

Compliance Control

One of the important tasks of the Bank is to have an effective system of elements and mechanisms for preventing money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction (AML/CFT and FPWMD) and for managing regulatory (compliance) risks.

In order to comply with legal requirements and to organise processes and procedures for compliance risk management, AML/CFT and FPWMD, the Bank has established and operates the Compliance Control and Financial Monitoring Department, which operates in accordance with the Regulation approved by the Management Board of VTB Bank.

The divisions within its structure ensure compliance with the current AML/CFT and FPWMD laws and the Bank's regulations in these areas, as well as assist the Bank's divisions in performing their business conduct and support tasks with regard to compliance with regulatory requirements in such areas as compliance risk management, combating insider information misuse and market manipulation, managing conflicts of interest, and combating corruption.

As part of the implementation of the Bank's strategic goals to create a first-choice financial institution, the approach to a number of AML/CFT and FPWMD requirements was revised, significantly advancing financial monitoring and compliance towards digitalisation and implementation of automated solutions.

Repeated restrictions and stay-at-home order introduced in the reporting period served as factors that pushed the process of digitalisation of banking services and prioritised their transition to the online mode. Re-engineering of processes towards automation made it possible to almost completely transfer interaction with customers into remote communication channels and shape the customer experience.

The Bank is a permanent member of the dedicated committees of professional associations: Association of Banks of Russia ("Russia" Association), National Council of Financial Market, Compliance Council of Rosfinmonitoring. Employees of the Compliance Control and Financial Monitoring Department within these associations review and formulate comments and proposals on legislative initiatives, make proposals to improve AML/CFT and compliance regulatory requirements, and, together with representatives of the banking community and government agencies, work out common solutions and approaches to the implementation of these requirements.

VTB Bank monitors compliance with business ethics and anti-corruption requirements on a regular basis. The Bank has a multi-channel system for receiving employee reports of violations and abuses, including those related to conflicts of interest, corruption and business ethics. Information is analysed, causes are identified, and recommendations are developed for subdivisions on how to resolve situations that have arisen and prevent their occurrence in the future.

ONE OF VTB'S PRIORITIES IS TO ENSURE A BALANCE BETWEEN UNCONDITIONAL COMPLIANCE WITH LEGISLATION AND CUSTOMER SATISFACTION.



VTB was given the highest Anti-Corruption Rating for Russian Business

In 2020, the Russian Union of Industrialists and Entrepreneurs awarded VTB Bank the highest possible rating grade, A1, based on the results of the first national Anti-Corruption Rating of Russian Business. This class is assigned to companies with the highest level of anti-corruption management and the lowest level of risk of corruption and related threats to investors, creditors, business partners and other stakeholders.

The purpose of the rating is to increase the openness and transparency of Russian business by publishing the level of compliance of companies' activities with the provisions of the Anti-Corruption Charter of Russian Business and the international standard ISO 37001:2016 "Anti-bribery Management Systems — Requirements with Guidance for Use". The rating makes it possible to see to what extent the country's

largest companies are ready to effectively use and publicly disclose their anti-corruption management systems.

According to the Rating Committee, VTB Bank's leadership in anti-corruption compliance in the Russian Federation is based on the developed system of internal anti-corruption control acts, as well as their use with a high level of automation/digitalisation of the results of such controls.