
EXPLANATORY NOTE

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

The Bank's Charter needs to be amended to reflect the accession of KOLTSO URALA and to be aligned with applicable Russian laws and regulations, including the Federal Law "On Banks and Banking Activities", Federal Law "On Combating Insider Information Abuse and Market Manipulation and on Amending Certain Statutes of the Russian Federation", the Bank of Russia's Ordinance No. 5222-U dated 01.08.2019, the Bank of Russia's Ordinance No. 5683-U dated 28.12.2020, the Bank of Russia's Regulation No. 242-P dated 16.12.2003. Further amendments thereto are intended to improve the Bank's corporate governance practice.

This explanatory note sets out key amendments to the Charter, the Regulation on the Supervisory Board and the Regulation on the Management Board and the Chairman of the Management Board of the Bank.

Key amendments to the Charter

The first article (General Provisions) is amended to specify that the Bank succeeds to all rights and obligations of KOLTSO URALA reorganised by accession to the Bank.

The third article (Banking Operations and Other Transactions): more transactions legally allowed for the Bank are listed.

The thirteenth article (Supervisory Board):

1) the Supervisory Board's internal control competence within the Bank (banking group) is adjusted in line with the provisions of the Bank of Russia's Ordinance No. 5683-U dated 28.12.2020 taking effect from 01.10.2021 (subcl. 13.2.19);

2) the term "material transaction" is introduced for transactions requiring governing bodies' approval in line with the Bank of Russia's Letter No. 06-52/2463 dated 10.04.2014 "On Corporate Governance Code" (the "Corporate Governance Code") (subcl.13.2.31);

3) the Supervisory Board is given competence to:

- approve the Bank's insider information access bylaws, the procedure and deadlines for disclosure of insider information (specific kinds thereof) beyond the Bank of Russia's list of issuers' insider information, and determine the terms of trading in financial instruments for persons specified in insider trading laws, named in the Bank's list of insiders or related to the foregoing persons (subcl. 13.2.34);

- approve the Bank's sustainability report (subcl.13.2.47);

- approve reports on the creation of an effective IT management system and information security risk management system, on investments in information technologies and information security, on achieved results, and on evaluation of new technologies' impact on the Bank's operations (subcl.13.2.48);

- give consent to Supervisory Board members' parallel engagements in other organisations' governing bodies (subcl.13.2.49);

- approve the engagement of an independent consultant to find candidates for the Supervisory Board and evaluate the internal audit function (subcl.13.2.50).

4) It is specified how Supervisory Board members should give notice of their engagements in other entities' governing bodies and of acknowledgment of the opinion of the Compensation, Corporate Governance and Nominations Committee (the "CCGNC"). Independent directors are required to refrain from getting engaged in other entities' governing bodies, if this may disqualify them under the independence criteria set forth in the Bank's bylaws and Moscow Exchange's listing rules (cl.13.4).

5) To comply with the Corporate Governance Code, the concept of "material corporate actions" is introduced, with the Supervisory Board to play a key role in making decisions or recommendations as to

such actions, which should be taken on fair terms and conditions, ensuring that the rights and interests of the shareholders as well as other stakeholders are observed (cl. 13.11).

The fifteenth article (Chairman of the Management Board): the Chairman of the Management Board is given competence to approve the Bank's own insider information lists, review and approve reports contemplated in the internal control rules for preventing, detecting and obstructing insider information abuse and/or market manipulation, and reports and other documents contemplated in the stock market professional participant internal control rules.

The seventeenth article (The Bank's Internal Control): the Stock Market Professional Participant Comptroller's competence and subordination are adjusted. Since 01.10.2021, the Stock Market Professional Participant Comptroller is subordinate and reports to the Chairman of the Management Board (cl.17.10). The Internal Control Section's competence is adjusted and it is restated who may discharge its head (cl.17.13). The competence of the subdivision responsible for anti-money laundering, combating financing of terrorism and proliferation of weapons of mass destruction ("AML/CFT/PWMD") is adjusted, in particular as regards developing the Special-Purpose AML/CFT/PWMD Internal Control Regulation and controlling banking group members' compliance therewith; developing recommendations on minimisation of regulatory and other non-financial risks, 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. Clause 17.14 of the Charter is amended by adding that the AML/CFT/PWMD Compliance Officer shall be appointed and removed by the Chairman of the Management Board. The Insider Trading and Market Manipulation Compliance Officer is added to the list of internal control officers, his competence, appointment and removal provisions are set forth (cl.17.16).

Key amendments to the Regulation on the Supervisory Board and the Regulation on the Management Board and the Chairman of the Management Board

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.