

QUARTERLY REPORT

Public Joint-Stock Company Federal Hydrogeneration Company RusHydro

Code of the Issuer: 55038-E

for Q1 2017

Address of the Issuer: 43 Dubrovinskogo St., bldg. 1, 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, 2017

Director of Department of Corporate Accounting and Reporting - _____ Yu.G. Medvedeva
Chief Accountant
Date: May 15, 2017

Contact person: **Ekaterina Aleksandrovna Khutornaya, Head of the Directorate for Equity and Corporate
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The address of the Internet site (sites) where the information contained herein is to be disclosed:

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

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Introduction

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

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

State registration of at least one issue (additional issue) of securities of the Issuer accompanied by the registration of the prospectus of the securities in the placement of securities through a public offering;

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

07.12.2016 Bank of Russia carried out the state registration of the additional issue of 40,429,000,000 ordinary shares placement method: public offering.

Additional securities issue was assigned state registration number: 1-01-55038-E-042D.

Due to the fact that the additional issue of shares of PJSC RusHydro is not completed, in this quarterly report are specified interest of the authorized capital of the issuer, specified in Statute of the Issuer.

This Quarterly Report contains evaluations and expectancies 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, likelihood of certain events and performance of certain actions. Investors shall not rely entirely upon the evaluations and expectancies of the Issuer's management entities, since, in future actual results of the Issuer's activities may differ from the expected results for various reasons. Acquisition of the Issuer's securities is connected with the risks described herein.

I. Information on Bank Accounts, Auditor (Audit Organisation), Appraiser, and Financial Advisor of the Issuer, as well as on Persons who Have Signed the Quarterly Report

1.1. Information on the Issuer's Bank Accounts

Information on banking institution

Full company name: *Public Joint Stock Company Sberbank of Russia*

Abbreviated company name: *PJSC Sberbank of Russia*

Location: *19 Vavilova str., 117997 Moscow*

TIN: *7707083893*

BIC: *044525225*

Account number: *40702810438090001390*

Correspondent account: *3010181040000000225*

Account type: *settlement account in RUB*

Information on banking institution

Full company name: *Gazprombank (Joint Stock Company)*

Abbreviated company name: *GPB Bank (JSC)*

Location: *16 Nametkina str., bldg. 1, 117420 Moscow*

TIN: *7744001497*

BIC: *044525823*

Account number: *40702810400000003242*

Correspondent account: *30101810200000000823*

Account type: *settlement account in RUB*

Information on banking institution

Full company name: *Joint Stock Company Stock Bank "RUSSIA"*

Abbreviated company name: *JSC SB RUSSIA*

Location: *101 Gazoprovod, bldg. 5, 142770, Sosenskoye settlement, Moscow*

TIN: *7831000122*

BIC: *044525220*

Account number: *40702810460016000306*

Correspondent account: *30101810145250000220*

Account type: *settlement account in RUB*

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

Information on audit organization, which conducted an independent audit of Accounting (Financial) Statements of the Issuer, as well as Consolidated Financial Statements of the Issuer, which is part of Quarterly Report, as well as audit organization, approved for auditing of annual Accounting (Financial) Statements of the Issuer and annual Consolidated Financial Statements of the Issuer for the present and the last completed financial year:

The information about the auditor - JSC PwC Audit

Full corporate name: **Joint-stock company PricewaterhouseCoopers Audit**

Abbreviated corporate name: **JSC PwC Audit**

Location of the audit organization: **125047, Russian Federation, Moscow, 10 Butyrskiy Val St.**

INN **7707071102**

OGRN : **1027700148431**

Tel: **(495) 967-6000**

Fax: **(495) 967-6001**

E-mail: **none**

Information about membership of JSC PwC Auditing in self-regulated organizations of auditors:

Full name: **Self-regulatory organization of auditors "The Russian Union of Auditors"**

(Association)

Location 107031 Russia. Moscow, 8 Petrovskiy Lane, bldg. 2

Additional information: registration number 870 in the register of members of ACR; Principal Number of Registration Entry (PNRE) in the registry of audit organizations: 11603050547

Reporting year(s) from the last five completed reporting years and current year, for which the auditor (audit organization) carried out (will carry out) an independent audit of the Issuer's statements

Accounting (financial) statements, year	Consolidated financial statements, year
2012	2012
2013	2013
2014	2014
2015	2015
2016	2016
2017	2017

Additional information:

JSC PwC Audit does not perform independent audit of the consolidated interim financial statements of the Issuer; JSC PwC Audit performs review of the consolidated interim financial statements of the Issuer for three and six months ended on June 30 of the reporting year. According to the results of the above reviews, JSC PwC Audit submits a report on review of the consolidated interim financial statements for the relevant period.

Reporting periods from the last five completed reporting years and current year, for which JSC PwC Audit performed (will perform) review of the interim consolidated financial statements of the Issuer:

Consolidated interim financial statements, period
six months ended on June 30, 2012
six months ended on June 30, 2013
six months ended on June 30, 2014
three and six months ended on June 30, 2015
three and six months ended on June 30, 2016
three and six months ended on June 30, 2017

Factors which can influence the independence of JSC PwC from the Issuer, including information on the availability of material interests connecting JSC PwC Audit (persons holding posts in the management bodies and bodies controlling financial and economic activities of JSC PwC Audit) with the Issuer (persons holding posts in the management bodies and bodies controlling financial and economic activities of the Issuer)

There are no factors which can influence the independence of JSC PwC Audit from the Issuer, as well as material interests connecting JSC PwC Audit (persons holding posts in the management bodies and bodies controlling financial and economic activities of JSC PwC Audit) with the Issuer (persons holding posts in the management bodies and bodies controlling financial and economic activities of the Issuer)

The Issuer's auditor (audit organization) selection procedure:

The tender procedure connected with the auditor's (audit organization's) selection, and its key conditions:

Selection of the audit organization performing independent audit of the accounting (financial)

statements of the Issuer for 2012–2014:

In accordance with Federal Law No. 307-FZ dated December 30, 2008 On Audit Activities, tender 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 Placing of Orders for Supplies of Goods, Performance of Work, and Rendering of Services for State and Municipal Requirements.

Tender documentation of the open tender concerning entry into a services agreement for the audit of PJSC RusHydro accounting statements, prepared in accordance with Russian Accounting Standards for 2012–2014 (hereinafter RAS) dated 2012-2014 (hereinafter the Tender Documentation) was prepared on the basis of Federal Law No. 94-FZ dated July 21, 2005 On Placing 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 PJSC RusHydro accounting statements, prepared in accordance with RAS for 2012–2014 was approved by decision of the Buying Committee dated December 09, 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 Tender Committee on Assessment and Comparison of Bids concerning entry into services agreement for the audit of PJSC RusHydro accounting (financial) statements, prepared in accordance with RAS for 2012–2014 (Minutes No. 3 dated February 03, 2012) Joint-Stock Company PricewaterhouseCoopers Audit won the open tender

Selection of the audit organization performing independent audit of the consolidated financial statements of the Issuer for 2012–2014:

In order to apply funds of PJSC RusHydro effectively and economically, as well as pursuant to the Regulations on Procurement of Goods for use of PJSC RusHydro, approved by decision No. 241 of the Board of Directors of the Company, upon decision of the Central Buying Committee of PJSC RusHydro dated August 30, 2011, the scheduled procurement procedure was arranged and carried out concerning entry into services agreement for the audit (review) of the consolidated financial statements of PJSC RusHydro Group, RAO Energy Systems of East Group, Yakutskenergo Group, Far East Energy Company Group and separate financial statements of Far-Eastern Distribution Company, JSC Far East Generating Company, CJSC Non-Bank Financial Company Interbank Settlement Center, prepared in concordance with International Financial Reporting Standards (IFRS) for 2012–2014 through open single-stage multi-lot request for proposals without prequalification of bidders

The procurement documentation on an open single-stage multi-lot request for proposals without prequalification of bidders concerning entry into a services agreement for the audit (review) of the consolidated financial statements of PJSC RusHydro Group, RAO Energy Systems of East Group, Yakutskenergo Group, Far East Energy Company Group and separate financial statements of JSC Far-Eastern Distribution Company, JSC Far East Generating Company, CJSC Non-Bank Financial Company Interbank Settlement Center, prepared in concordance with International Financial Reporting Standards (IFRS) for 2012–2014, was approved by decision of the Buying Audit Committee dated November 16, 2011.

In accordance with the minutes of the Buying Committee (No. 2 dated December 22, 2011), Joint-Stock Company PricewaterhouseCoopers Audit won the open single-stage multi-lot request for proposals without prequalification of bidders.

Selection of the audit organization for independent audit of accounting (financial) statements and consolidated financial statements of the Issuer for 2015-2017:

In accordance with Federal Law No. 307-FZ dated December 30, 2008 On Audit Activities, tender selection of the Company's Auditor for 2015-2017 was performed on the basis of Federal Law No. 44-FZ dated April 05, 2013 On Contract System in the Area of Procurement of Goods, Works, and Services for State and Municipal Requirements.

In order to apply funds of PJSC RusHydro effectively and economically as well as pursuant to the Regulations for Procedure for Scheduled Procurement of Goods, Works, Services, approved by the decision of the Board of Directors of the Company, upon decision of the Central Buying Committee of PJSC RusHydro No. 470 dated December 04, 2014, scheduled procurement was arranged and carried out concerning entry into services agreement for financial statements audit of PJSC RusHydro prepared in concordance with Russian Accounting Standards (hereinafter referred to as RAS) and consolidated financial statements audit (review) of PJSC RusHydro Group prepared in concordance with International

Financial Reporting Standards (hereinafter referred to as IFRS) for 2015, 2016 and 2017 through open tender.

Tender documentation of the open tender concerning entry into a services agreement to audit the accounting (financial) statements of PJSC RusHydro prepared in concordance with RAS and to audit (review) the consolidated financial statements audit (review) of PJSC RusHydro Group prepared in concordance with IFRS for 2015-2017 (hereinafter referred to as the Tender Documentation) was prepared in accordance with Federal Law No. 44-FZ dated April 05, 2013 On Contract System in the Area of Procurement of Goods, Works, and Services for State and Municipal Requirements

The Tender Documentation of the open tender concerning entry into a services agreement to audit the financial statements audit of PJSC RusHydro prepared in concordance with RAS and to audit (review) the consolidated financial statements of PJSC RusHydro Group prepared in concordance with IFRS for 2015, 2016 and 2017 was approved by the decision of the Buying Audit Committee dated February 27, 2015.

In accordance with the minutes of the Buying Committee (No. 2 dated April 08, 2015), Joint Stock Company PricewaterhouseCoopers Audit won the open tender.

The auditor (audit organization) nomination procedure for approval by the meeting of shareholders (participants), including the management body taking the relevant decision:

The Board of Directors of the Issuer nominates the auditor to be approved by the General Meeting of Shareholders of the Company.

In accordance with legislation, the Issuer shall audit its financial statements on an annual basis. In order to audit and confirm the annual financial statements, the General Meeting of Shareholders shall approve the auditor of the Company on an annual basis.

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

The Issuer's auditor shall, under the agreement entered into with it, audit the Issuer's financial and business activity in accordance with the legislation of the Russian Federation.

Information on works performed by the auditor within special audit assignments:

No work was performed within special audit assignments during audit governed by Federal Law On Audit Activities No. 307-FZ dated December 30, 2008.

The procedure for determination of remuneration of JSC PwC Audit

The payment procedure and remuneration of the audit organizations and individual auditors for audit (including mandatory) and associated services are specified in the audit services agreements and cannot depend on any requirements of the audited entities with regard to the content of conclusions which can be made during the audit

The remuneration for the Issuer's auditor, approved by the Annual General Meeting of Shareholders of the Issuer, for mandatory annual audit 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 tender results when the Company's auditor is selected.

Information on actual amount of remuneration paid by the Issuer to JSC PwC Audit according to the results of the last completed reporting year, for which JSC PwC Audit performed independent audit of accounting (financial) statements of the Issuer and annual consolidated

financial statements of the

Issuer:

Actual amount of remuneration to be paid by the Issuer to JSC PwC Audit according to the results of 2016, for which JSC PwC Audit performed an independent audit of accounting (financial) statements of the Issuer and annual consolidated financial statements of the Issuer, is 119,999,805 Russian rubles (including VAT), including the cost of services for review of the consolidated interim financial statements of the Issuer for six months ending June 30 of the reporting year equal to 23,966,685 Russian rubles (including VAT).

In accordance with schedule of payments under contracts with JSC PwC Audit, an amount of 33,569,997 Russian rubles was paid by the Issuer in 2016 and an amount of 86,429,808 Russian rubles was paid by the Issuer in April 2017.

Information on deferred and outstanding payments for services rendered by JSC PwC Audit:

There are no deferred or outstanding payments for services rendered by JSC PwC Audit.

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

Appraiser(s) were not involved.

1.4. Information on the Issuer's Consultants

Financial consultants were not attracted within 12 months before the end of the reporting quarter on the grounds specified in this clause.

1.5. Information on Persons who Have Signed the Quarterly Report

Full name: *Nikolay Grigoryevich Shulginov*

Born in: *1951*

Primary employment:

Company: *PJSC RusHydro*

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

Full name: *Yuliya Gennadievna Medvedeva*

Born in: *1975*

Primary employment:

Company: *PJSC RusHydro*

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

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

2.1. The Issuer's Financial and Economic Performance Indicators

Dynamics of indicators, which characterize Issuer's Financial and Economic Performance.

Standard (rules) in accordance with which the Accounting (Financial) Statements was drawn up, on the basis of which the indicators were calculated: RAS

Standard unit for the calculation of working efficiency indicators: Thd RUB/person

Indicator	2015	2016	2016, 3 months	2017, 3 months
Working efficiency	19 605	21 741	5 078	5 234
Debt amount to net worth	0,20	0,18	0,20	0,23
Long-term debt amount to long-term debt amount and net worth	0,14	0,13	0,13	0,13
Degree of debt cover by current income (profit)	0,22	-0,19	-0,15	0,73
Degree of overdue amount, %	0	0,09	0	0,31

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

Analysis of financial and economic performance of the issuer on the basis of the economic analysis of presented indicators dynamics:

The increase of indicator of Working efficiency in 2016 in comparison to the year 2015 by 10,9 per cent is caused by decrease of the employees number by 3,1 per cent (business process optimization and as consequence the optimization of quantity), as well as increase of the power sales revenue (capacity) (+ 11,3 per cent) due to increased inflowing into main storage reservoirs of HPP. The increase of indicator in 2017 (3 months) in comparison to the year 2016 (3 months) is unessential.

Debt amount to net worth characterizes relations between external and internal sources of funding . Indicator for the end of the year 2016 is decreased due to decrease of loan capital amount and net worth increase (receipt of profit according to the results of the year 2016). Indicator increase in 2017 (3 months) in comparison to the year 2016 (3 months) is caused by increase of current liabilities against the payment of own shares till the date of charter capital change in charter documents. Registration of charter capital increase and entering of relevant changes into charter documents is to be expected in 2. Quarter 2017.

The degree of debt cover by current income (profit) shows the volume of current liabilities that can be covered with available funds or with the funds that are expected in near future. Decrease of this indicator is a positive characteristic of the Company's performance, because the degree of available short-term liabilities with the available funds increases. The coefficient for the end of the year 2015 that is equal to 0,22 in accordance with the results of the year 2016 came to -0,19, which is caused by funds increase as of end of period and decrease of the amount of short-term liabilities. Indicator's negative value for the year 2016 is caused by the increase of funds amount on short-term liabilities, which indicates the positive dynamics of this indicator. The increase of this indicator for the year 2016 (3 months) and 2017 (3 months) from -0,15 to 0,71 is caused by increase of short-term liabilities related to additional issue of stocks of PJSC RusHydro equal to RUB 40 billion.

In general, the analysis of indicators of paying capacity allows to acknowledge, that the Issuer's financial state as of the period under report was stable.

2.2. The Issuer's Market Capitalization

Market capitalization is calculated as the product of the number of shares of the relevant category (type) and the market value of one share disclosed by the market operator.

Unit of measure: **RUB**

Issue 1-01-55038-E

Issuer's equity shares are eligible for on ex-change trading on the exchange JSC Moscow Exchange.

Indicator	December 31, 2016	March 31, 2017
Market capitalization	356 166 164 175,07	365 204 542 053,50

Information on the securities market operator providing the data for calculation of the market capitalization, as well as any other additional information on public trading of securities at the Issuer's discretion:

Source of information: JSC Moscow Exchange bulletin at the end of trading of securities (Market transactions T+): <http://moex.com/a3882>, <http://moex.com/a4027>.

Market capitalization is indicated without regard to additional issue stocks 1-01-55038-E-42D.

2.3. The Issuer's Liabilities

2.3.1. Borrowed Funds and Accounts Payable

For the year 2016

Loan funds structure

Standard unit: **RUB**

Indicator	Indicator value
Long-term loan funds	94,847,739,100.88
including:	
credits	43,891,528,756.11
loan facilities, excluding bonded loans	706,271,344.77
bonded loans	50,249,939,000.00
Short-term loan funds	14,024,712,474.89
including:	
credits	1,074,733,665.61
loan facilities, excluding bonded loans	817,000,000.00
bonded loans	12,132,978,809.28
Total overdue amount according to loan funds	0
including:	
credits	0
loan facilities, excluding bonded loans	0
bonded loans	0

Credit debt structure

Standard unit: RUB

Indicator	Indicator value
Total credit debt amount	13,427,620,821.96
of which overdue debt amount	121,167,716.42
including	
to the budget and state non-budgetary funds	4,710,413,316.42
of which overdue debt amount	0
to the suppliers and subcontractors	6,647,174,298.87
of which overdue debt amount	90,612,243.26
to employees of organization	23,754,249.36
of which overdue debt amount	0
other	2,046,278,957.31
of which overdue debt amount	30,555,473.16

By the availability of the overdue credit debt, including overdue loan funds the reasons of non-performance and the consequences, that occurred or can occur in the future for the issuer due to the non-performance of relevant liabilities, including sanctions imposed against the issuer and term (estimated term) for credit debt payment or loan funds debt are indicated:

Primary reasons for non-performance of relative liabilities:

- commercial disputes of the Issuer related to the breach of contractual work schedules, provision of services, goods delivery by the contractors of the Company;
- inability for the Company to timely perform liabilities due to non-provision by the creditors of correct details for the payment.

Consequences, that occurred or can occur in the future for the Issuer due to the non-performance of relevant liabilities, including sanctions imposed against the Issuer:

there were no financial consequences and sanctions related to credit debt and Issuer does not expect any financial or administrative consequences related to said debt. In case of judgment, obliging the Issuer to pay relative debt (with regard to debt, in respect of which the Issuer leads commercial disputes), Issuer shall pay relative debt. In case of entry of correct details for payment (with regard to debt, which can't be paid due to absence of details), Issuer shall pay relative debt;

Term (estimated term) for credit debt payment:

In accordance with approved local normative acts on credit debt management of the Issuer during the quarter from the date of discovery, the overdue credit debt depending on the reasons of its creation either is paid by the Company or claim-related work is initiated in relation to such credit debt.

The creditors, which account for not less than 10 per cent from the total credit debt amount or not less than 10 per cent from the total loan (long-term and short-term) funds:

Full company name: **Public Joint Stock Company Sberbank of Russia**

Abbreviated company name: **PJSC Sberbank of Russia**

Location: **19 Vavilova str., 117997 Moscow**

TIN: **7707083893**

OGRN: **1027700132195**

Debt amount: **RUB 33,910,775,698.89**

Amount and terms of the overdue debt (interest rate, moratorium interest, penalties): **None**

Creditor is the issuer's affiliated person: **No**

Full company name: **Public Joint Stock Company Federal Grid Company of Unified Energy System**

Abbreviated company name: **PJSC FGC UES**

Location: **5a Frfдемika Chelomeya str., 117630 Moscow**

TIN: **4716016979**

OGRN: **1024701893336**

Debt amount: **RUB 2,278,443,365.82**

Amount and terms of the overdue debt (interest rate, moratorium interest, penalties): **None**

Creditor is the issuer's affiliated person: **No**

for 3 months of the year 2017

Loan funds structure

Standard unit: **RUB**

Indicator	Indicator value
Long-term loan funds	93,846,753,167.99
including:	
credits	42,892,062,901.66
loan facilities, excluding bonded loans	704,751,266.33
bonded loans	50,249,939,000.00
Short-term loan funds	14,026,502,824.70
including:	
credits	1,250,117,944.65
loan facilities, excluding bonded loans	817,000,000.00
bonded loans	11,959,384,880.05

Total overdue amount according to loan funds	0
including:	
credits	0
loan facilities, excluding bonded loans	0
bonded loans	0

Loan funds structure

Standard unit: **RUB**

Indicator	Indicator value
Total credit debt amount	54,838,122,051.83
of which overdue debt amount	563,643,277.60
including	
to the budget and state non-budgetary funds	5,465,391,541.94
of which overdue debt amount	
to the suppliers and subcontractors	6,384,498,891.04
of which overdue debt amount	532,387,229.66
to employees of organization	224,135,837.83
of which overdue debt amount	
other	42,764,095,781.02
of which overdue debt amount	31,256,047.94

By the availability of the overdue credit debt, including overdue loan funds the reasons of non-performance and the consequences, that occurred or can occur in the future for the issuer due to the non-performance of relevant liabilities, including sanctions imposed against the issuer and term (estimated term) for credit debt payment or loan funds debt are indicated:

Primary reasons for non-performance of relative liabilities:

- commercial disputes of the Issuer related to the breach of contractual work schedules, provision of services, goods delivery by the contractors of the Company;
- inability for the Company to timely perform liabilities due to non-provision by the creditors of correct details for the payment.

Consequences, that occurred or can occur in the future for the Issuer due to the non-performance of relevant liabilities, including sanctions imposed against the Issuer:

there were no financial consequences and sanctions related to credit debt and Issuer does not expect any financial or administrative consequences related to said debt. In case of judgment, obliging the Issuer to pay relative debt (with regard to debt, in respect of which the Issuer leads commercial disputes), Issuer shall pay relative debt. In case of entry of correct details for payment (with regard to debt, which can't be paid due to absence of details), Issuer shall pay relative debt;

Term (estimated term) for credit debt payment:

In accordance with approved local normative acts on credit debt management of the Issuer during the quarter from the date of discovery, the overdue credit debt depending on the reasons of its creation either is paid by the Company or claim-related work is initiated in relation to such credit debt.

The creditors, which account for not less than 10 per cent from the total credit debt amount or not less than 10 per cent from the total loan (long-term and short-term) funds:

Full company name: **Public Joint Stock Company Sberbank of Russia**

Abbreviated company name: **PJSC Sberbank of Russia**

Location: **19 Vavilova str., 117997 Moscow**

TIN: **7707083893**

OGRN: **1027700132195**

Debt amount: **RUB 33,910,775,698.89**

Amount and terms of the overdue debt (interest rate, moratorium interest, penalties): **None**

Creditor is the issuer's affiliated person: **No**

Full company name: **Public Joint Stock Company Bank VTB**

Abbreviated company name: **Bank VTB (PJSC)**

Location: **29 Bolshaya Morskaya str., 190000 St. Petersburg**

TIN: **7702070139**

OGRN: **7702070139**

Debt amount: **RUB 40,000,000,000.00**

Amount and terms of the overdue debt (interest rate, moratorium interest, penalties): **None**

Creditor is the issuer's affiliated person: **No**

2.3.2. Credit History of the Issuer

Execution by the Issuer of its obligations under the facility agreements and/or loan agreements in force within the last completed reporting year and current year, including those concluded due to issue and sale of bonds, the principal debt under which is 5 and more per cent 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 conclusion of the relevant agreement as well as other facility agreements and/or loan agreements, which the Issuer deems material.

Type and Identification Characteristics of Liabilities	
1. Bonds, series 01	
State registration number and registration date: 4-01-55038-E dated September 23, 2010	
Terms and conditions of liability and information on its execution	
Name and location or full name of the creditor (lender)	Transferees of securities of the issue,
Principal debt as at the date of liabilities, RUB/foreign currency	RUB 10,000,000,000
Principal debt as at the end of the reporting quarter, RUB/foreign currency	RUB 89,179,000,000
Credit (loan) period, (years)	10
Average interest on credit, loan, % per annum	8.75
Number of interest (coupon) periods	20
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	None
Scheduled credit (loan) payment period (date)	April 12, 2021*
Actual credit (loan) payment period (date)	Existing
Other information on liabilities specified at the Issuer's discretion	* Maturity of bonds OJSC RusHydro is 10 years. Tender offer for acquisition of bonds at the owner's request for a period of 5 years from the beginning of placement is possible in respect of defined securities. April 8, 2016 Issuer decided to set a new interest rate for eleventh-twelfth coupon periods. April 22, 2016 Acquisition of bonds was hold at the owner's request

Type and Identification Characteristics of Liabilities	
2. Bonds, series 02	
State registration number and registration date: 4-02-55038-E dated September 23, 2010	
Terms and conditions of liability and information on its execution	
Name and location or full name of the creditor (lender)	Transferees of securities of the issue,
Principal debt as at the date of liabilities, RUB/foreign currency	RUB 5,000,000,000
Principal debt as at the end of the reporting quarter, RUB/foreign currency	RUB 160,760,000,000

Credit (loan) period, (years)	10
Average interest on credit, loan, % per annum	8,75
Number of interest (coupon) periods	20
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	None
Scheduled credit (loan) payment period (date)	April 12, 2021*
Actual credit (loan) payment period (date)	Existing
Other information on liabilities specified at the Issuer's discretion	* Maturity of bonds OJSC RusHydro is 10 years. Tender offer for acquisition of bonds at the owner's request for a period of 5 years from the beginning of placement is possible in respect of defined securities. April 8, 2016 Issuer decided to set a new interest rate for eleventh-twelfth coupon periods. April 22, 2016 Acquisition of bonds was hold at the owner's request

Type and Identification Characteristics of Liabilities	
3. Credit, Open Joint-Stock Company Sberbank of Russia, Credit Agreement No. 5486 dated November 18, 2011	
Terms and conditions of liability and information on its execution	
Name and location or full name of the creditor (lender)	Open Joint-Stock Company Sberbank of Russia, Moscow, the Russian Federation
Principal debt as at the date of liabilities, RUB/foreign currency	RUB 40, 000,000,000
Principal debt as at the end of the reporting quarter, RUB/foreign currency	RUB 20,000,000,000
Credit (loan) period, (years)	9
Average interest on credit, loan, % per annum	8.28
Number of interest (coupon) periods	36
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	None
Scheduled credit (loan) payment period (date)	November 17, 2020
Actual credit (loan) payment period (date)	Existing
Other information on liabilities specified at the Issuer's discretion	None

Type and Identification Characteristics of Liabilities	
4. Credit, Unicredit Bank Austria AG, Credit Agreement dated December 12, 2011	
Terms and conditions of liability and information on its execution	
Name and location or full name of the creditor (lender)	Unicredit Bank Austria AG, 1010 Wien, Schottengasse 6 — 8, Austria
Principal debt as at the date of liabilities, RUB/foreign currency ²	EUR 127,796,550
Principal debt as at the end of the reporting quarter, RUB/foreign currency	EUR 86,208,239
Credit (loan) period, (years)	15
Average interest on credit, loan, % per annum	3.10
Number of interest (coupon) periods	60
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	None

² hereinafter the debt limit under loan agreement/contract is indicated

Scheduled credit (loan) payment period (date)	August 28, 2026
Actual credit (loan) payment period (date)	Existing
Other information on liabilities specified at the Issuer's discretion	None

Type and Identification Characteristics of Liabilities	
5. Credit, European Bank for Reconstruction and Development, Credit Agreement dated December 7, 2011	
Terms and conditions of liability and information on its execution	
Name and location or full name of the creditor (lender)	European Bank for Reconstruction and Development, One Exchange Square, London EC2A 2JN, United Kingdom
Principal debt as at the date of liabilities, RUB/foreign currency	RUB 8,000,000,000
Principal debt as at the end of the reporting quarter, RUB/foreign currency	
Credit (loan) period, (years)	15
Average interest on credit (loan), % per annum	12.79
Number of interest (coupon) periods	60
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	None
Scheduled credit (loan) payment period (date)	
Actual credit (loan) payment period (date)	December 07, 2016
Other information on liabilities specified at the Issuer's discretion	None

Type and Identification Characteristics of Liabilities	
6. Credit, Bayerische Landesbank, Credit Agreement dated October 15, 2012	
Terms and conditions of liability and information on its execution	
Name and location or full name of the creditor (lender)	Bayerische Landesbank, Brienner Str. 18 80333 Munich, Germany
Principal debt as at the date of liabilities, RUB/foreign currency	EUR 16,485,731.83
Principal debt as at the end of the reporting quarter, RUB/foreign currency	
Credit (loan) period, (years)	12.5
Average interest on credit, loan, % per annum	1.02
Number of interest (coupon) periods	26
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	None
Scheduled credit (loan) payment period (date)	
Actual credit (loan) payment period (date)	October 31, 2016
Other information on liabilities specified at the Issuer's discretion	None

Type and Identification Characteristics of Liabilities	
7. Credit, Public Joint-Stock Company Sberbank of Russia, Credit Agreement No. 5685 dated December 4, 2013	
Terms and conditions of liability and information on its execution	
Name and location or full name of the creditor (lender)	Joint-Stock Company Sberbank of Russia, Moscow, the Russian Federation
Principal debt as at the date of liabilities, RUB/foreign currency	RUB 10,612,754,000

RUB/foreign currency	
Principal debt as at the end of the reporting quarter, RUB/foreign currency	RUB 10,612,754,000
Credit (loan) period, (years)	5
Average interest on credit, loan, % per annum	7.99
Number of interest (coupon) periods	20
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	None
Scheduled credit (loan) payment period (date)	December 04, 2018
Actual credit (loan) payment period (date)	Existing
Other information on liabilities specified at the Issuer's discretion	None

Type and Identification Characteristics of Liabilities	
8. Credit, European Bank for Reconstruction and Development, Credit Agreement dated December 5, 2013	
Terms and conditions of liability and information on its execution	
Name and location or full name of the creditor (lender)	European Bank for Reconstruction and Development One Exchange Square, London EC2A 2JN, United Kingdom
Principal debt as at the date of liabilities, RUB/foreign currency	RUB 4,400,000,000
Principal debt as at the end of the reporting quarter, RUB/foreign currency	
Credit (loan) period, (years)	12
Average interest on credit, loan, % per annum	14.52
Number of interest (coupon) periods	47
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	None
Scheduled credit (loan) payment period (date)	
Actual credit (loan) payment period (date)	October 14, 2016
Other information on liabilities specified at the Issuer's discretion	None
Type and Identification Characteristics of Liabilities	
9. Bonds, series 07	
State registration number and registration date: 4-07-55038-E dated December 27, 2012	
Terms and conditions of liability and information on its execution	
Name and location or full name of the creditor (lender)	Transferees of securities of the issue
Principal debt as at the date of liabilities, RUB/foreign currency	RUB 10,000,000,000
Principal debt as at the end of the reporting quarter, RUB/foreign currency	RUB 10,000,000,000
Credit (loan) period, (years)	10
Average interest on credit, loan, % per annum	8.50
Number of interest (coupon) periods	20
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	None
Scheduled credit (loan) payment period (date)	February 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. Tender offer for a period of 5 years is possible in respect of the

	securities.
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Type and Identification Characteristics of Liabilities	
10. Bonds, series 08	
State registration number and registration date: 4-08-55038-E dated December 27, 2012	
Terms and conditions of liability and information on its execution	
Name and location or full name of the creditor (lender)	Transferees of securities of the issue
Principal debt as at the date of liabilities, RUB/foreign currency	RUB 10,000,000,000
Principal debt as at the end of the reporting quarter, RUB/foreign currency	RUB 10,000,000,000
Credit (loan) period, (years)	10
Average interest on credit, loan, % per annum	8.50
Number of interest (coupon) periods	20
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	None
Scheduled credit (loan) payment period (date)	February 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. Tender offer for a period of 5 years is possible in respect of the securities.

Type and Identification Characteristics of Liabilities	
11. Credit, Open Joint-Stock Company Sberbank of Russia, Credit Agreement No. 5724 dated April 8, 2014	
Terms and conditions of liability and information on its execution	
Name and location or full name of the creditor (lender)	Public Joint-Stock Company Sberbank of Russia, Moscow, the Russian Federation
Principal debt as at the date of liabilities, RUB/foreign currency	RUB 2,776.36 mln
Principal debt as at the end of the reporting quarter, RUB/foreign currency	RUB 2,776.36 mln
Credit (loan) period, (years)	8
Average interest on credit, loan, % per annum	14.38
Number of interest (coupon) periods	32
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	None
Scheduled credit (loan) payment period (date)	April 7, 2022
Actual credit (loan) payment period (date)	existing
Other information on liabilities specified at the Issuer's discretion	None

Type and Identification Characteristics of Liabilities	
12. 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 liability and information on its execution	
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 at the date of liabilities,	EUR 190,284,359

RUB/foreign currency	
Principal debt as at the end of the reporting quarter, RUB/foreign currency	EUR 86,998,547.17
Credit (loan) period, (years)	15
Average interest on credit, loan, % per annum	0.74
Number of interest (coupon) periods	30
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	None
Scheduled credit (loan) payment period (date)	April 4, 2029
Actual credit (loan) payment period (date)	existing
Other information on liabilities specified at the Issuer's discretion	None

Type and Identification Characteristics of Liabilities	
13. Bonds, series 09	
State registration number and registration date: 4-09-55038-E dated December 27, 2012	
Terms and conditions of liability and information on its execution	
Name and location or full name of the creditor (lender)	Transferees of securities of the issue
Principal debt as at the date of liabilities, RUB/foreign currency	RUB 10,000,000,000
Principal debt as at the end of the reporting quarter, RUB/foreign currency	RUB 10,000,000,000
Credit (loan) period, (years)	10
Average interest on credit, loan, % per annum	12.75
Number of interest (coupon) periods	20
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	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 in respect of the securities.

Type and Identification Characteristics of Liabilities	
14. Bonds, series БО-П01	
State registration number and registration date: 4B02-01-55038-E-001P dated July 3, 2015	
Terms and conditions of liability and information on its execution	
Name and location or full name of the creditor (lender)	Transferees of securities of the issue
Principal debt as at the date of liabilities, RUB/foreign currency	RUB 5,000,000,000
Principal debt as at the end of the reporting quarter, RUB/foreign currency	RUB 5,000,000,000
Credit (loan) period, (years)	3
Average interest on credit, loan, % per annum	11.85
Number of interest (coupon) periods	6
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	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
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Type and Identification Characteristics of Liabilities	
15. Bonds, series БО-II02	
State registration number and registration date: 4B02-02-55038-E-001P dated July 3, 2015	
Terms and conditions of liability and information on its execution	
Name and location or full name of the creditor (lender)	Transferees of securities of the issue
Principal debt as at the date of liabilities, RUB/foreign currency	RUB 5,000,000,000
Principal debt as at the end of the reporting quarter, RUB/foreign currency	RUB 5,000,000,000
Credit (loan) period, (years)	3
Average interest on credit, loan, % per annum	11.85
Number of interest (coupon) periods	6
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	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 Identification Characteristics of Liabilities	
16. Bonds, series БО-II03	
State registration number and registration date: 4B02-03-55038-E-001P dated July 3, 2015	
Terms and conditions of liability and information on its execution	
Name and location or full name of the creditor (lender)	Transferees of securities of the issue
Principal debt as at the date of liabilities, RUB/foreign currency	RUB 5,000,000,000
Principal debt as at the end of the reporting quarter, RUB/foreign currency	RUB 5,000,000,000
Credit (loan) period, (years)	3
Average interest on credit, loan, % per annum	11.85
Number of interest (coupon) periods	6
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	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 Identification Characteristics of Liabilities	
17. Bonds, series БО-II04	
State registration number and registration date: 4B02-04-55038-E-001P dated April 01, 2016	
Terms and conditions of liability and information on its execution	
Name and location or full name of the creditor (lender)	Transferees of securities of the issue
Principal debt as at the date of liabilities, RUB/foreign currency	RUB 15,000,000,000
Principal debt as at the end of the reporting quarter, RUB/foreign currency	RUB 15,000,000,000

Credit (loan) period, (years)	3
Average interest on credit, loan, % per annum	10.35
Number of interest (coupon) periods	6
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	None
Scheduled credit (loan) payment period (date)	April 4, 2019
Actual credit (loan) payment period (date)	existing
Other information on liabilities specified at the Issuer's discretion	None

Information on each case of the provision of a security, the amount of which is five or more per cent of the balance value of the Issuer's assets as at the end of the relevant reporting period: Such liabilities at the reporting date are not available.

Issuer's exposure to risk inherent to non-performance or improper performance of secured obligations by third party is evaluated as negligible

2.3.4. Other Liabilities of the Issuer

There are no other obligations not recognized in the accounting (financial) statements that could materially affect the Issuer's financial status, liquidity, sources of financing, and terms and conditions of application thereof, performance results and expenses

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

The Issuer's risk management policy:

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

Industry risks

Country and regional risks

Financial risks

Legal risks

Reputation risk

Strategic risk

Risks related to the Issuer's activities

Emerging wholesale and retail electricity and capacity markets have a higher risk level than developed markets of other products and services and include significant legal, economic, and, because of high social significance for country, political risks. Dynamic development of these markets allows us to suppose, with a high probability, that information contained herein can be promptly outdated. Current information uncertainty because of the dynamic change of factors can influence the Issuer's future activity, possibility of asset sale, and meeting of repayment deadlines. The investors shall take that uncertainty into account in estimating of own risks and taking a decision on investment feasibility. In addition, some risks that are not substantial at the moment may become substantial in future.

In order to optimize risks, the Issuer performs regular work on their recognition, assessment, and control, as well as development and application of risk response measures, business continuity management, and aspires to meet international and national risk management standards and best practices (National State Standard R ISO 31000-2010, COSO ERM 2004, Corporate governance code of the Central Bank of the Russian Federation, guidelines of Federal Property Management Agency and the Ministry of Finance in the field of risk management and internal control, etc.).

External estimation of efficiency of enterprise system of internal control and risk management and is conducted regularly in course of audit of Long-term development program RusHydro Group sale, external audit of financial statements, conduction of surveyor of the RusHydro Group objects, obligatory due diligence within the framework of the assessment of the merger and acquisition transactions risks, as well as the conduction of comprehensive assessments of system effectiveness of internal control and risks management of the Company, invited by the independent experts.

Quality of the risk management system of the Issuer are regularly confirmed by an independent jury of international competitions. In particular, the Issuer was pronounced the winner in such categories as the Best Risk Management Comprehensive Program, the Best Risk Manager of Russia, conducted by Russian Risk Management Society RusRisk, Russian National Association of Risk Managers, being a member of the Federation of European Risk

Management Association (FERMA). In June, 2015 within the framework of the 13th International professional forum "Risk Management in Russia and CIS" program RusHydro risk management has become a winner of the annual competition "Best Risk Management 2015" in the category "Production organization". In November 2015 the Company participated in the KPMG study, "The practice of risk management in Russia: strengths and areas for development." Results of the study are presented under the link https://assets.kpmg.com/content/dam/kpmg/pdf/2015/11/S_CG_10r.pdf. As it was demonstrated by this study many of the best practices of corporate risk management are assessed on major Russian companies and are used in PJSC RusHydro (the integration of risk management in the company's development strategy, the collection and accumulation of statistical data, the interaction between departments, the involvement and active participation of key stakeholders as well as improving quality of information on key risks. By the Decision of the Management Board of the Company dated November 28, 2014, No. 884, the Development Program for Corporate Internal Control and the Risk Management System of RusHydro Group was approved.

The Issuer's activity with regard to risk management is connected with the need to reconstruct operating and construct new generating facilities, including:
Improving reliability, safety, and cost effectiveness of the equipment by regenerating worn main and auxiliary equipment;

Increase of technical-and-economic characteristics of HPP for operation on the competitive electrical energy market, and reduce repair expenses, improving operational efficiency by implementing programs to reduce production costs and economy;

Increase in operating performance through implementation of a program to reduce operating costs and make savings;

Targeted financial policy;

Continuous analysis of electric energy market conditions;

Competitive environment in procurement, works, and services.

The Issuer's risk management policy:

The Issuer's risk management policy implies timely recognition and prevention of possible risks in order to minimize losses. In October, 2015 the Audit Committee of PJSC RusHydro approved "POLICY in the area of internal control and risk management of PJSC RusHydro in the new version, which was approved by the Board of Directors of PJSC RusHydro (protocol number 227 16/11/2015). The Issuer's activities within specific risks management are described in Clauses 2.4.1.—2.4.7. below.

2.4.1. Industry Risks

Influence of possible decline in the Issuer's industry on its activities and fulfilment of the obligations under securities. Major possible changes in the sector according to the Issuer (separately in domestic and foreign markets), as well as prospective actions of the Issuer in these circumstances:

Foreign market:

The Issuer is exposed to comparatively moderate external industry risks. According to Moody's international rating agency, annual default frequency in the electricity sector for the last 10 years didn't exceed 7,3% (see Moody's Investors Service, Special comment: Annual Default Study: Corporate Default and Recovery Rates, 1920–2015).

In 2016 PJSC RusHydro took 127 position (compared to 137 in 2015) in the ranking of 250 leading energy companies of the world according to Platts (2016 Platts Top 250 Global Energy Company Rankings). 2016 While composing the ranking, the financial performance of public enterprises of the energy sector with total assets of more than 5 billion US dollars is used.

Assessment is based on the following financial metrics: asset value, revenues, profits and return on invested capital for the last fiscal year.

Domestic market:

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

On the one hand, it is to be noted that decrease in uncertainty of work of the Issuer on the wholesale market power associated with the transition in 2015 on a long-term model for competitive selection of power required by Rules of the wholesale electricity and capacity market (Approved by regulation of the Government of the Russian Federation No. 1172 dated December 27, 2010). As a result of competitive selection of power held in 2015-2016 the price of power for the period to 2020 (inclusive) was defined. The increase predictability of prices for future periods reduces the level of industry risk.

At the same time as part of the continuing reforming of the energetics, the norms governing the Russian power market, as well as the norms applied to market liberalization, specification of power tariffs, functioning of the capacity market, and relationships between power manufacturers and consumers are subject constant changes. Since the official beginning of the reformation in July 2001, the implementation term of the reformation stages and the scope of these stages have changed several times.

As part of the risk management industry Issuer undertakes the necessary measures to create a favourable legal framework for electricity and capacity market for the Issuer. To realize 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 the Ministry of Energy, the Association "NP Market Council" and the Federal Antimonopoly Service.

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

The Issuer is exposed to the competitive expansion risk on the retail market due to activation of power supply companies aspiring to render services to large consumers. In order to manage that risk, the Issuer is focused on the work with the customer base. Measures on risk elimination connected with loss of consumers:

- Individual relationship building with large consumers
- Promotion of the company on key consumer markets
- Transfer to new relations with consumers: increase of consumer services, considering needs and expectations of customers, and with strict observance of obligations
- Continued status of guaranteeing supplier for concentration of the customer base and reduction of costs per energy unit by trade companies of the Issuer.

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

1. Operational (production) risks related to wear and tear, infringement of operational conditions, and critical changes in equipment working conditions. Realization of such risks may result in equipment breakdown (emergency cases) and destruction of facilities. Systematic emergencies may result in power system separation, rolling blackouts of consumers, and operation of capital equipment under critical conditions.

Hydroelectric power plants are essential for provision of the required quality of power supply covering uneven sections of daily load curves and being a short term operative and emergency power reserve.

Unsatisfactory equipment conditions due to its wear and tear are one of the central causes of operational risks, which are, but are not limited to:

- Decrease in the operational and economic indicators of HPP
- Risk of emergency resulting in a lack of electric power and grave environmental and social consequences
- Operation of engineering devices at hazardous production facilities (operation of pressurized lifting installations and equipment) of the branches and PJSC RusHydro beyond the normative period that significantly increases the risk of emergency and accidents occurring at hazardous production facilities
- Risk of personnel injury and death

Besides, the Issuer's equipment is to a significant extent exposed to natural disasters, malfunction, etc. These factors may cause decrease the reliability of equipment, enhance the likelihood of failure and increase maintenance costs.

Action plan for management of these risks:

Industrial operational risk management of PJSC RusHydro branches forms the basis for decision making on technical and engineering issues by the Issuer when planning equipment technical influence programs (within prospective technical reconstruction and modernization, repair, and maintenance program).

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

The probability of equipment failure is assessed as standing referring industry average. All the Issuer's main production facilities are insured. In addition, a set of measures is implemented to ensure the reliability of the equipment and facilities at the adequate level, i.e.:

- planned repair works are carried out in full extent;
- The Technical Policy, approved by the Board of Directors (Minutes No. 133 dated September 05, 2011), is applied in the Company, and it is based on the principle of achieving of the Company's strategic aims, integrated management of the Issuer's engineering system, transparency, and economic feasibility of adopted engineering decisions. In 2011, the Board of Directors approved the Comprehensive Modernization Program (hereinafter CMP) for Generating Facilities for 2012–2025. The aim thereof is to maintain the long-term reliability and safety of generating facilities of PJSC RusHydro in the long run. In 2016 the capacity gain due to PTP realization was 66, 5 MW. Modernization of the equipment is accompanied by improvement of operational and environmental performance. The new turbines and generators, designed and manufactured in accordance with the current level of power engineering, have a higher efficiency, longer run and require lower repair costs, more reliable and secure..
- Modern diagnostics methods without equipment shutdown are implemented.
- The structure and volumes of spare parts optimized.

- A tender selection of service and supply organisations is performed to improve the quality of services and materials provided, increase contractors' responsibility, and reduce the cost per unit.

Risk management within compliance with the industrial safety requirements throughout the production risk management structure of PJSC RusHydro branches is ensured on the basis of an effective system of production control over compliance with the requirements of industrial safety at hazardous production facilities at PJSC RusHydro branches, developed on the basis of industrial safety requirements of the federal legislation.

2. Environmental risks expressed in the form of oil leakage to water bodies from the hydroelectric generating set of HPPs and the exceeding of dam (storage 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 implementation of actions stipulated by the prospective technical reconstruction and modernization program, the Issuer replaces the elements and units of the hydroturbines with modern facilities, the design of which ensures high ecological compatibility of the production process. An example was introduced in September 2015 for use on the Cheboksary GES RusHydro of reconstructed hydraulic unit (GA) number 2. Water turbines of Cheboksary GES are environmentally friendly designed with oil-free bushings impellers. This prevents even the hypothetical possibility of oil entering the water.

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

Action plan for management of these risks:

The storage reservoir level control is carried out in strict compliance with the schedule issued by the Inter-Agency Operational Team. To prevent underflooding, protective dams and installations are used. It is the owners' responsibility to ensure their proper condition and timely fortification of disintegrating dam sections. The Issuer shall for its part timely inform water consumers based on meteorological forecasts for the period of flood inflows on possible river levels to allow them to adopt the necessary protection measures.

To improve the environmental protection management process further, PJSC RusHydro implements on the basis of gained experience on implementation of the provisions of international standard ISO 14001 on the range of objects of the RusHydro Group the development of the Regulation on environment control of RusHydro Group.

The environment audits of affiliate branches are conducted on the regularly basis. Recommendations issued based on the results of environmental audit are implemented in accordance with the Inconsistencies Elimination Action Plans.

On November 2016 PJSC RusHydro was the winner of the Second All-Russian competition "MediaTEK" in the category "Social and environmental initiative". PJSC RusHydro has become the winner of the Russian competition "MediaTEK" for the second time. In 2015, PJSC RusHydro benefit projects in the field of environmental protection were awarded in the category "Environmental standard."

PJSC RusHydro is among the top ten leaders of rating "Environmental Initiative of Russian companies in the media. Mining and metallurgy" prepared by the Institute of Modern Media (Modern Media Research Institute) in collaboration with the TV channel "Living Planet" on the results of the 1st half of 2016.

3. Risks related to construction of own power supply facilities by large consumers.

One of the objectives of the reformation of the Russian power industry is to create competition within Russian power generation and power supply sectors. Construction of own power supply facilities by large consumers may result in competitive expansion and reduction of the Issuer's future power production and sales volumes.

To decrease this risk, the Issuer performs active work with its consumers aimed at establishing mutually advantageous and long-term relations.

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

- Increase in operating performance through implementation of a program to reduce operating costs and make savings.

- Work on increasing the share of long-term contracts for power supply in the total volume of executed contracts.

- Implementation by the Issuer of a balanced financial policy.

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

The risk of power generation uncertainty for the Issuer involves the impossibility of precise forecasting of the volumes of power generated in the mid-term and long-term. This risk basically affects fulfilment of the Issuer's obligations on power supply on the wholesale electricity (and capacity) market. The Issuer may face the inability to supply the electricity required by generation agreements 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 more prolonged nights and colder weather, within days during office hours. Taking into account the production flexibility of HPP results in a maximum production capacity of the Issuer's participate in the regulation for the periods indicated resulting in a complete workload of the Issuer's capacity within the stated periods. In this connection, the Issuer may face the risk of economically inefficient capacity utilization during the high demand for

electricity and the inability to compensate for lost income over the period of diminution in the demand for electricity due to the limited amount of drawdown of reservoirs.

The Issuer's action plan for management of these risks:

This risk is minimized within the framework of conducting production and marketing activities of PJSC RusHydro, including through the following activities

- Protection of the HPP's interests at the Interdepartmental Operating Groups of the Federal Water Resources Agency
- Execution of hedging bilateral agreements for the day-ahead market (including purchase of electric power as collateral for obligations).

In accordance with the foregoing, the Issuer believes that the possible decline in the Issuer's industry, adverse changes in the operation and production process, and construction of own power supply facilities by large consumers may affect the Issuer, but shall not substantially affect fulfilment of its obligations under its securities.

5. Risks related to possible changes of 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 fulfilment of the obligations under securities:

Foreign market:

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 for the Issuer is insignificant.

Domestic market:

Since the key raw material for the Issuer during electricity generation is water resources, and no increase in the water tax rate over the price for electricity is forecast, risks inherent in a possible change in the raw material price are insignificant.

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

Foreign market:

Risks inherent in 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 market:

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

- Improvement of operational efficiency by implementation of programs on reducing production costs and making savings (creation of competition in the works and services procurement sector, contracting with a firm contract price, optimization of repair and maintenance, capital construction costs, etc.)
- Implementation of a balanced financial policy as regards compliance with the payment discipline to mitigate insolvency risks and procurement of financial stability of the Issuer and compliance with standards of business planning

The risk shall not materially influence performance of the Issuer's obligations under securities.

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

Foreign market:

The Issuer does not export electricity on the foreign market, so in this respect, risks inherent in a possible change in prices for products and/or services on the foreign market are absent.

Domestic market:

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

In present the above mentioned risk is assessed as being insignificant.

8. The influence of a possible decline in situation in the Issuer's industry on its activities and fulfilment of obligations under securities:

Foreign market:

The Issuer does not export electricity to the external market, and therefore the risks associated with a possible worsening of the situation in the global power industry, which do not affect the Russian market, are missing for the Issuer.

Domestic market:

The Issuer is the largest hydropower company in Russia. The Issuer believes that the possible decline in the Issuer's industry, adverse changes in the operation, and production process, construction of own power supply facilities by large consumers may affect the Issuer but shall not substantially affect fulfilment of its obligations under securities.

2.4.2. Country and Regional Risks

Risks inherent in the political and economic situation in a country (countries) and region, where the Issuer is registered as a taxpayer and/or performs its primary activity, provided that primary activity of the Issuer in such a country (region) brings 10 and more per cent of income for the last complete reporting period preceding the securities prospectus approval date.

Country Risks

The economy of the Russian Federation has no protection against market recessions or a slowdown in global economic development. The volume decrease of foreign investments in the Russian economy and vulnerability of the Russian economy for changes in international prices for energy products may lead to vital limitation of the Company's access to capital and adversely affect the purchasing ability of the Company's consumers

Furthermore, due to the world 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 proceeds, as well as a risk of accounts receivable growth due to non-payment by power consumers.

Exposure to country risk may be indirectly assessed by credit rating with some assumptions (without political risks for business). According to the international rating agency Standard & Poor's the long-term credit rating of the Russian Federation on foreign currency liabilities is maintained at "BB +". At the same time the forecast of long-term credit rating of the Russian Federation has been revised by S&P on 16.09.2016 from negative to stable. According to analysts, the external risks for the Russian Federation decreased, the Russian economy is adapted to low world market prices for raw materials. The downgrade can occur if geopolitical developments will lead to a tightening of sanctions foreign states against the Russian Federation.

Political Risks

Due to the tightening of control on the part of energy sector regulatory agencies, the Issuer is taking steps necessary to avoid a detrimental effect of the above-mentioned risks on its activity. In particular, key attention is paid to ensuring transparency and reliability of control procedures for expenditure of budgetary funds under implementation of the Issuer's investment program, as well as implementation of risk management measures, as described in this section.

Regional Risks

The Issuer is registered as a taxpayer in Krasnoyarsk Krai, but productive assets and the operations themselves are carried out in many regions of the Russian Federation. In this respect it is possible to define specific risk in two regions: risks inherent in potential terrorist activity are a burning problem for the North Caucasus, and the Far East is characterized by earthquake activity and the inaccessibility of certain areas. Measures are being taken in respect of these risks and they are described in the following two sections. The risk on the whole is assessed as insignificant.

Assumed actions of the Issuer in the event of an adverse effect of changes in the situation in the country (countries) and the region (regions) on its activities.

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

In order to diversify the country risk is developing cooperation with both European and Asian, and Latin American partners in accordance with previously signed inter-company agreements.

It is also worth noting the growing volume of interaction of the Russian Federation with partners in the SCO and BRICS, the establishment of new financial institutions and the arrival to the country capital data partners that influence country risk in the direction of its decline. In order to ensure maximum transparency of expenditure of budgetary funds allocated by the state for the development of power industry of the Far East, PJSC RusHydro has formed a mechanism to Ministry of Economic Development, Ministry of Energy and the Accounts Chamber of the Russian Federation continuously assess and analyse the progress of the project, check the effectiveness of capital investments and monitor targeted use of funds. Transparent use of funds allows the PJSC Sberbank through a system of separate bank accounts, which are opened for each participant of the building. Independent of price and technology audit of design and estimate documentation for each project are carried out by engineering companies, selected by OJSC Sberbank on a competitive basis. For more information on the parameters of the target budget spending control system can be found in a special section of the RusHydro site "Development of the Far East Energy" at http://www.rushydro.ru/activity/razvitie_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 it 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 case of disruption in

the situation in the Russian Federation or the regions, which may adversely affect the Issuer's activities, the Issuer's management will undertake a number of actions for crisis management to mitigate to the greatest possible extent the adverse effect of the situation on the company.

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

In case of possible military conflicts, as well as a threat of terrorist exposure to the Issuer's facilities (including under conditions of an aggravated international situation), there are possible risks of personnel death and capital asset breakdown. The Issuer's region of registration and many regions of the Issuer's activities are characterized by a peaceful political situation. The probability of military conflicts, a declaration of a state of emergency and 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 possible escalation of the Georgian-Ossetian conflict, the described risk may arise in the region of the Issuer's activities — the Republic of North Ossetia-Alania.

According to the results 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 comprehensive reassessment of safety systems at every facility. According to its results, a comprehensive plan for protection enhancement at the Issuer's facilities has been implemented, within which changes in the safety program at the Issuer's plants, including those in progress, have been introduced.

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

- Evacuation of personnel and construction equipment located in close proximity;
- Enhancement of security of the Issuer's facilities by engaging additional forces of the Ministry of Internal Affairs of the Russian Federation in order to prevent risks.

Risks related to geographic features of the country and region where the Issuer is registered as a tax resident and/or carries out its principal activities, including the 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 termination of transport connection. In this respect, 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 constantly advances technologies of access to and work in severe weather conditions of these areas. However, there is no guarantee that the Issuer will not incur additional expenses in overcoming technical difficulties associated with climate and accessibility of these areas, which may exert a negative influence on the Issuer's business, income, financial standing, performance, and prospects. In the foreseeable future, these risks are assessed by the Issuer as insignificant.

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

2.4.3. Financial Risks

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

Exposure of the Issuer's financial standing, its liquidity, sources of funding, performance, etc., to a change in 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. The settlements with suppliers of the resources, accrual and receipt of payments from power consumers are performed mostly in the Russian currency — RUB. The influence of volatility of the national currency exchange rate of the Russian Federation on the Issuer's financial status is assessed as insignificant.

The Issuer's obligations are also primarily denominated in rubles. Therefore, the Issuer's exposure to risk of changes in foreign currency exchange rates is estimated by the Issuer as insignificant.

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

Due to the deteriorating of international situation, economic sanctions and other force majeure could increase the risk of the Issuer's access to credit difficulties foreign counterparts, more expensive debt issuer, losses due to increased foreign exchange rates and interest rates. Controlling these risks is to reduce the limits for counterparty banks to lower the ratings of stress-testing of possible losses due to the growth of currency rate and interest rates on the Issuer approved the procedure of currency control and interest rate risks, legal support of contractual base.

Credit portfolio of PJSC RusHydro is presented mainly by the loans with fixed interest. Some loans of the

Issuer are connected with floating interest rates of MosPrime and Euribor. However, a share of loans with a fixed interest rate is 87 % of the Issuer's balance of outstanding loans to the end of Q 4 of 2016. In order to minimize interest risk by the Issuer, swap contract was concluded so as to fix variable interest rate in relation to the credit of PJSC Sberbank (approximately 784 million RUB on March 31, 2017).

According to the Issuer, inflation has a critical influence on securities payments, inflation levels as well as expected actions of the Issuer with regard to a decrease in the above risk.

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

The adverse effect of inflation on financial and economic activities of the Issuer may result from the following risks:

- Risk of loss related to a decrease in the actual cost of accounts receivable in case of significant deferral or delay in payment;
- Risk of increase in the cost of Issuer's obligations;
- Risk of increase in product, works and services cost due to an increase in prices for energy resources, transport expenses and salaries, etc.;
- Risk of decrease of actual cost of funds raised for financing the investment program.

Inflation growth significantly affects the financial performance results of the Issuer. It may lead to an increase in the Issuer's costs as a consequence to a fall in profits and in the profitability of activities. In addition, the rise in inflation is connected with increasing of borrowing costs for the Issuer, which is characterised by risk of lack of working capital.

Critical significance of inflation, according to the Issuer:

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 Rosstat, the annual inflation rate in the Russian Federation (CPI) in 2016 reached its lowest level since 1991 - 5.4% vs. 12.9% in 2015. According to the forecast of socio-economic development of the Russian Federation for 2017 and the planning period of 2018 and 2019's, the Russian Ministry of Economic Development published, the rate of annual inflation no higher than 4.5% estimated in 2017 for all forecast variants. In the event of a rise in inflation, the Issuer plans to raise working capital turnover by amending contractual relations with its consumers.

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

Risk	Probability	Indices of financial statements subject to change to a greater extent 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 profit	Profit decrease, increase of debt service costs
Exchange risk	Average	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 profit 3) Interest payable	Growth in investment costs, increase in accounts payable, growth in other expenses, increase in expenditures connected with interest and reduction of net profit
Inflation risks	Low	Statement of Financial Performance (form No. 2): 1) Other expenses 2) Cost of goods, products, works, services sold 3) Net profit	Profit decrease

2.4.4. Legal Risks

Since generation as well as purchase and sale of electric energy and capacity is the core business of the Issuer, legal risks concerning regulation of this type of activities may significantly affect the Issuer's status, i.e. lead to a decrease in the Issuer's net profits. In its turn it may lead to a decrease in the amount of the dividends payable.

Risks Related to Changes in the Currency Control

Domestic Market:

Taking into account that the Issuer's export of products is insignificant, the risk of changes to currency regulation shall be deemed insignificant as well.

Foreign Market:

Taking into account that the Issuer's import of products is insignificant, the risk of changes to currency regulation shall be deemed insignificant as well.

Risks Related to Amendments to the Tax Laws

Domestic Market:

The Russian tax system is characterized by a large number of taxes and frequent changes in regulations. The Russian tax laws are subject to varying interpretations and frequent changes. Laws and regulations often include unclear and contradictory wording and allow varying interpretation of the same issue. As a consequence, tax authorities often have different views on interpretation of the same regulatory documents at different levels. Therefore, the operations and activities which have never been contested may be contested. Tax audits may cover three calendar years of activity immediately preceding the year of audit. Under certain conditions even the earlier period may become subject to audit.

Amendments to the tax legislation as regards an increase in the tax rates or changes to the tax calculation and payment procedure or terms may result in a decrease in the net profits of the Issuer, that in its turn may lead to a decrease in the amount of dividends payable. These risks of the Issuer are considered as insignificant.

Foreign Market:

Risks related to amendments to the tax law are considered as insignificant. These risks influence the Issuer to the same extent as other members of the market.

Risks Related to Changes in the Customs Clearance Regulations and Duties

Domestic Market:

Taking into account that the Issuer's export of products is insignificant, the risk of changes in customs regulations and duties shall be deemed insignificant as well.

Foreign Market:

Taking into account that the Issuer's import of products is insignificant, the risk of changes in customs regulations and duties shall be deemed insignificant as well.

Risks related to changes in requirements governing licensing of the Issuer's principal activities or licensing rights to use objects with limited circulation (including natural resources)

Domestic Market:

Changes to the licensing requirements of the Issuer's principal activities may delay preparation of the documents necessary for prolongation of the license, as well as it might cause additional costs to ensure Issuer's compliance with the stated requirements. In general this risk should be deemed insignificant, except that for prolongation of the license or performance of the activities subject to licensing such requirements will be specified which the Issuer will not be able to comply with or compliance with which will be tightly related to excessive expenses, which may result in cessation of these activities by the Issuer.

Foreign Market:

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

Risks related to changes in the legal practice pertaining to issues concerning the Issuer's activities (including the issues of licensing), which may adversely affect the results of its activities, as well as the results of on-going legal proceedings involving the Issuer

Domestic Market:

Changes in the legal practice in relation to issues concerning the Issuer's activities may lead to increased costs related to rendering of legal services and lawyers staff increase, as well as judgments against the Issuer which may adversely affect the Issuer's operational results.

Foreign Market:

This risk influences the Issuer to the same extent as other members of the market.

2.4.5. Reputation Risk

To lower the risk, the Issuer, together with concerned parties, arranges public events, special events for the media, analysts and representatives of the investment community, regularly updates information on its official web resources, prepares official comments on key issues of its activity and regularly monitors the public space. The Public Activity Regulation and Information Activity Performance Regulation are approved at PJSC RusHydro. The complex of measures taken ensures constant broadcasting of reliable information in the public domain on behalf of the Issuer, so this risk is assessed by the Issuer as insignificant.

