dealing in foreign currencies		(2,414,093)	963,081
Other income received		44,391	46,317
Lease expenses		(166,705)	(168,576)
Personnel and other operating expenses paid		(1,606,798)	(1,355,762)
Cash flows from operating activities before changes in operating assets and liabilities		1,710,427	5,490,090
<i>Net (increase)/decrease in operating assets</i>			
Trading securities		(10,463,292)	(4,688,441)
Amounts due from credit institutions		(10,148,210)	(6,215,776)
Loans to customers		(10,939,209)	(9,747,196)
Other assets		32,013	(350,690)
<i>Net increase/(decrease) in operating liabilities</i>			
Amounts due to the Government of the Russian Federation and the Bank of Russia net of long-term special-purpose financing		(158,566)	(982,323)
Amounts due to credit institutions		17,315,270	12,386,185
Amounts due to customers		2,231,460	5,686,893
Other liabilities		2,629	19,052
Net cash flows from operating activities before income tax		(10,417,478)	1,597,794
Income tax paid		(523,779)	(671,120)
Net cash (used in)/from operating activities		(10,941,257)	926,674
Cash flows from investing activities			
Sale of investment securities	11	57,602	–
Acquisition of investment securities held to maturity	11	–	(5,000,000)
Sale and redemption of investment securities at amortized cost	11	208,197	200,019
Acquisition of property and equipment	12	(225)	(36,720)
Net cash from/(used in) investing activities		265,574	(4,836,701)
Cash flows from financing activities			
Long-term special-purpose financing raised from the Bank of Russia	29	1,722,000	13,556,000
Long-term special-purpose financing repaid to the Bank of Russia	29	(6,773,566)	(10,328,000)
Placement of bonds		10,000,000	–
Dividends paid to owners		(1,050,934)	–
Net cash from financing activities		3,897,500	3,228,000
Effect of exchange rate changes on cash and cash equivalents		(308,239)	1,152,386
Net (decrease)/increase in cash and cash equivalents		(7,086,422)	470,359
Cash and cash equivalents, beginning of the period		26,001,875	25,531,516
Cash and cash equivalents, ending of the period	6	18,915,453	26,001,875

The accompanying notes on pages 15-76 are an integral part of these financial statements.

(Thousands or Russian rubles)

1. Principal activities

The State Specialized Russian Export Import Bank (joint-stock company), or EXIMBANK OF RUSSIA (hereinafter, the "Bank"), was formed on the basis of Decree of the Council of Ministers – the Government of the Russian Federation No. 633 of 7 July 1993 and Decree of the Government of the Russian Federation No. 16 of 11 January 1994, for the purposes of implementing state policy aimed to support and encourage exports of domestic machine building production, establish import-substituting production facilities and facilitate investments in the Russian economy.

Full corporate name: State Specialized Russian Export-Import Bank (joint stock company)

Short name: EXIMBANK OF RUSSIA.

The Bank's registered legal address is: 12 Krasnopresnenskaya nab., Moscow 123610.

The Bank operates under the following licenses:

- ▶ Banking license No. 2790-G issued by the Bank of Russia on 5 February 2015
- ▶ Dealership license No. 077-04390-010000 issued by the Federal Commission on Securities Market on 29 December 2000.

The Bank is a member of VEB.RF Group, which includes entities working to implement the provisions of Federal Law No. 82-FZ *On the Bank for Development* dated 17 May 2007 and ensure competitiveness of the Russian economy, its diversification, and the stimulation of investment activities, as well as of the REC Group.

As at 31 December 2019 and 2018, the Bank's shareholders included the Russian Agency for Export Credit and Investment Insurance (hereinafter, "EXIAR") (60.965688%) and JSC Russian Export Center (hereinafter, "REC") (39.034312%).

Under the effective strategy, EXIMBANK OF RUSSIA provides assistance in implementing the state foreign economic policy and increasing the competitiveness of Russian enterprises on world markets by creating comprehensive tools to support export through guarantee and credit assistance in cooperation with other entities of REC, state and global institutions both in Russia and at the international level.

Being a member of REC Group's financial support block, EXIMBANK OF RUSSIA created and has successfully implemented specialized instruments complimentary with insurance products of EXIAR and aimed at supporting export activities of Russian entities, thus supporting export projects at all stages of their implementation:

- ▶ Pre-export stage: insuring and financing new export production, etc.
- ▶ New export stage: financing foreign buyers and banks, financing exporter's expenses, loan insurance for foreign buyers and banks, debt repayment guarantees for exporters, etc.
- ▶ Current export stage: financing and insuring accounts receivable of the exporter, transactional products (settlement operations, currency control, conversion), etc.

EXIMBANK OF RUSSIA prioritizes the expansion of lending activity as a development driver intended to ensure availability of financial resources to Russian entities involved in export or export-oriented activities and create appropriate conditions that allow the supply of financial resources to facilitate competitiveness of Russian offerings on foreign markets, as well as to enhance growth of Russian non-commodity exports by increasing operations of the bank. In the course of its business, EXIMBANK OF RUSSIA places special attention on financial and guarantee support for export projects/transactions in the area of high-tech products, work and services.

(Thousands or Russian rubles)

1. Principal activities (continued)

At the same time, EXIMBANK OF RUSSIA seeks to supplement credit and guarantee products existing on the market and does not compete with the existing players, who provide financial services to exporters.

For the decomposition of its goals into federal projects, the project "Systemic Measures to Develop International Cooperation and Export" for the REC Group's financial support block, including EXIMBANK OF RUSSIA, defined a set of priority goals codified in the development strategy of REC for 2019 and until 2024 (an updated REC strategy approved by the Board of Directors in December 2018).

The most ambitious goal for 2019 is shifting the focus to support of SMEs, establishing and implementing (launching) boxed (standardized) solutions for SMEs in order to provide them with comprehensive financial support based on their basic needs.

This goal requires a significant adjustment of the Bank's operating model and a significant increase in the level of automation and standardization of business processes.

The Bank is working to expand its correspondent network that enables it to effect payments in national currencies as part of export operations of its clients.

Being a state export support agency, EXIMBANK OF RUSSIA focuses on pursuing a balanced asset and liability management policy while mitigating banking risks taking into account all the factors affecting performance.

The major items that have an impact on the financial results of EXIMBANK OF RUSSIA include income from loans to customers, income from loans to banks, operations with securities, cash placements through swaps and provisions for potential losses.

The Bank's macroeconomic environment is affected primarily by the economic sanctions imposed by EU and the USA that limit its access to foreign currency funding and impair settlements in US dollars with foreign counterparties.

Being a development agency, does not only the Bank implement a set of measures to financially support operations of Russian non-commodity exporters but it also monitors international trade trends to warn entities of potential risks and advise on how to mitigate them:

- ▶ Identifies and analyses internal and external threats to credit institutions
- ▶ Analyses key macro- and microeconomic indicators in short-, mid- and long-term perspective and develops action scenarios in response to possible internal and external threats
- ▶ Projects and plans key performance indicators, analyses the implementation of plans, identifies reasons for deviations from planned indicators

In the course of regular work to improve the quality of its services, the Bank analyzes the demand for products from customers and checks whether foreign export and import banks have similar products available.

The Bank does not have branches, other separate subsidiaries (including in foreign countries) or internal structural units.

The Bank stopped accepting deposits from individuals by the decision of the Board of Directors of 21 August 2006 (Meeting Minutes No. 6).

(Thousands or Russian rubles)

1. Principal activities (continued)

Moody's Investors Service international rating agency assigned the Bank a long-term foreign and national currency creditworthiness rating and the Ba1 counterparty risk rating, while RAEX ("Expert RA") assigned it the ruAA individual credit rating with a stable outlook.

The Bank is a member of the Association of Russian Banks (ARB), Moscow Exchange, Russian Finance and Banking Union (RFBS), ROSSWIFT, S.W.I.F.T., Non-commercial Partnership "National Committee for Economic Cooperation with Latin America", Self-regulatory Organization "National Securities Market Association" and the Russian National Committee at the International Chamber of Commerce, a global business organization.

As at 31 December 2019, the Bank's registered legal address was 12 Krasnopresnenskaya nab., Moscow 123610.

Subsidiaries

In April 2017, based on the decision of the Board of Directors, Management Company REB PROJECT LLC, a subsidiary, was established. Its sole participant is EXIMBANK OF RUSSIA, thus having the power to govern its financial and operating policies so as to obtain benefits from its activities. The Bank and its subsidiary are jointly referred to as the Group. Contributions to the Company's share capital were made in cash and in the form of property (land plots).

On 21 May 2018, the Bank decided to liquidate its subsidiary, REB Project.

On 29 May 2018, it submitted a request to the Inspectorate of the Federal Tax Service to make a record of its decision to liquidate the company and to appoint a liquidator. On 10 June 2019, the Inspectorate of the Federal Tax Service issued a decision to make a record on liquidation of the subsidiary REB Project. The effect of disposal was insignificant.

2. Basis of preparation

General

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards.

The Bank and its subsidiary (the "Group") are required to maintain their records and prepare their financial statements for regulatory purposes in accordance with Russian accounting and banking legislation and related instructions ("RAL"). These financial statements are based on RAL, as adjusted and reclassified in order to comply with IFRS.

The financial statements have been prepared under the historical cost convention except as disclosed in Note 3 *Summary of Significant Accounting Policies* below. For example, trading, investment securities available for sale at FVOCI are measured at fair value.

These financial statements are presented in thousands of Russian rubles ("RUB"), unless otherwise indicated.

Inflation accounting

The Russian economy was considered hyperinflationary until 31 December 2002. As such, the Group applied IAS 29 *Financial Reporting in Hyperinflationary Economies*. The effect of applying IAS 29 is that non-monetary items, including components of equity, were restated to the measuring units current at 31 December 2002 by applying the relevant inflation indices to the historical cost, and that these restated values were used as a basis for accounting in subsequent periods.

(Thousands of Russian rubles)

2. Basis of preparation (continued)

Reclassifications

The following reclassifications have been made to 2018 balances to conform to the 2019 presentation:

	<i>As previously reported</i>	<i>Reclassification</i>	<i>As adjusted</i>
Other assets	922,669	(543,963)	378,706
Accrued grants	–	543,963	543,963
Credit loss expense	(1,016,515)	540,554	(475,961)
Other impairment and provisions (guarantees)	(137,907)	137,907	–
Expenses from currency revaluation of credit losses	–	(679,010)	(679,010)

3. Summary of significant accounting policies

Basis of consolidation

Subsidiaries, i.e. the entities whose activities are controlled by the Bank, are consolidated. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Bank controls an investee if, and only if, the Bank has:

- ▶ Power over the investee (i.e. rights that give it the current ability to direct the relevant activities of the investee)
- ▶ Exposure, or rights, to variable returns from its involvement with the investee
- ▶ The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of votes results in control. To support this presumption and when the Bank has less than a majority of votes or similar rights of an investee, the Bank considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- ▶ The contractual arrangement(s) with the other vote holders of the investee
- ▶ Rights arising from other contractual arrangements
- ▶ The Bank's voting rights and potential voting rights.

Subsidiaries are consolidated from the date on which control is transferred to the Bank and are no longer consolidated from the date that control ceases. All intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated in full; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Bank.

Fair value measurement

The Group measures such financial instruments as financial instruments at FVPL and FVOCI, securities and derivatives, and such non-financial assets as investment property at fair value at each reporting date. Fair values of financial instruments measured at amortized cost are disclosed in the Notes.

(Thousands or Russian rubles)

3. Summary of significant accounting policies (continued)

Fair value measurement (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ▶ In the principal market for the asset or liability or
- ▶ In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in the best and most effective way or by selling it to another market participant that would use the asset in the best and most effective way.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ▶ Level 2 – valuation techniques for which the lowest level inputs that are significant to the fair value measurement are directly or indirectly observable
- ▶ Level 3 – valuation techniques for which the lowest level inputs that are significant to the fair value measurement are unobservable.

The Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing classification (based on the lowest level inputs that are significant to the fair value measurement as a whole) at the end of each reporting period.

Financial assets and liabilities

Initial recognition

Date of recognition

All regular way purchases and sales of financial assets and liabilities are recognized on the trade date i.e. the date that the Group commits to purchase the asset or the liability. Regular way purchases or sales are purchases or sales of financial assets and liabilities under a contract that requires delivery of assets and liabilities within the period generally established by regulation or convention in the marketplace.

Initial measurement

The classification of financial instruments at initial recognition depends on contractual terms and the business model used for managing financial instruments. Financial instruments are initially measured at fair value, including transaction costs, except when financial assets and financial liabilities are measured at fair value through profit or loss.

(Thousands or Russian rubles)

3. Summary of significant accounting policies (continued)

Financial assets and liabilities (continued)

Measurement categories of financial assets and liabilities

The Group classifies all its financial assets based on the business model for managing the assets and its contractual terms, measured at either:

- ▶ Amortized cost
- ▶ FVOCI
- ▶ FVPL.

The Group classifies and measures derivatives and instruments held for trading at FVPL. The Group may, at its discretion, designate financial instruments as measured at FVPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Financial liabilities, except for loan commitments and financial guarantees, are measured at amortized cost or FVPL, if they are held for trading and derivatives, or the entity may designate them as measured at fair value.

Amounts due from credit institutions, loans to customers, investment securities at amortized cost

The Group measures amounts due from credit institutions, loans to customers, and other financial investments at amortized cost, only if both of the following conditions are met:

- ▶ The financial asset is held under a business model to collect contractual cash flows.
- ▶ Contractual terms of a financial asset provide for the receipt on specified dates of cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These terms are detailed below.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- ▶ The method used to assess the business model effectiveness and the profitability of financial assets held within this business model and the way this information is communicated to the key management personnel of the entity
- ▶ The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular the way those risks are managed
- ▶ How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- ▶ The expected frequency, scope and timing of sales are also important factors in assessing the Group's business model.

(Thousands or Russian rubles)

3. Summary of significant accounting policies (continued)

Financial assets and liabilities (continued)

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If after the initial recognition the cash flows are realized in a way different from the Group's expectations, the Group does not change the classification of the remaining financial assets held within this business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

"Solely payments of principal and interest on the principal amount outstanding" test (SPPI test)

As a second step of its classification process the Group assesses contractual terms of the financial asset to determine whether the contractual cash flows related to the asset are solely payments of principal and interest on the principal amount outstanding (meet the SPPI test).

'Principal' for the purpose of this test is defined as the fair value of a financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgments and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Simultaneously, the contractual terms, which had a negligible effect on risk exposures or volatility of contractual cash flows not related to the base loan agreement, don't give rise to the contractual cash flows, which are solely payments of principal and interest on the principal amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

Debt instruments at FVOCI

The Group measures debt instruments at FVOCI when both of the following conditions are met:

- ▶ The instrument is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- ▶ Contractual terms of the financial asset comply with the criteria of the SPPI test.

Debt instruments at FVOCI are subsequently measured at fair value, and gains or losses from changes in the fair value are recognized in OCI. Interest income and gains or losses from the change in exchange rates are recognized in profit or loss in the same manner as in the case of financial assets at amortized cost. In the process of derecognition, the cumulative gain or loss, previously recognized in OCI, are reclassified from OCI to profit or loss.

ECL on debt instruments at FVOCI will not decrease the carrying amount of these financial assets in the statement of financial position that continue to be measured at fair value. Instead, the amount equal to the allowance for expected losses that would be created when measuring the asset at amortized cost, is recognized in OCI as the cumulative amount of the impairment with the recognition of corresponding amounts in profit or loss. The cumulative amount of losses recognized in OCI is reclassified to profit or loss when the asset is derecognized.

(Thousands or Russian rubles)

3. Summary of significant accounting policies (continued)

Financial assets and liabilities (continued)

Equity instruments at FVOCI

At initial recognition of certain investments in equity instruments, the Group sometimes makes an irrevocable decision to reclassify investments in equity instruments at FVOCI if they meet the definition of an equity instrument according to IAS 32 *Financial Instruments: Presentation* and are not held for trading. Such decision to classify is adopted for each instrument separately.

Gains and losses from such equity instruments are never reclassified to profit or loss. Dividends are recognized in profit or loss as other income, when the right for dividends has been established, except where the Group benefits from such receipts as a recovery of part of the cost of the instrument, in such case, profit is recognized in OCI. Equity instruments at FVOCI are not tested for impairment. When such instruments are disposed, the accumulated revaluation reserve is transferred to retained earnings.

Financial guarantees, letters of credit and loan commitments

The Group issues financial guarantees, letters of credit and loan commitments.

Financial guarantees are initially recognized in the financial statements at fair value, in the amount of the premium received. Subsequent to initial recognition, the Group measures financial guarantees at the higher of the amount of income from issuing guarantees less accumulated amortization recognized in the consolidated statement of profit and loss, and, under IAS 37 or IAS 9 (before 1 January 2018), estimated allowance for ECL.

Commitments to provide loans and letters of credit are contractual commitments, pursuant to which over the life of the commitment the Group undertakes to issue a loan to the client on previously specified terms. Similar to financial guarantees, in accordance with IAS 39, if such instruments were onerous, a provision for them was made, however, from 1 January 2018 requirements related to ECL measurement are applied to such commitments.

Sometimes the Group issues loan commitments at interest rates lower than the market rates. Such commitments are recognized initially at fair value and subsequently are measured at the higher of the amount of the allowance for ECL and the initially recognized amount net of accumulated income, if applicable.

Performance guarantees

Performance guarantees are contracts that provide compensation if another party fails to perform a contractual obligation. Performance guarantees do not transfer credit risk. The risk under performance guarantee contracts is the possibility that the failure to perform the contractual obligation by another party occurs. Therefore, performance guarantees are not financial instruments and thus fall outside the scope of IFRS 9.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, amounts due from the Bank of Russia (excluding obligatory reserves and minimum required balances) and amounts due from credit institutions that mature within ninety days from the date of origination and are free from contractual encumbrances.

(Thousands or Russian rubles)

3. Summary of significant accounting policies (continued)

Repurchase and reverse repurchase agreements

Sale and repurchase agreements ("repos") are treated as secured financing transactions. Securities sold under sale and repurchase agreements are retained in the statement of financial position and, in case the transferee has the right by contract or custom to sell or repledge them, reclassified as securities pledged under sale and repurchase agreements. The corresponding liability is presented within amounts due to credit institutions or customers. Securities purchased under agreements to resell ("reverse repo") are recorded as cash equivalents, amounts due from credit institutions or loans to customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of repo agreements using the effective interest method.

Derivative financial instruments

In the normal course of business, the Group enters into various derivative financial instruments in the foreign exchange and capital markets, including swaps. Such financial instruments are held for trading and are initially recorded at fair value. The fair values are estimated based on quoted market prices or pricing models that take into account the current market and contractual prices of the underlying instruments and other factors. Derivatives are carried as assets when their fair value is positive and as liabilities when it is negative. Gains and losses resulting from these instruments are included in the consolidated profit or loss as net gains/(losses) from trading securities or net gains/(losses) from foreign currencies dealing, depending on the nature of the instrument.

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. A derivative that is attached to a financial instrument, but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument.

Under IAS 39, derivatives embedded in financial assets, liabilities and non-financial host contracts were treated as separate derivatives and recorded at fair value if they met the definition of a derivative (as defined above), their economic characteristics and risks were not closely related to those of the host contract, and the host contract was not itself held for trading or designated at FVPL. The embedded derivatives separated from the host contract were carried at fair value in the trading portfolio with changes in fair value recognized in the consolidated statement of profit and loss.

Since 1 January 2018, with the introduction of IFRS 9, the Group has accounted in this way for derivatives embedded in financial liabilities and non-financial host contracts. Financial assets are classified based on the business model and SPPI assessments.

Promissory notes

Promissory notes purchased are included in trading securities, or in amounts due from credit institutions or in loans to customers, depending on their substance and are accounted for in accordance with the accounting policies for these categories of assets.

(Thousands or Russian rubles)

3. Summary of significant accounting policies (continued)

Borrowings

Issued financial instruments or their components are classified as liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity instruments. Such instruments include amounts due from the Group to the Government of the Russian Federation and the Bank of Russia, amounts due to credit institutions, amounts due to customers, debt securities issued, other borrowings and subordinated loans and deposits. After initial recognition, borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the statement of profit and loss when the borrowings are derecognized as well as through the amortization process.

If the Group purchases its own debt, it is removed from the statement of financial position and the difference between the carrying amount of the liability and the consideration paid is recognized in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The right of set-off must not be contingent on a future event and must be legally enforceable in all of the following circumstances:

- ▶ The normal course of business
- ▶ The event of default
- ▶ The event of insolvency or bankruptcy of the entity or any of its counterparties.

