



## **ARTICLES OF INCORPORATION OF TOKUDA BANK AD ( PLC )**

### **Section I GENERAL TERMS**

**Art.1** (1) These Articles shall stipulate the structure and the activity of " Tokuda Bank " AD , hereinafter called " the Bank ".

(2) The Bank is a legal entity performing its business in accordance with the Bulgarian commercial and civil legislation and in compliance with the special legal regulations and bylaws regulating the banking activity.

(3) The Bank is organized for an unlimited term.

**Art.2** (1) The Bank shall guarantee the confidentiality of the bank accounts and deposits accounts of its clients and correspondents in the country and abroad under the provisions stipulated by the law.

(2) All employees of the Bank shall sign a confidentiality declaration at their appointment.

**Art.3** (1) The Bank shall be responsible for its liabilities by its assets.

(2) The stockholders shall not be responsible for the liabilities of the Bank.

(3) The stockholders shall be liable for payment of the contributions due against the subscribed shares.

**Art.4** (1) The Bank shall perform its activity under the name " **TOKUDA BANK** " AD ( to be written in English TOKUDA BANK AD ) which shall be referred to in its business correspondence , printed, advertised and other matters.

(2) The head office of the Bank shall be in the city of Sofia , municipality " Vazrazhdane " ..

(3) The Banks 's registered address and principal place of business shall be : 1000 Sofia, "Vazrazhdane" municipality, 21 " Georg Washington " Street.

(4) The Bank 's common round seal shall be with the inscription : " TOKUDA BANK " AD, Sofia.

**Art. 5.** Subject of activity of the Bank shall be as follows:

1. Public attracting of deposits or other recoverable funds and grant of credits or other financing at the bank 's own expense and own risk;
2. Performance of non-cash transfers, and after 1 november 2009 – provision of payment services according to the law for payment services and systems;
3. Issue and administration of other payment means (payment cards, travelers cheques and letters of credit ) unless this activity has not been covered under p.2
4. Accepting valuables on safe-deposits;
5. Acting as depository or trust institution;
6. Financial leasing;



7. Collateral security transactions

8. Dealing on behalf of the bank or on behalf of clients in :

a) instruments on the money market – cheques, drafts, depository certificates and others apart the cases under p.9;

b) foreign currency and precious metals;

c) financial futures, options, instruments related to currency exchange and interest rates and other derivative instruments apart the cases under p.9

9. dealing on behalf of the bank or on behalf of clients in negotiable securities, participating in the issue of securities and other services and transactions under art.5, paragraph 2 and 3 of the law on markets of financial instruments;

10. Financial brokerage;

11. Consultancy of companies in terms of their capital structure, branch strategy and related to that issues as well as consultancy services in connection with companies restructuring and enterprises acquisition deals;

12. Acquisition of receivables resulting from supply of goods or provision of services (factoring );

13. Acquisition and management of share participations

14. Safe deposit box rentals;

15. Collecting and providing information and references on the credit solvency of customers;

16. Other similar activities specified by order of the Bulgarian National Bank

## SECTION II

### CAPITAL AND SHARES

**Art. 6** (1) The capital of the Bank shall be the sum of BGN 68 000 000 ( sixty-eight million Bulgarian leva ).

(2) The capital of the Bank shall be divided into 6 800 000 (six million and eight hundred thousand ) dematerialized registered shares bearing the right to one vote, each share being with nominal value of BGN 10 ( ten ).

**Art. 7** (1) The Bank shares shall be dematerialized , registered and each share shall give the right to one vote in the General Meeting, the right to dividend and liquidation interest pro rata to its par value.

(2) The shares issued by the Bank shall be dematerialized, indivisible , of equal par value and registered at the Central Depository.

**Art. 8** The dematerialized shares shall be dealt with in accordance with the procedure set by the applicable law, and their acquisition shall be verified by certifying document – depository receipt issued in accordance with the effective laws. The voting right on pledged shares shall be exerted by the stockholder, except of otherwise provided for by the pledge agreement. Their transfer shall have effect for the bank as from their filing at the Central Depository.





**Art.9** Against the payment in kind made for the subscribed shares the stockholders shall obtain a certifying document for the shares held by them – depository receipt issued by the Central Depository.