2.4.6. Strategic Risk

Strategy risk is caused by possibility of Issuer's losses as a result of errors (deficiencies), admitted in decision-making, defining business strategy and development of the Issuer (strategic management) and are expressed in not counting or insufficient account of possible hazards that may threaten the activity of the Issuer, wrong flax or

insufficiently reasonable definition of perspective directions of activity in which the Issuer can achieve a competitive advantage, there is no provision or incomplete necessary resources (financial, material, technical, human) and organizational measures (administrative decisions), which should ensure the achievement of the strategic objectives of the Issuer's activity.

The PJSC RusHydro implemented strategic management system built on the basis of:

- Strategy;
- The long-term development program;
- Procedures of the current (tactical) planning;
- Audit of the implementation of long-term development program;
- System of key performance indicators.

The establishment and implementation aimed at decreasing risk of control procedures for all elements of strategic management is carried out by means of regulation and formalization of control procedures as well as the responsibility of securing the implementation of control procedures for the specific structural units and employees of the PJSC RusHydro.

Strategic Issuer's management system meets the requirements of the Federal Property Agency to the formation of a system of strategic planning of joint stock companies with state participation (a letter from the Federal Property Agency 29.04.2014 N OD-11/18576 "On the development of key strategic documents in state-owned companies").

Due to the high quality of the strategic planning work, a prompt response to external factors and an integrated approach this risk is assessed as insignificant.

The Issuer draws attention that since April 1, 2017 the management of PJSC RAO ES of the East affiliates on key issues was delegated to the executive branch of the Issuer, followed by the transfer of greater part of risks related to the management of said affiliates to the Issuer's area of responsibility

2.4.7. Risks Related to the Issuer's Activities

Risks inherent in current court processes, in which the Issuer is involved.

There are no court processes, involvement in which may dramatically affect 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 facilities that have limited transferability (including natural resources).

The Issuer does not use in its activity facilities which are limited in turnover (including natural resources), does not engage in banking, insurance activities, is not a professional securities trader or investment fund. The Issuer likewise does not extract commercial minerals and does not render communication services.

After establishment of the institution of self-regulated organisations (SRO), licensing of construction activities has been replaced since January 01, 2010, with a competency certificate to be granted by the SRO. Subsidiaries of PJSC RusHydro joined NP ENERGOPROJECT (self-regulating organisation in the field of project activities), NP ENERGOSTROY (self-regulating organisation in building activities), and NP AISS (self-regulating organisation in engineering surveys). The Issuer is a member of SRO NP "EnergoStroiAllians" Association.

Work permits for activities involved in building, refurbishment, and overhaul of capital construction projects, front-end engineering design of capital construction projects, and engineering surveys of capital construction projects have been received by construction, repair, design, and research and development subsidiaries and affiliates of PJSC RusHydro Subsidiaries Company.

The Issuer shall meet all license requirements in full and on time, the Issuer does not foresee any difficulty in renewal of current licenses (the complete list of the Issuer's licenses is disclosed in Clause 3.2.5. "Information on the Issuer's Authorizations (Licenses) or Permits for Separate Types of Works)" of the present quarterly report), is not projected by the Issuer.

These risks are assessed by the Issuer as insignificant.

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

Liability for debts of subsidiaries may be incurred as stipulated by the applicable laws of the Russian Federation, namely, if the Issuer's instructions binding on subsidiaries result in losses or bankruptcy of subsidiaries. The probability of these risks is low.

Due to acquisition during the course of the issuance in 2011–2013 of PJSC "RAO Energy Systems of East" shares by the Issuer, the Issuer integrated all business processes of two companies in order to detect and manage new risks. As a result the project has been implemented for creation of the corporate risk management system of "RAO ES of East" Holding in accordance with the Issuer's Risk Management Policy.

In Q. 1, 2017 the procedure of integration of executive branches of PJSC RusHydro and PJSC RAO ES of the East was implemented aimed to rise in rates of manageability to the better practices.

In Q. 1, 2017 the Issuer also closed a transaction with PJSC Bank VTB on provision of equity financing to the Issuer in the amount of RUB 55 billion. Funds attached from PJSC Bank VTB were completely allocated for refunding of credit debt and loan funds of Holding Company PJSC RAO ES of the East, resulting in decrease of the external debt of the companies of Holding Company PJSC RAO ES of the East for more than 60 per cent.

Risks related to loss of possible consumers, providing turnover amounting to at least 10 per cent 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.

Other risks related to the issuer's activities

The Company is actively working on prevention of corruption. Under Resolution No. RP-39 of the President of Russian Union of Industrialists and Entrepreneurs (hereinafter RUIE) dated June 07, 2013, No RP-39 the Issuer was included in the Consolidated Register of Participants in the Anti-Corruption Charter of Russian Business. The essence of this instrument is implementation of special anti-corruption programs and practices by companies that affect not only the situation in the company, but also relationships with business partners and with the state. The Charter provides for the waiver of preferences, procurement through open bidding, financial control, training and work with personnel, assistance to law enforcement agencies, and other measures. In autumn 2014 the RSPP experts acknowledged efforts to prevent corruption in the PJSC RusHydro one of the best among the companies participating in the Anti-Corruption Charter of Russian Business. This conclusion is made on the basis of monitoring the implementation of the Charter, carried out by the Issuer has revealed full compliance PJSC RusHydro with the Charter. The Issuer improves the internal control and risk management system on a regular basis.

Pursuant to Regulation No. 883 of the Russian Federation Government dated October 07, 2013, specifying the list of companies, directors of which shall submit information on income, expenses, property, and property obligations, which includes PJSC RusHydro, the company set itself the task of optimizing such work both in relation to efforts and accuracy of submitted information. As a result, the algorithm for detection of concealment of information and conflict of interest (declared or secret participation in legal entity having relations with any company from the RusHydro Group) was automated, information collection was automated for due diligence concerning revelation of a conflict of interest within RusHydro Group, statement preparation within the declared campaign was also automated, and the number of errors was decreased when completing declarations on account of built-in protection from input errors. The program was called "Client of Affiliates" and certificate thereto No. 2014617320 dated July 17, 2014, was issued by Rospatent.

The Code of Corporate Ethics, Regulations on notification of the employer regarding facts of inducing employees to commit illegal actions, Regulations on notification of gifts received by the employees due to hospitality events, business trips, and other formal events, and Regulations on prevention and settlement of conflicts of interest have been implemented. In October 2015 the Anti-corruption policy of PJSC RusHydro, of the Board of Directors of PJSC RusHydro was approved. Information and campaign materials were developed and coordinated, warning about the responsibility for illegal actions. Trust Line operates on an ongoing basis. Uninterrupted operation of the telephone line for Trust Line is ensured. Mechanisms for periodic performance checks of the communication line for Trust Line with recording of information about its faults have been developed and implemented. Trust Line webpages at the Company's official website are improved.

Risks related to the actions of third parties:

1. Failure to fulfil obligations within the term stipulated by a contract may result in untimely commissioning of power generating equipment and that will affect power generation.
2. If default under contracts takes on massive proportions as regards the term of completion of works, this may lead to an extension of the term for completion of repair works and lead to depreciation of capital funds, that may adversely affect operational reliability of power plant equipment.
3. Contractors, due to their substandard management and performance of works, may impair plant equipment, which may result in equipment emergency stops potentially affecting power generation.
4. Risks inherent in trade unions and retention of qualified managerial personnel.

These risks are assessed as insignificant due to the significant efforts undertaken by the Issuer with respect to staff retention and development, in particular, creation of a specific order for specialist training, recovery of human resources of the hydropower industry with secondary technical education, creation of "Young Hydropower Workers" circles based on youth technical creativity centres within the corporate footprint of the Issuer, enhancement of interaction with educational specialized universities and scientific institutes.

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

The PJSC RusHydro policy in relation to employees is based on the following principles:

- Increase in qualification of the employees through implementation of training programs
- Granting the best social packages in the electric power industry to its employees

- Development of the employee motivation/stimulation system for the purposes of growth in efficiency of staff and the Issuer as a whole

Due to the need for staffing provision for commissioning capacity of major new construction projects in the framework of the investment program of the Issuer and the implementation of key objectives of the Issuer's production plan, such as maintenance of reliable and uninterrupted operation of facilities and increase in operating performance, mitigation of human factor risks by means of better professional training and staff accountability at all levels, in September 2010, Chairman of the PJSC RusHydro Management Board, approved the Human Resources Priority Development Concept within the campaign From New School to Work Area and program of its Implementation. The primary objective of the program is to develop technical education and increase the prestige of technical professions creating conditions to satisfy the needs of PJSC "RusHydro in professionals educated in a quality manner, who are expected to operate the PJSC RusHydro capacities, both current and planned for commissioning, and to maintain their reliable and uninterrupted operation.

The risks of it being impossible to conclude an agreement under terms and conditions acceptable for employees is assessed by the Issuer as insignificant in the medium term. The risk of it being impossible to select qualified managerial personnel is minimized by the Issuer's measures on creation of a candidate pool and training of newcomers in specialized professions. In this respect a number of partner agreements with specialized universities have been concluded.

5. Covenants in credit agreements.

In accordance with the terms and conditions of certain credit agreements, the Issuer is obliged to execute imposed financial and other conditions limiting its ability, among other things, to pledge property or create other encumbrance, acquire assets, or invest, sell, transfer, or otherwise dispose of its assets or accounts receivable, carry out a merger or acquisition, or insert amendments to its business or dividend payment policy. The terms and conditions of credit agreements require that the Issuer achieve certain financial ratios. The necessity to adhere to financial ratios and other restrictions may prevent the Issuer from executing its business strategies. Moreover, any restriction violation indicated in credit agreements by the Issuer may cause a default of such obligation and, correspondingly, immediate debt repayment. The consequence thereof may be a significant adverse effect on business, income, financial standing, performance of the Issuer and its ability to fulfil obligations, as well as pay dividends.

The Issuer has formalized a control process concerning covenant observance (the relevant local normative act is in force); when management decisions are made, these risks are assessed on a permanent basis. The Issuer considers these risks to be insignificant.

6. Observance of terms and conditions of credit agreements with SC Vnesheconombank.

On their part RUSAL and PJSC RusHydro control observance of established projected timetables, they also monitor observance of indicators stipulated by credit agreements.

7. Health and safety.

Powers, responsibilities, and accountability in the health, safety, and security 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 of the facilities (orders, regulations, procedures).

At PJSC RusHydro strict observance of occupational safety standard are of all employees performing work at the Issuer's facilities are carried out.

Monitoring of compliance with safety standards in PJSC RusHydro is entrusted to occupational safety and health division and production supervision, monitoring of compliance with safety standards in the production of specific activities is entrusted to the responsible supervisors.

Facilities have the full, necessary regulatory technical and legal base, and local normative documents (occupational safety regulations) for all professions and types of work have been elaborated.

Blue-collar employees have monthly briefings on 3–4 health and safety matters as a whole and also on profession and types of performed work in particular.

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

Management of all levels involved in production is also briefed and their knowledge are tested.

Workplace employment conditions compliance certification is carried out at all facilities of the Issuer.

The special assessment of working conditions (certification of workplaces) involves independent specialized organizations.

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

Independent specialized organisations are engaged to assess safety of hydraulic structures and equipment.

PJSC RusHydro has an effective alert system which immediately inform about all undesirable events (incidents).

Each and every incident is subject to investigation.

Hazardous production facilities of the Issuer are operated in accordance with the legislation pertaining to production safety: a system is used for industrial control over compliance with the industrial safety requirements, the necessary authorization documents are available on operation of hazardous production (hereinafter HPF) facilities, risk of civil liability during operation of hazardous production facilities is insured, and the personnel of the Issuer facilities is certified in the area of production safety.

Fire safety declarations have been drawn up. Activities in the field of fire safety in the Issuer's production facilities is carried out strictly in accordance with the requirements in the field of fire safety legislation.

In all of the Issuer's facilities are designed and maintained to date the declaration of safety of hydraulic structures.

The Issuer's action plan for management of these risks:

- Tightening of control over activity of the Issuer's contractors and subcontractors at facilities;
- Insuring the power plant equipment against damage by third-party operations
- Granting work permits only to qualified personnel
- Claim administration works with contractors who have violated works performance timeframes as regards payment of discharge for default under a contract
- Monitoring progress of works performance at the plants on a monthly basis

This section covers only risks which the Issuer deems to be insignificant. Other risks not covered by this section are also possible. Any other risks unknown to or insignificant for the Issuer at the moment potentially may also negatively affect the Issuer's business activities and fulfilment of its obligations, 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: *Public Joint-Stock Company Federal Hydrogeneration Company RusHydro*

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

Effective date of the current full corporate name: *July 06, 2015*(*State registration of the new edition of the Statute of the Issuer, approved by resolution of the annual general meeting of shareholders (Protocol №13 of 26/062015)*)

Abbreviated corporate name of the Issuer: *PJSC RusHydro*

-in English: **PJSC RusHydro**

Effective date of the current abbreviated corporate name: *July06, 2015*(*State registration of the new edition of the Statute of the Issuer, approved by resolution of the annual general meeting of shareholders (Protocol №13 of 26/062015)*)

If the corporate name of the Issuer (name for non-profit organisation) is registered as trademark or service mark, **Information on their registration shall be specified:**

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 02, 2019;

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

All previous names of the Issuer over the entire period of its operation.

Full corporate name: **Open Joint-Stock Company Federal Hydro-Generating Company – RusHydro**

Abbreviated corporate name: *JSC RusHydro*

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

Reasons for the name coming into effect: *State registration of new version the Issuer's Charter 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 04, 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 Hydro-generating Company*

Abbreviated corporate name: *JSC RusHydro*

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

Reasons for the name coming into effect: *State registration of new version the Issuer's Charter 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: *Joint-Stock Company RusHydro*

Abbreviated corporate name: *JSC RusHydro*

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

Reasons for the name coming into effect: *State registration of new edition of the Issuer's Charter on July 04, 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: *Joint-Stock Company Federal Hydrogeneration Company*

Abbreviated corporate name: *JSC HydroOGC*

Effective date of the name: *December 26, 2004*

Reasons for the name coming into effect: *State registration of the 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*

State registration date: *December 26, 2004*

Name of the registering authority: *Inspectorate of the Ministry of Taxation of the Russian Federation for Zheleznodorozhniy District of Krasnoyarsk, Krasnoyarsk Krai.*

3.1.3. Information on Foundation and Development of the Issuer

Issuer is founded for an indefinite period.

Short description of the history of issuer's foundation and development. Goals of issuer's foundation, issuer's mission (if any), and other information on issuer's performance, that has the meaning for the decision making on buying of the issuer's securities:

PJSC RusHydro was founded in accordance with the Decree of the Government of the Russian Federation dated 11.07.2001 No. 526 "The main directions of electric power reforming of Russian Federation" and the Order of the Government of the Russian Federation dated 01.09.2003 No. 1254-p (as amended on 25.10.2004 No.1367-p), as 100 per cent of affiliate of PJSC RAO ES of Russia.

Official registration was 26.12.2004.

In 2005 the board of directors of OJSC RAO ES of Russia approved the destination model of PJSC RusHydro in the form of the Operation company, that run the affiliates, that are the part of such company, and that are founded on the basis of SC-HPP in the process of reorganization of affiliates and subsidiaries (AS) in the form of merger into PJSC RusHydro (Protocol No. 204 of 30.09.2005- 04.10.2005).

On April 2007 the Board of Directors of OJSC RAO ES of Russia approved the scheme of accelerated consolidation of the Issuer into unified Operation company, which provides the merger of SC-HPP affiliates into PJSC RusHydro (without construction and infrastructural affiliates), other SC-HPP, as well as OJSC State Holding Company Hydro-OGK and OJSC Minority Holding Company Hydro-OGK, founded as a result of reorganization of OJSC RAO ES of Russia in the form of spin-off (Protocol No. 250 of 27.04.2007). The Formation of Issuer's Operation company with direct participation in charter capital of Issuer of shareholders of affiliates and subsidiaries (AS), as well as shareholders of OJSC RAO ES of Russia (through OJSC Minority Holding Company Hydro-OGK and OJSC State Holding Company Hydro-OGK) was carried out during 2007-2008 through the reorganization in the form of merger into PJSC RusHydro of the following joint stock companies (hereinafter referred to as the "Transferring companies"):

OJSC Bureiskaya HPP, OJSC Volzhskaya HPP, OJSC Votkinskaya HPP, OJSC Dagestanian regional generating company, OJSC Zhyhulevskaya HPP, OJSC Zagorskaya PSPP, OJSC Zeiskaya HPP, OJSC Zelenchukskiye HPP, OJSC Kabardino-Balkarskaya Hydrogeneration Company, OJSC KabbalkHPP, OJSC Kamskaya HPP, OJSC Kaskad VV HPP, OJSC Kaskad NChHPP, OJSC Nizhegorodskaya HPP, OJSC Saratovskaya HPP, OJSC Severo-Osetinskaya GGK, OJSC Savropolskaya Electric Generating Company, OJSC Sulakenergo, OJSC Cheboksarskaya HPP, OJSC SShHPP named after P.S. Neporozhniy, CJSC EOZ, OJSC Irganaiskaya HPP, OJSC State Holding Company Hydro-OGK and OJSC Minority Holding Company Hydro-OGK.

Thus, in July 2008 destination model of the Company was reached. In the same year the Company's stocks were brought to the Russian stock market. For the purposes of upsurge of liquidity, market capitalization increase and attraction of new investors, as well as the observance of the interests of former holders of depository receipts of OJSC RAO ES of Russia, the Company opened the depository receipts program, depository bank was Bank of New York Mellon.

Based on the results of the consolidation the Company joined more than 50 HPP in 18 districts of the subjects of Russian Federation.

In 2011 the control block of stocks of PJSC RAO ES of East was included into charter capital of PJSC RusHydro by the Russian Federation, followed by the increase of installed capacity of RusHydro Group from 26,1 to 35,2 GW.

In 2012 the first aggregate of Bohuchanskaya HPP was issued, in 2014 HPP reached full capacity. In 2012 start-up facility Ust – Srednekanskaya HPP was brought into operation.

In accordance with the Order of the President of Russian Federation No. 1564 of November 22, 2012 on development of the Far East power industry, RusHydro Group took on four strategic projects in Far Eastern Federal District: TPP in Sovetskaya Havan city in Khabarovsk Krai, first stage of Sakhalinskaya SDPP-2, first stage of Yakutskaya SDPP-2 and second stage of Blahoveshchenskaya TPP. Second stage of Blahoveshchenskaya TPP was brought into operation in 2015. On TPP in Sovetskaya Havan city in Khabarovsk Krai the first order of Sakhalinskaya SDPP-2 and the first stage of Yakutskaya SDPP-2 the construction works are in process.

During 2015-2016 in accordance with the decision of the Board of Directors of PJSC RusHydro (Protocol No/ 233 of 07.10.2015) the actions on consolidation to 100 per cent of stocks of PJSC RAO ES of East, owned by RusHydro Group.

Strategic targets of the Issuer are the principal priorities for the Issuer's development.

Strategic targets of Issuer are:

- Provision of the secure and safe operation of the Company's objects;
- Sustainable development of power generation;
- Far East power industry development;
- Increase of Company's value proposition.

Issuer's mission: Effective use of water resources, creating conditions for security of Unified Energy System of Russian Federation, as well as creating conditions for social and economic development of Far East districts due to accessibility provision of energy infrastructure for current and prospect consumers.

Other information on issuer's performance, which is important for the decision making on issuer's securities buying: none.

3.1.4. Contact Information

Location of the Issuer

Krasnoyarsk, Krasnoyarsk Krai.

Address of the Issuer specified in the Unified State Register of Legal Entities:

43 Dubrovinskogo St., bldg. 1, Krasnoyarsk, Krasnoyarsk Krai, 660017.

Other address for correspondence

7 Malaya Dmitrovka St., Moscow, Russia, 127006

Tel.: +7 800 333 8000

Fax: +7 (495) 225 37 37

E-mail: ***office@rushydro.ru***

Address of website (websites) where information on the Issuer, its securities issued or being issued is available:

www.rushydro.ru

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

Name of the Issuer's special division working with shareholders and investors of the Issuer:

Strategy and IR Department

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

Tel.: +7 800 333 8000

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

E-mail: ***ir@rushydro.ru***

Website address: ***www.rushydro.ru***

Name of the Issuer's special division working with shareholders and investors of the Issuer:

Corporate Governance and Property Management Department

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

Tel.: +7 800 333 8000

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

E-mail: ***office@rushydro.ru***

Website address: ***www.rushydro.ru***

3.1.5. Taxpayer Identification Number

2460066195

3.1.6. Branches and Representative Offices of the Issuer

Information on branches of the Issuer in accordance with the Issuer's Articles of Association. The Issuer has no representative office.

Name: Branch PJSC RusHydro – Bureiskaya HPP

Location: Talakan settlement, Bureysky District, Amur District, Russian Federation

Opening date: 27.08.2007

Head of the branch

Full name: Alexandr Serheyevich Harkin

Term of Power of Attorney: till 31.01.2020

Name: Branch PJSC RusHydro – Volzhskaya HPP

Location: 1a Lenina lane, Volzhskii city, Volhograd District, Russian Federation

Opening date: 27.08.2007

Head of the branch

Full name: Serhei Nikolayevich Bolohov

Term of Power of Attorney: till 31.01.2020

Name: Branch PJSC RusHydro – Votkinskaya HPP

Location: Chaikovskii city, Perm Krai, Russian Federation

Opening date: 27.08.2007

Head of the branch

Full name: Aleksei Heorhiyevich Byakov

Term of Power of Attorney: till 31.01.2020

Name: Branch PJSC RusHydro – Dagestanian Branch

Location: 5 M. Khalilova str., Kaspiisk city, Republic of Dagestan, Russian Federation

Opening date: 27.08.2007

Head of the branch

Full name: Timur Hamzatovich Hamzatov

Term of Power of Attorney: till 31.01.2020

Name: Branch PJSC RusHydro – Zhyhulevskaya HPP

Location: Zhygulevsk city, Samara Region, Russian Federation

Opening date: 27.08.2007

Head of the branch

Full name: Oleh Vladimirovich Leonov

Term of Power of Attorney: till 31.01.2020

Name: Branch PJSC RusHydro – Zahorskaya PSPP

Location: House 100, Bohorodskoye settlement, Serhiyev-Posadskii District, Moscow Region, Russian Federation

Opening date: 27.08.2007

Head of the branch

Full name: Vladimir Ivanovich Mahruk

Term of Power of Attorney: till 31.01.2020

Name: Branch PJSC RusHydro – Zeiskaya HPP

Location Zeya city, Amur Region, Russian Federation

Opening date: 27.08.2007

Head of the branch

Full name: Serhei Lvovich Tsirlin

Term of Power of Attorney: till 31.01.2020

Name: Branch PJSC RusHydro – Kabardino-Balkarskii Branch

Location: Kashkhatau settlement, Chereksky District, Kabardino-Balkar Republic, Russian Federation

Opening date: 27.08.2007

Head of the branch

Full name: Ihor Yevhenyevich Kladko

Term of Power of Attorney: till 31.01.2020

Name: Branch PJSC RusHydro – Kamskaya HPP

Location: Perm city, Perm Region, Russian Federation

Opening date: 27.08.2007

Head of the branch

Full name: Viktor Heorhiyevich Alekseyev

Term of Power of Attorney: till 31.01.2020

Name: Branch PJSC RusHydro – Karachay-Cherkess Branch

Location: Pravokubanskii settlement, Karachayevskii District, Karachay-Cherkess Republic, Russian Federation

Opening date: 27.08.2007

Head of the branch

Full name: Petr Vasilyevich Kravchenko

Term of Power of Attorney: till 31.01.2020

Name: Branch PJSC RusHydro – Kaskad Verkhnevolyhskikh HPP

Location: Rybinsk city, Yaroslavl Region, Russian Federation

Opening date: 27.08.2007

Head of the branch

Full name: Andrei Vladimirovich Derezhkov

Term of Power of Attorney: till 31.01.2020

Name: Branch PJSC RusHydro – Kaskad Kubanskikh HPP

Location: 360A Vodoprovodnaya str., Nevinnomyssk city, Stavropol Krai, Russian Federation

Opening date: 27.08.2007

Head of the branch

Full name: Hennadii Yevgenyevich Serheyev

Term of Power of Attorney: till 31.01.2020

Name: Branch PJSC RusHydro – Kor UnH

Location: 49 Arkhitekтора Vlasova str., Moscow city, Russian Federation

Opening date: 05.12.2007

Head of the branch

Full name: Yelena Anatolyevna Aksenova

Term of Power of Attorney: till 31.01.2020

Name: Branch PJSC RusHydro – Nizhny Novgorod HPP

Location: 14 Privokzalnaya str. Zavolzhye city, Horodetsk District, Nizhny Novgorod Region, Russian Federation

Opening date: 27.08.2007

Head of the branch

Full name: Alexandr Arkadyevich Hoizenband

Term of Power of Attorney: till 31.01.2020

Name: Branch PJSC RusHydro – Novosibirsk HPP

Location: 4 Novomorskaya str., Novosibirsk city, Novosibirsk Region, Russian Federation

Opening date: 10.04.2006

Head of the branch

Full name: Svyatoslav Ivanovich Poltaranin

Term of Power of Attorney: till 31.01.2020

Name: Branch PJSC RusHydro – Saratov HPP

Location: Balakovo city, Saratov Region, Russian Federation

Opening date: 27.08.2007

Head of the branch

Full name: Lyudmila Viktorovna Odintsova

Term of Power of Attorney: till 31.01.2020

Name: Branch PJSC RusHydro – Sayano-Shushenskaya HPP named after Neporozhnii

Location: Cheremushki settlement, Sayanohorsk city, Republic of Khakassia, Russian Federation

Opening date: 27.08.2007

Head of the branch

Full name: Valerii Arturovich Kyari
Term of Power of Attorney: till 31.01.2020

Name: Branch PJSC RusHydro – Severo-Osetinskii Branch
Location: 63 Vaso Abayeva str., Vladikavkaz city, Republic of North Ossetia-Alania, Russian Federation
Opening date: 27.08.2007
Head of the branch
Full name: Taimuraz Vladimirovich Balatayev
Term of Power of Attorney: till 31.01.2020

Name: Branch PJSC RusHydro – Cheboksarskaya HPP
Location: 34 Naberezhnaya str., Novocheboksarsk, Chuvash Republic, Russian Federation
Opening date: 27.08.2007
Head of the branch
Full name: Vadim Hrihoryevich Bardyukov
Term of Power of Attorney: till 31.01.2020

3.2. Core Business Activity of the Issuer

3.2.1. The Issuer's Major Economic Sectors

Codes of major economic sectors of the Issuer according to OKVED: 35.11.2

OKVED codes
35.11.4
35.14
70.22
71.12.53
77.39
85.42

3.2.2. Core Business Activity of the Issuer

Business activities (business activities, types of products (works, services)), which provided not less than 10 per cent of sales revenue (sales volume) of the issuer for each of accounting period:

Standard unit: RUB

Business activity – production and sale of electrical power (capacity)

Indicator	2015	2016
Sales revenue volume (sales volume) related to this business activity, RUB.	105 845 050 115	114 170 855 432
Sales revenue share (sales volume) related to this business activity in total sales revenue volume (sales volume) of the issuer, %	98,8%	99,3%

An increase of 7,9 per cent of revenue based on the results of the year 2016 compared to the year 2015 is caused by increase of 16,6 per cent of electric power generation by the Hydroelectric Power Plants of the Issuer.

Indicator	2016, 3 months	2017, 3 months
Sales revenue volume (sales volume) related to this business activity, RUB.	26 873 352 214	27 565 461 916
Sales revenue share (sales volume) related to this business activity in total sales revenue volume (sales volume) of the issuer, %	99,2%	99,6%

The revenue increase based on the results of the year 2017 (3 months) compared to the year 2016 (3 months) is insignificant.

Changes of the sales revenue amount (sales volume amount) of the issuer from business activities of 10 and more per cent compared to the similar accounting period of the previous year and reasons for such changes: none.

General structure of issuer's self cost

Account cost	2015	2016	2016, 3 months	2017, 3 months
Raw materials and materials, %	0,7	0,7	0,6	0,6
Purchased assembly parts, semi-products, %	0,0	-	0,0	-
Works and services of production nature, made by external companies, %	9,3	9,8	4,5	5,7
Oil, %	0,0	-	0,0	-
Energy, %	21,8	12,5	15,7	14,6
Labor costs, %	12,8	13,4	11,0	10,8
Credit interests, %	0,0	-	0,0	-
Rent, %	1,6	2,5	2,4	2,7
Social security contributions, %	3,0	3,3	3,4	3,2
Capital consumption, %	21,6	26,3	29,3	30,5
Taxes, included in self-cost of the products, %	12,2	14,6	15,8	15,6
Other costs	16,9	16,9	17,3	16,3
Amortization of intangible assets, %	0,6	0,7	0,5	0,8
Remuneration for rationalization proposals, %		-		-
Mandatory insurance premium, %	2,3	3,0	2,8	2,6
Representational expenses, %	0,05	0,03	0,02	0,02
Other (specify), % *	13,9	13,1	14,0	12,9
Total amount: production and goods (works, services) sell costs, %	100,0	100,0	100,0	100,0
For reference: Goods (works, services) sell revenue, per cent to self-cost	167,4	204,1	214,9	209,5

* including costs for provision of performance of power Joint Market in 2015 – 4,5 per cent, in 2016 (3 months) – 5,5 per cent, in 2016 – 5,0 per cent, in 2017 (3 months) – 3,1 per cent.

New types of products (works, services), which have substantial significance and offered by issuer on the market of its primary activity, to the extent that it is comply with the public information of such types of products (works, services). It is indicated the development state of such types of products (works, services). There are no new types of products (works, services), which have substantial significance.

Standards (rules) in accordance with which the Accounting (Financial) Statements of the issuer were prepared and the calculations were conducted, which are presented in this subparagraph.

Accounting Statements of the issuer is made on the basis of current accounting and reporting requirements of the Russian Federation, established by the Federal Law No. 402-FL dated 06.12.2011 On Accounting, Provision on Accounting and Reporting Regulation in Russian Federation, approved by the order of Ministry of Finance of the Russian Federation No.34н, dated 29.07.1998, as well as other normative acts, included into system of accounting regulating and statement preparation of organizations in Russian Federation.

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

Name, location, TIN (if any), OGRN (if any) of issuer's suppliers, which account for not less than 10 per cent of all deliveries of materials and goods and their shares in the total volume of deliveries for the last completed financial year and for accounting period, which includes three months of the current year.

As of 31.12.2016

The issuer's suppliers, which account for not less than 10 per cent of all deliveries of materials and goods (raw materials)

Full company name: **Joint-Stock Company Financial Estimate Center**

Abbreviated company name: **JSC FEC**

Location: **12 Krasnopresnenskaya nab., entrance 7, floor 7-8, Moscow, Russian Federation**

TIN: **7705620038**

OGRN: **1047796723534**

Share in the total delivery volume, %: **89,28**

Information on change in prices of more than 10 per cent for primary materials and goods (raw materials) during the relevant accounting period compared to accounting period of the previous financial year or lack of such change.

There was no change in prices of more than 10 per cent for primary materials and goods (raw materials) during the relevant accounting period

Import ratio in deliveries of materials and goods, forecast of import sources availability in future and possible similar sources.

There are no import deliveries.

As of 31.03.2016

The issuer's suppliers, which account for not less than 10 per cent of all deliveries of materials and goods (raw materials)

Full company name: **Joint-Stock Company Financial Estimate Center**

Abbreviated company name: **JSC FEC**

Location: **12 Krasnopresnenskaya nab., entrance 7, floor 7-8, Moscow, Russian Federation**

TIN: **7705620038**

OGRN: **1047796723534**

Share in the total delivery volume, %: **90,55**

Information on change in prices of more than 10 per cent for primary materials and goods (raw materials) during the relevant accounting period compared to accounting period of the previous financial year or lack of such change.

There was no change in prices of more than 10 per cent for primary materials and goods (raw materials) during the relevant accounting period

Import ratio in deliveries of materials and goods, forecast of import sources availability in future and possible similar sources.

There are no import deliveries.

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

Key markets where the Issuer conducts its business:

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

Regulated Contracts (RC):

Electricity (capacity) is traded under terms and conditions of regulated contracts concluded on the wholesale electricity (capacity) market at regulated prices (rates), approved by the FAS Russia

. The cumulative volume of electric energy and the cumulative volume of capacity supplied by the Issuer under RC in the relevant calendar year shall not exceed 35 per cent of the overall electric energy and capacity production specified in the budgeted balance sheet for the Issuer's period of regulation.

Competitive trade in generating capacity, competitive capacity outtake (CCO):

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

purchase /sale of capacity, selected on the basis of competitive selection of power.

- On the purchase and sale contracts of power, concluded on the basis of competitive selection of power;
- purchase /sale of capacity under free agreements of purchase and sale of power (SDM);
- purchase/sale of capacity under agreements for capacity and contracts for the sale of power of new nuclear power plants and hydropower plants, the same DP;
- purchase/sale of power generating facilities, related to the generation facilities that supply power in forced mode;

- purchase/sale of capacity under regulated contracts (in the scope of supply to the population and equivalent categories);
- purchase/sale of the power produced by qualified generating facilities that operate through the use of renewable energy sources (hereinafter - RES), on contracts for supply of power, concluded as a result of competitive selection of investment projects for the construction of generating facilities operating on the basis of renewable energy sources.

Competitive selection of capacity (CSC), conducted by the system operator, is the basis of the power of the market and determines how much power will be paid on the wholesale market.

By 2015, CSC was conducted only 1 year in advance (for next year). RF Government Decree No. 893 of August 27, 2015 approved the new rules of the CSC and the principles of trade improved capacity on the wholesale market. Beginning in 2016 under the PTO power annually selected for the year, coming in three calendar years after the year of the CSC. In 2015 the CSC for 2016-2019 years was held. . In 2016 the CSC for 2020 year was held.

CSC is conducted in price zones without separation of free power transfer zones (FTZ). Indexing is made when the CSC was carried out for more than 1 year in advance. The price of CSC indexed for the period from January 1 of the year following the year of the CSC, until January 1 of the year of delivery, in accordance with the CPI, decreased by 1%.

In the long term capacity market demand volume in the competitive selection of power given the dependence of the volume of demand on the price of power: at a lower price buyers are willing to purchase a larger amount of power at a higher price - lower. 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 CSC. The first point of the volume of demand is determined by the procedure of the Ministry of Energy on the basis of the forecast peak demand in the price zone and the planned reserve ratio, the price is set at 150 thousand rubles / MWh for the CSC 2016 for the first price zone and 210 rubles / MW for the second price zone. In the second point of the demand volume increased by 12% relative to the value at the first point, the price for the CSC 2016 is set at 110 thousand rubles / MWh for the first price zone and 150 rubles / MW for the second price zone.

The price of CSC corresponds to a maximum of prices in selected applications and the price at which the demand function takes a value equal to the total volume of the selected power (including power, paid regardless of the results of CSC). The CSC price for each zone is the same for all the selected generating facilities. The power which has not passed the competitive selection is not paid.

As we approach the year of delivery in case of exceeding the adjusted demand for power over the amount payable generating capacity possible corrective competitive capacity selection. A mandatory fee that does not depend on the results of CSC, subject to the power introduced by PDM and PDM similar agreements with new nuclear power plants and hydropower plants, as well as generating units, whose work is essential for maintaining the technological modes of operation of the power or thermal energy supply (forced generators).

Payment for power delivered by internally generators, carried out at the price established by the authorized federal agency (or the Government of the Russian Federation) is not higher than the power price in the previous year, the sale as a result of competitive selection of power or forced mode. The decision to classify the generator to internally accepted prior to the CSC. As an exception can only be the generating facilities for which after the CSC has been stated about the intention of decommissioning, while the Ministry of Energy was demanded the postponement of the output due to the threat of attack power deficit. Power generators operating in forced mode, and power introduced by the Democratic Party and similar contracts with new nuclear power plants and hydropower plants, during the CSC is included in the spot price acceptance of the offer.

Payment capacity is distributed as follows: the financial burden to pay for power generating facilities selected CSC and power facilities, receiving payment on the PDM is distributed to all users of the price zone. Power objects related to forced generators to the threat of attack power shortage is paid by consumers the corresponding WSP. Power objects related to forced generators to the threat of attack heat deficit are paid by consumers of the corresponding subject of the Russian Federation.

Federal law from 12/28/2016 number 508-FZ "On Amendments to the Federal Law" On Electric Power Industry "is introduced to increase the price of power in the I and II price zones, due to which the prices in the Far East will be reduced to the average level. This law is the law of indirect action. In 2nd quarter of 2017 is expected to adopt the necessary regulations for the implementation of this support mechanism.

Day-Ahead Market (DAM):

The volume of electricity generated above the RD volumes is sold at free prices on the day-ahead market and shortages are purchased on the DAM so as to provide for RC. The rules of the wholesale market provide for the possibility of electricity sale/purchase under free bilateral contracts (FBC). Participants in the wholesale market independently determine counteragents under contracts, as well as prices and volumes of deliveries within free bilateral contracts.

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 price bids of participants.

The Issuer sells a share of electricity produced on the wholesale market at free prices.

Factors that may have a negative impact on sale of the Issuer's products (works, services):

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

The Issuer's measures on minimization of negative factors:

Formation of a regulatory and legal framework favourable to the Issuer for electricity and capacity market performance. For the purposes thereof the Issuer is fully engaged in processes pertaining to development of laws and regulations in the electric power industry performed by the Ministry of Energy of the Russian Federation, NP Market Council Association and FAS of the Russian Federation.

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

Authority (organisation) issuing the relevant authorization (license) or permit for separate types of works: **Self-Regulating Organisation Non-Commercial Partnership Group of Construction Organisations EnergoStroiAllianz**

Number of authorization (license) or document evidencing the receipt of permit for separate types of works: **No. C-089- 05-02610**

Type of activity (work), in relation to which the Issuer has received the relevant authorization (license) or permit: **Certificate of permit for separate type or types of work having influence on the safety of capital construction projects**

Issue date of the authorization (license) or permit for separate types of works: **August 14, 2015**

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

Authority (organisation) issuing the relevant authorization (license) or permit for separate types of works: **The Federal Service for Environmental, Engineering, and Nuclear Supervision**

Number of authorization (license) or document evidencing the receipt of permit for separate types of works: **No. BX-00-015161**

Type of activity (work), in relation to which the Issuer has received the relevant authorization (license) or permit: **Exploitation of explosion and fire and chemically hazardous production facility of I, II and III classes of hazard.**

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**

Authority (organisation) issuing the relevant authorization (license) or permit for separate types of works: **Yenisey Administration of the Federal Service for Environmental, Engineering, and Nuclear Supervision**

Number of authorization (license) or document evidencing the receipt of permit for separate types of works: **No. A66-02932**

Type of activity (work), in relation to which the Issuer has received the relevant authorization (license) or permit: **Certificate of Registration of Hazardous Industrial Facilities**

Issue date of the authorization (license) or permit for separate types of works: **September 26, 2016**

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

Authority (organisation) issuing the relevant authorization (license) or permit for separate types of works: **Centre for Licensing, Certification, and Protection of State Secrets of the FSS of Russia**

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

Type of activity (work), in relation to which the Issuer has received the relevant authorization (license) or permit: **Works involving use of information classified as state secret**

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

Expiry date: **August 09, 2020**

Authority (organisation) issuing the relevant authorization (license) or permit for separate types of works: **Centre for Licensing, Certification, and Protection of State Secrets of the FSS of Russia**

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

Type of activity (work), in relation to which the Issuer has received the relevant authorization (license) or permit: **Right to take measures and/or render services related to protection of state secrets**

Issue date of the authorization (license) or permit for separate types of works **August 10, 201**

Validity period of the authorization (license) or permit for separate types of works: **August 09, 2020**

Upon expiry of the validity period of the above-mentioned licenses, the Issuer plans to take all possible steps in order to prolong them or to obtain new licenses. The impossibility to prolong licenses or to obtain new ones can have a materially adverse effect on the activities and financial results of the Issuer's operations. The possibility of such risk is low.

3.2.6. Information on Activities of Separate Types of Issuers

The Issuer is not a Joint-Stock investment fund, insurance or credit organisation, mortgage agent, or specialized company.

3.2.7. Additional Information on Issuers, the Primary Line of Business of which is Mining Operation

The primary line of business of the Issuer is not Mining Operation On 09.01.2015 JSC "LUR" controlled by the issuer whose main business is mining was registered.

a) Mineral reserves

The list of mineral deposits which has significant financial and economic importance for the Issuer, the right to use of which belong to the issuer or is under his control organizations.

1. Name of the field: Bikin brown coal mine, mine "Luchegorsky - 1"

Owner of the field

Full name: Joint Stock Company "Luchegorsky Mine"

Abbreviated name: JSC "LUR"

Location: township Luchegorsk, Pozharsky district, Primorskiy Kray, Russian Federation

INN: 2526006224

BIN: 1152721004963

Type of mineral: brown coal grade B1

Proved reserves: 226 919 000 tons

Production rate for the relevant reporting period (s) for the 3 months 2017 – **648 213** tons

2. Field: Bikin brown coal mine, mine "Luchegorsky-2"

Owner of the field

Full name: Joint Stock Company "Luchegorsky Mine"

Abbreviated name: JSC "LUR"

Location: township Luchegorsk, Pozharsky district, , Primorskiy Kray, Russian Federation

INN: 2526006224

BIN: 1152721004963

Type of mineral: brown coal grade B1

Proved reserves: 272 020 000 tons

Production rate for the relevant reporting period (s) for the 3 months 2017 – **659 966** tonnes

3. Name of the field: Luchegorskoye andesitic porphyry deposits (building stone), a quarry "Southern"

Owner of the field

Full name: Joint Stock Company "Luchegorsky Mine"

Abbreviated name: JSC "LUR"

Location: township Luchegorsk, Pozharsky district, Primorskiy Kray, Russian Federation

INN: 2526006224

BIN: 1152721004963

Type of mineral: Andesitic porphyrite

Proved reserves: 2,757,000 m3

Production rate for the relevant reporting period(s) for 3 months 2017 – **178 06,76** m3.

Licenses for subsoil use, obtained by the issuer or its controlled organizations for the use of fields of the issuer's significant financial and economic value

1. License: VLV number 02503 TE

Object subsoil: **Cut "Luchegorsky-1"**

Legal entity that obtained a license: JSC "LUR"

Date of issue: January 14, 2016 (as amended on June 20, 2016)

Term of the license: December 31, 2034

In case of execution of conditions of licensing, the license will be extended in the manner prescribed by applicable law.

The basis for licensing of subsoil use: Right to use field section "Luchegorsky-1" Bikin brown coal deposit was granted to JSC "LUR" in accordance with paragraph 7 of Article 10.1, paragraph 5 of Section 17.1. Law of the Russian Federation "On Subsoil" dated 21.02.1992 № 2395-1, in connection with the reorganization of the legal entity - the subsoil user (JSC "Far Eastern Generating Company" (hereinafter - JSC "DGC")) by isolating it from another entity (JSC "LUR"), based on the decision of the Commission of the Federal agency for subsoil Use for 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 (protocols of 11/19/2015 number 470), in order renewal of the license number 14549 VLV TE (order Dalnedra from 12/01/2016 number 2).

Description of the subsurface allotted for use: Field of Cut "Luchegorsky-1", Bikin brown coal mine. The subsurface site is located in the territory of Primorski Krai, Pozharsky municipal district.

Type of License: **For exploration and mining of** mineral deposit, including the use of waste mining and related processing plants.

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

- Geologic information concerning subsoil resources is subject to be presented in federal and territorial funds of geological information according to established procedure.

- The Subsoil User is obliged to ensure safety of primary geological information obtained in the course of works on the subsoil.

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

- The Subsoil User is obliged to fulfil requirements established by legislation on conservation of subsoil resources and environment, safe work practices related to subsoil resources use.

- Production level of materials and date of reaching of project capacity is determined by detailed development plan of mineral deposit.

- All obligations are satisfied by the Subsoil User at a stated time.

Obligatory payments to be made by the user of subsoil under the terms of the license:

The Subsoil User is also obliged to pay other established by legislation payments, tax and fees for subsoil use, land and water.

Implementation of the Issuer, its subsidiaries and affiliates obligations resulting from the licenses, as well as any factors that may adversely affect fulfilment of license obligations with the probability of their occurrence: the obligations resulting from the license are fulfilled. **Factors which may have adverse effect on the performance of obligations under the license are not observed.**

2. License: VLV number 02502 TE

Object subsoil: plot №4 Bikin brown coal deposit (section "Luchegorsky-2")

Legal entity that obtained a license: JSC "LUR"

Date of issue: January 14, 2016 (as amended on June 20, 2016)

Validity of the license: December 31. 2034

In case of execution conditions of licensing, the license will be extended in the manner prescribed by applicable law.

Grounds for License issue: **The right to use subsoil fields in the area №4 Bikin brown coal deposit (box cut "Luchegorsky-2") was given to JSC "LUR" in accordance with paragraph 7 of Article 10.1, paragraph 5 of Section 17.1.. Law of the Russian Federation "On Subsoil" dated 21.02.1992 № 2395-1, in connection with the reorganization of the legal entity - the subsoil user (JSC "Far Eastern Generating Company" (hereinafter - JSC "DGC")) by isolating it from another entity (JSC "LUR"), based on the decision of the Commission of the Federal agency for subsoil Use for 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 of 11.19.2015 number 470), in order renewal of the license number 14514 VLV TE (order of 12/01/2016 Dalnedra number 3).**

Description of the subsurface allotted for use: The site №4 of Bikin brown coal mine, Pozharsky municipal district. The subsurface site is located in the territory of Primorski Krai,.

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

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

- Geologic information concerning subsoil resources is subject to be presented in federal and territorial funds of geological information according to established procedure.

- The Subsoil User is obliged to ensure safety of primary geological information obtained in the course of works on the subsoil resources including rock samples, core, and reservoir fluids. According to federal and territorial funds of geological information, the Subsoil User is obliged to provide free temporary storage of geological information, of which he is the owner, including the temporary storage of samples of rocks, core of reservoir fluids.

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

- The Subsoil User is obliged to fulfil requirements established by legislation on conservation of subsoil resources and environment, safe work practices related to subsoil resources use.

- Production level of materials and date of reaching of project capacity is determined by detailed development plan of mineral deposit.

- All obligations are satisfied by the Subsoil User at a stated time.

Obligatory payments to be made by the user of subsoil under the terms of the license:

The Subsoil User is obliged to pay established by legislation of Russian Federation payments, tax and fees for subsoil use, land and water.

Implementation of the Issuer, its subsidiaries and affiliates obligations resulting from the licenses, as well as any factors that may adversely affect fulfillment of license obligations with the probability of their occurrence: the obligations resulting from the license are fulfilled. Factors which may adversely affect the performance of obligations under the license are absent.

3. License: POZh 00787 OShch

Legal entity that obtained a license

Full name: Joint Stock Company "Luchegorsky Mine"

Abbreviated name: JSC "LUR"

Location: township Luchegorsk, Pozharsky district, Primorskiy Kray, Russian Federation

TIN: 2526006224

OGRN: 1152721004963

License number: POZh 00787 OShch

Date of issue: 10/07/2015

Term of the license: 09/15/2024

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

Grounds for License issue: Order of the Department of Natural Resources and Environmental Protection of the Primorsky Kray from 07/10/2015 No 114

Description of the subsurface allotted for use:

The site is located in the territory of Pozharsky municipal region, in 6 km to the south of the village Luchegorsk.

Type of License: for subsoil use with the purpose and types of work: mining andesitic porphyries (building stone) on Luchegorsky deposit (Southern Section).

Main provisions of the license concerning subsoil user obligations indicating the period of performance of the specified obligations: Provide annual production of up to 500 thous. m³. Production quota is agreed annually.

All obligations are satisfied by the Subsoil User at a stated time.

Obligatory payments to be made by the user of subsoil under the terms of the license: Subsoil user is obliged to pay tax on the extraction of minerals - the size of the tax rate determined in accordance with the Tax Code, as well as other charges and fees, a fee for the land and pay for the negative impact on the environment, in the amount and terms set by the legislation of the Russian Federation.

Implementation of the Issuer, its subsidiaries and affiliates obligations resulting from the licenses, as well as any factors that may adversely affect fulfillment of license obligations with the probability of their occurrence: the obligations resulting from the license are fulfilled. Factors which may adversely affect the performance of obligations under the license are absent.

b) Mineral processing

Main assets used for processing: JSC "LUR" is not processing coal. Crushing and grading plant JSC "LUR" is designed to produce rubbly products.

The issuer, its subsidiaries or affiliates do not engage any contractors to process mineral resources

c) Product sales

Permits granted by authorized government agencies for the implementation of minerals and their products, quotas, including for export: The need to obtain government approval for the implementation of minerals and their products, quotas, including for export, the federal legislation has not been established.

3.2.8. Additional Information on Issuers, the Primary Line of Business of which is Rendering Services

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

3.3. Plans for the Issuer's Future Activities

Brief description of the Issuer's plans for future activities:

In accordance with the Articles of Association, the Issuer's objectives are:

- Creation of conditions for ensuring the reliability and safety of generating facilities;
 - Realization of state policy in the field of hydropower;
 - Creation of conditions for effective functioning of the wholesale electricity (capacity) market; Realization of effective operation and centralized technological management of hydropower facilities; Implementation of united strategy in investments and raising capital for solution of common system tasks of hydropower development;
 - Development and implementation of scientific and technical policy and introduction of new advanced equipment and technology, including the development of renewable sources of electricity;
- Receiving a profit.

Sources of future income:

The Issuer plans to continue to profit from the main activity - production and sale of electricity and capacity on the wholesale and retail electricity and capacity markets.

Plans for organization of new production, expansion or curtailment of production, product development, modernization and reconstruction of fixed assets:

Actual execution of investment program of the Company in the 1st quarter 2017 came to RUB 5,970,3 billion, and RUB 3,632,5 billion related to the objects implemented by affiliates and RTD

Actual financing in the amount of RUB 5,970,3 billion developed into following directions:

- Upgrade project - RUB 3,101.1 billion;
- priority projects in Far East (TPP in Sovetskaya Havan, Sakhalinskaya SDPP-2 (1st stage), Yakutskaya SDPP-2 (1st stage), Blahoveshchenskaya TPP (2nd stage), implemented in execution of Russian Federation Presidential Decree No. 1564 of 22.11.2012 On further development of Public Joint-Stock Company Federal Hydro-Generating Company RusHydro – RUB 2,637,9 billion;
- project Zelenchukskaya HPP-SDPP – RUB 184,6 billion;
- other projects – RUB 46,7 billion

In accordance with investment program of RusHydro Group, approved by the Board of PJSC RusHydro of 06.03.2017 (Protocol No. 1029np of 06.03.2017) and acknowledged by the Board of Directors of PJSC RusHydro on April 4, 2017 (Protocol No. 249 of 07.04.2017) in 2017 there will be commissioning of additional capacities in the extend of 235,98 MW and 469,6 Mkal/hr, including the commissioning of capacity under investment project The Construction of Yakutskaya SDPP-2 (1st stage) – 193,48 MW and 469,6 Mkal/hr; the projects on technical re-equipping and reconstruction – 42,5 MW.

Moreover, it is planned the commissioning of capacity in the extend of 321,26 MW under the investment projects, including the projects of Nizhnye-Bureyskaya HPP – 320,0 MW and SHPP b. Zelebchuk – 1,25 MW.

Financing of the Company's investment projects of the Company in 2017 is planned in the amount of RUB 46,912,5 billion, including:

- Upgrade projects – RUB 24,499,2 billion;
- complex reconstruction of Sayano-Shushenskaya HPP – RUB 150,0 billion;
- priority projects in Far East (TPP in Sovetskaya Havan, Sakhalinskaya SDPP-2 (1st stage), Yakutskaya SDPP-2 (1st stage), Blahoveshchenskaya TPP (2nd stage), implemented in execution Federation Presidential Decree No. 1564 of 22.11.2012 On further development of Public Joint-Stock Company Federal Hydro-Generating Company RusHydro – RUB 21,334,2 billion;
- project Zelenchukskaya HPP-SDPP – RUB 343,8 billion;
- other projects – RUB 585,3 billion

Also in 2017, the Company plans to finance realization of investment projects implemented by subsidiaries, as well as R & D in the amount of RUB 31,647,9 billion.

Information on the possible change of the main activity:

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 and holdings.

The Issuer participates in associations and non-commercial partnerships, which also refer by civil legislation to associations.

Summary information on non-commercial partnerships and associations of PJSC RusHydro

No.	Name of non-commercial organization/association	Role (place) and functions of the issuer in organization	Activities of non-commercial organization / functions of the issuer in organization	Term of issuer's participation
Non-residents of Russian Federation				
1	International Hydropower Association, IHA	Member of Association	Maintenance and spread of knowledge on the issues of hydropower industry under the authority of International Hydrological Program UNESCO	since 2006
2	Global Sustainable Energy Partnership, GSEP	Member of Association	Development of joint political platforms and realization of relative initiatives both on internal markets and internationally	since 2008
Residents of Russian Federation				
3	Non-Commercial Partnership Sovyet Rynka Association	Member of Association	Organization of purchase and sale of electrical power on the wholesale market of electrical power	since 2008
4	Non-Commercial Partnership Proprietories and Investors of Land and Immovable Property Association (NP "APIIP")	Member of Association	Partnership is a platform, where the promotion of interest is carries out PJSC RusHydro and the dialogue is constructed with government bodies on the issues of development of legislation respecting land and property.	since 2012
5	Hydropower of Russia Association	Member of Association	Improvement of the Efficiency of the hydropower objects functioning and use of hydropower resources of Russian Federation	since 2008
6	All-Russian Employers' Association Russian Union of Industrialists and Entrepreneurs (AREA RUIE)	Member of Association	Protection of common for the members economic and social interests and legal rights, which are required for stable development of the company and market economy on the whole	since 2006
7	Non-Commercial Partnership Board of the Veterans of Power Industry	Member of Association	Assistance for the members of Partnership in implementation of activities, oriented on provision of multifaceted assistance for the veterans of power industry	since 2008
8	Non-Commercial Partnership Russian-Chinese Business Council (NP RCBC)	Member of Association	RCBC is founded aimed to advance the joint projects of the Russia and China, protection of mutual investments and settlement of corporate disputes, as well as for assistance in development of cooperation between Russian and Chinese business circles.	since 2015

9	Non-Commercial Partnership Directory Club of Science and Innovations	Member of Association	Club is communication platform for professional community in sphere of research, invention and implementation of innovations	since 2013
10	Non-Commercial Partnership Energostroiolyans	Member of Association	Assistance in creating favorable conditions for activities of enterprises, which works in the sphere of construction, reconstruction, complete repairs of the objects of major construction work, protection of power industry from unfair foreign and national organizations and enterprises	since 2010
11	Non-Commercial Partnership Research and Development Board EES	Member of Association	Assistance to the members of Partnership in the formation of scientific and technical and economic policy in Unified Energy System of Russian Federation	since 2008
12	Non-Commercial Partnership AREA	Member of Association	Assistance to business development in power industry through representation and protection of the employees' interests in social-labor, economic and other spheres, in relationships with the employee associations, government bodies, local government bodies, formulation and adopting of agreed socially responsible policy of the organizations – members of Association	since 2006
13	Non-Commercial Partnership «CESC EES»	Member of Association	Assistance in knowledge acquisition and promotion of business qualities of employees, employed in power industry, as well as experts, employed in branches, which provide the normal functioning of generating companies (educational activities); development and improvement of the system of education of employee, employed in power industry	since 2008

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

1. Full corporate name: **Joint-Stock Company “Zagorskaya PSHP-2”**

Abbreviated corporate name: **JSC Zagorskaya PSPP-2**

Location of the Issuer: worker's settlement **Bogorodskoe, Sergievo-Posadsky District, Moscow Oblast, Russian Federation**

INN: 5042086312

OGRN: 1065042071137

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

Nature of the control over the organisation in relation to which it is a controlling entity (the right to dispose of over 50 per cent of votes in the supreme management body of the Issuer's controlled company, the right to appoint (elect) the sole executive body of the Issuer's controlled company, the right to appoint (elect) over 50 per cent of the collective management body of the Issuer's controlled company: **the right to dispose of over 50 per cent in the supreme management body of the Issuer's controlled company**

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

Portion of the controlled company's equity shares held by the Issuer: 100 %

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

Portion of the Issuer's equity shares held by the controlled company: 0 %

Description of the controlled company's core business: **performance of building owner's functions in reconstruction projects 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, %	Portion of the Issuer's equity shares held by the person, %
Dmitriy Valentinovich Zakhvataev (Chairman)	0	0
Nikolay Igorevich Karpukhin	0	0
Vladimir Ivanovich Magruk	0.000040	0.000040
Vadim Vladislavovich Nedotko	0	0
Galina Viktorovna Gorina	0	0

Members of the Collective Executive Body

The collective executive body is not provided for by the Charter

The powers of the sole executive body of the company was delegated to the managing organization

Full name: **Joint Stock Company RusHydro Management Company"**

Abbreviated name: **JSC RusHydro MC"**

Location: **city of MoskvaOtkrytoe**

INN: **5260096381**

BIN: **1025203040136**

The issuer's share in the authorized capital of the managing entity,%: **100**

Percentage of ordinary shares of the management company owned by the Issuer: **100%**

Share of the managing organization (manager) in the authorized (share) capital (mutual fund) of the issuer: **0**

Ownership of the managing entity of the issuer's ordinary shares: **0%**

2. Full corporate name: Public Open Joint- Stock Company RAO Energy Systems of East

Abbreviated corporate name: **PJSC RAO Energy Systems of East**

Location: **Khabarovsk Kray, Khabarovsk**

INN: **2801133630**

OGRN: **1087760000052**

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

Nature of control over the organisation in relation to which it is a controlling entity (the right to dispose of over 50 per cent of votes in the supreme management body of the Issuer's controlled company, the right to appoint (elect) the sole executive body of the Issuer's controlled company, the right to appoint (elect) over 50 per cent of the collective management body of the Issuer's controlled company: **the right to dispose of over 50 per cent in the supreme management body of the Issuer's controlled company**

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

Portion of the controlled company's equity shares held by the Issuer: **85.163759 %**

Share of the controlled company in the authorized capital of the Issuer: **0.012584 %**

Portion of the Issuer's equity shares held by the controlled company: **0.012584 %**

Description of the controlled company's core business: **management of generating companies to satisfy demand for electrical and thermal power in the Far-Eastern Federal District and in the neighboring territories effectively and with 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, %:	Portion of the Issuer's equity shares held by the person, %
Nikolay Grigoryevich Shulginov (Chairman)	0	0
Sergey Nikolaevich Tolstoguzov	0.0004180	0.0004180
Oleg Nikolaevich Kozhemyako	0	0
Andrei Valentinovich Kazachenkov	0	0
Bairta Nikolaevna Perveeva	0	0

Sergey Arkadyevich Plastinin	0	0
Yanina Eduardovna Stanyulenayte	0	0
Sergei Sergeevich Terebulin	0	0
Viktor Viktorovich Khmarin	0	0

Members of the controlled company's collective executive body

Full name	Share of the person in the authorized capital of the Issuer, %:	Portion of the Issuer's equity shares held by the person, %
Sergey Nikolaevich Tolstoguzov (Chairman)	0.0004180	0.0004180
Aleksey Aleksandrovich Kaplun	0	0
Nina Lipatovna Zapryagaeva	0	0
Viktor Nikolaevich Borodin	0	0
Evgeniy Mikhaylovich Zhadovets	0	0

Sole executive body of the controlled company

Full name	Share of the person in the authorized capital of the Issuer, %	Portion of the Issuer's equity shares held by the person, %
Sergey Nikolaevich Tolstoguzov	0.0004180	0.0004180

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

Abbreviated corporate name: **PJSC FEEC**

Location: **Vladivostok, Russian Federation**

INN: 2723088770

OGRN: 1072721001660

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

Nature of control over the organisation in relation to which it is a controlling entity (the right to dispose of over 50 per cent of votes in the supreme management body of the Issuer's controlled company, the right to appoint (elect) the sole executive body of the Issuer's controlled company, the right to appoint (elect) over 50 per cent of the collective management body of the Issuer's controlled company: **the right to dispose of over 50 per cent in the supreme management body of the Issuer's controlled company**

Share of the Issuer in the authorized capital of the controlled company: **1.037643 %**

Portion of the controlled company's equity shares held by the Issuer: **1.037643 %**

In case of indirect control—successively all the Issuer's controlled companies (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 controller. Full name, location, INN (if applicable), and OGRN (if applicable) shall be specified for each such company:

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

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

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

Portion of equity shares of PJSC FEEC held by RAO Energy Systems of East: **51.03 %**

Share of the controlled company in the authorized capital of the Issuer: **0.018923 %**

Portion of the Issuer's equity shares held by the controlled company: **0.018923 %**

Description of the controlled company's core business:

- Acquisition of electric energy on wholesale and retail electricity (capacity) markets;

- Sale of electric energy on wholesale and retail electricity (capacity) markets to consumers (including civilians);
- Rendering services to third parties, including on collection of payments for sold goods and rendered services;
- Diagnostics, operation, repair, replacement, and check of electricity and heat measuring devices.

Members of the controlled company's Board of Directors

Full name	Share of the person in the authorized capital of the Issuer, %:	Portion of the Issuer's equity shares held by the person, %
Aleksey Dmitrievich Yakovlev (Chairman)	0	0
Vladimir Grigoryevich Akulshin	0	0
Aleksey Valeryevich Vlasov	0	0
Valentin Genadyevich Kudryashov	0	0
Lada Aleksandrovna Linker	0	0
Mikhail Varfolomeevich Kuznetsov	0	0
Aleksey Evgenevich Bay	0	0
Stanislav Sergeevich Koptyakov	0	0
Sergey Anatolyevich Tverdokhlebo	0	0
Kirill Andreevich Trubitsyn	0	0
Svetlana Viktorovna Suvorova	0	0
Alexey Alexandrovich Kovalenko	0	0
Aleksey Anatolyevich Udalov	0	0
Vladimir Petrovich Fedorov	0	0
Viktor Vladimirovich Milush	0	0

Members of the controlled company's collective executive body

Full name	Share of the person in the authorized capital of the Issuer, %:	Portion of the Issuer's equity shares held by the person, %
Viktor Vladimirovich Milush (Chairman)	0	0
Aleksandr Sergeevich Efremov	0	0
Elena Yuryevna Tyurina	0	0
Sergey Andreevich Khitun	0.0000125	0.0000125
Vitaliy Ivanovich Pravilo	0	0

Sole executive body of the controlled company

Full name	Share of the person in the authorized capital of the Issuer, %	Portion of the Issuer's equity shares held by the person, %
Viktor Vladimirovich Milush	0	0

4. Full corporate name: **Joint-Stock Company Far East Generating Company**

Abbreviated corporate name: **JSC FEGC**

Location: **Khabarovsk, Russian Federation**

INN: 1434031363

OGRN: 1051401746769

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

Nature of control over the organisation in relation to which it is a controlling entity (the right to dispose of over 50 per cent of votes in the supreme management body of the Issuer's controlled company, the right to appoint (elect) the sole executive body of the Issuer's controlled company, the right to appoint (elect) over 50 per cent of the collective management body of the Issuer's controlled company: **the right to dispose of over 50 per cent of votes in the supreme management body of the Issuer's controlled company**

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

Portion of the controlled company's equity shares held by the Issuer: **0 %**

In case of indirect control—successively all the Issuer's controlled companies (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 controller.

