

**Approved
by decision
of the Management Board
of “Samruk-Kazyna” JSC
39/12 dated 2/10/2012**

Dividend Policy of “Samruk-Kazyna” JSC in relation to subsidiaries

1. General provisions

1.1. This Dividend Policy of “Samruk-Kazyna” JSC in relation to subsidiaries (hereinafter - Dividend Policy) is developed in accordance with the laws of the Republic of Kazakhstan, the Charter of the Joint-Stock Company “Sovereign Wealth Fund “Samruk-Kazyna” (hereinafter - the Fund), the Development Strategy of the Fund for 2012-2022 and its internal documents.

1.2. This Dividend Policy shall establish the basis for relationship of the Fund with national development institutes, national companies and other legal entities which more than fifty percent of voting shares (interest) are owned by the Fund on the right of property or trust management (hereinafter – the Companies) on the issues of dividends payment for the shares or interests owned by the Fund.

For purposes of this policy the dividend means the part of net income, according to the consolidated financial statements / performance of the Company for the reporting period, paid to the Fund on its owned shares/interest in the equity capital of Companies.

Basic principles of relations shall be developed taking into account distribution and reinvestment of net profit of Companies based on their approved long-term development strategies as well as proposals obtained from authorized bodies of Companies within the work on summarizing their financial and economic activities.

1.3. Terms and procedure for dividend payment to the Fund shall be regulated by the legislation of the Republic of Kazakhstan, charters of the Companies as well as applicable decisions of the Sole Shareholder (general meeting of shareholders) and a person who owns all the voting shares of the Company - a joint-stock company, the single participant (general meeting of participants) of the Company - a limited liability company.

2. Objective and basic principles of Dividend Policy

2.1. The purpose of Dividend Policy is to ensure the balance of the interests of the Fund and Companies, foreseeability and transparent approach when determining the size of dividends, the terms and procedure for payment.

2.2. The main principles of Dividend Policy shall be as follows:

- to provide for the secured dividend payment by the Fund on the state package of shares of the Fund, as well as payments and the costs under the instructions of the Sole Shareholder of the Fund;
- to provide for funding of the Fund, including funding for new types of activities and investment projects, implemented by means of the Fund;
- the need to finance the costs for development, including their investment activities by the Companies.

2.3. The amount of dividends accrued by the Companies in favor of the Fund should cover the cash requirements of the Fund to finance:

- dividend payments on the state-owned shares of the Fund;

- payments and costs under the instructions of the Sole Shareholder of the Fund;
- current activity of the Fund;
- new types of activities and investment projects financed by the Fund.

3. Procedures for determining the size of dividends

3.1. The amount of dividends to be paid in relation to the Companies shall be determined differently according to their degree of maturity and the financial and economic situation, determined on the basis of financial stability and liquidity indicators.

3.2. In accordance with the laws of the Republic of Kazakhstan, this Dividend Policy and charters of Companies, the authorized bodies of the Companies shall prepare proposals on the distribution of net income of the Companies for the last financial year and the size of the dividend for the year.

3.3. The final decision on the size of dividends shall be taken by the general meeting of shareholders (the Sole Shareholder) or the person who owns all the voting shares of the Company - a joint-stock company, the single participant (the general meeting of participants) of the Company - a limited liability company.

3.4. Amount of dividend proposed to be paid by the Companies shall be determined according to the following method of calculating dividends.

Calculation of all indicators below is carried out on the basis of:

- Data of audited financial statements of the Company;
- Information of the management accounts (in the case of lack of data in the financial statements) for the period for which dividends are accrued.

The dividends shall be calculated in the following sequence:

Stage 1. Collection and preparation of information;

Stage 2. Calculation of the amount of dividends;

Stage 3. Verification of the conditions to the restrictions on the payment of dividends established by the contracts concluded by the Companies (covenants).

Description of the calculation stages

Stage 1. Collection and preparation of information

At this stage, the following documents shall be collected and systemized:

- audited financial statements of the Company;
- other documents and data of the management accounts of the Company required to determine the values used in the present calculation of indicators, the details of which are not contained in the financial statements.

Stage 2. Calculation of the amount of dividends to be paid

The amount of dividends to be paid by the Companies shall be calculated for a given time period (hereinafter - the Period).

Dividends are not charged if the Company receives a consolidated net loss for the Period.

The minimum amount of dividends accrued over the Period by national development institutes is equal to 15% of the consolidated net profit for the period. The maximum amount of dividends accrued over the Period by national development institutes is equal to 100% of the consolidated net profit for the period. The final amount of the dividends accrued over the Period by national development institutes shall be set by decision of the general meeting of shareholders (the Sole Shareholder) or the person who owns all the voting shares in accordance with the principles set out in item 2.2.

For other Companies the dividend to be paid shall be determined in the following order according to:

- maturity degree of the Company;
- financial and economic condition of the Company at the end of the Period, which is determined based on the following financial indicators, which characterize the short-term and long-term risks of the Company in accordance with the Debt Management and Financial Stability Policy of “Samruk-Kazyna” JSC (hereinafter - the Debt Management and Financial Stability Policy);
- investment costs of the Company approved for the development by the Investment and Innovative Committee of the Fund at the expense of the profits and implemented during the Period;
- the Company’s capitalized costs for research and development works carried out during the Period;
- other distribution to shareholders of the Company, carried out by the Company during the Period and reflected as such in the financial statements for the Period.

In order to determine the degree of maturity, the Companies are divided into “mature” and “growing” ones.

“Mature Company” – a company which activity is characterized by constant (positive) net income, stable cash flows and sources of income, which occupies an established market share.

