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Code
of corporate governance
of CB "MOLDOVA-AGROINDBANK" S.A.

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CHAPTER I. AMENDMENTS

1.1 The Code of corporate governance of CB "MOLDOVA- AGROINDBANK" S.A. was amended as follows:

1.1.1 approved by the Decision of the Board of Directors as of _____, minutes no. _____.

CHAPTER II. GENERAL PROVISIONS

2.1. Corporate governance of BC "Moldova-Agroindbank" S.A. (hereinafter the "Bank") refers to a set of principles, rules and internal procedures that ensure the administration of the Bank's activity in the best interest of its shareholders.

2.2. The Code of corporate governance of CB "Moldova-Agroindbank" S.A. (hereinafter the "Code") defines a set of relationships between the Bank governing bodies, including their responsibilities and duties which serve as a guide and should be followed for an efficient implementation of the Bank's administration and supervision.

2.3. The principles of this Code determine the efficiency and effectiveness of the control mechanisms applied by the Bank, in order to protect and harmonise the interests of all Bank stakeholders: shareholders, governing body, employees that hold key position, employees, clients and business partners, supervisors and regulators.

2.4. Good corporate governance provides the structure through which the objectives of the Bank are set and the decision-making process is implemented and the means of attaining those objectives and monitoring of decisions.

2.5. From the banking industry perspective, corporate governance determines the allocation of authority and responsibilities by which the business and operations of the Bank are carried out by its Board of Directors and Executive Committee, including how they:

2.5.1 set the Bank's strategy and objectives;

2.5.2 operate the Bank's business on a day-to-day basis;

2.5.3 select and oversee personnel;

2.5.4 protect the interests of depositors and meet shareholders obligations;

2.5.5 align corporate culture, corporate activities and behaviour with the expectation that the Bank will operate in a safe and sound manner, with integrity and in compliance with applicable laws and regulations; and

2.5.6 establish control functions.

2.6. Compliance with this Code will contribute to the achievement of the following major objectives:

2.6.1 protect the rights of all Bank shareholders, including the minority interests;

2.6.2 ensure the transparency and good understanding of the internal governing system within the Bank;

2.6.3 increase the confidence level of all the Bank's stakeholders, including depositors, clients, partners and supervisory bodies, in the proper functioning of the Bank's internal control system;

2.6.4 develop a corporate culture that promotes high standards of conduct and personal integrity of the Bank's employees;

- 2.6.5 maintain a sound reputation of the Bank on both national and international banking and financial markets;
- 2.6.6 continuously ensure a sustainable financial stability and outstanding performance of the Bank.

2.7. This Code has been developed and approved in accordance with the following provisions and requirements:

- 2.7.1 Law on banking activities nr. 202 dated 06.10.2017, as amended to date;
- 2.7.2 Law on Joint Stock Company nr.1134-XIII dated 04.02.1997, as amended to date;
- 2.7.3 National Commission for Financial Market's decision no. 67/10 dated 24.12.2015 "On approval of the Code of Corporate Governance";
- 2.7.4 The Statute of the Commercial Bank "Moldova-Agroindbank" S.A., approved by the Annual General Shareholders Meeting of of the Bank as of 12.04.2018 (protocol no. 55);
- 2.7.5 The Regulation governing the bank activity management framework, approved by the Decision of Executive Board of the National Bank of Moldova nr 146 as of 07.06.2017.
- 2.7.6 Document of Basel Committee on Banking Supervision, "Principles of Corporate Governance for Banks" (Guidelines "Corporate Governance Principles for Banks");
- 2.7.7 Document of the Organisation for Economic Cooperation and Development "Principles of Corporate Governance" (G20 / OECD "Principles of Corporate Governance"), edition of 2015;
- 2.7.8 Other legislative and regulatory acts.

CHAPTER III. BANK SHAREHOLDERS. THE GENERAL SHAREHOLDERS MEETING

Section 1. The shareholders rights

3.1. The framework of the corporate governance ensures equitable treatment for all Bank shareholders, including the minority ones.

3.2. The basic rights of the Bank shareholders and the mechanism for protection of those rights are:

- 3.2.1 The right to a reliable and secure mechanisms for registration and confirmation of the ownership of shares issued by the Bank.

Keeping the register of holders of securities issued by the Bank is entrusted to a professional participant in the field - a registry company, holder of an authorisation issued by the National Commission of the Financial Market, which corresponds, without limitations, to the following criteria:

- a) professional reputation on the capital market;
- b) independence from the Bank, the members of the board and the holders of security packages, fact which enables the controlling over the bank;
- c) the quality and price of services rendered;
- d) accessibility of the registry company office.

3.2.2 The right to shares transmission or disposal under the law.

Transmission or free disposal of shares is guaranteed for the bank's shareholders by the fact that shares issued by the bank are admitted for trading on a regulated market (Stock Exchange).

All transfers of the ownership of the Bank shares must be entered in the Register of securities holders, strictly in accordance with the legal provisions in force.

3.2.3 The right to be informed.

The Bank shareholder is entitled to:

- a) be informed about their rights and how they can be exercised;
- b) obtain all the information requested from the Bank on timely basis, access to which is provided by legislation, and by internal regulations of the Bank;
- c) be informed about the identity of all shareholders qualified holdings in the social capital of the Bank. To ensure compliance with this law, the Bank requires from the shareholders disclosure of information on direct, indirect and beneficial owners of the qualified holdings in the social capital of the Bank, and the shareholders are obliged to submit it to the Bank.

3.2.4 The right to participate and vote at the General Shareholders Meeting.

For the realization of this right, the Bank ensures that:

- a) any notification on conveying the General Shareholders Meeting allows shareholders enough time to prepare for the participation at the meeting in a suitable manner ;
- b) the place, date and time of the General Meeting is established in such a way that all shareholders have the opportunity to participate without encountering any difficulties or obstacles;
- c) the rights of shareholders to request the convening of the General Meeting and to submit proposals for the agenda of the Meeting, should not involve difficulties in order to prove the existence of these rights.

