

REPORT
of the Audit Committee
of the Supervisory Board
for H2, 2024



28 February 2025
Supervisory Board

Index

1. Introduction
2. Composition of the Audit Committee of the Supervisory Board in H2, 2024
3. Activity of the Audit Committee of the Supervisory Board in H2, 2024
4. Assessment of the independence of audit entity that provides statutory audit services



1. Introduction

The Audit Committee of the Supervisory Board was established (the “**Audit Committee**” or the “**Committee**”) by the decision of the Supervisory Board of the Bank dated 19.12.2023 (the Minutes No. 17_23, Agenda Item 17).

According to the **Audit Committee Regulation** approved by the decision of the Supervisory Board dated 19.12.2023 (the Minutes No. 17_23, Agenda Item 19), it is a **standing collective body** of the Bank performing preliminary study and preparation for consideration by the Bank's Supervisory Board of the issues defined by the Regulation.

The Audit Committee performs its functions according to **the principles of independence and autonomy**.

The Audit Committee has, inter alia, **the following responsibilities**:

- ✓ monitoring the integrity of financial information provided by the Bank, in particular reviewing the compliance and consistency of accounting methods used by the Bank;
- ✓ reviewing the effectiveness of the internal audit and risk management systems at least once a year;
- ✓ providing recommendations to the Supervisory Board regarding the selection, appointment, reassignment and dismissal of the head of the Internal Audit Department;
- ✓ drawing up the draft budget of the Bank's Supervisory Board and submitting it for approval;
- ✓ providing recommendations to the Shareholders and the Supervisory Board regarding the selection, appointment, reassignment and termination of the services of an external auditor and the terms of the contract to be concluded with it, including the amount of remuneration;
- ✓ assessment of the independence of audit entities that provide statutory audit services;
- ✓ reviewing the effectiveness of the external audit process and the speed of management's response to recommendations provided by the external auditor;
- ✓ other issues stipulated by the Laws of Ukraine, the Bank's Charter or the Regulation.

2. Composition of the Audit Committee of the Supervisory Board in H2, 2024

The **initial composition** of the Audit Committee was **approved by the Supervisory Board on 19.12.2023** (the Minutes No. 17_23) as follows:

- Mr. Agkop Mardikian (Independent Member), Chairman of the Audit Committee;
- Mr. Emil Angelov (Shareholder representative), Member of the Audit Committee;
- Mr. Efstratios Hatzistefanis (Independent Member), Member of the Audit Committee.

Changes in the composition of the Committee since 04.11.2024

In view of the resignation of Mr. Emil Angelov from the composition of the Supervisory Board of the Bank at his own accord effective 04.11.2024, his powers as Member of the Audit Committee were also terminated from the same date.

Therefore, by the decision of the Supervisory Board dated 25.10.2024 (the Minutes No. 17_24) Mr. Alkiviadis Alexandrou, Member of the Supervisory Board (Shareholder representative) was elected as Member of the Audit Committee of the Supervisory Board in replacement of Mr. Emil Angelov starting from 04.11.2024 and the composition of the Audit Committee was approved as follows:

- **Mr. Agkop Mardikian** (Independent Member), **Chairman** of the Audit Committee;
- **Mr. Alkiviadis Alexandrou** (Shareholder representative), **Member** of the Audit Committee;
- **Mr. Efstratios Hatzistefanis** (Independent Member), **Member** of the Audit Committee.

The Committee **consists of three members** of the Supervisory Board of the Bank the **majority of whom is independent** which is aligned with the requirements of the applicable legislation and the Audit Committee Regulation.

3. Activity of the Audit Committee of the Supervisory Board in H2, 2024

	Way of convening	Attendance	Key Agenda Items
Audit Committee	In total, during H2, 2024, 6 absentee votings of the Committee were organized	<ul style="list-style-type: none"> ▪ Mr. Agkop Mardikian – 6 of 6 absentee votings; ▪ Mr. Emil Angelov – 4 of 6 absentee votings (<i>termination of powers as AC member since 04.11.2024</i>); ▪ Mr. Efstratios Hatzistefanis – 6 of 6 absentee votings; ▪ Mr. Alkiviadis Alexandrou - 2 of 6 absentee votings (<i>appointed as AC member from 04.11.2024</i>); 	<ul style="list-style-type: none"> ▪ Quarterly Reports on IAD activities execution ▪ Follow-up report for H1, 2024 on the state of implementation of recommendations for elimination of revealed violations issued based on the results of the inspections carried out by the Internal Audit Department ▪ IAD Report on the audit of the proper organization of corporate governance, effectiveness and adequacy of the anti - money laundering/Combating the Financing of Terrorism (AML/CFT) risk management system and the Bank's internal control in terms of AML/CFT ▪ Follow-up report on the implementation of recommendations of the external auditor PrJSC "KPMG Audit" as per the results of the audit of the financial statements of the Bank for the year that ended 31.12.2023 ▪ Supplemental Agreement No. 2 to the Engagement Contract for the provision of audit services № 97-SA/2023 dated 31.10.2023 with Private Joint-Stock Company "KPMG Audit" ▪ Budget of the Internal Audit Department of the Bank for 2025 ▪ Changes in the staff list of the IAD and job descriptions of IAD employees ▪ Updated versions of internal regulatory documents pertaining to internal audit activities, etc.

3. Activity of the Audit Committee of the Supervisory Board in H2, 2024

During the reporting period, the Committee preliminary considered / assessed the items falling within the scope of its competence and provided the Supervisory Board with its recommendations based on the results of such consideration / assessment.

Based on the results of assessment of participation in work of the Committee it should be concluded that all Members allocated sufficient time to fulfillment of their duties and demonstrated high involvement in the work of the Audit Committee.

For efficient and effective work of the Audit Committee and comprehensive preparation for making informed decisions, the Chairman and Members of the Committee actively interacted with the control functions of the Bank and the Supervisory Board.

In the future, the Audit Committee plans to proceed with performing the assigned functions in accordance with the applicable legislation and the Regulation on the Audit Committee and provide effective support to the Supervisory Board of the Bank.

4. Assessment of the independence of audit entity that provides statutory audit services

The external auditor of the Bank Private Joint-Stock Company "KPMG Audit" is included in the Register of Auditors and Auditing Entities of Ukraine.

On 06.09.2023 PrJSC "KPMG Audit" was approved by the Supervisory Board as an external auditor of the Bank for the period 2023 - 2025 for the purposes of audit of the Bank's financial statements.

PrJSC "KPMG Audit" performed the statutory audit of the Bank's annual financial statements for the year ended 31.12.2023 and currently is finalizing the statutory audit of the Bank's annual financial statements for the year ended 31.12.2024.

The members of the Audit Committee are not aware of any facts that could challenge the principles of independency while performing the audit of the Bank's annual financial statements by the external auditor PrJSC "KPMG Audit".

External auditor followed independence and other ethical requirements of the Code of Ethics of Professional Accountants, issued by Council on International Standards of Ethics of Professional Accountants, which is based on fundamental principles of honesty, objectivity, professional competence and proper diligence, confidentiality and professional conduct.