

Executive Summary of the Remuneration Policy of NLB d.d.

for the Members of the Supervisory Board
and the Members of the Management Board

December 2026

Objectives of 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. (hereinafter: Remuneration Policy)

The aim of this Executive Summary is to provide Shareholders with a clear understanding of the principles that govern the Remuneration of members of the Management Board and Supervisory Board of NLB d.d. The Remuneration Policy is available on the Bank's website **Governance/ Remuneration Policy**.

The Remuneration Policy is designed to provide the Management Body with legally compliant, competitive, and transparent remuneration that ensures the ability to attract top international talent to leadership positions at NLB d.d. The Policy is designed to be transparent and easily understood, aligning with the provisions of the Slovenian Companies Act (ZGD-1) and all applicable national and EU regulations. This Remuneration Policy aligns with NLB Group's business strategy, motivating long-term growth and sustainable operations. To reinforce these objectives, a portion of the Variable Remuneration is awarded in NLB d.d. shares or Share-Linked Instruments, with a significant part of it deferred and subject to a Retention Period after Vesting. These measures encourage Management Board members to prioritise the Bank's strategic goals while mitigating excessive risk-taking and promoting financial stability.

The latest amendments to the Remuneration Policy ensure its continued alignment with the applicable legal and regulatory framework, including the new Banking Act (ZBan-4), changes to pension legislation, and the resolutions of the General Meeting of Shareholders concerning the remuneration of Supervisory Board members. The amendments also include selected updates to Management Board remuneration benefits and refinements of the Performance Criteria, including a newly defined approach for the Chief Transformation Officer.

REMUNERATION POLICY

The basic principles of NLB d.d.'s remuneration policies serve as a framework for the remuneration of all employees of NLB d.d. and regulate the remuneration system for the members of the Supervisory Board and the Management Board. The basic principles of NLB d.d.'s remuneration policies also serve as a framework for the remuneration policies in other members of NLB Group, provided that local regulations are also observed.

Remuneration Policy for Management Board members of NLB d.d.

Principles

The design of the Remuneration Policy, along with decisions regarding the structure and amount of Management Board members' compensation, falls under the responsibility of the Supervisory Board.

The Remuneration of the members of the Management Board reflects NLB Group's desire to attract, retain, and motivate high calibre managament talent by offering a competitive package with an appropriate balance between fixed and variable pay.

Structure of the Remuneration of Management Board members

When determining Remuneration for Management Board members, the Bank adheres to the following principles:

1. **Appropriate Remuneration** – Compensation for Management Board members is aligned with market salary trends and remains competitive with remuneration offered by comparable regional institutions.

2. **Performance-Based Incentives** – Variable Remuneration which is directly linked to achieving predefined performance criteria.

The Remuneration of a Management Board member consists of:

Fixed salary – Reflecting relevant professional experience, responsibilities, and duties, as defined in the member's job description. The fixed salary is determined through periodic benchmarking against comparable regional banks, based on the specific function and area of responsibility.

- **Fixed Remuneration is independent of performance and includes the base salary along with other forms of compensation:**

Fixed Remuneration components	
Component	**Elements**
Basic Salary	Gross Basic Salary
Other Income and Reimbursement of Costs	Holiday allowance and compensations, Travel expenses, Other cost reimbursement
Other Benefits	Health services, Supplementary Pension Insurance, Car allowance, D&O Insurance, Other benefits

Variable Remuneration - tied to delivery of sustainable and risk-adjusted performance. The amount of the Variable Remuneration of a Management Board member depends on Performance Criteria which comprise:

- the achievement of the financial goals of NLB Group the achievement of the strategic business goals specifically set for each Management Board member with respect to individual functional responsibilities
- the personal leadership goals of the Management Board member

- **Variable Remuneration is divided into STI and LTI:**

SHORT-TERM INCENTIVE		**LONG-TERM INCENTIVE**	
Component	**Elements**	**Component**	**Elements**
50% non-deferred part of STI	25% payment in cash	50% non-deferred part of LTI	25% payment in cash
	25% payment in Instruments		25% payment in Instruments
50% deferred part of STI	25% deferred part in cash	50% deferred part of LTI	25% deferred part in cash
	25% deferred part in Instruments		25% deferred part in Instruments

- Variable remuneration components of the Management Board member may consist of:

Component	Maximum value
STI	Up to 9 average Gross Monthly Salaries
LTI	Up to 3 average Gross Monthly Salaries
Guaranteed variable remuneration	Up to 1.5 Gross Monthly Salaries
Compensation for early termination	Up to the amount which is calculated using the general formula in Item 1 of Article 31 of the Policy
Compensation for the non-competition period	Equal to the Gross Monthly Salary multiplied by the Group the number of months of the contractually agreed non-competition.

Bonus potential or cap

Based on currently applicable Slovene law, the total Variable Remuneration for each Management Board member must not exceed the total Fixed Remuneration.

Step-in criteria (Gateway conditions)

Both Regulatory and Performance-Related Step-in Criteria must be met for STI or LTI to be awarded for a specific Business Year, in line with the other provisions of the Policy.

Regulatory Step-in Criteria

- The Bank and NLB Group meet all capital and liquidity regulatory requirements
- The soundness of the capital and liquidity base of the Bank would not be jeopardised by the awarding of such STI or LTI.

Performance-Related Step-in Criteria

- Capital strength conditions
- Liquidity condition
- Sustainability condition

As set by the Supervisory Board in advance each year.

Key performance indicators

Individual target setting reflects strategic and/or operational goals aligned with the NLB Group business strategy. These targets are set annually in advance by the Supervisory Board with the support of the Remuneration Committee for each Business Year and vary based on the Management Board member's area of responsibility.

Short-Term Performance Criteria*

Financial goals of the NLB Group	Goals in the areas covered by the member of the Management Board	Personal goals
50%	30%	20%
Net revenues (to budget)	Implementation of the NLB Group strategy	Achieving the employee engagement in the area of responsibility of Management Board member
Cost/income ratio (CIR)	Implementation of the environmental, social, and governance (ESG) goals agreed in the sustainability implementation plan in the areas that fall under the responsibility of the Management Board member	Employee development / Succession planning in the area of responsibility of Management Board member
Return on Equity after tax (ROE a.t.)	Achieving the Customer Satisfaction Index	Leadership effectiveness / Personal development
Cost of risk	Other specific strategic goals which are set for each Management Board member by the Supervisory Board for each year	
Other financial goals in accordance with the annual plan approved by the Supervisory Board (e.g. net fees and commission income, operational business margin…)		

*Except the CRO who has goals and their weighting adjusted to their function in line with EBA guidelines and the CTO whose weighting is evenly distributed between the Bank's financial goals and the goals falling within the areas of responsibility of the Management Board member

Long-Term Performance Criteria During the Subsequent Performance Period

Upon assessment at the end of the Subsequent Performance Period the LTI is adjusted for realised performance over the same period.

Targets for LTI	CRITERIA	WEIGHT
1. Relative total Shareholder return (RTSR)	The performance indicator is determined based on the RTSR performance of the Bank in comparison with a peer group of comparable banks.	50% (20% for CRO)
2. Goals that derive from the Bank's long-term strategy and are related to the long-term sustainable development of the Bank	Goals set by the Supervisory Board with the aim of promoting the long-term sustainable development of the Bank	50% (20% for CRO)
Cost of risk for CRO only	Average realised negative deviation of CoR relative to the plan established for STI over the Subsequent Performance Period	60%

Awarding by the Supervisory Board

The Variable Remuneration award is conclusively determined by the Supervisory Board with the involvement of the Remunera¬tion Committee.

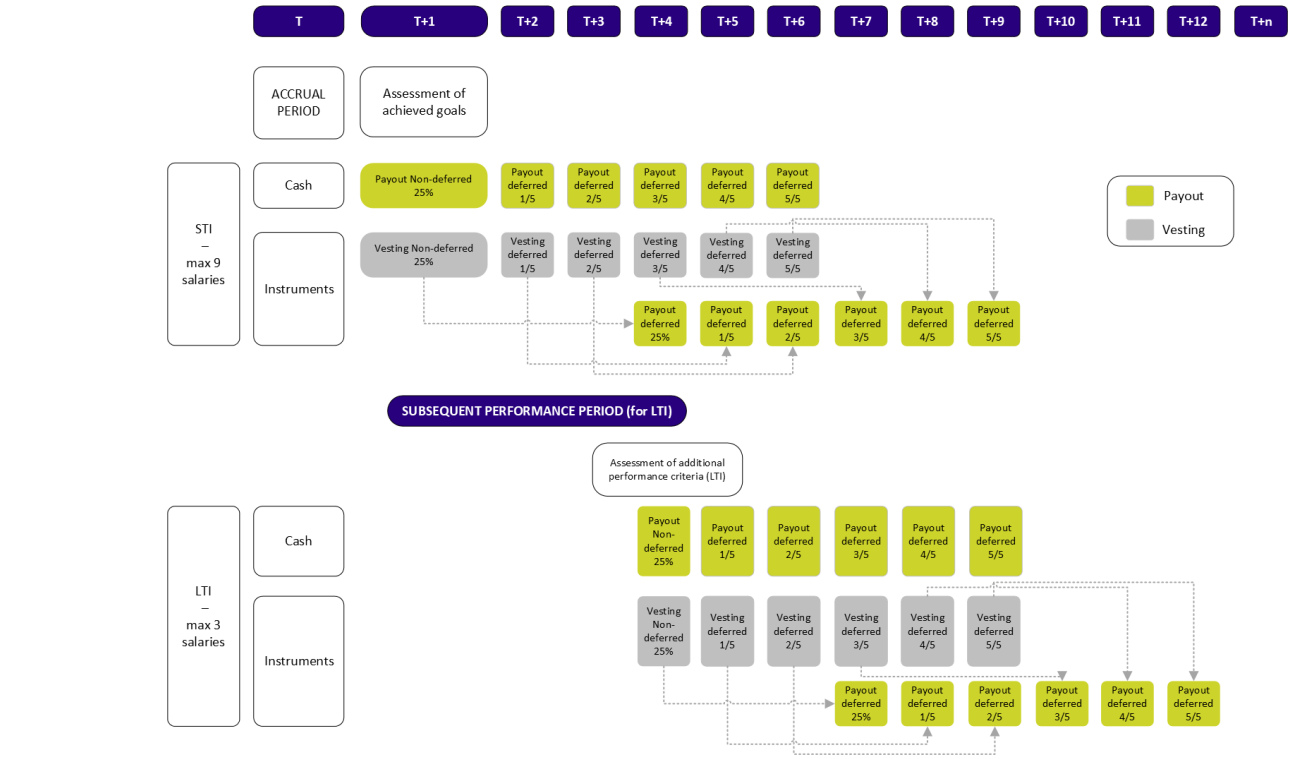
Variable Remuneration is awarded only if justified by the financial situation of NLB Group and the documented performance and conduct of the respective Management Board member.

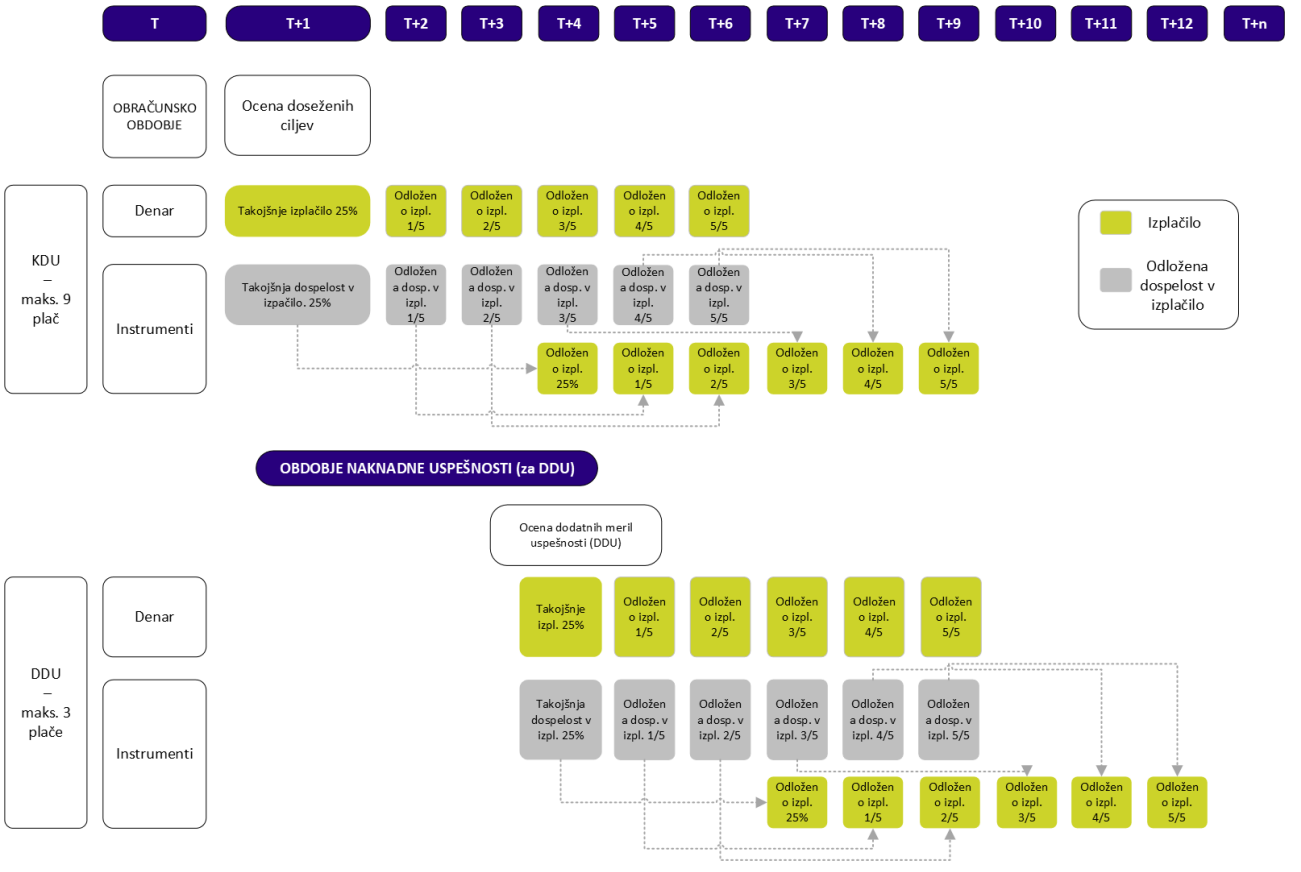
Prior to awarding STI and/or LTI to a member of the Management Board, the Supervisory Board shall make an adjustment of STI and/or LTI to the achievement of Performance Criteria and risks (as determined by the Risk Function or specified in the Policy – e.g. financial performance of the Bank or NLB Group, conduct of the Management Board member, negative Fit & Proper assessment, etc).

Payout Time Frame for Variable Remuneration (STI and LTI)

Variable Remuneration is awarded partly as upfront remuneration and partly as deferred remuneration, distributed over several years. Both components must be at least 50% in the form of a non-cash Instrument.

Timeline for STI and LTI (simplifed)





Variable Remuneration system with Instruments

Fifty per cent of the deferred compensation is in the form of Instruments linked to the value of NLB d.d.'s share. The Instrument provides its holder with yields equal to the dividend yield on NLB d.d.'s share, subject to applicable local regulations.

Malus and clawbacks

The Supervisory Board can also reduce the amount of the part of the deferred part of STI or LTI (as applicable). Such reduction is based on the reassessment of the achievement of Performance Criteria and risks (as determined by the Risk Function or specified in the Policy – e.g. financial performance of the Bank or NLB Group, conduct of the Management Board member, negative Fit & Proper assessment).

Management Board Contracts

In accordance with the Bank's Articles of Association the contractual term of office of a Management Board member is five years.

Notice periods

The term of office of a Management Board member may terminate:

- on the date of expiry of the term of office of the Management Board member.
- Due to the resignation of the Management Board member based on a minimum three months' written notice; for reasons specified in the ZGD-1 a) serious breach of obligations; b) the Management Board member is incapable of conducting business; c) the General Meeting passes a vote of no confidence in him/her except where the vote of no confidence was passed for clearly unsubstantiated reasons d) for other business and economic reasons (additionally, the proposal of the President of the Management Board for the recall of a Management Board member shall be deemed one of such other business and economic reasons) with immediate effect.
- Due to the decision of the competent court, the Bank of Slovenia, or other authority of jurisdiction.

