



## POLICY FOR THE MANAGEMENT OF TRANSACTIONS WITH ASSOCIATED PARTIES AND ITS INTERNAL CONTROLS

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|------------------------|--------------------------------------------------------------------------|
| Policy Owner           | Head of GBS Affari Generali                                              |
| Version and resolution | Version No. 4 resolved on 2nd July 2024 by the Board of Directors of BSH |
| Recipients             | All GBS societies                                                        |

This document is a translation of the original Group Policy "*Gestione delle Operazioni con Soggetti Collegati e relativi controlli Interni*" as approved by the Banca Sella Holding Board of Directors on 02/07/2024. For any clarifications or interpretations of the same, please refer to its owner.

## Reviews

|            |             |                                                                                                                                                                                                                                                  |
|------------|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 27.04.2017 | version 1.0 |                                                                                                                                                                                                                                                  |
| 30.03.2021 | version 2.0 | Amendment of reference legislation;<br>Elimination of chapter for companies other than supervised intermediaries;<br>Change in the scope of companies considered as 'supervised intermediaries' (inclusion of Fabrick, elimination of Sella SGR) |
| 22.12.2021 | version 3.0 | Insertion of Section 8.17, to implement the provisions of the 35th update of Bank of Italy Circular No. 285 "Supervisory Provisions for Banks", on Corporate Governance.                                                                         |
| 02.07.2024 | version 4.0 | Section 8.11 Elimination of the exemption for infra-group Operations involving Banca Sella<br><br>Section 8.18 Reference to operations of "More Relevant Personnel"                                                                              |

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<sup>1</sup> This provision is effective for each company only if the bylaws expressly empower the Board of Directors to regulate this case, as required by point 3.7.4. of Circular No. 285, "Supervisory Provisions for Banks", Part Three - Chapter 11 - Section III.

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## **1. POLICY STATEMENT**

With the 33rd update, dated 23 June 2020, the Bank of Italy introduced in Part III of Circular No. 285, "*Supervisory Provisions for Banks*", the new Chapter 11), "*Risk Activities and Conflicts of Interest with Associated Parties*". With the entry into force of the updated Provisions, Chapter 5 of Title V of Circular No. 263 of 27 December 2006 "New Prudential Supervisory Provisions for Banks" was repealed.

In the aforementioned provisions, the Bank of Italy states that *'The regulation of transactions with Related Parties is **aimed at guarding against the risk that the proximity of certain parties to the bank's decision-making centres may compromise the objectivity and impartiality of decisions relating to the granting of loans and other transactions with the same parties**, with possible distortions in the process of allocating resources, exposure of the bank to risks that are not adequately measured or monitored, and potential damage to depositors and shareholders.*

*In addition, **'Related Parties' include, first and foremost, corporate officers, major shareholders and other parties capable of influencing the management of the bank or banking group** insofar as they are able to exercise control, including jointly with other persons, or significant influence. Conflict of interest situations may also arise with respect to companies, especially industrial ones, controlled or subject to significant influence, to which the bank has significant exposures in the form of loans and equity interests. **A Related Party and its connected Parties constitute the scope of 'Associated Parties to which the quantitative and procedural conditions of these rules apply (...).'***

The definitions in Chapter 11 of this document form an integral part of the regulations laid down herein.

## **2. REFERENCE LEGISLATION**

Bank of Italy Circular No. 285 of 17 December 2013 "*Supervisory Provisions for Banks*" - 33rd update, introduction of new Chapter 11 "*Risk Activities and Conflicts of Interest with Associated Parties*

Article 53(1)(b) and (d), Legislative Decree No 385 of 1 September 1993 (TUB).

Article 53(4), (4-ter), (4-quater) and (4-quinquies) of Legislative Decree No 385 of 1 September 1993 (Consolidated Banking Act).

