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Supervisory Board of ProCredit Bank JSC
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REMUNERATION POLICY FOR THE MANAGEMENT BOARD MEMBERS AND THE KEY FUNCTION HOLDERS REMUNERATION PROCREDIT BANK JSC

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1. The purpose of the regulation

- 1.1. In its activities, ProCredit Bank (Bank) strives to adhere to the internal rules and principles established for all banks of the international ProCredit group managed by the parent company ProCredit Holding AG, mandatory regulatory requirements, and international best practices and standards.

The remuneration policy is one of the special components of the personnel strategy of the Bank, according to which monetary remuneration is not the main incentive for employees. The Bank does not apply the performance-based variable part of remuneration (bonuses, etc.), and therefore does not make severance payments until the performance of the employees is assessed, goals are achieved, and powers are exercised. This approach is based on the fact that variable remuneration creates wrong incentives for decisions, which, on the one hand, can temporarily improve the short-term results of the Bank, but, on the other hand, cause undesirable risks or encourage the Bank to take risks that exceed the level acceptable to the Bank in the long term. The Bank does not have any separate approach to remuneration of members of the Management Board, the Key Function Holders¹ and applies to them the same principles as to remuneration of other employees of the Bank. Employment agreements (contracts) of the Bank with members of the Management Board do not provide for any elements of variable part of remuneration. Remuneration of all members of the Management Board, the Key Function Holders shall be justified in accordance with the level of their competence, responsibilities and experience. Remuneration of members of the Management Board, the Key Function Holders is set in a reasonable proportion to salaries of other employees of the Bank.

Remuneration in the Bank is established in compliance with the principle of gender neutrality and equal pay for male and female employees for equal work or work of equal value.

- 1.2. This Regulation on the Management Board Members, the Key Function Holders Remuneration (hereinafter “the Regulation”) is designed to establish a transparent system of remuneration of the Management Board members, the Key Function Holders for their activities and performance of official duties. The Regulations has been implemented in accordance with the Laws of Ukraine “On Banks and Banking”, “On Joint-Stock Companies”, Regulation on Remuneration of Members of Bank approved by resolution of the Board of the National Bank of Ukraine No. 153 dated 30 November 2020 (hereinafter “Regulation № 153”), the Bank’s Articles of Association, and taking into account the Methodological Recommendations on the Organisation of Corporate Governance in the Banks of Ukraine, approved by Resolution of the Board of the National Bank of Ukraine No. 814-рш dated 3 December 2018, Regulation on the Management Board of ProCredit Bank JSC approved and reviewed by the Supervisory Board of the Bank.
- 1.3. The Regulation is an internal document of the Bank, which defines the basic principles of the introduced remuneration system for members of the Management Board, the Key Function Holders the form of remuneration, criteria and procedure for calculating remuneration due, payment, approval and publication of the remuneration report.
- 1.4. The Regulation is binding and applies to all members of the Management Board, the Key Function Holders of ProCredit Bank JSC.

2. Procedure for determining individuals whose professional activities have a significant impact on the Bank’s risk profile

- 2.1 The following qualitative and quantitative criteria are used to identify individuals whose professional activities have a significant impact on the Bank’s risk profile.
- 2.2 Employees who meet at least one of the qualitative and/or quantitative criteria outlined in Section II of this Regulation shall be included in the list of individuals whose professional activities significantly impact the Bank’s risk profile.
- 2.3 The primary qualitative criterion for categorizing an employee as someone whose professional activities

¹ The term “Key Function Holders” is used in the meaning defined by the Regulation No. 153.

significantly impact the Bank's risk profile is that the employee:

- 1) Holds a position within the management body;
- 2) Is a head of control units;
- 3) Is a manager of a significant structural unit;
- 4) Is the chief accountant and/or head of the structural unit responsible for the formation of the Bank's accounting policy;
- 5) Is a head of the units that perform:
 - Legal support functions for the Bank's activities;
 - Financial planning functions, including taxation and budgeting;
 - Economic analysis;
 - Functions of preventing and counteracting the legalisation (laundering) of proceeds of crime, terrorist financing and financing the proliferation of weapons of mass destruction;
 - HR functions;
 - Functions of developing and/or implementing the remuneration policy;
 - Information technology support functions;
 - Information security functions;
- 6) Has the authority to make, approve decisions on the introduction of new products or impose a ban (veto) on such decisions;
- 7) Is a member of the relevant committee with voting rights, tasked with making or approving decisions as outlined in sub-clause 6 of clause 2.3 of this section, or has the authority to impose a ban (veto) on such decisions;
- 8) Performs the duties of the position of an employee referred to in sub-clauses 1-7 of clause 2.3 of this section for more than three months.

