

## Kazakhtelecom JSC

(a joint stock company registered in the Republic of Kazakhstan)

### TERMS AND CONDITIONS OF THE BONDS

prepared in respect of the issue of bonds in the aggregate  
amount of KZT 25 bln  
and due 2024

#### 1. Bonds:

<b>Issuer:</b>	Kazakhtelecom JSC (hereinafter the "Issuer").
<b>Form of issuance:</b>	The bonds will be issued in a registered form. The bonds will be issued in the Republic of Kazakhstan in accordance with the laws of the Astana International Financial Center (hereinafter the "AIFC") (hereinafter the "Bonds").
<b>Currency:</b>	<p>The national currency of the Republic of Kazakhstan (KZT) shall be the currency of the nominal value.</p> <p>All payments (interest and principal) shall be made by the Issuer by way of money transfer in the national currency of the Republic of Kazakhstan (KZT).</p> <p>If the Bondholder(s) is/are non-resident(s) of the Republic of Kazakhstan, the payment at nominal value and of interest accrued on the Bonds shall be made in KZT, provided that such Bondholder(s) has/have its/their KZT bank account in the territory of the Republic of Kazakhstan.</p> <p>The conversion of KZT to USD or Euro for purposes of payment shall be allowed only if a relevant written statement is delivered by the RK non-resident Bondholder(s) to the Issuer at least five (5) business days prior to the date of the relevant payment. Such conversion shall be made at a rate established by the National Bank of the Republic of Kazakhstan as at the date of payment. The conversion of KZT to USD or Euro shall be at the expense of the RK non-resident Bondholder(s).</p> <p>The conversion of KZT to any other currency for purposes of payments on the Bonds in favor of the RK resident Bondholder(s) shall not be allowed.</p> <p>Expenses incurred by the Issuer in connection with the conversion shall be withheld from an amount payable to the RK non-resident Bondholder(s).</p>
<b>Nominal value:</b>	The nominal value of each bond shall be one thousand tenge (KZT 1,000).
<b>Status and ranking:</b>	The Bonds shall constitute direct, general and absolute obligations of the Issuer which will rank <i>pari passu</i> among themselves and rank <i>pari passu</i> , in terms of payment rights, with all other current or future unsubordinated obligations of the Issuer, except for liabilities mandatorily preferred by law.
<b>Securities:</b>	<b>Type and name.</b> Coupon Bonds.
	<b>Amount.</b> 25 000 000 (twenty five million) bonds.
	<b>Total amount in issue.</b> 25 000 000 000 (twenty five billion) tenge.

	<p><b>Circulation commencement date and maturity.</b></p> <p>The commencement date of Bond circulation shall be the date of receipt at the Issuer's bank account of money from a potential investor in the amount of the total issue of bonds. Bond circulation period shall be until 1 November 2024.</p>
	<p><b>Placement commencement and final dates.</b></p> <p>The Bond placement commencement and final dates shall be the Bond circulation commencement date and the final day of the Bond circulation period, respectively.</p>
	<p><b>Main financial center.</b></p> <p>AIFC.</p>
	<p><b>Estimated general expenses associated with listing.</b></p> <p>The Financial Services Authority of the AIFC (hereinafter the "Competent Authority") waived all fees connected with listing of securities at the Stock Exchange until the final maturity date of the Bonds, and also subject to the absence of trading in the Bonds. The Issuer will pay for the services of the AIX's Registrar commencing from 2020 under the terms and conditions of a relevant agreement to be entered into between the Issuer and the AIX's Registrar. The services of the AIX's Registrar during the period as from the effective date thereof and to 31 December 2019 (inclusive) shall be rendered to the Issuer at no charge.</p>
	<p><b>Anticipated trading volume.</b></p> <p>No trading on the Bonds is envisaged.</p>
	<p><b>Potential investor.</b></p> <p>A potential investor shall be the Recognized Professional Client, as defined in (j) 2.4.1 of AIFC Conduct of Business Rules.</p>

