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**JSC VTB Bank  
Corporate Governance Code**

**Moscow  
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## 1. INTRODUCTION

- 1.1. JSC VTB Bank Corporate Governance Code (the “Code”) is a regulation of VTB Bank (public joint stock company) (hereinafter referred to as the “Bank”) which determines the principles and procedures of corporate governance and is aimed at protecting the interests of all VTB Bank shareholders, no matter how many shares they hold, at improving and ensuring better transparency of the Bank’s management, and at confirming the Bank’s persistence in complying with the law and meeting the standards of due corporate governance.

The Code is based on the best world practices, including corporate governance principles developed by the Organization of Economic Co-operation Development (the “OECD”), Corporate Governance Code recommended by the Bank of Russia and the Bank’s by-laws.

- 1.2. The Bank is a Head Office of the international Bank Group. It has a wide geographical spread, covering the Russian and international banking markets, and performs its operations in more than 20 countries of the world.

The Bank is a recognized leader of the Russian financial market, acting as a strategic partner for major backbone enterprises of the Russian economy. The Bank creates most favorable conditions for developing business of its shareholders and clients by offering them high-quality services in the Russian and international financial markets. It creates conditions for individual and professional growth by forming a well-knit team sharing single objectives and tasks.

As a core company of the national economy, the Bank has a material impact on the social sphere. It facilitates development of business environment and entrepreneurial activities and increases the welfare of the people in the regions where it operates.

- 1.3. The Bank is a public joint-stock company whose securities are listed on the stock exchanges in the domestic and foreign stock markets.
- 1.4. Successful development of the Bank is determined by transparency of its operations and adherence to the principles and best practices of corporate governance. The Bank is a credit institution with regular financial statements prepared under RAS and IFRS.
- 1.5. The key objectives pursued by the Code are as follows:
- determination and classification of the main principles, regulations, rules and procedures of corporate governance at the Bank;
  - provision of transparency of the Bank’s management, improvement of confidence in the relationships between the Bank, its shareholders and other stakeholders;
  - compliance with the legislation and recommendations of regulators; and
  - introduction of the best tools and rules of international corporate governance into the Bank’s corporate governance system.
- 1.6. The Bank is striving to adhere to corporate governance principles, being aware that compliance therewith will allow it to further improve its corporate governance system as recommended by the leading Russian and international regulators.
- 1.7. Compliance with the highest corporate governance standards and maximum disclosure of information are among the key factors for increasing the Bank’s investment attractiveness, economic efficiency and long-term sustainable development. These factors shall contribute to improving investors’ confidence in the Bank, mitigating the risk of inefficient utilization of its resources, their cost escalation and improving the welfare of the shareholders.

## 2. CORPORATE GOVERNANCE SYSTEM AND PRINCIPLES

- 2.1. The Bank’s corporate governance represents the relationships between the executive bodies, the Supervisory Council, the shareholders and other stakeholders. It is aimed at

ensuring the rights of shareholders and investors, increasing investment attractiveness of the Bank, developing efficient risk assessment mechanisms capable of affecting the Bank's value, and at effective use of funds invested by shareholders (investors).

- 2.2. The Bank's corporate governance system covers the executive and control bodies, as well as the relationships between its executive bodies and shareholders and their cooperation with stakeholders.
- 2.3. The existing corporate governance system of the Bank fully complies with the Russian legislation, the requirements of regulatory bodies to market makers in the domestic and foreign stock markets, imposed on financial institutions, and is focused on recommendations set out in the Corporate Governance Code approved by the Bank of Russia, that of the Basel Committee on Banking Supervision and Financial Stability Board, as well as the best world standards and practices of corporate governance.
- 2.4. The Bank's corporate governance system is targeted at increasing the share capital in the long-term perspective and implies the necessity to take into account financial, macroeconomic and social aspects of the Bank's activities in the process of decision-making. It is based on the following principles recognized as corporate governance standards:
  - The Bank's corporate governance system shall secure and protect the rights of its shareholders. The shareholders may exercise the following rights:
    - to participate in the management of the Bank by voting at the GSM;
    - to participate in the formation of the Bank's Supervisory Council as required by the Russian legislation;
    - to receive part of the Bank's profit as dividends;
    - to regularly and timely get adequate information about the Bank;
    - to be provided with reliable and efficient means of recording the shareholders rights in shares and the opportunity to freely dispose thereof in a non-onerous manner.
  - The Bank's corporate governance system shall provide equal conditions for all shareholders to exercise their rights. Each shareholder may receive due protection in the case of any violation of his/her rights.
  - The Bank's corporate governance system shall ensure strategic management to be performed by reputable and highly professional Supervisory Council membership, due monitoring thereby of the executive bodies' activities, and accountability of the Supervisory Council and executive bodies to the Bank's shareholders.
  - The Bank's corporate governance system has been built up to admit and protect the rights of stakeholders prescribed by law, to enhance pro-active cooperation therewith for the purpose of increasing financial soundness of the Bank, conforming to corporate social responsibility, and job-creating.
  - The Bank's corporate governance shall facilitate establishment of a high-performance internal audit and risk management system aimed at providing reasonable assurance in achieving the targets set.
  - The Bank's corporate governance system shall provide for timely and accurate disclosure of information on all material matters, including the Bank's financial standing, performance results, assets and management.
- 2.5. The executive bodies of the Bank shall be responsible for observing corporate governance principles set out in the Code. The Bank's executive bodies and the Supervisory Council shall report to the General Shareholders Meeting (the "GSM") on their activities regarding corporate governance.
- 2.6. Observance of corporate governance principles is monitored by:
  - assessing the Bank's corporate governance system by the Supervisory Council;

- performing of periodic inspections by the Internal Audit Department which acts in accordance with the plans approved by the Supervisory Council and reports thereto;
- using corporate governance rating assigned by an independent rating company.

### **3. EXERCISING AND PROTECTING OF SHAREHOLDERS RIGHTS, RELATIONSHIPS WITH SHAREHOLDERS**

The Bank's corporate governance system provides for due protection and exercise of the rights of its shareholders in compliance with the applicable legislation, recommendations of the Corporate Governance Code approved by the Bank of Russia, the Bank's Charter and its by-laws. In their activities, management bodies of the Bank shall strictly adhere to the principle of respect to the rights and lawful interests of its shareholders.

The Bank shall ensure efficient communication with the shareholders by providing, on a regular and exhaustive basis, information on the Bank's activities, agendas and resolutions of the Bank's GSM, accrued and paid dividend, and also on other matters to the extent set out in the applicable legislation, recommendations of the regulator and the Bank's by-laws.

To reach the highest possible efficiency in communicating with the Bank's shareholders, a special purpose division has been set up – Shareholders Relations Service. Its major task is to communicate with minority shareholders of the Bank, who are not professional participants in the securities market, which would include, among other things, processing of written and oral applications, arranging GSM meetings and regular meetings of the Bank's top management with the shareholders and market analysts, accrual of the dividend announced.

