

## Insurance premiums

Total insurance premiums paid to extra-budgetary funds amounted to RUB 127.7 bln in 2015, an increase of RUB 4.8 bln, or 3.9%, compared with 2014.

Insurance premium tariffs for payers making pay-outs to individuals in 2015 amounted to: 22% to the Russian Pension Fund, 2.9% to the Social Insurance Fund and 5.1% to the Federal Mandatory Medical Insurance Fund.

Starting from 1 January 2015, mandatory medical insurance premiums are paid at a tariff of 5.1% of all payments and other remuneration paid to an individual for the corresponding fiscal year with no restriction on the maximum amount (Federal Law No. 519-FZ dated 31 December 2014).

Additional insurance premiums for mandatory medical insurance due to the 5.1% tariff introduced in 2015 on all payments with no restriction on the maximum amount totalled RUB 2.5 bln.

In accordance with Resolution No. 1316 of the Russian Government dated 4 December 2014, the maximum amount of insurance premiums to be paid for mandatory medical insurance is RUB 711,000, while the maximum amount of insurance premiums to be paid for mandatory social insurance in the event of temporary disability or in connection with maternity is RUB 670,000 per individual.

In 2014, the maximum amount of insurance premiums to be paid for mandatory pension

insurance and mandatory social insurance was unified for each individual taking into account indexation and totalled RUB 624,000 per individual per year.

The increase in the maximum amount of insurance premiums to be paid from RUB 624,000 in 2014 to RUB 711,000 for pension insurance and to RUB 670,000 for social insurance in the event of temporary disability or in connection with maternity in 2015 led to growth of RUB 0.5 bln in the amount of insurance premiums paid.

The effective rate on insurance premiums (ratio of accrued insurance premiums versus the amount of payments and other remuneration to individuals) was 27.2% in 2015 (26.8% in 2014).

## Share capital and dividends

### Share capital

The Russian Federation is the founder of and sole shareholder in Russian Railways. The Russian Government exercises shareholder powers on behalf of the Russian Federation.

The charter capital of Russian Railways was formed by the founder through the contribution of the property and assets of federal railway transportation organisations.

As of the end of 2015, Russian Railways had total charter capital of RUB 2,091.21318 bln split into 2,041,213,180 common registered shares in uncertificated form with par value of RUB 1,000 each and 50,000,000 preferred registered shares with par value of RUB 1,000 each.

The Company's charter capital was increased by a total of RUB 73,238,838,000 in 2015, including:

- by RUB 64,280,838,000 through the placement of common shares with par value of RUB 1,000 each in accordance with Order No. 995-r of the Russian Government dated 29 May 2015;
- by RUB 8.95 bln through the placement of common shares with par value of RUB 1,000 each in accordance with Order No. 2666-r of the Russian Government dated 24 December 2015.

## Report on the distribution of net profit earned in 2014

Russian Railways generated a loss of RUB 44.1 bln in 2014.

The Company's approved financial plan for 2014 envisaged net profit of RUB 182 mln.

Dividends were paid as part of previously planned parameters in the amount of RUB 45 mln, which amounts to 25% of the Company's planned profit for 2014 (Order No. 1233-r of the Russian Government dated 30 June 2015).

## Projected distribution of the Company's net profit earned in 2015. Dividends.

Russian Railways had net profit of RUB 317.9 mln in 2015.

In accordance with clause 42 of Section 6 of the Russian Railways Charter, the Company must establish a reserve fund amounting to 5% of the net profit of the reporting year (RUB 15.8 mln).

Dividends on Russian Railways common shares for 2015 will be paid in accordance with a directive of the Russian Government.

The Company will spend RUB 5,000,000, or 0.01% of the par value of preferred shares, which amounts to RUB 50,000,000,000.

The dividend policy of Russian Railways is based on the balance of the interests of the Company and its shareholders as it relates to determining the amount of dividend payments, specifically:

- enhancing the Company's investment appeal;
- strict observance of shareholder rights as envisaged by the legislation of the Russian Federation.

Indicator	2011	2012	2013	2014
Net profit	16.8	14.1	0.7	-44.5
Reserve Fund	0.8	0.7	0.03	0
Accrued dividends	4.2	0.0	0.185	0.045
Accrued dividends, % of revenue	25.0	0	25	—