



## CORPORATE GOVERNANCE POLICY

### 1. GENERAL PROVISIONS

- 1.1. The present corporate governance policy (hereinafter referred to as the **Policy**) establishes the basic principles of corporate governance in a AB Artea bankas (hereinafter referred to as the **Bank**) and its subsidiaries (hereinafter referred to as the **Group Companies**) (the Bank and the Group Companies are hereinafter collectively referred to as the **Group**), which govern the development of the corporate governance framework of the Bank and the Group Companies. The corporate governance shall be understood as a system based on governance compliant with good practices, which is designed to ensure effective and efficient management and control of the Group for achieving the general objectives formulated for the Group.
- 1.2. The purpose of this Policy is to ensure unified governance compliant with good practices (corporate governance) in the Bank and Group Companies, establishing the principles of corporate governance applicable in the Group, the governance framework and structure of the Group, by establishing and ensuring an effective and efficient governance framework of the organisation, thus ensuring the proper implementation and protection of the interests of the Bank's shareholders.
- 1.3. The Policy is intended for and applicable to the Bank, UAB Artea lizingas, UAB Artea Asset Management and UAB Artea Life Insurance. The Policy applies to other Group Companies to the extent that it does not conflict with the principle of proportionality and the incorporation documents of these companies. The Policy shall be implemented in accordance with the procedure laid down in the internal documents of the Bank and the Group Companies.
- 1.4. The Policy has been drawn up in accordance with good corporate governance practices, the Bank's Articles of Association, the legal acts in force in Lithuania applicable to the Bank, both as a public limited liability company whose securities are publicly traded on a regulated market and as a financial institution, as well as the European Banking Authority (EBA) Guidelines on Internal Governance (EBA/GL/2021/05) of 2 July 2021, OECD Principles of Corporate Governance, Corporate Governance Code for the Companies Listed on NASDAQ OMX Vilnius of 15 January 2019.

### 2. DEFINITIONS

- 2.1. **Head of Administration** means the head of administration of the Bank.
- 2.2. **Bodies of the Bank** mean the Council, the Board, and the Head of Administration of the Bank.
- 2.3. **Bodies of the Group** mean the supervisory (the supervisory council) and management (the management board and the head of administration/CEO of the Group Company) bodies of the Bank and the Group Companies.
- 2.4. **Key Functions Holders** mean persons who have a significant influence on the management of the Bank, but who are not members of the Council or the Board, or the Head of Administration, and whose exhaustive list shall be determined by the Board and approved by the Council.
- 2.5. **Council** means the supervisory board of the Bank.
- 2.6. **Board** means the management board of the Bank.
- 2.7. **Heads of Internal Control Functions** mean the persons at the top level of the Bank's hierarchy, who are responsible for the effective day-to-day operational management of the independent risk management (CRO), compliance (CCO), and internal audit (the Head of Internal Audit Division) functions.

### 3. PRINCIPLES OF CORPORATE GOVERNANCE

- 3.1. The principles underlying the establishment of both the overall corporate governance framework of the Group and individual frameworks of the Bank and the Group Companies:

