

Report of the Supervisory Board of NLB d.d. on the results of the examination of the NLB Group Annual Report for 2022

Pursuant to the provisions of the Companies Act (hereinafter: ZGD-1) and the relevant Corporate Governance Code for Listed Companies¹ Supervisory Board of NLB d.d. (hereinafter: NLB or the Bank) compiled the written report for the General Meeting of Shareholders of NLB.

1.) Report of the Supervisory Board of NLB on the results of examining the NLB Group Annual Report 2022 the proposal for the allocation of distributable profit

Pursuant to the provisions of Article 282 of ZGD-1 and Article 20 of the Articles of Association of NLB d.d., Ljubljana (hereinafter: the Articles of Association of NLB), the Supervisory Board must check the Annual Report and the proposal for the allocation of distributable profit presented by the Management Board. The Supervisory Board must compile a written report for the General Meeting of shareholders on the findings of the examination referred to above.

a) NLB Group Annual Report for 2022

The Supervisory Board of NLB acknowledged the unaudited data on the operations of the NLB Group in 2022 on its session dated 23/02/2023 and the Audit Committee on its session dated 22/02/2023.

On its session dated 13 April 2023, the Supervisory Board of NLB discussed the NLB Group Annual Report 2022 and the attached Auditor's Report prepared by the company Ernst & Young, Revizija, poslovno svetovanje, d.o.o., Ljubljana (hereinafter: Ernst & Young). The Supervisory Board of NLB examined the NLB Group Annual Report 2022. The audited financial data for 2022 shows that despite the precarious circumstances, the shadow of war in Europe, the resulting energy crisis, and the economic slowdown, 2022 was the best year in the history of NLB Group. The Group reached many important business milestones, and through responsible environmental and societal actions once again confirmed its commitment and its contribution to a better quality of life in South-eastern Europe. The Group achieved a profit after tax in the amount of EUR 446.9 million, 89% or EUR 210.5 million more than the year before (2021: EUR 236.4 million), with the EUR 184.1 million contribution of N Banka.

b) Auditor's Report

Immediately after the drafting, the Management Board submitted the NLB Group Annual Report 2022 to the Supervisory Board. Since it must be audited as well, the Auditor's Report of the company Ernst & Young was attached with the report as well. Furthermore, the Management Board also attached with the NLB Group Annual Report 2022 the proposal for the allocation of distributable profit, which will be submitted to the General Meeting².

The NLB Group Annual Report for 2022 comprises the business report, audited financial statements of NLB and audited consolidated financial statements of the NLB Group, including the auditor's report. In the auditor's report it is stated, that the presented individual and the consolidated financial statements in all material respects give a true and fair view of the financial position of NLB and the NLB Group as at 31/12/2022, the same as individual and consolidated income statement, and individual and consolidated cash flows for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the European Union. It was also established based on the review of the business report that the information contained in the business section of the annual report is consistent with the audited financial statements of the Bank and the NLB Group.

c) Proposal for the appropriation of the accumulated profit

Pursuant to the provisions of the first paragraph of Article 282 of ZGD-1, the NLB Supervisory Board also examined the NLB Management Board's proposal for the use of NLB's distributable profit for the financial year 2022 and approved it.

The distributable profit of NLB as of 31 December 2022 amounts to EUR 515,463,762.89 and consists of net profit for financial year 2022 in the amount of EUR 159,602,289.85 and retained earnings from previous financial years in the amount of EUR 358,266,602.05 reduced for the interests and direct issue costs of subordinated

¹ Corporate Governance Code for Listed Companies (December 2021, valid as of 01/01/2022), the Bank uses amended recommendations of the mentioned code for the first time when preparing the corporate governance statement for the business year 2022

² In line with the provisions of Article 272 of the Companies Act (paragraph 3)

bonds issued in the year 2022, which are considered instruments of additional basic capital in the amount of EUR 2,405,129.01.

The distributable profit in the amount of EUR 515,463,762.89 shall be allocated as follows:

- the part in total amount of EUR 55,000,000.00 shall be paid out to the shareholders as dividends, which amounts to EUR 2.75 gross per share,
- the remaining part of distributable profit in the amount of EUR 460,463,762.89 remains undistributed and represents retained earnings.

d) Examination of the management of the company during the business year³

The Supervisory Board of NLB regularly and thoroughly monitored and supervised the Bank's and the Group's operations in accordance with its powers and competence pursuant to the applicable legislation (Companies Act and Banking Act) and the Articles of Association of NLB. In the function of ensuring efficient supervision over the management of the Bank and the NLB Group, it acted with the diligence of a good businessman and with the powers vested in it by the applicable legislation.

