
**Report on Remuneration for the members of the
Management Body of NLB d.d. in the 2023 Business
Year**

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1. Introduction

NLB Group is the leading banking and financial group with headquarters and a strategic focus on its home region. In addition to Nova Ljubljanska banka d.d., Ljubljana (hereinafter also: NLB d.d. or the Bank), a publicly quoted market leader in Slovenia, NLB Group is comprised of six subsidiary banks and several companies for ancillary services. The NLB Group utilises a universal banking model and supports its clients through retail, corporate, and investment banking services. In six out of seven markets where the Group operates, its market share (measured by total assets) exceeds 10%.

The NLB Group is committed to sustainable banking and joined the Net-Zero Banking Alliance in May 2022. We are focussed on improving our operational energy efficiency and reducing our carbon footprint; according to the Sustainalytics ESG ratings, the Bank is among top 15% of the entities it rates with a 2023 rating of 16 (2022 rating was 17.7).

The Remuneration Policy for Members of the Supervisory Board of NLB d.d. and Members of the Management Board of NLB d.d., second version (hereinafter: the Remuneration Policy), adopted on 19 October 2022 by the Supervisory Board of NLB d.d. (hereinafter: the Supervisory Board) and approved by the General Meeting of NLB d.d. held on 12 December 2022 is applicable for 2023.

The Bank prepared the third version of the Remuneration Policy in 2023, which was adopted by the Supervisory Board of NLB d.d. on 26 October 2023 and has been in effect since 1 January 2024. The Remuneration Policy was not approved at the General Meeting of NLB d.d. on 11 December 2023 with 44.78% in favour as against 55.22%. In accordance with the Companies Act, new Remuneration Policy will be submitted for vote at the next General Meeting of NLB d.d. to be held on 17/6/2024.

The key changes of the Remuneration Policy (Version 3) are as follows:

- the provisions on the remuneration of the Supervisory Board members have been updated taking into account the resolutions passed by the General Meeting of NLB d.d. on 19 June 2023
- a long-term performance incentive plan has been introduced
- the performance criteria have been expanded due to the introduction of the long-term performance bonus to include Long Term Performance KPI's;
- the variable part of the remuneration of a Management Board member is not deferred if, together with their other variable remuneration taken into account when calculating the ratio between variable and fixed remuneration for the respective accounting period (i) does not exceed €50,000.00 gross; and (ii) is no greater than one third of their total remuneration for the respective accounting period (hereinafter: "the Variable Salary Threshold");
- clear evaluation criteria and weights have been added to facilitate the comprehension of the structure of the short-term and long term performance bonuses;
- an illustrative timeline with key milestones related to the short and the long-term performance bonus award, vesting and pay out has been added.

The Remuneration Policy sets forth the principles and the framework of the remuneration system whereas the Remuneration Report provides a comprehensive and detailed presentation of the awarded and received remuneration of members of the Management Board and the Supervisory Board in the preceding business year. The Remuneration Report for the 2022 Business Year was submitted for vote at the General Meeting on 19 June 2023 and was approved with 75.51% of the vote.

Four members of the Supervisory Board of NLB d.d. completed their term of office in 2023. Two new members of the Supervisory Board of NLB d.d. were appointed at the 40th General Meeting of NLB d.d. on 19 June 2023; namely, Cvetka Selšek, former chief executive officer of Société Générale SKB Bank (Slovenia), and Andre-Marc Prudent-Toccanier, an experienced banker who held various executive positions during his 40-year career at Société Générale. Other members of the Supervisory Board of NLB d.d. are Primož Karpe, Chair, Shrenik Dhirajjal Davda, Vice Chair, David Eric Simon, Verica Trstenjak, Islam Osama Zekry, and Mark William Lane Richards and two employee representatives, Sergeja Kočar and Tadeja Žbontar Rems.

Changes were also made in 2023 to the Remuneration Committee of the Supervisory Board of NLB d.d. After the expiry of the term of office of Gregor Kastelic, Shrenik Dhirajjal Davda was appointed Committee Chair with other members of the Committee being: Mark William Lane Richards, Deputy Chair, Verica Trstenjak, Member, Tadeja Žbontar Rems, Member and Sergeja Kočar, Member.

2. Remuneration Report in the 2023 Business Year

The Report on Remuneration for the members of the Management Body of NLB d.d., Ljubljana in the 2023 business year (hereinafter: the Remuneration Report) has been prepared in accordance with Article 294.b of the Companies Act (hereinafter: the ZGD-1) and in line with the relevant Remuneration Policy.

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

The remuneration of the Management Board is governed by the Remuneration Policy which is devised in a manner aligned with: the goals of the NLB Group, the business strategy of the NLB Group, the organisational culture and the values, the long-term interests of stakeholders, the environmental, social and governance (ESG) factors and designed prevention of conflict of interest, and undue risk taking.

The remuneration of members of the Management Board of NLB d.d. in 2023 was made in accordance with the 2nd version of the Remuneration Policy.

Overview of Components of Remuneration of Members of the Management Board of NLB d.d.

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

- setting remuneration of the Management Board members in line with the trend in salaries on the market and competitive to the remuneration of the Management Board members in comparable regional institutions;
- linking variable remuneration to performance against a set of pre defined objectives.

Fixed Part of Remuneration ¹		
Component	Elements	Properties
Base salary	Gross base salary	set based on level of professional experience, responsibilities, powers and duties of a Management Board member
		benchmarked against Peer Group salaries
Other Income and Reimbursement of Costs	Holiday allowance and compensations	Annual holiday allowance and family separation allowance
	Travel expenses	Travel and accommodation expenses in relation to business trips of the Management Board member
		Round trips of expatriate Management Board Members or their close family members to the country specified in their employment contract
		Compensation for the use of own assets and cost of material related to working from home (electricity)
		Company car or company car with a driver if travel for business purposes
Other benefits	Benefits	Entertainment allowance, membership fees and training and education
		Company mobile phone
	Health services	The option of taking a preventive health check-up once in a calendar year, option of spa treatment and rehabilitation, insurance (accident insurance abroad, supplementary health insurance etc.)
	Supplementary pension insurance	Premiums for collective voluntary supplementary pension insurance
	Other benefits	D&O insurance, Cost of tax consulting, payment of the difference in tax liability; cost of educating and caring for children of an expatriate Management Board member

¹ for detailed information see Appendix 1

STI		
Component	Elements	Properties
50% non-deferred part of STI	25% payment in cash	Payment in cash upon awarding
	25% payment in Instruments	Handover upon awarding
50% deferred part of STI	25% deferred part in cash	Vesting of one fifth every year during the five-year Deferral Period
	25% deferred part in Instruments	Vesting of one fifth every year during the five-year Deferral Period

Fixed pay to members of the Management Board of NLB d.d. paid in 2023

The Remuneration Committee commissioned a Peer Group benchmarking analysis of the remuneration of management boards from AON. On the basis of that analysis and a proposal from the Remuneration Committee, the Supervisory Board approved in October 2023 a resolution to:

- reduce the salary disparity over an 18 - 24 month time frame such that the the lowest paid members of the Management Board of NLB d.d. receive at least 66% of the highest paid member.
- that the gross monthly salary of the members of the Management Board of NLB d.d. Hedvika Usenik, Andrej Lasič and Antonio Argir shall be increased by 10% (i.e. from €28,750.00 to €31,625.00) for the time period from 1 October 2023 onwards as they have settled into their new roles well and achieved a satisfactory level of progress in line with their respective individual development plans.

For the other three members of the Management Board there were no increases in salary approved in 2023 however there was a year on year increase in their total fixed pay due to the full effects of the two salary increases approved during 2022. In line with the objective of attracting, retaining and motivating high calibre management talent, the Supervisory Board has sought since the privatisation of the Bank to progressively raise the Management Board total compensation from its levels as a state owned predominantly Slovene bank to bring it in line with the market compensation levels for a publicly listed regional market leader. Please refer to section 3 for a detailed explanation for the salary increases in 2022.

Variable pay to members of the Management Board awarded and paid in 2023

Based on the criteria set by the Supervisory Board in the Bank's annual business plan and in line with the then applicable Remuneration Policy, an element of the total compensation of individual Management Board members was variable pay (performance bonus) for the 2022 business year.

The variable pay of a Management Board member for the 2022 business year reflects performance against a set of predefined targets linked to amongst others sustainable and risk-adjusted performance.

