

APPROVED  
by JSC VTB Bank  
Supervisory Council  
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**REGULATION**  
**on VTB Bank Dividend Policy**

Moscow, 2008

## CONTENTS

1. Regulation on Dividend Policy.....	3
2. Terms and Definitions .....	3
3. General Provisions on Dividends .....	4
4. Dividend Policy Principles of the Company .....	4
5. Decision-Making Procedure for Dividend Payment .....	4
6. Dividend Distribution .....	5
7. List of Persons Eligible for Dividends .....	5
8. Dividend Payout Period .....	5
9. Restrictions on Dividend Payment.....	5
10. Shareholder's Notice of the Company's Dividend Policy .....	6

## 1. Regulation on Dividend Policy

This Regulation on Dividend Policy (hereinafter referred to as the “**Regulation**”) is based on the Civil Code of the Russian Federation, the Joint-Stock Company Law and other regulations of the Russian Federation, the Code of Corporate Conduct and the Charter of JSC VTB Bank (hereinafter referred to as the “**Company**”). The Regulation establishes basic principles of the Company’s dividend policy, the decision-making procedure for dividend payment (declaration), rules of dividend calculation and payout aimed at informing shareholders and other interested parties of the Company’s dividend policy.

## 2. Terms and Definitions

2.1. Terms and definitions of this Regulation have the same meaning as in the Laws of the Russian Federation on joint-stock companies and securities, unless otherwise specified herein.

2.2. For the purposes of this Regulation, the following terms shall have the following definitions:

- “**Dividend Policy**” means the Company’s policy on using profit to determine and pay dividends;
- “**Annual General Shareholders’ Meeting**” means a general meeting of shareholders to be held annually to solve issues related to election of the Supervisory Council, the Statutory Audit Commission and the independent auditor of the Company, approval of annual financial statements, including profit and loss statement and distribution of profits (including dividend payment (declaration), excluding profit distributed as dividends on the results of the first quarter, semester and nine months of the financial year) and the Company’s losses in the previous financial year, as well as other issues within the terms of reference of the General Shareholders’ Meeting;
- “**Person Eligible for Dividends**” means a person on the list of persons entitled to receive dividends;
- “**Decision on Dividend Payment (Declaration)**” means a decision of General Shareholders’ Meeting to pay dividends to the persons entitled thereto, which can be made on the results of the first quarter, semester, nine months and/or the financial year;
- “**Dividend Payout Period**” means the date of performing dividend payment obligation or a period of time to fulfill such obligation. Dividend payment obligation is to be performed on this date or any date during such period. Dividend Payout Period is specified in the Company’s Charter or in the Decision on Dividend Payment made by the General Shareholders’ Meeting;
- “**Dividend Payout Mode**” means cash or other property subject to transfer to persons eligible for dividends. The Payout Mode is determined in the Decision on Dividend Payment (Declaration). The Payout Mode by types of property, other than cash, is permitted, as specified in the Company’s Charter;
- “**Dividend Payout Type**” means a transfer of relevant amounts to the bank account (postal address) and/or cash payment to a Person Eligible for Dividends.

### **3. General Provisions on Dividends**

3.1. Dividend is part of the Company's net profit distributed among shareholders on a pro rata basis, according to the number of shares owned.

3.2. Declared dividend payment is the Company's obligation. The Company bears responsibility to Persons Eligible for Dividends for failure to perform this obligation under applicable Russian legislation.

The Company pays out only declared dividends. If the Decision on Dividend Payment (Declaration) is not made, the Company may not pay and the shareholders may not demand dividend payment.

3.3. The sole executive body of the Company ensures prompt and complete payment of the dividend declared.

### **4. Dividend Policy Principles of the Company**

4.1. The Company's dividend policy is based on the following principles:

4.1.1. optimum balance between the interests of the Company and its shareholders;

4.1.2. increase of the Company's attractiveness to investors and its capitalization;

4.1.3. respect and strict observance of all shareholders' rights in accordance with applicable Russian legislation and the best practices of corporate conduct;

4.1.4. fair determination of dividend amount and transparent payment mechanism.

