

Corporate Governance Statement of NLB

Pursuant to Article 70, paragraph 5 of the Companies Act (ZGD-1)¹ NLB hereby gives the following Corporate Governance Statement of NLB d.d. as part of the Business Report of the NLB Group Annual Report 2023. The main function of this statement is the prompt informing of investors on the coherence of the Bank's corporate governance system.

1. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

1.1. References to the Code on Corporate Governance

The recommended best corporate governance practices contribute to a transparent and understandable corporate governance system, which promotes both domestic and foreign investor confidence, as well as the confidence of employees, other stakeholders (shareholders, regulators, suppliers, etc.), and the public. A decision on which code the Bank will follow was made jointly by the Management and Supervisory Boards of the Bank by adopting the Corporate Governance Policy of NLB.² Last year, the Corporate Governance Statement of NLB was made according to the renewed version of the Slovenian Corporate Governance Code for Listed Companies.

Compliance with the Slovenian Corporate Governance Code for Listed Companies is explained in this statement on a "comply or explain basis," in which the Bank provides an explanation regarding deviations, reasoning for non-compliance with a certain recommendation, or alternative practices performed mostly due to stricter banking regulation. The statement refers to the Bank's system of corporate governance from the beginning to the end of financial year, which also corresponds to the beginning and the end of the calendar year (from 1 January until 31 December).

The Corporate Governance Statement of NLB is included in the Business Report of the NLB Group Annual Report, and is also published as a separate report on the Bank's website in the chapter [Corporate Governance](#).

NLB strives to increase the level of its business transparency and informs the shareholders and other expert community in line with the Guidelines on the Disclosure for Listed Companies (Ljubljana Stock Exchange, 18 December 2020) on an electronic communications system of the [Ljubljana Stock Exchange \[https://ljse.si/en/rules-and-regulations/252\]](https://ljse.si/en/rules-and-regulations/252), and in line with Rules and Regulation of the Luxembourg Stock Exchange, as well as in line with the Rules of the London Stock Exchange through Regulatory News Services (RNS) of the London Stock Exchange.

NLB also upholds its own code of conduct. The [NLB Group Code of Conduct](#), which was revised in May 2023, is a standardised document for all members of the Group that defines values, lays down the standards of ethical business conduct, and serves as the guideline for all our relationships regardless of whether it involves clients, competitors, business partners, state authorities, regulators, shareholders, or internal relationships between employees. At the same time, it is the basis of the Group values and basic principles of conduct which provide specific conduct guidelines to its employees. The aim of this approach is to ensure compliance with all applicable laws, regulations, and standards, and is published on the [Bank's website](#).

The Corporate Governance system of the Bank and all relevant information on Bank's management that exceeds the requirements of article 70 of the Companies Act (ZGD-1) are published in the chapter of [Risk Management](#) of this annual report, where ESG Risk Management for the year 2023 is described, as well as in the [Sustainability](#) chapter of this annual report, and the [NLB Group Sustainability Report 2023](#). Some other aspects about the functioning of the Bank's managing bodies are described in the chapter on [Corporate Governance](#) of this annual report, as well as in the Corporate Governance Policy of NLB published on [NLB's website](#). Information on the Diversity Policy and Remuneration Policy and ESG risks is also described in the [Pillar 3 Disclosures](#), according to Basel standards.

¹ The Companies Act (ZGD-1; *Official Gazette of the RoS*, No. 65/09 and consecutive changes).

² February 2023.

2. COMPLIANCE WITH THE SLOVENIAN CORPORATE GOVERNANCE CODE FOR LISTED COMPANIES

The Bank does not follow, or partially implement, or adhere to different, in most cases stricter, banking regulations with regard to the following recommendations:

Recommendation 5.6: NLB does not provide an external assessment of the adequacy of the Corporate Governance Statement of NLB at least every three years since NLB is a systemically important bank with demanding regulation that takes into account high standards of corporate governance. The Bank is highly regulated by a regulator and examined by the external auditor.

Recommendation 7: The Bank has publicly disclosed its strategic document which serves as the overarching framework for sustainability management, replacing the previous NLB Sustainability Framework. The Bank has also started activities to develop the comprehensive NLB Group Net-Zero Strategy in line with the Bank's commitment to a climate-positive future and its net-zero ambition, following UNEP FI – NZBA guidance and methodology. In December 2023, NLB Group published the first NLB Group Net-Zero Disclosure Report which provides a comprehensive overview of the Bank's efforts and progress towards transitioning the operational and attributable GHG emissions from lending and investment portfolios to align with pathways that are consistent with achieving net-zero by 2050 or sooner.

Recommendation 7.2: The Sustainability Policy in NLB d.d. and NLB Group was adopted by the Management Board and the Supervisory Board of the Bank.

Recommendation 7.4: The Sustainability Policy of NLB d.d. and NLB Group contains basic due diligence guidelines and measures for identifying risks and prevention of serious harm in relation to areas covered. Additionally, due diligence guidelines and measures for identifying risk are further elaborated in the Policy on the Respect for Human Rights in NLB and the NLB Group (December 2023), and in the Policy on Conflict-of-Interest Management and Corruption Prevention of NLB d.d. and the NLB Group (April 2023).

Recommendation 12.1: In assessing a candidate's eligibility to be a Supervisory Board member, statutory criteria are applied, however, according to the Policy to Assess the Suitability of the Management and Supervisory Board Members in NLB (June 2022), it is not necessary for candidates to have a certificate evidencing their specialised professional competence for membership on a Supervisory Board, such as the Certificate of Slovenian Directors' Association, or any other relevant certificate. However, all strict conditions must be fulfilled according to banking legislature, including the wide range of knowledge, skills, and experience.

Recommendation 14.2: Currently, valid Rules of Procedure of the Supervisory Board of NLB (2023) are prepared according to strict rules governing banks. They do not include provisions on the Agreement on access to the archives after expiration of the term of office of the members of the Supervisory Board, as the access to the archives after expiration of the term of office is determined by the provisions of the Rules of Procedure of the Supervisory Board of NLB and not in a special agreement.

Recommendation 14.3: The Rules of Procedure of the Supervisory Board of NLB do not include the scope of topics and timeframe to be respected by the Management Board in its periodic reporting of the Supervisory Board. However, the scope of topics and time frames of periodic reporting to the Supervisory Board are included in annual Action Plan of the Supervisory Board. Competent organisational units of the Bank take care that timely information is provided to the Supervisory Board.

Recommendation 14.4: In 2023, the NLB Workers' Council did not report to the Supervisory Board despite being prompted. The NLB Workers' Council will inform the professional services of NLB if it will have the intention to report to the Supervisory Board in the future.

Recommendation 14.6: Access to the archives after expiration of the term of office of the members of the Supervisory Board is determined by the Rules of Procedure of the Supervisory Board of NLB. Members of the Supervisory Board do not sign a special Agreement on the access to the archives upon taking up the position. See also Recommendation 14.2 above.

Recommendation 17.6: Decisions discussed at the meeting are always available to members of the Supervisory Board in the bank's information system. As soon as it is possible, but no later than two working days after the meeting of the Supervisory Board, the Secretariat prepares copies of the decisions adopted at the meetings of the Supervisory Board and forwards them to the proposer and all recipients listed in each decision. An employee of the Secretariat, who is present at the meeting, approves the amendments to the resolutions and thereby confirms the consistency of the content of the resolutions adopted at the meeting.

