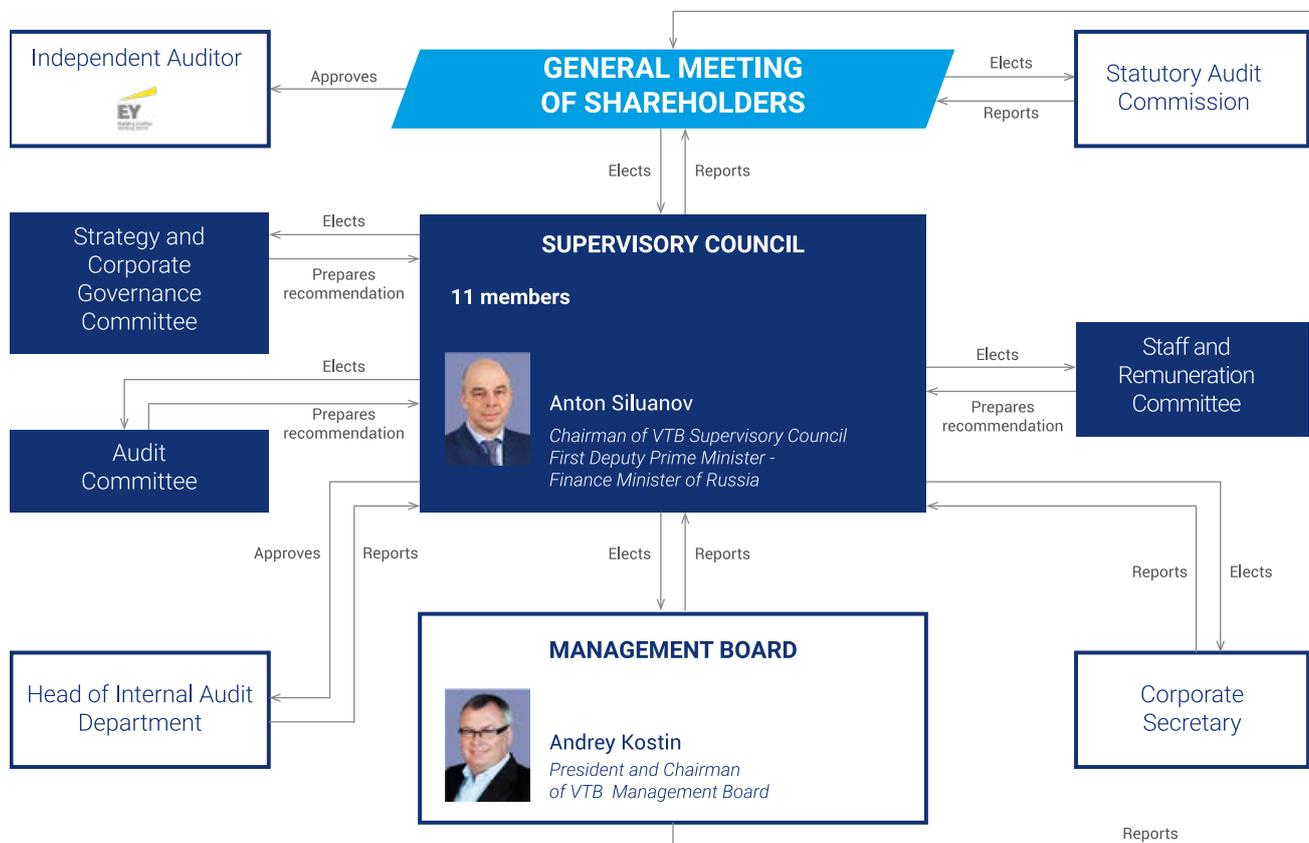


VTB Bank's Corporate Governance System



Corporate governance at VTB Bank is a system of interactions between the executive bodies, the Supervisory Council, shareholders and other stakeholders aimed at realising the rights of shareholders and investors, increasing the investment attractiveness and transparency of the Bank's operations, creating effective risk assessment mechanisms that can have an influence on the Bank's value, and the effective use of funds provided by shareholders (investors).

