



JOINT STOCK COMPANY
“FIRST UKRAINIAN INTERNATIONAL BANK”
(JSC “FUIB”)

Kyiv

APPROVED by
the Supervisory Board of JSC “FUIB”
Minutes No. 458 dated 23/04/2026

AGREED by
the Board of JSC “FUIB”
Minutes No. 1104 dated 14/04/2026
Head of the Board

_____ Sergii CHERNENKO

POLICY

Risk Culture Statement of JSC FUIB
(Risk Culture Statement)

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ПУМБ	TRADE SECRET	Version 1.0.
	4. Risk Management and Internal Control	
	Policy “Risk Culture Statement of JSC FUIB” <i>(Risk Culture Statement)</i>	

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1. INTRODUCTION

1.1. The Supervisory Board of JSC FUIB, the Risk Management Committee of the Supervisory Board, and the Management Board of the Bank, in order to ensure adherence to the risk management culture by both the Bank’s managers and other employees, establish the necessary atmosphere (tone at the top) by:

- 1) defining and adhering to corporate values, as well as exercising control over compliance with such values;
- 2) ensuring understanding by both the Bank’s Management and other employees of their role in risk management for the purpose of achieving the Bank’s operational objectives, as well as responsibility for breaches of the established risk appetite level;
- 3) increasing risk awareness by ensuring systematic communication to all Bank divisions regarding risk management strategy, policy, and procedures, and encouraging free exchange of information and critical assessment of the Bank’s risk-taking;
- 4) obtaining confirmation that managers and other employees of the Bank are informed about disciplinary sanctions or other measures that will be applied in the event of unacceptable conduct/violations in the Bank’s activities.

1.2. JSC FUIB seeks to maintain a high level of its risk management culture, which ensures informed risk-taking and resilience to external adverse factors. The Bank understands its responsibility to customers, shareholders, and the regulator.

1.3. JSC FUIB declares its commitment to ethical conduct, integrity, and compliance with legislation in its activities, while ensuring the establishment and development of a professional team working cohesively to achieve a common result.

2. PURPOSE

2.1. The Risk Culture Statement of JSC FUIB (hereinafter referred to as the “Statement”) is a document approved by the Supervisory Board of JSC FUIB that defines the expected employee behavior regarding risks in order to establish the necessary atmosphere (tone at the top).

3. SCOPE OF APPLICATION

3.1. This Statement applies to all employees of the Bank.

4. TERMS, DEFINITIONS AND ABBREVIATIONS

Bank, FUIB, JSC FUIB – JOINT STOCK COMPANY “FIRST UKRAINIAN INTERNATIONAL BANK”.

Risk Culture — a set of shared values, norms, beliefs, attitudes, and behaviors of the Bank’s employees and management regarding informed risk-taking, risk management, and internal control.

SB – Supervisory Board.

5. GENERAL PROVISIONS

5.1. Purpose of the Corporate Risk Management Culture

Risk culture is an integral part of the Bank’s corporate culture and serves as the basis for decision-making at all management levels.

The purpose of the risk management culture is to ensure the sustainability, transparency, and long-term stability of the Bank’s operations.

The Bank recognizes that effective risk management is the shared responsibility of every employee and not solely the function of the second line of defense units within the Internal Control System.

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Risk culture starts with the Supervisory Board and the Management Board of the Bank. The Bank’s Management demonstrates that risk management is a priority rather than a formality and creates an environment where reporting issues and risks is encouraged rather than punished.

5.2. Four Key Principles of Risk Culture

1. TONE AT THE TOP: <ul style="list-style-type: none"> • Risk Leadership • Response to Risk Incidents 	2. GOVERNANCE: <ul style="list-style-type: none"> • Risk management • Openness (Transparency) Regarding Risks
3. COMPETENCE: <ul style="list-style-type: none"> • Adequacy of Resources for Risk Management • Risk Management Competence of the 1st and 2nd Lines of Defense 	4. DECISION-MAKING: <ul style="list-style-type: none"> • Consideration of Risks in Decision-Making • Risk-aligned Remuneration

5.2.1. Principle No. 1 – “TONE AT THE TOP”

Essence: Ethics, integrity, and attitudes toward risks are determined by the Supervisory Board and the Management Board.

