



NOVOLIPETSK STEEL

**INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

**PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL
REPORTING STANDARDS**

**AS AT 31 MARCH 2017 AND 31 DECEMBER 2016
AND FOR THE THREE MONTHS ENDED 31 MARCH 2017 AND 31 MARCH 2016
(UNAUDITED)**

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Report on Review of Interim Condensed Consolidated Financial Statements

To the Shareholders and Board of Directors of Novolipetsk Steel:

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Novolipetsk Steel and its subsidiaries (the "Group") as of 31 March 2017 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

26 April 2017

Moscow, Russian Federation

AO PricewaterhouseCoopers Audit

Richard Pollard, for AO PricewaterhouseCoopers Audit



A.M. Urkin, certified auditor (licence no. № 01-000167), AO PricewaterhouseCoopers Audit



Audited entity: Novolipetsk Steel

State registration certificate № 5, issued by the Administration of Levoberezhny district of the city of Lipetsk on 28 January 1993.

Certificate of inclusion in the Unified State Register of Legal Entities issued on 9 July 2002 under registration № 1024800823123

2, Metallurgov sq., Lipetsk, 398040, Russian Federation

Independent auditor: AO PricewaterhouseCoopers Audit

State registration certificate № 008.890, issued by the 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

Novolipetsk Steel
Interim condensed consolidated statement of financial position
as at 31 March 2017 (unaudited) and 31 December 2016
(millions of US dollars)



	Note	As at 31 March 2017	As at 31 December 2016
Assets			
Current assets			
Cash and cash equivalents	4	609.9	609.7
Short-term financial investments	5	869.7	969.7
Trade and other accounts receivable	6	1,130.9	955.4
Inventories	7	1,838.5	1,549.3
Other current assets		10.7	18.6
		4,459.7	4,102.7
Non-current assets			
Long-term financial investments	5	167.7	164.2
Investments in associates and other companies accounted for using the equity method of accounting	5	177.3	181.0
Property, plant and equipment	8	5,640.6	5,328.1
Goodwill	9	270.5	253.1
Other intangible assets	9	133.0	126.0
Deferred income tax assets		66.0	61.5
Other non-current assets		38.6	22.3
		6,493.7	6,136.2
Total assets		10,953.4	10,238.9
Liabilities and equity			
Current liabilities			
Accounts payable and other liabilities	10	1,034.8	1,248.8
Short-term borrowings	11	872.2	467.6
Current income tax liability		33.3	12.4
		1,940.3	1,728.8
Non-current liabilities			
Long-term borrowings	11	1,471.3	1,801.1
Deferred income tax liability		436.4	385.7
Other long-term liabilities		12.6	12.5
		1,920.3	2,199.3
Total liabilities		3,860.6	3,928.1
Equity attributable to NLMK shareholders			
Common stock		221.2	221.2
Additional paid-in capital		9.9	9.9
Accumulated other comprehensive loss		(5,519.3)	(5,977.5)
Retained earnings		12,362.0	12,039.3
		7,073.8	6,292.9
Non-controlling interests		19.0	17.9
Total equity		7,092.8	6,310.8
Total liabilities and equity		10,953.4	10,238.9

The interim condensed consolidated financial statements as set out on pages 5 to 19 were approved on 26 April 2017.



	Note	For the three months ended 31 March 2017	For the three months ended 31 March 2016
Revenue	15	2,155.6	1,576.9
Cost of sales		(1,403.9)	(1,167.2)
Gross profit		751.7	409.7
General and administrative expenses		(74.1)	(54.4)
Selling expenses		(185.5)	(146.8)
Other operating expenses		(0.1)	(3.1)
Taxes, other than income tax		(20.0)	(16.4)
Operating profit before equity share in net losses of associates and other companies accounted for using the equity method of accounting, impairment and write-off of assets		472.0	189.0
Gain on disposals of property, plant and equipment		-	0.9
Impairment losses and write-off of assets		(3.1)	(2.1)
Share in net losses of associates and other companies accounted for using the equity method		(2.1)	(16.1)
Losses on investments		(0.3)	-
Finance income		6.1	10.3
Finance costs		(17.5)	(20.3)
Foreign currency exchange loss, net		(19.1)	(65.8)
Other expenses, net		(20.6)	(19.0)
Profit before income tax		415.4	76.9
Income tax expense	14	(93.0)	(20.5)
Profit for the period		322.4	56.4
Profit / (loss) attributable to:			
NLMK shareholders		322.7	56.9
Non-controlling interests		(0.3)	(0.5)
Earnings per share – basic and diluted:			
Earnings attributable to NLMK shareholders per share (US dollars)		0.0538	0.0095
Weighted-average shares outstanding: basic and diluted (in thousands)	12	5,993,227	5,993,227



