

Report of the Supervisory Board of NLB d.d. on the results of the examination of the NLB Group Annual Report for 2023

Pursuant to the provisions of the Companies Act (hereinafter: **ZGD-1**) and the relevant Slovenian 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 2023 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 of NLB on the findings of the examination referred to above.

a) NLB Group Annual Report for 2023

The Audit Committee of the Supervisory Board of NLB acknowledged the unaudited data on the operations of the NLB Group in 2023 on its session dated 21/02/2024 and the Supervisory Board on its session dated 22/02/2024.

On its session dated 11 April 2024, the Supervisory Board of NLB discussed the NLB Group Annual Report 2023 and the attached Auditor's Report prepared by the company KPMG, d.o.o., Ljubljana (hereinafter: KPMG). The Supervisory Board of NLB examined the NLB Group Annual Report 2023. The audited financial data for 2023 shows that despite the uncertainties caused by decelerated economic growth, and high inflation, NLB Group once more demonstrated its resilience and delivered strong results. The successful performance of NLB Group can be attributed to the vigorous emphasis on prudent risk management and unwavering focus on maintaining high asset quality, strong capital base and robust liquidity position, while remaining committed to ever-improving excellent customer services and embracing opportunities for further growth.

NLB Group performed strongly in the full year 2023 with EUR 550.7 million of result after tax (22.7% or 101.8 million EUR more than previous year). 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. Strong business results of NLB Group in 2023 call for a positive reflection on the one hand, and an awareness of even greater responsibility of the hard-working team on the other. They enable us to significantly increase our dividend payments to 40% pay-out ratio of previous years' profit after tax, which in 2024 translates to EUR 220 million in dividends. This represents a 100% increase from dividend payments made in 2023 or more than 75% of the so far guidance for the cumulative payment until the end of 2025, while at the same time retaining stable organic and/or M&A driven growth capacity.

b) Auditor's Report

Immediately after the drafting, the Management Board submitted the NLB Group Annual Report 2023 to the Supervisory Board. Since it must be audited, the Auditor's Report of the company KPMG was attached with the report as well. Furthermore, the Management Board also attached with the NLB Group Annual Report 2023 the proposal for the allocation of distributable profit, which will be submitted to the General Meeting of Shareholders of NLB².

The NLB Group Annual Report for 2023 comprises of: 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 December 2023, 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.

¹ Slovenian Corporate Governance Code for Listed Companies (December 2021, valid as of 01/01/2022)

² In line with the provisions of Article 272 of the ZGD-1 (paragraph 3)

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 2023 and approved it.

The distributable profit of NLB as of 31 December 2023 amounts to EUR 1,116,689,206,62 and consists of net profit for 2023 in the amount of EUR 514,286.904,34 retained earnings from previous financial years in the amount of EUR 405,463,762,89 and effect of the merger of the N Banka d.d. in the amount of EUR 204,903,789,79, reduced for the interests of subordinated bonds issued, which are considered instruments of additional basic capital in the amount of EUR 7,965,250,40.

Distributable profit in the amount of EUR 1,116,689,206,62 shall be allocated as follows:

- part in the amount of 110.000.000,00 EUR, which is EUR 5.5 gross per share, shall be paid out as dividends on 25 June 2024 to the persons who are registered as the Shareholders of NLB with the KDD - Central Securities Clearing Corporation, LLC., on the day that is 5 working days after the day of the General Meeting of Shareholders of NLB that adopted this resolution (24 June 2024, Cut-Off Date);
- part in the amount of 172.810.000 EUR is allocated to other profit reserves (in the amount of negative goodwill from the purchase of N Banka d.d.);
- the remaining part of distributable profit in the amount of EUR 833.879,206,62 remains undistributed and represents retained earnings.

With regard to the dividend payment, the day of announcement of the corporate action to the Central Securities Clearing Corporation system members is the first working day after the close of session of the General Meeting of Shareholders of NLB at which this resolution was adopted (18 June 2024) and the day without entitlement is the last working day prior to Cut-Off Date (21 June 2024).

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), the Articles of Association of NLB and the EBA Guidelines of Internal Governance⁴. 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. The work and decision-making of the Supervisory Board was to monitor and constructively challenge the objectives of NLB and the NLB Group in line with its development strategy and plans, legislation, good corporate governance practices, and applicable byelaws.

