



CODE of Corporate Governance of B.C. "Victoriabank" S.A.

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Annex 1. Corporate Governance Statement

I. INTRODUCTION

- 1.1. B.C. „Victoriabank” S.A. (hereinafter referred to as the *Bank*) has adopted the unitary governance system that is fully consistent with the objectives of good corporate governance, transparency of corporate information, protection of the interests of various categories of participants and efficient functioning in the banking market.
- 1.2. Code of Corporate Governance of B.C. „Victoriabank” S.A. (hereinafter referred to as the *Code*) sets out the most relevant working methods, duties and responsibilities of Bank management and supervision bodies, as well as the distribution of rights and responsibilities among: Board of Directors, Executive Committee, shareholders, employees, clients of the Bank, etc., and is drawn up in line with:
 - 1.2.1. Basel Committee document of February 2006, "Enhancing corporate governance for banking organizations";
 - 1.2.2. Code of Corporate Governance approved by Decision of NCFM no. 67/10 of 24.12.15;
 - 1.2.3. Law on Joint Stock Companies no. 1134-XIII of 02.04.97;
 - 1.2.4. Law on bank activity no. 202 of 06.10.2017;
 - 1.2.5. Regulation on banking activity management framework no.322 of 20.12.2018;
 - 1.2.6. Statute of B.C. "Victoriabank" S.A.
- 1.3. Code of Corporate Governance is an instrument aiming at increasing the confidence of all categories of participants in the management and administration of the Bank and providing help to investors to learn about corporate values underlying its activity.
- 1.4. Adopting this corporate governance model, the Bank intends aims at ensuring:
 - 1.4.1. observance of shareholders' rights and equal treatment;
 - 1.4.2. transparency and access to information of investors, by periodically publishing, in a fair and transparent manner, the relevant financial and operational information;
 - 1.4.3. definition of the role and observance of rights of stakeholders other than shareholders;
 - 1.4.4. definition of responsibilities of the Board of Directors in relation to the Bank and shareholders, as well as of its interaction framework with the Executive Committee;
 - 1.4.5. [Integrity and ethical conduct, etc.](#)
- 1.5. This Code aims at establishing a set of principles and rules that should guide the conduct of the Bank and of all its employees while carrying out their duties in business and professional relations, according to the legislation in force and in compliance with their cultural differences. This Code does not intend to cover all situations that may arise in the professional field, but to establish some conduct principles that will guide the actions of each employee, so as to facilitate their professional activity.
- 1.6. In accordance with this Code, the Bank shall publish on its website a Statement on Corporate Governance, which shall be part of the Annual Report (Annex 1).
- 1.7. Model of internal governance of B.C.„Victoriabank” S.A. complies with the corporate governance practices of Banca Transilvania Financial Group.

II. CORPORATE GOVERNANCE STRUCTURES

2.1. ORGANIZATIONAL FRAMEWORK

- 2.1.1. [The Bank shall ensure an appropriate and transparent organisational structure, which shall promote effectiveness and demonstrate prudent management of the Bank.](#)
- 2.1.2. [Reporting lines and the allocation of responsibilities and powers within the Bank shall be clear, well defined, consistent and effectively implemented.](#)
- 2.1.3. [The management body should assess how different elements of the organisational structure complement and interact with each other.](#)
- 2.1.4. [The organisational structure should not affect the ability of the management body to effectively supervise and manage the bank's risks.](#)
- 2.1.5. [All members of the management body shall be fully aware of the structure and responsibilities of the management body and the division of responsibilities between the supervisory management body, its committees and the executive management body.](#)

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- 2.1.6. The decision-making process of the management body must not be dominated by a single member or a small group of members.
- 2.1.7. The supervisory management body and the executive management body must interact effectively and provide each other with sufficient information to ensure the fulfilment of their specific tasks.

2.2. SHAREHOLDERS—GENERAL MEETING OF SHAREHOLDERS

- 2.2.1. General Meeting of Shareholders ("GMS" or "General Meeting") is the supreme authority of the Bank – the decision-making body, where shareholders exercise some of their rights.
- 2.2.2. General Meeting can be ordinary annual, which will meet once a year or extraordinary, which will meet whenever necessary, under conditions provided by Law no. 1134/1997 on Joint Stock Companies and the Statute of the Bank.
- 2.2.3. Shares issued by the Bank are ordinary registered shares, indivisible and give the holders equal rights, any share granting the right to vote at the General Meeting of Shareholders, the right to receive a share of the Bank's profit in the form of a dividend and a share of the assets of the Bank, in case of its liquidation.
- 2.2.4. Shareholders of the Bank may be individuals or legal entities, resident or non-resident. Persons residing in jurisdictions that do not implement international transparency standards may not purchase / acquire, directly or indirectly, holdings in the Bank. The list of jurisdictions that do not implement international transparency standards is established by the regulatory acts of the National Bank of Moldova.
- 2.2.5. Bank shall ensure equal treatment and full exercise, in a fair manner, of the rights of shareholders, provided by the Statute of the Bank and by the legislation in force.
- 2.2.6. Bank shall make available to its shareholders all the relevant information regarding the GMS and decisions taken, through mass media, as well as on its own web page, easily identifiable and accessible.
- 2.2.7. Shareholders of the Bank shall be required to observe the provisions of the Statute and the legislation in force, to submit to the Bank the information regarding its identity and affiliated persons, to fulfil all the obligations provided by the Regulation regarding the holdings in the share capital of B.C. "Victoriabank" S.A.
- 2.2.8. Corporate governance of the Bank shall encourage the full involvement of all shareholders in the Bank's activity and in the decision-making within the General Meeting.
- 2.2.9. Bank shall show diligence and strictly observe the requirements of the relevant legislation, in order to facilitate the participation of shareholders in General Meetings. The shareholders may participate and vote personally in the General Meeting, but they also have the right to proxy voting. Postal voting may be given at the GMS held in absentee or mixed form.
- 2.2.10. Bank shall publish the information on holding the GMS and their results in the Capital Market newspaper and / or in the Official Gazette of the Republic of Moldova, on the Bank's website, as well as on the website of the Official Information Storage Mechanism that is regulated in accordance with the provisions of the Capital Market Law (<https://emitent-msi.market.md>).
- 2.2.11. General Meetings shall be convened by the Bank's Executive Committee under the decision of the Bank's Board of Directors, unless the legislation in force provides otherwise. The GMS shall be chaired by the Chairman of the Board of Directors or by another person elected by the General Meeting.
- 2.2.12. Members of the Executive Committee and the Board of Directors may participate in the General Meetings. The dialogue between the shareholders and the members of the Board of Directors and / or Executive Committee shall be allowed and encouraged. Each shareholder may ask members of the Bank's managing bodies questions regarding its activity.
- 2.2.13. Matters that are in the exclusive remit of the GMS, in accordance with the provisions of the Statute and the legislation in force, shall not be forwarded for examination to other managing bodies of the Bank.
- 2.2.14. Materials for the GSM agenda, including the draft documents proposed for examination and approval, shall be:
- a) displayed at an accessible place, at the Bank's headquarters within at least 10 days before holding the GMS;

