

**REGULATIONS  
ON THE SUPERVISORY BOARD  
OF PROCREDIT BANK,  
A JOINT STOCK COMPANY**  
(new edition)

«APPROVED»

by the decision of the sole shareholder,  
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## 1. GENERAL PROVISIONS

1.1. This Regulations on the Supervisory Board of ProCredit Bank, a joint stock company (the **Regulations**) are developed in accordance with the charter of JSC ProCredit Bank (the **Charter**), the Law of Ukraine «On Joint Stock Companies», the Law of Ukraine «On Banks and Banking Activities», the Regulation on Banking Licensing approved by the Resolution of the Board of the National Bank of Ukraine dated 22 December 2018 No. 149, the Regulation 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 June 2018 No. 64, the Regulation on the Organization of the Internal Control System in Banks of Ukraine and Banking Groups approved by the Resolution of the Board of the National Bank of Ukraine dated 2 July 2019 No. 88, the Methodological recommendations on the organization of corporate governance in the banks of Ukraine, approved by the Resolution of the Board of the National Bank of Ukraine on 3 December 2018 No. 814-rsh and other applicable laws of Ukraine.

1.2. The Regulations shall determine organization of activities, formation procedure and requirements towards the candidates for the positions of members of the Supervisory Board of JSC ProCredit Bank (**the Bank**), decision-making procedure, as well as functions, rights and obligations of the chairperson and members of the Supervisory Board, reporting of the Supervisory Board.

1.3. The composition, terms of powers and responsibilities of the Supervisory Board as a collective body of the Bank (**the Supervisory Board**) are set forth in the charter of the Bank and determined by the applicable laws of Ukraine.

1.4. This Regulation shall comply with the provisions of the Charter. In the event of any discrepancies between this Regulation and the Charter, the latter shall prevail.

1.5. Terms and definitions, if not defined by these Regulations, are used in the meanings defined by the Charter.

1.6. This Regulation is binding on all members of the Supervisory Board, members of the Management Board, and other persons attending meetings as presenters.

## 2. FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE MEMBERS OF THE SUPERVISORY BOARD

2.1. The Supervisory Board of the Bank is a collegial body which, within the scope of authority defined by applicable legislation of Ukraine, the Charter, this Regulation, and other internal regulatory documents of the Bank, controls and regulates the activity of the Management Board of the Bank, controlling structural units, the Corporate Secretary as well as controls the protection of the rights of the depositors, other creditors, owners of the Bank and is responsible for:

- 1) security and financial stability of the Bank;
- 2) compliance of the Bank's activities with the legislation, standards of professional associations applicable to the Bank;
- 3) implementation of the Bank's strategy in accordance with the main lines of activity determined by the General Meeting of the Bank and the Bank's business plan;
- 4) ensuring the effective organization of corporate governance in the Bank;
- 5) creation and operation of a comprehensive, adequate and effective internal control system, including a risk management system;
- 6) appointment of the Chairperson and members of the Bank's Management Board, Corporate Secretary, as well as heads of the controlling structural units.

2.2. The Supervisory Board does not participate in the day-to-day management of the Bank.

2.3. Functions falling within the exclusive competence of the Supervisory Board are defined in the Bank's Charter.

2.4. No less than once a year, the Supervisory Board shall revise and control:

1) implementation of:

- the Bank's strategy and business plan;
- remuneration policy;
- the Bank's recovery plans, the Bank's crisis financing plan, the Bank's business continuity plan (hereinafter the Bank's Action Plans);
- the Bank's bad asset management strategy and operational plan;

2) compliance with:

- the Bank's code of conduct (ethics) that covers organization of corporate culture and corporate values in the Bank;
- the mechanism for confidential reporting on improper behaviour in the Bank;
- the budget and performance targets for the Bank's activities, including the funding of risk management, compliance, and internal audit functions;
- the procedure for conducting transactions with the Bank's related parties;
- the policy on internal control system of the Bank;
- the risk appetite declaration, risk management strategy, risk management policy;
- the policy on prevention, detection and management of conflict of interest;
- the procedure for finding, assessment and election of candidate members of the Supervisory Board/Management Board of the Bank;
- the regulations on the committees of the Supervisory Board of the Bank, the Management Board of the Bank, the controlling structural units;
- the outsourcing policy;