ASSESSED GOAL ACHIEVEMENT BY MANAGEMENT BOARD MEMBERS

The following goals were used to determine the performance of each member of the Management Board for the 2022 business year:

Assessed goal achievement in 2022 – Blaž Brodnjak

1. FINANCIAL TARGETS OF NLB GROUP 2022 (50%)

Target	Target value	Evaluation range				Achievement	WEIGHT
		1	2	3	4		
Total (recurring) revenues	669	< -2.5% to Budget	= -2.5% to < -1.0% to Budget	= -1.0% to = 2.5% to Budget	> 2.5% to Budget	+14%	10,0%
Net fees and commission income	248	< -2.5% to Budget	= -2.5% to < -1.0% to Budget	= -1.0% to = 2.5% to Budget	> 2.5% to Budget	+6.9%	5,0%
CIR	62%	> 64%	= 64% to > 62%	= 62% to = 59%	< 59%	-5.1 p.p.	10,0%
Financial intermediation margin (bps)	327	< 315 bps	= 315 bps to < 325 bps	= 325 bps to = 335 bps	> 335 bps	+32 bps	10,0%
ROE normalized	12.0%	< 11.0%	= 11.0% to < 12.0%	= 12.0 % to = 13.0%	> 13.0%	+3.7 p.p.	10,0%
Cost of risk (in bps)	24	> 50 bps	= 50 bps to > 34	= 34 bps to = 28 bps	< 28 bps	-15.2 bps	5,0%

NLB GROUP FINANCIAL GOALS ASSESSMENT Grade:

4

2. INDIVIDUAL MEASURABLE GOALS (max 30%)

Target	Achievement	WEIGHT
The implementation of the NLB Group strategy on time and on budget, as specified by various key orientations in the strategic document	NLB Group has achieved strategic commitments and KPI's ahead of plan.	5%
Ensure the meeting of goals from the sustainability plan, in particular the meeting of UNEP PRB/MIGA/EBRD requirements and compliance with the applicable legislative/regulatory and accounting ESG requirements.	Sustainable development teams in the NLB Group were developed as planned. The expectations of the Regulator regarding sustainability management for 2022 have been successfully met. The responsibility for dealing with sustainability and implementation of ESG factors along with operational excellence were put in the forefront throughout the year with satisfactory levels achieved. Visible progress was achieved in 2022 compared to 2021. All MIGA, EBRD and UNEP Principles of Responsible Banking commitments were observed.	10%
Ensure effective corporate sustainability management and inclusion of sustainability in all management levels at the Bank.		
Focus on the development of the management environment within the Bank	Various projects and initiatives aimed at the future development of the NLB Group have involved a number of talents; a future skillset has been developed featuring all the necessary knowledge and skills to be possessed by our employees in order to face future challenges Additional measures such as Family Friendly Company; Healthy Bank, hybrid work etc. have offered our employees an increased range of options for achieving a good work-life balance.	5%
Create a range of 5-10 feasible opportunities for inorganic growth, which are reviewed and approved by the Supervisory Board on a quarterly basis.	Comprehensive M&A strategy with specific approved further measures was presented.	5%
Net Promoter Score (NPS)	NPS for Slovenia = 92% = 3; for NLB Group = more than four members increased NPS = 4	5%

TOTAL INDIVIDUAL MEASURABLE GOALS

Individual Measurable Goal Overall Grade

4

3. SOFT TARGETS (personal goals of the members of the MB) (max 20%)

Employee engagement increasing the number of survey participants by 2%.	The response rate has fallen due to the Covid-19 pandemic; however, the engagement rate has remained at a very high level. The response at NLB d.d. rose by 1.5% and in the NLB Group it increased by 1.7% (the plan was 2%).	10%
Prepare succession for all key managerial positions B and B-1 and prepare a list of top talents in the NLB Group (consisting of 20 individuals with less than 12 years of work experience from all countries of operations).	A list of potential successors for all key managerial positions B and B1 along with a list of top high potential talents was prepared.	10%

TOTAL SOFT TARGETS

3,5

COMPUTATION OF OVERALL SCORE 3,9

OVERALL GRADE CALCULATED 4

Assessed goal achievement in 2022 – Archibald Kremser

Target	Target value	Evaluation range				Achievement	WEIGHT	ASSESSMENT
		1	2	3	4			
Total (recurring) revenues	669	< -2.5% to Budget	= -2.5% to < -1.0% to Budget	= -1.0% to = 2.5% to Budget	> 2.5% to Budget	+14%	10,0%	
Net fees and commission income	248	< -2.5% to Budget	= -2.5% to < -1.0% to Budget	= -1.0% to = 2.5% to Budget	> 2.5% to Budget	+6.9%	5,0%	
CIR	62%	> 64%	= 64% to > 62%	= 62% to = 59%	< 59%	-5.1 p.p.	10,0%	
Financial intermediation margin (bps)	327	< 315 bps	= 315 bps to < 325 bps	= 325 bps to = 335 bps	> 335 bps	+32 bps	10,0%	
ROE normalized	12.0%	< 11.0%	= 11.0% to < 12.0%	= 12.0% to = 13.0%	> 13.0%	+3.7 p.p.	10,0%	
Cost of risk (in bps)	24	> 50 bps	= 50 bps to > 34	= 34 bps to = 28 bps	< 28 bps	-15.2 bps	5,0%	

1. FINANCIAL TARGETS OF NLB GROUP 2022 (50%)

NLB GROUP FINANCIAL GOALS ASSESSMENT - 50%

4

Target	Achievement	WEIGHT	
The implementation of IT strategy and strategic projects in the NLB Group on time and on budget.	The draft and final assessment approved by the OPS IT (Operations and IT Committee). OPS IT committee evaluated the goal as over achieved.	10%	
Create a range of 5-10 feasible opportunities for inorganic growth, which are reviewed and approved by the Board on a quarterly basis	Comprehensive M&A strategy with specific approved further measures was presented.	2,5%	
Ensure capital capacity for RWA growth of more than €1.5 billion.	Excess RWA of € 3.1 billion as at 31/12/2022	2,5%	
Transition of the FM position to an operational model based on value (EVE maximisation, based on scenario/model)	A full transformation of operations into a (not-for-profit) ALM and (for-profit) operation of securities with a new sub-committee, scenario plan, performance measurement etc was successfully undertaken	2,5%	
Ensure integration of KB and N Bank, drawing on planned synergies and meeting of business plans for 2022	Carried out in accordance with the plan (achievement visible in exceeding performance of KB with regard to the budget)	2,5%	
Reduced CO ₂ footprint Scope1&2 by 30% (real estate, mobility)	NLB Group: scope 1-2 (tCO ₂) -52%, scope 1-3 (tCO ₂) -46% (2022/2021 data). NLB d.d. has been purchasing 100% carbon neutral electricity since 2023. In NLB Group total % grew from 41% in 2021 to 71% by the end of 2022.	2,5%	
Ensure the meeting of goals from the sustainability plan, in particular the meeting of UNEP PRB/MIGA/EBRD requirements and compliance with the applicable legislative/regulatory and accounting ESG requirements.	Set goals related to ESG scoring, establishing IT systems with relevant ESG databases, development of reporting system Basel Pillar 3 requirements were achieved, most of them were overachieved.	2,5%	
Develop performance measurement with regard to capital consumption (RORAC) at the transaction level, combined with profitability from a client, segment or entity.	Exceeded by setting up and taking into account measurements for the entire Group. Particular dedication to identified risk measurements.	2,5%	
Net Promoter Score (NPS)	NPS for Slovenia = 92% = 3; for NLB Group = more than four members increased NPS = 4	2,5%	
TOTAL INDIVIDUAL MEASURABLE GOALS		30,0%	3,95
Employee engagement increasing the number of survey participants by 2%.	The response rate has fallen due to the Covid-19 pandemic; however, the engagement rate has remained at a very high level. The response at NLB d.d. rose by 1.5% and in the NLB Group it increased by 1.7% (the plan was 2%).	10%	
Prepare succession for all key managerial positions B and B-1 and prepare a list of top talents in the NLB Group (consisting of 20 individuals with less than 12 years of work experience from all countries of operations).	A list of potential successors for all key managerial positions B and B1 along with a list of top high potential talents was prepared.	10%	
TOTAL SOFT TARGETS		30,0%	4

