

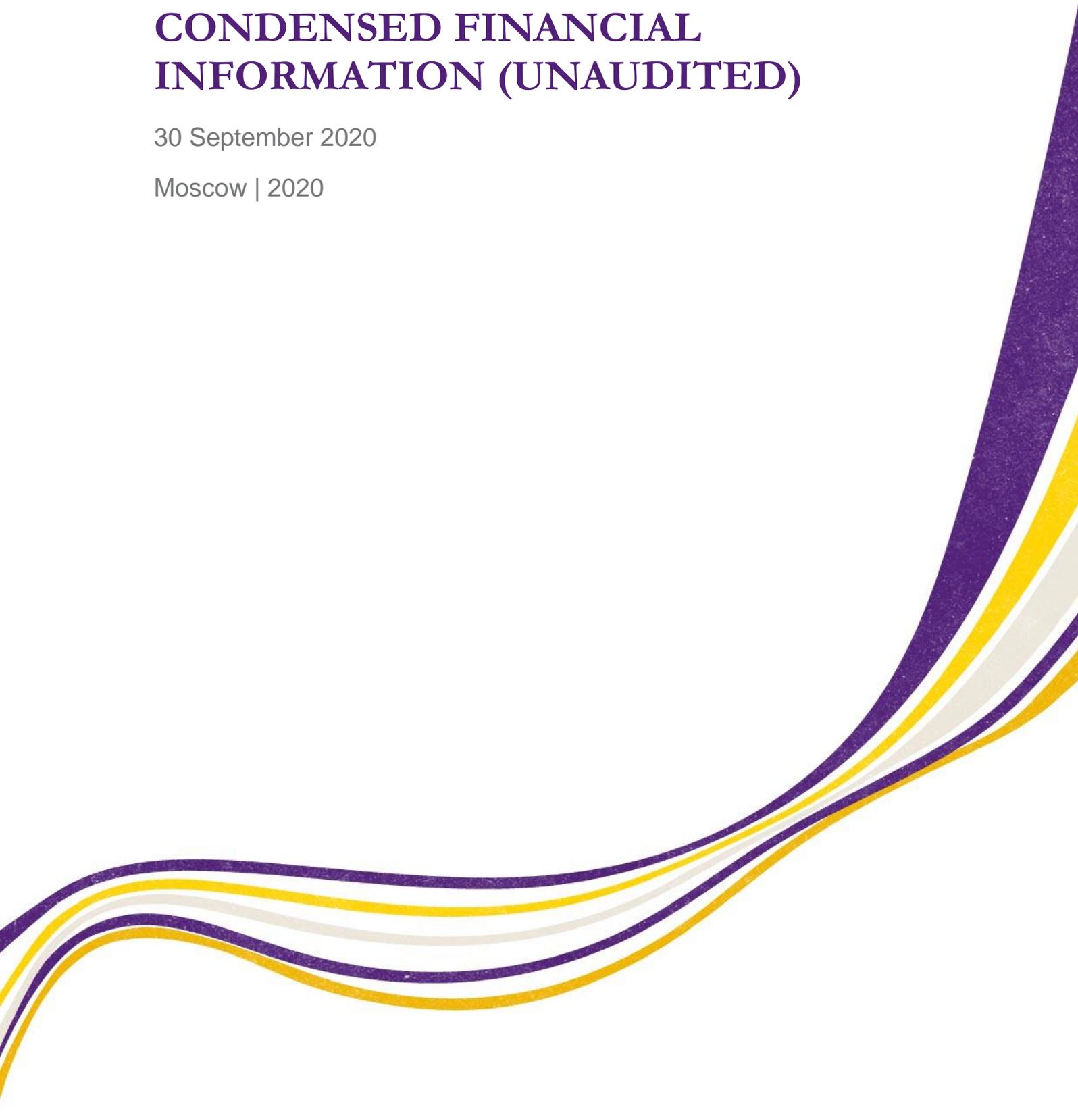
ФБК

PJSC GAZPROM

IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 September 2020

Moscow | 2020



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Report on Review of Consolidated Interim Condensed Financial Information

To the Shareholders of PJSC Gazprom

Introduction

We have reviewed the accompanying consolidated interim condensed balance sheet of PJSC Gazprom and its subsidiaries as of 30 September 2020 and the related consolidated interim condensed statement of comprehensive income for the three and nine months ended 30 September 2020, consolidated interim condensed statements of cash flows and changes in equity for the nine months ended 30 September 2020, and notes to the consolidated interim condensed financial information.

Management is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with International Accounting Standard 34, Interim Financial Reporting. Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim condensed financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, Interim Financial Reporting.

President of FBK, LLC



S.M. Shapiguzov
(by virtue of the Charter,
audit qualification certificate 01-001230)

Engagement partner

K.S. Shirikova, FCCA
(audit qualification certificate 01-000712)

Date of the Report on Review
26 November 2020

Audited entity

Name:

Public Joint Stock Company Gazprom (PJSC Gazprom).

Address of the legal entity within its location:

16 Nametkina St., Moscow, 117420, Russian Federation.

State registration:

Registered by the Moscow Registration Chamber on 25 February 1993, registration number 022.726.

The registration entry was made in the Unified State Register of Legal Entities on 2 August 2002 under primary state registration number 1027700070518.

Auditor

Name:

FBK, LLC.

Address of the legal entity within its location:

44/1 Myasnitskaya St., Bldg 2AB, Moscow, 101990, Russian Federation.

State registration:

Registered by the Moscow Registration Chamber on 15 November 1993, registration number 484.583.

The registration entry was made in the Unified State Register of Legal Entities on 24 July 2002 under primary state registration number 1027700058286.

Membership in self-regulatory organization of auditors:

Member of Self-regulatory organization of auditors Association "Sodruzhestvo".

Primary number of registration entry in the register of auditors and audit organizations of the self-regulatory organization of auditors 11506030481.

PJSC Gazprom
Consolidated Interim Condensed Balance Sheet (Unaudited)
as of 30 September 2020
(in millions of Russian Rubles)

Notes	30 September 2020	31 December 2019
Assets		
Current assets		
6	498,740	696,057
	26,629	57,571
7	1,112,165	1,040,340
8	1,065,500	946,361
	125,587	142,545
13	<u>329,137</u>	<u>945,279</u>
	3,157,758	3,828,153
Non-current assets		
9	15,771,007	14,856,448
10	199,524	214,244
	133,589	130,028
11	1,372,313	1,182,862
12	1,053,513	846,735
22	385,348	434,282
13	<u>387,081</u>	<u>389,596</u>
	19,302,375	18,054,195
Total assets	22,460,133	21,882,348
Liabilities and equity		
Current liabilities		
	1,290,319	1,422,116
	11,397	39,709
	282,604	291,449
	<u>666,959</u>	<u>774,202</u>
	2,251,279	2,527,476
Non-current liabilities		
14	4,295,577	3,089,702
21	650,905	606,783
15	587,573	768,448
	222,521	205,493
	<u>114,732</u>	<u>68,759</u>
	5,871,308	4,739,185
Total liabilities	8,122,587	7,266,661
Equity		
16	325,194	325,194
16	(331)	(331)
	<u>13,469,895</u>	<u>13,779,970</u>
	13,794,758	14,104,833
	542,788	510,854
Total equity	14,337,546	14,615,687
Total liabilities and equity	22,460,133	21,882,348

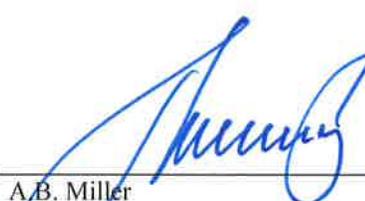

A.B. Miller
Chairman of the Management Committee
26 November 2020

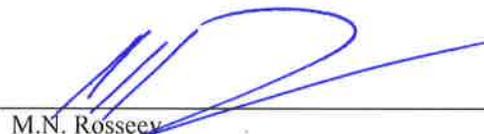

M.N. Rosseev
Chief Accountant
26 November 2020

The accompanying notes on pages 9 to 44 are an integral part of this consolidated interim condensed financial information.

PJSC Gazprom
Consolidated Interim Condensed Statement of Comprehensive Income (Unaudited)
for the Three and Nine Months Ended 30 September 2020
(in millions of Russian Rubles)

Notes		Three months ended		Nine months ended	
		30 September 2020	2019	30 September 2020	2019
17	Sales	1,398,070	1,621,588	4,301,218	5,698,339
	Net gain (loss) from trading activity	(2,527)	12,224	11,911	(20,391)
18	Operating expenses	(1,251,075)	(1,421,299)	(3,944,332)	(4,617,986)
	Impairment loss on financial assets	(9,301)	(20,760)	(43,645)	(87,331)
	Operating profit	135,167	191,753	325,152	972,631
19	Finance income	67,698	181,215	527,050	534,853
19	Finance expenses	(536,968)	(163,471)	(1,277,952)	(287,964)
11	Share of profit of associates and joint ventures	23,886	64,679	98,727	179,934
	(Loss) profit before profit tax	(310,217)	274,176	(327,023)	1,399,454
	Current profit tax expenses	(19,588)	(44,932)	(57,376)	(242,426)
	Deferred profit tax income (expenses)	82,138	(940)	182,192	(50,080)
	Profit tax	62,550	(45,872)	124,816	(292,506)
	(Loss) profit for the period	(247,667)	228,304	(202,207)	1,106,948
	Other comprehensive income (loss):				
	Items that will not be reclassified subsequently to profit or loss:				
	(Loss) gain arising from changes in fair value of financial assets measured at fair value through other comprehensive income, net of tax	23,412	(9,901)	(47,861)	37,598
21	Remeasurement of provision for post-employment benefits	20,305	(6,743)	(14,786)	(84,595)
	Total other comprehensive (loss) income that will not be reclassified subsequently to profit or loss	43,717	(16,644)	(62,647)	(46,997)
	Items that may be reclassified subsequently to profit or loss:				
	Share of other comprehensive (loss) income of associates and joint ventures	4,966	(691)	(29,569)	(5,020)
	Translation differences	228,958	2,883	401,034	(137,745)
	(Loss) gain from hedging operations, net of tax	(2,150)	(5,370)	(14,149)	4,654
	Total other comprehensive income (loss) that may be reclassified subsequently to profit or loss	231,774	(3,178)	357,316	(138,111)
	Total other comprehensive income (loss) for the period, net of tax	275,491	(19,822)	294,669	(185,108)
	Comprehensive income for the period	27,824	208,482	92,462	921,840
	(Loss) profit for the period attributable to:				
	Owners of PJSC Gazprom	(251,297)	211,789	(218,378)	1,048,286
	Non-controlling interest	3,630	16,515	16,171	58,662
		(247,667)	228,304	(202,207)	1,106,948
	Comprehensive income for the period attributable to:				
	Owners of PJSC Gazprom	8,305	192,778	48,971	872,366
	Non-controlling interest	19,519	15,704	43,491	49,474
		27,824	208,482	92,462	921,840
20	Basic and diluted (loss) earnings per share attributable to the owners of PJSC Gazprom (in Russian Rubles)	(10.63)	9.37	(9.24)	47.07


A.B. Miller
Chairman of the Management Committee
26 November 2020

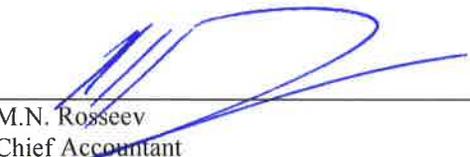

M.N. Rosseev
Chief Accountant
26 November 2020

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PJSC Gazprom
Consolidated Interim Condensed Statement of Cash Flows (Unaudited)
for the Nine Months Ended 30 September 2020
(in millions of Russian Rubles)

Notes	Nine months ended 30 September	
	2020	2019
	Cash flows from operating activities	
	(327,023)	1,399,454
	Adjustments to (loss) profit before profit tax for	
18	594,635	525,044
19	750,902	(246,889)
11	(98,727)	(179,934)
	90,073	118,309
18	7,497	(7,364)
	34,980	32,417
	<u>1,379,360</u>	<u>241,583</u>
	<u>1,052,337</u>	<u>1,641,037</u>
	(2,687)	(17,610)
	41,644	9,854
	252,150	297,310
	(95,087)	(308,017)
	<u>1,248,357</u>	<u>1,622,574</u>
	Cash flows from investing activities	
	(1,089,456)	(1,224,735)
19	(97,429)	(93,087)
	(12,325)	(133,896)
	(40)	(70)
	(42,991)	(65,777)
	53,149	68,712
	7,425	2,996
	39,144	120,052
	7,585	-
	-	443
	(85,739)	(103)
	78,143	1,331
	(21,121)	(56,345)
	<u>(1,163,655)</u>	<u>(1,380,479)</u>
	Cash flows from financing activities	
	813,104	806,054
	(652,626)	(554,571)
	76,372	71,327
	(132,462)	(78,377)
	(32,018)	(32,916)
	(368,684)	(375,683)
19	(33,770)	(41,008)
	(124)	(124)
	-	137,668
	66	-
	(36,351)	1,500
	<u>(366,493)</u>	<u>(66,130)</u>
	84,474	(64,787)
	<u>(197,317)</u>	<u>111,178</u>
6	696,057	849,419
6	<u>498,740</u>	<u>960,597</u>


A.B. Miller
Chairman of the Management Committee
26 November 2020

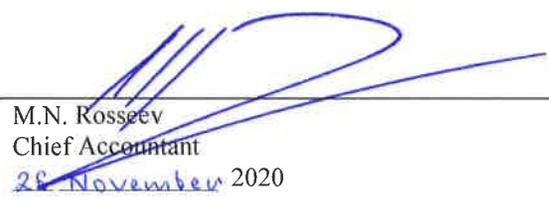

M.N. Rosseev
Chief Accountant
26 November 2020

The accompanying notes on pages 9 to 44 are an integral part of this consolidated interim condensed financial information.

PJSC Gazprom
Consolidated Interim Condensed Statement of Changes in Equity (Unaudited)
for the Nine Months Ended 30 September 2020
(in millions of Russian Rubles)

Notes	Equity attributable to the owners of PJSC Gazprom						
	Number of shares outstanding (billions)	Share capital	Treasury shares	Retained earnings and other reserves	Total	Non-controlling interest	Total equity
Nine months ended 30 September 2019							
	22.1	325,194	(235,919)	13,210,734	13,300,009	476,144	13,776,153
	-	-	-	(29,316)	(29,316)	(870)	(30,186)
	22.1	325,194	(235,919)	13,181,418	13,270,693	475,274	13,745,967
	-	-	-	1,048,286	1,048,286	58,662	1,106,948
	-	-	-	37,598	37,598	-	37,598
21	-	-	-	(84,565)	(84,565)	(30)	(84,595)
	-	-	-	(5,020)	(5,020)	-	(5,020)
	-	-	-	(128,588)	(128,588)	(9,157)	(137,745)
	-	-	-	4,655	4,655	(1)	4,654
	-	-	-	872,366	872,366	49,474	921,840
	-	-	-	210	210	1,244	1,454
	-	-	-	(8)	(8)	-	(8)
16	0.7	-	103,588	34,055	137,643	-	137,643
	-	-	-	(367,087)	(367,087)	(12,083)	(379,170)
	22.8	325,194	(132,331)	13,720,954	13,913,817	513,909	14,427,726
Nine months ended 30 September 2020							
	23.6	325,194	(331)	13,779,970	14,104,833	510,854	14,615,687
	-	-	-	(218,378)	(218,378)	16,171	(202,207)
	-	-	-	(47,861)	(47,861)	-	(47,861)
21	-	-	-	(14,754)	(14,754)	(32)	(14,786)
	-	-	-	(29,569)	(29,569)	-	(29,569)
	-	-	-	373,688	373,688	27,346	401,034
	-	-	-	(14,155)	(14,155)	6	(14,149)
	-	-	-	48,971	48,971	43,491	92,462
	-	-	-	1,297	1,297	2,207	3,504
	-	-	-	(360,343)	(360,343)	(13,764)	(374,107)
	23.6	325,194	(331)	13,469,895	13,794,758	542,788	14,337,546


A.B. Miller
Chairman of the Management Committee
26 November 2020


M.N. Rosseev
Chief Accountant
28 November 2020

The accompanying notes on pages 9 to 44 are an integral part of this consolidated interim condensed financial information.

