Implementation of the Banking Code 2015 by Amsterdam Trade Bank N.V. (ATB) per 31 May 2018

In October 2014, the Dutch Banking Association published the "Future-oriented banking" package, consisting of a Social Charter, the updated Banking Code and the implementation of a bankers’ oath, with associated rules of conduct and disciplinary rules. The updated Banking Code 2015 came into effect on 1 January 2015.

The Banking Code applies to activities carried out in the Netherlands and directed to the Netherlands by banks having their registered office in the Netherlands and having a license granted by the Dutch Central Bank, as referred to in Section 2:11 of the Dutch Financial Supervision Act.

In the following overview, ATB demonstrates how each of the Banking Code 2015 Principles is applied. The contents of the report 'to bridge the differences' of the Monitoring Commission Banking Code 2016 have been taken in to account.

**Text of the updated Banking Code**

**Sound and ethical business operations**

1. To build and maintain its position as a stable and reliable partner, a bank must formulate its mission, strategy and objectives. These focus on the long term and are expressed in part in the bank's risk policy and the policy for sustainability and corporate social responsibility.

**Implementation by ATB**

ATB complies with this principle.

ATB’s strategy is aligned with the mission and vision statements of the bank. In 2016, ATB redefined its mission, strategy, and vision as part of ATB’s transformation from a CIS (Commonwealth of Independent States) corporate lender into a modern merchant bank with a clear customer-focused strategy, focussing on underbanked segments in the large commodity finance, ship finance, and asset-based finance markets. It is our mission to use expertise, technology and networks to become the centre of excellence for financial solutions to the commodity value chain. Our vision is to revolutionise the trade finance business and become the leading provider of financial solutions for commodity trade and related assets. ATB’s mission and long-term vision are duly reflected, among others, in ATB’s Risk Appetite Statement, which aligns corporate strategy (executing ATB’s mission and vision), capital allocation, and the risk universe in which ATB operates, as defined in the Baseline Risk Analysis. In its operations, ATB is guided, among others, by its business principles set out in ATB’s Code of Conduct and Client Diligence Policy. The latter contains ATB’s Guidance Note (serving as policy) on Sustainability and Corporate Social Responsibility.

To achieve its strategy, ATB has adopted four core values:

(i) **client orientation**, which means that we interact with our clients and financial institutions on the basis of collaboration and trust. Traditional values that have allowed us to build close, long-term partnerships.

(ii) **integrity**, which means that we adhere to the highest integrity standards for corporate and individual behaviour. We are committed to fostering and maintaining a sound corporate culture of honesty and accountability in order to protect the interests of all relevant stakeholders.

(iii) **professionalism**, which means that we have the necessary knowledge, experience and skills to serve our clients well and perform our duties effectively, and

(iv) **teamwork**, which means that we believe
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That we achieve our best results only when we work together as a team. By cooperating, teams achieve what individuals cannot.

These core values contribute to ensuring ATB’s stability and reliability as financial institution.

ATB complies with this principle.

ATB positions itself within trade finance while offering limited retail banking services (savings & deposits). By providing financial solutions across the commodity value chain to small-, medium-, and large-sized businesses with a presence in, or trade flows linked to Europe, ATB’s social role is to contribute to the import and export of goods, and thus to the sustainable functioning of Europe’s economies and societies. In due alignment with the bank’s responsibility to contribute to a sustainable economy, as pursuant to the Social Charter of the Dutch Banking Association, ATB supports Dutch exporters as part of its core business. With its robust integrity framework, ATB further upholds the gatekeeping responsibilities of the financial system with regard to the prevention of money laundering, corruption, terrorist financing, proliferation financing, and sanctions evasion.

The alignment of business interests and the social role is the central component in ATB’s governance structure, formulated core values (client orientation, integrity, professionalism, and teamwork), and internal policies such as ATB’s Code of Conduct and Client Due Diligence Policy (containing the Guidance Note on Sustainability and Corporate Social Responsibility), all contributing to the implementation the bank’s mission, strategy and objectives.

ATB complies with this principle.

ATB’s Management Board (MB) and Supervisory Board (SB) set a governance framework that ensures effective supervision of compliance with the established governance principles. To support the MB in its daily management of the bank, ATB instituted several MB committees: (i) ALCO, (ii) Integrity, (iii) Credit, (iv) Financial Recovery, (v) Operational Risk, (vi) Provisioning Committee.