Recommendation 19.1: In 2023, the Supervisory Board members (representatives of capital and representatives of workers) did not receive attendance fees, but received payments for performing their function based on the decisions of the General Meeting of shareholders dated 21 October 2019, 15 June 2020, and 11 December 2023. Remuneration of the members of the Supervisory Board is regulated by the Articles of Association and 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.³

Recommendation 20: Minutes of the Supervisory Board are taken by a professional employee of the bank who was specified by the Management Board to the Supervisory Board to assist in the implementation of the Supervisory Board's tasks.

Recommendation 23.5: In accordance with regulations and the Remuneration Policy of the Members of the Supervisory Board of NLB d.d. and the Members of the Management Board of the NLB d.d, in 2023, NLB awarded to the members of its Management Board 50% of their variable remuneration in share-linked instruments: 50% of such instruments were handed over to the members of the Management Board without any deferral, and the remaining 50% of such instruments will be handed over to the members of the Management Board during a 5-year deferral period.

Recommendation 26.6: The Bank maintains a list of transactions with related persons according to the Banking Act (ZBan-3). A list of transactions with related persons is submitted to the Supervisory Board by special demand.

Recommendation 30.4: NLB draws up its [Financial Calendar](#), which is published on the Banks' website, and includes the date of the Annual General Meeting. However, it doesn't provide information on the dividend payment date. Date is announced in the publication of the Agenda and Proposed Resolutions to be passed at the [Annual General Meeting](#). The dividend payment date is determined based on KDD's Operations Rules (Central Securities Clearing Corporation).

Recommendation 32.7: NLB does not publish the rules of procedure of its bodies (Management Board and Supervisory Board and its committees) on its website. However, each year the Bank discloses the composition, competences, and work of its managing bodies in the Corporate Governance Statement of NLB and publishes it in the NLB Group Annual Report, on the [Bank's website](#), as well as on the web page of the [Ljubljana Stock Exchange](#).

3. MAIN FEATURES OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO FINANCIAL REPORTING

NLB is governed by the provisions of the Capital Requirements Regulation (CRR), with amendments, together with all applicable delegated acts, the Banking Act (ZBan-3) and the Regulation on Internal Governance Arrangements, the Management Body and the Internal Capital Adequacy Assessment Process for Banks and Savings Banks regulating, and relevant EBA Guidelines, among other, the Bank's obligation to set up, maintain appropriate internal control, and risk management systems. Due to the above, the NLB has developed a steady and reliable internal governance system encompassing the following:

3.1. Internal control mechanisms

Suitability of the internal control mechanisms are determined by the independence, quality, and validity of:

³ The second version was adopted by the Supervisory Board on 19 October 2022 and approved by the General Meeting of shareholders on 12 December 2022. The third version was adopted by the Supervisory Board on 26 October 2023 but was not approved by the General Meeting of shareholders on 11 December 2023. Since the voting is of consultative nature it has entered into force and is applicable as of 1 January 2024.

- the rules for and controls of the implementation of the Bank's organisational, business, and work procedures (internal controls), and
- the internal control functions and departments (internal control functions).

3.1.1. Internal Controls

The policy entitled "Internal Control System" defines a system of internal controls as set of rules, procedures, and organisational structures. The system of internal controls in NLB is designed to ensure that for each key risk there is a process or other measure to reduce or manage that risk and that process or measure is effective for that purpose.

Mentioned policy introduces a new description of the three lines of defence, namely:

1. First-level (or line) controls are implemented into business and non-business organisational units (OU).
2. Second-level controls are divided between Risk Management and Compliance control functions (including AML/CTF and Information security management) that carry out independent controls and supervision over the operation of the first line of defence.
3. The third level of controls is performed by the internal audit function, which assesses and regularly checks the completeness, functionality, and adequacy of the internal control system. An internal audit is completely independent of both the first line and the second-level control functions.

In the event of deficiencies, irregularities, or breaches identified in the process of implementation of internal controls the breaches are discussed at the Operational Risk Committee (which is the collective decision-making body appointed by the Management Board of the Bank that is established for execution of individual tasks within powers of the Management Board of the Bank). The mentioned committee adopts decisions so that appropriate actions are taken, and informs the Management Board of the Bank about deficiencies and actions taken on that behalf.

As NLB advances its commitment to sustainable and responsible banking, updates to the Internal Control System policy, implemented in November 2023, reflect our dedication to ensuring a comprehensive approach to ESG governance, addressing ESG risks, and promoting responsible business practices.

3.1.2. Internal Control Functions

The internal control functions are part of the system of the internal governance in the Bank. Internal control functions include:

a) The Internal Audit Function

The Internal Audit function is organised according to the Charter on the Internal Audit of NLB adopted by the Management Board, to which the Supervisory Board of NLB gave its approval.

The Management Board has set up an independent internal audit function which gives assurances and advice about risk management, internal controls system, and management of the NLB. The mission and the principal task of the Internal Audit is to consolidate and secure the value of the Bank by issuing objective assurances based on risk assessment, with a consultancy and deep understanding of the Bank's operations. In addition, the Internal Audit carries out regular control of the quality of operation of the other internal audit departments in the Group and takes care of constant development of the internal auditing function.

The Supervisory Board of NLB must issue its approval of the appointment, remuneration, and dismissal to the Head of the Internal Audit, which ensures their independence and so, the independence of the work of the Internal Audit.

b) The Risk Management Function

The Risk Management Function is organised according to the Charter of the Risk Management Function of NLB adopted by the Management Board, in agreement with the Supervisory Board of NLB.

The risk management function represents an important part of overall management and governance system in the Group. This function in NLB is organised within the Risk stream, covered by the member of the Management Board in charge of risk (Chief risk officer - CRO).

The risk management function is performed by the Global Risk function. In accordance with the competences, authorisations, and responsibilities Global Risk is represented by its General Manager. Global Risk is in functional and

organisational terms separate from other functions where business decisions are adopted and where potential conflict of interest may arise with the risk management function. The head of the risk management function has direct access to the Management Board of the NLB, and at the same time has unhindered and independent access to the Supervisory Board of NLB and the Risk Committee of the Supervisory Board of the NLB.

Risk management and control is performed through a clear organisational structure with defined roles and responsibilities. The organisation and delineation of competencies is designed to prevent conflicts of interest, to ensure a transparent and documented decision-making process, and is subject to an appropriate upward and downward flow of information. The competence line, Risk Management in NLB, encompasses several professional areas, and is in charge of formulating and controlling the Group's risk management policies, setting limits, overseeing the harmonisation, regular monitoring of risk exposures, and limits based on centralised reporting at the Group level.

In members of the Group, the risk management function is organised according to the local legislation, considering the bases for setup, organisation, and activities in risk management in the members, as defined in the document "Risk Management Standards in the NLB Group."

c) The Compliance Function, Information Security Function, and AML/CTF Function

Compliance and Integrity in the Group in its role as internal control function performs control activities with respect to the main following areas:

- anti-money laundering and counter-terrorist financing (separately for NLB and the Group);
- information security and data protection;
- personal data protection;
- regulatory compliance management;
- prevention of fraud and internal investigations;
- security;
- development of compliance risk methodologies, and setting and monitoring ethics and integrity standards;
- harmonisation of policies and practices within the Group (Competence line Compliance and Integrity).

Compliance and Integrity is an organisational unit of the Bank, placed directly under the Bank's Management Board in the organisational structure. The Bank adopted the Integrity and Compliance Policy of the NLB and the NLB Group, which was revised in December 2023. This Policy regulates the method and scope of the activities of the compliance function in the Bank. Supervision over compliance of operations is within the competence of the Compliance and Integrity. This enables the Compliance and Integrity to operate independently from other Bank's departments.

