



Report on the remunerations for the business year 2021
of Nova Ljubljanska banka d.d.

1. Introduction

Report on remuneration has been prepared in accordance with Article 294.b of the Companies Act (hereinafter: the ZGD-1) which applies as of 24/08/2021 which stipulates that a company whose securities are traded in the organised market, must prepare a clear and comprehensible report on remunerations, including a comprehensive overview of remuneration and bonuses of any kind that the company provided or owed to an individual management or supervisory body and executive director in the last business year, in compliance with the remuneration policy.

2. Remuneration for the business year 2021

Pursuant to the provisions of Article 294.b of the ZGD-1 the Report on remuneration for business year 2021 also contains a presentation of total remuneration paid in accordance with the applicable remuneration policy, broken down by components, namely the remuneration of the members of the Management Board of NLB d.d. is broken down to the fixed part of remuneration, including the benefits in the form of bonuses, work-related cost compensation, variable part of remuneration and other bonuses; this report also comprises the information regarding the relative share of fixed and variable remuneration and the criteria for determining performance of individual members of the Management Board of NLB d.d. The total remuneration to which each member of the Supervisory Board of NLB d.d. is entitled in accordance with the relevant resolutions of the Bank's General Meeting, represents fixed remuneration and is further broken down to the payment for the performance of the function on the Bank's Supervisory Board and its committees, other bonuses and remuneration of costs.

The remuneration of the members of the Management Board of NLB d.d. and the members of the Supervisory Board of NLB d.d. are compliant with the adopted remuneration policy and contribute to the company's long-term successful performance, which is further justified below.

2. 1. Receipts of the members of the Management Board of NLB d.d.

The Remuneration Policy that regulates the system of remunerating the members of the Management Board is devised in such a manner that it is compliant with the business strategy of the NLB Group, the organisational culture, the values, the long-term interests, environmental, social and management factors and in such a manner that it does not encourage the members of the management body to assume greater risks, and it is also compliant with the risk profile and risk appetite.

The following goals shall be used for assessing the performance of an individual member of the Management Board:

- financial goals of the NLB Group (profit after tax, revenues, costs etc.)
- financial goals within the competence area of a Management Board member and arise from the area covered by each member (e.g. NPS, sustainability etc)
- personal goals of a Management Board member (related to acting in accordance with the values of the NLB Group).

The goals of each member of the Bank's Management Board for each individual year and the performance criteria for the members of the Management Board are determined by the Bank's Supervisory Board.

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 international institutions)
2. remuneration linked to performance (achieving or exceeding the set objectives is appropriately remunerated, which should also be reflected in the amount of the variable remuneration)

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 which is part of the recruitment conditions. The fixed part of the salary of the member of the Management Board was determined by the Supervisory Board based on the international benchmark of comparable banks with regard to the function/area covered by an individual member of the Management Board.
- A variable part of the salary, which reflects sustainable and risk-adjusted performance and performance that is better than expected and defined in the job description of the Management Board member which is part of the recruitment conditions. The amount of the variable part of the salary of a Management Board member depends on:
 - the achievement of the financial goals of the NLB Group,
 - the achievement of the financial goals in areas within the competence of the Management Board member,
 - the personal goals of the Management Board member.

The components of the fixed remuneration are the following:

- Salary:
 - o comprises all bonuses and other payments to which the employees of the NLB are entitled under any relevant document
- Allowances:
 - o annual holiday pay and other paid absence from work in circumstances stated in the relevant documents indicated in the contract
 - o compensation for the non-competition period
- Other remuneration:
 - o annual holiday allowance paid to a member of the Management Board in accordance with the resolutions of the Bank applicable at the time
 - o separation allowance if they perform work and reside outside the place where their family resides
- Cost reimbursements:
 - o for travel and accommodation expenses in relation to the business trips of the Management Board member
 - o for the purchase of airline tickets when the Management Board member permanently resides abroad
 - o as compensation for the use of own funds when working from home in accordance with the relevant documents
- Other benefits:
 - o use of a company car for business and private purposes of the Management Board member
 - o company mobile phone and an annual budget in accordance with the relevant documents
 - o training of the Management Board member in relation to the employment
 - o membership fees for professional associations and publications in relation to the employment and/or fulfilment of the obligations of the Management Board member
 - o medical examinations, spa treatment and rehabilitation
 - o collective accident insurance
 - o health insurance at home and abroad
 - o collective voluntary supplementary pension insurance
 - o accommodation of the Management Board member in Ljubljana
 - o liability insurance (D&O)
 - o payment of education expenses for minor family members of the Management Board member if the latter moves from abroad in order to perform the function

