

EXPLANATORY NOTE

On amendments to the Bank's Charter,
the Regulation on the Supervisory Board,
and the Regulation on the Management Board and Chairman of the Management Board

In order to improve the Bank's corporate governance practice, and in view of the migration to the internal ratings-based ("IRB") approach to credit risk evaluation under the Bank of Russia's Regulation No. 483-P dated 06.08.2015¹, it is proposed to submit the issue of approving the new versions of the Bank's Charter and regulations on its governing bodies for review by the annual General Shareholders' Meeting.

As at the date of approval of the materials deliverable to shareholders in contemplation of the said Meeting, the said amendments and regulations comply with applicable laws and the Bank of Russia's recommendations.

The Bank complies with laws once they become effective.

No.	Amendments to the Charter	Comments
1.	Cl. 13.2.13. of article 13 "SUPERVISORY BOARD" is restated as follows: "13.2.13. Recommending to the General Shareholders' Meeting the amount of remunerations and compensations for the members of the Audit Panel and proposing candidacies to the General Shareholders' Meeting for appointment as the Bank's audit firm."	The Supervisory Board's competence to determine the remuneration of the Bank's audit firm is moved to a separate clause (see cl. 13.2.14. of the new version).
2.	Cl. 13.2.14. of article 13 "SUPERVISORY BOARD" is restated as follows: "13.2.14. Determining the remuneration of the Bank's audit firm, approving the scope of related services to be provided by it (or its affiliates)."	The Supervisory Board's competence extended to include the approval of the scope of related services to be provided by the audit firm (or its affiliates) as a new version of the External Audit Policy (see cl. 3.2. thereof) was approved.
3.	Cl. 13.2.14.-13.2.60. of article 13 "SUPERVISORY BOARD" are renumbered respectively as cl. 13.2.15.-13.2.61. thereof.	
4.	Cl. 13.2.27. of article 13 "SUPERVISORY BOARD" is restated as follows: "13.2.27. Approving the Bank's and its banking group's financial plan (budget) or any material amendments thereto. Reviewing the Bank's and its banking group's financial plan (budget) implementation reports."	Restated in line with the Bank's existing practice of approving also the banking group's financial plan (budget).
5.	Cl. 13.2.42. of article 13 "SUPERVISORY BOARD" is restated as follows: "13.2.42. Making sure the Bank duly uses rating systems by: approving the Management Board's reports on all changes to established internal procedures which may materially affect the rating systems' output, on the	The Supervisory Board is given competence to police proper use of rating systems as per cl. 15.2. of the Bank of Russia's Regulation No. 483-P dated 06.08.2015.

¹ Regulation "On the Internal Ratings-Based Approach to Credit Risk Quantification" (together with the "Requirements to the quality of the data used by banks in creating and applying credit risk quantification models for capital adequacy ratio calculations") (Registered in the Ministry of Justice on 25.09.2015 under No. 38996)