**Art.10 (1)**The Bank may only acquire its own shares:

1. By reducing its capital by means of cancellation of shares
2. In the case of universal succession except in case of transformation
3. If the acquisition was made free of charge
4. By performing within its objects transactions in securities and acquiring the shares in fulfillment of third party's order
5. Upon dismissal of a stockholder under article 189, par.2 and par. 3 of the Commercial Act
6. In result of forced execution of stockholder's liability to the Bank
7. By buy-back

(2)In the cases under par. 1,p.3,p.4,p.6 and p. 7 the shares are to be fully paid up.

(3)The bank shall discontinue the exercise of the rights pertaining to the own shares until their transfer.

(4)The bank may acquire own shares only after prior written authorization by the Bulgarian National Bank.

**Art.11 (1)** The transfer of shares among the bank stockholders shall be made without restrictions.

(2) The transferor of dematerialized personal shares unpaid or bearing other liabilities to the company shall be liable jointly with the transferee. The transferor's liability shall be discharged upon expiration of 2 ( two ) years from the date of transfer registration at the Central depository

(3) The transfer shall not be deemed effective for the company if made in non-compliance with the procedure set in these Articles , and also if the authorizations provided for by the laws have not been submitted or other legal provisions regulating the acquisition of shares have not been fulfilled.

### SECTION III SECURITIES

**Art. 12** The Bank may issue securities , other debt securities and the rights pertaining thereto in accordance with the procedure and regulations provided for by the applicable law.

### SECTION IV STOCKHOLDERS



**Art.13 (1)**Bulgarian and foreign individuals and bodies corporate may become stockholders of the Bank.

**(2)**A stockholder means any person holding dematerialized registered shares and filed in the Central Depository.

**(3)** Each stockholder shall have the right to request information about the Bank's state of affairs which right shall be exerted at the sessions of the General Meeting.

## SECTION V CAPITAL INCREASE AND REDUCTION

**Art.14 (1)** The capital may be increased by resolution of the General Meeting or the Management Board with approval by the Supervisory Board in accordance with the provisions of the law and these Articles.

**(2)** The capital may be increased by :

1. Issue of new shares
2. Increasing the par value of already issued shares
3. Transforming securities into shares
4. Payments in kind as provided for by the law

**(3)** The capital increase shall be admissible only after the amount set in these Articles has been fully paid up.

**Art. 15 (1)**Each stockholder shall be entitled to acquire a stack of the new shares corresponding to that stockholder's interest in the capital before the increase. The right shall be paid up within the term set by the General Meeting or the Management Board ( in the cases of capital increase under art. 17 of these Articles ), but at least one month after publication in the Commercial Registry of the call for subscription.

**(2)**The stockholders' right under the previous paragraph may be restricted or abolished only by resolution of the General Meeting, adopted by qualified majority of 2/3 (two thirds ) of the votes of the represented capital.

**(3)** A stockholder's right under par.1 of this clause shall be exerted by the payment within the specified term of the issuing value of the shares that such stockholder is entitled to acquire.

**(4)** The stockholder shall acquire such number of shares for which he has paid the issuing value within the specified term.

**Art. 16 (1)** By resolution of the General Meeting passed by qualified majority of 2/3 (two thirds ) of the represented shares , the capital may be increased under condition that the shares are purchased by particular persons at a particular price, and also against bank securities.

**(2)**In the case of capital increase by contributions in kind, the resolution of the General Meeting shall make reference to the purpose of payment, the person making the payment and the par value of the shares acquired against such payment.

**(3)**The General Meeting may decide to increase the capital by transforming of a part of its profit into capital. The resolution for it shall be passed in accordance with the terms and procedures provided for by the law.





**Art. 17 (1)** The Management Board, subject to prior authorization by the Supervisory Board, shall be empowered and entitled to increase the bank capital up to BGN 65 000 000 ( sixty-five million Bulgarian leva ) by the issue of new shares over the next five year period as from the year 2006.

