

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

«APPROVED»
by the General Shareholders' Meeting,
Minutes of 27 June 2018
Chairperson of the General Shareholders'
Meeting

(signature) Victor Ponomarenko
(name)

Secretary for the General Shareholders'
Meeting

(signature) Rostyslav Ignatiev
(name)

1. GENERAL PROVISIONS

1.1. Regulations on the Management Board of ProCredit Bank, a joint stock company, (the **Regulations**) shall determine the legal status of the Management Board of JSC ProCredit Bank (the **Management Board**), its organisational management, formation and requirements towards the nominee candidate to the Management Board as well as rights, obligations and responsibility of Management Board members.

1.2. The composition, competence and responsibilities of the Management Board are set forth in the charter of ProCredit Bank, a joint stock company (the **Charter**) and determined by the applicable laws of Ukraine.

2. LEGAL STATUS OF THE MANAGEMENT BOARD

2.1. The Management Board is a collective executive body of JSC ProCredit Bank (the **Bank**), whose competence covers all issues related to the management of the Bank and its current activities, except for those that belong to the competence of the General Shareholders' Meetings (the **General Meetings**) and to the competence of the Supervisory Board of the Bank (the **Supervisory Board**).

2.2. The Management Board shall act on behalf of the Bank within its competence as envisaged by the Charter, the respective laws and regulations. The Management Board shall be accountable to and provides for the execution of decisions of the General Meetings and the Supervisory Board.

2.3. The Management Board manages its day-to-day activities, forms the funds required to carry out the activities in accordance with this Charter and bears responsibility for the efficiency of its performance as set forth by the principles and procedures determined by this Charter and bears responsibility for effectiveness of performance, achievements of the Bank's goals, strategy and objectives in accordance with principles and course set forth by the Charter of the Bank and decisions of the Supervisory Board and by this Regulations.

2.4. The Management shall be appointed by the Supervisory Board and shall be composed of at least three individuals having full civil legal capacity and complying with regulatory and legal requirements of the NBU appointed for a three-year term. The Management shall include the general manager (the "**General Manager**") who chairs the Management and also may include first deputy general manager (the "**First Deputy**"), and deputy general managers (the "**Deputy General Manager**") and such other individuals stipulated by a resolution of the Supervisory Board (jointly "**Members of the Management**") unless otherwise provided by Ukrainian Law.

3. RIGHTS, DUTIES OF THE MANAGEMENT BOARD MEMBERS

3.1 The General Manager heads the Management board, organises and governs the Management Board's work and may act on behalf of the Bank without power of attorney. The General Manager shall provide for taking minutes of the Management meetings.

3.2. In the event of temporary absence or impossibility for the General Manager to execute his or her duties, the Deputy General Manager – Member of the Management or other Member of the Management appointed by the General Manager as acting General Manager, shall execute his or her duties, rights and obligations in their entirety under this Charter and Ukrainian Law.

3.3. The First Deputy shall assist the General Manager in organising the Management Board's activities and exercise his/her functions in his/her absence, except for the cases when General Manager temporarily delegated his/her powers to another person by means of power of attorney or respective order.

3.4. Within the framework of the decisions of the General Meeting, the Supervisory Board, this Charter and by-laws of the Bank, the Management under the supervision of the General Manager shall be authorised to carry out and shall bear responsibility for the following activities:

3.4.1 to provide for Annual General Meetings and Extraordinary General Meetings;

Regulations on the Management Board of ProCredit Bank

3.4.2 to prepare regular reports on key aspects of Bank's business activities, indicated breaches of legislation, internal regulations, on every deterioration in the financial condition of the Bank or on the possibility of such deterioration, on the level of risks in the Bank's activity and to submit them for review by the Supervisory Board;

3.4.3 to ensure preparation of business plans, strategy and budgets of the bank for approval by the Supervisory Board;

3.4.4 to implement strategy and business plan of the bank;

3.4.5 to define form and procedure of the monitoring of the Bank's activity;