These conditions are not generally met in master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Renegotiation of loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions.

The Group derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been revised to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI. When assessing whether a loan to a customer should be derecognized, the Group considers the following:

- ▶ Change in the currency of a loan
- ▶ Change of a counterparty
- ▶ If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the changes in cash flows discounted at the original EIR, the Group recognizes gains or losses from the modification that are recorded within interest income calculated using the effective interest rate method in the consolidated statement of profit and loss before the impairment loss is recognized.

(Thousands or Russian rubles)

3. Summary of significant accounting policies (continued)

Renegotiation of loans (continued)

For modifications not resulting in derecognition, the Group also reassesses whether there has been a significant increase in credit risk or whether the assets should be classified as credit impaired. After the designation of an asset as credit impaired as a result of modification, it remains within Stage 3 for an observation period of at least 6 months. In order for the restructured loan to be reclassified out of Stage 3, regular payments of more than an insignificant amount of principal or interest should be made during at least half of the probation period in accordance with the modified payment schedule.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- ▶ The rights to receive cash flows from the asset have expired.
- ▶ The Group has transferred its rights to receive cash flows from the asset, or assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement.
- ▶ The Group either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control over the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Write-off

From 1 January 2018, financial assets are written off in part or in full only when the Group does not expect to recover their value. If the amount to be written off is higher than the accumulated allowance for impairment, the difference is at first recorded as the increase in the allowance that is subsequently applied to the gross carrying amount. All the subsequent reversals are recognized as credit loss expenses. The write-off relates to the derecognition.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit and loss.

*(Thousands or Russian rubles)***3. Summary of significant accounting policies (continued)****Government grants and government assistance**

Government grants are recognized where there is reasonable assurance that the grant will be received and all the related conditions will be complied with. Grants are recognized as deferred income within liabilities. When a grant relates to an expense / lost income item, it is recognized as income on a systematic basis over the periods necessary to match the grant to the respective expenses / lost income that it compensates. When the grant relates to an asset, it is realized in income in equal amounts over the expected useful life of the related asset.

Taxation

The current income tax expense is calculated in accordance with the regulations of the Russian Federation.

Deferred tax assets and liabilities are calculated in respect of all temporary differences using the liability method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes, except where the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax regulations that have been enacted or substantively enacted at the reporting date.

Russia also has various operating taxes that are assessed on the Group's activities. These taxes are included as a component of other operating expenses.

Property and equipment

Property and equipment are carried at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing the equipment when that cost is incurred if the recognition criteria are met.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Depreciation of an asset begins when it is available for use. Depreciation is accrued on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Furniture and equipment	5-10
Computers and office equipment	3-5
Motor vehicles	5-7

The asset's residual values, useful lives and depreciation methods are reviewed and adjusted as appropriate at each financial year-end.

Costs related to repairs and renewals are charged when incurred and included in other operating expenses, unless they qualify for capitalization.

(Thousands or Russian rubles)

3. Summary of significant accounting policies (continued)

Intangible assets

Intangible assets include computer software and licenses.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired as part of a business combination is its fair value at the acquisition date. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortized over the economic lives of 1 to 25 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortization periods and methods for intangible assets with indefinite useful lives are reviewed at least annually at each financial year-end.

Inventories

The Group classifies assets, received in course of settlement of impaired loans and held to sale in short term period to recover losses from credit operations in the category of inventories, which is accounted for in accordance with IAS 2 *Inventories*. In accordance with IAS 2, inventories are held at the lower of cost and net realizable value.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

Retirement and other employee benefit obligations

The Group does not have any pension arrangements separate from the state pension system of the Russian Federation, which requires current contributions by the employer calculated as a percentage of current gross salary payments; such expense is charged in the period the related salaries are earned. In addition, the Group has no significant post-employment benefits.

Share capital

Share capital

Ordinary shares and non-redeemable preference shares with discretionary dividends are both classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognized as additional paid-in capital.

Treasury shares

Where the Bank purchases the Bank's shares, the consideration paid, including any attributable transaction costs, net of income taxes, is deducted from total equity as treasury shares until they are canceled or reissued. Where such shares are subsequently sold or reissued, any consideration received is included in equity. Treasury shares are stated at weighted average cost.

(Thousands or Russian rubles)

3. Summary of significant accounting policies (continued)

Share capital (continued)

Dividends

Dividends are recognized as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the consolidated financial statements are authorized for issue.

Segment reporting

The Group's segment reporting is based on the following operating segments: retail banking, corporate banking, investment banking, asset management and the Group's functions.

Contingencies

Contingent liabilities are not recognized in the consolidated statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognized in the consolidated statement of financial position but disclosed when an inflow of economic benefits is probable.

Recognition of income and expenses

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Interest and similar income and expense

The Group calculates interest income on debt financial assets measured at amortized cost or at FVOCI by applying the effective interest rate to the gross carrying amount of financial assets other than credit-impaired assets (before 1 January 2018: by applying the effective interest rate to the amortized cost of financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Bank/ the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in the carrying amount is recorded as interest revenue or expense.

When a financial asset becomes credit-impaired, the Group calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

In case of purchased or originated credit-impaired (POCI) financial assets, the Group calculates interest income by applying the effective interest rate adjusted for the credit risk to the amortized cost of the financial asset. An effective interest rate adjusted for the credit risk is an interest rate that at initial recognition discounts estimated future cash flows (including credit losses) to the amortized cost of the POCI assets.

(Thousands or Russian rubles)

3. Summary of significant accounting policies (continued)

Recognition of income and expenses (continued)

Interest income on all financial assets at FVPL is recognized using the contractual interest rate in "Other interest income" in the consolidated statement of profit and loss.

Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers.

Fee and commission income can be divided into the following two categories:

Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period as the respective performance obligations are satisfied. These fees include commission income and asset management, custody and other management and advisory fees. Loan commitment fees for loans that are likely to be drawn down and other credit-related fees are deferred (together with any incremental costs) and recognized as an adjustment to the effective interest rate on the loan.

Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, for example, when the Group's performance obligation is the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognized on completion of the underlying transaction. Fees or components of fees that are linked to certain performance obligations are recognized after fulfilling the corresponding criteria. When the contract provides for a variable consideration, fee and commission income is only recognized to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur until the uncertainty associated with the variable consideration is subsequently resolved.

Dividend income

Revenue is recognized when the Group's right to receive the payment is established.

Foreign currency translation

The consolidated financial statements are presented in Russian rubles, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency converted at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date. Gains and losses resulting from the translation of foreign currency transactions are recognized in the statement of profit and loss as net gains/(losses) from foreign currencies - translation differences. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Differences between the contractual exchange rate of a transaction in a foreign currency and the Bank of Russia exchange rate on the date of the transaction are included in net gains/(losses) from dealing in foreign currencies. The official exchange rates of the Bank of Russia at 31 December 2019 and 2018 were RUB 61.9057 and RUB 69.4706 to USD 1, respectively. The official exchange rates of the Bank of Russia at 31 December 2019 and 2018 were RUB 69.3406 and RUB 79.4605 to EUR 1, respectively.

(Thousands or Russian rubles)

3. Summary of significant accounting policies (continued)

Changes in accounting policies

The Group applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after 1 January 2019. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. The nature and the impact of each amendment is described below:

IFRS 16 Leases

IFRS 16 was issued in January 2016 and replaces IAS 17 *Leases*, IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, SIC 15 *Operating Leases – Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors continue to classify leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

IFRS 16, which is effective for annual periods beginning on 1 January 2019, also requires lessees and lessors to make more extensive disclosures than under IAS 17.

The Group should apply IFRS 16 retrospectively and recognize the cumulative effect of initial application of IFRS 16 at the date of initial application. The Group applies the standard to agreements that were previously identified as leases applying IAS 17 and IFRIC 4. The Group will therefore not apply the standard to agreements that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

i. Group as a lessee

The Group uses exemptions specified in the standard with regard to lease agreements that expire within 12 months from the date of initial application, as well as with regard to leases of low-value underlying assets. The Group has lease agreements for certain office equipment (for example, personal computers, printers and copiers) the value of which is considered low, and leases premises for up to 12 months. The effect of adopting IFRS 16 is not significant to the Group.

ii. Operating – Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are received.

iii. Finance – Group as a lessor

The Group recognizes lease receivables at value equal to the net investment in the lease, starting from the date of commencement of the lease term. Finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding. Initial direct costs are included in the initial measurement of the lease receivables.

(Thousands or Russian rubles)

3. Summary of significant accounting policies (continued)

Changes in accounting policies (continued)

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments are effective for annual periods beginning on or after 1 January 2019 and are applied retrospectively. These amendments had no impact on the Group's consolidated financial statements.

IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity should recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

The Group applies those amendments to annual reporting periods beginning on or after 1 January 2019. When an entity first applies those amendments, it should apply them to the income tax consequences of dividends recognized on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, the amendments will not have any effect on the consolidated financial statements.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- ▶ Whether an entity considers uncertain tax treatments separately
- ▶ The assumptions an entity makes about the examination of tax treatments by taxation authorities
- ▶ How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- ▶ How an entity considers changes in facts and circumstances.

The Interpretation is effective for annual reporting periods beginning on or after 1 January 2019.

The Group decided to address each uncertain tax treatment separately in order to use an approach that better predicts the resolution of the uncertainty.

(Thousands or Russian rubles)

3. Summary of significant accounting policies (continued)

Changes in accounting policies (continued)

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the reporting period, an entity is required to:

- ▶ Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- ▶ Determine the net interest applicable to the remaining part of the period after the plan amendment, curtailment or settlement with the use of a net liability (asset) under the defined benefit plan, reflecting the consideration under the plan and assets of the plan after this event; and the discount rate used to remeasure this net liability (asset) under the defined benefit plan.

The amendments also clarify that the entity is to determine firstly the past service cost or gain/loss on settlement under this plan, not taking into consideration the impact of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted.

Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarify that, in applying IFRS 9, an entity does not take into account any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 *Investments in Associates and Joint Ventures*.

The amendments should be applied retrospectively and are effective for annual periods beginning on or after 1 January 2019, with early application permitted. Since the Bank the Group does not have such long-term investments in an associate or a joint venture, these amendments had no impact on its consolidated financial statements.

(Thousands or Russian rubles)

3. Summary of significant accounting policies (continued)

Changes in accounting policies (continued)

IFRS improvements include:

IFRS 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it should apply the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer should remeasure its entire previously held interest in the joint operation.

An entity should apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. These amendments will apply if the Group has business combinations.

IFRS 11 Joint Arrangements

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity should apply those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. At present, these amendments are not applicable to the Group but may apply to future transactions.

IAS 23 Borrowing Costs

The amendments clarify that an entity should treat as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity should apply those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. The entity must apply those amendments to annual reporting periods beginning on or after 1 January 2019. Since the Group's current practice is in line with the amendments, these amendments have no effect on its consolidated financial statements.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 *Insurance Contracts*, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance) regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

(Thousands or Russian rubles)

3. Summary of significant accounting policies (continued)

Standards issued but not yet effective (continued)

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model supplemented by:

- ▶ A specific adaptation for contracts with direct participation features (the variable fee approach)
- ▶ A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on the date of initial application. This amendment will have no impact on the Group's financial statements.

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 *Business Combinations* to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Bank will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material are not expected to have a significant impact on the Bank's financial statements.

Interest Rate Benchmark Reform: amendments to IFRS 9, IAS 39 and IFRS 7

The amendments to IFRS 9, IAS 39 and IFRS 7 include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of interest rate benchmark-based cash flows of the hedged item or the hedging instrument. As a result of the reform, there may be uncertainties about the timing and/or amount of interest rate benchmark-based cash flows of the hedged item or the hedging instrument during the period before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. This may lead to uncertainty whether a forecast transaction is highly probable and whether prospectively the hedging relationship is expected to be highly effective.

The amendments come into effect from 1 January 2020, but entities may choose to apply them earlier. The amendments are not expected to have a significant impact on the Bank's financial statements.

(Thousands or Russian rubles)

4. Significant accounting judgments and estimates

Estimation uncertainty

In the process of applying the Group's accounting policies, management has used its judgments and made estimates in determining the amounts recognized in the consolidated financial statements. The most significant use of judgments and estimates is as follows:

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

Impairment losses on financial assets

The measurement of impairment losses across all categories of financial assets requires judgment, in particular the estimation of the amount and timing of future cash flows and collateral values when determining ECL/impairment losses and assessing a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group's calculation of ECL is the result of applying complex models that include a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The components of ECL calculation models that are considered to be judgments and estimates include the following:

- ▶ The internal credit rating system used by the Group to determine the probability of default (PD)
- ▶ Criteria used by the Group to assess whether a significant increase in credit risk occurred, resulting in the need to assess impairment allowance for financial assets in the amount equal to lifetime ECL, and qualitative assessment
- ▶ The segmentation of financial assets when their ECL are assessed on a collective basis
- ▶ Development of ECL models, including various formulae and the choice of inputs
- ▶ Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- ▶ Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

Assessment of the recoverability of deferred tax assets

For analyzing the recoverability of deferred tax assets, the Group's management assesses whether it is probable that taxable profit will be available in future periods against which the temporary differences can be utilized. When making such an assessment, management takes account of deferred tax liabilities to be written off and future expected taxable profit.

5. Segment information

For management purposes, the Group identifies the following two operating segments based on its activities:

Core lending	Lending unit operating in the export financial support segment
Financial market operations	Maintenance of the Group's solvency related to liquidity, attraction of the required resources or temporary placement of idle cash on financial markets

Translation of the original Russian version

EXIMBANK OF RUSSIA

Notes to the consolidated financial statements for 2019

(Thousands of Russian rubles)

5. Segment information (continued)

Management monitors the operating results of major business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance, as explained in the table below, is measured differently from profit or loss in the financial statements. Personnel expenses, leases and depreciation and income taxes are managed on a group basis and are not allocated to operating segments.

The following tables present revenue, profit and assets and liabilities of the Group's operating segments:

2019	<i>Financial market operations</i>	<i>Core lending</i>	<i>Total</i>
Interest income, including income from other financial market operations	2,933,391	7,585,342	10,518,733
Fee and commission income	16,863	224,046	240,909
Result from securities transactions and revaluation (net of revaluation of provisions)	(15,049)	(707,710)	(722,759)
Other income	616	43,772	44,388
Interest expense	(2,614,424)	(2,790,572)	(5,404,996)
Fee and commission expense	(72,685)	–	(72,685)
Change in provisions for risk	22,809	(276,967)	(254,158)
Currency revaluation of provisions	–	575,878	575,878
Other segment expenses	(16,342)	(486,719)	(503,061)
Segment results	255,179	4,167,070	4,422,249
General and administrative expenses	(1,591,409)		(1,591,409)
Tax expenses	(487,257)		(487,257)
Profit for the year	2,343,583		2,343,583
Segment assets at 31 December 2019	47,682,749	94,186,208	141,868,957
Segment liabilities at 31 December 2019	64,983,489	51,577,613	116,561,102
2018	<i>Financial market operations</i>	<i>Core lending</i>	<i>Total</i>
Interest income, including income from other financial market operations	2,251,553	6,471,051	8,722,604
Fee and commission income	16,337	393,410	409,747
Result from securities transactions and revaluation (net of revaluation of provisions)	113,643	699,695	813,338
Other income	1,440	44,880	46,320
Interest expense	(1,951,357)	(2,003,858)	(3,955,215)
Fee and commission expense	(22,470)	–	(22,470)
Change in provisions	(100,423)	(354,302)	(454,725)
Revaluation of provisions	–	(699,695)	(699,695)
Other segment expenses	(20,648)	(216,656)	(237,304)
Segment results	288,075	4,334,525	4,622,600
General and administrative expenses	(1,212,904)		(1,212,904)
Tax expenses	(700,139)		(700,139)
Profit for the year	2,709,564		2,709,564
Segment assets at 31 December 2018	45,898,293	77,105,334	123,003,627
Segment liabilities at 31 December 2018	38,128,458	60,885,526	99,013,984

Translation of the original Russian version

EXIMBANK OF RUSSIA

Notes to the consolidated financial statements for 2019

(Thousands or Russian rubles)

5. Segment information (continued)

A reconciliation of items of income and expenses of reporting segments to the statement of profit or loss is as follows:

2019	Total for operating segments	As reported in the statement of profit or loss	Difference	Comments
Interest income, including income from other financial market operations	10,518,733	11,321,019	(802,286)	Financial result from swap transactions
Result from securities transactions and revaluation (net of revaluation of provisions)	(722,759)	(1,525,047)	802,288	Financial result from swap transactions
2018	Total for operating segments	As reported in the statement of profit or loss	Difference	Comments
Interest income, including income from other financial market operations	8,722,604	9,401,774	(679,170)	Financial result from swap transactions, other changes
Result from securities transactions and revaluation (net of revaluation of allowances)	813,338	280,583	532,755	Financial result from swap transactions
Other segment expenses	(237,304)	(383,717)	146,413	Other movements

In the reporting periods ended 31 December 2019 and 31 December 2018, the Group had no revenue from operations with a single external customer or counterparty which would amount to 10% or more of the Group's total revenue. Transactions with state-related entities are disclosed in Note 21.

6. Cash and cash equivalents

Cash and cash equivalents comprise:

	31 December 2019	31 December 2018
Correspondent accounts with the Bank of Russia	1,499,174	2,058,513
Interest-bearing loans and deposits with the Bank of Russia (up to 90 days)	–	7,007,427
Correspondent accounts with credit institutions	4,192,058	1,872,690
Reverse repurchase agreements with the central counterparty	4,546,372	4,909,217
Term deposits with credit institutions up to 90 days	8,362,748	10,158,921
Settlement accounts with NCI NCC	315,826	–
Cash and cash equivalents before allowance	18,916,178	26,006,768
Less allowance for impairment	(725)	(4,893)
Cash and cash equivalents	18,915,453	26,001,875

As at 31 December 2019, correspondent accounts with credit institutions are mostly represented by balances on correspondent accounts with non-resident OECD-based banks, balances on correspondent Nostro accounts with major Russian banks, and balances in a Russian commercial bank for clearing activities on the financial market.

As at 31 December 2018, correspondent accounts with credit institutions are mostly represented by balances on correspondent accounts with four non-resident OECD-based banks, balances on correspondent Nostro accounts with six major Russian banks, and balances in a Russian commercial bank for clearing activities on the financial market.

As at 31 December 2019, the Group concluded reverse repurchase agreements with the central counterparty, which were secured by collateral of debt securities with the fair value of RUB 4,901,911 (31 December 2018: RUB 5,806,123).

*(Thousands or Russian rubles)***6. Cash and cash equivalents (continued)**

As at 31 December 2019, term deposits with credit institutions up to 90 days are represented by RUB-denominated short-term loans issued to four Russian banks and bearing interest rates of 6.25%-6.35% p.a., a loan issued to an international bank and bearing an interest rate of 7.7% and a USD-denominated overnight loan issued to an OECD-based bank (2018: RUB-denominated loans issued to the Bank of Russia and bearing interest rates of 7.74%-7.75% p.a., RUB-denominated loans issued to four Russian banks and bearing interest rates of 7.65%-8.75% p.a., a EUR-denominated loan issued to a Russian bank and bearing an interest rate of 0.65%, EUR-denominated loans issued to three international banks and bearing interest rates of 7.65-8.45%, a RUB-denominated loan issued to a Belarusian bank and bearing an interest rate of 5%, and a USD-denominated overnight loan issued to an OECD-based bank).