3) execution of:

- the procedure for organization of the risk management, compliance and internal audit functions in the Bank;
- the procedure for evaluation of efficiency of the Supervisory Board and the Management Board in general and of each member of the Supervisory Board and the Management Board in particular, committees of the Supervisory Board of the Bank and the Management Board, controlling structural units, evaluation of conformance of members of the Supervisory Board and the Management Board, heads of controlling structural units to qualification requirements, evaluation of collective suitability of the Supervisory Board and the Management Board, assessment of professional suitability and business reputation;

4) efficiency of:

- organizational structure of the Bank, including the structure of the risk management, compliance, and internal audit functions;
- the organization of corporate governance in accordance with the corporate governance principles (code) approved by the General Meeting of Shareholders of the Bank;
- complex and adequate internal control system of the Bank, including risk management system, internal audit system;

- forms of and procedure for management reporting.

2.5. Chairperson of the Supervisory Board of the Bank shall:

- 2.5.1. direct and organize the work of the Supervisory Board of the Bank;
- 2.5.2. ensure that decisions of the Supervisory Board of the Bank are made based on the documents and information received by the Supervisory Board of the Bank prior to the meeting to be able to explore the issue (to conduct in-depth assessment of the provided information) and adopt a well-considered decision in its regard;
- 2.5.3. ensure precedence of the strategic issues of the Bank during discussions at the meeting of the Supervisory Board of the Bank;
- 2.5.4. promote and facilitate open and critical discussion of issues at the meeting of the Supervisory Board of the Bank, and ensure that the minority opinion is voiced and discussed prior to adopting the final decision;
- 2.5.5. keep in contact with other bodies and officers of the Bank at all times;
- 2.5.6. coordinate activities, communication between the Members of the Supervisory Board and with other bodies and officers of the Bank;
- 2.5.7. be responsible for its efficient work, ensure clear allocation of duties among the Members of Supervisory Board and efficient exchange of information between them.

### **3. ELECTION OF THE MEMBERS OF THE SUPERVISORY BOARD**

3.1. All Supervisory Board Members, as well as candidates nominated for election to the Board, must meet the qualification requirements for business reputation and professional suitability and the independent members – the requirements for independency, stipulated by the Law of Ukraine "On Joint Stock Companies", the Law of Ukraine "On banks and banking" and by the National Bank of Ukraine in relation to banking licensing. Candidates nominated to the Supervisory Board shall satisfy the following minimal requirements:

- 1) complete higher education;
- 2) service in the banking and/or financial sector in the aggregate of no less than three years, and for the Chairperson of the Supervisory Board – no less than five years of service in the banking and/or financial sector in the aggregate, including in senior positions - at least three years;
- 3) possession of knowledge in the field of corporate governance and its regulation to the extent necessary for the effective performance of duties in the Supervisory Board of the Bank;
- 4) impeccable business reputation, which is assessed under the criteria envisaged by the legal acts of the National Bank of Ukraine on matters of licensing banking activities;
- 5) the absence of any actual or potential conflicts of interest that could adversely affect the proper performance of the duties of a Bank executive

3.2. A person is not eligible to be nominated to the Supervisory Board, if:

- 1) a person is holding any position in the Bank;
- 2) a person is forbidden to hold managerial offices in business companies pursuant to the applicable laws of Ukraine;
- 3) a person is holding another position in the Bank or positions in other legal entities (except for the controller of the Bank, legal entities that have a controller in common with the Bank, banking unions and associations) or is a member of a legal entity that carries out activities in the same field of activity that of the Bank;

4) a person is found guilty by a court decision of violating the requirements of Article 89 of the Law on Joint Stock Companies. This restriction shall apply for three years from the date of execution of such court decision;

4) a person is a citizen or tax resident or the place of his/her permanent residence is the state that carries out/carried out armed aggression against Ukraine in the meaning given in Article 1 of the Law of Ukraine "On Defense of Ukraine".

Candidates to the Supervisory Board must be checked for their compliance with the qualification requirements and the absence of a conflict of interest before approving the decision on their election by the General Meeting (the sole shareholder of the Bank). To carry out such the check, the procedures provided for by the internal rules for checking the compliance of the Bank's managers with the established requirements are applied.