2.4 Additional qualitative criteria for classifying an employee as a person whose professional activity has a significant impact on the Bank's risk profile include the fact that the employee:

- 1) Is entitled to significant remuneration for the financial year / previous financial year, provided that the following requirements are met:
 - The total amount of remuneration accrued/paid to the employee for the financial year / previous financial year equals or exceeds the amount equivalent to EUR 70,000 at the official exchange rate of UAH to foreign currencies set by the National Bank on the date(s) of accrual/payment(s) and equals or exceeds the average amount of total (fixed and variable) remuneration accrued/paid for the relevant year or for the previous year to members of the Bank's management bodies;
 - Engages in professional activities within a significant structural unit, where these activities substantially influence the risk profile of said unit;
- 2) Is the head of the first line of security structural unit;
- 3) Is a member of the relevant voting committee responsible for taking significant risks;
- 4) Has the authority to make or approve decisions and impose a ban (veto) on entering into agreements regarding active transactions subject to credit risk if the total assets under such transactions equal or exceed at least one of the following two values:
 - 0.5 % of the Bank's fixed assets;
 - The equivalent of EUR 1,000,000 at the official exchange rate of UAH to foreign currencies set by the National Bank on the date of adoption, approval of the relevant decision, or imposition of a ban (veto) on it;
- 5) Is a member of a committee or another collective body authorized to make or approve decisions as referred to in sub-clause 4 of clause 2.4 of this section, or has the power to impose a ban (veto) on such decisions;
- 6) Has the authority to make or approve decisions regarding transactions involving instruments held in the trading book, totalling or exceeding 0.5% of the bank's share capital, or has the power to impose a ban (veto) on such decisions;

- 7) Is a member of a committee or another collective body authorized to make or approve decisions as referred to in sub-clause 6 of clause 2.4 of this section, or has the power to impose a ban (veto) on such decisions;
 - 8) Influences a group of employees who autonomously hold the authority to engage in active transactions on behalf of the Bank if the combined assets under such transactions equal or surpass at least one of the following two amounts:
 - 0.5 % of the Bank's capital stock;
 - The equivalent of EUR 1,000,000 at the official exchange rate of UAH to foreign currencies set by the National Bank on the date of on the date of the respective agreement;
 - 9) Performs the responsibilities of a position held by an employee mentioned in sub-clauses 1 to 8 of clause 2.4 of this section for a period exceeding three months.
- 2.5 Quantitative criteria for identifying employees whose professional activities significantly influence the Bank's risk profile include:
- 1) The accrual/payment of remuneration to an employee for the financial year / previous financial year totalling or exceeding the amount equivalent to EUR 100,000 at the official exchange rate of UAH to foreign currencies set by the National Bank on the date of accrual/payment;
 - 2) The employee is among the top 0.3% of the Bank's employees (rounded up to the nearest whole number) who received the largest amounts of remuneration in the previous financial year (given that as of the date of the relevant accruals/payments, the Bank employed more than 1000 employees).
- 2.6 The Bank shall include into the list of significant structural units a unit that satisfies at least one of the following criteria:
- 1) The structural unit's activities generate an aggregate amount of all significant risks that constitute 2% or more of the available internal capital from an economic perspective;
 - 2) Is accountable for the primary line of business and/or the provision of support services that constitute significant sources of income and/or profit for the bank/banking group (where the income/profit garnered in the relevant area amounts to 5% or more of the bank's income/profit for the previous financial year, as per the audited financial statements conducted by the auditing entity in accordance with the procedure established by the legislation of Ukraine).
- 2.7 The Bank annually determines, approves, and at least once a year reviews the list of material structural units based on:
- 1) The risk profile of the structural unit;
 - 2) The amount of capital designated by the Bank as available to mitigate all significant risks (available internal capital from an economic perspective);
 - 3) Risk limits of a structural unit (business line);
 - 4) Risk and efficiency indicators used by the Bank to identify, manage and monitor the risks of significant structural units.
- 2.8 Based on quantitative and qualitative metrics, the Corporate Secretary of the Bank shall create a list of positions in accordance with the Bank's staffing table. Employees holding these positions are individuals whose professional activities significantly influence the Bank's risk profile. This list is then submitted for approval by the Supervisory Board of the Bank. The list of these positions is given in Annex 2.
- 2.9 Following approval of the list of positions by the Bank's Supervisory Board, a specialist of the HR Department shall supplement the list of individuals whose professional activities significantly influence the Bank's risk profile with their full names (name, patronymic and surname), if available.
- 2.10 The Supervisory Board shall review the list of persons whose professional activities have a significant impact on the Bank's risk profile at least once a year.
- 2.11 The Corporate Secretary of the Bank is responsible for furnishing written notifications to the sole shareholder of the Bank (at least once per year) and the National Bank of Ukraine (at least once per year and upon request) regarding the identification of individuals whose professional activities significantly influence the Bank's risk profile, along with their list, within 15 business days from the date of its approval by the Supervisory Board of the Bank.