The components of the variable remuneration are the following:

- variable part of the salary (performance bonus) based on the criteria set by the Supervisory Board within the annual business plan of the Bank
- severance pay – compensation for early termination of the term of office

The ratio of gross salary to maximum variable part of the salary is 1:0.67.

On 01/03/2021, the Bank sent to the Bank of Slovenia pursuant to the Regulation of the Bank of Slovenia on macroprudential restriction of bank profit distribution the Information on the allocation and payment of the non-deferred part of the variable pay for 2019 and the payment of the deferred part of the variable pay for 2016 and 2017, which provided the legal bases for the allocation and payment of variable remuneration.

The Supervisory Board decided on the allocation and payment of the variable remuneration for 2019, 2017 and 2016 to the members of the Bank's Management Board on 13/04/2021 based on the Remuneration Policy applicable to that period. The payment of cash part of the non-deferred part of the variable part of the salary for 2019 and the deferred part of the variable part of the salary for 2016 was made on 14/04/2021, and the payment of the deferred part of the variable part of the salary for 2017 was made after the expiry of the 3-year period from the payment of the non-deferred part, i.e. on 11/07/2021.

Table 1: Disclosure of paid remuneration to the members of the Management Board from 01/01/2021 to 31/12/2021

Name and surname	Type of income	in EUR gross amount
Blaž Brodnjak	fixed part of remuneration	446,792.23
01/01/2021 – 31/12/2021	gross salary	440,153.23
	holiday allowance	1,616.97
	bonuses	2,310.19
	use of a company car for business and private purposes	777.36
	health insurance at home and abroad	856.80
	liability insurance (D&O)	447.47
	exemption of the costs of managing the personal account and payment card memberships	228.56
	Reimbursement of work-related expenses	1,302.32
	meal allowance	1,291.32
	use of own funds	11.00
	Other benefits:	1,409.52
	collective voluntary supplementary pension insurance	1,409.52
	Variable part of income – awarded and paid out	130,210.85
	deferred part for 2016	21,043.81
	deferred part for 2017	21,667.04
	non-deferred part for 2019	70,000.00
	non-deferred part for 2020	17,500.00
	Total	577,003.08

Andreas P. Burkhardt	fixed part of remuneration	440,463.44
01/01/2021 – 31/12/2021	gross salary	403,474.57
	holiday allowance	1,616.97
	family separation allowance	4,008.00
	bonuses	28,663.82
	use of a company car for business and private purposes	1,210.80
	health insurance at home and abroad	15,462.74
	liability insurance (D&O)	447.47
	exemption of the costs of managing the personal account and payment card memberships	191.01
	accommodation of the Management Board member	11,351.80
	Reimbursement of work-related expenses	1,290.56
	meal allowance	1,272.96
	use of own funds	17.60
	Other benefits:	1,409.52
	collective voluntary supplementary pension insurance	1,409.52
	Variable part of income – awarded and paid out	122,919.18
	deferred part for 2016	21,043.81
	deferred part for 2017	21,667.04
	non-deferred part for 2019	64,166.66
	non-deferred part for 2020	16,041.67
	Total	563,382.62
Archibald Kremser	fixed part of remuneration	457,584.81
01/01/2021 – 31/12/2021	gross salary	419,191.91
	holiday allowance	1,616.97
	family separation allowance	4,008.00
	bonuses	30,108.83
	use of a company car for business and private purposes	8,144.85
	health insurance at home and abroad	6,206.13
	liability insurance (D&O)	447.47
	exemption of the costs of managing the personal account and payment card memberships	63.96
	accommodation of the Management Board member	15,246.42
	Reimbursement of work-related expenses	1,249.58
	meal allowance	1,248.48
	use of own funds	1.10
	Other benefits:	1,409.52
	collective voluntary supplementary pension insurance	1,409.52
	Variable part of income – awarded and paid out	126,044.18
	deferred part for 2016	21,043.81
	deferred part for 2017	21,667.04
	non-deferred part for 2019	66,666.66
	non-deferred part for 2020	16,666.67
	Total	583,628.99