3.3. Professional suitability is determined by assessing knowledge, skills and experience, assessing the presence of a real and potential conflict of interest, as well as the availability of sufficient time to perform functions, taking into account official duties. Business reputation is determined by checking the signs of the absence of an impeccable business reputation, determined by the regulatory legal act of the National Bank on licensing the banks, and/or other facts indicating:

3.3.1. significant and/or systematic violations by a person of the requirements of banking, currency, tax legislation, legislation on financial services, legislation on financial monitoring, legislation on securities, joint stock companies and the stock market;

3.3.2. non-fulfilment of financial obligations, non-compliance of the person's activities with the standards of business practice and/or professional ethics.

3.4. An independent member shall be a member of the Supervisory Board who is not influenced by any other persons in the decision-making process while performing the duties of a member of the Supervisory Board. A person may not be considered an independent member of the Supervisory Board, if:

- 1) a person was a member of the governing bodies of the Bank and/or its affiliated legal entities during the preceding five years;
- 2) a person receives and/or was receiving an additional remuneration from the Bank and/or its affiliated legal entities during the preceding three years and the amount of such remuneration exceeds 5 percent of the total annual income of such person in each of such years;
- 3) a person holds (directly or indirectly) 5 and more percent of the authorized capital of the Bank, or is an official or a person performing managerial functions in the Bank, or is an individual entrepreneur who had significant business dealings with the Bank and/or its affiliated legal entities during the past year;
- 4) a person is and/or has been within the previous three years a key partner, officer or employee of an audit entity that participated in the provision of services for the statutory audit of the financial statements of the Bank and/or its affiliated legal entities;
- 5) a person is and/or was an employee of an audit firm during the preceding three years that was providing the Bank and/or its affiliated legal entities with the audit services during the preceding three years;
- 6) a person is and/or was an employee of the Bank and/or its affiliated legal entities during the preceding three years;
- 7) a person is a Shareholder of the Bank; a person is and has been during the three previous years the owner of a significant participation in the Bank, the owner of a controlling stake and/or is and has been for the previous three years a representative of the Shareholder - owner of a controlling stake in the Bank, the owner of a qualifying shareholding in the Bank in any civil relations;
- 8) a person was a Member of the Supervisory Board for more than 12 years in aggregate;

- 9) a person is related by kinship with the persons specified in the subparagraphs 1 through 8 of this clause 3.4;
- 10) the person is one of the 10 largest final key participants in the ownership structure of the Bank and/or a representative of one of the 10 largest final key participants in the ownership structure of the Bank in any civil relationship (the requirement applies if the amount of the total participation of a person in the Bank exceeds one percent);
- 11) there is information evidencing the exercise of powers of an independent director of a legal entity based on the interests of other than such legal entity persons and/or at the instructions of the management bodies, owners of qualifying holding of such legal entity (save for instructions given in decisions of the General Meeting (sole shareholder)) of the Bank, adopted in the manner prescribed by the law).

Requirements of subparagraphs 1, 2 and 6 of this clause 3.4 shall not apply in cases of taking position of the independent director of the respective legal entity and the relations connected therewith.

3.5. For the purposes of paragraph 3.4. of this Regulation, any substantial business relationship is recognized as supply on a permanent long-term basis to the Bank and/or its affiliated legal entities of goods or services (including financial, legal, consulting), or consumption of delivered goods or services provided by them on a permanent long-term basis as well . The results of the check are reported to the General Meeting (sole shareholder) for consideration when making a decision on a candidate for election to the Supervisory Board.

3.6. The Chairperson of the Supervisory Board shall be elected by the General Meeting (or sole shareholder) according to the procedure determined by the Charter for the term of office of the Supervisory Board member.

The member of the Supervisory Board who was the Chairperson of the Bank's Management Board during the previous year cannot be elected as the Chairperson of the Supervisory Board.

The General Meeting (sole shareholder) has the right to elect a new Chairperson of the Supervisory Board at any time or to appoint the acting Chairperson, should the Chairperson of the Supervisory Board be unable to exercise his/her authority.

