

Russian Agricultural Bank

2023 Annual Report



'23 RESPONSIBILITY
STRENGTH
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Disclaimer

This report contains certain forward-looking statements with respect to financial conditions, results of operations, and businesses of Russian Agricultural Bank. These statements involve risk and uncertainty, because they relate to events and depend upon circumstances that will occur in the future. There are numerous factors, which could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. The statements based on current expected market and economic conditions, the existing regulatory environment and financial results interpretations that are applicable to past, current and future periods. Nothing in this report should be construed as a profit forecast.

Address of the Chairman of the Management Board¹

Dear clients, partners and investors,

The year 2023 became the most successful in the history of Russian Agricultural Bank: both in terms of efficiency and the scale of tasks solved. RusAg, as the core state bank for agribusiness support, is proud of its contribution to the development and transformation of the industry, and continues to focus on achieving national development goals.

Last year, the Bank ensured the growth of its main business indicators: net loan portfolio increased by 9.7%, customer liabilities – by 8.6%. We have shown positive results in dealing with overdue debt (NPL 90+) – achieved a reduction in its level in the loan portfolio to 5.1%. We received a record net profit in the Bank's history totaling RUB 31.8 billion.

The Bank continued to increase the volume of lending to the agricultural sector: today every third credit ruble in the industry goes through RusAg. In total, the Bank issued RUB 1.7 trillion, a third of them under preferential programs. In terms of seasonal work financing, RusAg is a market maker lending almost 70% of their total volume.

In 2023, the Bank confidently took its place among the leaders of the investment banking in the core segment: RusAg carried out every third merger and acquisition agribusiness deal in Russia.

RusAg continues to be the main lender and partner of farmers. In 2023, the Bank provided loans in the total amount of over RUB 127 billion to farmers. Three quarters of that volume was made available on concessional terms.

RusAg continues to be the bank for the regions: 70% of its offices are located in villages and small towns. In a move to improve the quality of rural life and services, we launched a new format of modern and comfortable offices – 'Business Activity Centers'. Also, last year, we made our digital products and services more readily available through customer-friendly and cost-effective service models.

The growth driver in lending was 'rural mortgage' program. RusAg holds the leading position in the segment, occupying almost 80% of the market. Since the launch of the program, the Bank provided RUB 228.5 billion in loans to help 100,000 families improve their living conditions.

In 2023, we continued to introduce digital developments into products and processes in all business directions, including the "More than a Bank" concept. At the heart of this work is our unique ecosystem 'SVOE' (A World of My Own) features seven digital platforms, ranging from Russia's largest agricultural marketplace and online farm product sales to a search / acquisition engine for rural residential properties and agro-tours. Last year, by launching new ecosystem services, we won over another 500,000 unique users. In general, today more than 3 million people use the ecosystem's capabilities.

Looking to step up the implementation of advanced solutions within the Bank, last year we launched an AI-Lab and a new high-tech remote corporate banking service 'My Business'. Today over 95% of our clients already use the service.

A special priority for RusAg is the development of agricultural education, which today has become the most important state task. The perimeter of scholarship support includes 57 leading agricultural universities in the country, and we plan to expand the boundaries of this assistance at the expense of agroclasses, as well as secondary professional institutions – agricultural colleges and agricultural technical schools. The demand for the Farmer's School project is also growing, which in 4 years has graduated more than 5,000 students in 40 unique specializations.

¹ Source: RusAg's summary consolidated IFRS financial statements as of 31 December 2023. Some detailed information on the Bank's performance is prepared under Russian Accounting Standards (RAS) / Management Reporting as of 1 January 2024. All data in percentage (%) terms is calculated based on Russian ruble-denominated financial results.

All this makes us a truly high-tech bank. Our progress is highly appreciated by the country's leadership and the business community.

Given the prevailing market trends and the challenges in the Russian economy, we will continue to improve our products and services, lend more to agribusinesses and the entire real sector and support our citizens. We strive to be the best financial partner for agribusiness and are proud of our leadership in the agricultural sector.

It goes without saying that RusAg could not be successful without our clients and partners. We thank you all for your trust and look forward to continuing working with you.

Special thanks go to the Bank's team for their professionalism, energy and commitment. Input from everyone in the Russian Agricultural Bank Group – about 35,000 people across the country – has helped us be successful and gain a better foothold in the financial sector and in agribusiness.

We look into the future with confidence and optimism!

Yours sincerely,
Boris Listov

Chairman of the Management Board and CEO,
Russian Agricultural Bank

1. Bank Profile

Russian Agricultural Bank (RusAg, the Bank) established in 2000 in accordance with the decree of the President of the Russian Federation to facilitate the development of the national credit and financial system in agricultural industry and rural areas of Russia.

RusAg is among the largest and most stable domestic banks in terms of capital and assets, the core bank of the national banking system for servicing commodity producers in agribusiness. The Bank's nation-wide branch network is one of the largest regional networks in Russia, which covers 100% of country's agricultural regions. It has representative office in Beijing.

The Bank's branch network, allocated in 82 regions, ensures the availability of banking services for more than 6 million individuals and over 770 thousand enterprises. RusAg's role as an implementer of concessional lending programs for agribusiness and rural residents, in particular the rural mortgage program helped more than a hundred thousand families improve their living conditions. RusAg is the leading bank in issuing rural mortgages. The Bank's market share is 79%.

By implementing the business model of a universal financial institution, RusAg is a market instrument of state support for agriculture and related sectors. It provides all types of banking services and maintains the leading position in agribusiness financing.

The main strategic directions of the Bank's development are implementation of state programs for agribusiness support; promotion of technological re-equipment and evolvement of the export potential of the industry; development of small businesses in the countryside; providing the population and customers of key sectors of the Russian economy with modern technological financial and non-financial products and services.

Being the captive bank for agribusiness, RusAg fully provides farmers with credit resources despite the difficult situation in the global and domestic economy, and providing loans without restrictions to both small businesses and large agricultural holdings. The share of the Bank in lending to farmers exceeds 70%.

The area of special attention is seasonal work financing, on which the Russia's food security directly depends. RusAg is actually a market maker, providing almost 70% of the total volume of lending for seasonal work. In a number of regions, the Bank is the only lender.

At the same time, it is important that RusAg is engaged in not only credit and financial policy, but also solves social problems in the regions, promotes the development of rural areas and increases people's interest in farm products.

1.1. Strategic Focus Areas

Delivering the strategy and the business model of a universal commercial bank helps RusAg meeting state objectives in agribusiness and other priority sectors, to ensure the Bank's sustainable development and competitiveness, to comply with regulatory requirements and reach profitability targets.

The priority areas of the Bank's activities are determined by the Development Strategy through 2025 (the Development Strategy) and the Long-Term Development Program through 2025 (the Development Program).

Implementation of the state policy for the development of agriculture and rural areas

In furtherance of implementing a status of the state policy conductor, in the field of agriculture and the development of rural areas, RusAg sets itself the following tasks:

- Ensuring food security – the Bank is the main instrument for achieving and maintaining the country’s food security. Since 2000, the Bank has allocated RUB 14.8 trillion to agribusiness and financed 5.5 thousand investment projects for the construction and modernization of agricultural facilities.
- Development of export of agricultural products – RusAg is a key financial institution that provides financing for the production of export-oriented agricultural products, as well as the construction of export infrastructure.
- Support for small businesses.
- Promotion and implementation of advanced agricultural technologies and technological re-equipment of agribusiness.
- Assistance to the development of rural areas under the state Program for Integrated Development of Rural Areas, including the provision of loans at a preferential rate (rural mortgage), as well as lending and providing guarantees to developers.
- Support for agricultural education – the Bank supports agricultural universities subordinate to the Ministry of Agriculture of Russia, as well as students and talented youth, including through the implementation of campus projects, scholarship programs for undergraduate and graduate students, and grant support for representatives of the scientific community.

Implementation of the strategic concept “More than a Bank”

The growing needs of customers and the high level of competition in the financial sector necessitated the Bank Group to go beyond the classical financial activities and develop specialized non-financial services and business lines that form a comfortable environment for priority customer segments.

Projects and activities implemented within the framework of this approach aimed not only at comprehensive business assistance, but also at supporting the strategic development of agricultural sector and rural areas.

The key task for RusAg is to be the bank of the first choice for agribusiness customers, contributing to the implementation of the Strategy for the Development of Agricultural and Fishery Sectors of the Russian Federation through 2030 (the Agribusiness Strategy) and the Program for Integrated Development of Rural Areas.

Among the priority segments, RusAg lays special emphasis on agricultural small and medium-sized businesses (SMEs), farmers, rural residents and students of agricultural universities.

The key instruments of non-financial support are digital platforms ‘SVOE’ created and implemented by the Bank:

- ‘Svoe Fermerstvo’ (My Farming) – the largest industry platform and marketplace with all types of product categories necessary for agricultural enterprises in their activities, more than 3 million products are placed on the platform, the number of users is 222 thousand (+78% by 2022).
- ‘Svoe Rodnoe’ (Domestic Products) is a marketplace for farms and representatives of agricultural companies interested in selling their own products through digital channels. Twelve thousand agricultural producers and more than 110 thousand items of farm products in 177 categories registered in the marketplace. In 2023, 885 thousand people (+85% by 2022)

received access to purchase goods and services without intermediaries, directly from farms without markups.

- ‘Svoe Za Gorodom’ (My Countryside) is a travel platform offering its own unique tours and excursions, integrated routes with major operators, as well as the ability to book flights and hotels to plan a trip around Russia. There are 435 registered farms on the platform (+23% by 2022) providing over 1,600 agricultural tours (+38% by 2022).
- ‘Svoe Housing’ (Your Own Home) is a platform for the selection and purchase of real estate (including mortgages). By the end of 2023, over 4 million unique visitors used the platform’s services.
- ‘Svoe Selo’ (My Village) is a digital platform for purchasing and arranging housing in rural areas, 2.4 million unique visitors used services of the platform in 2023, more than 3,900 projects of country houses were posted (+12% by 2022).
- ‘Svoe v Agro’ (My Agro) is a platform for employers and job seekers in agribusiness. The platform is a leader in the number of vacancies, internships and summer interns in the agricultural sector, with more than 18.6 thousand vacancies presented.
- ‘Vse Svoe’ (All Your Own) is a digital platform for providing comprehensive services in rural areas, ensuring the opportunity to purchase goods and services, receive news and also use a local social network to communicate with users, discuss and solve pressing issues and problems.

Digitalization

RusAg is implementing the task of digital transformation (digitalization) in accordance with the Strategy of Digital Transformation through 2024 (the Digital Strategy) approved by the Supervisory Board of the Bank. Implementation of the Digital Strategy is aimed at full-fledged information support of the Bank’s business processes and tasks, ensuring its competitiveness in the market of high-tech banking services and to bring its IT development indicators to the level of the leading players in the Russian financial sector.

RusAg’s digital transformation focused on:

- Implementation of digital solutions;
- Development of digital infrastructure;
- Development of digital solution providers;
- Organizational transformation and adaptation of the management model;
- Import substitution;
- Ensuring information security;
- Development of human resources, digital competencies and digital culture.

Product line update and development

RusAg is the core of the Bank Group. Organizations included in the Bank Group provide clients with a modern line of banking, insurance, investment, leasing and factoring products.

Further development of the product line will primarily be associated with the development of cross sales, including products and services of the Bank Group, based on new tools and new digital sales models. Another key area of work will be the creation of comprehensive offers for customers based on their digital profiles.

The Bank defines the following directions of the product line development:

- Optimization of the product line for all customer segments based on customer behavior insights and quick response to external and internal challenges and opportunities.
- Development of integrated product offers for all customer segments, including transactional, credit, deposit, investment products and the Bank Group products.
- Integration with government services and client IT systems to improve quality and technological effectiveness of financial solutions provided.

RusAg Development Strategy

In October 2020, Supervisory Board of Russian Agricultural Bank approved the Development Strategy through 2025 (the Development Strategy).

Implementation of the Bank's Development Strategy will effectively solve government tasks in the field of agricultural sector and other priority sectors of the economy, ensure sustainable development and competitiveness of the Bank, comply with regulatory requirements, and achieve target levels of profitability.

The target image of the Bank by 2025 is determined by two strategic goals:

- (1) 'Support bank for agribusiness and rural areas';
- (2) 'Efficient competitive high-tech financial institution'.

The main directions of the Development Strategy implementation:

(1) Within the context of the strategic goal '**Support bank for agribusiness and rural areas**', RusAg will retain its leading positions in lending to agribusiness and its status as the implementer of the government policy support measures to agricultural industry, providing a comprehensive multiplier effect for agriculture and related sectors of the economy and contributing to the achievement of national goals set by the President of the Russian Federation, the objectives of the Food Security Doctrine of the Russian Federation, the Agribusiness Strategy, the State Program on Agribusiness Development and Regulation of Farm Produce, Raw Materials and Foodstuffs Market (hereafter – State Program on Agribusiness Development), national projects and state programs relevant for the development of agricultural industry.

The Bank contributes to the implementation of tasks aimed at increasing the level of capital investments, increasing the competitiveness of agricultural products, as well as the level of technological development and digitalization of the industry, supporting entrepreneurship in rural areas, as well as rural population, increasing the supply and quality of housing in rural areas.

RusAg consistently secures its status as the bank of first choice for complex transactions in agribusiness (access to debt markets, M&A deals) and takes an active part in further consolidation of the industry and support of corporate business.

The Bank will provide at least 30% of the needs of agribusinesses in financial resources, including not less than 30% in concessional lending and 70% in seasonal work financing.

The Bank will continue to expand concessional lending to rural residents to improve their level and quality of life. The growth in the availability of financial services will be ensured through customer-friendly and cost-effective service formats, all targeted products will be available to SMEs and the public, including through modern digital channels.

The Bank goes beyond classical financial activities and, within the framework of the strategic concept “More than a Bank”, develops specialized non-financial services and business directions that form a comfortable environment for priority customer segments including agricultural SMEs, farmers, residents of rural areas and students of agricultural universities. RusAg promotes the implementation of the Agribusiness Strategy and the Program for Integrated Development of Rural Areas, as well as the main goals of the Bank based on the principles of social responsibility.

(2) Achieving the strategic goal **‘Efficient competitive high-tech financial institution’** will help the Bank solidify its financial stability and cost-effectiveness through diversified funding, a high-quality loan portfolio and operational efficiency, which will ensure stable annual capital generation at the expense of profit.

Diversification of the Bank’s business will be carried out by expanding the product line, developing a cross-selling system, including with the participation of organizations of the Bank Group responsible for certain business areas (insurance, asset management, factoring, leasing, brokerage service, etc.). RusAg actively promotes transactional products and services and increases the share of non-interest income in the overall income structure across all client segments.

An important task of the Bank is to maintain the high quality of the loan portfolio. The Bank constantly updates its approaches to risk assessment, introduces advanced rating models for a balanced assessment and formation of a portfolio of high quality and responsible borrowers.

The key priority is to increase the quality, convenience and speed of provision of products and services, meet the growing requirements for personalization and create new standards for customer experience at the level of best market practices. The Bank forms a comprehensive universal value proposition for a wide range of current and potential customers. An important part of the new business model is the development of the Bank Group and obtaining synergetic effects based on the created ecosystem of products and services.

The systemic digital transformation launched by the Bank in 2019 will contribute to the development of the Bank as a high-tech digital bank through advanced digital tools for customer interaction and business process support. Transformation of the IT infrastructure and IT landscape will ensure maximum speed in implementing changes and bringing new solutions to the market.

Professional development and an increase of the team’s involvement level, the development of corporate culture allows the Bank to ensure the solution of strategic tasks on the horizon until 2025.

RusAg Long-Term Development Program

In August 2021 the Bank’s Supervisory Board approved the Long-Term Development Program through 2025 (the Development Program).

The main objective of the Development Program is to achieve the strategic goals defined by the Development Strategy. For this purpose, RusAg’s Development Program decomposes the main provisions of the Bank’s Strategy into a set of program measures covering all the main areas of its activity.

In 2023, the Bank carried out the following measures:

- Providing support for agribusiness and rural areas;
- Digital transformation;
- Developing sales channels and enhancing the efficiency of customer experiences;
- Improving the credit process;
- Developing the product line;
- Improving business support efficiency;
- Increasing loan portfolio quality.

1.2. Market Position

RusAg is among top national banking sector players and holds leading positions (market share as of 31 December 2023) among Russian banks, including²:

- 32.1% in terms of lending to agribusiness (32.4% as of 31 December 2022);
- 68.3% in seasonal work financing (65.7% as of 31 December 2022);
- 36.8% in agribusiness concessional lending (37% as of 31 December 2022).

The Bank offers a wide range of financial products and services oriented on the target market and its wide regional coverage. RusAg's local presence provides a significant market advantage, as well as ensures access to the regional client base. The Bank serves ca. 7 million customers nationwide.

Credit Ratings

- On 16 March 2023, **Analytical Credit Rating Agency (ACRA)**³ **affirmed the credit rating of RusAg at AA(RU), outlook stable**, as well as the credit rating of the senior unsecured debt – equivalent to the Bank's rating.

On 30 January 2024, **ACRA upgraded the Bank's standalone creditworthiness assessment (SCA) by one notch to bbb** due to the improvement of the risk profile assessment. The Agency notes a steady trend in reducing the share of non-performing and potential non-performing loans, improving the quality of RusAg's loan portfolio and bringing its level closer to that of comparable financial institutions.

