

REPORT OF THE RISK MANAGEMENT COMMITTEE OF THE SUPERVISORY BOARD FOR 2024

INTRODUCTION

The Risk Management Committee of the Supervisory Board (the “RMC”) was established by the decision of the Supervisory Board of the Bank dated 27.04.2020 (the Minutes No. 4_20).

According to the RMC Regulation (approved by the decision of the Supervisory Board dated 27.03.2020 (the Minutes No. 3_20), it is a **standing committee that performs recommending, advisory and supporting functions** towards the Supervisory Board of the Bank with particular reference to the effective risks monitoring and overall risk management framework of the Bank. The RMC performs its functions according to the principles of independence and autonomy.

THE RMC KEY RESPONSIBILITIES

The RMC has, inter alia, **the following responsibilities**:

- to support the Supervisory Board of the Bank in examining and defining the business model, the strategic direction and the risk appetite, so as to enable the Supervisory Board to be aware of the risks to which this model exposes the Bank and understand the methods through which risks are recognized and assessed;
- to control that pricing/setting tariffs for banking products takes into consideration the bank's business model and the risk management strategy;
- to support the Supervisory Board of the Bank in defining the risk management policies and the RAF and in ensuring the consistency between the strategic plan, the RAF, and the budget, also with regard to the evolution of the internal and external conditions in which the Bank operates;
- to oversee the implementation of the strategies for capital and liquidity management as well as for all other relevant risks of an institution, such as market, credit, operational (including legal and IT risks) and reputational risks, in order to assess their adequacy against the approved risk appetite and strategy;
- to ensure fulfilment of other functions and duties regarding the issues of risk-management, defined by the Supervisory Board of the Bank, and those stipulated by the applicable legislation of Ukraine.

THE RMC COMPOSITION

The composition of the RMC is **aligned with the requirements of the RMC Regulation**. The RMC consists of **three members** of the Supervisory Board of the Bank **the majority of whom, including its Chairman, is independent**. The RMC can have permanent invitees with an advisory role in reason of their specific expertise, professional experience and corporate seniority, contributing to the qualified and well-grounded discussion, and in general, supporting the Committee in performing tasks requiring such specific competences.

As of 31.12.2024 **the composition** of the RMC was as follows:

Chairman

– Mr. Fabrizio Mallen (independent)

Members:

- Mr. Corrado Pietro Maria Casalino (independent)
- Mr. Francesco Del Genio

Permanent Invitee:

- Mr. Francesco Caldarola

In **2024**, the Supervisory Board by its decision dated 23.04.2024, Minutes No.10_24, agenda item 2, re-elected the RMC composition considering that on 22.04.2024, the General Shareholders' Meeting took decision (No.3/2024) to terminate powers of all Members of the Supervisory Board due to expiration of powers of composition of the Supervisory Board and to re-elect them for the term of 3 years until the annual General Shareholders' Meeting in 2027.

- Chairman – MALLÉN Fabrizio (Independent Member of the Supervisory Board)
- Member – CASALINO Corrado (Independent Member of the Supervisory Board)
- Member – DEL GENIO Francesco
- Permanent Invitee – CALDAROLA Francesco

THE RMC MEETINGS HELD IN 2024

Corporate Body	Total number of held meetings	Ordinary (planned) meetings – physical presence, including videoconference	Extraordinary meetings		Ordinary/ext raordinary ratio
			Written voting (polling)	Physical presence (videoconference)	
Risk Management Committee	9	7	2	-	78%/22%

The ordinary (planned) RMC **meetings were duly held** in line with the Corporate Bodies meeting calendar for 2024. In case of urgent need, **the extraordinary meetings were convened** via written voting (polling). Average ratio of the ordinary / extraordinary meetings – **78/22%**.

It should be noted that the number of the RMC's meetings include the number of Joint Meetings of the Risk Management Committee and Audit Committee.

The Chairperson of the RMC convened the meetings in presence by means of MS Teams videoconferences as well as proposed to take decisions via written voting (polling). The Chairperson chaired the meetings, defined agendas, ensured their observance, monitored the timely dispatch of materials on agenda items to the RMC members, organized the keeping of minutes of the RMC meetings.

THE RMC MEMBERS ATTENDANCE OF THE RMC MEETINGS IN 2024

RMC member	Attendance ratio
Mr. Fabrizio Mallen	9/9 (100%)
Mr. Corrado Pietro Maria Casalino	9/9 (100%)
Mr. Francesco Del Genio	8/9 (89%)
Average ratio	96%

Based on the results of attendance assessment it should be concluded that the regular record of **attendance** as per meetings is **high, average - 96% that evidences the high involvement of the RMC members in the activity of the RMC.**

THE RMC KEY ACTIVITIES IN 2024

The following main topics and the documents were considered by the RMC during 2024 and the relevant recommendations on acknowledgement/approval were provided to the Supervisory Board:

- Quarterly Risk Management reports;
- Semi-annual CRO Tableau de Bord;
- Regular Compliance reports;
- Review of the Remuneration and Incentive Policies;
- Updated versions of internal documents in the sphere of risk management
 - o "Operational Risk Management Policy of "PRAVEX BANK" JSC
 - o "Guidelines on the Risk Appetite Framework of "PRAVEX BANK" JSC"
 - o ICT Risk Management Policy of "PRAVEX BANK" JSC
 - o "Risk Management Strategy and Policy of "PRAVEX BANK" JSC"
 - o "Risk Appetite Statement of "PRAVEX BANK" JSC"
 - o "Capital Adequacy Assessment Process (ICAAP) Report of "PRAVEX BANK" JSC on 01.01.2024". "Capital Adequacy Statement of "PRAVEX BANK" JSC on 01.01.2024"
 - o "Recovery Plan of "PRAVEX BANK" JSC"
 - o "Interest Rate Risk and Credit Spread Risk in the Banking Book Management Policy of "PRAVEX BANK" JSC"
 - o "Reputational Risk Management Policy of "PRAVEX BANK" JSC".

EFFECTIVENESS OF THE PROCEDURES AND METHODS USED BY THE RMC

During the reporting period, the Risk Management Committee (RMC) operated in accordance with the procedures and methodologies outlined in the Regulation on the RMC, which proved to be effective in ensuring the structured and efficient execution of its responsibilities.

To support informed and well-founded decision-making, the Chairperson and members of the RMC maintained active and constructive engagement with key stakeholders, including the Management Board, the Risk Management Department, the Compliance and AML Department, and the Supervisory Board. This collaboration enabled the Committee to carry out its functions in a comprehensive and well-coordinated manner.

Throughout the reporting period, the RMC and the Audit Committee maintained ongoing communication and cooperation, particularly in areas where their mandates intersect—such as internal control systems, regulatory compliance. This collaborative approach

ensured that critical issues were addressed holistically, with both risk and control perspectives considered in the decision-making process.

CONCLUSION

The RMC concluded that the risk management systems are adequate and effective.

Looking ahead, the RMC remains committed to fulfilling its responsibilities in line with applicable legislation and internal regulatory documents. The Committee will continue to provide effective support to the Supervisory Board in strengthening the Bank's risk governance framework and promoting a robust risk culture throughout the organization.

On the behalf of the Committee

Mr. Fabrizio Mallen
Chairperson of the Risk Management Committee of
the Supervisory Board

April 2025.