Pension benefits

The Bank shall pay for the members of the Management Board the maximum premium of collective Voluntary Supplementary Pension Insurance within the tax relief bracket as set forth in the Pension and Disability Insurance Act, which amounts to EUR 3,224,18 annually in 2026.

Compensation for early discontinuation of the term of office

A member of the Management Board is entitled to compensation for early termination of the term of office only if dismissed for other business or economic reasons. The compensation for early termination of the term of office may not exceed 12 gross monthly salaries of the member of the Management Board, payable on the basis of the month prior to the termination of the term of office.

The Supervisory Board may reduce the compensation for early discontinuation of the term of office of a member of the Management Board (even to zero) due to unsuccessful performance of the Bank or the Management Board member.

Compensation for the non-competition period

Compensation for the non-competition period after the termination of the employment of a member of the Management Board may not exceed the amount of the Gross Monthly Salary of that member of the Management Board for the month preceding termination of his/her employment for each month in which such ban applies.

Remuneration Policy for Supervisory Board Members of NLB d.d.

Supervisory Board members are entitled to Fixed Remuneration for serving on the Supervisory Board and its Committees as well as reimbursement of out-of-pocket expenses incurred in performing their function in accordance with applicable resolutions by the General Meeting.

The Supervisory Board member may only receive Remuneration that is compliant with the relevant resolutions of the General Meeting.

In accordance with applicable resolutions by the General Meeting, Supervisory Board members are entitled to the following Remuneration for performing their function:

	SB member	SB Chair	SB Deputy Chair	Extra payment for committee membership	Committee Chair
basic remuneration	EUR 69,000 gross annually	+50%	+15%	+10% (max +20%)	+15% (max)

Members of the Supervisory Board of NLB d.d. who are workers' representatives

	SB member	Extra payment for committee membership	Reduction
basic remuneration	EUR 69,000 gross annually	+10% (max +20%)	The Remuneration from this table is reduced by the Basic Salary from employment in NLB d.d. or NLB Group.

General rules applying to all members of the Supervisory Board of NLB d.d.

Supervisory Board members shall receive the above Remuneration in proportional monthly payments to which they shall be entitled for as long as they perform the function.

Supervisory Board members shall be entitled to the reimbursement of travel expenses, daily allowances, and costs of overnight accommodation related to their work on the Supervisory Board up to the amount specified in the regulations on reimbursement of work-related expenses and other income not included in the tax base.

Roles of the Committees

Duties of the main committees and the Supervisory Board are presented below:

Remuneration Committee

The **Remuneration Committee is an advisory body of the Supervisory Board** and shall also have the duty to:

1. carry out expert and independent assessments of the remuneration policies and practices and make recommendations to the Supervisory Board to include development of STI and LTI programmes which promote effective risk management, and ensuring that policies are gender-neutral, support equal treatment, and take into account ESG factors.

2. 2. prepare proposals for all decisions of the Supervisory Board in relation to remuneration, including review of Basic Salaries, Performance Criteria setting, evaluation of achievement of Performance Criteria targets, and approval of the annual Remuneration Report.

Risk Committee

The **Risk Committee** is an advisory body of the Supervisory Board and shall also have the duty to:

1. advise on the Bank's general present and future risk appetite and on the risk management strategy.
2. help to supervise the Senior Management regarding the implementation of the risk management strategy.
3. without interfering with the duties of the Remuneration Committee, check whether the Variable Remuneration adequately takes into account relevant risk management considerations including but not limited to capital adequacy, liquidity, ESG, etc. and the probability and timing of the Bank's revenues, and make recommendations to ensure prudential remuneration policies and practices.

Supervisory Board

The Supervisory Board is responsible for adopting and maintaining the Remuneration Policy and for supervising its implementation. The Supervisory Board reviews remuneration proposals and recommendations from the Remuneration Committee and is responsible for adopting decisions on Remuneration of Management Board members.

for public use

Based on Article 20 of the Articles of Association of Nova Ljubljanska banka d.d., Ljubljana, the Supervisory Board hereby adopts the following

Remuneration Policy for the Members of the Supervisory Board of NLB d.d. and the Members of the Management Board of NLB d.d.

Issue 6, general internal document

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Chronology of amendments

Version	Date	Description
1.	15/10/2021	Version 1
2.	19/10/2022	Version 2, adoption by the Supervisory Board of NLB d.d.
	12/12/2022	Consultative vote on approval at the General Meeting of Shareholders of NLB d.d.
3	26/10/2023	Version 3, adoption by the Supervisory Board of NLB d.d.
	11/12/2023	Consultative vote on approval at the General Meeting of Shareholders of NLB d.d.
4	22/04/2024	Version 4, adoption by the Supervisory Board of NLB d.d.
	17/06/2024	Consultative vote on approval at the General Meeting of Shareholders of NLB d.d.
5.	10/04/2025	Version 5, adoption by the Supervisory Board of NLB d.d.
	16/6/2025	Consultative vote on approval at the General Meeting of Shareholders of NLB d.d.
6.	8/10/2026	Version 6, adoption by the Supervisory Board of NLB d.d.
	14/12/2026	Consultative vote on approval at the General Meeting of Shareholders of NLB d.d.

1. Introductory provisions

Article 1

This Article sets out the principal amendments 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. (hereinafter: the Remuneration Policy or the Policy) in chronological order:

The significant changes of the second version compared to the first version of the Remuneration Policy were the following:

- the stakeholders' (Management Board, Remuneration Committee, Risk Committee, Supervisory Board, General Meeting, Compliance and Integrity, Internal Audit) roles in the process of adopting and supervising the implementation of the Remuneration Policy have been defined in further detail; in the process of awarding guaranteed variable remuneration, retention bonus, and the variable part of salary;
- the Policy defines in more detail the components of the fixed and variable parts of the Remuneration of the Management Board members with predefined maximum values of individual Remuneration;
- the possibility of covering or reimbursing the difference in tax liabilities of a new Management Board member arising from his/her income received in the past, in the event that he/she becomes a Slovenian tax resident – the purpose of this is to enable the Bank's to cover the difference in tax liabilities of the new member of the Management Board arising from his/her income received in the past, as a result of him/her acquiring the status of Slovenian tax resident;
- the possibility of granting a personnel housing loan to a Management Board member under the same conditions as apply to key personnel under the collective agreement;
- the maximum permitted amount of the Gross Monthly Salary of a member of the Management Board is determined in relation to the average Gross Monthly Salary of a member of senior management of NLB d.d.;
- the maximum amount of the variable part of the salary (performance bonus) of a Management Board member for an individual business year has increased to 9 salaries for the period from 01/01/2023 onwards;
- the guaranteed variable remuneration is more clearly defined, together with the maximum possible amount;
- a new definition of the possibility of retention bonus;
- an explanation has been included about how the Award and payment of a part of Variable Remuneration in the form of the Bank's shares or Instruments the value of which is linked to the value of the Bank's share contributes to the Bank's long-term development;
- the goals of the Management Board members are specified in more detail by area;
- the provision of the Policy relating to compensation for early discontinuation of the term of office of a Management Board member and the compensation for non-competition of a Management Board member is aligned with the Guidelines on sound remuneration policies under Directive 2013/36/EU of 2 July 2021 (EBA/GL/2021/04, hereinafter: EBA Guidelines); the compensation for non-competition of a Management Board member the limit of its amount is more clearly defined.

The significant changes of the third version compared to the second version of the Remuneration Policy are the following:

- the provisions on the Remuneration of Supervisory Board members have been updated taking into account the resolutions passed by the General Meeting of Shareholders of NLB d.d. on 19/06/2023;
- a long-term performance bonus has been introduced, the maximum amount of which is 3 average Gross Monthly Salaries of a Management Board member for an Accrual Period, i.e. financial year; the Subsequent Performance Period, in which the fulfilment of additional Performance Criteria is measured, is three years from awarding;
- the Performance Criteria have been expanded accordingly due to the introduction of the long-term performance bonus;
- in accordance with the second version of the Remuneration Policy, a part of the variable part of the salary has always been deferred, while the third version of the Remuneration Policy stipulates that the variable part of the salary (short-term or long-term performance bonus) of a Management Board member for an Accrual Period (i.e. financial year) is not deferred, if, together with their other variable remuneration taken into account when calculating the ratio between variable and fixed remuneration for the respective Accrual Period it (i) does not exceed EUR 50,000.00 gross; and (ii) is no greater than one third of their total Remuneration for the respective Accrual Period*;*
- clarifying the short-term incentive structure by providing a clear evaluation grid and weight;
- the timeline with key milestones in relation to STI and LTI in the form of an illustrative chart is added to the Policy as Appendix 1.

The significant changes of the fourth version compared to the third version of the Remuneration Policy are:

- clearer wording was introduced in the definitions and elsewhere in the Remuneration Policy;
- the definitions are used more consistently throughout the Remuneration Policy;
- the maximum total rental cost for a company car provided to a Management Board member was increased to EUR 2,100.00 per month;
- in relation to guaranteed variable remuneration, a stipulation was added that there will be no obligation on the Bank to pay any guaranteed variable remuneration in circumstances when the Supervisory Board has decided to not pay any Variable Remuneration to the Management Board members due to Bank capital and liquidity considerations;
- the stipulations on retention bonus have been removed;
- the properties of the Instrument that is usually used for Variable Remuneration were supplemented with yields equal to the dividends of the NLB d.d.'s share; the yields are, however, limited to the limits stipulated by applicable regulations; further, any yields payable under an individual Instrument prior to the handing over of such individual Instrument to the member of the Management Board shall be treated as received and owned by the Bank and shall not be paid to the member of the Management Board (or to any later holder of the Instrument);
- more detailed indicators for measuring performance in relation to LTI were introduced;
- the possibility of awarding compensation for early termination of the term of office in case of resignation of a Management Board member has been removed.

The significant changes of the fifth version compared to the fourth version of the Remuneration Policy are:

- the "Step-in" or "Gateway" Criteria (Regulatory and Performance-Related Step-in Criteria) for the awarding of STI and LTI were introduced.
- the process of setting the Bonus Pool for the Variable Remuneration of the Management Board members was determined.
- the roles of individual stakeholders in the processes related to Remuneration of the Management Board members were clearly defined.

The significant changes of the sixth version compared to the fifth version of the Remuneration Policy are:

- the provisions on the Remuneration of Supervisory Board members have been updated taking into account the resolution passed by the General Meeting of Shareholders of NLB d.d. on 15/06/2026;
- the maximum health insurance cost for a Management Board member was increased to EUR 12,000.00 per calendar year;
- the maximum amount of bank payments for PDPZ has been increased in accordance with the changes in regulations on pension and disability insurance;
- the maximum travel allowance for expatriates was increased to the cost of 45 economy class return tickets;
- the provisions on the Remuneration Policy have been updated taking into account the new Banking Act (ZBan-4);
- Performance Criteria for Management Board members have been changed and newly defined for CTO.

Article 2

The basic principles of remuneration policies serve as a framework for all employees at NLB d.d., and this Remuneration Policy is part of that framework.

The Remuneration of employees who are not members of the Supervisory Board or members of the Management Board is regulated in separate remuneration policies and other documents.

The provisions of this Remuneration Policy regulate the remuneration system for the members of the Supervisory Board and the Management Board.

The provisions of this Remuneration Policy are harmonized with the Companies Act (ZGD-1), the Banking Act (ZBan-4), the Employment Relationships Act (ZDR-1), and other relevant Slovenian and EU regulations, as well as with the EBA Guidelines, with NLB d.d. herewith pursuing the principle of proportionality, taking into account the size and the internal organization as well as the nature, scope, and complexity of the Bank's activities.

Article 3

The Policy provides clear guidelines for Remuneration that incentivizes prudent and efficient risk management.

Article 4

This Policy is based on the principle of equal payment for equal work or work of the same value for the men and women employed and is therefore gender-neutral.

Article 5

The terms used in this Policy shall have the following meaning:

"Accrual Period"	means the period of time before Award of the Variable Remuneration in which the performance of a Management Board member is assessed and measured in order to determine their Variable Remuneration; Accrual Period related to STI or LTI is one Business Year;
"Audit Committee"	means the Audit Committee of the Supervisory Board;
"Award"	means the granting of Variable Remuneration for a specific Accrual Period, independently of the actual point in time when the awarded amount is paid;
"Basic Salary"	is the gross basic monthly salary of an individual Management Board member;
"Bank" or "Institution"	means Nova Ljubljanska banka d.d., Ljubljana;
"Benefit"	is defined as any benefit in kind provided to the employee by the employer;
"Bonus Pool"	means the maximum amount of Variable Remuneration which can be awarded in the award process;
"Business Year"	is equal to a calendar year;
"Compliance and Integrity" or "SPKI" or "Compliance Function"	means the Bank's organizational unit responsible for compliance and integrity of the Bank;
"Deferral Period"	is the period for which the Bank defers the payment of the deferred part of Variable Remuneration of a Management Board member. The Deferral Period starts upon the payment of the non-deferred part of the Variable Remuneration and lasts at least five years. The actual Deferral Period is determined each time by the Supervisory Board in accordance with this Policy. As of the date of this Policy the Deferral Period is five years;
"Fixed Part of the Salary"	is the part of the salary comprised of Basic Salary, Salary Compensation, Other Employment-Related Income and Reimbursement of Expenses (excluding Variable Remuneration);

"Fixed Remuneration"	means payments made or Benefits provided to staff in compliance with section 7 of the EBA Guidelines. It typically means payments or Benefits which do not depend on performance;
"Gender Pay Gap"	means the difference between the average gross hourly rate of a male and a female employee expressed as a percentage of the average gross hourly rate of the male employee;
"General Meeting"	means the General Meeting of Shareholders of the Bank;
"Gross Salary"	consists of the Basic Salary of a Management Board member and the length of service bonus (in accordance with the Collective Agreement);
"Gross Monthly Salary"	means Gross Salary for a calendar month;
"Identified Staff"	are members of a Management Body and any employees who can significantly impact the risk profile of NLB d.d. and/or the NLB Group in the scope of their tasks and activities;
"Instruments"	mean shares, instruments or other contracts under Item 3 of Paragraph 2 of Article 221 of the ZBan-4 or that fall within one of the two categories referred to in Article 94(1)(l) of Directive 2013/36/EU which form part of the Variable Remuneration;
"Internal Audit" or "Internal Audit Function"	means the Bank's organizational unit responsible for internal audit of the Bank;
""LTI"	is the part of the Performance Bonus which is contingent on the fulfilment of the Performance Criteria;
"Performance Criteria"	means Short-Term Performance Criteria and Long-Term Performance Criteria;
"Short-Term Performance Criteria"	means the key performance indicators set by Supervisory Board for the Accrual Period;
"Long-Term Performance Criteria"	means key long-term performance indicators set by the Supervisory Board for the Subsequent Performance Period (see definition "Subsequent Performance Period" below in this Article; details in Article 20);
"Malus"	means an arrangement (in this Remuneration Policy or in the employment contract) that permits the Institution to reduce the value/amount of all or part of non-deferred or deferred part of LTI or the deferred part of other Variable Remuneration based on ex-post risk adjustments before it has Vested;
"Management Board"	means the Bank's Management Board;

"Management Body"	means Supervisory Board or Management Board;
"Other Employment-Related Income"	is all other Remuneration that is defined in the applicable labour regulations (such as holiday allowance, severance pay, jubilee awards, solidarity aid, etc.);
"Performance-Related Step-in Criteria"	means the Performance-Related Criteria from Item 2 of Article 19 this Policy
"Reimbursement of Expenses"	represents reimbursement of commuting costs, meal allowance, reimbursement for the use of own assets for working from home and related material expenses, and other reimbursement of costs based on internal documents of the Bank;
"Regulatory Step-in Criteria"	means the regulatory criteria from Item 1 of Article 19 this Policy
"Remuneration"	comprises all forms of financial and non-financial payments and Benefits to which members of a Management Body and/or employees are entitled based on their contracts concluded with the Bank or another entity in the NLB Group;
"Remuneration Committee"	means the Remuneration Committee of the Supervisory Board;
"Retention Period"	means a period of time after the Vesting of Instruments that have been awarded as Variable Remuneration during which they cannot be sold, accessed, or transferred. In accordance with this Policy, the Retention Period is 3 years;
"Return of Variable Remuneration" or "Clawback"	means an arrangement (in this Remuneration Policy and/or in the employment contract) under which a Management Board member has to return to the Bank (a part or all of) the Variable Remuneration paid in the past (or which has already Vested but was not yet paid), under certain conditions;
"Risk Function" or "Risk"	means the Bank's organizational unit responsible for Risk Management
"Risk Committee"	means the Risk Committee of the Supervisory Board;
"Routine Employment Package"	means ancillary components of Remuneration that are obtainable for a wide population of employees or employees in specified functions based on predetermined selection criteria, including, for example, healthcare, child care facilities or proportionate regular pension contributions on top of the mandatory regime and travel allowance;

"Salary Compensation"	is the allowance received by a Management Board member because of their absence from work for the reasons defined by labour regulations applicable at the time (typically including but not limited to sick leave, training, holidays)[1] and is therefore considered Fixed Remuneration;
"Senior Management"	Means staff who perform executive functions in the Bank and are directly responsible to the Management Body for the daily management of the Bank under the leadership of the Management Body (Management Board – 1 level);
"Shareholder"	means a person who owns shares in the Bank;
"Share-Linked Instruments"	mean those instruments whose value is based on the value of the Bank's share and/or give their holder yields whose amount is based on the amount of the dividends the Bank's share gives its holder, e.g. stock appreciation rights, types of synthetic shares;
"Step-in Criteria" or "Gateway Criteria"	mean criteria that must be met (Regulatory Step-in Criteria and Performance-Related Step-in Criteria) in order for STI or LTI for a certain Business Year to be awarded
"STI"	is the part of the Performance Bonus which is contingent only on the fulfilment of the Short-Term Performance Criteria;
"Supervisory Board"	means the Bank's Supervisory Board;
"Subsequent Performance Period"	means the period of time after the award of the LTI, during which the fulfilment of the Long-Term Performance Criteria by a Management Board member is assessed for the purpose of LTI being due for payment; the Subsequent Performance Period begins when the LTI is awarded and lasts for 3 years;
"Underrepresented Gender"	represents the underrepresented female or male gender;
"Variable Remuneration"	means any Remuneration which is not Fixed Remuneration;
"Performance Bonus"	means the part of Variable Remuneration that depends on achievements against Performance Criteria; it consists of STI and LTI;[2]
"Variable Remuneration Thresholds"	means (i) EUR 50,000.00; and (ii) one third of the total remuneration of the Management Board member for the relevant Accrual Period;

[1] For detailed list of all Salary Compensation see ZDR-1.

