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**Regulation  
on Activity Management Framework  
of Non-Banking Credit Organization  
"MICROINVEST" S.R.L.**

**JUNE 2021**

Approval					
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## Abbreviations

**AB** – Administrative Board

**CEO** – Administrator/ Executive Body

**GM** – General Meeting of Members

**NCFM** - National Commission of Financial Markets

**KYC** – Know Your Customer

**AML** – Anti Money Laundering

**ALCO** – Assets and Liabilities Management Committee

**CFT** – Combating the Financing of Terrorism

**CFO** – Chief Financial Officer

**CBO** - Chief Business Officer

**CRO** – Chief Risk Officer

**SMT** - Company's Top Management Team, members - CEO, CRO, CFO and CBO

## I. General provisions

**1.1.** This Regulation is performed on the basis of Law on Non-Banking Credit Organizations, No. 1 dated 16.03.2018, and in accordance with the provisions of:

- a. Legislation in force of the Republic of Moldova, including normative acts of the National Commission of Financial Markets;
- b. Charter of O.C.N. "Microinvest" S.R.L.;
- c. Policies of O.C.N. "Microinvest" S.R.L.;
- d. Other internal regulations of O.C.N. "Microinvest" S.R.L.

**1.2.** The main purpose of the present Regulation is to establish the fundamental principles of administration and internal control in O.C.N. "Microinvest" S.R.L. (hereinafter "the Company"), the methods of collaboration, competences and responsibilities of management bodies of the Company, delimitation of their duties by maximizing the profit from the non-banking credit activity, under conditions of ensuring the maximum protection of the Company against any loss, through a safe administration and prudent risks of the business in which the Company is involved.

**1.3.** The *management framework* means full administration of the Company's activity, exercised by the GM, the AB, including all their relationship with the Executive Body and other concerned persons (employees, creditors, customers, partners, state regulators and supervisory bodies, other central and local public administration bodies) in the part of:

- determining an effective system of administration of the Company in implementing its strategic goals and objectives;
- performing, with a daily periodicity, of all the actions necessary to achieve the company's strategic objectives by the management bodies and staff of the Company;
- establishing unique and transparent standards for the management of the Company's activity with clear and well-defined competences of the management bodies and those with the Company's decision-making power;
- protecting the rights and legal interests of customers, especially in the Company's relationships with the consumers;
- maintaining the balance between the interests of the Company's Members, its management bodies and the persons concerned (employees, clients and partners);
- ensuring continuity of Company activity by means of responsible and stable management;
- organizing and ensuring functionality within the Company of internal control functions.

**1.4.** The internal regulatory framework for Company activity includes:

- **Strategy** – The Company's planned main objectives and goals, for the medium and long term, with the setting of the course to follow for achieving them.
- **Policies** – all the principles, tools, methods and levers needed to be followed in achieving efficient and responsible management in the company to meet the strategy.
- **Regulations** – assembly of national framework rules establishing general rules for a particular field of activity of the company and which are or may be detailed through separate procedures for various lines of activity involving the Company.
- **Procedures/Instructions/Manuals/Guidelines** – assembly of special rules describing in detail an activity within the Company providing a service or granting a financial product, as well as the responsibilities of internal entities/staff in achieving these activities or operations.

### 1.5. Definitions:

**Primary internal regulations** – strategies, policies and regulations developed for the management of Company's activity and the risks to which it is exposed and which are approved by the Administrative Board, or as appropriate, by the General Meeting of Members.

**Secondary internal regulations** – procedures, instructions, manuals, guides, orders, provisions or other internal normative documents approved by the Administrative Board for the implementation of primary internal regulations in the activity of Company administration.

**Risk appetite** - the absolute level of risks that the Company is willing to take within its risk capacity according to its business model in order to achieve its strategic objectives.

**Stress testing** - technical risk management tool used to assess the potential effects of events or future changes in economic conditions, which could impact the Company's financial situation.

**Internal Control** - a system that ensures effective and efficient operations, adequate risk control, prudent conduct of activity, credibility of financial and non-financial information reported, both internally and externally, compliance with the legal and regulatory framework, the supervisory requirements and the Company's internal rules and decisions.

**Informational system** – all informational management systems of the Company, together with associated organizational resources, such as informational resources, human resources, organizational structures.

## II. Management and control bodies

### i. Statutory Management and Control bodies. Competences and responsibilities.

The competences of the management and control bodies of the Company, defined by this Item, are settled in compliance with to the provisions of Law No. 135-XVI dated 14.06.2007 on limited liability companies, and with the Company's Charter and policies.

