

# Sustainability report 2024



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# 1

## Information about the Bank

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## LETTER FROM THE CEO

### ***Dear partners, clients and friends of Creditwest Bank,***

*2024 was a special year for us. This is a year of changes, challenges and transformations that define a new stage in the development of the bank and the financial sector of Ukraine as a whole. Our economy continues to adapt to the realities of today, integrating into the European community, and business becomes more flexible and sustainable. We are convinced that responsible business is not just a trend, but a necessity. That is why we decided not only to support the principles of sustainable development, but to make them an integral part of our DNA.*

*This year, we took steps to define and integrate our approach to sustainable development by enshrining it in a sustainability strategy that became part of the bank's overall strategy. We have shifted from formal statements to focusing on what we genuinely believe in: business should not only generate profit, but also change the world around it for the better. We integrate ESG principles into all processes, from daily operations to strategic decisions. This is not just a response to the challenges of the times, but our position and vision of the future.*

*We have also started integrating ESG risks into our operations. This means that each of our financial decisions takes into account not only economic benefits, but also the impact on society, the environment and the quality of corporate governance. We create financial solutions that benefit not only businesses, but also the community and the country as a whole. After all, our goal is to lay a solid foundation for a future in which Ukraine will become a strong, innovative and responsible state.*

*There is still a lot of work to be done, but we are confident that together we can achieve more. The awareness of responsibility is part of who we are.*

*Thank you for being with us on this journey!*



Sincerely,

**Igor TYKHONOV**

CEO of Creditwest Bank



# A financial partner for those who appreciate the exceptional



Creditwest Bank is more than just a bank. We are a **Ukrainian bank with Turkish capital**, which combines international experience and local expertise to create high-quality financial solutions for business and private clients.

Our **boutique banking model** means a personalized approach, fast decision-making and high-quality service. We support small and medium-sized businesses, implement innovative IT solutions and **digitalize processes** to make banking services more convenient and efficient.

We are also actively developing one of the main development principles - sustainable development and **integrating ESG principles** into the Bank's business strategy. Our Bank is a reliable partner for those who value quality, innovation and responsible business. We make efforts to **create sustainable activities** and consider ourselves successful when our success has a positive impact on the environment and society!

# Main products



## Current accounts

Our Bank offers services for opening and maintaining current accounts in national and foreign currencies. The Bank also provides individual safe deposit box rental services.



## Foreign economic activity

Our individual approach and flexible pricing policy will help you open new counterparties and enter new markets without any hassle.



## Deposits

Save and grow your funds in our Bank. We offer both classic and innovative deposit products with flexible and favorable terms.



## Currency operations

The Bank offers services for the purchase, sale and exchange of foreign currency in the interbank foreign exchange market of Ukraine and international markets.



## Lending

We strive to help our clients achieve sustainable development. Even during the crisis, the Bank did not suspend lending and actively continues to finance businesses. We also support government programs, including 5-7-9%.



## Documentary operations

The bank provides a full range of documentary operations, including letters of credit, guarantees, and collections.



# Market position and ratings of the bank

**6th place**

By loan  
portfolio  
cleanness

**30th place**

By the size of the  
loan portfolio of  
legal entities

**41st place**

By the amount of  
equity capital

**44th place**

By the size of  
assets

**10th place**

By the amount of  
funds raised from  
MFIs

**32nd place**

By the total size  
of the loan  
portfolio

**43rd place**

By the amount of  
funds raised

**61 banks**

**Total number of  
solvent banks in  
Ukraine**

	IBI Rating	HPA Рюрік
<b>Credit rating</b>	uaAAA (In development)	uaAAA (In development)
<b>Deposit rating</b>	5+ (Excellent reliability)	r5+ (Excellent reliability)
<b>Date of update</b>	September 16, 2024	February 21, 2025
<b>Rating class</b>	Investment grade rating	Investment grade rating



# Bank's mission:

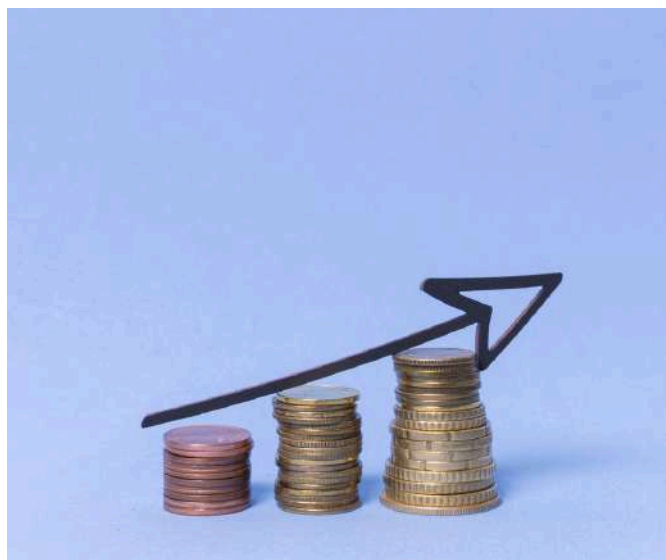
Promoting the increase of trade turnover between Türkiye and Ukraine as well as other countries by providing high quality service and individual partnership solutions for each client.

# Bank's vision:

Creditwest Bank is a Ukrainian bank with Turkish capital, with a transparent operating model, providing boutique banking for its customers through the synergy of speed and quality.

# Our goals

**Increase profitability and capital**



**Increase the number of active clients**



**The main settlement bank for Turkish companies in Ukraine**



**NEW!**

**Implementation of sustainable development principles.**





# History of Creditwest Bank



## 2006-2011

### The beginning of the story

- **The bank was registered** with the NBU in October 2006 under the name of CJSC “Creditwest Bank”, and in February 2007 it **received a banking license** and started servicing clients.
- In March 2007, **the bank joined the Deposit Guarantee Fund.**
- **The bank started working with international payment systems Western Union, Anelik and PrivatMoney.**
- **The first standards of transparency** and corporate governance are introduced.

## 2012-2018

### Establishment and strengthening of positions

- In 2012, the Bank was assigned an **international rating of A+ (Ukr)** by JCR Eurasia Rating, and in 2013 it was upgraded to **AA- (Ukr).**
- In 2014, the Bank **demonstrated significant growth:** the loan portfolio increased by 76%, while non-performing loans remained at the level of 0.65%.
- In 2015, **IBI-Rating confirms the Bank's rating at uaAA.**
- In 2016, **the Bank joined the Independent Association of Banks of Ukraine**, expanding its expertise in the financial sector.
- **The Bank started cooperation with the Black Sea Trade and Development Bank (BSTDB)**, an international financial institution that promotes business development. The partnership enabled the Bank to support Ukrainian companies operating in international markets, expand export and import operations, and attract additional resources for economic growth.

## 2019-2021

### Expansion of international partnerships and business support

- **Financial stability:** In 2019, **IBI-Rating affirmed the Bank's long-term rating at uaAA+** with a “Stable” outlook and confirmed the high reliability of bank deposits.
- **Support for entrepreneurship:** In 2020, **the Bank joined the program “Affordable Loans 5-7-9%”,** signed a Memorandum of Cooperation with the Ministry of Economy to support the agricultural sector and **entered into an agreement with the Export Credit Agency (ECA)** to expand opportunities for Ukrainian exporters.
- **International partnerships:** In 2021, the Bank **started cooperation with Raiffeisen Bank International AG (Austria),** joined the Black Sea Trade and Development Bank (BSTDB) to finance SMEs, **signed a Memorandum of Cooperation with the Hungarian Export-Import Bank,** and joined the initiatives of the **European Investment Bank (EIB) and IBRD to support SMEs and agribusiness.**

# History of Creditwest Bank

## POWER BANKING

## 2022

### The challenge of the times is stability during the war

- The Bank ensured uninterrupted operations for its customers and businesses and adapted its services to the new environment.
- We joined the NBU's Power Banking initiative to support the stability of the banking system.
- Expanded financial programs for entrepreneurs and businesses.
- On July 29, 2022, the National Rating Agency "Rurik" confirmed the Bank's long-term credit rating at uaAAA with an "Stable" outlook.
- The deposit reliability rating of r5+ "Excellent reliability" confirmed the Bank's stability even in crisis conditions.

## 2023

### Stability, support, development

- Creditwest Bank demonstrated stability and consistency of development despite the difficult wartime conditions.
- The international standard ISO 20022 was implemented and the transition to SEP 4.0 was made to improve the quality of payment services.
- Launched an interest compensation program for Kyiv region MSMEs in cooperation with the Kyiv Regional Chamber of Commerce and the Entrepreneurship Development Fund.
- The loan to NIBULON was restructured in cooperation with the European Investment Bank.
- The bank received uaAAA ratings with an "evolving" outlook from Rurik and IBI-Rating, which confirmed its reliability even in difficult conditions.
- A Telegram bot for online recording was launched, which improved customer service.