In addition to the powers conferred upon the Supervisory Board under the Banking Act and Companies Act the Supervisory Board gave consent to the decisions of the Management Board of the Bank pursuant to the provisions of Article 20 of the Articles of Association of NLB in the following cases:

- drafting the Bank's business policy,
- drawing up the Bank's financial plans,
- setting up the internal control system organisation,
- drawing up the annual action plan of the Internal Audit,
- new issues of securities exceeding EUR 30,000,000,
- deals related to the acquisition and holding of equity stakes in companies and other legal entities with the book value exceeding EUR 5,000,000,
- the acquisition and disposal of portfolio investments in securities exceeding 5% of Bank's capital by issuer,
- decisions on the acts resulting in status changes of companies and other legal entities which are in the Bank's majority ownership,
- the conclusion of a legal transaction which would, considering the Bank's total exposure, including the indirect credit exposure, result in an exposure of the Bank to an individual client or group of related clients reaching or exceeding ten percent of the acceptable capital of the Bank. or when total exposure including the indirect credit exposure of the Bank increases by a further five percent of the Bank's acceptable capital,
- the conclusion of transactions resulting in Bank's exposure to a person having a special relationship with the Bank in accordance with the law governing banking,
- write-off of an individual claim in the amount exceeding EUR 5,000,000 or write-off of several claims when the total amount of claims simultaneously proposed for write-off relating to an individual customer exceeds EUR 5,000,000 or its equivalent in any other currency,
- borrowing by raising loans, or issuing bonds or subordinated debt instruments for each such liability exceeding 25% of the Bank's capital,
- setting of limits and criteria pursuant to which the Bank may grant loans to shareholders and members of the Management Board and Supervisory Board and procurators,
- any other resolutions of the Management Board relating to a type of transaction requiring, pursuant to a resolution of the Supervisory Board adopted prior to the respective resolution of the Management Board, the approval of the Supervisory Board,
- appointment and dismissal of the head of Internal Audit,
- other matters pursuant to applicable regulations.

Pursuant to the provisions of the Articles of Association of NLB the Supervisory Board additionally:

- supervise the adequacy of procedures applied and efficiency gained through Internal Audit,
- discuss the findings of the Bank of Slovenia or the European Central Bank,
- check and approve the annual report of the Bank together with the auditor's report and the Management Board's proposal for the use of distributable profit and other financial reports of the Bank and formulate a written report to the General Meeting,
- explain to the General Meeting their opinion on the internal auditors' annual report and on the Bank's annual report,
- act in accordance with the highest ethical standards of management, considering the prevention of conflict of interests,

³ In accordance with the second paragraph of Article 282 of the Companies Act, the supervisory board must indicate in the report how and to what extent it examined the management of the company during the business year

- adopt and supervise the basic principles of remuneration policies, in all this it acted in accordance with the highest ethical standards of management, considering the prevention of conflict of interests. The scope of checking the Bank is defined in the next chapter of this report (Activities of the Supervisory Board during the year).

2.) Report in accordance with the relevant recommendations of the Slovenian Corporate Governance Code for Listed Companies

In this section of the report, the Supervisory Board gives a report regarding the matters to be included in the report based on the recommendations of the Slovenian Corporate Governance Code for Listed Companies⁴ which is the reference governance code for the NLB.

a) Activities of the Supervisory Board during the year

In 2022, the Supervisory Board held eight regular and twelve correspondence sessions. In its work, the Supervisory Board of NLB received professional assistance from five operational committees, namely: The Audit Committee, the Risk Committee, the Nomination Committee, the Remuneration Committee and the Operations and Information Technology Committee. Mentioned committees function as consulting bodies of the Supervisory Board as they discuss the materials and proposals of the Management Board related to a particular area. Based on their findings the Supervisory Board passed appropriate resolutions. Each of the five committees is composed of at least three members of the Supervisory Board.

