
Report on remuneration in the 2022 business year

of Nova Ljubljanska banka d.d., Ljubljana

1. Introduction

This Report on remuneration in the 2022 business year of Nova Ljubljanska banka d.d., Ljubljana (this remuneration report hereinafter: the Remuneration Report; Nova Ljubljanska banka d.d., Ljubljana hereinafter also: NLB d.d. or the Bank) has been prepared in accordance with Article 294.b of the Companies Act (hereinafter: the ZGD-1), which stipulates that a company whose securities are traded on an organised market must prepare a clear and comprehensible remuneration report containing a comprehensive overview of remuneration, including all benefits in any form, which the company awarded or owed to individual members of the management and supervisory body and the CEO in the last business year, in accordance with the remuneration policy referred to in Article 294.a of the ZGD-1 (hereinafter: the Remuneration Policy).

2. Remuneration in the 2022 business year

On 19/10/2022, the Supervisory Board of NLB d.d. (hereinafter also: the Supervisory Board) adopted the 2nd version of the Remuneration Policy for the members of the Supervisory Board of NLB d.d. and of the Management Board of NLB d.d. (hereinafter: the 2nd version of the Remuneration Policy), which the General Meeting of Shareholders of NLB d.d. approved on 12/12/2022 and which replaced its 1st version (hereinafter: the 1st version of the Remuneration Policy). The 2nd version of the Remuneration Policy applies to the remuneration of the members of the Supervisory Board of NLB d.d. and of the Management Board of NLB d.d. (hereinafter also: the Management Board), for the period from 01/01/2022 onwards. However, for remunerations relating to a specific period prior to the 2022 business year, the previous remuneration policy relating to such period of time still applies. Thus, for instance the 1st version of the Remuneration Policy applies to remunerations relating to the 2021 business year.

Further in the Remuneration Report, pursuant to the provisions of Article 294.b of the ZGD-1, the Report on remuneration also contains a presentation of total remuneration paid in accordance with the relevant remuneration policy, broken down by components, namely the remuneration of the members of the Management Board of NLB d.d. is broken down to the fixed part of remuneration, including the benefits in the form of bonuses, work-related cost compensation, variable part of remuneration and other bonuses; this report also comprises the information regarding the relative share of fixed and variable remuneration (both the cash part as well as in instruments) and the criteria for determining performance of individual members of the Management Board of NLB d.d.

The total remuneration to which each member of the Supervisory Board of NLB d.d. is entitled in accordance with the relevant resolutions of the General Meeting of NLB d.d., represents fixed remuneration and is further broken down to the payment for the performance of the function on the Supervisory Board and its committees, other bonuses and reimbursement of costs.

The remuneration of the members of the Management Board of NLB d.d. and the members of the Supervisory Board of NLB d.d. are compliant with the relevant Remuneration Policy and contribute to the long-term successful performance of NLB d.d., which is further substantiated below.

2.1. Remuneration of the members of the Management Board of NLB d.d.

Due to the growth of the NLB Group and its strong presence in as many as seven markets in South-Eastern Europe, in 2022 the Supervisory Board of NLB d.d. decided that the Management Board of NLB d.d. needs to be reinforced for an even more coordinated and effective management and thus appointed 3 new members of the Management Board, whose term of office started on 28/04/2022 after the completion of the suitability assessment procedure and after obtaining the consent of the regulator.

The 1st and the 2nd versions of the Remuneration Policy are designed in such a way that they are consistent with the goals of the NLB Group and NLB d.d., the business strategy of the NLB Group, the organisational culture and values, long-term interests, environmental, social and governance factors (ESG), measures to prevent conflicts of interest, and so as to not encourage members of the management body to take major risks, and are consistent with the risk profile and risk appetite, whereby the 2nd version of the Remuneration Policy is elaborated further compared to the 1st version of the Remuneration Policy (e.g. contains a more specific definition of the roles of individual stakeholders in the process of determining the performance of the Management Board members and of the goals of the Management Board members in individual areas).

When remunerating the Management Board members the following principles were observed:

- appropriate remuneration (remuneration of the Management Board members is comparable with the trend of salaries on the market and competitive to the remuneration of the Management Board members in comparable international institutions);
- linking remuneration to performance (achieving or exceeding the set objectives is appropriately remunerated, which should also be reflected in the amount of the variable remuneration).

The fixed part of the salary of a Management Board member for the 2022 business year reflects the relevant professional experience, responsibilities, authorisations and duties of a Management Board member, as defined in the job description of the Management Board member which is part of the recruitment conditions. The fixed part of the salary of a member of the Management Board was determined based on the international benchmark of comparable banks with regard to the function/area covered by an individual member of the Management Board.

In accordance with the 2nd version of the Remuneration Policy, the components of the fixed part of the remuneration of a Management Board member for the 2022 business year could be as follows (the actual remuneration paid to individual members of the Management Board in 2022 are listed further herein):

Component	Maximum value
Salary:	
Gross monthly salary	The gross monthly salary of a Management Board member may amount to up to 8 times the average gross monthly salary of a member of the senior management of NLB d.d. (calculated based on the gross monthly salary of all members of the senior management of NLB d.d.) in the preceding financial year; for the calculation in line with this provision, the gross monthly salary of a members of the senior management of NLB d.d. comprises the base salary and the length of service bonus.
Other income and reimbursement of expenses:	
Holiday allowance under the conditions defined by the relevant regulations and collective agreements	In the amount as specified in line with the relevant regulations and collective agreements with the currently applicable resolutions of the Bank relating to the payment of holiday allowance (pursuant to the CAB applicable at the time of adoption of this Policy, the minimum holiday allowance is 80% of the average gross salary in the Republic of Slovenia).
Family separation allowance if the member of the Management Board performs work outside the place where they reside with their family and due to the requirements of the company lives separately from their family when performing their duties.	In the amount which, according to the currently applicable provisions regulating the tax treatment of reimbursement of costs and other income from employment, is not included in the tax base of income based on employment relationship.
Travel and accommodation expenses in relation to the business trips of the Management Board member	Air transport within the EU in economy class and outside the EU in business class; top class accommodation;
Round trips of the member of the Management Board or their close family members to the country defined in the employment contract of the member of the Management Board	In the amount of up to 24 round trips in each calendar year where the maximum cost of each round trip can amount to the cost of an airline return ticket in economy class. Trips made with a company car are not included in this quota.
Compensation for the use of own assets and material costs related to working from home	In the amount defined by the Bank's relevant internal acts
Other benefits which the Bank may provide, cover, or reimburse the costs related to them, as agreed with the member of the Management Board:	
Company car provided by the Bank, which can be used by the member of the Management Board	The total rental cost (TRC ¹) for a member of the Management Board must not exceed EUR 1,800.00 per