## 2. Coupon interest:

<b>Coupon rate:</b>	<p>The annual coupon interest rate shall be 11.5% per annum.</p> <p>The interest rate for the Bonds shall remain unchanged within the entire period of circulation of the Bonds.</p>
<b>Coupon interest:</b>	<p><b>Interest accrual commencement date.</b></p> <p>The interest on Bonds shall start to accrue as from the Bond Circulation Commencement Date. The interest shall accrue during the entire period of circulation of the Bonds and shall end on 31 October 2024, inclusive.</p> <p><b>Frequency of interest payments and/or dates of payment interest on Bonds.</b></p> <p>The interest on Bonds shall be paid as per the interest payment schedule and on the dates of payment interest on Bonds, as specified in the Schedule hereto.</p>



	<p><b>Interest payment procedure and terms, interest payment method.</b></p> <p>The interest shall be paid to persons who are entitled thereto and registered with the system of registers of securities holders of the Issuer as at the beginning of the last day of a period, for which interest is due and payable (at the time by place of location of the Issuer's registrar) (hereinafter the "<b>Closing Date</b>").</p> <p>The interest shall be paid by money transfer (in KZT) to current bank accounts of the Bondholder(s) included in the register of Bondholders as at the Closing Date, within three (3) business days of the date following the Closing Date.</p> <p>The interest at the payment date, except for the interest in respect of the first and the last coupon periods, shall be calculated as the product of the nominal value of the Bonds and the semiannual coupon interest rate.</p> <p>The interest in respect of the first coupon period per bond shall be calculated using the following formula:</p> $C1 = N * I * D1/360, \text{ where}$ <p>C1 means an amount of coupon interest per bond accrued for the first coupon period (KZT);</p> <p>N means the bond nominal value (KZT);</p> <p>I means the interest rate on bonds (coupon rate in per cent. per annum);</p> <p>D1 means a number of days from the date of commencement of bonds circulation to 28 February 2019, inclusive, calculated on the 360-day year and 30-day month basis.</p> <p>The value of C1 shall be accurate to two decimal places.</p> <p>The interest in respect of the last coupon period per bond shall be calculated using the following formula:</p> $Cn = N * I * Dn/360, \text{ where}$ <p>Cn means the amount of coupon interest per bond accrued for the last coupon period (KZT);</p> <p>N means the bond nominal value (KZT);</p> <p>I means the interest rate on bonds (coupon rate in per cent. per annum);</p> <p>Dn means a number of days from 1 September 2024, inclusive, to the last day of bond circulation, inclusive, calculated on the 360-day year and 30-day month basis.</p> <p>The value of Cn shall be accurate to two decimal places.</p> <p>The final payment of interest shall made concurrently with payment of the principal debt on Bonds.</p> <p><b>Period of time applied for interest calculation.</b></p> <p>The interest on Bonds shall be paid according to the time base of three hundred sixty (360) days in a year and thirty (30) days in a month, during the entire period of circulation.</p>
--	--

### 3. Repurchase and acquisition:

Repurchase schedule:	Not applicable.
Repurchase prior to	By a resolution of the Board of Directors, the Issuer shall have the right to, at its own initiative, repurchase its Bonds within the entire period of