The Director of Compliance and Integrity does not perform any other function at the Bank that could possibly lead to conflict of interests. To ensure his independence, the Director reports directly to the Management and Supervisory Boards. Additionally, the Director provides regular updates to a designated member of the Bank's Management Board responsible for overseeing compliance area (including information security, personal data protection, and AML/CTF functions). This arrangement provides additional assurance for the independence of the Compliance and Integrity operations.

As information security, AML/CTF, and Group AML functions are organised within Compliance and Integrity, CISO for NLB (Chief Information Security Officer), Group CISO, DPO (Data Protection Officer), the head of the AML/CTF area for NLB, and head of Group AML are ensured full independence through equal reporting lines as the Director of Compliance and Integrity. Following NLB's model, the compliance function was established in the core members of the Group, as well based on the Group standards for the compliance and integrity area.

3.2. Financial reporting

With the aim of ensuring appropriate financial reporting procedures, NLB pursues the adopted Policy on Accounting Controls. The accounting controls are provided through the operation of the complete accounting function with the purpose of ensuring quality and reliable accounting information, and thereby accurate and timely financial reporting. The principal identified risks in this area are managed with an appropriate system of authorisations, a segregation of duties, compliance with accounting rules, documenting of all business events, a custody system, posting on the day of a business event, in-built control mechanisms in source applications, and archiving pursuant to the laws and internal regulations. Furthermore, the policy precisely defines primary accounting controls, performed in the scope of analytical

bookkeeping, and secondary accounting controls, i.e., checking the efficiency of implementation of primary accounting controls. With an efficient mechanism of controls in accounting reporting, NLB ensures:

- A reliable decision-making and operation support system;
- Accurate, complete, and timely accounting data, the resulting accounting, and other reports of the Bank;
- Compliance with legal and other requirements.

Financial statements of NLB and consolidated financial statements of the NLB Group are audited by the auditing company KPMG Slovenia d.o.o., Ljubljana. The mentioned auditing company was appointed as the auditor of NLB by the 38th General Meeting of shareholders of the Bank dated 20 June 2022 for the financial years 2023 to 2026.

4. INFORMATION ON POINT 4, PARAGRAPH 5, OF THE ARTICLE 70 OF THE ZGD-1 regarding points 3, 4, 6, 8, and 9 of paragraph 6 of the same article

Explanation regarding significant direct and indirect ownership of the company's securities in the sense of achieving a qualified stake as determined by the act regulating acquisitions (Point 3 of the sixth paragraph of Article 70 of the ZGD-1)

Significant direct and indirect ownership of the company's securities in terms of achieving a qualifying holding as defined in the Takeovers Act (as at 31 December 2023).

Shareholder	Number of shares	Percentage of shares	Nature of ownership
RoS	5,000,001	25.00	shares
EBRD ⁽ⁱ⁾	/	>5 and <10	GDRs
Schroders plc ⁽ⁱ⁾	/	>5 and <10	GDRs

(i) In the form of GDRs.

More information on the Bank's Share Capital is available on the [NLB website](#).

Explanation regarding the holders of securities that carry special control rights (Point 4 of the sixth paragraph of Article 70 of the ZGD-1)

The Bank did not issue any securities carrying special controlling rights.

Explanation regarding the restrictions related to voting rights, in particular: (i) restrictions of voting rights to a certain stake or certain number of votes, (ii) deadlines for executing voting rights, and (iii) agreements in which, based on the company's cooperation, the financial rights arising from securities are separated from the rights of ownership of such securities (Point 6 of the sixth paragraph of Article 70 of the ZGD-1)

The shares of the Bank are freely transferable, subject to the provisions of the Articles of Association of the Bank which require the approval of the Supervisory Board, namely for the transfer of shares of the Bank by which the acquirer, together with the shares held by the holder before such an acquisition and the shares held by third parties for the account of the acquirer, exceeds the share of 25% of the Bank's voting shares. Approval for the transfer of shares is issued by the Supervisory Board.

The Bank rejects the request for approval of transfer shares if the acquirer, together with the shares held by the acquirer before the acquisition and the shares held by third parties for the account of the acquirer, exceeded the 25% share of the Bank with voting rights, increased by one share.

Notwithstanding the provision mentioned in the first paragraph, approval for the transfer of shares is not required if the acquirer of the shares has acquired them for the account of third parties, so that it is not entitled to exercise voting rights

from these shares at its sole discretion, while at the same time committing to the Bank, it will not exercise voting rights on the basis of the instructions of an individual third party for whose account it has acquired the shares if, together with the instructions for voting, it does not receive a written guarantee from that person that this person has shares for his own account, and that this person is not, directly or indirectly, a holder of more than 25% of the Bank's voting rights.

The acquirer who exceeds the share of 25% of the Bank's shares with voting rights and does not require the issuance of approval for the transfer of shares, or does not receive the approval of the Bank, may exercise the voting right from 25% of the shares with the voting rights.

There are no restrictions other than those mentioned and those that are regulatory.

**Explanation on the (i) company's rules on appointment or replacement of members of the management or supervisory bodies, and (ii) changes to company's Articles of Association
(Point 8 of the sixth paragraph of Article 70 of the ZGD-1)**

The appointment or replacement of members of the management or supervisory bodies

The Management Board

Articles of Association define that the Management Board of the Bank is comprised of three to seven members, one of whom is appointed President of the Management Board of the Bank. The number of Management Board members is determined by a resolution of the Bank's Supervisory Board. The President and other members of the Management Board are appointed and recalled by the Supervisory Board of the Bank; the President of the Management Board may propose to the Chair of the Supervisory Board of the Bank to appoint or recall an individual member or the remaining members of the Management Board of the Bank.

The President and members of the Management Board shall be appointed for a period of five years and may be re-appointed for another term of office. The President and members of the Management Board may be recalled prior to the expiry of their term of office in accordance with applicable laws and Articles of Association. Each member of the Management Board of the Bank may prematurely resign her/his term of office with a period of notice of three months. Written notice shall be delivered to the Chair of the Supervisory Board of the Bank. The notice term may be shorter than three months if requested by the resigning member of the Management Board of the Bank in his/her notice and is subject to the approval of the Supervisory Board of the Bank.

A member of the Bank's Management Board may only be a person who fulfils the legally prescribed conditions for a management board member under the law on banking and who obtained a licence from the BoS or the ECB, if executing the competences and tasks from Item (e) of paragraph 1 of Article 4 of Regulation (EU) no. 1024/2013 for the performance of the function of a bank's management board member under the law regulating banking. The Bank assesses every candidate following the Bank's Policy governing the Fit & Proper assessment prior to the appointment.

The Supervisory Board

The Supervisory Board of the Bank consists of a total of 10 members, of which eight members represent the interests of shareholders and two members represent the interests of employees. Members representing the interests of shareholders shall be elected and recalled by the Bank's General Meeting from persons proposed by shareholders or the Supervisory Board of the Bank, and members representing the interests of employees shall be elected and recalled by the Workers' Council of the Bank. Members of the Supervisory Board representing the interests of shareholders are elected by an ordinary majority of votes cast by the shareholders.

