

Translation from Bulgarian

**APPROVED
MINISTER OF ECONOMY:**

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**ARTICLES OF ASSOCIATION
OF BULGARIAN DEVELOPMENT BANK EAD
A SINGLE SHAREHOLDER JOINT-STOCK COMPANY**

**CHAPTER I
GENERAL PROVISIONS
PART I**

LEGAL STATUS, COMPANY NAME AND CORPORATE SEAT

Article 1. *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)* Bulgarian Development Bank EAD, hereinafter referred to as the "BANK", shall be a credit institution having its corporate seat at 1 Dyakon Ignatiy Str., Sredets District, Sofia, whose organization and scope of business are set out in the Bulgarian Development Bank Act, as promulgated in the State Gazette No. 43/ April 29, 2008, as amended in No. 82/October 16, 2009, effective as of October 16, 2009, No. 99/December 16, 2011, effective as of January 1st, 2012, as amended in No. 102/December 21, 2012, effective as of January 1st, 2013, as amended in No. 107/December 24th, 2014, effective as of January 1st, 2015, as amended in No. 63/August 4th, 2017, as amended in No. 96/December 1st, 2017, effective as of January 1st, 2018.

Article 2. *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)* The BANK shall perform its activities under the company name „**БЪЛГАРСКА БАНКА ЗА РАЗВИТИЕ**“ ЕАД /**BALGARSKA BANKA ZA RAZVITIE EAD**/, which may also be written as **BULGARIAN DEVELOPMENT BANK**, as translated into English, for the purposes of international correspondence.

Article 3. The BANK shall be a joint stock company established for an unlimited duration in whose capital the State's interest shall be not less than 51 percent.

Article 4. The BANK shall have headquarters as per its corporate seat and may establish branches, offices and representative offices in Bulgaria and abroad.

Article 5 (1) *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)* The BANK shall have a round stamp bearing the inscription „**БЪЛГАРСКА БАНКА ЗА РАЗВИТИЕ**“ ЕАД /**BULGARIAN DEVELOPMENT BANK EAD**/, Sofia.

(2) Stamps of the BANK'S branch offices shall also bear the name of the city or town where such offices are located.

PART II SCOPE OF ACTIVITY

Article 6 (1) The BANK shall perform the activities stipulated in Art. 2, paragraph 1 and 2 of the Credit Institutions Act, in compliance with the license issued by the Bulgarian National Bank.

(2) The BANK may conduct the following activities:

1. receiving deposits or other repayable funds from the public and granting credits or other financing for their own account and risk;
2. providing payment services within the meaning of the Payment Services and Payment Systems Act, without issuance of bank payment cards and electronic money, as well as execution of payment transactions with bank payment cards and electronic money instruments;
3. issuing and administering other means of payment such as traveler's checks and letters of credit, as such activity is not covered by item 2;
4. depository or custody institution activities;
5. financial leasing;
6. guarantee transactions;
7. trading for its own account or for customers' account in:
 - Money market instruments - checks, bills of exchange, deposit certificates and others beyond the cases under item 8;
 - Foreign currency and precious metals;
 - Financial futures, options, exchange rate and interest rate instruments and other derivative instruments beyond the cases under item 8;
8. trading for its own account or for customers' account in transferable securities, participation in issues of securities, as well as other services and activities under article 5, paragraph 2 and 3 of the Markets in Financial Instruments Act;
9. money brokerage;
10. advising companies on their capital structure, branch strategy and related matters as well as advices and services concerning company reorganizations and business acquisition transactions;
11. acquisition of loan receivables and other form of financing (factoring, forfaiting and others);
12. equity acquisition and management;
13. collection and distribution of information and references on customers' creditworthiness;
14. other similar activities defined in an Ordinance of the Bulgarian National Bank.

(3) The BANK may not perform by business other activities, notwithstanding of the specified in paragraph 2 and provided by the Bulgarian Development Bank Act, whenever this may prove necessary for the performance of its activity or in the process of collection of receivables on extended credits. The BANK may establish or acquire legal entities for performance of ancillary services.

(4) The BANK may participate in companies, consortiums and other forms of partnership in conformity with the relevant requirements of the effective legislation.

PART III MAIN ACTIVITIES OF THE BANK

Article 7 (1) The priorities of the activity of the BANK are regulated under Art. 4, paragraph 1 of the Bulgarian Development Bank Act.

(2) In carrying out its activities, the BANK shall comply with the Strategy for the BANK'S activity, adopted by the Council of Ministers under the Bulgarian Development Bank Act.

Article 8. (1) *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)* The lending activity of the BANK shall be oriented toward:

Pre export and export financing of small and medium sized enterprises; on-lending or direct lending to other activities of SMEs; refinancing of banks, lending to SMEs; financing of SMEs' investments abroad, participation in public and public-private projects or partnerships of strategic, national and/or regional importance.

