

STATUTORY AUDIT COMMISSION

The Statutory Audit Commission¹ is responsible for providing financial control over the Bank's financial and economic activities. The Statutory Audit Commission verifies VTB Bank's compliance with regulations established by the laws of the Russian Federation on accounting procedures, compiling reports and reporting, the reliability of the information contained in reports and other financial documents

of VTB Bank, the organisation of the Bank's internal control system, and the Bank's execution of instructions from the President and the Government of the Russian Federation. The Statutory Audit Commission is elected at the AGM, which determines its size and composition for the period until the next AGM. At the Bank's AGM on 5 June 2019, the following members of the Statutory Audit Commission were elected for a new term:



Zahar Sabantsev

Chairman of the Statutory Audit Commission; Head of the Division for Financial Sector Monitoring, Organisational Support and Consolidated Work of the Financial Policy Department of the *Ministry of Finance of the Russian Federation*; member of the Statutory Audit Commission of *Rosneft*; member of the Statutory Audit Commission of *Rosneftgas*.



Alexander Vasilchenko

Head of the Department for Relations with Government Agencies of *Russian Post*; member of the Board of Directors of *Oboronpromkompleks*, the *Centre for Shipbuilding and Ship Repair Technology*, and *Roscartography*; and member of the Statutory Audit Commission of *Alrosa*.



Yevgeny Gontmakher

Deputy Director of the Dialogue Foundation for the Development of Civic Initiatives, member of the Management Board of the *Institute for Contemporary Development*.



Mikhail Krasnov

Member of the Statutory Audit Commission of *Rostelecom*.



Anastasia Olshanova

Head of the Corporate Relations Department at *DOM.RF*, member of the Board of Directors at *Sakhalin Energy Company*.



Vadim Soskov

Deputy CEO of *Gazprombank Asset Management*, member of the VTB Shareholders Consultative Council.

¹ The biographies and positions of the members of the Statutory Audit Commission are as of 31 December 2019.

In 2019, the Statutory Audit Commission elected by the AGM on 23 May 2018, in accordance with the Work Plan for VTB Bank's Statutory Audit Commission for 2018, audited VTB Bank's financial and economic activities for 2018–2019, as a result of which the Statutory Audit Commission reached the following conclusions:

- No violations of legal acts of the Russian Federation on accounting and reporting procedures or violations of legal acts of the Russian Federation in conducting financial and economic activities were found that could have had a significant impact on the Bank's financial results for 2018;
- VTB Bank's annual accounting records and financial statements for 2018 as well as other financial documents are accurate and provide an objective picture of the Bank's financial position as of 1 January 2019;
- VTB Bank's 2018 annual report was prepared in accordance with the applicable legislation of the Russian Federation;
- The information contained in the report on interested-party transactions completed by the Bank in 2018 is accurate;
- The Bank complies with the statutory requirements established by the *Bank of Russia*;
- The Bank's systems of corporate governance, risk management and internal control meet the requirements established by the laws of the Russian Federation and regulations of the *Bank of Russia* and are in accordance with the nature and scale of the Bank's operations.

In 2019, the Statutory Audit Commission held three in-person meetings at which the following issues were considered: verifying implementation of the Bank's budget for management expenses, analysing the Bank's operating and non-operating expenses, reviewing information on the implementation of the Bank's investment programme, analysing reports from the Internal Control Department, analysing the Bank's bylaws governing the activities of the Statutory Audit Commission, electing the Chairman of the Statutory Audit Commission, approving the work plan for the Statutory Audit Commission for the 2019–2020 business year, approving a programme for auditing the Bank's financial and economic activities for the 2019–2020 business year, and approving a programme for the Statutory Audit Commission's analysis of the Bank's bylaws.