The SB monitors whether ATB’s governance structure functions properly through the SB meetings (at least five times per year) and the meetings of the committees of the SB, all with their own charters: (i) Audit Committee, (ii) Remuneration and Nominating Committee, (iii) Risk and Compliance Committee (RCC). The SB committees meet on a quarterly basis or whenever needed.

ATB is convinced that a strong corporate culture remains essential for ATB’s long-term success and its stakeholder relationships. This includes a clear tone at the top. The MB promotes responsible behaviour and a healthy culture both at the top of ATB and throughout its organization. In this, it will consider the interests of ATB’s customers and other stakeholders. The MB is responsible for employees being and remaining familiar with all rules, values and standards applicable to ATB.

The ‘exemplary behaviour’ of the MB is taken into account in the yearly evaluation of the individual MB members by the SB.
The executive board and supervisory board are – with due regard for each other's duties and powers – responsible for developing, communicating and enforcing standards on integrity, morals and leadership in the bank.

In addition, they ensure there are proper checks and balances and they safeguard a solid IT infrastructure that is vital for the functioning of the bank.

Among other things, thorough checks and balances mean that the compliance function is also safeguarded within the executive board and supervisory board.

The executive board will promote responsible behaviour and a healthy culture both at the top of the bank and throughout its organisation. In this, it will consider the interests of the bank’s customers and other stakeholders. The supervisory board supervises this.

A bank’s culture must also express the assumptions in the Social Charter of the Dutch Banking Association. These must be embedded in the bank’s organisation and the bank will include them in its contact with its stakeholders. It will provide an insight into the way in which the bank deals with the assumptions in the Charter.

All employees will comply with the formal regulations and self-regulation that apply to them. The executive board and supervisory board are – with due regard for each other’s duties and powers – responsible for this. The executive board is responsible for employees being and remaining familiar with all rules, values and standards applicable to the bank and will continue to pay attention to this. The supervisory board supervises this.

ATB complies with this principle.

ATB considers it a top priority for ATB to make and maintain a strong and solid commitment to corporate integrity and be able to demonstrate the effectiveness of its robust integrity framework.

The integrity, morals, and leadership principles are laid out in ATB’s Supervisory Board Charter, Management Board Charter, and Enterprise Risk Management Policy. The daily attention and adherence to the core values, ensuring the bank’s integrity, morality, and leadership standards, is overseen by the MB and SB.

The MB, as part of its responsibilities, oversees the robustness of ATB’s IT infrastructure. This is checked and balanced by the Risk and Compliance Committee of the SB. The head of the Integrity Department reports directly to the Chief Risk Officer, who is a member of the MB.

The core values have been made part of the performance management of ATB and its employees (including MB and SB members). The core values are an integral part of the annual mandatory e-learning courses for employees and the annual refreshment of banker's oath awareness.

ATB complies with this principle.

The MB promotes responsible behaviour and a healthy culture throughout the organization through ATB’s core values: (i) client orientation, (ii) integrity, (iii) professionalism and (iv) teamwork. These are reinforced continuously through permanent education programs, organizational tools and implementation of the Code of Conduct, soft controls model and feedback sessions. Strict adherence to risk guidelines and premium compliance practices complement our toolkit in delivering balanced and sustainable growth.

All employees (including MB members) are required to annually refresh banker’s oath awareness and to pass e-learning courses on ATB’s Code of Conduct, Client Due Diligence Policy, and Anti-Corruption. In addition, the Speak-Up Policy, the Employee Handbook, and e-learnings on a healthy and safe working environment further contribute to ATB’s healthy culture and responsible behaviour. The illness absence is market conform. These actions are monitored by the SB.

ATB complies with this principle.

The principles of the Social Charter are covered by ATB core values (client orientation, integrity, professionalism and teamwork) and ATB’s Code of Conduct, and as such are embedded in ATB’s culture. The annual refreshment of banker’s oath awareness, the e-learning courses, and the quarterly compliance monitoring ensure that these principles are effectively adhered to.

ATB complies with this principle.

SB, MB and staff are all committed to ATB’s Code of Conduct, Employee Handbook and other policies as well as law and regulations and the banking code. The annual refreshment of banker’s oath awareness, the e-learning courses, and the quarterly compliance monitoring ensure that these principles are effectively adhered to.
**Supervisory Board**

8 The supervisory board will be composed in such a way that it is able to perform its tasks properly. It will form a risk committee and an audit committee. The members of the supervisory board will be prepared and able to make sufficient time available for their duties and exhibit effort and commitment. They will at the same time be critical and independent.