- 3.1.1. **Principle of Proper Exercise of Shareholders' Rights** means that the Group's governance framework has to ensure the conditions and preconditions for the proper exercise of all shareholders' property and non-property rights and legitimate interests;
- 3.1.2. **Principle of Openness and Transparency** means that the key operational and social objectives of the Group must be transparent and clearly declared, whereas the main documents, values, objectives, and other essential events of the Group shall be publicly disclosed by the procedure established by legal acts, ensuring the disclosure of comprehensive information on the activities of the Group and the protection of the interests of all interested groups (employees, customers, shareholders, etc.). Furthermore, the Bank, as the parent company, shall be focused in its day-to-day activities on the proper implementation of the requirements for listed companies, as well as on ensuring compliance with the fundamental principles arising from those requirements, at the level of the Bank and the Group as a whole, including that the information disclosed is presented in a clear, accurate and comprehensible manner;
- 3.1.3. **Sustainability Principle of the Group** means that when providing services, the Group, as well as the Bank and each Group Company individually, considers not only business but also social and environmental aspects, as well as takes responsibility for the short- and long-term impact of their activities and the consequences of their actions. In its activities, the Group shall be guided by the values of human rights, employees' rights, environmental protection, social responsibility, and the fight against corruption and other illegal activities, including money laundering and terrorist financing;
- 3.1.4. **Principle of Operational Efficiency** means that the Group's governance framework must be designed to actively ensure greater efficiency in the operation and use of assets of the Bank and Group Companies to maximise the responsible and rational use of the assets belonging to them and to focus on better performance of the Bank and Group Companies, the management of such Group Companies and the Bank being transparent and focused on clearly defined objectives;
- 3.1.5. **Principle of Definition and Sustainability of Objectives** means that there must be common clear and transparent operational objectives for the entire Group, which must be defined by the procedures laid down in the Bank's internal documents, and the implementation whereof, the measures of implementation supervision and control whereof must be clearly regulated in all the Group Companies with appropriate level of detail. Priority shall be given, and the operations of the Group as a whole shall be directed toward the achievement of long-term objectives;
- 3.1.6. **Principle of Compliance with the Requirements of Legal Acts and Best Practice Standards** means that the Group's governance framework is designed to ensure that the Group's operations are carried out according to the requirements of the applicable legal acts and taking into account the best corporate governance practice standards which are in line with the Group's operations and are enshrined in the documents and recommendations of Lithuania and the European Union;
- 3.1.7. **Principle of Securing Diversity** means that the Group aims to ensure a wide range of qualities and abilities of the Group's employees and members of the supervisory / management bodies in order to ensure diversity of opinions and experiences and to facilitate independent opinions and sound decision-making;
- 3.1.8. **Principle of Cooperation of the Bodies of the Group** means that, in order to ensure consistent corporate governance, the bodies of the Bank / Group Companies resort to various forms and means of cooperation, as appropriate, such as (i) organisation of joint working sessions (e.g. a strategic session); (ii) prior to the adoption of the relevant document, obtaining an approval thereof from a lower / higher body, where it is provided for in internal documents; (iii) periodic notification of a superior body about the expected significant changes or material circumstances that may have a material impact on the activities of the Bank and the Group Companies; (iv) provision of recommendations, clarifications, preliminary opinion to subordinate or supervised bodies, on their initiative or at their request; (v) participation in meetings of the bodies of the Bank / Group Companies, as provided for in internal legal acts;
- 3.1.9. **Principle of Autonomy of the Group Companies and their Bodies** means that, without prejudice to the provisions of this Policy, each Group Company acts independently in order to

achieve the objectives set out in the Articles of Association of the respective Group Company, whereas the bodies of each Group Company act independently within the limits of their competence set out in the Articles of Association of the respective Group Company, assuming responsibility for taking decisions falling within their competence.

