

Approved
by the decision of the Management Board
of Baiterek National Managing Holding
Joint Stock Company

Annex No. 2
to the minutes of meeting in-praesentia
of the Management Board
of Baiterek National Managing Holding
Joint Stock Company
No. 14/14 dated May 11, 2014

**Procedure
for Determining the Amount of Dividends Paid by Subsidiaries of Baiterek National
Managing Holding Joint-Stock Company**

Astana, 2014

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1. General Provisions

1.1. This procedure for determining the amount of dividends paid by subsidiaries of Baiterek National Managing Holding Joint-Stock Company (hereinafter referred to as the Procedure for Determining the Amount of Dividends) has been developed in accordance with the current legislation of the Republic of Kazakhstan, the Charter of Baiterek National Managing Holding Joint-Stock Company (hereinafter referred to as the Holding), the Development Strategy of the Holding for 2014-2023 and its internal documents.

1.2. The Procedure for Determining the Amount of Dividends establishes unified approaches to and principles of determining the amount of dividends paid by legal entities, more than fifty percent of the voting shares (participation interests) of which are owned by the Holding on the right of ownership or trust management (hereinafter referred to as the Company) on blocks of shares (participation interests) owned by the Holding on the right of ownership or trust management.

The Procedure for Determining the Amount of Dividends applies to legal entities, more than fifty percent of the voting shares (participation interests) of which are owned by the Holding on the right of trust management, only if the Holding is authorized to receive dividends in accordance with the act on establishment of trust management.

Dividend means a part of the Company's net profit, according to the consolidated financial statements / operating results of the Companies for the reporting period, paid to the Holding on

the shares (participation interests) of the Companies owned by it on the right of ownership or trust management.

Dividends are paid taking into account the distribution and reinvestment of the net profit of the Companies based on their approved development strategies, as well as the proposals received from the Boards of Directors of the Companies as part of the review of their financial and operating performance.

1.3. The conditions and procedure for payment of dividends to the Holding are regulated by the legislation of the Republic of Kazakhstan, the Charters of the Companies, as well as the relevant decisions of the Sole Shareholder (General Meeting of Shareholders) of the Companies.

2. Goal and Main Principles of the Procedure for Determining the Amount of Dividends

2.1. The goal of the Procedure for Determining the Amount of Dividends is to ensure a balance of interests of the Holding and the Companies, a predictable and transparent approach to determining the amount of dividends, the conditions and procedure for their payment.

2.2. The main principles of the Procedure for Determining the Amount of Dividends are:

- the principle of the need for the Holding to make payments and expenses at the instruction of the Sole Shareholder of the Holding and (or) the Government of the Republic of Kazakhstan;
- the principle of the need to provide financing for the activities of the Holding, including financing of new types of activities and investment projects implemented at the expense of the Holding;
- the principle of the need to finance development costs by the Companies, including their investment activities.

2.3. The amount of dividends accrued by the Companies to the Holding shall cover the money requirements of the Holding to ensure:

- payments and expenses at the instruction of the Sole Shareholder of the Holding and (or) the Government of the Republic of Kazakhstan;
- financing of the current activities of the Holding;
- financing of new types of activities and investment projects implemented at the expense of the Holding;
- fulfillment of financial obligations of the Holding.

3. Procedure for Determining the Amount of Dividends

3.1. The amount of dividends accrued by the Companies to the Holding depends on the financial and economic performance determined on the basis of the indicators of the financial stability and liquidity of the Companies.

3.2. In accordance with the legislation of the Republic of Kazakhstan, this Procedure for Determining the Amount of Dividends and the Charters of the Companies, the authorized bodies of the Companies prepare proposals on the procedure for distributing the net income of the Companies for the past financial year and the amount of dividends for the year per one ordinary share of the Company.

3.3. The final decision on the amount of dividends is made by the sole shareholder / sole member (general meeting of shareholders / general meeting of members) of the Company.

3.4. The amount of dividends offered for payment by the Companies is determined by the method for calculating dividends in accordance with the annex to this Procedure for Determining the Amount of Dividends (Method for Calculating Dividends Offered for Payment by the Companies).