The increase in the Bank's SCA led to an upgrade of the credit rating of subordinated perpetual bonds of RusAg to B+(RU).

The **AA(RU) credit rating of RusAg** reflects the very high systemic importance of the Bank for the Russian economy and the national banking system, support from the government, as well as the leading role of RusAg in supporting the agricultural sector of the Russian Federation.

² Source: the Bank's calculation in accordance with RAS as of 1 January 2024 and the Bank of Russia algorithm for calculating indicators of the aggregated balance sheet of the 30 largest Russian banks; Bank of Russia; Ministry of Agriculture of Russia.

³ Note: ACRA is one of the biggest Russian authorized credit rating agency, founded in 2015. ACRA operates in compliance with the latest regulatory requirements and best global practices. The Agency's main objective is to provide high-quality rating and analytical products to participants in financial markets on both the national and international levels.

- On 17 August 2023, rating agency **National Credit Ratings (NCR)**⁴ has **assigned an AA+.ru national-scale credit rating with a stable outlook to Russian Agricultural Bank.**

NCR considers that RusAg's credit rating is defined by the Bank's very strong positions in the most important segment for the Bank – agribusiness lending. The Bank has an adequate capital reserve, both under RAS and IFRS, and sufficiently diversified funding. Liquid assets and additional liquidity cover the funds of the largest lenders with a significant margin. The management system corresponds to the development goals and the specifics of RusAg's business model. NCR notes the steady improvement in the Bank's financial result given the growing interest income and the decreasing cost of funding, RusAg's deep expertise in the field of agribusiness lending, as well as a decrease in the share of non-performing loans.

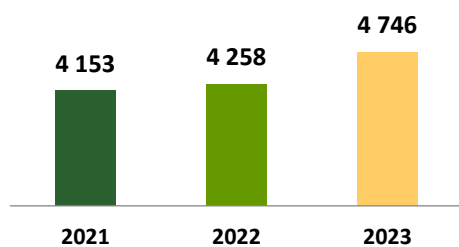
Membership and Cooperation

RusAg is an active member of different banking and financial associations, which allows the Bank to be up to date with all the latest financial market trends and changes, underpins the Bank's potential to strengthen its business relations with counterparty-banks, business-partners, customers, etc.

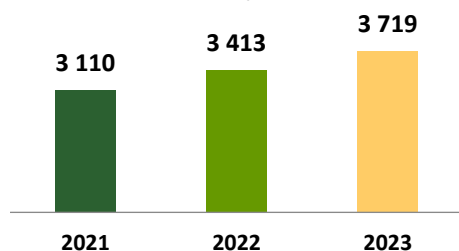
⁴ Note: established in early 2019, NCR is a wholly owned subsidiary of RBC, a major Russian media group. The Bank of Russia added NCR to the list of accredited ratings agencies in September 2019. Using the most rigorous criteria, agency rates financial institutions and insurers, corporates of all kinds, holding companies, local and regional governments, and debt obligations. Following best global practices, NCR has set new transparency standards for the Russian ratings industry and instituted several innovations to promote clarity, knowledge and better understanding for the entire community.

1.3. 2023 Key Financial Results⁵

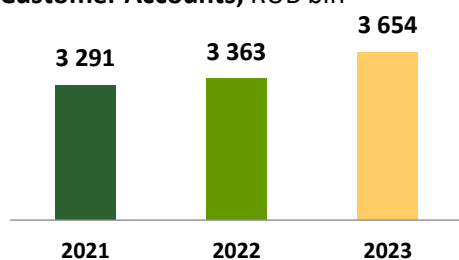
Assets, RUB bln



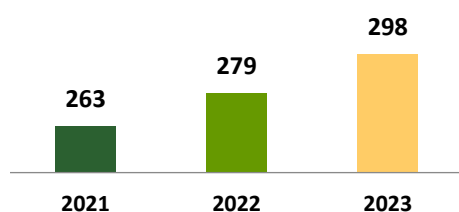
Gross Loan Portfolio, RUB bln



Customer Accounts, RUB bln



Equity, RUB bln



Key Financial Indicators

	2021	2022	2023
CIR (Cost/Income Ratio)	59%	55%	48%
LTD (Loan/Deposit Ratio)	95%	101%	102%
CAR (Capital Adequacy Ratio - N1.0)*	14,7%	14,5%	14,9%
<small>* Calculated based on Basel III requirements</small>			

⁵ Source: IFRS financial statements as of 31 December 2021 (revised to account for IFRS 17), summary consolidated financial statements as of 31 December 2022 (revised to account for IFRS 17) and summary consolidated financial statements as of 31 December 2023.

2. Macroeconomic Environment

In 2023, the Russian economy showed a brisk recovery despite geopolitical headwinds and mounting sanctions pressure. In a move to adapt to trade and finance restrictions, it had to restructure production and logistics chains, reorient exports from Europe towards Asia and engage with friendly countries to build correspondent relations and a settlement system.

Russia's economic growth was restrained by external demand. As commodity market conditions deteriorated, Russian exports went down 29% YoY in value terms. Urals crude fell by 17.2% YoY, from USD 76.1/bbl in 2022 to USD 63/bbl in 2023, Brent by 8.8% YoY (USD 90.1 to USD 82.2 / bbl), coupled with an embargo and an oil price cap. External demand, in its turn, was affected by slower global economic growth. According to the IMF, growth rates shrank from 3.5% in 2022 to 3.1% in 2023 as growth in the developed economies dropped from 2.6% to 1.6% following major central banks' tightening of the monetary policy.

Weak external demand was counterbalanced by strong domestic demand, including private consumer demand (supported by wage growth and active retail lending) and investment demand (fueled by budget incentives and public procurement). By the estimates of the Russian Ministry for Economic Development, economic growth in 2023 was 3.6% (following 1.2% decrease in 2022), which helped GDP top the pre-crisis level in 2H 2023. Unemployment fell to its lowest ever figures (3% in November), and labor market deficit kept wage growth at high levels.

Import was stimulated by higher domestic demand (+9.9% YoY) and, as exports dropped, the rouble depreciated (from RUB 70.3 / USD at December-end 2022 to RUB 101.4 / USD at its trough in October 2023). In an effort to stabilize the exchange rate, the Russian Government introduced in October 2023 mandatory sales of foreign exchange earnings, which helped bring the exchange rate down to RUB 89.7 / USD by December-end 2023.

As the rouble weakened and internal demand recovered faster than production potential, prices started to spiral upwards. As early as in May 2023, inflation overshoot the 4% target trajectory again, including in the key components. Although year-end inflation slowed to 7.4% against 2022, it accelerated relative to the end of April 2023 (2.3% YoY). Looking to maintain price stability, the Bank of Russia launched a succession of key rate hikes in July 2023. From 7.5% (where it stood in 1H 2023), the key rate was raised to 16% in view of the prevailing pro-inflationary drivers, such as persistently high inflationary expectations, increased budget spending and active growth in lending and in household incomes amid a shortage of labor resources.

With significant budgetary incentives, federal budget spending rose 11.5% above the target level early in the year (+4% from 2022) and reached RUB 32.4 trillion at year-end. The budget was supported by non-oil-and-gas revenues that grew better than expected, up 25% from 2022 (+18.1% from what was planned initially), smoothing out the 23.9% fall in oil-and-gas revenues compared to 2022. As a result, the budget deficit came out but a trifle higher than planned (RUB 3.2 trillion against RUB 2.9 trillion). To finance the deficit, the government used RUB 3.5 trillion from Russia's National Wealth Fund (the NWF), of which RUB 2.9 trillion was spent in December only. In 2023, another RUB 1.5 trillion was channeled into the NWF, bringing its total to RUB 11.97 trillion (7% of GDP). This increase was financed through the revaluation of gold and foreign currency assets (+RUB 2.1 trillion) and of Sber and Aeroflot shares (+RUB 1.6 trillion) and through adding another RUB 1.3 trillion in additional oil and gas revenues of the 2023 budget.

Russia's agribusiness continued to develop steadily, growing production by 2% and reaping a bumper grain harvest of 147 million tons, including in newly acquired territories (after a previous bumper harvest of 158 million tons a year earlier). Adjustments in the grain harvest were offset by higher food production, other processed agricultural products and a higher output in the animal farming sector. Agricultural exports rose more than 11%, faster than the domestic market generally.

Good harvests and higher food exports put strong pressure on global food prices. According to the UN's Food and Agriculture Organization, average annual food prices in 2023 dropped by 13.7% in dollar terms compared to 2022 (15.4% for grains, 32.7% for vegetable oils, 1.8% for meat), in contrast to global sugar prices, which added 14.9%. Russian producers could not stay immune to these developments because the weight of the export component in crop farming exceeds 40-60%, in animal farming 20-25% and in vegetable oil production 50%. Falling global prices affected profits in crop farming; however, processing and animal farming sectors bounced back to the level of 2022 as domestic prices went up in 4Q 2023.

After a sharp fall in 2022, Russian banks earned record profits in 2023 as business recovered and the interest rate curve slope remained quite steep throughout 1H 2023. The sector's profits soared from RUB 0.2 trillion in 2022 to RUB 3.3 trillion⁶. Such a drastic change was underpinned by the banks' massive net interest income (+RUB 1.8 trillion) and by the revaluation of their long currency positions, which at 2023-year-end stood at +RUB 0.5 trillion against a RUB 1 trillion loss for 2022. Higher net fee income and cheaper additional provisions were offset by a further increase in banks' operating costs and income tax, which in 2023 could well go above RUB 0.8 trillion.

As credit institutions grew more financially stable and profitable, the Bank of Russia cancelled some of the previous regulatory relaxations, such as deferred provisioning for potential losses on corporate loans, forbearance with regard to open currency position caps and borrower defaults. Additionally, the regulator tightened its macro-prudential limits and put a cap on lending to overburdened borrowers.

Lending delivered a good performance during the entire 2023. High lending growth rates prevailed even in 2H 2023 when the Bank of Russia began to tighten its interest rate policy and macro-prudential standards in retail lending. Unlike in 2015 and 2022, the reaction from credit markets was weak. Earlier on, with a crisis looming large, banks would act quickly and tighten their interest and non-interest claims on borrowers. This time the context was quite different: the economy and household incomes grew steadily and unemployment stood at a record low, so banks could maintain a high level of loan supply.

Government-subsidized lending programs and a higher corporate debt, denominated in foreign currency and subject to floating rates, also acted as lending drivers.

Corporate lending grew at 20.1%⁷ in 2023 compared with 14.3% in 2022, and lending in foreign currency rallied after a fall in 2022. There was a slight contraction in lending to agribusinesses (-2.2%⁸) in a context of growing rates and the adjustments made to subsidy volumes and mechanisms.

Retail lending in 2023 increased by 23% against 9.5% in 2022. Mortgages went up 29.4% (17% in 2022), consumer loans – 13.6% (2.7% in 2022) as the levels and percentage of bad debts were going down during the year.

Retail deposits were up by 19.7% (6.9% in 2022), deposits and corporate accounts (net of budget and escrow funds) – 14.7% (20% in 2022). The percentage of budget funds in the banking sector showed a 24% increase. In 2H 2023, accounts denominated in foreign currency stopped falling and finally stabilized, but with faster growing rouble accounts and deposits, the overall level of foreign currency deposits continued to fall.

6 Note: adjusted for dividends paid out within one banking group and leaving the non-core assets bank out of consideration.

7 Note: here and elsewhere in this section presented Bank of Russia figures stripped of currency revaluation and adjusted for license withdrawal.

8 Source: the Bank's estimate.

3. Performance Overview

3.1. Financial and Operating Performance⁹

In 2023, RusAg achieved significant results in all its business directions. At the end of the year, the Bank earned a record net profit in its history that totalled RUB 31.8 billion, which is ca. 5 times over the result of the previous year.

The Bank's gross loan portfolio (before provisions) grew by 9% during 2023, and amounted to over RUB 3.7 trillion.

The key business direction of RusAg is providing financial support to agribusiness clients, within the framework of which the Bank has supplied agricultural producers with uninterrupted lending during 2023. The Bank's agribusiness loan portfolio increased by ca. 7% and by the beginning of 2024 amounted to RUB 2.14 trillion. The volume of loans provided for seasonal work add up 7.9% to RUB 822.4 billion compared to the end of 2022.

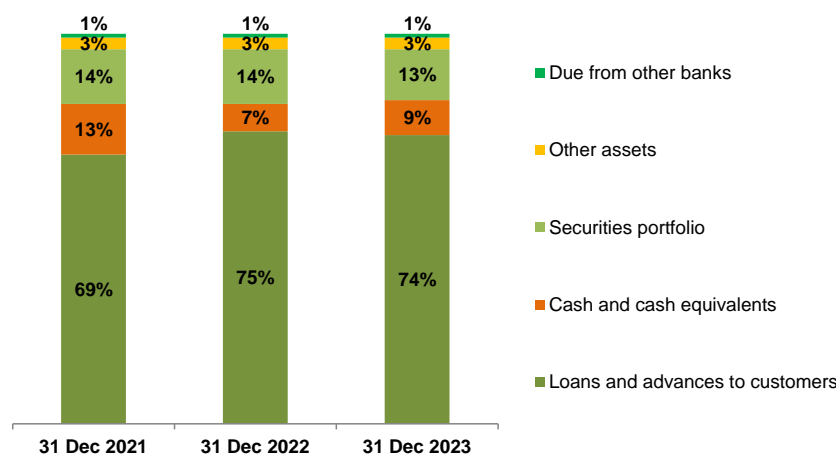
RusAg is the core bank of the agricultural industry, providing a third of agribusiness lending and about 70% of financing seasonal work in the country.

Customer confidence in RusAg ensured the inflow of depositors' funds. The Bank's customer accounts increased by 8.6% and totalled RUB 3.65 trillion.

The Bank's equity (according to IFRS) as of 31 December 2023 amounted to RUB 298.1 billion, having increased by 6.8% since the beginning of the year, primarily due to the growth of net profit.

Assets and Liabilities

Assets Structure



During 2023, RusAg's total assets grew by RUB 488.6 billion (+11.5%) and totalled RUB 4.746 trillion. The structure of the Bank's assets is dominated by net loan liabilities (ca. 74%), which indicates a high degree of customer loyalty. As at 31 December 2023 the Bank's net loans and advances to customers amounted to about RUB 3.5 trillion, which is 9.7% over the level of the previous year.

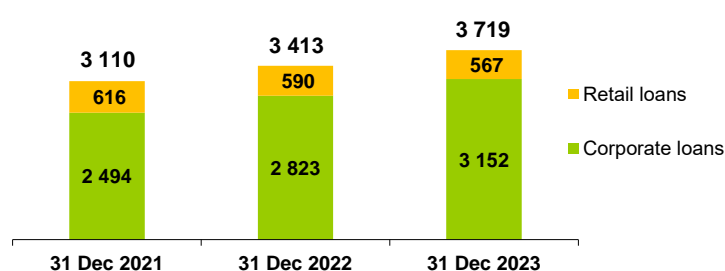
⁹ Source: the Bank's summary consolidated IFRS financial statements as of 31 December 2023. Some detailed information on the Bank's performance is prepared under RAS / Management Reporting as of 1 January 2024. All data in percentage (%) terms is calculated based on Russian ruble-denominated financial results.

Net investments of RusAg in securities and other financial instruments amounted to RUB 628 billion (growing by 2.2% in 2023) their share in the Bank's total assets was 13.2% as of 31 December 2023, cash and cash equivalents accounted for 9.3%, other assets ca. 3%.

Loan Portfolio

In 2023, RusAg increased its gross loan portfolio (before provisions), including loans to customers measured at fair value through profit or loss, by RUB 306.1 billion (+9.0%) to RUB 3.719 trillion. The main share of the Bank's loan portfolio consists of loans provided to corporate borrowers – ca. 85% as of 31 December 2023 (83% in 2022).

Loan Portfolio Structure



The Bank's corporate loan book as at 31 December 2023 amounted to about RUB 3.2 trillion (including loans to customers measured at fair value through profit or loss), which is 11.6% (+RUB 328.4 billion) more than a year before. Retail loan portfolio slightly declined (-3.8%) and amounted to RUB 567.3 billion, which corresponded to the risk approaches of the Bank and the priority of lending to agribusiness clients.

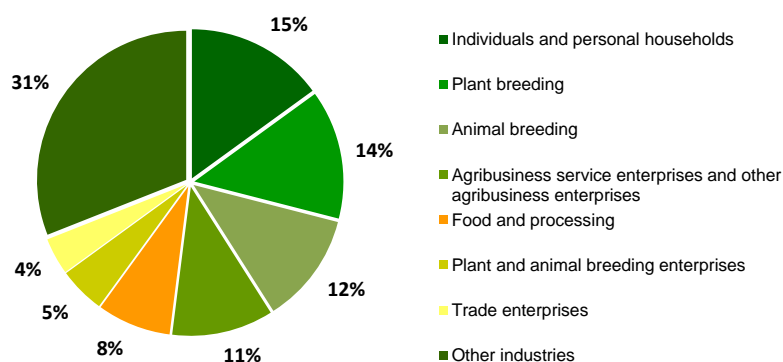
As at 31 December 2023, the share of loans to ten largest borrowers (groups of borrowers) amounted to 27% of total loans and advances to customers before impairment (28% as of 31 December 2022).

