

THE INDUCTION PROGRAMME CONSISTS OF THE FOLLOWING ACTIVITIES

Holding meetings with the managers of the Bank's key structural divisions, as well as with members of the Bank's executive bodies

Consultations with the Bank's Corporate Secretary on issues related to the organisation of the work of the Bank's Supervisory Council

Familiarisation with Bank documents governing the activities of the Bank's governing bodies

REPORT ON THE ACTIVITIES OF THE SUPERVISORY COUNCIL

Meetings of the Supervisory Council are convened at the initiative of its Chairman or at the request of a Council member, the Statutory Audit Commission, the Auditor, the Management Board or the President and Chairman of the Management Board. A quorum is formed by the attendance of half of the elected members.

Decisions are taken by a majority vote of participating members unless otherwise provided in the Charter and the Regulation on the Supervisory Council. For decision-making purposes, each member of the Council has one vote at meetings.

When considering agenda items, the members of the Supervisory Council assess possible conflicts between their interests and the Bank's interests and do not participate in voting on any issue (and, if necessary, do not take part in discussions of the issue) that may, in the opinion of a member of the Supervisory Council, lead to such a conflict of interest.

Meetings of the Supervisory Council are held on a scheduled basis, although, if necessary, they may be held outside of the schedule by means of absentee voting. The format of each Supervisory Council is defined in accordance with the Bank's Charter and based on the importance of its agenda. The most significant matters are brought before in-person meetings.

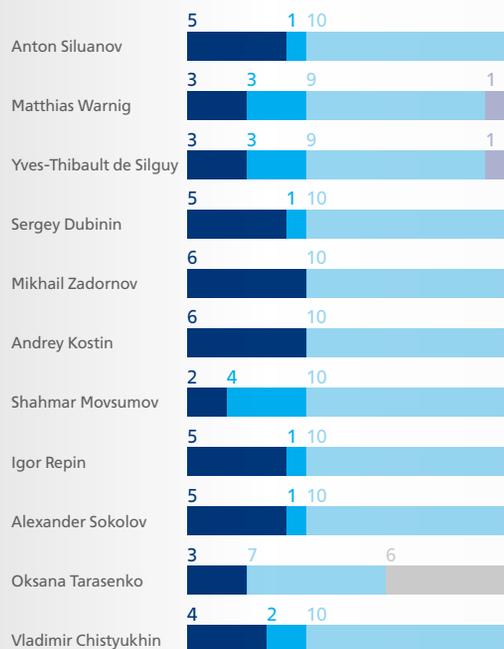
At every Supervisory Council meeting, a report is provided to update members on the implementation of decisions, assignments and programmes approved by the Supervisory Council.

Members are able to review materials for meetings in advance, in addition to the recommendations and conclusions of the Supervisory Council's committees on each agenda point. The Supervisory Council's schedule is compiled for the period between AGMs and is approved by the Council. Meetings are scheduled in advance based on the Bank's business cycle and may be held in person or through absentee voting. Any member unable to attend a meeting can still participate via video conference (including voting on agenda items); they can also submit a written opinion on agenda items.

STATISTICS ON THE MEETINGS OF THE SUPERVISORY COUNCIL

Year	Number of meetings	In-person	By absentee voting	Number of matters considered
2019	16	6	10	142
2018	17	7	10	147
2017	19	7	12	205
2016	21	8	13	240
2015	28	8	20	197

STATISTICS ON THE PARTICIPATION IN MEETINGS/ABSENTEE VOTINGS OF THE MEMBERS OF THE SUPERVISORY COUNCIL



- Attendance at in-person meetings
- Presented written opinion at an in-person meeting
- Participation in absentee voting
- Did not take part in absentee voting on agenda items in which there was a conflict of interest
- Meeting held before Oksana Tarasenko's election to the Supervisory Council

Depending on the results of in-person meetings or absentee ballots, minutes are drawn up reflecting the position of each member of the Supervisory Council based on their vote on the agenda items.