3.2.5 The right to a profit share of the Bank.

For realisation of this right, the Bank provides the following:

- a) the Bank shareholders are offered a clear and transparent mechanism of dividends calculation and payment;
- b) the Bank shareholders will receive dividends and the payment method will not be accompanied by any unjustified difficulties for dividends receipt.

3.2.6 Preemptive right of subscription for the newly issued shares.

The terms and conditions of granting to the Bank's shareholders the preemptive right of subscription for the newly issued shares shall be determined by legislation and the decision of General Meeting regarding the issuance of securities.

3.2.7 The right to be elected in the governing bodies of the Bank.

3.3. Shareholders are protected to exercise their rights and an equitable treatment is guaranteed to all shareholders, including minority and foreign shareholders.

All shareholders of the same series of a class should be treated equally by the governing bodies of the Bank. The Board should pay attention and treat all shareholders fairly as decisions may affect different shareholder groups differently, especially when a risk can be foreseen.

3.4. The rights of the shareholders of a certain class of share can be modified only by the decision of the General Meeting, (the existence of a special decision, approved in the established manner, is an important precondition).

3.5. Besides the common rights of all shareholders, resulting from the law, a minority shareholder is entitled:

- 3.5.1 to be protected against abusive actions by or in the interest of, controlling shareholders, acting either directly or indirectly and should have effective means of redress.
- 3.5.2 to be protected from suspicious behaviour of the Board of Directors, by ensuring that any performed transaction between the controlling shareholders and the Bank, does not affect materially the interests of the Bank;
- 3.5.3 to be aware if anyone from the shareholders are interested persons in performing transactions with conflict of interest.

Section 2. General Shareholders Meeting

3.6. The shareholders exercise their rights in the General Shareholders Meeting (the "General Meeting" or "GSM"), which is the supreme authority of the Bank.

3.7. Effective corporate governance requires the full involvement of each shareholder in the decision-making process during the General Shareholders Meeting. Is of the Bank interest to have an increased number of shareholders involved in this process.

3.8. The Bank endeavors facilitation of the participation of shareholders in the work of GSM and the full execution of their rights.

3.9. The Board of Directors or the Executive Committee cannot impose any conditions or prohibit the participation / non-participation of shareholders at the General Meeting.

3.10. Bank shareholders are guaranteed with the opportunity to cast their vote at the General Meeting, in person or in absentia - through a representative, who's granted powers are confirmed in a legal manner. The procedure of the General Meeting cannot make the vote of shareholder unduly difficult or costly.

3.11. In order to ensure an equal treatment and exercise in a full and in a fair manner the rights of the shareholders, the Bank makes available all necessary information for an objective presentation of the issues included in the agenda and for the decision making process during the General Meeting.

3.12. The Bank's statute and legislation stipulate how the shareholders are notified about the date, time, place, form and the agenda of the General Meeting.

3.13. The notification of conveying and of holding the General Meeting, including rules for the adoption of decisions by the General Meeting are set out according to legislation requirements and the Statute of the Bank.

3.14. The agenda of the General Meeting must describe all matters proposed to the General Meeting in a clear and complete manner.

3.15. Bank policies on the net profit distribution, increase of reserves, payment of dividends, change in the composition of the Board of Directors and approval of the remunerations and

prematurely terminating the powers of their members, are introduced as separate subjects in the agenda of the General Meeting of shareholders. The agenda should not include issues for discussion titled as "other" or "miscellaneous".

3.16. The agenda cannot be changed since it was announced to shareholders, with the exception of the cases allowed by the law.

3.17. Shareholders should be able to exercise their rights to propose initiatives to express their views, to ask questions and get answers. In this regard, the Bank shall ensure the presence at the General Meeting of the governing body and employees that hold key positions which were responsible for the preparation of the issues included in the agenda of the General Meeting.

3.18. The General Meeting duration should be long enough in order to ensure debates on the every issue included in the agenda and that each of the present shareholders has the opportunity to ask questions and receive answers related to the issues of the agenda before voting.

3.19. Each issue of the agenda must be voted separately. The manner of counting the votes in the General Meeting needs to be transparent and clear to the shareholders and to exclude the possibility of manipulating the result.

3.20. The outcome of voting on the matters included in the agenda shall be announced immediately after the vote, unless, it is not differently established by law, Statute or decision of the General Meeting,

3.21. Bank shareholders who did not participate in the General Meeting have the opportunity to be informed about the decisions adopted by the General Meeting in the manner established by law, and Bank Statute. The information on the decisions taken will be published on the Bank's website and in the press, as established in the Bank's Statute.

CHAPTER IV. THE BOARD OF DIRECTORS

Section 1. General provisions

4.1. The Board of Directors ("the Board") represents the interests of shareholders during periods between General Meetings and within the limits of its duties, fulfills the supervisory and monitoring role of the management decision-making process and is responsible for the Bank's overall activity and financial soundness..

4.2. The method of forming and organizing the activity of the Board of Directors, including its competences should be established by law and by the Statute and Board of Directors regulation.

4.3. . The candidates for the Board of Directors members can be proposed by the Bank shareholders, who hold at least 5% of the Bank voting shares via an application filled with the Bank no later than 20 days before the date of the General Meeting. This right has also the Board of Directors in execution, in case when the number of the proposed members of the Board by shareholders will not be enough for the complete establishment of the Board of Directors or the proposed candidates do not meet the requirements stipulated in the Statute of the Bank.

4.4. The candidates for the Board of Directors will be identified by a specialized Committee composed exclusively from the members of the Board of Directors, where most of them are independent members.

