POLICY FOR THE MANAGEMENT AND REDUCTION OF THE RISK OF MONEY LAUNDERING AND TERRORIST FINANCING

CEC BANK S.A. is strongly committed to participating in national and international efforts to combat money laundering and terrorist financing.

CEC BANK S.A. has implemented a program to prevent and combat money laundering and terrorist financing carried out in accordance with international standards in the field of AML/KYC/CFT and specific legislation at the national level. It includes risk identification and assessment methodologies, AML / CFT risk management and mitigation policy, internal customer knowledge rules that include all applicable KYC measures, procedures, processes, limits and controls that ensure identification, assessment, monitoring, mitigation and reporting of the risk associated with the Bank's activities as a whole.

As part of its efforts to prevent and combat money laundering and terrorist financing, the Bank is working to ensure that it continues to comply with all international sanction's programs imposed by EU and UNSC. In addition to the lists of sanctions imposed by these bodies that are mandatory, according to national legislation, the Bank also uses the lists of sanctions imposed by other bodies (e.g. OFAC, HMT, OSFI/DFATD, SECO, MAS). CEC BANK SA makes every effort to comply with these restrictions and sanctions and to identify suspicious activities.

I. GOVERNANCE FRAMEWORK

1. The Bank is managed, in a unitary system, by a Board of Directors headed by a chairman, appointed by the Ordinary General Meeting of Shareholders from among the non-executive members of the Board of Directors.

2. The Board of Directors has the responsibility to supervise the management of the compliance risk to which the Bank is exposed and, as a supervisory body, approves the Bank's Compliance Policy, which includes the Statute of the Compliance Function and the Compliance Strategy.

II. POLICIES AND PROCEDURES

A. The strategy of customer acceptance

1. The customer acceptance policy stipulates that the Bank should establish business relations and provide banking products and services on an AML/CFT risk-based approach.

2. The main elements that determine the risk associated with customers are those determined by:

   a) the type of activity of the client/of the UBO.
   b) the reputation of the client/UBO of the client (including the quality of PEP);
   c) the nature and behavior of the client/UBO.
   d) the geographical risk factors associated with the client/UBO.

   Depending on these risks, the Bank has established a policy of accepting customers:

3. The general principles of acceptance/non-acceptance of clients represent an *effective way to protect the Bank* from persons who are involved in money laundering or terrorist financing activities.

4. This goal is achieved through *clear and complete information about the client and its operations*, as well as by implementing and maintaining a healthy relationship with customers based on mutual trust.

5. The categories of **clients accepted** by the Bank:

   - resident and non-resident individuals.
   - resident and non-resident, banking and non-banking legal entities.

6. For the categories of clients identified with higher potential risk, the Bank ensures, through the applied KYC measures controls for diminishing the risk in order to reduce the risk to the level accepted by the Bank.

B. The types of products and services that the Bank intends to offer

1. The Bank's clients have access to the full range of products and services, these being offered to clients in accordance with the provisions of the internal regulations in AM/ CFT field, with the General Business Conditions, with the internal regulations in force related to the respective products and with any other provisions deriving from the contractual relations with the Bank.

2. For certain categories of customers or for some particular cases, the Bank may limit the offer of products/services or may refuse a transaction based on a risk-based approach (risk indicators associated with the customer or with the transaction versus the characteristics of the requested product).

3. The Bank may carry out within the authorization granted by the NBR, as well as subject to obtaining the other authorizations required by law, the activities/products/services in accordance with those stipulated in the statute and may apply different KYC measures, according to the product/transaction and the risk associated with them, taking into account the type of product as well as the value of the transaction and the country in/from which the transaction is performed.

4. The Bank, through the implemented measures and processes, ensures that the characteristic of the new products does not assure the possibility to be used for the purpose of money laundering or terrorist financing or that the new products do not facilitate anonymity.

5. The compliance function is involved in approving new products or the existing ones that are significant changed, as well as of the changes in processes and systems. Its contribution includes a complete and objective assessment of the risks arising from the new activities, of any possible deficiencies in the risk management and internal control framework, as well as in the Bank's ability to effectively manage any new risk.

6. The main elements that determine the risk associated with the products are those arising from:

a. the level of transparency allowed by the product, service or transaction in question.
b. the complexity of the product, service or transaction.
c. the value or size of the product, service or transaction.