PJSC Gazprom
Notes to the Consolidated Interim Condensed Financial Information
(Unaudited)
30 September 2020
(in millions of Russian Rubles)

1 General Information

Public Joint Stock Company Gazprom (PJSC Gazprom) and its subsidiaries (the “Group” or “Gazprom Group”) operate one of the largest gas pipeline systems in the world, and provide for the major part of natural gas production and its transportation by high-pressure pipelines in the Russian Federation. The Group is also a major natural gas supplier to European countries. The Group is engaged in oil production, oil refining, electric and heat energy generation. The Russian Federation is the ultimate controlling party and has a controlling interest (including both direct and indirect ownership) of over 50 % in PJSC Gazprom.

The Group is involved in the following activities:

- exploration and production of gas;
- transportation of gas;
- sales of gas within the Russian Federation and abroad;
- gas storage;
- production of crude oil and gas condensate;
- processing of oil, gas condensate and other hydrocarbons and sales of refined products;
- electric and heat energy generation and sales.

Other activities include production of other goods, execution of other works and provision of other services.

The Group’s activity is subject to seasonal fluctuations with peak demand for gas in the first and fourth quarters of each year. Typically approximately 20 % and 70 % of total annual gas volumes are shipped in the three and nine calendar months ended 30 September, respectively.

2 Economic Environment in the Russian Federation

The economy of the Russian Federation displays certain characteristics of an emerging market. Tax, currency and customs legislation of the Russian Federation is subject to varying interpretations and causes additional challenges for companies operating in the Russian Federation.

The political and economic instability, the situation in Ukraine, the current situation with sanctions, uncertainty and volatility of financial and trade markets and other risks have had and may continue to have effects on the Russian economy.

The spread of COVID-19, which occurred after 31 December 2019, has had a material adverse effect on the world economy. Measures taken to combat the spread of the virus have caused material economic downturn. Global oil and gas markets are experiencing high volatility of demand and prices.

The duration and consequences of the COVID-19 pandemic, as well as the efficiency of the measures taken are currently unclear. It is now impossible to assess reliably the duration and effect of the consequences of the pandemic on the Group’s financial position and results of operations in future reporting periods.

The official Russian Ruble (“RUB”) to US Dollar (“USD”) exchange rate as determined by the Central Bank of the Russian Federation was as follows:

- as of 30 September 2020 – 79.6845 (as of 30 September 2019 – 64.4156);
- as of 31 December 2019 – 61.9057 (as of 31 December 2018 – 69.4706).

The official RUB to Euro (“EUR”) exchange rate as determined by the Central Bank of the Russian Federation was as follows:

- as of 30 September 2020 – 93.0237 (as of 30 September 2019 – 70.3161);
- as of 31 December 2019 – 69.3406 (as of 31 December 2018 – 79.4605).

The future economic development of the Russian Federation is dependent upon external factors and internal measures undertaken by the Government of the Russian Federation to sustain growth and to change the tax, legal and regulatory frameworks. The management believes it is taking all necessary measures to support the sustainability and development of the Group’s business in the current business and economic environment. The future economic situation and the regulatory environment and their impact on the Group’s operations may differ from management’s current expectations.

3 Basis of Presentation

This consolidated interim condensed financial information is prepared in accordance with the requirements of IAS 34 Interim Financial Reporting. The consolidated interim condensed financial information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019 prepared in accordance with International Financial Reporting Standards (“IFRS”).

4 Summary of Significant Accounting Policies and Critical Judgements and Estimates in Their Application

The significant accounting policies followed by the Group and the critical judgements and estimates in their application are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2019.

Profit tax for the interim periods is accrued using a tax rate that would be applicable to expected profit for the year.

Application of Amendments to Standards

The following amendments to current standards became effective beginning on or after 1 January 2020:

- The amendments to IFRS 3 Business Combinations (issued in October 2018 and effective for annual reporting periods beginning on or after 1 January 2020). These amendments clarify the definition of a business and simplify assessment of whether an acquired set of activities and assets is a group of assets rather than a business.
- The amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (issued in October 2018 and effective for annual reporting periods beginning on or after 1 January 2020). The amendments clarify and bring into line the definition of the term “materiality”, as well as provide recommendations for improving the consistency in its application when referenced in IFRS.
- The amendments to IFRS 16 Leases (issued in May 2020 and effective for annual reporting periods beginning on or after 1 June 2020). The amendments permit lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendments do not affect lessors.

The Group reviewed these amendments to standards while preparing the consolidated interim condensed financial information. The amendments to standards have no significant impact on the Group’s consolidated interim condensed financial information.

Amendments to Existing Standards that are not yet Effective and have not been Early Adopted by the Group

Certain amendments to standards are mandatory for the annual periods beginning on or after 1 January 2022. In particular, the Group has not early adopted the following amendments to standards:

- The amendments to IAS 1 Presentation of Financial Statements (issued in January 2020 and effective for annual reporting periods beginning on or after 1 January 2023). Amendments clarify the criteria for classifying obligations as short-term or long-term.
- The amendments to IFRS 9 Financial Instruments (issued in May 2020 and effective for annual reporting periods beginning on or after 1 January 2022). The amendments clarify which fees should be included when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- The amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (issued in May 2020 and effective for annual reporting periods beginning on or after 1 January 2022). The amendments specify which costs are included in determining the cost of fulfilling a contract for assessing whether the contract is onerous.
- The amendments to IAS 16 Property, Plant and Equipment (issued in May 2020 and effective for annual reporting periods beginning on or after 1 January 2022). The amendments prohibit deducting from the cost of property, plant and equipment amounts received from selling items produced while the asset is preparing for its intended use. Instead, such sales proceeds and related cost are recognised in profit or loss.

The Group is currently assessing the impact of these amendments on its financial position and performance.

5 Segment Information

The Group operates as a vertically integrated business with substantially all external gas sales generated by the Distribution of gas segment.

The Board of Directors, the Chairman of the Management Committee and the Management Committee of PJSC Gazprom (the “Governing bodies”) make key decisions managing the Group’s activity, assess operating results and allocate resources using different internal financial information.

Based on that information the following reportable segments were determined:

- Production of gas – exploration and production of gas;
- Transportation of gas – transportation of gas within the Russian Federation and abroad;
- Distribution of gas – sales of gas within the Russian Federation and abroad;
- Gas storage – storage of extracted and purchased gas in underground gas storages;
- Production of crude oil and gas condensate – exploration and production of crude oil and gas condensate, sales of crude oil and gas condensate;
- Refining – processing of crude oil, gas condensate and other hydrocarbons, and sales of refined products;
- Electric and heat energy generation and sales.

Other activities’ results have been included within All other segments.

The inter-segment sales mainly consist of the following operations:

- Production of gas – sales of gas to the Distribution of gas and Refining segments;
- Transportation of gas – rendering gas transportation services to the Distribution of gas segment;
- Distribution of gas – sales of gas to the Transportation of gas segment for operating needs and to the Electric and heat energy generation and sales segment;
- Gas storage – provision of gas storage services to the Distribution of gas segment;
- Production of crude oil and gas condensate – sales of crude oil and gas condensate to the Refining segment for further processing;
- Refining – sales of refined hydrocarbon products to other segments.

Internal transfer prices, mostly for Production of gas, Transportation of gas and Gas storage segments, are established by the management of the Group with the objective to meet funding requirements of particular subsidiaries within a segment.

The Governing bodies of the Group assess the performance, assets and liabilities of the reportable segments on the basis of the internal financial information. The effects of certain significant transactions and events, such as business acquisitions, and the effects of some adjustments that may be considered necessary to reconcile the internal financial information of the Group to the corresponding data presented in the consolidated interim condensed financial information are reviewed by the Governing bodies on a central basis and not allocated to the reportable segments. Finance income and expenses are not allocated to the reportable segments.

PJSC Gazprom
Notes to the Consolidated Interim Condensed Financial Information
(Unaudited)
30 September 2020
(in millions of Russian Rubles)

5 Segment Information (continued)

	Production of gas	Transportation of gas	Distribution of gas	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy generation and sales	All other segments	Total
Three months ended 30 September 2020									
Sales of segments	206,260	299,935	615,635	16,517	284,946	485,346	96,227	77,470	2,082,336
Inter-segment sales	200,504	245,387	48,098	14,964	153,835	4,657	-	-	667,445
External sales	5,756	54,548	567,537	1,553	131,111	480,689	96,227	77,470	1,414,891
Financial result of segments	7,741	31,801	(179,014)	2,284	81,717	(562)	(820)	(2,901)	(59,754)
Depreciation	43,865	126,168	4,824	7,532	39,854	16,035	16,336	9,003	263,617
Share of profit (loss) of associates and joint ventures	426	8,877	(176)	-	16,044	1,167	(20)	(2,432)	23,886
Three months ended 30 September 2019									
Sales of segments	244,382	302,316	711,664	17,036	398,415	550,299	95,300	81,778	2,401,190
Inter-segment sales	238,675	252,450	48,239	16,112	207,981	1,744	-	-	765,201
External sales	5,707	49,866	663,425	924	190,434	548,555	95,300	81,778	1,635,989
Financial result of segments	28,580	24,929	(57,659)	3,771	98,080	6,928	5,778	1,413	111,820
Depreciation	44,176	123,647	4,701	7,179	38,429	7,768	15,262	11,360	252,522
Share of profit of associates and joint ventures	1,049	7,027	1,783	-	33,136	1,381	51	20,252	64,679
Nine months ended 30 September 2020									
Sales of segments	615,628	900,874	2,122,581	45,059	759,278	1,316,594	348,467	209,876	6,318,357
Inter-segment sales	598,447	737,036	179,880	41,088	416,117	15,052	-	-	1,987,620
External sales	17,181	163,838	1,942,701	3,971	343,161	1,301,542	348,467	209,876	4,330,737
Financial result of segments	(11,347)	119,988	(328,781)	6,067	178,447	(84,078)	37,560	(53,678)	(135,822)
Depreciation	132,232	376,279	13,881	22,831	124,901	45,688	47,892	33,520	797,224
Share of profit of associates and joint ventures	1,943	24,614	473	-	51,453	1,497	81	18,666	98,727
Nine months ended 30 September 2019									
Sales of segments	781,934	857,628	2,993,193	44,451	1,202,708	1,597,804	373,195	243,093	8,094,006
Inter-segment sales	763,865	697,608	202,536	41,387	629,327	5,878	-	-	2,340,601
External sales	18,069	160,020	2,790,657	3,064	573,381	1,591,926	373,195	243,093	5,753,405
Financial result of segments	71,428	62,212	444,836	6,943	290,206	41,718	47,752	(6,679)	958,416
Depreciation	131,942	365,014	13,894	21,254	111,298	36,435	44,784	35,962	760,583
Share of profit of associates and joint ventures	4,297	21,088	3,724	-	111,919	3,721	89	35,096	179,934

Sales of Production of gas and Distribution of gas segments compose gas sales, sales of Gas storage segment are included in other sales.

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5 Segment Information (continued)

The reconciliation of reportable segments' financial results to (loss) profit before profit tax in the consolidated interim condensed statement of comprehensive income is provided below.

Notes	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
	(56,853)	110,407	(82,144)	965,095
	(2,901)	1,413	(53,678)	(6,679)
	(59,754)	111,820	(135,822)	958,416
	65,873	75,353	202,589	235,539
	(6,324)	223	(11,777)	(975)
19	(469,270)	17,744	(750,902)	246,889
11	23,886	64,679	98,727	179,934
18	(9,295)	17,415	(7,497)	7,364
	144,667	(13,058)	277,659	(227,713)
	Total (loss) profit before profit tax in the consolidated interim condensed statement of comprehensive income	(310,217)	274,176	(327,023)
		274,176	(327,023)	1,399,454

¹ The difference in depreciation mainly relates to adjustments of property, plant and equipment under Russian statutory accounting to comply with IFRS, such as reversal of revaluation of property, plant and equipment recorded under Russian statutory accounting or adjustments related to operating of the Group in hyperinflation which are not recorded in accounting reports under Russian statutory accounting.

The reconciliation of reportable segments' external sales to sales in the consolidated interim condensed statement of comprehensive income is provided below.

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
External sales of reportable segments	1,337,421	1,554,211	4,120,861	5,510,312
External sales of other segments	77,470	81,778	209,876	243,093
Total external sales of segments	1,414,891	1,635,989	4,330,737	5,753,405
Differences in external sales ¹	(16,821)	(14,401)	(29,519)	(55,066)
Total sales in the consolidated interim condensed statement of comprehensive income	1,398,070	1,621,588	4,301,218	5,698,339

¹ The differences in external sales relate to adjustments of external sales under Russian statutory accounting to comply with IFRS, such as elimination of sales of materials to contractors and other adjustments.

Segment assets consist primarily of property, plant and equipment, accounts receivable and prepayments, investments in associates and joint ventures and inventories. Cash and cash equivalents, VAT recoverable, goodwill, financial assets and other current and non-current assets are not allocated to the segments and managed on a central basis.

The Group's assets are primarily located in the Russian Federation. Information on non-current assets by geographic regions is not disclosed due to the fact that the carrying value of non-current assets located outside the Russian Federation is insignificant.

	Production of gas	Transportation of gas	Distribution of gas	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy generation and sales	All other segments	Total
As of 30 September 2020									
Assets of segments	2,806,218	7,275,248	1,788,031	360,344	3,288,732	2,765,747	877,366	1,732,257	20,893,943
Investments in associates and joint ventures	14,034	233,092	43,204	3	647,793	33,125	1,426	399,636	1,372,313
Capital expenditures ¹	172,140	126,945	8,861	6,528	240,616	238,908	56,541	54,018	904,557
As of 31 December 2019									
Assets of segments	2,736,680	7,000,467	1,691,356	370,887	3,053,664	2,555,819	882,264	1,612,910	19,904,047
Investments in associates and joint ventures	15,583	183,176	37,638	2	546,493	22,992	1,100	375,878	1,182,862
Capital expenditures ²	360,215	464,203	25,827	14,268	316,011	437,758	79,001	121,394	1,818,677

¹ Capital expenditures for the nine months ended 30 September 2020.

² Capital expenditures for the year ended 31 December 2019.

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5 Segment Information (continued)

The reconciliation of reportable segments' assets to total assets in the consolidated interim condensed balance sheet is provided below.

Notes	30 September 2020	31 December 2019
Assets of reportable segments	19,161,686	18,291,137
Assets of other segments	<u>1,732,257</u>	<u>1,612,910</u>
Total assets of segments	20,893,943	19,904,047
Difference in property, plant and equipment, net ¹	(950,136)	(1,216,329)
Borrowing costs capitalised	994,700	919,491
6 Cash and cash equivalents	498,740	696,057
Short-term financial assets	26,629	57,571
VAT recoverable	125,587	142,545
13 Other current assets	329,137	945,279
Right-of-use assets	61,666	73,857
Goodwill	133,589	130,028
22 Long-term financial assets	385,348	434,282
13 Other non-current assets	387,081	389,596
Inter-segment assets	(868,314)	(917,888)
Other	<u>442,163</u>	<u>323,812</u>
Total assets in the consolidated interim condensed balance sheet	22,460,133	21,882,348

¹ The difference in property, plant and equipment relates to adjustments of property, plant and equipment under Russian statutory accounting to comply with IFRS, such as reversal of revaluation of property, plant and equipment recorded under Russian statutory accounting or adjustments related to operating of the Group in hyperinflation which are not recorded in accounting reports under Russian statutory accounting.

Liabilities of segments mainly comprise accounts payable arising in the course of operating activities. Current profit tax payable, deferred tax liabilities, long-term provisions (except for provision for decommissioning and site restoration), long-term and short-term borrowings, including current portion of long-term borrowings, long-term and short-term promissory notes payable and other non-current liabilities are not allocated to the reportable segments and managed on a central basis.