The management and control bodies of the Company are:

- A. General Meeting of Members;
- B. Administrative Board;
- C. Administrator (CEO).

The Control body of the Company is:

- A. Independent Auditor – granted with Censor's responsibilities.

The Company's management bodies are responsible for the Company comply with all requirements of the legal framework, including Law No. 1 dated 16.03.2018 on non-banking credit organizations and normative acts of the NCFM.

**2.1.1. The General Meeting of Members** is the superior management body of the Company.

The GM can be ordinary or extraordinary. The ordinary meetings is convened at least once a year and the extraordinary - whenever necessary, in compliance with the statutory convening requirements of the Company's Charter.

The GM competence, the order of its calling, the form and the terms of convening, the drafting of the agenda, the establishment of the quorum for different subjects from the agenda, the way of voting, decisions approval and the counting of votes, the preparation of the minutes and other questions concerning the GM is regulated by the legislation in force and the Company's Charter.

**2.1.2. The Administrative Board** is the collegial supervisory body with the role of administration, supervision and monitoring of the decision-making process management.

The AB represents the interests of the Company's Members during the period between the GM. AB is designated by and is subordinated to the GM.

The numerical and nominal composition of AB is established by the decision of GM, according to the Charter's provisions.

The procedure on appointment and dismissal of the AB Members is settled in the Company's Charter.



The procedure on constituting, the activity organization, the am competences and responsibilities are regulated by the legislation and are settled in the Company's Charter and the Company's Bylaw.

The basic competences and responsibilities of the AB are:

- Establishment of the Company's development strategy and of its prior development directions;
- Periodical examination of the business plans and reports;
- Approval of primary internal regulations on matters related to the competence of the AB;
- Control on the effectiveness of the Executive Body activity and other internal structural subdivisions of the Company;
- Approval of the Company's Organization chart;
- Executing the control on Company's economic and financial activity (positive and/or negative changes) and business risk;
- Ensuring compliance and defense of the rights and legal interests of the Members.

**2.1.3. The Administrator** is the Executive Body of the Company.

The role of CEO consists in the current management of the Company's activity in order to achieve the targets stipulated by the hierarchically higher management bodies in approved strategies and policies.

In order to achieve the Company's strategic targets, and depending on the Company's field of concern, CEO and the top management of the Company implement the targets related to their responsibility fields, risk management procedures executed according to the rules and policies approved by GM and/or AB.

The CEO generally represent the Company in relations with third parties and execute the operational management of the Company. The CEO is empowered to act on behalf of Company, in compliance with the legal provisions of the Company's Charter, and may delegate part of Competences to hierarchically subordinate employees.

The main responsibilities of CEO are:

- To manage the Company so that the purposes for which it has been constituted to be achieved as efficiently as possible;
- To execute the decisions of the GM;
- To participate to the GM and meetings of AB;
- To control the maintaining of the Company's accounting, as well as the Company's registers and to report to the Members regarding the Company's activity;
- To perform his duties with diligence and loyalty;
- To convene the General Meeting of Members, if the value of the Company's net assets has become less than its share capital;

- In case of insolvency indicators, to submit immediately, but not later than a month, an introductory request to start the insolvency process, if the Members will not cover the losses;
- To comply with the mandate limits established by GM;
- To ensure and monitor the proper achievements of the duties of the subordinated staff, so that the Company's activity is consistent with its strategic targets;
- To ensure the separation of the tasks and responsibilities of the company's staff and the establishment of a management structure, which promotes a responsible and transparent activity within the Company.

The most important aspects of the Company's activity are submitted to GM for approval.

The report on the Company's activity is submitted by CEO for approval with an annual periodicity or whenever it is requested.

#### **2.1.4. The Censor (Independent Auditor)** is the Control body of the Company.

In order to exercise the control of the management of the Company and the CEO's activity, the GM shall designate an Independent Auditor exercising the Censor's functions.

The Independent Auditor invested by the GM with the Censor's functions shall be designated for a period up to 3 (three) years and shall be subordinated to the GM.

The Independent Auditor exercises the annual control of the Company's management and is obliged to control the economic-financial activity of the Company after the end of the financial year, to check the financial reports and to make inventory of the Company's assets, executing other necessary actions as well, for the objective evaluation of the Company's management.

The Independent Auditor draft a report on each control, which is submitted to the General Meeting of Members.

The Independent Auditor, having the Censor's responsibilities, is obliged to convene the GM, if he identified events of breach the law or of the Charter, and which have caused or may cause damages to the Company.