[2] The Performance Bonus is based (among others) on the stipulations of the ZDR-1 on the part of the salary for job performance (del plače za delovno uspešnost).

"Vesting"	means the effect by which the Management Board member becomes the legal owner of the Variable Remuneration awarded and is subject to retention requirements and Clawback arrangements;
"Voluntary Supplementary Pension Insurance" or "PDPZ)"	is Voluntary Supplementary Pension Insurance that the Bank pays for its employees who wish to join the pension scheme.

2. Area of Use and Persons/Entities Obliged to Comply

The Remuneration Policy is valid for members of the Supervisory Board of NLB d.d. and for members of the Management Board of NLB d.d.

3. General principles

Article 6

Through its framework for STI and LTI and the Performance Criteria, this Remuneration Policy supports the Bank's strategy, long-term development, and sustainability of operations. The same goals are also pursued by awarding a part of Variable Remuneration in NLB d.d. shares or Share-Linked Instruments, by deferring a part of them and by imposing a Retention Period after their Vesting, which stimulates the Management Board members to pursue the Bank's strategy, long-term development, and sustainability of operations.

The Remuneration Policy shall be consistent with: the strategic goals of NLB d.d. and the NLB Group, its organizational culture and values; its long-term interests: environmental, social, and governance (ESG) factors: measures to prevent conflicts of interest and its risk strategy and appetite.

The Remuneration Policy has been designed so as not to stimulate excessive risk-taking by members of the Management Bodies whether financial, operational, regulatory, or reputational, including risks resulting from mis-selling or unethical selling of products. NLB d.d. shall ensure that the Remuneration Policy is compatible with adequate and efficient risk management and that it stimulates prudential management.

The Remuneration Policy takes into account the requirement to fulfil capital and liquidity requirements in determining the Award of Variable Remuneration.

The proposal for the Remuneration Policy shall be approved by the Management Board and the Remuneration Committee. The Remuneration Policy shall be adopted by the Supervisory Board, and then submitted to the vote of the General Meeting for approval. The Bank shall submit the Remuneration Policy to the General Meeting to vote on it upon any major amendment, and in any case at least every four years. The voting on the Remuneration Policy by the General Meeting is of a consultative nature.

Article 7

Conflicts of interests are mitigated by establishing clear, objective, predetermined Performance Criteria which are reviewed by the Remuneration, Risk, and Audit Committees and approved by the Supervisory

Board. Performance Bonus awards are subject to measurement of achievement against Performance Criteria based on the internal financial reporting system, input from the financial controlling function and are subject to detailed scrutiny by the Remuneration Committee, prior to final approval by the Supervisory Board.



4. Participants in the process of adopting and supervising the implementation of the Remuneration Policy

Article 8

Management Board of NLB d.d.

Within the scope of its powers, the Management Board ensures, inter alia, the adequacy of remuneration practices on lower levels within NLB d.d. and throughout the NLB Group that are consistent with prudent and effective risk management and are gender-neutral.

The members of the Management Board and the Supervisory Board are responsible for preparing the Remuneration Report in accordance with Article 294.b of the ZGD-1.

Remuneration Committee of the Supervisory Board of NLB d.d.

The Remuneration Committee is an advisory body of the Supervisory Board and shall also have the duty to:

1. carry out expert and independent assessments of the remuneration policies and practices and make recommendations to the Supervisory Board to include development of STI and LTI programmes which promote effective risk management and ensuring that policies are gender-neutral, support equal treatment and take into account ESG factors.

2. prepare proposals for all decisions of the Supervisory Board in relation to Remuneration, including review of Basic Salaries, Performance Criteria setting, evaluation of achievement of Performance Criteria targets and approval of the annual Remuneration Report.

The Remuneration Committee shall take into account the long-term interests of investors, customers, employees, and other stakeholders in discharging its duties.

Risk Committee of the Supervisory Board of NLB d.d.

The Risk Committee is an advisory body of the Supervisory Board and shall also have the duty to:
1. advise on the Bank's general present and future risk appetite and on the risk management strategy;
2. help to supervise the Senior Management regarding the implementation of the risk management strategy;
3. without interfering with the duties of the Remuneration Committee, check whether the Variable Remuneration adequately takes into account relevant risk management considerations including but not limited to capital adequacy, liquidity, ESG, etc., and the probability and timing of the Bank's revenues, and make recommendations to ensure prudential remuneration policies and practices.

Supervisory Board of NLB d.d.

The Supervisory Board is responsible for adopting and maintaining the Remuneration Policy and for supervising its implementation. The Supervisory Board reviews remuneration proposals, and recommendations from the Remuneration Committee, and is responsible for adopting decisions on Remuneration of Management Board members.

The members of the Management Board and the Supervisory Board are responsible for preparing the Remuneration Report in accordance with Article 294.b of the ZGD-1.

General Meeting of Shareholders of NLB d.d.

The Bank submits the Remuneration Policy to the General Meeting to vote on it upon any major amendment, and in any case at least every four years. The voting on the Remuneration Policy by the General Meeting is of a consultative nature. If the General Meeting fails to approve the proposed Remuneration Policy, the Bank will propose a revised Remuneration Policy at the next meeting for voting.

The General Meeting has the right to a consultative vote on the Remuneration Report for the previous business year.

Compliance and Integrity of NLB d.d.

Compliance and Integrity shall analyse how the Remuneration Policy complies with the regulations, other policies applicable to the Bank, and its risk appetite, and shall report all identified compliance risks and non-compliance issues to the Management Board, Remuneration Committee, and the Supervisory Board. The Remuneration Committee and the Supervisory Board shall take into account the findings of Compliance and Integrity in the process of adopting this Policy and amendments to it, and in the processes of its review and supervision.

Internal Audit of NLB d.d.

A central review of the compliance with the regulations, NLB Group policies, procedures, and internal rules shall be performed annually by the Internal Audit, assessing whether the overall remuneration policies, practices, and processes:
a) operate as intended (in particular, that approved policies, procedures, and internal rules are being complied with; that the remuneration payouts are appropriate, in line with the business

strategy; and that the risk profile, long-term objectives, and other goals of the Bank are adequately reflected);

b) are compliant with national and applicable international regulations, principles, and standards; and

c) are consistently implemented, are compliant with the principles and restrictions under Article 221 of the ZBan-4, and do not limit the Bank's ability to maintain or restore a sound capital base of the Bank or the NLB Group.

Risk Function of NLB d.d.

The Risk Function participates in the setting of performance criteria, in assessing how the structure of variable remuneration affects the risk profile and risk-taking culture of the Bank and NLB Group. The Risk Function confirms and evaluates data on adjustments for risk and participates in the setting of the Bonus Pool, Performance Criteria and awarding of Remuneration.

The table below shows the role of individual process stakeholders related to the adoption and implementation of the Remuneration Policy:

Activity	Management Board	Risk Function	Compliance Function	Remuneration Committee	Risk Committee	Supervisory Board	Internal Audit	General Meeting
Adoption of and amendments to the Remuneration Policy	Prepares a draft policy and forwards it to the Remuneration Committee	Checks the compliance of the Policy in relation to risk management	Checks the compliance of the Policy in the event of changes and reports to the Supervisory Board	Formulates a draft policy or proposed amendments and submits them to the Supervisory Board	Checks the adequacy of the Policy in relation to risk management	Adopts the policy	-	Consultation voting after the adoption at the Supervisory Board – in the case of material amendments or at least every four years
Monitoring and supervising the implementation	Provides a comprehensive and independent review of the compliance of remuneration at least once a year	Checks the consideration of risks in the implementation of the Remuneration Policy	Checks the implementation of the Remuneration Policy as part of the general control tasks at the second level	Checks the compliance of the Policy at least once a year	-	Checks the compliance of the Policy at least once a year	Carries out audits of the implementation of the Remuneration Policy in accordance with the internal annual audit plan	

Activities of individual stakeholders in the process related to the preparation and adoption of the Remuneration Report:

Activity	Management Board	Remuneration Committee	Supervisory Board	General Meeting
Remuneration Report	Prepares the proposal of the Remuneration Report and submits it to the Remuneration Committee	Prepares the final proposal of the Remuneration Report and submits it to the Supervisory Board	Adopts the Remuneration Report, which is review by the Auditor in accordance with Article 294.b of the ZGD-1	Holds a consultative vote on the Remuneration Report for the previous business year.

5. Contribution of the Remuneration Policy to the promotion of the business strategy, long-term development, and sustainability of NLB d.d.

Article 9

Efficient management of risks and capital at all levels is crucial for maintaining the profitable operation of the NLB Group in the long run.

The Variable Remuneration is based on the achievement of the goals of NLB Group and NLB d.d. and the goals of each individual and is awarded and paid in the form of money and/or Instruments. These goals are intended for the achievement of long-term value creation and sustainable results, and combine financial goals with environmental, social, and governance goals (ESG).

Article 10

NLB Group contributes to sustainable financing by factoring in ESG risk considerations in its business strategies, the risk management framework, and internal governance. The Group's ESG risk management follows the ECB and EBA guidelines and best practice.

What do we understand by environmental, social, and governance (ESG) criteria?
ESG criteria include areas of environmental impact, social responsibility, and corporate governance.

NLB Group's sustainability framework is designed to support the effective identification, assessment and management of environmental, social and governance matters, with the objective of facilitating the Group's and its stakeholders' orderly transition towards a low-carbon, inclusive, equitable and sustainable economy, while promoting long-term value creation and resilience.

The Bank / NLB Group is committed to improving the sustainability of its operations and measures, manages, and reports on its performance in accordance with the applicable EU regulations and the UN Convened Net-Zero Banking Alliance commitments signed by the Bank.

6. Definition of the members of the Management Body as Identified Staff

Article 11

In accordance with the ZBan-4, the members of the Management Body are Identified Staff.

A Management Body member cannot be exempted from the application of this Remuneration Policy.

7. Remuneration of the members of the Supervisory Board[3]

Article 12

In relation to their function as a member of the Supervisory Board, a member of the Supervisory Board may only receive Remuneration that is compliant with the relevant resolutions of the General Meeting. The General Meeting may amend the Remuneration of the members of the Supervisory Board independently from this Remuneration Policy, and may change, repeal or replace any of its resolutions in relation to the Remuneration of the Supervisory Board members at any time, or adopt a new resolution.

On 8 October 2026 when the Supervisory Board adopted this Remuneration Policy, the Bank's Articles of Association contained the following provision (last paragraph of Article 16 of the Articles of Association of the Bank):

"The Supervisory Board members are entitled to Remuneration for performing their function and/or attendance fees for their membership in the Supervisory Board and the committees of the Supervisory Board, which are determined in accordance with a respective applicable resolution by the General Meeting, and to reimbursement of travel expenses, meal allowance, and accommodation costs up to the amount provided by the regulations governing the tax treatment of Reimbursement of Expenses and other income from the employment relationship."

On 8 October 2026 when the Supervisory Board adopted this Remuneration Policy, the resolution adopted by the General Meeting of 21/10/2019 was relevant for the Remuneration of the Supervisory Board members other than workers' representatives, which was amended by a Resolution of the General Meeting of 19/06/2023 and by a Resolution of the General Meeting of 15/06/2026 and so amended reads:

"Point 2: Determination of the payments to the members of the Supervisory Board of NLB d.d. and its Committees

The members of the Supervisory Board shall receive for the performance of the office a payment of EUR 69,000.00 gross per member annually ("basic remuneration"). The Chair of the Supervisory Board shall be entitled to a bonus for the performance of this function amounting to 50% of the basic remuneration while the Deputy Chair of the Supervisory Board shall be entitled to a bonus for the performance of the function amounting to 15% of the basic remuneration (hereinafter both bonuses referred to as "bonus").

The members of the committees of the Supervisory Board shall receive an extra payment for performing the function of a member of the committee, which for an individual member of the committee amounts to 10% of the basic remuneration ("extra remuneration") and shall be paid for membership in no more than two committees, even if an individual member of the Supervisory Board is a member of more than two committees. In addition to the extra remuneration, the chair of a committee shall also be entitled to

[3] Remuneration (fixed and variable) is disclosed in the Annual Report and in the Remuneration Report – and any changes thereto (decrease or increase with justifications).

an additional extra payment amounting to 15% of the basic remuneration (“additional extra remuneration”), with the additional extra remuneration being paid for the performance of the function of the chair of the committee in no more than one committee, even if an individual member of the Supervisory Board performs this function in more than one committee.

The members of Supervisory Board shall receive the basic remuneration, bonus, extra remuneration and additional extra remuneration in proportional monthly payments to which they shall be entitled for as long as they perform the function. The monthly payment shall amount to one-twelfth of the above stated annual amounts. If they perform the function for less than one month, they shall be entitled to the proportional payment calculated based on the number of days they perform the particular function.

The Supervisory Board members shall be entitled to the reimbursement of travel expenses, daily allowances and costs of overnight accommodation related to their work in the Supervisory Board up to the amount specified in the regulations on reimbursement of work-related expenses and other income not included in the tax base. Accommodation expenses shall be reimbursed if the permanent or temporary residence of a Supervisory Board member or a member of a Supervisory Board committee is at least 100 kilometres away from the place of work and when a Supervisory Board member is unable to return as there is no public transport connection scheduled or for other objective reasons.

The Supervisory Board members shall not be entitled to any benefits exceeding the provision of the conditions for smooth work of the Supervisory Board (payment of insurance premiums, except for liability insurance, company car, company flat and fuel). The members of the Supervisory Board shall be entitled to benefits providing for or improving the conditions or methods of their work (ICT equipment, professional training, visits to institutions, organizations and bodies and liability insurance), accounting for the actual needs of the Bank and the individual needs of the members of the Supervisory Board, as decided by the Supervisory Board.

On the day this resolution is adopted, the resolution on the determination of the Supervisory Board of NLB d.d. and Supervisory Board Committee members’ attendance fees which was adopted at the 22nd Annual General Meeting of NLB d.d. on 11/06/2013, shall cease to apply.”

On 8 October 2026 when the Supervisory Board adopted this Remuneration Policy, the resolution adopted by the General Meeting of 15/06/2020 was relevant for the Remuneration of the Supervisory Board members who are workers' representatives, which was amended by a Resolution of the General Meeting of 19/06/2023 and so amended reads:

“Point 8: Determination of the payments to the members of the Supervisory Board of NLB d.d. who are workers’ representatives

The Remuneration of an individual member of the Supervisory Board representing the interests of employees (“workers’ representatives”) for the performance of the function amounts to EUR 69,000 gross per year (“basic remuneration”), less the gross amount of Basic Salary as set in the employment contract of a workers’ representative in case of employment in NLB d.d. or another member of the NLB Group (“Basic Salary”) in a particular year.