#### **4. FRAMEWORK AND STRUCTURE OF GOVERNANCE**

- 4.1. The framework and structure of governance of the Group collectively and the Bank and each Group Company individually must be clear, transparent, and comprehensible.
- 4.2. Corporate governance of the Group shall be established by the Bank's policies and other internal legal acts, which, in addition to the implementation of mandatory requirements of the legal acts, regulate that the structure, composition of the bodies, and operations of the Bank and the Group, the Bank's governance will be transparent and based on good corporate governance practices. Corporate governance is a system of principles, processes and provisions that are laid down in:
  - 4.2.1. the Articles of Association of the Bank, the regulations of the activities of the Bodies of the Bank and their committees, which are the key documents governing the activities and organisation of the bodies of the Bank and the Bank itself;
  - 4.2.2. the Bank's internal legal acts governing remuneration, conflicts of interest, corruption prevention, risk management, compliance, diversity assurance, management assessment, ethical conduct, equal opportunities, and non-discrimination.
- 4.3. Corporate governance to the Group shall be implemented through:
  - 4.3.1. exercising the rights of the Bank as the owner of shares in the Group Companies;
  - 4.3.2. the bodies and structural units of the Bank performing the functions assigned to them with respect to the Bank and the Group Companies;
  - 4.3.3. establishing the principles of corporate governance, defining common objectives, and adopting internal legal acts applicable to the Group.
- 4.4. The corporate governance structure of the Group consists of:
  - 4.4.1. Bodies of the Bank;
  - 4.4.2. Bodies of the Group;
  - 4.4.3. structural subdivisions or employees in relevant positions that – by the procedure described in internal legal acts of the Bank – carry out functions at the level of the Bank and/or its Group Company (-ies).
- 4.5. The governance framework at the level of the Bank as the parent company shall be set up in such a way that the Bank as the subsidiary company would deal with the following issues in relation to the Group / Group Companies:
  - 4.5.1. approve the Group's strategy and ensure supervision of its implementation;
  - 4.5.2. approve the policies applicable at the Group level, setting out the principles applicable at the Group level;
  - 4.5.3. approve the Group's budget;
  - 4.5.4. ensure the supervision of the Group through the assessment of the Group's consolidated accounts and other regular reporting;
  - 4.5.5. approve the Group's objectives, participate in setting the Group Companies' operational objectives (including long-term and short-term financial and non-financial objectives), taking into account the approved Group strategy;
  - 4.5.6. upon economic and legal assessment, take decisions on the incorporation, acquisition, transfer, and liquidation of a Group Company;
  - 4.5.7. participate in the formation of the Group Companies' bodies (sole and collegial). Bodies of Group Companies shall be formed taking into account the activities, legal status, size, and other aspects of a particular Group Company;

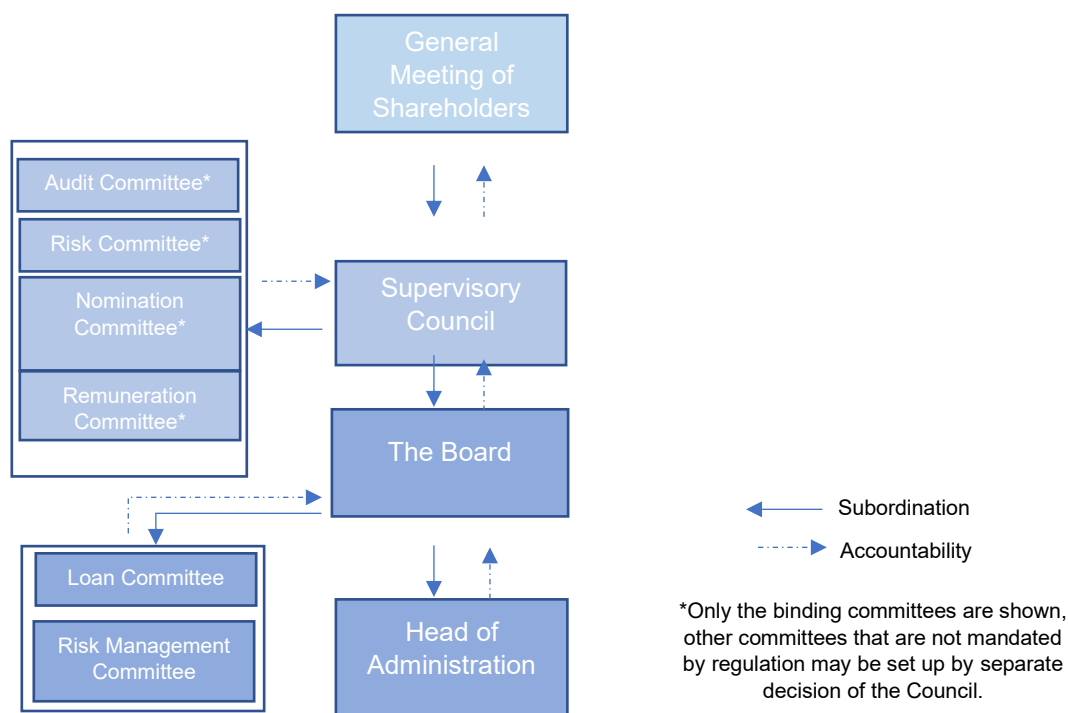
- 4.5.8. participate in determining the remuneration for the activities in the corporate bodies of the Group, if such remuneration is paid in accordance with the principles for determining such remuneration approved by the Bank.
- 4.6. For the purposes of the Group's operational efficiency and risk management, the Bank may establish additional measures of governance and control through internal legal acts, that would apply to the Group Companies through specific processes approved and ongoing at the Bank (including procurement, asset management, etc.), functional responsibility, and accountability.
- 4.7. Decisions of the sole shareholder of a Group Company attributed to the competence of the General Meeting of Shareholders by the Law on Companies of the Republic of Lithuania, are in all cases adopted by a decision of the Board and, in certain cases, following the Bank's Articles of Association or internal legal acts, also require the approval of the Board and/or its relevant committee. After obtaining such approvals of the Board (and, where required, the Council and/or its relevant committee), the Head of Administration shall sign the decisions of the sole shareholder of the Group company where the formalisation of such decisions by a written shareholder's decision is required by law. In other cases, the decision of the Board of the Bank (and, where necessary, the Council and/or its relevant committee) in respect of the Group company shall be directly applicable and shall not be additionally formalised by a separate decision of the sole shareholder of the Group company, signed by the Head of Administration.