The Shareholders' Service of the Bank also arranges meetings, workshops and "Open Days" for the Bank's minority shareholders. These activities are held in the cities with the highest concentration of the shareholders in order to enhance their financial awareness, inform them of the Bank's performance and respond to the shareholders' questions.

The Bank supports a "hot line" – a multichannel telephone line to accept and process oral applications. Also, there is a special email address for written applications of the shareholders.

The Bank is striving to maintain the highest level of openness and transparency in its relations with the shareholders as to data disclosure on its ongoing activities, financial results, development strategy and prospects, impact of the economic situation and market environment on its performance and plans, as well as other factors, which may affect the quotations of the Bank's securities.

To most efficiently inform the professional participants in the securities market of the Bank's activities, regular meetings are held with a wide range of Russian and global investors. The Bank's top management participates in professional investors' conferences.

At its official website, [www.vtb.ru](http://www.vtb.ru), the Bank maintains a section with financial data on the Bank's performance, updated presentations and analytics for investors, and also a schedule for coming corporate actions and activities for investors and analytics.

Most frequently asked questions of the shareholders related to their rights, governance system at the Bank, dividend on the shares, with answers thereto, and other information on the Bank's performance, including records of shareholding and share operations, are placed on the Bank's official website at: [www.vtb.ru](http://www.vtb.ru) in the FAQ section.

The Bank does not find it appropriate to perform any action leading to an artificial re-allocation of corporate control, such as decision on dividend payment under preferred shares amid financial constraint, or decision on dividend non-payment under preferred shares in spite of available fund therefor.

To ensure an ongoing communication and data exchange with the Bank's shareholders, to protect their rights and interests, the Bank has set up a Shareholders Consultative Council (the "SCC") – an independent body comprising minority shareholders of the Bank with expert, consultative and advising functions.

The SCC meetings, which are held at least once every two months as stipulated by its Action Plan, are attended by members of the Supervisory Council and the Bank's executive bodies. Their agendas include most pressing and important issues affecting the shareholders' interests.

Within the framework of its activities, the SCC regularly arranges numerous actions for the Bank's minority shareholders in various cities and towns of the Russian Federation, accompanied by individual consultations offered to shareholders. A schedule of such actions is placed on the Bank's official website at [www.vtb.ru](http://www.vtb.ru) in the relative section.

### 3.1. EXERCISING OF THE RIGHT TO PARTICIPATE IN THE MANAGEMENT OF THE BANK

- 3.1.1. The Bank shall ensure equal and fair treatment of all its shareholders in the course of exercising their rights to participate in the management of the Bank, create conditions for developing informed positions on the items on the GSM agenda and express their opinions on the items being discussed.
- 3.1.2. The Bank shall create most favorable conditions for its shareholders enabling them to participate in the GSM.
- 3.1.3. The Bank's Charter provides for a GSM to be held in the form of a joint meeting of the shareholders to discuss issues on the agenda and make resolutions as to the motions put to the vote (a meeting) not only at the Bank's location, but also in the cities of its shareholders' concentration as set out in the Charter.
- 3.1.4. The Bank broadcasts its GSM held as meeting online for the shareholders to watch and be involved, at: [www.vtb.ru](http://www.vtb.ru).
- 3.1.5. The GSM Agenda is based on the shareholders' opinions, as well as issues proposed thereby for the GSM consideration.
- 3.1.6. A notice on holding the GSM shall be made public at least Thirty (30) days prior to the meeting date, unless a longer period is required by the applicable legislation, on the Bank's official website at: [www.vtb.ru](http://www.vtb.ru).
- 3.1.7. To provide the shareholders with an access to the GSM materials, the Bank shall make them available at least Thirty (30) days prior to its meeting date, unless a longer period is required by the applicable legislation.
- 3.1.8. For shareholders willing to participate in the GSM with an optimum shareholding, the Bank's Charter stipulates that information on the cut-off date for drafting the list of persons eligible to attend the GSM shall be disclosed at least Seven (7) days prior to such cut-off date.
- 3.1.9. In line with the applicable legislation, the Bank's Charter provides for quite simple rules for the shareholders to propose issues to be added to the GSM Agenda and propose candidates to be elected members of the Bank's Supervisory Council and Statutory Audit Commission.
- 3.1.10. If a written proposal put forward by a shareholder has misprints or other insignificant mistakes, the Bank shall not reject such a proposal to the GSM Agenda or a candidate to be elected member of the relative body of the Bank, given the contents of the proposal as a whole is reflective of the shareholder's will and is aimed at exercising its right to make such a proposal. If the mistakes made are significant, the Bank shall duly inform the shareholders thereof to enable him/her to correct them prior to approval by the SC of the GSM Agenda and short-list of candidates to be elected members of the relative bodies of the Bank.
- 3.1.11. The Bank has set out a longer period as compared to that one stipulated by the applicable Russian legislation for the shareholders to put forward proposals related to the AGM Agenda and candidates to be elected members of the Bank's Supervisory Council and Statutory Audit Commission, which is Sixty (60) days after the financial year ending.

- 3.1.12. The Bank offers its shareholders an opportunity to get duly prepared for the GSM, and have direct and unlimited access to the information available on the GSM and relative materials.
- 3.1.13. The list of information and materials to be disclosed to shareholders on the issues put on the GSM Agenda shall be determined by the Regulation on the General Shareholders Meeting and a relative SC resolution in compliance with the applicable Russian legislation and recommendations of the regulator, and is larger as compared to the list of information and materials required by the applicable legislation.
- 3.1.14. To offer more solid grounds for resolutions to be made by the GSM, alongside information required by the applicable legislation, the Bank provides its shareholders with the following materials:
- information on candidates to be elected the Bank's auditors, sufficient to assess their professional standing and independence, including description of procedures applied to select external auditors to ensure their independence and impartiality; as well as information on proposed remuneration to be paid to the external auditors for auditing and non-auditing services provided thereby, and on other material terms and conditions of agreements entered into by and between the auditor and the Bank;
  - position of the Bank's Supervisory Council as to the GSM Agenda, and also dissenting opinions (if any) of the SC members on each of the issues on the Agenda, if the SC has considered the issues on its meetings;
  - information on assessment of the market value of the property offered as payment for the additional shares placed by the Bank, as well as property and/or shares of the Bank, if such assessment is performed by an independent consultant, or other information for any shareholder to get idea of the real value of such property and its dynamics;
  - information sufficient to get idea of personal and professional qualities of the candidates to be elected members of the Bank's Supervisory Council and the Statutory Audit Commission, including information on their background and expertise, as well as compliance with the requirements of the regulator;
  - detailed information on the calculation of dividend under preferred shares as set out in the Bank's Charter.

The Bank is striving to provide its shareholders with other materials for the GSM in line with the Corporate Governance Code approved by the Bank of Russia.