<b>maturity:</b>	<p>circulation thereof, provided that a written consent is received from the Bondholder(s).</p> <p>The repurchase value of the Bonds, where the Bonds are to be repurchased at the initiative of the Issuer, shall correspond to the nominal value of the Bonds, subject to any interest accrued.</p> <p>The repurchase procedure, terms and timelines shall be determined by a relevant resolution of the Board of Directors of the Issuer.</p> <p>The repurchased Bonds shall not be deemed redeemed and may be resold by the Issuer.</p> <p>The repurchase of the Bonds by the Issuer shall not result in the infringement of the rights of the Bondholder(s), from whom the Bonds are to be repurchased. The sale of the Bonds upon repurchase thereof by the Issuer shall constitute the right and not the obligation of a Bondholder(s).</p> <p>The information on the number of placed (less repurchased) Bonds shall be disclosed by the Issuer to the AIX in accordance with the internal rules of the AIX.</p> <p>During the entire period of circulation of the Bonds, the Issuer shall, pursuant to a resolution of the Board of Directors of the Issuer, have the right to repurchase the Bonds for the purpose of cancelling thereof (hereinafter the "Cancellation Repurchase").</p> <p>The Cancellation Repurchase of the Bonds shall be made at the nominal value concurrently with the payment of any actually accrued interest as at the date of the Cancellation Repurchase, as approved by a resolution of the Board of Directors of the Issuer, in KZT within fifteen (15) calendar days, commencing from the date of the Cancellation Repurchase approved by a resolution of the Board of Directors of the Issuer. In case of the Cancellation Repurchase, the entitlement to the nominal value and accrued coupon interest shall have the persons included in the register of Bondholders as at the beginning of a day preceding the date of the Cancellation Repurchase approved by the Board of Directors of the Issuer.</p> <p>The Cancellation Repurchase by the Issuer shall not result in the infringement of the rights of the Bondholder(s), from whom the Bonds are being repurchased.</p> <p>If a Bondholder is a non-resident of the Republic of Kazakhstan, the payment at nominal value and of any accrued interest on Bonds shall be made in KZT, provided that such Bondholder has its KZT bank account in the territory of the Republic of Kazakhstan.</p> <p>The conversion of KZT to USD or Euro for purposes of payment shall be allowed only if a relevant written statement is delivered by the RK non-resident Bondholder(s) to the Issuer at least five (5) business days prior to the date of the relevant payment. Such conversion shall be made at a rate established by the National Bank of the Republic of Kazakhstan as at the date of payment. The conversion of KZT to USD or Euro shall be at the expense of the RK non-resident Bondholder(s).</p> <p>The conversion of KZT to any other currency for purposes of payments on the Bonds in favor of the RK resident Bondholder(s) shall not be allowed.</p> <p>Expenses incurred by the Issuer in connection with the conversion shall be withheld from an amount payable to the RK non-resident Bondholder(s).</p> <p>The Issuer's decision to repurchase the Bonds or to conduct the Cancellation Repurchase shall not give rise to the obligation of the</p>
------------------	---



	<p>Bondholder(s) to sell the Bonds held by it/them to the Issuer.</p> <p>A decision to cancel the Bonds in issue shall be taken by the Board of Directors to the extent that all Bonds would be purchased by the Issuer at the secondary securities market.</p> <p>Upon receipt of written notification with a request for the Bonds repurchase the Issuer is obliged to repurchase the Bonds within 6 (six) months from the day such notification and consent were received from the Bonds holder (-s), but not earlier than December 1, 2020. The Bonds are repurchased in this case by decision of the Board of Directors of the Issuer at nominal value with the interest accrued by the repurchase date being paid simultaneously.</p>
--	---

#### 4. Issue:

<b>Issue restrictions:</b>	<p>No amendment shall be made by the Issuer to these Terms and Conditions unless agreed upon in writing with the Bondholder(s).</p> <p>By a decision of the Board of Directors, the Issuer shall, at its own initiative, have the right to repurchase its Bonds within the entire period of circulation, provided that a written consent is obtained from the Bondholder(s).</p>
<b>Issue and registration:</b>	<p>The Bonds will be issued in the Republic of Kazakhstan in accordance with the laws of the AIFC.</p>