Full name, location, INN (if applicable), and OGRN (if applicable) shall be specified for each such company:

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

Public Joint-Stock Company Far East Energy Company, Vladivostok, Russian Federation, INN 2723088770, OGRN 1072721001660

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

Public Joint-Stock Company Far East Energy Company is a controlled company of the Issuer (indirect control). Information on OJSC Far East Energy Company is given above in this section.

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

Portion of equity shares of JSC FEGC held by OJSC Far East Energy Company: **100% - 1 share**

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

Portion of the Issuer's equity shares held by the controlled company: **0 %**

Description of the controlled company's core business:

- **Supply (sale) of electric and heat power under the set rates and in accordance with electrical and heat load dispatch schedules;**
- **Electric and heat energy generation;**
- **Arrangement of power-saving mode of equipment operation at power plants, and energy delivery according to agreements;**
- **Sale of heat energy at retail heat markets to consumers (including citizens).**

Members of the controlled company's Board of Directors

Full name	Share of the person in the authorized capital of the Issuer, %:	Portion of the Issuer's equity shares held by the person, %
Aleksey Dmitrievich Yakovlev (Chairman)	0.0000105	0.0000105
Vitaliy Sergeevich Ponurovskiy	0	0
Elena Yurevna Tyurina	0	0
Yuriy Alexandrovich Andreychenko	0	0
Stanislav Sergeevich Koptyakov	0	0
Nikolay Valeryevich Savostikov	0,0000002	0,0000002
Andriyan Valeryevich Shamayko	0	0
Sergey Vasilyevich Sinyavskiy	0	0
Sergey Konstantinovich Storozhuk	0	0
Elena Vladimirovna Kolmogorova	0	0
Mihail Innokentevich Shukaylov	0,0000018	0,0000018
Eduard Yuryevich Orlov	0	0
Dmitriy Sergeevich Trefilov	0	0

Members of the controlled company's collective executive body

The collective executive body is not provided for by the Charter

Sole executive body of the controlled company

Full name	Share of the person in the authorized capital of the Issuer, %	Portion of the Issuer's equity shares held by the person, %
Mikhail Innokentyevich Shukaylov	0.0000018	0.0000018

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

Abbreviated corporate name: **PJSC Krasnoyarskenergosbyt**

Location

Krasnoyarsk

INN: 2466132221

OGRN: 1052460078692

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

Nature of control over the organisation in relation to which it is a controlling entity (the right to dispose of over 50 per cent of votes in the supreme management body of the Issuer's controlled company, the right to appoint (elect) the sole executive body of the Issuer's controlled company, the right to appoint (elect) over 50 per cent of the collective management body of the Issuer's controlled company: **the right to dispose of over 50 per cent of votes in the supreme management body of the Issuer's controlled company**

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

Portion of the controlled company's equity shares held by the Issuer: **0 %**

In case of indirect control—successively all the Issuer's controlled companies (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 controller.

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 subsidiary of the Issuer.

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

Portion of equity shares of OJSC Krasnoyarskenergosbyt held by JSC ESC RusHydro, %: **66.33**

Joint-Stock Company Hydroinvest, Ufa, Republic of Bashkortostan, Russian Federation, TIN 7814382859, OGRN 1077847558381

Joint-Stock Company Hydroinvest is a subsidiary of the Issuer

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

Portion of equity shares of OJSC Krasnoyarskenergosbyt held by JSC Hydroinvest, %: **3.06**

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

Portion of the Issuer's equity shares held by the controlled company: **0 %**

Description of the controlled company's core business:

- **Sale of electric energy in Krasnoyarsk Krai;**
- **Acquisition and/or sale (supply) of electric energy on the wholesale electricity and capacity market;**
- **Acquisition and/or sale (supply) of capacity on the wholesale electricity and capacity market;**
- **Sale (supply) of electric energy (capacity) on the retail electricity and capacity market to electric energy (capacity) consumers, including energy services to electrical (capacity) users, including conclusion of a services agreement for power transfer to consumers with network organisations on behalf of electrical (capacity) users or on its own behalf, but in the interests of electrical (capacity) users;**
- **Acquisition of electric energy (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, %:	Portion of the Issuer's equity shares held by the person, %
Aleksandr Olegovich Muravev (Chairman)	0	0
Aleksandr Yuryevich Arkhipchenko	0	0
Maxim Valentinovich Zavalko	0,000071	0,000071
Aleksey Aleksandrovich Zotov	0	0
Bislan Isanovich Gayrabekov	0	0
Vadim Vladislavovich Nedotko	0	0

Vladimir Viktorovich Potyekhin	0	0
Oleg Vladimirovich Dyachenko	0	0
Mihail Yurevich Hardikov	0	0

Members of the controlled company's collective executive body

The collective executive body is not provided for by the Charter

Authorities of the Company's sole executive body are transferred to the management company

Full corporate name: **Joint Stock Company "Energy Sales Company RusHydro**

Abbreviated corporate name: **JSC ESC RusHydro**

Location: **Moscow**

INN: **7804403972**

OGRN: **1089848039973**

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

Portion of the management company's equity shares held by the Issuer, %: **99.99**

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

Portion of the Issuer's equity shares held by the management company, %: **0**

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

Abbreviated corporate name: **PJSC JSC Yakutskenergo**

Location

Yakutsk, Russian Federation

INN: 1435028701

OGRN: 1021401047260

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

Nature of control over the organisation in relation to which it is a controlling entity (the right to dispose of over 50 per cent of votes in the supreme management body of the Issuer's controlled company, the right to appoint (elect) the sole executive body of the Issuer's controlled company, the right to appoint (elect) over 50 per cent of the collective management body of the Issuer's controlled company: **the right to dispose of over 50 per cent of votes in the supreme management body of the Issuer's controlled company**

Share of the Issuer in the authorized capital of the controlled company: **29.795104 %**

Portion of the controlled company's equity shares held by the Issuer: **29.002941 %**

In case of indirect control—successively all the Issuer's controlled companies (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 controller. Full name, location, INN (if applicable), and OGRN (if applicable) shall be specified for each such company:

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

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

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

Portion of equity shares of OJSC JSC Yakutskenergo held by PJSC RAO Energy Systems of East, %: **57.63**

Share of the controlled company in the authorized capital of the Issuer: 0.000014 %

Portion of the Issuer's equity shares held by the controlled company: 0.000014 %

Description of the controlled company's core business:

Electric and heat energy 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, %:	Portion of the Issuer's equity shares held by the person, %
Alexey Anatolyevich Udalov (Chairman)	0	0

Yuriy Aleksandrovich Andreychenko	0	0
Anton Nikolayevich Burkov	0	0
Aleksey Valeryevich Vlasov	0	0
Nikolay Nikiforovich Duraev	0	0
Evgeniy Viktorovich Kurin	0	0
German Viktorovich Tyutyukov	0.0000013	0.0000013
Stanislav Vladimirovich Linetskiy	0	0
Lada Alexandrovna Linker	0	0

Members of the controlled company's collective executive body

Full name	Share of the person in the authorized capital of the Issuer, %:	Portion of the Issuer's equity shares held by the person, %
Oleg Vladimirovich Tarasov (Chairman)	0	0
Sergey Yuryevich Gavrilov	0	0
Aleksandr Stepanovich Sloik	0	0
Irina Petrovna Sysolyatina	0.0000036	0.0000036
Yuriy Stepanovich Savchuk	0	0
Oksana Leonidovna Sologub	0	0
Petr Mikhaylovich Dyakonov	0	0
Andrey Fedorovich Sanachev	0	0

Sole executive body of the controlled company

Full name	Share of the person in the authorized capital of the Issuer, %	Portion of the Issuer's equity shares held by the person, %
Oleg Vladimirovich Tarasov	0	0

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

As of 31.12.2016

Standard unit: RUB

Name of object group of basic assets	Initial (current) cost	Depreciation charges amount
Buildings	45 244 705 347,16	5 706 195 784,69
Constructions	226 076 402 252,24	33 836 744 368,39
Machinery and Equipment	198 111 848 049,97	57 897 149 744,48
Other	1 510 926 647,04	990 274 870,02
TOTAL AMOUNT	470 943 882 296,41	98 430 364 767,58

As of 31.03.2017

Standard unit: RUB

Name of object group of basic assets	Initial (current) cost	Depreciation charges amount
--------------------------------------	------------------------	-----------------------------

Buildings	45 260 894 637,27	5 922 623 572,91
Constructions	226 099 962 568,68	34 969 425 622,53
Machinery and Equipment	203 475 987 265,88	60 666 771 073,40
Other	1 516 788 682,88	1 023 173 427,09
TOTAL AMOUNT	476 353 633 154,71	102 581 993 695,93

Information on methods of charging of depreciation in accordance with the object groups of the current assets: Depreciation in accordance with the object groups of the primary assets is conducted by means of straight-line method, on the basis of the terms of beneficial use of these objects.

The results of revaluation of the last assets and long-term leased assets, which is conducted during last completed financial year with indication of revaluation date, total and final (net of depreciation) net assets value of capital assets before revaluation and full and final (net of depreciation) current cost of the capital assets taking into account this revaluation.

Information on methods of depreciation in accordance with the object groups of the current assets is specified.

Revaluation of current assets for this period was not conducted

Information on plans of purchase, replacement, current assets outflow, which amount to 10 and more per cent of value of issuer's current assets and other current assets at the discretion of the issuer, as well as information on all facts of encumbered current assets of issuer (with the indication of encumbrance character, encumbrance date, encumbrance duration and other conditions at the discretion of the issuer):

Purchase, replacement, current assets outflow, which amount to 10 and more per cent of value of issuer's current assets are not planned.

IV. Information on Financial and Economic Activities of the Issuer

4.1. Financial and Economic Performance of the Issuer

Indicators dynamic, which characterizes the results of financial and operational activities of the issuer, including its profitability and unprofitability, calculated on the basis of the data of Accounting (Financial) Statement.

Standard (rules) in accordance with which the Accounting (Financial) Statement is prepared on the basis of which the indicators are calculated: RAS

Standard unit for uncovered loss amount: RUB, in thousands

Indicator	2015	2016	3 months, 2016	3 months, 2017
Net profit margin, %	28,0	36,4	56,3	48,9
Asset turnover ratio, times	0,12	0,13	0,03	0,03
Return on assets, %	3,36	4,61	1,68	1,40
Return on equity, %	4,04	5,44	2,01	1,73
Uncovered loss amount as of statement date, RUB.	0	0	0	0
Uncovered loss as of statement date to net assets value, %	0	0	0	0

The method, recommended by “Provision on information disclosure by the issuers of the issuable securities”, approved by Bank of Russia No. 454-II dated 30.12.2014 was applied for calculation of specified indicators.

Economic analysis of the profitability/ unprofitability of the issuer on the basis of specified indicators.

Net profit margin characterizes the level of profitability of business activities of organization. This indicator in 2015 came to 28,0 per cent, in 2016 – 36,4 per cent in 2016 (3 months) – 56,3 per cent, in 2016 (3 months) – 48,9 per cent.

Asset turnover ratio shows how many times, usually in a year, the complete production and access cycle is conducted, which has an effect in the profit form. It characterizes the efficiency of the use by issuer of all available resources, regardless of the sources of their mobilization. This indicator is almost the same in the comparable periods in 2015 and 2016 and thus comprised 0,12 and 0,13 times in 2016 (3 months) and 2017 (3 months) – 0,03 times. Indicator values in by years and quarters change due to incompatibility of annual and quarter net profit.

Cost-effectiveness, which represents correlation of profit (net profit) and means of its obtaining, characterizes business activities effectiveness – productivity or financial resources return.

Asset profitability is an effectiveness of funds application, which belonged to the owners of the enterprise. It serves as the main criteria by the assessment of stocks level at the stock exchange. Return on assets related to net profit must provide the return on investment of shareholders, invested into enterprise. This coefficient shows, how much profit becomes company from each Russian ruble, invested into assets. Return on assets, which characterizes the effectiveness of use of enterprise’s property made for 2015 and 2016 to 3,36 per cent and 4,61 per cent accordingly (increase in figures is caused by increase of net profit), for 2016 (3 months) and 2017 (3 months) - 1,68% and 1,4% accordingly (decrease is caused by increase of balance sheet asset). Indicator values by years and quarters change due to change due to incompatibility of annual and quarter net profit.

Profitability ratio of owned capital shows the effectiveness of use of owned capital of the Issuer. Return on assets came for 2015 to 4,04 per cent, for 2016 to 5,44 per cent (increase in figure is caused by net profit increase), for 2016 (3 months) to 2,01 per cent, for 2017 (3 months) to 1,73 per cent (decrease is caused by decrease of owned capital (obtaining of net profit on the basis of the results of 2016)). Indicator values by years and quarters change due to change due to incompatibility of annual and quarter net profit.

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

Indicators dynamic, which characterizes the liquidity of the issuer calculated on the basis of the data of Accounting

(Financial) Statement

Standard (rules) in accordance with which the Accounting (Financial) Statement is prepared on the basis of which the indicators are calculated: RAS

Standard unit for net working capital amount: RUB, in thousands

Indicator	2015	2016	3 months, 2016	3 months, 2017
Working capital amount	74 501	110 578	84 443	84 189
Current liquidity ratio	3,45	5,10	3,56	2,23
Quick asset ratio	3,31	4,94	3,41	2,15

The method, recommended by “Provision on information disclosure by the issuers of the issuable securities”, approved by Bank of Russia No. 454-II dated 30.12.2014 was applied for calculation of specified indicators.

Economic analysis of liquidity and paying capacity of the issuer, issuer’s capital adequacy for short-term liability and cover of current operation expenditures on the basis of economic analysis of dynamics of specified indicators with the description of the factors, which, according to issuer’s regulatory bodies, had the most significant impact on liquidity and paying capacity of the issuer:

Net working capital shows how much working capital is financed by means of owned funds of organization, and how much working capital is financed by means of bank credits. Net working capital is necessary for maintenance of financial stability of enterprise, considering that the increase of working assets on short-term liabilities means that an enterprise not only can discharge its short-term liability, but also has reserves for business expansion. The change at the end of the 1st quarter 2017 caused by increase of short-term liabilities, related to additional stock issue of PJSC RusHydro in the amount of RUB 40 billion.

Current liquidity ratio, which allows to assess how much current assets account for one Russian ruble of current liabilities.

For analyzed period the coefficient is higher than standard value (1,5) dated 31.03.2017 – 2,23.

Quick asset ratio is similar to current liquidity. It estimates the liquidity of assets, but it is calculated in smaller circle of current assets, when the less liquid part is excluded from calculations - production stock.

For analyzed period the coefficient is higher than standard value (0,95) dated 31.03.2017 – 2,15.

In general liquidity ratio characterizes the enterprise’s position as stable.

4.3. Financial Investments of the Issuer

The list of financial investments of the issuer, which come to 5 and more per cent of all its financial investments as of date of the end of accounting period:

Issuer’s investments in issuable securities, which come to 5 and more per cent of all its financial investments as of 31.12.2016:

type of securities: **ordinary registered shares**

Full company name of the issuer: **Joint-Stock Company Zahorskaya PSPP-2**

Abbreviated company name of the issuer: **JSC Zahorskaya PSPP-2**

Issuer’s location: **101, Bohorodskoye company town, Bohorodskoye town settlement, Serhiyevo-Posadskii municipal district, Moscow Region, Russian Federation.**

TIN: **5042086312**

OGRN: **1065042071137**

state registration number of the issuer’s issuance securities: **1-01-11397-A**

state registration date: **18.01.2007**

registration authorities, which carried out state registration of the issuer’s issuable securities: **Russian Federal service for the Financial Markets**

number of securities, owned by issuer: **53 681 508 646 pcs.**

total nominal value of securities owned by issuer: **RUB 53,681,508,646**

for bonds and other debt issuable securities and for issuer’s option – repayment date – for stocks is not applicable

total carrying amount of securities owned by issuer (carrying amount of securities of subsidiary and affiliated companies of the issuer is indicated separately): **RUB 60,690,958,886.76**

the amount of dividend declared on a preferred stock or the manner of its determination if it is indicated in Articles of Association of the company-issuer, date of payment: **the stocks are not preferred.**

amount of announced dividend on ordinary shares (if there is no information on amount of announced dividend on ordinary shares in current year, the amount of dividend announced in previous year should be specified), date of payment: **in 2016 and 2017 the decisions about dividends payment were not made.**

If the amount of issuer's investment in shares of joint-stock companies has increased due to increase of charter capital of joint-stock company by means of the property of such joint-stock company, the number and denomination (increasing amount of denomination) of such shares, received by the issuer should be specified: **never took place**

type of securities: **ordinary shares, preference shares**

Full company name of the issuer: **Public Joint-Stock Company RAO Energy Systems of the East**

Abbreviated company name of the issuer: **PJSC RAO ES East**

Issuer's location: **46 Leningradskaya str., Khabarovsk, 680021.**

TIN: **2801133630**

OGRN: **1087760000052**

state registration number of the issuer's issuance securities: **1-01-55384-E as of 29.07.2008; 2-02-55384-E as of 08.12.2009;**

registration authorities, which carried out state registration of the issuer's issuable securities: **Russian Federal service for the Financial Markets**

number of securities, owned by issuer: **ordinary shares - 36 926 003 431 pcs., preference shares – 1 416 245 040 pcs.**

total nominal value of securities owned by issuer: **ordinary shares – RUB 18,463,001,716.5, preference shares – RUB 708,122,520.**

total carrying value of securities owned by issuer (carrying amount of securities of subsidiary and affiliated companies of the issuer is indicated separately): **RUB 18,495,246,562.12**

the amount of dividend declared on a preferred stock or the manner of its determination if it is indicated in Articles of Association of the company-issuer, date of payment: **in 2016 the decisions about dividends payment were not made.**

amount of announced dividend on ordinary shares (if there is no information on amount of announced dividend on ordinary shares in current year, the amount of dividend announced in previous year should be specified), date of payment: **in 2016 and 2017 the decisions about dividends payment were not made.**

If the amount of issuer's investment in shares of joint-stock companies has increased due to increase of charter capital of joint-stock company by means of the property of such joint-stock company, the number and denomination (increasing amount of denomination) of such shares, received by the issuer should be specified: **never took place**

type of securities: **ordinary registered shares**

Full company name of the issuer: **Joint-Stock Company Ust-Srednyekanskaya HPP named after A.F.Dyakova**

Abbreviated company name of the issuer: **JSC Ust-Srednyekanskaya HPP named after A.F.Dyakova**

Issuer's location: **84 Proletarskaya str., bldg. 2, Mahadan, 685930.**

TIN: **4909095293**

OGRN: **1074910002310**

state registration number of the issuer's issuance securities: **1-01-56315-E, 1-01-55315-E**

state registration date: **11.09.2007**

registration authorities, which carried out state registration of the issuer's issuable securities: **Russian Federal service for the Financial Markets**

number of securities, owned by issuer: **18 809 586 927 pcs.**

total nominal value of securities owned by issuer: **RUB 18,809,586,927**

for bonds and other debt issuable securities and for issuer's option – repayment date – for stocks is not applicable

total carrying amount of securities owned by issuer (carrying amount of securities of subsidiary and affiliated companies of the issuer is indicated separately): **RUB 23,111,468,131.08**

the amount of dividend declared on a preferred stock or the manner of its determination if it is indicated in Articles of Association of the company-issuer, date of payment: **the stocks are not preferred.**

amount of announced dividend on ordinary shares (if there is no information on amount of announced dividend on ordinary shares in current year, the amount of dividend announced in previous year should be specified), date of payment: **in 2016 and 2017 the decisions about dividends payment were not made.**

If the amount of issuer's investment in shares of joint-stock companies has increased due to increase of charter capital of joint-stock company by means of the property of such joint-stock company, the number and denomination (increasing amount of denomination) of such shares, received by the issuer should be specified: **never took place**

type of securities: **ordinary registered shares**

Full company name of the issuer: **Joint-Stock Company Zaramahskiye HPP**

Abbreviated company name of the issuer: **JSC Zaramahskiye HPP**

Issuer's location: **34 Pervomaiskaya str., Vladikavkaz, Republic of North Ossetia-Alania, 362003**

TIN: **1505008701**

OGRN: **151301001**

state registration number of the issuer's issuance securities: **1-01-32047-E**

state registration date: **27.02.2013**

registration authorities, which carried out state registration of the issuer's issuable securities: **Russian Federal service for the Financial Markets**

number of securities, owned by issuer: **17 933 142 pcs.**

total nominal value of securities owned by issuer: **RUB 17,933,142**

for bonds and other debt issuable securities and for issuer's option – repayment date – for stocks is not applicable

total carrying amount of securities owned by issuer (carrying amount of securities of subsidiary and affiliated companies of the issuer is indicated separately): **RUB 17,216,207,775.52**

the amount of dividend declared on a preferred stock or the manner of its determination if it is indicated in Articles of Association of the company-issuer, date of payment: **the stocks are not preferred.**

amount of announced dividend on ordinary shares (if there is no information on amount of announced dividend on ordinary shares in current year, the amount of dividend announced in previous year should be specified), date of payment: **in 2016 and 2017 the decisions about dividends payment were not made.**

If the amount of issuer's investment in shares of joint-stock companies has increased due to increase of charter capital of joint-stock company by means of the property of such joint-stock company, the number and denomination (increasing amount of denomination) of such shares, received by the issuer should be specified: **never took place**

type of securities: **ordinary registered shares**

Full company name of the issuer: **Joint-Stock Company Yakutskaya SDPP-2**

Abbreviated company name of the issuer: **JSC Yakutskaya SDPP-2**

Issuer's location: **23 Dzerzhynskogo str, office 602, Yakutsk, Sakha Republic (Yakutia)**

TIN: **1435269489**

OGRN: **1131447010640**

state registration number of the issuer's issuance securities: **1-01-58921-N**

state registration date: **21.06.2013**

registration authorities, which carried out state registration of the issuer's issuable securities: **Russian Federal service for the Financial Markets**

number of securities, owned by issuer: **16 861 500 000 pcs.**

total nominal value of securities owned by issuer: **RUB 16,861,500,000.00**

for bonds and other debt issuable securities and for issuer's option – repayment date – for stocks is not applicable

total carrying amount of securities owned by issuer (carrying amount of securities of subsidiary and affiliated companies of the issuer is indicated separately): **RUB 16,861,500,000.00**

the amount of dividend declared on a preferred stock or the manner of its determination if it is indicated in Articles of Association of the company-issuer, date of payment: **the stocks are not preferred.**

amount of announced dividend on ordinary shares (if there is no information on amount of announced dividend on ordinary shares in current year, the amount of dividend announced in previous year should be specified), date of payment: **in 2016 and 2017 the decisions about dividends payment were not made.**

If the amount of issuer's investment in shares of joint-stock companies has increased due to increase of charter capital of joint-stock company by means of the property of such joint-stock company, the number and denomination (increasing amount of denomination) of such shares, received by the issuer should be specified: **never took place**

Information on established reserves against securities depreciation: reserve against depreciation of indicated financial investments was not established

Issuer's investments in non-issue securities, which come to 5 and more per cent of all its financial investments as of 31.12.2016:

There are no investments in non-issue securities, which come to 5 and more per cent of all its financial investments

Other financial investments of the issuer which come to 5 and more per cent of all its financial investments as of 31.12.2016:

There are no other investments, which come to 5 and more per cent of all its financial investments

Issuer's investments in non-issue securities, which come to 5 and more per cent of all its financial investments as of 31.12.2017:

type of securities: **ordinary registered shares**

Full company name of the issuer: **Joint-Stock Company Zaramahskiye HPP**

Abbreviated company name of the issuer: **JSC Zaramahskiye HPP**

Issuer's location: **34 Pervomaiskaya str., Vladikavkaz, Republic of North Ossetia-Alania, 362003**

TIN: **1505008701**

OGRN: **151301001**

state registration number of the issuer's issuance securities: **1-01-32047-E**

state registration date: **27.02.2013**

registration authorities, which carried out state registration of the issuer's issuable securities: **Russian Federal service for the Financial Markets**

number of securities, owned by issuer: **17 933 142 pcs.**

total nominal value of securities owned by issuer: **RUB 17,933,142**

for bonds and other debt issuable securities and for issuer's option – repayment date – for stocks is not applicable

total carrying amount of securities owned by issuer (carrying amount of securities of subsidiary and affiliated companies of the issuer is indicated separately): **RUB 17,216,207,775.52**

the amount of dividend declared on a preferred stock or the manner of its determination if it is indicated in Articles of Association of the company-issuer, date of payment: **the stocks are not preferred.**

amount of announced dividend on ordinary shares (if there is no information on amount of announced dividend on ordinary shares in current year, the amount of dividend announced in previous year should be specified), date of payment: **in 2016 and 2017 the decisions about dividends payment were not made.**

If the amount of issuer's investment in shares of joint-stock companies has increased due to increase of charter capital of joint-stock company by means of the property of such joint-stock company, the number and denomination (increasing amount of denomination) of such shares, received by the issuer should be specified: **never took place**

type of securities: **ordinary shares, preference shares**

Full company name of the issuer: **Public Joint-Stock Company RAO Energy Systems of the East**

Abbreviated company name of the issuer: **PJSC RAO ES East**

Issuer's location: **46 Leningradskaya str., Khabarovsk, 680021.**

TIN: **2801133630**

OGRN: **1087760000052**

state registration number of the issuer's issuance securities: **1-01-55384-E as of 29.07.2008; 2-02-55384-E as of 08.12.2009;**

registration authorities, which carried out state registration of the issuer's issuable securities: **Russian Federal service for the Financial Markets**

number of securities, owned by issuer: **ordinary shares - 36 926 003 431 pcs., preference shares – 1 416 245 040 pcs.**

total nominal value of securities owned by issuer: **ordinary shares – RUB 18,463,001,716.5, preference shares – RUB 708,122,520.**

total carrying value of securities owned by issuer (carrying amount of securities of subsidiary and affiliated companies of the issuer is indicated separately): **RUB 18,495,246,562.12**

the amount of dividend declared on a preferred stock or the manner of its determination if it is indicated in Articles of Association of the company-issuer, date of payment: **in 2016 the decisions about dividends payment were not made.**

amount of announced dividend on ordinary shares (if there is no information on amount of announced dividend on ordinary shares in current year, the amount of dividend announced in previous year should be specified), date of payment: **in 2016 and 2017 the decisions about dividends payment were not made.**

If the amount of issuer's investment in shares of joint-stock companies has increased due to increase of charter capital of joint-stock company by means of the property of such joint-stock company, the number and denomination (increasing amount of denomination) of such shares, received by the issuer should be specified: **never took place**

type of securities: **ordinary registered shares**

Full company name of the issuer: **Joint-Stock Company Zahorskaya PSPP-2**

Abbreviated company name of the issuer: **JSC Zahorskaya PSPP-2**

Issuer's location: **101, Bohorodskoye company town, Bohorodskoye town settlement, Serhiyev-Posadskii**

municipal district, Moscow Region, Russian Federation.

TIN: **5042086312**

OGRN: **1065042071137**

state registration number of the issuer's issuance securities: **1-01-11397-A**

state registration date: **18.01.2007**

registration authorities, which carried out state registration of the issuer's issuable securities: **Russian Federal service for the Financial Markets**

number of securities, owned by issuer: **53 681 508 646 pcs.**

total nominal value of securities owned by issuer: **RUB 53,681,508,646**

for bonds and other debt issuable securities and for issuer's option – repayment date – for stocks is not applicable

total carrying amount of securities owned by issuer (carrying amount of securities of subsidiary and affiliated companies of the issuer is indicated separately): **RUB 60,690,958,886.76**

the amount of dividend declared on a preferred stock or the manner of its determination if it is indicated in Articles of Association of the company-issuer, date of payment: **the stocks are not preferred.**

amount of announced dividend on ordinary shares (if there is no information on amount of announced dividend on ordinary shares in current year, the amount of dividend announced in previous year should be specified), date of payment: **in 2016 and 2017 the decisions about dividends payment were not made.**

If the amount of issuer's investment in shares of joint-stock companies has increased due to increase of charter capital of joint-stock company by means of the property of such joint-stock company, the number and denomination (increasing amount of denomination) of such shares, received by the issuer should be specified: **never took place**

type of securities: **ordinary registered shares**

Full company name of the issuer: **Joint-Stock Company Ust-Srednyekanskaya HPP named after A.F.Dyakova**

Abbreviated company name of the issuer: **JSC Ust-Srednyekanskaya HPP named after A.F.Dyakova**

Issuer's location: **84 Proletarskaya str., bldg. 2, Mahadan, 685930.**

TIN: **4909095293**

OGRN: **1074910002310**

state registration number of the issuer's issuance securities: **1-01-56315-E, 1-01-55315-E**

state registration date: **11.09.2007**

registration authorities, which carried out state registration of the issuer's issuable securities: **Russian Federal service for the Financial Markets**

number of securities, owned by issuer: **18 809 586 927 pcs.**

total nominal value of securities owned by issuer: **RUB 18,809,586,927**

for bonds and other debt issuable securities and for issuer's option – repayment date – for stocks is not applicable

total carrying amount of securities owned by issuer (carrying amount of securities of subsidiary and affiliated companies of the issuer is indicated separately): **RUB 23,111,468,131.08**

the amount of dividend declared on a preferred stock or the manner of its determination if it is indicated in Articles of Association of the company-issuer, date of payment: **the stocks are not preferred.**

amount of announced dividend on ordinary shares (if there is no information on amount of announced dividend on ordinary shares in current year, the amount of dividend announced in previous year should be specified), date of payment: **in 2016 and 2017 the decisions about dividends payment were not made.**

If the amount of issuer's investment in shares of joint-stock companies has increased due to increase of charter capital of joint-stock company by means of the property of such joint-stock company, the number and denomination (increasing amount of denomination) of such shares, received by the issuer should be specified: **never took place**

type of securities: **ordinary registered shares**

Full company name of the issuer: **Joint-Stock Company Sakhalin PSPP-2**

Abbreviated company name of the issuer: **JSC Sakhalin PSPP-2**

Issuer's location: **Yuzhno-Sakhalinsk, Russian Federation.**

TIN: **6501256357**

OGRN: **1136501004012**

state registration number of the issuer's issuance securities: **1-01-58922N, 1-0158922N-002D**

state registration date: **05.09.2013/20.12.2016**

registration authorities, which carried out state registration of the issuer's issuable securities: **Russian Federal service for the Financial Markets**

number of securities, owned by issuer: **15 011 980 000 pcs.**

total nominal value of securities owned by issuer: **RUB 15,011,980,000**

for bonds and other debt issuable securities and for issuer's option – repayment date – for stocks is not applicable

total carrying amount of securities owned by issuer (carrying amount of securities of subsidiary and affiliated companies of the issuer is indicated separately): **RUB 15,011,980,000**

the amount of dividend declared on a preferred stock or the manner of its determination if it is indicated in Articles of Association of the company-issuer, date of payment: **the stocks are not preferred.**

amount of announced dividend on ordinary shares (if there is no information on amount of announced dividend on ordinary shares in current year, the amount of dividend announced in previous year should be specified), date of payment: **in 2016 and 2017 the decisions about dividends payment were not made.**

If the amount of issuer's investment in shares of joint-stock companies has increased due to increase of charter capital of joint-stock company by means of the property of such joint-stock company, the number and denomination (increasing amount of denomination) of such shares, received by the issuer should be specified: **never took place**

Information on established reserves against securities depreciation: reserve against depreciation of indicated financial investments was not established

Issuer's investments in non-issue securities, which come to 5 and more per cent of all its financial investments as of 31.03.2017:

There are no investments in non-issue securities, which come to 5 and more per cent of all its financial investments

Other financial investments of the issuer which come to 5 and more per cent of all its financial investments as of 31.03.2017:

Investment type: **loan at interest**

Object of financial investment:

Full company name of the issuer: **Joint-Stock Company Dalnyevostochnaya Generating Company**

Abbreviated company name of the issuer: **JSC DGC**

Issuer's location: **49 Frunze str., Khabarovsk, Khabarovsk Krai, 680000**

TIN: **1434031363**

OGRN: **1051401746769**

Investment amount: **35,608,124,811.00**

Standard unit: **RUB**

Profit from the object of financial investment or procedure for their determination, date of payment: **interest rate in interest period is 6,15 per cent per annum. Interests payment is carried out in accordance with the payment schedule.**

Term of repayment of the loan – 22.03.2022.

Additional information: securities Issuer is a subsidiary and (or) affiliated company against the issuer, which drew this quarterly report.

Information on potential loss amount, related to bankruptcies of the organisations (enterprises) in which the investments were made, on each type of said investments: **Potential loss amount, related to bankruptcies of the organisations (enterprises) in which the investments were made, on each type of said investments is limited by the size of invested funds.**

If the funds of the issuer are accommodated on deposit or other accounts in banks and other credit companies, the licenses of which were frozen or revoked, and if there was made a decision about reorganization, liquidation of such credit companies, about beginning of bankruptcy procedure or insolvency (bankruptcy) of such organizations, information on loss amount (potential loss) due to such events: **never took place.**

Standards (rules) of accounting statements, in accordance with which the issuer made calculations, are presented in this paragraph of the securities prospectus: **AR 19/02 Accounting Regulations, Investment Account, approved by Order of the Ministry of Finance of the Russian Federation No.126H dated 10.12.2002**

4.4. Intangible Assets of the Issuer

As of 31.12.2016

Standard unit: **RUB**

Name of intangible assets group	Primary (current) cost	Depreciation charge
Intangible assets of organization	1,522,221,715.35	1,176,105,276.65

Costs of scientific and research, developmental and process works	526,485,049.79	-
Patents	57,557,151.80	7,449,075.40
TOTAL	2,106,263,916.94	1,183,554,352.05

As of 31.03.2017

Standard unit: RUB

Name of intangible assets group	Primary (current) cost	Depreciation charge
Intangible assets of organization	1,522,221,715.35	1,228,123,116.49
Costs of scientific and research, developmental and process works	487,187,381.49	-
Patents	57,557,151.80	8,400,001.42
TOTAL	2,066,966,248.64	1,236,523,117.91

Standards (rules) of accounting statements, in accordance with which the issuer submits information on its intangible assets: AR 4/99 Organization Accounting (approved by Order of the Ministry of Finance of the Russian Federation No.43H dated 06.07.1999) Accounting Regulations, Intangible Asset Accounting, AR 14/2000 (approved by Order of the Ministry of Finance of the Russian Federation No.91H dated October 16, 2000)

4.5. Information on the Issuer's Policy and Expenses in the Area of Scientific and Technical Development, in relation to Licenses and Patents, New Developments, and Research

Issuer conducts on the regularly basis scientific and research works aimed to find the ways to improve the technological processes (research of properties of materials, equipment condition, tests etc.), in order to enhance reliability, security and efficiency of HPP operation.

Information on issuer's policy in the sphere of scientific and technical development for the relevant accounting period, which precedes the date of the ending of the last accounting quarter, including the disclosure of expenses on scientific and technical activities at the expense of issuer's own funds in such accounting period:

During 12 months of the year 2012 the Issuer has announced competitions for the execution of the following scientific and research and developing works:

1. Research and development of the methods of remote monitoring of constructions condition and HPP operation modes. Development of the method of evaluation of hydraulic constructions HPP-units condition on the basis of the results of monitoring of frequency response with earth foundation.
2. Research of the possibilities and development of recommendations for energy efficiency improvement of the HPP main technology cycle aimed to increase the electric power generation.
3. Development of new technologies, design concepts and works procedures by the building of high and middle pressure soil and concrete hydraulic HPP constructions. The technology of improvement of non-rocky foundations characteristics of hydraulic constructions and the linings of soil slopes through their processing with polifilizators.
4. Research and development of new methods of HPP, PSPP units regulation and optimization of the HPP operation modes. Investigation of the influence of frequency and power control processes on technical condition of hydro generating equipment.
5. Research and development of methods of struggle against destruction of concrete surface of Hydraulic Structure (HS) of high pressure HPP.
6. Development of recommendations considering anthropogenic effects on the lower pool of HPP, HS, equipment and energy efficiency.
7. The extension of digital range of the Branch PJSC RusHydro – Nizhehorodskaya HPP.
8. Research of the possibility of development of power production in Kamchatka Krai on the basis of the use of local electric power.

During 12 months of the year 2012 the Issuer has got final results relate to scientific and research and developing works:

4.6. Analysis of Development Trends in the Area of the Issuer's Core Business

Basic development trends of the branch of the economy where the Issuer carries out its core activities:

1. Strategic developments of the sector

Regulation of the Government of the Russian Federation No. 1715-p dated November 13, 2009 approved the Energy Strategy of the Russian Federation until 2030. The main objective of the document is creation of priority growth area of the power industry for the long term until 2030

Currently, the Ministry of Energy of the Russian Federation prepared Energy Strategy project of the Russian Federation, which is being at discussion stage for the period until 2035. The strategy project was developed in accordance with the Federal Law No 172-FZ "On the strategic planning in the Russian Federation" of June 28, 2014 and is being an inter-industry document for the power-generating sector (oil, gas, coal, electric power and heat power industry) and for energy as a sphere of government control.

Decree of the Government of the Russian Federation No. 215-P dated February 22, 2008 approved the Master Plan of Power Industry Facilities Allocation until 2020. The new version of the General Scheme and with the perspective up to 2030 approved by the paragraph 2 of the Russian Federation Government of the minutes of the meeting of June 3, 2010 № 24, the adjustment of the General Scheme of location of objects of electric power industry until 2035 was considered at the meeting of the government commission on the development of power April 29, 2016. The key purpose of the Master Plan is the formation, based on current potential and the established sector development priority, of reliable, cost effective and rational generating mix and power supply network facilities, effectively using the country's fuel resources and creating conditions for the prevention of the forecasted deficit of electrical power and capacity most effectively.

Decree of the Government of the Russian Federation No. 1634-p dated August 1, 2016 approves 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, as well as expanding power engineering facilities, in respect of which the need for additional land allotment was not determined as along with maps of the scheduled allocation of objects of federal significance for the period until 2030.

It was approved the Development Program and Scheme of the Unified Energy System of Russia for 2016–2022 (Order of the Ministry of Energy of the Russian Federation No. 147 dated March 01, 2016) within implementation of medium term planning tools. The main objective of the plan and program is assistance in development of networked infrastructure and generating capacities as well as ensuring the satisfaction of long-term and medium-term demand for electric energy and capacity.

A number of regulatory legal documents for supporting the Russian economy was accepted, including the energy industry. The Issuer was included in the list of the country's strategic enterprises, which means it can count on implementation of measures of state support.

Federal Law dated November 24, 2014 No. 366-FZ On Amending Part Two of the Tax Code of the Russian Federation and Certain Legislative Acts of the Russian Federation has indexed since January 1, 2015 the rates of water tax and charge for the use of bodies of water. Indexing is provided annually.

Federal law from 12/28/2016 number 508-FZ "On Amendments to the Federal Law" On Electric Power Industry "is introduced to increase the price of power in the I and II price zones, due to which the prices in the Far East will be reduced to the average level. This law is the law of indirect action. In the near future it is expected to adopt regulations establishing the detailed mechanism of tariff reductions. The onset of action of the above Federal Law starts from July 1, 2017.2. Electricity and capacity consumption and production.

According to operation data of SO UPS, JSC for 9 months of 2016:

Consumption of electrical energy of 2016 in the Russia as a whole amounted to 1,054.4 bln kWh that is 1.7% more than in 2015. Electricity consumption in the Russian UES amounted to 1,026.7 bln kWh in 2016, that is 1.8% more than in 2015. Exclusively of the extra day impact of leap year, electricity consumption augmentation in Russian UES and in Russian as a whole was 1.5% and 1.4% correspondingly.

In 2016 electricity generation in Russia amounted to 1,071.7 billion kW / h, which is 2.1% more than the output in 2015. The UES of Russia generated 1,048.3 billion kW / h, which is 2.1% more than in 2015. Excluding the impact of an extra day of leap year, electricity generation in the UES of Russia and in Russia as a whole has increased respectively by 0.9% and 1.0%.

3. Innovation development of the power industry and energy efficiency

According to the appointment of the Prime Minister of the Russian Federation D.A. Medvedev (a list of appointments No DM-P36-6057 from July 25, 2014), innovation development program of RusHydro Group for 2016-2020 with an outlook for 2025 was developed

(hereinafter program), which was formed in accordance with the procedural guidelines and guidance materials accepted at 2015, based on the results of the independent technology audit on RusHydro Group, including PJSC RAO Energy Systems of East.

The program was considered by the Interdepartmental Commission for Technological Development of the Presidium of the Council under the Russian President on economic modernization and innovative development of Russia and recommended for approval by the Board of Directors of PJSC RusHydro (Minutes of 23.09.2016 №8-

D01). The program was approved by the Board of Directors of PJSC "RusHydro" (Minutes of 23/11/2016 number 244).

PJSC "RAO ES of the East", belonging to the group 2 of the list of state-owned companies that implement innovative development program (approved the request of the Russian Federation from 15/9/2015 number AD-P36-6296), and developed a program of innovation development of the Holding Company "RAO ES of the East" for 2016-2020's. with the prospect of up to 2025 (approved by the Board of Directors of PJSC "RAO ES of the East", the report of 01.07.2016 №145).

Program of PJSC RusHydro and Holding "RAO ES of the East" in the synchronized execution of the integrated KPI innovation.

Basic factors influencing the sector:

- GDP growth rates determining demand for electrical power and setting requirements to the quality of electrical power and schedules of its consumption, the level of investment in new capacities;
- 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.;
- Level of state stimulation concerning development of specific types of electrical power generation;
- Condition of fixed production assets used by enterprises in the sector;
- The social and economic situation in the country;
- Accessibility of capital markets, including credit resources;
- Level of payment discipline of electrical power consumers

Assessment of results of the Issuer's activities:

General assessment of the Issuer's results in such sector is positive.

Results of the Issuer's activities correspond to the trends of the sector's development.

The main reasons for the obtained results are effective performance of the Issuer on the wholesale electricity and capacity market, efficient management of expenses and appropriate job management.

PJSC RusHydro was the six among all generating companies participating in the wholesale market as regards Efficiency on the Market in the Final Annual Rating of Association of Non-Profit Partnership Market Council for 2015 (Company had same rating in 2014). As regards Economic Efficiency the Company was also the six.

4.7. Analysis of Factors and Conditions Influencing the Issuer's Activities

The main factors influencing the state of the industry:

- The temps GDP growth, which determine demand for electricity and requirements to the charts of its consumption, the level of investment in creating new facilities;
- The legal framework defining the return on projects in energy, sources and structure of the investment portfolio of energy companies, competition level, etc;
- The level of state encouragement of individual types of generation;
- Condition of basic production assets of the industry enterprises;
- The socio-economic situation in the country;
- Availability of capital markets, including credit resources;
- The level of payment discipline of the consumers of electricity.

The factors and conditions affecting the Issuer's business and results of operations are:

1. Reliability and safety of equipment and HS (hydraulic structures)

Physical depreciation and technological obsolescence of fixed assets, severization of requirements to reliability and safety of operation of the UES of Russia, demand growth in the adjustment capacity of the daily schedule of consumption in the European part of the UES of Russia, the growth of the threat of manmade accidents with serious consequences as a result of the destruction of the HS and the generating equipment, improving valuation of seismicity in the Issuer's HPPs locations require special attention to the issues of safety and security of assets and funds.

2. Seasonality

The main economic activity of the issuer is not seasonal.

The volume of electricity production of the Issuer substantially depends on the available inflow in river basins, on which its generating facilities are located, and has a non-uniform distribution of the year depending on the season. Also the volume of production is affected by forecasting capabilities, as well as decisions of authorities governing water-economic relations in the Russian Federation.

3. Mechanisms of tariff setting.

Part of the Issuer's facilities is located in the Far East, where in the near future liberalization of electricity markets and power is not expected. On the territory of the Far East state regulation of prices (tariffs) for electricity and power is preserved. All volumes of electricity and capacity in this area are sold at regulated prices (tariffs) through a single purchaser in the IPS East and through guaranteeing suppliers in the territories of isolated areas. The setting of the tariff for generation is possible only by cost-plus method. According to this method, the inclusion of investment in the tariff is practically impossible. Given the state policy aimed at accelerated socio-economic development of the Far East, the tariff setting mechanisms for the region may not provide profit-making operation of generating facilities of

the Issuer in the region. Also tariff regime operating in the region does not create economic incentives to improve efficiency and the construction of new generating facilities. At the same time, the liberalization of the wholesale market in other regions may not guarantee the amount of the Issuer's profit, sufficient to cross-subsidization of the Far Eastern region.

4. The pace of development of the hydraulic potential of Russia

Russia untapped hydro potential is concentrated in areas where there are currently no large consumers and the necessary infrastructure, tariff setting model does not provide the necessary level of investment yield. At the same time, the development of these areas is one of the key directions of Russian regional politics.

5. State support of the Issuer

The specifics of the Issuer's activities is determined and will be determined later by the availability of two major vectors: the need to address state tasks and at the same time the requirement for growth of the Issuer's business.

6. Formation of the new markets model

Emerging markets model will determine the efficiency and reliability of operation of power plants using renewable energy sources, the pace of development of their use, the degree of compensation of unique HPP contribution to system reliability in the long term. Currently regulations that determine market rules (capacity market, system services market, retail markets) are being updated.

7. Participation in the formation of the securities market

The inclusion of securities of the Issuer in the listing of the leading stock exchanges imposes high demands in terms of information disclosure in accordance with the requirements of stock exchanges and market regulators, both Russian and international.

8. Development of electricity production based on renewable energy sources (.). Attention to problem of electricity generation based on renewable energy sources (wind, ground heat, small hydro, and others) in the world, the need to diversify energy sources and reduce the burden on the environment, along with the presence of significant untapped potential of renewable energy sources under conditions of the adopted legislation to support the generation in price zones of the wholesale market in Russian Federation are opening up new possibilities for the development of electricity generation through the use of renewable energy sources both in the wholesale and retail markets. The Issuer shall prepare projects for participation in the competitive selection in the wholesale market.

9. Opportunities of related industries

Research and Development, Design and Research, Engineering and Construction complexes have in recent decades had significant losses due to the low demand for their products and services. Limitations caused by the shortage of goods and services in these markets may have a significant impact on the rate of development of the Issuer.

10. Staffing: one of the most acute problems on the way of large-scale hydropower development is the lack of technical staff.

11. Global climate change

Climate change has increasingly direct impact on the Issuer's business, which is reflected in the increasing complexity of predicting water regimes due to the growth of hydrograph inflow variations and weather conditions.

Forecast of duration of these factors and conditions

The action of these factors and conditions will have a significant impact on the Issuer's activities over the next few years.

Actions taken by the Issuer and actions which the Issuer plans to undertake in the future to effectively use these factors and conditions:

- Overcoming the tendency of the moral and physical wear and tear of equipment, improving reliability and safety of HS through the implementation of the Programme of comprehensive modernization of generating facilities.
- Balanced development complying with the interests of all groups of shareholders, new schemes of financing and distribution of property, including the determination of forms and procedures for state participation in ongoing projects;
- Providing the state and regions with opportunities and projects of industrial, infrastructure and social development, at which hydraulic power plants would be needed and their order would be constantly recurring;
- The promotion of forming market model that ensures the efficiency of construction of renewable energy sources and adequate compensation of the Issuer's contribution to system reliability;
- Development of competencies on work in conditions of publicity, meeting the requirements of the investment community and minority shareholders, as well as the use of the best practices of corporate management;
- Formation of an effective system of interaction with key stakeholders of resource markets, reducing risks by business diversification, organization of support of sectoral science and innovative technology;
- Creation of an effective system of training of engineering personnel, including a system of cooperation with relevant educational establishments, and mechanisms stimulating the influx of personnel in the sector and the development of professional knowledge and skills;
- Creating a system for forecasting and water regime monitoring.

The methods used by the Issuer, and the ways in which the Issuer plans to use in the future to reduce negative effect of factors and conditions affecting the Issuer's activities, including:

- Strategic planning;
- Investment planning;
- Business planning;
- Budget planning;
- Tax planning;
- Corporate management;
- The use of modern systems of motivation;
- Strengthening of financial control and the introduction of cost-cutting programs.

Significant events / factors that may have the most negative impact on the possibility of the Issuer in the future to obtain the same or better results compared with the results obtained during the last reporting period:

Significant events / factors that may have the most negative impact on the possibility of the Issuer to obtain good results in the future are as follows:

- Unfavourable tariff decisions, including establishing tariff levels that are not sufficient to finance the necessary expenses for re-equipping, reconstruction and completion of facilities of the Issuer;
- High capital intensity and long-term implementation of the HPP construction projects. Projects of construction of hydraulic power plants are the basis of the Issuer's development. However, they are capital intensive and have long terms of implementation, in addition, construction of networks for HPP hydroelectric power supplies in most cases is very expensive;
- Uncertainty in demand for electricity, both due to reduced investment in the building of new facilities and due to the closure of existing inefficient enterprises, to which the existing generating facilities were oriented;
- Failure to adopt necessary regulations in the field of electricity and capacity markets. Currently, hydropower can be considered as one of means of curbing the growth of tariffs and prices for electricity in times of crisis;

The probability of occurrence of these factors is estimated by the Issuer as the average.

Significant events / factors that can improve the results of the Issuer's activity, the probability of their occurrence and their duration:

Significant events / factors that may affect the improvement of the Issuer's activity are the factors affecting the sector as a whole. For more effective functioning in the new conditions the Issuer should:

- Implement a long-term program of complex Issuer modernization, including ensuring an increase of installed capacity, manoeuvrability and controllability of equipment operation modes, the automation of technological processes and application of new technologies that will help to avoid the dangers associated with wear and tear and obsolescence of equipment, reducing the possibility of accidents and increasing the effectiveness of operation of the existing structures;
- To solve the challenges facing the management of the Issuer on increase of operational efficiency, quality of corporate management in view of the need to meet the requirements made by the investment community to public companies;
- To stimulate demand for hydraulic energy of HPPs by large consumers, entry into strategic alliances with federal level companies interested in the implementation of cluster development projects;
- To assist the development of organizational control schemes of regional development - \regions development corporations;
- To apply a long-term tariff regulation using the method of return on invested capital in non-price zones and isolated power districts, and for that reason to actively participate in the development of additional guidelines on setting prices (tariffs) in technologically isolated regional power systems by the FAS (Federal Antimonopoly Service) of Russia by the method of return on invested capital in the framework of implementation of the Decree of the Government of the Russian Federation No.1178 dated 29.12.2011;
- Promote the practical use of the mechanism of concluding bilateral agreements between new generating facilities and consumers at the price not exceeding the limits of regulated prices / tariffs within the approved Electric power and capacity retail markets rules;
- Promote the adoption of the rules of markets of capacity and ancillary services that provide adequate compensation of PSHPP contribution to system reliability and safety;
- Promote the adoption of legislation aimed at providing state support for renewable energy sources use and ensuring return on renewable energy sources projects in non-price and isolated zones of electricity and capacity market.

The probability of occurrence of the first two events / factors is considered by the Issuer as high, and the rest - as the average.

4.8. Competitors of the Issuer

The main existing and expected competitors of the issuer on core activities, including competitors

abroad: In the Russian market of generation of the electric power PJSC RusHydro takes the leading positions: main competitors are the independent Russian energy companies formed as a result of reforming of RAO UES of Russia.

№	Holding company	Competition area	The type of generating	Installed capacity for the end of 2015 on types of generation, MW
1	LLC Gazprom Energoholding	Deliveries to WMEP	TPS	35,000
			HPP	3,000
2	PJSC Inter RAO	Deliveries to WMEP	TPS	28,973
			HPP	30
3	State Corporation Rosatom	Deliveries to WMEP	APP	25,741
			TPS	959
4	JSC EuroSibEnerg	Deliveries to WMEP	TPS	4,493
			HPP	15,002
			SPP	5
5	PJSC T Plus KES	Deliveries to WMEP	TPS	16,140
			HPP	35
			SPP	25
6	PJSC Unipro (previously E.ON Russia)	Deliveries to WMEP	TPS	11,145
7	PJSC Enel Russia	Deliveries to WMEP	TPS	9,507
8	LLC Siberian Generating Company (JSC SUEK)	Deliveries to WMEP	TPS	8,870
9	JSC Tatenergo	Deliveries to WMEP	TPS	4,010
			HPP	1,205
10	OJSC Fortum (TGC - 10)	Deliveries to WMEP	TPS	4,482
11	PJSC Lukoil	Deliveries to WMEP	TPS	3,977
			Deliveries to WMEP	HPP
12	JSC SIBECO, JSC Biyskenergo (RU-COM)	Deliveries to WMEP	TPS	3,058
13	OJSC TGC-2 (Syntez Group)	Deliveries to WMEP	TPS	2,341
14	PJSC Quadra (Onexim Group)	Deliveries to WMEP	TPS	2,867
15	OJSC TGC-16 (OJSC TAIF)	Deliveries to WMEP	TPS	1,264
16	PJSC TGC-14 (OJSC RZhD)	Deliveries to WMEP	TPS	650

The list of the Issuer's competitiveness factors with a description of degree of their influence, in the Issuer's opinion, on competitiveness of products (works, services):

1. Environmental friendliness Hydro resources are renewable and the most ecological energy source, the use of which allows reducing atmospheric emissions by thermal electrical power plants and preserving hydrocarbon fuel

2. High flexibility because it is HPPs that are the most flexible and capable, if necessary, to significantly increase the volumes produced in just a few minutes covering peak loads

3. Absence of a fuel component in production cost – independence from changes in prices for energy carriers and as a consequence the possibility of long-term price guarantees for consumers

The Issuer's analogue companies abroad.

No	Company	Installed capacity, MW
1	China Three Gorges Corporation (China)	59,550
2	Eletrobras (Brazil)	46,016
3	Hydro-Québec (Canada)	36,912
4	U.S. Army Corps of Engineers (CIIIA)	23,900
5	Statkraft (Norway)	18,471
6	Edelca (Venezuela)	15,420
7	US Bureau of Reclamation	14,730
8	BC Hydro (Canada)	12,047

There are a number of energy companies in the world, capacities of which are based on hydro power plants.

1. The largest hydro generation company in the world is China Three Gorges Corporation (China) The largest HPP are Three Gorges (22,500 MW), Xiluodu (13,860 MW), Xiangjiaba (6,400 MW).

The company is 100% state-owned

2. Brazilian Eletrobras (42,987 MW) is the second largest hydro generation company in the world. At the same time, it is the largest energy 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. Canadian Hydro-Québec (36,643 MW), the largest energy company of Canada, which played a great 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 U.S. Army Corps of Engineers (USCE). It is not an energy company in the truest sense of the word, but a state agency engaged in construction and operation of HPPs (electricity is sold by other state agencies).

5. Norwegian Statkraft. It is the largest electricity producer in Norway and the third in Scandinavia. The company owns approximately 150 HPPs, many of them - with long-term regulation reservoirs.

The company is 100% state-owned

6. Venezuelan Edelca. The main asset of the company is Guri HPP on the Caroni River, the third largest HPP in the world in terms of capacity, with a capacity of 10.2 GW. The company supplies most of Venezuela's electricity, and is fully state-owned

7. US Bureau of Reclamation. Again, it is not an energy company in traditional sense, but it operates a variety of HPPs, including the famous Hoover Dam

Canadian 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

***Issuer's competitors in the electric power of Armenia
In 2011, PJSC RusHydro acquired 90% of the shares in Sevan-Hrazdan Cascade of HPPs with a total capacity of 562 MW of installed capacity in the Republic of Armenia. Thus, having entered the electric power market of Armenia, PJSC RusHydro had occupied a substantial share of this market.***

Generation object	Type	Installed capacity, MW	Generating companies	Parent company
Vorotan Cascade of HPPs	HPP	404	CJSC Vorotan Cascade of HPPs	ContourGlobal (USA)
Dzoraget HPP	HPP	25	Dzoraget HPP	Offshore company Global-Contact
Small HPP	HPP	66	SHPP	Private investors
Armenian NPP	APP	440	CJSC Armenian NPP	Government of Armenia
Hrazdan TPP	TPS	1110	LLC HrazTPP	OJSC Inter RAO UES
Yerevan HPP	HPP	271	CJSC Yerevan HPP	Government of Armenia

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 Structure and Terms of Reference of the Issuer's Management Entities

The information is provided in the Quarterly Report for Q2 2016, during Q4 2016 there were no changes in this information.

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 27.06. 2016)

Full name: *Artem Davidovich Avetisyan*

Born in: *1976*

Education: *Higher education, Finance Academy under the Government of the Russian Federation, specialty - Appraisal activity "Finance and Credit", year of graduation - 1998.*

Positions held by this person in the Issuer and other organisations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2010	2015	JSC Regional credit Commercial Bank	Chairman of the Board of Directors
2011	present	Agency of Strategic Initiatives for new projects promotion, Autonomous Nonprofit Organization	Department Director of "New Business"
2012	2016	MSP Bank JSC FGC UES	Member of Supervisory board
2012	2015	JSC Rosselkhozbank	Member of the Board of Directors
2013	2014	JSC Russian racetracks	Member of the Board of Directors
2013	2014	JSC RZD	Chairman
2013	2015	JSC Rosagroleasing	Member of the Supervisory Board
2014	present	LLC NEO Centre	Vice-President
2015	present	PJSC RusHydro	Member of the Board of Directors
2015	present	LLC Uniastrum Commercial Bank	President

Share of the person in the authorized capital of the Issuer, %: **none**

Share of the Issuer's equity shares held by the person, %: **none** Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates; Share of the equity shares held by the person in the subsidiaries and dependent companies of the issuer and the number of shares of each category (type), which could be purchased by this person through exercise of rights on his options of affiliated and dependent companies of the issuer: **none**.

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on the person holding any position in management entities of commercial organisations during any period when an action of bankruptcy was brought against the said organisations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organisations:

The person has not held such positions

Information on participation (member of the committee, chairman of the committee) in committees of the Board of Directors (Supervisory Board) with specification of the committee(s);

He is a member of the Investment Committees under the Board of Directors of PJSC RusHydro.

Full name: ***Maksim Sergeevich Bystrov***

Born in: ***1964***

Education: ***Higher education, Moscow Institute of Civil Engineering named after V.V. Kuybyshev, Hydraulic Engineering of River Installations and Hydro Power Plants, graduation year: 1986; Russian Academy for Foreign Trade, Global Economics, graduation year: 1998.***

Positions held by this person at the Issuer and other organisations 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 North Caucasian Federal District
2012	present	LLC Managing Company Airport Mineralnye Vody	Chairman of the Board of Directors, member of the Board of Directors
2013	present	SC Northern Caucasus Resorts	Chairman of the Board of Directors, member of the Board of Directors
2013	present	PJSC RusHydro	Member of the Board of Directors
2014	present	NP Market Council	Chairman of the Management Board, Chairman of the Supervisory Board
2013	present	JSC ATS	Chairman of the Management Board
2014	present	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 equity shares held by the person: none

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none.**

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: -
Share of the equity shares held by the person in the subsidiaries and dependent companies of the issuer and the number of shares of each category (type), which could be purchased by this person through exercise of rights on his options of affiliated and dependent companies of the issuer: **none.**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic infringements, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on the person holding any position in management entities of commercial organisations during any period when an action of bankruptcy was brought against the said organisations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organisations:

The person has not held such positions

Information on participation (member of the committee, chairman of the committee) in committees of the Board of Directors (Supervisory Board) with specification of the committee(s);

He is a member of the Investments Committees under the Board of Directors of PJSC RusHydro as well as a member of the Audit Committee and Human Resources and Compensation Committee under the Board of Directors of RusHydro JSC.

Full name: ***Pavel Sergeevich Grachev***

Born in: ***1973***

Education: ***Higher education, Saint Petersburg State University, jurisprudence, lawyer, 1998, University, Trieste, jurisprudence, Doctor of Law, graduation year: 1997***

Positions held by this person at the Issuer and other organisations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2011	2013	Agency of Company Limited by Shares ALPINAKAPITAL EY.SI.EL. LIMITED (Republic of Cyprus) Moscow	Chief Representative
2013	2013	JSC "Fund for Development of the Far East and Baikal region "	Managing director
2013	2016	Polyus Gold International Limited	Member of the Board of Directors
2013	2014	Polyus Gold International Limited	Temporary CEO
2014	2014	Agency of LLC Nafta Moscow (Cyprus) Limited (Republic of Cyprus) Moscow	Chairman of the Board of Governors
2014	2016	АО «Полюс	President
2014	present	LLC UK POLIUS	General Director
2014	2016	Polyus Gold International Limited	CEO
2016	present	PJSC Polius	Member of the Board of Directors
2016	present	PJSC FSK EES	Member of the Board of Directors
2016	present	PJSC RusHydro	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer, %: **none**

Share of the Issuer's equity shares held by the person, %: **none**

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none.**

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: Share of the equity shares held by the person in the subsidiaries and dependent companies of the issuer and the number of shares of each category (type), which could be purchased by this person through exercise of rights on his options of affiliated and dependent companies of the issuer: **none.**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on the person holding any position in management entities of commercial organisations during

any period when an action of bankruptcy was brought against the said organisations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organisations:

The person has not held such positions

Information on participation (member of the committee, chairman of the committee) in committees of the Board of Directors (Supervisory Board) with specification of the committee(s);

He is a member of the Committee on Development of the Far East Energy of the Board of Directors of PJSC RusHydro, the Strategy Committee of the Board of Directors of PJSC RusHydro.

