



**European Merchant Bank UAB**

**Charter of Credit Committee**

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## I. SCOPE

1.1. Charter of Credit Committee (further in the text – “the Charter”) shall be a part of European Merchant Bank (further in the text – “the Bank”) credit risk management strategy and policy. The Charter shall define a role, authorization limits, composition and procedural requirements of the Credit committee (further in the text - “Committee”).

1.2. The Charter shall be based on the Bank’s “Credit Risk Management Strategy”, “Credit Risk Management Policy”, “Credit Risk Appetite Statement” as well as “Credit Decision Making and Authorization Policy”.

## II. ROLE OF COMMITTEE

2.1. The specific authority and responsibilities of the Committee shall include, but are not limited to, the following:

2.1.1. Approve credit proposals under limit set to the Committee and make recommendations regarding to credit proposals to the upper authorisation level – Management Board and Supervisory Board.

2.1.2. Monitor overall credits concentration limits, including credits to one borrower, by industry, by product, etc.

2.1.3. Monitor the Bank’s credit products, origination volumes, market area and credit facilities development.

2.1.4. Monitor the Bank’s quality of both credits portfolio and individual credits, credits portfolio tendencies, expected credit losses, collateral policy.

2.1.5. Recommend to the Management Board for approval Credit risk/Lending policies, procedures commensurate with the Bank’s specific risk tolerances and strategic goals and monitor the implementation of lending policies.

2.1.6. Periodically review the Bank’s credits grading system and monitor the performance of the system, including a review of classification reports, external credit reviews and examination reports.

2.1.7. Perform a periodic review of the Bank’s high-risk and non-performing credits. Review collection practices and strategies, as appropriate.

2.1.8. Prepare and make periodic reports to the Management Board, as required.

2.1.9. Annually review this Charter and recommend changes to the Management Board as needed.

2.2. Also, the Committee shall consider other questions related to credits and credit risk management.

## III. AUTHORIZATION LIMITS

3.1 Authorization limits to the Committee shall be defined in “Credit Decision Making and Authorization Policy”.

#### IV. STRUCTURE OF COMMITTEE

4.1. The Committee reports to Management Board.

4.2. The Committee shall consist of five members: (i) CEO as the chairperson of the Committee, (ii) Local Sales Head in the case of proposal of international credits / Head of Global Sales in the case of proposal of local credits, (iii) Head of Legal, (iv) Local Credits Manager in the case of proposal of international credits / International Credits Manager in the case of proposal of local credits and (v) Chief Financial Officer. Besides to above mentioned, CEO can invite any employees to the meetings as a guest when needed.

4.3. CRO (or the highest senior manager in charge of risk function when CRO is not present) attends the committee meetings as a guest, not as a member. CRO, as also indicated in CRO Charter, has direct access to Management Board and Supervisory Board.

4.4. The member(s) of the Committee should have sufficient competence and professional experience in banking and lending/credits issuing/risk management as defined in "Credit Decision Making and Authorization Policy".

4.5. Members of the Committee shall serve until they are revoked or other circumstances appeared (termination of labour agreement, conflict of interests and so on) due it they can not proceed with this role. The members of the Committee can be removed without cause by the Management Board anytime.

#### V. MEETINGS OF COMMITTEE

5.1. The Committee shall meet at least monthly and may hold additional meetings as needed or appropriate.

5.2. The Committee may ask members of management or others to attend meetings or to provide relevant information. Any member of the Committee shall be authorized to call a meeting of the Committee providing adequate notice to all members of the Committee.

5.3. The meeting quorum of the Committee shall be at least 3 members and all resolutions taken by the Committee shall require the affirmative votes of at least 3 members of the Committee. If votes shall be distributed equally, the final decision shall be taken by chairperson of the Committee.

5.4. Resolutions and minutes of the Committee shall be prepared by the secretary of the Committee, who shall be nominated by the CEO and appointed by Management Board. The secretary is not required to be a member of the Committee.

5.5. CRO (or the guest representing the Risk function) can escalate any decisions of the Credit Committee to, at his/her sole discretion, Management Board and/or Supervisory Board. Any objections of the CRO (or the guest representing the Risk function) should be reported in Credit Committee minutes by the secretary.

## VI. FINAL PROVISIONS

6.1. The Charter shall be periodically (at least annually) reviewed or even more often if there is a major change in Bank's risk management framework or applicable legislation. The amendments to the Charter shall be updated by Credits Manager(s) and reviewed and approved by the Management Board following the proposals of Head of Sales, Credits Manager or/and internal control function (compliance and risk management function) at least once per year. In the course of the review of the Charter, the self-risk assessment, reports of internal control functions (risk management control and compliance functions), internal and external audit reports shall be taken into account.