#### **ii. Committees (collegial bodies)**

Apart from statutory management bodies, some of the functions of management of the Company's activity, for different fields of activity, exercise the Specialized Committees.

Within the Company, at least the following Committees are established:

- ALCO;
- Credit Risk;
- Operational Risk;
- Financial Risk;
- Human resources;
- Arrears at HO level, litigation portfolio;
- Arrears at HO level, Retail portfolio;
- Arrears at Secondary Offices level;
- LLP & Write off and Prudential;
- Project, IT steering;
- Audit Follow up;
- Budget and Financial Performance.

The structure, tasks, organization procedure of each Committee, and the decisions approval procedure on the Committees, are established in the **Annex No. 1**, and in primary and/or secondary internal regulations.

Depending on necessity and achieving a specific targets (such as: New product development, radical change of an existing process), project teams can be constituted, which will be directly subordinated to the Executive Body or to head of such Department. The working teams will be constituted of employees of the Company from the departments involved in achieving the specific targets of initiated project. As a rule, the project teams are created for a limited period of time and are constituted until achieving the target for which it was constituted.

### **III. Internal structural subdivisions**

The internal structural subdivisions of the Company are represented by secondary offices, departments, sections, and are recorded in Organization Chart, approved by the Administrative Board.

#### **3.1. Divisions**

According to the Organization Chart, at the institutional level there are the following lines and responsibilities of activity (Divisions):

1. IT, human resources and the network of secondary offices fields - coordinated directly

- by Chief Executive Officer ;
2. Financial field - coordinated by the Chief Financial Officer ;
  3. Risk field - coordinated by Chief Risk Officer;
  4. Business field – coordinated by the Chief Business Officer.

Each Company Division is managed by a CO, who has subordinated employees of departments, sections and secondary offices.

### **3.2. Secondary offices**

The secondary offices of the Company are internal structural subdivisions, located outside the headquarters of the Company, which do not have a separate balance sheet and carry out all the activities of the Company, enshrined in the Company's Charter.

The decision on the opening or dissolution of secondary offices is taken by the Board of the Company. The names and addresses of all the secondary offices of the Company are reflected in **Annex no. 2** to this Regulation.

In case of opening or dissolving the secondary offices, as well as in case of changing their data, the Company notifies within 15 days the supervisory authority about this fact and requests the corresponding entries related to the Company in the Register of authorized non-banking credit organizations.

The activity of secondary offices is coordinated by regional managers and/or office managers, which subordinate several secondary offices, or only one, as the case may be.

The regional managers supervise and coordinate the activity of the secondary offices, depending on the territorial areas in which they are located. The regional managers / office managers are appointed by order of the Administrator.

Regional Managers / Office Managers have the following main competences:

- ensures the execution of the decisions of the Company Administrator and of the SMT, related to the activity of the secondary offices;
- manages the organization of the current activity of the subordinated secondary offices, intervenes with proposals and solutions for the development and efficiency of the processes within the secondary offices;
- performs the control of the execution of the functions by the employees within the subordinated secondary offices, ensures their observance of the labor protection norms;
- Contributes to raising awareness and motivating employees of Secondary Office subordinated on maintaining a high culture of risk and compliance, knowledge and compliance within the Secondary Offices of the internal regulations, including in the field of data confidentiality, protection of personal data, internal regulations on KYC and AML / CFT and trade secret;
- ensures the identification and immediate reporting to the SMT of events involving operational risks, proposes measures to prevent their occurrence;

- contributing and monitoring the fulfillment by the employees of the objectives of the quantitative and qualitative credit indicators for of promotion and development of the activity with current and potential portfolio for clients; Ensuring knowledge of the market potential necessity of the Business and Retail customers at the secondary office or regional level;
- ensuring the high quality of finance analysis and deserving of current and potential clients, at the expert level and over the all region, by its own example of assistance/consulting in promoting and analyzing, visiting secondary offices, discussing with customers and employees, ensuring compliance with the Company's policies and values;
- communication with employees in order to identify actions, products, process which can be implemented or adjusted; request feedback, understanding of market needs;
- communicating decisions, news and forming an attitude towards the Company, by its own example, and through the correct information of the employees;
- monitoring at the region level the customer service quality. Organizing of meetings with customers, developing tools and implementing them for optimization of services;
- other responsibilities according to the Job Description.

#### **IV. Risk management. Internal control mechanism**

**4.1.** Risk management at the Company's level involves the existence of a culture of risks awareness, a risk management framework and internal regulations approving new products.