Petr Brunclik	fixed part of remuneration	253,235.65
01/01/2021 – 30/06/2021	gross salary	219,770.81
	holiday allowance	2,192.28
	bonuses	30,091.68
	use of a company car for business and private purposes	5,096.54
	health insurance at home and abroad	742.00
	payment of education expenses for the children of the Management Board member if the latter moves from abroad in order to perform the function	12,215.83
	exemption of the costs of managing the personal account and payment card memberships	37.31
	accommodation of the Management Board member	12,000.00
	Reimbursement of work-related expenses	476.12
	meal allowance	465.12
	use of own funds	11.00
	Other benefits:	704.76
	collective voluntary supplementary pension insurance	704.76
	Variable part of income – awarded and paid out	399,633.43
	non-deferred part for 2020	14,633.43
	severance pay – compensation for early termination of the term of office	385,000.00
	Total	652,869.08
	Total remuneration for 2021	2,376,883.77

2.2. Remuneration of the members of the Supervisory Board of NLB d.d.

In relation to their function of a member of the Supervisory Board, a members of the Supervisory Board may only receive remuneration that is compliant with the relevant resolutions of the Bank's General Meeting. The Bank's General Meeting may determine and change 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 in relation to the remuneration of the Supervisory Board members.

At the time when the Supervisory Board adopted this Remuneration Policy, the Bank's Articles of Association contained the following provision (last paragraph of Article 20 of the Articles of Association of the Bank):

"The Supervisory Board members are entitled to a remuneration for performing their function and/or attendance fees for their membership in the Supervisory Board of the Bank and the committees of the Supervisory Board of the Bank, which are determined in accordance with respective applicable resolution by the General Meeting of the Bank, and to reimbursement of travel expenses, daily allowances and accommodation costs up to the amount provided by the regulations governing reimbursement of costs related to work and other income not included in the tax base."

At the time when the Supervisory Board adopted this Remuneration Policy, the following resolution adopted by the Bank's General Meeting on 21/10/2019 was relevant for the remuneration of the Supervisory Board members other than workers' representatives:

"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 60,000.00 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 25% 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 a 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 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 Boards 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, organisations and bodies and liability insurance), accounting for the actual needs of the company 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.”

At the time when the Supervisory Board adopted this Remuneration Policy, the following resolution adopted by the Bank’s General Meeting on 15/06/2020 was relevant for the remuneration of the Supervisory Board members who are workers’ representatives:

“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 60,000 gross per year (“basic remuneration”), less the gross amount of salary payment, any work-related allowances, holiday allowance received by an individual workers’ representative for employment in NLB d.d. or in another member of the NLB Group (“gross remuneration”) 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 5,000 gross (potentially increased by 1/12 of the extra remuneration) by the gross remuneration from employment in NLB d.d. or in another member of the NLB Group in a particular month. If the gross remuneration in a particular month exceeds EUR 5,000 (increased by any extra remuneration), the monthly payment in the following month shall be reduced by the gross remuneration 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 worker's representative or a worker's 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.

Worker's 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). Worker's representatives shall be entitled to benefits providing for or improving the conditions or methods of their work (ICT equipment, professional training, visits to institutions, organisations and bodies and liability insurance), accounting for the actual needs of the Bank and the worker's 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 Bank's General Meeting shall constitute fixed remuneration.

