

## The Report of the Supervisory Board of NLB d.d. on the results of the examination of the NLB Group Annual Report 2024

Pursuant to the provisions of the Companies Act (hereinafter: **ZGD-1**)<sup>1</sup> and the relevant Slovenian Corporate Governance Code for Listed Companies<sup>2</sup> the Supervisory Board of NLB d.d. (hereinafter: **Supervisory Board**) compiled the written report for the General Meeting of Shareholders of NLB d.d. (hereinafter: **General Meeting of Shareholders**).

### 1.) Report of the Supervisory Board of NLB on the results of examining the NLB Group Annual Report 2024 and 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., the Supervisory Board must check the Annual Report and the proposal for the allocation of distributable profit presented by the Management Board of NLB d.d. (hereinafter: **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 2024

The Audit Committee of the Supervisory Board acknowledged the unaudited data on the operations of the NLB Group in 2024 on its session dated 19/02/2025 and the Supervisory Board on its session dated 20/02/2025.

On its session dated 10 April 2025, the Supervisory Board discussed the NLB Group Annual Report 2024 and the attached Auditor's Report on the Audit of the Separate and Consolidated Financial Statements and Independent Auditors' Limited Assurance Report on the Sustainability Statement prepared by the company KPMG Slovenia, d.o.o. (hereinafter: **KPMG**). The Supervisory Board of NLB examined the NLB Group Annual Report 2024.

#### b) Auditor's Report

Immediately after the drafting, the Management Board submitted the NLB Group Annual Report 2024 to the Supervisory Board. Since it must be audited, the auditor's reports made by the company KPMG were attached with the report as well. Furthermore, the Management Board also attached with the NLB Group Annual Report 2024 the proposal for the allocation of distributable profit, which is submitted to the General Meeting of Shareholders for decision<sup>3</sup>.

In the Independent Auditor's Report to the Shareholders of the NLB the KPMG stated, that the presented individual and the consolidated financial statements give a true and fair view of the unconsolidated and

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<sup>1</sup> Official Gazette of the RS, No. 65/09 and later changes;

<sup>2</sup> Slovenian Corporate Governance Code for Listed Companies, December 2021, valid from January 2022; the mentioned code was updated in December 2024 and is valid from January 2025. It will be used for the Corporate Governance Statement of NLB for the business year 2025;

<sup>3</sup> In line with the provisions of Article 272 of the ZGD-1 (paragraph 3), the Management Board must submit the annual report to the Supervisory Board immediately after its compilation. If it must be audited, it needs to be presented together with the auditor's including the requirements of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 on supplementing the Directive 2004/109/EC of the European Parliament and the Council with regard to regulatory technical standards for establishing a single electronic reporting format (»Delegated Regulation«) (collectively, »the applicable legal requirements«). The management board must attach to the annual report the proposal for the use of the profit for appropriation which it will submit to the general meeting;

consolidated financial position, respectively, of the Bank and the Group as at 31 December 2024, and of their respective unconsolidated and consolidated financial performance and unconsolidated and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The NLB Group Annual Report for 2024 comprises of the Business Report that includes NLB Group Sustainability Statement 2024 as a special subchapter of the business report. KPMG issued Independent Auditors' Limited Assurance Report on the NLB Group Sustainability Statement 2024 as it performed a limited assurance engagement whether the mentioned statement, has been prepared in accordance with articles 70(c) and 70(č) of the ZGD-1 and the Directive 2004/109/EC and the 2019/815 of the European Parliament and the Council regarding regulatory technical standards for establishing a single electronic reporting format.

Based on the procedures performed and evidence obtained, nothing has come to attention of the KPMG to cause them to believe that the NLB Group Sustainability Statement 2024 is not prepared, in accordance with the applicable legal requirements, including compliance with the European Sustainability Reporting Standards (ESRS), compliance of the disclosures in the EU Taxonomy and compliance of the Sustainability Statement with the XHTML format referred to in the Delegated Regulation.

### **c) Proposal on the allocation of distributable profit for 2024**

The Management Board proposed to allocate the distributable profit for 2024 in the following manner, as described below:

The distributable profit of NLB d.d. on 31 December 2024 amounted to EUR 1,194,062,703.15 and consists of net profit for 2024 in the amount of EUR 478,160,686.13 and retained earnings from previous financial years in the amount of EUR 715,902,017.02.

Distributable profit in the amount of EUR 1,194,062,703.15 shall be allocated as follows:

1. part in the amount of EUR 128,600,000.00, which is EUR 6.43 gross per share, shall be paid out on 24 June 2025 to the persons who are registered as the Shareholders of NLB d.d. with the KDD - Central Securities Clearing Corporation, on the day that is 5 working days after the day of the General Meeting that adopted this resolution (23 June 2025, Cut-Off Date);
2. the remaining part of distributable profit in the amount of EUR 1,065,462,703.15 remains undistributed and represents retained earnings.