- 3.1.15. To have the shareholders most fully informed, the GSM materials include information on the person proposing the issue added to the GSM Agenda or a candidate to be elected a member of the Bank's management bodies.
- 3.1.16. To make all shareholders of the Bank, including foreign ones, equal in their rights, a notice on holding the GSM, as well as information and materials for the AGM Agenda issues is placed on the Bank's website in the Russian and English languages.
- 3.1.17. The Bank shall communicate with the Depository-Bank to arrange the GSM voting for the holders of the Bank's depository receipts, namely: to provide them with the necessary materials and hold the voting.
- 3.1.18. If there are any amendments made to the Bank's Charter, a table shall be additionally placed on the Bank's website with the old and new versions being compared to show the amendment made, and to explain the grounds for such amendments.
- 3.1.19. Upon request of a shareholder and subject to technical feasibility, a notice on holding the GSM and the GSM materials may be provided to the shareholder in the electronic form.
- 3.1.20. In addition to the notice on holding the GSM and the GSM materials and information disclosed to the shareholders on the issues put on the Agenda, information is placed on

the Bank's website at: [www.vtb.ru](http://www.vtb.ru) on the GSM location and transportation thereto, as well as a form of Power of Attorney for the shareholders' representatives attending the GSM, including procedure for its certification.

- 3.1.21. The procedure set out by the Bank for holding the GSM provides all persons entitled to attend the GSM with an equal opportunity to participate in the GSM, air his/her opinion on the issues on the Agenda, ask any question and get a relative response during the GSM or afterwards, in a written from, shortly after the meeting.
- 3.1.22. Each shareholder may freely exercise his/her voting right as to the issues on the GSM Agenda using any means therefor provided by the applicable legislation, the Bank's Charter or the Regulation on the General Shareholders Meeting.
- 3.1.23. Since it is not allowed to vote with Treasury and Quasi-treasury shares, the companies under the Bank's control, who are shareholders of the Bank, may be recommended not to participate in the voting when the GSM makes resolutions.
- 3.1.24. With the assistance of the Bank's Registrar, the Bank shall ensure presence of the sufficient number of persons in charge of the registration of the GSM attendants; and sufficient time to get registered all shareholders willing to attend the GSM.
- 3.1.25. Before a GSM held as a meeting terminated, any person participating in the GSM and filling in a ballot paper may ask to have a copy of its ballot paper certified by the Counting Commission.
- 3.1.26. Participating in the GSM are the SC members, the sole executive body, Chief Accountant of the Bank, members of the Bank's Statutory Audit Commission, as well as members of the Bank's collegial executive body, representatives of the auditor, if necessary, invited financial analysts and consultants. These persons are expected to give a qualified response to the questions put forward by the GSM participants.
- 3.1.27. Resolutions made by the GSM shall be made available to the stakeholders as set out in the applicable Russian legislation in the form of a Report on GSM Voting results to be placed on the official website of the Bank at: [www.vtb.ru](http://www.vtb.ru). The GSM Minutes are placed there too.

## 3.2. EXERCISING OF THE RIGHT TO RECEIVE PART OF THE PROFITS AS DIVIDENDS

- 3.2.1. The shareholders shall be entitled to receive yield on shares in the form of dividends. Corporate governance practice applied at the Bank shall exclude receiving income from the Bank other than by means of dividend payments.
- 3.2.2. The Bank's shareholders shall have equal and fair opportunities to participate in the Bank's profits by means of receiving dividends.
- 3.2.3. The Bank's Supervisory Council shall approve JSC VTB Bank Dividend Policy to be posted on the Bank's official website at: [www.vtb.ru](http://www.vtb.ru). In the case of any changes in the Dividend Policy the Bank shall explain the reasons and rationale therefore to its shareholders in every detail. The Bank will take every effort to prevent changes in its Dividend Policy other than those caused by the Bank's development needs or the then existing overall economic situation.
- 3.2.4. The Dividend Policy shall set out the principles and rules governing the procedure for determining the portion of the Bank's profit that will be allocated for dividend payment, conditions under which dividends are declared, the procedure for calculating dividend amount on the shares and the amount of dividends payable thereon.
- 3.2.5. The Bank's executive bodies shall procure due and full payment of the dividends declared. Dividends shall be paid in cash.
- 3.2.6. Where the GSM makes a decision to pay dividends, the Bank and the Registrar shall take adequate measures to update the aged data on its shareholders.



- 3.2.7. When performing corporate actions the Bank and its controllers shall not allow deterioration of dividend rights of its shareholders.

### 3.3. RECORDING OF THE RIGHT IN SHAREHOLDINGS

- 3.3.1. The Bank shall provide its shareholders with reliable and efficient means of recording their rights in shares and the opportunity to freely dispose thereof in a non-onerous manner.
- 3.3.2. The Bank's share register shall be maintained by a reputable registrar, acting under a perpetual license for respective activities, with impeccable reputation and well established technologies enabling it to record, in a most efficient way, ownership rights of the Bank's shareholders and a free disposal thereof.
- 3.3.3. The information about the Registrar shall be posted on the Bank's official website at: [www.vtb.ru](http://www.vtb.ru).
- 3.3.4. The Bank's Registrar and terms of agreement to be signed with it shall be approved by the Supervisory Council.

## 4. JSC VTB BANK SUPERVISORY COUNCIL

A Supervisory Council ("SC") of reputable and highly professional membership is a key element of the Bank's corporate governance system. It shall exercise general strategic governance in the interests of the Bank and its shareholders.

In performing its activities the SC shall be guided by the applicable Russian legislation, the Bank's Charter, the Regulation on JSC VTB Bank Supervisory Council and this Code, and stick to the following principles:

- Competence. Professional competence of each SC member allows him/her to fully perform his/her duties regarding participation in the SC meetings. Each SC member can estimate a wide range of issues regarding implementation of the Bank's development strategy<sup>1</sup>.
- Independence. The SC membership is formed for the members to act and participate in decision-making independently of each other, members of the Management Board, and their private interests.
- Responsibility. The SC members are responsible for any loss incurred by the Bank due to their action (omission) in accordance with the Russian legislation. The SC shall not abuse the powers imposed thereon.
- Accountability. The SC shall report to the General Shareholders Meeting of the Bank on the work done.
- Ethics. The SC members shall act for the benefit of the Bank and its shareholders in order to preserve a solid reputation of the Bank and keep from discrediting it.
- Remuneration. For performing their duties the SC members receive remuneration to be set by the Bank's GSM (other than as required by law).

Major tasks of the Supervisory Council are as follows:

- to participate in development and approval of the Bank's strategy;
- to form the Bank's executive bodies and monitor their activities;
- to determine the strategy and arrange assessment of the internal audit and risk management system;

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<sup>1</sup> Hereinafter the "strategy" means the documents containing the information about priority business lines of the Bank, including Development Strategy and JSC VTB Bank Long-Term Development Program.

