

REMUNERATION REPORT

2023

CONTENT

Introduction



SID Bank draws up the remuneration report in accordance with Article 294b of the Companies Act (ZGD-1), which requires an undertaking whose securities are traded on a regulated market to draw up a clear and understandable remuneration report, providing a comprehensive overview of the remuneration, including all benefits in whatever form, awarded or owed during the most recent financial year to individual members of the management and supervisory bodies, in accordance with the remuneration policy.

The remuneration report refers to the section of the annual report containing the respective information about remuneration.

The report clarifies how the total remuneration complies with the adopted remuneration policy, including how it contributes to the long-term performance of the undertaking, and provides information on how the performance criteria were applied to the awarding of benefits in whatever form.

SID Bank has put a remuneration policy in place, which systematically governs the remuneration system at the Bank, including remuneration policies and practices that are compatible with the risk management system at the Bank and the requirements prescribed by the applicable regulations. The remuneration policy and practices are consistently aimed at fulfilling the objectives of the Bank's business strategy, and are aligned with its risk profile and risk capacity. The key internal bylaws in that respect are the remuneration policy for members of the management body, which in accordance with Article 294a of the ZGD-1 is published on the Bank's website (<https://www.sid.si/akti-sid-banke>), and the remuneration policy applying to all other employees (hereinafter the two bylaws are referred to as the remuneration policy).



Management and supervisory bodies – composition and number of sessions

The implementation of the remuneration policy is managed and supervised within the framework of the management body by the management board, the nomination and remuneration committee, and the supervisory board.

Composition of the supervisory board in 2023:

- until 22 February 2023: Janez Tomšič (chair), Leo Knez (deputy-chair), Marjan Divjak, Zlatko Vili Hohnjec, Dr Igor Masten, Marko Tišma
- 23 February to 14 March 2023: Janez Tomšič (chair), Leo Knez, Marjan Divjak, Zlatko Vili Hohnjec, Dr Igor Masten, Marko Tišma
- 15 to 20 March 2023: Janez Tomšič (chair), Leo Knez, Marjan Divjak, Dr Igor Masten, Marko Tišma
- 21 to 22 March 2023: Janez Tomšič (chair), Leo Knez, Marjan Divjak, Marko Tišma
- 23 March to 6 June 2023: Janez Tomšič (chair), Leo Knez (deputy-chair), Marjan Divjak, Marko Tišma
- since 7 June 2023: Janez Tomšič (chair), Leo Knez (deputy-chair), Marjan Divjak, Matija Šenk, Marko Tišma

The supervisory board met at ten ordinary sessions and six correspondence sessions in 2023.

Composition of the nomination and remuneration committee in 2023:

- until 14 March 2023: Marko Tišma (chair), Zlatko Vili Hohnjec (deputy-chair), Janez Tomšič
- 23 March to 20 September 2023: Marko Tišma (chair), Marjan Divjak (deputy-chair), Janez Tomšič
- since 21 September 2023: Marko Tišma (chair), Matija Šenk (deputy-chair), Janez Tomšič

The nomination and remuneration committee met at ten ordinary sessions and one correspondence session in 2023.

The management board had two compositions in 2023:

- until 16 April 2023: Damijan Dolinar (president), Stanka Šarc Majdič
- since 17 April 2023: Borut Jamnik (president), Stanka Šarc Majdič



Remuneration policy in 2023

The Bank performed well in 2023. The annual report for 2023 analyses its performance during the year, and highlights the achievement of key business and financial performance indicators.

In addition to SID Bank, the SID Bank Group includes the Centre for International Cooperation and Development (CMSR) and the Prvi Faktor Group (a joint venture). SID Bank is a co-founder of the CMSR (an associate), in which it does not have any financial stake, but holds 33% of the voting rights. Based on the principle of immateriality, SID Bank does not include either of the undertakings referred to in the previous paragraph in consolidation, as the combined total assets of the two undertakings amount to less than 1% of SID Bank's balance sheet total, thus SID Bank only compiled separate financial statements for 2023. The remuneration at the aforementioned undertakings is also excluded from this report due to immateriality.

SID Bank's remuneration policy applies to the Bank alone and exclusively in Slovenia, and is not implemented at subsidiaries.

