

REPORT OF THE SUPERVISORY BOARD OF "PRAVEX BANK" JSC FOR 2024

INTRODUCTION

Report of the Supervisory Board of "PRAVEX BANK" JSC for 2024 (hereinafter - the "Report", the "SB" and the "Bank" accordingly) was elaborated pursuant to the laws of Ukraine "On Joint-Stock Companies", "On Banks and Banking", as well as the Methodological Recommendations on Organization of Corporate Governance in Banks of Ukraine, approved by the NBU Board Decision No. 814-rsh on 03.12.2018. The report is subject to consideration by the General Meeting of the Shareholders.

THE SB AND SB COMMITTEES COMPOSITION AND STRUCTURE ASSESSMENT

The SB is a collegial body that performs control over the activity of the Management Board of the Bank, protection of the rights of depositors, as well as other creditors and shareholders of the Bank.

The SB and SB Committees composition

As of 31.12.2024 the SB and SB Committees composition was as follows:

Personal composition of the Supervisory Board and its Committees

SB Member's name, surname, term of authorities in the reported period	SB Chairman (X)/Deputy SB Chairman(Y)	Chairman (X)/ Member of the SB committee (V)		
		Audit Committee (AC)	Risk Management Committee (RMC)	Remuneration & Nomination Committee (RNC)
Silvio Pedrazzi (01.01.2024- 31.12.2024)	X			V
Corrado Pietro Maria Casalino (independent) (01.01.2024- 31.12.2024)	Y	X	V	
Fabrizio Mallen (independent) (01.01.2024-31.12.2024)			X	
Laura Febbraro (independent) (01.01.2024-31.12.2024)		V		X
Francesco Del Genio (01.01.2024- 31.12.2024)			V	
Daniela Blandino (01.01.2024- 31.12.2024)				V
Antonio Giovanni Maria Bergaglio (01.01.2024-31.12.2024)		V		

During 2024 there were **no changes in the SB composition**. In 2024, the Bank's Shareholder took the decision to re-elect (to terminate powers and to elect Members) of the Supervisory Board of the Bank – Decision No.3/2024 dated 22.04.2024

- Mr. Silvio Pedrazzi (shareholder representative)
- Mr. Corrado Pietro Maria Casalino (independent)
- Mr. Fabrizio Mallen (independent)
- Ms. Laura Febbraro (independent)
- Mr. Francesco Del Genio (shareholder representative)
- Ms. Daniela Blandino (shareholder representative)
- Mr. Antonio Giovanni Maria Bergaglio (shareholder representative).

The term of powers of the Supervisory Board is for 3 years until the annual General Shareholders' Meeting in 2027.

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During 2024 there were **no changes in the SB Committees composition in principle**, however, considering the re-election of the SB composition, **the SB Committees composition – Audit Committee, Risk Management Committee - was re-elected as well** (Decision of the SB dated 23.04.2024, Minutes No.10_24, agenda item 2).

Audit Committee composition as of 31.12.2024

CHARGE	NAME
Chairman	CASALINO Corrado (*)
Member	FEBBRARO Laura (*)
Member	BERGALIO Antonio
Permanent Invitee	DAVINI Daniele
Permanent Invitee	FLORIO Giovanna
Permanent Invitee	TALARICO Vittorio

(*) Independent Member of the SB

Risk Management Committee composition as of 31.12.2024

CHARGE	NAME
Chairman	MALLEN Fabrizio (*)
Member	CASALINO Corrado (*)
Member	DEL GENIO Francesco
Permanent Invitee	CALDAROLA Francesco

(*) Independent Member of the SB

Additionally, following the SREP assessment recommendation on 30.09.2024 (Minutes No.19_24, agenda item 8) the SB took decision to establish the **Remuneration & Nomination Committee (RNC) with the following members:**

- Ms. Laura Febbraro - Chairperson
- Mr. Silvio Pedrazzi – Member
- Ms. Daniela Blandino – Member.

Thus, in 2024 the SB and SB Committees composition and structure were fully compliant with the requirements of the legislation of Ukraine, Bank's Articles of Association, Regulation on SB and Regulations on the AC, RMC, RNC, namely:

- ✓ in part of minimum number of SB Members in the SB (minimum - five)
- ✓ in part of minimum number of independent directors in the SB (not less than 1/3 of the Members but in any case, not less than three)
- ✓ SB Members are not/have not been included during the year to the Bank's Management Board, as well as SB Members did not hold other positions in the Bank under the employment contracts and did not provide services to the Bank under civil law contracts apart from the services of being the Member of the Supervisory Board, in accordance with the civil law agreements concluded with them
- ✓ in part of minimum number of SB Members in the Committees (three)
- ✓ in part of number of independent Members (including Committees' Chairpersons) in the Committees.