	30 September 2020	31 December 2019
Distribution of gas	760,246	827,063
Refining	575,570	604,614
Production of crude oil and gas condensate	498,952	371,326
Production of gas	285,456	370,591
Transportation of gas	151,287	282,634
Electric and heat energy generation and sales	120,020	114,430
Gas storage	29,812	28,999
All other segments	<u>271,808</u>	<u>224,718</u>
Total liabilities of segments	2,693,151	2,824,375

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5 Segment Information (continued)

The reconciliation of reportable segments' liabilities to total liabilities in the consolidated interim condensed balance sheet is provided below.

Notes	30 September 2020	31 December 2019
Liabilities of reportable segments	2,421,343	2,599,657
Liabilities of other segments	<u>271,808</u>	<u>224,718</u>
Total liabilities of segments	2,693,151	2,824,375
Short-term lease liabilities	17,554	20,567
Current profit tax payable	11,397	39,709
Short-term borrowings, promissory notes and current portion of long-term borrowings	666,959	774,202
14 Long-term borrowings, promissory notes	4,295,577	3,089,702
21 Long-term provisions (except for provision for decommissioning and site restoration)	347,294	326,888
15 Deferred tax liabilities	587,573	768,448
Long-term lease liabilities	45,428	50,686
Other non-current liabilities	114,732	68,759
Dividends	6,591	3,667
Inter-segment liabilities	(868,314)	(917,888)
Other	<u>204,645</u>	<u>217,546</u>
Total liabilities in the consolidated interim condensed balance sheet	8,122,587	7,266,661

6 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks, term deposits with the original maturity of three months or less and other cash equivalents.

	30 September 2020	31 December 2019
Cash on hand and bank balances payable on demand	360,399	571,715
Term deposits with original maturity of three months or less and other cash equivalents	<u>138,341</u>	<u>124,342</u>
Total cash and cash equivalents	498,740	696,057

7 Accounts Receivable and Prepayments

	30 September 2020	31 December 2019
Trade accounts receivable	708,148	756,746
Loans receivable	160,779	103,476
Other accounts receivable	153,570	104,273
Advances paid and prepayments	<u>89,668</u>	<u>75,845</u>
Total accounts receivable and prepayments	1,112,165	1,040,340

Accounts receivable are presented net of allowance for expected credit losses in the amount of RUB 1,053,354 million and RUB 884,140 million, advances paid and prepayments are presented net of impairment allowance in the amount of RUB 5,715 million and RUB 5,720 million as of 30 September 2020 and 31 December 2019, respectively.

Other accounts receivable include promissory notes of Gazprombank (Joint-stock Company) in the amount of RUB 31,948 million as of 30 September 2020, which have already matured. As of 31 December 2019, these promissory notes were included in financial assets measured at amortised cost in the amount of RUB 23,814 million. These promissory notes were pledged to secure the repayment of loan funds provided to JSC Gazstroyprom.

8 Inventories

For inventories with the cost exceeding the net realisable value, the amount of write-down to net realisable value was RUB 10,618 million and RUB 10,779 million as of 30 September 2020 and 31 December 2019, respectively.

In 2019, the Group made borrowings secured by inventories, the carrying value of the pledged inventories amounted to RUB 70,168 million as of 31 December 2019. The pledge was terminated as of 30 September 2020.

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9 Property, Plant and Equipment

Notes	Operating assets (including production licenses)	Social assets	Assets under construction	Total
As of 31 December 2018				
	16,368,463	88,479	4,476,531	20,933,473
	(6,661,459)	(45,298)	-	(6,706,757)
	<u>(225,956)</u>	<u>-</u>	<u>(191,326)</u>	<u>(417,282)</u>
	9,481,048	43,181	4,285,205	13,809,434
Nine months ended 30 September 2019				
Cost				
10	(112,877)	-	-	(112,877)
	25,821	-	1,236,125	1,261,946
	438,683	1,385	(440,068)	-
	(89,048)	(2,444)	(25,335)	(116,827)
	(98,400)	(249)	(114,763)	(213,412)
Accumulated depreciation and impairment allowance				
10	71,795	-	-	71,795
	(501,020)	(1,829)	-	(502,849)
	61,630	843	2,128	64,601
	44,332	51	8,502	52,885
	-	-	(5,942)	(5,942)
	-	-	(5,942)	(5,942)
As of 30 September 2019				
	16,532,642	87,171	5,132,490	21,752,303
	(6,991,736)	(46,233)	-	(7,037,969)
	<u>(218,942)</u>	<u>-</u>	<u>(186,638)</u>	<u>(405,580)</u>
	9,321,964	40,938	4,945,852	14,308,754
Three months ended 31 December 2019				
Cost				
	128,809	-	759,710	888,519
	1,240,971	3,167	(1,244,138)	-
	(41,985)	(220)	(108,481)	(150,686)
	(34,790)	(72)	(14,806)	(49,668)
Accumulated depreciation and impairment allowance				
	(182,647)	(628)	-	(183,275)
	21,507	-	19,379	40,886
	20,433	16	(6,147)	14,302
	(25,281)	-	12,897	(12,384)
	(26,433)	-	(32,934)	(59,367)
	1,152	-	45,831	46,983
As of 31 December 2019				
	17,825,647	90,046	4,524,775	22,440,468
	(7,135,819)	(46,845)	-	(7,182,664)
	<u>(240,847)</u>	<u>-</u>	<u>(160,509)</u>	<u>(401,356)</u>
	10,448,981	43,201	4,364,266	14,856,448

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9 Property, Plant and Equipment (continued)

Notes	Operating assets (including production licenses)	Social assets	Assets under construction	Total
Nine months ended 30 September 2020				
Cost				
Additions	41,656	180	1,049,734	1,091,570
Transfers	824,747	2,637	(827,384)	-
Disposals	(82,843)	(236)	(42,020)	(125,099)
Translation differences	434,164	792	231,154	666,110
Accumulated depreciation and impairment allowance				
Depreciation	(564,205)	(2,021)	-	(566,226)
Disposals	16,770	125	829	17,724
Translation differences	(147,420)	(246)	(6,444)	(154,110)
Change in impairment allowance:	(14,055)	-	(1,355)	(15,410)
allowance accrual	(14,055)	-	(1,815)	(15,870)
allowance release	-	-	460	460
As of 30 September 2020				
Cost	19,043,371	93,419	4,936,259	24,073,049
Accumulated depreciation	(7,814,446)	(48,987)	-	(7,863,433)
Impairment allowance	<u>(271,130)</u>	<u>-</u>	<u>(167,479)</u>	<u>(438,609)</u>
Net book value as of 30 September 2020	10,957,795	44,432	4,768,780	15,771,007

The Group recognised an impairment loss in the amount of RUB 15,870 million for assets, mainly related to the Production of crude oil and gas condensate segment located abroad, for the nine months ended 30 September 2020 and RUB 5,942 million for the nine months ended 30 September 2019.

Property, plant and equipment include social assets (rest houses, housing, schools and medical facilities), which the Group received at privatisation, with a net book value of RUB 31 million and RUB 45 million as of 30 September 2020 and 31 December 2019, respectively.

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10 Right-of-Use Assets

Notes	<u>Operating assets</u>	<u>Social assets</u>	<u>Total</u>
Nine months ended 30 September 2019			
Net book value as of 31 December 2018	-	-	-
Initial recognition	148,877	31,408	180,285
9 Reclassification from property, plant and equipment	<u>41,082</u>	-	<u>41,082</u>
Net book value as of 1 January 2019	189,959	31,408	221,367
Reclassification	25,992	(25,992)	-
Depreciation	(25,742)	(1,155)	(26,897)
Additions as a result of new leases	23,707	2,074	25,781
Effect of modification and changes of estimates in lease contracts	2,381	(153)	2,228
Translation differences	<u>(5,285)</u>	-	<u>(5,285)</u>
Net book value as of 30 September 2019	211,012	6,182	217,194
As of 30 September 2019			
Cost	236,747	7,337	244,084
Accumulated depreciation and impairment allowance	<u>(25,735)</u>	<u>(1,155)</u>	<u>(26,890)</u>
Net book value as of 30 September 2019	211,012	6,182	217,194
Three months ended 31 December 2019			
Depreciation	(11,984)	(269)	(12,253)
Impairment allowance accrual	(6,007)	-	(6,007)
Additions as a result of new leases	17,288	1,548	18,836
Effect of modification and changes of estimates in lease contracts	(2,531)	45	(2,486)
Translation differences	<u>(1,040)</u>	-	<u>(1,040)</u>
Net book value as of 31 December 2019	206,738	7,506	214,244
As of 31 December 2019			
Cost	250,471	8,930	259,401
Accumulated depreciation and impairment allowance	<u>(43,733)</u>	<u>(1,424)</u>	<u>(45,157)</u>
Net book value as of 31 December 2019	206,738	7,506	214,244
Nine months ended 30 September 2020			
Depreciation	(31,203)	(849)	(32,052)
Additions as a result of new leases	5,617	389	6,006
Effect of modification and changes of estimates in lease contracts	3,134	(93)	3,041
Disposals	(2,570)	(246)	(2,816)
Translation differences	<u>11,101</u>	-	<u>11,101</u>
Net book value as of 30 September 2020	192,817	6,707	199,524
As of 30 September 2020			
Cost	271,619	8,862	280,481
Accumulated depreciation and impairment allowance	<u>(78,802)</u>	<u>(2,155)</u>	<u>(80,957)</u>
Net book value as of 30 September 2020	192,817	6,707	199,524

Right-of-use assets are mainly represented by leases of ships, used for transportation of liquefied natural gas and refined products, and leases of properties and land occupied by operating assets.

The total cash outflow under lease agreements amounted to RUB 44,073 million and RUB 45,853 million for the nine months ended 30 September 2020 and 30 September 2019, respectively.

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11 Investments in Associates and Joint Ventures

Notes			Carrying value as of		Share of profit (loss) of associates and joint ventures for the nine months ended	
			30 September 2020	31 December 2019	30 September 2020	2019
24, 25	Sakhalin Energy Investment Company Ltd.	Associate	258,950	176,333	27,453	49,194
24, 25	Gazprombank (Joint-stock Company) and its subsidiaries ¹	Associate	217,942	211,171	6,789	20,542
24	PJSC NGK Slavneft and its subsidiaries	Joint venture	155,483	159,420	(3,811)	8,493
24	JSC Arcticgas	Joint venture	154,000	136,262	20,739	29,044
24, 25	Nord Stream AG	Joint venture	121,787	83,107	16,187	13,888
	WIGA Transport Beteiligungs-					
24	GmbH & Co. KG and its subsidiaries ²	Joint venture	68,434	52,159	7,831	6,787
24	JSC Messoyakhaneftegaz	Joint venture	51,897	45,350	6,547	20,271
24	JSC Gazstroyprom	Associate	42,009	43,129	(1,120)	71
21, 24	JSC NPF GAZFOND ³	Associate	41,890	32,729	9,161	11,252
24	JSC EUROPOL GAZ	Associate	38,329	30,117	596	413
24	JSC Achimgaz	Joint venture	31,871	34,888	6,584	11,274
	Wintershall AG	Associate	20,380	15,590	(454)	16
24	KazRosGas LLP	Joint venture	13,784	12,949	22	3,483
24	Wintershall Noordzee B.V.	Joint venture	13,710	5,309	(1,224)	(416)
24	CJSC Northgas	Joint venture	11,672	10,526	1,147	2,336
24	JSC Latvijas Gaze and its subsidiaries	Associate	4,674	3,481	450	83
	Other (net of allowance for investments impairment in the amount of RUB 21,033 million and RUB 22,037 million as of 30 September 2020 and 31 December 2019, respectively)		<u>125,501</u>	<u>130,342</u>	<u>1,830</u>	<u>3,203</u>
			1,372,313	1,182,862	98,727	179,934

¹ In March 2020 the Group purchased Gazprombank (Joint-stock Company) ordinary shares from one of its shareholders, as the result of which the Group's ownership interest increased from 47.87 % to 49.88 %.

² In December 2019 WIGA Transport Beteiligungs-GmbH & Co. KG was reclassified from an associate into a joint venture due to amendments made to the company's Articles of Association, accordingly the investment into WIGA Transport Beteiligungs-GmbH & Co. KG and its subsidiaries as of 31 December 2019 became accounted for as the investment into a joint venture.

³ In January 2020 the remaining 25 % of ordinary registered uncertificated shares not allocated at the date of JSC NPF GAZFOND state registration were distributed among its shareholders in proportion to the number of the shares they owned. The Group's voting share in JSC NPF GAZFOND did not change.

Summarised financial information of the Group's significant associates and joint ventures is presented below.

The disclosed values of assets, liabilities, revenues, profit (loss) of the Group's significant associates and joint ventures represent total values and not the Group's share of them.

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11 Investments in Associates and Joint Ventures (continued)

This financial information may differ from the financial statements of an associate or a joint venture prepared and presented in accordance with IFRS due to adjustments required in application of the equity method, such as fair value adjustments to identifiable assets and liabilities at the date of acquisition and adjustments for differences in accounting policies.

	Ownership interest as of 30 September 2020, %	Country of primary operations	As of 30 September 2020		Nine months ended 30 September 2020	
			Assets	Liabilities	Revenues	Profit (loss)
Gazprombank (Joint-stock Company) and its subsidiaries ¹	49.88	Russia	7,470,042	6,850,976	166,063	33,603
Sakhalin Energy Investment Company Ltd. ²	50	Russia	1,121,112	603,213	226,955	54,906
JSC Gazstroyprom	49	Russia	702,447	616,715	103,954	(2,285)
PJSC NGK Slavneft and its subsidiaries	49.88	Russia	614,514	297,732	135,372	(7,936)
Nord Stream AG ^{3, 4}	51	Germany	523,744	284,943	64,548	31,740
JSC NPF GAZFOND	42	Russia	465,599	364,704	-	22,065
JSC Arcticgas	50	Russia	433,531	149,859	118,512	41,476
WIGA Transport Beteiligungs-GmbH & Co. KG and its subsidiaries	49.98	Germany	414,449	254,445	48,510	15,979
JSC Messoyakhaneftegas	50	Russia	231,255	127,890	68,551	13,092
JSC Achimgaz	50	Russia	96,581	32,838	58,148	13,167
JSC EUROPOL GAZ	48	Poland	82,015	2,166	12,476	1,241
Wintershall AG ⁵	49	Libya	73,783	47,632	-	(926)
Wintershall Noordzee B.V.	50	Netherlands	61,924	36,094	3,480	(2,449)
CJSC Northgas	50	Russia	43,741	19,458	11,167	2,296
JSC Latvijas Gaze and its subsidiaries	34	Latvia	30,382	6,987	10,356	1,323
KazRosGaz LLP	50	Kazakhstan	28,435	867	21,678	45

	Ownership interest as of 31 December 2019, %	Country of primary operations	As of 31 December 2019		Nine months ended 30 September 2019	
			Assets	Liabilities	Revenues	Profit (loss)
Gazprombank (Joint-stock Company) and its subsidiaries ^{1, 6}	47.87	Russia	6,487,809	5,860,026	191,722	64,073
Sakhalin Energy Investment Company Ltd. ²	50	Russia	934,633	581,966	288,904	98,388
PJSC NGK Slavneft and its subsidiaries	49.85	Russia	602,545	278,667	239,311	17,725
JSC Gazstroyprom	49	Russia	463,598	375,581	53,871	18
JSC NPF GAZFOND ⁶	42	Russia	454,054	375,224	-	27,101
JSC Arcticgas	50	Russia	419,362	171,170	145,668	58,087
Nord Stream AG ^{3, 4}	51	Germany	392,013	229,056	58,895	27,232
WIGA Transport Beteiligungs-GmbH & Co. KG and its subsidiaries	49.98	Germany	284,526	173,024	58,700	13,787
JSC Messoyakhaneftegas	50	Russia	221,692	131,417	104,673	40,548
JSC Achimgaz	50	Russia	103,132	33,354	47,715	22,547
JSC EUROPOL GAZ	48	Poland	64,028	1,287	11,572	898
Wintershall AG ⁵	49	Libya	58,940	36,092	5,866	33
Wintershall Noordzee B.V.	50	Netherlands	46,049	37,318	6,111	(831)
CJSC Northgas	50	Russia	45,993	24,006	15,927	4,671
KazRosGaz LLP	50	Kazakhstan	33,382	7,483	36,727	6,965
JSC Latvijas Gaze and its subsidiaries	34	Latvia	19,880	5,584	18,956	244

¹ The amount of revenue of Gazprombank (Joint-stock Company) and its subsidiaries includes revenue of media business, machinery business and other non-banking companies.

