

Annex  
to minutes of meeting  
of the Board of Directors  
of JSC Halyk Bank  
25 September 2012 No.4

*as amended by minutes of meetings  
of the Board of Directors of JSC Halyk Bank  
by absent voting No.79 dated 31 March  
2014, No.98 dated 24 April 2015,  
No.411 dated 31 December 2015 and No.93  
dated 25 March 2016*

## **DIVIDEND POLICY OF JSC HALYK BANK**

### **Chapter 1. General provisions**

1. This Dividend Policy of JSC Halyk Bank (hereafter – the Dividend Policy) has been developed in accordance with the Kazakhstan legislation in force and other applicable legislation, the Charter of JSC Halyk Bank (hereafter – the Bank), Corporate Governance Code of the Bank and the Bank's internal regulations.

*Item 2 of the Dividend Policy was amended in accordance with the resolution of the Board of Directors of JSC Halyk Bank (minutes No.411 dated 31 December 2015)*

2. The purpose of this Dividend Policy is to establish a transparent and shareholder-friendly mechanism and decision-making process concerning payment of dividends, determination of amounts, order and terms of payment. The effectiveness of the dividend policy implemented by the Bank is assessed with the relevant assessment methodology approved by the authorized body of the Bank.

### **Chapter 2. Main conditions for payment of dividends to shareholders**

*Clause 3 of the Dividend Policy is stated as prescribed by the resolution of the Board of Directors of JSC Halyk Bank (minutes No.98 dated 24 April 2015)*

3. The Board of Directors of the Bank proposes to the Annual General Meeting of Shareholders of the Bank to decide on the payment of dividends to shareholders of the Bank, taking into account the following conditions:

- 1) availability of the Bank's net profits to be distributed;
- 2) absence of restraints upon payment of dividends stipulated by the Kazakhstan legislation as well as other restraints according to contracts between the Bank and third parties, foreign financial institutions (covenants);
- 3) compliance with the Bank's capital adequacy ratios in case of dividends payment, which shall not be lower than industry ratios of the second-tier banks of the Republic of Kazakhstan;
- 4) maintaining (retaining) international credit ratings of the Bank;
- 5) audit of the Bank's financial statements for the respective period;
- 6) resolution of general meeting of the Bank;
- 7) payment of dividends not more than once during a calendar year;
- 8) prevention of default or situation when payment can cause default with respect to the Bank's liabilities;
- 9) to be deleted upon resolution of the Board of Directors of JSC Halyk Bank (minutes No.411 dated 31 December 2015)

### **Chapter 3. Determination of dividend amounts**

4. When determining dividend amounts to be recommended to the general meeting (per one common share), the Bank's Board of Directors shall consider the Bank's equity as well as proceed from the precondition that the amount used for payment of dividends on common shares shall be between 15 to 50 percent of total net profits for the reporting year in accordance with the Bank's audited consolidated financial statements. To ensure the dividends payment, the Bank shall additionally use monetary resources from dividend payments received by the Bank from its subsidiaries.

*The Dividend Policy has been added by clause 4-1 in accordance with the resolution of the Board of Directors of JSC Halyk Bank (minutes No.93 dated 25 March 2016).*

4-1. In accordance with the strategic objectives of the Bank, the Board of Directors of the Bank is entitled to suggest the General Shareholders' Meeting that a part of net income for the year as specified in the Bank's audited consolidated financial statements, shall not be allocated for dividend payments on common shares.

5. Dividends on preferred shares and convertible preferred shares (hereafter – preferred shares) shall be calculated in accordance with the formula approved by the Bank's Prospectus, the Bank's Charter, and the Kazakhstan legislation in force.

#### **Chapter 4. Order of passing of resolution on payment of dividends**

6. Resolution on payment of dividends on common shares and determination of dividend amount per one common share of the Bank shall be passed by the general meeting of the Bank by a simple majority from the total number of the Bank's voting shares in accordance with Kazakhstan legislation in force.

7. Dividends on the Bank's preferred shares shall be paid in the order specified by the Kazakhstan legislation in force.

8. Depending on financial results as of the yearend, the general meeting of the Bank may resolve unreasonable to pay dividends on the Bank's common shares.

#### **Chapter 5. Order of payment of dividends**

9. The Bank's Board of Directors determines the date for commencement of dividends payment on the Bank's preferred shares.

10. Dividends on the Bank's common shares are not paid until complete settlement of dividends on the Bank's preferred shares.