The term of office of the Supervisory Board members commences on the day their appointment enters into force (at the start of the term of office) and lasts up until the end of the Bank's Annual General Meeting of shareholders which decides on the use of accumulated profit for the fourth business year since the start of their term of office, unless otherwise stipulated at the time of appointment of individual members. In this context, the first year is deemed the business year in which the members of the Supervisory Board of the Bank started their term of office.

The General Meeting of the Bank may dismiss an individual or all members of the Supervisory Board (representatives of shareholders) even before the expiration of their term of office. A resolution on a dismissal shall be valid if adopted with at least a three-quarter majority of all votes cast.

The Supervisory Board of the Bank shall at its first meeting after an appointment elect from among its members a Chair and at least one Deputy Chair of the Supervisory Board of the Bank. A member representing the interests of employees cannot be elected Chair or Deputy Chair of the Supervisory Board of the Bank. All the Supervisory Board members shall be independent professionals, as defined by the Articles of Association.

A member of the Bank's Supervisory Board may only be a person who fulfils the legally prescribed conditions for a supervisory board member under the banking act and who obtained a licence from the BoS or the ECB, if executing the competences and tasks from Item (e) of paragraph 1 of Article 4 of Regulation (EU) no. 1024/2013 for the performance of the function of a bank's supervisory board member under the law regulating banking. The Bank assesses every candidate following the Bank's Policy governing Fit & Proper assessment prior to the appointment.

Amendments to Articles of Association

A qualified majority of at least 75% (seventy-five per cent) of the votes cast by shareholders at the general meeting of the Bank's shareholders is required for the adoption of any amendments of the Articles of Association.

Explanation regarding the authorisation of the members of the management, particularly authorisations to issue or purchase own shares

(Point 9 of the sixth paragraph of Article 70 of the ZGD-1)

No authorisation exists which would authorise the members of the management to issue or purchase own shares of the Bank.

5. INFORMATION ON THE WORK AND KEY POWERS OF THE SHAREHOLDERS' MEETING AND OF ITS KEY POWERS, AND A DESCRIPTION OF SHAREHOLDERS' RIGHTS AND THE METHOD OF THEIR EXERCISING

The General Meeting is a body of the Bank through which shareholders exercise their rights, which include among others: decisions on corporate changes (amendments of the Articles of Association, increase or decrease of share capital) and legal restructuring (mergers, acquisitions), adopting decisions on all statutory issues with respect to appointing and discharging members of the Supervisory Board (representatives of shareholders), and appointment of an auditor, distribution decisions (appropriation of distributable profit), and the granting of discharge from liability to the Management and Supervisory Boards.

The General Meeting is convened by the Management Board. The General Meeting may be convened by the Supervisory Board in cases where the Management Board fails to convene the General Meeting or where a convocation is necessary to ensure unhindered operations of the Bank. The Supervisory Board may amend the agenda of the General Meeting convened in line with the bylaws.

As a rule, the General Meeting of the Bank shall be convened at the registered office of the Bank, yet it may also be convened at another venue specified by the convener. The Management Board may stipulate that shareholders may attend or vote before or at the General Meeting by electronic means without physical presence. The General Meeting of shareholders shall adopt resolutions by simple majority of the votes cast, unless the applicable laws or the Bank's Articles of Association stipulate a larger majority or other conditions (adoption and amendments of the Articles of Association, issue of convertible bonds or other equity securities of the Bank, exclusion of pre-emptive right of existing shareholders, decrease in share capital, the status restructuring of the Bank, liquidation of the Bank and discharge of Supervisory Board members).

The shareholders have the right to participate at the general meeting of the Bank, the voting right, pre-emptive right to subscribe for new shares in case of share capital increase, the right to profit participation (dividends), and the right to a share in surplus in the event of liquidation or bankruptcy of the Bank and the right to be informed.

According to Article 296 of the Companies Act, NLB informs shareholders on their rights as shareholders in an Information on the Rights of Shareholders that is published among the documents for convocation of each General Meeting (i.e., on the expansion of the agenda, proposals by shareholders, voting proposals by shareholders, and the shareholders right to be informed).

There were two General Meetings of shareholders in 2023. Shareholders gathered at the 39th General Meeting on 19 June 2023. At the General Meeting, shareholders acknowledged the adopted NLB Group 2022 Annual Report, the Report of the Supervisory Board of NLB on the results of the examination of the NLB Group Annual Report 2022, the Report on remunerations for the business year 2022, and the Additional information to the Report on remuneration for the business year 2022 based on SSH's Baselines.

The shareholders also decided on the allocation of distributable profit for 2022 and granted a discharge from liability to the Management Board and Supervisory Board of NLB for the year 2022. The distributable profit of the Bank as at 31 December 2022 amounted to EUR 515,463,762.89. Part of that profit, in the amount of EUR 55,000,000.00, was paid out as dividends (EUR 2.75 gross per share).

The General Meeting of NLB adopted a decision on election of members of the Supervisory Board of NLB. As the term of office of four members of the Supervisory Board of NLB, namely Deputy Chairman Andreas Klingen, Shrenik Dhirajlal Davda, Gregor Rok Kastelic, and Mark William Lane Richards had expired, the General Meeting also appointed four members, of whom two were already performing a function of a member of the Supervisory Board. The shareholders re-appointed Shrenik Dhirajlal Davda and Mark William Lane Richards, and also appointed two new members, namely Cvetka Selšek, and Andre-Marc Prudent-Toccanier. All four were appointed for a four-year term of office, which for the existing members began on the day of their appointment, while Cvetka Selšek and André-Marc Prudent-Toccanier assumed the position of members of the Supervisory Board on 15 August 2023, after the ECB agreed to their appointment to their position.

The General Meeting of NLB also took note on Internal Audit Report for 2022 and Opinion of the Supervisory Board of NLB and adopted decision on Determination of payments to members of the Supervisory Board of NLB and its committees.

The 41st General Meeting of NLB Shareholders held on 19 December 2023 confirmed payment of additional dividends of EUR 55 million EUR (2.75 gross per share), making a total dividend pay-out in 2023 of EUR 110 million. With these pay-outs, NLB remains firmly on the path to fulfil its ambition – a total capital return through solid cash dividends in a cumulative amount of EUR 500 million between 2022 and by the end of 2025.

At the General Meeting, the shareholders became acquainted with the revised Remuneration Policy, which was updated so that it ensures that the members of the management board are rewarded in accordance with the long-term strategic goals of the NLB Group and with the interests and directions of the shareholders, the relevant legislation, guidelines, and best practices with the aim of rewarding board members not only for their contribution to immediate financial success, but also to the overall sustainable development of the NLB Group, growth and creation of long-term value for shareholders. The policy was not confirmed in the consultative vote, but nevertheless comes into force. Until the next General Meeting NLB will further improve its Remuneration Policy and present it to the shareholders. The outcome of the vote is available to all interested stakeholders on [NLB's website](#).

6. INFORMATION ABOUT THE COMPOSITION AND WORK OF THE MANAGEMENT AND SUPERVISORY BODY AND ITS COMMITTEES

6.1. Composition of the Management Board

In 2023, the Management Board of the Bank consists of six members, namely: Blaž Brodnjak as President & CEO, Archibald Kremser as Chief Financial Officer (CFO), Andreas Burkhardt as Chief Risk Officer (CRO), as well as Hedvika Usenik as Chief Marketing Officer (CMO) – responsible for Retail Banking and Private Banking, Antonio Argir – responsible for Group governance, payments, and innovations, and Andrej Lasič as CMO – responsible for Corporate and Investment Banking.