(2) The Management Board subject to approval by the Supervisory Board shall be empowered and entitled to issue securities to the total value of BGN 60 000 000 (sixty million Bulgarian leva ) over the next five-year period, as from the year 2006. The securities may be also issued in foreign currency, like for instance EURO, US dollars, Japanese yens or other.

(3) The resolutions of the Management Board and the Supervisory Board on the previous paragraphs shall be passed by the majority of 2/3 of all the members.

**Art.18 (1)** The capital reduction shall be made by resolution of the General Meeting passed by qualified majority of 2/3 (two thirds ) of the represented shares. The resolution shall make reference to the purpose of reduction and the procedure for it.

(2) The bank capital may be reduced subject to prior authorization by the Bulgarian National Bank according to the procedure set forth in the law :

- 1.by reducing the par value of the shares
- 2.by cancellation of shares

**Art.19(1)** The shares may be cancelled by compulsion when :

1. The payment due has not been made in full amount
2. The par value of the share has been changed
3. The share has been lost or stolen

(2) The shares may be also cancelled by their acquisition by the Bank.

**Art.20 (1)** Shares may be acquired by the Bank by redemption , without requirement to reduce the capital, by resolution of the General Meeting of the stockholders, setting forth :

1. The maximum number of shares to be redeemed
2. The terms and conditions under which the Management Board shall proceed to the redemption within a specified term, not exceeding 5 (five ) years
3. The minimum and maximum amount of the redemption price

(2) The resolution under the previous paragraph (1) shall be passed by simple majority of the represented capital. The resolution shall be entered in the Commercial Registry.

(3) The redemption of shares shall be made subject to prior written authorization by the BNB.

**Art. 21 (1)** The total nominal value of the equity shares acquired by redemption may not exceed 10 (ten ) percent of the capital. The Bank shall expressly transfer within 3 (three ) years the equity shares exceeding this amount.



- (2) In case the shares acquired by redemption have not been alienated within the term stipulated under par. 1 above, they shall be deemed void and the capital shall be reduced accordingly in compliance with the legal provisions and these Articles.
- (3) Upon redemption the rights pertaining to the shares shall be discontinued until their subsequent sale.

## SECTION VI BODIES AND REPRESENTATION OF THE BANK

**Art.22** The Bank's governing bodies shall be :

1. General Meeting of the Shareholders
2. Supervisory Board
3. Management Board

### 1. GENERAL MEETING

**Art.23 (1)** The General Meeting shall include the shareholders entitled to vote. They are participating in the General Meeting in person or by proxy.

(2) The stockholders – bodies corporate – shall be represented by their statutory representatives or their duly authorized proxies.

(3) Individuals participating in the General Meeting and the proxies shall be identified by identity documents.

(4) Each stockholder may authorize another person by written power of attorney to represent him at the General Meeting. No member of the Supervisory Board or the Management Board may represent a stockholder.

(5) Each stockholder shall be represented at the meeting by only one proxy.

**Art.24 (1)** The General Meeting shall :

1. Amend and modify the Articles of Incorporation
2. Increase and reduce the capital
3. Pass resolution on the cancellation of shares by also specifying the procedure for it
4. Transform and wind up the Bank
5. Elect and dismiss the members of the Supervisory Board and set their remuneration
6. Elect and dismiss the Internal Audit Department manager
7. Decide on the issue of securities and their transformation to shares
8. Upon recommendation of the Auditing Committee, appoint a specialized auditing company after prior agreement with and subsequent approval by the BNB and discharge such specialized auditing company
9. Approve the Bank's annual financial report with the balance sheet after certification by the specialized auditing company





10. Hear and adopt the annual report on the Bank activity, presented by the Management Board
11. Discharge from liability the Supervisory Board and Management Board members
12. Elect and dismiss members of the Auditing Committee and set their remuneration
13. Adopts the annual report for the activity of the Auditing Committee together with adoption of the annual financial report
14. Appoint the liquidators upon wind up of the Bank except in the case of insolvency
15. Decide on any matters being within its competence according to the law or these Articles

(2) The resolution pertaining to transformation under point 4 above shall be passed by qualified majority of  $\frac{3}{4}$  (three fourths ) of the represented capital, the resolutions under points 1-3, p.4 pertaining to termination and p.7 shall be passed by qualified majority of  $\frac{2}{3}$  (two thirds ) of the represented capital, and all other resolutions – by ordinary majority of the represented capital.