3. SOFT TARGETS (personal goals of the members of the MB) (max 20%)

COMPUTATION OF OVERALL SCORE

3,875

OVERALL GRADE CALCULATED

4

Assessed goal achievement in 2022 – Andreas Burkhardt

	Target	Target value	Evaluation range				Achievement	WEIGHT	ASSESSMENT
			1	2	3	4			
1. FINANCIAL TARGETS OF NLB GROUP 2022	CIR	62%	> 64%	= 64% to > 62%	= 62% to = 59%	< 59%	-5.1 p.p.	10,0%	
	ROE normalized	12.0%	< 11.0%	= 11.0% to < 12.0%	= 12.0 % to = 13.0%	> 13.0%	+3.7 p.p.	10,0%	
NLB GROUP FINANCIAL GOALS ASSESSMENT - 20%									4
2. INDIVIDUAL MEASURABLE GOALS (max 30%)	Target	Main Achievement				WEIGHT			
		1	2	3	4				
	Cost of risk (in bps); target 24	> 50 bps	= 50 bps to > 34	= 34 bps to = 28 bps	< 28 bps	Achievement: -15.2 bps	30,0%		
	Execute and deliver the Risk strategy on time and on budget	Executed fully on time and on budget.					10%		
	Ensure fulfilment of goals from the Sustainability Road Map in particular delivery on commitments to UNEP PRB/MIGA/EBRD as well as compliance with applicable ESG legal/regulatory and accounting requirements	The Bank has fully performed in line with the timeline submitted to the ECB. The main achievements were: - set up a clearly defined Environmental and Social Management System (ESMS), including methodology; - upgraded the application for the implementation of ESG data requirements in the lending process; - initiated collection of data on greenhouse gas emissions and disclosures on transition and physical risks.					10%		
Ensuring successful ESG 2022 stress tests and meeting of UNEP PRB/MIGA/EBRD commitments	The Bank has completed the ECB/ESG 2022 test of exceptional situations without escalation and within the expected data quality.					10%			
TOTAL INDIVIDUAL MEASURABLE GOALS							60,0%	4	
3. SOFT TARGETS (personal goals of the members of the MB) (max 20%)	Employee engagement increasing the number of survey participants by 2%.	The response rate has fallen due to the Covid-19 pandemic; however, the engagement rate has remained at a very high level. The response at NLB d.d. rose by 1.5% and in the NLB Group it increased by 1.7% (the plan was 2%).					5%		
	Net Promoter Score (NPS)	NPS for Slovenia = 92% = 3; for NLB Group = more than four members increased NPS = 4					5		
	Prepare succession for all key managerial positions B and B-1 and prepare a list of top talents in the NLB Group (consisting of 20 individuals with less than 12 years of work experience from all countries of operations).	A list of potential successors for all key managerial positions B and B1 along with a list of top high potential talents was prepared					10%		
TOTAL SOFT TARGETS							20,0%	3,75	
COMPUTATION OF OVERALL SCORE								3,95	
OVERALL GRADE CALCULATED								4	

Assessed goal achievement in 2022 – Antonio Argir

Target	Target value	Evaluation range				Achievement	WEIGHT	ASSESSMENT
		1	2	3	4			
Total (recurring) revenues	669	< -2.5% to Budget	= -2.5% to < -1.0% to Budget	= -1.0% to = 2.5% to Budget	> 2.5% to Budget	+14%	10,0%	
Net fees and commission income	248	< -2.5% to Budget	= -2.5% to < -1.0% to Budget	= -1.0% to = 2.5% to Budget	> 2.5% to Budget	+6.9%	5,0%	
CIR	62%	> 64%	= 64% to > 62%	= 62% to = 59%	< 59%	-5.1 p.p.	10,0%	
Financial intermediation margin (bps)	327	< 315 bps	= 315 bps to < 325 bps	= 325 bps to = 335 bps	> 335 bps	+32 bps	10,0%	
ROE normalized	12.0%	< 11.0%	= 11.0% to < 12.0%	= 12.0% to = 13.0%	> 13.0%	+3.7 p.p.	10,0%	
Cost of risk (in bps)	24	> 50 bps	= 50 bps to > 34	= 34 bps to = 28 bps	< 28 bps	-15.2 bps	5,0%	

1. FINANCIAL TARGETS OF NLB GROUP 2022 (50%)

NLB GROUP FINANCIAL GOALS ASSESSMENT - 50%

4

Target	Main Achievement	WEIGHT	ASSESSMENT
Execute and meet the financial goals of the payment system strategy	Return of around €7 million compared to the target amount of €4 million at the Group level as a result of negotiations with Bankart and Mastercard. Savings in profit achieved in 2022 amounted to €5.5 million (4 million in NLB and 1.5 million in members). Additionally, there were around 1-1.5 million of once-off incentives	10%	
Deliver Net revenues from payments and cards as per budget (EUR 99m)	Target 99 million; achieved 111 million	5%	
Deliver optimization of at least 3 key processes in each of the NLB Group network banks (except NLB KB Belgrade, because they are in the project of defining TOM after the Migration)	Improvement in process 4: Skopje, Sarajevo and Podgorica; 3: Banja Luka and Priština; Belgrade did not have this KPI. All banks have significantly improved several processes (data management, streamlining of unsecured lending, implementation of robotisation through various processes etc)	5%	
Ensure fulfilment of goals from the Sustainability Road Map in particular delivery on commitments to UNEP PRB/MIGA/EBRD as well as compliance with applicable ESG legal/regulatory and accounting requirements - establishing KPI's measurement and reporting - Reduce paper usage across NLB Group network banks by 20%	The members carried out all activities in line with the expectations. Paper consumption reduced overall by 18.2% in all subsidiaries except for NLB KB. NLB KB had a different KPI owing to the TOM project.	5%	
Net Promoter Score (NPS)	NPS for Slovenia = 92% = 3; for NLB Group = more than four members increased NPS = 4	5%	
TOTAL INDIVIDUAL MEASURABLE TARGETS		30,0%	4
Employee engagement increasing the number of survey participants by 2%.	The response rate has fallen due to the Covid-19 pandemic; however, the engagement rate has remained at a very high level. The response at NLB d.d. rose by 1.5% and in the NLB Group it increased by 1.7% (the plan was 2%).	10%	
Prepare succession for all key managerial positions B and B-1 and prepare a list of top talents in the NLB Group (consisting of 20 individuals with less than 12 years of work experience from all countries of operations).	A list of potential successors for all key managerial positions B and B1 along with a list of top high potential talents was prepared	10%	
TOTAL SOFT TARGETS		20,0%	3,5

3. SOFT TARGETS (personal goals of the members of the MB) (max 20%)

COMPUTATION OF OVERALL SCORE

3,90

OVERALL GRADE CALCULATED

4

Assessed goal achievement in 2022 – Andrej Lasič

	Target	Target value	Evaluation range				Achievement	WEIGHT	ASSESSMENT
			1	2	3	4			
1. FINANCIAL TARGETS OF NLB GROUP 2022 (50%)	Total (recurring) revenues	669	< -2.5% to Budget	= -2.5% to < -1.0% to Budget	= -1.0% to = 2.5% to Budget	> 2.5% to Budget	+14%	10,0%	
	Net fees and commission income	248	< -2.5% to Budget	= -2.5% to < -1.0% to Budget	= -1.0% to = 2.5% to Budget	> 2.5% to Budget	+6.9%	5,0%	
	CIR	62%	> 64%	= 64% to > 62%	= 62% to = 59%	< 59%	-5.1 p.p.	10,0%	
	Financial intermediation margin (bps)	327	< 315 bps	= 315 bps to < 325 bps	= 325 bps to = 335 bps	> 335 bps	+32 bps	10,0%	
	ROE normalized	12.0%	< 11.0%	= 11.0% to < 12.0%	= 12.0 % to = 13.0%	> 13.0%	+3.7 p.p.	10,0%	
	Cost of risk (in bps)	24	> 50 bps	= 50 bps to > 34	= 34 bps to = 28 bps	< 28 bps	-15.2 bps	5,0%	

NLB GROUP FINANCIAL GOALS ASSESSMENT - 50%

4

	Target	Main Achievement	WEIGHT	
2. INDIVIDUAL MEASURABLE GOALS (max 30%)	Deliver on the financial targets of the corporate & SME budget	NLB d.d. Total income of the segment = 84.6; target 78 mEUR (4) Lending growth (pod.) = 9.8%; target = 9.8%	5%	
	Improve X-sell ratio for enterprises and SME in the entire Group	2021 = 2.32; 2022 = 2.43	5%	
	Fully implement the NLB Group's lending policy for enterprises and SME and other appropriate policies at the KB level.	The implementation of lending policies at the Group level is sound; an excellent results and a noticeable increase in employee satisfaction and a growth in market shares and revenue in all segments (SME, KEY, TF, IB) has been observed.	5%	
	Ensure integration of KB and N Bank, drawing on planned synergies and meeting of business plans for 2022	Completed; the integration of NLB Belgrade into KB has been better than planned; the integration of N Bank has gone as planned, all critical functions were under control and stable.	5%	
	Ensure €100 million in new green loans in the entire NLB Group (as specified in the EU Taxonomy)	Achieved €166.9 million in new ESG loans	5%	
	Net Promoter Score (NPS)	NPS for Slovenia = 92% = 3; for NLB Group = more than four members increased NPS = 4	5%	
TOTAL INDIVIDUAL MEASURABLE GOALS			30,0%	4
3. SOFT TARGETS (personal goals of the MB) (max 20%)	Employee engagement increasing the number of survey participants by 2%.	The response rate has fallen due to the Covid-19 pandemic; however, the engagement rate has remained at a very high level. The response at NLB d.d. rose by 1.5% and in the NLB Group it increased by 1.7% (the plan was 2%).	10%	
	Prepare succession for all key managerial positions B and B-1 and prepare a list of top talents in the NLB Group (consisting of 20 individuals with less than 12 years of work experience from all countries of operations).	A list of potential successors for all key managerial positions B and B1 along with a list of top high potential talents was prepared	10%	
TOTAL SOFT TARGETS			20,0%	3.5