3.4.6 to implement risk management strategy approved by the Supervisory Board, to ensure introduction of procedures of detection, assessment, control and monitoring of risks;

3.4.7 to prepare special reports at the request of the Supervisory Board, participate in the Supervisory Board Meetings on the invitation of the Chairperson of the Supervisory Board;

3.4.8 to approve rules, terms and procedures of financial and economic activity of the Bank, banking operations, credit and settlement services, teller and other banking services for the Bank's customers, internal documents of the Bank including procedures, standards, processes, template agreements, save for those that fall within the ambit of the Supervisory Board;

3.4.9 to form the Bank's organizational structure, approved by the Supervisory Board;

3.4.10 to develop internal regulations for Bank's units in accordance with the strategy of the Bank;

3.4.11 to ensure information security of the Banks and of the systems used for storage of clients' assets;

3.4.12 to approve the rules of internal financial monitoring, programme of exercising financial monitoring and other documents relating to counteracting legalisation (money laundering) of proceeds from crime pursuant to the procedure established by this Charter and at the suggestion of the Responsible Financial Monitoring Officer;

3.4.13 to take decisions on the Bank's participation in not-for-profit associations, including professional institutions, organizations, banking unions and associations;

3.4.14 to address all other issues related to the Bank's activities, save for those that fall within the exclusive competence of the General Meeting and the Supervisory Board

3.5. The General Manager and the Management Board members shall have a right:

3.5.1 to obtain full, adequate and timely information about the Bank, required to exercise their functions;

3.5.2 to independently resolve issues relating to day-to-day operations of the Bank within the specified terms of reference;

3.5.3 to contribute suggestions, to take part in discussion and voting on the items of agenda at the Management Board meetings;

3.5.4 to initiate convocation of the Management Board meetings;

3.5.5 to furnish written remarks as to decisions of the Management Board;

3.5.6 to demand convocation of the Extraordinary Meeting of the Supervisory Board;

3.5.7 to obtain quantum meruit for acting as the Management Board members in the amount determined by the Supervisory Board of the Bank.

3.6. The General Manager and the Management Board members shall be obliged:

3.6.1 to voluntarily and reasonably act in the interests of the Bank with no abuse of authority;

3.6.2 to follow the applicable law of Ukraine, the Charter of the Bank, the present Regulations and other internal regulations of the Bank in their activities;

3.6.3 to adhere to the decisions taken at the General Meetings and the Supervisory Board Meetings of the Bank;

3.6.4 to personally take part in the Management Board Meetings as well as in the Ordinary and Extraordinary General Meetings at the invitation of the Chairperson of the Supervisory Board or a person who is convening the General Meetings. To give prior notices stating reasons for impossibility to participate in the General Meetings;

3.6.5 to take part in the meetings of the Supervisory Board upon request of the Chairperson or the Member of the Supervisory Board or to give prior notices stating reasons for impossibility to participate in the meeting;

3.6.6 to take part in the credit committees in accordance with the Bank's internal regulations;

3.6.7 while transacting a deal of interest with participation of the Bank to abide by the rules and requirements established by the applicable laws of Ukraine as to such transactions.

3.6.8 to abide by all the rules established in the Bank as to circulation, security and storage of restricted data. Not to divulge secrecy in banking, as well as confidential and insider information, which in the course of acting as the Management Board member became known to persons who do not have access to such information as well as not to turn it to personal advantage and not to use it in the interests of third persons;

3.6.9 to prepare to the Management Board Meeting in good time, in particular to familiarize themselves with the materials prepared for the Meeting, to collect and to analyse additional information and to obtain professional advice if necessary;

3.6.10 to be in charge of the certain designated activity and direct the activities of the respective subordinated structural units of the Bank in accordance with the segregation of duties amongst the members of the Management Board;

3.6.11 to timely furnish to the Supervisory Board, Management Board, external and internal auditors of the Bank full and accurate information on the Bank's activities and financial standing.