Article 67(1)(b) and (d), Legislative Decree No 385 of 1 September 1993 (TUB)

Commission Regulation EC No. 1126/2008 of 3 November 2008

Article 136, Legislative Decree No 385 of 1 September 1993 (TUB)

Articles 2390 and 2391-bis of the Civil Code

Article 2634 of the Civil Code

Article 137, Legislative Decree No 385 of 1 September 1993 (TUB)

Art. 13 Decree-Law No 269/2003 (converted by Law No 326 of 24/11/2003 'Disciplina dell'attività di garanzia collettiva dei fidi')

Principle 20 'Related Party Transactions' of the 'Core Principles for Effective Banking Supervision', document updated by the Basel Committee on Banking Supervision in September 2012."

Issuance of the 35th update of the Bank of Italy Circular No. 285 "Supervisory Provisions for Banks" on Corporate Governance

Article 88(1)(4) and (5) of Directive (EU) 2013/36 (CRD), as amended by Directive (EU) 2019/878 (CRD V).

The provisions listed above form an integral part of this Document.

### **3. MODE OF UPDATING**

This policy is amended by a resolution of the Parent Company's Board of Directors, after consulting the Independent Directors and the Board of Statutory Auditors.

Identically, Group companies implement this policy by resolution of the Board of Directors, after consulting the Independent Directors and the Board of Statutory Auditors.

The independent directors and boards of auditors express analytical and reasoned opinions on the overall suitability of the procedures to achieve the objectives of these rules.

These opinions are also binding for the purposes of Board resolutions.

### **4. OBJECTIVES AND TARGET AUDIENCE**

In order to "*preserve the proper allocation of resources*" and "*adequately protect third parties from expropriatory conduct*", the Bank of Italy requires that each bank and each banking group adopt specific deliberative procedures, appropriately formalised.

These procedures are instrumentally "*aimed at preserving the integrity of decision-making processes in transactions with Associated Parties*" and, therefore, involve:

- the separate involvement of the independent directors in the decision-making process, even in cases where the Board of Directors is responsible for the decision;
- enhancing the role of the Board of Auditors.

The addressees of this policy are all Sella Group companies.

### **5. PROPORTIONALITY MEASURES**

The provisions contained in this Document apply within the Sella Group, for all the companies belonging to the Group.

The Group's foreign companies adopt this procedure to the extent that it does not conflict with the regulations of the country in which they operate.

The following are defined as "Supervised Intermediaries" within the meaning of the Supervisory Provisions on Transactions with Associated Parties: SIMs, EU investment firms,

third-country firms other than banks, asset managers, as defined by the Consolidated Law on Finance, as well as foreign asset managers, electronic money institutions (Imel), financial intermediaries registered in the register provided for in Article 106 of the Consolidated Banking Act (TUB), Payment Institutions belonging to the Sella Group and which have an amount of own funds at an individual level exceeding 2 per cent of the amount of own funds at a consolidated level of the Group<sup>2</sup>.

The Related Parties of the Supervised Intermediaries (as defined above) and their Connected Parties form the scope of the Group's Associated Parties.

Sella Group companies other than Supervised Intermediaries are also required to comply with the procedures set forth in this document, in accordance with the provisions of Circular no. 285 of the Bank of Italy (Part Three - Chapter 11 - Section III), which requires, in order to avoid possible circumvention of the rules through transactions with Associated Parties carried out by companies other than Supervised Intermediaries, that the parent company provide the latter with specific instructions and directives, if necessary requesting the application of controls consistent with those provided for in respect of transactions with Associated Parties, in a manner proportionate to the actual relevance of potential conflicts of interest. Therefore, in compliance with the principle of proportionality, these companies are invited to apply the deliberative process provided for non-exempt transactions, and to provide, upon request of the Parent Company, the list of the aforesaid transactions, excluding transactions falling under the exemptions provided for in Chapter 8.

The chapter 'Internal Controls' constitutes a concluding document, essentially addressed to 'Supervised Intermediaries'.

Section 8.17 applies only to Group banks.

## 6. **PROCESSES**

|                                                   |                                                                                                                             |
|---------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| 4.08.01 Corporate bodies' duties and remuneration | The process describes the activities relating to the selection, appointment and performance of members of corporate bodies. |
|---------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|

## 7. **SPECIFIC ROLES AND RESPONSIBILITIES**

**Company Secretariat Managers** - notify the Group Secretariat of any changes concerning Related and Connected Parties of which they are aware.