The upper limit on the basic salary for performance of the function and the session fees for members of the supervisory board is set out in the remuneration policy for members of the management body. The implementation of the remuneration policy is set out by a resolution of the general meeting. The various categories of remuneration of supervisory board members complied with this resolution in 2023. Information about the remuneration of the supervisory board members is provided in the table below.

The remuneration of members of the management board is set out by the remuneration policy for members of the management body, which takes account of the law governing the remuneration of managers of undertakings with majority ownership held by the state (the ZPPOGD). The various categories of remuneration of management board members complied with the aforementioned regulations in 2023.

The Bank did not issue any shares or share options in 2023 for the purpose of implementing the remuneration policy. The Bank did not enforce clawback provisions, and neither did it engage any external advisors in the area of implementing the remuneration policy in 2023.



Total remuneration awarded/paid to the members of the management and supervisory bodies in the 2023 financial year

REMUNERATION OF SUPERVISORY BOARD MEMBERS¹

Person	Function	Gross payment for performance of function	Gross session fees	Gross total	Gross reimbursement of expenses	Other benefits (liability insurance)
Janez Tomšič	chair of supervisory board member of nomination and remuneration committee member of audit committee since 23 Mar 2023	29,153	8,206	37,359	0	416
Leo Knez	deputy-chair of supervisory board until 22 Feb 2023 and from 23 Mar 2023 member of supervisory board from 23 Feb to 22 Mar 2023 chair of audit committee member of risk committee	25,755	8,690	34,445	0	416
Marjan Divjak	member of supervisory board deputy-chair of risk committee until 22 Mar 2023 chair of risk committee since 23 Mar 2023 deputy-chair of nomination and remuneration committee from 23 Mar to 20 Sep 2023	22,063	7,326	29,389	0	416
Marko Tišma	member of supervisory board member of audit committee until 22 Mar 2023 deputy-chair of audit committee since 23 Mar 2023 chair of nomination and remuneration committee deputy-chair of risk committee from 23 Mar to 20 Sep 2023	24,375	9,966	34,341	2,433	416
Zlatko Vili Hohnjec	member of supervisory board until 14 Mar 2023 deputy-chair of audit committee until 14 Mar 2023 deputy-chair of nomination and remuneration committee until 14 Mar 2023	4,536	1,595	6,131	292	416
Dr Igor Masten	member of supervisory board until 20 Mar 2023 chair of risk committee until 20 Mar 2023	4,546	1,210	5,756	23	416
Matija Šenk	member of supervisory board since 7 Jun 2023 deputy-chair of risk committee since 21 Sep 2023 deputy-chair of nomination and remuneration committee since 21 Sep 2023	10,583	3,080	13,663	0	0
Total		121,012	40,073	161,085	2,748	2,496

The members of the supervisory board received only fixed remuneration, so the relative share of fixed remuneration represents 100 percent of the total remuneration of the members of the supervisory board.

¹ According to the resolution passed by SID Bank's general meeting of 14 June 2018, the members of the supervisory board are entitled to the payment of session fees until the total amount of the session fees for the supervisory board and supervisory board committee sessions reaches 75% of the basic salary for the performance of their function. Members of the supervisory board committees are also entitled to an additional fee for the performance of their functions until the total amount of the additional fee reaches 50% of their annual basic salary for the performance of their function. The aforementioned limits meant that Marko Tišma was subject to a limit on his remuneration in 2023.

REMUNERATION OF MANAGEMENT BOARD MEMBERS

		(EUR)												
		1	2	3	4	5	6	7	8	9	10	11	12	
Person	Person	Fixed remuneration				Variable remuneration				Termination benefit	Clawback	Total payment (1+2+3+4+5+6+8-9+12)	Ratio of variable remuneration (5+7) to gross salary in previous year	Remuneration from undertakings in group
		Gross salary	Annual leave allowance	Allowances	Fringe benefits and insurance	Paid currently	Paid for previous years	Current deferrals						
Sibil Svilan	president of management board until scheduled end of term of office on 31 Dec 2021	0	0	0	0	0	1,660	0	0	0	1,660	N/A	0	
Damijan Dolinar	president of management board from 1 Jan 2022 to 16 Apr 2023	73,259	598	522	1,195	0	0	0	126,559	0	202,133	0.0%	0	
Borut Jamnik	president of management board since 17 apr 2023	159,905	1,197	1,197	2,489	400	0	0	0	0	165,187	N/A	0	
Stanka Šarc Majdič	member of management board since 1 Jan 2022	204,327	1,795	1,762	3,746	22,991	0	22,591	0	0	234,622	21.2%	0	