#### ***Corporate governance structure of the Group Companies***

- 4.8. Each Group Company shall act as an independent legal entity in accordance with the requirements applicable to it, however the Bank, as a parent company, shall apply additional management and control measures established in this Policy in respect of the Group Companies in order to ensure proper internal governance.
- 4.9. The governance structure of a Group Company shall be determined by the Board when deciding on the approval of the Group Company's Articles of Association. The majority of the members of the collegial supervisory body (supervisory council) or, in its absence, the collegial management body (the board) of the Group Company shall be composed of the members of the Board or the employees of the Bank approved by the Board and the Council (if it's required by the Bank's internal legal acts). In the case of a Group Company where no council is established and the supervisory function is delegated to the board of the Group Company, the majority of the board shall be formed by the members of the Board. It is recommended that the Group Company's collective supervisory body (supervisory council) and, in its absence, the collective management body (board) be chaired by a member of the Board. In the absence of a collegial management body in the Group Company, the head of the Group Company should be an employee of the Bank, subject to the approval of the Board and the Council (if required under the Bank's internal legal acts).
- 4.10. In appointing members of the bodies of the Group Company, including the CEO of the Group Company, it must be ensured that the persons appointed meet the requirements of good repute.

#### ***Governance structure of the Bank***

- 4.11. In implementing the requirements of the mandatory legal acts in force in Lithuania, the Bank has a two-tiered governance structure consisting of a collegial supervisory body and a management body. The structure of the Bank's governance, the principles, and functions of the formation and operation of the bodies shall be determined by the General Meeting of Shareholders along with the approval of the Articles of Association of the Bank, as well as by approving the Bank's other internal legal acts.