## Sustainable development

## 2024

### Focus on environment, sustainable development and financial stability, social and governance responsibility

- The bank focuses on the environment, sustainable development and financial stability. It has joined the European Investment Bank's program to support small and medium-sized businesses that use eco-technologies.
- The introduction of the electronic document management system has ensured full optimization of document flow, time saving, risk avoidance and process automation, but above all, it has reduced the use of paper and increased the rational use of resources.
- The bank is expanding its cooperation with international organizations to develop ESG financing. On September 16, 2024, IBI-Rating affirmed its long-term credit rating at uaAAA with an "evolving" outlook and the highest level of deposit reliability - 5+ "Excellent reliability".



# 2

## Components of sustainable development

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# The value chain

## Our business model

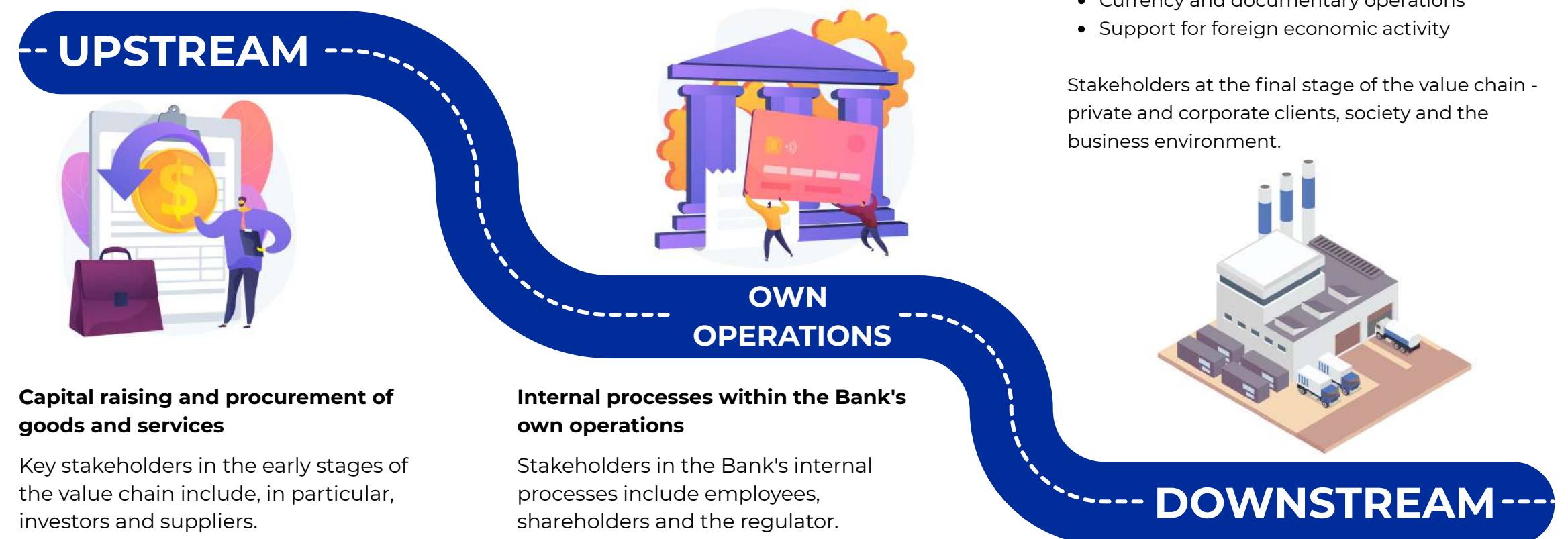
Creditwest Bank is a **Ukrainian bank with Turkish capital** that combines a transparent business model with a personalized approach to clients. We do not just operate according to the classic banking model, **attracting deposits** from customers and international financial institutions and using them to lend to businesses. **We create a financial ecosystem** where businesses get opportunities to scale their business, develop new ideas, and implement ambitious projects.

## Industry uniqueness

**The banking industry is unique** in that **it does not have a conventional supply chain** with suppliers and end users. Instead, we are a financial partner that not only connects those who have free funds with those who need them, but also provides a wide range of financial services - from investment solutions and foreign exchange transactions to comprehensive corporate banking and asset management. This creates a dynamic cycle of interaction with clients, regulators, partners and international financial institutions.

## About the value chain

Our value chain is built on a deep understanding of customer needs and the concept of boutique banking, which consists of several key stages. At the **upstream stage**, we raise financial resources through deposits, investments and cooperation with international financial organizations. Then, in **our internal processes**, we analyze risks, manage assets, develop financial products and introduce services tailored to individual customer needs. At the **downstream stage**, we offer a wide range of banking services, including lending, financial advice and specialized solutions to help our clients achieve their financial goals. This integrated approach allows us not only to meet the needs of the market, but also to create an exceptional customer experience.





# Double materiality

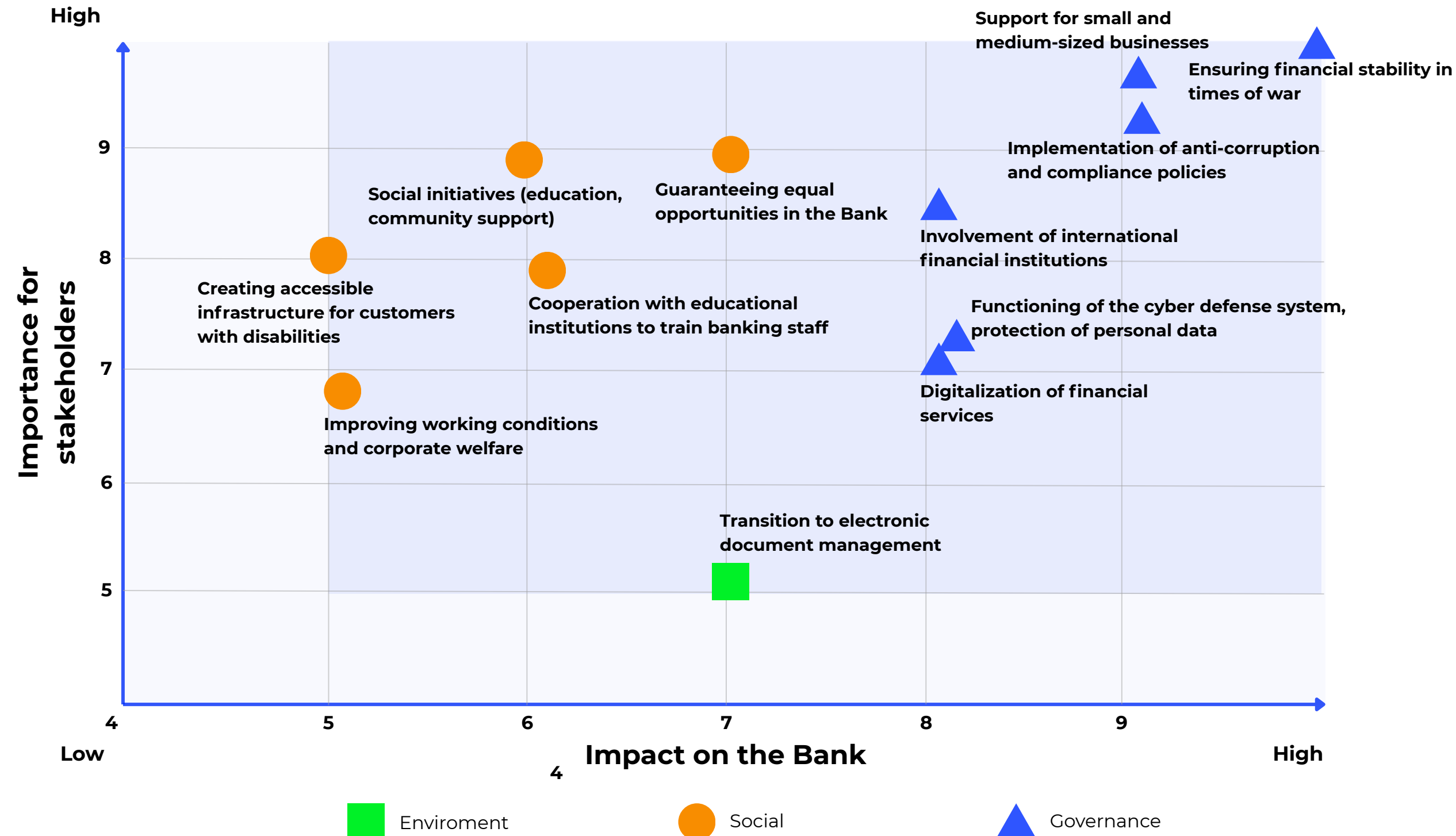
To determine where we should focus our sustainability efforts, we conducted a materiality analysis. It helps us to understand which topics have the greatest impact on our operations, our customers, partners and society as a whole.

We applied a **double materiality approach**, assessing both:

- How the bank's activities affect the economy, society and the environment.
- How these topics may affect the bank's financial stability and performance in the future.

## How did we do it?

1. **We identified key topics** based on internal strategic documents, regulatory requirements and global trends in the financial sector.
2. **Evaluated the impact** - each topic was analyzed by two criteria:
  - How important it is for the bank itself.
  - How important it is for our customers, employees, regulators and society.
3. **Created a materiality matrix** - based on all the data, we created a graphical representation to help us prioritize.



# Our ESG roadmap 2024

27.03.2024

## We have launched special financing terms for farmers.

When farmers need to upgrade their equipment, we are ready to help. Special financing terms support the development of farms and make modern machinery more affordable.