There was no direct distribution of functions between the Members of the Supervisory Board in 2024, so each SB Member acted within the general competences of the Supervisory Board set by the Articles of Association, Regulation on the SB, other internal documents. Nevertheless, **indirect distribution of the responsibilities of SB Members is available due to SB Members participation in the SB Committees** established in the Bank (Audit Committee, Risk Management Committee, Remuneration & Nomination Committee).

Collective Suitability of the Supervisory Board

Matrix of collective suitability is in Attachment 1 to this Report.

Considering that:

- ✓ **Composition of the SB fully complies with the Bank's requirements** for available skills and experience in accordance with Bank's size, given the relevant experience and knowledge of the Chairman and the Members of the Supervisory Board, which is sufficient for fulfilling the control of the Management Board as well as full and detailed consideration of all items submitted to the Supervisory Board,

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- ✓ **Variety of educational areas and significant work experience in financial and banking sector** of all SB Members completely cover the areas of banking products / services and risk profile, including, but not limited to, risk management, corporate governance, planning and control, strategic planning, capital markets,
- ✓ **Structure of the Supervisory Board** provides an opportunity to exercise its powers, meaning that the Supervisory Board as a collective body has relevant understanding of those areas of the Bank's activities, for which the Members are collectively responsible, as well as has experience and skills to carry out the effective governance of the Bank,

it can be concluded that **the Supervisory Board complies with the collective suitability requirements taking into account the Bank's size and peculiarities of activities, the nature and scope of banking and other financial services, risk profile, systemic importance, the activity of the banking group to which the Bank belongs.**

THE SB ACTIVITY ASSESSMENT

Information on the meetings held and the general description of the decisions taken

Number of the meetings in the reported period	28
by direct participation	17
by polling	11
Description of the key decisions	During 2024 the Supervisory Board approved the Capitalization/Restructuring Program, Action Plan following SREP assessment results; the Agreement to be concluded with the NBU, the budget of the Bank; Annual Audit Plan as well as budget of the Internal Audit; the Audited annual financial statements of the Bank; approved recommendations to the General Meeting of the Shareholders on the Independent Auditors Report; results of AML/Sanctions/Anti-Bribery and Corruption Risk Profile Assessment of the Bank; ICAAP reporting package, Reports on annual assessment of activities and collective suitability of the Management Board, on annual assessment of activities of the Control Functions, the Report of the Management Board of the Bank; list of Risk takers; Report on remuneration of the MB Members; reports of AC, RMC; Remuneration and Incentive Policies and related internal documents; limits on interbank transactions with Intesa Sanpaolo SpA; appointed the new Members of the Management Board, inter alia, First Deputy Chairman of the Management Board; re-elected the composition of the AC, RMC; established the new SB Committee – Remuneration and Nomination Committee; considered and acknowledged updates from external auditors, status on the Bank's capital increase, Quarterly, Semi-Annual, Annual Compliance, AML, Risk reports; the Status of Implementation of Problem Asset Management Strategy and Operational Plan 2022-2025; SREP evaluation results and NBU recommendations on AML perimeter with respective approval of action plans; quarterly Corporate Secretary reports, quarterly reports on the main legal cases; updates on the execution of capitalization plan; regular updates from the Chairman of the Management Board. In addition, the Supervisory Board ensured control over monthly financial results; monthly NBU economic indicators reports; the Bank's budget fulfilment within quarterly financial reports of the CFO of the Bank; fulfilment of the NBU capitalization program and approval of its updates; considered the updates of AC, RMC, RNC activities; the NBU Indicators Status and Forecast; activities done by the control functions – Audit, Compliance, Risk Management. The SB during 2024 approved the following documents: In part of Risk Management in order to ensure effective functioning of the Risk Management:

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	✓ "Operational Risk Management Policy of "PRAVEX BANK" JSC ✓ "Guidelines on the Risk Appetite Framework of "PRAVEX BANK" JSC" ✓ ICT Risk Management Policy of "PRAVEX BANK" JSC ✓ "Risk Management Strategy and Policy of "PRAVEX BANK" JSC" ✓ "Risk Appetite Statement of "PRAVEX BANK" JSC" ✓ "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" ✓ "Recovery Plan of "PRAVEX BANK" JSC" ✓ "Interest Rate Risk and Credit Spread Risk in the Banking Book Management Policy of "PRAVEX BANK" JSC" ✓ "Reputational Risk Management Policy of "PRAVEX BANK" JSC". In part of Compliance in order to ensure effective compliance culture: ✓ Code of Ethics ✓ Operating Rules for Managing Compliance Macro-Processes (Compliance Rulebook) of "PRAVEX BANK" JSC. In part of AML framework in order to ensure effective financial monitoring in the Bank: ✓ "PRAVEX BANK" JSC Guidelines for combating money laundering and terrorist financing and for managing embargoes" ✓ Anti-Corruption Guidelines of "PRAVEX BANK" JSC. In part of corporate governance: ✓ Regulation on Corporate Secretary of PRAVEX BANK KJSC ✓ Articles of Association (acknowledged) ✓ PRAVEX BANK JSC Supervisory Board Remuneration and Nomination Charter.
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During the reported period, considering the martial law in force, **the Supervisory Board performed the main tasks of the monitoring and control over the management of the Bank's activities** in order to ensure business continuity of the Bank's operation, capital adequacy, SREP recommendations fulfilment, financial stability, compliance of the Bank's activities with the new legislative acts, compliance of the internal documents (Articles of Association, Regulation on SB, Regulation on MB, etc.) with the amendments in legislation; observing the NBU economic indicators and ratios, following the Bank's strategy and business plan, compliance of the Bank's activities with the declaration of exposure to risks, compliance with AML requirements and duly observation of the transaction with the persons from sanction's lists, limitations set towards the Bank by the NBU.

In performing its functions, **the Supervisory Board acted within the competence** defined by the legislation of Ukraine, the Bank's Articles of Association, Regulation on the Supervisory Board, the Corporate Governance Code, Regulations on Audit Committee, Risk Management Committee, Remuneration and Nomination Committee, internal procedures.

The SB Members **openly and critically discussed agenda items at the SB meetings**. The opinion of each SB Member was always heard and elaborated before the final decision was taken. All **interventions were fixed in the minutes of the meetings**. All **decisions** made were **duly reflected in the minutes** of the SB and the SB Committees meetings.

All decisions of the SB and the SB Committees meetings in 2024 **were legitimate** due to the presence of an appropriate quorum and the absence of objections to the form of the meeting or decision-making and/or on the agenda.

The SB was **guided by the information** provided to the SB Members by the heads of the relevant structural units, their **own experience and skills**, and made decisions **in the interests of the Bank and its shareholder**.

Decisions made by the Supervisory Board were under constant monitoring for duly execution by the Management Board and structural units of the Bank. The Supervisory Board develops high ethical and professional standards, meets such standards and ensures their introduction and compliance with them through the heads of control functions, the managers and other employees of the Bank.

The SB Members had **adequate time to review the materials** and prepare in advance to the meetings due to the early circulation of the materials in a convenient and accessible format using the E-board platform as well as e-mail.

THE SB COMPETENCE AND EFFECTIVENESS ASSESSMENT

Compliance with qualification and suitability requirements

Based on the provided answers of the SB in the questionnaires which were reflected in the report on the results of the verification of compliance with qualification requirements of SB, carried out by the Supervisory Board on 23.12.2024 (Minutes 28_24, agenda item 9) it was defined that **the Chairman and the Members of the SB meet qualification requirements for corporate officers of the Bank** in part of the following:

- ✓ **education and professional background** (*higher education, working experience in the banking / financial sector - at least one third of the Members shall have more than 3 years of the relevant background*).

The SB fully meets the requirements of the Bank in scope of available skills and experience in terms of the size of the Bank considering significant relevant background of the Chairman and the SB Members, which is enough for full and deep analysis of all items submitted for the consideration by the SB and SB Committees. Financial education and the acquired extensive work experience of all SB Members fully cover the areas of the Bank's products and the risk profile.

- ✓ **independence of mind and conflicts of interest:**

The Chairman and the SB Members possess **an independence of mind** that permits the expression of a conclusion without being affected by influences that compromise professional judgment, allowing to act with integrity, and exercise objectivity and professional skepticism. **No facts of conflicts of interest** among the SB Members were declared or identified within 2024.

- ✓ **independence criteria for the independent Members of the Supervisory Board**

Independent Members of the Supervisory Board, namely Mr. Corrado Pietro Maria Casalino, Mr. Fabrizio Mallen, Ms. Laura Febbraro, **fully meet the requirements for independence of the Members of the Supervisory Board prescribed under the Laws of Ukraine "On Joint-Stock Companies", "On Banks and Banking"**, other acts of the National Bank of Ukraine and internal documents of the Bank.

- ✓ **impeccable business reputation:**

Within 2024 **no signs** were identified that could call into question the **impeccable reputation** of the Chairman and the SB Members. Following the updated requirements of the NBU in 2024 the business reputation of the SB Members was duly checked by the Bank and the respective assurance was submitted to the NBU.