4.5. The specialized Committee will recommend to the Board of Directors for approval the candidates, but their membership will be voted at the General Shareholders Meeting

4.6. The assessment of Board's activity in general and of its members, in particular, is carried out by the General Meeting.

4.7. In order to ensure its well functioning, the Board of Directors will periodically review the knowledge, skills and experience of the members of the Board of Directors, in order to ensure that members of the Board as a group are able to understand the activities of the Bank, the main risks the Bank is exposed to and be fully aware of all the issues that have been decided according to their competencies

4.8. Moreover, the Board will discuss at least once a year during its meetings:

- 4.8.1. the effectiveness of its functioning;
- 4.8.2. the Bank's strategy and business risks;
- 4.8.3. the organization of risk management and internal control systems and the results;
- 4.8.4. significant positive and negative changes that have occurred in the Bank's activity;
- 4.8.5. information on each individual member's participation in Board meetings.

4.9 The results of these discussions will be included in the Board's annual report, presented to the General Shareholders Meeting. The Board annual report will also include a separate chapter about the extent to which the principles established by this Code are or are not applied.

Section 2. The responsibilities of the Board of Directors

4.10. The Board of Directors has a primary responsibility for approving and oversee the implementation of the Bank's strategic objectives, the risk strategy, the corporate governance principles and ethical values.

4.11. The main responsibilities of the Board are to ensure the development of the business and the financial soundness of the Bank, and how the Bank's activities are organised and regulated.

4.12. In carrying out these responsibilities, the Board should take into account the legitimate interests of the shareholders, depositors and other stakeholders.

4.13. The Board must ensure that the Bank maintains an effective relationship of cooperation with supervisors. This includes active involvement of the Board in the major issues of the Bank, keeping up with significant changes in its activity and the environment, and acting in order to protect the bank.

4.14. As part of the control function over the Bank's activity, the Board should supervise the Executive Committee of the Bank. In this regard, the Board should:

- 4.14.1. monitor that Executive Committee actions are consistent with the strategy and policies approved by the Board, including tolerance and risk appetite;
- 4.14.2. meet regularly with members of the Executive Committee;
- 4.14.3. critically appraise the explanations and information provided by members of the Executive Committee;
- 4.14.4. establish formal standards of performance for the Executive Committee members in line with the long-term objectives, strategy and financial soundness of the Bank and monitor the performance of the members of the Executive Committee in accordance with those standards; and
- 4.14.5. ensure that the knowledge and expertise of the members of the Executive Committee are appropriate given the nature of the business and the Bank's risk profile.

4.14.6. select and, if necessary, replace members of the Executive Committee of the Bank and ensure that appropriate succession plans are in place for senior management positions.

4.15. The members of the Board should be and remain qualified, individually and collectively, for their positions. They should have a clear vision of their role in corporate governance and be able to exercise sound and objective judgment during the decision-making process regarding the activity of the Bank.

4.16. Candidates to the Board of Directors have to meet the criteria set by the National Bank of Moldova on qualifications, experience, reputation in business circles, lack of criminal history and evidence, demonstrating that they acted responsibly at previous positions, effectively managing financial and administrative problems and having evidence of lack of cases on financial fraud, tax evasion etc. These persons must be confirmed by the National Bank before starting to exercise their functions.

4.17. The Board of Directors and its members will contribute to the strengthening of the Bank corporate governance via the performance of the following actions:

- 4.17.1. understand and exercise their oversight role with most responsibility, being aware of the risk profile of the Bank;
- 4.17.2. approve the overall strategy of the Bank, including policies and procedures for managing significant risks to which the Bank is exposed to;
- 4.17.3. approve and supervise the implementation of the remuneration policy of the Bank;
- 4.17.4. approve and monitor the implementation of the Bank's core policies related specifically to the strategies regarding Bank's capital and liquidity, compliance and internal control system as a whole;
- 4.17.5. approves the annual financial statements and ensures the integrity of accounting and financial reporting systems, including financial and operational controls and compliance with relevant legislation and standards;
- 4.17.6. approve and monitor the implementation of a Code of Ethics in the Bank;
- 4.17.7. promote, by their own example, corporate principles such as: honesty, integrity, professionalism, loyalty, mutual respect, freedom of thought and expression;
- 4.17.8. it should explicitly disallow illegal activity, such as financial misreporting and misconduct, economic crime including fraud, breach of sanctions, money laundering, anti-competitive practices, bribery and corruption, or the violation of consumer rights;
- 4.17.9. do not participate in decisions which involves a conflict of interest or which not allow them to realize their duties properly;
- 4.17.10. allow sufficient time and energy to fulfill their responsibilities as members of the Board;
- 4.17.11. oversee the whistleblowing policy mechanism for Bank employees and customers and ensure that staff who raised concerns are protected from detrimental treatment or reprisals.
- 4.17.12. develop and maintain an adequate level of competence in order to allow the Bank to expand in size and complexity;