² Country of incorporation is Bermuda Islands.

³ Country of incorporation is Switzerland.

⁴ The investment in the entity is accounted for using the equity method, as the Group has no control over activities of the entity in accordance with provisions of its constituent documents.

⁵ Country of incorporation is Germany.

⁶ Share in voting shares.

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12 Long-Term Accounts Receivable and Prepayments

	30 September 2020	31 December 2019
Advances for assets under construction	661,270	485,791
Long-term accounts receivable	353,869	323,411
Long-term prepayments	20,767	22,525
Sub-lease long-term accounts receivable	<u>17,607</u>	<u>15,008</u>
Total long-term accounts receivable and prepayments	1,053,513	846,735

Long-term accounts receivable are presented net of allowance for expected credit losses in the amount of RUB 12,698 million and RUB 11,628 million as of 30 September 2020 and 31 December 2019, respectively. Prepayments and advances paid for assets under construction are presented net of impairment allowance in the amount of RUB 8,391 million and RUB 8,305 million as of 30 September 2020 and 31 December 2019, respectively.

13 Other Current and Non-Current Assets

Other current assets are provided in the table below.

Notes	30 September 2020	31 December 2019
Prepaid VAT	129,544	115,775
22 Derivative financial instruments	90,995	109,954
Short-term deposits	66,382	673,145
Prepaid profit tax	22,446	10,247
Other	<u>19,770</u>	<u>36,158</u>
Total other current assets	329,137	945,279

Other non-current assets are provided in the table below.

Notes	30 September 2020	31 December 2019
Intangible assets	70,300	64,380
VAT recoverable related to assets under construction	26,332	41,348
22 Derivative financial instruments	21,978	19,770
21 Net pension plan assets	15,264	26,547
Long-term deposits	422	3,277
Other	<u>252,785</u>	<u>234,274</u>
Total other non-current assets	387,081	389,596

14 Long-Term Borrowings, Promissory Notes

	Currency	Final maturity	30 September 2020	31 December 2019
Long-term borrowings, promissory notes payable to:				
China Construction Bank Corporation, Beijing branch ^{1, 2}	Euro	2034	252,349	-
Loan participation notes issued in February 2020 ³	US Dollar	2030	158,769	-
Loan participation notes issued in November 2013 ⁴	US Dollar	2023	121,977	93,370
Loan participation notes issued in September 2012 ⁴	US Dollar	2022	119,687	93,999
Intesa Sanpaolo Bank Luxembourg S.A. ¹	Euro	2023	112,013	82,865
Gazprombank (Joint-stock Company)	Russian Ruble	2027	105,197	101,018
Loan participation notes issued in March 2007 ⁵	US Dollar	2022	104,039	82,136
J.P. Morgan Europe Limited ¹	Euro	2023	102,684	76,029
Loan participation notes issued in August 2007 ⁵	US Dollar	2037	100,513	79,497
Loan participation notes issued in February 2019 ⁵	US Dollar	2026	99,716	78,246
Loan participation notes issued in April 2004 ⁵	US Dollar	2034	99,126	75,407
Loan participation notes issued in November 2016 ⁵	Euro	2023	95,237	69,210
Loan participation notes issued in November 2018 ⁵	Euro	2024	94,439	70,686
Loan participation notes issued in April 2020 ³	Euro	2025	93,636	-
	British Pound			
Loan participation notes issued in April 2017 ^{5, 6}	Sterling	2024	92,347	68,120

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14 Long-Term Borrowings, Promissory Notes (continued)

	Currency	Final maturity	30 September 2020	31 December 2019
Loan participation notes issued in July 2012 ⁵	US Dollar	2022	80,473	63,285
Loan participation notes issued in June 2020 ³	US Dollar	2027	79,675	-
Loan participation notes issued in February 2013 ⁵	US Dollar	2028	72,258	56,826
Loan participation notes issued in February 2014 ⁵	Euro	2021	71,261	53,590
Loan participation notes issued in November 2017 ⁵	Euro	2024	70,764	51,719
Loan participation notes issued in March 2018 ⁵	Euro	2026	70,298	52,569
J.P. Morgan Europe Limited ¹	Euro	2022	66,588	59,150
Loan participation notes issued in March 2018 ⁵	Swiss Franc	2023	65,007	47,964
UniCredit S.p.A.	Euro	2025	64,778	48,379
Loan participation notes issued in March 2017 ⁵	US Dollar	2027	59,463	46,647
Loan issued in December 2018 ⁷	Japanese yen	2028	48,713	36,373
Loan participation notes issued in November 2011 ⁵	US Dollar	2021	48,353	38,122
Credit Agricole CIB	Euro	2023	47,955	41,455
Loan participation notes issued in March 2013 ⁵	Euro	2025	47,591	35,853
Wintershall Nederland Transport and Trading B.V. ⁸	Euro	2034	47,202	32,378
OMV Gas Marketing Trading & Finance B.V. ⁸	Euro	2034	47,202	32,378
Shell Exploration and Production (LXXI) B.V. ⁸	Euro	2034	47,202	32,378
Uniper Gas Transportation and Finance B.V. ⁸	Euro	2034	47,202	32,378
Engie Energy Management Holding Switzerland AG ⁸	Euro	2034	47,201	32,378
PJSC Sberbank ^{1,2}	Russian Ruble	2034	46,932	-
MUFG Bank Ltd.	Euro	2023	46,500	34,425
Mizuho Bank Ltd	Euro	2025	46,417	-
Natixis ¹	Euro	2024	46,354	34,582
UniCredit S.p.A.	Euro	2022	44,927	44,586
Loan participation notes issued in November 2016 ^{5,6}	Swiss Franc	2021	44,264	32,281
Loan participation notes issued in July 2017 ^{5,6}	Swiss Franc	2022	42,334	31,637
Wintershall Nederland Transport and Trading B.V. ⁸	Euro	2035	39,586	26,775
Uniper Gas Transportation and Finance B.V. ⁸	Euro	2035	39,586	26,775
Shell Exploration and Production (LXXI) B.V. ⁸	Euro	2035	39,583	26,773
Engie Energy Management Holding Switzerland AG ⁸	Euro	2035	39,583	26,773
OMV Gas Marketing Trading & Finance B.V. ⁸	Euro	2035	39,583	26,773
Citibank Europe plc ¹	Euro	2023	39,574	29,288
PJSC Sberbank	Euro	2023	38,912	33,687
ING Bank, a branch of ING-DiBa AG	Euro	2023	37,127	27,606
Credit Agricole CIB, London branch	Euro	2023	36,958	-
JSC ALFA-BANK	US Dollar	2021	29,096	22,607
Credit Agricole CIB	Euro	2022	27,797	34,706
Bank of China Limited, London branch	Euro	2021	26,411	59,461
Russian bonds issued in October 2017 ⁴	Russian Ruble	2022	25,876	25,382
Russian bonds issued in November 2019 ⁴	Russian Ruble	2024	25,197	25,166
Russian bonds issued in March 2018 ⁴	Russian Ruble	2024	25,099	25,542
PJSC Sberbank	Euro	2022	22,739	16,952
Gazprombank (Joint-stock Company)	Russian Ruble	2022	22,713	22,700
Intesa Sanpaolo S.p.A. ^{1,2}	Euro	2034	20,706	-
Russian bonds issued in December 2019 ⁴	Russian Ruble	2029	20,019	20,012
VTB Bank (Europe) SE	Euro	2027	19,598	15,613
Gazprombank (Joint-stock Company)	Russian Ruble	2022	19,461	19,450
PJSC VTB Bank	Euro	2022	18,598	13,858
PJSC Sberbank ^{1,2}	Euro	2034	18,024	-
Russian bonds issued in April 2017 ⁴	Russian Ruble	2022	15,621	15,289
Russian bonds issued in June 2019 ⁹	Russian Ruble	2022	15,391	15,089
Russian bonds issued in June 2020 ⁹	Russian Ruble	2027	15,293	-
Russian bonds issued in June 2020 ⁹	Russian Ruble	2025	15,283	-
Russian bonds issued in July 2019 ⁹	Russian Ruble	2024	15,247	15,535

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14 Long-Term Borrowings, Promissory Notes (continued)

	Currency	Final maturity	30 September 2020	31 December 2019
Russian bonds issued in November 2013 ¹⁰	Russian Ruble	2043	15,224	15,081
Russian bonds issued in November 2013 ¹⁰	Russian Ruble	2043	15,224	15,081
Russian bonds issued in July 2018 ¹⁰	Russian Ruble	2048	15,213	15,513
Russian bonds issued in July 2018 ¹⁰	Russian Ruble	2048	15,213	15,513
Russian bonds issued in August 2017 ⁴	Russian Ruble	2024	15,184	15,487
Russian bonds issued in February 2017 ⁹	Russian Ruble	2027	15,179	15,508
Russian bonds issued in February 2017 ⁹	Russian Ruble	2027	15,179	15,508
Gazprombank (Joint-stock Company)	Russian Ruble	2024	15,000	15,000
JSC BANK "ROSSIYA"	Russian Ruble	2022	15,000	15,000
PJSC CREDIT BANK OF MOSCOW	Russian Ruble	2024	14,937	14,925
PJSC CREDIT BANK OF MOSCOW	Russian Ruble	2025	14,931	-
Gazprombank (Joint-stock Company)	Russian Ruble	2025	13,503	15,000
J.P. Morgan Europe Limited ¹	Euro	2020	12,455	18,308
UniCredit S.p.A.	Euro	2025	12,399	-
Deutsche Bank Luxembourg S.A.	Euro	2022	11,484	11,772
Russian bonds issued in December 2017 ⁴	Russian Ruble	2024	10,219	10,025
Russian bonds issued in July 2018 ¹⁰	Russian Ruble	2033	10,142	10,342
Russian bonds issued in February 2011 ⁴	Russian Ruble	2021	10,133	10,321
Russian bonds issued in August 2016 ⁴	Russian Ruble	2046	10,093	10,324
Russian bonds issued in February 2018 ⁹	Russian Ruble	2028	10,071	10,247
Russian bonds issued in February 2018 ⁹	Russian Ruble	2028	10,071	10,247
Russian bonds issued in February 2020 ⁴	Russian Ruble	2025	10,045	-
UniCredit Bank Austria AG	Euro	2021	7,475	11,116
Intesa Sanpaolo Bank Luxembourg S.A. ¹	Euro	2020	-	153,452
Loan participation notes issued in March 2013 ⁵	Euro	2020	-	71,183
Loan participation notes issued in February 2013 ⁵	US Dollar	2020	-	50,293
	British Pound			
Loan participation notes issued in September 2013 ^{5,6}	Sterling	2020	-	41,937
PJSC Sberbank	Russian Ruble	2020	-	30,084
China Construction Bank Corporation, Beijing branch ¹	US Dollar	2020	-	27,205
UniCredit S.p.A. ¹	Euro	2020	-	24,257
JSC ALFA-BANK	Russian Ruble	2020	-	10,073
PJSC Promsvyazbank	Russian Ruble	2020	-	10,039
Other long-term borrowings, promissory notes	Various	Various	<u>598,067</u>	<u>507,510</u>
Total long-term borrowings, promissory notes			4,839,745	3,710,079
Less current portion of long-term borrowings			<u>(544,168)</u>	<u>(620,377)</u>
			4,295,577	3,089,702

¹ The loans received from consortiums of banks, the named lender is the bank-agent.

² The loan received to finance the Amur gas processing plant construction.

³ The issuer of these bonds is Gaz Finance Plc. The bonds were issued under EUR 30,000 million Programme for the Issuance of Loan Participation Notes.

⁴ The issuer of these bonds is PJSC Gazprom Neft.

⁵ The issuer of these bonds is Gaz Capital S.A. The bonds were issued under USD 40,000 million Programme for the Issuance of Loan Participation Notes.

⁶ According to the signed agreements between the bond issuer Gas Capital S.A. and the banks, settlements for the bonds are made in Euro (up to the achievement of a coefficient based on the ratio of currency exchange rates set in the agreements).

⁷ The issuer of these bonds is GazAsia Capital S.A.

⁸ Borrowings were obtained for financing of the Nord Stream 2 project.

⁹ The issuer of these bonds is Gazprom capital LLC.

¹⁰ The issuer of these bonds is PJSC Gazprom.

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14 Long-Term Borrowings, Promissory Notes (continued)

The maturity analysis of long-term borrowings and promissory notes is presented in the table below.

Maturity of long-term borrowings, promissory notes	30 September 2020	31 December 2019
Between one and two years	793,495	448,815
Between two and five years	1,586,602	1,637,203
After five years	<u>1,915,480</u>	<u>1,003,684</u>
	4,295,577	3,089,702

Long-term liabilities include fixed interest rate borrowings with a carrying value of RUB 2,740,739 million and RUB 2,238,028 million and fair value of RUB 3,081,096 million and RUB 2,509,321 million as of 30 September 2020 and 31 December 2019, respectively.

All other long-term borrowings have variable interest rates generally linked to LIBOR and EURIBOR. Their carrying value is RUB 2,099,006 million and RUB 1,472,051 million and fair value is RUB 2,402,553 million and RUB 1,649,878 million as of 30 September 2020 and 31 December 2019, respectively.

As of 30 September 2020 and 31 December 2019 according to the agreements signed within the framework of the Nord Stream 2 project financing with Wintershall Nederland Transport and Trading B.V., OMV Gas Marketing Trading & Finance B.V., Shell Exploration and Production (LXXI) B.V., Engie Energy Management Holding Switzerland AG, Uniper Gas Transportation and Finance B.V., 100 % of shares of Nord Stream 2 AG held by PJSC Gazprom were pledged until a full settlement of the secured obligations.

As of 30 September 2020 according to the agreements signed in December 2019 within the framework of financing the construction of the Amur gas processing plant, 99.9 % of interest in the charter capital of LLC Gazprom pererabotka Blagoveshchensk (a subsidiary) was pledged until a full settlement of the secured obligations. As of 30 September 2020 the secured obligations to agent banks China Construction Bank Corporation, Beijing branch, ING Bank N.V., Intesa Sanpaolo S.p.A., London branch, Intesa Sanpaolo S.p.A. and PJSC Sberbank amounted to RUB 397,275 million. No borrowings were made as of 31 December 2019.

Under the terms of the Russian bonds with the nominal value of RUB 25,000 million issued by PJSC Gazprom Neft in November 2019 and due in 2024 bondholders can execute the right of early redemption in November 2021 at par, including interest accrued.

Under the terms of the Russian bonds with the nominal value of RUB 15,000 million issued by PJSC Gazprom in July 2018 and due in 2048 the issuer can execute the right of early redemption in July 2025.

Under the terms of the Russian bonds with the nominal value of RUB 15,000 million issued by PJSC Gazprom in July 2018 and due in 2048 the issuer can execute the right of early redemption in July 2025.

Under the terms of the Russian bonds with the nominal value of RUB 10,000 million issued by PJSC Gazprom in July 2018 and due in 2033 the issuer can execute the right of early redemption in July 2025.

Under the terms of the Russian bonds with the nominal value of RUB 30,000 million issued by Gazprom capital LLC in February 2018 and due in 2028 the issuer can execute the right of early redemption in February 2025.

Under the terms of the Russian bonds with the nominal value of RUB 30,000 million issued by Gazprom capital LLC in February 2017 and due in 2027 the issuer can execute the right of early redemption in February 2024.