	results of application of credit risk management and quantification methods, including the rationale for non-application of the internal ratings-based (“IRB”) approach in certain decision-making and credit risk management processes, as well as tasking the Management Board or its Chairman in respect of the rating system's development, improvement and performance; approving the Internal Audit Department's reports on rating system audits, as well as requesting the remediation of any issues raised by the Internal Audit Department regarding the rating system's performance or compliance with Russian laws, the Bank of Russia's regulations, the Bank’s bylaws, or the Supervisory Board's resolutions.”.	
6.	Cl. 13.2.42.-13.2.61. of article 13 “SUPERVISORY BOARD” are renumbered respectively as cl. 13.2.43.-13.2.62. thereof.	
7.	Cl. 13.2.43. of article 13 “SUPERVISORY BOARD” is restated as follows: “13.2.43. Approving IRB evaluation reports presented by a specialised internal committee and the Internal Audit Department.”.	The Supervisory Board is given competence to approve IRB evaluation reports as per cl. 15.4. of the Bank of Russia’s Regulation No. 483-P dated 06.08.2015.
8.	Cl. 13.2.43.-13.2.62. of article 13 “SUPERVISORY BOARD” are renumbered respectively as cl. 13.2.44.-13.2.63. thereof.	
9.	Cl. 13.2.46. of article 13 “SUPERVISORY BOARD” is restated as follows: “13.2.46. Approving the procedure for applying credit risk management and quantification techniques.”.	The Supervisory Board is given competence to approve the procedure for applying credit risk management and quantification techniques as per cl. 15.1. of the Bank of Russia’s Regulation No. 483-P dated 06.08.2015.
10.	Cl. 13.2.46.-13.2.63. of article 13 “SUPERVISORY BOARD” are renumbered respectively as cl. 13.2.47.-13.2.64. thereof.	
11.	Cl. 13.2.57. of article 13 “SUPERVISORY BOARD” is restated as follows: “13.2.57. Approving the Bank’s bylaws setting out its corporate ethics and/or corporate governance principles and provisions, whether in whole or for its specific business areas.”.	Restated in line with the Bank's existing practice of approving the Bank’s bylaws setting out its corporate ethics and/or corporate governance principles and provisions, whether in whole or for its specific business areas.
12.	Cl. 13.2.61. of article 13 “SUPERVISORY BOARD” is deleted.	The requirement to obtain approval for Supervisory Board members' parallel engagements in other organisations' governing bodies is dropped.
13.	Cl. 13.2.62.-13.2.64. of article 13 “SUPERVISORY BOARD” are renumbered respectively as cl. 13.2.61.-13.2.63. thereof.	
14.	Cl. 13.2.63. of article 13 “SUPERVISORY BOARD” is restated as follows: “13.2.63. Approving bylaws setting out the Bank’s dividend policy.”.	Restated in line with the Bank's existing corporate practice and cl. 30 of the Bank of Russia’s Letter No. 06-52/2463 dated 10.04.2014 "On Corporate Governance Code" as regards approving bylaws setting out the Bank’s dividend policy.
15.	Cl. 13.2.63. of article 13 “SUPERVISORY BOARD” is renumbered respectively as cl. 13.2.64.	

	thereof.	
16.	<p>Cl. 13.4., paragraph 8 of article 13 “SUPERVISORY BOARD” shall be restated as follows:</p> <p>“Any Supervisory Board member against whom a judgment has come into force imposing a sentence for a deliberate crime or an administrative penalty by way of disqualification, shall be deemed removed from the Supervisory Board immediately or as otherwise provided for by the Regulation on the Supervisory Board of the Bank.”.</p>	Updated with a reference to other cases provided for by the Regulation on the Supervisory Board.
17.	Cl. 13.4., paragraphs 11-12 of article 13 “SUPERVISORY BOARD” are deleted.	Deleted due to the deletion of cl. 13.2.6. of article 13 “SUPERVISORY BOARD”.
18.	Paragraphs 13-27 of cl. 13.4. of article 13 “SUPERVISORY BOARD” are renumbered respectively as paragraphs 11-25 thereof.	
19.	<p>Cl. 13.8., paragraphs 2-3 of article 13 “SUPERVISORY BOARD” are restated as follows:</p> <p>“Notice of each meeting of the Supervisory Board together with its agenda, proposed resolutions on the items of such agenda, materials and information necessary for the Supervisory Board members to make well-grounded resolutions on the items of agenda of the forthcoming Supervisory Board meeting, shall be circulated to the Supervisory Board members at least 7 (seven) days in advance of such meeting.</p> <p>The Chairman of the Supervisory Board may waive the requirement of the foregoing paragraph where it cannot be observed due to prevailing circumstances.”.</p>	Supervisory Board meetings may be held on a shorter notice (7 days instead of 15) and the rule for changing that term is revised (the Chairman's decision instead of a unanimous resolution of the Supervisory Board).
20.	<p>Cl. 13.8, paragraph 5 of article 13 “SUPERVISORY BOARD” is restated as follows:</p> <p>“The Supervisory Board shall meet at least once every calendar quarter according to a schedule fixed by its resolution.”.</p>	The requirement to fix the date of the next in-person Supervisory Board meeting is dropped.
21.	<p>Cl. 13.10., paragraph 2 of article 13 “SUPERVISORY BOARD” is restated as follows:</p> <p>“Any resolution on the matter set out in clause 13.2.21. hereof shall be passed by the Supervisory Board with all its non-retired members voting unanimously.”.</p>	Technical correction reflecting the renumbering in article 13 “SUPERVISORY BOARD”.
22.	<p>Cl. 14.2.4 of article 14 “MANAGEMENT BOARD” is restated as follows:</p> <p>“14.2.4. Preparing proposals to the Supervisory Board on the Bank's and its banking group's financial plan (budget) and amendments thereto, including as regards staff costs.”.</p>	Restated in line with the Bank's existing practice of preparing proposals to the Supervisory Board on the Bank's and its banking group's budget.
23.	<p>Cl. 14.2.9. of article 14 “MANAGEMENT BOARD” is restated as follows:</p> <p>“14.2.9. Approving the Bank's bylaws: policies, instructions, regulations, procedures, manuals, guidelines and rules (unless reserved by this Charter and Russian laws to other governing bodies of the Bank).”.</p>	Technical correction by deleting the references to specific types of policies.
24.	<p>Cl. 14.2.14. of article 14 “MANAGEMENT BOARD” is restated as follows:</p> <p>“14.2.14. Preparing proposals to the Supervisory Board on amending ICAAP bylaws.”.</p>	Restated in line with the Bank's existing practice of preparing proposals to the Supervisory Board on amending ICAAP bylaws.