Full name: ***Sergey Nikilaievych Ivanov (Chairman)***

Born in: ***1961***

Education: ***Higher education***, Moscow Engineering Physics Institute, Department - Theoretical Nuclear Physics, year of graduation - 1984; Doctor of Economic Sciences - 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 INPK "RET"	Member of the Board of Directors
2007	2013	OJSC "Malaya Energetika"	Member of the Board of Directors
2007	2014	ANO "National Energy Security Institute"	Chairman of the Presidium
2011	2016	OJSC "ERKO"	Director-General
2012	2013	OJSC "Exhibition hall" Electrification "	Member of the Board of Directors
2012	2015	LLC "LENSENT"	General Director of the managing organization
2014	2015	CJSC "Novoyeniseysk Wood Chemical Complex"	Member of the Board of Directors
2015	2016	OJSC "ERKO"	Member of the Board of Directors
2015	2016	OJSC Corporation "Nechernozemagropromstroy"	Director General
2015	present	PJSC RusHydro	Member of the Board of Directors
2016	present	LLC RT-Kapital	Director general, Member of the Board

Share of the person in the authorized capital of the Issuer: none

Share of the Issuer's equity shares held by the person: none

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: ***none***

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliate. Share of the equity shares held by the person in the subsidiaries and dependent companies of the issuer and the number of shares of each category (type), which could be purchased by this person through exercise of rights on his options of affiliated and dependent companies of the issuer: ***none***.

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on the person holding any position in management entities 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 did not occupy such positions

Information on participation (Committee member, Chairman of the Committee) in the Committees of the Board of Directors (Supervisory Board) with the name of the committee (the Committee):

He is a Chairman of the Audit Committee of the Board of Directors of PJSC RusHydro, as well as a member of the Committee for Personnel and Remuneration of the Board of Directors of PJSC RusHydro.

Full name: **Vyacheslav Mikhaylovich Kravchenko**

Year of birth: **1967**

Education: **Higher**, Lomonosov Moscow State University, speciality - legal studies, graduation year: 1995.

Positions held by this person at the Issuer and other organisations in the past 5 years and currently, in chronological order, including part-time position

Period		Name of entity	Position
from	by		
2010	2012	OJSC United Energy Retailing Company	General Director
2011	2015	JSC "Center for Financial Settlements"	Member of the Board of Directors, Chairman of the Board of Directors
2011	present	PJSC "Rossetti"	Member of the Board of Directors
2011	2012	OJSC Altayenergosbyt	Member of the Board of Directors
2011	2012	OJSC Petersburg Sales Company	Member of the Board of Directors
2011	2012	PJSC Saratovenergo	Member of the Board of Directors
2011	2012	PJSC Mosenergosbyt	Member of the Board of Directors
2011	2012	PJSC Tambov Energy Retailing Company	Member of the Board of Directors
2012	2013	NP Market Council	Chairman of the Management Board
2013	2014	Russian Regional Development Bank (JSC)	Member of the Supervisory Board
2012	2014	OJSC ATS	Chairman of the Management Board, Member of the Board of Directors
2008	2015	OJSC INTER RAO	Member of the Board of Directors
2011	2015	Closed Joint-Stock Company Financial Settlement Center	Member of the Board of Directors, Chairman of the Board
2011	present	Non-Profit Partnership Market Council	Representative of the state in the Supervisory Board
2012	2016	JSC FGC UES	Member of the Board of Directors
2012	present	SO UPS, JSC	Member of the Board of Directors
2013	present	Ministry of Energy of the Russian Federation	Deputy Minister of Energy of

			the Russian Federation
2014	present	OJSC MOESK	Member of the Board of Directors
2014	present	PJSC RusHydro	Member of the Board of Directors
2015	present	PJSC Interregional Distribution Grid Company of Siberia,	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer: **none**

Share of the Issuer's equity shares held by the person: **none**

Number of the Issuer's shares of any category (type) that such person can acquire as a result of execution of rights under the Issuer's options in its possession: **none**

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates. Share of the equity shares held by the person in the subsidiaries and dependent companies of the issuer and the number of shares of each category (type), which could be purchased by this person through exercise of rights on his options of affiliated and dependent companies of the issuer: **none**.

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic infringements, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on the person holding any position in management entities of commercial organisations during any period when an action of bankruptcy was brought against the said organisations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organisations:

The person has not held such positions

Information on participation (member of the committee, chairman of the committee) in committees of the Board of Directors (Supervisory Board) with specification of the committee(s);

He is a **member of the Committee on the reliability, energy efficiency and innovations under the Board of Directors of PJSC RusHydro.**

Full name: *Yuriy Petrovich Trutnev*

Born in: **1956**

Education: Higher education, **Permian Polytechnic Institute, major — mining engineer, graduation year: 1978.**

Positions held by this person at the Issuer and other organisations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2004	2012	Ministry of Natural Resources and Ecology of the Russian Federation	Minister of Natural Resources and Ecology of the Russian Federation
2012	2013	Administration of the President of the Russian Federation	Assistant to the President of the Russian Federation
2012	present	State Atomic Energy Corporation Rosatom	Supervisory director
2016	present	PJSC RusHydro	Chairman of board of directors

Share of the person in the authorized capital of the Issuer: **none**

Share of the Issuer's equity shares held by the person: **none**

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates. Share of the equity shares held by the person in the subsidiaries and dependent companies of the issuer and the number of shares of each category (type), which could be purchased by this person through exercise of rights on his options of affiliated and dependent companies of the issuer: **none**.

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on the person holding any position in management entities of commercial organisations during any period when an action of bankruptcy was brought against the said organisations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organisations:

The person has not held such positions

Information on participation (member of the committee, chairman of the committee) in committees of the Board of Directors (Supervisory Board) with specification of the committee(s):

He was the Chairman of the Committee on Development of the Far East Energy.

Full name: ***Vyacheslav Viktorovich Pivovarov***

Born in: ***1972***

Education: ***Higher education, Sergo Ordzhonikidze State Management Academy, graduation year: 1995; American University in Paris, Applied Economics, graduation year: 1995; Stanford School of Business, MBA, graduation year: 2002.***

Positions held by this person at the Issuer and other organisations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2011	present	LLC Altera Capital	President, CEO
2012	2013	PJSC Kvadra	Member of the Board of Directors
2013	present	PJSC RusHydro	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer: **none**

Share of the Issuer's equity shares held by the person: none

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none.**

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates. Share of the equity shares held by the person in the subsidiaries and dependent companies of the issuer and the number of shares of each category (type), which could be purchased by this person through exercise of rights on his options of affiliated and dependent companies of the issuer: **none.**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on the person holding any position in management entities of commercial organisations during any period when an action of bankruptcy was brought against the said organisations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organisations:

The person has not held such positions

Information on participation (member of the committee, chairman of the committee) in committees of the Board of Directors (Supervisory Board) with specification of the committee(s):

He is a Chairman of the Committee on Human Resources and Compensation Committee under the Board of Directors and a member of the Investment Committee and the Audit Committee under the Board of Directors of PJSC RusHydro.

Full name: ***Nikolay Radievich Podguzov***

Born in: ***1974***

Education: ***Higher education, St. Petersburg State Technical University - 1997, he graduated from the Moscow State Institute, Institute of International Relations (University) of the MFA of Russia - 2000***

Positions held by this person at the Issuer and other organisations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
From	to		
2010	2012	PJSC VTB Capital	Chief of Branch, Head of Directorate
2012	2013	Executive Office of the Government of the Russian Federation	Deputy Director of Department of Economy and Finance
2013	present	Ministry of Economic Development of Russia	Deputy Minister of Economic Development of the Russian Federation.
2015	2016	JSC "Rosgeologiya"	Member of the Board of Directors
2015	present	GK «АСБ»	Member of the Board of Directors
2015	present	АО «АИЖК»	Member of the Supervisory Board, Chairman of the Nomination and Remuneration Committee of the Supervisory Board
2016	present	ОАО «РЖД»	Member of the Board of Directors, a member of the Strategic Planning Committee of the Board, member of the committee on priority investment projects of the Board of Directors
2016	present	ПАО «Россети»	Member of the Board of Directors
2016	present	PJSC RusHydro	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer: **none**

Share of the Issuer's equity shares held by the person: none

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates, Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates; Share of the equity shares held by the person in the subsidiaries and dependent companies of the issuer and the number of shares of each category (type), which could be purchased by this person through exercise of rights on his options of affiliated and dependent companies of the issuer: **none**.

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on the person holding any position in management entities of commercial organisations during any period when an action of bankruptcy was brought against the said organisations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organisations:

The person has not held such positions

Information on participation (member of the committee, chairman of the committee) in committees of the Board of Directors (Supervisory Board) with specification of the committee(s);

He is a member of the Strategy Committee of the Board of Directors of PJSC RusHydro.

Full name: ***Nikolay Dmitrievich Rogalev***

Born in: ***1962***

Education: Higher, **Moscow Power Engineering Institute, Thermal Power Station - 1985.**

Positions held by this person at the Issuer and other organisations in the past 5 years and currently, in chronological order, including part-time positions.

Period		Name of the company	Title
from	to		
2010	2012	CJSC Eskotek	Research Instructor – 1 st Deputy Director General
2012	2012	Fund Unlimited Energy, OJSC Inter RAO UES of Russia	Deputy Fund Manager
2013	2013	FSBEI HE Moscow Power Engineering Institute	Acting Rector
2013	present	FSBEI HE Moscow Power Engineering Institute	Rector
2013	2015	PJSC Rosseti	Committee Member of the interaction with the community, consumers, government and information policy
2013	present	PJSC Rosseti	Member of Strategy Committee
2001	2013	FSBEI HE Moscow Power Engineering Institute	Department Chairmen (combined duties)
2014	2015	LLC Engineering Center "Gas turbine technology"	Member of the Board of Directors
2015	present	ФГБОУ ВО «НИУ МЭИ»	Head. the Department (part-time)
2015	2016	PJSC Inter RAO	Member of the Audit Committee
2015	2016	PJSC Inter RAO	Independent Director
2016	Present	Non-profit Partnership Scientific and Technical Council of Unified Energy System	President
2016	present	PJSC RusHydro	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer: **none**

Share of the Issuer's equity shares held by the person: none

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates, Share of the equity shares held by the person in the subsidiaries and dependent companies of the issuer and the number of shares of each category (type), which could be purchased by this person through exercise of rights on his options of affiliated and dependent companies of the issuer: **none**.

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on the person holding any position in management entities of commercial organisations during any period when an action of bankruptcy was brought against the said organisations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organisations:

The person has not held such positions

Information on participation (member of the committee, chairman of the committee) in committees of the Board of Directors (Supervisory Board) with specification of the committee(s);

He is the Chairman of the Committee on the Reliability, Efficiency and Innovation of the Board of Directors of PJSC RusHydro, as well as a member of the Strategy Committee of the Board of PJSC RusHydro Directors and a member of the Investment Committee of the Board of Directors of PJSC RusHydro.

Full name: ***Aleksey Olegovich Chekunkov***

Born in: **1980**

Education: **Higher education**, Moscow State Institute of International Relations, Economist - 2001.

Positions held by this person at the Issuer and other organisations in the past 5 years and currently, in chronological order, including part-time positions.

Period		Name of the company	Title
From	to		
2011	2013	LLC UK RFPI	Director, Member of board of directors
2013	2014	LLC Kada-Neftegas	First Deputy Director General
2014	Present	JSC Fund for Development of the Far East and the Baikal region	Director General
2015	Present	JSC "ALROSA" (PJSC)	Member of the Supervisory Board
2015	Present	Independent Noncommercial Organization Agency for the Development of Human Capital in the Far East	Member of the Supervisory Board
2015	Present	Joint Stock Company Corporation of development of the Far East	Member of the Board of Directors
2016	Present	Independent Noncommercial Organization Agency of the Far East to attract investment and export promotion	Chairman, Member of the Supervisory Board
2016	Present	PJSC RusHydro	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer: **none**

Share of the Issuer's equity shares held by the person: none

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates, Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates; Share of the equity shares held by the person in the subsidiaries and dependent companies of the issuer and the number of shares of each category (type), which could be purchased by this person through exercise of rights on his options of affiliated and dependent companies of the issuer: **none**.

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on the person holding any position in management entities of commercial organisations during any period when an action of bankruptcy was brought against the said organisations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organisations:

The person has not held such positions

Information on participation (member of the committee, chairman of the committee) in committees of the Board of Directors (Supervisory Board) with specification of the committee(s);

He is a member of the Investment Committee of the Board of Directors of PJSC RusHydro, member of the Committee on Development of the Far East Energy of the Board of Directors of PJSC RusHydro, a member of the Committee on the Reliability, Efficiency and Innovation of the Board of Directors of PJSC RusHydro.

Full name: ***Sergey Vladimirovich Shishin***

Born in: **1963**

Education: **Higher education, Higher Border Guards Academy of the Committee for State Security of the USSR, graduation year: 1984; Institution of Higher Education of the Committee for State Security of the USSR, graduation year: 1990; Russian Academy of Public Administration under the President of the Russian Federation, State and Municipal Management, graduation year — 1999**

Positions held by this person at the Issuer and other organisations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
From	to		
2007	present	PJSC VTB Bank	Senior Vice-President
2011	2013	OJSC Rosneft Oil Company	Member of the Board of Directors Deputy Chairman of the Board of Directors
2011	present	PJSC RusHydro	Member of the Board of Directors
2011	present	Russian Regional Development Bank (JSC)	Member of the Supervisory Board

Share of the person in the authorized capital of the Issuer: **none**

Share of the Issuer's equity shares held by the person: none

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates, Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates; Share of the equity shares held by the person in the subsidiaries and dependent companies of the issuer and the number of shares of each category (type), which could be purchased by this person through exercise of rights on his options of affiliated and dependent companies of the issuer: **none**.

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on the person holding any position in management entities of commercial organisations during any period when an action of bankruptcy was brought against the said organisations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organisations:

The person has not held such positions

Information on participation (member of the committee, chairman of the committee) in committees of the Board of Directors (Supervisory Board) with specification of the committee(s);

He is a member of the Strategy Committee under the Board of Directors.

Full name: **Andrey Nikolaevich Shishkin**

Year of birth: **1959**

Education: **Higher**, I. M. Gubkin Moscow Institute of the Petrochemical and Gas Industry, major: industrial heat-and-power engineer, graduation year – 1985.

Positions held by this person at the Issuer and other organisations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of entity	Position
from	by		
2010	2012	Ministry of Energy of Russia	Deputy Minister
2012	2015	Rusenergo Fund	Member of the Board of Directors
2012	present	OJSC Rosneft Oil Company	Board member
2013	2016	PJSC Rosseti	Member of the Board of Directors
2013	present	OJSC United Shipbuilding Corporation	Member of the Board of Directors
2013	2016	NP Market Council	Member of the Supervisory Board

			Board
2014	2015	JSC Okhinskaya TPP	Member of the Board of Directors, Chairman of the Board of Directors
2014	present	PJSC RusHydro	Member of the Supervisory Board
2014	present	RIG Research Pte Ltd	Chairman of the Board of Directors
2014	present	LLC National Oil Consortium	Member of the Board of Directors
2014	present	LLC RN-CIR	Member of the Board of Directors
2015	present	OJSC FESSRC	Chairman of the Board of Directors
2015	present	LLC RN-Active	Director General
2015	present	PJSC RusHydro	Member of the Strategy Committee of the Board of Directors
2016	present	OJSC CKB Lazurit	Member of the Board of Directors, Chairman of the Board of Directors
2016	present	Saras S.p.A.	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer: **none**

Share of the Issuer's equity shares held by the person: **none**

Number of the Issuer's shares of any category (type) that such person can acquire as a result of execution of rights under the Issuer's options in its possession: **none**

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates; Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates; Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates; Share of the equity shares held by the person in the subsidiaries and dependent companies of the issuer and the number of shares of each category (type), which could be purchased by this person through exercise of rights on his options of affiliated and dependent companies of the issuer: **none**.

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic infringements, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on holding by the person any position in management entities of commercial organisations during any period when an action of bankruptcy was brought against the said organisations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organisations:

The person has not held such positions

Information on participation (member of the committee, chairman of the committee) in committees of the Board of Directors (Supervisory Board) with specification of the committee(s);

He is a member of the Committee on the Reliability, Efficiency and Innovation, the Strategy Committee (-s).

Full name: *Nikolay Hryhorievych Shulginov*

Born in: *1951*

Education: *Higher education, Novocherkassk Labor Red Banner Order Polytechnic Institute named after Sergo Ordzhonikidze, power supply of industrial enterprises and cities, year of graduation - 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		
2004	2015	Open Joint Stock Company "System Operator of Unified Energy System"	Deputy Chairman First Deputy Chairman of the Board
2008	2012	Public Joint-Stock Company for Energy and Electrification "Mosenergo"	Member of the Board of Directors
2008	present	Noncommercial Partnership "Scientific and Technical Council of the Unified Energy System"	Member of the Supervisory Board
2013	2016	PJSC "FGC UES"	Member of the Board of Directors
2015	present	Federal State Educational Institution of Higher Education "National Research University" MEI "	Member of the Board of Trustees
2016	present	Federal State Autonomous Educational Institution of Higher Education "Siberian Federal University" (SFU)	Member of the Board of Trustees
2015	present	PJSC RusHydro	Chairman of the Board - CEO
2016	Present	PJSC RusHydro	Member of the Board of Directors
2016	present	Public company "RAO Energy Systems of East	Chairman of the Board
2016	present	Public Joint Stock Company "Ruskiye seti"	Member of the Board of Directors
2016	present	Non-commercial partnership "Hydropower of Russia"	Member of the Supervisory Board
2016	present	Association "Non-commercial partnership for the organization of wholesale and retail market Board effective system of electrical energy and power	Member of the Supervisory Board

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

Share of the Issuer's equity shares held by the person, %: **0**

Number of shares of each category (type) that may be purchased by this individual through exercising options owned by him: **none**.

Person's share in the authorized (share) capital (share fund) of subsidiaries and dependent companies of the issuer, share of owned ordinary shares of subsidiaries and dependent companies of the issuer and number of shares of each category (type) that such a person can be acquired as a result of the rights of options of subsidiaries and dependent companies of the issuer: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on the person holding any position in management entities 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 (Committee member, Chairman of the Committee) in the Committees of the Board of Directors (Supervisory Board) with the name of the committee (committees):

He is a member of the Strategy Committee of the Board of Directors of PJSC RusHydro.

Information on members of the Board of Directors (Supervisory Board), who are deemed independent by the Issuer:

1. Maxim Sergeevich Bystrov - Chairman of the Board of NP Market Council, OJSC ATS
2. Pavel Sergeevich Grachev – Director General of LLC UK Polius
3. Sergey Nikolaevich Ivanov - Director General of LLC RT-Kapital.
4. Vyacheslav Viktorovich Pivovarov, President of Altera Capital LLC.

5.2.2. Information on the Issuer's Sole Executive Body

Full name: *Nikolay Hryhorievych Shulginov*

Born in: *1951*

Education: *Higher education, Novocherkassk Labor Red Banner Order Polytechnic Institute named after Sergo Ordzhonikidze, power supply of industrial enterprises and cities, year of graduation - 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		
2004	2015	Open Joint Stock Company "System Operator of Unified Energy System "	Deputy Chairman First Deputy Chairman of the Board
2008	2012	Public Joint-Stock Company for Energy and Electrification "Mosenergo"	Member of the Board of Directors
2008	present	Noncommercial Partnership "Scientific and Technical Council of the Unified Energy System"	Member of the Supervisory Board
2013	2016	PJSC "FGC UES"	Member of the Board of Directors
2015	present	Federal State Educational Institution of Higher Education "National Research University" MEI "	Member of the Board of Trustees
2016	present	Federal State Autonomous Educational Institution of Higher Education "Siberian Federal University" (SFU)	Member of the Board of Trustees
2015	present	PJSC RusHydro	Chairman of the Board - CEO
2016	Present	PJSC RusHydro	Member of the Board of Directors
2016	Present	Public company "RAO Energy Systems of East	Chairman of the Board
2016	Present	Public Joint Stock Company "Ruskiye seti"	Member of the Board of Directors
2016	Present	Non-commercial partnership "Hydropower of Russia"	Member of the Supervisory Board
2016	present	Association "Non-commercial partnership Market Board for the organization of efficient wholesale and retail system of	Member of the Supervisory Board

		electrical energy and power trade	
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Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

Number of shares of each category (type) that may be purchased by this individual through exercising options owned by him: **none**.

Person's share in the authorized (share) capital (share fund) of subsidiaries and dependent companies of the issuer, share of owned ordinary shares of subsidiaries and dependent companies of the issuer and number of shares of each category (type) that such a person can be acquired as a result of the rights of options of subsidiaries and dependent companies of the issuer: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on the person holding any position in management entities 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 (member of the committee, chairman of the committee) in committees of the Board of Directors (Supervisory Board) with specification of the committee(s);

He is a member of the Strategy Committee of the Board of Directors of PJSC RusHydro.

5.2.3. Composition of the Issuer's Collective Executive Body

Full name: ***Nikolay Hryhorievych Shulginov***

Born in: ***1951***

Education: ***Higher education, Novocherkassk Labor Red Banner Order Polytechnic Institute named after Sergo Ordzhonikidze, power supply of industrial enterprises and cities, year of graduation - 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		
2004	2015	Open Joint Stock Company "System Operator of Unified Energy System "	Deputy Chairman First Deputy Chairman of the Board
2008	2011	Open Joint Stock Company "First Generation Company of the Wholesale Electricity Market"	Member of the Board of Directors
2008	2011	Public Joint Stock Company "Moscow United Electric Grid Company"	Member of the Board of Directors
2008	2012	Public Joint-Stock Company for Energy and Electrification "Mosenergo"	Member of the Board of Directors
2008	present	Noncommercial Partnership "Scientific and Technical Council of the Unified Energy System"	Member of the Supervisory Board
2009	2011	Public Joint-Stock Company for Energy and Electrification "Lenenergo"	Member of the Board of Directors
2013	2016	PJSC "FGC UES"	Member of the Board of

			Directors
2015	present	Federal State Educational Institution of Higher Education "National Research University" MEI "	Member of the Board of Trustees
2016	present	Federal State Autonomous Educational Institution of Higher Education "Siberian Federal University" (SFU)	Member of the Board of Trustees
2015	present	PJSC RusHydro	Chairman of the Board - CEO
2016	Present	PJSC RusHydro	Member of the Board of Directors
2016	Present	Public company "RAO Energy Systems of East	Chairman of the Board
2016	Present	Public Joint Stock Company "Ruskiye seti"	Member of the Board of Directors
2016	Present	Non-commercial partnership "Hydropower of Russia"	Member of the Supervisory Board
2016	present	Association "Non-commercial partnership for the organization of wholesale and retail market Board effective system of electrical energy and power	Member of the Supervisory Board

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

Share of the Issuer's equity shares held by the person, %: **0**

Number of shares of each category (type) that may be purchased by this individual through exercising options owned by him: **none**.

Person's share in the authorized (share) capital (share fund) of subsidiaries and dependent companies of the issuer, share of owned ordinary shares of subsidiaries and dependent companies of the issuer and number of shares of each category (type) that such a person can be acquired as a result of the rights of options of subsidiaries and dependent companies of the issuer: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on the person holding any position in management entities 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 (member of the committee, chairman of the committee) in committees of the Board of Directors (Supervisory Board) with specification of the committee(s);

He is a member of the Strategy Committee of the Board of Directors of PJSC RusHydro.

Full name: ***Boris Borisovich Bogush***

Born in: ***1952***

Education: ***Higher education***, Saratov Polytechnic Institute, graduation year – 1975, Mechanic Engineer, Academy of National Economy of the Russian Federation Government, 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	Managing Director, Head of the Production Business Unit, Member of the Management Board — Chief Engineer; member of the Management Board, First Deputy Director General — Chief Engineer
2013	present	Not-for-profit Charitable Fund Soprichastnost	Member of the Board of Guardians
2014	present	NP Hydraulic Power of Russia	Member of the Supervisory Board

Share of the person in the authorized capital of the Issuer, %: **0.004241**

Share of the Issuer's equity shares held by the person, %: **0.004241**

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: **none**

Person's share in the authorized (share) capital (share fund) of subsidiaries and dependent companies of the issuer, share of owned ordinary shares of subsidiaries and dependent companies of the issuer and number of shares of each category (type) that such a person can be acquired as a result of the rights of options of subsidiaries and dependent companies of the issuer: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on the person holding any position in management entities 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 (member of the committee, chairman of the committee) in committees of the Board of Directors (Supervisory Board) with specification of the committee(s);

He is a Member of the Committee on Reliability, Energy Efficiency and Innovation of the Board of Directors of JSC RusHydro.

Full name: ***Sergey Anatoliyovich Kirov***

Born in: ***1976***

Education: **Higher education**, D.N Pryanishnikov Perm State Agricultural Academy, economics and management of agricultural production, year of graduation - 1998, the Regional Centre for Interdisciplinary retraining "Economics and Management" program of the Perm Technical University (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	Executive Director of Economics, director of economics and the economy CEO and procurement Deputy General Director for Economics,

			Investment and procurement activities, member of the Board, First Deputy General Director
2010	2014	LLC RusHydro IT service"	CEO, Member of the Board of Directors
2010	2012	JSC "Ust-SrednekanGESstroy"	Member of the Board of Directors
2010	2015	JSC "UK GidroOGK"	Member of the Board of Directors
2010	2012	JSC "ESC RusHydro	Member of the Board of Directors
2013	2015		
		JSC "ESCO UES"	Member of the Board of Directors
2015	2015		
2011	2012	JSC "Hydroinvest"	Member of the Board of Directors
2011	2012	LLC "EZOP"	Member of the Board of Directors
2011	2012	JSC "YUYATEK"	Member of the Board of Directors
2011	2012	JSC "Zagorsk GAES-2"	Member of the Board of Directors
2013	2014		
2011	2012	LLC "SNRG"	Member of the Board of Directors
2013	2014		
2011	2014	JSC "Nizhne-Bureya HPP"	Member of the Board of Directors
2011	2015	JSC "NIIES"	Member of the Board of Directors
2011	2012	PJSC "Kolymaenergo"	Member of the Board of Directors
2013	2015		
2011	2015	PJSC "Krasnoyarskenergosbyt"	Member of the Board of Directors
2011	2015	CJSC "MEK"	Member of the Board of Directors
2011	2012	JSC "Mosoblhidroproekt"	Member of the Board of Directors
2014	2015		
2011	2015	PJSC "RESK"	Member of the Board of Directors
2011	2012	OJSC "CSO SSHHPP"	Member of the Board of Directors
2013	2015		
2011	2015	LLC "ESKB"	Member of the Board of Directors
2012	2014	JSC "Ust-Srednekanskaya HPP"	Member of the Board of Directors
2012	2014	JSC RusHydro Bashkortostan Efficiency"	Member of the Board of Directors
2012	2015	CJSC "Upper-Naryn HPP"	Member of the Board of Directors
2012	2015	PJSC "RAO Energy Systems of East"	Member of the Board of Directors
2013	2014	CJSC «Boguchany Aluminium Plant"	Member of the Board of Directors

2013	2014	LLC "ENEX"	Member of the Board of Directors
2013	2015	JSC " B.E Vedeneyev VNIIG "	Member of the Board of Directors
2013	2015	JSC "Gidroremont-VKK"	Member of the Board of Directors
2013	2015	JSC "Geoterm"	Member of the Board of Directors
2014	2015	JSC "Malaya Dmitrovka"	Member of the Board of Directors
2014	2015	JSC "Institute Hydroproject"	Member of the Board of Directors
2014	2015	JSC "Chuvash Energy Retail Company"	Member of the Board of Directors
2015	2015	JSC "Zaramagsk HPP"	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer, %: **none**

Share of the Issuer's equity shares held by the person, %: **none**

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Person's share in the authorized (share) capital (share fund) of subsidiaries and dependent companies of the issuer, share of owned ordinary shares of subsidiaries and dependent companies of the issuer and number of shares of each category (type) that such a person can be acquired as a result of the rights of options of subsidiaries and dependent companies of the issuer: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on the person holding any position in management entities 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 (member of the committee, chairman of the committee) in committees of the Board of Directors (Supervisory Board) with specification of the committee(s);

He is Member of the Investment Committee of the Board of Directors of JSC RusHydro.

Full name: ***George Ilyich Rizhinashvili***

Born in: ***1981***

Education: **Higher education**, master course at M.V. Lomonosov Moscow State University, major — Economics, graduation year: 2004, Ph.D. in Economics: 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

			Director General
2010	2014	NP KONTs UES	Member of the Supervisory Board
2013	present	Not-for-profit Charitable Fund Soprichastnost	Member of the Board of Guardians

Share of the person in the authorized capital of the Issuer, %: **0.014193**

Share of the Issuer's equity shares held by the person, %: **0.014193**

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Person's share in the authorized (share) capital (share fund) of subsidiaries and dependent companies of the issuer, share of owned ordinary shares of subsidiaries and dependent companies of the issuer and number of shares of each category (type) that such a person can be acquired as a result of the rights of options of subsidiaries and dependent companies of the issuer: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on the person holding any position in management entities 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 (member of the committee, chairman of the committee) in committees of the Board of Directors (Supervisory Board) with specification of the committee(s);

He is a Member of the Committee on Reliability, Energy Efficiency and Innovation, Strategy Committee and Investment Committee under the Board of Directors of JSC RusHydro.

Full name: ***Andrey Valentinovich Kazachenkov***

Born in: ***1980***

Education: ***Higher education***, St. Petersburg State Engineering and Economic University, Economics and management at machine-building enterprises, "Management"; University MBA degree 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 "	Advisor to Chairman of the Board; Deputy Chairman of the Board, First Deputy Chairman of the Board
2015	present	PJSC RusHydro	Advisor to the Chairman of the Board - Director General; First Deputy General Director; Member of the Board, First Deputy General Director;

2015	2016	NP "Market Council"	Member of the Supervisory Board
2016	present	PJSC "RAO ES of the East"	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer, %: **none**

Share of the Issuer's equity shares held by the person, %: **none**

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Person's share in the authorized (share) capital (share fund) of subsidiaries and dependent companies of the issuer, share of owned ordinary shares of subsidiaries and dependent companies of the issuer and number of shares of each category (type) that such a person can be acquired as a result of the rights of options of subsidiaries and dependent companies of the issuer: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on the person holding any position in management entities 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 (member of the committee, chairman of the committee) in committees of the Board of Directors (Supervisory Board) with specification of the committee(s):

He is a Member of the Committee on Development of the Far East Energy of the Board of Directors of PJSC RusHydro.

5.3. Information on Remuneration and/or Compensation as to the Issuer's Management Entities

Information on remuneration of 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 measure: **RUB**

Indicator	As of December 31.2016
Remuneration for participation in the management entities' activities	5,561,538.45
Salary	0
Bonuses	0
Commission	0
Compensation of expenses	0
Other types of remuneration	0
TOTAL	5,561,538.45
Expenses connected with performance of functions of a member of the management entity compensated by the Issuer	52,510.00

Information on decisions taken by the authorized management entities of the Issuer and/or current agreements in relation to such remuneration to be paid and/or such expenses to be compensated.

Remuneration is paid to the members of the Board of Directors pursuant to approved general

shareholders meeting documents and individual solution of the general shareholders meeting.

27.06.2016 new edition of The Regulations with regard to remuneration and compensation was accepted to the members of the Board of Directors (<http://www.rushydro.ru/upload/iblock/170/05Polozhenie-o-vyplate-vozn-chlenov-SD-novaja-redakcija.pdf>), as well as the decision was made on "To pay remuneration to the members of the Board of Directors on the results of the Board of Directors work for the period from 26.06.2015 to 27.06.2016 in the amount, order and time defined by the On Payment of Remuneration to Members of the Board of Directors of PJSC RusHydro, approved by the decision of the Annual General Shareholders Meeting on 26.06.2015 (Protocol №13).

The Regulations with regard to remuneration and compensation to the members of the Board of Directors of PJSC RusHydro accepted on 27.07.2016 shall not apply to the members of the Board of Directors, Companies (for the full or partial term of office of a Board member) that are members of the collegial executive body or the body performing functions of sole executive body of the Company.

Remuneration to the Chairman and members of the Board of Directors, which are (for the full or partial terms of office of the Board of Directors member) persons in respect of which the legislation of the Russian Federation provided by the restriction or prohibition on the receipt of any payments from commercial organizations are not charged and paid.

To a Member of the Board of Directors of the Company:

- Remuneration shall be paid within 60 days after the Annual General Meeting of Shareholders, at which the decision on the election of a new Board of Directors;

- Basic remuneration for every member of the Board of Directors amounts to RUB 900,000;

- 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 member of the Board of Directors' committee (by 10 %).

http://www.rushydro.ru/file/main/global/investors/disclosure/documents/Polozhenie_o_vyplate_chlenam_S_D_Obschestva_voznagrazhdenij_-_2010.pdf

Management Board

Unit of measure: **RUB**

Indicator	As of 12/31/2016
Remuneration for participation in the management entities' activities	0
Salary	71, 655, 251.40
Bonuses	153, 917, 203.00
Commission	0
Compensation of expenses	0
Other types of remuneration	0
TOTAL	225, 572, 454.40
Expenses connected with performance of functions of a member of the management entity compensated by the Issuer	6, 993, 854.30

Information on decisions taken by the authorized management entities of the Issuer and/or current agreements in relation to such remuneration to be paid and/or such expenses to be compensated. Remuneration and compensation are paid to the members of the Management Board of the Issuer subject to the conditions of labour agreements and Regulations "On Payment of Remuneration and Compensation to Members of the Management Board of PJSC RusHydro, approved by the resolution of the Company's Board of Directors dated 16.11.2010 (Minutes No. 111 dated 19.11.2010).

During the current financial year, the Issuer has concluded no additional agreements with the members of the Management Board as to payment of remuneration or other financial rewards and incentives.

5.4. Information on Structure and Terms of Reference of the Issuer's Bodies, Monitoring Financial and Economic Activities as well as

Arrangement of Risk Management and Internal Control Systems

Full description of the structure of the Issuer's bodies monitoring financial and economic activities and their terms of reference pursuant to the Issuer's Charter (constituent documents) and internal documents:

In accordance with Clause 20.1 of Article 20 of the Company's Charter, the General Meeting of Shareholders shall elect the Internal Audit Commission of the Company annually in order to control financial and economic activities of the Company.

The Internal Audit Commission of the Company is elected at the General Meeting of Shareholders of the Company on an annual basis in the amount of five (5) persons. The Internal Audit Commission of the Company takes 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", Charter of the Company, as well as Regulations "On the Internal Audit Commission of the Company," approved by the decision of the Management Board of JSC RAO UES of Russia, acting as the General Meeting of Shareholders of the Company (Minutes № 15 dated July 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 the income statement of the Company;

2) Analyze the financial condition of the Company, identify existing reserves for improving the financial condition of the Company, and develop recommendations for the management entities of the Company;

3) Organize and conduct audits of the financial and economic activities of the Company, in particular:

- Audits of financial, accounting, payment-and-settlement and other documents of the Company related to its financial and economic activities in respect of its compliance with the laws of the Russian Federation, Charter and internal documents of the Company;

- Control over the preservation and use of fixed assets;

- Control over compliance with the established procedure for charging insolvent debtors' liabilities to the losses of the Company;

- Control over the Company's expenditures in accordance with the approved financial documents of the Company;

- Control over formation and use of the reserve fund and other specialized funds of the Company;

- Checking if dividends on the Company's shares, interest on bonds, and return on other securities are correctly and timely calculated and paid;

- Checking if earlier prescriptions to remedy violations or defects revealed by previous audits have been satisfied;

- Other actions (measures) related to the audits of financial and economic activities of the Company.

In accordance with Clause 20.9. of Article 20 of the Company's Charter, the auditor shall audit the Company's financial and economic activities in accordance with the legislation of the Russian Federation and pursuant to an agreement entered into with it.

The General Meeting of Shareholders shall approve the Company's 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 PJSC RusHydro is given in Clause 1.3 of the Quarterly Report.

In accordance with Article 16 of the PJSC RusHydro Charter, committees of the Board of Directors are formed under the decision of the Board of Directors and created in order to examine issues within the terms of reference of the Board of Directors or examined by the Board of Directors in order to control activity of executive bodies of the Company, and to develop necessary recommendations for the Board of

Directors and executive bodies of the Company.

Information on arrangement of risk management and internal control systems in relation to financial and economic activities of the Issuer, including:

Information on the Audit Committee of the Board of Directors (Supervisory Board) of the Issuer, its functions, personal and numerical composition:

Audit Committee of the Company's Board of Directors elected by Company's Board of Directors on 10.08.2016, (Minutes No. 240) consists of 3 members in the Audit Committee under the Company's Board of Directors:

Sergey Nikolaevich Ivanov (Chairman)
Maksim Sergeevych Bystrov
Vyacheslav Viktorovich Pyvovarov

The Audit Committee acts on the basis of the Regulations on the Audit Committee under the Board of Directors (approved by the Board of Directors of PJSC RusHydro on 23.06.2016, Minutes №239).

The purpose of the Audit Committee is to promote the effective implementation of the functions of the Board of Directors particularly concerning control of financial and economic activities of the Company.

The competence of the Audit Committee includes: control (ensuring completeness, accuracy and truthfulness) of Company's financial statements; of system operation of internal control, risk management and corporate management; ensuring of the independence and objectivity of the internal audit function; monitoring of system operation of notification system on potential cases of unethical practices of employees of the Company (including the dishonest use of insider or confidential information) and third parties, as well as control over the implementation of measures taken by the Company in the framework of such a system.

Information on availability of separate structural subdivision(s) for risk management and internal control (other body (structural subdivision) different from the Internal Audit Commission (Internal Auditor) performing internal control over financial and business activity of the Issuer), its tasks and functions, information on availability at the Issuer of separate structural subdivision (service) of internal audit, its tasks and functions:

The Company operates the Department of control and risk management.

The Department is a structural subdivision of the Company subordinate to the Company's Chairman of the Management Board—CEO.

The main tasks and functions of the Department concerning internal audit are as follows:

- the organization of an effective enterprise risk management, internal controls, anti-corruption system in the Company;
- Development and monitoring of the execution of plans and programs for improving corporate risk management and internal control of the Company and the companies with his participation (indirect participation) (hereinafter - S&A).
- Interaction with the territorial bodies of the Russian Federation, the executive, the Accounts Chamber of the Russian Federation, the Company's Audit Commission and other supervisory authorities on internal control, as well as in the course of their audit of the Company and S&A;
- Control over the disclosure of information on Company and S&A;

Information on the Issuer's separate structural unit (service) internal audit, its tasks and functions:

The Internal Audit Service operates in The Company. Service is a structural division of the Company's Head of the Internal Audit Service functionally subordinated to the Audit Committee of the Board of Directors, administrative – Chairman of the Board – General Director of the Company.

The tasks and functions of the Internal Audit Service are:

- Organizing and conducting internal audits of the Company and S&A.
- Assessment of the effectiveness of internal control systems, risk management, corporate governance and S&A.
- Interaction with the Audit Committee of the Board of Directors.

Information about the issuer's policy in the field of risk management and internal controls, as well as the presence of the issuer's internal document establishing the rules to prevent the misuse of confidential and insider information:

Systems of internal control and risk management, internal audit in the Company were formed taking into account international standards as well as regulatory requirements and recommendations in force in the Russian Federation, common principles and approaches of which that are fixed in the Policy in the field of internal control and risk management and policy in the field of internal audit:

1. Policy on Internal Control and Risk Management PJSC RusHydro

URL to its full contents:

http://www.rushydro.ru/corporate/regulations_and_docs/documents/board/

2. Regulations on the Internal Audit PJSC RusHydro

URL to its full contents:

http://www.rushydro.ru/corporate/regulations_and_docs/documents/board/

3. Order of interactions of the Audit Committee of the Board of Directors with executive bodies of the Issuer's management is set out in the Regulations on the Board of Directors on the Audit Committee of PJSC RusHydro.

URL to its full contents:

http://www.rushydro.ru/corporate/regulations_and_docs/documents/board/

4. Regulations on insider information approved by the Board of Directors of PJSC RusHydro

URL to its full contents:

<http://www.rushydro.ru/investors/disclosure/inside/>

The Regulation governs the practice of the Company meeting the requirements of Russian legislation with regard to the prevention of unlawful use of insider information and market manipulation. During preparation of the Regulation international corporate governance practice was taken into account, including the requirements of the Disclosure and Transparency Rules of the Financial Conduct Authority.

The Regulation established categories of persons, who/which are included into the list of insiders by PJSC RusHydro, access procedure and rules for confidentiality protection of the insider information as well as restrictions for use of the information by insiders for making transactions with financial instruments of the Company and for transfer of the relevant information to third parties. This list also includes employees of PJSC RusHydro who have access to information and documents containing insider information to perform their employment functions.

The list of insider information is prepared in Russian and English and is published on the corporate website of PJSC RusHydro (www.rushydro.ru and www.eng.rushydro.ru). The Company publishes the insider information in Russian in the newswire of the authorized news agency Interfax (www.e-disclosure.ru) and in English—on RNS newswire (<http://www.londonstockexchange.com/exchange/prices-andnews/news/market-news/market-news-home.html>).

The current list of insider information of PJSC RusHydro approved by the order of PJSC RusHydro from 16/03/2015 № 198

Address of the Internet page on which free access to the full text:

<http://www.rushydro.ru/investors/disclosure/inside/>

5.5. Information on Members of the Issuer's Bodies, Monitoring Financial and Economic Activities

Name of the Issuer's financial and economic activities monitoring body: ***Internal Audit Commission*** (approved by resolution of the General Meeting of Shareholders on June 27, 2016)

Full name: ***Annikova Naliia Nikolaevna***

Born in: **1955**

Education: **Higher education**

Positions held by this person at the Issuer and other organisations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2010	2010	OJSC "BetElTrans"	CEO's counselor
2010	2013	OJSC "RZDstroy"	CEO's counselor
2013	present	OJSC "Construction Management № 308"	First Deputy General Director

Share of the person in the authorized capital of the Issuer, share of the Issuer's equity shares held by the person and number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates. Share of owned ordinary shares of subsidiaries and dependent companies of the issuer and number of shares of each category (type) that such a person can be acquired as a result of the rights of options of subsidiaries and dependent companies of the issuer: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on the person holding any position in management entities 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: **Mandal Denis Ryshyevych Kant**

Year of birth: **1987**

Education: **Higher education**

Positions held by this person at the Issuer and other organisations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of entity	Position
from	by		
2008	2011	OJSC Renaissance Capital	Customer Service Manager
2012	2016	Federal Property Management Agency	Deputy Head of Department of Federal Property Management Agency*
2016	present	OJSC ANK "Bashneft"	Member of the Committee on Budget Board

Share of the person in the authorized capital of the Issuer, share of the Issuer's equity shares held by the person and number of the Issuer's shares of any category (type) that such person can acquire as a result of execution of rights under the Issuer's options in its possession: **none**

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates. Share of owned ordinary shares of subsidiaries and dependent companies of the issuer and number of shares of each category (type) that such a person can be acquired as a result of the rights of options of

subsidiaries and dependent companies of the issuer: **none**

The person has no said shares

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic infringements, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on holding by the person any position in management entities 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 Nikolaevich Repin***

Year of birth: ***1966***

Education: ***Higher education***

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 entity	Position
from	by		
2003	present	Nonprofit organization Investment Rights Association	Deputy Executive Director

Share of the person in the authorized capital of the Issuer; share of the Issuer's equity shares held by the person and number of the Issuer's shares of any category (type) that such person can acquire as a result of execution of rights under the Issuer's options in its possession: ***none***

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates. Share of owned ordinary shares of subsidiaries and dependent companies of the issuer and number of shares of each category (type) that such a person can be acquired as a result of the rights of options of subsidiaries and dependent companies of the issuer: ***none***

The person has no said shares

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic infringements, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on holding by the person any position in management entities 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: ***Aleksandr Evgenevich Bogashov***

Year of birth: ***1989***

Education: ***Higher education***

Positions held by this person at the Issuer and other organisations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of entity	Position
from	by		
2011	2013	Federal Property Management Agency	Specialist of the 1 class, lead professional, expert of the Board of management
2013	present	The Russian Ministry of Energy	Chief of Branch of Department

Share of the person in the authorized capital of the Issuer, share of the Issuer's equity shares held by the person and number of the Issuer's shares of any category (type) that such person can acquire as a result of execution of rights under the Issuer's options in its possession: **none**

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates. Share of owned ordinary shares of subsidiaries and dependent companies of the issuer and number of shares of each category (type) that such a person can be acquired as a result of the rights of options of subsidiaries and dependent companies of the issuer: **none**

The person has no said shares

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic infringements, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on holding by the person any position in management entities 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: ***Khvorov Vladymyr Vasylyevych***

Year of birth: ***1947***

Education: ***Higher education***

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 entity	Position
from	by		
2009	present	Ministry of Economic Development of the Russian Federation	Lead Expert of Branch of Department

Share of the person in the authorized capital of the Issuer, share of the Issuer's equity shares held by the person and number of the Issuer's shares of any category (type) that such person can acquire as a result of execution of rights under the Issuer's options in its possession: **none**

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates. Share of owned ordinary shares of subsidiaries and dependent companies of the issuer and number of shares of each category (type) that such a person can be acquired as a result of the rights of options of subsidiaries and dependent companies of the issuer: **none**

The person has no said shares

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic infringements, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on holding by the person any position in management entities 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

Body exercising control of financial and economic activities of the issuer: the **Audit Committee of the Board of Directors**

Full name: *Sergey Nikilaievych Ivanov (Chairman)*

Born in: **1961**

Education: **higher education**, Moscow Engineering Physics Institute, Department - Theoretical Nuclear Physics, year of graduation - 1984; Doctor of Economic Sciences - 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		
			Director, Chairman of the Academic Council
2002	2015	INPK CJSC "RET"	Member of the Board of Directors
2007	2013	JSC "Malaya Energetika"	Member of the Board of Directors
2007	2014	ANO "National Energy Security Institute"	Chairman of the Presidium
2011	2016	Open Joint Stock Company "Russian Energy Company"	Director General
2012	2015	LLC "LENSENT"	General Director
2012	2013	Open Joint Stock Company "Exhibition pavilion" Electrification "	Member of the Board of Directors
2014	2015	CJSC "Novoyeniseysk Wood Chemical Complex"	Member of the Board of Directors
2013	2016	LLC "Oberon"	General Director of the managing organization
2013	present	PJSC RusHydro	Member of the Board of Directors
2013	2016	LLC "Almateia"	General Director of the managing organization
2014	2016	JSC Corporation "Nechernozemagropromstroy"	Director General
2015	2016	Open Joint Stock Company "Russian Energy Company"	Member of the Board of Directors
2016	present	LLC "RT-Capital"	Director General
2016	present	LLC "RT-Capital"	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer, share of the Issuer's equity shares held by the person and number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates. Share of owned ordinary shares of subsidiaries and dependent companies of the issuer and number of

shares of each category (type) that such a person can be acquired as a result of the rights of options of subsidiaries and dependent companies of the issuer: **none**

The person has no said shares

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on the person holding any position in management entities 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: **Maksym Sergiyoych Bystrov**

Born in: **1964**

Education: **higher education**, Moscow Civil Engineering Institute. VV Kuibyshev hydraulic engineering structures and river hydropower plants, year of graduation - 1986; All-Russian Academy of Foreign Trade, the global economy, the end of the 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	Russian Presidential Administration	Deputy Plenipotentiary Representative of RF President in the North Caucasian Federal District
2012	present	LLC "Management Company Airport to Mineralnye Vody»	Chairman of the Board of Directors, member of the Board of Directors
2013	present	JSC "Resorts of the North Caucasus"	Chairman of the Board of Directors, member of the Board of Directors
2013	present	PJSC RusHydro	Member of the Board of Directors
2013	present	NP "Market Council"	And about. Chairman of the Board, Chairman of the Board, member of the Supervisory Board
2013	present	OJSC "ATS"	Chairman of the Board
2014	present	PJSC "UES FGC"	Member of the Board of Directors
2014	present	OJSC "SO UES"	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer, %: **none**

Share of the Issuer's equity shares held by the person, %: **none**

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Person's share in the authorized (share) capital (share fund) of subsidiaries and dependent companies of the

issuer, share of owned ordinary shares of subsidiaries and dependent companies of the issuer and number of shares of each category (type) that such a person can be acquired as a result of the rights of options of subsidiaries and dependent companies of the issuer: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on the person holding any position in management entities 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: **Viacheslav Viktorovich Pyvovarov**

Born in: **1972**

Education: **higher education**, State Academy of Management Sergo Ordzhonikidze, the world economy, the year of graduation: 1995; American University in Paris, applied economics, year of graduation: 1995; Stanford Business School, MBA, graduated in 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		
2009	2011	Ministry of Economic Development of the Russian Federation	Adviser to the Minister of Economic Development
2011	present	LLC "Altera Capital"	President
2013	present	PJSC RusHydro	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer, %: **none**

Share of the Issuer's equity shares held by the person, %: **none**

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Person's share in the authorized (share) capital (share fund) of subsidiaries and dependent companies of the issuer, share of owned ordinary shares of subsidiaries and dependent companies of the issuer and number of shares of each category (type) that such a person can be acquired as a result of the rights of options of subsidiaries and dependent companies of the issuer: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on the person holding any position in management entities 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

Internal Audit, Control and Risk Management Department— Director of the Department

Full name **Shchegolev Elena Alexandrovna**

Born in: **1976**

Education: **higher education**

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		
29.12.2007	15.05.2012	ОАО «ГидроОГК»	Начальник управления методологии учета и контроля обязательств ДКУиО
16.05.2012	31.10.2016	PJSC «MOESK»	Заместитель директора департамента аудита и управления рисками/ Заместитель директора департамента внутреннего аудита/ Директор Департамента внутреннего аудита и управления рисками/ Директор по контролю – начальник Департамента внутреннего аудита и управления рисками/ Директор по контролю подразделения по контролю
01.11.2016	present	PJSC RusHydro	Директор по внутреннему контролю и управлению рисками - Главный аудитор

Share of the person in the authorized capital of the Issuer, share of the Issuer's equity shares held by the person and number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**

Person's share in the authorized (share) capital (share fund) of subsidiaries and dependent companies of the issuer, share of owned ordinary shares of subsidiaries and dependent companies of the issuer and number of shares of each category (type) that such a person can be acquired as a result of the rights of options of subsidiaries and dependent companies of the issuer: **none**

The person has no said shares

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on the person holding any position in management entities 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

Head of the Internal Audit Department

Full name: **Oleg Evgeniyovich Adzhymov**

Born in: **1977**

Education: **higher education**

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 / Deputy Director of the Audit Department of Internal Audit, Control and Risk Management / Head of Internal Audit Department

Share of the person in the authorized capital of the Issuer, share of the Issuer's equity shares held by the person and number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**

Person's share in the authorized (share) capital (share fund) of subsidiaries and dependent companies of the issuer, share of owned ordinary shares of subsidiaries and dependent companies of the issuer and number of shares of each category (type) that such a person can be acquired as a result of the rights of options of subsidiaries and dependent companies of the issuer: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

There is no said kinship

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

No said sanctions have been imposed upon the person

Information on the person holding any position in management entities 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 during the reporting period::

Internal Audit Commission

Unit of measure: ***RUB***

Indicator	31.12.2016
Remuneration for participation in activities of the Issuer's financial and economic activities monitoring body	629,475.00
Salary	0
Bonuses	0
Commission	0
Compensation of expenses	0
Other types of remuneration	0
TOTAL	629 475.00
Expenses connected with performance of functions of a member of the bodies controlling financial and economic activities of the Issuer compensated by the Issuer	0

Information on decisions taken by the authorized management entities of the Issuer and/or current agreements in

relation to such remuneration to be paid and/or such expenses to be compensated:

Regulation on remuneration and compensation to Members of Internal Audit Commission of PJSC RusHydro approved by the Annual General Meeting of 27.06.2016 (Minutes No. 15 of 29.06. 2016)

No agreements concerning the amount of remuneration have been concluded with the members of the Internal Audit Commission.

Audit Committee under the Board of Directors

Unit of measure: **RUB**

Indicator	As of 31.12.2016
Remuneration for participation in activities of the Issuer's financial and economic activities monitoring body	0
Salary	0
Bonuses	0
Commission	0
Compensation of expenses	0
Other types of remuneration	0
TOTAL	0
Expenses connected with performance of functions of a member of the bodies controlling financial and economic activities of the Issuer compensated by the Issuer	0

Information on decisions taken by the authorized management entities of the Issuer and/or current agreements in relation to such remuneration to be paid and/or such expenses to be compensated:

Remuneration shall be paid to the Members of Audit Committee under approved documents by General Shareholders Meeting.

Payment of remuneration to the members of the Audit Committee of the Board of Directors shall be made in accordance with the Regulations on payment of remunerations and compensations to members of the Board of Directors of PJSC RusHydro, approved by the General Meeting of Shareholders of PJSC RusHydro on 27/06/2016 (Minutes of 29.06.2016 No. 15), <http://www.rushydro.ru/upload/iblock/170/05Polozhenie-o-vyplate-vozn-chlenov-SD-novaja-redakcija.pdf>.

Regulations on payment of remuneration and compensation to members of the Board of Directors of PJSC RusHydro, approved on June 27, 2016 does not apply to members of the Board who are (for the full or partial terms of office of the Board of Directors member) members of the collegial executive body of the Company or acting as a sole executive body of the Company.

Remuneration to the Chairman and members of the Board of Directors, who are (for the full or partial terms of office of the Board of Directors member) persons in respect of which the legislation of the Russian Federation provided the restriction or prohibition on the receipt of any payments from commercial organizations shall not be charged and paid.

Agreements concerning the remuneration of the members of the Audit Committee of the Board of Directors are not available.

Control and Risk Management Department

Unit of measure: **RUB**

Indicator	As of 31.12.2016
Remuneration for participation in activities of the Issuer's financial and economic activities monitoring body	0
Salary	39, 634, 195.50
Bonuses	10, 786, 242.,00
Commission	0
Compensation of expenses	0
Other types of remuneration	0
TOTAL	50, 420, 437.50

Expenses connected with performance of functions of a member of the bodies controlling financial and economic activities of the Issuer compensated by the Issuer	1, 612, 482.00
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Internal Audit Service

Unit of measure: **RUB**

Indicator	As of 31.12.2016
Remuneration for participation in activities of the Issuer's financial and economic activities monitoring body	0
Salary	9, 500, 183.10
Bonuses	3, 017, 012.00
Commission	0
Compensation of expenses	0
Other types of remuneration	0
TOTAL	12,517, 195.10
Expenses connected with performance of functions of a member of the bodies controlling financial and economic activities of the Issuer compensated by the Issuer	513, 048.45

Information on decisions taken by the authorized management entities of the Issuer and/or current agreements in relation to such remuneration to be paid and/or such expenses to be compensated:

Remuneration is paid to the employees in accordance with the terms and conditions of their labour agreements.

5.7. Information on the Number, General Information on Content of the Issuer's Employees (Workers), and Alterations of the Number of the Issuer's Employees (Workers)

Average number of employees (workers) of the Issuer, including employees (workers) working at its branches and representative offices as well as accrued salary and social payments

Indicator	As of 31.12.2016
Average number of employees, persons	5 480.3
Total payroll for the reporting period	6, 430, 476, 969
Social payments to the employees for the reporting period, RUB	334, 866, 585

Employees (workers) of the Issuer include employees having significant impact on financial and economic activities of the Issuer (key employees). Information on such key employees of the Issuer:

- Nicolai Shulginov, Chairman of the Management Board — General Director, member of the Board of Directors (personal information shall be given in clause 5.2. of the quarterly report);
- Members of the Board (personal information shall be given in clause 5.2. of the quarterly report).

Employees of the Issuer did not create a trade union committee. As a result of affiliation of S&A to the Company during the Issuer's reorganisation, employees of the affiliated S&A, which currently are members of various trade unions created in S&A before affiliation with the Issuer, were included in the Issuer's staff.

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 Total Number of the Issuer's Participants (Shareholders)

Total number of persons with non-zero balances on their personal accounts recorded in the Issuer's register of shareholders as at the end of the last reporting quarter: : **305 385**

Nominee shareholders of Issuer enter to the membership of person registered in the Registry of Issuer's shareholders. Total number of the Issuer's nominee shareholders: **16**

Total number of persons included in the final list of persons which had (have) the right to participate in the General Meeting of Shareholders of the Issuer (other list of persons composed for purposes of execution of rights attached to the Issuer's shares and for composition of which the Issuer's nominee shareholders presented data on persons, in the interests of which they hold the Issuer's shares): **345 289**

Class of the Issuer, the owners of which had to be included in such list: **uncertified registered ordinary shares;**

Preparation date of such list: 23.05.2016

Quantity of own shares on the balance sheet of the Issuer as at the end of the reporting quarter: On Issuer's balance, own shares are absent

Quantity of the Issuer's **uncertified registered ordinary shares** owned by the controlled organizations: **18 852 353.167**

6.2. Information on the Issuer's Participants (Shareholders) Holding at least Five Per Cent of the Authorized Capital or at least Five Per Cent 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 Per Cent of the Authorized (Reserve) Capital (Unit Fund) or at least 20 Per Cent of their Equity Shares

The Issuer's participants (shareholders), holding at least five per cent of its authorized capital or at least five per cent of its equity shares

The participants (shareholders) holding at least five percent of its authorized capital or not less than five percent of its common shares

Full corporate name: **Russian Federation represented by the Federal Agency for State Property Management**

Abbreviated corporate name: **Russian Federation represented by the Federal Agency for State Property Management**

Location

9 Nikolskiy Pereulok, Moscow, Russia, 109012

INN: **7710723134**

PSRN: **1087746829994**

Share of the Issuer's participant (shareholder) in the authorized capital of the Issuer, %: **66.836992**

Share of the Issuer's equity shares held by the participant (shareholder), %: **66.836992**

Persons controlling the Issuer's participant (shareholder)

None

Participants (shareholders) of such person, holding at least 20 per cent of its authorized capital or at least 20 per cent of its equity shares:

None

The Issuer's shares, that constitute not less than five per cent of the authorized capital or not less than five per cent common shares registered in the Issuer's shareholder register in the name of a nominee shareholder

Information on the nominee holder:

Full corporate name: **Full name: Non-bank credit organization Joint Stock Company "National Settlement Depository"**

Abbreviated corporate name: **NCO JSC NSD**

Location

105066, Spartakovskaya str., bldg.12, Moscow.

INN: **7702165310**

PSRN: **1027739132563**

Tel.: **(495) 234-4827**

Fax: **(495) 956-0938**

E-mail: info@ndc.ru

Information of the license of the securities market professional

Number: **177-12042-000100**

Date of issue: **February 19, 2009**

Expiry date:

Unlimited

Name of the issuing authority: **Bank of Russia**

Number of the Issuer's equity shares, registered in the Issuer's register of shareholders in favour of the nominee holder: **115 572 995 479**

Number of the Issuer's preferred shares, registered in the Issuer's register of shareholders in favour of the nominee holder: **0 (the Issuer hasn't issued the preferred shares)**

December 30, 2015 The Issuer received a notification from Gazprombank (Joint Stock Company) (Moscow, INN 7744001497, PSRN 1027700167110) on the right to dispose of a certain number of votes of the Issuer. According to the present notice, the Issuer disclosed the information that on the December 24, 2015 Gazprombank (Joint Stock Company) has acquired the right to dispose of 6.367% of the votes attached to the voting shares of the Issuer. Information on the shareholder is also in para. 6.5 of the present Quarterly Report

As of 31.12.2016, the Issuer has no information about the ownership and/or the accurate share owned by Gazprombank (Joint Stock Company) in the authorized capital and ordinary shares of the Issuer.

6.3. Information on the Share of the State or Municipal Entity in the Authorized Capital of the Issuer, and Availability of the Special Right (Golden Share)

Information on the share of the state (municipal entity) is specified in the authorized capital of the Company and special right:

Share of the Issuer's authorized capital in state (federal, Russian Federation constituent entities), municipal ownership: **66.93050994%²**

Information on managers of state, municipal blocks of shares: **None;**

Information on persons acting as the Issuer's participant (shareholder) on behalf of the Russian Federation, constituent entity of the Russian Federation or municipal entity

1) State property (federal):

1. Name: **Federal Agency for State Property Management**

Location: **9 Nikolsky Per., Moscow, 109012**

Share of the Issuer's authorized capital in state (federal) ownership: **66,836992%**

2. Full corporate name: **ITAR-TASS News Agency (Federal State Unitary Enterprise)**

Location: **10-12 Tverskoi Blvd., Moscow, 125993**

Share of the Issuer's authorized capital in state (federal) ownership: **: 0,000064%**

2) State property (property of Russian Federation constituent entities)

1. Name: **Rostov Oblast in the face of state budget institutions of Rostov Oblast Property Fund of Rostov Oblast**

Location: **112 Sotsialisticheskaya St., Rostov-on-Don, Rostov Oblast, 344050**

Share of the Issuer's authorized capital in state (Russian Federation subjects) ownership: **0.000022%**

2. Name: **Financial Department of Administration for Orenburg Oblast**

Location: **54 Sovetskaya St., Orenburg, 460311**

Share of the Issuer's authorized capital in state (Russian Federation subjects) ownership: **0.00000009%**

3) *Municipal property*

1. Name: ***Bureysky District Administration for Amur Oblast***

Location: ***49 Sovetskaya St., Novobureysk, Amur Oblast, 676701***

Share of the Issuer's authorized capital in municipal ownership: **0.000394 %**

2. Name: ***Administration of municipal entity Selsovet Zubutli-Miatlinsky of Kizilyurtovsky District of the Republic of Dagestan***

Location: ***Lenina St., Zubutli-Miatli, Kizilyurtovsky District, Republic of Dagestan, Russia***

Share of the Issuer's authorized capital in municipal ownership: **0,002838%**

3. Name: ***Administration of Ashilta***

Location: ***Ashilta, Untsukulsky District, Republic of Dagestan, 368240***

Share of the Issuer's authorized capital in municipal ownership: **0.001704 %**

4. Name: ***Administration of Verkhny Chiryurt-Gelbakh***

Location: ***2-11-38 Verkhny Chiryurt, Kizilyurtovsky District, Republic of Dagestan, 368100***

Share of the Issuer's authorized capital in municipal ownership: **0.010122 %**

5. Name: ***Administration of Gergebil***

Location: ***Gergebil, Gergebil District, Republic of Dagestan, 368250***

Share of the Issuer's authorized capital in municipal ownership: **0.005552 %**

6. Name: ***Administration of Untsukul***

Location: ***Untsukul, Untsukul District, Republic of Dagestan, 368240***

Share of the Issuer's authorized capital in municipal ownership: **0.002901 %**

7. Name: ***Municipal entity of rural settlement Chirkata rural community of Gumbetovsky District of the Republic of Dagestan***

Location: ***Chirkata, Gumbetovsky District, Republic of Dagestan, 368933***

Share of the Issuer's authorized capital in municipal ownership: **0.011710 %**

8. Name: ***Municipal entity of Chirkey represented by the municipal entity administration of Chirkey***

Location: ***Chirkey, Buynaksky District, Republic of Dagestan, 368114***

Share of the Issuer's authorized capital in s municipal ownership: **0.050897 %**

9. Name: ***Administration of rural settlement Selsovet Khvartikuninsky***

Location: ***Khvartikuni, Gergebil District, Republic of Dagestan, 368258***

Share of the Issuer's authorized capital in municipal ownership: **0.005552 %**

10. Name: ***Municipal Property Management Committee of Zeya***

Location: ***217 Mukhina St., Zeya, Amur Oblast, 676246***

Share of the Issuer's authorized capital in state municipal ownership: **0.000356 %**

11. Name: ***MUNICIPAL EDUCATIONAL INSTITUTION OF MIXED TYPE BOARDING SCHOOL***

Location: ***32 Chkalova St., Partizansk, Primorsky Krai***

Share of the Issuer's authorized capital in municipal ownership: **0.00000002 %**

12. Name: ***Administration of the municipal formation "the village council Miatlinskaya" Kizilyurtovsky district of Dagestan***

Location: ***Russia, Republic of Dagestan, Kizilyurtovsky district, s.Miatli***

The size of the share capital of the issuer owned by municipalities: 0.001406%. Information on the availability of the special right of the Russian Federation, constituent entity of the Russian Federation, municipal entity to participate in management of the Issuer — joint-stock company (golden share) and the validity of the special right (golden share): ***There is no such right.***

6.4. Information on Restriction to Participate in the Issuer's

Authorized Capital

There are no restrictions to participate in the Issuer's authorized capital (unit fund).