¹ The TRC limit is defined based on a four-year lease and an annual limit kilometres travelled to 18,000 (the mileage may be exceeded by a maximum of 5,000 kilometres); if a higher amount of kilometres travelled is required, the TRC shall be re-calculated based on an application and the defined limits. Included services: amortisation and depreciation, financing, energy/fuel, vehicle registration, annual vehicle tax, insurance, service and maintenance, tires, monthly carwash, RV (residual value) – the value of the

for business and private purposes, where the Bank at its own expense provides services included in the total rental cost (TRC).	month. The segment of vehicles for members of the Management Board shall include vehicles from the middle up to the highest segment as defined by the relevant internal acts of the Bank.
Company car with a driver for business purposes	The Bank shall provide at the request of the Management Board member.
Company mobile phone of the highest price range and an annual budget	Annual spending limit up to EUR 5,640.00, if exceeded the member of the Management Board shall report to the Supervisory Board at the end of the year.
Parking space at the location of work	At the market price for renting a parking space.
Appropriate accommodation for the Management Board member in Ljubljana (permanent hotel room or apartment) including the related expenses and the cost of the real estate agent and security deposit for renting the apartment	Total monthly accommodation costs may not exceed EUR 5,000.00. In addition to the costs referred to in the previous sentence, the Bank covers the costs of the real estate agent and the security deposit for renting the apartment at the market price.
Business card	The Management Board member shall use a business card as a means of payment for business-related costs.
Entertainment allowance	In accordance with the annual financial plan of the Bank approved by the Supervisory Board.
Training of the Management Board member in relation to their job	In the framework of the Bank's annual financial plan approved by the Supervisory Board
Membership fees and expenses related to the membership of the Management Board member in professional associations and costs of literature and publications related to the job and/or the duties of the Management Board member	The total costs referred to in this provision per Management Board member shall not exceed EUR 10,000.00 in a single calendar year.
The possibility of a preventive medical check-up once in each calendar year	At the market price.
Possibility of treatment and rehabilitation at a health resort if so recommended by a specialist doctor	At the market price.
Collective accident insurance for usual insurance cases at the Bank's discretion. The Bank shall define the beneficiaries of the insurance of the Management Board member as persons defined by the Management Board member.	The monthly insurance premium for the insurance of the Management Board member shall amount to no more than EUR 100.00.
Health insurance for the Management Board member abroad as selected by the Management Board member at their own discretion	Total value of EUR 6,000.00 in each calendar year. The Bank shall cover (or compensate the Management Board member if they paid these themselves) also any applicable taxes, contributions and other duties that must be paid based on the Bank's payments under this provision.
Additional or supplementary health insurance	In an amount providing the highest possible coverage of medical expenses (including above-standard services and medical services abroad), with a monthly insurance premium for a Management Board member up to EUR 100.
Premiums for the collective voluntary supplementary pension insurance	Up to the amount of the maximum amount for which the Bank can claim a tax relief.
Liability insurance (D&O) – the Bank may arrange with the Management Board member in the context of their employment contract or in a separate document that the Bank provides the liability (claim) insurance for the Management Board member due to any incorrect conduct (actions or omissions) in the function as Management Board member as well as against claims made against the Management Board member based on their function as Management Board member (D&O insurance) in the scope and amount in line with international practice (hereinafter: liability insurance); these claims may also include civil or criminal proceedings, minor offence proceedings and other legal proceedings	Insurance premium according to the market price, other payments by the Bank up to the amount defined in this provision on the D&O insurance.

vehicle at the end of the lease period, fleet management fee, 24-hour roadside assistance (basic), replacement vehicle (basic for regular servicing).

<p>against the Management Board member; the costs of defence against such claims and the costs of preparation of the defence of possible claims are also included here. The Bank may arrange with the Management Board member within the framework allowed by regulations that in case that an individual (possible or actual) claim against the Management Board member as defined in the previous sentence or the defence (or preparation of defence) against it are not covered by the liability insurance (e.g. due to the retained amount in the liability insurance or because the bank did not provide liability insurance), the Bank covers the claim or the costs of defence (or preparation of defence) against it, up to the amount defined in the previous sentence. The Bank can also arrange with the Management Board member that the Bank covers (or compensate the Management Board member if they paid these themselves) also any applicable taxes, contributions and other duties that must be paid based on the Bank's payments under the previous sentence.</p>	
<p>Costs of tax consulting ordered by the Management Board member at their own discretion</p>	<p>Total value of EUR 2,000.00 in each calendar year. The Bank shall cover (or compensate the Management Board member if they paid these themselves) also any applicable taxes, contributions and other duties that must be paid based on the Bank's payments under this provision.</p>
<p>Education and care expenses for the children of the Management Board member (kindergarten, primary and secondary school) if the latter move to the Republic of Slovenia with the member assuming the function from abroad</p>	<p>In accordance with international educational programmes offered in the Republic of Slovenia. The Bank shall cover (or compensate the Management Board member if they paid these themselves) also any applicable taxes, contributions and other duties that must be paid based on the Bank's payments under this provision.</p>
<p>Payment of the difference of tax duties of the Management Board member – for a Management Board member who acquires resident status in the Republic of Slovenia pursuant to tax regulations, the Bank during their term of office as Management Board member covers or compensates the part of their tax duties that arise from their variable remuneration paid by the former employer based on their employment with that former employer, which due to their resident status in the Republic of Slovenia pursuant to tax regulations exceeds the tax duties that the Management Board member would have from these variable pays if they did not change their resident status pursuant to the tax regulations to resident of the Republic of Slovenia.</p>	<p>In the amount of the difference of tax duties of the Management Board member as described in this provision. The Bank shall cover (or compensate the Management Board member if they paid these themselves) also any applicable taxes, contributions and other duties that must be paid based on the Bank's payments under this provision.</p>
<p>Employee housing loan – the Bank can grant an employee housing loan to a member of the Management Board under the same conditions as those applying to key personnel under the collective agreement, while these conditions and criteria are determined by an internal act.</p>	<p>In line with relevant internal acts of the Bank.</p>