All balances of cash equivalents are included in Stage 1. Movements in ECL allowances for the reporting period are presented below:

Allowance for ECL at 31 December 2018	4,893
Charge/(reversal)	(4,168)
Allowance for ECL at 31 December 2019	725
Allowance for ECL at 1 January 2018	2,553
Charge/(reversal)	2,340
Allowance for ECL at 31 December 2018	4,893

7. Trading securities

Trading securities owned by the Group comprise:

	<i>31 December 2019</i>	<i>31 December 2018</i>
Bonds of the Bank of Russia	17,631,975	7,043,850
Corporate bonds	69,518	99,613
Corporate shares	–	9,623
Trading securities	17,701,493	7,153,086

Nominal interest rates and maturities of these securities are as follows:

	<i>2019</i>		<i>2018</i>	
	<i>% p.a.</i>	<i>Maturity</i>	<i>% p.a.</i>	<i>Maturity</i>
Bonds of the Bank of Russia	6.25%	2020	7.75%	2019
Corporate bonds	9.45%	2020	9.45%	2020

8. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	<i>31 December 2019</i>	<i>31 December 2018</i>
Loans to non-resident banks	23,571,795	15,886,950
Obligatory reserves with the Bank of Russia	847,829	724,791
Less allowance for impairment	(115,775)	(56,509)
Amounts due from credit institutions	24,303,849	16,555,232

*(Thousands or Russian rubles)***8. Amounts due from credit institutions (continued)**

As at 31 December 2019, loans to non-resident banks represent RUB-denominated loans issued as part of core lending procedures to CIS and non-OECD banks bearing interest rates from 5.0% to 8.55% p.a. and maturing in 2020-2021, USD-denominated loans bearing interest rates from LIBOR 6m + 1.5% p.a. to USD LIBOR 3m + 4.95% p.a. and maturing in 2020, and EUR-denominated loans bearing interest rates from EURIBOR 6m + 1.5% p.a. to 5% p.a. and maturing in 2020-2028 (31 December 2018: loans to non-resident banks represented RUB-denominated loans issued as part of core lending procedures to CIS and non-OECD banks bearing interest rates from 5.0% to 9.0% p.a. and maturing in 2019, USD-denominated loans bearing interest rates from LIBOR 6m + 1.5% p.a. to LIBOR 6m + 4% p.a. and maturing in 2019-2020, and EUR-denominated loans bearing interest rates from 1.5% to EURIBOR 6m + 4.5% p.a. and maturing in 2019-2028).

Credit institutions are required to maintain a non-interest-earning cash deposit (obligatory reserve) with the Bank of Russia, the amount of which depends on the volume of funds attracted by the credit institution. The Group's ability to withdraw this deposit is significantly restricted by statutory legislation.

All balances of amounts due from credit institutions are included in Stage 1.

	<i>Stage 1</i>	<i>Total</i>
Loans to non-resident banks at 31 December 2018	15,886,950	15,886,950
Additions	12,691,821	12,691,821
Disposals	(2,643,328)	(2,643,328)
Translation differences	(2,363,648)	(2,363,648)
31 December 2019	23,571,795	23,571,795
	<i>Stage 1</i>	<i>Total</i>
Loans to non-resident banks at 1 January 2018	9,093,711	9,093,711
Additions	11,971,241	11,971,241
Disposals	(6,314,589)	(6,314,589)
Translation differences	1,136,587	1,136,587
31 December 2018	15,886,950	15,886,950

Movements in ECL allowances for the period are presented below:

	<i>Stage 1</i>
Allowance for ECL at 31 December 2018	56,509
New assets purchased	79,075
Assets derecognized	(19,809)
Allowance for ECL at 31 December 2019	115,775
Allowance for ECL at 1 January 2018	20,931
New assets purchased	38,966
Assets derecognized	(3,388)
Allowance for ECL at 31 December 2018	56,509

Translation of the original Russian version

EXIMBANK OF RUSSIA

Notes to the consolidated financial statements for 2019

(Thousands or Russian rubles)

9. Loans to customers

Loans to customers comprise:

	31 December 2019	31 December 2018
Corporate lending	21,348,605	12,255,777
Loans guaranteed by the Government of the Russian Federation	5,616,588	7,251,421
Loans guaranteed by EXIAR	45,116,211	46,031,377
Total loans to customers	72,081,404	65,538,575
Less allowance for impairment	(4,085,198)	(5,006,992)
Loans to customers	67,996,206	60,531,583

Allowance for impairment of loans to customers at amortized cost

Movements in the gross value and ECL allowances for the year ended 31 December 2019:

	Stage 1	Stage 2	Stage 3	Total
Loans to customers at 31 December 2018	54,091,050	7,299,875	4,147,650	65,538,575
Additions	28,541,526	1,422,549	575,664	30,539,739
Disposals	(18,161,314)	(947,920)	(336,547)	(19,445,781)
Transfers to Stage 1	4,507,538	(4,447,888)	(59,650)	-
Transfers to Stage 2	(5,472,950)	5,472,950	-	-
Transfers to Stage 3	(228,339)	(1,085,484)	1,313,823	-
Amounts written off	-	-	(704,222)	(704,222)
Translation differences	(2,563,415)	(618,475)	(665,017)	(3,846,907)
31 December 2019	60,714,096	7,095,607	4,271,701	72,081,404

Allowance for impairment of loans to customers at amortized cost (continued)

	Stage 1	Stage 2	Stage 3	Total
Allowance for ECL at 31 December 2018	305,939	553,404	4,147,649	5,006,992
New assets originated or purchased	130,982	55,465	575,664	762,111
Assets derecognized or redeemed (excluding write-offs)	(56,483)	(2,418)	(327,877)	(386,778)
Transfers to Stage 1	265,116	(205,466)	(59,650)	-
Transfers to Stage 2	(30,789)	30,789	-	-
Transfers to Stage 3	(735)	(253,528)	254,263	-
Effect on period-end ECL due to transfers between stages during the period	(251,570)	54,701	245,282	48,413
Changes in models and inputs for ECL calculations	(70,592)	-	-	(70,592)
Amounts written off	-	-	(704,222)	(704,222)
Translation differences	(13,003)	(9,597)	(548,126)	(570,726)
31 December 2019	278,865	223,350	3,582,983	4,085,198

Translation of the original Russian version

EXIMBANK OF RUSSIA

Notes to the consolidated financial statements for 2019

(Thousands or Russian rubles)

9. Loans to customers (continued)

An analysis of changes in the gross value and ECL allowance for impairment of loans, by class, for the year ended 31 December 2018 is as follows:

	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Loans to customers at 1 January 2018	41,587,912	6,209,566	3,580,794	51,378,272
Additions	27,654,510	4,930,380	50	32,584,940
Disposals	(17,719,294)	(3,362,212)	(73,655)	(21,155,161)
Transfers to Stage 1	1,109,564	(1,109,564)	–	–
Transfers to Stage 2	(453,137)	453,137	–	–
Amounts written off	–	–	(6,489)	(6,489)
Translation differences	1,911,495	178,568	646,950	2,737,013
31 December 2018	54,091,050	7,299,875	4,147,650	65,538,575
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Allowance for ECL at 1 January 2018	368,183	179,770	3,580,794	4,128,747
Charge	133,169	234,298	–	367,467
Reversal	(215,632)	(20,226)	(73,606)	(309,464)
Transfers to Stage 1	112,355	(112,355)	–	–
Transfers to Stage 2	(6,521)	6,521	–	–
Effect of ECL due to transfers between stages	(103,904)	251,625	–	147,721
Amounts written off	–	–	(6,489)	(6,489)
Translation differences	18,289	13,771	646,950	679,010
31 December 2018	305,939	553,404	4,147,649	5,006,992

Collateral and other credit enhancements

The main types of collateral obtained for commercial lending are charges over real estate properties, equipment, inventory and trade receivables, own promissory notes, guarantees of subjects of the Russian Federation and the Government of the Russian Federation, as well as guarantees of EXIAR, etc.

For impaired loans guaranteed by the Government of the Russian Federation and EXIAR, impairment allowances are created less the collateral.

Concentration of loans to customers

As at 31 December 2019, the Group had a concentration of loans represented by the ten largest borrowers in the amount of RUB 45,226,768 or 62.74% of the gross loan portfolio before deducting the allowance. An allowance was recognized against these loans in the amount of RUB 251,138 (31 December 2018: RUB 41,077,755 or 62.67% with RUB 2,557,298 of the allowance).

Loans have been granted to the following types of customers:

	<i>31 December 2019</i>	<i>31 December 2018</i>
Private companies	36,937,226	33,656,248
State-controlled companies	24,526,557	21,093,080
Companies under foreign state control	7,243,268	8,355,519
Foreign states	3,374,353	2,433,728
Total loans to customers	72,081,404	65,538,575
Less allowance for impairment	(4,085,198)	(5,006,992)
Loans to customers	67,996,206	60,531,583

Translation of the original Russian version

EXIMBANK OF RUSSIA

Notes to the consolidated financial statements for 2019

(Thousands or Russian rubles)

9. Loans to customers (continued)

Collateral and other credit enhancements (continued)

Loans are made principally in the following industry sectors:

	<i>31 December 2019</i>	<i>31 December 2018</i>
Manufacturing	37,365,996	28,885,026
Energy	11,856,517	12,327,377
Finance and leasing	6,916,629	8,695,460
Trading enterprises	9,189,499	7,721,557
Foreign states	3,362,669	2,419,145
Metallurgy	–	3,353,166
Transport	1,417,471	620,148
Real estate and construction	915,430	1,030,090
Other	1,057,193	486,606
Total loans to customers	72,081,404	65,538,575
Less allowance for impairment	(4,085,198)	(5,006,992)
Loans to customers	67,996,206	60,531,583

Loans are made in the following countries:

	<i>31 December 2019</i>	<i>31 December 2018</i>
Russia	46,425,628	41,376,678
CIS countries	13,619,027	10,919,312
OECD countries	2,760,413	3,108,229
Non-OECD and non-CIS countries	9,276,336	10,134,356
Total loans to customers	72,081,404	65,538,575
Less allowance for impairment	(4,085,198)	(5,006,992)
Loans to customers	67,996,206	60,531,583

10. Investment securities at FVOCI

As at 31 December 2019, investment securities at FVOCI comprise corporate bonds of Russian entities with a fair value of RUB 1,322,093 bearing a coupon rate of 9.25% and maturing in 2020 (31 December 2018: RUB 1,502,352 bearing a coupon rate of 9.25% and maturing in 2020).

In 2018, the Bank reclassified securities from the category of investment securities through other comprehensive income to the category of investment securities at amortized cost due to the change of the business model. At the moment of transfer to the held-to-maturity portfolio, the fair value was RUB 4,999,939; securities included in the measured-at-amortized-cost portfolio amounted to RUB 4,994,554 at 31 December 2018.

All investment securities at FVOCI are included in Stage 1. Movements in ECL allowances for the year are presented below:

	<i>Stage 1</i>
Allowance for ECL at 31 December 2018	16,550
Charge/(reversal) of allowance	(2,200)
Allowance for ECL at 31 December 2019	14,350
Allowance for ECL at 1 January 2018	26,297
Reclassification of securities	(10,044)
Charge/(reversal) of allowance	297
Allowance for ECL at 31 December 2018	16,550

Translation of the original Russian version

EXIMBANK OF RUSSIA

Notes to the consolidated financial statements for 2019

(Thousands or Russian rubles)

11. Investment securities at amortized cost

Debt securities at amortized cost comprise:

	31 December 2019		31 December 2018	
	Carrying amount	Nominal amount	Carrying amount	Nominal amount
Russian State bonds (OFZ)	67,208	67,000	117,302	127,000
Corporate bonds	10,066,513	10,000,000	10,064,589	10,000,000
Investment securities at amortized cost (before allowance)	10,133,721	10,067,000	10,181,891	10,127,000

	31 December 2019	31 December 2018
Investment securities at amortized cost (before allowance)	10,133,721	10,181,891
Less allowance for impairment	(74,185)	(94,965)
Investment securities at amortized cost	10,059,536	10,086,926

Coupon rates and maturities of these debt securities are as follows:

	31 December 2019		31 December 2018	
	% p.a.	Maturity	% p.a.	Maturity
Russian State bonds (OFZ)	7.6%	2021	6.8-7.6%	2019-2021
Corporate bonds	8.8-9.5%	2027-2028	8.8-9.5%	2027-2028

All investment securities at amortized cost are included in Stage 1. Movements in ECL allowances for the year are presented below:

Investment securities at amortized cost at 31 December 2018	10,181,891
Assets redeemed	(57,602)
Unwinding of discount (recorded in interest income)	9,432
Investment securities at amortized cost at 31 December 2019	10,133,721
Investment securities at amortized cost at 1 January 2018	314,969
New assets originated or purchased	5,000,000
Reclassified from the category of measured through other comprehensive income	4,999,939
Assets redeemed	(200,000)
Unwinding of discount (recorded in interest income)	66,983
Investment securities at amortized cost at 31 December 2018	10,181,891
Allowance for ECL at 31 December 2018	94,965
Allowance for assets redeemed	(175)
Charge/(reversal) of allowance	(20,605)
Allowance for ECL at 31 December 2019	74,185
Allowance for ECL at 1 January 2018	447
Allowance for new assets originated or purchased	84,393
Reclassified from the category of measured through other comprehensive income	10,044
Charge/(reversal) of allowance	81
Allowance for ECL at 31 December 2018	94,965

*(Thousands of Russian rubles)***12. Property and equipment**

Movements in property and equipment are as follows:

	<i>Leasehold improvements</i>	<i>Furniture and fixtures, computers and office equipment, motor vehicles</i>	<i>Total</i>
Cost			
31 December 2018	19,041	213,185	232,226
Additions	–	225	225
31 December 2019	19,041	213,410	232,451
Accumulated depreciation			
31 December 2018	(13,862)	(76,536)	(90,398)
Depreciation charge	(5,179)	(38,007)	(43,186)
31 December 2019	(19,041)	(114,543)	(133,584)
Net book value at 31 December 2018	5,179	136,649	141,828
Net book value at 31 December 2019	–	98,867	98,867

	<i>Leasehold improvements</i>	<i>Furniture and fixtures, computers and office equipment, motor vehicles</i>	<i>Total</i>
Cost			
31 December 2017	24,431	185,291	209,722
Additions	–	36,720	36,720
Disposals	(5,390)	(8,826)	(14,216)
31 December 2018	19,041	213,185	232,226
Accumulated depreciation			
31 December 2017	(17,062)	(51,224)	(68,286)
Depreciation charge	(2,190)	(33,964)	(36,154)
Disposals	5,390	8,652	14,042
31 December 2018	(13,862)	(76,536)	(90,398)
Net book value at 31 December 2017	7,369	134,067	141,436
Net book value at 31 December 2018	5,179	136,649	141,828

13. Taxation

The income tax expense/(benefit) comprises:

	<i>31 December 2019</i>	<i>31 December 2018</i>
Income tax overpaid – current	267,068	832,355
Deferred tax charge/(credit) – origination and reversal of temporary differences	220,189	(132,223)
Income tax expense/(benefit)	487,257	700,132

Translation of the original Russian version

EXIMBANK OF RUSSIA

Notes to the consolidated financial statements for 2019

(Thousands or Russian rubles)

13. Taxation (continued)

	2019	2018
Profit before income tax	2,839,155	3,409,696
Statutory tax rate	20%	20%
Theoretical income tax expense at the statutory rate	567,831	681,939
Income on state securities taxed at different rates	(41,162)	(2,045)
Tax paid abroad	(81,158)	(12,882)
Non-deductible expenditures/(non-taxable income)	41,746	74,079
Utilized tax losses not recognized previously	-	(40,959)
Income tax expense/(benefit)	487,257	700,132

Deferred tax assets and liabilities as at 31 December and their movements for the respective years comprise:

	2018	<i>Origination and reversal of temporary differences in the statement of profit or loss</i>	<i>Origination and reversal of temporary differences in other comprehensive income</i>	2019
Tax effect of deductible temporary differences				
Accrued income and expense	243,585	(186,025)	-	57,560
Total tax assets	243,585	(186,025)	-	57,560
Tax effect of taxable temporary differences				
Income accrued through equity	(151,759)	3,304	-	(148,455)
Allowance for impairment	(5,258)	(27,033)	-	(32,291)
Property and equipment	(9,471)	408	-	(9,063)
Fair value measurement of securities	4,104	(10,843)	(367)	(7,106)
Deferred tax liabilities	(162,384)	(34,164)	(367)	(196,915)
Deferred tax assets/(liabilities), net	81,201	(220,189)	(367)	(139,355)

	2017	<i>Effect of transition to IFRS 9</i>	2017 IFRS 9	<i>Origination and reversal of temporary differences in the statement of profit or loss</i>	<i>Origination and reversal of temporary differences in other comprehensive income</i>	2018
Tax effect of deductible temporary differences						
Fair value measurement of securities	(163)	5,252	5,089	(1,922)	937	4,104
Allowance for impairment	240,184	(182,371)	57,813	(63,071)	-	(5,258)
Accrued income and expense	1,823	-	1,823	241,762	-	243,585
Tax losses carried forward	40,960	-	40,960	(40,960)	-	-
Deferred tax assets	282,804	(177,119)	105,685	135,809	937	242,431
Deferred tax assets unrecognized in the statement of financial position	(134,510)	134,510	-	-	-	-
Total tax assets	148,294	(42,609)	105,685	135,809	937	242,431
Tax effect of taxable temporary differences						
Income accrued through equity	(148,455)	(5,252)	(153,707)	1,948	-	(151,759)
Property and equipment	(3,937)	-	(3,937)	(5,534)	-	(9,471)
Deferred tax liabilities	(152,392)	(5,252)	(157,644)	(3,586)	-	(161,230)
Deferred tax assets/(liabilities), net	(4,098)	(47,861)	(51,959)	132,223	937	81,201

(Thousands of Russian rubles)

13. Taxation (continued)

Russian legal entities are required to file individual corporate income tax declarations to the tax authorities. The standard income tax rate for companies (including banks) comprised 20% for 2019 and 2018. The corporate income tax rate applicable to interest (coupon) income on state and mortgage-backed bonds in 2019 and 2018 was 15%, while the corporate income tax rate applicable to interest (coupon) income on municipal bonds in 2019 and 2018 was 9%. Dividends are subject to Russian income tax at the standard rate of 9%, which can be reduced to 0% subject to certain conditions.

14. Other assets, other liabilities and accrued grants

Other assets comprise:

	<i>2019</i>	<i>2018</i>
Settlements with suppliers and customers	180,007	191,707
Intangible assets – software	164,063	150,706
Settlements on spot transactions	5,493	25,644
Fees and commissions receivable	–	16,177
Prepaid operating taxes	3,498	2,687
Other	6,878	5,033
Total before allowance	359,939	391,954
Less allowance for impairment of other assets	(4,160)	(13,248)
Other assets	355,779	378,706

Other liabilities comprise:

	<i>2019</i>	<i>2018</i>
Payables to employees	372,368	105,876
Settlements with clients	66,794	80,016
Settlements on spot transactions	17,373	5,396
Settlements on operating taxes	453	11,059
Other	10,854	6,638
Other liabilities	467,842	208,985

Stage 1

Allowance for ECL at 31 December 2018	13,248
Charge/(reversal) of allowance	(9,088)
Allowance for ECL at 31 December 2019	4,160
Allowance for ECL at 1 January 2018	5,311
Charge/(reversal) of allowance	9,092
Written off against allowance	(1,155)
Allowance for ECL at 31 December 2018	13,248

Accrued grants

As at 31 December 2019, accrued grants in the amount of RUB 848,306 (31 December 2018: RUB 543,963) are fully represented by amounts due from the Ministry of Industry and Trade under grants provided to support export.

The grants are provided to the Bank from the federal budget to compensate for a shortfall in income on loans and other placements issued to support manufacturers of high-tech products in accordance with Government Decree No. 566 " On Approving the Rules for Providing Grants from the Federal Budget to the State Specialized Russian Export-Import Bank (Joint-Stock Company) to Compensate for a Shortfall in Income on Loans Issued to Support Manufacturers of High-Tech Products" of 8 June 2015.

Interest income from the use of the government grant in 2019 amounted to RUB 3,699,421 (2018: RUB 3,135,541).

(Thousands or Russian rubles)

15. Amounts due to the Government of the Russian Federation and the Bank of Russia

As at 31 December 2019, the Bank received RUB-denominated loans from the Bank of Russia maturing from January 2020 to December 2022. The loans bear an interest rate of 6.25% p.a. As at 31 December 2019, the total nominal amount of loans is RUB 8,811,000. As at 31 December 2019, interest accrued on these loans amounted to RUB 16,627. The loans are secured by rights to claim under loan agreements with a credit institution and customers, which, in their turn, are secured by insurance contracts with EXIAR, with the carrying amount of RUB 10,863,350.

As at 31 December 2018, the Bank received thirty RUB-denominated loans from the Bank of Russia maturing from April 2019 to December 2021. The loans bear an interest rate of 6.5% p.a. As at 31 December 2018, the total nominal amount of loans is RUB 13,951,000. As at 31 December 2018, interest accrued on these loans amounted to RUB 27,435. The loans are secured by rights to claim under loan agreements with a credit institution and customers, which, in their turn, are secured by insurance contracts with EXIAR, with the carrying amount of RUB 18,022,673.

As at 31 December 2019, the funds in the nominal amount of RUB 66,859 (31 December 2018: RUB 150,056) received from the Ministry of Finance of the Russian Federation under Part "B" of the pilot project on sustainable forestry represent a USD-denominated loan bearing an interest rate set by the International Bank for Reconstruction and Development (hereinafter, the "IBRD") (LIBOR 6m + total LIBOR spread) and maturing in 2020. As at 31 December 2019, interest accrued on this deposit amounted to RUB 385 (31 December 2018: RUB 1,076).