COMPUTATION OF OVERALL SCORE 3,90

OVERALL GRADE CALCULATED 4

Assessed goal achievement in 2022 – Hedvika Usenik

	Target	Target value	Evaluation range				Achievement	WEIGHT	ASSESSMENT
			1	2	3	4			
1. FINANCIAL TARGETS OF NLB GROUP 2022 (50%)	Total (recurring) revenues	669	< -2.5% to Budget	= -2.5% to < -1.0% to Budget	= -1.0% to = 2.5% to Budget	> 2.5% to Budget	+14%	10,0%	
	Net fees and commission income	248	< -2.5% to Budget	= -2.5% to < -1.0% to Budget	= -1.0% to = 2.5% to Budget	> 2.5% to Budget	+6.9%	5,0%	
	CIR	62%	> 64%	= 64% to > 62%	= 62% to = 59%	< 59%	-5.1 p.p.	10,0%	
	Financial intermediation margin (bps)	327	< 315 bps	= 315 bps to < 325 bps	= 325 bps to = 335 bps	> 335 bps	+32 bps	10,0%	
	ROE normalized	12.0%	< 11.0%	= 11.0% to < 12.0%	= 12.0% to = 13.0%	> 13.0%	+3.7 p.p.	10,0%	
	Cost of risk (in bps)	24	> 50 bps	= 50 bps to > 34	= 34 bps to = 28 bps	< 28 bps	-15.2 bps	5,0%	

NLB GROUP FINANCIAL GOALS ASSESSMENT - 50%

4

	Target	Main Achievement	WEIGHT	ASSESSMENT
2. INDIVIDUAL MEASURABLE GOALS (max 30%)	Meet financial goals of the retail banking budget	NLB d.d. – Retail banking revenue; target €146 million; achieved €177 million Growth in retail lending by NLB subsidiaries; target = 12.5%; achieved = 11.9% Growth in net fees and commissions by NLB subsidiaries; growth of 27%, total target exceeded	8%	
	Implement the strategy of retail channels, including an increase in digital penetration	Digital penetration targets: NLB Group: achieved NLB d.d.: exceeded	8%	
	Focus on product innovation and differentiation in the retail segment & Work closely with IT to deliver IT strategic projects	New portfolio of green products for retail and corporate clients has been developed, progress has been made on IT projects	5%	
	Reduce NLB d.d. (Slovenia) branch paper usage by 20%	Reduction of 26% achieved	3%	
	Ensure fulfilment of goals from the Sustainability Road Map in particular delivery on commitments to UNEP PRB/MIGA/EBRD as well as compliance with applicable ESG legal/regulatory and accounting requirements	Four products of ESG retail loans and four products of ESG corporate loans have been developed; placement of ESG loans amounted to €53 million (high above the target).	3%	
	Net Promoter Score (NPS)	NPS for Slovenia = 92% = 3; for NLB Group = more than four members increased NPS = 4	5%	
TOTAL INDIVIDUAL MEASURABLE GOALS			30,0%	4
3. SOFT TARGETS (personal goals of the members of the MB) (max 20%)	Employee engagement increasing the number of survey participants by 2%.	The response rate has fallen due to the Covid-19 pandemic; however, the engagement rate has remained at a very high level. The response at NLB d.d. rose by 1.5% and in the NLB Group it increased by 1.7% (the plan was 2%).	10%	
	Prepare succession for all key managerial positions B and B-1 and prepare a list of top talents in the NLB Group (consisting of 20 individuals with less than 12 years of work experience from all countries of operations).	A list of potential successors for all key managerial positions B and B1 along with a list of top high potential talents was prepared	10%	
TOTAL SOFT TARGETS			20,0%	3,5

COMPUTATION OF OVERALL SCORE 3,90

OVERALL GRADE CALCULATED 4

The Supervisory Board decided on 13 April 2023 on the award and payment of the variable part of the salary for the 2022 business year and the payment of the deferred part of the variable part of the salary for past business years to the current and former 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 2022 business year were carried out on 21 April 2023.

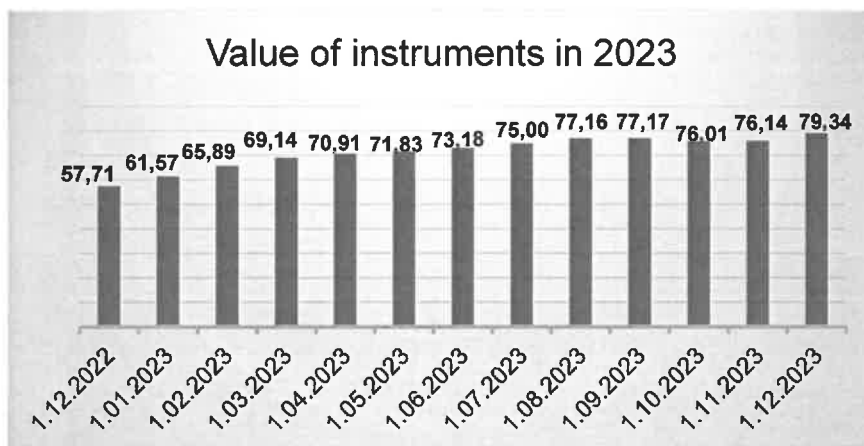
Given that three new Management Board members (Hedvika Usenik, Andrej Lasič and Antonio Argir) took office on 28 April 2022, the Supervisory Board decided on variable pay for the 2022 business year for the period of their term of office as a Management Board member.

The handover in instruments in respect of the first fifth of the deferred non-cash variable pay for the 2019 and 2020 business years to current and former Management Board members was executed after the lapse of the one-year period from payment of the non-deferred part on 16 May 2023. Due to the post covid pandemic restrictions issued by Bank of Slovenia which prohibited the award and payment of the variable part, Bank did not award or pay any variable remuneration in 2020. The payment of the first fifth of the deferred cash part and the handover of the first fifth of the deferred non-cash part of variable pay for the 2021 business year to current and former Management Board members was executed on 12 May 2023.

The ratio between the gross fixed salary of a Management Board member and the maximum variable part of the salary of the same Management Board member in the 2022 business year was 1:0.58.

In line with applicable legislation, NLB d.d. created for the purpose of awarding the variable part of the salary – which must comprise instruments, an instrument the value of which is linked to the share price of NLB d.d. (i.e. phantom share). The instrument does not provide any interest, dividend or other yield and is subject to a three year retention requirement from the date of vesting before it can be monetised.

Table: Average 90-day value of the instrument in 2023



Overview of remuneration paid to the members of the Management Board from 01/01/2023 to 31/12/2023

The table below shows all payments of both fixed and variable pay made to Management Board members in the 2023 business year (paid either in cash or made available as a benefit).

Name and surname	Remuneration type	Gross amount
Blaž Brodnjak 01/01/2023-31/12/2023	Fixed part of remuneration	662,159.40
	gross salary	660,000.00
	holiday allowance	2,159.40
	Benefits	9,040.49
	use of a company car for business and private purposes	7,675.92
	health insurance at home and abroad	856.80
	liability insurance (D&O)	279.21
	exemption of the costs of managing the personal account and payment card memberships	228.56
	Reimbursement of work-related costs	1,490.20
	meal allowance	1,472.60
	use of own funds	17.60
	Other benefits:	2,903.64
	collective voluntary supplementary pension insurance	2,903.64
	Sum variable part of remuneration paid in cash in 2023	92,853.43
	deferred part for 2021 payment in cash	14,042.91
	non-deferred part for 2022 payment in cash	78,810.52
	Total compensation	768,447.16

Andreas P. Burkhardt 01/01/2023-31/12/2023	Fixed part of remuneration	557,735.40
	gross salary	550,008.00
	holiday allowance	2,159.40
	jubilee bonus	460.00
	family separation allowance	5,108.00
	Benefits	41,210.09
	use of a company car for business and private purposes	12,241.20
	health insurance at home and abroad	15,552.88
	liability insurance (D&O)	279.21
	exemption of the costs of managing the personal account and payment card memberships	202.56
	accommodation of the Management Board member	12,745.41
	Reimbursement of travel expenses – other bonuses	188.83
	Reimbursement of work-related costs	1,539.96
	meal allowance	1,480.56
	use of own funds	59.40
	Other benefits:	2,903.64
	collective voluntary supplementary pension insurance	2,903.64
	Sum variable part of remuneration paid in cash in 2023	83,480.27
	deferred part for 2021 payment in cash	12,826.50
	non-deferred part for 2022 payment in cash	70,653.77
Total compensation	686,869.36	