- 4.17.13. periodically evaluates the effectiveness of its governance practices, including the management of conflicts of interest, in order to timely determine where there are problems and making changes as needed;
- 4.17.14. ensure the supervision of the Executive Committee, by exercising its authority to challenge and insist on direct explanations from the Executive Committee members and to receive sufficient information in order to assess the performance of the Executive Committee members on a timely basis;
- 4.17.15. meet regularly with Executive Committee and internal audit to review policies, establish communication lines and monitor progress towards corporate objectives;
- 4.17.16. promote the safety and soundness of the bank, understand the regulatory environment and ensure that the Bank maintains an effective relationship with supervisors;
- 4.17.17. give advices and recommend effective solutions based on other experience;
- 4.17.18. avoid the participation of the Board members in the daily management of the Bank.
- 4.18.** Board members must be able to have an independent opinion on the Executive Committee views, political interests and inappropriate external interests. In addition, the Board has a responsibility to protect the Bank from illegal or inappropriate actions or influences from the majority shareholders that could be detrimental or not in the interests of all Bank's shareholders. Shareholders have the authority to choose the members of the Board of the Bank, but after the election and confirmation by the National Bank, the Board and its members have responsibilities for the Bank itself.
- 4.19.** The Board should know and understand the Bank's operational structure and risks this structure involves ("know your structure").
- 4.20.** Structures can take the form of units, branches, subsidiaries or other legal entities that can considerably increase the complexity of the organisation. The number of legal entities, and in particular the interconnections and intragroup transactions among such entities, can lead to challenges in identifying and managing the risks of the organisation as a whole. The Board must understand the structure and organization of the group, ie, legal and operational risks and constraints of different types of exposures and intragroup transactions and how they affect funding, capital and risk profile of the group.
- 4.21.** The Executive Committee under the Board supervision should be cognisant of these challenges and take action to avoid or mitigate them by:
- 4.21.1. avoiding setting up complicated structures that lack economic substance or business purpose;
- 4.21.2. having internal procedures for the approval and control over creation of new legal entities under established criteria;
- 4.21.3. being able to identify the risks associated with the complex structure of the Bank, including lack of management transparency, operational risks introduced by interconnected and complex financing structures, intra-group exposures and managing these risks appropriately.

Section 3. Organization of the Board of Directors activity

- 4.22.** The Board should define appropriate governance practices for its activity and ensure that such practices are reviewed and revised periodically for their continuous improvement.

4.23. The Board should demonstrate by its own performance the use of appropriate corporate governance practices in its activity. Those practices will support the Board to fulfill its duties more efficiently.

4.24. The Board should maintain and periodically monitor and evaluate the effectiveness of the Bank's management framework, maintain and update organisational rules, by-laws, or other similar documents setting out its organisation, rights, responsibilities and key activities.

4.25. The board should structure itself in terms of leadership, size and the use of committees so as to effectively carry out its oversight role and other responsibilities. This includes ensuring that the board has the time and means to cover all necessary subjects in sufficient depth and have a robust discussion of issues.

4.26. The structure of the Board should be sufficient and appropriate to ensure the organization of the Board's activity in the most effective way, including objective and balanced debates and the possibility of forming Board committees. Board should ensure that the minority shareholders have the opportunity to elect a Board member.

4.27. At least one third of Board members have to be independent.

4.28. In order to ascertain whether the Board members or the candidates for Board members are independent persons or not, an analysis should be made based of the following criteria, according to which, the Board member or the candidate to be a Board member:

- 4.28.1. should not be or having been an executive or managing director of any legal entities being under the Bank's control in the last five years;
- 4.28.2. should not be or having been an employee of the bank or of any legal entities being under the Bank's control in the last three years;
- 4.28.3. should not receive or have received from the Bank or from any legal entity being under the Bank's control an additional remuneration apart from fees received as a non-executive director or as a Board member ;
- 4.28.4. should not be a person which owns directly or indirectly an important share (5%) from the total shares issued by the Bank;
- 4.28.5. should not have or have had within the last year significant business relationships with the Bank or with any legal entity being under the Bank's control, either directly or as a partner, shareholder, director or employee of such a company ;
- 4.28.6. should not be or have been within the last three years partner or employee of the current or former external auditor of the Bank or of any legal entity being under the Bank's control ;
- 4.28.7. should not be a member of the Board or of the Executive Committee for more than three consecutive terms;
- 4.28.8. should not be a bank's related party or a related party of any persons specified in the points 4.28.1 - 4.28.8 from this Code.

4.29. Any change in the Board structure will be approved by the General Shareholders Meeting of the Bank, by including the necessary changes to the Statute of Bank and to the Board of Directors Regulation.

4.30. The structure of the Board should ensure that its members will act independently from each another and from the Executive Committee.

4.31. In order to provide the necessary support for the Board to effectively exercise its functions, including control of financial and economic activity of the Bank, risk management, various specialized committees will be established by the Board decision and will be subordinated to the Board .

4.32. The role as well as the way the committees will be formed and will be functioning will be stated in their regulations.

4.33. Each committee shall be composed of three members, where most of them shall be independent, elected among the Board members, for the same period as the mandate period of the Board of Directors in execution.

Section 4. The Role of the Board within the group

4.34. Within the group structure, the Board of the Bank (as a parent company) has overall responsibility for corporate governance appropriate to the group and to ensure the existence of policies and governance arrangements appropriate to the structure, operations and risk group.

4.34.1. The Board (as a parent company) must be aware of the significant risks and issues that could affect both the Bank and its daughter companies (branches) around.

4.34.2. In order to fulfill its responsibilities, the Board of the Bank should :

- a) define a group structure and corporate governance framework with clearly defined roles and responsibilities, both at the Bank and the parent company's subsidiaries;
- b) define a suitable structure of the board and executive of the company's subsidiaries, taking into account the significant risks to which the group companies and subsidiaries are exposed;
- c) assess whether the corporate governance of the group includes appropriate policies, processes and controls and whether risk management is ensured in all group structures;
- d) ensure that the corporate governance of the group includes adequate procedures and controls to identify and manage potential conflicts of interest within the group;
- e) approve clear policies and strategies for the establishment of new legal entities in the group and ensure that they comply with the policies and interests of the group;
- f) evaluate whether there are effective systems of exchange of information between entities in order to manage the risks of all the subsidiaries of the group and the group as a whole and to ensure the effective control of the group;
- g) have sufficient resources to monitor compliance in the subsidiaries for all applicable requirements of law, regulation and governance;
- h) maintain an effective relationship with the supervisory authority and through the board of the subsidiaries or directly, with supervisory authorities of all subsidiaries;
- i) ensure the creation of an effective internal audit function, which ensures that audit is carried out in all subsidiaries and companies within the group.