For membership in the committees of the Supervisory Board, workers' representatives shall receive an extra payment for performing the function of a member of the committee, which for an individual member of the committee shall amount to 10% of the basic remuneration (“extra remuneration”) and shall be paid for membership in no more than two committees, even if a workers' representative is a member of more than two committees.

The monthly payment shall be calculated by reducing 1/12 of the basic remuneration in the amount of EUR 5,750 gross (potentially increased by 1/12 of the extra remuneration) by the Basic Salary from employment in NLB d.d. or in another member of the NLB Group in a particular month. If the Basic

Salary in a particular month exceeds EUR 5,750 (increased by any extra remuneration), the monthly payment in the following month shall be reduced by the Basic Salary in excess of this amount.

If they perform the function for less than one month, they shall be entitled to the proportional payment calculated based on the number of days they perform the particular function.

Workers' representatives shall be entitled to a reimbursement of travel expenses and costs of overnight accommodation related to their work in the Supervisory Board up to the amount specified in the regulations on reimbursement of work-related expenses and other income not included in the tax base. Accommodation expenses shall be reimbursed if the permanent or temporary residence of a workers' representative or a workers' representative who is a member of a Supervisory Board committee is at least 100 kilometres away from the place of work and when they are unable to return as there is no public transport connection scheduled or for other objective reasons.

Workers' representatives shall not be entitled to any benefits exceeding the provision of the conditions for smooth work of the Supervisory Board (payment of insurance premiums (excluding liability insurance), company car, company flat, fuel). Workers' representatives shall be entitled to benefits providing for or improving the conditions or methods of their work (ICT equipment, professional training, visits to institutions, organizations and bodies and liability insurance), accounting for the actual needs of the Bank and the workers' representative's individual needs as decided by the Supervisory Board.

The resolution Determination of the payments to the members of the Supervisory Board of NLB d.d. and its Committees adopted at the 34th General Meeting of Shareholders of NLB d.d. held on 21/10/2019 shall not apply to the workers' representatives."

All Remuneration of the members of the Supervisory Board defined in the above-mentioned resolutions of the General Meeting shall constitute Fixed Remuneration.

8. Remuneration of the members of the Management Board[4]

Article 13

This Policy is designed to attract, retain, and motivate high-calibre members of Management Bodies. When remunerating its Management Board members, the Bank follows the principles of:

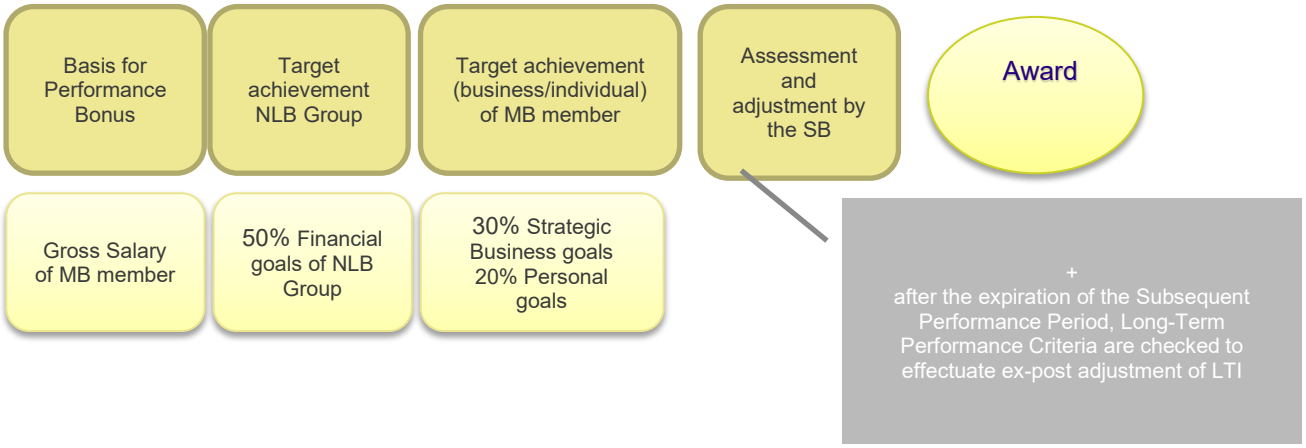
1. appropriate Remuneration (Remuneration of the Management Board members is comparable with the trend of salaries on the market and competitive to the Remuneration of the Management Board members in comparable regional institutions);
2. linking Performance Bonus to achievement against Performance Criteria

The Remuneration of a Management Board member shall consist of:

- A Fixed Part of the Salary, which reflects the relevant professional experience, responsibilities and duties of a member of the Management Board, as defined in the job description of the member of the Management Board. It is determined based on periodic benchmarking against comparable regional banks with regard to the function/area covered by an individual member of the Management Board.
- A Performance Bonus, which reflects sustainable and risk-adjusted performance. The amount of the Performance Bonus of a Management Board member depends on Performance Criteria which comprise:
  - the achievement of the financial goals of the NLB Group;
  - the achievement of the strategic business goals specifically set for each Management Board member with respect to individual functional responsibilities;
  - the personal (leadership) goals of the Management Board member.

The Performance Bonus is divided into STI and LTI.

Table: Basic process in relation to Performance Bonus (except for the CRO and CTO who have different weights for goals).



[4] Remuneration (fixed and variable) is disclosed in the Annual Report and in the Remuneration Report – and any changes thereto (decrease or increase with justifications)

The Remuneration of the Management Board members includes (presented in form of executive summary):

Fixed Remuneration		
Component	**Elements**	**Properties**
Basic Salary	**Gross Basic Salary**	With regard to appropriate professional experience, responsibilities, powers, and duties of a Management Board member
		Considering the regional benchmark of comparable banks with regard to the position/segment covered by an individual member of the Management Board
Other Income and Reimbursement of Costs	**Holiday allowance and compensations**	Annual holiday allowance and family separation allowance
	Travel expenses	Travel and accommodation expenses in relation to business trips of the Management Board member
		Round trips of the member of the Management Board and their close family members to the country specified in the employment contract of the member of the Management Board
		Compensation for the use of own assets and cost of material related to working from home
		Company car or company car with a driver for business purposes
Other benefits	**Benefits**	Business representation, membership fees, and training and education
		Company mobile phone
	Health services	The option of taking a preventive health check-up once in a calendar year, option of spa treatment and rehabilitation, insurance (accident insurance abroad, supplementary health insurance, etc.)
	Supplementary Pension Insurance	Premiums for collective voluntary supplementary pension insurance
	Other benefits	D&O insurance, cost of tax consulting, cost of educating and caring for children of a Management Board member, payment of the difference in tax liability

Variable Remuneration (Please read with reference to Appendix 1)		
STI		
Component	**Elements**	**Properties**
50% non-deferred part of STI	25% payment in cash	Payment in cash upon awarding
	25% payment in Instruments	Vesting upon awarding and monetised after Retention Period (3 years) and 1 month
50% deferred part of STI	25% deferred part in cash	Payment of one fifth every year during the five-year Deferral Period
	25% deferred part in Instruments	Vesting of one fifth every year during the five-year Deferral Period and monetised after Retention Period (3 years) and 1 month

LTI		
Component	**Elements**	**Properties**
50% non-deferred part of LTI	25% payment in cash	Payment in cash after the expiration of the Subsequent Performance Period
	25% payment in Instruments	Vesting after the expiration of the Subsequent Performance Period and monetised after Retention Period (3 years) and 1 month
50% deferred part of LTI	25% deferred part in cash	Payment in cash of one fifth every year during the five-year Deferral Period which starts after the expiration of the Subsequent Performance Period
	25% deferred part in Instruments	Vesting of one fifth every year during the five-year Deferral Period which starts after the expiration of the Subsequent Performance Period and monetised after Retention Period (3 years) and 1 month

For the term of office of a member of the Management Board, the Bank can arrange the following components of his/her Fixed Remuneration:

Component [5]	**Maximum value**
Salary:	
Gross Monthly Salary	The Gross Monthly Salary of a Management Board member may amount to up to 8 times the average gross monthly salary of a member of Senior Management of NLB d.d. [6] in the preceding Business Year [7].
Other income and reimbursement of expenses:	
Holiday allowance	In the amount as specified in line with the relevant regulations and collective agreements with the currently applicable resolutions of the Bank relating to the payment of holiday allowance (pursuant to the valid Collective agreement for NLB d.d. and according to the Labour Law applicable at the time of adoption of this Policy, the minimum holiday allowance is 80% of the average gross salary in the Republic of Slovenia).
Business travel and accommodation	Air transport costs within the EU in economy class and outside the EU in business class; costs of top-class accommodation
Compensation for the use of own assets and material costs related to working from home	In the amount defined by the Bank's relevant internal policies.
Family separation allowance	In the amount exempt from taxation under Slovenian tax regulations. [8]

[5] Definitions of Remuneration are in accordance with the relevant regulation (ZDR-1, Collective Agreement of the Banking Sector, Collective Agreement of NLB d.d., Income Tax Act)
[6] Calculated based on the Gross Monthly Salary of all the members of the Senior Management of NLB d.d.
[7] For calculation in line with this provision, the Gross Monthly Salary of a member of the Senior Management comprises the Basic Salary and the length of service bonus.
[8] The Decree on the tax treatment of reimbursement of costs and other income from employment (Uredba o davčni obravnavi povračil stroškov in drugih dohodkov iz delovnega razmerja) stipulates that an allowance paid by the employer to an employee who performs work outside the place where they reside with their family and due to the requirements of the company lives separately from their family when performing their duties, is exempt from taxation. Currently, the maximum amount of such allowance that is exempt from taxation is EUR 434.00.

Travel allowance for expatriates	In the amount up to the cost of 45 economy class return tickets for the Management Board member and his/her close family members to place of family original residence in each calendar year. Trips made with a company car are not included in this quota.
Other Benefits which the Bank may provide, cover, or reimburse the costs related to them, as agreed with the member of the Management Board:	
Company car provided by the Bank, which can be used by the member of the Management Board for business and private purposes, where the Bank at its own expense provides services included in the total rental cost (TRC).	The total rental cost (TRC [9]) for a member of the Management Board must not exceed EUR 2,100.00 per month (excluding VAT). The segment of vehicles for members of the Management Board shall include (*electric or hybrid or plug-in*) vehicles from the middle up to the highest segment as defined by the relevant internal policies of the Bank.
Company car with a driver for business purposes	The Bank shall provide at the request of the Management Board member.
Company mobile phone of the highest price range and an annual budget	Annual spending limit up to EUR 5,640.00, if exceeded the member of the Management Board shall report to the Supervisory Board at the end of the year.
Parking space at the location of work	At the market price for renting a parking space.
Business credit/debit card	The Management Board member shall use a business credit/debit card as a means of payment for business-related costs.
Business representation	In accordance with the annual financial plan of the Bank approved by the Supervisory Board.
Training of the Management Board member in relation to their job	In the framework of the Bank's annual financial plan approved by the Supervisory Board.
Membership fees and expenses related to the membership in professional associations and costs of publications related to the duties of the Management Board member	The total costs referred to in this provision per Management Board member shall not exceed EUR 10,000.00 in a single calendar year.
The possibility of a preventive medical check-up once in each calendar year	At the market price.
Possibility of treatment and rehabilitation at a health resort if so recommended by a specialist doctor	At the market price.
Collective accident insurance.	The monthly insurance premium per Management Board member shall amount to no more than EUR 100.00.
Health insurance	Total value of EUR up to 12,000.00 in each calendar year. The Bank shall also cover (or compensate the Management Board member if they paid these themselves) any applicable taxes, contributions, and other duties that must be paid based on the Bank's payments under this provision.
Additional or supplementary health insurance	In an amount providing the highest possible coverage of medical expenses (including above-standard services and medical services abroad), with a monthly insurance premium for a Management Board member up to EUR 100.00.

[9] The TRC limit is defined based on a four-year lease and an annual limit kilometre travelled to 18,000 (the mileage may be exceeded by a maximum of 5,000 kilometres); if a higher amount of kilometres travelled is required, the TRC shall be re-calculated based on an application and the defined limits. Included services: amortisation and depreciation, financing, energy/fuel, vehicle registration, annual vehicle tax, insurance, service and maintenance, tyres, monthly carwash, RV (residual value) – the value of the vehicle at the end of the lease period, fleet management fee, 24-hour roadside assistance (basic), replacement vehicle (basic for regular servicing).

Premiums for the collective voluntary supplementary pension insurance	Up to the amount of the maximum amount for which the Bank can claim tax relief.
Directors and Officers Liability Insurance (hereinafter: D&O Insurance) in the amount and on other terms and conditions typical for the Banking sector in Europe and aligned with applicable Slovene regulations. The Bank may agree within the framework allowed by regulations to cover claims against the Management Board member and related costs not covered by D&O Insurance (e.g. due to Retention under the D&O Insurance or because the Bank did not provide for D&O Insurance) up to the amount defined in the previous sentence.	Insurance premium according to the market price, other payments by the Bank up to the amount defined in this provision on the D&O Insurance. The Bank can also arrange with the Management Board member that the Bank covers (or compensates the Management Board member if they paid these themselves) also any applicable taxes, contributions and other duties that must be paid based on the Bank's payments under this provision on the D&O Insurance.
Employee housing loan	In line with relevant internal acts of the Bank.
Accommodation for Expatriate Management Board members in Ljubljana (permanent hotel room or apartment)	Total monthly accommodation costs may not exceed EUR 5,000.00. In addition to the costs referred to in the previous sentence, the Bank covers the costs of the real estate agent and the security deposit for renting the apartment at the market price.
Costs of tax consulting ordered by Management Board member at their own discretion	Total value of EUR up to 2,000.00 in each calendar year. The Bank shall also cover (or compensate the Management Board member if they paid these themselves) any applicable taxes, contributions, and other duties that must be paid based on the Bank's payments under this provision.
Education and care expenses for the children of Expatriate Management Board members (kindergarten, primary, and secondary school)	In accordance with international educational programmes offered in the Republic of Slovenia. The Bank shall cover (or compensate the Management Board member if they paid these themselves) also any applicable taxes, contributions, and other duties that must be paid based on the Bank's payments under this provision.
Payment of the difference of tax duties of the Expatriate Management Board member – for a Management Board member who acquires resident status in the Republic of Slovenia pursuant to tax regulations, the Bank during their term of office as Management Board member covers or compensates the part of their tax duties that arise from their variable remuneration paid by the former employer based on their employment with that former employer, which due to their resident status in the Republic of Slovenia pursuant to tax regulations exceeds the tax duties that the Management Board member would have from these variable pays if they did not change their resident status pursuant to the tax regulations to resident of the Republic of Slovenia.	In the amount of the difference of tax duties of the Management Board member as described in this provision. The Bank shall cover (or compensate the Management Board member if they paid these themselves) also any applicable taxes, contributions, and other duties that must be paid based on the Bank's payments under this provision.

Unless defined otherwise for the individual type of expenses in the table above, the Bank reimburses the costs that the Management Board member has during their term of office in relation to the fulfilment of their responsibilities (including, but not limited to, daily allowances and other travel expenses), in line with the provisions of relevant regulations, collective agreements, or the Bank's internal acts. Unless the table above regulates the payment in a different manner, the Bank reimburses the Management Board

member for the costs of meals during work, for transportation to and from work, and costs incurred when performing certain tasks and duties on business trips in the manner and amount as defined by the relevant regulations, collective agreements, or internal acts of the Bank.
For the term of office of a member of the Management Board, the Bank can arrange the following components of his/her Variable Remuneration:

Variable Remuneration of Management Board member	
Component	**Maximum value**
STI in line with this Remuneration Policy	For a respective Accrual Period (Business Year) no more than 9 average Gross Monthly Salaries of the respective Management Board member, whereby the average Gross Monthly Salary shall be calculated in accordance with Article 17 of this Policy
LTI in line with this Remuneration Policy	For a respective Accrual Period (Business Year) no more than 3 average Gross Monthly Salaries of the respective Management Board member, whereby the average Gross Monthly Salary shall be calculated in accordance with Article 17 of this Policy
Guaranteed variable remuneration in line with this Remuneration Policy	In the maximum amount as specified in Article 14 of this Policy
Compensation for early termination of the term of office in line with this Remuneration Policy	In the maximum amount as specified in Item 1 of Article 31 this Policy
Compensation for the non-competition period in line with this Remuneration Policy	In the maximum amount as specified in Item 2 of Article 31 of this Policy

The Bank can also arrange with the Management Board member that the Bank covers (or compensates the Management Board member if they paid these themselves) also any applicable taxes, contributions, and other duties related to the handover of the Variable Remuneration in Instruments to the Management Board member and/or any taxes, contributions, and other duties related to the payment of liabilities from these Instruments.