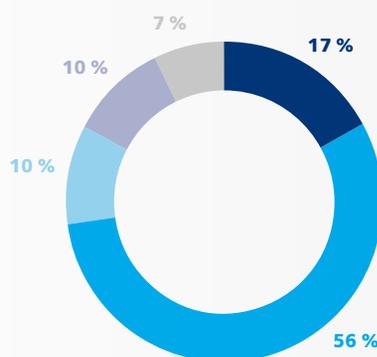
The Supervisory Council actively engaged with the Bank's minority shareholders and also considered the Report on Cooperation with the Bank's Shareholders and a plan of action for working with shareholders in the upcoming calendar year.

Yves-Thibault de Silguy, the Supervisory Council's senior independent director, and Igor Repin, an independent director, took part in meetings with minority shareholders and also in meetings of the Bank's Shareholders Consultative Council.

KEY ISSUES CONSIDERED BY THE SUPERVISORY COUNCIL IN 2019

The Bank's Supervisory Council considered a total of 142 issues in 2019, and the Supervisory Council committees prepared recommendations on 45 of these issues.

ISSUES CONSIDERED BY THE SUPERVISORY COUNCIL



- Priority areas of the Bank's operations
- Corporate governance and procedural issues
- Review of reports and plans
- Risks, internal control
- Staff issues and the incentive system

142
issues
considered
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PRIORITY AREAS OF THE BANK'S OPERATIONS:

- Approval of VTB Bank's business plan and financial plan (budget) for 2019;
- Approval of VTB Bank's business plan and financial plan (budget) for 2020;
- Approval of VTB Bank's Development Strategy for 2019–2022;
- Approval of VTB Bank's Investment Programme for 2019; approval of a programme to improve VTB Bank's operational efficiency and reduce expenses for 2019;
- Approval of a plan to restore VTB Bank's financial stability;
- Participation of VTB Bank in Business Finance and VTB Capital Holding, as well as the establishment of VTB UK Holding;
- Approval of an action plan for the sale of Bank's non-core assets (annually) and for (quarterly) registration of the Bank's non-core assets;
- VTB Bank's placement of T2-1, T2-2, T2-3 and T2-4 series bonds;
- Restructuring of the Bank's corporate branch network.

CORPORATE GOVERNANCE AND PROCEDURAL ISSUES:

- Calling and determining the agendas for the AGM and the Extraordinary General Meetings of Shareholders, establishing the record date for eligibility in General Meetings of Shareholders, consideration of issues proposed by Bank shareholders for inclusion on the agenda of AGMs, consideration of candidates proposed by Bank shareholders of the Bank for election to the Supervisory Council and the Statutory Audit Commission, and other issues related to the preparation and holding of the General Meeting of Shareholders;
- Recommendations on the distribution of profits and the amount of dividends on Bank shares;
- Preliminary approval of the Bank's Annual Report;
- Proposals of candidates for the Bank's auditor;
- Review of the results of the evaluation of the corporate governance system for 2018;
- Approval of new versions of the Regulations on the Supervisory Council Committees;

- Approval of the Regulation on the Procedure for Carrying out Sponsorship Activities within the Bank, the Regulation on the Procedure for Carrying out Charitable Activities within the Bank and the Regulation on the Bank's Procurement of Goods, Works and Services.

STAFF ISSUES:

- Election of the Chairman of the Supervisory Council (Anton Siluanov);
- Election of the senior independent director (Yves-Thibault de Silguy);
- Approval of the Supervisory Council to allow the President and Chairman of the Management Board and members of the Management Board to hold management positions in other organisations;
- Election of a Deputy President and Chairman of the Management Board of VTB Bank (Vadim Kulik) and establishing his remuneration and compensation;
- Payment to the President and Chairman of the Management Board and members of the Management Board of VTB Bank of bonuses based on 2018 results and of the share of the deferred bonuses based on 2017 results;
- New version of the Regulation on Remuneration and Key Performance Indicators for the Executive Bodies of VTB Bank and the List of Key Performance Indicators for Evaluating the Activities of Members of the Management Board of VTB Bank were approved.