3.7. Functional obligations of each Member of the Management Board are determined by the relevant job description, signed agreement (contract) and orders of the General Manager.

4. FORMATION OF THE MANAGEMENT BOARD

4.1. The Supervisory Board of the Bank shall be the competent authority to elect and terminate the powers of the General Manager and the Management Board Members. The same person may be elected to any position within the Management Board more than once.

4.2. Candidates nominated to the Management Board shall satisfy the following minimal requirements:

- high economic, legal or management-related education;
- no less that three (3) years of service in the respective area of the banking system;
- stainless business reputation, including under the criteria envisaged by the legal acts of the National bank of Ukraine;

- absence of conviction which has not been canceled or expunged in accordance with current legislation;
- appropriate execution of the tax obligations;
- adhering of all other requirements in accordance with current legislation.

4.3. The General Manager and Members of the Management Board cannot simultaneously hold offices of the chairperson or the member of the Supervisory Board of the Bank.

A person is not eligible to be nominated to the Management Board, if:

- a person is forbidden to hold managerial offices in business companies pursuant to the applicable laws of Ukraine;
- a person is a member of the management body of the Bank's business rival, or the owner of such.

4.4. Promptly upon the date of their appointment Members of the Management Board shall be entered into the agreements (contracts) providing for their rights and obligations, responsibility of the parties, grounds for early termination and consequences thereof, etc., if otherwise will be not provided by the effective Ukrainian laws. The terms of such agreements (contracts) are approved by the Supervisory Board.

The person authorised by the Supervisory Board shall sign such agreements with the General Manager and Members of the Management Board.

4.5. Candidatures of the persons approved as the General Manager and Members of the Management Board (including interim General Manager and Members acting more than a month) shall be approved by the NBU and their professional aptitude and business reputation shall be confirmed in the order determined be the latter.

The General Manager shall take the office upon receipt of written permission of the NBU.

4.6. In the case of changing the General Manager or Chief accountant or the NBU does not agree to the candidates to this position, the Supervisory Board shall within two weeks from the time of termination of employment or respective decision of the NBU makes a decision about candidates for this position (permanently or temporary acting) and submit to the NBU a copy of the minutes with the decision on termination of employment of the previous General Manager, or Chief accountant and appointment of the new candidate or acting, certified by seal and signature of authorised person to this office (including interim officer) as well as the records of the candidate in accordance with the requirements of the NBU for his/her approval.

4.7. In the case of changing The Deputy General Manager, composition of the Management Board members, Deputy Chief accountant or Head of internal audit department, within one month after termination of employment or establishment of professional impropriety, the Bank shall submit to the NBU the copy of the minutes of the authorised body and/or order with the decision on termination of employment of the The Deputy General Manager, composition of the Management Board members, Deputy Chief accountant or Head of internal audit department and appointment of the new candidate or acting, certified by seal and signature of authorised person to this office (including interim officer) as well as the records of the candidate in accordance with the requirements of the NBU for confirmation of their professional aptitude.

5. MANAGEMENT BOARD MEETINGS

5.1. The work of the Management Board shall be organized in the form of meetings. The decisions of the Management Board shall exist in the form of the minutes of the respective meeting, when they have taken.

5.2. Meetings of the Management Board shall be convened by the General Manager as may be necessary for the Board's appropriate functioning; however, not less than once a month:

Regulations on the Management Board of ProCredit Bank

5.2.1 in accordance with the activity plan of the Management Board, if any;

5.2.2 on the personal initiative of the General Manager;

5.2.3 on the initiative of the member of the Management Board.

5.3. The General Manager shall define:

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

5.4. The General Manager shall notify the Members of the Management Board and persons invited to participate therein about the meeting by specifying the information set forth in section 5.3 hereof. If needed, the materials required for the members of the Management Board to prepare for the meeting shall be attached to such notification.

5.5. The General Manager shall preside over the meeting of the Management Board and shall provide for taking and safekeeping of the minutes of the Management Board meetings.

