

**APPROVED**  
by the decision of the sole shareholder,  
dated April 30, 2025 No.3

**CODE  
ON CORPORATE GOVERNANCE  
OF JOINT STOCK COMPANY “PROCREDIT  
BANK”**

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## 1. GENERAL PROVISIONS

1.1. The Code on Corporate Governance of JSC "ProCredit Bank" (hereinafter referred to as the Code) has been developed based on the Bank' charter, internal policies regulating activities of the managing and controlling bodies and officials of the Bank, to determine principles of corporate governance in joint stock company "ProCredit Bank" ("the Bank"). The Code is made in consideration of the provisions of the Methodological recommendations on organization of corporate governance, adopted by the Resolution of the Board of the National Bank of Ukraine No. 814-рш dated December 3, 2018 and Recommendations on the practice of applying legislation on corporate governance, approved by the decision of the National Securities and Stock Market Commission of Ukraine dated March 12, 2020 No. 118, which established the Code of Corporate Governance as a national standard of corporate governance in Ukraine.

1.2. As a member of the ProCredit international group (hereinafter - the Group), the Bank ensures compliance with the principles and values defined by the Group.

1.3. This Code sets out the standards for corporate governance at the Bank as the system of relations between equity investors, management bodies, executives and stakeholders in order to increase the level of investors' trust to provide for the equilibrium of influence and balance of interests of the parties to these relations, as well as cooperation between the Bank's management bodies in the process of developing, approving, implementing and monitoring the implementation of the Bank's strategy and tasks aiming to create long-term stable value in the interests of the Bank and its shareholders, increasing its profitability, sustainability and competitiveness.

1.4. This Code is approved by the Bank's General Shareholders' Meeting (sole shareholder) and is binding for the Bank. It is expected that the Code will be regularly reviewed with a view to improving the corporate governance model with further approval of the relevant changes and additions hereto.

## 2. RIGHTS OF SHAREHOLDERS, GENERAL SHAREHOLDERS' MEETING

2.1. Shareholders holding shares of the Bank of the same type (class), taking into account their number, shall have equal rights, the list of which shall be determined by the legislation and the Bank's charter ("Charter") and which shall be fully complied with. The Supervisory Board of the Bank ("the Supervisory Board") shall ensure fair treatment of all shareholders and shall not allow any violations of their rights.

2.2. Shareholders have the right to demand from Members of the Supervisory Board and the Management Board to provide reports on the results of the Bank's activity through the disclosure of information in accordance with established requirements and participation in the general meetings of shareholders (hereinafter - General Meetings) and to convene Extraordinary General Meetings in the manner prescribed by the applicable law and the Charter.

2.3. The Bank shall provide equal possibilities for all the shareholders to exercise their rights, protect their rights, legitimate interests of the Shareholders and provide equal attitude to all shareholders regardless of its residential status in Ukraine, the number of share and other factors. To ensure provision of such possibility to the foreign shareholders, the Bank is obliged to use all reasonable efforts to eliminate circumstances that interfere with the exercise of such shareholders' rights. In particular, notices to the non-resident shareholders on convocation of the General Meetings and documents related to their agendas must be delivered in English or other respective foreign language. In addition to communication by letter, the Bank must send information to the shareholders via modern means of communication, for example, via e-mail, as well as using its own webpage.

2.4. Unless otherwise provided by the applicable law, in order to express their views and protect their interests, shareholders exercise their rights by participating in and voting at the General Meetings. The Supervisory Board and the Management Board provide for the holding of the General Meeting, securing productive and respectful relationships with the shareholders and facilitating participation of all the shareholders in the General Meeting at the same time.

2.5. The General Meeting adopts decisions on the all issues pertaining to the Bank's activities, including issues that have been transferred to Supervisory or Management board authorities, except for cases envisaged by the current legislation.

2.6. Shareholders are notified duly and in advance of the date, time and venue of the General Meeting, as well as registration and voting procedures.

Shareholders are given notice of the General Meeting and are furnished with its agenda, all necessary materials and recommendations of the Supervisory Board and the Management Board as to the items of the draft agenda and agenda in good time according to the current legislation, so that they are in a position for appropriate familiarization and preparation, and to the extent sufficient to form an informed opinion on all matters to be considered during the General Meeting.

