

QUARTERLY REPORT

Public Joint-Stock Company Federal Hydrogeneration Company RusHydro

Issuer code: 55038-E

for Q1 2018

Address of the Issuer: 43/1 Dubrovinskogo St., Krasnoyarsk, Krasnoyarsk Krai 660017

**The information contained herein is subject to disclosure pursuant to the securities
legislation of the Russian Federation**

Chairman of the Management Board – General Director _____ N. G. Shulginov
Date: May 15, 2018

Director of the Department of Corporate Accounting
and Reporting – Chief Accountant _____ Yu. G. Medvedeva
Date: May 15, 2018

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The address of the internet site(s) where the information contained herein is to be disclosed:

<http://www.e-disclosure.ru/portal/companv.aspx?id=8580>, www.rushydro.ru

Table of Contents

I. Information on Bank Accounts, the Auditor (Audit Organization), Appraiser, and Financial Adviser of the Issuer and on Persons Who Signed the Quarterly Report	6
1.1. Information on the Issuer's Bank Accounts.....	6
1.2. Information on the Issuer's Auditor (Audit Organization)	6
1.3. Information on the Issuer's Appraiser(s)	11
1.4. Information on the Issuer's Consultants	11
1.5. Information on the Persons Who Signed the Quarterly Report.....	11
II. Key Information on the Financial and Economic Performance of the Issuer	12
2.1. The Issuer's Financial and Economic Performance Indicators.....	12
2.2. The Issuer's Market Capitalization.....	12
2.3. The Issuer's Liabilities.....	13
2.3.1. Borrowed Funds and Accounts Payable.....	13
2.3.2. Credit History of the Issuer	16
2.3.4. Other Liabilities of the Issuer.....	24
2.4. Risks Inherent to the Acquisition of the Equity Securities Being Placed (Placed)	24
2.4.1. Industry Risks	25
2.4.2. Country and Regional Risks.....	29
2.4.3. Financial Risks	31
2.4.4. Legal Risks.....	33
2.4.5. Risk of Loss of Reputation (Reputational Risk).....	34
2.4.6. Strategic Risk	34
2.4.7. Risks Related to the Issuer's Activities	34
III. Detailed Information on the Issuer.....	39
3.1. History of the Issuer's Foundation and Development.....	39
3.1.1. Information on the Issuer's Corporate Name (Name).....	39
3.1.2. Information on State Registration of the Issuer.....	40
3.1.3. Information on the Foundation and Development of the Issuer	40
3.1.4. Contact Information	41
3.1.5. Taxpayer Identification Number	42
3.1.6. Branches and Representative Offices of the Issuer	42
3.2. Core Business Activity of the Issuer	44
3.2.1. Main Economic Activities of the Issuer	44
3.2.2. Core Business Activity of the Issuer	44
3.2.3. Materials, Goods (Raw Materials), and Suppliers of the Issuer.....	46
3.2.4. Sales Markets for Products (Works, Services) of the Issuer	46
3.2.5. Information on the Issuer's Authorizations (Licenses) or Permits for Separate Types of Works.....	49
3.2.6. Information on the Activities of Separate Categories of Issuers	50
3.2.7. Additional Information on Issuers Whose Primary Line of Business Is Mining Operations	50
3.2.8. Additional Information on Issuers Whose Primary Line of Business is Rendering Communication Services	53
3.3. Plans for the Issuer's Future Activities.....	53
3.4. The Issuer's Participation in Banking Groups, Banking Holdings, Holdings, and Associations.....	54
3.5. Companies Controlled by the Issuer and Having Substantial Significance for It	55

3.6. Composition, Structure, and Value of the Issuer's Fixed Assets and Information on Plans for the Acquisition, Replacement, and Retirement of Fixed Assets and on All Encumbrances on the Issuer's Fixed Assets	62
IV. Information on the Financial and Economic Activities of the Issuer.....	64
4.1. Financial and Economic Performance of the Issuer	64
4.2. Liquidity of the Issuer, Capital and Current Asset Adequacy.....	65
4.3. Financial Investments of the Issuer	65
4.4. Intangible Assets of the Issuer	71
4.5. Information on the Issuer's Policy and Expenses in the Area of Scientific and Technical Development and in Relation to Licenses and Patents, New Developments, and Research	71
4.6. Analysis of Development Trends in the Area of the Issuer's Core Business.....	72
4.7. Analysis of Factors and Conditions Influencing the Issuer's Activities	75
4.8. Competitors of the Issuer	78
5.1. Information on the Structure and Competencies of the Issuer's Management Bodies	80
5.2. Information on Members of the Issuer's Management Entities.....	84
5.2.2. Information on the Issuer's Sole Executive Body.....	99
5.2.3. Composition of the Issuer's Collective Executive Body	100
5.3. Information on Remuneration, Benefits, and/or Compensation for each of the Issuer's Management Entities	106
5.4. Information on the Structure and Terms of Reference of the Issuer's Financial and Economic Supervisory Bodies and on the Organization of the Risk Management and Internal Control Systems.....	108
5.5. Information on the Members of the Issuer's Bodies Monitoring Financial and Economic Activities.....	110
5.6. Information on Remuneration, Benefits, and/or Compensation as to the Issuer's Bodies Monitoring Financial and Economic Activities	118
5.7. Information on the Number and General Information on the Composition of the Issuer's Employees (Workers) and Changes in the Number of the Issuer's Employees (Workers).....	120
5.8. Information on Any Liabilities of the Issuer to its Employees (Workers) Concerning Their Possible Participation in the Issuer's Authorized Capital	120
VI. Information on the Issuer's Participants (Shareholders) and Non-Arm's-Length Transactions Made by the Issuer.....	121
6.1. Information on the Total Number of the Issuer's Participants (Shareholders)	121
6.2. Information on the Issuer's Participants (Shareholders) Holding at Least 5 Percent of the Authorized Capital or at Least 5 Percent of Its Equity Shares, as Well as Information on Persons Controlling Such Participants (Shareholders) and, in the Absence thereof, on Such Participants (Shareholders) Holding at Least 20 Percent of the Authorized (Reserve) Capital (Unit Fund) or at Least 20 Percent of Their Equity Shares .	121
6.3. Information on the Share of the State or a Municipal Entity in the Authorized Capital of the Issuer and Whether There Is a Special Right ("Golden Share").....	122
6.4. Information on Restrictions on Participation in the Issuer's Authorized Capital	123
6.5. Information on Changes in the Structure and Interests of the Issuer's Shareholders (Participants) Holding at Least 5 Percent of Its Authorized Capital or at Least 5 Percent of Its Equity Shares.....	123
6.6. Information on Non-Arm's-Length Transactions Made by the Issuer	124
6.7. Information on Accounts Receivable	125
VII. Accounting (Financial) Statements of the Issuer and Other Financial Information	128
7.1. Annual Accounting (Financial) Statements of the Issuer.....	128
7.2. Interim Accounting (Financial) Statements of the Issuer.....	128
7.3. Consolidated Financial Statements of the Issuer.....	128
7.4. Information on the Accounting Policy of the Issuer	128
7.5. Information on the Total Amount of Export and on Export Share in Total Sales.....	133

7.6. Information on Material Changes in the Issuer's Property since the Expiry Date of the Last Complete Reporting Year	134
7.7. Information on the Issuer's Participation in Litigation, if Such Participation May Have a Material Effect on the Financial and Business Activities of the Issuer	134
VIII. Additional Information on the Issuer and Equity Securities Placed Thereby	135
8.1. Additional Information on the Issuer	135
8.1.1. Information on the Size and Structure of the Issuer's Authorized Capital.....	135
8.1.2. Information on Changes in the Size of the Issuer's Authorized Capital.....	136
8.1.3. Information on the Convening and Holding of the Meeting of the Issuer's Supreme Management Body	136
8.1.4. Information on Commercial Organizations in Which the Issuer Holds at Least 5 Percent of the Authorized Capital or at Least 5 Percent of Equity Shares	138
8.1.5. Information on Major Transactions Made by the Issuer	148
8.1.6. Information on the Issuer's Credit Ratings	148
8.2. Information on Each Category (Class) of the Issuer's Shares	151
8.3. Information on Previous Issues of the Issuer's Equity Securities, Except for the Issuer's Shares	151
8.3.1. Information on Issues with Cancelled Securities	152
8.3.2. Information on Issues with Outstanding Securities.....	152
8.4. Information on Persons Providing Security for the Issuer's Secured Bonds and on the Terms of Securing Performance of the Issuer's Secured Bonded Obligations.....	158
8.5. 8.5. Information on Companies Registering Rights to the Issuer's Equity Securities	158
8.6. Information on Legislative Enactments Governing the Import and Export of Capital That May Influence Payment of Dividends, Interest, and Others Payments to Nonresidents	159
8.7. Information on Declared (Accrued) and Paid Dividends on the Issuer's Shares and on the Issuer's Bond Yield.....	159
8.7.1. Information on Declared and Paid Dividends on the Issuer's Shares	159
8.7.2. Information on Accrued and Paid Yield on the Issuer's Bonds.....	163
8.8. Other Information.....	170
8.9. Information on Underlying Securities and the Issuer of Underlying Securities, Title to Which Is Certified by Russian Depositary Receipts.....	171
Schedule 1. Annual Accounting (Financial) Statements for 2017	172
Schedule 2. Interim Accounting (Financial) Statements for 3 months of 2018	239
Schedule 3. Consolidated Financial Statements under IFRS for the Year Ending December 31, 2017, and as of that date	243

Introduction

Grounds for the Issuer's obligation to disclose information in the form of a quarterly report:

A securities prospectus has been registered with regard to the Issuer's securities.

State registration of at least one issue (additional issue) of securities of the Issuer was accompanied by the registration of a securities prospectus for securities in the course of placement through open subscription.

The Issuer's exchange-traded bonds have been admitted to organized stock trading with the submission of the prospectus of the exchange-traded bonds to the stock exchange for such admission.

This Quarterly Report contains assessments and forecasts of the Issuer's authorized management entities with regard to future events and/or actions, development prospects of the economic sector where the Issuer is carrying out its primary activities, and results of the Issuer's activities, including the Issuer's plans and the likelihood of certain events and the performance of certain actions. Investors shall not rely entirely upon the assessments and forecasts made by the Issuer's management entities, as the actual results of the Issuer's activities in the future may differ from the forecast results for many reasons. The acquisition of the Issuer's securities is connected with the risks described herein.

Other information: ***In this Quarterly Report, the Issuer, the Society, and the Company are understood to be the same person—PJSC RusHydro.***

I. Information on Bank Accounts, the Auditor (Audit Organization), Appraiser, and Financial Adviser of the Issuer and on Persons Who Signed the Quarterly Report

1.1. Information on the Issuer's Bank Accounts

Full and short corporate names, location, and INN (if applicable) of each credit institution in which the Issuer's settlement and other accounts are opened, the numbers and types of such accounts, and the Bank Identification Code ("BIC") and number of the correspondent account of the credit institution.

Due to the fact that the Issuer has more than 3 settlement and other accounts, this Quarterly Report indicates information on the accounts that the Issuer considers to be the main ones.

Full corporate name: *Sberbank of Russia*
Short corporate name: *Sberbank*
Location: *Moscow, Russia*
INN: *7707083893*
BIC: *044525225*
Account number: *40702810438090001390*
Correspondent account: *30101810400000000225*
Account type: *RUB settlement account*

Full corporate name: *Gazprombank (Joint-Stock Company)*
Short corporate name: *Bank GPB (JSC)*
Location: *Moscow*
INN: *7744001497*
BIC: *044525823*
Account number: *40702810400000003242*
Correspondent account: *30101810200000000823*
Account type: *RUB settlement account*

Full corporate name: *Joint-Stock Company Aktsionernyy Bank ROSSIYA*
Short corporate name: *JSC AB ROSSIYA*
Location: *Saint Petersburg, Russia*
INN: *7831000122*
BIC: *044525220*
Account number: *40702810460016000306*
Correspondent account: *30101810145250000220*
Account type: *RUB settlement account*

Full corporate name: *VTB Bank (Public Joint-Stock Company)*
Short corporate name: *VTB Bank (PJSC)*
Location: *Saint Petersburg, Russia*
Account number: *40702810700030003502*
Correspondent account: *30101810700000000187*
INN: *7702070139*
BIC: *044525187*
Account type: *RUB settlement account*

The Issuer is not a credit institution

1.2. Information on the Issuer's Auditor (Audit Organization)

Information on the audit organization that performed an independent audit of the Issuer's accounting (financial) statements and the Issuer's consolidated financial statements included in the quarterly report as well as information on the audit organization approved for the audit of the annual accounting (financial) statements of the Issuer and annual consolidated financial statements of the Issuer for the current and the last completed reporting year:

Full corporate name: *JSC PricewaterhouseCoopers Audit*
Short corporate name: *JSC PwC Audit*
Location: *10 Butyrskiy Val St., Moscow 125047, Russia*

INN: 7705051102
 OGRN: 1027700148431
 Telephone: (495) 967-6000
 Fax: (495) 967-6001
 Email: business.development@ru.pwc.com

Information on the self-regulatory organization of auditors of which the auditor (audit organization) of the Issuer is a member:

Full name: ***Self-regulatory organization of auditors Russian Union of Auditors (Association) (SRO RUA)***
 Location: ***Moscow, Russia***
 Additional information: ***Principal Registration Number of Entry (ORNZ) in the registry of auditors and audit organizations: 11603050547***

Reporting years from the last five completed reporting years and the current year for which JSC PwC Audit conducted (will conduct) an independent audit of the Issuer's accounts:

Accounting (financial) statements, year	Consolidated financial statements, year
2013	2013
2014	2014
2015	2015
2016	2016
2017	2017
2018	2018

In the event that an independent audit of the interim financial statements and/or the interim consolidated financial statements of the Issuer was conducted (will be conducted) by the auditor (audit organization), this circumstance shall be additionally indicated, as shall the period (periods) of the last five completed reporting years and the current year for which the Issuer's reporting was audited (will be audited) by the auditor (audit organization): ***an independent audit of the Issuer's interim consolidated financial statements is not being performed by JSC PwC Audit; JSC PwC Audit shall perform an overview audit of the Issuer's interim consolidated financial statements. Following the said overview audits, PwC JSC shall submit a report on the overview audit of the interim consolidated financial statements for the corresponding period.***

The reporting years out of the last five completed reporting years and the current year for which JSC PwC Audit conducted (will conduct) an overview audit of the Issuer's interim consolidated financial statements:

Interim consolidated financial statements, period:
6 months ending June 30, 2013
6 months ending June 30, 2014
3 and 6 months ending June 30, 2015
3 and 6 months ending June 30, 2016
3 and 6 months ending June 30, 2017
3 and 9 months ending September 30, 2017
3 and 6 months ending June 30, 2018

Factors that could influence the auditor's (audit organization's) independence from the Issuer, including information on the existence of any material interests that connect the auditor (persons holding posts in the management entities or the entities that supervise the financial and economic activities of the audit organization) with the Issuer (persons holding posts in the management entities or the entities that supervise the financial and economic activities of the Issuer): ***The auditor is independent from the Issuer. There are no factors that could influence the Auditor's independence from the Issuer, nor any material interests that connect the Auditor (persons holding posts in the management bodies or bodies that supervise the financial and economic activities of the Auditor) with the Issuer (persons holding posts in the management bodies or bodies that supervise the financial and economic activities of the Issuer).***

Information on whether the auditor (persons holding positions in the management bodies or bodies that supervise the financial and business activities of the audit organization) holds shares in the Issuer's authorized capital: ***The Auditor (persons holding positions in the management bodies or bodies that supervise the financial and economic activities of the Auditor) does not have any shares in the Issuer's authorized capital.***

Information on whether the Issuer provided borrowed funds to the auditor (persons holding positions in the management bodies or bodies that supervise the financial and economic activities of the audit organization): ***The***

Issuer did not provide borrowed funds to the Auditor (persons holding positions in the management bodies or bodies that supervise the financial and economic activities of the Auditor).

Information on the existence of close business relationships (participation in the promotion of the Issuer's products (services), participation in joint business activities, etc.), or kinship: ***The Issuer does not have close business relationships or family relationships with the Auditor.***

Information on persons holding positions in management bodies and/or bodies that supervise the financial and economic activities of the Issuer who simultaneously hold positions in the management bodies and/or bodies that supervise the financial and economic activities of the audit organization: ***Persons holding positions in management bodies and/or bodies that supervise the financial and economic activities of the Issuer are not simultaneously persons holding positions in management bodies and/or bodies that supervise the financial and economic activities of the Auditor.***

Measures taken by the Issuer and the Auditor (the Audit Organization) to reduce the impact of these factors:

The Issuer and the Auditor have operated and will continue to operate under the laws of the Russian Federation, in particular, in accordance with Federal Law No. 307-FZ dated December 30, 2008, "On Auditing," according to Article 8 of which auditing may not be carried out by:

1) Audit organizations whose managers or other officials are founders (participants) of the audited entity, its head, chief accountant, or other official responsible for maintaining accounting records, including the preparation of accounting (financial) statements

2) Audit organizations whose managers or other officials are close relatives (parents, brothers, sisters, children), spouses, parents-in-law, or stepchildren of the founders (participants) of the audited entity, its head, or its chief accountant, or other official who is entrusted with the maintenance of accounting, including the preparation of accounting (financial) statements

3) Audit organizations with regard to audited entities that are their founders (participants), with regard to audited entities for which these audit organizations are founders (participants), with regard to subsidiaries, branches, and representative offices of the said audited entities, or with regard to organizations that have founders (participants) in common with this audit organization

4) Audit organizations or individual auditors that rendered services for restoring or maintaining accounting records or for preparing accounting (financial) statements to individuals or legal entities during the three years immediately preceding the audit, with regard to these entities

5) Auditors that are founders (participants) of the audited entity, its head, chief accountant, or other official responsible for accounting, including the preparation of accounting (financial) statements

6) Auditors that are founders (participants) of the audited entity, its head, its chief accountant, or other official responsible for accounting, including the preparation of accounting (financial) statements, close relatives (parents, brothers, sisters, children), spouses, parents-in-law, or stepchildren

7) Audit organizations with regard to audited entities that are insurance organizations with which liability insurance contracts for these audit organizations have been concluded

8) Audit organizations or individual auditors with respect to the accounting (financial) reporting of audited entities that are credit institutions with which they have entered into loan agreements or suretyship agreements, or by which they have been given a bank guarantee, or with which such contracts have been concluded by the heads of these audit organizations, or with which such contracts have been concluded, on terms substantially different from the conditions for the performance of similar transactions, by persons who are close relatives (parents, brothers, sisters, children), spouses, parents-in-law, or stepchildren of the heads of these audit organizations or individual auditors, or if these persons are beneficiaries under such contracts

9) Employees of audit organizations who are members of audit groups whose audited entities are credit institutions with which they have entered into loan agreements or surety agreements on terms significantly different from the conditions for the performance of similar transactions or received bank guarantees from these credit institutions, or with which such contracts have been concluded by persons who are close relatives (parents, brothers, sisters, children), spouses, parents-in-law, or stepchildren of auditors, or if these persons are beneficiaries under such contracts

The main measure taken by the Issuer to reduce dependence on each other is the process of careful consideration of the candidacy of an Auditor with regard to its independence from the Issuer. The auditor is completely independent from the Issuer's management entities in accordance with the requirements of Article 8 of Federal Law No. 307-FZ dated December 30, 2008, "On Auditing"; the amount of the Auditor's remuneration was not dependent on the results of the audit.

The procedure for the selection of the Issuer's auditor (audit organization)

Existence of a tender procedure connected with the selection of the auditor (audit organization) and its key conditions:

RAS for 2012–2014

In accordance with Federal Law No. 307-FZ dated December 30, 2008, "On Auditing," competitive selection of the Company's Auditor for 2012–2014 was performed on the basis of Federal Law No. 94-FZ dated July 21, 2005, "On the Placement of Orders for Supplies of Goods, Performance of Works, and Rendering of Services for State and Municipal Needs."

Tender documentation of the open tender concerning entry into a services agreement for the audit of RusHydro's accounting statements prepared in accordance with RAS for 2012–2014 was prepared on the basis of Federal Law No. 94-FZ dated July 21, 2005, "On the Placement of Orders for Supplies of Goods, Performance of Work, and Rendering of Services for State and Municipal Requirements."

The Tender Documentation of the open tender concerning entry into a services agreement for the audit of RusHydro's accounting statements prepared in accordance with RAS for 2012–2014 was approved by a decision of the Audit Procurement Committee dated December 9, 2011.

On the basis of the approved Tender Documentation, the Tender Committee carried out the appropriate procedure for selection of the Company's auditor for 2012–2014 from January to February 2012. In accordance with the minutes of the meeting of the Tender Committee on assessment and comparison of bids concerning entry into a services agreement for the audit of RusHydro's accounting (financial) statements prepared in accordance with RAS for 2012–2014 (Minutes No. 3 dated February 3, 2012 (0419000000111000002)), JSC PwC Audit won the open tender.

IFRS for 2012–2014

For the efficient and economical expenditure of the funds of RusHydro and in accordance with the Regulation on the Procedure for Regulated Procurements of Goods, Works, and Services approved by the decision of the Board of Directors of the Company on the basis of resolution of the Central Procurement Commission of RusHydro No. 241 dated August 30, 2011, a regulated procurement for the right to conclude an agreement for the provision of services for the audit (review) of the consolidated financial statements of RusHydro Group, RAO Energy Systems of the East Group, Yakutskenergo Group, FEEC Group and the separate financial statements of JSC DRSC, JSC FEGC, and CJSC NCO Interbank Settlement Center prepared in accordance with IFRS for 2012–2014 was organized and conducted through an open one-stage multilot Request for Proposals without preliminary qualifying selection of participants.

The Procurement Documentation for the open one-stage multilot Request for Proposals without preliminary qualifying selection of participants for the right to conclude an agreement for the provision of services for the audit (review) of the consolidated financial statements of RusHydro Group, RAO Energy Systems of the East Group, Yakutskenergo Group, and FEEC Group and the separate financial statements of JSC DRSC, JSC FEGC, and CJSC NCO Interbank Settlement Center prepared in accordance with IFRS for 2012–2014 was approved by a decision of the Audit Procurement Commission dated November 16, 2011.

In accordance with the minutes of the Procurement Committee (No. 2 dated December 22, 2011), JSC PwC Audit won the open single-stage multilot request for proposals without prequalification of bidders.

RAS, IFRS for 2015–2017

In accordance with Federal Law No. 307-FZ dated December 30, 2008, "On Auditing," competitive selection of the Company's Auditor for 2015–2017 was performed on the basis of Federal Law No. 44-FZ dated April 5, 2013, "On the Contract System in the Sphere of the Procurement of Goods, Works, and Services for State and Municipal Needs."

For the efficient and economical expenditure of the funds of RusHydro and in accordance with the Regulation on the Procedure for Regulated Purchases of Goods, Works, and Services approved by the decision of the Board of Directors of the Company on the basis of resolution of the Central Procurement Commission of PJSC RusHydro No. 470 dated December 4, 2014, a regulated purchase for the right to conclude an agreement for the provision of services for the audit of the financial statements of RusHydro prepared in accordance with RAS and the audit (review) of the consolidated financial statements of RusHydro Group prepared in accordance with IFRS for 2015, 2016, and 2017 was organized and conducted by open tender.

The Tender Documentation of the open tender concerning entry into a services agreement for the audit of RusHydro's accounting statements prepared in accordance with RAS and the audit of the consolidated financial statements of RusHydro Group prepared in accordance with IFRS for 2015–2017 was developed in accordance with Federal Law 44-FZ dated April 5, 2013, "On the Contract System in the Sphere of the Procurement of Goods, Works, and Services for State and Municipal Needs."

On February 27, 2015, the Tender Documentation of the open tender concerning entry into a services agreement for the audit of RusHydro's accounting statements prepared in accordance with RAS and the audit (review) of the consolidated financial statements of RusHydro Group prepared in accordance with IFRS for 2015–2017 was approved.

In accordance with the minutes of the meeting of the Procurement Commission (No. 2 dated April 8, 2015), JSC PwC Audit was chosen the winner of the open tender.

RAS, IFRS for 2018–2020

In accordance with Federal Law No. 307-FZ dated December 30, 2008, "On Auditing," competitive selection of the Company's Auditor for 2018–2020 was performed on the basis of Federal Law No. 44-FZ dated April 5, 2013, "On the Contract System in the Sphere of the Procurement of Goods, Works, and Services for State and Municipal Needs."

For the efficient and economical expenditure of the funds of RusHydro and in accordance with the Regulation on Product Procurement for the Needs of RusHydro approved by the decision of the Board of Directors of the Company on the basis of resolution of the Central Procurement Commission of RusHydro No. 1040 dated November 21, 2017, a regulated procurement for the right to conclude an agreement for the audit of the financial statements of RusHydro prepared in accordance with the Russian Accounting Standards (RAS) and the audit (review) of the consolidated financial statements of RusHydro Group prepared in accordance with the International Financial Reporting Standards (IFRS) for 2018, 2019, and 2020 was organized and conducted by open tender.

The tender documents for the open tender held to award the agreement for the audit of RusHydro's accounting statements prepared in accordance with the Russian Accounting Standards and the audit (review) of the RusHydro Group's consolidated financial statements prepared in accordance with the International Financial Reporting Standards for 2018, 2019, and 2020 were developed in accordance with Federal Law No. 44-FZ dated April 5, 2013, "On the System of Contracts in the Field of Procurement of Goods, Works, Services for Public and Municipal Needs" and agreed upon with the Federal State Property Management Agency (Rosimushchestvo) and the Audit Committee of the Board of Directors (Minutes No. 110 dated February 26, 2018).

The procurement documents for the open tender held to award the agreement for the audit of RusHydro's accounting statements prepared in accordance with the Russian Accounting Standards and the audit (review) of the RusHydro Group's consolidated financial statements prepared in accordance with the International Financial Reporting Standards for 2018, 2019, and 2020 were approved by the Procurement Commission.

In accordance with Minutes of the meeting of the Procurement Commission No. 2 dated April 11, 2018, JSC PwC Audit was chosen as the winner of the open tender.

The procedure for nominating an auditor (audit organization) for approval by the general meeting of shareholders (participants), including the management body that makes the respective decision:

The Board of Directors of the Issuer recommends an auditor for approval by the General Meeting of Shareholders of the Company.

In accordance with the requirements of the law of the Russian Federation, the Issuer must have its financial statements audited on an annual basis. For the audit and confirmation of the annual financial statements, the General Meeting of Shareholders shall approve the auditor of the Company annually.

JSC PwC Audit was approved as the auditor of the Issuer for 2014 by the decision of the General Meeting of Shareholders of the Company (Minutes No. 12 dated June 27, 2014).

JSC PwC Audit was approved as the auditor of the Issuer for 2015 by the decision of the General Meeting of Shareholders of the Company (Minutes No. 13 dated June 26, 2015).

JSC PwC Audit was approved as the auditor of the Issuer for 2016 by the decision of the General Meeting of Shareholders of the Company (Minutes No. 15 dated June 29, 2016).

JSC PwC Audit was approved as the auditor of the Issuer for 2017 by the decision of the General Meeting of Shareholders of the Company (Minutes No. 16 dated June 27, 2017).

The matter of approval of the Issuer's Auditor for 2018 will be brought to the General Meeting of Shareholders of the Company.

The Issuer's auditor shall audit the Issuer's financial and business activity in accordance with the legislation of the Russian Federation under an agreement concluded with such auditor.

Information on work performed by the auditor (audit organization) as part of special audit assignments: *No work was performed by the Auditor as part of special audit assignments.*

The procedure for determining the auditor's (audit organization's) remuneration, the actual amount of remuneration paid by the Issuer to the auditor (audit organization) according to the results of the last completed reporting year for which the auditor (audit organization) performed an independent audit of the annual accounting (financial) statements and/or annual consolidated financial statements of the Issuer, and information on deferred and outstanding payments for services rendered by the auditor (audit organization):

The procedure for payment and the amount of remuneration of audit organizations and individual auditors for conducting an audit (including a mandatory audit) and performing associated services shall be specified in audit services agreements and may not depend on any requirements of the audited entities as to the content of conclusions that may be made as a result of the audit.

The amount of remuneration for the Issuer's Auditor approved by the Annual General Meeting of Shareholders of the Issuer for mandatory annual auditing and confirmation of the Issuer's annual financial statements shall be determined by the Board of Directors of the Issuer.

The Auditor's remuneration shall be determined according to the results of the bidding for selecting the Company's auditor.

The actual amount of remuneration to be paid by the Issuer to JSC PwC Audit following the results of 2017, during which JSC PwC Audit conducted an independent audit of the annual accounting (financial)

statements and the annual consolidated financial statements of the Issuer, amounts to 136,055,180 rubles (including VAT), including the cost of services for the review of the Issuer's consolidated interim financial statements for six months ending June 30, 2017, which is 24,142,210 rubles (including VAT); the cost of the services for the overview audit of the Issuer's condensed interim consolidated financial statements for nine months ending September 30, 2017, amounts to 17,228,000 rubles (including VAT).

In accordance with the payment schedule under agreements with JSC PwC Audit, the amount of 50,838,707 rubles (including VAT) was paid by the Issuer in 2017, and the amount of 85,216,473 rubles (including VAT) was paid by the Issuer in April 2018.

There are no deferred or overdue payments for services rendered by the Auditor.

1.3. Information on the Issuer's Appraiser(s)

No Appraiser(s) was (were) commissioned.

1.4. Information on the Issuer's Consultants

No financial consultants were engaged to sign the securities prospectus or the Issuer's quarterly report during the 12 months prior to the ending date of the reporting quarter.

1.5. Information on the Persons Who Signed the Quarterly Report

Full name: *Nikolay Grigoryevich Shulginov*

Year of birth: **1951**

Primary place of employment:

Organization: *PJSC RusHydro*

Title: *Chairman of the Management Board – General Director*

Full name: *Yuliya Gennadyevna Medvedeva*

Year of birth: **1975**

Primary place of employment:

Organization: *PJSC RusHydro*

Title: *Director of the Department of Corporate Accounting and Reporting – Chief Accountant*

II. Key Information on the Financial and Economic Performance of the Issuer

2.1. The Issuer's Financial and Economic Performance Indicators

The trend of indicators characterizing the Issuer's financial and economic activity.

The standard (rule) in accordance with which the accounting (financial) statements on the basis of which indicators are calculated are prepared: **RAS**

Unit of measurement for calculating the labor productivity indicator: **RUB thousand/person**

Indicator description	2016	2017	2017, 3 months	2018, 3 months
Labor productivity	21,741	27,006	5,234	7,514
Debt-to-equity ratio	0.18	0.19	0.23	0.18
Ratio of long-term debt to the sum of long-term debt and equity	0.13	0.10	0.13	0.12
Debt coverage ratio	-0.19	0.17	0.73	0.15
Overdue debt rate, %	0.09	0.12	0.31	0.15

All indicators are calculated on the basis of recommended calculation procedures.

Analysis of the Issuer's financial and economic activity on the basis of economic analysis of change in the given indicators:

A significant increase in the Labor Productivity indicator in 2017 compared to 2016 and in 2018 (3 months) compared to 2017 (3 months) results from the inclusion of a markup to the price for capacity of the Far Eastern Federal Okrug in the revenue in accordance with Federal Law No. 508-FZ dated December 28, 2016, and Decree of the Government of the Russian Federation No. 895 dated July 28, 2017.

Debt-to-equity ratio characterizes the correlation between external and internal sources of financing. The indicator as of the end of 2016–2017 is at the same level. The decline of the indicator in 2018 (3 months) against 2017 (3 months) results from the increase in the authorized capital in 2017 and reclassification of loans by their maturity.

The debt coverage ratio shows the extent of current liabilities that can be covered by funds that are available or expected in the nearest future. The decline of this indicator characterizes the Company's activity positively, as the level of coverage of the existing short-term liabilities with the available funds is increasing. The negative value of the indicator for 2016 is explained by the excess of cash funds over short-term liabilities. The growth of this indicator in 2017 (3 months) is explained by the increase in short-term liabilities associated with the additional issue of RusHydro shares in the amount of RUB 40 billion.

In general, the analysis of creditworthiness indicators makes it possible to confirm that the Issuer's financial status in the period reviewed was stable.

2.2. The Issuer's Market Capitalization

Market capitalization is calculated as the number of shares of the relevant category (type) multiplied by the market value of one share disclosed by the trading organizer.

Unit of measurement: **rubles**

Issue 1-01-55038-E

Information on the securities trading organizer that provided the data for the calculation of market capitalization as well as any other additional information on the public trading of securities at the Issuer's discretion: the Issuer's equity shares are eligible for on-exchange trading at PJSC Moscow Exchange.

Indicator description	December 31, 2017	March 31, 2018
Market capitalization	309,656,194,163.45	326,537,231,180.07

Source of information: *PJSC Moscow Exchange bulletin on the results of securities trading*
<http://www.moex.com/a4258>.

2.3. The Issuer's Liabilities

2.3.1. Borrowed Funds and Accounts Payable

For 2017

Structure of borrowings

Unit of measurement: *rubles*

Indicator description	Value
Long-term borrowed funds	71,698,212,027.85
including:	
Credit	24,749,508,442.85
loans, except for bond loans	20,932,077,585.00
bond loans	26,016,626,000.00
Short-term borrowed funds	50,257,354,441.86
including:	
Credit	11,654,059,645.68
loans, except for bond loans	1,644,040,385.37
bond loans	36,959,254,410.81
Total overdue debt on borrowed funds	0.00
including:	
on credit	0.00
on loans, except for bond loans	0.00
on bond loans	0.00

Structure of accounts payable

Unit of measurement: *rubles*

Indicator description	Value
Total accounts payable	14,827,378,828.34
including overdue	194,230,252.03
including	
to the budget and state extrabudgetary funds	5,375,623,319.93
including overdue	0.00
to suppliers and contractors	7,151,315,579.15
including overdue	58,472,531.22
to employees of the organization	244,324,421.23
including overdue	0.00
Other	2,056,115,508.03
including overdue	135,757,720.81

If there are any overdue accounts payable, inter alia, on borrowed funds, the reasons for payment default and the consequences that have occurred or may occur in future for the Issuer as a result of default on the corresponding obligations, including sanctions imposed on the Issuer, and the time period (expected term) of repayment of overdue accounts payable or overdue debt on borrowed funds shall be specified:

The main reasons for the default on the respective obligations are as follows:

- *Commercial disputes of the Issuer related to the breach of contractual schedules for the performance of works, the rendering of services, or the supply of goods by the Company's counterparties*
- *The inability of the Company to discharge its obligations in due time because of the creditors' failure to provide correct payment details*

The consequences that the Issuer has faced or may face in future as a result of a default on the respective obligations, including sanctions imposed on the Issuer: *there have been no financial consequences or sanctions related to accounts payable, and the Issuer does not expect any financial or administrative consequences with respect to the said payables. If an arbitration court passes judgments that oblige the Issuer to pay the corresponding amount of debt (with respect to the debt that is the subject of the Issuer's commercial disputes), the Issuer will repay such debt. Upon receipt of the correct payment details from the counterparties (with respect to the debt that cannot be repaid because of the absence of payment details), such debt will be repaid by the Issuer.*

The term (estimated term) of repayment of overdue payables: *according to the Issuer's duly approved bylaws on the management of accounts payable, overdue payables, depending on the causes of their occurrence, shall either be repaid by the Company within a quarter following their discovery, or a claim review shall be initiated.*

Creditors accounting for at least 10 percent of the total accounts payable or at least 10 percent of the total borrowed (long-term and short-term) funds:

Full corporate name: *Sberbank of Russia*

Short corporate name: *Sberbank*

Location: *Moscow, Russia*

INN: *7707083893*

OGRN: *1027700132195*

Amount of debt: *RUB 31,059,376,662.00*

Amount and conditions of the overdue debt (interest rate, penalties, late payment charges): *none*

The creditor is an affiliate of the Issuer: *no*

Full corporate name: *RUSHYDRO CAPITAL MARKETS D.A.C.*

Short corporate name: *none*

Location: *3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1 Ireland*

INN: *none*

OGRN: *none*

Amount of debt: *RUB 20,422,945,205.48*

Amount and conditions of the overdue debt (interest rate, penalties, late payment charges): *none*

The creditor is an affiliate of the Issuer: *no*

Full corporate name: *Public Joint-Stock Company Federal Grid Company of the Unified Energy System*

Short corporate name: *PJSC FGC UES*

Location: *5a Akademika Chelomeya St., Moscow 117630*

INN: *4716016979*

OGRN: *1024701893336*

Amount of debt: *RUB 2,107,651,873.97*

Amount and conditions of the overdue debt (interest rate, penalties, late payment charges): *none*

The creditor is an affiliate of the Issuer: *no*

Full corporate name: *Public Joint-Stock Company Power Machines – ZTL, LMZ, Elektrosila, Energomashexport*

Short corporate name: *JSC Power Machines*

Location: *3A Vatutina St., Saint Petersburg 195009, Russia*

INN: *7702080289*

OGRN: *1027700004012*

Amount of debt: *RUB 2,105,483,004.13*

Amount and conditions of the overdue debt (interest rate, penalties, late payment charges): *none*

The creditor is an affiliate of the Issuer: *no*

For 3 months of 2018

Structure of borrowings

Unit of measurement: *rubles*

Indicator description	Value
Long-term borrowed funds	92,774,519,389.00
including:	
Credit	24,562,256,389.00
loans, except for bond loans	40,000,000,000.00
bond loans	28,212,263,000.00
Short-term borrowed funds	19,650,474,627.79
including:	
Credit	895,783,697.65
loans, except for bond loans	2,303,989,349.88
bond loans	16,450,701,580.26
Total overdue debt on borrowed funds	0.00
including:	
on credit	0.00
on loans, except for bond loans	0.00
on bond loans	0.00

Structure of accounts payable

Unit of measurement: *rubles*

Indicator description	Value
Total accounts payable	19,723,871,354.41
including overdue	232,061,640.45
including	
to the budget and state extrabudgetary funds	6,759,379,662.35
including overdue	0.00
to suppliers and contractors	6,796,248,030.71
including overdue	110,800,612.45
to employees of the organization	229,506,916.78
including overdue	0.00
Other	5,938,736,744.57
including overdue	121,261,028.00

If there are any overdue accounts payable, inter alia, on borrowed funds, the reasons for payment default and the consequences that have occurred or may occur in future for the Issuer as a result of default on the corresponding obligations, including sanctions imposed on the Issuer, and the time period (expected term) of repayment of overdue accounts payable or overdue debt on borrowed funds shall be specified:

The main reasons for the default on the respective obligations are as follows:

- *Commercial disputes of the Issuer related to the breach of contractual schedules for the performance of works, the rendering of services, or the supply of goods by the Company's counterparties*
- *The inability of the Company to discharge its obligations in due time because of the creditors' failure to provide correct payment details*

The consequences that the Issuer has faced or may face in future as a result of a default on the respective obligations, including sanctions imposed on the Issuer: *there have been no financial consequences or sanctions related to accounts payable, and the Issuer does not expect any financial or administrative consequences with respect to the said payables. If an arbitration court passes judgments that oblige the Issuer to pay the corresponding amount of debt (with respect to the debt that is the subject of the Issuer's commercial disputes), the Issuer will repay such debt. Upon receipt of the correct payment details from the counterparties (with respect*

to the debt that cannot be repaid because of the absence of payment details), such debt will be repaid by the Issuer.

The term (estimated term) of repayment of overdue payables: *according to the Issuer's duly approved bylaws on the management of accounts payable, overdue payables, depending on the causes of their occurrence, shall either be repaid by the Company within a quarter following their discovery, or a claim review shall be initiated.*

Creditors accounting for at least 10 percent of the total accounts payable or at least 10 percent of the total borrowed (long-term and short-term) funds:

Full corporate name: **RUSHYDRO CAPITAL MARKETS D.A.C.**

Short corporate name: **none**

Location: **3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1 Ireland**

INN: **none**

OGRN: **none**

Amount of debt: **RUB 40,193,595,890.41**

Amount and conditions of the overdue debt (interest rate, penalties, late payment charges): **none**

The creditor is an affiliate of the Issuer: **no**

Full corporate name: **Sberbank of Russia**

Short corporate name: **Sberbank**

Location: **Moscow, Russia**

INN: **7707083893**

OGRN: **1027700132195**

Amount of debt: **RUB 20,286,520,547.94**

Amount and conditions of the overdue debt (interest rate, penalties, late payment charges): **none**

The creditor is an affiliate of the Issuer: **no**

Full corporate name: **Public Joint-Stock Company Federal Grid Company of the Unified Energy System**

Short corporate name: **PJSC FGC UES**

Location: **5a Akademika Chelomeya St., Moscow 117630**

INN: **4716016979**

OGRN: **1024701893336**

Amount of debt: **RUB 2,138,822,944.32**

Amount and conditions of the overdue debt (interest rate, penalties, late payment charges): **none**

The creditor is an affiliate of the Issuer: **no**

2.3.2. Credit History of the Issuer

Performance by the Issuer of its commitments under the facility agreements and/or loan agreements that were in force within the last completed reporting year and current year, including those concluded due to the issue and sale of bonds, the principal debt under which amounted to 5 percent or more of the Issuer's balance sheet assets as of the end of the last completed reporting period consisting of 3, 6, 9, or 12 months preceding the conclusion of the relevant agreement, as well as other facility agreements and/or loan agreements that the Issuer deems material for it.

Type and Identifying Characteristics of Liabilities	
1. Bonds of series 01 State registration number and registration date: 4-01-55038-E dated September 23, 2010	
Terms and conditions of the liability and information on its performance	
Name and location or full name of the creditor (lender)	Purchasers of securities of the issue
Principal debt as of the date the liability arose, rubles/foreign currency	RUB 10,000 million
Principal debt as of the end of the reporting quarter, rubles/foreign currency	RUB 89.179 million
Credit (loan) period, years	10

Average interest on credit or loan, % per annum	8.75
Number of interest (coupon) periods	20
Delays in payment of interest on credit (loan), and the total number of such delays and duration thereof in days	None
Scheduled credit (loan) payment period (date)	04/12/2021*
Actual credit (loan) payment period (date)	Existing
Other information on liabilities specified at the Issuer's discretion	* Maturity of bonds of series 01 is 10 years. An offer to acquire the bonds at their owners' request with a term of 5 years from the starting date of the offering is possible with respect to said securities. On April 8, 2016, the Issuer decided to set a new interest rate for the eleventh and twelfth coupon periods. On April 22, 2016, acquisition of bonds at the owner's request took place.

Type and Identifying Characteristics of Liabilities	
2. Bonds of series 02 State registration number and registration date: 4-02-55038-E dated September 23, 2010	
Terms and conditions of the liability and information on its performance	
Name and location or full name of the creditor (lender)	Purchasers of securities of the issue
Principal debt as of the date the liability arose, rubles/foreign currency	RUB 5,000 million
Principal debt as of the end of the reporting quarter, rubles/foreign currency	RUB 160.76 million
Credit (loan) period, years	10
Average interest on credit or loan, % per annum	8.75
Number of interest (coupon) periods	20
Delays in payment of interest on credit (loan), and the total number of such delays and duration thereof in days	None
Scheduled credit (loan) payment period (date)	04/12/2021*
Actual credit (loan) payment period (date)	Existing
Other information on liabilities specified at the Issuer's discretion	* Maturity of bonds of series 02 is 10 years. An offer to acquire the bonds at their owners' request with a term of 5 years from the starting date of the offering is possible with respect to said securities. On April 8, 2016, the Issuer decided to set a new interest rate for the eleventh and twelfth coupon periods. On April 22, 2016, acquisition of bonds at the owner's request took place.

Type and Identifying Characteristics of Liabilities	
3. Credit, Sberbank of Russia, Credit Agreement No. 5486 dated November 18, 2011	
Terms and conditions of the liability and information on its performance	

Name and location or full name of the creditor (lender)	Sberbank of Russia, Moscow, Russia
Principal debt as of the date the liability arose, rubles/foreign currency	RUB 40,000 million
Principal debt as of the end of the reporting quarter, rubles/foreign currency	RUB 20,000 million
Credit (loan) period, years	9
Average interest on credit or loan, % per annum	8.28
Number of interest (coupon) periods	36
Delays in payment of interest on credit (loan), and the total number of such delays and duration thereof in days	None
Scheduled credit (loan) payment period (date)	11/17/2020
Actual credit (loan) payment period (date)	Existing
Other information on liabilities specified at the Issuer's discretion	None

Type and Identifying Characteristics of Liabilities	
4. Credit, Unicredit Bank Austria AG, Credit Agreement dated December 12, 2011	
Terms and conditions of the liability and information on its performance	
Name and location or full name of the creditor (lender)	Unicredit Bank Austria AG, 1010 Wien, Schottengasse 6–8, Austria
Principal debt as of the date the liability arose, rubles/foreign currency	EUR 127,796,550
Principal debt as of the end of the reporting quarter, rubles/foreign currency	EUR 73,277,003.15
Credit (loan) period, years	15
Average interest on credit or loan, % per annum	3.12
Number of interest (coupon) periods	60
Delays in payment of interest on credit (loan), and the total number of such delays and duration thereof in days	None
Scheduled credit (loan) payment period (date)	08/28/2026
Actual credit (loan) payment period (date)	Existing
Other information on liabilities specified at the Issuer's discretion	Drawdown took place from 2012 to 2017

Type and Identifying Characteristics of Liabilities	
5. Bonds of series 07 State registration number and registration date: 4-07-55038-E dated December 27, 2012	
Terms and conditions of the liability and information on its performance	
Name and location or full name of the creditor (lender)	Purchasers of securities of the issue
Principal debt as of the date the liability arose, rubles/foreign currency	RUB 10,000 million
Principal debt as of the end of the reporting quarter, rubles/foreign currency	RUB 1,897,051 million

Credit (loan) period, years	10
Average interest on credit or loan, % per annum	4.30
Number of interest (coupon) periods	20
Delays in payment of interest on credit (loan), and the total number of such delays and duration thereof in days	None
Scheduled credit (loan) payment period (date)	02/02/2023*
Actual credit (loan) payment period (date)	Existing
Other information on liabilities specified at the Issuer's discretion	* Maturity of bonds of series 07 is 10 years. A tender offer for a period of 5 years is possible with respect to the securities. on January 31, 2018, the Issuer decided to set a new interest rate for the eleventh–twentieth coupon periods. On February 13, 2018, bonds were acquired upon the demand of their holders.

Type and Identifying Characteristics of Liabilities	
6. Bonds of series 08 State registration number and registration date: 4-08-55038-E dated December 27, 2012	
Terms and conditions of the liability and information on its performance	
Name and location or full name of the creditor (lender)	Purchasers of securities of the issue
Principal debt as of the date the liability arose, rubles/foreign currency	RUB 10,000 million
Principal debt as of the end of the reporting quarter, rubles/foreign currency	RUB 298,586 million
Credit (loan) period, years	10
Average interest on credit or loan, % per annum	4.30
Number of interest (coupon) periods	20
Delays in payment of interest on credit (loan), and the total number of such delays and duration thereof in days	None
Scheduled credit (loan) payment period (date)	02/02/2023*
Actual credit (loan) payment period (date)	Existing
Other information on liabilities specified at the Issuer's discretion	* Maturity of bonds of series 08 is 10 years. A tender offer for a period of 5 years is possible with respect to the securities. on January 31, 2018, the Issuer decided to set a new interest rate for the eleventh–twentieth coupon periods. On February 13, 2018, bonds were acquired upon the demand of their holders.

Type and Identifying Characteristics of Liabilities	
7. Bonds of series 09 State registration number and registration date: 4-09-55038-E dated December 27, 2012	
Terms and conditions of the liability and information on its performance	
Name and location or full name of the creditor (lender)	Purchasers of securities of the issue
Principal debt as of the date the liability arose, rubles/foreign currency	RUB 10,000 million
Principal debt as of the end of the reporting quarter, rubles/foreign currency	RUB 766,687 million
Credit (loan) period, years	10
Average interest on credit or loan, % per annum	10.125
Number of interest (coupon) periods	20
Delays in payment of interest on credit (loan), and the total number of such delays and duration thereof in days	None

Scheduled credit (loan) payment period (date)	April 15, 2025
Actual credit (loan) payment period (date)	Existing *
Other information on liabilities specified at the Issuer's discretion	* Maturity of bonds of series 09 is 10 years. Tender offer for a period of 2.5 years is possible with respect to the securities. on October 16, 2017, the Issuer decided to set a new interest rate for the sixth–sixteenth coupon periods. On October 27, 2017, acquisition of bonds presented by their holders for early repayment was held under a tender offer.

Type and Identifying Characteristics of Liabilities	
8. Credit, Sberbank of Russia, Credit Agreement No. 5685 dated December 4, 2013	
Terms and conditions of the liability and information on its performance	
Name and location or full name of the creditor (lender)	Sberbank of Russia, Moscow, Russia
Principal debt as of the date the liability arose, rubles/foreign currency	RUB 10,612.754 million
Principal debt as of the end of the reporting quarter, rubles/foreign currency	—
Credit (loan) period, years	5
Average interest on credit or loan, % per annum	7.99
Number of interest (coupon) periods	20
Delays in payment of interest on credit (loan), and the total number of such delays and duration thereof in days	None
Scheduled credit (loan) payment period (date)	12/04/2018
Actual credit (loan) payment period (date)	March 23, 2018
Other information on liabilities specified at the Issuer's discretion	None

Type and Identifying Characteristics of Liabilities	
9. Credit, Crédit Agricole Corporate and Investment Bank Deutschland/ING BANK, a Branch of ING-DiBa AG, Credit Agreement dated March 4, 2014	
Terms and conditions of the liability and information on its performance	
Name and location or full name of the creditor (lender)	Crédit Agricole Corporate and Investment Bank, France, Taunusanlage 14, 60325 Frankfurt am Main, Federal Republic of Germany/ING BANK, a Branch of ING-DiBa AG, Hamburger Allee 1, 60486 Frankfurt am Main, Federal Republic of Germany
Principal debt as of the date the liability arose, rubles/foreign currency	EUR 190,284,359
Principal debt as of the end of the reporting quarter, rubles/foreign currency	—
Credit (loan) period, years	15
Average interest on credit or loan, % per annum	0.73
Number of interest (coupon) periods	30
Delays in payment of interest	None

on credit (loan), and the total number of such delays and duration thereof in days	
Scheduled credit (loan) payment period (date)	07/04/2029
Actual credit (loan) payment period (date)	06/06/2017
Other information on liabilities specified at the Issuer's discretion	None

Type and Identifying Characteristics of Liabilities	
10. Credit, Sberbank of Russia, Credit Agreement No. 5724 dated April 8, 2014	
Terms and conditions of the liability and information on its performance	
Name and location or full name of the creditor (lender)	Sberbank of Russia, Moscow, Russia
Principal debt as of the date the liability arose, rubles/foreign currency	RUB 2,776.364 million
Principal debt as of the end of the reporting quarter, rubles/foreign currency	—
Credit (loan) period, years	8
Average interest on credit or loan, % per annum	14.31
Number of interest (coupon) periods	32
Delays in payment of interest on credit (loan), and the total number of such delays and duration thereof in days	None
Scheduled credit (loan) payment period (date)	04/07/2022
Actual credit (loan) payment period (date)	05/10/2017
Other information on liabilities specified at the Issuer's discretion	None

Type and Identifying Characteristics of Liabilities	
11. Bonds of series BO-P01 State registration number and registration date: 4B02-01-55038-E-001P dated July 3, 2015	
Terms and conditions of the liability and information on its performance	
Name and location or full name of the creditor (lender)	Purchasers of securities of the issue
Principal debt as of the date the liability arose, rubles/foreign currency	RUB 5,000 million
Principal debt as of the end of the reporting quarter, rubles/foreign currency	RUB 5,000 million
Credit (loan) period, years	3
Average interest on credit or loan, % per annum	11.85
Number of interest (coupon) periods	6
Delays in payment of interest on credit (loan), and the total number of such delays and duration thereof in days	None
Scheduled credit (loan) payment period (date)	July 4, 2018
Actual credit (loan) payment period (date)	Existing
Other information on liabilities specified at the Issuer's discretion	None

Type and Identifying Characteristics of Liabilities	
12. Bonds of series BO-P02 State registration number and registration date: 4B02-02-55038-E-001P dated July 3, 2015	
Terms and conditions of the liability and information on its performance	
Name and location or full name of the creditor (lender)	Purchasers of securities of the issue
Principal debt as of the date the liability arose, rubles/foreign currency	RUB 5,000 million
Principal debt as of the end of the reporting quarter, rubles/foreign currency	RUB 5,000 million
Credit (loan) period, years	3
Average interest on credit or loan, % per annum	11.85
Number of interest (coupon) periods	6
Delays in payment of interest on credit (loan), and the total number of such delays and duration thereof in days	None
Scheduled credit (loan) payment period (date)	July 4, 2018
Actual credit (loan) payment period (date)	Existing
Other information on liabilities specified at the Issuer's discretion	None

Type and Identifying Characteristics of Liabilities	
13. Bonds of series BO-P03 State registration number and registration date: 4B02-03-55038-E-001P dated July 3, 2015	
Terms and conditions of the liability and information on its performance	
Name and location or full name of the creditor (lender)	Purchasers of securities of the issue
Principal debt as of the date the liability arose, rubles/foreign currency	RUB 5,000 million
Principal debt as of the end of the reporting quarter, rubles/foreign currency	RUB 5,000 million
Credit (loan) period, years	3
Average interest on credit or loan, % per annum	11.85
Number of interest (coupon) periods	6
Delays in payment of interest on credit (loan), and the total number of such delays and duration thereof in days	None
Scheduled credit (loan) payment period (date)	July 4, 2018
Actual credit (loan) payment period (date)	Existing
Other information on liabilities specified at the Issuer's discretion	None

Type and Identifying Characteristics of Liabilities	
14. Bonds of series BO-P04 State registration number and registration date: 4B02-04-55038-E-001P dated April 1, 2016	
Terms and conditions of the liability and information on its performance	
Name and location or full name of the creditor (lender)	Purchasers of securities of the issue
Principal debt as of the date the liability arose, rubles/foreign currency	RUB 15,000 million
Principal debt as of the end of the reporting quarter, rubles/foreign currency	RUB 15,000 million
Credit (loan) period, years	3
Average interest on credit or loan, % per annum	10.35

Number of interest (coupon) periods	6
Delays in payment of interest on credit (loan), and the total number of such delays and duration thereof in days	None
Scheduled credit (loan) payment period (date)	04/04/2019
Actual credit (loan) payment period (date)	Existing
Other information on liabilities specified at the Issuer's discretion	None

Type and Identifying Characteristics of Liabilities	
15. Bonds of series BO-P05 State registration number and registration date: 4B02-05-55038-E-001P dated June 9, 2017	
Terms and conditions of the liability and information on its performance	
Name and location or full name of the creditor (lender)	Purchasers of securities of the issue
Principal debt as of the date the liability arose, rubles/foreign currency	RUB 10,000 million
Principal debt as of the end of the reporting quarter, rubles/foreign currency	RUB 10,000 million
Credit (loan) period, years	3
Average interest on credit or loan, % per annum	8.2
Number of interest (coupon) periods	6
Delays in payment of interest on credit (loan), and the total number of such delays and duration thereof in days	None
Scheduled credit (loan) payment period (date)	06/12/2020
Actual credit (loan) payment period (date)	Existing
Other information on liabilities specified at the Issuer's discretion	None

Type and Identifying Characteristics of Liabilities	
16. Loan, RusHydro Capital Markets DAC, Loan Agreement dated September 26, 2017	
Terms and conditions of the liability and information on its performance	
Name and location or full name of the creditor (lender)	RusHydro Capital Markets DAC 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1 Ireland
Principal debt as of the date the liability arose, rubles/foreign currency	RUB 20,000 million
Principal debt as of the end of the reporting quarter, rubles/foreign currency	RUB 20,000 million
Credit (loan) period, years	5
Average interest on credit or loan, % per annum	8.125
Number of interest (coupon) periods	10
Delays in payment of interest on credit (loan), and the total number of such delays and duration thereof in days	None
Scheduled credit (loan) payment period (date)	09/28/2022
Actual credit (loan) payment period (date)	Existing
Other information on liabilities specified at the Issuer's discretion	None

17. Loan, RusHydro Capital Markets DAC, Loan Agreement dated February 13, 2018	
Terms and conditions of the liability and information on its performance	
Name and location or full name of the creditor (lender)	RusHydro Capital Markets DAC 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1 Ireland

Principal debt as of the date the liability arose, rubles/foreign currency	RUB 20,000 million
Principal debt as of the end of the reporting quarter, rubles/foreign currency	RUB 20,000 million
Credit (loan) period, years	3
Average interest on credit or loan, % per annum	7.4
Number of interest (coupon) periods	6
Delays in payment of interest on credit (loan), and the total number of such delays and duration thereof in days	None
Scheduled credit (loan) payment period (date)	February 15, 2021
Actual credit (loan) payment period (date)	Existing
Other information on liabilities specified at the Issuer's discretion	None

2.3.3. Liabilities of the Issuer under Security It Has Provided

Unit of measurement: rubles

Indicator description	as of December 31, 2017	as of March 31, 2018
Total amount of security provided by the Issuer (amount of outstanding commitments for which the Issuer provided security if in accordance with conditions of the security provided performance of the relevant commitments is secured in full)	82,915,821,375.56	53,241,665,518.36
Amount of security provided by the Issuer for liabilities of third parties	82,915,821,375.56	53,241,665,518.36
Amount of security provided by the Issuer in the form of a pledge	25,642,903,370.59	25,642,903,370.59
Including for third-party obligations	25,642,903,370.59	25,642,903,370.59
Amount of security provided by the Issuer in the form of sureties	57,272,918,004.97	27,598,762,147.77
Including for third-party obligations	57,272,918,004.97	27,598,762,147.77

Information on each case of providing security in an amount equal to or exceeding five percent of the balance sheet value of the Issuer's assets as of the end of the relevant reporting period: ***There are no such liabilities as at the reporting date.***

Issuer's exposure to risk associated with nonperformance or improper performance of secured liabilities by third parties shall be evaluated as negligible.

2.3.4. Other Liabilities of the Issuer

Other liabilities (including any agreements of the Issuer, including forward deals) not recognized in the accounting (financial) statements that could materially affect the Issuer's financial status, liquidity, sources of financing, terms and conditions of use thereof, performance results, or expenses: ***none.***

2.4. Risks Inherent to the Acquisition of the Equity Securities Being Placed (Placed)

The Issuer's risk management policy:

Detailed analysis of risk factors related to the acquisition of the equity securities being offered, in particular:

Industry risks

Country and regional risks

Financial risks

Legal risks

Risk of loss of reputation (reputational risk)

Strategic risk

Risks related to the Issuer's activities.

Emerging wholesale and retail markets for electricity and power have a higher risk level than developed markets of other products and services and include significant legal, economic, and—due to their high social significance for the country—political risks. The dynamic development of these markets allows us to suppose with a high degree of certainty that the information contained herein may become outdated rather quickly. The current information uncertainty due to the dynamic change of factors may influence the Issuer's future activity, the possibility of the sale of its assets, and compliance with the terms of payment on its liabilities. Investors should take this uncertainty into account when assessing their own risks and making a decision on the expediency of investments. In addition, some risks that are not material at the moment may become material in future.

To optimize risks, the Issuer continually works to detect, assess, and monitor them as well as to develop and apply risk response measures and manage business continuity and aspires to comply with international and national risk management standards and best practices (National State Standard R ISO 31000-2010, COSO ERM 2004, the Corporate Governance Code of the Central Bank of the Russian Federation, the guidelines of the Federal Property Management Agency and the Ministry of Finance in the field of risk management and internal control, etc.).

External assessment of the effectiveness of the corporate system of internal control and risk management is conducted regularly in the course of the audit of the implementation of RusHydro Group's Long-Term Development Program, external auditing of financial statements, surveying of RusHydro Group facilities, obligatory due diligence within the framework of the assessment of merger and acquisition transaction risks, and comprehensive assessments of the effectiveness of the internal control and risk management system of the Company by independent invited experts.

The quality of the Issuer's risk management system is regularly confirmed by the independent jury of international competitions. In particular, the Issuer was previously pronounced the winner in such categories as Best Comprehensive Risk Management Program and Best Risk Manager of Russia by the Russian Risk Management Society RusRisk, a Russian national association of risk managers that is a member of the Federation of European Risk Management Associations (FERMA). In June 2015, at the 13th international professional forum Risk Management in Russia and the CIS, RusHydro's risk management program won the annual competition Best Risk Management 2015 in the category Production Organizations. In November 2015, the Company participated in the KPMG study "Risk Management Practices in Russia: Strengths and Areas for Development." The results of the study are presented at <https://assets.kpmg.com/content/dam/kpmg/pdf/2015/11/S.CG.10r.pdf>. As this study demonstrated, many of the best practices of corporate risk management applied at major Russian companies are used at PJSC RusHydro (the integration of risk management into the company's development strategy, collection and accumulation of statistical data, interaction between departments, involvement and active participation of key stakeholders, and improved quality of information on key risks).

By the Decision of the Management Board of the Company dated November 28, 2014 (Minutes No. 884pr), the Development Program for the Corporate Internal Control and Risk Management System of RusHydro Group was approved.

The Issuer's risk management activities are associated with the need to reconstruct operating generating facilities and construct new ones, including:

- Improving the reliability, safety, and cost-effectiveness of equipment by means of full renovation of worn-out main or auxiliary equipment*
- Increasing the technical and economic characteristics of HPPs for operating on a competitive electric power market, reducing repair costs, and increasing operational efficiency by implementing programs to reduce production costs and increase cost-effectiveness*
- Implementing a balanced financial policy*
- Continuous analysis of the electricity market environment*
- Creation of a competitive environment in the procurement of works and services*

The Issuer's risk management policy:

The Issuer's risk management policy involves the timely recognition and prevention of potential risks to minimize losses. In October 2015, the Audit Committee of the Board of Directors of RusHydro approved a new version of the Internal Control and Risk Management Policy of PJSC RusHydro that was approved by the Board of Directors of PJSC RusHydro on November 13, 2015 (Minutes No. 227 dated November 16, 2015). The Issuer's activities for managing specific risks are stated in Clauses 2.4.1–2.4.7 of this Quarterly Report.

2.4.1. Industry Risks

The influence of a possible deterioration of the situation in the Issuer's industry on its activities and performance of liabilities under securities. The most significant possible changes in the industry (separately in the domestic and foreign markets) according to the Issuer shall be given, as shall the prospective actions of the Issuer in this case.

Foreign markets:

The Issuer is exposed to comparatively moderate external industry risks. According to the international rating agency Moody's, the annual default frequency in the electricity sector in 2017 was 5.4% and has not exceeded 8% within the last ten years (see Moody's Investors Service, Special comment: Annual Default Study: Corporate Default and Recovery Rates, 1920–2017).

In 2017, RusHydro took 91st place (compared to 127th in 2016) in the ranking of the 250 leading energy companies of the world according to Platts (2017 Platts Top 250 Global Energy Company Rankings).

In composing the ranking, the financial performance of public enterprises of the energy sector with total assets of more than USD 5 billion is used. The assessment is based on the following financial metrics: value of assets, earnings, profit, and return on invested capital for the last financial year.

Domestic markets:

The Issuer is exposed to industry risks mainly due to possible changes in the electric power industry.

On the one hand, a decrease in the uncertainty of the Issuer's operation on the wholesale power market associated with the 2015 transition to a long-term capacity auction model required by the Rules of the Wholesale Electricity and Power Market (Approved by Regulation of the Government of the Russian Federation No. 1172 dated December 27, 2010) is to be noted. As a result of the capacity auction held in 2015–2016, the price of power for the period to 2020 (inclusive) was defined. The increased predictability of prices for future periods reduces the level of industry risk.

Within the framework of continuous reforms of the electricity industry, the norms regulating the Russian capacity market, including the norms applied to market liberalization, specification of electricity tariffs, the functioning of the capacity market, and relationships between power manufacturers and off-takers, are subject to continuous material changes. Since the official beginning of the reform in July 2001, the implementation term of the reform's stages and the scope of these stages have changed several times.

As part of risk management operations, the Issuer undertakes the necessary measures to create a legal framework for the electricity and power market that is favorable to the Issuer. To attain this goal, the Issuer is involved as an expert in the process of drafting legal acts in the field of electricity at the sites of governmental authorities, including the Ministry of Energy of the Russian Federation, the Federal Antimonopoly Service, the State Duma of the Federal Assembly of the Russian Federation, the Association NP Market Council, etc.

Along with the existing risks inherent to the Russian electricity and power market, a large number of operational, commercial, engineering, management, regulatory, and other risks may arise that are difficult or impossible to foresee at present and that are beyond the control of the Issuer. Such changes and the associated uncertainty may have an adverse material effect on the Issuer's business activity, its income, and the results of its operations.

The Issuer is exposed to the risk of increased competition on the retail market due to the increased activity of power supply companies aspiring to render services to large off-takers. To manage that risk, the Issuer is focused on work with its customer base. Measures for eliminating risk connected with the loss of off-takers include:

- *Building individual relationships with large off-takers*
- *Promotion of the company on key off-taker markets*
- *Transition to new relationships with customers: improving the quality of service, consideration of the needs and expectations of off-takers, and strict observance of commitments*
- *The Issuer's retail companies retaining the status of a guaranteeing supplier for concentration of the customer base and reduction of costs per energy unit*

According to the Issuer's assessment, a deterioration in the situation in the industry may be associated with the following risk groups:

1. Operational (production) risks related to wear and tear, violation of operating conditions, and critical changes in the operating parameters of equipment. Materialization of such risks may result in equipment breakdown (emergencies) and destruction of facilities. Systemic emergencies may result in division of the power system, rolling blackouts of off-takers, and operation of the main equipment under critical conditions.

Hydroelectric power plants are essential for ensuring the required quality of power supply, covering uneven sections of daily load curves and acting as a short-term operative and emergency power reserve.

The unsatisfactory condition of equipment due to wear and tear is one of the main causes of operational risks, the most important of which are:

- *A decrease in the operational and economic indicators of the HPP*
- *The risk of breakdowns resulting in underproduction of electric power and grave environmental and social effects*
 - *Operation of technical equipment at hazardous production facilities (operation of pressurized lifting devices and equipment) of the branches of RusHydro beyond the normative term that significantly increases the risk of breakdowns and accidents occurring at the hazardous production facilities*
 - *Risk of personnel injury and death*

Moreover, the Issuer's equipment is to a large degree susceptible to natural disasters, technical failures, etc. These factors may lead to a decrease in the reliability of equipment and an increase in the likelihood of failures and the cost of maintenance.

Actions for the management of these risks:

Management of the industrial operational risk of RusHydro's branches forms the basis for the Issuer's decision-making on feasibility matters when planning programs for technical work on equipment (as part of prospective technical reconstruction and modernization, repair, and maintenance programs).

To manage the risks related to production assets' reliability more effectively, RusHydro actively implements various methods of risk management, including implementation of technical policy requirements.

The probability of equipment failure is assessed as average for the industry. All the Issuer's main production facilities are insured. In addition, a set of measures is being implemented to maintain the reliability of the equipment and facilities at an adequate level, namely:

- Planned repair works are being carried out in full.

- The Technical Policy approved by a decision of the Board of Directors (Minutes No. 133 dated September 5, 2011) and based on the principle of achieving the Issuer's strategic aims, integrated management of the Issuer's engineering system, and the transparency and economic feasibility of adopted engineering decisions is applied in the Company. In 2011, the Board of Directors approved the Program of Complex Modernization ("PCM") for Generating Facilities for 2012–2025. Its aim is to maintain the long-term reliability and safety of the generating facilities of RusHydro. In 2017, capacity gain due to the implementation of the PCM was 42.5 MW. Modernization of equipment is accompanied by improvement of operational and environmental performance. As a result of the implemented measures, generation of electricity by the power plants of RusHydro Group in 2017 increased (+1.7% to 2016) to 126.96 billion kW·h (excluding the output of PJSC Boguchanskaya HPP (a joint venture of RusHydro and UC RUSAL)). The new turbines and generators, designed and manufactured in accordance with the current level of power engineering, have higher efficiency, a longer run, require lower repair costs, and are more reliable and secure.

- Modern methods of diagnostics without equipment shutdown are being implemented.

- The structure and volumes of spare parts are being optimized.

- Competitive selection of service and supply organizations is carried out to improve the quality of services and materials provided, increase contractors' responsibility, and reduce the cost per unit.

Risk management in the area of compliance with industrial safety requirements in the overall structure of the management of production risk of RusHydro branches is ensured on the basis of an effective system of in-process monitoring of compliance with industrial safety requirements at hazardous production facilities in the branches of RusHydro developed on the basis of the industrial safety requirements of federal legislation.

2. Environmental risks that consist in the possibility of oil leakage into bodies of water from the hydroelectric generating set of HPPs and the possibility of exceeding dam (reservoir) benchmarks in the upstream and downstream pools

Fines for possible oil leakages will not affect the creditworthiness of the Issuer, so this risk may be considered to be insignificant. Furthermore, during the implementation of actions called for by the prospective technical reconstruction and modernization program, the Issuer is replacing the elements and nodes of hydraulic turbines with modern ones whose design ensures the high environmental performance of the production process. An example of this is the modernization of hydraulic turbines at Zhigulevskaya HPP. In December 2017, the last updated hydroelectric unit with station number 20 was included in the unified energy system of the country. The modernization of the equipment prevents even the hypothetical possibility of oil entering the water.

The rising of the storage reservoir water level in the upper or lower benchmarks could result in the flooding of riparian zones where production/residential facilities and natural complexes are located.

Actions for the management of these risks:

Regulation of the reservoir level is carried out in strict compliance with the schedule issued by the Interdepartment Operation Group. To prevent minor flooding, protective dikes and installations are used. It is the owners' responsibility to maintain them in proper condition and fortify deteriorating sections of dikes in a timely manner. The Issuer shall, for its part, inform water consumers in a timely manner, on the basis of meteorological forecasts for the flood period, of possible river levels to allow them to adopt the necessary protective measures.

To further improve the environmental protection management process that RusHydro implements on the basis of experience gained at various RusHydro Group facilities through implementation of the provisions of international standard ISO 14001, in April 2016, the Environmental policy of RusHydro was updated.

Due to the integration of JSC RusHydro and JSC RAO Energy Systems of the East, RusHydro Group's production operations have changed, which in turn has led to the development of a new version of the Environmental Policy that takes into account not only modern challenges and trends in the field of environmental protection, but also the specifics of the Company's hydropower and heat assets. In October 2017, public hearings of the new version of the RusHydro Group Environmental Policy took place. The hearings were attended by delegates from the environmental community, expert and scientific organizations, and the business

community, including WWF-Russia, RUIE, UC RUSAL, JSC EuroSibEnergo, PJSC Rosseti, Lomonosov Moscow State University, and others. Participants in the public hearings highly appreciated the open nature of the conduct of public dialog by the Company and the involvement of stakeholders in the processes of discussing significant strategic documents in the field of environmental protection and ecology.

The introduction of the new version of the policy will allow the Issuer to increase the level of environmental safety of existing generation facilities and those being created by minimizing the negative impact on the environment and ensuring the preservation of a favorable environment for present and future generations.

Environmental audits of Company branches are performed on a regular basis. Recommendations issued as a result of environmental audits are implemented in accordance with the Nonconformity Elimination Action Plan.

In October 2017, RusHydro was the winner of the Third All-Russian MediaTEK competition in the category "Social and Environmental Initiative."

RusHydro has won the MediaTEK competition for three years in a row. In past years, the Information Coverage Project of All-Russian Competitions of Operation Personnel of Hydroelectric Power Stations, the Bureya Compromise, and charitable ecological projects were honored.

RusHydro is among the top ten leaders of the rating "Environmental Initiatives of Russian Companies in the Media. Mining and Metallurgy" prepared by the Modern Media Research Institute in collaboration with the TV channel "Living Planet" at the end of H1 2017.

3. Risks related to construction of proprietary power supply facilities by large offtakers

One of the objectives of the reform of the Russian power industry is to create competition within the Russian electric power generation and energy services sectors. Construction of proprietary power supply facilities by large offtakers may result in increased competition and reduction of the Issuer's future power production and sales volumes.

To reduce this risk, the Issuer is working actively with its offtakers to establish mutually advantageous and long-term relations.

Additional actions taken by the Issuer for the mitigation of said risks:

- Increasing operating performance through implementation of a program to reduce operating costs and save money
- Working to increase the share of long-term contracts for energy services in the total volume of executed contracts
- Implementation of a balanced financial policy by the Issuer

4. Risks related to the uncertainty of power generation ("water content" risk) and the demand forecast

The risk of power generation uncertainty for the Issuer consists in the impossibility of precisely forecasting the volumes of power that will be generated in the mid-term and long-term. This risk mainly affects the Issuer's fulfillment of its commitments for electricity supply on the wholesale electricity and power market. The Issuer may face the inability to supply the electricity required by contracts and, as a consequence, may have to buy additional volumes at higher prices on the wholesale market.

The Issuer may also face the risk of annual, seasonal, and daily fluctuations of energy demand owing to weather conditions and other factors. Demand for electricity is usually higher from October to March because of longer nights and colder weather and, when considering a 24-hour period, during working hours. Taking into account the flexibility of HPP production capacity, this leads to maximum involvement of the Issuer's production capacity in adjustment during the periods indicated. In connection with this, the Issuer may face the risk of economically inefficient capacity utilization during periods of high demand for electricity and the inability to compensate for lost revenue over a period of decreased demand for electricity due to the limited amount of drawdown of reservoirs.

The Issuer's actions for managing these risks:

This risk is mitigated as part of the production and sales activities of RusHydro through the following:

- Protection of the HPP's interests at the Interdepartment Operation Groups of the Federal Water Resources Agency
- Execution of hedging bilateral agreements on the day-ahead market (including for the purchase of electric power to secure liabilities)

In light of the foregoing, the Issuer believes that a possible decline in the Issuer's industry, adverse changes in the operation and production process, and construction of proprietary power supply facilities by large offtakers may affect the Issuer but should not substantially affect the fulfillment of its commitments under its securities.

5. Risks related to possible changes in prices for raw materials and services used by the Issuer (separately on domestic and foreign markets) and their influence on the Issuer's activities and fulfillment of commitments under securities

Foreign markets:

The risks inherent in the volatility of global prices for raw materials and services used by the Issuer in its activity have no impact on the Issuer's activity, as the share of import deliveries is insignificant for the Issuer.

Domestic markets:

Since the main raw material for the Issuer in the production of electricity is water resources, and an excess of the water tax rate over the price of electricity is not foreseen, the risks associated with a possible change in the prices of raw materials are insignificant.

6. Risks related to a rise in prices for equipment and other material and technical resources used by the Issuer in its activity

Foreign markets:

Risks related to the volatility of global prices for equipment and other material and technical resources used by the Issuer in its activity have no impact on the Issuer's activity, as the share of imports in equipment cost is insignificant.

Domestic markets:

These risks are principally due to inflationary processes in the national economy and may be minimized by the following measures:

- *Improvement of operational efficiency through the implementation of programs for reducing production costs (creation of competition in the works and services procurement sector, conclusion of fixed-price contracts, optimization of costs for repair and maintenance, capital construction, etc.)*

- *Implementation of a balanced financial policy as regards compliance with repayment discipline to mitigate insolvency risks and maintenance of the financial stability of the Issuer and compliance with standards of business planning*

This risk should not materially influence the performance of the Issuer's liabilities under securities.

7. Risks related to possible changes in prices for the Issuer's products and/or services (separately on the domestic and foreign markets), their influence on the Issuer's activities, and the fulfillment of liabilities under securities

Foreign markets:

The Issuer does not export electricity to foreign markets; consequently, there are no risks related to possible changes in prices for products and/or services on foreign markets.

Domestic markets:

The most significant risks for the Issuer are those related to a possible decrease in sales prices for electricity and power on the wholesale market. Materialization of these risks leads to a decrease in revenue for the Issuer.

At present, the abovementioned risk is assessed as insignificant.

8. The influence of a possible deterioration of the situation in the Issuer's industry on its activities and performance of commitments under securities

Foreign markets:

The Issuer does not export electricity to the foreign market; therefore, no risks associated with a possible deterioration of the situation in the global power industry that do not affect the Russian market exist for the Issuer.

Domestic markets:

The Issuer is the largest hydropower company in Russia. The Issuer believes that a possible decline in the Issuer's industry, adverse changes in the operation and production process, and construction of proprietary power supply facilities by large off-takers may affect the Issuer, but should not substantially affect the fulfillment of its commitments under securities.

2.4.2. Country and Regional Risks

Risks related to the political and economic situation in the country (countries) and the region where the Issuer is registered as a taxpayer and/or performs its primary activity, provided that the primary activity of the Issuer in such country (region) brings in 10 or more percent of income for the last complete reporting period

Country Risks

The economy of the Russian Federation is not protected against market recessions or slowdowns in global economic development. A decrease in the volume of foreign investments in the Russian economy and the vulnerability of the Russian economy to changes in international prices for energy carriers may lead to material restrictions on the Company's access to capital and adversely affect the purchasing ability of the Company's off-takers.

Furthermore, due to the global financial market crisis and a slump in industrial production, there is a risk of a drop in demand for power, which may lead to a reduction in sales volumes and in the Issuer's revenue, as well as a risk of the growth of accounts receivable due to nonpayment by power off-takers.

Exposure to country risk may be indirectly assessed by credit rating, with some assumptions (notwithstanding political risks for business).

The long-term rating of Russia with regard to liabilities in foreign currency as of the end of Q1 2018 is at the level of BBB– (Standard & Poor's), Ba1 (Moody's), and BBB– (Fitch). Last time, the credit rating of the Russian Federation was changed in February 2018 when the international rating agency Standard & Poor's improved the sovereign credit rating of the Russian Federation from speculative (BB+) to the investment level (BBB–).

According to analysts, the external risks for the Russian Federation have decreased, and the Russian economy is adjusting to low global market prices for raw materials. A downgrade of ratings may occur if geopolitical developments lead to a tightening of sanctions by foreign states against the Russian Federation.

Political Risks

Due to the tightening of control on the part of the power industry regulatory agencies, the Issuer is taking necessary steps to avoid the detrimental effect of the abovementioned risks on its activity. In particular, key attention is being paid to ensuring the transparency and reliability of procedures for controlling the expenditure of budgetary funds during the implementation of the Issuer's investment program, as well as implementing the risk management measures described in this section.

Regional Risks

The Issuer is registered as a taxpayer in the Krasnoyarsk Krai; however, its production assets are located and its activities are carried out in a number of regions of the Russian Federation. There are specific risks associated with two of these: risks associated with possible terrorist activity are relevant for the North Caucasus, and the Far East region is characterized by seismic activity and difficulties with the accessibility of a number of territories. Measures are being taken with regard to these risks; these measures are described in later sections. Overall, the risk is assessed as insignificant.

The planned actions of the Issuer in the event of the adverse effect of changes in the situation in the country(s) and the region(s) on its activities:

In the event of a significant restriction of the Issuer's access to capital, the Issuer intends to carry out all actions aimed at reducing the impact of such events on its activities by optimizing the use of leverage.

To diversify the country risk, cooperation with European, Asian, and Latin American affiliates is developing in accordance with previously-signed intercompany agreements.

It is also worth noting the growing volume of interaction of the Russian Federation with affiliates in the SCO and BRICS, the establishment of new financial institutions, and the inflow of capital of the given affiliates into the country, which reduce country risk.

To ensure maximum transparency of expenditure of budgetary funds allocated by the state for the development of the power industry of the Far East, PJSC RusHydro has formed a conduit to the Ministry of Economic Development, the Ministry of Energy, and the Accounts Chamber of the Russian Federation to continuously assess and analyze the progress of the project, check the effectiveness of capital investments, and monitor targeted use of funds. Transparency of the use of funds is ensured by Sberbank through a system of separate bank accounts opened for each participant of construction. Independent pricing and technological audit of the design and estimate documentation for each facility are carried out by engineering companies selected by Sberbank on a competitive basis. More information on the parameters of the target budget spending control system can be found in the special "Development of the Power Industry of the Far East" section of RusHydro's website at: http://www.rushydro.ru/activity/razvitiye_energetiki_dalnego_vostoka/.

Changes in the situation in the country and regions of the Issuer's activities, the nature and frequency of such changes, and risks inherent thereto are difficult to predict, as is the case with their effect on the future activities of the Issuer. Most of these risks are beyond the control of the Issuer due to their global scale. In the case of the destabilization of the situation in the Russian Federation or the regions that could adversely affect the Issuer's activities, the Issuer's management will undertake a set of measures for crisis management to mitigate the adverse effect of the situation on the Company to the greatest possible extent.

Risks related to possible military conflicts, declaration of a state of emergency, or strikes in the country (countries) and region where the Issuer is a tax resident and/or carries out its principal activities

In the case of possible military conflicts, as well as the threat of terrorist attacks on the Issuer's facilities (including under the conditions of an aggravated international situation), there are risks of danger to the lives of personnel and breakdown of capital assets. The Issuer's region of registration and most regions of the Issuer's activities are characterized by a peaceful political situation. The probability of military conflicts and the declaration of a state of emergency or strikes in these regions is minimal, except for constituent entities of the Russian Federation located on the border with Ukraine and in the North Caucasian Federal District. In connection with the possible escalation of the Georgian-Ossetian conflict, the said risk may arise in a region of the Issuer's activities, the Republic of North Ossetia-Alania.

As a result of sabotage at the Baksanskaya HPP (July 21, 2010) and detection of an explosive device at the Irganayskaya HPP (September 7, 2010), the Issuer carried out a comprehensive reassessment of safety systems at each facility. Based on the results, a comprehensive plan for enhancing the protection of the Issuer's facilities has been implemented, as a part of which changes in the security program at the Issuer's plants, including those under construction, have been introduced.

In the case of materialization of this risk, the Issuer will take measures to mitigate the consequences thereof, including:

- Evacuation of personnel and construction machinery located in close proximity*
- Enhancement of the security of the Issuer's facilities by engaging additional forces, including the National Guard of the Russian Federation, in order to prevent risks*

Risks related to geographic features of the country(s) and region where the Issuer is registered as a tax resident and/or carries out its principal activities, including heightened danger of natural disasters, possible cessation of transportation due to remoteness and/or inaccessibility, etc.

Generally, the regions of the Issuer's activity are characterized by a well-developed transport infrastructure and are not exposed to risks connected with interruption of transportation. However, some generating assets of the Issuer are located in remote areas with a severe, harsh climate, including in Krasnoyarsk Krai and some areas of the Far Eastern Federal District. The Issuer is constantly working to improve technologies for access to and work in the severe climatic conditions of these areas. However, there is no guarantee that the Issuer will not incur additional expenses in overcoming technical difficulties associated with the climate and accessibility of these areas, which may exert a negative influence on the Issuer's business, income, financial standing, performance, and prospects. For the foreseeable future, these risks are assessed by the Issuer as insignificant.

Risks related to geographic features of regions also include risk of losses (for instance, those caused by the breakdown of capital assets) in connection with seismic activity, avalanches, and mudslides, possible landslides and rain-caused floods, and other adverse weather conditions (tornadoes, heavy snowfalls, frost, etc.). The majority of the Company's facilities are located in seismically quiet regions; however, such facilities as the Pauzhetskaya GeoPC and the Verkhne-Mutnovskaya GeoPC are located in an earthquake zone with potential magnitude of up to 9 on the Richter Scale. An emergency action plan in the event of earthquakes has been developed, with continuous monitoring of the situation. Transport issues are being elaborated in advance with a focus on the aforesaid risk, and the cargo and personnel delivery scheme is being optimized.

2.4.3. Financial Risks

Exposure of the Issuer to risks related to change in interest rates and foreign currency exchange rates due to the activity of the Issuer or due to hedging performed by the Issuer with a view to reducing the adverse effects of the above risks.

Exposure of the Issuer's financial standing, its liquidity, sources of financing, performance, etc., to change in the currency exchange rate (exchange risks).

The financial status of the Issuer, its liquidity, sources of financing and performance results do not depend heavily on foreign exchange differences and interest rate changes.

The Issuer sells power on the domestic market of the Russian Federation. Settlements with suppliers of resources and accrual and receipt of payments from power offtakers are performed mostly in the currency of the Russian Federation (rubles). The influence of the volatility of the exchange rate of the national currency of the Russian Federation on the Issuer's financial status is assessed as insignificant.

The Issuer's liabilities are also primarily denominated in rubles. For this reason, the exposure of the Issuer to the risk of foreign exchange fluctuations is assessed by the Issuer as immaterial.

Expected actions of the Issuer in the event of the negative impact of changes in the currency exchange rate and interest rates on the Issuer's activity

The credit portfolio of RusHydro features loans with fixed interest.

Due to aggravation of the international situation, economic sanctions, and other force majeure events, there is a possibility of increased risks connected with the Issuer's difficulties in gaining access to loan funds of foreign contracting parties, an increase in the value of the Issuer's debt liabilities, and losses due to an increase in the foreign exchange rate and interest rates. Control of these risks consists of decreasing limits for counterparty banks with reduced ratings, stress testing of possible losses due to the growth in the euro exchange rate under the currency and interest risk management methodology approved by the Issuer, and legal support of the contract base.

Information on credit ratings assigned by the leading rating agencies to the Issuer is presented in clause 8.1.6 of this Quarterly Report. Reports of rating agencies for 2017 noted the improvement of indicators for the operating activities, solvency, and financial stability of RusHydro Group as well as the expectation that they will maintain their positive dynamics; the high level of liquidity of the company, including confirmed financing

limits at the largest Russian banks and access to the capital market; the strong market positions of RusHydro in the industry; and the preservation of a high level of support from the state. This positive trend continued in 2018. In the end of 2018, Standard & Poor's increased the credit rating of RusHydro to the investment level "BBB-".

Influence of inflation on payments under securities.

The inflation rate directly depends on the political and economic situation in the country. Inflation rate dynamics are connected with the general dynamics of change in interest rates.

The adverse effect of inflation on the financial and economic activities of the Issuer may be expressed in the following risks:

- *Risk of loss related to a decrease in the actual value of accounts receivable in the case of significant deferral or delay in payment*

- *Risk of increase in the value of the Issuer's liabilities*

- *Risk of increase in the cost of products, works, and services due to an increase in prices for energy carriers, transport expenses, salaries, etc.*

- *Risk of reduction of the actual value of funds raised for financing the investment program*

Inflation growth may lead to an increase in the Issuer's costs as a consequence of a drop in earnings and in the profitability of the Issuer's activities. Moreover, inflation growth is associated with an increase in the cost of borrowed funds for the Issuer, which is characterized by a risk of shortage of current assets of the Company.

The critical value of inflation, in the opinion of the Issuer, as well as the proposed actions of the Issuer to reduce the abovementioned risk.

Taking into account the level of potential earnings of the Issuer's activity, the critical inflation level under which the Issuer would have difficulties is equal to at least 20% per annum.

According to the data of the Federal Statistics Service of Russia (Rosstat), the annual inflation rate in the Russian Federation (CPI) reached its lowest level since 1991 in 2017: 2.5%, vs. 5.4% in 2016 and 12.9% in 2015. According to the forecast of the socioeconomic development of the Russian Federation for 2018 and the planning period of 2019 and 2020 published by the Russian Ministry of Economic Development, the annual inflation rate is estimated at no higher than 4.3% in 2018 for all forecast variants.

Based on the results of Q1 2018, inflation in Russia amounted to 2.2%–2.3% year on year.

In the event of an increase in inflation, the Issuer plans to raise current asset turnover by amending contractual relations with its offtakers.

Indices of the Issuer's financial statements most subject to change as a result of the aforesaid financial risks. Risks, the probability of their occurrence, and the nature of changes in statements

Risk	Probability	Indices of financial statements most subject to change as a result of the said financial risks	Nature of changes in statements
Increase in loan rates of banks	Low	Balance sheet (form No. 1): 1) Accounts payable (other creditors) Statement of Financial Performance (form No. 2): 1) Interest payable 2) Net earnings	Decrease in earnings, increase in debt service costs
Exchange risk	Medium	Balance sheet (form No. 1): 1) Accounts receivable 2) Accounts payable 3) Cash Statement of Financial Performance (form No. 2): 1) Other income and expenses 2) Net earnings 3) Interest payable	Growth of investment costs, increase in accounts payable, growth of other expenses, increase in expenditures connected with interest and reduction of net earnings
Inflation risks	Low	Statement of Financial Performance (form No. 2): 1) Other expenses 2) Cost of goods, products, works, and services sold 3) Net earnings	Earnings decrease

2.4.4. Legal Risks

Since the generation and purchase and sale of electric power and capacity are the core business of the Issuer, legal risks concerning regulation of this type of activities may significantly affect the Issuer's status; namely, they may lead to a decrease in the Issuer's net earnings. A decrease in the Issuer's net earnings, in turn, may lead to a decrease in the amount of the dividend payable.

Risks related to changes in currency control

Domestic markets:

Considering that the Issuer's export of products is insignificant, the risk of changes to currency regulation should be deemed insignificant.

Foreign markets:

Considering that the Issuer's import of products is insignificant, the risk of changes to currency regulation should be deemed insignificant.

Risks related to amendments to tax laws

Domestic markets:

The tax system of the Russian Federation is characterized by a large number of taxes and frequent changes in regulations. Russian tax legislation is subject to varying interpretations and frequent changes. Laws and regulations often include unclear and contradictory wording and allow varying interpretation of the same matter. As a consequence, tax authorities often have different views on the interpretation of the same regulatory documents at different levels. Therefore, there is a chance that operations and activities that have never been contested may be contested. Tax audits may cover the activities of the three calendar years immediately preceding the year of the audit. Under certain circumstances, audits may cover longer periods.

Amendments to the tax legislation as regards an increase in the tax rates or changes to the procedure and terms of tax calculation and payment may result in a decrease in the net earnings of the Issuer, which, in turn, may lead to a decrease in the amount of dividend payable. The Issuer considers these risks insignificant.

Foreign markets:

Risks related to amendments to tax law are considered minimal. These risks influence the Issuer to the same extent as they do other market participants.

Legal risks related to changes in customs clearance regulations and duties

Domestic markets:

Considering that the Issuer's export of products is insignificant, the risk of changes in customs regulations and duties shall be deemed insignificant.

Foreign markets:

Considering that the Issuer's import of products is insignificant, the risk of changes in customs regulations and duties shall be deemed insignificant.

Risks related to changes in the requirements for licensing the Issuer's core business activity or for licensing the rights to use resources subject to commercialization restrictions (including natural resources)

Domestic markets:

Changes to requirements governing the licensing of the Issuer's principal activities may increase the term for the preparation of the documents necessary for prolongation of the license and may incur additional costs to ensure the Issuer's compliance with the established requirements. In general, this risk should be deemed insignificant, except in cases where requirements for the prolongation of the license or performance of the activities subject to licensing are stipulated with which the Issuer is unable to comply, or compliance with which is associated with excessive expenses, which may result in the cessation of these activities by the Issuer.

Foreign markets:

In the case of changes to the licensing requirements as regards the Issuer's principal activities, the Issuer will act in accordance with the new requirements, including obtaining the necessary licenses.

Risks related to changes in judicial practice pertaining to matters related to the Issuer's activities (including matters of licensing) that may adversely affect the results of its activities as well as the results of on-going litigations involving the Issuer

Domestic markets:

The Issuer monitors the changes in judicial practice. If any change in judicial practice in matters related to the Issuer's activity is introduced, the Issuer is intended to plan its business activity with regard to those changes. The risk is assessed as insignificant.

Foreign markets:

This risk affects the Issuer to the same extent as other market participants.

2.4.5. Risk of Loss of Reputation (Reputational Risk)

To mitigate this risk, the Issuer, together with stakeholders, organizes public events and special events for the media, analysts, and representatives of the investment community, regularly updates information on official web resources, prepares official comments on key issues of its activity, and regularly monitors the public space. A Public Activity Regulation and an Information Activity Regulation have been approved in RusHydro. The complex of measures being taken ensures constant broadcasting of reliable information in the public space on behalf of the Issuer, so this risk is assessed by the Issuer as insignificant.

2.4.6. Strategic Risk

Strategic risk is associated with the possibility of the Issuer incurring losses as a result of errors (deficiencies) in making decisions governing the Issuer's business activity and development strategy (strategic governance) and consisting in disregard or lack of regard of possible hazards that may threaten the Issuer's activity, incorrect or ill-founded identification of prospective areas of business activity in which the Issuer may gain an advantage over its competitors, or the absence or insufficiency of the necessary resources (financial, material and technical, or human) and organizational measures (managerial decisions) that should ensure the achievement of the strategic goals of the Issuer's activity.

RusHydro has implemented a strategic governance system built on the basis of:

- The Strategy*
- The Long-Term Development Program*
- Routine (tactical) planning procedures*
- Audit of implementation of the Long-Term Development Program*
- A KPI system*

Risk-mitigating control procedures for all elements of the strategic governance system are established and implemented by regulating and formalizing control procedures and by assigning liability for the implementation of control procedures to specific structural divisions and employees of RusHydro.

The Issuer's strategic governance system meets the requirements of Rosimushchestvo (the Federal Agency for State Property Management) for the formation of strategic planning systems in publicly-owned joint-stock companies (Letter of Rosimushchestvo No. OD-11/18576 dated April 29, 2014, "On the Development of Key Strategic Documents in Publicly-Owned Companies").

In connection with the high quality of strategic planning, prompt response to external, and an integrated approach, the Issuer assesses this risk as insignificant.

2.4.7. Risks Related to the Issuer's Activities

Description of intrinsic risks exclusive to the Issuer or related to the Issuer's main financial and economic activities

Risks related to current litigations in which the Issuer is involved:

There are no litigations involvement in which may materially affect the financial and economic activities of the Issuer.

Risks of the inability to renew any of the Issuer's licenses for any specific type of activity or to use any resources subject to commercialization restrictions (including natural resources):

The Issuer's activity does not require the receipt of licenses.

The Issuer does not use resources subject to commercialization restrictions (including natural resources) in its activity, does not engage in banking or insurance activities, and is not a securities market professional or an investment fund. The Issuer likewise does not extract commercial minerals and does not render communication services.

After the replacement of licensing of construction activities with obligatory membership in self-regulatory organizations (SROs), the subsidiaries of RusHydro carrying out the construction, reconstruction, and capital repair of objects of capital construction, the preparation of design documentation for objects of capital construction, and engineering surveys of facilities joined ENERGOPROJECT (a self-regulatory organization in the field of project activities), EnergoStroyAlyans (a self-regulatory organization in the field of construction activities), and AIIS (a self-regulatory organization in the field of engineering surveys).

The Issuer meets all license requirements in full and on time, and the Issuer does not foresee any difficulty in renewing the current licenses.

These risks are assessed by the Issuer as insignificant.

Risks related to the potential liability of the Issuer for the debts of third parties, including subsidiaries of the Issuer:

The Issuer acted as a surety for the liabilities of PJSC Boguchanskaya HPP under a loan provided by Vnesheconombank. On February 7, 2018, an Agreement for the termination of the suretyship agreement was signed by RusHydro and Vnesheconombank. Termination of the suretyship of RusHydro was supported by the lending bank because of the completion of construction and attainment of the designed power of the HPP and the stable positive results of the financial and economic activities of PJSC Boguchanskaya HPP, which demonstrated the ability to service and repay the loan on its own.

Liability for the debts of the Issuer's controlled may arise in cases stipulated by the applicable legislation of the Russian Federation—namely, if the Issuer's instructions that are binding for its controlled entities result in losses or the bankruptcy of such controlled entities. The probability of these risks materializing is low.

In connection with the acquisition of shares of JSC RAO Energy Systems of the East by the Issuer in 2011–2013 during the course of issuance, the Issuer has integrated all business processes of the two companies to detect and manage new risks. As a result, a project to create a corporate risk management system for JSC RAO Energy Systems of the East and its controlled organizations (the "Holding") in accordance with the requirements of the Issuer's Risk Management Policy was implemented.

Risks related to the possible loss of offtakers providing turnover amounting to at least 10 percent of the total revenues from sales of the Issuer's products (works, services):

Due to the fact that the Issuer sells practically all produced electricity on the wholesale market, this risk is insignificant.

Risks related to the existence of covenants in loan agreements.

In accordance with the terms and conditions of certain credit agreements, the Issuer is obliged to comply with financial and other restrictions imposed on it and its controlled organizations, limiting the ability of the Issuer and its controlled organizations, among other things, to pledge property or otherwise encumber it; acquire assets or invest; sell (alienate), transfer, or otherwise dispose of its assets or accounts receivable; carry out mergers or acquisitions; or make changes to its business or dividend payment policy. The terms of the loan agreements also require the Issuer to achieve certain financial ratios calculated on a consolidated basis according to RusHydro's financial statements under IFRS. The need to adhere to financial ratios and other restrictions may prevent the Issuer from performing a number of major transactions and executing its business strategies. In addition, such a violation by the Issuer and/or entities controlled by the Issuer of the restrictions specified in existing loan agreements may lead to default on this type of commitment, which in turn may create cross-default risks for other financial liabilities of the Issuer and/or its controlled organizations as regards the emergence for a number of creditors of the right to demand early repayment of debts to them. A consequence thereof may be a significant adverse effect on the business, income, financial standing, and performance of the Issuer and its ability to fulfill its liabilities, as well as to pay dividends.