Section 5. Chairman of the Board of Directors

4.35. The Chairman of the Board plays a crucial role in the proper functioning of the Board. The Chairman provides leadership to the Board and is responsible for its effective overall functioning, including maintaining a relationship of trust with board members.

4.36. The Chairman of the Board should possess the requisite experience, competencies and personal qualities in order to fulfil these responsibilities.

4.37. The Chairman should ensure that Board decisions are taken on a sound and well informed basis.. The Chairman should encourage and promote critical discussion and ensure that dissenting views can be freely expressed and discussed within the decision-making process.

4.38. The Chairman of the Board is assisted in its activity by the Secretary of Board.

4.39. The Chairman of the Board will ensure that employees have the opportunity to report any misconduct related to the activity of the Executive Committee, without jeopardizing their position in the bank. Any deviations detected, will be presented to the Chairman of the Board and will be discussed at the Board meetings.

4.40. Chairman of the Board will check if:

4.18.1 the Board members receive all the information they needed to proper exercise its duties in a timely manner;

4.18.2 there is sufficient time for debate and decision-making during the Board meetings;

4.18.3 the Board's decisions and recommendations issued previously are implemented or not, including the irregularities detected in the activity of the Executive Committee.

CHAPTER V. THE EXECUTIVE COMMITTEE

5.1. The Executive Committee has the responsibility to ensure that all activities are consistent with the Bank's business strategy, tolerance, risk appetite and policies approved by the Board of Directors.

5.2. The Executive Committee is composed by an odd number of persons responsible for the daily management of the Bank. Executive Committee should have the necessary experience, competencies and integrity to manage the businesses and people under their supervision.

5.3. Any change in numerical or nominal structure of the Executive Committee will be published in the mass media according to the Bank's Statute.

5.4. The Executive Committee will ensure that a succession plan exist and necessary actions are taken in case of temporary and/or permanent impossibility of the member of the Executive Committee or the persons that hold key positions of exercising their function..

5.5. The responsibilities of the Executive Committee of the Bank are stipulated in the Bank Statute and Executive Committee regulation. The Regulation includes a separate section related to Executive Committee relations with the Board and General Shareholders Meeting.

5.6. The main role of the Executive Committee is the day to day management of the Bank's activity, in order to achieve the objectives defined in the business strategy and in the business plan. The Executive Committee of the Bank can not take decisions on matters which fall within the competence of the General Shareholders Meeting of the Bank or the Board of Directors.

5.7. The Executive Committee members contribute substantially to a Bank's sound corporate governance through personal conduct (eg by helping to establish the "tone at the top" along with the Board). Members of Executive Committee should provide adequate oversight of those they manage, and ensure that the Bank's activities are consistent with the business strategy, risk appetite and the policies approved by the Board.

5.8. The Executive Committee activity performed for the Bank requires the trust of shareholders and, accordingly, should exclude any possibility of exercising pressure or external influences on members of the Executive Committee in order to challenge their actions or decisions that would

damage the interests of the Bank. In this regard, the Bank will do its best to avoid and prevent such situations.

5.9. Consistent with the direction given by the Board, the Executive Committee should implement business strategies, risk management systems, risk culture, processes and controls for managing the risks – both financial and non-financial – to which the Bank is exposed to, taking into consideration the need to comply with laws and regulations and internal policies.

5.10. Executive Committee should recognise and respect the independent duties of the risk management, compliance and internal audit functions and should not interfere in their exercise of such duties.

5.11. The Executive Committee is responsible for providing full, accurate and essential information to the Board of Directors, and audit company which is performing the annual audit of the financial statements.

5.12. The annual Executive Committee's report will include a separate chapter which will reflect how are applied the corporate governance principles established by this Code.

5.13. The annual report of the Executive Committee will be approved by the Board.

CHAPTER VI. REMUNERATION

6.1. The Bank's remuneration structure should support sound corporate governance and risk management.

6.2. Compensation of employees is carried out in accordance with the Bank's internal procedures and policies and is aligned with business and risk strategies.

6.3. Remuneration programmes should encourage a sound risk culture in which risk-taking behaviour is appropriate and which encourages employees to act in the interest of the Bank as a whole rather than for themselves or only their business lines.

6.4. Employee remuneration is correlated with individual performance, personal development, compliance with Bank compliance systems and recommendations, involvement in Bank business strategies and policies, and contribution to team performance.

6.5. The level and criteria for the remuneration of the Board members, Executive Committee are based on the following criteria:

6.5.1. ability to attract, select and keep qualified and loyal managers;

6.5.2. contribution of the Board and Executive Committee to the performance and the bank financial results;

6.5.3. capacity to act in the interests of the Bank, rather than in personal interest.

6.6. For employees in control functions (eg risk, compliance and internal audit), remuneration should be determined independently of any business line overseen, and performance measures should be based principally on the achievement of their own objectives so as not to compromise their independence.

CHAPTER VII. CONFLICT OF INTEREST

7.1. Each Bank employee is responsible to perform in the best interests of the Bank, of its shareholders and customers.

7.2. In carrying out its responsibilities, each Bank employee and member of the governing body and employees that hold key positions should ensure that:

- 7.2.1. the personal, financial or other interests, does not conflict with the tasks and duties related to his position, with the interests of the Bank and its shareholders;
- 7.2.2. does not allow benefits to people in the the detriment of the Bank;
- 7.2.3. does not use the Bank's business opportunities in order to achieve his own interests, relatives or business partners, and the interests of any other person.

7.3. To avoid the conflict of interest, the Bank's Code of Ethics establishes a set of rules that have to be followed by all the employees, members of the governing body and employees that hold key positions in the Bank.