The role of the Supervisory Board of NLB is to:

- monitor and constructively challenge the strategy and objectives of the NLB Group;
- oversee and monitor the Management Board decision-making and actions, including monitoring and scrutinising its individual and collective performance;
- constructively challenge and critically review proposals and information provided by members of the Management Board, as well as its decisions;
- ensure and periodically assess the effectiveness of the Bank's internal governance framework and take appropriate steps to address any identified deficiencies;
- oversee and monitor that the Bank's strategic objectives, organisational structure and risk strategy, its risk appetite and risk management framework, as well as other policies (e.g. remuneration policy, diversity policy) and the disclosure framework are implemented consistently;
- monitor that the risk culture of the Bank is implemented consistently;
- oversee that identifying, managing and mitigating money laundering and financing of terrorism risk is part of sound internal governance arrangements and Bank's risk management framework.

³ In accordance with the second paragraph of Article 282 of the ZGD-1, the supervisory board must indicate in the report how and to what extent it examined the management of the company during the business year

⁴ Final Report on Internal Governance under Directive 2013/36/EU, (EBA/GL/2021/05), 2nd July 2021

- oversee the implementation of a NLB Group Code of Conduct and Policy on Conflict of Interest Management and Corruption Prevention in NLB d.d. and NLB Group, to identify, manage and mitigate actual and potential conflicts of interest including in the context of loans and other transactions with members of the Supervisory Board and their related parties; as well monitor sound and effective governance arrangements, in particular with regard to gender diversity, money laundering and financing terrorist activities;
- oversee the integrity of financial information and reporting, and the internal control framework, including an effective and sound risk management framework;
- ensure that the heads of internal control functions are able to act independently and, regardless the responsibility to report to other internal bodies, competence lines or units, can raise concerns and warn the Management Board directly, where necessary, when adverse risk developments affect or may affect the Bank; and
- monitor the implementation of the internal audit plan, after the prior involvement of the Risk and Audit committees.
- monitor the performance of the IT-systems and business continuity management.

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,
- 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).

Meetings allow the Supervisory Board members to voice their opinions and concerns while working to reconcile differences to pass appropriate resolutions.

We received all requisite data, reports, and information in 2023 and were provided with all necessary technical and organisational support to us. A secure digital platform, EDMS Board Point, was used throughout the year to disseminate materials and work support. The Management Board sent the materials ten days before each session of the Supervisory Board meeting.

The members regularly attended the meetings and actively participated in them. Further information on attendance on sessions of the Supervisory Board is available in the 'Corporate governance statement' section, table 'Composition of Supervisory Board of NLB as of 31 December 2023'. The Management Board members and the Supervisory Board Secretary were present at the meetings. External auditors (the audit partner and an audit coordinator) attended the meetings as rapporteurs when adopting the annual report. Internal control functions have access to the Supervisory Board in the manner stipulated by the banking regulations. They regularly (quarterly) report to the Supervisory Board about their work. Head of Internal Audit, Head of Global Risk, Head of Compliance, AML/CFT and the CISO Officers at the NLB and the NLB Group Level also attended meetings as rapporteurs when mandatory topics concerning internal audit, global risk, compliance, AML/CFT or CISO were on the agenda.

Supervisory Board meetings and its committees were held in person at the registered office of NLB, on-line (Teams meeting) or combined version ("hybrid sessions").

The Supervisory Board was constantly improving its work in compliance with best corporate governance practice and requirements for banks. We adopted activities and improved processes to bring them in line with the updated Slovenian Corporate Governance Code for Listed Companies that entered into force on 1 January 2022.

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 Companies⁵ which is the reference governance code for the NLB.

a) Activities of the Supervisory Board during the year

In 2023, the Supervisory Board held seven regular and nine correspondence sessions. Through the year, the Supervisory Board monitored the implementation and effectiveness of the NLB Group's Strategy and adopted regular NLB Group Sustainability Implementation Update and NLB Group Payments Progress update. The Supervisory Board issued approvals to the Management Board related to the Bank's Business Policy and the NLB Group 2024 Budget and Financial Projections 2025 - 2028, adopted NLB Group Annual Report for 2022, and NLB Group Sustainability Report 2022, the Annual Internal Audit Plan and Plan of Compliance & Integrity, and adopted Comprehensive Opinion of the Internal Audit.