Table 2: Disclosure of paid remuneration to members of the Supervisory Board from 01/01/2011 to 31/12/2021

		in EUR
Name and surname	Type of income	gross amount
Primož Karpe	Remuneration for performing the function	96,000.00
01/01/2021 – 31/12/2021	Basic payment	60,000.00
	bonus (chair)	15,000.00
	extra payment (committees)	12,000.00
	additional extra payment (committee chair)	9,000.00
	Other bonuses - D&O insurance	447.47
	Reimbursement of expenses	4,629.06
	Total	101,076.53
Andreas Kligen	Remuneration for performing the function	90,000.00
01/01/2021 – 31/12/2021	Basic payment	60,000.00
	bonus (vice chair)	9,000.00
	extra payment (committees)	12,000.00
	additional extra payment (committee chair)	9,000.00
	Other bonuses - D&O insurance	447.47
	Reimbursement of expenses	4,946.99
	Total	95,394.46

David Eric Simon	Remuneration for performing the function	81,000.00
01/01/2021 – 31/12/2021	Basic payment	60,000.00
	extra payment (committees)	12,000.00
	additional extra payment (committee chair)	9,000.00
	Other bonuses - D&O insurance	447.47
	Reimbursement of expenses	5,251.42
	Total	86,698.89
Gregor Rok Kastelic	Remuneration for performing the function	81,000.00
01/01/2021 – 31/12/2021	Basic payment	60,000.00
	extra payment (committees)	12,000.00
	additional extra payment (committee chair)	9,000.00
	Other bonuses - D&O insurance	447.47
	Reimbursement of expenses	758.31
	Total	82,205.78
Shrenik Dhirajlal Davda	Remuneration for performing the function	72,000.00
01/01/2021 – 31/12/2021	Basic payment	60,000.00
	extra payment (committees)	12,000.00
	Other bonuses - D&O insurance	447.47
	Reimbursement of expenses	2,367.17
	Total	74,814.64
Mark William Lane Richards	Remuneration for performing the function	81,000.00
01/01/2021 – 31/12/2021	Basic payment	60,000.00
	extra payment (committees)	12,000.00
	additional extra payment (committee chair)	9,000.00
	Other bonuses - D&O insurance	447.47
	Reimbursement of expenses	2,642.98
	Total	84,090.45
Verica Trstenjak	Remuneration for performing the function	65,790.32
01/01/2021 – 31/12/2021	Basic payment	59,790.32
	extra payment (committees)	6,000.00
	Other bonuses - D&O insurance	447.47
	Reimbursement of expenses	0.00
	Total	66,237.79
Islam Osama Bahgat Zekry	Remuneration for performing the function	38,607.52
14/06/2021 – 31/12/2021	Basic payment	32,833.33
	extra payment (committees)	5,774.19
	Other bonuses - D&O insurance	447.47
	Reimbursement of expenses	5,704.85
	Total	44,759.84
Sergeja Kočar	Remuneration for performing the function	11,855.76
01/01/2021 – 31/12/2021	Basic payment	11,855.76
	Other bonuses - D&O insurance	447.47
	Reimbursement of expenses	0.00
	Total	12,303.23

Bojana Šteblaj	Remuneration for performing the function	15,655.26
01/01/2021 – 31/12/2021	Basic payment	15,655.26
	Other bonuses - D&O insurance	447.47
	Reimbursement of expenses	0.00
	Total	16,102.73
Janja Žabjek Dolinšek	Remuneration for performing the function	6,839.40
01/01/2021 – 31/12/2021	Basic payment	6,839.40
	Other bonuses - D&O insurance	447.47
	Reimbursement of expenses	0.00
	Total	7,286.87
Tadeja Žbontar Rems	Remuneration for performing the function	26,656.31
22/01/2021 – 31/12/2021	Basic payment	26,656.31
	Other bonuses - D&O insurance	447.47
	Reimbursement of expenses	0.00
	Total	27,103.78
Peter Groznik	Remuneration for performing the function	32,800.00
01/01/2021 – 14/06/2021	Basic payment	27,333.33
	extra payment (committees)	5,466.67
	Reimbursement of expenses	0.00
	Total	32,800.00
TOTAL REMUNERATION		730,874.99

3. Disclosure of other remuneration

Pursuant to point 2 of Article 294 b of ZGD-1, the remuneration report must also contain the annual change in the remuneration of individual members of the management and supervisory body and the company's performance for at least the last five business years, presented in a way that allows comparison.