The Issuer has formalized the process for monitoring compliance with covenants (a relevant local regulation is in force); when management decisions are made, these risks are assessed on an ongoing basis. The Issuer considers the likelihood of the materialization of these risks to be insignificant.

Other risks related to the Issuer's activities.

The Issuer takes active steps on an ongoing basis to prevent and counter corrupt practices and to mitigate corruption risks in the Company.

In June 2013, in pursuance of Order of the President of the Russian Union of Industrialists and Entrepreneurs No. RP-36, the Company was included in the register of members of the Anticorruption Charter of Russian Business (registration No. 11) adopted by the business community in 2012 for the purpose of implementing the National Plan for Countering Corruption (the "Charter").

The Charter was initiated by the Chamber of Commerce and Industry of the Russian Federation, the Russian Union of Industrialists and Entrepreneurs, the All-Russian Public Organization Delovaya Rossia, and the All-Russian Nongovernmental Organization for Small and Medium Entrepreneurship OPORA ROSSII.

The Company has fully accepted and complies with the following underlying principles of the Charter:

- *Implementation of anticorruption programs in corporate policy*
- *Monitoring and evaluation of their implementation*
- *Effective financial control*
- *The principle of publicity of anticorruption measures*
- *Renunciation of illegal advantages*
- *Participation in tenders based on the principles of transparency and competition*
- *Information countermeasures against corruption*
- *Cooperation with the state*
- *Facilitation of justice and observance of lawfulness and other measures*

For the purpose of confirming its conformity to the requirements of the Charter, the Company carries out regular (every two years) evaluation of anticorruption measures in accordance with the Guideline for the Methodology of Evaluating the Anticorruption Measures for the Purpose of Declaration and Public Confirmation of the Implementation of the Charter's Provisions in Organizations (approved by the United Committee on Implementing the Charter, Minutes No. 2 dated September 30, 2015) by submitting a Declaration of Compliance with the Charter to the Russian Union of Industrialists and Entrepreneurs.

In 2017, the Company once again confirmed the conformity of its anticorruption measures to the Charter's requirements, as a result of which the Issuer's participation in the Charter was prolonged for two years.

The Company also participates in the Companies Circle (the "Circle") set up by PJSC Moscow Exchange and the Organization for Economic Cooperation and Development (OECD) in the framework of the OECD Russia Corporate Governance Roundtable.

As a Circle member, the Company participates on an annual basis in studies on current issues of the organization of an internal control system and measures to counter corruption (compliance) in Circle member companies.

The anticorruption system of the Company is built in accordance with the legal regulations (acts) of the Russian Federation, applicable international laws, and Russian and international standards, and best practices for the purpose of implementing the governmental policy for countering corruption in the Company, mitigating corruption risks, and supporting open and honest business conduct by the Issuer.

The Company has approved a number of bylaws that set out the main goals, objectives, principles, and areas of activity for preventing and countering corruption and updates them on a regular basis, including: a Code of Corporate Ethics, an Anticorruption Policy, a Regulation on the Procedure for Preventing and Resolving Conflict of Interest, and a Regulation on the Procedure for Providing Notification on Gifts Received by RusHydro Employees in Connection with Protocol Activities, Business Trips, and Other Official Events.

For the purpose of countering corruption more effectively, RusHydro has developed and approved the Comprehensive Program of Anticorruption Activity for 2016–2019 (the "Program") that sets out the key lines of the Issuer's activity aimed at preventing and countering corruption.

Within the framework of the Program, the Company annually implements a complex of measures aimed at reducing corruption risks in the Company and ensuring the conformity of the Company's activity to the requirements of Russian and international laws in the field of countering corruption, including:

- Development and updating of the database of bylaws of the Company on countering corruption*
- Ensuring the openness and availability of information on the anticorruption policy implemented in the Company as well as employees' awareness of the requirements of anticorruption laws*
- Organization of work on verifying reports of illegal actions*
- Improvement and development of personnel training programs and conducting the training and testing of employees*
- Identification and prevention of conflict of interest in RusHydro Group Taking measures to eliminate identified conflict of interest, including annual collection and analysis of information about the income, property, and property liabilities of chief executives of RusHydro Group (and their relatives) who hold the positions exposed to corruption risks (declaration)*
- Improvement of the internal control system*

In Q1 2018, in the course of activities under the Program, the Company has introduced a number of bylaws developed and updated in December 2017:

1. In place of the RusHydro Anticorruption Policy approved by a decision of the Board of Directors of the Company dated April 7, 2016 (Minutes No. 235 dated April 8, 2016), and the RusHydro Policy for the Management of Conflict of Interest approved by a decision of the Board of Directors of the Company dated April 7, 2016 (Minutes No. 235 dated April 8, 2016), a new revision of the unified RusHydro Anticorruption Policy was put into effect (Minutes of the Board of Directors No. 263 dated December 28, 2017). It sets out the key principles, requirements, and areas of activity for preventing corruption and ensuring compliance with the anticorruption laws of the Russian Federation and includes provisions on the resolution of conflict of interest as one of the anticorruption measures.

2. A new revision of the Rules of Operation of the RusHydro Group Hotline (Order No. 898 dated December 21, 2017) that set out the uniform approach for the reception, review, and recording of reports received to the Hotline in RusHydro Group.

3. The RusHydro Regulation on Commissions for Compliance with the Rules of Corporate Ethics and Resolution of Conflict of Interest (Order No. 934 dated December 29, 2017) that sets out the objectives, powers, types, and the procedure for the formation and operation of Ethics Commissions and the procedure for their interaction.

In 2018, the activity of the RusHydro Central Commission for Compliance with the Rules of Corporate Ethics and Resolution of Conflict of Interest and of the commissions of its branches was started. Their main goal is to assist the Company:

– In enforcing the Company's compliance with Article 13.3 of Federal Law of the Russian Federation No. 273-FZ dated December 25, 2008, "On Countering Corruption" (the "Law No. 273-FZ") that concerns the Company's duty to take measures to prevent corruption and to prevent and resolve conflict of interest

– In ensuring employees' observance of limitations, prohibitions, and requirements for the prevention and/or resolution of conflict of interest and in ensuring their performance of the duties set forth in Law No. 273-FZ

– In ensuring employee's compliance with the code of corporate ethics

The Company has organized and maintains continuous operation of the Hotline (<http://www.rushydro.ru/form/>), an accessible communication channel for reports of employees and third parties (including anonymous ones) on matters related to countering fraud and corruption, suppressing illegal actions and conflicts of interest, and improving the Issuer's activity.

Measures to promote (popularize) the Hotline among the Company employees and counterparties are taken on a regular basis:

– Information on the Hotline is updated on the official website on a regular basis. (In January 2018, a new revision of the RusHydro Group Hotline Rules of Operation and the updated criteria for the review of incoming reports were also published.)

– Information on the Hotline is included in the anticorruption clauses in agreements with the Company's counterparties.

Every six months, the Issuer publishes reports on the Hotline's operation on its external website (number of reports received/reviewed/confirmed, their subject matter, and measures taken). In March 2018, a report on the results of the operation of the Hotline for 2017 was published.

RusHydro provides comprehensive assistance on an ongoing basis to law enforcement and controlling and supervisory agencies during inspections and requests for information on RusHydro's compliance with anticorruption laws, inter alia, by keeping documents and information containing data on corruption offenses and transferring them to the said agencies; during the investigation of instances of corruption; and during their inspections of the Company's activity aimed at preventing and countering corruption.

Furthermore, for the purpose of ensuring a uniform approach toward the organization of anticorruption activity, RusHydro Group organized the implementation of bylaws in the Company's controlled entities in the field of countering corruption and resolving conflict of interest that are similar to the Issuer's bylaws.

Risks related to the actions of third parties.

1. Nonfulfillment of commitments by the Issuer's counterparties within the term stipulated by a contract may result in power generating equipment not being commissioned on time, and that may affect power generation.

2. If defaults of the counterparties of the Issuer under contracts as regards the term of completion of works become widespread, this may cause an extension of the term for completion of repair works and lead to wear and tear on the plant and equipment, which could adversely affect the reliability of power plant equipment.

3. As a result of improper management and performance of works, counterparties may cause harm to plant equipment, which could result in emergency shutdowns of equipment, potentially affecting power generation.

4. Risks related to trade unions and the retention of qualified managerial personnel.

These risks are assessed as being immaterial due to significant efforts undertaken by the Issuer to retain and develop personnel, in particular, creation of a targeted order for specialist training, rebuilding of the human resources of the hydropower industry with secondary technical education, creation of "Young Hydropower Industry Worker" interest groups based on technical creativity centers for youth in the regions where the Issuer operates, and enhancement of interaction with specialized universities and scientific institutes.

Special attention is paid to increasing motivation, material and moral incentives, and social protection of staff.

RusHydro's policy regarding employees is based on the following principles:

- Increasing the qualification of employees through implementation of training programs*
- Offering its employees the best social packages in the electric power industry*
- Development of an employee motivation/incentive system for increasing the operational efficiency of the staff and the Issuer as a whole*

Due to the need for staffing for the commissioning of capacities of the main facilities of new construction as part of the implementation of the Issuer's investment program and the accomplishment of key objectives of the Issuer's production plan, such as maintaining the reliable and uninterrupted operation of facilities and increasing operating performance, and the mitigation of human factor risks by means of better professional training and staff accountability at all levels, in September 2010, the Company approved the Concept for the Early Development of the Company's Human Resources "From the New School to the Workplace" and a program for its implementation. The primary objective of the Program is to develop technical education, increase the prestige of technical professions, create the conditions for satisfying RusHydro's need for highly trained professionals to operate the capacities of RusHydro, both current and planned for commissioning, and maintain their reliable and uninterrupted operation.

The risk of the impossibility of concluding a labor agreement on conditions acceptable for employees is assessed by the Issuer as insignificant in the medium term. The risk of the inability to select qualified managerial personnel is minimized by the Issuer's measures for the creation of a candidate pool and the training of newcomers in specialized professions, for which a number of partner agreements with specialized universities have been concluded.

5. Occupational health and safety

Powers, responsibilities, and accountability in the occupational health and safety management system at facilities are distributed from the site manager to employees in accordance with administrative and functional subordination under local administrative and regulatory documents (acts) of the facilities (orders, regulations, procedures).

At RusHydro, occupational safety standards for all employees performing work at the Issuer's facilities are strictly observed.

Monitoring of the observance of labor protection standards in the branches of RusHydro is entrusted to labor protection and industrial control services, and monitoring of compliance with labor protection standards during the performance of specific works is entrusted to the responsible managers of the work.

The facilities are provided with the entire necessary regulatory technical and legal base, and local documents (acts) (occupational safety regulations, industrial instructions) have been developed for all professions and types of work.

Blue-collar employees have monthly briefings on 3–4 health and safety matters in general and for the profession and the types of work being performed.

Blue-collar employees undergo an annual test of their knowledge of occupational health and safety standards.

Management of all levels involved in production is also briefed, and their competence is tested annually.

Certification of workplace conditions has been carried out at all facilities of the Issuer.

Independent specialized organizations are engaged for special assessment of working conditions (attestation of workplaces).

Specialized medical institutions are engaged for mandatory periodic professional medical examinations.

Independent specialized organizations are engaged to assess the safety of hydropower plants and equipment.

An alert system that records and immediately informs about all undesirable events (incidents) is successfully operating at RusHydro.

Every incident is subject to investigation.

Operation of hazardous production facilities of the Issuer is carried out in accordance with the requirements of legislation in the field of industrial safety: a system of in-process monitoring of compliance with industrial safety requirements is in operation, the necessary permits for the operation of hazardous facilities ("HF") have been acquired, the public liability risk when operating hazardous facilities is insured, and the personnel of the Issuer's facilities are certified in the field of industrial safety.

Fire safety declarations have been developed. The Issuer's activities in the field of fire safety at production facilities are carried out strictly in accordance with the requirements of legislation in the field of fire safety.

Safety declarations and hydropower plant safety declarations have been developed and updated at all facilities of the Issuer.

The Issuer's actions for managing these risks:

- Enhanced control over the activities of counterparties (contractors and subcontractors) at the Issuer's facilities*
- Insuring power plant equipment against damage by third parties*
- Granting work permits to qualified personnel only*
- Claims work with contractors who have violated the term of works performance as regards payment of penalties for defaults under a contract*
- Monitoring of the progress of works at the plants on a monthly basis*

This section covers only risks that the Issuer considers significant. Other risks not mentioned in this section may also exist. Other risks unknown to or insignificant for the Issuer at present may also negatively affect the Issuer's business activities and the fulfillment of its commitments, as well as dividend payments.

III. Detailed Information on the Issuer

3.1. History of the Issuer's Foundation and Development

3.1.1. Information on the Issuer's Corporate Name (Name)

Full corporate name of the Issuer:

– In Russian: *Публичное акционерное общество «Федеральная гидрогенерирующая компания – РусГидро»*

– In English: *Public Joint-Stock Company Federal Hydro-Generating Company – RusHydro*

Effective date of the current full corporate name: *July 6, 2015*

Short corporate name of the Issuer:

– In Russian: *ПАО «РусГидро»*

– In English: *RusHydro*

Effective date of the current short corporate name: *July 6, 2015*

Neither the full nor the short corporate name of the Issuer is similar to the name of another legal entity. The Issuer will use the full and/or short corporate name, location, INN, and/or assigned OGRN for its identification in formal contracts and documents.

The corporate name of the Issuer (for a nonprofit organization, the name) is registered as a trademark or service mark.

Information on registration of the specified trademarks:

Certificate of trademark (service mark):

No. 454339 registered with the Public Register of Trademarks and Service Marks of the Russian Federation on February 20, 2012, the registration will expire on July 2, 2019

No. 454053 registered with the Public Register of Trademarks and Service Marks of the Russian Federation on February 16, 2012, the registration will expire on February 16, 2021

No. 440951 registered with the Public Register of Trademarks and Service Marks of the Russian Federation on July 13, 2011, the registration will expire on February 16, 2021

No. 453894 registered with the Public Register of Trademarks and Service Marks of the Russian Federation on February 15, 2012, the registration will expire on February 16, 2021

The Issuer's corporate name has changed during the period of its existence.

There were no changes in the organizational and legal form of the Issuer.

The list of all previous full and short corporate names of the Issuer indicating the date and grounds for the change:

Full corporate name: *Open Joint-Stock Company Federal Hydrogeneration Company RusHydro*

Short corporate name: *JSC RusHydro*

Effective date of the name: *July 13, 2011*

Reason for registration of the name: *State registration of the new version of the Issuer's Articles of Association on July 13, 2011, approved by the decision of the Annual General Meeting of Shareholders of the Issuer dated June 30, 2011 (Minutes No. 7 dated July 4, 2011), and Resolution No. 1322-r of the Ministry of Justice of the Russian Federation dated June 17, 2011.*

Full corporate name: *Open Joint-Stock Company Federal Hydrogeneration Company*

Short corporate name: *JSC RusHydro*

Effective date of the name: *July 14, 2010*

Reason for registration of the name: *State registration of the new version of the Issuer's Articles of Association on July 14, 2010, approved by the decision of the Annual General Meeting of Shareholders of the Issuer dated June 30, 2010 (Minutes No. 5 dated June 30, 2010), and Resolution No. 5006-r of the Ministry of Justice of the Russian Federation dated June 28, 2010.*

Full corporate name: *Open Joint-Stock Company RusHydro*

Short corporate name: *JSC RusHydro*

Effective date of the name: *July 4, 2008*

Reason for registration of the name: *State registration of the new version of the Issuer's Articles of Association on July 4, 2008, approved by the decision of the Annual General Meeting of Shareholders of the Issuer dated June 25, 2008 (Minutes No. 1 dated June 26, 2008).*

Full corporate name: *Open Joint-Stock Company Federal Hydrogeneration Company*
Short corporate name: *OJSC HidroOGK*
Effective date of the name: *December 26, 2004*
Reason for registration of the name: *State registration of a legal entity on December 26, 2004.*

3.1.2. Information on State Registration of the Issuer

Primary state registration number of the legal entity: **1042401810494.**

Date of state registration (date an entry was made on the establishment of the legal entity in the Unified State Register of Legal Entities): **December 26, 2004.**

Name of the registering authority that made the entry on the establishment of the Issuer in the Unified State Register of Legal Entities: **Inspectorate of the Ministry of Taxation of the Russian Federation for Zheleznodorozhny District of Krasnoyarsk, Krasnoyarsk Krai.**

3.1.3. Information on the Foundation and Development of the Issuer

The Issuer has been established for an indefinite period.

Brief history of the Issuer's establishment and development. The purposes of the Issuer's establishment, the Issuer's mission (if any), and other information on the Issuer's business that is important for making a decision on the acquisition of the Issuer's securities:

RusHydro was established in accordance with Resolution of the Russian Federation Government No. 526 dated July 11, 2001, "Main Areas of Electrical Power Industry Reform in the Russian Federation" and Directive of the Russian Federation Government No. 1254-r (as amended on October 25, 2004, No. 1367-r) as a wholly-owned subsidiary of OAO RAO UES of Russia.

State registration of the Issuer took place on December 26, 2004.

In 2005, the Board of Directors of RAO UES of Russia approved a target model of RusHydro in the form of an Operating Company managing its branches established on the basis of JSC HPPs during reorganization of subsidiaries and affiliates (S&A) in the form of affiliation with RusHydro (Minutes No. 204 dated September 30–October 4, 2005).

On April 27, 2005, the Board of Directors of RAO UES of Russia approved a plan of accelerated consolidation of the Issuer into a unified Operating Company, providing for affiliation of subsidiary JSC HPPs (without construction sites and infrastructure subsidiaries) and other JSC HPPs with RusHydro as well as OJSC State Holding HidroOGK and OJSC Minority Holding HidroOGK established as a result of reorganization of RAO UES of Russia in the form of split-off (Minutes No. 250 dated April 27, 2007). An Operating Company of the Issuer with the direct participation of shareholders of subsidiaries and affiliates (S&A) as well as shareholders of RAO UES of Russia (through OJSC Minority Holding HidroOGK and OJSC State Holding HidroOGK) in the Issuer's authorized capital was formed during 2007–2008 through reorganization in the form of the merger of the following joint-stock companies (the "Merging Companies") with RusHydro:

OJSC Bureyskaya HPP, OJSC Volzhskaya HPP, OJSC Votkinskaya HPP, OJSC Dagestan Regional Generation Company, OJSC Zhigulevskaya HPP, OJSC Zagorskaya PSHPP, OJSC Zeyskaya HPP, OJSC Zelenchukskiy HPPs, OJSC Kabardino-Balkarian Hydrogeneration Company, OJSC KabbalkHPP, OJSC Kamskaya HPP, OJSC Cascade of VV HPPs, OJSC Cascade of NChHPPs, OJSC Nizhegorodskaya HPP, OJSC Saratovskaya HPP, OJSC Northern Ossetian HGC, OJSC Stavropol Electricity Generating Company, OJSC Sulakenergo, OJSC Cheboksarskaya HPP, OJSC Neporozhny SShHPP, CJSC EOZ, OJSC Irganayskaya HPP, OJSC State Holding HidroOGK, and OJSC Minority Holding HidroOGK.

Thus, in July 2008, the Company's target model was implemented. In the same year, the Company's shares were brought to the Russian stock market. To raise liquidity, increase market capitalization, attract new investors, and observe the interests of former holders of depository receipts of OAO RAO UES of Russia, the Company launched a program of depository receipts, with Bank of New York Mellon as the depository bank.

As a result of consolidation, the Company consolidated over 50 HPPs in 18 regions of the Russian Federation.

In 2011, a controlling block of shares of PJSC RAO Energy Systems of the East was contributed to the authorized capital of RusHydro by the Russian Federation, as a result of which the installed capacity of RusHydro Group increased from 26.1 GW to 35.2 GW.

During 2015–2016, in accordance with the decision of the Board of Directors of RusHydro (Minutes No. 223 dated October 7, 2015), measures were taken to consolidate up to 100 percent of the shares of PJSC RAO Energy Systems of the East owned by RusHydro Group.

In 2012, the first aggregate of Boguchanskaya HPP was commissioned, and in 2014 the HPP reached full capacity. In 2012, the Ust-Srednekanskaya HPP start-up facility was put into operation. In 2015, the Gotsatlinskaya HPP was put into operation; in 2016, Zelenchukskaya HPP-PSHPP and Zaragizhskaya HPP

were put into operation. In 2017, RusHydro completed the construction of the Boguchanskaya HPP and completed all works on the comprehensive restoration of the Sayano-Shushenskaya HPP.

In accordance with Decree of the President of the Russian Federation No. 1564 dated November 22, 2012, on the development of the Far Eastern energy sector, RusHydro Group started implementing four priority projects in the Far Eastern Federal District: HPP in Sovetskaya Gavan in Khabarovsk Krai, the first stage of Sakhalinskaya SDPP-2, the first stage of Yakutskaya SDPP-2, and the second stage of Blagoveshchenskaya HPP. The second stage of Blagoveshchenskaya HPP was put into operation in 2015, and in Q4 2017 the construction of the first stage of Yakutskaya SDPP-2 was completed. Civil works are in progress on the HPP in Sovetskaya Gavan in Khabarovsk Krai and the first stage of Sakhalinskaya SDPP.

The installed capacity of RusHydro Group's power plants as of January 1, 2018, is 39.04 GW (including the Holding of RAO Energy Systems of the East and Boguchanskaya HPP).

The Issuer's mission: Efficient use of water resources and creation of conditions for ensuring the reliability of Russia's Unified Energy System, as well as the creation of conditions for the socioeconomic development of the Far Eastern regions by providing access to the energy infrastructure for existing and prospective off-takers.

In June 2016, the Company's Board of Directors approved the RusHydro Group development strategy for the period up to 2020 with an outlook up to 2025 (Minutes No. 238 dated June 8, 2016), according to which the strategic objectives of the Company are:

- Ensuring the reliable and safe operation of the Company's facilities
- The sustainable development of power generation
- Development of the Far East power industry
- Growth of the Company's value

In October 2017, the Board of Directors of RusHydro (Minutes No. 259 dated October 30, 2017) approved RusHydro Group's Value Increase Plan for the period up to 2021 (the "Plan"). The key objective of the Plan is to maximize RusHydro Group's value and increase its investment attractiveness for shareholders and investors.

Other information on the Issuer's activities that is important when making decisions on the acquisition of the Issuer's securities: *none*.

3.1.4. Contact Information

Issuer's location:

Krasnoyarsk, Krasnoyarsk Krai

Issuer's address indicated in the Unified State Register of Legal Entities: **43/1 Dubrovinskogo St., Krasnoyarsk, Krasnoyarsk Krai 660017**

Other address for correspondence: **7 Malaya Dmitrovka St., Moscow 127006, Russia**

Telephone: **+7 800 333 8000**

Fax: **+7 (495) 225 37 37**

Email: office@rushydro.ru

Address of website(s) where information on the Issuer and its issued securities or those being issued is available: www.rushydro.ru, <http://www.e-disclosure.ru/portal/company.aspx?id=8580>

Name of the Issuer's special division for relations with shareholders and investors of the Issuer: **Strategy and IR Department**

Location of the unit: **7 Malaya Dmitrovka St., Moscow 127006, Russia**

Telephone: **+7 800 333 8000**

Fax: **+7 (495) 225-37-37**

Email: ir@rushydro.ru

Website: www.rushydro.ru

Name of the Issuer's special division for relations with shareholders and investors of the Issuer: **Corporate Governance and Property Management Department**

Location of the unit: **7 Malaya Dmitrovka St., Moscow 127006, Russia**

Telephone: **+7 800 333 8000**

Fax: **+7 (495) 225-37-37**

Email: office@rushydro.ru

Website: www.rushydro.ru

3.1.5. Taxpayer Identification Number

INN assigned to the Issuer by tax authorities: *2460066195*

3.1.6. Branches and Representative Offices of the Issuer

Names, dates of opening, and locations of all the Issuer's branches and representative offices, the full names (including patronymics, if any) of the heads of all the Issuer's branches and representative offices, and the effective periods of the powers of attorney issued to them by the Issuer:

The Issuer has no representative offices.

Information on the Issuer's branches:

Name: *RusHydro branch – Bureyskaya HPP*

Date of opening: *September 11, 2007*

Location: *Talakan, Bureyskiy District, Amur Region, Russian Federation*

Head of the branch

Full name: *Aleksandr Sergeyeovich Garkin*

Expiry date of the power of attorney: *January 31, 2020*

Name: *RusHydro branch – Volzhskaya HPP*

Date of opening: *September 11, 2007*

Location: *1A Lenina Prospekt, Volzhskiy, Volgograd Region, Russia*

Head of the branch

Full name: *Sergey Nikolayevich Bologov*

Expiry date of the power of attorney: *January 31, 2020*

Name: *RusHydro branch – Votkinskaya HPP*

Date of opening: *September 11, 2007*

Location: *Chaykovskiy, Perm Krai, Russia*

Head of the branch

Full name: *Aleksey Georgiyevich Byakov*

Expiry date of the power of attorney: *January 31, 2020*

Name: *RusHydro branch – Dagestan Branch*

Date of opening: *July 13, 2011*

Location: *5 M. Khalilova St., Kaspiysk, Republic of Dagestan, Russia*

Head of the branch

Full name: *Timur Gamzatovich Gamzatov*

Expiry date of the power of attorney: *January 31, 2020*

Name: *RusHydro branch – Zhigulevskaya HPP*

Date of opening: *September 11, 2007*

Location: *Zhigulevsk, Samara Region, Russia*

Head of the branch

Full name: *Oleg Vladimirovich Leonov*

Expiry date of the power of attorney: *January 31, 2020*

Name: *RusHydro branch – Zagorskaya Pumped Storage Hydropower Plant*

Date of opening: *September 11, 2007*

Location: *Building 100, Bogorodskoye, Sergiyev-Posadskiy District, Moscow Region, Russia*

Head of the branch

Full name: *Viktor Viktorovich Zhiznevskiy*

Expiry date of the power of attorney: *January 31, 2020*

Name: **RusHydro branch – Zeyskaya HPP**
Date of opening: **September 11, 2007**
Location: **Zeya, Amur Region, Russia**
Head of the branch
Full name: **Sergey Lvovich Tsirlin**
Expiry date of the power of attorney: **January 31, 2020**

Name: **RusHydro branch – Kabardino-Balkaria Branch**
Date of opening: **September 11, 2007**
Location: **Kashkhatau, Cherekskiy District, Kabardino-Balkaria Republic, Russia**
Head of the branch
Full name: **Igor Yevgenyevich Kladko**
Expiry date of the power of attorney: **January 31, 2020**

Name: **RusHydro branch – Kamskaya HPP**
Date of opening: **September 11, 2007**
Location: **Perm, Perm Region, Russia**
Head of the branch
Full name: **Viktor Georgiyevich Alekseyev**
Expiry date of the power of attorney: **January 31, 2020**

Name: **RusHydro branch – Karachay-Cherkessia Branch**
Date of opening: **September 11, 2007**
Location: **Pravokubanskiy, Karachay District, Karachay-Cherkessia Republic, Russia**
Head of the branch
Full name: **Petr Vasilyevich Kravchenko**
Expiry date of the power of attorney: **January 31, 2020**

Name: **RusHydro branch – Cascade of Verkhnevolzhskiy HPPs**
Date of opening: **September 11, 2007**
Location: **Rybinsk, Yaroslavl Region, Russia**
Head of the branch
Full name: **Andrey Vladimirovich Derezhkov**
Expiry date of the power of attorney: **January 31, 2020**

Name: **RusHydro branch – Cascade of Kubanskiye HPPs**
Date of opening: **September 11, 2007**
Location: **360A Vodoprovodnaya St., Nevinnomyssk, Stavropol Krai, Russia**
Head of the branch
Full name: **Gennadiy Yevgenyevich Sergeyev**
Expiry date of the power of attorney: **January 31, 2020**

Name: **RusHydro branch – KorUnG**
Date of opening: **November 8, 2007**
Location: **49 Arkhitekтора Vlasova St., Moscow, Russia**
Head of the branch
Full name: **Dmitriy Valeryevich Zavrazhnyy**
Expiry date of the power of attorney: **January 31, 2020**

Name: **RusHydro branch – Nizhegorodskaya HPP**
Date of opening: **July 13, 2011**
Location: **14 Privokzalnaya St., Zavolzhye, Gorodetskiy District, Nizhny Novgorod Region, Russia**
Head of the branch

Full name: *Aleksandr Arkadyevich Goyzenband*
Expiry date of the power of attorney: *January 31, 2020*

Name: *RusHydro branch – Novosibirskaya HPP*
Date of opening: *May 31, 2006*
Location: *4 Novomorskaya St., Novosibirsk, Novosibirsk Region, Russia*
Head of the branch
Full name: *Svyatoslav Ivanovich Poltaranin*
Expiry date of the power of attorney: *January 31, 2020*

Name: *RusHydro branch – Saratovskaya HPP*
Date of opening: *September 11, 2007*
Location: *Balakovo, Saratov Region, Russia*
Head of the branch
Full name: *Lyudmila Viktorovna Odintsova*
Expiry date of the power of attorney: *January 31, 2020*

Name: *RusHydro branch – Neporozhniy Sayano-Shushenskaya HPP*
Date of opening: *September 11, 2007*
Location: *the settlement of Cheremushki, Sayanogorsk, Republic of Khakassia, Russia*
Head of the branch
Full name: *Valeriy Arturovich Kyari*
Expiry date of the power of attorney: *January 31, 2020*

Name: *RusHydro branch – North-Ossetia Branch*
Date of opening: *September 11, 2007*
Location: *63 Vaso Abayeva St., Vladikavkaz, Republic of North Ossetia-Alania, Russia*
Head of the branch
Full name: *Taimuraz Vladimirovich Balatayev*
Expiry date of the power of attorney: *January 31, 2020*

Name: *RusHydro branch – Cheboksarskaya HPP*
Date of opening: *September 11, 2007*
Location: *34 Naberezhnaya St., Novocheboksarsk, Chuvash Republic, Russia*
Head of the branch
Full name: *Vadim Grigoryevich Bardyukov*
Expiry date of the power of attorney: *January 31, 2020*

3.2. Core Business Activity of the Issuer

3.2.1. Main Economic Activities of the Issuer

Codes of major economic sectors of the Issuer according to OKVED (All-Russian Classifier of Economic Activities): *35.11.2*

Other All-Russian Classifier of Economic Activities codes assigned to the Issuer: *35.11.4, 35.14, 70.22, 71.12.53, 77.39, 85.42*

3.2.2. Core Business Activity of the Issuer

Core business activities (types of activity, types of products (works, services)) that provided for at least 10% of the Issuer's sale revenues (sales volume) for each of the reporting periods:

Unit of measurement: *rubles*

Type of business activity — electricity (capacity) generation and sale

Indicator description	2016	2017	2017, 3 months	2018, 3 months
Proceeds from sales (sales volume) under this type of business activity, RUB	114,170,855,432	144,292,855,150	27,565,461,916	39,872,284,064
The share of proceeds from sales (sales volume) under this type of business activity in the total proceeds from sales (sales volume) of the Issuer, %	99.3	99.7	99.6	99.7

The share of proceeds from electricity (capacity) sales for all reporting periods remains almost at the same level.

The increase in the revenue as of 2017 year-end compared to 2016 and as of 2018 year-end (3 months) compared to 2017 (3 months) is explained by the record-breaking generation of 91,146 million kW•h and the inclusion of a markup to the price for capacity in the Far Eastern Federal Okrug in accordance with Federal Law No. 508-FZ dated December 28, 2016, and Decree of the Government of the Russian Federation No. 895 dated July 28, 2017.

Changes in the sales revenue (sales volume) of the Issuer from its core business activity by 10 or more percent as compared with the same reporting period of the previous year and the reasons for such changes: *none*.

General structure of net cost of the Issuer

Name of cost items	2016	2017	2017, 3 months	2018, 3 months
Raw and other materials, %	0.7	0.7	0.6	0.3
Acquired components, semifinished goods, %	—	—	—	—
Outsourced production-related works and services, %	9.8	6.3	5.7	3.6
Fuel, %	—	—	—	—
Energy, %	12.5	8.4	14.6	8.7
Labor costs, %	13.4	10.0	10.8	6.2
Interest on loans, %	—	—	—	—
Lease payment, %	2.5	2.1	2.7	1.9
Social contributions, %	3.3	2.4	3.2	1.8
Depreciation of fixed assets, %	26.3	19.4	30.5	17.3
Taxes included in production cost, %	14.6	10.0	15.6	9.7
Other costs	16.9	40.6	16.3	50.4
depreciation of intangible assets, %	0.7	0.5	0.8	0.4
remuneration for rationalization proposals, %	—	—	—	—
mandatory insurance payments, %	3.0	2.0	2.6	1.7
entertainment allowance, %	0.03	0.02	0.02	0.01
Other (describe), % *	13.1	38.1	12.9	48.3
Total: costs for the production and sale of products (works, services) (net cost), %	100.0	100.0	100.0	100.0

For reference: Proceeds from the sale of products (works, services), % of net cost	204.1	172.7	209.5	170.6
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* Including expenses for supporting the functioning of the electricity and capacity market in 2017: 3.5% in 2018 (3 months): 3.1%; markup to the price for capacity in the Far Eastern Federal Okrug in 2017: 28.6%, in 2018 (3 months): 40.7%; facility security costs in 2017: 2.0%, in 2018 (3 months): 1.8%.

Materially significant new types of products (works, services) offered by the Issuer on the market of its core business, to the extent this corresponds with public information on such types of products (works, services). Specify the state of development of such types of products (works, services): **there are no materially significant new types of products (works, services).**

Standards (rules) in accordance with which the Issuer's accounting (financial) statements were prepared and the calculations reflected in this subclause were made: **the Issuer's accounting statements are prepared in accordance with the accounting and reporting rules currently effective in the Russian Federation stipulated by Federal Law No. 402-FZ dated December 6, 2011, "On Accounting," and the Regulation on Accounting and Reporting in the Russian Federation approved by Order No. 34n of the Ministry of Finance of the Russian Federation dated July 29, 1998, as well as other regulations included in the system of regulation of accounting and preparation of statements by companies in the Russian Federation.**

3.2.3. Materials, Goods (Raw Materials), and Suppliers of the Issuer

Name, location, INN (if any), and OGRN (if any) of the Issuer's suppliers accounting for at least 10 percent of all supplies of materials and goods and their shares in the total supply for the last complete reporting year and for the reporting period consisting of three months of the current year.

For 2017

Suppliers of the Issuer that account for at least 10 percent of all deliveries of materials and goods (raw materials)

Full corporate name: **Joint-Stock Company Financial Settlement Center**

Short corporate name: **FSC JSC**

Location: **12 Krasnopresnenskaya Naberezhnaya, Entrance 7, Floors 7 and 8, Moscow, Russia**

INN: **7705620038**

OGRN: **1047796723534**

Share in total supplies, %: **88.67**

Information on changes in prices for basic materials and goods (raw materials) by more than 10% within the relevant reporting period as compared with the reporting period for the previous financial year or on the absence of such changes: **the price for basic materials and goods (raw materials) did not change by more than 10% within the relevant reporting period.**

The share of imports in supplies of materials and goods, the forecast for availability of sources of import, and possible alternative sources: **there are no import supplies.**

For 3 months of 2018

Suppliers of the Issuer that account for at least 10 percent of all deliveries of materials and goods (raw materials)

Full corporate name: **Joint-Stock Company Financial Settlement Center**

Short corporate name: **FSC JSC**

Location: **12 Krasnopresnenskaya Naberezhnaya, Entrance 7, Floors 7 and 8, Moscow, Russia**

INN: **7705620038**

OGRN: **1047796723534**

Share in total supplies, %: **92.12**

Information on changes in prices for basic materials and goods (raw materials) by more than 10% within the relevant reporting period as compared with the reporting period for the previous financial year or on the absence of such changes: **the price for basic materials and goods (raw materials) did not change by more than 10% within the relevant reporting period.**

The share of imports in supplies of materials and goods, the forecast for availability of sources of import, and possible alternative sources: **there are no import supplies.**

3.2.4. Sales Markets for Products (Works, Services) of the Issuer

Description of key markets where the Issuer conducts its business.

Possible factors that may have a negative impact on the sale of the Issuer's products (works, services) and possible actions of the Issuer for reducing such impact.

Key markets where the Issuer conducts its business:

Wholesale Market for Electricity and Power

The Issuer operates within several constituent entities of the Russian Federation. The Issuer's current core business is electricity (capacity) production and sale.

In accordance with Regulation of the Government of the Russian Federation No. 1172 dated December 27, 2010, "On Approval of Regulations for the Wholesale Electricity and Capacity Market and Introduction of Amendments to Certain Acts of the Government of the Russian Federation Regarding the Functioning of the Wholesale Electricity and Capacity Market" (the "Wholesale Market Regulations"), the Issuer carries out its activities connected with the sale of electricity (capacity) in the following segments of the wholesale market:

Regulated Contracts (RC):

Trade in electricity (capacity) is carried out under the terms and conditions of regulated contracts concluded on the wholesale electricity (capacity) market at regulated prices (rates) approved by the Federal Tariff Service of Russia. The cumulative volume of electricity and the cumulative volume of capacity supplied under RCs in the relevant calendar year by the Issuer shall not exceed 35 percent of the overall electricity and capacity production specified in the budgeted balance sheet for the regulatory period for the Issuer.

Competitive trade in generating capacity, capacity auction (CA):

There are several mechanisms for selling capacity on the wholesale market:

- *Purchase/sale of capacity taken off based on the results of a capacity auction or under capacity purchase and sale agreements concluded based on the results of a capacity auction*
- *Purchase/sale of capacity under nonregulated capacity purchase and sale agreements*
- *Purchase/sale of capacity under capacity supply agreements and under capacity purchase and sale agreements with new nuclear power plants and hydropower plants similar to Capacity Delivery Agreements (CDAs)*
- *Purchase/sale of capacity of generating facilities classified as must-run generating facilities*
- *Purchase/sale of capacity under regulated contracts (in the volumes of supply to the population and equated categories)*
- *Purchase/sale of the capacity produced by qualified generating facilities that operate through the use of renewable energy sources ("RES") under contracts for supply of capacity concluded as a result of competitive selection of investment projects for the construction of generating facilities operating on the basis of RES*

A capacity auction (CA) conducted by the system operator is the basis of the capacity market and determines how much capacity will be paid for on the wholesale market.

Until 2015, CAs were conducted only 1 year in advance (for the next year). Under Regulation of the Government of the Russian Federation No. 893 dated August 27, 2015, the new Rules of the CA and the improvement of principles of capacity trade on the wholesale market were approved. Beginning in 2016, as part of the CA, each year power is taken off for the year that is three calendar years after the year of the CA. In 2015, the CA for 2016–2019 took place. In 2017, the CA for 2021 took place.

The CA is conducted by price zones without division into free power transfer zones (FTZ). Prices are indexed when the CA was conducted for more than 1 year in advance. The price of a CA is indexed for the period from January 1 of the year following the year of the CA to January 1 of the year of delivery in accordance with the CPI minus 0.1%.

In the long-term capacity market, demand volume in the capacity auction is set by the dependency of the volume of demand on the price of power: at a lower price, buyers are willing to purchase a larger amount of power, while at a higher price they are willing to purchase a smaller amount. The graph of the demand function is a straight line segment passing through two points, the values of which are set separately for each price zone and for each CA. The first point of the volume of demand is determined by the procedure of Minenergo on the basis of the forecast peak demand in the price zone and the planned reserve ratio. For the 2018 CA, the price is set at 150,000 rubles/MW for the first price zone and 210,000 rubles/MW for the second price zone. The second point of the demand volume is increased by 12% relative to the value of the first point. For the 2018 CA, the price is set at 110,000 rubles/MW for the first price zone and 150,000 rubles/MW for the second price zone.

The price of the CA corresponds to the maximum of the prices in selected bids and the price at which the demand function is equal to the total volume of the selected power (including power to be paid for regardless of the results of the CA). The CA price for each zone is the same for all the selected generating facilities. Capacity that has not been auctioned is not paid for.

As the year of delivery approaches, if the adjusted demand for power exceeds the payable amount of generating capacity, a corrective capacity auction is possible. The power introduced under CDAs and similar agreements with new nuclear power plants and hydropower plants as well as that of generating facilities whose operation is essential for maintaining the operating practices of the energy system or heat supply (must-run generators) must be paid for regardless of the results of the CA.

Payment for power delivered by must-run generators is made at the price established by the authorized federal agency (or the Government of the Russian Federation) and shall not be higher than the price of power in the previous year when sold as a result of capacity auction or in must-run mode. The decision to classify a generator as must-run is made prior to the CA. The only exception is generating facilities for which intent to decommission after the CA has been stated, but for which Minenergo has demanded the postponement of such decommissioning due to the threat of the onset of an energy services deficit. The capacity of generators operating in must-run mode and capacity introduced by CDAs and similar contracts with new nuclear power plants and hydropower plants is included in the price acceptance part of the offer during the CA.

Payment for capacity is distributed as follows: the financial burden to pay for the capacity of generating facilities taken off in the CA and the capacity of facilities receiving payment under a CDA is distributed among all offtakers of the price zone. The capacity of facilities designated as must-run generators in connection with the threat of the onset of an energy services deficit is paid for by offtakers of the corresponding FTZ. The capacity of facilities designated as must-run generators in connection with the threat of the onset of a heat deficit is paid for by offtakers of the corresponding subject of the Russian Federation.

Federal Law No. 508-FZ dated December 28, 2016, "On Amendments to the Federal Law 'On the Electric Power Industry'" introduced an increase in the price of power in price zones I and II, as a result of which prices in the Far East will be reduced to the average level for the country. This law is a law of indirect action. On July 31, 2017, Resolution of the Government of the Russian Federation No. 895 dated July 28, 2017, "On the Achievement of Base Levels of Prices (Tariffs) for Electricity (Capacity) in Territories of the Far Eastern Federal District" came into force (and was applied to relations that had arisen since July 1, 2017) in order to implement this support mechanism. On July 28, 2017, Order of the Government of the Russian Federation No. 1614-r, according to which PJSC RusHydro is recognized as a recipient of a price markup on the power delivered in price zones of the wholesale market established for the purpose of achieving the base levels of prices (tariffs) for electricity (capacity) planned for the next period of regulation in territories of the Far Eastern Federal District, was issued.

Day-Ahead Market (DAM):

The volume of electricity generated above the RC volumes is sold at nonregulated prices on the day-ahead market, and shortages are purchased on the DAM as security for RCs. The rules of the wholesale market provide for the possibility of electricity sale/purchase under nonregulated bilateral contracts (NBCs). Under nonregulated bilateral contracts, participants in the wholesale market independently determine the counterparties under contracts, as well as prices and volumes of deliveries.

Balancing Market (BM):

Deviations of the actual electricity production volume from the planned production volume are traded on the balancing market at prices formed on the basis of competitive selection of the bids of participants.

The Issuer sells part of the electricity produced on the retail market at nonregulated prices.

2. Renewable energy sources (RES)

Regulation No. 449 and Decree of the Government of the Russian Federation No. 861-P dated May 28, 2013, define the mechanism and parameters of support for generation based on RES in the Russian Federation for wind, solar energy, and SHPPs, which creates new opportunities for the company to implement cost-effective projects in those areas on the wholesale market.

Based on the results of the selection of projects for the construction of generating facilities operating on the basis of renewable energy sources, in 2014 and 2017, agreements with offtakers were concluded on the provision of the capacity of qualified generating facilities operating on the basis of renewable energy sources in relation to 5 SHPPs of RusHydro.

Retail electricity markets.

On the electricity retail markets, electricity acquired on the wholesale electricity and power market is sold, as is electricity of generating companies that are not participants in the wholesale market.

The main provisions of the functioning of retail electricity markets are confirmed by Regulation of the Government of the Russian Federation No. 442 dated May 4, 2012, "On the Operation of Retail Electricity Markets and Complete and/or Partial Restrictions of Electricity Consumption."

3. System services market

The market for system reliability maintenance services (system services) is one of the tools for maintaining the quality and reliability of operation of the Unified Energy System of Russia at the desired level under the conditions of full deregulation of the electricity and capacity market. The system services market has been operating in the UES of Russia since 2011.

Types of services for maintenance of system reliability, procedures for selection of electric power industry entities and electric power offtakers rendering such services, and the rules for their rendering and pricing models are defined by Regulation of the Government of the Russian Federation No. 117 dated March 3, 2010, "On the Procedure for Selection of Electric Power Industry Entities and Electric Power Offtakers Rendering Services for System Reliability Maintenance and for the Rendering of Such Service and On the Approval of Changes in Acts of the Government of the Russian Federation Regarding the Rendering of Services for System Reliability Maintenance."

As of 2018, RusHydro and JSC SO UPS had concluded a Services Contract for Reactive Power Control without Electricity Generation. According to such Contract, RusHydro shall render services to JSC SO UPS connected with reactive power control.

Factors that may adversely affect the sale by the Issuer of its products (works, services):

Change in the regulatory and legal framework in the electric power industry associated with the liberalization of the electricity and capacity market.

The Issuer's measures for the mitigation of negative factors:

Formation of a regulatory and legal framework for the functioning of the electricity and capacity market that is favorable to the Issuer. To achieve this objective, the Issuer is fully engaged in processes for the development of laws and regulations in the electric power industry performed by Minenergo of the Russian Federation, the Nonprofit Partnership Market Council, and the Federal Tariffs Service of the Russian Federation.

3.2.5. Information on the Issuer's Authorizations (Licenses) or Permits for Separate Types of Works

The body (organization) issuing the relevant authorization (license) or permit for separate types of works: ***Yenisey Administration of the Federal Service for Environmental, Engineering, and Nuclear Surveillance***

Number of the authorization (license) or document evidencing the receipt of a permit for separate types of works: ***BX-00-015161.***

Type of activity (work) for the performance of which the Issuer has received the relevant authorization (license) or permit: ***operation of explosion and fire hazardous and chemically hazardous production facilities of hazard classes I, II, and III.***

Issue date of the authorization (license) or permit for separate types of works: ***December 16, 2014***

Validity period of the authorization (license) or permit for separate types of works: ***unlimited.***

The body (organization) issuing the relevant authorization (license) or permit for separate types of works: ***Yenisey Administration of the Federal Service for Environmental, Engineering, and Nuclear Surveillance***

Number of the authorization (license) or document evidencing the receipt of a permit for separate types of works: ***A66-02932.***

Type of activity (work) for the performance of which the Issuer has received the relevant authorization (license) or permit: ***Certificate of registration of hazardous production facilities***

Issue date of the authorization (license) or permit for separate types of works: ***June 7, 2017***

Validity period of the authorization (license) or permit for separate types of works: ***unlimited.***

The body (organization) issuing the relevant authorization (license) or permit for separate types of works: ***Center for Licensing, Certification, and Protection of State Secrets of the Russian Federal Security Service.***

Number of the authorization (license) or document evidencing the receipt of a permit for separate types of works: ***GT No. 0085520 Reg. No. 5269.***

Type of activity (work) for the performance of which the Issuer has received the relevant authorization (license) or permit: ***carrying out works related to the use of sensitive information constituting state secrets.***

Issue date of the authorization (license) or permit for separate types of works: ***August 10, 2015***

Expiry date: ***August 9, 2020***

The body (organization) issuing the relevant authorization (license) or permit for separate types of works: ***Center for Licensing, Certification, and Protection of State Secrets of the Russian Federal Security Service.***

Number of the authorization (license) or document evidencing the receipt of a permit for separate types of works: ***GT No. 0085518 Reg. No. 5277.***

Type of activity (work) for the performance of which the Issuer has received the relevant authorization (license) or permit: ***the right to implement measures and/or provide services in the field of protection of state secrets.***

Issue date of the authorization (license) or permit for separate types of works: ***August 10, 2015***

Validity period of the authorization (license) or permit for separate types of works: ***August 9, 2020***

Upon the expiry of the validity period of the abovementioned licenses, the Issuer plans to take all possible steps to prolong them or to obtain new licenses. The inability to prolong licenses or to obtain new ones could have a materially adverse effect on the activities and financial results of the Issuer's operations. The probability of materialization of this risk is low.

3.2.6. Information on the Activities of Separate Categories of Issuers

The Issuer is not a joint-stock investment fund, an insurance or credit organization, a mortgage agent, or a specialized company.

3.2.7. Additional Information on Issuers Whose Primary Line of Business Is Mining Operations

The primary line of business of the Issuer is not mining operations.

On September 1, 2015 a controlled entity of the Issuer, LUR JSC, was registered. Its core activity is extraction of mineral resources.

a) Mineral reserves

The list of mineral deposits that are of material financial and economic importance for the Issuer, the usage rights to which belong to the Issuer or organizations under its control.

1. Name of the deposit: Bikin Brown Coal Deposit, Luchegorskiy-1 strip mine

Owner of the deposit

Full corporate name: **Joint-Stock Company Luchegorskiy Coal Mine**

Short corporate name: **JSC LCM**

Location: **The settlement of Luchegorsk, Pozharskiy District, Primorskiy Krai, Russia**

INN: **2526006224**

OGRN: **1152721004963**

Type of mineral: **brown coal grade B1**

Amount of proven reserves: **225,383,000 tons**

Production rate for the relevant reporting period(s): **for 3 months of 2018: 592,396 tons**

2. Name of the deposit: Bikin Brown Coal Deposit, Luchegorskiy-2 strip mine

Owner of the deposit

Full corporate name: **Joint-Stock Company Luchegorskiy Coal Mine**

Short corporate name: **JSC LCM**

Location: **The settlement of Luchegorsk, Pozharskiy District, Primorskiy Krai, Russia**

INN: **2526006224**

OGRN: **1152721004963**

Type of mineral: **brown coal grade B1**

Amount of proven reserves: **270,183,000 tons**

Production rate for the relevant reporting period(s): **for 3 months of 2018: 650,214 tons**

3. Name of the deposit: Luchegorskiy deposit of andesite porphyrites (building stone), Yuzhnyy quarry

Owner of the deposit

Full corporate name: **Joint-Stock Company Luchegorskiy Coal Mine**

Short corporate name: **JSC LCM**

Location: **The settlement of Luchegorsk, Pozharskiy District, Primorskiy Krai, Russia**

INN: **2526006224**

OGRN: **1152721004963**

Type of mineral: **Andesite porphyrite**

Amount of proven reserves: **2,687 m³**

Production rate for the relevant reporting period(s): **for 3 months of 2018: 7,187.77 m³**

Licenses for subsoil use obtained by the Issuer or its controlled organizations for the use of deposits of material financial and economic value to the Issuer

1. License: VLV No. 02503 TE

Subsoil resource: **Luchegorskiy-1 strip mine**

Legal entity that obtained the license: **JSC LCM**

License issue date: *January 14, 2016 (as amended on June 20, 2016)*

Expiration date of the license: *December 31, 2034*

If the license conditions are fulfilled, the license will be extended in accordance with the current legislation.

Reason for issuance of the license: *The right to use the subsoil resources of the field of the Luchegorskiy-1 strip mine of the Bikin Brown Coal Deposit was granted to JSC LCM in accordance with Clause 7 of Article 10.1, Paragraph 5 of Part 1 of Section 17.1 of Law of the Russian Federation No. 2395-1 dated February 21, 1992, "On Subsoil Resources" in connection with the reorganization of the legal entity/subsoil user (JSC Far East Generating Company ("JSC FEGC")) by spinning it off from another entity (JSC LCM) based on the decision of the Commission of the Federal Agency for Subsoil Use for the consideration of applications for amendments and additions to the license and renewal of licenses for subsoil areas within the competence of the Federal Agency for Subsoil Use (Minutes No. 470 dated November 19, 2015) by way of renewal of license VLV No. 14549 TE (Order of Dalnedra No. 2 dated January 12, 2016).*

Description of the subsurface site allotted for use: *Field of the Luchegorskiy-1 strip mine of the Bikin Brown Coal Deposit. The subsurface site is located in the territory of Primorskiy Krai, Pozharskiy Municipal District.*

Type of license: *For exploration and mining of mineral deposits, including the use of waste from mining and related processing plants.*

Main provisions of the license concerning subsoil user commitments indicating the period of performance of these commitments:

– *Geological information concerning subsoil resources is subject to submission to federal and territorial geological information banks according to established procedure.*

– *The Subsoil User is obliged to ensure the protection of the primary geological information obtained in the course of works on the subsoil site.*

– *The Subsoil User is obliged annually, not later than February 15 of the following reporting year, to present an information report on conducted works on sites of subsoil resources provided for use to the proper local agency of the Federal Subsurface Management Agency in accordance with procedure determined by the Federal Subsurface Management Agency and its local agencies.*

– *The Subsoil User is obliged to fulfill requirements established by legislation on conservation of subsoil resources and the environment and safe work practices related to subsoil resource use.*

– *The production level of raw mineral materials and the deadline for reaching project capacity shall be determined by a detailed mineral deposit development plan.*

All commitments shall be satisfied by the Subsoil User within the established time.

Obligatory payments to be made by the user of subsoil resources under the terms of the license: *The Subsoil User is obliged to pay payments, taxes, and fees for the use of subsoil resources, land, and water established by legislation.*

Description of the degree of execution of the specified commitments of the subsoil user, indicating any factors that may adversely affect the fulfillment of license commitments and the probability of their occurrence: *the commitments provided for by the license are being fulfilled. There are no factors that may have an adverse effect on the performance of commitments under the license.*

2. License: VLV No. 02502 TE

Subsoil resource: *Plot No. 4 of the Bikinskiy Brown Coal Deposit (Luchegorskiy-2 strip mine)*

Legal entity that obtained the license: *JSC LCM*

License issue date: *January 14, 2016 (as amended on June 20, 2016)*

Expiration date of the license: *December 31, 2034*

If the license conditions are fulfilled, the license will be extended in accordance with the current legislation.

Reason for issuance of the license: *The right to use the subsoil resources of the field in plot No. 4 of the Bikin Brown Coal Deposit (field of Luchegorskiy-2 strip mine) was granted to JSC LCM in accordance with Clause 7 of Article 10.1, Paragraph 5 of Part 1 of Section 17.1 of Law of the Russian Federation No. 2395-1 dated February 21, 1992, "On Subsoil Resources" in connection with the reorganization of the legal entity/subsoil user (JSC FEGC) by spinning it off from another entity (JSC LCM) based on the decision of the Commission of the Federal Agency for Subsoil Use for the consideration of applications for amendments and additions to the license and renewal of licenses for subsoil areas within the competence of the Federal Agency for Subsoil Use (Minutes No. 470 dated November 19, 2015) by way of renewal of license VLV No. 14514 TE (Order of Dalnedra No. 3 dated January 12, 2016).*

Description of the subsurface site allotted for use: *Area No. 4 of Bikin Brown Coal Deposit, Pozharskiy Municipal District. The subsurface site is located in the territory of Primorskiy Krai.*

Type of license: *For exploration and mining of mineral deposits, including the use of waste from mining and related processing plants.*

Main provisions of the license concerning subsoil user commitments indicating the period of performance of these commitments:

– *Geological information concerning subsoil resources is subject to submission to federal and territorial geological information banks according to established procedure.*

– *The Subsoil User is obliged to ensure the protection of primary geological information obtained in the course of works on the subsoil resources, including rock samples, core borings, and reservoir fluids. Upon the request of federal and territorial funds of geological information, the Subsoil User is obliged to provide free temporary storage of geological information that the user is the owner of, including the temporary storage of samples of rocks, core borings, and reservoir fluids.*

– *The Subsoil User is obliged annually, not later than February 15 of the following reporting year, to present an information report to the proper local agency of the Federal Subsurface Management Agency on conducted works on subsoil sites provided for use in accordance with the procedure determined by the Federal Subsurface Management Agency and its local agencies.*

– *The Subsoil User is obliged to fulfill requirements established by legislation on conservation of subsoil resources and the environment and safe work practices related to subsoil resource use.*

– *The production level of raw mineral materials and the deadline for reaching project capacity shall be determined by a detailed mineral deposit development plan.*

All commitments shall be satisfied by the Subsoil User within the established time.

Obligatory payments to be made by the user of subsoil resources under the terms of the license: *The Subsoil User is obliged to pay payments, taxes, and fees for the use of subsoil resources, land, and water established by the legislation of the Russian Federation.*

Description of the degree of execution of the specified commitments of the subsoil user, indicating any factors that may adversely affect the fulfillment of license commitments and the probability of their occurrence: *the commitments provided for by the license are being fulfilled. There are no factors that may have an adverse effect on the performance of commitments under the license.*

3. License: POZh 00787 OShch

Subsoil resource: *Luchegorskiy Deposit (Yuzhnyy Section)*

Legal entity that obtained the license: *JSC LCM*

License issue date: *October 7, 2015*

Expiration date of the license: *September 15, 2024*

If the license conditions are fulfilled, the license will be extended in accordance with the current legislation.

Reason for issuance of the license: *Order of the Department of Natural Resources and Environmental Protection of Primorskiy Krai No. 114 dated October 7, 2015*

Description of the subsurface site allotted for use:

The site is located in the territory of Pozharskiy Municipal Region, 6 km to the south of the village of Luchegorsk.

Type of license: *for subsoil use with the purpose and types of work: mining andesite porphyrites (building stone) at the Luchegorskiy Deposit (Yuzhnyy Section).*

Main provisions of the license concerning subsoil user commitments indicating the period of performance of these commitments: *To provide annual production of up to 500 thousand m³. The production quota shall be agreed upon annually.*

All commitments shall be satisfied by the Subsoil User within the established time.

Obligatory payments to be made by the user of subsoil resources under the terms of the license: *The subsoil user is obliged to pay tax on the extraction of minerals (the tax rate shall be determined in accordance with the Tax Code) as well as other charges and fees, a fee for the land and payment for the negative impact on the environment in the amount and time frames established by the legislation of the Russian Federation.*

Description of the degree of execution of the specified commitments of the subsoil user, indicating any factors that may adversely affect the fulfillment of license commitments and the probability of their occurrence: *the commitments provided for by the license are being fulfilled. There are no factors that could have an adverse effect on the performance of commitments under the license.*

b) Mineral processing

If the Issuer or entities under its control conduct complete or partial processing of minerals prior to their sale, the fixed assets used for processing and/or the contractors involved for processing shall be described in any form.

If counterparties are engaged for the processing of minerals, the cost of processing for the last completed reporting period shall be indicated.

The Issuer and its subsidiaries or affiliates do not conduct complete or partial processing of mineral resources before their sale.

c) Product sales

Information on whether the Issuer has permits from authorized state bodies for the sale of minerals and products of their processing and quotas, including for export: *Permits from authorized state bodies for the sale of minerals and products of their processing and quotas, including for export, are not required by federal law.*

3.2.8. Additional Information on Issuers Whose Primary Line of Business is Rendering Communication Services

The primary line of business of the Issuer is not rendering communication services.

3.3. Plans for the Issuer's Future Activities

In accordance with the Articles of Association, the purposes of the Issuer's activities are as follows:

- *Creating conditions for maintaining the reliability and safety of generating facilities*
- *Implementing state policy in the field of the hydropower industry*
- *Creating conditions for the efficient functioning of the wholesale electricity (capacity) market*
- *Effective operation and centralized process management of hydropower facilities; pursuing a uniform investment and capital raising strategy to address system-wide objectives of hydropower development*
- *Developing and implementing the science and technology policy and introducing new, advanced facilities and technologies, including development of renewable electrical energy sources*
- *Generating earnings*

Sources of future income:

In the future, the Issuer plans to generate earnings from its core business: the production and sale of electricity and power on the retail and wholesale electricity and power markets.

Plans for organizing new production, expanding or reducing production, developing new types of products, or upgrading and reconstructing fixed assets:

Actual fulfillment of the investment program of the Company in Q1 2018 amounted to RUB 10,214.87 million. Investment expenses were allocated to finance the following investment areas:

- *Technical retrofitting and upgrading: RUB 2,606.21 million*
- *Construction of priority projects in the Far East (TPP in Sovetskaya Gavan, Sakhalinskaya SDPP-2 (1st stage), Yakutskaya SDPP-2 (1st stage), being implemented in pursuance of Russian Federation Presidential Decree No. 1564 dated November 22, 2012, "On Further Development of Public Joint-Stock Company Federal Hydrogeneration Company RusHydro": RUB 1,310.28 million*
- *Objects of new construction implemented by subsidiaries and R&D: RUB 6,171.76 million*
- *Other projects: RUB 126.62 million*

According to the RusHydro Group Consolidated Investment Program for 2018–2022 approved by RusHydro Board of Directors as part of the RusHydro Group Consolidated Business Plan on April 3, 2018 (Minutes No. 267 dated April 4, 2018), in 2018, the Company plans the commissioning of additional capacities in the amount of 790.5 MW and 750.2 Gcal/hr, including commissioning of capacity under the following investment projects:

- *Construction of Sakhalin SDPP-2 (1st stage): 120 MW and 18.2 Gcal/hr*
- *Construction of GTU-HPP in Vladivostok at the site of the Central Steam-Water Boiler House: 139.5 MW, 432 Gcal/hr*
- *Construction of a peak water boiler within the territory of Yakutskaya SDPP-2: 300 Gcal/hr*
- *Ust-Srednekanskaya HPP: 142.5 MW*
- *Zaramagskiye HPPs: 342 MW*
- *Technical reconstruction and modernization: 46.5 MW*

For these purposes, it is planned to finance the Company's investment projects in 2018 in the amount of RUB 86,043.33 million, including the following:

- *Technical retrofitting and upgrading: RUB 21,773.69 million*
- *Construction of priority projects in the Far East (TPP in Sovetskaya Gavan, Sakhalinskaya SDPP-2 (1st stage), being implemented in pursuance of Russian Federation Presidential Decree No. 1564 dated November 22, 2012, "On Further Development of Public Joint-Stock Company Federal Hydrogeneration Company RusHydro": RUB 19,290.52 million*
- *Objects of new construction implemented by subsidiaries and R&D: RUB 44,431.16 million*

– Other projects: RUB 547,96 million.

Information on possible change in core activities:

The Issuer does not plan to change its core activities.

3.4. The Issuer's Participation in Banking Groups, Banking Holdings, Holdings, and Associations

The Issuer does not participate in banking groups, banking holdings, or holdings.

The Issuer participates in associations and noncommercial partnerships, which are also categorized by civil legislation as associations.

No.	Name of noncommercial organization/association	Role and functions of the Issuer in the organization	NP's (noncommercial partnership's) sphere of activity/functions of the Issuer in the organization	Period of Issuer's participation
Nonresidents of the Russian Federation				
1	International Hydropower Association, IHA	Member of Association	Support and dissemination of knowledge on issues of hydropower under the aegis of the International Hydrological Program of UNESCO	since 2006
2	Global Sustainable Energy Partnership, GSEP.	Member of Association	Development of joint political platforms and implementation of respective initiatives both on internal markets and internationally	since 2008
Residents of the Russian Federation				
3	NP Market Council Association	Member of Association	Organization of buying and selling of electricity in the wholesale electricity market	since 2008
4	Proprietors and Investors of Land and Property Association Noncommercial Partnership	Member of Association	Dialog with governmental authorities on issues of improvement of land and property legislation	since 2012
5	Hydropower Industry of Russia Association	Member of Association	Enhancement of the effectiveness of the functioning of hydropower facilities and the use of the hydropower resources of Russia	since 2008
6	All-Russian Association of Employers Russian Union of Industrialists and Entrepreneurs	Member of Association	Protection of general economic and social interests and statutory rights for associates that are necessary for sustainable development of companies and the market economy in general	since 2006
7	Noncommercial Partnership Council of Energy Veterans	Member of Association	Carrying out of activities aimed at all-around assistance to energy veterans	since 2008

8	Russian Chinese Business Council Noncommercial Partnership	Member of Association	Promotion of joint economic projects of Russia and China, protection of mutual investments and settlement of corporate disputes, as well as assistance to development of cooperation between Russian and Chinese business groups	since 2015
9	Science and Innovations Directors Club Noncommercial Partnership	Member of Association	Research, development, and innovations	Since 2013
10	Scientific and Technical Council of the Unified Energy System Noncommercial Partnership	Member of Association	Assisting in forming scientific, technical, and economic policy in the Unified Energy System of Russia	since 2008
11	All-Russian sectoral union of employers of power industry	Member of Association	Assistance to business development in the power industry through representation and protection of employers' interests in social-labor, economic, and other spheres in relations with employee associations, governmental authorities, and local governmental authorities; and the formulation and adoption of an agreed-upon socially responsible policy of the member organizations of the Association	since 2006
12	Self-regulating Corporation of Builders of Krasnoyarsk Krai Association	Member of Association	Prevention of infliction of harm to the life or health of natural persons, the property of natural or legal entities, state or municipal property, the environment, the life or health of animals and plants, or objects of cultural heritage (historical and cultural monuments) of the peoples of the Russian Federation owing to shortcomings of construction works that exert an impact on the safety of capital construction projects and are carried out by individual entrepreneurs and/or legal entities that are members of the Association	since 2017

3.5. Companies Controlled by the Issuer and Having Substantial Significance for It

1. Full corporate name: ***Joint-Stock Company Zagorskaya PSHPP-2***

Short corporate name: ***JSC Zagorskaya PSHPP-2***

Issuer's location: ***Bogorodskoye Industrial Community, Sergiyev-Posadskiy District, Moscow Region, Russia***

INN: ***5042086312***

OGRN: ***1065042071137***

Type of control over the organization in relation to which the Issuer is a controlling entity (direct control, indirect control): ***Direct control***

Nature of control over the organization in relation to which it is a controlling entity (the right to control over 50 percent of votes in the supreme management entity of the company controlled by the Issuer, the right to appoint (elect) the sole executive body of the company controlled by the Issuer, or the right to appoint (elect) over

50 percent of the collective management entity of the company controlled by the Issuer): ***the right to control over 50 percent of votes in the supreme management entity of the company controlled by the Issuer***

Share of the Issuer in the authorized capital of the controlled company: **100%**

Percentage of the ordinary shares of the controlled company held by the Issuer: **100%**

Share of the controlled company in the Issuer's authorized capital: **0%**

Share of the Issuer's ordinary shares held by the controlled company: **0%**

Description of the controlled company's core business: ***control of delegated works in projects for the reconstruction of electric power facilities and new construction of power industry facilities as well as of other industrial and civilian facilities.***

Members of the controlled company's Board of Directors

Full name	Share of the person in the authorized capital of the Issuer, %	Share of the Issuer's ordinary shares held by the person, %
Olga Stanislavovna Zotova (Chairperson)	0	0
Galina Viktorovna Gorina	0.000023	0.000023
Aleksandr Sergeyevich Charikov	0	0
Yuriy Valentinovich Mironov	0	0
Aleksey Nikodimovich Kalinin	0	0

Members of the Collective Executive Body: ***A collective executive body is not provided for by the Articles of Association.***

The powers of the Company's sole executive body have been transferred to a management company

Full corporate name: ***Joint-Stock Company Managing Company HydroOGK***

Short corporate name: ***JSC MC HydroOGK***

Location: ***Moscow***

INN: ***5260096381***

OGRN: ***1025203040136***

Share of the Issuer in the authorized capital of the management company, %: **100**

Share of the management company's ordinary shares held by the Issuer, %: **100**

Share of the management company (manager) in the Issuer's authorized (reserve) capital (unit fund), %: **0**

Share of the Issuer's ordinary shares held by the management company, %: **0**

2. Full corporate name: ***Joint-Stock Company RAO Energy Systems of the East***

Short corporate name: ***JSC RAO Energy Systems of the East***

Location: ***Khabarovsk, Khabarovsk Krai***

INN: ***2801133630***

OGRN: ***1087760000052***

Type of control over the organization in relation to which the Issuer is a controlling entity (direct control, indirect control): ***Direct control***

Nature of control over the organization in relation to which it is a controlling entity (the right to control over 50 percent of votes in the supreme management entity of the company controlled by the Issuer, the right to appoint (elect) the sole executive body of the company controlled by the Issuer, or the right to appoint (elect) over 50 percent of the collective management entity of the company controlled by the Issuer): ***the right to control over 50 percent of votes in the supreme management entity of the company controlled by the Issuer***

Share of the Issuer in the authorized capital of the controlled company: **84.39%**

Percentage of the ordinary shares of the controlled company held by the Issuer: **85.16%**

Share of the controlled company in the Issuer's authorized capital: **0.01%**

Share of the Issuer's ordinary shares held by the controlled company: **0.01%**

Description of the controlled company's core business: ***management of generating companies to satisfy demand for electricity and heat in the Far Eastern Federal District and in the neighboring territories effectively and to a high standard of quality; agency activities; investment activities.***

Members of the controlled company's Board of Directors

Full name	Share of the person in the authorized capital of the Issuer, %	Share of the Issuer's ordinary shares held by the person, %
Andrey Valentinovich Kazachenkov (Chairman)	0	0
Sergey Vyacheslavovich Vasilyev	0	0
Dmitriy Vitalyevich Perminov	0	0
Bayrta Nikolayevna Perveyeva	0	0
Viktor Viktorovich Khmarin	0	0

Members of the controlled company's collective executive body: *A collective executive body is not provided for by the Articles of Association.*

The powers of the Company's sole executive body have been transferred to a management company

Full corporate name: ***Public Joint-Stock Company Federal Hydrogeneration Company RusHydro***

Short corporate name: ***PJSC RusHydro***

Location: ***Krasnoyarsk, Krasnoyarsk Krai***

INN: ***2460066195***

OGRN: ***1042401810494***

Share of the Issuer in the authorized capital of the management company, %: ***0***

Share of the management company's ordinary shares held by the Issuer, %: ***0***

Share of the management company (manager) in the Issuer's authorized (reserve) capital (unit fund), %: ***0***

Share of the Issuer's ordinary shares held by the management company, %: ***0***

3. Full corporate name: ***Public Joint-Stock Company Far East Energy Company***

Short corporate name: ***PJSC FEEC***

Location: ***Vladivostok, Russia***

INN: ***2723088770***

OGRN: ***1072721001660***

Type of control over the organization in relation to which the Issuer is a controlling entity (direct control, indirect control): ***indirect control***

Nature of control over the organization in relation to which it is a controlling entity (the right to control over 50 percent of votes in the supreme management entity of the company controlled by the Issuer, the right to appoint (elect) the sole executive body of the company controlled by the Issuer, or the right to appoint (elect) over 50 percent of the collective management entity of the company controlled by the Issuer): ***the right to control over 50 percent of votes in the supreme management entity of the company controlled by the Issuer***

Share of the Issuer in the authorized capital of the controlled company: ***1.04%***

Percentage of the ordinary shares of the controlled company held by the Issuer: ***1.04%***

In the case of indirect control, all the Issuer's controlled companies successively (the chain of companies under direct or indirect control of the Issuer) through which the Issuer controls the company in relation to which it is a controlling entity. Full name, location, INN (if applicable), and OGRN (if applicable) shall be specified for each such company:

Joint-Stock Company RAO Energy Systems of the East, Khabarovsk, Khabarovsk Krai, INN 2801133630, OGRN 1087760000052

Joint-Stock Company RAO Energy Systems of the East is a company controlled by the Issuer (direct control). Public Joint-Stock Company Far East Energy Company is a controlled company of Joint-Stock Company RAO Energy Systems of the East (direct control).

Share of Joint-Stock Company RAO Energy Systems of the East in the authorized capital of the controlled company PJSC FEEC, %: ***51.03***

Share of ordinary shares of PJSC FEEC held by RAO Energy Systems of the East, %: ***51.03***

Share of the controlled company in the authorized capital of the Issuer, %: ***0.02***

Share of the Issuer's ordinary shares held by the controlled company, %: ***0.02***

Description of the controlled company's core business:

- ***Acquisition of electricity on wholesale and retail electricity (capacity) markets***
- ***Sale of electricity on wholesale and retail electricity (capacity) markets to off-takers (including citizens)***
- ***Rendering services to third parties, including for the collection of payments for sold goods and rendered services***

Members of the controlled company's Board of Directors

Full name	Share of the person in the authorized capital of the Issuer, %	Share of the Issuer's ordinary shares held by the person, %
Aleksey Valeryevich Vlasov (Chairman)	0	0
Viktor Vladimirovich Milush	0	0
Lada Aleksandrovna Linker	0	0
Sergey Konstantinovich Storozhuk	0	0
Yevgeniya Aleksandrovna Kozlova	0	0
Natalya Gennadyevna Kovaleva	0	0
Aleksey Dmitriyevich Yakovlev	0.0000095	0.0000095
Sergey Vyacheslavovich Vasilyev	0	0
Anton Leonidovich Belchenko	0	0
Mikhail Varfolomeyevich Kuznetsov	0	0
Vladimir Grigoryevich Akulshin	0	0
Aleksey Yevgenevich Bay	0	0
Sergey Anatolyevich Tverdokhlebo	0	0
Kirill Andreyevich Trubitsyn	0	0
Aleksey Aleksandrovich Kovalenko	0	0

Members of the controlled company's collective executive body

Full name	Share of the person in the authorized capital of the Issuer, %	Share of the Issuer's ordinary shares held by the person, %
Vladimir Anatolyevich Kimerin (Chairman)	0	0
Viktor Vladimirovich Milush	0	0
Aleksandr Sergeyevich Yefremov	0	0
Yelena Yuryevna Tyurina	0	0
Sergey Andreyevich Khitun	0.000011	0.000011
Vitaliy Ivanovich Pravilo	0	0

The powers of the Company's sole executive body have been transferred to a management company

Full corporate name: ***Joint-Stock Company Energy Retailing Company RusHydro***

Short corporate name: ***ESC RusHydro***

Location: ***Moscow***

INN: ***7804403972***

OGRN: ***1089848039973***

Share of the Issuer in the authorized capital of the management company, %: ***99.99***

Share of the management company's ordinary shares held by the Issuer, %: ***99.99***

Share of the management company (manager) in the Issuer's authorized (reserve) capital (unit fund), %: ***0***

Share of the Issuer's ordinary shares held by the management company, %: ***0***.

4. Full corporate name: ***JSC Far East Generating Company***

Short corporate name: ***JSC FEFC***

Location: ***Khabarovsk, Russia***

INN: ***1434031363***

OGRN: ***1051401746769***

Type of control over the organization in relation to which the Issuer is a controlling entity (direct control, indirect control): ***indirect control***

Nature of control over the organization in relation to which it is a controlling entity (the right to control over 50 percent of votes in the supreme management entity of the company controlled by the Issuer, the right to appoint (elect) the sole executive body of the company controlled by the Issuer, or the right to appoint (elect) over

50 percent of the collective management entity of the company controlled by the Issuer): ***the right to control over 50 percent of votes in the supreme management entity of the company controlled by the Issuer***

Share of the Issuer in the authorized capital of the controlled company: ***0%***

Percentage of the ordinary shares of the controlled company held by the Issuer: ***0%***

In the case of indirect control, all the Issuer's controlled companies successively (the chain of companies under direct or indirect control of the Issuer) through which the Issuer controls the company in relation to which it is a controlling entity. Full name, location, INN (if applicable), and OGRN (if applicable) shall be specified for each such company:

Joint-Stock Company RAO Energy Systems of the East, Khabarovsk, Khabarovsk Krai, INN 2801133630, OGRN 108776000052.

JSC Far East Generating Company, Vladivostok, Russia, INN 2723088770, OGRN 1072721001660

Joint-Stock Company RAO Energy Systems of the East is a company controlled by the Issuer (direct control).

Public Joint-Stock Company Far East Energy Company is a controlled company of the Issuer (indirect control).

Share of Public Joint-Stock Company Far East Energy Company in the authorized capital of the controlled company JSC FEGC: ***100% – 1 share***

share of ordinary shares of JSC FEGC held by PJSC FEFC: ***100% – 1 share.***

Share of the controlled company in the authorized capital of the Issuer, %: ***0***

Share of the Issuer's ordinary shares held by the controlled company, %: ***0***

Description of the controlled company's core business:

– Supply (sale) of electricity and heat at established rates and in accordance with electrical and heat load dispatch schedules

– Electricity and heat generation

– Arrangement of power-saving modes of equipment operation at power plants and energy delivery according to agreements

– Sale of heat at retail heat markets to offtakers (including citizens)

Members of the controlled company's Board of Directors

Full name	Share of the person in the authorized capital of the Issuer, %	Share of the Issuer's ordinary shares held by the person, %
Sergey Vyacheslavovich Vasilyev (Chairman)	0	0
Viktor Nikolayevich Borodin	0	0
Larisa Vladimirovna Kabanova	0	0
Stanislav Sergeyevich Koptyakov	0	0
Denis Vladimirovich Toropov	0	0
Dmitriy Viktorovich Churilov	0	0
Mikhail Innokentyevich Shukaylov	0.000002	0.000002

Members of the controlled company's collective executive body: ***A collective executive body is not provided for by the Articles of Association.***

Sole executive body of the controlled company

Full name	Share of the person in the authorized capital of the Issuer, %	Share of the Issuer's ordinary shares held by the person, %
Mikhail Innokentyevich Shukaylov	0.000002	0.000002

5. Full corporate name: ***Public Joint-Stock Company Krasnoyarskenergosbyt***

Short corporate name: ***PJSC Krasnoyarskenergosbyt***

Location: ***Krasnoyarsk***

INN: ***2466132221***

OGRN: ***1052460078692***

Type of control over the organization in relation to which the Issuer is a controlling entity (direct control, indirect control): **indirect control**

Nature of control over the organization in relation to which it is a controlling entity (the right to control over 50 percent of votes in the supreme management entity of the company controlled by the Issuer, the right to appoint (elect) the sole executive body of the company controlled by the Issuer, or the right to appoint (elect) over 50 percent of the collective management entity of the company controlled by the Issuer): **The right to control over 50 percent of votes in the supreme management body of the company controlled by the Issuer.**

Share of the Issuer in the authorized capital of the controlled company: **0%**

Percentage of the ordinary shares of the controlled company held by the Issuer: **0%**

In the case of indirect control, all the Issuer's controlled companies successively (the chain of companies under direct or indirect control of the Issuer) through which the Issuer controls the company in relation to which it is a controlling entity. Full name, location, INN (if applicable), and OGRN (if applicable) shall be specified for each such company:

Joint-Stock Company ESC RusHydro, Moscow, INN 7804403972, OGRN 1089848039973.

Joint-Stock Company ESC RusHydro is a company controlled by the Issuer (direct control).

Share of Joint-Stock Company ESC RusHydro in the authorized capital of the controlled company PJSC Krasnoyarskenergosbyt, %: **51.75**

Percentage of ordinary shares of PJSC Krasnoyarskenergosbyt held by JSC ESC RusHydro, %: **66.33**

Joint-Stock Company Hydroinvest, Russia, Sakha Republic (Yakutia) INN 7814382859, OGRN 1077847558381.

Joint-Stock Company Hydroinvest is a company controlled by the Issuer (direct control).

Share of Joint-Stock Company Hydroinvest in the authorized capital of the controlled company PJSC Krasnoyarskenergosbyt, %: **14.06**

Share of ordinary shares of PJSC Krasnoyarskenergosbyt held by JSC Hydroinvest, %: **3.07**

Share of the controlled company in the Issuer's authorized capital: **0%**

Share of the Issuer's ordinary shares held by the controlled company: **0%**

Description of the controlled company's core business:

- **Sale of electricity in Krasnoyarsk Krai**
- **Acquisition and/or sale (supply) of electricity on the wholesale electricity and capacity market**
- **Acquisition and/or sale (supply) of capacity on the wholesale electricity and capacity market**
- **Sale (supply) of electricity (capacity) on the retail electricity and capacity market to electricity (capacity) purchasers, including energy services to electricity (capacity) off-takers, including conclusion of service agreements for power transfer to off-takers with network organizations on behalf of the electricity (capacity) off-taker or on its own behalf, but in the interests of the electricity (capacity) off-taker**
- **Acquisition of electricity (capacity) on retail electricity (capacity) markets**

Members of the controlled company's Board of Directors

Full name	Share of the person in the authorized capital of the Issuer, %	Share of the Issuer's ordinary shares held by the person, %
Aleksandr Olegovich Muravyev (Chairman)	0	0
Aleksandr Yuryevich Arkhipchenko	0	0
Galina Viktorovna Gorina	0.000023	0.000023
Marina Aleksandrovna Morozova	0	0
Anton Leonidovich Belchenko	0	0
Vadim Vladislavovich Nedotko	0	0
Anatoliy Vladimirovich Slyusar	0	0
Oleg Vladimirovich Dyachenko	0	0
Mikhail Yuryevich Khardikov	0	0

Members of the controlled company's collective executive body: **A collective executive body is not provided for by the Articles of Association.**

The powers of the Company's sole executive body have been transferred to a management company

Full corporate name: **Joint-Stock Company Energy Retailing Company RusHydro**

Short corporate name: **ESC RusHydro**

Location: **Moscow**

INN: 7804403972

OGRN: 1089848039973

share of the Issuer in the authorized capital of the management company, %: 99.99

share of the management company's ordinary shares held by the Issuer, %: 99.99

share of the management company (manager) in the Issuer's authorized (reserve) capital (unit fund), %: 0

share of the Issuer's ordinary shares held by the management company, %: 0

6. Full corporate name: **Public Joint-Stock Company Yakutskenergo**

Short corporate name: **Yakutskenergo**

Location: **Yakutsk, Russia**

INN: 1435028701

OGRN: 1021401047260

Type of control over the organization in relation to which the Issuer is a controlling entity (direct control, indirect control): **indirect control**

Nature of control over the organization in relation to which it is a controlling entity (the right to control over 50 percent of votes in the supreme management entity of the company controlled by the Issuer, the right to appoint (elect) the sole executive body of the company controlled by the Issuer, or the right to appoint (elect) over 50 percent of the collective management entity of the company controlled by the Issuer): **The right to control over 50 percent of votes in the supreme management body of the company controlled by the Issuer**

Share of the Issuer in the authorized capital of the controlled company: 29.80%

Percentage of the ordinary shares of the controlled company held by the Issuer: 29.00%

In the case of indirect control, all the Issuer's controlled companies successively (the chain of companies under direct or indirect control of the Issuer) through which the Issuer controls the company in relation to which it is a controlling entity. Full name, location, INN (if applicable), and OGRN (if applicable) shall be specified for each such company:

Joint-Stock Company RAO Energy Systems of the East, Khabarovsk, Khabarovsk Krai, INN 2801133630, OGRN 1087760000052.

Joint-Stock Company RAO Energy Systems of the East is a company controlled by the Issuer (direct control).

Share of Joint-Stock Company RAO Energy Systems of the East in the authorized capital of the controlled company PJSC Yakutskenergo, %: 49.37

Share of ordinary shares of PJSC Yakutskenergo held by RAO Energy Systems of the East, %: 57.63

Share of the controlled company in the authorized capital of the Issuer, %: 0.000013

Share of the Issuer's ordinary shares held by the controlled company, %: 0.000013

Description of the controlled company's core business: **Electricity and heat generation, transportation, and sale.**

Members of the controlled company's Board of Directors

Full name	Share of the person in the authorized capital of the Issuer, %	Share of the Issuer's ordinary shares held by the person, %
Sergey Vyacheslavovich Vasilyev (Chairman)	0	0
Nikolay Nikiforovich Durayev	0	0
Yevgeniya Aleksandrovna Kozlova	0	0
Yelena Vladimirovna Kolmogorova	0	0
Stanislav Sergeyeovich Koptyakov	0	0
Aleksandr Stepanovich Sloik	0	0
Denis Vladimirovich Toropov	0	0
Dmitriy Viktorovich Churilov	0	0
Aleksey Dmitriyevich Yakovlev	0.0000095	0.0000095

Members of the controlled company's collective executive body

Full name	Share of the person in the authorized capital of the Issuer, %	Share of the Issuer's ordinary shares held by the person, %
Aleksandr Stepanovich Sloik (Chairman)	0	0

Irina Petrovna Sysolyatina	0.0000032	0.0000032
Sergey Yuryevich Gavrilov	0	0
Oksana Leonidovna Sologub	0	0
Yuriy Stepanovich Savchuk	0	0
Petr Mikhaylovich Dyakonov	0	0
Andrey Fedorovich Sanachev	0.00016	0.00016

Sole executive body of the controlled company

Full name	Share of the person in the authorized capital of the Issuer, %	Share of the Issuer's ordinary shares held by the person, %
Aleksandr Stepanovich Sloik	0	0

3.6. Composition, Structure, and Value of the Issuer's Fixed Assets and Information on Plans for the Acquisition, Replacement, and Retirement of Fixed Assets and on All Encumbrances on the Issuer's Fixed Assets

As of December 31, 2017

Unit of measurement: *rubles*

Group of fixed asset items	Initial (replacement) cost	Amortization accrued
Buildings	45,469,914,647.74	6,566,732,248.75
Facilities	227,445,794,823.10	38,339,424,822.30
Machinery and equipment	222,661,775,992.93	69,084,761,617.23
Other	1,512,246,892.95	1,091,243,136.62
TOTAL	497,089,732,356.72	115,082,161,824.90

As of march 31, 2018

Unit of measurement: *rubles*

Group of fixed asset items	Initial (replacement) cost	Amortization accrued
Buildings	45,558,258,376.59	6,757,390,802.90
Facilities	227,499,037,428.17	39,479,535,812.29
Machinery and equipment	228,067,781,652.92	71,645,604,011.56
Other	1,522,186,435.74	1,120,365,407.23
TOTAL	502,647,263,893.42	119,002,896,033.98

Information on methods of computing depreciation allowances for groups of fixed asset facilities: *depreciation for groups of fixed asset facilities is carried out using the straight-line method based on the useful lives of these facilities.*

Information on the results of the last revaluation of fixed assets and long-term leased fixed assets performed within the last complete financial year, indicating the revaluation date, the total and residual (net of depreciation) balance value of fixed assets before revaluation, and the total and residual replacement value (net of depreciation) of fixed assets subject to this revaluation. The specified information is given for groups of fixed asset facilities. Information on methods of computing depreciation allowances for groups of fixed asset facilities: *fixed assets were not revalued during the abovementioned period.*

Information on plans for the acquisition, replacement, and retirement of fixed assets whose value amounts to 10 percent or more of the Issuer's fixed assets and other fixed assets at the Issuer's discretion as well as

information about all encumbrances on the Issuer's fixed assets (indicating the nature of the encumbrance, the date of its occurrence, its validity period and other conditions at the Issuer's discretion): ***acquisition, replacement, or retirement of fixed assets whose value amounts to 10 percent or more of the value of the Issuer's fixed assets is not planned.***

IV. Information on the Financial and Economic Activities of the Issuer

4.1. Financial and Economic Performance of the Issuer

Dynamics of indicators characterizing the financial and economic performance of the Issuer, including profits and losses, calculated on the basis of accounting (financial) statements.

The standard (rule) in accordance with which the accounting (financial) statements on the basis of which indicators are calculated are prepared: *RAS*

Unit of measure for the uncovered loss: *RUB thous.*

Indicator description	2016	2017	2017, 3 months	2018, 3 months
Net profit margin, %	36.4	25.0	48.9	30.0
Asset turnover ratio, times	0.13	0.15	0.03	0.04
Return on assets, %	4.61	3.68	1.40	1.21
Return on equity, %	5.44	4.38	1.73	1.43
Amount of uncovered losses as of the reporting date, RUB	0.00	0.00	0.00	0.00
Ratio of uncovered loss as of the reporting date to the book value of assets, %	0.00	0.00	0.00	0.00

The figures above were calculated using the method recommended in the Regulation on Information Disclosure by Issuers of Equity Securities approved by Bank of Russia Regulation No. 454-P dated December 30, 2014.

Economic analysis of the Issuer's profitability/unprofitability on the basis of the dynamics of the given indicators.

The net profit margin characterizes the rate of return from the company's business activities. In 2016, this indicator amounted to 36.4%; in 2017, 25.0%; in 2017 (3 months), 48.9%; and in 2018 (3 months), 30.0%. The decline of the indicator as of 2017 year-end results from the decline of net profit earned in 2017. (In 2016, additional earnings from the sale of the dams of Angara Cascade HPP were received.) The decline of the indicator in 2018 (3 months) compared to 2017 (3 months) results from the influence of the markup to the price for capacity in the Far Eastern Federal Okrug in accordance with Federal Law No. 508-FZ dated December 28, 2016, and Decree of the Government of the Russian Federation No. 895 dated July 28, 2017.

The asset turnover ratio shows how often over a period, usually over one year, the complete cycle of production and circulation, which brings an effect in the form of earnings, takes place. It characterizes the effectiveness of the Issuer's utilization of all available resources, irrespective of their sources. This indicator remained almost unchanged in the comparable periods in 2016 and 2017 and amounted to 0.13 times and 0.15 times, respectively; in 2017 (3 months) and 2018 (3 months), it amounted to 0.03 times and 0.04 times, respectively. The value of the indicator for years and quarters changes due to a lack of comparability between annual and quarterly net earnings.

Profitability ratios—that is, the relation between earnings (net income) and the means of their receipt, characterize the operating efficiency of the company—productivity or return on financial resources.

Return on assets is the effectiveness of the use of funds belonging to the owners of an enterprise. It serves as a key criterion when assessing the level of shares on a stock exchange. Return on assets in terms of net earnings must guarantee the payback of funds invested in the enterprise by its shareholders. This ratio shows what earnings the company receives from every Russian ruble invested in assets. Return on assets, which characterizes the efficiency of the use of corporate property, in 2016 and 2017 amounted to 4.61% and 3.68%, respectively (the decline of the indicator results from the decline of net earnings for the aforesaid reasons); in 2017 (3 months) and 2018 (3 months), it amounted to 1.4% and 1.21%, respectively (the decline is due to the

growth of the book value of assets). The value of the indicator for years and quarters changes due to a lack of comparability between annual and quarterly net earnings.

Return on equity shows the effectiveness of the utilization of the Issuer's equity. Return on equity amounted to 5.44% in 2016, 4.38% in 2017 (the decline of the indicator results from the decline of net earnings for the aforesaid reasons), 1.73% in 2017 (3 months) and 1.43% in 2018 (3 months) (the decline is due to the growth of equity (receipt of net earnings as of 2017 year-end, and registration of an additional issue of shares)). The value of the indicator for years and quarters changes due to a lack of comparability between annual and quarterly net earnings.

4.2. Liquidity of the Issuer, Capital and Current Asset Adequacy

Dynamics of indicators characterizing the liquidity of the Issuer, calculated on the basis of accounting (financial) statements

The standard (rule) in accordance with which the accounting (financial) statements on the basis of which indicators are calculated are prepared: *RAS*

Indicator description	2016	2017	2017, 3 months	2018, 3 months
Net working capital, RUB million	110,578	125,920	84,188	158,709
Current liquidity ratio	5.10	2.96	2.23	5.11
Quick liquidity ratio	4.94	2.89	2.15	4.96

The figures above were calculated using the method recommended in the Regulation on Information Disclosure by Issuers of Equity Securities approved by Bank of Russia Regulation No. 454-P dated December 30, 2014.

Economic analysis of the liquidity and financial solvency of the Issuer and the capital adequacy of the Issuer for performance of short-term liabilities and coverage of current operating costs on the basis of economic analysis of dynamics of the given indicators, with a description of factors which, according to the management entities of the Issuer, have the most significant impact on the liquidity and financial solvency of the Issuer:

Net working capital shows the amount of current assets financed with the company's equity and the amount financed at the expense of bank loans. Net working capital is needed to maintain the financial stability of the Issuer, as an excess of current assets over short-term liabilities means that the company may not only redeem its short-term liabilities, but has reserves for business expansion. The change as of the end of Q1 2018 is caused by the decline of short-term liabilities due to reclassification of loans by maturity.

The current liquidity ratio enables the assessment of current assets per one Russian rouble of current liabilities. This ratio exceeded the statutory value for the period under review (1.5); as of March 31, 2018, it amounted to 5.11. The growth of the indicator is caused by the decline of short-term liabilities for the aforesaid reasons.

The quick liquidity ratio is similar to the current liquidity ratio. It assesses the liquidity of assets. But it is calculated on the basis of a narrower range of current assets, where inventories, the least liquid part, are excluded from calculations. This ratio exceeded the statutory value for the period under analysis (0.95); as of March 31, 2018, it amounted to 4.96.

On the whole, liquidity ratios show that the Issuer's position is stable.