3. Procedure for establishing and paying remuneration to members of the Bank's Management Board, the Key Function Holders

- 3.1 The Bank's remuneration system is aimed at ensuring effective corporate governance and risk management, taking into account the Bank's strategic objectives, and promoting the compliance with corporate values.
- 3.2 For the performance of their official duties, the members of the Management Board, the Key Function Holders shall receive remuneration in the form of a financial payment in cash paid in accordance with the terms and conditions established for the payment of salary, and for the members of the Management Board - subject to the conditions stipulated in the employment contract concluded between the member of the Management Board and the Bank.
- 3.3 The terms and conditions of employment contracts concluded with the members of the Management Board are determined by the Supervisory Board of the Bank.
- 3.4 Employment contracts for the exercise of the powers of a member of the Management Board also establish the rights, obligations, responsibilities of the parties, terms and conditions of remuneration, grounds for early termination and consequences of termination of such contracts, etc.
- 3.5 The employment contract with the Chairman of the Management Board on behalf of the Bank shall be signed by the Chairman of the Supervisory Board of the Bank or another authorized person by the decision of the Supervisory Board. Employment contracts with members of the Management Board are signed by the Chairman of the Management Board.
- 3.6 The term of employment contracts with members of the Management Board is set from the moment of their conclusion and is unlimited. Upon termination of the powers of a member of the Management Board, the contract concluded with the member shall be terminated at the same time.
- 3.7 The remuneration system of the members of the Management Board, the Key Function Holders of the Bank provides for the payment of only a fixed remuneration and the amount of reimbursement of expenses incurred in connection with the performance of official duties, as well as the incentive program.
- 3.8 Fixed remuneration shall mean a predetermined amount of remuneration, which is paid to members of the Management Board, the Key Function Holders for the performance of their official duties, is permanent, corresponds to the position of the executive, the Key Function Holders in the organizational structure of the Bank, does not depend on the result of the Bank's activities and is a fixed base salary in an amount provided for in the staffing list of the Bank for the relevant position, may be reviewed and may not be reduced, suspended or cancelled by the Bank.
- 3.9 Reimbursement of expenses incurred in connection with the performance of functions assigned to the members of the Management Board, the Key Function Holders shall be carried out in the manner and within the time limits established by the current legislation of Ukraine and internal documents of the Bank.
- 3.10 The incentive program provides for the implementation of non-monetary incentives, such as:
 - full or partial payment by the Bank of the cost of voluntary medical insurance of the members of the Management Board, the Key Function Holder and/or partial payment by the Bank of the cost of voluntary medical insurance of family members of the respective member of the Management Board, the Key Function Holder,
 - use of a company car during working and non-working hours,
 - insurance of liability for members/officers of the Management Board of the Bank – D&O insurance,
 - possibility to acquire a stake in the capital of ProCredit Staff Invest,
 - and does not depend on the Bank's financial results.
- 3.11 By the decision of the Supervisory Board of the Bank, additional means of non-monetary incentives for the members of the Management Board subordinate to the Supervisory Board and the Key Function Holders may be introduced.
- 3.12 Remuneration of members of the Management Board, the Key Function Holders shall be reasonably justified, justified in relation to similar (or commensurate) market indicators of the amount and terms of remuneration payment, correspond to the level of professional experience, determined functional responsibilities of the

person and the level of his/her responsibility and not encourage accepting risks that are not acceptable in normal conditions.