Archibald Kremser	Fixed part of remuneration	637,727.40
01/01/2023-31/12/2023	gross salary	630,000.00
	holiday allowance	2,159.40
	jubilee bonus	460.00
	family separation allowance	5,108.00
	Benefits	28,255.74
	use of a company car for business and private purposes	701.25
	health insurance at home and abroad	9,763.75
	liability insurance (D&O)	279.21
	exemption of the costs of managing the personal account and payment card memberships	63.96
	accommodation of the Management Board member	17,447.57
	Reimbursement of work-related costs	1,324.20
	meal allowance	1,273.60
	use of own funds	50.60
	Other benefits:	2,903.64
	collective voluntary supplementary pension insurance	2,903.64
	Sum variable part of remuneration paid in cash in 2023	88,538.83
	deferred part for 2021 payment in cash	13,374.14
	non-deferred part for 2022 payment in cash	75,164.69
	Total compensation	758,749.81

Antonio Argir	Fixed part of remuneration	352,909.40
01/01/2023-31/12/2023	gross salary	350,750.00
	holiday allowance	2,159.40
	Benefits	64,854.02
	use of a company car for business and private purposes	11,010.33
	health insurance at home and abroad	1,284.24
	liability insurance (D&O)	279.21
	payment of education expenses for the children as Expatriate	21,838.39
	exemption of the costs of managing the personal account and payment card memberships	203.01
	accommodation of the Management Board member	26,302.80
	reimbursement of travel expenses – other bonuses	3,936.04
	Reimbursement of work-related costs	1,515.24
	meal allowance	1,464.64
	use of own funds	50.60
	Other benefits:	37,139.89
	collective voluntary supplementary pension insurance	2,903.64
	other pay to cover tax liability difference	34,236.25
	Sum variable part of remuneration paid in cash in 2023	34,046.47
	non-deferred part for 2022 payment in cash	34,046.47
	Total compensation	490,465.02

Andrej Lasič 01/01/2023- 31/12/2023	Fixed part of remuneration	353,369.40
	gross salary	350,750.00
	holiday allowance	2,159.40
	jubilee bonus	460.00
	Benefits	3,756.31
	use of a company car for business and private purposes	2,517.84
	health insurance at home and abroad	856.80
	liability insurance (D&O)	279.21
	exemption of the costs of managing the personal account and payment card memberships	102.46
	Reimbursement of work-related costs	1,469.04
	meal allowance	1,464.64
	use of own funds	4.40
	Other benefits:	2,903.64
	collective voluntary supplementary pension insurance	2,903.64
	Sum variable part of remuneration paid in cash in 2023	34,046.47
	non-deferred part for 2022 payment in cash	34,046.47
	Total compensation	395,544.86

Hedvika Usenik 01/01/2023- 31/12/2023	Fixed part of remuneration	352,909.40
	gross salary	350,750.00
	holiday allowance	2,159.40
	Benefits	13,233.93
	use of a company car for business and private purposes	12,033.96
	health insurance at home and abroad	856.80
	liability insurance (D&O)	279.21
	exemption of the costs of managing the personal account and payment card memberships	63.96
	Reimbursement of work-related costs	1,507.48
	meal allowance	1,496.48
	use of own funds	11.00
	Other benefits:	2,903.64
	collective voluntary supplementary pension insurance	2,903.64
	Sum variable part of remuneration paid in cash in 2023	34,046.47
	non-deferred part for 2022 payment in cash	34,046.47
	Total compensation	404,600.92

Total remuneration paid (either in cash or made available as a benefit) to Management Board members in 2023	€3,504,677.13
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Overview of variable remuneration awarded to the members of the Management Board from 01/01/2023 to 31/12/2023

The table below shows the variable remuneration awarded to Management Board members in the 2023 business year.

Table: Disclosure of variable remuneration awarded to the members of the Management Board from 01/01/2023 to 31/12/2023

in €

Name and surname	Term of office	Non-deferred part		Deferred part		Total awarded
		Cash part	Instruments	Cash part	Instruments	
Blaž Brodnjak	1.1.- 31/12/2022	78,810.52	78,810.52	78,810.52	78,810.52	315,242.06
Archibald Kremser	1.1.- 31/12/2022	75,164.69	75,164.69	75,164.69	75,164.69	300,658.75
Andreas P. Burkhardt	1.1.- 31/12/2022	70,653.77	70,653.77	70,653.77	70,653.77	282,615.06
Antonio Argir	28/04/2022-31/12/2022	34,046.47	34,046.47	34,046.47	34,046.47	136,185.88
Andrej Lasič	28/04/2022-31/12/2022	34,046.47	34,046.47	34,046.47	34,046.47	136,185.88
Hedvika Usenik	28/04/2022-31/12/2022	34,046.47	34,046.47	34,046.47	34,046.47	136,185.88
Total		326,768.37	326,768.37	326,768.37	326,768.37	1,307,073.50

The table below shows full fixed remuneration of Management Board members paid in 2023 and variable remuneration awarded for years from 2019 to 2022.

Table: Disclosure of fixed remuneration of Management Board members in 2023 and variable remuneration awarded for years from 2019 to 2022

	Blaž Brodnjak	Archibald Kremser	Andreas P. Burkhardt
Fixed remuneration			
Gross salary in 2023	660,000.00	630,000.00	550,008.00
Other remuneration in 2023	15,593.73	40,210.98	53,381.09
Variable remuneration			
Cash remuneration			
Awarded for 2019	140,000.00	133,333.32	128,333.32
Awarded for 2020	35,000.00	33,333.34	32,083.34
Awarded for 2021	140,429.12	133,741.44	128,264.98
Awarded for 2022	157,621.04	150,329.38	141,307.54
Instruments			
Awarded for 2019	140,000.00	133,333.32	128,333.32
Awarded for 2020	35,000.00	33,333.34	32,083.34
Awarded for 2021	140,429.12	133,741.44	128,264.98
Awarded for 2022	157,621.04	150,329.38	141,307.54

	Antonio Argir*	Andrej Lasič*	Hedvika Usenik*	Former Management Board members***
Fixed remuneration				
Gross salary in 2023	350,750.00	350,750.00	350,750.00	0.00
Other remuneration in 2023	105,668.55**	10,748.39	19,804.45	0.00
Variable remuneration				
Cash remuneration				
Awarded for 2019				79,062.50
Awarded for 2020				20,082.70
Awarded for 2021				63,639.22
Awarded for 2022	68,092.94	68,092.94	68,092.94	
Instruments				
Awarded for 2019				79,062.50
Awarded for 2020				20,082.70
Awarded for 2021				63,639.22
Awarded for 2022	68,092.94	68,092.94	68,092.94	

*joined MB in April 2022; variable compensation only reflects what they were awarded in their Management Board roles

** includes payment of education expenses for the children, other pay to cover tax liability difference etc

The table below shows variable remuneration awarded in instruments, both as value and as the number of instruments for years from 2019 to 2022; the value is based on the value of the share of NLB d.d. on the date of award.

Table: Disclosure of instruments awarded for years from 2019 to 2022

	2019, 2020 and 2021		2022	
	Value of variable remuneration awarded in instruments - share value at date of award (in €)	Number of instruments awarded	Value of variable remuneration awarded in instruments - share value at date of award (in €)	Number of instruments awarded
Blaž Brodnjak	315,429	4,448	157,621.03	2,250
Archibald Kremser	300,408	4,236	150,329.38	2,146
Andreas P. Bukhardt	288,682	4,070	141,307.53	2,017
Antonio Argir*	0	0	68,092.94	972
Andrej Lasič*	0	0	68,092.94	972
Hedvika Usenik*	0	0	68,092.94	972
Former Management Board member*** (Laszlo Pelle, Petr Brunclik)	162,784	2,289	0	0
Total	1,067,303.25	15,043	653,536.75	9,329

*Joined Management Board in April 2022 variable compensation only reflects what they were awarded in their Management Board roles

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

In relation to their position of a member of the Supervisory Board, a member 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 the 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.

Supervisory Board members' remuneration entitlement in accordance with the relevant resolutions of the General Meeting of NLB d.d., is limited to fixed remuneration only and comprises fees for the performance of the office on the Supervisory Board and its committees, other benefits and reimbursement of costs.

Each member of the Supervisory Board receive for the performance of the office a payment of €69,000.00 gross annually ("basic remuneration"). The Chair of the Supervisory Board is entitled to a bonus for the performance of the office amounting to 25% of the basic remuneration, while the Deputy Chair of the Supervisory Board is entitled to a bonus for the performance of the office amounting to 15% of the basic remuneration (hereinafter both bonuses referred to as "bonus").

The members of the Supervisory Board receive an extra payment for performing the function of a member of a committee, amounts to 10% of the basic remuneration ("extra remuneration") and shall only be paid for membership of up to two committee. 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"), 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.

Members of the Supervisory Board 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 Supervisory Board members are 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.

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 D&O 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 D&O 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.

A member of the Supervisory Board representing the interests of employees ("workers' representatives") for the performance of the function is entitled to the amounts to €69,000 gross per year ("basic remuneration"), less the gross amount of annual basic salary as set in their employment contract with NLB d.d. or another member of the NLB Group ("basic salary").