- ✓ **time commitment:**

The Chairman and SB Members **contribute significantly** to the effective performance of the SB and the SB Committees, **devote enough time** for fulfilment of its duties.

The SB Chairman Mr. Pedrazzi and independent Members – Mr. Corrado Pietro Maria Casalino, Ms. Laura Febbraro, Mr. Fabrizio Mallen - are retired. The SB Chairman is also a Member of the Advisory Board in legal entity Blessed investment Shpk (Albania), however, this activity does not imply any responsibility in view of its "non-executive nature", which takes max. 10 hours per week, while for the Supervisory Board activities – 15-25 hours per week. The shareholder's representatives - Mr. Antonio Bergaglio, Ms. Daniela Blandino, Mr. Francesco Del Genio hold active working positions in Intesa Sanpaolo S.p.A. or its foreign subsidiaries, however, they devoted sufficient time to the effective performance of their functions within the Supervisory Board and SB Committees – 5 or more hours per week.

The attendance of the SB meetings in 2024

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Member of the Supervisory Board	Supervisory Board	Audit Committee	Risk Management Committee	Remuneration & Nomination Committee
Mr. Silvio Pedrazzi	28/28 (100%)	-	-	3/3 (100%)
Mr. Corrado Pietro Maria Casalino (independent)	28/28 (100%)	13/13 (100%)	9/9 (100%)	-
Mr. Fabrizio Mallen (independent)	28/28 (100%)	-	9/9 (100%)	-
Ms. Laura Febbraro (independent)	28/28 (100%)	12/13 (92%)	-	3/3 (100%)
Mr. Francesco Del Genio	26/28 (93%)	-	8/9 (89%)	-
Ms. Daniela Blandino	22/28 (78%)	-	-	3/3 (100%)
Mr. Antonio Giovanni Maria Bergalio	25/28 (89%)	10/13 (77%)	-	-
Average attendance rate	94%	90%	96%	100%

Based on the results of attendance assessment it should be noted that the regular record of **attendance** as per meetings of the SB and the SB Committees is **very high, not less than 90% that evidences the high involvement of the SB Members in the banking affairs.**

All Members absences were duly justified, mainly because of overlapping business obligations, without putting in jeopardy the effectiveness of the meetings.

Despite other commitments, **all Members of SB devote sufficient time (more than 5 hours per week) for their SB Member duties fulfillment.**

During the reported year, each Member of the Supervisory Board performed his/her duties properly, including:

- ✓ actively participated in the meetings;
- ✓ reviewed provided documents (reports, business plans and information, drafts of new/updated internal documents of the Bank),
- ✓ took part in the discussion of problematic issues;
- ✓ took part in voting under each part of agenda;
- ✓ followed duties of loyalty and caring attitude.

According to the results of the executed survey, **the Bank confirms full compliance** of the Chairman of the Supervisory Board Mr. Silvio Pedrazzi, Deputy Chairman of the Supervisory Board Mr. Corrado Casalino, Members of the Supervisory Board Mr. Fabrizio Mallen, Mr. Francesco Del Genio, Mr. Antonio Bergalio, Ms. Laura Febbraro, Ms. Daniela Blandino **with the eligibility requirements and independent Members of the Supervisory Board** Mr. Corrado Casalino, Mr. Fabrizio Mallen and Ms. Laura Febbraro **with independence requirements.**

Each SB Member **fully complies with the requirements in terms of available skills and experience** in accordance with the size of the Bank, complexity, volume, types, nature of the Bank's transactions, organizational structure and risk profile of the Bank.

THE SB COMMITTEES' COMPETENCE AND EFFECTIVENESS ASSESSMENT

SB Committees competence

Audit Committee (AC)

The authorities, responsibilities, specific tasks and duties as well as organization of the work of the Audit Committee is stipulated in the Audit Committee Regulation approved by the Supervisory Board on 27.03.2020. The AC has respectively recommending, advisory and supporting functions towards the Supervisory Board with particular reference to the periodic evaluation of the adequacy and effectiveness of the overall internal control system of the Bank.

The AC assesses annually the adequacy, efficiency and functionality of the internal control system and of the accounting system of the Bank.

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The AC represents a reference point for all local control functions (Risk Management, Internal Audit, Compliance and Anti-Money Laundering) as well as the local Administrative Financial Governance and verifies their effectiveness and the adequacy of their coordination.

Risk Management Committee (RMC)

The authorities, responsibilities, specific tasks and duties as well as organization of the work of the Risk Management Committee is stipulated in the Risk Management Committee Regulation approved by the Supervisory Board on 27.03.2020.