- to define the Bank's policy on remuneration payable to members of the Supervisory Council, the executive bodies and top management of the Bank;
- to take part in the process of decision-making on the management of the Bank within its competence as determined by the legislation and the Bank's Charter.

The SC shall determine corporate governance rules by adopting the Bank's by-laws, regulating corporate governance principles and operational procedure of its separate elements, as well as by monitoring efficiency of corporate governance system as a whole.

The strategy, approved by the SC, shall contain direct quantified criteria and interim performance indicators. Such criteria allow the SC to estimate compliance of economic and financial performance indicators of the Bank with the targeted ones, the efficiency of practical measures aimed at implementing the strategy and the degree of such implementation. The SC shall regularly monitor the progress of strategy implementation in accordance with the criteria set.

The SC shall prevent, detect and resolve any conflict of interest between the executive bodies, shareholders and bank employees.

The Bank has established a system of identifying conflict of interest and transactions involving conflict of interest.

According to the Regulation on JSC VTB Bank Supervisory Council in performing his/her activities any SC member shall:

- be guided by the legislation, the Bank's Charter, the GSM resolutions and the Bank's by-laws;
- not use his/her position and information on the Bank's activities for his/her personal benefit;
- not disclose any available to him/her confidential or insider information on the Bank's activities comprising business, commercial and banking secret and any other secret protected by the law;
- comprehensively participate in the SC activities;
- act for the benefit of the Bank and avoid making decisions for the benefit of certain shareholders and the Bank employees, assess potential risks for the Bank and adverse effect on its business in the process of decision-making;
- promptly inform the SC Chairman of any interest or conflict of interest caused by the decision made, to abstain from voting on the issues where he/she has a personal interest;
- inform the SC Chairman and/or Corporate Secretary on:
  - an intention to make a transaction with the Bank's shares or shares (shareholdings) of the companies controlled by the Bank on his/her own behalf;
  - acquisition / alienation of shares of the Bank or shares (shareholdings) of the companies controlled by the Bank (not later than the date of the relevant transaction);
  - his/her affiliates;
  - the legal entities in which he/she owns Twenty (20) or more percent of voting shares (stakes) independently or jointly with his/her affiliates;
  - the legal entities with the governing bodies where he/she and his/her affiliates are planning to take or hold positions (not later than Three (3) days after election (appointment) to such positions);
  - non-conformance of his/her business reputation to the requirements set by the Federal Law "On Banks and Banking Business."

If, at any stage, a conflict affects or might affect the Bank's executive bodies, it shall be referred to the Supervisory Council (or the Supervisory Council Strategy and Corporate Governance Committee). The SC member whose interests are or might be affected by the conflict shall not participate in such resolution.

Under the Bank's Charter, the SC shall monitor the activity of the Bank's executive bodies. Therefore, the issues regarding establishment of the executive bodies, termination of their powers, approval of labor contracts with members thereof, including remuneration and other

compensations payable thereto, are within the SC competence. The SC shall exercise control over the following lines of activity:

- implementation of the Bank's strategy;
- achievement of the target indicators set;
- risk management;
- efficiency of the internal audit system;
- compliance of the Bank's activities with the applicable Russian legislation and regulatory requirements.

The SC shall determine the information policy of the Bank and exercise control over due and effective functioning of the information disclosure system.

Among the key functions of the Supervisory Council is control over compliance of corporate governance practice applied at the Bank with the interests of shareholders, the scope of the Bank's business and the best corporate governance practices. This function is realized by the SC through assessment of corporate governance system.

#### 4.1. SC MEMBERSHIP AND STRUCTURE

4.1.1. The SC membership shall be defined by the General Shareholders Meeting (the "GSM") subject to the Federal Law "On Joint-Stock Companies" to conform to the scope of the Bank's business and arrange effective work of the Supervisory Council, including establishment of the SC committees.

4.1.2. The SC members shall be elected by a transparent procedure specified in the Bank's Charter and the Regulation on JSC VTB Bank Supervisory Council. Such procedure shall comply with the applicable Russian legislation and allow the shareholders to get sufficient information about candidates to be elected to the Supervisory Council, their professional profile and personal skills.

4.1.3. Establishment of efficient and professional Supervisory Council is achieved by proposing and electing thereto the candidates with expertise, experience and competence necessary to implement the Bank's development strategy, meeting the relevant requirements for business reputation as defined by the Federal Law "On Banks and Banking Business."

4.1.4. To ensure maximum objective decision-making procedure, the SC shall include independent directors meeting independence criteria specified in the listing rules of a market operator, in whose quotation list the Bank's securities are listed.

4.1.5. JSC VTB Bank Supervisory Council HR and Remuneration Committee shall (in particular, with the account of information provided by a candidate to the SC) evaluate such candidate's independence and issue an opinion of his/her independence, as well as review, on a regular basis, whether or not independent SC members meet independence criteria and promptly disclose the information on any circumstances as a result of which a particular SC member ceases to be independent. When evaluating whether a candidate (SC member) is independent, substance shall prevail over the form.

4.1.6. In exceptional circumstances, the SC is entitled to admit independence of a candidate to (member of) the Supervisory Council, irrespective of any formal criteria of his/her association with the Bank, substantial shareholder, competitor and/or trading partner, if such association does not affect the capacity of a relevant person to make objective and bona fide judgments.

4.1.7. An independent director shall abstain from performing any action as a result of which he/she may cease to be independent. He/she shall promptly notify the SC of the circumstances that could affect his/her independence.

- 4.1.8. By the SC decision, the senior independent director may be elected among independent directors. He/she may act as an advisor to the SC Chairman, thus helping to make its work more efficient and coordinating activities of independent directors, in particular, convening and chairing meetings thereof, as appropriate, and communicating with the Bank's shareholders.
- 4.1.9. In a conflict situation, the senior independent director shall take every effort to resolve the conflict by liaising with the SC Chairman, other SC members and the Bank's shareholders with a view to ensuring proactive and stable work of the Supervisory Council.
- 4.1.10. Only a person with impeccable business and personal reputation and extensive supervisory experience may be appointed the SC Chairman.
- 4.1.11. The SC Chairman shall provide efficient performance by the SC of the functions imposed thereon, arrange the activities of the Supervisory Council and its committees, as well as cooperate with other governance and control bodies of the Bank.
- 4.1.12. The SC Chairman shall call and run its meetings, provide a positive working environment and free discussion of any item on its agenda, with an effective decision-making procedure, and monitor performance by the SC of the functions imposed and implementation of the decisions made.