With regard to the dividend payment, the day of announcement of the corporate action to the KDD - Central Securities Clearing Corporation system members is the first working day after the close of session of the General Meeting at which this resolution was adopted (17 June 2025) and the day without entitlement is the last working day prior to Cut-Off Date (20 June 2025).

### **Grounds to the decision on the allocation of distributable profit for 2024:**

In accordance with the provisions laid down in the ZGD-1, the General Meeting of Shareholders has decided on the allocation of distributable profit based on the Audited Annual Report 2024 approved by the NLB Supervisory Board at their meeting on 10 April 2025.

The Management Board and the Supervisory Board propose to the General Meeting of Shareholders the payment of dividends of EUR 128.6 million, which represent 25% of NLB Group net profit for the year 2024.

In the 2025 Outlook, the Bank intended to pay total of 50% of net profit for the year 2024, which amounts to EUR 257.2 million. On the back of experiences from the prior years, the bank has decided to split the

dividend payment in a way that the first tranche is subject of this General Meeting of Shareholders, while the second tranche is intended to be proposed to the General Meeting of Shareholders towards the end of this year.

The proposed 50% of net profit for the year 2024 (EUR 257.2 million) is not included in the capital base. Therefore, the payment will not affect the NLB Group capital ratios and will remain stable and high above the regulatory requirement after the dividend distribution.

#### **d) Examination of the management of the company during the business year<sup>4</sup>**

The Supervisory Board 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 (ZGD-1 and Banking Act), the Articles of Association of NLB d.d. and the EBA Guidelines of Internal Governance. 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.
- 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.

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<sup>4</sup> 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;

In addition to the powers conferred upon the Supervisory Board under the Banking Act and ZGD-1 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 d.d. 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.

The Supervisory Board received all required data, reports, and information in 2024 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 of NLB d.d.' section, table 'Composition of Supervisory Board of NLB as of 31 December 2024'. The Management Board members and the Supervisory Board Secretary or expert from the Bank designated by the Head of the Secretariat 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 Slovenian Corporate Governance Code for Listed Companies that entered into force on 1 January 2022, valid until 31 December 2024 (for the business year 2025 the updated version of mention code will be applicable).

## **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 Companies<sup>5</sup> which is the reference governance code for the NLB.

### **a) Activities of the Supervisory Board during the year**

In 2024, the Supervisory Board held seven regular, five extraordinary, and seven correspondence sessions. In its work, the Supervisory Board of NLB received professional assistance from five operational committees (as further defined below). Based on their findings, the Supervisory Board passed the appropriate resolutions.

At the beginning of May 2024, the Supervisory Board adopted a new business strategy until 2030. The strategy is very ambitious, with the aim of transforming the Bank. It is focused on unlocking even more shareholder value, backed by higher dividend payout ratios and/or inorganic equity value creation. It envisages doubling the balance sheet total of NLB Group (to more than EUR 50 billion), also by tapping into the untapped revenue pools that exist already today, with regular revenues of more than EUR 2 billion and a target profit of more than EUR 1 billion by 2030 (through a combination of organic growth and selected mergers and acquisitions), while at the same time, the strategic goal of the Group remains to create sustainable growth to support individuals and companies.

Throughout the year, the Supervisory Board acknowledged regular reports on documents received from the regulator(s), namely, the BoS and ECB, and the implementation of the requirements of regulators. 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

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<sup>5</sup> Recommendation no. 14.12 of the Slovenian Corporate Governance Code for Listed Companies

risk to steer the Group's fulfilment of internal strategic objectives and all external requirements. Tackling a comprehensive assessment of the main risks and vulnerabilities for NLB Group, the Supervisory Board adopted the IT Security Architecture and Protection of the NLB Group and updated NLB. Moreover, key strategic risk documents such as the NLB Group Risk Appetite, the NLB Group Risk Strategy, the IRRBB management report and improvement agenda, and the NLB Group Recovery Plan were regularly revised, upgraded, and discussed.

The functioning of NLB management bodies has always been a priority of a Supervisory Board. To that extent, the Supervisory Board adopted the Internal Audit's Annual Report for 2024, the Internal Audit Plan (2025 & the long-term plan), the Action Plan for Compliance & Integrity for 2025, the regular periodic reports on the Internal Audit, Compliance, IT and Cyber Security, and monitored implementation of the Policy on the Provision of Diversity of the Management Body and senior management by adopting the Annual review of the Diversity Policy of the Bank. In line with increased focus on the risk culture, and impact on how incentives align risk-taking behaviour with NLB's risk profile and long-term interests, the Supervisory Board also approved goals for each member of the Management Board, as well as adopted changes to the Remuneration Policy of the members of the Supervisory Board of NLB d.d. and members of the Management Board of NLB d.d. (on 17 June 2024 approved by the General Meeting of shareholders, whereby the vote on this resolution is of a consultative nature in accordance with ZGD-1).