Work of the Management Board

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, a strong capital base, and robust liquidity position, while remaining committed to ever-improving excellent customer services and embracing opportunities for further growth. In 2023, the Management Board continued to work on the implementation of the NLB Group Strategy and the inclusion of ESG factors into the NLB Group business model.

The Management Board stayed focused on growth of core business and was aware of all the risks possible and eventual distress, while the bank helped customers that faced difficulties due to strengthened market conditions. In 2023, NLB Group delivered remarkable business results. They enabled the Bank to pay out a distributable profit for 2022 in the form of dividends in a total amount of EUR 110 million, and thereby reaffirmed NLB Group's stable and successful business operations and strong capital position. Dividends were paid in two instalments, namely in the amount of EUR 55 million in June 2023, and in the amount of EUR 55 million in December 2023.

There are many topics that the Management Board was working on to remain the leading group in the region. We stayed committed to further improvement and enhancing of the satisfaction and user experience of customers, and to increase digital payment penetration and innovation in the payments area. As part of the digital agenda, we launched our new "Klik," as our online bank "NLB Klik" and mobile bank, "Klikin" merged into one modern digital bank "NLB Klik," which make it easier for our customers to manage their finances. In the business network, we focused on enhanced advice to our customers. In order to do that, we had to keep investing in advance technologies and peoples' strengths.

The Management Board successfully completed the merger of N Banka (former Sberbanka that NLB acquired in March 2022) into NLB that was formally completed on 1 September 2023, and continued activities on the business aspects of integration to make sure that former clients of the bank will benefit from best of both worlds. In 2023, the Management Board signed an agreement for the acquisition of the largest leasing company in Slovenia, which also has operations in Croatia, and an agreement for the acquisition of the third largest asset management company in North Macedonia. Obtaining permits for the acquisition of the Summit Leasing, Slovenia Group together with the Croatian branch and Generali Investments Macedonia is in progress.

The Management Board is deeply aware of the banks' vital role in fighting climate change by supporting the global transition of the real economy towards net-zero, which is why we not only strive to reinforce, accelerate, and support the implementation of decarbonisation, but also want to lead by example. To that extent in December 2023, our first NLB Group Net-Zero Disclosure Report was published, which reaffirms our commitment to achieving Net-Zero by setting targets for reducing its financed emissions and maintaining a coal exclusion policy by 2050 or sooner. Besides environmental issues, the Management Board is equally active about addressing social and governance topics, we advocate equal opportunities, as well as independent and professional corporate governance. To that extent the Management Board was extremely proud of receiving an improved second ESG rating (December 2023) assessed by Sustainalytics (previous ESG risk rating was improved by of 1.7 points).

A detailed information on composition of the Management Board can be found in [Appendix C.1](#) of this statement.

6.2. Composition of the Supervisory Board

At the beginning of 2023, the Supervisory Board of NLB consisted of 10 members, of which eight were representatives of shareholders (in addition to Primož Karpe (President) and Andreas Klingen (Deputy)), members were also Mark William Lane Richards, Shrenik Dhirajlal Davda, David Eric Simon, Gregor Rok Kastelic, Verica Trstenjak, and Osama Zekry, while Sergeja Kočar, and Tadeja Žbontar Rems, were representatives of the workers.

As already mentioned in this chapter, the term of office of four members of the Supervisory Board expired. The General Meeting on its session dated 19 June 2023 appointed four members, of whom two were existing, while two members were new. 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 with Sergeja Kočar and Tadeja Žbontar Rems serving as representatives of the employees.

Statement of Independence of the Members of the Supervisory Board

In accordance with Article 16 of the Articles of Association of NLB, all Supervisory Board members must be independent experts. Persons representing the interests of employees in the Supervisory Board of the Bank are considered independent despite the existence of an employment relationship with the Bank upon fulfilling certain terms and conditions.

A statement of independence, in which they declare themselves on their meeting of the criteria of conflict of interest, is provided by a candidate for a function of a member of the Supervisory Board, upon each change that would mean change of his/her independence status and once a year (with the new statements published as of January 2024). It is published on the [Bank's website](#).

Work of the Supervisory Board

In 2023, the Supervisory Board held seven regular and nine 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 the 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 and adopted the 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 the NLB Group Annual Report for 2022, and NLB Group Sustainability Report 2022, the Annual Internal Audit Plan, the Plan of Compliance & Integrity, and adopted the 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 the risk profile of the Group, and the corresponding types of risk to steer the Group's fulfilment of internal strategic objectives and fulfil all external requirements. Consequently, the following items were discussed and adopted – the NLB Group Risk appetite, the NLB Group Risk strategy, ICAAP and ILAAP of NLB Group, the 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, the 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. At the General Meeting of shareholders dated 11 June 2023, the 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 adopted a decision on the allocation of distributable profit for 2022, and granted a discharge from liability to the Management and Supervisory Boards. The General Meeting of Shareholders 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. The General Meeting 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, dated 11 December 2023, adopted a 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.

According to the recommendation of the Slovenian Corporate Governance Code for Listed Companies, the Supervisory Board adopted a decision to engage an external advisor for the evaluation of efficiency and self-assessment of the Supervisory Board of NLB and the Audit Committee of NLB. It also adopted the Internal Audit's Annual Report for 2023, the Internal Audit Plan (2024 & the long-term plan), the Action Plan for Compliance & Integrity for 2024, the regular periodic reports on the Internal Audit, Compliance, and Security.

With the aim of ensuring sustainable development, 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 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.

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 into account all necessary precautionary measures to avoid conflicts of interest.

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.

Composition of the Supervisory Board members is described in the [Appendix C.2](#) of this statement.

6.3. The Supervisory Board Committees

All five Committees for the Supervisory Board function as consulting bodies of the Supervisory Board of NLB and discuss the material and proposals of Management Board of NLB for the Supervisory Board meetings related to a particular area. The Supervisory Board has the following committees:

- The Audit Committee
- The Risk Committee
- The Nomination Committee
- The Remuneration Committee
- The Operations and IT Committee.

Committees are composed of at least three members of the Supervisory Board. The Worker's Council can nominate one Supervisory Board member – a representative of the workers into each committee. The member of the Committee may only be appointed from among the members of the Supervisory Board. The term of office of Chair, the Deputy Chair, and members of the Committee should not exceed their term of office as Supervisory Board members. The responsibilities of committees are defined in the Rules of Procedure of the Committees of the Supervisory Board of NLB.

6.3.1. The Audit Committee of the Supervisory Board of NLB

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

At the end of 2023, the composition of the committee was as follows: David Eric Simon (Chairman), Cvetka Selšek (Deputy Chairwoman), Primož Karpe, Shrenik Dhirajlal Davda and André-Marc Prudent-Toccanier (members). Changes in membership of the committee that occurred during the year, as well as academic degrees of the Audit Committee members, are reflected in the chart on the Supervisory Board Committees ([Appendix C.2](#) below).

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:

- The 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; the 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 the BoS and ECB; the Policy of the Internal Controls System; the 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.

The Audit Committee performs its tasks both at the meetings themselves and outside of the meetings. In addition to considering materials at the meetings themselves and preparing proposals for the Supervisory Board, the committee also regularly meets with representatives of professional services for individual areas covered by the committee. The president of the committee also meets regularly with representatives of the external auditor and regulators.

In 2023, the Audit Committee carried out a self-assessment of its work with the help of an external independent evaluator, the Directors' Association of Slovenia. Based on the findings, an action plan was prepared, which will be discussed and approved at the Supervisory Board meeting in March 2024.