## 4.2. SC ACTIVITIES

- 4.2.1. The administration procedure, including preparation and holding of the SC meetings, as well as rights and duties of its members are formalized in the Regulation on JSC VTB Bank Supervisory Council.
- 4.2.2. The SC meetings shall be held under a schedule; however, unscheduled meetings (absentee ballots) may be called, if required. The SC Action Plan is based on the SC assignments, proposals from the SC members and other persons or bodies specified by the Regulation on JSC VTB Bank Supervisory Council.
- 4.2.3. The SC meetings shall be held as and when required, but at least once or twice a month. The meetings considering items on implementing and updating the Bank's development strategy shall be held at least once a year.
- 4.2.4. The SC meetings may be held both in person and by absentee ballot. The form of decision-making (both at the meeting and by the absentee ballot) shall be determined according to the priority and significance for the Bank of the items submitted to the Supervisory Council.
- 4.2.5. The key items to be considered at the meetings in person shall include the following:
  - setting priority lines of the Bank's development;
  - convening the Annual General Shareholders Meeting of the Bank and making the decisions required for its convocation;
  - preliminary approving the Bank's annual report;
  - electing the SC Chairman;
  - establishing the Bank's executive bodies and early termination of their terms of reference;
  - submitting to the GSM proposals on the Bank's reorganization or liquidation;
  - increasing the Bank's charter capital by placing additional shares within the number and category (class) of the authorized shares subject to the Federal Law "On Joint-Stock Companies" and the Charter;
  - approving the Bank's Registrar and terms of agreement to be signed with it, as well as amendments thereto or termination thereof;

- submitting to the GSM the item of transferring the powers of the sole executive body to a receiver or similar entity;
  - items regarding mandatory or voluntary offer to acquire more than Thirty (30) per cent of the Bank's shares;
  - listing and delisting of the Bank's shares;
  - considering the Bank's financial performance for the reporting period (quarter or year);
  - considering efficiency of performance of the Supervisory Council, executive bodies and top management of the Bank;
  - making decisions on remuneration payable to members of executive bodies and top management of the Bank;
  - approving the Regulation on a structural division in charge of internal audit and risk management policy;
  - approving the Bank's dividend policy.
- 4.2.6. The procedure of arranging and holding the SC meetings (absentee ballots) gives any SC members the opportunity to timely and comprehensively study all information and materials for the purpose of making well-argued and reasonable decisions.
- 4.2.7. The Bank shall take all measures to ensure participation of all SC members in the SC official meetings (absentee ballots). In accordance with the Regulation on JSC VTB Bank Supervisory Council, notice of the meeting in person (absentee ballot) shall be forwarded to the SC members at least Fifteen (15) days prior to the date thereof.
- 4.2.8. The Bank's Charter provides for the opportunity to take into account a written opinion of the SC member who is not attending the meeting.
- 4.2.9. The Bank shall enable the SC members, not attending the meeting, to remotely participate thereat via conference and video-conference calls.
- 4.2.10. In performing their functions, the SC members shall act reasonably and in good faith in the best interests of the Bank and its shareholders, with due care and diligence, considering the interests of the stakeholders.
- 4.2.11. The Supervisory Council shall make decisions with account of all available information striving to refrain from conflict of interest, within the limits of entrepreneurial risk and in accordance with the standards applied at the Bank.
- 4.2.12. For the purpose of determining the value of property to be acquired or disposed of pursuant to a major transaction, the Bank shall retain a reputable independent appraiser with appraisal experience in the respective area or provide a reason for not doing so.
- 4.2.13. The SC members shall be provided with all information necessary for performing their duties.
- 4.2.14. The SC members shall be entitled to request the information required and receive prompt replies to their requests. All SC members shall have equal access to the documents necessary for decision-making.
- 4.2.15. For the purpose of making well-argued and reasonable decisions the SC members shall be entitled to request additional information on the items included on the agenda of the SC meeting. If such document contains confidential information, it shall be provided to the SC member as required by the procedure applicable at the Bank.
- 4.2.16. To avoid the situations where any dominance and/or external pressure may be put on the SC member to induce him/her to make a decision on a separate item contrary to the Bank's interests, the SC members and their affiliates shall not accept gifts from any persons interested in their decisions nor may any such SC member use any other direct or indirect benefit provided by such persons (other than tokens of attention in

accordance with the generally accepted rules of courtesy or souvenirs during the official events).

- 4.2.17. The Bank, at its own expense, shall insure liability of the SC members for the purpose of indemnifying (for the account of the insurance company) any losses to the Bank or third parties arising out of the actions made by the SC members.
- 4.2.18. The Bank's Corporate Secretary shall explain to the newly elected SC members rules applicable to the Supervisory Council and other bodies, organizational structure of the Bank, its by-laws, strategy, corporate governance system, internal audit and risk management system, allocation of responsibilities between its executive bodies, and provide the SC members with other information materials for proper performance of their duties.
- 4.2.19. The information about the Supervisory Council, its personal composition, meetings and committees shall be disclosed at the Bank's official website at: [www.vtb.ru](http://www.vtb.ru) in news releases, notices of material facts, and in the Bank's Annual Report providing information awareness of the SC activities.

### 4.3. SC COMMITTEES

- 4.3.1. For the purpose of preliminary consideration of the most significant matters within the SC competence and giving recommendations for decisions thereon, the SC shall establish standing committees:
- The main objectives of JSC VTB Bank Supervisory Council Audit Committee:
    - control completeness, accuracy and reliability of the Bank's financial statements;
    - monitor safety and efficiency of the risk management and internal audit system, ensuring independence and objectivity of internal and external audits;
    - control the efficiency of the warning system regarding potential fraudulent actions by the Bank's employees and third parties, as well as other violations in the Bank's activities.
  - The main objectives of JSC VTB Bank Supervisory Council HR and Remuneration Committee:
    - secure continuity of activity of the Bank's management bodies and the Statutory Audit Commission;
    - ensure participation of high-profile Bank managers in the operation of the Bank's management bodies and the Statutory Audit Commission, and appointment of such managers to the Corporate Secretary position;
    - arrange interaction with independent directors;
    - arrange assessment of the Bank's management bodies and the Statutory Audit Commission;
    - develop / review / update proposals on the form, methods, amounts and terms of remuneration and compensation (remunerations policy ) for the members of the Bank's management bodies, the Statutory Audit Commission and the Bank's Corporate Secretary;
    - consider issues related to organization, monitoring and control of the remuneration system, assessment of its compliance with the Bank's strategy, nature and scope of operations, performance, level and combination of assumed risks;
    - consider proposals on key performance indicators for assessment of the management's performance, which should be taken into account for making remuneration and HR decisions.
  - JSC VTB Bank Supervisory Council Strategy and Corporate Governance Committee (the "SCGC") is to assist the Supervisory Council in addressing the issues of the Bank's strategy and corporate governance.

The main objectives of the SCGC:

- set out strategic targets and priorities of the Bank's short-, mid- and long-term development, and to monitor their progress;
- maintain and further develop the Bank's corporate governance system;
- enhance strategic management of the Bank's equity.