4.3. Financial Investments of the Issuer

The list of the Issuer's financial investments making up 5 percent or more of its financial investments as of the expiry date of the reporting period:

As of December 31, 2017:

Form of securities: *registered ordinary shares*

Full corporate name of the Issuer: *Joint-Stock Company Zagorskaya PSHPP-2*

Short corporate name of the Issuer: *JSC Zagorskaya PSHPP-2*

Issuer's location: *Bogorodskoye Industrial Community, Sergiyev-Posadskiy District, Moscow Region, Russia*

INN: *5042086312*

OGRN: *1065042071137*

State registration numbers of the equity securities issues: *1-01-11397-A*

State registration date: **January 18, 2007**

Registering authorities that carried out state registration of the equity securities issues: **Federal Financial Markets Service of Russia**

Number of securities owned by the Issuer: **53,681,508,646**

Total face value of the securities owned by the Issuer: **RUB 53,681,508,646**

For bonds and other debt equity securities as well as for options of the Issuer, maturity time: **not applicable for shares.**

Total book value of the securities owned by the Issuer (the book value of securities of the Issuer's subsidiaries and affiliates shall be specified separately): **RUB 60,690,958,886.76**

The amount of dividend on preferred shares or the procedure for the determination thereof, if it is specified in the Articles of Association of an Issuer which is a joint-stock company, and the term for payment: **the shares are not preferred shares.**

The amount of the declared dividend on ordinary shares (if there is no available information on declared dividend on ordinary shares for the current year, dividend for the previous year shall be specified) and the term for payment: **in 2017 and 2018, no decisions to pay dividends were made.**

If the amount of the Issuer's investments in shares of joint-stock companies increased due to an increase in the authorized capital of a joint-stock company at the expense of the property of such joint-stock company, the number and par value (increase in par value) of such shares received by the Issuer shall be specified: **none.**

Form of securities: **ordinary shares, preferred shares**

Full corporate name of the Issuer: **Joint-Stock Company RAO Energy Systems of the East**

Short corporate name of the Issuer: **JSC RAO Energy Systems of the East**

Issuer's location: **Khabarovsk, Khabarovsk Krai**

INN: **2801133630**

OGRN: **1087760000052**

State registration numbers of the equity securities issues: **1-01-55384-E dated July 29, 2008; 2-02-55384-E dated December 8, 2009**

Registering authorities that carried out state registration of the equity securities issues: **Federal Financial Markets Service of Russia**

Number of securities owned by the Issuer: **ordinary shares: 36,926,003,431, preferred shares: 1,416,245,040**

Total face value of the securities owned by the Issuer: **ordinary shares: RUB 18,463,001,715.5, preferred shares: RUB 708,122,520**

Total book value of the securities owned by the Issuer (the book value of securities of the Issuer's subsidiaries and affiliates shall be specified separately): **RUB 18,495,246,562.12**

The amount of dividend on preferred shares or the procedure for the determination thereof, if it is specified in the Articles of Association of an Issuer which is a joint-stock company, and the term for payment: **in 2017 and 2018, no decisions to pay dividends were made.**

The amount of the declared dividend on ordinary shares (if there is no available information on declared dividend on ordinary shares for the current year, dividend for the previous year shall be specified) and the term for payment: **in 2017 and 2018, no decisions to pay dividends were made.**

If the amount of the Issuer's investments in shares of joint-stock companies increased due to an increase in the authorized capital of a joint-stock company at the expense of the property of such joint-stock company, the number and par value (increase in par value) of such shares received by the Issuer shall be specified: **none.**

Form of securities: **registered ordinary shares**

Full corporate name of the Issuer: **Joint-Stock Company Dyakov Ust-Srednekanskaya HPP**

Short corporate name of the Issuer: **JSC Dyakov Ust-Srednekanskaya HPP**

Issuer's location: **Magadan, Magadan Region, Russia**

INN: **4909095293**

OGRN: **1074910002310**

State registration numbers of the equity securities issues: **1-01-55315-E**

State registration date: **September 11, 2007**

Registering authorities that carried out state registration of the equity securities issues: **Federal Financial Markets Service of Russia**

Number of securities owned by the Issuer: **18,809,586,927**

Total face value of the securities owned by the Issuer: **RUB 18,809,586,927**

Total book value of the securities owned by the Issuer (the book value of securities of the Issuer's subsidiaries and affiliates shall be specified separately): **RUB 23,111,468,131.08**

The amount of dividend on preferred shares or the procedure for the determination thereof, if it is specified in the Articles of Association of an Issuer which is a joint-stock company, and the term for payment: ***the shares are not preferred shares.***

The amount of the declared dividend on ordinary shares (if there is no available information on declared dividend on ordinary shares for the current year, dividend for the previous year shall be specified) and the term for payment: ***in 2017 and 2018, no decisions to pay dividends were made.***

if the amount of the Issuer's investments in shares of joint-stock companies increased due to an increase in the authorized capital of a joint-stock company at the expense of the property of such joint-stock company, the number and par value (increase in par value) of such shares received by the Issuer shall be specified: ***none.***

Form of securities: ***registered ordinary shares***

Full corporate name of the Issuer: ***Joint-Stock Company Zaramagskiye HPPs***

Short corporate name of the Issuer: ***JSC Zaramagskiye HPPs***

Issuer's location: ***Moscow***

INN: ***1505008701***

OGRN: ***151301001***

State registration numbers of the equity securities issues: ***1-01-32047-E***

State registration date: ***February 27, 2013***

Registering authorities that carried out state registration of the equity securities issues: ***Federal Financial Markets Service of Russia***

Number of securities owned by the Issuer: ***17,933,142***

Total face value of the securities owned by the Issuer: ***RUB 17,933,142***

Total book value of the securities owned by the Issuer (the book value of securities of the Issuer's subsidiaries and affiliates shall be specified separately): ***RUB 17,216,207,775.52***

The amount of dividend on preferred shares or the procedure for the determination thereof, if it is specified in the Articles of Association of an Issuer which is a joint-stock company, and the term for payment: ***the shares are not preferred shares.***

The amount of the declared dividend on ordinary shares (if there is no available information on declared dividend on ordinary shares for the current year, dividend for the previous year shall be specified) and the term for payment: ***in 2017 and 2018, no decisions to pay dividends were made.***

If the amount of the Issuer's investments in shares of joint-stock companies increased due to an increase in the authorized capital of a joint-stock company at the expense of the property of such joint-stock company, the number and par value (increase in par value) of such shares received by the Issuer shall be specified: ***none.***

Form of securities: ***registered ordinary shares***

Full corporate name: ***Joint-Stock Company Yakutskaya SDPP-2***

Short corporate name: ***JSC Yakutskaya SDPP-2***

Location: ***Yakutsk, Sakha Republic (Yakutia), Russia***

INN: ***1435269489***

OGRN: ***1131447010640***

State registration numbers of the equity securities issues: ***1-01-58921-N***

State registration date: ***June 21, 2013***

Registering authorities that carried out state registration of the equity securities issues: ***Federal Financial Markets Service of Russia***

Number of securities owned by the Issuer: ***16,861,500,000***

Total face value of the securities owned by the Issuer: ***RUB 16,861,500,000.00***

Total book value of the securities owned by the Issuer (the book value of securities of the Issuer's subsidiaries and affiliates shall be specified separately): ***RUB 16,861,500,000***

The amount of dividend on preferred shares or the procedure for the determination thereof, if it is specified in the Articles of Association of an Issuer which is a joint-stock company, and the term for payment: ***the shares are not preferred shares.***

The amount of the declared dividend on ordinary shares (if there is no available information on declared dividend on ordinary shares for the current year, dividend for the previous year shall be specified) and the term for payment: ***in 2017 and 2018, no decisions to pay dividends were made.***

If the amount of the Issuer's investments in shares of joint-stock companies increased due to an increase in the authorized capital of a joint-stock company at the expense of the property of such joint-stock company, the number and par value (increase in par value) of such shares received by the Issuer shall be specified: ***none.***

Information on the provisions created for the impairment of securities, RUB thousand:

January 1, 2017	December 31, 2017
17,854,922	25,586,210

Other financial investments of the issuer amounting to 5 percent or more of all its financial investments as of December 31, 2017:

Type of investment: *interest-bearing loan*

Object of financial investment:

Full corporate name: *JSC Far East Generating Company*

Short corporate name: *JSC FEGC*

Location: *Khabarovsk, Russia*

INN: *1434031363*

OGRN: *1051401746769*

Investment amount in monetary terms: *RUB 4,537,544,121.00*

Income from the object of financial investment or the procedure for its calculation, maturity: *the interest rate during the interest period is 7.997% per annum. Interest is paid according to the payment schedule. Loan repayment term: December 3, 2018.*

Type of investment: *interest-bearing loan*

Object of financial investment:

Full corporate name: *JSC Far East Generating Company*

Short corporate name: *JSC FEGC*

Location: *Khabarovsk, Russia*

INN: *1434031363*

OGRN: *1051401746769*

Investment amount in monetary terms: *RUB 35,608,124,811.00*

Income from the object of financial investment or the procedure for its calculation, maturity: *the interest rate during the interest period is 5.90% per annum. Interest is paid according to the payment schedule. Loan repayment term: March 27, 2022.*

Information on the amount of potential losses related to the bankruptcy of organizations (entities) in which investments were made, for each type of such investments: *the amount of potential losses related to the bankruptcy of organizations (entities) in which investments were made for each type of said investments is limited to the amount of the funds invested.*

If the Issuer's funds are placed on deposit or other accounts with banks or other credit organizations whose licenses have been suspended or withdrawn, as well as if a decision has been made on the reorganization or liquidation of such credit organizations, initiation of bankruptcy proceedings, or recognition of such organizations as insolvent (bankrupt), information on losses (potential losses) connected with such events shall be specified: *none.*

Standards (rules) of financial reporting in accordance with which the Issuer has made the calculations specified in this clause of the securities prospectus: *PBU 19/02 "Accounting Regulation 'Accounting of Financial Investments'" approved by Order of the Ministry of Finance of the Russian Federation No. 126n dated December 10, 2002.*

As of March 31, 2018:

Form of securities: *registered ordinary shares*

Full corporate name of the Issuer: *Joint-Stock Company Zagorskaya PSHPP-2*

Short corporate name of the Issuer: *JSC Zagorskaya PSHPP-2*

Issuer's location: *Bogorodskoye Industrial Community, Sergiyev-Posadskiy District, Moscow Region, Russia*

INN: *5042086312*

OGRN: *1065042071137*

State registration numbers of the equity securities issues: *1-01-11397-A*

State registration date: *January 18, 2007*

Registering authorities that carried out state registration of the equity securities issues: *Federal Financial Markets Service of Russia*

Number of securities owned by the Issuer: *53,681,508,646*

Total face value of the securities owned by the Issuer: *RUB 53,681,508,646*

For bonds and other debt equity securities as well as for options of the Issuer, maturity time: ***not applicable for shares***

Total book value of the securities owned by the Issuer (the book value of securities of the Issuer's subsidiaries and affiliates shall be specified separately): **RUB 60,690,958,886.76**

The amount of dividend on preferred shares or the procedure for the determination thereof, if it is specified in the Articles of Association of an Issuer which is a joint-stock company, and the term for payment: ***the shares are not preferred shares.***

The amount of the declared dividend on ordinary shares (if there is no available information on declared dividend on ordinary shares for the current year, dividend for the previous year shall be specified) and the term for payment: ***in 2017 and 2018, no decisions to pay dividends were made.***

If the amount of the Issuer's investments in shares of joint-stock companies increased due to an increase in the authorized capital of a joint-stock company at the expense of the property of such joint-stock company, the number and par value (increase in par value) of such shares received by the Issuer shall be specified: ***none.***

Form of securities: ***ordinary shares, preferred shares***

Full corporate name of the Issuer: ***Joint-Stock Company RAO Energy Systems of the East***

Short corporate name of the Issuer: ***JSC RAO Energy Systems of the East***

Issuer's location: ***Khabarovsk, Khabarovsk Krai***

INN: ***2801133630***

OGRN: ***108776000052***

State registration numbers of the equity securities issues: ***1-01-55384-E dated July 29, 2008; 2-02-55384-E dated December 8, 2009***

Registering authorities that carried out state registration of the equity securities issues: ***Federal Financial Markets Service of Russia***

Number of securities owned by the Issuer: ***ordinary shares: 36,926,003,431, preferred shares: 1,416,245,040***

Total face value of the securities owned by the Issuer: ***ordinary shares: RUB 18,463,001,715.5, preferred shares: RUB 708,122,520***

Total book value of the securities owned by the Issuer (the book value of securities of the Issuer's subsidiaries and affiliates shall be specified separately): ***RUB 18,495,246,562.12***

The amount of dividend on preferred shares or the procedure for the determination thereof, if it is specified in the Articles of Association of an Issuer which is a joint-stock company, and the term for payment: ***in 2017 and 2018, no decisions to pay dividends were made***

The amount of the declared dividend on ordinary shares (if there is no available information on declared dividend on ordinary shares for the current year, dividend for the previous year shall be specified) and the term for payment: ***in 2017 and 2018, no decisions to pay dividends were made.***

If the amount of the Issuer's investments in shares of joint-stock companies increased due to an increase in the authorized capital of a joint-stock company at the expense of the property of such joint-stock company, the number and par value (increase in par value) of such shares received by the Issuer shall be specified: ***none.***

Form of securities: ***registered ordinary shares***

Full corporate name of the Issuer: ***Joint-Stock Company Dyakov Ust-Srednekanskaya HPP***

Short corporate name of the Issuer: ***JSC Dyakov Ust-Srednekanskaya HPP***

Issuer's location: ***Magadan, Magadan Region, Russia***

INN: ***4909095293***

OGRN: ***1074910002310***

State registration numbers of the equity securities issues: ***1-01-55315-E***

State registration date: ***September 11, 2007***

Registering authorities that carried out state registration of the equity securities issues: ***Federal Financial Markets Service of Russia***

Number of securities owned by the Issuer: ***18,809,586,927***

Total face value of the securities owned by the Issuer: ***RUB 18,809,586,927***

Total book value of the securities owned by the Issuer (the book value of securities of the Issuer's subsidiaries and affiliates shall be specified separately): ***RUB 23,111,468,131.08***

The amount of dividend on preferred shares or the procedure for the determination thereof, if it is specified in the Articles of Association of an Issuer which is a joint-stock company, and the term for payment: ***the shares are not preferred shares.***

The amount of the declared dividend on ordinary shares (if there is no available information on declared dividend on ordinary shares for the current year, dividend for the previous year shall be specified) and the term for payment: ***in 2017 and 2018, no decisions to pay dividends were made.***

if the amount of the Issuer's investments in shares of joint-stock companies increased due to an increase in the authorized capital of a joint-stock company at the expense of the property of such joint-stock company, the number and par value (increase in par value) of such shares received by the Issuer shall be specified: **none**.

Form of securities: **registered ordinary shares**

Full corporate name of the Issuer: **Joint-Stock Company Zaramagskiye HPPs**

Short corporate name of the Issuer: **JSC Zaramagskiye HPPs**

Issuer's location: **Moscow**

INN: **1505008701**

OGRN: **151301001**

State registration numbers of the equity securities issues: **1-01-32047-E**

State registration date: **February 27, 2013**

Registering authorities that carried out state registration of the equity securities issues: **Federal Financial Markets Service of Russia**

Number of securities owned by the Issuer: **17,933,142**

Total face value of the securities owned by the Issuer: **RUB 17,933,142**

Total book value of the securities owned by the Issuer (the book value of securities of the Issuer's subsidiaries and affiliates shall be specified separately): **RUB 17,216,207,775.52**

The amount of dividend on preferred shares or the procedure for the determination thereof, if it is specified in the Articles of Association of an Issuer which is a joint-stock company, and the term for payment: **the shares are not preferred shares**.

The amount of the declared dividend on ordinary shares (if there is no available information on declared dividend on ordinary shares for the current year, dividend for the previous year shall be specified) and the term for payment: **in 2017 and 2018, no decisions to pay dividends were made**.

If the amount of the Issuer's investments in shares of joint-stock companies increased due to an increase in the authorized capital of a joint-stock company at the expense of the property of such joint-stock company, the number and par value (increase in par value) of such shares received by the Issuer shall be specified: **none**.

Information on the provisions created for the impairment of securities, RUB thousand:

January 1, 2017	March 31, 2018
17,854,922	25,586,210

Other financial investments of the Issuer amounting to 5 percent or more of all its financial investments as of March 31, 2018:

Type of investment: **interest-bearing loan**

Object of financial investment:

Full corporate name: **JSC Far East Generating Company**

Short corporate name: **JSC FEGC**

Location: **Khabarovsk, Russia**

INN: **1434031363**

OGRN: **1051401746769**

Investment amount in monetary terms: **RUB 4,537,544,121.00**

Income from the object of financial investment or the procedure for its calculation, maturity: **the interest rate during the interest period is 7.997% per annum. Interest is paid according to the payment schedule. Loan repayment term: December 3, 2018.**

Type of investment: **interest-bearing loan**

Object of financial investment:

Full corporate name: **JSC Far East Generating Company**

Short corporate name: **JSC FEGC**

Location: **Khabarovsk, Russia**

INN: **1434031363**

OGRN: **1051401746769**

Investment amount in monetary terms: **RUB 35,608,124,811.00**

Income from the object of financial investment or the procedure for its calculation, maturity: **the interest rate during the interest period is 5.90% per annum. Interest is paid according to the payment schedule. Loan repayment term: March 27, 2022.**

Information on the amount of potential losses related to the bankruptcy of organizations (entities) in which investments were made, for each type of such investments: *the amount of potential losses related to the bankruptcy of organizations (entities) in which investments were made for each type of said investments is limited to the amount of the funds invested.*

If the Issuer's funds are placed on deposit or other accounts with banks or other credit organizations whose licenses have been suspended or withdrawn, as well as if a decision has been made on the reorganization or liquidation of such credit organizations, initiation of bankruptcy proceedings, or recognition of such organizations as insolvent (bankrupt), information on losses (potential losses) connected with such events shall be specified: *none.*

Standards (rules) of financial reporting in accordance with which the Issuer has made the calculations specified in this clause of the securities prospectus: *PBU 19/02 "Accounting Regulation 'Accounting of Financial Investments'" approved by Order of the Ministry of Finance of the Russian Federation No. 126n dated December 10, 2002.*

4.4. Intangible Assets of the Issuer

As of December 31, 2017

Unit of measurement: **rubles**

Group of intangible asset items	Initial (replacement) cost	Amortization accrued
Intangible assets of the company	2,594,826,617.57	1,701,765,872.26
R&D expenses	440,761,032.36	0.00
Patents	146,249,080.57	36,059,774.82
TOTAL	3,181,836,730.50	1,737,825,647.08

As of march 31, 2018

Unit of measurement: **rubles**

Group of intangible asset items	Initial (replacement) cost	Amortization accrued
Intangible assets of the company	2,594,826,617.57	1,790,792,921.11
R&D expenses	402,610,063.84	0.00
Patents	146,249,080.57	39,056,897.88
TOTAL	3,143,685,761.98	1,829,849,818.99

The accounting standards (rules) according to which the Issuer provides information on its intangible assets: *PBU 4/99 "Corporate Accounting Statements" (approved by Order of the Ministry of Finance of Russia No. 43n dated July 6, 1999); Russian Accounting Regulation "Accounting of Intangible Assets" PBU 14/2000 (approved by Order of the Ministry of Finance of Russia No. 91n dated October 16, 2000).*

4.5. Information on the Issuer's Policy and Expenses in the Area of Scientific and Technical Development and in Relation to Licenses and Patents, New Developments, and Research

The Issuer regularly carries out research and development works to improve technological processes (to examine the properties of materials, the condition of equipment, testing, etc.) to enhance the reliability, safety, and effectiveness of HPPs' operation.

Information on the Issuer's policy in the area of scientific and technical development for the corresponding reporting period preceding the expiry date of the last reporting quarter, including disclosure of expenses on research and development activity financed using the Issuer's equity in the said reporting period:

In 2017, the Issuer announced tenders for the following research and development works:

"Study of new technology for the repair and recovery of hydraulic structure elements, extension of their service life and increase of their reliability, and development of implementation guidelines"

"Study of new methods for eliminating leaks and improved filtering of ground hydraulic structures"

"Study of transitional processes in the event of external and internal damages of the electrical part of a hydrogenerator for the purpose of analyzing electrodynamic impacts on its design elements"

"Development of methods for increasing the throughput capacity of water discharge facilities at existing HPPs"

In 2017, the Issuer accepted the following final R&D deliverables:

"Development of the design of a watertight element (WTE) made of clay cement concrete (CCC) secant piles for an earthfill dam"

"Comprehensive evaluation of the actual strength of hydroturbine elements operated by HPPs using methods of numerical analysis of the stress-strain state"

"Study of the possibilities and development of recommendations for increasing the power efficiency of the basic process cycle of HPPs for the purpose of increased electricity generation"

Research and technical activity expenses covered at the Issuer's own cost in 2017 amounted to RUB 235.477 million (including VAT).

In Q1 2018, the Issuer announced tenders for the following research and development works:

"Mitigation of risks when creating (reconstructing) RusHydro production facilities and development of a standard for preserving cultural heritage sites"

"Evaluation of changes in the impacts of railway infrastructure on an HPP GTS"

Research and technical activity expenses covered at the Issuer's own cost in Q1 2018 amounted to RUB 3.12 million (including VAT).

Information on the creation of major intellectual property and the obtaining of legal protection thereof by the Issuer (including information on the date of issue and the validity periods of patents for an invention, a useful model or an industrial design, state registration of trade and service marks, or the name of the place of origin of commodities) and on the main areas and results of the use of the Issuer's major intellectual property:

In 2017, the following patents were received:

Patent for utility model No. 170285 "Device for Measuring the Adhesive Strength of Ice to Hard Surfaces Made of Different Materials" (issued on April 19, 2017, valid through November 8, 2026)

Patent for utility model No. 169246 "Device for Measuring Inclination Angles of a Concrete Hydraulic Unit and its Elements" (issued on March 13, 2017, valid through November 8, 2026)

In Q1 2018, the following patents were received:

Invention patent No. 2643396 Method of Raising and Alignment of Buildings/Structures (issued on February 1, 2018, valid through November 8, 2036)

Invention patent No. 2645903 Method for monitoring the stress-strain state of structural elements of massive concrete structures during their long-term operation (issued on February 28, 2018, valid through November 8, 2036)

Invention patent No. 2643986 Method for cleaning the filtering part of a pressure embedded nonlinear piezometer (issued on February 6, 2018, valid through November 8, 2036)

Patent for utility model No. 177580 Container power unit of a mini-HPP with an orthogonal turbine (issued on March 1, 2018, valid through March 6, 2027)

Principal areas and results of the use of the Issuer's major intellectual property: *intellectual property items are used to increase the effectiveness of principal processes at all life cycle stages of the RusHydro engineering system.*

Due to the uniqueness of the items and the narrow focus of the research, development, and engineering works conducted, intellectual property items are not currently used commercially.

Risk factors connected with the possible expiry of the validity period of patents and licenses to use trademarks essential for the Issuer: *none.*

4.6. Analysis of Development Trends in the Area of the Issuer's Core Business

Basic development trends of the sector in which the Issuer carries out its core activities:

1. Strategic developments of the sector

Regulation of the Government of the Russian Federation No. 1715-r dated November 13, 2009, approved the Energy Strategy of the Russian Federation until 2030. The main goal of the document is the creation of priority areas for long-term development of the power industry until 2030.

Currently, the Ministry of Energy of the Russian Federation has prepared and is now discussing a draft of the Energy Strategy of the Russian Federation up to 2035. The draft strategy was developed in accordance with Federal Law No. 172-FZ dated June 28, 2014, "On Strategic Planning in the Russian Federation" and is

an interindustry document for the power-generating sector (oil, gas, coal, electricity, and heat industry) and for energy as a sphere of government control.

The Development Program and Scheme of the Unified Energy System of Russia for 2017–2023 (Order of Minenergo of the Russian Federation No. 143 dated March 1, 2017) was approved as part of the implementation of tools of the mid-term planning period. The main objective of the plan and program is to facilitate the development of networked infrastructure and generating capacities and to ensure the satisfaction of long-term and mid-term demand for electric power and capacity.

Decree of the Government of the Russian Federation No. 1634-r dated August 1, 2016, approved the Area Planning Scheme of the Russian Federation applicable to the power industry. The document includes new power engineering facilities planned to be constructed by 2030 and expandable power engineering facilities in respect of which the need for additional land allotment has not been determined, as well as maps of the scheduled allocation of objects of federal significance for the period up to 2030.

The Plan of Power Industry Facilities Allocation until 2035 was approved by Decree of the Government of the Russian Federation No. 1209-r dated June 9, 2017. The general placement scheme of electricity industry facilities is directed in particular toward the formation of the structure of generating capacities and feeders to ensure a promising balance of production and consumption of electricity and capacity in the Unified Energy System of Russia and technologically isolated territorial power systems and prevent projected deficits of electricity and power as effectively as possible, taking into account the projected operating modes of operation of energy systems, the necessary technological reserve, and basic technological restrictions.

A number of regulatory legal documents for supporting the Russian economy, including the energy industry, have been adopted. The Issuer was included in the list of the country's strategic enterprises, which means it can count on the implementation of state support measures.

Federal Laws No. 508-FZ dated December 28, 2016, and No. 129-FZ dated June 30, 2017, "On Amendments to the Federal Law 'On the Electric Power Industry'" were introduced to increase the price of power in price zones I and II, due to which the prices in the Far East will be reduced to the average level; also, the scheme of transfer of funds to the budgets of subjects of the Far Eastern Federal District was defined.

By Decree No. 895 of the Government of the Russian Federation dated July 28, 2017, "On the Achievement of Base Levels of Prices (Tariffs) for Electricity (Capacity) in Territories of the Far Eastern Federal District," the following is confirmed:

- The rules for determining and applying a markup to the price of capacity delivered in price zones of the wholesale market by wholesale market participants/producers of electricity (capacity) to achieve the base levels of the prices (tariffs) for electricity (capacity) planned for the next period of regulation in territories of the Far Eastern Federal District*
- The rules for bringing prices (tariffs) for electricity (capacity) for territories of the Far Eastern Federal District to the base levels of the prices (tariffs) for electricity (capacity) planned for the next period of regulation*
- The rules for targeted use of the funds received from the application of a markup on the price of capacity delivered in price zones of the wholesale market by wholesale market participants/producers of electricity (capacity) to achieve the base levels of prices (tariffs) for electricity (capacity) planned for the next period of regulation in territories of the Far Eastern Federal District, monitoring of the targeted use of such funds, transfer of gratuitous targeted contributions to the budgets of the territorial subjects of the Russian Federation which are a part of the Far Eastern Federal District, and conclusion of an agreement (contract) on gratuitous targeted contributions*

Order of the Government of the Russian Federation No. 1614-r dated July 28, 2017, defines PJSC RusHydro as a wholesale market participant/producer of electricity (capacity) to whose capacity a price markup on the capacity delivered in price zones of the wholesale market established for achievement in territories of the Far Eastern Federal District of the base levels of the prices (tariffs) for electricity (capacity) planned for the next period of regulation is applied.

Order of the Government of the Russian Federation No. N1615-r dated July 28, 2017, established a base level of the prices (tariffs) for electricity (capacity) for 2017 for the territorial subjects of the Russian Federation that are a part of the Far Eastern Federal District of RUB 4 per kW•h (without value added tax). The amount of funds (RUB 23,995 million) considered when determining the markup on the price of the capacity delivered in price zones of the wholesale market by wholesale market participants/producers of electricity (capacity) established to achieve, in the territorial subjects of the Russian Federation that are a part of the Far Eastern Federal District, the base levels of the prices (tariffs) for electricity (capacity) for the territorial subjects of the Russian Federation that are a part of the Far Eastern Federal District has also been approved, and the formula for calculating the said markup to the price of capacity has been defined.

Order of the Government of the Russian Federation No. 2527-r dated November 15, 2017, established a base level of the prices (tariffs) for electricity (capacity) for 2018 for the territorial subjects of the Russian Federation that are a part of the Far Eastern Federal District of RUB 4.3 per kW•h (without value added tax).

The amount of funds (RUB 35,032 million) considered when determining the markup on the price of the power delivered in price zones of the wholesale market by wholesale market participants/producers of electricity (capacity) established to achieve, in the territorial subjects of the Russian Federation that are a part of the Far Eastern Federal District, base levels of the prices (tariffs) for electricity (capacity) for the territorial subjects of the Russian Federation that are a part of the Far Eastern Federal District has also been approved, and the formula for calculating the said markup to the price of capacity has been defined.

2. Electricity and capacity consumption and production

According to operation data from JSC SO UPS, electricity consumption in the UES of Russia in March 2018 was 97.7 billion kW•h, which is 5.8% more than the volume of consumption in March 2017. Electricity consumption in March 2018 all over Russia amounted to 99.7 billion kW•h, which is 5.9% above the consumption volume in March 2017.

Without taking into account the influence of February 29, 2016, electricity consumption by UES of Russia and Russia as a whole increased by 1.6% and 0.8%, respectively.

Electricity generation in Russia in general in March 2018 was 100.5 billion kW•h, which is 5.8% more than in March 2017. The power plants of the UES of Russia generated 98.5 billion kW•h in March 2018, which is 5.6% more than in March of the previous year. The increase in electricity and capacity consumption in March 2018 compared to the same month of 2017 is associated with a lower outdoor air temperature.

3. Innovative development of the power industry and energy efficiency

In accordance with the instructions of the Prime Minister of the Russian Federation D. A. Medvedev (list of instructions No. DM-P36-6057 dated July 25, 2014), the Company developed an Innovative Development Program for 2016–2020 with a perspective up to 2025 (the "Program") in 2016. The Program was approved by the Board of Directors of RusHydro (Minutes No. 244 dated November 23, 2016).

The Program was formed in accordance with the Methodological Guidelines for the Development and Adjustment of Innovative Development Programs for Joint-Stock Companies with State Participation, State-Owned Corporations, State-Owned Companies, and Federal State Unitary Enterprises approved by Instruction of the Government of the Russian Federation No. DM-P36-7563 dated November 7, 2015, based on the results of an independent technological audit.

The program includes, as a schedule, the Program for Innovative Development of the Holding Company RAO Energy Systems of the East for 2016–2020 with a perspective up to 2025 approved by the Board of Directors of RAO Energy Systems of the East (Minutes No. 145 dated July 1, 2016) and is synchronized with it as concerns the list and values of key performance indicators.

The quality of the development of the Program has been assessed by the Interdepartmental Commission for Technological Development of the Presidium of the Council under the President of the Russian Federation for the Modernization of Economics and Innovative Development of Russia (Minutes No. 23-DO1 dated December 26, 2014). The rating is 95.2%, which is one of the highest assessments of the quality of Program development among fuel and energy companies.

The assessment was approved by the Interdepartmental Working Group on the Implementation of Innovation Development Priorities at the Presidium of the Council under the President of the Russian Federation on Modernization of the Economy and Innovative Development of Russia (Minutes No. 1 dated April 14, 2017).

Decree of the Government No. 47 dated January 23, 2015, "On Amending Certain Acts of the Government of the Russian Federation Regarding Stimulation of the Use of Renewable Energy Sources in the Retail Electricity Markets" established the criterion of nonexceedance of the aggregate predicted volume of electricity (capacity) generation by qualified generating facilities operating based on the use of renewable energy sources in the retail electricity market of the level of 5% of the aggregate predicted electricity (capacity) loss in the nonprice zones in the territories of the constituents of the Russian Federation.

For the territories of the constituents of the Russian Federation included in the list of technologically isolated territorial power systems and for territories that are not technologically connected with the Unified Energy System of Russia or with the technologically isolated territorial power systems, the main criterion for reducing the cost of electricity (capacity) in the corresponding territory as a result of implementing the investment project based on renewable energy sources has been established.

The procedure and conditions for holding capacity auctions for including generating facilities functioning based on the use of renewable energy sources whose electricity (capacity) is to be sold in the retail markets in the development plan of the regional power engineering sector as well as the requirements for the corresponding investment projects and the criteria for their offtaking shall be established by the executive authorities of the constituents of the Russian Federation in compliance with the aforesaid principles.

In 2017, the Energy Saving and Enhanced Energy Efficiency Program was approved and agreed upon by the Ministry of Energy of Russia. The Program was drawn up following the energy inspections held in 2010–2016.

According to the schedule of energy inspections of branches in RusHydro Group (not including the Holding RAO Energy Systems of the East), in 2017, twenty facilities of the following Company branches underwent energy audits: Dagestan branch, Kabardino-Balkaria branch, Karachay-Cherkessia branch; three facilities of PJSC Kolymaenergo. In all branches and controlled entities where an energy audit was conducted, energy certificates and energy saving and enhanced energy efficiency programs were developed, and reports with recommendations were drawn up.

The overall assessment of the Issuer's results in the given sector is positive.

The results of the Issuer's activities correspond to the trends of the sector's development.

Reasons justifying the results of operations (satisfactory and unsatisfactory results, in the Issuer's opinion):

The main reasons for the obtained results are effective performance of the Issuer on the wholesale electricity and power market, efficient management of expenses, and appropriate labor management.

RusHydro was fifth among generating companies participating in the wholesale market as regards Efficiency on the Market in the Final Annual Rating of the Association Nonprofit Partnership Market Council for 2016 (one place higher than last year). Based on the results of Q3 2017, the Company took fourth place in the Rating of the Association Nonprofit Partnership Market Council for the indicator "Market Efficiency" among generating companies. For the indicator "Economic Efficiency," the Company took third place for Q3 2017.

The opinions of the Issuer's management entities on the information provided are the same.

The members of the management entities of the Issuer do not have a special opinion on the information provided reflected in the minutes of the meeting of the Issuer's management entities where the relevant issues were considered and do not insist on reflecting such (different) opinions in this Quarterly Report.

4.7. Analysis of Factors and Conditions Influencing the Issuer's Activities

Main factors influencing the sector:

- *GDP growth rates that influence the demand for electricity and the level of investment in the creation of new capacities*
- *The legislative base determining the payback period for projects in the electrical power sector, sources and structure of the investment portfolio of energy companies, the level of competition, etc.*
- *The level of state stimulation of the development of specific types of electrical power generation*
- *The condition of fixed production assets used by enterprises in the sector*
- *The socioeconomic situation in the country*
- *Accessibility of capital markets, including credit resources*
- *The level of payment discipline of electrical power offtakers*

Factors and conditions influencing the Issuer's activities and the results of its activities include:

1. Reliability and safety of equipment and hydropower facilities.

Physical wear and technological aging of fixed assets, enhanced requirements for the reliable and accident-free operation of the UES of Russia, the growing need for regulating capacity of daily electricity consumption in the European part of the UES of Russia, the increasing threat of man-made accidents with grave consequences as a result of deterioration of hydropower facilities and generating equipment, and increased standards of seismic safety at the location of the Issuer's HPPs require special attention to the reliability and safety of assets and funds.

2. Seasonal fluctuation.

The Issuer's core business activity is not influenced by seasonal fluctuation.

The Issuer's electricity generation volume depends to a considerable extent on the available inflow in the river basins where its generating facilities are located and is distributed irregularly throughout the year depending on the season. Furthermore, the generation volume is affected by forecasting ability and by the decisions of the bodies governing water economy relations in the Russian Federation.

3. Mechanisms for tariff setting.

Some of the Issuer's capacities are located in the Far East. Prices (tariffs) for electricity and capacity are still subject to state regulation within the territory of the Far East. All volumes of electrical energy and capacity in the given territory are sold at regulated prices (rates) through one buyer in the East UPS. The tariffs for generation in the territory of the Far East Federal Okrug can be set out by using the indexing method and the method of economically feasible expenses. The prices (tariffs) for electricity (capacity) delivered in nonprice zones of the wholesale market are set out by using the indexing method. According to these methods, inclusion of investments in the tariff is almost impossible. Taking into account the state policy aimed at the accelerated socioeconomic development of the Far East, mechanisms for tariff setting for the region may fail to ensure the profitable operation of the Issuer's generating capacities. The applied tariff setting rules do not create economic

motivation for improvement of effectiveness and construction of new generating facilities. At the same time, liberalization of the wholesale market in other regions may fail to guarantee the Issuer earnings sufficient for cross-subsidy of the Far Eastern region.

4. The pace of development of Russia's hydropotential.

Russia's undeveloped hydropotential is concentrated in the areas where there are currently no large offtakers or the required infrastructure, while the tariff-setting model does not ensure the necessary rate of return on investment. At the same time, development of these territories is a key area of Russia's regional policy.

5. State support of the Issuer.

The specific character of the Issuer's activities is determined and will be determined in the future by the presence of two main vectors: the need to achieve state objectives with the concurrent requirement to ensure the growth of the Issuer's business value.

6. Forming a new model of markets.

The forming model of markets will define the long-term efficiency and reliability of operation of electrical power plants using renewable energy sources, the development rates of their use, and the degree of compensation for the unique contribution of HPPs to system reliability. Currently, regulatory documents defining the rules of markets (the capacity market, the system services market, retail markets) are being updated.

7. Participation in securities market formation.

Inclusion of the Issuer's securities in the listing of leading markets imposes strict requirements in terms of disclosure of information in accordance with requirements of stock exchanges and market regulators, both Russian and international.

8. Development of electricity generation based on RES.

The focus on development of electrical power generation based on renewable energy sources (wind, geothermal energy, small hydropower engineering, etc.) in the world and the need to diversify energy sources and reduce the load on the environment along with the availability of considerable undeveloped potential of renewable energy sources under the conditions of adopted legislation supporting generation in pricing zones of the wholesale market in Russia are opening up fresh opportunities for the development of electrical power generation based on renewable energy sources both at the wholesale and retail markets. The Issuer is preparing projects for participation in capacity auctions in the wholesale market.

9. Possibilities of related sectors. *The research and development, design and survey, engineering and construction sectors have sustained considerable losses in the past few decades due to the low demand for their products and services. Restrictions caused by the shortage of goods and services in these markets may considerably affect the rate of the Issuer's development.*

10. Staffing *The lack of engineering and technical staff is one of the most pressing problems in the way of extensive development of the hydropower industry.*

11. Global climate change.

The problem of climate change is having an increasingly greater direct influence on the Issuer's activities, which is expressed in the complication of forecasting water regimes due to the growth in deviations of water inflow hydrographs and weather records.

Forecast concerning the duration of the specified factors and conditions: *the given factors and conditions will have a great impact on the Issuer's activity over the next several years.*

Steps taken or planned to be taken by the Issuer in the future for the effective use of these factors and conditions:

– *Overcoming the trends of growing obsolescence and physical deterioration of equipment and increasing the reliability and safety of hydropower plants through the implementation of the Complex Modernization Program for Generating Facilities*

– *Balanced development meeting the interests of all groups of shareholders and new schemes of financing and property distribution, including efforts to determine the forms and procedure for the state's participation in the Issuer's projects*

– *Presenting opportunities and submitting projects to the state and regions for industrial, infrastructural, and social development requiring the operation of hydropower plants and constant demand for their output*

– *Assistance in forming a model of markets ensuring the efficiency of RES construction and ensuring adequate compensation for the Issuer's contribution to system reliability*

– *Development of competencies with regard to work in public conditions, meeting the requirements of the investment community and minority shareholders, and also using the best corporate management practices*

– *Developing an effective system of interaction with key participants of resource markets, reduction of risks through business diversification, and support for sectoral science and innovative technologies*

- *Creating an effective system of engineering personnel training, including a system of interaction with specialized educational institutions, and also mechanisms stimulating the inflow of personnel into the sector as well as development of professional knowledge and skills*

- *Creating a system for forecasting and observation of water regimes*

Methods used and planned to be used in the future by the Issuer to reduce the negative effect of factors and conditions affecting the Issuer's activities, including:

- *Strategic planning*

- *Investment planning*

- *Business planning*

- *Budget planning*

- *Tax planning*

- *Corporate governance*

- *Applying modern motivation systems*

- *Enhancing financial control and introducing a cost-cutting program*

Material events/factors that may have the greatest negative effect on the ability of the Issuer to achieve the same or higher results in the future, as compared with the results achieved in the latest accounting period.

Material events/factors that may have the greatest negative effect on the possibility for the Issuer to achieve high results in the future are:

- *Unfavorable tariff decisions, including the establishment of tariff levels insufficient for the financing of necessary expenditures on technical reconstruction, modernization, and further construction of the Issuer's facilities*

- *High capital intensity and long implementation periods for HPP construction projects (The projects for hydropower plant construction form the basis for the Issuer's development. However, they are capital-intensive and are characterized by long implementation terms; in addition, expenses for the construction of electricity grids for the supply of electrical power generated by HPPs are in many cases also extremely large.)*

- *Uncertainty of the demand for electrical power both due to a decrease in investment in construction of new production facilities and due to closure of ineffective operating hydropower facilities on which the existing generating capacities were oriented*

- *Failure to adopt necessary regulatory acts in the field of tariff setting on the market (The hydropower industry can currently be viewed as one of the means of controlling the growth of electricity tariffs and prices in crisis conditions.)*

The Issuer assesses the probability of the occurrence of these factors as average.

Material events/factors that may improve the results of the Issuer's activities, the probability of their occurrence and their duration:

Material events/factors that may improve the Issuer's activities include factors influencing the sector as a whole. In order to function more effectively in new conditions, the Issuer must:

- *Implement the developed long-term Program of Complex Modernization of the Issuer, including programs providing for an increase in the installed capacity, maneuverability and controllability of equipment operational modes, technological process automation, and the use of new technologies, which will make it possible to avoid dangers connected with the wear and aging of equipment, reducing the threat of accidents and increasing the efficiency of the operation of existing facilities*

- *Accomplish objectives of the Issuer's management with regard to increasing operating performance and the quality of corporate management in view of the need to meet the requirements of the investment community for public companies*

- *Stimulate the demand of large offtakers for electrical power generated by HPPs, joining strategic alliances with federal companies interested in the implementation of cluster development projects*

- *Assist in the development of organizational schemes for regional development management — corporations for regional development*

- *Assist in the modification of the tariff regulation system for the purpose of implementing long-term tariff regulation based on long-term regulation parameters and ensuring payback of the invested capital and its profitability*

- *Assist in the practical application of the procedure for conclusion of bilateral agreements between new generating facilities and offtakers at a price not exceeding the threshold level of regulated prices/tariffs within the approved Rules for Retail Electricity and Capacity Markets*

- *Assist in adopting rules for capacity markets and system services that ensure adequate compensation for the contribution of pumped storage hydropower plants to system reliability and safety*

- *Facilitate the adoption of legislation focused on ensuring state support of RES use and payback of RES projects in nonprice and isolated zones of the electricity and capacity market*

The likelihood of the first two events/factors is assessed by the Issuer as high, and that of the remaining ones as medium.

4.8. Competitors of the Issuer

The main existing and prospective competitors of the Issuer in its core activities, including competitors abroad:

RusHydro holds the leading positions in the Russian market of electricity generation: the main competitors are independent Russian energy companies formed as a result of the reformation of RAO UES of Russia.

No.	Company	Installed capacity according to the Company, GW
1.	LLC Gazprom Energoholding	39
2.	PJSC Inter RAO	33
3.	Rosatom State Atomic Energy Corporation	28
4.	JSC EuroSibEnergo	20
5.	PJSC T Plus (KES)	16
6.	PJSC Unipro (previously E.ON Russia)	11
7.	Enel Russia	9
8.	LLC Siberian Generating Company	8
9.	JSC Tatenergo	5
10.	OJSC Fortum	5
11.	PJSC LUKOIL	4
12.	Quadra PJSC	4
13.	JSC SIBECO, JSC Biyskenergo	3
14.	OJSC TGC-2	3
15.	OJSC TGC-16	2
16.	PJSC TGC-14	1

** Not including capacities used by the electricity offtaker Companies for their own production needs*

The list of the Issuer's competitive factors with a description of their degree of influence, in the Issuer's opinion, on the competitiveness of products (works, services):

1. Environmental friendliness. Water resources are renewable and the most ecological source of energy, the use of which makes it possible to reduce discharges into the atmosphere by thermal plants and to preserve hydrocarbon reserves.

2. A high degree of maneuverability because it is HPPs that are the most maneuverable and capable, if necessary, of substantially increasing the volumes produced in just a few minutes, covering peak loads.

3. Absence of a fuel component in the production cost, independence from changes in prices for energy carriers and, as a consequence, the possibility of long-term price guarantees for offtakers.

Similar companies abroad

No.	Company	Installed capacity, GW
1.	China Three Gorges Corporation (China)	69
2.	Eletrobras (Brazil)	47
3.	Hydro-Québec (Canada)	37
4.	U.S. Army Corps of Engineers (USA)	20
5.	Statkraft (Norway)	19
6.	Edelca (Venezuela)	15
7.	US Bureau of Reclamation	15
8.	BC Hydro (Canada)	12

There are a number of generation companies in the world whose capacities are based on hydropower plants:

1. *The largest hydrogeneration company in the world is China Three Gorges Corporation (China). The largest hydropower plants are Three Gorges (22,500 MW), Xiluodu (13,860 MW), Xiangjiaba (6,400 MW), and Gezhouba (2,735 MW).*

The company is a 100% state-owned company.

2. *Brazil's Eletrobras is the second largest hydrogeneration company in the world. It is also the largest generation company in Brazil and Latin America. Its assets include a series of large HPPs, including Itaipu HPP on the Parana River, the second largest HPP in the world in terms of capacity (14,000 MW). The company is controlled by the state, which holds 54% of its shares.*

3. *Canada's Hydro-Québec is the largest generation company in Canada, which has played a considerable role in the economic development of the Province of Quebec. The company's assets include a great number of HPPs, including large cascades on the Manicouagan and La Grande rivers. The company is owned by the authorities of the Province of Quebec.*

4. *The United States Army Corps of Engineers (USACE). This is not an energy company in the truest sense of the word but a state office engaged in the construction and operation of HPPs (electricity is sold by other state structures).*

5. *Norwegian Statkraft. The largest energy producer in Norway and the third in Scandinavia. About 150 HPPs are held by the company, many with long-term storage reservoirs. The company is a 100% state-owned company.*

6. *Venezuela's Edelca. The main asset of the company is the Guri HPP on the Caroni River, with a capacity of 10.2 GW, which is third in the world in terms of capacity. The company provides the majority of energy services for Venezuela and is fully controlled by the state.*

7. *US Bureau of Reclamation. Again, this is not an energy company in the traditional sense, but it operates a variety of HPPs, including the famous Hoover Dam.*

8. *Canada's BC Hydro, the largest electricity producer in the province of British Columbia. The company owns 30 HPPs, and the company itself is owned by the authorities of the province.*

In 2011, RusHydro Group acquired 90% of the shares of the Sevan-Razdansk Cascade of HPPs in the Republic of Armenia, with a total capacity of 561.4 MW of installed capacity. Thus, upon entering the electric power market of Armenia, RusHydro has occupied a substantial share of that market.

Generating Companies in Armenia

Generation Facility	Type	Installed Capacity, MW	Generating Companies
Razdanskaya TPP	TPP	800.0	LLC RazTES
Razdan Block-5	TPP	460.0	CJSC Gazprom Armenia Razdan-5
Armenian NPP	NPP	440.0	CJSC Armenian NPP
Vorotanskiy Cascade of HPPs	HPP	404.2	ContourGlobal (CGHC)
Yerevanskaya CHPP	CHPP	237.5	CJSC Yerevanskaya TPP
Dzoragetskaya HPP	HPP	26.5	CJSC Dzora HPP
Small HPPs	HPP	413.3	Individual owners

V. Detailed Information on Members of the Issuer's Management Entities, the Issuer's Bodies Monitoring Financial and Economic Activities, and Backgrounds of the Issuer's Employees (Workers)

5.1. Information on the Structure and Competencies of the Issuer's Management Bodies

On June 26, 2017, the General Meeting of Shareholders of the Company approved a new revision of the Company's Articles of Association (Minutes No. 16 dated June 27, 2017).

A full description of the structure and competencies of the Issuer's management bodies pursuant to the Issuer's Articles of Association (constituent documents):

The Issuer's management bodies are as follows:

- The General Meeting of Shareholders*
- The Board of Directors*
- The Management Board (collective executive body)*
- The Chairman of the Management Board – General Director (sole executive body)*

The competence of the General Meeting of Shareholders is specified in Article 10 of the Issuer's Articles of Association:

"10.2. The following matters shall fall within the competence of the General Meeting of Shareholders:

1) Amending or supplementing the Articles of Association, or approving a new version of the Articles of Association

2) Reorganizing the Company

3) Liquidating the Company, appointing a Liquidation Commission, and approving the interim and final liquidation balance sheets

4) Determining the number, par value, and category (class) of unissued shares and the rights conferred by these shares

5) Increasing the Company's authorized capital by increasing the par value of shares or by offering additional shares as specified in the Federal Law "On Joint-Stock Companies"

6) Decreasing the Company's authorized capital by reducing the par value of shares through the acquisition by the Company of a part of the shares in order to reduce their total number or by redemption of the shares acquired or bought out by the Company

7) Splitting and consolidating shares in the Company

8) Passing a resolution on the offering by the Company of bonds convertible into shares or other equity securities convertible into shares

9) Electing members of the Company's Board of Directors and terminating their powers

10) Electing members of the Company's Internal Audit Commission and terminating their powers

11) Approving the Company's Auditor

12) Approving the annual report and the annual accounting (financial) statements of the Company

12.1) Distribution of profit (including payment (declaration) of dividends, except for payment (declaration) of dividends based on the results of the first quarter, half-year, or nine months of the reporting year) and loss of the Company based on the results of the reporting year

13) Paying (declaring) dividends for the first three, six, or nine months of the reporting year

14) Making decisions on consent to or subsequent approval of major transactions in the cases provided for by Article 79 of the Federal Law "On Joint-Stock Companies"

15) Making decisions on consent to or subsequent approval of transactions in the cases provided for by Article 83 of the Federal Law "On Joint-Stock Companies"

16) Making decisions to participate in financial and industrial groups, associations and other groups of commercial organizations

17) Approving internal documents governing the activities of the Company's management and supervisory bodies

18) Passing resolutions on the payment of remuneration and/or compensation to members of the Internal Audit Commission

19) Passing resolutions on payment of remuneration and/or compensation to the Board of Directors

20) Adopting decisions on the application for delisting of the Company's shares and/or equity securities of the Company convertible into its shares

21) Resolving other matters as provided for by the Federal Law "On Joint-Stock Companies"

10.3. Matters falling within the competence of the General Meeting of Shareholders may not be delegated to the Board of Directors, the Management Board, or the sole executive body of the Company.

The General Meeting of Shareholders may not discuss or decide on any issues outside its competence under the Federal Law "On Joint Stock Companies."

The competence of the Board of Directors is specified in Article 12 of the Issuer's Articles of Association: "12.1. The Board of Directors shall exercise general management of the Company's activities, except for the matters falling under the competence of the General Meeting of Shareholders pursuant to the Federal Law "On Joint-Stock Companies" and these Articles of Association.

The following matters are reserved to the competence of the Board of Directors:

- 1) Determining the priority areas of the Company's activities*
- 2) Approving the development strategy and the long-term development program of RusHydro Group (including review of the reports on their accomplishment)*
- 3) Convening annual and extraordinary General Meetings of Shareholders and passing resolutions on matters related to the calling, preparing, and holding of the General Meetings of Shareholders*
- 4) Offering the Company's bonds and other equity securities, unless otherwise provided for by the Federal Law "On Joint-Stock Companies" and by these Articles of Association*
- 5) Approving decisions on the issue (additional issue) of securities, prospectuses of securities, reports on the acquisition of shares from the Company's shareholders, reports on the redemption of shares, and reports on the results of requests by the Company's shareholders for the buyout of shares held by them*
- 6) Determining the price (monetary value) of property, the price of offering or the procedure for determining the price of offering of equity securities, and the price of repurchase of the Company's equity securities, as provided for by the Federal Law "On Joint-Stock Companies" and when resolving the matters stated in Subclauses 8, 23, 24 of Clause 12.1 of these Articles of Association*
- 7) Acquisition of shares, bonds, and other securities issued by the Company, as provided for by the Federal Law "On Joint-Stock Companies" or other federal laws*
- 8) Alienation (sale) of the Company's shares acquired by the Company as a result of acquisition or buyout of shares from the Company's shareholders or otherwise in accordance with the laws and regulations of the Russian Federation*
- 9) Determining the number of members in the Company's Management Board, electing the Members of the Board, and terminating their powers, including decision making on early termination of their employment agreements*
- 10) Determining the remuneration and compensation policy for the members of the Board of Directors and executive bodies of the Company and approving documents within the framework of the said policy, except for the documents to be approved by the General Meeting of Shareholders of the Company*
- 11) Electing the Chairman of the Management Board – General Director and terminating their powers, including passing a resolution terminating their employment contract, applying disciplinary penalties and incentives in accordance with labor laws of the Russian Federation, and adopting decisions on nominating them for national and industry awards*
- 12) Authorizing the individual acting as the sole executive body and the Members of the Board to hold posts in management bodies of other companies, as well as other paid positions in other companies*
- 13) Electing the Chairman and Deputy Chairman of the Board of Directors and terminating their powers*
- 14) Creating the committees of the Company Board of Directors, electing committee members of the Company Board of Directors, approving the regulations on the committees of the Company Board of Directors, and approving reports on the performance results of the committees of the Company Board of Directors*
- 15) Electing the Corporate Secretary of the Company and terminating their powers, approving the regulation on the Corporate Secretary, evaluation of the work of the Corporate Secretary, and review of the reports on the Corporate Secretary's work, and decision making on the payment of remuneration to the Corporate Secretary*
- 16) Approving (adjusting) the Company's (Management Board members') key performance indicators and approving the reports on their accomplishment*
- 17) Approving the investment program (including preliminary approval of the draft investment program) and the business plan of the Company and approving the reports on their accomplishment*
- 18) Determining the amount of remuneration payable to the Auditor*
- 19) Giving recommendations to the General Meeting of Shareholders on the size of dividend on shares, the procedure for dividend payment, and the date when persons entitled to dividends are determined*
- 20) Approving internal documents of the Company establishing the procedure for the formation and use of the Company's funds and adopting decisions on the use of the Company's funds*
- 21) Approving internal documents of the Company other than internal documents to be approved by the General Meeting of Shareholders or by the executive bodies of the Company and approving internal documents drafted for the purpose of compliance with the requirements of laws and regulations of the Russian Federation and the securities market organizer's regulations for Issuers whose shares are traded on the securities market*

22) *Opening branches and representative offices of the Company, their liquidation, and making decisions on the change of their names and addresses*

23) *Adopting resolutions on participation and termination of participation of the Company in other companies (except for the companies specified in Subclause 16, Clause 10.2, Article 10 of these Articles of Association)*

24) *Giving prior approval of decisions on the Company's entering into: a) Transactions with noncurrent assets of the Company in excess of ten (10) percent of the balance sheet value of such assets of the Company as of the date of the decision to enter into such transaction b) Transactions (a series of associated transactions) involving disposal or potential disposal of the Company's property comprised of fixed assets, intangible assets, and construction facilities in progress in cases (amounts) and in a manner subject to individual resolutions to be passed by the Company's Board of Directors c) Transactions with shares and stakes in companies in which the Company participates, in cases (amounts) and in a manner specified by the Company's Board of Directors, or in other cases when the procedure for making such decisions by the Company's Board of Directors is not established*

25) *Determining the Company's lending policy as regards the issue of loans by the Company, entering into credit agreements and loan agreements, issue of guarantees, and assumption of liabilities under a bill (issue of promissory notes or bills of exchange), adopting decisions on the Company's performing the said transactions where the procedure for making decisions thereon is not defined in the lending policy of the Company, or adopting decisions in accordance with the accepted lending policy*

26) *Making decisions on the Company's transactions associated with transferring the Company's property or property rights (claims) without compensation to itself or to third parties; transactions associated with release from property liabilities to itself or to third parties; or transactions associated with the rendering of services (performance of works) by the Company to third parties without compensation, in cases (amounts) determined by a separate decision of the Board of Directors*

27) *Consent to or subsequent approval of major transactions in the cases stipulated by Chapter X of the Federal Law "On Joint-Stock Companies" and approval of an opinion on the major transaction*

28) *Consent to or subsequent approval of transactions stipulated by Chapter XI of the Federal Law "On Joint-Stock Companies"*

29) *Approving the Company's registrar and the terms and conditions of its contract and making a decision to terminate the contract with the registrar*

30) *Approving recommendations for a voluntary or mandatory offer received by the Company to acquire Company shares or other equity securities convertible into Company shares, including evaluation of the suggested price of the securities to be purchased and possible change in their market value after the acquisition and evaluation of the plans of the entity sending such voluntary or mandatory offer regarding the Company, including its employees*

31) *Defining the position of the Company (representatives of the Company), including instructions to participate or not to participate in voting on items on the agenda or to vote for or against or abstain from voting with respect to the following items on the agenda of the management bodies of subsidiaries, unless otherwise determined by special resolutions of the Board of Directors of the Company:*

a) On the reorganization or liquidation of a subsidiary company

b) On determining of the quantity, par value, and category (class) of the authorized shares of the subsidiary and the rights provided by the said shares

c) On increasing the authorized capital of the subsidiary through an increase in the par value of shares or the placement of additional shares

d) On placing securities of the subsidiary convertible into ordinary shares

e) On splitting and consolidation of shares of the subsidiary

f) On acquisition of shares (stakes in the authorized capital) of other business companies by the subsidiary, including in the case of incorporation of companies, if the price of such transaction totals fifteen (15) percent or more of the book value of assets of the subsidiary, determined based on accounting (financial) statements of the latter as of the last reporting date

g) On consent to or on subsequent approval of major transactions performed by the subsidiary

h) On the performance of transactions by the subsidiary (including several associated transactions) that involve disposal or potential disposal of the property of the subsidiary comprising fixed assets, intangible assets, and construction in progress designated for production, transfer, dispatching, and distribution of electricity and heat in cases (amounts) determined by a special resolution of the Company's Board of Directors

i) On the performance of transactions by the subsidiary for the disposal, pledge, or other encumbrance (by making one or more related transactions) of shares and stakes in secondary subsidiaries that produce, transfer, dispatch, distribute, and sell electric power and heat

32) *Determining the Company policy in the field of its insurance protection*

33) *Defining the procurement policy of the Company, including approval of the Regulation on the Procurement of Products for the Company Needs, and making decisions in accordance with the approved Regulation*

34) *Approving the procedure for the selection of appraisers and/or candidate appraiser(s) to determine the value of shares, property, and other assets of the Company as provided for by the Federal Law "On Joint-Stock Companies," these Articles of Association, and individual resolutions of the Company's Board of Directors*

35) *Reviewing the Company's corporate structure*

36) *Approving a standard collective agreement of a Company branch and introducing amendments thereto*

37) *Increasing the Company's authorized capital through the offering of additional shares within the number of authorized shares, subject to restrictions under the Federal Law "On Joint-Stock Companies" and these Articles of Association*

38) *Making a decision on the filing of an application for the listing of the Company's shares and/or the Company's equity securities convertible into its shares in the cases set forth in the Federal Law "On Joint-Stock Companies" and other regulations of the Russian Federation*

39) *Approving the internal control and risk management policy to determine the key principles and approaches toward the organization of the internal control and risk management system and approving the reports on the evaluation of the internal control and risk management system functioning in the Company*

40) *Approving the internal audit policy, approving decisions on the appointment and dismissal of the Head of the Internal Audit Service, and reviewing the main restrictions on the powers of the Internal Audit Service or other restrictions that may negatively affect the internal audit*

41) *Declaring a candidate to the Company Board of Directors (member of the Company Board of Directors) independent*

42) *Studying the results of self-evaluation of the Board of Directors or the results of independent performance evaluation of the Board of Directors of the Company*

43) *Studying the results of evaluation of corporate governance practice*

44) *Approving (updating) the Register of Noncore Assets of the Company and approving the reports on its accomplishment*

45) *Approving the annual reports in the field of corporate social responsibility and sustainable development*

46) *Giving recommendations to the executive bodies of the Company on any issues relating to the Company's activities*

47) *Other matters falling within the competence of the Board of Directors under the Federal Law "On Joint-Stock Companies" and these Articles of Association.*

12.2. Matters falling within the competence of the Company's Board of Directors may not be delegated to the Management Board of the Company or to the Company's sole executive body."

The competence of the Issuer's Management Board is specified in Article 18 of the Issuer's Articles of Association:

"18.2. The following matters shall fall within the competence of the Management Board of the Company:

1) Developing the priority areas of the Company's activities and their long-term implementation plans and submitting them to the Board of Directors

2) Preparing reports on the implementation of decisions made by the General Meeting of Shareholders and the Board of Directors

3) Submitting reports to the Board of Directors on the achievement of the Company's (Management Board members') key performance indicators and the Company's business plan

4) Approving the main parameters of the Company's income and expenses budget

5) Defining the position of the Company (representatives of the Company), including instructing them to participate or not participate in voting on agenda items or to vote for, against, or abstain from voting on draft resolutions on the following items on the agenda of the management bodies of any subsidiaries:

a) On approval (adjustment) of the key performance indicators (KPIs) of the subsidiary and on the review of reports on their achievement

b) On the participation of the subsidiary in other entities (joining an existing entity or establishing a new one) as well as the acquisition, disposal, or encumbrance of shares and stakes in the authorized capital of entities in which the subsidiary participates, changes in the stakes in the authorized capital of the relevant entity, and termination of participation in other entities, except for matters falling within the competence of the Board of Directors

c) On determining the opinion of subsidiary company representatives on items on the agenda of management bodies of the subsidiaries of such subsidiary company concerning the execution (approval) of transactions (including a series of associated transactions) that involve the disposal or potential disposal of

property comprising fixed assets, intangible assets, or construction facilities in progress and designated for the production, transmission, dispatching, or distribution of electric power and heat

d) On determining the opinion of the subsidiary company's representatives on items on the agenda of the management bodies of the subsidiaries of such subsidiary company which are engaged in production, transmission, dispatching, distribution, and sale of electric power and heat, relating to the reorganization, liquidation, or increase of the authorized capital of such companies through an increase in the par value of shares or by offering of additional shares, and the issue of securities convertible into ordinary shares

6) Nomination of candidates by the Company to be elected as the sole executive body or to other management bodies or supervisory bodies of the entities the Company participates in

7) Making decisions on matters falling within the competence of the superior management bodies of the subsidiaries in which the Company exercises the rights of a sole shareholder (member)

8) Addressing the Board of Directors for recommendations in relation to the adoption of resolutions on any aspect of the Company's activity

9) Approving (adjusting) the Company employees' (other than Management Board members') key performance indicators and approving the reports on their accomplishment

10) Resolving other matters concerning the management of the Company's day-to-day operations pursuant to resolutions of the General Meeting of Shareholders and the Board of Directors, as well as matters delegated to the Management Board by the sole executive body"”

The competence of the Chairman of the Management Board – General Director of the Issuer is specified in Article 19 of the Issuer's Articles of Association:

“19.1. All matters related to management of the Company's day-to-day operations, except for any matters falling within the competence of the General Meeting of Shareholders, the Board of Directors, and the Management Board of the Company, shall be reserved to the competence of the sole executive body.

The sole executive body shall act on behalf of the Company without a power of attorney, inter alia:

1) Enter into transactions on behalf of the Company, issue powers of attorney, and open the Company's current and other accounts with banks

2) Dispose of the Company's property at their discretion subject to restrictions stipulated by effective laws and these Articles of Association

3) Hire and dismiss employees of the Company and apply incentives and disciplinary penalties to them

4) Organize the work of the Company's Management Board and chair its meetings

5) Bring proposals to elect Management Board members and to terminate their powers to the Board of Directors for review, including early termination of employment agreements with them

6) Approve the staff list of the Company and the salaries of the Company's employees

7) Provide for implementation of the Company's action plans necessary to reach its objectives

8) Approve Regulations on the Company's branches and representative offices and appoint directors of the Company's branches and representative offices

9) Make arrangements for the keeping of the Company's records and accounting (financial) statements

10) Issue orders, approve regulations and other local documents of the Company on matters falling within the competence of the sole executive body, and give instructions binding upon all employees of the Company

11) Resolve other problems in the day-to-day operations of the Company, excluding the matters that fall within the competence of the General Meeting of Shareholders, the Board of Directors, and the Management Board of the Company”

Information on whether the Issuer has a code of corporate governance or other similar document: *The Code of Corporate Governance of RusHydro was approved by the Issuer's Board of Directors on June 19, 2015 (Minutes No. 218 dated June 22, 2015).*

On June 23, 2016, the Company's Board of Directors approved amendments to the Code of Corporate Governance of RusHydro (Minutes No. 239 dated June 23, 2016).

Information on changes in the Issuer's Articles of Association, as well as internal documents governing the activities of its management bodies, for the last reporting period: *no amendments were introduced.*

5.2. Information on Members of the Issuer's Management Entities

5.2.1. Composition of the Board of Directors (Supervisory Board) of the Issuer

(approved by resolution of the General Meeting of Shareholders on June 26, 2017)

Name, patronymic, surname: *Artem Davidovich Avetisyan*

Year of birth: *1976*

Education: *Higher education, Finance Academy under the Government of the Russian Federation, speciality: Appraisal activity Finance and Credit, year of graduation: 1998.*

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions:

from	to	Name of the company	Title
2010	2015	JSC Regional Credit Commercial Bank	Member of the Board of Directors (Chairman)
2011	present	Agency of Strategic Initiatives for New Projects Promotion, Autonomous Nonprofit Organization	New Business Line Director
2012	2016	MSP Bank JSC	Member of the Supervisory Board
2012	present	Club of Leaders in Promotion of Initiatives of Business nonprofit partnership	Chairman
2012	2015	OJSC Rosselkhozbank	Member of the Supervisory Board
2013	2014	JSC Russian racetracks	Member of the Board of Directors
2013	2014	Russian Railways JSC	Member of the Board of Directors
2013	2015	JSC Rosagroleasing	Member of the Board of Directors
2014	2016	LLC NEO Center	Vice President
2015	present	PJSC RusHydro	President, Member of the Board of Directors
2015	2017	LLC Uniastrium Commercial Bank	Member of the Board of Directors
2016	April 2017	PJSC CB Vostochnyy	Member of the Board of Directors
November 2017	present	PJSC CB Vostochnyy	Member of the Board of Directors (Chairman)
2017	present	JSC CB Modulbank	Member of the Board of Directors (Chairman)

Share of the person in the authorized capital of the Issuer, %: *none.*

Share of the Issuer's ordinary shares held by the person, %: *none.*

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: *no Issuer options have been placed.*

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: *none.*

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: *none.*

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: *no options of subsidiaries and affiliated companies of the Issuer have been placed.*

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: *there is no such kinship.*

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to economic violations or wrongful acts against state authorities: *no such sanctions have been imposed upon the person.*

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: *the person has not held such positions.*

Information on participation (as a member of a committee or Chairman of a committee) in the operation of a Committee of the Board of Directors (the Supervisory Board), including the name of the committee(s): *the person is not a member of any Committees of the Board of Directors of RusHydro PJSC.*

Full name: *Maksim Sergeevich Bystrov*

Year of birth: **1964**

Education: **higher education, Kuybyshev Moscow Civil Engineering Institute, Hydraulic Engineering of River Installations and Hydropower Plants, graduation year: 1986; Russian Academy for Foreign Trade, Global Economics, graduation year: 1998.**

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2010	2013	Administration of the President of the Russian Federation	Deputy Plenipotentiary of the President of the Russian Federation in the North Caucasian Federal District
2012	2017	OJSC Managing Company Mineralnyye Vody Airport	Member of the Board of Directors (Chairman)
2013	present	PJSC RusHydro	Member of the Board of Directors
2013	2017	JSC Northern Caucasus Resorts	Member of the Board of Directors
2013	present	JSC ATS	Chairman of the Management Board, Member of the Board of Directors
2013	present	NP Market Council Association	Chairman of the Management Board, Member of the Supervisory Board
2014	2016	PJSC FGC UES	Member of the Board of Directors
2014	present	JSC SO UES	Member of the Board of Directors (Chairman)

Share of the person in the authorized capital of the Issuer, %: **none.**

Share of the Issuer's ordinary shares held by the person, %: **none.**

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: **no Issuer options have been placed.**

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: **none.**

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: **none.**

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: **no options of subsidiaries and affiliated companies of the Issuer have been placed.**

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: **there is no such kinship.**

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to economic violations or wrongful acts against state authorities: **no such sanctions have been imposed upon the person.**

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: **the person has not held such positions.**

Information on participation (as a member of a committee or Chairman of a committee) in the operation of a Committee of the Board of Directors (the Supervisory Board), including the name of the committee(s): **the person is a member of the Audit Committee, the HR and Remunerations (Nominations) Committee and the Chairman of the Investments Committee of the Board of Directors of RusHydro.**

Full name: **Pavel Sergeevich Grachev**

Year of birth: **1973**

Education: *Higher education, Saint Petersburg State University, jurisprudence, legal studies, graduation year: 1998, University of Trieste, jurisprudence, Doctor of Law, graduation year: 1997.*

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2011	2013	Representative office of ALPINACAPITAL A.C.L. LIMITED, LLC (the Republic of Cyprus), Moscow	Head of Representative Office
2013	2013	FAR EAST AND BAIKAL REGION DEVELOPMENT FUND JSC	General Director
2013	2014	PJSC FGC UES	Member of the Board of Directors
2013	2016	Polyus Gold International Limited	Member of the Board of Directors
2013	2014	Polyus Gold International Limited	Temporary Chief Executive Officer
2014	2016	JSC Polus Krasnoyarsk	President
2016	present	Management Company Polyus LLC	General Director
2014	2016	Polyus Gold International Limited	Chief Executive Officer
2014	present	Polyus PJSC	General Director
2015	present	Polyus PJSC	Member of the Board of Directors
2015	present	PJSC FGC UES	Member of the Board of Directors
2016	present	PJSC RusHydro	Member of the Board of Directors
2017	present	SL Zoloto LLC	Member of the Board of Directors (Chairman)

Share of the person in the authorized capital of the Issuer, %: *none.*

Share of the Issuer's ordinary shares held by the person, %: *none.*

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: *no Issuer options have been placed.*

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: *none.*

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: *none.*

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: *no options of subsidiaries and affiliated companies of the Issuer have been placed.*

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: *there is no such kinship.*

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to economic violations or wrongful acts against state authorities: *no such sanctions have been imposed upon the person.*

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: *the person has not held such positions.*

Information on participation (as a member of a committee or Chairman of a committee) in the operation of a Committee of the Board of Directors (the Supervisory Board), including the name of the committee(s): *the person is a member of the Committee for the Development of the Energy Industry of the Far East and the Strategy Committee of the Board of Directors of RusHydro*

Full name: *Sergey Nikolayevich Ivanov*

Year of birth: *1961*

Education: *higher, MEPhI, faculty: theoretical nuclear physics, graduation year: 1984; Doctor of Economics, 2007; professor, 2010; Corresponding Member of the Russian Academy of Natural Sciences, 1999.*

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2002	2015	CJSC Investment Scientific and Production Company Russian Energy Technologies	Member of the Board of Directors
2007	2013	Malaya Energetika OJSC	Member of the Board of Directors
2007	2014	ANO National Institute of Energy Security	Chairman of the Presidium
2011	2016	JSC ERKO	General Director
2011	2016	Nechernozemagropromstroy Corporation JSC	Member of the Board of Directors
2012	2013	JSC Electrification Exhibition Pavilion	Member of the Board of Directors
2012	2013	Sberkredbank CJSC	Member of the Board of Directors
2012	2015	LENSENT LLC	General Director
2014	2015	Novoyeniseyskiy Wood-Chemical Complex JSC	Member of the Board of Directors
2015	2016	JSC ERKO	Member of the Board of Directors
2015	2016	Nechernozemagropromstroy Corporation JSC	General Director
2015	present	PJSC RusHydro	Member of the Board of Directors
2016	2018	RT Capital LLC	General Director, Member of the Board of Directors
2017	present	RT Stroytech JSC	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer, %: *none.*

Share of the Issuer's ordinary shares held by the person, %: *none.*

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: *no Issuer options have been placed.*

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: *none.*

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: *none.*

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: *no options of subsidiaries and affiliated companies of the Issuer have been placed.*

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: *there is no such kinship.*

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to economic violations or wrongful acts against state authorities: *no such sanctions have been imposed upon the person.*

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: *the person has not held such positions.*

Information on participation (as a member of a committee or Chairman of a committee) in the operation of a Committee of the Board of Directors (the Supervisory Board), including the name of the committee(s): ***the person is the Chairman of the Audit Committee, a member of the HR and Remunerations (Nominations) Committee, and the Investments Committee of the Board of Directors of RusHydro.***

Full name: ***Vyacheslav Mikhaylovich Kravchenko***

Year of birth: ***1967***

Education: ***higher, Lomonosov Moscow State University, major: legal studies, graduation year: 1995.***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2011	2015	Tsentr Finansovyykh Raschyotov CJSC	Member of the Board of Directors (Chairman)
2011	2015	ROSSETI PJSC	Member of the Board of Directors
2011	present	NP Market Council Association	Representative of the state on the Supervisory Board
2012	2013	JSC ATS	Chairman of the Management Board
2012	2013	NP Market Council Association	Chairman of the Management Board
2012	2014	JSC ATS	Member of the Board of Directors
2012	2016	PJSC FGC UES	Member of the Board of Directors
2012	present	JSC SO UES	Member of the Board of Directors (Chairman)
2013	2014	Russian Regional Development Bank (RRDB) JSC	Member of the Supervisory Board
2013	present	Ministry of Energy of the Russian Federation	Deputy Minister of Energy of the Russian Federation
2014	present	MOESK PJSC	Member of the Board of Directors
2014	present	PJSC RusHydro	Member of the Board of Directors
2014	present	MPEI National Research University	Member of the Board of Trustees
2015	2017	Interregional Distribution Grid Company of Siberia PJSC	Member of the Board of Directors
2016	present	ROSSETI PJSC	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer, %: ***none.***

Share of the Issuer's ordinary shares held by the person, %: ***none.***

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: ***no Issuer options have been placed.***

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: ***none.***

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: ***none.***

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: ***no options of subsidiaries and affiliated companies of the Issuer have been placed.***

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: **there is no such kinship.**

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to economic violations or wrongful acts against state authorities: **no such sanctions have been imposed upon the person.**

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: **the person has not held such positions.**

Information on participation (as a member of a committee or Chairman of a committee) in the operation of a Committee of the Board of Directors (the Supervisory Board), including the name of the committee(s): **the person is a member of the Committee for the Development of the Energy Industry of the Far East and the Reliability, Energy Efficiency, and Innovations Committee of the Board of Directors of RusHydro.**

Full name: **Yuriy Petrovich Trutnev**

Year of birth: **1956**

Education: **higher, Perm National Research Polytechnic University, major: mining engineering, graduation year: 1978.**

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2013	present	Government of the Russian Federation	Deputy Head of the Government of the Russian Federation – Russian Presidential Plenipotentiary Envoy to the Far Eastern Federal District
2005	present	RUSSIAN MARTIAL ARTS UNION All-Russian public association union	Cochairman
2012	2013	Administration of the President of the Russian Federation	Assistant to the President of the Russian Federation
2012	present	Rosatom State Atomic Energy Corporation	Member of the Supervisory Board
2015	present	Far Eastern Federal University Federal State Autonomous Educational Institution for Higher Education	Member of the Supervisory Board (Chairman)
2015	present	PJSC RusHydro	Member of the Board of Directors (Chairman)

Share of the person in the authorized capital of the Issuer, %: **none.**

Share of the Issuer's ordinary shares held by the person, %: **none.**

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: **no Issuer options have been placed.**

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: **none.**

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: **none.**

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: **no options of subsidiaries and affiliated companies of the Issuer have been placed.**

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: **there is no such kinship.**

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to

economic violations or wrongful acts against state authorities: ***no such sanctions have been imposed upon the person.***

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: ***the person has not held such positions.***

Information on participation (as a member of a committee or Chairman of a committee) in the operation of a Committee of the Board of Directors (the Supervisory Board), including the name of the committee(s): ***the person is the Chairman of the Committee for the Development of the Energy Industry of the Far East of the Board of Directors of RusHydro.***

Full name: ***Vyacheslav Viktorovich Pivovarov***

Year of birth: ***1972***

Education: ***higher, Sergo Ordzhonikidze State University of Management, major: global economics, graduation year: 1995; American University of Paris, major: applied economics, graduation year: 1995; Stanford University, MBA, graduation year: 2002.***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2011	2017	Altera Capital LLC ¹	President
2012	2013	Quadra PJSC	Member of the Board of Directors
2013	present	PJSC RusHydro	Member of the Board of Directors
2014	present	GeoProMining Investment, Ltd	Member of the Board of Directors
2017	present	Altera Capital LLC ²	President

Share of the person in the authorized capital of the Issuer, %: ***none.***

Share of the Issuer's ordinary shares held by the person, %: ***none.***

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: ***no Issuer options have been placed.***

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: ***none.***

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: ***none.***

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: ***no options of subsidiaries and affiliated companies of the Issuer have been placed.***

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: ***there is no such kinship.***

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to economic violations or wrongful acts against state authorities: ***no such sanctions have been imposed upon the person.***

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: ***the person has not held such positions.***

Information on participation (as a member of a committee or Chairman of a committee) in the operation of a Committee of the Board of Directors (the Supervisory Board), including the name of the committee(s): ***the person is the Chairman of the HR and Remunerations (Nomination) Committee and a member of the Strategy Committee, the Audit Committee, and the Investments Committee of the Board of Directors of RusHydro.***

¹ INN 7703741291

² INN 7714961556

Full name: *Nikolay Radiyevich Podguzov*

Year of birth: *1974*

Education: *higher, Saint Petersburg State Technical University, graduation year: 1997; Moscow State Institute of International Relations (University) of the Ministry of Foreign Affairs of the Russian Federation, graduation year: 2000.*

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2012	2013	The Executive Office of the Government of the Russian Federation	Deputy Director of the Economy and Finance Department
2013	2017	The Ministry of Economic Development of the Russian Federation	Deputy Minister of Economic Development of the Russian Federation
2015	2016	Rosgeo JSC	Member of the Board of Directors
2015	present	State Corporation Deposit Insurance Agency of Russia	Member of the Board of Directors
2015	2017	Agency for Housing Mortgage Lending JSC	Member of the Supervisory Board
2016	2017	Russian Railways JSC	Member of the Board of Directors
2016	present	ROSSETI PJSC	Member of the Board of Directors
2016	present	PJSC RusHydro	Member of the Board of Directors
2017	present	Russian Post Federal State Unitary Enterprise	General Director
2017	present	Pochta Bank PJSC	Member of the Supervisory Board
2017	present	VTB Bank (PJSC)	Member of the Supervisory Board

Share of the person in the authorized capital of the Issuer, %: *none.*

Share of the Issuer's ordinary shares held by the person, %: *none.*

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: *no Issuer options have been placed.*

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: *none.*

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: *none.*

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: *no options of subsidiaries and affiliated companies of the Issuer have been placed.*

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: *there is no such kinship.*

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to economic violations or wrongful acts against state authorities: *no such sanctions have been imposed upon the person.*

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: *the person has not held such positions.*

Information on participation (as a member of a committee or Chairman of a committee) in the operation of a Committee of the Board of Directors (the Supervisory Board), including the name of the committee(s): ***the person is not a member of any Committees of the Board of Directors of RusHydro PJSC.***

Full name: ***Nikolay Dmitriyevich Rogalev***

Year of birth: ***1962***

Education: ***higher, Moscow Power Engineering Institute, thermal power plants, graduation year: 1985.***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2001	2013	Federal State Budgetary Educational Institution of Higher Education National Research University Moscow Power Engineering Institute	Head of Department (part-time)
2013	2013	Federal State Budgetary Educational Institution of Higher Education National Research University Moscow Power Engineering Institute	Acting Rector
2013	present	Federal State Budgetary Educational Institution of Higher Education National Research University Moscow Power Engineering Institute	Rector
2014	2015	Engineering Center Gas Turbine Technology LLC	Member of the Board of Directors
2015	present	Federal State Budgetary Educational Institution of Higher Education National Research University Moscow Power Engineering Institute	Head of Department (part-time)
2015	2016	PJSC INTER RAO	Independent Director
2015	present	Energy without Borders Foundation	Member of the Supervisory Board (Chairman)
2016	present	Scientific and Technical Council of the Unified Energy System Noncommercial Partnership	President
2016	present	RusHydro	Member of the Board of Directors
2016	present	ROSSETI PJSC	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer, %: ***none.***

Share of the Issuer's ordinary shares held by the person, %: ***none.***

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: ***no Issuer options have been placed.***

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: ***none.***

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: ***none.***

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: ***no options of subsidiaries and affiliated companies of the Issuer have been placed.***

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: ***there is no such kinship.***

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to economic violations or wrongful acts against state authorities: ***no such sanctions have been imposed upon the person.***

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: ***the person has not held such positions.***

Information on participation (as a member of a committee or Chairman of a committee) in the operation of a Committee of the Board of Directors (the Supervisory Board), including the name of the committee(s): ***the person is a member of the Strategy Committee, the Investments Committee and the Chairman of the Reliability, Energy Efficiency, and Innovations Committee of the Board of Directors of RusHydro.***

Full name: ***Aleksey Olegovich Chekunkov***

Year of birth: ***1980***

Education: ***higher, Moscow State Institute of International Relations, economist, graduation year: 2001.***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2011	2013	The Russian Direct Investment Fund Management Company JSC	Director, Member of the Management Board
2013	2014	Kada-Neftegaz LLC	First Deputy General Director
2014	present	Far East and Baikal Region Development Fund JSC	General Director
2015	present	ALROSA JSC (PJSC)	Member of the Supervisory Board
2015	2017	Autonomous nonprofit organization The Agency for Human Capital Development in the Far East	Member of the Supervisory Board
2015	2017	Joint-Stock Company Far East Development Corporation	Member of the Board of Directors
2015	present	Autonomous Nonprofit Organization Far East Investment and Export Agency	Member of the Supervisory Board (Chairman)
2016	present	PJSC RusHydro	Member of the Board of Directors
2017	present	Skolkovo Ventures LLC	Member of the Board of Directors
2017	present	Voskhod JSC	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer, %: ***none.***

Share of the Issuer's ordinary shares held by the person, %: ***none.***

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: ***no Issuer options have been placed.***

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: ***none.***

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: ***none.***

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: ***no options of subsidiaries and affiliated companies of the Issuer have been placed.***

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: ***there is no such kinship.***

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to economic violations or wrongful acts against state authorities: ***no such sanctions have been imposed upon the person.***

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the

bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: ***the person has not held such positions.***

Information on participation (as a member of a committee or Chairman of a committee) in the operation of a Committee of the Board of Directors (the Supervisory Board), including the name of the committee(s): ***the person is a member of the Reliability, Energy Efficiency, and Innovations Committee, the Committee for the Development of the Energy Industry of the Far East, and the Investments Committee of the Board of Directors of RusHydro.***

Full name: ***Sergey Vladimirovich Shishin***

Year of birth: ***1963***

Education: ***higher, USSR KGB Higher Border Guard School, graduation year: 1984; USSR KGB Higher School, graduation year: 1990; the Russian Presidential Academy of National Economy and Public Administration, state and municipal administration, graduation year: 1999, Doctor of Economic Science, graduated in 2009.***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2007	present	VTB Bank (PJSC)	Senior Vice President
2011	2013	Rosneft Oil Company OJSC	Member of the Board of Directors (Deputy Chairman)
2011	present	PJSC RusHydro	Member of the Board of Directors
2011	2017	Russian Regional Development Bank (RRDB) JSC	Member of the Supervisory Board

Share of the person in the authorized capital of the Issuer, %: ***none.***

Share of the Issuer's ordinary shares held by the person, %: ***none.***

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: ***no Issuer options have been placed.***

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: ***none.***

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: ***none.***

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: ***no options of subsidiaries and affiliated companies of the Issuer have been placed.***

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: ***there is no such kinship.***

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to economic violations or wrongful acts against state authorities: ***no such sanctions have been imposed upon the person.***

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: ***the person has not held such positions.***

Information on participation (as a member of a committee or Chairman of a committee) in the operation of a Committee of the Board of Directors (the Supervisory Board), including the name of the committee(s): ***the person is a member of the Strategy Committee of the Board of Directors of RusHydro.***

Full name: ***Andrey Nikolayevich Shishkin***

Year of birth: ***1959***

Education: ***higher, Gubkin Russian State University of Oil and Gas, major: industrial heat-and-power engineering, graduation year: 1985.***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2006	2016	OJSC Tyumen Energy Retail Company	Member of the Board of Directors
2012	2015	Rusenergo Fund	Member of the Board of Directors
2012	present	Rosneft Oil Company OJSC	Vice President for Energy, Health, and Safety and Ecology (until August 17, 2014), Vice President for Energy and Localization (since August 18, 2014), Vice President for Energy, Localization, and Innovations (since April 18, 2016)
2013	2016	ROSSETI PJSC	Member of the Board of Directors
2013	2017	United Shipbuilding Corporation JSC	Member of the Board of Directors
2013	2016	NP Market Council Association	Member of the Supervisory Board
2013	2017	Nonprofit Partnership Russian National Committee of the World Energy Council	Member of the Presidium
2013	2015	Okha CHPP JSC	Member of the Board of Directors
2016–	present		(Chairman)
2014	present	PJSC RusHydro	Member of the Board of Directors
2014	present	RIG Research Pte. Ltd,	Member of the Board of Directors (Chairman)
2014	2017	National Oil Consortium LLC	Member of the Board of Directors
2014	2016	RN-R&D Center LLC	Member of the Board of Directors
2015	present	Far Eastern Shipbuilding and Ship Repair Center OJSC	Member of the Board of Directors (Chairman)
2015	present	RN-Aktiv LLC	General Director, member of the Board of Directors
2015	present	Rosneft Oil Company OJSC	Member of the Board
2016	present	Lazurit Central Design Bureau JSC	Member of the Board of Directors (Chairman)
2016	2017	Saras S.p.A.	Member of the Board of Directors
2016	present	82 Ship-Repair Plant JSC	Member of the Board of Directors (Chairman)
2016	present	Zvezda Morskiye Tekhnologii LLC	Member of the Board of Directors
2016	present	Antares Singapore Pte. Lte	Member of the Board of Directors
2016	present	Arctic Scientific Center LLC	Member of the Board of Directors (Chairman)
2016	present	VNIPIneft OJSC	Member of the Board of Directors (Chairman)
2016	present	PJSC Giprotymenneftegaz	Member of the Board of Directors

2016	present	Joint-Stock Oil Company Bashneft PJSC	President, Chairman of the Management Board, Member of the Board of Directors (Deputy Chairman)
2017	present	TomskNIPIneft OJSC	Member of the Board of Directors
2017	present	SNGT LLC	Member of the Board of Directors
2017	present	SPA Burovaya Tekhnika OJSC	Member of the Board of Directors
2017	present	Zvezda-Hyundai LLC	Member of the Board of Directors (Chairman)
2017	present	RN-Razvedka i Dobycha LLC	Member of the Board of Directors
2017	present	RN-Commerce LLC	Member of the Board of Directors
2017	present	RN-Pererabotka LLC	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer, %: **none**.

Share of the Issuer's ordinary shares held by the person, %: **none**.

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: **no Issuer options have been placed**.

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: **none**.

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: **none**.

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: **no options of subsidiaries and affiliated companies of the Issuer have been placed**.

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: **there is no such kinship**.

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to economic violations or wrongful acts against state authorities: **no such sanctions have been imposed upon the person**.

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: **the person has not held such positions**.

Information on participation (as a member of a committee or Chairman of a committee) in the operation of a Committee of the Board of Directors (the Supervisory Board), including the name of the committee(s): **the person is not a member of any Committees of the Board of Directors of RusHydro PJSC**.

Full name: **Nikolay Grigoryevich Shulginov**

Year of birth: **1951**

Education: **higher, Order of the Red Banner of Labor Sergo Ordzhonikidze Novocherkassk Polytechnic Institute, major: industrial enterprise and city electrical supply, graduation year: 1973; Candidate of Technical Sciences**.

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2008	present	Scientific and Technical Council of the Unified Energy System Noncommercial Partnership	Member of the Supervisory Board (Deputy Chairman)
2009	2015	JSC SO UES	First Deputy Chairman of the Management Board

2013	2016	PJSC FGC UES	Member of the Board of Directors
2015	present	MPEI National Research University	Member of the Board of Trustees
2015	present	PJSC RusHydro	Chairman of the Management Board – General Director
2016	present	Federal State Autonomous Educational Institution of Higher Education Siberian Federal University	Member of the Board of Trustees
2016	present	PJSC RusHydro	Member of the Board of Directors
2016	2017	JSC RAO Energy Systems of the East	Member of the Board of Directors (Chairman)
2016	present	ROSSETI PJSC	Member of the Board of Directors
2016	present	Nonprofit Organization Association of Hydropower Industry Companies and Employees Hydropower Industry of Russia	Member of the Supervisory Board (Chairman)
2016	present	Nonprofit Partnership Council for Organizing an Efficient System of Trading on the Wholesale and Retail Electricity and Capacity Market	Member of the Supervisory Board
2016	present	All-Russian Association of Employers Russian Union of Industrialists and Entrepreneurs	Member of the Board
2017	present	Global Sustainable Energy Partnership	Member of the Board of Directors
2018	present	JSC Hydroproject Institute	Member of the Board of Directors (Chairman)

Share of the person in the authorized capital of the Issuer, %: **none**.

Share of the Issuer's ordinary shares held by the person, %: **none**.

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: **no Issuer options have been placed**.

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: **none**.

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: **none**.

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: **no options of subsidiaries and affiliated companies of the Issuer have been placed**.

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: **there is no such kinship**.

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to economic violations or wrongful acts against state authorities: **no such sanctions have been imposed upon the person**.

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: **the person has not held such positions**.

Information on participation (as a member of a committee or Chairman of a committee) in the operation of a Committee of the Board of Directors (the Supervisory Board), including the name of the committee(s): **the person is a member of the Strategy Committee of the Board of Directors of RusHydro**.

Information on the members of the Board of Directors (the Supervisory Board) the Issuer considers independent:

1. Maksim Sergeevich Bystrov – Chairman of the Management Board of NP Market Council Association, ATS JSC

2. ***Pavel Sergeyeovich Grachev, General Director, Polyus Management Company LLC and Polyus PJSC***
3. ***Sergey Nikolayevich Ivanov – Senior Independent Director in the Board of Directors of RusHydro***
4. ***Vyacheslav Viktorovich Pivovarov – President, Altera Capital LLC***

5.2.2. Information on the Issuer's Sole Executive Body

Full name: ***Nikolay Grigoryevich Shulginov***

Year of birth: ***1951***

Education: ***higher, Order of the Red Banner of Labor Sergo Ordzhonikidze Novochoerkassk Polytechnic Institute, major: industrial enterprise and city electrical supply, graduation year: 1973; Candidate of Technical Sciences.***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2008	present	Scientific and Technical Council of the Unified Energy System Noncommercial Partnership	Member of the Supervisory Board (Deputy Chairman)
2009	2015	JSC SO UES	First Deputy Chairman of the Management Board
2013	2016	PJSC FGC UES	Member of the Board of Directors
2015	present	MPEI National Research University	Member of the Board of Trustees
2015	present	PJSC RusHydro	Chairman of the Management Board – General Director
2016	present	Federal State Autonomous Educational Institution of Higher Education Siberian Federal University	Member of the Board of Trustees
2016	present	PJSC RusHydro	Member of the Board of Directors
2016	2017	JSC RAO Energy Systems of the East	Member of the Board of Directors (Chairman)
2016	present	ROSSETI PJSC	Member of the Board of Directors
2016	present	Nonprofit Organization Association of Hydropower Industry Companies and Employees Hydropower Industry of Russia	Member of the Supervisory Board (Chairman)
2016	present	Nonprofit Partnership Council for Organizing an Efficient System of Trading on the Wholesale and Retail Electricity and Capacity Market	Member of the Supervisory Board
2016	present	All-Russian Association of Employers Russian Union of Industrialists and Entrepreneurs	Member of the Board
2017	present	Global Sustainable Energy Partnership	Member of the Board of Directors
2018	present	JSC Hydroproject Institute	Member of the Board of Directors (Chairman)

Share of the person in the authorized capital of the Issuer, %: ***none.***

Share of the Issuer's ordinary shares held by the person, %: ***none.***

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: ***no Issuer options have been placed.***

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: ***none.***

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: ***none.***

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: ***no options of subsidiaries and affiliated companies of the Issuer have been placed.***

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: ***there is no such kinship.***

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to economic violations or wrongful acts against state authorities: ***no such sanctions have been imposed upon the person.***

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: ***the person has not held such positions.***

Information on participation (as a member of a committee or Chairman of a committee) in the operation of a Committee of the Board of Directors (the Supervisory Board), including the name of the committee(s): ***the person is a member of the Strategy Committee of the Board of Directors of RusHydro.***

5.2.3. Composition of the Issuer's Collective Executive Body

Full name: ***Nikolay Grigoryevich Shulginov***

Year of birth: ***1951***

Education: ***higher, Order of the Red Banner of Labor Sergo Ordzhonikidze Novocherkassk Polytechnic Institute, major: industrial enterprise and city electrical supply, graduation year: 1973; Candidate of Technical Sciences.***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2008	present	Scientific and Technical Council of the Unified Energy System Noncommercial Partnership	Member of the Supervisory Board (Deputy Chairman)
2009	2015	JSC SO UES	First Deputy Chairman of the Management Board
2013	2016	PJSC FGC UES	Member of the Board of Directors
2015	present	MPEI National Research University	Member of the Board of Trustees
2015	present	PJSC RusHydro	Chairman of the Management Board – General Director
2016	present	Federal State Autonomous Educational Institution of Higher Education Siberian Federal University	Member of the Board of Trustees
2016	present	PJSC RusHydro	Member of the Board of Directors
2016	2017	JSC RAO Energy Systems of the East	Member of the Board of Directors (Chairman)
2016	present	ROSSETI PJSC	Member of the Board of Directors
2016	present	Nonprofit Organization Association of Hydropower Industry Companies and Employees Hydropower Industry of Russia	Member of the Supervisory Board (Chairman of the Supervisory Board)
2016	present	Nonprofit Partnership Council for Organizing an Efficient System of Trading on the Wholesale and Retail Electricity and Capacity Market	Member of the Supervisory Board
2016	present	All-Russian Association of Employers Russian Union of Industrialists and Entrepreneurs	Member of the Board

2017	present	Global Sustainable Energy Partnership	Member of the Board of Directors
2018	present	JSC Hydroproject Institute	Member of the Board of Directors (Chairman)

Share of the person in the authorized capital of the Issuer, %: **none**.

Share of the Issuer's ordinary shares held by the person, %: **none**.

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: **no Issuer options have been placed**.

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: **none**.

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: **none**.

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: **no options of subsidiaries and affiliated companies of the Issuer have been placed**.

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: **there is no such kinship**.

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to economic violations or wrongful acts against state authorities: **no such sanctions have been imposed upon the person**.

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: **the person has not held such positions**.

Information on participation (as a member of a committee or Chairman of a committee) in the operation of a Committee of the Board of Directors (the Supervisory Board), including the name of the committee(s): **the person is a member of the Strategy Committee of the Board of Directors of RusHydro**.

Full name: **Boris Borisovich Bogush**

Year of birth: **1952**

Education: **higher, Saratov Polytechnic Institute, graduation year: 1975, major: mechanical engineering; Academy of National Economy under the Government of the Russian Federation, major: company development management, graduation year: 2004**

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions:

Period		Name of the company	Title
from	to		
2009	present	PJSC RusHydro	Chief Operating Officer, Head of the Production business unit, member of the Management Board, member of the Board – Chief Engineer; member of the Board, First Deputy General Director – Chief Engineer
2013	2016	LLC VOLGAHYDRO	Member of the Board of Directors
2013	present	Nonprofit Charitable Fund Soprichastnost	Member of the Board of Trustees
2014	present	NP Hydraulic Power of Russia	Member of the Supervisory Board
2018	present	JSC Hydroproject Institute	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer, %: **0.003843**.

Share of the Issuer's ordinary shares held by the person, %: **0.003843**.

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: **no Issuer options have been placed**.

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: **none**.

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: **none**.

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: **no options of subsidiaries and affiliated companies of the Issuer have been placed**.

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: **there is no such kinship**.

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to economic violations or wrongful acts against state authorities: **no such sanctions have been imposed upon the person**.

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: **the person has not held such positions**.

Full name: **Sergey Anatolyevich Kirov**

Year of birth: **1976**

Education: **higher, Pryanishnikov Perm State Agro-Technological University, major: economics and agricultural enterprise management, graduation year: 1998; Regional Interindustry Staff Retraining Center Perm Technical University, the Economics and Management program, graduation year: 2004**.

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions:

Period		Name of the company	Title
from	to		
2010	present	PJSC RusHydro	Chief Operating Officer for Economy, Director for Economy, Chief Operating Officer for Procurement Activity, Deputy General Director for Economy, Investments, and Procurement Activity, member of the Management Board, First Deputy General Director
2010	2014	LLC RusHydro IT Service	General Director, member of the Board of Directors
2010	2015	JSC MC HydroOGK	Member of the Board of Directors
2011	2014	JSC Nizhne-Bureyskaya HPP	Member of the Board of Directors
2011	2015	JSC Scientific and Research Institute of Energy Structures	Member of the Board of Directors
2011	2015	PJSC Krasnoyarskenergosbyt	Member of the Board of Directors
2011	2015	MEK CJSC	Member of the Board of Directors
2011	2015	RESK PJSC	Member of the Board of Directors
2011	2015	ESKB LLC	Member of the Board of Directors
2012	2014	Ust-Srednekanskaya HPP JSC	Member of the Board of Directors
2012	2014	RusHydro Bashkortostan Efficiency JSC	Member of the Board of Directors

2012	2015	JSC Verkhne-Narynskiye HPPs	Member of the Board of Directors
2012	2015	JSC RAO Energy Systems of the East	Member of the Board of Directors
2013	2014	JSC Boguchanskiy Aluminum Smelter	Member of the Board of Directors
2013	2014	ENEX LLC	Member of the Board of Directors
2013	2015	JSC Vedeneyev VNIIG	Member of the Board of Directors
2013	2015	JSC Hydroremont-VCC	Member of the Board of Directors
2013	2015	JSC Geotherm	Member of the Board of Directors
2013	2015	ESC RusHydro	Member of the Board of Directors
2013	2014	JSC Zagorskaya PSHPP-2	Member of the Board of Directors
2013	2014	SNRG LLC	Member of the Board of Directors
2013	2015	PJSC Kolymaenergo	Member of the Board of Directors
2013	2015	SShHPP SSC JSC	Member of the Board of Directors
2014	2015	JSC Mosoblhydroproject	Member of the Board of Directors
2014	2015	JSC Malaya Dmitrovka	Member of the Board of Directors
2014	2015	JSC Hydroproject Institute	Member of the Board of Directors
2014	2015	Chuvash Energy Retail Company JSC	Member of the Board of Directors
2015	2015	JSC ESKO UES	Member of the Board of Directors
2015	2015	JSC Zaramagskiye HPPs	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer, %: **none**.

Share of the Issuer's ordinary shares held by the person, %: **none**.

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: **no Issuer options have been placed**.

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: **none**.

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: **none**.

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: **no options of subsidiaries and affiliated companies of the Issuer have been placed**.

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: **there is no such kinship**.

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to economic violations or wrongful acts against state authorities: **no such sanctions have been imposed upon the person**.

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the

bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: ***the person has not held such positions.***

Full name: ***George Ilich Rizhinashvili***

Year of birth: ***1981***

Education: ***higher, Lomonosov Moscow State University, major: economics, graduation year: 2004, Candidate of Economic Sciences (2011).***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions:

Period		Name of the company	Title
from	to		
2009	present	PJSC RusHydro	member of the Management Board, Deputy Chairman of the Management Board; member of the Management Board, First Deputy General Director
2010	2014	NP KONTs UES	Member of the Supervisory Board
2013	present	Nonprofit Charitable Fund Soprichastnost	Member of the Board of Trustees
2016	present	The Economics Faculty Development Assistance Fund of Lomonosov MSU	Chairman of the Management Board
2017	present	Lomonosov MSU	Member of the Boards of Trustees of the Economics Faculty

Share of the person in the authorized capital of the Issuer, %: ***0.012860.***

Share of the Issuer's ordinary shares held by the person, %: ***0.012860.***

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: ***no Issuer options have been placed.***

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: ***none.***

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: ***none.***

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: ***no options of subsidiaries and affiliated companies of the Issuer have been placed.***

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: ***there is no such kinship.***

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to economic violations or wrongful acts against state authorities: ***no such sanctions have been imposed upon the person.***

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: ***the person has not held such positions.***

Full name: ***Andrey Valentinovich Kazachenkov***

Year of birth: ***1980***

Education: ***higher, Saint Petersburg State University of Engineering and Economics, major: economics and management in machine building enterprises, Management; an MBA degree from the University of Wisconsin–Madison (USA).***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions:

Period		Name of the company	Title
from	to		

2009	2015	PJSC FGC UES	Member of the Board; Deputy Chairman of the Management Board, First Deputy Chairman of the Management Board
2012	2015	Nonstate Pension Fund of the Electrical Energy Industry OJSC	Member of the Fund Board
2012	2014	Lenenergo PJSC	Member of the Board of Directors (Chairman)
2012	2013	IDGC of Centre PJSC	Member of the Board of Directors
2012	2013	Engineering Center UES Real Estate OJSC	Member of the Board of Directors (Chairman)
2013	2014	MOESK PJSC	Member of the Board of Directors (Deputy Chairman)
2015	present	PJSC RusHydro	Advisor to the Chairman of the Management Board – General Director; First Deputy General Director; Member of the Management Board, First Deputy General Director;
2015	2016	NP Market Council Association	Member of the Supervisory Board
2016	present	PJSC RAO Energy Systems of the East	Member of the Board of Directors (Chairman)

Share of the person in the authorized capital of the Issuer, %: **none**.