Lending to export-oriented small and medium-sized enterprises with high added value shall have priority in the lending activities of the Bank.

The BANK shall also provide other types of loans while the exposure to an individual person or group of related parties, other than credit institutions, central governments and central banks subject to the requirements and limitations of Regulation (EU) No. 575/2013, after taking into account the effect from the reduction of the credit risk, in accordance with rules as defined by the Management Board.

(2) The BANK shall not finance the following activities/beneficiaries:

1. Activities that are not in compliance with the national legislation including the protection of the environment;
2. Companies with unknown ultimate controlling owner;
3. Political parties and related entities thereto. For the purposes of this paragraph, entities related to political parties are; youth, female and other organizations that the political parties can establish by law, as well as entities established by political parties to carry out the only business activity authorized by law - publishing, copyrights and use of intellectual property, as well as sale and distribution of printed, audio and audio-visual materials with political party propaganda content;
4. Non-profit companies and organizations;
5. Media
6. Activities related to the sport and sports events;
7. Other activities prohibited by law;

(3) The BANK provides loans directly or through commercial partner-banks.

(4) The terms and conditions for the provision of loans shall be determined by the Management Board.

(5) *(as amended by resolution of the Single Shareholder adopted on July 20th, 2021)*

The Bank may not form new exposures, on individual and consolidated basis, to one client or group of related clients, the total amount of which exceeds the amount of BGN 5,000,000.

(6) *(as amended by resolution of the Single Shareholder adopted on June 1st, 2021)* The restriction referred to in paragraph 5 above shall not apply to exposures to subsidiaries of the Bank, any other credit institutions, the Council of Europe Development Bank, the European Investment Bank and the European Investment Fund, from development banks of EU Member States, and in such cases as provided for in paragraph 7.

(7) BDB also carries out financial transactions, within the scope of activity of the BANK under programs offered to it by the Government of the Republic of Bulgaria. When such programs envisage placement of funds at terms less favorable than the market terms, where there is a possible realization of losses and/or lost profits, their amount should be defined in the respective program.

(8) The BANK may finance/refinance companies with liabilities, classified by the BNB's credit register in Groups "Non-Performing" or "Loss" (or equivalent of such classification in the event of legislative changes), at the time of applying for a loan from BDB, after confirmation by the Supervisory Board.

Article 9 (1) The BANK shall be independent in making decisions about the selection of commercial intermediary banks and approving direct credit transactions.

(2) *(as amended by resolution of the Single Shareholder adopted on July 20th, 2021)* Any credit transactions and amendments to already signed contracts shall be approved as provided for by the effective for the time being Lending Rules of the BANK, these Articles and the applicable legislation.

PART IV OBJECTIVES AND PRINCIPLES OF THE BANK

Article 10. The BANK'S objectives are:

1. To improve, stimulate and develop the general economic, export and technological potential of the small and medium-sized enterprises to facilitate their access to sources of financing;
2. Attraction and management of medium and long-term local and foreign financial funds, needed for the realization of the economic development of the country;
3. Implementation of schemes and instruments for financing of public investments and projects, which are priority for the national economy;
4. Attraction of resources and project management from international financial and other institutions;
5. Attraction of resources and financing with the purpose of reducing the regional imbalances in the country.
6. financing of projects of local companies generating export, innovations, high employment and/or added value.
7. financing companies operating in priority sectors of the economy in compliance with the adopted governmental policy for economic development, as well as

companies implementing strategic projects and/or projects of national and/or regional importance.

Article 11 (1) While conducting its activities, the BANK shall follow the principles of transparency, neutrality, profitability, effectiveness, market compatibility and good banking practices.

(2) The BANK shall create conditions for observation of the requirements and ensure confidentiality, prevention and disclosure of conflict of interests by all its employees.

(3) The BANK does not aim at achieving maximum profit.

CHAPTER II REGISTERED CAPITAL AND SHARES

PART I CAPITAL

Article 12. The registered capital of the BANK shall be BGN 1,441,773,500 /one billion four hundred forty-one million seven hundred seventy-three thousand and five hundred leva/, comprised of the following:

- cash contribution - BGN 587,963,500 (five hundred eighty seven million nine hundred sixty three thousand and five hundred) leva;
- cash contribution - BGN 700,000,000 (seven hundred million leva);
- cash contribution - BGN 140,000,000 (one hundred and forty million leva);
- in-kind contribution of BGN 1,610,000 (one million six hundred and ten thousand leva) as an in-kind contribution of real property paid in by the Ministry of Finance with the rights of the contributor, pursuant to Private State-Owned Property Certificate No. 00218 of May 21, 1999 and Council of Ministers Instruction No 16 of April 13, 1999, as follows: a two-story solid building with a basement and attic spaces, having a gross built-up area of 2,315.79 sq. m., located in Sofia, 1 Dyakon Ignatii Str., Plot II (plot number two) of sq. 482, with the said property abutting on: Plot VIII to the east, Dyakon Ignatii Str. to the west, Plots II-7 and III-8 to the north, Aksakov Str. to the south. The property is valued at BGN 1,610,000;
- in-kind contribution of BGN 12,200,000 (twelve million and two hundred thousand leva), paid in by the Bulgarian State, represented by the Ministry of Finance, representing the value of ownership of a real property - privately owned state property, namely: Zoned Land II in sq. 482 of the Zoning Plan of the City of Sofia, "Centrum", having an area of 893.42 sq. meters (eight hundred and ninety-three square meters point forty-two), and on sketch - land with ID 68134.100.122 and an area on sketch of 903 sq. meters, located in Sofia, Sredets District, 1 Dyakon Ignatii Str., with the said property abutting on: northeast - Zoned Land I; southeast - Zoned Land I and Zoned

Land III; southwest - Zoned Land III; northwest - street with axial points 208, 208a and 208b; as shown on Private State-Owned Property Certificate No. 06449 dated January 23, 2008 and in implementation of Council of Ministers Decision No. 340 of May 28, 2010.

PART II SHARES

Article 13 (1) The BANK'S capital shall be distributed in 14,417,735 /fourteen million four hundred seventeen thousand seven hundred thirty-five/ registered dematerialized shares having a par value of BGN 100 /one hundred/ each.

(2) *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)*
Each share shall be registered and indivisible and shall give the right to one vote, the right to a dividend and share in the assets in case of liquidation pro rata to the par value of the share.

(3) Should a share belong to several individuals, they shall exercise their rights thereto jointly, by designating a proxy.

(4) The shares of the BANK cannot be subject to a pledge. The rights of the shares cannot be subject to transferable deals.

(5) The BANK'S Register of Shareholders shall constitute a statement from the Central Depository's Shareholders Register.

(6) *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)*
The amount of the annual dividend per share shall be determined by the Single Shareholder.

(7) A dividend shall be paid to a shareholder for the relevant year only if such shareholder has paid in the full amount of capital subscribed by him.

(8) Each shareholder has the right to refuse the dividend to which he is entitled. In this case, the funds shall be transferred to the "Additional reserves" fund of the BANK.

Article 14. Acquisition of shares shall mean that the shareholder has accepted the Articles of Association of the BANK.

PART III CAPITAL RESTRICTIONS

Article 15 (1) The interest of the State may not be smaller than 51% of the registered capital for the time being. The shares of the state forming this interest shall be non-transferable.

(2) The shares of the BANK capital stock, besides from the Bulgarian State, can be acquired and held by the Council of Europe Development Bank, the European

Investment BANK, the European Investment Fund and development banks from the member states of the European Union.

PART IV CAPITAL INCREASE AND REDUCTION

Article 16 (1) The amount of the registered capital may be modified in accordance with the procedure provided for in the law and in accordance with the provisions of these Articles. The modification resolution shall indicate the way for performing it.

Article 17 (1) *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)* The BANK'S capital may be increased by resolution of the Single Shareholder through:

1. issuance of new shares;
2. increase of the par value of shares;
3. conversion of bonds into shares in such manner as provided for by the Commerce Act;
4. any other method permitted by the law.

(2) *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)* The Single Shareholder may resolve to increase the capital by converting a portion of the profit into capital.

(3) *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)* The capital may be increased by cash or in-kind contributions, the Single Shareholder shall determine a payment period for such contributions, which cannot be longer than 6 months from the day the capital increase is registered.

Article 18. An increase of the capital shall be allowed only after the amount set out in the Articles of Association has been fully paid in.

Article 19. *(deleted by resolution of the Single Shareholder adopted on May 21st, 2021)*

Article 20 *(deleted by resolution of the Single Shareholder adopted on May 21st, 2021)*

Article 21. *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)* When the BANK'S capital is to be increased by an in-kind contribution, the resolution of the Single Shareholder shall specify the subject of such contribution, the person who is making it, and the par value of the shares provided in exchange for such contribution.

Article 22. *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)* The capital shall be increased in accordance with the terms and conditions of the Commerce Act and the Credit Institutions Act. In exchange for paid contributions, the Single Shareholder shall receive registered dematerialized shares.

Article 23. *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)* Should the Single Shareholder fail to pay any contributions within the specified time, he shall owe to the BANK statutory default interest.

Article 24. *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)* The shares for which the contributions due have not been paid or which have not been sold within the determined period, shall be made invalid and the Single Shareholder shall proceed to decreasing the capital to the amount of the capital actually paid-in. The resolution to change the capital shall be adopted not later than three months after expiry of the period under Art. 17, para. 3 hereof these Articles.