	Note	For the three months ended 31 March 2017	For the three months ended 31 March 2016
Profit for the period		322.4	56.4
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Cumulative translation adjustment		459.6	438.5
Total comprehensive income for the period attributable to		782.0	494.9
NLMK shareholders		780.9	494.4
Non-controlling interests		1.1	0.5



Note	NLMK shareholders					Total equity
	Common stock	Additional paid-in capital	Accumulated other comprehensive loss	Retained earnings	Non-controlling interest	
Balance at 31 December 2015	221.2	9.9	(6,988.4)	11,883.4	11.6	5,137.7
Profit / (loss) for the period	-	-	-	56.9	(0.5)	56.4
Cumulative translation adjustment	-	-	437.5	-	1.0	438.5
Total comprehensive income	-	-	437.5	56.9	0.5	494.9
Balance at 31 March 2016	221.2	9.9	(6,550.9)	11,940.3	12.1	5,632.6
Balance at 31 December 2016	221.2	9.9	(5,977.5)	12,039.3	17.9	6,310.8
Profit / (loss) for the period	-	-	-	322.7	(0.3)	322.4
Cumulative translation adjustment	-	-	458.2	-	1.4	459.6
Total comprehensive income	-	-	458.2	322.7	1.1	782.0
Balance at 31 March 2017	221.2	9.9	(5,519.3)	12,362.0	19.0	7,092.8

Novolipetsk Steel
Interim condensed consolidated statement of cash flows
for the three months ended 31 March 2017 and 31 March 2016 (unaudited)
(millions of US dollars)



	Note	For the three months ended 31 March 2017	For the three months ended 31 March 2016
Cash flows from operating activities			
Profit for the period		322.4	56.4
Adjustments to reconcile profit for the period to net cash provided by operating activities:			
Depreciation and amortization	15	146.0	101.2
Gain on disposals of property, plant and equipment		-	(0.9)
Losses on investments	5	0.3	-
Finance income		(6.1)	(10.3)
Finance costs		17.5	20.3
Share in net losses of associates and other companies accounted for using the equity method		2.1	16.1
Deferred income tax expense / (benefit)	14	19.6	(10.2)
Impairment losses and write-off of assets		3.1	2.1
Unrealized losses on foreign currency exchange	13	28.0	75.5
Other adjustments		(0.1)	7.2
Changes in operating assets and liabilities			
Increase in trade and other accounts receivable		(139.8)	(55.6)
(Increase) / decrease in inventories		(188.7)	173.5
Decrease / (increase) in other current assets		8.6	(2.8)
Increase in trade and other accounts payable		77.6	50.1
Increase / (decrease) in current income tax liability		19.2	(1.5)
Net cash provided by operating activities		309.7	421.1
Cash flows from investing activities			
Purchases and construction of property, plant and equipment		(95.8)	(120.5)
Proceeds from sale of property, plant and equipment		1.5	2.0
Withdrawal of bank deposits, net		103.2	103.9
Interest received		5.1	3.4
Change in advance VAT payments on imported equipment		-	2.2
Net cash provided by / (used in) investing activities		14.0	(9.0)
Cash flows from financing activities			
Proceeds from borrowings		313.6	13.3
Repayment of borrowings		(276.0)	(59.9)
Interest paid		(11.4)	(31.7)
Dividends to shareholders		(366.9)	(153.1)
Net cash used in financing activities		(340.7)	(231.4)
Net (decrease) / increase in cash and cash equivalents		(17.0)	180.7
Effect of exchange rate changes on cash and cash equivalents		17.2	22.1
Cash and cash equivalents at the beginning of the year	4	609.7	343.0
Cash and cash equivalents at the end of the period	4	609.9	545.8
Supplemental disclosures of cash flow information:			
Cash (paid) / received during the period for:			
Income tax		(52.6)	(31.2)
Placements of bank deposits		(120.5)	(167.2)
Withdrawals of bank deposits		223.7	271.1