- 4.3.2. The SC may establish other committees (if appropriate) for preliminary consideration of the items within its competence.
- 4.3.3. The SC committees shall not act on behalf of the Bank or its Supervisory Council. Recommendations taken by the committees shall be included into the minutes of the SC meeting, where the item has been discussed.
- 4.3.4. If the SC passes a resolution which runs contrary to recommendations of its committee, it shall give reasons why it chose to ignore such recommendations. Such explanation shall be included in the minutes of the respective SC meeting. The committees shall annually submit their performance reports to the SC for consideration.
- 4.3.5. The procedure of forming and arranging operation of the SC committees shall be governed by the regulations on the relevant committees. Approved regulations thereon shall be posted on the Bank's official website at: [www.vtb.ru](http://www.vtb.ru).
- 4.3.6. The composition of the SC committees shall be determined in such a way that it would allow a comprehensive discussion of items to be considered on a preliminary basis with due account of different opinions. In particular:
- each committee shall comprise at least Three (3) SC members;
  - the chairman of any committee shall play a key role in arranging its work and ensuring objectivity when shaping recommendations to the Supervisory Council;
  - the chairmen of the committees shall regularly inform the Supervisory Council and its Chairman of their work. The committees shall annually submit their performance reports to the SC.

#### 4.4. CORPORATE SECRETARY

- 4.4.1. The Bank's Corporate Secretary is an employee of the Bank, who is in charge of ensuring compliance of the Bank's bodies and employees with the applicable legislation, the Bank's Charter and by-laws, which guarantee the exercise of rights and interests of the shareholders, as well as in organizing interaction between the Bank and its shareholders, promoting corporate governance practice and maintaining efficient operation of the Supervisory Council.
- 4.4.2. The Corporate Secretary shall be accountable to the Supervisory Council. He/she is appointed to or dismissed from the post by the SC decision and shall act subject to the Regulation on JSC VTB Bank Corporate Secretary.
- 4.4.3. The Corporate Secretary shall have knowledge, experience and qualification sufficient for performance of his/her duties, as well as an impeccable reputation, and shall enjoy trust of the Bank's shareholders and the Supervisory Council.
- 4.4.4. In performing its duties, the Corporate Secretary is entitled to request and get the Bank's documents, require compliance by the Bank's employees with the Bank's Charter and by-laws, cooperate with the SC Chairman and chairmen of the SC committees.
- 4.4.5. The information about the Corporate Secretary shall be published in the Annual Report on the Bank's official website at: [www.vtb.ru](http://www.vtb.ru).

#### 4.5. ASSESSMENT OF CORPORATE GOVERNANCE SYSTEM AND SC PERFORMANCE

- 4.5.1. In order to enjoy shareholders confidence, attract investors, enhance efficiency of the SC activities and follow recommendations of the regulator, the Bank shall assess corporate governance system, including performance quality of the Supervisory Council, its committees and members.
- 4.5.2. Assessment of the SC performance shall be aimed at defining the level of efficiency and performance of the Supervisory Council and its committees, conformance of the SC activities to development needs of the Bank, determining the areas to be intensified.
- 4.5.3. The SC shall make annual self-assessment of its performance efficiency, involving an independent consultant for such assessment once every three years. The HR and Remuneration Committee shall give recommendations for selecting such independent consultant to assess the SC performance.
- 4.5.4. Assessment of the activities of the SC Chairman shall be made by independent directors chaired by the senior independent director with account of the opinions of all SC members.
- 4.5.5. Efficiency rating and the action plan for improving corporate governance shall be first considered by the Strategy and Corporate Governance Committee and then submitted to the Supervisory Council.
- 4.5.6. Following the results of the assessment of the Strategy and Corporate Governance Committee and consultations with the SC Chairman, the Bank may draft proposals on enhancing the SC performance, give recommendations for re-education of separate SC members, make training programs and deliver individual training. JSC VTB Bank Supervisory Council Strategy and Corporate Governance Committee shall monitor implementation of the proposals (programs) made.
- 4.5.7. Basic performance results regarding the Supervisory Council and corporate governance system shall be published in the Bank's Annual Report.

#### 4.6. REMUNERATION TO SC MEMBERS

- 4.6.1. To attract, motivate and retain in the Supervisory Council persons with required skills and expertise, the Bank has developed and implemented the system of sufficient remuneration to the SC members.
- 4.6.2. The amount of remuneration due to the SC members when performing their duties shall be determined by the GSM in accordance with the Bank's by-law.  
The above by-law shall set the criteria for and the terms of remuneration payment, as well as compensation of costs incurred by a SC member when performing his/her duties.
- 4.6.3. Remuneration is not paid to the SC members being state officials or persons subject to any restrictions or prohibition against payments from commercial entities in accordance with the federal laws.
- 4.6.4. The decision on paying remuneration to the SC members shall be made at the General Shareholders Meeting under recommendation of the Supervisory Council, with account of the opinion given by the Supervisory Council HR and Remuneration Committee.

#### 4.7. REMUNERATION TO EXECUTIVE BODIES AND TOP MANAGEMENT

- 4.7.1. The SC shall play a key role in developing and maintaining efficient incentive program for members of the executive bodies and top management of the Bank.
- 4.7.2. The SC shall adopt the Bank's by-laws specifying remuneration policy for the Bank' executive bodies, determine key performance indicators ("KPIs") used to assess activity thereof and approve the results of achieving target KPIs.



- 4.7.3. Remuneration policy for executive bodies applicable at the Bank shall conform to the world incentive programs for top management and procure a reasonable and justified ratio between its fixed and variable component.
- 4.7.4. The applicable system of remuneration to executive bodies shall be dependent on the Bank's performance results and employees' personal (individual) contributions to the achievement thereof.
- 4.7.5. President-Chairman of the Management Board and Board members shall be paid remuneration for performing their functions, as defined by the Bank's by-laws regarding the incentive program and remuneration of the Bank's employees. Remuneration of the Board members comprises fixed and variable components. The size of the variable component of the remuneration is paid according to achievement of collective and individual KPIs approved for the reporting period and shall be assessed by the Supervisory Council, with account of recommendations of the Supervisory Council HR and Remuneration Committee.
- 4.7.6. In performing its activities the Bank shall be guided by the principles of information disclosure and transparency, including those referred to remuneration of the Bank's top management.
- 4.7.7. The information on the Bank's top management remuneration shall be disclosed in accordance with the applicable legislation. Basic principles of paying remuneration to executive bodies shall be published in the Annual Report of the Bank.