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- b) exposed (on the day of the General Meeting, until its closing) at the place of holding the GMS;
 - c) sent to all shareholders or their legal representatives, if it was decided by the decision of convening the GMS;
 - d) published in the manner and conditions provided by the legislation and the Statute of the Bank, on the Bank's website.
- 2.2.15. Agenda is a notification document and shall describe all issues proposed for the GMS clearly and completely. The agenda prepared by the Bank shall not include discussion issues hidden or entitled as 'Other' or 'Miscellaneous'.
- 2.2.16. Agenda shall not be modified after it was announced to the shareholders, except for the cases provided by the legislation in force.
- 2.2.17. Materials presented to the shareholders shall be structured in such a way that they are easy to use, describe the opinions of managing bodies related to topics included in the agenda.
- 2.2.18. Each issue on the agenda shall be voted separately.
- 2.2.19. Representative of the external audit company may be present at the GMS, where financial reports will be examined and approved, in order to offer shareholders the opportunity to ask questions and receive answers.
- 2.2.20. GMS must take sufficient time to ensure wide-ranging debate on each issue on the agenda and for all shareholders present to be able to ask questions and receive answers to issues on the agenda before they are subject to the vote. The GMS shall not last more than one day.
- 2.2.21. Bank's Board of Directors or Executive Committee shall not impose mandatory conditions or prohibitions on the participation or non-participation of the shareholder in the GMS.
- 2.2.22. Order of counting the votes shall be simple and accessible, and the shareholders shall be assured of the fairness of the voting results.
- 2.2.23. After holding the GMS, the Bank shall publicly disclose the decisions approved in the manner referred to in point 2.1.10. of this Code.
- 2.2.24. Bank shall publish and permanently renew on its official website the information that, according to the provisions of the regulatory acts in force, must be disclosed.
- 2.2.25. Procedures for preparing, organizing and conducting the General Meetings of Shareholders of the Bank shall be regulated by the Regulations of the General Meeting of Shareholders of BC "Victoriabank" SA.

2.3. BOARD OF DIRECTORS OF THE BANK

- 2.3.1. Board of Directors of BC "Victoriabank" SA ('BoD' or 'Board of Directors') is the governing body acting in its role of overseeing the decision-making process and monitoring the implementation by the executive body of strategic objectives defined within the framework of the governance and corporate culture of the bank, being responsible for the Bank's activity as a whole, its performance and its financial soundness.
- 2.3.2. Board of Directors consists of 7 (seven) members, elected by the General Meeting. The Board of Directors is elected for 4 (four) years, with the possibility of its members being re-elected for other mandates.
- 2.3.3. Board of Directors must be composed of a sufficient number of independent members, but not less than 3 of the total of the elected members. The independence of members of the Board of Directors is assessed on the criteria prescribed by the supervisory authority.
- 2.3.4. Person elected for the position of member of the Board of Directors shall exercise his / her duties only after its confirmation by the National Bank of Moldova, according to the regulatory acts in force.
- 2.3.5. Assessment of candidates proposed for the position of member of the Board of Directors shall be the responsibility of the Appointment Committee, based on an analysis process described in the regulatory acts of the NBM, as well as in the internal regulations of BC "Victoriabank" SA related to the appointment of members of the governing body and of people holding key functions.

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- 2.3.6. Board of Directors shall carry out its activity in ordinary and extraordinary meetings. Ordinary meetings shall be held at least once in the quarter, on the date previously established by the decision of the Board of Directors.
- 2.3.7. Chairman of the Board of Directors shall organize and manage the activity of the Board of Directors, convene and chair its meetings, represent it in relations with third parties and sign documents on its behalf.
- 2.3.8. Meeting of the Board of Directors shall have a quorum if at least 5 (five) of 7 (seven) members attend it. The member of the Board of Directors may not transmit his / her vote to another member or a third party.
- 2.3.9. Rules of organization and functioning of the Board of Directors shall be described in the Regulations regarding the Board of Directors of B.C. "Victoriabank" S.A.
- 2.3.10. Board of Directors shall represent the interests of shareholders in the period between General Meetings and exercise the general management and control of the Bank's activity. [Its tasks are set out in the Articles of Association and the Regulation of the Board of Directors. The basic responsibilities of the Board of Directors are:](#)
- [\(i\) Approval of the Bank's strategies and policies;](#)
 - [\(ii\) Monitoring and Supervising the Bank's activity;](#)
 - [\(iii\) Ensuring accountability of the Bank's performance to shareholders.](#)
- 2.3.11. Board of Directors shall not delegate the exercise of its powers to other persons. Except for the power of preparation and conduct of the General Meeting of Shareholders, which may be exercised by the Executive Committee.
- 2.3.12. In order to carry out its activity in certain specialized areas, the Board of Directors shall establish specialized Committees formed exclusively of its members, and the majority of them must be independent. Each Specialized Committee shall be made up of at least 3 members of the Council so as to present an appropriate balance in terms of the competence, experience, knowledge and independence of the members and to enable them to fulfil effectively responsibilities assigned. A Committee shall not be made up entirely of the same group of members of another committee.
- 2.3.13. Specialized committees function according to their Regulations, including during the meetings between the Board of Directors, by conducting investigations in the specialized fields for which they were created, submitting recommendations and / or coordinating the drafts of internal normative acts in these areas. The result of the activity of the Advisory Committees shall be submitted to the Board of Directors for examination and / or approval.
- 2.3.14. Board of Directors shall establish the following specialized Committees, unless the law or normative acts of the National Bank of Moldova provide otherwise:
- a) **Audit Committee**, responsible for monitoring the effectiveness of the internal control, internal audit and risk management systems at the Bank level, for supervising Bank's external auditors, for reviewing and approving the audit spheres and frequency, for reviewing audit reports and verifying the timely adoption by the Executive Committee of the necessary corrective measures to remedy the deficiencies of control, non-compliance with laws, regulations, policies and other problems identified by the auditors.
 - b) **Risk Management Committee**, responsible for advising the managing bodies regarding the tolerance / appetite for risk and the current and future risk strategy of the Bank and for overseeing the implementation of the respective strategy.
 - c) **Appointment Committee**, responsible for identifying and recommending for approval of candidates for managing bodies and of persons applying for key positions, for evaluating the suitability of members of managing bodies and of persons holding key functions, for the proposals related to the results of these evaluations, in order to contribute to the development of appropriate internal policies regarding the assessment of the suitability of members of managing bodies and of persons holding key functions.
 - d) **Remuneration Committee**, responsible for developing the remuneration policy and practices within the Bank, the principles underlying them, for supervising directly the remuneration of members of the Executive Committee and of persons holding key