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 for workers' representatives is calculated by reducing 1/12 of the basic remuneration in the amount of EUR 5,750 gross by the basic salary from employment in bank in a particular month. It is resolution of the General Meeting and publicly available. If the basic salary in a particular month exceeds EUR 5,750 (increased by any extra remuneration), the monthly payment in the following month is reduced by the basic salary in excess of this amount.

Workers' representatives is 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.

Worker's representatives is not entitled to any benefits exceeding the provision of the conditions for smooth work of the Supervisory Board (e.g. 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.

All remuneration of the members of the Supervisory Board specified in the resolutions of the General Meeting shall constitute fixed remuneration.

Table 5: Disclosure of remuneration paid to the members of the Supervisory Board from 01/01/2023 to 31/12/2023

in €

Name and surname	Remuneration type	Gross amount
Primož Karpe		
01/01/2023-31/12/2023	Payment for holding the office	103,680.00
	<i>Basic payment (Annual compensation)</i>	64,800.00
	<i>bonus (chair)</i>	16,200.00
	<i>extra payment (committees)</i>	12,960.00
	<i>additional extra payment (committee chair)</i>	9,720.00
	Other benefits	279.21
	Cost reimbursement	9,300.44
	Total	113,259.65
Shrenik Dhirajlal Davda		
01/01/2023-31/12/2023	Payment for holding the office	83,682.50
	<i>Basic payment (Annual compensation)</i>	64,800.00
	<i>extra payment (vice chair)</i>	2,961.25
	<i>extra payment (committees)</i>	12,960.00
	<i>additional extra payment (committee chair)</i>	2,961.25
	other benefits	279.21
	Cost reimbursement	19,444.18
	Total	103,405.89
David Eric Simon		
01/01/2023-31/12/2023	Payment for holding the office	87,480.00
	<i>Basic payment (Annual compensation)</i>	64,800.00
	<i>extra payment (committees)</i>	12,960.00
	<i>additional extra payment (committee chair)</i>	9,720.00
	Other benefits	279.21
	Cost reimbursement	13,161.73
	Total	100,920.94
Mark William Lane Richards		
01/01/2023-31/12/2023	Payment for holding the office	87,480.00
	<i>Basic payment (Annual compensation)</i>	64,800.00
	<i>extra payment (committees)</i>	12,960.00
	<i>additional extra payment (committee chair)</i>	9,720.00
	Other benefits	279.21
	Cost reimbursement	18,141.37
	Total	105,900.58
Verica Trstenjak		
01/01/2023-31/12/2023	Payment for holding the office	73,254.17

	<i>Basic payment (Annual compensation)</i>	64,800.00
	<i>extra payment (committees)</i>	8,454.17
	other benefits	279.21
	Cost reimbursement	3,490.35
	Total	77,023.73
Islam Osama Bahgat Zekry		
01/01/2023-31/12/2023	Payment for holding the office	77,760.00
	<i>Basic payment (Annual compensation)</i>	64,800.00
	<i>extra payment (committees)</i>	12,960.00
	Other benefits	279.21
	Cost reimbursement	17,655.77
	Total	95,694.98
Cvetka Selšek		
15/08/2023-31/12/2023	Payment for holding the office	30,101.56
	<i>Basic payment (Annual compensation)</i>	26,153.23
	<i>extra payment (committees)</i>	3,948.33
	Other benefits	279.21
	Cost reimbursement	2,580.12
	Total	32,960.89
André Marc Richard Prudent Toccanier		
15/08/2023-31/12/2023	Payment for holding the office	33,062.81
	<i>Basic payment (Annual compensation)</i>	26,153.23
	<i>extra payment (committees)</i>	3,948.33
	<i>additional extra payment (committee chair)</i>	2,961.25
	Other benefits	279.21
	Cost reimbursement	6,773.41
	Total	40,115.43
Sergeja Kočar		
01/01/2023-31/12/2023	Payment for holding the office	23,659.15
	<i>Basic payment (Annual compensation)</i>	17,744.36
	<i>extra payment (proportionate to committee)</i>	5,914.79
	Other benefits	279.21
	Cost reimbursement	1,016.95
	Total	24,955.31
Tadeja Žbontar Rems		
01/01/2023-31/12/2023	Payment for holding the office	44,774.03
	<i>Basic payment (Annual compensation)</i>	38,491.67
	<i>extra payment (proportionate to committee)</i>	6,282.36
	Other benefits	279.21
	Cost reimbursement	308.85
	Total	45,362.09
Gregor Rok Kastelic		
01/01/2023-19/06/2023	Payment for holding the office	38,025.00
	<i>Basic payment (Annual compensation)</i>	28,166.67
	<i>extra payment (committees)</i>	5,633.33
	<i>additional extra payment (committee chair)</i>	4,225.00
	Cost reimbursement	4,527.34
	Total	42,552.34
Andreas Kligen		
01/01/2023-19/06/2023	Payment for holding the office	42,250.00
	<i>Basic payment (Annual compensation)</i>	28,166.67
	<i>extra payment (vice chair)</i>	4,225.00

	<i>extra payment (committees)</i>	5,633.33
	<i>additional extra payment (committee chair)</i>	4,225.00
	Cost reimbursement	7,917.11
	Total	50,167.11
<hr/>		
Total remuneration		832,318.94

The table below shows an overview of membership of Supervisory Board members in the committees of the Supervisory Board of NLB d.d.

Table: Overview of membership of Supervisory Board members in the committees

Name and surname / Committee	Remuneration Committee	Nomination Committee	Risk Committee	Audit Committee	Operational and IT Committee
Primož Karpe		Chair		Member	Member
Shrenik Dhirajlal Davda	Member until 18/09/2023 and Chair thereafter		Deputy Chair until 18/09/2023 and Member thereafter	Deputy Chair until 18/09/2023 and Member thereafter	
Verica Trstenjak	Member	Member			
Islam Osama Zekry		Member from 18/09/2023	Member		Deputy Chair
Mark William Lane Richards	Deputy Chair	Deputy Chair from 18/09/2023	Member until 18/09/2023		Chair
David Eric Simon			Member	Chair	
André-Marc Prudent-Toccanier			Chair from 18/09/2023	Member from 18/09/2023	Member from 18/09/2023
Cvetka Selšek			Deputy Chair from 18/09/2023	Deputy Chair from 18/09/2023	
Andreas Klingen		Deputy Chair until 19/06/2023	Chair until 19/06/2023		Member until 19/06/2023
Gregor Kastelic	Chair until 19/06/2023		Member until 19/06/2023	Member until 19/06/2023	
Sergeja Kočar	Member	Member			
Tadeja Žbontar Rems	Member				Member

3. Disclosure of Annual Change in Management Body 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 Body and the performance of the company, at least for the past five business years, presented so as to allow for comparison.

The below table shows the Banks development since its privatisation in 2018. It is clear that this has been a period of significant growth in scale and profitability achieved despite the headwinds created by a global pandemic, the war in Ukraine and unprecedented flooding in Slovenia. This period also reflects the impact of material acquisitions which have transformed the NLB Group in terms of scale, capacity and scope for future growth.

NLB Group	2019	2020	2021	2022	2023
Total Assets (in EURm)	14,174	19,566	21,577	24,160	25,942
Profit after Tax (in EURm)	193.58	269.71	236.40	446.86	550.70
ROE a.t.	11.68%	8.11%	11.42%	19.87%	21.00%
Cost to Income Ratio	58.97%	58.27%	62.28%	57.64%	45.90%
NPE Ratio	2.67%	2.33%	1.71%	1.33%	1.11%
Total Number of Employees	5,748	5,676	8,035	7,968	7,675
Total Dividends (in EURm)	N/A	92	100	110	220

The Group generated EUR 193.6 million of profit after tax in 2019. Net interest income totalled EUR 318.5 million and increased by EUR 5.6 million or 2% YoY due to an increase of interest income in most of the banks of the Group, supported by loan book growth. Net non-interest income reached EUR 195.1 million and increased by EUR 14.8 million or 8% YoY. Total costs amounted to EUR 301.4 million (of which EUR 1.6 million were comprised of non-recurring costs related to restructuring, as well as EUR 3.0 million of performance rewards paid in December 2019) and were thus by EUR 12.8 million or 4% higher YoY. The increase was mostly due to higher employee costs in the amount of EUR 6.1 million (adjustments on management board and senior management post privatization compensation) and other general and administrative costs (licenses, consulting and supervision).

