

# Corporate Governance Statement of NLB

Pursuant to Article 70, paragraph 6 and 7 of the Companies Act (further in text: ZGD-1)<sup>1</sup>, NLB hereby gives the following Corporate Governance Statement of NLB as part of the Business Report of the NLB Group Annual Report 2024. The main function of this statement is to prompt informing investors on the coherence of the Bank's corporate governance system.

## 1. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

### 1.1. References to the Code on Corporate Governance

The recommended best corporate governance practices contribute to a transparent and understandable corporate governance system, which promotes both domestic and foreign investor confidence, as well as the confidence of employees, other stakeholders (shareholders, regulators, suppliers, etc.), and the public. A decision on which code the Bank will follow was made jointly by the Management and the Supervisory Boards of the Bank by adopting the Corporate Governance Policy of NLB<sup>2</sup>.

Compliance with the Slovenian Corporate Governance Code for Listed Companies<sup>3</sup> is explained in this statement on a "comply or explain basis," in which the Bank provides an explanation regarding deviations, the reasoning for non-compliance with a certain recommendation, or alternative practices performed mostly due to stricter banking regulation. The statement refers to the Bank's system of corporate governance from the beginning to the end of the financial year, which also corresponds to the beginning and the end of the calendar year (from 1 January until 31 December).

The Corporate Governance Statement of NLB is included in the Business Report of the NLB Group Annual Report (published on [NLB's website \[https://www.nlb.si/financial-reports\]](https://www.nlb.si/financial-reports) and is also published as a separate report on the Bank's website under the chapter on [Corporate Governance \[https://www.nlb.si/corporate-governance\]](https://www.nlb.si/corporate-governance).

NLB strives to increase the level of its business transparency and informs the shareholders and other expert community in line with Guidelines on Disclosure for Listed Companies (Ljubljana Stock Exchange, 25 March 2024) and in line with Rules and Regulation of the Luxembourg Stock Exchange, as well as in line with Rules of the London Stock Exchange through Regulatory News Services (RNS) of the London Stock Exchange.

NLB also upholds its own code of conduct. The [NLB Group Code of Conduct \[https://www.nlbgroup.com/int-en/about-nlb-group/compliance-and-integrity/code-of-conduct\]](https://www.nlbgroup.com/int-en/about-nlb-group/compliance-and-integrity/code-of-conduct), which was revised in May 2023, is a standardised document for all members of the Group that defines values, lays down the standards of ethical business conduct, and serves as the guideline for all Bank's relationships regardless of whether it involves clients, competitors, business partners, state authorities, regulators, shareholders, or internal relationships between employees. At the same time, it is the basis of the Group values and basic principles of conduct, which provide specific conduct guidelines to its employees. This approach aims to ensure compliance with all applicable laws, regulations, and standards. It is published on the [Bank's website \[https://www.nlb.si/compliance-and-integrity\]](https://www.nlb.si/compliance-and-integrity).

Regarding the representation of gender in the Management and Supervisory Boards, the NLB implements an internal Policy on the Provision of Diversity of the Management Body and Senior Management (June 2022), which defines the principles and procedures that promote gender-balanced planning for the Management and Supervisory Boards, as well as for senior management<sup>4</sup>.

The Corporate Governance system of the Bank and all relevant information on Bank's management that exceeds the requirements of Article 70 of the Companies Act (ZGD-1) are published in the chapter in [Risk Management](#) of this Annual Report. Some other aspects of the functioning of the Bank's managing bodies are described in the chapter in [Corporate](#)

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

2 The Corporate Governance Policy of NLB was adopted in February 2023.

3 Slovenian Corporate Governance Code for Listed Companies, December 2021 (valid for this Corporate Governance Statement for the business year 2024). Nevertheless, the mentioned code was changed in December 2024, is valid from 1 January 2025, and will apply to the companies for the first time when preparing the Corporate Governance Statement for the 2025 financial year.

4 Published on the [Bank's website \[https://www.nlbgroup.com/int-en/investor-relations/general-meetings\]](https://www.nlbgroup.com/int-en/investor-relations/general-meetings).

**Governance** of this Annual Report, as well as in the Corporate Governance Policy of NLB published on the [NLB's website \[https://www.nlb.si/corporate-governance\]](https://www.nlb.si/corporate-governance). Information on the ESG Risk Management for the year 2024 is described in the **Sustainability Statement** as part of this Annual Report. Information on the Diversity Policy is according to recent changes to ZGD-1M<sup>5</sup> described in the **Sustainability Statement** of this Annual Report. Diversity Policy, Remuneration Policy and ESG risks are also described in the **Pillar 3 Disclosures [https://www.nlb.si/financial-reports]** according to Basel standards.

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

The Code provides recommendations for good management, control and management practices of public joint-stock companies whose shares are listed on the organized market in Slovenia. In 2024, the Code was updated and entered into force on 1 January 2025. However, the companies should use the recommendation of this Code for the first time when preparing the Corporate Governance Statement for the 2025 financial year<sup>6</sup>. Nevertheless, NLB already complies with some of the changes of the Code.

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

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

**Recommendation 7.4:** The Sustainability Policy of NLB d.d. and NLB Group contains basic due diligence guidelines and measures for identifying risks and prevention of serious harm in relation to areas that are defined in this recommendation. Additionally, due diligence guidelines and measures for identifying risk are further elaborated in the Policy on the Respect for Human Rights in NLB and the NLB Group, and are implemented in other domain-specific policies covering respective business areas in NLB Group.