16. Amounts due to credit institutions

	<i>31 December 2019</i>	<i>31 December 2018</i>
Correspondent accounts of banks	9,131,763	7,149,697
Loans received from resident banks	19,157,991	8,497,203
Loans received from international banks	3,430,737	1,105,775
Loans received from OECD banks	–	389,416
Amounts due to credit institutions	<u>31,720,491</u>	<u>17,142,091</u>

As at 31 December 2019, loans denominated in US dollars and Russian rubles were received from resident banks at the interest rates of 5.15%-6.25% p.a., respectively, maturing in January 2020 and November 2020 (2018: RUB-denominated loans received from resident banks at the interest rates of 6.24%-7.95% p.a. and maturing in January 2019 and November 2020).

International banks are the banks established under intergovernmental agreements and having a status of international interstate organizations.

As at 31 December 2019, loans were received from three international banks in Russian rubles at the interest rates of 6.25%-6.50% p.a. and in US dollars at the interest rate of 0.1% p.a., maturing in January 2020 (2018: five loans from two international banks in euro at the interest rate of 0.3% and higher and in Russian rubles at the interest rates of 7.35%-7.75% p.a., maturing in January 2019).

17. Amounts due to customers

Amounts due to customers comprise:

	<i>31 December 2019</i>	<i>31 December 2018</i>
Current accounts	4,945,934	2,293,225
Term deposits	40,654,917	44,374,840
Amounts due to customers	<u>45,600,851</u>	<u>46,668,065</u>

As at 31 December 2019, amounts due to customers of RUB 44,359,653 (97.28%) were due to the ten largest customers of the Group (31 December 2018: RUB 45,362,891 (98.32%)).

(Thousands or Russian rubles)

17. Amounts due to customers (continued)

Amounts due to customers include accounts of the following types of customers:

	<i>31 December 2019</i>	<i>31 December 2018</i>
State-controlled companies (Russian Federation)	40,708,755	37,017,343
Private companies	4,892,096	9,419,221
Companies under foreign state control	–	231,501
Amounts due to customers	45,600,851	46,668,065

The breakdown of customer accounts by economic sector is as follows:

	<i>2019</i>	<i>2018</i>
Insurance	38,354,970	36,749,937
Manufacturing	3,340,294	4,637,132
Consulting and analysis	2,162,144	3,902,477
Trade	332,735	669,110
Finance	865,198	415,023
Construction	230,742	128,346
Research, architecture	249,600	114,100
Information technologies	42,173	38,734
Transportation and storage	11,428	–
Real estate transactions	9,422	–
Advertising and publishing	11	2,782
Other	2,134	10,424
Amounts due to customers	45,600,851	46,668,065

18. Subordinated loans and deposits

Subordinated loans and deposits comprise:

	<i>31 December 2019</i>	<i>31 December 2018</i>
Subordinated loan	1,634,352	1,586,528
Subordinated deposits	3,615,025	3,528,574
Subordinated loans and deposits	5,249,377	5,115,102

As at 31 December 2019 and 31 December 2018, a subordinated loan in the nominal amount of RUB 1,700,000 was received from VEB.RF in 2010. The loan matures in March 2021 and bears an interest rate of 5.1667%. In 2010, gain on the initial recognition of the loan was RUB 384,302. In January 2011, the Bank of Russia gave its consent to include cash received under the agreement into additional capital sources.

As at 31 December 2019 and 31 December 2018, a subordinated deposit in the the nominal amount of RUB 500,000 was received from a shareholder in 2015. The deposit matures in January 2022 and bears an interest rate of 6.2% p.a. Gain on initial recognition of the deposit at fair value amounted to RUB 208,757 and was recognized within accumulated loss in equity. In June 2015, the Bank of Russia gave its consent to include cash received under the agreement into additional capital sources.

As at 31 December 2019 and 31 December 2018, subordinated deposits in the nominal amount of RUB 1,831,150 and RUB 2,000,000 were received from a shareholder in 2017. The deposits mature in August and December 2027 and bear an interest rate of 6.25% p.a. Gain on initial recognition of the deposits at fair value amounted to RUB 742,275 and was recognized within accumulated loss in equity.

(Thousands or Russian rubles)

19. Debt securities issued

In December 2019, the Group issued documentary interest-bearing non-convertible bearer bonds with mandatory centralized custody with the nominal value of RUB 10,000,000 maturing on 6 December 2029, with an early repayment option. The bonds were paid in cash. The interest rate is set at 6.9% p.a. The date of the nearest offer is 19 December 2023. As at 31 December 2019, the carrying amount of the bonds totaled RUB 10,022,700 (31 December 2018: RUB 0).

In November 2015, the Group issued documentary interest-bearing non-convertible bearer bonds with mandatory centralized custody with the nominal value of RUB 5,000,000 maturing on 11 November 2025, with an early repayment option. The bonds were paid in cash. The interest rate is set at 6.9% p.a. The date of the nearest offer is 19 November 2021. As at 31 December 2019, the carrying amount of the bonds totaled RUB 5,039,700 (31 December 2018: RUB 5,045,891).

In December 2016, the Group issued documentary interest-bearing non-convertible bearer USD-denominated bonds in ruble equivalent with mandatory centralized custody with the nominal value of USD 150,000 (at the date of issue, the ruble equivalent was RUB 9,166,380) maturing on 10 December 2026, with an early repayment option. The bonds were paid in cash. The interest rate is set at 6.5% p.a. The date of the nearest offer is 22 December 2020. As at 31 December 2019, the carrying amount of the bonds totaled RUB 9,305,727 (31 December 2018: RUB 10,440,698).

20. Equity

As at 31 December 2019 and 31 December 2018, the Group's share capital comprised:

	<i>Number of ordinary shares</i>	<i>Nominal amount</i>	<i>Inflation adjustment</i>	<i>Total share capital</i>
31 December 2017	2,075,100	20,751,000	1,214,210	21,965,210
Issue of share capital	–	–	–	–
31 December 2018	2,075,100	20,751,000	1,214,210	21,965,210
Issue of share capital	–	–	–	–
31 December 2019	2,075,100	20,751,000	1,214,210	21,965,210

The shareholders' contributions to the share capital of the Group have been made in rubles. The shareholders are entitled to dividends and any capital distribution in rubles.

Additional paid-in capital

In accordance with the Russian legislation, dividends may only be declared to the shareholders of the Group from accumulated retained earnings as shown in the Group's financial statements prepared in accordance with RAL. As at 31 December 2019, the Group's retained earnings in accordance with RAL amounted to RUB 3,508,578 (31 December 2018: earnings of RUB 2,061,319) based on its financial performance for the year. In June 2019, dividends for 2018 were paid to the Bank's shareholders in the amount of RUB 1,050,934.

A decision on distribution of net profit for 2019 and payment or non-payment of dividends will be made on the annual general shareholders' meeting of EXIMBANK OF RUSSIA.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes were made in the capital management objectives, policies or processes from the previous years.

Translation of the original Russian version

EXIMBANK OF RUSSIA

Notes to the consolidated financial statements for 2019

(Thousands of Russian rubles)

21. Net fee and commission income

Net fee and commission income comprises:

	<i>2019</i>	<i>2018</i>
Currency control	40,400	32,721
Contingent liabilities	175,898	317,042
Cash and settlement operations	16,635	35,796
Other	7,976	24,188
Fee and commission income	240,909	409,747
Currency operations	39,689	14,849
Operations with securities	23,870	4,851
Settlement operations	1,865	1,583
Guarantees received	100	–
Other	7,161	1,187
Fee and commission expense	72,685	22,470
Net fee and commission income	168,224	387,277

22. Personnel and other operating expenses

Personnel and other operating expenses comprise:

	<i>2019</i>	<i>2018</i>
Salaries and bonuses	1,080,194	779,059
Social security costs	236,579	163,082
Other payments	82,171	70,359
Personnel expenses	1,398,944	1,012,500
Professional services and advertising	92,802	49,309
Operating taxes	75,338	70,159
Repairs and maintenance	68,854	53,364
Charity	52,860	660
Communications	52,807	41,911
Overseas taxes withheld on income	43,682	45,631
Intermediary and agent services	34,019	31,327
Entertainment expenses	22,066	2,701
Amortization of intangible assets	14,257	12,941
Inventory write-off	12,903	20,609
Impairment of property	–	20,485
Business travel and related expenses	8,067	9,780
Security	199	199
Penalties	78	2,164
Other	24,672	22,477
Other operating expenses	502,604	383,717

Other personnel expenses comprise employee financial support benefits, voluntary health insurance expenses, etc.

(Thousands or Russian rubles)

23. Commitments and contingencies

Operating environment

Russia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

The Russian economy has been negatively impacted by fluctuations in oil prices and sanctions imposed on Russia by a number of countries. The ruble interest rates remained high. The combination of the above resulted in reduced access to capital, a higher cost of capital and uncertainty regarding economic growth, which could negatively affect the Group's future financial position, results of operations and business prospects. Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

In July, August and September 2014, a number of countries imposed certain sectoral sanctions on the Russian economy. In July and September 2014, VEB.RF and its subsidiaries became targets of these sanctions. The sanctions mainly affect the ability of VEB.RF Group to attract equity and debt financing in the USA, Canada and EU countries for more than 30 days.

Management of the Group takes into consideration these sanctions while performing its activities and monitors and analyzes their effect on the Group's financial position and results of operations.

Legal

In the ordinary course of business, the Group is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial position or the results of future operations of the Group.

Taxation

The Group mainly operates in the Russian Federation. Russian tax, currency and customs legislation as currently in effect is vaguely drafted and is subject to varying interpretations selective and inconsistent application and changes, which can occur frequently, at short notice and may apply retrospectively. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and federal authorities. Recent events within the Russian Federation suggest that the tax authorities may be taking a more assertive position in their interpretation and application of this legislation and assessments. It is therefore possible that transactions and activities of the Group that have not been challenged in the past may be challenged at any time in the future. As such, significant additional taxes, penalties and interest may be charged by the relevant authorities. Fiscal periods remain open and subject to review by the tax authorities for a period of three calendar years immediately preceding the year in which the decision to conduct a tax review is taken. Under certain circumstances, reviews may cover longer periods.

As at 31 December 2019, management of the Group believes that its interpretation of the relevant legislation is appropriate and that the Group's tax, currency and customs positions will be sustained.

As at the reporting dates, the Group's commitments and contingencies comprise the following:

	<i>31 December 2019</i>	<i>31 December 2018</i>
Credit-related commitments		
Undrawn loan commitments	20,018,758	34,974,563
Financial guarantees	6,915,704	5,889,649
Letters of credit	215,596	1,036,573
	27,150,058	41,900,785
Less allowance for impairment	(110,220)	(237,404)
Commitments and contingencies	27,039,838	41,663,381
Operating lease commitments		
Up to 1 year	96,777	95,212
Total commitments and contingencies	27,136,615	41,758,593

Translation of the original Russian version

EXIMBANK OF RUSSIA

Notes to the consolidated financial statements for 2019

(Thousands of Russian rubles)

23. Commitments and contingencies (continued)

Taxation (continued)

As at the reporting dates, the Group's commitments and contingencies comprise the following:

	<i>31 December 2019</i>	<i>31 December 2018</i>
Credit-related commitments		
Undrawn loan commitments	20,018,758	34,974,563
Financial guarantees	6,915,704	5,889,649
Letters of credit	215,596	1,036,573
	27,150,058	41,900,785
Less allowance for impairment	(110,220)	(237,404)
Commitments and contingencies	27,039,838	41,663,381
Operating lease commitments		
Up to 1 year	96,777	95,212
Total commitments and contingencies	27,136,615	41,758,593

The analysis of changes in ECL allowances during the period ended 31 December 2019 is as follows:

	<i>Stage 1</i>	<i>Stage 2</i>	<i>Total</i>
Allowance for ECL at 31 December 2018	229,955	7,449	237,404
New liabilities originated or purchased	33,498	2,115	35,613
Liabilities derecognized or redeemed	(160,663)	(7,449)	(168,112)
Transfers to Stage 1	118,620	(118,620)	-
Transfers to Stage 2	(47,077)	47,077	-
Translation differences	(18,506)	-	(18,506)
Effect on ECL at the period-end due to transfers between stages during the period	(101,163)	124,984	23,821
31 December 2019	54,664	55,556	110,220
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Total</i>
Allowance for ECL at 1 January 2018	99,497	-	99,497
New assets originated	207,325	570	207,895
Assets derecognized	(73,059)	(9,568)	(82,627)
Transfers to Stage 2	(3,808)	3,808	-
Effect on ECL at the year-end due to transfers between stages during the year	-	12,639	12,639
31 December 2018	229,955	7,449	237,404

24. Risk management

Introduction

Various risks are inherent in the Bank's activities. The risk management system is an essential element of the banking business and is fundamental in securing the financial stability of a credit institution. The risk identification, assessment and management process constitutes an integral part of the Bank's operations and is regulated by its internal documents.

(Thousands or Russian rubles)

24. Risk management (continued)

Introduction (continued)

The most relevant types of risk to which the Bank is exposed in its operations include credit risk, market risks (primarily, currency risk), liquidity risk and operational risk. Business risks arising from changes in the environment, underestimation of resources required and ineffective management decisions are assessed and monitored through the Bank's strategic planning process.

Risks primarily arise due to the uncertainty factors which are inherent in the Bank's activities. This calls for necessity of continuous risk management through a process of ongoing identification, measurement and monitoring, and risk management activities. Risk management is critical to the Bank's continuing profitability.

Information on the structure and principles of work of risk management departments

Risk management process is performed at the Bank at the three levels:

- ▶ Management Board – management of the Bank's aggregate risks, development of requirements for and restrictions on the risk management processes, definition of risk management authority of the Bank's management bodies and departments, approval (issuance) of internal regulatory and administrative documents.
- ▶ The tactical level of risk management (Credit Committee, Asset and Liability Management Committee, Bad Debt Management Committee and other working collective bodies as determined by the Management Board) – participation in managing their assigned groups of risks (i.e., risks falling under the authority of the respective committee) subject to the restrictions and requirements established at the strategic level of risk management, consideration of the Bank's internal regulatory and administrative documents as far as they refer to risk management.
- ▶ The operational level of risk management (Risk Department, Contract Law Department, Internal Control Function, risk owners) – management of the Bank's risks (subject to the restrictions and requirements established at the strategic and tactical levels).

Aggregate risk level is limited by the risk appetite established by the Board of Directors in the risk and capital management strategy.

The Risk Department is the key element at the operating level of risk management. The Risk Department is primarily responsible for effective risk management to reduce potential losses on performed transactions in line with the requirements of national and international supervising bodies, principles of the Risk and Capital Management Strategy, the Bank's risk management policy and general approaches of JSC Russian Export Center.

Internal audit

The risk management processes implemented by the Group on an ongoing basis are audited by the Internal Audit function that examines both the adequacy of the risk management procedures and the performance of these procedures by the Group's management bodies, departments and employees. The audit results are communicated to the Bank's management bodies (Board of Directors, Management Board, and Chairman of the Management Board).

Internal control

Internal Control Function is responsible for identification and management of compliance risk (regulatory risk). Compliance risk is the risk that the credit institution will incur losses due to non-compliance with the legislation of the Russian Federation, the internal documentation, standards of self-regulating organizations (if such standards and rules are mandatory for the credit institution), as well as resulting from the imposed sanctions and (or) other enforcement actions taken by supervision bodies.

(Thousands or Russian rubles)

24. Risk management (continued)

Guidelines of the risk and capital management strategy

Key principles and guidelines of the risk and capital management strategy are stated in the Risk management policy of EXIMBANK OF RUSSIA approved by the Bank's Board of Directors. Those include:

- ▶ Consistency: all types of risks are managed in all areas of activities and processes at all management levels of the Bank.
- ▶ Being an integral part: all the Bank's employees see risk management as one of their goals to be performed according to their skills, knowledge and information available. Risk management processes are integrated in the Bank's processes and ensure a comprehensive vision of risks enabling the Bank's management bodies to build three lines of defense:
 - ▶ Risk-taking (1st line of defense): Risk owners directly involved in preparing and conducting transactions should identify, assess, and monitor risks, know and comply with internal regulations on risk management, give due consideration to risk levels in the preparation of transactions.
 - ▶ Risk management (2nd line of defense): The Risk Department, Internal Control Function and other responsible divisions develop risk management mechanisms and methodologies, assess and monitor risk levels, prepare risk reports, advise on, model and aggregate a general risk profile, calculate capital requirements.
 - ▶ Internal audit (3rd line of defense): The Internal Audit Function performs independent quality assessment for existing risk management processes, identifies violations, and prepares proposals on improvement of the risk management system.
- ▶ Awareness: risk management should be based on objective, reliable and relevant information. Each decision to conduct a certain transaction should be based on a comprehensive risk analysis and assessment.
- ▶ Timeliness: the risk management system ensures that information on material (critical) risks and deficiencies in the risk management system is full, reliable and received on a timely basis.
- ▶ Continuity: the risk management process is performed on an ongoing basis and includes both current and subsequent control of risks.
- ▶ Independence: the Risk Department is independent from divisions involved in transactions. The Risk Department is involved in the decision-making support process at the operating and strategic levels (the nature of this involvement is regulated by internal regulations and administrative documents of the Bank).
- ▶ Relevance: the risk management process requires constant improvements in all elements of the risk management system, including standards and tools, information systems, based on strategic objectives, changes in the internal and external environment, global practice and management standard innovations.
- ▶ Technologies: the risk management process is based on modern information technologies and systems that allow for timely risk identification, analysis, assessment, management and control.
- ▶ Cyclicity: the risk management process represents an established continuous cycle of implementation of its major components.
- ▶ Segregation of duties: the structural segregation of divisions and employees responsible for transactions, risk management, accounting, etc.

(Thousands or Russian rubles)

24. Risk management (continued)

Risk management structure

The risk management system is fundamental for financial stability of a credit institution. The risk identification, assessment and management process constitutes an integral part of the Bank's operations and is regulated by its internal documents.

Each stage of the risk and capital management process is summarized below.

a) *Risk identification*

The Bank is working consistently to identify risks, i.e. determine its exposure to events, which, if occur, can negatively affect its ability to achieve planned strategic and operating objectives. Employees of all divisions are involved in risk management to ensure that inherent risks are identified.

The risk identification and assessment methodology implemented by the Bank includes:

- ▶ Development of internal regulations related to risk management policies, procedures, provisions, models and analysis and assessment tools depending on the type of risk, category of a counterparty and other factors
- ▶ Diagnosis of the existing business processes for risk elements
- ▶ Setting of targets and key indicators for each type of risk
- ▶ Determination of the amount of any possible decreases in equity or economic (net) value of the Bank using quantitative measurement methods and qualitative (expert) assessment of the level of risk related to the Bank's operations for each type of risks (credit, interest rate, equity, operating, liquidity and other risks)
- ▶ Regular stress-testing of the level of risks accepted by the Bank by assessing potential negative impact of expected changes in risk factors due to realization of one of several (at the same time) event scenarios on the Bank's financial position to prevent the deterioration of the Bank's performance.

Decisions on new transactions are based on a thorough identification of potential risks.

b) *Risk level assessment*

Each type of risk should be assessed to determine the level of potential losses and the probability of a risk event. The assessment includes the consideration of sources and reasons underlying each risk type, the determination of their negative consequences, the probability of an event and the amount of losses if it occurs, other quantitative parameters of possible losses in case of a risk event. Risk level assessment may be quantitative and qualitative (expert).

Identified risks that cannot be quantified are assessed using the expert method to determine the level and probability of potential losses. The procedure for assessment of certain risk types is established by internal regulations and guidelines of the Bank related to the corresponding risk types and developed according to the requirements of the Bank of Russia.

All identified and assessed risks are accounted for and communicated to the management bodies of the Bank. The list of risks material to the Bank is regularly revised considering newly identified risks and materiality reassessment for certain risks.

(Thousands or Russian rubles)

24. Risk management (continued)

Risk management structure (continued)

c) Response to risks

The Bank's management bodies determine the most effective ways to address risks and reduce financial losses or other damages resulting from negative events.