In order to implement effective corporate governance arrangements, the Supervisory Board acted within its powers to ensure that the bank's business goals, strategies and policies were properly coordinated with the strategies and policies for assuming and managing risks. The Supervisory Board was regularly informed on risk profile of the Group and corresponding types of risk to steer the Group's fulfilment of internal strategic objectives and fulfil all external requirements. Consequently, following items were discussed and adopted – NLB Group Risk appetite, NLB Group Risk strategy, ICAAP and

⁵ Recommendation no. 14.12 of the Slovenian Corporate Governance Code for Listed Companies

ILAAP of NLB Group, Recovery Plan of NLB Group, regular Risk reports for NLB and NLB Group, other relevant risk reports and information on Pillar III Disclosures.

Through the year the Supervisory Board acknowledged regular reports on documents received from the regulator(s), namely Bank of Slovenia and ECB and the implementation of the requirements of regulators. As a systemically important institution, the Group was included in the ECB Stress Test exercise aiming to assess the resilience of the financial institution, performed in H1 2023. The Supervisory Board was acquainted with the exercise, where the results showed that even in a very unfavourable market condition defined by the EBA and ECB, the Group holds sufficient resilience in terms of capitalisation.

The Supervisory Board adopted decisions with regards to the convocation of the two General Meetings of Shareholders of NLB. At the General Meeting of Shareholders of NLB dated 11 June 2023 the mentioned General Meeting acknowledged itself with the Annual Report 2022, the Report of the Supervisory Board and the Additional information to the Report on remuneration. The General Meeting of Shareholders of NLB adopted decision on the allocation of distributable profit for 2022 and granted a discharge from liability to the Management Board and the Supervisory Board. The General Meeting of Shareholders of NLB acknowledged the adopted Internal Audit Report for 2022 and the positive opinion of the Supervisory Board of NLB granted with the resolution of the Supervisory Board adopted on 23 February 2023 **and** confirmed the Report on remuneration in business year 2022. The General Meeting of Shareholders of NLB adopted decisions on the four proposed candidates for the Supervisory Board and determined payments to members of the Supervisory Board of NLB and its committees. The General Meeting of Shareholders of NLB dated 11 December 2023 adopted decision on the allocation of second tranche of the distributable profit for 2022 and approved 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., whereby the vote on this resolution was of a consultative nature.

During the year, the Supervisory Board adopted periodic reports of the Internal Audit, Compliance, 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. It also adopted Internal Audit's Annual Report for 2023; Internal Audit Plan (2024 & long - term plan, Action Plan for Compliance & Integrity for 2024; Regular periodic reports on Internal Audit; Compliance and Security,

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 regularly adopts decisions related to sustainability and ESG issues.

Throughout the year, the Supervisory Board 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.

To ensure transparent decision-making at sessions of the Supervisory Board and at sessions of committees on which they sit, members of the Supervisory Board in particular take account all necessary precautionary measures to avoid conflicts of interest (described further down below).

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 2023 within its powers and efficiently supervised the Bank's and the NLB Group's management and operations.

b) Internal organisation of the Supervisory Board

The Supervisory Board is composed of 10 members. Eight members are representatives of shareholders (elected and recalled by the General Meeting from persons proposed by shareholders or the Supervisory Board) and two members are representatives of employees (elected and appointed by the NLB Workers' Council).

At the beginning of 2023, the Supervisory Board of NLB consisted of 10 members, of which eight were representatives of shareholders and two were representatives of employees. On 31 December 2023,

the Supervisory Board of NLB consisted of Primož Karpe (the Chairman), Shrenik Dhirajlal Davda (Deputy Chairman), David Eric Simon, Mark William Lane Richards, Verica Trstenjak, Islam Osama Zekry, Cvetka Selšek and André-Marc Prudent-Toccanier, and Sergeja Kočar and Tadeja Žbontar Rems as the representatives of the employees.

Members of the Supervisory Board as a whole cover an adequately wide range of knowledge, skills, and professional experience of its members. The Supervisory Board is composed with regard to the following criteria: experience, reputation, management of potential conflicts of interest, independence, available time and collective suitability. Their knowledge is wide-ranging and covers various fields, including banking, finance, law, management and IT. They have managed and supervised banking, insurance, investment and industrial companies throughout their respective careers. The members of the Supervisory Board have a high level of personal integrity, a suitable share of members of the Supervisory Board have international experience and have suitable geographical experience. The representation of women in Supervisory Board (on 31 December 2023) is 40%.

Detailed information about the composition of the Supervisory Board of NLB can be found in the Corporate Governance Statement of the NLB (Attachment 1 Composition of the Supervisory Board as of 31 December 2023) as well as in the Chapter 7 (provision of Diversity in the Management Body and senior management).