2.7. Ordinary Shareholders are entitled to participate in any General Meetings and have the right to offer proposals for amendments to the draft agenda, be familiarised with the documents required to adopt decisions, report and vote on any item of the agenda of the General Meeting. Preference Shareholders have the right to vote at the General Meetings only in those instances and about those questions, which are envisaged by the Law of Ukraine on Joint Stock Companies and the Bank's Charter.

2.8. General Meetings are held in such a way so that each shareholder is in a position to express his or her will on all items put to vote. Tabulation of votes is transparent. All decisions are to be reflected clearly and credibly in the Minutes of the General Meeting and/or annexes thereto.

2.9. One ordinary share gives the shareholder one vote to resolve each item put to vote at the General Meeting, except where cumulative voting is held. The Bank has no shares giving to the Shareholders privileges in voting.

2.10. Shareholders can exercise their voting rights either by themselves or through a proxy. The procedure for appointing a proxy is subject to the applicable law and internal regulations on the General Meeting. The National Bank of Ukraine may impose restrictions on the shareholders' representation at the General Meeting to the extent required by the applicable law.

### **3. SUPERVISORY BOARD AND MANAGEMENT BOARD**

3.1. The corporate governance provides the condition for timely exchange of information and effective interaction between Supervisory and Management boards that closely cooperate on the Bank's behalf and bears responsibility for its activities. The Supervisory Board and the Management Board have different areas of responsibility. The Supervisory Board must not interfere in the current management of the Bank or encroach on the duly defined functions and areas of responsibility of the Management Board.

3.2. The Management Board coordinates and regularly reports to the Supervisory Board on on the results of the Bank's activity and on the status of implementation of the Bank's strategy and tasks defined for the Management. The principle of due corporate governance envisages an open dialogue between the Management Board and the Supervisory Board, due regard being had to reasonable confidentiality.

3.3. According to the Charter, before the Bank gives effect to a major deal, its principal conditions are to be approved by the Supervisory Board.

3.4. The Management Board informs the Supervisory Board of any important issues in the operations of the Bank, in particular planning, development, operations involving substantial risk, on system of internal controls including risk management and compliance with applicable laws, regularly, to the full extent and in due course. The Management Board points out to deviations of actual results from plans and targets indicating the reasons for such deviation.

The Supervisory Board determines the Management Board's obligation to provide information and submit reports. Normally, the Management Board submits its reports to the Supervisory Board in the form of presentation.

Documents as to which a decision is to be taken, i.e. annual financial statements, auditors' reports, etc, must be submitted to Members of the Supervisory Board as far in advance of the meeting as possible.

3.5. The Management Board and the Supervisory board follow the rules of due corporate governance and the obligation to faithfully perform their functions and to adhere to the principle of loyalty to the Bank, the obligation to be informed and prudent and to act exclusively in the interests of the Bank and its shareholders. If Member of the Management Board or Member of the Supervisory Board infringes his or her duty to act in good faith, in a reasonable manner and with judgement, he or she will be held liable for any damage sustained by the Bank. As far as business decisions are concerned, there is no infringement of duty should Member of the Management Board or Member of the Supervisory Board has had reasonable grounds to believe that he or she acted in the best interests of the Bank.

3.6. The Supervisory Board provides strategic management of the Bank and define its development strategy, controls implementation of the efficient systems of risk management, internal control, exercises control over the Management Board activities in consideration of interests of the shareholders, creditors and investors. The Supervisory Board bears main responsibility for activities and financial situation of the Bank.

3.7. The Supervisory Board relies on the support of committees to properly perform its functions and responsibilities, namely: the Risk Management Committee, the Audit Committee, the Remuneration and Nomination Committee.

3.8. The objectives and tasks of the committees, powers and responsibilities, frequency of meetings and quorum requirements are determined by the Regulations on the Bank's Supervisory Board and the Regulations on the Committees of the Bank's Supervisory Board.