Share of the Issuer's ordinary shares held by the person, %: **none**.

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: **no Issuer options have been placed**.

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: **none**.

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: **none**.

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: **no options of subsidiaries and affiliated companies of the Issuer have been placed**.

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: **there is no such kinship**.

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to economic violations or wrongful acts against state authorities: **no such sanctions have been imposed upon the person**.

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: **the person has not held such positions**.

Full name: **Vladimir Ivanovich Markin**

Year of birth: **1956**

Education: **higher, Lomonosov Moscow State University, graduation year: 1985, major: journalism; Nonstate Educational Institution of Higher Professional Education Institute of Economics and Culture, graduation year: 2009, major: law**.

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions:

Period	Name of the company	Title
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from	to		
2011	2016	the Investigative Committee of the Russian Federation	Head of Media Relations Directorate
2016	present	PJSC RusHydro	First Deputy General Director; member of the Management Board, First Deputy General Director
2016	present	The Football Union of Russia	Chairman of the Security and Supporter Affairs Committee

Share of the person in the authorized capital of the Issuer, %: **none**.

Share of the Issuer's ordinary shares held by the person, %: **none**.

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: **no Issuer options have been placed**.

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: **none**.

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: **none**.

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: **no options of subsidiaries and affiliated companies of the Issuer have been placed**.

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: **there is no such kinship**.

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to economic violations or wrongful acts against state authorities: **no such sanctions have been imposed upon the person**.

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: **the person has not held such positions**.

5.3. Information on Remuneration, Benefits, and/or Compensation for each of the Issuer's Management Entities

Information on remuneration for each management entity (excluding the individual performing the functions of the Issuer's sole executive body). All types of remuneration, including salaries, bonuses, commission remuneration, benefits, and/or compensation, as well as other types of remuneration:

Board of Directors

Unit of measurement: **RUB**

Indicator description	2017	3 months of 2018
Remuneration for participation in management bodies	<u>7,472,307.70</u>	0
Salary	0	0
Bonuses	0	0
Commission	0	0
Other types of remuneration	0	0
TOTAL	<u>7,472,307.70</u>	0
Expenses resulting from fulfillment of functions of a member of the Management Entity repaid by the Issuer	0	0

Information on decisions made by the authorized Management Entities of the Issuer and/or existing agreements concerning the amount of such remuneration to be paid and/or the amount of such expenses to be repaid:

On June 27, 2017, the General Meeting of Shareholders of RusHydro (Minutes No. 16 dated June 27, 2017) approved a new revision of the Resolution on the Payment of Remunerations and Compensations to the Members of the Board of Directors of RusHydro (<http://www.rushydro.ru/upload/iblock/3dc/2.6.-Pr-6.->)

Polozhenie-o-voznagrazhdenii-chlenov-SD-2017-novaya-redaktsiya.pdf), and the following decision was made: "To pay remuneration to the members of the Board of Directors based on their work in the Board of Directors within the period from June 27, 2016, to June 26, 2017, in the amount as per the procedure and within the term specified by the Resolution on the Payment of Remunerations and Compensations to the Members of the Board of Directors of RusHydro approved by the decision of the Annual General Meeting of Shareholders of the Company dated June 29, 2016 (Minutes No. 15)."

The Resolution on the Payment of Remunerations and Compensations to the Members of the Board of Directors of RusHydro approved on June 27, 2017, does not extend to the members of the Board of Directors of the Company who are members of the collective executive body of the Company or exercising the functions of the sole executive body of the Company (during the full or partial term of the office of a Member of the Board of the Company).

Remuneration to the Chairman and members of the Board of Directors of the Company (during the full or partial term of office of a member of the Board of Directors) who are prohibited or restricted by the legislation of Russia from receiving any payments from profit organizations will not be charged or paid.

To a Member of the Board of Directors of the Company:

- Remuneration is to be paid within 60 days after the annual General Meeting of Shareholders of the Company at which a decision on the election of a new composition of the Board of Directors of the Company was made.

- Basic remuneration to each member of the Board of Directors amounts to RUB 3.51 million.

- Remuneration depends upon the number of meetings in which the Board of Directors' member has participated.

- Remuneration is increased if the member of the Board of Directors is the Chairman of the Board of Directors (by 30%), Chairman of the Board of Directors' committee (by 20%), Senior Independent Director (by 15%), or a member of the Board of Directors' committee (by 10%).

Management Board

Unit of measurement: *rubles*

Indicator description	2017	3 months of 2018
Remuneration for participation in management bodies	0	0
Salary	<u>185,393,109.80</u>	29,569,625.03
Bonuses	<u>344,617,982.00</u>	0
Commission	0	0
Other types of remuneration	0	0
TOTAL	<u>530,011,091.80</u>	29,569,625.03
Expenses resulting from fulfillment of functions of a member of the Management Entity repaid by the Issuer	<u>1,697,447.58</u>	204,064.24

Information on decisions made by the authorized Management Entities of the Issuer and/or existing agreements concerning the amount of such remuneration to be paid and/or the amount of such expenses to be repaid:

Remunerations shall be paid to the members of the Management Board, including the Chairman of the Management Board – General Director, subject to the conditions of labor agreements and the Regulations on Remunerations and Compensations to Members of the Management Board of RusHydro JSC approved by the Resolution of the Company's Board of Directors dated November 11, 2016 (Minutes No. 243 dated November 14, 2016).

In 2016, the Company engaged world-famous consulting firm Ernst & Young (CIS) B.V. (Moscow Branch) that developed the recommendations for the system of remuneration for the collective and sole executive bodies in accordance with the Russia's best market practice. The analysis and determination of the market benchmarks in terms of structure and size of remuneration were carried out among the large companies with a comparable business size. Based on the results of the analysis, the motivation system of the Company's Management Board was updated significantly.

Starting January 1, 2017, the remuneration model has become more transparent been fully linked to the achievement of the short-term and long-term KPIs of the Company approved by the Company's Board of Directors upon the recommendation of the Nominations and Remunerations Committee under the Company's Board of Directors.

The new motivation system is based on the following principles: transparency, balance (maintenance of the balance between the interests of the Company shareholders and the interest of the management in achieving

the long-term and short-term goals of the Company), and objectivity (the amount of remuneration directly depends on the Company's performance results and implementation of significant projects).

The existing remuneration structure provides for a Program of Long-Term Motivation of the Management Board with reference to the growth of the value of shares and achievement of the Program's key performance indicators established by the Company Board of Directors. The Program was developed for the purpose of more closely linking the interests of the Company management and shareholders in the sustainable growth of the Company's capitalization and business development. Key goals and principles of the Program: motivation of the Company management for the implementation of strategic tasks and transparency for shareholders; the remuneration amount is determined with regard to the level of achievement of the Program KPIs, the unified mechanism for remuneration calculation, and equal conditions for its receipt.

The amount and conditions of remuneration payment to the Management Board members in connection with the early termination of the contract are defined in a document approved by the Board of Directors that governs payment of remunerations and compensations to the RusHydro Management Board members. The Company does not provide for "golden parachutes" for early termination of the contract. The maximum amount of compensation paid for early dismissal of a Management Board member is limited in accordance with the legislation of the Russian Federation to three average monthly salaries of the Management Board member.

5.4. Information on the Structure and Terms of Reference of the Issuer's Financial and Economic Supervisory Bodies and on the Organization of the Risk Management and Internal Control Systems

Full description of the structure of the Issuer's financial and economic supervisory bodies and their competences in accordance with the Issuer's Articles of Association (constituent documents) and internal documents:

In accordance with Clause 20.1 of Article 20 of the Company's Articles of Association, the General Meeting of Shareholders shall elect the Internal Audit Commission of the Company annually to supervise the financial and economic activities of the Company.

The Internal Audit Commission of the Company, consisting of five (5) persons, shall be elected at the General Meeting of Shareholders of the Company on an annual basis. The Internal Audit Commission of the Company shall make decisions by a majority vote of its members.

The Internal Audit Commission of the Company acts within its terms of reference established by the Federal Law "On Joint-Stock Companies," the Articles of Association of the Company, and the Regulation "On the Internal Audit Commission of the Company" approved at the annual General Meeting of Shareholders (Minutes No. 15 dated June 29, 2016)

The Company's Internal Audit Commission shall be empowered to:

1) Confirm the reliability of information contained in the annual report, balance sheet, and income statement of the Company

2) Analyze the financial condition of the Company, identify existing reserves for improvement of the financial condition of the Company, and develop recommendations for the management bodies of the Company

3) Organize and conduct audits (reviews) of the financial and economic activities of the Company, in particular:

– Audit financial, accounting, payment and settlement, and other documents of the Company related to its financial and economic activities with respect to its compliance with the laws of the Russian Federation and the Articles of Association and internal documents of the Company

– Oversee the preservation and use of fixed assets

– Oversee compliance with the established procedure for charging insolvent debtors' liabilities to the losses of the Company

– Oversee the Company's expenditures in accordance with the approved financial documents of the Company

– Oversee the establishment and use of the reserve fund and other specialized funds of the Company

– Verify the correct and timely calculation and payment of dividends on the Company's shares, interest on bonds, and returns on other securities

– Verify fulfillment of earlier prescriptions to remedy violations and defects revealed by previous audits

– Take other actions (measures) related to the audit of the financial and economic activities of the Company.

In accordance with Clause 20.9. of Article 20 of the Company's Articles of Association, the auditor shall audit the Company's financial and economic activities in accordance with the legislation of the Russian Federation and pursuant to the agreement concluded with it.

The General Meeting of Shareholders shall approve a Company auditor with no financial interest in the Company or its shareholders on an annual basis. The remuneration for the auditor's services shall be determined by the Company's Board of Directors.

Information on the auditor of RusHydro is given in Clause 1.2 of the Quarterly Report.

In accordance with Article 16 of RusHydro's Articles of Association, the committees of the Board of Directors are formed by decision of the Board of Directors and created to examine issues within the terms of reference of the Board of Directors or being examined by the Board of Directors in order to monitor the activity of the executive bodies of the Company and to develop necessary recommendations for the Board of Directors and executive bodies of the Company.

Information on the organization of risk management and internal control systems in relation to the financial and economic activities of the Issuer, including:

information on the existence of an audit committee of the Board of Directors (Supervisory Board) of the Issuer, its functions, its makeup and the number of members:

The Audit Committee of the Board of Directors of the Company, elected by the Company's Board of Directors on August 10, 2017 (Minutes No. 255 dated August 11, 2017), consists of three members of the Company's Board of Directors:

- Sergey Nikolayevich Ivanov (Chairman of the Audit Committee)*
- Maksim Sergeyeovich Bystrov*
- Vyacheslav Viktorovich Pivovarov*

The Audit Committee acts on the basis of the Regulation on the Audit Committee of the Board of Directors (approved by the Board of Directors of RusHydro on June 23, 2016 (Minutes No. 239), with amendments introduced following the meeting of the Board of Directors on June 21, 2017).

The purpose of establishment of the Audit Committee is to facilitate effective performance of functions by the Board of Directors regarding control over the financial and economic activities of the Company.

The competence of the Audit Committee includes:

- Oversight of assurance of the integrity, accuracy, and reliability of the Company's financial statements*
- Oversight of the functioning of the internal control, risk management, and corporate governance system*
- Assurance of the independent and unbiased performance of internal audit functions*
- Assurance of the independent and unbiased performance of external audit functions*
- Oversight of the functioning of the system of notification on potential cases of unscrupulous actions of Company employees (including unfair use of insider or confidential information) and third parties and oversight of the implementation of measures taken by the Company within such system*

Information on the Issuer's separate structural division(s) for risk management and internal control (the body (structural division) other than the Internal Audit Commission (auditor) that exercises internal control over the Issuer's financial and economic activities), its tasks and functions:

The Risk Control and Management Department operates in the Company.

The Department is a structural division of the Company accountable to the Chairman of the Management Board – General Director of the Company.

The tasks and functions of the Department include:

- Organization of the functioning of an effective corporate system of risk management and internal control and the anticorruption system of the Company*
- Development and monitoring of the fulfillment of plans and programs aimed at improving the corporate system of risk management and internal control of the Company and the companies it participates in (including indirect participation) (the "subsidiaries")*
- Interaction with the territorial executive authorities of the Russian Federation, the Accounts Chamber of the Russian Federation, the Internal Audit Commission of the Company, and other supervisory bodies in terms of internal control and in the course of their auditing of the Company and its subsidiaries*
- Oversight of the disclosure of information about the risks of the Company and its subsidiaries*

Information on the Issuer's individual structural division (service) for internal audit, its tasks and functions:

An Internal Audit Service operates in the Company. This Service is a structural division of the Company. The head of the Internal Audit Service is functionally accountable to the Audit Committee of the Board of Directors and administratively accountable to the Chairman of the Management Board – General Director of the Company.

The tasks and functions of the Internal Audit Service include:

- Organizing and conducting internal audits of the Company and its subsidiaries*
- Evaluation of the effectiveness of the internal control system, risk management system, and corporate governance of the Company and its subsidiaries*
- Interaction with the Audit Committee of the Company's Board of Directors*

Information on the Issuer's policy in the field of risk management and internal control and on the Issuer's internal document that establishes the rules for preventing illegal use of confidential and insider information:

The systems of internal control and risk management and of internal audit are arranged in the Company with due regard to international standards and to the regulatory requirements and recommendations applicable in the Russian Federation, the general principles and approaches of which are recorded in the Internal Control and Risk Management Policy and in the Internal Audit Policy:

1. Internal Control and Risk Management Policy of RusHydro

URL of the web page where the full text is published:

http://www.rushydro.ru/corporate/regulations_and_docs/documents/board/

2. Internal Audit Policy of RusHydro

URL of the web page where the full text is published:

http://www.rushydro.ru/corporate/regulations_and_docs/documents/board/

3. The procedure for the interaction between the Audit Committee of the Company's Board of Directors and the Issuer's executive management bodies is described in the Regulation on the Audit Committee of the Board of Directors of RusHydro

URL of the web page where the full text is published:

http://www.rushydro.ru/corporate/regulations_and_docs/documents/board/

4. The Regulation on Insider Information has been approved by decision of the Board of Directors of RusHydro

URL for free access to the full text:

<http://www.rushydro.ru/investors/disclosure/inside/>

The Regulation governs the practice of the fulfillment by the Company of the requirements of Russian laws in the field of countering the illegal use of insider information and market manipulation. The Regulation was prepared with regard to the international practice of corporate governance, including the requirements of the Disclosure and Transparency Rules of the UK Financial Conduct Authority.

The Regulation establishes the categories of persons that RusHydro includes in the list of insiders and the procedure for access to and the rules for protecting the confidentiality of insider information, as well as restrictions on the use of information by insiders for transactions with the Company's financial instruments and on the transfer of information about it to other persons. This list shall also include RusHydro employees who have access to information and documents containing insider information for the purposes of performing their work functions.

The list of insider information is drawn up in Russian and English and is published on the corporate website of RusHydro (www.rushydro.ru and www.eng.rushydro.ru). Information relating to insider information is published by the Company in Russian in the news feed of the authorized information agency Interfax (www.e-disclosure.ru), and in English in the news feed of RNS (<http://www.londonstockexchange.com/home/homepage.htm>).

The up-to-date list of insider information of RusHydro is approved by Order of RusHydro No. 236 dated April 18, 2018.

URL for free access to the full text:

<http://www.rushydro.ru/investors/disclosure/inside/>

5.5. Information on the Members of the Issuer's Bodies Monitoring Financial and Economic Activities

The Issuer's Internal Audit Commission

Full name: *Nataliya Nikolayevna Annikova*

Year of birth: *1955*

Education: *higher*

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions:

Period		Name of the company	Title
from	to		
2010	2013	RZDstroy JSC	Advisor to the General Director
2013	present	OJSC Construction Department No. 308	First Deputy General Director
2015	present	PJSC RusHydro	Member of the Internal Audit Commission

Share of the person in the authorized capital of the Issuer, %: *none*.

Share of the Issuer's ordinary shares held by the person, %: *none*.

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: **no Issuer options have been placed.**

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: **none.**

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: **none.**

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: **no options of subsidiaries and affiliated companies of the Issuer have been placed.**

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: **there is no such kinship.**

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to economic violations or wrongful acts against state authorities: **no such sanctions have been imposed upon the person.**

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: **the person has not held such positions.**

Full name: **Tatyana Valentinovna Zobkova**

Year of birth: **1976**

Education: **higher**

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions:

Period		Name of the company	Title
from	to		
2012	2013	KAM-STROY LLC	Development Director
2013	2013	Telemontazh LLC	Deputy General Economy and Finance Director
2013	2014	Administration of Voskresensk Municipal District, Moscow Region	Chief Specialist of the Financial Control Department; head of the Economic Planning Department
2014	2014	Uglichkhlleb OJSC	Development Director
2014	present	Ministry of Energy of Russia	Principal Adviser; Deputy Head of the Division, Head of the Department Division
2017	present	PJSC RusHydro	Member of the Internal Audit Commission

Share of the person in the authorized capital of the Issuer, %: **none.**

Share of the Issuer's ordinary shares held by the person, %: **none.**

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: **no Issuer options have been placed.**

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: **none.**

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: **none.**

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: **no options of subsidiaries and affiliated companies of the Issuer have been placed.**

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: **there is no such kinship.**

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to

economic violations or wrongful acts against state authorities: ***no such sanctions have been imposed upon the person.***

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: ***the person has not held such positions.***

Full name: ***Igor Nikolayevich Repin***

Year of birth: ***1966***

Education: ***higher***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions:

Period		Name of the company	Title
from	to		
2003	present	Investor Rights Protection Association Nonprofit Organization	Deputy Executive Director
2014	present	PJSC RusHydro	Member of the Internal Audit Commission

Share of the person in the authorized capital of the Issuer, %: ***none.***

Share of the Issuer's ordinary shares held by the person, %: ***none.***

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: ***no Issuer options have been placed.***

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: ***none.***

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: ***none.***

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: ***no options of subsidiaries and affiliated companies of the Issuer have been placed.***

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: ***there is no such kinship.***

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to economic violations or wrongful acts against state authorities: ***no such sanctions have been imposed upon the person.***

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: ***the person has not held such positions.***

Full name: ***Marina Aleksandrovna Kostina***

Year of birth: ***1980***

Education: ***higher***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions:

Period		Name of the company	Title
from	to		
2008	2015	Federal Agency for State Property Management	Deputy Head of the Department of Social and Cultural Organizations and Foreign Property of the Federal Property Management Agency
2015	2015	The Ministry of Economic Development of the Russian Federation	Deputy Director of the Foreign Economic Activity

			Coordination, Development, and Regulation Department
2015	present	The Ministry of Economic Development of the Russian Federation	Deputy Director of the Corporate Management Department
2017	present	PJSC RusHydro	Member of the Internal Audit Commission

Share of the person in the authorized capital of the Issuer, %: *none*.

Share of the Issuer's ordinary shares held by the person, %: *none*.

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: *no Issuer options have been placed*.

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: *none*.

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: *none*.

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: *no options of subsidiaries and affiliated companies of the Issuer have been placed*.

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: *there is no such kinship*.

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to economic violations or wrongful acts against state authorities: *no such sanctions have been imposed upon the person*.

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: *the person has not held such positions*.

Full name: *Dmitriy Igorevich Simochkin*

Year of birth: *1992*

Education: *higher*

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions:

Period		Name of the company	Title
from	to		
2015	present	Federal Agency for State Property Management	First-grade Specialist, Chief Expert Specialist, Advisor, Deputy Head of Department
2017	present	PJSC RusHydro	Member of the Internal Audit Commission

Share of the person in the authorized capital of the Issuer, %: *none*.

Share of the Issuer's ordinary shares held by the person, %: *none*.

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: *no Issuer options have been placed*.

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: *none*.

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: *none*.

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: *no options of subsidiaries and affiliated companies of the Issuer have been placed*.

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: *there is no such kinship*.

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to economic violations or wrongful acts against state authorities: ***no such sanctions have been imposed upon the person.***

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: ***the person has not held such positions.***

Audit Committee under the Issuer's Board of Directors

Full name: ***Sergey Nikolayevich Ivanov***

Year of birth: ***1961***

Education: ***higher, MEPhI, faculty: theoretical nuclear physics, graduation year: 1984; Doctor of Economics, 2007; professor, 2010; Corresponding Member of the Russian Academy of Natural Sciences, 1999.***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2002	2015	CJSC Investment Scientific and Production Company Russian Energy Technologies	Member of the Board of Directors
2007	2013	Malaya Energetika OJSC	Member of the Board of Directors
2007	2014	ANO National Institute of Energy Security	Chairman of the Presidium
2011	2016	JSC ERKO	General Director
2011	2016	Nechernozemagropromstroy Corporation JSC	Member of the Board of Directors
2012	2013	JSC Electrification Exhibition Pavilion	Member of the Board of Directors
2012	2013	Sberkredbank CJSC	Member of the Board of Directors
2012	2015	LENSENT LLC	General Director
2014	2015	Novoyeniseyskiy Wood-Chemical Complex JSC	Member of the Board of Directors
2015	2016	JSC ERKO	Member of the Board of Directors
2015	2016	Nechernozemagropromstroy Corporation JSC	General Director
2015	present	PJSC RusHydro	Member of the Board of Directors
2016	2018	RT Capital LLC	General Director, Member of the Board of Directors
2017	present	RT Stroytech JSC	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer, %: ***none.***

Share of the Issuer's ordinary shares held by the person, %: ***none.***

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: ***no Issuer options have been placed.***

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: ***none.***

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: ***none.***

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: ***no options of subsidiaries and affiliated companies of the Issuer have been placed.***

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: ***there is no such kinship.***

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to economic violations or wrongful acts against state authorities: ***no such sanctions have been imposed upon the person.***

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: ***the person has not held such positions.***

Information on participation (as a member of a committee or Chairman of a committee) in the operation of a Committee of the Board of Directors (the Supervisory Board), including the name of the committee(s): ***the person is the Chairman of the Audit Committee and a member of the HR and Remunerations (Nominations) Committee and the Investments Committee of the Board of Directors of RusHydro.***

Full name: ***Maksim Sergeyevich Bystrov***

Year of birth: ***1964***

Education: ***higher education, Kuybyshev Moscow Civil Engineering Institute, Hydraulic Engineering of River Installations and Hydropower Plants, graduation year: 1986; Russian Academy for Foreign Trade, Global Economics, graduation year: 1998.***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2010	2013	Administration of the President of the Russian Federation	Deputy Plenipotentiary of the President of the Russian Federation in the North Caucasian Federal District
2012	2017	OJSC Managing Company Mineralnyye Vody Airport	Member of the Board of Directors (Chairman)
2013	present	PJSC RusHydro	Member of the Board of Directors
2013	2017	JSC Northern Caucasus Resorts	Member of the Board of Directors
2013	present	JSC ATS	Chairman of the Management Board, Member of the Board of Directors
2013	present	NP Market Council Association	Chairman of the Management Board, Member of the Supervisory Board
2014	2016	PJSC FGC UES	Member of the Board of Directors
2014	present	JSC SO UES	Chairman of the Board of Directors, member of the Board of Directors

Share of the person in the authorized capital of the Issuer, %: ***none.***

Share of the Issuer's ordinary shares held by the person, %: ***none.***

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: ***no Issuer options have been placed.***

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: ***none.***

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: ***none.***

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: ***no options of subsidiaries and affiliated companies of the Issuer have been placed.***

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: **there is no such kinship.**

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to economic violations or wrongful acts against state authorities: **no such sanctions have been imposed upon the person.**

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: **the person has not held such positions.**

Information on participation (as a member of a committee or Chairman of a committee) in the operation of a Committee of the Board of Directors (the Supervisory Board), including the name of the committee(s): **the person is a member of the Audit Committee, the HR and Remunerations (Nominations) Committee and the Chairman of the Investments Committee of the Board of Directors of RusHydro.**

Full name: **Vyacheslav Viktorovich Pivovarov**

Year of birth: **1972**

Education: **higher, Sergo Ordzhonikidze State University of Management, major: global economics, graduation year: 1995; American University of Paris, major: applied economics, graduation year: 1995; Stanford University, MBA, graduation year: 2002.**

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2011	2017	Altera Capital LLC ³	President
2012	2013	Quadra PJSC	Member of the Board of Directors
2013	present	PJSC RusHydro	Member of the Board of Directors
2014	present	GeoProMining Investment, Ltd	Member of the Board of Directors
2017	present	Altera Capital LLC ⁴	President

Share of the person in the authorized capital of the Issuer, %: **none.**

Share of the Issuer's ordinary shares held by the person, %: **none.**

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: **no Issuer options have been placed.**

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: **none.**

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: **none.**

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: **no options of subsidiaries and affiliated companies of the Issuer have been placed.**

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: **there is no such kinship.**

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to economic violations or wrongful acts against state authorities: **no such sanctions have been imposed upon the person.**

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: **the person has not held such positions.**

Information on participation (as a member of a committee or Chairman of a committee) in the operation of a Committee of the Board of Directors (the Supervisory Board), including the name of the committee(s): **the person**

³ INN 7703741291

⁴ INN 7714961556

is the Chairman of the HR and Remunerations (Nomination) Committee and a member of the Strategy Committee, the Audit Committee, and the Investments Committee of the Board of Directors of RusHydro.

The Issuer's Risk Control and Management Department

Director of Internal Control and Risk Management – Chief Auditor

Full name: *Yelena Aleksandrovna Shchyogoleva*

Year of birth: *1976*

Education: *higher*

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions:

Period		Name of the company	Title
from	to		
2012	2016	MOESK PJSC	Deputy Director of the Internal Audit and Risk Management Department, Deputy Director of the Internal Audit Department, Director of the Internal Audit and Risk Management Department, Control Director – Head of Internal Audit and Risk Management Department, Audit Director of the Audit Division
2016	present	PJSC RusHydro	Director of Internal Control and Risk Management – Chief Auditor

Share of the person in the authorized capital of the Issuer, %: *none*.

Share of the Issuer's ordinary shares held by the person, %: *none*.

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: *no Issuer options have been placed*.

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: *none*.

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: *none*.

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: *no options of subsidiaries and affiliated companies of the Issuer have been placed*.

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: *there is no such kinship*.

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to economic violations or wrongful acts against state authorities: *no such sanctions have been imposed upon the person*.

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: *the person has not held such positions*.

The Issuer's Internal Audit Service

Head of Internal Audit Service

Full name: *Oleg Yevgenyevich Azhimov*

Year of birth: *1977*

Education: *higher*

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions:

Period		Name of the company	Title
from	to		
2010	present	PJSC RusHydro	Head of the Internal Audit Service; Deputy Audit Director of the

			Internal Audit, Risk Control, and Management Department; Head of the Internal Audit Department
--	--	--	--

Share of the person in the authorized capital of the Issuer, %: *none*.

Share of the Issuer's ordinary shares held by the person, %: *none*.

Number of the Issuer's shares of each category (class) that such person may acquire as a result of the exercise of rights under the Issuer's options in their possession: *no Issuer options have been placed*.

Share of the person in the authorized capital of the Issuer's subsidiaries and affiliates: *none*.

The stake of ordinary shares in the subsidiaries and affiliated companies of the Issuer held by the person: *none*.

The number of shares of each category (class) that such person may acquire as a result of the exercise of rights under the options of the Issuer's subsidiaries or affiliated companies in their possession: *no options of subsidiaries and affiliated companies of the Issuer have been placed*.

Information on the nature of any kinship with other individuals who are members of the Issuer's management bodies and/or bodies monitoring the financial and economic activities of the Issuer: *there is no such kinship*.

Information on the imposition of administrative sanctions upon the person due to violations in the areas of finance, taxes and levies, or the securities market or imposition of penal sanctions (previous convictions) due to economic violations or wrongful acts against state authorities: *no such sanctions have been imposed upon the person*.

Information on the person holding any position in the management bodies of commercial organizations during any period when an action of bankruptcy was brought against the said organizations, and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: *the person has not held such positions*.

5.6. Information on Remuneration, Benefits, and/or Compensation as to the Issuer's Bodies Monitoring Financial and Economic Activities

Information on remuneration as to the Issuer's financial and economic monitoring bodies. All types of remuneration, including salaries, bonuses, commission remunerations, benefits and/or compensation, as well as other types of remuneration paid by the Issuer for the respective reporting period:

Internal Audit Commission

Unit of measurement: *rubles*

Indicator description	3 months of 2018
Remuneration for participation in activities of the Issuer's financial and economic activities monitoring body	0
Salary	0
Bonuses	0
Commission	0
Other types of remuneration	0
TOTAL	0
Expenses resulting from fulfilling the functions of members of bodies controlling the financial and operational activities of the Issuer that are repaid by the Issuer	0

Information on decisions made by the Issuer's competent management bodies and/or existing agreements concerning the amount of such remuneration to be paid and/or the amount of such expenses to be repaid:

The payment of remunerations to the members of the Internal Audit Commission shall be made in accordance with documents approved by the General Meeting of Shareholders and separate decisions of the General Meeting of Shareholders.

On June 27, 2017, the General Meeting of Shareholders of RusHydro (Minutes No. 16 dated June 27, 2017) approved a new revision of the Regulation on Payment of Remunerations and Compensations to the Members of the RusHydro Internal Audit Commission (<http://www.rushydro.ru/upload/iblock/acf/2.7.-Pr-7.-Polozhenie-o-voznagrazhdeniyah-chlenov-RK-2017-Nov.redaktsiya.pdf>), which updated the methodology for calculating remuneration to the members of the Internal Audit Commission.

No agreements on the amounts of remuneration have been entered into with the members of the Internal Audit Commission.

Audit Committee under the Board of DirectorsUnit of measurement: **rubles**

Indicator description	3 months of 2018
Remuneration for participation in activities of the Issuer's financial and economic activities monitoring body	0
Salary	0
Bonuses	0
Commission	0
Other types of remuneration	0
TOTAL	0
Expenses resulting from fulfilling the functions of members of bodies controlling the financial and operational activities of the Issuer that are repaid by the Issuer	0

Information on decisions made by the Issuer's competent management bodies and/or existing agreements concerning the amount of such remuneration to be paid and/or the amount of such expenses to be repaid:

The payment of remunerations to the members of the Audit Committee shall be performed in accordance with the documents approved by the General Meeting of Shareholders.

The payment of remunerations to the members of the Audit Committee of the Board of Directors shall be performed in accordance with the Regulation on Payment of Remunerations and Compensations to the Members of the Board of Directors of RusHydro approved on June 26, 2017, by the General Meeting of Shareholders of RusHydro (Minutes No. 16 dated June 27, 2017), <http://www.rushydro.ru/upload/iblock/3dc/2.6.-Pr-6.-Polozhenie-o-voznagrazhdenii-chlenov-SD-2017-novaya-redaktsiya.pdf>.

The Regulation on Payment of Remunerations and Compensations to the Members of the Board of Directors of RusHydro approved on June 26, 2017, does not extend to the members of the Board of Directors of the Company who are members of the collective executive body of the Company or exercise the functions of the sole executive body of the Company (during a full or partial term of office of a Member of the Board of Directors of the Company).

No remuneration will be accrued or paid to a Chairman or members of the Board of Directors of the Company who are (during the full or partial term of office of a member of the Board of Directors) prohibited or restricted by the legislation of the Russian Federation from receiving any payments from commercial organizations.

No agreements on the amounts of remuneration have been entered into with the members of the Audit Committee of the Board of Directors.

Risk Control and Management DepartmentUnit of measurement: **rubles**

Indicator description	3 months of 2018
Remuneration for participation in activities of the Issuer's financial and economic activities monitoring body	0
Salary	9,602,475.47
Bonuses	0
Commission	0
Other types of remuneration	0
TOTAL	9,602,475.47
Expenses resulting from fulfilling the functions of members of bodies controlling the financial and operational activities of the Issuer that are repaid by the Issuer	9,800.00

Internal Audit ServiceUnit of measurement: **rubles**

Indicator description	3 months of 2018
Remuneration for participation in activities of the Issuer's financial and economic activities monitoring body	0
Salary	2,578,097.64
Bonuses	0

Compensation of expenses	0
Other types of remuneration	0
TOTAL	2,578,097.64
Expenses resulting from fulfilling the functions of members of bodies controlling the financial and operational activities of the Issuer that are repaid by the Issuer	5,032.00

Information on decisions made by the Issuer's competent management bodies and/or existing agreements concerning the amount of such remuneration to be paid and/or the amount of such expenses to be repaid:

Remuneration shall be paid to employees in accordance with the terms and conditions of their employee agreements.

5.7. Information on the Number and General Information on the Composition of the Issuer's Employees (Workers) and Changes in the Number of the Issuer's Employees (Workers)

The average number of employees (workers) of the Issuer, including employees (workers) working at its branches and representative offices, as well as the amount of wages accrued and social benefits paid

Indicator description	2017	Q1 2018
Average number of employees, persons	5,410.30	5,366.4
Total payroll for the reporting period, RUB	7,881,839,300	1,380,980,800
Social payments to the employees for the reporting period, RUB	335,819,300	68,501,800

Workers of the Issuer include workers who have a significant impact on the financial and economic activities of the Issuer (key management personnel), namely:

- Chairman of the Management Board – General Director, member of the Board of Directors Nikolay Grigoryevich Shulginov*
- Members of the Management Board*
- Deputy General Directors of the Issuer*
- Heads of the Issuer's Departments and their Deputies*

Workers of the Issuer did not create a trade union committee. As a result of the absorption of the joint-stock companies mentioned in Clause 3.1.3 hereof by the Company (Companies to be absorbed), the employees of the given companies who currently participate in trade union organizations established in the companies to be absorbed before their absorption by the Issuer became workers of the Issuer as a result of Issuer restructuring.

5.8. Information on Any Liabilities of the Issuer to its Employees (Workers) Concerning Their Possible Participation in the Issuer's Authorized Capital

The Issuer has no liabilities to its employees (workers) as to the possibility of their participation in its authorized capital

VI. Information on the Issuer's Participants (Shareholders) and Non-Arm's-Length Transactions Made by the Issuer

6.1. Information on the Total Number of the Issuer's Participants (Shareholders)

The total number of persons with nonzero balances on their personal accounts recorded in the Issuer's register of shareholders as of the end of the latest reporting quarter: **304,763**

The persons registered in the Shareholder Register include the nominee shareholders of the Issuer. Total number of the Issuer's nominee shareholders: **15**

Total number of persons included in the final list of persons that had (have) the right to participate in the General Meeting of Shareholders of the Issuer (other list of persons composed for the purposes of execution of rights attached to the Issuer's shares and for the composition of which the Issuer's nominee shareholders presented data on the persons in whose interests they hold the Issuer's shares): **345,289**

Categories (classes) of the Issuer's shares whose holders were subject to inclusion in such list: **ordinary shares.**

Date of such list: **June 2, 2017**

Number of treasury shares on the balance of the Issuer as of the date of the end of the reporting quarter: **there are no treasury shares on the balance of the Issuer**

Number of the Issuer's ordinary shares held by controlled entities: **3,852,260,628**

6.2. Information on the Issuer's Participants (Shareholders) Holding at Least 5 Percent of the Authorized Capital or at Least 5 Percent of Its Equity Shares, as Well as Information on Persons Controlling Such Participants (Shareholders) and, in the Absence thereof, on Such Participants (Shareholders) Holding at Least 20 Percent of the Authorized (Reserve) Capital (Unit Fund) or at Least 20 Percent of Their Equity Shares

The Issuer's participants (shareholders) holding at least 5 percent of its authorized capital or at least 5 percent of its equity shares:⁵

Full name: **Russian Federation represented by the Federal Agency for State Property Management**

Short name: **Russian Federation, represented by Rosimushchestvo**

Location: **9 Nikolskiy Pereulok, Moscow 109012**

INN: **7710723134**

OGRN: **1087746829994**

Share of the Issuer's participant (shareholder) in the Issuer's authorized capital, %: **60.5602**

Percentage of the Issuer's ordinary shares held by the participant (shareholder), %: **60.5602**

Persons controlling the Issuer's participant (shareholder): **there are no such persons.**

Participants (shareholders) of such entity holding at least 20 percent of its authorized capital or at least 20 percent of its ordinary shares: **there are no such persons.**

Shares of the Issuer amounting to at least five percent of the authorized capital or at least five percent of ordinary shares registered in the Issuer's shareholder register in the name of a nominee shareholder.

Information on the nominee holder:

Full corporate name: **Nonbank Credit Organization National Settlement Depository JSC**

Short corporate name: **NBCI NSD JSC**

Location: **12 Spartakovskaya St., Moscow 105066**

INN: **7702165310**

OGRN: **1027739132563**

⁵ In accordance with the Letter of Notice received by the Company on May 3, 2018, the share of LLC Avitrans in the Company's authorized capital is 6.0% as of April 16, 2018.

Telephone: (495) 234-4827

Fax: (495) 956-0938

Email: info@ndc.ru

Information on the license of the securities market professional

Number: 045-12042-000100

Date of issue: February 19, 2009

Expiry date: unlimited

Issuing body: Federal Financial Markets Service of Russia

Number of the Issuer's ordinary shares registered in the Issuer's register of shareholders in the name of a nominee shareholder: 157,782,542,250

Number of the Issuer's preferred shares registered in the Issuer's register of shareholders in the name of a nominee shareholder: 0 (the Issuer has not issued preferred shares).

6.3. Information on the Share of the State or a Municipal Entity in the Authorized Capital of the Issuer and Whether There Is a Special Right ("Golden Share")

Information on the share of the state or a municipality in the authorized capital of the Issuer and special rights:

Share of the Issuer's authorized capital in state (federal, Russian Federation constituent entities) or municipal ownership: 60.6434%⁶

Information on managers of state or municipal blocks of shares: *there are no such persons.*

Information about persons acting as the Issuer's participant (shareholder) on behalf of the Russian Federation, a constituent entity of the Russian Federation or a municipal entity

1) State ownership (federal):

1. Name: *Federal Agency for State Property Management*

Location: *9 Nikolskiy Pereulok, Moscow 109012*

Share of the Issuer's authorized capital in state (federal) ownership: 60.5602%

2. Full corporate name: *Federal State Unitary Enterprise Information Telegraph Agency of Russia (ITAR-TASS)*

Location: *10–12 Tverskoy Boulevard, Moscow 125993*

Share of the Issuer's authorized capital in state (federal) ownership: 0.000058%

2) State ownership (ownership of Russian Federation constituents):

1. Name: *Rostov Region, represented by the State Public Institution of the Rostov Region Property Fund of the Rostov Region*

Location: *112 Sotsialisticheskaya St., Rostov-on-Don, Rostov Region 344050*

Share of the Issuer's authorized capital in state (Russian Federation constituent entities) ownership: 0.000020%

2. Name: *Financial Department of the Administration of the Orenburg Region*

Location: *54 Sovetskaya St., Orenburg 460311*

Share of the Issuer's authorized capital in state (Russian Federation constituent entities) ownership: 0.00000008%

3) Municipal ownership:

1. Name: *Bureyskiy District Administration of the Amur Region*

Location: *49 Sovetskaya St., Novobureysk, Amur Region 676701*

Share of the Issuer's authorized capital in municipal ownership: 0.000357%

2. Name: *Administration of the Municipality Selsovet Zubutli-Miatlinskiy of Kizilyurtovskiy District of the Republic of Dagestan*

Location: *Lenina St., Zubutli-Miatli Rural Community, Kizilyurtovskiy District, Republic of Dagestan, Russia*

⁶ Information provided by JSC VTB Registrar, RusHydro's Registrar

Share of the Issuer's authorized capital in municipal ownership: **0.002571%**

3. Name: **Administration of the Municipality Rural Settlement "Gelbakh Village," Kizilyurtovskiy District, Republic of Dagestan**

Location: **15 Zashchitnikov Respubliki St., Gelbakh, Kizilyurtovskiy District, Republic of Dagestan 368101**

Share of the Issuer's authorized capital in municipal ownership: **0.009172%**

4. Name: **Municipality "Gergebil Village," Gergebilskiy District of the Republic of Dagestan, represented by the Administration of the Rural Settlement**

Location: **Gergebil Rural Community, Gergebilskiy District, Republic of Dagestan 368250**

Share of the Issuer's authorized capital in municipal ownership: **0.005031%**

5. Name: **Administration of Untsukul Rural Community**

Location: **Untsukul Rural Community, Untsukulskiy District, Republic of Dagestan 368240**

Share of the Issuer's authorized capital in municipal ownership: **0.002629%**

6. Name: **Municipality of Rural Settlement Chirkata Rural Community of Gumbetovskiy District of the Republic of Dagestan**

Location: **Chirkata Rural Community, Gumbetovskiy District, Republic of Dagestan 368933**

Share of the Issuer's authorized capital in municipal ownership: **0.010610%**

7. Name: **Municipality Chirkei Rural Community represented by the Administration of the Municipality Chirkei Rural Community**

Location: **Chirkei Rural Community, Buynakskiy District, Republic of Dagestan 368114**

Share of the Issuer's authorized capital in municipal ownership: **0.046117%**

8. Name: **Administration of the Rural Settlement "Selsovet Khvartikuninskiy"**

Location: **Khvartikuni, Gergebilskiy District, Republic of Dagestan 368258**

Share of the Issuer's authorized capital in municipal ownership: **0.005031%**

9. Name: **Municipal Property Management Committee of Zeya**

Location: **217 Mukhina St., Zeya, Amur Region 676246**

Share of the Issuer's authorized capital in municipal ownership: **0.000322%**

10. Name: **MIXED TYPE MUNICIPAL EDUCATIONAL INSTITUTION CHILDREN'S HOME**

Location: **32 Chkalova St., Partizansk, Primorskiy Krai**

Share of the Issuer's authorized capital in municipal ownership: **0.00000001%**

11. Name: **Administration of the Municipality Selsovet Miatlinskiy of Kizilyurtovskiy District of the Republic of Dagestan**

Location: **Miatli, Kizilyurtovskiy District, Republic of Dagestan, Russia**

Share of the Issuer's authorized capital in municipal ownership: **0.001274%**

Existence of a special right of the Russian Federation, constituent entities of the Russian Federation, or municipalities to participate in the management of an Issuer that is a joint-stock company (a "golden share") and the validity period of the special right ("golden share"): **there is no such right.**

6.4. Information on Restrictions on Participation in the Issuer's Authorized Capital

There are no restrictions on participation in the Issuer's authorized capital.

6.5. Information on Changes in the Structure and Interests of the Issuer's Shareholders (Participants) Holding at Least 5 Percent of Its Authorized Capital or at Least 5 Percent of Its Equity Shares

Structure of the Issuer's shareholders (participants) holding at least 5 percent of the Issuer's authorized capital (unit fund) and, for Issuers which are joint-stock companies, at least 5 percent of the Issuer's equity shares determined as of the date of the list of persons that had the right to participate in each General Meeting of Shareholders (Participants) of the Issuer held for the last complete financial year preceding the end date of the reporting quarter as well as for the period after the start date of the current year and up to the end date of the reporting quarter according to the list of persons who had the right to participate in each such meeting.

Date of execution of the list of persons entitled to take part in the General Meeting of Shareholders (Participants) of the Issuer: **June 2, 2017**

List of shareholders (participants)Name: *Russian Federation represented by the Federal Agency for State Property Management*Location: *9 Nikolskiy Pereulok, Moscow 109012*INN: *7710723134*OGRN: *1087746829994*Share of the person in the authorized capital of the Issuer, %: *60.56*Share of the Issuer's ordinary shares held by the person: %: *60.56*Name: *VTB Bank (Public Joint-Stock Company)*Location: *29 Bolshaya Morskaya St., Saint Petersburg 190000*INN: *7702070139*OGRN: *1027739609391*Share of the person in the authorized capital of the Issuer, %: *13.51*Share of the Issuer's ordinary shares held by the person: %: *13.51***6.6. Information on Non-Arm's-Length Transactions Made by the Issuer**

Information on the number and volume in monetary terms of transactions made by the Issuer that, in accordance with the laws of the Russian Federation, are considered non-arm's-length transactions according to the results of the last reporting quarter:

Unit of measurement: *RUB*

<i>Indicator description</i>	<i>Indicator value Q1 2018</i>
Total number and total amount in monetary terms of interested-party transactions performed by the Issuer during the reporting period, transactions/RUB	1 transaction / RUB 76,125,000,000
Number and amount in monetary terms of interested-party transactions performed by the Issuer during the reporting period with respect to which the General Meeting of Participants (Shareholders) of the Issuer made a decision on consent to them or on their subsequent approval, transactions/RUB	0/0
Number and amount in monetary terms of interested-party transactions performed by the Issuer during the reporting period with respect to which the Board of Directors (Supervisory Board) of the Issuer made a decision on consent to them or on their subsequent approval, transactions/RUB	0/0

Transaction (group of related transactions) the price (amount) of which comprises five or more percent of the book value of Issuer's assets, as determined based on its accounting (financial) reporting data as of the closing date of the last completed reporting period of 3, 6, 9, or 12 months preceding the date of the transaction, performed by the Issuer during the last reporting quarter: *Loan Agreement between VTB Bank (PJSC) and RusHydro.*

Transaction date: *March 30, 2018*

Subject matter and other material terms of the transaction:

The Lender shall grant the credits to the Borrower on the basis of Applications in the manner prescribed by the Agreement, and the Borrower shall repay the credits, pay interest on the credits, and fulfill other obligations stipulated by the Agreement.

VTB Bank (PJSC) shall open a credit facility for RusHydro with a debt limit of Thirty billion (30,000,000,000.00) rubles for 15 years from the effective date of the Agreement.

Maximum interest rate on the Credits: the key rate of Bank of Russia increased by 3 percent per annum

Within the Credit Facility, credits with Terms from three hundred sixty-five (365) calendar days to three thousand six hundred and fifty (3,650) calendar days (inclusive) may be granted, provided that the repayment date of the Credit occurs earlier or on the expiry date of the Credit Facility.

Person(s) that is (are) a party(s) or a beneficiary(s) under the transaction:

Parties to the Agreement:

*VTB Bank PJSC (the Lender)**RusHydro (the Borrower)*

Full and short corporate names (for a nonprofit organization, name) of a legal entity or family name, first name, and patronymic (if any) of an individual that is deemed in accordance with the legislation of the Russian Federation to be an interested party as well as the grounds for deeming such legal entity or individual to be an interested party: *Nikolay Radiyevich Podguzov, a member of the Board of Directors of RusHydro, who is also a member of the Supervisory Board of VTB Bank (PJSC).*

Amount (price) of the transaction (in monetary terms and as a percent of the book value of Issuer's assets as of the closing date of the last completed reporting period preceding the transaction date and, if the transaction (group of related transactions) involves the sale of shares (ordinary shares and/or preferred shares), as a percent of the shares previously placed by the Issuer and shares into which equity securities convertible into Issuer's shares previously placed by the Issuer may be converted (in the case of the sale of ordinary shares, as a percent of ordinary shares previously placed by the Issuer and ordinary shares into which equity securities convertible into the Issuer's ordinary shares previously placed by the Issuer may be converted));

Transaction amount in monetary terms: the maximum amount of the transaction will not exceed RUB 76,125,000,000.

The amount of the transaction as a percentage of the value of the Issuer's assets as of December 31, 2017: **7.74%.**

Deadline for fulfillment of obligations under the transaction as well as information about the fulfillment of the said obligations:

The Borrower shall repay all Loans received under the Agreement on the date that occurs five thousand four hundred and seventy-five (5,475) calendar days after the effective date of the Agreement. The obligations have not been discharged yet.

The Issuer's management body that made a decision on consent to or on subsequent approval of the transaction, the date of such decision (minutes date and No.), or an indication that no such decision has been made: **in accordance with Clause 1.1 of Article 81 of Federal Law No. 208-FZ dated December 26, 1995, "On Joint-Stock Companies," RusHydro notified members of the Board of Directors and members of the Management Board of RusHydro about the transaction. The Company did not receive requests to obtain consent for the conclusion of the transaction. Therefore, no decision on the consent to the conclusion or subsequent approval of the transaction was made.**

Other transaction details provided by the Issuer at its sole discretion: **none.**

6.7. Information on Accounts Receivable

As of December 31, 2017

Unit of measurement: **rubles**

Indicator description	Value
Accounts receivable of buyers and customers	6,760,289,337.64
including overdue	125,954,593.63
Accounts receivable for notes receivable	32,315,575,645.85
including overdue	0
Accounts receivable of members (founders) for contributions to the authorized capital	0
including overdue	0
Other accounts receivable	138,231,715,335.20
including overdue	683,862,057.62
Total accounts receivable	177,307,580,318.69
including total overdue accounts receivable	809,816,651.25

Debtors accounting for less than 10 percent of the total accounts payable for the specified reporting period:

Full corporate name: **Public Joint-Stock Company Boguchanskaya HPP**

Short corporate name: **PJSC Boguchanskaya HPP**

Location: **10/1 Prospekt Leninskogo Komsomola, Kodinsk, Kezhemskiy District, Krasnoyarsk Krai 663491, Russia**

INN: **2420002597**

OGRN: **1022400828119**

Amount of receivables: **RUB 21,027,454,895.67**

Amount and conditions of overdue accounts receivable (interest rate, fines, penalties): **none**

The debtor is the Issuer's affiliate: **none**

Issuer's share in the authorized capital of the entity, %: **2.9**

Share of ordinary shares in the entity belonging to the Issuer, %: **3.06**
 Share of the person in the authorized capital of the Issuer, %: **0**
 Share of the Issuer's ordinary shares held by the person, %: **0**

Full corporate name: **Joint-Stock Company Nizhne-Bureyskaya HPP**

Short corporate name: **JSC Nizhne-Bureyskaya HPP**

Location: **Novobureyskiy Industrial Community (Urban-Type Settlement), Bureyskiy District, Amur Region**

INN: **2813006299**

OGRN: **1062813007817**

Amount of receivables: **RUB 26,270,675,710.99**

Amount and conditions of overdue accounts receivable (interest rate, fines, penalties): **none**

The debtor is the Issuer's affiliate: **yes**

Issuer's share in the authorized capital of the entity, %: **100**

Share of ordinary shares in the entity belonging to the Issuer, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

As of march 31, 2018

Unit of measurement: **rubles**

Indicator description	Value
Accounts receivable of buyers and customers	10,155,338,314.26
including overdue	64,888,407.85
Accounts receivable for notes receivable	32,314,705,434.31
including overdue	0.00
Accounts receivable of members (founders) for contributions to the authorized capital	0.00
including overdue	0.00
Other accounts receivable	142,252,490,185.98
including overdue	1,403,770,617.27
Total accounts receivable	184,722,533,934.55
including total overdue accounts receivable	1,468,659,025.12

Debtors accounting for less than 10 percent of the total accounts payable for the specified reporting period:

Full corporate name: **Public Joint-Stock Company Boguchanskaya HPP**

Short corporate name: **PJSC Boguchanskaya HPP**

Location: **10/1 Prospekt Leninskogo Komsomola, Kodinsk, Kezhemskiy District, Krasnoyarsk Krai 663491, Russia**

INN: **2420002597**

OGRN: **1022400828119**

Amount of receivables: **RUB 21,027,454,895.67**

Amount and conditions of overdue accounts receivable (interest rate, fines, penalties): **none**

The debtor is the Issuer's affiliate: **none**

Issuer's share in the authorized capital of the entity, %: **2.9**

Share of ordinary shares in the entity belonging to the Issuer, %: **3.06**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

Full corporate name: **Joint-Stock Company Nizhne-Bureyskaya HPP**

Short corporate name: **JSC Nizhne-Bureyskaya HPP**

Location: **Novobureyskiy Industrial Community (Urban-Type Settlement), Bureyskiy District, Amur Region**

INN: **2813006299**

OGRN: **1062813007817**

Amount of receivables: **RUB 26,617,370,764.00**

Amount and conditions of overdue accounts receivable (interest rate, fines, penalties): **none**

The debtor is the Issuer's affiliate: **yes**

Issuer's share in the authorized capital of the entity, %: **100**

Share of ordinary shares in the entity belonging to the Issuer, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

VII. Accounting (Financial) Statements of the Issuer and Other Financial Information

7.1. Annual Accounting (Financial) Statements of the Issuer

The annual accounting (financial) statements of the Issuer for 2017 are attached to this Quarterly Report consisting of the following (Schedule 1):

- *The Auditor's Report*
- *The Balance Sheet*
- *The Statement of Financial Results*
- *The Statement of Changes in Equity*
- *The Statement of Cash Flows*
- *Explanatory Notes to the Balance Sheet and the Statement of Financial Results for 2017*

The Issuer does not prepare annual financial statements in accordance with IFRS or other internationally accepted rules besides IFRS.

The Issuer prepares the consolidated financial statements of PJSC RusHydro and its subsidiaries in accordance with IFRS.

7.2. Interim Accounting (Financial) Statements of the Issuer

The interim accounting (financial) statements for 3 months of 2018 attached to this Quarterly Report (Schedule 2) consist of:

- *The Balance Sheet*
- *The Statement of Financial Results*

The Auditor did not perform any procedures in relation to and did not give its opinion on the reliability of the interim accounting statements of the Issuer for 3 months of 2018 attached to this Quarterly Report and prepared in accordance with RAS.

The Issuer does not prepare separate interim financial statements in accordance with IFRS or other internationally accepted rules besides IFRS.

7.3. Consolidated Financial Statements of the Issuer

The Issuer prepares consolidated financial statements in accordance with IFRS, which meets the requirements of Article 22 of Federal Law No. 208-FZ dated July 27, 2010, "On Consolidated Financial Statements."

The consolidated financial statements under IFRS for the year ending December 31, 2017, and as of that date are attached hereto in the following scope (Schedule 3):

- Auditor's Report*
- Consolidated Statement of Financial Position*
- Consolidated Profit and Loss Statement*
- Consolidated Statement of Comprehensive Income*
- Consolidated Statement of Cash Flows*
- Consolidated Statement of Changes in Equity*
- Notes to the consolidated financial statements*

7.4. Information on the Accounting Policy of the Issuer

The key provisions of the Issuer's accounting policy adopted by the Issuer for the current year determined by the Issuer on its own in accordance with the accounting laws of the Russian Federation and approved by order or decree of the person responsible for the organization and state of [accounting]. Accounting statements of the Company have been prepared on the basis of the following accounting policy:

1.1 Basis of Presentation

The Company's accounting statements are prepared in accordance with the accounting and reporting rules currently effective in the Russian Federation provided for by the Federal Law "On Accounting" and Regulation on Accounting and Reporting in the Russian Federation as well as other accounting regulations approved by the Russian Ministry of Finance.

Assets have been measured in the statements based on the actual costs, except for fixed assets of subsidiaries and affiliates ("S&As") received in 2008 as a result of the merger of S&As with the Company; financial investments used to measure the current market value; and assets for which provisions for their depreciation (impairment) have been created in accordance with the established procedure.

1.2 Assets and Liabilities Denominated in Foreign Currency

Business transactions in foreign currencies were recorded using the official ruble exchange rate as of the date of the relevant transaction. Cash on hand and in bank accounts (bank deposits), cash and payment documents, and accounts receivable (except for advances received and issued and prepayments), including loan liabilities denominated in foreign currencies, are recorded in the accounting statements in the amounts calculated on the basis of the official currency exchange rates effective as of the reporting date. The exchange rates were as follows: USD 1 = RUB 57.6002 as of December 31, 2017 (December 31, 2016: USD 1 = RUB 60.6569, December 31, 2015: USD 1 = 72.8827), EUR 1 = RUB 68.8668 as of December 31, 2017 (December 31, 2016: EUR 1 = RUB 63.8111, December 31, 2015: EUR 1 = RUB 79.6972).

Exchange differences arising during the year from conversions (including those as of the reporting date) of foreign currency-denominated assets and liabilities payable in foreign currencies or Russian rubles were reported in the statement of financial results as other income or expenses.

1.3 Accounting for Assets and Liabilities

In the balance sheet, investments, accounts receivable, and accounts payable, including bank credits and loan liabilities, are treated as short-term, if the term of their circulation (maturity) does not exceed 12 months after the reporting date. Other assets and liabilities are recognized as long-term.

Interest on loans issued and other investments are recorded in balance sheet line 1230 "Accounts receivable," and interest on bank credits and loans received are recorded in balance sheet line 1510 "Borrowings."

Advances issued to the suppliers of equipment and capital construction contractors are recognized in line 1230 "Accounts receivable."

Received and issued advances are recorded on the balance sheet inclusive of VAT. VAT on advances received to be paid to the budget and VAT accepted for deduction from advances issued is broken down in line 1260 "Other current assets," 1450 "Other liabilities," and 1550 "Other liabilities," respectively.

Deferred tax asset and deferred tax liability are recognized on the balance sheet on a net basis.

1.4 Property, Plant, and Equipment, Construction in Progress, and Income-bearing Investments in Tangible Assets

Property, plant & equipment are accounted for in accordance with the Russian Accounting Regulation "Accounting for Property, Plant & Equipment" (PBU 6/01).

Property, plant & equipment include land, buildings, facilities, machinery, equipment, transport vehicles, and other assets whose useful lives are over 12 months.

Property, plant & equipment facilities are recognized at their historical cost equal to the actual acquisition (construction, production) cost. Furthermore, property, plant & equipment facilities received in 2008 as a result of the merger of subsidiaries and affiliates ("S&As") with the Company were entered in the books at their market value measured by an independent appraiser.

Acquired property, plant, and equipment facilities with a historical cost of less than RUB 40,000 per unit, which were initially recognized after January 1, 2011, are recognized in inventories; property, plant, and equipment facilities, which were initially recognized before January 1, 2011, were recognized in inventories if their historical cost did not exceed RUB 20,000 per unit.

Real property assets that have been constructed, put into operation, and are actually used but the title to which was not registered according to the procedure established by the effective legislation are accounted for within property, plant & equipment in a separate line.

Property, plant, and equipment are recognized on the balance sheet at cost less depreciation accumulated from the date of their independent valuation for the merger of subsidiaries and associates (S&As) into the Company in 2008, or over the whole period of their operation, if they were put into operation after the merger of S&As into the Company.

The Company does not perform the revaluation of property, plant & equipment facilities.

The useful lives of acquired property, plant & equipment, including those which had been in operation before the acquisition and were received as a contribution to the authorized capital or under legal succession in connection with restructuring, are established by the review committee for commissioning of a facility based on the Classification of the Company's property, plant & equipment when the PP&E item is initially recognized. As

regards facilities previously in operation, useful life is established taking into account the number of years (months) of operation of this property by the previous owner.

The adopted standard useful lives by groups of property, plant & equipment in accordance with the Classification of the Company's property, plant & equipment are presented below.

Property, plant & equipment group	Useful lives (years) of items entered in the books
Facilities and transmission equipment	3 to 100
Machinery and equipment	1 to 40
Buildings	7 to 75
Other	1 to 20

Depreciation of property, plant & equipment facilities is accrued on a straight-line basis proceeding from their historical values and depreciation rates calculated based on their useful lives.

Depreciation is not accrued on the following property, plant & equipment facilities:

- Land plots and environmental facilities
- Fully depreciated facilities that are still on the balance sheet
- Assets that are temporarily shut down for more than three months and during the restoration period of the asset with its full shutdown for more than 12 months

Gains and losses from the disposal of property, plant & equipment are recorded in the Statement of Financial Results as part of other income and expenses.

Construction in progress includes real estate facilities under construction that have not been put into operation, equipment to be installed, and other assets to be entered in the books as PPE in future. Equipment that does not require installation, is stored in a warehouse, and intended for facilities under construction is recorded as part of construction in progress in a separate line.

These facilities are recognized in balance sheet line 1150 "Property, plant & equipment."

Interest on borrowings raised for purposes directly related to the acquisition, construction, and/or manufacture of investment assets that is accrued prior to the start of use of the assets is included in their historical cost, and that accrued after the start of use of the assets is recognized in the statement of financial results as part of other expenses. Interest on borrowings raised for purposes not related to the acquisition, construction, and/or manufacture of investment assets but actually used to purchase the investment assets is included in the cost of investment assets in proportion to the share of the above borrowings in the total amount of borrowings raised for purposes not related to the acquisition, construction, and manufacture of investment assets.

Income-bearing investments in tangible assets are PP&E facilities acquired by the organization for leasing out to generate income.

These facilities are recognized at their historical cost determined according to the procedure used for ordinary PP&E facilities.

Leased PP&E facilities are recognized in off-balance-sheet accounts at the cost specified in the lease agreement/determined based on the acceptance certificate. If the lease agreement and acceptance certificate do not specify the cost of these facilities, the property, plant & equipment are recorded in off-balance-sheet accounts at the following values:

- Land plots having cadastral value: at their cadastral value
- Other PP&E facilities: in the amount of lease payments inclusive of VAT under the lease agreement, including the repurchase price of the leased item

1.5 Investments

Investments are accounted for in accordance with the Russian Accounting Regulation "Accounting for Investments" (PBU 19/02).

Investments include:

- Contributions to the authorized capital of other entities (including subsidiaries)
- Debt securities (including interest-bearing (discount) bonds and promissory notes)
- Deposits in credit institutions, except for short-term deposits classified as cash equivalents (see Clause 2.9 of the Explanatory Notes)
- Interest-bearing loans issued to other entities
- Government and municipal securities and other investments

Investments are initially recognized at their actual cost of acquisition.

The actual cost of investments acquired for payment is considered to be the historical cost to the company for their acquisition.

The historical cost of investments contributed to the Company's authorized capital is recognized as their monetary value agreed upon by the Company's founders, unless otherwise provided for by Russian legislation.

Investments whose current market value can be determined according to the established procedure are recognized on the balance sheet at their current market value as of the end of each reporting period (on a quarterly basis). The difference between the value of these investments as of the current reporting date and their prior value is recorded as part of other income or expenses.

Contributions to the authorized capitals of S&As (regardless whether they have stock exchange quotations) are recognized in financial investments not subject to revaluation by current market value.

The current market value of securities that are traded by a trading organizer is determined by the market value established at the Moscow Exchange (<http://moex.com>).

Investments for which no current market value is determinable are recorded on the balance sheet at their carrying (book) value, except for investments for which there are indications that the decline in their value (impairment) is significant and nontemporary as of the reporting date.

Investments are checked for impairment once a year as of December 31 of the reporting year, if there are indications of impairment.

The Company accrues an impairment provision for the amount of the difference between the carrying (book) value and the estimated value of the investments with regard to which significant and constant impairment indicators are confirmed by the check. The estimated value of investments is determined based on the data about net assets, revenue, composition of expenses, schedule of projects financing, and other factors.

Despite the fact that well-grounded judgments are applied to determine the estimated value of investments, there are unavoidable restrictions, as in any valuation technique. Therefore, the estimated value represents the Company management's best estimate based on all the information available as of the reporting date. Future events will also have impact on determining the estimated value, and the impact of such events can be significant for the Company's accounting statements.

The difference between the historical cost and the nominal value of debt securities for which a current market value is not determinable shall be recorded on a straight-line basis during the period of their circulation and shall be recognized in the Company's financial results as part of other income (expenses). When investments for which current market value is not determinable are disposed of, they are carried at book value of each unit of these investments, except for equity securities (shares, bonds), which are disposed of using the FIFO method; when investments for which the current market value is determinable according to the established procedure are disposed of, based on the latest evaluation.

The Company discloses information about assessment at a discounted value and the amount of the discounted value of debt securities of other related parties and loans issued to them.

Income and expenses associated with investments are reported as part of other income and expenses. Interest on loans issued and other income from investments are recognized in balance sheet line 1230 "Accounts receivable."

1.6 Inventories

Inventories are accounted for in accordance with the Russian Accounting Regulation "Accounting for Inventories" (PBU 5/01).

Inventories are accounted for at their actual cost of acquisition (production).

If the market value of inventories as of the end of the reporting year is below their historical cost, including due to ongoing (long-term) price reduction, the Company makes a provision in the amount of inventory impairment that is charged against increase in other expenses. Such inventories are recognized in the balance sheet net of the inventories impairment provision.

The average cost method is applied to determine the amount of the material expenses when writing off inventories used to produce goods (provide services).

1.7 Expenses of Future Periods

Expenses incurred by the Company during the reporting year but related to future reporting periods (payments under voluntary and mandatory insurance of property, liability, and employees, one-time payments for the acquisition of software and database licenses, and other expenses) are recorded as deferred expenses. These expenses are written off on a straight-line basis during the periods they relate to.

Deferred expenses to be written off within a period exceeding 12 months are recognized in the balance sheet as noncurrent assets in line 1190 "Other noncurrent assets"; those to be written off within 12 months, in line 1210 "Inventories."

1.8 Accounts Receivable

Accounts receivable of buyers and customers are accounted for in the amount of services provided, works performed, and goods dispatched at justified prices and established tariffs. Settlements with other debtors are recognized for accounting and reporting purposes based on the contractual prices. Accounts receivable shall include, among other things, interest-free promissory notes received (except notes purchased on discount) and interest-free loans granted to other entities.

Accounts receivable which are overdue or unlikely to be repaid by the contractual deadlines and are not secured by guarantees, pledges or another way of securing performance of liabilities are recognized on the balance sheet net of doubtful debt provision. The provision is based on the conservative assessment made by the Company's management with regard to the portion of accounts receivable that is unlikely to be repaid.

The provision amount is determined separately based on unbiased information about the solvency of the specific debtor and assessment of the probability of repayment of the accounts receivable in full or in part.

Accrual (release) of doubtful debts provision increases other expenses (income).

Uncollectable accounts receivable are written off when recognized as such. These accounts receivable are recorded in off-balance-sheet accounts for five years after the debt is written off to monitor whether there is a possibility of their collection in the case of any changes in the debtor's financial situation.

1.9 Cash Equivalents and Presentation of Cash Flows in the Statement of Cash Flows

Cash equivalents comprise current highly liquid investments that are readily convertible into a predictable amount of cash and are exposed to an insignificant risk of changes in value.

The Company recognizes short-term bank deposits with a maturity of up to three months (not longer than 91 days) as cash equivalents, if they are treated as funds used for settlements and repayment of liabilities not intended for investment and other purposes.

The Company's cash flows, which cannot be clearly attributed to cash flows from operating, investing, or financing activities, are included in the cash flows from operating activities in the Statement of Cash Flows. Such cash flows include receipts and payments related to financial instruments of forward transactions.

The following items are presented on a net basis in the Statement of Cash Flows:

- Indirect taxes as part of receipts from buyers and customers and payments to suppliers and contractors
- Cash flows allocated for investment and received from repayment of short-term bank deposits (placed for more than three months) within one reporting period

Cash receipts and payments do not include cash flows that change the structure of cash equivalents but do not change their total amount.

1.10 Authorized, Additional, and Reserve Capital

The Company's authorized capital is reflected in the amount of the par value of ordinary shares purchased by shareholders. The authorized capital is equal to the amount specified in the Company's Articles of Association.

When the authorized capital is increased through the offering of additional shares, transactions associated with the formation of the authorized capital are accounted for when the respective changes made in the Company's constituent documents are registered.

The Company's additional capital includes share premium received as a result of offering the Company's shares at a price exceeding their par value, as well as the total of the additional capital of subsidiaries and affiliates merged into the Company during the 2008 reorganization.

In accordance with legislation, the Company forms a reserve capital in the amount of 5% of the authorized capital. The amount of mandatory annual contributions to reserve capital amounts to 5% of the Company's net earnings up to the moment when the surplus reserve reaches the specified level.

1.11 Loans and Bank Credits Received

Loans and bank credits are accounted for in accordance with the Russian Accounting Regulation "Accounting for Loans and Bank Credits" (PBU 15/2008).

Loans payable are stated inclusive of interest payable as of the end of the reporting period according to the loan agreements.

Interest is accrued on a monthly basis at the end of each reporting period. If a lender provides for interest calculation attributable to different reporting periods, the amount of interest shall be distributed and included in the amount payable separately for each month.

Additional expenses incurred in connection with borrowings are charged to expenses of future periods with subsequent uniform inclusion in other expenses over the liabilities repayment period.

1.12 Estimated Liabilities, Contingent Liabilities, and Contingent Assets

Estimated liabilities

The Company recognizes estimated liability that meets the recognition criteria established in the Russian Accounting Regulation "Estimated Liabilities, Contingent Liabilities, and Contingent Assets" (PBU 8/2010).

The Company recognizes estimated liabilities:

- For earned but unused employee vacations, which is determined as of the end of the reporting year with reference to the number of unused vacation days of each employee at the reporting date and the employee's average salary, inclusive of insurance contributions
- For bonus payment based on the performance results for the 4th quarter and for the year, the amount of which as of the end of the reporting year is determined proceeding from the predicted achievement of internal corporate KPI, including insurance fees
- In other cases, as provided for by PBU 8/2010

Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recorded on the balance sheet, but instead are disclosed in the Explanatory Notes to the balance sheet and the statement of financial results.

Contingent liability (contingent asset) arises as a result of past business events when existence of a liability (asset) of the Company at the reporting date depends on the occurrence (nonoccurrence) of future uncertain events that are beyond the Company's control.

Contingent liability shall be disclosed in the Explanatory Notes to accounting statements, except where the likelihood of a decrease in economic benefits associated therewith is remote. Contingent asset shall be disclosed in the Explanatory Notes when the inflows associated therewith are probable. The estimated amount or a range of estimated amounts should be indicated, if such values can be determined.

1.13 Income

Revenue from sales of products (provision of services) is recognized on an accrual basis (as the products/services are delivered/provided, and relevant settlement documents are presented to buyers). It shall be reflected in the statements less value added tax.

Other income of the Company includes:

- Proceeds from the sale of property, plant & equipment, investments, and other assets
- Interest received in connection with providing the Company's cash for use, interest for the bank's use of cash in the Company's accounts in the bank, interest on commodity loans, and interest on acquired interest-bearing notes of third parties, in accordance with the interest provision in the note when presenting it for payment (The Company recognizes the above income in the statement of financial results in line 2320 "Interest receivable.")
- Income from participation in the authorized capital of other entities (dividends) is recognized by the Company when declared and is included in the statement of financial results in line 2310 "Income from participation in other entities"
- Income from operations with financial derivatives
- Fines, penalties, and interest for breaching contractual terms
- Prior year earnings identified in the reporting period (subject to the requirements of the Russian Accounting Regulation "Correction of Errors in Accounting and Reporting" (PBU 22/2010))
- Other receipts (income) according to the Russian Accounting Regulation "Income of an Organization" (PBU 9/99) (including income in the form of insurance indemnity)

1.14 Expenses

Accounting of expenses is regulated by the Russian Accounting Regulation "Expenses of an Organization" (PBU 10/99), under which the Company's expenses are divided into general expenses and other expenses.

Administrative expenses are written off against the production cost of manufactured goods (services provided).

General expenses are recognized in the reporting period wherein they were incurred, irrespective of the actual closure of accounts payable.

Expenses shall be accounted for irrespective of the intention to generate revenue or other income and their form.

Other expenses include:

- Expenses incurred in connection with the disposal and other write-off of property, plant & equipment, investments, and other assets
- Interest paid by the Company for provided cash (bank credit, loans); the Company recognizes these expenses in the statement of financial results in line 2330 "Interest expense"
- Expenses incurred in payment of services provided by credit institutions
- Doubtful debts provision calculated on the basis of the reporting period results in accordance with the Company's accounting policy (see Clause 2.8 of the Explanatory Notes)
- Provision for impairment of financial investments
- Expenses from operations with financial derivatives
- Fines, penalties, and interest for breaching contractual terms and compensation of losses caused by the Company
- Prior year losses identified in the reporting period (subject to the requirements of the Russian Accounting Regulation "Correction of Errors in Accounting and Reporting" (PBU 22/2010))
- Charity and social security expenses
- Expenses incurred as a result of extraordinary events in business operations (natural disaster, fire, accident, etc.)
- Other expenses according to PBU 10/99

1.15 Changes in the Company's Accounting Policy

There have been no material changes in the Company's Accounting Policy for 2017 and 2018.

7.5. Information on the Total Amount of Export and on Export Share in Total Sales

The Issuer does not export products (goods, works, services).

7.6. Information on Material Changes in the Issuer's Property since the Expiry Date of the Last Complete Reporting Year

Information on material changes in the Issuer's property that took place within 12 months prior to the expiry date of the reporting quarter: *there have been no material changes.*

7.7. Information on the Issuer's Participation in Litigation, if Such Participation May Have a Material Effect on the Financial and Business Activities of the Issuer

The Issuer did not participate/is not participating in any litigations which had/may have a material effect on the financial and business activities of the Issuer within the period from the start date of the last complete reporting year to the expiry of the reporting quarter.

VIII. Additional Information on the Issuer and Equity Securities Placed Thereby

8.1. Additional Information on the Issuer

8.1.1. Information on the Size and Structure of the Issuer's Authorized Capital

Information on the size and structure of the Issuer's authorized capital

The size of the Issuer's authorized capital as of the expiry date of the reporting quarter: *Four hundred twenty-six billion two hundred eighty-eight million eight hundred thirteen thousand five hundred and fifty-one (426,288,813,551) rubles*

Breakdown of the Issuer's authorized capital into equity shares and preferred shares, specifying the total par value of each category of shares and the size of the share of each category of shares in the Issuer's authorized capital:

Ordinary shares

Total par value: *Four hundred twenty-six billion two hundred eighty-eight million eight hundred thirteen thousand five hundred and fifty-one (426,288,813,551) rubles*

Share in the authorized capital: *100%*

The Issuer did not issue any preferred shares.

The size of the authorized capital specified herein is in conformity with the Issuer's Articles of Association.

Issuer's shares are traded outside the Russian Federation through trading of depositary securities (securities of a foreign Issuer certifying rights with respect to the specified shares of a Russian Issuer):

Category (class) of shares traded outside the Russian Federation: *ordinary*

Percentage of shares traded outside the Russian Federation from the total shares of the relevant category (class): *4.33%*

Name and location of the foreign Issuer the depositary securities of which certify rights with respect to the Issuer's shares of the respective category (class): *The Bank of New York Mellon, One Wall Street & 101 Barclay Street, New York City, New York*

Summary description of the program (program type) on issue of securities of a foreign Issuer certifying rights in respect to shares of such category (class):

Program types	GDR according to Rule 144A
	ADR, 1st level
Depository bank	The Bank of New York Mellon
Ratio	1 GDR, 1 ADR = 100 ordinary shares
Ticker	HYDR
CUSIP number GDR 144A	782183503
CUSIP number ADR 1st level	782183404
Maximum possible program capacity, pcs.	832,131,000

Information on receipt of the authorization of the Bank of Russia and/or a competent governmental authority (competent government agency) of the Russian Federation for placement and/or trading of the Issuer's shares of the respective category (class) outside the Russian Federation:

Authorization of the Federal Financial Markets Service of the Russian Federation No. 08-EK-03/10335 dated May 23, 2008 (Order of the FFMS of Russia No. 08-1116/pz-i dated May 20, 2008), authorization of the Federal Financial Markets Service of the Russian Federation No. 09-EK-03/27137 dated November 19, 2009 (Order of the FSFM of Russia No. 09-3711/pz-i dated November 19, 2009), authorization of the Federal Financial Markets Service of the Russian Federation No. 11-SKh-03/350 dated January 17, 2011 (Order of the FFMS of Russia No. 11-22/pz-i dated January 13, 2011), authorization of the Federal Financial Markets Service of the Russian Federation No. 11-SKh-03/21348 dated August 18, 2011 (Order of the FFMS of Russia No. 11-2064/pz-i dated August 16, 2011)

Name of the foreign listing authority (listing authorities) through which the Issuer's shares (depositary securities certifying rights with respect to the Issuer's shares) are traded: *London Stock Exchange, Main Market (trading with listing procedure), and in the USA, OTCQX electronic system of over-the-counter trading, 304 Hudson Street, 2nd Floor, New York, NY 10013, USA*

Other information on the trading of the Issuer's shares outside the Russian Federation specified by the Issuer at its sole discretion: *none*.

8.1.2. Information on Changes in the Size of the Issuer's Authorized Capital

Information on changes in the size of the Issuer's authorized capital for the last completed financial year as well as for the period from the beginning date of the current year to the end date of the reporting quarter:

The size and the structure of the authorized capital of the Issuer prior to the relevant change:

size of the authorized capital: *Three hundred eighty-six billion two hundred fifty-five million four hundred sixty-four thousand eight hundred and ninety (386,255,464,890) rubles*

Breakdown of the Issuer's authorized capital into equity shares and preferred shares, specifying the total par value of each category of shares and the size of the share of each category of shares in the Issuer's authorized capital:

Ordinary shares

Total par value: *Three hundred eighty-six billion two hundred fifty-five million four hundred sixty-four thousand eight hundred and ninety (386,255,464,890) rubles*

Share in the authorized capital: *100%*

Preferred shares *were not issued by the Issuer.*

Name of the Issuer's management body making the decision on a change in the size of the authorized capital of the Issuer: *The Board of Directors*

The date and the number of the minutes of the meeting of the Issuer's management entity on which the decision on a change in the size of the authorized capital of the Issuer was made: *Minutes No. 244 dated November 23, 2016. It was thereby resolved to increase the authorized capital of the Issuer by placement of additional shares in the amount of 40,429,000,000 units.*

Date of the change in the size of the authorized capital of the Issuer: *August 4, 2017*

The size and the structure of the authorized capital of the Issuer prior to the relevant change:

size of the authorized capital: *four hundred twenty-six billion two hundred eighty-eight million eight hundred thirteen thousand five hundred and fifty-one (426,288,813,551) rubles*

Breakdown of the Issuer's authorized capital into equity shares and preferred shares, specifying the total par value of each category of shares and the size of the share of each category of shares in the Issuer's authorized capital:

Ordinary shares

Total par value: *Four hundred twenty-six billion two hundred eighty-eight million eight hundred thirteen thousand five hundred and fifty-one (426,288,813,551) rubles.*

Share in the authorized capital: *100%*

The Issuer did not issue any preferred shares.

8.1.3. Information on the Convening and Holding of the Meeting of the Issuer's Supreme Management Body

Name of the Issuer's supreme management body: *General Meeting of Shareholders*

Procedure for notification of shareholders (participants) of the holding of the meeting of the Issuer's supreme management body:

The notice on the holding of the General Meeting of Shareholders shall be published on the Company website: www.rushydro.ru no later than thirty (30) days before the date of the meeting.

The notice on the holding of an extraordinary General Meeting of Shareholders the proposed agenda of which contains an item on the election of members of the Board of Directors shall be published on the Company website www.rushydro.ru no later than seventy (70) days prior to the date thereof.

Persons which may call for (demand the holding of) an extraordinary meeting of the Issuer's supreme management body as well as the procedure for sending (submitting) such requests:

The annual General Meeting of Shareholders shall be called and held upon the decision of the Board of Directors.

An extraordinary General Meeting of Shareholders shall be held by a resolution of the Board of Directors, passed on its own initiative, upon the request of the Internal Audit Commission, the Company's Auditor, or a shareholder (shareholders) who owns at least ten (10) percent of the voting shares of the Company as of the date when the request is submitted.

A request for the holding of an extraordinary General Meeting of Shareholders may be filed by way of:

- Sending it by post or via an express delivery service to the Company's location address and to its mailing address: 7 Malaya Dmitrovka St., Moscow, 127006*
- Delivery against signature to the Chairman of the Management Board – General Director, the Chairman of the Board of Directors, or the Corporate Secretary of the Company*
- Sending it via email to: akcioner@rushydro.ru using an electronic digital signature in the manner stipulated by the legislation of the Russian Federation*

The procedure for determining the meeting date of the Issuer's supreme management body:

The annual General Meeting of Shareholders shall be held not earlier than two months and not later than six months after the end of the reporting year.

An extraordinary General Meeting of Shareholders, at the request of the Internal Audit Commission of the Company, the Auditor of the Company, or a shareholder(s) who owns at least ten (10) percent of the Company's voting shares as of the date of the request shall be called by the Board of Directors and shall be held within forty (40) days of the said request.

Should the proposed agenda of the extraordinary General Meeting of Shareholders contain an item on the election of members of the Board of Directors of the Company, such General Meeting of Shareholders shall be held within seventy-five (75) days of the request.

Within five (5) days of the request for calling the extraordinary General Meeting of Shareholders, the Board of Directors shall pass a resolution on calling the extraordinary General Meeting of Shareholders or refusing to call it.

The resolution of the Board of Directors on calling the extraordinary General Meeting of Shareholders or a reasoned resolution on refusal shall be sent to the persons demanding it not later than three (3) days from the date thereof.

Persons who may propose items on the agenda of the Issuer's supreme management body as well as the procedure for making such proposals:

Shareholder(s) holding, individually or together, at least two (2) percent of the voting shares in the Company may place items on the agenda of the annual General Meeting of Shareholders and propose candidates for election to the Board of Directors and the Internal Audit Commission of the Company, as long as the number of such candidates does not exceed the number of members of the given body.

Such proposals shall be submitted to the Company not later than ninety (90) days after the end of the reporting year.

The proposals of agenda items for the General Meeting of Shareholders and proposals concerning nomination of candidates shall be submitted in writing, specifying the name (corporate name) of the shareholder(s) submitting the proposal and the quantity and category (class) of shares held by them under the shareholders' (shareholder's) signature.

Proposals of agenda items for the General Meeting of Shareholders shall contain the wording of each proposed item, and proposals concerning the nomination of candidates shall contain name and ID details (serial and/or number of the document, date and place of its issue, issuing authority) of each nominee and the name of the body for election to which he/she is nominated.

The Board of Directors of the Company shall examine the proposals submitted and decide to place them on the agenda of the General Meeting of Shareholders or to refuse to place them within five (5) days after the expiry of the period specified in Clause 11.1 of Article 11 of the Articles of Association of RusHydro.

The Board of Directors may refuse to place items proposed by shareholder(s) on the agenda of the General Meeting of Shareholders or to include recommended candidates in the list of candidates for election to the relevant body of the Company in cases specified by the Federal Law "On Joint-Stock Companies" and other regulatory acts of the Russian Federation.

The reasoned refusal of the Board of Directors to include a proposed item in the agenda of the General Meeting of Shareholders or a candidate in the list of candidates for voting for election to the relevant body of the Company shall be sent to the shareholder(s) who put forward such item or recommended the candidate, not later than three (3) days from such decision.

The Board of Directors may not change the wording of items proposed for inclusion in the agenda of the General Meeting of Shareholders and wordings of resolutions on such items (if any).

Apart from the items proposed for inclusion on the agenda of the General Meeting of Shareholders by the shareholders, and also if no such proposals were made, if no candidates or an insufficient number of candidates were proposed for the formation of the given body, the Board of Directors may put items on the agenda of the General Meeting of Shareholders or include candidates into the list of candidates at its own discretion.

Persons who may familiarize themselves with information (materials) provided for the preparation and holding of the meeting of the Issuer's supreme management body, as well as the familiarization procedure:

Information (materials) concerning the agenda items of the General Meeting of Shareholders shall be made available to persons entitled to participate in the General Meeting of Shareholders for review at the addresses stated in the notice of the General Meeting of Shareholders, and shall be placed on the Company's website thirty (30) days prior to the General Meeting of Shareholders (or twenty (20) days prior to the General Meeting of Shareholders in the case of an extraordinary General Meeting of Shareholders whose agenda includes an item under Subclause 4, Clause 1, Article 48 of the Federal Law "On Joint-Stock Companies").

The list of persons entitled to participate in the General Meeting of Shareholders shall be drawn up in accordance with Article 51 of the Federal Law "On Joint-Stock Companies."

Procedure for the announcement (notification of shareholders (participants) of the Issuer) of decisions adopted by the Issuer's supreme management body as well as voting results:

The minutes of the General Meeting of Shareholders shall be executed not later three (3) business days after the General Meeting of Shareholders, when the General Meeting of Shareholders was held in the form of joint attendance, or after the deadline for acceptance of ballots by the Company, when the General Meeting of Shareholders was held in the form of voting in absentia.

The minutes of the General Meeting of Shareholders shall be signed by the Chairman of the General Meeting of Shareholders (the person presiding over the General Meeting of Shareholders) and the Secretary of the General Meeting of Shareholders.

The minutes of the General Meeting of Shareholders shall be posted on the Company's website on the following business day after its signing.

Voting results and decisions made by the General Meeting of Shareholders may be announced at the General Meeting of Shareholders at which the voting was held and shall also be communicated to the persons included in the list of persons entitled to participate in the General Meeting of Shareholders in the form of a report on the voting results, in the manner and within the time stipulated by the Federal Law "On Joint-Stock Companies."