Article 25. *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)* The registered capital shall be reduced by a resolution of the Single Shareholder and in conformity with the requirements of the Commerce Act and the Credit Institutions Act.

Article 26. The capital reduction resolution shall specify the purpose of such reduction and how it shall take place.

Article 27. The capital may be reduced through:

- reduction of the par value of shares;
- invalidation of shares.

Article 28. *(deleted by resolution of the Single Shareholder adopted on May 21st, 2021)*

PART V REDEMPTION OF SHARES

Article 29. The BANK may redeem its own shares as provided for by the law.

PART VI BONDS

Article 30. The BANK may issue bonds and convert them into shares in accordance with the terms and conditions of the Commerce Act.

CHAPTER III PROPERTY, EQUITY, FUNDS AND RESPONSIBILITY

Article 31. The property of the BANK shall be comprised of real rights, bond rights and obligations, rights on products subject to intellectual property, securities, share participation in companies, and other rights, obligations and factual relations.

Article 32. (1) The BANK shall maintain its equity capital in compliance with the law.

(2) The total amount of the BANK'S share participations in its subsidiaries other than banks, investment intermediaries, insurance companies or financial institutions, may not exceed 40 per cent of its equity, and together with the investments in real estates and other fixed tangible assets - its equity.

(3) The amount of direct and/or indirect share participation of the BANK in a company, which is not a bank, an investment intermediary, an insurance company or a financial institution, may not exceed 15 percent of its equity;

Article 33 (1) The BANK shall establish funds in accordance with the law in force.

(2) The BANK shall assess on a regular basis the loans and other risk exposures and shall allocate impairments and provisions in accordance with such criteria as defined by the Bulgarian National Bank.

Article 34 (1) The BANK shall be required to establish a "Reserve Fund" where allocations shall be made on the account of the annual after tax financial result, in an amount not less than 1/10 of the after tax profit, until the fund reaches an amount of 10 per cent of the BANK'S registered capital.

(2) The BANK may not distribute dividends or capital distributions before earmarking the required funds for the Reserve Fund, as well as and if this would lead to a violation of the legal requirements defined by the Bulgarian National Bank.

(3) Reserve Fund assets shall only be used for covering the annual loss and/or for covering losses from the previous year from the operation of the BANK, after depletion of the special reserves.

(4) When the amount in the Reserve Fund exceeds the minimum amount as per paragraph 1, the over-accumulated amount may be used for payment of dividends as well as for capital increase.

(5) The BANK may also set up other funds by resolution of the Management Board.

Article 35. The BANK shall be liable for its obligations with its own property.

Article 36 (1) The BANK shall guarantee the confidentiality of operations performed by its clients, in accordance with the law in force.

(2) All employees of the BANK, members of supervisory and management bodies of the BANK, as well as all other individuals working for the BANK, shall sign a declaration regarding the keeping of the bank secrecy.

CHAPTER IV MANAGEMENT OF THE COMPANY

PART I COMPANY BODIES

Article 37. Management bodies of the BANK shall be:

1. *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)*
the Single Shareholder
2. the Supervisory Board
3. the Management Board

PART II
SINGLE SHAREHOLDER

Article 38 *(deleted by resolution of the Single Shareholder adopted on May 21st, 2021)*

Article 39 *((deleted by resolution of the Single Shareholder adopted on May 21st, 2021)*

Article 40. *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)* The Single Shareholder shall:

1. amend and supplement the Articles of Association of the BANK;
2. increase and reduce the capital;
3. reorganize and dissolve the BANK;
4. elect and dismiss Supervisory Board members and determine their remuneration;
5. select a professional auditing company for the audit and certification of the annual financial statements;
6. elect and dismiss the management of the specialized internal audit unit;
7. approve the annual financial statements after certification by the selected professional auditing company;
8. resolve on the issuance of bonds;
9. designate liquidators in case of dissolution of the BANK, except in the event of bankruptcy;
10. discharge Supervisory and Management Boards members of responsibility;
11. resolve any other issues within his competence as provided for by the law or these Articles.

Article 41. *(deleted by resolution of the Single Shareholder adopted on May 21st, 2021)*

Article 42. *(deleted by resolution of the Single Shareholder adopted on May 21st, 2021)*

Article 43. *(deleted by resolution of the Single Shareholder adopted on May 21st, 2021)*

Article 44. *(deleted by resolution of the Single Shareholder adopted on May 21st, 2021)*

Article 45. *(deleted by resolution of the Single Shareholder adopted on May 21st, 2021)*

Article 46. *(deleted by resolution of the Single Shareholder adopted on May 21st, 2021)*

Article 47. *(deleted by resolution of the Single Shareholder adopted on May 21st, 2021)*

Article 48. *(deleted by resolution of the Single Shareholder adopted on May 21st, 2021)*

Article 49 *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)* (1) Minutes shall be prepared for any resolution adopted by the Single Shareholder and shall be signed.