Through the year, the Supervisory Board monitored the implementation and effectiveness of the NLB Group's Strategy. The Supervisory Board issued approvals to the Management Board related to the Bank's business policy and Financial Plan and the Budget of the NLB Group, adopted NLB Group Annual Report for 2021, and NLB Group Sustainability Report 2021, Pillar III disclosures for the NLB Group, periodic business reports, adopted decisions related to management of risk, the annual (and periodic) Internal Audit Plan and Plan of Compliance & Integrity, adopted yearly comprehensive opinion of the Internal Audit, adopted performance assessment and appointments of directors of control functions.

On the session of the Supervisory Board dated 20 January 2022, following the best practice selection and evaluation process, the Supervisory Board appointed three additional new members of the Management Board, namely: Hedvika Usenik, Antonio Argir, and Andrej Lasič, thus expanding it to six members in total. Their five-year term of office for the new members began on 28 April 2022 after they obtained consent from regulator.

The Supervisory Board adopted decisions with regards to the convocation of the two General Meetings of shareholders. On the General Meeting dated 20 June 2022 shareholders acknowledged the adopted NLB Group 2021 Annual Report and also decided on the allocation of distributable profit for 2021. Consequently, the part of the distributable profit in total amount of EUR 50 million was paid out to the shareholders as a dividend (the first tranche), The General Meeting appointed the auditing company KPMG Slovenija, d.o.o. as the auditor of NLB for the financial years 2023–2026 and adopted changes to the Policy on the Provision of Diversity of the Management Body and Senior Management.

The 39th General Meeting held on 12 December 2022 confirmed additional allocation of distributable profit for 2021 in the amount of EUR 50 million (the second tranche), making a total dividend pay-out of EUR 100 million in 2022. The General Meeting also adopted changes to the Remuneration Policy for the Members of the Supervisory Board of NLB d.d. and the Members of the Management Board of NLB d.d. and took note of the termination of the term of office of two NLB Supervisory Board members - workers' representatives.

The Supervisory Board gave consent to renovation of internal policy on Internal Controls System; Rules and Procedures for the Sustainability Committee; Review of the Diversity Policy; New Remuneration Policy for Employees for the NLB and the NLB Group; The Remuneration Policy of the Members of Supervisory Board of NLB d.d. and the Members of the Management Board of NLB d.d. It

⁴ Recommendation no. 14.12 of the Slovenian Corporate Governance Code for Listed Companies

also gave consent to annual self-assessment of employees performing special work and approved achievements of the Management Board and proposed new goals for the Management Board.

The Supervisory Board gave consent to purchase of N Banka, Ljubljana and to establishment of new companies of the Group (NLB DigIT, Beograd, NLB Lease&Go, Skopje and NLB Lease&Go Leasing, Beograd), cross-border financing and international syndicated financing, transactions with MIGA, large exposures, sale of receivables, claim write-offs, the divestment of the Group companies, legal proceedings involving NLB and the Group members, transactions with persons in special relations with the Bank, Worker's Council 2021 report, etc.

Through the year the Supervisory Board acknowledged regular reports on documents received from the regulator(s), namely Bank of Slovenia and ECB, and on the implementation of the requirements of mentioned regulators and adopted other amendments to the internal policies.

With the aim of ensuring sustainable development, the NLB Group strives to actively contribute to a more balanced and inclusive economic and social system through three lines of actions: sustainable operations, sustainable finance and Corporate Social Responsibility. The Supervisory Board adopts decisions related to sustainability issues almost at its' every session.

During the year, the Supervisory Board adopted periodic reports of the Global Risk, Internal Audit, Compliance and IT, and issued approval to the transactions with persons in special relationship with the Bank and to the conclusion of legal transactions in accordance with Article 170 of the Banking Act.

Throughout the year, the Supervisory Board has maintained a well-balanced professional relationship with the Management Board and enjoyed timely, comprehensive, and data-supported inputs from the latter, enabling the Supervisory Board to adopt all its decisions in line with the professional interests of the Bank, whilst always adhering to banking regulations and its statutory powers.