The sum of Variable Remuneration of an individual Management Board Member which is taken into account in calculating the ratio between Variable Remuneration and Fixed Remuneration for an individual Business Year in line with this Policy must not exceed 100% of the sum of Fixed Remuneration of such Management Board member for such Business Year.

Article 14

Guaranteed variable remuneration

The guaranteed variable remuneration can be specified in the employment contract of a new Management Board member prior to the contractual start date, and only for the first year of employment. There will be no obligation on the Bank to pay any guaranteed variable remuneration in circumstances when the Supervisory Board has decided to not pay any Variable Remuneration to the Management Board members due to Bank capital and liquidity considerations.

The guaranteed variable remuneration of a new Management Board member hereunder is limited to 1.5 times their Gross Monthly Salary defined in their employment contract.

The guaranteed variable remuneration hereunder is not included in the calculation of the ratio between the fixed and variable components of the total remuneration for the first performance period. The provisions of this Policy on Malus, Retention, and Clawback do not apply to the guaranteed variable remuneration under this Article. Regardless of the other provisions laid down in this Policy, the total

amount of the guaranteed variable remuneration hereunder shall be paid in cash and shall not be deferred.

Overview of activities and roles of stakeholders in case of awarding the guaranteed variable remuneration

Activity	Risk Function	Risk Committee	Remuneration Committee	Supervisory Board
Awarding of the guaranteed variable remuneration				
Awarding of the guaranteed variable remuneration to a new Management Board member	Participates in the process of awarding of the guaranteed variable remuneration in relation to risk	Checks the compliance of the process of awarding of the guaranteed variable remuneration from a risk perspective	Reviews the Bank CEO's justification for the guaranteed variable remuneration recommendation, considers the recommendation of Risk Committee and proposes the awarding of the guaranteed variable remuneration for adoption at the Bank's Supervisory Board	Awards the guaranteed variable remuneration

Article 15

The employment contract of a member of the Management Board shall be concluded for a specified period of time under the terms and conditions set out in the employment contract. The duration of employment shall be set until the termination of the term of office of the Management Board member.

In accordance with the Bank's Articles of Association the term of office of a Management Board member is five years.

The term of office of the Management Board member may terminate:

- on the date of expiry of the term of office of the Management Board member;
- due to the resignation of the Management Board member based on a written resignation statement submitted at least three months prior to the effective date of the resignation, whereby this deadline can be shortened by mutual agreement between the contracting parties;
- due to recall of a Management Board member for reasons specified in the ZGD-1 a) serious breach of obligations; b) the Management Board member is incapable of conducting business; c) the General Meeting passes a vote of no confidence in him/her except where the vote of no confidence was passed for clearly unsubstantiated reasons d) for other business and economic reasons (also the proposal of the President of the Management Board for the recall of a Management Board member shall be deemed one of such other business and economic reasons) with immediate effect;
- due to recall of a Management Board member based on the decision of the competent court, the Bank of Slovenia or other authority of jurisdiction.

Article 16

Variable Remuneration of Management Board member in Instruments

If part of the Variable Remuneration of a certain member of the Management Board consists of ordinary or preference shares of the Bank, or instruments related to shares or equal non-cash instruments, the Variable Remuneration shall be set according to the criteria whereby the Bank ensures compatibility with a prudent and efficient risk management.

The Supervisory Board shall determine the Instruments to be used for part of the Variable Remuneration of the Management Board member in accordance with this Remuneration Policy and the regulations applicable at the time.

Unless another type of Instrument is determined pursuant to the preceding paragraph, the part of the Variable Remuneration of a Management Board member consisting of Instruments shall be awarded and paid, under the terms and conditions of this Policy, in Instruments with the following properties: The value of the Instrument is linked to the value of the NLB d.d.'s share. From the time the Instrument has Vested it gives its holder yields equal to the dividends the NLB d.d.'s share gives its holder, provided that if any limitations are prescribed in relation to the yields of the Instrument by applicable regulations, such limitations shall be applied to the yields of the Instrument.

For the avoidance of doubt, in the event of a split of NLB d.d. shares, any Instrument that was already awarded under this Policy prior to such split and remains unsettled, the value of which is linked to the value of one NLB d.d. share, shall be deemed, from the time of the split onwards, to have its value linked to the aggregate value of all NLB d.d. shares resulting from a single NLB d.d. share through that split; furthermore, if such Instrument gives its holder yields equal to the dividends one NLB d.d. share gives its holder, from the time of the split (or from the time the Instrument has Vested, if later) such Instrument shall be deemed to give its holder yields equal to the aggregate value of dividends that all NLB d.d. shares resulting from a single NLB d.d. share through that split give to their holders, provided that if any limitations are prescribed in relation to the yields of the Instrument by applicable regulations, such limitations shall be applied to the yields of the Instrument. In the event that there is more than one split of NLB d.d. shares, in relation to subsequent splits this paragraph shall apply mutatis mutandis.

9. Basis for calculating the amount of STI or LTI

Article 17

The basis for the calculation of the amount of the STI or LTI of a member of the Management Board for the period of a specific term of office in a Business Year is the average Gross Monthly Salary of that Management Board member for the period of their term of office in the Business Year.

For the purposes of the preceding paragraph, the average Gross Monthly Salary of the Management Board member for the period of their specific term of office in a certain Business Year shall be calculated by dividing the sum of the Gross Monthly Salaries paid to the Management Board member for the period of a specific term of office in that Business Year in accordance with their employment contract by the number of months of such term of office in this Business Year.

10. Labour cost planning for Management Board members

Article 18

Labour costs of the members of the Management Board shall be included in the labour cost budget of the Bank for each individual Business Year. The labour cost plan, which is determined as part of the financial plan for an individual Business Year, is approved by the Supervisory Board before the beginning of that Business Year.

The activities of individual functions in relation to labour cost planning are defined in the table below:

Activity	Management Board	Risk Function	Risk Committee	Remuneration Committee	Supervisory Board
Labour cost planning for Management Board members	Prepares a proposal for the labour cost plan for the Management Board members within the framework of the financial plan	Checks the prepared financial plan which includes labour cost plan for the Management Board members against the RAF framework	Checks the compliance of the labour cost plan for the Management Board members with risk	Checks the labour cost plan for the Management Board members and proposes its adoption as part of the financial plan to the Supervisory Board	Adopts the labour cost plan for the Management Board members as part of the financial plan

The calculation of the funds needed for the payment of the Remuneration for the Management Board shall be made according to the bottom-up approach and shall be based on the following:

- the envisaged number of the members of the Management Board in an individual Business Year,
- the average Gross Monthly Salary of an individual member of the Management Board in an individual Business Year,
- the estimate of the Variable Remuneration of an individual member of the Management Board,
- given the estimated amount of Variable Remuneration of a Management Board member, which is taken into account in calculating the ratio between Variable Remuneration and Fixed Remuneration for a particular Business Year, the Variable Remuneration in Instruments is additionally recalculated for such Variable Remuneration which is estimated to exceed at least one of the Variable Remuneration Thresholds,
- the calculation of the Variable Remuneration paid to the Management Board members in Instruments and consideration of the increase in costs due to the calculation of taxes and duties in accordance with the Personal Income Tax Act (ZDoh-2).

The foregoing approach allows the budgeting of both Fixed Remuneration costs as well as the establishment of the Bonus Pool.

11. Step-in Criteria (Gateway Criteria)

Article 19

This Article sets the Step-in Criteria that must be met (Regulatory Step-in Criteria and Performance-Related Step-in Criteria must be fulfilled cumulatively) in order for STI or LTI for a certain Business Year to be awarded in accordance with other provisions of this Policy.

1. Regulatory Step-in Criteria

A precondition for STI or LTI for a given Business Year to be awarded in accordance with other provisions of this Policy is that immediately prior to the deciding of the Bank's competent bodies on the awarding of such STI or LTI, the Bank and NLB Group meet capital and liquidity regulatory requirements that apply to them, and that the soundness of the capital and liquidity base of the Bank would not be jeopardised by the awarding of such STI or LTI. Unless all the preconditions from the previous sentence are met, the members of the Management Board are not entitled to the STI or LTI from the previous sentence and such STI or LTI shall not be awarded to them.

2. Performance-Related Step-in Criteria

A precondition for STI or LTI for a given Business Year to be awarded in accordance with other provisions of this Policy is that the Performance-Related Step-in Criteria, set by the Supervisory Board for such Business Year are fulfilled. The Supervisory Board may set as Performance-Related Step-in Criteria as stated below:

capital strength conditions	Total Capital Ratio (TCR)	limit set in RAF
	Leverage Ratio (LR)	limit set in RAF
liquidity condition	Liquidity Coverage Ratio (LCR)	limit set in RAF
	Net Stable Funding Ratio NSFR)	limit set in RAF
sustainability condition	No loss and Positive gross income	/

Unless all the preconditions from this Item 2 are met, the members of the Management Board are not entitled to the STI or LTI from this Item 2 and such STI or LTI shall not be awarded to them.

A Management Board member is not entitled to STI or LTI for a specific Accrual Period if they fail to achieve their personal goals for that Accrual Period (i.e. overall assessment of personal goals is 1), regardless of whether the financial goals of the NLB Group, other financial goals and other goals in the areas that fall within the competence of that Management Board member for that Accrual Period have been achieved or not.

12. Performance Criteria

Article 20

The members of the Management Board are entitled to STI based on their achievement of financial and non-financial Short-Term Performance Criteria and/or LTI based on their achievement of financial and non-financial Short-Term Performance Criteria and Long-Term Performance Criteria, under the terms and conditions of this Policy (which also includes general Step-in Criteria).

Performance-Related Step-in Criteria for an individual Business Year are determined by the Supervisory Board before that Business Year.

The Short-Term Performance Criteria and methodology for evaluating the performance of the Management Board members shall be set by the Supervisory Board in advance of the Business Year for which the Short-Term Performance Criteria are being set. The Long-Term Performance Criteria and related methodology for evaluating the performance of the Management Board members during the Subsequent Performance Period shall be set by the Supervisory Board in advance of the Accrual Period of the LTI.

The Supervisory Board has the discretion on an exceptional basis to adjust Performance Criteria in case of a significant change in circumstances occurring which were unforeseen at time of Performance Criteria setting e.g. due to M&A, geo-political developments, pandemic, etc. as well as in case of material changes in responsibilities of Management Board members during the Accrual Period or the Subsequent Performance Period (as applicable).

The following targets in the percentages given below shall be used for assessing the performance of a member of the Management Board in an Accrual Period (for both STI and LTI):

1. **NLB Group financial goals – 50%**

The financial performance indicators are set based on the Annual Budget of the NLB Group approved in advance by the Supervisory Board for the following Business Year.

2. **Strategic business development goals in the areas covered by the member of the Management Board – 30%**

The strategic business development performance indicators specified for the areas covered by the member of the Management Board are set to support the long-term stability and development orientation of the Bank by motivating the Management Board member in the implementation of key strategic projects including but not limited to: strategy implementation, operations enhancement, enhancing customer satisfaction, fulfilling ESG commitments.

3. **Personal goals – 20%**

Performance Criteria set as personal goals to support the leadership development of each member of the Management Board. They also support employee development and engagement as well as enhancement of organisational culture.

Notwithstanding the above, the following targets in the percentages given below shall be used for assessing the performance of the Chief Risk Officer (CRO) in an Accrual Period (for both STI and LTI):

- financial goals of NLB Group: 20%
- goals of the risk management function (CRO): 55%
- personal (leadership) goals of the member of the Management Board: 25%

Notwithstanding the above, the following targets in the percentages given below shall be used for assessing the performance of the Chief Transformation Officer (CTO) in an Accrual Period (for both STI and LTI):

- financial goals of NLB Group: 40%
- goals of the transformation functions (CTO): 40%
- personal (leadership) goals of the member of the Management Board: 20%

Activities of individual stakeholders in the process of setting performance criteria:

Activity	**Management Board**	**Risk Function**	**Risk Committee**	**Remuneration Committee**	**Supervisory Board**
Setting of Performance Criteria	Proposes the Performance Criteria	Participates in the preparation of the proposal of Performance Criteria in relation to risk	Checks the adequacy of the proposed Performance Criteria in relation to risk	Prepares a proposal for Performance Criteria and submits it to the Supervisory Board for adoption	Adopts performance criteria
Period	**October–November**	**October–November**	**October–November**	**October–November**	**December**

The tables below contain more detailed definitions of goals of each Management Board member for an Accrual Period:

Goals of the President of the Management Board (CEO)

GOALS	**CRITERIA**	**1**	**2**	**3**	**4**	**WEIGHTS**
Financial goals of the NLB Group*		Not achieved	Partially achieved	Achieved	Exceeded	**50%****
Net revenues (to budget)	Target	< - 3.5%	= - 3.5% < 0%	= 0 % to = +3.5%	> +3.5%	Up to 15%
Cost/income ratio (CIR)	Target	> + 200 bps	= +200bp > 0 bp	= 0 bps to - 200 bps	< -200 bps	Up to 10%
Return on Equity after tax	Target	< - 150 bps	= - 150 bps to < 0 bps	= 0 bps to + 100 bps	> +100 bps	Up to 15%
Cost of risk	Target	> + 20bps	= + 20 bps to > + 5 bps	= + 5 bps to - 5 bps	< - 5 bps	Up to 10%
Other financial goals in accordance with the annual plan approved by the Supervisory Board (e.g. total costs, net fees and commission income, operational business margin, deposit growth, cross sell ratio…)	Realisation of the KPIs according to the planned value in % or in bps					Up to 15%

* All relevant KPIs, targets, and measures for each member of the Management Board shall be disclosed in the annual Remuneration Report.
**1. Depending on the individual Management Board member. 2. In the process of annual goal setting, specific weights can be adjusted in order to incorporate the market environment and strategic goals of NLB Group.

Goals in the areas covered by the President of the Management Board	**CRITERIA**	**30%**
Implementation of the NLB Group strategy	Implementation of the NLB Group Strategy in accordance with the project plan, deadlines, and strategic initiatives and in accordance with the project budget	5%–15%**
Implementation of the environmental, social, and governance (ESG) goals agreed in the sustainability implementation plan in the areas that fall under the responsibility of the President of the Management Board	Implementation of the ESG goals and criteria set every year by the Supervisory Board for the areas that fall under responsibility of the President of the Management Board (e.g. reducing of CO2, targets link to the DEI, gender pay gap, etc.)	5%–10%
Achieving the customer satisfaction index	Enhancing/maintaining customer satisfaction index according to the annual plan set by the Supervisory Board	5%–10%
Other strategic goals of the President of the Management Board, which are set by the Supervisory Board for each year	Other strategic goals of the President of the Management Board including those linked to acquisition opportunities, strategic partnerships and Group wide initiatives e.g. digitisation acceleration.	Up to 15%
Personal goals		**20%**
Achieving the employee engagement	Enhancing/maintaining employees rate response according to the annual plan set by the Supervisory Board	5%
Employee development/ Succession planning	According to the planned activities (development plans linked to the future skill set, performance management, employees' career development, retaining talents, etc.) Effective succession planning	5%
Leadership effectiveness / Personal development	Assessment of leadership effectiveness and progress on individual development plan by relevant Supervisory Board Committee / Supervisory Board	10%

Goals of the Management Board member in charge of finance (CFO)

GOALS	Criteria	1	2	3	4	WEIGHTS
Financial goals of the NLB Group*		not achieved	partially achieved	Achieved	Exceeded	**50%****
Net revenues	Target	< -3.5%	= - 3.5% < 0%	= 0% to = +3.5%	> +3.5%	Up to 15%
Cost/income ratio (CIR)	Target	> +200 bps	= +200bp > 0 bp	= 0 bps to -200 bps	< -200 bps	Up to 15%
Return on Equity after tax	Target	< -150 bps	= -150 bps to < 0 bps	= 0 bps to +100 bps	> +100 bps	Up to 15%
Cost of risk	Target	> +20bps	= + 20 bps to > + 5 bps	= +5 bps to -5 bps	< -5 bps	Up to 10%
Other financial goals in accordance with the annual plan approved by the Supervisory Board (e.g. total costs, net fees and commission income, operational business margin, deposit growth, cross sell ratio…)	Realisation of the KPIs according to the planned value in % or in bps					Up to 10%

* All relevant KPIs, targets and measures for each member of the Management Board shall be disclosed in the annual Remuneration Report.
**1. Depending on the individual Management Board member. 2. In the process of annual goal setting, specific weights can be adjusted in order to incorporate the market environment and strategic goals of NLB Group.