- 4.12. The Bank's General Meeting of Shareholders shall be the highest body of the Bank.
- 4.13. The Council shall be a collegial supervisory body responsible for supervising the activities of the Bank and its management bodies and for the proper implementation of other functions assigned to the Council by-laws, the Articles of Association of the Bank, and decisions of the bodies.
- 4.14. The Board shall be a collegial management body responsible for the strategic management of the Bank and for the proper implementation of other functions established for the Board in legal acts, the Bank's Articles of Association, and decisions of the bodies.
- 4.15. The Head of Administration shall be a single-person management body of the Bank, who organises the day-to-day activities of the Bank, represents the Bank in relations with third parties, and is responsible for the management of the Bank and for the proper implementation of other functions established for the Head of Administration in legal acts, the Bank's Articles of Association, and decisions of the bodies. The Head of Administration shall have at least one Deputy Head of Administration.
- 4.16. For the effective exercise of the functions and duties of the Council, the Bank shall establish standing committees of the Council: (i) the Risk Committee; (ii) the Audit Committee; (iii) the Nomination Committee; (iv) the Remuneration Committee, the members whereof shall be appointed by decision of the Council. The Council shall determine the functions of these committees and lay down the rules of procedure.
- 4.17. The Bank shall also establish standing committees: (i) the Loan Committee; and (ii) the Risk Management Committee, whose members shall be appointed by decision of the Board. The Board shall determine the functions of these committees and adopt the rules of procedure. The Board shall periodically inform the Council, through the Nomination Committee, of the formation, members, functions, and terms of reference of these and other committees of the Bank and the Group Companies, and the objectives of such committees and the results thereof.
- 4.18. If necessary, other committees, commissions, and/or steering groups may also be set up at the Bank by a decision of the Board or the Council, which shall operate on a permanent or fixed-term basis, and which may be used, for example, to solve, initiate and develop certain specialised strategic issues, or control and supervise particularly important projects, etc.
- 4.19. The activities of the bodies, committees, and commissions of the Bank shall be organised in the meetings the decisions adopted at which shall be recorded in the minutes. Employees of the Bank / Group Companies (as observers or specialists) and other persons (specialists, experts in certain fields) may be invited to take part in the meetings without the right to vote. The CCO, CRO, and the Head of

the Internal Audit Division must be able to attend meetings of the Board / Council, and the Head of the Internal Audit Division must also be able to participate in the activities of committees, commissions, working groups, etc. In exceptional cases, this right may be restricted only by a reasoned decision of the body concerned.

- 4.20. Only the persons possessing the knowledge, skills, experience, education and qualifications, and good repute, required for the position in question, may be elected and appointed as members of the Bodies of the Bank. The election and appointment of the members of the Council and the Board must ensure that their composition is sufficiently diverse and in line with the Bank's diversity principles. The principles and requirements applicable to the selection of the members of the Council and the Board shall be approved by the Council and those applicable to the Head of Administration shall be approved by the Board.
- 4.21. Considering that the Bank and its respective Group Companies are obliged to appoint a member of the board to organise the implementation of the measures on the prevention of money laundering and terrorist financing, set out in the Law on Prevention of Money Laundering and Terrorist Financing of the Republic of Lithuania and that his/her competence, work experience and qualifications must be assessed, the appointment of the members of the board and/or formation of the board should take this into account, that the appointed board member has a good understanding of how to identify and assess the risks of money laundering and/or terrorist financing, knowledge of anti-money laundering and/or terrorist financing policies, controls and procedures, skills and relevant experience in this area, and an understanding of the extent to which the business model of the undertaking exposes the undertaking to the risk of money laundering and/or terrorist financing.
- 4.22. The members of the Council, the Board, the Head of Administration, and his/her deputies, as well as other persons who are considered to be heads of the Bank in accordance with the applicable legal acts, shall be considered to be heads of the Bank.
- 4.23. The Board shall establish a list of Key Function Holders, subject to the approval of the Council. The Board shall determine the senior management of the Bank. Key Function Holders may be persons who are also serving as members of an organ of the Bank.
- 4.24. The Council elects and dismisses the members of the Board and approves the Board's decision on the election and dismissal of the Chairperson of the Board. The Council shall approve decisions on (i) setting and reviewing the remuneration of the members of the Board, and (ii) setting and reviewing the annual objectives. Before the Council takes the decisions referred to in this clause, appropriate opinions of the Nomination Committee and/or the Remuneration Committee shall be obtained.
- 4.25. When the Board appoints, dismisses, establishes, and reviews the remuneration and annual objectives of the Head of Administration and his/her deputies, the decision of the Board may only be implemented with the approval of the Council. Before the Board takes the decisions referred to in this clause, the opinions of the Nomination Committee and/or the Remuneration Committee, as appropriate, must be obtained.
- 4.26. When the Board appoints, dismisses, establishes, and reviews the remuneration and annual targets for the Key Function Holders, the Board's decision may only be implemented with the approval of the Council. Before the Board takes the decisions referred to in this clause, (i) appropriate opinions of the Nomination Committee and/or the Remuneration Committee, shall be obtained, (ii) in addition, in respect of the Head of Internal Audit, the recommendation of the Audit Committee shall be obtained, (iii) in addition, in respect of remuneration and annual targets of the Key Function Holders responsible for the risk management function, the recommendation of the Risk Committee shall be obtained, (iv) in addition, in respect of remuneration and annual targets of the Key Function Holders responsible for the compliance function, the recommendation of the Audit Committee shall be obtained.
- 4.27. The appointment and dismissal of the heads of Group companies, members of the Board and Council, and the setting/review of their remuneration and annual objectives, are subject to the Board's decision (or approval if the appointment and dismissal of these persons is a statutory function of another body). The Board's decision/approval on the appointment, dismissal, establishment, and review of the remuneration of the heads of the Group companies, members of the Board, and the Council may only be taken after obtaining the appropriate opinion of the Nomination Committee and/or the Remuneration Committee. On the date of approval of this Policy, the rights provided for in this point are exercised in relation to the following Group Companies: UAB Artea Life Insurance, UAB Artea Asset Management and UAB Artea lizingas. For the sake of clarity, if new Group Companies appear after the approval of