Comparison of the increase in remuneration of the members of the management and supervisory bodies in relation to the increase in remuneration of the Bank's employees and the Bank's performance

Remuneration	2019/2018	2020/2019	2021/2020	2022/2021	2023/2022	
Increase in average employee salary at the Bank relative to the previous year	6.7%	2.3%	2.8%	5.1%	11.2%	
Increase in the fixed part of the salary of the management board relative to the previous year	3.5%	13.6%	2.3%	2.8%	-6.4%	
Increase in the basic salary and session fees of the members of the supervisory board relative to the previous year	0.0%	0.0%	0.0%	0.0%	0.0%	
External comparisons	2019/2018	2020/2019	2021/2020	2022/2021	2023/2022	
Increase in average employee salary in the financial and insurance activities sector	4.6%	2.5%	5.0%	6.3%	8.6%	
Annual inflation rate	1.8%	-1.1%	4.9%	10.3%	4.2%	
Performance indicators	2018	2019	2020	2021	2022	2023
Balance sheet total, EUR thousand	2,318,834	2,406,164	2,907,358	2,834,032	2,799,708	2,685,877
Total loans to non-banking sector, EUR thousand	706,787	816,550	1,091,560	1,199,698	1,382,527	1,428,171
Book value per share, EUR	136.00	149.47	153.42	158.47	145.29	156.18
Net interest, EUR thousand	22,986	23,932	23,193	28,006	24,214	30,170
Net profit, EUR thousand	14,314	32,040	8,490	24,030	8,251	15,638
ROE after tax	3.4%	7.2%	1.8%	5.0%	1.8%	3.4%
Long-term credit rating (Standard & Poor's)	A+	AA-	AA-	AA-	AA-	AA-

The basic salary of the management board is determined in accordance with the ZPPOGD. There was a significant increase in the management board's salary in 2019 because the Bank sold its subsidiary and

stopped preparing consolidated financial statements, and the management board's salary was then set on the basis of the average salary at the Bank, and not in the Group. On the basis of the new remuneration