The Bank's loan portfolio is well diversified, including within the agribusiness sub-sectors and related industries, as well as sectors prioritized by the Russian government.

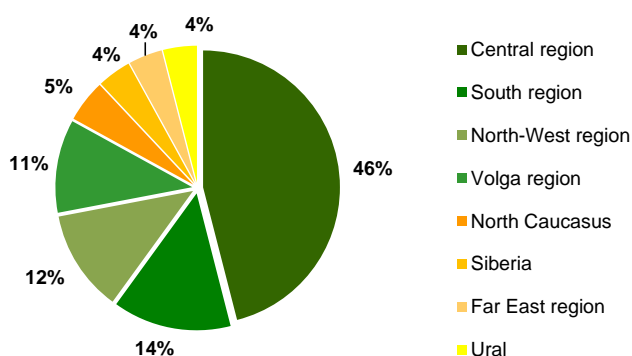
The main share of the Bank's credit exposure falls on borrowers in the agricultural industry – during 2023 the volume of investments in the industry increased from RUB 2.002 trillion to RUB 2.140 trillion. The increase was 6.9% (+RUB 138 billion) compared to the year 2022¹⁰.

¹⁰ Source: data based on the Bank's Management Reporting as of 1 January 2024.

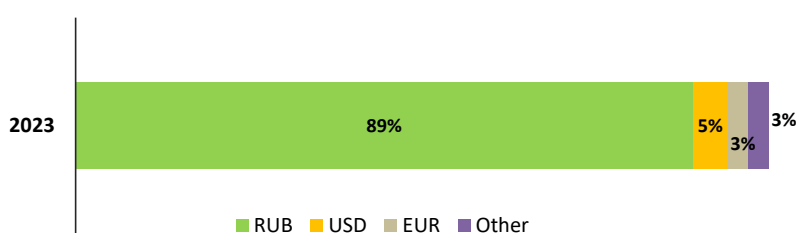
Loan Portfolio Diversification by Sector¹¹



Loan Portfolio Diversification by Region¹¹



Loan Book Currency Structure



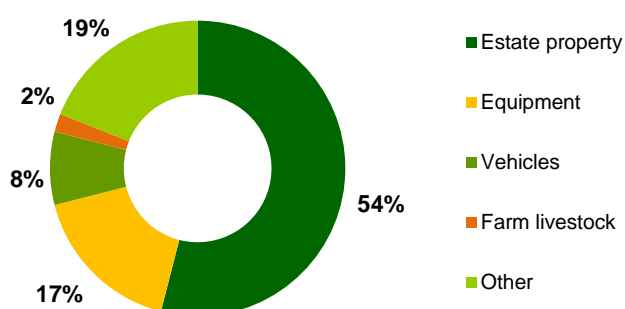
The current product line of special lending programs and universal credit products of the Bank is fully synchronised with government programs to support various sectors of the economy and allows meeting customers' needs in working capital and investment resources to ensure activities at all stages of production, processing and sales of products.

¹¹ Source: data based on Management Reporting as of 1 January 2024.

In 2023, RusAg continued to work on improving the quality of its loan portfolio. The share of non-performing loans (NPL90+) decreased by 0.6 p.p. The share of problem loans according to IFRS classification¹² in the total loan portfolio of the Bank at the end of 2023 decreased to 5.7% compared to 6.2% at the end of 2022 and 8.6% at the end of 2021.

The Bank accepts different types of collateral, such as: real estate, land plots, equipment, including agricultural machinery, motor vehicles, inventories (finished products, raw materials, goods in turnover), construction in progress, sea and other vessels, farm animals, future crop, property acquired in the future, property rights, warranties, banking guarantees, government guarantees of Russian Federation and municipal guarantees.

Loan Portfolio Collateral Structure



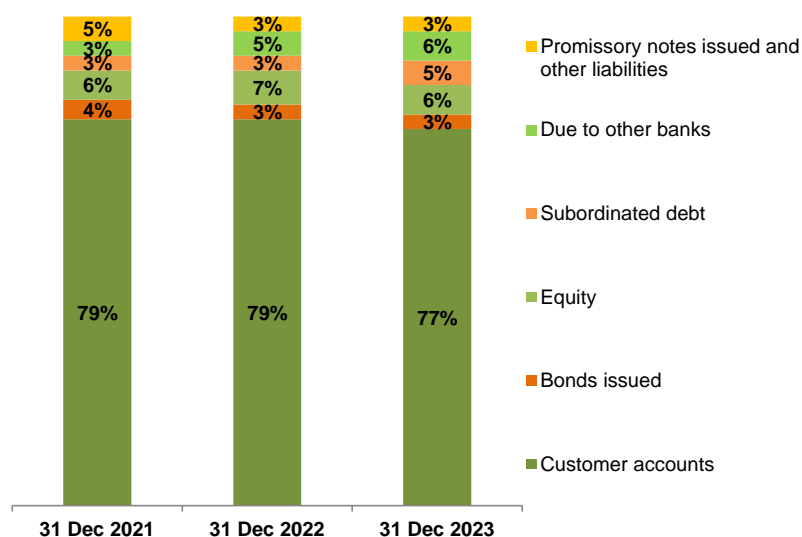
Among other measures aimed at credit enhancement is the Group's requirement to insure the subject of collateral. Insurance companies that have accreditation with the Bank insure property.

RusAg monitors the condition and reviews the structure of the collateral. The primary purpose of the review of the structure of collateral as well as monitoring of the collateral rights includes:

- Obtaining complete and objective information on the available collateral property and its structure;
- Development of optimal schemes of realization of collateral rights with account for the specifics of regional distribution;
- Improving the effectiveness and timeliness of collateral foreclosure process.

¹² Note: stage 3 loans (in accordance with IFRS 9) – loans recognized as impaired (defaulted) at the reporting date plus purchased or originated credit-impaired financial assets.

Liabilities Structure



During 2023, RusAg maintained the balanced liabilities structure and comfortable liquidity cushion.

The Bank regards non-credit-institution customer accounts as its key resource base. By the end of 2023, their share in the Bank's total liabilities (not including equity) amounted to 82.1%. The loan-to-deposit (LTD) ratio as at 31 December 2023 stood at 102%.

As at YE 2023, RusAg's equity (IFRS) amounted to RUB 298.1 billion showing an increase of 6.8% year-on-year (RUB 279 at the end of 2022).

The share of funds from credit institutions and the Bank of Russia in total liabilities (including equity) as at 31 December 2023 add up to 6.2% from 4.9% a year before, the volume of such funds amounted to RUB 294.7 billion following RUB 85.4 billion increase (+1.4 times) compared to the end of 2022.

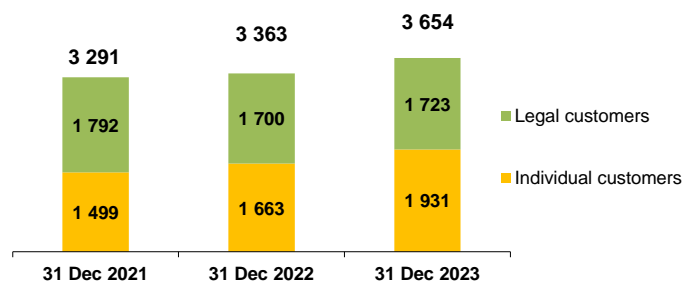
Debt securities issued accounted for 3.3% (4.2% as at YE 2022) in the Bank's total liabilities (including equity). The share of subordinated debt grew from 3.2% in 2022 to 4.9% in 2023.

Customer Base

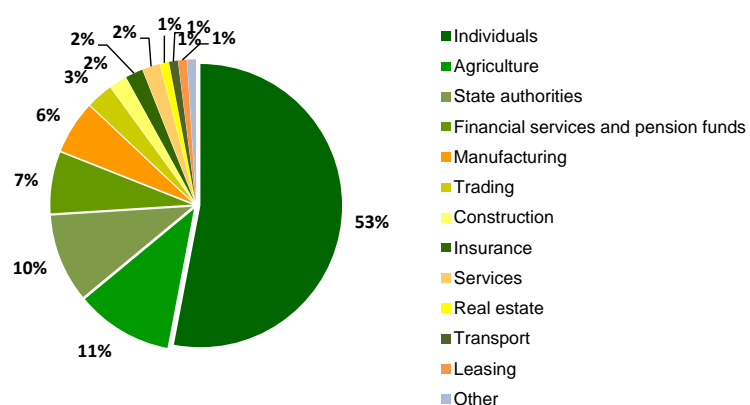
Customer confidence in RusAg ensured the inflow of depositors' funds during 2023. In general, customer accounts increased by 8.6% (+RUB 290.5 billion) and totalled RUB 3.654 trillion.

Retail deposits and customer accounts increased by RUB 267.5 billion (+16.1%) and amounted to RUB 1.931 trillion. At the same time, corporate customer accounts (including funds of state authorities) grew by RUB 23 billion (+1.4%) to RUB 1.723 trillion compared to the end of 2022.

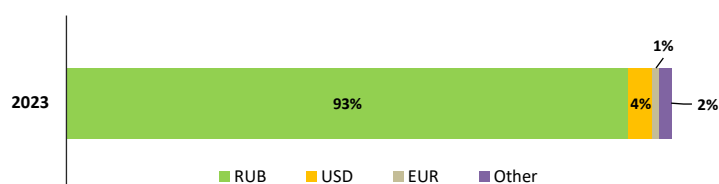
Deposit Growth (RUB billion)



Customer Accounts by Sector



Customer Accounts Currency Composition



Active client services development, including Internet and Mobile banking, upgrade of existing and rollout of new deposit, card and transaction products, supported an increase in the Bank's client and funding base. Adding modern competitive hi-tech products to the Bank's product range underpinned a larger number of transactions carried out via remote banking channels and a rise in current and settlement account balances.

Capital

RusAg's equity (according to IFRS) as of 31 December 2023 amounted to RUB 298.1 billion, having increased by RUB 19 billion (+6.8%) during the year. The Bank's authorized capital totalled RUB 523.3 billion.

Through successful capital multiplication, the Bank has been able to retain its position as the key financial partner for both large agricultural holdings and smaller farmers.

Capital Adequacy Ratios

During 2023, the Bank's capital adequacy ratio in accordance with the Bank of Russia (CBR) requirements exceeded the minimum level prescribed.

Capital of the Bank and capital adequacy calculated as required by the CBR Regulation No. 646-P 'Methodology for Capital Adequacy Calculation by Credit Organizations (Basel III)' and the CBR Instruction No. 199-I 'Methodology for Mandatory Prudential Ratios Calculation by Banks'.

Basel III Capital Ratios by CBR	YE 2023 ¹³	YE 2022 ¹³
Capital of the Bank (RUB mln)	590 249	530 842
CET1 Ratio (N1.1)	8.1%	10.1%
Tier 1 Ratio (N1.2)	9.5%	11.5%
Capital Adequacy Ratio (N1.0)	14.9%	14.5%

The Bank's management on a monthly basis monitors compliance with the capital adequacy ratio set by the CBR.

Income and Expenses

In 2023, RusAg earned a record net profit in the Bank's history that totalled RUB 31.8 billion, which is ca. 5 times over the result of the previous year.

In 2023, the Bank significantly increased its operating efficiency. The main driver of profit growth was interest income: by the end of 2023, net interest income amounted to RUB 129.2 billion, having increased by 75.6% as compared to 2022 (against RUB 73.6 billion).

Return on equity grew from 2.7% to 11.0% compared to 2022. Return on assets – from 0.2% to 0.7%, respectively. It is important to note that these growth rates are not the result of a "low base" in comparison with the turbulent 2022 – during this period, RusAg was able not only to maintain previously achieved positions, but also preserved the growth rate of income and asset quality.

RusAg's net interest margin for 2023 was 2.9%, up from 1.9% in the previous year. The Bank's CIR improved compared to the end of 2022 and amounted to 48%.

¹³ Note: ratios calculated including Events after the Reporting Period.

3.2. Corporate Business Development¹⁴

RusAg is actively expanding its activities in the segments of large, small and medium-sized businesses, taking into account the peculiarities and needs of corporate clients when forming a product offer. The Bank develops a universal and diversified product line based on a customer-oriented approach, covering the entire range of modern financial and banking products and services for business. The continuous development of specialized lending, settlement and savings products is carried out taking into account the existing instruments of state support (concessional lending, state guarantees, etc.).

The main share of RusAg's gross loan portfolio consists of loans provided to corporate borrowers, which at the end of 2023 accounted for 84.7%. Number of the Bank's corporate customers amounted to over 770 thousand as at 1 January 2024. Corporate loan portfolio (including loans to customers measured at fair value through profit or loss) of the Bank grew 11.6% or RUB 328.4 billion during the year and totalled RUB 3.15 trillion.

The Bank regularly implements measures to improve the product and price offer for corporate clients in order to ensure its compliance with business needs, market trends, changes in legislation, including within the framework of state support programs and the development of priority sectors of the economy.

Transactional Business

Within the transactional business direction, RusAg provides its customers – individuals and legal entities with a full range of in-demand services through a wide regional network and modern digital remote banking services platforms. The Bank's customers are ca. 7 million individuals and legal entities in 82 regions of the country.

In terms of developing transactional business for corporate clients in 2023, the Bank achieved the following indicators (compared to 2022):

- growth of the corporate deposit portfolio by 9%;
- increase in the share of deposit transactions concluded using remote banking services (RBS) by 25%;
- growth in the volume of payments for goods and services using business cards by 5%;
- increase in the volume of cash deposit transactions using business cards by 8%.

In 2023, the Bank continued to introduce in-demand services:

- business contact center switched to 24/7 operation;
- chat support for customer interaction with the Bank has appeared in the mobile app;
- customers now have the opportunity to sign up for some services without contacting the office (loyalty program and counterparty verification service) by contacting the business contact center and through RBS;
- 'UnionPay Business card' – allowed customers to make transactions in 180 countries abroad using cards of the international payment system UnionPay International;
- the RBS "Own Business" got an expanded functionality and new products and services: remote issuance of MIR and UnionPay business cards on physical plastic and in digital format, remote management of card limits, integration of an electronic checkbook (receipt of cash at the Bank's cash desk without paper documents).

¹⁴ Source: data based on Management Reporting as of 1 January 2024 and IFRS as of 31 December 2023.

Investment Banking Services

RusAg is one of the leaders in the capital markets, helping Russian companies attract resources on the public market. In 2023, the Bank acted as the organizer of more than 80 transactions to arrange the placement of bonds (+91% YoY) with a total nominal volume of more than RUB 850 billion. The Bank's clients are the largest Russian companies: Gazprom, Gazprom Neft, Russian Railways, Norilsk Nickel, Magnit, Novatek, Rosseti, MTS, etc. In addition, the Bank is actively involved in organizing the raising of funds on the bond market by small agribusiness companies (Istra Cheese Factory). By the end of 2023, the Bank took 5th place in the ranking of the real sector bond organizers (Cbonds) and received 10 awards for the best initial bond offering deals as part of the Cbonds Awards 2023.

The Bank provides its clients with an access to trading on Russian stock exchanges, offering brokerage services and asset management. In 2023, the number of clients in brokerage services increased by more than 20,000 people to ca. 149.8 thousand clients. Customer assets increased from RUB 300 billion to 326 billion. Such growth became possible due to the expansion of the product line, an increase in the rate of replenishment of the brokerage account, the offer of instruments in yuan, and the provision of an "investment consulting" service.

Agribusiness Financing¹⁵

One of RusAg's strategic targets is to secure a leading position in lending and servicing agribusiness and related sectors, including consistently high market share in seasonal work and project financing.

The Bank puts priority on agribusiness and related sectors that are part of a value chain (from raw materials providers to the end consumer) as well as population and businesses operating in rural and semi-urban areas.

RusAg's is a key instrument for the implementation of the State Program on Agribusiness Development, which provides measures for the integrated development of agricultural and related sectors.

The work done by the Bank in the sphere of financing long-term investment projects in agribusiness and seasonal work, increasing the availability of lending in remote regions and within challenging climate conditions, have secured sustainable growth rates in domestic agricultural production. In the framework of the State Program on Agribusiness Development, starting 2013 and through 2023, RusAg has provided over 5.9 million loans totalling over RUB 13 trillion.