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functions, for contributing to the development of remuneration policies and practices, including performance measurement methods and performance criteria, so that they are consistent and promote a sustainable and effective risk management, including avoiding conflicts of interest.

2.4. EXECUTIVE COMMITTEE

- 2.4.1. Executive Committee of BC "Victoriabank" SA ("SC" or "Executive Committee") is the executive body of the Bank that organizes, manages and bears responsibility for the Bank's current activity, manages efficiently and prudently the activity of the Bank, in accordance with the strategy and management framework of the Bank approved by the Board of Directors.
- 2.4.2. Executive Committee is subordinated to the Board of Directors and consists of 5 (five) members elected by the Board of Directors for a term of 4 (four) years, with the possibility of being re-elected for a new term.
- 2.4.3. Executive Committee shall consist of: Chairman and Deputy Chairmen.
- 2.4.4. **Members of the Executive Committee** of the Bank are entitled to represent and act on behalf of the Bank without power of attorney, within the limits of the powers established by law or granted by the Board of Directors, or, as the case may be, by the General Assembly, as well as to issue orders and dispositions mandatory for the employees of the Bank.
- 2.4.5. Quorum required for conducting the meetings of the Executive Committee shall be met if at least 3 (three) of 5 (five) SC members attend the meeting. The vote belonging to one member cannot be passed to another SC member or to a third party.
- 2.4.6. Decisions of the Executive Committee shall be adopted by the vote of the majority of the members attending the meeting. In case of parity of votes, the vote of the Chairmanshall be decisive.
- 2.4.7. Procedure for conducting the SC meetings, the procedure for convening and holding them, as well as the duties and functional responsibilities of the SC members shall be set out in the Rules of Procedure of the Executive Committee of B.C. "Victoriabank" S.A. and in the Regulation on Organization and Functioning.
- 2.4.8. Executive Committee has the following main duties and responsibilities, as well as any other duties and responsibilities granted by law, normative acts, the Bank's Statute and the Regulation of the Executive Committee:
- (i) implementing the strategic objectives, internal control systems, risk management strategy and management framework of the bank's activity, including the Code of Corporate Governance, approved by the Board of Directors;
 - (ii) ensuring an adequate and transparent organizational structure for the Bank, including the distribution of responsibilities within the Bank;
 - (iii) performing an adequate monitoring of subordinate personnel;
 - (iv) ensuring the distribution of tasks and responsibilities of the personnel of the Bank and establishing a management structure that promotes a responsible and transparent activity within the Bank;
 - (v) ensuring compliance with GMS decisions and BoD decisions;
 - (vi) in the cases provided for by the law, performing the tasks of convening and conducting the GMS;
 - (vii) submitting every quarter a report to the Board of Directors on the results of its activity;
 - (viii) other tasks set out in the Rules of Procedure of the Executive Committee.
- 2.4.9. In order to carry out its activity in certain specialized areas, the Committee shall establish and coordinate specialized committees. The manner of organization, their responsibilities and competences shall be established by internal normative acts.
- 2.4.10. Specialized committees of the Executive Committee shall be the following:
- a) **Credit committees / commissions in the process of granting credits and in the**

process of recovering the non-performing assets, whose competence is to examine the issues of the Bank's lending activity, except those that fall within the competence of the BoD and the SC. Within these committees, decisions are made regarding the requests for granting / extending / renegotiating loans and recovering non-performing assets. The organization, powers and competences of Credit Committees shall be established by the Regulation on Credit Committees / Commissions within BC “Victoriabank” S.A.

- b) **ALCO Committee (Asset-Liability Committee)** is an analysis and decision committee, which issues recommendations and decisions according to its responsibilities, namely: it analysing and adopting decisions related to managing interest rate risk, currency risk, liquidity risk, price risk and related areas for the proper management of the Bank's assets and liabilities, as well as ensuring the establishment of an optimal structure of the Bank's balance sheet in accordance with the Bank's Strategic Plan, with the provisions of the Revenue and Expenses Budget and with the Profit and Loss Account.
- c) **Procurement Committee** is an analysis and decision committee, which has competences in the field of goods' and services' procurement within the Bank and which issues decisions according to their responsibilities, including: approving the type of competition and the way of organising it, approving the requirements and conditions for participating in competition, approving, in advance, the list of suppliers of goods and services, and approving the winning offer in order to contract the goods, services or works for the Bank's needs.