**4.2.** The Company is not limited to risk management executed by staff directly responsible for risk management activity and is not based solely on internal control functions. All internal structural subdivisions, in accordance with the Company's internal regulations (primary and/or secondary), regardless of the particular narrow field of activity, have direct responsibility for daily administration of Risk, taking into account the Company's appetite to risk.

**4.3.** The risk management framework includes policies, procedures, limits and controls for the identification, counting or evaluation, monitoring, mitigation, minimization and reporting risks related to the Company's activities at the internal structure level of each structural entity and at the Company's overall level. The scope of risk management refers at least to the credit risk, market, interest rate risk, currency risk, liquidity, operational, risk of concentration, reputational risk, compliance risk and strategic. Based on the Company's business model operating on the non-banking credit market, the credit risk and operational risks qualify as most significant ones, to which more attention is to be allocated.

**4.4.** In the Company are established mechanisms for reporting to management bodies on the identified and/or identifiable risks. Reporting mechanisms, instituted by the regular meetings of committees, provide to the management body and relevant internal structures the timely, accurate, concise, intelligible and meaningful reports and allow the exchange of relevant information on the identification, counting or evaluation and monitoring of risks.

**4.5.** The risk management function is largely involved in the approval of new credit products or the significant change in existing products, with a clear perspective on the introduction of new products or significant changes of existing products.

**4.6.** Internal control is a system which ensures effective and efficient operations, adequate risk control, prudent conduct of activity, credibility of the financial and non-financial reported information, as well as compliance with the legal and regulatory framework, the supervisory requirements and the company's internal regulations.

**4.7.** The company has its own internal control mechanism in compliance with the legal framework, the normative acts subordinate to the law and the general practice accepted in this field, in order to ensure effective management of the activities practiced, carried out in a safe and prudent manner, in accordance with the provisions of the legislation in force.

**4.8.** In the development, organization and implementation of the internal control mechanism, the Company takes into account the volume, number, type and diversity of transactions, the degree of risk associated with each field of activity, the volume of the control by the management bodies on the daily activity, the degree of centralization and/or decentralization of the company, the degree of use of the informational system.

**4.9.** In order to implement an effective control mechanism, the Company has three basic internal control functions, independent of each other, related to the fields of activity they monitor and control, and for some from of them – related to the organizational structure as well, namely:

- The risk management function is coordinated by the Risk Management Department and the Financial Department. The responsibility for administrating a particular area of risk is delegated to the one of the two mentioned Departments, according to primary and secondary internal regulations;
- The function of compliance is coordinated by the Chief Legal and Compliance Officer and/or by other employee of the legal department;
- The internal audit function is exercised by the Internal Audit Committee, a separate subdivision, other than the Independent Audit, which is directly subordinated of the Administrative Board, and the tasks and plans of activity of the internal audit are approved by Administrative Board.

**4.10.** Duties and responsibilities of the entities with internal control functions are provided by both primary and secondary internal regulations.

## **V. Information systems and continuity of activity**

**5.1.** The Company maintains the effective informational and communication systems covering the whole of its significant activities. Informational systems, including those which maintains and uses electronic data in electronic, must be secure, independently monitored and supported by appropriate contingency plans. The implementation of the information systems complies with the generally accepted IT standards.

**5.2.** The Company establishes a clear process of managing the activity continuity, in order to ensure its ability to operate continuously and to limit losses in the event of grave breach of activity.

**5.3.** The Company analyses its exposure to severe interruptions of activity, evaluates quantitatively and qualitatively their potential impact by using internal and/or external data and stress testing and establishes:

A) Contingency plans and activity continuity, to ensure the prompt reactions to emergencies and capability to maintain the most important activities, if there is a case of breach of the normal procedural activities;

B) Recovery plans for critical resources in order to allow it to return to normal business procedures within an appropriate period of time. Any residual risk resulting from the breach of activity must be in accordance with the Company's appetite to risk.

## **VI. Final provisions**

**6.1.** This Regulation comes into force from the date of its approval by the Administrative Board.

**6.2.** This Regulation is announced to the employees (responsible for announcement are managers of the Company's internal subdivisions).

**6.3.** If, after the date of coming into force of the present regulation, a statutory and/or legal provision amend/supplement/appeals its provisions, shall be applied the statutory and/or legal provisions in force, and the subsequent amendments of the regulation shall be in at least 6 months, if the statutory provision does not provide otherwise or the Company's Top management do not settle the another term.

**Annex No. 1**

To the Regulation on Activity Management Framework  
of Non-Banking Credit Organization "MICROINVEST" S.R.L.