(2) Any resolution adopted by the Single Shareholder shall become effective immediately, unless such coming into effect is postponed.

(3) Any resolutions adopted by the Single Shareholder to amend and supplement the Articles of Association of the BANK and to dissolve the Bank shall become effective after being entered in the Commercial Register and in the Register of Non-Profit Legal Entities.

(4) Any increase and reduction of the capital, reorganization of the Bank, election and discharge of Board members, and appointment of liquidators shall come into force when entered in the Commercial Register and in the Register of Non-Profit Legal Entities.

(5) The minutes prepared for any resolutions of the Single Shareholder and any annexes thereto shall be kept in minute books for not less than five years.

PART III SUPERVISORY BOARD

Article 50 (1) *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)* The Supervisory Board shall be comprised of three to seven members nominated by the Single Shareholder for a period of five years. The term of office of the Supervisory Board members may be terminated earlier by resolution of the Single Shareholder.

(2) Supervisory Board members may be re-elected without limitations.

(3) An individual who fails to comply with the legal requirements may not be a Supervisory Board member.

(4) The Supervisory Board may not participate in the management of the BANK. The Supervisory Board may only represent the BANK in its relations with the Management Board.

(5) The Supervisory Board shall adopt its Rules of Procedure and shall appoint a Chair and a Deputy Chair amongst its members.

(6) The Chair shall convene a Supervisory Board meeting at least once every three months of his own accord, upon request by a Supervisory Board member or upon request by at least two Management Board members, made through the Chair of the Management Board. A Supervisory Board meeting may also be convened upon request of the Bulgarian National Bank for making decisions related to the measures that have to be taken by the BANK.

(7) The Supervisory Board may at any time require that the Management Board provides information or a report on any matter concerning the BANK.

(8) The Supervisory Board has the right to demand the reports of the Internal Audit as well as the opinions and reports of the Audit Committee on questions of their competence.

(9) The Supervisory Board may carry out any necessary investigations in pursuance of its obligations. For purposes of such investigations it may employ experts.

(10) The Supervisory Board shall:

1. appoint and dismiss the Management Board members and also determine their remuneration and may replace them in compliance with the legal requirements;
2. approve the rules of the activity of the Management Board;
3. approve the rules for the organization and the activity of the Internal Audit;
4. *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)* supervise the implementation of the resolutions of the Single Shareholder and the achievement of the strategic objectives of the BANK;
5. dismiss Management Board members when they fail to comply with the requirements of the law for taking such position;
6. approve the policy for remunerations and shall be responsible for its application into practice;
7. resolve issues provided for by the Law and these Articles.

(11) *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)* Exposures to a single client or a group of related clients, the amount of which exceeds BGN 1,000,000, shall be granted by the Management Board only after authorization by the Supervisory Board.

Article 51 (1) Supervisory Board members shall have equal rights and obligations regardless of the internal distribution of functions amongst them.

(2) Supervisory Board members must fulfil their obligations in the interest of the BANK and its shareholders and shall also keep the bank secrecy after their Supervisory Board membership expiry, and for that purpose they shall sign a declaration.

Article 52 (1) The Supervisory Board shall adopt resolutions if at least one half of its members attend in person or are represented by a written power of attorney by another Board member, unless a resolution has to be adopted unanimously. No attending member shall be allowed to represent more than one absent member.

(2) Resolutions of the Supervisory Board shall be passed by an ordinary majority of all members, unless the law, these Articles or the Rules of Procedure of the Supervisory Board provide for any other type of majority.

(3) The Supervisory Board may also adopt any resolution in lieu of a meeting by means of Minutes signed by all members who shall give their consent for the adoption of such resolution.

Article 53 (1) Supervisory Board members shall provide a guarantee for their management in the amount of three times their gross monthly remuneration.

(2) Supervisory Board members shall be liable jointly for damages caused to the BANK, if they have not acted with due care.

(3) *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)* Any Supervisory Board member may be discharged of responsibility by the Single Shareholder, if it is found that such member is not to be blamed for the damages suffered by the BANK.

(4) *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)* The relationship between the BANK and a Supervisory Board member shall be agreed upon in a contract. The contract shall be signed on behalf of the BANK by a person authorized by the Single Shareholder.

PART IV MANAGEMENT BOARD

Article 54 *(as amended by resolution of the Single Shareholder adopted on June 10th, 2021)* (1) The BANK shall be managed and represented by a Management Board consisting of three (3) to seven (7) members.

(2) The Management Board shall manage the operations of the BANK and shall exercise its rights and obligations provided for by the law, these Articles, its Rules of Procedure, and any other internal regulations of the BANK.

(3) The Management Board members shall be elected for a period of 5 years and may be re-elected without limitations.