6.3.2. The Risk Committee of the Supervisory Board of NLB

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

At the end of 2023, the composition of the committee was as follows: André-Marc Prudent-Toccanier (Chairman), Cvetka Selšek (Deputy Chairwoman), Shrenik Davda, Islam Osama Zekry, and David Eric Simon (members). Changes in the

membership of the committee that occurred during the year are reflected in the chart on Supervisory Board Committees ([Appendix C.2](#) below).

There were five regular sessions of the Risk Committee in 2023. The 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; the NLB Group Recovery Plan for 2022; the Statement of Management of Risk of the NLB; the 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 the status of information security in NLB and NLB Group;
- Confirmation of the goals of identified employees;
- Report on the 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.

6.3.3. The Nomination Committee of the Supervisory Board of NLB

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

At the end of 2022, the composition of the committee was as follows: Primož Karpe (Chairman), Mark Richards (Deputy Chairman), Verica Trstenjak, Sergeja Kočar and Islam Zekry (members). Membership of the Bojana Šteblaj was terminated on 12 September 2022. Changes in the membership of the committee that occurred during the year are reflected in the chart on Supervisory Board Committees ([Appendix C.2](#) below).

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 the mandate;
- Annual review of the Diversity Policy.

6.3.4. The Remuneration Committee of the Supervisory Board of NLB

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; and supervises the remuneration of senior management performing the risk management and compliance functions.

At the end of 2023, the composition of the committee was as follows: Shrenik Davda (Chairman), Mark William Lane Richards (Deputy Chairman), Verica Trstenjak, Tadeja Žbontar Rems, and Sergeja Kočar (members). Changes in the membership of the committee that occurred during the year are reflected in the chart on Supervisory Board Committees ([Appendix C.2](#) below).

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:

- The 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 for the year 2021; Confirmation of goals of identified employees in controlled and supervisory functions;
- Salary increase of the Director of the control 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.

6.3.5. The Operations and IT Committee of the Supervisory Board of NLB

The Committee monitors and prepares draft resolutions for the Supervisory Board, whereby the main tasks that it performs are the following: monitors the implementation of the IT Strategy, Information Security Strategy, and Operations Strategy; monitors key operations and IT KPI's and service quality indicators; monitors key operations and IT projects and initiatives; monitors operating risks in the area of Operations, IT, and Security; monitors the recommendations for ensuring and increasing the level of information/cyber security issued by CISO; addresses the report on potential violations, events, and incidents in the area of IT security; and monitors the Target Operating Model implementation in the areas of IT, the Security Operating System, Competence Centre, and Operations.

At the end of 2023, the composition of the committee was as follows: Mark William Lane Richards (Chairman), Islam Osama Zekry (Deputy Chairman), Primož Karpe, Tadeja Žbontar Rems, and André-Marc Prudent-Toccanier. Membership of Janja Žabjek Dolinšek was terminated on 8 July 2022. Changes in membership of the committee that occurred during the year are reflected in the chart on Supervisory Board Committees ([Appendix C.2](#) below).

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 optimisation;
- Information on Afina – N Banka 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.

7. DESCRIPTION POLICY ON THE PROVISION OF DIVERSITY OF THE MANAGEMENT BODY AND SENIOR MANAGEMENT

7.1. Description of the policy

NLB adopted amendments to the Policy on the Provision of Diversity of the Management Body and Senior Management of NLB d.d. (hereinafter: Diversity Policy) in 2022 to align it with the stipulations of the changed legislation and to address the concerns of stakeholders. The amended Diversity Policy was adopted at the Annual General Meeting on 20 June 2022.

The Diversity Policy outlines specific goals for achieving diverse representation on the Supervisory Board, Management Board, and senior management. The policy establishes various diversity goals, ensuring that the composition of the management body encompasses a collective proficiency in knowledge, skills, and experience. This comprehensive approach aims to foster a deep understanding of the Bank's strategy, challenges, and the associated risks.

This policy concurrently establishes a framework to promote diversity across dimensions such as gender, age, a spectrum of knowledge, skills, and experience, international exposure, and geographical origin.

The Diversity Policy sets out the targets to be pursued in terms of representation on the Supervisory Board, Management Board, and senior management, according to different diversity goals in order the management body is composed in such a way that, as a whole has the knowledge, skills, and experience necessary for an in-depth understanding of the Bank's strategy and challenges, and the risks to which it is exposed. The policy is annually reviewed by the Nomination Committee of the Supervisory Board. The Report on Diversity is adopted on the Supervisory Board on a yearly basis.

The Bank implements the principles of the Diversity Policy through other policies and procedures, namely the Policy on the Selection of Suitable Candidates for Members of the Supervisory Board, and the Policy on the Selection of Suitable Candidates for Members of the Management Board, as well as procedures of the Nomination Committee of the Supervisory Board.

To achieve the objectives of this diversity policy, one of the measure the influence the selection process is also: if two candidates for the position of a member of the Management Board or a member of the Supervisory Board meet all the required tender criteria and at the same time the target gender representation is not achieved in a certain body, a candidate of the underrepresented sex shall be selected.

7.2. Objectives of the policy

Considering the size of the Bank and the NLB Group, our regional presence and business strategy, the following goals are important to ensure diversity:

- Gender diversity – The Bank pursues this objective by ensuring that all stakeholders involved in the HR process strive to construct a well-balanced pool of candidates during the recruitment process. This involves considering the equitable representation of the less-represented gender and achieving a suitable balance between both genders in alignment with the objectives outlined in the Policy. The establishment and implementation of a comprehensive policy for candidate selection create incentives for diversity within the management body.
- Age diversity – The Bank pursues the achievement of age diversity that accurately reflects the Bank's age demographics. To fulfil this objective, the Bank employs recruitment channels designed to attract a broad spectrum of candidates across different age groups, ensuring representation from all demographic segments in both the management body and senior management. When appointing new candidates, the Bank carefully considers the appropriate balance between younger and older members within the management body or the age distribution within senior management.
- Professional competencies, skills, and experience – The collective expertise of the management body must encompass a diverse spectrum of knowledge, skills, and professional capabilities. The composition shall adhere to specific criteria, encompassing factors such as experience, reputation, effective management of potential conflicts of interest, independence, time commitment, and the overall cohesion of the body. The requests previously mentioned apply *mutatis mutandis* to the senior management.
- Continuity of composition of the management body and senior management – the Bank ensures a suitable ratio between the existing and the new members of the management body and senior management by not changing all members of the management body or senior management simultaneously when mandates expire.
- International experience – the Bank should ensure a suitable share of the management body and senior management members with international experience in different areas (e.g., foreigners and Slovenians doing business abroad). To this end, the Bank has established a timeframe, aligning with relevant policies for selecting qualified candidates in the selection process.
- Personal integrity – The management body and senior management members must achieve a high level of personal integrity whereby integrity represents the expected action and responsibility of individuals and organisations in preventing and eliminating risks of using authority, function, authority, or other decision-making power contrary to law, legally permissible goals, and according to the guidelines defined in the NLB Group Code of Conduct.
- Geographical provenance – The Bank strives for the Management Body members to have different geographical provenances, ensuring that at the collective level, the Management Body has suitable knowledge of the culture, market characteristics, and legal framework in the areas where the Bank operates.

Targets related to the above-defined aspects of diversity for the management body and senior management until the 2025 are defined in the Policy **on the provision of diversity of the management body and senior management in NLB d.d.** adopted by the General Meeting dated 20 June 2022 (available at www.nlb.si/general-meetings-in-year-2022 and www.nlb.si/additional-disclosures-according-to-article-104-of-the-zban-3).