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

**Recommendation 14.2:** Currently, valid Rules of Procedure of the Supervisory Board of NLB d.d. (November 2024) are prepared according to strict rules governing banks. They do not include provisions on the Agreement on access to the archives after expiration of the term of office of the members of the Supervisory Board, as the access to the archives after expiration of the term of office is determined by the provisions of the Rules of Procedure of the Supervisory Board of NLB and not in a special agreement.

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

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<sup>5</sup> ZGD-1M recent changes to Companies Act, *Official Gazette of the RoS*, No. 102/24, valid from 18 December 2024.

<sup>6</sup> Recent changes are primarily the result of alignment with the amendment to the Companies Act (ZGD-1M) and the development of good corporate governance practices (diversity, remuneration and independence).

**Recommendation 14.4:** In 2024, the NLB Workers' Council did not report to the Supervisory Board. In 2023, the NLB Workers' Council sent a letter stating that it would inform the professional services of NLB if it intended to report to the Supervisory Board in the future.

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

**Recommendation 17.6:** The President of the Supervisory Board, together with the Secretary of the Supervisory Board or an expert from the Bank designated by the Secretary of the Supervisory Board, takes care of the minutes of the Supervisory Board meetings. Only exceptionally, can a Supervisory Board member also be the minute-taker. The President of the Supervisory Board and the Director of Legal and Secretariat ensure that the resolutions formulated at the meeting are clearly formulated and comprehensible.

**Recommendation 19.1:** In 2024, the Supervisory Board members (representatives of capital and representatives of workers) did not receive attendance fees but received payments for performing their function based on the decisions of the General Meeting of Shareholders dated 21 October 2019, 15 June 2020 and 19 June 2023. Remuneration of the Members of the Supervisory Board is regulated by the Articles of Association of NLB d.d., the decisions of the General Meeting of shareholders from the previous sentence and the Remuneration Policy for the Members of the Supervisory Board of NLB d.d. and the Members of the Management Board of NLB d.d.

**Recommendation 20:** Minutes of the Supervisory Board meetings are taken by the Secretary of the Supervisory Board or an expert from the Bank designated by the Head of Secretariat. Only exceptionally, a Supervisory Board member can also be the minute-taker.

**Recommendation 23.5:** In accordance with regulations and the Remuneration Policy of the Members of the Supervisory Board of NLB d.d. and the Members of the Management Board of the NLB d.d. in 2024, NLB awarded to the members of its Management Board 50% of their variable remuneration for 2023 in share-linked instruments: 50% of such instruments were handed over to the members of the Management Board without any deferral, and the remaining 50% of such instruments will be handed over to the members of the Management Board during a 5-year deferral period.

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

**Recommendation 30.4:** NLB draws up its Financial Calendar, published on the [Banks' website](https://www.nlb.si/banks-website) [<https://www.nlb.si/financial-calendar>] and includes the date of the Annual General Meeting of NLB. However, it doesn't provide information on the dividend payment date. The date is announced in the publication of the Agenda and Proposed Resolutions to be passed at the Annual General Meeting. The dividend payment date is determined based on KDD's Operations Rules (Central Securities Clearing Corporation).

**Recommendation 32.7:** NLB does not publish the rules of procedure of its bodies (Management Board, Supervisory Board, and its committees) on its website. However, each year, the Bank discloses the composition, competences, and work of its managing bodies in the Corporate Governance Statement of NLB that is published in this NLB Group Annual Report, as well as on the [Bank's website](https://www.nlb.si/corporate-governance) [<https://www.nlb.si/corporate-governance>].

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

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

#### **3.1. Internal control mechanisms**

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

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

##### **3.1.1. Internal Controls**

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

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

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

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

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

##### **3.1.2. Internal Control Functions**

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

###### **a) The Internal Audit Function**

The Internal Audit function is organised in accordance with the Internal Audit Charter of NLB d.d., approved by the Management Board, to which the Supervisory Board of NLB gave its consent.

The Management Board of NLB has established and organised an independent Internal Audit function. The main purpose of the Internal Audit is to provide the Bank's Management and Supervisory Boards with objective and independent assurance and advisory services designed to add value and improve an organisation's operations.

Internal auditing is an independent, objective assurance and advisory service designed to add value and improve the Bank's operations, which is primarily responsible to the Supervisory Board of NLB and its Audit Committee and

secondarily to the Management Board of the Bank. It helps to accomplish the Bank's objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes. In addition, the Internal Audit conducts regular Quality reviews of the Internal Audit functions in the Group and ensures continuous development of the internal auditing function in NLB Group.

The Supervisory Board of NLB must give its agreement to the appointment and dismissal of the Chief Audit Executive, which ensures his independence and, thus, the independence of the Internal Audit function.

#### **b) The Risk Management Function**

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

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

The Risk Management Function is performed by the Global Risk function. In accordance with the competences, authorisations, and responsibilities, Global Risk is represented by its General Manager. Global Risk is in functional and organisational terms separate from other functions where business decisions are adopted and where a potential conflict of interest may arise with the Risk Management Function. The head of the Risk Management Function has direct access to the Management Board of the NLB and, at the same time, has unhindered and independent access to the Supervisory Board of NLB and the Risk Committee of the Supervisory Board of the NLB.

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

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

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

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

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

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

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

functions). This arrangement provides additional assurance for the independence of the Compliance and Integrity operations.

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

### **3.2. Financial reporting**

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

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

#### **a) Selection of an audit firm<sup>7</sup>**

Through a process, the Bank selects auditing companies in which management bodies, the Audit Committee, and the Supervisory Board actively participate and appoint an auditing company that will ensure an independent and impartial audit of the financial statements in accordance with professional and professional-ethical auditing principles and other auditing rules.