09.04.2024



## We support ethnic minorities and cultural diversity.

We value our roots and promote tolerance, making diversity an integral part of society. For us, this is not just a principle, but the basis of justice and openness.

25.04.2024



## Compensation of up to 25% of the cost of agricultural machinery.

Farmers can save money thanks to the cooperation of Creditwest Bank with the Ministry of Economy of Ukraine. This is a real opportunity to reduce costs and allocate funds for the development of the economy.

12.06.2024



## We signed a memorandum with UkraineInvest to develop investments.

Creditwest Bank has signed a cooperation agreement with UkraineInvest to promote investment in Ukraine and support businesses.

15.07.2024



## We support young talents together with hobbylab.contest.

Creditwest Bank became a partner of the children's song contest, where young performers performed on stage together with professional musicians @brauni.band.

07.06.2024



## We have joined the educational project "The dream profession is a banker".

On May 21-22, 2024, Creditwest Bank became a part of the NBU initiative, helping future professionals to discover the world of finance.

17.07.2024

## We support renewable energy with favorable financing terms.

Creditwest Bank supports renewable energy by offering favorable financing terms for solar, wind and hydropower projects. Let's invest in a greener future together!

29.07.2024



## New opportunities for financing export projects.

From now on, Creditwest Bank offers an option to finance your export projects under the insurance of ECA (Export Credit Agency).





16.08.2024

**Profitable financing for energy independence and environmental protection.**

Creditwest Bank offers favorable financing for energy independence, helping to save on energy and take care of the environment.



02.08.2024

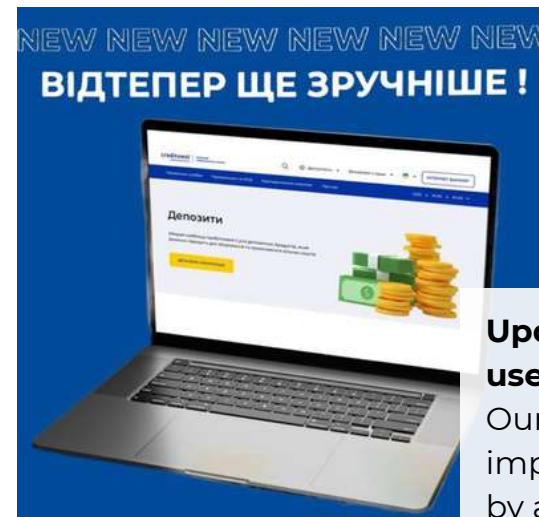
**Cooperation with the State Tax University to develop education.**

Creditwest Bank signed a memorandum of cooperation with the State Tax University in Irpin, contributing to the development of education and training of future financial professionals.

31.07.2024

**Reliable support for international projects through bank guarantees.**

Creditwest Bank provides bank guarantees for companies cooperating with GIZ, NEFCO and the UN, ensuring financial stability and trust in international projects. This is a reliable support for the successful implementation of joint initiatives.



29.08.2024

**Updated website for the convenience of users.**

Our updated website is now online! We have improved it for the convenience of our users by adding new features and solutions that will make the service even more comfortable.



09.10.2024

**Participation in the event "EUROPE SUPPORTS CLIMATE MEASURES IN UKRAINE".**

Creditwest Bank took part in the event "EUROPE SUPPORTS CLIMATE MEASURES IN UKRAINE", where the issues of climate resilience and adaptation were discussed. The Chairman of the Management Board of the bank joined the panel discussion on these important topics.



13.11.2024

**Award as "The Best Export-Import Bank for SMEs".**

Creditwest Bank received an award from the International Financial Club "Bankir" as the "Best Export-Import Bank for SMEs". This award emphasizes our commitment to supporting small and medium-sized businesses in the international market.

18.11.2024



**We signed a cooperation agreement** with Raytheon Sun USA LLC for the sale of solar power plants and industrial energy storage devices.

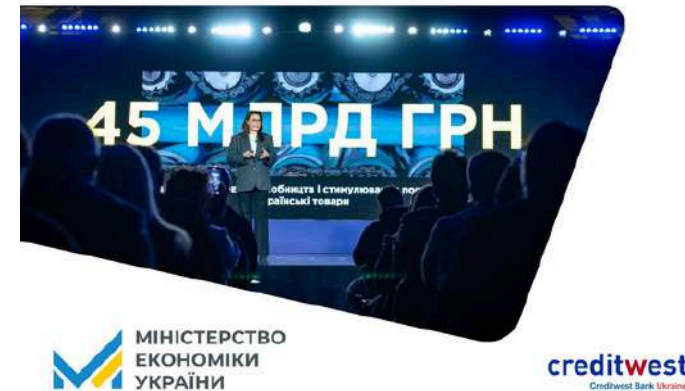


## Ми - уповноважений банк програми



### Cooperation with the Ministry of Economy of Ukraine for partial compensation of the cost of machinery.

Creditwest Bank signed a memorandum of cooperation with the Ministry of Economy of Ukraine and joined the program of partial compensation of the cost of machinery and equipment made in Ukraine.



19.11.2024

November 2024



### Completion of the ESF Fundamentals course from the World Bank.

Creditwest Bank supports the development of expertise in sustainable finance - more than 20% of our employees have completed the ESF Fundamentals course, which is dedicated to managing environmental and social risks in financed projects in accordance with international standards.

29.11.2024



### Participation in Irpin Business Forum 1.0.

On November 27, the team of Credit Invest Bank took part in the Irpin Business Forum 1.0, an event that brought together entrepreneurs, investors, government officials and international partners.

# 2025



# ESG strategy

## 1. Resilience and recovery in times of war

We understand how important our role is in supporting the economy during the war and in the country's recovery process. That is why we do everything we can to ensure uninterrupted access to financial services even in times of crisis. Through the POWER BANKING program, we guarantee our operation even during power outages. We actively finance businesses seeking to recover, invest in promising sectors and support job creation.

## 2. Support for entrepreneurs and cooperation with partners

Small and medium-sized businesses are the backbone of the economy, and we strive to be their reliable partner. We offer affordable loans, grants and training programs to help businesses adapt to new realities. In addition, we actively cooperate with international partners, attracting investments and grant funding for the development of Ukrainian enterprises. As a result, businesses have more opportunities for growth and the economy has more opportunities for recovery.

## 3. Responsibility to society and the environment

We care not only about financial stability, but also about society and the environment. Our goal is to create equal opportunities for all clients and employees, promote youth development and support social initiatives. We are also actively implementing environmentally responsible practices, such as switching to electronic document management and investing in renewable energy and energy-efficient technologies. We believe that sustainable development is not only about economic growth, but also about caring for the future of our country.





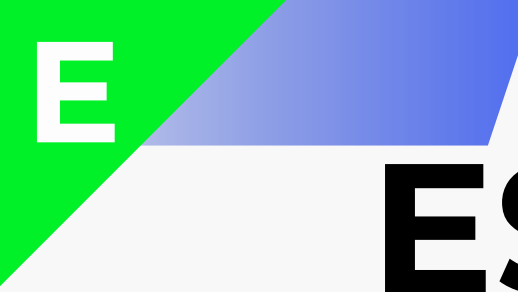
# Environmental responsibility

We are actively implementing **environmental initiatives** aimed at reducing our negative impact on the environment. One of the key areas is the transition to **electronic document management**, which allows us to significantly reduce the use of paper. This includes digital processing of correspondence and regulatory documents, electronic signing of contracts and digital storage of documents.

We also use **energy-efficient solutions** in our offices, including LED lighting, automated energy management systems, and digital forms of communication. This helps not only to reduce our environmental footprint but also to optimize operating costs.

To communicate with our clients, we **use email newsletters and SMS notifications**, reducing the use of paper media. At the same time, we are working on the digitalization of customer experience, expanding the capabilities of **online services** to conduct banking transactions without physically visiting office. Integration of modern digital solutions allows us to automate processes and improve service efficiency.