25.	<p>Cl. 14.2.15. of article 14 “MANAGEMENT BOARD” is restated as follows:</p> <p>“14.2.15. Reviewing reports on all changes in IRB evaluations in specific decision-making and credit risk management processes before such reports are submitted to the Supervisory Board.”.</p>	The Management Board is given competence to police proper use of rating systems as per cl. 15.2. of the Bank of Russia’s Regulation No. 483-P dated 06.08.2015.
26.	Cl. 14.2.15.-14.2.18. of article 14 “MANAGEMENT BOARD” are renumbered respectively as cl. 14.2.16.-14.2.19. thereof.	
27.	<p>Cl. 14.2.16. of article 14 “MANAGEMENT BOARD” is restated as follows:</p> <p>“14.2.16. Approving the setup and operation rules of the Bank’s credit risk management system.”.</p>	The Management Board is given competence to approve the setup and operation rules of the Bank’s credit risk management system as per cl. 15.3. of the Bank of Russia’s Regulation No. 483-P dated 06.08.2015.
28.	Cl. 14.2.16.-14.2.19. of article 14 “MANAGEMENT BOARD” are renumbered respectively as cl. 14.2.17.-14.2.20. thereof.	
29.	<p>Cl. 14.2.17. of article 14 “MANAGEMENT BOARD” is restated as follows:</p> <p>“14.2.17. Reviewing the Internal Audit Department's audit reports to control the quality of the IRB approach implementation.”.</p>	The Management Board is given competence to review the Internal Audit Department's audit reports to control the quality of the IRB approach implementation as per cl. 15.7. of the Bank of Russia’s Regulation No. 483-P dated 06.08.2015.
30.	Cl. 14.2.17.-14.2.20. of article 14 “MANAGEMENT BOARD” are renumbered respectively as cl. 14.2.18.-14.2.21. thereof.	
31.	<p>Cl. 17.5. of article 17 “INTERNAL CONTROL” is restated as follows:</p> <p>“17.5. Internal control shall be carried out, within the powers defined by this Charter and Bank’s bylaws, by:</p> <ol style="list-style-type: none"> 1) the Bank’s governing bodies: <ol style="list-style-type: none"> 1.1) the General Shareholders’ Meeting; 1.2) the Supervisory Board; 1.3) the Management Board; 1.4) the Chairman of the Management Board and his deputies (First Deputy Chairmen of the Management Board, Deputy Chairmen of the Management Board); 2) the Chief Accountant of the Bank (his deputies); 3) the heads (their deputies) and chief accountants (their deputies) of the Bank's branches; 4) the Audit Panel of the Bank; 5) the Audit and Risk Committee of the Supervisory Board; 6) the Bank’s subdivisions and officers responsible for exercising internal control in line with its bylaws: <ol style="list-style-type: none"> 6.1) the Internal Audit Department; 6.2) the Compliance Directorate, including: <ul style="list-style-type: none"> – the Internal Control Section of the Compliance Directorate, which comprises in particular the Stock Market Professional Participant Comptroller and the 	<p>This reflects the creation of the Compliance Directorate which includes:</p> <ul style="list-style-type: none"> – the Internal Control Section of the Compliance Directorate, which comprises in particular the Stock Market Professional Participant Comptroller and the Insider Information Abuse and Market Manipulation Compliance Officer; – the subdivision responsible for anti-money laundering, combating financing of terrorism and counter-weapons of mass destruction financing, headed by a designated AML/CFT/CWMDF compliance officer <p>and the transfer of the Stock Market Professional Participant Comptroller and the Insider Information Abuse and Market Manipulation Compliance Officer to the ICS.</p>