In 2020, the Group generated a profit in the amount of €269.7 million, which is 39% more than in the previous year (2019: €193.6 million). The Covid situation and the acquisition of Komercijalna banka Belgrade have had an impact on operations; the latter having a positive effect of negative goodwill in the amount of €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. Costs remained well contained through all cost categories and geographies, 4% lower costs YoY; CIR 58.3%). The COVID-19 pandemic impacted the realized cost of risk (62 bps), however, remained within the set outlook. Stable NPE (EBA def.) of 2.3% with confident coverage ratio of 57.3%

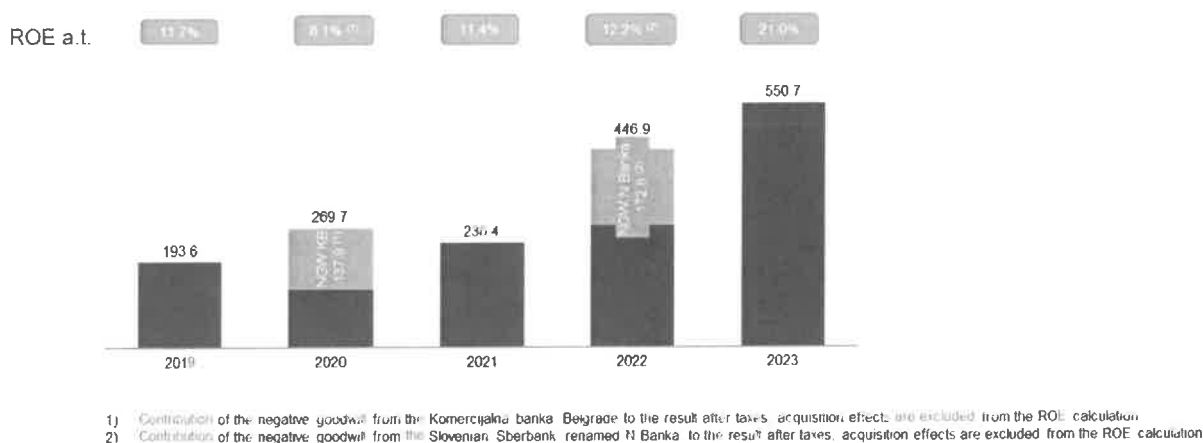
Revenue growth momentum continued and accelerated in 2021 resulting in EUR 236.4 million profit after tax on the back of net interest income, which grew by 37% YoY (excluding KB 4.0%) as a function of strong loan growth and a meaningful contribution from Komercijalna Banka group (EUR 98.5 million). Net non-interest income in 2021 was meaningfully marked with non-recurring items (EUR 26.0 million), but contributions declined when compared to the previous year (EUR 33.7 million). Impressive growth in net fee and commission income, up 39% YoY, further added to the NLB Group's remarkable performance in 2021. The NLB Group managed to keep costs within the guidance, importantly impacted by integration costs of Komercijalna Banka group. NLB remains a highly desired employer in the region and manages to partially mitigate labour cost inflation with sourcing employees from the region and proactive approach to employment. The Group recorded 9% loan growth in 2021, thus exceeding the full year guidance. Loans to individuals recorded double digit growth throughout the group (12%/13% excluding impact of Komercijalna Banka, Banja Luka sale).

Despite the precarious circumstances, the shadow of war in Europe, the resulting energy crisis, and the economic slowdown In 2022, NLB Group's result after tax amounted to EUR 446.9 million, with the acquisition of N Banka in March significantly influencing the full-year business results of the Group. Excluding the total contribution from N Banka, net profit grew by 11% and reached EUR 262.8 million. The Group's gross loans

to customers increased by EUR 2,493.9 million (23%) in 2022, with a EUR 953.7 million increase due to the acquisition of N Banka. Without N Banka, a EUR 1,540.2 million growth (14%) in gross loans to customers was recorded. Strong growth was well distributed between segments of customers, with the gross corporate loan growth of 27% (to reach EUR 6,345.7 million) and growth of gross loans to individuals of 20% (to end the year at EUR 6,743.4million).

NLB Group performed strongly in the full year 2023 with EUR 550.7 million of result after tax. Yet at the same time the Group continued to take responsible actions and with its strategic planning and business decisions laid foundations for stable, growth oriented and profitable operations also in the years to come. Another significant milestone for the Group was the signing of sale and purchase agreement for Summit Leasing Slovenia in November 2023. On an annual basis, NII reached EUR 833.3 million (growth of 65%) in 2023. Key drivers of the annual growth of EUR 328.4 million were on the interest income side loans to customers (EUR 253.7 million, of which EUR 98.3 million to individuals and EUR 155.4 million to corporate and state) and balances at banks and central banks (EUR 127.7 million). The lending activity in 2023 was moderate but stable, and the Group's gross loans to customers increased by a tangible EUR 666.2 million (5%) YoY.

Figure 1: Profit after tax of the NLB Group (in € million) / ROE after tax



Below is stated an overview of the total remuneration of the members of the management body of NLB d.d. for business years from 2019 to 2023, however, comparison with other business years or business performance is difficult due to circumstances related to restrictions which were caused by COVID pandemic in 2020 and 2021.

Table: Total remuneration for the members of the Management Body in a period 2019 – 2023

	2019 (in EUR)	No. of members**	2020 (in EUR)	No. of members*	2021 (in EUR)	No. of members*	2022 (in EUR)	No. of members**	2023 (in EUR)	number of members*
Total Remuneration for the Management Board*	1,837,553.22	4	1,668,581.08	5	2,376,883.77	4	2,571,420.03	6	3,504,677.13	6
Total remuneration for the Supervisory Board*	442,670.99	11	681,030.57	14	730,874.99	13	770,184.57	12	832,318.94	12

*either in cash or made available as a benefit (including but not limited to reimbursement of travel and accommodation expense)

**number of members included in remuneration in certain business year



In line with the objective of attracting, retaining and motivating high calibre management talent, the Supervisory Board has sought since the privatisation of the Bank to progressively raise the Management Board total compensation from its levels as a state owned predominantly Slovene bank (subject to state aid restrictions) to bring it more in line with the market compensation levels for a publicly listed regional market leader.

Following the successful privatization of the bank in 2018 remuneration limits committed to by the Republic of Slovenia to the European Commission upon the approval of state aid in 2013 and in accordance with the Act Governing the Remuneration of Managers of Companies with Majority Ownership held by the Republic of Slovenia or Self-Governing Local Communities ("ZPPOGD"), limiting variable pay were lifted.

2019

In 2019 whilst there was no increase in Management Board fixed salary approved there was an effective year on year increase in total fixed pay due to the full year effect of the salary raise in November 2018. Total Remuneration was also higher due to an increase in variable remuneration from 3.6 months to 8 months salary.

The Supervisory Board remuneration structure was changed in October from a meeting attendance fee basis to an annual compensation based structure designed to attract and reward committed, experienced, knowledgeable Supervisory Board members.

2020

In 2020 following the outbreak of Covid, the Management Board volunteered to reduce their salaries from 1/4/20 by 15% and also to limit their maximum variable pay to 2 months salary instead of 8 as per the Remuneration policy at the time. The Supervisory Board also reduced their remuneration by 15% at the same time. The Bank of Slovenia issued a 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.

There was no increase awarded in Supervisory Board cash compensation but the total remuneration cost of the Supervisory Board increased due to the full year effect of the prior year change in the remuneration practice and due to appointment of "workers's representatives" to the Supervisory Board in mid year.

2021

At the beginning of 2021, Management and Supervisory Board remuneration was restored to pre pandemic levels. Management Board contractual mandates expired on 5/7/21 and each member signed a new 5 year term of office which included a 15% salary increase but a reduction in the maximum bonus from 8 to 7 average gross monthly salaries of individual member of the Management Board.

The Bank of Slovenia's new Regulation lifted its Covid related macroprudential restrictions on 30/09/2021 following which 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 were paid out.

There was no increase awarded in Supervisory Board cash compensation.

2022

The Management Board expanded with the appointment of Hedvika Usenik (responsible for Retail and Private Banking), Antonio Agrir (responsible for Group Steering and Payments) and Andrei Lasič (responsible for Corporate and Investment Banking).

In May 2022 a salary increase of 14% to Blaž Brodnjak, 14% to Archibald Kremser and 13% to Andreas Burkhardt was awarded following the successful operational integration of Komercijalna Banka, Belgrade in recognition of the responsibilities assumed in the process. This increase acknowledged the substantial efforts of the management team in connection with the completion of the merger process between NLB Bank Belgrade and the acquired Komercijalna banka. This complex process had been finished and thus the full benefits of the acquisition including substantial synergies amounting to some 15mln annually would accrue to the bottom line of NLB Group in the amount of approximately EUR 100mln annually (target published at Investor Day in 2021), a target which has since shown to have been substantially overachieved (Serbia contributed in excess of 130mln in 2023). The increase in compensation thus recognised the transformative



nature of the transaction for the all-important Serbian market and realisation of NLB's objective of becoming a regional market leader. The acquisition materially increased the scale of the NLB Group (total assets increased by approx. EUR 4.2bn or with earnings growing by 25% in 2023).

In October 2022 a further increase of 20% to Blaž Brodnjak, 20% to Archibald Kremser and 10% to Andreas Burkhardt was awarded in recognition of the successful permanent assumption of significant additional responsibilities taken on by the three Management Board members following the elimination of the COO function after the departure of Peter Brunclik in 2021.