III. REMUNERATION POLICY

- 3.1. Remuneration system of the Bank shall consist of the policy, processes and practical measures, integrated within it, being oriented towards the remuneration of the bank's personnel in accordance with the functions performed, the contribution, the competences and the market cost.
- 3.2. Bank has a Remuneration Policy that describes the general framework and basic principles for determining / establishing the remuneration of the Bank's employees and is aligned with the applicable labour law, the Individual Employment Contract and the Management Contract (as the case may be).
- 3.3. Remuneration policy shall be approved by the Board of Directors and shall include both the remuneration policies of the members of the managing bodies and of the persons holding key functions, as well as the remuneration policies of the personnel.
- 3.4. Risk Management Committee of the Board of Directors shall provide support for reviewing Bank's remuneration policies to ensure alignment with the Bank's risk management strategy and framework, without prejudice to the Remuneration Committee's tasks, which, in turn, shall provide support the Board for monitoring the remuneration policies, practices and processes and for observing the remuneration policy and shall ensure that the remuneration general principles and policies and benefits of the employees correspond with the Bank's business strategy, objectives, values and long-term interests;
- 3.5. Remuneration policy has implications for risk management, being aligned with the risk profile of the Bank and does not favour the taking of risks that exceed the level of risks accepted by the Bank.
- 3.6. When establishing the remuneration policy, the Bank shall take into account the context, the applicable legal and regulatory framework and the general principles established by Banca Transilvania Financial Group, of which it is a member.
- 3.7. The remuneration policy builds upon the following objectives:
 - a) Performance orientation - evaluation of results not of efforts;
 - b) Fairness - evaluation and reward of the Bank's employees in strict accordance with its performances, strictly following management procedures and avoiding the subjective attitudes;
 - c) Interaction - interpretation of results as a product of the team.
 - d) Equity - offering equal opportunities for promotion and remuneration of all Bank employees;
 - e) Respecting staff interests - disciplinary satisfaction, psychological comfort, promotion perspective.
- 3.8. Remuneration policy builds upon the following essential principles:

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- 3.8.1. Comprehensive approach to remuneration, assuming that all its component elements are taken into account in analysing the efficiency and performance of the remuneration system.
- 3.8.2. Attractivity for employees and efficiency for the Bank.
- 3.8.3. Attracting, motivating and maintaining competent employees who show potential.
- 3.8.4. Performance orientation.
- 3.9. The purpose of the Remuneration Policy is to encourage the performance of employees (both the individual and the collective one), to recognize and value each one's contribution to the bank's results.
- 3.10. The policy shall be developed in accordance with the Bank's development strategic objectives in the medium and long run, aiming both at the loyalty of the staff and the achievement of the profitability criteria of the bank:
 - 3.10.1. Personnel expenses, and, in particular, the salary part, is an important chapter of the total expenses. The level and evolution of this type of expenditure are continuously monitored.
 - 3.10.2. Remuneration policy shall take into account the diversity of professional situations and should not be an obstacle to functional mobility.
- 3.11. Internal remuneration framework shall provide support to the institution in establishing and maintaining a viable capital base. When assessing whether the capital base is sound, the bank shall take into account its total own funds, and in particular basic level 1 own funds and the restrictions on distributions stipulated in Article 141 of Directive 2013/36/EU which apply to the variable remuneration of the personnel, as well as the result of the process of assessing the adequacy of internal capital.
- 3.12. Bank shall periodically update and improve its internal rules and standards in order to promote best practices regarding staff remuneration.
- 3.13. Existing remuneration process shall support good corporate governance and efficient risk management within the Bank.

IV. DIVIDEND POLICY

- 4.1. Dividends shall be distributed and paid out of the net profit of the Bank, in proportion to the number of shares held by the shareholders, except in cases of suspension of the right to receive dividends by the supervisory authority in case of non-compliance by the shareholder with the legal provisions.
- 4.2. Bank shall be entitled to pay annual dividends on outstanding shares, as well as interim (quarter, semi-annual) dividends. The decision regarding the payment of annual dividends shall be taken by the GMS, at the proposal of the Board of Directors, and the decision regarding the payment of interim dividends shall be taken, according to the legal provisions, by the Board of Directors, the GMS being entitled to approve annual dividends in the amount not lower than the interim dividends paid.
- 4.3. Proposals / recommendations regarding the distribution of the profit, the value of the dividend and the payment method shall be adopted during the BoD meeting based on the financial results of the Bank. Such a recommendation shall be made according to the performance of the Bank and the forecasted financial indicators in the medium and long term.
- 4.4. However, the Board of Directors shall have the right not to recommend the payment of dividends if such a decision would not be in favour of the sustainable development of the Bank, according to the Board's opinion, if the distribution of dividends is restricted by law or the request / decision of the National Bank of Moldova.
- 4.5. Total value of dividends paid shall be determined by multiplying the size of the dividend per share by the total number of shares issued by the Bank, held by the shareholders entitled to receive dividends.
- 4.6. Each share of the Bank held by the shareholder at the time of drawing up the list of shareholders entitled to receive dividends (established and amended in accordance with the provisions of the legislation in force) shall confers on him/her the right to receive dividends for the previous financial year, in the amount and under conditions established by the GMS.

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- 4.7. When paying dividends by the Bank, the regulations of the tax legislation in force shall be respected.
- 4.8. Term for payment of dividends shall be established by the body that made the payment decision in accordance with the Statute of the Bank, but shall not be more than 3 months from the date of the decision regarding their payment.
- 4.9. Dividends shall be paid by monetary means, and in the cases provided for by the Statute of the Bank, they shall be paid by treasury shares or shares from the additional issuance or by other goods intended for the consumption of the civilian population, whose circulation is not prohibited or limited by the legislative acts. Dividends with money means shall be paid in Moldovan lei.
- 4.10. Decision regarding the payment of dividends shall be published within 7 working days from the date of its adoption, in accordance with the provisions of the legislation in force and the Statute of the Bank, in the Official Gazette of the Republic of Moldova and / or the Capital Market newspaper.
- 4.11. Dividends that have not been received by the shareholder due to his/her fault within 3 years from the date of the occurrence of right to receive them shall be passed on to the Bank's income and cannot be claimed by the shareholder.

