

ASSESSMENT BY THE COMPLIANCE AND ANTI-MONEY LAUNDERING DEPARTMENT OF THE 2023 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 2023 (hereinafter, “**2023 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 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 Head of Human Capital, who coordinated the process of defining the 2023 Policies, and took part in the Remuneration Committee meetings;
- verified that in the 2023 Policies:
 - a review of the process for identifying “Key Personnel” was carried out through the adoption of the criteria laid down in the update of 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 11 October 2022 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 ESG factors and of the management of climate and environmental

risks within the context of the annual performance management process, particularly in relation to the Bank's Three-Year Climate and Environmental Risk Management Plan, the implementation of which will be set as an objective of the risk-takers involved;

- a description is provided of how retention bonuses for certain categories of personnel were applied to replace previous non-compete agreements;
 - reference is made to the "Recommendation of the Bank of Italy on dividend distributions and variable remuneration policies of banks" of 27 November 2021 which invites banks to adopt a prudent and far-sighted approach to remuneration policies;
 - the "Remuneration Guidelines" of the Corporate Governance Committee of 25 January 2023, were considered.
- verified that the 2023 Policies comply with the Code of Ethics approved by the Board of Directors of Banca Sistema S.p.A (hereinafter, 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;
 - verified that the 2023 Policies comply with 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 Policy 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;
 - verified that 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;

Now, therefore,

the 2023 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, 17 March 2023

COMPLIANCE AND ANTI-MONEY LAUNDERING DEPARTMENT