9 Each member of the supervisory board will be aware of the social role of a bank and of the interests of the various stakeholders. There are specific competence and experience requirements for members of the supervisory board’s risk and audit committees.

Members of the risk committee must have thorough knowledge of the financial aspects of risk management or the necessary experience to permit a thorough assessment of risks. Members of the audit committee must have thorough knowledge of financial reporting, internal control and audit or the necessary experience to permit thorough supervision of these subjects.

10 The chairman of the supervisory board will organise a programme of lifelong learning for all members of the supervisory board with the aim of maintaining their expertise at the required level and improving it where necessary. The learning programme will in any event cover relevant developments at the bank and in the financial sector, corporate governance in general and in the financial sector in particular, the duty of care towards customers, integrity, IT infrastructure, risk management, financial reporting and audit.

Every member of the supervisory board will take part in the programme and meet the requirements for lifelong learning. The assessment of the effectiveness of the programme of lifelong learning will be part of the annual evaluation performed by the supervisory board.

In addition to the supervisory board's annual self-evaluation, the functioning of the supervisory board will be evaluated under independent supervision once every three years. The involvement of each member of the supervisory board, the culture within the supervisory board and the relationship between the supervisory board and the executive board will be part of this evaluation.

Education and sharing relevant information are core elements of the MB in making sure that staff members truly understand what is expected from them with regard to the execution of the relevant rules, values and standards. These actions are monitored by the SB.

**ATB complies with this principle.**

The composition of the SB allows the board to fulfil its tasks properly. Currently, the SB consists of 5 members and there is one vacancy. The SB has three committees, an Audit Committee, a Risk and Compliance Committee and a Remuneration and Nominating Committee. The knowledge and experience that is relevant for ATB is represented in the SB. The SB has drawn up a profile which includes the principles for its composition and competence. This profile is reviewed on an annual basis.

The SB ensures that its members are sufficiently available in order to meet their responsibilities. The SB Charter ensures that the SB is composed in such a way that its composition and the combined experience, expertise, complementarity and independence of its members enables the SB to best carry out the variety of its responsibilities and duties to the bank and all stakeholders others involved in the bank, consistent with applicable law and regulations. 50% of the members of the SB are direct representatives of the shareholders, 50% of the members (including the chairman) are independent.

**ATB complies with this principle.**

The selection of SB members takes into account an even spread of knowledge and skills that are relevant to ATB. In the fulfilment of its tasks, the Supervisory Board carefully considers the interests of all stakeholders of ATB, as laid out in the SB Charter.

The members of the Audit Committee and the Risk and Compliance Committee meet the specific requirements as described in this Banking Code provision. These requirements are also laid down in the charters of both committees.

**ATB complies with this principle.**

ATB has a lifelong program in place with the aim to maintain the expertise of the members of the SB and MB. As part of this programs in 2017 trainings were organized on, among others: culture, the revised corporate governance code, IT and cybersecurity, regulatory and compliance topics.

The SB evaluates its own functioning every year as well the functioning of its vice-chairman and chairman. In 2018, thus in the third years since the reformulation of ATB’s strategy, mission and objectives, the SB’s performance will be evaluated under the supervision of an external facilitator.
11 Each member of the supervisory board will receive appropriate compensation for the amount of time that he or she spends on supervisory board activities. This compensation will not depend on the bank’s results.

Executive Board
12 The executive board will be composed in such a way that it is able to perform its tasks properly. Each member of the executive board will be aware of the social role of a bank and of the interests of the various stakeholders.

13 One member of the executive board will have the duty of preparing decision-making by the executive board on risk management. This member will be involved in good time in the preparation of decisions that are of material significance for the bank’s risk profile, especially where these decisions may result in a departure from the risk appetite approved by the supervisory board.

This member may combine his or her function with other responsibilities, provided that he or she does not bear any individual commercial responsibility and operates independently from commercial areas. Risk management will also include a focus on the impact that systemic risk could have on the bank’s risk profile.

14 The chairman of the executive board will organise a programme of lifelong learning for all members of the executive board with the aim of maintaining their expertise at the required level and improving it where necessary. The learning programme will in any event cover relevant developments at the bank and in the financial sector, corporate governance in general and in the financial sector in particular, the duty of care towards customers, integrity, risk management, financial reporting and audit.