8.1.4. Information on Commercial Organizations in Which the Issuer Holds at Least 5 Percent of the Authorized Capital or at Least 5 Percent of Equity Shares

The list of commercial organizations where as of the end date of the last reporting quarter the Issuer holds at least 5 percent of the authorized capital or at least 5 percent of equity shares

1. Full corporate name: **Joint-Stock Company HydroEngineering Siberia**

Short corporate name: **JSC HydroEngineering Siberia**

Location: **Moscow, Russia**

INN: **7804328940**

OGRN: **1057813314525**

Share of the Issuer in the authorized capital of the commercial organization, %: **100**

Share of ordinary shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

2. Full corporate name: **Joint-Stock Company Vedeneyev Russian National Scientific and Research Institute of Hydraulic Engineering**

Short corporate name: **JSC Vedeneyev VNIIG**

Location: **Saint Petersburg**

INN: **7804004400**

OGRN: **1027802483400**

Share of the Issuer in the authorized capital of the commercial organization, %: **100**

Share of ordinary shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

3. Full corporate name: **Joint-Stock Company Geotherm**

Short corporate name: **JSC Geotherm**
Location: **Petropavlovsk-Kamchatskiy, Kamchatka Krai, Russia**
INN: **4101023932**
OGRN: **1024101023429**
Share of the Issuer in the authorized capital of the commercial organization, %: **99.65**
Share of ordinary shares held by the Issuer in such joint-stock company, %: **99.65**
Share of the person in the authorized capital of the Issuer, %: **0**
Share of the Issuer's ordinary shares held by the person, %: **0**

4. Full corporate name: **Joint-Stock Company Zaramagskiye HPPs**
Short corporate name: **JSC Zaramagskiye HPPs**
Location: **Moscow**
INN: **1505008701**
OGRN: **1021500822001**
Share of the Issuer in the authorized capital of the commercial organization, %: **99.75**
Share of ordinary shares held by the Issuer in such joint-stock company, %: **99.75**
Share of the person in the authorized capital of the Issuer, %: **0.063643**
Share of the Issuer's ordinary shares held by the person, %: **0.063643**

5. Full corporate name: **Joint-Stock Company Hidroinvest**
Short corporate name: **JSC Hidroinvest**
Location: **Yakutsk, Sakha Republic (Yakutia), Russia**
INN: **7814382859**
OGRN: **1077847558381**
Share of the Issuer in the authorized capital of the commercial organization, %: **100**
Share of ordinary shares held by the Issuer in such joint-stock company, %: **100**
Share of the person in the authorized capital of the Issuer, %: **0**
Share of the Issuer's ordinary shares held by the person, %: **0**

6. Full corporate name: **Joint-Stock Company Leningradskaya PSHP**
Short corporate name: **JSC Leningradskaya PSHP**
Location: **The settlement of Yanega, Lodeynopolskiy District, Leningrad Region, Russia**
INN: **7804328926**
OGRN: **1057813313315**
Share of the Issuer in the authorized capital of the commercial organization, %: **100**
Share of ordinary shares held by the Issuer in such joint-stock company, %: **100**
Share of the person in the authorized capital of the Issuer, %: **0**
Share of the Issuer's ordinary shares held by the person, %: **0**

7. Full corporate name: **Joint-Stock Company Scientific and Research Institute of Energy Structures**
Short corporate name: **JSC Scientific and Research Institute of Energy Structures**
Location: **Moscow**
INN: **7733021533**
OGRN: **1027739536868**
Share of the Issuer in the authorized capital of the commercial organization, %: **100**
Share of ordinary shares held by the Issuer in such joint-stock company, %: **100**
Share of the person in the authorized capital of the Issuer, %: **0**
Share of the Issuer's ordinary shares held by the person, %: **0**

8. Full corporate name: **Joint-Stock Company Pilot Verkhne-Mutnovskaya GeoPC⁷**
Short corporate name: **JSC Pilot Verkhne-Mutnovskaya GeoPC**
Location: **Petropavlovsk-Kamchatskiy, Kamchatka Krai, Russia**

⁷ Dissolved on April 19, 2018, as a result of the accession to JSC Geotherm

INN: **4101100400**

OGRN: **1054100011668**

Share of the Issuer in the authorized capital of the commercial organization, %: **48.04**

Share of ordinary shares held by the Issuer in such joint-stock company, %: **48.04**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

9. Full corporate name: **Joint-Stock Company Managing Company HydroOGK**

Short corporate name: **JSC MC HydroOGK**

Location: **Moscow**

INN: **5260096381**

OGRN: **1025203040136**

Share of the Issuer in the authorized capital of the commercial organization, %: **100**

Share of ordinary shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

10. Full corporate name: **Joint-Stock Company Energy Construction Complex UES**

Short corporate name: **JSC ESKO UES**

Location: **Moscow**

INN: **7729540430**

OGRN: **1067746217373**

Share of the Issuer in the authorized capital of the commercial organization, %: **100**

Share of ordinary shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

11. Full corporate name: **Joint-Stock Company Boguchanskaya HPP Construction Organizer**

Short corporate name: **JSC Boguchanskaya HPP Construction Organizer**

Location: **Kodinsk**

INN: **2420070942**

OGRN: **1072420000135**

Share of the Issuer in the authorized capital of the commercial organization, %: **51**

Share of ordinary shares held by the Issuer in such joint-stock company, %: **51**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

12. Full corporate name: **Closed Joint-Stock Company Boguchanskaya HPP Construction Customer**

Short corporate name: **CJSC Boguchanskaya HPP Construction Customer**

Location: **10/1 Prospekt Leninskogo Komsomola, Kodinsk, Kezhemskiy District, Krasnoyarsk Krai 663491, Russia**

INN: **2420070910**

OGRN: **1072420000168**

Share of the Issuer in the authorized capital of the commercial organization, %: **49**

Share of ordinary shares held by the Issuer in such joint-stock company, %: **49**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

13. Full corporate name: **Closed Joint-Stock Company Boguchanskiy Aluminum Smelter Construction Organizer**

Short corporate name: **CJSC Boguchanskiy Aluminum Smelter Construction Organizer**

Location: **10/1 Prospekt Leninskogo Komsomola, Kodinsk, Kezhemskiy District, Krasnoyarsk Krai 663491, Russia**

INN: **2420070928**

OGRN: **1072420000157**

Share of the Issuer in the authorized capital of the commercial organization, %: **49**

Share of ordinary shares held by the Issuer in such joint-stock company, %: **49**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

14. Full corporate name: **Joint-Stock Company Boguchanskiy Aluminum Smelter Construction Organizer**

Short corporate name: **JSC Boguchanskiy Aluminum Smelter Construction Organizer**

Location: **Industrial Site of Boguchanskiy Aluminum Smelter, Boguchanskiy District, Krasnoyarsk Krai, Russia**

INN: **2420070935**

OGRN: **1072420000146**

Share of the Issuer in the authorized capital of the commercial organization, %: **51**

Share of ordinary shares held by the Issuer in such joint-stock company, %: **51**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

15. Full corporate name: **Joint-Stock Company Nizhne-Bureyskaya HPP**

Short corporate name: **JSC Nizhne-Bureyskaya HPP**

Location: **Novobureyskiy Industrial Community (Urban-Type Settlement), Bureyskiy District, Amur Region**

INN: **2813006299**

OGRN: **1062813007817**

Share of the Issuer in the authorized capital of the commercial organization, %: **100**

Share of ordinary shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

16. Full corporate name: **Joint-Stock Company Nizhne-Zeyskaya HPP**

Short corporate name: **JSC Nizhne-Zeyskaya HPP**

Location: **Blagoveshchensk, Amur Region, Russia**

INN: **2801112479**

OGRN: **1062801070331**

Share of the Issuer in the authorized capital of the commercial organization, %: **100**

Share of ordinary shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

17. Full corporate name: **Joint-Stock Company Zagorskaya PSHPP-2**

Short corporate name: **JSC Zagorskaya PSHPP-2**

Location: **Bogorodskoye Industrial Community, Sergiyev-Posadskiy Municipal District, Moscow Region, Russia**

INN: **5042086312**

OGRN: **1065042071137**

Share of the Issuer in the authorized capital of the commercial organization, %: **100**

Share of ordinary shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

18. Full corporate name: **Joint-Stock Company Transport Company RusHydro**

Short corporate name: **JSC Transport Company RusHydro**

Location: **the settlement of Cheremushki, Sayanogorsk, Republic of Khakassia, Russian Federation**

INN: **1902018248**

OGRN: **1031900676356**

Share of the Issuer in the authorized capital of the commercial organization, %: **100**

Share of ordinary shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

19. Full corporate name: **Joint-Stock Company Renewable Energy Engineering Center**

Short corporate name: **JSC Renewable Energy Engineering Center**

Location: **Moscow**

INN: **7728638105**

OGRN: **1077762186633**

Share of the Issuer in the authorized capital of the commercial organization, %: **100**

Share of ordinary shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

20. Full corporate name: **Joint-Stock Company Yuzhno-Yakutskiy Hydropower Complex**

Short corporate name: **JSC Yuzhno-Yakutskiy HPC**

Location: **Moscow, Russia**

INN: **1402046840**

OGRN: **1061402006126**

Share of the Issuer in the authorized capital of the commercial organization, %: **100**

Share of ordinary shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

21. Full corporate name: **Nonpublic Joint-Stock Company Sulakskiy Hydropower Cascade**

Short corporate name: **JSC Sulakskiy HydroCascade**

Location: **7A Stroitelnyy Proyezd, Moscow 125362**

INN: **0516009712**

OGRN: **1070546001173**

Share of the Issuer in the authorized capital of the commercial organization, %: **100**

Share of ordinary shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

22. Full corporate name: **Joint-Stock Company Neporozhniy Sayano-Shushenskaya HPP Service Center**

Short corporate name: **JSC SShHPP SC**

Location: **the settlement of Cheremushki, Republic of Khakassia**

INN: **1902018368**

OGRN: **1031900677324**

Share of the Issuer in the authorized capital of the commercial organization, %: **100**

Share of ordinary shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

23. Full corporate name: **Joint-Stock Company Hydroremont-VCC**

Short corporate name: **JSC Hydroremont-VCC**

Location: **Moscow**

INN: **6345012488**

OGRN: **1036301733005**

Share of the Issuer in the authorized capital of the commercial organization, %: **100**

Share of ordinary shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: 0

Share of the Issuer's ordinary shares held by the person, %: 0

24. Full corporate name: **Joint-Stock Company Karachayev-Cherkesskaya Hydrogeneration Company**

Short corporate name: **JSC Karachayev-Cherkesskaya Hydrogeneration Company**

Location: **Moscow**

INN: **0917001661**

OGRN: **1050900973177**

Share of the Issuer in the authorized capital of the commercial organization, %: **100**

Share of ordinary shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

25. Full corporate name: **Private Limited Company HYDROOGK ALUMINUM COMPANY LIMITED**

Short corporate name: **Hydroogk aluminum company limited**

Location: **16 Kyriakos Matsis Avenue, Nicosia, Cyprus**

Share of the Issuer in the authorized capital of the commercial organization, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

26. Full corporate name: **Private Limited Company HYDROOGK POWER COMPANY LIMITED**

Short corporate name: **HYDROOGK POWER COMPANY LIMITED**

Location: **16 Kyriakos Matsis Avenue, Nicosia, Cyprus**

Share of the Issuer in the authorized capital of the commercial organization, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

27. Full corporate name: **Joint-Stock Company Lenhydroproject**

Short corporate name: **JSC Lenhydroproject**

Location: **Saint Petersburg**

INN: **7814159353**

OGRN: **1077763382597**

Share of the Issuer in the authorized capital of the commercial organization, %: **100**

Share of ordinary shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

28. Full corporate name: **Public Joint-Stock Company Kolymaenergo**

Short corporate name: **PJSC Kolymaenergo**

Location: **Magadan**

INN: **2460215591**

OGRN: **1092468017751**

Share of the Issuer in the authorized capital of the commercial organization, %: **98.759682**

Share of ordinary shares held by the Issuer in such joint-stock company, %: **98.759682**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

29. Full corporate name: **Joint-Stock Company Main Computing Center of the Energy Industry**

Short corporate name: **JSC MCC of the Energy Industry**

Location: **Moscow**

INN: **7705020880**

OGRN: **1027739064858**

Share of the Issuer in the authorized capital of the commercial organization, %: **100**
Share of ordinary shares held by the Issuer in such joint-stock company, %: **100**
Share of the person in the authorized capital of the Issuer, %: **0**
Share of the Issuer's ordinary shares held by the person, %: **0**

30. Full corporate name: **Joint-Stock Company ChirkeiGESstroi**

Short corporate name: **JSC ChirkeiGESstroi**

Location: **Moscow**

INN: **0533001760**

OGRN: **1020501741523**

Share of the Issuer in the authorized capital of the commercial organization, %: **74.99**

Share of ordinary shares held by the Issuer in such joint-stock company, %: **74.99**

Share of the person in the authorized capital of the Issuer, %: **0.006851**

Share of the Issuer's ordinary shares held by the person, %: **0.006851**

31. Full corporate name: **Joint-Stock Company Dyakov Ust-Srednekanskaya HPP**

Short corporate name: **JSC Dyakov Ust-Srednekanskaya HPP**

Location: **Magadan, Magadan Region, Russia**

INN: **4909095293**

OGRN: **1074910002310**

Share of the Issuer in the authorized capital of the commercial organization, %: **67.82**

Share of ordinary shares held by the Issuer in such joint-stock company, %: **67.82**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

32. Full corporate name: **Joint-Stock Company Energy Retailing Company RusHydro**

Short corporate name: **ESC RusHydro**

Location: **Moscow**

INN: **7804403972**

OGRN: **1089848039973**

Share of the Issuer in the authorized capital of the commercial organization, %: **100 minus one share**

Share of ordinary shares held by the Issuer in such joint-stock company, %: **100 minus one share**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

33. Full corporate name: **Joint-Stock Company Dalnevostochnaya WPP**

Short corporate name: **JSC Dalnevostochnaya WPP**

Location: **Moscow**

INN: **2536217601**

OGRN: **1092536005297**

Share of the Issuer in the authorized capital of the commercial organization, %: **100**

Share of ordinary shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

34. Full corporate name: **Joint-Stock Company Malaya Dmitrovka**

Short corporate name: **JSC Malaya Dmitrovka**

Location: **Moscow**

INN: **7727685303**

OGRN: **1097746103905**

Share of the Issuer in the authorized capital of the commercial organization, %: **100**

Share of ordinary shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

35. Full corporate name: **Joint-Stock Company Altay Small HPPs**
Short corporate name: **JSC Altay Small HPPs**
Location: **Gorno-Altaysk, Altay Republic, Russia**
INN: **0411151856**
OGRN: **1100411007674**
Share of the Issuer in the authorized capital of the commercial organization, %: **100**
Share of ordinary shares held by the Issuer in such joint-stock company, %: **100**
Share of the person in the authorized capital of the Issuer, %: **0**
Share of the Issuer's ordinary shares held by the person, %: **0**

36. Full corporate name: **Joint-Stock Company Dagestan Small HPPs**
Short corporate name: **JSC Dagestan SHPPs**
Location: **Moscow, Russia**
INN: **0562068208**
OGRN: **1042401810494**
Share of the Issuer in the authorized capital of the commercial organization, %: **100**
Share of ordinary shares held by the Issuer in such joint-stock company, %: **100**
Share of the person in the authorized capital of the Issuer, %: **0**
Share of the Issuer's ordinary shares held by the person, %: **0**

37. Full corporate name: **RusHydro International B.V.**
Short corporate name: **RusHydro International B.V.**
Location: **Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands**
Share of the Issuer in the authorized capital of the commercial organization, %: **100**
Share of the person in the authorized capital of the Issuer, %: **0**
Share of the Issuer's ordinary shares held by the person, %: **0**

38. Full corporate name: **Public Joint-Stock Company Yakutskenergo**
Short corporate name: **Yakutskenergo**
Location: **Yakutsk, Russia**
INN: **1435028701**
OGRN: **1021401047260**
Share of the Issuer in the authorized capital of the commercial organization, %: **29.795104**
Share of ordinary shares held by the Issuer in such joint-stock company, %: **29.002941**
Share of the person in the authorized capital of the Issuer, %: **0.000013**
Share of the Issuer's ordinary shares held by the person, %: **0.000013**

39. Full corporate name: **Public Joint-Stock Company Kamchatskiy Gas and Energy Complex**
Short corporate name: **PJSC KAMGEC**
Location: **Petropavlovsk-Kamchatskiy, Kamchatka Krai, Russia**
INN: **4101047002**
OGRN: **1024101019469**
Share of the Issuer in the authorized capital of the commercial organization, %: **96.583531**
Share of ordinary shares held by the Issuer in such joint-stock company, %: **96.583531**
Share of the person in the authorized capital of the Issuer, %: **0**
Share of the Issuer's ordinary shares held by the person, %: **0**

40. Full corporate name: **Joint-Stock Company RusHydro Snabzheniye**
Short corporate name: **JSC RGS**
Location: **Moscow, Russia**
INN: **1510012774**
OGRN: **1041500751016**
Share of the Issuer in the authorized capital of the commercial organization, %: **100**

Share of ordinary shares held by the Issuer in such joint-stock company, %: **100**
Share of the person in the authorized capital of the Issuer, %: **0**
Share of the Issuer's ordinary shares held by the person, %: **0**

41. Full corporate name: **Joint-Stock Company RAO Energy Systems of the East**
Short corporate name: **JSC RAO Energy Systems of the East**
Location: **Khabarovsk, Khabarovsk Krai**
INN: **2801133630**
OGRN: **1087760000052**
Share of the Issuer in the authorized capital of the commercial organization, %: **84.39**
Share of ordinary shares held by the Issuer in such joint-stock company, %: **85.16**
Share of the person in the authorized capital of the Issuer, %: **0.01**
Share of the Issuer's ordinary shares held by the person, %: **0.01**

42. Full corporate name: **Open Joint-Stock Company Sakhalinskaya Energy Company**
Short corporate name: **JSC SEC**
Location: **40 Dzerzhinskogo St., Yuzhno-Sakhalinsk 693007, Russia**
INN: **6501210088**
OGRN: **1096501006030**
Share of the Issuer in the authorized capital of the commercial organization, %: **26.94**
Share of ordinary shares held by the Issuer in such joint-stock company, %: **26.94**
Share of the person in the authorized capital of the Issuer, %: **0**
Share of the Issuer's ordinary shares held by the person, %: **0**

43. Full corporate name: **Limited Liability Company RusHydro IT Service**
Short corporate name: **LLC RusHydro IT Service**
Location: **Moscow, Russia**
INN: **1902022558**
OGRN: **1091902000772**
Share of the Issuer in the authorized capital of the commercial organization, %: **100**
Share of the person in the authorized capital of the Issuer, %: **0**
Share of the Issuer's ordinary shares held by the person, %: **0**

44. Full corporate name: **Limited Liability Company Verkhnebalkarskaya Small HPP**
Short corporate name: **LLC Verkhnebalkarskaya SHPP**
Location: **Moscow**
INN: **0706004536**
OGRN: **1090720000370**
Share of the Issuer in the authorized capital of the commercial organization, %: **100**
Share of the person in the authorized capital of the Issuer, %: **0**
Share of the Issuer's ordinary shares held by the person, %: **0**

45. Full corporate name: **Limited Liability Company Fiagdonskaya Small HPP**
Short corporate name: **LLC Fiagdonskaya SHPP**
Location: **Moscow**
INN: **1514005915**
OGRN: **1091514000467**
Share of the Issuer in the authorized capital of the commercial organization, %: **100**
Share of the person in the authorized capital of the Issuer, %: **0**
Share of the Issuer's ordinary shares held by the person, %: **0**

46. Full corporate name: **Limited Liability Company Small HPPs of Stavropol Krai and Karachay-Cherkessia**
Short corporate name: **LLC SHPPs of Stavropol Krai and Karachay-Cherkessia**

Location: **Moscow**
INN: **0917014406**
OGRN: **1090917001867**
Share of the Issuer in the authorized capital of the commercial organization, %: **100**
Share of the person in the authorized capital of the Issuer, %: **0**
Share of the Issuer's ordinary shares held by the person, %: **0**

47. Full corporate name: **Closed Joint-Stock Company Verkhne-Narynskiye HPPs**
Short corporate name: **JSC Verkhne-Narynskiye HPPs**
Location: **326 Prospekt Zhibek-Zholu, Bishkek, Kyrgyz Republic**
INN: **02510201210033**
OGRN: **125748-3300-ZAO**
Share of the Issuer in the authorized capital of the commercial organization, %: **50**
Share of ordinary shares held by the Issuer in such joint-stock company, %: **50**
Share of the person in the authorized capital of the Issuer, %: **0**
Share of the Issuer's ordinary shares held by the person, %: **0**

48. Full corporate name: **Joint-Stock Company Irkutskaya Electric Grid Company**
Short corporate name: **JSC IEGC**
Location: **257 Lermontova St., Irkutsk 664033, Russia**
INN: **3812122706**
OGRN: **1093850013762**
Share of the Issuer in the authorized capital of the commercial organization, %: **42.75**
Share of ordinary shares held by the Issuer in such joint-stock company, %: **42.75**
Share of the person in the authorized capital of the Issuer, %: **0**
Share of the Issuer's ordinary shares held by the person, %: **0**

49. Full corporate name: **JSC CHPP at Sovetskaya Gavan**
Short corporate name: **JSC CHPP at Sovetskaya Gavan**
Location: **Sovetskaya Gavan, Russia**
INN: **2704022491**
OGRN: **1132709000489**
Share of the Issuer in the authorized capital of the commercial organization, %: **100**
Share of ordinary shares held by the Issuer in such joint-stock company, %: **100**
Share of the person in the authorized capital of the Issuer, %: **0**
Share of the Issuer's ordinary shares held by the person, %: **0**

50. Full corporate name: **Joint-Stock Company Blagoveshchenskaya CHPP**
Short corporate name: **JSC Blagoveshchenskaya CHPP**
Location: **Blagoveshchensk, Amur Region, Russia**
INN: **2801186142**
OGRN: **1132801005556**
Share of the Issuer in the authorized capital of the commercial organization, %: **100**
Share of ordinary shares held by the Issuer in such joint-stock company, %: **100**
Share of the person in the authorized capital of the Issuer, %: **0**
Share of the Issuer's ordinary shares held by the person, %: **0**

51. Full corporate name: **Joint-Stock Company Sakhalinskaya SDPP-2**
Short corporate name: **CJSC Sakhalinskaya SDPP-2**
Location: **Yuzhno-Sakhalinsk, Russia**
INN: **6501256357**
OGRN: **1136501004012**
Share of the Issuer in the authorized capital of the commercial organization, %: **100**
Share of ordinary shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**
Share of the Issuer's ordinary shares held by the person, %: **0**

52. Full corporate name: **Joint-Stock Company Yakutskaya SDPP-2**

Short corporate name: **CJSC Yakutskaya SDPP-2**

Location: **Yakutsk, Sakha Republic (Yakutia), Russia**

INN: **1435269489**

OGRN: **1131447010640**

Share of the Issuer in the authorized capital of the commercial organization, %: **100**

Share of ordinary shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

53. Full corporate name: **Limited Liability Company VOLGAHYDRO**

Short corporate name: **LLC VOLGAHYDRO**

Location: **76 Tridtsat Let Pobedy St., Balakovo, Saratov Region 413840, Russia**

INN: **6439082561**

OGRN: **1136439001841**

Share of the Issuer in the authorized capital of the commercial organization: **40%**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

54. Full corporate name: **Joint-Stock Company BoAZ Holding Company**

Short corporate name: **LLC BoAZ Holding Company**

Location: **Moscow**

INN: **7733866026**

OGRN: **5137746242420**

Share of the Issuer in the authorized capital of the commercial organization: **100%**

Percentage of ordinary shares held by the Issuer in such joint-stock company: **100%**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

55. Full corporate name: **Joint-Stock Company BoHPP Holding Company**

Short corporate name: **JSC BoHPP Holding Company**

Location: **Moscow**

INN: **7733866019**

OGRN: **5137746242376**

Share of the Issuer in the authorized capital of the commercial organization: **100%**

Percentage of ordinary shares held by the Issuer in such joint-stock company: **100%**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's ordinary shares held by the person, %: **0**

8.1.5. Information on Major Transactions Made by the Issuer

No such transactions were made.

8.1.6. Information on the Issuer's Credit Ratings

With regard to every credit rating known to the Issuer for the last complete financial year as well as for the period after the beginning date of the current year and up to the end date of the reporting quarter, the following is to be specified:

Rating object: ***Issuer***

Rating company:

Full corporate name: ***Fitch Ratings Ltd.***

Short corporate name: **Fitch**

Location: **30 North Colonnade, Canary Wharf, London E14 5GN, UK and 26 Valovaya St., Moscow 115054, Russia (office in Russia)**

Description of credit rating methods or URL where information on credit rating methods is freely available: <https://www.fitchratings.com>, <http://www.fitchratings.ru>

Value of the long-term credit rating as of the end date of the reporting quarter: **BB+ under the international scale**

Credit rating change history for the last completed financial year as well as for the period after the beginning date of the current year and up to the end date of the reporting quarter, specifying the credit rating and assignment (change) date thereof

Assignment date	Credit rating
February 6, 2017	Fitch Ratings Ltd. made a decision on the confirmation and withdrawal of credit ratings assigned according to the national scale to Issuers from Russia, including PJSC RusHydro. This rating action is not related to and does not affect the credit rating of PJSC RusHydro assigned by Fitch according to the international scale.
June 9, 2017	Fitch Ratings Ltd. improved the forecast of the rating of PJSC RusHydro from "Negative" to "Stable" and confirmed the credit ratings at the level of BB+ (long-term rating in foreign currency according to the international scale).

Rating object: **Issuer**

Rating company:

Full corporate name: **Standard & Poor's Credit Market Services Europe Limited**

Short corporate name: **Standard & Poor's**

Location: **55 Water Street, New York, NY, United States, 10041 and 4/7 Vozdvizhenka St., Bldg. 2, Moscow 125009 (branch in Russia)**

Description of credit rating methods or URL where information on credit rating methods is freely available: <http://www.standardandpoors.com>, <http://standardandpoors.ru>

Value of the long-term credit rating as of the end date of the reporting quarter: **BBB- on the international scale**

Credit rating change history for the last completed financial year as well as for the period after the beginning date of the current year and up to the end date of the reporting quarter, specifying the credit rating and assignment (change) date thereof

Assignment date	Credit rating
April 24, 2017	Standard & Poor's increased the credit rating of RusHydro from "BB" to "BB+" (long-term rating according to the international scale in foreign currency) with a Positive outlook.
June 2, 2017	Standard & Poor's made a decision to withdraw credit ratings assigned according to the national scale to Issuers from Russia, including RusHydro. This rating action is not related to and does not affect the credit rating of RusHydro assigned by Standard & Poor's according to the international scale.
February 27, 2018	Standard & Poor's increased the credit rating of RusHydro from "BB" to "BBB-" (long-term rating according to the international scale in foreign currency) with a Stable outlook.

Rating object: **Issuer**

Rating company:

Full corporate name: **Moody's Investors Service Ltd.**

Short corporate name: **Moody's**

Location: **One Canada Square, Canary Wharf, London E 14 5 FA, UK and 21 Pervaya Tverskaya-Yamskaya St., Moscow, Russia (branch in Russia)**

Description of credit rating methods or URL where information on credit rating methods is freely available: <https://www.moodys.com/>, <http://www.moodys.ru>

Value of the long-term credit rating as of the end date of the reporting quarter: **"Ba1" according to the international scale**

Credit rating change history for the last completed financial year as well as for the period after the beginning date of the current year and up to the end date of the reporting quarter, specifying the credit rating and assignment (change) date thereof

Assignment date	Credit rating
September 8, 2017	Moody's raised the level of the long-term credit rating of RusHydro according to the international scale in foreign currency to Ba1 with a Stable outlook.
January 29, 2018	Moody's changed its outlook from Stable to Positive and confirmed the level of the long-term credit rating of RusHydro according to the international scale in foreign currency at the level of Ba1.

Rating object: **Issuer**

Rating company

Full corporate name: **Analytical Credit Rating Agency (Joint-Stock Company)**

Short corporate name: **ACRA**

Location: **75 Sadovnicheskaya Naberezhnaya, Moscow 115035**

Description of credit rating methods or URL where information on credit rating methods is freely available:

www.acra-ratings.ru

Value of the long-term credit rating as of the end date of the reporting quarter: **AAA(RU) according to the national scale**

Credit rating change history for the last completed financial year as well as for the period after the beginning date of the current year and up to the end date of the reporting quarter, specifying the credit rating and assignment (change) date thereof

Assignment date	Credit rating
October 3, 2017	ACRA assigned RusHydro the highest long-term credit rating AAA(RU), with a Stable outlook.

Rating object: **the Issuer's securities⁸**

Information on the securities

Type of securities: **bonds, exchange-traded bonds**

Series, other identification features of the securities: **bonds of series 01, 02, 07, 08, 09; exchange-traded bonds: BO-P01, BO-P02, BO-P03, BO-P04;**

Form of securities: **certificated**

Other identifying features of the securities: **bonds: inconvertible interest-bearing bearer bonds with obligatory centralized custody, with the possibility of early repayment at the holder's request and at the Issuer's discretion; exchange-traded bonds: exchange-traded certificated interest-bearing nonconvertible bearer bonds with obligatory centralized custody**

State registration number of the securities issue and the date of its state registration (identification number of the securities issue and the date of its assignment): **bonds: 4-01-55038-E dated September 23, 2010, 4-02-55038-E dated September 23, 2010, 4-07-55038-E dated December 27, 2012, 4-08-55038-E dated December 27, 2012, 4-09-55038-E dated December 27, 2012; exchange-traded bonds: 4B02-01-55038-E-001P dated July 3, 2015, 4B02-02-55038-E-001P dated July 3, 2015, 4B02-03-55038-E-001P dated July 3, 2015, 4B02-04-55038-E-001P dated April 1, 2016**

Credit rating value as of the date of approval of the securities prospectus: **priority unsecured rating "BB+" according to the international scale**

The history of changes in credit rating values for the last five completed reporting years before the date of approval of the securities prospectus, stating the credit rating value and the date of its assignment (change):

Rating company:

⁸ Information on placement of Eurobonds of RusHydro (the Issuer of which is RusHydro Capital Markets DAC, a special-purpose vehicle) and credit ratings assigned to that issue is specified in Section 8.8 of this report, "Other Information."

Full corporate name: **Fitch Ratings Ltd.**

Short corporate name: **Fitch**

Location: **30 North Colonnade, Canary Wharf, London, E14 5GN, UK and 26 Valovaya St., Moscow 115054, Russia (office in Russia)**

Description of credit rating methods or URL where information on credit rating methods is freely available: <https://www.fitchratings.com>, <http://www.fitchratings.ru>

Value of the long-term credit rating as of the end date of the reporting quarter: **priority unsecured rating "BB+" according to the international scale**

Credit rating change history for the last completed financial year as well as for the period after the beginning date of the current year and up to the end date of the reporting quarter, specifying the credit rating and assignment (change) date thereof

Assignment date	Credit rating
June 9, 2017	Fitch confirmed the priority unsecured rating for ruble-denominated bonds of RusHydro (series 01, 02, 07, 08, 09, BO-P01, BO-P02, BO-P03, BO-P04) at the level of BB+.

8.2. Information on Each Category (Class) of the Issuer's Shares

Category of shares: **ordinary**

Face value of each share: **One (1) ruble 00 kopecks**

Number of shares in circulation (number of shares that have not been redeemed or canceled): **Four hundred twenty-six billion two hundred eighty-eight million eight hundred thirteen thousand five hundred and fifty-one (426,288,813,551) shares**

Number of additional shares that may be or are being offered (number of shares of an additional issue that has undergone state registration but has not undergone state registration of the report on the additional issue results, or for which

the notice of the additional issue results has not been given): **0 shares**

Number of authorized shares: **fourteen billion thirteen million eight hundred eighty-eight thousand eight hundred and twenty-eight (14,013,888,828)**

Number of shares received by (kept on the books of) the Company: **0 shares**

Number of additional shares that may be offered as a result of the conversion of outstanding securities convertible into shares or as a result of performance under the Company's options: **0 shares**

State registration number of the issue: **1-01-55038-E**

State registration date of the issue: **February 22, 2005**

State registration date of the report on the issue results: **February 22, 2005**

Body in charge of state registration of the issue and of the report on the issue results: **Federal Financial Markets Service of Russia**

Rights granted under the shares to their holders:

According to Clause 6.2, Article 6 of the Issuer's Articles of Association:

"Each registered ordinary share of the Company shall endow its shareholder with an equal volume of rights.

Holders of registered ordinary shares of the Company shall be entitled to:

- 1) Participate in the General Meeting of Shareholders of the Company in person or by proxy with the right to vote on all items within their competence**
 - 2) Propose items for the agenda of the General Meeting of Shareholders in accordance with the procedure stipulated under the laws of the Russian Federation and these Articles of Association**
 - 3) Obtain information on the activities of the Company and view the documents of the Company pursuant to Article 91 of the Federal Law "On Joint-Stock Companies"**
 - 4) Receive dividends declared by the Company**
 - 5) Acquire additional shares placed by subscription and equity securities converted into shares in an amount proportional to the amount of shares of this category (class) that they hold**
 - 6) In the case of liquidation of the Company, obtain a part of its property**
 - 7) Exercise other rights stipulated under the laws of the Russian Federation and these Articles of Association"**
- The Company has not issued any preferred shares.**

Other information: **none.**

8.3. Information on Previous Issues of the Issuer's Equity Securities, Except for the Issuer's Shares

8.3.1. Information on Issues with Cancelled Securities

There are no said securities.

8.3.2. Information on Issues with Outstanding Securities

Information about the total number and amount according to par value (if there is a par value for the given type of securities) of all the Issuer's securities of each separate type, excluding shares whose issue(s) has (have) been registered (or which have been assigned an identification number if, in accordance with the Federal Law "On the Securities Market," the issue(s) of securities is (are) not subject to state registration) and which are not paid off (may be placed, are being placed, have been placed and/or are in circulation).

Total quantity of the certificated inconvertible interest-bearing bonds: **45,000,000 pcs.**

Total par value of the certificated inconvertible interest-bearing bonds: **RUB 45,000,000,000**

Total quantity of the exchange-traded certificated inconvertible interest-bearing bonds: **40,000,000 pcs.**

Total par value of the exchange-traded certificated inconvertible interest-bearing bonds: **RUB 40,000,000,000**

Type, series (class), form, and other identifiers of securities	certificated inconvertible interest-bearing bearer bonds with obligatory central custody, series 01 with possible early redemption at the request of the holder and at the discretion of the Issuer
State registration number of the securities issue and state registration date thereof (identification number of the issue and assignment date thereof, if the securities issue is not subject to state registration)	4-01-55038-E dated September 23, 2010
Registering authority that carried out state registration of the securities issues (organization that assigned an identification number to the securities issue, if the securities issue is not subject to state registration)	Federal Financial Markets Service of Russia
Number of securities of the issue	10,000,000
Number of securities issued at their par value or an indication that, in accordance with the laws of the Russian Federation, the given type of securities has no par value	RUB 10,000,000,000
Status of securities of the issue (not placed; being placed; placed; in circulation)	in circulation ⁹ On April 8, 2016, the Issuer decided to set a new interest rate for the eleventh–twentieth coupon periods. On April 22, 2016, bonds were acquired at the request of their holders.
Date of state registration of the report on the results of the securities issue (date of notice on the results of the securities issue)	On March 5, 2013, the notice of the results of the securities issue was submitted to the Federal Financial Markets Service of Russia.
Number of interest (coupon) periods during which yield (coupon, interest) on securities of the issue is paid (for bonds)	20
Maturity period (date) of the issue	April 12, 2021
URL where the text of the securities issue resolution and securities prospectus is posted (if any)	http://www.rushydro.ru/investors/stockmarket/bonds/bond_issue/obligatsii_0102/ http://www.edisclosure.ru/portal/company.aspx?id=8580

Type, series (class), form, and other identifiers of securities	certificated inconvertible interest-bearing bearer bonds with obligatory central custody, series 02 with possible early redemption at the request of the holder and at the discretion of the Issuer
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⁹ On April 22, 2016, bonds were acquired at the request of their holders. The bonds in circulation amount to RUB 89.18 million.

State registration number of the securities issue and state registration date thereof (identification number of the issue and assignment date thereof, if the securities issue is not subject to state registration)	4-02-55038-E dated September 23, 2010
Registering authority that carried out state registration of the securities issues (organization that assigned an identification number to the securities issue, if the securities issue is not subject to state registration)	Federal Financial Markets Service of Russia
Number of securities of the issue*	5,000,000
Number of securities issued at their par value or an indication that, in accordance with the laws of the Russian Federation, the given type of securities has no par value*	RUB 5,000,000,000
Status of securities of the issue (not placed; being placed; placed; in circulation)	in circulation ¹⁰ On April 8, 2016, the Issuer decided to set a new interest rate for the eleventh–twentieth coupon periods. On April 22, 2016, bonds were acquired at the request of their holders.
Date of state registration of the report on the results of the securities issue (date of notice on the results of the securities issue)	On March 5, 2013, the notice of the results of the securities issue was submitted to the Federal Financial Markets Service of Russia.
Number of interest (coupon) periods during which yield (coupon, interest) on securities of the issue is paid (for bonds)	20
Maturity period (date) of the issue	April 12, 2021
URL where the text of the securities issue resolution and securities prospectus is posted (if any)	http://www.rushydro.ru/investors/stockmarket/bonds/bond_issue/obligatsii_0102/http://www.e-disclosure.ru/portal/company.aspx?id=8580

* The registered number of securities of the issue is 10,000,000 with a total par value of RUB 10,000,000,000; 5,000,000 bonds with a total par value of RUB 5,000,000,000 were placed.

Type, series (class), form, and other identifiers of the securities	certificated inconvertible interest-bearing bearer bonds with obligatory centralized custody, series 07 with the possibility of early redemption at the request of the holder and at the discretion of the Issuer
State registration number of the securities issue and state registration date thereof (identification number of the issue and assignment date thereof, if the securities issue is not subject to state registration)	4-07-55038-E dated December 27, 2012
Registering authority that carried out state registration of the securities issues (organization that assigned an identification number to the securities issue, if the securities issue is not subject to state registration)	Federal Financial Markets Service of Russia
Number of securities of the issue	10,000,000
Number of securities issued at their par value or indication that, in accordance with the laws of the Russian Federation, the given type of securities has no par value	RUB 10,000,000,000
Status of securities of the issue (not placed; being placed; placed; in circulation)	in circulation ¹¹ on January 31, 2018, the Issuer decided to set a new interest rate for the eleventh–twentieth coupon periods. On February 13, 2018, bonds were acquired upon the demand of their holders.

¹⁰ On April 22, 2016, bonds were acquired at the request of their holders. The bonds in circulation amount to RUB 160.76 million.

¹¹ On February 13, 2018, bonds were acquired at the request of their holders. The bonds in circulation amount to RUB 1,897.051 million.

Date of state registration of the report on the results of the securities issue (date of notice on the results of the securities issue)	On March 5, 2013, the notification of securities issue results was submitted to the Federal Financial Markets Service of Russia.
Number of interest (coupon) periods during which yield (coupon, interest) on securities of the issue is paid (for bonds)	20
Maturity period (date) of the issue	February 2, 2023
URL where the text of the securities issue resolution and securities prospectus is posted (if any)	www.rushydro.ru/investors/stockmarket/bonds/bond_issue/obligatsii_07080910/ http://www.e-disclosure.ru/portal/company.aspx?id=8580

Type, series (class), form, and other identifiers of the securities	certificated inconvertible interest-bearing bearer bonds with obligatory centralized custody, series 08 with the possibility of early redemption at the request of the holder and at the discretion of the Issuer
State registration number of the securities issue and state registration date thereof (identification number of the issue and assignment date thereof, if the securities issue is not subject to state registration)	4-08-55038-E dated December 27, 2012
Registering authority that carried out state registration of the securities issues (organization that assigned an identification number to the securities issue, if the securities issue is not subject to state registration)	Federal Financial Markets Service of Russia
Number of securities of the issue	10,000,000
Number of securities issued at their par value or indication that, in accordance with the laws of the Russian Federation, the given type of securities has no par value	RUB 10,000,000,000
Status of securities of the issue (not placed; being placed; placed; in circulation)	in circulation ¹² on January 31, 2018, the Issuer decided to set a new interest rate for the eleventh–twentieth coupon periods. On February 13, 2018, bonds were acquired upon the demand of their holders.
Date of state registration of the report on the results of the securities issue (date of notice on the results of the securities issue)	On March 5, 2013, the notification of securities issue results was submitted to the Federal Financial Markets Service of Russia
Number of interest (coupon) periods during which yield (coupon, interest) on securities of the issue is paid (for bonds)	20
Maturity period (date) of the issue	February 2, 2023
URL where the text of the securities issue resolution and securities prospectus is posted (if any)	www.rushydro.ru/investors/stockmarket/bonds/bond_issue/obligatsii_07080910/ http://www.e-disclosure.ru/portal/company.aspx?id=8580

Type, series (class), form, and other identifiers of the securities	certificated inconvertible interest-bearing bearer bonds with obligatory centralized custody, series 09 with the possibility of early redemption at the request of the holder and at the discretion of the Issuer
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¹² On February 13, 2018, bonds were acquired at the request of their holders. The bonds in circulation amount to RUB 298.586 million.

State registration number of the securities issue and state registration date thereof (identification number of the issue and assignment date thereof, if the securities issue is not subject to state registration)	4-09-55038-E dated December 27, 2012
Registering authority that carried out state registration of the securities issues (organization that assigned an identification number to the securities issue, if the securities issue is not subject to state registration)	Federal Financial Markets Service of Russia
Number of securities of the issue	10,000,000
Number of securities issued at their par value or indication that, in accordance with the laws of the Russian Federation, the given type of securities has no par value	RUB 10,000,000,000
Status of securities of the issue (not placed; being placed; placed; in circulation)	in circulation ¹³ On October 16, 2017, the Issuer decided to set a new interest rate for coupon periods 6 to 16. On October 27, 2017, bonds were acquired at the request of their holders.
Date of state registration of the report on the results of the securities issue (date of notice on the results of the securities issue)	On May 5, 2015, the notice of securities issue results was submitted to the Bank of Russia
Number of interest (coupon) periods during which yield (coupon, interest) on securities of the issue is paid (for bonds)	20
Maturity period (date) of the issue	April 15, 2025
URL where the text of the securities issue resolution and securities prospectus is posted (if any)	www.rushydro.ru/investors/stockmarket/bonds/bond_issue/obligatsii_07080910/ http://www.e-disclosure.ru/portal/company.aspx?id=8580

Type, series (class), form, and other identifiers of securities	Exchange-traded certificated interest-bearing inconvertible bearer bonds with obligatory centralized custody of series BO-PO1
State registration number of the securities issue and state registration date thereof (identification number of the issue and assignment date thereof, if the securities issue is not subject to state registration)	4B02-01-55038-E-001P dated July 3, 2015
Registering authority that carried out state registration of the securities issues (organization that assigned an identification number to the securities issue, if the securities issue is not subject to state registration)	MICEX Stock Exchange CJSC
Number of securities of the issue*	5,000,000
Number of securities issued at their par value or an indication that, in accordance with the laws of the Russian Federation, the given type of securities has no par value*	RUB 5,000,000,000
Status of securities of the issue (not placed; being placed; placed; in circulation)	in circulation
Date of state registration of the report on the results of the securities issue (date of notice on the results of the securities issue)	A report (notice) on the securities issue results is not submitted to the registering authority with respect to exchange-traded bonds
Number of interest (coupon) periods during which yield (coupon, interest) on securities of the issue is paid (for bonds)	6

¹³ On October 27, 2017, bonds were acquired at the request of their holders. The bonds in circulation amount to RUB 766.687 million.

Maturity period (date) of the issue	July 4, 2018
URL where the text of the securities issue resolution and securities prospectus is posted (if any)	http://www.rushydro.ru/investors/stockmarket/bonds/bond_issue/programma-birzhevykh-obligatsiy/http://www.e-disclosure.ru/portal/company.aspx?id=8580

Type, series (class), form, and other identifiers of securities	Exchange-traded certificated interest-bearing inconvertible bearer bonds with obligatory centralized custody of series BO-PO2
State registration number of the securities issue and state registration date thereof (identification number of the issue and assignment date thereof, if the securities issue is not subject to state registration)	4B02-02-55038-E-001P dated July 3, 2015
Registering authority that carried out state registration of the securities issues (organization that assigned an identification number to the securities issue, if the securities issue is not subject to state registration)	MICEX Stock Exchange CJSC
Number of securities of the issue*	5,000,000
Number of securities issued at their par value or an indication that, in accordance with the laws of the Russian Federation, the given type of securities has no par value*	RUB 5,000,000,000
Status of securities of the issue (not placed; being placed; placed; in circulation)	in circulation
Date of state registration of the report on the results of the securities issue (date of notice on the results of the securities issue)	A report (notice) on the securities issue results is not submitted to the registering authority with respect to exchange-traded bonds
Number of interest (coupon) periods during which yield (coupon, interest) on securities of the issue is paid (for bonds)	6
Maturity period (date) of the issue	July 4, 2018
URL where the text of the securities issue resolution and securities prospectus is posted (if any)	http://www.rushydro.ru/investors/stockmarket/bonds/bond_issue/programma-birzhevykh-obligatsiy/http://www.e-disclosure.ru/portal/company.aspx?id=8580

Type, series (class), form, and other identifiers of securities	Exchange-traded certificated interest-bearing inconvertible bearer bonds with obligatory centralized custody of series BO-PO3
State registration number of the securities issue and state registration date thereof (identification number of the issue and assignment date thereof, if the securities issue is not subject to state registration)	4B02-03-55038-E-001P dated July 3, 2015
Registering authority that carried out state registration of the securities issues (organization that assigned an identification number to the securities issue, if the securities issue is not subject to state registration)	MICEX Stock Exchange CJSC
Number of securities of the issue*	5,000,000
Number of securities issued at their par value or an indication that, in accordance with the laws of the Russian Federation, the given type of securities has no par value*	RUB 5,000,000,000
Status of securities of the issue (not placed; being placed; placed; in circulation)	in circulation
Date of state registration of the report on the results of the securities issue (date of notice on the results of the securities issue)	A report (notice) on the securities issue results is not submitted to the registering authority with respect to exchange-traded bonds

Number of interest (coupon) periods during which yield (coupon, interest) on securities of the issue is paid (for bonds)	6
Maturity period (date) of the issue	July 4, 2018
URL where the text of the securities issue resolution and securities prospectus is posted (if any)	http://www.rushydro.ru/investors/disclosure/greports/ http://www.e-disclosure.ru/portal/company.aspx?id=8580

Type, series (class), form, and other identifiers of securities	Exchange-traded certificated interest-bearing inconvertible bearer bonds with obligatory centralized custody of series BO-PO4
State registration number of the securities issue and state registration date thereof (identification number of the issue and assignment date thereof, if the securities issue is not subject to state registration)	4B02-04-55038-E-001P dated April 1, 2016
Registering authority that carried out state registration of the securities issues (organization that assigned an identification number to the securities issue, if the securities issue is not subject to state registration)	MICEX Stock Exchange CJSC
Number of securities of the issue*	15,000,000
Number of securities issued at their par value or an indication that, in accordance with the laws of the Russian Federation, the given type of securities has no par value*	RUB 15,000,000,000
Status of securities of the issue (not placed; being placed; placed; in circulation)	in circulation
Date of state registration of the report on the results of the securities issue (date of notice on the results of the securities issue)	A report (notice) on the securities issue results is not submitted to the registering authority with respect to exchange-traded bonds
Number of interest (coupon) periods during which yield (coupon, interest) on securities of the issue is paid (for bonds)	6
Maturity period (date) of the issue	04/04/2019
URL where the text of the securities issue resolution and securities prospectus is posted (if any)	http://www.rushydro.ru/investors/disclosure/greports/ http://www.e-disclosure.ru/portal/company.aspx?id=8580

Type, series (class), form, and other identifiers of securities	Exchange-traded certificated interest-bearing inconvertible bearer bonds with obligatory centralized custody of series BO-PO5
State registration number of the securities issue and state registration date thereof (identification number of the issue and assignment date thereof, if the securities issue is not subject to state registration)	4B02-05-55038-E-001P dated June 9, 2017
Registering authority that carried out state registration of the securities issues (organization that assigned an identification number to the securities issue, if the securities issue is not subject to state registration)	Moscow Exchange
Number of securities of the issue*	10,000,000
Number of securities issued at their par value or an indication that, in accordance with the laws of the Russian Federation, the given type of securities has no par value*	RUB 10,000,000,000
Status of securities of the issue (not placed; being placed; placed; in circulation)	in circulation

Date of state registration of the report on the results of the securities issue (date of notice on the results of the securities issue)	A report (notice) on the securities issue results is not submitted to the registering authority with respect to exchange-traded bonds.
Number of interest (coupon) periods during which yield (coupon, interest) on securities of the issue is paid (for bonds)	6
Maturity period (date) of the issue	06/12/2020
URL where the text of the securities issue resolution and securities prospectus is posted (if any)	http://www.rushydro.ru/investors/disclosure/greports/ http://www.e-disclosure.ru/portal/company.aspx?id=8580

No additional issues have undergone state registration with regard to the securities of the aforesaid issues (no identification numbers have been assigned to additional issues of securities).

The Issuer has not offered secured bonds, convertible securities, Issuer's options, or Russian Depository Receipts.

There have been no cases when the Issuer's obligations under the securities of the issues which have already matured were not discharged or were discharged improperly, inter alia, through the fault of the Issuer (delay by the debtor) or through the fault of the securities owner (delay by the creditor).

8.4. Information on Persons Providing Security for the Issuer's Secured Bonds and on the Terms of Securing Performance of the Issuer's Secured Bonded Obligations

The Issuer did not register a secured bond prospectus, and secured exchange bonds were not listed on the stock exchange.

8.5. Information on Companies Registering Rights to the Issuer's Equity Securities

The Issuer's share register management is performed by a registrar.

Full corporate name: *Joint-Stock Company VTB Registrar*

Short corporate name: *JSC VTB Registrar*

Location: *23 Pravdy St., Moscow 127015*

INN: *5610083568*

OGRN: *1045605469744*

number, date of issue, and period of validity of the registrar's license for maintaining a shareholder register and the authority that issued the said license:

number: *045-13970-000001*

date of issue: *February 21, 2008*

expiry date: *unlimited*

issuing body: *Federal Financial Markets Service of Russia*

the date since which the registrar has maintained the Issuer's shareholder register: *April 17, 2017*

Certificated securities with obligatory centralized custody are in circulation.

Full corporate name of the depository: *Nonbank Credit Organization National Settlement Depository JSC*

Short corporate name: *NBCI NSD JSC.*

Location: *12 Spartakovskaya St., Moscow*

number, date of issue, and period of validity of the license of the securities market professional for performance of depository activity and the authority that issued the said license:

License No. 045-12042-000100 of a securities market professional for performance of depository activity issued on February 19, 2009, by the FFMS of Russia. The period of validity of the license is not limited.

8.6. Information on Legislative Enactments Governing the Import and Export of Capital That May Influence Payment of Dividends, Interest, and Others Payments to Nonresidents

- International double taxation agreements and treaties (concerning income and property tax, as well as tax avoidance prevention concerning income and property tax)
- International treaties of the Russian Federation on mutual promotion and protection of capital investments
- Civil Code of the Russian Federation (Part 1) No. 51-FZ dated November 30, 1994
- Tax Code of the Russian Federation (Part 1) No. 146-FZ dated July 31, 1998
- Tax Code of the Russian Federation (Part 2) No. 117-FZ dated August 5, 2000
- Federal Law No. 208-FZ dated December 26, 1995, "On Joint-Stock Companies"
- Federal Law No. 39-FZ dated April 22, 1996, "On the Securities Market"
- Federal Law No. 46-FZ dated March 5, 1999, "On the Protection of the Rights and Legitimate Interests of Investors on the Securities Market"
- Federal Law No. 115-FZ dated August 7, 2001, "On Combating the Legalization of Illegally Gained Income and the Financing of Terrorism"
- Federal Law No. 115-FZ dated July 25, 2002, "On the Legal Status of Foreign Citizens in the Russian Federation"
- Federal Law No. 39-FZ dated February 25, 1999, "On Investment Activity in the Russian Federation Accomplished in the Form of Capital Investments"
- Federal Law No. 160-FZ dated July 9, 1999, "On Foreign Investments in the Russian Federation"
- Federal Law No. 127-FZ dated October 26, 2002, "On Insolvency (Bankruptcy)"
- Federal Law No. 173-FZ dated December 10, 2003, "On Currency Regulation and Currency Control"

8.7. Information on Declared (Accrued) and Paid Dividends on the Issuer's Shares and on the Issuer's Bond Yield

8.7.1. Information on Declared and Paid Dividends on the Issuer's Shares

Information about declared and/or paid dividends on the Issuer's shares for the last 5 completed financial years as well as for the period from the beginning date of the current year to the end date of the reporting quarter:

Indicator description	Dividend period: 2013
Category of shares and class for preferred shares	Ordinary registered
The Company's management body that adopted a decision on the declaration of dividends, the date of such decision, the date of preparation, and the number of the minutes of the meeting of the management body at which such decision was adopted	General Meeting of Shareholders of the Issuer, date of the decision: June 27, 2014, Minutes No. 12 dated June 27, 2014
Declared dividends per one share, RUB	RUB 0.01358751
Declared dividends for all shares of that category (class), RUB	RUB 5,248,249,991.75
Date of compilation of the list of persons entitled to dividends	July 8, 2014
The reporting period (year, quarter) for which (based on the results of which) declared dividends are (were) paid	2013
Established payment term (date) of declared dividends	For a nominee holder and a trustee that is a market professional in the securities market registered in the shareholders register: 10 business days, and for other persons registered in the shareholders register: 25 business days from the date when the persons entitled to dividends are determined
Form of payment of declared dividends (money, other property)	In monetary form

Source of payment of declared dividends (net earnings for the reporting year, retained net earnings for prior years, special purpose fund)	Net earnings for the reporting year
Share of the declared dividends in the net earnings for the reporting year, %	14.86%
Total dividends paid on shares of such category (class), RUB	RUB 5,228,643,996.64
Share of paid dividends out of the total amount of declared dividends on shares of that category (class), %	99.63%
If declared dividends were not paid or were incompletely paid by the Issuer, the reasons for failure to pay declared dividends shall be specified.	According to the results of 2013, dividends have been paid to all persons included in the dividend list, apart from persons who failed to provide reliable and complete details necessary for dividend payment in the enquiry form of a registered person.
Other information on declared and/or paid dividends specified at the Company's discretion	Due to the expiry of the three-year period during which the Company's shareholders had the right to apply with claims for payment of declared dividends for the 2012 financial year, declared and unclaimed dividends were recovered in the composition of the Company's retained earnings, and the obligation to pay them ceased

Indicator description	Dividend period: 2014
Category of shares and class for preferred shares	Ordinary registered
The Company's management body that adopted a decision on the declaration of dividends, the date of such decision, the date of preparation, and the number of the minutes of the meeting of the management body at which such decision was adopted	General Meeting of Shareholders of the Issuer, date of the decision: June 26, 2015, Minutes No. 13 dated June 26, 2015
Declared dividends per one share, RUB	RUB 0.01561855
Declared dividends for all shares of that category (class), RUB	RUB 6,032,750,291.16
Date of compilation of the list of persons entitled to dividends	July 7, 2015
The reporting period (year, quarter) for which (based on the results of which) declared dividends are (were) paid	2014
Established payment term (date) of declared dividends	For a nominee holder and a trustee that is a market professional in the securities market registered in the shareholders register: not more than 10 business days from the date when persons entitled to receive dividends are determined—that is, not later than on July 21, 2015, and for other persons registered in the shareholders register: 25 business days from the date when the persons entitled to dividends are determined—that is, not later than on August 11, 2015
Form of payment of declared dividends (money, other property)	In monetary form
Source of payment of declared dividends (net earnings for the reporting year, retained net earnings for prior years, special purpose fund)	Net earnings for the reporting year
Share of the declared dividends in the net earnings for the reporting year, %	19.63%
Total dividends paid on shares of such category (class), RUB	RUB 6,010,734,702.47
Share of paid dividends out of the total amount of declared dividends on shares of that category (class), %	99.64%
If declared dividends were not paid or were incompletely paid by the Issuer, the reasons for failure to pay declared dividends shall be specified.	According to the results of 2014, dividends were paid to all persons included in the dividend list, apart from persons who failed to submit reliable and complete details necessary for dividend payment in the questionnaires of registered persons or apart from persons with respect to which a nominee—for reasons beyond its control—failed to fulfill the commitment to transfer dividends.
Other information on declared and/or paid dividends specified at the Company's discretion	None

Indicator description	Dividend period: 2015
Category of shares and class for preferred shares	Ordinary registered
The Company's management body that adopted a decision on the declaration of dividends, the date of such decision, the date of preparation, and the number of the minutes of the meeting of the management body at which such decision was adopted	General Meeting of Shareholders of the Issuer, date of the decision: June 27, 2016, Minutes No. 15 dated June 29, 2016
Declared dividends per one share, RUB	RUB 0.038863

Declared dividends for all shares of that category (class), RUB	RUB 15,011,046,132.02
Date of compilation of the list of persons entitled to dividends	July 8, 2016
The reporting period (year, quarter) for which (based on the results of which) declared dividends are (were) paid	2015
Established payment term (date) of declared dividends	For a nominee holder and a trustee that is a market professional in the securities market registered in the shareholders register: not more than 10 business days from the date when persons entitled to receive dividends are determined—that is, not later than on July 22, 2016, and for other persons registered in the shareholders register: 25 business days from the date when the persons entitled to dividends are determined—that is, not later than on August 12, 2016
Form of payment of declared dividends (money, other property)	In monetary form
Source of payment of declared dividends (net earnings for the reporting year, retained net earnings for prior years, special purpose fund)	Net earnings for the reporting year
Share of the declared dividends in the net earnings for the reporting year, %	50%
Total dividends paid on shares of such category (class), RUB	RUB 14,962,174,111.69
Share of paid dividends out of the total amount of declared dividends on shares of that category (class), %	99.67%
If declared dividends were not paid or were incompletely paid by the Issuer, the reasons for failure to pay declared dividends shall be specified.	According to the results of 2015, dividends were paid to all persons included in the dividend list, apart from persons who failed to submit reliable and complete details necessary for dividend payment in the questionnaires of registered persons or apart from persons with respect to which a nominee—for reasons beyond its control—failed to fulfill the commitment to transfer dividends.
Other information on declared and/or paid dividends specified at the Company's discretion	None

Indicator description	Dividend period: 2016
Category of shares and class for preferred shares	Ordinary registered
The Company's management body that adopted a decision on the declaration of dividends, the date of such decision, the date of preparation, and the number of the minutes of the meeting of the management body at which such decision was adopted	General Meeting of Shareholders of the Issuer, date of the decision: June 26, 2017, Minutes No. 16 dated June 27, 2017
Declared dividends per one share, RUB	RUB 0.0466245
Declared dividends for all shares of that category (class), RUB	RUB 19,875,502,787.41
Date of compilation of the list of persons entitled to dividends	July 10, 2017
The reporting period (year, quarter) for which (based on the results of which) declared dividends are (were) paid	2016

Established payment term (date) of declared dividends	The dividends payment period for a nominee holder and beneficial owner that is a professional participant in the securities market registered in the shareholders register shall not exceed 10 business days—that is, not later than on July 24, 2017, and for other persons registered in the shareholders register, 25 business days from the date when the persons entitled to dividends are determined—that is, not later than on August 14, 2017.
Form of payment of declared dividends (money, other property)	In monetary form
Source of payment of declared dividends (net earnings for the reporting year, retained net earnings for prior years, special purpose fund)	Net earnings for the reporting year
Share of the declared dividends in the net earnings for the reporting year, %	47.5%
Total dividends paid on shares of such category (class), RUB	RUB 19,815,397,738.14
Share of paid dividends out of the total amount of declared dividends on shares of that category (class), %	99.70%
If declared dividends were not paid or were incompletely paid by the Issuer, the reasons for failure to pay declared dividends shall be specified.	According to the results of 2016, dividends were paid to all person included in the dividend list, apart from persons who failed to submit reliable and complete details necessary for dividend payment in the questionnaires of registered persons or apart from persons with respect to which a nominee—for reasons beyond its control—failed to fulfill the commitment to transfer dividends.
Other information on declared and/or paid dividends specified at the Company's discretion	None

8.7.2. Information on Accrued and Paid Yield on the Issuer's Bonds

Indicator description	Reporting period: 2011–2018
Series, form, and other identifiers of the bond issue	Certificated inconvertible interest-bearing bearer bonds with obligatory centralized custody, series 01 with possibility of early repayment at the holder's request and at the Issuer's discretion, quantity: 10,000,000 pcs., amount of issue at par value: RUB 10,000,000,000.
State registration number of the bonds issue and the date of state registration thereof (identification number of the issue and the date of its assignment, if the bonds issue is not subject to state registration)	4-01-55038-E dated September 23, 2010
Type of yield paid on bonds of the issue (face value, interest (coupon), etc.)	Coupon yield
Yield payable under the bonds of the issue, in monetary terms, per one bond of the issue, RUB/foreign currency	Thirty-nine (39) rubles eighty-nine (89) kopecks (yield from coupon periods 1 to 10) Forty-seven (47) rubles thirty-seven (37) kopecks (yield from coupon periods 11 to 20).
Yield payable under the bonds of the issue, in monetary terms for all bonds of the issue, RUB/foreign currency	Four billion one million six hundred seventy-three thousand two hundred and twenty-seven (4,001,673,227.69) rubles 69 kopecks

Payment period (date) of yield on bonds of the issue	The first coupon yield was paid on October 24, 2011. The second coupon yield was paid on April 23, 2012. The third coupon yield was paid on October 22, 2012. The fourth coupon yield was paid on April 22, 2013. The fifth coupon yield was paid on October 21, 2013. The sixth coupon yield was paid on April 21, 2014. The seventh coupon yield was paid on October 20, 2014. The eighth coupon yield was paid on April 20, 2015. The ninth coupon yield was paid on October 19, 2015. The tenth coupon yield was paid on April 18, 2016. The eleventh coupon yield was paid on October 17, 2016. The twelfth coupon yield was paid on April 17, 2017. The thirteenth coupon yield was paid on October 16, 2017.
Form of yield payment for the Issuer's bonds (money, other property)	Money in the currency of the Russian Federation in cashless form
Total yield paid on all bonds of the issue, RUB/foreign currency	Four billion one million six hundred seventy-three thousand two hundred and twenty-seven (4,001,673,227.69) rubles 69 kopecks
Share of paid bond yield of the issue in total payable bond yield of the issue, %	100
If bond yield payable was not paid or incompletely paid by the Issuer, the reasons for failure to pay such yield	—
Other information on bonds of the issue specified at the Issuer's discretion	The maturity of the JSC RusHydro bonds is 10 years. An offer to acquire the bonds at their owners' request with a term of 5 years from the starting date of the offering is possible with respect to said securities. On April 8, 2016, the Issuer decided to set a new interest rate for the eleventh–twentieth coupon periods. On April 22, 2016, bonds were acquired at the request of their holders.

Indicator description	Reporting period: 2011–2018
Series, form, and other identifiers of the bond issue	Certificated inconvertible interest-bearing bearer bonds with obligatory centralized custody, series 02 with possibility of early repayment at the holder's request and at the Issuer's discretion, quantity: 5,000,000 pcs., amount of issue at par value: RUB 5,000,000,000.
State registration number of the bonds issue and the date of state registration thereof (identification number of the issue and the date of its assignment, if the bonds issue is not subject to state registration)	4-02-55038-E dated September 23, 2010
Type of yield paid on bonds of the issue (face value, interest (coupon), etc.)	Coupon yield
Yield payable under the bonds of the issue, in monetary terms, per one bond of the issue, RUB/foreign currency	Thirty-nine (39) rubles eighty-nine (89) kopecks (yield from coupon periods 1 to 10) Forty-seven (47) rubles thirty-seven (37) kopecks (yield from coupon periods 11 to 20)
Yield payable under the bonds of the issue, in monetary terms for all bonds of the issue, RUB/foreign currency	Two billion seventeen million three hundred forty-five thousand six hundred and three (2,017,345,603.60) rubles 60 kopecks

Payment period (date) of yield on bonds of the issue	The first coupon yield was paid on October 24, 2011. The second coupon yield was paid on April 23, 2012. The third coupon yield was paid on October 22, 2012. The fourth coupon yield was paid on April 22, 2013. The fifth coupon yield was paid on October 21, 2013. The sixth coupon yield was paid on April 21, 2014. The seventh coupon yield was paid on October 20, 2014. The eighth coupon yield was paid on April 20, 2015. The ninth coupon yield was paid on October 19, 2015. The tenth coupon yield was paid on April 18, 2016. The eleventh coupon yield was paid on October 17, 2016. The twelfth coupon yield was paid on April 17, 2017. The thirteenth coupon yield was paid on October 16, 2017.
Form of yield payment for the Issuer's bonds (money, other property)	Money in the currency of the Russian Federation in cashless form
Total yield paid on all bonds of the issue, RUB/foreign currency	Two billion seventeen million three hundred forty-five thousand six hundred and three (2,017,345,603.60) rubles 60 kopecks
Share of paid bond yield of the issue in total payable bond yield of the issue, %	100
If bond yield payable was not paid or incompletely paid by the Issuer, the reasons for failure to pay such yield	—
Other information on bonds of the issue specified at the Issuer's discretion	The maturity of the JSC RusHydro bonds is 10 years. An offer to acquire the bonds at their owners' request with a term of 5 years from the starting date of the offering is possible with respect to said securities. On April 8, 2016, the Issuer decided to set a new interest rate for the eleventh–twentieth coupon periods. On April 22, 2016, bonds were acquired at the request of their holders.

Indicator description	Reporting period: 2013–2018
Series, form, and other identifiers of the bond issue	Certificated inconvertible interest-bearing bearer bonds with obligatory centralized custody, series 07 with possibility of early repayment at the holder's request and at the Issuer's discretion, quantity: 10,000,000 pcs., amount of issue at par value: RUB 10,000,000,000.
State registration number of the bonds issue and the date of state registration thereof (identification number of the issue and the date of its assignment, if the bonds issue is not subject to state registration)	4-07-55038-E dated December 27, 2012
Type of yield paid on bonds of the issue (face value, interest (coupon), etc.)	Coupon yield
Yield payable under the bonds of the issue, in monetary terms, per one bond of the issue, RUB/foreign currency	forty-two rubles thirty-eight kopecks (RUB 42.38)
Yield payable under the bonds of the issue, in monetary terms for all bonds of the issue, RUB/foreign currency	Four billion two hundred thirty-eight million (4,238,000,000.00) rubles

Payment period (date) of yield on bonds of the issue	The first coupon yield was paid on August 15, 2013. The second coupon yield was paid on February 13, 2014. The third coupon yield was paid on August 14, 2014. The fourth coupon yield was paid on February 12, 2015. The fifth coupon yield was paid on August 13, 2015. The sixth coupon yield was paid on February 11, 2016. The seventh coupon yield was paid on August 11, 2016. The eighth coupon yield was paid on February 9, 2017. The ninth coupon yield was paid on August 10, 2017. The tenth coupon yield was paid on February 8, 2018.
Form of yield payment for the Issuer's bonds (money, other property)	Money in the currency of the Russian Federation in cashless form
Total yield paid on all bonds of the issue, RUB/foreign currency	Four billion two hundred thirty-eight million (4,238,000,000.00) rubles
Share of paid bond yield of the issue in total payable bond yield of the issue, %	100
If bond yield payable was not paid or incompletely paid by the Issuer, the reasons for failure to pay such yield	—
Other information on bonds of the issue specified at the Issuer's discretion	The maturity of JSC RusHydro bonds of series 07 is 10 years. An offer for the period of 5 years from the beginning of placement is possible with respect to the securities. On January 31, 2018, the Issuer decided to set a new interest rate for the eleventh–twentieth coupon periods. On February 13, 2018, bonds were acquired at the request of their holders.

Indicator description	Reporting period: 2013–2018
Series, form, and other identifiers of the bond issue	Certificated inconvertible interest-bearing bearer bonds with obligatory centralized custody, series 08 with possibility of early repayment at the holder's request and at the Issuer's discretion, quantity: 10,000,000 pcs., amount of issue at par value: RUB 10,000,000,000.
State registration number of the bonds issue and the date of state registration thereof (identification number of the issue and the date of its assignment, if the bonds issue is not subject to state registration)	4-08-55038-E dated December 27, 2012
Type of yield paid on bonds of the issue (face value, interest (coupon), etc.)	Coupon yield
Yield payable under the bonds of the issue, in monetary terms, per one bond of the issue, RUB/foreign currency	forty-two rubles thirty-eight kopecks (RUB 42.38)
Yield payable under the bonds of the issue, in monetary terms for all bonds of the issue, RUB/foreign currency	Four billion two hundred thirty-eight million (4,238,000,000.00) rubles
Payment period (date) of yield on bonds of the issue	The first coupon yield was paid on August 15, 2013. The second coupon yield was paid on February 13, 2014. The third coupon yield was paid on August 14, 2014. The fourth coupon yield was paid on February 12, 2015. The fifth coupon yield was paid on August 13, 2015. The sixth coupon yield was paid on February 11, 2016. The seventh coupon yield was paid on August 11, 2016. The eighth coupon yield was paid on February 9, 2017. The ninth coupon yield was paid on August 10, 2017. The tenth coupon yield was paid on February 8, 2018.
Form of yield payment for the Issuer's bonds (money, other property)	Money in the currency of the Russian Federation in cashless form
Total yield paid on all bonds of the issue, RUB/foreign currency	Four billion two hundred thirty-eight million (4,238,000,000.00) rubles

Share of paid bond yield of the issue in total payable bond yield of the issue, %	100
If bond yield payable was not paid or incompletely paid by the Issuer, the reasons for failure to pay such yield	—
Other information on bonds of the issue specified at the Issuer's discretion	The maturity of RusHydro bonds of series 08 is 10 years. An offer for the period of 5 years from the beginning of placement is possible with respect to the securities. on January 31, 2018, the Issuer decided to set a new interest rate for the eleventh–twentieth coupon periods. On February 13, 2018, bonds were acquired upon the demand of their holders.

Indicator description	Reporting period: 2015–2018
Series, form, and other identifiers of the bond issue	certificated inconvertible interest-bearing bearer bonds with obligatory centralized custody, series 09 with the possibility of early redemption at the request of the holder and at the discretion of the Issuer
State registration number of the bonds issue and the date of state registration thereof (identification number of the issue and the date of its assignment, if the bonds issue is not subject to state registration)	4-09-55038-E dated December 27, 2012
Type of yield paid on bonds of the issue (face value, interest (coupon), etc.)	Coupon yield
Yield payable under the bonds of the issue, in monetary terms, per one bond of the issue, RUB/foreign currency	Sixty-three (63) rubles fifty-eight (58) kopecks (yield from coupon periods 1 to 5) Thirty-seven (37) rubles forty (40) kopecks (yield from coupon periods 6 to 16)
Yield payable under the bonds of the issue, in monetary terms for all bonds of the issue, RUB/foreign currency	Three billion one hundred seventy-nine million (3,179,000,000.00) rubles
Payment period (date) of yield on bonds of the issue	The first coupon yield was paid on October 27, 2015. The second coupon yield was paid on April 26, 2016. The third coupon yield was paid on October 25, 2016. The fourth coupon yield was paid on April 25, 2017. The fifth coupon yield was paid on October 24, 2017.
Form of yield payment for the Issuer's bonds (money, other property)	Money in the currency of the Russian Federation in cashless form
Total yield paid on all bonds of the issue, RUB/foreign currency	Three billion one hundred seventy-nine million (3,179,000,000.00) rubles
Share of paid bond yield of the issue in total payable bond yield of the issue, %	100
If bond yield payable was not paid or incompletely paid by the Issuer, the reasons for failure to pay such yield	—
Other information on bonds of the issue specified at the Issuer's discretion	The maturity of bonds of series 09 is 10 years. A tender offer for a period of 5.5 years is possible with respect to the securities. on October 16, 2017, the Issuer decided to set a new interest rate for the sixth–sixteenth coupon periods. On October 27, 2017, bonds were acquired at the request of their holders.

Indicator description	Reporting period: 2015–2018
Series, form, and other identifiers of the bond issue	Exchange-traded certificated interest-bearing inconvertible bearer bonds with obligatory centralized custody of series BO-PO1
State registration number of the bonds issue and the date of state registration thereof (identification number of the issue and the date of its assignment, if the bonds issue is not subject to state registration)	4B02-01-55038-E-001P dated July 3, 2015.
Type of yield paid on bonds of the issue (face value, interest (coupon), etc.)	Coupon yield
Yield payable under the bonds of the issue, in monetary terms, per one bond of the issue, RUB/foreign currency	Fifty-nine (59) rubles nine (9) kopecks
Yield payable under the bonds of the issue, in monetary terms for all bonds of the issue, RUB/foreign currency	One billion four hundred seventy-seven million two hundred fifty thousand (1,477,250,000.00) rubles.
Payment period (date) of yield on bonds of the issue	The first coupon yield was paid on January 11, 2016. The second coupon yield was paid on July 6, 2016. The third coupon yield was paid on January 9, 2017. The fourth coupon yield was paid on July 5, 2017. The fifth coupon yield was paid on January 9, 2018.
Form of yield payment for the Issuer's bonds (money, other property)	Money in the currency of the Russian Federation in cashless form
Total yield paid on all bonds of the issue, RUB/foreign currency	One billion four hundred seventy-seven million two hundred fifty thousand (1,477,250,000.00) rubles.
Share of paid bond yield of the issue in total payable bond yield of the issue, %	100
If bond yield payable was not paid or incompletely paid by the Issuer, the reasons for failure to pay such yield	—
Other information on bonds of the issue specified at the Issuer's discretion	The maturity of exchange-traded bonds of series BO-PO1 is 3 years.

Indicator description	Reporting period: 2015–2018
Series, form, and other identifiers of the bond issue	Exchange-traded certificated interest-bearing inconvertible bearer bonds with obligatory centralized custody of series BO-P02
State registration number of the bonds issue and the date of state registration thereof (identification number of the issue and the date of its assignment, if the bonds issue is not subject to state registration)	4B02-02-55038-E-001P dated July 3, 2015.
Type of yield paid on bonds of the issue (face value, interest (coupon), etc.)	Coupon yield
Yield payable under the bonds of the issue, in monetary terms, per one bond of the issue, RUB/foreign currency	Fifty-nine (59) rubles nine (9) kopecks
Yield payable under the bonds of the issue, in monetary terms for all bonds of the issue, RUB/foreign currency	One billion four hundred seventy-seven million two hundred fifty thousand (1,477,250,000.00) rubles.
Payment period (date) of yield on bonds of the issue	The first coupon yield was paid on January 11, 2016. The second coupon yield was paid on July 6, 2016. The third coupon yield was paid on January 9, 2017. The fourth coupon yield was paid on July 5, 2017. The fifth coupon yield was paid on January 9, 2018.
Form of yield payment for the Issuer's bonds (money, other property)	Money in the currency of the Russian Federation in cashless form

Total yield paid on all bonds of the issue, RUB/foreign currency	One billion four hundred seventy-seven million two hundred fifty thousand (1,477,250,000.00) rubles.
Share of paid bond yield of the issue in total payable bond yield of the issue, %	100
If bond yield payable was not paid or incompletely paid by the Issuer, the reasons for failure to pay such yield	—
Other information on bonds of the issue specified at the Issuer's discretion	The maturity of exchange-traded bonds of series BO-P02 is 3 years.

Indicator description	Reporting period: 2015–2018
Series, form, and other identifiers of the bond issue	Exchange-traded certificated interest-bearing inconvertible bearer bonds with obligatory centralized custody of series BO-PO3
State registration number of the bonds issue and the date of state registration thereof (identification number of the issue and the date of its assignment, if the bonds issue is not subject to state registration)	4B02-03-55038-E-001P dated July 3, 2015.
Type of yield paid on bonds of the issue (face value, interest (coupon), etc.)	Coupon yield
Yield payable under the bonds of the issue, in monetary terms, per one bond of the issue, RUB/foreign currency	Fifty-nine (59) rubles nine (9) kopecks
Yield payable under the bonds of the issue, in monetary terms for all bonds of the issue, RUB/foreign currency	One billion four hundred seventy-seven million two hundred fifty thousand (1,477,250,000.00) rubles.
Payment period (date) of yield on bonds of the issue	The first coupon yield was paid on January 11, 2016. The second coupon yield was paid on July 6, 2016. The third coupon yield was paid on January 9, 2017. The fourth coupon yield was paid on July 5, 2017. The fifth coupon yield was paid on January 9, 2018.
Form of yield payment for the Issuer's bonds (money, other property)	Money in the currency of the Russian Federation in cashless form
Total yield paid on all bonds of the issue, RUB/foreign currency	One billion four hundred seventy-seven million two hundred fifty thousand (1,477,250,000.00) rubles.
Share of paid bond yield of the issue in total payable bond yield of the issue, %	100
If bond yield payable was not paid or incompletely paid by the Issuer, the reasons for failure to pay such yield	—
Other information on bonds of the issue specified at the Issuer's discretion	The maturity of exchange-traded bonds of series BO-PO3 is 3 years.

Indicator description	Reporting period: 2016–2018
Series, form, and other identifiers of the bond issue	Exchange-traded certificated interest-bearing inconvertible bearer bonds with obligatory centralized custody of series BO-P04
State registration number of the bonds issue and the date of state registration thereof (identification number of the issue and the date of its assignment, if the bonds issue is not subject to state registration)	4B02-04-55038-E-001P dated April 1, 2016.
Type of yield paid on bonds of the issue (face value, interest (coupon), etc.)	Coupon yield
Yield payable under the bonds of the issue, in monetary terms, per one bond of the issue, RUB/foreign currency	Fifty-one (51) rubles sixty-one (61) kopecks

Yield payable under the bonds of the issue, in monetary terms for all bonds of the issue, RUB/foreign currency	Two billion three hundred twenty-two million four hundred fifty thousand (2,322,450,000.00) rubles.
Payment period (date) of yield on bonds of the issue	The first coupon yield was paid on October 6, 2016. The second coupon yield was paid on April 6, 2017. The third coupon yield was paid on October 5, 2017.
Form of yield payment for the Issuer's bonds (money, other property)	Money in the currency of the Russian Federation in cashless form
Total yield paid on all bonds of the issue, RUB/foreign currency	Two billion three hundred twenty-two million four hundred fifty thousand (2,322,450,000.00) rubles.
Share of paid bond yield of the issue in total payable bond yield of the issue, %	100
If bond yield payable was not paid or incompletely paid by the Issuer, the reasons for failure to pay such yield	—
Other information on bonds of the issue specified at the Issuer's discretion	The maturity of exchange-traded bonds of series BO-P04 is 3 years.

Indicator description	Reporting period: 2017–2018
Series, form, and other identifiers of the bond issue	Exchange-traded certificated interest-bearing inconvertible bearer bonds with obligatory centralized custody of series BO-P05
State registration number of the bonds issue and the date of state registration thereof (identification number of the issue and the date of its assignment, if the bonds issue is not subject to state registration)	4B02-05-55038-E-001P dated June 9, 2017
Type of yield paid on bonds of the issue (face value, interest (coupon), etc.)	Coupon yield
Yield payable under the bonds of the issue, in monetary terms, per one bond of the issue, RUB/foreign currency	Forty (40) rubles eighty-nine (89) kopecks
Yield payable under the bonds of the issue, in monetary terms for all bonds of the issue, RUB/foreign currency	Four hundred eight million nine hundred thousand (408,900,000.00) rubles.
Payment period (date) of yield on bonds of the issue	The first coupon yield was paid on December 15, 2017
Form of yield payment for the Issuer's bonds (money, other property)	Money in the currency of the Russian Federation in cashless form
Total yield paid on all bonds of the issue, RUB/foreign currency	Four hundred eight million nine hundred thousand (408,900,000.00) rubles.
Share of paid bond yield of the issue in total payable bond yield of the issue, %	100
If bond yield payable was not paid or incompletely paid by the Issuer, the reasons for failure to pay such yield	—
Other information on bonds of the issue specified at the Issuer's discretion	The maturity of exchange-traded bonds of series BO-P05 is 3 years.

8.8. Other Information

On September 28, 2017, and February 15, 2018, the issues of the Eurobonds (ISIN: XS1691350455 and XS1769724755) issued by the special purpose vehicle RusHydro Capital Markets DAC were completed. The volume of each issue amounted to RUB 20 billion. The rate of the coupon paid two times a year is 8.125% per annum under the first issue, with the Eurobonds maturing in 2021, and 7.4% per annum under the second issue, with the Eurobonds maturing in 2021. The issues were assigned the following credit ratings – S&P: BB+ (on February 27, 2018, the rating was raised to BBB-); Moody's: Ba1; Fitch: BB+, ACRA: AAA(RU). The

issues were arranged by VTB Capital, JP Morgan, JSC Gazprombank, and Sberbank CIB. Eurobonds were listed on the Irish Stock Exchange according to Reg S rules.

8.9. Information on Underlying Securities and the Issuer of Underlying Securities, Title to Which Is Certified by Russian Depositary Receipts

The Issuer is not an Issuer of Russian depository receipts.

Schedule 1. Annual Accounting (Financial) Statements for 2017



PJSC «RusHydro»

Financial statements and
Independent Auditor's report

31 December 2017

Translation from Russian original

Content

INDEPENDENT AUDITOR'S REPORT FINANCIAL STATEMENTS

BALANCE SHEET	1
STATEMENT OF FINANCIAL RESULTS	3
STATEMENT OF CHANGES IN EQUITY	4
STATEMENT OF CASH FLOWS	5
I. General information	7
1.1 Information about the Company	7
1.2 The Company's operating environment.....	8
II. Accounting policies	11
2.1 Basis of presentation	11
2.2 Assets and liabilities denominated in foreign currency.....	11
2.3 Accounting for assets and liabilities.....	11
2.4 Property, plant and equipment, construction-in-progress and income-bearing investments in tangible assets	12
2.5 Investments.....	13
2.6 Inventories	14
2.7 Expenses of future periods	14
2.8 Accounts receivable.....	14
2.9 Cash equivalents and presentation of cash flows in the statement of cash flows.....	15
2.10 Share capital, additional and reserve capital.....	15
2.11 Loans and bank credits received	15
2.12 Estimated liabilities, contingent liabilities and contingent assets.....	15
2.13 Revenue recognition.....	16
2.14 Recognition of expenses	16
2.15 Changes in the accounting policies	17
III. Disclosure of material indicators.....	18
3.1 Non-current assets (Section I of the balance sheet)	18
3.1.1 Property, plant and equipment (line 1151 of the balance sheet), construction-in- progress (line 1152 of the balance sheet), income-bearing investments in tangible assets (line 1160 of the balance sheet).....	18
3.1.2 Long-term investments (line 1170 of the balance sheet)	22
3.1.3 Other non-current assets (line 1190 of the balance sheet)	28
3.2 Current assets (Section II of the balance sheet)	28
3.2.1 Inventories (line 1210 the balance sheet)	28
3.2.2 Accounts receivable (line 1230 of the balance sheet).....	28
3.2.3 Short-term investments (Line 1240 of the balance sheet)	33
3.2.4 Cash and cash equivalents (line 1250 of the balance sheet).....	35
3.3. Equity and reserves (Section III of the balance sheet).....	37

3.3.1	Share capital (line 1310 of the balance sheet)	37
3.3.2	Revaluation of non-current assets (line 1340 of the balance sheet)	38
3.3.3	Additional paid-in capital (line 1350 of the balance sheet)	38
3.3.4	Reserve capital (line 1360 of the balance sheet)	38
3.4.	Non-current liabilities (Section IV of the balance sheet)	38
3.4.1	Long-term borrowings (line 1410 of the balance sheet)	38
3.4.2	Other non-current liabilities (line 1450 of the balance sheet)	40
3.5.	Current liabilities (Section V of the balance sheet)	40
3.5.1	Short-term borrowings (line 1510 of the Balance sheet)	40
3.5.2	Accounts payable (line 1520 of the balance sheet)	41
3.5.3	Estimated liabilities (line 1540 of the balance sheet)	41
3.6.	Off-balance-sheet valuables	42
3.6.1	Leased property, plant and equipment	42
3.6.2	Collateral for liabilities and payments received	42
3.6.3	Collateral for liabilities and payments issued	43
3.6.4	Non-deliverable forward contract for shares	44
3.7	Income and expenses on operating activities (statement of financial results)	45
3.7.1	Revenue (line 2110 of the statement of financial results)	45
3.7.2	Cost of sales (line 2120 of the statement of financial results)	45
3.8	Other income and expenses (line 2340 and line 2350 of the statement of financial results)	46
3.9	Taxes	46
3.10	Dividends	49
3.11	Earnings per share	49
3.12	Related Parties	49
3.12.1	Controlling entity	50
3.12.2	Sales to related parties	50
3.12.3	Purchases from related parties	50
3.12.4	Settlements with non-state pension fund	51
3.12.5	Settlements with related parties	51
3.12.6	Related parties' debt within investments	51
3.12.7	Income from investments in other companies (related parties)	52
3.12.8	Remuneration to key management personnel	52
3.12.9	Cash flows between the Company and subsidiaries/associates	53
3.13	Segment Information	54
3.14	Contingent liabilities	54
3.15	Financial risk management	54
3.16	Subsequent events	57



Independent Auditor's Report

To the Shareholders and Board of Directors of Public Joint Stock Company Federal Hydro-Generating Company – RusHydro:

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of PJSC RusHydro (the “Company”) as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with the reporting rules established in the Russian Federation.

What we have audited

The Company’s financial statements comprise:

- the balance sheet as at 31 December 2017;
- the statement of financial results for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the balance sheet and statement of financial results.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Auditor’s Professional Ethics Code and Auditor’s Independence Rules that are relevant to our audit of the financial statements in the Russian Federation. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Emphasis of matter

We draw attention to Note 3.1.2 Long-term investments (balance sheet line 1170) to the balance sheet and statement of financial results which describes the reasons for non-revaluation of quoted financial investments in shares of AO RAO ES of East which previously had current market value, at their last available market value, PAO Yakutskenergo and PAO Far East Energy Company at their current market values. As of 31 December 2017 the amount of unrecognised decrease in the market value as compared to the carrying value of these investments is RUB 6,702 million, as of 31 December 2016 – RUB 6,614 million. Our opinion is not modified in respect of this matter.

AO PricewaterhouseCoopers Audit

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TRANSLATOR'S EXPLANATORY NOTE: This version of our report/the accompanying documents is a translation from the original, which was prepared in Russian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Our audit approach

Overview

- Materiality**
- Overall materiality: Russian Roubles (“RUB”) 2,390 million, which represents 5% of the average profit before tax for the last three years.

- Key audit matters**
- Impairment assessment of financial investments and accounts receivable from subsidiaries and other related parties
-

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of the concept of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the financial statements as a whole.

<i>Overall materiality</i>	RUB 2,390 million
<i>How we determined it</i>	5% of the average profit before tax for the last three years
<i>Rationale for the materiality benchmark applied</i>	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the accompanying financial statements. These matters were addressed in the context of



our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
------------------	--

Impairment assessment of financial investments and accounts receivable from subsidiaries and other related parties

See paras 2.5, 2.8, 3.1.2, 3.2.2 u 3.2.3 of the explanatory notes to the balance sheet and income statement.

At 31 December 2017, the Company's aggregate carrying amount of investments was RUB 324,599 million (net of the impairment provision of RUB 27,725 million), or 33% of the total value of Company's assets. Investments primarily include investments of the Company in equity and debt securities of its subsidiaries and other related parties.

At 31 December 2017, the carrying amount of accounts receivable from related parties was RUB 140,726 million (net of the doubtful debt provision of RUB 4,123 million), or 14% of the total value of Company's assets.

As part of the annual reporting process the Company performs a comprehensive analysis of all investments that are not carried at their current market value and of accounts receivable from related parties (primarily in the form of interest-free loans and bills) as at the reporting date, to identify any indications of impairment and its amount.

The Company decides on the need to recognise impairment of the above assets following the results of the comprehensive analysis of the current and expected financial position of the issuer taking into account impairment criteria established in PBU 19/02, and the assessment of the debtor's solvency, individual specifics, payment dynamics and other factors.

We focused on the impairment assessment of investments in and receivables from related parties due to significance of their carrying value and because the assessment process is complicated and requires significant

Our audit procedures aimed at analysing the impairment testing by the management of Company's investments in equity and debt securities of related parties and accounts receivable from related parties, included:

- understanding of how impairment estimates were calculated;
- review of the methodology used by Company's management for the impairment test purposes;
- review of reasonableness of accounting estimates made by the management and management's position on whether there are indicators of assets' potential impairment;
- review on a test basis of key assumptions and source data used in the impairment tests and their compliance with the approved budgets and business plans, external available and reliable information and our expert knowledge of industry specifics;
- review of the collectability analysis performed by management taking into account the solvency analysis of contractors as at the reporting date, any intention to allow payment by instalments and other factors considered by management;
- review on a test basis of the calculation accuracy and appropriateness of presentation in the financial statements of impairment provisions for investments and doubtful debts;

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Key audit matter	How our audit addressed the Key audit matter
<p>management’s judgements, and impairment provisions for investments and doubtful debts can be significant.</p>	<ul style="list-style-type: none"> • receipt and analysis of management’s written representations related to performed impairment testing of these assets. <p>Following the results of our procedures, we believe that estimates and judgements made by management with regard to the impairment of investments and accounts receivable of related parties are relevant for the purposes of the attached financial statements.</p> <p>Acceptability of the current estimates made by the Company management for the purpose of the financial statements for the year ended 31 December 2017 does not guarantee that future events that are inherently uncertain would not lead to a significant change in these estimates.</p> <p>In addition, we verified compliance of disclosures in paras 2.5, 2.8, 3.1.2, 3.2.2 и 3.2.3 of the explanatory notes to the balance sheet and income statement, with the disclosure requirements as per PBU 1/2008, PBU 19/02.</p> <p>Our procedures have not identified any findings that evidence that there is a need for any significant adjustments to these financial statements.</p>

Other information

Management is responsible for the other information. Other information includes PJSC RusHydro’s Annual Report for 2017 and Issuer’s Report of PJSC RusHydro for Q1 2018, but does not include the financial statements and our auditor’s report thereon. PJSC RusHydro’s Annual Report for 2017 and Issuer’s Report of PJSC RusHydro for Q1 2018 are expected to be made available to us after the date of this auditor’s report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above, when it is made available to us, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the reporting rules established in the Russian Federation, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the accompanying financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The certified auditor responsible for the audit resulting in this independent auditor's report, is Alexey Sergeevich Ivanov.

26 March 2018
Moscow, Russian Federation

A. S. Ivanov, certified auditor (licence no. 01-000531), AO PricewaterhouseCoopers Audit

Audited entity: PJSC RusHydro

Certificate of inclusion in the Unified State Register of Legal Entities issued on 26 December 2004 under registration № 1042401810494

Krasnoyarsk, Krasnoyarsk Region, Russian Federation, 660017

Independent auditor:

AO PricewaterhouseCoopers Audit

State registration certificate No. 008.890, issued by Moscow Registration Chamber on 28 February 1992

Certificate of inclusion in the Unified State Register of Legal Entities issued on 22 August 2002 under registration № 1027700148431

Member of Self-regulated organization of auditors «Russian Union of auditors» (Association)

ORNZ 11603050547 in the register of auditors and audit organizations

BALANCE SHEET as at 31 December 2017

Organisation **Public joint stock company Federal Hydro-Generating Company - RusHydro (PAO RusHydro)**

Taxpayer identification number

Type of activity **Electricity generation by hydroelectric power plants**

Form of incorporation/form of ownership

Public joint-stock company/mixed Russian ownership with a federal ownership share

Measurement unit: **RUB mln**

Address: **Krasnoyarsk, the Krasnoyarsk Territory, Russia, 660017**

Form on OKUD

Date (year, month, day)

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12247 / 41

385

Note	Narrative	Line code	As at 31 December 2017	As at 31 December 2016	As at 31 December 2015
1	2	3	4	5	6
	ASSETS				
	I. NON-CURRENT ASSETS				
	Intangible assets	1110	1,267	1,324	893
	Results of research and development	1120	920	1,077	1,091
3.1.1	Property, plant and equipment, incl.:	1150	419,635	409,109	392,723
	fixed assets	1151	382,007	372,514	344,986
	construction in process	1152	37,628	36,595	47,737
3.1.1	Income-bearing investments in tangible assets	1160	-	-	7,065
3.1.2	Financial investments, incl.:	1170	312,149	292,273	320,097
	investments in subsidiaries, associates and other entities	1171	256,730	264,587	267,664
	loans issued	1172	55,419	27,085	51,832
	promissory notes	1173	-	601	601
3.1.3	Other non-current assets	1190	4,222	4,703	3,287
	Total Section I	1100	738,193	708,486	725,156
	II. CURRENT ASSETS				
3.2.1	Inventories	1210	4,258	4,252	4,115
3.9	Value added tax on goods purchased	1220	30	51	40
3.2.2	Accounts receivable, incl.:	1230	177,308	149,614	129,291
	accounts receivable (payments expected later than 12 months after the reporting date), incl.:	1231	54,713	62,615	62,549
	buyers and customers	1231.1	34	178	976
	advances issued	1231.2	19,819	20,004	28,524
	promissory notes	1231.3	29,931	29,312	28,578
	loans issued	1231.4	2,600	11,258	3,447
	other debtors	1231.5	2,329	1,863	1,024
	accounts receivable (payments expected within 12 months after the reporting date), incl.:	1232	122,595	86,999	66,742
	buyers and customers	1232.1	6,726	7,120	6,741
	advances issued	1232.2	4,276	10,206	14,495
	promissory notes	1232.3	2,385	5,459	20,809
	loans issued	1232.4	64,331	30,792	12,925
	other debtors	1232.5	44,877	33,422	11,772
3.2.3	Financial investments (excl. cash equivalents), incl.:	1240	12,450	5,305	15,879
	bank deposits	1241	163	4,075	10,609
	loans issued	1242	11,686	1,230	5,270
	promissory notes	1243	601	-	-
3.2.4	Cash and cash equivalents	1250	50,929	40,954	18,139
	Other current assets	1260	11	11	11
	Total Section II	1200	244,986	200,187	167,475
	TOTAL	1600	983,179	908,673	892,631

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Note	Narrative	Line code	As at 31 December 2017	As at 31 December 2016	As at 31 December 2015
1	2	3	4	5	6
	EQUITY AND LIABILITIES				
	III. CAPITAL AND RESERVES				
3.3.1	Charter capital	1310	426,289	386,255	386,255
3.3.2	Revaluation of non-current assets	1340	52,606	52,705	52,928
3.3.3	Additional capital (excl. revaluation)	1350	58,424	58,424	58,424
3.3.4	Reserve capital	1360	13,371	11,278	9,776
	Retained earnings (loss), incl.:	1370	274,994	260,674	235,086
	undistributed profit of previous years	1371	238,845	218,797	205,064
	undistributed profit of the current year	1372	36,149	41,877	30,022
	Total Section III	1300	825,684	769,336	742,469
	IV. LONG-TERM LIABILITIES				
3.4.1	Borrowings and bank loans	1410	71,698	94,848	105,070
3.9	Deferred tax liabilities	1420	17,113	13,676	12,402
3.4.2	Other liabilities	1450	4,264	3,746	2,195
	Total Section IV	1400	93,075	112,270	119,667
	V. SHORT-TERM LIABILITIES				
3.5.1	Borrowings and bank loans	1510	50,258	14,025	18,940
3.5.2	Accounts payable, incl.:	1520	10,563	9,681	9,822
	suppliers and contractors	1521	4,040	4,190	5,492
	payables to employees	1522	244	24	669
	payables to state non-budgetary funds	1523	134	14	135
	taxes payable	1524	5,242	4,697	3,103
	dividends payable	1525	141	122	67
	payables in respect of shares issued	1526	-	33	-
	other creditors	1527	762	601	356
	Income of future periods	1530	67	73	70
3.5.3	Estimated liabilities	1540	2,976	2,447	601
	Other liabilities	1550	556	841	1,062
	Total Section V	1500	64,420	27,067	30,495
	TOTAL	1700	983,179	908,673	892,631

Chairman of Management Board – General Director

N. G. Shulginov

(clarification of signature)

Chief accountant

Y. G. Medvedeva

(clarification of signature)

26 March 2018

STATEMENT OF FINANCIAL RESULTS

for the year ended 31 December 2017

Organisation **Public joint stock company Federal Hydro-Generating Company - RusHydro (PAO RusHydro)**
 Taxpayer identification number
 Type of activity **Electricity generation by hydroelectric power plants**
 Form of incorporation/form of ownership
Public joint-stock company/mixed Russian ownership with a federal ownership share
 Measurement unit: **RUB mln**

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 OKPO
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 OKOPF/OKFC
 OKEI

CODES
0710002
2017/12/31
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2460066195
35.11.2
12247 / 41
385

Note	Narrative	Line code	Year ended 31 December 2017	Year ended 31 December 2016
1	2	3	4	5
3.7.1	Revenue	2110	144,697	115,033
3.7.2	Cost of sales	2120	(83,807)	(56,356)
	Gross profit	2100	60,890	58,677
	Profit from sales	2200	60,890	58,677
3.12.7	Income from participation in other companies	2310	2,563	9,481
	Interest income	2320	8,759	8,777
	Interest expense	2330	(8,280)	(7,592)
3.8	Other income	2340	7,895	23,754
3.8	Other expense	2350	(22,349)	(38,336)
	Profit before tax	2300	49,478	54,761
3.9	Current income tax, incl.:	2410	(9,868)	(11,188)
	permanent tax liabilities	2421	3,088	1,776
	Change in deferred tax liabilities	2430	(3,232)	(2,658)
	Change in deferred tax assets	2450	(205)	1,384
	Other	2460	(24)	(422)
	Net profit	2400	36,149	41,877
	REFERENCE			
	Gain or loss from other operations not included in the net profit of the period	2520	-	-
	Total financial result for the period	2500	36,149	41,877
3.11	Basic earnings per share, RR	2900	0,08898	0,10842

Chairman of Management Board – General Director _____

N. G. Shulginov
(clarification of signature)

Chief accountant _____

Y. G. Medvedeva
(clarification of signature)

26 March 2018

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STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

Organisation **Public joint stock company Federal Hydro-Generating Company - RusHydro (PAO RusHydro)**
 Taxpayer identification number
 Type of activity **Electricity generation by hydroelectric power plants**
 Form of incorporation/form of ownership
Public joint-stock company/mixed Russian ownership with a federal ownership share
 Measurement unit: **RUB mln**

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 OKPO
 INN
 OKVED
 OKOPF/OKFC
 OKEI

CODES	
0710003	
2017/12/31	
75782411	
2460066195	
35.11.2	
12247 / 41	
385	

I. Changes in equity

Narrative	Line code	Share capital	Additional capital	Reserve capital	Retained earnings	Total
1	2	3	4	5	6	7
Equity as of 31 December 2015 for 2016	3100	386,255	111,352	9,776	235,086	742,469
Increase of equity, including:	3210	-	-	-	41,877	41,877
net profit	3211	x	x	x	41,877	41,877
additional shares issue	3214	-	-	x	x	-
Decrease of equity, including:	3220	-	-	-	(15,010)	(15,010)
Dividends	3227	x	x	x	(15,010)	(15,010)
Other	3228	-	-	x	-	-
Additional capital change	3230	x	(223)	x	223	x
Reserve capital change	3240	x	x	1,502	(1,502)	x
Equity as of 31 December 2016 for 2017	3200	386,255	111,129	11,278	260,674	769,336
Increase of equity, including:	3310	40,034	-	-	36,149	76,183
net profit	3311	-	-	-	36,149	36,149
additional shares issue	3314	40,034	-	x	x	40,034
Decrease of equity, including:	3320	-	-	-	(19,835)	(19,835)
Dividends	3327	x	x	x	(19,835)	(19,835)
Other	3328	-	-	x	-	-
Additional capital change	3330	x	(99)	x	99	x
Reserve capital change	3340	x	x	2,093	(2,093)	x
Equity as of 31 December 2017	3300	426,289	111,030	13,371	274,994	825,684

III. Net assets

Narrative	Line code	As at 31 December 2017	As at 31 December 2016	As at 31 December 2015
1	2	3	4	5
Net assets	3600	825,745	769,399	742,536

Chairman of Management Board – General Director _____

N. G. Shulginov
(clarification of signature)

Chief accountant _____

Y. G. Medvedeva
(clarification of signature)

26 March 2018

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STATEMENT OF CASH FLOWS

for the year ended 31 December 2017

Organisation **Public joint stock company Federal Hydro-Generating Company - RusHydro (PAO RusHydro)**
 Taxpayer identification number
 Type of activity **Electricity generation by hydroelectric power plants**
 Form of incorporation/form of ownership
Public joint-stock company/mixed Russian ownership with a federal ownership share
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CODES
0710004
2017/12/31
75782411
2460066195
35.11.2
12247 / 41
385

Note	Narrative	Line code	For 2017	For 2016
1	2	3	4	5
	Cash flows from operating activities			
	Receipts, including:	4110	145,899	118,301
	sales of products, goods, work and services	4111	143,005	113,249
	lease payments, license payments, royalties, commissions and other payments	4112	680	843
3.2.4	other receipts	4119	2,214	4,209
	Payments including:	4120	(91,517)	(59,326)
	to suppliers (contractors) – raw materials, works and services	4121	(47,352)	(22,137)
	wages and salaries	4122	(6,855)	(6,471)
	interest on debt liabilities	4123	(7,890)	(7,788)
	corporate income tax	4124	(12,521)	(10,864)
3.2.4	other payments	4129	(16,899)	(12,066)
	Net cash flows from operating activities	4100	54,382	58,975
	Cash flows from investing activities			
	Receipts, including:	4210	39,893	49,554
	sale of non-current assets (except for investments)	4211	267	9,382
	sale of shares of other organisations (ownership interest)	4212	90	44
	from return of loans, sales of debt securities (chosed possession of cash from third parties)	4213	27,396	22,459
	dividends, interests from long term financial investments and receipts from participation in other entities	4214	8,206	9,091
3.2.4	other receipts	4219	3,934	8,578
	Payments, including:	4220	(117,042)	(58,435)
	purchase, construction, modernisation, reconstruction and preparation for the use of non-current assets	4221	(21,679)	(20,580)
	related to purchase of shares of other organisations (ownership interest)	4222	(7,591)	(23,951)
	purchase of debt securities (chosed possession of cash from third parties), loans issued	4223	(85,860)	(10,893)
	borrowing costs included in the cost of the investment assets	4224	(1,912)	(3,011)
	Net cash flows from investing activities	4200	(77,149)	(8,881)

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Note	Narrative	Line code	For 2017	For 2016
1	2	3	4	5
	Cash flows from financing activities			
	Receipts, including:	4310	70,675	15,750
	borrowings and bank loans	4311	20,676	719
	issue of shares, increase in ownership interest	4313	40,000	33
	issue of bonds, promissory notes and other debt securities, etc.	4314	9,999	14,998
	Payments, including:	4320	(37,912)	(42,934)
	dividends and other distributions to owners	4322	(19,771)	(14,977)
	redemption (buyback) of promissory notes and other debt securities, loan repayment	4323	(18,135)	(27,949)
3.2.4	other payments	4329	(6)	(8)
	Net cash flows from financing activities	4300	32,763	(27,184)
	Net cash flows for the reporting period	4400	9,996	22,910
3.2.4	Cash and cash equivalents at the beginning of the reporting period	4450	40,954	18,139
3.2.4	Cash and cash equivalents at the end of the reporting period	4500	50,929	40,954
	Foreign exchange rate difference	4490	(21)	(95)

Chairman of Management Board – General Director

N. G. Shulginov
(clarification of signature)

Chief accountant

Y. G. Medvedeva
(clarification of signature)

26 March 2018

I. General information

1.1 Information about the Company

Principal activities of public joint stock company Federal Hydro Generating Company - RusHydro (PAO RusHydro, hereinafter - the Company) are the generation of electricity (power). The Federal Agency for State Property Management is the Company's major shareholder.

The Company's registered address is: 43, Dubrovinskogo str., bld. 1, Krasnoyarsk, Krasnoyarsk Territory, Russian Federation, 660017. The Company's postal address: 7, Malaya Dmitrovka str., Moscow, Russian Federation, 127006.

As of 31 December 2017 the Company employed 5,547 people (as of 31 December 2016 – 5,499 people).

The Company's shares are traded on MOEX stock exchange (<http://moex.com>). American depositary receipts, each of which corresponds to 100 ordinary shares of the Company are traded on the Main Market of London Stock Exchange and over-the-counter market of the USA.

As of 31 December 2017 the ownership share of the Russian Federation in the Company's share capital amounted to 60.56% (as of 31 December 2016 – 66.84%).

As of 31 December 2017 the Company has 19 branches registered in the Russian Federation, including: branch Bureyskaya GES, branch Volzhskaya GES, branch Votkinskaya GES, Dagestan branch, branch Zhigulevskaya GES, branch Zagorskaya GAES, branch Zeiskaya GES, Kabardino-Balkarsky branch, branch Kamskaya GES, Karachaevo-Cherkessky branch, branch Cascade of Verkhne-Volzhsky GES, branch Cascade of Kuban GES, branch Corporate Energy University, branch Nizhegorodskaya GES, branch Novosibirskaya GES, branch Saratovskaya GES, branch Sayano-Shushenskaya GES named after P.S. Neporozhny, Severo-Osetinsky branch, branch Cheboksarskaya GES.

Membership of the Company's Board of directors as of 31 December 2017 is as follows:

- Trutnev Yury Petrovich, Chairman of the Board of Directors, Deputy Prime Minister - Plenipotentiary Representative of RF President in the Far Eastern Federal District;
- Ivanov Sergey Nikolaevich, Deputy chairman of the Board of Directors, Managing director, Member of the board of directors of LLC Energetic Russian Company;
- Avetisyan Artem Davidovich, head of "New business" stream of autonomous non-profit organization "Agency of strategic initiatives for promotion of new projects";
- Bystrov Maxim Sergeevich, Chairman of the Management Board NP Market Council responsible for organization of effective system of energy power and capacity wholesale and retail;
- Grachev Pavel Sergeevich, Director General of PJSC "Polyus";
- Kravchenko Vyacheslav Mikhailovich, Deputy Minister of Energy of the Russian Federation;
- Pivovarov Vyacheslav Victorovich, Chief Executive Officer, LLC Altera Capital;
- Podguzov Nikolay Radievich, Director General of FGUP "Russian Post";
- Rogalev Nikolay Dmitrievich, rector of the Federal State Budget Educational Institution of Higher Education "National Research University "MEI";
- Chekunkov Aleksey Olegovich, CEO of AO "Fund of development of Far East and Baikal region";
- Shishin Sergey Vladimirovich, Senior Vice-President, PJSC VTB Bank;
- Shishkin Andrey Nikolaevich, Vice President for power and localisation PJSC Rosneft;
- Shulginov Nikolay Grigoryevich, Chairman of Management Board, General Director, PAO RusHydro.

In 2017 there was no change in the composition of the Company's Board of directors.

As of 31 December 2017 the Company's Management Board includes:

- Shulginov Nikolay Grigoryevich, Chairman of the Management Board, General director,
- Bogush Boris Borisovich, First Deputy General Director, Chief engineer,
- Kazachenkov Andrey Valentinovich, First Deputy General Director,

- Kirov Sergey Anatolyevich, First Deputy General Director,
- Markin Vladimir Ivanovich, First Deputy General Director
- Rizhinashvili George Ilyich, First Deputy General Director.

By the decision of the Company's Board of Directors dated 18 January 2017 (protocol No.247), Markin Vladimir Ivanovich was elected member of the Management Board.

As of 31 December 2017 members of the Company's Internal Audit Commission included:

- Annikova Natalia Nikolaevna, First deputy of General Director on economics and finance JSC "Stroitelnoe upravlenie №308",
- Zobkova Tatiana Valentinovna, Department Division Head, Russian Ministry of Energy,
- Kostina Marina Alexandrovna, Department Deputy Director, Russian Ministry of Economic Development
- Repin Igor Nikolaevich, Deputy Executive Director, Investor protection association,
- Simochkin Dmitry Igorevich, Depute of head of Department of Federal Property Management Agency

The above members of the Revision Group were elected by the decision of the General Meeting of Shareholders dated 26 June 2017 (protocol No.16).

1.2 The Company's operating environment

The Russian economy displays certain characteristics of an emerging market. It is particularly sensitive to oil and gas price fluctuations. The legal, tax and customs frameworks continue to develop and are subject varying interpretation.