C. Maximum limit of the level of risk considered acceptable by the Bank at the level of clients, products and services, as well as at the level of the entire activity

1. AML/KYC/CFT risks exist as an inherent part of the activity. Therefore, the management of this risk within the Bank is considered to be of essential importance. The identification of AML/KYC/CFT risks, their assessment and appropriate management are elements that must be taken into account in any process and constitute the basis for a risk-based approach, when appropriate and applicable risk mitigation measures are established.

2. The result of the AML/KYC/CFT risk assessment will explain the residual risk existing at the Bank level. It must be compared with the Bank's risk appetite at the level of customers, products and services, as well as at the level of the entire activity.

3. The Bank uses a 4-level AML/CFT global risk assessment scale (depending on the identified risks and the effectiveness of the identified risk mitigation mechanisms), classifying the residual risk in one of the following categories: low risk, medium-low risk, medium-high risk, high risk.

4. The global AML/CFT risk is considered to be within the Bank's risk appetite if it registers a low or medium level; if the residual risk exceeds the Bank's risk appetite, measures are proposed either to reduce the inherent risk or to strengthen the control environment, so that the level of residual risk to be in the limits accepted by the Bank.

D. The directions and general measures that the Bank deems appropriate to reduce the risk of money laundering and terrorist financing identified through risk assessment, both at the level of customers, services and products offered, and at the level of the institution and, as the case may be, at the activity carried out through branches and subsidiaries located in third party countries.

The Bank has developed and implemented a comprehensive set of measures to identify, manage and control the risk of money laundering and terrorist financing. These are represented by:

a) ML/CFT risk analysis (identification, evaluation, measures);
b) ensuring the controls;
c) a well-defined KYC program;
d) a training and awareness program for employees:
e) a well-defined program on the application of international sanctions;
f) the staff exercising compliance responsibilities have the necessary professional and personal qualifications, experience and skills to enable them to perform their tasks effectively.
g) the periodical verification of all the employees with responsibilities in the application of the measures provided in KYC regulations.

E. The manner in which compliance with policies and procedures is ensured

1. The Board of Directors, as the management body in its supervisory function, has the general responsibility for the observance and management of compliance risks.

2. In order to ensure adequate risk management, the Bank has established three lines of defense and control, in addition to those exercised through self-control as well as those

exercised by the Board of Directors/Management Committee:

(1) The territorial units and the business directions constitute the first line of defense and have the main responsibility for identifying, managing and mitigating the Bank's compliance risks, by having sufficient controls.

(2) The Compliance Department is an independent risk control function that includes the activity of preventing, combating money laundering and terrorist financing and constitutes the second line of defense for the risk of compliance. The Compliance Department is responsible for the independent supervision of the Bank's compliance risks, by carrying out risk assessments, monitoring activities, advising management and reporting to it independently.

(3) The Internal Audit Department is responsible for evaluating the existence of a well-organized procedural framework, properly implementing and for evaluating the effectiveness of internal controls. The Bank organizes the internal audit as a component of the activity of monitoring the internal control framework and evaluating the quality of internal controls, both in terms of their effectiveness and efficiency, an evaluation that includes the risk management function and the compliance function.

3. In addition, the Anti-Fraud and Control Department is organized and operates at the level of the Bank, which contributes to the development of the general anti-fraud framework, develops and maintains monitoring procedures for the Bank's protection against fraud.

F. Employee protection and reporting deviations

1. The bank grants employees the right to address in their own name to report to the state authorities violations of any kind of legislation to prevent money laundering.

2. The Bank shall ensure adequate protection of its employees who report violations of the law on money laundering and terrorist financing, committed within the Bank.

3. The Bank will establish clear procedures to ensure that confidentiality is guaranteed in all cases regarding the identity of the person reporting any violations of the law on the prevention of money laundering and terrorist financing, committed within the Bank, unless the disclosure is required by other legal provisions.

G. Keeping of documents

1. The Bank, when applying the KYC measures, has the obligation to keep in letter or electronic format, in a form allowed in court proceedings, all records obtained by applying these measures, such as copies of documents identification, monitoring and verifications performed, including information obtained by electronic means necessary to comply with KYC requirements, for a period of 5 years from the date of ending of business with the customer or from the date of the occasional transaction.

2. When it is necessary to extend the period of retention of documents in order to prevent, detect or investigate money laundering or terrorist financing activities, the Bank is obliged to extend the period of 5 years by the period indicated by the competent authorities, without this extension may exceed 5 years.

3. Upon expiration of the retention period, the Bank has the obligation to delete the personal data, except in situations where other legal provisions require the continued retention of data.