7.3. The manner the policy is implemented

To achieve the objectives outlined in this diversity policy, the following measures are applied:

- Upon the appointment of new members or re-appointment of the members of the Supervisory Board and Management Board, due consideration is given to the Policy on the selection of suitable candidates for members of the Supervisory Board and the Policy on the selection of suitable candidates for members of the management board. The above applies mutatis mutandis (with necessary adjustments) to the appointment and re-appointment of the Bank's senior management.
- The pre-definition of conditions for the performance of each function, including the required profile of prospective members of the management body, occurs prior to their appointment.
- Using recruitment pathways that attract a sufficiently wide range of different candidates.
- Should two candidates for the position of a member of the Management Board or a member of the Supervisory Board meet all the required tender criteria and at the same time the target gender representation is not achieved in a certain body, a candidate of the underrepresented sex shall be selected.
- In achieving the target representation of the Management Board, as well as by a predetermined replacement plan and by fulfilling another member of the Management Board, as defined by the Articles of Association of NLB.
- Considering the objectives of the diversity policy when assessing the collective suitability of management and supervisory bodies.

7.4. Results achieved

Implementation and the results achieved by the diversity policy during the reporting period:

The Supervisory Board

It is estimated that the goals for 2023 were almost achieved. 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.

Also, the Supervisory Board has a suitable ratio between the existing and the new members considered when appointing new members in Supervisory Board the ratio between existing and new members is not below 70%. 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 as set in the plan for the year 2023.

Since the term of office of four members of the Supervisory Board expired in 2023, and to retain the proportion of women in Supervisory Board this criterion was also taken into consideration in the recruitment process. Therefore, at the General Meeting dated 19 June 2023 two male representatives were re-appointed for the position, while among two new members for the position, one member was female.

With this, we maintained the desired target value of gender diversity almost at the planned level. The goal for the members of the Supervisory Board has been almost achieved with 40% of representation of women on the Supervisory Board (on 31 December 2023) since the plan set up for the year 2023 assumed a 42% share of women.

Regarding the age structure of the Supervisory Board, it is also considered appropriate, according to the plan set up for 2023 as members of the Supervisory Board are represented in the age groups from 40 to 60+.

The Management Board

We estimate that the goals for 2023 have been achieved as the members of the Management Board as a whole meet a high level of requirements related to the set goals, namely age structure, gender structure, professional competencies, skills and experience, and requirements related to relevant international experience in various fields, personal integrity, and geographical provenance.

In terms of gender diversity, the target set for 2023 was accomplished, maintaining a representation of 16.7%, the equivalent of at least one woman.

The Senior Management

For 2023, we estimate that the goals were achieved, as senior management at a high level met the requirements relating to the range of knowledge, skills, and professional experience. Regarding the requirements related to international experience in various fields, it is estimated that senior management has largely relevant international experience. It is also estimated that 43% of women in senior management is appropriate.

Regarding the age structure, it is also considered appropriate, as senior management in the age structure is very dispersed and is thus represented in all age groups from 30 to 60 years.

	Supervisory Board of NLB		Management Board of NLB		Senior Management of NLB	
	2023	Plan for 2023	2023	Plan for 2023	2023	Plan for 2023
Wide range of knowledge, skills and professional experience	High	High	High	High	High	High
International experience of the members in different areas	Medium High	Medium High	Medium High	Medium High	Medium High	Medium High
Continuity of composition of the management body	High	High	High	High	High	High
Personal integrity	High	High	High	High	High	High
Geographical provenance	Medium High	Medium High	Medium High	Medium High	Low	Low
Age structure	20-30 = 0	0	20-30 = 0	0	20-30 = 0	0
	30-40 = 0	0	30-40 = 0	0	30-40 = 1	1
	40-50 = 1	2	40-50 = 3	2	40-50 = 23	18
	50-60 = 5	5	50-60 = 3	4	50-60 = 14	16
	60+ = 4	5	60+ = 0	0	60+ = 2	2

Additional information on the framework, objectives, and chart with set goals of the Diversity Policy can be found in the [NLB Group Sustainability Report 2023](#), as well as in the chapter [Human Resources](#) in this Annual Report.

7.5. Description of diversity policy from a gender perspective

As already mentioned in point 7.2: Gender diversity – The Bank pursues this objective by ensuring that all stakeholders involved in the HR process strive to construct a well-balanced pool of candidates during the recruitment process. This involves considering the equitable representation of the less-represented gender and achieving a suitable balance between both genders in alignment with the objectives outlined in the Policy. The establishment and implementation of a comprehensive policy for candidate selection create incentives for diversity within the management body.

In 2023, two new members of the Supervisory Board were appointed and in order to retain the proportion of women in Supervisory Board in the recruitment process this criterion was also taken into consideration. The goal for 2023 set for the Management Board was achieved and stayed on 16.7% or one woman. It is also estimated that 43% of women in senior management is appropriate (the set goal was slightly higher).

7.6. Goals that are followed by the Bank

Goals followed by the bank are published in the Policy **on the provision of diversity of the management body and senior management in NLB d.d.** adopted by the General Meeting dated 20 June 2022 (available at www.nlb.si/general-meetings-in-year-2022 and www.nlb.si/additional-disclosures-according-to-article-104-of-the-zban-3).

Apart from goals in the Policy the Bank also respects and follows the initiative 40/33/2026 Slovenian Directors' Association, by voluntarily committing to achieving the target of gender diversity by the conclusion of the year 2026. This initiative entails achieving a representation of 40% for members of supervisory boards and an overall 33% representation for

members of supervisory boards and management boards of the underrepresented gender in public joint-stock companies and state-owned enterprises by 2026.

With the changed composition of the Supervisory Board in 2023, NLB achieved the first goal, which is a representation of 40% of women in the Supervisory Board of NLB (4 out of 10 members are women). As far as both goals together are concerned NLB is slightly below 33% (5 out of 16 members). Results of the gender diversity in public companies are checked quarterly by Deloitte and published on the website of the [Slovenian Directors' Association](#).

7.7 Impact on selection procedures

Already explained in Point 7.3.

All the above criteria are considered in the selection process for the members of the Management Board and the Supervisory Board. In 2023, because of this objective in the selection process, in order to maintain gender diversity among the candidates for Supervisory Board of NLB, one female representative was elected.

Statement on changes that occurred between the end of accounting period up to the publication of this statement

In accordance with Guidelines on Disclosure for Listed Companies, point 6.3.2 (Ljubljana Stock Exchange, 18 December 2020) NLB hereby states that the following changes occurred between the end of accounting period up to the publication of this statement.