# ESG initiatives 2024



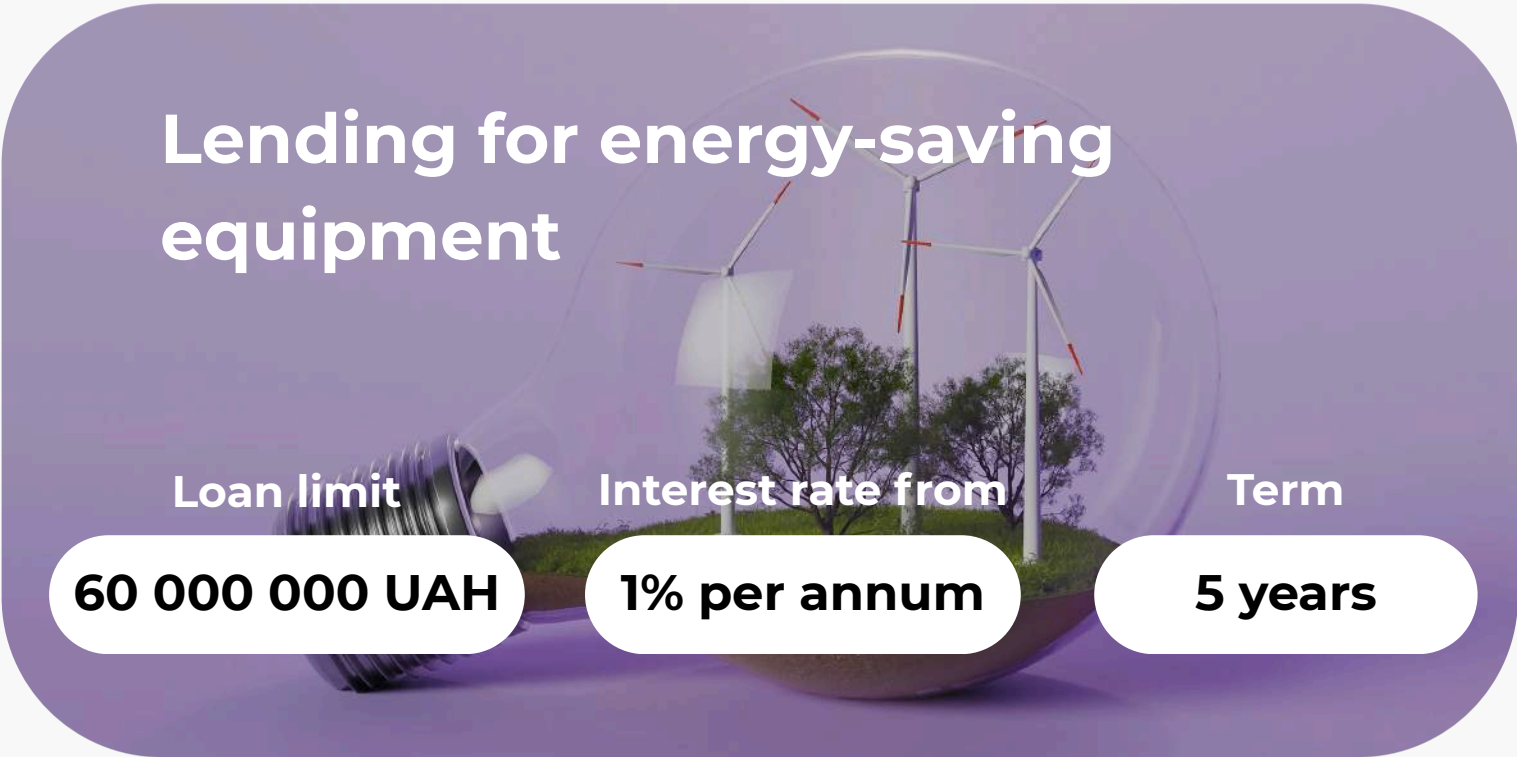
**Renewable energy with Creditwest Bank**

Rate from	Loan amount up to	Term up to
3%	80 000 000 UAH	10 years



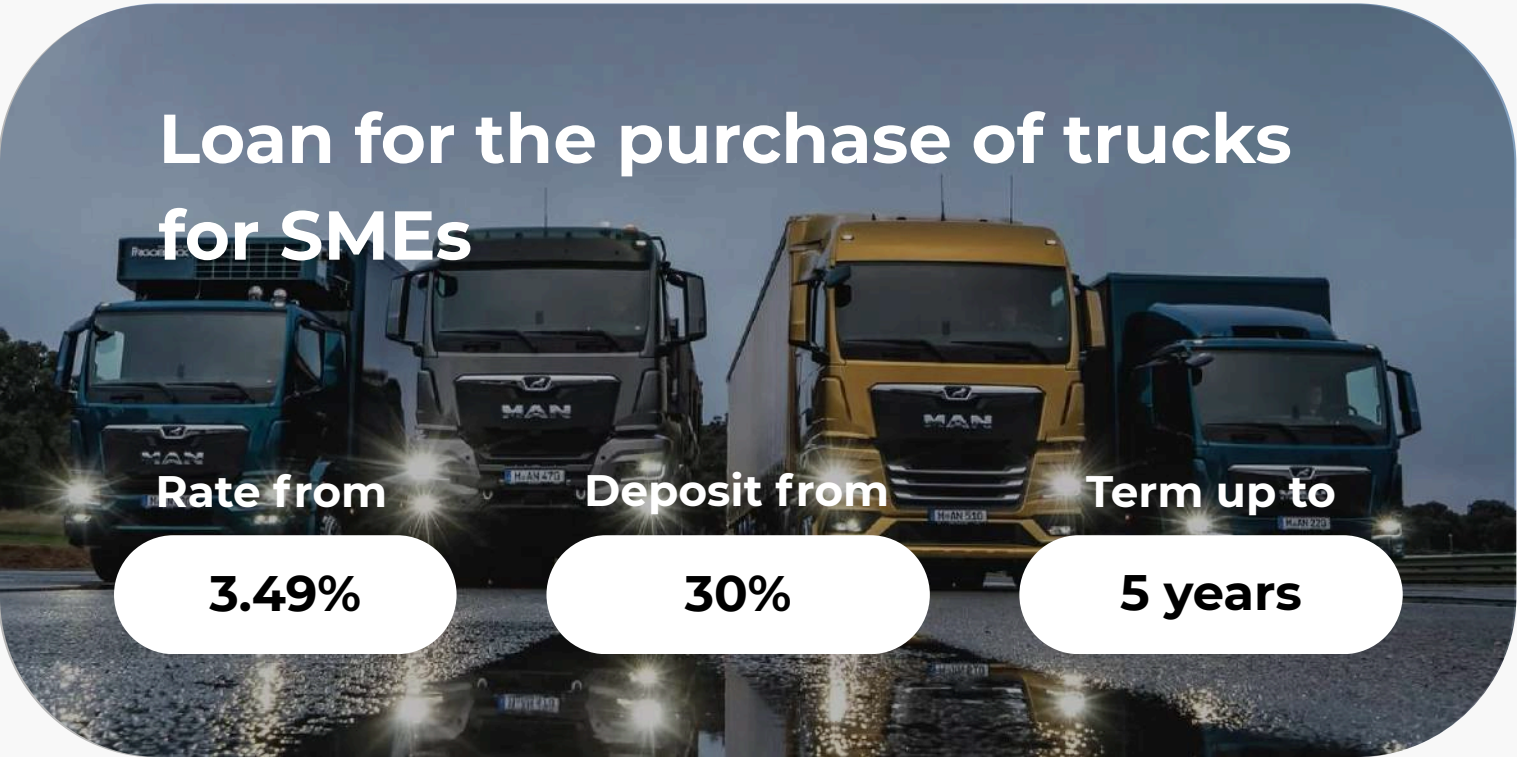
**Loan for purchase of agricultural machinery for SMEs**

Rate from	Deposit from	Term up to
3.49%	30%	5 years



**Lending for energy-saving equipment**

Loan limit	Interest rate from	Term
60 000 000 UAH	1% per annum	5 years



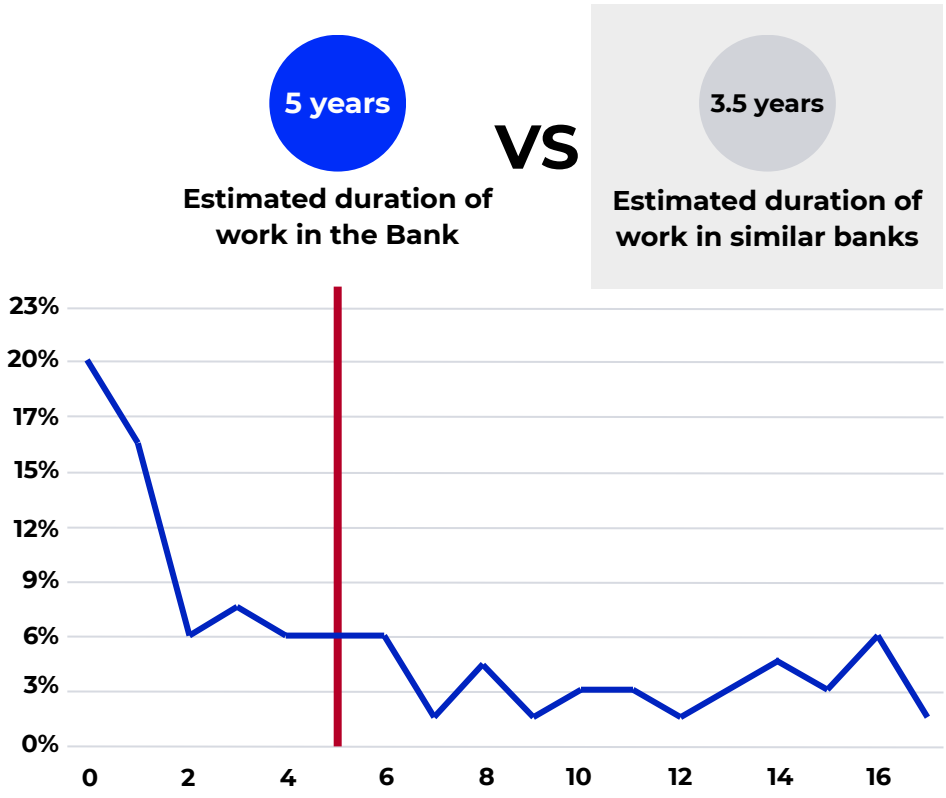
**Loan for the purchase of trucks for SMEs**