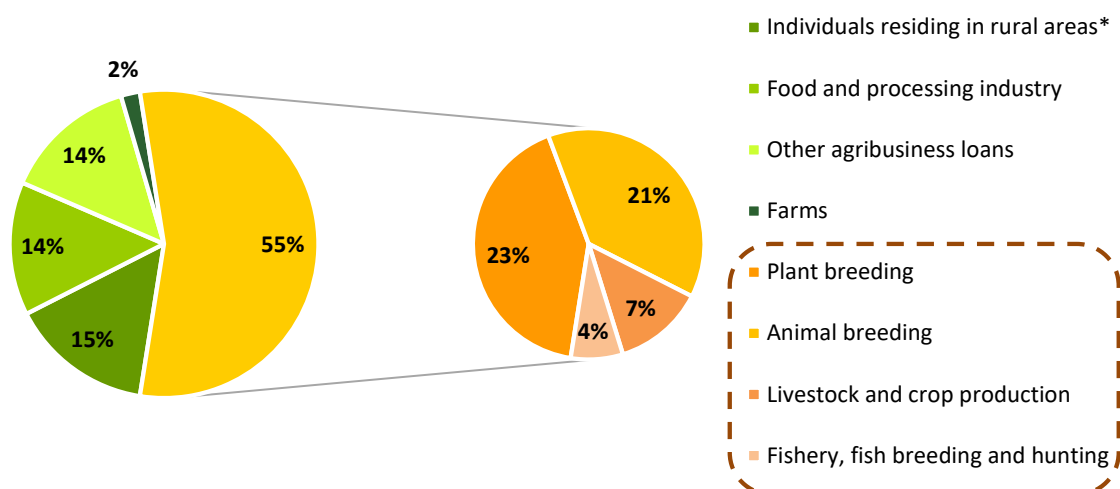
In 2023, the Bank issued 549.1 thousand loans as part of the State Program on Agribusiness Development implementation, including loans to agricultural companies, farms, and personal households totalling RUB 1,686 billion,

The share of short-term loans in 2023 accounted for 66.2% of the total volume of lending to agribusiness, while the share of long-term loans accounted for 33.8%. At the same time, the volume of long-term lending almost doubled (by 97%) compared to 2022, when client demand decreased due to the changed geopolitical situation.

At the beginning of 2024, over 55% of the Bank's credit investments in the agricultural industry were formed through loans to agribusiness enterprises. Loans to food and processing industry enterprises accounted for 13.8% of the Bank's agribusiness loan portfolio, and 14.8% – loans to rural residents.

¹⁵ Source: financial data in this section is prepared under RAS / Management Reporting as of 1 January 2024.

Structure of RusAg's Agribusiness Loan Portfolio¹⁶



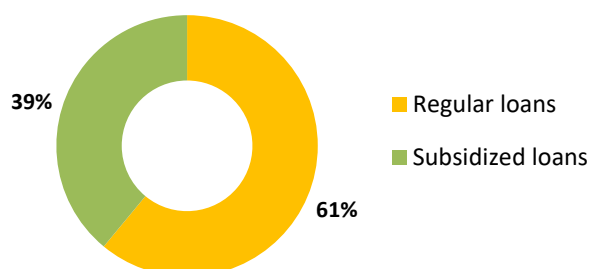
* Note: Settlements with population of up to 100,000.

The core business direction of RusAg is providing financial support to agribusiness clients, within the framework of which the Bank has supplied agricultural producers with uninterrupted lending during 2023. The Bank's agribusiness loan portfolio increased by RUB 137.6 billion (+6.9%) and, by the beginning of 2024, amounted to RUB 2.14 trillion. The volume of loans provided for seasonal work add up 7.9% to RUB 822.4 billion, compared to the end of 2022. RusAg is the core bank of the agricultural industry, providing a third of agribusiness lending and about 70% of financing seasonal work in the country.

Overall, from 2000 through 2023, the Bank provided financial support to enterprises, organizations and farms for the implementation of 5,511 investment projects for the construction, reconstruction and modernization of livestock (poultry) complexes and other agricultural facilities with a total amount of financing of over RUB 1,342 billion.

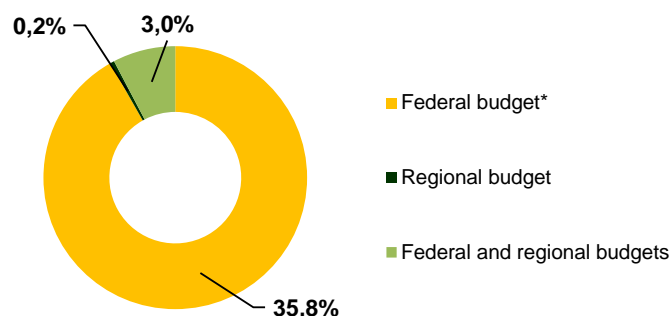
Out of all projects financed by the Bank, 4,594 production facilities was put into operation as of 1 January 2024, including 38 projects in 2023.

Share of Subsidized Loans in RusAg's Corporate Loan Portfolio¹⁶



¹⁶ Source: data based on Management Reporting as of 1 January 2024.

Sources of Subsidies in RusAg's Corporate Loan Portfolio¹⁷



* Note: Including subsidies provided directly to the Bank under special federal programs.

Concessional Lending

RusAg, along with other banks participating in concessional lending programs, receives subsidies to compensate for lost income when lending to borrowers at preferential rates, according to standard terms and criteria established by the relevant programs.

In concessional lending, the Bank has relied on the following Government Support Programs:

- › **Under Russian Government Decree No. 1528 dated 29 December 2016**
 Subsidies apply to loans issued to agricultural producers, entities and individual entrepreneurs engaged in the production, primary / subsequent (industrial) processing and sale of agricultural products.
 As at 1 January 2024, RusAg had 15,829 loan agreements worth RUB 1,132 billion, with RUB 73.3 billion as subsidies received, under this program.
- › **Under Russian Government Decree No. 512 dated 26 April 2019**
 Subsidies apply to loans issued to agricultural producers, entities and individual entrepreneurs engaged in the production, primary / subsequent (industrial) processing and sale of agricultural products.
 As at 1 January 2024, RusAg had 52 loan agreements worth RUB 119 billion, with RUB 13.4 billion as subsidies received, under this program.
- › **Under Russian Government Decree No. 1804 dated 24 December 2019**
 Subsidies apply to loans issued to individual entrepreneurs and entities (except government-owned and municipal unitary enterprises) registered in rural areas / rural agglomerations.
 As at 1 January 2024, RusAg had four loan agreements worth RUB 610 million, with RUB 31.5 million as subsidies received, under this program.
- › **Under Russian Government Decree No. 1764 dated 30 December 2018**
 Subsidies apply to loans issued in 2019-2024 to support SMEs in priority sectors of the Russian economy, including agriculture.
 As at 1 January 2024, RusAg had 1,052 loan agreements outstanding worth RUB 21.3 billion, with RUB 499 million as subsidies received in 2023, under this program.

¹⁷ Source: data based on Management Reporting as of 1 January 2024.

- › **Under Russian Government Decree No. 141 dated 9 February 2021**
 Subsidies apply to loans issued for the development of inbound and outbound tourism.
 As at 1 January 2024, RusAg had four loan agreements worth RUB 54.5 billion, with RUB 635.6 million as subsidies received, under this program.
- › **Under Russian Government Decree No. 895 dated 18 May 2022**
 Subsidies apply to loans issued for the purchase of priority products for import operations.
 As at 1 January 2024, RusAg had two loan agreements worth RUB 550 million, with RUB 30.4 million as subsidies received, under this program.
- › **Under Russian Government Decree No. 629 dated 30 April 2019**
 Subsidies provided to support lending projects in residential construction.
 As at 1 January 2024, RusAg had one agreement outstanding worth RUB 430 million, with RUB 262.6 million as subsidies received for the entire tenor of this program.
- › **Under Russian Government Decree No. 1570 dated 6 September 2022**
 Subsidies apply to support credit projects in the industry sector.
 As at 1 January 2024, RusAg had one loan agreement worth RUB 500 million, with RUB 18.8 million as subsidies received, under this program.
- › **Under Russian Government Decree No. 674 dated 3 June 2017**
 Subsidies provided on loans issued in 2017 to support SMEs in priority sectors of the Russian economy, including agriculture.
 This program is now at a follow-up stage: no new loan agreements and no disbursements are made under the existing loan agreements.
 As at 1 January 2024, RusAg had two loan agreements worth RUB 20.8 million, with RUB 50.4 thousand as subsidies received in 2023, under this program.
- › **Under Russian Government Decree No. 1706 dated 30 December 2017**
 Subsidies provided on loans issued in 2018 to support SMEs in priority sectors of the Russian economy, including in agriculture.
 This program is now at a follow-up stage: no new loan agreements and no disbursements are made under the existing loan agreements.
 As at 1 January 2024, RusAg had ten loan agreements worth RUB 111.6 million, with RUB 2.6 million as subsidies received in 2023, under this program.
- › **Under Russian Government Decree No. 279 dated 27 February 2021**
 Subsidies provided in 2021 on loans issued to legal entities and individual entrepreneurs to help them relaunch their commercial operations.
 This program is now closed; no loan agreements are operational (closed in June 2023).
 Subsidies received in 2023 amounted to RUB 742.9 thousand.
- › **Under Russian Government Decree No. 393 dated 17 March 2022**
 Subsidies provided on loans issued to systemically important entities in industry and trade and to members of groups of systemically important entities in industry and trade.
 This program is now at a follow-up stage: no new loan agreements and no disbursements are made under the existing loan agreements.
 As at 1 January 2024, subsidies received under the program stood at RUB 249.4 million.

3.3. Retail Banking¹⁸

RusAg offers a wide range of high quality retail products and services, which are available via multiple distribution channels, accompanied by professional advice and effective management.

In 2023, taking into account certain strategic goals of the Bank, one of the major and priority areas of retail business was increasing financial efficiency. Thus, at the end of the year, net operating income of the retail business¹⁹ amounted to RUB 52.3 billion, which is 3% over the planned level.

The largest contribution to the formation of net operating income in the specified period was made by attracting funds from retail customers. The volume of funds raised from individuals²⁰ in 2023 increased by 12% compared to 2022 and amounted to RUB 1,445 billion. The share of income from liabilities in the total net operating income of the Bank's retail business was 63%.

Being a key source of retail income generation, attracting liabilities of individuals is also considered as one of the funding sources, which allows issuing corporate loans, as well as loans to agribusiness.

RusAg maintains its role of the supporting Bank for agricultural industry, which continued to be a priority for retail business in 2023. Within this direction, the Bank covers a large number of rural areas, providing residents of such territories with its products and services. The most important product for which there is enormous demand is the preferential rural mortgage program.

Rural mortgage is a separate priority for the retail business for two reasons: due to its unconditional leadership in overall market issuance and its high share in the retail loan portfolio overall.

In particular, as of year-end 2023, RusAg issued about RUB 66.7 billion of rural mortgage (almost 1.5 times over the level of the previous year), which led to an increase in the share of this program in the Bank's total loan portfolio by 10 p.p. – up to 32%. The market share exceeded 80%.

A key area of development of the Bank's retail business in 2023 was also the development of social cards for residents of Russian regions – a bank card with additional benefits for customers living in certain regions of the country. By the end of the year, this project was implemented in six regions.

At the year-end 2023, the Bank's active retail client base amounted to 4.8 million customers. During the reporting period, the number of active customers with savings products increased while the number of customers with credit products decreased.

RusAg's market shares in terms of retail business (as of 31 December 2023)²¹

Indicator	Market Share
Loan Portfolio	1.6%
Mortgage	2.2%
Rural Mortgage	81.6%
Consumer Loans	1.4%
Credit Cards	0.2%
Customer Funds ²²	3.7%
Deposits	4.5%
Current and savings accounts	2.3%

18 Note: data based on Management Reporting as of 1 January 2024 and IFRS as of 31 December 2023.

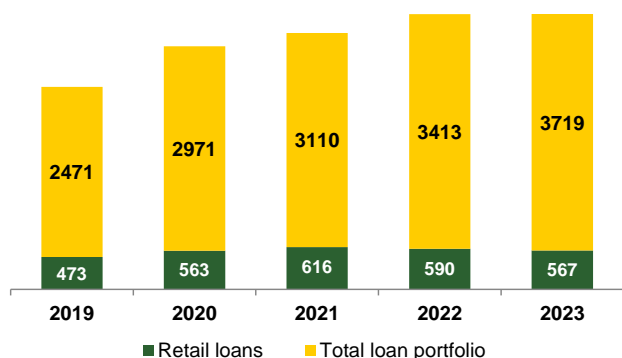
19 Note: within the scope of income received from mass and significant (premium) customers.

20 Note: funds attracted from mass and significant (premium) customers.

21 Source: Analytical Agency Frank RG.

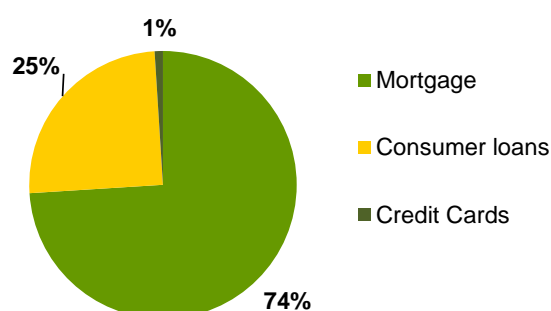
22 Note: including private customers, and excluding funds in escrow accounts.

Retail Loan Portfolio Dynamics, RUB billion



RusAg's retail loan book as at 31 December 2023 amounted to RUB 567.3 billion. Retail loan portfolio slightly declined (-3.8%), which corresponded to the risk approaches of the Bank and the priority of lending to agribusiness clients.

Retail Loan Book Composition²³



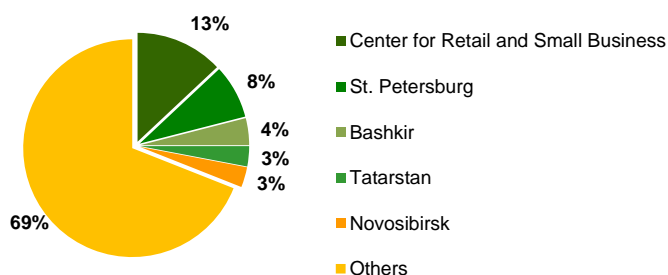
The mortgage portfolio increased by 4%, and the overdue consumer loan portfolio decreased by 3%. While the deposit portfolio increased by 10% and the savings account portfolio – by 42%.

Total volume of overdue debt in the Bank's retail loan portfolio amounted to RUB 15.6 billion as of 1 January 2024. The share of overdue loans in retail portfolio stood at 2.78% (share of overdue loans in the retail loan portfolio of the banking system as a whole – 3.5%). Since the beginning of 2023, the volume of overdue retail loans has decreased by 7.1% or RUB 1.2 billion.

Loans granted to individuals have a vast geography due to the large branch network of the Bank within the country.

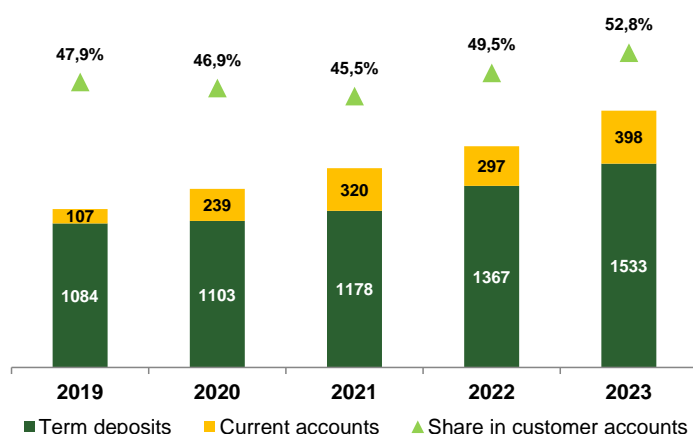
²³ Source: data based on Management Reporting as of 1 January 2024.

Retail Loan Portfolio Diversification by Region²⁴



RusAg's wide territorial coverage makes it possible for its branches and points of sale effectively raise funds from retail customers residing in rural areas.

Retail Customer Accounts Dynamics, RUB billion



The share of retail deposits and customer accounts in total customer accounts of the Bank amounted to ca. 53% as at 31 December 2023. Loan-to-deposit ratio (LTD) stood at 102%.

In terms of developing transactional business for retail customers in 2023, RusAg achieved the following results:

- current accounts balances increased in 2023 from RUB 244.7 billion to 298.4 billion (+22%);
- the portfolio debit cards increased by 14% to 2022 and reached 5.7 million units, the portfolio of credit cards – 215,000 units (+1% to 2022). The average balances on card accounts amounted to RUB 74.0 billion (+13% to 2022);
- in 2023, the Bank issued over 136,000 Union Pay payment system cards (+3% to 2022);
- the volume of payment transactions for goods and services using payment cards in 2023 amounted to RUB 204 billion, which is 13% more compared to the same period last year.

The following activities were implemented for retail customers in 2023:

²⁴ Source: data based on Management Reporting as of 1 January 2024.

- a selector of the Bank's savings products on the Bank's website for a convenient offer to customers;
- a new product – “Appetizing Card”, with the accrual of loyalty program points in trade and service enterprises belonging to the “Products” category to stimulate daily spending;
- the ability to apply for a consumer loan in a digital partner channel using API (Banks.ru, Sravni.ru);
- a new credit product – “Payday Loan”, with the possibility of receipt at the Bank's office and remote banking services;
- remote registration and activation of payment rings with credit card binding;
- an application on the Bank's website for the delivery of a card for the subsequent opening of a deposit and savings account.

4. Controls and Procedures

4.1. Risk Management

RusAg is the core financial institution providing financial and credit services to agribusiness and related industries, which determines the specifics of the sectoral structure of the Bank's loan portfolio. The focus on providing banking services to agricultural producers form additional credit risks due to specifics of the industry, primarily related to the influence of agro-climatic factors. The Bank assumes all the risks of the industry as a key lender to agribusiness.