Under the terms of the Russian bonds with the nominal value of RUB 15,000 million issued by PJSC Gazprom Neft in August 2016 and due in 2046 bondholders can execute the right of early redemption in August 2021 at par, including interest accrued.

The Group has no subordinated borrowings and no debt obligations that may be converted into shares of the Group (see Note 20).

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15 Profit Tax

Profit tax is recognised based on the estimated average annual effective profit tax rate applied to the profit before profit tax for the nine months ended 30 September 2020. Differences between the recognition criteria of assets and liabilities reflected in the IFRS consolidated interim condensed financial information and for the purposes of Russian statutory taxation give rise to certain temporary differences. The tax effect of the movement in these temporary differences is recorded at the applicable statutory rates with the prevailing rate of 20 % in the Russian Federation.

	30 September 2020	Temporary differences recognition and reversals	31 December 2019	30 September 2019	Temporary differences recognition and reversals	Effect of changes in accounting policies	31 December 2018
Tax effects of taxable temporary differences:							
Property, plant and equipment	(973,360)	(19,803)	(953,557)	(919,412)	(46,624)	2,619	(875,407)
Right-of-use assets	(30,459)	2,865	(33,324)	(32,653)	(1,630)	(31,023)	-
Inventories	(10,112)	(4,953)	(5,159)	(563)	(5,808)	-	5,245
	<u>(1,013,931)</u>	<u>(21,891)</u>	<u>(992,040)</u>	<u>(952,628)</u>	<u>(54,062)</u>	<u>(28,404)</u>	<u>(870,162)</u>
Tax effects of deductible temporary differences:							
Financial assets	1,574	(548)	2,122	1,962	249	-	1,713
Tax losses carried forward	188,069	162,618	25,451	14,807	(2,039)	-	16,846
Retroactive gas price adjustments	8,224	(11,198)	19,422	11,110	4,451	-	6,659
Accounts receivable	174,373	77,241	97,132	86,187	5,477	-	80,710
Lease liabilities	41,938	2,206	39,732	36,481	1,089	35,392	-
Other deductible temporary differences	12,180	(27,553)	39,733	15,976	493	-	15,483
	<u>426,358</u>	<u>202,766</u>	<u>223,592</u>	<u>166,523</u>	<u>9,720</u>	<u>35,392</u>	<u>121,411</u>
Total net deferred tax liabilities	(587,573)	180,875	(768,448)	(786,105)	(44,342)	6,988	(748,751)

Taxable temporary differences recognised for the nine months ended 30 September 2020 and 30 September 2019 include the effect of bonus depreciation applied to certain items of property, plant and equipment. The positive tax effect on these differences amounted to RUB 21,267 million and RUB 5,387 million and it was offset by the decrease in the current profit tax by the corresponding amount which did not affect profit (loss) for the nine months ended 30 September 2020 and 30 September 2019.

16 Equity

Share Capital

The share capital authorised, issued and paid totals RUB 325,194 million as of 30 September 2020 and 31 December 2019 and consists of 23,674 million ordinary shares, each with a par value of 5 Russian Rubles.

Treasury Shares

As of 30 September 2020 and 31 December 2019 subsidiaries of PJSC Gazprom held 29 million PJSC Gazprom's ordinary shares, which are accounted for as treasury shares.

In July 2019 the Group sold 693,627,848 PJSC Gazprom's ordinary shares, which represented 2.93 % of the share capital, for 200.50 Russian Rubles per share by using the stock exchange transaction technology of PJSC Moscow Exchange MICEX-RTS.

In November 2019 the Group sold 850,590,751 PJSC Gazprom's ordinary shares, which represented 3.59 % of the share capital, for 220.72 Russian Rubles per share by using the stock exchange transaction technology of PJSC Moscow Exchange MICEX-RTS.

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16 Equity (continued)

The shares held by PJSC Gazprom's subsidiaries represented 0.1 % of the total number of PJSC Gazprom's shares as of 30 September 2020 and 31 December 2019.

The management of the Group controls the voting rights of treasury shares.

17 Sales

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Gas sales gross of excise tax and customs duties:				
the Russian Federation	134,179	147,869	622,882	666,125
Former Soviet Union countries (excluding the Russian Federation)	63,335	76,959	209,521	279,596
Europe and other countries	<u>484,365</u>	<u>586,778</u>	<u>1,414,845</u>	<u>2,393,535</u>
	681,879	811,606	2,247,248	3,339,256
Customs duties	(101,949)	(127,887)	(270,500)	(491,411)
Excise tax	(6,637)	(14,587)	(19,190)	(47,128)
Retroactive gas price adjustments ¹	-	-	<u>2,324</u>	<u>8,009</u>
Total gas sales	<u>573,293</u>	<u>669,132</u>	<u>1,959,882</u>	<u>2,808,726</u>
Sales of refined products:				
the Russian Federation	342,824	371,825	896,896	1,020,696
Former Soviet Union countries (excluding the Russian Federation)	26,364	30,261	79,818	95,040
Europe and other countries	<u>111,501</u>	<u>146,469</u>	<u>324,828</u>	<u>476,190</u>
Total sales of refined products	480,689	548,555	1,301,542	1,591,926
Sales of crude oil and gas condensate:				
the Russian Federation	9,046	14,232	30,607	47,164
Former Soviet Union countries (excluding the Russian Federation)	8,264	9,692	11,605	32,433
Europe and other countries	<u>113,801</u>	<u>166,510</u>	<u>300,949</u>	<u>493,784</u>
Total sales of crude oil and gas condensate	131,111	190,434	343,161	573,381
Electric and heat energy sales:				
the Russian Federation	77,974	84,306	321,715	350,195
Former Soviet Union countries (excluding the Russian Federation)	2,424	2,066	3,682	2,978
Europe and other countries	<u>15,829</u>	<u>8,928</u>	<u>23,070</u>	<u>20,022</u>
Total electric and heat energy sales	96,227	95,300	348,467	373,195
Gas transportation sales:				
the Russian Federation	53,163	48,663	159,328	156,201
Former Soviet Union countries (excluding the Russian Federation)	580	589	2,097	2,023
Europe and other countries	<u>805</u>	<u>614</u>	<u>2,413</u>	<u>1,796</u>
Total gas transportation sales	54,548	49,866	163,838	160,020
Other sales:				
the Russian Federation	52,581	56,568	155,000	157,755
Former Soviet Union countries (excluding the Russian Federation)	1,802	1,756	4,990	5,560
Europe and other countries	<u>7,819</u>	<u>9,977</u>	<u>24,338</u>	<u>27,776</u>
Total other sales	<u>62,202</u>	<u>68,301</u>	<u>184,328</u>	<u>191,091</u>
Total sales	<u>1,398,070</u>	<u>1,621,588</u>	<u>4,301,218</u>	<u>5,698,339</u>

¹ The effect of retroactive gas price adjustments relate to gas deliveries in previous years for which a price adjustment has been agreed or is in the process of negotiation. The effect of gas price adjustments, including corresponding impact on profit tax, is recorded in the consolidated interim condensed financial information when they become probable and a reliable estimate of the amounts can be made. The effects of retroactive gas price adjustments for the three months ended 30 September 2020 and 30 September 2019 amounted to RUB nil million. The effects of retroactive gas price adjustments for the nine months ended 30 September 2020 and 30 September 2019 were recorded as an increase in sales by RUB 2,324 million and RUB 8,009 million, respectively. The effects increasing sales were due to recognition of adjustments increasing gas prices for the past periods and due to change of previously recognised accruals following agreements reached prior to the issuance of the respective consolidated interim condensed financial information.

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18 Operating Expenses

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Taxes other than on profit	310,796	329,674	928,475	1,063,183
Purchased gas and oil	186,211	321,773	627,733	1,051,552
Staff costs	212,998	189,634	627,585	570,768
Depreciation	197,744	177,169	594,635	525,044
Transit of gas, oil and refined products	165,575	161,144	477,998	497,197
Materials	67,101	45,430	177,451	192,823
Goods for resale, including refined products	69,930	69,078	154,976	194,924
Repairs and maintenance	38,981	46,400	87,997	99,761
Electricity and heating	25,050	31,079	81,333	88,223
Insurance	8,667	8,098	25,867	23,575
Social expenses	9,061	11,074	25,167	27,389
Transportation expenses	7,659	11,684	21,683	21,398
Processing services	5,234	5,498	15,575	15,994
Impairment loss on non-financial assets	1,314	3,076	15,514	4,878
Research and development	5,085	1,896	14,386	11,263
Lease	4,238	6,851	12,786	19,735
Loss (gain) on derivative financial instruments	9,295	(17,415)	7,497	(7,364)
Foreign exchange differences on operating items	(103,115)	16,623	(166,574)	68,013
Other	101,644	72,950	272,107	292,167
	1,323,468	1,491,716	4,002,191	4,760,523
Change in balances of finished goods, work in progress and other effects	(72,393)	(70,417)	(57,859)	(142,537)
Total operating expenses	1,251,075	1,421,299	3,944,332	4,617,986

Staff costs include RUB 10,335 million and RUB 30,914 million of expenses for provision for post-employment benefits for the three and nine months ended 30 September 2020, respectively, and RUB 8,778 million and RUB 26,100 million for the three and nine months ended 30 September 2019, respectively (see Note 21).

19 Finance Income and Expenses

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Foreign exchange gain	57,312	157,642	479,111	463,093
Interest income	10,386	23,573	47,939	71,760
Total finance income	67,698	181,215	527,050	534,853
Foreign exchange loss	521,656	145,313	1,228,563	232,277
Interest expense	15,312	18,158	49,389	55,687
Total finance expenses	536,968	163,471	1,277,952	287,964

Total interest paid amounted to RUB 44,548 million and RUB 131,199 million for the three and nine months ended 30 September 2020, respectively, and RUB 44,726 million and RUB 134,095 million for the three and nine months ended 30 September 2019, respectively.

Interest expense includes interest expense on lease obligations under IFRS 16 Leases in the amount of RUB 3,722 million and RUB 12,055 million for the three and nine months ended 30 September 2020, respectively and RUB 4,566 million and RUB 12,937 million for the three and nine months ended 30 September 2019, respectively.

Foreign exchange gain and loss for the nine month ended 30 September 2020 and 30 September 2019 were mainly caused by a change in the Euro and US Dollar exchange rates against the Russian Ruble. Gain and loss primarily relate to revaluation of borrowings denominated in foreign currencies.

20 Basic and Diluted Earnings (Loss) per Share Attributable to the Owners of PJSC Gazprom

Basic earnings (loss) per share attributable to the owners of PJSC Gazprom have been calculated by dividing the profit (loss) for the period attributable to the owners of PJSC Gazprom by the weighted average number of ordinary shares outstanding, excluding the weighted average number of ordinary shares purchased by the Group and held as treasury shares (see Note 16).

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20 Basic and Diluted Earnings (Loss) per Share Attributable to the Owners of PJSC Gazprom (continued)

The weighted average number of ordinary shares outstanding, excluding the weighted average number of treasury shares, was 23.6 billion for the three and nine months ended 30 September 2020 and 22.6 billion and 22.3 billion for the three and nine months ended 30 September 2019, respectively.

The Group has no dilutive financial instruments.

21 Provisions

	30 September 2020	31 December 2019
Provision for post-employment benefits	310,386	291,684
Provision for decommissioning and site restoration	303,611	279,895
Other	<u>36,908</u>	<u>35,204</u>
Total provisions	650,905	606,783

The Group applies pension and other post-employment benefits system, which is recorded as defined benefit plan in the consolidated interim condensed financial information under IAS 19 Employee Benefits. Pension benefits are provided to the majority of the Group's employees. These benefits include pension benefits provided by the non-governmental pension fund, JSC NPF GAZFOND, and lump-sum payments provided by the Group upon retirement.

The net pension plan assets related to benefits provided through JSC NPF GAZFOND are included within other non-current assets in the consolidated interim condensed balance sheet in the amount of RUB 15,264 million and RUB 26,547 million as of 30 September 2020 and 31 December 2019, respectively (see Note 13).

In accordance with IAS 19 Employee Benefits, pension plan assets are recorded at estimated fair value and are subject to certain limitations. As of 30 September 2020 and 31 December 2019 management estimates the fair value of these assets in the amount of RUB 434,468 million and RUB 431,544 million, respectively. The pension plan assets comprise shares of various companies, including shares of PJSC Gazprom and an equity stake in Gazprombank (Joint-stock Company), corporate, state and municipal bonds, investments in mutual funds and other assets held by JSC NPF GAZFOND.

Net post-employment benefits assets or liabilities recorded in the consolidated interim condensed balance sheet are presented below.

	30 September 2020		31 December 2019	
	Pension plan provided through JSC NPF GAZFOND	Other post- employment benefits	Pension plan provided through JSC NPF GAZFOND	Other post- employment benefits
Present value of obligations	(419,204)	(310,386)	(404,997)	(291,684)
Fair value of plan assets	<u>434,468</u>	<u>-</u>	<u>431,544</u>	<u>-</u>
Total net assets (liabilities)	15,264	(310,386)	26,547	(291,684)

Expenses for provision for post-employment benefits recognised in operating expenses are presented below (see Note 18).

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Current service cost	5,972	6,869	17,917	20,607
Net interest expense	<u>4,363</u>	<u>1,909</u>	<u>12,997</u>	<u>5,493</u>
Total expenses included in the line "Staff costs" within operating expenses	10,335	8,778	30,914	26,100

The principal assumptions used for the measurement of provision for post-employment benefits for the three months ended 30 September 2020 were the same as those applied for the year ended 31 December 2019 with the exception of the discount rate determined by reference to market yields on government securities. The increase in the discount rate from 6.2 % to 6.5 % resulted in recognition of an actuarial gain in the amount of RUB 21,511 million in other comprehensive income for the three months ended 30 September 2020. The principal assumptions used for the measurement of provision for post-employment benefits for the nine months ended 30 September 2020 were the same as those applied for the year ended 31 December 2019 and there was no actuarial gain (loss).

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21 Provisions (continued)

The decrease in the discount rate from 7.5 % to 7.3 % resulted in recognition of an actuarial loss in the amount of RUB 12,271 million in other comprehensive income for the three months ended 30 September 2019. The decrease in the discount rate from 8.8 % to 7.3 % resulted in recognition of an actuarial loss in the amount of RUB 80,681 million in other comprehensive income for the nine months ended 30 September 2019.

Remeasurement of provision for post-employment benefits recognised in other comprehensive income is presented below.

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Actuarial gain (loss)	21,511	(12,271)	-	(80,681)
(Expense) return on plan assets excluding amounts included in net interest expense	17	5,435	(12,788)	(4,413)
Translation differences	(1,223)	93	(1,998)	499
Total	20,305	(6,743)	(14,786)	(84,595)

22 Fair Value of Financial Instruments

The fair value of financial assets and liabilities is determined as follows:

a) Financial instruments included in Level 1

The fair value of financial instruments traded in active markets is based on quoted market closing prices at the date nearest to the reporting date.

b) Financial instruments included in Level 2

The fair value of financial instruments that are not traded in active markets is determined according to various valuation techniques, primarily based on the market or income approach, particularly the discounted cash flows valuation method. These valuation techniques maximise the use of observable inputs where they are available and rely as little as possible on the Group's specific assumptions. If all significant inputs required to measure a financial instrument at fair value are based on observable data, such an instrument is included in Level 2.

c) Financial instruments included in Level 3

If one or more of the significant inputs used to measure the fair value of an instrument are not based on observable data, such an instrument is included in Level 3.

The fair value of long-term accounts receivable is classified as Level 3 (see Note 12), long-term borrowings – Level 2 (see Note 14).

