

In accordance with Articles 4 and 7 of the Act Defining the Measures of the Republic of Slovenia to Strengthen Bank Stability (Official Gazette of the RS no. 105/12, 63/13 - ZS-K and 104/15 - ZDIJZ-C and 104/15), and Article 10 of the Articles of Association of the Bank Assets Management Company, as the sole shareholder acting in the capacity of the General Meeting of Družba za upravljanje terjatev bank, d. d., the Government of the Republic of Slovenia passed the following

ARTICLES OF ASSOCIATION

of Družba za upravljanje terjatev bank, d. d.

(consolidated text)

1. (firstly) GENERAL PROVISIONS

Article 1 (one)

These Articles of Association regulate the following:

- company name and registered office,
- type of activity,
- share capital and shares,
- governance system and management bodies of Družba za upravljanje terjatev bank, d.d.,
- annual report and distribution of profits,
- form and manner of publication; and
- validity and dissolution.

2. (secondly) COMPANY NAME AND REGISTERED OFFICE

Article 2 (two)

(1 (one)) The registered name of the Company reads “**Družba za upravljanje terjatev bank, d. d.**”

(2 (two)) The abbreviated name of the Company reads “**DUTB, d. d.**”

(3 (three)) The English translation of the registered name of the Company reads “Bank Assets Management Company”.

(4 (four)) The English translation of the abbreviated name of the Company reads “BAMC”.

(5 (five)) The Bank Assets Management Company has its own trademark and stamp containing the registered name and registered office of the BAMC. The design and use of the trademark will be decided by the Board of Directors of Družba za upravljanje terjatev bank, d. d..

Article 3 (three)

(1 (one)) The registered office of Družba za upravljanje terjatev bank, d. d. is in Ljubljana, Slovenia.

(2 (two)) The company address of Družba za upravljanje terjatev bank, d. d. will be decided by resolution of the Board of Directors.

3. (thirdly) TYPE OF ACTIVITY

Article 4 (four)

(1 (one)) BAMC's core business is to implement measures to strengthen the stability of the banks, manage assets and liabilities acquired in the context of implementation of measures to strengthen the stability of the banks, and restoring short-term and long-term solvency in companies of which it is a creditor or shareholder.

(2 (two)) In order to register the Bank Assets Management Company, the registered industries of the BAMC, as laid down in this Article, are classified into the following sections of the Standard Classification of Activities:

- M70.100 Activities of head offices
- M70.220 Business and other management consultancy activities
- N82.910 Activities of collection agencies and credit bureaus
- J63.110 Data processing, hosting and related activities
- J63.990 Other information service activities n.e.c.
- K64.190 Other monetary intermediation
- K64.200 Activities of holding companies
- K64.910 Financial leasing
- K64.920 Other credit granting
- K64.990 Other financial service activities, except insurance and pension funding n.e.c
- K66.190 Other activities auxiliary to financial services, except insurance and pension funding
- L68.100 Buying and selling of own real estate
- L68.200 Renting and operating of own or leased real estate
- 68.310 Real estate agencies
- 68.320 Management of real estate on a fee or contract basis
- M69.10 Legal activities
- M69.103 Other legal activities
- M69.200 Accounting, book-keeping and auditing activities; tax consultancy
- N82.990 Other business support service activities n.e.c.
- F41 Construction of buildings
- F41.100 Development of building projects
- F41.200 Construction of residential and non-residential buildings
- H49.392 Operation of cableway transport
- I55 Hospitality accommodation activities
- I55.100 Hotelry and similar residential facilities

4. (fourthly) SHARE CAPITAL AND SHARES

Article 5 (five)

(1 (one)) The share capital of the Bank Assets Management Company amounts to €104,117,500.00 (one-hundred and four million one hundred seventeen thousand five hundred euros 00/100).

Part of the share capital in the amount of €4,610,000.00 (four million six hundred and ten thousand 00/100) constitutes an in-kind contribution consisting of the Republic of Slovenia claims against companies in the Cimos Group, as seen from the appendix to these Articles of Association.

(2 (two)) (2) The share capital is divided into 104,117,500 (one hundred and four million one hundred and seventeen thousand five-hundred 00/100) no-par value shares. All shares have an equal value and a corresponding share in the share capital.

(3 (three)) Shares are registered.

(4 (four)) Shares are issued in dematerialized form.