In accordance with the 1st version of the Remuneration Policy, the component of the variable part of the remuneration of each member of the Management Board for the 2021 business year was the variable part of the salary (performance bonus) based on the criteria set by the Supervisory Board as part of the Bank's annual business plan.

The variable part of the salary of a Management Board member for the 2021 business year reflects sustainable and risk-adjusted performance and performance that is higher than the expected performance, as specified in the job description of the Management Board member, which is part of the employment conditions.

The following goals were used to determine the performance of each member of the Management Board for the 2021 business year:

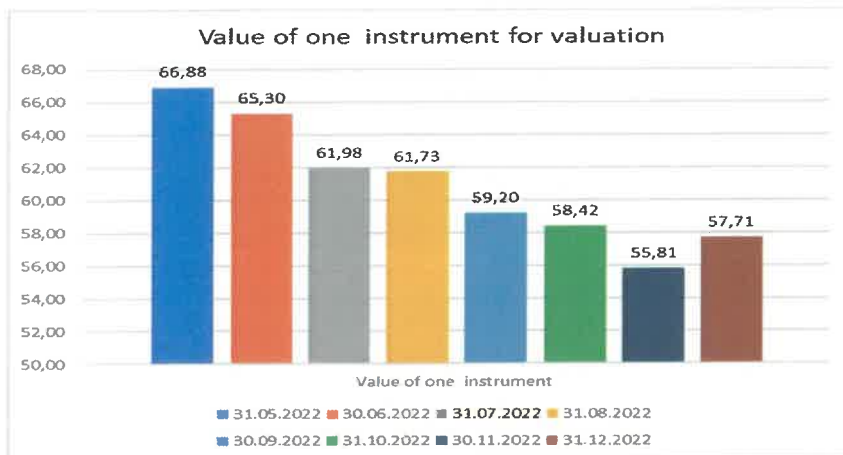
1. financial goals of the NLB Group, which were determined by the Supervisory Board and which represent a 50% weight in the overall goals:
 - Total revenues
 - Net profit after tax
 - Total costs
 - RORAC
 - Cost of risk
2. The goals within the competence area of a Management Board member that represent a 30% weight in the overall goals:
 - strategy implementation and setting IT strategy milestones
 - definition of the ESG strategy and implementation
 - NPS measurement
3. Personal goals that represent a 20% weight in the overall goals:
 - Conduct in line with the values of the NLB Group
 - Performance management in accordance with the Remuneration Policy

The ratio of gross salary of the Management Board member to maximum variable part of the salary of the same Management Board member in the 2021 business year was 1:0.67.

In accordance with the amended regulations on remuneration in banks, including the Banking Act (ZBan-3), which entered into force on 23/06/2021, NLB d.d. for the purpose of awarding the variable part of the salary, which must comprise instruments, to employees who can within the scope of their responsibilities, duties and activities significantly influence the risk profile of NLB d.d., created an instrument the value of which is linked to the value of the NLB d.d. share (i.e. phantom share), but does not yield any dividends or other return. The number of instruments awarded to a Management Board member as part of the variable part of salary for a business year is determined by dividing the variable part of the salary paid in instruments by the average price of the NLB share before awarding, and by rounding the result down to the nearest whole number. On the basis of an individual instrument, NLB d.d. pays the holder of the instrument an amount equal to the average share price of NLB d.d. before payment, three years and one month after delivering this instrument to a Management Board member. The average price of the share of NLB d.d. before awarding is calculated by adding together the closing prices of NLB d.d. share on all trading days on the Ljubljana Stock Exchange in the period of 90 calendar days before the day of allocation, and by dividing the amount obtained by the number of these trading days. The average price of the share of NLB d.d. before payment is calculated by adding together the closing prices of NLB d.d. share on all trading days on the Ljubljana Stock Exchange in the period of 90 calendar days before the day on which the Company's obligation under the instrument falls due, and by dividing the amount thus obtained by the number of these trading days. The exact content of the instrument, the terms of delivery of the instruments and other rules and conditions applicable to the instruments are specified in the "*Agreement on the awarding and payment of part of the variable part of the salary in instruments*", concluded by NLB d.d. and a Management Board member in relation to the instruments awarded to that member of the Management Board as part of the variable part of the salary for a given business year.

By awarding and paying a part of variable salary of a Management Board member in the form of the instruments described above and subject to the award period and the conditions regarding the holdership of the instruments after they have been acquired, as specified herein (the variable part of salary of a Management Board member for each business year shall be awarded (or it is decided that they would not be awarded) no later than three months after the adoption of the Annual Report of the NLB Group for the respective business year; the Management Board member may only transfer the instruments with the Bank's approval that can only be issued after the expiry of a three-year period from acquisition), the Bank guarantees and encourages the Management Board members to pursue long-term business and development goals when managing the Bank, which support the strategy of NLB d.d. and long-term sustainability of operations.

Table 1: Average 90-day value of the instrument in 2022



With prudent management and governance of NLB d.d., a long-term growth is guaranteed, which is among other reflected in the value of the NLB d.d. share that follows the performance results. Therefore, the goals of NLB d.d. must be set in a reasonable and strategic manner so as to enable higher and consistent growth of revenues and ensure further growth and strengthening of NLB d.d.