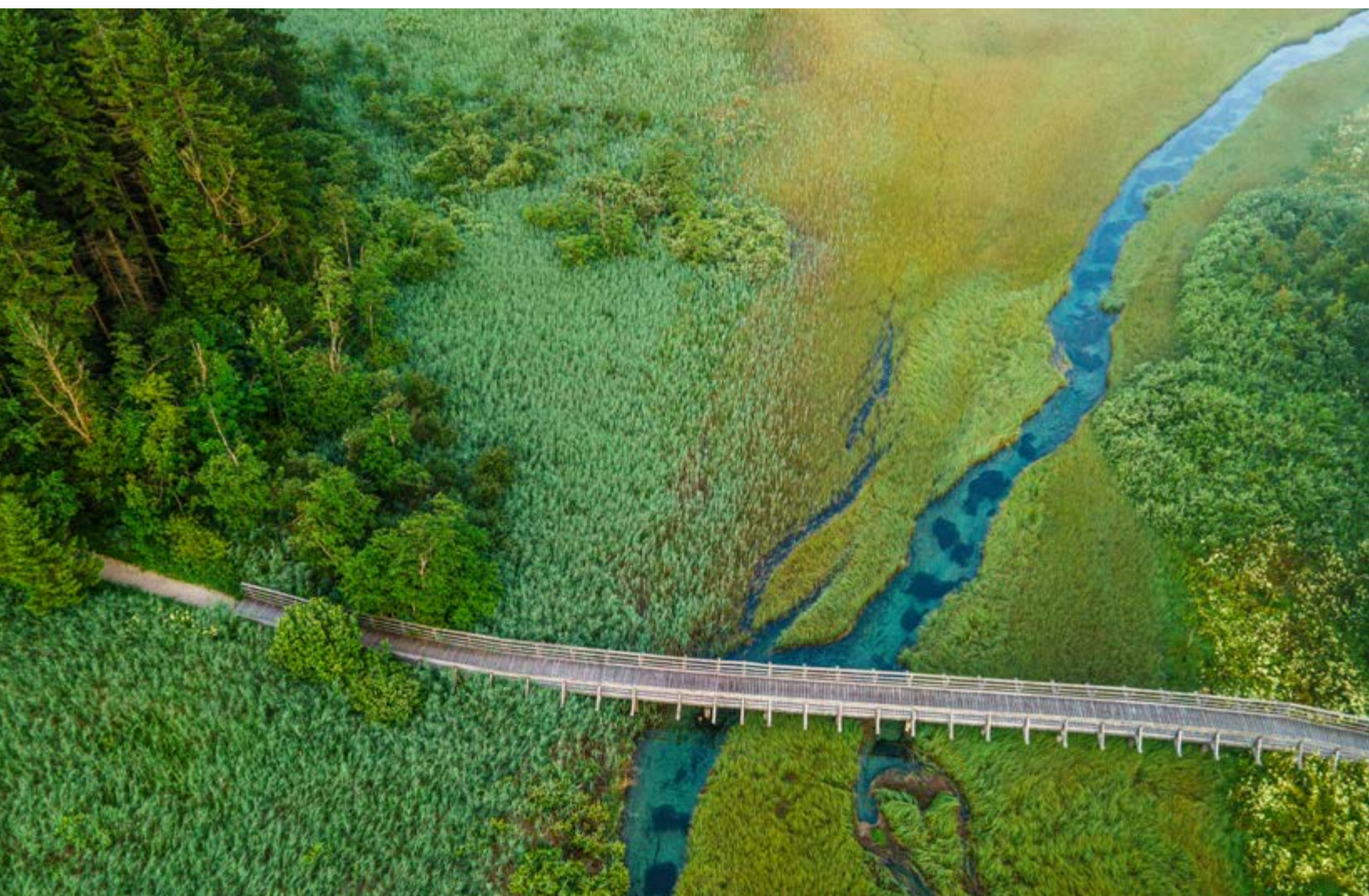
policy, which takes account of the recommendations and expectations of SDH, the management board's remuneration in 2023 was reduced relative to previous years.



Information about other financial bonuses, benefits or services *(third paragraph of Article 294b of the ZGD-1)*

There were no additional financial bonuses, benefits or services awarded or provided by a third party to the members of the management board in connection with their activity as members of the management board.

The president of the management board who left office on 16 April 2023 received a termination benefit in accordance with the applicable remuneration policy when his employment terminated, as is evident from above table. The members of the management board were not granted other benefits in the event of early termination of office or scheduled termination of office, including changes agreed in the last financial year, or set aside in advance.



Design and structure of the remuneration system, key characteristics and goals of the remuneration policy

The remuneration policy and practices were consistently aimed at fulfilling the objectives of the Bank's business strategy, and were aligned with its risk profile and risk capacity. Another purpose of the remuneration policy is to promote adequate risk management in the future. The Bank took into account the fundamental principles set out in Article 190 of the ZBan-3 in a manner and to an extent appropriate to its size and internal organisational structure, and the nature, scale and complexity of the activities that it pursues, also taking into account that:

- the governance system at the Bank is comprehensive, as it is set up for all important business processes (activities) and the decision-making at the Bank is organised centrally at the management board and/or its committees, with decisions on individual transactions made on the basis of predetermined general authorisations, as derived from the applicable rules on authorisations, and all decisions being adopted at the Bank's registered office, given that it has no dislocated units;
- in accordance with the ZSIRB, the Bank's objective is not maximising profit, but conserving capital and achieving the effects of its mission, whereby all the Bank's transactions are subject to the assessment of economic quality on the basis of international criteria;
- unlike other commercial banks, the Bank provides only specific services and transactions (financing of corporates and banks), i.e. it does not provide the majority of services provided by other banks (e.g. the Bank does not take deposits from the public, does not provide retail services, does not manage current accounts for customers, does not provide payment services for customers, and does not provide investment services for customers); and
- a large portion of the Bank's portfolio is accounted for by less-risky direct investments (e.g. within the framework of loan funds and in entities of public law) and exposure to domestic banks.

