

RELIABILITY AS A CORE VALUE

The VTB Group created a highly efficient corporate governance system aimed at achieving long-term goals that have been established for the Group's companies while ensuring transparent decision making by its governing bodies.

Corporate governance principles and procedures are stipulated in the Corporate Governance Code of VTB Bank¹, which is aimed at ensuring the Bank's performance and protecting the interests of all shareholders regardless of the number of shares they own.



"Our absolute priorities are to guarantee equal treatment of all shareholders and ensure observance of their rights to govern the Bank, receive dividends, and obtain complete information on the Bank's operations. For this purpose, the Bank created a highly efficient system for corporate governance and internal control. The Supervisory Council oversees the Audit Committee, which, together with the Internal Audit Department, supports the management function in ensuring the smooth running of the Bank's operations. The Statutory Audit Commission monitors the Bank's financial and economic affairs. The efforts put in by the Shareholders' Consultative Council in the reporting period are well worth mentioning. The members actively engaged with shareholders and spoke at all of the year's principal shareholder events, including Investor Days in Moscow and Saint Petersburg. Every year the Banks sets new goals to improve the corporate governance system and works steadily to achieve them".



Igor Repin

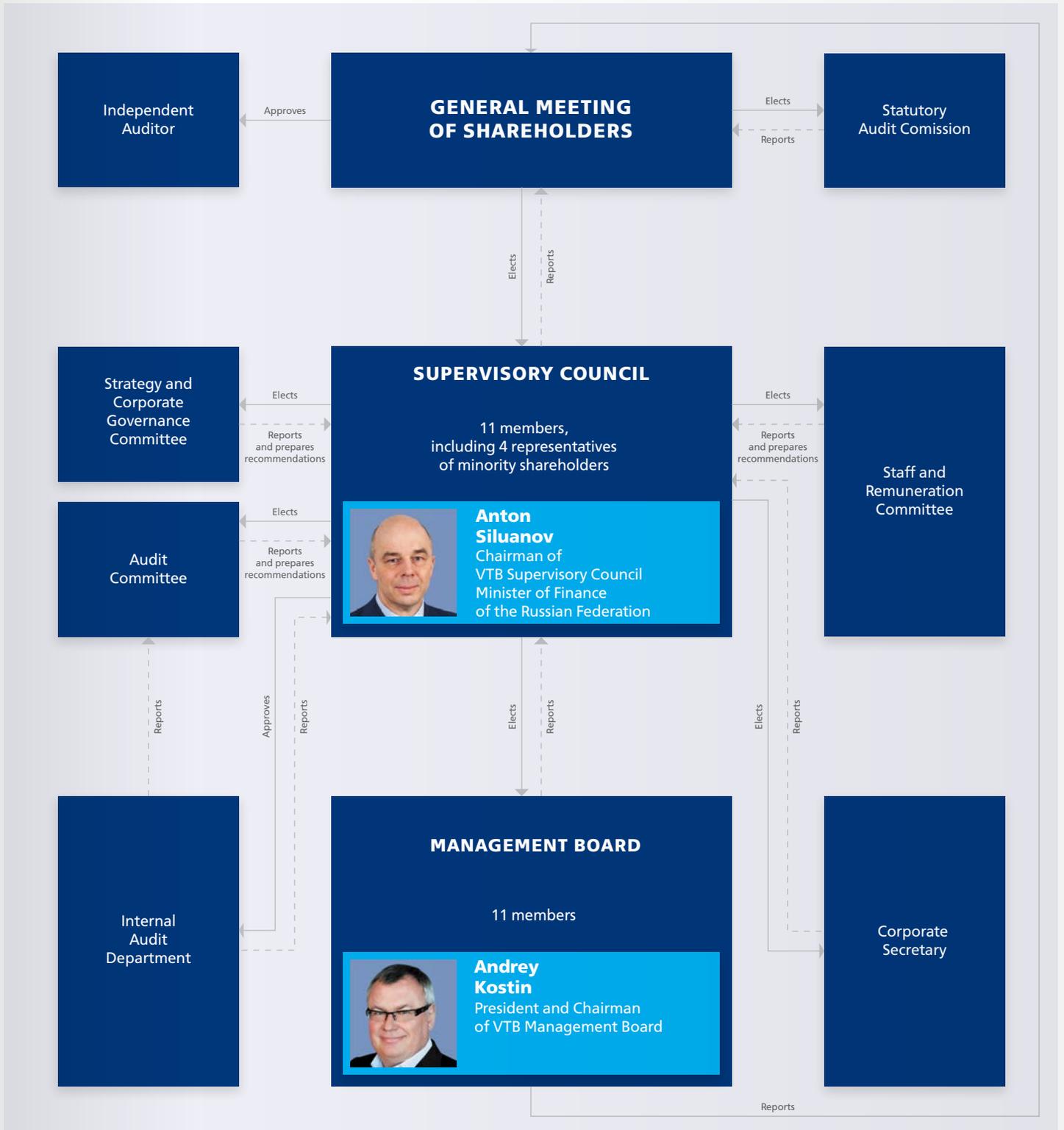
Member of the Supervisory Council and
Chairman of the Shareholders' Consultative Council