#### 5. Payments:

<b>Payments to bondholders:</b>	<p>For the details about payment of coupon interest on Bonds please refer to Clause 2 hereof.</p> <p><b>Maturity date.</b></p> <p>Within three (3) business days following the last day of the period of circulation of the Bonds.</p> <p><b>Redemption terms.</b></p> <p>The Bonds shall be redeemed at nominal value of the Bonds with the concurrent payment of the last coupon interest within three (3) business days following the last day of the Bond circulation period, by way of transferring money to bank accounts of the Bondholder(s) included in the register of holders of the Bonds as at the beginning of the last day of the Bond circulation period.</p> <p>The conversion of KZT to USD or Euro for purposes of payment shall be allowed only if a relevant written statement is delivered by the RK non-resident Bondholder(s) to the Issuer at least five (5) business days prior to the date of the relevant payment. Such conversion shall be made at a rate established by the National Bank of the Republic of Kazakhstan as at the date of payment. The conversion of KZT to USD or Euro shall be at the expense of the RK non-resident Bondholder(s).</p> <p>The conversion of KZT to any other currency for purposes of payments in respect of the Bonds in favor of the RK resident Bondholder(s) shall not be allowed.</p> <p>Expenses incurred by the Issuer in connection with the conversion shall be</p>
---------------------------------	---

	<p>withheld from an amount payable to the RK non-resident Bondholder(s).  The place of redemption of the Bonds shall be:  Kazakhtelecom JSC, Republic of Kazakhstan  Office No. 1: 12 Sauran Street, Esil District, City of Astana, 010000  Office No. 2: 240B Nazarbayev Avenue, City of Almaty, 050059.</p> <p><b>Redemption method.</b>  The repayment of the principal debt and the payment of the last coupon interest shall be made by transferring money to bank accounts of the Bondholder(s) pursuant to the data in the register of holders of the Bonds.</p>
<b>Taxation:</b>	<p>The redemption (payment) at nominal value of the Bonds shall not constitute the tax base.</p> <p>In accordance with the Law "On Astana International Financial Center", individuals and legal entities shall be exempt from individual and corporate income taxes in respect of their returns representing interest on securities (including bonds) which are included in official listings of a stock exchange as at the date of accrual of such dividends or interest.</p> <p>In accordance with the Code of the Republic of Kazakhstan "On Taxes and Other Obligatory Payments to the Budget", returns of non-residents in the form of coupon interest on Bonds which included in official listings of a stock exchange of the Republic of Kazakhstan shall not be subject to taxation at source.</p>
<b>Miscellaneous:</b>	No stamp, registration or other tax arising out of the transfer of the Bonds exist in the Republic of Kazakhstan.

#### 6. General terms:

<b>Clearing:</b>	The registrar of the AIX shall keep securities of its clients and process and settle securities transactions by transferring electronic records between the respective holders thereof. The AIX's registrar provides various services, including storage, processing and settlements on international securities, as well as the services at the internal securities market of the Republic of Kazakhstan.
<b>Time limit for claims:</b>	Any claim against the Issuer in respect of the Bonds shall become invalid, unless it is filed within 1 year (in case of nominal value and coupon interest) from the date of the relevant payment in respect of such Bonds.
<b>Ownership and transfer:</b>	Recording of the Bonds shall be made by way of registration thereof with the AIX's Registrar. For purposes of these Terms and Conditions of the Bonds, a Bondholder shall mean any Person, in the name of whom a Bond is registered.
<b>Calculations:</b>	For purposes of any calculation specified herein, a value shall be accurate to two decimal places.
<b>Bondholders meeting:</b>	These Terms and Conditions of the Bonds contain the provisions on convocation of a meeting of the Bondholder(s) to transact matters concerning the Bonds, including the amendment of any provision hereof. No amendment to these Terms and Conditions of the Bonds shall be allowed, unless it is approved by an Extraordinary Resolution. Any such