The organizational structure of the Bank's risk management system is built in accordance with the principles of risk management, provides conditions for achieving goals and effectively performing risk management tasks and is represented by the following hierarchy levels:

- Supervisory Board of the Bank and Audit Committee of the Supervisory Board of the Bank;
- Executive bodies of the Bank (Management Board and Chairman of the Management Board);
- Collegial working bodies of the Bank (Risk Management Committee), whose competence includes consideration of issues related to risk management of the Bank;
- A division of the Bank responsible for risk management and independent of business units – the Risk Management Department;
- Other divisions of the Bank, which, when considering and performing transactions, take into account the ratio of profitability and accepted risks for transactions, comply with the established risk appetite, limits and other restrictions, as well as the requirements of internal documents.

RusAg's risk management system complies with Russia's legal acts and regulations on risk management systems; requirements and recommendations of the Bank of Russia; Methodological Guidelines For Developing Risk Management System Regulations of the Federal Agency for State Property Management; Basel II, Basel III and the best risk management practices adopted by Russian and international banks.

The Bank's internal documents related to the risk management system define:

- types of operations that are characterized by certain types of risk, sources and possible consequences of risk implementation;
- methods, tools and procedures for identifying risks;
- methods, tools and procedures for risk assessment, aggregation and management;
- methods, tools and procedures for monitoring and controlling risks, including procedures for setting and controlling limits, methods for evaluating the effectiveness of risk assessment methodology;
- the procedure for making decisions on the implementation of operations that carry risks, the application of risk management methods and tools, including in the event of stressful situations;
- the internal reporting system, including the procedure for informing management bodies and working collegial bodies about the level of accepted risks.

RusAg is constantly developing its risk management system and internal procedures for assessing capital adequacy in accordance with the Bank's development strategy.

4.2. Internal Control and Audit

Internal Control

RusAg's internal control system is compliant with the legislation of the Russian Federation, regulatory acts of the Bank of Russia and the Articles of Association of the Bank, and operates at all levels of management of the Bank: in the activities of the Bank's management bodies, collegial bodies and structural divisions of the Bank, officials exercising powers and rights and responsibilities defined in the Articles of Association and internal documents of the Bank.

According to the Bank of Russia Regulation No. 242-P dated 16 December 2003 'On the Organization of Internal Control in Credit Institutions and Banking Groups', the Bank's internal control system comprised the following bodies and units in 2023:

- Management bodies (the General Shareholders Meeting, the Supervisory Board, the Management Board and the Chairman of the Management Board);
- Audit Commission;
- Chief Accountant (or deputies);
- Heads (or deputies) and Chief Accountants (or deputies) at the Bank's regional branches;
- Units and employees of the Bank who exercise internal control within the remits established by RusAg's internal documents, including:
 - Internal Audit Service;
 - Compliance Control Department;
 - AML/CTF officer (Financial Monitoring Service);
 - Controller of the professional securities market participant (Controller), included in the Compliance Control Department;
 - Other structural units and / or officers of the Bank.

The Bank develops its internal control system on an ongoing basis, taking into account strategic goals and objectives, changes in the operating conditions of the Bank and the Bank Group, including:

- updating the Bank's business processes, integrating control procedures into business processes, including automated control procedures;
- revision of the Bank's internal documents in connection with changes in the legislation of the Russian Federation, including regulations of the Bank of Russia;
- regular analysis and delineation of areas of responsibility of departments and duties of employees within the organizational structure of the Bank;
- improvement of the system of competencies of the specialized collegiate bodies of the Bank;
- development of control and coordination of functional verticals of the Bank's regional network and members of the Bank Group;
- expansion of training programs for employees and evaluation of their professional knowledge;
- development of inspection and monitoring methods.

Internal Audit Service

The Internal Audit Service carries out its activities under the direct control of the Supervisory Board of the Bank in accordance with the Regulations on the Internal Audit Service at RusAg, approved by the Supervisory Board of the Bank

Tasks of the Internal Audit Service:

- control over the functioning of the internal control system and risk management system of the Bank and the organizations of the Bank Group;
- monitoring of the Bank's internal control system.

Functions of the Internal Audit Service:

- supervision and general assessment of internal control; monitoring of execution status of decrees issued by the Bank's governing bodies (the General Shareholders Meeting, the Management Board, the Chairman of the Management Board);
- efficiency control of risk management methodology and risk management procedures; general audit of internal procedures, programs, instructions in terms of integrity and applicability;
- assessment of reliability of internal control in the field of IT systems, cyber security, data protection, combating of unauthorized access attempts and other related activities in accordance with protocols adopted for emergency events to secure a continuity and / or recovery of the Bank's operations;
- testing of integrity, completeness and promptness of accounting and financial reporting, including process of information collection for these purposes;
- review of employed protocols and procedures aimed to secure safety of the Bank's property;
- assessment of economic viability and efficiency of the Bank's operation and financial deals;
- verification of internal control processes and procedures;
- checking the activities of the Bank's subdivision performing the functions of the internal control service and the Bank's risk management subdivisions;
- participation in the work of the audit commissions of legal entities – organizations of the Bank Group in the manner prescribed by the internal documents of the Bank;
- organization and coordination of the internal audit function in the organizations of the Bank Group;
- other functions assigned to the IAS by the legislation of the Russian Federation, regulations of the Bank of Russia, internal documents of the Bank, decisions of the Bank's management bodies to achieve the goals and objectives of the Internal Audit Service.

The smooth and effective implementation of the functions of the Internal Audit Service is achieved by conducting inspections and monitoring in all areas of the Bank's activities, any of its divisions and individual employees using the methods provided for by the Regulations on the Internal Audit Service, internal documents of the Bank, as well as the Regulation of the Bank of Russia No. 242-P.

The activities of the Internal Audit Service are subject to independent verification by an external expert (audit organization) at least once every five years.

In 2023, the following key measures were implemented to improve the internal control system of the Bank and the Bank Group.

1. The Bank and the member organizations of the Bank Group continued to improve compliance control processes and procedures in order to:
 - timely implementation of changes in the legislation of the Russian Federation and regulatory acts into the Bank's activities;
 - combating market manipulation and misuse of insider information;
 - implementation of the requirements of the legislation of the Russian Federation in the field of personal data.
 - preventing conflicts of interest when carrying out professional activities in the securities market;
 - prevention of commercial bribery and corruption
2. Based on the results of compliance control activities, the Bank implemented procedures aimed at developing and improving the reliability of the internal control environment and the efficiency of a number of significant business areas and processes, including mortgage lending, accounts receivable management for timely settlement, organization and implementation of market risk management procedures, providing high-quality brokerage services to clients, liquidity management, procurement activities, combating fraudulent transactions on customer accounts, preventing emergencies and threats to the Bank's infrastructure, compliance with the regulatory requirements for operational reliability in order to ensure the continuity of banking services using information infrastructure facilities.
3. RusAg continues to ensure compliance with the rights of individual clients, the requirements and recommendations of the Bank of Russia within the framework of behavioral supervision.
4. As part of the implementation of its Sustainable Development Policy, RusAg conducts activities to improve the accessibility and quality of banking services for individuals with disabilities and persons with reduced mobility and to ensure an appropriate control environment when conducting transactions with clients related to these groups.
5. An external independent assessment of the Bank's work in the field of combating corruption was carried out, according to the results of which RusAg has confirmed the highest class AAA+++ (companies with the highest anti-corruption level) in the Anti-Corruption Rating of Russian Business - 2023, organized annually by the Russian Union of Entrepreneurs.
6. Compliance control employees participated in conferences and forums of the business community in order to develop and promote the Bank as an expert in the field of compliance control in the areas of combating corruption, processing and protection of personal data and improving the effectiveness of professional activity control in the securities market.

5. Corporate Governance

Russian Agricultural Bank follows the best practices of corporate governance system. Efficient corporate governance practices underpin the successful operations of the Bank, its sustainable development, risk management, ensuring a balance of the rights and interests of the shareholders, management and other stakeholders. Pursuing the best corporate governance standards also positively impacts the Bank's operating results, internal efficiency, investors' valuation of its securities and ability to raise capital needed for further development.

The structure of the Bank's corporate governance ensures that its governing bodies are properly balanced. Powers are allocated and overall management exercised by the General Shareholders Meeting and the Supervisory Board segregated from day-to-day management carried out by the executive management bodies (the Management Board and the Chairman of the Management Board) of the Bank.

RusAg complies with the requirements of internal documents that are mandatory for a joint-stock company in accordance with the legislation of the Russian Federation (the Articles of Association, the General Shareholders Meeting Regulations, the Supervisory Board Regulations, the Management Board Regulations, etc.). The Bank ensures equal and fair treatment of all shareholders when exercising their right to participate in the management of the Bank.

RusAg's General Shareholders Meeting Regulations are developed in accordance with the Bank's Corporate Governance Code. By paying out dividends, the Bank gives its shareholders equal and fair opportunities in terms of distribution of profits.

The Supervisory Board

RusAg's Supervisory Board performs the following functions:

- outlines the key long-term strategic guidelines and sets the key performance indicators for the Bank;
- controls the operations of the Bank's executive management bodies;
- establishes the principles and approaches to risk management and internal control;
- determines the Bank's policy on remuneration of the executive management bodies and key executives of the Bank who are not members of the executive management bodies, as well as implements other key functions.

The Supervisory Board plays a leading role in shaping effective interaction between shareholders and the Bank's management as well as in preventing conflicts of interest.

The Supervisory Board is monitoring the business of the Bank and the operations of its executive bodies on an ongoing basis. It objectively assesses whether their activities are correspondent to the nature, scale and environment in which the Bank operates and develops; it also sets forth the key targets and monitors compliance.

The Supervisory Board is an efficient and professional management body of the Bank, capable of forming objective and independent judgements and taking decisions in the interests of RusAg and its shareholders.

The Supervisory Board liaises with the Bank employees, auditors, the Revision Commission and other parties in order to verify the accuracy of information provided by the executive bodies. The validity of approaches used by the Bank's executive bodies for the assessment of its current performance, and the compliance with the requirements of Russian legislation, including regulatory acts of the Bank of Russia, business customs and professional ethics principles.

The Corporate Secretary

The Corporate Secretary is responsible for ensuring procedures aimed at protecting the rights and interests of the Bank's shareholders and support the efficient work of the Supervisory Board.

The Corporate Secretary occupies a position that cannot be combined with the performance of other functions in the Bank. The Corporate Secretary is vested with functions in accordance with the recommendations of the Corporate Governance Code.

The Corporate Secretary participates in arranging the General Shareholders Meeting and the Supervisory Board meetings, and works out resolutions that need the approval of the Bank's shareholder. The Corporate Secretary secures effective cooperation between the shareholder and the Bank's management team. The Corporate Secretary reports to the Bank's Supervisory Board and is appointed by its decision.

Operational and strategic issues related to financial planning, asset and liability management, development of specific business directions, as well as other issues referred to the Supervisory Board, are reviewed in advance by the Management Board.

The Management Board

The Management Board and the Chairman of the Management Board are the Bank's executive bodies, which perform general duties related to achieving its key business goals:

- accomplishing long-term targets set forth by the shareholder;
- supervising the compliance of the Bank operations with all relevant laws and regulations;
- overseeing the introduction and functioning of appropriate risk management systems (including defining the Bank's risk appetite);
- monitoring the environment in which the Bank operates, and strengthening the Bank's corporate culture.

RusAg operates an efficient system for risk management and internal control that helps to instil informed confidence that the Bank can achieve its targets. The Supervisory Board has defined principles and approaches to the organization of risk management and internal control at the Bank.

RusAg has developed, implemented and constantly updates documents in the field of combating corruption, which define measures aimed at forming elements of the corporate culture, organizational structure, rules and procedures that ensure the prevention of corruption.

The Bank and its activity are transparent for shareholders, investors and other interested parties.

RusAg's activities in the field of information openness are carried out by the executive management bodies of the Bank.

The Bank plans (assumes) actions and measures to improve the corporate governance model and practice as the legislation improves and the best corporate governance practices develop.

6. Digital Transformation and IT Development

In December 2022, the Supervisory Board of the Bank approved the updated Digital Transformation Strategy of RusAg until 2024 (hereafter – Digital Strategy).

Digital transformation is aimed at increasing the efficiency and technological improvement of the Bank and involves business processes reorganization with the wide use of digital tools. The implementation of the Digital Strategy will lead to significant optimization of internal processes, improvement of customer experience, changes in existing and implementation of new architectural solutions. The main goal of digital transformation is to create technological conditions for the implementation of the Bank's key business objectives and plans.

Special attention is paid to ensuring information security, which is an essential condition for successful digital transformation.

Implementation of the Digital Strategy combined with the realization of RusAg's IT-Strategy initiatives, approved in May 2020, should provide full support for the strategic business objectives of the Bank on the horizon until the end of 2024. As well as for the Bank's competitiveness in the modern market of high-tech banking services and digital maturity indicators at the level of the leaders of the Russian financial sector.

Digital Transformation Goals

Developing the best digital products for the customer:

- development of new technological digital products and services;
- implementation of customer experience management practices based on customer data.

Providing convenient and accessible service:

- ensuring the availability of the Bank's products in digital channels;
- automation of customer service using machine learning and artificial intelligence.

Introduction of new digital business models and ecosystem development:

- creation of ecosystem platforms together with partners and organizations of the Bank Group, expansion of the Bank's function beyond the role of a financial services provider;
- introduction of the practice of monitoring the effectiveness of business models based on accumulated data.

Digitalization of operating and technology platform:

- creation of a platform and transformation of IT architecture to create new products and introduce innovations;
- introducing the practice of collaboration between IT specialists and business on innovation and the creation of new business models;
- automation of processes, reduction of the number of manual operations, use of electronic documents;
- building a data-centric organization, developing the practice of effective use of data and developing analytical models for making managerial and business decisions;
- staff training and development of digital skills and competencies;
- achieving digital sovereignty (independence from foreign software and external developers).

Digital Transformation Directions and Key Results of 2023

Digital infrastructure development:

1. More than 98% of frontal operations are available within the Unified Frontal Solution and Retail Business CRM system. A 100% of current banking products transferred to the Unified Frontal Solution system. Implemented a paperless service model. Increased the systems' stability and speed.
2. A module for automated property valuation and collateral revaluation has been developed.
3. The Bank's new website has been put into commercial operation. A 100% of traffic transferred to the new website.
4. The following have been implemented: the lifecycle management process of an automation initiative and the targeted IT resource management process. Introduced reports on the IT resource management process.
5. The country's first Commercial Biometric System was registered (Certificate No. 1).
6. Development / modification of systems ensuring the retail credit process and the information system "Biometric system of the Bank" on RusAg's CI/CD pipeline (Continuous Integration / Continuous Deployment) was completed.

Information security:

1. An internal anti-fraud system put into commercial operation to improve the efficiency of preventing fraudulent actions on customer accounts.
2. The Cyber Intelligence Platform commenced commercial operations, which allows for a timely response to new potential threats to information security.

Development of personnel, digital competencies and digital culture:

1. A 100% of employees whose workplace requires a computer have been trained in the field of digital transformation.
2. The Academy of Transformation has launched the publication of audio podcasts with internal experts in the mobile application for Bank employees, and regularly posts them on the corporate news portal.
3. Monitoring of production metrics for team efficiency, reduction of Time-to-market, and development of the application of Agile-methodology in the Bank implemented and are being carried out.
4. Development and integration of a digital HR-tech platform to increase the speed and efficiency of interaction between the company and personnel.
5. Regular training of the basic course on digital literacy for newly hired employees has been organized.
6. Training of the Bank employees in digital specialties has been organized (data analyst, data engineer, Data Science specialist, Big Data manager).

Introduction of digital solutions:

1. 'SVOE' Ecosystem includes seven platforms. The total number of active users (MAU) for all platforms reached about 724 thousand.
2. As part of the creation of the Artificial Intelligence (AI) Laboratory, the process of developing models based on AI in the Bank was tested using the example of creating a model of the customer's lifetime value (LTV). Introduced an advanced predictive analytics toolkit based on a Data Lake.
3. Additional products and services launched into the "My Business" channel (advanced authentication and authorization mechanisms, including using RSHB ID).
4. Integration of the automated loans solution pipeline for legal entities with the CSP (Content service provider). Standard credit products and simplified credit process trajectories for the micro-business segment have been implemented on a targeted automated platform.
5. The NBO (Next Best Offer) direction launched to determine an individual offer to SME and micro-business customers.

Data management tools and advanced analytics have helped achieve the following targets:

- RUB 600 million-plus in additional revenue was generated through the use of behavioral models and personal offers (during the life of the project between Q2 2020 and Q3 2023).
- Regular communication with clients (retail and corporate) is based on the personal offers suggested by client behavior, digital preferences and the use of banking products and services. Personal offers cover 100% of retail clients and more than 40% of SME clients.

Project 'My Business' – a new digital service for corporates

This project largely focuses on a new digital channel for corporates that provides a competitive advantage and is expected to generate for the Bank additional income through the sale of banking and non-banking products.

In 2023, high-load services (RUB payments, RUB statements) were migrated from core to micro-service architecture. Consequently, the entire client base (except clients with an individual product or technology implementation scheme) moved to My Business remote service. All new clients are currently connecting up to the new channel. The target level of system reliability (99.86%) has been achieved.

A showcase of partner services is available; integration with accounting services, API connectivity, partner products and a business card are all in place.

Clients can use One-Stop Window to pay the services of the platform. My Business gives access to the new Automated Fast-Track Taxation System.

My Business won the national Golden Mercury entrepreneurship award and came first in Agribusiness Support Ecosystem nomination (part of special nomination Best 2023 Banking Program for SMEs).