5.6. The Management may adopt decisions if at least one half of Members of the Management participate in the Management meeting. Decision of the Management shall be adopted by a simple majority of votes of the Members of the Management present at the meeting.

5.7. The Management Board may consider and decide upon the issues not included into the agenda of the meeting, if no one of the present members of the Management Board objects to the said.

5.8. At the voting the General Manager and every member of the Management Board shall have one vote each.

The decision of the Management Board shall be taken if more than half of the Management Board members present at the meeting, voted for it.

5.9. Minutes of the meeting of the Management Board shall be completed not later than five calendar days after the meeting took place.

Minutes of the meeting of the Management Board shall include the following:

- 1) date and time of the meeting of the Management Board;
- 2) list of Management Board members participated at the meeting invitees (if any);
- 3) information on the person presided over the meeting;
- 4) items of the agenda, speakers and co-speakers (reporters) for every item of agenda;
- 5) main points of the reports;
- 6) decisions taken, execution deadlines and designated responsible persons (if any and if required).

The chairperson of the meeting and all the members of the Management Board participated shall sign the Minutes of the meeting, which shall be then stored with the department of the Bank responsible for the corporate governance.

Minutes of the meeting can be presented for review to any of the Members of the Management or Supervisory Boards on their request.

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

5.10. Decisions of the Management may be carried into effect by orders and instructions of the General Manager . Decisions of the Management Board may be brought to the notice either of staff members of the Bank or to the third parties in the form of excerpts from the respective minutes of the meeting or the orders of the General Manager.

Decisions of the Management Board taken within its competence shall be mandatory for execution by all the Bank's employees.

The General Manager and one or few members of the Management Board, as authorised by the General Manager, shall supervise execution of the decisions taken by the Management Board.

5.11. By signing the minutes of the Management Board meeting, a Management Board member testifies his/her participation in the duly held meeting and credibility of the recorded decisions taken at this meeting. A member of the Management Board who disagrees with the decisions taken at the meeting may submit his/her comments in writing within two (2) days after the date the minutes of the Management Board meeting have been completed to the person presided over such meeting. These comments shall be added to the minutes and become an integral part thereof.

5.12. General Manager 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 Management Board meeting, as well as for ensuring safety of confidential information and commercial classified information contained in the minutes and other documents of the Management Board meetings.

6. REPORTING OF THE MANAGEMENT BOARD

6.1. The Management Board shall quarterly report to the Supervisory Board and annually report to the General Shareholders' Meeting on the results of the financial-economic activity of the Bank and results of its work that among other issues shall include the following:

6.1.1 key aspects of the Bank's activities and dynamics in reporting figures of the Bank;

6.1.2 actual organizational structure and information on human resources;

6.1.3 financial and economic state of the Bank, up to date level of its competitiveness and yield;

6.1.4 accounts payable and accounts receivable and possible ways of repayment, balance of the currency position of the Bank;

6.1.5 execution of the decisions of the General Shareholders Meetings and the Supervisory Board.

6.2. The report of the Management Board shall include references to the accounting figures of the Bank, detailed analysis and explanations. The report is presented orally by the General Manager or involving other Management Board members as may be necessary.

6.3. Apart from regular reporting to the Supervisory Board, the Management Board shall be obliged:

6.3.1. to report upon written request of the Supervisory Board or the person convening the General Meeting, on the specific issue indicated therein at the next meeting. The report on the specific issue shall contain extensive analysis of the matter raised with reference to documentation used for the analysis as well as necessary explanations;

6.3.2 to timely provide the Supervisory Board Members with complete and credible information required to duly exercise the Supervisory Board's functions upon their request;

6.3.3 to immediately inform the Supervisory Board of the important events in the Bank's activities, which can influence its financial and economic standing.

6.4. The Management Board's report as well as all the documents relating thereto shall be furnished to the Members of the Supervisory Board in the form acceptable to them prior to holding the meeting at which such report is due to be considered.