V. CONFLICTS OF INTEREST, TRANSACTIONS WITH THE BANK'S AFFILIATED PERSONS AND INSIDERS' TRANSACTIONS

5.1. CONFLICTS OF INTEREST

- 5.1.1. Bank has a *Conflict of Interest Management Policy* that sets out how the Bank identifies, prevents and manages conflicts of interest, as well as situations that may lead to conflicts arising in the context of current activities or business conducted by it.
- 5.1.2. By implementing this Policy, the Bank shall undertake to carry out its activities in accordance with the relevant national legislative requirements, as well as the policies applicable to the Banca Transilvania Financial Group, ensuring the avoidance or occurrence of conflicts of interest, the disclosure of any issues that could or would have resulted in conflicts of interest, and the application of appropriate measures to prevent the legitimate interests of its clients, the bank, its shareholders or other stakeholders.
- 5.1.3. Conflicts of interest field encompasses situations that may occur on any segment of the Bank's activity and includes both the real conflict of interest (that is, a conflict of interest that has arisen), a potential conflict of interest (that is, the conflict of interest that may arise depending on certain facts and circumstances), as well as the perceived conflict of interest (that is, a situation that can give rise to the perception of a conflict of interest).
- 5.1.4. Employees and members of the managing body are part of the mechanism for preventing and managing conflicts of interest at Bank level. They undertake to resolve situations with potential or actual conflicts of interest with consistency, responsibility and efficiency.
- 5.1.5. In order to avoid conflicts of interest, the Bank has developed a series of ethical rules, has internal policies and regulations that must be respected by the members of the Board of Directors, the members of the Executive Committee, the persons with key functions and the employees of the Bank.
- 5.1.6. Managing bodies, key persons and employees of the Bank have an obligation to the Bank and to the clients of the Bank, to put the interests of the Bank and its clients above its own pecuniary interest, while not admitting that their obligations towards a client to conflict with the obligations towards another client of the Bank, or personal interests to conflict with the obligations towards a client of the Bank.
- 5.1.7. Members of the Bank's managing body shall be responsible for the provision of control mechanisms and for the implementation of measures that would allow for the identification, monitoring, management and mitigation of conflicts of interest in the Bank's fields of activity.
- 5.1.8. employees, persons with key-functions and members of the Bank's managing bodies shall not give advantages to third parties to the detriment of the Bank, they shall not use the business opportunities of the Bank in order to achieve their own interests, the interests of relatives or business partners, as well as the interests of any other persons and shall not participate in the

deliberation process and in making such decisions. They shall immediately report any conflict of interest or potential conflict of interest and provide all relevant information.

- 5.1.9. In order to prevent conflicts of interest, the Bank requires the employees and members of the managing bodies to respect the following basic principles:
- a. not pursue a financial or personal interest, contrary to or likely to prejudice or affect the interests and results of the Bank;
 - b. to act according to the level of competences and duties established by the job description, and only for the realization of the interest of the Bank, its shareholders and clients;
 - c. not to pursue a personal interest in the result of the service provided to the client or of a transaction made in the client's account, which is different from the client's interest regarding the respective result;
 - d. not to participate, in order to obtain a personal benefit, directly or indirectly, in financial / commercial transactions, as a result of the information obtained as an employee;
 - e. others, according to the normative acts in force.
- 5.1.10. To this end, the Bank shall disclose, by publishing in the Official Gazette of the Republic of Moldova, on the Bank's website and in the manner regulated by the legislation in force, the information regarding the conclusion of a transaction with a conflict of interest.
- 5.1.11. Mechanisms for managing potential conflicts of interest within the Bank shall be set up in order to build trust from clients, third parties, professional community, as well as the general public. These mechanisms are aimed at ensuring a fair and correct approach towards the clients of the Bank, respecting the principles of open and transparent corporate governance, ensuring the adequate risk management and respecting the Bank's development interests.

5.2. TRANSACTIONS WITH THE BANK'S AFFILIATED PERSONS

- 5.2.1. In order to avoid conflicts of interests and to protect the interests of shareholders, the Board of Directors adopted the Policy regarding relations of B.C. Victoriabank SA with its affiliated persons, which establishes the general principles for identifying and monitoring the affiliated persons, as well as those for carrying out transactions with the affiliated persons of BC "Victoriabank" SA, aiming at the efficient, prudent and sustainable management of the Bank, consolidating a solid framework managing the risks associated with the transactions with the affiliated persons in order to prevent possible violations of the legislation in force.
- 5.2.2. According to this policy, the Bank shall not grant loans or carry out transactions with the bank's affiliated persons, if they are performed under more favourable conditions than those provided for persons who are not affiliated to the bank.
- 5.2.3. Bank shall take all necessary measures to maintain the confidentiality of personal data concerning the persons affiliated to the Bank, obtained from the person affiliated to the Bank, both during the affiliation relationship with the Bank and after its termination, in accordance with the provisions of the Law on personal data protection no. 133 of 08.07.2011.
- 5.2.4. In order to identify and monitor the affiliated persons, as well as to establish the requirements regarding the conclusion, approval, registration, execution and reporting of the transactions concluded with them, the Bank adopted the Procedure regarding the transactions with affiliated persons of BC "Victoriabank" S.A. and Procedure on how to identify and monitor affiliated persons to BC "Victoriabank" S.A.
- 5.2.5. Any transaction with a person affiliated to the Bank, the value of which exceeds the equivalent of 1 million MDL or its value cumulated with other transactions with the person affiliated to the Bank or with the clients related to the person affiliated to the Bank that leads to exceeding the this value, shall be approved before its conclusion / modification of contractual conditions, with the vote of at least the majority of the members of the Board of Directors, and in cases where the equivalent of 1 million MDL is not exceeded, it shall be approved by the Bank's Executive Committee.
- 5.2.6. In case the affiliate relationship with a person appears after the conclusion of a transaction with it, the Bank's Board of Directors must be informed without delay about the occurrence of the affiliate relationship and the existing transactions, and within the reasonable time the necessary

measures shall be taken to review the respective transactions, in order to evaluate related risks and eliminate the advantageous conditions in case of their existence.

- 5.2.7. Board of Directors of the Bank shall review, at least once a year, the transactions with the affiliated persons in force at the time of the review, in order to evaluate the related risks and eliminate the advantageous conditions in case of their existence.
- 5.2.8. Transactions with the affiliated persons shall reflect the Bank's interests and cannot be carried out under more favourable conditions than with the non-affiliated persons (with the exception of the Bank's employees, who are not affiliated to the Bank).
- 5.2.9. Exposure value, after taking into account the effect of reducing the credit risk, towards a person affiliated to the bank and / or a group of clients related to the person affiliated to the bank shall not exceed 10% of the eligible capital of the Bank.
- 5.2.10. Sum of the aggregate value of the bank's exposures to affiliated persons and / or client groups related to the bank's affiliated persons, after taking into account the effect of credit risk mitigation, shall not exceed 20% of the Bank's eligible capital.