	<p>Insider Information Abuse and Market Manipulation Compliance Officer;</p> <ul style="list-style-type: none"> – the subdivision responsible for anti-money laundering, combating financing of terrorism and counter-weapons of mass destruction financing, headed by a designated AML/CFT/CWMDF compliance officer. <p>6.3) the Risk Management Directorate;</p> <p>6.4) Other subdivisions and/or officers exercising internal control functions.”.</p>	
32.	Cl. 17.10. of article 17 “INTERNAL CONTROL” is deleted.	Dropped as the Stock Market Professional Participant Comptroller is moved to the Internal Control Section of the Compliance Directorate. Added as cl. 17.12.2. in a new version of the Charter.
33.	Cl. 17.11.-17.17. of article 17 “INTERNAL CONTROL” are renumbered respectively as cl. 17.10.-17.16. thereof.	
34.	<p>Cl. 17.10. of article 17 “INTERNAL CONTROL” is restated as follows:</p> <p>“17.10. The Heads of the Risk Management Directorate, Internal Audit Department or Compliance Directorate and the AML/CFT/CWMDF Compliance Officer must, at the time of appointment and throughout their tenure (whether permanent or provisional), meet eligibility criteria and business reputation requirements set forth by Russian laws and the Bank of Russia’s regulations.”.</p>	Updated to reflect the creation of the Compliance Directorate (“Head of the Internal Control Section” replaced by “Head of the Compliance Directorate”).
35.	<p>Cl. 17.11., paragraph 17 of article 17 “INTERNAL CONTROL” is restated as follows:</p> <p>“– auditing the Compliance Directorate and the Risk Management Directorate;”.</p>	Updated to reflect the creation of the Compliance Directorate (“Internal Control Section” replaced by “Compliance Directorate”).
36.	<p>Cl. 17.12. of article 17 “INTERNAL CONTROL” is restated as follows:</p> <p>The Compliance Directorate is the Bank's subdivision created to conduct internal control and assist the Bank’s governing bodies in ensuring its efficient operation, growth and development. The Compliance Directorate also performs the internal control function.</p> <p>By an internal order, the Head of the Compliance Directorate acts as the Chief Internal Control Officer.</p> <p>The Compliance Directorate reports to the Chairman of the Management Board. If the Head of the Compliance Directorate is not a Management Board member, then the Chairman of the Management Board may decide that he shall report to a Deputy Chairman and member of the Management Board who is not involved in making any decisions related to the Bank’s banking operations and other transactions.</p> <p>The Regulation on the Compliance Directorate shall be approved by the Chairman of the Management Board.</p> <p>The Head of the Compliance Directorate is an employee of the Bank’s and shall be appointed and removed by the Chairman of the Management Board.</p>	Updated to reflect the creation of the Compliance Directorate (“Internal Control Section” replaced by “Compliance Directorate”), adding that, by an internal order, the Head of the Compliance Directorate acts as the Head of the internal control section, and listing the former's functions.