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.

Detailed information about the membership in the committees of the Supervisory Board is in the 'Corporate Governance Statement of NLB', as well as in attachment to it 'Composition of Committees of the Supervisory Board of NLB'.

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.

There were six regular, one extraordinary and three correspondence sessions of the Audit Committee in 2023. The following is a summary of key topics considered by the Audit Committee:

- NLB Group 2022 Annual Report, Key Performance Indicators; Comprehensive Opinion of Internal Audit for 2022; Internal Audit Annual Report for 2022; Corporate Governance Statement of NLB; Statement on Management of Risk of the NLB, The NLB Group Sustainability Report for 2022;
- Report of the of the Audit Committee of the Supervisory Board of NLB to the Supervisory Board of NLB about the statutory audit for financial year 2022; Changes to fees for statutory audit on NLB Group level; Annual Report for the 2022 ECRA – general risk assessment regarding integrity and compliance operations at NLB and NLB Group; Audit planning for 2023 financial statements;
- Regular interim reports on the operations of the NLB Group and Business Performance Indicator for NLB and NLB Group, Quarterly Internal Audit Reports, Compliance and Integrity Reports, Reports on Information

- security assurance in NLB; Assessment of the NLB Group identified employees in control functions for 2022; Approval of the payment of deferred variable part for Directors in control functions;
- NLB Group Internal Audit Plan (2024 & long-term), Action Plan for Compliance and Integrity Centre for 2024;
- Regular reports on overdue material recommendations of the Internal Audit; Reports on the documents received from the BoS and ECB and on the implementation of the requirements of regulator; Changes to the Policy of the Internal Controls System; Report on the court proceedings exceeding EUR 0,5 million; Reports on Restructuring of TOP 20 clients;
- Information about the costs of the Management Board and Supervisory Board;
- Revision of Rules on the Prevention of Market Abuse and Supervision over the Implementation of Personal Transactions in the Provision of Investment Services and Transactions in NLB d.d.; Revision of the Policy Internal control system;
- Self-assessment of the Audit Committee for 2022,

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.

There were five regular sessions of the Risk Committee in 2023. Following is a summary of key topics considered by the Risk Committee:

- Risk Management Strategy of the NLB Group; Risk Appetite of the NLB Group; Risk dashboard of NLB and NLB Group; IT Security Architecture and Protection of NLB Group; Report on status information security in NLB and NLB Group;
- Internal liquidity adequacy process (ILAAP), The Internal Capital Adequacy Assessment Process (ICAAP) in NLB Group; NLB Group Recovery plan for 2022; Statement of Management of Risk of the NLB; ECB stress test findings related topics;
- Regular quarterly risk reports of NLB and the NLB Group; Pillar III Disclosures of the NLB Group for 2022 and Acknowledgement of quarterly Pillar III Disclosures; Information on status of information security in NLB and NLB Group;
- Confirmation of goals of identified employees;
- Report on Top 50 groups of clients by exposure in the NLB Group; Report on Top 20 largest restructuring cases; Report on the material court proceedings for NLB and NLB Group members;
- Information of the assessment of the NLB Group and NLB results and identified employees in control function for the year 2022; Approval of the payment of the deferred variable part of the salary for the Director of the Global Risk;
- Changes to Risk Appetite of the NLB Group; NLB Group Non-Performing Exposure and Foreclosed Assets Strategy for the period 2023 – 2025; Proposals for the issuance of prior consent of the Supervisory Board of NLB for legal transactions based on Banking Act (ZBan-3) for large exposures, transactions with NLB Group members and; prior consent to conclude legal deal with MIGA.

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.

There were five regular sessions of the Nomination Committee in 2023. The following is a summary of key topics considered by the Nomination Committee:

- Determination and the appointment of the Deputy President of the Management Board of the Bank;

- Fit and proper assessment - Candidates for members of the Supervisory Board of NLB;
- The reassessment of suitability of the Supervisory Board member;
- Compliance and integrity – prolongation of mandate
- Annual review of the Diversity Policy;

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.

There were five regular and two correspondence sessions of the Remuneration Committee in 2023. The following is a summary of key topics considered by the Remuneration Committee:

- Proposed goals of the NLB Group for 2023; Assessment of goals for the members of the Management Board of the NLB for 2022; Proposal for Annual self-assessment of identified employees;
- Confirmation of financial goals of the NLB Group, financial goals of NLB and goals for each member of the Management Board of NLB for 2022; Confirmation of the assessment of the NLB Group and NLB results and identified employees in control function; Confirmation of goals of identified employees in controlled and supervisory functions;
- Salary increase of director of a controlled function; Awarding of variable pay to the Management Board members for financial years 2019 and 2020 in instruments;
- Remuneration Policy for Employees of NLB d.d. and the NLB Group – annual review; Report on the implementation of the NLB remuneration policy to the NLB Group members.