The Russian economy was growing in 2017, after overcoming the economic recession of 2015 and 2016. However, the economy is negatively impacted by low oil prices, ongoing political tension in the region and international sanctions against certain Russian companies and individuals. The financial markets continue to be volatile. Such economic environment has considerable influence on Company's operations and financial position. Future economic and regulatory situation, internal and external business environment are hard to forecast and may differ from Company management's current expectations.

Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future impact of the current economic situation is difficult to predict, and the current expectations and assessments by management may differ from any actual results.

Developing capacity and power wholesale and retail markets possess higher level of risks than developed markets of other products and services. The Company's operations are exposed to financial, legal, country, regional, reputation and other risks.

The Company's risk management policy specifies the continuous efforts to identify risks, assess them and control and also develop and implement actions for addressing the risks, business continuity management in accordance with international and national standards of risk management (COSO ERM 2004, ISO 31000, GOST R ISO 31000-2010, etc.), Code of corporate governance Central Bank of RF, methodological recommendations of the Federal Property Management Agency and the Ministry of Finance of the Russian Federation in the field of risk management and internal control.

Financial risks

Financial risk includes market risk (currency risk, interest rate risk and other price risks), credit risk and liquidity risk.

Information about the Company's exposure to financial risks, their reasons and risk management tools is presented in paragraph 3.15 of the Explanatory Notes.

Legal risks

The reasons for legal risks are associated with potential changes in legal and regulatory base including currency and customs regulations, tax legislation and others.

Legal risks in domestic market related to regulation of electricity generation and its sale/purchase, which represent the Company's principal activities, can significantly impact the Company's position by decreasing its net profit.

Legal risks in external market related to currency and customs regulation are insignificant due to insignificant volume of foreign trade transactions the Company participates in, which are managed through legal support and control of these transactions and liability insurance.

The Company manages its industry risks by developing a Company-friendly legal framework for operations on the electricity and capacity market.

To manage the industry risks the Company actively participates as expert in development of energy legislation made by Ministry of Energy of Russian Federation, NP "Market council" and Federal Antimonopoly Service; monitors legislation and makes amendments in the regulatory base.

Country and regional risks

The reasons for country and regional risks are associated with political and economic situation, the geographic features of the country or the region where the entity operates and (or) is registered as a taxpayer.

Exposure to the country risk can be indirectly assessed, subject to some assumptions, based on the credit rating (the business exposure to political risks is not taken into account). At the end of 2017, Russia's foreign currency obligations were rates as follows: BB+ (Standard & Poor's), Ba1 (Moody's) и BBB- (Fitch). At the same time these three international agencies improved the outlook for Russia's sovereign rating to: stable (Moody's) and positive (Standard & Poor's and Fitch). According to analysts, 'external risks' to Russia have decreased and the Russian economy continuous adjustment to lower feedstock prices.

Also in 2017 international rating agencies raised the long-term credit rating of the Company as follows: Moody's improved the rating to Ba1 with stable outlook, Standard & Poor's – to BB+ with positive outlook, Fitch confirmed the rating at BB+ and revised the outlook from negative to stable.

Russian economy is vulnerable to market downturns and global economic slowdown.

At the moment investor's' comprehension of the country risks reduces the net volume of foreign investment in Russia and has a negative influence on the Russian economy. As well as Russia produces and exports large amounts of gas and oil, the Russian economy is especially vulnerable to the changes of international prices of energy resources; the reduction of gas and oil prices significantly affects the Russian economy development. These events may restrict the access of the Company to the capital and have an adverse impact on consumer purchasing power.

In the crisis environment experienced by the financial market and reduction of manufacturing output there is a risk of decrease in electricity demand that may result in reduction of sales and decrease in the Company's revenue and also a risk of increase in accounts receivable due to non-payments by the consumers of electricity.

The management believes that it has been taking all necessary measures to mitigate the impact of these events on its activities: optimization of leverage, optimisation of the obtained borrowed funds, increase turnover of current assets, assessment of the buyers' solvency, diversification of resources use and others.

Due to enhancement of the state control over energy industry the Company pays considerable attention to transparency and confidence of control procedures relating to budget funds expenditure within the Company's and subsidiaries' investment programmes and also develops and improves the corporate internal control system and risk management.

The Russian regions where the Company performs its operations are characterised by peaceful political situation. Probability of war conflicts, strikes, introduction of the state of emergency in these regions is low except for entities located in North-Caucasus Federal District.

However, changes in the Company's business environment in Russia and in the regions of the Company's presence, the nature and frequency of such changes and related risks are hard to predict and so are their effects on the Company's operations in the future. Such risks are largely beyond the Company's control due to their global scale. If the situation is destabilised in Russia or in any Russian regions, the Company will implement crisis management strategies to minimise the risk of the negative effect of the situation on the Company to the fullest extent possible.

To manage the risks the Company is implementing a complex action plan to enhance safety of the Company's facilities under which the existing plan on ensuring safety at the power plants, including those under construction is amended.

Reputation risks

Reputation risks are associated with negative perception of the quality of products, works, services sold, the ability to meet the deadlines for payment discipline, work performance, etc.

The Company assesses its exposure to these risks as low due to the fact that the Company sells electricity and capacity in the wholesale market and has high and sustainable reputation in the market.

To manage these risks the Company analyses key indicators of reputation risks based on the forecast of changes in the share of positive references in mass media, control over compliance with production discipline, cooperating actively with all stakeholders to maintain high reputation. The company organizes public events jointly with interested parties; special events for mass media, analytics and investors. Also, the Company regularly updates information on official Internet sources and prepares official comments on key activities questions.

Besides the Company takes measures to prevent corruption. Anti-corruption policy, the code of conduct, regulations on the procedure of the employer's notification about inducement of personnel to unlawful acts, gifts, conflict of interests arrangement procedures etc. are adopted by the Company. The "Trust line" acts on an on-going basis.

The Company works closely with Ministry of energy, Federal tax service, Federal financial monitoring service within the anti-corruption and control of fraud activities.

Other risks

To manage the risks the Company focuses on other operating risks including risk of capital construction, industry risk, production risk, risk of hydraulicity, risks associated with compliance with legislation on labour safety, risks of industrial safety, environmental risks and risks associated with the third parties' activities and others.

The reasons for these risks are associated with the industry-specific factors that are relevant to the operations, condition of property, plant and equipment. There is an exposure to these risks, degree of possibility of events is at statistically average or low levels. On a permanent basis, the Company implements actions for monitoring the risks and decreasing the probability of their occurrence and severity of the potential adverse consequences including assignment of responsibility, control, diversification and insurance.

II. Accounting policies

These statutory financial statements have been prepared on the basis of the following accounting policies:

2.1 Basis of presentation

The Company's statutory financial statements are prepared in accordance with the accounting and reporting rules currently effective in the Russian Federation provided for by the Federal Law "On Accounting" and "Regulation on Accounting and Reporting in the Russian Federation" as well as other accounting regulations approved by the Russian Ministry of Finance.

Assets are valued at actual costs, excluding fixed assets of subsidiaries and dependent companies (hereinafter referred to as "SDCs") received in 2008 in connection with the merger of SDCs into the Company; Financial investments, for which the current market value is determined; assets, for which, in accordance with established procedure, reserves were created to reduce their value (impairment).

2.2 Assets and liabilities denominated in foreign currency

Business transactions in foreign currencies were recorded using the official Rouble exchange rate as of the date of the relevant transaction. Cash on hand and in bank accounts (bank deposits), cash and payment documents, accounts receivable (except for advances received and issued and prepayments) including loans receivable and payable, denominated in foreign currencies are recorded in the financial statements in the amounts calculated based on the official currency exchange rates effective as of the reporting date. The exchange rates were as follows: USD 1 = RUB 57.6002 as of 31 December 2017 (31 December 2016: USD 1 = RUB 60.6569, 31 December 2015: USD 1 = 72.8827), EUR 1 = RUB 68.8668 as of 31 December 2017 (31 December 2016: EUR 1 = RUB 63.8111, 31 December 2015: EUR 1 = RUB 79.6972).

Exchange differences arising during the year from translation (including those as of the reporting date) of foreign currency-denominated assets and liabilities payable in foreign currencies or Russian roubles were reported in the statement of financial results as other income or expenses.

2.3 Accounting for assets and liabilities

In the balance sheet investments, accounts receivable and accounts payable, including bank credits and estimated liabilities, are treated as short-term if the term of their circulation (maturity) does not exceed 12 months after the reporting date. Other assets and liabilities are recognised as long-term. Interest on loans issued and other investments are recorded in the balance sheet line 1230 "Accounts receivable"; interest on bank credits and loans received are recorded in the balance sheet line 1510 "Borrowings".

Advances to the suppliers of equipment and capital construction contractors are recognised in line 1230 "Accounts receivable".

Advances issued and received are recorded in the balance sheet including VAT. VAT on advances issued and received is recognised on a gross basis in the balance sheet line 1260 "Other current assets", 1450 "Other liabilities" and 1550 "Other liabilities", respectively.

Deferred tax asset and deferred tax liability are recognized on the balance sheet on a net basis.

2.4 Property, plant and equipment, construction-in-progress and income-bearing investments in tangible assets

Property, plant and equipment are accounted for in accordance with the Russian Accounting Regulation "Accounting for property, plant and equipment" (RAR 6/01).

Property, plant and equipment include land, buildings, facilities, machinery, equipment, transport vehicles and other assets whose useful lives are over 12 months.

Property, plant and equipment are recognised at their historical cost equal to actual acquisition (construction, production) cost. At the same time, fixed assets received in 2008 in connection with the merger of subsidiaries and affiliates to the Company, are accounted for at their market value determined by an independent appraiser.

The acquired property, plant and equipment with historical cost of below RUB 40 thousand per unit which were initially recognised after 1 January 2011 are accounted for within inventories; property, plant and equipment which were initially recognised before 1 January 2011 were accounted for within inventories, if their historical cost did not exceed RUB 20 thousand per unit.

Real property assets which have been constructed, put into operation and are actually used but the title to which was not registered under the procedure established by the effective legislation are accounted for within property, plant and equipment in a separate line.

Property, plant and equipment are recognised on the balance sheet at cost less depreciation accumulated from the date of their independent valuation for merging subsidiaries and associates into the Company in 2008 or over the whole period of their operation, if they were put into operation after merging subsidiaries and associates into the Company.

The Company does not perform the revaluation of property, plant and equipment items.

Useful lives of the acquired property, plant and equipment including those which had been in operation before the acquisition, received as a contribution to the share capital or under legal succession in connection with restructuring, are established by the review committee for commissioning of a facility based on the Classification of the Company's property, plant and equipment when PP&E item is initially recognised. Useful lives of assets which were in use in prior periods are determined with consideration to the number of years (months) they were used by the previous owner.

The adopted standard useful lives by groups of property, plant and equipment in accordance with the Classification of the Company's property, plant and equipment are presented below.

Property, plant and equipment group	Useful lives of property, plant and equipment (years) on the balance sheet
Facilities and transmission equipment	3 to 100
Machinery and equipment	1 to 40
Buildings	7 to 75
Other	1 to 20

Depreciation of property, plant and equipment is accrued on a straight-line basis proceeding from their historical values and depreciation rates calculated based on their useful lives.

Depreciation is not accrued on:

- land plots and natural resources;
- fully depreciated assets that are still on the balance sheet.
- assets that are temporarily shutdown for more than three months and during the restoration period which exceeds twelve months.

Gains and losses on disposal of property, plant and equipment are recorded in the statement of financial results within other income and expenses.

Construction-in-progress includes real estate assets under construction, which have not been put into operation, equipment to be installed and other investments in non-current assets which are not included in PP&E. Equipment which does not require installation, stored in the warehouse and intended for assets under construction are recorded within construction-in-progress in a separate line.

These items are recognised in the balance sheet line 1150 "Property, plant and equipment".

Interest on borrowings raised for the purposes directly related to acquisition, construction and/or manufacture of investment assets, accrued prior to initial recognition of the assets is included in their historical cost; that accrued after the initial recognition of the assets are recognised in the statement of financial results within other expenses.

Interest on borrowings raised for the purposes not related to acquisition, construction and/or manufacture of investment assets, but actually used to purchase the investment assets are included in the cost of investment assets in proportion to the share of the above borrowings in total amount of borrowings raised for the purposes not related to acquisition, construction, manufacture of investment assets.

Income-bearing investments in tangible assets represent PP&E items acquired for leasing out to generate income.

These assets are recognised at their historical cost determined under the procedure used for general PP&E items.

Leased PP&E items are recognised in off-balance-sheet accounts at cost specified in the lease agreement/determined based on the acceptance certificate. If the lease agreement and acceptance certificate do not specify the cost of these assets, property, plant and equipment are recorded in the off-balance-sheet accounts at the following values:

- land plots having the cadastral value - at their cadastral value;
- other PP&E items - in the amount of lease payments inclusive of VAT under lease agreement including the repurchase price of the leasing item.

2.5 Investments

Investments are accounted for in accordance with the Russian Accounting Regulation "Accounting for investments" (RAR 19/02).

Investments include:

- contributions to the share capital of other entities (including subsidiaries);
- debt securities (including bonds, promissory notes);
- deposits in credit institutions except for short-term deposits classified as cash equivalents (paragraph 2.9 of the Explanatory Notes);
- interest-bearing loans issued to other entities;
- government and municipal securities and other investments.

Investments are initially recognised at their actual cost of acquisition.

The Company's actual costs to purchase investments represent the historical cost of investments purchased at a charge.

The historical cost of investments in the Company's share capital is presented by their monetary value agreed by the Company's founders, if not specified otherwise by the Russian legislation.

Investments, the current market value of which can be determined under the established procedure, are recognised on the balance sheet at their current market value as of the end of each reporting period (on a quarterly basis). The difference between the value of these investments as of the current reporting date and their prior value is recorded within other income and expenses.

At the same time, contributions to the charter capitals of subsidiaries and associates (irrespective of the availability of current exchange quotations on them) refer to financial investments for which revaluation at current market value is not made.

Current market value of the securities which are traded by the institutors of trading is determined at market prices established at MOEX stock exchange (<http://moex.com>).

Investments for which no current market value is determinable are recorded on the balance sheet at their carrying (book) value, except for investments for which there are indications that the decline in their value (impairment) is significant and non-temporary as of the reporting date.

Investments are tested for their impairment once a year as of 31 December of the reporting year, if there are indications of impairment.

The Company accrues the impairment provision for the amount of difference between carrying (book) value and estimated value of the investments with regard to investments for which significant

and constant impairment indicators are proved by impairment test. The estimated value of investments is determined based on the data about net assets, revenue, composition of expenses, schedule of projects financing and other factors.

Despite of the fact that well-grounded judgements are applied to determine the estimated value of investments, there are unavoidable limitations as in any valuation technique. Therefore, the estimated value represents the Company management's best estimate based on all the information available as of the reporting date. Future events will also have impact on determining the estimated value and impact of such events can be significant for the Company's financial statements.

Difference between the historical cost and nominal value of debt securities for which current market value is not determinable, is recorded on a straight-line basis during the period of their circulation and is recognised in the Company's financial results within other income (expenses). When investments for which current market value is not determinable are disposed, they are carried at book value of each unit of these investments except for issuance securities (shares, bonds) which are disposed under FIFO; when investments for which current market value is determinable under the established procedure are disposed - based on the latest valuation.

The Company discloses information about measurement at discounted value, the amount of the discounted value of debt securities of other related parties and loans issued to them.

Income and expenses associated with investments are reported within other income or expenses. Interest on loans issued and other income from investments are recognised in the balance sheet line 1230 "Accounts receivable".

2.6 Inventories

Inventories are accounted for in accordance with the Russian Accounting Regulation "Accounting for inventories" (RAR 5/01).

Inventories are accounted for at their actual cost of acquisition (production).

If market value of inventories as of the end of the reporting year is below their historical cost including due to on-going (long-term) price reduction, Company makes a provision in the amount of inventory impairment which is charged against increase in other expenses. Such inventories are recognised on the balance sheet net of the inventories' impairment provision.

The average cost method is applied to determine the material expenses when writing-off inventories used to produce goods (provide services).

2.7 Expenses of future periods

Expenses incurred by the Company in the reporting period but related to future reporting periods (payments under voluntary and mandatory insurance of property and employees, one-off payments to purchase licenses and other expenses) are recorded as expenses of future periods. These expenses are written-off for the purpose intended on a straight-line basis during the periods which they relate to.

Expenses of future periods to be written-off during the period exceeding twelve months are recognised on the balance sheet as non-current assets in line 1190 "Other non-current assets"; those to be written-off during twelve months - in line 1210 "Inventories".

2.8 Accounts receivable

Trade receivables are accounted for in the amount of services provided, works performed, good dispatched at justified prices and established tariffs. Settlements with other debtors are recognised for accounting and reporting purposes based on the contractual prices. Accounts receivable include non-interest-bearing promissory notes and non-interest-bearing loans issued.

Accounts receivable which are overdue or unlikely to be repaid by the contractual deadlines and are not secured by guarantees, pledges or otherwise, are recognised on the balance sheet net of doubtful debt provision. The provision is based on the conservative assessment made by the Company's management with regard to the portion of receivables which is unlikely to be repaid.

The provision amount is separately determined based on the unbiased information about solvency of the specific debtor and assessment of probability of receivables repayment in full or partially.

Accrual (release) of doubtful debts provision increases other expenses (income).

Uncollectable receivables are written-off when recognized as such. These receivables are recorded in off-balance-sheet accounts over five years after the debt is written off for monitoring whether there is a possibility of their collection in case of any changes in the debtor's property status.

2.9 Cash equivalents and presentation of cash flows in the statement of cash flows

Cash equivalents comprise current highly liquid investments, which are readily convertible into a predictable amount of cash and are exposed to an insignificant risk of changes in value.

The Company recognises short-term bank deposits with a maturity of up to three months (not longer than 91 days) within cash equivalents if they are treated as funds used for settlements and repayment of liabilities, not intended for investment and other purposes.

The Company's cash flows which cannot be clearly attributed to cash flows from operating, investing or financing activities are included in the cash flows from operating activities in the statement of cash flows. Such cash flows include receipts and payments related to financial instruments of forward deals.

The following items are presented on a net basis in the statement of cash flows:

- indirect taxes within receipts from buyers and customers and payments to suppliers and contractors;
- cash flows used for investing activities and received on repayment of short-term bank deposits (with a maturity of more than three months) within the same reporting period.

Cash receipts and payments do not include cash flows changing the structure of cash equivalents, but not changing their total amount.

2.10 Share capital, additional and reserve capital

The Company's share capital has been recorded in the amount of the nominal value of ordinary shares purchased by shareholders. The share capital is equal to the amount specified in the Company's Charter.

When the share capital is increased through placement of additional shares, transactions associated with the formation of the share capital are accounted for when the respective changes made in the Company's constituent documents are registered.

The Company's additional capital includes share premium resulted from placement of the Company's shares at price exceeding their nominal value and total of additional capital of subsidiaries, associates merged into the Company during the 2008 reorganisation.

In accordance with legislation the Company forms a reserve fund in the amount of 5% of the share capital. The amount of mandatory annual deductions to reserve fund is 5% of the Company's net profit until it reaches the specified level.

2.11 Loans and bank credits received

Loans and bank credits are accounted for in accordance with the Russian Accounting Regulation "Accounting for loans and bank credits" (RAR 15/2008).

Loans payable are stated inclusive of interest payable as of the end of the reporting period according to the loan agreements.

Interest is accrued on a monthly basis at the end of each reporting period. If a lender provides for interest calculation attributable to different reporting periods, the amount of interest shall be allocated and included in the amount payable separately for each month.

Additional expenses incurred in connection with borrowings are charged to expenses of future periods with subsequent straight-line inclusion in other expenses over the repayment period.

2.12 Estimated liabilities, contingent liabilities and contingent assets

Estimated liabilities

The Company recognises estimated liability, which meets the recognition criteria established in the Russian Accounting Regulation "Estimated liabilities, contingent liabilities and contingent assets" (RAR 8/2010).

The Company recognises an estimated liability:

- for earned but unused employee vacations, which is determined as of the end of the reporting year with reference to the number of unused vacation days of each employee at the reporting date and employee's average salary, inclusive of insurance contributions;
- on payment of bonuses for the results of work for the fourth quarter and year, the value of which at the end of the reporting year is determined based on the forecast of performance of internal corporate key performance indicators, taking into account insurance premiums;
- in other cases provided by RAR 8/2010.

Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recorded on the balance sheet, but instead are disclosed in the Explanatory Notes to the balance sheet and statement of financial results.

Contingent liability (contingent asset) arises as a result of past business events when existence of a liability (asset) of the Company at the reporting date depends on occurrence (non-occurrence) of future uncertain events, which are beyond the Company's control.

Contingent liability is disclosed in the Explanatory Notes to financial statements, except where the likelihood of a decrease in economic benefits associated therewith is remote. Contingent asset is disclosed in the Explanatory Notes when the inflows associated therewith are probable. There is a need to disclose its estimated amount or a range of estimated amounts, if such values are identifiable.

2.13 Revenue recognition

Revenue from sales of products (provision of services) is recognized on an accrual basis (as the products/services are delivered/provided and relevant settlement documents presented to buyers). Revenue is presented net of value added tax.

Other revenues of the Company include:

- proceeds from sale of property, plant and equipment, investments and other assets;
- interest received in connection with providing the Company's cash for use, interest for the bank's use of cash sitting on the Company's bank accounts in the bank, interest for the commodity credit and interest on the acquired interest-bearing notes of the third parties - in accordance with interest provision in the note when presenting it for payment. The Company recognises the above income in the statement of financial results in line 2320 "Interest income";
- income from participation in share capital of other entities (dividends) is recognised by Company when announced and included in the statement of financial results in line 2310 "Income from participation in other entities";
- income from transactions with derivatives when the respective trading positions are closed;
- fines, penalties and interest for breaching contractual terms;
- prior year profit identified in the reporting year (considering the requirements of the Russian Accounting Regulation "Correction of errors in accounting and reporting" (RAR 22/2010);
- other proceeds (income) according to the Russian Accounting Regulation "Income of an organisation" (RAR 9/99) (including income in the form of insurance indemnity).

2.14 Recognition of expenses

Accounting for expenses is regulated by the Russian Accounting Regulation "Expenses of an organisation" (RAR 10/99) under which the Company's expenses are divided into general expenses and other expenses.

Administrative expenses are written-off against the cost of goods produced (services provided).

General expenses are recognised in the reporting period wherein they were incurred irrespective of the actual closure of accounts payable.

Expenses shall be accounted for irrespective of the intention to generate revenue or other income and their form.

Other expenses include:

- expenses incurred in disposal and other write-off of property, plant and equipment, investments and other assets;
- interest paid by the Company for provided cash (bank credit, loans); the Company recognises these expenses in the statement of financial results in line 2330 "Interest expense";
- expenses incurred in payment of services provided by credit institutions;
- doubtful debts provision calculated on the basis of the reporting period results in accordance with the Company's accounting policies (see paragraph 2.8 of the Explanatory Notes);
- expenses from transactions with derivatives;
- fines, penalties and interest for breaching contractual terms, compensation of losses caused by the Company;
- prior year losses identified in the reporting period (considering the requirements of the Russian Accounting Regulation "Correction of errors in accounting and reporting" (RAR 22/2010);
- charity and social security;
- expenses incurred as a result of extraordinary events in business operations (natural disaster, fire, accident, etc.)
- other expenses according to RAR 10/99.

2.15 Changes in the accounting policies

There are no significant changes in the Company's accounting policies for 2017 and 2018.

III. Disclosure of material indicators

3.1 Non-current assets (Section I of the balance sheet)

3.1.1 Property, plant and equipment (line 1151 of the balance sheet), construction-in-progress (line 1152 of the balance sheet), income-bearing investments in tangible assets (line 1160 of the balance sheet)

PP&E group	Net book value		
	31 December 2017	31 December 2016	31 December 2015
Line 1151 Property, plant and equipment, including:			
Facilities and transmission equipment	189,107	192,240	189,819
Machinery and equipment	153,576	140,215	120,251
Buildings	38,903	39,539	34,274
Motor vehicles	6	6	23
Production and maintenance tools	220	293	412
Land plots	4	4	4
Other types of property, plant and equipment	191	217	203
Total line 1151 "Property, plant and equipment"	382,007	372,514	344,986
Line 1160 Income-bearing investments in tangible assets, including:			
Facilities and transmission equipment	-	-	7,065
Total in line 1160 "Income-bearing investments in tangible assets"	-	-	7,065

As of 31 December 2017 there are no income-bearing investments in tangible assets (as of 31 December 2016 – no, as of 31 December 2015 – RUB 7,065 million). In November 2016, the complex of dams of the Angarsk cascade in the Irkutsk region was sold under the contract of sale of OOO "Telmamskaya HPP" at a price 9, 280 mln RUB without VAT.

PAO RusHydro
Explanatory Notes to the 2017 Balance sheet and Statement of Financial Results
(in millions of Russian Roubles unless otherwise stated)

Availability and movement of property, plant and equipment and income-bearing tangible assets

Narrative	Period	At the beginning of the year		Additions*	Changes for the period		Depreciation accrued*	At the end of the year	
		Cost	Accumulated depreciation		Disposals			Cost	Accumulated depreciation
					Cost	Accumulated depreciation			
Property, plant and equipment	2016	428,500	(83,514)	43,735	(1,291)	890	(15,806)	470,944	(98,430)
including:	2017	470,944	(98,430)	27,220	(1,075)	743	(17,395)	497,089	(115,082)
Facilities and transmission equipment	2016	219,357	(29,538)	6,783	(63)	11	(4,310)	226,077	(33,837)
	2017	226,077	(33,837)	1,428	(59)	47	(4,549)	227,446	(38,339)
Machinery and equipment	2016	168,408	(48,157)	30,786	(1,081)	824	(10,565)	198,113	(57,898)
	2017	198,113	(57,898)	25,391	(841)	652	(11,841)	222,663	(69,087)
Buildings	2016	39,234	(4,960)	6,106	(96)	20	(765)	45,244	(5,705)
	2017	45,244	(5,705)	366	(141)	20	(881)	45,469	(6,566)
Motor vehicles	2016	50	(27)	-	(37)	21	(1)	13	(7)
	2017	13	(7)	-	-	-	-	13	(7)
Production and maintenance tools	2016	1,066	(654)	18	(9)	9	(137)	1,075	(782)
	2017	1,075	(782)	31	(22)	12	(94)	1,084	(864)
Land plots	2016	4	-	-	-	-	-	4	-
	2017	4	-	-	-	-	-	4	-
Other types of property, plant and equipment	2016	381	(178)	42	(5)	5	(28)	418	(201)
	2017	418	(201)	4	(12)	12	(30)	410	(219)
Income-bearing investments in tangible assets	2016	7,592	(527)	-	(7,592)	641	(114)	-	-
including:	2017	-	-	-	-	-	-	-	-
Facilities and transmission equipment	2016	7,592	(527)	-	(7,592)	641	(114)	-	-
	2017	-	-	-	-	-	-	-	-

* Cost of property, plant and equipment received in 2017 and depreciation for the period includes cost of property, plant and equipment repurchased at the expiration of the lease agreements of RUB 1,150 million (for 2016: RUB 1,063 million) and accumulated depreciation of RUB 998 million (for 2016: RUB 1,063 million). Exposure of leased property, plant and equipment is described in paragraph 3.6.1 of the Explanatory Notes.

Changes in the cost of property, plant and equipment as a result of further construction, re-equipping, reconstruction or partial liquidation

Narrative	2017	2016
Increase in the cost of property, plant and equipment as a result of further construction, re-equipping, reconstruction including:	14,885	23,345
Machinery and equipment	13,472	15,969
Facilities and transmission equipment	1,099	1,784
Buildings	314	5,592
Decrease in value of property, plant and equipment as a result of partial liquidation including:	85	160
Machinery and equipment	77	151
Other types of property, plant and equipment	8	9

Other use of property, plant and equipment

Narrative	31 December 2017	31 December 2016	31 December 2015
Leased out PP&E recognised on the balance sheet	1,308	1,451	1,604
Leased PP&E recognised in the off-balance-sheet accounts	35,760	33,862	38,490
Real estate assets which were put into operation and actually used but are in the process of state registration	1,178	5,924	2,552
PP&E that have been temporarily shut down	71	80	89

Construction-in-progress and purchase of property, plant and equipment and income-bearing investments in tangible assets

Narrative	Period	At the beginning of the year	Changes for the period				At the end of the year
			Costs for the period	Written off	Other movement*	Recognised as PP&E or uplifted	
Construction-in-progress and purchase of property, plant and equipment and income-bearing investments in tangible assets, including:	2016	47,737	31,778	(252)	4	(42,672)	36,595
	2017	36,595	27,209	(58)	29	(26,147)	37,628
Construction-in-progress	2016	42,928	15,900	(234)	16,997	(42,353)	33,238
	2017	33,238	13,171	(58)	11,539	(25,676)	32,214
Incomplete transactions on purchasing property, plant and equipment and income-bearing investments in tangible assets	2016	45	282	(17)	33	(319)	24
	2017	24	471	-	(2)	(471)	22
Equipment for installation	2016	4,764	15,596	(1)	(17,026)	-	3,333
	2017	3,333	13,567	-	(11,508)	-	5,392

* Transfer of equipment for installation, reclassification of equipment to be installed to construction-in-progress and other movement not related to transfer of assets to property, plant and equipment

3.1.2 Long-term investments (line 1170 of the balance sheet)

Line 1170 "Financial investments" includes contributions to share capital of subsidiaries, associates and other entities, debt securities and long-term loans issued to subsidiaries and associates:

Narrative	31 December 2017	31 December 2016	31 December 2015
Investments in subsidiaries	237,257	244,104	252,713
Investments in associates	11,110	11,110	11,110
Investments in other entities	8,363	9,373	3,841
Long-term loans issued	55,419	27,085	51,832
Debt securities	-	601	601
Total line 1170 "Financial investments"	312,149	292,273	320,097

Exposure of long-term investments to financial risks is described in paragraph 3.15 of the Explanatory Notes.

PAO RusHydro
Explanatory Notes to the 2017 Balance sheet and Statement of Financial Results
(in millions of Russian Roubles unless otherwise stated)

Availability and movement of long-term investments

Narrative	Period	At the beginning of the year		Changes for the period					At the end of reporting period	
		Cost	Accumulated adjustment*	Additions	Changes in current market value	Disposed (settled)		Other movements**	Cost	Accumulated adjustment*
						Cost	Accumulated adjustment*			
Long-term investments including:	2016	338,881	(18,784)	11,239	5,532	(29,207)	-	(15,388)	320,913	(28,640)
	2017	320,913	(28,640)	56,192	(893)	(27,692)	16	(7,747)	349,412	(37,263)
Investments in subsidiaries	2016	255,163	(2,450)	8,787	-	(2,017)	-	(15,379)	261,933	(17,829)
	2017	261,933	(17,829)	900	-	-	-	(7,747)	262,833	(25,576)
Investments in associates	2016	11,126	(16)	-	-	-	-	-	11,126	(16)
	2017	11,126	(16)	-	-	(16)	16	-	11,110	-
Investments in other entities	2016	13,260	(9,419)	9	5,532	-	-	(9)	13,269	(3,896)
	2017	13,269	(3,896)	-	(893)	(117)	-	-	13,151	(4,788)
Long-term loans issued	2016	51,832	-	2,443	-	(27,190)	-	-	27,085	-
	2017	27,085	-	55,292	-	(26,958)	-	-	55,419	-
Debt securities	2016	7,500	(6,899)	-	-	-	-	-	7,500	(6,899)
	2017	7,500	(6,899)	-	-	(601)	-	-	6,899	(6,899)

* Accumulated adjustment includes difference between original and current market value of investments for which current market value can be determined; difference between original and current market value of investments for which current market value is not determinable; provision for impairment of investments.

** Other movements include changes in provision for impairment of investments, accrual of discount on debt securities and reclassification within the balance sheet line 1170 "Investments".

PAO RusHydro
Explanatory Notes to the 2017 Balance sheet and Statement of Financial Results
(in millions of Russian Roubles unless otherwise stated)

(a) Investments in subsidiaries, associates and other entities

The balance sheet line 1170 "Investments" includes the below investments in subsidiaries, associates and other organisations:

Subsidiaries and associates and other entities	31 December 2017		31 December 2016		31 December 2015	
	Carrying amount	Share, %	Carrying amount	Share, %	Carrying amount	Share, %
Subsidiaries	237,257		244,104		252,713	
AO Zagorskaya GAES-2	60,691	100.00%	60,691	100.00%	60,691	100.00%
AO Ust-Srednekanskaya GES	23,111	67.82%	23,111	67.82%	23,111	67.82%
AO RAO ES of East	18,495	84.39%	18,495	84.39%	18,495	84.39%
AO Zaramagskie GES	17,216	84.39%	17,216	99.75%	17,216	99.75%
AO Yakutskaya GRES-2	16,862	100.00%	16,862	100.00%	16,862	100.00%
AO Sakhalinskaya GRES-2	15,012	100.00%	15,012	100.00%	12,996	100.00%
AO Nizhne-Bureiskaya GES	14,611	100.00%	14,611	100.00%	14,611	100.00%
AO CCGT in the City of Sovetskaya Gavan	13,844	100.00%	13,844	100.00%	7,345	100.00%
PAO Kolymaenergo	13,187	98.76%	13,187	98.76%	13,187	98.76%
AO Sulakskiy Hydrocascade	10,094	100.00%	10,094	100.00%	10,094	100.00%
AO Malaya Dmitrovka	6,394	100.00%	6,394	100.00%	6,394	100.00%
AO Blagoveschenskaya TEC	4,285	100.00%	4,285	100.00%	6,302	100.00%
AO ESK RusHydro	3,358	100.00% - 1 share	3,420	100.00% - 1 share	11,832	100.00% - 1 share
AO Lenhydroproject	3,260	100.00%	3,260	100.00%	3,260	100.00%
AO Hidroinvest	3,255	100.00%	5,422	100.00%	9,550	100.00%
AO Yuzhno-Yakutskiy GEK	2,993	100.00%	3,005	100.00%	3,255	100.00%
AO Geoterm	2,425	99.65%	2,425	99.65%	2,425	99.65%
AO Leningradskaya GAES	1,987	100.00%	4,994	100.00%	4,994	100.00%
PAO Yakutskenergo*	1,671	29.80%	1,671	29.80%	1,671	29.80%
AO NIIES	1,067	100.00%	1,067	100.00%	983	100.00%
OOO Verkhnebalkarskaya MGES	937	100.00%	937	100.00%	937	100.00%
OJSC P. S. Neporozhny Sayano-Shushenskaya HPP	589	100.00%	589	100.00%	589	100.00%
PAO Kamchatsky gas and energy complex	531	96.58%	531	96.58%	531	96.58%
AO "Vedeneev VNIIG"	448	100.00%	448	100.00%	448	100.00%
AO Hydro-Engineering Siberia	108	100.00%	256	100.00%	990	100.00%
AO GVTS Energetiki	21	100.00%	74	100.00%	653	100.00%
HydroOGK Power Company Ltd	-	100.00%	1,171	100.00%	1,171	100.00%
AO Renewable Energy Engineering Centre	-	100.00%	-	100.00%	694	100.00%
Other	805		1,032		1,425	
Associates:	11,110		11,110		11,110	
OAo Irkutsk Electric Grid Company	8,543	42.75%	8,543	42.75%	8,543	42.75%
OAo Sakhalin energy company	2,567	26.94%	2,567	28.09%	2,567	28.09%
Other entities:	8,363		9,373		3,841	
PAO Inter RAO	6,809	1.94%	7,709	1.94%	2,217	1.94%
PAO Boguchanskaya GES	1,081	2.88%	1,081	2.88%	1,081	2.88%
Other	473		583		543	
Total:	256,730		264,587		267,664	

* Investment in PAO Yakutskenergo (29.80%) is recorded within subsidiaries as the Company has control over these entities indirectly via other subsidiaries.

Key factors affected changes in the value of investments in subsidiaries, associates and other entities in 2017 are as follows:

- creating an investment impairment provision of RUB 7,747 million, including RUB 3,907 million for AO Leningradskaya GAES, RUB 2,168 million for AO Hidroinvest, RUB 1,171 million for Power Company Limited and RUB 501 million for other companies;
- valuation of investments which have a current market value and related recording of a loss for the total of RUB 893 million (see paragraph 3.15 of the Notes), including the loss of RUB 900 million on the shares of OAO Inter RAO UES.

Investments in subsidiaries that have current market value as of reporting date or formerly

In accordance with para 20 of the Accounting Regulation "Accounting for Investments" (PBU 19/02), investments for which the fair market value is determinable under the established procedure are recorded in financial statements as at the year end at their current market value by adjusting their value at the prior reporting date. In accordance with para 24 of PBU 19/02, if no current market value is determinable at the reporting date for investments that were earlier carried at market value, such investments should be recorded at their latest value.

As of 31 December 2017, 31 December 2016 and 31 December 2015, investments included shares of the Company's subsidiaries, i.e. AO RAO ES of East, PAO Yakutskenergo and PAO DEK, received in 2011–2013 as a result of the additional issue of the Company's shares which are recognised on the Company's balance sheet. These investments are recorded at the value agreed with the founders and determined on the basis of the market valuation performed by an independent appraiser totalling 20,204 million as of 31 December 2017 (as of 31 December 2016: 20,204 million; as of 31 December 2015: 20,204 million). This valuation exceeds the current market value of the shares (for AO RAO ES of East - the cost of the last valuation at the current market value) as of 31 December 2017, 31 December 2016 and 31 December 2015 by RUB 6,702 million, RUB 6,614 million and RUB 5,047 million, respectively.

The Company's management plans to get benefits from investments in AO RAO ES of East, PAO Yakutskenergo and PAO DEK by controlling their business operations rather than as a result of fluctuations in their market value. Thus, according to the Company's management, current market quotes do not fairly reflect the fair value of the controlling shareholdings in these companies as the number of shares traded in the market is not representative; not more than 1% of total shares issued are in circulation on a daily basis.

Also since the end of the 2015 year the process of AO RAO ES of East shares' consolidation in RusHydro Group (RusHydro Group includes the Company and subsidiaries which are controlled by the Company directly or indirectly via other subsidiaries) by buying from minority and bringing the stake to 100% has started. In 2016, as part of the voluntary offer and then the forced repurchase of shares of AO RAO ES of East, carried out by one of the subsidiaries of the RusHydro Group, RusHydro's stake in AO RAO ES of East grew from 86.20% to 99.98%. From the middle of September 2016 the current market value of the shares of PAO RAO ES of East is not determined. As of 31 December 2017, and to date, delisting of shares from the Moscow stock exchange took place, the shares were excluded from the quotation lists, also the indication of the public status was excluded from the name of the company.

In view of these circumstances and considering that the Company has no plans to sell these investments, in accordance with paragraph 6 of the Russian Accounting Regulation "Accounting reports of an organisation" (RAR 4/99), approved by order No. 43n of the Russian Ministry of Finance of 6 July 1999, the Company decided against performing revaluation of its investments in shares of AO RAO ES of East, PAO Yakutskenergo and PAO DEK at the current market value from acquisition date.

The Company's management analysed the models of expected cash flows and factors that may show that there are indications of impairment of investments and came to a decision that these assets are not impaired as of 31 December 2017.

Therefore, the valuation approach to these investments applied by the Company allows avoiding inappropriate presentation of the Company's financial position, financial performance and cash flows.

The amount of unrecognised change in the market value as compared to the carrying amount as of 31 December 2017 is RUB 6,702 million (as of 31 December 2016: RUB 6,614 million; as of

31 December 2015: RUB 5,047 million). With account of the above unrecorded value change the figures in these financial statements would have been as follows:

- net assets – RUB 819,046 million (as of 31 December 2016: RUB 762,785 million, as of 31 December 2015: RUB 737,489 million);
- financial investments – RUB 305,447 million (as of 31.12.2016: RUB 285,659 million, as of 31.12.2015: RUB 315,050 million) and retained earnings – RUB 268,292 million (as of 31.12.2016: RUB 254,060 million, as of 31.12.2015: RUB 230,039 million);
- other expense – RUB 22,437 million (as of 31.12.2016 – RUB 39,903 million), net profit – RUB 36,061 million (as of 31.12.2016 – RUB 40,310 million) and basic earnings per share – RUB 0,08876 (as of 31.12.2016 – RUB 0,10436).

Impairment of investments in subsidiaries, associates and other entities for which current market value is not determinable

The Company's management analysed the negative trends related to a number of subsidiaries, which is presented below. The management performed the analysis of investments to the share capital of the entities listed below for possible signs of impairment, and also analysed possible impairment of other assets related to these subsidiaries, including those recorded within accounts receivable (see paragraph 3.2.2 of the Explanatory Notes).

As a result of the analysis, a number of subsidiaries and other organizations were impaired and a provision was made in the total amount RUB 7,747 million.

The amount of provision for impairment of investments for which the current market value is not determined as of 31 December 2017 is RUB 25,576 million (as of 31.12.2016 – RUB 17,855 million, as of 31.12.2015 – RUB 2,466 million). The initial value of long-term financial investments in respect of which a provision for impairment of financial investments was created is RUB 37,166 million as of 31.12.2017 (as of 31.12.2016 – RUB 35,096 million, as of 31.12.2015 – RUB 8,453 million).

AO Zagorskaya GAES-2. In September 2013, Zagorskaya GAES-2 which is currently under construction suffered from the flooding of a section of the GAES building from the lower reservoir. Due to the technical complexity of identifying the losses as a result of the accident, management are not able to estimate the amount of expenses needed to rectify the accident consequences and write off the damaged items of construction in progress.

Assets in relation to AO Zagorskaya GAES-2 on the balance sheet of the Company as of 31 December 2017 are as follows:

- within long-term investments: shares of AO Zagorskaya GAES-2 for the amount of RUB 60,691 million;
- within other accounts receivable: receivable, incurred from the partial payment of stock as part of additional issue of shares of AO Zagorskaya GAES-2, but before the passing of Company ownership of issue shares for the amount of RUB 6 647 million.

The analysis of recoverability of these assets performed by the Company as of 31 December 2017 was based on the following key factors:

- Construction works and the assets are insured. As at 31 December 2017 all insurance companies PIJSC Ingosstrakh, JSC AlfaStrakhovanie and JSC SOGAZ have recognized the technical incident at Zagorskaya GAES-2 as an insured event and paid insurance indemnity.
- Management plans to perform recovery work and complete construction of Zagorskaya GAES-2. As of 31 December 2017 there is significant uncertainty in terms of the expenses to be incurred on recovery of damage caused by the flooding at Zagorskaya GAES-2. However, these expenses can be significant. Capacity supply contracts were concluded in respect of Zagorskaya GAES-2. There are specific rules for the price setting in respect of new HPPs (including pumped-storage power plants) being

constructed: the price is set in a manner that guarantees payback period of 20 years for all CAPEX invested in construction.

- Following the decision of the regulatory body NP Market Council of 22 November 2016 the commissioning of the first stage of the Zagorskaya PSPP-2 and the first date of the beginning of the fulfillment of the obligations for the delivery of capacity were postponed until 1 January 2019, with respect to the second stage - until 1 January 2020. As a result of the adjustment of the terms, AO Zagorskaya PSPP-2 has no penalties for the shortage of capacity to the market under the said contracts.

Based on the analysis of factors that might indicate impairment of assets related to Zagorskaya GAES-2 construction project, the Company's management concluded that there were no such indicators as of 31 December 2017.

No negative trends which may result in impairment of other shareholdings were observed.

(b) Long-term loans issued

Loan recipient's name	31 December 2017	31 December 2016	31 December 2015	Annual rate,%
Long-term loans issued to related parties, including:				
AO Far East Generating Company	35,608	4,538	11,838	4,15%-6,40%
AO RAO ES Vostoka	8,523	-	-	4,15%-6,40%
PAO Yakutsenrgo	2,400	-	-	4,15%-6,40%
PAO Kamchatskenrgo	2,004	-	-	4,15%-6,40%
AO Sakhaenergo	1,950	3,476	3,476	4,15%-6,40%
PAO Magadanenergo	1,618	-	-	4,15%-6,40%
PAO Sakhalinenergo	1,345	-	-	4,15%-6,40%
PAO Chukotenergo	965	-	-	4,15%-6,40%
AO Teploenergосervice	588	929	929	4,15%-6,40%
AO ESK RusHydro	120	1,030	3,305	9,55%-10,095%
AO Hydroinvest	-	12,137	14,181	
AO Far East Distribution Grid Company	-	4,846	5,023	
AO Zagorskaya GAES-2	-	-	5,562	
AO Nizhne-Bureiskaya GES	-	-	4,653	
AO Ust-Srednekanskaya GES	-	-	2,111	
Other	298	129	754	
Total long-term loans issued	55,419	27,085	51,832	

As of 31 December 2017 the balance sheet line 1170 "Investments" includes the following long-term loans issued:

- the loan of RUB 35,608 million provided to AO DGK for refinancing its debt, with maturity on 27 March 2022;
- the loan of RUB 8,523 million provided to AO RAO ES Vostoka for refinancing its debt, with maturity on 20 March 2022;
- the loan of RUB 2,400 million provided to PAO Yakutsenrgo for refinancing its debt, with maturity on 31 March 2022;
- the loan of RUB 2,004 million provided to PAO Kamchatskenrgo for refinancing its debt, with maturity on 20 March 2022;
- the loan of RUB 1,950 million provided to AO Sakhaenergo for refinancing its debt, with maturity on 22 March 2022;
- the loan of RUB 1,618 million provided to PAO Magadanenergo for refinancing its debt, with maturity on 28 March 2022;

PAO RusHydro
Explanatory Notes to the 2017 Balance sheet and Statement of Financial Results
(in millions of Russian Roubles unless otherwise stated)

- the loan of RUB 1,345 million provided to PAO Sakhalinenergo for refinancing its debt, with maturity on 29 March 2022;

There are no indicators of a prolonged decline in the value of the above investments.

3.1.3 Other non-current assets (line 1190 of the balance sheet)

Line 1190 "Other non-current assets" includes expenses of future periods to be written-off from expense account during the period beyond 12 months of the reporting date.

Breakdown of total expenses of future periods by types is presented in the table below:

Narrative	31 December 2017	31 December 2016	31 December 2015
Zelenchukskaya GAES connections to the grid	1,817	1,931	-
Project documentation on the construction of Cheboksarskaya GES related to uplifting water reservoir level	1,620	1,620	1,620
Software and licenses	734	984	1,153
Borrowing costs	232	891	1,083
Other	431	150	476
Total expenses of future periods, including:	4,834	5,576	4,332
Long-term expenses of future periods which are subject to writing-off from expense account during the period beyond 12 months of the reporting date (within the balance sheet line 1190)	4,222	4,703	3,287
Short-term expenses of future periods which are subject to writing-off from expense account during 12 months of the reporting date (within the balance sheet line 1210)	612	873	1,045

As a result of works performed to uplift the level of Cheboksary water reservoir it is planned to increase the production capacity of Cheboksary GES and eliminate the increased depreciation of equipment and hydraulic engineering installations. If the Company becomes aware that it won't obtain the expected additional economic benefits, the above expenses of future periods will be written-off against other expenses.

3.2 Current assets (Section II of the balance sheet)

3.2.1 Inventories (line 1210 the balance sheet)

Narrative	31 December 2017	31 December 2016	31 December 2015
Spare parts, materials and other inventories	3,614	3,328	3,046
Short-term expenses of future periods which are subject to writing-off from expense account during 12 months of the reporting date (see paragraph 3.1.3 of the Explanatory Notes)	612	873	1,045
Other	32	51	24
Total line 1210 "Inventories"	4,258	4,252	4,115

Spare parts, materials and other inventories are measured at actual cost of acquisition. As of 31 December 2017 the provision for their impairment amounted to RUB 155 million (31 December 2016: RUB 157 million, 31 December 2015: RUB 156 million).

3.2.2 Accounts receivable (line 1230 of the balance sheet)

(a) Long-term accounts receivable (payments expected beyond 12 months of the reporting date)

Total long-term accounts receivable were RUB 54,713 million, 62,615 million and 62,549 million as of 31 December 2017, 2016 and 2015, respectively.

Breakdown by types of long-term accounts receivable is as follows:

Type of long-term accounts receivable	31 December 2017	31 December 2016	31 December 2015
Interest-free promissory notes received	29,931	29,312	28,578
Advances issued to suppliers of equipment and capital construction contractors	19,697	19,676	28,176
Interest-free loans issued	2,600	11,258	3,447
Buyers and customers	34	178	976
Lease receivables	-	152	241
Other long-term accounts receivable	2,451	2,039	1,131
Total line 1231 "Long-term accounts receivable (payments expected beyond 12 months of the reporting date)"	54,713	62,615	62,549

Long-term accounts receivable include advances issued to the following suppliers of equipment and capital construction contractors:

Counterparty	31 December 2017	31 December 2016	31 December 2015
Subsidiaries, including:	782	645	2,897
AO Hydroremont-VKK	747	616	2,859
Other	35	29	38
Other related parties, including:	-	325	-
OOO VolgaHydro	-	325	-
Total advances issued to related parties	782	970	2,897
Voith Hydro GmbH & Co KG	10,537	9,371	5,289
PAO Silovye Mashiny	7,990	9,220	14,271
OOO Siemens	266	-	-
OOO Corporation «Spechdroproject»	-	-	5,491
Other	122	115	228
Total advances issued to other counterparties	18,915	18,706	25,279
Total advances issued to suppliers of equipment and capital construction contractors	19,697	19,676	28,176

Advances issued to suppliers of equipment and capital construction contractors relating to the equipment (work) with expected supply during 2018 are included within short-term advances issued.

Long-term accounts receivable include interest-free promissory notes issued by the following issuers:

Issuer	31 December 2017	31 December 2016	31 December 2015
Other related parties, including:	25,689	25,689	25,689
PAO Boguchanskaya GES	21,027	21,027	21,027
ZAO Boguchansky Aluminium Plant	4,662	4,662	4,662
Total interest-free promissory notes received from related parties	25,689	25,689	25,689
PAO «ROSBANK»	1,491	1,491	1,491
AO «Alfa-Bank»	1,280	1,280	1,298
Bank VTB (PAO)	1,361	742	-
OAO Ulyanovskenergo	110	110	100
Total interest-free promissory notes received from other counterparties	4,242	3,623	2,889
Total long-term interest-free promissory notes receivable	29,931	29,312	28,578

As of 31 December 2017, the Company's long-term accounts receivable represented by other related parties' long-term interest-free promissory notes purchased for financing investment program consist of the following promissory notes:

- PAO Boguchanskaya GES: promissory notes for RUB 21,027 million payable on demand after 31 December 2029 (the present value of the promissory notes reflecting time value of money as of 31 December 2017 is RUB 6,880 million);
- ZAO Boguchansky Aluminium Plant: promissory notes for RUB 4,662 million payable on demand after 31 December 2024 (the present value of the promissory notes reflecting time value of money as of 31 December 2017 is RUB 2,390 million);

PAO RusHydro
Explanatory Notes to the 2017 Balance sheet and Statement of Financial Results
(in millions of Russian Roubles unless otherwise stated)

Long-term accounts receivable include interest-free loans issued to the following counterparties:

Counterparty	31 December 2017	31 December 2016	31 December 2015
Subsidiaries, including:	2,232	10,890	3,078
AO Nizhne-Bureiskaya GES	1,198	4,653	-
AO ESK RusHydro	1,034	1,034	1,034
AO CCGT in the City of Sovetskaya Gavan	-	2,355	631
AO Ust-Srednekanskaya GES	-	2,111	-
AO MGES Kabardino-Balkarii	-	407	-
AO Sakhalinskaya GRES-2	-	330	330
AO Yakutskaya GRES-2	-	-	1,003
Other	-	-	80
Other related parties	2	7	21
Total interest-free loans issued to related parties	2,234	10,897	3,099
Other	366	361	348
Total interest-free loans issued to other counterparties	366	361	348
Total long-term interest-free loans issued	2,600	11,258	3,447

Other long-term accounts receivable include the following types of receivables

Counterparty	31 December 2017	31 December 2016	31 December 2015
Interest receivable accrued on loans issued and promissory notes received, including:	2,243	1,702	690
Subsidiaries	2,243	1,702	690
Other accounts receivable	208	337	441
Total other long-term accounts receivable	2,451	2,039	1,131

Amount and movements in the impairment provision for long-term accounts receivable

Type	Period	At the beginning of the year	Provision creation	Recovery of provision	Write-off against a provision	Transfer to provision for short-term receivables	At the end of the year
Impairment provision for long-term accounts receivable, including:	2016	3,023	-	-	-	(144)	2,879
	2017	2,879	-	-	-	(144)	2,735
Trade receivables	2016	288	-	-	-	(144)	144
	2017	144	-	-	-	(144)	-
Other	2016	2,735	-	-	-	-	2,735
	2017	2,735	-	-	-	-	2,735

(b) Short-term accounts receivable (payments expected within 12 months of the reporting date)

Total short-term accounts receivable less doubtful debt provision were RUB 122,595 million, RUB 86,999 million and RUB 66,742 million as of 31 December 2017, 2016 and 2015, respectively.

Type of short-term accounts receivable	31 December 2017	31 December 2016	31 December 2015
Buyers and Customers, including:	6,726	7,120	6,741
Accounts receivable for electricity and capacity	6,649	6,214	5,752
Other	77	906	989
Advances issued, including:	4,276	10,206	14,495

TRANSLATOR'S EXPLANATORY NOTE: This version of our report/the accompanying documents is a translation from the original, which was prepared in Russian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Type of short-term accounts receivable	31 December 2017	31 December 2016	31 December 2015
Advances issued to suppliers of equipment and capital construction contractors	3,754	9,641	13,286
Other advances issued	522	565	1,209
Other debtors, including:	111,593	69,673	45,506
Interest-free promissory notes received	2,385	5,459	20,809
Interest-free loans issued	64,331	30,792	12,925
Accounts receivable from subsidiaries as part of additional issues before title for the shares issued is transferred to the Company	29,621	22,997	7,951
Indebtedness under assignment agreement (paragraph 3.12.7 of the Explanatory Notes)	9,962	8,257	-
Taxes receivable	3,322	676	1,322
Lease receivables	-	95	220
Other	1,972	1,397	2,279
Total line 1232 "Accounts receivable" (payments expected within 12 months of the reporting date)	122,595	86,999	66,742

Short-term accounts receivable include advances issued to the following suppliers of equipment and capital construction contractors relating to the equipment (work) with expected supply within 12 months of the reporting date.

Counterparty	31 December 2017	31 December 2016	31 December 2015
Subsidiaries, including:	1,013	1,207	1,764
AO Hydroremont – VKK	582	838	1,017
AO Lenhydroproject	211	171	170
AO Zagorskaya GAES-2	117	77	98
AO ChirkeiGESstroy	17	-	418
Other	86	121	61
Other related parties, including:	3	475	-
OOO VolgaHydro	3	475	-
Total advances issued to related parties	1,016	1,682	1,764
Voith Hydro GmbH & Co KG	1,118	22	739
PAO Silovye Mashiny	903	6,538	6,817
AO VNIIR Hydroelectroautomatics	420	111	167
ZAO «Technoserv A/C»	16	3	821
OOO Corporation «Spechydroproject»	-	-	986
Other	281	1,285	1,992
Total advances issued to other counterparties	2,738	7,959	11,522
Total advances issued to suppliers of equipment and capital construction contractors	3,754	9,641	13,286

Short-term accounts receivable include interest-free promissory notes issued by the following issuers:

Issuer	31 December 2017	31 December 2016	31 December 2015
Subsidiaries, including:	2,142	5,457	20,767
AO MGES Kabardino-Balkarii	2,142	2,142	1,839
AO Zaramagskie GES	-	3,090	2,524
AO Karachaeve-Cherkesskaya Hydrogenerating Company	-	84	244
OOO Index energetiki – HydroOGK	-	-	13,621
HydroOGK Aluminium Company Ltd	-	-	2,142
AO Hydroinvest	-	-	256
Other	-	141	141
Total interest-free promissory notes from related parties	2,142	5,457	20,767
Other	243	2	42
Total interest-free promissory notes from other counterparties	243	2	42

Issuer	31 December 2017	31 December 2016	31 December 2015
Total short-term interest-free promissory notes received	2,385	5,459	20,809

As of 31 December 2017, short-term receivables from subsidiaries on short-term interest-free promissory notes acquired by the Company are represented by promissory notes payable on demand.

Short-term accounts receivable include interest-free loans issued to the following counterparties:

Counterparty	31 December 2017	31 December 2016	31 December 2015
Subsidiaries, including:	64,253	30,700	12,858
OOO Index energetiki – HydroOGK	13,014	13,521	-
AO Ust-Srednekanskaya GES	11,551	6,303	3,300
AO Zaramagskie GES	8,769	-	-
AO RAO ES Vostoka	7,745	-	-
AO Yakutskaya GRES-2	6,463	1,353	-
AO Nizhne-Bureyskaya GES	3,779	-	-
AO CCGT in the City of Sovetskaya Gavan	2,355	-	-
OOO Vostok-finans	2,246	2,337	-
AO Sakhalinskaya GRES-2	2,020	-	-
AO Hydroinvest	1,896	-	-
AO MGES Kabardino-Balkarii	1,444	851	780
OOO Malye GES Stavropolya and KChR	816	31	2
OOO Verkhnebalkarskaya MGES	641	165	165
AO Sulaksky Hydrocascade	538	1,559	1,166
AO ChirkeiGESstroi	436	450	-
AO Tekhnopark Rumyantsevo	176	183	183
AO Holding company BoGES	167	3	2
AO MGES Altaya	78	251	248
OOO EZOP	-	2,902	5,265
AO Leningradskaya GAES	-	377	189
AO Blagoveschenskaya TEC	-	370	1,473
Other	119	44	85
Other related parties, including:	4	7	21
Loans issued to the Company's key management	4	7	21
Total interest-free loans issued to related parties	64,257	30,707	12,879
Total short-term interest-free loans issued to other counterparties	74	85	46
Total short-term interest-free loans issued	64,331	30,792	12,925

As of 31 December 2017, short-term interest-free loans issued include:

- the loan of RUB 13,014 million payable on demand, provided to OOO Index Energetiki – HidroOGK to novate the obligation to settle interest-free bills presented for payment;
- at call loans of RUB 11,551 million provided to OAO Ust-Srednekanskaya GES to finance expenditures under the investment project Ust-Srednekanskaya GES;
- at call loans of RUB 8,769 million provided to AO Zaramagskie GES to finance expenditures under the investment project Zaramagskie GES and to replenish its working capital to be used for refinancing payables incurred earlier (payables related to promissory notes issued by the Company);
- at call loans of RUB 7,745 million provided to AO RAO ES Vostoka to finance its investment program and other projects as well as to refinance bank loans payable.

In addition, short-term accounts receivable include receivables from the following subsidiaries, arising after partial payment for shares of additional issues but before the title to the issued shares is transferred to the Company:

Counterparty	31 December 2017	31 December 2016	31 December 2015
AO Nizhne-Bureyskaya GES	21,279	16,128	6,416
AO Zagorskaya GAES-2	6,647	5,473	-

PAO RusHydro
Explanatory Notes to the 2017 Balance sheet and Statement of Financial Results
(in millions of Russian Roubles unless otherwise stated)

Counterparty	31 December 2017	31 December 2016	31 December 2015
AO Sulaksky Hydrocascade	1,386	1,386	863
AO CCGT in the City of Sovetskaya Gavan	-	-	400
Other	309	10	272
Total accounts receivable from the following subsidiaries, arising after partial payment for shares of additional issues but before the title to the issued shares is transferred to the Company	29,621	22,997	7,951

Short-term accounts receivable includes the following types of tax receivables:

Item	31 December 2017	31 December 2016	31 December 2015
Income tax	2,905	438	945
Other taxes and levies	417	238	377
Total tax receivables	3,322	676	1,322

Amount and movements in the impairment provision for short-term accounts receivable

Type	Period	At the beginning of the year	Provision creation	Recovery of provision	Write-off against a provision	Transfer*	At the end of the year
Provision for short-term accounts receivable, including	2016	6,539	8,283	(2,368)	(179)	854	13,129
	2017	13,129	3,508	(3,965)	(97)	144	12,719
Trade receivables	2016	4,801	2,464	(1,707)	(162)	144	5,539
	2017	5,539	1,970	(1,141)	(23)	144	6,489
Advances issued	2016	109	9	(26)	(5)	-	87
	2017	87	307	(1)	(54)	-	339
Other	2016	1,629	5,811	(635)	(12)	710	7,503
	2017	7,503	1,231	(2,823)	(20)	-	5,891

* Includes transfer from provision for long-term accounts receivable and financial investments.

Overdue accounts receivable

Item	31 December 2017		31 December 2016		31 December 2015	
	Recognised under contract	Carrying amount	Recognised under contract	Carrying amount	Recognised under contract	Carrying amount
Total, including:	9,098	810	8,594	1,721	7,819	1,387
Buyers and customers	6,127	126	5,423	320	4,978	258
Advances issued	556	217	1,332	1,246	1,232	1,124
Other debtors	2,415	467	1,839	155	1,609	5

3.2.3 Short-term investments (Line 1240 of the balance sheet)

The structure of the Company's short-term investments is represented by the following assets:

Type of investment	31 December 2017	31 December 2016	31 December 2015
Bank deposits	163	4,075	10,609
Loans issued	11,686	1,230	5,270
Promissory notes	601	-	-
Total line 1240 "Investments" (excluding cash equivalents)	12,450	5,305	15,879

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PAO RusHydro
Explanatory Notes to the 2017 Balance sheet and Statement of Financial Results

(in millions of Russian Roubles unless otherwise stated)

Short-term investments and their movements

Item	Period	Opening balance		Additions*	Changes for the period*			Closing balance	
		Historical cost	Accumulated adjustment		Disposal (repayment)		Accrual of impairment provision	Historical cost	Accumulated adjustment
					Historical cost*	Accumulated adjustment			
Short-term investments, including:	2016	16,589	(710)	58,168	(67,196)	710	(2,256)	7,561	(2,256)
	2017	7,561	(2,256)	50,589	(43,551)	-	107	14,599	(2,149)
Bank deposits	2016	10,609	-	40,792	(47,326)	-	-	4,075	-
	2017	4,075	-	21,966	(25,878)	-	-	163	-
lLoans issued	2016	5,980	(710)	17,376	(19,870)	710	(2,256)	3,486	(2,256)
	2017	3,486	(2,256)	28,022	(17,673)	-	107	13,835	(2,149)
Promissory notes	2016	-	-	-	-	-	-	-	-
	2017	-	-	601	-	-	-	601	-

* Movements of short-term investments received and disposed of (repaid) in the same reporting period are presented on a gross basis.

Exposure of short-term investments to financial risks is described in paragraph 3.15 of the Explanatory Notes.

PAO RusHydro
Explanatory Notes to the 2017 Balance sheet and Statement of Financial Results
(in millions of Russian Roubles unless otherwise stated)

(a) Bank deposits

As of 31 December 2017, bank deposits include a short-term deposit of RUB 163 million placed with PAO Sberbank of Russia maturing from 15.01.2018 (as of 31 December 2016 – RUB 4,075 million maturing from 23.01.2017 till 01.03.2017). These funds represent interest income from the placement of funds that were received by the Company in 2013 during an additional issue and are intended to finance the construction of four thermal stations in the Far East.

(b) Short-term loans issued

Loan recipient's name	31 December 2017	31 December 2016	31 December 2015	Annual rate,%
Short-term loans issued to related parties, including:				
AO Far East Distribution Company	4,538	-	200	8,00%
AO Sakhaenergo	3,476	-	-	8,00%
AO Hydroinvest	1,748	-	-	9,55%-10,08%
AO Teploenergосervice	929	-	-	8,00%
AO Yakutskaya GRES-2	495	231	-	10,139%
AO ESK RusHydro	420	446	-	10,095%
AO Transport company RusHydro	-	369	72	
AO Far East Distribution Grid Company	-	177	1,607	
ZAO Verkhne-Narynskie GES	-	-	2,711	
AO Nizhne-Bureyskaya GES	-	-	509	
Other	80	7	171	
Total short-term loans issued	11,686	1,230	5,270	

As of 31 December 2017 there was provision for impairment of short-term loans issued in the total amount of RUB 2,149 million (31 December 2016: RUB 2,256 million; 31 December 2015: RUB 710 million). As of 31 December 2017 provision was made RUB 2,149 million for ZAO Verkhne-Narynskie GES. There are no indicators of a prolonged decline in the value of investments.

3.2.4 Cash and cash equivalents (line 1250 of the balance sheet)

Item	31 December 2017	31 December 2016	31 December 2015
Cash in bank	2,194	7,206	898
Cash equivalents	47,836	32,849	17,241
Cash at accounts in the Office of the Federal Treasury	899	899	-
Total line 1250 "Cash and cash equivalents"	50,929	40,954	18,139

As of 31 December 2017, 2016 and 2015, there is no restricted cash.

The balance of the target cash in the amount of RUB 899 million, received by the Company within the framework of an additional issue in previous periods for the implementation of investment projects for the construction of electric power facilities, as of 31 December 2017 is placed on special accounts in the Office of the Federal Treasury for Moscow. These funds can be used by the Company only after passing the approval procedure by the Federal Treasury on the basis of the established procedure for authorizing the expenses of organizations by Order No. 213n of the Ministry of Finance of the Russian Federation of 25 December 2015.

As of 31 December 2017, 2016 and 2015, cash equivalents included short-term bank deposits with original maturities of three months or less.

As of 31 December 2017 there were cash balances denominated in US dollars equivalent to RUB 477 million (31 December 2016: RUB 312 million; 31 December 2015: RUB 0 million).

As of 31 December 2017, interest rates on Rouble deposits were 5.55% – 7.50% p.a. (31 December 2016: 9.55% – 10.41%, 31 December 2015: 8.64% – 11.65%).

PAO RusHydro
Explanatory Notes to the 2017 Balance sheet and Statement of Financial Results
(in millions of Russian Roubles unless otherwise stated)

The Company holds cash and cash equivalents in the following credit institutions:

Credit institution	Rating on 31 December 2017	Rating agency	31 December 2017	31 December 2016	31 December 2015
Bank deposits, including:					
Bank VTB (PAO)	BB+	Standard & Poor's	32,034	20,430	2,277
Bank GPB (AO)	Ba2	Moody's	15,329	12,107	-
PAO Sberbank	Ba1	Moody's	472	312	1,728
PAO Bank FK Otkrytie			-	-	7,644
PAO AKB Svyaz-Bank			-	-	2,718
AO SMP Bank			-	-	1,874
AO Globeksbank			-	-	1,000
Total cash equivalents			47,835	32,849	17,241
Cash in banks, including:					
AO «AB Russia»	ruAA	RAEX	1,811	4	22
PAO Sberbank	Ba1	Moody's	313	479	581
Bank VTB (PAO)	BB+	Standard & Poor's	47	1,803	8
Bank GPB (AO)	Ba2	Moody's	20	4,918	245
Other			3	2	42
Total cash in bank			2,194	7,206	898

Notes to the statement of cash flows

Cash flows required for the purposes of supporting the existing scope of the Company's operations are presented within current operations. Cash flows related to expansion of the Company's business are included in investing activities.

Cash flows spent on investments and received on repayment of cash equivalents (excluding accrued interest) are not included in the cash flow statement.

Cash flows spent on investments and received on repayment of short-term bank deposits (with a maturity of more than three months) within the same reporting period, are recorded on a net basis in line 4219 "Other receipts" or line 4229 "Other payments" of the cash flow statement.

Breakdown for lines "Other receipts" and "Other payments" of the statement of cash flows is presented below:

Item	2017	2016
Other receipts from operating activities (line 4119), including:	2,214	4,209
Value added tax	1,625	3,508
Penalties, interest and fines recognised or for which court rulings on collection have been received	237	385
GDR	219	277
Other receipts from operating activities	133	39
Other payments related to operating activities (line 4129), including:	(16,899)	(12,066)
Taxes and levies	(7,831)	(7,821)
Non-budget funds	(1,783)	(1,717)
Charity payments	(1,726)	(434)
Business trip expenses	(225)	(175)
Water usage expenses	(1,401)	(1,183)
Payments of non-deliverable forward contract for shares	(3,243)	-
Payment of corporate expenses	-	(194)
Other payments related to operating activities	(690)	(542)
Other payments related to investing activities (line 4219), including:	3,934	8,578

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Item	2017	2016
Cash placement on a short-term deposit other than cash equivalent	3,918	6,537
Proceeds from the conversion of shares of the subsidiary by reducing the nominal value	-	2,017
Other payments related to investing activities	16	24
Other payments related to financing activities (line 4329), including:	(6)	(8)
Settlement of finance lease obligations (payments under lease contracts)	(2)	(5)
Other payments related to financing activities	(4)	(3)

3.3. Equity and reserves (Section III of the balance sheet)

3.3.1 Share capital (line 1310 of the balance sheet)

As of 31 December 2017, 2016 and 2015, the Company's share capital is registered according to the established procedure and fully paid:

Share capital composition	Number of shares at 31 December 2017	Number of shares at 31 December 2016	Number of shares at 31 December 2015
Ordinary shares with nominal value of RUB 1 per share	426,288,813,551	386,255,464,890	386,255,464,890

As of 31 December 2017, the following shareholders are registered in the register of shareholders:

Shareholder	Type of shareholder	Number of shares	Ownership share, %
Russian Federation represented by the Federal Agency for State Property Management	beneficial owner	258,161,535,606	60.56%
Non-Banking Credit Organisation AO National Settlement Depository	nominee holder	157,755,858,118	37.01%
Other		10,371,419,827	2.43%
Total		426,288,813,551	100.00%

The members of the Management Board of the Company hold 71 million shares of the total number of ordinary shares as of 31 December 2017 (as of 31.12.2016 - 71 million units, as of 31.12.2015 - 71 million units). Subsidiaries and associates own 3,852 million shares of the Company (as of 31.12.2016 - 18,852 million shares, as of 31.12.2015 - 21,787 million shares).

Additional issue in 2016-2017

The Company's extraordinary general meeting of shareholders held on 22 November 2016 (Minutes No. 244 on 23.11.2016) made the decision to increase the Company's share capital by placing 40,429,000,000 additional ordinary registered shares with the nominal value of RUB 1 each through public offering with payment in cash and non-monetary assets.

On 7 December 2016, the The Central Bank of the Russian Federation registered the additional issue of the Company's 40,429,000,000 ordinary registered shares No. 1-01-55038-E-042D.

In January 2017 the Company resumed the results of execution of pre-emptive right by eligible shareholders to acquire Company's shares of additional issue, registered by Bank of Russia on 7 December 2016. During the pre-emptive right period the Company placed 33,348,661 additional shares.

In March 2017, the Company and PJSC Bank VTB signed agreements related to a purchase of 55 billion ordinary shares of the Company (40 billion shares of the new issue and 15 billion shares of quasi-treasury stock) and conclusion of a 5-year non-deliverable forward contract in respect of these shares. In accordance with these agreements PJSC Bank VTB bought 40,000,000,000 shares of the Company during the current share issue. (Note 3.6.4)

The 6 March 2017 is the date of actual end of share placement. The statement of results of additional shares placement was registered by Bank of Russia at 5 June 2017. The changes in Articles was registered at 4 April 2017.

By the results of emission 40 033 348 661 shares were actually placed. That takes 99,02% of the additional issue.

3.3.2 Revaluation of non-current assets (line 1340 of the balance sheet)

As of 31 December 2017, the amount of accumulated revaluation of non-current assets is RUB 52,606 million (31 December 2016: RUB 52,705 million, 31 December 2015: RUB 52,928 million). This metric consists of the amounts of revaluation accumulated by subsidiaries and associate which the Company acquired as part of the 2008 restructuring process.

The amount of accumulated revaluation was decreased by RUB 99 million in 2017 due to disposal of items of property, plant and equipment revalued earlier (2016: RUB 223 million,).

3.3.3 Additional paid-in capital (line 1350 of the balance sheet)

As of 31 December 2017, 2016 and 2015, the Company's additional paid capital was RUB 58,424 million, RUB 58,424 million and RUB 58,424 million, respectively, and consisted of share premium of the Company and subsidiaries and associates which the Company acquired as part of the 2008 restructuring process.

3.3.4 Reserve capital (line 1360 of the balance sheet)

As of 31 December 2017, 2016 and 2015, the Company's reserve capital was RUB 13,371 million, RUB 11,278 million and RUB 9,776 million, respectively.

In accordance with the decision of the Company's annual general meeting of shareholders of 26.06.2017 (Minutes No. 16), the Company allocated 5% of its net profit for 2016 in the amount of RUB 2,093 million to the reserve capital.

3.4. Non-current liabilities (Section IV of the balance sheet)

3.4.1 Long-term borrowings (line 1410 of the balance sheet)

Balance sheet line 1410 "Borrowings" includes long-term loans payable:

Lender / creditor	31 December 2017	31 December 2016	31 December 2015
PAO Sberbank	20,000	33,389	33,389
Eurobonds (RusHydro Capital Markets DAC) issued in September 2017	20 000	-	-
Russian bonds issued in April 2016	15,000	15 000	-
Russian bonds issued in June 2017	10.000	-	-
UniCredit Bank Austria AG	4,749	4,951	6,871
AO Malaya Dmitrovka	932	652	-
Russian bonds issued in April 2015	767	-	10,000
Russian bonds issued in April 2011	250	250	-
Russian bonds issued in February 2013	-	20,000	20,000
Russian bonds issued in July 2015	-	15,000	15,000
Crédit Agricole Corporate and Investment Bank Deutschland	-	5,552	6,933
AO GVTS Energetiki	-	54	1,099
European Bank for Reconstruction and Development	-	-	10,653
Bayerische Landesbank (BayernLB)	-	-	1,125
Total line 1410 "Borrowings"	71,698	94,848	105,070

PAO RusHydro

Explanatory Notes to the 2017 Balance sheet and Statement of Financial Results

(in millions of Russian Roubles unless otherwise stated)

In June 2017 the Company placed non-convertible interest bearing market bonds of series BO-P05 with a nominal amount of RUB 10,000 million. The term of the offer is 3 years, coupon rate is 8,20% per annum.

Also October 2017, holders of Russian bonds issued in April 2015 partially presented securities for early repayment under the offer, as a result of which the Company purchased bonds with a nominal value of RUB 9,233 million. Bonds that were not presented by the holders for early redemption, with a nominal value of RUB 767 million will apply until maturity in 2023 with a coupon rate of 7.50%.

In 2017 the Company prepaid in full the credits of RUB 2,776 million received from PAO Sberbank and the credits of Euro 87 million received from Crédit Agricole Corporate and Investment Bank Deutschland.

28 September 2017 the Company finalized the placement of eurobonds issued by RusHydro Capital Markets DAC, a special purpose vehicle. Proceeds from the eurobonds were used to finance a loan to PAO RusHydro that will be used to refinance its debt liabilities, to finance the investment programme and operating expenses of the Issuer. The issue totalled RUB 20 billion. The eurobonds are maturing in 2022 and have a coupon of 8.125% p.a. paid twice a year.

As of 31 December 2017 terms of material received long-term borrowings were the following:

Lender / creditor	Agreement effective year	Redemption year	Amount in million units (in the currency of the loan)	Currency	Loan interest rate
UniCredit Bank Austria AG	2011	2026	78	Euro	3,35%
Eurobonds (RusHydro Capital Markets DAC) issued in September 2017	2017	2022	20,000	RUB	8,13%
Russian bonds issued in April 2016	2016	2019	15,000	RUB	10,35%
Russian bonds issued in June 2017	2017	2020	10,000	RUB	8,20%
PAO Sberbank	2011	2020	20,000	RUB	8,30% / 9,30%*

* Variable quarterly interest rate determined due to agreement's conditions.

As of 31 December 2017, the total amount of long-term loans to be repaid within 12 months of the reporting date and reclassified to short-term category was RUB 45.683 million (31 December 2016: RUB 10,619 million) (see paragraph 3.5.1 of the Explanatory Notes).

As of 31 December 2017, the Company has opportunity to raise funds in the total amount 96 000 million RUB on credit agreements with Bank VTB (PAO) in the amount of RUB 30 000 million maturing at 2020 and with PAO Sberbank in the amount of RUB 40,000 million maturing at 2026, with Bank GPB (AO) in the amount of RUB 20,000 maturing at 2026 and with AB Rossia (AO) in the amount up to RUB 6,000 million maturing at 2019.

Ageing analysis:

Due for repayment	31 December 2017	31 December 2016	31 December 2015
From 1 to 2 years	16,526	46,495	11,396
From 2 to 3 years	30,594	16,480	48,455
From 3 to 4 years	844	21,105	1,743
From 4 to 5 years	20,594	1,355	22,090
Over five years	3,140	9,413	21,386
Total line 1410 "Borrowings"	71,698	94,848	105,070

Interest on borrowings included into the cost of investment assets

In 2017, the amount of interest on borrowings included into the cost of investment assets was RUB 1,699 million (2016: RUB 3,262 million), of which RUB 1,476 million was the interest accrued on borrowings where the agreement does not specify that the funds are provided for special investment purpose (2016: RUB 2,900 million).

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3.4.2 Other non-current liabilities (line 1450 of the balance sheet)

Line 1450 "Other liabilities" includes long-term VAT on advances issued in the amount of RUB 1,153 million as of 31 December 2017 (31 December 2016: RUB 1,289 million, 31 December 2015: RUB 1,827 million) and trade payables in the amount of RUB 3,111 million as of 31 December 2017 (31 December 2016: RUB 2,457 million, 31 December 2015: RUB 368 million).

3.5. Current liabilities (Section V of the balance sheet)**3.5.1 Short-term borrowings (line 1510 of the Balance sheet)**

Lender / creditor	Period	Opening balance	Received / accrued	Paid / settled	Closing balance
	2016	16,250	23,371	(28,254)	11,367
Borrowings, including:	2017	11,367	54,948	(18,903)	47,412
Russian bonds issued in April 2015	2016	-	10,000	-	10,000
	2017	10,000	-	(10 000)	-
OOO AlstomRusHydroEnergy	2016	750	-	-	750
	2017	750	-	-	750
UniCredit Bank Austria AG	2016	-	550	-	550
	2017	550	611	(568)	593
Russian bonds issued in February 2013	2016	-	-	-	-
	2017	-	20,000	-	20,000
Russian bonds issued in July 2015	2016	-	-	-	-
	2017	-	15,000	-	15,000
Russian bonds issued in April 2011	2016	15,000	-	(15,000)	-
	2017	-	-	-	-
Credit Agricole Corporate and Investment Bank Deutschland before	2016	-	-	-	-
	2017	-	5 552	(5 552)	-
European Bank for Reconstruction and Development (EBRD)	2016	377	10,653	(11,030)	-
	2017	-	-	-	-
AO Leningradskaya GAES	2016	-	-	-	-
	2017	-	396	(7)	389
PAO Sberbank	2016	-	-	-	-
	2017	-	13,389	(2,776)	10,613
Other	2016	123	2,168	(2,224)	67
	2017	67	-	-	67
Interest on borrowings, including:	2016	2,690	10,779	(10,811)	2,658
	2017	2,658	9,863	(9,675)	2,846
Russian bonds issued in July 2015	2016	858	1,782	(1,773)	867
	2017	867	1,778	(1,773)	872
Russian bonds issued in February 2013	2016	652	1,704	(1,695)	661
	2017	661	1,700	(1,695)	666
PAO Sberbank	2016	528	2,882	(2,888)	522
	2017	522	2,633	(2,708)	447
Russian bonds issued in April 2016	2016	-	1,157	(786)	371
	2017	371	1,553	(1,554)	370
Russian bonds issued in June 2017	2016	-	-	-	-
	2017	-	445	(409)	36
Russian bonds issued in April 2015	2016	227	1,279	(1,272)	234
	2017	234	1,055	(1,278)	11
Russian bonds issued in April 2011	2016	240	374	(614)	-
	2017	-	29	(24)	5
European Bank for Reconstruction and Development (EBRD)	2016	180	1,338	(1,518)	-
	2017	-	-	-	-
Eurobonds (RusHydro Capital Markets DAC), issued in September 2017	2016	-	-	-	-
	2017	-	423	-	423
Other	2016	5	263	(265)	3

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Lender / creditor	Period	Opening balance	Received / accrued	Paid / settled	Closing balance
	2017	3	247	(234)	16
	2016	18,940	34,150	(39,065)	14,025
Total line 1510 "Borrowings"	2017	14,025	64,811	(28,578)	50,258

3.5.2 Accounts payable (line 1520 of the balance sheet)

Total short-term accounts payable were RUB 10,563 million, RUB 9,681 million and RUB 9,822 million as of 31 December 2017, 2016 and 2015, respectively:

Type of payables	31 December 2017	31 December 2016	31 December 2015
Trade payables	4,040	4,190	5,492
Settlements with personnel	244	24	669
Payables to state off-budget funds	134	14	135
Tax payables	5,242	4,697	3,103
Settlements with participants (founders) in payment of income	141	122	67
Settlements for the payment of own shares before the change of the charter capital in the constituent documents	-	33	-
Other	762	601	356
Total line 1520 "Accounts payable"	10,563	9,681	9,822

The balance sheet line 1521 "Trade accounts payable" includes the following types of payables:

Type of payables	31 December 2017	31 December 2016	31 December 2015
Payables to capital construction contractors	705	773	1,499
Payables to suppliers of equipment and other non-current assets	1,842	1,801	2,071
Payables for purchase of electricity and capacity	427	432	774
Payables to suppliers of repair and maintenance services	381	322	405
Other	685	862	743
Total line 1521 "Trade accounts payable"	4,040	4,190	5,492

The balance sheet line 1524 "Taxes payable" includes current payables on the following taxes:

Tax	31 December 2017	31 December 2016	31 December 2015
Property tax payable	1,291	1,338	1,494
VAT payable	3,902	3,113	1,480
Income tax payable	-	239	-
Other taxes payable	49	7	129
Total line 1524 "Taxes payable"	5,242	4,697	3,103

3.5.3 Estimated liabilities (line 1540 of the balance sheet)

As of 31 December 2017 the total estimated liabilities are RUB 2,976 million (31 December 2016: RUB 2,447 million, 31 December 2015: RUB 601 million).

The estimated liabilities have a short-term nature.

Item	Period	Opening balance	Recognised	Settled	Written off as surplus	Closing balance
Estimated liabilities, including:	2016	601	3,057	(958)	(253)	2,447
	2017	2,447	3,201	(2,381)	(291)	2,976
for remuneration payments	2016	-	1,364	-	-	1,364
	2017	1,364	1,876	(1,321)	(43)	1,876
for litigation	2016	61	627	(61)	-	627
	2017	627	181	(125)	-	683
for forthcoming payment of earned but	2016	540	1,066	(897)	(253)	456

Item	Period	Opening balance	Recognised	Settled	Written off as surplus	Closing balance
unused employee vacations	2017	456	1,144	(935)	(248)	417

3.6. Off-balance-sheet valuables

3.6.1 Leased property, plant and equipment

As of 31 December 2017, the total rented property, plant and equipment are RUB 35 760 million (31 December 2016: RUB 33,862 million, 31 December 2015: RUB 38,490 million). In 2017, the Company did not receive any property, plant and equipment under lease contracts.

The Company rented and received items of property, plant and equipment under lease contracts from the following entities:

Lessor	31 December 2017	31 December 2016	31 December 2015
AO Sulakskiy HydroKaskad	10 478	9,463	9,721
Ministry of Property Relations of Moscow region	4 956	4,956	4,956
AO Zaramagskie GES	4 927	4,927	5,042
AO Malye GES Kabardino-Balkarii	3 567	-	-
AO Malaya Dmitrovka	3 394	3,381	3,391
Territorial Office of Federal Property Management Agency (Rosimyschestvo) in the Stavropol Territory	2 771	3,185	2,549
Novosibirsk Department of Land and Property Relations	777	777	779
Territorial Office of Federal Property Management Agency in the Volgograd region	604	604	260
Territorial Office of Federal Property Management Agency in the Nizhny Novgorod region	569	569	569
Perm Department of Land and Property Relations	502	1,307	1,350
Other	3,215	4,659	4,703
Total rent of property, plant and equipment	35,760	32,671	36,221
OOO Leasefinance	-	1,022	1,022
ZAO Business Alliance	-	169	321
OOO RB-Leasing	-	-	829
Other	-	-	97
Total lease of property, plant and equipment under lease contracts	-	1,191	2,269
Total rent and lease of property, plant and equipment	35,760	33,862	38,490

3.6.2 Collateral for liabilities and payments received

Counterparty	31 December 2017	31 December 2016	31 December 2015
PAO Silovye Mashiny	7,878	8,780	8,655
Voith Hydro GmbH & Co KG	4,809	5,433	7,041
OOO EZOP	3,214	5,428	5,428
OOO Vostok-finans	2,106	2,106	-
AO VNIIR Hydroelectroavtomatika	857	429	424
AO Hydroelectromontazh	453	453	453
OOO «Simens»	364	-	-
AO TEK Mosenergo	272	392	405
AO Trest Hydromontazh	121	390	-
ZAO A-security	56	194	294
AO Hydroinvest	-	984	3,919
AO Transport company RusHydro	-	511	511
Other	1,545	1,953	2,488

PAO RusHydro
Explanatory Notes to the 2017 Balance sheet and Statement of Financial Results
(in millions of Russian Roubles unless otherwise stated)

Counterparty	31 December 2017	31 December 2016	31 December 2015
Total collateral for liabilities and payments received	21,675	27,053	29,618

For a number of agreements for delivery of equipment and capital construction with Voith Hydro GmbH & Co KG, PAO Silovye Mashiny, AO Hydroelectromontazh, AO VNIIR Hydroelectroavtomatica, AO TEK Mosenergo and others the Company received bank guarantees for return, in full or in part, of the advances issued to these entities or due fulfilment of the contractual scope of work by these entities.

3.6.3 Collateral for liabilities and payments issued

The Company issued the following collaterals and guarantees:

Creditor	Debtor	31 December 2017	31 December 2016	31 December 2015
GC Vnesheconombank	PAO Boguchanskaya GES	46,962	47,777	48,426
PAO Sberbank	PAO Far East Energy Company	7,460	-	5,531
PAO Sberbank	PAO Far East Generating Company	5,400	10,760	7,102
PAO Sberbank	PAO Kamchatskenergo	4,768	3,978	3,978
GC Vnesheconombank	ZAO Boguchansky Aluminium Smelter	4,615	4,615	4,615
PAO VTB Bank	AO Far East Generating Company	4,521	11,556	4,522
Rosbank AKB PAO	AO Far East Generating Company	2,395	2,704	851
European Bank for Reconstruction and Development (EBRD)	ZAO International Energy Corporation	1,367	1,538	1,845
Asian Development Bank, ADB	ZAO International Energy Corporation	1,367	1,538	1,845
PAO Sberbank	PAO Magadanenergo	1,248	500	-
PAO Sberbank	PAO Sakhalinenergo	651	651	651
ZAO International Energy Corporation	RusHydro International AG	523	-	-
PAO VTB Bank	PAO Magadanenergo	492	-	-
IFTS №4 Russia in Moscow	PAO Far East Energy Company	335	-	-
Rosbank AKB PAO	PAO Far East Energy Company	-	3,313	-
European Bank for Reconstruction and Development (EBRD)	AO RAO ES of East	-	3,276	3,695
PAO Sberbank	AO RAO ES of East	-	2,878	2,095
PAO VTB Bank	AO RAO ES of East	-	1,831	-
Bank GPB (AO)	AO RAO ES of East	-	1,323	-
Bank GPB (AO)	AO Magadanenergo	-	1,012	401
AO Russian Regional Development Bank	AO Magadanenergo	-	900	-
PAO Sberbank	AO Chukotenergo	-	860	-
European Investment Bank	AO RAO ES of East	-	-	4,012
Bank GPB (AO)	AO Far East Generating Company	-	-	1,002
Bank GPB (AO)	PAO Far East Energy Company	-	-	762
Other	Other	812	916	1,424
Total collateral for liabilities and payments issued		82,916	101,926	92,757

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In 2017 the Company issued guarantees:

- Guarantees provided for liabilities of AO DGK under its loan agreements with PAO Sberbank and PAO ROSBANK cover the principle amount and interest. The guarantees expire in 2019.
- Guarantees provided for liabilities of PAO DEK under its loan agreements with PAO Sberbank cover the principle amount and interest. The guarantees expire in 2019, 2021 and 2022.
- Guarantees provided for liabilities of PAO Kamchatskenergo under its loan agreements with PAO Sberbank and Bank VTB (PAO) cover the principle amount and interest. The guarantees expire in 2021 and 2022.
- Guarantees provided for liabilities of PAO Magadanenergo under its loan agreements with PAO Sberbank and Bank VTB (PAO) cover the principle amount and interest. The guarantees expire in 2021 and 2022.

Guarantees issued by the Company for liabilities of PAO Boguchanskaya GES under its loan agreement with GC Vnesheconombank include:

- total liabilities of PAO Boguchanskaya GES under the loan agreement, including accumulated interest in the amount of RUB 25 935 million as of 31 December 2017 (31 December 2016: RUB 26 750 million);
- pledge of PAO Boguchanskaya GES's interest-free promissory notes for the total of RUB 21,027 million (see Note 3.2.2 of the Explanatory Notes) and pledge of shares for the total of RUB 14 thousand.

RUSAL Group undertakes to reimburse the Company for 50 percent of liabilities settled under this guarantee by the Company for PAO Boguchanskaya GES. In February 2018, an agreement on the termination of the guarantee contract was signed. The parties agreed to terminate the guarantee contract starting from the date of signing.

3.6.4 Non-deliverable forward contract for shares

In March 2017 the Company signed a contract with Bank VTB (PAO) (hereinafter the "Bank") under which the Bank is to acquire 55 billion ordinary shares of the Company and a non-deliverable equity forward for these shares for a 5-year period. Under the contract the Bank bought 40 000 000 000 shares of the Company from the current additional issue of the Company shares (see para 3.3.1 of the Notes) and 15 000 000 000 shares of the Company from subsidiaries at the price of RUB 1 per share for the total amount of RUB 55 billion.

Cash received from the Bank was used to provide long-term special purpose loans to AO RAO ES Vostoka and its subsidiaries to refinance their current liabilities to banks (see para 3.1.2 of the Notes).

According to the forward contract, the forward value is determined as the purchase consideration paid by the Bank plus the amount of prepayment that the Company pays to the Bank on a quarterly basis. The prepayment amount is calculated using a special formula that reduces the prepayment amount by the amount of dividends received by the Bank in the effective period of the forward contract.

The Bank is assumed to sell the Company's shares at the time of final settlement under the forward contract. The difference between the proceeds that the Bank will receive from the sale of these shares and their forward value is subject to cash settlement between the Company and the Bank. Thus, if the forward value is higher than the purchase consideration paid for the shares sold, the Company will reimburse the difference, net of the prepaid amount, to the Bank and, vice versa, if the proceeds from the sale of shares are in excess of the forward value, the difference will be paid by the Bank to the Company. If, for any reason, the Bank does not sell the shares, they will continue to be held by the Bank. If this is the case, the amount of additional payment to be made when closing the forward transaction is calculated based on the quoted market price of the Company's shares.

Thus, the payments will be made upon expiry of the forward contract or earlier, if the Bank sells the shares held. The payment can be made both by the Company to the Bank or by the Bank to the

Company, depending on the level of the market value of the Company's shares at the time of sale / expiry of the transaction term and their forward value.

Management of the Company analysed terms of the contract with the Bank and concluded that the Bank acts a full-fledged shareholder as it receives the right to take part in the Company's governance and the right to receive dividends while the Company does not have any obligations to buy the shares back from the Bank or any other binding arrangements. According to the management, decreasing a prepaid amount of forward value by the amounts of dividends received by the Bank does not directly represent a return of dividends, and, therefore, does not limit the Bank in terms of receiving benefits from the share ownership.

As at 31 December 2017 the fair value of the liability under the non-deliverable equity forward calculates in accordance with IFRS was RUB 20,716 million.

As at 31 December 2017 the Company's management believe that there will be no return of prepaid amounts to the Company upon expiry of the five year period at the time of the forward contract closure. Given the above and following the prudence, principle prepayments of RUB 3,243 million made under the non-deliverable forward contract in 2017 are recognised within other expenses (see paragraph 3.3 of the Explanatory Notes).

3.7 Income and expenses on operating activities (statement of financial results)

3.7.1 Revenue (line 2110 of the statement of financial results)

Revenue from sales of electricity and capacity has the largest percentage in the Company's revenue structure (99,7%).

Item	2017	2016
Sale of electricity	78,900	77,338
Sale of capacity	65,393	36,833
Sale of heat	157	168
Other	247	694
Total line 2110 "Revenue"	144,697	115,033

The Company sells a major part of its produced electricity and capacity (99,9%) on the wholesale electricity and capacity market, where sales are made at non-regulated prices (except for sales at regulated tariffs in the RF Far East non-pricing zone and volumes produced for selling to households or equivalent consumer categories).

3.7.2 Cost of sales (line 2120 of the statement of financial results)

Item	2017	2016
Fees for administering the wholesale market of electricity and capacity (AO SO UES, AO ARS, AO CFR), incl.:	26,947	2,813
Earmarked contributions to the budget of constituent entities of the Russian Federation	23,995	-
Depreciation and amortisation	16,680	15,213
Wages and social insurance contributions	10,444	9,408
Purchased electricity and capacity	7,015	7,023
Property tax	6,744	6,771
Third party services	4,286	3,720
Repairs and maintenance	3,729	3,724
Lease expenses	1,933	1,579
Fire and other security services	1,712	1,730
Insurance expenses	1,660	1,710
Water usage expenses, water tax	1,464	1,267
Lease of power equipment	58	186
Other expenses	1,135	1,212
Total line 2120 "Cost of sales"	83,807	56,356

The cost of sales include administrative expenses. In 2017, administrative expenses totalled RUB 7,567 million (2016: RUB 6,004 million). Administrative expenses include expenses on the maintenance of subdivisions and premises of the Executive Body and the branch "Corporative University of the Hydro Power Industry" (including payroll and social expenses, PP&E depreciation charge, lease expenses, security costs etc.), insurance, legal, advisory, information, audit and other similar services, representation and other expenses.

Electricity and capacity market administration expenses include RUB 23,995 million of special-purpose contributions to the budgets of Russian constituent regions in the Far Eastern Territory in accordance with the Rules of targeted use of funds received from applying a mark-up on the cost of capacity sold in the price ranges of the wholesale power and capacity market.

Operating expenses broken down by cost elements are as follows:

Item	2017	2016
Material expenses	17,389	17,122
Payroll expenses	8,422	7,570
Social contributions	2,318	2,142
Depreciation and amortisation	16,680	15,213
Other costs	38,998	14,309
Total for elements of costs	83,807	56,356
Change in balances of work in progress, finished goods, etc. (increase [-] / decrease [+])	-	-
Total expenses incurred on operating activities	83,807	56,356

3.8 Other income and expenses (line 2340 and line 2350 of the statement of financial results)

Item	2017		2016	
	Income	Expenses	Income	Expenses
Doubtful debt provision	3,965	(3,508)	2,368	(8,283)
Foreign exchange differences from remeasurement of assets and liabilities denominated in foreign currencies	1,661	(2,080)	4,789	(2,306)
Income and expenses from sales, write-off and other transactions with assets	540	(754)	9,847	(7,987)
Gains / (losses) from revaluation of investments measured at current market value	531	(1,424)	5,544	(12)
Income and expenses due to sale or other disposal of securities (exception promissory notes)	125	(133)	-	-
Provision for impairment of investments	16	(7,755)	14	(17,658)
Charity donations	-	(1,667)	-	(462)
Expenses for social events	-	(425)	-	(457)
Expenses on operations with derivatives	-	(3,243)	-	-
Other income and expenses	1,057	(1,360)	1,192	(1,171)
Total line 2340 "Other income" and 2350 "Other expenses"	7,895	(22,349)	23,754	(38,336)

3.9 Taxes

Value Added Tax

Total VAT calculated with due account of recovered tax amounts was RUB 38,350 million in the reporting year (2016: RUB 35,173 million), including:

- VAT calculated on sales of goods (work, services) is RUB 26,053 million (2016: RUB 22,396 million);

- VAT calculated on the amounts of received payment or partial payment for goods (work, services) to be delivered in the future is RUB 10,501 million (2016: RUB 10,652 million);
- recoverable amount of tax is RUB 1,796 million (2016: RUB 2,125 million).

Total VAT recoverable in the reporting period was RUB 20,393 million (2016: RUB 21,383 million), including:

- VAT recoverable invoiced to the taxpayer on acquisition of goods (work, services), property rights in Russia was RUB 7,917 million (2016: RUB 8,839 million);
- VAT calculated on the amounts of received payment or partial payment for goods (work, services) to be deducted from their delivery date was RUB 10,501 million (2016: RUB 10,652 million);
- VAT calculated on the amounts of payment or partial payment for goods (work, services) to be delivered in the future was RUB 1,372 million (2016: RUB 1,352 million);
- VAT recovered in 2017 which was paid earlier when the goods were imported to the Russian customs territory was RUB 565 million (2016: RUB 539 million);
- other recoverable VAT was RUB 38 million (2016: RUB 1 million).

