



# **European Merchant Bank UAB**

## **Charter of the Management Board**

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## I. INTRODUCTION

- 1.1. This Charter addresses general principles and overall responsibilities regarding governance of the Management Board of the European Merchant Bank UAB (hereinafter referred to as the 'Bank').
- 1.2. In addition to complying with this Charter and any applicable rules, protocols and shareholders decision, the Management Board shall ensure that there is an atmosphere of cooperation and agreement, characterized by mutual supportiveness, in order to support the individual and shared responsibilities of the Management Board members.
- 1.3. Any term used in this Charter shall have the same meaning or definition as in the Articles of Association (hereinafter referred to as the 'AoA'). In the event of any discrepancies between this Charter and the AoA, the terms of the AoA shall prevail.
- 1.4. Issues related to the activities of the Management Board but not mentioned in this Charter shall be resolved in the manner prescribed by laws.

## II. ELECTION OF THE MANAGEMENT BOARD

- 2.1. The Board shall be a collective management body of the Bank.
- 2.2. The Board members are CEO, Deputy CEO(s) and C level managers chosen to be appropriate for the position by individual qualifications and collective suitability requirements of the Board.
- 2.3. Number of members of the Management Board is defined in the Articles of Association of the Bank and the members are elected for the tenure of 4 (four) years.
- 2.4. The Supervisory Board elects, suspends and removes the members from the Management Board in accordance with the procedure established by law and the Charter of Supervisory Board.
- 2.5. The Bank shall notify the Supervisory Authority of the intention to appoint a Management Board candidate or remove a Management Board member. Management Board members shall be appointed only having prior approval of the Supervisory Authority.
- 2.6. The Management Board shall perform its functions for the period of 4 (four) years or until the new Management Board is elected and starts to perform its functions, but not longer than until the ordinary Shareholders' Meeting in the last year of the term of office of the Management Board.

- 2.7. The members of the Management Board have the right to resign from being a board member with 14 working days' notice to the CEO, Chairman and the Supervisory board. The Supervisory board has a right to approve resignation earlier.

### III. COMPETENCE OF THE MANAGEMENT BOARD

- 3.1. The Management Board shall approve:

- 3.1.1. The management structure of the Bank and the positions of employees.
- 3.1.2. The positions to which employees are recruited through competition.
- 3.1.3. Regulations of branches and representative offices of the Bank.
- 3.1.4. Procedures of issuing guarantees and sureties of the Bank as well as assuring other obligations.
- 3.1.5. Other issues attributed to the competence of the Management Board under the AoA, applicable laws or the resolutions of the Shareholders' Meeting.

- 3.2. The Management Board shall adopt the following resolutions:

- 3.2.1. To become an incorporator or a member of other legal entities.
- 3.2.2. On the incorporation of branches and representative offices of the Bank.
- 3.2.3. On investment, transfer, lease of long-term assets of the Bank the balance sheet value whereof exceeds 1/20 of the Bank's share capital (calculated separately for each type of the transactions).
- 3.2.4. On pledge or mortgage of long-term assets of the Company (despite the value of the transaction).
- 3.2.5. On offering guarantee or suretyship for the discharge of obligations of other persons, where the amount of the obligations exceeds 1/20 of the Bank's share capital.
- 3.2.6. On the acquisition of long-term assets,
- 3.2.7. Other resolutions attributed to the competence of the Management Board under the AoA, applicable laws or the resolutions of the Shareholders' Meeting.