11. Regardless of resolution of the general meeting of the Bank, within 10 (ten) business days after the date of resolution, the Bank shall, in accordance with the Bank's Charter, publish in mass media the resolution with respect to the payment of dividends on the Bank's common shares passed by the general meeting of the Bank.

Resolution on payment of dividends on the Bank's common shares shall contain the following information:

- 1) name and location of the Bank, as well as the banking and other requisites thereof;
- 2) period for which dividends shall be paid;
- 3) amount of dividend per one common share;
- 4) date of commencement of dividends payment;
- 5) order and form of dividends payment.

12. Within 5 (five) business days before the date of dividends payment on the Bank's preferred shares, the Bank shall inform its shareholders about the payment of dividends on preferred shares by publishing relevant information in mass media in accordance with the Bank's Charter and the Kazakhstan legislation. Besides, the Bank can use other ways to aware shareholders about payment of dividends on preferred shares.

13. The Bank shall not pay dividends on shares which were not placed or were bought-back by the Bank.

14. Payable dividends shall be subject to taxation in the order stipulated by the tax legislation in force of the Republic of Kazakhstan.

*Dividend Policy is supplemented by item 14.1 in accordance with the absent voting resolution of the Board of Directors of JSC Halyk Bank (minutes No.79 dated 31 March 2014).*

14-1. Dividends are paid to the shareholders' bank details available in the Bank's system, which is intended for the maintenance of the shareholders' database of the Bank. The sources for updating the shareholders' bank details are:

- the shareholders' register that contains the shareholders' bank details;
- the written statements of the Bank's shareholders that the shareholders personally submit to the Bank indicating their bank details therein;
- the Bank's independent collection of information on the shareholders' bank accounts opened with the Bank.

Where a shareholder wishes to change the bank details for dividend payment, he/she shall submit to the Bank a written application in the form prescribed by the Bank's internal regulations, with a copy of the identity document attached. Application form for change of bank details shall be provided by the Bank's employees to the shareholders upon request.

### **Chapter 6. Payment of dividends by securities**

15. Upon availability of a shareholder's written consent, the Bank can pay dividends on the Bank's common shares by its own securities: by the Bank's authorized shares or outstanding bonds. The resolution of the general meeting of the Bank on payment of dividends on common shares shall refer to possible payment of dividends by the Bank's mentioned securities and shall be passed by a simple majority of the Bank's voting shares.

16. The Bank's shareholders, except those who possess preferred shares, have the right to give their written applications to the Bank and get dividends by the Bank's securities.

17. The Bank has the right to pay a part of dividends by money and a part of dividends by securities, and by various types of securities at that (both by authorized shares and outstanding bonds).

18. Quantity of securities paid as dividends is calculated based on the amount of dividends per one common share set by the general meeting (on common shares) considering taxation of proceeds from securities in accordance with the Kazakhstan tax legislation in force.

19. If the quantity of securities requested by the Bank's shareholders as dividends is more than the quantity of securities the Bank possesses at that time, then the dividends to the shareholders shall be paid by the mentioned securities on *pro rata* basis. A part of dividends not paid by securities shall be paid by money.

20. Securities paid as dividends shall be transferred to the shareholders' personal accounts in the order stipulated by the Kazakhstan legislation in force.

### **Chapter 7. Responsibility for non-payment of dividends to shareholders**

21. According to Article 15 of Law of the Republic of Kazakhstan "On Joint-Stock Companies", the Bank and the Bank's registrar shall not be liable for non-payment of dividends to shareholders who/which failed to duly present the Bank's registrar their exact banking requisites or changes thereto.

22. If announced dividends were not paid to shareholders due to reasons beyond the Bank's control (unclaimed dividends), the Bank shall pay such dividends in the order stipulated by the Kazakhstan legislation in force. No interests to unclaimed dividends shall be accrued.

23. Shareholders have the right to demand payment of non-received dividends, regardless of the term of the Bank's debt. If dividends are not paid in due time through the Bank's fault, then the Bank's shareholder shall be paid the relevant amount of the dividends plus fine calculated from the official refinance rate of the National Bank of Kazakhstan as of the date of performance of monetary liability or its appropriate portion.

### **Chapter 8. Informing shareholders and investors of the Dividend Policy**

24. The Bank shall place the Dividend Policy in Kazakh, English and Russian, amendments thereto and the history of dividend payments for the last five years on its corporate web-site: [www.halykbank.kz](http://www.halykbank.kz).

Копия верна.

Прошито и пронумеровано

на 5 листах