At the Annual General Meeting of Shareholders held in June 2019, a new Supervisory Council was elected, which includes five directors who are not affiliated with the principal shareholder, including four representatives of minority shareholders. According to the Bank, this makes the Supervisory Council as independent as possible while also allowing the interests of a wide range of shareholders to be represented.

Shareholders also elected a new Statutory Audit Commission, which retained a seat for a representative of minority shareholders.

¹ The Corporate Governance Code is available on the Bank's official website at <https://www.vtb.ru/akcionery-i-investory/raskrytie-informacii/ustav-i-vnutrennie-dokumenty>.

VTB BANK'S CORPORATE GOVERNANCE SYSTEM



In 2019, the Bank continued implementing the action plan to enact the Corporate Governance Code adopted by the Bank's Supervisory Council. The code remains the main source of guidance for improving the Bank's corporate governance system¹.

The corporate-governance initiatives in place helped the Bank continue to appear high (7++)

in the National Corporate Governance ranking, an achievement showcasing a well-developed corporate-governance system. As part of the monitoring, various components of the Bank's corporate governance system were analysed, such as shareholder rights, the performance of management and oversight bodies, information disclosure, and corporate social responsibility.

7++
rating
in the National
Corporate
Governance ranking

EXTERNAL EVALUATION OF THE WORK OF VTB BANK'S SUPERVISORY COUNCIL

In 2019, an external evaluation of the Supervisory Council's work was conducted for the first time. The evaluation also covered the work of the Supervisory Council committees, the Chairman of the Supervisory Council, and the Corporate Secretary of the Bank. The *Russian Institute of Directors (RID)* was hired to conduct the evaluation. The *RID* is recognised for its expertise in the field of corporate governance and for its performance assessments of boards of directors in Russian companies.

The experts evaluated the Supervisory Council's performance highly. The evaluation concluded that the Supervisory Council was highly engaged in decision-making on key issues concerning the Bank's operations while maintaining its focus on strategic management. At the same time, the evaluation highlighted areas in which the activities of the Supervisory Council and its committees can be improved.

Findings from the evaluation will be reviewed at a meeting of the Supervisory Council and are included in the 2019 Annual Report. Any recommendations will be examined and considered when further improving the work of the Supervisory Council and the corporate-governance system as a whole.

The Bank's Shareholders' Consultative Council (SCC), which has been active since 2009, represents the interests of VTB Bank's minority shareholders. There are very few such councils in Russia. The *Bank of Russia* considers this practice efficient and useful in increasing shareholders' engagement and activity. For over 10 years now, the SCC has protected the interests of minority shareholders, contributing to developing the VTB Group. All SCC members are shareholders of the Bank. One SCC member sits on the Bank's Statutory Audit Commission, and Igor Repin, Chairman of the SCC, is a member of VTB's Supervisory Council.

SCC members take an active part in engaging with other shareholders, including at shareholders' general meetings and other events, both on-site and online. Requests and other information communicated to the SCC result in proposals addressed to VTB's management. In 2019, SCC members spoke at all key shareholder events, including the Annual General Meeting of Shareholders and *Investor Days* in Moscow, Saint Petersburg, and Yekaterinburg.

¹ Detailed information on the VTB Group's Corporate Governance System is available in the Annual Report of the VTB Group for 2019.