The RMC has respectively 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 supports the Supervisory Board of the Bank in the exercise of its strategic supervisory duties in relation to the risk management framework. The RMC pays special attention to those activities which are conducive in helping the Supervisory Board properly define an effective Risk Appetite Framework (RAF) and risk management policies and make other risk-related decisions which by law fall within its remit.

Remuneration & Nomination Committee (RNC)

The authorities, responsibilities, specific tasks and duties as well as organization of the work of the Remuneration & Nomination Committee is stipulated in the Remuneration & Nomination Committee Charter approved by the Supervisory Board on 30.09.2024.

The RNC has respectively recommending, advisory and supporting functions towards the Supervisory Board with particular reference to nomination, suitability assessment and remuneration.

The RNC constitutes an organizational method through which the Bank's Supervisory Board increases the effectiveness of its strategic supervision functions in relation to the appointments in the Bank's Management Board, and of the other Officers whose appointment falls within the competence of the Supervisory Board, including the Heads of Control Functions. The Committee also supports the Supervisory Board in decisions regarding remuneration of the Bank's Management Board, Heads of Control Functions and of the other employees/officers whose remuneration falls within the competence of the Supervisory Board as well as for those which have implications for the Bank's risk exposure and risk management and not included in the previous clusters and in guaranteeing the compliance with the relevant legislation, the Bank's Remuneration and Incentive Policies (hereinafter, "the Remuneration Policy"), Intesa Sanpaolo Group Remuneration and Incentive Policies, and other relevant internal act governing the remuneration of employees.

Information on the Committees' meetings held and the general information on the decisions taken

	Audit Committee	Risk Management Committee	Remuneration & Nomination Committee
Number of the meetings of the committee in the reported period*	13	9	3
by direct participation	9	7	2
by polling	4	2	1
Description of key decisions	<u>The following topics were considered and acknowledged:</u> Monthly financial results; Quarterly Group reporting package of the Bank; Annual financial statements of the Bank; Independent auditors report on annual financial statements of the Bank; Management Report; Regular Compliance, AML,	<u>The following topics were considered and acknowledged:</u> Quarterly Risk Management reports; Semi-annual CRO Tableau de Bord; Regular Compliance reports; Updated versions of internal documents in the sphere of risk management, ICAAP reporting package; Review of the Remuneration and	<u>The following topics were considered and acknowledged:</u> Review of the Remuneration and Incentive Policies; Assessment of Labour contract of the MB Member; Report on the verification of compliance with the eligibility requirements of the Chairman and Members of the Supervisory Board, and

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	Risk Management Reports; Reports on Group documents implementation; Regular reports on fulfilment of Internal Audit recommendations; Regular reports on the activities performed by the Internal Audit Department; Annual/ Semi-Annual Report on the Internal Control System concerning the Financial Information; Control functions Tableau de Board, Agreement with external auditors, Unscheduled audit inspections; Audit conclusions on ICAAP, Recovery Plan, updated internal documents of CFO, Compliance.	Incentive Policies; Recovery Plan.	independence requirements (for the independent Members of the Supervisory Board), the Chairman and Members of the Management Board, Head of the Internal Audit Department, CRO - Head of the Risk Management Department, Chief Accountant and AML Officer, CCO - Head of Compliance and AML Department; Welfare Subsidy for the Heads of Control Functions and Employees of the Internal Audit Department.
Assessment of the independence of audit entities that provide statutory audit services	The independence of the external auditor of the Bank "Ernst & Young LLC Audit services" during the performance of mandatory audit of annual separate financial statements for 2023, which was carried out in accordance with the agreement on the provision of audit services, was not under threat, the requirements of the legislation on the independence of the external auditor was not violated. Independence of the external auditor also reflected in the report of Ernst & Young Audit Services LLC.		

**Considering the ongoing war situation in Ukraine, joint meetings of AC and RMC were organized in order to discuss and consider items falling under their scope of competence in more efficient and effective way during the reported year. Thus, it should be noted that the number of the Audit and Risk Management Committees' meetings include the number of Joint Meetings of the Risk Management and Audit Committee.*

SB Committees proved to be effective in their duly support of the Supervisory Board in performing its functions by preliminary consideration of items falling under their competence and provision of the valuable recommendations to SB.