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.

There were five sessions of the Operations and IT Committee 2023. The Operations and IT Committee acknowledged itself with:

- IT Strategy update; Procurement Strategy;
- Review of IT KPIs and Business Priorities; Data/BI remediation progress update; Report on process metrics;
- Information on the achievement of goals for 2022 in the area of Information Technology in the Group;
- Performance Metrics; Data/BI remediation progress update;
- Customer relationship management – Project update;
- Payment IT strategy update; Payment transactions – analysis of process of optimization;
- Information on Afina – NBanka integration; Digital Banking Platform status; Artificial Intelligence and advance analytics activities and plans in NLB Group; BIT project rollout; OMNI project; Web project readiness assessment.

c) Conflict of interest management

According to Articles of Association (Article 16) all the Supervisory Board members must be independent experts. Persons representing the interests of employees in the Supervisory Board are considered as independent despite the existence of an employment relationship with the Bank if they fulfil other terms and conditions.

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) and the Policy on Conflict-of-Interest Management and Corruption Prevention in NLB d.d. and NLB Group (March 2023). 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.

Members of the Supervisory Board undergo fit and proper assessments before assuming their roles, with ongoing evaluations during their tenure, including an assessment of the conflict of interest. Strict protocols govern transactions involving NLB Group members and members of the Supervisory board or persons related to them to ensure diligence and transparency.

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, were excluded from the discussion or adoption of a decision about an issue or they did not receive certain materials that could give rise to a conflict of interest.

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 (<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 Supervisory Board of NLB d.d. 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. Minutes are made after each session and sent to the members of the committees in 10 working days. Minutes are 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

According to recommendation of the Slovenian Corporate Governance Code for Listed Companies (recommendation no. 16.4) the Supervisory Board carried out a self-assessment of the functioning of the NLB's Supervisory Board and Audit Committee in January (individuals filling-out the questionnaires) and February 2024 (workshop) with the engagement of the external experts from Slovenian Directors' Association (SDA), as confirmed by Supervisory Board in November 2023.

The results of the evaluation in 2023 and the workshop show that the Supervisory Board is performing at a high level, in line with legal requirements and recommendations of the Slovenian Corporate Governance Code for Listed Companies, however there are few areas where further improvements can be made. An action plan for 9 areas with 10 recommendations has been prepared that was adopted by the Supervisory Board on 21 March 2024, with the latest due date for its completion at the end of 2024.

The action plan lists activities that, in accordance with the findings of the self-assessment process of the Supervisory Board, can contribute to the additional improvement of the functioning of the Supervisory Board.

f) Position of the Supervisory Board on the Corporate Governance Statement of NLB⁶

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 Audit Committee of the Supervisory Board of NLB discussed the NLB Corporate Governance Statement of NLB at its meeting on 20 March 2024 and the mentioned statement was adopted on session of the Supervisory Board of NLB on 21 March 2024 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 2023 and is also published separately on the Bank's website (www.nlb.si/corporate-governance).

Conclusions:

The Supervisory Board of NLB⁷ took note of the Report of The Auditing Company KPMG to the NLB Group Annual Report 2023 and had no comments to it.

Following a detailed examination and final verification⁸ of the NLB Group Annual Report 2023, 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 2023 and approved it.

The Supervisory Board hereby proposed to the General Meeting of Shareholders of NLB to take note of the Report of the Supervisory Board of NLB on the results of the examination of the NLB Group Annual Report 2023.

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

Resolution:

- 1. The Supervisory Board of NLB d.d. hereby proposes to the General Meeting of Shareholders of NLB d.d. to take note the Report of the Supervisory Board of NLB d.d. on the results of the examination of the 2023 NLB Group Annual Report.**



Ljubljana, 11 April 2024

Primož Karpe
Chairman of the Supervisory Board of NLB d.d.

⁶ In line with the Recommendation No. 5 of the Slovenian Corporate Governance Code for Listed Companies,

⁷ in accordance with the second paragraph of Article 282 of the ZGD-1

⁸ in accordance with the second paragraph of Article 282 of the ZGD-1