3.9. The Supervisory Board controls compliance with corporate values in the Bank, creating the necessary atmosphere and demonstrating the corporate culture with its own example (tone at the top), defining standards and corporate values for itself, Management Board, officials and other employees of the Bank.

3.10. The Charter and Regulations on the Supervisory Board determine the status, composition, election procedure, powers and tasks, rights and obligations of the Supervisory Board.

3.11. Performing its duties, the Supervisory Board takes account of legitimate interests of the Bank's shareholders, depositors and other stakeholders concerned. It also provides for effective relationships and active cooperation between the Bank and its controlling bodies.

3.12. The Supervisory Board ensures that the Bank's operations with related parties (including transactions within the group) are based solely in the legislative measures and on results of the analysis of potential risks involved and taking account of the specified limitations, so that corporate or financial resources of the Bank are not misappropriated.

3.13. Individuals elected to the Supervisory Board as defined by the Charter must have an impeccable business reputation, possess the necessary knowledge, qualifications, skills, experience, business and moral qualities to effectively perform their functions and meet the requirements of the National Bank of Ukraine.

3.14. Each shareholder has the right to nominate candidates to the Supervisory Board, but the number of candidates nominated may not exceed quantitative composition of the Supervisory Board.

Each shareholder has the right to propose recalling any Member of the Supervisory Board, who has been proposed as candidate to the Supervisory Board by such shareholder, and to have other candidate(s) to the Supervisory Board proposed. Such proposal to have Member of the Supervisory Board nominated or recalled has to be made in writing and addressed to the Management Board and the Chairperson of the Supervisory Board.

In performing their duties Members of the Supervisory Board act in a reasonable manner and in good faith, exert loyalty to the Bank and comply with the applicable law and international standards of supervision. This includes taking an active part in the most important issues pertaining to the Bank, awareness of its operations and external environment and protection of its interests.

3.15. The Supervisory Board assesses annually efficiency of its performance in general and of each member of the Bank's Board in particular, of the Bank's board committees should they be established, and also regularly assesses the compliance of its collective suitability.

3.16. The Management Board is the collective executive body of the Bank, which organises and manages its operating performance. The Management Board bears responsibility for efficiency of its activities according to the rules set up by Charter, General Shareholders' meeting and Supervisory Board decision, and Regulation on the Management Board. The Management Board reports to the Supervisory Board.

3.17. The Management Board is responsible for duly managing the Bank in the best interests of all shareholders, depositors, creditors as well as the Bank itself within the scope of values, instructions and strategies approved by the Supervisory Board.

3.18. The Management Board develops the Bank's strategy, agrees it with the Supervisory Board and provides for its implementation.

3.19. The Charter and the Regulations on the Management Board determine the Management Board's status, composition, assignment procedure, powers, rights and obligations.

3.20. The Supervisory Board reviews on a quarterly basis the Management Board's reports on the Bank's business and financial performance as well as performance of the Management Board itself, business statistics, which in terms of form and content meet the requirements of shareholders, analyses quarterly financial statements with a comparison of actual results to the approved budget, and also reviews the report of the units of the 2nd and 3rd lines of defence in the risk management system of the Bank.

Where required, the Supervisory Board may request the Management Board's report any time and for any period.

#### **4. EXECUTIVES OF THE BANK, CONFLICT OF INTEREST**

4.1. **Executives of the Bank** (hereinafter referred to as the Executives) are the Chairperson, their deputies and Members of the Supervisory Board, the General Manager, their deputies and members of the Management Board, and Chief Accountant of the Bank. The Executives and the Bank's officials exercise their powers in line with the vested tasks, within their terms of reference and in reliance upon applicable laws, the Charter and the internal regulations of the Bank.

4.2. To ensure effective interaction of the Bank with shareholders and other investors, coordination of the Bank's actions to protect the rights and interests of shareholders, support the effective work of the Supervisory Board, the office of corporate secretary is established in the Bank. The corporate secretary is elected by the Supervisory Board and reporting to it.