	<p>The Head of the Compliance Directorate shall not be involved in any banking operations or other transactions.</p> <p>The Head of the Compliance Directorate shall carry out the following functions:</p> <ul style="list-style-type: none"> – arranging the development of proposals to the Bank’s governing bodies regarding its internal control system development strategy and internal control policy; – setting current development goals for the Bank’s internal control function within the Compliance Directorate’s competence; – assessing draft internal control bylaws and submitting them for approval by the Bank’s competent body; – monitoring, coordinating activities, and appraising performance, of the Internal Control Section of the Compliance Directorate; – informing the Chairman of the Management Board and the Management Board of any issues found in regulatory risk management; – informing the Chairman of the Management Board and the Management Board, and, where so required by the Bank’s bylaws, the Supervisory Board of any regulatory risk which may lead to material losses for the Bank; – informing the Chairman of the Management Board and the Management Board of any events impeding his work; – ensuring, within the Compliance Directorate’s competence, that the persons debarred by Russian laws and the Bank of Russia’s regulations from engaging in making banking and other operations, and other risk-related transactions of the Bank, comply with that prohibition; – other functions set out by the Bank’s bylaws.”. 	
37.	<p>Cl. 17.12.1. of article 17 “INTERNAL CONTROL” is restated as follows:</p> <p>“17.12.1. The Internal Control Section of the Compliance Directorate is the latter's subdivision. The Internal Control Section shall carry out the following functions:</p> <ul style="list-style-type: none"> – identifying compliance risk, i.e. the Bank’s exposure to losses due to non-compliance with Russian laws, the Bank’s bylaws, standards of self-regulatory organisations (if mandatory for it), as well as due to sanctions and/or other enforcement actions imposed by supervisory bodies (the “regulatory risk”); – registering regulatory risk events, assessing their probability and quantifying their possible impact; – monitoring regulatory risk, in particular analysing the Bank’s new banking products, services and their intended delivery methods for regulatory risk; – giving, where necessary, regulatory risk recommendations to the heads of the Bank’s subdivisions and the executive body designated by the 	<p>Updated to reflect the creation of the Compliance Directorate (“Internal Control Section” replaced by “Compliance Directorate”). The functions of the Internal Control Section of the Compliance Directorate are updated by adding the following: – exercising internal control in the Bank as a stock market professional participant;</p> <p>– exercising internal control for the purposes of countering insider information abuse and market manipulation.</p>

	<p>Bank's bylaws;</p> <ul style="list-style-type: none"> – coordinating and promoting development of regulatory risk mitigation efforts in the Bank; – monitoring efficiency of regulatory risk management; – promoting development of regulatory risk management bylaws; – informing the Bank's staff on regulatory risk management matters; – identifying conflicts of interest at the level of the Bank as a whole and at the level of its individual employees, promoting development of related bylaws; – analysing customer grievance indicators and the Bank's observance of customers' rights; – analysing economic suitability of contracting legal entities and sole proprietors to render services and/or perform works required for the Bank to ensure banking operations (outsourcing); – promoting development of bylaws intended to combat commercial bribery and corruption; – promoting development of bylaws and arranging actions to ensure compliance with rules of corporate conduct and standards of professional ethics; – participating, within its competence, in the Bank's communications with supervisory bodies, self-regulatory organisations, associations and participants of financial markets; – ensuring compliance of the Bank's operations and its employees' actions in the financial markets with Russian financial market laws and financial market operation standards; – exercising internal control in the Bank as a stock market professional participant; – exercising internal control for the purposes of countering insider information abuse and market manipulation (also, "CIIA/MM"); – performing other functions as set out in the Bank's bylaws." 	
38.	<p>Cl. 17.12.2. of article 17 "INTERNAL CONTROL" is restated as follows:</p> <p>"17.12.2. The internal control in the Bank as a stock market professional participant shall be exercised by the Stock Market Professional Participant Comptroller who is an officer in the Internal Control Section of the Compliance Directorate.</p> <p>The Stock Market Professional Participant Comptroller shall identify, analyse, assess, monitor and manage the risk of the Bank incurring any expenses (losses) and/or other adverse effects as a professional participant as a result of its or its operations' non-compliance with any securities market laws and regulations of the Russian Federation, basic and internal standards of any self-regulatory financial market organisation of which it is a member as a stock market professional participant, its constitutive documents or</p>	<p>As the Compliance Directorate was created, the Stock Market Professional Participant Comptroller's functions are included in its description.</p>