this Policy, the rights provided for in this clause will automatically apply to such new Group Companies, unless the Council decides otherwise.

- 4.28. Appointment, dismissal, and remuneration of members of investment committees of Group companies must be subject to the approval of the Board. The Board's approval for the appointment of members of the Investment Committees of the Group companies shall be subject to the opinion of the Nomination Committee. The collegial bodies of the relevant Group companies shall set and review the annual objectives of the members of the Investment Committees of the Group companies. For this point, Group companies are not considered to be all Group companies, but only the following Group companies: UAB Artea Life Insurance, UAB Artea Asset Management.

#### ***Centralised functions in the Group***

- 4.29. To achieve synergy and efficiency on a Group-wide basis, the Board may decide to centralize various areas/functions, but such centralisation of areas/functions shall not override the implementation of the principle of independence of the Group Companies and their bodies, enshrined in the Policy.
- 4.30. Economic, tax, and legal assessment must be carried out before the Board decides on centralisation, substantiating the need and effectiveness of centralisation of such areas/functions.

#### ***Group's Principles of Conduct***

- 4.31. In order to create a uniform governance framework that would promote a culture of compliance and risk, and be consistent with good practice, which would ensure fair and equitable treatment of employees, customers, and other interested persons, objective and impartial decision-making, as well as the creation of an environment that would be unfavourable to corruption and unacceptable behaviour and would increase confidence in the Bank / Group Companies and promote responsible business, the Group shall:
- 4.25.1. be guided by the Bank's Principles for the Management of Conflicts of Interest, the implementation of which requires continuous avoidance of situations of conflict of interest and the adoption of appropriate measures to manage a conflict of interest in the event of circumstances that may give rise to the conflict of interest;
- 4.25.2. not tolerate corruption or any forms of it and/or unacceptable behaviour and undertakes to take preventive measures to prevent and combat corruption or its manifestations and/or unacceptable behaviour in the Bank / Group Companies;
- 4.25.3. be guided by the principles of ethics and conduct established in the Bank, i.e. the principles of good faith, accountability and responsibility, respect for the law, human rights, impartiality, objectivity and justice, exemplary conduct, etc.
- 4.32. The Group's employees and/or external persons must be able to report any observed or suspected violations in the Bank and Group Companies confidentially and anonymously, ensuring absolute confidentiality and protection of the personal identity of such persons.
- 4.33. Mutual cooperation and exchange of know-how shall be promoted on a Group-wide basis, and representatives of the Group Companies, if necessary, shall be involved in the Bank's ongoing projects and invited to participate in training, etc.