4.3. The Executives must perform their duty to act in the best interests of and be loyal to the Bank in accordance with the applicable laws of Ukraine and international banking supervisory standards. The Executives must act fair and clever in the best interests of in accordance with the applicable laws of Ukraine and international banking supervisory standards, look after and look ahead, not to perform the action that contradicts or not comply with Bank's interests. Particularly, the Executives shall not to obtain the rewards (directly or indirectly) for exerting the influence in the decision making process by the Management Board, shall not use the Bank's property on their own behalf or on the behalf of the third persons, shall not disclose the information with limited access without relevant permission.

The Executives must fully reveal their conflicts of interest and must not abuse their official position for personal advantage. The Bank has internal rules and procedures in place for managing conflicts of interest, which are mandatory for all its employees, and whose purpose is to avoid conflicts of interest in the exercise of their powers. If nonetheless a conflict of interest occurs, the Executive must reveal thereof and abstain from being involved in a respective decision-making process.

4.4. In performing their functions, the Executives have no right to obtain payments or other benefits from third parties either for themselves or for the benefit of any other parties, or wrongfully endow third parties with wealth, material and non-material alike.

## **5. RISK MANAGEMENT AND INTERNAL CONTROL**

5.1. The Supervisory Board controls and provides for the functioning of efficient systems of internal control and risk management that have due authority, independence, resources and access to the Management and the Supervisory Board.

5.2. The Bank has established a functioning system of internal control. The subjects of the internal control are Supervisory Board and its committees, Management Board and its committees, the internal audit unit, the risk management units and the compliance unit, business units, business support units of the Bank, managers and employees of the Bank who carry out internal control in accordance with their powers.

5.3. The Supervisory Board receives quarterly reports on the operation of the Bank's internal controls and risk management system in order to assess the systems effectiveness.

5.4. The system of internal control is designed to ensure:

- clear, unambiguous allocation of duties, powers and responsibility among the Bank's management bodies, structural units and employees to avoid overlapping;
- double control, which implies following the 'four eyes' rule in the execution of the Bank's operations, whereby their execution, accounting and reporting may not fall within the remit of one person. If relevant software ensuring appropriate levels of control is in place, certain banking operations can be executed by one person all the way from initiation to making respective accounting entries to the extent that such operations are subject to further control;
- an in-depth analysis of the Bank's operations before and after they have been conducted to prevent any unauthorised transactions or transactions non-compliant with respective process or procedure;
- organisation of the Bank's operating activities and accounting for transactions in accordance with the regulations of the National Bank of Ukraine;
- compliance with the requirements to the protection of data in software and hardware suites imposed by regulations of the National Bank of Ukraine;
- introduction and functioning of the information security management system in accordance with information security standards of the National Bank of Ukraine;
- protection against intended and unintended acts of staff;
- improvement in staff qualification levels.

5.5. The order of organization and control over the functioning of the internal control system, control procedures and measures applied by the responsible divisions of the Bank are defined in the Bank's internal regulations on the matters of risk management and organization of internal controls system.

5.6. The Bank's risk management system has been built on separation of responsibilities between the Bank's units using the model of three lines of defence as determined in the Regulations on the organization of the risk management system in banks of Ukraine and banking groups, approved by the Resolution of the Board of the National Bank of Ukraine dated 11.06.2018 No. 64 and in compliance with the requirements imposed by the Basel Committee on Banking Supervision and Minimum Requirements for Risk Management imposed by the German Federal Financial Supervisory Authority (BaFin). These requirements are mandatory for all banks of the ProCredit group.

5.7. Risk management system is responsible for identification, assessment, monitoring, control or reduction and reporting of the influence of each type of risk, including the compliance risk, on the operations of the Bank.

5.8. The overall management of risks includes:

5.8.1. determination of the major risks for the Bank;

5.8.2. assessment of such risks and possibilities of the Bank to influence such risks;

5.8.3. monitoring of the impact of risks and estimation of the capital needs on this basis (capital planning);

5.8.4. monitoring and assessment of decisions to accept certain risks, risk mitigation measures and compliance of the adopted decisions with the risk management policy approved by the Supervisory Board;

5.8.5. reporting to the senior management and the Supervisory Board on all the above matters.

5.9. Risk management process covers all types of the Bank's operations. Risk management decisions may pertain to risk avoidance, risk minimisation (in particular by means of mitigating effects and/or allocation of risks to other parties through insurance or derivative instruments), setting of the limits for risk acceptance and other methods to influence risks.