Rate from	Deposit from	Term up to
3.49%	30%	5 years

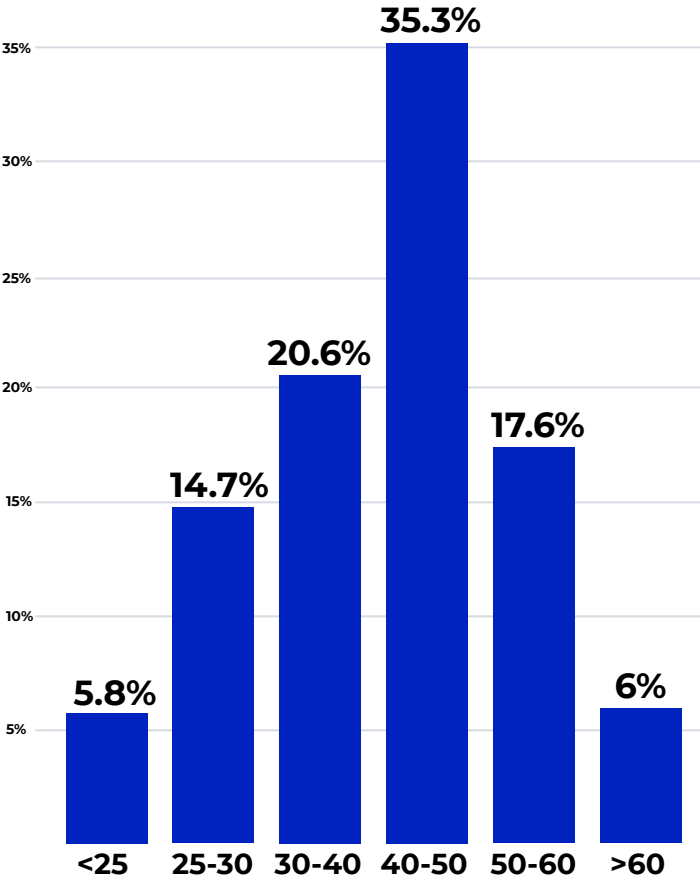
# Social potential

At Creditwest Bank, we believe that a successful bank is first and foremost **its team**. Our employees are not just employees, but a driving force that helps the bank **to develop** and achieve ambitious goals. That is why we strive to create a professional environment where everyone has the opportunity to realize their potential and grow together with the bank.

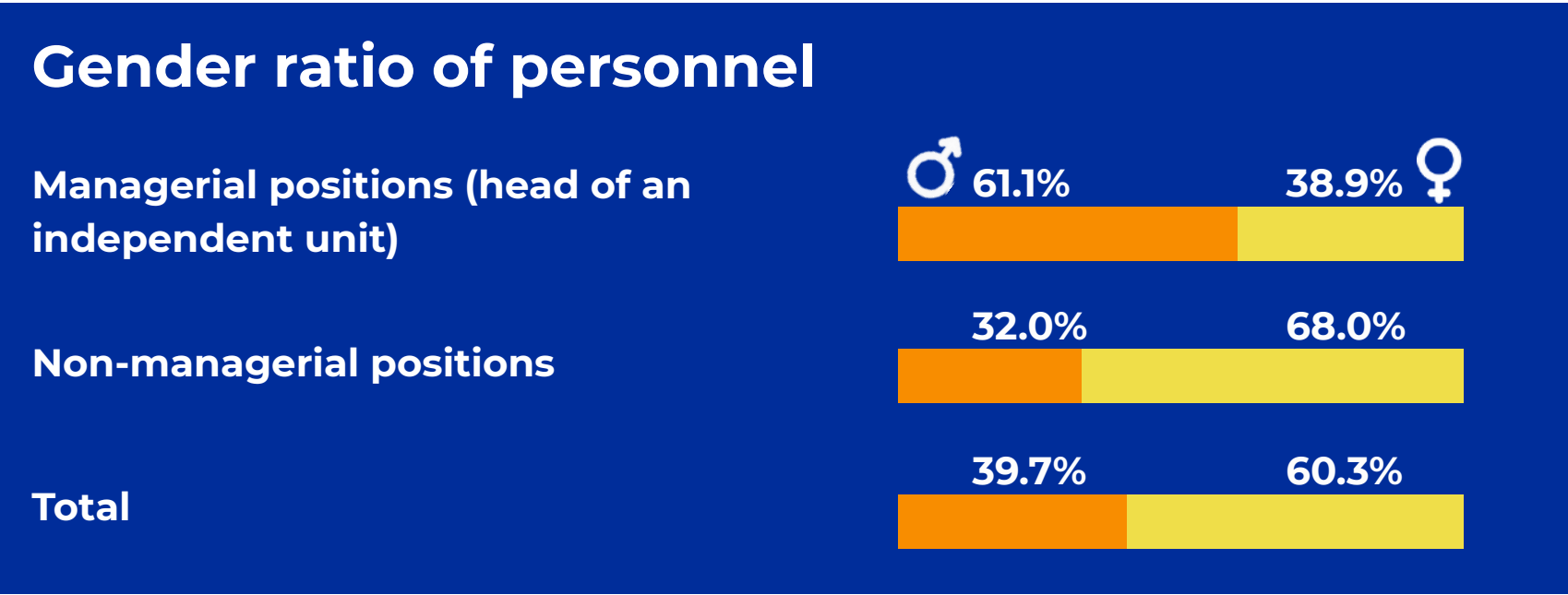
We invest in people because we understand that a motivated, cohesive team is the key to success. Therefore, we create comfortable working conditions, support the initiatives of our colleagues and help everyone find their place in the Bank. After all, Creditwest Bank **is not just a job**, it is an opportunity to grow, influence and achieve more together.



Breakdown by length of service in our Bank



Age distribution of personnel



**Equal rights and opportunities:** The Bank guarantees equal rights and opportunities for all its employees and clients regardless of gender, age, health status, race, color, national or social origin, language, religion, political or other beliefs, property or marital status. This reflects the Bank's commitment to the principles of ethical business and inclusiveness, creating equal conditions for all who interact with the Bank.



# Barrier-free accessibility

**Creditwest Bank strives to make financial services accessible to everyone.** For us, barrier-free accessibility is not only about special services, but also about equal opportunities for each client. In 2024, we took several important steps to become even more open and convenient for everyone.

- **New inclusivity standards** - the bank is developing internal rules to ensure that people with disabilities can receive financial services on equal terms.
- **Barrier-free section on the website** - we have created a convenient page where customers can find information about all available services and opportunities.
- **Accessibility assessment** - our head office in Kyiv has undergone an expert inspection and confirmed that the building meets accessibility standards.
- **Training for employees** - in 2024, one of our specialists completed the Barrier-Free Interaction with Customers with Disabilities training program and shared his knowledge with the team, conducting training to ensure that every customer receives comfortable and correct service.



Академія  
Професійного  
Розвитку

## СЕРТИФІКАТ

Серія: КП № 0067

Дата видачі: 12.12.2024

засвідчує, що

*Чорнобровкіна Алла*

пройшла навчальну програму  
«Безбар'єрна взаємодія з клієнтами з  
інвалідністю»  
(обсяг 30 годин / 1 кредит ЕКТС)

Зоя Гаркавенко  
Президентка Академії,  
керівниця програми



**We will continue to work to ensure that our Bank is a space without restrictions, where everyone feels confident and comfortable.**



