

APPROVED
by the decision of the Management Board
of JSC “Samruk-Kazyna”
on October 2, 2012 (Minutes № 39/12)

DIVIDEND POLICY

of JSC “Samruk-Kazyna” in Relation to

Subsidiaries

1. General provisions

1.1. This Dividend Policy of “Samruk-Kazyna” in relation to subsidiaries (hereinafter referred to as Dividend Policy) is developed in accordance with applicable law of the Republic of Kazakhstan, the Charter of JSC “National Welfare Fund “Samruk-Kazyna” (hereinafter referred to as the Fund), the Development Strategy of the Fund for the years 2012-2022 and its internal documents.

1.2. Dividend policy establishes the principles of mutual relations of the Fund with national development institutions, national companies and other legal entities, more than fifty percent of the voting shares (participation shares) which belongs to the Fund on the right of ownership or trust management (hereinafter referred to as Companies) on the payment of dividends on shareholdings or interests held by the Fund.

For the purpose of this policy the dividend is understood as a part of the net profit of the Company, in accordance with the consolidated financial statements / results of the activities of the Company for the reporting period, paid to the Fund for its shares (participation shares) in the Companies’ share capital.

Basics relationships are developed taking into account the distribution and reinvestment of net profits of the Company on the basis of their approved development strategies, as well as the proposals of the authorized bodies of the Companies within the framework of summarizing the results of their financial and economic activity.

1.3. Terms and procedure for the payment of dividends to the Fund are governed by the laws of the Republic of Kazakhstan, the charters of the Companies and the relevant resolutions of the sole shareholder (the general meeting of shareholders) or the person who owns all the voting shares of the Company – joint stock company, the sole member (general meeting of members) of the Company – limited liability partnership.

2. Purpose and basic principles of the Dividend Policy

2.1. The purpose of the Dividend Policy is to balance the interests of the Fund and the Companies, predictability and transparency of the approach in determining the amount of dividends, conditions and procedures for their payment.

2.2. The basic principles of the Dividend Policy are:

- the principle of providing a guaranteed payment by the Fund of dividends on the state-owned shares of the Fund, as well as making payments and expenses on assignments of the sole shareholder of the Fund;
- the principle of financing of the Fund, including the funding of new activities and investment projects implemented at the expense of the Fund;

- the principle of the need of financing by the Companies of development expenses, including their investment activities.

2.3. The amount of dividends accrued by the Companies to the Fund should cover the cash requirements of the Fund for the financing of:

- payment of dividends on state-owned shares of the Fund;
- benefits and costs on assignments of the sole shareholder of the Fund;
- current activities of the Fund;
- new activities and investment projects implemented at the expense of the Fund.

3. The procedure for determining the amount of dividends

3.1. The amount of dividends to be paid by the Companies is determined differentially according to the degree of their maturity and the financial and economic situation, determined on the basis of the financial stability and liquidity indicators.

3.2. In accordance with the legislation of the Republic of Kazakhstan, the present Dividend Policy and charters of the Companies, the authorized bodies of the Companies shall prepare proposals on the distribution of the net profit of the Companies for the last financial year and the amount of the dividend for the year.

3.3. The final decision on the amount of dividends is taken by the general meeting of shareholders (the sole shareholder) or the person who holds all the voting shares of the Company – Joint Stock Company, the sole member (general meeting of members) of the Company – Limited Liability Partnership.

3.4. The amount of dividends proposed for the payment by the Companies is determined in accordance with the procedure for calculating dividends described below.

Calculation of all indicators below is made on the basis of:

- data of audited financial statements of the Company;
- information of management accounting (in the absence of the necessary data in the financial statements) for the period for which dividends are accrued.

The calculation of the dividend is realized in the following sequence:

Stage 1. Collection and processing of information;

Stage 2. Calculation of the amount of dividends;

Stage 3. Verification of the compliance of terms of observance of restrictions on the payment of dividends established by the contracts concluded by the Companies (covenants).

Description of the Stages of Calculation

Stage 1. Collection and Processing of Information

At this stage there is a collection and systematization of the following documents:

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

Stage 2. Calculation of the Amount of Dividends

The calculation of the amount of dividends to be paid by the Companies is carried out for a certain period (hereinafter referred to as period).

Dividends are not accrued if the Company obtains a consolidated net loss for the Period.

The minimum amount of dividends accrued for the Period by the national development institutions is 15% of the consolidated net profit for the period. The maximum amount of dividends accrued for the Period by the national development institutions is 100% of the consolidated net profit for the period. The final amount of dividends accrued for the Period by the national development institutions is established by the 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 paragraph 2.2.

For the rest of the Companies the amount of dividends to be paid is determined as follows depending on:

- the degree of maturity of the Company;
- the financial and economic condition of the Company at the end of the Period, determined on the basis of the below-mentioned financial indicators characterizing the short-term and long-term financial risks of the Company in accordance with the Debt Management and Financial Stability Policy of JSC “Samruk-Kazyna” (hereinafter referred to as The Debt Management And Financial Stability Policy);
- the investment costs of the Company approved by the Investment and Innovation Committee of the Fund for development at the expense of the profit and implemented during the Period;
- capitalized costs of the Company for research and development work carried out during the Period;
- other distributions to the shareholder of the Company, implemented by the Company during the Period and reflected appropriately in the financial statements for the Period.

In order to determine the degree of maturity, the Companies are divided into “Mature” and “Growing”.