Chairperson and Members of the Supervisory Board shall take office upon their approval by the National Bank of Ukraine. In the event of replacement of Member of the Supervisory Board who is a Representative of Shareholder, powers of the dismissed Member of the Supervisory Board shall be terminated, and the new Member of the Supervisory Board shall acquire the powers upon his/her approval by the National Bank of Ukraine after the Bank's receipt of written notice from the Shareholder represented by the respective Member of the Supervisory Board.

3.7. Upon approval by the National Bank of Ukraine and receipt of written consent according to the established procedure, the Chairperson and Members of the Supervisory Board shall enter into the agreements (contracts) providing for their rights and obligations, responsibility of the parties, information on remuneration, grounds for early termination of the agreements (contracts) by mutual consent and consequences thereof, unless otherwise provided for by the applicable laws of Ukraine. The terms of such agreements (contracts) are approved by the General Meeting (sole shareholder).

Agreements (contracts) with the Chairperson of the Supervisory Board and Members of the Supervisory Board are signed on behalf of the Bank by a person authorized to do so by the General Meeting (sole shareholder) on the terms and conditions approved by the General Meeting (sole shareholder).

3.8. The same person may be elected to any position within the Supervisory Board more than once.

3.9. Powers of Member of the Supervisory Board may be terminated early without decision of the General Meeting (sole shareholder):

- 1) by his/her request subject to provision of a written notice thereof to the Bank two weeks in advance;

- 2) in the event it is impossible to perform the duties of Member of the Supervisory Board due to health condition;
- 3) in the event of entry into force of a sentence or court decision that provides for a punishment that excludes possibility of performing the duties of Member of the Supervisory Board;
- 4) in the event of death, declared incapable, of limited capacity, missing, deceased;
- 5) if the Bank receives written notice of replacement of a member of the Supervisory Board who is a representative of the shareholder;
- 6) in the event of alienation by the shareholder (shareholders) whose representative is a member of the Supervisory Board, all shares of the Bank belonging to him (them);
- 7) in other cases provided for by the applicable laws of Ukraine.

In this case, the civil law contract concluded with the Member of the Supervisory Board shall be terminated simultaneously with his/her powers.

3.10. The Supervisory Board shall establish an Audit Committee, a Risk Management Committee and a Remuneration and Nomination Committee, and may establish interim and/or standing committees from among its members. The Committees shall consist of at least three members of the Supervisory Board elected by the Supervisory Board for the term corresponding to their membership in the Supervisory Board, unless otherwise decided by the Supervisory Board at the time of their election. Committees of the Supervisory Board shall study and submit for consideration by the Supervisory Board only the issues within their competence.

The Supervisory Board can transfer part of its obligations to the committees (except for those falling within the exclusive competence of the Supervisory Board) for the purpose of preparing conclusions and proposals to enable the Supervisory Board to make timely and appropriate management decisions, but Supervisory Board takes all responsibility for activity of its committees.

Establishment of the committee, its composition and determination of the issues to be given to such committee for review and preparation shall be approved by a simple majority of votes of the Supervisory Board Members participating in the meeting.

The Supervisory Board shall determine functions, powers, structure of standing and interim committees, requirements for members and procedure for involving other persons in and other issues relating to the activities of a committee when adopting decision on establishment of the respective committee by means of approval of regulations on such committee.

3.11. The Supervisory Board shall elect a Corporate Secretary, who shall be a secretary of the meetings of the Supervisory Board, to ensure efficient organization and informational support of the governing bodies of the Bank, its participants and other stakeholders.

In the event of absence of the Corporate Secretary, the Chairperson of the Supervisory Board may appoint another person to be a secretary of the meeting of the Supervisory Board prior to its start.

Procedure of work, rights and obligations of the Corporate Secretary, as well as procedure for payment of his/her remuneration shall be determined in the internal regulations on the Corporate Secretary of the Bank and employment agreement to be entered into with the Corporate Secretary.

#### **4. PROCEDURE FOR HOLDING SUPERVISORY BOARD MEETINGS AND DECISION-MAKING**

4.1. The work of the Supervisory Board shall be organized in the form of meetings. Forms of holding meetings can be:

- 1) in the form of the simultaneous joint physical attendance by the Members of the Supervisory Board of the certain place to discuss items on the agenda and to vote (hereinafter referred to as "in the form of the simultaneous attendance");
- 2) remote meetings by audio or video conferencing.