On 11/05/2022, the Supervisory Board decided on the award and payment of the variable part of the salary for the 2021 business year and the payment of the deferred part of the variable part of the salary for the 2018 business year to the members of the Management Board based on the remuneration policy applicable in that period. The payment of the cash part of the non-deferred part of the variable part of the salary and the delivery of instruments as the non-deferred part of the variable part of the salary for the 2021 business year were carried out on 12/05/2022. The deferral period for the deferred part of the variable part of the salary for the 2021 business year, both in cash and in instruments, is 5 years.

Because of the COVID-19 epidemic, the award and payment of variable remuneration to employees whose professional activities have a significant impact on the risk profile of NLB d.d. was temporarily prohibited, the Supervisory Board did not confirm the amount of the variable part of the Management Board members' for the 2019 and 2020 business years until 2021 (for each individual member of the Management Board based on assessment of the achievement of the set goals), when it also awarded the cash part of this variable part to the Management Board members; half of this (cash) part of the variable part of the salary was paid to the Management Board members immediately, while the other half was deferred for 3 years in accordance with the regulations in force at the time.

Due to the interim harmonisation with the amended regulations on remuneration in banks, the Supervisory Board on 14/04/2022 awarded to the Management Board members the part of the variable part of the salary for the 2019 and 2020 business years which must consist of instruments.

Half of the instruments awarded to each member of the Management Board for the 2019 business year and for the 2020 business year were delivered on 16/05/2022, while the rest of the instruments are subject to a 5-year deferral period.

The payment of the deferred part of the variable part of the salary for the 2018 business year was made after 3 years have passed since the payment of the non-deferred part, i.e. 21/06/2022.

Table 2: Disclosure of remuneration awarded to the members of the Management Board from 01/01/2022 to 31/12/2022

		Variable part for 2019 in instruments					
		To be awarded in 2022 sum	sum instruments 14.4.2022	25% non-deferred part in instruments - izračitek	16.5.2022 hand over	25% deferred part in instruments to be paid out in proportion in 5 years	no of deferred instruments
BRODNJAK	BLAŽ	140.000,00	1931	70.000,00	965	70.000,00	966
BURKHARDT	ANDREAS	128.333,32	1770	64.166,66	885	64.166,66	885
KREMSER	ARCHIBALD	133.333,32	1839	66.666,66	919	66.666,66	920
PELLE	LASZLO	79.062,50	1090	39.531,25	545	39.531,25	545

		Variable part for 2020 in instruments					
		To be awarded in 2022 sum	sum instruments 14.4.2022	25% non-deferred part in instruments	16.5.2022 hand over	25% deferred part in instruments to be paid out in proportion in 5 years	no of deferred instruments
BRODNJAK	BLAŽ	35.000,00	482	17.500,00	241	17.500,00	241
BURKHARDT	ANDREAS	32.083,33	442	16.041,67	221	16.041,67	221
KREMSER	ARCHIBALD	33.333,33	459	16.666,67	229	16.666,67	230
BRUNCLIK	PETR	20.082,71	277	10.041,35		10.041,35	

		Awarded variable part for 2021									
		sum variable part for 2022	variable part 2021 (50% cash part)	variable part 2021 (50% in instruments)	sum of instruments	25% pay out in cash 12.5.2022	25% non-deferred part in instruments hand over	hand over of 25% of non-deferred part of instruments 12.5.2022	25% deferred part in cash to be paid out in proportion in 5 years	25% deferred part in instruments to be paid out in proportion in 5 years	no of deferred instruments
BRODNJAK	BLAŽ	280.858,23	140429,12	140429,12	2035	70214,56	70.214,56	1017	70214,56	70214,56	1018
BURKHARDT	ANDREAS	256.529,94	128264,97	128264,97	1858	64132,49	64.132,49	929	64132,49	64132,49	929
KREMSER	ARCHIBALD	267.482,89	133741,45	133741,45	1938	66870,72	66.870,73	969	66870,73	66870,73	969
BRUNCLIK	PETR	127.278,42	63639,21	63639,21	922	31819,61	31819,61		31819,61	31819,61	

Table 3: Disclosure of paid remuneration to the members of the Management Board from 01/01/2022 to 31/12/2022

Name and surname	Type of income	in EUR gross amount
Blaž Brodnjak	fixed part of remuneration	552,507.75
01/01/2022 – 31/12/2022	gross salary	540,415.00
	holiday allowance	1,954.50
	jubilee	460.00
	bonuses	6,908.09
	use of a company car for business and private purposes	5,441.20
	health insurance at home and abroad	856.80
	liability insurance (D&O)	381.53
	exemption of the costs of managing the personal account and payment card memberships	228.56
	Reimbursement of work-related costs	1,318.28
	meal allowance	1,300.68
	use of own funds	17.60
	Other benefits:	1,451.88
	collective voluntary supplementary pension insurance	1,451.88
	Variable part of income	95,214.56
	deferred part for 2018	25,000.00
	non-deferred part for 2021	70,214.56
	Total of fixed and variable part	647,722.31

Andreas Burkhardt	P.	fixed part of remuneration	522,720.16
01/01/2022	–		
31/12/2022		gross salary	484,483.00
		holiday allowance	1,954.50
		family separation allowance	4,008.00
		bonuses	29,580.10
		use of a company car for business and private purposes	1,210.80
		health insurance at home and abroad	15,460.34
		liability insurance (D&O)	381.52
		exemption of the costs of managing the personal account and payment card memberships	202.56
		accommodation of the Management Board member	12,324.88
		Reimbursement of work-related costs	1,242.68
		meal allowance	1,189.88
		use of own funds	52.80
		Other benefits:	1,451.88
		collective voluntary supplementary pension insurance	1,451.88
		Variable part of income	89,132.49
		deferred part for 2018	25,000.00
		non-deferred part for 2021	64,132.49
		Total of fixed and variable part	611,852.65
Archibald Kremser		fixed part of remuneration	559,343.24
01/01/2022	–		
31/12/2022		gross salary	515,415.00
		holiday allowance	1,954.50
		family separation allowance	4,008.00
		bonuses	35,211.54
		use of a company car for business and private purposes	9,033.75
		health insurance at home and abroad	9,033.85
		liability insurance (D&O)	381.52
		exemption of the costs of managing the personal account and payment card memberships	63.96
		accommodation of the Management Board member	16,698.46
		Reimbursement of work-related costs	1,302.32
		meal allowance	1,251.72
		use of own funds	50.60
		Other benefits:	1,451.88
		collective voluntary supplementary pension insurance	1,451.88
		Variable part of income	91,870.72
		deferred part for 2018	25,000.00
		non-deferred part for 2021	66,870.72
		Total of fixed and variable part	651,213.96