1 Background

Novolipetsk Steel (the “Parent Company”) and its subsidiaries (together – the “Group”) is one of the world’s leading steelmakers with facilities that allow it to operate an integrated steel production cycle. The Group is vertically integrated steel company and the largest steel producer in Russia. The Group also operates in the mining segment.

The Group’s main operations are in the Russian Federation, the European Union and the USA and are subject to the legislative requirements of the subsidiaries’ state and regional authorities. The Parent Company’s registered office is located at 2, Metallurgov sq., 398040, Lipetsk, Russian Federation.

2 Basis of preparation

These unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34, “Interim Financial Reporting” and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended 31 December 2016, which have been prepared in accordance with IFRSs.

The functional currency of all of the Group’s Russian entities is considered to be the Russian ruble. The functional currency of the majority of the foreign subsidiaries is their local currency. The Group uses US dollars as presentation currency for users’ convenience.

Starting January 2016 the Group translates income and expenses into the presentation currency using weighted average exchange rates for each month. The Central Bank of the Russian Federation’s Russian ruble to US dollar closing rates of exchange as at the reporting dates and the period weighted average exchange rates for corresponding quarters of reporting periods are indicated below.

	2017	2016
For the 1 st quarter	58.8366	74.6283
As at 31 March	56.3779	67.6076
As at 31 December		60.6569

3 Significant accounting policies

The accounting policies applied are consistent with those of the consolidated financial statements for the year ended 31 December 2016. Amendments to IFRSs effective for the year ending 31 December 2017 are not expected to have a material impact on the Group.

4 Cash and cash equivalents

	As at 31 March 2017	As at 31 December 2016
Cash		
Russian rubles	19.9	11.3
US dollars	173.2	89.0
Euros	58.7	52.1
Other currencies	2.7	2.2
Deposits		
Russian rubles	156.7	49.0
US dollars	167.5	393.5
Euros	29.9	10.5
Other currencies	0.1	1.2
Other cash equivalents	1.2	0.9
	609.9	609.7

5 Investments

Classification of investments in the interim condensed consolidated statement of financial position:

	As at 31 March 2017	As at 31 December 2016
Short-term financial investments		
Loans to related parties (Note 16(c))	68.8	66.1
Bank deposits, including:	795.6	898.2
- Russian rubles	0.7	0.7
- US dollars	794.9	855.4
- Euros	-	42.1
Other short-term financial investments	5.3	5.4
	869.7	969.7
Long-term financial investments		
Loans to related parties (Note 16(c))	167.5	163.9
Bank deposits and other long-term financial investments	0.2	0.3
	167.7	164.2
Total investments	1,037.4	1,133.9

5 Investments (continued)

Investments in associates and other companies accounted for using the equity method of accounting

	As at 31 March 2017 Ownership	As at 31 December 2016 Ownership	As at 31 March 2017	As at 31 December 2016
NLMK Belgium Holdings S.A.	51.0%	51.0%	167.3	171.4
TBEA & NLMK (Shenyang) Metal Product Co., Ltd.	50.0%	50.0%	10.0	9.6
			177.3	181.0

Management has analysed the performance of NBH in the first quarter of 2017 and believes that no changes are necessary to the estimates made in the consolidated financial statements as at 31 December 2016 of the recoverable amount of these asset.

6 Trade and other accounts receivable

	As at 31 March 2017	As at 31 December 2016
Financial assets		
Trade accounts receivable	831.6	692.5
Allowance for impairment of trade accounts receivable	(25.7)	(24.1)
Other accounts receivable	27.4	24.6
Allowance for impairment of other accounts receivable	(19.2)	(18.3)
	814.1	674.7
Non-financial assets		
Advances given to suppliers	42.3	53.7
Allowance for impairment of advances given to suppliers	(2.3)	(1.7)
VAT and other taxes receivable	275.6	226.8
Accounts receivable from employees	1.2	1.9
	316.8	280.7
	1,130.9	955.4

The carrying amounts of trade and other accounts receivable approximate their fair values.