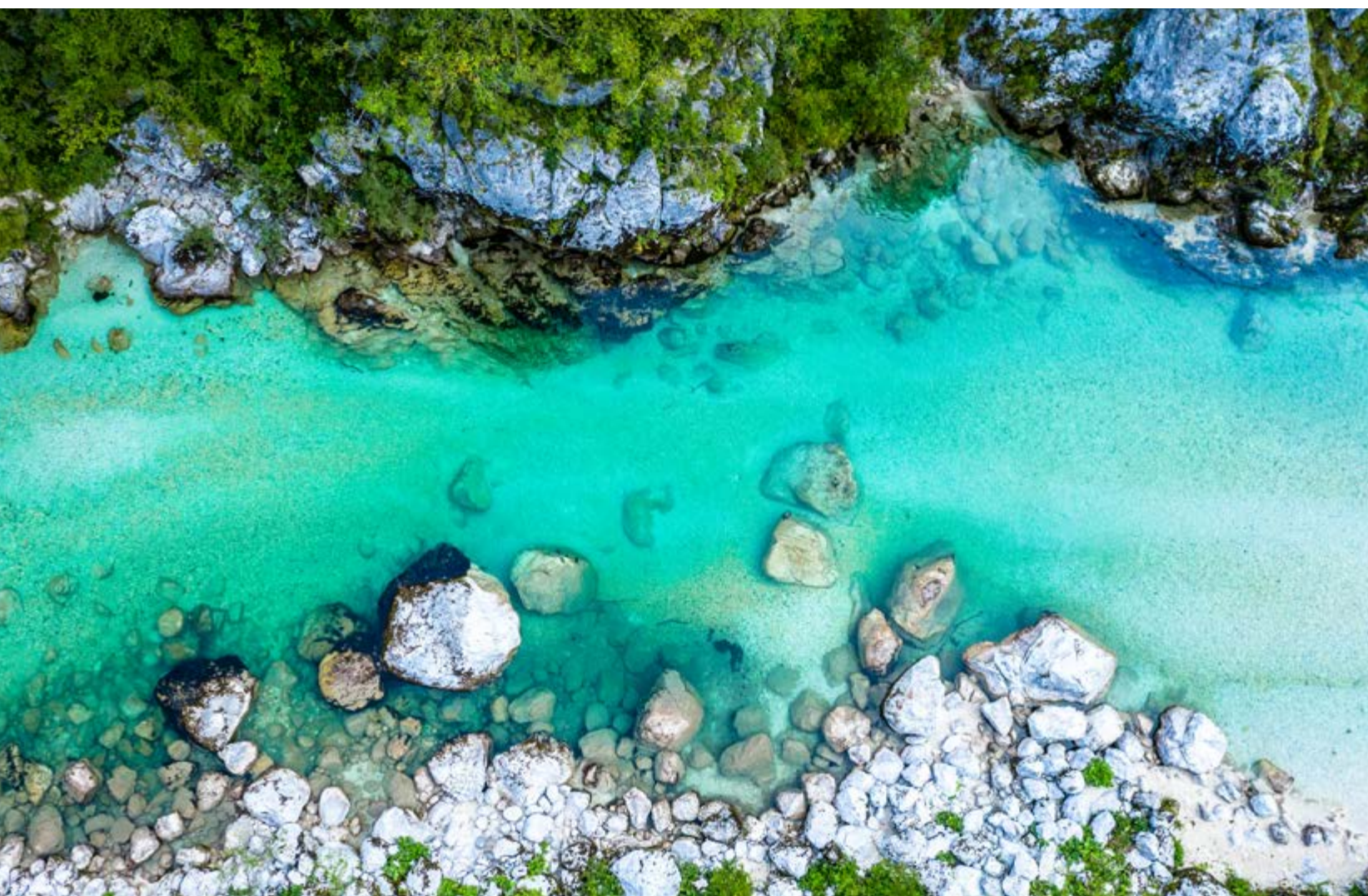
The Bank ensures that the variable component of remuneration, including its deferred part, is only paid if payment is justified given the Bank's financial position, and payment is based on the results of the Bank, the individual business unit and the employee in question. In the event of underperformance or an operating loss being recorded, the Bank sharply reduces variable remuneration.