1. Risk Leadership

- **Management Involvement:** The Supervisory Board and the Management Board regularly review risk-related matters; the Risk Management Committee of the SB (RMC SB) operates effectively. The Risk Management Strategy and the Risk Appetite Statement (RAS) are reviewed annually. The results of monitoring compliance with risk culture principles are reviewed annually by the SB.
- **Communication of Values:** Priority of risks over short-term gains. A mandatory risk management training and professional development program has been implemented for all employees.
- **Independence:** The CRO and CCO verticals are organizationally separated from the business, report to the SB, and have veto rights over decisions that violate the risk appetite.
- **Code of Ethics:** Establishes expectations for responsible conduct and mandatory consideration of risks for top management, team leaders, and all Bank employees.

2. Response to Risk Incidents

- **Regulation:** The Risk Management Policy defines a clear procedure for the identification, investigation, and closure of risk incidents.
- **Tools:** A centralized database of operational and compliance risk events, as well as the Trust Line — a mechanism for confidential/anonymous reporting of violations without fear of retaliation.
- **Escalation:** Mandatory escalation of information regarding limit breaches to the level of the Management Board and the SB. The Bank’s corporate values define the critical importance of timely and frank discussion and escalation of issues to higher levels.
- **Root Cause Analysis:** Significant events are subject to in-depth analysis in order to prevent recurrence.

5.2.2. Principle No. 2 – “GOVERNANCE”

Essence: The system of rules and processes for risk control and management is aimed at achieving the Bank’s strategic objectives.

1. Risk Management System

- **Distribution of Roles:** Clear allocation of responsibilities from the SB down to each employee. Each process owner is the risk manager of their respective process.

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- **Documentation:** The key documents are the Risk Management Strategy, Risk Management Policy, and Risk Appetite Statement (RAS).
- **Integration into Business:** Risk appetite is embedded into day-to-day operations. Credit decisions are made with due consideration of limits; transactions are automatically checked for compliance with established restrictions; new products undergo assessment by risk management and compliance management functions.
- **Multi-level System of Limits:** credit, market, liquidity, and operational limits. Regular monitoring of compliance with limits is performed, as well as risk stress testing to assess the Bank’s resilience to adverse scenarios. The number of selected risk limits balances the trade-off between completeness, monitoring costs, and monitoring efficiency. The Bank’s Management regularly receives management reporting on material risks. The reporting system ensures timely identification of deviations and implementation of corrective measures.
- **Response to Breaches:** Immediate notification of management in the event of breaches and implementation of corrective action plans (up to suspension of the relevant business line’s activities).
- **Self-assessment:** Annual risk self-assessment is conducted (B-1 level).

2. Openness (Transparency)

- **External:** Publication of the Risk Management Policy, financial statements, and prudential reporting on the Bank’s website.
- **Internal:** Regular management reporting (from daily to annual reporting), as well as a clear structure of the three lines of defense within the Internal Control System.
- **Customer-related:** Full transparency of tariffs and product terms and conditions.

5.2.3. Principle No. 3 – “COMPETENCY”

Essence: The ability of personnel to identify, assess, and adequately respond to threats.

1. Adequacy of Resources

- The Supervisory Board annually monitors the adequacy of the number and qualifications of employees within risk management, compliance management, and internal audit functions, as well as the level of their funding.

2. Competence of the 1st and 2nd Lines of Defense (Business)

- **Risk Owners:** Business employees are responsible for risks within their respective processes (as defined in their job descriptions).
- **Training:** Mandatory courses for new employees and annual testing for all employees (AML, cybersecurity, fraud risks, etc.).
- **Practice:** Daily implementation of controls: conducting initial verification of transactions and customers; compliance with limits and established procedures; timely escalation/registration of identified incidents and breaches within processes.
- **Interaction:** The 1st line of defense interacts with the 2nd line of defense units; implements their recommendations; and is responsible for identifying and assessing risks, taking management actions, and reporting on such risks. The 2nd line of defense continuously improves the risk management system; advises the Bank’s structural units on risk management matters; conducts training and enhances employee awareness regarding risk management; jointly with the first line develops risk indicators and risk mitigation measures; and prepares consolidated reporting based on risk management results within the Bank.
- **Qualification:** Employees of the 2nd line of defense possess relevant education and/or professional certifications.
- **Expertise:** The 2nd line continuously participates in methodological activities, risk assessments, and inspections.

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- **Tools:** Use of up-to-date methodologies and automated risk analysis systems.
- **Practice:** Employees of the 2nd line of defense participate on an ongoing basis in risk identification, assessment, and monitoring; development and approval of internal regulatory documents; monitoring compliance with regulatory requirements; conducting inspections; and preparation of reporting for management.