As at 31 March 2017 and 31 December 2016, accounts receivable of \$157.6 and \$121.5, respectively, served as collateral for certain borrowings (Note 11)

7 Inventories

	As at 31 March 2017	As at 31 December 2016
Raw materials	700.4	705.2
Work in process	581.4	460.1
Finished goods and goods for resale	619.8	443.2
	1,901.6	1,608.5
Valuation to net realizable value	(63.1)	(59.2)
	1,838.5	1,549.3

As at 31 March 2017 and 31 December 2016, inventories of \$360.7 and \$295.9, respectively, served as collateral for certain borrowings (Note 11).

8 Property, plant and equipment

	As at 31 March 2017	As at 31 December 2016
Land	129.7	120.8
Buildings	1,931.2	1,798.7
Land and buildings improvements	2,289.4	2,112.9
Machinery and equipment	6,428.2	5,993.8
Vehicles	289.8	265.6
Construction in progress	940.3	859.5
	12,008.6	11,151.3
Accumulated depreciation and impairment	(6,368.0)	(5,823.2)
	5,640.6	5,328.1

As at 31 March 2017 the Group clarified classification of fixed assets in accordance with the System of National Accounts (2008 SNA). Accordingly fixed assets from the group "Other" were reclassified between groups "Buildings", "Land and buildings improvements", "Machinery and equipment" and "Vehicles" with no changes of estimated useful life and depreciation charges. Comparative amounts as at 31 December 2016 also were corrected.

The amount of borrowing costs capitalized was \$6.0 and \$8.8 for the three months ended 31 March 2017 and 31 March 2016, respectively. The capitalisation rate was 1.0% and 1.0% for the three months ended 31 March 2017 and 31 March 2016, respectively.

Management has analysed the performance of key cash generating units in the first quarter of 2017 and believes that no changes to the estimates made as at 31 December 2016 regarding impairment of fixed assets and goodwill are required.

9 Intangible assets

	As at 31 March 2017	As at 31 December 2016
Goodwill	284.9	267.5
Mineral rights	358.5	333.2
Beneficial lease interest	8.7	8.7
	652.1	609.4
Accumulated amortization and impairment	(248.6)	(230.3)
	403.5	379.1

10 Trade and other accounts payable

	As at 31 March 2017	As at 31 December 2016
Financial liabilities		
Trade accounts payable	642.4	521.6
Dividends payable	2.4	360.5
Other accounts payable	22.6	16.1
	667.4	898.2
Non-financial liabilities		
Advances received	120.9	130.0
Taxes payable other than income tax	75.0	41.3
Accounts payable and accrued liabilities to employees	171.5	179.3
	367.4	350.6
	1,034.8	1,248.8

The estimated fair value of the trade and other accounts payable approximates their carrying value.

11 Short-term and long-term borrowings

Rates	Currency	Maturity	As at 31 March 2017	As at 31 December 2016
Bonds				
8.0% to 11.1%	RUR	2017	184.9	168.0
4.45% to 4.95%	USD	2018-2023	1,318.7	1,317.9
Loans				
LIBOR +1.2% to LIBOR +3.0%	USD	2017-2021	160.0	332.3
EURIBOR +0.9% to EURIBOR +2.0%	EUR	2017-2022	679.9	450.5
			2,343.5	2,268.7
Less: short-term loans and current maturities of long-term loans and bonds			(872.2)	(467.6)
Long-term borrowings			1,471.3	1,801.1

The carrying amounts and fair value of long-term bonds are as follows:

	As at 31 March 2017		As at 31 December 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Bonds	911.1	937.6	1,307.3	1,324.6

The fair value of short-term borrowings equals their carrying amount. The fair values of long-term borrowings approximate their carrying amount. The fair values of bonds are based on cash flows discounted using an applicable rate and are within level 2 of the fair value hierarchy.

Collateral

As at 31 March 2017 and 31 December 2016, the total amount of the Group companies' collateral was \$518.3 and \$417.4, respectively.

