

APPROVED  
by VTB Bank (PJSC)  
General Shareholders Meeting

Minutes No. 54 dated 05.11.2019

## **Regulation on VTB Bank (PJSC) Management Board**

### **1. General Provisions**

1.1. Management Board is a collegial executive body of VTB Bank (PJSC) (hereinafter referred to as the "Bank"), which manages current Bank activity together with the sole executive body – the President - Chairman of the Management Board. The Management Board reports to the Bank's General Shareholders Meeting and to the Supervisory Council.

1.2. In performing its activities, the Management Board is guided by the Federal Laws "On Banks and Banking Business", "On the Central Bank of the Russian Federation (Bank of Russia)", "On Joint Stock Companies" and other federal laws, as well as other regulations of the Russian Federation, enactments of the Bank of Russia (hereinafter referred to as the "Legislation"), the Bank's Charter, resolutions of the General Shareholders Meeting and the Supervisory Council, as well as this Regulation.

1.3. Determination of the quantitative and personal composition of the Management Board, the election and early termination of authority of Management Board members are performed upon the resolution of the Bank's Supervisory Council.

The Management Board Secretary, who is not a Board member and is appointed by President – Chairman of the Management Board, provides technical support at and between Management Board meetings.

When absent, the Management Board Secretary shall be replaced by a Bank employee that is appointed by President – Chairman of the Management Board.

1.4. The Board is headed by President – Chairman of the Management Board. The term of office of the President – Chairman of the Management Board and other members of the Board are determined by the resolution of the Bank's Supervisory Council on establishment of the Bank's executive bodies, but shall not exceed five years.

Deputies of the President – Chairman of the Management Board are members of the Management Board in accordance with their job title.

The term of office of Management Board members that were appointed to replace Board members that retired before the end of their term or in case of an increase in the number of members, may not exceed the term of office set for President – Chairman of the Management Board.

Agreements with President – Chairman of the Management Board and the Management Board members are signed for a term, which must not exceed their term of office set by the Supervisory Council subject to the limitations set out herein. Such agreements are signed by President of the Supervisory Council or any other member

duly authorized by a respective resolution of the Supervisory Council.

There is no limit to the number of times Board members can be re-elected.

The Supervisory Council may at any time make a decision on an early termination of the authority of Management Board members by cancelling agreements signed with such members and approving a resolution about a new membership of the Management Board.

If the period of authority of Management Board members has expired and upon the expiry of this period there is no approved resolution on forming a new Management Board the authority of Management Board members remains valid until the approval of such a resolution.

1.5. A person acting as the President - Chairman of the Management Board and the Board members may not hold a position of CEO or chief accountant in other institutions (which are credit companies, foreign banks, insurance and clearing organizations, professional securities market participants, organizers of trading in commodity and (or) financial markets, equity investment funds, specialized depositories of investment funds, unit investment funds and non-state pension funds, organizations engaged in pension benefits and pension insurance, asset management companies of investment funds, mutual funds and private pension funds, microfinance companies and organizations that are engaged in leasing activity, or are affiliates of the Bank. These restrictions do not extend to the banks and credit institutions (a bank or any foreign bank) being material subsidiary companies of each other, and the Bank's affiliates designated as non-profit organizations (except for state corporations). These limitations do not extend to the membership of President - Chairman of the Management Board and other Board members in the boards of directors (supervisory councils) of other legal entities.

Participation of persons acting as President – Chairman of the Management Board or Management Board members in governance bodies of other legal entities shall be allowed only if approved by the Bank's Supervisory Council.