Before the start of the selection process, a proposal for the criteria for the appointment of the audit company and the minimum conditions for cooperation are prepared, which also include the mandatory disclosure of all possible non-audit services that the audit company has performed for the Bank or its affiliated companies in the last year (namely statement that an audit firm or any member of the network to which the audit firm belongs, did not directly or indirectly provide to the audited entity, to its parent undertaking or to its controlled undertakings any prohibited non-audit services in the financial year immediately preceding the period being audited). The proposed criteria are approved by the Audit Committee and the Supervisory Board. After considering the report on the selection process, the Audit Committee submits a recommendation on the appointment of an audit company to the Supervisory Board. Based on the recommendation of the Audit Committee, the Supervisory Board proposes the appointment of an audit company, which is approved by the Shareholders' Meeting.

The financial statements of NLB and consolidated financial statements of NLB Group are audited by the auditing company KPMG Slovenia d.o.o., Ljubljana. The mentioned auditing company was appointed as the auditor of NLB by the 38<sup>th</sup> General Meeting of shareholders of the Bank dated 20 June 2022 for the financial years 2023 to 2026. The selected audit company audits all members of NLB Group, except in case of other valid reasons (possible legal or other local restrictions).

The selected audit company audits all members of NLB Group, except in case of other valid reasons (possible legal or other local restrictions).

In 2023, there was a change of audit company due to the expiration of the statutory period of 10 business years, when the same audit firm can perform the audit.

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<sup>7</sup> According to Recommendations for the Audit Committees (SDA&KPMG 2022, point 10.1), the Bank provides an explanation of the selection of an audit firm and the independence of the statutory auditor.



## b) Independence of the Statutory Auditor

The statutory auditor must assess and document compliance with independence requirements before accepting or continuing a statutory audit engagement. The Audit Committee annually requires written declarations of independence from the statutory auditors, which must apply to the audit firm, the audit partners, and senior personnel involved in the audit engagement.

When assessing the auditor's independence, all areas of potential conflict of interest are considered, such as:

- direct or indirect financial investments in the company,
- personal and business relationships (which also include close family members, close relatives and business partners),
- the relationship between the key audit partner, members of the board and key employees,
- economic dependence,
- the type and scope of other services performed by the auditor in addition to the audit.

Independence is ensured during the period covered by the financial statements being audited and during the period during which the statutory audit is carried out.

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

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

Significant direct and indirect ownership of the company's securities in terms of achieving a qualifying holding as defined in the Takeovers Act (as at 31 December 2024).

NLB's main shareholders as at 31 December 2024<sup>(i)</sup>

Shareholder	Number of shares	Percentage of shares
Bank of New York on behalf of the GDR holders <sup>(ii), (iii)</sup>	9,659,425	48.30
• of which EBRD	/	>5 and <10
• of which Brandes Investment Partners, L.P.	/	>5 and <10
Republic of Slovenia (RoS)	5,000,001	25.00
Other shareholders	5,340,574	26.70
<b>Total</b>	<b>20,000,000</b>	<b>100.00</b>

(i) This information is sourced from the NLB's shareholders' book that is accessible at the web services of CSD (Central Security Depository, Slovenian: KDD - Centralna klirinško depotna družba) and available to CSD members.

(ii) The Bank of New York holds shares in its capacity as the depository (the GDR Depository) for the GDR holders and is not the beneficial owner of such shares.

(iii) The information on GDR ownership is based on self-declarations by individual GDR holders as required pursuant to the applicable provisions of Slovenian law.

More information on the Bank's Share Capital is available on the NLB website [<https://www.nlbgroup.com/int-en/investor-relations/stock-price/>].

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

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

Explanation regarding the restrictions related to voting rights, in particular: (i) restrictions of voting rights to a certain stake or certain number of votes, (ii) deadlines for executing voting rights, and (iii) agreements in which,

**based on the company's cooperation, the financial rights arising from securities are separated from the rights of ownership of such securities**  
**(Point 6 of the eight paragraph of Article 70 of the ZGD-1)**

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

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

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

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

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

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

**The Management Board**

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

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

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



## **The Supervisory Board**

According to the Articles of Association of the NLB d.d., the Supervisory Board consists of a total of twelve members, of which eight members represent the interests of shareholders and four members represent the interests of employees. Members of the Supervisory Board representing the interests of shareholders are elected and recalled by the General Meeting from persons proposed by shareholders or the Supervisory Board. Members of the Supervisory Board representing the interests of employees are elected and recalled by the Workers' Council, taking into account the conditions for members of the Supervisory Board laid down in the regulations and the Articles of Association of NLB d.d.

At the end of 2024, the Supervisory Board of the Bank consists of a total of 10 members, of which eight members represent the interests of shareholders and two members represent the interests of employees. Members representing the interests of shareholders shall be elected and recalled by the Bank's General Meeting from persons proposed by shareholders or the Supervisory Board of the Bank, and members representing the interests of employees shall be elected and recalled by the Workers' Council of the Bank. Members of the Supervisory Board representing the interests of shareholders are elected by an ordinary majority of votes cast by the shareholders.

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

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

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

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

## **Amendments to Articles of Association**

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

## **Explanation regarding the authorisation of the members of the management, particularly authorisations to issue or purchase own shares (Point 9 of the eight paragraph of Article 70 of the ZGD-1)**

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

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

The General Meeting is a body of the Bank through which shareholders exercise their rights, which include, among others: adopting and amending the Articles of Association of NLB d.d., use of distributable profit, granting a discharge from liability to the members of the Management and Supervisory Board, changes to the Bank's share capital, appointing and discharge members of the Supervisory Board who represent the shareholders' interests, remuneration and profit-sharing by the members of the Management Board and employees, annual schedules, and characteristics of issues of securities convertible into shares and equity securities of the Bank.