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

“Growing Company” is a Company which is in the state of development and is

characterized by a lack of stable positive net income, or its presence in the volume insufficient for a stable operation of the Company, for the expansion and increase of the value of the Company.

For “Growing Companies” payment of dividends is as follows:

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

where:

CNP – consolidated net profit of the Company for the Period.

For “Mature Companies” payment of dividends is as follows:

$$\text{Dividends} = \text{Maximum} \{ \text{CNP} * 15\% ; \text{CNP} * \text{Per_Acc_Div} - \text{Other_distr} - \text{Inv_Costs} - \text{Costs_R\&D} \}$$

where,

CNP – consolidated net profit of the Company for the Period;

Other_distr – other distributions to the shareholder of the Company, implemented by the Company during the Period on assignment of the shareholder of the Company and reflected appropriately in the financial statements for the Period;

Inv_Costs – the investment costs of the Company approved by the Investment and Innovation Committee of the Fund for development at the expense of the profit and implemented during the Period;

Costs_R&D – capitalized costs of the Company for research and development work carried out during the Period and reflected appropriately in the financial accounting;

Per_Acc_Div – percentage of accrual of dividends determined depending on the level of the financial condition of the Company. **Per_Acc_Div** is calculated as follows (based on the financial statements of the Companies for the Period and the Debt Management and Financial Stability Policy):

1. The coefficient of financial stability and liquidity is calculated (taking into account peculiarities of the Company, provided for in the Debt Management and Financial Stability Policy):

Financial Stability Policy):

$$C1 = \begin{cases} \frac{\text{Debt} + \text{NPV operating lease commitments}}{\text{Capital}} & \text{(for JSC Air Astana)} \\ \frac{\text{Debt}}{\text{Capital}} & \text{(for other Companies)} \end{cases}$$

$$C2 = \begin{cases} \frac{\text{Debt} + \text{NPV operating lease commitments}}{\text{Capital}} & \text{(for JSC Air Astana)} \\ C1 & \text{(for JSC "Real Estate Fund Samruk-Kazyna")} \\ \frac{\text{Долг}}{\text{EBITDA}} & \text{(for other Companies)} \end{cases}$$

$$C3 = \frac{\text{Current assets}}{\text{Current commitments}}$$

In accordance with the Debt Management and Financial Stability Policy for each Company there are upper limits for the coefficients C1 and C2: C1MAX and C2MAX.

For each coefficient C1, C2 and C3 there are calculated scores depending on the actual values of these coefficients in accordance with the following table:

№	Indicator	According to Formula (1)	3 scores
1	2	3	4
1	C1	0-C1MAX	more than C1MAX
2	C2	0- C2MAX	more than C2MAX
3	C3	more than 1,0	0- 1,0

Scores for column 4 of the table above are calculated on the basis of the following formulas:

$$\text{Score (C1,C2)} = \frac{\text{Actual (C1,C2)}}{C_{MAX}(C1,C2)} \times 3 \quad (1)$$

$$\text{Score C3} = \frac{3}{\text{Actual C3}}$$

where

- Act (C1, C2, C3) – actual values of coefficients C1, C2, C3
- CMAX (C1, C2) – maximum values of the intervals for coefficients C1, C2 in column 3.

Further the amount of score is calculated as

$$\sum \text{scores} = \text{Score C1} + \text{Score C2} + \text{Score C3}$$

2. Depending on the amount of scores the Companies are divided into levels according to the following table:

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

3. The percentage of accrual of dividends is determined depending on the level of:

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

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$$\text{Per_Acc_Div} = 100\% - 85\% * \frac{\Sigma \text{ scores}}{7}$$

- for the “B” level percentage of accrual of dividends is 15%.

Stage 3. Verification of the compliance of terms of observance of restrictions on the payment of dividends established by the contracts concluded by the Companies (covenants)

The payment of dividends of the Company in the amount exceeding the limit established by the agreements concluded by the Companies (covenants) is not allowed.

If the amount of dividends calculated in Stage 2 exceeds the limit established by agreements concluded by the Companies (covenants), this amount is adjusted downward to an amount permitted for payment.

In the future, no agreements concluded by the Companies should contain any restrictions on payments of dividends by the Companies. In any case, such restrictions are subject to prior consultation with the Board of the Fund.

3.5. The provisions of the above procedure in respect of the interest of the accrual of dividends shall not apply to the JSC “Development Bank of Kazakhstan”, JSC “Damu” Entrepreneurship Development Fund”.

4. Responsibility for the timely payment of dividends

4.1 Preparation, coordination and execution of all activities on the payment of dividends by the Companies are exercised by the executive body of the Company. Responsibility for the timely payment of dividends is placed on the executive body of

the Company in accordance with the laws of the Republic of Kazakhstan and the Company Charter.

5. Final Provisions

5.1 This Dividend Policy is effective on the date of its approval by the Board of the Fund subject to the provisions of this clause 5.1.

The amount of dividends to be paid by the Companies, except for national development institutions referred to in paragraph 3.5 of this Dividend Policy on the basis of financial and economic activity for the year 2012 is 15% of the consolidated net profit for the given Period.

The amount of dividends to be paid by the Companies on the basis of financial and economic activity for the next Periods shall be determined in accordance with the procedure of calculation of dividends of this Dividend Policy set out in Section 3.

5.2 Changes and additions to this Dividend Policy made in the prescribed manner shall enter into force on 1 January of the year following the year in which they are introduced.