“Growing Company” - a company in its stage of development, which is characterized by the absence of the stable positive net income, or its presence in the volume insufficient for the stable functioning, activity expansion, increasing the value of the Company.

Dividends for “Growing Companies” shall be calculated as follows:

$$\text{Dividends} = \text{CNI} * 15\%$$

where:

CNI – consolidated net income of the Company for the Period.

Dividends for “Mature Companies” shall be calculated as follows:

$$\text{Dividends} = \text{Maximum} \{ \text{CNI} * 15\%; \text{CNI} * \text{Пр_Нач_Див} - \text{Пр_расп} - \text{Ин_Расх} - \text{Расх_ННОКР} \}$$

where,

CNI – consolidated net income of the Company for the Period;

Пр_расп - other distribution to shareholders of the Company made by the Company during the Period on behalf of the shareholder of the Company and accordingly reflected in the financial statements for the Period;

Ин_Расх- Company's costs for investments approved by the Investment and Innovative Committee of the Fund for development at the expense of profits and effected during the Period;

Расх_ННОКР – capitalized costs of the Company for research and development works carried out during the Period and reflected accordingly in the financial accounting for the Period;

Пр_Нач_Див – dividend distribution percentage, determined according to the level of the financial condition of the Company. **Пр_Нач_Див** shall be calculated as follows (based on the Companies' financial statements for the Period and the Debt Management and Financial Stability Policy):

1. The financial stability index and liquidity ratio (taking into account the Company's features, provided for in the Debt Management and Financial Stability Policy) shall be calculated:

$$K1 = \begin{cases} \frac{\text{Долг} + \text{NPV обязательств по операционной аренде}}{\text{Капитал}} & \text{(для АО Эйр Астана)} \\ \frac{\text{Долг}}{\text{Капитал}} & \text{(для остальных Компаний)} \end{cases}$$

$$K2 = \begin{cases} \frac{\text{Долг} + \text{NPV обязательств по операционной аренде}}{\text{EBITDAR}} & \text{(для АО Эйр Астана)} \\ K1 & \text{(для АО "Фонд недвижимости Самрук – Казына") } \\ \frac{\text{Долг}}{\text{EBITDA}} & \text{(для остальных Компаний)} \end{cases}$$

$$K3 = \frac{\text{Текущие активы}}{\text{Текущие обязательства}}$$

According to the Debt Management and Financial Stability Policy the upper limit values for K1 and K2 coefficients shall be set for each company: K1MAX and K2MAX.

The scores for each K1, K2 and K3 coefficients shall be calculated depending on the actual value of these coefficients in the following table:

№	Coefficient	By formula (1)	3 scores
1	2	3	4
1	K1	0- K1MAX	more than K1MAX
2	K2	0- K2MAX	more than K2MAX
3	K3	more than 1.0	0 - 1.0

Scores in column 4 of the table above are calculated on the basis of the following formula:

$$\text{Score (K1,K2)} = \text{Fact (K1, K2)/KMAX (K1,K2)*3} \quad (1)$$

$$\text{Score K3} = 3/\text{Fact K3}$$

where

- Fact (K1,K2,K3) – actual values of K1, K2, K3 coefficients
- KMAX (K1,K2) – maximum intervals for K1, K2 coefficients, specified in column 3.

Furthermore, the sum of scores shall be calculated:

$$\Sigma \text{ of scores} = \text{Score K1} + \text{Score K2} + \text{Score K3}$$

2. Depending on the total score the Companies are divided into levels according to the following table:

Level	Sum of scores
A	$0 < \Sigma < 7$
B	$\Sigma \geq 7$

3. Dividend distribution percentage shall be determined depending on the level:

- the percentage of dividends for “A” level varies from 15% to 100% in accordance with the following formula:

$$\text{Пр_Нач_Див} = 100\% - 85\% * \frac{\Sigma \text{баллов}}{7}$$

- the percentage of dividends for “B” level equals to 15%.

Stage 3. Verification of the conditions to the restrictions on the payment of dividends established by the contracts concluded by the Companies (covenants).

Distribution of dividends for the amount exceeding the limits set by the contracts concluded by the Companies (covenants) is not allowed.

If the sum of dividends calculated at Stage 2 exceeds the restrictions set by the contracts concluded by the Companies (covenants), this sum is corrected downwards to an acceptable payable one.

In the future, any contracts entered into by the Companies shall not contain any restrictions on the payment of dividends by the Companies. In any case, these restrictions are subject to prior agreement with the Management Board of the Fund.

3.1. The provisions of the abovementioned procedure in respect of dividend distribution percentage shall not be applied to “Development Bank of Kazakhstan” JSC, JSC “Entrepreneurship Development Fund “Damu”.

4. Responsibility for the timely payment of dividends

4.1 Preparation, coordination and conducting all activities on the payment of dividends by the Company shall be provided by the executive body of the Company. The executive body of the Company shall bear responsibility for the timely payment of dividends in accordance with the laws of the Republic of Kazakhstan and the Charter of the Company.

5. Final provisions

5.1 This Dividend Policy shall be effective from the date of its approval by the Management Board of the Fund subject to the provisions of this item 5.1.

The amount of dividends to be paid by the Companies, except for national development institutes referred to in item 3.5 of this Dividend Policy following the results of financial and economic activity for 2012 equals to 15% of the consolidated net profit for the Period.

The amount of dividends to be paid by the Companies following the results of financial and economic activity for the next Periods shall be determined according to the procedure of calculation of dividends of this Dividend Policy, under section 3.

5.2 Changes and additions to this Dividend Policy, made in due course, shall come into effect on January 1 of the year following the year in which they are made.