ASSESSMENT OF THE SB FULFILMENT OF THE BANK'S GOALS

The Supervisory Board, within its competence defined by the legislation and statutory documents of the Bank, in 2024, **carried out its activities to ensure the achievement of the Bank determined strategic goals** in accordance with the strategy defined by General Meeting of Shareholders, **adopted relevant decisions, approved internal Risk Management, Compliance, AML, HR, Legal and General Secretariat documents to ensure proper operation of Risk Management system** in the Bank, **compliance with the regulatory / prudential**

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indicators by the Bank, **improvement of corporate governance**, timely **implementation of new legislative requirements** into the Bank's internal documents, **proper fulfilment of recommendations**, provided inter alia by the Internal Audit, NBU (i.e SREP), other authorities, **enhancement of AML monitoring**, and of course, **continuous operation of the Bank under the Martial law, etc.**

An important component of the activities of the Supervisory Board in 2024 on following the Bank's strategy and fulfilling the Bank's goals was the preservation of the Bank's financial stability, capital adequacy, compliance with the legislative requirements with the identification of possible threats to such stability, as well as prompt response to threats to financial stability and/or their avoidance. For this purpose, the Supervisory Board reviewed management reporting on risks, on financial statements, compliance and AML and promptly responded and provided recommendations for risk minimization.

INFORMATION ABOUT THE PROCEDURES USED IN ITS DECISION-MAKING, INCLUDING AN INDICATION OF HOW THE BOARD'S ACTIVITIES LED TO CHANGES IN THE BANK'S FINANCIAL AND ECONOMIC ACTIVITY

The Supervisory Board in its decision-making process follows the legislation of Ukraine, the Bank's Articles of Association, the Regulation on the Supervisory Board.

SB decision-making process

- ✓ The procedures used in the **decision-making process of the Supervisory Board** are defined in the Regulation on the Supervisory Board that is available on the Bank's official website. The Activity Plan of the Supervisory Board for the year is drawn up by the Corporate Secretary and approved by the Supervisory Board at the beginning of the starting year.
- ✓ The SB Activity Plan is drawn up according to the analysis of the items considered during the previous year, taking into account the **list of mandatory reports** of structural units of the Bank, **consideration of the Bank's activity results on a quarterly basis, statements of financial position of the Bank.**
- ✓ **The agenda of the meetings of the Supervisory Board is developed on the basis of the SB Activity Plan** including the proposals received by the Corporate Secretary, to be considered at the SB meeting. The Supervisory Board may supplement the agenda with urgent items and exclude from the agenda those items that have not been completely processed by the Bank's units. The agenda is preliminary agreed with the MB and SB Chairmen and is approved at the beginning of each meeting.
- ✓ **Control of the Management Board activities by the Supervisory Board takes place via reporting** of the Members of the Management Board to the Supervisory Board on the results of its activities. Furthermore, continuous communication took place via e-mail, conference calls, meetings, etc.
- ✓ The Supervisory Board, with the help of the Corporate Secretary, **monitors the status of implementation of decisions by the Management Board and Control Functions** and **maintains constant communication** with them, which improves mutual understanding between management and control bodies and increases the quality of decision implementation.

During 2024, the Bank's Supervisory Board, with the support of Risk Management Committee, **paid special attention** to the fulfilment by the Bank of **the regulatory/prudential ratios inter alia capital adequacy ratios set for the Bank by the NBU upon results of suitability assessment** having duly monitored the implementation of the approved updated Capitalization program on 04.03.2024 and status of capital increase process with its impact on the Bank's ratios. Thus, the Bank managed to realize the capital increase at the expense of the Shareholder's own funds in the amount of EUR 26 mln and fully respect the regulatory capital adequacy ratio by the end of 2024 even after implementing new Regulatory Capital Framework. **Thus, as of 31.12.2024, the regulatory capital adequacy ratio is 38.80% with a limit > 8.5% and higher than the requirements of the Assessment of Sustainability, which required to reach the level of 33.7% as of 30.09.2024; as of 31.12.2023, the regulatory capital adequacy ratio is 18.47% with a limit > 10%).**

Moreover, the Supervisory Board, with the support and prior assessment by the Audit Committee and Risk Management Committee, **duly monitored the activities of Control Functions** during the reported period.

In part of AML activities, the Supervisory Board with the support of Audit Committee duly monitored the AML activities of the Bank - sanctions screening, PEP treatment, RAF limits, etc. Having received the SREP recommendations in AML sphere, the Supervisory Board approved the respective action plans and received the regular reporting on their fulfilment. Further, considering the substantial list of recommendations provided by the Internal Audit upon results of 2023 inspection, the Supervisory Board took the decision to establish the monthly reporting on the status of recommendations' implementation; as a result, 3 out of 32

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recommendations were duly fulfilled by the AML function, while the fulfilment of remaining ones is postponed for 2025. Also, based on the results of AML audit inspection for 2024 it was concluded that the Bank took a number of measures to improve its financial monitoring processes, the list of shortcomings in the AML/TF risk management system identified by the audit was reduced. **In overall it should be noted that the organization of corporate governance and internal control of the Bank in the field of AML/CFT has been improved in 2024 vs 2023.**