NLB Group strives to actively contribute to a more balanced and inclusive economic and social system. The Supervisory Board monitored the implementation and effectiveness of NLB Group's Strategy and adopted the regular NLB Group Sustainability Implementation Updates. The Supervisory Board issued approvals to the Management Board related to the adopted NLB Group Annual Report 2023 and NLB Group Sustainability Report 2023, Information on NLB Group's sustainability reporting process for 2024, and engagement of the NLB Management and Supervisory Boards in the Double Materiality Analysis, the Annual Internal Audit Plan, the Plan of Compliance & Integrity, and adopted the Comprehensive Opinion of the Internal Audit.

Furthermore, the Supervisory Board adopted decisions regarding the convocation of the two General Meetings of Shareholders. At the General Meeting of Shareholders dated 17 June 2024, the General Meeting of Shareholders acknowledged itself with the NLB Group 2023 Annual Report, Report of the Supervisory Board of NLB d.d. on the results of the examination of the NLB Group 2023 Annual Report, Report on remuneration for the members of the Management Body of NLB d.d. in the 2023 business year, as well as on Additional information to the Report on remuneration in the business year 2023 on the basis of SSH's Baselines and acknowledged the adopted Internal Audit Report for 2023. The General Meeting of Shareholders adopted a decision on the allocation of distributable profit for 2023 (the first tranche of the distributable profit for 2023 at EUR 5.5 gross per share or EUR 110 million) and granted a discharge from liability to the members of the Management and Supervisory Boards. The General Meeting of Shareholders adopted decisions on three proposed candidates for the Supervisory Board. The shareholders adopted changes to the Remuneration Policy for the Members of the Supervisory Board of NLB d.d. and the Members of the Management Board of NLB d.d. (the vote on this resolution is of a consultative nature).

The General Meeting of Shareholders dated 9 December 2024, adopted a decision on the allocation of the second tranche of the distributable profit for 2023 at EUR 5.5 gross per share or EUR 110 million, making a total dividend pay-out in 2024 EUR 220 million.

During the year, the Supervisory Board adopted periodic reports of the Internal Audit and Compliance and issued approval for the transactions with persons in a special relationship with the Bank, and for 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 evaluation of efficiency and self-assessment of the Supervisory Board and the Audit Committee of

NLB was performed by the Slovenian Directors' Association (SDA) at the beginning of 2024. Based on the findings of SDA, an Action Plan was made, and deficiencies were eliminated.

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 ZGD-1 and the above report the Supervisory Board established and ensured that it regularly and thoroughly monitored the Bank's and the NLB Group's operations in 2024 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 2024, the composition of the Supervisory Board was as follows: Primož Karpe – Chairman; Shrenik Dhirajlal Davda – Deputy Chairman; David Eric Simon, Verica Trstenjak, Islam Osama Zekry, Mark William Lane Richards, Cvetka Selšek, André-Marc Prudent-Toccanier (shareholders' representatives); and Sergeja Kočar and Tadeja Žbontar Rems (workers' representatives). The General Meeting of Shareholders in June 2024 elected Primož Karpe, Natalia Olegovna Ansell, and Luka Vesnaver as members of the Supervisory Board of NLB. On 31 December 2024 the Supervisory Board consists of Primož Karpe (who was re-elected as Chairman on 7 July 2024 for the third time in a row), Shrenik Dhirajlal Davda (Deputy Chairman), and Islam Osama Zekry, André-Marc Prudent-Toccanier, Mark William Lane Richards, Cvetka Selšek, Luka Vesnaver, Natalia Olegovna Ansell (as representatives of capital), Tadeja Žbontar Rems and Sergeja Kočar (as employee representatives).

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 2024) is 40%.

Detailed information about the composition of the Supervisory Board of NLB can be found in the Corporate Governance Statement of the NLB d.d. (Attachment 1 Composition of the Supervisory Board) as well as in the NLB Group Sustainability Statement 2024 (provision of Diversity in the Management Body and senior management) in the NLB Group Annual Report 2024.

## **Committees of the Supervisory Board**

In its work, the Supervisory Board 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 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, although at the end of 2024 the actual number of members in the committees was five members. Their areas of activity and scope of authorities, composition, functioning, and other issues are regulated by the rules of procedure of the committees adopted by the Supervisory Board. 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.