5.3. INSIDERS' TRANSACTIONS

- 5.3.1. In order to establish a preventive and secure action framework for carrying out operations and transactions with instruments issued by the Bank by the persons who by their position in the Bank have access to inside information, the Bank established in the *Internal Regulation on the Inside Information and Insiders of B.C. "Victoriabank" S.A.* a series of rules of conduct that must be followed by the members of the managing bodies and the persons holding key functions within the Bank who have access to inside information.
- 5.3.2. This framework aims at establishing prohibition periods for trading with financial instruments issued by the Bank prior to the publication of the Bank's regular reports, as well as establishing reporting obligations for these transactions.
- 5.3.3. Any information of a precise nature, valuable for the Bank, in different forms: printed, written on paper, electronically stored, transmitted by post, by electronic means or transmitted verbally, which was not publicly disclosed and which in the event of being publicly disclosed, could have a significant impact on the price of the financial instruments issued by the Bank shall be assigned in the category of inside information,
- 5.3.4. Qualifying an information as inside information ceases when it has been disclosed to the public, that is to mean that this information can be accessed by a large number of undetermined investors, regardless of the extent to which the information was disclosed to the public by the Bank in accordance with its obligations to disclose information or was disclosed by any third party by any means.
- 5.3.5. Bank, in its capacity as issuer of financial instruments, is obliged to make public, as soon as possible, the inside information regarding its activity and its financial instruments, at least by placing this information on the webpage (www.victoriabank.md, the *Bank Governance heading*).

VI. TRANSPARENCY, NOTIFICATION, COMMUNICATION

- 6.1. In a sound competitive environment, where ensuring confidentiality of professional information and, in particular, professional secrecy in banking is essential, the Bank shall have internal rules to ensure a balance between:
 - 6.1.1. the need to keep confidentiality of information;
 - 6.1.2. the need to disclose relevant corporate information for the purposes or protecting the interests of shareholders and investors, as well as of other categories of stakeholders.
- 6.2. Regarding the internal circuit of the information and the disclosure to the public of important information, the Bank shall have internal regulations that ensure both the respect of confidentiality and the prohibition to use that information for personal interests, as well as the timely dissemination of the relevant corporate information.
- 6.3. Bank shall publish the information in a way that allows the public equal and complete access to information, and provides it with the possibility to assess the information in a correct and optimal manner. For this purpose, the Bank shall develop an adequate communication policy, based on

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- the use of different forms of communication, while meeting the reporting requirements to the capital market institutions.
- 6.4. Bank discloses, in accordance with the provisions of the legislation and the normative acts in force, financial and non-financial information regarding the relevant aspects of its activity, and will ensure the publication on the web page of at least the following information:
- 6.5. Bank shall disclose, in accordance with the provisions of the legislation and regulatory acts in force, financial and non-financial information on relevant aspects of its activity and shall ensure the publication on the webpage of at least the following information:
- 6.4.1. General information about the Bank - historical data, types of activity, registration data, legal address, etc.;
- 6.4.2. Information regarding the members of the Board of Directors and of the Executive Committee of the Bank, including their qualification and experience and their holdings of shares in the Bank's share capital;
- 6.4.3. Management's report on compliance with corporate governance recommendations and legislation;
- 6.4.4. Information on general meetings of the shareholders;
- 6.4.5. Statute of the Bank;
- 6.4.6. Results of the financial and operational activity of the Bank;
- 6.4.7. Information on its own funds, capital requirements, liquidated capital buffers and other key indicators;
- 6.4.8. Main strategies of the Bank's activity;
- 6.4.9. Bank's own annual and semi-annual reports;
- 6.4.10. Complete report of the external auditor on the annual financial statements of the Bank;
- 6.4.11. Information on the holders, including the beneficial owners of holdings qualified in the share capital of the Bank and the voting rights related to the shares owned by them;
- 6.4.12. Code of Corporate Governance and the Corporate Governance Statement 'Conformity or Justification';
- 6.4.13. Any other information that must be presented by the Bank, in accordance with the legislation in force, such as information on any important events, press releases, annual financial statements for the previous management periods.
- 6.6. When disclosing information, the Bank shall rely on the principles of accuracy and clarity and shall exclude the possibility of presenting inaccurate or distorted information regarding the financial statement and / or the activity of the Bank.
- 6.7. Bank shall disclose the information regarding its activity in accordance with the legal requirements, the normative acts of the National Bank of Moldova and of the National Commission for Financial Markets.
- 6.8. Bank shall publish the decisions regarding the conclusion of large transactions within 7 working days from the date of adoption in the Official Gazette and within 3 working days - on the Bank's website, (www.victoriabank.md, *Bank Governance heading*).

VII. CONTROL, INTERNAL AND EXTERNAL AUDIT SYSTEMS. RISK MANAGEMENT

- 7.1. Bank shall have and maintain a fully integrated and flexible internal control system, which ensures the development and consolidation of the Bank's position on the market, efficient risk management, compliance with national legislative and regulatory requirements, as well as group requirements, functioning of sound corporate governance.
- 7.2. The operation of the control system in all fields of activity is ensured by the independent activity of:
- 7.2.1. **Compliance function** - provided by the Compliance Department, which assists the Bank's managing bodies in identifying, evaluating, monitoring and reporting the compliance risk associated with the activity performed by it, by providing consultancy regarding the compliance of the activity with the provisions of the regulatory framework, of

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- the norms and its own standards, as well as established codes of conduct and by providing information related to developments in this field.
- 7.2.2. **Risk management function** - provided by the [Vice-Chairman of the Executive Committee -CRO, reporting functionally to the Risk Management Division, Credit Risk Assessment Division, Collateral Assessment Division, Credit Monitoring Division, Information Security Division, and ensuring](#) the provision of an overview of all risks, participation in the development of the risk assessment and management framework and risk measurement systems, active involvement in the development of the Bank's strategies (mainly risk management strategies), implementation of appropriate policies and processes for the assessment of significant risks;
- 7.2.3. **Internal audit function** - provided by the Internal Audit Directorate, which ensures the independent, impartial and objective evaluation of the adequacy and efficiency of the management framework in accordance with the provisions of the legal and normative framework, with the bank's internal regulations, as well as in reporting the results of the Bank Board of Directors, the Committee for auditing and informing the Executive Committee, in order to improve the bank's activity indicators by systematically and orderly applying the methods of evaluation and improvement of the internal control mechanism within the bank.
- 7.3. The management bodies of the Bank must have clear and documented policies concerning the management of risk the Bank is exposed to, specifically the operational and reputational risks, which may have a considerable negative impact on Bank's profitability and sustainability.
- 7.4. The risk management principles within the Bank are the following:
- 7.4.1. The use of an adequate and flexible risk management system;
- 7.4.2. Use of adequate information systems for the evaluation, monitoring and reporting of exposure to risks;
- 7.4.3. Establishment of risk exposure limits by the Bank's management;
- 7.4.4. Ensuring an optimal structure and amount of Bank's capital for efficient operation and safeguard against risks in general;
- 7.4.5. Maintenance of a sufficient level of liquidity to compensate the predictable and unpredictable fluctuations of balance sheet elements and covering of Bank's development needs;
- 7.5. The main goals of the risks management system shall refer to:
- 7.5.1. Identification, evaluation, monitoring and control of current and potential internal and external risks;
- 7.5.2. Setting of clear responsibilities in the field of risk management, separation of functions and obligations, ensurance of performance of organizational and administrative controls;
- 7.5.3. Drawing up of a measurement system of financial performance which shall take into consideration the forecasted and unforeseen losses;
- 7.5.4. Defining and use of risks diversification and portfolio management principles;
- 7.5.5. Identification of the acceptable risk level and establishment of risk exposure limits;
- 7.5.6. Taking, elimination or avoidance of risks, insurance coverage against risks and/or formation of reserves for various types of risks;
- 7.5.7. Ensurance of transparency through a comprehensive monitoring and reporting system, ongoing and open communication between Bank's subdivisions;
- 7.5.8. Continuous analysis of achievements and failures of the risks management system;
- 7.5.9. Ensurance of a professional and specialized level of knowledge in the field of identification and control of various types of banking risks.
- 7.6. The management bodies of the Bank (Bank's Management Board and Executive Committee) are responsible for risks management at the Bank's level. The risk management function is granted to the Risk Management Department, subordinated to the Vice-President of the Executive