It is allowed for the Supervisory Board to make decisions by conducting absentee voting (polling) without ensuring the simultaneous joint presence of all Members of the Supervisory Board, using a software and hardware complex or corporate e-mail according to the procedure determined by the Charter.

Meetings of the Supervisory Board may be held both in and outside Ukraine. Decision on the place and form of meeting of the Supervisory Board, or on holding absentee voting (polling) is made by the Chairperson of the Supervisory Board of the Bank.

In the case of absentee voting (polling) using corporate e-mail, the draft decision with the necessary materials or information for its adoption is sent to all Members of the Supervisory Board, which are part of it as of the day of the polling, by means of corporate e-mail to personal mailing addresses. Members of the Supervisory Board must notify their opinion on the decision (cast their vote) in response to the notice within five (5) business days.

A decision approved by at least three Members of the Supervisory Board by sending an e-mail or by means of a software and hardware complex has the same validity and force as adopted at a meeting of the Supervisory Board held in the form of the simultaneous attendance. Such a decision is formalized by the protocol of absentee voting, which is signed by the Chairperson of the Supervisory Board and the Corporate Secretary.

4.2. Meetings of the Supervisory Board shall be convened as may be necessary for the Board's appropriate functioning, in particular:

- 1) regular meetings – once for each calendar quarter of the year in accordance with the meeting schedule for the year;
- 2) extraordinary meetings – on the initiative of the Chairperson of the Supervisory Board or at the initiative of any Member of the Supervisory Board, Members of the Management Board, heads of the controlling structural units and other persons envisaged in the Charter or in the applicable laws of Ukraine. Persons who have convened a meeting of the Supervisory Board shall have the right to participate in such a meeting of the Supervisory Board.

4.3. Request to convene the extraordinary meeting of the Supervisory Board shall be addressed to the Chairperson of the Supervisory Board and shall contain:

- 1) last name, given name, patronymic (if any) and position of the person making such request;
- 2) reasons for convocation of the extraordinary meeting of the Supervisory Board;
- 3) wording of the item proposed to be put on the agenda.

4.4. The Chairperson of the Supervisory Board has to determine the form of the extraordinary meeting of the Supervisory Board and initiate its convocation within twenty (20) days from the date of receipt of the respective request.

The Chairperson of the Supervisory Board may refuse to convene the extraordinary meeting of the Supervisory Board only if the information set forth in Clause 4.3. hereof is incomplete. Such being the case, the Chairperson of the Supervisory Board shall provide written notice containing motivated reasons of the refusal to the person requesting convocation of the extraordinary meeting within 7 (seven) days from the date of submission of the request.

4.5. The Chairperson of the Supervisory Board shall define:

- 1) form of the meeting of form of decision making;
- 2) the place, date and time of the Supervisory Board meeting;
- 3) agenda of the meeting;
- 4) speakers and co-speakers (reporters) for every item of agenda;
- 5) persons invited to participate in discussion of the items included into the agenda.

4.6. The Chairperson of the Supervisory Board shall preside over the meetings of the Supervisory Board, determine the quorum and further lead the meetings.

4.7. The Corporate Secretary of the Bank shall, among other things, notify all Members of the Supervisory Board and persons invited to participate in the meeting of the Supervisory Board about the meeting, specifying the information set forth in Clause 4.6 hereof and, if needed, attaching the materials required for the Members of the Supervisory Board to prepare for the meeting, organize keeping the minutes of meetings, minutes of absentee voting (polling) and be responsible for their safekeeping.

4.8. Member of the Supervisory Board may participate in the Supervisory Board meeting via teleconferencing or similar communications. Such participation shall constitute personal presence at the meeting.

4.9. Decisions of the Supervisory Board shall be approved by a simple majority of votes of its Members (more than 50 percent of the votes) participating in the Supervisory Board meeting held in the form of the simultaneous attendance.

4.10. Each Member of the Supervisory Board shall have one vote when addressing items on the agenda. Decisions of the Supervisory Board shall be deemed valid and effective if adopted (i) at the validly convened and qualified Meeting of the Supervisory Board and (ii) by a simple majority of votes of the Supervisory Board Members present or represented at the meeting, or adopted by absentee voting (polling) as provided by these Regulations and the Charter. In the event of an equal number of votes "for" and "against," the decision shall be deemed rejected..