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

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

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

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

There were two General Meetings in 2024. At the 42<sup>nd</sup> General Meeting dated 17 June 2024, shareholders took note of the adopted NLB Group Annual Report 2023 and adopted the Report of the Supervisory Board on the results of the examination of the NLB Group Annual Report 2023. They also adopted the Report on Remuneration for the members of the Management Body of NLB d.d. in the 2023 Business Year, the Additional information to the Report on Remuneration in the 2023 Business Year on the basis of SSH's Baselines and the Internal Audit Report for 2023, adopted decisions on the election of Supervisory Board members (as already mentioned above) and voted on the Remuneration Policy for the Members of the Supervisory Board of NLB d.d. and the Members of the Management Board of NLB d.d.

The General Meeting also adopted decisions on the allocation of distributable profit for the 2023 (the first dividend payment of EUR 5.5 gross per share or EUR 110 million was paid out on 26 June 2024) and granted a discharge from the liability to the members of the Management Supervisory Boards.

At the 43<sup>rd</sup> General Meeting held on 9 December 2024, the shareholders confirmed the payment of the second dividend at EUR 5.5 gross per share or EUR 110 million (paid out on 16 December 2024). Together, both pay-outs in the amount of EUR 220 million from the profit generated in 2023, represent a 100% increase from dividend payments made that year. The outcome of the vote is available to all interested stakeholders on NLB's website [<https://www.nlbgroup.com/int-en/investor-relations/general-meetings>].

## 6. INFORMATION ABOUT THE COMPOSITION AND WORK OF THE MANAGEMENT AND SUPERVISORY BOARDS AND THEIR COMMITTEES

### 6.1. Composition of the Management Board

The composition of the Management Board has remained unchanged since May 2022, and is as follows: Blaž Brodnjak as President & CEO; and the following members: Archibald Kremser as Chief Financial Officer (CFO); Peter Andreas Burkhardt as Chief Risk Officer (CRO); as well as Hedvika Usenik as Chief Marketing Officer (CMO) who is responsible for Retail Banking and Private Banking; Antonio Argir who is responsible for Group governance, payments and innovations, and Andrej Lasič as CMO, who is responsible for Corporate and Investment Banking. The mandates of Blaž Brodnjak, Archibald Kremser, and Peter Andreas Burkhardt expire in July 2026, while the mandates of Hedvika Usenik, Antonio Argir, and Andrej Lasič expire in April 2027.

#### Work of the Management Board

In 2024, the Management Board prepared a new Group Strategy 2030 that was adopted by the Supervisory Board. The strategy stipulates a doubling of the NLB Group balance sheet (more than EUR 50 billion assets), recurring revenues of more than EUR 2 billion, and a profit of more than EUR 1 billion by 2030, combining organic growth with selected M&As. The new strategy is designed to enable NLB Group to grow and develop in a rapidly changing financial environment. The strategy includes key goals and directions for the future, such as digitalisation, sustainable development, and expansion into new markets.

In line with the new strategy, NLB launched an all-cash voluntary public takeover offer aimed at acquiring control over Addiko Bank AG for all issued and outstanding Addiko Bank AG shares, requiring acceptance for at least 75% of its issued shares. By 16 August 2024, the offer did not achieve a sufficient acceptance percentage of shares, so the offer was not successful.

The Management Board worked on an acquisition that marks NLB's re-entry into the Croatian market with Leasing Services after nearly three decades. After obtaining all regulatory approvals in September 2024, NLB completed the transaction and became the sole shareholder of SLS HOLDCO, Ljubljana, the parent company of Summit Leasing Slovenija, Ljubljana and its Croatian subsidiary Mobil Leasing, Zagreb, together forming SLS Group.

In line with the new NLB Group Strategy, a subsidiary company, NLB Skladi, Ljubljana successfully completed the takeover of Generali Investments, Skopje (renamed NLB Fondovi, Skopje).

The Management Board is aware that digitalisation is one of the key strategic priorities for NLB Group, which aims to streamline processes, improve scalability, and increase efficiency. To that extent, NLB enhanced its digital services, as Apple Pay became available to NLB customers in Slovenia and Montenegro, and Google Pay became available to NLB customers in Slovenia, Montenegro, North Macedonia, Bosnia and Herzegovina, Kosovo and Serbia, while Garmin Pay became available in Slovenia, Montenegro, North Macedonia, Bosnia and Herzegovina, and Kosovo. In 2024, NLB Group continued its digital transformation, which included transitioning to a fully digital business model. This involved using advanced technologies such as artificial intelligence (AI), cloud services, and data analytics.

The Management Board stayed focused on the growth of its core business and was aware of all the possible risks and eventual distresses, while the Bank helped customers facing difficulties due to strengthened market conditions. In 2024, NLB Group delivered remarkable business results. They enabled the Bank to pay out a distributable profit for 2023 in the form of dividends in a total amount of EUR 220 million, thereby reaffirming NLB Group's stable and successful business operations and strong capital position.

The Management Board is deeply aware of the Banks' vital role in fighting climate change by supporting the global transition of the real economy towards net-zero, and implementing sustainable practices as key drivers of long-term business success. The Group has integrated a sustainability perspective and ESG factors (environmental, social and human rights, and governance) in the new Group Strategy and into its daily operations. The Group's progress was also recognised by ratings. In November 2024, where NLB Group received a Sustainalytics ESG Risk Rating of 10.5, which was assessed as being at a low risk of experiencing material financial impacts driven by ESG factors. That rating places

NLB in the top 5 percentile of all banks assessed by Morningstar Sustainalytics. Besides environmental issues, the Management Board is equally active in addressing social and governance topics, advocating equal opportunities, as well as independent and professional corporate governance.

