

**BANCA SISTEMA S.P.A.**

**Fully paid-up share capital € 9,650,526.24**

**Tax code and Milan Companies' Register No. 12870770158 - ABI code  
No. 03158.3**

**Largo Augusto 1/A, angolo Via Verziere 13, 20122 Milan**

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***www.bancasistema.it***

**ORDINARY SHAREHOLDERS' MEETING, HELD ON SINGLE CALL  
AT THE REGISTERED OFFICE AT LARGO AUGUSTO 1/A, ANGOLO VIA  
VERZIERE 13, MILAN  
30 APRIL 2025, 10.00 A.M.**

**BOARD OF DIRECTORS' REPORT  
ON ITEM 8.1 OF THE AGENDA**

**(prepared pursuant to Art. 125-ter of Legislative Decree No. 58 of 24 February  
1998,  
as amended and supplemented)**

**"APPROVAL OF THE FIRST SECTION (REMUNERATION POLICIES OF  
THE BANCA SISTEMA GROUP FOR 2025) OF THE REPORT ON THE  
REMUNERATION POLICY AND REMUNERATION PAID: RESOLUTION  
PURSUANT TO ARTICLE 123-TER, PARAGRAPH 3-TER OF LEGISLATIVE  
DECREE NO. 58 OF 24 FEBRUARY 1998 AS AMENDED AND  
SUPPLEMENTED. RELATING AND RESULTING RESOLUTIONS."**

**Banca Sistema Group**

Largo Augusto 1/A, ang. via Verziere 13 - 20122 Milan

Tel +39 02 802801 Fax +39 02 72093979

Fully paid-up share capital €9,650,526.24 Tax Code and VAT number 12870770158

Enrolled in the Register of Banks - ABI Code: 03158.3

Parent of the Banca Sistema Banking Group, enrolled in the Register of Banking Groups - code 3158

Subject to Supervision by the Bank of Italy

Member of the Interbank Deposit Protection Fund and National Guarantee Fund.

**[bancasistema.it](http://www.bancasistema.it)**

## **BOARD OF DIRECTORS' REPORT**

Dear Shareholders,

Your attention is drawn to the proposed resolution submitted for examination by the ordinary Shareholders' Meeting of Banca Sistema S.p.A. (the "Bank" or the "Company") as illustrated below, referring to the first section of the Report on the remuneration policy and remuneration paid, pursuant to article 123-ter, paragraph 3 of Legislative Decree no. 58 of 24 February 1998, as amended and supplemented (the "Consolidated Law on Finance"), Remuneration Policies of the Banca Sistema Group for 2024, the "2025 Policies".

The Shareholders' Meeting is called upon to resolve with a binding vote, pursuant to article 123-ter, paragraph 3-ter, of Legislative Decree no. 58 of 24 February 1998 as amended and supplemented.

Pursuant to Bank of Italy Circular no. 285 of 17 December 2013, as amended and supplemented ("Circular 285") and article 9.2 of the Articles of Association, the Shareholders' Meeting is asked to approve the remuneration and incentive policies for the members of the Board of Directors and the Board of Statutory Auditors and the Bank's other employees.

The 2025 Policies, which apply throughout the Banca Sistema Group, were drawn up and approved by the Board of Directors on 14 March 2025, with input from the Remuneration Committee which met on 13 March 2025, in accordance with Part One, Section IV, Chapter 2 of Circular 285 concerning remuneration and incentive policies and practices, the prescriptions of the Corporate Governance Code adopted by the Corporate Governance Committee, promoted by Borsa Italiana S.p.A. as per the last amendment, and the guidelines of the European Bank Authority ("EBA") on sound remuneration policies (the "Guidelines", and jointly, the "Provisions"). The Provisions also implement Directive 2013/36/EU ("CRD IV"), insofar as the prescriptions governing remuneration and incentive policies and practices adopted by banks and banking groups are concerned. The Provisions also take into account the guidelines and criteria agreed at international level, including those issued by the EBA and the Financial Stability Board. The Provisions are further supplemented by the Regulatory Technical Standards issued by the European Commission on proposal of the EBA.

Following the Bank of Italy inspection initiated in July 2024, the Supervisory Authority has instructed that the Banca Sistema Group, until further review by the Bank of Italy, also based on the feedback that will be provided by the Bank, refrain from resolving or taking the following actions: i) the distribution of profits generated from the current 2024 financial year or other elements of equity; ii) the payment of the variable component of remuneration for the 2024 financial year and subsequent years.

Therefore, the 2025 Remuneration Policies describe the principles, structure, responsibilities, roles and rules for the application of the various remuneration instruments, including variables,

without these contents constituting any obligation to pay or to make payment until the aforementioned review of the Company's situation by the Supervisory Board.

It should be noted that the 2025 Policies have been revised and updated with specific reference to:

- updating of the identification of "key personnel", always through the adoption of the criteria established in the update of the EBA RTS of June 2020 and the consequent EU Delegated Regulation 2021/923 of 25/03/21, to also include the resources of foreign subsidiaries; in particular, during 2024, the acquisition by Kruso Kapital S.p.A. of a company active in collateralised lending in Portugal, called CEP (Credito Economico Popular), was completed;
- updating 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;
- updating of the amount of particularly high variable remuneration of Italian high earners, as indicated in the latest EBA report published in April 2024 with reference to 2023 remuneration.
- implementation of an initiative, approved by the relevant corporate bodies in line with the 2024 bonus pool and the associated conditions of access, to support investment by employees in shares of the subsidiary Kruso Kapital, in order to align the interests of employees with those of the Group over time.