5.2.4. Principle No. 4 – “DECISION MAKING”

Essence: A structured process for selecting the best course of action among available alternatives, based on data analysis, risk assessment, and consideration of strategic objectives.

1. Consideration of Risks in Decision-Making

- **Mandatory Assessment:** No key decision (credits, investments, products) shall be made without conclusions from the 2nd line of defense.
- **Risk-Return Principle:** Use of the **RAROC** indicator (Risk-Adjusted Return on Capital) to compare profitability and potential losses.
- **Documentation:** All decisions are documented with risk analysis, ensuring the possibility of subsequent review and audit of decisions made.

2. Risk-aligned Remuneration

The remuneration system (in accordance with the Remuneration Policy of JSC FUIB) includes:

- **Deferred Payments:** A portion of the bonus is paid at a later date and may be cancelled in the event of risk materialization.
- **Mandatory CRO/CCO Opinions:** The opinions of the 2nd line of defense are critically important for the SB’s decision-making regarding bonus payments.
- **Four Groups of Criteria for Bonus Reduction/Cancellation**

The decision to reduce/cancel variable remuneration or defer payment depends on the application of four groups of criteria:

Group 1: “Achievement of annual KPIs and risk-oriented indicators for the year”;

Group 2: “Compliance (Regulatory) Criteria” – may affect the decision to cancel variable remuneration for all Bank employees, as such payments may critically affect the interests of creditors and depositors.

Group 3: “Sustainability Criteria” – may affect the decision to reduce/cancel variable remuneration for all Bank employees, as such payments may have a material impact on the financial stability of the Bank’s operations.

Group 4: “Individual Standards of Conduct” – may affect the decision to cancel variable remuneration payments to an individual employee.

5.3. One of the strategic objectives of the Bank’s Management is the continuous maintenance of a high level of corporate risk management culture, achieved through unconditional adherence to the four key principles (clause 5.2.).

6. MONITORING AND ANNUAL ASSESSMENT OF THE LEVEL OF RISK CULTURE DEVELOPMENT

The Bank conducts an annual self-assessment of the level of risk culture development at JSC FUIB, which is approved by the Supervisory Board based on four principles (across eight components of risk culture).

Based on the results of the report review, an Action Plan for strengthening the risk management culture is approved in order to develop/strengthen a specific component of the risk culture (mandatory if the assessment of the component is below 3).

During the year, the Bank implements the Action Plan and provides a report on its implementation during the next annual self-assessment of the level of risk culture development at JSC FUIB.

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7. ROLES, POWERS AND RESPONSIBILITIES OF PARTICIPANTS

The Supervisory Board ensures proper oversight of the effectiveness of the risk management system and compliance with the risk culture, approves the results of the annual self-assessment of the level of risk management culture development in the Bank conducted by the 2nd line of defense of the Internal Control System, and approves the Action Plan for strengthening the risk management culture.

The Management Board is responsible for embedding the risk management culture into operational processes and for compliance with the approved risk appetite, and implements the Action Plan for strengthening the risk management culture approved by the Supervisory Board.

The Risk Management Function (CRO and CCO) ensures an independent self-assessment of the level of risk management culture development in the Bank, conducts qualitative risk assessment, reports directly to the Management Board and the Supervisory Board, and supports the development of the risk management culture within the Bank.

The Internal Audit Department takes into account the results of the self-assessment of the level of risk management culture development conducted by the 2nd line of defense of the Internal Control System during the annual assessment of the effectiveness of the RMS and ICS.

Each employee of the Bank shall comply with the principles specified in clause 5 of this Statement.

8. CONTROL WITHIN THE FUIB INTERNAL CONTROL SYSTEM

In accordance with the “Policy on Organization of the Internal Control System of JSC FUIB”, the Bank has implemented a three-level control process over the development of the Bank’s risk management culture.

ICS levels	Controller	Higher Supervisory Authority
Self-control/Current control	I level of control (line of defense) All Bank employees	Members of the Board (according to their areas of responsibility)
Risk management and compliance - control	II level of control (line of defence) Risk Management Units Compliance Management Units (including AML/CFT risk)	CRO and CCO, functionally subordinated and accountable to the Supervisory Board of the Bank
Internal audit	III level of control (line of defence) Internal Audit Department	Supervisory Board of the Bank

9. DOCUMENT REVIEW PROCEDURE

This document shall be updated at least once a year. GBRD shall be responsible for updating.

10. LIST OF RELATED DOCUMENTS

Risk Appetite Statement of JSC FUIB.

Risk Management Policy of JSC FUIB.

Risk Management Strategy of JSC FUIB.