6.5. Information on Changes in the Structure and Interests of the Issuer's Participants (Shareholders), Holding at least Five Per Cent of its Authorized Capital or at least Five Per Cent of its Equity Shares

Structure of the Issuer's participants (shareholders) holding at least five per cent of the Issuer's authorized capital and being joint-stock companies for the Issuer, as well as at least five per cent of the Issuer's equity shares specified as of the date of the list of persons which had right to participate in each General Meeting of Shareholders (Participants) of the Issuer held for the last complete reporting 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 which had right to participate in every such meeting.

Preparation date of a list of persons entitled to take part in the General Meeting of Shareholders (Participants) of the Issuer: ***May 25, 2015***

List of shareholders (participants)

Name: ***Russian Federation represented by the Federal Agency for State Property Management***

Location: ***9 Nikolsky Per., Moscow 109012***

INN: ***7710723134***

PSRN: ***1087746829994***

Share of the person in the authorized capital of the Issuer (of the total amount of placed shares), %: ***66.836992***

Portion of the Issuer's equity shares held by the person, %: ***66.836992***

Preparation date of a list of persons entitled to take part in the General Meeting of Shareholders (Participants) of the Issuer: ***November 23, 2015***

List of shareholders (participants)

Name: ***Russian Federation represented by the Federal Agency for State Property Management***

Location: ***9 Nikolsky Per., Moscow 109012***

INN: ***7710723134***

PSRN: ***1087746829994***

Share of the person in the authorized capital of the Issuer (of the total amount of placed shares), %: ***66.836992***

Portion of the Issuer's equity shares held by the person, %: ***66.836992***

Preparation date of a list of persons entitled to take part in the General Meeting of Shareholders (Participants) of the Issuer: ***May 23, 2015***

List of shareholders (participants)

Name: ***Russian Federation represented by the Federal Agency for State Property Management***

Location: ***9 Nikolsky Per., Moscow 109012***

INN: ***7710723134***

PSRN: ***1087746829994***

Share of the person in the authorized capital of the Issuer (of the total amount of placed shares), %: ***66.836992***

Portion of the Issuer's equity shares held by the person, %: ***66.836992***

Name: Gazprombank (Joint Stock Company)

Location: 117420,bldg.16, Nametkina str., bldg. 1, Moscow.

INN: ***7744001497***

PSRN:1027700167110

Share of the person in the authorized capital of the Issuer (of the total amount of placed shares), %: ***6,367032***

Portion of the Issuer's equity shares held by the person, %: ***6,367032***

6.6. Information on Non-arm's length transactions Made by the Issuer

Information on the number and volume of transactions in monetary terms made by the Issuer, which in accordance with the laws of the Russian Federation are considered as non-arm's length transactions requiring approval of the authorized management entities of the Issuer, according to the results of the last reporting quarter

Unit of measure: ***Russian rubles.***

Indicator	Total number	Total volume in monetary terms, RUB
Non-arm's length transactions made by the Issuer for the reporting period, requiring approval of the authorized management entity of the Issuer	13	15, 719, 949, 565.58 ¹
Non-arm's length transactions made by the Issuer for the reporting period, which have been approved by the General Meeting of Shareholders (Participants) of the Issuer	-	-
Non-arm's length transactions made by the Issuer for the reporting period, which have been approved by the Board of Directors (the Supervisory Board) of the Issuer	13	15, 719, 949, 565.58
Non-arm's length transactions made by the Issuer for the reporting period, requiring approval of, but have not been approved by, the authorized management entity of the Issuer	-	-

Transactions (groups of related transactions), which price is 5 or more per cents of the Issuer's assets balance value, defined according to its financial statements as of the last reporting date before the transaction made by the issuer for the last reporting quarter:

No such transactions

Transactions (groups of related transactions) of current interest and the decision on approval of which has not been taken by the Board of Directors (Supervisory Board) or the General Meeting of Shareholders (Participants) of the Issuer, if such approval is mandatory according to the laws of the Russian Federation:

No such transactions

6.7. Information on Accounts Receivable

Not indicated in Quarterly Report for Q4.

VII. Accounting (Financial) Statements of the Issuer and other Financial Information

7.1. Annual Accounting (Financial) Statements of the Issuer

Annual accounting (financial) statements of the Issuer for 2015 and the Audit report to it includes in the Quarterly Report for the 1quarter of 2016.

The Issuer does not prepare annual financial statements in accordance with IFRS or other internationally accepted rules different from IFRS.

The Issuer prepares consolidated financial statements of PJSC RusHydro and subsidiaries in accordance with IFRS.

7.2. Interim Accounting (Financial) Statements of the Issuer

Not indicated in Quarterly Report for Q4.

7.3. Consolidated Financial Statements of the Issuer

The Issuer prepares consolidated financial statements in accordance with IFRS which complies with Article 2

¹ Of the total number of transactions are 7 additional agreements to the previously concluded agreements do not provide for the emergence of new obligations, modify the number of essential conditions of previously concluded contracts. At the same time, the price of these transactions accounted for in the column "Total volume of transactions in terms of money."

of Federal Law No. 208-FZ on Consolidated Financial Statements, dated July 27, 2010.

Consolidated financial statements are prepared in accordance with IFRS and the auditor's report for the year ended on December 31, 2015 and as at that date are included in the Quarterly Report for the 1st quarter 2016.

Composition attached to this Quarterly Report, Condensed Consolidated Interim (Financial) Information (Unaudited), prepared in accordance with IAS 34, As at and for the nine months ended on September 30, 2016 (Appendix 1):

- Condensed Consolidated Interim Financial Report of financial position;
- Condensed Consolidated Interim Financial Report of profit and loss statement;
- Condensed Consolidated Interim Financial Report of comprehensive income;
- Condensed Consolidated Interim Financial Report of cash flows;
- Condensed Consolidated Interim Financial Report of changes in equity;
- Notes to Condensed Consolidated Interim Financial Information.

7.4. Information on the Accounting Policy of the Issuer

The accounting policies adopted by the Issuer for the current year, in the reporting period no significant changes were made. The information is listed in the Quarterly Report for the 1st quarter 2016.

7.5. Information on the Total Amount of Export, as well as on Export Share in Total Sales

Not indicated in Quarterly Report for Q4.

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 which took place within 12 months prior to the expiry date of the reporting quarter:

There were no material changes in the Issuer's property within 12 months prior to the expiry date of the reporting quarter.

7.7. Information on the Issuer's Participation in Judicial Proceedings, if such Participation may have a Material Effect on Financial and Business Activities of the Issuer

The Issuer did not participate/is not participating in any judicial proceedings, which had/may have a material effect on 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 by it

8.1. Additional Information on the Issuer

8.1.1. Information on the Amount and Structure of the Authorized Capital of the Issuer

Information on Amount, structure of the authorized capital of the Issuer as at the end date of the reporting quarter: **three hundred eighty-six billion two hundred fifty-five million four hundred sixty-four thousand eight hundred and ninety (386,255,464,890) RUB**

Breakdown of the issuer's authorized capital for common and preferred shares with an indication of the total nominal value of each class of shares and the amount of each class of shares in the authorized capital of the issuer

Equity 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) RUB**

Share in the authorized capital: **100 %**

Preferred shares was not produced by the Issuer.

The amount of the authorized capital (provided in this paragraph) corresponds

Information on correspondence between the amount of the authorized capital specified in this Clause and the Issuer's constituent documents: *The amount of the authorized capital corresponds to the Issuer's Statute.*

The shares of the Issuer are traded outside the Russian Federation by circulation of the deposit securities (securities of a foreign issuer certifying the title for the said shares of the Russian issuer)

Category (class) of shares traded outside the Russian Federation: *equity*

Percentage of shares which are traded outside the Russian Federation from the total shares of the relevant category (class): **5,40%**

Name and location of Foreign issuer, depositary securities of which certify rights in respect to the Issuer's shares of the relevant 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 depositary securities of a foreign issuer, certifying rights in respect to shares of the relevant category (class):

Program type	GDR according to Rule 144A ADR, 1st level
Depositary bank	The Bank of New York Mellon
Relation	1 GDR, 1 ADR = 100 equity shares
Ticker	HYDR
Number CUSIP GDR 144A	782183503
Number CUSIP ADR 1st level	782183404
Maximum possible program capacity, pcs	832,131,000

Information on obtaining a permit from the Bank of Russia and/or the authorized state authority of the Russian Federation to place and/or arrange trade in the Issuer's shares of relevant category (type) outside the Russian Federation:

permit of the Federal Financial Markets Service of the Russian Federation No. 08-EK-03/10335 dated May 23,

2008 (order №1116/pz-i of the Russian FFMS of May 20, 2008), permit of the Federal Financial Markets Service of the Russian Federation No. 09-EK-03/27137 dated November 19, 2009 (order №09-3711/pz-i of the Russian FFMS of November 19, 2009), permit of the Federal Financial Markets Service of the Russian Federation No. 11-SH-03/350 dated November 17, 2010 (order №11-22/pz-i of the Russian FFMS of January 13, 2011), permit of the Federal Financial Markets Service of the Russian Federation No. 11-SH-03/21348 dated August 18, 2011 (order №11-2064/pz-i of the Russian FFMS of August 16, 2011).

Name of the foreign listing authority, through which the Issuer's shares are traded (depository securities certifying rights in respect to the Issuer's shares): *London Stock Exchange, Main Market (trading with listing procedure) and in USA electronic system of over-the-counter trading OTCQX, 304 Hudson Street, 2nd Floor, New York, NY 10013, USA.*

Other Information on the issuer's shares organizations outside the Russian Federation by the Issuer at its sole discretion, are not available.

8.1.2. Information on Change in the Amount of the Authorized Capital of the Issuer

Information on changes in the Issuer's authorized capital for the last completed reporting year as well as for the period from the beginning date of the current year to the end date of the reporting quarter:
authorized capital changes did not occur.

At the same time, the Issuer considers necessary to note that the Bank of Russia 07.12.2016 the state registration of the additional issue of 40,429,000,000 ordinary shares placement method: public offering. Additional securities issue was assigned state registration number: 1-01-55038-E-042D.

As at the date of the reporting quarter the Issuer did not carry out the placement of additional shares, the change of the authorized capital in the quarter did not occur.

Issuer's management body that made the decision to change the authorized capital of the issuer: The Board of Directors;

Date and number of the meeting (session) of the issuer's management protocol, which made a decision to change the authorized capital of the issuer: Minutes of 23.11.2016 number 244. **8.1.3. Information on Convening and Holding the Meeting of the Issuer's Supreme Management Body**

The information is provided in the Quarterly Report for Q2 2016, in Q3 2016 there were no changes in such information

8.1.4. Information on Commercial Organisations, in which the Issuer Holds at least Five Per Cent of the Authorized Capital or at least Five Per Cent of Equity Shares

The list of commercial organizations, in which the Issuer Holds as at the end of the last reporting quarter at least Five Per Cent of the Authorized Capital or at least Five Per Cent of its Equity Shares.

1. Full corporate name: **Joint-Stock Company HydroEngineering Siberia**

Abbreviated corporate name: **CJSC HydroEngineering Siberia**

Location **Moscow, Russian Federation**

INN **7804328940**

OGRN : **1057813314525**

The Issuer's share in the authorized capital of the commercial company, %: **100**

Percentage of equity 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 equity shares held by the person, %: **0**

2. Full corporate name: **B.E. Vedeneev Russian Research Hydrotechnics Institute Joint-Stock Company**

Abbreviated corporate name: **VNIIG JSC B.E. Vedeneev**

Location **St. Petersburg**

INN **7804004400**

OGRN : **1027802483400**

The Issuer's share in the authorized capital of the commercial company, %: **100**

Percentage of equity 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 equity shares held by the person, %: **0**

3. Full corporate name: **Joint-Stock Company Geoterm**

Abbreviated corporate name: **JSC Geoterm**

Location **Petropavlovsk-Kamchatsky, Kamchatka Krai, Russia**

INN **4101023932**

OGRN : **1024101023429**

The Issuer's share in the authorized capital of the commercial company, %: **99.65**

Percentage of equity 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 equity shares held by the person, %: **0**

4. Full corporate name: **Joint-Stock Company Zaramagskiye HPPs**

Abbreviated corporate name: **JSC Zaramagskiye HPPs**

Location **Moscow**

INN **1505008701**

OGRN : **1021500822001**

The Issuer's share in the authorized capital of the commercial company, %: **99.75**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **99.75**

Share of the person in the authorized capital of the Issuer, %: **0.070239**

Share of the Issuer's equity shares held by the person, %: **0.070239**

5. Full corporate name: **Joint-Stock Company Hydroinvest**

Abbreviated corporate name: **JSC Hydroinvest Ufa, Republic of Bashkortostan, Russia** INN **7814382859**

OGRN : **1077847558381**

The Issuer's share in the authorized capital of the commercial company, %: **100**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **3.55**

Share of the Issuer's equity shares held by the person, %: **3.55**

6. Full corporate name: **Non-Public Joint-Stock Company Leningradskaya PSHPP**

Abbreviated corporate name: **JSC Leningradskaya PSHPP**

Location *Yanega, Lodeynopolsky District, Leningrad Oblast, Russian Federation*

INN **7804328926**

OGRN : **1057813313315**

The Issuer's share in the authorized capital of the commercial company, %: **100**

Percentage of equity 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 equity shares held by the person, %: **0**

7. Full corporate name: **Joint-Stock Company Scientific Research Institute of Energy Structures**
Abbreviated corporate name: **JSC NIIES**
Location **Moscow**
INN **7733021533**
OGRN : **1027739536868**

The Issuer's share in the authorized capital of the commercial company, %: **100**

Percentage of equity 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 equity shares held by the person, %: **0**

8. Full corporate name: **Joint-Stock Company Experimental-Industrial Verkhne-Mutnovskaya GeoPP**
Abbreviated corporate name: **JSC Experimental-Industrial Verkhne-Mutnovskaya GeoPP**
Location **Petropavlovsk-Kamchatsky, Kamchatka Krai, Russia**
INN **4101100400**
OGRN : **1054100011668**

The Issuer's share in the authorized capital of the commercial company, %: **48.04**

Percentage of equity 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 equity shares held by the person, %: **0**

9. Full corporate name: **Joint-Stock Company Managing Company HydroOGK**
Abbreviated corporate name: **JSC MC HydroOGC**
Location **Moscow**
INN **5260096381**
OGRN : **1025203040136**

The Issuer's share in the authorized capital of the commercial company, %: **100**

Percentage of equity 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 equity shares held by the person, %: **0**

10. Full corporate name: **Joint-Stock Company Energy Construction Complex of**

UES Abbreviated corporate name: **JSC ECC of UES**

Location **Moscow**

INN **7729540430**

OGRN : **1067746217373**

The Issuer's share in the authorized capital of the commercial company, %: **100**

Percentage of equity 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 equity shares held by the person, %: **0**

Full corporate name: **Joint-Stock Company Construction Contractor of Boguchanskaya HPP**

Abbreviated corporate name: **JSC Construction Contractor of Boguchanskaya HPP**

Location **Kodinsk 2420070942**

OGRN : **1072420000135**

The Issuer's share in the authorized capital of the commercial company, %: **51**

Percentage of equity 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 equity shares held by the person, %: **0**

12. Full corporate name: **Closed Joint-Stock Company Construction Customer of Boguchanskaya HPP**

Abbreviated corporate name: **CJSC Construction Customer of Boguchanskaya HPP**

Location: Leninskogo Komsomola Prosp., Kodinsk, Kozhemy District, Krasnoyarsk Krai, Russia, 663491 10/1

INN **2420070910**

OGRN : **1072420000168**

The Issuer's share in the authorized capital of the commercial company, %: **49**

Percentage of equity 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 equity shares held by the person, %: **0**

13. Full corporate name: **Closed Joint-Stock Company Construction Contractor of Boguchansk Aluminium Smelter**

Abbreviated corporate name: **CJSC Construction Contractor of Boguchansk Aluminium Smelter**

Location: Leninskogo Komsomola Prosp., Kodinsk, Kozhemy District, Krasnoyarsk Krai, Russia, 10/1

INN **2420070928**

OGRN : **1072420000157**

The Issuer's share in the authorized capital of the commercial company, %: **49**

Percentage of equity 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 equity shares held by the person, %: **0**

14. Full corporate name: **Joint-Stock Company Construction Customer of Boguchansk Aluminium Smelter**

Abbreviated corporate name: **JSC Construction Customer of Boguchansk Aluminium Smelter**

Location: Industrial site of Boguchansk Aluminium Smelter, Boguchansk District, Krasnoyarsk Krai, Russia

INN **2420070935**

OGRN : **1072420000146**

The Issuer's share in the authorized capital of the commercial company, %: **51**

Percentage of equity 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 equity shares held by the person, %: **0**

15. Full corporate name: **Joint-Stock Company Nizhne-Bureyskaya HPP**

Abbreviated corporate name: **JSC Nizhne-Bureyskaya HPP**

Location **Novobureysky work settlement (urban-type settlement), Bureyskiy District, Amur Oblast**

INN **2813006299**

OGRN : **1062813007817**

The Issuer's share in the authorized capital of the commercial company, %: **100**

Percentage of equity 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 equity shares held by the person, %: **0**

16. Full corporate name: **Joint-Stock Company Nizhne-Zeiskaya HPP**
Abbreviated corporate name: **JSC Nizhne-Zeiskaya HPP**
Location **Blagoveshchensk, Amur Oblast, Russian Federation**
INN **2801112479**
OGRN : **1062801070331**

The Issuer's share in the authorized capital of the commercial company, %: **100**

Percentage of equity 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 equity shares held by the person, %: **0**

17. Full corporate name: **Joint-Stock Company Zagorskaya PSHPP-2**
Abbreviated corporate name: **JSC Zagorskaya PSPP-2**

Location: Bogorodskoye work settlement, Sergievo-Posadsky municipal district, Moscow Oblast, Russian Federation

INN **5042086312**
OGRN : **1065042071137**

The Issuer's share in the authorized capital of the commercial company, %: **100**

Percentage of equity 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 equity shares held by the person, %: **0**

18. Full corporate name: **Joint-Stock Company Transport Company RusHydro**
Abbreviated corporate name: **JSC TC RusHydro**
Location: **Cheremushki, Sayanogorsk, Republic of Khakassia,**

Russian Federatio

INN **1902018248**
OGRN : **1031900676356**

The Issuer's share in the authorized capital of the commercial company, %: **100**

Percentage of equity 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 equity shares held by the person, %: **0**

19. Full corporate name: **Joint-Stock Company Renewable Energy Engineering Center**
Abbreviated corporate name: **JSC Renewable Energy Engineering Center**
Location **Moscow**
INN **7728638105**
OGRN : **1077762186633**

The Issuer's share in the authorized capital of the commercial company, %: **100**
Percentage of equity 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 equity shares held by the person, %: **0**

20. Full corporate name: Joint-Stock Company Yuzhno-Yakutsky Hydropower Complex
Abbreviated corporate name: **JSC South Yakutia HPC**
Location **Moscow, Russian Federation**
INN **1402046840**
OGRN : **1061402006126**

The Issuer's share in the authorized capital of the commercial company, %: **100**
Percentage of equity 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 equity shares held by the person, %: **0**

21. Full corporate name: **Non-Public Joint-Stock Company Sulaksky Hydrocascade**
Abbreviated corporate name: JSC Sulaksky Hydrocascade 7A Stroitelny
Proezd, Moscow, 125362
INN: **0516009712**
OGRN : **1070546001173**

The Issuer's share in the authorized capital of the commercial company, %: **100**
Percentage of equity 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 equity shares held by the person, %: **0**

22. Full corporate name: **Joint-Stock Company Service Center of Neporozhny Sayano-Shushenskaya
HPP**
Abbreviated corporate name: JSC SC NSShHPP **Cheremushki
work settlement**, Republic of Khakassia INN **1902018368**
OGRN : **1031900677324**

The Issuer's share in the authorized capital of the commercial company, %: **100**
Percentage of equity 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 equity shares held by the person, %: **0**

23. Full corporate name: **Joint-Stock Company Hydroremont VCC**
Abbreviated corporate name: **JSC Hydroremont VCC**
Location **Moscow**
INN **6345012488**
OGRN : **1036301733005**

The Issuer's share in the authorized capital of the commercial company, %: **100**
Percentage of equity 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 equity shares held by the person, %: **0**

24. Full corporate name: Joint-Stock Company Karachaevo-Cherkesskaya Hydrogeneration
Company
Abbreviated corporate name: JSC Karachaevo-Cherkesskaya Hydrogeneration Company
Location **Moscow**
INN **0917001661**

OGRN : **1050900973177**

The Issuer's share in the authorized capital of the commercial company, %: **100**

Percentage of equity 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 equity shares held by the person, %: **0**

25. Full corporate name **Private Company Limited by Shares HYDROOGK ALUMINIUM COMPANY LIMITED**

Abbreviated corporate name: HydroOGK Aluminium Company Limited Location: 16 Kyriakos Matsis Avenue Nicosia, Cyprus The Issuer's share in the authorized capital of the commercial company, %: **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**

26. Full corporate name: **Private Company Limited by Shares HYDROOGK POWER COMPANY LIMITED**

Abbreviated corporate name: **HYDROOGK POWER COMPANY LIMITED**
Location **16 Kyriakos Matsis Avenue Nicosia, Cyprus**

The Issuer's share in the authorized capital of the commercial company, %: **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**

27. Full corporate name: **Joint-Stock Company Zharki**

Abbreviated corporate name: **JSC Zharki**

*Location **Territory of Zharki Leisure Centre, Bldg. 1, Bolshoy Babik river mouth, Beysky District, Republic of Khakassia, Russia, 655770***

INN **1902017734**

OGRN : **1031900671780**

The Issuer's share in the authorized capital of the commercial company, %: **25.000964**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **25.000964**

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

Share of the Issuer's equity shares held by the person, %: **0**

28. Full corporate name: **Joint-Stock Company Lenhydroproject**

Abbreviated corporate name: **JSC Lenhydroproject**

Location **Saint Petersburg**

INN **7814159353**

OGRN : **1077763382597**

The Issuer's share in the authorized capital of the commercial company, %: **100**

Percentage of equity 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 equity shares held by the person, %: **0**

29. Full corporate name: **Public Joint-Stock Company Kolymaenergo**

Abbreviated corporate name: **PJSC Kolymaenergo**

Location: **Magadan**

INN **2460215591**

OGRN : **1092468017751**

The Issuer's share in the authorized capital of the commercial company, %: **98.759682**

Percentage of equity 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 equity shares held by the person, %: **0**

30. Full corporate name: **Joint-Stock Company Energy Main Computer**

Centre

Abbreviated corporate name: **JSC Energy MCC**

Location **Moscow**

INN **7705020880**

OGRN : **1027739064858**

The Issuer's share in the authorized capital of the commercial company, %: **100**

Percentage of equity 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 equity shares held by the person, %: **0**

31. Full corporate name: **Joint-Stock Company ChirkeyGESstroy**

Abbreviated corporate name: **JSC ChirkeyGESstroy**

Location **Moscow**

INN **0533001760**

OGRN : **1020501741523**

The Issuer's share in the authorized capital of the commercial company, %: **75**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **75**

Share of the person in the authorized capital of the Issuer, %: **0.007561**

Share of the Issuer's equity shares held by the person, %: **0.007561**

32. Full corporate name: **Joint-Stock Company Ust-Srednekamskaya HPP**

Abbreviated corporate name: **JSC Ust-Srednekamskaya HPP** Location: **Magadan, Magadan Oblast, Russian Federation** INN: **4909095293**

OGRN : **1074910002310**

The Issuer's share in the authorized capital of the commercial company, %: **67.82**

Percentage of equity 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 equity shares held by the person, %: **0**

33. Full corporate name: **Joint-Stock Company ESC RusHydro**

Abbreviated corporate name: **JSC ESC RusHydro**

Location **Moscow**

INN **7804403972**

OGRN : **1089848039973**

The Issuer's share in the authorized capital of the commercial company, %: **100 minus one share**

Percentage of equity 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 equity shares held by the person, %: **0**

34. Full corporate name: **Joint-Stock Company Far East WPP**

Abbreviated corporate name: **JSC Far East WPP**

Location **Moscow**

INN **2536217601**

OGRN : **1092536005297**

The Issuer's share in the authorized capital of the commercial company, %: **100**

Percentage of equity 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 equity shares held by the person, %: **0**

35. Full corporate name: **Joint-Stock Company Malaya Dmitrovka**

Abbreviated corporate name: **JSC Malaya Dmitrovka**

Location **Moscow**
INN **7727685303**
OGRN : **1097746103905**

The Issuer's share in the authorized capital of the commercial company, %: **100**

Percentage of equity 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 equity shares held by the person, %: **0**

36. Full corporate name: **Joint-Stock Company Small HPPs of Altai**

Abbreviated corporate name: **JSC Small HPPs of Altai**

Location **Gorno-Altaysk, Republic of Altai, Russian Federation**

INN **0411151856**

OGRN : **1100411007674**

The Issuer's share in the authorized capital of the commercial company, %: **100**

Percentage of equity 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 equity shares held by the person, %: **0**

37. Full corporate name: **Joint-Stock Company Small HPPs of Dagestan**

Abbreviated corporate name: **JSC SHPPs of Dagestan**

Location **Moscow, Russian Federation**

INN **0562068208**

OGRN : **1042401810494**

The Issuer's share in the authorized capital of the commercial company, %: **100**

Percentage of equity 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 equity shares held by the person, %: **0**

38. Full corporate name: **RusHydro International B.V**

Abbreviated corporate name: **RusHydro International B.V**

Location **Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands**

The Issuer's share in the authorized capital of the commercial company, %: **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**

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

Abbreviated corporate name: **PJSC Yakutskenergo**

Location **Yakutsk, Russian Federation**

INN **1435028701**

OGRN : **1021401047260**

The Issuer's share in the authorized capital of the commercial company, %: **29.795104**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **29.002941**

Share of the person in the authorized capital of the Issuer, %: **0.000014**

Share of the Issuer's equity shares held by the person, %: **0.000014**

40. Full corporate name: **Public Joint-Stock Company Kamchatka Gas Power Complex**

Abbreviated corporate name: **PJSC KamGEK**

Location **Petropavlovsk-Kamchatsky, Kamchatka Krai, Russia**

INN **4101047002**

OGRN : **1024101019469**

The Issuer's share in the authorized capital of the commercial company, %: **96.583531**

Percentage of equity 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 equity shares held by the person, %: **0**

41. Full corporate name: **Joint-Stock Company RusHydro Delivery**

Abbreviated corporate name: **JSC RusHydro Delivery**

Location: **Moscow, Russian Federation INN: 1510012774**

OGRN : **1041500751016**

The Issuer's share in the authorized capital of the commercial company, %: **100**

Percentage of equity 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 equity shares held by the person, %: **0**

42. Full corporate name: **Public Joint-Stock Company RAO Energy System of East**

Abbreviated corporate name: **PJSC RAO ES of East**

Location **Khabarovsk, Khabarovsk Krai**

INN **2801133630**

OGRN : **1087760000052**

The Issuer's share in the authorized capital of the commercial company, %: **84.39**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **85.163759**

Share of the person in the authorized capital of the Issuer, %: **0.012584**

Share of the Issuer's equity shares held by the person, %: **0.012584**

43. Full corporate name **Joint-Stock Company Sakhalin Energy Company**

Abbreviated corporate name: **JSC CEK**

Location **40 Dzerzhinskogo, Yuzhno-Sakhalinsk, Russia, 693007**

INN **6501210088**

OGRN : **1096501006030**

The Issuer's share in the authorized capital of the commercial company, %: **28.09**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **28.09**

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

Share of the Issuer's equity shares held by the person, %: **0**

44. Full corporate name: **Limited Liability Company RusHydro IT Service**

Abbreviated corporate name: **LLC RusHydro IT Service**

Location **Moscow, Russian Federation**

INN **1902022558**

OGRN : **1091902000772**

The Issuer's share in the authorized capital of the commercial company, %: **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**

45. Full corporate name: **Limited Liability Company Verkhnebalkarskaya Small HPP**

Abbreviated corporate name: **LLC Verkhnebalkarskaya SHPP**

Location **Moscow**

INN **0706004536**

OGRN : **1090720000370**

The Issuer's share in the authorized capital of the commercial company, %: **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**

46. Full corporate name: **Limited Liability Company Fiagdonskaya Small HPP**
Abbreviated corporate name: **LLC Fiagdonskaya SHPP**
Location **Moscow**
INN **1514005915**
OGRN : **1091514000467**

The Issuer's share in the authorized capital of the commercial company, %: **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**

47. Full corporate name: **Limited Liability Company Small HPPs of Stavropol and Karachayevo-Cherkessia**

Abbreviated corporate name: **LLC SHPPs Stavropol and KCh**
Location **Moscow**
INN **0917014406**
OGRN : **1090917001867**

The Issuer's share in the authorized capital of the commercial company, %: **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**

48. Full corporate name: **Closed Joint-Stock Company Verkhne-Narynskie Hydroelectric Power Plants**

Abbreviated corporate name: **CJSC Verkhne-Narynskie HPP**
Location **326 Zhibek-Zholu Prospekt, Bishkek, Kyrgyz Republic**
INN **02510201210033**
OGRN : **125748-3300-3AO**

The Issuer's share in the authorized capital of the commercial company, %: **50**

Percentage of equity 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 equity shares held by the person, %: **0**

49. Full corporate name: **Joint-Stock Company Irkutsk Electric Grid Company**
Abbreviated corporate name: **JSC IEGC**
Location **257 Lermontova St., Irkutsk, Russian Federation, 664033**
INN **3812122706**
OGRN : **1093850013762**

The Issuer's share in the authorized capital of the commercial company, %: **42.75**

Percentage of equity 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 equity shares held by the person, %: **0**

50. Full corporate name: **Joint-Stock Company TPP in Sovetskaya Gavan**
Abbreviated corporate name: **JSC TPP in Sovetskaya Gavan**
Location **Sovetskaya Gavan, Russian Federation**
INN **2704022491**
OGRN : **1132709000489**

The Issuer's share in the authorized capital of the commercial company, %: **100**

Percentage of equity 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 equity shares held by the person, %: **0**

51. Full corporate name: **Joint-Stock Company Blagoveshchenskaya TPP**
Abbreviated corporate name: **JSC Blagoveshchenskaya TPP**

Location **Blagoveshchensk, Amur Oblast, Russian Federation**

INN **2801186142**

OGRN : **1132801005556**

The Issuer's share in the authorized capital of the commercial company, %: **100**

Percentage of equity 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 equity shares held by the person, %: **0**

52. Full corporate name: **Joint-Stock Company Sakhalin SDPP-2**

Abbreviated corporate name: **JSC Sakhalin SDPP-2** Location: **Yuzhno-Sakhalinsk, Russian Federation**

INN: **6501256357**

OGRN : **1136501004012**

The Issuer's share in the authorized capital of the commercial company, %: **100**

Percentage of equity 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 equity shares held by the person, %: **0**

53. Full corporate name: **Joint-Stock Company Yakutsk SDPP-2**

Abbreviated corporate name: **JSC Yakutsk SDPP-2**

Location **Yakutsk, Republic of Sakha (Yakutia)**

INN **1435269489**

OGRN : **1131447010640**

The Issuer's share in the authorized capital of the commercial company, %: **100**

Percentage of equity 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 equity shares held by the person, %: **0**

54. Full corporate name: **Limited Liability Company VOLGAHYDRO**

Abbreviated corporate name: **LLC VOLGAHYDRO**

Location **76 30 let Pobedy St., Balakovo, Saratov Oblast, Russia, 413840**

INN **6439082561**

OGRN : **1136439001841**

The Issuer's share in the authorized capital of the commercial company: **40%**

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

Share of the Issuer's equity shares held by the person, %: **0**

55. Full corporate name: **Joint-Stock Company Kholdingovaya Kompaniya BoAZ**

Abbreviated corporate name: **JSC Kholdingovaya Kompaniya BoAZ**

Location **Moscow**

INN **7733866026**

OGRN : **5137746242420**

The Issuer's share in the authorized capital of the commercial company: **100%**

Percentage of equity 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 equity shares held by the person, %: **0**

56. Full corporate name: **Joint-Stock Company Kholdingovaya Kompaniya BoGES**

Abbreviated corporate name: **JSC Kholdingovaya Kompaniya BoGES**

Location **Moscow**

INN **7733866019**

OGRN : **5137746242376**

The Issuer's share in the authorized capital of the commercial company: **100%**

Percentage of equity 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 equity shares held by the person, %: **0**

8.1.5. Information on Major Transactions Made by the Issuer

Such transactions were not made.

8.1.6. Information on the Issuer's Credit Ratings

In respect of every credit ratings, known to the Issuer, for the last completed reporting 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. Abbreviated corporate name: **Fitch**

**Location 30 North Colonnade, Canary Wharf, London E14 5GN, UK ,
Russia, 115054, z.**

Moscow 6 Valovaya St. Russia (Moscow office)

Description of credit rating methods or URL where information on credit rating methods is posted in free access

<https://www.fitchratings.com>, <http://www.fitchratings.ru>

Credit rating as at the end of the reporting quarter: **BB+** according to international scale, **AA** (rus) according to national scale

Credit rating change history for the last completed reporting year, preceding the end date of the reporting quarter, as well as for the period after the beginning date of the current year and up to the end date of the reporting quarter, with specification of the credit rating and allocation (change) date thereof

Allocation date	Credit rating
January 21, 2015	Fitch Ratings Ltd. changed Stable to Negative outlook of PJSC RusHydro (due to similar change of sovereign credit rating outlook of the Russian Federation on March 21, 2014) and confirmed its credit ratings at BB+ (long-term rating in foreign and national currencies) and AA(rus) (national long-term rating).
5/20/2016	Fitch Ratings Ltd. changed Stable to Negative outlook of PJSC RusHydro (due to similar change of sovereign credit rating outlook of the Russian Federation on March 21, 2014) and confirmed its credit ratings at BB+ (long-term rating in foreign and national currencies) and AA(rus) (national long-term rating).

Rating object: **Issuer**

Rating company

Full corporate name: **Standard & Poor's International Services, Inc**

Abbreviated corporate name: **S&P**

**Location 55 Water Street New York, NY, United States, 10041,
Russia, 125009, z.**

Moscow 4/7 Vozdvizhenka St., bldg. 2, (Moscow office)

Description of credit rating methods or URL where information on credit rating methods is posted in free access:

<Http://www.standardandpoors.com>, <http://standardandpoors.ru>

Credit rating as at the end of the reporting quarter: **BB+** according to international scale, **ruAA+** according to national scale

Credit rating change history for the last completed reporting year, preceding the end date of the reporting quarter, as well as for the period after the beginning date of the current year and up to the end date of the reporting quarter, with specification

In February, 2017 Fitch international rating agency (including the information from December 23, 2016) made the decision on a confirmation and a feedback of the credit ratings assigned by Fitch on a national scale to Issuers in the Russian Federation, including PJSC

RusHydro. This rating action does not belong and does not influence the credit rating of PJSC RusHydro assigned by Fitch on the international scale.

of the credit rating and allocation (change) date thereof

Allocation date	Credit rating
February 04, 2015	Standard&Poor's rating agency revised PJSC RusHydro ratings and determined the long-term rating in foreign currency at BB changing Negative to Stable outlook, national long-term rating at ruAA (due to change in sovereign credit rating of the Russian Federation on January 26, 2015 from BBB- to BB+)
12/19/2016	Standard&Poor's rating agency confirmed the level of long-term ratings of PJSC RusHydro on the international scale in foreign and national currencies at BB changing Stable for Positive, long-term rating on a national scale at ruAA

Rating object: **Issuer**

Rating company

Full corporate name: **MOODY'S Investors Service Ltd.**

Abbreviated corporate name: **MOODY'S**

Location 7 World Trade Center at 250 Greenwich Street New York, NY 10007 USA and 21, 1-ya Tverskaya-Yamskaya St., Moscow, Russia, 125047 (Four Winds Plaza Business Centre)

Description of credit rating methods or URL where information on credit rating methods is posted in free access

<https://www.moodys.com/>, <http://www.moodys.ru>

Credit rating as at the end of the reporting quarter: **Ba2 according to international scale,**

Credit rating change history for the last completed reporting year, preceding the end date of the reporting quarter, as well as for the period after the beginning date of the current year and up to the end date of the reporting quarter, with specification of the credit rating and allocation (change) date thereof

Allocation date	Credit rating
2/25/2015	MOODY'S Investors Service Ltd. rating agency revised the long-term credit rating in foreign currency and determined it at Ba2 Negative outlook (due to similar action concerning sovereign credit rating outlook of the Russian Federation on February 20, 2015)
2/26/2015	CJSC Moody's Interfax Rating Agency revised the long-term credit rating in foreign currency and determined it at Aa2.ru outlook (due to similar action concerning sovereign credit rating outlook of the Russian Federation on February 20, 2015).
12/7/2015	MOODY'S Investors Service Ltd. Rating Agency has revised the rating outlook of PJSC RusHydro from "Negative" to "Stable" and confirmed its credit rating at Ba2 (long-term rating in foreign and national currencies according to the international scale).
3/9/2016	MOODY'S Investors Service Ltd. Rating Agency set to the revision level (Outlook) of the rating of PJSC RusHydro on the international scale for possible downgrade (due to similar action concerning the bonds of Russian Federation with rating on March 04, 2016).
3/10/2016	CJSC Moody's Interfax Rating Agency set to the revision level (Outlook) of the rating of PJSC RusHydro on the international scale for possible downgrade (due to similar action concerning the bonds of Russian Federation with rating on March 04, 2016).
3/18/2016	CJSC Moody's Interfax Rating Agency made the decision on a feedback of rating of PJSC RusHydro on a national scale (the system decision on a feedback by the agency of all scores assigned to Issuers on a national scale).
4/27/2016	MOODY'S Investors Service Ltd. Rating Agency confirmed the level of long-term credit rating in foreign currency at Ba2 Stable.

Rating object: **securities of the Issuer**

Information on securities

Type of securities: **bonds, exchange-traded bonds**

Series, other identification characteristics of securities: **bonds, series 07, 08, 09; exchange-traded bonds: БО-П01, БО-П02, БО-П03;**

type of securities: certificated; certificated

*other identification attributes of securities: **bonds: non-convertible interest-bearing bonds with mandatory centralized custody, and the possibility of early repayment at the holders' request and at the Issuer's discretion; exchange bonds: exchange bonds certified non-convertible interest-bearing bonds with mandatory centralized custody;***

State registration number of the securities issue and state registration date thereof (identification number of the issue and allocation date thereof): **bonds: 4-01-55038-E dated December 27, 2010, 4-02-55038-E dated December 27, 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 03, 2015, 4B02-02-55038-E-001P dated July 03, 2015, 4B02-03-55038-E-001P dated July 03, 2015; 4B02-04-55038-E-001P dated April 01, 2016z;

Credit rating as of the date of the securities prospectus approval: senior unsecured rating on the international scale BB+;

Credit rating change history for the last five completed financial years, preceding the date of the securities prospectus approval, with specification of the credit rating and allocation (change) date thereof:

Rating company Full corporate name: Fitch

Ratings Ltd. Abbreviated corporate name: **Fitch**

Location 30 North Colonnade, Canary Wharf, London E14 5GN, UK (central office), 26 Valovaya St., Moscow, 115054, Russia (Russian office)

Description of credit rating methods or URL where information on credit rating methods is posted in free access

<https://www.fitchratings.com>, <http://www.fitchratings.ru>

Credit rating as at the end of the reporting quarter: **priority unsecured rating BB+ according to international scale**

Credit rating change history for the last completed reporting year, preceding the end date of the reporting quarter, as well as for the period after the beginning date of the current year and up to the end date of the reporting quarter, with specification of the credit rating and allocation (change) date thereof

Allocation date	Credit rating
1/21/2015	Fitch Ratings confirmed BB+ priority unsecured rating of PJSC RusHydro (series 01, 02, 07 and 08) for RUB bonds
4/30/2015	Fitch Ratings rated ruble bonds of PJSC RusHydro (series 09) as priority unsecured at B
7/9/2015	Fitch Ratings rated ruble bonds of PJSC RusHydro (exchange-traded bonds, series БО-П01, БО-П02 and БО-П03) as priority unsecured+ at BB
4/11/2016	Fitch Ratings confirmed BB+ priority unsecured rating of PJSC RusHydro (exchange-traded bonds, series БО-П04) for RUB bonds.
5/20/2016	Fitch Ratings confirmed BB+ priority unsecured , rating of PJSC RusHydro (series 01, 02, 07, 08, БО-П01, БО-П02, БО-П03 БО-П04) for RUB bond

8.2. Information on each category (class) of the Issuer's shares

category of shares: *equity share*;

par value *1 (one) Russian rubles 00 kopeck*

the number of shares in circulation (quantity of shares which are not redeemed or cancelled): *386,255,464,890 (Three hundred eighty-six billion two hundred fifty-five million four hundred sixty-four thousand eight hundred and ninety)*

the number of additional shares that can be placed or are in the process of placement (the number of issuing additional shares, state registration of which is carried out, but with respect to which state registration of report on results

of additional issue is not performed or the notification on results of the additional issue is not provided): *40,429,000,000 pieces*;

The number of authorized shares: *54 047 237 489 pieces*;

The number of shares are transferred to Company's ownership (on the balance) *0 pieces*;

the number of additional shares that can be placed as a result of conversion of outstanding securities convertible into shares or as a result of fulfillment of obligations under the Company's option: *0 pieces*;

State registration number of the securities issue: *1-01-55038-E*

State registration date of the securities issue: *February 22, 2005*

Date of state registration of the report on the results of the securities issue: *2/22/2005*

Registering authority which carried out state registration of the securities issues and the report on the results of the securities issue: *FFMS Russia*

Additional issues of shares in respect of which the registering authority has not made a decision to cancel their individual number (code): State registration number of the securities issue: *1-01-55038-E-042D*

State registration date of the securities issue: *12/7/2016*

Date of state registration of the report on the results of the securities issue: *the report on results of additional issue of securities is not registered*;

Registering authority which carried out state registration of the securities issues *Bank of Russia*

Rights granted by shares to their owners:

In accordance with clause 6.2. article 6 of the Issuer's Charter:

" Each ordinary registered share shall grant the shareholder, its owner, the equal scope of rights.

Shareholders-owners of ordinary registered shares shall have the right to:

- 1) to participate personally or through representatives in General meeting of shareholders if the Company with the right to vote on all issues within its competence;*
- 2) to make proposals to the agenda of the General meeting of shareholders in the order stipulated by the legislation of the Russian Federation and this Charter;*
- 3) to obtain information on the activities of the Company and to examine documents of Companies in accordance with article 91 of the Federal law "On joint-stock companies";*
- 4) to receive dividends declared by the company;*
- 5) preferential acquisition of the additional shares and issued securities converted into events, in the quantity proportional to the number of owned shares of this category (type);*
- 6) to receive a part of its property un the case of liquidation of Company;*

7) *to exercise other rights stipulated by the legislation of the Russian Federation and the present Charter''*

The company has not issued 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

The information is described in Quarterly report for Q2 of 2016, there were no changes in the Information for Q3 of 2016.

8.3.2. Information on Issues with Outstanding Securities

The information is described in Quarterly report for Q2 of 2016, there were no changes in the Information for Q3 of 2016.

8.4. Information on Persons Providing a Security for the Issuer's Secured Bonds, as well as on Security Provided for the Issuer's Secured Bonded Obligations

The Issuer did not register the secured bond prospectus, secured bonds were not listed for trading.

8.5. Information on Companies Registering Rights to the Issuer's Equity Securities

The information is described in Quarterly report for Q1 of 2016, there were no changes in the Information for Q3 of 2016.

8.6. Information on Legislative Enactments Governing Import and Export of Capital, which may Influence Payment of Dividends, Interest and Others Payments to Non-Residents

The information is described in Quarterly report for Q1 of 2016, there were no changes in the Information for Q3 of 2016.

8.7. Information on Declared (Accrued) and/or Paid Dividends on the Issuer's Shares, as well as 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 five completed reporting years as well as for the period from the beginning date of the current year to the end date of the reporting quarter:

According to the results of 2008, the Issuer's dividends were not accrued and paid.

At the end of 3; 6,9 and 12 months of 2016 the Issuer declared no dividends

Indicator	Dividend period: 2012
Category of shares and type for preferred shares	equity registered
Management body of the Company which took decision on dividend declaration, date of such decision, date of preparation and number of minutes of the meeting of the management body where such decision was taken	General Meeting of Shareholders of the Issuer, date of the decision: June 28, 2013, minutes No. 11 dated June 28, 2013
Declared dividends per one share, RUB	RUB 0.00955606
Declared dividends per all shares of that category (class), RUB	RUB 3,675,573,209.73
Date of making a list of the persons entitled to dividends are (were) determined	May 23, 2013
Reporting period (year, quarter), for which (according to the results of which) declared dividends are (were) paid	2012
Fixed payment period (date) of declared dividends	60 days
Form of payment of declared dividends (money, other property)	In monetary form
Source of payment of declared dividends (net profit for the reporting year, undistributed net profit for prior years, special purpose fund)	Net profit in reporting period
Share of the declared dividends in the net profit for the reporting year, %	25 %
Total dividends paid on shares of such category (class), RUB	RUB 3,656,214,627.80
Share of paid dividends in total declared dividends on shares of that category (class), %	99.47 %
If declared dividends were not paid or incompletely paid by the Issuer, reasons for failure to pay declared dividends shall be specified	According to the results of 2012, 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.
Other information on declared and/or paid dividends specified at the Company's discretion	In connection with the expiry of a 3-year term, during which the Company's shareholders have the right to appeal with a demand for payment of dividends declared for the 2012 fiscal year declared and unclaimed dividends are restored to the retained earnings of the Company and the obligation to pay them prekraschena.

Indicator	Dividend period: 2013
Category of shares and type for preferred shares	Equity registered
Management body of the Company which took decision on dividend declaration, date of such decision, date of preparation, and number of minutes of the meeting of the management body where such decision was taken	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 per all shares of that category (class), RUB	RUB 5,248,249,991.75
Date of making a list of the persons entitled to dividends are (were) determined	July 8, 2014
Reporting period (year, quarter) for which (according to the results of which) declared dividends are (were) paid	2013

Fixed payment period (date) of declared dividends	For a nominee holder and beneficial owner being the professional participant in the securities market, registered in the shareholders register, 10 business days, and for other persons registered in the shareholders register, 25 business days upon 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 profit for the reporting year, undistributed net profit for prior years, special purpose fund)	Net profit in reporting period
Share of the declared dividends in the net profit for the reporting year, %	14.86 %
Total dividends paid on shares of such category (class), RUB	RUB 5, 229, 872, 225.37
Share of paid dividends in total declared dividends on shares of that category (class), %	99.65 %
If declared dividends were not paid or incompletely paid by the Issuer, reasons for failure to pay declared dividends shall be specified	According to the results of 2013, dividends are 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.
Other information on declared and/or paid dividends specified at the Company's discretion	None

Indicator	Dividend period: 2014
Category of shares and type for preferred shares	Equity registered
Management body of the Company which took decision on dividend declaration, date of such decision, date of preparation and number of minutes of the meeting of the management body where such decision was taken	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 per all shares of that category (class), RUB	RUB 6,032,750,291.16
Date of making a list of the persons entitled to dividends are (were) determined	July 07, 2015
Reporting period (year, quarter), for which (according to the results of which) declared dividends are (were) paid	2014
Fixed payment period (date) of declared dividends	For a nominee holder and beneficial owner being the professional participant in the securities market, registered in the shareholders register, 10 business days, i.e. not later than July 21, 2015, and for other persons registered in the shareholders register, 25 business days, i.e. August 11, 2015, upon 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 profit for the reporting year, undistributed net profit for prior years, special purpose fund)	Net profit in reporting period
Share of the declared dividends in the net profit for the reporting year, %	19,63 %
Total dividends paid on shares of such category (class), RUB	RUB 6, 012, 084, 284.87
Share of paid dividends in total declared dividends on shares of that category (class), %	99.66 %

If declared dividends were not paid or incompletely paid by the Issuer, reasons for failure to pay declared dividends shall be specified	According to the results of 2014, 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, as well as persons in relation to which the nominal holder failed to perform its obligation to transfer dividends due to reasons beyond its control.
Other information on declared and/or paid dividends specified at the Company's discretion	None

Indicator	Dividend period: 2015
Category of shares and type for preferred shares	Equity registered
Management body of the Company which took decision on dividend declaration, date of such decision, date of preparation and number of minutes of the meeting of the management body where such decision was taken	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 per all shares of that category (class), RUB	RUB 15,011,046,132.02
Date of making a list of the persons entitled to dividends are (were) determined	July 08, 2015
Reporting period (year, quarter), for which (according to the results of which) declared dividends are (were) paid	2015
Fixed payment period (date) of declared dividends	For a nominee holder and beneficial owner being the professional participant in the securities market, registered in the shareholders register, 10 business days, i.e. not later than July 22, 2016, and for other persons registered in the shareholders register, 25 business days, i.e. August 12, 2016, upon 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 profit for the reporting year, undistributed net profit for prior years, special purpose fund)	Net profit in reporting period
Share of the declared dividends in the net profit for the reporting year, %	50 %
Total dividends paid on shares of such category (class), RUB	RUB 14 ,965,150, 858.10
Share of paid dividends in total declared dividends on shares of that category (class), %	99,69 %
If declared dividends were not paid or incompletely paid by the Issuer, reasons for failure to pay declared dividends shall be specified	According to the results of 2015, 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, as well as persons in relation to which the nominal holder failed to perform its obligation to transfer dividends due to reasons beyond its control.
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	Reporting period: 2011–Q4 2016
Series, form, and other identifiers of securities issue	Certificated inconvertible interest bearing bonds to the bearer with obligatory central storage, series 01, possible early redemption at the request of the holder and at the discretion of the Issuer, quantity — 10,000,000, issue at par value — RUB 10,000,000,000.
State registration number of the bonds issue and state registration date thereof (identification number of the issue and allocation date thereof, 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 (par value, interest (coupon), etc.)	Coupon yield
Yield available for disbursement against bonds of the issue, in terms of money, as per one bond of the issue, RUB/foreign currency	RUB 39.89 (thirty-nine rubles eighty-nine kopecks)
Yield available for disbursement against bonds of the issue, in terms of money, as per all bonds of the issue, RUB/foreign currency	3 993 224 409,23 (Три миллиарда девятьсот девяносто три миллиона двести двадцать четыре тысячи четыреста девять) рублей 23 копейки
Payment period (date) of bond yield of the issue	The first coupon yield is paid on October 24, 2011; The second coupon yield is paid on April 23, 2012 The third coupon yield is paid on October 22, 2012; The fourth coupon yield is paid on April 22, 2013; The fifth coupon yield is paid on October 21, 2013 The sixth coupon yield is paid on April 21, 2014; The seventh coupon yield is paid on October 20, 2014; The eighth coupon yield is paid on April 20, 2015; The ninth coupon yield is paid on October 19, 2015; The tenth coupon yield is paid on April 18, 2016 The eleventh coupon income paid 17.10.2016
Form of revenue payment upon 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	3 993 224 409,23 (Three billion nine hundred ninety-three million two hundred twenty-four thousand four hundred and nine) rubles 23 kopeykiRUB
Share of paid bond yield of the issue in total payable bond yield of the issue, %	100
If bond yield to be paid was not paid or incompletely paid by the Issuer, reasons for failure to pay such yield shall be specified	-
Other information on bonds of the issue specified at the Issuer's discretion	Maturity of PJSC RusHydro bonds is 10 years. Tender offer for purchase of the bonds at the request of their holders for the period of 5 years from the beginning of placement is possible in respect of the said securities. April 8, 2016 Issuer decided to set a new interest rate for eleventh-twelfth coupon periods. April 22, 2016 Acquisition of bonds was hold at the owner's request

Indicator	Reporting period: 2011–Q4 2016
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Series, form, and other identifiers of securities issue	Certificated inconvertible interest bearing bonds to the bearer with obligatory central storage, series 02, possible early redemption at the request of the holder and at the discretion of the Issuer, quantity — 5,000,000, issue at par value — RUB 5,000,000,000.
State registration number of the bonds issue and state registration date thereof (identification number of the issue and allocation date thereof, 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 (par value, interest (coupon), etc.)	Coupon yield
Yield available for disbursement against bonds of the issue, in terms of money, as per one bond of the issue, RUB/foreign currency	39 (Thirty-nine) rubles 89 (eighty nine) cents (amount of income from 1 to 10 coupon periods); 47 (forty-seven) rubles 37 (thirty seven) cents (amount of income from 11 - 20 coupon periods) .RUB
Yield available for disbursement against bonds of the issue, in terms of money, as per all bonds of the issue, RUB/foreign currency	2 002 115 201,20 (Two billion two million one hundred and fifteen thousand two hundred and one) rubles 20 kopeekRUB
Payment period (date) of bond yield of the issue	The first coupon yield is paid on October 24, 2011; The second coupon yield is paid on April 23, 2012 The third coupon yield is paid on October 22, 2012; The fourth coupon yield is paid on April 22, 2013; The fifth coupon yield is paid on October 21, 2013; The sixth coupon yield is paid on April 21, 2014; The seventh coupon yield is paid on October 20, 2014; The eighth coupon yield is paid on April 20, 2015; The ninth coupon yield is paid on October 19, 2015; The tenth coupon yield is paid on April 18, 2016 The eleventh coupon income paid 17.10.2016
Form of revenue payment upon 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	2 002 115 201,20 (Two billion two million one hundred and fifteen thousand two hundred and one) rubles 20 kopeekRUB
Share of paid bond yield of the issue in total payable bond yield of the issue, %	100
If bond yield to be paid was not paid or incompletely paid by the Issuer, reasons for failure to pay such yield shall be specified	-
Other information on bonds of the issue specified at the Issuer's discretion	Maturity of PJSC RusHydro bonds is 10 years. Tender offer for purchase of the bonds at the request of their holders for the period of 5 years from the beginning of placement is possible in respect of the said securities. April 8, 2016 Issuer decided to set a new interest rate for eleventh-twelfth coupon periods. April 22, 2016 Acquisition of bonds was hold at the owner's request

Indicator	Reporting period: 2013–Q4 2016
Series, form, and other identifiers of securities issue	Certificated inconvertible interest bearing bonds to the bearer with obligatory central storage, series 07, possible early redemption at the request of the holder and at the discretion of the Issuer, quantity — 10,000,000, issue at par value — RUB 10,000,000,000.

State registration number of the bonds issue and state registration date thereof (identification number of the issue and allocation date thereof, 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 (par value, interest (coupon), etc.)	Coupon yield
Yield available for disbursement against bonds of the issue, in terms of money, as per one bond of the issue, RUB/foreign currency	Forty-two rubles thirty-eight kopecks (RUB 42.38)
Yield available for disbursement against bonds of the issue, in terms of money, as per all bonds of the issue, RUB/foreign currency	RUB 2,966,600,000 (two billion nine hundred and sixty-six million six hundred thousand rubles)
Payment period (date) of bond yield of the issue	The first coupon yield is paid on August 15, 2013 The second coupon yield is paid on February 13, 2014 The third coupon yield is paid on August 14, 2014 The fourth coupon yield is paid on February 12, 2015 The fifth coupon yield is paid on August 13, 2015 The sixth coupon yield is paid on February 11, 2016 The seventh coupon yield is paid on August 11, 2016
Form of revenue payment upon 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	RUB 2,966,600,000 (two billion nine hundred and sixty-six million six hundred thousand rubles)
Share of paid bond yield of the issue in total payable bond yield of the issue, %	100
If bond yield to be paid was not paid or incompletely paid by the Issuer, reasons for failure to pay such yield shall be specified	-
Other information on bonds of the issue specified at the Issuer's discretion	Maturity of PJSC RusHydro bonds of series 07 is 10 years. Tender offer for the period of 5 years from the beginning of placement is possible in respect of securities.

Indicator	Reporting period: 2013–Q4 2016
Series, form, and other identifiers of securities issue	Certificated inconvertible interest bearing bonds to the bearer with obligatory central storage, series 08, possible early redemption at the request of the holder and at the discretion of the Issuer, quantity — 10,000,000, issue at par value — RUB 10,000,000,000.
State registration number of the bonds issue and state registration date thereof (identification number of the issue and allocation date thereof, 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 (par value, interest (coupon), etc.)	Coupon yield
Yield available for disbursement against bonds of the issue, in terms of money, as per one bond of the issue, RUB/foreign currency	RUB 42.38 (forty-two rubles thirty-eight kopecks)
Yield available for disbursement against bonds of the issue, in terms of money, as per all bonds of the issue, RUB/foreign currency	RUB 2,966,600,000 (two billion nine hundred and sixty-six million six hundred thousand rubles)

Payment period (date) of bond yield of the issue	The first coupon yield is paid on August 15, 2013 The second coupon yield is paid on February 13, 2014 The third coupon yield is paid on August 14, 2014 The fourth coupon yield is paid on February 12, 2015 The fifth coupon yield is paid on August 13, 2015 The sixth coupon yield is paid on February 11, 2016 The seventh coupon yield is paid on August 11, 2016
Form of revenue payment upon 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	RUB 2,966,600,000 (two billion nine hundred and sixty-six million six hundred thousand rubles)
Share of paid bond yield of the issue in total payable bond yield of the issue, %	100
If bond yield to be paid was not paid or incompletely paid by the Issuer, reasons for failure to pay such yield shall be specified	-
Other information on bonds of the issue specified at the Issuer's discretion	Maturity of PJSC RusHydro bonds of series 08 is 10 years. Tender offer for the period of 5 years from the beginning of placement is possible in respect of securities.

Indicator	Reporting period: Q2 2015 – Q4 2016
Series, form, and other identifiers of securities issue	Certificated inconvertible interest bearing bonds to the bearer with obligatory central storage, series 09, possible early redemption at the request of the holder and at the discretion of the Issuer.
State registration number of the bonds issue and state registration date thereof (identification number of the issue and allocation date thereof, 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 (par value, interest (coupon), etc.)	Coupon yield
Yield available for disbursement against bonds of the issue, in terms of money, as per one bond of the issue, RUB/foreign currency	RUB 63.58 (sixty-three rubles fifty-eight kopecks)
Yield available for disbursement against bonds of the issue, in terms of money, as per all bonds of the issue, RUB/foreign currency	1 907 400 000 (One billion nine hundred seven million four hundred thousand) rubleyRUB
Payment period (date) of bond yield of the issue	The first coupon yield is paid on October 27, 2015 The second coupon yield is paid on April 26, 2016 Third coupon period paid 25.10.2016
Form of revenue payment upon 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	1 907 400 000 (One billion nine hundred seven million four hundred thousand) rubleyRUB
Share of paid bond yield of the issue in total payable bond yield of the issue, %	100
If bond yield to be paid was not paid or incompletely paid by the Issuer, reasons for failure to pay such yield shall be specified	-
Other information on bonds of the issue specified at the Issuer's discretion	Maturity of PJSC RusHydro bonds of series 09 is 10 years. Tender offer for the period of 2,5 years from the beginning of placement is possible in respect of securities.

Indicator	Reporting period: 2015 - Q4 2016
Series, form, and other identifiers of securities issue	Exchange-traded certificated inconvertible interest bearing bonds to the bearer with obligatory central storage, series BO-P01
State registration number of the bonds issue and state registration date thereof (identification number of the issue and allocation date thereof, if the bonds issue is not subject to state registration)	4B02-01-55038-E-001P dated July 03, 2015
Type of yield paid on bonds of the issue (par value, interest (coupon), etc.)	Coupon yield
Yield available for disbursement against bonds of the issue, in terms of money, as per one bond of the issue, RUB/foreign currency	RUB 59.09 (fifty-nine rubles nine kopecks)
Yield available for disbursement against bonds of the issue, in terms of money, as per all bonds of the issue, RUB/foreign currency	RUB 590,900,000 (five hundred and ninety million nine hundred thousand rubles).
Payment period (date) of bond yield of the issue	The first coupon yield is paid on January 11, 2015 The second coupon yield is paid on July 6, 2016
Form of revenue payment upon 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	RUB 590,900,000 (five hundred and ninety million nine hundred thousand rubles).
Share of paid bond yield of the issue in total payable bond yield of the issue, %	100
If bond yield to be paid was not paid or incompletely paid by the Issuer, reasons for failure to pay such yield shall be specified	-
Other information on bonds of the issue specified at the Issuer's discretion	Maturity of PJSC RusHydro exchange-traded bonds of series BO-P01 is 3 years.