At the end of 2024, the composition of the Committee was as follows: Cvetka Selšek (Chairwoman), André-Marc Prudent-Toccanier (Deputy Chairman), Primož Karpe, Tadeja Žbontar Rems and Luka Vesnaver (members).

### **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.

At the end of 2024, the composition of the Committee was as follows: André-Marc Prudent-Toccanier (Chairman), Cvetka Selšek (Deputy Chairwoman), Shrenik Dhirajlal Davda, Luka Vesnaver, and Natalia Olegovna Ansell (members).

### **Nomination Committee**

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 the members of the Management Board and the Supervisory Board (shareholders' representatives), prepares the content of executive employment contracts for the President and members of the Management Board, evaluates the performance of the Management Board and the Supervisory Board, and assesses the knowledge, skills and experience of individual members of the Management Board and Supervisory Board and the bodies as whole.



At the end of 2024, the composition of the Committee was as follows: Primož Karpe (Chairman), Mark Richards (Deputy Chairman), Sergeja Kočar, Islam Osama Zekry, and Shrenik Dhirajlal Davda (members).

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

At the end of 2024, the composition of the Committee was as follows: Shrenik Dhirajlal Davda (Chairman), Mark William Lane Richards (Deputy Chairman), Islam Osama Zekry, Sergeja Kočar, and André-Marc Prudent-Toccanier (members).

#### **Operational and IT Committee**

The Operational and IT Committee monitors and prepares draft resolutions for the Supervisory Board 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.

At the end of 2024, the composition of the Committee was as follows: Mark William Lane Richards (Chairman), Islam Osama Zekry (Deputy Chairman), Primož Karpe, Tadeja Žbontar Rems, and Natalia Olegovna Ansell (members).

More information about the work of the Supervisory Boards' committees as well as changes in memberships of the committees that occurred during the year can be found in the Corporate Governance Statement of NLB d.d. (which is part of the NLB Group Annual Report for the Year 2024).

#### **c) Conflict of interest management**

According to Articles of Association of NLB d.d. (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. (November 2024, 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, its members followed the general rules of corporate governance concerning conflicts of interests by informing the Supervisory Board about the existence of conflict of interests in advance in each case. Throughout the year, the members of the Supervisory Board 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.nlbgroup.com/int-en/about-nlb-group/corporate-governance](https://www.nlbgroup.com/int-en/about-nlb-group/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. (November 2024). 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 the recommendation of the Slovenian Corporate Governance Code for Listed Companies (Recommendation 16.4), the evaluation of efficiency and self-assessment of the Supervisory Board of NLB and the Audit Committee of NLB was performed by the Slovenian Directors' Association (SDA) at the beginning of 2024. The results of the evaluation 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. Based on the findings of SDA, an Action Plan was made, and deficiencies were eliminated.

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 NLB<sup>6</sup>**

The Corporate Governance Statement of NLB is drafted in accordance with the provisions of the sixth paragraph of Article 70 of the ZGD-1. The Audit Committee of the Supervisory Board of NLB discussed the NLB Corporate Governance Statement of NLB at its meeting on 19 February 2025 and the mentioned statement was adopted on session of the Supervisory Board of NLB on 20 February 2025 with only one minor technical comment 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 2024 and is also published separately on the Bank's website (https: [www.nlbgroup.com/int-en/about-nlb-group/corporate-governance](https://www.nlbgroup.com/int-en/about-nlb-group/corporate-governance)).

**Conclusions:**

The Supervisory Board examined the NLB Group Report for 2024 as proposed by the Management Board. The Supervisory Board also examined the proposal of the Management Board for the allocation of distributable profit for 2024.

The Supervisory Board acknowledged the Independent Auditor's Limited Assurance Report on the Sustainability Statement by the KPMG and had no comments to them. Following a detailed examination and final verification of the NLB Group Annual Report 2024, the Supervisory Board had no comments and approved the report, which means that the NLB Group annual Report for 2024 is adopted.

The Supervisory Board proposes to the General Meeting of Shareholders of NLB to acknowledge the NLB Group Annual Report 2024 and the Report of the Supervisory Board of NLB on the results of the examination of the NLB Group Annual Report 2024.

The Management Board and the Supervisory Board jointly propose to the General Meeting of Shareholders to adopt a decision on the allocation of distributable profit for 2024 as determined in this report.

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

Ljubljana, 10 April 2025

Primož Karpe  
President of the  
Supervisory Board

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<sup>6</sup> In line with the Recommendation no. 5 of the Slovenian Corporate Governance Code for Listed Companies, the company must include in its business report in the scope of its annual report also the Statement on the corporate governance of the company and the Supervisory Board must adopt a position regarding the statement in the Report on the work of the Supervisory Board in the scope of adopting the annual report.