Goals in the areas covered by the member of the Management Board	Criteria	30%
Implementation of the NLB Group strategy in the area under the responsibility of the Management Board member	Implementation of the strategy in the area of the responsibility of the member of the Management Board in accordance with the project plan and deadlines as well as strategic initiatives and within the framework of the project budget	5%–15%
Implementation of the environmental, social and governance (ESG) goals agreed in the sustainability implementation plan in the areas that fall under the responsibility of the member of the Management Board	Implementation and monitoring of ESG goals in accordance with the criteria set for the areas under the authority of the Management Board member (such as: CO2 reduction, energy efficiency, etc.)	5%–10%
Achieving the Customer Satisfaction Index	Enhancing/maintaining the Customer Satisfaction Index according to the annual plan set by the Supervisory Board	5%–10%
Other strategic goals of the Management Board member, which are set by the Supervisory Board for each year	The objectives set annually by the Supervisory Board linked to the improvement of the areas that fall under the responsibility of the member of the Management Board and or are Group-wide initiatives	Up to 15%
Personal goals		20%
Achieving the employee engagement	Enhancing/maintaining rate response according to the annual plan set by the Supervisory Board	5%
Employee development/Succession planning	According to the planned activities (development plans linked to the future skill set, performance management, employees' careers development, retaining talents, etc.)	5%
Leadership effectiveness / Personal development	Assessment of Leadership Effectiveness and progress on individual development plan by relevant Supervisory Board Committee / Supervisory Board	10%

Goals of the Management Board member in charge of risks (CRO)

GOALS	Criteria	1	2	3	4	WEIGHTS
Financial goals of the NLB Group*		Not achieved	Partially achieved	Achieved	Exceeded	**20%**
Cost/income ratio (CIR)	Target	> +200 bps	= +200bp > 0 bp	= 0 bps to -200 bps	> -200 bps	10%
Return on Equity after tax	Target	< -150 bps	= -150 bp to < 0 bps	= 0 bps to +100 bps	> +100 bps	10%

* All relevant KPIs, targets, and measures for each member of the Management Board shall be disclosed in the annual Remuneration Report.

Goals of the CRO function	Criteria					55%
Cost of risk		1	2	3	4	Up to 30%
		Not achieved	Partially achieved	Achieved	Exceeded	
	Target	> +20 bps	= +20 bps to > + 5 bps	= +5 bps to -5 bps	< -5 bps	
Implementation of the Risk Strategy of NLB Group	Staying within defined limits of specific risk parameters selected each year by the Risk Committee based on evolution of the risk outlook					Up to 10%
Implementation of the environmental, social, and governance (ESG) goals agreed in the sustainability implementation plan in the areas that fall under the responsibility of the member of the Management Board	Implementation and monitoring of ESG goals in accordance with the criteria set for the areas under the authority of the Management Board member linked to the risk area					5%- 10%
Other strategic goals in the area of risks, which are set by the Supervisory Board for each year	The objectives set annually by the Supervisory Board linked to the improvement of the areas that fall under the responsibility of the member of the Management Board and or are Group-wide initiatives					Up to 10%
Personal goals	**Criteria**					**25%**
Achieving the employee engagement	Enhancing/maintaining rate response according to the annual plan set by the Supervisory Board					5%
Employee development / Succession planning	According to the planned activities (development plans linked to the future skill set, performance management, employees' careers development, retaining talents, etc.)					5%
Leadership Effectiveness / Personal development	Assessment of leadership effectiveness and progress on individual development plan by relevant Supervisory Board Committee / Supervisory Board					12%
Achieving the Customer Satisfaction Index	Enhancing/maintaining Customer Satisfaction Index according to the annual plan set by the Supervisory Board					3%

Goals of the Management Board member in charge of transformation (CTO):

GOALS	Criteria	1	2	3	4	WEIGHTS
Financial goals of the NLB Group*		Not achieved	Partially achieved	Achieved	Exceeded	**40%****
Cost/income ratio (CIR)	Target	> +200 bps	= +200bp > 0 bp	= 0 bps to -200 bps	< -200 bps	Up to 10%
Return on Equity after tax	Target	< -150 bps	= - 150 bps to < 0 bps	= 0 bps to +100 bps	> +100 bps	Up to 15%
Cost of risk	Target	> +20bps	= +20 bps to > +5 bps	= +5 bps to -5 bps	< -5 bps	Up to 5%
Other financial goals in accordance with the annual plan approved by the Supervisory Board (e.g. total costs, net fees and commission income, operational business margin, deposit growth, cross sell ratio…)	Realisation of the KPIs according to the planned value in % or in bps					Up to 15%

* All relevant KPIs, targets, and measures for each member of the Management Board shall be disclosed in the annual Remuneration Report.
**1. Depending on the individual Management Board member. 2. In the process of annual goal setting, specific weights can be adjusted in order to incorporate the market environment and strategic goals of NLB Group.

Business Goals in the areas covered by the member of the Management Board	Criteria	40%
Implementation of the NLB Group strategy in the area under the responsibility of the Management Board member	The objectives related to the implementation of Strategy in the individual areas under the responsibility of the Member of the Management board, assessed by the Supervisory Board	20%
Implementation of the environmental, social, and governance (ESG) goals in the areas that fall under the responsibility of the member of the Management Board	Implementation of ESG goals in accordance with the criteria as defined for the areas under the responsibility of the Management Board member	Up to 10%
Other strategic goals of the Management Board member, which are set by the Supervisory Board for each year	The objectives set annually by the Supervisory Board linked to the improvement of the areas that fall under the responsibility of the member of the Management Board and or are Group-wide initiatives	Up to 15%
Achieving the Customer Satisfaction Index	Enhancing/maintaining Customer Satisfaction Index according to the annual plan set by the Supervisory Board	5%–10%
Personal goals		**20%**
Achieving the employee engagement	Enhancing/maintaining rate response according to the annual plan set by the Supervisory Board	5%
Employee development / Succession planning	According to the planned activities (development plans linked to the future skill set, performance management, employees' career development, retaining talents, etc.)	5%
Leadership effectiveness / Personal development	Assessment of leadership effectiveness and progress on individual development plan by relevant Supervisory Board Committee / Supervisory Board	10%

Goals of a Management Board member who does not hold the position of CEO, CFO, CRO or CTO:

GOALS	Criteria	1	2	3	4	WEIGHTS
Financial goals of the NLB Group*		Not achieved	Partially achieved	Achieved	Exceeded	**50%****
Net revenues	Target	< -3.5%	= -3.5% < 0%	= 0% to = +3.5%	> +3.5%	Up to 15%
Cost/income ratio (CIR)	Target	> +200 bps	= +200bp > 0 bp	= 0 bps to -200 bps	< -200 bps	Up to 10%
Return on Equity after tax	Target	< -150 bps	= - 150 bps to < 0 bps	= 0 bps to +100 bps	> +100 bps	Up to 15%
Cost of risk	Target	> +20bps	= +20 bps to > +5 bps	= +5 bps to -5 bps	< -5 bps	Up to 10%
Other financial goals in accordance with the annual plan approved by the Supervisory Board (e.g. total costs, net fees and commission income, operational business margin, deposit growth, cross sell ratio…)	Realisation of the KPIs according to the planned value in % or in bps					Up to 25%

* All relevant KPIs, targets, and measures for each member of the Management Board shall be disclosed in the annual Remuneration Report.
**1. Depending on the individual Management Board member. 2. In the process of annual goal setting, specific weights can be adjusted in order to incorporate the market environment and strategic goals of NLB Group.

Business Goals in the areas covered by the member of the Management Board	Criteria	30%
Implementation of the NLB Group strategy in the area under the responsibility of the Management Board member	The objectives related to the implementation of Strategy in the individual areas under the responsibility of the Member of the Management board, assessed by the Supervisory Board	10%–15%
Implementation of the environmental, social, and governance (ESG) goals in the areas that fall under the responsibility of the member of the Management Board	Implementation of ESG goals in accordance with the criteria as defined for the areas under the responsibility of the Management Board member (growth of green lending portfolio, etc.)	5%–10%
Other strategic goals of the Management Board member, which are set by the Supervisory Board for each year	The objectives set annually by the Supervisory Board linked to the improvement of the areas that fall under the responsibility of the member of the Management Board and or are Group-wide initiatives	Up to 15%
Achieving the Customer Satisfaction Index	Enhancing/maintaining Customer Satisfaction Index according to the annual plan set by the Supervisory Board	5%–10%
Personal goals		**20%**
Achieving the employee engagement	Enhancing/maintaining rate response according to the annual plan set by the Supervisory Board	5%
Employee development / Succession planning	According to the planned activities (development plans linked to the future skill set, performance management, employees' career development, retaining talents, etc.)	5%
Leadership effectiveness / Personal development	Assessment of leadership effectiveness and progress on individual development plan by relevant Supervisory Board Committee / Supervisory Board	10%

LTI – Long-Term Performance Criteria

Upon separate assessment at the end of the Subsequent Performance Period, the LTI is adjusted for realised performance over the same period and applying the evaluation logic as per Article 23 to the set of Long-Term Performance Criteria.

The following targets in the ratios given below shall be used to determine the performance of an individual member of the Management Board during the Subsequent Performance Period (i.e. to determine the fulfilment of Long-Term Performance Criteria for the payment of LTI):

Table: Targets to determine performance against Long-Term Performance Criteria during the Subsequent Performance Period

Targets for LTI	CRITERIA	WEIGHT
1. Relative total shareholder return (RTSR)	The performance indicator is determined based on the RTSR performance of the Bank in comparison with a peer group of comparable banks	50% (20% for CRO)
2. Goals that derive from the Bank's long-term strategy and are related to the long-term sustainable development of the Bank	Goals set by the Supervisory Board with the aim of promoting long-term sustainable development of the Bank	50% (20% for CRO)
Cost of risk (for CRO only)	Average realised negative deviation of CoR relative to plan established for STI over the Subsequent Performance Period	60%

LTI targets as defined in table above are explained in detail as follows:

1. Relative total shareholder return (RTSR) – 50%

The target for the RTSR for the NLB d.d. share in comparison to selected comparable banks is intended to motivate shareholder return out performance and align the interest of the Management Board members with the interests of shareholders.

Total shareholder return (TSR) is calculated by adding a company's change in share price and total dividend per share (DPS) during the Subsequent Performance Period, and then dividing the result by the share price at the beginning of the Subsequent Performance Period.

The list of relevant peer banks comprises the following publicly listed banks which are all active in South East Europe: Unicredit (Bloomberg ticker UCG IM), OTP (OTP HB), Raiffeisen Bank International (RBI AV), Erste Group (EBS AV), Intesa Sanpaolo (ISP IM), Addiko (ADKO AV).

Total shareholder returns for the selected banks and NLB d.d. for each of the three-year periods are then ranked. The grade per each member of the Management Board is then applied through the translational table, presented below:

NLB d.d. Rank	1	2	3	4	5	6	7
Grade	4	4	3	3	2	2	1

Should NLB d.d.'s TSR be ranked first or second, the member of the Management Board would be awarded grade 4. For the third and fourth ranks, the awarded grade would be 3 and so forth.

If in Subsequent Performance Period (3 years) the TSR is zero or negative, the member of the Management Board forfeits his/her right to LTI, while upon objective assessment of specific circumstances (e.g. geopolitical crisis or pandemic), the Supervisory Board has discretion to consider relative benchmark performance as guidance for a potential partial payout.

2. Goals that derive from the Bank's long-term strategy and are related to the long term development of the Bank and are linked to the promotion of organisational culture, employee development, and sustainability, and to make progress on 2030 Strategy delivery – as determined by the Supervisory Board – 50%

These goals are set by the Supervisory Board with the aim of promoting long-term stability and sustainable development of the Bank and are specifically focused on the following areas as defined in table below:

Target	Target value	Measurement	Weight
Organisational Development / ESG	Reducing the gap between the desired and actual organisational culture, which is demonstrated by measuring progress towards the desired organisational culture/ reduction of the Gender Pay Gap according to plan / sustainable loan portfolio target as extrapolated from the "net-zero" strategy	Carried out through organisational culture research / annual analysis and monitoring	Up to 25%
Progress on 2030 Strategy implementation/delivery	Fulfilment of Milestones as per 2030 Strategy	Review against Milestones set in the 2030 Strategy	Up to 25%

Notwithstanding the preceding provisions in regard to determining the performance of an individual member of the Management Board during the Subsequent Performance Period, the following targets in the ratios given below shall be used for assessing the performance of the Chief Risk Officer (CRO) in the Subsequent Performance Period:

1. relative total shareholder return (RTSR) as defined above and as determined by the Supervisory Board 20%;
2. cost of risk 60%;
3. goals that derive from the Bank's long-term strategy and are related to the sustainable development of the Bank 20%.

All relevant KPIs, targets, and measures for each member of the Management Board shall be disclosed in the annual Remuneration Report.

Article 21

When assessing the performance of the members of the Management Board, the Supervisory Board also takes into account the prevailing situation and outlook for the local, regional and global banking sector and economies, and the achievement of the goals of the members of the Management Board, taking into account their activities in pursuing the Bank's best interest.

13. Monitoring the performance of Management Board members

Article 22

The financial and business plan for NLB d.d. and NLB Group shall be adopted by the Supervisory Board and the Performance Criteria set based on the financial, strategic, and business development objectives on which they are underpinned. They shall take into account objectives related to Risk Management, IT and Operations, Human Resources, Customer Satisfaction, Employee Engagement and ESG amongst others. The Performance Criteria shall be set prior to the start of the Accrual Period of the respective STI and/or LTI.

The activities of individual stakeholders in the process of monitoring and assessing the achievement of the goals of the members of the Management Board are defined in the table below.

Activity	Management Board	Risk Function	Risk Committee	Remuneration Committee	Supervisory Board
Monitoring and assessing					
Monitoring and assessing the achievement of the goals of the Management Board members	Submits a self-assessment to the Remuneration Committee	Participates in the self-assessment process in relation to risk	Checks whether the risk management criteria have been taken into account in the assessment of the achievement of the goals	Aligns the assessment of goal achievement	Confirms the assessment of the achievement of the goals
Period	February–March	February–March	March–April	March–April	April

Goals for the Management Board members are set by the Supervisory Board in November/December including feedback on development progress and future individual development plans.

14. Scale for assessing the achievement of the goals of Management Board members

Article 23

To assess the achievement of the goals in an Accrual Period and to determine the amount of awarded STI and/or LTI of Management Board member, a four-grade scale is used for the overall assessment for STI and/or LTI (and for each individual criterion before that), as follows:

Table 1: Scale for assessing the achievement of goals

OVERALL ASSESSMENT	Descriptive OVERALL assessment	The amount of STI and/or LTI
4	Goals are exceeded – the average grade of all goals combined is equal to or exceeds 3.5	Above 80% to including 100% of the maximum STI and/or LTI
3	Goals are achieved – the average grade of all goals combined is equal to or exceeds 2.5 but is below 3.5	Above 60% to including 80% of the maximum STI and/or LTI
2	The goals are partly achieved –– the average grade of all goals combined is equal to or exceeds 1.5 but is below 2.5	Above 40% to including 60% of the maximum STI and/or LTI
1	The goals are not achieved –– the average grade of all goals combined is equal to or lower than 1.4	The Management Board member is not entitled to STI and/or LTI

This Article applies mutatis mutandis to assessing the achievement of Long-Term Performance Criteria in the Subsequent Performance Period.

15. Setting the Bonus Pool of Variable Remuneration prior to awarding STI and LTI

Article 24

The Bank determines the bonus pool (for STI and LTI) for the Management Board members using a bottom-up approach: taking into consideration overall assessment of individual Management Board Members and corresponding maximum percentages of STI and LTI and applying ex-ante risk adjustments.

Before releasing the Bonus Pool (for STI and LTI) into the award process, Step-in Criteria shall be verified and:

- if fulfilled, the award process may start and the Bonus Pool may be distributed in full,
- if not fulfilled, the award process may not start; the Bonus Pool shall not be distributed.

