



SISTEMA
PUBLIC JOINT STOCK FINANCIAL CORPORATION

Extraordinary General Meeting of shareholders of Sistema PJSFC
28 November 2017

Explanatory note
on item No.1 of the agenda
of extraordinary General Meeting of shareholders of Sistema PJSFC
Approval of the amount of dividends payable on the Company's shares for the nine months of
2017, of the form of payment and the record date

According to the Dividend Policy¹ of Sistema PJSFC currently in effect (hereinafter the "Policy"), the recommended total amount of dividends to be distributed for each reporting year should be such as to deliver a dividend yield² on ordinary shares of Sistema PJSFC (hereinafter the "Company") of at least 6%, but not less than RUB 1.19 per ordinary share of Sistema PJSFC. The Company seeks to distribute dividends twice a year: for nine months and the full year.

It is hereby proposed that the extraordinary General Meeting of shareholders of the Company approve the amount of dividends payable on the Company's shares for the first nine months of 2017, the form of payment and the record date.

The weighted average price of one share traded on Moscow Exchange between 1 January 2017 and 30 September 2017 was RUB 15.015. The amount of dividends proposed equals 75%³ of the minimum dividend yield over the year multiplied by the weighted average price of one share of the Company in the nine months of 2017, which amounts to RUB 0.68 per ordinary share of Sistema PJSFC (RUB 13.60 per global depositary receipt of Sistema PJSFC). Based on the above amount of dividends per share of the Company, the Board of Directors has made a resolution to recommend that the extraordinary General Meeting of shareholders of Sistema PJSFC approve distributing RUB 6,562,000,000.00 in dividends for nine months of 2017.

When determining the amount of dividends to be distributed based on the results of the full year 2017, the Board of Directors will take into account the dividends already distributed for the first nine months of 2017.

It is hereby proposed that the General Meeting of shareholders approve 08 December 2017 as the record date for the purpose of determining the shareholders entitled to dividends. If approved by the General Meeting of shareholders, the dividends will be distributed on or before 22 December 2017.

¹ Approved in April 2017.

² Dividend yield is defined in the Policy as the amount of dividends paid per one ordinary share for nine months and the full year divided by the weighted average price of such share in the reporting year.

³ Since the dividend payment is proposed to be made for $\frac{3}{4}$ of the year.