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Pursuant to Article 34 of the Banking Act, the General Meeting of the NLB hereby adopts the following document:

**Policy on the provision of diversity of the Supervisory Board
Version 1, June 2016**

Chronology of amendments

Version	Date	Description
1.	May 2016	Preparation of policy for the Supervisory Board
1.	June 2016	Policy adoption at the General Meeting

I. Introduction

By the Policy on the provision of diversity of the Supervisory Board (hereinafter: the Policy), Nova Ljubljanska banka, d.d. (hereinafter: the Bank), acting in accordance with Article 34 of the Banking Act (ZBan-2), sets up a framework enabling and promoting a composition of the Supervisory Board of the Bank resulting in the latter having as a collective the appropriate knowledge, skills and experience deemed necessary for an in-depth understanding of the Bank's activities and the risks to which it is exposed and for realising the goals of its strategy. The Policy is aimed at selection of Supervisory Board members who primarily meet the highest ethical and professional standards and profess the highest level of diligence while collectively constituting the most appropriate group in terms of diversity. With due consideration of this Policy, the Supervisory Board should be composed of individuals having diverse knowledge and experience so that they represent a balanced whole, which is necessary with regard to the Bank's size, complexity and risk profile. A diverse composition of the Supervisory Board is hereby recognised as a key business advantage of the Bank.

II. The grounds of the Policy

1. The Bank's Supervisory Board as a whole shall possess an appropriate range of knowledge, skills and experience by its members.
2. The Policy promotes achieving variety in the composition of the Supervisory Board, including an appropriate target representation of both genders in its membership.

III. Legal and other grounds

The Policy shall apply with due consideration of the following laws and regulations:

- Banking Act;
- Slovenian Sovereign Holding Act;
- Corporate Governance Code for Joint-Stock Companies;
- Corporate Governance Code for Companies with a State Capital Investment;
- Resolutions of the Bank of Slovenia prescribing the due diligence standards of the Supervisory Board members of the Bank and the requirements related to the arrangement of internal governance of the Bank;
- EBA Guidelines on internal governance (GL 44, 2011) in conjunction with the Decision of the Bank of Slovenia on the application of EBA Guidelines on internal governance (Official Gazette of the RS 47/2015, 30/06/2015);
- Policy to assess the suitability of the Management and Supervisory Board members of Nova Ljubljanska banka d.d., Ljubljana
- Corporate Governance Policy of the Slovenian Sovereign Holding;
- Rules on the conditions, criteria and procedure for valuation, establishment of suitability and selection of potential candidates as members of supervisory bodies of companies with state capital investments;
- Manual on the Position of the supervisory boards and members of supervisory boards in companies with state capital investments (24/11/2014)

The application of the appropriate laws and regulations shall follow the Corporate governance principles for banks of the Basel Committee on Banking Supervision.

IV. The laying down of conditions for a Supervisory Board member

A member of the Bank's Supervisory Board may be only a person meeting the conditions for a member of the Supervisory Board in accordance with the Banking Act and other grounds listed in Item III hereof.

In addition to the above, Supervisory Board members must possess the adequate experience, skills, knowledge and competence, including personal integrity and the ability to spend sufficient time in the

performance of the office of a member of the Supervisory Board regardless of any other activity they may undertake outside the Bank. The above listed should enable Supervisory Board members to supervise the Bank's business in a diligent, responsible and efficient manner whereby they act alongside the Management Board in defining and setting the values of the Bank and its business strategy in a way making it successful in the long term and in alignment with the Bank's interests and the general ethical standards of bank governance. Supervisory Board members must prove they are capable of constructive and critical co-operation in discussing the most important matters of the Bank with the aim of constant pursuit of the best interest of the Bank and thus the ability to be actively involved in the supervision of the management of the Bank's business.

Subject to meeting the conditions prescribed by the law and the other legal acts, indicated under Item III hereof, and the statutory conditions, a Supervisory Board member must also obtain a positive assessment of suitability in accordance with the Bank's Fit&Proper policy.

Supervisory Board members shall put the Bank and its structure before any personal interest, particular interest of third parties and interest that could arise from their previous offices and other activities and economic, professional or private connections with third parties (including the members of the Management Board or Supervisory Board of the Bank) and possibly affect them when taking decisions related to the supervision of the Bank.

In the event of any circumstances that could lead to conflicts of interest and thus jeopardise the adoption of independent decisions in the best interest of the Bank, these must be disclosed by the Supervisory Board member who must assume responsibility to timely adopt all the measures for eliminating any conflict of interest.

The composition of the Supervisory Board shall meet the criteria of complementarity and variety which, taking into account the powers of the Bank's Supervisory Board, is shown by:

- different levels of experience, age, education and expert knowledge at the level of individual members and consequently at the level of the entire Supervisory Board, in particular in the field of capital markets, financial analyses and reports, matters related to financial strength, strategic planning, corporate governance and familiarity with laws and regulations;
- knowledge of local, regional and global markets and features of the legal and regulatory environment; and
- an appropriate manner of communication, co-operation and critical assessment and discussion in the performance of the supervisory function.

The composition of the Supervisory Board shall follow the goal of having both genders appropriately represented in the Supervisory Board.

The provision of diversity of the Supervisory Board shall follow the goal of the Supervisory Board having as a collective the appropriate knowledge, skills and experience for successful supervision of the Bank's business. Comprehensive knowledge, experience and skills of the Supervisory Board shall include the monitoring of the Bank's management with familiarity and understanding of its business and financial data, goals, strategies and policies, accounting for regulations, standards and regulator's requirements. Supervisory Board members shall have complementary knowledge and experience in order for them to work in accordance with the Bank's goals, strategies and policies and act in its best interest.

The Supervisory Board shall once a year assess its composition, performance, potential conflicts of interest of individual members, performance of individual members and the Supervisory Board as a whole, and efficiency and performance of co-operation with the Management Board. Should the Supervisory Board determine that (i) the number of Supervisory Board members is unsuitable, (ii) it would be necessary to appoint additional Supervisory Board members, (iii) Supervisory Board members no longer hold the qualifications to perform the office because they no longer meet the prescribed conditions, (iv) owing to the unsuitability of one or several Supervisory Board members considering the duties of members in the current composition, the appropriate diversity of qualifications, knowledge and experience to supervise the Bank is no longer present, the Slovenian

Sovereign Holding representing the interests of the Republic of Slovenia shall be informed so that the General Meeting may elect new members.

V. Transitional and final provisions

The Policy shall enter into force the day after it is adopted by the General Meeting of NLB d.d. and published on the internal website of the Bank. If there is a discrepancy between the provisions hereof and the provisions of the Bank's internal acts, the provisions of this Policy apply.

Preparation and revision:

Signatory and position in the Bank	Reason for signing	Date of signing	Signature
Boris-Anže Dugar Division Advisor	Prepared by	dd/mm/yyyy	
Mojca Cigler Division Advisor	Prepared by	dd/mm/yyyy	
Matej Pollick Division Advisor	Prepared by	dd/mm/yyyy	
Andrijana Bergant Division Advisor	Prepared by	dd/mm/yyyy	
Vesna Vodopivec SUKRO Director	Review	dd/mm/yyyy	
Rok Praprotnik	Review	dd/mm/yyyy	

Primož Karpe
Chair of the Supervisory Board