In part of Internal Audit activities, the Supervisory Board with the support of Audit Committee properly reviewed the audit reports, took decisions on conducting unscheduled inspections (ICAAP, Problem Assets management, IT project management) and controlled the fulfilment by the Bank's structural units the recommendations provided by the Internal Audit upon results of audit engagements. **In this respect, it should be noted that the positive tendency is seen in part of the Bank's performance for the recommendations' fulfilment as of end of 2024.**

In part of Compliance activities, in order to ensure the efficient control over the functioning of the internal control system, the Supervisory Board with the support of Risk Management and Audit Committees have introduced the due control over the implementation of requirements of the NBU regulations by the Bank's units with the regular review of the Compliance report on a quarterly basis.

Moreover, the Supervisory Board of the Bank **kept under control the Bank's activities and provided recommendations on** improvement of operational efficiency by reducing the operational costs, inter alia, IT costs being the main part of overall costs, reminding on the necessity to improve cost/income ratio, finding solutions to reach the break-even and not eating-up the recent capital increase, on examining the possibility to re-launch the lending, however, bearing in mind the risk-oriented approach and ratios compliance, on boosting the financial investment portfolio with the profitable margin considering the recent amendments approved by the Supervisory Board, on re-visiting the issue with the complex IT architecture in the Bank, on reviewing the Business Plan and Strategy for the next year considering the actual context, on setting the KPIs for the management for the proper monitoring of the strategic goals fulfilment.

CONCLUSIONS

Bearing in mind that

- ✓ The **SB composition is fully aligned** with the requirements of the legislation of Ukraine and internal regulatory documents in part of:
 - number of the SB Members
 - presence of independent Members **(not less than one third – three Members)**
 - absence of heading by the Chairman of the SB the Bank's structural units and holding of any positions by the Chairman and the SB Members in the Bank
 - compliance with the requirement of the Chairman and the SB Members **to be legally capable individuals, compliant with the qualification requirements for professional suitability and business reputation, established by the legislation**
 - the collective suitability of the SB corresponds to the Bank's size and peculiarities of activities, the nature and scope of banking and other financial services, risk profile, systemic importance, the activity of the banking group, to which the Bank belongs.
- ✓ **The SB Members are compliant with the qualification requirements and professional suitability** for corporate officers as well as independence criteria for the independent directors.
- ✓ The **SB activity effectiveness is duly proved** in part of:
 - Convening of the Meetings in their majority in line with the approved 2024 Activity Plan with the **average ratio of ordinary and extraordinary meetings – 61%/39%**
 - **High level** of the SB Members **attendance** of the SB and the SB Committees, **average ratio – 95%**
 - Following the strategic goals of the Bank
 - Ensuring consideration and approval of the reports, documents, other decisions falling under its competences.

The **activities of the Supervisory Board** despite the difficult war situation in Ukraine **led to the following results of the Bank's financial and economic activity:**

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- *uninterrupted operation of the Bank,*
- *enhancement of organization of AML/CFT activities in the Bank,*
- *enlargement of financial investment policy,*
- *observation of regulatory/prudential ratios,*
- *resolving the capitalization issue.*

Overall, it can be concluded that **the SB and the SB Committees activity for 2024 can be assessed as effective.**

The Supervisory Board acted within the frames of Ukrainian legislation, market standards, the Bank's Article of Association and has fully fulfilled the duties assigned by the statutory documents of the Bank.

The Supervisory Board duly carried out protection of the rights of depositors, other creditors and shareholder of the Bank and within its competence managed the Bank and also controlled and regulated activities of the Management Board, the Bank's control functions and the corporate secretary.

The Supervisory Board has controlled and ensured the preservation and safety of the Bank's assets and its customers, following the Bank's strategy in achieving its goals, contributed to the preservation of the Bank's financial stability despite crisis and martial law period caused by on-going war in Ukraine.

In 2024 the Supervisory Board followed the annual plan and fulfilled all the tasks, as well as the recommendation of the Shareholder approved by the Decision No.3/2024 dated 22.04.2024, namely, *"The Supervisory Board, within its competence, shall take into account in its work the recommendations of the National Bank of Ukraine provided based on the results of the annual supervisory assessment of the Bank (SREP) as of 01.01.2023"*, therefore all goals for 2024 were achieved.

For 2025 the Supervisory Board will further oversee the operation of the Bank, control the activities of the Management Board including the control functions inter alia reaching the strategic goals to be reviewed within the updated Business Plan and Strategy for the next 3 years and protect the interests of shareholders and key financial stakeholders.