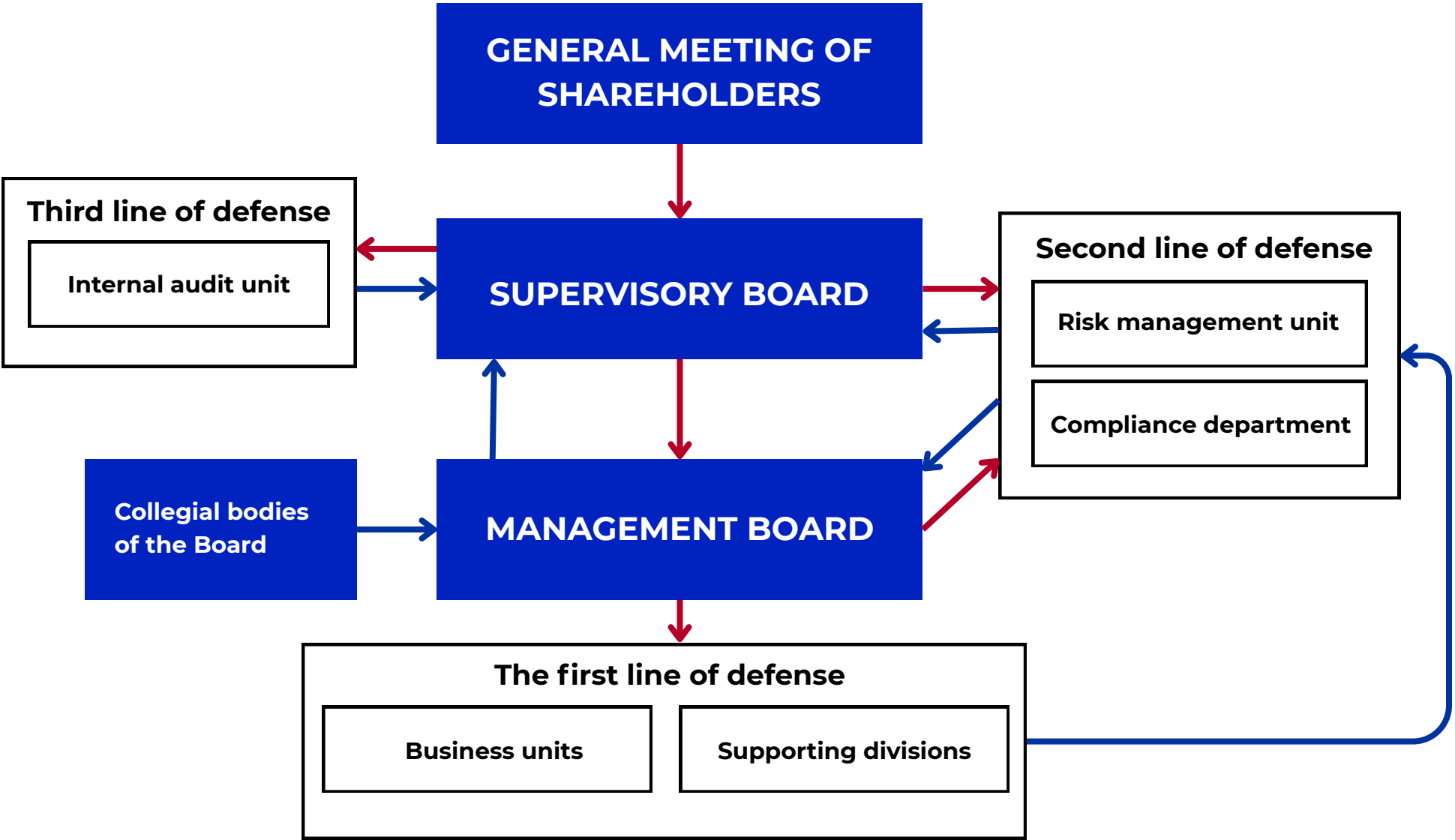
# Corporate governance

At Creditwest Bank, we believe that **effective governance** is not just about processes and structures, but above all **about responsibility** to customers, partners and society. We have moved away from a formal approach to corporate governance and build it on the principles of trust, transparency and mutual responsibility.

Corporate governance is a **system of relations** between shareholders, the Bank's Council, the Bank's Management Board and other stakeholders that **provides the organizational structure** and mechanisms through which the Bank's goals are determined, **ways to achieve these goals**, and monitoring of their implementation.

Our governing bodies - **the Supervisory Board and the Management Board** - **work in synergy** to ensure the strategic development of the Bank and the realization of its mission. We have implemented a three-line defense model that guarantees effective risk management and stability of the Bank.

**We are constantly improving our management approaches** by developing digitalization, compliance and transparent decision-making mechanisms. **This ensures sustainable development of the bank** and its long-term trust among clients and partners.



- 1

First line of defense

at the level of business units and units supporting the Bank's activities, which initiate, perform or reflect transactions, take risks in the course of their activities and are responsible for the ongoing management of these risks, and implement control measures.
- 2

Second line of defense

at the level of the risk management and compliance departments, which ensure the confidence of the Bank's managers that the control and risk management measures implemented by the first line of defense have been developed and are functioning properly.
- 3

Third line of defense

at the level of the internal audit unit, which independently assesses the effectiveness of the first and second lines of defense and the overall effectiveness of the internal control system.



# Corporate governance and strategic management

## How does the Supervisory Board work?

**The Supervisory Board in our Bank** is more than just a controlling body. It determines the main vector of development, ensures that the Bank effectively implements its strategy and operates in accordance with international standards and regulatory requirements.

### Its key tasks include:

- Formulation of the development strategy and control over its implementation.
- Control of risks, budget execution and corporate governance efficiency.
- Appointment and evaluation of the Management Board's performance.

### Who are the members of the Supervisory Board?

Our Supervisory Board is a team of experienced professionals who combine deep expertise in finance, corporate governance and international business.

**Mr. Hüseyin Altınbaş** is the Chairman of the Bank's Supervisory Board and represents the interests of the Shareholder. Together with him, another representative of the Shareholder is **Mr. Ömer Akgül**. In addition, the Supervisory Board includes three independent members: **Mr. Selçuk Şaldırak, Mr. Koray Akkuş and Mr. Rami Hayim**.

This team combines different expertise and approaches, which helps the Bank to adapt flexibly to market changes and ensure sustainable long-term growth. They are responsible for strategic development, risk control and implementation of advanced corporate governance standards.

## What does the Management Board do?

**The Management Board is the heart** of the Bank's operations. Its mission is to ensure stability, development and compliance with strategic goals.

### Main functions:

- Implementation of strategic decisions of the Supervisory Board.
- Management of assets, financial flows and risks.
- Introduction of new banking products and services.
- Ensuring stable and efficient operation of the Bank.

**Management of the Management Board:** The Management Board of the Bank brings together leading experts in finance, risk management, business development and customer service, which allows to effectively coordinate all areas of work and respond promptly to market challenges.

The Bank's Management Board is chaired by **Mr. Igor Tykhonov**, and the management team includes the Deputy Chairmen of the Management Board: **Mr. Sergiy Luskalov and Ms. Svitlana Rudenko**, Member of the Management Board - Chief Accountant - **Mr. Igor Kuzmenko**, Members of the Management Board - **Mr. Oleksii Lysenko and Mr. Serhii Yaroshenko**.

Each member of the Management Board is responsible for a particular area of the Bank's operations, which ensures coordination of processes and rapid response to market changes. Thanks to this, the Bank operates and develops steadily, offering innovative financial solutions.



# Ethics and compliance

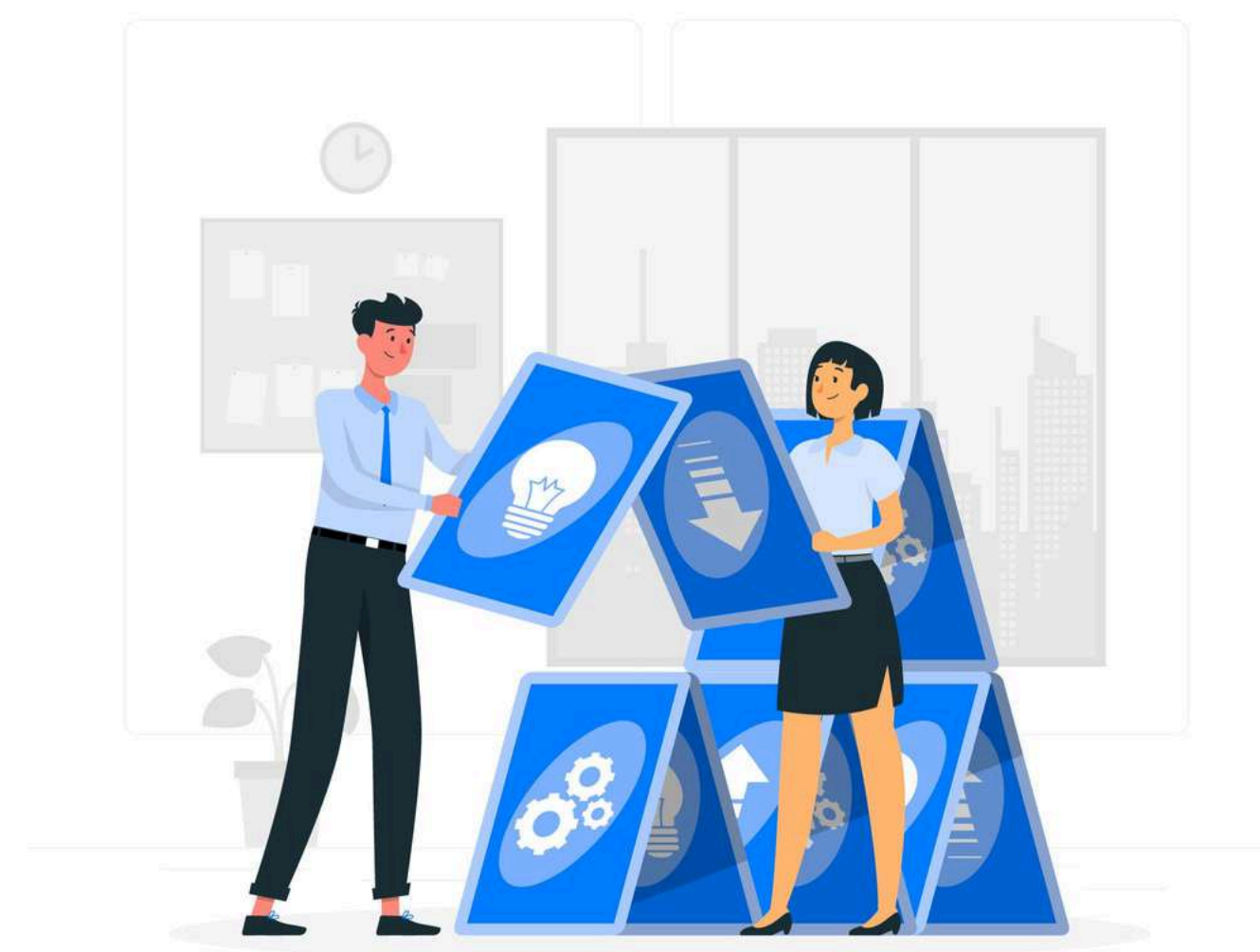
Honesty, transparency and responsibility are the foundation of Creditwest Bank's culture. **We adhere to high ethical standards** in all areas of our business, creating an environment of trust for our customers, partners and employees.