7.4. The Bank has internal policies and regulations relating to the management of situations with the conflict of interests, which includes the following:

- 7.4.1. the procedure of approval and information disclosure on the transactions with conflict of interest;
- 7.4.2. the commitment of the Bank member of the governing body or employee that hold key position to avoid situations with conflict of interests;
- 7.4.3. the commitment of the Bank member of the governing body or employee that hold key position to disclose sufficiently the information which allows the identification of a conflict of interest, actual or potential;
- 7.4.4. responsibility of the bank member of the governing body or employee that hold key position to abstain from voting and to leave any meeting, if the member of the governing body or employee that hold key position has a conflict of interest or where his ability to perform his duties may be compromised;
- 7.4.5. measures taken in case of breaches of internal regulations on conflict of interest.

CHAPTER VII. INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

Section 1. Risk Management

8.1. For the purpose of effective management of significant risks, to which the Bank is exposed, there should be established principles of risk management. These principles, together with the responsibilities of the governing bodies of the Bank are defined in the internal policies of the Bank, approved by the Board.

8.2. The risks must be identified and monitored in all Bank divisions, at the same time, the complexity of Bank's risk management and infrastructure of internal controls must be connected to any change in the risk profile of the Bank, either inside or outside.

8.3. Effective risk management requires a robust internal communication on risks, at the level of the Bank and by reporting to the Board of Directors and to the Executive Committee.

8.4. The Board and the Executive Committee should use effectively the data provided by the internal, external audit and the information provided by the internal controls. The Board must be aware and understand that internal and external auditors who are independent, competent and qualified, as well as other internal control functions (including compliance function) are crucial to the corporate governance process, in order to achieve major objectives of the Bank.

8.5. The Bank should have an efficient internal control system, which ensures that it complies with the legal framework of corporate governance, regulations, codes and policies approved by the Bank. The Bank must ensure that any deviation is reported to the appropriate management level, and if there are significant deviations, those should be reported to the Board.

Section 2. The risk management function

8.6. The Bank has a separate risk management function, independent of business lines, under the direct supervision and responsibility of the Board of Directors and which has sufficient resources and authority within the Bank to influence decisions related to the Bank's exposure to risks.

8.7. The staff responsible for risk management should be actively involved in the setting up the Bank's strategy, the design of the Bank's decision making process related to the Bank's activities.

8.8. At least the risk management function is responsible for the following:

8.8.1. identification of risks to which the Bank is exposed, evaluation of those risks and assessment of the real Bank's exposure to those risks;

8.8.2. monitoring of exposures to risk, the capital position and the liquidity;

8.8.3. evaluation of the impact in case of acceptance of certain risks, identification of measures to mitigate the risk impact and verification of the exposure levels being in compliance to the tolerance margin;

8.8.4. reporting to management of the Bank and issue of recommendations.

8.9. Risk management function should not be limited in rights of access to information and processes considered necessary to form the opinion and draw certain conclusions.

8.10. In order to support the Board of Directors in monitoring process of the current and future strategy and of the risk appetite and in order to ensure consistency with the Bank business strategy, objectives, culture and corporate values, the Bank constitutes the Risk Committee.

8.11. The Risk Committee consists of three members, elected among the members of the Board, the majority of which has to be independent members.

8.12. The main responsibilities of the Risk Committee are as follows:

8.12.1. ensuring the organization of an efficient system of identification and permanent assessment of the risks related to the Bank's activity, in order to manage and minimize them;

8.12.2. supervising the risk appetite of the Bank, the risk strategy as a whole and by risk types and submitting the appropriate recommendations to the Board of Directors, including risk appetite;

Section 3. The compliance function

8.13. An independent compliance function is a key component of an effective and rigorous internal control system of the bank.

8.14. The independence of the compliance function is ensured by the direct reporting to Bank's Board of Directors.

8.15. The compliance function is responsible for identification, assessment, management and monitoring of the compliance risk, which is associated with the Bank's failure to comply with laws, codes, regulations, and applicable codes of conduct. The compliance function proposes measures of preventing the risk exposure to legal and regulatory sanctions, the risk of financial loss or reputation damage, as a result of non-compliance of the Bank's activity with the legal and regulatory provisions and standards of professional banking conduct.

8.16. An important aspect of this function is the development of an internal regulatory framework necessary for the prevention and early identification of fraud, conflict of interest or abuse of the

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bank's employees. Examination of complaints received from employees and customers allows the identification of processes and business segments which are vulnerable to risks or ineffective.

8.17. The Board responsibility is to oversee the compliance risk to which the Bank is exposed and the Executive Committee is responsible for the efficient management of compliance risk and maintenance of an advanced culture of compliance and ensuring that all employees that operate within the Bank respect the moral and ethical standards, in accordance with laws, regulations and applicable policies.

Section 4. The internal audit function

8.18. The internal audit is an integral part of the internal control system, organized and maintained by the governing bodies of the Bank and differs from the primary control function, which ensures daily controls over transactions and operations.

8.19. The Bank has an independent internal audit function, under the direct subordination of the Board of Directors, which has the authority:

- 8.19.1. to initiate communication with any Bank employee;
- 8.19.2. to examine any activity of any division within the Bank structure;
- 8.19.3. to access any records, files and internal information;
- 8.19.4. to have access to minutes of the meeting and other similar materials of all governing and consultative bodies, which are relevant for fulfilling their duties.

8.20. The internal audit function aims to achieve at least the following objectives:

- 8.20.1. ensure compliance with internal policies and procedures of control of the Bank in all activities and structures;
- 8.20.2. assess the quality of internal policies and procedures, including inspection, that they would be sufficient and appropriate to the activity carried out by the Bank;
- 8.20.3. issue recommendations regarding the improving of risk management processes, control and management of the Bank's activity.

8.21. In order to ensure efficient internal audit function, it is important to have independence from operational management and direct reporting to the Board, an access to the information and regime data communication, a professional level of personnel and corporate culture and the implementation within a reasonable timeframe of the recommendations of the internal audit function.