**Independent directors** - when requested, they issue prior opinions on specific transactions referred to Associated Parties.

**Board of Directors** - submits any transactions required by the articles of association to the shareholders' meeting, approves transactions within its competence, takes note of periodic reports on individual transactions and in the case of the parent company of group transactions.

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<sup>2</sup> At the time of drafting this Policy, the Group's Supervised Intermediaries, as defined by the relevant regulations, are: Banca Sella Holding, Banca Sella, Banca Patrimoni Sella & C., Sella Leasing, Sella Personal Credit and Fabrick.

**Board of Statutory Auditors** - when requested, issues prior opinions on specific transactions referred to Associated Parties.

**Competent departments of the companies involved** (Credit Area - Finance Area - Purchasing Area - Equity Investments Area - Funding Area) - provide complete and adequate information to the independent directors on the transactions subject to resolution.

## **8. PRINCIPLES AND RULES**

### ***8.1 Identification of Associated Parties and Connected Parties***

The Group Secretariat identifies Related Parties on the basis of the information collected or in its possession and takes care of the preparation of a Register of Related and Connected Parties (hereinafter referred to as the "Associated Parties Register"), which is unique for the entire Sella Group.

The Register of Associated Parties is promptly updated on the basis of notifications received from Related Parties concerning new circumstances of which they are aware that may lead to changes in the scope of 'Associated Parties.

In addition, the information contained in the Associated Parties Register is verified twice a year:

- in February: on the basis of the self-declarations requested by the Group Secretariat and made by the Related Parties referred to in numbers 1), 2) and 3) of the definition of Related Parties, as well as on the basis of the information available to it and that gathered from the competent departments, for the Related Parties referred to in number 4) of the definition of Related Parties.
- in the month of August: on the basis of random searches requested on the names of Related Parties as per numbers 1), 2) and 3) of the definition of Associated Parties as well as on the basis of the information at its disposal and that gathered from the relevant departments, for Related Parties as per number 4) of the definition of Related Parties.

Persons qualifying as Related Parties under these rules shall cooperate with the banks and intermediaries with which they have dealings in order to enable them to make a correct and complete identification of Associated Parties.

It is also the duty of Related Parties to promptly notify the Group Secretariat of any new circumstances of which they become aware that could lead to changes in the scope of Associated Parties.

A copy of the Register of Associated Parties, duly updated by the Group Secretariat, is made available to the Secretariats of Group companies on the corporate intranet in the Corporate Governance section.

It is the responsibility of the Group Secretariat:

- file and preserve the documentation produced by corporate officers.

- take care of the setting/modification of operational blocks in the appropriate IT procedure;
- ensure the publication of an appropriate list on the corporate intranet.

Appropriate information systems allow:

- the timely identification of Associated Parties from the stage of establishment of relations;
- Group Banks an up-to-date knowledge of Associated Parties;
- the recording of movements relating to Associated Parties.

## ***8.2 The Independent Directors***

In order to carry out their assigned tasks, the Independent Directors may propose to the Board of Directors the establishment of an 'Associated Parties Committee, which shall be internal to the Board of Directors and composed entirely of Independent Directors.

Where required by the rules contained in the remainder of this Chapter, the independent directors issue prior opinions on specific Transactions with Associated Parties.

The independent directors meet when necessary and, in any case, at least once a year.

Meetings of the Independent Directors are convened and chaired by the oldest member and are assisted by a Secretary chosen also from outside the participants; minutes of the meetings are drawn up and recorded in a special book. The book is kept under the responsibility of each Company Secretary.

The opinions expressed by the independent directors in accordance with this Chapter must be substantiated, formalised and supported by appropriate documentation in support of the checks and observations made.

The Corporate Secretariats of the Banks and Group Companies concerned by these rules:

- support the Independent Directors and the Secretaries of the relevant meetings in carrying out the activities governed by this Chapter;
- support the Directorates responsible for the activities governed by this Chapter and receive copies of all resolutions taken by those Directorates on this matter.