RISKS AND INTERNAL CONTROL:

- New editions were approved of the Bank's Risk and Capital Management Strategy and the Procedure for Managing the Most Significant Risks;
- Review of reports on the activities of the Internal Audit Department for 2H 2018 and 1H 2019, and approval of its work plan for 2020;
- Review of a report on the results of the implementation in 2018 of the Rules on Internal Monitoring in Respect of the Prevention of Money Laundering and Terrorist Financing (AML / CTF) and recommended measures to improve the AML / CTF system;
- Quarterly reports by inspectors of the Bank's professional activities in the securities market were reviewed;

- Review of quarterly reports on significant risks and on VTB Bank's capital adequacy, as well as on the results of stress testing at VTB Bank; approved/amended key parameters of quantitative indicators of the risk appetite of VTB Bank and of VTB Group.

REVIEW OF REPORTS AND PLANS:

- Reports on the activities of the Supervisory Council's committees;
- Report on the Bank's sponsorship and charitable activities for 2018; the plan for VTB Bank's expenses for sponsorship and charitable activities in 2020;
- Report on the work of the Bank's Corporate Secretary in 2018;
- Report on interaction between VTB Bank and its shareholders in 2018 and plans to work with shareholders in 2019;
- Report on the financial results and performance of VTB Group companies (quarterly);
- Progress report on the implementation of the Bank's Programme for the Divestment of Non-core Assets (quarterly).

INFORMATION TECHNOLOGY IN THE WORK OF THE SUPERVISORY COUNCIL

Since 2018, members of the Supervisory Council have been able to use a mobile electronic office that gives them access to materials from current and past meetings of the Supervisory Council and its committees, as well as information about decisions adopted, participants and other information required for the members of the Bank's Supervisory Council to perform their duties effectively, including financial statements, press reviews, Bank bylaws, etc.

In 2019, the Bank continued to streamline the activities of the Supervisory Council and to update the information and communication system by introducing new, expanded functionality to make it even easier and more convenient for members of the Supervisory Council to use the system.

EVALUATION OF THE WORK OF THE SUPERVISORY COUNCIL

According to the recognised best Russian and foreign practices of corporate governance, since 2012, VTB Bank has conducted an annual assessment of its corporate governance system. The assessment also includes a self-evaluation of the activities of the Supervisory Council based on a questionnaire completed by the members of the Council on the ground of the Methodology of the Bank's corporate governance system assessment approved by the Supervisory Council's Strategy and Corporate Governance Committee (minutes No 3 as of 2 September 2011, hereinafter the Methodology).

In accordance with the Methodology the Bank's corporate governance system is assessed with respect to nine components:

- The division of powers between management bodies;
- Organisation of the activities of the Supervisory Council;
- Approval of the Bank's Development Strategy and oversight over its implementation;
- Coordination of risk management;
- Prevention of conflicts of interest on the part of shareholders, members of the Supervisory Council, the Bank's executive bodies and its employees;
- Relations with affiliated parties;
- Determination of rules and procedures ensuring compliance with the principles of professional ethics;
- Coordination of the disclosure of information about the Bank;
- Monitoring the internal control system.

Based on the results of the corporate governance assessment conducted in 2019, the members of the Supervisory Council give it a high rating. The average score of the corporate governance assessment hasn't been changed in comparison with 2018 and was 3.91 points (97.8 % of the maximum value). Four components received the maximum score of 4 points: relations with affiliated parties; monitoring the internal control system; coordination of risk management; and prevention of conflicts of interest among shareholders, members of the Supervisory Council, the Bank's executive bodies and its employees. At the same time, the other assessed components of the Bank's corporate governance were also highly rated, receiving 3.7–3.9 points.