

ASSESSMENT BY THE COMPLIANCE AND ANTI-MONEY LAUNDERING DEPARTMENT OF THE 2024 REMUNERATION POLICIES OF THE BANCA SISTEMA GROUP

The Compliance and Anti-Money Laundering Department (hereinafter, “**Department**”) is called upon to provide an assessment of the remuneration policies of the Banca Sistema Group (“**Group**”) for the year 2024 (hereinafter, “**2024 Policies**”).

In accordance with the provisions governing remuneration and incentive policies and practices, as per Part I, Title IV, Chapter 2, Section II, Paragraph 3, of Bank of Italy Circular no. 285 of 17 December 2013 (hereinafter, “**Circular 285**”), this Department is asked to verify “*that the Bank’s bonus system is consistent with the objective of ensuring compliance with regulations, the Articles of Association and any codes of ethics or other standards of conduct that apply to the Bank, so as to ensure that legal and reputational risks, in particular those linked to customer relationships, are appropriately contained*”.

Note, furthermore, that pursuant to Part One, Title IV, Chapter 2, Section I, paragraph 7, of Circular 285, as updated on 24 November 2021 (37th update), in application of the principle of proportionality, Banca Sistema S.p.A. (hereinafter the “**Bank**”) qualifies as a “*smaller and less complex bank*” as it recognised, in its separate financial statements, assets of less than € 5 billion (calculated as the average of the four years immediately preceding the current financial year) and does not belong to a group with consolidated assets equal to or greater than € 30 billion.

Having this Department:

- consulted with the Human Capital and Organisation Department, that coordinated the process of defining the 2024 Policies, and took part in the Remuneration Committee meetings (except for the classified parts);
- verified that in the 2024 Policies:
 - the “Key Personnel” were identified through the adoption of the criteria laid down in the update of the EBA RTS of June 2020 and the consequent Delegated Regulation (EU) 2021/923 of 25/03/21;
 - a brief description is provided of the analyses and assessments conducted by the Remuneration Committee and the Board of Directors regarding the “gender pay gap” previously introduced in the 2022 Remuneration Policies, with specific provisions concerning the gender neutrality of the Bank’s remuneration policies and practices;
 - reference is made to the Operational Procedure regarding flexible bonuses assignable to the banking group’s employees, decided by the Board of Directors on 12 May 2023 and designed to establish the corresponding operations, responsibilities and methods of calculating the bonus pool and bonuses of key personnel, as per the reports on the results achieved by the Bank and by individuals;
 - there is a strengthening of the ESG factors and of the management of climate and environmental risks within the context of the annual performance management process, also in relation to the “three-year climate and environmental risk management plan” approved in its general form by the Board of Directors’ meeting of 17 March 2023 and the implementation of which has been set as an objective by the risk takers involved;

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Albo delle Banche – codice ABI n. 03158.3 e sottoposta all’Attività di Vigilanza della Banca d’Italia
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- there is a description of the possibilities in the future of using medium-long term incentive tools (*LTI Long Term Incentive*) for the members of the Group's key personnel to support the alignment of interests between shareholders and management and support the achievement of long-term objectives; this incentive tool was approved in 2023 for the subsidiary Kruso Kapital S.p.A. linked to the corporate objectives presented at the EGM listing of the Italian Stock Exchange on 24 January 2024;
 - there is the extension of the Group's support to employees and their families through a wider use of the welfare credit dedicated to employees with children;
 - there is a general provision according to which, circumstances permitting, in order to align the interests of employees with those of the Group over time, initiatives and plans can be assessed and implemented to support the investment in shares of the Bank or its subsidiaries by employees; the details are still to be defined;
 - the paragraph regarding the remuneration of special categories, which include credit brokers and financial advisors, has been updated and has been supplemented with further reference to financial advisors, taking into consideration the "Guidelines on certain aspects of the MIFID II remuneration requirements" introduced by the ESMA update on the remuneration of intermediaries who provide investment activities or services to retail or professional clients. It should be noted that the Bank does not have an external network of financial advisors and acts solely through its employees when providing investment services and activities.
 - the "Remuneration Guidelines" of the Corporate Governance Committee of 25 January 2023, were considered.
- o verified that the 2024 Policies comply with the Code of Ethics approved by the Board of Directors of the Bank on 31 July 2013 and most recently updated on 18 March 2022, as well as with the applicable regulations, in particular, Circular 285, the new Corporate Governance Code approved by the Corporate Governance Committee in January 2020 and the relevant provisions of Legislative Decree no. 58/98 (Consolidated Law on Finance), and subsequent updates and implementing provisions issued by Consob, as well as the provisions of Legislative Decree no. 385/93 (Consolidated Law on Banking), taking also into account the guidelines issued by the European Banking Authority on sound remuneration policies;
 - o verified that the 2024 Policies make reference to the Bank of Italy Provisions on "Transparency of banking and financial transactions and services - Correctness of relations between intermediaries and customers", which refer to the document entitled "Criteria for applying the Remuneration Policies Document in implementation of the Provisions governing Transparency" - Banca Sistema Group" approved by the Board of Directors and containing more detailed provisions on the remuneration criteria adopted for personnel who offer products to customers, interacting with the latter, personnel they report to hierarchically, credit intermediaries, personnel in charge of assessing creditworthiness and personnel responsible for handling complaints;
 - o verified that, in accordance with the content of the 2024 Policies, the remuneration paid to the Group's personnel includes a fixed component, which is paid to all employees, a "benefit" component, and a variable component that is paid to the "key personnel", that may be applied to personnel other than key personnel of the Group, in compliance with the applicable law.

Finally, it should be noted that the sensitive and confidential information on salaries, including the "Individual Risk Takers Target Bonus Table" and the "Individual Remaining Personnel Target Bonus Table", which are an integral part of the "Operational Procedure regarding flexible bonuses assignable to the banking group's employees", necessary for the concrete application of the new incentive system, are included in specific annexes kept separately by the Human Capital and Organisation Department. This Department did not have access to these documents and did not participate in the classified parts of the meetings of the Remuneration Committee and did not, therefore, perform any analyses of the technical aspects of determining variable remuneration. The Department's analyses focused on the more general checks of consistency with the compliance objectives of the regulations, the Articles of Association and the Bank's code of ethics.

Now therefore,

the 2024 Policies are deemed to be consistent with the objective of ensuring compliance with regulations and the Bank's Articles of Association and Code of Ethics and, as required by Circular 285, that legal and reputational risks, particularly those linked to customer relationships, are appropriately contained.

Milan, 22 March 2024

COMPLIANCE AND ANTI-MONEY LAUNDERING DEPARTMENT