- 3.13 Fixed remuneration is paid on a permanent basis throughout the period of performance of his/her functions by a member of the Management Board, the Key Function Holder.
- 3.14 Establishment and payment of a variable component of the remuneration, payments during hiring/dismissal, additional pension payments (including cases of early retirement), etc. are not provided by the remuneration system for the Management Board members, the Key Function Holders in the Bank. The Supervisory Board has the right to decide on the payment of additional remuneration to a member of the Management Board for performing of work outside their usual functions, to establish variable remuneration in the Bank and to approve the procedure for its payment (partially, with a deferral, reduction or cancellation of payment, taking into account the results of activities, the financial condition of the Bank etc.), as well as further decide on the establishment of dismissal payments.
- 3.15 The amount and procedure for calculation of remuneration shall be determined by the Supervisory Board, subject to the relevant scope of responsibilities, performance, economic situation in general and institutional situation in particular. When determining the amount of remuneration for members of the Management Board, the Key Function Holders the Bank shall be based on the assessment of the fairness of such remuneration as compensation for the functions performed, conformity in terms of their role in the Bank, the basic principles of remuneration applied in ProCredit Group, and assessment of the proportionality of remuneration of managers, the Key Function Holders and employees.

The Supervisory Board sets the remuneration for the chairman and members of the Management Board, the Head and employees of the Internal Audit Department, the Chief Risk Manager, the Chief Compliance Manager. The remuneration for members of the Management Board is included in the terms of the employment contract with each member of the Management Board. The amount of remuneration of the Head and employees of the Internal Audit Department, the Chief Risk Manager, the Chief Compliance Manager is approved at the Supervisory Board meeting and recorded in the minutes of such meeting.

The Management Board sets the remuneration for the rest of the Key Function Holders and the Bank's employees, unless otherwise provided by the legislation of Ukraine. The amount of remuneration is approved at the Management Board meeting and recorded in the minutes of such meeting.

- 3.16 Remuneration to members of the Management Board, the Key Function Holders shall be paid by the Bank on a monthly basis according to the rules of accrual and payment of salaries in the Bank. In the event of a change in the procedure for payment of remuneration to an acting member of the Management Board, the Bank shall enter with such a member into a new or additional contract concluded between the Bank and a member of the Management Board earlier.
- 3.17 The Bank shall calculate the amount of remuneration in such a manner that the amount to be paid after tax in accordance with the requirements of the applicable law correspond to the fixed amount specified in the staffing list and employment contract (applicable for the members of the Management Board only).
- 3.18 Remuneration of members of the Management Board, the Key Function Holders is accrued and paid in cash to their current accounts opened with the Bank by transferring funds in the amount specified in article 3.17.
- 3.19 No regular independent external assessment of the remuneration of members of the Management Board, the Key Function Holders is required, however, such assessment may be carried out based on a resolution of the Supervisory Board or the General Meeting of Shareholders.

4. Report on the Bank Management Board Members Remuneration

- 4.1 The Management Board of the Bank ensures the preparation of a report on the remuneration of the members of the Management Board in accordance with the requirements established by the current legislation of Ukraine, the Bank's Articles of Association and this Regulation.
- 4.2 The report of the Management Board is submitted for consideration and approval to the Supervisory Board of the Bank.
- 4.3 The remuneration report must contain information on:

- 1) Remuneration amounts accrued/paid for the relevant/previous periods and/or pending for members of the Management Board based on the results of the reporting financial year (in the context of both fixed and variable components of remuneration, in monetary form and non-monetary instruments);
 - 2) Terms of remuneration payment (actually paid remuneration and deferred in terms of deferral periods);
 - 3) Description of the non-monetary instruments utilized for compensating members of the Management Board;
 - 4) Instances where the Bank exercised the right to diminish/cancel/return variable remuneration previously disbursed to members of the Management Board;
 - 5) Violations of the terms of the Regulation identified by the Bank (if any) and measures or decisions applied as a result of such violations;
 - 6) Actual presence of a member of the Management Board at the meetings of the Management Board and its committees, of which such a member of the Management Board is a member, or the reasons for his absence;
 - 7) Confirmed facts of unacceptable behaviour of members of the Management Board of the Bank (including those reported in confidence), along with measures taken following investigations and the impact of such findings/measures on the remuneration payment to a member of the Management Board;
 - 8) Availability/absence of reasonable grounds for the payment/postponement/reduction/return of variable remuneration to a member of the Management Board.
- 4.4 The remuneration report must contain the following information regarding payments in cash and/or non-cash instruments (if any) made to the members of the Management Board in the reporting financial year:
- 1) Amounts of payments related to hiring/dismissal;
 - 2) Market value of remuneration disbursed through financial incentives, if the Bank proceeds with such payments.
- 4.5 The report on remuneration must include the following information regarding remuneration in the form of participation of Management Board members in the additional pension payments program (if applicable) in case of:
- 1) Participation in the program with fixed payments concerning any alterations to planned payments that occurred during the reporting financial year;
 - 2) Participation in the program with fixed payments concerning the contributions disbursed by the Bank to the members of the Management Board during the reporting financial year.
- 4.6 The report on the remuneration must contain information on the provision of loans, credits or guarantees by the Bank during the reporting financial year to the members of the Management Board (indicating the amounts and interest rates).
- 4.7 If information disclosure requirements are not applied, the Remuneration Report shall specify the reasons for such non-disclosure.
- 4.8 The Bank publishes the report on the remuneration paid to the members of the Management Board during the reporting financial year on its website on the Internet within 15 working days from the date of its approval by the Supervisory Board, with the possibility of its review.

5. Report on the Key Function Holders Remuneration

- 5.1 The Management Board of the Bank ensures the preparation of a report on the remuneration of the Key Function Holders in accordance with the requirements established by the current legislation of Ukraine, the Bank's Articles of Association and this Regulation.

- 5.2 The report on the remuneration of Key Function Holders of the Management Board is submitted for consideration and approval to the Supervisory Board of the Bank.
- 5.3 The remuneration report must contain information on:
- 1) Remuneration amounts accrued/paid for the period or for the previous periods and/or pending for Key Function Holders based on the results of the reporting financial year (encompassing both fixed and variable components of remuneration, in monetary form and non-monetary instruments);
 - 2) Terms of payment of remuneration (actually paid remuneration and deferred in terms of deferral periods);
 - 3) Description of the non-monetary instruments utilized for compensating Key Function Holders;
 - 4) Instances where the Bank exercised the right to diminish/cancel/return variable remuneration previously disbursed to Key Function Holders;
 - 5) Violations of the terms of the Regulation identified by the Bank (if any) and measures or decisions applied as a result of such violations;
 - 6) Confirmed facts of unacceptable behaviour of a key function holder of the Bank (including those reported in confidence), along with measures taken following investigations and given the impact of such findings/measures on the remuneration payment to the key function holder;
 - 7) Determination of whether there are reasonable grounds for the payment/postponement/reduction/return of variable remuneration to/by a key function holder.
- 5.4 The report on remuneration must include the following information regarding payments in cash and/or non-cash instruments made to Key Function Holders in the reporting financial year:
- 1) Amounts of payments related to hiring/dismissal;
 - 2) The market value of remuneration disbursed through financial incentives, if the Bank proceeds with such payments.
- 5.5 The report on remuneration must include the following information regarding remuneration in the form of participation of Key Function Holders in the additional pension payments program (if applicable) in case of:
- 1) Participation in the program with fixed payments concerning any alterations to planned payments that occurred during the reporting financial year;
 - 2) Participation in the program with fixed payments concerning the contributions disbursed by the Bank to the Key Function Holders during the reporting financial year.
- 5.6 The report on the remuneration must contain information on the provision of loans, credits or guarantees by the Bank during the reporting financial year to the Key Function Holders (indicating the amounts and interest rates).
- 5.7 If information disclosure requirements are not applied, the Remuneration Report specifies the reasons for such non-disclosure.
- 5.8 The Bank publishes the report on the remuneration paid to the Key Function Holders during the reporting financial year on its website on the Internet within 15 working days from the date of its approval by the Supervisory Board, with the possibility of its review.

6. Procedure for Regulation Review and Promulgation

- 6.1 This Regulation shall be approved by the Supervisory Board of the Bank and revised by it to update it as necessary, but at least once a year.
- 6.2 The Supervisory Board of the Bank approves changes to the Regulation on the Management Board Members and the Key Function Holders Remuneration.

6.3 The Bank places the Regulation on its own website within 15 working days from the date of its approval/amendments thereto, with the possibility of its review.