Regarding the variable-fixed remuneration ratio, pursuant to article 9.2 of the Articles of Association, at the time of approving the remuneration and incentive policies, the Shareholders' Meeting also resolves on any proposal to cap the ratio between the variable and fixed remuneration paid to individual employees at the ratio of 1:1, but not exceeding the maximum limit of the ratio of 2:1.

In accordance with the provisions of Circular 285, this increase does not require further approval by the Shareholders' Meeting given that the assumptions on the basis of which it was last approved (18 April 2019) have not changed, not even with reference to the value of the limit and to the personnel to whom it applies.

In this regard, the Bank is able to ensure continued compliance with all the relevant prudential rules, as well as the financial sustainability of the bonuses and an adequate level of capital.

When preparing the Remuneration Policies Document, the previous recommendations of the Bank of Italy addressed to banks to continue to adopt a prudent and far-sighted approach to their remuneration policies have been considered.

The remuneration guidelines issued by the Italian Corporate Governance Committee, promoted by ABI, Ania, Assogestioni, Assonime, Borsa Italiana and Confindustria were also taken into account.

Although the provision of investment services and activities by the Bank is limited to only some of them and to a limited extent, the Policies take into account the "Guidelines on certain aspects of the MIFID II remuneration requirements" introduced by the ESMA update on the remuneration of intermediaries providing investment activities or services to retail or professional customers. 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.

Lastly, as regards the impact of the policies on the capital situation, the Group's variable remuneration structure is strictly linked to the Bank maintaining its capital levels and, in particular: the use of a specific gate ensures compliance with the Risk Appetite Framework (RAF) of the Bank, preventing the payment of the Bonus Pool in the event of a deterioration of TCR below the first level of the annual RAF; specific mechanisms are envisaged for the reduction (if required) of the deferred amount through "malus".

### Objectives of the 2025 Policies

The objectives that the Bank intends to attain by implementing the 2025 Policies, can be summarised as follows:

- to direct the efforts of executive directors and employees towards the priorities and objectives established at Bank and Group level, supporting the creation of value over the medium and long term;
- to attract and retain highly qualified personnel, also through external remuneration competitiveness;
- to motivate personnel, by recognising merit and encouraging the development of professional skills;
- to develop and improve the quality of the services provided to customers, avoiding marketing products that are not suitable to the needs and characteristics of the individual customer;
- to ensure sound and prudent management of the Bank and its risk profile, containing legal and reputational risks;
- ensure the overall achievement of sustainability objectives that take into account, among other things, environmental, social and governance (ESG) factors;
- to ensure remuneration fairness – also with respect to gender neutrality – rewarding individual employees for their contribution, the responsibilities given and their specific working conditions;
- to ensure conduct that is consistent with the Code of Ethics of the Group (hereinafter the "Code of Ethics"), the Group's internal regulations and the legislative and regulatory provisions applicable to Banca Sistema and the Group.

## Subject matter of the 2025 Policies

The 2025 Policies govern the remuneration paid to the Group's employees. Remuneration is subdivided into three components: (i) a fixed component that is paid to all employees based on the employees' technical, professional and managerial skills and in proportion to the responsibilities given, (ii) a "benefit" component and (iii) a variable component that is paid to the "key personnel" (without prejudice to the exceptions indicated by the Policies), that may be applied to other employees of the Bank in line with the guidelines and principles of the 2025 Policies and in compliance with the applicable law. The variable component of remuneration is based on performance indicators measured net of risks and consistently with the measures used for management purposes by the Risk Department (the so-called ex ante risk adjustment) and is subject to attaining specific performance objectives both at Bank and personal level, as described in more detail in the Remuneration Policies Document.

As previously mentioned, the Supervisory Authority has ordered the Banca Sistema Group, until further review by the Bank of Italy, also based on the feedback that will be provided by the Bank, to refrain from resolving or paying the variable component of remuneration for the 2024 financial year and subsequent years. Until a favourable review of the aforementioned provisions is completed, the Group will refrain from initiating the setup and issuance of any form of variable incentives.

In detail, for 2025, the CEO/General Manager has been set targets linked to compliance with the Bank's RAF, as approved by the Board of Directors on 14 March 2025 (Net NPE ratio, LCR, Cost of Risk and RORAC).

\* \* \* \*

Dear Shareholders,

Given the above, the following proposed resolution is hereby submitted for your approval:

*"The ordinary Shareholders' Meeting of Banca Sistema S.p.A.,*

- *having examined the Remuneration Policies Document of the Banca Sistema Group for 2025 (first section of the Report on the remuneration policy and remuneration paid, pursuant to article 123-ter, paragraph 3 of Legislative Decree no. 58 of 24 February 1998) and the related annexes made available to the public pursuant to the applicable regulations;*
- *having heard and approved the proposal of the Board of Directors concerning the 2025 Remuneration Policies of the Banca Sistema Group;*

*resolves*

- 1) *to approve the Remuneration Policies Document of the Banca Sistema Group for 2025 (first section of the Report on the remuneration policy and remuneration paid, pursuant to article 123-ter, paragraph 3 of Legislative Decree no. 58 of 24 February 1998);*

- 2) *to grant the Board of Directors, in the persons of the Chairperson of the Board of Directors and the CEO, the powers necessary to fully implement the aforesaid 2025 Remuneration Policies of the Banca Sistema Group, severally and with the authority to sub-delegate such powers - to be exercised in accordance with the application criteria described above, making any necessary amendment or addition for the subject matter resolved on to be implemented.*

Milan, 7 April 2025

On behalf of the Board of Directors  
Ms. Luitgard Spögler  
Chairperson of the Board of Directors