The newly Management Board members received a bonus based pro rata to the times served as a member of the Management Board (May-December).

There was no increase in Supervisory Board cash compensation.

2023

The Bank enhanced its growth and market position on all target markets in 2023. The Supervisory Board decided to perform a Remuneration benchmarking exercise with the support of AON a leading remuneration consultancy.

On the basis of that analysis the Supervisory Board approved in October 2023 a resolution to:

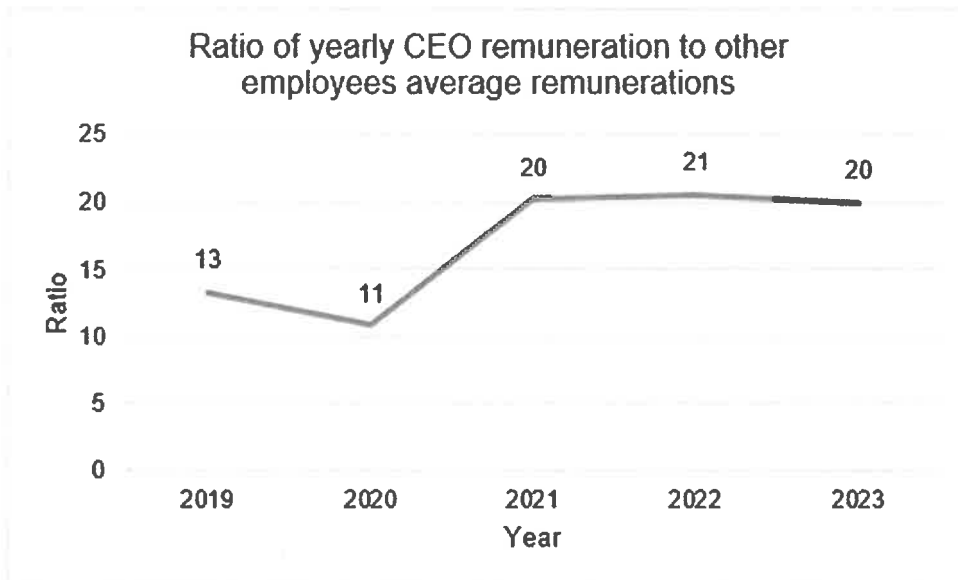
- reduce the salary disparity between the new and original Management Board Members over an 18 - 24 month time frame such that the lowest paid member of the Management Board of NLB d.d. receive at least 66% of the highest paid member
- From October 1 2023 increase by 10% (from €28,750.00 to €31,625.00) the salaries of the 3 new Board Members in recognition of their successful assumption of their management board roles and achievement of satisfactory of progress on their respective individual development plans.

For the other three original members of the Management Board there were no increases in salary approved in 2023 however there was a year on year increase in their total fixed pay due to the full effect of the two salary increases approved during 2022.

The variable remuneration in 2023 was awarded to all three original Management Board members in the amount of seven salaries and to the three new Management Board members in an amount proportionate to their term of office on the Management Board in 2022.

Supervisory Board cash compensation was increased for the first time since 2019. The 15% increase was below the inflation rate between 2019 – 2023 and was significantly lower than the increases in that period received by by Employees and Management. The objective of this increase was to attract and retain experienced committed individuals to supervise a Group whose scale, scope and complexity is much greater than it was in 2019 the time of the previous increase.

The graph below shows the ratio of yearly CEO total awarded remuneration to average total awarded remuneration of other employees (except MB members) in period from 2019 to 2023



2. Remuneration from other Group companies

In 2023, the Management Board and the Supervisory Board members did not receive any remuneration from other companies within the NLB Group.

3. Provision of shares and share options

In 2023, the Bank did not provide any shares or share options to the Management Board members and the Supervisory Board members.

4. 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 2023.

The Remuneration Policy contains a provision stipulating that in the event of exceptional economic uncertainty or other extraordinary circumstances that could jeopardise the solid capital base of the Bank, 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 2023, there was no decision by the Supervisory Board require any such postponement.

5. Financial bonuses provided to a Management Board member by a third party in the financial year

In the 2023 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.

6. Payment 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 of a member of the Management Board "for other business and economic reasons", such a member of the Management Board is entitled to compensation for early termination of their term of office.

The member of the Management Board is not entitled to compensation for early termination of the term of office if he/she is re - employed at the Bank or in the 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 2023, there was no early termination of the term of office of any Management Board member.

7. Payment provided to a Management Board member for the case of regular termination of the term of office

The Bank does not provide for any payments to a member of the Management Board in the case of the regular expiry of the term of office excluding any payment under a non competition clause . In 2023, there was no case of regular termination of the term of office of a Management Board member of the Bank.

8. Payment provided to a former Management Board member for termination of the term of office

In 2023, there was no case of regular termination of the term of office of a former Management Board member of the Bank.

Ljubljana, 11/04/2024



Hedvika Usenik
Member of the
Management Board



Archibald Kremser
Member of the
Management Board



Antonio Argir
Member of the
Management Board



Andreas Burkhardt
Member of the
Management Board

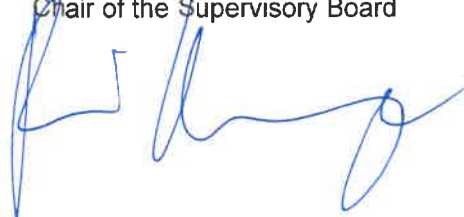


Andrej Lasič
Member of the
Management Board



Blaž Brodnjak
President of the
Management Board

Primož Karpe
Chair of the Supervisory Board



Appendix 1

In accordance with the Remuneration Policy, the components of the fixed part of remuneration of a Management Board member for the 2023 business year could be as follows (the actual remuneration paid to individual members of the Management Board in 2023 are listed below herein):

Component	Maximum amount
Salary:	
Gross monthly salary	The gross monthly salary of a Management Board member may not exceed eight average gross monthly salaries of a senior executive of NLB d.d. (calculated based on the gross monthly salary of all senior executives of NLB d.d.) in the preceding business year; for the calculation in line with this provision, the gross monthly salary of a senior executive 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 specified 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 the 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 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 specified 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 cost of material related to working from home	In the amount defined by the Bank's relevant internal regulations.
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 for business and private purposes, where the Bank at its own expense provides services included in the total rental cost (TRC).	The total rental cost (TRC ²) for a member of the Management Board may not exceed €1,800.00 per month. The segment of vehicles for members of the Management Board shall include vehicles from the middle up to the highest segment as specified by the relevant internal regulations of the Bank.
Company car with a driver for business purposes	The Bank shall provide it 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 €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 €5,000.00. In addition to the costs referred to in the previous sentence, the Bank shall cover the costs of the real estate agent and the security deposit for renting the apartment at the market price.

² The TRC limit is specified based on a four-year lease and an annual limit of 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 car wash, RV (residual value) – the value of the vehicle at the end of the lease period, fleet management fee, 24-hour roadside assistance (basic), replacement vehicle (basic for regular servicing).

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	Within 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 €10,000.00 in a calendar year.
The possibility of a preventive medical check-up once in a calendar year	At the market price.
Possibility of treatment and rehabilitation at a health resort if so recommended by a specialist physician	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 specified by the Management Board member.	The monthly insurance premium for the insurance of the Management Board member shall amount to no more than €100.00.
Health insurance for the Management Board member abroad as selected by the Management Board member at their own discretion	Total value of €6,000.00 in a 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 €100.
Premiums for 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 performance of the office of a Management Board member as well as against claims made against the Management Board member based on their position of a 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 against the Management Board member; the costs of defence against such claims and the costs of preparation of defence against possible claims are also included. The Bank may arrange with the Management Board member within the framework allowed by regulations that in case that an individual (potential or actual) claim against the Management Board member as specified in the previous sentence hereunder 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 specified in the previous sentence. The Bank can also arrange with the Management Board member that the Bank covers (or compensates the Management Board member if they paid these themselves) also any applicable taxes, contributions and other duties that	Insurance premium according to the market price, other payments by the Bank up to the amount specified in this provision on the D&O insurance.



must be paid based on the Bank's payments under the previous sentence hereunder.	
Costs of tax consulting ordered by the Management Board member at their own discretion	Total value of €2,000.00 in a 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.
Education and care expenses for children of the Management Board member (kindergarten, primary and secondary school) if the children move to the Republic of Slovenia with the member assuming the office from abroad	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.
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 remunerations if they did not change their resident status to a resident of the Republic of Slovenia pursuant to tax regulations.	In the amount of the difference of tax liability 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.
Employee housing loan – the Bank can grant an employee housing loan to a member of the Management Board under the same terms and conditions as those applying to key personnel under the collective agreement, while these terms and conditions and criteria are determined by an internal regulation.	In line with the relevant internal regulations of the Bank.