- 3.3. The Management Board shall analyse and evaluate:

- 3.3.1. The information submitted by the CEO on the organisation of the activities of the Bank, the financial status of the Bank, the results of business activities, income and expenditure estimates, the stocktaking and other accounting data about changes in assets,
- 3.3.2. The set of the Bank's annual financial statements and draft of profit/loss appropriation and shall submit them to the Shareholders' Meeting together with the annual report of the Bank,
- 3.3.3. The draft resolution on dividends for the period shorter than one financial year, as well as the draft set of interim accounts formed in order to take this resolution, that, together with the interim accounts of the Bank, is submitted to the Shareholders' Meeting,
- 3.3.4. The credit limit setting proposals for banks by financial institutions department,
- 3.3.5. Loan proposals approved by Credits Committee as the final approver body or loan proposals by local or global sales departments as the first approver to be recommended to Supervisory Board (based on authorization limits defined in Credit Decision Making and Authorization Policy,
- 3.3.6. Expense proposals by departments based on expense amounts matching the authorization level of Management Board as indicated in Purchasing Policy.

- 3.4. With prior approval of the Supervisory Board elect, remove and suspend from the position Head of Administration of the Bank and Deputy Head Administration of the Bank, as well as establish their salary, confirm their work regulations, promote and impose penalties on them.
- 3.5. Management Board acts as the supervisory body which the following committees report to: Credits Committee, Asset and Liability Committee and Information Security Committee.

#### IV. CHAIRMAN AND SECRETARY OF THE MANAGEMENT BOARD

- 4.1. The Head of Administration is the Chairman of the Management Board. When Head of Administration is absent (vacation, business trip, etc.), one Deputy Head of Administration runs the Chairman role.
- 4.2. Chairman sends invitations to the Management Board meetings, leads the meetings.
- 4.3. The Secretary is responsible:
  - 4.3.1. To ensure that the Management Board agenda is developed in a timely and effective manner for review and approval by the Chairman of the Management Board.
  - 4.3.2. To ensure, in conjunction with the Chairman, that the Management Board resolutions and minutes are developed and signed by members in a timely and effective manner.
  - 4.3.3. To draft and maintain minutes of the Management Board meetings.
  - 4.3.4. Other tasks prescribed by the Chairman.
- 4.4. Secretary is appointed by the Chairman.

#### V. MEETINGS OF THE MANAGEMENT BOARD

- 5.1. The meetings of the Management Board shall be convened by the Chairman or by the decision of not less than 1/3 of the members of the Management Board.
- 5.2. Meetings are held regularly and weekly on a predetermined schedule. The meeting dates can be changed upon prior notice to all Management Board members.
- 5.3. The agenda of the meeting of the Management Board, the draft decisions planned to be adopted and the information related to the agenda items shall be submitted to the members of the Management Board not later than 1 business day prior to the meeting of the Management Board (unless all members of the Management Board agree on the shorter term) by the Secretary.
- 5.4. Meetings of the Management Board may be held via teleconference, video conference or other similar mean provided where it is possible to verify identities of participants and ensure safety of transferred information.

- 5.5. Meetings of the Management Board shall be closed ones, non-members may attend the meetings if only expressly invited.
- 5.6. The draft decisions planned to be adopted and the information related is presented by the member of Management Board who proposes the decision or other Bank employee requested by the Management Board.
- 5.7. The Management Board may adopt decisions and its meeting shall be deemed to have been held when the meeting is attended by 2/3 or more of the members of the Management Board.
- 5.8. The members of the Management Board who have voted in advance shall also be deemed to be present at the meeting.
- 5.9. The decision of the Management Board shall be adopted if more votes for it are received than the votes against it. If equal number of votes are received for and against, the Chairman will have the deciding vote.
- 5.10. A member of the Management Board shall not be entitled to vote when the meeting discusses the issue related to him personally or to a person related to him, to his work performance or in any other way where the direct conflict of interests shall occur.

#### VI. RELATION WITH THE SUPERVISORY BOARD

- 6.1. The Chairman shall be the first contact for the Supervisory Board and its Chairman for any inquiries.
- 6.2. The Chairman shall be responsible to inform the Supervisory Board in timely manner about relevant decisions or activities of the Management Board.

#### VII. REVIEW

- 7.1. This Charter is reviewed, updated, and approved by the Supervisory Board following the proposals of the Chairman at least once per year or more often if there is a major change in the regulatory framework.
- 7.2. All the employees of the Bank shall be entitled to get familiarized with this Charter.