## **5. EXECUTIVE BODIES**

- 5.1. The executive bodies of the Bank are composed of President – Chairman of the Management Board (the sole executive body) and the Management Board (a collective executive body).
- 5.2. The executive bodies are guided by the Federal Laws “On Joint Stock Companies”, “On Banks and Banking Business”, the Bank's Charter and the Regulation on JSC VTB Bank Management Board.
- 5.3. In performing its activities, the executive bodies are guided by the applicable Russian legislation and the following principles:
- Competence. President – Chairman of the Management Board and the Board members shall meet competence requirements established by legislation;
  - Responsibility. The executive bodies shall be responsible for day-to-day management of the Bank and achievement by the Bank of the strategic goals set;
  - Accountability. The executive bodies of the Bank shall report to the Supervisory Council and General Shareholders Meeting on the performance results;
  - Safeguarding the interests of the Bank and its shareholders. In performing its activities, the executive bodies are guided by the applicable legislation, objectives and tasks set by the General Shareholders Meeting and the Supervisory Council for the benefit of the Bank;
  - Ethics. The executive bodies of the Bank shall act for the benefit of the Bank and its shareholders in order to preserve a solid reputation of the Bank and keep from discrediting it.
- 5.4. President– Chairman of the Management Board and the Board members shall be elected by the Bank's Supervisory Council. The term of office for President– Chairman of the Management Board and other Board members shall be specified in the SC decision on establishment of the Bank's management bodies, but may not exceed Five (5) years. President– Chairman of the Management Board without power of attorney shall act and perform transactions on behalf of the Bank, represent its interests, issue powers of attorney, orders, decrees, give instructions binding on all employees of the Bank.

- 5.5. The Bank's Management Board shall consider the issues within its competence at the Board meetings. The Management Board activities are governed by the Regulation on JSC VTB Bank Management Board.
- 5.6. The Bank's Management Board shall provide adequate working environment for the General Shareholders Meeting and Supervisory Council, review the Bank's financial statements, including those prepared under the IFRS, define the scope of information qualified as business secrets, make decisions on opening sub-offices and operational offices of the Bank.
- 5.7. Remuneration due to the Board members as functional managers shall be linked to achievement of short- and long-term objectives set. Basic principles of remuneration due to members of the Bank's executive bodies shall be published in the Bank's Annual Report.
- 5.8. President - Chairman of the Management Board and the Board members shall regularly report to the Supervisory Council on their activities.
- 5.9. The SC shall make annual assessment of the Bank's executive bodies based on the KPIs approved by the Supervisory Council under recommendations of the Supervisory Council HR and Remuneration Committee.
- 5.10. The amount of remuneration to be paid to President– Chairman of the Management Board and the Board members shall depend on the targeted KPIs achieved.

## **6. STATUTORY AUDIT COMMISSION**

- 6.1. The Statutory Audit Commission (the "Commission") shall exercise supervision over business and financial performance of the Bank. Its members shall be elected at the Bank's GSM. The terms of reference of the elected members shall be valid until the next annual GSM.
- 6.2. In performing its activities, the Commission is guided by the Regulation on JSC VTB Bank Statutory Audit Commission approved by the GSM.
- 6.3. The Commission members are responsible for undue performance of the duties vested thereon in accordance with the applicable Russian legislation.
- 6.4. The quantitative and individual membership of the Commission shall also be set by the GSM. The Commission members may not be at the same time the SC members or hold any other positions in the Bank's executive bodies.
- 6.5. In the course of audit the Commission may inspect conformance by the Bank to legal and other acts regulating its operations, legality of such operations, and internal audit procedure (by performing total or walk-through audits).

## **7. INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM**

### **7.2. INTERNAL AUDIT**

- 7.2.1. The Bank has created the Internal Audit Department (the "Department") with the main purpose of assisting the management bodies in ensuring efficient operations of the Bank and the Bank's banking group means of monitoring the internal audit system, audits and independent recommendations to improve the banking (financial) activities, as well as control procedures.
- 7.2.2. In its activities, the Department is independent of other structural divisions of the Bank. The Department head reports to the Bank's Supervisory Council and is directly subordinate to the Bank's sole executive body.
- 7.2.3. Objectives of the Internal Audit Department:

- audit and assess adequacy and efficiency of the internal audit system in general;
- inspect efficiency and operation of the banking risk management system, including on a consolidated basis;
- control accuracy, completeness and timeliness of accounting records and reporting;
- control compliance with requirements of the applicable laws of the Russian Federation and other acts of regulatory and supervisory authorities;
- monitor adequacy and reliability of internal audit over the use of automated information systems;
- ensure common approaches to arranging internal audit at organizations controlled by the Bank, collect data on its state and prepare recommendations on its improvement.

7.2.4. In its activity, the Internal Audit Department applies principles of continuity, independence, impartiality, professional competence, as well as unimpeded and efficient performance of its functions.

7.2.5. The Bank's Charter defines the following competencies of the Supervisory Council related to arranging and performing internal audit at the Bank:

- approve appointment and remove the head of the Bank's structural division in charge of internal audit;
- approve the regulation on the Bank's structural division in charge of internal audit;
- approve action plans and consider reports on the activity of the Bank's structural division in charge of internal audit;
- conduct assessment based on reports of the Bank's structural division in charge of internal audit, and compliance by the Bank's sole executive body and collective executive body with strategies and procedures approved by the Bank's Supervisory Council.

### 7.3. RISK MANAGEMENT

7.3.1. The risk management system applied by the Bank is based on standards and tools recommended by the Basel Committee on Banking Supervision and complies with requirements of the world's best practices. Management of regulatory (compliance) risk is performed in accordance with the Bank of Russia regulations. The main objectives of the system of integrated risk management as a part of the Bank governance process is to implement risk management standards, principles, limits and restrictions of risk management policies, risk level monitoring and preparing risk reports; ensure compliance of the level of assumed risks with existing limits; lay out and shape the general risk profile.

7.3.2. Efficient risk management is a key factor of the Bank's sustainable development, achievement of its strategic goals and growth of capitalization. The Bank realizes the importance of risk management and takes measures to build a risk management system which corresponds to the best Russian and global practices.

7.3.3. The SC plays a key role in controlling the operations of the Bank's risk management system. The Supervisory Council's competence includes approval of the Risk Management Policy, Risk and Capital Management Strategy, Procedure of Managing Most Significant Risks and considering reports on the state of risk management and risk management performance assessment.

7.3.4. In performing risk management, the Bank's management bodies apply the following principles:

- Balanced approach to risk assumption. The Bank's management bodies apply a balanced approach to risk management. Transactions concluded by the Bank comply with the risk level assumed by the Bank's management bodies.
- Independent assessment. Approaches to risk assessment applied by the Bank's management bodies cover all products offered by the Bank to all its customers. The Bank has established a division in charge of independent assessment of the assumed risks.
- Regular assessment. The Bank performs risk assessment on a regular basis. The risk assessment process engages divisions which perform risk-bearing transactions and the division in charge of independent risk assessment.
- Transparency. The Bank's management bodies disclose information on significant risks of the Bank's operation on a regular basis.