(5 (five)) The Republic of Slovenia as the sole founder member of the Družba za upravljanje terjatev bank, d. d., takes over all shares.

Article 6 (six)

The share capital as determined by the previous Article is paid in full.

The shareholder may decide to make a subsequent cash or non-cash capital contribution, which shall be disclosed as capital reserves.

5. (fifthly) GOVERNANCE SYSTEM AND MANAGEMENT BODIES OF DRUŽBA ZA UPRAVLJANJE TERJATEV BANK, D.D.

Article 7 (seven)

Družba za upravljanje terjatev bank, d. d. is based on a one-tier governance system, with the rights and obligations of the bodies of BAMC regulated under the Act Defining the Measures of the Republic of Slovenia to Strengthen Bank Stability (Official Gazette of the Republic of Slovenia, no. 105/12, 63/13 – ZS-K, 23/14 – ZDIJZ-C and 104/15; hereinafter referred to as: “ZUKSB”).

Article 8 (eight)

In addition to the powers granted under the act regulating companies and ZUKSB, the general meeting of Družba za upravljanje terjatev bank, d. d. also has the power to approve the annual report.

Article 9 (nine)

The general meeting shall be held at the company headquarters, at the shareholder's headquarters, or in any notarial office.

Article 10 (ten)

(1 (one)) The number of member of the board of directors and their term of mandate are regulated by the ZUKSB.

(2 (two)) Executive directors shall be appointed and recalled by non-executive directors. An executive director's membership on the board of directors shall terminate with his or her recall.

Article 11 (eleven)

The board of directors has the following responsibilities:

- to manage and supervise the company's operations;
- to appoint and dismiss the chairman of the board of directors and the deputy chairman of the board of directors;
- to give its consent to the Rules of Procedure for Executive Directors;
- to represent the company in the conclusion of contracts with individual members of the board of directors;
- to appoint the Audit Committee, Remuneration Committee and other committees established by the board of directors, and to appoint their members;
- - to confirm the financial plan;
- to grant consent to the decisions/proposals of the credit committees;
- to formulate the proposal for use of distributable profit;
- to convene the general meeting;
- to review the finished annual report;
- to compile a report on the review of the annual report for the general meeting;

- to prepare the proposals on the appointment of an auditor at the Audit Committee's recommendation;
- to appoint a procurator;
- has other powers in accordance with the law, BAMC Articles of Association and general meeting decisions.

Article 12 (twelve)

(1 (one)) Executive directors shall represent Družba za upravljanje terjatev bank, d. d. individually and without limitations for the relevant area or areas of responsibility assigned by resolution of the Board of Directors. The Board of Directors may pass a resolution to define specific legal transactions in which executive directors must represent the company jointly.

(2 (two)) Executive directors are obligated to abide by the limitations on their competences adopted by individual decisions by the Board of Directors, and are personally liable for any breach with regard to such limitations.

Article 13 (thirteen)

Executive directors shall, inter alia, be competent and responsible for the following:

- managing the company's day-to-day operations;
- producing the annual report;
- preparing the financial plan;
- preparing the business strategy;
- submitting applications for registration and submission of documents to the registry;
- keeping books of account;
- executing transactions in line with the Articles of Association.

Article 14 (fourteen)

(1 (one)) As a rule, the board of directors shall be convened once per month. The Board of Directors may also be convened in a shorter time period than regulated under the law, if the interests of the BAMC so require.

(2 (two)) The Board of Directors is entitled to convene and adopt decisions if the following conditions are met:

- if at least half of non-executive directors are present at the meeting of the Board of Directors, and
- if at least half of all members are present at the meeting of the Board of Directors.

(3 (three)) Only members of the Board of Directors may attend Board meetings; other persons may attend meetings only if invited by the Board of Directors or if the Board of Directors requests their presence;

(4 (four)) Minutes of meetings of the Board of Directors shall be recorded. The minutes must indicate individual members' opinions regarding matters being considered by the Board of Directors. The minutes must allow reconstruction of the decision-making process. Družba za upravljanje terjatev bank, d.d. shall keep the minutes for a minimum of 10 (ten) years.

(5 (five)) The Board of Directors regulates its operations in more detail by adopting rules of procedure.

Article 15 (fifteen)

(1 (one)) The Board of Directors adopts general internal acts to define in detail the criteria, procedures, rules and controls involving the management processes.