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

## **6.2. Composition of the Supervisory Board**

At the beginning of 2024, the composition of the Supervisory Board was as follows: Primož Karpe – Chairman; Shrenik Dhirajlal Davda – Deputy; David Eric Simon, Verica Trstenjak, Islam Osama Zekry, Mark William Lane Richards, Cvetka Selšek, André-Marc Prudent-Toccanier (shareholders' representatives); and Sergeja Kočar and Tadeja Žbontar Rems (employee representatives). As the mandates of Primož Karpe, David Eric Simon, and Verica Trstenjak expired in 2024, three members were proposed for election at the forthcoming General Meeting in June 2024.

The General Meeting of Shareholders in June 2024 elected Primož Karpe, Natalia Olegovna Ansell, and Luka Vesnaver as members of the Supervisory Board of NLB. Luka Vesnaver took up his office as a member of the Supervisory Board on 30 September 2024, while Natalia Olegovna Ansell took up her office on 8 November 2024 (both after the ECB adopted a decision not to object to their appointments).

Primož Karpe was elected as President of the Supervisory Board on 7 July 2024 for the third time in a row. The Supervisory Board also consists of Deputy Chairman Shrenik Dhirajlal Davda, Islam Osama Zekry, André-Marc Prudent-Toccanier, Mark William Lane Richards, Cvetka Selšek, and employee representatives Tadeja Žbontar Rems (whose mandate expires in 2025) and Sergeja Kočar (re-appointed in 2024 by the NLB Workers' Council for another term). The mandate of Islam Osama Zekry expires in 2025, while the mandate of Shrenik Dhirajlal Davda, Mark William Lane Richards, Cvetka Selšek and André-Marc Prudent-Toccanier expires in 2027.

### **Statement of Independence of the Members of the Supervisory Board**

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

A Statement of Independence, in which they declare themselves on their meeting of the criteria of a conflict of interest, is provided by a candidate for a function of a member of the Supervisory Board, upon each change that would mean a change of his/her independence status, and once a year (with the new statements published as of February 2025). The statement is published on the [Bank's website \[www.nlbgroup.com/int-en/about-nlb-group/corporate-governance/conflict-of-interest\]](http://www.nlbgroup.com/int-en/about-nlb-group/corporate-governance/conflict-of-interest).

### **Work of the Supervisory Board**

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

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

Throughout the year, the Supervisory Board acknowledged regular reports on documents received from the regulator(s), namely, the BoS and ECB, and the implementation of the requirements of regulators. The Supervisory Board acted within its powers to ensure that the Bank's business goals, strategies, and policies were properly coordinated with the strategies and policies for assuming and managing risks. The Supervisory Board was regularly informed on the risk profile of the Group and the corresponding types of risk to steer the Group's fulfilment of internal strategic objectives and all external requirements. Tackling a comprehensive assessment of the main risks and vulnerabilities for NLB Group, the

Supervisory Board adopted the IT Security Architecture and Protection of the NLB Group and updated NLB. Moreover, key strategic risk documents such as the NLB Group Risk Appetite, the NLB Group Risk Strategy, the IRRBB management report and improvement agenda, and the NLB Group Recovery Plan were regularly revised, upgraded, and discussed.

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

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

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

The General Meeting of shareholders dated 9 December 2024, adopted a decision on the allocation of the second tranche of the distributable profit for 2023 at EUR 5.5 gross per share or EUR 110 million, making a total dividend payout in 2024 EUR 220 million. EUR 110 million were already paid-out to shareholders in June 2024, and approved the Remuneration Policy for the Members of the Supervisory Board of NLB d.d. and the Members of the Management Board of NLB d.d., whereby the vote on this resolution was of a consultative nature.

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

According to the recommendation of the Slovenian Corporate Governance Code for Listed Companies, the evaluation of efficiency and self-assessment of the Supervisory Board of NLB and the Audit Committee of NLB was performed by the Slovenian Directors' Association (SDA) at the beginning of 2024. Based on the findings of SDA, an Action Plan was made, and deficiencies were eliminated.

Throughout the year, the Supervisory Board has maintained a well-balanced professional relationship with the Management Board and enjoyed timely, comprehensive, and data-supported inputs from the latter, enabling the

Supervisory Board to adopt all its decisions in line with the professional interests of the Bank, whilst always adhering to banking regulations and its statutory powers.

To ensure transparent decision-making at the Supervisory Board and sessions of committees, members of the Supervisory Board, in particular, take into account all necessary precautionary measures to avoid conflicts of interest.

Pursuant to Article 282 of the Companies Act (ZGD-1) and the above report, the Supervisory Board of NLB established and ensured that it regularly and thoroughly monitored the Bank's and NLB Group's operations in 2024 within its powers, and efficiently supervised the Bank's and NLB Group's management and operations.

The composition of the Supervisory Board members is described in [Table 2 in Appendix](#) of this statement.

### **6.3. The Supervisory Board Committees**

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

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

Committees are composed of at least three members of the Supervisory Board., although at the end of 2024 the actual number of members in the committees was five members. The Workers' Council can nominate one Supervisory Board member – a representative of the workers to each Committee. The member of the Committee may only be appointed from among the members of the Supervisory Board. The , he Committees of the Supervisory Board of NLB d.d. (November 2024).