Committee (CRO) who has the main responsibility for monitoring of development and implementation of the risk management function within the Bank.

- 7.7. The General Meeting of Shareholders shall confirm the audit entity for the performance of the mandatory statutory audit and determine the amount of the remuneration for its services based on the recommendations of the Board of Directors and the Audit Committee.
- 7.8. The Bank shall provide the external audit entity with all the conditions and information necessary for the provision of an objective and independent opinion of the external audit entity.

VIII. SOCIAL RESPONSIBILITY AND RELATIONSHIP WITH STAKEHOLDERS

8.1. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

- 8.1.1. Bank shall respect the rights of its shareholders and provide them with equal treatment.
- 8.1.2. Bank shall provide its shareholders with access to relevant information so that they can exercise all their rights in a fair manner. The Bank's communication strategy shall be based on principles such as:
- equality of access to information for all shareholders and immediate availability of relevant information,
 - compliance with the deadlines in terms of publishing the results,
 - transparency and coherence of the information provided.
- 8.1.3. Bank shall have set up and maintain an adequate structure for the relationship with investors, in general, and with its own shareholders, in particular. The shareholders / investors can submit to the Bank their requests, both by e-mail and by telephone, to the contact details dedicated to them mentioned on the Bank's website.
- 8.1.4. Bank shall have created a special heading, on its own webpage, easily identifiable and accessible (www.victoriabank.md, the Disclosure of information heading, the Bank's Governance sub-heading / Disclosure of information in accordance with the Capital Market Law), where relevant information on GMS is available, other ongoing information on events and actions that influence or may influence the Bank as an issuer or the price of its securities.
- 8.1.5. Given that the Bank's securities are admitted to trading on the regulated market of the Moldovan Stock Exchange, the Bank shall provide the Stock Exchange with financial and other information, which the Stock Exchange, in turn, makes available to potential investors.

8.2. RELATIONSHIP WITH EMPLOYEES AND ORGANISATIONS REPRESENTING THEIR INTERESTS

- 8.2.1. Relationship between the Bank and its employees shall be based on dialogue, respect and professionalism.
- 8.2.2. Through its internal policies, BC "Victoriabank" S.A. aims at building professional competences of its employees, by creating a social and professional climate that would allow for the achievement of the objectives of the Bank.
- 8.2.3. Personnel (employees) of the Bank must have good professional training and enjoy a proper reputation. The personnel shall be required to respect, in its activity, the provisions of the legislation in force, the Statute of the Bank and other internal regulations.
- 8.2.4. Employment of the personnel shall be done by employment contract, in compliance with the legal provisions in the field of work, social insurance, taxation, etc.
- 8.2.5. Employment contracts concluded with the personnel whose activities and duties have a significant impact on the risk profile of the Bank, must contain clauses that ensure compliance with special requirements, as provided for by Law no. 202/2017 regarding the activity of banks, the normative acts of the National Bank of Moldova and the Remuneration Policy of the Bank.
- 8.2.6. Labour disputes and disputes related to labour relations between the Bank and its employees shall be settled in a spirit of legality, in accordance with the legislation in force.

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- 8.2.7. Personnel of the Bank shall be always encouraged to communicate any concerns regarding the management framework of the Bank's activity, under confidentiality conditions.

8.3. RELATIONSHIP WITH CLIENTS

- 8.3.1. Bank's general strategy for sustainable development shall focus on client's concerns and needs.
- 8.3.2. Bank shall bear responsibility for fulfilling its own obligations, including towards depositors and other clients, with all its assets, in accordance with the legislation in force and the clauses of the contracts concluded. The Bank shall not be liable for obligations of its shareholders, and they shall not be responsible for the Bank's obligations. The shareholders shall assume the risk of losses within the limits of their shares in the share capital of the Bank.
- 8.3.3. Members of the managing bodies, persons holding key functions and the personnel of the Bank are obliged to the Bank and its clients, to put the interests of the Bank and its clients above the commercial or material interest, while not admitting that their obligations towards a client to conflict with obligations to another client of the Bank, or personal interests to conflict with obligations to a client of the Bank.
- 8.3.4. Money and other assets of clients, including bank deposits held in the Bank, maybe seized, confiscated or subject to forced execution only under acts issued by the bodies, institutions, persons empowered by law and judicial bodies according to the procedure established by law.

8.4. RELATIONSHIP WITH CONTROL AND SUPERVISORY AUTHORITIES

- 8.4.1. Relationship between the Bank and authorities shall be based on the following principles:
- a. compliance with the legal regulations and conducting the activity according to the licenses held;
 - b. collaboration with the state authorities in order to improve the legal framework and to develop strategies and policies regarding the Bank's fields of activity;
 - c. compliance with ethical principles in the relationship with the supervisory and control authorities;
 - d. ensuring an efficient framework for the exchange of information between the Bank and authorities.