(2 (two)) The Board of Directors adopts a job description chart, defining the job position and the criteria required, as well as the competencies and responsibilities associated with each position; Special focus is placed on expert qualifications, experience, absence of a criminal record and fulfillment of the highest ethical or business standards. The Board of Directors shall also define the conditions, criteria, procedures and checks for recruitment which will ensure an independent and objective selection process and traceability of the decision-making process and the decisions made across all stages of the recruitment process.

Article 16 (sixteen)

BAMC may appoint a procurator. The procurator shall represent the BAMC jointly with the executive director, unless stipulated otherwise in the decision on the appointment.

Article 17 (seventeen)

(1 (one)) The board of directors appoints the Audit Committee in accordance with the provisions of the law governing companies.

(2 (two)) The BAMC's Board of Directors shall appoint an audit committee in accordance with the provisions of the law governing companies.

(3 (three)) Subject to the provisions of the law governing companies, the BAMC's Board of Directors may also appoint other committees which are to prepare proposals for decisions to be adopted by the board of directors and track and supervise their implementation and perform other expert tasks.

6. (sixthly) ANNUAL REPORT AND DISTRIBUTION OF PROFITS

Article 18 (eighteen)

(1 (one)) Executive directors shall draft the annual report in accordance with the contents and within the deadlines stipulated by law and then submit it to the Board of Directors along with the auditor's report no later than eight days after receiving the audit report.

(2 (two)) The Board of Directors shall be obliged to verify the drafted annual report and prepare a proposal for the use of distributable profit, drafting a written report on the findings for the General Meeting;

Article 19 (nineteen)

(1 (one)) The use of distributable profit shall be decided by the General Meeting.

(2 (two)) When drafting the annual report, the executive directors shall propose how distributable profits are to be used.

7. (seventhly) FORM AND MANNER OF PUBLICATION

Article 20 (twenty)

(1 (one)) By publishing information, the BAMC ensures that the shareholder and interested public are informed comprehensively.

(2 (two)) The BAMC informs the shareholder and interested public by publishing information in on the website of AJPES.

(3 (three)) The BAMC can also ensure publication in daily newspapers issued throughout the territory of the Republic of Slovenia, whenever a law or another general regulation so requires.

8. (eight) ENSURING INTEGRITY AND PREVENTION OF CORRUPTION

Article 21 (twenty-one)

(1 (one)) The BAMC's Board of Directors shall appoint a Compliance and Integrity Officer (hereinafter "Compliance Officer"), who shall be in charge of the following:

- preparing and implementing an integrity plan and measures for identification and prevention of corruption risks and the risk of other wrongdoing or unethical conduct.
- raising awareness, training and advising the board of directors and employees on enforcing integrity, compliance with regulations and codes of procedure, eliminating corruption risks and risks of other wrongdoing or unethical conduct.
- setting up and implementing a protection program for whistle-blowers reporting wrongful or unethical conduct;
- cooperation with the Commission for the Prevention of Corruption, law enforcement agents and the Information Commissioner; and
- carrying out other tasks with the aim of ensuring that the activities of Družba za upravljanje terjatev bank, d. d. are lawful, ethical and independent.

(2 (two)) Družba za upravljanje terjatev bank, d. d. shall provide the Compliance Officer with an adequate degree of independence allowing him or her to carry out their responsibilities. A dedicated expert service shall be formed under the supervision of the Compliance Officer, as necessary. A dedicated expert service shall be formed under the supervision of the Compliance Officer, as necessary. The Compliance Officer shall be employed on a full-time basis, on an employment contract.

(3 (three)) The Compliance Officer position may only be occupied by a person having a good reputation. A person shall be considered to have a good reputation, provided that the following conditions are met:

- no violations of regulations with regard to integrity and prevention of corruption have been found in connection with the applicant's conduct;
- has not had a legally enforceable indictment lodged against him or her for a criminal offence prosecuted in an ex officio capacity.

(4 (four)) The Compliance Officer shall be appointed for a period of six years.

Article 22 (twenty-two)

(1 (one)) The BAMC's Board of Directors shall prepare an integrity plan in accordance with the provisions of the law governing integrity and prevention of corruption.

(2 (two)) The Compliance Officer shall be responsible for maintaining operative oversight over the implementation of the integrity plan, and shall submit, no less than once quarterly, a progress report to the members of the BAMC Board of Directors, as well as the supervisory bodies of BAMC.