#### **6.3.1. The Audit Committee of the Supervisory Board of NLB**

The Audit Committee monitors and prepares draft resolutions for the Supervisory Board on accounting reporting, internal control and risk management, internal audit, the compliance of operations, and external audit. It also supervises the setup of policies, monitors reporting procedures related to sustainability, and monitors the implementation of regulatory measures.

At the end of 2024, the composition of the Committee was as follows: Cvetka Selšek (Chairwoman), André-Marc Prudent-Toccanier (Deputy Chairman), Primož Karpe, Tadeja Žbontar Rems and Luka Vesnaver (members). Changes in the Committee's membership that occurred during the year, as well as the academic degrees of the Audit Committee members are reflected in the chart on the Supervisory Board Committees ([Table 2 in Appendix](#) below).

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

- Report of the NLB Group Operations and Business Performance Indicators for NLB d.d. and NLB Group for 2023; NLB Group Annual Report 2023; KPMG External Auditor's report after the final audit of financial statements 2023; Internal Audit Overall Opinion for 2023; Internal Audit Annual Report for 2023; Corporate Governance Statement of NLB; Statement on the Management of Risk, NLB Group Sustainability Report for 2023; Report of the Supervisory Board of NLB on the results of the examination of the NLB Group Annual Report 2023;
- Report of the of the Audit Committee of NLB on the statutory audit for financial year 2023; Assessment of the satisfaction rating at the NLB Group level regarding the quality of audit services provided by the external auditing firm KPMG for 2023; Annual Report for the 2023 ECRA compliance risk assessment at the NLB and NLB Group levels;
- Regular interim reports on the operations of the NLB Group, Periodic Internal Audit Reports, Compliance, and Integrity Reports, Anti-Money Laundering Reports;
- NLB Group Sustainability Implementation update; External audit of the NLB Group's Sustainability Report 2024 and an increase in the price of the audit of the Annual Report due to the merger of N Banka; Presentation of the audit plan for 2024 audit by auditor KPMG; Information on NLB Group's sustainability reporting process for 2024 and engagement of the NLB Management and Supervisory Board in the Double Materiality Analysis;



- Reports of the Internal Audit of NLB; NLB Group Internal Audit Plan (2025 & long-term), Reports of the Compliance of NLB; Action Plan for Compliance and Integrity Centre for 2025;
- Reports on the documents received from the BoS and ECB, and on the implementation of the requirements of the BoS and ECB;
- Appointment / Prolongation of the mandate and a salary increase for the Director of Global Risk and for the Director of Compliance and Integrity; a Salary increase for the Director of Internal Audit; Confirmation of the goals assessment of the heads of control or supervisory functions for the year 2023; Acknowledgment with Self-assessment of the performance, effectiveness, and efficiency of the Group Compliance function, and with an Evaluation of the Audit Committee;
- Information about the costs of the Management and Supervisory Boards; Cash withdrawals in Branches for Legal Entities in NLBG (excl. Slovenia);
- Integrity and Compliance Policy of the NLB d.d. and the NLB Group; Approval of Other assurance and non-assurance services pre-approval Policy for NLB and NLB Group; Information on updated Rules on the relations of NLB d.d. and the Audit Committee with the audit firm; Internal Audit Manual; Internal Audit Charter;
- NLB Audit Committee Self-Assessment for 2023 (Status Report) and approval of the Action Plan.

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

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

### **6.3.2. The Risk Committee of the Supervisory Board of NLB**

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

At the end of 2024, the composition of the Committee was as follows: André-Marc Prudent-Toccanier (Chairman), Cvetka Selšek (Deputy Chairwoman), Shrenik Davda, Luka Vesnaver, and Natalia Olegovna Ansell (members). Changes in the Committee's membership that occurred during the year are reflected in the chart on Supervisory Board Committees (Table 2 in Appendix below).

There were seven regular sessions of the Risk Committee in 2024. The following is a summary of key topics considered by the Risk Committee:

- Risk Report (Dashboard) of NLB and NLB Group; Periodic Reports on information security in NLB and NLB Group; Pillar III Disclosures for 2023 and periodic disclosures for 2024;
- Internal liquidity adequacy process (ILAAP) for 2023; The Internal Capital Adequacy Assessment Process (ICAAP) for 2023; ALM update: IRRBB management report and improvement agenda;
- Report on the documents received from the BoS and the ECB, and the report on the implementation of the requirements;
- IT Security Architecture and Protection of NLB Group; The Trinity of Data Quality;
- Presentation & Report on the Top 50 groups of clients by exposure in the NLB Group; Top 20 restructuring cases; Report on passive court proceedings in NLB and NLB Group; Information about the final deletions of the receivables over EUR 5 million from the off-balance for 2023; Report on the real estate market and collateral management for NLB for 2023;
- Consent of goals assessment of the heads of control or supervisory functions for the year 2023;
- NLB Group Risk Strategy update; Risk Appetite NLB Group update; NLB Group Recovery Plan;
- Annual Review of Prior Consent for Limit application (that exceeds certain percentages of NLB Tier 1 capital); Prior consent of the Supervisory Board of NLB to conclude legal transactions with Central Banks; Prior consent for the conclusion of legal transactions with a client in a special relationship with NLB.

### 6.3.3. The Nomination Committee of the Supervisory Board of NLB

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

At the end of 2024, the composition of the Committee was as follows: Primož Karpe (Chairman), Mark Richards (Deputy Chairman), Sergeja Kočar, Islam Osama Zekry, and Shrenik Davda (members). Changes in the Committee's membership that occurred during the year are reflected in the chart on Supervisory Board Committees ([Table 2 in Appendix](#) below).