The Company decreases the calculated VAT by the amount invoiced on purchase of goods (work, services) in Russia, according to tax legislation.

Corporate income tax

Income tax calculated on the basis of the accounting profit (theoretical income tax charge) for the reporting year was RUB 9,921 million (2016: RUB 10,877 million).

The Company applied tax rate of 20% in the calculation of income tax based on accounting profit received by the Company's branches (excluding profits received by branches Kamsksya GES and Votkinskaya GES that apply 17% rate).

According to the tax accounting data, the taxable profit for 2017 was RUB 49,399 million (2016: RUB 56,327 million).

In the reporting year, the amount of non-temporary differences which affected the theoretical income tax charge adjustment for the purposes of income tax calculated for tax accounting purposes (current income tax) was RUB 15,458 million (2016: RUB 8,949 million).

The above non-temporary differences arise from differences in recognising certain income and expenses for accounting and income tax purposes.

Non-temporary differences resulted in permanent tax assets amounted to RUB 3,190 million for 2017 (2016: 15,124 million), including:

- income from participation in other entities (dividends) in the amount of RUB 2,563 for 2017 (2016: RUB 9,367 million);
- increase in value of financial placements determined in fair value in the amount of RUB 531 million (2016: RUB 5,532 million);
- other non-temporary differences in the amount of RUB 96 million (2016: RUB 225 million).

Non-temporary differences resulted in the permanent tax liability amounted to RUB 18,648 million for 2017 (2016: 24,073 million), including:

- depreciation of RUB 3,209 million (2016: RUB 3,254 million);
- charges to doubtful debt provision in the amount of RUB 31 million (2016: RUB 894 million);
- charity donations in the amount of RUB 1,644 million (2016: RUB 462 million);
- expenses related to sale, disposal or other transactions with assets in the amount of RUB 253 million (2016: RUB 531 million);
- provision for impairment of financial investments in the amount of RUB 7,755 million (2016: RUB 17,658 million);
- loss on transactions in derivative financial instruments not traded on the organized financial market, RUB 3,230 million (2016: RUB 0 million);
- decrease in the value of financial investments, which determine the current market value, in the amount of RUB 1,424 million (2016: RUB 12 million);
- other non-temporary differences in the amount of RUB 1,102 million (2016: RUB 1,274 million).

The total amount of deductible temporary differences, which affected the adjustment of the theoretical income tax charge for the purpose of the current income tax calculated for tax accounting purposes, was RUB 1,041 million (2016: RUB 6,934 million), including those originated – RUB 11,981 million (2016: RUB 11,724 million) and settled – RUB 13,022 million (2016: RUB 4,790 million).

Total amount of taxable temporary differences that affected the theoretical income tax expense adjustment for the purpose of the income tax calculation for tax accounting purposes, was RUB 15,585 million (2016: RUB 13,080 million), including those originated – RUB 22,011 million (2016: RUB 21,776 million) and settled – RUB 6,426 million (2016: RUB 8,696 million).

In 2017, movement in deductible and taxable temporary differences was mainly due to:

- different useful lives of property, plant and equipment for accounting and income tax purposes;
- recognition of depreciation premium on items of property, plant and equipment for income tax purposes;
- application of multiplying factor for accrual of depreciation charges on property, plant and equipment used in operations in a hostile environment with a high turnover for tax accounting purposes in prior periods;
- capitalisation of interest on borrowings in the cost of investment assets for accounting purposes;
- including the costs of insurance in the value of investment assets in the accounting records of the Company.

Deferred tax assets and deferred tax liabilities were:

Item	31 December 2017	31 December 2016	31 December 2015
Deferred income tax assets	(3,043)	(3,248)	(1,864)
Deferred tax liabilities	20,156	16,924	14,266
Total line 1420 “Deferred tax liabilities”	17,113	13,676	12,402

Line 2430 “Change in deferred tax liabilities” includes increase of deferred tax liabilities in amount of RUB 125 million with no effect on current income tax. Line 2450 “Change in deferred tax assets” includes decrease of deferred tax assets in amount of RUB 211 million with no effect on current income tax.

Other taxes and levies

In 2017, operating expenses include other taxes and levies in the amount of RUB 8,457 million (2016: RUB 8,384 million), including:

- property tax in the amount of RUB 6,744 million (2016: RUB 6,771 million);
- insurance contributions to the Pension Fund of the Russian Federation, Social Insurance Fund of the Russian Federation and obligatory medical insurance funds in the amount of RUB 1,704 million (2016: RUB 1,596 million), including contributions related to estimated liabilities on future payment of employee vacations earned but not used;
- other taxes and levies in the amount of RUB 9 million (2016: RUB 17 million).

Relations with tax authorities

Russian tax legislation active or effective as of the end of the reporting period allows varying interpretation of the separate facts of the Company’s economic life. As a consequence, the position of the Company’s management in terms of taxes and documents substantiated this position may be challenged by tax authorities. The tax control in Russian Federation gets stringent resulting in increase of tax inspections risk. These inspections may cover 3 calendar years preceding the year when the decision about inspection was made. In some cases the earlier periods may be examined.

As of 31 December 2017, the Company’s management believe that their interpretation of the relevant legislation was appropriate, tax liabilities are recorded in full and the Company’s tax and currency positions will be sustained.

In 2016, the tax authorities conducted an on-site tax audit for 2012-2014, according to which the Company was presented claims, part of which were successfully challenged by the Company. For the rest of the claims, the Company will file an appeal with the higher tax authority and, if necessary, intend to appeal the claims in court in the future.

3.10 Dividends

The Company's annual general meeting of shareholders held on 27 June 2017 (Minutes No. 16) made the decision to pay dividends on the Company's ordinary shares for 2016 in the amount of RUB 0,0466245 per 1 share for the total of RUB 19,876 million

The Company's annual general meeting of shareholders held on 27 June 2016 (Minutes No. 15) made the decision to pay dividends on the Company's ordinary shares for 2015 in the amount of RUB 0,038863 per 1 share for the total of RUB 15,011 million.

3.11 Earnings per share

Basic earnings per share reflect a portion of reporting period's profit that may be potentially distributed between the shareholders – owners of ordinary shares. It is calculated by dividing basic profit of the reporting year by the weighted average number of ordinary shares outstanding during the year. Basic profit is equal to net profit of the reporting year (Line 2400 of the statement of financial results).

Item	2017	2016
Basic profit for the reporting year (RUB million)	36,149	41,877
Weighted average number of ordinary shares, outstanding during the reporting year (shares)	406,272,139,221	386,255,464,890
Basic earnings per share (RUB)	0,08898	0,10842

Weighted average number of ordinary shares, outstanding during the reporting year was calculated as follows:

Item	2017
Number of ordinary shares outstanding as of 1 January 2017 (shares)	386,255,464,890
Number of additional shares outstanding in 2017, registered 07.12.2016, paid by shareholders (see paragraph 3.3.1 Explanatory Notes) (pieces of shares)	40,033,348,661
Number of ordinary shares outstanding as of 1 December 2017 (shares)	426,288,813,551
Number of ordinary shares outstanding as of 31 December 2017 (shares)	426,288,813,551
Weighted average number of ordinary shares, outstanding in 2017 (shares) (386,255,464,890 * 6 months + 426,288,813,551 * 6 months) / 12 months	406,272,139,221
Item	2016
Number of ordinary shares outstanding as of 1 January 2016 (shares)	386,255,464,890
Number of ordinary shares outstanding as of 1 December 2016 (shares)	386,255,464,890
Number of ordinary shares outstanding as of 31 December 2016 (shares)	386,255,464,890
Weighted average number of ordinary shares, outstanding in 2016 (shares) (386,255,464,890 * 12 month) / 12 months	386,255,464,890

In 2017 and 2016, the Company had no debt securities potentially convertible to shares.

3.12 Related Parties

The Company's related parties are its subsidiaries and associates and other entities where the Company has indirect control or significant influence through its subsidiaries and associates.

The list of the Company's related parties is given on the web-site – www.rushydro.ru/investors/disclosure/affiliated

3.12.1 Controlling entity

As of 31 December 2017 the Company is controlled by the Russian Government (represented by the Federal Agency for Federal Property Management) which owns, 60,56% of the Company's ordinary shares (see paragraph 3.3.1 of the Explanatory Notes).

3.12.2 Sales to related parties

Total revenue from sales to related parties was:

Name of the buyer	2017	2016
Revenue from sales to subsidiaries, including:		
PAO Far East Energy Company	6,557	6,148
PAO Krasnoyarskenergosbyt	919	854
AO Chuvashskaya Energy Sales Company	742	634
AO ESK RusHydro	583	197
PAO Ryazanskaya Energy Sales Company	249	234
OOO ESK Bashkortostana*	-	2,018
Other subsidiaries	106	117
Revenue from sales to related parties, including:		
PAO Boguchanskaya GES	112	110
ZAO Boguchanskiy Alluminievy zavod	54	668
Total sales to related parties	9,322	10,980

* OOO ESK Bashkortostana was the related party until 01 December 2016

Sales to related parties include, among others, sales of electricity and capacity in the regulated sector of WEM at tariffs determined by the Federal Tariff Service and in the competitive sector at commercial prices established in accordance with the Wholesale Market Rules and Regulation of the Russian Government No. 109 of 26 February 2004, On Pricing of Electric and Heating Energy in the Russian Federation, and Regulation on the Company's sales policy for operating generation assets in the price zones of the wholesale electricity (capacity) market (minutes of the meeting of the Management Board No. 528 of 17 September 2010).

3.12.3 Purchases from related parties

The cost of services provided by related parties was:

Name of the supplier	2017	2016
Construction-and-assembling operations, survey and design works, research and development, including:		
Subsidiaries		
AO Hydroremont-VKK	1 559	2 194
AO Institut Hydroproject	309	388
AO Lenhydroproject	240	538
AO Mosoblhydroproject	228	400
AO VNIIG im. B.E.Vedeneyeva	192	110
AO ChirkeyGESStroy	28	602
Other	107	148
Other related parties		
OOO VolgaHydro	-	900
Total construction-and-assembling operations, survey and design works, research and development:	2 663	5 280
Services rendered by related parties, including:		
Subsidiary company:		
AO Hydroremont-VKK	2 925	2 863
AO Transport company Rushydro	1 433	1 563
AO Sulaksky HydroKaskad	527	428
AO Malaya Dmitrovka	514	514
OOO RusHydro IT Servis	416	316
OOO SNRG	260	248

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PAO RusHydro
Explanatory Notes to the 2017 Balance sheet and Statement of Financial Results
(in millions of Russian Roubles unless otherwise stated)

Name of the supplier	2017	2016
AO Zaramagskiye GES	249	253
AO VNIIG im. B.E.Vedeneyeva	182	250
AO Malye GES Kabardino-Balkarskoy Respubliki	181	-
Other	279	198
Other related parties	7	30
Services rendered by related parties, total	6 973	6 663
Purchased electricity	2	1
Total purchases from related parties	9 638	11,944

3.12.4 Settlements with non-state pension fund

Non-state Pension Fund of Electrical Energy Industry is the non-state pension fund for implementation of the non-governmental pension security program for the Company's employees. The total amount of contributions to the pension fund was RUB 265 million and RUB 275 million for 2017 and 2016, respectively.

3.12.5 Settlements with related parties

As of 31 December 2017, 2016 and 2015, accounts receivable from related parties to the Company less doubtful debt provision were (see paragraph 3.2.2 of the Explanatory Notes):

Type of accounts receivable	31 December 2017	31 December 2016	31 December 2015
Short-term interest-free promissory notes received	2,142	5,457	20,767
Short-term interest-free loans issued	64,257	30,700	12,879
Long-term interest-free promissory notes received	25,689	25,689	25,689
Accounts receivable from subsidiaries as part of additional issues before title for the shares issued is transferred to the Company	29,621	22,997	7,951
Indebtedness under the assignment agreement	9,962	8,257	-
Long-term interest-free loans issued	2,234	10,897	3,099
Accounts receivable related to other sales	952	1,217	1,574
Other settlements with related parties	5,869	5,673	8,213
Total accounts receivable from related parties	140,726	110,887	80,172

Terms and conditions of settlements with related parties provide for the Company to make advance payments on transactions with individual related parties. As of 31 December 2017 balances include advances issued for the amount of RUB 2 240 million (31 December 2016: RUB 3,334 million, 31 December 2015: RUB 5,926 million).

Doubtful debt provision for related parties' accounts receivables as of 31 December 2017 was RUB 4 123 million (31 December 2016: RUB 5,904 million; 31 December 2015: RUB 291 million).

As of 31 December 2017, 2016 and 2015, the Company's accounts payable to the related parties were:

	31 December 2017	31 December 2016	31 December 2015
Subsidiaries	1,001	1,164	2,707
Other related parties	18	81	750
Total accounts payable to related parties	1,019	1,245	3,457

The whole amount accounts payable to related parties is payable in cash.

3.12.6 Related parties' debt within investments

As of 31 December 2017, 2016 and 2015, The Company's investments include the following amounts due from related parties (see paragraphs 3.1.2 and 3.2.3 of the Explanatory Notes):

Type of financial investments	31 December 2017	31 December 2016	31 December 2015
Loans issued to related parties	67,105	28,315	57,102

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Type of financial investments	31 December 2017	31 December 2016	31 December 2015
Other investments	601	601	601
Total related parties' debt within investments	67,706	28,916	57,703
Total debt within long-term investments (Line 1170 of the Balance sheet)	55,419	27,686	52,433
Total debt within short-term investments (Line 1240 of the Balance sheet)	12,287	1,230	5,270

Interest income on loans issued to related parties and promissory notes received from related parties:

Entity	2017	2016
Subsidiaries, including:	3,689	4,986
AO Far East Generating Company	1,797	1,372
AO Sakhaenergo	358	278
AO RAO Energy Systems of the East	339	-
AO Hydroinvest	312	1,031
AO Far East Distribution Grid Company	212	697
AO Teploenergoservis	98	74
PAO Yakutskenergo	97	-
AO ESK RusHydro	80	315
AO Nizhne-Bureyskaya GES	-	424
AO Zagorskaya GAES-2	-	355
AO Sakhaenergo	-	278
AO Ust-Srednekanskaya GES	-	163
Other	396	277
Other subsidiaries	63	61
Total interest income	3,752	5,047

3.12.7 Income from investments in other companies (related parties)

Income from investments in other companies includes income from investments in subsidiaries in the amount of RUB 2,303 million for 2017 (2016: RUB 9,447 million):

Entity	2017	2016
HydroOGK Power Company Ltd	1,706	8 257
AO Blagoveschenskaya TETS	176	-
AO Hydroremont-VKK	154	191
AO Lenhydroproject	101	114
AO GVTS Energetiki	4	698
Other	162	187
Total income from investments in subsidiaries	2,303	9,447

In 2017 and 2016, dividends were received from HydroOGK Power Company Ltd in the amount of RUB 1,706 million and 8,257 million in non-monetary form by way of assignment of accounts receivable of the subsidiary company of HC Boguchanskaya HPP classified as part of other short-term accounts receivable of the Company as of December 31, 2017 (see paragraph 3.2.2 of the Explanatory Note).

3.12.8 Remuneration to key management personnel

The Company's key management personnel includes members of the Board of directors and Management Board and also includes heads of the Company's business divisions and their deputies.

The remuneration to the members of the Board of directors is calculated according to the *Regulations on the payment of remuneration to PAO RusHydro's directors* approved by the Annual General Meeting of Shareholders held on 27 June 2017 (Minutes No. 16).

Remuneration is paid to members of the Management Board and other management personnel of the Company for their services in management positions and is made up of a contractual salary and performance bonuses depending on the results for the period calculated based on key performance indicators approved by the Company's Board of directors.

The list of members of the Company's Board of directors and Management Board is included in paragraph 1.1 of the Explanatory Notes.

In 2017 and 2016, the Company remuneration to key management personnel within the limits set out in their employment agreements for the total amount of RUB 1,141 million and RUB 666 million, respectively. The insurance contributions amounted to RUB 190 million for 2017 (2016: RUB 146 million). In addition, in 2017, an appraisal obligation was established for premiums to key management personnel in the amount of RUB 400 million (2016: RUB 165 million). In calculation of the estimated liability for remuneration payments includes the expected remuneration for 2017 as part of the Long-Term Motivation Program of the Company's key management.

3.12.9 Cash flows between the Company and subsidiaries/associates

Item	Line code	2017	2016
Cash flows from operating activities			
Receipts, including:	4110	8,126	8,896
sales of products, goods, work and services	4111	8,026	8,818
lease payments, licence payments, royalties, commission and other payments	4112	67	62
other receipts	4119	33	16
Payments, including:	4120	(7,237)	(6,447)
suppliers (contractors) – raw materials, work and services	4121	(7,095)	(6,329)
interest on debt liabilities	4123	(39)	(17)
other payments	4129	(103)	(101)
Net cash flows from operating activities	4100	889	2,449
Cash flows from investing activities			
Receipts, including:	4210	30,667	29,886
sale of non-current assets (except for investments)	4211	241	95
sale of shares of other organisations (ownership interest)	4212	9	-
repayment of loans issued, sale of debt securities (rights of claiming cash to third parties)	4213	27,384	22,400
dividends, interest on debt investments and similar proceeds from equity participation in other organisations	4214	3,017	5,351
other receipts	4219	16	2,040
Payments, including:	4220	(96,487)	(40,108)
acquisition, creation, modernisation, reconstruction and preparation for use of non-current assets	4221	(3,103)	(6,256)
purchase of shares (interest) in other entities	4222	(7,524)	(23,829)
acquisition of debt securities (rights of claiming cash from third parties), issue of loans to third parties	4223	(85,860)	(10,023)
Net cash flows from investing activities	4200	(65,821)	(10,222)
Cash flows from financing activities			
Receipts, including:	4310	676	719
borrowings and bank loans	4311	676	719
Payments, including:	4320	(22)	(1,090)
dividends and other payments on distribution of profit in favor of owners (participants)	4322	(15)	-
redemption (buyback) of promissory notes and other debt securities, loan repayment	4323	(7)	(1,090)
Net cash flows from financing activities	4300	654	(371)
Net cash flows for the reporting period	4400	(64,277)	(8,144)

3.13 Segment Information

The Company does not identify any reporting segments in its operations, as the Company's core business activity is production of electricity and capacity – their share in the revenue from sales is 99,7%. The individuals credentialed to make the decisions concerning allocation of the resources within the Company and assess the results of its performance analyse the Company's activity as a whole segment.

3.14 Contingent liabilities

As of 31 December 2017, the Company had outstanding issued guarantees to the third parties' creditors and pledged assets for the total amount of RUB 82,916 million (31 December 2016: RUB 101,926 million, 31 December 2015: RUB 92,757 million) (see paragraph 3.6.3 of the Explanatory Notes). According to the Company's management expectations, no material liabilities will arise in connection with these guarantees.

Moreover, the prosecutor's office and other oversight bodies examined operations of the Company, and this also may result in additional claims filed against the Company and its employees.

The Russian transfer pricing legislation is aligned with the international principles developed by the Organisation for Economic Cooperation and Development (OECD). The legislation allows tax authorities to assess additional taxes for controlled transactions (transactions between related parties and some transactions between unrelated parties) if such transactions are not on an arm's length basis. The Company's management has implemented internal control procedures to ensure compliance with transfer pricing law.

Tax liabilities arising as a result of operations between the Company and its subsidiaries are determined based on the actual transaction price. There is a probability that the prices may be disputed as practice for application of the transfer rules changes. The effect of such course of events cannot be estimated reliably but may have a material effect on the Company's financial results and/or operations.

New provisions aimed at deoffshorisation of Russian economy have been added to the Russian tax legislation and are effective from 1 January 2015. Specifically, they introduce new rules for controlled foreign companies, a concept of beneficiary owner of income for the purposes of application of preferential provisions of taxation treaties of the Russian Federation. Management of the Company conducts analysis of impact of new rules on Companies' activity and takes necessary measures to meet new requirements of Russian Tax legislation. Likelihood of claims from Russian tax authorities (and probability of positive resolution of disputes) can't be reliably measured because there's no practice of new tax rules. Financial statements of the Company can be affected if tax disputes arise.

3.15 Financial risk management

The primary objectives of the financial risk management function are to provide reasonable assurance of achieving the Company's goals by developing a methodology of risk identification, analysis and assessment, as well as to establish risk limits, and then ensure that exposure to risks stays within these limits and if the limits are exceeded – to treat this risk accordingly.

Market risks

Market risks include currency risk, interest rate and price risks.

Currency risk. The Company sells its produced electricity and capacity in the Russian domestic market at prices denominated in national currency, settlements with resources suppliers, charge and acceptance of payments from the customers are made specifically in Russian roubles. Liabilities of the Company are denominated in national currency. As a result effect of changes in currency exchange rates on the Company's financial position and activities is estimated as insignificant. The Company's operations are planned and carried out in such a way that all its assets and liabilities are denominated in the national currency.

Information on the Company's exposure to currency risk is presented in line with its use for the preparation of RusHydro Group's IFRS financial statements as defined in IFRS 7:

TRANSLATOR'S EXPLANATORY NOTE: This version of our report/the accompanying documents is a translation from the original, which was prepared in Russian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
31 December 2017			
US Dollars	704	-	704
Euro	-	(6,112)	(6,112)
Total	704	(6,112)	(5,408)
31 December 2016			
US Dollars	547	-	547
Euro	-	(11,716)	(11,716)
Total	547	(11,716)	(11,169)
31 December 2015			
US Dollars	3,096	-	3,096
Euro	-	(15,426)	(15,426)
Total	3,096	(15,426)	(12,330)

The above analysis includes only monetary assets and liabilities. Investments in shares and non-monetary assets are not considered to give rise to significant currency risk.

Changes in exchange rates have no significant influence on the Company's financial position.

Interest rate risk. The Company's operating profits and cash flows from operating activity are substantially independent of the changes in market interest rates.

The effect of changes in the average market interest rates on the value of the Company's investments is insignificant as the rates of return on the Company's investments are fixed.

The Company also receives loans with floating interest rates based on MOSPRIME, Euribor rates, which leads to risk of changes in interest rates. At the same time, the share of borrowed funds with a fixed interest rate is 91% of the Company's loan portfolio. The influence of changes in these rates on the Company's profit is insignificant.

The Company monitors interest rate risk for its financial instruments. Effective interest rates as of the end of the period are presented in paragraph 3.4.1 of the Explanatory Notes.

Price risk. The Company sales power and capacity, mainly, in the wholesale market. The price risk at the wholesale market is connected with possible volatility of the prices, and also with reduction of prices of the corresponding goods.

Electricity at the wholesale market is realized by Company mainly at the market for the days ahead. Weighted average price of sale of electricity for the days ahead for the Company in 2017 didn't change significantly in comparison with an indicator of 2016.

As the key instrument for trading capacity in the wholesale market is the contracts for purchase and sale of capacity by results of competitive selection of capacity. The price of capacity, based on which liabilities under such contracts are calculated, after the transition in 2015 to long-term model of competitive selection of capacity, is determined by results of competitive selections of capacity for four years ahead. The price differences on capacity created following the results of competitive selections of capacity for 2016-2020, make no more than 5% for each price zone.

At the liberalised market of the electric power the price of goods directly depends on demand amount. For the purpose of increase in a financial result of economic activity Company considers the seasonal, week and daily changes in demand on the electric power in case of sales planning of the electric power.

The price risk determines the possible changes / fluctuations in the fair value or future cash flows due to changes in market prices (excluding changes leading to interest rate or currency risk).

The table below includes the Company's investments exposed to the price risk.

Category of investments	31 December 2017	31 December 2016	31 December 2015
Equity investments for which current market value can be determined, including:			
PAO Inter RAO	6,809	7,818	2,286
PAO Irkutskenergo	6,809	7,709	2,217
	-	65	36

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Category of investments	31 December 2017	31 December 2016	31 December 2015
PAO Krasnoyarskaya GES	-	44	33
Equity investments to subsidiaries measured at current market value but not revalued as of the reporting date	1 709	20,204	20,204
Equity investments for which current market value cannot be determined	248,212	236,565	245,174
Total equity investments (see paragraph 3.1.2 of the Explanatory Notes)	256,730	264,587	267,664

* As of 31.12.2017, the financial investment in JSC RAO ES of the East in the amount of RUB 18,495 million was included in the line "Equity investments for which the current market value is not determined", as in 2017 the company's shares were delisted from the Moscow exchange. As at 31.12.2016 and 31.12.2015 the financial investments were included in the line "Equity investments in subsidiaries subject to fair value, but revaluation at the reporting date was not made».

Current market value of quoted securities is determined by market prices established on the stock exchange PAO MICEX-RTS (<http://moex.com>), according to the 'Procedure for determining market value of securities, estimated price of securities and the threshold for the fluctuations of securities' market price for the purpose of Chapter 23 of the Russian Tax Code approved by Order of the Federal Service for Financial Markets No. 10-65/pz-n of 9 November 2010.

Credit risk

Credit risk is the possibility of the Company's losses resulting from the counterparty's inability to meet its obligations under the contract. Exposure to credit risk arises as a result of the Company's sales of products on credit terms and other transactions with counterparties giving rise to financial assets.

Although collectability of receivables can be influenced by economic factors, management believe that there is no significant risk of loss to the Company beyond the provision for impairment of receivables already recorded. The Company regularly monitors existing receivables and undertakes actions to collect them and minimize losses.

Cash has been placed in financial institutions, which are considered at the time of deposit to have minimal risk of default. The Company approves deposit banks as well as rules for making cash deposits. The Company performs regular review of financial institutions, monitors their ratings assigned by independent agencies as well as other performance indicators of these financial institutions.

Summary information on cash deposits and their equivalents including names of banks and other financial institutions and their ratings as of the end of the reporting period is provided in paragraph 3.2.4 of the Explanatory Notes.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Efficient liquidity risk management implies maintaining sufficient cash and marketable securities, and ensuring the availability of additional funding through an adequate amount of committed credit facilities. The Group follows the balanced model of working capital financing when both long-term and short-term sources of finance are used. The Company places available cash to short-term financial instruments, mainly, bank deposits and short-term bank promissory notes. Short-term liabilities are represented mainly by trade accounts payable.

The Company has implemented controls over the contracting process by using standard financial procedures that include standard payment structure, standard payment time, standard correlation between the advance and final settlement amounts, etc. This way the Company controls the maturity structure of capital.

The ageing analysis for long term borrowings is presented in paragraph 3.4.1 of the Explanatory Notes.

3.16 Subsequent events

In February 2018, the Group signed an agreement on the termination of the surety agreement with SC Vnesheconombank with regard to performance by PAO Boguchanskaya GES of its obligations under the credit agreement (see paragraph 3.6.3 of the Explanatory Note).

Chairman of Management Board - General Director
of PAO RusHydro

N.G.Shulginov

Chief Accountant of PAO RusHydro

Y. G. Medvedeva

26 March 2018

Schedule 2. Interim Accounting (Financial) Statements for 3 months of 2018

BALANCE SHEET
as at 31 March 2018

		Form on OKUD	Codes
		Date (year, month, day)	0710001
Company Public Joint Stock Company Federal Hydro-Generating Company – RusHydro		Date (year, month, day)	2018/03/31
PJSC RusHydro)		OKPO	75782411
Taxpayer identification number		INN	2460066195
Field of activity Electricity generation by hydro power plants		OKVED	35.11.2
Legal form / form of ownership		OKOPF / OKFS	47 / 41
Public Joint Stock Company / mixed Russian property with a federal share		OKEI	385
Unit of measurement: millions of RR			
Address: Krasnoyarsk, the Krasnoyarsk Territory			

Note	ASSETS	Line code	As at 31 March 2018	As at 31 Desember 2017	As at 31 Desember 2016
1	2	3	4	4	5
	I. NON-CURRENT ASSETS				
	Intangible assets	1110	1 183	1 267	1 324
	Results of research and development	1120	885	920	1 077
	Property, plant and equipment, incl.:	1150	418 269	419 635	409 109
	fixed assets	1151	383 644	382 007	372 514
	construction in process	1152	34 625	37 628	36 595
	Income-bearing investments in tangible assets	1160	-	-	-
	Financial investments	1170	314 402	312 149	292 273
	Other non-current assets	1190	4 378	4 222	4 703
	Total Section I	1100	739 117	738 193	708 486
	II. CURRENT ASSETS				
	Inventories	1210	5 443	4 258	4 252
	Value added tax on goods purchased	1220	5	30	51
	Accounts receivable, incl.:	1230	184 722	177 308	149 614
	accounts receivable (payments expected later than 12 months after the reporting date), incl.:	1231	54 236	54 713	62 615
	buyers and customers	1231.1	50	34	178
	advances issued	1231.2	18 498	19 819	20 004
	other debtors	1231.3	35 688	34 860	42 433
	accounts receivable (payments expected within 12 months after the reporting date), incl.:	1232	130 486	122 595	86 999
	buyers and customers	1232.1	10 105	6 726	7 120
	advances issued	1232.2	4 875	4 276	10 206
	other debtors	1232.3	115 506	111 593	69 673
	Financial investments (excl. cash equivalents)	1240	25 690	12 450	5 305
	Cash and cash equivalents	1250	35 715	50 929	40 954
	Other current assets	1260	24	11	11
	Total Section II	1200	251 599	244 986	200 187
	TOTAL	1600	990 716	983 179	908 673

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Note	LIABILITIES	Line code	As at 31 March 2018	As at 31 Desember 2017	As at 31 Desember 2016
1	2	3	4	4	5
	III. CAPITAL AND RESERVES				
	Charter capital	1310	426 289	426 289	386 255
	Revaluation of non-current assets	1340	52 601	52 606	52 705
	Additional capital (excl. revaluation)	1350	58 424	58 424	58 424
	Reserve capital	1360	13 371	13 371	11 278
	Retained earnings (loss), incl.:	1370	287 004	274 994	260 674
	undistributed profit of previous years	1371	274 998	238 845	218 797
	undistributed profit of the current year	1372	12 006	36 149	41 877
	Total Section III	1300	837 689	825 684	769 336
	IV. LONG-TERM LIABILITIES				
	Borrowings and bank loans	1410	92 775	71 698	94 848
	Deferred tax liabilities	1420	13 358	17 113	13 676
	Other liabilities	1450	4 177	4 264	3 746
	Total Section IV	1400	110 310	93 075	112 270
	V. SHORT-TERM LIABILITIES				
	Borrowings and bank loans	1510	19 650	50 258	14 025
	Accounts payable, incl.:	1520	15 547	10 563	9 681
	suppliers and contractors	1521	3 669	4 040	4 190
	payables to employees	1522	229	244	24
	payables to state non-budgetary funds	1523	124	134	14
	taxes payable	1524	6 635	5 242	4 697
	dividends payable	1525	131	141	122
	other creditors	1526	4 759	762	634
	Income of future periods	1530	63	67	73
	Estimated liabilities	1540	2 876	2 976	2 447
	Other liabilities	1550	581	556	841
	Total Section V	1500	38 717	64 420	27 067
	TOTAL	1700	986 716	983 179	908 673

Chairman of Management Board – General Director

(signature)

N. G. Shulginov

(print full name)

Chief Accountant

(signature)

Y.G. Medvedeva

(print full name)

27 April 2018

This is an English language translation of the document originally prepared in the Russian language. The Russian version is formalized and shall irrevocably prevail.

STATEMENT OF FINANCIAL RESULTS
for the in three months ended 31 March 2018

	Form on OKUD	Codes
	Date (year, month, day)	0710002
Company Public Joint Stock Company Federal Hydro-Generating Company – RusHydro (PJSC RusHydro)	OKPO	2018/03/31
Taxpayer identification number	INN	75782411
Field of activity Electricity generation by hydro power plants	OKVED	2460066195
Legal form / form of ownership	OKOPF / OKFS	35.11.2
Public Joint Stock Company / mixed Russian property with a federal share	OKEI	12247 / 41
Unit of measurement: millions of RR		385

Note	Narrative	Line code	Three months ended 31 March 2018	Three months ended 31 March 2017
1	2	3	4	5
	Revenue	2110	40 006	27 678
	Cost of sales	2120	(23 454)	(13 212)
	Gross profit	2100	16 552	14 466
	Profit from sales	2200	16 552	14 466
	Income from participation in other companies	2310	-	-
	Interest income	2320	2 004	2 075
	Interest expense	2330	(2 007)	(2 006)
	Other income	2340	1 741	4 311
	Other expense	2350	(2 989)	(1 664)
	Profit before tax	2300	15 301	17 182
	Current income tax, incl.:	2410	(3 051)	(1 989)
	permanent tax liabilities (assets)	2421	(209)	(96)
	Change in deferred tax liabilities	2430	(600)	(1 304)
	Change in deferred tax assets	2450	356	(352)
	Other	2460	-	(8)
	Net profit	2400	12 006	13 529
	REFERENCE			
	Gain or loss from other operations not included in the net profit of the period	2520	-	-
	Total financial result for the period	2500	12 006	13 529
	Basic earnings per share, RR	2900	0,02816	0,03503

Chairman of Management Board – General Director

(signature)

N. G. Shulginov

(print full name)

Chief Accountant

(signature)

Y. G. Medvedeva

(print full name)

27 April 2018

This is an English language translation of the document originally prepared in the Russian language. The Russian version is formalized and shall irrevocably prevail.

***Schedule 3. Consolidated Financial Statements under IFRS for the Year
Ending December 31, 2017, and as of that date***



RUSHYDRO GROUP

**Consolidated Financial Statements
prepared in accordance with IFRS
with independent auditor's report**

As at and for the year ended 31 December 2017

CONTENTS

INDEPENDENT AUDITOR'S REPORT

Consolidated Financial Statements

Consolidated Statement of Financial Position	1
Consolidated Income Statement	2
Consolidated Statement of Comprehensive Income	3
Consolidated Statement of Cash Flows	4
Consolidated Statement of Changes in Equity	6

Notes to the Consolidated Financial Statements

Note 1. The Group and its operations.....	8
Note 2. Summary of significant accounting policies.....	9
Note 3. New accounting pronouncements.....	19
Note 4. Principal subsidiaries.....	23
Note 5. Segment information.....	25
Note 6. Related party transactions.....	29
Note 7. Property, plant and equipment.....	31
Note 8. Investments in associates and joint ventures.....	35
Note 9. Available-for-sale financial assets.....	38
Note 10. Other non-current assets.....	38
Note 11. Cash and cash equivalents.....	39
Note 12. Accounts receivable and prepayments.....	40
Note 13. Inventories.....	41
Note 14. Other current assets.....	41
Note 15. Equity.....	41
Note 16. Income tax.....	43
Note 17. Pension benefit obligations.....	44
Note 18. Current and non-current debt.....	46
Note 19. Non-deliverable forward contract for shares.....	48
Note 20. Other non-current liabilities.....	49
Note 21. Accounts payable and accruals.....	49
Note 22. Other taxes payable.....	49
Note 23. Revenue.....	49
Note 24. Government grants.....	49
Note 25. Operating expenses (excluding impairment losses).....	50
Note 26. Finance income, costs.....	50
Note 27. Earnings per share.....	51
Note 28. Capital commitments.....	51
Note 29. Contingencies.....	51
Note 30. Financial risk management.....	52
Note 31. Management of capital.....	55
Note 32. Fair value of assets and liabilities.....	55
Note 33. Presentation of financial instruments by measurement category.....	57
Note 34. Subsequent events.....	58



Independent Auditor's Report

To the Shareholders and Board of Directors of Public Joint Stock Company Federal Hydro-Generating Company – RusHydro:

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of PJSC RusHydro and its subsidiaries (together – the “Group”) as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Group’s consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2017;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Auditor’s Professional Ethics Code and Auditor’s Independence Rules that are relevant to our audit of the consolidated financial statements in the Russian Federation. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Overview

PJSC RusHydro's shares are listed on the Moscow Exchange. The Group's principal business operations are generation and sales of electricity, capacity and heat energy in the Russian wholesale and retail markets. The Group companies are also involved in other operations, including electricity transmission and distribution, construction, repairs and provision of other services.



- Overall group materiality: Russian Roubles ("RUB") 3,800 million, which represents 1% of total revenues and government grants.
- We conducted audit procedures in respect of those companies of the Group that were considered significant components based on their individual share in the Group's revenue, which exceeds 15%: PJSC RusHydro, PJSC DEK, JSC DGK.
- Our audit scope covered *inter alia* 74% of the Group's revenues and 81% of the Group's total carrying value of property, plant and equipment.

Key audit matters

- Assessment of impairment of property, plant and equipment
- Assessment of impairment of accounts receivable
- Recognition of the non-deliverable forward contract for shares

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of the concept of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall group materiality	RUB 3,800 million
How we determined it	1% of total revenues and government grants
Rationale for the materiality benchmark applied	We chose total revenues and government grants as the benchmark because, in our view, it is the benchmark which best represents the Group's performance. We chose 1% as the materiality level, which falls within the range of quantitative materiality thresholds used for companies in this sector.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the accompanying consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
------------------	--

Assessment of impairment of property, plant and equipment

For matters requiring disclosure and related significant accounting policies, judgements and accounting estimates see Notes 2, 7 and 32 to the consolidated financial statements.

At 31 December 2017, the Group's aggregate carrying amount of property, plant and equipment was RUB 799,855 million. This is the most significant asset on the Group's balance sheet, accounting for 78% of the total assets.

The Group management performed an analysis of the business performance, industry outlook and operational plans and then assessed the recoverable value of property, plant and equipment by cash generating unit for the purpose of impairment testing. Impairment arises when the recoverable amount, which is determined as the higher of the fair value less costs of disposal and its value in use, is below the carrying amount of the analysed assets.

Management's testing identified impairment of a number of cash generating units, and the Group accrued an impairment loss of RUB 24,000 million in the consolidated income statement for the year ended 31 December 2017.

We obtained and examined the financial models that management used for assessing impairment of property, plant and equipment. We engaged our valuation experts to form our conclusion on the assumptions and methodology that were used in the impairment assessment.

Our audit procedures related to the management's assessment of impairment of property, plant and equipment, included the following:

- assessment of the methodology used by the Group management for the impairment test;
- examination, on a test basis, of key assumptions used in financial models and whether they are in line with the approved budgets and business plans, available reliable external sources (including macroeconomic forecasts, information on regulated and market electricity and capacity prices, etc.) and our industry-specific expertise;
- assessment of competence, skills, experience and objectivity of the management's experts;
- examination, on a test basis, of accuracy and relevance of inputs that management incorporated in the financial models for

Key audit matter	How our audit addressed the Key audit matter
<p>The recognition of additional loss also led to a decrease of RUB 1,043 million (net of tax) in the property, plant and equipment revaluation reserve in the consolidated statement of comprehensive income. There was no basis for accrual of impairment loss for those cash generating units for which management concluded, based on its assessment, that their recoverable amount is higher than or equals their carrying amount.</p> <p>We focused on the property, plant and equipment impairment assessment as this process is complicated, requires significant management’s judgements and is based on assumptions that are affected by the projected future market and economic conditions that are inherently uncertain.</p> <p>The impairment test is sensitive to reasonably possible changes in assumptions. The most significant judgements are related to the applied discount rate together with the assumptions supporting the relevant forecast cash flows, in particular those concerning the electricity and capacity tariff rates and volumes of investments.</p>	<p>assessing the impairment of property, plant and equipment;</p> <ul style="list-style-type: none"> • examination, on a test basis, of mathematical accuracy of financial models used by management to assess the impairment of property, plant and equipment ; • consideration of potential impact of reasonably possible changes in key assumptions; • obtaining and reviewing management’s written representations related to their property, plant and equipment impairment test. <p>As a result of the above procedures, we believe that the key assumptions used by the management are acceptable for the purposes of preparing the accompanying consolidated financial statements.</p> <p>Acceptability of management’s current estimates regarding the property, plant and equipment impairment for the purpose of preparing the financial statements for the year ended 31 December 2017 does not guarantee that future events that are inherently uncertain would not lead to a significant change in these estimates.</p> <p>We note that the management’s financial models are to a significant extent sensitive to the changes in key assumptions. It could reasonably be expected, that if actual results differ from assumptions made, accordingly, there could arise either additional losses from impairment in the future or gains from the release of previously recognised impairment charges.</p> <p>We also assessed the compliance of disclosures in Notes 2, 7 and 32 to the consolidated financial statements with the disclosure requirements of IAS 36 ‘Impairment of Assets’.</p> <p>As a result of our procedures, we have not identified any evidence that would require significant adjustments to the recorded amount of impairment of property, plant and equipment or to the respective disclosures in the consolidated financial statements.</p>

Key audit matter	How our audit addressed the Key audit matter
<p>Assessment of impairment of accounts receivable</p> <p><i>For matters requiring disclosure, and related significant accounting policies, judgements and accounting estimates see Notes 2, 12 and 32 to the consolidated financial statements.</i></p> <p>At 31 December 2017, the carrying amount of the Group's trade receivables was RUB 34,708 million (RUB 61,279 million less an impairment provision of RUB 26,571 million). Thus, the receivables that are assessed by the Group management as doubtful, account for a significant portion within the structure of trade receivables (at 31 December 2017, the Group accrued an impairment provision amounting to 43% of the total trade receivables).</p> <p>The Group management establishes a provision for doubtful debts based on the assessment of deterioration of the specific customer's solvency position, their individual specifics, payment dynamics, subsequent payments after the end of the reporting period as well as future cash inflow forecast analysis by reference to the conditions existing at the reporting date. The degree of accuracy of the management's estimate will be confirmed or rebutted depending on the future developments that are inherently uncertain.</p> <p>We focused on receivables impairment assessment as this process is complicated and requires significant management's judgements, and the amount of impairment is significant.</p>	<p>Our audit procedures related to management's assessment of trade receivables impairment included:</p> <ul style="list-style-type: none"> • review of management's collectability analysis taking into account counterparty solvency analysis and its deterioration as of the reporting date, intention, if any, to allow payment by instalments, subsequent payments after the end of the reporting period, existence of security and its quality, as well as other factors considered by management; • analysis of the receivables turnover the results of which were used inter alia to examine the management's collectability analysis; • sample testing of past due but not impaired trade receivables for assessing the management's conclusion that there is no impairment considering the prospects and timing of collection of such receivables; • sample testing of underlying documents for management's assessment of the probability of collection of receivables, such as payment orders supporting payments received in 2018; • review of external information from the regulators of the wholesale electricity (capacity) market, including the Supervisory Board of NP Market Council, which regularly takes decisions on excluding companies from the register of participants in the wholesale electricity (capacity) market; among those there are the Group's customers of its electricity (capacity) , with deteriorated solvency as expected; • obtaining and reviewing management's written representations related to receivables impairment test.

Key audit matter	How our audit addressed the Key audit matter
<p>Recognition of the non-deliverable forward contract for shares</p> <p><i>For matters requiring disclosure, and related significant accounting policies, judgements and accounting estimates see Notes 2, 19 and 32 to the consolidated financial statements.</i></p> <p>In March 2017, PAO RusHydro simultaneously signed a contract with Bank VTB (PAO) under which the Bank acquired 55 billion ordinary shares of PAO RusHydro, and a non-deliverable forward contract for these shares for a five-year period.</p> <p>Following the analysis performed, the Group management decided to treat the above transactions separately and to recognise the sale of shares in equity and a derivative financial instrument.</p> <p>As at 31 December 2017, the liability under the forward contract of RUB 20,716 million is recorded as a long-term derivative financial instrument at fair value through profit or loss. At the initial recognition date (3 March 2017) the fair value of this non-deliverable forward contract amounted to RUB 10,013 million and was recorded within equity as it arose on the transaction with shareholders.</p>	<p>We also assessed the compliance of disclosures in Notes 2, 12 and 32 to the consolidated financial statements with the disclosure requirements of IFRS 7 'Financial Instruments: Disclosures'.</p> <p>Acceptability of management's current estimates regarding the receivables impairment for the purpose of preparing the consolidated financial statements for the year ended 31 December 2017 does not guarantee that future events that are inherently uncertain would not lead to significant changes in these estimates.</p> <p>As a result of our procedures, we have not identified any evidence that would require significant adjustments to the amount of impairment of accounts receivable or to the respective disclosures in the accompanying consolidated financial statements.</p>
<p>We obtained and reviewed the models that were used to measure the fair value of the non-deliverable forward contract at its initial recognition date and at 31 December 2017. We engaged valuation experts in order to form our conclusion on the assumptions and the methodology used in the fair value assessment.</p> <p>Our audit procedures in respect of the recognition of the non-deliverable forward contract for shares included:</p> <ul style="list-style-type: none"> • assessing reasonableness of the assumptions that the Group management applied to determine the treatment of the non-deliverable forward contract in the consolidated financial statements; • assessing validity and appropriateness of the methodology used by the Group management to develop fair value models for the non-deliverable forward contract; • testing accuracy and relevance of the key assumptions and source data used in the models, and their consistency with other information obtained during the audit, with 	

Key audit matter	How our audit addressed the Key audit matter
<p>We focused on the treatment of this non-deliverable forward contract in the consolidated financial statements of the Group due to the complexity of its accounting treatment and of the assessment of the instrument's fair value, which requires management to exercise professional judgement, and because the liability recognised under the forward contract and the corresponding effects on the consolidated statement of profits and losses and on equity are material.</p>	<p>available reliable external information and our expert knowledge of industry specifics;</p> <ul style="list-style-type: none"> • assessing competence, skills, experience and objectivity of the management's experts; • testing the mathematical accuracy of financial instrument's fair value calculation; • considering and assessing potential impact of reasonably possible changes in key assumptions; • obtaining and analysing management's written representations related to the treatment of the non-deliverable forward contract. <p>Following the results of our procedures, we believe that the estimates and judgements made by management with regard to the recognition of the non-deliverable forward contract are appropriate for the purposes of preparation of the accompanying consolidated financial statements.</p> <p>In addition we assessed compliance of the disclosures in Notes 2, 19 and 32 to the consolidated financial statements with the presentation and disclosure requirements of IAS 39 'Financial Instruments: Recognition and Measurements', IFRS 7 'Financial Instruments: Disclosures' and IFRS 13 'Fair Value Measurement'.</p> <p>As a result of our procedures, we have not identified any evidence that would require significant adjustments in respect of recognition of the non-deliverable forward contract or the respective disclosures in the accompanying consolidated financial statements.</p>

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to be able to give an opinion on the consolidated financial statements as a whole, taking into account the geographic and management structure of the Group, the accounting processes and controls as well as the specific nature of the industry in which the Group operates.



The Group's consolidated financial statements are prepared based on the financial information of its components, i.e. individual companies of the Group. If we considered a component to be significant, we audited its financial information based on the materiality level established for each such component.

Similar to the determination of the overall materiality, significance of components was assessed based on the component's individual share in the Group's revenue. We determined the following significant components, which individually account for more than 15% of the Group's total revenue: PJSC RusHydro, PJSC DEK, JSC DGK.

If we did not consider that the procedures performed at the level of significant components provided adequate audit evidence for expressing our opinion on the consolidated financial statements as a whole, we performed analytical procedures at the Group level and audit procedures in respect of individual balances and types of operations for other components of the Group.

We chose other components of the Group for audit procedures in respect of individual balances and types of operations separately for each financial statement line item included in the scope of our audit, and our choice depended inter alia on the following factors: level of audit evidence obtained from the audit of significant components and level of concentration of balances and types of operations in the Group's structure. We also change our selection of a number of other components on a rotation basis.

On the whole, our audit procedures that were performed at the level of significant and other components of the Group and included, in particular, detailed testing and testing of controls on a sample basis, in our opinion, provided adequate coverage of individual line items in the consolidated financial statements. Thus, for example, our procedures covered 74% of the Group's revenue and 81% of the total carrying value of the Group's property, plant and equipment.

When performing the audit procedures the audit team engaged specialists in taxation, IFRS methodology, as well as experts in valuation of property, plant and equipment and pension liabilities.

We believe that the results of procedures performed on a sample basis at the level of the Group's components, analytical procedures at the Group's level and procedures over the consolidated financial reporting have provided sufficient and appropriate audit evidence for expressing our opinion on the Group's consolidated financial statements as a whole.

Other information

Management is responsible for the other information. Other information includes PJSC RusHydro's Annual Report for 2017 and Issuer's Report of PJSC RusHydro for Q1 2018, but does not include the consolidated financial statements and our auditor's report thereon. PJSC RusHydro's Annual Report for 2017 and Issuer's Report of PJSC RusHydro for Q1 2018 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above, when it is made available to us, and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the accompanying consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The certified auditor responsible for the audit resulting in this independent auditor's report, is Alexey Sergeevich Ivanov.

AO PricewaterhouseCoopers Audit

26 March 2018
Moscow, Russian Federation



A. S. Ivanov, certified auditor (licence no. 01-000531), AO PricewaterhouseCoopers Audit

Audited entity: PJSC RusHydro

Certificate of inclusion in the Unified State Register of Legal Entities issued on 26 December 2004 under registration № 1042401810494

Krasnoyarsk, Krasnoyarsk Region, Russian Federation, 660017

Independent auditor:
AO PricewaterhouseCoopers Audit

State registration certificate No. 008.890,
issued by Moscow Registration Chamber on 28 February 1992

Certificate of inclusion in the Unified State Register of Legal Entities issued on 22 August 2002 under registration № 1027700148431

Member of Self-regulated organization of auditors «Russian Union of auditors» (Association)

ORNZ 11603050547 in the register of auditors and audit organizations

RusHydro Group
Consolidated Statement of Financial Position
(in millions of Russian Rubles unless noted otherwise)



	Note	31 December 2017	31 December 2016
ASSETS			
Non-current assets			
Property, plant and equipment	7	799,855	765,047
Investments in associates and joint ventures	8	20,097	20,278
Available-for-sale financial assets	9	18,495	21,181
Deferred income tax assets	16	9,354	6,640
Other non-current assets	10	25,331	21,847
Total non-current assets		873,132	834,993
Current assets			
Cash and cash equivalents	11	70,156	67,354
Income tax receivable		3,839	889
Accounts receivable and prepayments	12	51,201	47,076
Inventories	13	25,523	24,037
Other current assets	14	4,400	9,097
Total current assets		155,119	148,453
TOTAL ASSETS		1,028,251	983,446
EQUITY AND LIABILITIES			
Equity			
Share capital	15	426,289	386,255
Treasury shares	15	(4,613)	(22,578)
Share premium		39,202	39,202
Retained earnings and other reserves		231,967	243,790
Equity attributable to the shareholders of PJSC RusHydro		692,845	646,669
Non-controlling interest		2,719	4,263
TOTAL EQUITY		695,564	650,932
Non-current liabilities			
Deferred income tax liabilities	16	41,695	39,086
Non-current debt	18	90,912	158,046
Non-deliverable forward contract for shares	19	20,716	-
Other non-current liabilities	20	28,116	18,726
Total non-current liabilities		181,439	215,858
Current liabilities			
Current debt and current portion of non-current debt	18	78,613	41,757
Accounts payable and accruals	21	55,625	58,784
Current income tax payable		976	858
Other taxes payable	22	16,034	15,257
Total current liabilities		151,248	116,656
TOTAL LIABILITIES		332,687	332,514
TOTAL EQUITY AND LIABILITIES		1,028,251	983,446

Chairman of Management Board – General Director

N. G. Shulginov

Chief Accountant

Y. G. Medvedeva

26 March 2018



RusHydro Group
Consolidated Income Statement
(in millions of Russian Rubles unless noted otherwise)



	Note	Year ended 31 December 2017	Year ended 31 December 2016
Revenue	23	348,119	374,072
Government grants	24	32,745	17,250
Other operating income	4, 7, 9, 10	690	12,422
Operating expenses (excluding impairment losses)	25	(303,805)	(315,705)
Operating profit excluding impairment losses		77,749	88,039
Impairment of property, plant and equipment	7	(24,000)	(26,525)
Impairment of accounts receivable, net		(5,957)	(7,133)
Impairment of financial assets	10	-	(4,464)
Impairment of loans issued	14	-	(2,378)
Operating profit		47,792	47,539
Finance income	26	8,443	9,943
Finance costs	26	(21,133)	(9,041)
Share of results of associates and joint ventures	8	417	6,682
Profit before income tax		35,519	55,123
Income tax expense	16	(13,068)	(15,372)
Profit for the year		22,451	39,751
Attributable to:			
Shareholders of PJSC RusHydro		24,013	40,205
Non-controlling interest		(1,562)	(454)
Earnings per ordinary share for profit attributable to the shareholders of PJSC RusHydro – basic and diluted (in Russian Rubles per share)			
	27	0.0596	0.1095
Weighted average number of shares outstanding – basic and diluted (thousands of shares)			
	27	402,655,108	367,138,482

The accompanying notes are an integral part of these Consolidated Financial Statements

RusHydro Group
Consolidated Statement of Comprehensive Income

(in millions of Russian Rubles unless noted otherwise)



	Note	Year ended 31 December 2017	Year ended 31 December 2016
Profit for the year		22,451	39,751
Other comprehensive income, net of tax:			
<i>Items that will not be reclassified to profit or loss</i>			
Impairment of revalued property, plant and equipment	7	(1,043)	(4,920)
Remeasurement of pension benefit obligations	17	344	(274)
Total items that will not be reclassified to profit or loss		(699)	(5,194)
<i>Items that may be reclassified subsequently to profit or loss</i>			
(Loss) / profit arising on available-for-sale financial assets	9	(2,561)	15,050
Reclassification of accumulated loss on available-for-sale financial assets to profit or loss	9	(19)	-
Other comprehensive (loss) / income		(8)	5
Total items that may be reclassified subsequently to profit or loss		(2,588)	15,055
Other comprehensive (loss) / income		(3,287)	9,861
Total comprehensive income for the year		19,164	49,612
Attributable to:			
Shareholders of PJSC RusHydro		20,809	50,082
Non-controlling interest		(1,645)	(470)

The accompanying notes are an integral part of these Consolidated Financial Statements

RusHydro Group
Consolidated Statement of Cash Flows
(in millions of Russian Rubles unless noted otherwise)



	Note	Year ended 31 December 2017	Year ended 31 December 2016
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		35,519	55,123
Depreciation of property, plant and equipment and amortisation of intangible assets	7, 25	25,023	24,130
Loss on disposal of property, plant and equipment, net	25	1,006	555
Share of results of associates and joint ventures	8	(417)	(6,682)
Other operating income	4, 7, 9, 10	(690)	(12,422)
Finance income	26	(8,443)	(9,943)
Finance costs	26	21,133	9,041
Impairment of property, plant and equipment	7	24,000	26,525
Impairment of accounts receivable, net		5,957	7,133
Impairment of financial assets		-	4,464
Impairment of loans issued		-	2,378
Other loss / (income)		468	(758)
Operating cash flows before working capital changes, income tax paid and changes in other assets and liabilities		103,556	99,544
Working capital changes:			
Increase in accounts receivable and prepayments		(13,483)	(9,243)
Decrease / (increase) in other current assets		859	(3,403)
Increase in inventories		(1,604)	(28)
(Decrease) / increase in accounts payable and accruals		(2,236)	1,013
Increase / (decrease) in other taxes payable		891	(199)
Increase in other non-current assets		(1,592)	(7,083)
Increase in other non-current liabilities		7,674	3,549
Income tax paid		(15,940)	(12,777)
Net cash generated by operating activities		78,125	71,373
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(71,693)	(60,957)
Proceeds from sale of property, plant and equipment		213	266
Investment in bank deposits and purchase of other investments		(19,837)	(9,993)
Redemption of bank deposits and proceeds from sale of other investments		23,428	25,477
Proceeds from sale of subsidiaries, net of disposed cash		28	3,559
Proceeds from sale of dams of Bratskaya, Ust'-Ilimskaya and Irkutskaya HPPs		-	10,950
Placement of special funds on special accounts		-	(6,998)
Return of special funds from special accounts		-	6,098
Purchase of shares of subsidiary		-	(414)
Interest and dividends received		7,848	7,094
Net cash used in investing activities		(60,013)	(24,918)

RusHydro Group
Consolidated Statement of Cash Flows
(in millions of Russian Rubles unless noted otherwise)



	Note	Year ended 31 December 2017	Year ended 31 December 2016
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from share issue	15	40,000	33
Proceeds from sale of treasury shares	15	15,000	-
Payments for non-deliverable forward for shares	19	(3,243)	-
Proceeds from current debt	18	55,773	64,855
Proceeds from non-current debt	18	63,499	71,829
Repayment of debt	18	(149,976)	(128,291)
Interest paid		(15,794)	(20,271)
Dividends paid to the shareholders of PJSC RusHydro		(19,673)	(14,228)
Dividends paid by subsidiaries to non-controlling interest holders		(127)	(234)
Finance lease payments		(523)	(530)
Net cash used in financing activities		(15,064)	(26,837)
Effect of foreign exchange differences on cash and cash equivalents balances		(246)	(289)
Increase in cash and cash equivalents		2,802	19,329
Cash and cash equivalents at the beginning of the year		67,354	48,025
Cash and cash equivalents at the end of the year	11	70,156	67,354

RusHydro Group
Consolidated Statement of Changes in Equity

(in millions of Russian Rubles unless noted otherwise)



	Note	Share capital	Treasury shares	Share premium	Merger reserve	Foreign currency translation reserve	Revaluation reserve on property, plant and equipment	Revaluation reserve on available-for-sale financial assets	Reserve for remeasurement of pension benefit obligation	Retained earnings	Equity attributable to shareholders of PJSC RusHydro	Non-controlling interest	Total equity
As at 1 January 2016		386,255	(26,092)	39,202	(135,075)	(474)	188,552	1,952	689	147,470	602,479	11,440	613,919
Profit for the year		-	-	-	-	-	-	-	-	40,205	40,205	(454)	39,751
Profit arising on available-for-sale financial assets	9	-	-	-	-	-	-	14,957	-	-	14,957	93	15,050
Remeasurement of pension benefit obligations	17	-	-	-	-	-	-	-	(230)	-	(230)	(44)	(274)
Impairment of revalued property, plant and equipment	7	-	-	-	-	-	(4,822)	-	-	-	(4,822)	(98)	(4,920)
Other comprehensive income		-	-	-	-	(64)	34	-	-	2	(28)	33	5
Total other comprehensive income		-	-	-	-	(64)	(4,788)	14,957	(230)	2	9,877	(16)	9,861
Total comprehensive income		-	-	-	-	(64)	(4,788)	14,957	(230)	40,207	50,082	(470)	49,612
Dividends	15	-	-	-	-	-	-	-	-	(14,278)	(14,278)	(234)	(14,512)
Offer for shares of JSC RAO ES East	15	-	3,514	-	-	-	-	-	-	4,872	8,386	(6,694)	1,692
Transfer of revaluation reserve to retained earnings		-	-	-	-	-	(796)	-	-	796	-	-	-
Effect of changes in non-controlling interest	15	-	-	-	-	-	-	-	-	-	-	213	213
Other movements		-	-	-	-	-	-	-	-	-	-	8	8
As at 31 December 2016		386,255	(22,578)	39,202	(135,075)	(538)	182,968	16,909	459	179,067	646,669	4,263	650,932

The accompanying notes are an integral part of these Consolidated Financial Statements

RusHydro Group
Consolidated Statement of Changes in Equity

(in millions of Russian Rubles unless noted otherwise)



	Note	Share capital	Treasury shares	Share premium	Merger reserve	Foreign currency translation reserve	Revaluation reserve on property, plant and equipment	Revaluation reserve on available-for-sale financial assets	Reserve for remeasurement of pension benefit obligation	Retained earnings	Equity attributable to shareholders of PJSC RusHydro	Non-controlling interest	Total equity
As at 1 January 2017		386,255	(22,578)	39,202	(135,075)	(538)	182,968	16,909	459	179,067	646,669	4,263	650,932
Profit for the year		-	-	-	-	-	-	-	-	24,013	24,013	(1,562)	22,451
Loss arising on available-for-sale financial assets	9	-	-	-	-	-	-	(2,534)	-	-	(2,534)	(27)	(2,561)
Accumulated loss on available for-sale financial assets recycled to the Income Statement	9	-	-	-	-	-	-	(19)	-	-	(19)	-	(19)
Remeasurement of pension benefit obligations	17	-	-	-	-	-	-	-	188	-	188	156	344
Impairment of revalued property, plant and equipment		-	-	-	-	-	(831)	-	-	-	(831)	(212)	(1,043)
Other comprehensive loss		-	-	-	-	(9)	-	-	-	1	(8)	-	(8)
Total other comprehensive loss		-	-	-	-	(9)	(831)	(2,553)	188	1	(3,204)	(83)	(3,287)
Total comprehensive income		-	-	-	-	(9)	(831)	(2,553)	188	24,014	20,809	(1,645)	19,164
Share issue	15	40,034	-	-	-	-	-	-	-	-	40,034	-	40,034
Sale of treasury shares	15	-	17,965	-	-	-	-	-	-	(2,965)	15,000	-	15,000
Dividends	15	-	-	-	-	-	-	-	-	(19,696)	(19,696)	(127)	(19,823)
Non-deliverable forward contract for shares	19	-	-	-	-	-	-	-	-	(10,013)	(10,013)	-	(10,013)
Transfer of revaluation reserve to retained earnings		-	-	-	-	-	(974)	-	-	974	-	-	-
Effect of changes in non-controlling interest	15	-	-	-	-	-	-	-	-	-	-	228	228
Other movements		-	-	-	-	-	-	-	-	42	42	-	42
As at 31 December 2017		426,289	(4,613)	39,202	(135,075)	(547)	181,163	14,356	647	171,423	692,845	2,719	695,564

The accompanying notes are an integral part of these Consolidated Financial Statements



Note 1. The Group and its operations

PJSC RusHydro (hereinafter referred to as “the Company”) was incorporated and is domiciled in the Russian Federation. The Company is a joint stock company limited by value of shares and was set up in accordance with Russian regulations.

The primary activities of the Company and its subsidiaries (hereinafter together referred to as “the Group”) are generation and sale of electricity and capacity on the Russian wholesale and retail markets, as well as generation and sale of heat energy.

Economic environment in the Russian Federation. The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The tax, currency and customs legislation continue to develop and are subject to frequent changes and varying interpretations. The Russian economy showed signs of recovery in 2017, after the economic downturn of 2015 and 2016. The economy is negatively impacted by low oil prices, ongoing political tension in the region and continuing international sanctions against certain Russian companies and individuals. The financial markets continue to be volatile.

This economic environment has a significant impact on the Group’s operations and financial position. Management is taking necessary measures to ensure sustainability of the Group’s operations. However, the future effects of the current economic situation are difficult to predict and management’s current expectations and estimates could differ from actual results.

Relations with the Government and current regulation. As at 31 December 2017 the Russian Federation owned 60.56 percent of the total voting ordinary shares of the Company (31 December 2016: 66.84 percent). The Russian Federation’s participatory interest in the Company’s equity decreased following the additional issue of shares in favour of PJSC Bank VTB that is also controlled by the Russian Federation (Note 15). As at 31 December 2017, PJSC Bank VTB owned 13.34 percent of the Company’s shares.

The Group’s major customer base includes a large number of entities controlled by, or related to the Government. Furthermore, the Government controls contractors and suppliers, which provide the Group with electricity dispatch, transmission and distribution services, and a number of the Group’s fuel and other suppliers (Note 6).

In addition, the Government influences the Group’s operations through:

- participation of its representatives in the Company’s Board of Directors;
- regulation of tariffs for electricity, capacity and heating;
- approval and monitoring of the Group’s investment programme, including volume and sources of financing.

Economic, social and other policies of the Russian Government could have a material effect on operations of the Group.

Overview of the electricity and capacity market. In 2017 the following significant changes were made to the rules of electricity and capacity wholesale and retail markets, their operation procedures and pricing mechanisms:

- Russian Government Resolution No. 895 “On achievement of basic rates (tariffs) for electric power (capacity) in the territories of the Far East Federal region” provides for a premium to the price of capacity sold by the Company in the price zones for the wholesale electricity and capacity market, with subsequent transfer of the amounts collected to the constituent budgets of the Far East Federal region in the form of free-of-charge targeted contributions (Note 2).
- Federal Law No.451-FZ of 29 December 2017 establishes the obligation to carry out electricity sales activity only on the basis of relevant licenses, and the administrative responsibility for violating license terms or performing electricity sales without a license.
- Russian Government Resolution No. 624 of 24 May 2017 introduced changes to the Rules for full and (or) partial limitation of electricity consumption that make implementation of power supply limitation much easier and provide an option of imposing a full limitation of power consumption on so called ‘non-disconnectable’ consumers.
- Russian Government Resolution No. 863 of 21 July 2017 establishes the regulator’s duty to set up sales mark-ups for guaranteeing suppliers using a method of compared analogues (the method of standard costs). The Guidelines for Calculating Guaranteeing Suppliers’ Sales Markup were approved by FAS Order No.1554/17 of 21 November 2017.



- Under Russian Government Resolution No.1365 of 11 November 2017, a guaranteeing supplier can be deprived of this status because of its debts to grid companies.
- Federal Law No. 279-FZ of 29 July 2017 introduces changes to the Federal Law “On Heat Supply”. These changes allow to include cities and districts into heat supply price zones in which prices for heat (capacity) provided to consumers by a single heat supplier are capped by the maximum level of heat (capacity) prices for consumers (the Law “On Alternative Boiler Plant”). In the maximum price level framework, a single heat supplier provides heat energy (capacity) to its consumers at prices agreed by the parties.
- The Rules of establishing maximum price levels for heat (capacity) in these price zones were approved on 15 December 2017 under Russian Government Resolution No.1562.

Note 2. Summary of significant accounting policies

Basis of preparation. These consolidated financial statements have been prepared in accordance with IFRS under the historical cost convention, as modified by the financial instruments initially recognised at fair value, revaluation of property, plant and equipment and available-for-sale financial assets. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Each company of the Group individually maintains its own books of accounts and prepares its statutory financial statements in accordance with Russian standards of accounting (hereinafter referred to as “RSA”). These consolidated financial statements are based on the statutory records with adjustments and reclassifications made for the purpose of fair presentation in accordance with IFRS.

Functional and presentation currency. The functional currency of the Company and its subsidiaries, and the presentation currency for these consolidated financial statements is the national currency of the Russian Federation, the Russian Ruble.

Foreign currency translation. Monetary assets and liabilities, which are held by the Group’s entities and denominated in foreign currencies at the end of the reporting period, are translated into Russian Rubles at the exchange rates prevailing at that date. Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

As at 31 December 2017, the official rate of exchange, as determined by the Central Bank of the Russian Federation, between Russian Ruble and US Dollar (hereinafter referred to as “USD”) was RR 57.60: USD 1.00 (31 December 2016: RR 60.66: USD 1.00), between Russian Ruble and Euro was RR 68.87: EUR 1.00 (31 December 2016: RR 63.81: EUR 1.00).

Consolidated financial statements. Subsidiaries are those investees, including structured entities, that the Group controls because the Group (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor’s returns.

The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than majority of voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of investee’s activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee. Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries other than those acquired from parties under common control. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest’s proportionate share of net assets of the acquiree.



Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and the fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount (“negative goodwill” or a “bargain purchase”) is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all the liabilities and contingent liabilities assumed and reviews the appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including fair value of assets or liabilities from contingent consideration arrangements but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs related to the acquisition and incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt as part of the business combination are deducted from the carrying amount of the debt and all other transaction costs associated with the acquisition are expensed.

Intercompany transactions, balances and unrealised gains on transactions between the Group’s entities are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group’s policies.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Company. Non-controlling interest forms a separate component of the Group’s equity.

Purchases and sales of non-controlling interests. The Group applies the economic entity model to account for transactions with owners of non-controlling interest, that do not result in a loss of control. Any difference between the purchase consideration and the carrying amount of non-controlling interest acquired is recorded as a capital transaction directly in equity. The Group recognises the difference between sales consideration and the carrying amount of non-controlling interest sold as a capital transaction in the statement of changes in equity.

Acquisition of subsidiaries from parties under common control. Acquisitions of subsidiaries from parties under common control are accounted for using the predecessor values method. Under this method the consolidated financial statements of the combined entity are presented as if the businesses had been combined from the beginning of the earliest period presented or the date when the combining entities were first brought under common control if later. The assets and liabilities of the subsidiary transferred under common control are at the predecessor entity’s carrying amounts. The predecessor entity is considered to be the highest reporting entity in which the subsidiary’s IFRS financial information was consolidated. Related goodwill inherent in the predecessor entity’s original acquisitions is also recorded in these consolidated financial statements. Any difference between the carrying amount of net assets, including the predecessor entity’s goodwill, and the consideration for the acquisition is accounted for in these consolidated financial statements as an adjustment to merger reserve within equity. Under this method the consolidated financial statements of the combined entity are presented as if the businesses had been combined from the beginning of the earliest period presented, i.e. retrospectively except for acquisition of subsidiaries acquired exclusively with a view for resale which are accounted for using predecessor values method prospectively from the acquisition date.

Investments in associates and joint ventures. Investments in associates and joint ventures are accounted for using the equity method of accounting, based upon the percentage of ownership held by the Group. Associates are entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in the Group’s share of net assets of an associate are recognised as follows: (i) the Group’s share of profits or losses of associates is recorded in the consolidated profit or loss for the year as profit or loss in respect of associates and joint ventures, (ii) the Group’s share of other comprehensive income is recognised in other comprehensive income and presented separately, and (iii) all other changes in the Group’s share of the carrying value of net assets of associates are recognised in profit or loss within the profit or loss in respect of associates and joint ventures.

However, when the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.



A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is defined by the making of decisions about the relevant activities requiring the unanimous consent of the parties sharing control.

The Group discontinues the use of the equity method from the date on which it ceases to have joint control over, or have significant influence on joint ventures and associates.

Unrealised gains on transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the entity, unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Disposals of subsidiaries, associates or joint ventures. When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are recycled to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Property, plant and equipment. Property, plant and equipment in the statement of financial position includes assets under construction for future use as property, plant and equipment. Property, plant and equipment except for office buildings, land and assets under construction are stated at revalued amounts less accumulated depreciation and provision for impairment (where required). Office buildings owned by the Group are stated at historical cost less accumulated depreciation and accumulated impairment; land and assets under construction are stated at historical cost less accumulated impairment.

Property, plant and equipment except for office buildings, land and assets under construction are subject to revaluation with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Increases in the carrying amount arising on revaluation are credited to other comprehensive income and increase the revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised in other comprehensive income and decrease the previously recognised revaluation surplus in equity; all other decreases are charged to profit or loss for the year. Any accumulated depreciation at the date of revaluation is eliminated against the gross amount of the asset.

The revaluation surplus included in equity is transferred directly to retained earnings when the revaluation surplus is realised on disposal of the asset.

The Group charges deferred tax liabilities in respect of revaluation of property, plant and equipment directly to other comprehensive income.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is highly probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Costs of minor repairs and day-to-day maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is retired.

Social assets are not capitalised if they are not expected to result in future economic benefits to the Group. Costs associated with fulfilling the Group's social responsibilities are expensed as incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss for the year.

Depreciation. Depreciation on items of property, plant and equipment (except for land and assets under construction) is calculated using the straight-line method over their estimated useful lives.

The useful lives of property, plant and equipment are subject to annual assessment by management and if expectations differ from previous estimates, the changes of useful lives are accounted for as a change in an accounting estimate prospectively.



The average useful lives of property, plant and equipment by type of facility, in years, were as follows:

Type of facility	Average useful lives
Production buildings	25–80
Facilities	10–100
Plant and equipment	5–40
Other	3–30

Depreciation is charged once an asset is available for use. Land and assets under construction are not depreciated.

Impairment of property, plant and equipment. Impairment reviews for property, plant and equipment are carried out when there is an indication that impairment may have occurred, or where it is otherwise required to ensure that property, plant and equipment are not carried above their estimated recoverable amounts (Note 7). If such indication exists, management estimates the recoverable amount which is determined as the higher of an asset's fair value less costs of disposal and its value in use. Fair value less costs of disposal represents the amount that can be generated through the sale of assets. Value in use represents the present value of expected future cash flows discounted on a pre-tax basis, using the estimated cost of capital of the cash-generating unit.

The carrying amount of the asset is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year to the extent it exceeds the previous revaluation surplus in equity. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a positive change in the estimates used to determine the asset's value in use or fair value less costs of disposal.

Intangible assets and goodwill. The Group's intangible assets other than goodwill have definite useful lives and primarily include capitalised computer software. Intangible assets are amortised using the straight-line method over their useful lives. If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs of disposal. Goodwill is carried at cost less accumulated impairment losses, if any. The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Such units or groups of units represent the lowest level at which the Group monitors goodwill and are not larger than an operating segment.

Gains or losses on disposal of an operation within a cash generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the operation disposed of, generally measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit which is retained.

Financial instruments – key measurement terms. Depending on their classification financial instruments are carried at fair value or amortised cost as described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. The Group uses such valuation techniques of fair value which are the most acceptable in the circumstances and as much as possible use the observable basic data.

Fair value measurements are analysed by level in the fair value hierarchy as follows:

- level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- level 3 measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

For disclosure of information on fair value the Group classified assets and liabilities on the basis of an appropriate level of hierarchy of fair value as it is stated above (Note 32).



Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Classification of financial assets. Financial assets have the following categories: (i) loans and receivables; (ii) available-for-sale financial assets; (iii) financial assets held to maturity and (iv) financial assets at fair value through profit or loss. The description of categories of financial assets of the Group is given below.

Loans and receivables are unquoted non-derivative financial assets with fixed or determinable payments.

Financial assets at fair value through profit or loss. This category is presented by derivative financial instruments which are carried at their fair value. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the year. The Group does not apply hedge accounting.

All other financial assets are included in the *available-for-sale* category, which includes investment securities which the Group intends to hold for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Classification of financial liabilities. Financial liabilities have the following measurement categories: (i) financial liabilities at fair value through profit or loss and (ii) other financial liabilities. All financial liabilities of the Group including loans are categorised as other and carried at amortized cost.

Initial recognition of financial instruments. Trading investments, derivatives and other financial instruments at fair value through profit or loss are initially recorded at fair value. All other financial instruments are initially recorded at fair value plus transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Derecognition of financial assets. The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Available-for-sale financial assets. Available-for-sale financial assets are carried at fair value. Interest income on available-for-sale debt securities is calculated using the effective interest method and recognised in profit or loss for the year as finance income. Dividends on available-for-sale equity instruments are recognised in profit or loss for the year as finance income when the Group's right to receive payment is



established and it is probable that the dividends will be collected. All other elements of changes in the fair value are recognised in other comprehensive income until the investment is derecognised or impaired at which time the cumulative gain or loss is reclassified from other comprehensive income to finance income in profit or loss for the year.

Impairment losses on available-for-sale investments are recognised in profit or loss for the year when incurred as a result of one or more events ("loss events") that occurred after the initial recognition of available-for-sale financial assets. A significant or prolonged decline in the fair value of an equity security below its cost is an indicator that it is impaired. The cumulative impairment loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously recognised in profit or loss – is reclassified from other comprehensive income to finance costs in profit or loss for the year.

Impairment losses on equity instruments are not reversed and any subsequent gains are recognised in other comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through current period's profit or loss.

Cash and cash equivalents. Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost using the effective interest method.

Trade and other receivables. Trade and other receivables are carried at amortised cost using the effective interest method.

Impairment of financial assets carried at amortised cost. Impairment losses are recognised in profit or loss when incurred as a result of one or more events ("loss events") that occurred after the initial recognition of the financial asset and which have an impact on the amount or timing of the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If the Group determines that no objective evidence exists that impairment was incurred for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. The primary factors that the Group considers in determining whether a financial asset is impaired are its overdue status and realisability of related collateral, if any. The following other principal criteria are also used to determine whether there is objective evidence that an impairment loss has occurred: (i) any portion or instalment is overdue and the late payment cannot be attributed to a delay caused by the settlement systems; (ii) the counterparty experiences a significant financial difficulty as evidenced by its financial information that the Group obtains; (iii) the counterparty considers bankruptcy or a financial reorganisation; (iv) there is adverse change in the payment status of the counterparty as a result of changes in the national or local economic conditions that impact the counterparty; or (v) the value of collateral, if any, significantly decreases as a result of deteriorating market conditions.

If the terms of an impaired financial asset held at amortised cost are renegotiated or otherwise modified because of financial difficulties of the counterparty, impairment is measured using the original effective interest rate before the modification of terms. The renegotiated asset is then derecognised and a new asset is recognised at its fair value only if the risks and rewards of the asset substantially changed. This is normally evidenced by a substantial difference between the present values of the original cash flows and the new expected cash flows.

Impairment losses are always recognised through an allowance account to write down the asset's carrying amount to the present value of expected cash flows (which exclude future credit losses that have not been incurred) discounted at the original effective interest rate of the asset. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account through profit or loss for the year.

Uncollectible assets are written off against the related impairment loss provision after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to the impairment loss account within the profit or loss for the year.

Prepayments. Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the



Group has obtained control of the asset and it is highly probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

Inventories. Inventories are recorded at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses. Cost of inventory that is expensed is determined on the weighted average basis.

Income taxes. Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxes other than on income are recorded within operating expenses. Taxable profits or losses are based on estimates if financial statements are authorised prior to filing relevant tax returns.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax liabilities are not recorded for temporary differences on initial recognition of goodwill and subsequently for goodwill which is not deductible for tax purposes. Deferred tax balances are measured at tax rates enacted or substantially enacted at the end of the reporting period which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is highly probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred tax assets and liabilities are netted only within the individual companies of the Group.

The Group controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal. The Group does not recognise deferred tax liabilities on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.

Uncertain tax positions. The Group's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period. Adjustments for uncertain income tax positions are recorded within the income tax charge.

Debt. Debt is recognised initially at its fair value, less transaction costs. Fair value is determined using the prevailing market rate of interest for a similar instrument, if significantly different from the transaction price. In subsequent periods, debt is stated at amortised cost using the effective interest method; any difference between the fair value of the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated income statement as an interest expense over the period of the debt obligation.

Capitalisation of borrowing costs. Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets, if the commencement date for capitalisation is on or after 1 January 2009.



The commencement date for capitalisation is when (i) the Group incurs expenditures for the qualifying asset; (ii) it incurs borrowing costs; and (iii) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale. The Group capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the group's average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred less any investment income on the temporary investment of those borrowings are capitalised.

Interest payments capitalised as part of the cost of an assets are classified as cash outflows from financing activities in Consolidated Statement of Cash Flows.

Employee benefits. Wages, salaries, contributions to the Russian Federation state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services) are accrued in the year in which the associated services are rendered by the employees of the Group.

Defined benefit plans. The Group operates defined benefit plans that cover the majority of its employees. Defined benefit plans define the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service, minimum tariff rate of remuneration and others.

The net liability recognised in the statement of financial position in respect of defined benefit pension plans operated by the Group is the present value of the defined benefit obligation at the end of the reporting period less fair value of plan assets.

The defined benefit obligations are calculated by independent actuary using the projected unit credit method. The present value of the defined benefit obligations are determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid associated with the operation of the plans, and that have terms to maturity approximating the terms of the related pension liabilities.

Actuarial gains and losses arising from remeasurement of pension benefit obligations are recognised in other comprehensive income. Past service cost is immediately recognised in profit or loss within operating expenses.

Defined contribution plans. For defined contribution plans, the Group pays contributions and has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. In the normal course of business the Group contributes to the Russian Federation defined contribution state pension scheme on behalf of its employees. Mandatory contributions to the governmental pension scheme are expensed when incurred and included in employee benefit expenses and payroll taxes in the consolidated income statement.

Other post-employment benefit obligations. The Group pays a one-off financial aid on occasion of an employee's jubilee. The amount of the benefit depends on one or more factors, such as the age, length of service in the company, salary and others.

For the purpose of calculating benefit obligations of these types, actuarial gains and losses arising as a result of adjustments or changes in actuarial assumptions are recognised within profit or loss in the consolidated statement of income in the period when they arise. All other aspects of accounting for these obligations are similar to those of accounting for defined benefit obligations.

Finance lease liabilities. Where the Group is a lessee in a lease which transferred substantially all the risks and rewards incidental to ownership to the Group, the assets leased are capitalised in property, plant and equipment at the commencement of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of future finance charges, are included in borrowings. The interest cost is charged to profit or loss over the lease period using the effective interest method. The assets acquired under finance leases are depreciated over their useful life or the shorter lease term if the Group is not reasonably certain that it will obtain ownership by the end of the lease term.



Operating leases. Where the Group is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Group, the total lease payments are charged to profit or loss for the year on a straight-line basis over the lease term. The lease term is the non-cancellable period for which the lessee has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option.

When assets are leased out under an operating lease, the lease payments receivable are recognised as rental income on a straight-line basis over the lease term.

Environmental liabilities. Liabilities for environmental remediation are recorded where there is a present obligation, the payment is highly probable and reliable estimates exist.

Revenue recognition. Revenue is recognised on the delivery of electricity and heat, provision of capacity, supply of services and on the dispatch of goods during the period. Revenue from retail operations is recognised on delivery of electricity and heat to the customer. Revenue amounts are presented exclusive of value added tax.

Revenue transactions under free bilateral contracts are shown net of related purchases of equivalent electricity volumes which the market participant is obliged to make in accordance with the industry regulations. For the year ended 31 December 2017 additional resale turnover in the amount of RR 244 million was shown net for presentation purposes to reflect the economic substance of transactions. For the year ended 31 December 2016 there was no additional turnover.

Government grants. Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight line basis over the expected lives of the related assets. Government grants are included in cash flows from operating activities.

Earnings per share. The earnings per share are determined by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, excluding the average number of treasury shares held by the Group.

Share capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the placement value over the par value of shares issued is recorded as share premium in equity.

Treasury shares. Where the Company or its subsidiaries purchase the Company's equity instruments, the consideration paid, including any directly attributable incremental costs, net of income taxes, is deducted from equity attributable to the Company's owners until the equity instruments are reissued, disposed of or cancelled. In case the consideration paid is non-cash asset, the treasury shares received are recognised at the fair value of this asset. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's owners.

Dividends. Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved. Any dividends declared after the reporting period and before the financial statements are authorised for issue are disclosed in the subsequent events note.

Provisions for liabilities and charges. Provisions for liabilities and charges are non-financial liabilities of uncertain timing of amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

Levies and charges, such as taxes other than income tax or regulatory fees based on information related to a period before the obligation to pay arises, are recognised as liabilities when the obligating event that gives rise to pay a levy occurs, as identified by the legislation that triggers the obligation to pay the levy. If a levy is paid before the obligating event, it is recognised as a prepayment.

Social expenditure. To the extent that the Group's contributions to social programmes benefit the community at large without creating constructive obligations to provide such benefits in the future and are not restricted to the Group's employees, they are recognised in the income statement as incurred.



Financial guarantees. Financial guarantees are irrevocable contracts that require the Group to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight-line basis over the life of the guarantee. At the end of each reporting period, the guarantees are measured at the higher of (i) the remaining unamortised balance of the amount at initial recognition, and (ii) the best estimate of expenditure required to settle the obligation at the end of the reporting period.

Segment reporting. Segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. Segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

Critical accounting estimates and judgments in applying accounting policies

The Group makes estimates and assumptions that affect the amounts recognised in the Consolidated Financial Statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgments, apart from those involving estimations, in the process of applying the accounting policies. Judgments that have the most significant effect on the amounts recognised in the Consolidated Financial Statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Sale of shares subject to entering into a non-deliverable forward contract for the shares. The management treats the transaction on acquisition by PJSC Bank VTB (the "Bank") of 55 billion of the Company's ordinary shares – 40 billion of additionally issued shares and 15 billion of treasury shares carried on the Group subsidiaries' balance sheet (Note 15) and entering into a non-deliverable forward contract for these shares (Note 19) in March 2017 as two separate transactions. The sale of shares is recorded in equity and a derivative financial instrument is recognised.

The terms and conditions of the share sale imply transfer of risks and rewards in connection with these shares, such as dividend payments received by the Bank and participation in the Company's management. No obligations for their repurchase and conversion into a different financial instrument, guarantees or binding agreements arise for the Company. Given the above and the fact that the international financial reporting standards do not prescribe accounting treatment for the risks and rewards transfer procedure for treasury shares, the Group management concluded that the transaction should be presented on the basis that the Bank is the beneficial owner of the Company's shares.

In the Group management's opinion, the decrease in the prepaid forward value by the amounts equivalent to dividends received by the Bank does not directly represent return of dividends, and, therefore, does not limit the Bank in terms of obtaining rewards from share ownership. According to the forward contract, there will be significant delays in the offset of cash flows (for a period exceeding three months from the date when dividends are received by the Bank), and the Bank will be able to place the received dividends not only in cash and cash equivalents but other instruments for the period exceeding three months as well, and it will be able to receive income and subsequently reinvest it multiple times.

As the issue of shares is recorded in equity and also as both the issue of shares and the conclusion of the non-deliverable forward contract are carried out by decision and in the interests of the state as the ultimate controlling party, the initial recognition of the non-deliverable forward contract for these shares is also recorded in equity as a shareholder transaction.

Recognition of a premium to the price of capacity with subsequent transfer of the collected amounts to the budgets of the respective regions. In July 2017 the Resolution of the Russian Government No. 895 "On achievement of basic rates (tariffs) for electric power (capacity) in the territories of the Far East Federal region" became effective. This Resolution stipulates the application of a premium to the price of capacity provided by the Company in the price zones of the wholesale electricity and capacity market with subsequent transfer of the amounts collected to the constituent budgets of the Far East Federal region in the form of free-of-charge targeted contributions.

Constituent regions are obliged to use these contributions to compensate the guaranteeing suppliers of the Far East Federal region for the reduction in tariffs which were made consistent with the basic level. According to the Resolution tariffs were reduced retrospectively starting from 1 January 2017.



The amount of the premium that should be transferred to the budgets of the Far East Federal region in the form of free-of-charge targeted contributions is stipulated by the Resolution of the Russian Government and for the year ended 31 December 2017 was RR 23 995 million. Taking into account that the Group collects the premium and subsequently transfers it to the respective budgets on behalf of the Russian Government, the management of the Group concluded that revenue from the sales of capacity in the amount of the premium should be presented in the consolidated income statement net of related free-of-charge targeted contributions.

Government subsidies receivable by the Group's companies – guaranteeing suppliers under the rules of the Resolution of the Russian Government No. 895 are recognised in government grants (Note 24). Government grants are recognised when there is a reasonable assurance that the grant will be received and the Group will be able to comply with all attached conditions (Note 12).

Impairment of non-financial assets. Accounting for impairment of non-financial assets includes impairment of property, plant and equipment and impairment of investments in associates.

The effect of these critical accounting estimates and assumptions is disclosed in Notes 7 and 8.

Recognition of deferred tax assets. At each reporting date management assesses recoverability of deferred tax assets arising from operating losses and asset impairments in the context of the current economic environment, particularly when current and expected future profits have been adversely affected by market conditions. Management considers first the future reversal of existing deferred tax liabilities and then considers future taxable profits when evaluating deferred tax assets. The assessment is made on a taxpayer basis. The future taxable profits and the amount of tax benefits that are probable in the future are based on the medium term business plans of the Group companies prepared by management and extrapolated results thereafter.

Management considered the recoverability of recognised deferred tax assets, including those on tax losses carried forward, as probable due to existence of taxable temporary differences which recoverability is expected in future and of high probability of deferred tax assets being recoverable by the future taxable profits (Note 16).

Useful life of property, plant and equipment. The estimation of the useful life of an item of property, plant and equipment is a matter of management judgment based upon experience with similar assets and other factors. In determining the useful life of an asset, management considers the expected usage, estimated technical obsolescence, physical wear and tear, warranty terms as well as the environment in which the asset is operated. Changes in any of these conditions or estimates may result in adjustments for future depreciation rates which can affect the reported income.

Reclassifications. Certain reclassifications have been made to prior year data to conform to the current year presentation. These reclassifications are not material.

Adoption of New or Revised Standards and Interpretations

The following new standards and interpretations became effective from 1 January 2017 but did not have any material impact on the Group's consolidated financial statements:

- Disclosure Initiative – Amendments to IAS 7 (issued on 29 January 2016 and effective for annual periods beginning on or after 1 January 2017). The new disclosures are included in Note 18.
- Recognition of Deferred Tax Assets for Unrealised Losses – Amendment to IAS 12 (issued on 19 January 2016 and effective for annual periods beginning on or after 1 January 2017).
- Amendments to IFRS 12 included in Annual Improvements to IFRSs 2014-2016 Cycle (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2017).

Note 3. New accounting pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2018 or later, and which the Group has not early adopted. These standards and interpretations have been approved for adoption in the Russian Federation unless noted otherwise.

IFRS 9, Financial Instruments: Classification and Measurement (amended in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).



- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a "three stage" approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.
- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

Based on an analysis of the Group's financial assets and financial liabilities as at 31 December 2017 and on the basis of the facts and circumstances that exist at that date, the management of the Group expects the adoption of the new standard will not have a significant impact on the consolidated financial statements from the adoption of the new standard on 1 January 2018 and will result in the following changes in the consolidated financial statements for the year ending 31 December 2018:

- As a result of the recalculation of the provision for impairment of the Group's accounts receivable in accordance with the expected credit losses (ECL) model, the provision for impairment of accounts receivable as at January 1, 2018 will be reduced by RR 705 million according to preliminary estimates and, accordingly, accounts receivable will increase by the same amount.
- No significant changes are expected for financial liabilities, other than changes in the fair value of financial liabilities designated at FVTPL in the consolidated financial statements for the year ending 31 December 2018 that are attributable to changes in the instrument's credit risk, which will be presented in other comprehensive income.

IFRS 15, Revenue from Contracts with Customers (amended in April 2016 and effective for the periods beginning on or after 1 January 2018). The new standard replaces all existing IFRS requirements for revenue recognition. IFRS 15 introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed.

In accordance with the transition provisions in IFRS 15 the Group management intends to apply the simplified transition method with the effect of the transition to be recognised as at 1 January 2018 in the consolidated financial statements for the year ending 31 December 2018 which will be the first year when the Group will apply IFRS 15.

The Group plans to apply the practical expedient available for the simplified transition method. IFRS 15 will be applied retrospectively only to contracts that are outstanding at the date of initial recognition (1 January 2018).



In accordance with the current accounting policies, the Group recognises revenue upon delivery of electricity, heat and provision of capacity and upon sale of other goods and provision of services during the period. Revenue is recognised at the fair value of the consideration receivable. A provision for impairment of accounts receivable is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. In accordance with IFRS 15, revenue is recognised in an amount that reflects the consideration to which the Group is expected to be entitled in exchange for the transfer of goods or services promised to the customer.

Based on the analysis of the Group's recurrent inflows for the year ended 31 December 2017, terms of individual contracts, and facts and circumstances that exist at that date, the Group expects that adoption of IFRS 15 will not have a significant impact on its consolidated financial statements as at 1 January 2018 and will result in the following changes in the accounting policies and the following adjustments in the consolidated financial statements for the year ending 31 December 2018:

Received compensation of losses in grids. The Group currently recognises revenue from compensation of transmission losses and expenses on power distribution under contracts with grid companies on a gross basis. Compensation of transmission losses that the Group receives from grid companies are not treated as separate performance obligations in accordance with IFRS 15. Therefore, this compensation cannot be recognised within revenues as the contract on compensation of losses is not a contract with customers in the context of IFRS 15 and is beyond the scope of IFRS 15.

The compensation of transmission losses that entities of the Group received in the year ended 31 December 2017 amounted to RR 4,237 million. Expenses on power distribution under contracts with grid companies totalled RR 47,719 million for the year ended 31 December 2017.

Purchase of electricity for own needs. The wholesale electricity and capacity market (WEM) has a number of sectors varying in their contractual terms and conditions and delivery timeframes: sector of regulated contracts, day-ahead market, sector of unregulated bilateral contracts and the balancing market. Under the WEM rules, the Group does not have direct contracts with final customers in the day-ahead and balancing markets and sells electricity under contracts with JSC Centre of Financial Settlements (CFS), who further sells it to final customers. At the same time, the Group has contracts with CFS for the purchase of electricity based on the results of the competitive selection of price bids on the day-ahead market and for the purposes of balancing the system.

The Group treats electricity supply contracts with CFS as contracts with a customer (represented by the whole market) covered by IFRS 15. Therefore, an electricity supply contract with CFS and an electricity purchase contract with CFS are treated as contracts signed with one customer - the wholesale electricity and capacity market.

The Group is unable to function normally without ensuring power supply to its production facilities. This indicates direct interrelation between the purchased volume of electricity and its generation and delivery to WEM. The fact that the Group buys electricity at WEM does not mean that the Group is a customer in the context of IFRS 15. Consequently, the cost of electricity that the Group buys at WEM to support the work process and for own needs, in accordance with IFRS 15 represents compensation to be paid to the customer. This compensation should be recognised as a reduction of the transaction price and, therefore, of revenue, unless the payment to the customer is in exchange for distinct goods or services that the customer transfers to the entity.

The cost of electricity purchased to support the work process and for other own needs totalled RR 583 million for the year ended 31 December 2017.

Given that management of the Group has not finalised its analysis of the impact of the adoption of IFRS 15, the above disclosure is preliminary and it is possible that the impact on the consolidated financial statements may differ from the above. The Group expects to finalise the IFRS 15 adoption by the date of issue of the condensed consolidated interim financial information for the three months ended 31 March 2018.

IFRS 16, Leases (issued in January 2016 and effective for annual periods beginning on or after 1 January 2019). The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16



substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Group is currently assessing the impact of the new standard on its consolidated financial statements.

IFRS 17, Insurance Contracts (issued in May 2017 and effective for annual periods beginning on or after 1 January 2021). IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. As a consequence, it was difficult for investors to compare and contrast the financial performance of otherwise similar insurance companies. IFRS 17 is a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard requires recognition and measurement of groups of insurance contracts at: (i) a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset) (ii) an amount representing the unearned profit in the group of contracts (the contractual service margin). Insurers will be recognising the profit from a group of insurance contracts over the period they provide insurance coverage, and as they are released from risk. If a group of contracts is or becomes loss-making, an entity will be recognising the loss immediately. The Group is currently assessing the impact of the new standard on its consolidated financial statements.

IFRIC 22, Foreign currency transactions and advance consideration (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018). The Interpretation addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) on derecognition of a non-monetary asset or non-monetary liability arising from an advance consideration in foreign currency. Under IAS 21, the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from advance consideration in foreign currency. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. IFRIC 22 only applies in circumstances where an entity recognises the non-monetary asset or non-monetary liability arising from an advance consideration in foreign currency. IFRIC 22 does not contain any practical guidance on identifying an accounting item as monetary or non-monetary. Generally, a payment or receipt of consideration made as advance payment would result in recognition of a non-monetary asset or non-monetary liability. However, they can also give rise to a monetary asset or liability. An entity may require professional judgement to determine if a specific accounting item is monetary or non-monetary. The Group is currently assessing the impact of the Interpretation on its consolidated financial statements.

IFRIC 23, Uncertainty over Income Tax Treatments (issued in June 2017 and effective for annual periods beginning on or after 1 January 2019). IAS 12 specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. An entity should determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty. An entity should assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the effect of uncertainty will be reflected in determining the related taxable profit or loss, tax bases, unused tax losses, unused tax credits or tax rates, by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty. An entity will reflect the effect of a change in facts and circumstances or of new information that affects the judgments or estimates required by the interpretation as a change in accounting estimate. Examples of changes in facts and circumstances or new information that can result in the reassessment of a judgment or estimate include, but are not limited to, examinations or actions by a taxation authority, changes in rules established by a taxation authority or the expiry of a taxation authority's right to examine or re-examine a tax treatment. The absence of agreement or disagreement by a taxation authority with a tax treatment, in isolation, is unlikely to constitute a change in facts and circumstances or new information that affects the judgments and estimates required by the Interpretation. The Group is currently assessing the impact of the interpretation on its consolidated financial statements.



The following other new pronouncements are not expected to have any material impact on the Group when adopted:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).
- Amendments to IFRS 2, Share-based Payment (issued on 20 June 2016 and effective for annual periods beginning on or after 1 January 2018).
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – Amendments to IFRS 4 (issued on 12 September 2016 and effective, depending on the approach, for annual periods beginning on or after 1 January 2018 for entities that choose to apply temporary exemption option, or when the entity first applies IFRS 9 for entities that choose to apply the overlay approach).
- Transfers of Investment Property – Amendments to IAS 40 (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).
- Annual Improvements to IFRSs 2014-2016 cycle – Amendments to IFRS 1 and IAS 28 (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).
- Prepayment Features with Negative Compensation – Amendments to IFRS 9 (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019).
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28 (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019).
- Annual Improvements to IFRSs 2015-2017 cycle - Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 (issued on 12 December 2017 and effective for annual periods beginning on or after 1 January 2019).
- Plan Amendment, Curtailment or Settlement - Amendments to IAS 19 (issued on 7 February 2018 and effective for annual periods beginning on or after 1 January 2019).