**1. SPECIALIZED COMMITTEES OF COMPANY**

Name of Committee	Subjects to be discussed	Decisions	SMT Members, participants	Convening
<b>ALCO</b>	<ol style="list-style-type: none"> <li>1. Follow-up of liquidity and agreements established by creditors;</li> <li>2. Monitoring the evolution of the company's assets and liabilities;</li> <li>3. Monitoring and assessing the availability of funds;</li> <li>4. Monitors funding situation and reviews funding forecast for next 6 months;</li> <li>5. Analysis of the main competitors market..</li> </ol>	<ol style="list-style-type: none"> <li>1. Price Review for credits (interest rate, taxes, penalties);</li> <li>2. Review and approval of liquidity/funding report;</li> <li>3. Approval of prices for new products/services.</li> </ol>	<p><b>Responsible:</b></p> <p>Head of the Finance and Reporting Section and Deputy Chief Accountant (responsible for the treasury function)</p> <p><b>2 SMT Members, one of the members being the one responsible for the area of the committee</b></p> <p><b>Participants:</b></p> <p>Business Clients Department;</p> <p>Financial Accounting Department;</p> <p>Internal Audit Department;</p>	<p>Quarterly.</p> <p>The date, time and duration of the Committee shall be determined in dependence of necessity at the request of the CFO.</p>



			Fundraising and Reporting Unit.	
<i>Credit Risk Committee</i>	<ol style="list-style-type: none"> <li>1. Evolution of portfolio quality;</li> <li>2. Dynamics of credit risk indicators;</li> <li>3. Compliance with the requirements of the credit policy;</li> <li>4. Monitoring of early warning indicators;</li> <li>5. Tracking compliance with the objectives set on LLP and Write Off;</li> <li>6. Evolution of recovery indicators and established KPIs;</li> </ol>	<ol style="list-style-type: none"> <li>1. Approval of methods for improving the quality of the portfolio;</li> </ol>	<p><b>Responsible:</b></p> <p>Head of Credit Risk Department;</p> <p><b>2 SMT Members, one of the members being the one responsible for the area of the committee</b></p> <p><b>Participants:</b></p> <p>Credit Risk Department;</p> <p>Business Clients Department;</p> <p>Retail Clients Department;</p> <p>Recovery Unit;</p> <p>Legal and Compliance Department;</p> <p>Internal Audit Department.</p>	<p>Monthly.</p> <p>The date, time and duration of the Committee shall be determined in dependence of necessity at the request of the CRO or one of the other SMT Member.</p>
<i>Operational risk Committee</i>	<ol style="list-style-type: none"> <li>1. Tracking fraud prevention tools;</li> <li>2. Compliance with operational risk policy requirements;</li> </ol>	<ol style="list-style-type: none"> <li>1. Approval of fraud prevention measures (annual control plan);</li> <li>2. Approval of operational risk</li> </ol>	<p><b>Responsible:</b></p> <p>Head of Op Risk and Fraud Prevention Unit;</p>	<p>Quarterly.</p> <p>The date, time and duration of the Committee</p>

	<p>3. Monitoring of financial risks and ensuring compliance with approved limits; 4. Monitoring financial risks and ensuring compliance with approved limits; 5. Monitoring new and / or major risk events.</p>	<p>mitigation methods; 3. Approval of measures to correct and prevent the detected risks.</p>	<p><b>2 SMT Members, one of the members being the one responsible for the area of the committee</b></p> <p><b>Participants:</b></p> <p>Fraud Prevention and Internal Control Unit;</p> <p>Internal Audit Department;</p> <p>Head of IT Department;</p> <p>Head of Business and Retail Department.</p> <p>Head of the Administrative Department</p> <p>(participate only in selected session for which are specifically invited by the responsible person)</p>	<p>shall be determined in dependence of necessity at the request of the CRO or one of the other SMT Member.</p>
<p><b>Financial Risk Committee</b></p> <p><i>consisting of following parts:</i></p> <ul style="list-style-type: none"> <li>- FX Risk</li> <li>- Liquidity Risk</li> <li>- Interest Rate Risk</li> <li>- Counterparty Risk</li> </ul>	<ol style="list-style-type: none"> <li>1. Compliance with financial risk management policy requirements;</li> <li>2. Monitoring of financial risks and ensuring compliance with approved limits;</li> <li>3. Monitoring of early warning indicators;</li> <li>4. Pursuing compliance with the financial commitments</li> </ol>	<ol style="list-style-type: none"> <li>1. Approval of additional limits, checkpoints, action plans to mitigate financial risks;</li> <li>2. Review and approval of Financial Risk Management Reports and stress tests;</li> <li>3. Review and approval counterparties.</li> </ol>	<p><b>Responsible:</b></p> <p>Head of Fundraising and Reporting Unit;</p> <p><b>2 SMT Members, one of the members being the one responsible for</b></p>	<p>Quarterly.</p> <p>The date, time and duration of the Committee shall be determined in dependence of necessity at the request of the</p>