Activities of individual stakeholders in the process of setting the Variable Remuneration (STI and LTI) Bonus Pool:

Activity	Management Board	Risk Function	Risk Committee	Remuneration Committee	Supervisory Board
Setting the Bonus Pool	Prepares the proposal for the Variable Remuneration (STI and LTI) Bonus Pool	Participates in the preparation of the proposal for the Variable Remuneration (STI and LTI) Bonus Pool in relation to risk	Checks the compliance of the proposed Variable Remuneration (STI and LTI) Bonus Pool with risk	Prepares the proposal for the Variable Remuneration (STI and LTI) Bonus Pool and submits it to the Supervisory Board	Sets the Bonus Pool

16. Awarding STI and/or LTI

Article 25

The Management Board members shall be entitled to STI and/or LTI for a particular Accrual Period which shall be awarded and/or paid based on their meeting of the Step-in Criteria, financial and non-financial performance criteria, and other terms and conditions specified in this Policy. A presentation of the awarding and payment process is appended hereto as Appendix 1.

For the members of the Management Board, the decision whether the Short-Term Performance Criteria were met shall be made by the Supervisory Board.

The Supervisory Board awards STI and/or LTI for each Accrual Period (i.e. Business Year) to the Management Board members (or decides not to award it) no later than three months after the adoption of the annual report of the NLB Group for such Accrual Period (i.e. Business Year).

In the event of exceptional economic uncertainty or other extraordinary circumstances (in the past, such uncertainty and extraordinary circumstances arose due to the spread of COVID-19) that could jeopardise the solid capital base of the Bank and/or the NLB Group in the future, the Supervisory Board may postpone the decision on awarding and/or paying the Variable Remuneration (or part thereof) to the Management Board member until such exceptional circumstances cease.

Pursuant to the first and the second paragraphs of this Article, prior to awarding STI and/or LTI to a member of the Management Board, the Supervisory Board shall make an adjustment of STI and/or LTI to performance and risks, taking into account the Short-Term Performance Criteria and the adjustment criteria laid down in other Articles of this Policy as well as the criteria listed in the table below. The table below presents the cases where the Supervisory Board reduces the amount of STI and/or LTI of the Management Board member (possibly even down to zero) before the award due to prior risk adjustment. If reduction to zero is not mandatory according to the table below, the Supervisory Board shall determine the reduction of STI and/or LTI with regard to the circumstances of each case.

No.	Circumstances	Mandatory reduction of STI and/or LTI to zero	Reduction of STI and/or LTI, potentially to zero
1.	The performance of the Bank and/or NLB Group shows material negative trends that result from the decisions adopted by the member of the Management Board in their function as a member of the Management Board in the Accrual Period to which STI and/or LTI refers.	X	
2.	Fraud or abuse by the member of the Management Board.	X	
3.	Severe violations of the Bank's regulations or internal documents by the member of the Management Board.	X	
4.	The conduct of the member of the Management Board shows signs of a criminal offence.	X	
5.	The conduct of the member of the Management Board in the Accrual Period to which STI and/or LTI refers show signs of a minor offence.		X
6.	An action of the member of the Management Board in the Accrual Period to which STI and/or LTI refers reduces or damages the Bank's reputation.		X
7.	Violation of obligations arising from the employment relationship by the member of the Management Board in the Accrual Period to which STI and/or LTI refers.		X
8.	Uneconomical practices of the member of the Management Board in their function as a member of the Management Board which are intentional or arise from gross negligence in the Accrual Period to which STI and/or LTI refers, causing material damage to the Bank and/or the NLB Group.	X	
9.	An action of the member of the Management Board in the Accrual Period to which STI and/or LTI refers results in a conflict of interest with the Bank's business interests.	X	
10.	Corruptive actions of the member of the Management Board resulting in or increasing the non-transparency in the adoption of business decisions.	X	
11.	Involvement of the member of the Management Board in their function as a member of the Management Board in or their responsibility as a member of the Management Board for actions leading to	X	

	significant losses for the Bank and/or the NLB Group.		
12.	The Fit & Proper assessment of the member of the Management Board is negative.		X
13.	The conduct of the member of the Management Board is in contravention of the Code of Conduct of the NLB Group.		X
14.	The Bank's and/or the NLB Group's solid capital base could be at risk due to awarding and/or paying the Variable Remuneration.		X
15.	Considering the financial position of the Bank as a whole and/or of the NLB Group as a whole, STI and/or LTI would not be sustainable.		X
16.	The financial performance of the Bank and/or the NLB Group and/or the area within the competence of the Management Board member is poor or negative.		X
17.	The Bank and/or the NLB Group and/or the area within the competence of the Management Board member experience(s) significant failure in risk management.		X
18.	The actions of the member of the Management Board in the Accrual Period to which STI and/or LTI refers contributed to the Bank being imposed a regulatory fine.		X

Note: The cases in which an individual option can be used are marked with a cross.

The amount of the Variable Remuneration to be awarded, its composition, the share of Variable Remuneration to be deferred, and the period of deferral pursuant to this Remuneration Policy shall be determined by the Supervisory Board for each member of the Management Board.

17. Determining the composition of STI and LTI

Article 26

If this is permissible under regulations, the STI or LTI of a member of the Management Board for an individual Accrual Period shall be awarded in cash, provided that together with their other Variable Remuneration, which is taken into account in calculating the ratio between Variable Remuneration and Fixed Remuneration for such Accrual Period, it does not exceed any of the Variable Remuneration Thresholds. However, if that is not permissible under regulations, it shall be awarded by applying, mutatis mutandis, the second paragraph of this Article.

If the STI or LTI of a member of the Management Board for an individual Accrual Period, together with their other Variable Remuneration, which is taken into account in calculating the ratio between Variable Remuneration and Fixed Remuneration for such Accrual Period, exceeds any of the Variable Remuneration Thresholds, at least 50% of it must consist of Instruments, and the member of the Management Board may only access, sell, or transfer these Instruments upon the Bank's permission,

which may only be issued after at least three years have passed since the acquisition. The provision of the previous sentence relates to the non-deferred and the deferred part of STI and LTI from the previous sentence.

18. Deferral of part of STI and/or LTI

Article 27

If the STI or LTI of a member of the Management Board for an individual Accrual Period, together with their other Variable Remuneration, which is taken into account in calculating the ratio between Variable Remuneration and Fixed Remuneration for such Accrual Period does not exceed any of the Variable Remuneration Thresholds, no part of that STI or LTI shall be deferred, if that is permissible under regulations. However, if that is not permissible under regulations, the second paragraph of this Article shall apply mutatis mutandis.

If the STI or LTI of a member of the Management Board for an individual Accrual Period, together with their other Variable Remuneration, which is taken into account in calculating the ratio between Variable Remuneration and Fixed Remuneration for such Accrual Period exceeds any of the Variable Remuneration Thresholds, at least 50% of that STI or LTI (or at least 60%, if together with other Variable Remuneration of this Management Board member, which is taken into account in calculating the ratio between Variable Remuneration and Fixed Remuneration for the respective Accrual Period, it exceeds 15-times the average annual gross remuneration in NLB d.d. for the Accrual Period (i.e. Business Year) prior to being awarded) shall be deferred for at least five years from the date when the non-deferred part of that STI or LTI is paid. The actual Deferral Period is determined each time by the Supervisory Board in accordance with this Policy. As of the date of this Policy the Deferral Period is five years.

Activities of individual stakeholders in the process of awarding of the STI and LTI including determining the composition and deferral

Activity	Management Board	Risk Function	Compliance function	Risk Committee	Remuneration Committee	Supervisory Board
Awarding of the STI and LTI including determining the composition and deferral	Prepares the proposal of the awarding of the STI and LTI	Participates in the preparation of the proposal of the awarding of the STI and LTI in relation to risk	Participates in the preparation of the proposal of the awarding of the STI and LTI, as regards assessing the presence and impact of risk adjustment circumstances, related to compliance	Checks the compliance of the proposal of the awarding of the STI and LTI with risk	Prepares the proposal of the awarding of the STI and LTI and submits it to the Supervisory Board	Awards STI and LTI
Period	March–April	March–April	March–April	March–April	March–April	April

19. Payment of STI and/or LTI[10]

Article 28

The decision whether all the conditions for the payment of STI and/or LTI have been met shall be adopted by the Supervisory Board.

Already awarded but not yet paid out Variable Remuneration shall not be paid out when the effect would be that the soundness of the capital base of the Bank were jeopardised. If it determines that by paying Variable Remuneration the soundness of the capital base could be jeopardised, the Bank must take the following measures within the required scope and by applying Articles 25 to 28 and 30 hereof mutatis mutandis:

- use the necessary measures for ex-post adjustment (particularly Malus) for the reduction of previously awarded but not paid LTI and deferred Variable Remuneration;
- reduce the previously paid Variable Remuneration by using agreements on the return of Variable Remuneration / stipulations on Clawback in this Policy.

The non-deferred part of STI shall be paid no later than three months after the adoption of the Annual Report of NLB Group for the Accrual Period (i.e. Business Year) to which that STI refers, provided also that the Supervisory Board has awarded STI to the members of the Management Board for the said Accrual Period.

The non-deferred part of LTI shall be paid under the terms and conditions laid down in this Policy, no later than three months after the adoption of the Annual Report of NLB d.d. for the Business Year prior to the Business Year in which the Subsequent Performance Period expires, but not prior to the expiry of the Subsequent Performance Period. Before payment of the non-deferred part of the awarded LTI, the Supervisory Board shall assess the achievement of Long-Term Performance Criteria of the Management Board member in the Subsequent Performance Period, applying mutatis mutandis Article 23 hereof, and, based on this assessment as well as other reasons for ex-post risk adjustment prior to the payment falling due as determined in Article 30 of this Policy, the Supervisory Board shall, if needed, perform an ex-post adjustment of the amount of the monetary part of LTI and/or the number or value of the Instruments that make up the LTI (possibly to zero), applying mutatis mutandis the provisions of Article 30 hereof on malus.

The deferred part of STI or LTI shall be paid in proportion. It shall be paid under the terms and conditions of this Policy, in fifths, as follows:

- the first fifth of the deferred part of STI or LTI (as applicable) shall be paid no later than three months after one year has passed from the payment of the non-deferred part of STI or LTI (as applicable), provided the following conditions have been cumulatively met before the first fifth of the deferred part of STI or LTI (as applicable) is paid: (i) one year has passed since the payment of the non-deferred part of STI or LTI (as applicable); and (ii) the annual report of the NLB Group has been adopted for the Business Year preceding the Business Year in which one year has elapsed since the payment of the non-deferred part of STI or LTI (as applicable); and (iii) the Supervisory Board decides on the payment of the part of the deferred part of STI or LTI (as applicable) referred to in this indent;
- the second fifth of the deferred part of STI or LTI (as applicable) shall be paid no later than three months after two years have passed from the payment of the non-deferred part of STI or LTI (as applicable), provided the following conditions have been cumulatively met before the second fifth of the deferred part of STI or LTI (as applicable) is paid: (i) two years have passed since the payment of the non-deferred part of STI or LTI (as applicable); and (ii) the

[10] All awarded and paid Remuneration of Management Board members is disclosed in the Remuneration Report for each Business Year, including the achievement of individual KPIs.

annual report of the NLB Group has been adopted for the Business Year preceding the Business Year in which two years have elapsed since the payment of the non-deferred part of STI or LTI (as applicable); and (iii) the Supervisory Board decides on the payment of the part of the deferred part of STI or LTI (as applicable) referred to in this indent;

- the third fifth of the deferred part of STI or LTI (as applicable) shall be paid no later than three months after three years have passed from the payment of the non-deferred part of STI or LTI (as applicable), provided the following conditions have been cumulatively met before the third fifth of the deferred part of STI or LTI (as applicable) is paid: (i) three years have passed since the payment of the non-deferred part of STI or LTI (as applicable); and (ii) the annual report of the NLB Group has been adopted for the Business Year preceding the Business Year in which three years have elapsed since the payment of the non-deferred part of STI or LTI (as applicable); and (iii) the Supervisory Board decides on the payment of the part of the deferred part of STI or LTI (as applicable) referred to in this indent;
- the fourth fifth of the deferred part of STI or LTI (as applicable) shall be paid no later than three months after four years have passed from the payment of the non-deferred part of STI or LTI (as applicable), provided the following conditions have been cumulatively met before the fourth fifth of the deferred part of STI or LTI (as applicable) is paid: (i) four years have passed since the payment of the non-deferred part of STI or LTI (as applicable); and (ii) the annual report of the NLB Group has been adopted for the Business Year preceding the Business Year in which four years have elapsed since the payment of the non-deferred part of STI or LTI (as applicable); and (iii) the Supervisory Board decides on the payment of the part of the deferred part of STI or LTI (as applicable) referred to in this indent;
- the fifth fifth of the deferred part of STI or LTI (as applicable) shall be paid no later than three months after five years have passed from the payment of the non-deferred part of STI or LTI (as applicable), provided the following conditions have been cumulatively met before the fifth fifth of the deferred part of STI or LTI (as applicable) is paid: (i) five years have passed since the payment of the non-deferred part of STI or LTI (as applicable); and (ii) the annual report of the NLB Group has been adopted for the Business Year preceding the Business Year in which five years has elapsed since the payment of the non-deferred part of STI or LTI (as applicable); and (iii) the Supervisory Board decides on the payment of the part of the deferred part of STI or LTI (as applicable) referred to in this indent.

If the Supervisory Board determines a Deferral Period that is longer than five years, the previous paragraph applies mutatis mutandis.

Before paying the part of the deferred part of STI or LTI (as applicable) from an individual indent of the paragraph before last, the Supervisory Board shall re-assess the performance (in case of LTI also the performance related to Long-Term Performance Criteria set for the respective LTI) and the risks assumed and, if necessary, adjust this part of the deferred part of STI or LTI (as applicable), taking into account the adjustment criteria based on Short-Term Performance Criteria and/or Long-Term Performance Criteria (as applicable) as well as the criteria specified in the table in Article 30 hereof. When assessing the conduct of the members of the Management Board, the Supervisory Board shall apply the principle of zero tolerance (i.e. every circumstance from the table in Article 30 hereof shall be treated in accordance with this table).

Article 29

A member of the Management Board is entitled to STI and/or LTI only in proportion to the actual duration of their employment as a member of the Management Board in the Accrual Period to which the STI or LTI (as applicable) refers. Furthermore, a member of the Management Board is entitled to LTI only in proportion to the actual time of his employment as a member of the Management Board during the Subsequent Performance Period, which relates to this LTI and, if the member of the Management Board ceases to be employed as a member of the Management Board before the end of the Subsequent Performance Period, LTI shall be reduced proportionally before payment.

20. Malus and return of STI and/or LTI

Article 30

The table below sets out the cases in which the Supervisory Board reduces the amount of the part of the deferred part of STI or LTI (as applicable) to be paid out in cash to the member of the Management Board, or the number or value of the Instruments constituting an individual part of the deferred part of STI or LTI (as applicable) (potentially to zero). If reduction to zero is not mandatory according to the table below, the Supervisory Board shall determine the reduction of an individual part of the deferred part of STI or LTI (as applicable) on the basis of the circumstances of each case.

No.	Circumstances	Mandatory reduction of a part of the deferred part of STI or LTI (as applicable) to zero	Reduction of a part of the deferred part of STI or LTI (as applicable), potentially to zero
1.	The performance of the Bank and/or NLB Group in the Deferral Period shows material negative trends that result from the decisions adopted by the member of the Management Board in their function as a member of the Management Board in the Accrual Period to which STI or LTI (as applicable) refers	X	
2.	Fraud or abuse by the member of the Management Board	X	
3.	Severe violations of the Bank's regulations or internal documents by the member of the Management Board	X	
4.	The conduct of the member of the Management Board shows signs of a criminal offence	X	
5.	The conduct of the member of the Management Board in the Accrual Period to which STI or LTI (as applicable) refers show signs of a minor offence		X
6.	An action of the member of the Management Board in the Accrual Period to which STI or LTI (as		X

	applicable) refers reduces or damages the Bank's reputation		
7.	The nullity of the annual report is established with a binding effect and the grounds for nullity refer to the items or facts on which the STI or LTI (as applicable) is based		X
8.	Violation of obligations arising from the employment relationship by the member of the Management Board in the Accrual Period to which STI or LTI (as applicable) refers		X
9.	Uneconomical practices of the member of the Management Board in their function as a member of the Management Board which are intentional or arise from gross negligence in the Accrual Period to which STI or LTI (as applicable) refers, causing material damage to the Bank and/or NLB Group	X	
10.	An action of the member of the Management Board in the Accrual Period to which STI or LTI (as applicable) refers results in a conflict of interest with the Bank's business interests	X	
11.	Corruptive actions of the member of the Management Board resulting in or increasing the non-transparency in the adoption of business decisions	X	
12.	It is established in a special auditor's report that the criteria for defining the STI or LTI (as applicable) were applied incorrectly or that the critical accounting, financial, and other data and indicators were incorrectly established or applied		X
13.	STI or LTI (as applicable) has not been awarded in accordance with this Policy		X
14.	A new fact is revealed that could change the decision on the Award or the amount of STI or LTI (as applicable)		X
15.	Involvement of the member of the Management Board in or their responsibility as a member of the Management Board for actions leading to significant losses for the Bank and/or NLB Group	X	
16.	The Fit & Proper assessment of the member of the Management Board is negative		X

17.	The conduct of the member of the Management Board is in contravention of the Code of Conduct of the NLB Group		X
18.	The solid capital base of the Bank and/or NLB Group could be at risk due to paying the Variable Remuneration		X
19.	Considering the financial position of the Bank as a whole and/or of NLB Group as a whole, STI or LTI (as applicable) is not sustainable		X
20.	The financial performance of the Bank and/or Group and/or the area within the competence of the Management Board member is poor or negative		X
21.	The Bank and/or NLB Group and/or the area within the competence of the Management Board member experience(s) significant failure in risk management		X
22.	The actions of the member of the Management Board in the Accrual Period to which STI or LTI (as applicable) refers contributed to the Bank being imposed a regulatory fine		X

Note: The cases in which an individual option can be used are marked with a cross.