(3 (three)) Oversight over the implementation of the integrity plan falls within the scope of responsibility of the Board of Directors of BAMC. It carries out oversight especially through regularly reviewing the Compliance Officer's reports, monitoring the observance of the integrity plan, proposing changes to the integrity plan and proposing additional measures to manage corruption risk and risk of other wrongdoing or unethical conduct.

Article 23 (twenty-three)

(1 (one)) Members of the Board of Directors of BAMC and all BAMC employees are required to report any instances where they are ordered to engage in wrongful or unethical conduct, or if they are subjected to pressure, influence, or are approached with indecent proposals, to the Compliance

Officer. The Compliance Officer must promptly respond to the report and take any action within his or her power necessary to prevent further unlawful or unethical requests or pressure, as well as any onset of adverse consequences.

(2 (two)) Družba za upravljanje terjatev bank, d. d. shall protect the complainants referred to in the preceding paragraph. If the aforementioned report filed by a member of the board of directors or any person employed with the BAMC under an employment agreement should cause BAMC to incur a loss, BAMC shall not file suit for damages against the individual concerned.

Article 24 (twenty-four)

Members of the Board of Directors of BAMC and all BAMC employees must, within three business days, inform the Compliance Officer of any contact, which might be considered lobbying activities under the law governing integrity and anti-corruption measures, if they were approached in connection with the operations of Družba za upravljanje terjatev bank, d. d.

Article 25 (twenty-five)

(1 (one)) Members of the Board of Directors must disclose any and all circumstances which might lead to a conflict of interest and shall be obligated to avoid conflicts of interest as described in the act regulating integrity and the prevention of corruption. Members of the Board of Directors may not abuse their function or any information obtained in the course of their service in order to secure any unlawful personal interest on their own behalf or on behalf of a third party.

(2 (two)) Breach of the rule of compulsory disclosure and avoidance of potential conflicts of interest, whether intentional or by gross negligence, shall constitute a severe violation of employment or contractual obligations.

Article 26 (twenty-six)

In terms of prohibition and restrictions regarding accepting gifts, the provisions of the act regulating integrity and the prevention of corruption apply in full to the members of the Board of Directors of Družba za upravljanje terjatev bank, d. d., as well as all BAMC employees.

Article 27 (twenty-seven)

(1 (one)) Družba za upravljanje terjatev bank, d. d. shall have the following requirements with regard to its external vendors:

- professional, objective and unbiased execution of the relevant order;
- consideration of the interests of Družba za upravljanje terjatev bank, d. d.;
- avoidance and immediate disclosure of any potential conflict of interest;
- protection of confidential information, documents and data to prevent disclosure and abuse;
- external vendors must inform Družba za upravljanje terjatev bank, d. d. of any existing obligations to third parties which might affect the execution of the assigned project; and
- adherence to the highest standards of ethics and professional conduct.

(2 (two)) The Board of Directors shall adopt internal by-laws with regard to:

- requirements which external vendors are required to meet;
- external vendor selection procedures and criteria;
- defining the competencies and responsibilities of the external vendors;
- defining the mandatory elements of any external vendor contract;
- ensuring an audit trail and transparency of external vendors' operations and
- supervising the work provided by external vendors.

9. (ninthly) VALIDITY AND DISSOLUTION

Article 28 (twenty-eight)

The moment of dissolution of the Bank Assets Management Company is stipulated in the ZUKSB.

Article 29 (twenty-nine)

(1 (one)) Liquidators shall be appointed by resolution of the General Meeting, passed with a three-quarters majority of the represented share capital.

(2 (two)) Any natural person who meets the conditions required for appointment as a member of the Board of Directors or legal entity (liquidation company) may be appointed as a liquidator.

10. (tenthly) FINAL PROVISIONS

Article 30 (thirty)

As of the effective date, the Articles of Association of Družba za upravljanje terjatev bank, d. d. – consolidated text as indicated in the notarial protocol prepared by notary public Nevenka Tory, under filing no. SV 816/16 dated 26.07.2016 (twenty-sixth of July two thousand sixteen), shall cease to apply.

Article 31 (thirty-one)

These Articles of Association shall enter into force on the day of their entry in the court register.

Enclosure: List of claims of the Republic of Slovenia against companies in the Cimos group, which represents the in-kind contribution for recapitalization of DUTB, d.d.