Pursuant to Article 282 of the Companies Act (ZGD-1) and the above report the Supervisory Board of NLB established and ensured that it regularly and thoroughly monitored the Bank's and the NLB Group's operations in 2022 within its powers and efficiently supervised the Bank's and the NLB Group's management and operations.

b) Internal organisation of the Supervisory Board

According to the Articles of Association of NLB the Supervisory Board is composed of 12 members. Eight members are representatives of shareholders (elected and recalled by the General Meeting from persons proposed by shareholders or the Supervisory Board) and four are representatives of employees (elected and appointed by the NLB Workers' Council).

At the beginning of 2022, the Supervisory Board of NLB consisted of 12 members, of which eight were representatives of shareholders and four were representatives of employees.

Due to statement of one member of the Supervisory Board – worker's representative her function was terminated on 8 July 2022, as the Works Council recalled her. NLB Works Council passed a decision on 12 September 2022 on the recall of another member of the Supervisory Board – worker's representative. At the end of 2022 there were 10 members of the Supervisory Board.

Committees of the Supervisory Board

In its work, the Supervisory Board of NLB received professional assistance from its five operational committees, namely the Audit Committee, the Risk Committee, the Nomination Committee, the Remuneration Committee, and the Operations and IT Committee. The Supervisory Board committees operate as consultative bodies of the Supervisory Board of NLB and discuss the materials and proposals of the Management Board for the meetings of the Supervisory Board, prepare the proposed resolutions for the Supervisory Board, implement them, and perform other expert tasks for the Supervisory Board.

Each committee is composed of at least three members of the Supervisory Board of NLB. Their areas of activity and scope of authorities, composition, functioning, and other issues are regulated by the

rules of procedure of individual committees adopted by the Supervisory Board of NLB. The Supervisory Board member - workers' representative is appointed to the committees of the Supervisory Board by the Workers' Council of the Bank.

Audit Committee

The Audit Committee monitors and prepares draft resolutions for the Supervisory Board on accounting reporting, internal control and risk management, internal audit, compliance, and external audit, and supervises the implementation of the regulatory measures.

Risk Committee

The Risk Committee monitors and drafts resolutions for the Supervisory Board in all areas of risk relevant to the Bank's operations. It is consulted on the current and future risk appetite and the risk management strategy, and it helps carry out control over senior management concerning implementation of the risk management strategy.

Nomination Committee

The Nomination Committee drafts proposed resolutions for the Supervisory Board of NLB concerning the appointment and dismissal of the Management Board members, recommends candidates for Supervisory Board members, recommends to the Supervisory Board of NLB the dismissal of the members of the Management Board of NLB and the Supervisory Board of NLB (shareholder representatives), prepares the content of executive employment contracts for the President and members of the Management Board of NLB, evaluates the performance of the Management Board of NLB and the Supervisory Board of NLB, and assesses the knowledge, skills and experience of individual members of the Management Board of NLB and Supervisory Board of NLB and the bodies as whole.

Remuneration Committee

The Remuneration Committee carries out expert and independent assessments of the remuneration policies and practices and formulates initiatives for measures related to improving the management of the Bank's risks, capital, and liquidity; prepares proposals for remuneration-related decisions of the Supervisory Board of NLB; and supervises the remuneration of senior management performing the risk management and compliance functions.

Operational and IT Committee

The Operational and IT Committee monitors and prepares draft resolutions for the Supervisory Board of NLB with the following principal tasks: monitoring the implementation of the IT Strategy, Information Security Strategy and Operational Strategy, monitoring the key operations and the key performance indicators of IT and the service quality indicators, monitoring of key risks in the area of operations, IT and security, monitoring recommendations for ensuring and increasing the level of information/cyber security issued by the Chief Information Security Officer (CISO), discussing the report on potential violations, events and incidents in the area of information security and monitoring the implementation of the target operational model in the IT area, the security operating system, the competence centre and the operations.

c) Conflict of interest management

The Supervisory Board of NLB acts in accordance with the highest ethical standards of management, considering the prevention of conflicts of interest. The conflict of interests is regulated by Article 6 of the Rules of procedure of the Supervisory Board of Nova Ljubljanska banka d.d. (February 2023, hereinafter: Rules of procedure). Each member of the Management Board and the Supervisory Board must avoid any circumstances that could lead to a conflict of interests. Should such circumstances arise, the conflict must be immediately disclosed in accordance with the above-mentioned rules and the Slovenian Corporate Governance Code for Listed Companies and propose or adopt the necessary measures to eliminate the conflict of interests.