4.11. The Supervisory Board may consider and adopt decisions on issues not included into agenda of the meeting if all of the Supervisory Board Members are present at the meeting and none of them objects against the consideration of such issues.

4.12. Decisions of the Supervisory Board meetings held in the form of the simultaneous attendance shall be subject to open voting. Voting by ballots may be held at the request of any Member of the Supervisory Board. Such a request must be submitted at least 5 days before the meeting to the Chairperson of the Supervisory Board, who approves the form of the voting ballot.

## **5. FORMALIZING DECISIONS OF THE SUPERVISORY BOARD**

5.1. The decisions of the Supervisory Board shall be formalized as minutes of the respective meeting at which they were adopted or as minutes of absentee voting (polling).

Minutes of the meeting of the Supervisory Board shall be completed not later five (5) calendar days after the meeting took place, or after the expiration of the period specified for absentee voting (polling).

5.2. Minutes of the Supervisory Board meeting shall be made in the Ukrainian and English languages and shall include:

- 1) the name of the Bank;
- 2) the sequential number of the minutes;
- 3) the date, time of the Supervisory Board meeting;
- 4) the beginning and ending time of the Supervisory Board meeting;

- 5) place of the meeting;
- 6) form of the meeting (in the form of simultaneous attendance/remote, regular/extraordinary) or decision making;
- 7) list of the Supervisory Board Members that participate at the meeting (or take part in absent voting (polling)) and invitees (if any), information on quorum determination;
- 8) information on the person presiding over the meeting and the secretary;
- 9) the presence of a quorum;
- 10) list of items of the agenda and information on speakers and co-speakers (reporters) for every item of agenda;
- 11) the content of the report on the discussed issue (the main points of the reports);
- 12) the decisions adopted, with the results of the individual voting (specifying position of each Supervisory Board Member), execution deadlines and designated responsible persons (if any and if required);
- 13) opinions expressed by the Supervisory Board Members on the discussed issue or individual opinions of any of the Supervisory Board Members, if expressed;
- 14) information on the refusal of the Supervisory Board Members to participate in decision-making due to real or potential conflict of interest.

The minutes of absentee voting (poll) shall contain the information provided for in paragraphs 1) -3), paragraphs 6) -7), paragraph 9), and paragraphs 12) -14) in the relevant part.

The minutes of the Supervisory Board shall be numbered starting from No. 1 within each calendar year on a cumulative basis.

Minutes of the meeting of the Supervisory Board, the minutes of absentee voting (polling) shall be signed by the Chairperson of the Supervisory Board (or another presiding person performing his/her duties) and the Corporate Secretary (or other secretary of the meeting) and shall be kept in the files of the Corporate Secretary of the Bank.

Minutes of the meeting of the Supervisory Board, minutes of absentee voting (polling) with the adopted decisions of the Supervisory Board may be drawn up in the form of an electronic document, which must be subject to qualified electronic signatures of the Chairperson of the Supervisory Board (or another presiding person performing his/her duties) or the Corporate Secretary.

Minutes of the meeting or absent voting (polling) of the Supervisory Board shall be presented for review to any of the Members of the Supervisory Board or Shareholder on their request.

A person presided over the meeting shall be personally liable for the credibility of data introduced into the minutes.

Member of the Supervisory Board who does not agree with the decisions adopted at the meeting may submit his/her written observations to the Chairperson of the Supervisory Board within two (2) days from the date of the meeting. Observations of the Members of the Supervisory Board shall be attached to the minutes and shall form an integral part thereof.

Decisions adopted by the Supervisory Board shall be binding for the Members of the Supervisory Board, all the Members of the Management Board, structural units and employees of the Banks as appropriate.

5.3. Decisions of the Supervisory Board shall be brought to the notice of the responsible officers by the way of providing them with the extract from the relevant minutes separately on each item or by providing certified

copies of minutes. Extract from such minutes shall be signed by the Chairperson of the Supervisory Board or by the Corporate Secretary, who certify its authenticity with their signature.

5.4. Control over the execution of decisions adopted by the Supervisory Board shall reside with the Chairperson of the Supervisory Board, Corporate Secretary or the person authorised by the Supervisory Board.