My Business workstations for staff are run commercially. New My Business micro-services support cash and settlement services in RUB and other currencies, with stories functionality.

My Business offers enhanced unqualified signature functionality. Connection to the Fast Payment System acquiring and registration of a trade and service enterprise (merchant account) have also been implemented.

My Business supports connectivity to the Salary Project and the signing of salary agreements. It can also issue MIR business cards and personalized / digital business cards.

My Business has generated RUB 537 million in revenue.

Development of RusAg's 'SVOE' Ecosystem in 2023

In 2023, farmers actively used the services of the Bank's ecosystem – visited over 12.5 million times by 7 million-plus visitors, and their search activities helped to make it better.

'Svoe Fermerstvo' (My Farming) Platform

The marketplace offers products for farmers and agribusinesses in about 400 product categories that cover all the areas where agricultural producers can satisfy their needs in means of production. The B2B marketplace offers more than 3 million items and 70% of all agribusiness brands from a total of approximately 13,000 suppliers.

The platform delivered 13 services, including 'SVOE Media', 'Farmers' School', 'Support Action', 'Business from Scratch', etc.

In 2023, the Bank started to develop breeding and genetics services targeting Russian breeding farms and now have more than 60% of the major domestic breeding plants and stations registered on the platform.

The key business lines on the marketplace are cattle, small cattle and breeding poultry, with horse breeding added as a new business.

In 2023, RusAg kept to focus on giving its clients an opportunity to grow effectively by using discounts on the products they needed for their business.

The Bank's Farmer Business Card offers a discount of 5 to 20% on agricultural machinery, spare parts, equipment, seeds, fertilizer, etc., on top of the discounts from logistics companies.

The Card also could be used as a credit tool, on which customers can enjoy an interest-free grace period of up to 55 days.

'Svoe Rodnoe' (Domestic Products) Platform

In 2023, the platform reaffirmed its status as Russia's largest marketplace for farm products, with one million users and 12,000 farmers, reaching a peak of 122,000 products since the launch of the project.

'Svoe Rodnoe' has grown into a unique and convenient digital platform for farmers to interact with buyers.

The platform's advantage is that its wide audience is focused on healthy, proper, natural farm products. Loyalty program 'Urozhai' (Harvest) with more than 1,300 farmers using it serves as an additional tool for expansion.

The platform's development strategy targets continuous improvement of client experience, compliance with high industry standards and the development of a whole range of services for sellers. In Q4 2023, new services were added to improve the convenience and efficiency of sales on the marketplace, making it more attractive for farmers, helping grow client numbers and eliminating unnecessary costs.

More specifically, was designed an SAAS platform where a farmer can launch an online store on a separate domain and manage it through Unified Personal Account of the Farmer or 'I'm a Farmer' app on the platform. It is a new tool for farmers to promote their brands and a new channel to sell without running additional costs of setting up and maintaining the channel or dealing with unnecessary and complicated order management procedures. Buyers can select a supplier of farm products for restaurants from their Personal Accounts, which helps open up access to the HoReCa market for farmers. Another innovation in the Personal Account is functionality to manage orders to be delivered via SDEK and automatically update order processing times on holidays.

'Svoe Rodnoe' stays abreast of technological innovation. For sellers, RusAg has designed and run a pilot of Digital Assistant for more efficient price matrix management in the product catalogue.

The marketplace team takes care of buyers, explores their needs and analyses feedback. RusAg clients who wish to buy a product by weight can use their Harvest bonus points and, if needed, regular money to pay the remaining amount.

The Bank have also improved the joint purchase option. Buyers can now add a joint order to the shopping cart if the minimum order amount does not qualify for free delivery.

'Svoe Za Gorodom' (My Countryside) Platform

'Svoe Za Gorodom' is Russia's first unique initiative for rural tourism. Over more than a year, it has offered approx. 1,600 tours and is currently partnering with 435 farmers selling agro and rural tours. The platform has organized 60 unique 'A Day at the Farm' tours, and five corporate and children's events as demand for rural lifestyle and agro tourism is growing stronger with the general public.

The platform offers a booking service to book flights and hotels, turning rural tourism into a more comprehensive client journey where the client selects his preferred mode of travel and place of stay.

The Bank's website now features a search engine for flights, hotels and tours. This makes travelling easier, and searching and booking more intuitive and directly accessible. The client is offered a convenient tool to finalize every aspect of his travel without having to go out.

No less serious innovation is that managers can independently generate and manage user promo codes and establish rules of how they should be used. Not only does this boost client loyalty through exclusive discounts and offers, it also makes the platform more appealing and makes sure that bookings and visits are made again.

In Q4 2023, the platform was given new functionality to add residential property to and make bookings directly from 'Svoe Za Gorodom' website. Searching for holiday accommodation became easier, and platform visitors and property owners could establish a direct contact.

An option to pay flights with 'Urozhai' (Harvest) points came as yet another innovation. To improve client experience and float new ideas, we also added a new section 'Travel' to the Bank's website.

Clients can register luggage when they book their tickets and select the best tariffs from air carriers. The platform features a New Year quiz that suggests travel ideas on the basis of clients' personal preferences.

As a final touch, with functionality for hotel booking cancellation through the member area, clients do not have to contact the client support desk if their plans change.

'Svoe Housing' (Your Own Home) Platform

'Svoe Housing' is a digital service for purchasing real estate and administering mortgage loans (including earlier mortgages), was successfully piloted in August 2020. Its services are available across Russia.

In 2023, the platform was visited by more than 4.3 million unique users. It features about 5,500 partners, 2,900 residential complexes and 2 million properties.

In 2023, the platform added online mortgage analytics functionality integrated with the Bank's OpenApi technology solution for business service publication. The OpenApi solution is featuring more than seven services available to the Bank's partners. Buyers' member areas for online preparation of mortgage documents and for mortgage loan support services are operational in the mobile app. Packaged

services are available for mortgage transactions, promoting an integrated approach to acquisitions on primary and secondary property markets.

‘Svoe Selo’ (My Village) Platform

‘Svoe Selo’ is a digital service that features everything one needs to know about residential housing construction and development.

The platform has all the functionality for mortgage loans. Partners are given member areas to design showcases for their housing designs and to add services and products for construction and maintenance. Unique showcases include architectural solutions from 1,500 contractors across Russia accredited by RusAg. Readily-available properties may be booked from contractors while partners can offer their catalogues and products for construction, repair and landscaping. Real estate valuation, insurance and legal services on residential housing are also available, as are calculators and useful tips about assessing the cost of housing construction and information services.

RusAg is in the top ten banks by the volume of concessional loans; its share of the rural mortgage market is 75%.

The platform registered more than 2.6 million unique visitors in 2023, and is now featuring over 1 million properties, 10,000 partners offering their services, 4,000 designs of homes and accessory buildings, 5,000 architectural projects, 8,800 services related to housing improvement / landscaping.

Contractors can apply and be accredited online in partners’ member areas. The portal has a property booking service; a unique calculator of construction costs, including expendable materials; the Real Estate section, where properties for sale are advertised by the Bank employees; a showcase of standardized housing designs from accredited trustworthy contractors all over Russia; member areas for clients with a user-friendly interface and broad functionality; member areas for partners to build their catalogues of services, upload designs for homes and accessory structures, make reservations for properties, offer information services related to residential housing and suburban life in general. API is in place for products, services, housing designs and properties from major partners, helping the client with a comprehensive approach to making a purchase on either primary or secondary market.

‘Svoe v Agro’ (My Agro) Platform

Working in close contact with education establishments and agribusinesses and knowing their respective needs very well, RusAg successfully acts as a mediator between them.

Together with the Ministry for Education and the Ministry for Agriculture, the Bank launched Agro Classes, an essential course on agro matters for all school pupils in the country, on ‘Svoe v Agro’ platform.

In 2023, the platform introduced Digital Student Profile, a useful tool for farmers to recruit young professionals and students for internship programs. The Profile helps select students by very precise criteria, depending on their competences, skills, interests and personal inclinations for creative or research work.

At 2023 year-end, ‘Svoe v Agro’ had 34,000 digital profiles of students from all agricultural education establishments in Russia and 50,000 registered digital profiles.

‘Svoe v Agro’ highlights:

- 18,610 vacancies posted;
- 200 plus internships offered;
- Partnership with 4,000 employers in agribusiness and 90 education establishments in 192 lines of research and 3,000 training programs;

- Active platform users (MAU): 42,833;
- Revenue generated by retail business via 'Svoe v Agro' (Q4 2023): RUB 0.6 million.

Services implemented in Q4 2023:

- Students at Agro app complete and ready to be piloted.
- Digital competence profiles of agricultural students and graduates are available to users for a prompt search of vacancies.
- A service launched to match student profiles with potential employment opportunities.

'Vse Svoe' (All Your Own) Platform

'Vse Svoe' operates commercially for rural residents, country home owners, gardeners and everyone who lives in the country in the summer. The platform can be used to buy or sell gardening and horticulture merchandise, do the landscaping and house decoration and to buy home-made products.

On the platform, we share the secrets of how to grow a good harvest, choose gardening machines and turn a countryside residence into a wonderful place to relax. The website has the following sections: Gardening from Scratch, Proper Dacha, Subsistence Farming, Urban Dacha, Lunar Calendar, Related Tips and a new service Landscaping Your Dacha.

'Vse Svoe' highlights:

- 14,283 registered products;
- 50,000 plus registered and connected users;
- 34 partners;
- Platform availability: 99%;
- Incident elimination time down by 12.5%.

Services implemented in Q4 2023:

- Educational content uploaded for dacha residents and gardeners.
- Packaged services and products available.

7. Branch Network, Sales and Service Channels Development

Russian Agricultural Bank leverages its strong territorial presence, and sales and service channels to support its long-term sustainable business growth, diversify income sources, and make financial products available to various client segments.

As of 1 January 2024, RusAg's regional network includes 65 branches and 1,331 points of sale. To ensure high-quality customer service, in addition to full-format points of sale, there are 150 sales offices in the format of remote workplaces, 6 self-service offices, 4,467 ATMs, 1,539 POS terminals, as well as 60 mobile managers and 2,190 authorized representatives of the Bank. RusAg's representative offices operate in China.

In the format of points of sale, RusAg is present in 82 regions of the Russian Federation. This solid foundation underlies the Bank's strong regional franchise in rural territories, towns, mid-sized and large cities, including areas in which no other banks are present. About 66% of the Bank's regional points of sale are located in small towns (with a population of less than 50 thousand) and rural settlements. As of 1 January 2024, the territorial coverage of rural areas amounted to 100%, the coverage of rural areas with services (excluding authorized representatives of the Bank) – 75.6%.

In addition to opening full-format and lightened format of points of sale, as well as organizing the activities of mobile managers and authorized representatives of the Bank, the set of measures to expand the Bank's presence in the regions also includes the development of remote customer service channels.

The combination of a wide geographical presence and the active development of remote service channels allows RusAg's clients to access its products and services, and government support programs from almost anywhere in the country.

Pursuant to the Strategy through 2025, RusAg enhances efficiency of its branch network by a balanced roll-out of layouts and types of access points (incl. renovation and redesign), including direct and remote channels, by optimizing the office locations while maintaining the territorial coverage. Diversification with a clearer focus on less capital-intensive formats and remote access channels will help to boost cost efficiency of the network without compromising on territorial coverage and availability of the product offering.

Further development of the Bank's regional network will be carried out in accordance with the approved Regional Network Development Plan for 2024, which includes 19 projects for opening points of sale, 17 projects for organizing remote workplaces and 261 projects for organizing the work of mobile managers. It is also planned to implement 94 projects for the points of sale renovation (change of location), of which 41 envisage either optimizing the format of points of sale or the organizing remote workplaces to replace existing points of sale in settlements.

The Bank's strong regional footprint, profound expertise in agribusiness financing and close liaisons with regional governments as well as large mass market customer base are the key competitive advantages in growing client base and increasing customers' loyalty throughout Russia.

RusAg's Customer Service Quality

In 2023, the Bank focused its efforts on retaining leadership in client service quality, loyalty and client satisfaction, issue management efficiency and on prompt resolution of any issues arising in the course of clients' use of products and services.

For these purposes, RusAg developed and is operating a System for rapid issue identification and elimination based on client query analysis.

Looking to build effective client communications, in 2023 the Bank created a self-contained system to process client reviews posted to public online platforms (Yandex.Maps, 2GIS, Banki.ru), as well as an interactive service to collect client feedback using QR codes at each front-line employee's workstation. Now a client is served at any point of sale, the Bank is able to collect client experience data and post client opinion on service quality directly to online public rating platforms. With such feedback, the Bank can improve the existing products / services, make them available to all client categories and develop new ones.

Actions taken in 2023 were designed to attain a strategic target: 'The Bank – Leader In Client Service Quality', to gain a long-term competitive advantage through better interaction, client service, client satisfaction and increased loyalty. This helped maintain the existing client base, generate additional client flow and, accordingly, grow business volumes.

In 2023, RusAg retained leadership on the major online rating and information platforms. It has a top Popular Rating on Banki.ru; ranks fourth in the annual competition and first in the Popular Rating of Investment Companies. On major geo-services, the Bank's ratings as at 1 January 2024 were 4.6 (Yandex Maps) and 4.9 (2GIS). The percentage of bank units that reached their targets on major geo-services was 100%, the best indicator among RusAg's competitors.

8. Human Resources Management

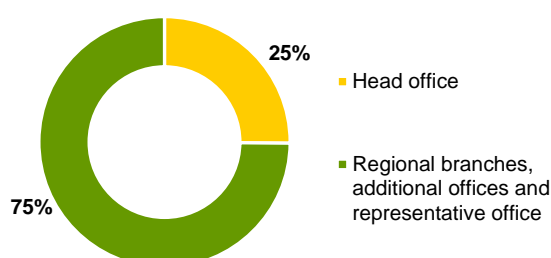
Human resource management (HRM) in RusAg is carried out in accordance with the Bank's Development Strategy through 2025. HRM in the Bank is aimed at building a team that ensures the effective implementation of its strategic goals, active development of mentoring, training in working groups, regional rotation and functional role models to improve human resource capacity and implement specialized educational programs for farmers and student support in Russian regions within the framework of its own scholarship program.

Effective HRM at Russian Agricultural Bank is solidly underpinned by sound financial and non-financial motivation, consistent recruitment, appraisal and training, and strong internal social policies.

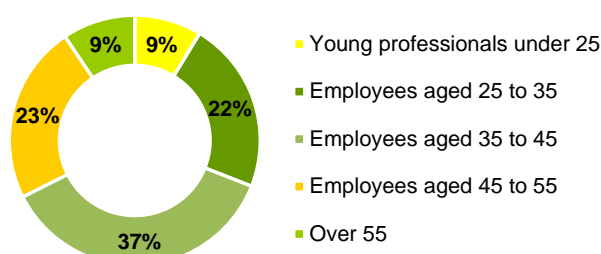
Personnel Overview²⁵

Russian Agricultural Bank is one of the largest employers in the Russian banking sector. In 2023, actual number of the Bank's employees amounted to 26,596 including ca. 6.7 thousand in the Head office and over 19.9 thousand in regional and additional offices.

Staff Composition by Location

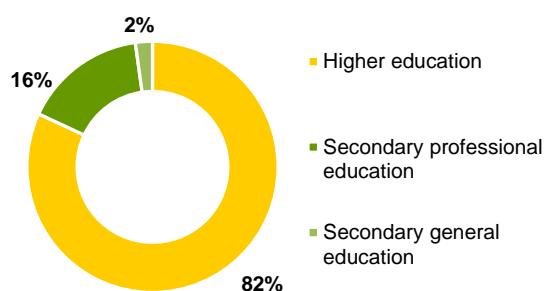


Staff Composition by Age

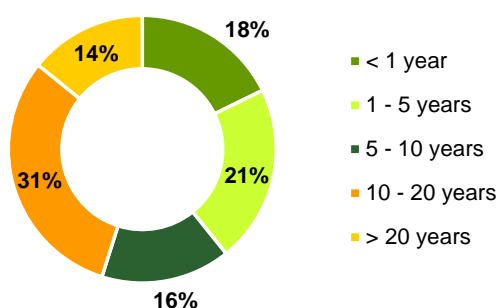


²⁵ Source: RusAg information as of 1 January 2024, actual headcount.

Staff Composition by Education



Staff Composition by Work Experience in the Banking Sector



Over 80% of the Bank's personnel has higher education and considerable prior banking industry experience. The average age of the Bank's workforce is 40 years and 3 months.

Corporate social responsibility to employees

The Bank's corporate culture is focused on the principles of modernity and innovation, taking into account the continuity of traditions; it is aimed at developing and supporting team interaction to achieve corporate results, encouraging personal achievements, and also increasing involvement, ensuring professional development and social protection of employees.

Various corporate events are organized for the Bank's employees: training, career development, team building, socially significant, sports, events for clients with the direct participation of employees, as well as creative and professional competitions. And also special events for employees of RusAg's Head office, regional branches, subsidiaries, as well as their family members, such as "Tasty Fridays" with the participation of the Bank's client farmers, "Organic Week" with the participation of domestic producers of organic food. Corporate events dedicated to state and industry holidays: New Year, February 23rd, March 8th, the Bank's Birthday, Agricultural and Processing Industry Worker's Day, etc.