### **5. APPROVAL AND APPLICATION OF INTERNAL LEGAL ACTS**

- 5.1. By decision of the Bank's bodies, in respect of the Group Companies the Bank's internal legal acts may be:
- 5.1.1. directly applicable in full or in part, i.e. only through specific provisions laid down in an internal legal act;
- 5.1.2. applicable indirectly, i.e. by stating in an internal legal act that the Group Companies must prepare their own internal legal act which would be in line with and would not conflict with principles set out by the Bank in the internal legal act of the Bank;

- 5.1.3. of advisory nature, i.e. allowing the Group Company itself to decide on the implementation of the Bank's internal legal act;
- 5.1.4. not applicable, i.e. intended exclusively for the Bank.
- 5.2. Where the internal legal act of the Bank is also directly applicable to the Group Company (in full or in part), the internal legal act of the Bank shall specify the internal control measures applicable to the Group Company.
- 5.3. The risk management-oriented internal legal acts approved by the Group Companies, which implement the relevant internal legal acts of the Bank, shall be agreed upon with the unit of the Bank responsible for the relevant risk management function. Such internal legal acts of the Group Companies must describe the process control and accountability, specifying the role of the Bank.
- 5.4. In order to ensure a unified and efficient governance framework of the Group, the Bank and the Group Companies are encouraged to cooperate by sharing their know-how and internal legal acts. The Bank / Group Companies shall use such documents without prejudice to the rules on the use of confidential information.

## **6. RISK MANAGEMENT AND CONTROL SYSTEM**

- 6.1. The Group shall establish an internal control system and maintain a culture that promotes a positive attitude toward risk control and compliance with the requirements. In implementing the internal control system, the first (business) lines of defence of the Bank and the Group Companies shall be responsible for managing the risks they face in the course of their activities and should have controls in place to ensure compliance with internal and external legal acts.
- 6.2. The proper functioning of the internal control system and risk management ensures the sustainable and successful operation of the Bank and the Group Companies.
- 6.3. The risk management strategy is a key part of all risk management processes within the Group, providing a structured and consistent attitude policy for identifying, assessing, and managing the risk.
- 6.4. Considering the risk appetite acceptable to the Bank, the integrated risk management principles are being developed and implemented throughout the Group.
- 6.5. The risk assessment shall include an assessment of the Group's risks aimed at determining which of the risks are relevant on a Group-wide basis. To achieve this goal, representatives of Group Companies shall participate in the self-assessment process taking place in the Bank.
- 6.6. The management of identified risks relevant on a Group-wide basis shall be controlled through the internal control units responsible for independent risk management and ensuring compliance, which is assigned to the Bank's second line of defence. To ensure the acquisition of information necessary for risk management, the Bank's internal legal acts provide for the necessary information flows and channels between the Bank and the Group Companies. Each Group Company shall be individually responsible for the management of risks that are material only to the Group Companies themselves.
- 6.7. The Bank's internal risk management and control system shall be organised through a three-line defence model, which is implemented through all employees of the Bank. Each employee of the Bank shall, at the appropriate level and by the functions assigned to him, be responsible for the operation of the Bank's internal control processes and participation in the internal control system.
- 6.8. The proper implementation of internal control systems is aimed at ensuring the lawfulness, economy, efficiency, effectiveness, and transparency of the Bank's operations, implementation of strategic and other business plans, protection of assets, reliability, and completeness of information and reports, compliance with contractual and other obligations to third parties, and management of the risk factors pertaining thereto.

## **7. CREATING GROUP PRODUCTS**

- 7.1. The Bank / Group Companies must have in place a procedure, which is clearly documented by internal legal acts and approved by the relevant body, for the development of new products and their changes, including processes for setting prices and distribution channels.