(3) The resolutions of the General Meeting shall become effective immediately, unless their effect is postponed.

(4) Changes in the company name, referred to in the license, pertaining to transformation, performance of bank transactions beyond the scope of the granted license, capital increase by payment in kind, redemption of bank shares, capital reduction , opening branches abroad, constitution or acquisition of control over the bank having its head office abroad require prior authorization by the BNB, to be granted according to the provisions and procedures stipulated by the law.

**Art.25(1)** The General Meeting shall be convened for their ordinary sessions once each calendar year, after execution of the annual financial report and the balance sheet of the Bank, but not later than the end of the first half-year period. An extraordinary General Meeting may be called at any time by the persons duly authorized by the law or by these Articles. The venue of the General Meeting shall be in Sofia.

(2) The General Meeting shall be convened by the Management Board. It may also be convened by the Supervisory Board and upon request by the stockholders, holding company shares for at least 3 (three ) months, representing at least 5% (five percent ) of the capital.

(3) The convocation shall be made by notice published in the Commercial Registry. Pursuant to art. 223, par.3, second sentence of the Commercial Act, the convocation shall be only made by written notice.

(4) The notice shall be made with the content provided for by the Commercial Act.

**Art.26(1)** The General Meeting shall be deemed properly called if at least 51 % ( fifty-one percent ) of the shareholders bearing voting right are present.

(2) A list of the attending stockholders or their proxies shall be made for the sessions of the General Meeting with reference made therein to the number of shares



held or represented. The stockholders or their proxies shall acknowledge their presence by signature. The list shall be certified by the Chairman or the Secretary of the General Meeting.

**Art.27 (1)** The General Meeting shall be opened by the stockholder with major interest according to the attendance list. The Chairman, the Secretary and the scrutineers shall be elected by simple majority by the attending stockholders.

(2) The stockholders shall cast their vote at the general Meeting by open voting.

**Art. 28 (1)** The Minutes of the General Meeting shall contain the details provided for by the Commercial Act.

(2) The Minutes shall be signed by the Chairman and the Secretary of the General Meeting and the scrutineers, with the following attachments thereto :

1. attendance list

2. the documents related to the convocation of the general meeting

(3) The Minutes and the attachments thereto shall be kept for such period of time as provided for by the law.

**Art. 29** In case a motion moved at the General Meeting concerns a matter related to a stockholder's liability for damages suffered by the Bank, that concerned stockholder or his proxy shall not participate in the voting.

## **2.SUPERVISORY BOARD**

**Art. 30 (1)** The Supervisory Board shall be composed of three to five members.

(2) The Supervisory Board members shall be elected by the General Meeting for a term of 5 (five) years, and may be reelected without limitation.

**Art.31(1)** Supervisory Board member may be any individual of full legal capacity or a body corporate.

(2) The Supervisory Board members, including the representing bodies corporate shall expressly conform to the legal provisions for their eligibility.

(3) No person shall be a member of the Bank's Supervisory Board and Management Board at the same time.

**Art.32(1)** The Supervisory Board shall not participate in the Bank management. It shall perform the functions stipulated by the applicable law.

(2) The Supervisory Board shall elect its President among its member, adopt its operating rules and approve the Management Board's operating bylaws.

(3) Minutes shall be kept for the meetings of the Supervisory Board and signed by all the attending members. The documents pertaining to the meeting shall be attached to the minutes.

(4) The meetings of the Supervisory Board may be attended, subject to invitation, by the President of the Management Board, the executive directors and the Internal Audit Department Manager.





**Art.33(1)** The Supervisory Board shall meet at least once every three (three ) months.

(2) The Supervisory Board meeting shall be called by its President. It may also be called upon request by the Supervisory Board , the Management Board or the Internal Audit Department manager.

(3) A meeting of the Supervisory Board shall be deemed properly called if more than half of its members are present in person or represented by other member of the Board by written proxy. A member of the Supervisory Board may represent only one absent member of the Board.