Antonio Argir	fixed part of remuneration	237,022.87
28/04/2022-31/12/2022	gross salary	203,988.11
	holiday allowance	1,303.00
	bonuses	30,077.43
	use of a company car for business and private purposes	4,721.00
	health insurance at home and abroad	766.62
	liability insurance (D&O)	381.52
	payment of education expenses for the children of the Management Board member if the latter moves from abroad in order to perform the function	4,634.92
	exemption of the costs of managing the personal account and payment card memberships	37.82
	accommodation of the Management Board member	17,494.08
	Reimbursement of travel expenses – other bonuses	2,041.47
	Reimbursement of work-related costs	795.88
	meal allowance	769.48
	use of own funds	26.40
	Other benefits:	858.45
	collective voluntary supplementary pension insurance	858.45
	Total of fixed and variable part	237,022.87
Andrej Lasič	fixed part of remuneration	211,162.85
28/04/2022-31/12/2022	gross salary	203,988.85
	holiday allowance	1,303.00
	bonuses	4,216.27
	use of a company car for business and private purposes	3,292.70
	health insurance at home and abroad	504.23
	liability insurance (D&O)	381.52
	exemption of the costs of managing the personal account and payment card memberships	37.82
	Reimbursement of work-related costs	796.30
	meal allowance	795.20
	use of own funds	1.10
	Other benefits:	858.43
	collective voluntary supplementary pension insurance	858.43
	Total of fixed and variable part	211,162.85
Hedvika Usenik	fixed part of remuneration	212,445.39
28/04/2022-31/12/2022	gross salary	203,988.85
	holiday allowance	1,303.00
	bonuses	5,512.89
	use of a company car for business and private purposes	4,591.38
	health insurance at home and abroad	502.17
	liability insurance (D&O)	381.52
	exemption of the costs of managing the personal account and payment card memberships	37.82
	Reimbursement of work-related costs	782.20
	meal allowance	764.60
	use of own funds	17.60
	Other benefits:	858.45
	collective voluntary supplementary pension insurance	858.45
	Total of fixed and variable part	212,445.39
Total remuneration for 2022		2,571,420.03

2.2. Remuneration of the members of the Supervisory Board of NLB d.d.

In relation to their function of a member of the Supervisory Board, a members of the Supervisory Board may only receive remuneration that is compliant with the relevant resolutions of the Bank's General Meeting. The Bank's General Meeting may determine and change the remuneration of the members of the Supervisory Board independently from this Remuneration Policy, and may change, repeal or replace any of its resolutions in relation to the remuneration of the Supervisory Board members at any time, or adopt a new resolution in relation to the remuneration of the Supervisory Board members.

At the time when this Report on remuneration was prepared, the Bank's Articles of Association contained the following provision (last paragraph of Article 16 of the Articles of Association of the Bank):

"The Supervisory Board members are entitled to a remuneration for performing their function and/or attendance fees for their membership in the Supervisory Board and the committees of the Supervisory Board, which are determined in accordance with respective applicable resolution by the General Meeting, and to reimbursement of travel expenses, meal allowance and accommodation costs up to the amount provided by the regulations governing reimbursement of costs related to work and other income from employment."

At the time when this Report on remuneration was prepared, the following resolution adopted by the Bank's General Meeting on 21/10/2019 was relevant for the remuneration of the Supervisory Board members other than workers' representatives:

"Point 2: Determination of the payments to the members of the Supervisory Board of NLB d.d. and its Committees

The members of the Supervisory Board shall receive for the performance of the office a payment of EUR 60,000.00 gross per member annually ("basic remuneration"). The Chair of the Supervisory Board shall be entitled to a bonus for the performance of this function amounting to 25% of the basic remuneration, while the Deputy Chair of the Supervisory Board shall be entitled to a bonus for the performance of the function amounting to 15% of the basic remuneration (hereinafter both bonuses referred to as "bonus").

The members of the committees of the Supervisory Board shall receive an extra payment for performing the function of a member of the committee, which for an individual member of the committee amounts to 10% of the basic remuneration ("extra remuneration") and shall be paid for membership in no more than two committees, even if an individual member of the Supervisory Board is a member of more than two committees. In addition to the extra remuneration, the chair of a committee shall also be entitled to an additional extra payment amounting to 15% of the basic remuneration ("additional extra remuneration"), with the additional extra remuneration being paid for the performance of the function of the chair of the committee in no more than one committee, even if an individual member of the Supervisory Board performs this function in more than one committee.

The members of Supervisory Boards shall receive the basic remuneration, bonus, extra remuneration and additional extra remuneration in proportional monthly payments to which they shall be entitled for as long as they perform the function. The monthly payment shall amount to one-twelfth of the above stated annual amounts. If they perform the function for less than one month, they shall be entitled to the proportional payment calculated based on the number of days they perform the particular function.

The Supervisory Board members shall be entitled to the reimbursement of travel expenses, daily allowances and costs of overnight accommodation related to their work in the Supervisory Board up to the amount specified in the regulations on reimbursement of work-related expenses and other income not included in the tax base. Accommodation expenses shall be reimbursed if the permanent or temporary residence of a Supervisory Board member or a member of a Supervisory Board committee is at least 100 kilometres away from the place of work and when a Supervisory Board member is unable to return as there is no public transport connection scheduled or for other objective reasons.