The Bank attaches great importance to improving the health of its employees. Commitment to the rules of a healthy lifestyle is one of the fundamental elements of the Bank's corporate culture. RusAg employees are given the opportunity to take part in team and individual sports on a daily basis in online and offline formats, as well as compete in regional and industry tournaments. Special attention is paid to the development of mass sports: running club, Pilates, yoga, squash. The Bank continued weekly training sessions in hockey, mini-football, volleyball, table tennis, and badminton.

As part of the development of corporate sports, the participation of the Bank's sport teams in interbank and intersectoral competitions is organized, for example, the All-Russian Rural Summer Sports Games, the Central Bank Spartakiad and other tournaments.

The personnel policy of the Bank is aimed at ensuring social protection, continuous improvement and expansion of social support programs for employees. The basis of the Bank's social package for employees are voluntary health insurance, accident insurance, accident and illness insurance in case of an employee death, corporate pension program, financial support provided in case of a severe disease or a difficult family situation, as well as corporate discounts offered by partner companies represented in the special program of social preferences "Social Atlas".

Development of cooperation with universities and colleges

HR units at the Bank's HQ and regional offices are building an external HR reserve of students, graduates and young professionals.

Practical steps include:

- Internships for students of higher and secondary vocational education programs;
- Grant programmes for researchers at agricultural universities;
- RusAg scholarships for students and postgraduates.

RusAg Scholarship Program is a flagship education project to award monthly scholarships of RUB 15,000 and more to students and postgraduates at higher education establishments of the Russian Ministry for Agriculture and other institutions that train agribusiness professionals.

The Bank's HR units, both on HQ and regional levels, selected 402 recipients who qualify for RusAg scholarships (336 students and 66 postgraduates from 69 education establishments) and will be paid a total of over RUB 76.3 mln.

The Bank's experience in implementing the Scholarship Program shows the significant role of supporting talented students and postgraduates and forming a reserve of personnel for agribusiness from among the most successful students.

In 2023, RusAg launched its first **Grant Program** for young researchers at agricultural universities to support advanced research projects in priority areas of agriculture and to make the sector more attractive to other professionals.

Priorities by which projects were selected in 2023 included breeding, seed production and biotechnology; agricultural genetic research; feed additives; efficient veterinary drugs; animal science and medicine.

Applications for grants were filed by university fellows at agricultural education establishments (PhDs aged up to 40 inclusive) engaged in advanced research / development in priority areas.

In 2023, the program covered seven universities: Russian State Agrarian University – Moscow Timiryazev Agricultural Academy; Kuban State Agrarian University; Bashkir State Agrarian University; Belgorod State Agricultural University Named After V. Gorin; Omsk State Agrarian University Named After P.A. Stolypin; Stavropol State Agrarian University; and Saratov State Vavilov Agrarian University.

Following three stages of selection and evaluation in which the Ministry for Agriculture was involved, 14 researchers were selected, two from each of the seven participating universities.

The Bank participates in annual career events (Career Days, Job Fairs, etc.) to develop cooperation with the leading national universities in order to promote employment for undergraduates and graduates, as well as advertise RusAg's brand as an attractive employer for the young. By the end of 2023, more than 3,000 students had undergone apprenticeship courses at the Bank.

The Bank held 69 flagship 'RusAg Days' at the leading agricultural universities to publicise career opportunities at the Bank and promote 'Svoe v Agro' (My Agro) platform. Students and young professionals are encouraged to join the Bank as interns as a starting point of their career.

RusAg intends to hold more events to promote its brand among young people in 2024.

9. Corporate Social Responsibility and Sustainable Development

RusAg since its inception has year over year adopted corporate social responsibility principles that helped to pursue sustainable business practices. Given the principles are consistently followed and upheld, such principles will inevitably be translated into a sustainable future for customers, shareholders and the wider community.

Sustainability approach is organically integrated in the Bank's core business and operations, such business practices link back to its mission, vision, and values and are targeted at ensuring national agribusiness development, the country's food security, increasing financial literacy and upgrading the overall welfare of the rural population.

RusAg is implementing multiple initiatives for sustainable development: established special eco-fund to support the sustainable development of agribusiness; helps clients source finance for environmental projects; communicates the best agricultural practices and ESG (Environmental, Social, and Governance) principles to clients from agribusiness at its Farmer's School; develops rural areas, helps create jobs and implements a programme for agro tourism.

RusAg works with both large corporate clients, providing them with a full range of green financing, and with retail clients, providing a wide range of investment products aimed at ESG. Taking care of the environment by involving customers and employees in environmental initiatives is a smart approach for banks working in the modern world.

The Organica Foundation, supported by the Bank, promotes the philosophy of organic consumption, develop organic agriculture and support Russian organic producers. The Foundation focuses on the comprehensive development and export of organic products, while one of its key objectives is to promote organic products among multiple target audiences. The Foundation finances programmes and projects to support organic producers, facilitate sponsorship, promote and enhance positive public attitude towards organic producers and to work with federal and regional state authorities to deliver government policy in organic production regulation.

Corporate Ethics Code

Approved by RusAg Management Board the Corporate Ethics Code (hereafter – CEC or the Code) has been in effect since 2012. It contributes to maintaining the good business image of the Bank, respecting the interests of the its customers, business partners and employees, as well as shaping a single corporate culture based on strict observance by all employees of the current legislation and high ethical standards adopted in RusAg.

CEC regulates behaviour standards to be followed by the Bank's employees in their teamwork, when communicating with customers and counterparties, as well as when liaising with government and local authorities, political, religious, and public and other organizations. The principles set forth in the Code are incorporated in the Bank's internal documents and serve as guidelines for the employees in their activities.

Information concerning CEC application is communicated to the Bank's creditors, depositors, and other customers, as well as to its stockholders, by posting the document on the official website of the Bank on the Internet at www.rshb.ru.

Environmental responsibility

RusAg has adopted and implements voluntary environmental responsibility principles to preserve and restore natural resources, and to reduce the environmental footprint from the Bank's activities, as well as to raise social responsibility awareness. When implementing voluntary ecological responsibility mechanisms, the Bank complies with local and international ecological standards and norms.

As part of enhancing its environmental and social responsibility, the Bank implements the following voluntary mechanisms:

- constant monitoring and evaluation of the Bank's activities related to input (raw materials, energy, water) and output (emissions, discharges, waste) flows, including through the development of a system for standardization and monitoring of relevant indicators;
- minimization of the direct environmental impact, including the actions of the Bank's personnel and business processes, the use of natural and energy resources, including by improving the quality of consumption management, standards of production of goods and services by the Bank's suppliers and contractors (electricity (light, heating / cooling of premises, elevators and equipment), water, phased replacement of fluorescent lamps with LED ones, waste disposal / recycling (industrial, household, food), the Bank organized separate waste collection;
- strengthening the Bank's role in the development of environmental responsibility mechanisms for its customers, among other things, due to participation in financing environment preservation and recovery projects, development and use of recoverable energy sources;
- popularization by the Bank of environmental responsibility mechanisms through socially significant measures for the protection, preservation, restoration of the environment;
- introduction of standards and rules of environmental responsibility of the Bank's personnel into its corporate culture, including understanding of the goals and methods of work using environmental responsibility mechanisms and commitment to environment preservation.

Data on the Bank's resource consumption in 2023

Resource type	Natural equivalent	Monetary equivalent, RUB mln
Electricity, kW/h	51 445 613.6	443.5
Thermal power, Gcal	1 111 423.1	153.6
Water, cubic metres	226 823.9	21.7
Natural gas, cubic metres	2 065.3	9.1
Firewood, cubic metres	422.0	0.7
Coal, tonnes	65.0	0.4
Petrol, tonnes	255.5	18.7
Diesel fuel, tonnes	638.7	51.6

The key principles of applying voluntary environmental responsibility mechanisms in RusAg are:

- meeting national and international environmental standards and policies;
- planning events and expenses related to ecological aspects of the Bank's activity, including environmental protection;

- standardization and control of the Bank's performance indicators related to the use of material resources (input(s) (raw materials, energy, water) and output(s) (emissions, discharges, waste), resource consumption per employee / per unit of usable space);
- optimal use of the Bank's resources in order to achieve the expected result, among other things, by reducing the consumption of electricity, heating, and water due to application of resource-saving and innovative technologies, and automated control of resource consumption and savings ('smart office' principles), installation of solar panels;
- most efficient allocation of responsibility and empowerment between the Bank's authorized bodies / officers / employees for compliance with the established policies and standards of the Bank's environmental protection activity;
- informing the Bank personnel, counterparties and customers about the environmental responsibility principles adopted by RusAg and the tools used for their realization, openness, transparency and recognition of voluntary mechanisms of the Bank's environmental responsibility.

The Bank employees take part in regional, federal, all-Russia campaigns on environment protection in where they are joined by industry-specific enterprises, including the Russian Ministry of Agriculture, forest and nature protection companies, Russian Geographical Society. RusAg as the key lender to national agricultural companies supports projects targeted at resource conservation, energy efficiency and support of nature conservation activities. Projects in plant breeding are aimed at increasing the efficient use of land, water and other natural resources. Projects in livestock breeding (structured as investments and project finance) comply with the latest environmental safety standards; comprise waste recycling and utilization stages while minimizing the negative impact on environment.

Sponsorship and Charitable Activity of the Bank

In 2023, RusAg implemented the Sponsorship Program and the Charity Program approved by the Bank's Supervisory Board.

The volume of implementation of the Sponsorship Program in 2023 amounted to RUB 799.97 million, including:

- Federal events, including outside Russia: RUB 705.7 million;
- Regional events: RUB 44.9 million;
- Support for industry media: RUB 49.4 million.

The total volume of implementation of the Charity Program in 2023 amounted to RUB 1,099.7 million, encompassing five areas:

- Education: RUB 519.1 million;
- Social support for individuals and non-profit organizations: RUB 326.7 million;
- Spiritual and moral education: RUB 60.2 million;
- Sports: RUB 67.2 million;
- Environmental and animal protection: RUB 126.5 million.

Projects implemented by RusAg in the field of environmental protection:

“**Amur Tiger**” is the Bank’s charity program for the protection of the Amur tiger. The Bank has worked with the Amur Tiger Centre for the issuance of the co-branded Amur Tiger payment card since 2014. The bank channels 0.7% of each merchant transaction to finance equipment purchases for the hunting control agency, support anti-poaching efforts and protection of the environment in the designated conservation areas in the Far East, as well as activities to facilitate a protective approach to the environment.

Activities aimed at supporting and popularizing agricultural industry are prevalent in the projects supported by RusAg.

‘Svoe’ Festivals (A World of My Own)

The Bank organizes fairs as part of ‘Svoe’ Festival. At these unique urban holidays held since 2017, buyers and farmers can interact directly and shape a local community with a focus on production and consumption of quality products. In 2023, festivals in three regions were attended by approx. 150,000 people generating RUB 28.7 million in revenue for farmers.

Delicious Fridays

In 2023, RusAg expanded the scope of the Delicious Fridays project by organising about 4,000 events. Visited by almost half a million buyers, they helped farmers earn RUB 150 million-plus. Events were held at government organisations and offices of major companies.

Supporting agricultural education

The Bank has a scholarship program for students and postgraduates at higher education establishments of the Russian Ministry for Agriculture to encourage future agribusiness professionals to stay and work in rural areas, develop partnership relations with education establishments, promote RusAg’s brand among the young people and establish an HR reserve of the most talented students. The Bank is paying RusAg scholarships to 410 students and postgraduates and has allocated RUB 100.5 million to support agricultural education establishments as well as their students and postgraduates.

Grants for young researchers

This programme aims to support researchers who are involved in advanced research projects in priority areas of agriculture. In 2023, RUB 1 million worth of grants was made available to 14 young scientists working in genetics, breeding and other highly important areas in agribusiness.

Farmer’s School

The project, implemented by the Bank in cooperation with the Ministry of Agriculture of Russia and agricultural universities, is designed to promote the development of additional education in agribusiness, popularize farming and facilitate the establishment of new farms. Theory classes are combined with practical farming. In 2023, training stages 7 and 8 were launched in 48 Russian regions. Since its launch, Farmer’s School has spread onto 60 regions with more than 4,000 graduates.

‘Salt of the Earth. Top Managers in Agribusiness – 2023’

In 2023, the Bank pioneered a rating of the best managers in agribusiness for approximately 600 individuals. Using the principle ‘the best choose the best,’ candidates for the rating table assessed their peers in each nomination.

As a separate branch of non-financial support, the Bank highlighted the support and popularization of domestic winemaking. Within the framework of this direction, RusAg carries out the following activities:

“VinoGrad” Forum

In 2023, the Bank acted again as a co-organizer of “VinoGrad” (The Grapes), an exclusive space and a major gravity point for guests and participants of St. Petersburg and Eastern Economic Forums. At “VinoGrad”, experts discuss winemaking and sample the best wines from major distributors and smaller wineries.

Second Russian Winemaking Forum

This forum is the central annual wine-related event in Russia for all market players: producers, experts, consumers, investors, regulators and distributors, and is a point of great public and media attention. The event was organized by RusAg in partnership with Roscongress Foundation.

Russian Wine Guide

The Bank and Roskachestvo presented a list of the best Russian wines of 2023, including, for the first time in six years, aged wines and wines from smaller farms in three categories (red, white, and sparkling) rated best by the expert community.

Persons of Russian Winemaking

This deluxe edition published by RusAg features interviews with owners, managers and chief oenologists at Russia’s major wineries. An introductory word for it was written by the Russian President Vladimir Putin.

In 2023, as part of the support of agribusiness education, RusAg Group continued to develop cooperation with Russian agricultural universities. One of the new directions was the creation and financing of agricultural university endowments and trust management of funds’ assets.

Over the past year, four endowments were formed at the Kuban, Penza, Kursk and Ural Agricultural Universities. In total, by the end of 2023, 6 agricultural universities in Russia received a platform in the form of endowment funds for the possibility of cooperation with corporate business and accumulation of funds for the future development of universities.

Within the framework of the concept of creating a comfortable environment, the Bank is implementing a set of measures in the following areas:

- Development of digital industry platforms for enterprises and residents of rural areas;
- Support and training of farmers;
- Promotion of farm products;
- Assistance in the promotion of advanced agricultural technologies;
- Promoting the development of rural areas;
- Increasing the accessibility of financial services for the population;
- Support for agricultural education.

Anti-Corruption Policy

Guided by zero tolerance of corruption in whatever form or manifestation and complying with anti-corruption laws, Russian Agricultural Bank uses systemic efforts to improve its anti-corruption practices in accordance with its Anti-Corruption Policy. These efforts include:

- taking organizational, explanatory and other comprehensive actions to ensure that the Bank’s employees comply with any prohibitions, restrictions and requirements established for anti-corruption purposes;
- analyzing staff compliance with prohibitions, restrictions and requirements established for the purpose of combating corruption, including control measures for the purpose of possible detection of conflicts of interest or corruption offenses;
- carries out work on the formation of a negative attitude towards corruption among the employees of the Bank.

In order to inform interested parties about RusAg’s zero-tolerance attitude towards corruption, on the official website of the Bank on the Internet (www.rshb.ru) there is an “Anti-Corruption” subsection, which includes a mechanism for informing the Bank by any interested parties (including anonymously) about manifestations of corruption in the actions of its employees

In order to underpin its anti-corruption endeavor by regulatory action and put in place the appropriate behavior standards for employees, the Bank has introduced and regularly updates a Register / Map of corruption risks and mitigation measures as well as a List of Positions that carry corruption risks in the event of temporary substitution.

To ensure uniformity of approaches to preventing and combatting corruption, RusAg as the parent credit institution of the bank group controls the implementation of anti-corruption policy by the organizations of RusAg Group.

The Bank carries out work on training, informing and advising employees, including, inter alia:

- familiarization of employees with signature confirmation with the Bank’s anti-corruption internal documents;
- signing by the Bank’s employees of an obligation to fulfill duties and comply with restrictions, prohibitions and requirements established for the purpose of combating corruption;
- full-time and distance learning, as well as consulting for employees of the Bank and organizations of the Bank Group in the field of anti-corruption, including testing knowledge in this area.

Anti-corruption expertise of the Bank’s internal regulatory documents and business processes is ensured.

An anti-corruption clause is incorporated into contracts and agreements concluded by the Bank.

As part of the support of special anti-corruption procedures, constantly operates the “Trust Line” – a feedback channel for sending information about possible corruption manifestations in the activities of the Bank employees (doverie@rshb.ru).

The development of anti-corruption compliance at the Bank in 2023 was highly noted by government agencies and the expert business community responsible for the development of an anti-corruption strategy in the Russian Federation.

Within the Anti-Corruption Rating of Russian Business – 2023 was conducted an external independent assessment of RusAg’s anti-corruption practices. The Anti-Corruption Rating is organized annually by

the Russian Union of Industrialists and Entrepreneurs. The Bank has confirmed the highest class AAA+++ (companies with the highest level of anti-corruption).

In order to promote RusAg as an expert in the field of anti-corruption compliance, the Bank took part in major events held by the government and public organizations:

- at the All-Russian Anti-Corruption Forum of Financial and Economic Bodies, organized by the Federal Treasury, within the framework of which the sovereignization of the anti-corruption standard of Russian companies proposed by the Bank was considered at the plenary session of the forum and included in the report to the President of the Russian Federation;
- at the Anti-Corruption Forum of Russian Business, organized by the Russian Union of Industrialists and Entrepreneurs.