(4) The Supervisory Board shall :

1. elect members of the Management Board and set their remuneration;
2. approve the assignment of two or more Management Board members, called executive directors, to represent the company before individuals , bodies corporate and the government, and to perform its operating management. The assignment may be withdrawn at any time;
3. approve proxies and sales representatives;
4. at any time be entitled to request from the Management Board to provide information or report on any matter regarding the company;
5. be entitled to make surveys by having recourse to experts;
6. set remuneration of the Internal Audit Department manager;
7. decide any other issues within its competence vested in it by the law or these Articles.

(5) The Supervisory Board shall adopt resolutions by the simple majority of the attending members.

(6) The Supervisory Board may also adopt resolutions without attendance – by minutes signed by all its members.

### **3.MANAGEMENT BOARD**

**Art. 34 (1)** The Bank shall be directed and represented by the Management Board ,which shall perform its functions under control by the Supervisory Board.

(2) The Management Board shall consists of three to five members and their number shall be decided by the Supervisory Board. A legal entity may not become a member of the Management Board.

(3) The Management Board members shall be eligible in accordance with the provisions of the law and the regulations of the BNB for their election.

(4) The Management Board members shall be elected by the Supervisory Board for an up to five- year term. They may be reelected without limitations and dismissed or substituted at any time by the Supervisory Board.

(5) The Management Board shall elect its President among its members.

**Art.35(1)** The Management Board , subject to approval of the Supervisory Board, shall elect among its members at least two executive directors, of whom at least one shall be fluent in Bulgarian, and it shall empower them to direct and represent the Bank. The appointment may be withdrawn at any time. The persons directing the Bank shall be personally available at its principal place of business.



- (2) The signatures of two of the Bank's executive directors shall be required and sufficient to represent and bind the Bank.
- (3) The executive directors may authorize any third parties to perform specific actions or types of activities.
- (4) The executive directors, by resolution of the Management Board and approval by the Supervisory Board may appoint proxies ( sales managers ) who have to be eligible in accordance with the legal provisions and the regulations of BNB to represent the Bank.
- (5) The assignment and withdrawal of the authority of the executive directors and the proxies ( sales managers ) shall be deemed effective against bona fide third parties after their registration.
- (6) Restrictions on the representative powers of the Management Board and the executive directors shall have no effect with respect to third parties.
- (7) The executive directors shall be in legal employment relations with the Bank from their appointment to their withdrawal from the office. Management agreements may be signed with them. Such agreements shall be executed by the President of the Supervisory Board on behalf of the Bank.

**Art. 36(1)** The Management Board shall decide any matters not being within the exclusive authority of the General Meeting or the Supervisory Board, in accordance with these Articles, the applicable regulations, the resolutions of the General Meeting and under control by the Supervisory Board.

(2) The Management Board shall expressly report of its activity and the company's state of affairs at least once upon expiration of each calendar quarter.

(3) The Management Board shall immediately inform the President of the Supervisory Board of the occurrence of any circumstances of material importance to the company.

**Art. 37(1)** The Management Board shall :

1. organize the execution of the resolutions of the General Meeting and the Supervisory Board;
2. adopt programs, budget, operating plans pertaining to the bank business;
3. determine the structure of and positions within the bank;
4. prepare and suggest for approval by the Supervisory Board the annual financial report, the report of the Bank activity and the profit distribution proposal, which shall be made to the General Meeting of the stockholders;
5. deal with the bank's fixed assets, including the assets acquired for the reimbursement of credit liabilities;
6. take decisions on the bank's credit and interest policies, the amount of rates, commission fees and charges collected by the Bank for its transactions;
7. take decisions on the grant of large and internal credits in the cases and under the provisions of the Credit Institutions Act;
8. decide on discontinuance of the balance maintenance of risk exposures classified as loss, in compliance with the regulations in force and subject to the availability of provisions;
9. adopt bylaws for its work subject to approval by the Supervisory Board;
10. adopt the Bank's internal regulatory documents;





11. perform other functions delegated to it by the General Meeting and the Supervisory Board.