The Supervisory Board members shall not be entitled to any benefits exceeding the provision of the conditions for smooth work of the Supervisory Board (payment of insurance premiums, except for liability insurance, company car, company flat and fuel). The members of the Supervisory Board shall be entitled to benefits



providing for or improving the conditions or methods of their work (ICT equipment, professional training, visits to institutions, organisations and bodies and liability insurance), accounting for the actual needs of the company and the individual needs of the members of the Supervisory Board, as decided by the Supervisory Board.

On the day this resolution is adopted, the resolution on the determination of the Supervisory Board of NLB d.d. and Supervisory Board Committee members' attendance fees which was adopted at the 22nd Annual General Meeting of NLB d.d. on 11/06/2013, shall cease to apply."

At the time when this Report on remuneration was prepared, the following resolution adopted by the Bank's General Meeting on 15/06/2020 was relevant for the remuneration of the Supervisory Board members who are workers' representatives:

"Point 8: Determination of the payments to the members of the Supervisory Board of NLB d.d. who are workers' representatives

The remuneration of an individual member of the Supervisory Board representing the interests of employees ("workers' representatives") for the performance of the function amounts to EUR 60,000 gross per year ("basic remuneration"), less the gross amount of salary payment, any work-related allowances, holiday allowance received by an individual workers' representative for employment in NLB d.d. or in another member of the NLB Group ("gross remuneration") in a particular year.

For membership in the committees of the Supervisory Board, workers' representatives shall receive an extra payment for performing the function of a member of the committee, which for an individual member of the committee shall amount to 10% of the basic remuneration ("extra remuneration") and shall be paid for membership in no more than two committees, even if a workers' representative is a member of more than two committees.

The monthly payment shall be calculated by reducing 1/12 of the basic remuneration in the amount of EUR 5,000 gross (potentially increased by 1/12 of the extra remuneration) by the gross remuneration from employment in NLB d.d. or in another member of the NLB Group in a particular month. If the gross remuneration in a particular month exceeds EUR 5,000 (increased by any extra remuneration), the monthly payment in the following month shall be reduced by the gross remuneration in excess of this amount.

If they perform the function for less than one month, they shall be entitled to the proportional payment calculated based on the number of days they perform the particular function.

Workers' representatives shall be entitled to a reimbursement of travel expenses and costs of overnight accommodation related to their work in the Supervisory Board up to the amount specified in the regulations on reimbursement of work-related expenses and other income not included in the tax base. Accommodation expenses shall be reimbursed if the permanent or temporary residence of a worker's representative or a worker's representative who is a member of a Supervisory Board committee is at least 100 kilometres away from the place of work and when they are unable to return as there is no public transport connection scheduled or for other objective reasons.

Worker's representatives shall not be entitled to any benefits exceeding the provision of the conditions for smooth work of the Supervisory Board (payment of insurance premiums (excluding liability insurance), company car, company flat, fuel). Worker's representatives shall be entitled to benefits providing for or improving the conditions or methods of their work (ICT equipment, professional training, visits to institutions, organisations and bodies and liability insurance), accounting for the actual needs of the Bank and the worker's representative's individual needs as decided by the Supervisory Board.

The resolution Determination of the payments to the members of the Supervisory Board of NLB d.d. and its Committees adopted at the 34th General Meeting of Shareholders of NLB d.d. held on 21/10/2019 shall not apply to the workers' representatives."

All remuneration of the members of the Supervisory Board defined in the above-mentioned resolutions of the Bank's General Meeting shall constitute fixed remuneration.

Table 4: Disclosure of remuneration paid to the members of the Supervisory Board from 01/01/2022 to 31/12/2022

		in EUR
Name and surname	Type of income	gross amount
Primož Karpe	Remuneration for performing the function	96,000.00
01/01/2022 – 31/12/2022	Basic payment	60,000.00
	bonus (chair)	15,000.00
	extra payment (committees)	12,000.00
	additional extra payment (committee chair)	9,000.00
	Other bonuses - D&O insurance	381.51
	Reimbursement of expenses	10,952.16
	Total	107,333.67
Andreas Klingen	Remuneration for performing the function	90,000.00
01/01/2022 – 31/12/2022	Basic payment	60,000.00
	bonus (vice chair)	9,000.00
	extra payment (committees)	12,000.00
	additional extra payment (committee chair)	9,000.00
	Other bonuses - D&O insurance	381.51
	Reimbursement of expenses	7,359.60
	Total	97,741.11
David Eric Simon	Remuneration for performing the function	81,000.00
01/01/2022 – 31/12/2022	Basic payment	60,000.00
	extra payment (committees)	12,000.00
	additional extra payment (committee chair)	9,000.00
	Other bonuses - D&O insurance	381.51
	Reimbursement of expenses	7,931.08
	Total	89,312.59
Gregor Rok Kastelic	Remuneration for performing the function	81,000.00
01/01/2022 – 31/12/2022	Basic payment	60,000.00
	extra payment (committees)	12,000.00
	additional extra payment (committee chair)	9,000.00
	Other bonuses - D&O insurance	381.51
	Reimbursement of expenses	9,340.82
	Total	90,722.33
Shrenik Dhirajlal Davda	Remuneration for performing the function	72,000.00
01/01/2022 – 31/12/2022	Basic payment	60,000.00
	extra payment (committees)	12,000.00
	Other bonuses - D&O insurance	381.51
	Reimbursement of expenses	8,767.36
	Total	81,148.87
Mark William Lane Richards	Remuneration for performing the function	81,000.00
01/01/2022 – 31/12/2022	Basic payment	60,000.00
	extra payment (committees)	12,000.00
	additional extra payment (committee chair)	9,000.00
	Other bonuses - D&O insurance	381.51
	Reimbursement of expenses	9,493.24