The Bank's corporate governance system is based on the principle of unconditional compliance with legislative requirements and the requirements of stock exchanges in Russian and abroad. It is also focused on the recommendations of the Corporate Governance Code ("the Code") approved by the Central Bank of the Russian Federation, the recommendations of the Basel Committee on Banking Supervision and of the Financial Stability Board that are applicable to financial institutions, as well as international best practices and standards of corporate

governance. The Bank is a public joint-stock company whose securities are listed and traded on the Moscow Exchange's Level 1 list (its highest quotation list), and on the London Stock Exchange, where they are traded as global depository receipts (GDRs).

The General Meeting of Shareholders is the supreme governing body of VTB Bank. Regardless of where their shareholdings are registered, all shareholders of VTB Bank have access to the electronic voting system developed by the Bank's registrar, VTB Registrar. Electronic voting is possible online at www.vtbreg.com, as well as through the VTB Shareholder application.

The Supervisory Council, elected by the shareholders and accountable to them, provides strategic management of, and oversight over, the Bank's executive bodies, namely the President and Chairman of the Management Board and the Management Board itself. The Supervisory Council approves the Bank's strategy and long-term development programme and its policy on remuneration and reimbursement for expenses for executive bodies and other key executives of the Bank, plays a key role in the Bank's significant corporate events, and determines the key principles and overall approach to risk management and the internal control system.

The executive bodies are responsible for the day-to-day management of the Bank and carry out the tasks entrusted to them by the shareholders and the Supervisory Council.

The following committees function under the Bank's Supervisory Council:

- The Staff and Remuneration Committee drafts recommendations on key appointments and incentives for members of the Supervisory Council and the Bank's executive and control bodies;
- The Audit Committee, whose main activity is to analyse and support an effective and adequate system of internal control;
- The Strategy and Corporate Governance Committee considers and makes recommendations on strategic development issues and on improving VTB's corporate governance, as well as on refining management of the Bank's capital.

The Bank has established a special structural unit, the Supervisory Council Administration, headed by the Bank's Corporate Secretary, who is elected by the Bank's Supervisory Council.

The Bank's financial and economic affairs are monitored by the Statutory Audit Commission and also by the Internal Audit Department, an independent structural unit of VTB Bank that operates under the direct supervision of the Supervisory Council. It verifies and assesses the effectiveness of the Bank's internal control and risk management systems; verifies the reliability, completeness, objectivity and timeliness of accounting and management reports; establishes uniform approaches to the organisation of internal control systems in companies controlled by the Bank; gathers information about their status; and develops recommendations for improvement. The Supervisory Council approves the Internal Audit Department's work plans and monitors their implementation.

In order to reduce management risks, liability insurance is purchased for the Bank, as well as for members of the Bank's Supervisory Council and executive bodies (D&O insurance).

A Shareholders Consultative Council functions within the Bank. This is an independent expert consultative and advisory body that consists of minority shareholders, and whose meetings are attended by members of the Bank's Supervisory Council and executive bodies. Members of the Shareholders Consultative Council play an active part in VTB Bank's activities, discussing with the Group's top management the most pressing issues concerning the interests of shareholders, including issues related to strategy development and implementation, as well as improving corporate governance practices.

VTB adheres to a policy of full and timely disclosure of reliable information, giving shareholders, investors and counterparties the opportunity to make properly informed decisions. Information is disclosed in compliance with Russian legislation and the requirements of the UK financial regulator, the Financial Conduct Authority. The Bank's Supervisory Council has approved the VTB Bank Regulation on Information Policy, which is posted on the Bank's website and specifies the ways in which information may be disclosed, as well as the time frame for such disclosure and the forms such disclosure may take; it provides a list of information that the Bank has taken on a duty to disclose in addition to what is required by law, as well as measures to ensure compliance with the Bank's Information Policy.

The Bank regularly publishes its financial results in accordance with both Russian and international standards. In order for all stakeholders to obtain the most up-to-date information on VTB Group's activities as quickly as possible, the Bank publishes information from its IFRS management reporting on a monthly basis in addition to quarterly and annual reports.