As of 30 September 2020 and 31 December 2019 the Group had the following assets and liabilities that are measured at fair value:

Notes	30 September 2020				
	Level 1	Level 2	Level 3	Total	
Financial assets measured at fair value with changes recognised through profit or loss:					
13	Derivative financial instruments	12,181	73,964	351	86,496
	Bonds	26,256	-	-	26,256
	Equity securities	229	-	-	229
Financial assets measured at fair value with changes recognised through other comprehensive income:					
13	Derivative financial instruments	-	4,499	-	4,499
	Equity securities	-	-	-	-
	Promissory notes	-	1	-	1
Total short-term financial assets measured at fair value					
		38,666	78,464	351	117,481
Financial assets measured at fair value with changes recognised through profit or loss:					
13	Derivative financial instruments	3,396	18,323	1	21,720
	Equity securities	-	-	2,986	2,986

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22 Fair Value of Financial Instruments (continued)

Notes	30 September 2020			
	Level 1	Level 2	Level 3	Total
	Financial assets measured at fair value with changes recognised through other comprehensive income:			
13	-	258	-	258
	337,325	40,578	4,155	382,058
	-	304	-	304
	340,721	59,463	7,142	407,326
	379,387	137,927	7,493	524,807
	Financial liabilities measured at fair value with changes recognised through profit or loss:			
	28,822	42,550	398	71,770
	17,618	12,164	99	29,881
	Financial liabilities measured at fair value with changes recognised through other comprehensive income:			
	-	10,251	-	10,251
	-	10,211	-	10,211
	46,440	75,176	497	122,113

Notes	31 December 2019			
	Level 1	Level 2	Level 3	Total
	Financial assets measured at fair value with changes recognised through profit or loss:			
13	8,337	69,375	170	77,882
	30,405	-	-	30,405
	229	-	-	229
	Financial assets measured at fair value with changes recognised through other comprehensive income:			
13	-	32,072	-	32,072
	-	3,010	-	3,010
	-	2	-	2
	38,971	104,459	170	143,600
	Financial assets measured at fair value with changes recognised through profit or loss:			
13	2,693	6,108	-	8,801
	-	-	2,447	2,447
	Financial assets measured at fair value with changes recognised through other comprehensive income:			
13	-	10,969	-	10,969
	386,824	40,578	4,149	431,551
	-	284	-	284
	389,517	57,939	6,596	454,052
	428,488	162,398	6,766	597,652
	Financial liabilities measured at fair value with changes recognised through profit or loss:			
	9,481	58,823	517	68,821
	5,543	137	-	5,680
	Financial liabilities measured at fair value with changes recognised through other comprehensive income:			
	-	31,177	-	31,177
	79	12,867	-	12,946
	15,103	103,004	517	118,624

There were no transfers of financial instruments between Levels 1, 2 and 3 and changes in valuation techniques during the reporting period.

Financial assets measured at fair value with changes recognised through profit or loss include derivative financial instruments, equity and debt securities intended to generate short-term profit through trading.

As of 30 September 2020 and 31 December 2019 long-term financial assets measured at fair value with changes recognised through other comprehensive income include shares of PJSC NOVATEK in the amount of RUB 331,619 million and RUB 380,811 million, respectively.

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23 Acquisition of a Subsidiary

In December 2019 the Group acquired 100 % of ordinary shares of JSC REP Holding (abbreviated name – JSC REPH). Compensation payments amounted to RUB 10,000 million. Payment was made by the cash. 25 % of ordinary shares of JSC REPH were acquired from JSC Gazprombank – Asset Management, a subsidiary of Gazprombank (Joint-stock Company), for RUB 2,500 million. An additional condition of the transaction was an obligation of the Group to obtain a loan from Gazprombank (Joint-stock Company) for a period of three years at an interest rate equal to the key rate of the Central Bank of the Russian Federation in the relevant period to repay loan liabilities of JSC REPH, which had not been fulfilled as of the acquisition date.

The aim of the acquisition of JSC REPH is to develop the production of equipment both for gas transmission systems (GTS), and for use in electric power and oil industry entities.

JSC REPH owns a number of subsidiaries (the “REPH Group”), the most significant of which is CJSC NZL.

The REPH Group’s activities include design, development, manufacture, installation, sale, as well as after-sales and warranty services for turbocompressor and power equipment.

As a result of the transaction, goodwill was recognised in the provisional amount of RUB 22,999 million. The Group’s share in the voting shares of JSC REPH amounted to 72 %.

In accordance with IFRS 3 Business Combinations, the Group recognised the acquired assets and liabilities based upon their provisional fair values. The final fair value should be recognised in the consolidated financial statements within twelve months of the acquisition date. All changes in fair values will be recorded retrospectively from the acquisition date.

The provisional fair value of the assets acquired and liabilities assumed is provided below.

	<u>Provisional fair value</u>
Current assets	
Cash and cash equivalents	3,260
Accounts receivable and prepayments	7,710
Inventories	13,519
VAT recoverable	<u>94</u>
	24,583
Non-current assets	
Property, plant and equipment	6,784
Long-term accounts receivable and prepayments	252
Deferred tax assets	2,399
Other non-current assets	<u>1,368</u>
	10,803
Total assets	35,386
Current liabilities	
Accounts payable, provisions and other liabilities	11,013
Short-term borrowings, promissory notes and current portion of long-term borrowings	<u>8,915</u>
	19,928
Non-current liabilities	
Long-term borrowings, promissory notes	33,224
Deferred tax liabilities	<u>335</u>
	33,559
Total liabilities	53,487
Non-controlling interest before the acquisition	<u>67</u>
Net assets on the acquisition date	(18,034)
Compensation payment	10,000
Non-controlling interest	5,035
Goodwill	22,999

The fair value of the accounts receivable resulting from the transaction is RUB 7,962 million as of 31 December 2019. The gross accounts receivable at the acquisition date is RUB 8,065 million. The best estimate of cash flows that are not expected to be recovered is RUB 103 million as of the acquisition date.

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24 Related Parties

In the consolidated interim condensed financial information 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 operational and financial decisions as defined by IAS 24 Related Party Disclosures. Related parties may enter into transactions which unrelated parties would not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The nature of relationships with those related parties with whom the Group entered into significant transactions or had significant balances outstanding is detailed below.

Government (the Russian Federation)

The Russian Federation is the ultimate controlling party of PJSC Gazprom and has a controlling interest (including both direct and indirect ownership) of over 50 % in PJSC Gazprom.

As of 30 September 2020 the Government directly owns 38.373 % of PJSC Gazprom's issued shares. JSC ROSNEFTEGAZ and JSC Rosgazifikatsiya controlled by the Government own 11.859 % of PJSC Gazprom's issued shares.

The Government does not prepare consolidated financial statements for public use. The Governmental economic and social policies affect the Group's financial position, performance and cash flows.

As a condition of privatisation in 1992, the Government of the Russian Federation imposed an obligation on the Group to provide an uninterrupted supply of gas to customers in the Russian Federation at government-controlled prices.

Parties Under the Government Control

In the normal course of business the Group enters into transactions with other entities under the Government control.

As of 30 September 2020 prices of natural gas and gas transportation, electricity tariffs in the Russian Federation are regulated by the Federal Antimonopoly Service (the "FAS").

Bank borrowings are provided on the basis of market interest rates. Taxes are accrued and settled in accordance with the applicable current legislation.

As of 30 September 2020 and 31 December 2019 and for the three and nine months ended 30 September 2020 and for the three and nine months ended 30 September 2019 the Group's significant transactions and balances with the Government and entities under the Government control are presented below.

	As of		Three months ended		Nine months ended	
	30 September 2020	30 September 2020	30 September 2020	30 September 2020	30 September 2020	30 September 2020
	Assets	Liabilities	Income	Expenses	Income	Expenses
Transactions and balances with the Government						
Current profit tax	19,430	2,836	-	15,082	-	47,838
Insurance contributions	1,662	12,121	-	34,616	-	123,466
VAT	274,230	103,259	-	-	-	-
Customs duties	18,835	-	-	-	-	-
MET	11	60,238	-	190,154	-	578,945
Other taxes	7,843	79,494	-	89,702	-	273,106
Other	-	-	-	3,135	-	9,322
Transactions and balances with entities under the Government control						
Gas sales	-	-	21,169	-	91,684	-
Electric and heat energy sales	-	-	21,237	-	114,844	-
Gas transportation sales	-	-	9,385	-	28,196	-
Other sales	-	-	1,231	-	3,380	-
Transit of oil and refined products expenses	-	-	-	29,192	-	100,505
Interest expense	-	-	-	5,175	-	16,546
Cash and cash equivalents	77,445	-	-	-	-	-
Short-term deposits	3,799	-	-	-	-	-
Long-term deposits	9	-	-	-	-	-
Accounts receivable	41,982	-	-	-	-	-
Short-term financial assets	23,166	-	-	-	-	-
Long-term financial assets	6,169	-	-	-	-	-
Accounts payable	-	35,087	-	-	-	-

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24 Related Parties (continued)

	As of		Three months ended		Nine months ended	
	30 September 2020		30 September 2020		30 September 2020	
	Assets	Liabilities	Income	Expenses	Income	Expenses
Borrowings	-	238,546	-	-	-	-
Short-term lease liabilities	-	9,006	-	-	-	-
Long-term lease liabilities	-	97,376	-	-	-	-
	As of		Three months ended		Nine months ended	
	31 December 2019		30 September 2019		30 September 2019	
	Assets	Liabilities	Income	Expenses	Income	Expenses
Transactions and balances with the Government						
Current profit tax	9,021	31,567	-	41,162	-	232,228
Insurance contributions	1,856	11,708	-	35,688	-	114,515
VAT	297,217	105,070	-	-	-	-
Customs duties	26,595	-	-	-	-	-
MET	11	86,565	-	253,738	-	842,757
Other taxes	19,855	66,948	-	53,817	-	148,955
Other	-	-	9,834	-	30,872	-
Transactions and balances with entities under the Government control						
Gas sales	-	-	22,797	-	101,978	-
Electric and heat energy sales	-	-	24,038	-	121,232	-
Gas transportation sales	-	-	10,855	-	33,092	-
Other sales	-	-	1,727	-	3,652	-
Transit of oil and refined products expenses	-	-	-	30,919	-	101,040
Interest expense	-	-	-	4,487	-	13,345
Cash and cash equivalents	61,072	-	-	-	-	-
Short-term deposits	4,815	-	-	-	-	-
Long-term deposits	1,867	-	-	-	-	-
Accounts receivable	47,390	-	-	-	-	-
Short-term financial assets	27,792	-	-	-	-	-
Long-term financial assets	6,002	-	-	-	-	-
Accounts payable	-	27,033	-	-	-	-
Borrowings	-	195,297	-	-	-	-
Short-term lease liabilities	-	7,671	-	-	-	-
Long-term lease liabilities	-	84,428	-	-	-	-

See the consolidated interim condensed statement of changes in equity for returns of social assets to governmental authorities during the nine months ended 30 September 2020 and 30 September 2019. See Note 9 for the net book values as of 30 September 2020 and 31 December 2019 of social assets vested to the Group at privatisation.

Transactions with JSC FSC

Some of the transactions on the wholesale electricity and capacity market are conducted through commission agreements with JSC FSC. The current financial settling system of JSC FSC does not provide the ultimate counterparties with automatically generated information about transactions and outstanding balances with the participants of the wholesale electricity and capacity market.

The Group's significant transactions and balances with JSC FSC are presented below.

	As of 30 September 2020		Three months ended		Nine months ended	
	Assets	Liabilities	Income	Expenses	Income	Expenses
Transactions and balances with JSC FSC						
Electric and heat energy sales	-	-	32,727	-	101,386	-
Electricity and heating expenses	-	-	-	4,887	-	14,981
Accounts receivable	3,901	-	-	-	-	-
Accounts payable	-	1,537	-	-	-	-

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24 Related Parties (continued)

	As of 31 December 2019		Three months ended 30 September 2019		Nine months ended 30 September 2019	
	Assets	Liabilities	Income	Expenses	Income	Expenses
Transactions and balances with JSC FSC						
Electric and heat energy sales	-	-	34,997	-	122,339	-
Electricity and heating expenses	-	-	-	4,736	-	18,073
Accounts receivable	5,893	-	-	-	-	-
Accounts payable	-	1,978	-	-	-	-

Compensation for Key Management Personnel

Key management personnel (the members of the Board of Directors and the Management Committee of PJSC Gazprom) receive short-term compensation, including salary, bonuses and remuneration for serving on the management bodies of the Group's entities.

The members of the Board of Directors, who are government officials, do not receive compensation from the Group.

The compensation of the members of the Board of Directors is approved by the annual general meetings of shareholders of the Group's entities. The compensation of key management personnel (other than compensation of the members of the Board of Directors) is determined by the terms of the employment contracts. Short-term compensation of key management personnel also includes benefits related to healthcare.

According to the Russian legislation, the Group makes contributions to the Pension Fund of the Russian Federation for all of its employees including key management personnel.

Key management personnel are also entitled to long-term post-employment benefits. These benefits include non-governmental pension benefits provided by JSC NPF GAZFOND, and lump-sum payments provided by the Group's entities upon retirement (see Note 21).

Employees of the majority of the Group's entities are eligible for such post-employment benefits.

The Group also provides key management personnel with medical insurance and liability insurance.

Associates and Joint Ventures

For the three and nine months ended 30 September 2020 and for the three and nine months ended 30 September 2019 and as of 30 September 2020 and 31 December 2019 the Group's significant transactions and balances with associates and joint ventures are presented below.

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
	Income		Income	
Gas sales				
JSV Moldovagaz	4,285	5,225	17,729	21,567
Panrusgaz Co.	6,304	9,148	15,066	33,343
CJSC Gazprom YRGM Trading ¹	2,954	4,051	11,732	13,317
JSC Gazprom YRGM Development ¹	2,110	2,893	8,380	9,512
JSC Latvijas Gaze	2,301	4,817	3,743	8,196
Prometheus Gas S.A.	782	1,965	2,475	7,216
JSC EUROPOL GAZ	694	539	1,520	1,810
KazRosGas LLP	-	1,340	-	7,054
Gas transportation sales				
CJSC Gazprom YRGM Trading ¹	5,510	5,756	17,983	18,525
JSC Gazprom YRGM Development ¹	3,936	4,111	12,845	13,232
KazRosGas LLP	580	589	2,096	2,022

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24 Related Parties (continued)

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
	Income		Income	
Crude oil, gas condensate and refined products sales				
PJSC NGK Slavneft and its subsidiaries	7,867	8,584	11,336	28,981
LLC NPP Neftekhimia	998	958	2,860	3,439
LLC Poliom	933	1,009	2,518	3,037
JSC SOVEX	969	2,190	1,983	5,098
Sakhalin Energy Investment Company Ltd.	-	23	1,147	2,411
Field operator services and other services sales				
JSC Messoyakhaneftegas	789	839	3,021	2,751
PJSC NGK Slavneft and its subsidiaries	717	619	2,393	1,906
Sakhalin Energy Investment Company Ltd.	425	348	1,256	1 040
Gas refining services sales				
KazRosGas LLP	2,183	2,406	8,051	8,256
Interest income				
Gazprombank (Joint-stock Company) and its subsidiaries	3,201	11,239	21,063	36,124
	Expenses		Expenses	
Purchased gas				
CJSC Gazprom YRGM Trading ¹	10,050	11,247	35,206	42,691
JSC Arcticgas	12,632	12,392	29,187	26,945
JSC Gazprom YRGM Development ¹	7,196	8,037	25,172	30,509
KazRosGas LLP	29	9,601	9,402	27,526
Sakhalin Energy Investment Company Ltd.	1,767	2,002	5,748	11,060
CJSC Northgas	1,273	1,582	3,972	4,695
Transit of gas				
Nord Stream AG	24,057	19,160	66,006	58,577
WIGA Transport Beteiligungs-GmbH & Co. KG and its subsidiaries	9,800	8,180	34,582	26,101
JSC EUROPOL GAZ	-	3,071	4,838	9,358
JSV Moldovagaz	50	400	123	1,373
Purchased crude oil and refined products				
PJSC NGK Slavneft and its subsidiaries	20,339	41,209	64,790	121,133
JSC Messoyakhaneftegas	13,374	17,847	34,211	52,272
JSC Arcticgas	1,160	2,177	3,169	4,915
KazRosGas LLP	412	1,773	1,515	2,221
Sakhalin Energy Investment Company Ltd.	-	19	-	3,518
Gas and gas condensate production				
JSC Achimgaz	4,958	11,400	24,233	35,684
Processing services				
PJSC NGK Slavneft and its subsidiaries	3,660	4,104	10,918	11,332
Transit of crude oil and oil refinery products				
JSC Messoyakhaneftegas	1,990	1,801	5,637	4,929
PJSC NGK Slavneft and its subsidiaries	1,683	1,385	4,705	3,416
Interest expense				
Gazprombank (Joint-stock Company) and its subsidiaries	2,308	2,811	8,881	8,630

¹ CJSC Gazprom YRGM Trading and JSC Gazprom YRGM Development are not associates and joint ventures.