	Total	90,874.75
Verica Trstenjak	Remuneration for performing the function	66,000.00
01/01/2022 – 31/12/2022	Basic payment	60,000.00
	extra payment (committees)	6,000.00
	Other bonuses - D&O insurance	381.51
	Reimbursement of expenses	1,473.27
	Total	67,854.78
Islam Osama Bahgat Zekry	Remuneration for performing the function	72,000.00
01/01/2022 – 31/12/2022	Basic payment	60,000.00
	extra payment (committees)	12,000.00
	Other bonuses - D&O insurance	381.51
	Reimbursement of expenses	17,622.51
	Total	90,004.02
Sergeja Kočar	Remuneration for performing the function	8,326.79
01/01/2022 – 31/12/2022	Basic payment	6,938.96
	extra payment (proportionate to committee)	1,387.83
	Other bonuses - D&O insurance	381.51
	Reimbursement of expenses	1,183.88
	Total	9,892.18
Bojana Šteblaj	Remuneration for performing the function	12,013.70
01/01/2022–12/09/2022	Basic payment	10,011.38
	extra payment (proportionate to committee)	2,002.32
	Total	12,013.70
Janja Žabjek Dolinšek	Remuneration for performing the function	1,472.21
01/01/2022–08/07/2022	Basic payment	1,226.84
	extra payment (proportionate to committee)	245.37
	Reimbursement of expenses	32.45
	Total	1,504.66
Tadeja Žbontar Rems	Remuneration for performing the function	31,214.56
22/01/2022 – 31/12/2022	Basic payment	26,012.03
	extra payment (proportionate to committee)	5,202.53
	Other bonuses - D&O insurance	381.51
	Reimbursement of expenses	185.84
	Total	31,781.91
TOTAL REMUNERATION		770,184.57

3. Disclosure of other remuneration

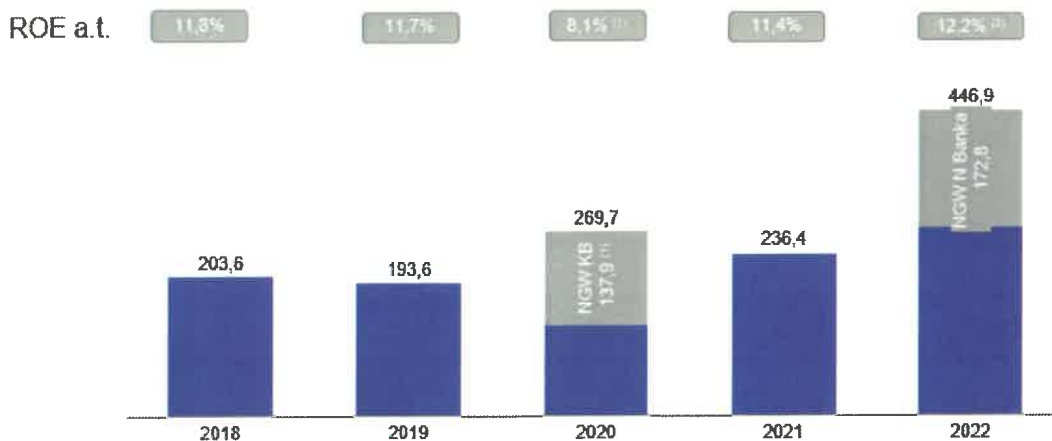
In accordance with point 2 of Article 294.b of the ZGD-1, the remuneration report must also contain the annual change in the remuneration of individual members of the management and supervisory body and the performance of the company, at least for the past five business years, presented so as to allow for comparison.

The figures below reveal the result after taxes at the level of the NLB Group and the total remuneration of the members of the management and supervisory body for the business years from 2018 to 2022.

As evident from the chart below, the Bank's operations have considerably varied over the last 5 years, mainly due to one-off events, which in most cases had a positive impact on the operating result, so it is difficult to compare the result by year.

The year 2020 stands out with the purchase of Komercijalna banka Beograd and the COVID situation. In 2020, the Group generated a profit in the amount of EUR 269.7 million, which is 39% more than in the previous year (2019: EUR 193.6 million). The successful operation is due to the takeover of Komercijalna banka Beograd, with the positive effect of negative goodwill in the amount of EUR 137.9 million. Without the acquisition, the Group's profit would have been 32% lower year-on-year, mainly owing to the impact of additional impairments and provisions related to the outbreak of COVID-19. The successful operations of the NLB Group yielded a record high profit of EUR 236.4 million in 2021, which is a considerable increase compared to the previous year, without taking into account the effects of the acquisition of Komercijalna banka, Beograd. Despite the uncertain situation, against the backdrop of the war in Europe and the resulting energy crisis and a slowdown in economic growth, 2022 was the best year in the history of the NLB Group. The NLB Group recorded EUR 446.9 million after tax, with the acquisition of N Banka in March having a significant impact on the Group's annual business results. Excluding the full contribution of N Banka, the net profit increased by 11% and reached EUR 262.8 million.

Figure 1: Profit after taxes of the NLB Group (in million EUR) / ROE after taxes

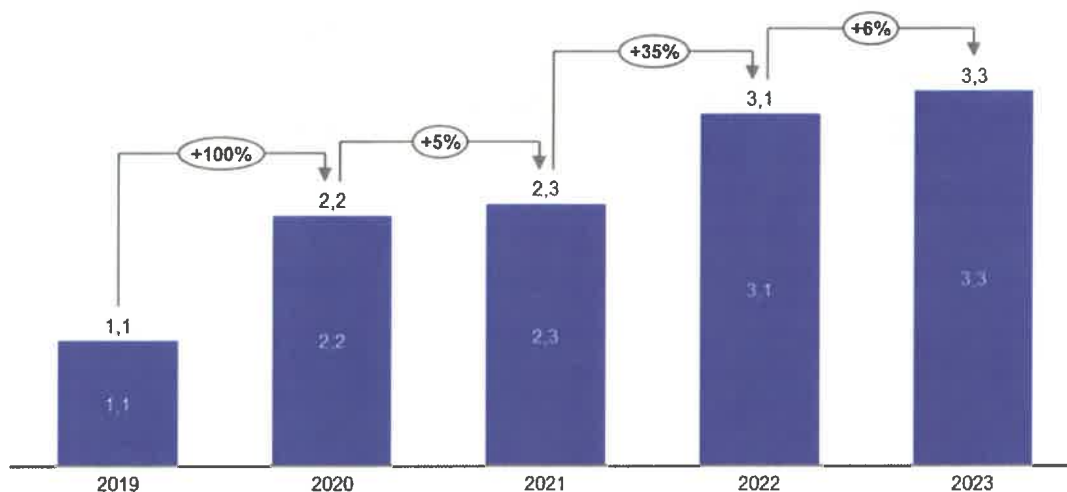


- 1) Prispevek prevzema Komercijalne banke, Beograd k rezultatu po davkih; učinki nakupa so izključeni iz izračuna ROE
- 2) Prispevek prevzema slovenske Sber banke preimenovane v N Banko k rezultatu po davkih; učinki nakupa so izključeni iz izračuna ROE