(4) Any individual who fails to comply with the legal provisions cannot be a Management Board member.

(5) A legal entity may not be appointed as a Management Board member.

(6) The Management Board shall adopt its Rules of Procedure and shall submit them to the Supervisory Board for approval.

(7) The Management Board may appoint a Chair and a Deputy Chair from amongst its members.

(8) The Management Board shall convene regular meetings at least once a month in order to discuss the condition and development of the BANK.

(9) Any Management Board member may convene a meeting to discuss any matter.

(10) *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)* The Management Board shall resolve all matters which are not within the exclusive competence of the Single Shareholder or the Supervisory Board.

(11) The Management Board shall bear full responsibility for the operational management of the BANK.

Article 55 (1) The Management Board shall, with the approval of the Supervisory Board, appoint and empower, from its members, at least two executive members – Executive Directors.

(2) The BANK shall be represented by two Executive Directors together or by at least one Executive Director and one Procurator. They may not entrust the entire management and representation of the BANK to one person, but may authorize employees of the BANK or third parties to carry out single actions. None of the

Management Board members may independently manage and/or represent the BANK, but may authorize third parties to carry out single activities.

(3) *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)*
The names of persons authorized to represent the BANK shall be entered in the Commercial Register kept by the Registry Agency.

(4) Any delegation and cancellation of powers shall be effective in terms of third parties, acting in good faith, from the time of registration of such delegation and cancellation.

(5) The relationship between the BANK and a Management Board member shall be agreed upon in a Management Contract. The contract shall be in writing and signed on behalf of the Bank, represented by the Chair of the Supervisory Board or another member duly authorized by the Chair.

(6) *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)*
The Management Board shall, in accordance with the terms and conditions of the law and these Articles, appoint branch managers, and all other persons who may conduct transactions on behalf of the BANK, with the exception of persons who shall, by law, be appointed by the Single Shareholder of the BANK.

Article 56. (1) Management Board members shall have equal rights and obligations regardless of:

1. the internal distribution of functions amongst them;
2. the provisions delegating the management right to the Executive Directors.

(2) Board members shall be obliged to fulfil their obligations in the interest of the bank and its shareholders and shall also keep the bank secrecy after their Board membership expiry, and for that purpose they shall sign a declaration.

Article 57 (1) The Management Board shall adopt resolutions provided that more than one half of its members are present in person or are represented by a written power of attorney by another Board member. No attending member shall be allowed to represent more than one absent member.

(2) Resolutions shall be passed by an ordinary majority of all Management Board members, represented at the meeting, unless the law or these Articles provide otherwise.

(3) Minutes shall be drawn up at all Management Board meetings and for all resolutions passed, and shall be signed by all attending members.

(4) The Management Board may also pass resolutions in lieu of a meeting by means of minutes signed by all members, who shall give their consent to the adoption of the relevant resolution.

(5) Resolutions of the Management Board, which require the consent or confirmation of the Supervisory Board, shall come into effect upon such consent or confirmation.

(6) A minute book shall be kept for all resolutions passed by the Management Board.

(7) The Management Board shall immediately notify the Chair of the Supervisory Board of all circumstances, which are of material importance to the BANK. The Management Board shall adopt resolutions on the establishment of branches and representative offices of the BANK after preliminary consent of the Supervisory Board.

(8) The Management Board shall adopt an unanimous resolution to form a n exposure to a client or a group of related clients, which amount exceeds BGN 1,000,000, in compliance with the requirements of the Credit Institutions Act and the internal regulations of the BANK.

Article 58 (1) Management Board members shall be liable jointly for damages caused to the BANK, if they have not acted with due care.

(2) Any Management Board member may be held free of responsibility, if it is established that he has no fault for the damage suffered by the BANK.

(3) Management Board members provide a guarantee for their management in the amount of three times their gross monthly remuneration.

Article 59. Executive Directors shall:

1. organize the implementation of resolutions of the BANK'S management bodies;
2. conduct the overall management and organization of and the current management control over the operations of the BANK, and ensure the diligent management and preservation of its property;
3. upon resolution of the Management Board, authorize branch managers, as well as other persons, to conduct transactions at the expense of the BANK;
4. sign, amend, and terminate employment contracts with the BANK'S employees;
5. perform such functions as assigned to them by any regulation or the Management Board;
6. report to the Management Board anything that is of material importance to the BANK.

Article 59a. (1) Executive Directors may allocate their responsibilities among themselves, with each being in charge of a specific department of the BANK, and their functions shall be specified in the Rules of Procedure of the Management Board.

(2) The Executive Directors shall be entitled to such additional remuneration as determined by the Supervisory Board.

Article 59b (1) Following a resolution of the Management Board and subject to the approval of the Supervisory Board, preceded by an approval of the Bulgarian National Bank, one or more persons may be appointed and authorized as commercial agents - Procurator of the BANK and/or its branch. The Procurator exercises its power to represent the BANK in accordance with the law and these Articles.