In 2019, VTB Bank provided the members of the Statutory Audit Commission with information necessary to monitor the Bank's financial and economic activities on a regular basis, including information concerning indicators related to financial statements prepared in accordance with RAS and consolidated financial statements prepared in accordance with IFRS, as well as information on the Bank's implementation of directives issued by the government of the Russian Federation, as well as the Bank's Long-Term Development Programme and its Programme for the Sale of Non-core Assets.


Since June 2016, the Regulation on Remuneration and Compensation Paid to the Members of the Statutory Audit Commission has been in force at the Bank. The Regulation was approved in accordance with the recommendations of the Bank's Supervisory Council Staff and Remuneration Committee at the Annual General Meeting of Shareholders (minutes No. 47 of 24 June 2016).

According to this document, the basic part of the remuneration paid to members of the Statutory Audit Commission is 20 % of the average remuneration paid to a member of the Supervisory Council who is an independent director or representative of the state.

The actual amount of remuneration paid to a member of the Statutory Audit Commission during the reporting period is determined based on the number of days in the corporate year during which said member of the Statutory Audit Commission carried out their duties.

For chairing the Statutory Audit Commission, the Regulation on Remuneration and Compensation Paid to the Members of the Statutory Audit Commission establishes a bonus of 30 % of the basic remuneration for members of the Bank's Statutory Audit Commission. Remuneration is paid by the Bank through bank transfers; no other forms of remuneration are stipulated.

Members of the Statutory Audit Commission who miss more than half of the meetings of the Statutory Audit Commission during the time in which they are members of the Commission are not paid any remuneration, nor are members of the Statutory Audit Commission who are civil servants.

 [Information on the Statutory Audit Commission](#)

At VTB Bank's AGM on 5 June 2019, on the matter of the payment of remuneration to members of the Statutory Audit Commission who are not civil servants in the amount established by the bylaws of VTB Bank, it was decided:

- To pay remuneration to members of the Statutory Audit Commission of VTB Bank who are not civil servants:
 - For work as part of the Statutory Audit Commission of VTB Bank: RUB 916,690 each;
 - For chairing the Statutory Audit Commission of VTB Bank: RUB 275,007;
- To compensate members of the Statutory Audit Commission of VTB Bank who are not civil servants, during the performance of their duties, for all expenses associated with the performance of their duties as members of the Statutory Audit Commission of VTB Bank, namely: accommodations, travel and other fees and charges for various types of transport.

AMOUNT OF REMUNERATION PAID TO MEMBERS OF THE STATUTORY AUDIT COMMISSION FOR THE PERIOD OF 2016–2019, RUB

Indicator	2015	2016	2017	2018
For work in the Statutory Audit Commission	2,760,000	3,680,000	1,840,000	3,670,070
Compensation for expenses related to the performance of their duties as members of the Statutory Audit Commission	Not paid			

EXTERNAL AUDITOR

In order to audit and confirm the veracity of its annual financial statements, VTB Bank engages an independent, professional external auditor.

In accordance with the legislation of the Russian Federation, the external auditor is approved on the basis of an open tender to conduct the Bank's obligatory annual audit.

In March 2015, the Bank held an open tender to select an auditor to carry out its obligatory annual audit for the subsequent five years.


The tender procedure was governed by Federal Law No. 44-FZ of 5 April 2013 on the Contractual System for the Procurement of Goods, Works and Services for State and Municipal Needs.

Three auditors submitted tender bids: *Ernst & Young*, *KPMG* and *Pricewaterhouse Coopers*.

The selection of an auditor was carried out by a tender commission consisting of competent Bank employees, as well as a representative of the *Federal Agency for State Property Management*. The tender commission evaluated and compared the bids based on the following criteria:

- Contract price;
- The qualifications of each bidder.

The tender commission reviewed the bids and selected *Ernst & Young* as the winner, as it offered the best conditions for fulfilling the terms of the contract and was awarded the most points in the selection procedure.

 The Bank published information on the tender and tender documentation [on the official public procurement website](#) (available in Russian language only).