Personal data processing at RusAg

Personal data processed by the Bank and members of RusAg Group are restricted access information and are subject to protection in accordance with Russian legislation. In this regard, compliance control measures have been implemented at the level of the Bank and RusAg Group to comply with the requirements of legislation in the field of personal data.

The procedure for processing personal data includes standard document forms and measures and is based on common approaches for the Bank and members of RusAg Group. The Bank has divisions appointed responsible officials whose task is to organize the processing and protection of personal data. The Compliance Control Department of the Bank is the center of competence for the entire RusAg Group on the organization of personal data processing.

The Bank is conducting:

- systematic examination of regulatory and process design package for compliance with the requirements of Federal Law No. 152-FZ.;
- automation of procedures for monitoring the availability of consent to the processing of personal data of individual clients, the presence of a handwritten signature of the personal data subject in the relevant documents
- conclusion of agreements containing instructions for the processing of personal data and requirements for the processing and security of personal data, including during their transfer (in cases of involving third parties in the processing of personal data).

The Bank has strengthened its position in the banking and business community as a leading expert in the field of personal data through the participation of employees of the Compliance Control Department at specialized conferences and forums.

In order to reduce risks and raise awareness in the field of personal data processing, employees of the Bank and members of RusAg Group receive training in various forms, including distance courses. After being hired, each employee undergoes a short training course on personal data processing, and upon completion of training – testing.

All requests from personal data subjects regarding the processing of personal data received by the Bank in 2023 have been reviewed. Personal data subjects were informed about the results of consideration of applications within the timeframes established by the Russian legislation.

Taking into account the scale of RusAg's activity and the exposure of transactions involving the processing of personal data to regulatory, operational and reputational risks, the Bank has developed and is updating an algorithm for monitoring compliance with the requirements of Federal Law No. 152-FZ, which is used as part of comprehensive audits of the branch network and internal structural divisions of the Bank.

Sustainable Development

Within the framework of its activities, RusAg contributes to the achievement of all 17 Sustainable Development Goals proclaimed in the Declaration "Transforming our World: The 2030 Agenda for Sustainable Development" adopted by resolution No. 70/1 of the United Nations General Assembly on 25.09.2015.

To implement sustainable development areas, the Bank has developed and approved a Sustainable Development Policy, which defines the common approaches and goals in the field of sustainable development. The document prepared to disclose the Bank's voluntary commitments in the areas of sustainable development and is published on the Bank's website in the related section.

To support the sustainable development goals, RusAg defines the following areas.

Environmental Protection:

- lending and provision of bank guarantees for the implementation of "green" technologies;
- development of exchange-traded mutual investment funds that comply with the principles of responsible investment;
- organization of the issuance of financial instruments for sustainable development
- introduction of "green" technologies in the Bank's activities (energy and resource conservation, separate waste collection, responsible consumption);
- implementation of volunteer and charity projects in the field of ecology and sustainable development;
- support for ANO Amur Tiger Center;
- development of the gas motor fuel market;
- promotion of organic agricultural products;
- facilitating the transition to the most efficient available technologies in agriculture;
- assistance in the development of startups in the field of biotechnology
- support for producers of improved agricultural products.

Social Responsibility:

- agribusiness lending, assistance in providing food to the population of the Russian Federation;
- promoting the availability of quality food products;
- promoting the improvement of the quality of life in rural areas;
- promotion of small business development;
- promoting the development of ecological, rural and agrotourism;
- assistance in attracting professionals to the agricultural industry;
- support for agricultural universities;
- promoting the development of agricultural science and agrotechnical startups;
- retraining and training of agricultural specialists;
- promotion of a healthy lifestyle;

- assistance in improving the financial literacy of the population in rural areas;
- development of centers of attraction based on the Bank's branches in rural areas;
- development and creation of an ecosystem to provide comprehensive services to residents of rural areas;
- digitalization of rural areas;
- development of corporate volunteering;
- support and development of agribusiness startups;
- development of digital platforms for agriculture and rural areas;
- support for charity and volunteer projects;
- support for non-profit organizations, farmers' associations and agricultural cooperatives;
- participation in ensuring the accessibility of banking and financial services for people with disabilities, people with limited mobility and the elderly.

Management:

- assistance in the formation of standards and incentives for the implementation of sustainable development principles in agribusiness;
- taking into account the principles of sustainable development in banking products for all business segments;
- risk management in the field of sustainable development;
- information disclosure in accordance with the requirements of the Russian legislation;
- partnership for the sustainable development of the economy and the banking system;
- development of necessary documentation in the field of sustainable development;
- ensuring the Bank's participation in the sustainable development agenda;
- implementation of best corporate governance practices;
- corporate culture development;
- anti-corruption management;
- transparent and responsible procurement policy;
- assistance in the dissemination of high standards among suppliers and contractors in the field of human rights, labor relations, social responsibility and environmental protection;
- creating equal opportunities for professionals;
- развитие экспертизы Банка в области устойчивого развития АПК.
- development of the Bank's expertise in the field of sustainable development in agribusiness.

To implement measures and principles in the field of sustainable development, the Bank annually forms a sustainable development program. Coordination of activities and decision-making on issues in the field of sustainable development is carried out in accordance with the established requirements in the Bank and the provisions of the Bank's sustainable development program. RusAg's collegiate bodies participate in the implementation of the Sustainable Development Policy within the framework of their tasks and powers. The Bank's divisions implement the activities of the sustainable development program in the areas of Sustainable Development Policy in accordance with the regulations on the Bank's divisions and other internal documents, as well as within the framework of relevant programs and projects of the Bank.

As part of the adoption of principles in the field of sustainable development in 2023, RusAg implemented the following key activities.

Environmental Protection:

- financing of projects within the framework of the national project “Ecology” (3 projects in the field of solid municipal waste management were financed for a total amount of RUB 8.01 billion);
- support for the Amur Tiger Center (more than RUB 100 million rubles were transferred, in 2023 the number of issued Amur Tiger cards amounted to 62,908, with an accumulated total of 212,230);
- promoting the development of the gas motor fuel market (the volume of funds allocated in 2023 amounted to RUB 8.5 billion);
- implementation of projects within the framework of the activities of the Ecology funds (in 2023, the fund carried out 150 different environmental actions and initiatives);
- development of financial products line with a charitable component (the number of debit cards issued with the ‘Ecocard’ tariff plan in 2023 amounted to 23,859, the sale of charity certificates “Plant trees” and “Release fry” was launched);
- introduction of “green” technologies at the Bank’s facilities (intelligent energy consumption systems, separate waste collection, digitalization of customer service processes).

Social Responsibility:

- agribusiness lending (the volume of loans issued in 2023 amounted to RUB 1,686 billion);
- support for small agribusinesses (the volume of loans issued to agribusiness SMEs in 2023 amounted to RUB 291 billion);
- assistance in improving the standard and quality of life in rural areas (in 2023, 18,272 loans were issued under the rural mortgage program for a total of RUB 66.7 billion, 15.2 thousand families improved their housing conditions);
- improving financial literacy of the rural population (in 2023, 100% coverage of the regions of the Bank’s presence was provided with measures to improve financial literacy in 82 regions, more than 8,000 measures to improve financial literacy of the population were carried out, in which 135 thousand people participated);
- support and popularization of farming (waves 7 and 8 of the Farmer’s School project were implemented, 2,120 novice and active farmers were trained in 48 regions in 27 specializations);
- support for agricultural universities (100% coverage of 57 universities under the jurisdiction of the Russian Ministry of Agriculture by the Bank’s scholarship program, creation and financing of 6 endowments for agricultural universities);
- retraining and education of agribusiness specialists (69 events were held in 69 agricultural universities, more than 13.5 thousand vacancies were posted on the job search platform ‘Svoe v Agro’);
- development of attraction centers based on the Bank’s branches (the Bank ensured 100% coverage of rural areas, the program “RSHB Offices – Centers of Attraction” is being implemented on the basis of 600 offices, where a wide range of services is available to rural residents);
- development of business activity centers – a new format of offices in rural areas (in 2023, the Bank opened 6 offices);
- development of digital platforms for agribusiness and rural residents (the Bank has created 7 unique digital platforms to solve the problems of agro-industrial complex enterprises and rural residents);

- development of social programs for Bank employees (all Bank employees are eligible for voluntary health insurance, life and health insurance programs);
- promoting a healthy lifestyle (the Bank's sports events calendar is being implemented; 3,000 employees took part in the events in 2023).

Management:

- creating equal opportunities for professionals (open competitions are used to fill vacant positions in the Bank, information about the competitions is brought to every employee of the Bank, more than 74% of the Bank's employees are women, 64% of the Bank's management positions are occupied by women);
- development of the mentoring institute (the mentoring Institute is actively operating and developing, there are 3,540 certified mentors in the Bank);
- executive training (the Leadership Vector development program is being implemented, 5,283 employees of the Bank and subsidiaries were trained in 2023);
- training, development of skills and competencies of the Bank's employees (in 2023, 24 thousand employees of the Bank participated in training on skills and competencies development);
- transparent and responsible procurement policy (the share of competitive procurement by the end of 2023 prevails in the total volume of the Bank's procurements – 74%, according to the results of the procurement policy evaluation by the National Procurement Transparency Rating, the Bank was recognized as the winner in the "Guaranteed Transparency" nomination).

10. Addendum

10.1. Regional Network²⁶

Federal District	Branch name	Index No. 3349/
Central Federal District	Head office	0/02
Central Federal District	Head office	0/03
Central Federal District	Head office	0/04
Central Federal District	Head office	0/05
Central Federal District	Tula	1
Central Federal District	Tambov	2
Southern Federal District	Krasnodar	3
North Caucasian Federal District	Dagestan	4
Volga Federal District	Orenburg	5
North Caucasian Federal District	Stavropol	6
Southern Federal District	Rostov	7
Northwestern Federal District	Novgorod	8
Siberian Federal District	Omsk	9
Central Federal District	Orel	10
Volga Federal District	Chuvashia	11
Volga Federal District	Samara	13
Central Federal District	Voronezh	14
Volga Federal District	Penza	15
Volga Federal District	Mari El	16
Siberian Federal District	Altai	18
Central Federal District	Tver	19
Volga Federal District	Mordovia	20
Volga Federal District	Kirov	22
Far Eastern Federal District	Amur	23
Central Federal District	Lipetsk	24
Siberian Federal District	Novosibirsk	25
Central Federal District	Kaluga	27
Volga Federal District	Udmurtia	28
Central Federal District	Belgorod	30
Central Federal District	Kursk	32
North Caucasian Federal District	Chechnya	34
Northwestern Federal District	Saint Petersburg	35
Central Federal District	Ivanovo	38
Volga Federal District	Nizhny Novgorod	39
Central Federal District	Vladimir	41
North Caucasian Federal District	Ingushetia	42
Central Federal District	Smolensk	43
North Caucasian Federal District	Kabardino-Balkaria	44
Southern Federal District	Volgograd	46
Far Eastern Federal District	Chita	47
Northwestern Federal District	Arkhangelsk	48
Siberian Federal District	Krasnoyarsk	49
Central Federal District	Kostroma	51
Volga Federal District	Saratov	52
Far Eastern Federal District	Kamchatka	53
Far Eastern Federal District	Primorsky	54

²⁶ Note: Bank information as of 1 January 2023.

Northwestern Federal District	Kaliningrad	55
Siberian Federal District	Kemerovo	56
Siberian Federal District	Tuva	57
Central Federal District	Ryazan	58
Far Eastern Federal District	Buryatia	59
Far Eastern Federal District	Yakutia	60
Central Federal District	Yaroslavl	61
Volga Federal District	Bashkiriya	62
Central Federal District	Moscow, Retail and Small Business Center	63
Siberian Federal District	Tomsk	64
Volga Federal District	Ulyanovsk	65
Siberian Federal District	Irkutsk	66
Volga Federal District	Tatarstan	67
Northwestern Federal District	Pskov	68
Central Federal District	Bryansk	69
Ural Federal District	Tyumen	71
Far Eastern Federal District	Sakhalin	72
Ural Federal District	Sverdlovsk	73
Northwestern Federal District	Komi	74
Far Eastern Federal District	Khabarovsk	75
Volga Federal District	Perm	76
Ural Federal District	Chelyabinsk	78
Central Federal District	Moscow, Corporate Business Center	79

10.2. Licenses and Certificates

Licenses:

No: 3349

Issuing authority: Bank of Russia

Date of issue: 12 August 2015

Licensed activities: General license for banking operations

No: 3349

Issuing authority: Bank of Russia

Date of issue: 12 August 2015

Licensed activities: Attracting deposits and operations with precious metals

No: 007-08461-000100

Issuing authority: Federal Financial Markets Service

Date of issue: 19 May 2005

Licensed activities: Depository activity

No: 007-08456-010000

Issuing authority: Federal Financial Markets Service

Date of issue: 19 May 2005

Licensed activities: Dealing operations

No: 007-08455-100000

Issuing authority: Federal Financial Markets Service

Date of issue: 19 May 2005

Licensed activities: Brokerage activity

No: 1473

Issuing authority: Federal Financial Markets Service

Date of issue: 17 November 2009

Licensed activities: License of the stock market agent for concluding commodity futures and options transactions in stock trading

No: 17078 H

Issuing authority: Centre of the Federal Security Service of the Russian Federation for Licensing, Certification and the Protection of State Secrets of the Federal Security Service

Date of issue: 5 February 2019

Licensed activities: Development, production, distribution of encryption (cryptographic) facilities, information and telecommunication systems, which are protected with encryption (cryptographic) facilities, for works and services in the field of data encryption, technical support services of encryption (cryptographic) facilities, information and telecommunication systems, which are protected with encryption (cryptographic) facilities (except where technical support services of encryption (cryptographic) facilities, information and telecommunication systems, which are protected with encryption (cryptographic) facilities, are performed for the own needs of the legal entity or individual entrepreneur)

No: L024-00107-77/00682814

Issuing authority: FSTEC Order No. 362-I dated 21 September 2023

Date of issue: 21 September 2023

Licensed activities: Technical protection of confidential information

No: Version 3.2.1 № DN-2023-26

Issuing authority: JSC "DialogueScience", QSA-auditor, certificated by PCI DSS Council

Date of issue: 29 November 2023

Licensed activities: Certificate of conformity of JSC Rosselkhozbank to requirements of the Payment Card Industry Data Security Standard (PCI DSS)

Certificates:

No: 3349

Issuing authority: Bank of Russia

Date of issue: 24 April 2000

Certified activities: Certificate of state registration of the credit organization

No: 760

Issuing authority: State Agency for Deposit Insurance

Date of issue: 14 March 2005

Certified activities: Certificate of inclusion of the bank in the State Register of banks – participants of the obligatory deposit insurance system

No: -

Issuing authority: Federal Tax Service Inspectorate of the Russian Federation No. 4 for the City of Moscow

Date of issue: -

Certified activities: Certificate of registration of the legal entity in the tax authority at the location within the Russian Federation

No: -

Issuing authority: Office of the Ministry for Taxes and Levies of the Russian Federation in Moscow

Date of issue: 22 October 2002

Certified activities: Certificate of registration in the Unified State Register of Legal Entities on the legal entity registered before 1 July 2002

No: -

Issuing authority: Interregional Inspectorate of the Federal Tax Service of the Russian Federation for the largest taxpayers No. 9

Date of issue: -

Certified activities: Notification of registration with the Interregional Inspectorate of the Federal Tax Service of the Russian Federation for the largest taxpayers

No: -

Issuing authority: Moscow Regional Branch № 13 of the Social Insurance Fund of the Russian Federation

Date of issue: 14 March 2001

Certified activities: Insurance certificate

No: 002.003.381

Issuing authority: Moscow Registration Chamber

Date of issue: 18 May 2000

Certified activities: Certificate of registration in the Municipal Register of Enterprises of the city of Moscow

No: -

Issuing authority: Office of the Federal Tax Service for the City of Moscow

Date of issue: 25 December 2008

Certified activities: Certificate of registration in the Unified State Register of Legal Entities

10.3. Contact and Payment Details

Full Corporate Name	Joint stock company Russian Agricultural Bank
Abbreviated Corporate Name	JSC Rosselkhozbank
Legal Address	3 Gagarinsky Pereulok, Moscow, Russia, 119034
Phone	+7 (495) 787-7-787
E-mail	office@rshb.ru
Website	www.rshb.ru, www.rusagrobank.com

International Contacts

Place of business	10, Bld. 2 Presnenskaya Emb. (Moscow City, IQ-quarter Complex), 123112, Moscow, Russian Federation
Investor Relations, E-mail	IR_RusAgroBank@rshb.ru
Financial Institutions, E-mail	fininst@rshb.ru
Foreign Economic Activity / Trade and Structured Finance / Documentary Operations, Phone E-mail	+7 (495) 726-5615 ved@rshb.ru

Account Details

Correspondent Account	30101810200000000111 with the Central Bank of the Russian Federation Main Branch for the Central Federal District, Moscow
TIN / KPP	7725114488 / 997950001
BIC	044525111
OKPO	52750822
OKONKH	96120
OKATO	45286590000
OGRN	1027700342890
REUTERS	AGRM
TELEX	485493 RSB RU
BIC (for SPFS)	RUAGRUMM