Our Code of conduct (ethics) defines the principles of behavior that every employee must adhere to. **We prevent, detect and manage conflicts of interest, maintain a culture of fair competition** and ensure transparency in decision-making.

Compliance is not just about compliance, but **a proactive approach to risk management**. Our compliance risk management system ensures the analysis of these risks on an ongoing basis in order to make timely and adequate management decisions to avoid/mitigate compliance risk and reduce related losses (damages), regulatory monitoring and assessment of the external environment. We ensure that all processes comply with Ukrainian legislation, international standards and public expectations.

We have implemented the Policy on Prevention, Detection and Management of Conflicts of Interest, which allows us to identify, prevent and effectively address potential situations that may affect the impartiality of decision-making.

The Bank's approach to ethics and compliance is based on **continuous improvement of processes**, employee training and ensuring high standards of interaction with all stakeholders.





# Corporate culture and business conduct policy

## Preventing and responding to violations

We are building a culture of responsibility and transparency, where each employee is aware of his or her role in complying with ethical standards. The Bank has clear and effective mechanisms in place to detect and prevent violations of the Code of Conduct (ethics).

## Channels for reporting violations

To ensure transparency and prompt response, the Bank accepts confidential/anonymous reports via corporate e-mail or through the form on the website. All reports are processed confidentially in accordance with the Mechanism for Confidential Reporting of Unacceptable Behavior/Violations in the Bank's Operations.

## Training and development

The Bank provides regular training for employees on ethics, risk management and corruption prevention. Annual training and testing covers all levels of staff, which allows us to maintain a high corporate culture and standards of business behavior.



### 1 Anti-Corruption and Anti-Bribery Policy

Creditwest Bank adheres to a zero-tolerance policy towards corruption, which is in line with both international standards and Ukrainian legislation. All employees are obliged to avoid conflicts of interest and not to use their official position in their own interests.



### 3 Independent investigation of violations

Each report of a possible violation is subject to an impartial review by the relevant departments of the Bank. An independent team analyzes the situation in accordance with the principles of fairness and confidentiality, ensuring the protection of persons reporting violations.



5

# Preventing and counteracting the legalization (laundering) of proceeds of crime, terrorist financing and financing the proliferation of weapons of mass destruction

At Creditwest Bank **we adhere to the highest standards** of transparency and security of financial transactions. The bank strictly complies with the requirements of Ukrainian legislation and international standards on prevention of money laundering and terrorist financing. To this end, **we have implemented a comprehensive system** of measures that helps to minimize risks and ensure the stability of banking activities.

## ? How does the financial monitoring system work?

- **Compliance with the law** - we act in accordance with Ukrainian and international requirements, ensuring an appropriate level of financial control.
- **Internal procedures** - the Bank has clear policies and algorithms for verifying transactions to prevent the possible use of the financial system for illegal transactions.
- **Staff training** - all employees undergo regular training to quickly identify risky transactions and know how to act in such cases.

## ? How to report potential violations?

### Control

A specialized unit of the Bank controls compliance with financial monitoring procedures. The Financial Monitoring Department is responsible for analyzing and managing risks related to money laundering and terrorist financing, as well as for the compliance of the Bank's activities with applicable regulations.

We are convinced that compliance with these principles is the basis for the trust of our customers and partners, as well as a guarantee of the stability of the financial system.

We are open to feedback and provide our clients, partners and employees with the opportunity to anonymously report any potential violations in the field of financial monitoring. For this purpose, a special application form is available on the Bank's official website, which guarantees confidentiality and objective consideration of each case.



# 3

## ESG risks

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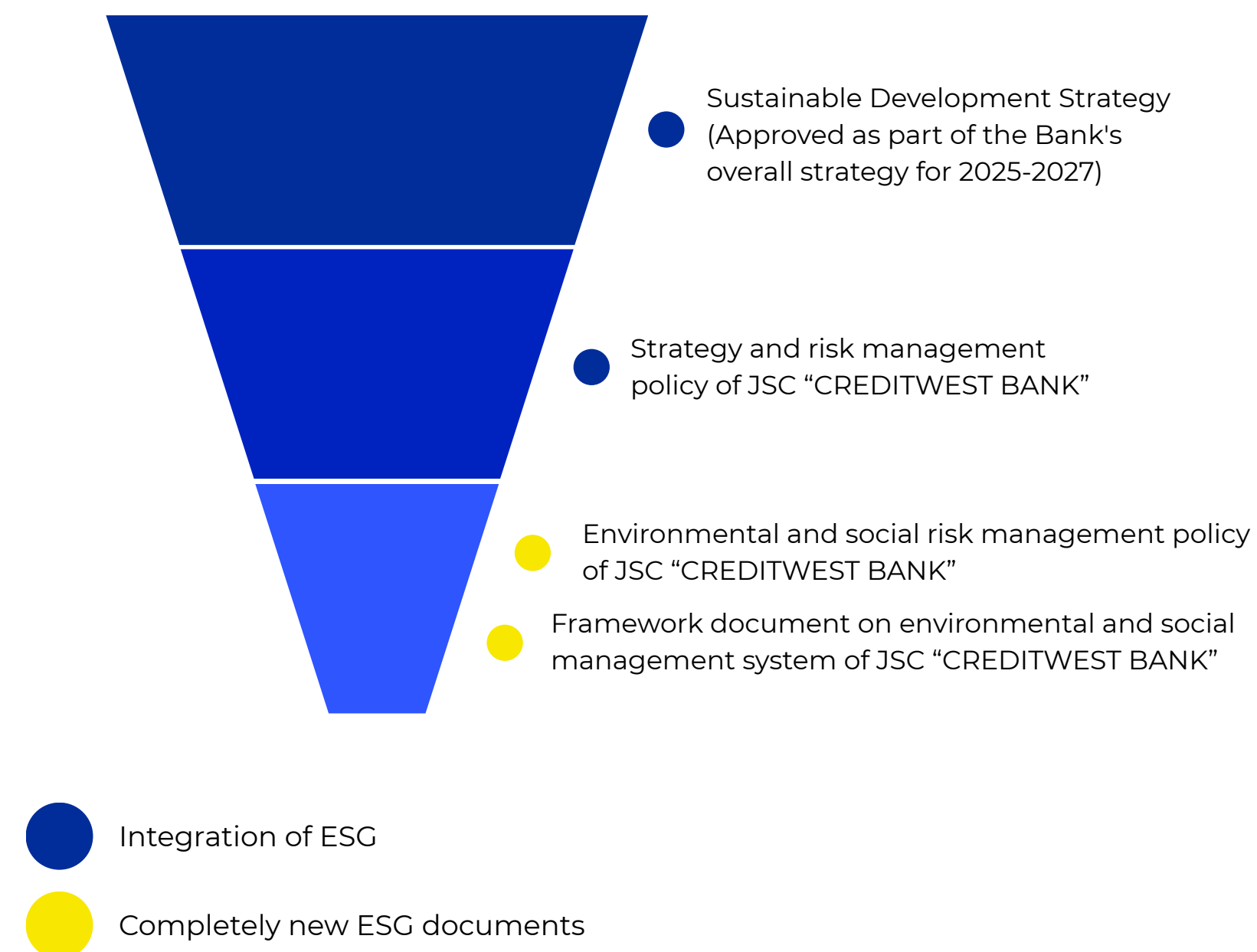
# Integration of ESG risks

At Creditwest Bank, we understand that **ESG risks are not just a trend, but a new reality** that affects both the financial stability of the Bank and the trust of our customers and partners. They cover environmental, social and governance factors that determine the Bank's interaction with the external environment.

That is why **in 2024, we started developing** and implementing internal regulations that integrate ESG risk management into all of the Bank's business processes. This will help us identify, assess, and control potential threats in advance both in our own operations and when financing projects.

Our goal is not just to adapt to new challenges, but **to create financial solutions** that support responsible business and sustainable development. After all, the future belongs to those who can not only anticipate risks but also turn them into new opportunities.

## Integration of ESG risks: new and updated internal documents of Creditwest Bank in 2024





# ESG risks

## Environmental risks

### Physical risks

Climate change may directly affect the Bank and its customers:

- Natural disasters (floods, storms, fires) threaten offices, infrastructure and data.
- Risk of default - businesses in high-risk areas (agriculture, real estate, transportation) may lose their solvency due to climate disasters.
- Collapse of real estate values - collateral in problematic regions (e.g., coastal areas) may lose value, reducing the liquidity of the collateral.

### Transition risks

New laws and social changes create challenges for banks:

- Stricter regulation increases the costs for businesses lending to the Bank.
- Energy risk - fossil fuel companies are becoming less reliable borrowers.
- Reputational pressure - cooperation with environmentally unaware companies may damage the Bank's image.