Indicator	Reporting period: 2015 - Q4 2016
Series, form, and other identifiers of securities issue	Exchange-traded certificated inconvertible interest bearing bonds to the bearer with obligatory central storage, series BO-P02
State registration number of the bonds issue and state registration date thereof (identification number of the issue and allocation date thereof, if the bonds issue is not subject to state registration)	4B02-02-55038-E-001P dated July 03, 2016
Type of yield paid on bonds of the issue (par value, interest (coupon), etc.)	Coupon yield
Yield available for disbursement against bonds of the issue, in terms of money, as per one bond of the issue, RUB/foreign currency	RUB 59.09 (fifty-nine rubles nine kopecks)
Yield available for disbursement against bonds of the issue, in terms of money, as per all bonds of the issue, RUB/foreign currency	RUB 590,900,000 (five hundred and ninety million nine hundred thousand rubles).
Payment period (date) of bond yield of the issue	The first coupon yield is paid on January 11, 2016 The second coupon yield is paid on July 6, 2016
Form of revenue payment upon 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	RUB 590,900,000 (five hundred and ninety million nine hundred thousand rubles).

Share of paid bond yield of the issue in total payable bond yield of the issue, %	100
If bond yield to be paid was not paid or incompletely paid by the Issuer, reasons for failure to pay such yield shall be specified	-
Other information on bonds of the issue specified at the Issuer's discretion	Maturity of PJSC RusHydro exchange-traded bonds of series BO-P02 is 3 years.

Indicator	Reporting period: 2015 -Q4 2016
Series, form, and other identifiers of securities issue	Exchange-traded certificated inconvertible interest bearing bonds to the bearer with obligatory central storage, series BO-P03
State registration number of the bonds issue and state registration date thereof (identification number of the issue and allocation date thereof, if the bonds issue is not subject to state registration)	4B02-03-55038-E-001P dated July 03, 2015
Type of yield paid on bonds of the issue (par value, interest (coupon), etc.)	Coupon yield
Yield available for disbursement against bonds of the issue, in terms of money, as per one bond of the issue, RUB/foreign currency	RUB 59.09 (fifty-nine rubles nine kopecks)
Yield available for disbursement against bonds of the issue, in terms of money, as per all bonds of the issue, RUB/foreign currency	RUB 590,900,000 (five hundred and ninety million nine hundred thousand rubles).
Payment period (date) of bond yield of the issue	The first coupon yield is paid on January 11, 2016 The second coupon yield is paid on July 6, 2016
Form of revenue payment upon 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	RUB 590,900,000 (five hundred and ninety million nine hundred thousand rubles).
Share of paid bond yield of the issue in total payable bond yield of the issue, %	100
If bond yield to be paid was not paid or incompletely paid by the Issuer, reasons for failure to pay such yield shall be specified	-
Other information on bonds of the issue specified at the Issuer's discretion	Maturity of PJSC RusHydro exchange-traded bonds of series BO-P03 is 3 years.

indicator	Reporting period Q2. 2016 - 4th quarter. 2016
Series, form and other identification characteristics of the bond issue	Commercial papers documentary interest-bearing non-convertible bearer bonds with mandatory centralized custody, series BO-P04
State registration number of the bond issue and the date of its state registration (identification number of the bond issue and the date of its assignment if the bond issue is not subject to state registration)	4B02-04-55038-E-001P from 01.04.2016.
Type of yield paid on the issue bonds (face value, interest (coupon), other)	Reporting period Q2. 2016 - 4th quarter. 2016
The size of income to be paid under the bond issue, in monetary terms, based on a bond issue, rub. / Foreign currency	51 (Пятьдесят один) рубль 61 (Шестьдесят одна) копейка

The size of income, payable under the bond issue, in terms of money in the aggregate for all bonds of the issue, RUR. / foreign. currency	774 150 000 (Seven hundred and seventy four million one hundred and fifty thousand) rubles.
Term (date) of payment of issue bond yield	The first coupon income paid on 06.10.2016
The form of payment of issue bond yield (cash, other property)	Cash in the Russian Federation currency in cashless
The total amount of yield paid on all bonds of the issue, RUR. / Foreign. currency	774 150 000,00 (seven hundred and seventy four million one hundred and fifty thousand) rubles.
The share of paid income on bonds in the total amount payable on issued bonds,%	100
Reasons for non-payment of income if the payable income on bonds was not paid or paid by the issuer is not in full	-
Other information on bond income specified at the Issuer's discretion	The maturity of the BO-P04 series of exchange bonds is 3 years.

8.8. Other Information

Absent

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 the Issuer of Russian depositary receipts.

**Appendix 1 Annual Accounting (Financial) Statements of
the Issuer 2016**

***Public Joint-Stock Company Federal
Hydro-Generating Company – RusHydro***

Auditor's Report
on Financial Statements
2016

Translation from Russian original



Auditor's Report

To the Shareholders of Public Joint-Stock Company Hydro-Generating Company – RusHydro:

Client

Public Joint-Stock Company Hydro-Generating Company – RusHydro (PJSC RusHydro)

State registration certificate with inclusion in the Unified State Register of Legal Entities No. 1042401810494 issued by the Inspectorate of the Russian Ministry of Taxes and Levies of Krasnoyarsk on 26 December 2004.

660017, Russian Federation, Krasnoyarsky region, Krasnoyarsk

Auditor

AO PricewaterhouseCoopers Audit (AO PwC Audit) located at: 125047, Russian Federation, Moscow, Butyrsky Val, 10.

State registration certificate No. 008.890, issued by Moscow Registration Bureau on 28 February 1992.

Certificate of inclusion in the Unified State Register of Legal Entities regarding the legal entity registered before 1 July 2002 No. 1027700148431 issued by Interregional Inspectorate of the Russian Ministry of Taxes and Levies No. 39 for the Moscow City on 22 August 2002.

Member of Self-regulated organization of auditors «Russian Union of auditors» (Association).

Major registration record number (ORNZ) in the register of auditors and audit organisations – 11603050547.

*AO PricewaterhouseCoopers Audit
White Square Office Center 10 Butyrsky Val Moscow, Russia, 125047
T: +7 (495) 967-6000, F: +7 (495) 967-6001, www.pwc.ru*

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.



Auditor's Report

To the Shareholders of Public Joint-Stock Company Hydro-Generating Company – RusHydro:

We have audited the attached financial statements of Public Joint-Stock Company Hydro-Generating Company – RusHydro (hereinafter – PJSC RusHydro) which comprise the balance sheet as of 31 December 2016, and statement of financial results, statement of changes in equity and statement of cash flows for the year ended 31 December 2016 and notes to the balance sheet and statement of financial results (hereinafter all the reports together are referred to as the “financial statements”).

PJSC RusHydro's responsibility for the financial statements

PJSC RusHydro's management is responsible for the preparation and fair presentation of these 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.

The auditor's responsibility

Our responsibility is to express an opinion as to whether the financial statements are fairly presented based on our audit. We conducted our audit in accordance with Russian Federal Auditing Standards. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of PJSC RusHydro as of 31 December 2016 and the results of its operations and its cash flows for the year then ended in accordance with the reporting rules established in the Russian Federation.



Auditor's Report

Emphasis of matter

Without modifying our opinion on the fairness of the financial statements we draw attention to Note 3.1.2 Long-term investments (balance sheet line 1170) to the financial statements which describes the reasons for non-revaluation of quoted financial investments in shares of PAO RAO ES of East, PAO Yakutskenergo and PAO Far East Energy Company at their current market values.

As of 31 December 2016 the amount of unrecognised decrease in the market value as compared to the carrying value of these investments is RUB 6,614 million, as of 31 December 2015 – RUB 5,047 million.

Director of AO PricewaterhouseCoopers Audit

A. S. Ivanov

30 March 2017

BALANCE SHEET

as at 31 December 2016

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)
 OKPO
 INN
 OKVED
 OKOPF/OKFC
 OKEI

CODES	
Form on OKUD	0710001
Date (year, month, day)	2016/12/31
OKPO	75782411
INN	2460066195
OKVED	35.11.2
OKOPF/OKFC	12247 / 41
OKEI	385

Note	Narrative	Line code	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014
1	2	3	4	5	6
	I. NON-CURRENT ASSETS				
	Intangible assets	1110	1,324	893	1,032
	Results of research and development	1120	1,077	1,091	843
3.1.1	Property, plant and equipment, incl.:	1150	409,109	392,723	378,027
	fixed assets	1151	372,514	344,986	321,645
	construction in process	1152	36,595	47,737	56,382
3.1.1	Income-bearing investments in tangible assets	1160	-	7,065	7,189
3.1.2	Financial investments, incl.:	1170	292,273	320,097	264,352
	investments in subsidiaries, associates and other entities	1171	264,587	267,664	230,313
	loans issued	1172	27,085	51,832	34,039
	promissory notes	1173	601	601	-
3.1.3	Other non-current assets	1190	4,703	3,287	3,538
	Total Section I	1100	708,486	725,156	654,981
	II. CURRENT ASSETS				
3.2.1	Inventories	1210	4,252	4,115	3,437
3.9	Value added tax on goods purchased	1220	51	40	105
3.2.2	Accounts receivable, incl.:	1230	149,614	129,291	144,565
	accounts receivable (payments expected later than 12 months after the reporting date), incl.:	1231	62,615	62,549	62,341
	buyers and customers	1231.1	178	976	409
	advances issued	1231.2	20,004	28,524	31,099
	promissory notes	1231.3	29,312	28,578	27,563
	loans issued	1231.4	11,258	3,447	1,503
	other debtors	1231.5	1,863	1,024	1,767
	accounts receivable (payments expected within 12 months after the reporting date), incl.:	1232	86,999	66,742	82,224
	buyers and customers	1232.1	7,120	6,741	5,840
	advances issued	1232.2	10,206	14,495	12,870
	promissory notes	1232.3	5,459	20,809	19,119
	loans issued	1232.4	30,792	12,925	26,384
	other debtors	1232.5	33,422	11,772	18,011
3.2.3	Financial investments (excl. cash equivalents), incl.:	1240	5,305	15,879	43,446
	bank deposits	1241	4,075	10,609	33,307
	loans issued	1242	1,230	5,270	10,139
3.2.4	Cash and cash equivalents	1250	40,954	18,139	9,032
	Other current assets	1260	11	11	14
	Total Section II	1200	200,187	167,475	200,599
	TOTAL	1600	908,673	892,631	855,580

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Note	Narrative	Line code	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014
1	2	3	4	5	6
	III. CAPITAL AND RESERVES				
3.3.1	Charter capital	1310	386,255	386,255	386,255
3.3.2	Revaluation of non-current assets	1340	52,705	52,928	53,111
3.3.3	Additional capital (excl. revaluation)	1350	58,424	58,424	58,424
3.3.4	Reserve capital	1360	11,278	9,776	8,240
	Retained earnings (loss), incl.:	1370	260,674	235,086	212,430
	undistributed profit of previous years	1371	218,797	205,064	181,701
	undistributed profit of the current year	1372	41,877	30,022	30,729
	Total Section III	1300	769,336	742,469	718,460
	IV. LONG-TERM LIABILITIES				
3.4.1	Borrowings and bank loans	1410	94,848	105,070	92,262
3.9	Deferred tax liabilities	1420	13,676	12,402	9,672
3.4.2	Other liabilities	1450	3,746	2,195	2,335
	Total Section IV	1400	112,270	119,667	104,269
	V. SHORT-TERM LIABILITIES				
3.5.1	Borrowings and bank loans	1510	14,025	18,940	21,915
3.5.2	Accounts payable, incl.:	1520	9,681	9,822	8,575
	suppliers and contractors	1521	4,190	5,492	5,295
	payables to employees	1522	24	669	823
	payables to state non-budgetary funds	1523	14	135	119
	taxes payable	1524	4,697	3,103	1,923
	dividends payable	1525	122	67	65
	payables in respect of shares issued	1526	33	-	-
	other creditors	1527	601	356	350
	Income of future periods	1530	73	70	75
3.5.3	Estimated liabilities	1540	2,447	601	1,405
	Other liabilities	1550	841	1,062	881
	Total Section V	1500	27,067	30,495	32,851
	TOTAL	1700	908,673	892,631	855,580

Chairman of Management Board – General Director

N. G. Shulginov

(clarification of signature)

Chief accountant

Y. GV. Medvedeva

(clarification of signature)

30 March 2017

STATEMENT OF FINANCIAL RESULTS

for the year ended 31 December 2016

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**

Form on OKUD
 Date (year, month, day)
 OKPO
 INN
 OKVED
 OKOPF/OKFC
 OKEI

CODES	
Form on OKUD	0710002
Date (year, month, day)	2016/12/31
OKPO	75782411
INN	2460066195
OKVED	35.11.2
OKOPF/OKFC	12247 / 41
OKEI	385

Note	Narrative	Line code	Year ended 31 December 2016	Year ended 31 December 2015
1	2	3	4	5
3.7.1	Revenue	2110	115,033	107,099
3.7.2	Cost of sales	2120	(56,356)	(63,969)
	Gross profit	2100	58,677	43,130
	Profit from sales	2200	58,677	43,130
3.12.7	Income from participation in other companies	2310	9,481	809
	Interest income	2320	8,777	9,362
	Interest expense	2330	(7,592)	(8,251)
3.8	Other income	2340	23,754	15,005
3.8	Other expense	2350	(38,336)	(20,396)
	Profit before tax	2300	54,761	39,659
3.9	Current income tax, incl.:	2410	(11,188)	(6,814)
	permanent tax liabilities	2421	1,776	(1,902)
	Change in deferred tax liabilities	2430	(2,658)	(2,786)
	Change in deferred tax assets	2450	1,384	(152)
	Other	2460	(422)	115
	Net profit	2400	41,877	30,022
	REFERENCE			
	Gain or loss from other operations not included in the net profit of the period	2520	-	-
	Total financial result for the period	2500	41,877	30,022
3.11	Basic earnings per share, RR	2900	0,10842	0,07773

Chairman of Management Board – General Director _____

N. G. Shulginov
(clarification of signature)

Chief accountant _____

Y. G. Medvedeva
(clarification of signature)

30 March 2017

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

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**

Form on OKUD
 Date (year, month, day)
 OKPO
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 OKOPF/OKFC
 OKEI

CODES
0710003
2016/12/31
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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 2014	3100	386,255	111,535	8,240	212,430	718,460
for 2015						
Increase of equity, including:	3210	-	-	-	30,022	30,022
net profit	3211	x	x	x	30,022	30,022
additional shares issue	3214	-	-	x	x	-
Decrease of equity, including:	3220	-	-	-	(6,013)	(6,013)
Dividends	3227	x	x	x	(6,013)	(6,013)
Other	3228	-	-	x	-	-
Additional capital change	3230	x	(183)	x	183	x
Reserve capital change	3240	x	x	1,536	(1,536)	x
Equity as of 31 December 2015	3200	386,255	111,352	9,776	235,086	742,469
for 2016						
Increase of equity, including:	3310	-	-	-	41,877	41,877
net profit	3311	x	x	x	41,877	41,877
additional shares issue	3314	-	-	x	x	-
Decrease of equity, including:	3320	-	-	-	(15,010)	(15,010)
Dividends	3327	x	x	x	(15,010)	(15,010)
Other	3328	-	-	x	-	-
Additional capital change	3330	x	(223)	x	223	x
Reserve capital change	3340	x	x	1,502	(1,502)	x
Equity as of 31 December 2016	3300	386,255	111,129	11,278	260,674	769,336

III. Net assets

Narrative	Line code	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014
1	2	3	4	5
Net assets	3600	769,399	742,536	718,529

Chairman of Management Board – General Director _____

N. G. Shulginov
(clarification of signature)

Chief accountant _____

Y. G. Medvedeva
(clarification of signature)

30 March 2017

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STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

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**

Form on OKUD
 Date (year, month, day)
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CODES
0710004
2016/12/31
75782411
2460066195
35.11.2
12247 / 41
385

Note	Narrative	Line code	For 2016	For 2015
1	2	3	4	5
	Cash flows from operating activities			
	Receipts, including:	4110	118,301	108,833
	sales of products, goods, work and services	4111	113,249	105,028
	lease payments, license payments, royalties, commissions and other payments	4112	843	1,099
3.2.4	other receipts	4119	4,209	2,706
	Payments including:	4120	(59,326)	(64,139)
	to suppliers (contractors) – raw materials, works and services	4121	(22,137)	(29,796)
	wages and salaries	4122	(6,471)	(7,429)
	interest on debt liabilities	4123	(7,788)	(7,484)
	corporate income tax	4124	(10,864)	(6,202)
3.2.4	other payments	4129	(12,066)	(13,228)
	Net cash flows from operating activities	4100	58,975	44,694
	Cash flows from investing activities			
	Receipts, including:	4210	49,554	48,222
	sale of non-current assets (except for investments)	4211	9,382	150
	sale of shares of other organisations (ownership interest)	4212	44	11
	from return of loans, sales of debt securities (chose of possession of cash from third parties)	4213	22,459	14,086
	dividends, interests from long term financial investments and receipts from participation in other entities	4214	9,091	11,244
3.2.4	other receipts	4219	8,578	22,731
	Payments, including:	4220	(58,435)	(84,704)
	purchase, construction, modernisation, reconstruction and preparation for the use of non-current assets	4221	(20,580)	(28,969)
	related to purchase of shares of other organisations (ownership interest)	4222	(23,951)	(35,317)
	purchase of debt securities (chose of possession of cash from third parties), loans issued	4223	(10,893)	(17,739)
	borrowing costs included in the cost of the investment assets	4224	(3,011)	(2,679)
	Net cash flows from investing activities	4200	(8,881)	(36,482)

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Note	Narrative	Line code	For 2016	For 2015
1	2	3	4	5
	Cash flows from financing activities			
	Receipts, including:	4310	15,750	27,034
	borrowings and bank loans	4311	719	2,037
	issue of shares, increase in ownership interest	4313	33	-
	issue of bonds, promissory notes and other debt securities, etc.	4314	14,998	24,997
	Payments, including:	4320	(42,934)	(26,061)
	dividends and other distributions to owners	4322	(14,977)	(5,964)
	redemption (buyback) of promissory notes and other debt securities, loan repayment	4323	(27,949)	(20,067)
3.2.4	other payments	4329	(8)	(30)
	Net cash flows from financing activities	4300	(27,184)	973
	Net cash flows for the reporting period	4400	22,910	9,185
3.2.4	Cash and cash equivalents at the beginning of the reporting period	4450	18,139	9,032
3.2.4	Cash and cash equivalents at the end of the reporting period	4500	40,954	18,139
	Foreign exchange rate difference	4490	(95)	(78)

Chairman of Management Board – General Director

N. G. Shulginov
(clarification of signature)

Chief accountant

Y. G. Medvedeva
(clarification of signature)

30 March 2017

Explanatory Notes to the 2016 balance sheet and statement of financial results

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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 and sale of electricity (power). The Russian Government 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 2016 the Company employed 5,499 people (as of 31 December 2015 – 5,635 people).

The Company's shares are traded on OAO MICEX-RTS stock exchange (<http://moex.com>). American depository 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 2016 the ownership share of the Russian Federation in the Company's share capital amounted to 66,84%.

As of 31 December 2016 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 2016 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 of OAO 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, President, PAO Polyus Zoloto;
- Kravchenko Vyacheslav Mikhailovich, Deputy Minister of Energy of the Russian Federation;
- Pivovarov Vyacheslav Victorovich, Chief Executive Officer, LLC Altera Capital;
- Podguzov Nikolay Radievich, Deputy Minister of Economic Development of Russian Federation;
- Rogalev Nikolay Dmitrievich, rector of the Federal State Budget Educational Institution of Higher Education "National Research University "MEI";
- Chekunov 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, OJSC Rosneft;
- Shulginov Nikolay Grigoryevich, Chairman of Management Board, General Director, PAO RusHydro.

According to the decision made by the Company's general meeting of shareholders held on 27 June 2016 (Minutes No 15) Grachev Pavel Sergeevich, Podguzov Nikolay Radievich, Rogalev Nikolay Dmitrievich, Chekunov Alexey Olegovich, Shulginov Nikolay Grigoryevich were elected

to the Board of Directors; the powers of Dod Evgeny Vyacheslavovich, Zimin Victor Mikhaylovich, Kalanda Larisa Vyacheslavovna, Morozov Denis Stanislavovich and Osipov Alexander Mikhailovich were terminated.

As of 31 December 2016 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,
- Rizhinashvili George Ilyich, First Deputy General Director,
- .

There were following changes in Management Council during 2016 year:

- according to the decision made by the Company's Board of Directors held on 10.12.2015 (minutes № 228) the powers of Tokarev Vladimir Alexandrovich were terminated since 11.01.2016,
- according to the decision made by the Company's Board of Directors held on 25.02.2016 (minutes № 232) Kazachenkov Andrey Valentinovich was elected to the Management Council.
- As of 31 December 2016 members of the Company's Internal Audit Commission included:
 - Anninkova Natalia Nikolaevna, First deputy of General Director on economics and finance OJSC "Stroitelnoe upravlenie №308",
 - Bogashov Aleksandr Evgenyevich, head of department at the Russian Energy Ministry,,
 - Kant Mandal Denis Rishievich, Acting Head of department at the Federal Property Management Agency,
 - Repin Igor Nikolaevich, Deputy Executive Director, Investor protection association,
 - Hvorov Vladimir Vasilyevich, Department Leading Expert in the Russian Ministry of Economic Development.

According to the decision made by the Company's annual general meeting of shareholders held on 27 June 2016 (Minutes No 15) Bogashov Aleksandr Evgenyevich was elected to the Internal Audit Commission; the powers of Kharin Andrey Nikolaevich were terminated.

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.

Continuing politic tensions and international sanctions negatively influenced on Russian economy at 2016 year. Mentioned factors contributed to economy downturn that is characterized with decrease of gross domestic product. Financial markets are still characterized with lack of stability, frequent and considerable price changes and increase of trade operations spreads.

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.

Developing capacity and power wholesale and retail markets possess higher level of risks than developed markets of other products and services.

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.

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 country risk may be indirectly assessed by credit rating with some assumptions (less political risks for business). Due to external factors such as oil price and Rouble currency rate decrease rating of Russia as for the end of 2014 was reduced from BBB at stable forecast to BB+ at negative forecast according to international rating agency Standard & Poor's which is negative factor that is connected with anti-Russian sanctions. The country risk level may differ depending on the continuity or termination of this policy.

In 2016, the credit rating of Russia under the version of the international rating agency Standard & Poor's remains at the level of BB +, while the forecast has been revised from negative to stable. According to analysts, external risks for the Russian Federation decreased, the Russian economy adapts to low world prices for raw materials.

Also in 2016 international rating agency Standard & Poor's confirmed Company's long-term credit rating at BB level, but changed forecast from stable to positive.

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 company takes the required steps to prevent negative influence of the above risks on its operations.

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 a decrease in the number of an entity's customers as a result of negative perception of the quality of products, works, services sold, the ability to meet the deadlines for products delivery, 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 and market 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 60.6569 as of 31 December 2016 (31 December 2015: USD 1 = RUB 72.8827, 31 December 2014: USD 1 = 56.2584), EUR 1 = RUB 63.8111 as of 31 December 2016 (31 December 2015: EUR 1 = RUB 79.6972, 31 December 2014: EUR 1 = RUB 68.3427).

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 recognized 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 (hereinafter - "SDCs") 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 (hereinafter - SAC) into the Company in 2008 or over the whole period of their operation, if they were put into operation after merging SAC 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".

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.

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 SDCs (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 OAO MICEX-RTS (<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.

Doubtful debts provision is made on a quarterly basis as of the end of the respective period. 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 when the respective trading positions are closed;
- 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 2016 and 2017 based on the Russian Accounting Regulation "Accounting policies of an organisation" (RAR 1/2008).

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 2016	31 December 2015	31 December 2014
Line 1151 Property, plant and equipment, including:			
Facilities and transmission equipment	192,240	189,819	188,410
Machinery and equipment	140,215	120,251	98,216
Buildings	39,539	34,274	34,457
Motor vehicles	6	23	56
Production and maintenance tools	293	412	281
Land plots	4	4	3
Other types of property, plant and equipment	217	203	222
Total line 1151 "Property, plant and equipment"	372,514	344,986	321,645
Line 1160 Income-bearing investments in tangible assets, including:			
Facilities and transmission equipment	-	7,065	7,189
Total in line 1160 "Income-bearing investments in tangible assets"	-	7,065	7,189

As of 31 December 2016 there are no income-bearing investments in tangible assets (as of 31 December 2015 – RUB 7,065 million, as of 31 December 2014 – RUB 7,189 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 2016 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		Changes for the period				At the end of the year	
		Cost	Accumulated depreciation	Additions*	Disposals		Depreciation accrued*	Cost	Accumulated depreciation
					Cost	Accumulated depreciation			
Property, plant and equipment including:	2015	389,140	(67,495)	42,761	(3,401)	1,414	(17,433)	428,500	(83,514)
	2016	428,500	(83,514)	43,735	(1,291)	890	(15,806)	470,944	(98,430)
Facilities and transmission equipment	2015	213,984	(25,574)	7,633	(2,260)	367	(4,331)	219,357	(29,538)
	2016	219,357	(29,538)	6,783	(63)	11	(4,310)	226,077	(33,837)
Machinery and equipment	2015	135,135	(36,919)	34,270	(997)	947	(12,185)	168,408	(48,157)
	2016	168,408	(48,157)	30,786	(1,081)	824	(10,565)	198,113	(57,898)
Buildings	2015	38,672	(4,215)	574	(12)	4	(749)	39,234	(4,960)
	2016	39,234	(4,960)	6,106	(96)	20	(765)	45,244	(5,705)
Motor vehicles	2015	82	(26)	5	(37)	8	(9)	50	(27)
	2016	50	(27)	-	(37)	21	(1)	13	(7)
Production and maintenance tools	2015	889	(608)	266	(89)	86	(132)	1,066	(654)
	2016	1,066	(654)	18	(9)	9	(137)	1,075	(782)
Land plots	2015	3	-	1	-	-	-	4	-
	2016	4	-	-	-	-	-	4	-
Other types of property, plant and equipment	2015	375	(153)	12	(6)	2	(27)	381	(178)
	2016	381	(178)	42	(5)	5	(28)	418	(201)
Income-bearing investments in tangible assets including:	2015	7,592	(403)	-	-	-	(124)	7,592	(527)
	2016	7,592	(527)	-	(7,592)	641	(114)	-	-
Facilities and transmission equipment	2015	7,592	(403)	-	-	-	(124)	7,592	(527)
	2016	7,592	(527)	-	(7,592)	641	(114)	-	-

* Cost of property, plant and equipment received in 2016 and depreciation for the period includes cost of property, plant and equipment repurchased at the expiration of the lease agreements and accumulated depreciation of RUB 1,063 million (for 2015: RUB 3,679 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	2016	2015
Increase in the cost of property, plant and equipment as a result of further construction, re-equipping, reconstruction including:	23,345	23,674
Machinery and equipment	15,969	17,769
Buildings	5,592	230
Facilities and transmission equipment	1,784	5,673
Other types of property, plant and equipment	-	2
Decrease in value of property, plant and equipment as a result of partial liquidation including:	160	96
Machinery and equipment	151	86
Other types of property, plant and equipment	9	10

Other use of property, plant and equipment

Narrative	31 December 2016	31 December 2015	31 December 2014
Leased out PP&E recognised on the balance sheet	1,451	1,604	1,760
Leased PP&E recognised in the off-balance-sheet accounts	33,862	38,490	34,097
Real estate assets which were put into operation and actually used but are in the process of state registration	5,924	2,552	2,094
PP&E that have been temporarily shut down	80	89	77

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:	2015	56,382	31,083	(44)	(602)	(39,082)	47,737
	2016	47,737	31,778	(252)	4	(42,672)	36,595
Construction-in-progress	2015	51,503	14,698	(21)	15,579	(38,831)	42,928
	2016	42,928	15,900	(234)	16,997	(42,353)	33,238
Incomplete transactions on purchasing property, plant and equipment and income-bearing investments in tangible assets	2015	35	262	(1)	-	(251)	45
	2016	45	282	(17)	33	(319)	24
Equipment for installation	2015	4,844	16,123	(22)	(16,181)	-	4,764
	2016	4,764	15,596	(1)	(17,026)	-	(3,333)

* 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 2016	31 December 2015	31 December 2014
Investments in subsidiaries	244,104	252,713	216,413
Investments in associates	11,110	11,110	11,210
Investments in other entities	9,373	3,841	2,690
Long-term loans issued	27,085	51,832	34,039
Debt securities	601	601	-
Total line 1170 "Financial investments"	292,273	320,097	264,352

Exposure of long-term investments to financial risks is described in paragraph 3.15 of the Explanatory Notes.

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(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:	2015	281,529	(17,177)	62,904	780	(5,552)	-	(2,387)	338,881	(18,784)
	2016	338,881	(18,784)	11,239	5,532	(29,207)	-	(15,388)	320,913	(28,640)
Investments in subsidiaries	2015	216,427	(14)	38,771	-	(35)	-	(2,436)	255,163	(2,450)
	2016	255,163	(2,450)	8,787	-	(2,017)	-	(15,379)	261,933	(17,829)
Investments in associates	2015	11,226	(16)	-	-	(100)	-	-	11,126	(16)
	2016	11,126	(16)	-	-	-	-	-	11,126	(16)
Investments in other entities	2015	12,938	(10,248)	401	780	(79)	-	49	13,260	(9,419)
	2016	13,260	(9,419)	9	5,532	-	-	(9)	13,269	(3,896)
Long-term loans issued	2015	34,039	-	23,131	-	(5,338)	-	-	51,832	-
	2016	51,832	-	2,443	-	(27,190)	-	-	27,085	-
Debt securities	2015	6,899	(6,899)	601	-	-	-	-	7,500	(6,899)
	2016	7,500	(6,899)	-	-	-	-	-	7,500	(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".

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(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 2016		31 December 2015		31 December 2014	
	Carrying amount	Share, %	Carrying amount	Share, %	Carrying amount	Share, %
Subsidiaries	244,104		252,713		216,413	
AO Zagorskaya GAES-2	60,691	100.00%	60,691	100.00%	55,924	100.00%
AO Ust-Srednekanskaya GES	23,111	67.82%	23,111	67.82%	23,111	67.82%
PAO RAO ES of East	18,495	84.39%	18,495	84.39%	18,495	84.39%
AO Zaramagskie GES	17,216	99.75%	17,216	99.75%	17,216	99.75%
AO Yakutskaya GRES-2	16,862	100.00%	16,862	100.00%	5,638	100.00%
AO Sakhalinskaya GRES-2	15,012	100.00%	12,996	100.00%	1	100.00%
AO Nizhne-Bureiskaya GES	14,611	100.00%	14,611	100.00%	8,673	100.00%
AO CCGT in the City of Sovetskaya Gavan	13,844	100.00%	7,345	100.00%	4,375	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 Gidroinvest	5,422	100.00%	9,550	100.00%	9,550	100.00%
AO Leningradskaya GAES	4,994	100.00%	4,994	100.00%	5,898	100.00%
AO Blagoveschenskaya TEC	4,285	100.00%	6,302	100.00%	6,302	100.00%
AO ESK RusHydro	3,420	100.00% - 1 share	11,832	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 Yuzhno-Yakutskiy GEK	3,005	100.00%	3,255	100.00%	3,255	100.00%
AO Geoterm	2,425	99.65%	2,425	99.65%	2,425	99.65%
PAO Yakutskenergo*	1,671	29.80%	1,671	29.80%	1,671	29.80%
HydroOGK Power Company Ltd	1,171	100.00%	1,171	100.00%	1,171	100.00%
AO NIIES	1,067	100.00%	983	100.00%	983	100.00%
OOO Verkhnebalkarskaya MGES	937	100.00%	937	100.00%	937	100.00%
AO CSO SGES	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 Hydro-Engineering Siberia	256	100.00%	990	100.00%	2,292	100.00%
AO GVTS Energetiki**	74	100.00%	653	100.00%	-	-
AO Renewable Energy Engineering Centre	-	100.00%	694	100.00%	694	100.00%
Other	1,480		1,874		1,916	
Associates:	11,110		11,110		11,210	
OAO Irkutsk Electric Grid Company	8,543	42.75%	8,543	42.75%	8,543	42.75%
OAO Sakhalin energy company	2,567	28.09%	2,567	28.09%	2,567	28.09%
Other	-		-		100	
Other entities:	9,373		3,841		2,690	
PAO Inter RAO	7,709	1.94%	2,217	1.94%	1,445	1.94%
PAO Boguchanskaya GES	1,081	2.88%	1,081	2.88%	1,081	2.88%
Other	583		543		164	
Total:	264,587		267,664		230,313	

* 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 2016 are as follows:

- acquisition of shares of additional issues of subsidiaries for a total amount of RUB 8,770 million, including AO TPP in Sovetskaya Gavan for the amount of RUB

- 6,499 million, AO Sakhalinskaya GRES-2 for the amount of RUB 2,016 million and other companies for the amount of RUB 255 million;
- appraisal of financial investments having a current market value, with recognition of profit for a total of RUB 5,532 million (see paragraph 3.15 of the Explanatory Note), including profit of RUB 5,492 million on shares of PAO Inter RAO;
- creation of provision for impairment of financial investments in the amount of RUB 15,402 million, including against AO ESK RusHydro in the amount of RUB 8,412 million, AO Hydroinvest for the amount of RUB 4,128 million, AO Hydro Engineering Sibir for the amount of RUB 734 million, AO Engineering Center for Renewable Energy in the amount of RUB 694 million, AO GVC Energetiki for the amount of RUB 579 million and other companies for the amount of RUB 855 million;
- reduction of the nominal value of shares of AO Blagoveshchenskaya CHPP in the amount of RUB 2,017 million by converting with repayment of monetary funds to the Company.

In 2016, the shares of the companies of AO Blagoveshchenskaya CHPP, AO Sakhalinskaya GRES-2, AO TPP in Sovetskaya Gavan and AO Yakutskaya GRES-2 were returned from the trust management of PAO RAO ES of East.

Investments in subsidiaries that have current market value

As of 31 December 2016, 31 December 2015 and 31 December 2014, investments included shares of the Company's subsidiaries, i.e. PAO 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 2016 (as of 31 December 2015: 20,204 million; as of 31 December 2014: 20,204 million). This valuation exceeds the current market value of the shares as of 31 December 2016, 31 December 2015 and 31 December 2014 by RUB 6,614 million, RUB 5,047 million and RUB 13,535 million, respectively.

The Company's management plans to get benefits from investments in PAO 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 PAO 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 PAO RAO ES of East, carried out by one of the subsidiaries of the RusHydro Group, RusHydro's stake in PAO RAO ES of East grew from 86.20% to 99.98%. As of 31 December 2016, and to date, delisting of shares from the Moscow stock exchange did not take place, but from the middle of September 2016 the current market value of the shares of PAO RAO ES of East is not determined.

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 PAO 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 2016.

The amount of unrecognised change in the market value as compared to the carrying amount as of 31 December 2016 is RUB 6,614 million (as of 31 December 2015: RUB 5,047 million; as of 31 December 2014: RUB 13,535 million). The Company's net assets would have amounted to

RUB 762,785 million, if it included the above unrecognised change in the value (as of 31 December 2015: RUB 737,489 million, as of 31 December 2014: RUB 704,994 million).

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 15 402 million.

The amount of provision for impairment of investments for which the current market value is not determined as of 31 December 2016 is RUB 17,855 million. (as of 31.12.2015 – RUB 2,466 million, as of 31.12.2014 – RUB 79 million). The initial value of long-term financial investments in respect of which a provision for impairment of financial investments was created is RUB 35,096 million as of 31.12.2016 (as of 31.12.2015 – RUB 8,453 million, as of 31.12.2014 – RUB 111 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 2016 are as follows:

- within long-term investments: shares of AO Zagorskaya GAES-2 for the amount of RUB 60,691 million.

The analysis of recoverability of these assets performed by the Company as of 31 December 2016 was based on the following key factors:

- Construction works and the assets are insured. As at 31 December 2016 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 2016 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 2016.

No negative trends which may result in impairment of other shareholdings were observed.

(b) Long-term loans issued

Loan recipient's name	31 December 2016	31 December 2015	31 December 2014	Annual rate,%
Long-term loans issued to related parties, including:				
AO Hydroinvest	12,137	14,181	-	7,51% - 10,095%
AO Far East Distribution Grid Company	4,846	5,023	6,630	7,997%/ 10,095%
AO Far East Generating Company	4,538	11,838	10,038	7,997%
AO Sakhaenergo	3,476	3,476	3,476	7,997%
AO ESK RusHydro	1,030	3,305	-	10,095%
AO Teploenergосervice	929	929	929	7,997%
AO Zagorskaya GAES-2	-	5,562	7,029	
AO Nizhne-Bureiskaya GES	-	4,653	2,300	
AO Ust-Srednekanskaya GES	-	2,111	1,747	
AO Tekhnopark Rummyantsevo	-	-	1,292	
Other	129	754	598	
Total long-term loans issued	27,085	51,832	34,039	

As of 31 December 2016 the balance sheet line 1170 "Investments" includes the following long-term loans issued:

- Loans to AO Hydroinvest amounting to RUB 12,137 million, including loans amounting to RUB 10,389 million maturing by 28 April 2018 that were removed from short-term interest-free loans (see 3.2.2 of Explanations); and loans amounting to RUB 1,748 million maturing by 29 June 2018 that were removed from short-term interest loans due to changes in conditions of contracts;
- loan to AO Far East Generating Company amounting to RUB 4,846 million to refinance liabilities maturing by 3 December 2018 and 14 October 2025;
- loan to AO Far East Distribution Grid Company amounting to RUB 4,538 million to refinance liabilities and finance working capital maturing by 03 December 2018;
- loan to AO Sakhaenergo amounting to RUB 3,476 million to refinance liabilities with due date 03.12.2018
- loans to AO ESK RusHydro in the total amount of RUB 1,030 million issued for refinance liabilities maturing by 29 June 2018 and 01 December 2025;
- loan to AO Teploenergосervis in the amount of RUB 929 million issued to refinance and debt repayment maturing by 03 December 2018.

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 2016	31 December 2015	31 December 2014
Zelenchukskaya GAES connections to the grid	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	984	1,153	1,461
Borrowing costs	891	1,083	1,175
Other	150	476	458
Total expenses of future periods, including:	5,576	4,332	4,714
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)	4,703	3,287	3,538
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)	873	1,045	1,176

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 2016	31 December 2015	31 December 2014
Spare parts, materials and other inventories	3,328	3,046	2,241
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)	873	1,045	1,176
Other	51	24	20
Total line 1210 "Inventories"	4,252	4,115	3,437

Spare parts, materials and other inventories are measured at actual cost of acquisition. As of 31 December 2016 the provision for their impairment amounted to RUB 157 million (31 December 2015: RUB 156 million, 31 December 2014: RUB 158 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 62,615 million, 62,549 million and 62,341 million as of 31 December 2016, 2015 and 2014, respectively.

Breakdown by types of long-term accounts receivable is as follows:

Type of long-term accounts receivable	31 December 2016	31 December 2015	31 December 2014
Interest-free promissory notes received	29,312	28,578	27,563
Advances issued to suppliers of equipment and capital construction contractors	19,676	28,176	31,095
Interest-free loans issued	11,258	3,447	1,503
Buyers and customers	178	976	409
Lease receivables	152	241	495
Other long-term accounts receivable	2,039	1,131	1,276
Total line 1231 "Long-term accounts receivable (payments expected beyond 12 months of the reporting date)"	62,615	62,549	62,341

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Long-term accounts receivable include advances issued to the following suppliers of equipment and capital construction contractors:

Counterparty	31 December 2016	31 December 2015	31 December 2014
Voith Hydro GmbH & Co KG	9,371	5,289	5,851
PAO Silovye Mashiny	9,220	14,271	15,208
AO Hydroremont-BKK	616	2,859	3,120
OOO VolgaGidro	325	-	-
OOO Corporation SpetsHydroProject	-	5,491	6,565
Other	144	266	351
Total advances issued to suppliers of equipment and capital construction contractors	19,676	28,176	31,095

Advances issued to suppliers of equipment and capital construction contractors relating to the equipment (work) with expected supply during 2017 are included within short-term advances issued.

Long-term accounts receivable include interest-free promissory notes issued by the following issuers:

Issuer	31 December 2016	31 December 2015	31 December 2014
Other related parties, including:	25,689	25,689	25,689
PAO Boguchanskaya GES	21,027	21,027	21,027
ZAO Boguchansky Aluminium Smelter	4,662	4,662	4,662
Total interest-free promissory notes from related parties	25,689	25,689	25,689
PAO ROSBANK	1,491	1,491	935
AO Alfa-Bank	1,280	1,298	850
PAO Bank VTB	742	-	-
OAO Ulyanovskenergo	110	100	89
Total interest-free promissory notes from other counterparties	3,623	2,889	1,874
Total long-term interest-free promissory notes received	29,312	28,578	27,563

As of 31 December 2016, 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 2016 is RUB 6,269 million);
- ZAO Boguchansky Aluminium Smelter: 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 2016 is RUB 2,174 million).

Long-term accounts receivable include interest-free loans issued to the following counterparties:

Counterparty	31 December 2016	31 December 2015	31 December 2014
Subsidiaries, including:	10,890	3,078	1,155
AO Nizhne-Bureiskaya GES	4,653	-	-
AO CCGT in the City of Sovetskaya Gavan	2,355	631	-
AO Ust-Srednekanskaya GES	2,111	-	-
AO ESK RusHydro	1,034	1,034	1,034
AO MGES Kabardino-Balkarii	407	-	-
AO Sakhalinskaya GRES-2	330	330	-

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Counterparty	31 December 2016	31 December 2015	31 December 2014
AO Yakutskaya GRES-2	-	1,003	-
Other	-	80	121
Other related parties	7	21	28
Total interest-free loans issued to related parties	10,897	3,099	1,183
Other	361	348	320
Total interest-free loans issued to other counterparties	361	348	320
Total long-term interest-free loans issued	11,258	3,447	1,503

Counterparty	31 December 2016	31 December 2015	31 December 2014
Interest receivable accrued on loans issued and promissory notes received, including:	1,702	690	1,258
Subsidiaries	1,702	690	1,258
Other accounts receivable	337	441	18
Total other long-term accounts receivable	2,039	1,131	1,276

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:	2015	3,167	-	-	-	(144)	3,023
	2016	3,023	-	-	-	(144)	2,879
Trade receivables	2015	432	-	-	-	(144)	288
	2016	288	-	-	-	(144)	144
Other	2015	2,735	-	-	-	-	2,735
	2016	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 86,999 million, 66,762 million and 82,224 million as of 31 December 2016, 2015 and 2014, respectively.

Type of short-term accounts receivable	31 December 2016	31 December 2015	31 December 2014
Buyers and Customers, including:	7,120	6,741	5,840
Accounts receivable for electricity and capacity	6,214	5,752	5,521
Other	906	989	319
Advances issued, including:	10,206	14,495	12,870
Advances issued to suppliers of equipment and capital construction contractors	9,641	13,286	12,036
Other advances issued	565	1,209	834
Other debtors, including:	69,673	45,506	63,514
Interest-free promissory notes received	5,459	20,809	19,119
Interest-free loans issued	30,792	12,925	26,384
Accounts receivable from subsidiaries as part of additional issues before title for the shares issued is transferred to the Company	22,997	7,951	11,805
Indebtedness under assignment agreement paragraph 3.12.7 of the Explanatory Notes	8,257	-	-
Taxes receivable	676	1,322	2,252
Lease receivables	95	220	707

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Type of short-term accounts receivable	31 December 2016	31 December 2015	31 December 2014
Other	1,397	2,279	3,247
Total line 1232 "Accounts receivable" (payments expected within 12 months of the reporting date)	86,999	66,742	82,224

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 2016	31 December 2015	31 December 2014
PAO Silovye Mashiny	6,538	6,817	5,317
AO Hydroremont-BKK	838	1,017	965
OOO VolgaGidro	475	-	-
Voith Hydro GmbH & Co KG	22	739	1,160
ZAO Technoserv A/C	3	821	441
OOO Corporation SpetsHydroProject	-	986	1,817
AO ChirkeiGESstroi	-	418	286
Other	1,765	2,488	2,050
Total advances issued to suppliers of equipment and capital construction contractors	9,641	13,286	12,036

Short-term accounts receivable include interest-free promissory notes issued by the following issuers:

Issuer	31 December 2016	31 December 2015	31 December 2014
Subsidiaries, including:	5,457	20,767	18,846
AO Zaramagskie GES	3,090	2,524	1,563
AO MGES Kabardino-Balkarii	2,142	1,839	838
AO Karachaeve-Cherkesskaya Hydrogenerating Company	84	244	244
OOO Index energetiki – HydroOGK	-	13,621	13,646
HydroOGK Aluminium Company Ltd	-	2,142	2,142
AO Hydroinvest	-	256	256
Other	141	141	157
Total interest-free promissory notes from related parties	5,457	20,767	18,846
Other	2	42	273
Total interest-free promissory notes from other counterparties	2	42	273
Total short-term interest-free promissory notes received	5,459	20,809	19,119

As of 31 December 2016, 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 2016	31 December 2015	31 December 2014
Subsidiaries, including:	30,700	12,858	26,313
OOO Index energetiki – HydroOGK	13,521	-	-
AO Ust-Srednekanskaya GES	6,303	3,300	2,218
OOO EZOP	2,902	5,265	5,373
OOO Vostok-finans	2,337	-	-
AO Sulaksky Hydrocascade	1,559	1,166	923
AO Yakutskaya GRES-2	1,353	-	973
AO MGES Kabardino-Balkarii	851	780	780
AO ChirkeiGESstroi	450	-	-
AO Leningradskaya GAES	377	189	151
AO Blagoveschenskaya TEC	370	1,473	1,473

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Counterparty	31 December 2016	31 December 2015	31 December 2014
AO MGES Altaya	251	248	248
AO Tekhnopark Rumyantsevo	183	183	183
OOO Verkhnebalkarskaya MGES	165	165	165
AO Hydroinvest	-	-	12,381
AO CCGT in the City of Sovetskaya Gavan	-	-	631
AO Zagorskaya GAES-2	-	-	452
Other	78	89	362
Other related parties, including:	7	21	12
Loans issued to the Company's key management	7	21	12
Total interest-free loans issued to related parties	30,707	12,879	26,325
Total short-term interest-free loans issued to other counterparties	85	46	59
Total short-term interest-free loans issued	30,792	12,925	26,384

As of 31 December 2016, short-term interest-free loans issued include:

- loans to OOO Index energetiki – HydroOGK in the amount of RUB 13,521 million payable on demand issued as part of the replacement of the obligation to pay interest-free bills presented for redemption;
- loan to AO Ust-Srednekanskaya GES in the amount of RUB 6,303 million payable on demand issued for the financing investment project “Ust-Srednekanskaya GES”;
- loan to OOO Vostok-finans in the amount of RUB 2,337 million till 24.12.2017 for financing of the purchase by the Group of subsidiary PAO RAO ES of East shares during the voluntary offer and the following mandatory buyout.

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 2016	31 December 2015	31 December 2014
AO Nizhne-Bureyskaya GES	16,128	6,416	5,938
AO Zagorskaya GAES-2	5,473	-	4,767
AO Sulaksky Hydrocascade	1,386	863	-
AO CCGT in the City of Sovetskaya Gavan	-	400	200
Other	10	272	900
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	22,997	7,951	11,805

Short-term accounts receivable includes the following types of tax receivables:

Item	31 December 2016	31 December 2015	31 December 2014
Income tax	438	945	1,530
Other taxes and levies	238	377	722
Total tax receivables	676	1,322	2,252

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,	2015	7,659	2,650	(3,490)	(424)	144	6,539
	2016	6,539	8,283	(2,368)	(179)	854	13,129

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including							
Trade receivables	2015	6,058	2,034	(3,395)	(40)	144	4,801
	2016	4,801	2,463	(1,707)	(162)	144	5,539
Advances issued	2015	31	82	(2)	(2)	-	109
	2016	109	9	(26)	(5)	-	87
Other	2015	1,570	534	(93)	(382)	-	1,629
	2016	1,629	5,811	(635)	(12)	710	7,503

* Includes transfer from provision for long-term accounts receivable and financial investments.

Overdue accounts receivable

Item	31 December 2016		31 December 2015		31 December 2014	
	Recognised under contract	Carrying amount	Recognised under contract	Carrying amount	Recognised under contract	Carrying amount
Total, including:	8,594	1,721	7,819	1,387	8,527	600
Buyers and customers	5,423	320	4,978	258	6,522	120
Advances issued	1,332	1,246	1,232	1,124	490	459
Other debtors	1,839	155	1,609	5	1,515	21

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 2016	31 December 2015	31 December 2014
Bank deposits	4,075	10,609	33,307
Loans issued	1,230	5,270	10,139
Total line 1240 "Investments" (excluding cash equivalents)	5,305	15,879	43,446

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Short-term investments and their movements

Item	Period	Opening balance		Changes for the period*				Closing balance	
		Historical cost	Accumulated adjustment	Additions*	Disposal (repayment)		Accrual of impairment provision	Historical cost	Accumulated adjustment
					Historical cost*	Accumulated adjustment			
Short-term investments, including:	2015	43,446	-	90,196	(117,053)	-	(710)	16,589	(710)
	2016	16,589	(710)	58,168	(67,196)	710	(2,256)	7,561	(2,256)
Bank deposits	2015	33,307	-	81,485	(104,183)	-	-	10,609	-
	2016	10,609	-	40,792	(47,326)	-	-	4,075	-
Short-term loans issued	2015	10,139	-	8,546	(12,705)	-	(710)	5,980	(710)
	2016	5,980	(710)	17,376	(19,870)	710	(2,256)	3,486	(2,256)
Promissory notes	2015	-	-	165	(165)	-	-	-	-
	2016	-	-	-	-	-	-	-	-

* *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.

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(a) Bank deposits

As of 31 December 2016, bank deposits include a short-term deposit of RUB 4,075 million placed with PAO Sberbank of Russia maturing from 23.01.2017 till 01.03.2017 (as of 31 December 2015 – RUB 10,609 million maturing from 18 January 2016 till 15 March 2016). 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 2016	31 December 2015	31 December 2014	Annual rate, %
Short-term loans issued to related parties, including:				
AO ESK RusHydro	446	-	3,120	10,095%
AO Transport company RusHydro	369	72	40	10.095%-10.107%
AO Yakutskaya GRES-2	231	-	-	10,139%
AO Far East Distribution Grid Company	177	1,607	-	10,095%
ZAO Verkhne-Narynskie GES	-	2,711	1,484	
AO Nizhne-Bureyskaya GES	-	509	282	
AO Far East Distribution Company	-	200	2,000	
AO Hydroinvest	-	-	1,920	
AO ChirkeyGESstroy	-	-	450	
AO ESKO EES	-	-	260	
AO Malaya Dmitrovka	-	-	205	
Other	7	171	378	
Total short-term loans issued	1,230	5,270	10,139	

As of 31 December 2016 there was provision for impairment of short-term loans issued in the total amount of RUB 2,256 million (31 December 2015: RUB 710 million; 31 December 2014: RUB 0 million). As of 31 December 2016 provision was made for loan issued to 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 2016	31 December 2015	31 December 2014
Cash in bank	7,206	898	3,661
Cash equivalents	32,849	17,241	5,371
Cash at accounts in the Office of the Federal Treasury	899	-	-
Total line 1250 "Cash and cash equivalents"	40,954	18,139	9,032

As of 31 December 2016, 2015 and 2014, 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 2016 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. 21n of the Ministry of Finance of the Russian Federation of 25 December 2015.

As of 31 December 2016, 2015 and 2014, cash equivalents included short-term bank deposits with original maturities of three months or less.

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As of 31 December 2016 there were cash balances denominated in US dollars equivalent to RUB 312 million (31 December 2015: RUB 0 million; 31 December 2014: RUB 25 million). As of 31 December 2016 there were cash balances denominated in Euro equivalent to RUB 0 million (31 December 2015: RUB 0 million, 31 December 2014: RUB 2,239 million).

As of 31 December 2016, interest rates on Rouble deposits were 9.55% – 10.41% p.a. (31 December 2015: 8.64% – 11.65%, 31 December 2014: 10.00% – 18.50%).

The Company holds cash and cash equivalents in the following credit institutions:

Credit institution	Rating on 31 December 2016	Rating agency	31 December 2016	31 December 2015	31 December 2014
Bank deposits, including:					
Bank VTB (PAO)	BB+	Standard & Poor's	20,430	2,277	-
Bank GPB (AO)	Ba2	Moody's	12,107	-	533
PAO Sberbank	Ba1	Moody's	312	1,728	2,615
PAO Bank FK Otkrytie	-	-	-	7,644	-
PAO AKB Svyaz-Bank	-	-	-	2,718	-
AO SMP Bank	-	-	-	1,874	-
AO Globeksbank	-	-	-	1,000	-
AO UniCredit Bank	-	-	-	-	2,223
Total cash equivalents			32,849	17,241	5,371
Cash in banks, including:					
Bank GPB (AO)	Ba2	Moody's	4,918	245	2,910
Bank VTB (PAO)	BB+	Standard & Poor's	1,803	8	10
PAO Sberbank	Ba1	Moody's	479	581	663
Other			6	64	78
Total cash in bank			7,206	898	3,661

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 if they have such characteristics as quick return, large amount and short-term maturity.

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Breakdown for lines “Other receipts” and “Other payments” of the statement of cash flows is presented below:

Item	2016	2015
Other receipts from operating activities (line 4119), including:	4,209	2,706
Value added tax	3,508	2,007
Penalties, interest and fines recognised or for which court rulings on collection have been received	385	325
GDR	277	174
Other receipts from operating activities	39	200
Other payments related to operating activities (line 4129), including:	(12,066)	(13,228)
Taxes and levies	(7,821)	(7,976)
Non-budget funds	(1,717)	(1,789)
Charity payments	(434)	(437)
Business trip expenses	(175)	(1,210)
Water usage expenses	(1,183)	(895)
Payment of corporate expenses	(194)	(262)
Other payments related to operating activities	(542)	(659)
Other payments related to investing activities (line 4219), including:	8,578	22,731
Cash placement on a short-term deposit other than cash equivalent	6,537	22,697
Proceeds from the conversion of shares of the subsidiary by reducing the nominal value	2,017	-
Other payments related to investing activities	24	34
Other payments related to financing activities (line 4329), including:	(8)	(30)
Settlement of finance lease obligations (payments under lease contracts)	(5)	(30)
Other payments related to financing activities	(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 2016, 2015 and 2014, the Company’s share capital is registered according to the established procedure and fully paid:

Share capital composition	Number of shares at 31 December 2016	Number of shares at 31 December 2015	Number of shares at 31 December 2014
Ordinary shares with nominal value of RUB 1 per share	386,255,464,890	386,255,464,890	386,255,464,890

As of 31 December 2016, 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	66.84%
Non-Banking Credit Organisation ZAO National Settlement Depository	nominee holder	115,667,789,603	29.95%
OOO Depository and Corporate Technologies	nominee holder	5,391,240,442	1.40%
Other		7,034,899,239	1.81%
Total		386,255,464,890	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 2016 (as of 31.12.2015 - 71 million units, as of 31.12.2014 - 622 million units). Subsidiary and dependent companies own 18,852 million shares

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of the Company (as of 31.12.2015 - 21,787 million shares, as of 31.12.2014 - 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. The placement of shares in terms of this additional issue began in January 2017 (paragraph 3.16 of the Explanatory Notes).

3.3.2 Revaluation of non-current assets (line 1340 of the balance sheet)

As of 31 December 2016, the amount of accumulated revaluation of non-current assets is RUB 52,705 million (31 December 2015: RUB 52,928 million, 31 December 2014: RUB 53,111 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 223 million in 2016 due to disposal of items of property, plant and equipment revalued earlier (2015: RUB 183 million,).

3.3.3 Additional paid-in capital (line 1350 of the balance sheet)

As of 31 December 2016, 2015 and 2014, 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 2016, 2015 and 2014, the Company's reserve capital was RUB 11,278 million, RUB 9,776 million and RUB 8,240 million, respectively.

In accordance with the decision of the Company's annual general meeting of shareholders of 27 June 2016 (Minutes No. 15), the Company allocated 5% of its net profit for 2015 in the amount of RUB 1,502 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 2016	31 December 2015	31 December 2014
PAO Sberbank	33,389	33,389	33,389
Russian bonds issued in February 2013	20,000	20,000	20,000
Russian bonds issued in July 2015	15,000	15,000	-
Russian bonds issued in April 2016	15 000	-	-
Crédit Agricole Corporate and Investment Bank Deutschland	5,552	6,933	5,946
UniCredit Bank Austria AG	4,951	6,871	5,892
AO Malaya Dmitrovka	652	-	-
Russian bonds issued in April 2011	250	-	15,000
AO GVTS Energetiki	54	1,099	-
European Bank for Reconstruction and Development	-	10,653	11,030
Russian bonds issued in April 2015	-	10,000	-

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Lender / creditor	31 December 2016	31 December 2015	31 December 2014
Bayerische Landesbank (BayernLB)	-	1,125	1,005
Total line 1410 "Borrowings"	94,848	105,070	92,262

In April 2016 the Company placed non-convertible interest bearing market bonds of series BO-P04 with a nominal amount of RUB 15,000 million. The term of the offer is 3 years, coupon rate is 10,35% per annum.

Also in April 2016, holders of Russian bonds issued in April 2011 partially presented securities for early repayment under the offer, as a result of which the Company purchased bonds with a nominal value of RUB 14,750 million. Bonds that were not presented by the holders for early redemption, with a nominal value of RUB 250 million. Will apply until maturity in 2021 with a coupon rate of 9.50%.

During 2016, the loans of the European Bank for Reconstruction and Development (EBRD) and Bayerische Landesbank (BayernLB) were fully repaid in full.

Russian bonds issued in April 2015 with a total nominal value of RUB 10,000 million, as of 31 December 2016, were included in short-term borrowings (see paragraph 3.5.1 of the Explanatory Notes) due to the fact that in 2017 The right of bondholders to present securities for early repayment can be realized (in 2.5 years from the date of issue).

As of 31 December 2016 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
Crédit Agricole Corporate and Investment Bank Deutschland	2014	2029	190	Euro	Euribor 6M + 0,625%
UniCredit Bank Austria AG	2011	2026	128*	Euro	3,35%**
Russian bonds issued in February 2013	2013	2018***	20,000	RUB	8,50%
Russian bonds issued in July 2015	2015	2018	15,000	RUB	11,85%
Russian bonds issued in April 2016	2016	2019	15,000	RUB	10,35%
PAO Sberbank of Russia	2011	2020	20,000	RUB	8,30% / 9,30%****
PAO Sberbank of Russia	2013	2018	10,613	RUB	7,99% / 8,99%****
PAO Sberbank of Russia	2014	2022	2,776	RUB	MosPrime 3M + 2,10%

* As of December 31, 2016, the amount of the loan received amounted to EUR 86 million, the Company does not plan to use the remaining part of the limit, so the possibility of further sampling was canceled in 2016 by agreement with the creditor.

** Fixed interest rate is applied to 90% of the loan amount, variable quarterly interest rate published by OeKB (Oesterreichische Kontrollbank AG) less 0.25% is applied to the remaining 10% of the loan amount.

*** Bonds maturity is 10 years with the right of bond holders of early redemption in 5 years after the date of issue.

**** Variable quarterly interest rate determined due to agreement's conditions.

As of 31 December 2016, 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 10,619 million (31 December 2015: RUB 15,479 million) (see paragraph 3.5.1 of the Explanatory Notes).

Besides the credit limits from UniCredit Bank Austria AG, Crédit Agricole Corporate and Investment Bank Deutschland and EBRD which are not used in full as of 31 December 2016, the Company has opportunity to raise funds 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 maturing at 2019.

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Ageing analysis:

Due for repayment	31 December 2016	31 December 2015	31 December 2014
From 1 to 2 years	46,495	11,396	15,483
From 2 to 3 years	16,480	48,455	1,272
From 3 to 4 years	21,105	1,743	31,885
From 4 to 5 years	1,355	22,090	1,272
Over five years	9,413	21,386	42,350
Total line 1410 "Borrowings"	94,848	105,070	92,262

Interest on borrowings included into the cost of investment assets

In 2016, the amount of interest on borrowings included into the cost of investment assets was RUB 3,262 million (2015: RUB 2,746 million), of which RUB 2,900 million was the interest accrued on borrowings where the agreement does not specify that the funds are provided for special investment purpose (2015: RUB 2,406 million).

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 1,289 million as of 31 December 2016 (31 December 2015: RUB 1,827 million, 31 December 2014: RUB 1,746 million) and trade payables in the amount of RUB 2,457 million as of 31 December 2016 (31 December 2015: RUB 368 million, 31 December 2014: RUB 589 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
Borrowings, including:	2015	20,053	16,406	(20,209)	16,250
	2016	16,250	23,371	(28,254)	11,367
Russian bonds issued in April 2015	2015	-	-	-	-
	2016	-	10,000	-	10,000
OOO AlstomRusHydroEnergy	2015	-	750	-	750
	2016	750	-	-	750
UniCredit Bank Austria AG	2015	-	-	-	-
	2016	-	550	-	550
Russian bonds issued in April 2011	2015	-	15,000	-	15,000
	2016	15,000	-	(15,000)	-
European Bank for Reconstruction and Development (EBRD)	2015	-	377	-	377
	2016	377	10,653	(11,030)	-
RusHydro Finance Ltd	2015	20,000	-	(20,000)	-
	2016	-	-	-	-
Other	2015	53	279	(209)	123
	2016	123	2,168	(2,224)	67
Interest on borrowings, including:	2015	1,862	11,001	(10,173)	2,690
	2016	2,690	10,779	(10,811)	2,658
Russian bonds issued in July 2015	2015	-	858	-	858
	2016	858	1,782	(1,773)	867
Russian bonds issued in February 2013	2015	647	1,700	(1,695)	652
	2016	652	1,704	(1,695)	661
PAO Sberbank	2015	521	2,998	(2,991)	528
	2016	528	2,882	(2,888)	522
Russian bonds issued in April 2016	2015	-	-	-	-
	2016	-	1,157	(786)	371
Russian bonds issued in April 2015	2015	-	863	(636)	227
	2016	227	1,279	(1,272)	234
Russian bonds issued in April 2011	2015	237	1,200	(1,197)	240
	2016	240	374	(614)	-
European Bank for Reconstruction and Development (EBRD)	2015	174	1,838	(1,832)	180
	2016	180	1,338	(1,518)	-

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Lender / creditor	Period	Opening balance	Received / accrued	Paid / settled	Closing balance
RusHydro Finance Ltd	2015	280	1,295	(1,575)	-
	2016	-	-	-	-
Other	2015	3	249	(247)	5
	2016	5	263	(265)	3
Total line 1510 "Borrowings"	2015	21,915	27,407	(30,382)	18,940
	2016	18,940	34,150	(39,065)	14,025

3.5.2 Accounts payable (line 1520 of the balance sheet)

Total short-term accounts receivable were RUB 9,681 million, RUB 9,822 million and RUB 8,575 million as of 31 December 2016, 2015 and 2014, respectively:

Type of payables	31 December 2016	31 December 2015	31 December 2014
Trade payables	4 190	5 492	5 295
Settlements with personnel	24	669	823
Payables to state off-budget funds	14	135	119
Tax payables	4 697	3 103	1 923
Settlements with participants (founders) in payment of income	122	67	65
Settlements for the payment of own shares before the change of the charter capital in the constituent documents	33	-	-
Other	601	356	350
Total line 1520 "Accounts payable"	9 681	9 822	8 575

The balance sheet line 1521 "Trade accounts payable" includes the following types of payables:

Type of payables	31 December 2016	31 December 2015	31 December 2014
Payables to capital construction contractors	773	1,499	1,447
Payables to suppliers of equipment and other non-current assets	1,801	2,071	2,073
Payables for purchase of electricity and capacity	432	774	856
Payables to suppliers of repair and maintenance services	322	405	276
Other	862	743	643
Total line 1521 "Trade accounts payable"	4,190	5,492	5,295

The balance sheet line 1524 "Taxes payable" includes current payables on the following taxes:

Tax	31 December 2016	31 December 2015	31 December 2014
Property tax payable	1,338	1,494	1,343
VAT payable	3,113	1,480	464
Income tax payable	239	-	-
Other taxes payable	7	129	116
Total line 1524 "Taxes payable"	4,697	3,103	1,923

3.5.3 Estimated liabilities (line 1540 of the balance sheet)

As of 31 December 2016 the total estimated liabilities are RUB 2,447 million (31 December 2015: RUB 601 million, 31 December 2014: RUB 1,405 million).