(2) The Management Board may adopt resolutions only subject to prior approval by the Supervisory Board on the following matters :

1. opening or windup of a branch;
2. long-term (more than three years ) cooperation of significant importance to the Bank or termination of such cooperation;
3. participation or termination of interest in other companies in the country and abroad

(3) Minutes shall be kept for the meetings of the Management Board and signed by all the attending members. The documents pertaining to the meeting shall be attached to the minutes.

**Art.38(1)** The Management Board shall be called at a meeting by the President. It may also be called upon request by a member of the Supervisory Board, the Management Board or the Internal Audit Department manager. The Management Board shall meet at least once monthly.

(2) The meeting of the Management Board shall be deemed properly held if more than a half of the members are attending it in person or represented by other member of the Board. The proxies shall be in written form .Each member of the Management Board may represent only one absent member of the Board.

**Art.39(1)** The Management Board shall adopt resolutions by simple majority of the attending members.

(2) The Management Board may also adopt resolutions without attendance – by minutes signed by all members.

(3) The resolutions regarding the advancing of large and internal credits shall be passed in conformity with the Credit Institutions Act.

(4) When a resolution on the appointment, dismissal or determining the responsibilities of an executive director is to be adopted, the concerned executive director shall not participate in the voting.

**Art.40(1)** The Management Board members shall be entitled to a monthly remuneration to be determined by the Supervisory Board.

(2) The amount of the executive directors' remunerations shall be determined by the Supervisory Board.

(3) The persons under the previous paragraphs being in legally binding employment relations or management agreement with the Bank shall also receive their remunerations due under such agreements.

**Art.41(1)** The Supervisory Board and the Management Board members shall expressly provide within three months from their election a valuable security for the term of management in amount equal to three monthly remuneration according to these Articles.

(2) The security may consist in deposited bank shares, blocked deposits or blocked unpaid remuneration under art. 40, par. 1

(3) The Supervisory Board and Management Board members shall be jointly liable for the damages deliberately caused to the bank.



(4) Each member of the relevant Board may be discharged from liability if he was found not guilty of the caused damages.

(5) The security under par.1 and the eventually earned income shall be paid upon discharging the relevant member from its position and from liability for the term of its service at the Board.

## SECTION VII BRANCHES

**Art.42(1)** The Bank may open branches in the country and abroad according to the procedure set forth in the effective regulations and these Articles.

(2) The Bank branches shall not be legal entities. The branch shall be filed in the Commercial Registry.

(3) Within the framework of the internal bylaws adopted by the Bank, the branches shall have certain economic independence. They shall be entitled to a separate bank code and account, and execute a report to be incorporated in the Bank's consolidated statement.

**Art.43(1)** The Bank branch shall be managed by its director.

(2) The authorities of the branch director shall be determined in a notarized power of attorney.

(3) The legal employment relations with a director, deputy director, chief accountant and legal counsel of a branch shall be executed, amended and terminated by two executive directors of the Bank.

## SECTION VIII INTERNAL AUDIT

**Art. 44(1)** The Bank's internal audit shall be performed by specialized Internal Audit Department.

(2) The Internal Audit Department manager shall be appointed and discharged by the General Meeting of the stockholders.

(3) The Internal Audit Department manager shall be eligible according to the legal provisions and the regulations of the Bulgarian National Bank, and the same shall not be entitled to take other positions within the Bank.

**Art.45(1)** In case of reasonable cause or impossibility to perform his duties, the manager may be discharged from the office upon motivated written statement addressed to the Supervisory Board.

(2) At its next meeting, the Supervisory Board shall be obliged to discuss the statement and take decisions on it.

**Art.46(1)** The Internal Audit Department manager shall have the authorities stipulated by the law, these Articles, the BNB regulations on the Internal Audit and the BNB regulations on the organization and activity of the Internal Audit Department.

(2) The Internal Audit Department manager shall be entitled to attend the meetings of the Supervisory Board.





(3) In the absence of the Internal Audit Department manager, his power shall be exercised by his proxy.

**Art. 47(1)** After his election by the General Meeting, the Internal Audit Department manager shall form an organizational structure in accordance with the regulations of the BNB and agreed by the Supervisory Board.

(2) The Internal Audit Department shall work according to bylaws regulating its organization and activity, approved by the Department manager and subject to agreement by the Supervisory Board.