(2) The Procurator shall enter into a contract for his/her duties, which shall regulate the powers and obligations in carrying out actions for the management of the BANK in

accordance with the law and these Articles.

(3) *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)*
Any Procurator shall be authorized by a power of attorney with a notary certification of the signatures subscribed thereon and shall be filed for entry in the Commercial Register and Register of Non-Profit Legal Entities. The authorization shall be terminated by withdrawal and by entry of such withdrawal in the Commercial Register and the Register of Non-Profit Legal Entities.

PART V AUDIT COMMITTEE

Article 60 (1) The BANK shall create an Audit Committee, which shall operate in compliance with the provisions of the Independent Financial Audit Act and any other relevant legislation.

(2) *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)*
The Audit Committee shall be composed of three members elected by the Single Shareholder for a period of 3 years.

(3) The Audit Committee members shall comply with all legal provisions of independence and no conflict of interest.

(4) The members of the Audit Committee must fulfil their obligations in the interest of the BANK and shall keep bank secrecy after their Audit Committee membership expiry, and for that purpose they shall sign a declaration.

(5) The Audit Committee has the following functions:

1. to monitor the processes of financial reporting in the BANK;
2. to monitor the efficiency of the internal control systems in the BANK;
3. to monitor the efficiency of the risk management systems in the BANK;
4. to monitor the independent internal audit in the BANK;
5. to make a review of the independency of the registered auditor in the BANK in compliance with the requirements of the Independent Financial Audit Act and the Ethic Codex of the Professional Accountants, including to monitor the provision of additional services by the registered auditor of the BANK;
6. to make recommendations for the choice of registered auditor;
7. to report to the Supervisory Board on all subjects of its competency.

(6) *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)*
Once a year the Audit Committee shall report to the Single Shareholder with the approval of the annual financial statements.

CHAPTER V INTERNAL CONTROL

Article 61. The internal control within the system of the BDB shall be a continuous process implemented by the management bodies or by the persons performing internal control functions.

Article 62 (1) Elements of the internal control are the systems for:

1. Management control;
2. Risk control;
3. Reporting and information; and
4. Internal audit.

(2) The first three elements of the internal audit system lie within the competence and responsibility of the relevant management bodies.

(3) The fourth element of the internal audit system is responsibility of the internal audit of the BANK.

Article 63 (1) The Management Board shall establish an Internal Audit Unit to perform audits in accordance with the tasks determined in the regulations.

(2) *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)* The Head of Internal Audit shall be appointed and dismissed by the Single Shareholder.

(3) The internal audit within the BANK Group shall be implemented as a follow-up control by observations, inspections and evaluations of the operations, activities and processes, and, in particular cases, as preventive control, with a purpose to consult with respect to the internal regulations, organization and activity procedures within the BANK and its subsidiaries. The purposes, tasks and functions of internal audit ensue from the principles and standards for the professional practice of internal auditing and are in conformity with the specificity of the audited subjects and processes within the BANK Group.

(4) Upon performance of its functions, the Internal Audit shall verify and evaluate:

1. the operational activity;
2. *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)* the implementation of orders, contracts and resolutions of the Single Shareholder, the Supervisory Board and the Management Board;
3. the conformity with the law, compliance with the accepted standards, the accuracy and comprehensiveness of the accounting system, its reliability and information accessibility;
4. the protection of the BANK'S property;
5. *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)* other tasks as may be assigned by the Single Shareholder, the Supervisory Board and the Management Board.

Article 64. *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)* Should the members of the Internal Audit Unit and the Head of Internal Audit find any violation committed by the Management Board or any of its members, they shall submit a report to the Supervisory Board, and, if the findings concern the Supervisory Board or any of its members, to the Single Shareholder. The Head of Internal Audit shall notify immediately the Bulgarian National Bank of all the violations found in the management of the BANK, which have resulted or may result in material damage to the BANK.

Article 65. Members of the Internal Audit Unit cannot be members of the Management

Board or Supervisory Board, nor any spouses or direct or collateral relatives up to the third degree, including amongst themselves or of members of the Supervisory Board or Management Board.

Article 66. The Management Board shall adopt, and the Supervisory Board shall confirm the Statute, the Code of Ethics and the Rules of Organization and Operation of Internal Audit in compliance with the Credit Institutions Act, the Ordinance on the Internal Control in Banks issued by the Bulgarian National Bank, and the International Professional Practices of Internal Auditing.

CHAPTER VI BRANCH OFFICES OF THE BANK

Article 67 (1) The BANK may open branches, representative offices and offices in Bulgaria. The BANK may open more than one branch office in a city or town, including in the city/town of its corporate seat.