<p>- Capital adequacy - Covenants compliance</p>	<p>established with creditors.</p>		<p><b>the area of the committee</b></p> <p><b>Participants:</b></p> <p>Internal Audit Department.</p>	<p>CFO or one of the SMT Member.</p>
<p><b>Human Resources</b></p>	<ol style="list-style-type: none"> <li>1. Recruitment and maintenance staff policy;</li> <li>2. Trainings for staff;</li> <li>3. Implementation of the requirements of the Staff Development policy (annual feedback);</li> <li>4. Compliance with the requirements of the staff remuneration policy;</li> <li>5. Staff fluctuations (promotions/dismissions).</li> </ol>	<ol style="list-style-type: none"> <li>1. Establishment of staff needs;</li> <li>2. Approval of wage and position changes;</li> <li>3. Approval of the annual training plan;</li> <li>4. Business Evolution (monthly results, efficiency, surplus staff, Par on subsidiaries);</li> <li>5. Staff dismissal.</li> </ol>	<p><b>Responsible:</b></p> <p>Head of Human Resources Department.</p> <p><b>2 SMT Members, one of the members being the one responsible for the area of the committee</b></p>	<p>Monthly.</p> <p>The date, time and duration of the Committee shall be determined in dependence of necessity at the request of the Head of Human Resources Department or of one SMT Member.</p>
<p><b>Arrears at HO level, litigation portfolio</b></p>	<ol style="list-style-type: none"> <li>1. Compliance with recovery targets of the litigation portfolio.</li> </ol>	<ol style="list-style-type: none"> <li>1. Analyze ≤ TOP 30 non-performing litigation loans;</li> <li>2. Analyze ≤ TOP 10 loans passed to write off;</li> <li>3. Decisions on the setting of monthly/quarterly recoveries targets;</li> </ol>	<p><b>Responsible:</b></p> <p>Head of Compliance and Legal Department.</p> <p><b>2 SMT Members, one of the members being the one responsible for the area of the committee</b></p> <p><b>Participants:</b></p> <p>Lawyers</p> <p>Where necessary:</p> <p>Head of Recovery Unit</p> <p>Regional Manager/Loan Officer</p>	<p>Monthly.</p> <p>The date, time and duration of the Committee shall be determined in dependence of necessity at the request of the Head of Compliance and Legal Department or the CRO.</p>

<p><b>Arrears at HO level, Retail portfolio</b></p>	<ol style="list-style-type: none"> <li>Examines the loans that register arrears of more than 30 days, outstanding exposures of more than MDL 10 000.</li> <li>Oversees the implementation of the previous decisions approved by the Committee and implementation of the provisions of the procedure in force.</li> </ol>	<p>Makes recommendations regarding:</p> <ul style="list-style-type: none"> <li>- Initiation of the restructuring procedure;</li> <li>- initiation of the judicial proceeding of recovery;</li> <li>- voluntary enforcement of the right of pledge;</li> <li>- transfer to expenses of the penalty and / or interest, other costs;</li> <li>- cessation of the recovery procedure, including enforced recovery, by cassation of receivables from the balance sheet and extra-balance sheet accounts.</li> </ul>	<p><b>Responsible:</b></p> <p>Head of Recovery Unit</p> <p><b>Participants:</b></p> <p><b>2 SMT Members, one of the members being the one responsible for the area of the committee</b></p> <p>Hard collectors responsible</p> <p>The responsible person from the Business Unit</p> <p>Where necessary:</p> <p>Head of the Underwriting Retail Section</p> <p>Retail Customer Department</p>	<p>Monthly.</p> <p>The date, time, duration of the Committee should be established and can be modified at the request of the Head of the Recovery Unit.</p>
<p><b>Arrears at Secondary offices</b></p>	<ol style="list-style-type: none"> <li>Examines the dynamic of the loan portfolio of the secondary office;</li> <li>follow up the recovery of the measures taken;</li> <li>Analyze loans portfolio that register &gt;10 days arrears;</li> <li>Oversees the implementation of previous decisions approved by the Committee.</li> </ol>	<ol style="list-style-type: none"> <li>Within the limits of its competence, decides: <ul style="list-style-type: none"> <li>-performing an additional financial monitoring;</li> <li>- initiation of the restructuring procedure;</li> </ul> </li> <li>Make recommendations regarding: <ul style="list-style-type: none"> <li>- initiation of the judicial proceeding of recovery;</li> </ul> </li> </ol>	<p><b>Responsible:</b></p> <p><b>Regional Manager / Secondary Office Manager</b></p> <p><b>Participants: 2 SMT Members, one of the members being the one responsible for the area of the committee</b></p>	<p>Twice a month (I: from 5-10; II: from 20-25 of the month)</p> <p>At the request of the CRO, the Head of the Recovery Unit or the Head of Credit Risk</p>