## **2. Terms of Reference**

The terms of reference of the Management Board shall include the following:

- implementing resolutions approved by the General Shareholders Meeting and decisions made by the Supervisory Council;
- providing adequate working environment for the General Shareholders Meeting, Supervisory Council and Statutory Audit Commission of the Bank;
- reviewing the Bank's financial statements, including those prepared under the IFRS;
- making decisions on the publication of financial statements prepared under the IFRS;
- making decisions on the Bank's participation or termination of participation in other organizations (except for participation in associations and other groups of commercial entities, and participation in subsidiary companies);
- making decisions on opening sub-offices and operational offices of the Bank;
- setting fees for recovery of the Bank's lost bearer bonds (unregistered);
- defining the scope of information qualified as business secrets, and setting procedures for safeguarding business secrets at the Bank;

- approving regulations on the Bank's branches, representative offices and independent structural divisions of the Bank;
- establishing of the Bank's collegial bodies and approving regulations thereon, determining their functions, including those related to the approval of the Bank's by-laws and regulations;
- submitting materials to the Supervisory Council for its approval;
- approving nominees to be appointed heads and chief accountants of the Bank's branches;
- approving standard organizational chart and remuneration system of the branches;
- approving the Bank's performance results for the reporting period and decision-making on bonuses to the Bank's employees;
- reviewing the Bank structural divisions' performance reports;
- approving the Bank's budgeting for the next financial year;
- writing-off unrecoverable loan debt (or equivalent debt) from loan impairment provisions;
- other issues related to the Bank's day-to-day activities submitted to the Management Board for approval by the President – Chairman of the Management Board.

### **3. Procedure for Preparing the Board Meetings**

3.1. The Management Board meetings shall be held as and when necessary but at least once a month in line with a quarterly plan approved by the Management Board. This plan shall be drafted by the Management Board Secretary in compliance with the Charter, resolutions of the General Shareholders Meeting, instructions of President – Chairman of the Management Board, and previous decisions of the Management Board, as well as on the basis of suggestions from members of the Management Board and heads of the Bank's structural divisions. The draft plan shall be submitted for approval of President – Chairman of the Management Board.

Suggestions from the Management Board members and heads of structural divisions shall be submitted to the Management Board Secretary before the 20<sup>th</sup> day of the last month of the current quarter. A meeting of the Management Board may be convened at the request of the Supervisory Council.

3.2. A draft plan of the Board meetings shall include the following:

- issues commissioned to the Management Board by the Supervisory Council;
- issues related to decisions made by the Management Board;
- proposals made by President – Chairman of the Management Board, the Board members and heads of structural divisions.

For each issue, there shall be appointed a structural unit responsible for preparing the necessary documents and other materials, as well as the timeframe for their submission to the Management Board.

3.3. At the initiative of President – Chairman of the Management Board, or any other Board member upon agreement with President – Chairman of the Management Board, an amendment can be made to the approved schedule of the Management Board meetings, which is also subject to the Board approval.

3.4. The Board may consider issues proposed by President – Chairman of the Management Board and not included in the approved plan of the Management Board

meetings.

Management Board members and heads of structural divisions may at their own initiative submit to President – Chairman of the Management Board proposals that are not included in the approved plan of the Management Board meetings.

3.5. An agenda for each meeting of the Board shall be made by the Management Board Secretary and agreed with President – Chairman of the Management Board. At least three days prior to the meeting, as a rule, the agenda shall be delivered to all members of the Board, heads of structural divisions responsible for the preparation of issues on the agenda, and, under the instruction of President – Chairman of the Management Board, to other officers and employees of the Bank invited to attend the meeting.

3.6. An agenda of the Management Board meeting shall include:

- issues specified in the plan of the Management Board meetings;
- issues to be considered in line with the decision made at a previous meeting of the Management Board; and
- issues proposed by President – Chairman of the Management Board, or by other Board members or heads of structural divisions, which were agreed with President – Chairman of the Management Board.

3.7. When instructed by President – Chairman of the Management Board, the Management Board Secretary shall inform heads of the divisions involved of the need to prepare background materials for certain issues on the Management Board agenda.

3.8. All materials for issues included into the plan of the Board meetings shall be prepared by the divisions in charge, and, if necessary, are to be agreed with other divisions involved by endorsing draft resolutions. The materials shall also be agreed with the supervising Management Board member, and shall be submitted to the Management Board Secretary at least three days prior to the meeting.

All materials shall be brief and concise, but shall provide a thorough analysis of the issues to be considered by the Management Board. When the Management Board is considering a banking transaction or deal, or if it is otherwise required, relevant materials shall contain economically feasible conclusions based on necessary calculations. As a rule, the size of background materials shall not exceed 4 pages, except for financial statements and other bank reporting materials.