	<p>meeting of the Bondholder(s) may be convened by the Issuer at a written request of the Bondholder(s) holding at least one tenth of the total amount of the unredeemed Bonds. The quorum at any meeting of the Bondholder(s) convened for voting on an Extraordinary Resolution shall constitute two or more persons holding or representing one half of the total amount of the unredeemed Bonds, or, in case of a meeting in absentia, two or more Persons acting as bondholders or representative thereof, regardless of the amount of the Bonds held or represented; provided however that any Reserved Matter may be approved only by an Extraordinary Resolution passed at a meeting of Bondholder(s), at which two or more Persons, having or representing at least three quarters, or, in case of any meeting in absentia, one quarter of the total principal amount of the unredeemed Bonds, constitute the quorum.</p> <p>Any Extraordinary Resolution passed at any such meeting shall be binding upon all holders of the Bonds, regardless of whether they present at such meeting or not.</p> <p>If all outstanding Bonds are owned by a single holder, no meeting of the Bondholders shall be held. A decision on matters reserved to the competence of the meeting of Bondholders shall be taken by the authorized body of a holder of the Bonds and shall be made in writing.</p>
<b>Notices:</b>	Any notice to the Bondholder(s) shall be valid only if it is published on corporate websites of the Issuer and the AIX, and is kept thereon within the entire period of circulation of the Bonds.
<b>Applicable law and jurisdiction:</b>	The Bonds and any non-contractual obligations arising out of, or in connection with, the Bonds shall be governed by, and construed in accordance with, the laws of the AIFC. The Issuer has agreed herein the conditions in favor of the Bondholder(s) that any claim, dispute or discrepancy of any nature arising out of, or in connection with, the Bonds (including claims, disputes or discrepancies regarding the existence, termination thereof, or any non-contractual obligations arising out of, or in connection with, the Bonds) (hereinafter the "Dispute") shall be brought to, and finally resolved by, the Court of the AIFC in accordance with the Rules thereof, or the International Arbitration Center of the AIFC in accordance with the Rules thereof (hereinafter the " <b>Rules</b> "), currently in effect, such Rules shall be deemed incorporated herein.

## GLOSSARY

In these Terms and Conditions of the Bonds the following definitions shall have the following meanings:

**"Reserved Matters"** shall mean any proposal to change any date set for the payment at nominal value or of a coupon interest on Bonds with the aim to reduce the nominal value or coupon interest on Bonds payable at any date in respect of the Bonds, or change the method of calculation of any payment in respect of the Bonds or a date of any such payment, or change the currency of any payment under the Bonds or change the quorum requirements related with meetings, or change the majority required to pass an Extraordinary Resolution.

**"Person"** shall mean any individual, company, corporation, firm, partnership, joint venture, association, organization, state or agency of a state or other legal entity, whether or not having separate legal personality.

"Extraordinary Resolution" shall mean a decision adopted by a greater number of votes than required for the adoption of a usual decision.

Acting Chairman of the Management Board



A. Uzbekov



**Schedule  
to the Terms and Conditions  
of the Bonds of Kazakhtelecom JSC**

**Schedule of Payment of Interest on Bonds**

Coupon period sequence number	Coupon period commencement date	Coupon period expiry date	Register closing date	Interest payment commencement date	Interest payment expiry date
1	Bond circulation commencement date	28.02.2019	28.02.2019	01.03.2019	05.03.2019
2	01.03.2019	31.08.2019	31.08.2019	01.09.2019	04.09.2019
3	01.09.2019	29.02.2020	29.02.2020	01.03.2020	04.03.2020
4	01.03.2020	31.08.2020	31.08.2020	01.09.2020	03.09.2020
5	01.09.2020	28.02.2021	28.02.2021	01.03.2021	03.03.2021
6	01.03.2021	31.08.2021	31.08.2021	01.09.2021	03.09.2021
7	01.09.2021	28.02.2022	28.02.2022	01.03.2022	03.03.2022
8	01.03.2022	31.08.2022	31.08.2022	01.09.2022	05.09.2022
9	01.09.2022	28.02.2023	28.02.2023	01.03.2023	03.03.2023
10	01.03.2023	31.08.2023	31.08.2023	01.09.2023	05.09.2023
11	01.09.2023	29.02.2024	29.02.2024	01.03.2024	05.03.2024
12	01.03.2024	31.08.2024	31.08..2024	01.09.2024	04.09.2024
13	01.09.2024	31.10.2024	31.10.2024	01.11.2024	05.11.2024