Meetings may be convened at the request of each competent Department. To this end, the competent Department contacts the Corporate Secretary of the Bank or Company concerned.

## ***8.3 The Board of Auditors***

The Board of Statutory Auditors of each company concerned by this Chapter is the recipient of the same information flows to the Board of Directors.

Opinions expressed by the Board of Statutory Auditors in accordance with this Chapter must be reasoned, formalised and supported by appropriate documentation in support of the checks and observations made.

#### ***8.4 Rules of Enquiry and Deliberative Powers***

In order to ensure that the Independent Directors have a thorough knowledge of Transactions with Associated Parties, the competent Department shall provide them, promptly and at least six days before the date scheduled for the meeting of the Independent Directors, with complete and adequate information on the various profiles of the transaction subject to resolution, identifying and highlighting, inter alia

- counterparts;
- the type of operation;
- economic conditions;
- the convenience for society;
- the risks arising from the operation;
- the impact on the interests of those involved, with particular reference to potentially conflicting interests.

The Independent Directors may be assisted by independent experts at the company's expense (within the overall amount of such expenses, defined after obtaining the approval of the Board of Statutory Auditors).

The Independent Directors represent any shortcomings or inadequacies identified in the pre-deliberation phase to the competent decision-makers.

In the case of Transactions of Greater Significance, during the negotiation phase, the competent Department is required to request a special meeting of the Independent Directors for the purpose of their appropriate involvement in the preliminary investigation phase, as provided for in Section 8.9 of this Chapter.

Credit decisions relating to transactions with Associated Parties are the sole responsibility of the Credit Committee<sup>3</sup> of the Group Bank concerned, unless they are - on the basis of the articles of association or on the basis of the internal regulations on the granting of credit - the responsibility of the Board of Directors.

Exceptions to this are resolutions concerning the spending limits of credit cards granted to Associated Parties, whose decision-making competence remains subject to the ordinary internal rules and powers on the matter.

#### ***8.5 Recognition of Transactions***

Each competent Department identifies - at the commencement of the preliminary investigation and, in any case, before its finalisation - the Transactions with Associated Parties falling within its decision-making or preliminary investigation competence and - on the basis of the subsequent points of this Chapter and the Definitions set out in Section 11 - classifies them as

- Transaction for a small amount;
- Ordinary transactions;
- Non-ordinary transactions;

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<sup>3</sup> This refers to the Central Credit Committee established and regulated by the statutes of the Sella Group banks and companies.

- Major Transactions;
- Intra-Group Transactions;
- Transactions within Framework Resolutions.

In the case of transactions that are homogeneous with each other or carried out in execution of a unitary design, carried out, during the financial year, with the Associated Party, the company cumulates their value for the purpose of calculating the materiality threshold.

Each competent Department shall provide evidence of the Transactions with Associated Parties examined and the decisions taken, and, with the help of the respective Corporate Secretariat, provide quarterly reports to its Board of Directors.

By the months of February and September, each competent Department shall send to the Group Secretariat of Banca Sella Holding a complete list of all Transactions with Associated Parties carried out during the previous six months (as at 31 December and 30 June, respectively), broken down by type of transaction and Associated Party.

Every six months, the Group Secretariat of Banca Sella Holding aggregates the aforementioned flows from all the competent Departments and produces a report that is submitted to the Parent Company's Board of Directors.

### ***8.6 Transactions involving small amounts***

Minor Transactions, transactions the value of which does not exceed the lesser of EUR 1,000,000 or the amount corresponding to 0.05% of the amount of the consolidated own funds, are excluded from the application of the decision rules and the carry-over procedures provided for in this Chapter.

### ***8.7 Ordinary Transactions***

In the case of ordinary Transactions, the competent Management is not subject to any particular rules or constraints for the resolution or investigation of such Transactions, provided that the resolution contains elements proving their ordinary character.