There were four regular and one extraordinary session of the Nomination Committee in 2024. The following is a summary of key topics considered by the Nomination Committee:

- Assessment of collective suitability of the Management Board of NLB; Assessment of collective suitability of the Supervisory Board of NLB; Regular yearly fit and proper assessment of members of the Supervisory Board for 2024; Reassessment of fit and proper for Management Board member;
- Election of members of the Supervisory Board of NLB;
- Annual review of the Diversity Policy of the Bank;
- Suitability assessment of the members of the Management Board, Assessment of collective suitability of the Supervisory Board.

### 6.3.4. The Remuneration Committee of the Supervisory Board of NLB

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

At the end of 2024, the composition of the Committee was as follows: Shrenik Davda (Chairman), Mark William Lane Richards (Deputy Chairman), Islam Osama Zekry, Sergeja Kočar, and André-Marc Prudent-Toccanier (members). Changes in the Committee's membership that occurred during the year are reflected in the chart on Supervisory Board Committees ([Table 2 in Appendix](#) below).

There were five regular, three extraordinary and one correspondence sessions of the Remuneration Committee in 2024. The following is a summary of key topics considered by the Remuneration Committee:

- Proposal of financial goals of NLB Group, goals for each member of the Management Board of NLB for the short-term and long-term incentive (STI and LTI), additional performance criteria for subsequent performance period, and financial goals of NLB; Proposal for the confirmation of fulfilment of conditions for the increase of the salaries of the members of Management Board of NLB; and for the conclusion of annexes to their employment contracts;
- Confirmation of the Assessment of the NLB Group and NLB financial results, goals assessment of the members of the Management Board of NLB d.d. and heads of control or supervisory functions for the year 2023; Confirmation of goals of identified employees in controlled and supervisory functions for 2024; Confirmation of an annual self-assessment of the identified employees (2023);
- Awarding and payment of the variable part of the salary for the business year 2023 for the members of the Management Board and payment of the deferred part of the variable part of the salary for previous years for the members of the Management Board and identified staff – heads of control or supervisory functions;
- Draft Remuneration Policy for the Members of the Supervisory Board of NLB d.d. and the Members of the Management Board of NLB d.d.; Proposal of Amendments to the Remuneration Policy for employees in NLB d.d. and in NLB Group.

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

The Committee monitors and prepares draft resolutions for the Supervisory Board, whereby the main tasks that it performs are the following: monitoring the implementation of the IT Strategy including the infrastructure and use of AI, its orientation in the area of sustainability, goals, and measures for their achievement, related to the Bank's strategy, IT Security Strategy, and Operations Strategy; monitoring the management of information technologies; monitoring

integration of AI into operations; monitoring responsibility in the AI area; monitoring compliance with the rules on AI; monitoring key projects and initiatives related to operations, IT and artificial intelligence; monitors key operations and IT KPI's and service quality indicators; monitors key operations and IT projects and initiatives related to operations, IT and artificial intelligence; monitors operating risks in the area of Operations, IT, and Security; monitors the recommendations for ensuring and increasing the level of information/cyber security issued by CISO; addresses the report on potential violations, events, and incidents in the area of IT security; and monitors the Target Operating Model implementation in the areas of IT, the Security Operating System, Competence Centre, and Operations.

At the end of 2024, the composition of the Committee was as follows: Mark William Lane Richards (Chairman), Islam Osama Zekry (Deputy Chairman), Primož Karpe, Tadeja Žbontar Rems, and Natalia Olegovna Ansell (members). Changes in the Committee's membership that occurred during the year are reflected in the chart on Supervisory Board Committees ([Table 2 in Appendix](#) below).

There were four sessions of the Operations and IT Committee 2024. The Operations and IT Committee acknowledged itself with:

- Periodic Review of IT KPIs;
- Digitalise the Bank (Product / Process / Digital metrics) & periodic reports; Initiative progress, status, lessons learned (BackBase case) & periodic reports;
- Report on implementation of the Procurement Strategy.

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

Pursuant to Article 70 (paragraph 7) of the ZGD-1, NLB included information on description of the diversity policy implemented in relation to representation in the management or control bodies of the company (from the point of view of gender and other aspects, and a statement of the goals and results of the policy) in the [Sustainability Statement](#) of this Annual Report (Chapter: General Information, Sub-Chapter: The Role of the Administrative, Management And Supervisory Bodies), which is part of this Annual Report.

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

In accordance with Guidelines on Disclosure for Listed Companies, point 7.3.2 (Ljubljana Stock Exchange, 25 March 2024), NLB hereby states that on 20 February 2025, the Supervisory Board of NLB, following a recommendation from the Management Board, appointed Reinhard Höll as the seventh member of the Management Board. Following the necessary approvals, he will assume the role of Chief Transformation Officer (CTO), overseeing the acceleration of the mobile/digital-first business model transition of NLB and its Group members.

Ljubljana, 20 February 2025

#### Management Board of NLB

**Peter Andreas Burkhardt**  
Member

**Antonio Argir**  
Member

**Blaž Brodnjak**  
Chief Executive Officer

**Hedvika Usenik**  
Member

**Andrej Lasič**  
Member

**Archibald Kremser**  
Member

#### Supervisory Board of NLB

**Primož Karpe**  
President of the  
Supervisory Board

*Table 1: Composition of Management in the financial year 2024*

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

(i) Member of the Management Board since 2012.