5.10. The Bank has established the Internal Audit unit in place, one of the tasks of which is to assess the effectiveness of the Bank's corporate governance organization, the internal control system, including the risk management system, and their compliance with the size of the Bank, the complexity, volumes, types, nature of operations carried out by the Bank, the organizational structure and risk profile of the Bank.

5.11. The internal audit activity should be independent, adequately funded and well-staffed with professionals who act in accordance with the Global Standards for Internal Auditing developed by the Institute of Internal Auditors (Global Internal Audit Standards) and professional practice (International Professional Practices framework oversight council - IPPFOC).

5.12. Status, functions, tasks and powers of Internal Audit Service are determined in the Regulation on the Internal Audit Service of the Bank.

5.13. For the purpose of performing its functions, the Internal Audit Service has full, direct and unrestricted access to all structural units, documents, property and information systems of the Bank.

5.14. The Supervisory Board and the Management Board make sure that the Internal Audit Service has all the required resources and access to information in place to enable it to adequately discharge its functions in line with the professional standards of internal auditing.

5.15. The Supervisory Board and the Management Board are to demand an unbiased assessment and advice on risk management and adequacy of the system of internal control from the Internal Audit Service.

5.16. Annual financial statements of the Bank are subject to mandatory audit by an independent audit firm enjoying an impeccable international reputation and recorded in the Register of auditors and subjects of audit activity conducted in accordance with the legislation of Ukraine, to the section of subjects of audit activity who have the right to conduct mandatory audits of financial statements of enterprises of public interest. The purpose of the audit isto have an audit opinion expressed that such financial statements are drawn up in accordance with International Financial Reporting Standards (IFRS) and fairly present (or do not present) actual financial position of the Bank in all material aspects.

5.17. The Supervisory Board and the Management Board contribute to the efficiency of external auditors' performance in order to ensure fairness and credibility of the Bank's financial statements that reflect its financial position and performance.

5.18. The Supervisory Board is the authority to supervise relationships between the Bank and its external auditor.

5.19. The Supervisory Board approves the external auditors for the Bank, terms of the auditing working conditions and remuneration of external auditors for the audit services rendered.

5.20. Form, content and procedure of expression of audit opinions must comply with International Auditing Standards.

5.21. The Bank's external auditor is changed periodically in order to preserve audit independence.

5.22. The Supervisory Board and the Management Board make full use of information obtained following an independent, competent and qualified performance of Internal Audit Service, system of internal control and external auditor.

5.23. The Bank continuously maintains the said systems of control including an effective compliance function, which, among other things, involves an ongoing supervision over observance of the applicable law, corporate governance principles, regulations and policies governing the Bank's operations, and ensures that the management at the respective level is notified of deviations from applicable law requirements and the Supervisory Board and the shareholders, or the National Bank of Ukraine in the cases provided for by it, are notified of material deviations from applicable law requirements should such material deviations occur.

5.24. The Bank shall provide the functioning of the compliance risk management that intends to identify the significant compliance risk, to provide efficient fulfillment of the current legislation, market's standards, internal regulations and Bank's standards, forming and functioning of the efficient controls mechanisms in the Bank. The Bank provides efficient and permanent functioning of compliance whose principles and functions are envisaged in the internal policies and procedures of the Bank and those of the Group.

5.25. The Bank's Executives are to facilitate effective internal control and refrain from any actions that impair its effectiveness.

## **6. DISCLOSURE OF INFORMATION AND TRANSPARENCY**

6.1. The Bank regularly, to the full extent and in a timely manner discloses information about all material aspects of Bank's activities, so that investors, depositors, customers, shareholders, creditors and other stakeholders are kept aware and has enough information of its operations including its risks and efficiency of risk management processes.

6.2. The Management Board is responsible for completeness, credibility and timeliness of disclosure of information concerning the Bank, except in instances where it has been released from responsibility to disclose information.

6.3. To disclose information, the Bank shall use such means of communication that are acceptable for investors, depositors, customers, shareholders, creditors and other stakeholders, providing due, timely and non-costly access to information. The Supervisory Board controls compliance with the information transparency procedures at the Bank.