Responses include the following:

- ▶ Risk acceptance if the amount of losses is acceptable to the Bank
- ▶ Risk mitigation and control implies risk management by implementing preventive measures and planning activities in case of risk occurrence, which may limit risk probability and mitigate possible losses in case of its occurrence
- ▶ Risk transfer means transfer/distribution of risk or partial transfer of risk to a third party, including the use of various mechanisms (contracts, insurance agreements, a revision of contractual terms) that allows divisions to share responsibilities and duties
- ▶ Risk evasion means rejections or suspension of a transactions associated with risk

To limit the accepted risks to an acceptable level, the following risk management methods and mechanisms are used:

- ▶ Risk level control: continuous monitoring of internal and external risk factors
- ▶ Limitation: imposing restrictions on parameters and estimates of ready/forecast risk-bearing positions, powers of managing bodies, amounts of loss as maximum possible losses (limits), including control over compliance with such limits and the existing risk level
- ▶ Segregation of duties: establishing a decision-making hierarchy with a mechanism to pass on an issue to a higher level depending on the amount of accepted risk
- ▶ Diversification: risk mitigation through avoidance of excessive concentration of risks
- ▶ Provisioning: making provisions for possible losses from active operations, including provisions for loans, loans receivable and equivalent adequate to the accepted risks
- ▶ Providing collateral, guarantee, warranty or other security for the assets exposed to credit risks.

Risk level control

Risk management processes should provide for mechanisms for timely identification of risk events and risk origination, as well as risk response, and ensure that all significant events are communicated to the Bank's management bodies.

The Bank develops and updates risk level control mechanisms to comply with the following requirements:

- ▶ Action (to manage risk levels, as well as account for and enforce measures being implemented, not only communicate)
- ▶ Timeliness
- ▶ Adequacy to the amount of possible losses
- ▶ Operational efficiency
- ▶ Economic justification.

Thresholds (limits and restrictions) on operations of the Bank are key elements of the risk management system.

(Thousands or Russian rubles)

24. Risk management (continued)

Risk management structure (continued)

The limit system pursues the following goals:

- ▶ Limit acceptance of higher risks by the Bank and prevent/mitigate negative effect of certain areas of activities on the Bank's business in general
- ▶ Ensure a well-balanced structure of assets and liabilities of the Bank consistent with the nature and scope of the Bank's business.

Monitoring the effectiveness of risk management system

One of the key objectives of the Risk Department is regular quality control of the Bank's risk management and the monitoring of effectiveness of the risk management system and procedures, including risk mitigation measures.

The Internal Audit Function is responsible for regular reviews to make sure that the risk assessment methodology and risk management procedures are applied consistently and effectively. It prepares recommendations to the Bank's management regarding risk mitigation.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities (industry concentration), or activities in the same geographic region (country or regional concentration), or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Risk concentrations may also arise from substantial lending to groups of related borrowers (counterparties) and other circumstances that make counterparties vulnerable to the same economic/ political factors. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or a geographical location or a number of borrowers sharing another common characteristic.

To avoid excessive concentrations of risks, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. The key instruments for avoiding excessive risk concentrations include determining a target structure, setting relevant limits, monitoring and reporting the level of risk concentration to the Group's management bodies.

Credit risk

Credit risk is the risk that the Group will incur a loss because its customers, clients or counterparties fail to meet their contractual obligations. The Group manages credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, as well as for geographical and industry risk exposures, and by monitoring exposures in relation to such limits.

The Group has established a credit quality review process to ensure early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. The Group assigns each counterparty a risk rating within a credit risk classification system that establishes limits for counterparties. Risk ratings are subject to regular revisions. The credit quality review process allows the Group to assess potential losses as a result of risks to which it is exposed and take corrective action.

Credit related commitments risks

The Group makes available to its customers guarantees, which may require that the Group make payments on their behalf. Such payments are collected from customers based on the terms of letters of credit. They expose the Group to risks similar to credit risks and these are mitigated by the same control processes and policies.

(Thousands or Russian rubles)

24. Risk management (continued)

Credit risk (continued)

The maximum exposure to credit risk for the components of the consolidated statement of financial position, including derivatives, before the effect of mitigation through the use of master netting and collateral agreements, is best represented by their carrying amounts.

Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the statement of financial position.

Credit related commitments risks

The Group makes available to its customers guarantees, which may require that the Group make payments on their behalf. Such payments are collected from customers based on the terms of letters of credit. They expose the Group to risks similar to credit risks and these are mitigated by the same control processes and policies.

The maximum exposure to credit risk for the components of the consolidated statement of financial position, including derivatives, before the effect of mitigation through master netting and collateral agreements, is best represented by their carrying amounts.

Where financial instruments are recorded at fair value, their carrying amounts represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

For more details on the maximum exposure to credit risk for each class of financial instrument, please refer to relevant notes.

Impairment assessment

The Group calculates ECL to assess expected cash shortfalls, which are discounted using the EIR or its approximate value.

A cash shortfall is the difference between the cash flows that are due under the contract and the cash flows that an entity expects to receive. The ECL calculation method is outlined below, and its key elements are as follows:

Probability of default (PD)	The <i>Probability of Default</i> is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the asset has not been previously derecognized and is still in the portfolio.
Exposure at default (EAD)	The <i>Exposure at default</i> is an estimate of the exposure at default at a certain future date, adjusted to reflect its changes expected after the reporting date, including payments of interest or principal amount due under a contract or otherwise, expected repayment of loans issued and interest accrued on overdue payments.
Loss given default (LGD)	The <i>Loss Given Default</i> is an estimate of the loss arising in case a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

(Thousands or Russian rubles)

24. Risk management (continued)

Credit risk (continued)

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL) if there has been a significant increase in credit risk since origination, otherwise the allowance is based on the 12 months' expected credit losses (12-month ECL). The 12-month ECL is the portion of LTECL that represents the ECLs that result from defaults on a financial instrument that are possible within 12 months after the reporting date. Both LTECL and 12-month ECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Group groups its loans as follows:

- | | |
|----------|--|
| Stage 1: | When loans are first recognized, the Group recognizes an allowance based on 12-month ECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2. |
| Stage 2: | When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECL. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3. |
| Stage 3: | Loans considered credit-impaired. The Group records an allowance for the LTECL. |
| POCI: | Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest revenue is subsequently recognized based on a credit-adjusted EIR. An allowance for ECL is only recognized or derecognized to the extent that there is a subsequent change in the lifetime expected credit losses. |

Factors indicating a significant increase in credit risk

- ▶ Overdue amounts of loan principal and/or interest payable to the Bank at the reporting date, as well as other contractual payments are 31 to 90 days overdue.
- ▶ The internal rating of the counterparty has decreased by more than two grades (three or more grades). Applicable to counterparties with internal rating designated at Baa2 and below.
- ▶ The client/counterparty has been designated an internal rating at the C level.
- ▶ A problem debt has been restructured, which is indicative of a significant increase in credit risk.
- ▶ A decrease in rating has been identified at the reporting date as compared to the date of initial recognition of the instrument by one or several rating agencies (S&P Global Ratings, Fitch Ratings, Moody's Investors Service). For legal entities registered in the Russian Federation with credit rating assigned on the basis of the national rating scale by one of the Russian credit rating agencies), a decrease by more than 2 grades indicates a significant decrease in credit risk. If credit ratings are assigned by several agencies, they are presented based on the schedule for reconciliation with the Moody's scale. The rating by Moody's is deemed preferred. If it is not available, the S&P rating comes next, followed by Fitch, and if there are no Moody's rating reconciled according to that procedure, an average rating of a class/type of product is used.

(Thousands or Russian rubles)

24. Risk management (continued)

Credit risk (continued)

The list of impairment indicators

- ▶ At the reporting date there are principal and/or interest amounts payable to the Bank, as well as other payments stipulated by the agreement, overdue by more than 90 days.
- ▶ Several rating agencies (S&P Global Ratings, Fitch Ratings, Moody's Investors Service) assign a credit rating indicating that the borrower is in default. For legal entities registered in the Russian Federation credit ratings may be assigned on the national rating scale by one of the Russian credit rating agencies.
- ▶ The borrower sends a written refusal to repay debt when the respective obligations fall due.
- ▶ Bankruptcy proceedings are initiated against the borrower.
- ▶ The borrower's license for principal activities (accounting for over 50% of total revenue) is revoked.
- ▶ The borrower is on the list of legal entities and individuals that are known to be involved in extremist or terrorist activities.
- ▶ The borrower is in the process of liquidation, or was excluded from the Unified State Register of Legal Entities by decision of a tax authority (with the exception of cases when the liquidation is related to a merger with another legal entity).
- ▶ The borrower asks the Bank to accept its property as debt settlement.
- ▶ The Bank's authorized body selects a default strategy for the asset.
- ▶ Restructuring on default is implemented.

In accordance with the Group's policy, financial instruments are considered to be cured and, therefore, are transferred from Stage 3, when none of the default criteria has been observed for at least one quarter, and during the period from the identification of impairment indicators to the reporting date, a principal and/or interest payment had been made in the amount no less than the interest accrued for that period. The decision on whether a recovered asset should be included in Stage 2 or Stage 1 depends on the revised credit rating at the time of recovery and the assessment of whether a significant increase in credit risk has occurred since the initial recognition.

Credit quality per class of financial assets

			<i>Neither past due nor impaired</i>				
<i>Notes</i>			<i>High grade 2019</i>	<i>Standard grade 2019</i>	<i>Substandard grade 2019</i>	<i>Individually impaired 2019</i>	<i>Total 2019</i>
Cash and cash equivalents	6	Stage 1	18,915,453	–	–	–	18,915,453
Amounts due from credit institutions	8	Stage 1	24,303,849	–	–	–	24,303,849
Loans to customers	9	Stage 1	45,123,573	15,590,523	–	–	60,714,096
		Stage 2	–	5,085,502	2,010,105	–	7,095,607
		Stage 3	–	–	–	4,271,701	4,271,701
			88,342,875	20,676,025	2,010,105	4,271,701	115,300,706
Investment securities at amortized cost	11	Stage 1	10,059,536	–	–	–	10,059,536
Total			98,402,411	20,676,025	2,010,105	4,271,701	125,360,242

(Thousands of Russian rubles)

24. Risk management (continued)

Credit risk (continued)

	Notes		<i>Neither past due nor impaired</i>				<i>Total 2018</i>
			<i>High grade 2018</i>	<i>Standard grade 2018</i>	<i>Substandard grade 2018</i>	<i>Individually impaired 2018</i>	
Cash and cash equivalents	6	Stage 1	26,001,875	–	–	–	26,001,875
Amounts due from credit institutions	8	Stage 1	16,555,232	–	–	–	16,555,232
Loans to customers	9	Stage 1	38,005,578	16,085,472	–	–	54,091,050
		Stage 2	1,873,195	769,392	4,657,288	–	7,299,875
		Stage 3	–	–	–	4,147,650	4,147,650
			82,435,880	16,854,864	4,657,288	4,147,650	108,095,682
Investment securities at amortized cost	11	Stage 1	10,086,926	–	–	–	10,086,926
Total			92,522,806	16,854,864	4,657,288	4,147,650	118,182,608

In the table above, cash and cash equivalents, amounts due from banks and loans to high-grade customers represent assets with a minimal level of credit risk, normally with a credit rating on or close to the sovereign level or very well collateralized. Other borrowers with good financial position and good debt service are included in the standard grade. The sub-standard grade comprises loans below the standard grade but not individually impaired.

Impaired loans and advances include those that are past due for more than 30 days.

Due to the adoption of IFRS 9, starting from 1 January 2018, the Group calculates ECL to assess expected cash shortfalls, which are discounted using the EIR or its approximate value.

A cash shortfall is the difference between the cash flows that are due under the contract and the cash flows that an entity expects to receive. ECL calculation mechanics is described above. Ratings are assigned based on the probability of default.

<i>Minimal estimated PD</i>	<i>Maximum estimated PD</i>	<i>Category number</i>	<i>Asset quality scale</i>
0.00%	2.00%	1	High grade
2.00%	12.50%	2	Standard grade
12.50%	33.00%	3	Substandard grade
33.00%	100.00%	4	Low grade

Translation of the original Russian version

EXIMBANK OF RUSSIA

Notes to the consolidated financial statements for 2019

(Thousands or Russian rubles)

24. Risk management (continued)

Credit risk (continued)

The geographical concentration of the Group's financial assets and liabilities is set out below:

	2019				2018			
	Russia	OECD	Other countries	Total	Russia	OECD	Other countries	Total
Assets								
Cash and cash equivalents	14,407,605	4,440,052	67,796	18,915,453	23,927,193	273,251	1,801,431	26,001,875
Trading securities	17,701,493	–	–	17,701,493	7,153,086	–	–	7,153,086
Amounts due from credit institutions	847,829	–	23,456,020	24,303,849	724,792	–	15,830,440	16,555,232
Loans to customers	43,025,299	2,487,530	22,483,377	67,996,206	37,113,024	2,851,929	20,566,630	60,531,583
Investment securities at FVOCI	1,322,093	–	–	1,322,093	1,502,352	–	–	1,502,352
Investment securities at amortized cost	10,059,536	–	–	10,059,536	10,086,926	–	–	10,086,926
Government grants	848,306	–	–	848,306	543,963	–	–	543,963
Other assets	355,779	–	–	355,779	378,706	–	–	378,706
	88,567,940	6,927,582	46,007,193	141,502,715	81,430,042	3,125,180	38,198,501	122,753,723
Liabilities								
Amounts due to the Government of the Russian Federation and the Bank of Russia	8,894,871	–	–	8,894,871	14,129,567	–	–	14,129,567
Amounts due to credit institutions	28,162,133	402,351	3,156,007	31,720,491	8,580,398	389,416	8,172,277	17,142,091
Amounts due to customers	45,379,388	11,427	210,036	45,600,851	46,436,563	–	231,502	46,668,065
Debt securities issued	24,368,127	–	–	24,368,127	15,486,589	–	–	15,486,589
Other liabilities	467,842	–	–	467,842	208,985	–	–	208,985
Subordinated loans and deposits	5,249,377	–	–	5,249,377	5,115,102	–	–	5,115,102
	112,521,738	413,778	3,366,043	116,301,559	89,957,204	389,416	8,403,779	98,750,399
Net balance sheet position	(23,953,798)	6,513,804	42,641,150	25,201,156	(8,527,162)	2,735,764	29,794,722	24,003,324
Net off balance sheet position	15,852,530	1,214,748	9,972,561	27,039,839	13,237,268	1,663,071	27,000,446	41,900,785

(Thousands or Russian rubles)

24. Risk management (continued)

Liquidity risk and funding management

Liquidity risk is the risk that the Bank will be unable to meet its payment obligations or make current payments on instructions of its customers due to the absence of liquid assets and/or inability to mobilize adequate funds for making such payments. Liquidity risk includes:

- ▶ Structural liquidity risk is a risk associated with planned payment flows and related to unbalanced maturities of actual assets and liabilities, contractual claims and obligations, which form ingoing and outgoing payment flows broken down by maturity and currency type.
- ▶ Risk of an excessive outflow of borrowings is the risk associated with possible or projected payment flows (e.g., resulting from increase in customer payments or partial withdrawal of liabilities, which was not planned for the outgoing payments) and/or decrease in ingoing payments to customer accounts.
- ▶ Risk of non-delivery or non-repayment of an asset is a liquidity risk associated with credit risk, i.e. when an asset was unpredictably not repaid or delivered though it was expected in the incoming payments.
- ▶ Liquidity risk associated with a market risk, i.e. inability to sell an asset on the financial market by certain date at an expected price expected in the incoming payments (due to lower market liquidity or activity).
- ▶ Liquidity risk associated with an operating risk event, i.e. errors in procedures or operational faults in the payment process.
- ▶ Funding risk associated with potential changes in the cost of funding (own and market credit spread), which affect the credit institution's future income, and associated with a reputational risk that is the risk that transactions with the Bank on interbank and financial markets will be restricted.
- ▶ Excessive liquidity risk is the Bank's risk of losses or lower-than-expected income due to an excess of high-liquid low-yield assets.

The liquidity position is assessed and managed by the Group mainly based on certain ratios of net liquid assets to liabilities within the limits established by the Bank of Russia. As at 31 December, these ratios were as follows:

	Requirement, %	2019, %	2018, %
N2 "Instant Liquidity Ratio" (assets receivable or realizable within one day / liabilities repayable on demand)	min. 15	151.8	97.1
N3 "Current Liquidity Ratio" (assets receivable or realizable within 30 days / liabilities repayable within 30 days)	min. 50	121.5	109.8
N4 "Long-Term Liquidity Ratio" (assets receivable in more than 365 or 366 days / sum of capital and liabilities repayable in more than 365 or 366 days)	max. 120	62.5	65.4

Translation of the original Russian version

EXIMBANK OF RUSSIA

Notes to the consolidated financial statements for 2019

(Thousands of Russian rubles)

24. Risk management (continued)

Liquidity risk and funding management (continued)

Analysis of financial liabilities by remaining contractual maturities

The table below summarizes the maturity profile of the Group's financial liabilities as at 31 December 2019 and 2018 based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Group expects that many customers will not request repayment on the earliest date the Group could be required to make a payment and, accordingly, the table does not reflect the expected cash flows indicated by the Group's deposit retention history.

31 December 2019	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial liabilities					
Amounts due to the Government of the Russian Federation and the Bank of Russia	278,165	3,007,266	6,342,877	–	9,628,308
Amounts due to credit institutions	27,224,590	4,817,709	–	–	32,042,299
Amounts due to customers	16,319,114	8,329,662	21,657,415	–	46,306,191
Debt securities issued	–	10,928,215	17,420,671	–	28,348,886
Other liabilities	211,420	256,400	–	–	467,820
Subordinated loans and deposits	21,839	335,962	3,212,241	4,496,260	8,066,302
Total undiscounted financial liabilities	44,055,128	27,495,013	48,277,133	4,496,260	124,323,534

31 December 2018	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial liabilities					
Amounts due to the Government of the Russian Federation and the Bank of Russia	232,828	6,809,252	8,507,465	–	15,549,545
Amounts due to credit institutions	11,885,276	261,611	5,360,141	–	17,507,028
Amounts due to customers	13,572,072	13,864,429	21,054,286	5,085	48,495,872
Debt securities issued	–	6,109,681	11,096,053	–	17,205,734
Other liabilities	208,985	–	–	–	208,985
Subordinated loans and deposits	–	87,834	3,362,918	4,735,707	8,186,459
Total undiscounted financial liabilities	25,899,160	27,132,807	49,380,863	4,740,792	107,153,622

The table below shows the contractual terms of the Group's commitments and contingencies. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
2019	592,057	12,417,152	14,140,849	–	27,150,058
2018	1,510,000	9,016,931	31,373,854	–	41,900,785

(Thousands or Russian rubles)

24. Risk management (continued)

Liquidity risk and funding management (continued)

The Group expects that not all of the contingent liabilities or contractual commitments will be drawn until their expiry.

The maturity analysis does not reflect the historical stability of current accounts. Their liquidation has historically taken place over a longer period than indicated in the tables. These balances are included in amounts due in "less than 3 months".

Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Bank applies the following methods and procedures to mitigate its market risk:

- ▶ Risky financial transactions performed by the Bank are subject to obligatory limiting both in terms of quality (regarding the composition of the tools to perform operations and transactions with financial instruments, business terms, etc.) and quantity/limits on the operations.
- ▶ In determining price conditions for each transaction that involves raising and placing of funding facilities, the Bank is guided, among other things, by the principles set forth in the Interest Rate Policy of EXIMBANK OF RUSSIA approved by the Bank's Board of Directors. Interest rate risk is minimized by following a consistent approach in determining interest rates set on loans that are extended and obtained by the Bank.
- ▶ Risk of fluctuations in the foreign exchange rates is sufficiently mitigated as the Bank mitigates open currency position and complies with the limits established by the Bank of Russia and stricter internal limitations established by the Management Board and Assets and Liabilities Management Committee.
- ▶ Establishing limits at the level of the Bank's divisions with respect to standard operations and transactions performed on financial markets.
- ▶ Determining duties and accountability for each structural division, and in case of function overlap and risky transactions, using the mechanism of collegial decision-making.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The following tables demonstrate the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's consolidated income statement.

The sensitivity of the consolidated statement of profit and loss is the effect of the assumed changes in interest rates on the amount of revaluation in profit before tax for one year, based on the trading financial assets held as at 31 December 2019 and 31 December 2018.

Currency	Increase in % 2019	Sensitivity of the statement of profit or loss 2019	Sensitivity of other comprehensive income 2019
RGBEY	0.65%	(20)	8,069
Currency	Decrease in % 2019	Sensitivity of the statement of profit or loss 2019	Sensitivity of other comprehensive income 2019
RGBEY	-0.65%	20	(8,069)

Translation of the original Russian version

EXIMBANK OF RUSSIA

Notes to the consolidated financial statements for 2019

(Thousands or Russian rubles)

24. Risk management (continued)

Market risk (continued)

<i>Currency</i>	<i>Increase in % 2018</i>	<i>Sensitivity of the statement of profit or loss 2018</i>	<i>Sensitivity of other comprehensive income 2018</i>
RGBEY	1.34%	(6,649)	33,903

<i>Currency</i>	<i>Decrease in % 2018</i>	<i>Sensitivity of the statement of profit or loss 2018</i>	<i>Sensitivity of other comprehensive income 2018</i>
RGBEY	-1.34%	6,649	(33,903)

The sensitivity of the statement of profit or loss is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate non-trading financial assets and financial liabilities held at 31 December 2019 and 31 December 2018.