Draft resolutions of the Management Board shall be agreed with the structural division in charge, structural divisions responsible for the legal support of the Bank's activities, other structural divisions involved and the supervising Management Board member.

3.9. Based on the plan of the Board meetings and background materials submitted, the Management Board Secretary shall prepare a draft of the agenda for a Management Board meeting and submit it to President – Chairman of the Management Board for approval.

Simultaneously, President – Chairman of the Management Board shall approve a list of the Bank's heads of structural divisions and employees from responsible and involved divisions, who shall attend the Board meeting to consider the relative issues.

3.10. Prior to the meeting, the Management Board Secretary shall distribute the agenda of the meeting informing all participants of the Board meeting of its date, time

and place. All the necessary materials shall be attached to the agenda.

The Management Board Secretary shall be responsible for distributing background materials for the issues on the agenda of the Management Board meeting and inviting persons eligible to attend the meeting in accordance with the list approved by President – Chairman of the Management Board.

The Management Board Secretary shall send the most comprehensive set of background materials, prepared for the meeting, to the Management Board members, to the structural division responsible for the legal support of the Bank's activities, and to the Bank's division in charge of internal control and assistance to the governance bodies in ensuring efficient performance of the Bank.

Heads of responsible and involved structural divisions, as well as the Bank's officers invited to attend the Management Board meeting, shall only receive the materials related to their activities.

#### **4. Procedure for Holding the Board Meetings**

4.1. President – Chairman of the Management Board shall arrange a meeting of the Management Board and shall preside at the meeting. In his absence, his functions shall be assumed by a member of the Management Board appointed by President – Chairman of the Management Board.

President – Chairman of the Management Board may convene extraordinary meetings of the Management Board for considering urgent or pressing issues.

4.2. The quorum for a valid meeting of the Management Board shall be one half of its elected members. Should the number of the Management Board members become less than the quorum requirement, the Supervisory Council shall make a decision to form the Management Board.

4.3. If the quorum requirement is met, the Management Board meeting shall be opened by President – Chairman of the Management Board who will suggest approving the meeting agenda.

During the meeting, President-Chairman or a member of the Management Board may propose an amendment to the approved agenda, which shall be accepted if supported by a majority of the attending Management Board members.

4.4. Participating in the Management Board meeting are members of the Management Board, its Secretary and head of the structural division responsible for the legal support of the Bank's activities. Other officers of the Bank may also attend the meeting by a decision of President – Chairman of the Management Board.

If invited by President – Chairman of the Management Board, representatives of the Bank's shareholders, and members of the Supervisory Council and Statutory Audit Commission may also be present.

4.5. During the meeting, President – Chairman of the Management Board, as well as any Board member may make procedural proposals such as suspension of decision-making, closing a debate and others.

4.6. President – Chairman of the Management Board and other Management Board members attending the meeting may participate in the discussion of any issue on the agenda and in decision-making. The discussion shall be over when a decision to close a debate is taken by President – Chairman of the Management Board.

The Bank's officers attending the meeting and other persons invited thereto may also participate in the discussion.

4.7. Any address at the meeting shall be precise and businesslike; if possible, it shall not repeat the information included in the background materials sent to all the participants prior to the meeting.

The following time limits shall be set for addresses at the meeting:

- for a key report – 10 minutes; and
- additional information or participation in the discussion - 5 minutes.

The Board may amend the time limits.

4.8. When the agenda is exhausted and no additional issues are proposed, President-Chairman of the Board shall close the meeting.

## **5. Procedure for Decision Making and Formalising**

5.1. Decisions of the Management Board are binding on all employees of the Bank. The Management Board shall make its decisions by a majority of its attending members. None of the Management Board members may transfer their vote to another person, including another Management Board member. In case of a tie vote, President - Chairman of the Management Board shall have a casting vote.

When making decisions in the form of absentee voting, the Board members may express their opinions by electronic voting with the use of a special software application

5.2. Decisions made by the Management Board shall be recorded in the Minutes of the meeting. Based on the discussion results and on a draft decision prepared prior to the meeting, the Management Board Secretary shall prepare a draft decision to be signed by the participating Management Board members and to be included into the Minutes.