8.22. The Board and the Executive Committee of the Bank may contribute to the development of the internal audit function skills, in order to identify issues of bank governance, risk management and internal control systems by the following means:

- 8.22.1. encouraging internal auditors to adhere to national and international professional standards;
- 8.22.2. enforcing internal audit staff to possess skills that are proportional with business activities and the risks to which the bank is exposed;
- 8.22.3. promoting the independence of the internal auditor, for example by ensuring that internal audit reports are provided to the Board of the Bank and that Internal Audit has direct access to the Board;
- 8.22.4. recognizing the importance of internal audit and internal control processes and communicating their importance throughout the Bank;

8.22.5. requiring to take timely corrective measures to the problems identified by internal audit; and

8.22.6. hiring internal auditors to judge the effectiveness of the risk management function and the compliance function, including quality of risk reporting to the Bank's Board and Executive Committee and the effectiveness of other key control functions.

CHAPTER IX. TRANSPARENCY AND INFORMATION DISCLOSURE

9.1. Transparency is a condition for sustainable and efficient corporate governance.

9.2. Permanent and fair disclosure of information about the Bank's activities contributes to attracting of capital and maintaining/increasing confidence in the Bank, and to an efficient execution by shareholders of their rights, based on disclosed information. Also, the disclosure of information contributes to familiarity and awareness of the public about the structure and activities of the Bank, corporate policies and performance, compliance with ethical standards and environmental protection, and relations of the Bank with the communities in which the Bank has its branches, offices or secondary offices.

9.3. Public disclosure of the information is carried out through periodic reports, including the annual reports, reports submitted to supervisory authorities or other appropriate forms. Disclosure must be proportional to the size, complexity, ownership structure, economic significance and risk profile of the Bank and whether Bank's issued shares are traded on the regulated market.

9.4. Disclosure shall include, but not be limited to, the following:

9.4.1. financial and operating results of the Bank activity;

9.4.2. the Bank activity's management framework;

9.4.3. the business strategy of the bank and non-financial information;

9.4.4. information concerning the owners, including beneficial owners of qualified holdings in the Bank's capital and voting rights attributed to shares held by them;

9.4.5. information regarding members of the Board and the Executive Committee including their holdings in the Bank's capital;

9.4.6. main risks to which the Bank is exposed.

9.4.7. information regarding equity, capital requirements, liquidity requirements and other key indicators;

9.5. The annual report of the Board of Directors will include information about:

9.5.1. remuneration of the Bank's governing body;

9.5.2. decisions on transactions with conflict of interest;

9.5.3. decisions on significant transactions;

9.5.4. the way of implementation of the remuneration policy in the previous financial year and the summary of the remuneration policy planned for the forthcoming year;

9.5.5. the way in which the Bank applies the principles and best practices of corporate governance.

9.6. The mandatory information to be disclosed to the public are determined by applicable laws. In addition to the information set out by the law, the Bank can make public other information related to its activity.

9.7. In the process of information disclosure, the Bank will follow principles of accuracy and clearness and will exclude the submission of incorrect or misleading information about the financial position and/or Bank's activity.

9.8. In addition to information disclosure, the Bank will ensure, within the limits set by legislation and reasonable costs, access of shareholders, investors and other interested persons to information concerning the Bank, the main results of the activity, plans and prospects of the bank's development. At the same time, providing access to information must not jeopardize the safety and competitiveness of the Bank.

9.9. The Bank will keep accounting records and the financial statements in accordance with International Financial Reporting Standards. The annual financial statements of the Bank should be by an independent auditor in accordance to the applicable legislation.

9.10. The audit company selected to perform the mandatory annual audit, according to Bank's internal regulations, should meet the requirements of independence and qualification standards for the high quality audit, in order to provide to the Board and its shareholders an objective external opinion that the accounts reflect fairly, in all material respects, the financial results and the performance of the Bank. This audit company is required to perform the audit engagement in a professional manner.

9.11. The Bank will ensure the presence of a representative of the audit firm that performed the statutory annual audit of the Bank, at the Board meeting when the audit report will be examined.

9.12. The bank will examine the need and opportunity for periodically change of the external audit company responsible for the financial audit of the Bank (at least once every 5 years).

9.13. The financial statements, subject to the mandatory annual audit, will be published on the official website of the Bank and will be available to users, including the publication in the press of the auditor's opinion on the Bank's annual financial statements as required by law.

9.14. The Bank will disclose on its website and in its annual report the corporate governance statement "Compliance or justification".

CHAPTER X. SOCIAL RESPONSIBILITY AND RELATIONSHIP WITH STAKEHOLDERS

Section 1. The role of the stakeholders

10.1. The Bank is a follower of a continuous collaboration with stakeholders which will lead to the promotion of Bank values in the benefits of the bank and its shareholders.

10.2. The Board and the Executive Committee must establish responsibilities regarding the Bank's relationship with key stakeholders to ensure that sufficient mechanisms are put in place for the knowledge of bank obligations to various stakeholders and compliance with these obligations.

10.3. In that case if the rights of stakeholders are violated, mechanisms must be provided to improve the situation, including addressing to the competent public authorities and courts. The Bank must provide protection of the stakeholders working to the disclosure of the illegal actions taken by management.

Section 2. Relationship with employees and organisations representing their interests

10.4. The Bank's relationship with its employees is based on dialogue, respect and professionalism.

10.5. The Bank recognizes the importance of the staff activity and is convinced that the key success of any business is the professional contribution of people working in an atmosphere of fairness and mutual trust.

10.6. The Bank's human resources policies are based on professional skills and personal development of its employees and maintaining a social climate that encourages diversity and the emerging talents of all employees in order to achieve the common objectives of the Bank.