The estimated liability for forthcoming payment of earned but unused employee vacations has a short-term nature.

Item	Period	Opening balance	Recognised	Settled	Written off as surplus	Closing balance
Estimated liabilities, including:	2015	1,405	1,342	(1,789)	(357)	601
	2016	601	3,057	(958)	(253)	2,447
for remuneration payments	2015	-	-	-	-	-
	2016	-	1,364	-	-	1,364
for litigation	2015	728	-	(667)	-	61
	2016	61	627	(61)	-	627
for forthcoming payment of earned but unused employee vacations	2015	554	1,342	(999)	(357)	540
	2016	540	1,066	(897)	(253)	456
Other	2015	123	-	(123)	-	-
	2016	-	-	-	-	-

3.6 Off-balance-sheet valuables

3.6.1 Leased property, plant and equipment

As of 31 December 2016, the total rented property, plant and equipment are RUB 33,862 million (31 December 2015: RUB 38,490 million, 31 December 2014: RUB 34,097 million). In 2016, 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 2016	31 December 2015	31 December 2014
AO Sulakskiy HydroKaskad	9,463	9,721	-
Ministry of Property Relations of Moscow region	4,956	4,956	4,956
AO Zaramagskie GES	4,927	5,042	5,042
AO Malaya Dmitrovka	3,381	3,391	3,349
Territorial Office of Federal Property Management Agency (Rosimyschestvo) in the Stavropol Territory	3,185	2,549	2,549
Perm Department of Land and Property Relations	1,307	1,350	1,350
Novosibirsk Department of Land and Property Relations	777	779	779
Territorial Office of Federal Property Management Agency (Republic of Udmurtia)	16	943	943
Territorial Office of Federal Property Management Agency in the Irkutsk Region	-	1,727	3,675
Department of Property and Land Relations of Kochubeevsky region	-	1,060	1,060
Other	4,659	4,703	4,446
Total rent of property, plant and equipment	32,671	36,221	28,149
OOO Leasefinance	1,022	1,022	1,844
ZAO Business Alliance	169	321	321
OOO RB-Leasing	-	829	1,894
OOO IR-Leasing	-	-	1,792
Other	-	97	97
Total lease of property, plant and equipment under lease contracts	1,191	2,269	5,948
Total rent and lease of property, plant and equipment	33,862	38,490	34,097

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3.6.2 Collateral for liabilities and payments received

Counterparty	31 December 2016	31 December 2015	31 December 2014
PAO Silovye Mashiny	8,780	8,655	3,018
Voith Hydro GmbH & Co KG	5,433	7,041	4,840
OOO EZOP	5,428	5,428	5,428
OOO Vostok-finans	2,106	-	-
AO Hydroinvest	984	3,919	3,919
AO Transport company RusHydro	511	511	491
OAO Hydroelectromontazh	453	453	-
AO VNIIR Hydroelectroavtomatika	429	424	255
AO TEK Mosenergo	392	405	679
OAO Trest Hydromontazh	390	-	-
ZAO A-security	194	294	398
Alstom Hydro France	67	67	1,106
OOO Alstom	-	-	273
Other	1,886	2,421	2,715
Total collateral for liabilities and payments received	27,053	29,618	23,122

The Company received its own shares purchased by OOO EZOP and AO Hydroinvest as a pledge to secure loans issued for the purpose of acquisition of the Company's shares by OOO EZOP and AO Hydroinvest (see paragraph 3.2.2 of the Explanatory Notes).

For a number of agreements for delivery of equipment and capital construction with Voith Hydro GmbH & Co KG, PAO Silovye Mashiny, OAO Hydroelectromontazh, AO VNIIR Hydroelectroavtomatika, 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.

According to property sales contracts bearing interest for payment by instalments to be made by AO Transport company RusHydro, the sold property for RUB 511 million was pledged.

3.6.3 Collateral for liabilities and payments issued

The Company issued the following collaterals and guarantees:

Creditor	Debtor	31 December 2016	31 December 2015	31 December 2014
GC Vnesheconombank	PAO Boguchanskaya GES	47,777	48,426	49,133
PAO VTB Bank	AO Far East Generating Company	11,556	4,522	4,522
PAO Sberbank	AO Far East Generating Company	10,760	7,102	-
GC Vnesheconombank	ZAO Boguchansky Aluminium Smelter	4,615	4,615	4,615
PAO Sberbank	PAO Kamchatskenergo	3,978	3,978	3,979
Rosbank AKB PAO	PAO Far East Energy Company	3,313	-	-
European Bank for Reconstruction and Development (EBRD)	PAO RAO ES of East	3,276	3,695	4,097
PAO Sberbank	PAO RAO ES of East	2,878	2,095	-
Rosbank AKB PAO	AO Far East Generating Company	2,704	851	-
PAO VTB Bank	PAO RAO ES of East	1,831	-	-
European Bank for Reconstruction and Development (EBRD)	ZAO International Energy Corporation	1,538	1,845	1,417
Asian Development Bank,	ZAO International Energy	1,538	1,845	1,415

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.

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Creditor	Debtor	31 December 2016	31 December 2015	31 December 2014
ADB	Corporation			
Bank GPB (AO)	PAO RAO ES of East	1,323	-	-
Bank GPB (AO)	PAO Magadanenergo	1,012	401	-
AO Russian Regional Development Bank	PAO Magadanenergo	900	-	-
PAO Sberbank	AO Chukotenergo	860	-	-
PAO Sberbank	AO Sakhalinenergo	651	651	651
PAO Sberbank	PAO Magadanenergo	500	-	-
PAO Sberbank	PAO Far East Energy Company	-	5,531	-
European Investment Bank	PAO RAO ES of East	-	4,012	2,326
Bank GPB (AO)	AO Far East Generating Company	-	1,002	-
Bank GPB (AO)	PAO Far East Energy Company	-	762	-
AO TEK Mosenergo	AO Yakutskaya GRES-2	-	-	15,000
OAO Bank of Moscow	AO Far East Generating Company	-	-	7,042
PAO VTB Bank	PAO Far East Energy Company	-	-	4,921
ZAO ING BANK (EURASIA)	AO Yakutskaya GRES-2	-	-	3,156
OAO Bank of Moscow	OAO Sakhalinenergo	-	-	499
Other	Other	916	1,424	1,331
Total collateral for liabilities and payments issued		101,926	92,757	104,104

In 2016 the Company issued guarantees:

- in terms of liabilities of AO Far East Generating Company the credit agreement with PAO Sberbank, Bank GPB (AO) and PAO Rosbank AKB. The guarantee covers the amount of credit and interest accrued. Maturity date – 2019.
- in terms of liabilities of PAO RAO ES of East the credit agreement with GPB (AO) and Bank VTB (AO). The guarantee covers the amount of credit and interest accrued. Maturity dates – 2019 and 2030.
- in terms of liabilities of PAO Magadanenergo the credit agreement with AO Russian Regional Development Bank and PAO Sberbank. The guarantee covers the amount of credit and interest accrued. Maturity dates – 2020 and 2021.
- In terms of liabilities of AO Chukotenergo credit agreement with PAO Sberbank. The guarantee covers the amount of credit and interest accrued. Maturity dates – 2020 and 2021.

Guarantees issued by the Company for liabilities of OAO 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 26,750 million as of 31 December 2016 (31 December 2015: RUB 27,399 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.

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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 (99,3%).

Item	2016	2015
Sale of electricity	77,338	73,262
Sale of capacity	36,833	32,583
Sale of heat	168	154
Other	694	1,100
Total line 2110 "Revenue"	115,033	107,099

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	2016	2015
Depreciation and amortisation	15,213	14,257
Wages and social insurance contributions	9,408	10,113
Purchased electricity and capacity	7,023	13,970
Property tax	6,771	6,640
Repairs and maintenance	3,724	4,109
Third party services	3,720	3,725
Fees for administering the wholesale market of electricity and capacity (AO SO UES, AO ARS, AO CFR)	2,813	2,884
Fire and other security services	1,730	1,729
Insurance expenses	1,710	1,482
Lease expenses	1,579	1,230
Water usage expenses, water tax	1,267	934
Lease of power equipment	186	479
Other expenses	1,212	2,417
Total line 2120 "Cost of sales"	56,356	63,969

Operating expenses include contributions to non-state pension fund AO NPF of Electrical Energy Industry. The type of pension plan for the Company's personnel is the defined benefit plan.

Operating expenses broken down by cost elements are as follows:

Item	2016	2015
Material expenses	17,122	19,056
Payroll expenses	7,570	8,217
Social contributions	2,142	1,896
Depreciation and amortisation	15,213	14,257
Other costs	14,309	20,543
Total for elements of costs	56,356	63,969
Change in balances of work in progress, finished goods, etc. (increase [-] / decrease [+])	-	-
Total expenses incurred on operating activities	56,356	63,969

3.8 Other income and expenses (line 2340 and line 2350 of the statement of financial results)

Item	2016		2015	
	Income	Expenses	Income	Expenses
Income and expenses from sales, write-off and other transactions with assets	9,847	(7,987)	516	(2,518)
Gains / (losses) from revaluation of investments measured at current market value	5,544	(12)	1,110	(329)
Foreign exchange differences from remeasurement of assets and liabilities denominated in foreign currencies	4,789	(2,306)	7,167	(8,840)
Doubtful debt provision	2,368	(8,283)	3,490	(2,650)
Charity donations	-	(462)	-	(553)
Expenses for social events	-	(457)	-	(573)
Provision for impairment of investments	14	(17,658)	49	(3,147)
Gain and loss on sale of promissory notes	-	-	784	(784)
Income and expenses due to sale or other disposal of securities (exception promissory notes)	-	-	11	(114)
Other income and expenses	1,192	(1,171)	1,878	(888)
Total line 2340 "Other income" and 2350 "Other expenses"	23,754	(38,336)	15,005	(20,396)

3.9 Taxes

Value Added Tax

Total VAT calculated with due account of recovered tax amounts was RUB 35,173 million in the reporting year (2015: RUB 30,664 million), including:

- VAT calculated on sales of goods (work, services) is RUB 22,396 million (2015 RUB 19,286 million);
- VAT calculated on the amounts of received payment or partial payment for goods (work, services) to be delivered in the future is RUB 10,652 million (2015: RUB 9,415 million);
- recoverable amount of tax is RUB 2,125 million (2015: RUB 1,963 million).

Total VAT recoverable in the reporting period was RUB 21,383 million (2015: RUB 22,008 million), including:

- VAT recoverable invoiced to the taxpayer on acquisition of goods (work, services), property rights in Russia was RUB 8,839 million (2015: RUB 9,637 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 10,652 million (2015: RUB 9,416 million);
- VAT calculated on the amounts of payment or partial payment for goods (work, services) to be delivered in the future was RUB 1,352 million (2015: RUB 2,161 million);
- VAT recovered in 2016 which was paid earlier when the goods were imported to the Russian customs territory was RUB 539 million (2015: RUB 789 million);
- other recoverable VAT was RUB 1 million (2015: RUB 5 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 10,877 million (2015: RUB 7,851 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 2016 was RUB 56,327 million (2015: RUB 34,424 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 8,949 million (2015: RUB 9,607 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 15,124 million for 2016 (2015: 4,078 million), including:

- income from participation in other entities (dividends) in the amount of RUB 9,367 for 2016 (2015: RUB 779 million);
- increase in value of financial placements determined in fair value in the amount of RUB 5,532 million (2015: RUB 780 million);
- other non-temporary differences in the amount of RUB 225 million (2015: RUB 2,519 million).

Non-temporary differences resulted in the permanent tax liability amounted to RUB 24,073 million for 2016 (2015: 13,685 million), including:

- depreciation of RUB 3,254 million (2015: RUB 4,011 million);
- charges to doubtful debt provision in the amount of RUB 894 million (2015: RUB 944 million);
- charity donations in the amount of RUB 462 million (2015: RUB 553 million);
- expenses related to sale, disposal or other transactions with assets in the amount of RUB 530 million (2015: RUB 2,115 million);
- financial support and other social payments to employees in the amount of RUB 17,658 million (2015: RUB 3,147 million);
- other non-temporary differences in the amount of RUB 1,274 million (2015: RUB 2,915 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 6,934 million (2015: RUB (803) million), including those originated – RUB 11,724 million (2015: RUB 452 million) and settled – RUB 4,790 million (2015: RUB 1,255 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 13,080 million (2015: RUB 14,038 million), including those originated – RUB 21,776 million (2015: RUB 19,469 million) and settled – RUB 8,696 million (2015: RUB 5,431 million).

In 2016, 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:

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Item	31 December 2016	31 December 2015	31 December 2014
Deferred income tax assets	(3,248)	(1,864)	(2,343)
Deferred tax liabilities	16,924	14,266	12,015
Total line 1420 "Deferred tax liabilities"	13,676	12,402	9,672

Line 2430 "Change in deferred tax liabilities" includes increase of deferred tax liabilities in amount of RUB 39 million with no effect on current income tax. Line 2450 "Change in deferred tax assets" includes increase of deferred tax assets in amount of RUB 231 million with no effect on current income tax. These amounts relate to adjustments of prior periods due to change in temporary differences classification.

Other taxes and levies

In 2016, operating expenses include other taxes and levies in the amount of RUB 8,384 million (2015: RUB 8,430 million), including:

- property tax in the amount of RUB 6,771 million (2015: RUB 6,640 million), including accrual provision for estimated liabilities for property tax;
- 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 1,596 million (2015: RUB 1,774 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 17 million (2015: RUB 16 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 substantiates 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 2016, 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 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.

The Company's annual general meeting of shareholders held on 26 June 2015 (Minutes No. 13) made the decision to pay dividends on the Company's ordinary shares for 2014 in the amount of RUB 0,01561855 per 1 share for the total of RUB 6,033 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	2016	2015
Basic profit for the reporting year (RUB million)	41,877	30,022
Weighted average number of ordinary shares, outstanding during the reporting year (shares)	386,255,464,890	386,255,464,890
Basic earnings per share (RUB)	0.10842	0.07773

Weighted average number of ordinary shares, outstanding during the reporting year was calculated as follows:

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 months) / 12 months	386,255,464,890
Item	2015
Number of ordinary shares outstanding as of 1 January 2015 (shares)	386,255,464,890
Number of ordinary shares outstanding as of 1 December 2015 (shares)	386,255,464,890
Number of ordinary shares outstanding as of 31 December 2015 (shares)	386,255,464,890
Weighted average number of ordinary shares, outstanding in 2015 (shares) (386,255,464,890 * 12 month) / 12 months	386,255,464,890

In 2016 and 2015, 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 2016 the Company is controlled by the Russian Government (represented by the Federal Agency for Federal Property Management) which owns, 66,84% 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	2016	2015
Revenue from sales to subsidiaries, including:		
PAO Far East Energy Company	6,148	5,722
OOO ESK Bashkortostana*	2,018	1,266
PAO Krasnoyarskenergosbyt	854	836
AO Chuvashskaya Energy Sales Company	634	1,562
PAO Ryazanskaya Energy Sales Company	234	245
AO ESK RusHydro	197	163
Other subsidiaries	117	144
Revenue from sales to related parties, including:		
ZAO Boguchanskiy Alluminievy zavod	668	679
PAO Boguchanskaya GES	110	35
Total sales to related parties	10,980	10,652

* 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:

Supplier	2016	2015
Repair and technical maintenance services, including:		
Subsidiaries		
AO Hydroremont-BKK	2,855	3,303
OOO RusHydro IT Service	95	-
Other	109	79
Total repair and maintenance services	3,059	3,382
Transport service, including:		
Subsidiaries		
AO Transport company RusHydro	1,271	1,502
Total transport services	1,271	1,502
Rent of premises, territories and other property, including:		
Subsidiaries		
AO Malaya Dmitrovka	514	566
AO Sulakskiy Hydrocascade	428	50
AO Zaramagskie GES	253	260
AO Transport company RusHydro	106	41
Other	100	93
Total rent of premises, territories and other property	1,401	1,010
Works and services in testing, trials and research, including:		
Subsidiaries		
AO Vedeneyev VNIIG	237	159
AO NIIES	180	248
Other	31	100
Total works and services in testing, trials and research	448	507
Electricity purchases	1	1
Other services of third parties	402	545
Total purchases from related parties	6,582	6,947

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 275 million and RUB 324 million for 2016 and 2015, respectively.

3.12.5 Settlements with related parties

As of 31 December 2016, 2015 and 2014, 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 2016	31 December 2015	31 December 2014
Short-term interest-free promissory notes received	5,457	20,767	18,846
Short-term interest-free loans issued	30,700	12,879	26,325
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	22,997	7,951	11,805
Indebtedness under the assignment agreement	8,257	-	-
Long-term interest-free loans issued	10,897	3,099	1,183
Accounts receivable related to other sales	1,217	1,574	1,458

Type of accounts receivable	31 December 2016	31 December 2015	31 December 2014
Other settlements with related parties	5,673	8,213	8,491
Total accounts receivable from related parties	110,887	80,172	93,797

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 2016 balances include advances issued for the amount of RUB 3,334 million (31 December 2015: RUB 5,926 million, 31 December 2014: RUB 5,116 million).

Doubtful debt provision for related parties' accounts receivables as of 31 December 2016 was RUB 5,904 million (31 December 2015: RUB 291 million; 31 December 2014: RUB 48 million).

As of 31 December 2016, 2015 and 2014, the Company's accounts payable to the related parties were:

	31 December 2016	31 December 2015	31 December 2014
Subsidiaries	1,164	2,707	914
Associates	-	-	30
Other related parties	81	750	-
Total accounts payable to related parties	1,245	3,457	944

The whole amount accounts payable to related parties is payable in cash.

3.12.6 Related parties' debt within investments

As of 31 December 2016, 2015 and 2014, 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 2016	31 December 2015	31 December 2014
Loans issued to related parties	28,315	57,102	44,178
Other investments	601	601	-
Total related parties' debt within investments	28,916	57,703	44,178
Total debt within long-term investments (Line 1170 of the Balance sheet)	27,686	52,433	34,039
Total debt within short-term investments (Line 1240 of the Balance sheet)	1,230	5,270	10,139

Interest income on loans issued to related parties and promissory notes received from related parties:

Entity	2016	2015
Subsidiaries, including:	4,986	4,608
AO Far East Generating Company	1,372	1,570
AO Hydroinvest	1,031	168
AO Far East Distribution Grid Company	697	892
AO Nizhne-Bureyskaya GES	424	312
AO Zagorskaya GAES-2	355	588
AO ESK RusHydro	315	250
AO Sakhaenergo	278	278
AO Ust-Srednekanskaya GES	163	156
Other	351	342
Other subsidiaries	61	52
Total interest income	5,047	4,660

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 9,447 million for 2016 (2015: RUB 775 million):

Entity	2016	2015
HydroOGK Power Company Ltd	8 257	-
AO GVTS Energetiki	698	-
OAO Hydroremont-BKK	191	339
AO Lenhydroproject	114	172
AO NIIES	-	118
Other	187	146
Total income from investments in subsidiaries	9 447	775

In 2016, dividends were received from HydroOGK Power Company Ltd in the amount of RUB 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, 2016 (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 30 June 2010 (Minutes No. 5).

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 2016 and 2015, the Company remuneration to key management personnel within the limits set out in their employment agreements for the total amount of RUB 666 million and RUB 1,475 million, respectively. The insurance contributions amounted to RUB 146 million for 2016 (2015: 236 million). In addition, in 2016, an appraisal obligation was established for premiums to key management personnel in the amount of RUB 165 million.

3.12.9 Cash flows between the Company and subsidiaries/associates

Item	Line code	2016	2015
Cash flows from operating activities			
Receipts, including:	4110	8,896	7,872
sales of products, goods, work and services	4111	8,818	7,804
lease payments, licence payments, royalties, commission and other payments	4112	62	66
other receipts	4119	16	2
Payments, including:	4120	(6,447)	(7,229)
suppliers (contractors) – raw materials, work and services	4121	(6,329)	(7,157)
interest on debt liabilities	4123	(17)	-
other payments	4129	(101)	(72)
Net cash flows from operating activities	4100	2,449	643
Cash flows from investing activities			
Receipts, including:	4210	29,886	19,324
sale of non-current assets (except for investments)	4211	95	137
sale of shares of other organisations (ownership interest)	4212	-	10
repayment of loans issued, sale of debt securities (rights of claiming cash to third parties)	4213	22,400	13,674

Item	Line code	2016	2015
dividends, interest on debt investments and similar proceeds from equity participation in other organisations	4214	5,351	5,469
other receipts	4219	2,040	34
Payments, including:	4220	(40,108)	(55,731)
acquisition, creation, modernisation, reconstruction and preparation for use of non-current assets	4221	(6,256)	(5,983)
purchase of shares (interest) in other entities	4222	(23,829)	(34,665)
acquisition of debt securities (rights of claiming cash from third parties), issue of loans to third parties	4223	(10,023)	(15,083)
Net cash flows from investing activities	4200	(10,222)	(36,407)
Cash flows from financing activities			
Receipts, including:	4310	719	1,970
borrowings and bank loans	4311	719	1,970
Payments, including:	4320	(1,090)	(143)
redemption (buyback) of promissory notes and other debt securities, loan repayment	4323	(1,090)	(143)
Net cash flows from financing activities	4300	(371)	1,827
Net cash flows for the reporting period	4400	(8,144)	(33,937)

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 99,3%. 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 2016, the Company had outstanding issued guarantees to the third parties' creditors and pledged assets for the total amount of RUB 101,926 million (31 December 2015: RUB 92,757 million, 31 December 2014: RUB 104,104 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

PAO RusHydro
Explanatory Notes to the 2016 Balance sheet and Statement of Financial Results
(in millions of Russian Roubles unless otherwise stated)

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; share of liabilities denominated in foreign currency is amounted to less than 15%. 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:

	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
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)
31 December 2014			
US Dollars	1,700	-	1,700
Euro	2,321	(13,449)	(11,128)
Total	4,021	(13,449)	(9,428)

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.

To mitigate the interest rate risk, the Company takes the following measures:

- monitors the credit market to identify favourable terms of financing;
- diversifies credit portfolio by raising fixed and floating rate loans.

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 2016 didn't change significantly in comparison with an indicator of 2015.

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 liberalized 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 2016	31 December 2015	31 December 2014
Equity investments for which current market value can be determined, including:			
PAO Inter RAO	7,818	2,286	1,505
PAO Irkutskenergo	7,709	2,217	1,445
PAO Krasnoyarskaya GES	65	36	25
PAO Krasnoyarskaya GES	44	33	35
Equity investments to subsidiaries measured at current market value but not revalued as of the reporting date	20,204	20,204	20,204
Equity investments for which current market value cannot be determined	236,565	245,174	208,604
Total equity investments (see paragraph 3.1.2 of the Explanatory Notes)	264,587	267,664	230,313

Current market value of quoted securities is determined by market prices established on the stock exchange OAO MICEX-RTS (www.rts.micex.ru), 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.

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

Additional issue of new shares. 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 priced at RR 1,00 per share, or 0.08 percent of the total volume of additional issue.

Financing from Bank VTB. 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 and 15,000,000,000 shares of the Company which were held by the Company's subsidiaries.

In accordance with the forward contract, the Company has no obligation to buy back its own shares; for the purposes of final settlement under the forward contract it is envisaged that bank sells the Company's shares. Any difference between bank's income from the sale of the above shares at the end of the forward contract and the forward price is due to be settled in cash between the Company and the bank. The forward price is defined as the purchase cost of the shares increased by the total amount of interests charged less total dividends paid during the contract period.

The agreement will allow the Company to raise additional capital for financing the debt of the Company's subsidiary PAO RAO ES Vostoka and its subsidiaries.

Chairman of Management Board - General Director
of PAO RusHydro

N.G.Shulginov

Chief Accountant of PAO RusHydro

Y. G. Medvedeva

30 March 2017

**Appendix 2 Interim Accounting (Financial) Statements for
3 months of the year**

BALANCE SHEET
as at 31 March 2017

Company **Public Joint Stock Company Federal Hydro-Generating Company – RusHydro**
PJSC RusHydro)
Taxpayer identification number
Field of activity **Electricity generation by hydro power plants**
Legal form / form of ownership
Public Joint Stock Company / mixed Russian property with a federal share
Unit of measurement: **millions of RR**
Address: **Krasnovarsk, the Krasnovarsk Territory**

	Codes
Form on OKUD	0710001
Date (year, month, day)	2017/03/31
OKPO	75782411
INN	2460066195
OKVED	35.11.2
OKOPF / OKFS	47 / 41
OKEI	385

Note	ASSETS	Line code	As at 31 March 2017	As at 31 Desember 2016	As at 31 Desember 2015
1	2	3	4	5	6
	I. NON-CURRENT ASSETS				
	Intangible assets	1110	1 227	1 324	893
	Results of research and development	1120	1 050	1 077	1 091
	Property, plant and equipment, incl.:	1150	409 832	409 109	392 723
	fixed assets	1151	373 772	372 514	344 986
	construction in process	1152	36 060	36 595	47 737
	Income-bearing investments in tangible assets	1160	-	-	7 065
	Financial investments	1170	333 996	292 273	320 097
	Other non-current assets	1190	4 632	4 703	3 287
	Total Section I	1100	750 737	708 486	725 156
	II. CURRENT ASSETS				
	Inventories	1210	5 394	4 252	4 115
	Value added tax on goods purchased	1220	40	51	40
	Accounts receivable, incl.:	1230	148 606	149 614	129 291
	accounts receivable (payments expected later than 12 months after the reporting date), incl.:	1231	60 933	62 615	62 549
	buyers and customers	1231.1	155	178	976
	advances issued	1231.2	19 927	20 004	28 524
	other debtors	1231.3	40 851	42 433	33 049
	accounts receivable (payments expected within 12 months after the reporting date), incl.:	1232	87 673	86 999	66 742
	buyers and customers	1232.1	6 452	7 120	6 741
	advances issued	1232.2	8 001	10 206	14 495
	other debtors	1232.3	73 220	69 673	45 506
	Financial investments (excl. cash equivalents)	1240	4 594	5 305	15 879
	Cash and cash equivalents	1250	54 840	40 954	18 139
	Other current assets	1260	17	11	11
	Total Section II	1200	213 491	200 187	167 475
	TOTAL	1600	964 228	908 673	892 631

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Note	LIABILITIES	Line code	As at 31 March 2017	As at 31 Desember 2016	As at 31 Desember 2015
1	2	3	4	5	6
	III. CAPITAL AND RESERVES				

Charter capital	1310	386 255	386 255	386 255
Revaluation of non-current assets	1340	52 678	52 705	52 928
Additional capital (excl. revaluation)	1350	58 425	58 424	58 424
Reserve capital	1360	11 278	11 278	9 776
Retained earnings (loss), incl.:	1370	274 251	260 674	235 086
undistributed profit of previous years	1371	260 722	218 797	205 064
undistributed profit of the current year	1372	13 529	41 877	30 022
Total Section III	1300	782 887	769 336	742 469
IV. LONG-TERM LIABILITIES				
Borrowings and bank loans	1410	93 847	94 848	105 070
Deferred tax liabilities	1420	15 332	13 676	12 402
Other liabilities	1450	3 717	3 746	2 195
Total Section IV	1400	112 896	112 270	119 667
V. SHORT-TERM LIABILITIES				
Borrowings and bank loans	1510	14 026	14 025	18 940
Accounts payable, incl.:	1520	51 121	9 681	9 822
suppliers and contractors	1521	3 919	4 190	5 492
payables to employees	1522	224	24	669
payables to state non-budgetary funds	1523	128	14	135
taxes payable	1524	5 337	4 697	3 103
dividends payable	1525	100	122	67
other creditors	1526	40 033	634	356
Income of future periods	1530	76	73	70
Estimated liabilities	1540	2 418	2 447	601
Other liabilities	1550	804	841	1 062
Total Section V	1500	68 445	27 067	30 495
TOTAL	1700	964 228	908 673	892 631

Chairman of Management Board – General Director

(signature)

N. G. Shulginov

(print full name)

Chief Accountant

(signature)

Y.G. Medvedeva

(print full name)

28 April 2017

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 2017

Company <u>Public Joint Stock Company Federal Hydro-Generating Company – RusHydro</u> <u>(PJSC RusHydro)</u>	Form on OKUD Date (year, month, day)	Codes 0710002 2017/03/31
Taxpayer identification number	OKPO	75782411
Field of activity <u>Electricity generation by hydro power plants</u>	INN	2460066195
Legal form / form of ownership <u>Public Joint Stock Company / mixed Russian property with a federal share</u>	OKVED	35.11.2
Unit of measurement: <u>millions of RR</u>	OKOPF / OKFS	12247 / 41
	OKEI	385

Note	Narrative	Line code	Three months ended 31 March 2017	Three months ended 31 March 2016
1	2	3	4	5
	Revenue	2110	27 678	27 093
	Cost of sales	2120	(13 212)	(12 609)
	Gross profit	2100	14 466	14 484
	Profit from sales	2200	14 466	14 484
	Income from participation in other companies	2310	-	-
	Interest income	2320	2 075	2 046
	Interest expense	2330	(2 006)	(2 014)
	Other income	2340	4 311	3 673
	Other expense	2350	(1 664)	(2 716)
	Profit before tax	2300	17 182	15 473
	Current income tax, incl.:	2410	(1 989)	(2 869)
	permanent tax liabilities (assets)	2421	(96)	119
	Change in deferred tax liabilities	2430	(1 304)	(634)
	Change in deferred tax assets	2450	(352)	3 279
	Other	2460	(8)	-
	Net profit	2400	13 529	15 249
	REFERENCE			
	Gain or loss from other operations not included in the net profit of the period	2520	-	-
	Total financial result for the period	2500	13 529	15 249
	Basic earnings per share, RR	2900	0,03503	0,03948

Chairman of Management Board – General Director

(signature)

N. G. Shulginov

(print full name)

Chief Accountant

(signature)

Y. G. Medvedeva

(print full name)

28 April

2017

This is an English language translation of the document originally prepared in the Russian language. The Russian version is formalized and shall irrevocably prevail.

Appendix 3 Consolidated Financial Statements, prepared in accordance with IFRS and the auditor's report for the year ended on December 31, 2016 and as at 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 2016

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Independent Auditor's Report

To the Shareholders and Board of Directors of Public Joint Stock Company Federal Hydro-Generating Company – RusHydro (PJSC 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 2016, 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 2016;
- the consolidated statement of profit and loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the consolidated statement of cash flows for the year then ended;
- 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") 3,600 million, which represents 1% of total revenues and government grants.
- We conducted audit work at 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, PJSC Yakutskenergo.
- Our audit scope covered *inter alia* 67% of the Group's revenues and 83% 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
- Contingent tax liabilities

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 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 3,600 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 against which the Group's performance is represented to the fullest extent possible. We chose 1% 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 consolidated financial statements for the reporting period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
<p>Assessment of impairment of property, plant and equipment</p> <p><i>For matters requiring disclosures and related significant accounting policies, judgements and accounting estimates see Notes 2, 7 and 32 to the consolidated financial statements.</i></p> <p>At 31 December 2016, the Group's aggregate carrying amount of property, plant and equipment was RUB 765,047 million. This is the most significant asset on the Group's balance sheet, it accounts for 78% of the total value of assets.</p> <p>The Group's management performed analysis of the business performance, industry outlook and operational plans and then assessed the recoverable value of property, plant and equipment by cash generating units for the purpose of impairment testing. Impairment arises when the recoverable amount, which is determined as the higher of the asset's fair value less costs to sell and its value in use, is below the carrying amount of the analysed assets.</p> <p>The management's testing identified impairment of a number of cash generating units, and the Company accrued impairment loss of RUB 26,525 million in the statement of income for the year ended 31 December 2016.</p>	<p>We obtained and reviewed financial models that the management used for assessing the PP&E impairment. We engaged our valuation experts to form our conclusion on the assumptions and methodology that were used in the impairment assessment.</p> <p>Our audit procedures related to the management's assessment of PP&E impairment included:</p> <ul style="list-style-type: none"> • review of the methodology used by the Group's management for the impairment test purposes; • 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, external available and reliable 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 the management

Key audit matter	How our audit addressed the Key audit matter
<p>The recognition of additional loss also led to a decrease of RUB 4,920 million in the property, plant and equipment revaluation reserve in the consolidated statement of comprehensive income. There was no basis for accrual of or release of earlier accrued impairment loss for those cash generating units for which the results of the management’s assessment led the management to conclude that their recoverable amount is either higher than their carrying amount or equal to it.</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 terms 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, electricity generation output and capital investments.</p>	<p>incorporated in the financial models for 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 the management to assess the impairment of property, plant and equipment ; • consideration of potential impact of reasonably possible changes in key assumptions; • obtaining 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 2016 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 charge.</p> <p>We also assessed adequacy of disclosures in Notes 2, 7 and 32 to the consolidated financial statements and assessed their compliance with the disclosure requirements of IAS 36 ‘Impairment of Assets’.</p> <p>Our procedures have not identified any findings that would require significant adjustments to the impairment amount recorded in the consolidated financial statements.</p>

Key audit matter	How our audit addressed the Key audit matter
<p><i>Assessment of impairment of accounts receivable</i></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 2016, the carrying amount of the Group's trade receivables was RUB 33,036 million (RUB 56,936 million less an impairment provision of RUB 23,900 million). Thus, the receivables that are assessed by the Group's management as doubtful, account for a significant portion within the structure of trade receivables (at 31 December 2016, the Group accrued an impairment provision amounting to 42% of the total trade receivables).</p> <p>The Group's 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 the management's assessment of trade receivables impairment included:</p> <ul style="list-style-type: none"> • review of the management's collectability analysis taking into account counterparty solvency analysis and its deterioration as of the reporting date, presence of intention to allow payment by instalments, subsequent payments after the end of the reporting period, availability of payment security and its quality as well as other factors considered by the management; • review of the receivables turnover analysis that was used, in particular, for supporting the Group 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 debt repayment probability, such as payment orders supporting payments received in 2017; • review of external information from the regulators of the wholesale electricity (capacity) market, including the Supervisory Board of NP Market Council, which regularly takes the decisions on excluding the companies from the registry of participants in the wholesale electricity (capacity) market; there are the Group's buyers of its electricity (capacity) among those excluded companies, with deteriorated solvency as expected; • obtaining management's written representations related to their performed receivables impairment test.

Key audit matter	How our audit addressed the Key audit matter
	<p>We also assessed adequacy of disclosures in Notes 2, 12 and 32 to the consolidated financial statements and assessed their compliance with the disclosure requirements of IAS 39 ‘Financial Instruments: Recognition and Measurement’ and IFRS 7 ‘Financial Instruments: Disclosures’.</p> <p>Acceptability of current estimates of the Group’s management regarding the receivables impairment for the purpose of preparing the financial statements for the year ended 31 December 2016 does not guarantee that future events that are inherently uncertain would not lead to significant changes in these estimates.</p> <p>Our procedures have not identified any findings that evidence that there is a need for significant adjustments to be made to the consolidated financial statements.</p>

Contingent tax liabilities

For matters requiring disclosure and related judgements and accounting estimates see Note 29 to the consolidated financial statements.

We consider this audit issue as a key audit matter because the Russian tax legislation (including transfer pricing legislation and rules for deductibility of certain expenses for income tax purposes), 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 the Group’s management and the formal documentation supporting these tax positions may be challenged by tax authorities. While preparing the consolidated financial statements the Group’s management assesses the probability that tax liabilities will arise and their amounts, taking into account actual or potential tax claims and existing tax law application practice.

When the Group management assesses potential tax liability, it takes into account that fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when decision about the review was made.

Our audit procedures aimed at assessing the probability that tax liabilities will arise, and their amount included:

- sample testing of accuracy of calculations and recognition of short-term tax liabilities in the consolidated financial statements;
- sample testing of correctness of tax incentives application and calculation;
- assessing the reasonableness of the management’s position on recording significant tax liabilities arising in the course of the Group’s operations where the Group’s tax positions may be challenged by tax authorities in their audits and in application of tax incentives;
- reviewing the tax authorities’ acts and decisions based on the results of their audits;
- reviewing court decisions made with respect to tax disputes where Group companies are involved;
- analysing court practice in the area of tax disputes related to operations where the Group’s tax positions may be challenged by tax authorities during their audit;

Key audit matter	How our audit addressed the Key audit matter
<p>If the probability of incurring potential tax liabilities is assessed as high (exceeding 50%), the accrued provision is included within short-term liabilities. At 31 December 2016, the accrued provision is insignificant. Other identified potential tax liabilities are disclosed in Note 29 to the consolidated financial statements.</p> <p>While it is not possible to make a sufficiently reliable estimate of the probability of the unfavourable developments for the Group, the impact of such developments may be significant to the overall financial position and financial performance of the Group.</p>	<ul style="list-style-type: none"> • sample testing of adequacy of provisions for tax liabilities recorded in the consolidated financial statements, where the management assessed their probability as high; • obtaining management’s written representations related to their assessment of the amount of potential tax liabilities. <p>When performing the above procedures we engaged our tax specialists.</p> <p>We also assessed adequacy of disclosures on contingent tax liabilities in Note 29 to the consolidated financial statements with reference to the disclosure requirements of IAS 37 ‘Provisions, Contingent Liabilities and Contingent Assets’.</p> <p>Acceptability of current estimates regarding the contingent tax liabilities made by the Group management in preparing the financial statements for the year ended 31 December 2016 does not guarantee that future events that are inherently uncertain would not lead to a significant change in these estimates.</p> <p>Our procedures have not identified any findings that evidence that there is a need for significant additional disclosures to be made in these 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, PJSC Yakutskenergo.

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 of individual balances and types of operations for other components of the Group.



We chose other components of the Group for auditing 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 67% of the Group's revenue and 83% 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 2016 and Issuer's Report of PJSC RusHydro for Q1 2017, but does not include the consolidated financial statements and our auditor's report thereon. PJSC RusHydro's Annual Report for 2016 and Issuer's Report of PJSC RusHydro for Q1 2017 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The certified auditor responsible for the audit resulting in this independent auditor's report, is Alexey Sergeevich Ivanov.

AO PricewaterhouseCoopers Audit

23 March 2017
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 2016	31 December 2015
ASSETS			
Non-current assets			
Property, plant and equipment	7	765,047	744,585
Investments in associates and joint ventures	8	20,278	14,142
Available-for-sale financial assets	9	21,181	6,094
Deferred income tax assets	16	6,640	5,486
Other non-current assets	10	21,847	21,402
Total non-current assets		834,993	791,709
Current assets			
Cash and cash equivalents	11	67,354	48,025
Income tax receivable		889	1,396
Accounts receivable and prepayments	12	47,076	49,646
Inventories	13	24,037	23,999
Other current assets	14	9,097	22,574
		148,453	145,640
Non-current assets classified as held for sale		-	788
Total current assets		148,453	146,428
TOTAL ASSETS		983,446	938,137
EQUITY AND LIABILITIES			
Equity			
Share capital	15	386,255	386,255
Treasury shares	15	(22,578)	(26,092)
Share premium		39,202	39,202
Retained earnings and other reserves		243,790	203,114
Equity attributable to the shareholders of PJSC RusHydro		646,669	602,479
Non-controlling interest		4,263	11,440
TOTAL EQUITY		650,932	613,919
Non-current liabilities			
Deferred income tax liabilities	16	39,086	37,034
Non-current debt	18	158,046	135,179
Other non-current liabilities	19	18,726	14,551
Total non-current liabilities		215,858	186,764
Current liabilities			
Current debt and current portion of non-current debt	18	41,757	62,214
Accounts payable and accruals	20	58,784	60,307
Current income tax payable		858	898
Other taxes payable	21	15,257	14,035
Total current liabilities		116,656	137,454
TOTAL LIABILITIES		332,514	324,218
TOTAL EQUITY AND LIABILITIES		983,446	938,137

Chairman of Management Board, General Director

N. G. Shulginov

Chief Accountant

Y. G. Medvedeva



23 March 2017

The accompanying notes are an integral part of these Consolidated Financial Statements

RusHydro Group
Consolidated Income Statement
(in millions of Russian Rubles unless noted otherwise)



	Note	Year ended 31 December 2016	Year ended 31 December 2015
Revenue	22	374,072	347,512
Government grants	23	17,250	14,314
Other operating income	24	12,422	8,230
Operating expenses (excluding impairment losses)	25	(315,705)	(315,103)
Operating profit excluding impairment losses		88,039	54,953
Impairment of property, plant and equipment	7	(26,525)	(12,593)
Impairment of accounts receivable, net		(7,133)	(4,011)
Impairment of financial assets	10	(4,464)	-
Impairment of loans issued	14	(2,378)	-
Impairment of other non-current assets	10	-	(3,220)
Impairment of goodwill of subsidiary	10	-	(448)
Operating profit		47,539	34,681
Finance income	26	9,943	12,313
Finance costs	26	(9,041)	(9,744)
Share of results of associates and joint ventures	8	6,682	428
Profit before income tax		55,123	37,678
Income tax expense	16	(15,372)	(10,519)
Profit for the year		39,751	27,159
Attributable to:			
Shareholders of PJSC RusHydro		40,205	31,539
Non-controlling interest		(454)	(4,380)
Earnings per ordinary share for profit attributable to the shareholders of PJSC RusHydro – basic and diluted (in Russian Rubles per share)	27	0.1095	0.0865
Weighted average number of shares outstanding – basic and diluted (thousands of shares)	27	367,138,482	364,468,853

RusHydro Group
Consolidated Statement of Comprehensive Income

(in millions of Russian Rubles unless noted otherwise)



	Note	Year ended 31 December 2016	Year ended 31 December 2015
Profit for the year		39,751	27,159
Other comprehensive income / (loss), net of tax:			
<i>Items that will not be reclassified to profit or loss</i>			
Impairment of revalued property, plant and equipment	7	(4,920)	(994)
Remeasurement of pension benefit obligations	17	(274)	(1,495)
Total items that will not be reclassified to profit or loss		(5,194)	(2,489)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Profit arising on available-for-sale financial assets	9	15,050	1,962
Other comprehensive income / (loss)		5	(85)
Total items that may be reclassified subsequently to profit or loss		15,055	1,877
Other comprehensive income / (loss)		9,861	(612)
Total comprehensive income for the year		49,612	26,547
Attributable to:			
Shareholders of PJSC RusHydro		50,082	31,364
Non-controlling interest		(470)	(4,817)

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 2016	Year ended 31 December 2015
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		55,123	37,678
Depreciation of property, plant and equipment and amortisation of intangible assets	7, 25	24,130	22,477
Loss on disposal of property, plant and equipment, net	25	555	3,366
Share of results of associates and joint ventures	8	(6,682)	(428)
Other operating income	24	(12,422)	(8,230)
Finance income	26	(9,943)	(12,313)
Finance costs	26	9,041	9,744
Impairment of property, plant and equipment	7	26,525	12,593
Impairment of accounts receivable, net		7,133	4,011
Impairment of financial assets	10	4,464	-
Impairment of loans issued	14	2,378	-
Impairment of other non-current assets	10	-	3,220
Impairment of goodwill of subsidiary	10	-	448
Curtailement in pension payment and pension plan	17, 25	-	(717)
Pension expenses		128	84
Other income		(886)	(298)
Operating cash flows before working capital changes, income tax paid and changes in other assets and liabilities		99,544	71,635
Working capital changes:			
(Increase) / decrease in accounts receivable and prepayments		(9,243)	1,992
Increase in other current assets		(3,403)	-
Increase in inventories		(28)	(2,047)
Increase in accounts payable and accruals		1,013	1,450
(Decrease) / increase in other taxes payable		(199)	2,122
(Increase) / decrease in other non-current assets		(7,083)	967
Increase in other non-current liabilities		3,549	1,630
Income tax paid		(12,777)	(7,949)
Net cash generated by operating activities		71,373	69,800
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(60,957)	(79,238)
Proceeds from sale of property, plant and equipment		266	3,386
Proceeds from sale of dams of Bratskaya, Ust'-Ilimskaya and Irkutskaya HPPs	10	10,950	-
Investment in bank deposits and purchase of other investments		(9,993)	(56,789)
Redemption of bank deposits and proceeds from sale of other investments		25,477	75,817
Placement of special funds on special accounts		(6,998)	-
Return of special funds from special accounts		6,098	-
Proceeds from sale of subsidiaries, net of disposed cash	4	3,559	60
Purchase of shares of subsidiary	15	(414)	-
Purchase of subsidiaries from third parties, net of cash acquired		-	(651)
Proceeds from sale of investments in associates		-	81
Interest received		7,094	8,953
Net cash used in investing activities		(24,918)	(48,381)

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 2016	Year ended 31 December 2015
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from current debt	18	64,855	83,896
Proceeds from non-current debt	18	71,829	36,487
Repayment of debt	18	(128,291)	(102,851)
Interest paid		(20,271)	(19,498)
Dividends paid to the shareholders of PJSC RusHydro		(14,228)	(5,712)
Dividends paid by subsidiaries to non-controlling interest holders		(234)	(102)
Proceeds from share issue	15	33	-
Finance lease payments		(530)	(804)
Net cash used in by financing activities		(26,837)	(8,584)
Foreign exchange difference on cash balances		(289)	796
Increase in cash and cash equivalents		19,329	13,631
Cash and cash equivalents at the beginning of the year		48,025	34,394
Cash and cash equivalents at the end of the year	11	67,354	48,025

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 2015		386,255	(26,092)	39,202	(135,075)	(362)	190,476	-	1,721	122,796	578,921	16,230	595,151
Profit for the year		-	-	-	-	-	-	-	-	31,539	31,539	(4,380)	27,159
Profit arising on available-for-sale financial assets	9	-	-	-	-	-	-	1,952	-	-	1,952	10	1,962
Remeasurement of pension benefit obligations	17	-	-	-	-	-	-	-	(1,032)	-	(1,032)	(463)	(1,495)
Impairment of revalued property, plant and equipment	7	-	-	-	-	-	(994)	-	-	-	(994)	-	(994)
Other comprehensive loss		-	-	-	-	(112)	18	-	-	(7)	(101)	16	(85)
Total other comprehensive loss		-	-	-	-	(112)	(976)	1,952	(1,032)	(7)	(175)	(437)	(612)
Total comprehensive income		-	-	-	-	(112)	(976)	1,952	(1,032)	31,532	31,364	(4,817)	26,547
Dividends	15	-	-	-	-	-	-	-	-	(5,710)	(5,710)	(102)	(5,812)
Offer for shares of PJSC RAO ES East	15	-	-	-	-	-	-	-	-	(2,108)	(2,108)	-	(2,108)
Transfer of revaluation reserve to retained earnings		-	-	-	-	-	(948)	-	-	948	-	-	-
Effect of changes in non-controlling interest	15	-	-	-	-	-	-	-	-	12	12	129	141
As at 31 December 2015		386,255	(26,092)	39,202	(135,075)	(474)	188,552	1,952	689	147,470	602,479	11,440	613,919

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 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 PJSC 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



Note 1. The Group and its operations

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for the year ended 31 December 2016 for PJSC RusHydro (hereinafter referred to as “the Company”) and its subsidiaries (hereinafter referred to as the “Group”).

The Company was incorporated and is domiciled in the Russian Federation. The Company is a joint stock company limited by shares and was set up in accordance with Russian regulations.

The Group’s primary activities 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 legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations (Note 29). During 2016 the Russian economy was negatively impacted by low oil prices, ongoing political tension in the region and continuing international sanctions against certain Russian companies and individuals, all of which contributed to the country’s economic recession characterised by a decline in gross domestic product. The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. Russia’s credit rating is still below investment grade.

This operating 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 2016 the Russian Federation owned 66.84 percent of the total voting ordinary shares of the Company (31 December 2015: 66.84 percent).

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 affects 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. Capacity and electricity, while interrelated, are treated as separate economic products. The capacity market represents the obligation and ability to keep sufficient generation capability in reserve in order to satisfy a target level of potential demand, while the sale of electricity represents the actual delivery of electricity to the purchaser.

The Russian electricity and capacity market consists of wholesale and retail markets.

Participants of the wholesale market include: generating companies, electricity sales companies (including guaranteeing suppliers), electricity export / import operator, Federal Grid Company (in terms of electricity purchases to cover transmission losses), large electricity consumers. Participants of the wholesale market can act as electricity and capacity sellers and buyers.

Participants of the retail markets include: consumers, providers of public utilities, guaranteeing suppliers, electricity sales (supply) companies, electricity generators of retail markets, grid companies, participants of electricity dispatch.

Wholesale electricity and capacity market. The wholesale electricity and capacity market operates in accordance with the Resolution of the Russian Government No. 1172 dated 27 December 2010.

A wholesale market for electricity and capacity functions on the territory of the regions, which are integrated in pricing areas. European Russia and Urals are included in the first pricing area, Siberia is included in the second pricing area. In non-pricing areas (Arkhangelsk and Kaliningrad regions, Komi Republic, regions of the Far East), where the competitive market relationships are not possible due to technological reasons, sales of electricity and capacity are carried out based on special rules.



In the isolated energy systems which are not technically integrated into the country's unified energy system, there is no electricity and capacity wholesale market and electricity is supplied through the regulated markets.

Wholesale electricity market

The wholesale electricity market has a number of sectors varying in contractual terms, conditions and delivery timeframes: sector of regulated contracts, day-ahead market, sector of unregulated bilateral contracts and the balancing market.

During 2016 the electricity traded in pricing zones of wholesale market was sold at unregulated prices excluding volumes designated for delivery to population, groups of customers equivalent to population and customers located in North Caucasus and Republic of Tyva.

Electricity and capacity supply tariffs for the Russian Federation are calculated using the price indexing formulas determined by the Federal Tariff Service (hereinafter referred to as "the FTS").

Electricity and capacity supply volumes are determined based on the estimated consolidated balance of electricity production and supply prepared by the FTS, so that for each electricity and capacity supplier, supply under regulated contracts does not exceed 35 percent of the total electricity and capacity supply to the wholesale market determined by the decision on balance for such supplier.

Electricity volumes that are not covered by the regulated contracts are sold at unregulated prices on the day-ahead market (DAM) and balancing market (BM).

DAM is a competitive selection of seller and buyer price bids on the day ahead of planned electricity supply, including prices and volumes for each of the following 24 hours. The selection is managed by the Commercial Operator of the wholesale market (JSC TSA). At the DAM, the price is determined by balancing the demand and supply, and such price is applied to all market participants. To mitigate the price manipulation risk, the DAM introduced a system encouraging the participants to submit competitive price bids – in accordance with the trading rules, the lowest price bids for electricity supply are satisfied first.

Price indices and trade volumes for the DAM are published daily on the web-site of JSC TSA.

Electricity volumes sold under bilateral contracts and at the DAM constitute scheduled electricity consumption. However, actual consumption is inevitably different from the planned one. Deviations from scheduled production / consumption are traded on a real-time basis on BM, and the System Operator of the wholesale market (OJSC SO UES) holds additional tenders to select bids every three hours.

Under unregulated bilateral contracts, the market participants independently determine supply counter parties, prices, timing and volumes.

Wholesale capacity market

Capacity is traded based on the following trading mechanisms:

- purchase / sale of capacity under capacity sales contracts, concluded as a result of capacity competitive selection of bids;
- purchase / sale of capacity under unregulated contracts;
- purchase / sale of capacity under contracts to provide capacity and under sale contracts of new nuclear power plants and hydroelectric power plants, similar to capacity sale contracts;
- purchase / sale of capacity produced by forced generators;
- purchase / sale of capacity under regulated contracts (within the volumes for delivery to population and groups of customers equivalent to population);
- purchase / sale of capacity produced by qualified renewable energy projects under contracts to provide capacity concluded on the results of the tender for the construction of renewable energy projects.

Competitive capacity selection (CCS) held by OJSC SO UES is the basis of the capacity market and determines which capacity will be paid the wholesale market.

The Resolution of the Russian Government No. 893 dated 27 August 2015 approved new rules for CCS and improved capacity trading principles on the wholesale market. Starting from 2016, capacity under the CCS will be annually selected for the year which is in three calendar years' time from the year of the respective CCS. The CCS procedures are performed for the pricing zones not separated into free power transfer zones. Indexation is performed if CCS is conducted for more than one year ahead. The CCS price is indexed for CPI decreased by 1 percent for the period from 1 January of the year following the year when the CCS was conducted to 1 January of the year of supply.



The CCS price represents the maximum of prices in the selected bids and the price at which the demand function takes a value equal to the cumulative volume of the capacity selected (including the capacity to be paid irrespective of the CCS results). The CCS price for each pricing zone is the same for all selected generating facilities. Non-selected capacity that failed to pass through the competitive selection is not paid for. If the actual demand for capacity exceeds the volume of generating capacity selected, an adjusting CCS procedure can be conducted.

Capacity commissioned under capacity supply contracts (CSC) entered into with heating generation sites and contracts with nuclear power plants and hydropower plants similar to CSC and that of generating sites that are required to maintain the technological operating modes of the energy system or supply heat ("forced" generators) is paid for irrespective of the CCS results.

During 2016, similar to trading operations with electricity, capacity is supplied under regulated contracts only in the volumes required for supply to the population, equivalent consumer categories and consumers operating in some parts of the wholesale market pricing zones, comprising Russian constituent territories as determined by the Russian Government (North Caucasus and Republic of Tyva).

According to the Resolution of the Russian Government No. 374 dated 28 April 2015 approving changes to the regulations of the wholesale electricity and capacity market, all capacity of hydropower plants located in the second pricing area (Siberia) is supplied at the price of CCS from 1 May 2016.

Non-pricing zone of the Far East

Territories of the Amur Region, Primorsky Region, Khabarovsk Region, Jewish Autonomous Region and the Southern District of the Sakha Republic (Yakutia) are integrated into a single non-pricing zone of the wholesale electricity and capacity market of the Far East. There are specific features of managing electricity and capacity trading operations due to limitations in the competition among electricity suppliers and grid-imposed limitations for electricity flow.

Tariffs for electricity supplied by the Far East energy companies to the consumer (end-consumer tariffs) are approved by regional regulatory authorities based on the threshold tariff levels approved by the FTS for the regulated period.

The threshold tariff levels for electricity supplied to population or equivalent consumer categories and other consumers in the Russian constituent territories are determined by the FTS in accordance with the forecast of social and economic development in the Russian Federation for the regulated period.

The single buyer wholesale market model is implemented in the Far East non-pricing zone. Suppliers of the wholesale market supply electricity and capacity to the wholesale market using the tariffs established for them by the FTS.

The single buyer purchases electricity and capacity on the wholesale market at indicative prices calculated by JSC TSA based on the tariffs for suppliers of wholesale market approved by the FTS.

JSC TSA ensures settlements between the electricity suppliers and buyers. Functions of the single buyer are assigned to PJSC DEK, subsidiary of the Group, on the territory of Amur Region, Jewish Autonomous Region, Khabarovsk Region, Primorsky Region and the Southern District of the Sakha Republic (Yakutia).

However there are regions with only retail market operations – they are isolated energy systems of Kamchatsky Region, Magadan Region, Chukotsk Autonomous Region, Western and Central Regions of Sakha Republic (Yakutia) and Sakhalin Region where systems are not technically integrated into the unified energy system of the country.

Federal Law No. 508-FZ dated 28 December 2016 "On Amendments to the Federal Law" On Electric Power Industry" introduces a premium to the price for capacity in the first and second price zones, due to which tariffs in the Far East will be reduced to the average Russian level. This law is the law of indirect action. In early 2017, it is expected that the necessary subordinate legislation will be adopted to implement this support mechanism.

Retail electricity markets. In the retail electricity markets the sales of electricity purchased on the wholesale electricity and capacity market and electricity of generating companies which are not participants of the wholesale market are carried out.

The retail market rules were approved by Resolution of the Government No. 442 dated 4 May 2012 "On functioning of retail electricity markets, complete and (or) partial constraint of electricity consumption" (hereinafter referred to as "the retail market rules").



In the territories of the constituent regions of the Russian Federation integrated into pricing zones of the wholesale market electricity is sold at unregulated prices except for electricity sales to population and equivalent consumer categories.

Electricity is supplied to population and groups of customers equivalent to population at regulated prices (tariffs) approved by executive authorities of the constituent regions of the Russian Federation in terms of state tariff regulation.

Regulated prices are established based on forecast of social and economic development of Russian Federation for the next year approved by the Government. The FTS determines the threshold levels for regulated tariffs for electricity supplied to population and equivalent consumer categories.

The guaranteeing suppliers sell electricity at unregulated prices within the threshold limits of unregulated prices determined and applied according to the retail market rules. Electricity sales (supply) companies sell electricity at unregulated prices. Electricity generators in the retail markets sell electricity at unregulated prices.

In the territories of the constituent regions of the Russian Federation integrated into non-pricing zones of the wholesale market for determination of prices for electricity supplied to final customers in the retail markets principles of prices translation of wholesale market are applied. Translation of prices of wholesale market is performed for all final customers except for population and equivalent consumer categories.

Translation prices calculated by electricity sales companies according to the Rules of application of the prices (tariffs) are determined based on regulated tariffs set up for the respective group of customers and cost of purchase of electricity and capacity by guaranteeing supplier (electricity sales company) in the wholesale market. Population and equivalent consumer categories pay for electricity under the tariffs set up by executive authorities of the constituent regions of the Russian Federation.

In the territories of isolated energy systems – sales of electricity to all consumer categories are carried out at regulated prices approved by the FTS and executive authorities of the constituent regions of the Russian Federation in terms of state tariff regulation in the territories where such energy systems are located.

Heating market. Operations of the heating market are regulated by Federal Law No.190-FZ “On Heating” dated 27 July 2010 and Resolution of the Government No. 1075 dated 22 October 2012 “On pricing of heating supply”.

The Group’s entities that are included into the segment RAO ES East Group are participants on the retail heating markets in the territories of their presence. Heat energy is supplied on the centralised basis from the heat power plants and boiling houses operated by the energy systems. And a number of energy systems are involved in supplies of heat, generating and distributing heat energy, while others – just generate heat energy.

Heating market provides for:

- supply of heat and heat transfer public utilities relating to hot water and heating supply needs;
- supply of heat for the entities’ technological needs.

According to the Russian legislation, sales of heat energy are fully regulated.

Prices (tariffs) for heat supplied by utilities for all consumer groups are approved by executive authorities in the Russian constituent regions responsible for state regulation of prices (tariffs) within the threshold limits of tariffs approved by the FTS. Starting from 2016, tariffs for heat energy supplied by heat suppliers to other customers are not limited to the maximum level of tariff growth, but the growth of tariffs for heat energy for the population and equivalent consumer categories is limited by the index of changes in the amount of utility payments paid by citizens for the subjects of the Russian Federation established by the Government of the Russian Federation on annual basis. Tariffs for heat energy produced in the mode of combined generation of electric and heat energy by heat energy sources with the installed generating capacity of electric power production of 25 MW or more are approved by the executive authorities of the subjects of the Russian Federation in the field of state regulation of prices (tariffs) within the limits of tariff levels approved by FTS.

Service fee for maintenance of spare heat capacity when there is no heat consumption and fee for connection to the system of heating supply are also regulated by executive authorities in the Russian constituent regions responsible for state regulation of prices.



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 Group’s presentation currency, 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 2016, 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 60.66: USD 1.00 (31 December 2015: RR 72.88: USD 1.00), between Russian Ruble and Euro was RR 63.81: EUR 1.00 (31 December 2015: RR 79.70: 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 in transactions 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 making of decisions about the relevant activities required 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 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 directly to other comprehensive income in respect of revaluation of property, plant and equipment that are recorded directly in 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 service. 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 change in the estimates used to determine the asset's value in use or fair value less costs of disposal.

Investment property. Investment property is property held by the Group to earn rental income which is not occupied by the Group (Note 10). Investment properties are stated at cost. If any indication exists that investment properties may be impaired, the Group estimates the recoverable amount as the higher of value in use and fair value less costs of disposal. The carrying amount of an investment property is written down to its recoverable amount through a charge to profit or loss for the year. An impairment loss recognised in prior years is reversed if there has been a subsequent change in the estimates used to determine the asset's recoverable amount.

Intangible assets and goodwill. The Group's intangible assets other than goodwill have definite useful lives and primarily include customer base acquired in business combination (Note 10), which is amortised over 5 years, and 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 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.

Non-current assets classified as held for sale. Non-current assets and disposal groups (which may include both non-current and current assets) are classified in the consolidated statement of financial position as "non-current assets classified as held for sale" if their carrying amount will be recovered principally



through a sale transaction (including loss of control of a subsidiary holding the assets) within 12 months after the reporting period. Assets are reclassified when all of the following conditions are met: (i) the assets are available for immediate sale in their present condition; (ii) the Group's management approved and initiated an active programme to locate a buyer; (iii) the assets are actively marketed for a sale at a reasonable price; (iv) the sale is expected within one year; and (v) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn.