5.5. Members of the Supervisory Board shall be personally liable for adhering to all the Bank's policies and rules related to restricted data security and storage procedure while preparing and holding the Supervisory Board meeting, as well as for ensuring safety and protection of confidential information, banking and commercial secrets contained in the minutes and other documents of the Supervisory Board meetings.

5.6. The Supervisory Board shall have the right to engage services of the Bank's experts (legal, financial experts, etc.) to study and analyse certain aspects of the Bank's activities. In addition, the Supervisory Board may, if necessary, decide on engaging external advisers and experts.

## **6. COMMITTEES OF THE SUPERVISORY BOARD**

6.1. The Supervisory Board shall establish the Audit Committee, the Risk Management Committee and the Remuneration and Nomination Committee, and shall be entitled to establish other permanent and/or temporary committees from among its members. The committees shall consist of at least three members of the Supervisory Board elected by the Supervisory Board for the term corresponding to their membership in the Supervisory Board, unless otherwise decided by the Supervisory Board during their election.

6.2. Committees of the Supervisory Board of the Bank shall be established for the purpose of prior review and preparation for consideration at the meeting of issues within the competence of the Supervisory Board. The Committees of the Supervisory Board shall submit proposals to the Supervisory Board within their respective terms of reference.

6.3. The conclusions of the committees shall be considered by the Supervisory Board in the manner prescribed for the adoption of resolutions by the Supervisory Board.

6.4. The competence and powers of the committees, as well as their numerical and personal composition, the procedure for their work and reporting shall be determined by the regulations on the committees approved by the Supervisory Board.

## **7. REPORTING OF THE SUPERVISORY BOARD AND PROVISION OF INFORMATION**

7.1. The Supervisory Board shall draw up and submit for the approval of the General Meeting (sole shareholder) an annual report on its activities, which shall be a constituent part of the annual report of the Bank and subject to disclosure in accordance with the applicable laws of Ukraine, the procedure and terms provided for disclosure of the annual report of the Bank.

7.2. The report of the Supervisory Board shall contain evaluation of its activities, including:

- 1) evaluation of its composition, structure and work as a collegial body;
- 2) evaluation of competence and efficiency of each Member of the Supervisory Board, including information on their work as an officer in other legal entities or other activities, both paid and unpaid;
- 3) evaluation of independence of each of the independent members of the Supervisory Board;
- 4) evaluation of competence and efficiency of each committee of the Supervisory Board (if any), including but not limited to information on the list and personal composition of committees, their functional authorities, number of meetings held and description of main issues considered by the committees. The Audit Committee of the Supervisory Board (the Audit Committee) shall separately specify information on evaluation of independence of the auditing entities providing the mandatory audit services;

5) evaluation of accomplishing the set objectives by the Supervisory Board.

The report of the Supervisory Board shall contain information on its internal structure, procedures applied to the decision-making, including specification of the way the activity of the Supervisory Board caused changes in the financial and economic activities of the company.

7.3. The Supervisory Board shall ensure that the National Bank is provided with the following information within 10 business days:

- 1) upon approval by the General Meeting (sole shareholder) of the Bank, changes in the main areas of activities of the Bank;
- 2) upon approval by the Supervisory Board, the Bank's strategy and business plan or changes therein;
- 3) upon approval by the Supervisory Board, the Bank's non-performing asset management strategy and operational plan or changes therein.

7.4. On a yearly basis, no later than 30 April, and upon request of the National Bank, the Supervisory Board of the Bank shall ensure provision of the National Bank with information on issues considered at the meeting(s) of the Supervisory Board, including regarding the progress in implementation of the strategy, business plan, bad asset management strategy and operational plan of the Bank, and the decisions adopted in connection therewith, as well as the list of Members of the Supervisory Board of the Bank that were present at the meeting(s) of the Supervisory Board.

7.5. The Supervisory Board shall inform the National Bank of the following within three business days upon discovery:

- 1) conflict(s) of interest in the Bank;
- 2) confirmed facts of improper behaviour in the Bank;
- 3) deficiencies in the work of the Supervisory Board of the Bank, the Management Board of the Bank and controlling structural units;
- 4) discovered facts about managers of the controlling structural units that are indicative of their non-conformance to qualification requirements established by the National Bank, as well as about presence of information that is/may be indicative of possible negative impact on ensuring performance of duties by such persons.