Information on the collective suitability of the bank's supervisory board/management board
"PRAVEX BANK" JOINT-STOCK COMPANY

(full name of the bank)

Table 1

Surname, first name, patronymic of the bank's supervisory board/management board member, position	Evaluation criterion	Risk management	Finances	Retail business	Corporate business	Payment services	Capital markets	Security	Information technology	Problem assets management	Investment activity	Treasury	Corporate governance[1]	Other main areas of activity taking into account the bank's strategy and business model[2]	Experience in the banking and/or financial sector (for board members, including the chairman of the bank board)
		1	2	3	4	5	6	7	8	9	10	11	12	13	14

SUPERVISORY BOARD																
Silvio Pedrazzi - Chairman of the Supervisory Board, shareholder representative	Education		-	2	-	-	-	-	-	-	-	-	-	-	-	-
	Experience	managerial	3	3	3	3	3	3	3	3	3	3	3	3		2
		professional	-	3	3	3	-	-	-	-	-	-	-	-	-	2
Corrado Casalino Pietro Maria - the Deputy Chairman of the Supervisory Board	Education		-	3	-	-	-	-	-	-	-	-	-	-	-	-
	Experience	managerial	-	3	3	3	3							2		2
		professional	-	3	3	3					1			2		2
Fabrizio Mallen Member of the Supervisory Board, independent director	Education			2												-
	Experience	managerial		3	2	2					2	1				2
		professional		3	3	3						2	1	2		2
Laura Febbraro Member of the Supervisory Board, independent director	Education			2												-
	Experience	managerial		3	3					1			2			2
		professional		3							2			2		2
Daniela Blandino - Member of the Supervisory Board, shareholder representative	Education			2	-							-		-		-
	Experience	managerial		3	3	3					3		3			2
		professional		3	3	3						3		3		2
Francesco Del Genio - Member of the Supervisory Board, shareholder representative	Education		-	2	-											-
	Experience	managerial	3	3	3	3					3					2
		professional	3	3	3	3					3					2
Antonio Giovanni Maria Bergalio - Member of the Supervisory Board, shareholder representative	Education			2												-
	Experience	managerial	3	3	3	3	3	3	3	3	3	3	3	3		2
		professional		3								3	3			2
Collective suitability assessment			12	57	35	32	9	6	6	6	16	19	11	22	0	28

Bank explanation:

I confirm that the information provided is true and complete and I bear personal responsibility for its accuracy.

Mr. Silvio Pedrazzi,
Chairman of the
Supervisory Board

(Personal signature)

(initials, last name)

(date)

Notes:

[1] Including experience and education in areas necessary to ensure effective decision-making in key areas of activity (law, HR, etc.)

[2] If the bank has other main areas of activity, taking into account the bank's strategy and business model, indicate the names of such areas

Explanation of the table filling options

“1. Definition of terms:

- 1) managerial experience - experience in positions that involve organizing and coordinating the actions of other persons (subordinates) in order to achieve the set goals;
- 2) professional experience - experience in a specialized position;
- 3) education - higher education, additional education - certified educational programs (skills workshops, trainings, advanced training courses, etc.)

“2. Filling in the table:

1) line “education”:

- 1 - the head has additional education;
- 2 - the head has a higher education;
- 3 - the head has both higher and additional education. ”

“ 2) the line “experience” (managerial/professional) in columns 1-13:

- 1 - the head has up to 1 year of work experience;
- 2 - the head has 1 to 5 years of work experience;
- 3 - the manager has more than 5 years of experience. ”

“ 3) the line “experience” (managerial/professional) in column 14 of the table:

- 1 - the manager has more than 3 years of experience;
- 2 - the head has more than 5 years of experience. ”

In the fields where there is no information, put “-”.

“ The table on the collective suitability of the bank's board is to be filled in separately from the collective suitability of the bank's management board.

Explanation of the bank:

if the bank has indicated other main activities taking into account the strategy and business plan, provide explanations in any form with justification for classifying the relevant activity as the main one;

if the bank does not classify the bank's activities specified in the table as core activities, provide explanations in any form with the relevant justification. ”

The appendix is divided into two parts: “Management Board” and ‘Council’. Columns 1-10 are to be filled in for the members of the Management Board. Columns 1-11 shall be filled in for the members of the bank's council.

Columns 1-11 contain a list of possible values for each criterion, which must be selected from the list, guided by paragraph 2 of the explanation of the table filling parameters.

Before printing, hide the blank rows of the table.

If you need to evaluate a larger number of persons than provided in the table, please contact the Licensing Department