(2) Branch offices may carry out transactions pertaining to the scope of business activity of the BANK within the powers delegated to them by the Management Board and in conformity with the internal rules of the BANK.

(3) In compliance with the provisions of the Bulgarian legislation, the BANK may open branch offices, representative offices and offices abroad, in accordance with the enforceable law of the respective country.

CHAPTER VII PREPARATION OF ANNUAL FINANCIAL STATEMENTS AND DISTRIBUTION OF PROFITS

Article 68 (1) The BANK shall keep the relevant records and reporting in accordance with the Accountancy Act and the enforceable law.

(2) The financial year of the BANK shall correspond to the calendar year.

(3) The Management Board shall, within the terms determined by law, ensure the preparation of the annual financial statements concerning the activity of the BANK, and shall present them to the registered auditors selected by the Single Shareholder.

(4) The annual financial statements and the report on the activity of the BANK shall be prepared in the form and substance required for bank institutions.

(5) *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)* The annual financial statements verified and approved by the Single Shareholder shall be submitted for entry in the Commercial Register and the Register of Non-Profit Legal Entities.

Article 69. *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)* The profit shall be distributed at the proposal of the Management Board approved by the Supervisory Board, by resolution of the Single Shareholder, in compliance with the law and these Articles.

Article 70 (1) When the BANK'S financial result is a loss, it may be deducted from the taxable profit in such manner as provided for by the law.

(2) *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)*
The loss reported in the annual financial statements shall be covered by resolution of the Single Shareholder, unless the law provides otherwise.

CHAPTER VIII RECORD-KEEPING AND DISCLOSURE

Article 71 (1) The BANK shall create and maintain an up-to-date information system containing:

1. the Articles of Association and other internal regulations as amended and modified;
2. such shareholder details as determined by the Bulgarian National Bank;
3. *(as amended by resolution of the Single Shareholder adopted on May 21st, 2021)* minute books for meetings of the Single Shareholder and the other management bodies;
4. accounting information that reflects in a clear and correct manner the type, amount and reasons for the conducted transactions and their effect on the financial condition of the BANK, from which it shall be possible to find out if the BANK performs its activity in compliance with the provisions of the Credit Institutions Act;
5. information about the clients with data on the contracted with them or on behalf of them transactions and about their credit and debit balance;
6. other information in compliance with the requirements of the Credit Institutions Act and regulations of the Bulgarian National Bank.

Article 72. The Bank shall make and keep files for each loan with information about the client, the purpose, terms and amount of the loan and its collateral, the decisions of the competent unit for the approval of the loan and all other information related to the execution and performance of the loan agreement.

CHAPTER IX TERMINATION AND LIQUIDATION

Article 73. The BANK'S operations shall be terminated in such manner and in such cases as provided for by the law.

TRANSITIONAL AND FINAL PROVISIONS

§ 1. To any matters not explicitly set out in these Articles, the provisions of the Commerce Act, the Credit Institutions Act and other special laws regulating the operations of banks and bank transactions, as well as the legislation in force in Bulgaria, shall apply.

§ 2. These Articles were adopted at the Founding Meeting of the Shareholders of

Encouragement Bank AD held in Sofia, on January 15, 1999, as amended and supplemented at a General Meeting of Shareholders held on October 15th, 1999; March 23rd, 2001; October 19th, 2001; January 11th, 2002; January 25th, 2003; May 21st, 2004; February 1st, 2006; May 23rd, 2006; March 26th, 2007; May 4th, 2007; April 29th, 2008; June 27th, 2008; December 5th, 2008, September 8th, 2009; June 7th, 2010; September 10th, 2010; December 8th, 2011; March 25th, 2013; July 2nd, 2013; July 4th, 2014; January 26th, 2015; April 7th, 2015; November 28th, 2016; November 13th, 2017; November 8th, 2019; April 2nd, 2020; July 6th, 2020; and August 20, 2020, as well as by resolutions of the Single Shareholder adopted on May 21st, 2021, June 1st, 2021, June 10th, 2021, and July 20th, 2021.

§ 3. The cash contribution of BGN 140,000,000 (one hundred and forty million) shall be paid by the State through the medium of the Minister of Economy, as follows:

1. 25 percent of the par/issue value of each new share, namely a total of BGN 35,000,000 (thirty-five million) – within thirty (30) days from the date of the Special General Meeting of Shareholders, at which a resolution was passed to increase the capital of the company by BGN 140,000,000;
2. 75 percent of the par/issue value of each new share, namely a total of BGN 105,000,000 (one hundred and five million) – within such period as provided for by the current legislation.

I, the undersigned, Polina Petrova Kotseva, do hereby certify that my Bulgarian-to-English translation of the document attached hereto /'Articles of Association' / of twenty (20) pages is correct and true to the original.

Translator: Polina Petrova Kotseva