

**Report of the Management Board of NLB d.d. for the General Meeting of Shareholders of NLB d.d.**

**ON THE REASONS FOR AND THE PURPOSE OF ACQUISITION, THE TOTAL NUMBER, THE MINIMUM ISSUE PRICE AND THE PROPORTION OF THE ACQUIRED SHARES AND THE VALUE OF THE ACQUIRED SHARES OF NLB d.d.**

The Management Board of Nova Ljubljanska banka d.d., Ljubljana adopted this Report on the reasons for and the purpose of acquisition, the total number, the minimum issue price and the proportion of the acquired shares and the value of the acquired shares of NLB d.d. (hereinafter: the Report) with the purpose of presenting it to the General Meeting of Shareholders of NLB d.d. in accordance with the provision of the third paragraph of Article 247 of the Companies Act (Zakon o gospodarskih družbah - ZGD-1).

Until 23 June 2021 when the currently valid Banking Act (Zakon o bančništvu – ZBan-3) came into force, the regulations obliged NLB d.d. to award and pay to its employees who, in the scope of their competences or work tasks and activities, could have a material impact on the NLB d.d.'s risk profile (hereinafter: Identified Staff) a part of variable remuneration in own shares (provided that such variable remuneration exceeded a certain level). In view of the above NLB d.d. expected that it would need own shares.

For that reason and with the aim of ensuring own shares for the payment of variable remuneration to the employees of NLB d.d. in the form of own shares, on 10 June 2019 the General Meeting of Shareholders of NLB d.d. adopted a resolution by which it authorised the Management Board of NLB d.d. to buy up to 36,542 own shares in the period of 36 months from the adoption of this resolution by means of transactions made on the regulated market, with a maximum deviation of the price of NLB d.d. share (up or down) of no more than 4 % from the closing price of NLB d.d. share on the regulated market as at the last trading day prior to the purchase. The total percentage of shares acquired on the basis of this authorisation, together with the own shares already in possession of NLB d.d., may not exceed 10% of NLB d.d. share capital (2,000,000 shares). As NLB d.d. would be acquiring own shares on a regulated market, all the shareholders would be treated equally.

The reason for the intended acquisition of own shares was the requirement of item 7 of the first paragraph of Article 170 of the Banking Act (ZBan-2) as in force at the time, pursuant to which NLB d.d. had to award and pay a part of variable remuneration to its Identified Staff in own shares. On 22 November 2016 the Bank of Slovenia (hereinafter: the BoS) issued the Guidelines in relation to the application of the principle of proportionality in the implementation of remuneration policies (usmeritve v zvezi z uporabo načela sorazmernosti pri izvajanju politik prejemkov) in accordance with which the total variable remuneration of an Identified Staff which did not exceed EUR 50,000.00 gross in a particular year, as a rule did not represent variable remuneration for the purposes of the abovementioned stipulation of ZBan-2.

NLB d.d. would be acquiring own shares for the purpose of paying to its Identified Staff a part of variable remuneration in own shares in accordance with the requirements of regulations.

In accordance with the Banking Act (ZBan-3) NLB d.d. is no longer obliged to award and pay any part of variable remuneration to Identified Staff in own shares.

NLB d.d. applied for the permission of ECB for the acquisition of own shares already in December 2019, however, before NLB d.d. received such permission, the coronavirus epidemic broke out. Already at the start of the said epidemic the Management Board of NLB d.d. proactively decided that any decisions on the variable remuneration within the NLB Group were postponed until the end of November 2020 and the Supervisory Board of NLB d.d. agreed. After that the Decision of the BoS on macro-prudential restriction of distributions of profits of banks (Sklep o makrobonitetni omejitvi razdelitev dobičkov bank, hereinafter: the First Decision) was published in the Official Gazette of the Republic of Slovenia No. 49/20, dated 10 April 2020, which temporarily prohibited banks from (among other) repurchasing or purchasing own shares and from paying of the variable part of the remuneration

or establishing of obligations to pay the variable part of the remuneration to Identified Staff and thus NLB d.d. withdrew its application for the permission of ECB for the acquisition of own shares. In the Official Gazette of the Republic of Slovenia No. 21, dated 12 February 2021 the Decision of the BoS on macro-prudential restriction of distributions of profits of banks (Sklep o makrobonitetni omejitvi razdelitev dobičkov bank, hereinafter: the Second Decision) was published, which applied from 10 April 2021 until 30 September 2021 (and rescinded the First Decision with effect from 10 April 2021). The Second Decision prohibited banks from repurchasing or purchasing own shares but also stipulated exceptions from this prohibition.

Considering the above, from 10 June 2019 when the General Meeting of Shareholders of NLB d.d. granted to the Management Board of NLB d.d. the authorisation for the acquisition of own shares until the date of preparation of this Report NLB d.d. hasn't bought any own shares.

At the General Meeting of Shareholders of NLB d.d. the Management Board of NLB d.d. will present the final information on the acquiring of own shares up to the date of the General Meeting of Shareholders of NLB d.d..

Ljubljana, 29 March 2022

Management Board of NLB d.d.