	<p>bylaws related to the professional stock market activity, and/or the risk of any enforcement action against it as a professional participant from the Bank of Russia and/or the self-regulatory organisation (regulatory risk of professional stock market activity), and carry out other functions within responsibilities set out in the Bank's bylaws.</p> <p>The Stock Market Professional Participant Comptroller is subordinate and reports to the Chairman of the Management Board.”.</p>	
39.	<p>Cl. 17.12.3. of article 17 “INTERNAL CONTROL” is restated as follows:</p> <p>“17.12.3. The CIIA/MM internal control shall be exercised by the Insider Information Abuse and Market Manipulation Compliance Officer who is appointed and removed by the Chairman of the Management Board.</p> <p>The Insider Information Abuse and Market Manipulation Compliance Officer is subordinate and reports to the Chairman of the Management Board.</p> <p>The Insider Information Abuse and Market Manipulation Compliance Officer shall:</p> <ul style="list-style-type: none"> – identify, analyse, assess and monitor the risk of the Bank incurring any expenses (losses) and/or other adverse effects as a result of its or its operations' non-compliance with any CIIA/MM requirements or its bylaws, and/or as a result of any enforcement action against it from the Bank of Russia and/or any self-regulatory financial market organisation (the “CIIA/MM regulatory risk”); – organise processes to manage the CIIA/MM regulatory risk, in particular design and control actions to avoid and prevent the consequences of such risk materialising.”. 	As the Compliance Directorate was created, the Insider Information Abuse and Market Manipulation Compliance Officer’s functions are included in its description.
40.	<p>Cl. 17.12.4. of article 17 “INTERNAL CONTROL” is restated as follows:</p> <p>“17.12.4. The subdivision responsible for anti-money laundering, combating financing of terrorism and counter-weapons of mass destruction financing (“AML/CFT/CWMDF”) is the Compliance Directorate’s subdivision. The AML/CFT/CWMDF subdivision shall carry out the following functions:</p> <ul style="list-style-type: none"> – ensuring the Bank’s compliance with Russian AML/CFT/CWMDF laws; – organising the AML/CFT/CWMDF internal control system, including the development of the AML/CFT/CWMDF Internal Control Rules (the "AML/CFT/CWMDF Rules"), the Special-Purpose AML/CFT/CWMDF Internal Control Rules (the "Special-Purpose ICR"), and AML/CFT/CWMDF internal control programmes; – ensuring management of AML/CFT risks in order to mitigate them; – ensuring assessment of AML/CFT risks; – ensuring the fulfilment of AML/CFT risk mitigation measures pursuant to the 	As the functions of the subdivision responsible for anti-money laundering, combating financing of terrorism and counter-weapons of mass destruction financing are included in its description.

<p>AML/CFT/CWMDF Rules with measures and procedures set out in the AML/CFT/CWMDF internal control programmes;</p> <ul style="list-style-type: none"> – coordinating and controlling the banking group members' compliance with the Special-Purpose ICR; – controlling the compliance by the Bank's employees with the AML/CFT/CWMDF Rules and the fulfilment by it and its employees of the AML/CFT/CWMDF Rules programmes; – coordinating the Bank's subdivisions in fulfilling the AML/CFT/CWMDF Rules; – controlling the compliance with legal requirements concerning identification of customers, their representatives, beneficiaries, and beneficial owners, and promptly detecting customers' reportable and suspicious operations (transactions) as defined in Russian laws and in accordance with the AML/CFT/CWMDF Rules; – organising and controlling the reporting to the financial intelligence unit as required by the AML/CFT/CWMDF Rules; – reviewing bylaws, drafts of standard form agreements (deeds or other contractual documents), banking product and banking operation algorithms developed by the Bank's internal subdivisions from the viewpoint of their compliance with Russian laws and the Bank of Russia's AML/CFT/CWMDF regulations, other bylaws, rules and standards; – developing (independently and/or jointly with other subdivisions of the Bank) recommendations on the remediation of any identified non-compliance with AML/CFT/CWMDF laws, on minimisation of regulatory and other non-financial risks in technologies of banking operations, banking products and/or in related bylaws involving AML/CFT/CWMDF compliance risks; – assisting authorised representatives of regulatory bodies and audit firms in making comprehensive and focused audits of the Bank, and liaising with regulatory bodies on AML/CFT/CWMDF matters; – arranging and implementing measures to prevent and obstruct the channelling of suspicious operations through the Bank; – deploying the AML/CFT/CWMDF preparation and training programme for the Bank's staff. <p>The statutory duty to control the Bank's AML/CFT/CWMDF processes and compliance of its AML/CFT/CWMDF Internal Control Rules with Russian AML/CFT/CWMDF laws shall be borne by the Chairman of the Management Board or, if so provided for in a bylaw, his deputy or a Management Board member. The fulfilment of AML/CFT/CWMDF internal control functions shall be organised by the AML/CFT/CWMDF Compliance Officer, as authorised by the Bank's internal regulations and executive</p>	
--	--