5.3. The Management Board may make a decision by absentee ballot (or opinion poll) provided that at least half of its elected members participate in such voting.

In case of absentee ballot, the Management Board Secretary shall distribute background materials and draft decisions where the following voting options are offered: "for", "against" and "abstained". When the draft decisions signed by the Board members return, the Management Board Secretary shall formalize the Minutes and record the absentee ballot results for each of the issues.

5.4. Minutes of the Management Board meeting shall be executed by the Management Board Secretary within three days after the meeting and signed by President – Chairman of the Management Board and by the Secretary.

5.5. Minutes of the Management Board meeting shall specify:

- place and time of the meeting;
- list of attendees;
- agenda of the meeting;
- issues put to the vote and voting results for each of them; and
- decisions made.

Minutes prepared after the absentee ballot shall specify:

- place and time of the absentee ballot;
- place and time of preparing the minutes;
- list of persons participating in the absentee ballot;
- agenda of the absentee ballot;
- issues put to the vote and voting results for each of them; and
- decisions made.

5.6. The Management Board Secretary shall keep the original Minutes of the Board meetings (absentee ballots). The Minutes shall be continuously numbered in a chronological order, filed in a separate dossier and kept in compliance with a procedure set for keeping classified documents.

5.7. A copy of the Minutes signed by the Management Board Secretary not later than on the following day after the Minutes are signed by President – Chairman of the Management Board shall be delivered to the Management Board members, advisers and assistants to President – Chairman of the Management Board, and also to the structural division responsible for the legal support of the Bank's activities, and to the Bank's division in charge of internal control and assistance to the governance bodies in ensuring efficient performance of the Bank.

Heads of structural divisions responsible for implementing the Management Board decisions shall receive extracts from the Minutes related to the issues of their interest, signed by the Management Board Secretary.

If necessary, and when instructed by President - Chairman of the Management Board, copies of and extracts from the Minutes signed by the Secretary may be delivered to other divisions of the Bank, as well as certain corporates and individuals that are not the Bank's shareholders holding in the aggregate at least 25 per cent of the Bank's voting shares.

The Minutes of the Board shall also be delivered to members of the Supervisory Council and the Statutory Audit Commission, the Bank's auditing company and shareholder(s) holding in the aggregate, at least, 25 per cent of the Bank's voting shares, and the head of the Bank's Internal Audit Department, at their request.

5.8. Implementation of the Board decisions shall be monitored by the Management Board Secretary. While performing the monitoring, the Secretary shall be entitled to ask the heads of structural divisions in charge about the progress in implementing the Board decisions. Heads of the divisions in charge shall be personally liable for a timely and duly implementation of the decisions made. After the deadlines set, they are to report to the Management Board Secretary of implementing the relative Management Board decision.

## **6. Responsibility of the Board Members**

6.1. In exercising their rights and performing their duties, Management Board members shall act in the interests of the Bank. They shall exercise their rights and perform their duties in relation to the Bank reasonably and in good faith.

6.2. Management Board members shall be responsible to the Bank for the losses inflicted upon the Bank through their wrongful act (omission), unless other grounds of responsibility are established by the federal laws.

Management Board members shall be responsible to the Bank or its shareholders for losses incurred through their wrongful act (omission) that violates the

procedure for purchasing shares established by Chapter XI.1 of the Federal Law “On Joint-Stock Companies”.

At the same time, the Board members, who voted against the decision that resulted in losses incurred by the Bank or its shareholders, or in good faith abstained from the vote, shall not be held responsible.

6.3. In determining the grounds and the scope of responsibility of Management Board members, normal business practices and other pertinent circumstances shall be taken into account.

6.4. The Bank or its shareholder(s) holding in the aggregate at least one per cent of placed ordinary shares of the Bank may file an action against a Management Board member to be reimbursed for the losses inflicted upon the Bank subject to the first paragraph of Clause 6.2 hereof.

The Bank or its shareholder may file an action against a Management Board member with the demand to reimburse the losses inflicted upon the Bank subject to the second paragraph of Clause 6.2 hereof.