## Social risks

### Violation of labor standards

- Low level of labor remuneration
- Lack of guarantees of compliance with health and safety standards
- Lack of guarantees of product safety

## Risks in the field of management

### Compliance with tax legislation

- Corruption and bribery
- Unjustifiably high remuneration of management
- Lack of proper data protection

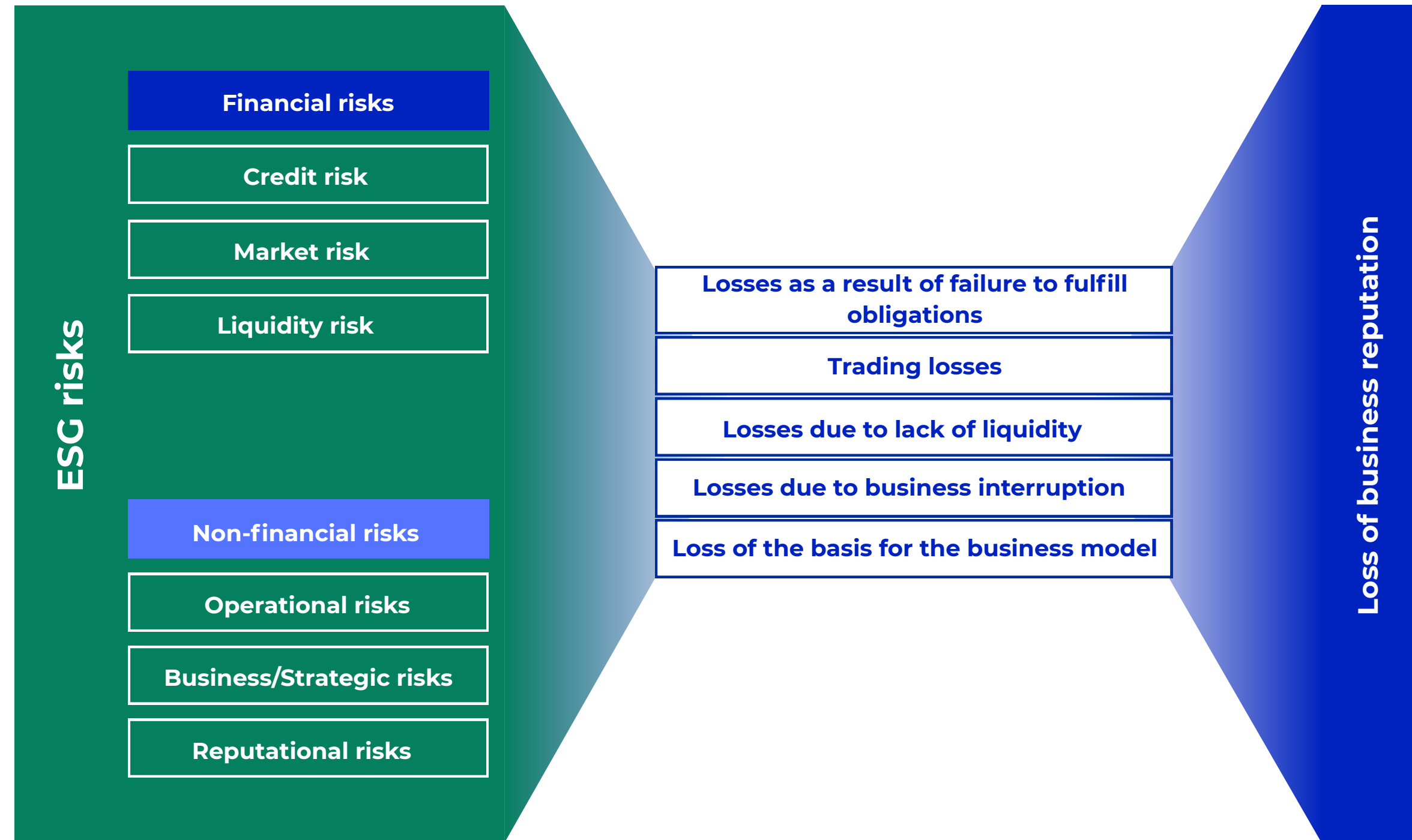


# Impact of ESG risks

Although banks' operations **do not directly have a significant impact** on the environment, **their clients can create a significant environmental** and social footprint. Therefore, banks not only finance businesses but also contribute to their responsible development. Taking ESG risks into account has become **an integral part** of financial decision-making, helping to minimize negative impacts and support sustainable development.

**To minimize the impact** of environmental and social risks, **Creditwest Bank implements a clear control system**. First, **we do not finance** projects that have the most negative impact on the environment and society. Second, each project that goes through the **Bank is evaluated according to environmental and social criteria**. We analyze risks at the financing stage, monitor them during implementation, and report on the results.

This approach allows us not only to avoid potential threats but also **to create real change**. By lending to businesses that adhere to the principles of sustainable development, the Bank helps to build a responsible economy where companies, society, and the environment all benefit.





# ESG risk management

ESG risks (environmental, social and governance) are not just a trend, but an important factor in the stability of Creditwest Bank. We integrate them into our business processes and strategy not only to meet the requirements but also to build a responsible financial business. This allows us to effectively identify, assess, and minimize risks both in financed projects and in our daily operations.

## What does this mean for us?

**We understand ESG risks.** We assess environmental, social and corporate factors when making lending and investment decisions.

**We analyze climate and social challenges.** We take into account the impact of ESG risks on our financial stability and long-term strategy.

**We make financial products sustainable.** We introduce ESG criteria for customer assessment and create financial solutions that comply with the principles of sustainable development.

**We comply with legal requirements and international standards.** We take into account regulatory requirements and sustainability principles in all our processes.



To gain a deeper understanding of approaches to environmental and social risk management, **more than 20% of our employees have completed the World Bank's ESF Fundamentals course.** The course explains how to assess environmental and social impacts during project implementation. The course emphasizes the role of banks and financial intermediaries in implementing ESG standards, which is in line with our sustainable development strategy.



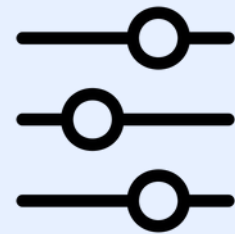
# Methods and tools for managing ESG risks



## **Sustainable development financing.**

We support projects that are in line with the Bank's ESG strategy and are aimed at environmental, social and governance improvements

1



## **Adjustment of the loan portfolio structure.**

We gradually exclude from the portfolio assets related to companies, industries, and countries that demonstrate significant ESG risks.

3



**Use of rating agency data.** We take into account ESG ratings and reports when making investment decisions and analyzing risks.

5

2



**Assessment of ESG factors in the loan portfolio.** When analyzing loan applications, we combine traditional financial analysis with an assessment of environmental, social and governance risks.

4



**Implementation of ESG ratings.** They help the Bank to assess the sustainable development of companies, their risks and potential opportunities in the environmental, social and governance areas.



# 4

## Appendix

4.1 Appendix

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# Assessment of double materiality

Material Topics	Impact on the Bank (1-10)	Rationale for Impact on the Bank	Impact on Stakeholders (1-10)	Rationale for Impact on Stakeholders
Ensuring financial stability during wartime	10	A key factor for the Bank's continued operations and customer trust	10	Critically important for clients, regulators, investors, and Ukraine's economy
Support for small and medium-sized businesses (SMEs)	9	SMEs are a key client segment driving the Bank's growth	10	SMEs form the backbone of the national economy, and their support fosters societal stability
Engagement with international financial institutions	8	Expands the Bank's capacity to finance businesses and support economic recovery	9	Provides additional resources to support Ukrainian enterprises
Digitalization of financial services	8	Increases efficiency, attracts new clients, and reduces operational costs	7	Enhances accessibility to banking services, especially for remote work scenarios
Ensuring equal opportunities within the Bank	7	Improves corporate culture and employee engagement	9	A societal and regulatory expectation for equality and inclusion
Social initiatives (education, community support)	6	Enhances the Bank's reputation and attracts young professionals	9	Important for the development of society and education in Ukraine
Implementation of anti-corruption and compliance policies	9	Ensures legal security and boosts investor and client trust	10	A key regulatory requirement and expectation of international partners
Transition to electronic document management	7	Reduces the Bank's costs and improves process efficiency	5	Supports environmental sustainability, as expected by international partners and society
Creating accessible infrastructure for clients with disabilities	5	Part of social responsibility, with potential to expand the client base	8	Expected by regulators, the public, and vulnerable groups
Improving working conditions and corporate well-being	5	Reduces staff turnover and enhances employee productivity	7	Important for employees and job candidates
Collaboration with educational institutions for banking workforce development	6	Builds a talent pipeline and improves recruitment of qualified professionals	8	Provides students with practical experience and promotes financial literacy
Strengthening cybersecurity and data protection	7	Mitigates fraud risks and enhances the security of banking operations	7	A key expectation of clients, business partners, and regulators

## References

Some materials used in this paper were taken from Flaticon and Freepik platforms.



# creditwest

# 2024

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CREWUAUK

**Together to a responsible future!**

We are convinced that sustainable development is the key to economic stability and social well-being. Join the change with us!