## **8. INFORMATION POLICY AND INFORMATION DISCLOSURE**

- 8.1. The Bank's Information Policy is aimed at ensuring maximum openness and transparency of information on the Bank and its activity for shareholders, investors and other stakeholders.
- 8.2. The Bank's Information Policy is based on compliance with the principles of regularity, responsiveness, consistency, impartiality, balance, completeness, relevance and accuracy of information on the Bank, availability and easy access to information and the Bank's documents.
- 8.3. The Bank's Information Policy determines objectives and principles of information disclosure, describes the list of information which the Bank undertakes to disclose (apart from mandatory disclosure required by the applicable law) and the procedure of information disclosure (including information channels to be used for disclosure, and disclosure forms), procedure of communication with shareholders, investors, mass media and other stakeholders, and measures to ensure control over compliance with the Bank's information policy.
- 8.4. The Bank's Information Policy is aimed at achieving maximum exercise of shareholders', investors' and other stakeholders' rights to obtain information on the Bank and its activities. The information shall be communicated to shareholders, investors and other stakeholders to the extent necessary to make informed investment and managerial decisions or perform other actions which may influence the Bank's financial and operational activity.
- 8.5. The Bank's Information Policy shall be approved by the SC resolution. The Bank shall pursue its Information Policy through its executive bodies, subject to information disclosure requirements of the applicable legislation and the Bank's by-laws. Compliance with the Information Policy shall be controlled by the SC.
- 8.6. The Bank shall arrange coordination of all structural divisions which are engaged in information disclosure or whose activity may result in the need to disclose information.
- 8.7. The main source of disclosure of information on the Bank's activities is the Bank's official website at: [www.vtb.ru](http://www.vtb.ru), which contains a regularly updated calendar of the Bank's corporate events and other information for shareholders and investors.
- 8.8. Besides, the Bank, in accordance with the Bank of Russia requirements, shall disclose information online at: [www.e-disclosure.ru](http://www.e-disclosure.ru).
- 8.9. The Bank shall promptly, as required by the applicable legislation, disclose information which may materially affect the Bank's valuation and the value of its securities. Such information shall be disclosed simultaneously and to the same extent both in the Russian Federation and elsewhere.

- 8.10. The Bank shall promptly react and publish its position on rumors or inaccurate data which may create a wrong impression of the Bank's performance and the value of its securities and expose the interests of shareholders and investors.
- 8.11. Along with information disclosed in accordance with the procedure established by the applicable laws of the Russian Federation on the Bank's official website at: [www.vtb.ru](http://www.vtb.ru), other material information shall also be disclosed: information on the mission, strategy and corporate values, organization and principles of corporate governance at the Bank, financial and operational indicators, capital structure, social and environmental responsibility, answers to frequent questions of shareholders and investors, regularly updated calendar of the Bank's corporate events, the Bank's objectives, policies and other information which is significant and useful for investors, shareholders and other stakeholders.
- 8.12. The Bank shall ensure free online access to information which the Bank must disclose in accordance with the applicable laws of the Russian Federation, the Bank's Charter, by-laws and regulations.
- 8.13. The Bank shall, on its official website at: [www.vtb.ru](http://www.vtb.ru) regularly disclose consolidated financial statements, as well as interim condensed consolidated financial statements for the reporting period, prepared in accordance with the International Financial Reporting Standards (IFRS).
- 8.14. The final document to enable shareholders, investors and other stakeholders to assess the Bank's operations for the reporting year is the annual report which contains information required by the applicable legislation of the Russian Federation, operational, financial indicators and non-financial aspects of the Bank's activities, as well as information recommended for disclosure in annual reports of economic entities according to best practices in corporate governance.
- 8.15. The Bank shall provide information in response of shareholder requests in accordance with the Bank's by-laws and regulations subject to the principle of equal and unhindered access.
- 8.16. The Bank shall provide information access to shareholders while observing rights and lawful interests of shareholders and the Bank, subject to the limitations imposed by the applicable laws of the Russian Federation on state, bank or other secrets protected by the law.
- 8.17. The Bank shall protect confidential and insider information according to the procedure established by the applicable legislation and in compliance with the Bank's by-laws and regulations to prevent unauthorized use and access to such information during its accumulation, storage, processing, transfer or use.
- 8.18. Procedure of access and rules of confidentiality protection of the Bank's insider information, list of information constituting the Bank's insider information, procedure of disclosure of the Bank's insider information, procedure of maintaining the Bank's list of insiders and specific provisions on transactions with the Bank's financial instruments by the Bank's insiders are determined by the Bank's by-laws and regulations.
- 8.19. The Bank shall set common rules of insider information use in order to avoid and prevent any instances of illegal use of the Bank's insider information in connection with transactions with the Bank's financial instruments by the Bank's insiders.
- 8.20. Requirements to lawful access and use of data constituting the Bank's insider information, rules of protecting confidentiality of insider information, maintaining the Bank's list of insiders and specific provisions on transactions with the Bank's financial instruments by the Bank's insiders are determined by the Bank's by-laws on insider information.

## **9. STAKEHOLDER RELATIONS**

- 9.1. The Bank's corporate governance system is built to recognize lawful rights of stakeholders, active cooperation with stakeholders, active cooperation with stakeholders to improve the

Bank's financial statements and compliance with social responsibility standards in the Bank's activities.

- 9.2. One of the key aspects of corporate governance at the Bank is to ensure capital inflow for the Bank's development. Corporate governance at the Bank is based on recognition of a significant contribution of all stakeholders to the Bank's long-term successful performance.
- 9.3. In its activities, the Bank's management bodies shall respect the lawful interests of stakeholders and assess the economic and social consequences of the Bank's actions, and shall also follow best global standards defining interaction with various categories of stakeholders, including the following principles:
  - in its investor relations, the Bank shall aspire to maximize the value of its share capital on a long-term perspective, disclose its financial targets and any information which may significantly affect the value of the Bank's shares and its performance, and ensure maximum transparency by publishing quarterly reports on the Bank's activities and holding meetings with leading business analysts;
  - in its customer relations, the Bank shall provide high quality of services, build mutually rewarding relationships and perform its obligations properly and unconditionally;
  - in its relations with business partners, the Bank shall ensure clear and unequivocal principles, openness and transparency of purchasing, timely and complete performance of obligations, prevent any instances of corruption and other abusive practices;
  - in its relations with employees, the Bank shall guarantee compliance with the labor legislation, including provisions on safety and health protection, clear principles of remuneration and incentives, and absence of any forms of discrimination;
  - the Bank shall build its relations with society, government agencies, local authorities and other stakeholders based on the need to create additional jobs and provide social support to operating regions, timely and complete payment of taxes and other mandatory payments, as well as performance of all requirements to business dealings required by the applicable legislation.
- 9.4. The Bank, guided by principles of corporate social responsibility, shall deliberately abstain from actions which might directly adversely affect the economic or social state of stakeholders.
- 9.5. The Bank's organizational structure shall determine officials and divisions in charge of relations with all groups of stakeholder and information disclosure sufficient to honor their interests.

## **10. FINAL PROVISIONS**

- 10.1. This Code, any amendments or additions hereto shall become effective on the date of their approval by the Supervisory Council.
- 10.2. The Code shall be published on the Bank's official website at: [www.vtb.ru](http://www.vtb.ru).
- 10.3. Within the scope of rights granted to the Bank as a shareholder (participant), the Bank shall aspire to implement corporate governance principles set forth herein into the activity of organizations controlled by it.