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Group's consolidated financial statements.

Note 4. Principal subsidiaries

All principal subsidiaries are incorporated and operate in the Russian Federation. Differences between the ownership interest and voting interest held by some subsidiaries represent the effect of preference shares and / or effects of indirect ownership, or shares of limited liability companies (LLC).

The Group operates in the three main reportable segments one of which is represented by the Group's parent company – PJSC RusHydro (Note 5). The principal subsidiaries are presented below according to their allocation to the reportable segments as at 31 December 2017 and 31 December 2016.

ESC RusHydro subgroup segment

ESC RusHydro subgroup segment includes the Group's subsidiaries which sell electricity to final customers. All the entities included in this segment with the exception of JSC ESC RusHydro have the guaranteeing supplier status and are obliged to sign contracts on supplies with all final consumers of their region upon their request.

	31 December 2017		31 December 2016	
	% of ownership	% of voting	% of ownership	% of voting
JSC ESC RusHydro	100.00%	100.00%	100.00%	100.00%
PJSC Krasnoyarskenergosbyt	65.81%	69.40%	65.81%	69.40%
PJSC Ryazanenergosbyt	90.52%	90.52%	90.52%	90.52%
JSC Chuvashskaya Electricity Sales Company	100.00%	100.00%	100.00%	100.00%

In December 2016 the Group completed the sale transaction of 100 percent shares of LLC ESC Bashkortostan (electricity sales company, guaranteeing supplier of electricity in the Republic of Bashkortostan) to Inter RAO Group. Profit from the sale of LLC ESC Bashkortostan in the amount of RR 3,048 million is included in other operating income for the year ended 31 December 2016.



(in millions of Russian Rubles unless noted otherwise)

RAO ES East subgroup segment

RAO ES East subgroup segment consists of JSC RAO ES East and its subsidiaries that generate distribute and sell electricity and heat in the Far East region of the Russian Federation and render transportation, construction, repair and other services.

Principal subsidiaries of this segment are presented below:

	31 December 2017		31 December 2016	
	% of ownership	% of voting	% of ownership	% of voting
JSC RAO ES East*	99.98%	99.98%	99.98%	99.98%
PJSC DEK	52.11%	52.17%	52.11%	52.17%
JSC DGK	52.11%	100.00%	52.11%	100.00%
JSC DRSK	52.11%	100.00%	52.11%	100.00%
PJSC Kamchatskenergo	98.72%	98.74%	98.72%	98.74%
PJSC Magadanenergo**	48.99%	49.00%	48.99%	49.00%
PJSC Sakhalinenergo	57.80%	57.82%	57.80%	57.82%
PJSC Yakutskenergo	79.15%	79.16%	79.15%	79.16%

* In October 2017 shares of RAO Energy Systems of the East were de-listed on the Moscow Exchange. In December 2017 changes to the Charter were registered that eliminated indication of the company's public status in the company's name. Voting and ownership percent interests in JSC RAO ES East as at 31 December 2016 include 15.59 percent interest held by the Group's subsidiary LLC Vostok-Finance.

** Control over PJSC Magadanenergo is achieved by the majority of votes on the shareholders meeting because the remaining part of the shares not owned by the Group are distributed among a large number of shareholders the individual stakes of which are insignificant.

Other segments

Other segments include:

- the Group's subsidiaries engaged in production and sale of electricity and capacity;
- the Group's subsidiaries primarily engaged in research and development related to the utilities industry and construction of hydropower facilities;
- the Group's subsidiaries engaged in repair, upgrade and reconstruction of equipment and hydropower facilities;
- the Group's subsidiaries engaged primarily in hydropower plants construction;
- minor segments which do not have similar economic characteristics.

Principal subsidiaries included in other segments are presented below:

	31 December 2017		31 December 2016	
	% of ownership	% of voting	% of ownership	% of voting
JSC Blagoveschensk TPP	100.00%	100.00%	100.00%	100.00%
JSC VNIIG named after B. E. Vedeneev	100.00%	100.00%	100.00%	100.00%
JSC Geotherm	99.65%	99.65%	99.65%	99.65%
JSC Hidroremont-VKK	100.00%	100.00%	100.00%	100.00%
JSC Zagorskaya GAES-2	100.00%	100.00%	100.00%	100.00%
JSC Zaramag HS	99.75%	99.75%	99.75%	99.75%
JSC Institute Hydroproject	100.00%	100.00%	100.00%	100.00%
PJSC Kolimaenergo	98.76%	98.76%	98.76%	98.76%
JSC Lenhydroproject	100.00%	100.00%	100.00%	100.00%
JSC NIIES	100.00%	100.00%	100.00%	100.00%
JSC Nizhne-Bureiskaya HPP	100.00%	100.00%	100.00%	100.00%
JSC Sakhalin GRES-2	100.00%	100.00%	100.00%	100.00%
JSC Sulak HidroKaskad	100.00%	100.00%	100.00%	100.00%
JSC TPP in Sovetskaya Gavan	100.00%	100.00%	100.00%	100.00%
JSC Ust'-Srednekangesstroy	98.76%	100.00%	98.76%	100.00%
JSC Ust'-Srednekanskaya HPP named after A. F. Dyakov	99.63%	100.00%	99.63%	100.00%
JSC Chirkeigesstroy	100.00%	100.00%	100.00%	100.00%
JSC Yakutskaya GRES-2	100.00%	100.00%	100.00%	100.00%



(in millions of Russian Rubles unless noted otherwise)

Non-controlling interest

Summarised financial information related to subsidiaries with significant amount of non-controlling interest before elimination of operations between the Group's subsidiaries is presented below:

	RAO ES East subgroup		including DEK subgroup	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Financial position				
Share of non-controlling interest	0.02%	0.02%	47.89%	47.89%
Share of voting rights, attributable to non-controlling interest	0.02%	0.02%	47.83%	47.83%
Non-current assets	121,463	114,628	69,998	65,407
Current assets	64,971	57,587	28,470	25,645
Non-current liabilities	(89,872)	(87,668)	(63,069)	(61,392)
Current liabilities	(89,500)	(74,421)	(40,998)	(33,433)
Net assets / (liabilities)	7,062	10,126	(5,599)	(3,773)
Carrying value of non-controlling interest	5,778	3,014	1,686	(421)
	Year ended 31 December 2017	Year ended 31 December 2016	Year ended 31 December 2017	Year ended 31 December 2016
Financial results				
Revenue	168,714	175,545	123,406	119,179
(Loss) / profit for the year	(13,403)	(6,184)	(7,491)	1,573
Total comprehensive (loss) / income for the year	(14,149)	(6,397)	(7,297)	1,744
(Loss)/ profit for the year, attributable to non-controlling interest	(1,690)	(221)	(1,576)	1,641
Changes in other comprehensive income / (loss), attributable to non-controlling interest	56	(110)	3,459	114
Cash flows				
Cash generated by operating activities	13,815	12,982	6,844	11,397
Cash used in investing activities	(18,904)	(17,632)	(8,077)	(6,093)
Cash generated by / (used in) financing activities	7,922	(355)	2,579	(4,980)
Increase / (decrease) in cash and cash equivalents	2,833	(5,005)	1,346	324

The rights of the non-controlling shareholders of the presented subgroups are determined by the Federal Law "On Joint Stock Companies" and the charter documents of JSC RAO ES East and PJSC DEK.

Note 5. Segment information

Operating segments are components of the Group engaged in operations from which they may earn revenue and incur expenses, including revenue and expenses relating to transactions with other components of the Group. The individual financial information of the operating segments, which based on the same principles as the present consolidated financial statements, is available and is regularly reviewed by the chief operating decision maker (CODM) to make operating decisions about resources to be allocated to the segments and the performance of the segments' operating activities.

The CODM analyses the information concerning the Group by the groups of operations which are aggregated in operating segments presented by the following separate reportable segments: PJSC RusHydro (the Group's parent company), ESC RusHydro subgroup, RAO ES East subgroup and other segments (Note 4). Transactions of other segments are not disclosed as reportable segments based on quantitative indicators for the periods presented.

Management of operating activities of segments is performed with direct participation of individual segment managers accountable to the CODM. Segment managers on a regular basis submit for approval to the CODM results of operating activities and financial performance of segments. The CODM approves the annual business plan at the level of reportable segments as well as analyses actual financial performance of segments. Management bears responsibility for execution of approved plan and management of operating activities at the level of segments.



The segments' operational results are assessed on the basis of EBITDA, which is calculated as operating profit / loss excluding insurance compensation, depreciation of property, plant and equipment and amortisation of intangible assets, impairment of property, plant and equipment, impairment of financial assets, impairment of loans issued and accounts receivable, gain / loss on disposal of property, plant and equipment, gain / loss on disposal of subsidiaries and associates, profit on disposal of other non-current assets and other non-monetary items of operating expenses. This method of definition of EBITDA may differ from the methods applied by other companies. CODM believes that EBITDA represents the most useful means of assessing the performance of ongoing operating activities of the Company and the Group's subsidiaries, as it reflects the earnings trends without showing the impact of the above charges.

Segment information also contains capital expenditures and the amount of debt as these indicators are analysed by the CODM. Intersegment debt's balances are excluded.

Other information provided to the CODM complies with the information presented in the consolidated financial statements.

Intersegment sales are carried out at market prices.

Segment information for the years ended 31 December 2017 and 31 December 2016 and as at 31 December 2017 and 31 December 2016 is presented below:

RusHydro Group
Notes to the Consolidated Financial Statements as at and for the year ended
31 December 2017



(in millions of Russian Rubles unless noted otherwise)

Year ended 31 December 2017	PJSC RusHydro	ESC RusHydro subgroup	RAO ES East subgroup	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
Revenue	120,493	61,817	168,714	29,039	380,063	(31,944)	348,119
<i>including:</i>							
<i>from external companies</i>	111,091	61,799	168,398	6,831	348,119	-	348,119
<i>sales of electricity</i>	77,059	60,657	102,867	826	241,409	-	241,409
<i>sales of heat and hot water sales</i>	158	-	38,747	2	38,907	-	38,907
<i>sales of capacity</i>	33,723	-	6,856	302	40,881	-	40,881
<i>other revenue</i>	151	1,142	19,928	5,701	26,922	-	26,922
<i>from intercompany operations</i>	9,402	18	316	22,208	31,944	(31,944)	-
Government grants	-	-	32,567	178	32,745	-	32,745
Other operating income (excluding non-monetary items)	259	-	-	431	690	-	690
Operating expenses (excluding depreciation and other non-monetary items)	(44,026)	(60,239)	(177,959)	(27,174)	(309,398)	31,882	(277,516)
EBITDA	76,726	1,578	23,322	2,474	104,100	(62)	104,038
Depreciation of property, plant and equipment and amortisation of intangible assets	(14,656)	(221)	(7,964)	(2,393)	(25,234)	211	(25,023)
Other non-monetary items of operating income and expenses	(3,946)	(1,017)	(13,293)	(12,961)	(31,217)	(6)	(31,223)
<i>including:</i>							
<i>impairment of property, plant and equipment</i>	(2,394)	-	(8,950)	(12,656)	(24,000)	-	(24,000)
<i>impairment of accounts receivable, net</i>	(1,324)	(1,011)	(3,385)	(237)	(5,957)	-	(5,957)
<i>loss on disposal of property, plant and equipment, net</i>	(268)	(6)	(647)	(79)	(1,000)	(6)	(1,006)
<i>gain / (loss) on disposal of subsidiaries and associates</i>	40	-	(311)	11	(260)	-	(260)
Operating profit / (loss)	58,124	340	2,065	(12,880)	47,649	143	47,792
Finance income							8,443
Finance costs							(21,133)
Share of results of associates and joint ventures							417
Profit before income tax							35,519
Income tax expense							(13,068)
Profit for the year							22,451
Capital expenditure	25,661	156	23,133	38,492	87,442	(175)	87,267
31 December 2017							
Non-current and current debt	120,070	1,268	43,348	4,839	169,525	-	169,525

RusHydro Group
Notes to the Consolidated Financial Statements as at and for the year ended
31 December 2017



(in millions of Russian Rubles unless noted otherwise)

						Unallocated adjustments and intercompany operations	
Year ended 31 December 2016	PJSC RusHydro	ESC RusHydro subgroup	RAO ES East subgroup	Other segments	Total segments		TOTAL
Revenue	115,037	88,748	175,545	29,502	408,832	(34,760)	374,072
<i>including:</i>							
<i>from external companies</i>	104,441	88,715	174,716	6,200	374,072	-	374,072
<i>sales of electricity</i>	74,802	87,595	109,586	599	272,582	-	272,582
<i>sales of heat and hot water sales</i>	168	-	38,681	-	38,849	-	38,849
<i>sales of capacity</i>	28,881	-	7,795	392	37,068	-	37,068
<i>other revenue</i>	590	1,120	18,654	5,209	25,573	-	25,573
<i>from intercompany operations</i>	10,596	33	829	23,302	34,760	(34,760)	-
Government grants	-	-	17,184	66	17,250	-	17,250
Other operating income (excluding non-monetary items)	29	1	82	340	452	(17)	435
Operating expenses (excluding depreciation and other non-monetary items)	(41,857)	(85,869)	(168,917)	(29,788)	(326,431)	35,015	(291,416)
EBITDA	73,209	2,880	23,894	120	100,103	238	100,341
Insurance indemnity	-	-	-	1,737	1,737	-	1,737
Depreciation of property, plant and equipment and amortisation of intangible assets	(13,641)	(752)	(7,747)	(2,247)	(24,387)	257	(24,130)
Other non-monetary items of operating income and expenses	(3,078)	881	(12,501)	(15,711)	(30,409)	-	(30,409)
<i>including:</i>							
<i>impairment of property, plant and equipment</i>	(6,743)	-	(5,581)	(14,201)	(26,525)	-	(26,525)
<i>profit on disposal of other non-current assets</i>	7,202	-	-	-	7,202	-	7,202
<i>impairment of financial assets</i>	-	(243)	(3,120)	(1,101)	(4,464)	-	(4,464)
<i>impairment of loans issued</i>	(2,378)	-	-	-	(2,378)	-	(2,378)
<i>impairment of accounts receivable, net</i>	(1,014)	(1,911)	(3,968)	(240)	(7,133)	-	(7,133)
<i>loss on disposal of property, plant and equipment, net</i>	(145)	(13)	(228)	(169)	(555)	-	(555)
<i>gain on disposal of subsidiaries and associates</i>	-	3,048	396	-	3,444	-	3,444
Operating profit / (loss)	56,490	3,009	3,646	(16,101)	47,044	495	47,539
Finance income							9,943
Finance costs							(9,041)
Share of results of associates and joint ventures							6,682
Profit before income tax							55,123
Income tax expense							(15,372)
Profit for the year							39,751
Capital expenditure	29,987	210	20,809	30,132	81,138	(73)	81,065
31 December 2016							
Non-current and current debt	107,274	550	86,912	5,067	199,803	-	199,803



Note 6. Related party transactions

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The Group's principal related parties for the years ended 31 December 2017 and 31 December 2016 were joint ventures, associates of the Group (Note 8) and government-related entities.

Joint ventures

The Group had the following balances with its joint ventures:

	Note	31 December 2017	31 December 2016
Promissory notes	10	6,880	6,269
Advances to suppliers		172	800
Loans issued		8	15
Loans received		750	750

The Group had the following transactions with its joint ventures:

	Year ended 31 December 2017	Year ended 31 December 2016
Sales of electricity and capacity	337	931
Other revenue	622	648
Purchased electricity and capacity	2,835	2,811

Associates

The Group had the following balances with its associates:

	31 December 2017	31 December 2016
Trade and other receivables	456	491
Accounts payable	1,277	781

The Group had the following transactions with its associates:

	Year ended 31 December 2017	Year ended 31 December 2016
Sales of electricity and capacity	2,673	2,679
Other revenue	153	137
Rent	605	521
Purchased electricity and capacity	15	17

Government-related entities

In the normal course of business the Group enters into transactions with the entities related to the Government.

The Group had transactions during the years ended 31 December 2017 and 31 December 2016 and balances outstanding as at 31 December 2017 and 31 December 2016 with the following government-related banks: SC Vnesheconombank, PJSC Sberbank, JSC Rosselkhozbank, Bank GPB (JSC), PJSC VTB Bank, PJSC VTB24 (Notes 10, 11, 14, 18). All transactions are carried out at market rates. The Company had an additional issue of shares and sold treasury shares of its subsidiaries (Note 15). The Company also entered into a non-deliverable forward transaction of its treasury shares with PJSC VTB Bank (Note 19).

The Group's sales of electricity, capacity and heat to government-related entities comprised approximately 30 percent of total sales of electricity, capacity and heat for the year ended 31 December 2017 (for the year ended 31 December 2016: approximately 30 percent). Sales of electricity and capacity under the regulated contracts are conducted directly to the consumers, within the day-ahead market (DAM) – through commission agreements with JSC Centre of Financial Settlements (CFS). Electricity and capacity supply tariffs under the regulated contracts and electricity and heating supply tariffs in non-pricing zone of the Far East are approved by FTS and by regional regulatory authorities of the Russian Federation. On DAM the price is determined by balancing the demand and supply and such price is applied to all market participants.



During the period the Group received government subsidies in amount of RR 32,745 million (in 2016 in the amount of RR 17,250 million) (Note 24).

Government subsidies receivable comprised RR 3,401 million as at 31 December 2017 (31 December 2016: RR 2,108 million) (Note 12). There were no accounts payable on free-of-charge targeted contributions of the Group as at 31 December 2017 and 31 December 2016.

The Group's purchases of electricity, capacity and fuel from government-related entities comprised approximately 30 percent of total expenses on purchased electricity, capacity and fuel for the year ended 31 December 2017 (for the year ended 31 December 2016: approximately 20 percent).

Electricity distribution services provided to the Group by government-related entities comprised approximately 80 percent of total electricity distribution expenses for the year ended 31 December 2017 (for the year ended 31 December 2016: approximately 70 percent). The distribution of electricity is subject to tariff regulations.

Key management of the Group. Key management of the Group includes members of the Board of Directors of the Company, members of the Management Board of the Company, heads of the business subdivisions of the Company and their deputies, key management of subsidiaries of RAO ES East subgroup segment.

Remuneration to the members of the Board of Directors of the Company for their services in their capacity and for attending Board meetings is paid depending on the results for the year and is calculated based on specific remuneration policy approved by the Annual General Shareholders Meeting of the Company.

Remuneration to the members of the Management Board and to other key management of the Group is paid for their services in full time management positions and is made up of a contractual salary and performance bonuses depending on the results of the work for the period based on key performance indicators approved by the Board of Directors of the Company.

Main compensation for Key management of the Group generally is short-term excluding future payments under pension plans with defined benefits. Pension benefits for key management of the Group are provided on the same terms as for the rest of employees.

Short-term remuneration paid to the key management of the Group for the year ended 31 December 2017 comprised RR 1,877 million including an accrual for bonuses in the amount of RR 400 million (for the year ended 31 December 2016: RR 1,419 million including accrual for bonuses in the amount of RR 165 million). The accrual for bonuses for the year ended 31 December 2017 includes remuneration under the Company's key management long-term motivation Program as expected based on the 2017 results.



(in millions of Russian Rubles unless noted otherwise)

Note 7. Property, plant and equipment

Revalued amount / cost	Buildings	Facilities	Plant and equipment	Assets under construction	Other	Total
Balance as at 31 December 2016	91,324	407,267	311,929	292,889	14,286	1,117,695
Impairment of revalued property, plant and equipment	(136)	(1,034)	(137)	-	-	(1,307)
Reclassification	539	4,782	(5,458)	245	(108)	-
Additions	112	17	1,326	84,849	963	87,267
Transfers	10,221	23,011	47,445	(80,755)	78	-
Disposals of subsidiaries	(272)	(87)	(176)	(27)	(127)	(689)
Disposals and write-offs	(312)	(1,432)	(1,635)	(639)	(615)	(4,633)
Balance as at 31 December 2017	101,476	432,524	353,294	296,562	14,477	1,198,333
Accumulated depreciation (including impairment)						
Balance as at 31 December 2016	(35,459)	(143,461)	(133,736)	(32,224)	(7,768)	(352,648)
Impairment charge	(4,068)	(7,877)	(8,699)	(3,830)	(109)	(24,583)
Reversal of impairment	-	-	-	597	-	597
Depreciation charge	(2,041)	(8,770)	(13,393)	-	(1,148)	(25,352)
Transfers	(430)	(3,524)	673	3,416	(135)	-
Disposals of subsidiaries	267	86	167	6	85	611
Disposals and write-offs	136	676	1,266	479	340	2,897
Balance as at 31 December 2017	(41,595)	(162,870)	(153,722)	(31,556)	(8,735)	(398,478)
Net book value as at 31 December 2017	59,881	269,654	199,572	265,006	5,742	799,855
Net book value as at 31 December 2016	55,865	263,806	178,193	260,665	6,518	765,047

Revalued amount / cost	Buildings	Facilities	Plant and equipment	Assets under construction	Other	Total
Balance as at 31 December 2015	83,887	398,693	268,513	285,292	13,646	1,050,031
Impairment of revalued property, plant and equipment	(262)	(4,941)	(943)	-	(4)	(6,150)
Reclassification	(105)	(313)	(2,240)	2,790	(132)	-
Additions	71	1,307	1,591	76,876	1,220	81,065
Transfers	8,247	13,218	49,052	(70,675)	158	-
Disposals of subsidiaries	(352)	(129)	(452)	(34)	(125)	(1,092)
Disposals and write-offs	(162)	(568)	(3,592)	(1,360)	(477)	(6,159)
Balance as at 31 December 2016	91,324	407,267	311,929	292,889	14,286	1,117,695
Accumulated depreciation (including impairment)						
Balance as at 31 December 2015	(31,803)	(131,656)	(105,881)	(29,192)	(6,914)	(305,446)
Impairment charge	(1,729)	(6,227)	(13,317)	(11,692)	(134)	(33,099)
Reversal of impairment	786	3,284	2,433	70	9	6,582
Depreciation charge	(2,018)	(8,294)	(12,621)	-	(1,191)	(24,124)
Transfers	(794)	(719)	(6,554)	8,065	2	-
Disposals of subsidiaries	47	53	343	28	95	566
Disposals and write-offs	52	98	1,861	497	365	2,873
Balance as at 31 December 2016	(35,459)	(143,461)	(133,736)	(32,224)	(7,768)	(352,648)
Net book value as at 31 December 2016	55,865	263,806	178,193	260,665	6,518	765,047
Net book value as at 31 December 2015	52,084	267,037	162,632	256,100	6,732	744,585

As at 31 December 2017, included in the net book value of the property, plant and equipment are office buildings and plots of land owned by the Group in the amount of RR 7,486 million (31 December 2016: RR 7,745 million) which are stated at cost.

Assets under construction represent the expenditures for property, plant and equipment that are being constructed, including hydropower plants under construction, and advances to construction companies and suppliers of property, plant and equipment. As at 31 December 2017 such advances amounted to RR 36,577 million (31 December 2016: RR 47,105 million).



Additions to assets under construction included capitalised borrowing costs in the amount of RR 11,584 million, the capitalisation rate was 9.50 percent (for the year ended 31 December 2016: RR 14,276 million, the capitalisation rate was 10.55 percent).

Additions to assets under construction included capitalised depreciation in the amount of RR 732 million (for the year ended 31 December 2016: RR 1,042 million).

Other property, plant and equipment include motor vehicles, land, office fixtures and other equipment.

Management of the Group considers that the carrying amount of property, plant and equipment as at 31 December 2017 and 31 December 2016 does not differ materially from their fair value at the end of the reporting period.

Assessment of fair value of property, plant and equipment

Management of the Group determines the fair value of property, plant and equipment as follows.

The Group's property, plant and equipment are mainly represented by specialised property: the Group's key assets are represented by unique hydro engineering structures and power equipment manufactured under certain technical specifications for each power plant; such equipment is rarely sold in the market.

The Group management determines the value of the specialised property on a regular basis, using the cost approach. The cost approach is based on the economic concept which implies that a buyer will pay no more for an asset than it would cost to develop or obtain another asset with the same functionality. The total costs of replacement or reproduction of the analysed asset resulting from such measurement are decreased by the amount of physical, functional and economic depreciation.

The replacement costs are determined based on specialised reference books, regulatory documents, construction rates, manufacturer's prices in effect as of the valuation date; physical and functional depreciation is measured based on the age of the assets, their actual condition and operating mode, etc.

To determine the economic depreciation of specialised assets, the Group management calculates the recoverable amount using the income approach. It is based on discounted cash flow method, and the Group uses certain assumptions when building the cash flow forecast. In particular, these assumptions are used to determine the expected cash flows, capital expenditures and discount rates for each cash generating unit. The Group management determines the forecast horizon, and net cash inflows from the asset's operation are calculated for each period of this horizon. The recoverable amount of the cash generating unit is determined by recalculating the discounted net cash flows. The Group management believes that the Group subsidiaries and Company's branches are separate cash generating units.

If the recoverable amount of the cash generating unit is higher than the replacement cost less physical and functional depreciation of property, plant and equipment included in this cash generating unit, it is concluded that there is no economic depreciation. If this is not the case and if the recoverable amount is less than the carrying amount of cash generating unit, the economic impairment is determined as the difference between the recoverable amount and the carrying amount.



Impairment of property, plant and equipment as at 31 December 2017 and 31 December 2016

The following key assumptions were used in the impairment testing for the years ended 31 December 2017 and 31 December 2016:

Key assumptions used in the impairment testing	Year ended 31 December 2017	Year ended 31 December 2016
Information used	Actual operating results for 2017 and business plans for 2018–2023	Actual operating results for 2016 and business plans for 2017–2022
Forecast period*	For existing plants 10 years (2018–2027) For plants under construction - 20 years after commissioning and before the completion of capacity sale contracts (2018–2041) For cash-generating units of the Far East - 11-25 years (2018–2042)	For existing plants 10 years (2017–2026) For plants under construction - 20 years after commissioning and before the completion of capacity sale contracts (2017–2040) For cash-generating units of the Far East - 11-25 years (2017–2041)
Forecasted growth rates in terminal period	4.22 percent	3.83 percent
Discount rate before tax (based on weighted average cost of capital)	12.7–15.4 percent (RR)	14.45–17.4 percent (RR)
Forecast of electricity and capacity tariffs in the isolated energy systems and in non-pricing zone of the Far East	Based on methodology of tariffs calculation adopted by regulatory authority	
Forecast of electricity and capacity prices in competitive market	Based on the forecast of JSC TSA and forecast rates on energy prices growth prepared by the Ministry of Economic Development of RF	
Forecast of capacity prices related to competitive capacity selection	For 2018–2021 – based on the results of competitive capacity selection, except for stations, where regulated tariffs are used For 2022 and after – adjusted on consumer index price and forecasts of JSC TSA	For 2017–2020 – based on the results of competitive capacity selection, except for stations, where regulated tariffs are used For 2021 and after – adjusted on consumer index price and forecasts of JSC TSA
Forecast of electricity and capacity volumes	Based on the Company's management assessment of future trends in the business	
Forecast of capital expenditures	Based on the management valuation of capital expenditures on modernisation and reconstruction programme	

* Management considers that a forecast period greater than five years is appropriate as the wholesale electricity and capacity market is expected to change significantly over the forecast period and cash flow projections will not be stabilised within five years. However a forecast period of cash flows was mainly defined by remaining useful life of assets tested. For hydroelectric power plants this period may amount up to 100 years due to the fact that key asset is a dam. In this regard the recoverable amount of assets was defined based on cash flows during the forecast period and terminal values.

The values assigned to the key assumptions represent management's assessment of future trends in the business and are based on both external and internal sources.

Management of the Group analysed the current economic situation, in which the Group operates, in order to detect the indicators of impairment of property, plant and equipment or indicators that an impairment loss recognised in prior periods no longer exists or decreased.

As a result of the impairment analysis of property, plant and equipment of the Group as at 31 December 2017 their carrying amount decreased by RR 25,890 million. As a result an impairment loss in the amount of RR 24,583 million was recognised in the Consolidated Income Statement and decrease of previously recognised revaluation reserve in the amount of RR 1,307 million (before income tax of RR 261 million) – in other comprehensive loss, the effects relate mainly to the following cash-generating units:

- Yakutskaya GRES-2 – impairment loss in the amount of RR 13,057 million;
- Yakutskenergo – impairment loss in the amount of RR 7,888 million and decrease of previous revaluation reserve in the amount of RR 1,277 million.

The sensitivity analysis of the recoverable amounts of cash-generating units for the key assumptions is presented in Note 32.



(in millions of Russian Rubles unless noted otherwise)

As a result of the impairment analysis of property, plant and equipment as at 31 December 2016 their carrying amount decreased by RR 32,667 million. As a result, impairment loss in the amount of RR 26,517 million was recognised in the Consolidated Income Statement and a decrease of previous revaluation reserve in the amount of RR 6,150 million (before income tax of RR 1,230 million) – in other comprehensive loss.

The carrying amount of each class of property, plant and equipment that would have been recognised had the assets been carried under the cost model is as follows:

	Production buildings	Facilities	Plant and equipment	Assets under construction	Other	Total
Net book value as at 31 December 2017	38,900	120,494	191,705	268,986	2,150	622,235
Net book value as at 31 December 2016	34,278	111,189	169,428	264,645	2,134	581,674

Events at Zagorskaya GAES-2. On 17 September 2013 there was a partial flooding at Zagorskaya GAES-2 which is under construction in the Moscow Region. The flooding originated from the lower reservoir via functional joints of the station block and a newly formed cavity in the right junction of the GAES-2 building foundation. Construction and assembly works as well as property, including equipment, were insured by PIJSC Ingosstrakh, JSC AlfaStrakhovanie and JSC SOGAZ. As at 31 December 2016 all insurance companies had made all payments on the insured event.

Other operating income for the year ended 31 December 2016 include insurance indemnity received from JSC SOGAZ and JSC AlfaStrakhovanie in the amount of RR 1,737 million.

For the year ended 31 December 2017 a loss on disposal of damaged equipment and assets under construction which are not recoverable and, as well as expenses on recovery works, were recognised in Operating expenses in the amount of RR 902 million (for the year ended 31 December 2016: RR 1,600 million).

At the consolidated financial statements signing date management of the Group cannot reliably estimate future expenses that may be necessary to eliminate consequences of the technical incident. However, these expenses may be material for the Group.

Management of the Group believes that property, plant and equipment at Zagorskaya GAES-2 is not impaired as at 31 December 2017 as there were capacity supply contracts concluded in respect of new power generation facilities of Zagorskaya GAES-2, that guarantee the payback period of 20 years for the total cost of construction for the period. The carrying amount of Zagorskaya GAES-2 property, plant and equipment is RR 61,235 million.

Leased equipment. As at 31 December 2017 the net book value of assets held under finance lease and included in property, plant and equipment was RR 1,372 million (31 December 2016: RR 1,964 million). Assets held under finance lease were mainly represented by plant and equipment.

Operating lease. The Group leases a number of land areas owned by local governments and production buildings under non-cancellable operating lease agreements. Land lease payments are determined by lease agreements. The land areas leased by the Group are the territories on which the Group's hydropower plants and other assets are located. According to the Land Code of the Russian Federation such land areas are limited in their alienability and cannot become private property. The Group's operating leases typically run for an initial period of 5–49 years with an option to renew the lease after that date. Lease payments are reviewed regularly.

The future payments under non-cancellable operating leases in accordance with rates as at the reporting period end are as follows:

	31 December 2017	31 December 2016
Less than one year	2,115	2,175
Between one and five years	7,774	7,404
After five years	32,582	30,524
Total operating lease	42,471	40,103

Pledged assets. As at 31 December 2017 RR and 31 December 2016 no property, plant and equipment have been pledged as collateral for borrowings.



(in millions of Russian Rubles unless noted otherwise)

Note 8. Investments in associates and joint ventures

The Group's interests in associates and joint ventures and its carrying value were as follows:

	Place of business	% held		Carrying value	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
Associates					
OJSC Irkutsk Electronetwork Company (OJSC IENC)	Russia	42.75%	42.75%	7,656	7,528
OJSC Sakhalin Energy Company (OJSC SEC)	Russia	34.62%	36.09%	1,928	1,982
Other				145	193
Total associates				9,729	9,703
Joint ventures					
BoGES Group	Russia	50.00%	50.00%	8,990	9,230
BALP Group	Russia	50.00%	50.00%	-	-
Other				1,378	1,345
Total joint ventures				10,368	10,575
Total investments in associates and joint ventures				20,097	20,278

The amounts in respect of associates and joint ventures recognised in the Income Statement are as follows:

	Year ended	Year ended
	31 December 2017	31 December 2016
Associates		
OJSC IENC	129	(249)
OJSC SEC	(53)	(1,447)
Other	(50)	24
Total associates	26	(1,672)
Joint ventures		
BoGES Group	357	8,546
BALP Group	-	-
Other	34	(192)
Total joint ventures	391	8,354
Share of results of associates and joint ventures	417	6,682

Associates

OJSC Irkutsk Electronetwork Company (OJSC IENC)

OJSC IENC maintains electric power transmission grids with voltage of 220-500 kV and distribution grids with voltage of 0.4-110 kV in the Irkutsk region. The total length of overhead and cable power lines is over 40,000 km. OJSC IENC also maintains and ensures operation of over 10,000 transforming substations of 6-500 kV in voltage and over 28,000 MVA in total capacity. The core activities of OJSC IENC include provision of services in the area of electric power transmission and distribution, technological connection of consumers to power grids and maintenance of power grids' operating capacity. OJSC IENC's controlling shareholder is EN+ Group.

The Group's investment in OJSC IENC is non-core and considered for sale.

OJSC Sakhalin Energy Company (OJSC SEC)

OJSC SEC is a special project developer company involved in construction of a number of new power sector assets in the Sakhalin region to be financed from the federal and regional budgets. OJSC SEC's major project was construction of Power Generating Unit No. 4 (with total capacity of 139 MWt) at Yuzhno-Sakhalinsk Thermal Power Plant-1 (that was put into operation in the fourth quarter of 2013). OJSC SEC also built a number of power supply network facilities. The above units of generation and power supply network are operated by PJSC Sakhalinenergo, the Group's subsidiary, under a lease agreement. Other OJSC SEC's shareholders, in addition to the Group, are the Russian Government represented by the Federal Agency for State Property Management, and the Sakhalin region represented by the Ministry of Land and Property Affairs of the Sakhalin region. As at 31 December 2017 the Group's participatory interest in the equity of OJSC SEC is 34.62 percent (31 December 2016: 36.09 percent).

RusHydro Group
Notes to the Consolidated Financial Statements as at and for the year ended
31 December 2017



(in millions of Russian Rubles unless noted otherwise)

The Group's investments in OJSC SEC are of strategic nature and are considered to be used in the project aimed at consolidating key energy assets of the Sakhalin region on the basis of the core vertically integrated entity PJSC Sakhalinenergo.

Summarised financial information for significant associates for the years ended 31 December 2017 and 31 December 2016 and as at 31 December 2017 and 31 December 2016:

	OJSC SEC		OJSC IENC	
	2017	2016	2017	2016
As at 31 December				
Non-current assets	7,058	7,407	22,960	24,169
Current assets	1,540	1,066	1,151	1,151
Non-current liabilities	-	-	(2,580)	(1,814)
Current liabilities	(59)	(543)	(5,835)	(8,111)
Net assets	8,539	7,930	15,696	15,395
For the year ended 31 December	2017	2016	2017	2016
Revenue	605	535	20,632	18,809
Impairment of property, plant and equipment	-	(4,921)	-	-
Profit / (loss) for the year	79	(4,007)	301	(583)
Total comprehensive income / (loss) for the year	79	(4,007)	301	(583)

Reconciliation of the summarised financial information presented to the carrying value of interest in associates:

	OJSC SEC	OJSC IENC	Others	Total
Net assets as at 31 December 2015	11,937	15,978	611	28,526
(Loss) / profit for the year	(4,007)	(583)	90	(4,500)
Net assets as at 31 December 2016	7,930	15,395	701	24,026
Interest in associates	2,861	6,582	193	9,636
Goodwill	-	946	-	946
Additional share issues	(879)	-	-	(879)
Carrying value as at 31 December 2016	1,982	7,528	193	9,703
Net assets as at 31 December 2016	7,930	15,395	701	24,026
Profit / (loss) for the year	79	301	(202)	178
Additional share issues	530	-	-	530
Net assets as at 31 December 2017	8,539	15,696	499	24,734
Interest in associates	2,956	6,710	145	9,811
Goodwill	-	946	-	946
Additional share issues	(1,028)	-	-	(1,028)
Carrying value as at 31 December 2017	1,928	7,656	145	9,729

Joint ventures

BoGES Group and BALP Group

Starting from 2006 the Company and RUSAL Group have been jointly implementing the BEMA project based on an agreement for mutual financing, completion and subsequent operation of Boguchanskaya HPP and Boguchansky aluminium plant. Within the BEMA project on parity basis joint ventures BoGES Ltd (Cyprus) and BALP Ltd (Cyprus) were formed, which have controlling interests in PJSC Boguchanskaya HPP and CJSC Boguchansky Aluminium Plant.

BoGES Ltd and PJSC Boguchanskaya HPP together form BoGES Group. BALP Ltd and CJSC Boguchansky Aluminium Plant together form BALP Group.

BoGES Ltd and BALP Ltd provide corporate governance of Boguchanskaya HPP and Boguchansky Aluminium Plant in line with the parity of interests of the investors and are not engaged in other operations.

Starting from November 2012 Boguchanskaya HPP sells electricity and capacity to large consumers and utilities companies. An installed capacity of Boguchanskaya HPP is 2,997 MW, long-term average project production – 17 600 million kWh.

Project capacity of Boguchansky Aluminium Plant is almost 600 thousand tonnes of aluminium per annum. Manufacturing plant complex consists of two series with a capacity of 296 thousand tonnes each. The

RusHydro Group
Notes to the Consolidated Financial Statements as at and for the year ended
31 December 2017



(in millions of Russian Rubles unless noted otherwise)

construction of 1-st series of Boguchansky Aluminium Plant is ongoing. The decision about construction of 2-nd series of the plant is not made by Investors. Boguchansky Aluminium Plant will become the key consumer of energy generated by Boguchanskaya HPP.

Summarised financial information for significant joint ventures for the years ended 31 December 2017 and 31 December 2016 and as at 31 December 2017 and 31 December 2016:

As at 31 December	BoGES Group		BALP Group	
	2017	2016	2017	2016
Non-current assets	65,961	66,472	34,411	27,476
Current assets including:	3,393	3,140	7,796	6,208
<i>Cash and cash equivalents</i>	815	898	1,260	1,141
Non-current liabilities including:	(43,932)	(43,932)	(103,832)	(93,907)
<i>Non-current financial liabilities (excluding trade payables)</i>	(38,147)	(38,021)	(103,827)	(93,907)
Current liabilities including:	(7,459)	(7,236)	(2,258)	(2,172)
<i>Current financial liabilities (excluding trade payables)</i>	(1,110)	(835)	(17)	(16)
Net assets	17,963	18,444	(63,883)	(62,395)
For the year ended 31 December	2017	2016	2017	2016
Revenue	15,724	16,141	17,081	23,155
Depreciation of property, plant and equipment	(1,855)	(1,192)	(1,191)	(1,717)
Impairment on financing of CJSC Boguchansky Aluminium Plant	(5,180)	(11,000)	-	-
Interest income	134	877	19	-
Interest expense	(2,893)	(3,412)	(6,230)	(7,901)
Foreign exchange differences	(4)	(2)	3,951	14,713
Reversal of property, plant and equipment	-	25,390	-	23,402
(Loss) / profit before income tax	(400)	19,484	(1,489)	30,564
Income tax expense	(81)	(3,467)	-	-
(Loss) / profit for the year	(481)	16,017	(1,489)	30,564
Total comprehensive (loss) / income for the year	(481)	16,017	(1,489)	30,564

Reconciliation of the summarised financial information presented to the carrying value of interest in joint ventures:

	BoGES Group	BALP Group	Others	Total
Net assets as at 31 December 2015	2,427	(92,959)	2,485	(88,047)
Profit for the year	16,017	30,564	44	46,625
Net assets as at 31 December 2016	18,444	(62,395)	2,529	(41,422)
Interest in joint ventures	9,222	(31,198)	1,146	(20,830)
Non-controlling interest	8	-	-	8
Accumulated losses	-	31,198	199	31,397
Carrying value as at 31 December 2016	9,230	-	1,345	10,575
Net assets as at 31 December 2016	18,444	(62,395)	2,529	(41,422)
(Loss) / profit for the year	(481)	(1,489)	102	(1,868)
Net assets as at 31 December 2017	17,963	(63,884)	2,631	(43,290)
Interest in joint ventures	8,982	(31,942)	1,173	(21,787)
Non-controlling interest	8	-	-	8
Accumulated losses	-	31,942	205	32,147
Carrying value as at 31 December 2017	8,990	-	1,378	10,368

The Group has issued guarantees for PJSC Boguchanskaya HPP for the loan facility in favour of the State Corporation Vnesheconombank (Note 29, 34).



(in millions of Russian Rubles unless noted otherwise)

Note 9. Available-for-sale financial assets

	31 December 2017		31 December 2016	
	% of ownership	Fair value	% of ownership	Fair value
PJSC Inter RAO	4.92%	17,219	4.92%	19,495
PJSC Russian Grids	0.23%	462	0.23%	638
PJSC Boguchanskaya HPP	2.89%	461	2.89%	505
PJSC FGC UES	0.13%	269	0.13%	338
Other	-	84	-	205
Total available-for-sale financial assets		18,495		21,181

The fair values of available-for-sale financial assets were calculated based on quoted market prices; for those which are not publicly traded, fair values were estimated by reference to the discounted cash flows of the investees (Note 32).

Loss arising on available-for-sale financial assets for the year ended 31 December 2017 totalled RR 2,580 million (net of tax), including revaluation of PJSC Inter RAO – RR 2,276 million, was recorded within other comprehensive income (for the year ended 31 December 2016 profit arising on available-for-sale financial assets totalled RR 15,050 million).

For the year ended 31 December 2017, the Group received dividends from PJSC Inter RAO and PJSC Russian Grids in the amount of RR 690 million and recognised them as other operating income (for the year ended 31 December 2016: RR 95 million).

Note 10. Other non-current assets

	31 December 2017	31 December 2016
Long-term promissory notes	39,549	38,931
Discount	(15,662)	(16,415)
Impairment provision	(14,025)	(14,025)
Long-term promissory notes, net	9,862	8,491
Long-term advances to suppliers	5,024	3,173
VAT recoverable	2,957	2,036
Goodwill	481	481
Other non-current assets	7,007	7,666
Total other non-current assets	25,331	21,847

Other non-current assets in the amount of RR 7,007 million (31 December 2016: RR 7,666 million) mainly include intangible assets, research and development costs and long-term accounts receivable.

	Rating	Rating agency	Effective interest rate	Maturity date	31 December 2017	31 December 2016
Interest-free long-term promissory notes						
PJSC Boguchanskaya HPP	-	-	9.75%	2029	6,880	6,269
PJSC Bank VTB	Ba1	Moody's	9.74–11.82%	2019–2021	1,044	511
PJSC ROSBANK	Ba1	Moody's	10.90–14.58%	2020–2022	1,005	888
JSC Alfa Bank	BB+	Fitch Ratings	11.90–16.35%	2020–2022	860	761
Other					73	62
Total long-term promissory notes					9,862	8,491

Promissory notes of PJSC Boguchanskaya HPP. As at 31 December 2017 the amortised cost of interest-free long-term promissory notes of PJSC Boguchanskaya HPP (payable not earlier than 31 December 2029 with total nominal value of RR 21,027 million) pledged as collateral to the SC Vnesheconombank amounted to RR 6,880 million (31 December 2016: RR 6,269 million) (Note 8).



(in millions of Russian Rubles unless noted otherwise)

Goodwill of JSC Institute Hydroproject. As at 31 December 2017 and 31 December 2016, the Group tested goodwill related to JSC Institute Hydroproject for its potential impairment. As a result the recoverable amount of JSC Institute Hydroproject as a cash generating asset was higher than the carrying amount - there is no economic impairment.

Dams of Bratskaya, Ust'-Ilimskaya and Irkutskaya HPPs. In November 2016 the Group completed the transaction to sell dams of Bratskaya, Ust'-Ilimskaya and Irkutskaya HPPs to EuroSibEnergogroup. These dams are part of technological complex of EuroSibEnergogroup's cascade of hydropower plants located on the Angara river.). Profit from the dams' sale in the amount of RR 7 202 million is included in other operating income for the year ended 31 December 2016.

Peresvet Bank. As at 31 December 2017 the other non-current assets included the amortised value of subordinated bonds of Peresvet Bank of RR 254 million. As at 31 December 2016 the other non-current assets included the amortised value of cash and deposits placed with Peresvet Bank of RR 217 million. The amortised value of these assets was determined using the discounted cash flows with recognition of income on discounting in the amount of RR 37 million for the year ended 31 December 2017 and impairment of financial assets in the amount of RR 4,464 million for the year ended 31 December 2016.

Note 11. Cash and cash equivalents

	31 December 2017	31 December 2016
Cash equivalents (contractual interest rate: 4.75-8.37%)	59,029	52,594
Cash at bank	11,106	14,738
Cash in hand	21	22
Total cash and cash equivalents	70,156	67,354

Cash equivalents held as at 31 December 2017 and 31 December 2016 comprised short-term bank deposits with original maturities of three months or less.

Cash and cash equivalents balances denominated in US Dollars as at 31 December 2017 were RR 576 million (31 December 2016: RR 736 million). Cash and cash equivalents balances denominated in Euros as at 31 December 2017 were RR 63 million (31 December 2016: RR 67 million).

Cash and cash equivalents are deposited in several institutions as follows:

	Rating	Rating agency	31 December 2017	31 December 2016
Cash at banks				
PJSC Sberbank	Ba1	Moody's	4,372	4,281
Bank GPB (JSC)	BB+	Fitch Ratings	3,347	7,255
BANK ROSSIYA	ruAA	Эксперт ПА	1,888	17
PJSC ROSBANK	Ba1	Moody's	1,011	387
PJSC Bank VTB	Ba1	Moody's	190	2,047
PJSC VTB24	Ba1	Moody's	160	67
CJSC ARDSHINBANK	B+	Fitch Ratings	15	157
PJSC Bank FK Otkritie	-	-	-	169
Other	-	-	123	358
Total cash at banks			11,106	14,738
Bank deposits				
PJSC Bank VTB	Ba1	Moody's	35,394	23,152
Bank GPB (JSC)	BB+	Fitch Ratings	16,720	13,922
PJSC Sberbank	Ba1	Moody's	6,025	13,283
JSC Rosselkhozbank	BB+	Fitch Ratings	760	838
PJSC VTB24	Ba1	Moody's	127	322
PJSC Promsvyazbank	-	-	-	536
PJSC Bank FK Otkritie	-	-	-	525
Other	-	-	3	16
Total cash equivalents			59,029	52,594



Note 12. Accounts receivable and prepayments

	31 December 2017	31 December 2016
Trade receivables	61,279	56,647
Provision for impairment of trade receivables	(26,571)	(23,900)
Trade receivables, net	34,708	32,747
VAT recoverable	7,841	7,329
Advances to suppliers and other prepayments	2,944	2,617
Provision for impairment of advances to suppliers and other prepayments	(837)	(629)
Advances to suppliers and other prepayments, net	2,107	1,988
Other receivables	7,959	6,666
Provision for impairment of other receivables	(4,815)	(3,762)
Other receivables, net	3,144	2,904
Government grants receivables	3,401	2,108
Total accounts receivable and prepayments	51,201	47,076

Included in accounts receivable are government subsidies receivable from the constituent budgets of the Far East Federal region including those for compensation of the tariffs reduction under Resolution of the Russian Government No. 895 as at 31 December 2017 (Note 2).

The provision for impairment of accounts receivable has been determined based on specific customer identification, customer payment trends, subsequent receipts and settlements and the analysis of expected future cash flows (Note 2). Management believes that the Group's subsidiaries will be able to realise the net receivable amount through direct collections and other non-cash settlements, and the carrying value approximates their fair value.

Movements in the impairment provision for trade and other accounts receivables are as follows:

	Year ended 31 December 2017	Year ended 31 December 2016
As at 1 January	27,662	23,352
Charge for the year	7,261	8,541
Reversal of impairment	(1,626)	(1,304)
Trade receivables written-off as uncollectible	(1,902)	(1,678)
Disposal of impairment provision due to disposal of subsidiaries	(9)	(1,249)
As at 31 December	31,386	27,662

The ageing analysis of trade and other finance accounts receivable is as follows:

	31 December 2017	Provision as at 31 December 2017	31 December 2016	Provision as at 31 December 2016
Not past due	26,802	(1,215)	27,557	(1,652)
Past due for less than 3 months	8,410	(2,112)	5,980	(1,378)
Past due for 3 months to 1 year	10,326	(5,271)	9,343	(5,228)
Past due for more than 1 year	23,213	(22,788)	20,052	(19,404)
Total	68,751	(31,386)	62,932	(27,662)

The majority of trade debtors which are neither past due nor impaired could be aggregated in several groups based on similarities in their credit quality: large industrial consumers – participants of the wholesale and retail electricity and capacity market as well as public sector entities and population.

The Group does not hold any accounts receivable pledged as collateral.



(in millions of Russian Rubles unless noted otherwise)

Note 13. Inventories

	31 December 2017	31 December 2016
Fuel	16,162	14,825
Materials and supplies	6,782	6,402
Spare parts	2,466	2,539
Other materials	386	565
Total inventories before provision for impairment	25,796	24,331
Provision for impairment of inventories	(273)	(294)
Total inventories	25,523	24,037

There are no inventories pledged as collateral for borrowings as at 31 December 2017 and as at 31 December 2016.

Note 14. Other current assets

	31 December 2017	31 December 2016
Special funds	3,429	3,507
Deposits	790	4,292
Restricted cash	-	826
Loans issued	2,472	2,808
Provision for loans issued	(2,447)	(2,498)
Loans issued, net	25	310
Other short-term investments	156	162
Total other current assets	4,400	9,097

As at 31 December 2017 the balance of special funds in the amount of RR 3,429 million received by the Group to fund construction of generating facilities, is placed to the special accounts of the Federal Treasury of Russia (as at 31 December 2016: RR 3,507 million). These special funds may be used by the Group only upon approval by the Federal Treasury of Russia according to the procedure prescribed by the Order of the Ministry of Finance of the Russian Federation No. 213n dated 25 December 2015.

Provision for loans issued includes provision on loans issued to ZAO Verkhne-Narynskye HPPs in the amount of RR 2,328 million as at 31 December 2017 (as at 31 December 2016: RR 2,378 million) due to denouncement of agreements between Russian Government and Kyrgyzstan Republic on construction of upper Naryn cascade of hydropower plants.

	Rating	Rating agency	Effective interest rate	31 December 2017	31 December 2016
Deposits					
PJSC Sberbank	Ba1	Moody's	4.94–8.78%	642	4,140
Other	-	-	-	148	152
Total deposits				790	4,292

Note 15. Equity

	Number of issued and fully paid ordinary shares (Par value of RR 1.00)
As at 31 December 2017	426,288,813,551
As at 31 December 2016	386,255,464,890
As at 31 December 2015	386,255,464,890

Additional share issue 2016–2017. On 22 November 2016 the Board of Directors of the Company adopted a resolution to make a placement of 40,429,000,000 ordinary shares by open subscription. The placement price of the additional shares was determined at RR 1.00 per share. On 7 December 2016 the share issue was registered with the Bank of Russia.

In January 2017, as a result of certain shareholders exercising their pre-emptive right, the Company placed 33,348,661 additional shares, which were paid in December 2016.



In March 2017 PJSC Bank VTB purchased 40 billion additional shares under the agreement related to the purchase of 55 billion ordinary shares of the Company for a total amount of RR 55 billion (Note 2). The other 15 billion shares of quasi-treasury stock were sold to the bank by the Group's subsidiaries. The full amount of cash received by the Group was used to repay the debts of RAO ES East subgroup.

On 11 May 2017 the placement of ordinary shares of the Company under the additional share issue 2016–2017 was completed.

On 5 June 2017 the results of the additional share issue were registered. 40,033,348,661 shares were placed as a result of the additional issue which represents 99.02 percent of the additional issue's total number of shares registered. The shares issued were fully paid for in cash.

Treasury shares. As at 31 December 2017 treasury shares were represented by 3,852,267,925 ordinary shares in the amount of RR 4,613 million (31 December 2016: 18,852,353,167 ordinary shares in the amount of RR 22,578 million).

In March 2017, 15 billion treasury shares were sold to PJSC Bank VTB at the price of RR 1,00 per share in accordance with the agreement described above. Weighted average cost of these treasury shares was RR 17,965 million; the loss on disposal of RR 2,965 million was accounted for within equity.

Voluntary and obligatory offers to purchase shares of JSC RAO ES East. During 2016 the shareholders of JSC RAO ES East that accepted the terms of the voluntary offer, transferred 4,715,738,904 ordinary shares and 346,195,762 preference shares of JSC RAO ES East to LLC Vostok-Finance for a cash consideration of RR 34 million and in exchange for 2,934,258,766 shares of the Company in the amount of RR 3,514 million. Under the obligatory offer to purchase shares, LLC Vostok-Finance repurchased 887,217,472 ordinary shares and 312,687,580 preference shares of JSC RAO ES East for a cash consideration of RR 380 million.

Effect of changes in non-controlling interest of subsidiaries. During 2016 as a result of the voluntary and obligatory offers to purchase shares of JSC RAO ES East as described above, non-controlling interest decreased by RR 6,694 million and retained earnings of the Group increased by RR 4,872 million as a result of the treasury shares disposal, decrease in non-controlling interest and derecognition of the remaining obligation to purchase shares after they were partly purchased for cash.

In October 2017 the Group's share in subsidiaries JSC SK Agroenergo was sold, as a result non-controlling interest increased by RR 228 million.

During 2016 Group's subsidiaries LLC Dom-21 century and JSC HRSK went bankrupt, also in December 2016 JSC SO UPS was liquidated. As a result non-controlling interest increased by RR 213 million due to decrease of share in losses of these subsidiaries previously absorbed by shareholders of the Group.

Dividends. On 26 June 2017 the Company declared dividends for the year ended 31 December 2016 of RR 0.0466 per share in the total amount of RR 19,876 million (RR 19,696 million excluding dividends to subsidiaries).

On 27 June 2016 the Company declared dividends for the year ended 31 December 2015 of RR 0.0389 per share in the total amount of RR 15,011 million (RR 14,278 million excluding dividends to subsidiaries).

Declared dividends of the Group's subsidiaries in favour of non-controlling interest holders amounted to RR 127 million for the year ended 31 December 2017 (for the year ended 31 December 2016: RR 234 million).



Note 16. Income tax

Income tax expense is as follows:

	Year ended 31 December 2017	Year ended 31 December 2016
Current income tax expense	12,985	13,258
Deferred income tax expense	83	2,114
Total income tax expense	13,068	15,372

The income tax rate applicable to the majority of the Group's entities for the year ended 31 December 2017 is 20 percent (for the year ended 31 December 2016: 20 percent).

A reconciliation between the expected and actual income tax expense is provided below:

	Year ended 31 December 2017	Year ended 31 December 2016
Profit before income tax	35,519	55,123
Theoretical tax expense at a statutory rate of 20 percent	(7,104)	(11,025)
Tax effect of items which are not deductible or assessable for taxation purposes	(2,344)	(1,827)
Increase in other unrecognised deferred tax assets	(3,227)	(4,003)
Change in unrecognised deferred tax assets in respect of associates and joint ventures	83	1,336
Tax effects of previous periods	(737)	-
Other	261	147
Total income tax expense	(13,068)	(15,372)

The total amount of deductible temporary differences for which deferred income tax assets have not been recognised by the Group as at 31 December 2017 was RR 97,127 million (31 December 2016: RR 80,055 million). These temporary differences mainly relate to accumulated impairment of property, plant and equipment, assets under construction, changes in the fair value of the non-deliverable forward contract for shares and pension liabilities of several Group's subsidiaries.

Deferred income tax. Differences between IFRS and statutory taxation regulations in the Russian Federation give rise to temporary differences between the carrying amount of certain assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below and is recorded at the rate of 20 percent (for the year ended 31 December 2016: 20 percent).

	31 December 2016	Income tax charge	Charged directly to other comprehensive income	31 December 2017
Deferred income tax assets	6,640	2,761	(47)	9,354
Property, plant and equipment	4,697	1,882	-	6,579
Accounts receivable	6,444	(85)	-	6,359
Losses carried forward	980	44	-	1,024
Other	3,177	464	(47)	3,594
<i>Deferred tax offset</i>	<i>(8,658)</i>	<i>456</i>	<i>-</i>	<i>(8,202)</i>
Deferred income tax liabilities	(39,086)	(2,844)	235	(41,695)
Property, plant and equipment	(47,210)	(2,306)	261	(49,255)
Accounts receivable	(57)	(58)	-	(115)
Loans and borrowings	(351)	26	-	(325)
Other	(126)	(50)	(26)	(202)
<i>Deferred tax offset</i>	<i>8,658</i>	<i>(456)</i>	<i>-</i>	<i>8,202</i>

RusHydro Group
Notes to the Consolidated Financial Statements as at and for the year ended
31 December 2017



(in millions of Russian Rubles unless noted otherwise)

	31 December 2015	Income tax charge	Charged directly to other comprehensive income	Reclassification of discontinued operations and disposal of subsidiaries	31 December 2016
Deferred income tax assets	5,486	1,144	53	(43)	6,640
Property, plant and equipment	3,516	1,181	-	-	4,697
Accounts receivable	6,509	(57)	-	(8)	6,444
Losses carried forward	1,350	(370)	-	-	980
Other	3,795	(636)	53	(35)	3,177
<i>Deferred tax offset</i>	<i>(9,684)</i>	<i>1,026</i>	-	-	<i>(8,658)</i>
Deferred income tax liabilities	(37,034)	(3,258)	1,189	17	(39,086)
Property, plant and equipment	(46,041)	(2,398)	1,212	17	(47,210)
Accounts receivable	(59)	2	-	-	(57)
Loans and borrowings	(378)	27	-	-	(351)
Other	(240)	137	(23)	-	(126)
<i>Deferred tax offset</i>	<i>9,684</i>	<i>(1,026)</i>	-	-	<i>8,658</i>

Under the existing Group structure tax losses and current income tax assets of different Group entities may not be offset against current income tax liabilities and taxable profits of other Group entities and, accordingly, taxes may be accrued even where there is a consolidated tax loss. Therefore, deferred income tax assets and liabilities are offset only when they relate to the same taxable entity and the entity has legal rights to offset it.

Note 17. Pension benefit obligations

The tables below provide information about the benefit obligations and actuarial assumptions used for the years ended 31 December 2017 and 31 December 2016.

Amounts recognised in the Group's Consolidated Statement of Financial Position among other non-current liabilities (Note 20):

	31 December 2017	31 December 2016
Fair value of plan assets	(1,111)	(1,090)
Present value of defined benefit obligations	9,745	9,894
Net liability	8,634	8,804

The movements in the defined benefit liability for the years ended 31 December 2017 and 31 December 2016 are presented in the tables below:

	Present value of defined benefit obligations	Fair value of plan assets	Total
At 1 January 2017	9,894	(1,090)	8,804
Current service cost	428	-	428
Interest expense / (income)	788	(89)	699
Past service cost	(167)	-	(167)
Remeasurement effects (for other long-term benefits):			
Actuarial loss - changes in actuarial assumptions	18	-	18
Actuarial loss - experience adjustment	1	-	1
Recognised in profit or loss for the year ended 31 December 2017	1,068	(89)	979
Remeasurements (for post-employment benefits):			
Actuarial gain - change in demographic assumptions	(36)	-	(36)
Actuarial gain - change in financial assumptions	(289)	-	(289)
Actuarial (gain) / loss - experience adjustments	(124)	19	(105)
Recognised other comprehensive income for the year ended 31 December 2017 before income tax charge of RR 86 million	(449)	19	(430)
Employer contributions for funded pension plan	-	(233)	(233)
Benefit payments (Funding NSPF pensions)	(489)	282	(207)
Benefit payments (Non-funded pension plan)	(279)	-	(279)
At 31 December 2017	9,745	(1,111)	8,634

RusHydro Group
Notes to the Consolidated Financial Statements as at and for the year ended
31 December 2017



(in millions of Russian Rubles unless noted otherwise)

	Present value of defined benefit obligations	Fair value of plan assets	Total
At 1 January 2016	9,470	(1,084)	8,386
Decrease in liabilities related to LLC ESC Bashkortostan sale (Note 4)	(181)	10	(171)
Change in liabilities as a result of changes in the scope of valuation	17	-	17
Current service cost	403	-	403
Interest expense / (income)	875	(106)	769
Past service cost	(143)	-	(143)
Decrease in liabilities as a result of curtailments	(101)	-	(101)
Remeasurement effects (for other long-term benefits):			
Actuarial gain - changes in actuarial assumptions	(4)	-	(4)
Actuarial gain - experience adjustment	(29)	-	(29)
Recognised in profit or loss for the year ended 31 December 2016	1,001	(106)	895
Remeasurements (for post-employment benefits):			
Actuarial loss - change in demographic assumptions	18	-	18
Actuarial loss - change in financial assumptions	459	-	459
Actuarial (gain) / loss - experience adjustments	(196)	62	(134)
Recognised other comprehensive income for the year ended 31 December 2016 before income tax charge of RR 69 million	281	62	343
Employer contributions for funded pension plan	-	(236)	(236)
Benefit payments (Funding NSPF pensions)	(439)	264	(175)
Benefit payments (Non-funded pension plan)	(255)	-	(255)
At 31 December 2016	9,894	(1,090)	8,804

Principal actuarial assumptions for the Group are as follows:

	31 December 2017	31 December 2016
Nominal discount rate	7.50%	8.20%
Inflation rate	4.00%	5.00%
Wage growth rate	5.50%	6.50%
Staff turnover	Depending on length of service based on statistical data	
Mortality table	Russia-2014*	Russia-2014*

* Taking into account the pull down adjustment calculated based on statistical data of mortality for employees of the Group of age till 60 years old for years 2012–2017 (31 December 2016: 2012–2016)

The sensitivity of the defined benefit obligation to changes in the principal actuarial assumptions as at 31 December 2016 is presented below:

	Change in assumption	Effect on net liability	Effect on net liability, %
Nominal discount rate	+ 1%	(781)	-8%
	- 1%	921	9%
Inflation rate	+ 1%	491	5%
	- 1%	(429)	-4%
Wage growth rate	+ 1%	461	5%
	- 1%	(389)	-4%
Staff turnover	+ 3%	(960)	-10%
	- 3%	1,418	15%
Mortality Rates	+ 10%	(142)	-1%
	- 10%	154	2%

The Group expects to contribute RR 637 million to the defined benefit plans in 2018.

The weighted average duration of the defined benefit obligation of the Group is 9 years.



(in millions of Russian Rubles unless noted otherwise)

Retirement benefit plan parameters and related risks. The Group has liabilities under retirement benefit plans in Russia. The retirement benefit plan includes benefits of the following types: lump sum payment upon retirement, jubilee benefits paid at certain age or upon completion of a certain number of years of service, financial aid and compensation to cover funeral expenses in the event of an employee's or pensioner's death, financial aid provided to pensioners, pension benefits paid to former employees through the non-state pension fund (hereinafter referred to as the "NPF").

The amount of benefits depends on the period of the employees' service (years of service), salary level over the recent years preceding retirement, predetermined fixed amount or minimum tariff rate of remuneration or salary or a combination of these factors.

As a rule, the above benefits are indexed according to the inflation rate and salary growth for benefits that depend on the salary level, excluding the retirement benefits paid through NPF, which are not indexed for the inflation rate at the time the payment is made (following the retirement of employees, all risks are borne by NPF).

In addition to the inflation risk, all retirement benefit plans of the Group are exposed to mortality and survival risks.

Plan assets held on NPF's accounts are governed in accordance with the local legislation and regulatory practices.

The Group and NPF are severally liable for plans management, including investments decisions and the contribution schedule.

NPF invests the Group's funds in a diversified portfolio. When investing pension savings and placing the pension reserves, NPF is guided by the Russian legislation that provides a strict regulation with respect to the possible list of financial instruments and restricts their utilisation, which also leads to diversification and reduces investment risks.

The Group transfers the obligation to pay lifelong non-state pension benefits to the Group's former employees to NPF and funds these obligations when awarding the pension. Therefore, the Group insures the risks related to payment of non-state pensions (investment risks and survival risks).

Note 18. Current and non-current debt

Non-current debt

	Effective interest rate	Due date	31 December 2017	31 December 2016
PJSC Sberbank	7.99–10.75%	2018–2028	54,790	56,491
Russian bonds (PJSC RusHydro) issued in February 2013	8.50%	2018*	20,650	20,645
Eurobonds (RusHydro Capital Markets DAC), issued in September 2017	8.13%	2022	20,235	-
Russian bonds (PJSC RusHydro) issued in July 2015	11.85%	2018	15,868	15,857
Russian bonds (PJSC RusHydro) issued in April 2016	10.35%	2019	15,357	15,347
Russian bonds (PJSC RusHydro) issued in June 2017	8.20%	2020	10,016	-
UniCredit Bank Austria AG	3.35%	2018–2026	5,113	5,242
PJSC Bank VTB	8.39–9.77%	2018–2019	5,046	29,516
PJSC ROSBANK	8.24–9.72%	2018–2019	4,520	8,136
Bank GPB (JSC)	8.50–9.50%	2018–2027	1,794	6,171
Municipal authority of Kamchatka region	8.57%	2018–2034	1,560	1,561
EBRD	LIBOR 6M+3.45%	2018–2027	1,350	4,791
ASIAN Development bank	LIBOR 6M+3.45%	2018–2026	1,310	1,474
Russian bonds (PJSC RusHydro) issued in April 2015	7.50%	2025**	767	10,222
Russian bonds (PJSC RusHydro) issued in April 2011	9.50%	2021	250	250
Crédit Agricole Corporate and Investment Bank Deutschland	-	-	-	4,920
Other long-term debt	-	-	836	1,776
Finance lease liabilities	-	-	1,586	1,973
Total			161,048	184,372
Less current portion of non-current			(69,877)	(25,758)
Less current portion of finance lease liabilities			(259)	(568)
Total non-current debt			90,912	158,046

* The bonds mature in 10 years with a put option to redeem them in 2018.

** In October 2017 holders of the bonds issued in April 2015 partly redeemed the bonds under the put option. The rest of the bonds with nominal amount of RR 767 million will mature in 2025 year.



(in millions of Russian Rubles unless noted otherwise)

Bonds issue. In June 2017 the Group placed non-convertible interest bearing market bonds of series BO-P05 with a nominal amount of RR 10,000 million. The term of the bonds is 3 years, the coupon rate is 8.2 percent per annum.

Eurobond issue. In September 2017 the Group placed Eurobonds, issued by the special purpose company RusHydro Capital Markets DAC. The volume of the issue was RR 20,000 million. The term of the bonds is 5 years, the coupon rate is 8.125 percent per annum. VTB Capital, JP Morgan, Gazprombank and Sberbank CIB acted as joint lead managers of the issue. The placement and listing of the Eurobonds took place on the Irish Stock Exchange under Reg S rule. Eurobonds could have been partly purchased by government-related entities.

Current debt

	Effective interest rate	31 December 2017	31 December 2016
PJSC Sberbank	7.75–10%	5,428	5,854
PJSC ROSBANK	8.21–8.51%	930	4,755
LLC AlstomRusHydroEnergy	-*	750	750
Bank GPB (JSC)	8.50–10.19%	334	3,031
Current portion of non-current debt	-	69,877	25,758
Current portion of finance lease liabilities	-	259	568
Other current debt	-	1,035	1,041
Total current debt and current portion of non-current debt		78,613	41,757

Reference:

Interest payable	3,012	3,044
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* The loan received from a related party, the joint venture of the Group (Note 6), the interest rate on this loan - 0.00 percent per annum.

Compliance with covenants. The Group is subject to certain covenants related primarily to its debt. As at 31 December 2017 and 31 December 2016 and during the reporting period the Group met all required covenant clauses of the credit agreements.

Finance lease liabilities. Minimum lease payments under finance leases and their present values are as follows:

	Due in 1 year	Due between 1 and 5 years	Due after 5 years	Total
Minimum lease payments as at 31 December 2017	275	797	4,154	5,226
Less future finance charges	(16)	(316)	(3,308)	(3,640)
Present value of minimum lease payments as at 31 December 2017	259	481	846	1,586
Minimum lease payments as at 31 December 2016	601	855	4,287	5,743
Less future finance charges	(33)	(373)	(3,364)	(3,770)
Present value of minimum lease payments as at 31 December 2016	568	482	923	1,973

Reconciliation of liabilities from financing activities. The table below sets out an analysis of movements in the Group's liabilities from financing activities for the year ended 31 December 2017:

	Current and non-current debt	Non-deliverable forward contract for shares	Finance lease liabilities	Total
Liabilities from financing activities as at 31 December 2016	197,830	-	1,973	199,803
Cash flows	(46,498)	(3,243)	(523)	(50,264)
Interest accrued	15,405	-	221	15,626
Recognition and change in fair value of non-deliverable forward contract for shares	-	23,959	-	23,959
Other changes	1,202	-	(85)	1,117
Liabilities from financing activities as at 31 December 2017	167,939	20,716	1,586	190,241



Note 19. Non-deliverable forward contract for shares

In March 2017 the Company entered into a non-deliverable forward transaction for 55 billion shares with PJSC Bank VTB for 5 years.

According to the forward contract, the forward value is determined as the purchase consideration paid by the Bank for the shares plus the amount of quarterly payments made by the Company to the Bank. The amounts of these interim payments are determined using a certain formula that *inter alia* reduces the payments by the amounts equivalent to the dividends received by the Bank over the period of the forward contract.

The Bank is assumed to sell the Company's shares at the time of final settlement under the forward contract. The difference between the proceeds that the Bank will receive from the sale of these shares, and their forward value is subject to cash settlement between the Company and the Bank. Thus, if the forward value is higher than the consideration received for the shares by the Bank, the Company will reimburse the difference to the Bank and, vice versa, if the proceeds from the sale of shares exceed the forward value, the difference will be paid by the Bank to the Company. If, for any reason, the shares will not be sold by the Bank, they will continue to be held by the Bank. If this is the case, the amount of additional payment to be made when closing the forward transaction is calculated based on the quoted market price of the Company's shares.

Thus, the payments will be made upon expiry of the forward contract or earlier, if the Bank sells the shares held. The payment can be made both by the Company to the Bank or by the Bank to the Company, depending on the level of the market value of the Company's shares at the time of sale / expiry of the transaction term and their forward value.

Note 2 describes the key estimates and judgements made by the Group management in respect of recognition and recording of this derivative financial instrument.

At 31 December 2017, the liability under the forward contract is recorded as a long-term derivative financial instrument at fair value through profit or loss in the amount of RR 20,716 million. The fair value of the forward contract at the initial recognition of the instrument was RR 10,013 million and it was recorded within equity as the result of a shareholder transaction. Deferred tax asset was not recognised based on management's probability estimate of its recoverability. Subsequent changes in the fair value of the non-deliverable forward contract is recorded within profit or loss.

A reconciliation of movements in the fair value of forward contract for the year ended 31 December 2017 is as follows:

	The fair value of the forward contract
As at the initial recognition date (as at 03 March 2017)	10,013
Increase in the fair value of the non-deliverable forward contract (Note 26)	13,946
Interim payments	(3,243)
As at 31 December 2017	20,716

The table below includes key assumptions made to determine the forward contract's fair value using the Monte-Carlo model:

Key assumptions made to assess the forward contract's fair value	As at 31 December 2017	At the instrument's initial recognition date (as at 03 March 2017)
Expected term of the forward transaction	4.17 years	5 years
Market value of the share	RR 0.7264	RR 0.9752
CB RF key refinancing rate	7.75 percent	10.00 percent
Volatility of shares	34.85 percent	35.25 percent
Risk-free rate	7.01 percent	8.39 percent
Discount rate	7.84 percent	12.11 percent
Expected dividend yield	5.10 percent	5.10 percent

The sensitivity analysis of the fair value of the forward contract to the key assumptions is presented in Note 32.



(in millions of Russian Rubles unless noted otherwise)

Note 20. Other non-current liabilities

	31 December 2017	31 December 2016
Non-current advances received	10,766	4,176
Other non-current liabilities	8,716	5,746
Pension benefit obligations (Note 17)	8,634	8,804
Total other non-current liabilities	28,116	18,726

Note 21. Accounts payable and accruals

	31 December 2017	31 December 2016
Trade payables	30,949	31,451
Advances received	11,664	9,712
Settlements with personnel	8,880	8,245
Accounts payable under factoring agreements	258	2,957
Dividends payable	159	136
Other accounts payable	3,714	6,283
Total accounts payable and accruals	55,624	58,784

All accounts payable and accruals are denominated in Russian Rubles.

Note 22. Other taxes payable

	31 December 2017	31 December 2016
VAT	10,236	9,833
Insurance contributions	3,160	2,925
Property tax	2,038	1,941
Other taxes	600	558
Total other taxes payable	16,034	15,257

Note 23. Revenue

	Year ended 31 December 2017	Year ended 31 December 2016
Sales of electricity	241,409	272,582
Sales of capacity	40,881	37,068
Sales of heat and hot water	38,907	38,849
Other revenue	26,922	25,573
Total revenue	348,119	374,072

Other revenue includes revenue earned from transportation of electricity and heat, connections to the grid, rendering of construction, repairs and other services.

Note 24. Government grants

In accordance with legislation of the Russian Federation, several companies of the Group are entitled to government subsidies for compensation of the difference between approved economically viable electricity and heat tariffs and actual reduced tariffs and for compensation of losses on purchased fuel, purchased electricity and capacity.

During the year ended 31 December 2017, the Group received government subsidies of RR 32,745 million (for the year ended 31 December 2016: RR 17,250 million). The subsidies were received in the following territories: Kamchatsky territory, Sakha Republic (Yakutia), Magadan Region, Chukotka Autonomous Area and other Far East regions.

The total amount of government grants received by the Group's companies – guaranteeing suppliers, under the Resolution of the Russian Government No. 895 "On achievement of basic rates (tariffs) for electric power (capacity) in the territories of the Far East Federal region" (Note 2), for the year ended 31 December 2017 amounted to RR 17,254 million.



(in millions of Russian Rubles unless noted otherwise)

Note 25. Operating expenses (excluding impairment losses)

	Year ended 31 December 2017	Year ended 31 December 2016
Employee benefit expenses (including payroll taxes and pension benefit expenses)	74,390	71,768
Fuel expenses	58,098	54,561
Electricity distribution expenses	43,482	46,722
Purchased electricity and capacity	40,747	57,610
Depreciation of property, plant and equipment and amortisation of intangible assets	25,023	24,130
Taxes other than on income	10,681	10,233
Other materials	10,170	9,115
Third parties services, including:		
Repairs and maintenance	4,634	4,507
Provision of functioning of electricity and capacity market	3,639	3,642
Purchase and transportation of heat power	3,513	3,442
Security expenses	3,391	3,369
Consulting, legal and information expenses	2,222	1,911
Rent	2,081	2,155
Services of subcontracting companies	1,982	2,465
Insurance cost	1,940	1,983
Transportation expenses	1,185	1,213
Other third parties services	8,051	8,052
Water usage expenses	3,370	3,202
Social charges	1,098	1,319
Travel expenses	843	804
Purchase of oil products for sale	642	1,065
Loss on disposal of property, plant and equipment, net	1,006	555
Other expenses	1,617	1,882
Total operating expenses (excluding impairment losses)	303,805	315,705

Note 26. Finance income, costs

	Year ended 31 December 2017	Year ended 31 December 2016
<i>Finance income</i>		
Interest income	7,150	6,779
Foreign exchange gain	599	2,782
Income on discounting	389	118
Other income	305	264
Total finance income	8,443	9,943
<i>Finance costs</i>		
Change of fair value of non-deliverable forward contract for shares (Note 19)	(13,946)	-
Interest expense	(4,019)	(6,813)
Foreign exchange loss	(1,218)	(454)
Expense on discounting	(363)	(407)
Finance lease expense	(221)	(295)
Other costs	(1,366)	(1,072)
Total finance costs	(21,133)	(9,041)



Note 27. Earnings per share

	Year ended 31 December 2017	Year ended 31 December 2016
Weighted average number of ordinary shares issued (thousands of shares)	402,655,108	367,138,482
Profit for the period attributable to the shareholders of PJSC RusHydro	24,013	40,205
Earnings per share attributable to the shareholders of PJSC RusHydro – basic and diluted (in Russian Rubles per share)	0.0596	0.1095

Note 28. Capital commitments

In accordance with investment programme of the Company and separate investment programmes of the subsidiaries, the Group has to invest RR 209,820 million in the period 2018-2020 for reconstruction of the existing and construction of new power plants, including RR 106,676 million for 2018, RR 60,059 million for 2019, RR 43,085 for 2020 (31 December 2016: RR 243,975 million for the period 2017-2019).

Future capital expenditures are mainly related to reconstruction of equipment of power plants: Volzhskaya HPP in the amount of RR 9,965 million, Saratovskaya HPP in the amount of RR 8,681 million, Votkinskaya HPP in the amount of RR 8,643 million; and to construction of power plants: Zaramagskie HPP in the amount of RR 17,223 million, Sakhalin GRES-2 in the amount of RR 13,824 million, Ust'-Srednekanskaya HPP in the amount of RR 6,954 million, Nizhne-Bureiskaya HPP in the amount of RR 6,642 million.

Note 29. Contingencies

Social commitments. The Group contributes to the maintenance and upkeep of the local infrastructure and the welfare of its employees, including contributions toward the development and maintenance of housing, hospitals, transport services and other social needs in the geographical areas in which it operates.

Insurance. The Group holds limited insurance policies in relation to its assets, operations, public liability or other insurable risks. Accordingly, the Group is exposed to those risks for which it does not have insurance.

Legal proceedings. The Group's subsidiaries are parties to certain legal proceedings arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding, which, upon final disposition, will have a material adverse effect on the financial position and results of the Group.

Tax contingencies. Russian tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management may be challenged by tax authorities, in particular, the way of accounting for tax purposes of some income and expenses of the Group as well as deductibility of input VAT from suppliers and contractors. The impact of this course of events cannot be assessed with sufficient reliability, but it can be significant in terms of the financial situation and / or the business of the Group. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when decisions about the review was made. Under certain circumstances reviews may cover longer periods.

The Russian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD), although it has specific features. This legislation provides for the possibility of additional tax assessments for controlled transactions (transactions with related parties and certain transactions between unrelated parties) if such transactions are not on an arm's length basis.

During the year ended 31 December 2017, the Group's subsidiaries had controlled transactions and transactions which highly probably will be considered by tax authorities to be controlled based on the results of the period. Management has implemented internal controls to be in compliance with this transfer pricing legislation. In case of receipt of a request from tax authorities, the management of the Group will provide documentation meeting the requirements of Art. 105.15 of the Tax Code.

Tax liabilities arising from controlled transactions are determined based on their actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such transfer prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.



(in millions of Russian Rubles unless noted otherwise)

New provisions aimed at deoffshorisation of Russian economy have been added to the Russian tax legislation and are effective from 1 January 2015. Specifically, they introduce new rules for controlled foreign companies, a concept of beneficiary owner of income for the purposes of application of preferential provisions of taxation treaties of the Russian Federation, a concept of tax residency for foreign persons and taxation of indirect sale of Russian real estate assets.

The Group is currently assessing the effects of new tax rules on the Group's operations and takes necessary steps to comply with the new requirements of the Russian tax legislation. However, in view of the recent introduction of the above provisions and insufficient related administrative and court practice, at present the probability of claims from Russian tax authorities and probability of favourable outcome of tax disputes (if they arise) cannot be reliably estimated. Tax disputes (if any) may have an impact on the Group's financial position and results.

Management believes that as at 31 December 2017, its interpretation of the relevant legislation was appropriate and the Group's tax positions would be sustained.

Environmental matters. The Group's subsidiaries and their predecessor entities have operated in the utilities industry in the Russian Federation for many years. The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group's subsidiaries periodically evaluate their obligations under environmental regulations. Group accrued assets retirement obligation for ash dumps used by the Group which is included in other non-current liabilities and other accounts payable and comprised RR 1 348 million as at 31 December 2017 (31 December 2016: RR 1 048 million).

Potential liabilities might arise as a result of changes in legislation and regulation or civil litigation. The impact of these potential changes cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

Guarantees. The Group has issued guarantees for CJSC Boguchansky Aluminium Plant in favour of its suppliers for future equipment deliveries and for PJSC Boguchanskaya HPP in favour of the State Corporation Vnesheconombank for the loan facility:

Counterparty	31 December 2017	31 December 2016
<i>for PJSC Boguchanskaya HPP:</i>		
State Corporation Vnesheconombank	25,935	26,749
<i>for CJSC Boguchansky Aluminium Plant:</i>		
ALSTOM Grid SAS	-	31
Total guarantees issued	25,935	26,780

On February 2018 the guarantee was terminated (Note 34).

Note 30. Financial risk management

The risk management function within the Group is carried out in respect of financial and operational risks. Financial risk comprise market risk (including currency risk, interest rate risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to provide reasonable assurance for achievement of the Group's objectives by establishing Group's overall framework, identifying, analyzing and evaluating risks, establishing risk limits, and then ensuring that exposure to risks stays within these limits and in case of exceeding these limits to impact on the risks.

In order to optimise the Group's exposure to risks, the Company constantly works on their identification, assessment and monitoring, as well as the development and implementation of activities which impact on the risks, business continuity management and insurance, seeks to comply with international and national standards of advanced risk management (COSO ERM 2004, ISO 31000 and others), increases the culture of risk management and continuously improves risk management.

Credit risk. Credit risk is the risk of financial loss for the Group in the case of non-fulfillment by the Contractor of the obligations on the financial instrument under the proper contract. Exposure to credit risk arises as a result of the Group's sales of products on credit terms and other transactions with counterparties giving rise to financial assets.

The Group's maximum exposure to credit risk by class of assets is reflected in the carrying amounts of financial assets in the Note 32.



(in millions of Russian Rubles unless noted otherwise)

Although collection of receivables could be influenced by economic factors, management believes that there is no significant risk of loss to the Group beyond the provision for impairment of receivables already recorded.

There is no independent rating for the Group's customers and therefore the Group considers the credit quality of customers at the contract execution stage. The Group considers their financial position and credit history. The Group monitors the existing receivables on a continuous basis and takes actions regularly to ensure collection or to minimise losses.

To reduce the credit risk in the wholesale electricity and capacity markets the Group has introduced marketing policy and procedure to calculate internal ratings of counterparties in the unregulated market, based on the frequency of default, and to establish limits based on the rating of the customers' portfolio.

The Group management reviews ageing analysis of outstanding trade receivables and follows up on past due balances. Management therefore considers it appropriate to provide past due accounts receivable and other information about credit risk as disclosed in Note 12.

Cash has been deposited in the financial institutions with no more than minimal exposure to the default risk at the time of account opening. Management of the Group approved the list of banks for deposits, as well as rules for their placement. Moreover, management constantly evaluates the financial condition, ratings assigned by independent agencies, background and other factors of such banks.

The tables in Notes 10, 11 and 14 show deposits with banks and other financial institutions and their ratings at the end of the reporting period.

Credit risk for financial guarantees is defined as the possibility of sustaining a loss as a result of another party to a financial instrument failing to perform in accordance with the terms of the contract. The Group uses the same credit policies in assuming conditional obligations as it does for other financial instruments, through established credit approvals, risk control limits and monitoring procedures.

The Group's maximum exposure to credit risk for financial guarantees was RR 25,935 million as at 31 December 2017 (31 December 2016: RR 26,780 million) (Note 29).

Market risk. The Group takes on exposure to market risks. Market risks arise from open positions in (i) foreign currencies, (ii) interest bearing assets and liabilities, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a regular basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Sensitivities to market risks included below are based on a change in a factor while holding all other factors constant. In practice this is unlikely to occur and changes in some of the factors may be correlated.

Currency risk. Electricity and capacity produced by the Group is sold on the domestic market of the Russian Federation at the prices fixed in Russian Rubles. Hence, the Group does not have significant foreign currency exchange risk. The financial condition of the Group, its liquidity, financing sources and the results of operations do not considerably depend on currency rates as the Group operations are planned to be performed in such a way that its assets and liabilities are to be denominated in the national currency.

The table below summarises the Group's monetary financial assets and liabilities exposed to foreign currency exchange rate risk:

	31 December 2017			31 December 2016		
	Monetary financial assets	Monetary financial liabilities	Net balance sheet position	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
USD	663	(2,748)	(2,085)	840	(3,088)	(2,248)
EUR	63	(5,482)	(5,419)	67	(10,477)	(10,410)
Other	8	-	8	31	-	31
Total	734	(8,230)	(7,496)	938	(13,565)	(12,627)

The above analysis includes only monetary assets and liabilities. Equity investments and non-monetary assets are not considered to give rise to any material currency risk.

There is no significant effect of the changes of foreign currency rates on the Group's financial position.

Interest rate risk. The Group's operating profits and cash flows from operating activities are not dependent largely on the changes in the market interest rates. Borrowings issued at variable rates (Note 18) slightly expose the Group to cash flow interest rate risk.



(in millions of Russian Rubles unless noted otherwise)

As at 31 December 2017 the Group has debt financing with floating rates, which are established on the basis of the Libor rates (31 December 2017: debt financing with floating rates, which are established on the basis of the Libor, Euribor, MOSPRIME rates).

If as at 31 December 2017 and 31 December 2016 had interest rates at that date been 2 percent higher with all other variables held constant profit for the year ended 31 December 2017 and the amount of capital that the Group managed as at 31 December 2017 would have been RR 58 million (31 December 2016: RR 327 million) lower mainly as a result of higher interest expense.

The Group monitors interest rates for its financial instruments. Effective interest rates are disclosed in Note 18.

For the purpose of interest risk reduction the Group makes the following arrangements:

- credit market monitoring to identify favourable credit conditions,
- diversification of credit portfolio by raising of borrowings with fixed rates and, if necessary, floating rates.

Liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities and the availability of funding from an adequate amount of committed credit facilities. The Group adheres to the balanced model of financing of working capital – both at the expense of short-term sources and long-term sources. Temporarily free funds are placed into short-term financial instruments, mainly bank deposits and short-term bank promissory notes. Current liabilities are represented mainly by the accounts payable to suppliers and contractors.

The Group has implemented a control system under its contract conclusion process by introducing and applying typical financial arrangements which include standardised payment structure, payment deadlines, percentage ratio between advance and final settlement, etc. In such a manner the Group controls capital maturity.

The table below shows liabilities as at 31 December 2017 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows, including gross finance lease obligations (before deducting future finance charges). Such undiscounted cash flows differ from the amount included in the Consolidated Statement of Financial Position because this amount is based on the discounted cash flows.

The maturity analysis of financial liabilities as at 31 December 2017 is as follows:

	2018 year	2019 year	2020 year	2021 year	2022 year	Starting from year 2023
Liabilities						
Current and non-current debt	85,762	36,103	34,882	3,234	22,555	9,407
Trade payables (Note 21)	30,949	-	-	-	-	-
Accounts payable under factoring agreements (Note 21)	258	-	-	-	-	-
Financial guarantees (Note 29)	747	977	1,230	1,489	1,737	19,755
Obligation to JSC RAO ES East shares purchase	3	-	-	-	-	-
Dividends payable (Note 21)	159	-	-	-	-	-
Non-deliverable forward contract for shares	2,874	2,795	2,362	1,615	10,516	-
Finance lease liabilities (Note 18)	275	199	199	199	199	4,154
Total future payments, including principal and interest payments	121,027	40,074	38,673	6,537	35,008	33,316

During 2018 the maturity date for loans and borrowings totaling RR 85,762 million (Note 18). The Group's management plans to repay these borrowings both from the Group's own funds and through new financing. The group has a positive credit history, works with large credit institutions, including those controlled by the state, and also has access to public borrowings in the capital market



The maturity analysis of financial liabilities as at 31 December 2016 is as follows:

	2017 year	2018 year	2019 year	2020 year	2021 year	Starting from year 2022
Liabilities						
Current and non-current debt	55,373	102,732	28,490	24,992	3,600	20,210
Trade payables (Note 21)	31,451	-	-	-	-	-
Accounts payable under factoring agreements (Note 21)	2,957	-	-	-	-	-
Obligation to JSC RAO ES East shares purchase	3	-	-	-	-	-
Financial guarantees (Note 29)	800	1,008	1,269	1,536	1,791	20,376
Dividends payable (Note 21)	136	-	-	-	-	-
Finance lease liabilities (Note 18)	601	267	196	196	196	4,287
Net settled derivatives	9	8	5	2	-	-
Total future payments, including principal and interest payments	91,330	104,015	29,960	26,726	5,587	44,873

Note 31. Management of capital

Compliance with Russian legislation requirements and capital cost reduction are key objectives of the Group's capital risk management.

As at 31 December 2017 and 31 December 2016 the Company was in compliance with the share capital requirements as established under legislation.

The Group's objectives in respect of capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The amount of capital that the Group managed as at 31 December 2017 was RR 695,564 million (31 December 2016: RR 650,932million).

Consistent with others in the energy industry, the Group monitors the gearing ratio, that is calculated as the total debt divided by the total capital. Debt is calculated as a sum of non-current and current debt, as shown in the Consolidated Statement of Financial Position. Total capital is equal to the total equity, as shown in the Consolidated Statement of Financial Position. The gearing ratio was 0.24 as at 31 December 2017 (31 December 2016: 0.31).

Note 32. Fair value of assets and liabilities

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) Level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) Level 2 measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) Level 3 measurements are valuations not based on observable market data (that is, unobservable inputs).

a) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period.

The level in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

31 December 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale financial assets	18,022	-	473	18,495
Non-financial assets				
Property, plant and equipment (except for construction in progress, office buildings and land)	-	-	527,363	527,363
Total assets recurring fair value measurements	18,022	-	527,836	545,858
Financial liabilities				
Non-deliverable forward contract for shares	-	-	20,716	20,716
Total liabilities recurring fair value measurements	-	-	20,716	20,716

RusHydro Group
Notes to the Consolidated Financial Statements as at and for the year ended
31 December 2017



(in millions of Russian Rubles unless noted otherwise)

31 December 2016	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale financial assets	20,619	-	562	21,181
Non-financial assets				
Property, plant and equipment (except for construction in progress, office buildings and land)	-	-	496,637	496,637
Total assets recurring fair value measurements	20,619	-	497,199	517,818

There were no changes in the valuation techniques, inputs and assumptions for recurring fair value measurements during the year ended 31 December 2017.

Fair value of available-for-sale financial assets mainly consists of the market value of PJSC Inter RAO shares. Profit or loss arising on available-for-sale financial assets recorded within other comprehensive income was mainly affected by the change in market quotes of this company's shares (Note 9).

At 31 December 2017 the fair value of the forward contract in line "Non-deliverable forward contract for shares" is determined based on the Monte-Carlo model, taking into account adjustments and using unobservable inputs, and included in Level 3 of fair value hierarchy (Note 19).

The valuation of the Level 3 financial liability and the related sensitivity to reasonably possible changes in unobservable inputs are as follows at 31 December 2017:

	Fair value	Valuation technique	Significant unobservable inputs	Reasonable change	Sensitivity of fair value measurement
Non-financial assets					
Property, plant and equipment (except for construction in progress, office buildings and land)	527,363	Discounted cash flows	Electricity and capacity prices	-10%	(30,405)
			Discount rate	+1%	(21,734)
			Capital expenditures	+10%	(15,549)

The above tables discloses sensitivity to valuation inputs for property, plant and equipment as changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change fair value significantly.

The valuation of the Level 3 financial liability and the related sensitivity to reasonably possible changes in unobservable inputs are as follows at 31 December 2017:

	Fair value	Valuation technique	Significant unobservable /observable inputs	Reasonable possible change	Reasonable possible values	Sensitivity of fair value measurement
Financial liability						
Non-deliverable forward contract for 20,716 shares		Monte-Carlo model	Dividend yield	-2%	3.10 percent	(472)
				+2%	7.10 percent	618
				-20%	RR 0.5811	7,502
				+20%	RR 0.8717	(7,504)

Based on management's estimate, the possible changes of unobservable inputs do not have a significant impact on the fair value of the non-deliverable forward contract.

The fair value estimate of the non-deliverable forward contract is significantly influenced by observable inputs, in particular, by the market value of the shares which was RR 0.7264 as at 31 December 2017 (Note 19).

(b) Assets and liabilities not measured at fair value but for which fair value is disclosed

Financial assets carried at amortised cost. The Group considers that the fair value of cash (Level 1 of the fair value hierarchy), cash equivalents and short-term deposits (Level 2 of the fair value hierarchy), short-term accounts receivable (Level 3 of the fair value hierarchy) approximates their carrying value. The fair value of long-term accounts receivable, other non-current and current assets is estimated based on future cash flows expected to be received including expected losses (Level 3 of the fair value hierarchy); the fair value of these assets approximates their carrying value.



Liabilities carried at amortised cost. The fair value of floating rate liabilities approximates their carrying value. The fair value of bonds is based on quoted market prices (Level 1 of the fair value hierarchy). Fair value of the fixed rate liabilities is estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity (Level 3 of the fair value hierarchy).

The fair value of current liabilities carried at amortised cost approximates their carrying value.

As at 31 December 2017 fair value of bonds exceeded their carrying value by RR 1,073 million. As at 31 December 2016 fair value of bonds exceeded their carrying value by RR 92 million.

As at 31 December 2017 the carrying value of non-current fixed rate debt was RR 39,396 million and exceeded their fair value by RR 925 million. As at 31 December 2016 the carrying value of non-current fixed rate debt was RR 103,817 million and exceeded their fair value by RR 4,705 million.

Note 33. Presentation of financial instruments by measurement category

The following table provides a reconciliation of classes of financial assets with the measurement categories of IAS 39 Financial instruments: Recognition and Measurement and information about the rest of special funds on the accounts of the Federal Treasury as at 31 December 2017 and 31 December 2016:

As at 31 December 2017	Loans and receivables	Available-for-sale financial assets	Total
Assets			
Other non-current assets (Note 10)	10,392	-	10,392
Promissory notes	9,860	-	9,860
Long-term loans issued	532	-	532
Available-for-sale financial assets	-	18,495	18,495
Trade and other receivables (Note 12)	37,369	-	37,369
Trade receivables	34,707	-	34,707
Other financial receivables	2,662	-	2,662
Other current assets (Note 14)	4,244	-	4,244
Special funds	3,429	-	3,429
Deposits	790	-	790
Short-term loans issued	25	-	25
Cash and cash equivalents (Note 11)	70,156	-	70,156
Total financial assets	122,161	18,495	140,656
Non-financial assets	-	-	887,595
Total assets	-	-	1,028,251
<hr/>			
As at 31 December 2016	Loans and receivables	Available-for-sale financial assets	Total
Assets			
Other non-current assets (Note 10)	8,838	-	8,838
Promissory notes	8,491	-	8,491
Long-term loans issued	332	-	332
Net settled derivatives	15	-	15
Available-for-sale financial assets	-	21,181	21,181
Trade and other receivables (Note 12)	35,268	-	35,268
Trade receivables	32,747	-	37,747
Other financial receivables	2,521	-	2,521
Other current assets (Note 14)	8,118	-	8,118
Special funds	3,507	-	3,507
Deposits and promissory notes	4,292	-	4,292
Short-term loans issued	310	-	310
Net settled derivatives	9	-	9
Cash and cash equivalents (Note 11)	67,354	-	67,354
Total financial assets	119,578	21,181	140,759
Non-financial assets	-	-	842,687
Total assets	-	-	983,446



As at 31 December 2017 financial liabilities of the Group valued at fair value are represented by the non-deliverable forward contract for shares in the amount of RR 20,716 million (Note 19) (31 December 2016: there were no liabilities represented by a non-deliverable forward).

All other financial liabilities of the Group are carried at amortised cost and are represented mainly by the current and non-current debt (Note 18), trade payables, accounts payable under factoring agreements and other accounts payable (Note 21).

Note 34. Subsequent events

Eurobond issue. In February 2018 the Group placed Eurobonds, issued by the special purpose company RusHydro Capital Markets DAC. The volume of the issue was RR 20,000 million. The term of the bonds is 3 years, the coupon rate is 7.4 percent per annum. VTB Capital, JP Morgan, Gazprombank and Sberbank CIB acted as joint lead managers of the issue. The placement and listing of the Eurobonds took place on the Irish Stock Exchange under Reg S rule. Eurobonds could have been partly purchased by government-related entities.

Termination of guarantees. In February 2018 the Group signed an agreement on the termination of the surety agreement with SC Vnesheconombank with regard to performance by PJSC Boguchanskaya HPP of its obligations under the loan agreement (Note 29).