10.7. Inadequate or illegal behavior of the members of the governing body, of the employees that hold key positions and of employees is in detrimental of the Bank and its shareholders, and are affecting the Bank's image and increase the risk of material litigations. The Bank has developed policies and other internal regulations which define behaviors of Bank employees, as well as the way of receiving and reviewing complaints of employees and customers on inadequate or illegal behavior.

10.8. The Board and the Executive Committee of the Bank will create an opportunity for employees to report any irregularity in the functioning of the management bodies of the Bank, without jeopardizing their position in the Bank. Within the Bank are created different channels of communication on inadequate or illegal behaviors of the members of the governing body and of the employees, which ensure protection to employees who have made such notifications and a confidential access directly to those who investigate the complaints.

10.9. All members of the governing body and employees of the Bank will have behaviors that would exclude the situation in which conflict of interest could occur.

10.10. The Bank maintains, through its representatives, a permanent link with the trade union body representing the interests of employees of the Bank.

10.11. On a regular basis, the bank conducts required studies (assessments), the results of which are translated into action plans designed to increase employee satisfaction and improve the corporate culture. According to the results of these evaluations, the Bank's Executive Committee may decide to increase wages, the granting of bonuses, the need for training and development, grant of additional rights, promoting the inclusion in reserve frames, etc., within the Bank's business plan and budget approved by the General Meeting of Shareholders.

Section 3. Relationship with clients

10.12. The sustainable development strategy of the Bank is focused on the concerns and needs of Bank customers.

10.13. The Bank ensures continuous improvement of its products and services, to provide an immediate and intelligent response, focused on customer needs and governed by the principles of legality and mutually advantageous cooperation.

10.14. The Bank respects and protects the rights of consumers and other categories of clients, offering products and services of appropriate quality levels and market requirements. In this regard, the Bank provides to its customers and the general public complete and truthful information on products and services offered and the conditions under which they can be contracted.

10.15. To facilitate communication regarding service quality in the Bank, a Call-Center service is created and operated, which receives customer complaints and suggestions. Also, given the great importance of continuous communication with the bank's customers there are developed and approved internal procedures of analysis and complaint handling, allowing, on the one hand, the pursuit of doubt and discontent of the customers, on the other hand continuous improvement of quality of services offered by the Bank.

10.16. The bank protects the secrecy of transactions, accounts and deposits of its clients and correspondent banks within the limits set by the law. Members of the governing body, employees and shareholders of the Bank, present and previous, have the duty to keep trade secrets, not to use

for personal or third party the information obtained in office and not to allow others to use this information, except as provided by the legislation in force.

Section 4. Relationship with investors

10.17. Regarding the relationship with investors, in general, and its shareholders, in particular, the Bank's strategy is based on the following principles:

- 10.17.1. respect the rights and ensure equal treatment for all investors;
- 10.17.2. provide access to relevant information, so that investors exercise all their rights in an equitable manner;
- 10.17.3. transparency and consistency of information provided.

10.18. If the Bank's shares are admitted to trading on the regulated market (Stock Exchange), the Bank has the obligation to provide the Stock Exchange with required financial or other information which will be making available to potential investors.

Section 5. Relationship with supervisory and control authorities

10.19. The Bank's relationship with supervisory and control authorities is governed by the following principles:

- 10.19.1. compliance with legal regulations and performance to the extent permitted by the license;
- 10.19.2. compliance with ethical principles in relation to supervisory and control authorities;
- 10.19.3. active collaboration with state authorities to improve the legislative and regulatory framework in areas of importance to the Bank, the banking system and the whole society;
- 10.19.4. providing the necessary efficient exchange of information between the Bank and the authorities.

10.20. The Bank's unit, responsible for relations with supervisory authorities and for the Bank's internal compliance with regulatory requirements, is the Compliance Department. The Compliance Department identifies, assesses and reports the compliance risk and monitors the implementation of appropriate means of risk prevention.

Section 6. Relationship with other licensed banks

10.21. The Bank respects the interests of all licensed banks and promotes professional solidarity and mutual respect in the banking system of Moldova.

10.22. The Bank is a member of the Association of Moldovan Banks which actively defends the interests of licensed banks, encourages cooperation between banks and identifies common solutions to the problems faced by the banking community on different segments.

10.23. The Bank is promoting fair competition in business relations and acts based on the following principles:

- 10.23.1. respecting intellectual property rights of other banks and taking measures to protect their rights;
- 10.23.2. using correct forms of advertising and refraining from actions that could harm the image, interests and products of other banks;
- 10.23.3. discouraging any form of unfair competition or anti-competitive practices in their own activity or in other banks' activity.

Section 7. Responsibility to the community

10.24. The Bank supports the principle of social responsibility towards the society and contributes to the welfare and growth of the community in which it operates, by offering qualitative banking products and services.

10.25. The Bank encourages and where necessary and within the limits of approved budgets in accordance to the provisions stated in the internal regulations provides support for educational, cultural and social initiatives, in order to promote personal development and improve living standards.

Section 8. Environmental protection

10.26. The Bank considers environmental protection as a sustainable investment in the society in which it operates.

10.27. Rational and responsible attitude towards the environment is reflected in the way the Bank selects its customers and service providers and allocates financial resources. In assessing the relevant risks of exposure or purchase of services, the Bank takes into account both financial criteria and criteria relating to social or environmental impact as well as other ethical issues related to the project to be financed or service which will be acquired.

10.28. The Bank monitors and constantly works to reduce resource consumption, which has an environmental impact. The bank also supports initiatives aimed to educate the population on environmental protection.

CHAPTER XII. FINAL PROVISIONS

12.1. This Code shall enter into force on the date of approval by the Board of Directors.

12.2. This Code is assigned the privacy class of "Public".

12.3. The provisions of this Code are mandatory for all members of the governing body of the Bank, employees that hold key positions, as well as Bank shareholders.