The figures below reveal the result after taxes at the level of the NLB Group and the total remuneration of the members of the management and supervisory body for the financial years 2017 to 2021.

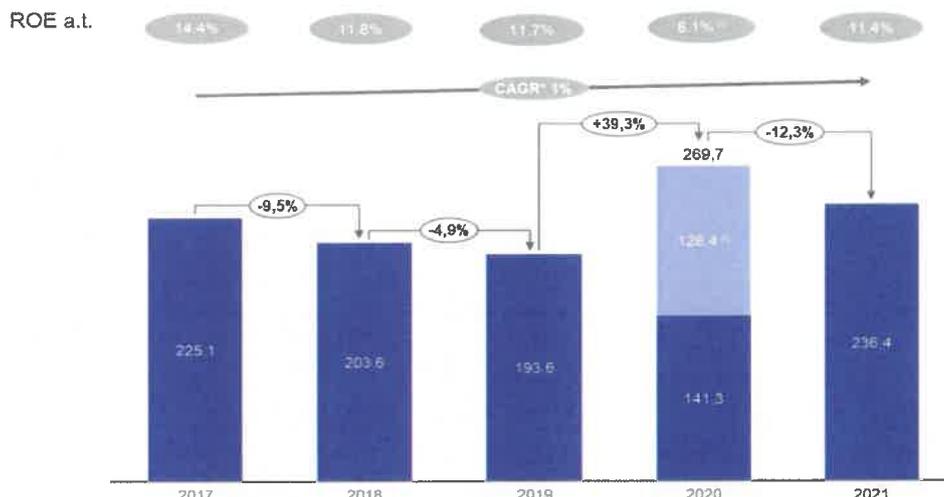
As shown at the graph 1, the Bank's operations have been very diverse in the last 5 years, mainly due to one-off events, in most cases with a positive impact on business results, so the result is difficult to compare.

The year 2020 stands out with the acquisition of Komercijalna banka Beograd and the COVID situation. In 2020, the NLB Group generated a profit of EUR 269.7 million, which is 39% more than in the previous year (2019: EUR 193.6 million).

Successful business performance is the result of the acquisition of Komercijalna Banka, Belgrade, with a positive effect of negative goodwill in the amount of EUR 137.9 million. Without the acquisition, the Group's profit would have amounted to 141.3 million, which is 27% less on an annual basis, mainly due to the impact of additional impairments and provisions related to the covid-19 outbreak. Through successful business performance, the NLB Group generated a record high profit of EUR 206.4 million in 2021, which is a significant increase compared to the previous year, without taking into account the effects of the acquisition of Komercijalna Banka, Belgrade.

Graph 1: Profit a.t. NLB Group (in mio EUR) / ROE a.t.

Profit a.t.