Ljubljana, 21 March 2024

Management Board of NLB



Peter Andreas Burkhardt

Member



Antonio Argir

Member



Blaž Brodnjak

Chief executive



Hedvika Usenik

Member



Andrej Lasič

Member



Archibald Kremser

Member

Table: Composition of Management in financial year 2023 (C.1)

Name and Surname	Position held (President, Member)	Area of work covered within the Management Board	First appointment to the position	Conclusion of the position/term of office	Citizenship	Year of birth	Qualification	Professional profile	Membership in supervisory bodies in companies not related to the company
Blaž Brodnjak	President	CEO	6 July 2016 ⁽ⁱ⁾	6 July 2026	Slovenian	1974	MBA	Banking/Finance	Banks' Association of Slovenia, AmCham Slovenia, Handball Federation of Slovenia, Cedevita Olimpija
Archibald Kremser	Deputy CEO/Member	CFO	31 July 2013	6 July 2026	Austrian	1971	MBA	Banking/Finance	
Peter Andreas Burkhardt	Member	CRO	18 September 2013	6 July 2026	German	1971	MBA	Banking/Finance	
Antonio Argir	Member	Responsible for Group governance, payments and innovations	28 April 2022	28 April 2027	Macedonian	1975	MBA	Banking/Finance	Economic Chamber of North Macedonia
Andrej Lasič	Member	CMO (responsible for Corporate and Investment Banking)	28 April 2022	28 April 2027	Slovenian	1970	Bachelor's degree	Banking/Finance	
Hedvika Usenik	Member	CMO (responsible for Retail Banking and Private Banking)	28 April 2022	28 April 2027	Slovenian	1972	MBA	Banking/Finance	Institute for Economic Research

(i) Member of the Management Board since 2012.

Table: Composition of Supervisory Board and Committees in financial year 2023 (C.2)

Name and Surname	Position held (Chairman, Deputy Chairman, Member)	First appointment to the position	Conclusion of the position / term of office	Representative of the company's capital structure /employees	Attendance at SB session in regard to the total number of SB session (for example 5/7) applicable on his/her mandate	Gender	Citizenship	Year of birth	Qualification	Professional profile	Independence under Article 23 of the Code (YES/NO)	Existence of conflict of interest, in the business year (YES/NO)	Membership in supervisory bodies in other companies or institutions
Primož Karpe	Chairman	10 February 2016	2024	Representative of the company's capital structure	7/7	male	Slovenian	1970	MSc	Banking/ Finance	YES	YES	Angler d.o.o, Aroma Global 3 Ltd.
Andreas Klingen	Deputy Chairman	22 June 2015	19 June 2023	Representative of the company's capital structure	3/3	male	German	1964	University Degree	Banking/ Finance	YES	NO	Kyrgyz Investment, Credit Bank CISC, Nepi Rockcastle N.V.
Shrenik Dhirajlal Davda	Deputy Chairman/ Member	10 June 2019	2027	Representative of the company's capital structure	7/7	male	British	1960	MBA, LLB	Finance	YES	NO	Charity Commission of England and Wales, PSO, UK
David Eric Simon	Member	4 August 2016	2024	Representative of the company's capital structure	7/7	male	British	1948	Higher National Diploma in Business Studies	Banking/ Finance	YES	NO	Jihlavan a.s., Czech Aerospace industries sro, Central Europe Industry Partners a.s.
Mark William Lane Richards	Member	10 June 2019	2023	Representative of the company's capital structure	7/7	male	British	1966	MSc	Banking/ Finance	YES	NO	BPL Global (Lloyds of London insurance Broker), Sheffield Haworth Ltd, Vencap International pic Ukraine (UK)
Gregor Rok Kastelic	Member	10 June 2019	19 June 2023	Representative of the company's capital structure	3/3	male	Slovenian	1968	MSc	Banking/ Finance	YES	NO	
Verica Trstenjak	Member	15 June 2020	2024	Representative of the company's capital structure	7/7	female	Slovenian	1962	PhD	Law	YES	NO	
Cvetka Selšek	Member	19 June 2023	2027	Representative of the company's capital structure	3/3	female	Slovenian	1951	University Degree	Banking/ Finance	YES	NO	Honorable Tribunal of Managers Association of Slovenia, Directors' Association of Slovenia
André-Marc Prudent-Toccanier	Member	19 June 2023	2027	Representative of the company's capital structure	3/3	male	French	1955	MSc	Banking/ Finance	YES	NO	
Sergeja Kočar	Member	17 June 2020	2024	Representative of the company's employees	7/7	female	Slovenian	1968	MSc	Management	YES	NO	
Tadeja Žbontar Rems	Member	22 January 2021	2025	Representative of the company's employees	7/7	female	Slovenian	1968	MSc	IT	YES	NO	

Islam Osama Zekry	Member	14 June 2021	2025	Representative of the company's capital structure	6/7	male	Egyptian	1977	PhD	IT	YES	NO	CIB Housing association, Egypt, Egyptian AI Council (Ministry of Communication and Information Technology)
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Name and Surname	Membership in committees (audit, nominal, income committee, etc.)	First appointment to the position	Conclusion of the position/term of office	Chairman/Deputy Chairman/Member	Attendance at sessions of SB's Committees in regard to the total number of SB's session (applicable on his/her mandate) ⁽ⁱ⁾
Shrenik Dhirajlal Davda	Remuneration Committee	28 June 2019	2027	Chairman	5/5
Mark William Lane Richards	Remuneration Committee	26 June 2020	2027	Deputy Chairman	5/5
Verica Trstenjak	Remuneration Committee	18 September 2023	2024	Member	1/2
Tadeja Žbontar Rems	Remuneration Committee	18 September 2023	2025	Member	2/2
Sergeja Kočar	Remuneration Committee	26 June 2020	2024	Member	5/5
Primož Karpe	Nomination Committee	15 April 2016	2024	Chairman	5/5
Mark William Lane Richards	Nomination Committee	18 September 2023	2027	Deputy Chairman	1/1
Verica Trstenjak	Nomination Committee	26 June 2020	2024	Member	5/5
Sergeja Kočar	Nomination Committee	26 June 2020	2024	Member	5/5
Islam Osama Zekry	Nomination Committee	18 September 2023	2025	Member	1/1
David Eric Simon	Audit Committee	7 April 2016	2024	Chairman	6/6
Cvetka Selšek	Audit Committee	18 September 2023	2027	Deputy Chairwoman	1/1
Primož Karpe	Audit Committee	15 April 2016	2024	Member	5/6
André-Marc Prudent-Toccanier	Audit Committee	18 September 2023	2027	Member	1/1
Shrenik Dhirajlal Davda	Audit Committee	28 June 2019	2027	Member	6/6
André-Marc Prudent-Toccanier	Risk Committee	18 September 2023	2027	Chairman	1/1
Cvetka Selšek	Risk Committee	18 September 2023	2027	Deputy Chairwoman	1/1
Shrenik Dhirajlal Davda	Risk Committee	8 July 2021	2027	Member	5/5
David Eric Simon	Risk Committee	7 April 2016	2024	Member	5/5
Islam Osama Zekry	Risk Committee	8 July 2021	2025	Member	3/5
Mark William Lane Richards	Operational and IT Committee	28 June 2019	2027	Chairman	5/5
Islam Osama Zekry	Operational and IT Committee	8 July 2021	2025	Deputy Chairman	4/5
Primož Karpe	Operational and IT Committee	15 April 2016	2024	Member	5/5
Tadeja Žbontar Rems	Operational and IT Committee	8 April 2021	2025	Member	5/5
André-Marc Prudent-Toccanier	Operational and IT Committee	18 September 2023	2027	Member	1/1

(i) There were also extraordinary sessions of the committees that are not reflected in this table.

External member in committees (audit, nominal, income committee, etc.) - The Banking Act (ZBan-3) contains provision stipulating that, irrespective of provision of Companies Act (ZGD-1) only members of the Supervisory Board can be appointed to Supervisory committees.

Name and Surname	Attendance at sessions of SB's Committees in regard to the total number of SB's session (for example 5/7)	Gender	Qualification	Year of birth	Professional profile	Membership in supervisory bodies in companies not related to the company
none						