In the previous year, the Supervisory Board detected three potential conflicts of interests which were treated and managed with maximum diligence. When deciding on individual issues at the meetings of the Supervisory Board of NLB, its members followed the general rules of corporate governance concerning conflicts of interests by informing the Supervisory Board of NLB about the existence of conflict of interests in advance in each case. Throughout the year, the members of the Supervisory Board of NLB adopted preventive measures to prevent potential conflict of interest that could affect their decisions, they did not adopt specific materials, did not participate in the discussions of particular topics or were excluded from the discussion or adoption of a decision about an issue.

All members of the Supervisory Board signed a Statement of Independence in which they expressed their position on the fulfilment of the criteria on the conflicts of interest specified in Annex B to the Slovenian Corporate Governance Code for Listed Companies. In the Statement they also stated that they consider themselves independent and that they are professionally competent for the work in the Supervisory Board and that they have enough experience and know-how for such work. Signed statements are published on the Bank's website website (<https://www.nlb.si/corporate-governance>).

d) Operating procedures of the Supervisory Board

The operating procedures, method of work, convening of meetings and other matters relevant to its work are covered by the Rules of procedure. Among other, the said Rules of procedure also regulate the content of the "Welcome Package" for the new members of the Supervisory Board who assume the position, the elections of the chair and deputy chair of the Supervisory Board, the committees and ad hoc working bodies for the special tasks, the rotation of members among the committees, conflict of interest management, organisation of regular, extraordinary and correspondence meetings, attendance at meetings, preparation of materials for adopting decisions, defining the language of the meeting, method of voting at the meeting, recording and storing the minutes, recording of meetings, storing documentation.

Method of work, convocation of meetings and other procedures important for the work of individual committees of the Supervisory Board are regulated by Rules of Procedure of the Committees of the Supervisory Board of NLB d.d. (February 2023). As a rule, committees operate in meetings that may be confidential if the chair adopts such a decision. The resolutions are finalised and submitted to the Supervisory Board members before the Supervisory Board meeting that follows the Committee meeting. Committee meeting is minuted. The clean copy is approved at the next meeting of the Committee or at one of the subsequent meetings. After approval, the minutes are signed by the Chair of the Committee.

e) Self-assessment by the Supervisory Board

Activities from the last self-assessment of the Supervisory Board performed are implemented and successfully completed. Required improvements outlined in the self-assessment process significantly contributed to the improvement of the work of the Supervisory Board.

f) Position of the Supervisory Board on the Corporate Governance Statement of NLB⁵

The Corporate Governance Statement of NLB is drafted in accordance with the provisions of the fifth paragraph of Article 70 of the Companies Act. The Supervisory Board of NLB discussed the NLB Corporate Governance Statement of NLB at its meeting on 23 February 2023 and had no additional comments to it. The NLB Corporate Governance Statement of NLB was unanimously adopted. The said statement is a part of the business report of the NLB Group Annual Report 2022 and is also published separately on the Bank's website (www.nlb.si/corporate-governance).

⁵ *In line with the Recommendation No. 5 of the Slovenian Corporate Governance Code for Listed Companies,*

Conclusions:

The Supervisory Board of NLB⁶ acknowledged the Report of The Auditing Company Ernst & Young to the NLB Group Annual Report 2022 and had no comments to it.

Following a detailed examination and final verification⁷ of the NLB Group Annual Report 2022, the Supervisory Board of NLB had no comments and approved the report, which means that the said report is adopted. The Supervisory Board also examined the proposal of the Management Board for the allocation of distributable profit for 2022 and approved it.

The Supervisory Board hereby proposed to the General Meeting of Shareholders to acknowledge the Report of the Supervisory Board of NLB on the results of the examination of the NLB Group Annual Report 2022.

The Supervisory Board of NLB discussed the Corporate Governance Statement of NLB and had no additional comments to it.

Resolutions:

The Supervisory Board hereby proposes to the General Meeting of Shareholders to acknowledge the Report of the Supervisory Board of NLB on the results of the examination of the 2022 NLB Group Annual Report.

Ljubljana, 13 April 2023



Primož Karpe
Chairman of the Supervisory Board of NLB

⁶ in accordance with the second paragraph of Article 282 of the Companies Act

⁷ in accordance with the second paragraph of Article 282 of the Companies Act