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24 Related Parties (continued)

Under the agreement of subordinated debt the Group provided cash to Gazprombank (Joint-stock Company) in the amount of RUB nil million and RUB 40,000 million for the three and nine months ended 30 September 2020 and RUB nil million and RUB 90,000 million for the three and nine months ended 30 September 2019, respectively.

Gas is sold to and purchased from the Group's associates and joint ventures in the Russian Federation mainly at the rates established by the FAS. Gas is sold and purchased outside the Russian Federation generally on a long-term basis at prices based on world prices of oil products.

Crude oil is sold to and purchased from the Group's associates and joint ventures in the ordinary course of business at prices not significantly different from average market prices.

	As of 30 September 2020		As of 31 December 2019	
	Assets	Liabilities	Assets	Liabilities
Short-term accounts receivable and prepayments				
Gazprombank (Joint-stock Company)	34,646	-	13,961	-
JSC Gazstroyprom	33,845	-	8,521	-
LLC National Petroleum Consortium	4,612	-	1,324	-
PJSC NGK Slavneft and its subsidiaries	4,027	-	5,580	-
Panrusgaz Co.	3,828	-	3,566	-
CJSC Gazprom YRGM Trading	3,439	-	2,489	-
JSC Gazprom YRGM Development	2,457	-	1,778	-
Sakhalin Energy Investment Company Ltd.	2,432	-	3,125	-
TurkAkim Gaz Tasima A.S.	2,054	-	1,071	-
JSC Achimgaz	2,032	-	78	-
JSC Messoyakhanefegas	686	-	1,022	-
KazRosGas LLP	654	-	6,233	-
Wintershall Noordzee B.V.	111	-	4,209	-
Cash and cash equivalents				
Gazprombank (Joint-stock Company) and its subsidiaries	263,682	-	350,674	-
OJSC Belgazprombank	4,602	-	15,621	-
Short-term financial assets				
Gazprombank (Joint-stock Company)	-	-	23,814	-
Other current assets				
Gazprombank (Joint-stock Company)	52,024	-	612,352	-
OJSC Belgazprombank	13	-	2,444	-
Other non-current assets				
Gazprombank (Joint-stock Company)	-	-	1,238	-
Long-term accounts receivable and prepayments				
JSC Gazstroyprom	356,118	-	220,604	-
TurkAkim Gaz Tasima A.S.	29,321	-	21,558	-
WIGA Transport Beteiligungs-GmbH & Co. KG and its subsidiaries	18,597	-	13,863	-
Sakhalin Energy Investment Company Ltd.	15,782	-	13,455	-
JSC Evroteck-Yugra	4,255	-	3,168	-
JSC Sibgazpolymer	4,095	-	5,375	-
OJSC Belgazprombank	2,479	-	2,479	-
CJSC Khanty-Mansiysk petroleum alliance	1,246	-	1,201	-

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24 Related Parties (continued)

	As of 30 September 2020		As of 31 December 2019	
	Assets	Liabilities	Assets	Liabilities
Short-term accounts payable				
PJSC NGK Slavneft and its subsidiaries	-	48,539	-	103,617
JSC Gazstroyprom	-	27,602	-	26,794
JSC Messoyakhaneftegaz	-	25,342	-	41,882
Nord Stream AG	-	8,349	-	6,200
JSC Arcticgas	-	5,858	-	2,023
CJSC Gazprom YRGM Trading	-	4,637	-	7,353
JSC Gazprom YRGM Development	-	3,314	-	5,256
JSC Achimgaz	-	2,595	-	4,668
Sakhalin Energy Investment Company Ltd.	-	1,710	-	1,037
JSC Latvijas Gaze	-	1,384	-	411
WIGA Transport Beteiligungs-GmbH & Co. KG and its subsidiaries	-	1,254	-	1,020
KazRosGas LLP	-	31	-	4,087
JSC EUROPOL GAZ	-	-	-	1,528
Short-term borrowings (including current portion of long-term borrowings)				
WIGA Transport Beteiligungs-GmbH & Co. KG	-	28,436	-	-
Gazprombank (Joint-stock Company) and its subsidiaries	-	13,679	-	81,406
Long-term borrowings				
Gazprombank (Joint-stock Company)	-	180,640	-	181,700
JSC Gazstroyprom	-	5,270	-	-

Accounts receivable due from JSV Moldovagaz were RUB nil million as of 30 September 2020 and 31 December 2019 net of allowance for expected credit losses in the amount of RUB 541,811 million and RUB 412,258 million as of 30 September 2020 and 31 December 2019, respectively.

Accounts receivable for gas due from Overgas Inc. AD were RUB nil million as of 30 September 2020 and 31 December 2019 net of allowance for expected credit losses in the amount of RUB 9,319 million and RUB 6,511 million as of 30 September 2020 and 31 December 2019, respectively.

Borrowings from Gazprombank (Joint-stock Company) were obtained on terms not substantially different from those on financial instruments with similar characteristics and equally exposed to influence of changes in economic or other factors.

Under the loan facility agreements concluded in 2019-2020 the Group has commitments to provide loans to JSC Gazstroyprom to repay its loan liability towards the bank in case of late payment. The limit of loan facilities according to the concluded agreements amounted to RUB 197,002 million and RUB 106,500 million as of 30 September 2020 and 31 December 2019, respectively. The loan facilities are valid until 31 December 2027. As of 30 September 2020 and 31 December 2019 the Group did not provide loans. The loan commitments of the Group are limited by the loan liabilities of JSC Gazstroyprom to the bank.

In 2019, the Group made borrowings secured by inventories due in 2020 under buyback agreements entered into with Gazprombank (Switzerland) Ltd. and GPB Financial Services Limited. The borrowings were repaid in August 2020. Amounts to be repaid under these borrowings were EUR 922 million as of 31 December 2019.

Information on investments in associates and joint ventures is disclosed in Note 11.

Information on the acquisition of JSC REPH from Gazprombank (Joint-stock Company) is disclosed in Note 23.

Information on transactions performed by the Group with JSC NPF GAZFOND is disclosed in Note 21.

Information on financial guarantees issued by the Group for associates and joint ventures is disclosed in Note 25.

25 Commitments and Contingencies

Taxation

Russian tax, currency and customs legislation is subject to varying interpretations and frequent changes. Tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments. Management believes that its interpretation of the relevant legislation as of 30 September 2020 is appropriate and the Group's position in terms of tax, currency and customs legislation will remain stable.

Legal Proceedings

On 30 December 2019 to execute the Record of the Meeting of Representatives of the EU, Ukraine and the Russian Federation and entities of these countries (LLC Gas Transmission System Operator of Ukraine, NJSC Naftogaz of Ukraine and PJSC Gazprom) (18-19 December 2019, Berlin, Minsk), PJSC Gazprom and NJSC Naftogaz of Ukraine signed an irrevocable settlement agreement. The document obliges the parties to discontinue all outstanding arbitration and judicial claims between each other and renounce in the future any and all possible claims under the gas supply and transit contracts between PJSC Gazprom and NJSC Naftogaz of Ukraine dated 19 January 2009.

As of today, the injunctions issued in England and Wales, the Netherlands, Luxembourg and Switzerland have been lifted at the request of NJSC Naftogaz of Ukraine. The court proceedings under the claims of NJSC Naftogaz of Ukraine on recognition and enforcement of the arbitration award dated 28 February 2018 have been terminated in England and Wales, Latvia, Luxembourg and the Netherlands.

PJSC Gazprom is not aware of any new claims from NJSC Naftogaz of Ukraine, including those related to the gas supply and transit contracts between PJSC Gazprom and NJSC Naftogaz of Ukraine dated 19 January 2009.

There are no assets of PJSC Gazprom and other companies of the Gazprom Group restricted as a result of the already terminated claims of NJSC Naftogaz of Ukraine to recognise and enforce the award of the Stockholm arbitration court in the transit case dated 28 February 2018.

On 22 January 2016 the Antimonopoly Committee of Ukraine rendered a decision to impose a fine on PJSC Gazprom in the amount of 85,966 million Ukrainian hryvnia (at the exchange rate as of 30 September 2020 – RUB 242,108 million) for “violation of economic competition in the form of an act of omission, i.e. failure to take steps to ensure the natural gas transit in pipelines through Ukraine under reasonable terms, that would have been impossible had there been strong competition on the market and that infringed the interests of NJSC Naftogaz of Ukraine (Kiev) in the form of the abuse of the monopolistic (dominant) position on the market for natural gas transit in pipelines through Ukraine as a buyer”. The motions filed by PJSC Gazprom to annul this decision were rejected by Ukrainian judicial authorities.

On 12 May 2017 PJSC Gazprom was served via its Kiev-based Representative office an Order of the Department of the State Executive Service of the Ministry of Justice of Ukraine on institution of enforcement proceedings to recover an amount of 189,125 million Ukrainian hryvnia (at the exchange rate as of 30 September 2020 – RUB 532,637 million), including an execution fee of 17,193 million Ukrainian hryvnia (at the exchange rate as of 30 September 2020 – RUB 48,422 million), and on the seizure of the bank accounts of the Kiev-based representative office of PJSC Gazprom, dividends due to PJSC Gazprom for the participation in JSC Gaztransit, the shares of JSC Gaztransit, the shares of PJSC YUZHNIIGIPROGAZ Institute, equity interests in LLC Gazprom sbyt Ukraine, and LLC International Consortium for the Ukrainian Gas Transmission System Management and Development owned by PJSC Gazprom.

The shares of PJSC YUZHNIIGIPROGAZ Institute with a nominal value of 651,500 Ukrainian hryvnia (estimated value – 6,241,386 Ukrainian hryvnia) were sold on 22 August 2018 in a forced sale auction.

The shares of JSC Gaztransit with a nominal value of 33.3 million Ukrainian hryvnia (estimated value – 44.22 million Ukrainian hryvnia) were sold on 29 January 2019 in a forced sale auction.

PJSC Gazprom has no information about whether the decision of the Antimonopoly Committee of Ukraine is binding for other countries and whether the Antimonopoly Committee of Ukraine is able to arrange enforced recovery of the fine by enforcing against other foreign assets of PJSC Gazprom and the Gazprom Group.

On 25 October 2018 pursuant to the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL) PJSC Gazprom commenced an arbitration against Ukraine to protect its investments in that country. PJSC Gazprom requested a decision on damages and other remedies.

25 Commitments and Contingencies (continued)

On 28 December 2019 to execute the Record of the Meeting of Representatives of the EU, Ukraine and the Russian Federation and entities of these countries (LLC Gas Transmission System Operator of Ukraine, NJSC Naftogaz of Ukraine and PJSC Gazprom) (18-19 December 2019, Berlin, Minsk), PJSC Gazprom and Ukraine signed an amicable agreement. The parties agreed to settle the above-mentioned arbitration (terminated on 17 February 2020). Ukraine agreed to discontinue all claims against PJSC Gazprom stipulated in the decision of the Antimonopoly Committee of Ukraine dated 22 January 2016 and any decisions, orders, resolutions and judgements that directly or indirectly recognise, enforce and/or validate the decision of the Antimonopoly Committee of Ukraine dated 22 January 2016.

On 15 October 2018 PGNiG S.A., Poland, filed a claim with the General Court of the EU for cancellation of the decision of the European Commission on the pro-competition commitments which completed the antitrust investigation against alleged breach of the EU antitrust law by PJSC Gazprom and its subsidiary LLC Gazprom export within the activity in the EU member countries from Central and Eastern Europe. The pro-competition commitments came into effect on 28 May 2018 when PJSC Gazprom was officially served with the adopted decision. The decision on the pro-competition commitments was published by the European Commission on 17 July 2018. The proceedings related to the claim filed by PGNiG S.A. are under way.

On 14 March 2017 the European Commission received a complaint from PGNiG S.A., Poland, stating that PJSC Gazprom and LLC Gazprom export allegedly violated Article 102 of the Treaty on the Functioning of the EU. In this complaint PGNiG S.A. states that PJSC Gazprom and LLC Gazprom export violate the antitrust law of the EU through:

- 1) applying unfair pricing policy with respect to PGNiG S.A.;
- 2) preventing cross-border gas sale;
- 3) tying commercial issues with infrastructure.

These claims relate to issues covered by the European Commission investigation of PJSC Gazprom's and LLC Gazprom export's operation in the countries from Central and Eastern Europe, which formal phase was initiated in 2012 and finalised in 2018. On 17 April 2019 that complaint was rejected by the European Commission. In June 2019 PGNiG S.A. filed with the General Court of the EU a petition in respect of the rejection of that complaint by the European Commission. The proceedings related to the petition filed by PGNiG S.A. are under way.

On 4 May 2018 PJSC Gazprom received a notice from Poland's antimonopoly authority (the Polish Office of Competition and Consumer Protection) dated 30 April 2018 on the initiation of an investigation over alleged concentration exercised by PJSC Gazprom and foreign investors when implementing the Nord Stream 2 project (on the basis of "the establishment of a joint venture without obtaining the prior consent of the President of the Polish Office of Competition and Consumer Protection").

On 31 July 2020 PJSC Gazprom received an official notice from Poland's antimonopoly authority (the Polish Office of Competition and Consumer Protection) about the imposition of a fine of about EUR 50 million on PJSC Gazprom for the failure to provide the information requested earlier by Poland's antimonopoly authority (the Polish Office of Competition and Consumer Protection) as part of the antitrust investigation. On 28 August 2020 PJSC Gazprom appealed to Poland's competent court against the decision of Poland's antimonopoly authority (the Polish Office of Competition and Consumer Protection) to impose the fine on PJSC Gazprom. As the fine was appealed, it will not be subject to recovery until a respective court decision becomes effective.

On 24 August 2020 PJSC Gazprom filed appeals to Poland's competent court against the decisions made by Poland's antimonopoly authority (the Polish Office of Competition and Consumer Protection) to restrict PJSC Gazprom's access to the evidence gathered in the course of the investigation over alleged concentration exercised by PJSC Gazprom and foreign investors when implementing the Nord Stream 2 project.

On 6 October 2020 it became known to PJSC Gazprom that, based on the results of the antitrust investigation, Poland's antimonopoly authority (the Polish Office of Competition and Consumer Protection) had decided to impose a fine of about USD 7.6 billion on PJSC Gazprom, and obliged PJSC Gazprom and its Nord Stream 2 project partners to terminate the project financing agreements. On 4 November 2020 PJSC Gazprom appealed to Poland's competent court against that decision. As the decision of the antimonopoly authority was appealed, it will not be subject to enforcement until a respective court decision becomes effective.

25 Commitments and Contingencies (continued)

On 7 May 2019 the European Commission received a complaint from NJSC Naftogaz of Ukraine stating that PJSC Gazprom and its subsidiaries allegedly violated Article 102 of the Treaty on the Functioning of the EU. NJSC Naftogaz of Ukraine brings the following main charges in its complaint:

- 1) making “predatory” investments when implementing the Nord Stream 2 project;
- 2) blocking the virtual reverse flow of gas to Ukraine;
- 3) abusing PJSC Gazprom’s dominance in pipeline gas export;
- 4) “margin decrease” when making gas supplies to the Federal Republic of Germany.

Based on the complaint, the European Commission registered case No. AT.40643. This does not necessarily entail a formal investigation and does not constitute an accusation of PJSC Gazprom in violating the antitrust law of the EU. PJSC Gazprom does not participate in the proceedings. It should be noted that the irrevocable settlement agreement between PJSC Gazprom and NJSC Naftogaz of Ukraine dated 30 December 2019 provides for the settlement of any and all claims between each other.