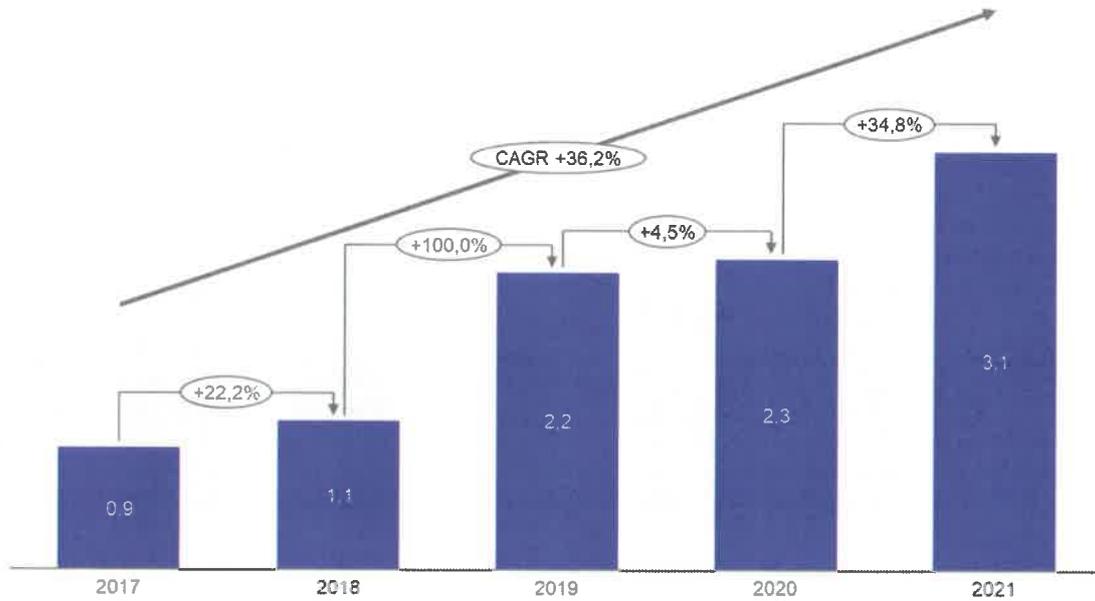


(i) Acquisition of Komercijalna Banka, Beograd's contribution to the result after tax; the acquisition are excluded from ROE calculation

In the graph below the presentation of total incomes of members of the management and supervisory body of NLB d.d. for the business years from 2017 to 2021 shows the growth of paid incomes. Due to certain situations in 2019 and 2020 it is difficult to compare with other business years or to compare to business performance:

- In 2019, due to the bank's privatization the incomes of NLB Management Board members were no longer limited by the Act on remuneration of managers in companies in the majority ownership of the Republic of Slovenia and self-Managing local communities (ZPPOGD), which increased salaries and consequently higher incomes compared to the previous year 2018.
- The Covid -19 pandemic in the year 2020 triggered the introduction of certain preventive risk management measures in banks. The Bank of Slovenia issued a resolution on the macroprudential limitation of the distribution of banks' profits, which in 2020 prohibited the payment of variable part under the Remuneration Policy for 2019 as well as deferred parts of variable remuneration from previous years that would be in 2020. At the same time, the monthly remuneration of the members of the management and supervisory body based on their decision to contribute to mitigating the negative impacts of the Covid -19 pandemic in the period from 5/2020 to the end of the business year 2020 decreased by -15%.

Graph 2: Average income of management board and supervisory board



*data in mio EUR

4. Remuneration of others from the same group

In 2021, the Management Board members did not receive any other remuneration from other companies within the NLB Group.

5. Provision of shares and share options

In 2021 the Bank issued no shares or share options.

6. The possibility of clawback and deviation from the procedure for the implementation of the Remuneration Policy due to extraordinary circumstances

In its provisions, the Remuneration Policy determines the cases in the scope of which the Supervisory Board of the Bank can demand clawback from a Management Board member of the variable part of remuneration, but this option was not realised in 2021.

The Remuneration Policy does not foresee a deviation from the implementation procedure.

7. Financial bonuses provided to a Management Board member by a third party in the business year

In 2021, no additional financial benefits were granted to a Management Board member by a third party.

8. Financial bonuses provided to a Management Board member for the case of early termination of the term of office

In 2021, a Management Board member was granted compensation for early mutual termination of the term of office as shown in Table 1.

9. Financial bonuses provided to a Management Board member for the case of regular termination of the term of office

In 2021, there was no case of regular termination of the term of office and the related payment.

10. Financial bonuses provided to a former Management Board member for the case of termination of the term of office

In 2021, there was no case of regular termination of the term of office and the related payment.

Ljubljana, 14.4.2022



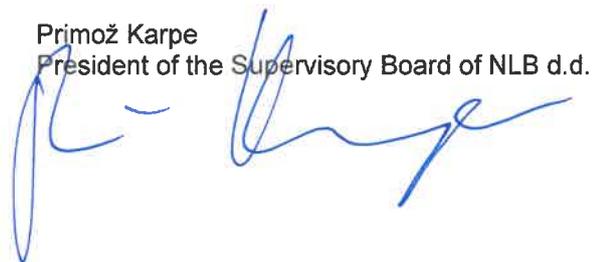
Archibald Kremser
CFO



Andreas Burkhardt
CRO



Blaž Brodnjak
CEO



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