Overview of the total remuneration of the members of the management and supervisory body of NLB d.d. for the business years from 2018 to 2022 in the chart below shows the growth of benefits paid, however, comparison with other business years or business performance is difficult due to certain circumstances in 2019 and 2020:

- In 2019, due to the privatisation of the Bank, the remuneration of the members of the Management Board of NLB d.d. was no longer limited based on the Act Governing the Remuneration of Managers of Companies with Majority Ownership held by the Republic of Slovenia or Self-Governing Local Communities, which made it possible to raise wages and, consequently, pay higher remuneration compared to the previous year 2018.
- The years 2020 and 2021 were marked by the crisis situation due to the COVID-19 pandemic, which also triggered the launch of certain preventive risk management measures in banks. The Bank of Slovenia issued the Regulation on the macroprudential restriction on profit distribution by bank (Official Gazette of the RS, no. 49/2020 of 10/04/2020), which prohibited the allocation and payment of the variable part of remuneration to employees whose professional activities have a significant impact on the risk profile of a bank. On 10/04/2021, the above Regulation was replaced by the Bank of Slovenia's new Regulation on the macroprudential restriction on profit distribution by bank (Official Gazette of the RS, no. 21/2021 of 12/02/2021), which relaxed these restrictions and ceased to apply on 30/09/2021. In 2021, the Bank paid out all unpaid non-deferred parts of variable remuneration for 2019 as well as deferred parts of variable remuneration from previous years, which would have been due for payment in 2020. At the same time, the monthly remuneration of the members of the management and supervisory body was reduced by 15% in the period from May 2020 to the end of the 2020 business year, based on their decision to contribute to mitigating the negative impacts of the COVID-19 pandemic.
- In 2022, the Bank's Management Board gained three new members, whose term of office, after receiving all the necessary approvals, started on 28/04/2022. Thus, Hedvika Usenik became a first-time member of the Management Board. She is responsible for retail banking and private banking. A new Management Board member became also Antonio Argir, who is responsible for Group governance, payment transactions and innovation, and a Management Board member responsible for corporate and investment banking. In 2022, these three new members of the Management Board received only the fixed part of the remuneration, while the variable part of the remuneration will be allocated to them in proportion to the duration of the term of office in 2023.

Figure 2: Average income of management board and supervisory board



4. Remuneration from other Group companies

In 2022, the Management Board and the Supervisory Board members did not receive any other remuneration from other companies within the NLB Group.

5. Provision of shares and share options

In 2022, the Bank did not provide any shares or share options to the Management Board members and the Supervisory Board members.

6. The possibility of clawback and deviation from the procedure for the implementation of the Remuneration Policy due to extraordinary circumstances

In its provisions, the Remuneration Policies determine the cases in the scope of which the Supervisory Board of the Bank can demand clawback from a Management Board member of the variable part of remuneration, but this option was not realised in 2022.

The 1st and the 2nd version of the Remuneration Policy contain a provision stipulating that in the event of exceptional economic uncertainty or other extraordinary circumstances (in the past, such uncertainty and extraordinary circumstances arose due to the spread of COVID-19) that could jeopardise the solid capital base of the Bank and/or the NLB Group in the future, the Supervisory Board may postpone the decision on awarding and/or paying the variable remuneration (or part thereof) to the Management Board member until such exceptional circumstances cease. In 2022, there was no deviation from the procedure for the implementation of the Remuneration Policy.

7. Financial bonuses provided to a Management Board member by a third party in the business year

In the 2022 business year, no additional financial bonus, duty or service was approved or provided by a third party to any member of the Management Board in connection with their activity as a Management Board member.

8. Financial bonuses provided to a Management Board member for the case of early termination of the term of office

In line with the employment contracts of the members of the Management Board, in case the Supervisory Board recalls a member of the Management Board "for other business and economic reasons", such a member of the Management Board of NLB is entitled to compensation for early termination of his term of office. The member of the Management Board is not be entitled to compensation for early termination of the term of office if he/she is employed in the Bank or in NLB Group after the termination of the term of office. In the event of resignation, the member of the Management Board is not entitled to any compensation for early discontinuation of the term of office, unless otherwise decided by the Supervisory Board. In 2022, compensation for early discontinuation of the term of office was not granted or paid to any Management Board member and no other financial bonus was awarded in the case of early termination of the term of office.


9. Financial bonuses provided to a Management Board member for the case of regular termination of the term of office

The Bank does not provide for any financial bonuses that would be granted to a member of the Management Board in the case of the regular termination of the term of office (regular expiry of the term of office) of a Management Board member (however, compensation for no competition does not constitute such a financial bonus). In 2022, there was no case of regular termination of the term of office of a Management Board member of the Bank and the related payment.

10. Financial bonuses provided to a former Management Board member for the case of termination of the term of office

In 2022, there was no case of regular termination of the term of office of a Management Board member of the Bank and the related payment.


Ljubljana, 13 April 2023



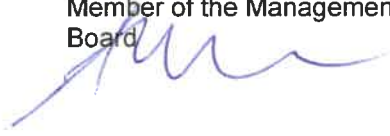
Andreas Burkhardt
Member of the Management Board



Antonio Argir
Member of the Management Board




Blaž Brodnjak
President of the Management Board



Hedvika Usenik
Member of the Management Board



Andrej Lasič
Member of the Management Board



Archibald Kremser
Member of the Management Board



Primož Karpe
Chair of the Supervisory Board