The assessment and awarding of variable remuneration are carried out on the basis of models and methodologies put in place at the Bank for the assessment of the job performance and commercial success of employees, organisational units and the Bank. For members of the management board, these models and methodologies are more precisely defined in the remuneration policy for members of the management body, in employment contracts, and in supervisory board resolutions.

Management board members also have the right to remuneration dependent on the level of performance, which is determined with regard to the targets set in the annual business plan and any additional criteria stipulated by the supervisory board. The annual plan must contain various indicators and specific activities with criteria, including special quality criteria for the development of social responsibility.

The criteria for determining the performance-related remuneration of members of the management board are laid down by the supervisory board's nomination and remuneration committee when the annual business plan is being confirmed. If the criteria are not laid down by a committee resolution, the criteria applicable to the measurement of annual performance (strategic objectives, economic and financial indicators (ROE, CIR, NPL, etc.)) and the supervisory board's assessment of the work of the management board are taken into account. In addition to quantitative and qualitative objectives, consideration is given to compliance with measures for the development of social responsibility, the management board's cooperation with the supervisory board, the maintenance of the Bank's reputation and credit rating, various circumstances in which the Bank operated in the previous year, etc.

According to the ZPPOGD, the variable component of the remuneration of a member of the management board may not exceed 30% of the basic salary paid out to the member of the management board in a financial year. The variable component is determined by the supervisory board and its nomination and remuneration committee, and is paid once a year for the previous financial year, as a rule upon the adoption of the audited annual report. The methodology for awarding variable remuneration, the method of assessing the performance of the Bank, organisational units and individual employees, and the approach to the final distribution of the components of variable remuneration are detailed in the disclosures to the annual report.



Linking remuneration to long-term performance

The fulfilment of the annual business plan is the basis for awarding variable remuneration to the members of the management board. The realisation of the annual business plan has a significant impact on the long-term performance of the Bank, as it is conducive to the achievement of the Bank's strategic goals, its economic and financial indicators, indicators in the area of risk management, reputation and other targets relevant to the Bank's current and future performance. Having assessed the fulfilment of the framework strategic indicators, indicators of strategic activities and indicators of strategic results in relation to the implementation of the annual business plan, and having regard for the other elements set out in the employment contract, the supervisory board determined that the member of the management board was entitled to performance-related pay for 2022 in the amount of 21% of the basic salary paid for the 2022 financial year. The payment of 50% of the performance-related pay was made simultaneously with the performance-related pay for other employees, while the payment of the remaining amount was deferred in line with the remuneration policy and the employment contract. The president of the management board whose term of office ended on 16 April 2023 did not receive any performance-related pay for 2022.

The remuneration policy put in place ensures that the responsible persons at the Bank take account of the impact of planned payments of the variable component of remuneration, including any deferred component, on the calculation and planning of the Bank's capital and liquidity. Should it be established that the fulfilment of obligations or the achievement of objectives relating to capital or liquidity are jeopardised, the Bank will immediately implement a conservative variable remuneration policy. This was not necessary in 2023. To this end, provisions that facilitate a decrease or return of the variable component of the employee's remuneration (clawback) intended for the payment and the deferred variable remuneration components from previous periods were included by the Bank in the employment contracts of all employees who in the scope of their powers or work duties and activities may have a material impact on its risk profile.

The Bank did not compensate for the reduced amount of the variable component of remuneration for previous years owing to the adjustment of remuneration to risks by increasing the variable component of remuneration in 2023. The remuneration policy stipulates that if the total variable remuneration of an employee exceeds EUR 50 thousand gross in a particular year, the respective part is deferred in the amount and for the periods specified in the remuneration policy, while a specific part (50%) of the variable remuneration of the members of the management board is also deferred in accordance with the ZPPOGD. The deferred payments to members of the management board are cited in the disclosures in the annual report. In 2023 the Bank did not identify any grounds for clawback stipulated by the law governing companies, and thus it did not decide on the return of the variable component of remuneration already paid.



Independent auditor's report

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This is a translation of the original report in Slovene language

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT
To the shareholder of SID banka, d.d., Ljubljana

Pursuant to the contract agreed with SID banka, d.d., Ljubljana ("Company") on 27. November 2023, we have reviewed the accompanying Remuneration Report prepared by the management of the SID banka, d.d., Ljubljana on 26. March 2024 which presents all remuneration payments to Management and Supervisory Board members in the year ended on 31. December 2023, as required by Article 294.b. of the Companies Act-1 (ZGD-1) ("the Remuneration Report").