4. Responsibility for Timely Payment of Dividends

4.1 Preparation, coordination and implementation of all activities related to payment of dividends by the Company are performed by the executive body of the Company. The executive body of the Company is responsible for timely payment of dividends in accordance with the legislation of the Republic of Kazakhstan and the Charter of the Company.

5. Final Provisions

5.1. This Procedure for Determining the Amount of Dividends comes into effect from the date of its approval.

Annex
to the Procedure for Determining the Amount
of Dividends Paid by Subsidiaries
of Baiterek National Managing Holding
Joint-Stock Company

Method for Calculating Dividends Offered for Payment by the Companies

1. Calculation of dividends offered for payment by the Companies is based on:
 - the audited financial statements of the Company;
 - the management accounting (if there is no necessary data in the financial statements) for the period for which dividends are accrued.
2. Dividends offered for payment by the Companies are calculated in the following order:
 - 1) stage 1 - collection and preparation of information;
 - 2) stage 2 - calculation of the amount of dividends;
 - 3) stage 3 - checking for compliance with the limits on payment of dividends established by the legislation of the Republic of Kazakhstan and (or) agreements concluded by the Companies (covenants).

Description of the calculation stages

Stage 1. Collection and preparation of information

At this stage, the following documents are collected and systematized:

- audited financial statements of the Company;
- other documents and management accounting data of the Company required to determine the values used in this calculation of indicators, information about which is not included in the financial statements.

The stage also includes a check for compliance with the limits on payment of dividends established by regulatory legal acts of the Republic of Kazakhstan.

Stage 2. Calculation of the amount of dividends

The amount of dividends payable by the Companies is calculated for the past financial year (hereinafter referred to as the Period).

Dividends are not accrued if the Company has received a consolidated net loss for the Period and in other cases provided for by this Procedure for Determining the Amount of Dividends and regulatory legal acts of the Republic of Kazakhstan.

The amount of dividends payable is determined depending on the financial and economic performance of the Company as of the end of the Period.

The amount of dividends is calculated as follows:

$$\text{Dividends} = \text{CNP} * \mathbf{k},$$

where:

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

k – amount of dividend, %.

The target amount of dividends payable by the Companies for the Period is **at least 70%** of the consolidated net profit for the Period.

The Company may recommend making a decision to pay the amount of dividends less than the target one if:

- there is a reasonable need to cover short-term and long-term financial risks, including a projected cash gap, based on the presented analysis of the financial and economic performance of the Company as of the end of the Period;
- there are highly profitable projects for implementation, requiring financing from their own funds;
- there is a need to comply with the limits on payment of dividends established by regulatory legal acts.

The k ratio can be accepted at a level **higher than 70%** in accordance with the recommendation of the Economics and Budget Planning Department of the Holding, if it is necessary to finance the costs specified in Clause 2.3. of the Procedure for Determining the Amount of Dividends.

The maximum amount of dividends accrued for the Period is equal to 100% of the consolidated net profit for the Period.

The decision on payment of dividends payable by the Companies for the Period is made by the general meeting of shareholders (Sole Shareholder) or the person who owns all voting shares of a joint-stock company, sole member (general meeting of members) of a limited liability partnership, in accordance with the principles established in Clause 2.2. of the Procedure for Determining the Amount of Dividends.

Stage 3. Checking for compliance with the limits on payment of dividends established by the legislation of the Republic of Kazakhstan and (or) agreements concluded by the Companies (covenants)

Dividends of the Company may not be accrued on an amount exceeding the limits established by the legislation of the Republic of Kazakhstan and (or) agreements concluded by the Companies (covenants).

If the amount of dividends calculated at Stage 2 exceeds the limits established by the legislation of the Republic of Kazakhstan and (or) agreements concluded by the Companies (covenants), this amount is adjusted downward to the amount that is acceptable for payment.

In the future, no agreements concluded by the Companies shall contain any limits on payment of dividends by the Companies. All draft agreements that imply any limits on payment of dividends by the Companies shall be preliminarily agreed upon with the Asset and Liability Committee of the Holding.