**Table 2: Composition of Supervisory Board and Committees in the financial year 2024**

Name and Surname	Position held (Chairman, Deputy Chairman, Member)	First appointment to the position	Conclusion of the position / term of office	Representative of the company's capital structure /employees	Attendance at SB session in regard to the total number of SB session (for example 5/7) applicable on his/her mandate	Gender	Citizenship	Year of birth	Qualification	Professional profile	Independence under Article 23 of the Code (YES/NO)	Existence of conflict of interest, in the business year (YES/NO)	Membership in supervisory bodies in other companies or institutions
Primož Karpe	Chairman	10 February 2016	2028	Representative of the company's capital structure	7/7	male	Slovenian	1970	MSc	Banking/ Finance	YES	YES	Angler d.o.o., Zagreb
Shrenik Dhirajlal Davda	Deputy Chairman/ Member	10 June 2019	2027	Representative of the company's capital structure	7/7	male	British	1960	MBA	Finance	YES	NO	Charity Commission of England and Wales IPSO, UK
David Eric Simon	Member	4 August 2016	17 June 2024	Representative of the company's capital structure	4/4	male	British	1948	Higher National Diploma in Business Studies	Banking/ Finance	YES	NO	Jihlavan a.s. Jihlavan Real Estate a.s Czech Aerospace industries sro, Praga Central Europe Industry Partners a.s.
Islam Osama Zekry	Member	14 June 2021	2025	Representative of the company's capital structure	7/7	male	Egyptian	1977	PhD	IT	YES	NO	Commercial International Bank, Egypt CIB Housing association, Egypt
Mark William Lane Richards	Member	10 June 2019	2027	Representative of the company's capital structure	7/7	male	British	1966	MSc	Banking/ Finance	YES	NO	Enza Group Global, Cairo BPL Global (Lloyds of London insurance Broker) VenCap International plc, UK
Verica Trstenjak	Member	15 June 2020	17 June 2024	Representative of the company's capital structure	4/4	female	Slovenian	1962	PhD	Law	YES	NO	
Cvetka Selšek	Member	19 June 2023	2027	Representative of the company's capital structure	7/7	female	Slovenian	1951	University Degree	Banking/ Finance	YES	NO	Honourable Tribunal of Managers' Association of Slovenia
André-Marc Prudent-Toccanier	Member	19 June 2023	2027	Representative of the company's capital structure	7/7	male	French	1955	MSc	Banking/ Finance	YES	NO	
Natalia Olegovna Ansell	Member	17 June 2024	2028	Representative of the company's capital structure	1/1	female	British	1972		Finance	YES	NO	Equity Bank Kenya Limited, Nairobi
Luka Vesnaver	Member	17 June 2024	2028	Representative of the company's capital structure	2/2	male	Slovenian	1972	MSc	Banking/ Finance	YES	NO	British Slovenian Chamber of Commerce Managers' Association of Slovenia



Sergeja Kočar	Member	17 June 2020	2028	Representative of the company's employees	6/7	female	Slovenian	1968	MSc	Management	YES	NO
Tadeja Žbontar Rems	Member	22 January 2021	2025	Representative of the company's employees	7/7	female	Slovenian	1968	MSc	IT	YES	NO

Name and Surname	Membership in committees (audit, nominal, income committee, etc.)	First appointment to the position	Conclusion of the position/term of office	Chairman/Deputy Chairman/Member	Attendance at sessions of SB's Committees in regard to the total number of SB's session (applicable on his/her mandate) <sup>(i)</sup>
Shrenik Dhirajlal Davda	Remuneration Committee	28 June 2019	2027	Chairman	5/5
Mark William Lane Richards	Remuneration Committee	26 June 2020	2027	Deputy Chairman	5/5
Islam Osama Zekry	Remuneration Committee	9 September 2024	2025	Member	2/2
André-Marc Prudent-Toccanier	Remuneration Committee	9 September 2024	2027	Member	2/2
Sergeja Kočar	Remuneration Committee	26 June 2020	2024	Member	5/5
Primož Karpe	Nomination Committee	15 April 2016	2024	Chairman	5/5
Mark William Lane Richards	Nomination Committee	18 September 2023	2027	Deputy Chairman	5/5
Shrenik Dhirajlal Davda	Nomination Committee	9 September 2024	2027	Member	2/2
Sergeja Kočar	Nomination Committee	26 June 2020	2024	Member	5/5
Islam Osama Zekry	Nomination Committee	18 September 2023	2025	Member	5/5
Cvetka Selšek	Audit Committee	9 September 2024	2027	Chairwoman	6/6
André-Marc Prudent-Toccanier	Audit Committee	9 September 2024	2027	Deputy Chairman	1/1
Primož Karpe	Audit Committee	15 April 2016	2024	Member	5/6
Tadeja Žbontar Rems	Audit Committee	9 September 2024	2025	Member	1/1
Luka Vesnaver	Audit Committee	30 September 2024	2028	Member	0/0
André-Marc Prudent-Toccanier	Risk Committee	18 September 2023	2027	Chairman	7/7
Cvetka Selšek	Risk Committee	18 September 2023	2027	Deputy Chairwoman	7/7
Shrenik Dhirajlal Davda	Risk Committee	8 July 2021	2027	Member	7/7
Luka Vesnaver	Risk Committee	30 September 2024	2028	Member	2/2
Natalia Olegovna Ansell	Risk Committee	8 November 2024	2028	Member	1/1
Mark William Lane Richards	Operations and IT Committee	28 June 2019	2027	Chairman	4/4
Islam Osama Zekry	Operations and IT Committee	8 July 2021	2025	Deputy Chairman	4/4
Primož Karpe	Operations and IT Committee	15 April 2016	2024	Member	4/4
Tadeja Žbontar Rems	Operations and IT Committee	8 April 2021	2025	Member	4/4
Natalia Olegovna Ansell	Operations and IT Committee	8 November 2024	2028	Member	0/0

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