<i>Currency</i>	<i>Increase in % 2019</i>	<i>Sensitivity of net interest income 2019</i>
3-m Libor USD	0.20%	8,103
3-m Libor EUR	0.65%	87,480
KRCBRF	0.50%	30,218
3-m Mosprime	0.50%	11,525

<i>Currency</i>	<i>Decrease in % 2019</i>	<i>Sensitivity of net interest income 2019</i>
3-m Libor USD	-1.15%	(46,590)
3-m Libor EUR	-0.35%	(47,104)
KRCBRF	-0.75%	(45,327)
3-m Mosprime	-0.75%	(17,287)

<i>Currency</i>	<i>Increase in % 2018</i>	<i>Sensitivity of net interest income 2018</i>
3-m Libor USD	1.0%	37,291
3-m Libor EUR	0.48%	1,854
KRCBRF	0.75%	8,297
3-m Mosprime	0.71%	78,670

<i>Currency</i>	<i>Decrease in % 2018</i>	<i>Sensitivity of net interest income 2018</i>
3-m Libor USD	-0.33%	(12,283)
3-m Libor EUR	-0.05%	(192)
KRCBRF	-0.25%	(2,766)
3-m Mosprime	-1.10%	(121,914)

(Thousands or Russian rubles)

24. Risk management (continued)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Management Board has set limits on exposure by currency based on the regulations of the Bank of Russia. The positions are monitored on a daily basis. The foreign currency position did not exceed 2% during the year, therefore, higher or lower currency exchange rates will not have a significant impact on the statement of profit or loss.

25. Fair value

Fair value measurement procedures

Fair value is measured based on market data, not on the Group's estimates. For some assets and liabilities, observable market transactions or data may exist. For other assets and liabilities, there may be no observable market transactions or data available. However, in both cases, fair value is measured to determine the price of a standard transaction that can occur between market participants to sell an asset or settle a liability at the measurement date in the current market conditions (i.e. the cost of disposal or settlement estimated by a market participant holding the asset or having the liability).

When the price for an identical asset or liability is not observable on the market, the Group measures fair value based on another method, which ensures maximum use of relevant observable inputs and minimal use of unobservable inputs. Since fair value is measured based on market data, it incorporates all factors that market participants would consider in setting a price of an asset or a liability, including risk assumption. Therefore, the Group's intention to hold an asset or settle a liability or in any other way to discharge its obligation is not considered in the fair value measurement.

The Group measures fair value of assets, liabilities or equity instruments as follows:

- ▶ Using quoted prices in active markets for an identical item held by the other party as an asset if the corresponding data is available
- ▶ If the corresponding data is unavailable, other observable inputs are used, such as quoted prices in a market, which is not an active one for an identical item held by the other party as an asset
- ▶ If there is no information on observable prices described in sub-paragraphs (a) and (b), another measurement method is used:
 - (i) Income approach (e.g., calculation of the present value based on the future cash flows expected by the market participant from the liability or equity instrument held as an asset)
 - (ii) Market approach (e.g., using the quoted prices for similar liabilities or equity instruments held by other parties as assets).

External appraisers are involved for valuation of significant assets, such as properties and unusual over-the-counter derivatives. Involvement of external valuers is decided upon annually by the investment committee after discussion with and approval by the Bank's audit committee. Criteria to select appraisers include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with external appraisers, which valuation techniques and inputs to use for each case. In certain situations, the Group may engage its own qualified appraiser for valuation of assets. Such appraiser shall be the Group's employee and a member of self-regulatory organization of appraisers.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- ▶ Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- ▶ Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly, and
- ▶ Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

*(Thousands or Russian rubles)***25. Fair value (continued)****Fair value hierarchy (continued)**

For the purpose of fair value disclosures, the Group determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy:

31 December 2019	Valuation date	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Trading securities	31 December 2019	17,701,493	–	–	17,701,493
Investment securities at FVOCI	31 December 2019	–	1 322 093	–	1,322,093
Assets for which fair values are disclosed					
Cash and cash equivalents	31 December 2019	–	18,915,453	–	18,915,453
Amounts due from credit institutions	31 December 2019	–	–	24 212 004	24,212,004
Loans to customers	31 December 2019	–	–	66 756 282	66,756,282
Investment securities at amortized cost	31 December 2019	68,990	10,604,001	–	10,672,991
Total assets		17,770,483	30,841,547	90,968,286	139,580,316
Liabilities for which fair values are disclosed					
Amounts due to the Government of the Russian Federation and the Bank of Russia	31 December 2019	–	–	8,894,871	8,894,871
Amounts due to credit institutions	31 December 2019	–	–	31,720,491	31,720,491
Amounts due to customers	31 December 2019	–	–	45,687,787	45,687,787
Debt securities issued	31 December 2019	–	24,731,492	–	24,731,492
Subordinated loans and deposits	31 December 2019	–	–	5,229,625	5,229,625
Total financial liabilities		–	24,731,492	91,532,774	116,264,266

*(Thousands or Russian rubles)***25. Fair value (continued)****Fair value hierarchy (continued)**

31 December 2018	Valuation date	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Trading securities	30 December 2018	7,153,086	–	–	7,153,086
Investment securities at FVOCI	30 December 2018	–	1,502,352	–	1,502,352
Assets for which fair values are disclosed					
Cash and cash equivalents	30 December 2018	–	26,001,875	–	26,001,875
Amounts due from credit institutions	30 December 2018	–	–	16,555,232	16,555,232
Loans to customers	30 December 2018	–	–	59,166,433	59,166,433
Investment securities at amortized cost	30 December 2018	117,220	10,004,589	–	10,121,809
Total assets		7,270,306	37,508,816	75,721,665	120,500,787
Liabilities for which fair values are disclosed					
Amounts due to the Government of the Russian Federation and the Bank of Russia	30 December 2018	–	–	14,129,567	14,129,567
Amounts due to credit institutions	30 December 2018	–	–	17,142,091	17,142,091
Amounts due to customers	30 December 2018	–	–	46,668,065	46,668,065
Debt securities issued	30 December 2018	–	15 497 614	–	15,497,614
Subordinated loans and deposits	30 December 2018	–	–	5,115,102	5,115,102
Total financial liabilities		–	15,497,614	83,054,825	98,552,439

Trading securities and investment securities

Trading securities and investment securities valued using a valuation or pricing model primarily consist of unquoted equity and debt securities. These securities are valued using models which sometimes only incorporate data observable in the market and at other times use both observable and non-observable data. The unobservable inputs include assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

Translation of the original Russian version

EXIMBANK OF RUSSIA

Notes to the consolidated financial statements for 2019

(Thousands or Russian rubles)

25. Fair value (continued)

Financial instruments not carried at fair value in the statement of financial position

Set out below is a comparison of the carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements. The table does not include the fair values of non-financial assets and non-financial liabilities.

	<i>Carrying amount 2019</i>	<i>Fair value 2019</i>	<i>Unrecognized gain/(loss) 2019</i>	<i>Carrying amount 2018</i>	<i>Fair value 2018</i>	<i>Unrecognized gain/(loss) 2018</i>
Financial assets						
Cash and cash equivalents	18,915,453	18,915,453	–	26,001,875	26,001,875	–
Amounts due from credit institutions	24,303,849	24,212,004	(91,845)	16,555,232	16,555,232	–
Loans to customers	67,996,206	66,756,282	(1,239,924)	60,531,583	60,490,726	(40,857)
Investment securities at amortized cost	10,059,536	10,672,991	613,455	10,086,926	10,121,809	34,883
Financial liabilities						
Amounts due to the Government of the Russian Federation and the Bank of Russia	8,894,871	8,894,871	–	14,129,567	14,129,567	–
Amounts due to credit institutions	31,720,491	31,720,491	–	17,142,091	17,142,091	–
Amounts due to customers	45,600,851	45,687,787	(86,936)	46,668,065	46,668,065	–
Debt securities issued	24,368,127	24,731,492	(363,365)	15,486,589	15,497,614	(11,025)
Subordinated loans and deposits	5,249,377	5,229,625	19,752	5,115,102	5,115,102	–
Total unrecognized change in unrealized fair value			<u>(1,148,863)</u>			<u>(16,999)</u>

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

Assets for which fair value approximates carrying amount

For financial assets and financial liabilities that are liquid or have a short-term maturity (less than three months), it is assumed that their carrying amount approximates their fair value. This assumption is also applied to demand deposits, current accounts and floating rate financial instruments.

Financial assets and financial liabilities carried at amortized cost

The fair value of non-quoted instruments, loans to customers, customer deposits, amounts due from credit institutions, amounts due to the Bank of Russia, amounts due to credit institutions, other financial assets and liabilities and finance lease liabilities are measured by discounting future cash flows based on the existing interest rates applicable to borrowed funds on the similar conditions, credit risk and maturity.

Translation of the original Russian version

EXIMBANK OF RUSSIA

Notes to the consolidated financial statements for 2019

(Thousands or Russian rubles)

26. Maturity analysis of financial assets and financial liabilities

The table below shows an analysis of financial assets and liabilities according to when they are expected to be recovered or settled.

	2019						No stated maturity / past due	Total
	On demand	Less than 1 month	1 to 6 months	6 months to 1 year	1 to 5 years	Over 5 years		
Assets								
Cash and cash equivalents	10,236,886	8,627,098	51,469	–	–	–	–	18,915,453
Trading securities	–	17,701,493	–	–	–	–	–	17,701,493
Amounts due from credit institutions	–	422,528	2,038,537	2,066,250	13,019,074	5,713,300	1,044,160	24,303,849
Loans to customers	–	4,562,790	13,684,032	10,113,145	31,770,646	7,830,267	35,326	67,996,206
Investment securities available for sale	–	1,322,093	–	–	–	–	–	1,322,093
Investment securities held to maturity	–	–	–	–	67,114	9,992,422	–	10,059,536
Government grants	–	–	848,306	–	–	–	–	848,306
Other assets	–	133,629	–	–	–	–	58,087	191,716
	10,236,886	32,769,631	16,622,344	12,179,395	44,856,834	23,535,989	1,137,573	141,338,652
Liabilities								
Amounts due to the Government of the Russian Federation and the Bank of Russia	–	125,236	763,435	1,918,740	6,087,460	–	–	8,894,871
Amounts due to credit institutions	9,131,764	12,935,497	5,005,137	4,648,093	–	–	–	31,720,491
Amounts due to customers	4,945,938	3,003,689	6,220,144	7,941,849	23,480,010	–	–	45,600,851
Debt securities issued	–	–	–	9,305,727	15,062,400	–	–	24,368,127
Other liabilities	–	211,420	256,422	–	–	–	–	467,842
Subordinated loans and deposits	–	–	–	–	2,047,908	3,201,469	–	5,249,377
	14,077,702	16,275,842	12,245,138	23,823,630	46,677,778	3,201,469	–	116,301,559
Net position	(3,840,816)	16,493,789	4,377,206	(11,644,235)	(1,820,944)	20,334,520	1,137,573	25,037,093
Accumulated gap	(3,840,816)	12,652,973	17,030,179	5,385,944	3,565,000	23,899,520	25,037,093	

Translation of the original Russian version

EXIMBANK OF RUSSIA

Notes to the consolidated financial statements for 2019

(Thousands or Russian rubles)

26. Maturity analysis of financial assets and financial liabilities (continued)

	2018						No stated maturity / past due	Total
	On demand	Less than 1 month	1 to 6 months	6 months to 1 year	1 to 5 years	Over 5 years		
Assets								
Cash and cash equivalents	3,930,968	16,814,756	5,195,950	–	60,201	–	–	26,001,875
Trading securities	–	7,153,086	–	–	–	–	–	7,153,086
Amounts due from credit institutions	–	195,684	734,220	1,276,212	6,764,305	7,584,811	–	16,555,232
Loans to customers	–	590,022	9,854,248	7,000,322	34,951,161	7,077,934	1,057,896	60,531,583
Investment securities available for sale	–	1,502,352	–	–	–	–	–	1,502,352
Investment securities held to maturity	–	–	–	56,303	60,530	9,970,093	–	10,086,926
Other assets	–	206,932	24,058	40,851	515,828	–	135,000	922,669
	3,930,968	26,462,832	15,808,476	8,373,688	42,352,025	24,632,838	1,192,896	122,753,723
Liabilities								
Amounts due to the Government of the Russian Federation and the Bank of Russia	–	–	415,827	5,688,224	8,025,516	–	–	14,129,567
Amounts due to credit institutions	7,149,811	4,727,071	70,030	–	5,195,179	–	–	17,142,091
Amounts due to customers	2,293,225	11,290,139	2,600,276	10,273,500	20,205,985	4,940	–	46,668,065
Debt securities issued	–	–	–	5,045,891	10,440,698	–	–	15,486,589
Other liabilities	–	208,985	–	–	–	–	–	208,985
Subordinated loans and deposits	–	–	42,474	40,930	1,883,843	3,147,855	–	5,115,102
	9,443,036	16,226,195	3,128,607	21,048,545	45,751,221	3,152,795	–	98,750,399
Net position	(5,512,068)	10,236,637	12,679,869	(12,674,857)	(3,399,196)	21,480,043	1,192,896	24,003,324
Accumulated gap	(5,512,068)	4,724,569	17,404,438	4,729,581	1,330,385	22,810,428	24,003,324	

27. Related party transactions

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Translation of the original Russian version

EXIMBANK OF RUSSIA

Notes to the consolidated financial statements for 2019

(Thousands or Russian rubles)

27. Related party transactions (continued)

The volumes of related party transactions, outstanding balances as at 31 December 2019 and 31 December 2018, and related expense and income for 2019 and 2018 are as follows:

	31 December 2019			31 December 2018		
	VEB.RF Group	Russian Federation	State-controlled entities	VEB.RF Group	Russian Federation	State-controlled entities
Cash and cash equivalents	384	1,499,174	13,706,722	4,523	9,065,940	12,874,464
Trading securities	–	17,631,975	69,518	–	7,043,850	109,237
Amounts due from credit institutions	838,834	847,829	87,206	1,501,549	724,791	90,000
Loans to customers	–	–	24,526,557	–	–	21,093,080
Investment securities at FVOCI and at amortized cost	–	67,208	6,327,458	–	117,301	6,507,091
Amounts due to credit institutions and the Bank of Russia	10,034,653	8,827,627	7,655,406	514,744	13,978,435	6,216,839
Claims on spot transactions	–	–	5,493	–	–	25,644
Customer settlement and current accounts	3,668,470	–	1,471	942	–	108,943
Term customer deposits	36,039,119	67,243	1,000,443	36,907,458	151,132	–
Liabilities on spot transactions	–	–	17,373	–	–	5,396
Other assets and accrued grants	1,081	847,225	315,826	19,967	542,593	–
Bonds issued	5,505,231	–	–	–	–	–
Subordinated loans and deposits	5,249,377	–	–	5,115,102	–	–
Guarantees received	141,571,732	13,654,349	–	136,509,417	17,353,144	–
Contingent liabilities	162,703	–	218,819	140,466	–	700,000
	Year ended 31 December 2019			Year ended 31 December 2018		
	VEB.RF Group	Russian Federation	State-controlled entities	VEB.RF Group	Russian Federation	State-controlled entities
Interest income on interbank transactions	60,798	650,378	913,432	88,392	897,430	715,978
Interest income on loans	–	–	1,108,232	–	–	749,452
Interest income on trading securities	–	844,968	8,968	–	333,421	7,068
Interest income on investment securities at FVOCI and at amortized cost	–	10,828	573,000	–	12,580	578,800
Interest expense on amounts due to credit institutions	(334,610)	(911,920)	(369,793)	(19,416)	(829,090)	(101,304)
Interest expense on amounts due to customers	(1,890,396)	(3,265)	(3,740)	(1,651,208)	(4,665)	(44,181)
Interest expense on subordinated loans and deposits	(489,459)	–	–	(479,464)	–	–
Income from use of government grant	14,461	3,684,960	–	–	–	3,135,541
Bonds issued	35,930	–	–	–	–	–
Net fee and commission expense/(income)	717	(435)	(53,415)	824	–	53,342

Translation of the original Russian version

EXIMBANK OF RUSSIA

Notes to the consolidated financial statements for 2019

(Thousands of Russian rubles)

27. Related party transactions (continued)

Compensation to key management personnel consisted of the following:

	<i>For the period ended 31 December 2019</i>	<i>For the period ended 31 December 2018</i>
Salaries and other short-term benefits	39,212	52,364
Vacation provision	3,226	4,159
Social security costs	5,975	8,075
Provision for social security costs on vacations	461	374
Total compensation to key management personnel	48,874	64,972

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

Included in the transactions with the Russian Federation are transactions with the Government of the Russian Federation, the Bank of Russia and other government bodies and structures.

Transactions with VEB.RF comprise transactions between the Group and VEB.RF, EXIAR and other banks of the VEB.RF Group.

Contingent liabilities and guarantees received comprise guarantees received from the Government of the Russian Federation and JSC EXIAR for loans granted by the Group and counter-guarantees received for guarantees issued by the Group for export and pre-export development.

28. Offsetting of financial instruments

The tables below show financial assets offset against financial liabilities in the statement of financial position, as well as the effect of enforceable master netting agreements and similar arrangements (ISDA, RISDA, etc.) that do not result in an offset in the statement of financial position:

	<i>Gross amount of recognized financial liabilities set off in the statement of financial position</i>		<i>Net amount of financial assets presented in the statement of financial position</i>		<i>Related amounts not set off in the statement of financial position</i>		<i>Net amount</i>
	<i>Gross amount of recognized financial assets</i>	<i>statement of financial position</i>	<i>of financial position</i>	<i>of financial position</i>	<i>Financial instruments</i>	<i>Cash collateral received</i>	
31 December 2019							
Financial assets							
Cash and cash equivalents (reverse repurchase agreements)	4,543,170	–	4,543,170	(4,543,170)	–	–	–
Other assets (spot transactions)	5,493	–	5,493	(5,493)	–	–	–
Total	4,548,663	–	4,548,663	(4,548,663)	–	–	–
Financial liabilities							
Other liabilities (spot transactions)	17,373	–	17,373	(5,493)	–	11,880	–
Total	17,373	–	17,373	(5,493)	–	11,880	–

Translation of the original Russian version

EXIMBANK OF RUSSIA

Notes to the consolidated financial statements for 2019

(Thousands or Russian rubles)

28. Offsetting of financial instruments (continued)

	<i>Gross amount of recognized financial assets</i>	<i>Gross amount of recognized financial liabilities set off in the statement of financial position</i>	<i>Net amount of financial assets presented in the statement of financial position</i>	<i>Related amounts not set off in the statement of financial position</i>		<i>Net amount</i>
				<i>Financial instruments</i>	<i>Cash collateral received</i>	
31 December 2018						
Financial assets						
Cash and cash equivalents (reverse repurchase agreements)	4,909,217	–	4,909,217	(4,909,217)	–	–
Other assets (spot transactions)	25,644	–	25,644	(5,396)	–	20,248
Total	4,934,861	–	4,934,861	(4,914,613)	–	20,248
Financial liabilities						
Other liabilities (spot transactions)	5,396	–	5,396	(5,396)	–	–
Total	5,396	–	5,396	(5,396)	–	–

29. Changes in liabilities arising from financing activities

	<i>Debt securities issued</i>	<i>Long-term interbank financing and funds of the Bank of Russia raised</i>	<i>Subordinated loans</i>	<i>Total liabilities arising from financing activities</i>
Carrying amount at 31 December 2017	13,692,661	10,743,913	4,993,181	29,429,755
Proceeds from borrowings	–	13,556,000	–	13,556,000
Redemption	–	(10,328,000)	–	(10,328,000)
Foreign currency translation	1,780,560	–	–	1,780,560
Gain on initial recognition	–	–	–	–
Other	13,368	6,521	121,921	141,810
Carrying amount at 31 December 2018	15,486,589	13,978,434	5,115,102	34,580,125
Proceeds from borrowings	10,000,000	1,722,000	–	11,722,000
Redemption	1,352,722	(6,773,566)	–	(5,420,844)
Foreign currency translation	(2,487,455)	–	–	(2,487,455)
Gain on initial recognition	–	–	–	–
Other	16,271	(99,241)	134,275	51,305
Carrying amount at 31 December 2019	24,368,127	8,827,627	5,249,377	38,445,131

The "Other" line includes the effect of interest accrued and paid. The Group classifies interest paid as cash flows from operating activities.