8.5. RELATIONSHIP WITH OTHER BANKS

- 8.5.1. Bank shall respect the interest of all financial and banking institutions, both from the Republic of Moldova and from abroad, organizing its activity in a fair way from the point of view of competition, promoting professional solidarity and mutual respect.
- 8.5.2. Bank shall act to maintain a cooperative environment between banking institutions through:
- a. Discouraging manifestations of unfair competition or monopoly;
 - b. Use of legal forms of advertising and refrain from actions that could harm the image, interests or products of other competing banks;
 - c. Compliance with the legislation in the field of intellectual property protection and the taking of measures that would protect their own rights.

8.6. SOCIAL AND CORPORATE RESPONSIBILITY

- 8.6.1. Bank has established a function that is separated from **CSRO – Corporate Social Responsible Officer**, in charge of:
- 8.6.1.1. Coordinating and monitoring the development and assistance in implementing environmental strategies, policies and programs that promote sustainable development in accordance with the Bank's management decisions;
 - 8.6.1.2. Coordinating the assistance of units responsible for:
 - environment legislation;
 - Bank policies regarding environmental and social issues;
 - commitments to external entities;

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- other requirements regarding environmental risk management and reporting
- 8.6.1.3. Monitoring the implementation of resource improvement programs at the business units level;
- 8.6.1.4. Monitoring opportunities of the "green economy";
- 8.6.1.5. Training of employees on environmental and social issues.
- 8.6.2. Bank has a permanent, independent, advisory body set up at the initiative of the Bank's Board of Directors, in order to monitor, manage, and develop the Bank's policies in the fields of energy efficiency, bio-agriculture and ecology - called the **Green Council**.
- 8.6.3. The purpose of the Green Council is to identify, establish and develop the Bank's policies, dealing with how the Bank develops the agenda of activities in the following areas:
- renewable energy / resources;
 - energetic efficiency;
 - waste management;
 - ecology;
 - Bio agriculture.
- 8.6.4. Green Council shall be composed of the members of the Board of Directors of the Bank.
- 8.6.5. Organization, powers and competences of the Green Council shall be set out in the Regulation regarding the organization and functioning of the Green Council of B.C. "Victoriabank" S.A.

XI. FINAL PROVISIONS

- 9.1. This Code represents an agreement between the managing bodies and the shareholders.
- 9.2. Board of Directors and the Executive Committee shall honour their responsibilities in order to act in the interests of the shareholders. The violation of responsibilities, together with the damage caused to the Bank, shall entail consequences for the persons who commit such violations.
- 9.3. This Code shall come into force from the date of approval by the Bank's Board of Directors and shall be published on the Bank's official website: www.victoriabank.md. With the approval of this Code, the Code of Corporate Governance of BC "Victoriabank" SA shall be repealed, approved by the General Meeting of Shareholders of the Bank, Minutes no. 58 of 25.09.2019.

CORPORATE GOVERNANCE STATEMENT "COMPLIANCE OR JUSTIFICATION"

No.	Question	YES	NO	If NO, then JUSTIFICATION
1.	Does the company have its own website? Please indicate its name.			
2.	Has the company developed a Corporate Governance Code describing the principles of corporate governance, including amendments thereto?			
3.	Is the corporate governance code posted on the company's own website, indicating the date of the last amendment?			
4.	Are the positions, powers and duties of the company's board, executive body and audit committee defined in the Corporate Governance Code?			
5.	Does the annual report of the management (executive body) include a chapter on corporate governance describing all relevant corporate governance events during the reporting period?			

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6.	Does the company ensure fair treatment of all shareholders, including minority and foreign holders of ordinary and/or preference shares?			
7.	Has the company developed, proposed and approved procedures for the orderly and efficient convening and conduct of general meetings of shareholders, without prejudice to the right of any shareholder to express his or her opinion freely on the matters under discussion?			
8.	The company publishes on its website information on the following corporate governance issues:			
	1) general information about the company - historical data, types of activity, registration dates, etc.;			
	2) the company's report on compliance with corporate governance principles and the provisions of the law			
	3) the articles of association of the company			
	4) the regulations of the company, the regulations of the board of the company, the executive body and the board of auditors, as well as the remuneration policy of the members of the governing bodies, also regulating the procedure for convening and conducting the general meeting of shareholders, if such procedure has been adopted			
	5) financial statements and annual reports of the company			
	6) information on the company's internal audit (audit committee) and external audit			
	7) information on the executive body, the members of the board of the company and the members of the audit committee (for each member separately). Work experience, positions held, education, information on the number of shares held, as well as information on their independence shall be indicated			
	8) shareholders holding at least 5% of the company's shares, as well as information on changes in the list of shareholders;			
	9) any other information that must be publicly disclosed by the company in accordance with the law, e.g. information on major transactions, any significant events, company press releases, archived information on company reports for previous periods;			
10) Corporate governance statement.				
9.	Can the shareholder use electronic notifications of the convocation of the general meeting of shareholders (if there is such a preference)?			
10.	The company publishes on its website (in a separate section) information on general meetings of shareholders:			
	1) the decision to hold a general meeting of shareholders?			
	2) the draft decisions to be considered (agenda materials/documents) and any other information on the agenda items?			
	3) the resolutions adopted and the result of the vote?			
11.	Does the company have a corporate secretary?			
12.	Is there a dedicated investor relations department/person within the company?			
13.	Does the Board meet at least once a quarter to monitor the company's activities?			
14.	Are all stakeholder transactions disclosed through the company's website?			
15.	Has the company's board/executive body adopted a procedure to identify and appropriately address conflict of interest situations?			
16.	Does the stakeholder comply with the legal provisions and the			

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	provisions of the Corporate Governance Code regarding conflict of interest transactions?			
17.	Does the structure of the company's board ensure a sufficient number of independent members?			
18.	Is the election of board members based on a transparent procedure (objective criteria on professional qualifications, etc.)?			
19.	Is there a Remuneration Committee within the company?			
20.	Is the company's remuneration policy approved by the general meeting of shareholders?			
21.	Is the company's remuneration policy set out in the Articles of Association/Internal Regulation and/or the Corporate Governance Code?			
22.	Does the company publish on its website information in Russian and/or English?			
23.	Does the company have an Audit Committee?			
24.	Does the company, whose financial instruments are admitted to trading on the regulated market, submit to the regulated market its Statement on compliance or non-compliance with the provisions of the Corporate Governance Code?			