If the relevant circumstances are not sufficiently clear to allow for deciding on whether a part of the deferred part of STI or LTI (as applicable) of the Management Board member is to be paid out or not, or the amount that is to be paid, the Supervisory Board can decide that such part of STI or LTI shall not fall due upon initially set maturity and it may defer the decision on whether, in what amount, and when it is to be paid until the relevant circumstances are clarified. In the case referred to in the previous sentence, the Supervisory Board decides whether the part of the deferred part of STI or LTI (as applicable) is to be paid or not, the amount that is to be paid, and when, once the relevant circumstances have been sufficiently clarified.

If a circumstance from item 7, 12, 15, or 16 of the table in this Article 30 hereof occurs or is revealed and a part of the (non-deferred or deferred part of the) STI or LTI (as applicable) has already been paid, the Bank has the right to demand, within a period of 3 years from the payment of this part of STI or LTI, that the member of the Management Board return such part of STI or LTI (as applicable), partially or in full, with mutatis mutandis application of the table in this Article 30 hereof. Furthermore, the Bank has the right to demand, within a period of 3 years from the payment of a part of STI or LTI (as applicable), that the member of the Management Board return such part of STI or LTI (as applicable), partially or in full, if it is established after the payment that the member of the Management Board significantly contributed to poor or negative financial performance of the Bank or used fraud or took any other intentional action or caused, through gross negligence, material losses to the Bank. In relation to STI and/or LTI of the member of the Management Board (or an individual part of STI and/or LTI of the member of the Management Board), the decision in accordance with this paragraph shall be taken by the Supervisory Board.

Activities of individual stakeholders in the process of payout of the STI and LTI including malus and clawback

Activity	Management Board	Risk Function	Compliance function	Risk Committee	Remuneration Committee	Supervisory Board
Payout of the STI and LTI including Malus	Prepares the proposal of the payout of the STI and LTI including potential Malus	Participates in the preparation of the proposal of the payout of the STI and LTI including potential Malus in relation to risk	Participates in the preparation of the proposal of the awarding of the STI and LTI, as regards assessing the presence and impact of risk adjustment circumstances, related to compliance	Checks the compliance of the proposal of the payout of the STI and LTI including potential Malus with risk	Prepares the proposal of the payout of the STI and LTI including potential Malus and submits it to the Supervisory Board	Decides on the payout of the STI and LTI including potential Malus
Clawback of the STI and LTI	Prepares the proposal for the Clawback of the STI and LTI	Participates in the preparation of the proposal for the Clawback of the STI and LTI	Participates in the preparation of the proposal for the Clawback of the STI and LTI, as regards assessing the presence and impact of risk adjustment circumstances, related to compliance	Checks the compliance of the proposal for the Clawback of the STI and LTI with risk	Prepares the proposal for the Clawback of the STI and LTI and submits it to the Supervisory Board	Decides on the Clawback of the STI and LTI

21. Compensation for early termination of the term of office/employment, compensation for the non-competition period and pension benefits

Article 31

1. Compensation for early discontinuation of the term of office of a member of the Management Board

Pursuant to point 8 of Paragraph 2 of Article 221 of the ZBan-4, payment to an individual in connection with early termination of their employment contract shall reflect the performance of that individual during a specific period and shall not reward them for failures or possible breaches at the Bank. The employment contract of a member of the Management Board shall specify that there is no entitlement to compensation for early termination of the term of office if they are dismissed by the Supervisory Board due to (i) a severe violation of the obligations; or (ii) the inability to manage business; or (iii) due to a vote of non-confidence issued by the General Meeting of the Bank, except in the case such vote of no confidence is obviously ungrounded. Furthermore, it may not be stipulated in the contract on the employment of a member of the Management Board with the Bank that a member of the Management Board is entitled to compensation for early termination of the term of office (i) if they are re-employed by the Bank or the NLB Group after the termination of the term of office; or (ii) in the event of a regular termination of the term of office. It may be stipulated in the contract on the employment of a member of the Management Board with the Bank that a member of the Management Board is entitled to compensation for early termination of the term of office only if dismissed for other business or economic reasons (the proposal of the President of the Management Board for the dismissal of a member of the Management Board shall be deemed one of such other business or economic reasons – Paragraph 2 of Article 23 of the Bank's Articles of Association). The compensation for early termination of the term of office from the previous sentence, stipulated in the contract on the employment of a member of the Management Board with the Bank, may not exceed the amount which is calculated using the following

general formula: Gross Monthly Salary of such member of the Management Board, payable on the basis of the month prior to the termination of the term of office, multiplied by 12.

Prior to the payment, the Supervisory Board may reduce (whereby it takes into account the relevant circumstances) the compensation for early discontinuation of the term of office of a member of the Management Board (even to zero) due to:

1. unsuccessful performance of the Bank, when the total amount of severance pay for employees is determined, taking into account the Bank's capital base, and if the following circumstances exist:
   a. when the Bank is granted state aid or is subject to early intervention or resolution measures pursuant to the Resolution and Compulsory Winding-Up of Banks Act (ZRPPB-1); or
   b. if a request has been filed for the initiation of regular insolvency proceedings of the Bank, as defined in Article 2(1)(47) of the Directive 2014/59/EU; or
   c. where significant losses lead to the situation that the Institution no longer has a sound capital base and, following this, the business area is sold or the business activity is reduced.
2. unsuccessful performance of the Management Board member, if the following circumstances exist:
   a. where the relevant member of the Management Board no longer meets appropriate standards of fitness and propriety; or
   b. where the relevant Management Board member participated in or is responsible for conduct which resulted in significant losses for the Bank; or
   c. where the relevant Management Board member acts contrary to internal rules, values, or procedures based on intent or gross negligence.

In the sense of point 172 b (i) and point 167 of the EBA Guidelines, the compensation for early termination of the term of office is not considered in the calculation of the ratio between the Variable Remuneration and Fixed Remuneration and it is not subject to deferral and payment in Instruments. The details of the compensation for early termination of the term of office are defined in the contract on the employment of a member of the Management Board with the Bank.

2. Compensation for the non-competition period for the members of the Management Board

If a non-competition clause is included in the contract on the employment of a Management Board member and applies after the termination of employment under that employment contract, compensation for such competition ban may be agreed in the employment contract for the period after the termination of employment thereunder in which such ban applies. Such compensation for the non-competition period may not exceed the amount of the Gross Monthly Salary of that member of the Management Board for the month preceding termination of his/her employment under such employment contract for each month in which such ban applies. In the sense of point 172 b (ii) of the EBA Guidelines, the compensation for the non-competition period hereunder is not considered in the calculation of the ratio between the Variable Remuneration and Fixed Remuneration and it is not subject to deferral and payment in Instruments. The details of the compensation for the non-competition period hereunder are defined in the employment contract.

3. Pension benefits

The Bank shall pay for the members of the Management Board the maximum premium of collective Voluntary Supplementary Pension Insurance within the tax relief bracket as set forth in the Pension and Disability Insurance Act, which amounts to EUR 3,224.18 annually in 2026. Therefore, this type of the Management Board members' income is not considered discretional; it is included in the routine employment package and considered Fixed Remuneration.

The Bank shall examine the most appropriate options in relation to potential provision of additional pension benefits for the members of the Management Board.

22. Restriction of personal insurance against risks

Article 32

A member of the Management Board may not use personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in their Variable Remuneration. Every year, a Management Board member must also sign a written commitment in the sense of this Article separately from this Remuneration Policy and their employment contract, and submit it to the Bank.

23. Transitional and final Provisions

Article 33

This Remuneration Policy shall be adopted by the Supervisory Board. This Remuneration Policy shall be submitted to the General Meeting of Shareholders of NLB d.d. for a vote of approval which is of a consultative nature and this Remuneration Policy shall enter into force upon the conclusion of voting of the General Meeting of Shareholders of NLB d.d., irrespective of the outcome of the vote, and shall apply as of 01/01/2027 to the remuneration of the members of the Supervisory Board and the members of the Management Board which refers to the period as of 01/01/2027 and, in respect of such remuneration of the Supervisory Board members of NLB d.d. and the Management Board members of NLB d.d., it shall supersede 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. (Version 5, general internal document). This Remuneration Policy shall be published in the Register of Internal Documents and in the EDMS_OfficePoint application.

Previous versions of 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. are amended by inserting the following paragraph:

"For the avoidance of doubt, in the event of a split of NLB d.d. shares, any Instrument that was already awarded under this Policy prior to such split and remains unsettled, the value of which is linked to the value of one NLB d.d. share, shall be deemed, from the time of the split onwards, to have its value linked to the aggregate value of all NLB d.d. shares resulting from a single NLB d.d. share through that split; furthermore, if such Instrument gives its holder yields equal to the dividends one NLB d.d. share gives its holder, from the time of the split (or from the time the Instrument has Vested, if later) such Instrument shall be deemed to give its holder yields equal to the aggregate value of dividends that all NLB d.d. shares resulting from a single NLB d.d. share through that split give to their holders, provided that if any limitations are prescribed in relation to the yields of the Instrument by applicable regulations, such limitations shall be applied to the yields of the Instrument. In the event that there is more than one split of NLB d.d. shares, in relation to subsequent splits this paragraph shall apply mutatis mutandis."

24. Reference documents

Article 32

Companies Act (ZGD-1)
Banking Act (ZBan-4)
Regulation on internal governance arrangements, the management body, and the internal capital adequacy assessment process for banks and savings banks.

Regulation on the reporting of certain facts and circumstances relating to banks and savings banks
Guidelines on sound remuneration policies under Directive 2013/36/EU (EBA/GL/2021/04 of 02/07/2021)
Recovery and Compulsory Dissolution of Credit Institutions Act (ZRPPB-1)

25. Statement of the person who prepared the Internal Document about the Alignment and Approval of the Internal Document

The person who prepared the internal document hereby ensures that the internal document was submitted for review, alignment, and approval to all organizational units in the Bank which are affected by the proposed internal document or its amendments and they approved it. The internal document is aligned with them in such a way that its contents are clear, compliant with other internal documents of the Bank, and not in conflict with other internal documents of the Bank.

26. Preparation and review

Name and surname	Preparation/Review
Mojca Cigler	Preparation
Vida Tomažič, Rok Praprotnik	Review
Vesna Vodopivec	Review

Competent body which adopted the document: Supervisory Board

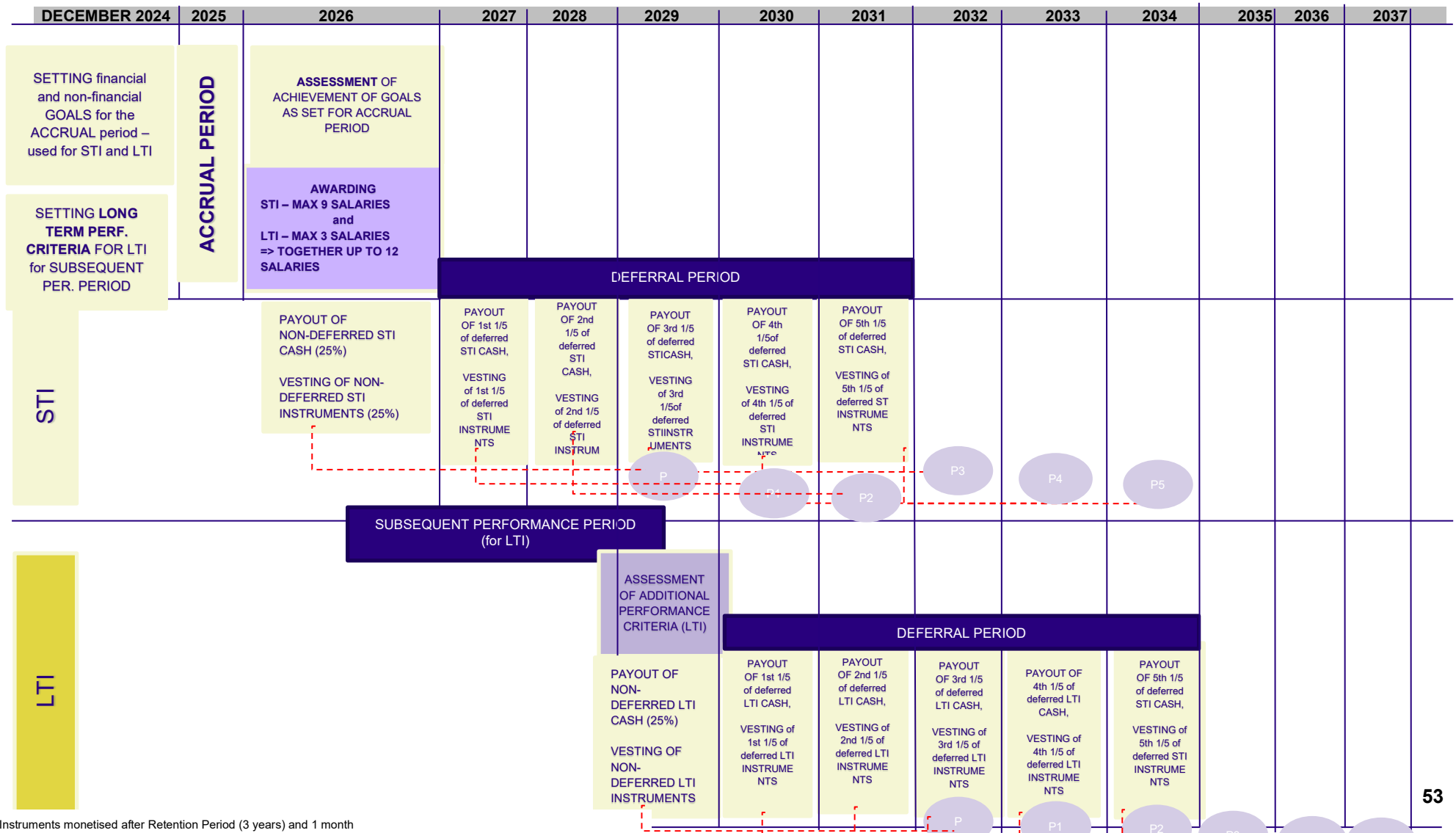
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Primož Karpe
Chairman of the Supervisory Board

NLB

Appendix 1: Timeline for STI and LTI (EXAMPLE)



P – Instruments monetised after Retention Period (3 years) and 1 month
P1 – MONETIZATION OF 1st 1/5 OF DEFERRED INSTRUMENTS, after Retention Period (3 years) and 1 month
P2 – MONETIZATION OF 2nd 1/5 OF DEFERRED INSTRUMENTS, after Retention Period (3 years) and 1 month
P3 - MONETIZATION OF 3rd 1/5 OF DEFERRED INSTRUMENTS, after Retention Period (3 years) and 1 month
P4 - MONETIZATION OF 4th 1/5 OF DEFERRED INSTRUMENTS, after Retention Period (3 years) and 1 month
P5 - MONETIZATION OF 5th 1/5 OF DEFERRED INSTRUMENTS, after Retention Period (3 years) and 1 month

(In the picture above P – P5 are connected to the relevant 1/5 of the deferred instruments with a dotted red line)

on Policy for the Members of the Supervisory Board of NLB d.d. and the Members of the

Each Management Board member is required to hold Instruments for the duration of the Retention Period which is 3 years from the date the instruments have Vested her