(Thousands or Russian rubles)

30. Capital adequacy

The Group maintains an actively managed capital base to cover risks inherent in its business. The adequacy of the Group's capital is monitored using, among other measures, the ratios established by the Bank of Russia in supervising the Group.

During the reporting year, the Bank had complied in full with all its externally imposed capital requirements.

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains healthy capital ratios in order to support its business and to maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes were made in the capital management objectives, policies or processes from the previous years.

Capital adequacy ratio set by the Bank of Russia

The Bank of Russia requires banks to maintain a capital adequacy ratio above the prescribed minimum percentage of risk-weighted assets, computed based on RAL. As at 31 December 2019 and 31 December 2018, the Group's capital adequacy ratio on this basis was as follows:

	<i>31 December 2019</i>	<i>31 December 2018</i>
Core capital	21,561,754	20,564,727
Main capital	21,561,754	20,564,727
Additional paid-in capital	6,615,974	6,936,174
Total equity	28,177,728	27,500,901
Risk-weighted assets	89,897,473	119,522,572
Core capital adequacy ratio (no less than 4.5%)	24.0%	17.2%
Main capital adequacy ratio (no less than 6.0%)	24.0%	17.2%
Capital adequacy ratio (no less than 8.0%)	31.3%	23.0%

31. Events after the reporting date

Non-adjusting events after the reporting date in accordance with paragraph 21 of IAS 10 *Events after the Reporting Period*.

Due to the coronavirus (COVID-19) pandemic at the beginning of 2020, many countries, including the Russian Federation, introduced quarantine measures that significantly affected the level and scale of business activity of market participants. It is expected that both the pandemic itself and the mitigating measures may affect entities in various industries, including banks. The Bank regards the pandemic as a non-adjusting event after the reporting period, the quantitative effect of which cannot be reliably measured at the moment.

Since March 2020, equity, currency and commodity markets have shown significant volatility, including a drop in oil prices and depreciation of the Russian ruble against the US dollar and the euro. The Bank's management is currently assessing the possible impact of the changing micro- and macroeconomic environment on the Bank's financial position and performance.

Exhibit III-49

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Financial and guarantee exports support

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Do you export or buy Russian goods and services? We provide effective financing solutions that will help you develop your business and achieve new results. Find out more about Eximbank of Russia's credit services.

Show solutions for [all](#) [exporters](#) [buyers](#) [bank of foreign buyer](#)

[FINANCING EXPENDITURE ON EXPORT CONTRACTS](#)

If you are looking for financial tools to purchase commodities, materials, or subcontractor services for a specific export contract, this type of financing is optimal.

[FINANCING CURRENT EXPENDITURE ON EXPORT DELIVERIES](#)

This credit will help you replenish your current assets and to fulfill your obligations on regular export contracts.

[FINANCING EXPORTER'S COMMERCIAL CREDIT](#)

This credit will help you replenish your current assets and to meet your obligations on regular export deals. Upon your request, we will offer a deferred payment option or an option of payment in installments after the shipment of goods or provision of services.

[FINANCING OF TRADE WITH FOREIGN BUYERS](#)

If you regularly supply similar goods or services abroad, this credit will help you replenish your current assets. Upon your request, we will offer a deferred payment option or an option of payment in installments after the shipment of goods or provision of services.

[DIRECT CREDIT TO FOREIGN BUYER](#)

This credit will help the foreign buyer pay for your goods or services.

Contacts us

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FINANCING THROUGH CONFIRMED LETTER OF CREDIT

This credit allows your foreign buyer to finance the payment of the obligations on the export contract through a confirmed letter of credit issued by the foreign bank and confirmed by Eximbank of Russia.

DIRECT CREDIT TO BANK OF FOREIGN BUYER

If your foreign buyer requires additional resources to pay for your goods or services, Eximbank of Russia can offer the required sum to your partner's crediting bank abroad.

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E-mail: webmaster@eximbank.ru
[Contact us](#)

Phone/fax: +7 495 967-07-67,
Address: 12 Krasnopresnenskaya Emb., 123610, Russian Federation

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Financing Expenditure on Export Contracts

If you are looking for financial tools to purchase commodities, materials, or subcontractor services for a specific export contract, this type of financing is optimal.

The issuance of financing of credit is simple and depends on the following conditions being fulfilled:

You are a Russian exporter or producer of non-commodity goods or services

The portion of the export from Russia (the cost of commodities, materials, manufactured parts, labor and services produced on Russian territory) must be at least 30% of the overall value of your export contract

We will offer you financing:

Of up to 85% of the value of the export contract or the sales commission agreement between the exporter and the buyer

In rubles (RUB) or another currency specified in the contract

For up to 5 years

The issuance of credit can be secured against the collateral of rights to receive export proceeds under the export contract (sales commission agreement between the manufacturer and exporter) and/or under a policy of the Insurance Agency "EXIAR".

Enter the HS code to check the possibility of credit arrangement:

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Financing Current Expenditure on Export Deliveries

This credit will help you replenish your current assets and to fulfill your obligations on regular export contracts.

The issuance of financing of credit is simple and depends on the following conditions being met:

You are a Russian exporter or producer of non-commodity goods or services

The portion of the export from Russia (the cost of commodities, materials, manufactured parts, labor and services, produced on Russian territory) must be at least 30% of the overall value of your export contract

We will offer you financing:

Of up to 85% of the value of the one or several export contracts

In rubles (RUB) or another currency specified in the contract

For up to 1 year

The issuance of credit can be secured against the collateral of rights to receive export proceeds under the export contract and/or under a policy of the Insurance Agency EXIAR.

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Financing Exporter's Commercial Credit

This credit will help you replenish your current assets and to meet your obligations on regular export deals. Upon your request, we will provide financing if, according to the export contract, the payment is deferred or is done in installments after the shipment of goods or provision of work or services.

The issuance of financing of credit is simple and depends on the following conditions being fulfilled:

You are a Russian exporter or producer of non-commodity goods or services

The portion of the export from Russia (the cost of commodities, materials, manufactured parts, labor and services, produced on Russian territory) must be at least 30% of the overall value of your export contract

We will offer you financing:

Of up to 85% of the value of the amount provided for payment of shipping documents

In rubles (RUB) or another currency specified in the contract

For up to 5 years

The issuance of credit can be secured against the collateral of rights to receive export proceeds under the export contract (sales commission agreement between the manufacturer and exporter) and/or under a policy of the Insurance Agency EXIAR.

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Financing of Trade with Foreign Buyers

If you regularly supply similar goods or services abroad, this credit will help you replenish your current assets. Upon your request, we will provide financing if, according to the export contract, the payment is deferred or is done in installments after the shipment of goods or provision of work or services.

The issuance of financing of credit is simple and depends on the following conditions being met:

You are a Russian exporter or producer of non-commodity goods or services

The portion of the export from Russia (the cost of commodities, materials, manufactured parts, labor and services, produced on Russian territory) must be at least 30% of the overall value of your export contract

We will offer you financing:

Of up to 85% of the value of one of several export contracts

In rubles (RUB) or another currency specified in the contract

For up to 5 years

The issuance of credit can be secured against the collateral of rights to receive export proceeds under the export contract and/or under a policy of the Insurance Agency EXIAR.

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Direct Credit to Foreign Buyer

This credit will help the foreign buyer pay for your goods or services.

The issuance of financing of credit is simple and depends on the following conditions being fulfilled:

the debtor is a foreign buyer or a contracting firm purchasing non-commodity goods or services of a Russian company

The portion of the export from Russia (the cost of commodities, materials, manufactured parts, labor and services, produced on Russian territory) must be at least 30% of the overall value of your export contract

We will offer you financing:

Of up to 85% of the value of the export contract (Up to 100% of the value of the export contract if the credit period is not more than 2 years or if there is EXIAR insurance)

In rubles (RUB) or another currency specified in the contract

For up to 10 years

The credit can be issued against a bank or a state guarantee to meet the borrower's obligations (in this case, Eximbank of Russia will served as the beneficiary), and/or the policy of the Insurance Agency EXIAR.

The debtor can use the credit funds only to pay for the goods or services specified in the contract signed with you.

[LIST OF DOCUMENTS REQUIRED TO BE SUBMITTED TO THE JSC ROSEXIMBANK](#)

(DOC)

[Application for preliminary terms of lending \(financing\)](#)

(DOC)

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Financing through Confirmed Letter of Credit

This credit allows your foreign buyer to finance the payment of the obligations on the export contract through a confirmed letter of credit issued by the foreign bank and confirmed by Eximbank of Russia.

The issuance of financing of credit is simple and depends on the following conditions being fulfilled:

The debtor is a foreign bank issuing the confirmed letter of credit.

You export or produce non-commodity goods or services

The portion of the export from Russia (the cost of commodities, materials, manufactured parts, labor and services, produced on Russian territory) must be at least 30% of the overall value of your export contract

We will offer you financing:

Of up to 100% of the value specified in the confirmed letter of credit

In rubles (RUB) or another currency specified in the contract

For up to 5 years

If necessary, we can offer post-financing in a currency different from the currency specified in the confirmed letter of credit.

The credit can be issued according to the contract insuring the confirmed letter of credit, signed by the Insurance Agency EXIAR and Eximbank of Russia.

Enter the HS code to check the possibility of credit arrangement:

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Direct Credit to Bank of Foreign Buyer

If your foreign buyer requires additional resources to pay for your goods or services, Eximbank of Russia can offer the required sum to your partner's crediting bank abroad.

The issuance of financing of credit is simple and depends on the following conditions being fulfilled:

The debtor is a foreign bank of the buyer or purchaser of non-commodity goods or services of a Russian company

The portion of the export from Russia (the cost of commodities, materials, manufactured parts, labor and services, produced on Russian territory) must be at least 30% of the overall value of your export contract

We will offer you financing:

of up to 100% of the value of the contract minus the down payment and/or 100% of the insurance commission according to the policy of the Insurance Agency EXIAR

In rubles (RUB) or another currency specified in the contract

For up to 10 years

The issuance of credit can be secured according to the insurance contract signed between the Insurance Agency EXIAR and Eximbank of Russia.

The debtor can use the borrowed sum only to pay for the goods or services delivered according to the contract and to pay the insurance premium specified in the agreement of export insurance.

Enter the HS code to check the possibility of credit arrangement:

Проверить

Exhibit III-50

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[GUARANTEE OF RETURN OF ADVANCE PAYMENT](#)

If you need financing to manufacture goods when a foreign buyer is ready to offer you advance payment on condition of having a bank guarantee, we can ensure your obligation to return the advance payment.

[GUARANTEE OF PERFORMANCE OF SERVICES SPECIFIED IN EXPORT CONTRACT](#)

If you need to guarantee that the contractual obligations specified in the export contract are performed, this financial solution is optimal.

[PAYMENT GUARANTEE](#)

If you are using the services of subcontractors to fulfill your contractual obligations, our bank can provide a guarantee of payment of this contract.

Contacts us

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Exhibit III-51

PRNewswire

25/01/2016 13:45:00

PhosAgro and Eximbank of Russia Sign RUB 3 Billion Loan

Recommend 0

PR Newswire

London, January 25

For Immediate Release

PhosAgro and Eximbank of Russia Sign RUB 3 Billion Loan Agreement under State Programme to Support High-Tech Exports

Eximbank of Russia (part of the Russian Export Centre Group) and PhosAgro (Moscow Exchange, LSE: PHOR), one of the world's leading vertically integrated phosphate-based fertilizer producers, have signed an 18-month loan agreement for RUB 3 billion.

PhosAgro CEO Andrey Guryev said, "This loan agreement will enable us to strengthen the flexibility of our sales and improve PhosAgro's competitive advantages in the global fertilizer market, as well as the turnover of our financing resources. We have reached an agreement on exceptionally attractive terms, which once again proves that PhosAgro is considered a first-class borrower by both foreign and Russian banks."

The decision to lend to PhosAgro was taken as part of Russia's state programme to support high-tech exports.

Eximbank of Russia Management Board Chairman Dmitry Golovanov said: "Providing financing to foreign buyers, which is the classic service provided by Exim banks worldwide, is very popular among Eximbank of Russia's clients. We seek to expand the export potential of Russian companies, taking into account the individual characteristics of each business and its foreign counterparties. Our partners at PhosAgro have an impressive track record on international markets and have a good understanding of export financing instruments, which enabled us to complete the signing of this deal very quickly."

About PhosAgro:

PhosAgro (www.phosagro.com), a vertically integrated Russia company, is one of the world's leading producers of phosphate-based fertilizers and high-grade phosphate rock (containing >39% P₂O₅).

PhosAgro is the largest European producer of phosphate-based fertilizers, the world's largest producer of high-grade phosphate rock, and the world's second-largest producer of DAP and MAP (excluding China), according to Fertecon. It is also Europe's largest, and Russia's only, producer of monocalcium phosphate (MCP), as well as Russia's only producer of nepheline concentrate.

The Company's products, including phosphate rock, 28 fertilizer grades, feed phosphates, ammonia, and sodium triphosphate are used in 100 countries spanning all of the inhabited continents. PhosAgro's priority markets, in addition to Russia and the CIS, are Latin America, Europe and Asia.

The Company's shares trade on the Moscow Exchange and Global Depositary Receipts for shares trade on the London Stock Exchange (both under the ticker PHOR).

About Eximbank of Russia:

Eximbank of Russia was founded in 1994 in accordance with the Government of the Russian Federation decree #633 dated 07.07.1993, "On the creation of a Russian export-import bank" and decree #16 dated 11.01.1994, "On the Russian import-export bank". The bank was created with the goal of supporting the export of domestically-produced goods.

The bank's authorized capital is 12,65 billion roubles.

Exhibit III-52



14 January 2020

(20-0451)

Page: 1/38

Committee on Subsidies and Countervailing Measures

Original: English

SUBSIDIES

NEW AND FULL NOTIFICATION PURSUANT TO ARTICLE XVI:1 OF THE GATT 1994 AND ARTICLE 25 OF THE AGREEMENT ON SUBSIDIES AND COUNTERVAILING MEASURES

RUSSIAN FEDERATION

The following communication, dated 27 December 2019, is being circulated at the request of the Delegation of the Russian Federation.

Attached is the 2017-2018 new and full notification of the Russian Federation pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures (SCM Agreement). In accordance with Article 25.7 of the SCM Agreement, this notification does not prejudice, under the GATT 1994 and the SCM Agreement the legal status of the notified programs, their effects, or the nature of the programs themselves.

Information on programs granted or maintained on the sub-federal level of the Russian Federation is included in the Annex.

№	Title of the subsidy program	Period covered by the notification	Policy objective and/or purpose	Background and authority	Description of the forms of subsidies	To whom and how assistance is provided	Amount of the subsidies	Duration of the subsidies
1	materials and food"	2	3	4	5	6	7	8
28.3	State program of Murmansk Region "Development of the agricultural and fisheries industry, market regulation for agricultural products, raw materials and food"	2017-2018	Development of fish processing industry	Resolution of the Administration of Murmansk Region of 19 May 2015 No. 185-PP	Partial compensation of expenditures on loans interest	Subsidy is granted to organizations engaged in fish processing and organizations engaged in building of fish processing facilities for partial compensation of expenditures	13 mln. RUB	2015-2020
28.4	Support of investment activity	2017-2018	Stimulation of investment activity	Law of Murmansk Region of 9 November 2001 No. 304-01-ZMO	Tax incentives	Organizations engaged in different investment projects in Murmansk Region as well as residents of the territory of advanced socio-economic development are subject to tax incentives	277 mln. RUB	The duration of the subsidy depends on the amount of the capital investment and the tax period
28.5	Support of small and medium enterprises	2017	Support of small and medium enterprises	1. Law of Murmansk Region of 3 March 2009 No. 1075-01-ZMO; 2. Law of Murmansk Region of 8 October 2015 No. 1901-01-ZMO	Tax incentives	Organizations engaging in different economic activities, including fishing and fish processing activities are subject to tax incentives	24 mln. RUB	Since 2009
29.				Novosibirsk Region				
29.1	Support of investment activity	2017-2018	Creation of favorable investment climate	1. Law of Novosibirsk Region of 29 June 2016 No. 75-OZ; 2. Law of Novosibirsk Region of 16 October 2003 No. 142-OZ	Tax incentives	Organizations implementing investment projects are subject to reduction of income tax and property tax exemption	692 mln. RUB	7 years

№	Title of the subsidy program	Period covered by the notification	Policy objective and/or purpose	Background and authority	Description of the forms of subsidies	To whom and how assistance is provided	Amount of the subsidies	Duration of the subsidies
1	2	3	4	5	6	7	8	
40.	Samara Region							
40.1	State program of Samara Region "Development of industry of Samara Region and increase of its competitiveness until 2020"	2017	Support of industrial development	1. Resolution of the Administration of Samara Region of 4 June 2014 No. 321; 2. Resolution of the Administration of Samara Region of 11 July 2014 No. 388; 3. Resolution of the Administration of Samara Region of 7 August 2014 No. 468	Partial compensation of costs	Subsidy is granted to industrial organizations for partial compensation of costs	36 mln. RUB	1 year
41.	Saratov Region							
41.1	Support of investment activity	2018	Stimulation of investment activity	1. Law of Saratov Region of 24 November 2003 No. 73-ZSO; 2. Law of Saratov Region of 1 August 2007 No. 131-ZSO; 3. Law of Saratov Region of 25 November 2002 No. 109-ZSO	Tax incentives	Organizations implementing investment projects are subject to reduction of property tax and income tax as well as transport tax exemption	1 026 mln. RUB	5 fiscal years
42.	Sevastopol							
42.1	State program of the Federal City Sevastopol "Development of agricultural, fisheries and agro-industrial sector of Sevastopol"	2017-2018	Development of fishery sector	Resolution of the Administration of Sevastopol of 22 February 2017 No. 143-PP	Partial compensation of costs	Subsidy is granted to organizations engaged in fishing and fish processing activities for partial compensation of costs	52 mln. RUB	2017-2018
43.	Smolensk Region							
43.1	Support of investment activity	2017-2018	Stimulation of investment activity	1. Law of Smolensk Region of 23 December 2002 No. 95-Z; 2. Law of Smolensk Region of 8 July 2015 No. 90-Z;	Tax incentives	Organizations implementing priority investment projects are subject to property tax exemption and reduction of income tax	648 mln. RUB	Not more than 10 years

Exhibit III-53



Tax incentives in Russia
Your move in the right direction

2016

Content

Introduction	3
Regional tax incentives	5
Special Economic Zones (SEZ)	6
Regional investment projects and special investment contracts	8
Special tax regimes	9
Research & Development tax incentives: 150% profit tax super deduction	10
Skolkovo	11
Reduced social contribution rates	12
0% profit tax rate	13
Other tax incentives and grants	14
Contacts	15

Introduction

Russia's changing business environment is bringing forth new opportunities for investors. Tax incentives are a useful tool for increasing business profitability and thus maximising the potential of these opportunities.

In this information bulletin, we provide a brief overview of the Russian tax incentives that might benefit your business. We trust you will find this leaflet helpful in planning or enhancing your Russian operations.

The most important tax incentives available in Russia include:

- The standard profit tax rate of 20% can be reduced to 0%;
- The standard property tax rate of up to 2.2% (of the cadastral value or net book value of assets, depending on regional legislation) may be reduced and certain types of assets may even be exempt;
- The standard regressive social security contribution rates may be reduced from:
 - 30% on annual remuneration up to RUB 718k (approx. USD 10k);
 - 27.1% on annual remuneration between RUB 718k and RUB 796k (approx. USD 10.7k);
 - 15.1% on annual remuneration exceeding RUB 796k*;
- Special VAT and customs regimes.

* The relevant caps are effective in 2016 and subject to an annual increase.

The company may benefit from:



a 150% super deduction of respective costs to reduce profits tax and federal subsidies

if it is conducting certain activities for development / improvement of new products, services or technologies



the "Skolkovo" regime (reduced burden for almost all taxes)

if it is focusing on developing a new product, technology in the energy efficiency, nuclear engineering, space technology, medicine or IT industries and is ready to move to Moscow



regional tax incentives (profits and property tax reductions)

if it is going to invest in building/renovating a plant or other equipment or property



0% profits tax rate, reduced SIC rates and wide range of federal and regional subsidies

if it is an agricultural goods producer



Special Economic Zones (reduced burden for almost all taxes)

if it is going to build a manufacturing plant or establish an R&D center / high-technology company or start a hospitality business (in specific locations determined by the Russian Government)



reduced social contribution rates

if it is engaged in software development



0% profits tax rate

if it is engaged in medical or educational activity

Regional tax incentives

The availability of regional tax incentives, which are provided by the majority of Russia's regions, is an important factor to consider in choosing locations for production facilities.