The Group is also a party to certain other legal proceedings arising in the ordinary course of business and subject to various regulations of environmental protection issued by various governmental authorities regarding handling, storage and disposal of certain products. Management believes that there are no such current legal proceedings or other claims outstanding, which could have a material adverse effect on the operation or the financial position of the Group.

On 25 July 2019 Nord Stream 2 AG, a subsidiary of the Group, filed with the General Court of the EU a petition to declare the amendments to the EU Third Gas Directive entered into force on 23 May 2019 concerning the regulation of gas transmission from third countries, including the Russian Federation, invalid and to annul them because of their discriminatory nature, an infringement of the principles of equal treatment and proportionality, misuse of powers, as well as breach of procedural requirements. On 20 May 2020 the General Court of the EU declared that the claim of Nord Stream 2 AG was inadmissible on procedural grounds. On 28 July 2020 Nord Stream 2 AG filed an appeal against the decision of the General Court of the EU dated 20 May 2020 to the Court of Justice.

On 26 September 2019 Nord Stream 2 AG sent a notification to the European Commission about the initiation of arbitration proceedings by the ad hoc arbitration tribunal established under the UNCITRAL Arbitration Rules against the EU under the Energy Charter Treaty. Nord Stream 2 AG believes that by making discriminatory amendments to the EU Third Gas Directive, the EU has breached its obligations under Articles 10 and 13 of the Energy Charter Treaty. In February 2020 the arbitration tribunal was formed to resolve the dispute (the seat of arbitration shall be Toronto, Canada).

On 3 July 2020 Nord Stream 2 AG filed a memorial on the merits of the case to the arbitration tribunal. The EU responded with its own memorial concerning objections to the jurisdiction of the arbitration tribunal to consider the dispute and a request for bifurcation dated 15 September 2020. On 16 October 2020 Nord Stream 2 AG responded to the EU memorial dated 15 September 2020.

On 15 June 2020 Nord Stream 2 AG appealed to the Higher Regional Court of Dusseldorf against the decision of the Federal Network Agency of the Federal Republic of Germany dated 15 May 2020 that had denied derogations from key provisions of the EU Third Gas Directive to the Nord Stream 2 project.

Sanctions

Since 2014 the EU, the United States (“U.S.”) and some other countries have introduced a series of sanctions against the Russian Federation and some Russian legal entities. Some of these sanctions are aimed directly against PJSC Gazprom, PJSC Gazprom Neft and their subsidiaries and other companies, including Gazprombank (Joint-stock Company), and some of them include general restrictions of economic activity in certain sectors of the Russian Federation economy.

The U.S. sanctions prohibit any U.S. citizen and legal entities incorporated in the U.S. (including their foreign branches) and any person or entity in the U.S. or related to the territory of the U.S. from:

- 1) transacting in, providing financing for, or otherwise dealing with new debt of longer than 90 days maturity (since 28 November 2017 – 60 days) or new equity, property, or interests in property in respect of a number of energy companies, including PJSC Gazprom Neft;

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25 Commitments and Contingencies (continued)

2) transacting in, providing financing for, or otherwise dealing with new debt of longer than 30 days maturity (since 28 November 2017 – 14 days) or new equity, property, or interests in property in respect of a number of Russian companies of the banking sector, including Gazprombank (Joint-stock Company) (PJSC Gazprom is not on the list of restricted entities in this respect);

3) providing, exporting, or reexporting, directly or indirectly, goods, services (except for financial services), or technology in support of potential exploration and production of oil in deep water, Arctic offshore, or shale formations in the Russian Federation, inland or in territorial waters claimed by the Russian Federation with participation of Russian companies, including PJSC Gazprom and PJSC Gazprom Neft. Since 7 August 2015 the restriction has included the Yuzhno-Kirinskoye field located in the Sea of Okhotsk. According to the changes of 31 October 2017 the scope of the stated restriction was extended for projects that meet three criteria at the same time:

- the start date of projects – after 29 January 2018;
- projects relate to oil production around the world;
- Russian companies included in the Sectoral Sanctions Identifications List, including PJSC Gazprom and PJSC Gazprom Neft and their subsidiaries, own a share of 33 % and more in such project or control the majority of voting rights.

On 2 August 2017 the U.S. President signed the Countering America's Adversaries Through Sanctions Act (the "Act of 2 August 2017"), which expanded the U.S. sanctions regime against the Russian Federation. The Act of 2 August 2017, inter alia, gives the U.S. President the right to impose certain sanctions in interaction (coordination) with the U.S. allies against any person who after the adoption of the Act of 2 August 2017 consciously made investments or sold goods, supplied technologies or provided services to the Russian Federation (for the amount exceeding USD 1 million, or during the year – totally exceeding USD 5 million) in the construction and maintenance of Russian energy export pipelines (Section 232 of the Act of 2 August 2017). The implementation of these sanctions can create risks for the development of prospective gas transportation projects of PJSC Gazprom.

The Act of 2 August 2017 creates the risk of extraterritorial application of certain U.S. sanctions and may adversely affect the participation of foreigners in certain new projects of PJSC Gazprom. At the same time, the provisions of the Act of 2 August 2017 should be applied along with the explanations of the U.S. Department of the Treasury and the U.S. Department of State.

On 15 July 2020 the U.S. Department of State issued a new guidance (the "New Guidance") for Section 232 of the Act of 2 August 2017, which cancelled the earlier effective exception that stated that investments in projects commenced prior to 2 August 2017 would not be subject to sanctions. Under the New Guidance, Section 232 of the Act of 2 August 2017 explicitly applies to the Nord Stream 2 gas pipeline and the second line of the TurkStream gas pipeline. At the same time, the U.S. Department of State mentioned in the New Guidance that sanctions would not target gas pipelines in existence on, and capable of transporting commercial quantities of gas, as of the enactment date of the Act of 2 August 2017. In addition, the U.S. Department of State deleted the portion of the guidance in effect earlier that stated that investments and loans related to the construction of export pipelines made prior to 2 August 2017 would not be subject to sanctions and indicated that any actions with investments (except for reasonable steps to wind down effective contracts) made on or after 15 July 2020 might become a reason for the imposition of sanctions under Section 232 of the Act of 2 August 2017.

The National Defense Authorization Act, which was enacted on 20 December 2019, (the "Act of 20 December 2019") envisages sanctions against persons that provide vessels for the construction of the Nord Stream 2 and the TurkStream gas pipelines.

The Act of 20 December 2019 envisages that not later than 60 days after the date of the enactment of this Act, and every 90 days thereafter, the U.S. Secretary of State (in consultation with the U.S. Secretary of the Treasury) shall submit reports that identify:

- 1) vessels that engaged in pipe-laying at depths of 100 feet or more below sea level for the construction of the Nord Stream 2 and the TurkStream export pipelines (or any project that is a successor to either such project); and
- 2) foreign persons (both individuals and legal entities) that the U.S. Secretary of State (in consultation with the U.S. Secretary of the Treasury) believes to have knowingly sold, leased, or provided those vessels for the construction of such a project; or intentionally facilitated deceptive or structured transactions to provide those vessels for the construction of such a project.

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25 Commitments and Contingencies (continued)

Persons indicated in the report submitted by the U.S. Secretary of State under paragraph 2 above and their corporate officers or principal shareholders with a controlling interest shall be excluded from the U.S. and the U.S. Secretary of State shall deny a U.S. visa to such persons and revoke all visas earlier issued to them. Assets of the persons indicated in the report submitted by the U.S. Secretary of State under paragraph 2 above that are located in the U.S. would be frozen (including in case of their transfer to third parties) and U.S. persons would be prohibited from entering into transactions with such persons.

The above measures may not be applied with respect to a person identified in the first report submitted by the U.S. Secretary of State if the U.S. President certifies in that report that the person has, not later than 30 days after the date of the enactment of the Act of 20 December 2019, engaged in good faith efforts to wind down operations that would otherwise subject the person to the imposition of sanctions under the Act of 20 December 2019.

The Act of 20 December 2019 envisages an exception for repair and maintenance of the gas pipelines indicated in the Act of 20 December 2019.

The Act of 20 December 2019 states authorisations to impose those sanctions shall terminate on the date that is five years after the date of the enactment of the Act of 20 December 2019. Imposed sanctions may terminate earlier if the U.S. President provides to the Congress satisfactory evidence that the respective gas pipeline projects would not result in a decrease of more than 25 percent in the volume of Russian energy exports transiting through existing pipelines in other countries (particularly Ukraine) relative to the average monthly volume of Russian energy exports transiting through such pipelines in 2018.

On 20 October 2020 the U.S. Department of State issued a guidance for the Act of 20 December 2019 that expanded the sanctions to include persons who provide services or goods that are necessary to the operation of vessels engaged in the process of pipe-laying for the construction of the Nord Stream 2 and the TurkStream projects (including services for installation of equipment or upgrades for those vessels, or funding for those services).

As a result of the enactment of the Act of 20 December 2019, the contractor (Allseas, a Swiss company) of Nord Stream 2 AG suspended pipe-laying under the Nord Stream 2 project. In addition, the Act of 20 December 2019 is not expected to affect the TurkStream project as the construction of the offshore section of the TurkStream gas pipeline has been fully completed and the Act of 20 December 2019 envisages an exception for maintenance of constructed pipelines.

U.S. sanctions apply to any entity, in the capital of which the companies from the sanctions list directly or indirectly, individually or in the aggregate, own 50 or more percent equity interest.

PJSC Gazprom is not expressly stated among the entities against whom the EU sanctions are imposed. However, PJSC Gazprom Neft and Gazprombank (Joint-stock Company), as well as their subsidiaries in which they own more than 50 percent equity interest are subject to certain financial restrictions imposed by the EU.

The sanctions imposed by the EU prohibit all citizens of the EU member countries, as well as all legal persons, entities and bodies incorporated or established under the laws of an EU member country (both within the EU and abroad), as well as all legal persons, entities and bodies in connection with any economic activities carried out in whole or in part within the EU:

- 1) provision of drilling, well testing, logging and completion services, supply of specialised floating vessels necessary for deep water oil exploration and production, and (or) Arctic oil exploration and production, and shale oil projects in Russia, as well as the direct or indirect financing, financial assistance, technical and brokerage services in relation to these activities;
- 2) purchasing, selling and providing investment services for or assisting in the issuance of, or other dealings with transferable securities and money market instruments with a maturity of more than 90 days issued from 1 August 2014 to 12 September 2014 or more than 30 days, issued after 12 September 2014 by certain Russian companies in the banking sector, including Gazprombank (Joint-stock Company), but excluding PJSC Gazprom;
- 3) purchasing, selling and providing investment services for or assisting in the issuance of, or other dealings with transferable securities and money market instruments issued by some Russian energy companies, including PJSC Gazprom Neft but excluding PJSC Gazprom, after 12 September 2014 with a maturity of more than 30 days;

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25 Commitments and Contingencies (continued)

4) after 12 September 2014 directly or indirectly making or being part of any arrangement to make new borrowings with a maturity exceeding 30 days to some Russian companies (including PJSC Gazprom Neft and Gazprombank (Joint-stock Company) but excluding PJSC Gazprom), except for borrowings that have a specific and documented objective to provide financing for non-prohibited imports or exports of goods and non-financial services between the EU and the Russian Federation or for borrowings that have a specific and documented objective to provide emergency funding to meet solvency and liquidity criteria for bodies established in the EU, whose proprietary rights are owned for more than 50 percent by any entity referred to above.

These EU sanctions also apply to any entity if 50 percent or more in its capital is owned, directly or indirectly, by entities that are subject to sanctions.

Canada and some other countries also imposed sanctions on some Russian individuals and legal entities, including PJSC Gazprom, PJSC Gazprom Neft and other oil and gas companies of the Russian Federation. Sanctions imposed by Canada prohibit any person in Canada and any Canadian citizen outside Canada to transact in, provide financing for, or otherwise deal in new debt of longer than 90 days' maturity for a number of Russian energy companies, including PJSC Gazprom and PJSC Gazprom Neft. Furthermore, there is an ongoing restriction imposed by Canada on the export, sale and delivery by persons in Canada and Canadian citizens outside Canada of certain goods to the Russian Federation or any person in the Russian Federation, if such goods are used for deep-water oil exploration (at a depth of more than 500 metres), for oil exploration or production in the Arctic, as well as shale oil exploration or production.

The Group is currently assessing an influence of adopted economic measures on its financial position and financial performance.

Financial Guarantee Contracts

	30 September 2020	31 December 2019
Guarantees issued for:		
Nord Stream AG	132,998	106,924
Sakhalin Energy Investment Company Ltd.	35,712	37,022
Other	<u>98,867</u>	<u>75,146</u>
Total financial guarantee contracts	<u>267,577</u>	<u>219,092</u>

For the nine months ended 30 September 2020 and in 2019 the counterparties fulfilled their contractual obligations.

Financial guarantee contracts include financial guarantees denominated in US Dollars of USD 448 million and USD 598 million as of 30 September 2020 and 31 December 2019, respectively, as well as amounts denominated in Euros of EUR 2,163 million and EUR 2,292 million as of 30 September 2020 and 31 December 2019, respectively.

In June 2008 the Group pledged the shares of Sakhalin Energy Investment Company Ltd. to the agent bank Mizuho Bank Ltd. under the loan obligations of Sakhalin Energy Investment Company Ltd. As of 30 September 2020 and 31 December 2019 the amount of Sakhalin Energy Investment Company Ltd. obligations up to the amount of the Group's share (50 %) amounted to RUB 35,712 million (USD 448 million) and RUB 37,022 million (USD 598 million), respectively.

In March 2010 the Group pledged the shares of Nord Stream AG to the agent bank Societe Generale under the obligations of Nord Stream AG under the project financing agreement. As of 30 September 2020 and 31 December 2019 the amount of Nord Stream AG obligations up to the amount of the Group's share (51 %) amounted to RUB 132,998 million (EUR 1,430 million) and RUB 106,924 million (EUR 1,542 million), respectively.

Capital Commitments

The total investment utilisation in accordance with the investment programme of the Group for 2020 (for gas, oil, electricity, heat generating and other assets) and current similar intentions of the Group is RUB 1,760,607 million.

Gas Transportation Commitments

The Group is a party to a number of long-term agreements on booking capacity for gas transportation. As of 30 September 2020 these agreements are not expected to be onerous for the Group.

26 Events After the Reporting Period

Borrowings

In October 2020 the Group obtained a long-term loan from Sumitomo Mitsui Banking Corporation in the amount of EUR 500 million at an interest rate of EURIBOR + 1.75 % due in 2025 under the agreement concluded in September 2020.

In October 2020 the Group signed an agreement to obtain a long-term credit line from JSC BANK "ROSSIYA" in the amount of RUB 10,000 million at an interest rate, which is set up according to each loan transaction, and due in 2025.

In October-November 2020 the subsidiary LLC Gazprom pererabotka Blagoveshchensk obtained long-term loans in the total amount of RUB 15,824 million at an interest rate from the current key rate of the Central Bank of the Russian Federation + 1.65 % to the current key rate of the Central Bank of the Russian Federation + 2.15 % and EUR 52 million at an interest rate of EURIBOR + 3.20 % and due in 2034. The loans were obtained under the terms of the long-term financing agreements signed in December 2019 within the framework of financing the construction of the Amur gas processing plant. PJSC Sberbank, Gazprombank (Joint-stock Company) and Intesa Sanpaolo S.p.A. were appointed as agent banks.

Significant Events

In October 2020 the Group issued Perpetual Callable Loan Participation Notes in the amount of USD 1,400 million and EUR 1,000 million under the EUR 30,000 million Programme for the Issuance of Loan Participation Notes. Interest rates for the offered notes were set at 4.5985 % for the notes issued in USD and 3.8970 % for the notes issued in EUR.

Under the terms of the Perpetual Notes, the Group has the right to decide at its discretion to postpone or reschedule interest and principal payments at any time and as many times as it wishes. The Group classifies these Perpetual Callable Loan Participation Notes as equity in the consolidated financial statements.

PJSC Gazprom
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