		<ul style="list-style-type: none"> <li>- voluntary enforcement of the right of pledge;</li> <li>- transfer to expenses of the penalty and / or interest, other costs;</li> <li>- cessation of the recovery procedure, including enforced recovery, by cassation of receivables from the balance sheet and extra-balance sheet accounts.</li> </ul>	<p>debt recovery specialist (hard) and / or Head of Recovery Unit</p> <p>Loan Officers</p> <p>Client Advisor</p>	
<b><i>LLP and Write off and Prudential Committee</i></b>	<ol style="list-style-type: none"> <li>1. Compliance with the credit policy requirements for the creation of adequate reserves for high-risk and compromised loans;</li> <li>2. Compliance with IFRS9 requirements;</li> <li>3. Annual losses Analyse;</li> <li>4. Review the thresholds for significant exposures.</li> </ol>	<ol style="list-style-type: none"> <li>1. Decisions on Write off loans;</li> <li>2. Decisions on the level of provisions (individually);</li> <li>3. Approves the individual reserves for losses on significant loans.</li> </ol>	<p><b>Responsible:</b></p> <p>Head of Credit Risk Department.</p> <p>Head of Credit Risk Department.</p> <p><b>2 SMT Members, one of the members being the one responsible for the area of the committee</b></p>	<p>Monthly.</p> <p>The date, time and duration of the Committee shall be determined in dependence of necessity at the request of the Head of Credit Department of CRO.</p>
<b><i>Project, IT Steering</i></b>	<ol style="list-style-type: none"> <li>1. New projects necessary for the continuity and development of the business, the streamening of current or new processes;</li> <li>2. Monitoring of projects in the process of deployment.</li> </ol>	<ol style="list-style-type: none"> <li>1. Decisions on starting a new project.</li> <li>2. Decisions on purchase of the new equipment;</li> <li>3. Decisions on prioritisation in project deployment.</li> </ol>	<p><b>Responsible:</b></p> <p>Head of IT Department</p> <p><b>2 SMT Members, one of the members being the one responsible for the area of the committee</b></p> <p><b>Participants:</b></p>	<p>Monthly.</p> <p>The date, time, duration of the Committee shall be established and may be amended at the request of the CFO or SMT members.</p>

			<p>Head of Credit Risk Department.</p> <p>Head of Business and Retail Department.</p> <p>Head of the Underwriting Retail Section</p>	
<b>Audit follow up</b>	<ol style="list-style-type: none"> <li>Monitoring compliance with the agreed terms;</li> <li>Monitoring the execution of the annual plan.</li> </ol>	<ol style="list-style-type: none"> <li>Monitoring the deadlines established for the implementation of the decisions adopted and the modification of the deadline as appropriate;</li> <li>Decisions on the initiation of unannounced checks within the Company.</li> </ol>	<p><b>Responsible:</b></p> <p>Internal Auditor;</p> <p><b>2 SMT members, CEO – mandatory</b></p>	<p>Monthly.</p> <p>The date, time, duration of the Committee shall be established and may be amended at the request of the Auditor or SMT members.</p>
<b>Budget &amp; Financial performance</b>	<ol style="list-style-type: none"> <li>Approval of the monthly budget;</li> <li>Optimization of the monthly/annual budget;</li> <li>Adjusting the monthly budget with the Business plan.</li> <li>Financial performance of the institution (planned comparative effectively).</li> </ol>	<ol style="list-style-type: none"> <li>The distribution/approval of the monthly budget;</li> <li>The approval of additional expenses, the extra Business plan.</li> </ol>	<p><b>Responsible:</b></p> <p>Deputy Chief or Head of Financial Accounting Department</p> <p><b>2 SMT Members, one of the members being the one responsible for the area of the committee</b></p>	<p>Monthly.</p> <p>The date, time and duration of the Committee shall be determined in dependence of necessity at the request of the Head of Financial Accounting Department or CFO.</p>

## **2. CONVENING AND ORGANISING SPECIALISED COMMITTEES**

2.1. The Specialized Committees shall be convened by the responsible member or by a SMT member, announcing in advance the other members/participants of the date, time and approximate duration of the meeting, and the agenda as well. The member responsible shall also notify the members of the respective Committee on the possible postponing of the meeting.