Management board and Supervisory board Responsibilities
The Company's Management board and Supervisory board is responsible for the preparation of the Remuneration Report in accordance with the Article 294.b of the Companies Act (ZGD-1). In particular, the Company's Management board and Supervisory board is responsible for internal controls being designed and implemented to prevent the Remuneration Report from being materially misstated, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express a conclusion on limited assurance of the accompanying Remuneration Report based on the work performed and evidence obtained. Our limited assurance engagement was conducted in accordance with International Standard on Assurance Engagements 3000 (Revised) - Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000 (Revised)), issued by the International Auditing and Assurance Standards Board (IAASB). The standard requires that we plan and perform the engagement to obtain limited assurance about the fact that nothing has come to our attention that causes us to believe that the Remuneration Report contains material misstatements, among other, in respect of compliance with requirements of Article 294.b of the Companies Act, the accuracy of presented transactions, all in consideration of the criteria identified below.

Definition of Criteria
When performing our procedures, we assessed whether the Remuneration Report, prepared by the management of SID banka, d.d., Ljubljana for the year ended 31. December 2023, contains information required by the Paragraphs 2 and 3 of the Article 294.b of the Companies Act.

Our independence and quality management
We have acted in accordance with the independence requirements and ethical requirements of the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct.
Our firm operates in accordance with International Standards on Quality Management (ISQM) 1 and maintains a comprehensive quality management system, including documented policies and procedures regarding compliance with ethical requirements of professional standards and applicable legal and regulatory requirements.

Summary of work performed
As part of our work we performed, amongst other, the following procedures:

- obtained understanding of the Company's internal controls, processes and systems set up for the preparation of the Remuneration Report
- performed reconciliation, on the sample basis, of input data disclosed in the Remuneration Report with the supporting documentation provided by the Company
- inquired the Management board and Supervisory board members on the accuracy of the information presented in the Remuneration Report
- read the Remuneration Report and confirmed that the representations in the Remuneration Report are done in accordance with the Article 294.b of the Companies Act (ZGD-1)

The nature and scope of our work were determined on the basis of risk assessment and our professional judgement exercised for the purpose of obtaining a limited assurance and do not include an opinion of the appropriateness of the management remuneration policy.

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Procedures aimed at gathering evidence for the purpose of limited assurance engagements are more limited than is the case when issuing a reasonable assurance and accordingly, less assurance is given than in the case of a reasonable assurance or an audit.
We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion
Based on the work performed and evidence obtained, nothing has come to our attention that causes us to believe that the Remuneration report prepared by the management of SID banka, d.d., Ljubljana for the year end-end 31. December 2023 does not contain data, in all material respects, in accordance with Paragraphs 2 and 3 of the Article 294.b of the Companies Act (ZGD-1).

Ljubljana, 26. March 2024

Janež Uranič
Director, Certified Auditor
Ernst & Young d.o.o.
Dunajska cesta 111, Ljubljana

Nena Cvetkovska
Certified Auditor

ERNST & YOUNG
Revizija, poslovno svetovanje d.o.o., Ljubljana 3

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Profile of SID Bank

Company name	SID – Slovenska izvozna in razvojna banka, d.d., Ljubljana
Abbreviated company name	SID banka d.d., Ljubljana
Registered office	Ulica Josipine Turnograjske 6, 1000 Ljubljana, Slovenia
Registration number	5665493
Tax number	82155135
VAT ID number	SI82155135
IBAN	SI56 3800 0380 0000 039
SWIFT	SIDRSI22
GIIN	66SI1E.99999.SL.705
LEI	549300BZ3GKOJ13V6F87
Website	www.sid.si
E-mail	info@sid.si
Secure electronic mailbox	sid@vep.si
Telephone	+386 (1) 200 75 00
Facebook	www.facebook.com/sid.bank/
LinkedIn	www.linkedin.com/company/sid---slovenska-izvozna-in-razvojna-banka-d.d.-ljubljana/
YouTube	www.youtube.com/channel/UCK_2pY_TOeIC4PGF36sZJqA