Every member of the executive board will take part in the programme and meet the requirements for lifelong learning.

Risk Policy
15 A bank’s risk policy is characterized by a comprehensive approach, is transparent and has both a short- and long-term focus. The risk policy also takes reputational risks and non-financial risks into account.

ATB complies with this principle.
The SB members that are employed by the shareholders (Alfa Group) do not receive remuneration for their SB directorship. The other SB members receive suitable compensation for their work. This compensation is not linked to the performance of ATB.

ATB complies with this principle.
The management of ATB lies with the MB, which is composed in such a way that it is able to perform its tasks properly. The competences, knowledge and skills of its members guarantee the proper fulfilment of ATB’s management function, as laid out in the in the MB charter.

The MB is collectively responsible for the management of ATB and the general course of affairs at ATB. Each MB member has specific roles and responsibilities.

MB members possess a thorough knowledge of the financial sector in general and the banking sector in particular. Each member of the MB is required to act in accordance with the interest of ATB and its business and is aware of the social role of a bank and of the interests of the various stakeholders.

ATB complies with this principle.
The MB consists of three members. One member is designated as Chief Risk Officer (CRO). The CRO’s main responsibilities are formulating, communicating and supervising the desired risk profile of the bank. Within the MB, the CRO does not have any individual commercial responsibility and operates independently from commercial areas. ATB prepares a Systemic Integrity Risk Analysis on an annual basis.

ATB complies with this principle.
A lifelong learning program is in place for MB and SB members. All members of the MB participate regularly in the lifelong learning program and meet the requirements for lifelong learning. As part of this programs in 2017 trainings were organized on, among others: culture, the revised corporate governance code, IT and cybersecurity, regulatory and compliance topics.

ATB complies with this principle.
The overall approach to risk management is documented in the Enterprise Risk Policy, which outlines a holistic overview of risk management tools (both long and short term oriented). Additionally, ATB’s policy framework provides a structured approach to ensuring all risk types are adequately addressed in the short and long term as all policies are mapped to the risk taxonomy, reviewed for consistency with other policies, and approved by the MB members in the Operational Risk Committee (ORC). The ORC monitors and aims for a timely update and
A bank’s executive board will be responsible for its risk policy and ensure proper risk management. The executive board will propose the risk appetite to the supervisory board for approval at least once a year. Any material changes to the risk appetite in the interim will also require the supervisory board’s approval.

The supervisory board will supervise the risk policy pursued by the executive board. As part of its supervision, the supervisory board will discuss the bank’s risk profile and assess at a strategic level whether capital allocation and liquidity requirements are generally in line with the approved risk appetite and whether operations in general are in line with the bank’s risk appetite. In the performance of this supervisory role, the supervisory board will be advised by its risk committee.

A bank’s executive board will ensure that a systematic audit is conducted of the management of the risks related to the bank’s operations. To this end, a bank will have its own internal audit department with an independent position within the bank. The head of the internal audit department will report to the chairman of the executive board and also have a direct reporting line to the chairman of the supervisory board’s audit committee.

The internal audit department, external auditor and supervisory board’s audit committee will consult periodically.

The internal audit department will take the initiative in arranging talks with DNB (the Dutch central bank) and the external auditor at least once a year to discuss each other’s risk analyses, findings and audit plans at an early stage. The bank’s executive board and internal audit department will encourage these tripartite talks, aiming for a clear delineation of each other’s duties and responsibilities.

The bank will implement a detailed, restrained and long-term remuneration policy that is unambiguous and transparent and in line with national and international regulations.
The remuneration policy will have a primarily long-term focus and be in line with the bank’s risk policy. It will incorporate an internal and external balance of interests, taking into account the expectations of the various stakeholders and social acceptance. It will also take the relevant international context into account.

The total income of a member of a bank’s executive board will at the time it is set be below the median for comparable positions inside and outside the financial industry, taking into account the relevant international context.

The variable remuneration of a member of the executive board will be set in accordance with national and international regulations.

This Policy also provides guidance for performance assessments, variable rewards and the relevant measures of control.

**ATB complies with this principle.**

When setting the total remuneration of a member of the MB, ATB contacts executive search consultants to ensure that the current market median is being taken into consideration.

The variable component of the (ATB) remuneration of the members of the MB is described in the ATB Remuneration Policy mentioned above and is in line with (inter)national legislation and regulation.