(3) The employment agreements with the Internal Audit Department staff members shall be executed, amended and terminated by the executive directors on proposal by the Department manager.

**Art. 47a(1)** The independent financial audit of the bank shall be performed by an Audit Committee.

(2) The Audit Committee shall consist of three members which have to comply to the requirements of the law regarding their election.

(3) The members of the Audit Committee shall be elected by the General Meeting of the shareholders for a period of 3 (three) years and are discharged by it. They may be reelected without any limitations.

(4) The Audit Committee shall elect amongst its members a Chairman, and shall adopt rules for its activities.

(5) The Audit Committee shall execute its functions in accordance with the effective legislation. Apart the functions under Art. 40 z of the Law for independent financial audit, the Audit Committee shall :

1. make recommendations for election of the specialized auditing company;
2. shall prepare a report on its activity for the General Meeting of the shareholders once per year together with the adoption of the annual financial report.

## SECTION IX FINANCIAL YEAR AND PROFIT DISTRIBUTION

**Art. 48(1)** The profit distribution shall be made at the ordinary annual General Meeting on motion by the Management Board approved by the Supervisory Board.

(2) By 31 March every year, the Management Board shall submit to the elected specialized auditing company the annual financial report, the supervisory reports as set forth by the BNB and a statement on the Bank activity over the elapsed year.

(3) The annual financial report and the supervisory reports set forth by the BNB shall be examined and certified by specialized auditing company elected in accordance with the Credit Institutions Act.

**Art. 49(1)** Upon submission of the auditor's report, the Management Board shall submit it to the Supervisory Board together with the annual financial report, the statement on the activity and the motion for the profit distribution.



(2) The Supervisory Board shall examine the annual financial report, the statement on the activity and the motion for the profit distribution and after approval it shall adopt resolution for the convocation of ordinary General Meeting.

**Art.50(1)** Without verification by certified expert accountants, the annual financial report may not be approved by the General Meeting.

(2) The verified and approved annual financial report shall be submitted for publication in the Commercial Registry.

**Art.51** The Bank shall be obliged to form a " Reserve " fund in accordance with the provisions of the Credit Institutions Act and the other applicable regulations.

## SECTION X BANK BOOKS

**Art. 52** The Book of the stockholders of the Bank shall be kept by the Central Depository in accordance with the provisions of the applicable law regulating the statutory regime of dematerialized shares.

**Art.53** The Bank shall also keep other books where the circumstances provided for by the law , these Articles and the resolutions of the Supervisory and Management Board shall be recorded as follows :

- 1.Minute Book of the General Meeting;
- 2.Minute Book of the Supervisory Board meetings;
3. Minute Book of the Management Board meetings.

## SECTION XI WIND UP AND LIQUIDATION

**Art. 54(1)**The Bank shall wind up :

1. By resolution of the General Meeting;
2. In the cases provided for by the law.

(2) The bank in wind up shall proceed to liquidation according to the procedure set forth by the law.

These Articles of Incorporation were adopted at the general Meeting of the stockholders held on 05.07.2002.amended and modified at the General Meeting of the stockholders held on 10.07.2004, amended and modified at the General Meeting of the stockholders held on 01.07.2005, amended and modified at the General Meeting of the stockholders held on 20.01.2006, amended and modified at the General Meeting of the stockholders held on 30.06.2006, amended and modified at the General Meeting of the stockholders held on 15 June 2007, amended and modified at the General Meeting of the stockholders held on 04 July 2008, amended and modified at the General Meeting of the stockholders held on 12 June 2009, amended and modified at the General Meeting of the stockholders held on 20 October





2011, amended and modified at the General Meeting of the stockholders held on 12 June  
2012, amended and modified at the General Meeting of the stockholders held on 6 November  
2015, amended and modified at the General Meeting of the stockholders held on 30 June  
2016.

**Vanya Vassileva**  
**Executive Director**  
*(signature )*

**Boyan Ikonov**  
**Executive Director**  
*(signature )*

The undersigned Evgeniya Vassileva Koleva, do hereby certify the veracity of the translation made by me from Bulgarian into English of the attached document: ARTICLES OF INCORPORATION .The translation consists of 15 pages.