12 Earnings per share

	For the three months ended 31 March 2017	For the three months ended 31 March 2016
Profit for the period attributable to NLMK shareholders (millions of US dollars)	322.7	56.9
Weighted average number of shares	5,993,227,240	5,993,227,240
Basic and diluted earnings per share (US dollars)	0.0538	0.0095

The Parent Company does not have potentially dilutive financial instruments outstanding.

13 Foreign currency exchange

	For the three months ended 31 March 2017	For the three months ended 31 March 2016
Foreign exchange loss on cash and cash equivalents	(27.3)	(34.7)
Foreign exchange loss on financial investments	(119.6)	(185.8)
Foreign exchange gain on debt financing	118.9	145.0
Foreign exchange gain on other assets and liabilities	8.9	9.7
	(19.1)	(65.8)

14 Income tax

Income tax expense is recognised based on management's estimate of the effective annual income tax rate expected for the full financial year. The expected effective annual income tax rate used for the three months ended 31 March 2017 is 21%, compared to 26% for the three months ended 31 March 2016. The lower tax rate expected for 2017 was the result of decrease in share of unrecognised carried forward losses of foreign subsidiaries. Income before income tax used for the calculation of the income tax charge for the three months ended 31 March 2017 based on estimated annual income tax rate was adjusted for share in net losses of associates and other companies accounted for using the equity method, losses from non-taxable translation adjustment in the total amount of \$36.9.

15 Segment information

The Group has six reportable business segments: Mining, Russian flat products, Russian long products, NLMK USA, NLMK DanSteel and Plates Distribution Network, and Investments in other company accounted for using the equity method NBH. These segments are combinations of subsidiaries, have separate management teams and offer different products and services. The above six segments meet the criteria for reportable segments. Subsidiaries are consolidated by the segment to which they belong based on their products and management.

The Group's management determines intersegmental sales and transfers, as if the sales or transfers were to third parties. The Group's management evaluates performance of the segments based on segment revenues, gross profit, operating profit before equity share in net losses of associates and other companies accounted for using the equity method of accounting, impairment and write-off of assets, and profit for the year.

Intersegmental operations and balances include elimination of intercompany dividends paid to Russian flat products segment by other segments and presented within line "Profit / (loss) for the period" together with other intercompany elimination adjustments, including elimination of NBH liabilities to the Group companies. NBH deconsolidation adjustments include full elimination of sales of NBH with further recognition of the Group's sales to NBH and elimination of unrealised profits, recognition of investment in associate, recognition of impairment and share of loss arising for NBH and other consolidation adjustments. Equity in net earnings / (losses) of associates are included in the Russian flat products segment.

15 Segment information (continued)

Information on segments' profit or loss for the three months ended 31 March 2017 and their assets and liabilities on this date is as follows:

	Mining	Russian flat products	Russian long products	NLMK USA	NLMK DanSteel and Plates Distribution Network	Investments in NBH	Inter-segmental operations and balances	NBH deconsolidation adjustments	Total
Revenue from external customers	3.9	1,169.9	220.3	399.1	105.5	369.9	-	(113.0)	2,155.6
Intersegment revenue	233.7	544.4	45.6	-	0.2	27.1	(823.9)	(27.1)	-
Gross profit	157.6	508.5	38.7	73.9	15.3	36.2	(42.3)	(36.2)	751.7
Operating profit / (loss)*	139.4	284.4	0.6	53.9	3.8	(1.7)	(10.1)	1.7	472.0
Profit / (loss) for the period	101.9	200.5	(5.9)	53.7	2.4	(4.1)	(28.1)	2.0	322.4
Segment assets	2,145.7	7,937.1	1,220.2	831.4	293.5	1,529.2	(1,669.2)	(1,334.5)	10,953.4
Segment liabilities	(326.2)	(3,890.5)	(622.2)	(338.2)	(294.7)	(1,316.0)	2,118.7	808.5	(3,860.6)
Depreciation and amortization	(27.6)	(84.8)	(17.5)	(14.2)	(1.9)	(17.6)	-	17.6	(146.0)

Information on segments' profit or loss for the three months ended 31 March 2016 and their assets and liabilities as at 31 December 2016 is as follows:

	Mining	Russian flat products	Russian long products	NLMK USA	NLMK DanSteel and Plates Distribution Network	Investments in NBH	Inter-segmental operations and balances	NBH deconsolidation adjustments	Total
Revenue from external customers	25.0	928.9	165.0	238.8	77.7	274.3	-	(132.8)	1,576.9
Intersegment revenue	82.2	209.4	24.1	-	0.2	8.4	(315.9)	(8.4)	-
Gross profit	63.3	336.3	12.6	7.6	9.5	18.8	(19.6)	(18.8)	409.7
Operating profit / (loss)*	48.9	168.4	(14.5)	(6.5)	(1.2)	(25.4)	(6.1)	25.4	189.0
Profit / (loss) for the period	35.5	81.3	(7.6)	(12.4)	(4.1)	(31.5)	(20.2)	15.4	56.4
Segment assets	1,903.2	7,429.5	1,171.1	741.5	285.0	1,406.4	(1,483.8)	(1,214.0)	10,238.9
Segment liabilities	(312.4)	(3,937.7)	(591.3)	(302.1)	(288.3)	(1,193.7)	1,932.2	765.2	(3,928.1)
Depreciation and amortization	(9.1)	(64.4)	(10.1)	(15.8)	(1.8)	(18.3)	-	18.3	(101.2)

* Operating profit / (loss) before equity share in net losses of associates and other companies accounted for using the equity method of accounting, impairment and write-off of assets

16 Related party transactions

Parties are considered to be related if one party has the ability to control the other party, is under common control or can exercise significant influence, or joint control over the other party in making financial or operational decisions as defined by IAS 24, "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. The Group carries out operations with related parties on arm's length.

(a) Sales to and purchases from related parties

	For the three months ended 31 March 2017	For the three months ended 31 March 2016
Sales		
NBH group companies	291.4	123.5
Other related parties	0.5	0.4
Purchases		
Universal Cargo Logistics Holding group companies (companies under the common control of beneficial owner)	86.0	60.8
Other related parties	28.0	9.3

NBH group are the major customer of the Group. Sales to NBH group performed by Russian flat products segment and represents 13.5% and 7.8% from the total sales of the Group for the three months ended 31 March 2017 and 31 March 2016, respectively.

(b) Accounts receivable from and accounts payable to related parties

	As at 31 March 2017	As at 31 December 2016
Accounts receivable and advances given		
NBH group companies	271.2	198.5
Other related parties	17.2	34.3
Accounts payable		
Universal Cargo Logistics Holding group companies (companies under the common control of beneficial owner)	8.2	3.4
Other related parties	16.9	16.1

(c) Financial transactions

	As at 31 March 2017	As at 31 December 2016
Loans, issued to NBH group companies	236.3	230.0
Deposits and current accounts in PJSC Bank ZENIT and PJSC Lipetskcombank (companies under the significant influence of the Group's controlling shareholder)	23.2	24.8

(d) Financial guarantees issued

As at 31 March 2017 and 31 December 2016 guarantees issued by the Group for borrowings of NBH group companies' amounted to \$250.5 and \$255.1, respectively, which is the maximum potential amount of future payments, to be paid on demand of the guarantee. No amount has been accrued in these interim condensed consolidated financial statements for the Group's obligation under these guarantees as the Group assesses probability of cash outflows, related to these guarantees, as low.

16 Related party transactions (continued)

The maturity of the guaranteed obligations is as follows:

	As at 31 March 2017	As at 31 December 2016
Less than 1 year	65.5	69.4
From 1 to 2 years	5.4	5.3
Over 2 years	179.6	180.4
	250.5	255.1

17 Subsequent events

In March 2017, the Board of Directors of the Parent Company recommended dividends for the fourth quarter of 2016 of 3.38 Russian rubles per share in the total amount of Russian rubles of 20,257 million (\$359.3 at the exchange rate as at 31 March 2017).

The final amount of dividends is subject to the approval by an Annual General Stockholders' Meeting scheduled June 2017.

The Group's management has performed an evaluation of subsequent events and did not find any, except mentioned above, through the period from 1 to 26 April 2017, which is the date when these interim condensed consolidated financial statements were available to be issued.