2.2. Committee Members may appoint a Secretary of the meeting, who shall be responsible for the vote counting process and shall record the votes and the decisions approved in the minutes of the meeting.

### **3. APPROVAL OF DECISIONS OF THE SPECIALISED COMMITTEES**

3.1. The decisions in the Specialized Committees will be approved by a majority of votes of the SMT's members present in the Specialized Committee. The vote will be counted according to the principle: one person - one vote. The decisions approved in the Specialized Committees are recorded in the Minutes of the respective meeting, which are signed by the SMT's members present in the Specialized Committee and the Secretary of the respective meeting. If necessary, the decisions taken in the Specialized Committee should be notified to the Participants of the respective Specialized Committee.


In case of impossibility to take decisions on certain topics during the meeting of the Specialized Committees caused by the parity of votes, the respective topics will be sent for discussion and decision-making to all SMT's members.

3.2. The decision-making procedure within the SMT composition with the participation of all members will be conducted by email. The SMT's member responsible for the field according to the Organization Chart, or the person who replaces him, as the case may be, forward the topics by email to all SMT members inviting all SMT's members to vote with the indication of the established period for submitting the votes. Within the deadline set by email, each of the SMT's members will respond by email with the text: "Vote for" or "Vote against". Upon expiration of the term indicated in the email, or upon receipt of all votes, the SMT member responsible for the field according to the Organization Chart, or the person replacing him as the case may be, will count the votes and send by email the result of the vote count and the decision taken to all SMT members. The fact of not sending the email in time with the vote will be considered as non-participation in the respective SMT meeting. In the case of parity of votes "Vote for" or "Vote against" when making decisions within the composition of the SMT with the participation of all members, the final decision will belong to the CEO, so that his vote will be considered a priority.

Any member of the SMT may request a meeting with all SMT members with presence to discuss and decide on the topics raised. The decision to meet the SMT members with presence will be made by email. In the case of a meeting with presence, the procedure for holding the meeting should be the same as for holding a meeting in the Specialized Committees.

The list of Secondary Offices

1.	Secondary Office Cahul	or. Cahul bd. Republicii 15/5, MD 3909 tel. (022) 801-701
2.	Secondary Office Căușeni	or. Căușeni str. M. Eminescu 25, apt.18 MD 4304 tel. (022) 801-701
3.	Secondary Office Chișinău Botanica	mun. Chișinău bd. Decebal 23/2, MD 2002 tel. (022) 801-701
4.	Secondary Office Chișinău Rîșcani	mun. Chișinău bd. Moscovei 15/7, MD 2068 tel. (022) 801-701
5.	Secondary Office Comrat	or. Comrat str. Pobeđi 111, MD 3805 tel. (022) 801-701
6.	Secondary Office Drochia	or. Drochia str. 31 August 1989, nr. 33, MD 5202 tel. (022) 801-701
7.	Secondary Office Edineț	or. Edineț str. Independenței 61, MD 4600 tel. (022) 801-701
8.	Secondary Office Florești	or. Florești str. 31 August 1989, nr. 42, MD 5001 tel. (022) 801-701
9.	Secondary Office Ocnița	or. Ocnița str. 50 Ani ai Biruinței 116, MD 7101 tel. (022) 801-701
10.	Secondary Office Orhei	Or. Orhei str. M. Eminescu 3, ap.11, MD 3505 tel. (022) 801-701
11.	Secondary Office Rîșcani	or. Rîșcani str. Independenței 14a, of. 43, MD 5601 tel. (022) 801-701
12.	Secondary Office Soroca	or. Soroca str. Independenței 75 a, MD 3006 tel. (022) 801-701
13.	Secondary Office Bălți	mun. Bălți, str. Stefan cel Mare 27/1, MD 3121 tel. (022) 801-701
14.	Secondary Office Chișinău Sculeni	mun. Chișinău str. Stefan cel Mare și Sfânt, 171/1, MD 2004 tel. (022) 801-701
15.	Secondary Office Ungheni	mun. Ungheni, str. Națională 27, nr. 81 tel. (022) 801-701

 Dumitru Ibrăncu