- 7.2. The Bank / Group Companies must have in place an effective product oversight and management process that would ensure that the products comply with the requirements of the legal acts, the Group's risk strategy and risk appetite, that the interests of customers are taken into account and that conflicts of interest are properly managed.
- 7.3. The persons implementing the Bank's risk management function and compliance function should be involved in the approval of new products or changes to new products of the Bank and Group Companies, which are important for the Bank.
- 7.4. The Group Companies may implement their decisions regarding a new product or a significant product change only with the approval of the Banking Products Commission of the Bank. The second line of defence of the Bank shall assess the significance of the product and its change on a Group-wide basis, in accordance with the procedure established by the Bank.

## 8. REPORTING

- 8.1. The reporting lines and allocation of responsibilities within the Bank and each Group Company shall be clear, defined, consistent, and in accordance with the requirements of the legal acts.

### *Reporting by Group Companies*

- 8.2. The Group Companies' reporting to the Bank shall be implemented through:
  - 8.2.1. **Consolidated financial reporting of the Group** – for consolidation purposes, the Group Companies shall provide the Bank with the necessary information in accordance with the procedure laid down in the internal legal acts of the Bank;
  - 8.2.2. **Supervisory reporting** – for supervisory reporting purposes, the Group Companies shall provide the Bank with the necessary information in accordance with the procedure laid down in the Bank's internal legal acts (regularly provided information) or at the Bank's separate request (information needed ad hoc);
  - 8.2.3. **Presentation of the annual financial statements of the Group Companies to the Bank** – CEOs of the Group Companies shall present the annual financial statements to the Board before the adoption of a decision of the Bank as the sole shareholder to approve the annual financial statements of the Group Company.

### *Reporting in the Bank*

- 8.3. Management bodies' reporting in the Bank shall be implemented through:
  - 8.3.1. **Reporting by the Board to the Council** – the Board shall report to the Council at least quarterly, presenting, for information purposes, the details on the activities of the Bank at a meeting of the Council;
  - 8.3.2. **Reporting by the Head of Administration to the Board** – the Head of Administration shall report to the Board at least quarterly by presenting, for information purposes, quarterly financial statements, and other information on the Bank's activities, including the implementation of the budget.
- 8.4. The Bank must ensure the independence of the Internal Control Function, including the right to directly inform the bodies and committees of the Bank of the risks arising, and accountability to the relevant bodies and/or committees of the Bank.
- 8.5. Reporting by the Heads of the Internal Control Function in the Bank shall be implemented through:
  - 8.5.1. **Reporting by the CRO to the Council, including the Risk Committee:** the CRO shall present to the Risk Committee, at least quarterly, an overview of the risk situation, for information purposes, and may submit questions directly to the Council for consideration and may provide details, for information;
  - 8.5.1. **Reporting by the CRO to the Board** – the CRO shall report to the Board, presenting an overview of the risk situation, at least quarterly, for information purposes, and may submit questions directly to the Board for consideration and may provide details, for information;

- 8.5.2. **Reporting by the CCO to the management bodies (Board / Head of Administration)** – the CCO shall report to a management body by submitting Compliance Reports in accordance with the procedure established by the Bank;
  - 8.5.3. **Reporting by the Head of the Internal Audit Division to the Council through the Audit Committee** – The Head of the Internal Audit Division shall report to the Council through the Audit Committee, making a presentation of the internal audit activities and the identified key internal audit observations, at least quarterly.
- 8.6. The CRO and the CCO must inform the Board / Council of the identified important issues and material violations. CCO also presents to the Risk Committee or/and Audit Committee, for information purposes, the Compliance Reports.

## **9. FINAL PROVISIONS**

- 9.1. The Policy and its amendments shall be drawn up by the Bank's Legal Department and submitted to the Council for consideration, after obtaining the approval of the Board. The Policy shall enter into force after approval thereof by the Council.
- 9.2. The Policy is reviewed and, if necessary, updated within the time limits and in accordance with the procedures laid down in the Bank's internal documents.
- 9.3. The Board is responsible for the implementation of the Policy.
- 9.4. Each Group Company is responsible for the implementation of the Policy within the Group Company and shall be accountable for that to the Board.
- 9.5. All identified deviations from the Policy shall be notified to the Council.
- 9.6. The Policy may be made public on the Bank's website.