Typical requirements:

- Project fits in with regional business priorities;
- Minimum investment determined by regional law.

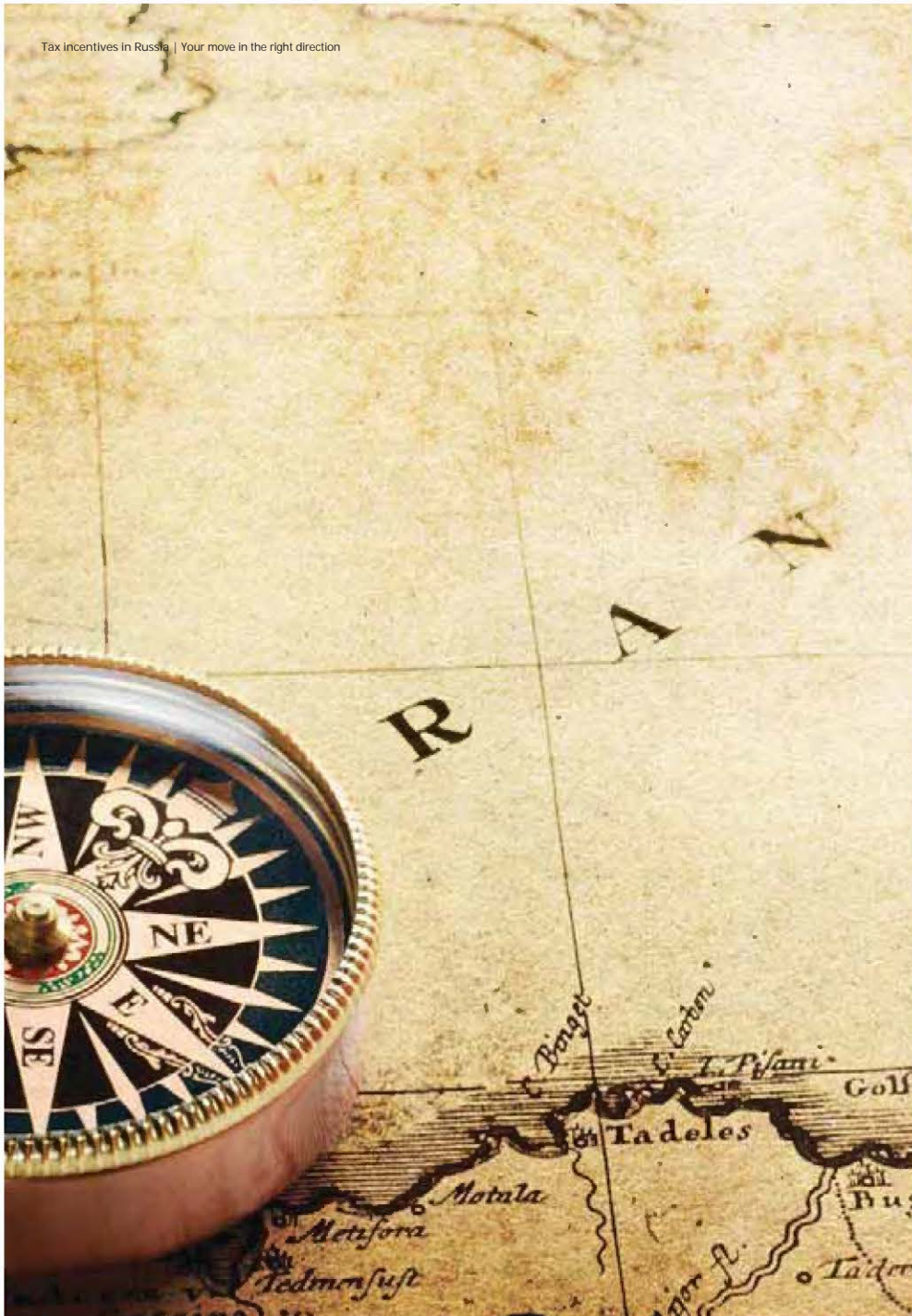
Benefits:

- Reduction in regional component of profit tax (the maximum reduction is 4.5%; profit tax rate can be reduced to 0% in some regions);
- Property tax reduction or exemption.

Comments:

- In some regions, the approval process requires the investor to enter into an investment agreement with the regional authorities, while in other regions tax incentives are provided on a self-assessment basis, with no preapprovals required;

- Movable property recorded in statutory books on or after 1 January 2013 as fixed assets is not subject to property tax, except when it is acquired through transfer (including purchase) from related parties or through reorganization. Thus, regional incentives may only prove beneficial in cases involving significant investments in immovable property or sufficient taxable profits during the incentive application period (usually the first 3-8 years);
- Federal legislation grants the regional authorities broad powers, including the opportunity to provide tax incentives to investors in form of reduced profit tax rate of 15.5% (from the standard rate of 20%) by reduction in the regional component. In some regions profit tax may be reduced to zero due to the special tax regimes. However, some regions do not provide profit tax incentives, but may grant support in the form of subsidies for a certain amount of the profit tax base.
- From 1 January 2014, federal and regional profit tax rates for producers of goods investing in certain regions of Far Eastern Russia and Siberia (i.e. participants in regional investment projects) have been reduced. Each of the 15 selected regions can make changes to regional laws that would adjust the regional part of the profit tax rate so that it may not exceed 10% for the first five years of income generation and will be set between 10% - 18% for the following five years. Some regions have introduced additional criteria to qualify for these incentives (e.g. the creation of a certain number of jobs and specification of priority industries).



Special Economic Zones (SEZ)

Each of the 26 currently established Special Economic Zones has geographical boundaries and falls into one of four categories: Manufacturing, Technology & Innovation, Tourism & Recreation, and Port & Logistic*. SEZs are established for a period of 49 years. Although originally slow to take off, many of the Technology & Innovation SEZs boast advanced infrastructures, and more than 400 investors – including foreign investors – are now in place.

Requirements:

- Russian legal entity incorporated within a Special Economic Zone with no external branches or representative offices;
- Specific qualifying activities, depending on the category of the Special Economic Zone:
 - Manufacturing;
 - Technology & Innovation;
 - Tourism & Recreation;
 - Port & Logistic.

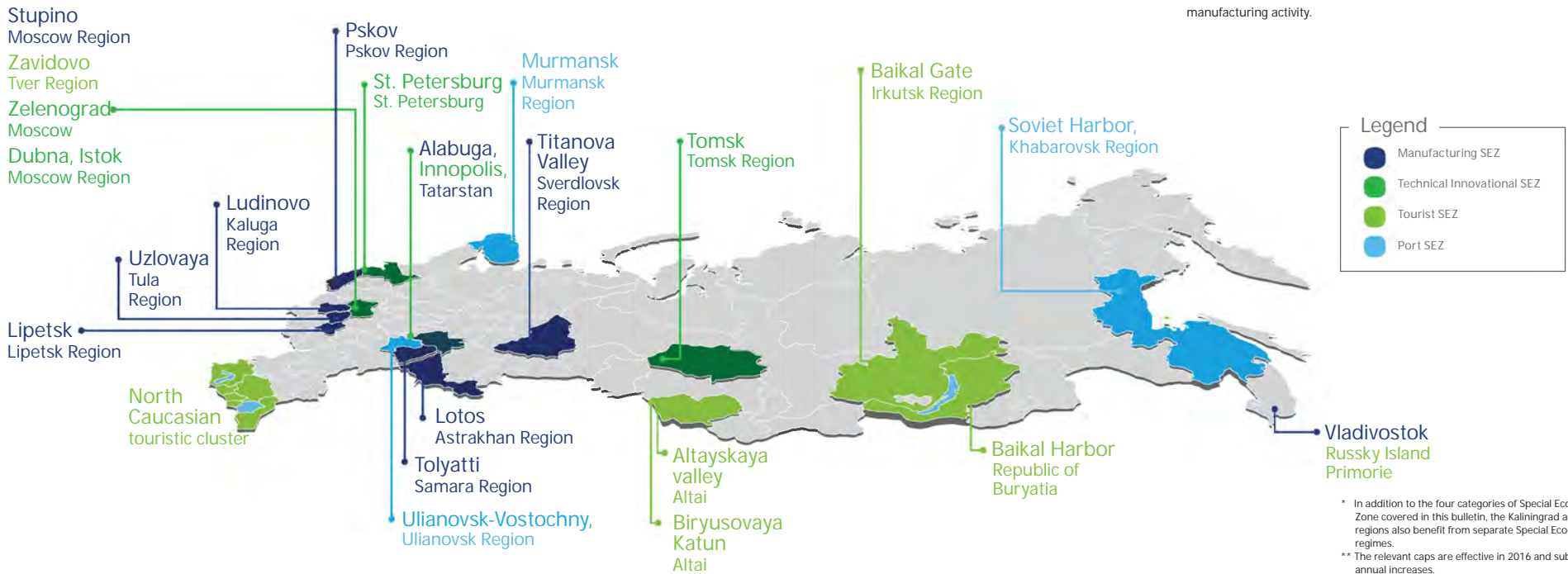
Benefits:

- Maximum profit tax rate may be reduced from 20% to:
 - 2% (for Manufacturing and Port Special Economic Zones);
 - 0% until 2018 for Technology & Innovation and Tourism & Recreation Special Economic Zones.
- Property tax exemption for ten years;
- "Free customs zone";
- Reduced regressive social contribution rates for Technology & Innovation SEZs (effective until 1 January 2018):
 - 14% on annual remuneration up to RUB 718k (approx. USD 10k);

- 12% on annual remuneration between RUB 718k and RUB 796k (approx. USD 10.7k);
- 4% on annual remuneration exceeding RUB 796k**.
- Accelerated depreciation (Manufacturing and Tourism SEZs only);
- VAT exemptions for Port & Logistic Zones.

Comments:

- In practice, the approval process could take 2-6 months;
- In many cases, the construction of production facilities inside the Special Economic Zone is required.
- Starting from 2015, the residents of Technology & Innovation SEZs are allowed to conduct manufacturing activity.



* In addition to the four categories of Special Economic Zone covered in this bulletin, the Kaliningrad and Magadan regions also benefit from separate Special Economic Zone regimes.
 ** The relevant caps are effective in 2016 and subject to annual increases.

Map as of 31 December 2013.

Exhibit III-54

MURMANSK REGION

Investment Portal

Reasons to invest

[Mainpage](#) » [About the Region](#)

The governor of Murmansk region Marina Kovtun in January, 2014 started a cycle of working meetings with heads of the ministries and departments of the regional government with questions of investment climate of the region improvement. She instructed the chairman of Committee of industry and business development of Murmansk region - Olga Kuznetsova and, in particular, said: "The main objective for us is to create the conditions inavailable in other regions so the investor will choose Murmansk region for his projects implementation. Pay attention that priority segments of Polar region are port projects, Murmansk transport hub, development of an aquaculture and fishing business».

Transport system

Murmansk transport hub is:

- Deep-water, incongealable water area protected from disturbance;
- Free exit to the open ocean, with rather small intensity of navigation;
- Proximity of the transport hub to the European and American markets;
- Possibility of international transport corridors use by means of Sevmorput, Trans-Siberian Railway and North-South transport corridor;
- Reliable communication of Kola Peninsula railway, automobile, transport with advanced industrial regions of Russia;
- The port is independent due to absence of the need to pass through the international passages;
- The port is located in close proximity to perspective oil fields and gas on the Arctic shelf;
- Depths in Kola Bay allow to serve vessels with a maximum deadweight of 300 thousand tons.

Fishing industry complex

Fishing industry is one of traditional branches of economy of our region and plays an important role in social and economic specialization of the region. It ranks fourth after mining, processing productions and power engineering.

Fishermen of Murmansk region make about 16% of all-Russian fishing-out. In essence, every 7th ton of food fish products in Russian domestic market is made by Murmansk enterprises.

In Murmansk region since 2006 the coastal fish processing and aquaculture are supported by the state including subsidizing of fishery complex organizations of Murmansk region from the regional budget for compensation of a part of expenses for percent on the credits payment, obtained in the Russian credit organizations on purchase of raw materials and auxiliary materials of fish forages, production upgrade, acquisition of the equipment for organizations of coastal fish processing, and also on acquisition of fish breeding material, machines and equipment for industrial fish breeding.

Enterprises of the region annually catch 600-660 thousand tons of water biological resources. The annual volume of fish production fluctuates within 510-580 thousand tons. 60% of produced goods are delivered to domestic market of Russia.

Strategy of social and economic development of Murmansk region for the period up to 2025 assumes complex upgrade of the fishing complex and development of aquaculture sector.

Mining complex

Murmansk region is located on Baltiysk crystalline shield. It is represented by thousands minerals. One and a half hundred of them could not be found anywhere else. The main minerals on the territory of the region: apatite (Hibinsky deposit of apatite - nepheline ores), iron ores (about 10% of the Russian production) Olenegorsky and Kovdor fields. On Kovdor field apatite, zirconium ore (brazilite), mica-phlogopite and vermiculite (the largest world reserves) are also extracted. Cooper-nickel ores of Pechengsky and Monchegorsk group of fields are rich in nickel, copper, a cobalt, platinum, osmium, iridium and other metals.

On the shelf of the Barents Sea oil is extracted. In the same place one of the world's largest gas fields - Shtokmanskoe was found out.

The largest deposits of rare-earth metals in the country are concentrated in Lovozersky field. Huge deposits of aluminum raw materials (cyanite schist in Keivy Ridge), almandite. In Keivy there are deposits of beryllium and lithium ores (about 50% of Russian deposits), rare metals. Muscovite mica, pegmatite are extracted here. There are numerous fields of construction rocks, ornamental and semiprecious stones (amethyst, chrysolite, garnet, moonstone "moonstone", amazonite, eudialyte, etc.)

Tourism

Murmansk region is the territory of boundless wild hills, tundra opened to all winds and dense taiga woods, uncountable rivers and lakes. It is the region with the severe northern character, the territory of inexhaustible miracles of nature and surprising national traditions.

7 reasons to visit Murmansk region:

- to make journey to the North Pole;
- to catch a salmon in the Kola rivers;
- to get inspired by beauty of a severe northern country;
- to test extreme conditions of Far North;
- to conquer the Khibini massif;
- to plunge into life and traditions of small-numbered peoples of the North;
- to see incomparable miracles of the Polar region.

Statistics of tourism in Murmansk region in 2012:

- internal tourist's flow – 250 thousand people.
- inbound tourism – 43,25 thousand people.

The number of tourists visiting Murmansk region is growing steadily.

Версия для слабовидящих



© The Government of the Murmansk region, 2012-2020
Development [ООО «Triumpf-Marketing»](#)

Exhibit III-55

TAX EXEMPTIONS FOR INVESTORS

The investors implementing the investment project within the region area receive tax exemptions according to the legislation on taxes and fees:

- a transportation tax exemption for the period of five years;
- a reduction of the company's profit tax rate for the part transferred to the regional budget funds from 18 % to 13,5 % for the period of five years;
- a reduction of the company's property tax rate from 2,2 % to 0,1 % for the period of five years.



[More about tax exemptions \(/en/investor/support/?SECTION_ID=47\)](/en/investor/support/?SECTION_ID=47)

INDUSTRY

There are different types of state support for the industry in the Saratov region

[Subsidies for industrial development \(/en/investor/support/?SECTION_ID=24\)](/en/investor/support/?SECTION_ID=24)



Exhibit III-56



[ABOUT](#) [EVENTS](#) [INVESTOR](#) [PARTNERSHIP](#) [EXPORT](#) [MAP](#) [CONTACTS](#)

[ACCOUNT](#)

GUARANTEES & SUPPORT

Federal legislation
(/en/investor/legislation/federal/)

Regional legislation
(/en/investor/legislation/regional/)

Guarantees & Support
(/en/investor/support/)

Investor's Application
(/en/investor/application/)

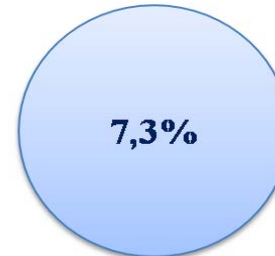
Investment Contract
(/en/investor/contract/)

Investment Council
(/en/investor/council/)

Investment Standard
(/en/investor/standard/)

INVESTMENT TAX CREDIT

- Deferral of payment of the regional taxes part.
- Capital investments totaling at least 20 million rubles in fixed assets intended for use in the production of goods (rendering services) according to the business plan of the investment project.
- Term of grant is from 1 year to 3 years.
- The size of the interest rate is $\frac{3}{4}$ of the refinancing rate.



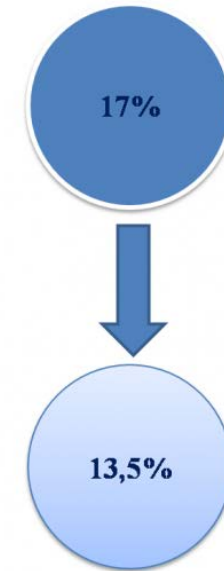
TAX ON PROFIT

- Newly created organizations-investors.
- The term is 5 years.
- On the territory of the Saratov Region municipal districts: Arkadaksky, Novouzensky, Ekaterinovsky, Ozinsky, Petrovsky, Piter'sky, Rtishchevsky, Sovetsky, Fedorovsky, Khvalynsky.

The required investment amount:

- 50 million rubles – manufacturing; construction; transportation and storage; health and social services; veterinary activities; activities in the field of television and radio broadcasting; activities in the field of telecommunications; activities to provide places for short stays; the provision of electricity, gas and steam; air conditioning; fence, purification and distribution of water; extraction of mineral resources; retail trade of automotive fuel in specialised stores.
- 650 million rubles – construction.

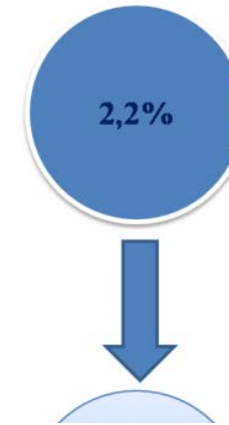
(<http://test.investinsaratov.ru/upload/iblock/15/>)



PROPERTY TAX

- Created (acquired) objects and not part of the composition of the taxable property objects on the territory of the region – the term is 5 years, the required investment amount is 50 or 2 billion rubles.
- Organizations-investors, implement the investment project on reconstruction of the object – the term is 1 year, the required investment amount is 50 billion rubles.
- Organizations-investors, implement the investment project for technical re-equipment the object – the term is 1 year, the required investment amount is 50 or 2 billion rubles.
- The term is 5 years or 1 year.
- Throughout the Saratov Region.

[More... \(/en/investor/support/detail.php?ELEMENT_ID=1953\)](#)

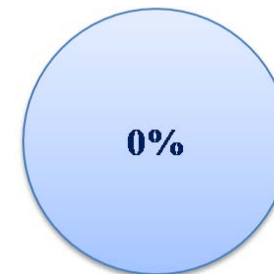


TRANSPORT TAX

- Newly created organizations-investors.
- The term is 5 years.
- Throughout the Saratov Region.

The required investment amount:

- 50 million rubles – agriculture, hunting and forestry; manufacturing; construction; transport and communications; health and social services; production and distribution of electricity, gas and water; mining.
- 650 million rubles – construction.



ABOUT	EVENTS	INVESTOR	PARTNERSHIP	EXPORT
Strategy (/en/about/strategy/)	News (/en/events/news/)	Federal Legislation (/en/investor/legislation/federal/)	Legislation (/en/partnership/legislation/)	International Cooperation (/en/export/partnership/)
Investor Guide (/en/about/passport/)	Published Events (/en/events/actions/)	Regional Legislation (/en/investor/legislation/regional/)	Projects (/en/partnership/objects/)	Interregional Relations (/en/export/intercommunication/)
Social & Economic Development (/en/about/development/)	Exhibitions (/en/events/exhibitions/)	Guarantees & Support (/en/investor/support/)	Conclusion of Agreement (/en/partnership/agreement/)	Plan of International Activities (/en/export/plan/)
Administrative Territorial Units (/en/about/structure/)	Investor of the Year Awards (/en/events/awards/)	Investor's Application (/en/investor/application/)		Export Support (/en/export/support/)
Success Stories (/en/about/stories/)		Investment Contract (/en/investor/contract/)		Export Support Center (/en/export/center/)
		Investment Council (/en/investor/council/)		Saratov Regional Organization of Exporters (/en/export/exporters/)
		Investment Standard (/en/investor/standard/)		