Non-current assets or disposal groups classified as held for sale in the current period's consolidated statement of financial position are not reclassified or re-presented in the comparative consolidated statement of financial position to reflect the classification at the end of the current period.

A disposal group is a group of assets (current and / or non-current) to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. Goodwill is included if the disposal group includes an operation within a cash-generating unit to which goodwill has been allocated on acquisition. If reclassification is required, both the current and non-current portions of an asset are reclassified.

Held for sale disposal groups as a whole are measured at the lower of their carrying amount and fair value less costs of disposal. Held for sale property, plant and equipment, investment property and intangible assets are not depreciated or amortised. Reclassified non-current financial instruments and deferred taxes are not subject to the write down to the lower of their carrying amount and fair value less costs of disposal.

Liabilities directly associated with the disposal group that will be transferred in the disposal transaction are reclassified and presented separately in the consolidated statement of financial position.

Disposal groups or non-current assets that ceases to be classified as held for sale are measured at the lower of (i) its carrying amount before the asset or disposal group was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset or disposal group not been classified as held for sale, and (ii) its recoverable amount at the date of the subsequent decision not to sell.

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, provisioning for capacity, supply of non-utility 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 2016 there was no additional turnover. For the year ended 31 December 2015 additional turnover in the amount of RR 6,288 million was shown net for presentation purposes to reflect the economic substance of transactions.

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:

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 tax payer 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 2016 but did not have any material impact on the Group's consolidated financial statements:

- Amendments Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38 (issued on 12 May 2014 and effective for the periods beginning on or after 1 January 2016).
- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 (issued in May 2014 and effective for the periods beginning on or after 1 January 2016).
- Annual Improvements to IFRSs 2014 (issued on 25 September 2014 and effective for annual periods beginning on or after 1 January 2016).
- Disclosure Initiative Amendments to IAS 1 (issued in December 2014 and effective for annual periods on or after 1 January 2016).

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 2017 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.

The Group is currently assessing the impact of the new standard on its consolidated financial statements.



IFRS 15, Revenue from Contracts with Customers (issued in May 2014 and effective for the periods beginning on or after 1 January 2018). The new standard 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. The Group is currently assessing the impact of the new standard on its financial statements.

Amendments to IFRS 15, Revenue from Contracts with Customers (issued on 12 April 2016 and effective for annual periods beginning on or after 1 January 2018). The amendments do not change the underlying principles of the Standard but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; how to determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and how to determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard. The Group is currently assessing the impact of the new standard on its financial statements.

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.

Disclosure Initiative - Amendments to IAS 7 (issued on 29 January 2016 and effective for annual periods beginning on or after 1 January 2017). The amended IAS 7 will require disclosure of a reconciliation of movements in liabilities arising from financing activities. The Group will present this disclosure in its 2017 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).
- Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12 (issued on 19 January 2016 and effective for annual periods beginning on or after 1 January 2017).
- 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).

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 2016 and 31 December 2015.

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 2016		31 December 2015	
	% 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 Ryazan Power Distributing Company	90.52%	90.52%	90.52%	90.52%
JSC Chuvashskaya energy retail company	100.00%	100.00%	100.00%	100.00%
LLC ESC Bashkortostan	-	-	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. The total consideration amounted to RR 4,100 million including RR 3,600 million received in cash as at 31 December 2016 and deferred consideration of RR 500 million, that was received by the Group in February, 2017.

Net assets of LLC ESC Bashkortostan at the date of disposal are represented below:

Non-current assets	567
Cash and cash equivalents	41
Accounts receivable and prepayments	6,018
Other current assets	11
Total assets of LLC ESC Bashkortostan	6,637
Non-current liabilities	197
Current debt and current portion of non-current debt	2,220
Accounts payable and accruals	3,053
Taxes payable	115
Total liabilities of LLC ESC Bashkortostan	5,585
Net assets of LLC ESC Bashkortostan	1,052

Profit from the sale of LLC ESC Bashkortostan in the amount of RR 3,048 million is included in Other operating income.

	Date of disposal
Net assets of LLC ESC Bashkortostan	(1,052)
Fair value of consideration	4,100
Profit from the sale of LLC ESC Bashkortostan	3,048



(in millions of Russian Rubles unless noted otherwise)

RAO ES East subgroup segment

RAO ES East subgroup segment consists of PJSC 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 2016		31 December 2015	
	% of ownership	% of voting	% of ownership	% of voting
PJSC RAO ES East*	99.98%	99.98%	85.92%	86.20%
PJSC DEK	52.11%	52.17%	44.92%	52.17%
JSC DGK	52.11%	100.00%	44.92%	100.00%
JSC DRSK	52.11%	100.00%	44.92%	100.00%
PJSC Kamchatskenergo	98.72%	98.74%	84.83%	98.74%
PJSC Magadanenergo**	48.99%	49.00%	42.10%	49.00%
PJSC Sakhalinenergo	57.80%	57.82%	49.67%	57.82%
PJSC Yakutskenergo	79.15%	79.16%	72.21%	79.16%

* Voting and ownership percent interests in PJSC RAO ES East as at 31 December 2016 include 15.59 percent interest held by the Group's subsidiary LLC Vostok-Finance (31 December 2015: 1.81 percent).

** 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.

The Group's share in PJSC RAO ES East and its subsidiaries increased as a result of voluntary and obligatory offers to purchase shares of PJSC RAO ES East (Note 15).

Other segments

Other segments include:

- the Group's subsidiaries with 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 2016		31 December 2015	
	% of ownership	% of voting	% of ownership	% of voting
JSC Blagoveschensk HPP	100.00%	100.00%	100.00%	100.00%
JSC VNIIG	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 Sahalin GRES-2	100.00%	100.00%	100.00%	100.00%
JSC Sulak HidroKaskad	100.00%	100.00%	100.00%	100.00%
JSC HPP 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	99.63%	100.00%	99.63%	100.00%
JSC Chirkeigesstroy	100.00%	100.00%	100.00%	100.00%
JSC ESCO UES	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:

Financial position	RAO ES East subgroup		including DEK subgroup	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Share of non-controlling interest	0.02%	14.08%	47.89%	55.08%
Share of voting rights, attributable to non-controlling interest	0.02%	13.80%	47.83%	47.83%
Non-current assets	114,628	104,873	65,407	57,183
Current assets	57,587	57,638	25,645	23,993
Non-current liabilities	(87,668)	(57,768)	(61,392)	(35,095)
Current liabilities	(74,421)	(88,518)	(33,433)	(54,549)
Net assets / (liabilities)	10,126	16,225	(3,773)	(8,468)
Carrying value of non-controlling interest	3,014	9,732	(421)	(2,656)
Financial results	Year ended 31 December 2016	Year ended 31 December 2015	Year ended 31 December 2016	Year ended 31 December 2015
Revenue	175,545	162,713	119,179	109,327
(Loss) / profit for the year	(6,184)	(7,518)	1,573	(8,756)
Total comprehensive (loss) / income for the year	(6,397)	(8,410)	1,744	(9,402)
(Loss)/ profit for the year, attributable to non-controlling interest	(221)	(4,621)	1,641	(4,522)
Changes in other comprehensive (loss) / income, attributable to non-controlling interest	(110)	(446)	114	(59)
Cash flows				
Cash generated by operating activities	12,982	10,919	11,397	5,592
Cash used in investing activities	(17,632)	(14,854)	(6,093)	(6,406)
Cash (used in) / generated by financing activities	(355)	1,786	(4,980)	(191)
(Decrease) / increase in cash and cash equivalents	(5,005)	(2,149)	324	(1,005)

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 PJSC 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 estimated on the basis of EBITDA, which is calculated as operating profit / loss excluding insurance indemnity, depreciation of property, plant and equipment and amortisation of intangible assets, impairment of property, plant and equipment, impairment of other non-current assets, impairment of financial assets, impairment of goodwill, impairment of available-for-sale financial assets, of accounts receivable, of long-term promissory notes, loss on disposal of property, plant and equipment, gain on disposal of subsidiaries and associates, profit on disposal of other non-current assets, curtailment in pension payment and pension plan 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 certain 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 2016 and 31 December 2015 and as at 31 December 2016 and 31 December 2015 is presented below:

RusHydro Group
Notes to the Consolidated Financial Statements as at and for the year ended
31 December 2016



(in millions of Russian Rubles unless noted otherwise)

Year ended 31 December 2016	PJSC RusHydro	ESC RusHydro subgroup	RAO ES East subgroup	Other segments	Total segments	Unallocated adjustments and intercompany operations	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)	(39,707)	(85,869)	(168,917)	(29,788)	(324,281)	32,865	(291,416)
EBITDA	75,359	2,880	23,894	120	102,253	(1,912)	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)	58,640	3,009	3,646	(16,101)	49,194	(1,655)	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
Total income tax expense							(15,372)
Profit for the year							39,751
Capital expenditure	29,987	204	20,809	27,366	78,366	2,699	81,065
31 December 2016							
Non-current and current debt	107,274	550	86,912	5,067	199,803	-	199,803

RusHydro Group
Notes to the Consolidated Financial Statements as at and for the year ended
31 December 2016



(in millions of Russian Rubles unless noted otherwise)

						Unallocated adjustments and intercompany operations	
Year ended 31 December 2015	PJSC RusHydro	ESC RusHydro subgroup	RAO ES East subgroup	Other segments	Total segments		TOTAL
Revenue	100,826	86,955	162,713	28,113	378,607	(31,095)	347,512
<i>including:</i>							
<i>from external companies</i>	90,960	86,925	162,441	7,186	347,512	-	347,512
<i>sales of electricity</i>	64,198	85,850	104,021	449	254,518	-	254,518
<i>sales of heat and hot water sales</i>	154	-	35,227	-	35,381	-	35,381
<i>sales of capacity</i>	25,611	-	7,047	380	33,038	-	33,038
<i>other revenue</i>	997	1,075	16,146	6,357	24,575	-	24,575
<i>from intercompany operations</i>	9,866	30	272	20,927	31,095	(31,095)	-
Government grants	-	-	14,268	46	14,314	-	14,314
Other operating income (excluding non-monetary items)	-	-	498	800	1,298	(4)	1,294
Operating expenses (excluding depreciation and other non-monetary items)	(41,387)	(84,075)	(164,682)	(29,206)	(319,350)	29,613	(289,737)
EBITDA	59,439	2,880	12,797	(247)	74,869	(1,486)	73,383
Insurance indemnity	-	-	-	6,471	6,471	-	6,471
Depreciation of property, plant and equipment and amortisation of intangible assets	(12,523)	(826)	(7,624)	(1,769)	(22,742)	265	(22,477)
Other non-monetary items of operating income and expenses	(12,586)	(1,387)	(3,547)	(5,014)	(22,534)	(162)	(22,696)
<i>including:</i>							
<i>impairment of property, plant and equipment</i>	(9,747)	-	(1,953)	(893)	(12,593)	-	(12,593)
<i>impairment of other non-current assets</i>	(3,220)	-	-	-	(3,220)	-	(3,220)
<i>impairment of goodwill of subsidiary</i>	-	-	-	(448)	(448)	-	(448)
<i>reversal / (impairment) of accounts receivable, net</i>	1,078	(1,345)	(3,021)	(723)	(4,011)	-	(4,011)
<i>(loss) / profit on disposal of property, plant and equipment, net</i>	(537)	(42)	59	(2,950)	(3,470)	104	(3,366)
<i>curtailment in pension payment and pension plan</i>	-	-	717	-	717	-	717
<i>(loss) / gain on disposal of subsidiaries and associates</i>	(160)	-	651	-	491	(266)	225
Operating profit / (loss)	34,330	667	1,626	(559)	36,064	(1,383)	34,681
Finance income							12,313
Finance costs							(9,744)
Share of results of associates and joint ventures							428
Profit before income tax							37,678
Total income tax expense							(10,519)
Profit for the year							27,159
Capital expenditure	35,206	223	19,554	41,956	96,939	4,896	101,835
31 December 2015							
Non-current and current debt	121,861	1,847	68,019	5,666	197,393	-	197,393



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 2016 and 31 December 2015 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 2016	31 December 2015
Promissory notes	10	6,269	5,711
Advances to suppliers		800	-
Loans issued		15	2,725
Loans received		750	750

The Group had the following transactions with its joint ventures:

	Year ended 31 December 2016	Year ended 31 December 2015
Sales of electricity and capacity	931	851
Other revenue	648	778
Purchased electricity and capacity	2,811	2,149

Associates

The Group had the following balances with its associates:

	Year ended 31 December 2016	Year ended 31 December 2015
Trade and other receivables	491	440
Accounts payable	781	481

The Group had the following transactions with its associates:

	Year ended 31 December 2016	Year ended 31 December 2015
Sales of electricity and capacity	2,679	2,351
Other revenue	137	258
Rent	521	447
Purchased electricity and capacity	17	19

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 2016 and 31 December 2015 and balances outstanding as at 31 December 2016 and 31 December 2015 with the following government-related banks: SC Vnesheconombank, PJSC Sberbank, JSC Rosselkhozbank, Bank GPB (JSC), PJSC VTB Bank, OJSC Bank of Moscow, PJSC VTB24 (Notes 10, 11, 14, 18). All transactions are carried out on market rates.

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 2016 (for the year ended 31 December 2015: 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 17,250 million (in 2015 in the amount of RR 14,314 million) (Note 23).



The Group's purchases of electricity, capacity and fuel from government-related entities comprised approximately 20 percent of total expenses on purchased electricity, capacity and fuel for the year ended 31 December 2016 (for the year ended 31 December 2015: approximately 20 percent).

Electricity distribution services provided to the Group by government-related entities comprised approximately 60 percent of total electricity distribution expenses for the year ended 31 December 2016 (for the year ended 31 December 2015: approximately 50 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 2016 comprised RR 1,419 million including accrual for bonuses in the amount of RR 165 million (for the year ended 31 December 2015: RR 2,174 million).



(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 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

Revalued amount / cost	Buildings	Facilities	Plant and equipment	Assets under construction	Other	Total
Balance as at 31 December 2014	81,110	378,702	226,137	256,121	14,925	956,995
Impairment of revalued property, plant and equipment	(26)	(1,160)	(56)	-	-	(1,242)
Reclassification	(55)	89	(1,806)	2,597	(825)	-
Additions	979	808	1,611	97,417	1,020	101,835
Reclassification to non-current assets and assets of disposal group classified as held for sale	(880)	-	-	-	-	(880)
Transfers	2,925	20,357	43,503	(67,292)	507	-
Disposals and write-offs	(166)	(103)	(876)	(3,551)	(1,981)	(6,677)
Balance as at 31 December 2015	83,887	398,693	268,513	285,292	13,646	1,050,031
Accumulated depreciation (including impairment)						
Balance as at 31 December 2014	(29,504)	(116,411)	(89,161)	(29,062)	(6,667)	(270,805)
Impairment charge	(644)	(4,318)	(2,180)	(6,143)	(55)	(13,340)
Reversal of impairment	346	94	299	8	-	747
Depreciation charge	(2,152)	(8,302)	(11,782)	-	(1,439)	(23,675)
Reclassification to non-current assets and assets of disposal group classified as held for sale	92	-	-	-	-	92
Transfers	12	(2,741)	(3,607)	5,819	517	-
Disposals and write-offs	47	22	550	186	730	1,535
Balance as at 31 December 2015	(31,803)	(131,656)	(105,881)	(29,192)	(6,914)	(305,446)
Net book value as at 31 December 2015	52,084	267,037	162,632	256,100	6,732	744,585
Net book value as at 31 December 2014	51,606	262,291	136,976	227,059	8,258	686,190

As at 31 December 2016 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 7,745 million (31 December 2015: RR 7,793 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 2016 such advances amounted to RR 47,105 million (31 December 2015: RR 59,531 million).

Additions to assets under construction included capitalised borrowing costs in the amount of RR 14,276 million, the capitalisation rate was 10.55 percent (for the year ended 31 December 2015: RR 14,706 million, the capitalisation rate was 11.28 percent).

Additions to assets under construction included capitalised depreciation in the amount of RR 1,042 million (for the year ended 31 December 2015: RR 1,088 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 2016 and 31 December 2015 does not differ materially from their fair value at the end of the reporting period.

Process of fair value of property, plant and equipment assessment

Management of the Group determines the fair value of property, plant and equipment according to the following procedures.

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's 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's 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's 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's 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 2016 and 31 December 2015

The following key assumptions were used when the cash flow testing was performed for the years ended 31 December 2016 and 31 December 2015:

Key assumptions used in the cash flow testing	Year ended 31 December 2016	Year ended 31 December 2015
Information used	Actual operating results for 2016 and business plans for 2017–2022	Actual operating results for 2015 and business plans for 2016–2021
Forecast period*	<p>For existing plants 10 years (2017–2026)</p> <p>For plants under construction - 20 years after commissioning and before the completion of capacity sale contracts (2017–2040)</p> <p>For cash-generating units of the Far East - 11-25 years (2017–2041)</p>	<p>For existing plants 10 years (2016–2025)</p> <p>For plants under construction - 20 years after commissioning and before the completion of capacity sale contracts (2016–2039)</p> <p>For cash-generating units of the Far East - 11-25 years (2016–2040)</p>
Forecasted growth rates in terminal period	3.83 percent	4.0 percent
Discount rate before tax (based on weighted average cost of capital)	14.45–17.4 percent (RR)	14.97–16.8 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	<p>For 2017–2020 – based on the results of competitive capacity selection, except for stations, where regulated tariffs are used</p> <p>For 2021 and after – adjusted on consumer index price and forecasts of JSC TSA</p>	<p>For 2016–2019 – based on the results of competitive capacity selection, except for stations, where regulated tariffs are used</p> <p>For 2020 and after – adjusted on consumer index price and forecasts of JSC TSA</p>
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 analyzed 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 recognized in prior periods no longer exists or decreased.

As a result of analysis of property, plant and equipment of the Group on impairment as at 31 December 2016 an impairment loss in the amount of RR 33,099 million was recognised in the Consolidated Income Statement and decrease of previously recognised revaluation reserve in the amount of RR 6,150 million (before income tax of RR 1,230 million) – in other comprehensive loss, the effects relate mainly to the following cash-generating units:

- Saratovskaya HPP – impairment loss in the amount of RR 3,368 million and decrease of previous revaluation reserve in the amount of RR 2,585 million;
- Blagoveschenskaya TPP – impairment loss in the amount of RR 4,731 million;
- Leningradskaya PSHPP – impairment loss in the amount of RR 4,337 million;



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- Votkinskaya HPP – impairment loss in the amount of RR 1,901 million and decrease of previous revaluation reserve in the amount of RR 2,418 million;
- Sakhalinenergo – impairment loss in the amount of RR 3,101 million and decrease of previous revaluation reserve in the amount of RR 76 million;
- Magadanenergo – impairment loss in the amount of RR 2,525 million and decrease of previous revaluation reserve in the amount of RR 9 million;
- Kabardino-Balkarian branch – impairment loss in the amount of RR 1,606 million and decrease of previous revaluation reserve in the amount of RR 301 million;
- Yakutskenergo – impairment loss in the amount of RR 1,261 million and decrease of previous revaluation reserve in the amount of RR 407 million;
- Sakhaenergo – impairment loss in the amount of RR 1,165 million;
- Kamchatskenergo – impairment loss in the amount of RR 1,093 million;
- Cascade Verkhnevolszhskih HPP – impairment loss in the amount of RR 725 million and decrease of previous revaluation reserve in the amount of RR 345 million.

At the same time, a reversal of impairment in the amount of RR 6,582 million was recognised in the Consolidated Income Statement in respect of respect of the following cash-generating units impaired in previous periods:

- Khabarovskaya Generation – in the amount of RR 3,680 million;
- Sayno-Shushenskaya HPP – in the amount of RR 2,137 million;
- Primorskaya Generation – in the amount of RR 765 million.

The sensitivity analysis of the recoverable amounts of cash-generating units for the key assumptions is presented in Note 32.

As a result of property, plant and equipment impairment as at 31 December 2015 its net book value decreased by the total amount of RR 13,835 million. As a result, impairment loss in the amount of RR 12,593 million was recognised in Consolidated Income Statement and decrease of previous revaluation reserve in the amount of RR 1,242 million (before income tax of RR 248 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 2016	34,278	111,189	169,428	264,645	2,134	581,674
Net book value as at 31 December 2015	29,793	111,249	152,336	260,080	1,492	554,950

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 of the GAES building 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 have finished all payments on the insured event.

Other operating income for the year ended 31 December 2016 include insurance indemnity received from JSC SOGAZ in the amount of RR 1,384 million (for the year ended 31 December 2015: RR 868 million) and from JSC AlfaStrakhovanie in the amount of RR 353 million (for the year ended 31 December 2015: RR 847 million). For the year ended 31 December 2015 insurance indemnity from PIJSC Ingosstrakh in the amount of RR 4,756 million was also recognised.



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For the year ended 31 December 2016 a loss on disposal of damaged equipment and assets under construction which are not recoverable was recognised in Operating expenses in the amount of RR 15 million. Also for the year ended 31 December 2016 the Group has carried expenses on recovery works in the total amount of RR 1 585 million which are recognized in the following items of Operating expenses: other third parties services, other materials, employee benefit expenses, rent expenses.

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 2016 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 61,142 million.

Leased equipment. As at 31 December 2016 the net book value of assets held under finance lease and included in property, plant and equipment was RR 1,964 million (31 December 2015: RR 3,107 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 2016	31 December 2015
Less than one year	2,175	2,309
Between one and five years	7,404	3,826
After five years	30,524	38,852
Total	40,103	44,987

Pledged assets. As at 31 December 2016 RR and 31 December 2015 no property, plant and equipment have been pledged as collateral for borrowings.

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 2016	31 December 2015	31 December 2016	31 December 2015
Associates					
OJSC Irkutsk Electronetwork Company (OJSC IENC)	Russia	42.75%	42.75%	7,528	7,777
OJSC Sakhalin Energy Company (OJSC SEC)	Russia	36.09%	36.09%	1,982	3,429
Other				193	172
Total associates				9,703	11,378
Joint ventures					
BoGES Group	Russia	50.00%	50.00%	9,230	1,229
BALP Group	Russia	50.00%	50.00%	-	-
Other				1,345	1,535
Total joint ventures				10,575	2,764
Total investments in associates and joint ventures				20,278	14,142

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The amounts in respect of associates and joint ventures recognised in the Income Statement are as follows:

	Year ended 31 December 2016	Year ended 31 December 2015
Associates		
OJSC IENC	(249)	(283)
OJSC SEC	(1,447)	(12)
Other	24	(19)
Total associates	(1,672)	(314)
Joint ventures		
BoGES Group	8,546	684
BALP Group	-	-
Other	(192)	58
Total joint ventures	8,354	742
Share of results of associates and joint ventures	6,682	428

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.

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 2016 and 31 December 2015 and as at 31 December 2016 and 31 December 2015:

	OJSC SEC		OJSC IENC	
	2016	2015	2016	2015
As at 31 December				
Non-current assets	7,407	11,242	24,169	24,862
Current assets	1,066	761	1,151	1,037
Non-current liabilities	-	(12)	(1,814)	(1,571)
Current liabilities	(543)	(54)	(8,111)	(8,350)
Net assets	7,930	11,937	15,395	15,978
For the year ended 31 December				
Revenue	535	449	18,809	16,995
Impairment of property, plant and equipment	(4,921)	-	-	-
Loss for the year	(4,007)	(35)	(583)	(661)
Total comprehensive loss for the year	(4,007)	(35)	(583)	(661)

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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 2014	10,972	16,639	1,026	28,637
Loss for the year	(35)	(661)	(32)	(728)
Additional share issue	1,000	-	-	1,000
Disposal	-	-	(402)	(402)
Reclassification to available-for-sale financial assets	-	-	19	19
Net assets as at 31 December 2015	11,937	15,978	611	28,526
Interest in associates	4,308	6,831	172	11,311
Goodwill	-	946	-	946
Additional share issues	(879)	-	-	(879)
Carrying value as at 31 December 2015	3,429	7,777	172	11,378
Net assets as at 31 December 2015	11,937	15,978	611	28,526
Loss 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
Other movement	(879)	-	-	(879)
Carrying value as at 31 December 2016	1,982	7,528	193	9,703

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 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.

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Summarised financial information for significant joint ventures for the years ended 31 December 2016 and 31 December 2015 and as at 31 December 2016 and 31 December 2015:

As at 31 December	BoGES Group		BALP Group	
	2016	2015	2016	2015
Non-current assets	66,472	45,007	27,476	1,475
Current assets including:	3,140	3,681	6,208	6,315
<i>Cash and cash equivalents</i>	898	442	1,141	498
Non-current liabilities including:	(43,932)	(44,343)	(93,907)	(96,872)
<i>Non-current financial liabilities (excluding trade payables)</i>	(38,021)	(37,715)	(93,907)	(96,872)
Current liabilities including:	(7,236)	(1,918)	(2,172)	(3,877)
<i>Current financial liabilities (excluding trade payables)</i>	(835)	(678)	(16)	(3)
Net assets	18,444	2,427	(62,395)	(92,959)
For the year ended 31 December	2016	2015	2016	2015
Revenue	16,141	14,632	23,155	11,558
Depreciation of property, plant and equipment	(1,192)	(1,191)	(1,717)	(111)
Impairment of promissory notes	(6,000)	(5,780)	-	-
Interest income	877	489	-	7
Interest expense	(3,412)	(2,849)	(7,901)	(6,460)
Foreign exchange differences	(2)	(10)	14,713	(19,118)
Reversal / (impairment) of property, plant and equipment	25,390	-	23,402	(3,869)
Profit / (loss) before income tax	19,484	(125)	30,564	(30,123)
Income tax (expense) / benefit	(3,467)	500	-	(13,201)
Profit / (loss) for the year	16,017	375	30,564	(43,324)
Total comprehensive income / (loss) for the year	16,017	375	30,564	(43,324)

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 2014	2,052	(49,635)	2,105	(45,478)
Net assets at the date of the purchase	-	-	1,003	1,003
Profit / (loss) for the year	375	(43,324)	(623)	(43,572)
Net assets as at 31 December 2015	2,427	(92,959)	2,485	(88,047)
Interest in joint ventures	1,214	(46,480)	1,129	(44,137)
Non-controlling interest	15	-	-	15
Accumulated losses	-	46,480	406	46,886
Carrying value as at 31 December 2015	1,229	-	1,535	2,764
Net assets as at 31 December 2015	2,427	(92,959)	2,485	(88,047)
Profit for the year	16,017	30,564	44	47,569
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

The Group has issued guarantees for PJSC Boguchanskaya HPP for the loan facility in favour of the State Corporation Vnesheconombank (Note 29).



(in millions of Russian Rubles unless noted otherwise)

Note 9. Available-for-sale financial assets

	31 December 2016		31 December 2015	
	% of ownership	Fair value	% of ownership	Fair value
PJSC Inter RAO	4.92%	19,495	4.92%	5,606
PJSC Russian Grids	0.23%	638	0.28%	228
PJSC Boguchanskaya HPP	2.89%	505	2.89%	-
PJSC FGC UES	0.13%	338	0.13%	99
Other	-	205	-	161
Total available-for-sale financial assets		21,181		6,094

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).

Profit arising on available-for-sale financial assets for the year ended 31 December 2016 totaled RR 15,050 million (net of tax), including revaluation of PJSC Inter RAO – RR 13,889 million, was recorded within other comprehensive income (for the year ended 31 December 2015 loss totaled RR 1,962 million).

Note 10. Other non-current assets

	31 December 2016	31 December 2015
Long-term promissory notes	38,931	38,189
Discount	(16,415)	(16,946)
Impairment provision	(14,025)	(14,025)
Long-term promissory notes, net	8,491	7,218
Long-term advances to suppliers	3,173	60
VAT recoverable	2,036	2,546
Goodwill	481	481
Dams of Bratskaya, Ust'-Ilimskaya and Irkutskaya HPPs	-	2,164
Customer base of LLC ESC Bashkortostan	-	553
Other non-current assets	7,666	8,380
Total other non-current assets	21,847	21,402

Other non-current assets in the amount of RR 7,666 million (31 December 2015: RR 8,380 million) mainly include intangible assets, research and development costs and long-term accounts receivable. Also included in other non-current assets is 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 expected from the conversion of the balance of RR 4,681 million into convertible bonds of Peresvet Bank (Note 11) with recognition of impairment of financial assets in the amount of RR 4,464 million.

	Rating	Rating agency	Effective interest rate	Maturity date	31 December 2016	31 December 2015
Long-term promissory notes						
PJSC Boguchanskaya HPP	-	-	9.75%	2029	6,269	5,711
PJSC ROSBANK	Ba1	Moody's	10.90–14.58%	2020–2022	888	784
JSC Alfa Bank	BB+	Fitch Ratings	11.39–16.35%	2020–2022	761	673
PJSC Bank VTB	BB+	Standard & Poor's	11.82–13.67%	2018–2021	511	-
Other					62	50
Total long-term promissory notes					8,491	7,218

Promissory notes of PJSC Boguchanskaya HPP. As at 31 December 2016 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 State Corporation Vnesheconombank amounted to RR 6,269 million (31 December 2015: RR 5,711 million) (Note 8).



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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. The dams were received by the Company in 2011 in course of additional share issue and were leased by EuroSibEnergogroup before the sale. The transaction amount is RR 10,950 million (including VAT). Profit from the dams' sale is included in Other operating income (Note 24).

Goodwill. Presented below is the carrying value of goodwill:

	Year ended 31 December 2016	Year ended 31 December 2015
Carrying amount as of 1 January	481	929
Impairment loss	-	(448)
Carrying amount as of 31 December	481	481

Goodwill of JSC Institute Hydroproject. Goodwill of RR 929 million was recognised at the date of the acquisition of JSC Institute Hydroproject in October 2010 as the Group was able to receive economic benefits from the expected synergy from the high qualification of engineering specialists and long-term relationships between JSC Institute Hydroproject and customers, including the Group entities.

As at 31 December 2016 and 31 December 2015, the Group tested goodwill related to JSC Institute Hydroproject for its potential impairment. For the testing purposes, JSC Institute Hydroproject was considered as a single cash generating asset.

Presented below are key assumptions used for the impairment testing purposes for the years ended 31 December 2016 and 31 December 2015:

Key assumptions used for the impairment testing purposes	For the year ended 31 December 2016	For the year ended 31 December 2015
Information used	Actual performance for 2016 and results of business plans for 2017-2021	Actual performance for 2015 and results of business plans for 2016-2020
Forecast period	5 years	5 years
Growth interest rate after the forecast period	4.0 percent	4.0 percent
Discount rate	15.6 percent	15.6 percent
Net cash inflow after the forecast period	Minimum expectation: RR 57 million in 2017, RR 148 million in 2018, RR 186 million in 2019, RR 217 million in 2020, RR 236 million in 2021	Minimum expectation: RR 148 million in 2016, RR 67 million in 2017, RR 94 million in 2018, RR 110 million in 2019, RR 122 million in 2020
Net cash inflow after the forecast period	Minimum expectation: RR 255 million per year	Minimum expectation: RR 114 million per year

Based on the above assumptions, as at 31 December 2016 the recoverable amount of JSC Institute Hydroproject as a cash generating asset was higher than the carrying amount - there is no economic impairment. As at 31 December 2015 recoverable amount of JSC Institute Hydroproject as a cash generating asset was less than the carrying amount and the Group recognised impairment of goodwill in the amount of RR 448 million.

Note 11. Cash and cash equivalents

	31 December 2016	31 December 2015
Cash equivalents (contractual interest rate: 6.72-10.94%)	52,594	36,137
Cash at bank	14,738	11,857
Cash in hand	22	31
Total cash and cash equivalents	67,354	48,025

Cash equivalents held as at 31 December 2016 and 31 December 2015 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 2016 were RR 736 million (31 December 2015: RR 2,801 million). Cash and cash equivalents balances denominated in Euros as at 31 December 2016 were RR 67 million (31 December 2015: RR 61 million).



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Cash and cash equivalents are deposited in several institutions as follows:

	Rating	Rating agency	31 December 2016	31 December 2015
Cash at banks				
Bank GPB (JSC)	BB+	Fitch Ratings	7,255	3,573
PJSC Sberbank	BBB-	Fitch Ratings	4,281	4,630
PJSC Bank VTB	BB+	Standard & Poor's	2,047	719
PJSC ROSBANK	BBB-	Fitch Ratings	387	124
PJSC Bank FK Otkritie	BB-	Standard & Poor's	169	63
CJSC ARDSHINBANK	B+	Fitch Ratings	157	170
PJSC VTB24	Ba1	Moody's	67	230
JSC Alfa-Bank	BB+	Fitch Ratings	12	364
Peresvet Bank	-	-	-	1,405
Other	-	-	363	579
Total cash at banks			14,738	11,857
Bank deposits				
PJSC Bank VTB	BB+	Standard & Poor's	23,152	4,832
Bank GPB (JSC)	BB+	Fitch Ratings	13,922	2,084
PJSC Sberbank	BBB-	Fitch Ratings	13,283	8,992
JSC Rosselkhozbank	BB+	Fitch Ratings	838	519
PJSC Promsvyazbank	BB-	Standard & Poor's	536	-
PJSC Bank FK Otkritie	BB-	Standard & Poor's	525	7,753
PJSC VTB24	Ba1	Moody's	322	6
Peresvet Bank	-	-	-	6,280
Sviaz-Bank	-	-	-	2,724
JSC Bank Severny Morskoy Put	-	-	-	1,875
GLOBEXBANK	-	-	-	1,000
Other	-	-	16	72
Total cash equivalents			52,594	36,137

Group's Cash and Deposits with Peresvet Bank

On 21 October 2016 the Russian Central Bank introduced the temporary administration in Peresvet Bank for a period of six months due to Peresvet Bank's failure to discharge its creditors' claims on monetary liabilities within the established period and in order to determine the financial position and future perspectives of the credit institution. At the same time, in accordance with the Russian law 'On Insolvency' a moratorium on discharge of Peresvet Bank creditors' claims for a period of three months was imposed, which was extended for another three month on 23 January 2017.

On 20 February 2017 functions of temporary administration of Peresvet Bank were assigned to the State Corporation Deposit Insurance Agency.

The temporary administration of Peresvet Bank has proposed to convert part of Peresvet Bank's monetary obligations into the bank's convertible bonds due in 15 years. This will allow the bank to partially settle its obligations.

As at 31 December 2016 cash and deposits placed with Peresvet Bank together with interest accrued on deposits totalled RUB 5,507 million. Under the proposed action plan which the Group's management considers most likely based on the information available as of the date of the issue of these consolidated financial statements, the Group's cash and deposits are to be converted to subordinated bonds of Peresvet Bank in the amount of RUB 4,681 million or 85% of the total cash and deposits. These assets are recorded within Other non-current assets at amortised value (Note 10). The remaining RUB 826 million of cash is recorded as restricted cash within Other current assets because its receipt is expected within 12 months of the reporting date (Note 14).



Note 12. Accounts receivable and prepayments

	31 December 2016	31 December 2015
Trade receivables	56,936	55,075
Provision for impairment of trade receivables	(23,900)	(20,158)
Trade receivables, net	33,036	34,917
VAT recoverable	7,329	8,156
Advances to suppliers and other prepayments	2,617	3,540
Provision for impairment of advances to suppliers and other prepayments	(629)	(1,021)
Advances to suppliers and other prepayments, net	1,988	2,519
Other receivables	8,485	7,248
Provision for impairment of other receivables	(3,762)	(3,194)
Other receivables, net	4,723	4,054
Total accounts receivable and prepayments	47,076	49,646

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). The Group 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 2016	Year ended 31 December 2015
As at 1 January	23,352	21,526
Charge for the year	8,541	6,650
Reversal of impairment	(1,304)	(3,808)
Trade receivables written-off as uncollectible	(1,678)	(1,016)
Disposal of impairment provision due to disposal of subsidiaries	(1,249)	-
As at 31 December	27,662	23,352

The ageing analysis of trade and other finance accounts receivable is as follows:

	31 December 2016	Provision as at 31 December 2016	31 December 2015	Provision as at 31 December 2015
Not past due	29,547	(1,652)	29,622	(2,426)
Past due for less than 3 months	6,098	(1,378)	6,655	(1,260)
Past due for 3 months to 1 year	9,343	(5,228)	7,499	(2,834)
Past due for more than 1 year	20,052	(19,404)	17,959	(16,832)
Total	65,040	(27,662)	61,735	(23,352)

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.

Note 13. Inventories

	31 December 2016	31 December 2015
Fuel	14,825	14,291
Materials and supplies	6,402	6,555
Spare parts	2,539	2,782
Other materials	565	606
Total inventories before provision for impairment	24,331	24,234
Provision for impairment of inventories	(294)	(235)
Total inventories	24,037	23,999

There are no inventories pledged as collateral for borrowings as at 31 December 2016 and as at 31 December 2015.



(in millions of Russian Rubles unless noted otherwise)

Note 14. Other current assets

	31 December 2016	31 December 2015
Special funds	3,507	-
Deposits and promissory notes	4,292	19,532
Restricted cash (Note 11)	826	-
Loans issued	2,808	2,837
Provision for loans issued	(2,498)	(109)
Loans issued, net	310	2,728
Other short-term investments	162	314
Total other current assets	9,097	22,574

As at 31 December 2016 the rest of special funds in the amount of RR 3,507 million received by the Group to fund construction of generating facilities are located on special accounts of the Federal Treasury of Russia. These special funds may be used by the Group only after the due procedure of expenditure approval performed by the Federal Treasury of Russia according to the Order of Ministry of Finance of the Russian Federation No. 213n dated 25 December 2015.

As at 31 December 2016 the Group impaired loans issued to ZAO Verkhne-Narynskiye HPPs in the amount of 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 2016	31 December 2015
Deposits					
PJSC Sberbank	BBB-	Fitch Ratings	7.25–10.85%	4,140	18,322
Other deposits	-	-	-	150	1,168
Promissory notes					
JSC Alfa-Bank	-	-	-	-	35
Other promissory notes	-	-	-	2	7
Total deposits and promissory notes				4,292	19,532

Note 15. Equity

	Number of issued and fully paid ordinary shares (Par value of RR 1.00)
As at 31 December 2016	386,255,464,890
As at 31 December 2015	386,255,464,890
As at 31 December 2014	386,255,464,890

Treasury shares. As at 31 December 2016 treasury shares were represented by 18,852,353,167 ordinary shares in the amount of RR 22,578 million (31 December 2015: 21,786,611,933 ordinary shares in the amount of RR 26,092 million).

During the year ended 31 December 2016, 2,934,258,766 treasury shares were transferred to non-controlling interest shareholders of PJSC RAO ES East in exchange for purchased shares of the subsidiary under voluntary and obligatory offers to purchase shares of PJSC RAO ES East as described below.

Voluntary and obligatory offers to purchase shares of PJSC RAO ES East. On 3 November 2015 in accordance with decision of the Board of Directors of the Company LLC Vostok-Finance, a subsidiary of the Group, declared a voluntary offer to purchase shares of PJSC RAO ES East. Under the voluntary offer, shareholders of PJSC RAO ES East could choose to sell their ordinary and preferred shares of PJSC RAO ES East for a cash consideration or exchange them for ordinary shares of the Company.

During 2016, PJSC RAO ES East non-controlling interest shareholders that accepted terms of the voluntary offer transferred 4,715,738,904 ordinary shares and 346,195,762 preference shares of PJSC 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.

According to current Russian legislation repurchase of more than 10 percent and consolidation of more than 95 percent of PJSC RAO ES East shares allowed the Group to make an obligatory offer to the remaining shareholders to sell their shares.



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Under the obligatory offer to purchase shares LLC Vostok-Finance has purchased 887,217,472 ordinary shares and 312,687,580 preference shares of PJSC RAO ES East for a cash consideration of RR 380 million.

As a result of voluntary and obligatory purchase of PJSC RAO ES East's shares as at 31 December 2016 the share of the Group in share capital of the PJSC RAO ES East increased up to 99.98 percent (Note 4).

Effect of changes in non-controlling interest of subsidiaries. As a result of the voluntary and obligatory offers to purchase shares of PJSC RAO ES East as described above non-controlling interest decreased by RR 6,694 million.

Retained earnings of the Group increased by RR 4,872 million as a result of treasury shares disposal, decrease in non-controlling interest and derecognition of the remaining obligation to purchase shares after they were partly purchased for cash.

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.

In March 2015 the Group's share in subsidiaries OJSC Daltehenergo and OJSC Guberovskiy machinery and repair plant was sold. In October 2015 share in JSC Kamchatskenergoemont was sold. During the year ended 31 December 2015 LLC Energokomfort Amur electricity wholesale company and JSC Amyrskaya Zhemchuzhina went bankrupt, also in June 2015 OJSC Kamchatskenergoemontservis was liquidated. As a result non-controlling interest increased by RR 141 million due to decrease of share in losses of these subsidiaries previously absorbed by shareholders of the Group.

Additional share issue. On 22 November 2016 the Board of Directors adopted a resolution to make a placement of 40,429,000,000 ordinary shares with a par value of RR 1.00 per share by open subscription. The placement price of additional issue shares is determined at RR 1.00 per share. On 7 December 2016 the share issue of 40,429,000,000 ordinary shares was registered with the Bank of Russia (Note 34).

Dividends. 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).

On 26 June 2015 the Company declared dividends for the year ended 31 December 2014 of RR 0.0156 per share in the total amount of RR 6,033 million (RR 5,710 million excluding dividends to subsidiaries).

Declared dividends of the Group's subsidiaries in favour of non-controlling interest holders amounted to RR 234 million for the year ended 31 December 2016 (for the year ended 31 December 2015: RR 102 million).

Note 16. Income tax

Income tax expense is as follows:

	Year ended 31 December 2016	Year ended 31 December 2015
Current income tax expense	13,258	8,881
Deferred income tax expense	2,114	1,638
Total income tax expense	15,372	10,519

The income tax rate applicable to the majority of the Group's entities for the year ended 31 December 2016 is 20 percent (for the year ended 31 December 2015: 20 percent).

A reconciliation between the expected and actual income tax expense is provided below:

	Year ended 31 December 2016	Year ended 31 December 2015
Profit before income tax	55,123	37,678
Theoretical tax expense at a statutory rate of 20 percent	(11,025)	(7,536)
Tax effect of items which are not deductible or assessable for taxation purposes	(1,827)	(1,230)
Increase in other unrecognised deferred tax assets	(4,003)	(2,465)
Change in unrecognised deferred tax assets in respect of associates and joint ventures	1,336	86
Other	147	626
Total income tax expense	(15,372)	(10,519)

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The total amount of deductible temporary differences for which deferred income tax assets have not been recognised by the Group as at 31 December 2016 comprised RR 80,055 million (31 December 2015: RR 64,285 million). These temporary differences mainly relate to accumulated impairment of property, plant and equipment, assets under construction 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 2015: 20 percent).

	31 December 2015	Income tax charge	Charged directly to other comprehensive income	Other movement	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>-</i>	<i>-</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>-</i>	<i>-</i>	<i>8,658</i>
				Reclassification of discontinued operations and disposal of subsidiaries	
	31 December 2014	Income tax charge	Charged directly to other comprehensive income	31 December 2015	31 December 2015
Deferred income tax assets	5,355	(142)	259	14	5,486
Property, plant and equipment	3,425	76	-	15	3,516
Accounts receivable	5,799	704	-	6	6,509
Losses carried forward	1,574	(217)	-	(7)	1,350
Other	2,622	914	259	-	3,795
<i>Deferred tax offset</i>	<i>(8,065)</i>	<i>(1,619)</i>	<i>-</i>	<i>-</i>	<i>(9,684)</i>
Deferred income tax liabilities	(35,891)	(1,496)	353	-	(37,034)
Property, plant and equipment	(43,303)	(2,977)	239	-	(46,041)
Accounts receivable	(122)	63	-	-	(59)
Loans and borrowings	(115)	(263)	-	-	(378)
Other	(416)	62	114	-	(240)
<i>Deferred tax offset</i>	<i>8,065</i>	<i>1,619</i>	<i>-</i>	<i>-</i>	<i>9,684</i>

Under existing Group' structure tax losses and current income tax assets of different Group's entities may not be offset against current income tax liabilities and taxable profits of other Group's 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.



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Note 17. Pension benefit obligations

The tables below provide information about the benefit obligations and actuarial assumptions used for the years ended 31 December 2016 and 31 December 2015.

Amounts recognised in the Group's Consolidated Statement of Financial Position among other non-current liabilities (Note 19):

	31 December 2016	31 December 2015
Fair value of plan assets	(1,090)	(1,084)
Present value of defined benefit obligations	9,894	9,470
Net liability	8,804	8,386

The movements in the defined benefit liability for the years ended 31 December 2016 and 31 December 2015 are presented in the tables below:

	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

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	Present value of defined benefit obligations	Fair value of plan assets	Total
At 1 January 2015	7,874	(986)	6,888
Current service cost	338	-	338
Interest expense / (income)	968	(128)	840
Past service cost	(58)	-	(58)
Curtailement in pension payment	(717)	-	(717)
Decrease in liabilities as a result of curtailments	(83)	-	(83)
Remeasurement effects (for other long-term benefits):			
Actuarial loss - changes in actuarial assumptions	86	-	86
Actuarial gain - experience adjustment	(1)	-	(1)
Recognised in profit or loss for the year ended 31 December 2015	533	(128)	405
Remeasurements (for post-employment benefits):			
Actuarial loss - change in demographic assumptions	112	-	112
Actuarial loss - change in financial assumptions	1,435	-	1,435
Actuarial loss - experience adjustments	249	72	321
Recognised other comprehensive income for the year ended 31 December 2015 before income tax charge of RR 374 million	1,796	72	1,868
Employer contributions for funded pension plan	-	(297)	(297)
Benefit payments (Funding NSPF pensions)	(438)	255	(183)
Benefit payments (Non-funded pension plan)	(295)	-	(295)
At 31 December 2015	9,470	(1,084)	8,386

In December 2015 JSC DGK decided to partially reduce payments to the unemployed pensioners. Also in accordance with the new collective agreement some conditions and the amount of benefits to employees have changed. As a result the Group recognized RR 717 million gain for the year ended 31 December 2015 (Note 25).

Principal actuarial assumptions for the Group are as follows:

	31 December 2016	31 December 2015
Nominal discount rate	8.20%	9.80%
Inflation rate	5.00%	6.00%
Wage growth rate	6.50%	7.50%
Staff turnover	Staff turnover depending on age based on statistics for three years	
Mortality table	Russia-2014*	Russia-2013*

* 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 2012–2016 (31 December 2015: 2012–2015)

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%	(821)	-8%
	- 1%	930	9%
Inflation rate	+ 1%	613	6%
	- 1%	(556)	-6%
Wage growth rate	+ 1%	325	3%
	- 1%	(319)	-3%
Staff turnover	+ 3%	(1,035)	-10%
	- 3%	1,483	15%
Mortality Rates	+ 10%	(169)	-2%
	- 10%	142	1%

The Group expects to contribute RR 642 million to the defined benefit plans in 2017.

The weighted average duration of the defined benefit obligation of the Group is 9 years.



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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 2016	31 December 2015
	7.99–13.20% /			
PJSC Sberbank	MosPrime 3M+2.10%	2017–2028	56,491	47,865
PJSC Bank VTB	8.39–11.50%	2017–2027	29,516	4,522
Russian bonds (PJSC RusHydro) issued in February 2013	8.50%	2018*	20,645	20,635
Russian bonds (PJSC RusHydro) issued in July 2015	11.85%	2018	15,857	15,840
Russian bonds (PJSC RusHydro) issued in April 2016	10.35%	2019	15,347	-
Russian bonds (PJSC RusHydro) issued in April 2015	12.75%	2017*	10,222	10,214
PJSC ROSBANK	9.72–10.36%	2017–2018	8,136	4,909
Bank GPB (JSC)	9.75–11.09%	2017–2023	6,171	469
UniCredit Bank Austria AG	3.35%**	2017–2026	5,242	6,585
Crédit Agricole Corporate and Investment Bank Deutschland	Euribor 6M+0.625%	2018–2029	4,920	6,252
	MosPrime 3M+1.50–3.45% /			
EBRD	LIBOR 6M+3.45%	2017–2027	4,791	20,280
Municipal authority of Kamchatka region	8.57%	2017–2034	1,561	1,535
ASIAN Development bank	LIBOR 6M+3.45%	2017–2026	1,474	1,787
Russian bonds (PJSC RusHydro) issued in April 2011	9.50%	2021***	250	15,240
Bayerische Landesbank	-	-	-	1,212
Other long-term debt	-	-	1,776	1,404
Finance lease liabilities	-	-	1,973	2,262
Total			184,372	161,011
Less current portion of non-current			(25,758)	(25,159)
Less current portion of finance lease liabilities			(568)	(673)
Total non-current debt			158,046	135,179

* The bonds mature in 10 years with a put option to redeem them in 2018, 2016 and 2017 respectively.

** Fixed interest rate applied to 90 percent of the credit facility, to the rest 10 percent of the facility the quarterly variable export finance rate published by OeKB (Oesterreichische Kontrollbank AG) less 0.25 percent is applied.

*** In April 2016 holders of the bonds issued in April 2011 partly redeemed the bonds under the put option. The rest of the bonds with nominal amount of RR 250 million will mature in 2021 year.

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Bonds issue. In April 2016 the Group placed non-convertible interest bearing market bonds of series BO-P04 with a nominal amount of RR 15,000 million. The term of the offer is 3 years, coupon rate is 10.35 percent per annum.

Current debt

	Effective interest rate	31 December 2016	31 December 2015
PJSC Sberbank	10.44–12.00%	5,854	19,668
PJSC ROSBANK	9.90–12.39%	4,755	6,776
Bank GPB (JSC)	9.75–11.50%	3,031	7,038
LLC AlstomRusHydroEnergy	-*	750	750
Bank «RRDB» (JSC)	11.63%	150	966
JSC Alfa-Bank	-	-	501
Current portion of non-current debt	-	25,758	25,159
Current portion of finance lease liabilities	-	568	673
Other current debt	-	891	683
Total current debt and current portion of non-current debt		41,757	62,214

Reference:

Interest payable	3,044	2,942
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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 2016 and 31 December 2015 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 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
Minimum lease payments as at 31 December 2015	706	1,116	4,546	6,368
Less future finance charges	(33)	(475)	(3,598)	(4,106)
Present value of minimum lease payments as at 31 December 2015	673	641	948	2,262

Note 19. Other non-current liabilities

	31 December 2016	31 December 2015
Pension benefit obligations (Note 17)	8,804	8,386
Other non-current liabilities	9,922	6,165
Total other non-current liabilities	18,726	14,551

Note 20. Accounts payable and accruals

	31 December 2016	31 December 2015
Trade payables	31,451	33,475
Advances received	9,712	9,849
Settlements with personnel	8,245	8,410
Accounts payable under factoring agreements	2,957	4,071
Dividends payable	136	86
Obligation to PJSC RAO ES East shares purchase (Note 15)	3	2,108
Other accounts payable	6,280	2,308
Total accounts payable and accruals	58,784	60,307

All accounts payable and accruals are denominated in Russian Rubles.



Note 21. Other taxes payable

	31 December 2016	31 December 2015
VAT	9,833	8,085
Insurance contributions	2,925	2,864
Property tax	1,941	2,159
Other taxes	558	927
Total other taxes payable	15,257	14,035

Note 22. Revenue

	Year ended 31 December 2016	Year ended 31 December 2015
Sales of electricity	272,582	254,518
Sales of heat and hot water	38,849	35,381
Sales of capacity	37,068	33,038
Other revenue	25,573	24,575
Total revenue	374,072	347,512

Other revenue includes revenue earned from transportation of electricity and heat, connections to the grid, rendering of construction, repairs and other services.

Note 23. 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. During the year ended 31 December 2016 the Group received government subsidies in the amount of RR 17,250 million (for the year ended 31 December 2015: RR 14,314 million) in the following subsidised territories: Kamchatsky territory, the Sakha Republic (Yakutia), Magadan Region and other Far East regions.

Note 24. Other operating income

	Year ended 31 December 2016	Year ended 31 December 2015
Gain on sales of other non-current assets (Note 10) and non-current assets classified as held for sale	7,443	743
Gain on sales of subsidiaries (Notes 4, 15)	3,048	709
Insurance indemnity	1,931	6,778
Total other operating income	12,422	8,230

Gain on sales of other non-current assets and non-current assets classified as held for sale includes the gain on the sale of the dams of Bratskaya, Ust'-Ilimskaya and Irkutskaya HPPs in the amount of RR 7,202 million (Note 10).



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Note 25. Operating expenses (excluding impairment losses)

	Year ended 31 December 2016	Year ended 31 December 2015
Employee benefit expenses (including payroll taxes and pension benefit expenses)	71,768	72,871
Purchased electricity and capacity	57,610	60,805
Fuel expenses	54,561	54,087
Electricity distribution expenses	46,722	42,663
Depreciation of property, plant and equipment and amortisation of intangible assets	24,130	22,477
Taxes other than on income	10,233	9,792
Other materials	9,115	9,202
Third parties services, including:		
Repairs and maintenance	4,507	5,055
Provision of functioning of electricity and capacity market	3,642	3,737
Purchase and transportation of heat power	3,442	3,102
Security expenses	3,369	3,279
Services of subcontracting companies	2,465	4,249
Rent	2,155	2,111
Insurance cost	1,983	1,572
Consulting, legal and information expenses	1,911	2,340
Transportation expenses	1,213	1,108
Other third parties services	8,052	6,376
Water usage expenses	3,202	2,844
Social charges	1,319	1,445
Purchase of oil products for sale	1,065	673
Travel expenses	804	1,798
Loss on disposal of property, plant and equipment, net	555	3,366
Curtailment in pension payment and pension plan	-	(717)
Other expenses	1,882	868
Total operating expenses (excluding impairment losses)	315,705	315,103

Note 26. Finance income, costs

	Year ended 31 December 2016	Year ended 31 December 2015
<i>Finance income</i>		
Interest income	6,779	9,620
Foreign exchange gain	2,782	2,316
Income on discounting	118	132
Other income	264	245
Total finance income	9,943	12,313
<i>Finance costs</i>		
Interest expense	(6,813)	(5,762)
Foreign exchange loss	(454)	(1,744)
Expense on discounting	(407)	(885)
Finance lease expense	(295)	(241)
Other costs	(1,072)	(1,112)
Total finance costs	(9,041)	(9,744)



Note 27. Earnings per share

	Year ended 31 December 2016	Year ended 31 December 2015
Weighted average number of ordinary shares issued (thousands of shares)	367,138,482	364,468,853
Profit for the period attributable to the shareholders of PJSC RusHydro	40,205	31,539
Earnings per share attributable to the shareholders of PJSC RusHydro – basic and diluted (in Russian Rubles per share)	0.1095	0.0865

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 243,975 million for the period 2017-2019 for reconstruction of the existing and construction of new power plants (31 December 2015: RR 327,128 million for the period 2016-2018).

Capital commitments of the Group as at 31 December 2016 are as follows: 2017 – RR 115,791 million, 2018 – RR 77,133 million, 2019 – RR 51,051 million.

Future capital expenditures are mainly related to reconstruction of equipment of power plants: Zhigulevskaya HPP in the amount of RR 8,902 million, Votkinskaya HPP in the amount of RR 8,629 million, Volzhskaya HPP in the amount of RR 8,373 million; and to construction of power plants: Zaramagskie HPP in the amount of RR 23,298 million, Sakhalin GRES-2 in the amount of RR 20,882 million, Nizhne-Bureiskaya HPP in the amount of RR 13,328 million, Ust'-Srednekanskaya HPP in the amount of RR 10,367 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, recreation and other social needs in the geographical areas in which it operates. In the opinion of management there are no significant liabilities that should have been recognised at the reporting date.

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 position 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. 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 non-compliant 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 to a large extent aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD). This legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not arm's length.

During 2016 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 year 2016. Management implemented internal controls to be in compliance with the new transfer pricing legislation.

Tax liabilities arising from transactions between companies are determined using 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)

Management believes that as at 31 December 2016 its interpretation of the relevant legislation was appropriate and the Group's tax position would be sustained.

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.

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 1 048 million as at 31 December 2016 (31 December 2015: RR 683 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 2016	31 December 2015
<i>for PJSC Boguchanskaya HPP:</i>		
State Corporation Vnesheconombank	26,749	27,398
<i>for CJSC Boguchansky Aluminium Plant:</i>		
ALSTOM Grid SAS	31	77
Total guarantees issued	26,780	27,475

Based on the information available to the Group, PJSC Boguchanskaya HPP currently meets and will be able to meet its obligations under the loan facility with the State Corporation Vnesheconombank in the foreseeable future. The probability that the Group becomes liable in respect of these guarantees is low.

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 33.

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's 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 26,780 million as at 31 December 2016 (31 December 2015: RR 27,475 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 2016			31 December 2015		
	Monetary financial assets	Monetary financial liabilities	Net balance sheet position	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
USD	840	(3,088)	(2,248)	6,409	(3,735)	2,674
EUR	67	(10,477)	(10,410)	61	(14,335)	(14,274)
Other	31	-	31	102	-	102
Total	938	(13,565)	(12,627)	6,572	(18,070)	(11,498)

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.



(in millions of Russian Rubles unless noted otherwise)

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) expose the Group to cash flow interest rate risk.

The Group obtains debt financing with floating rates, which are established on the basis of the MOSPRIME, Euribor, Libor rates.

As at 31 December 2016, had interest rates at that date been 2 percent higher (31 December 2015: 3 percent higher), with all other variables held constant, profit for the year ended 31 December 2016 and the amount of capital that the Group managed as at 31 December 2016 would have been RR 327 million (31 December 2015: RR 1,161 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 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 2016 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 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 20)	31,451	-	-	-	-	-
Accounts payable under factoring agreements (Note 20)	2,957	-	-	-	-	-
Obligation to PJSC RAO ES East shares purchase (Note 20)	3	-	-	-	-	-
Financial guarantees (Note 29)	800	1,008	1,269	1,536	1,791	20,376
Dividends payable (Note 20)	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



The maturity analysis of financial liabilities as at 31 December 2015 is as follows:

	2016 year	2017 year	2018 year	2019 year	2020 year	Starting from year 2021
Liabilities						
Current and non-current debt	74,633	33,577	65,664	8,313	28,242	38,978
Trade payables (Note 20)	33,475	-	-	-	-	-
Accounts payable under factoring agreements (Note 20)	4,071	-	-	-	-	-
Obligation to PJSC RAO ES East shares purchase (Note 20)	2,108	-	-	-	-	-
Financial guarantees (Note 29)	712	771	1,008	1,269	1,537	22,178
Dividends payable (Note 20)	86	-	-	-	-	-
Finance lease liabilities (Note 18)	706	442	267	203	204	4,546
Net settled derivatives	32	26	17	10	4	-
Total future payments, including principal and interest payments	115,823	34,816	66,956	9,795	29,987	65,702

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 2016 and 31 December 2015 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 2016 was RR 650,932 million (31 December 2015: RR 613,919 million).

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 0.31 as at 31 December 2016 (31 December 2015: 0.32).

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.



(in millions of Russian Rubles unless noted otherwise)

The level in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

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
31 December 2015				
Financial assets				
Available-for-sale financial assets	6,057	-	37	6,094
Non-financial assets				
Property, plant and equipment (except for construction in progress, office buildings and land)	-	-	480,692	480,692
Total assets recurring fair value measurements	6,057	-	480,729	486,786

As at 31 December 2016 and 31 December 2015 the Group's liabilities measured at fair value are not significant.

The valuation technique, inputs used in the fair value measurement for significant Level 3 measurements and related sensitivity to reasonably possible changes in those inputs are as follows at 31 December 2016:

	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)	496,637	Discounted cash flows	Electricity and capacity prices Discount rate Capital expenditures	-10% +1% +10%	(16,725) (7,366) (1,582)
Total recurring fair value measurements at Level 3	496,637				(25,673)

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.

There were no changes in valuation technique for Level 3 recurring fair value measurements during the years ended 31 December 2016 and 31 December 2015.

(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, short term deposits (Level 1 of the fair value hierarchy) and 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 financial 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 2016 fair value of bonds exceeded their carrying value by RR 92 million. As at 31 December 2015 the carrying value of bonds exceeded their fair value by RR 763 million.

As at 31 December 2016 the carrying value of non-current fixed rate debt exceeded their fair value by RR 4,705 million. As at 31 December 2015 the carrying value of non-current fixed rate debt exceeded their fair value by RR 7,121 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 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 (Note 9)	-	21,181	21,181
Trade and other receivables (Note 12)	37,376	-	37,376
Trade receivables	33,036	-	33,036
Promissory notes receivable	4,340	-	4,340
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	121,686	21,181	142,867
Non-financial assets			840,579
Total assets			983,446

The following table provides a reconciliation of financial assets with the measurement categories as at 31 December 2015:

	Loans and receivables	Available-for-sale financial assets	Total
Assets			
Other non-current assets (Note 10)	7,896	-	7,896
Promissory notes	7,218	-	7,218
Long-term loans issued	633	-	633
Net settled derivatives	45	-	45
Available-for-sale financial assets (Note 9)	-	6,094	6,094
Trade and other receivables (Note 12)	38,383	-	38,383
Trade receivables	34,917	-	34,917
Promissory notes receivable	9	-	9
Other financial receivables	3,457	-	3,457
Other current assets (Note 14)	22,291	-	22,291
Deposits and promissory notes	19,532	-	19,532
Short-term loans issued	2,728	-	2,728
Net settled derivatives	31	-	31
Cash and cash equivalents (Note 11)	48,025	-	48,025
Total financial assets	116,595	6,094	122,689
Non-financial assets			814,660
Non-current assets and assets of disposal group classified as held for sale			788
Total assets			938,137

All of the Group's financial liabilities are carried at amortised cost. Financial liabilities are represented mainly by the current and non-current debt (Note 18), trade payables and other accounts payable (Note 20).

Note 34. Subsequent events

Additional issue of new shares. 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 priced at RR 1,00 per share, or 0.08 percent of the total volume of additional issue (Note 15).



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. The cash in the amount of RR 55 billion received by the Company through the sale of shares is intended to repay the debts of RAO ES East subgroup. In accordance with the forward contract, the Company has no obligation to buy back its own shares; for the purposes of final settlement under the forward contract it is envisaged that bank sells the Company's shares. Any difference between bank's income from the sale of the above shares at the end of the forward contract and the forward price is due to be settled in cash between the Company and the bank. The forward price is defined as the purchase cost of the shares increased by the total amount of interests charged less total dividends paid during the contract period.

At the moment of these consolidated financial statements approval, the estimate of the forward price and the related effect of the contract on the carrying amount of assets and liabilities, and financial result within the next financial year is not completed by the Group's management.