4.2. When determining dividend amount recommended to the General Shareholders' Meeting, the Supervisory Council shall consider the net profit recognized in the Company's financial statements prepared in compliance with the Russian legislation. The recommended dividend payment is determined by the Supervisory Council based on the Company's financial performance as of the year-end, amounting to at least 10 per cent of the Company's net profit.

### **5. Decision-Making Procedure for Dividend Payment**

5.1. The Decision on Dividend Payment (Declaration), including decisions on dividend amount and Payout Mode, shall be adopted by the General Shareholders' Meeting. Dividend amount may not exceed the one recommended by the Supervisory Council of the Company.

The Company is entitled to declare or to make decisions on dividend payment on the results of the first quarter, semester, nine months and/or the financial year, unless otherwise specified by the law.

The decision-making procedure for dividend payment on all categories (types) of shares means a right, rather than an obligation of the Company. The General Shareholders' Meeting is entitled not to make dividend payment decisions.

5.2. The Decision on Dividend Payment shall specify:

- dividend amount per relevant type of share, net of taxation,
- Dividend Payout Period,
- Dividend Payout Mode.

5.3. The Decision on Dividend Payment on the results of the first quarter, semester, and nine months of the financial year shall be made by the General Shareholders' Meeting and included on its agenda as a separate issue. The decision on dividend payment (declaration) on the results of the first quarter, semester, and nine months of the financial year may be made within three months since the end of the relevant period.

5.4. The decision to pay dividends on the results of the financial year shall be made by the General Shareholders' Meeting and carried as a separate vote or as part of the vote on distributing the Company's profit at the year-end. The Decision on Dividend Payment on the shares held shall be made by the Annual General Shareholders' Meeting.

5.5. When determining dividend amount to be recommended to the General Shareholders' Meeting, the Supervisory Council, among other things, shall be guided by the following:

- net profit under the Russian Accounting Standards;
- interests of shareholders and the Company as to its long-term development;
- financial and economic plans of the Company;
- the Russian legislation and the Company's by-laws.

## **6. Dividend Distribution**

6.1. The source of dividend payment is the Company's profit after taxation (net profit). The Company's net profit is recognized in the Company's financial statements prepared under applicable Russian legislation.

6.2. Dividends are not payable:

- on the shares owned by the Company,
- in any other case specified by applicable Russian legislation.

## **7. List of Persons Eligible for Dividends**

7.1. List of Persons Eligible for Dividends shall be made on the date of drawing up the list of persons entitled to participate in the General Shareholders' Meeting, which is to make a Decision on Dividend Payment.

## **8. Dividend Payout Period**

8.1. Dividends on the shares of all categories (types) are paid within the period set by the General Shareholders' Meeting. If the Payout Period is not specified in the resolution of General Shareholders' Meeting, it shall not exceed 60 days since the date of such resolution.

8.2. The Company is entitled to perform its obligation on dividend payment prior to the date specified in Clause 8.1 hereof.

8.3. The Company is entitled to perform its dividend payment obligation on any date during the Dividend Payout Period.

## **9. Restrictions on Dividend Payment**

9.1. While making Decision on Dividend Payment (Declaration) and paying dividends, the Company is guided by restrictions imposed by federal laws.

9.2. The Company may not pay dividends declared on shares:

- if on the payment date the Company is insolvent (bankrupt) under the Russian Law on Insolvency (Bankruptcy) or if dividend payment resulted in the Company's insolvency (bankruptcy);
- if on the payment date, due to dividend payment the Company's net assets value is or becomes less than its authorized capital, reserve fund and the exceeding amount of liquidation value of preferred shares over their nominal value determined by the Company's Charter;
- in any other case specified by federal laws.

Upon termination of the circumstances set out therein, the Company shall pay dividends declared to the shareholders.

## **10. Shareholder's Notice of the Company's Dividend Policy**

10.1. The Company shall inform the shareholders of its dividend policy in the manner expressly provided for in the legislation and the Company's website at: [www.vtb.ru](http://www.vtb.ru).

This Regulation and any amendments hereto are placed in the Company's website.

10.2. The Company shall inform shareholders of the dividend amount, payout mode and period, as well as of the payment procedure in the manner expressly provided for in the legislation and the Company's website at: [www.vtb.ru](http://www.vtb.ru).