6.4. The Bank regularly makes information public, including:

6.4.1 its goals, objectives and development strategy;

6.4.2 structure of shareholding;

6.4.3 annual financial statements drawn up in accordance with International Financial Reporting Standards, including independent auditors' reports – not later than April 30 of the following reporting year;

6.4.4 quarterly financial statements

6.4.5 regulated issuer reports consisting of regular and special information of the issuer;

6.4.6 annual report on corporate governance (management report);

6.4.7 report on the activities of the Supervisory Board and report on the activities of the Management Board;

6.4.8 report on remuneration of the Supervisory Board and report on remuneration of the Management Board and influential persons;

- 6.4.9 structures of the Management Board and the Supervisory Board respectively;
- 6.4.10 notice of the General Shareholders' Meetings, as well as Agenda and Minutes thereof;
- 6.4.11 internal documents including the Charter, Regulations on the General Shareholders' Meeting, Regulations on the Supervisory Board, Regulations on the Management Board, this Code on Corporate Governance, and other internal regulations to be disclosed in accordance with the requirements of applicable law;
- 6.4.12 ratings obtained by the Bank;
- 6.4.13 details of securities issues;
- 6.4.14 other information determined mandatory for disclosure by the legislation of Ukraine and regulatory acts of the National Bank of Ukraine and the National Securities and Stock Market Commission of Ukraine.
- 6.5. The Bank discloses regulated issuer information as defined by the legislation of Ukraine, in the manner prescribed by the National Securities and Stock Market Commission of Ukraine.
- 6.6. Information about the Bank can also be made available by placing it on its own website on the Internet, in other ways in cases determined by the legislation of Ukraine, through media and advertising campaigns, at press conferences, during public speeches and events, etc.
- 6.7. The Bank is obliged to provide for storage and protection of information with restricted access especially such that constitutes banking secrecy in order to prevent illegal disclosure of such information and thus its shareholders, depositors, creditors, customers and other stakeholders from sustaining material and moral damages as a result of such illegal disclosure.

## **7. BUSINESS ETHICS**

- 7.1. Standards of professional behaviour, honesty and integrity for all employees of the Bank are reflected in its Code of Conduct, and every employee annually confirms his or her adherence to its requirements in person.
- 7.2. The Bank and its economic activities, operations, assets, equipment, property and other means comply with international standards and provisions of the applicable law as to environmental protection in all material aspects. The Bank has implemented an environmental management system that provides for continuous assessment of loan portfolio according to environmental criteria, an in-depth analysis of all economic activities, which potentially involve environmental risks, and rejection of loan applications from companies engaged in activities, which are deemed environmentally hazardous and appear on the Bank's exclusion list.
- 7.3. Six essential principles guide the operations and business ethics of the Bank. These are transparency, culture of open communication, social responsibility and tolerance, service orientation, high professional standards and high degree of personal commitment.
- 7.4. The Bank supports social, cultural and educational initiatives aimed at building up a broader understanding of financial services, enhancing public understanding of the price of financial services and how these services can be used, developing the economy and raising living standards of the people.
- 7.5. In credit operations, the Bank's target groups are small and medium-sized enterprises with a strong commitment to economic development objectives such as job creation, economic institutionalisation, promotion of export products, energy efficiency and increased food production, since these businesses make a vital contribution to the country's economy. Compliance with the standards of business ethics is also a principal criterion when considering loan applications. No loans are issued to enterprises or if it is suspected that they are making use of unsafe or morally objectionable forms of labour, in particular child labour.
- 7.6. Adhering to the highest ethical standards, the Bank consistently applies best practice systems and procedures to protect the Bank from being used as a vehicle for money laundering or other illegal activities such as financing

of terrorist activities. An important focus here is to "know your customer", and, in line with this principle, to carry out sound reporting and comply with the applicable regulations.

7.7. The Bank is not associated with any kind of political activity. It is prohibited to use the Bank's name, image and material resources during election campaigns and other practical politics. The Bank supports no political party, association of citizens or trade union, materially or otherwise.