	documents. The AML/CFT/CWMDF Compliance Officer shall be appointed and removed by the Chairman of the Management Board.”.	
41.	Cl. 17.13. of article 17 “INTERNAL CONTROL” is deleted.	Deleted as the subdivision responsible for anti-money laundering, combating financing of terrorism and counter-weapons of mass destruction financing became a part of the Compliance Directorate. Added as cl. 17.12.4. in a new version of the Charter.
42.	Cl. 17.14.-17.16. of article 17 “INTERNAL CONTROL” are renumbered respectively as cl. 17.13.-17.15. thereof.	
43.	Cl. 17.14. of article 17 “INTERNAL CONTROL” is deleted.	Deleted as the Insider Information Abuse and Market Manipulation Compliance Officer became a part of the Internal Control Section of the Compliance Directorate. Added as cl. 17.12.3. in a new version of the Charter.
44.	Cl. 17.15. of article 17 “INTERNAL CONTROL” is renumbered respectively as cl. 17.14. thereof.	
45.	<p>Cl. 17.14. of article 17 “INTERNAL CONTROL” is restated as follows:</p> <p>“17.14. The Bank shall, within three days, notify the Bank of Russia in writing of any proposed material changes to its internal control system (changes to internal control rights or responsibilities of the Bank’s management bodies or other bodies; changes to the Compliance Directorate’s and/or its Internal Control Section’s structure; changes to subordination of the Head of the Compliance Directorate; and any other changes as set out by the Bank’s bylaws).</p> <p>The Bank shall, in such manner and time as set out by Russian laws, notify the Bank of Russia in writing of the appointment (or any substitution) of the Heads of the Risk Management Directorate, Internal Audit Department or Compliance Directorate.</p> <p>The Bank shall, within one business day, notify the Bank of Russia in writing of the discharge of the Heads of the Risk Management Directorate, Internal Audit Department or Compliance Directorate (or the termination of their substitution).</p> <p>Formation, operational framework and authorities of any other corporate units performing internal control as required by nature and scale of the Bank’s activities shall be defined by departmental regulations, job descriptions and other internal documents of the Bank.”.</p>	Updated to reflect the creation of the Compliance Directorate (“Internal Control Section” replaced by “Compliance Directorate”).

Amendments to the Regulation on the Supervisory Board and the Regulation on the Management Board and the Chairman of the Management Board result from and reproduce the provisions of the amendments to the Charter.

The Regulation on the Supervisory Board is amended as follows:

No.	Amendments	Comments
1.	Cl. 3.49.1. of the Regulation is restated as follows: “3.49.1. Approving documents setting out rules for determining salaries and performance-unrelated compensations, incentives and allowances for the Chairman of the Management Board and Management Board members (“executives”), and rules for determining the amount, form and accrual of performance-related compensations and bonuses for executives and other managers (employees) approving the Bank’s (its banking group’s) operations and other transactions which may affect its compliance with mandatory ratios or result in other situations jeopardising its depositors’ and creditors’ interests, including triggers for subjecting it to insolvency (bankruptcy) prevention measures (“other risk takers”), and for employees of subdivisions responsible for internal control and those responsible, at the level of individual portfolios, business areas and the entire Bank, for identifying and assessing risks, setting risk limits, assessing related capital requirements and controlling compliance with the above limits (“risk management subdivisions”).”.	Brought in line with cl. 2.1. of the Bank of Russia’s Instruction No.154-I dated 17.06.2014 “On Assessing, and Ordering Remedy of Breaches in, Credit Institutions’ Payroll Systems” (Registered in the Ministry of Justice on 30.07.2014 under No. 33348)

The Regulation on the Management Board and Chairman of the Management Board is amended as follows:

No.	Amendments	Comments
1.	Cl. 2.1.2. of the Regulation is restated as follows: “2.1.2. Candidates to the Management Board (including any proposed Chairman or Deputy Chairmen) must satisfy the qualification and business reputation requirements set forth by federal laws and implementing regulations of the Bank of Russia and as long as they hold the relevant offices after their appointment (election). Candidates to certain Management Board positions must satisfy any additional qualification requirements set out by the Bank's bylaws.”.	As requested by the Internal Control Section, the qualification requirements regarding credit risk management methodology and rating systems for the Management Board members supervising the validating subdivision, the credit risk management subdivision, subdivisions using rating systems, and business subdivisions, were amended.