Therefore, each competent Directorate develops, formalises appropriately and reviews annually appropriate criteria for the qualification of transactions as 'Ordinary Transactions', taking into account, inter alia, the following elements

- non extraneousness of the object of the transaction to the activity carried out by the competent Directorate;
- recurrence of the type of operation within the scope of the Directorate's activity;
- size of the transaction, especially considered in relative terms compared to similar transactions carried out by the company;
- typicality of contractual terms and conditions;
- simplicity of the economic and/or contractual scheme;
- nature of the counterparty;
- absence of anomalies in the performance of the relationship.

The criteria for qualifying transactions as "Ordinary Transactions" are set out in Chapter 9, Control Policies, below, and in the event of substantial changes are submitted to the Board of Directors for approval.

The Independent Directors express their preliminary opinion on the determination of the above criteria.

### ***8.8 Non-ordinary Transactions***

For the completion of 'Non-ordinary Transactions', the competent Department is required to seek the prior opinion of the independent directors of the companies specifically concerned.

In particular, the competent Department shall provide, in a timely manner and at least six business days before the date of the resolution of the transaction, complete and adequate information on the various profiles of the transaction subject to resolution (counterparty, type of transaction, conditions, convenience for the company, impact on the interests of the parties involved, etc.).

The independent directors shall express a prior, reasoned opinion on the company's interest in carrying out the transaction as well as on the appropriateness and substantive fairness of the related conditions to the body competent, by law or by the Articles of Association, to approve it.

In the event of a negative or conditional opinion, the resolution shall provide an analytical justification of the reasons why it is nevertheless adopted and precise feedback on the observations made by the independent directors.

The resolution provides adequate justification for:

1. the advisability and cost-effectiveness of the transaction for the bank;
2. the reasons for any deviations, in terms of economic-contractual conditions and other characteristic profiles of the transaction, from standard or market ones; appropriate elements in support of this justification must appear in the documentation accompanying the resolution.

The decision-making body provides the Board of Directors of its company with a quarterly report on the Transactions concluded and their main characteristics. Transactions on which the independent directors have expressed a contrary or conditional opinion, as soon as they are resolved upon, are individually notified to the Board of Directors and Board of Statutory Auditors of the company, as well as to the Board of Directors and Board of Statutory Auditors of the Parent Company.

### ***8.9 Significant Transactions***

Resolutions concerning Transactions with Associated Parties that generate risk assets towards a Related Party and its Connected Parties exceeding the limits indicated in the table below, where percentages refer to equity at a consolidated and individual level, are reserved to the Board of Directors, unless the law or the Articles of Association reserve such competence for the Shareholders' Meeting:

| Prudential limit | Corporate represent atives | Participants with control or significant influence | Other participants and non-participants | Parties subject to control or significant influence |
|------------------|----------------------------|----------------------------------------------------|-----------------------------------------|-----------------------------------------------------|
| Consolidated     | 5%                         | Non-financial Related Parties                      |                                         |                                                     |
|                  |                            | 5%                                                 | 7,5%                                    | 15%                                                 |
|                  |                            | Other Related Parties                              |                                         |                                                     |
|                  |                            | 7,5%                                               | 10%                                     | 20%                                                 |
|                  |                            |                                                    |                                         |                                                     |
| Individual       | 20%                        |                                                    |                                         |                                                     |

In addition to what is already provided for in paragraph 8.8 above, in the case of 'Transactions of Greater Significance', the Independent Directors of the Group Company concerned are involved in the negotiation phase and in the preliminary investigation phase through the receipt by the competent Department of a complete and timely report, which illustrates the following in detail:

- possible counterparts;
- the type(s) of transaction(s) being negotiated;
- the possible economic conditions;
- the convenience for society;
- the risks arising from the operation;
- the impact on the interests of stakeholders, with particular reference to potentially conflicting interests.

The report must be updated whenever events occur that substantially change one or more of the above elements.

The independent directors are entitled to request information from and make comments to the delegated bodies and the persons entrusted with the conduct of negotiations or investigations.

In addition, in the case of 'Significant Transactions':

- a) in the event of a negative or conditional opinion by the Independent Directors, a prior opinion is also required from the Board of Statutory Auditors, which is to be provided with adequate information - in terms of timing and content - on the transaction; the provisions on prior opinion and resolution rules set forth in Section 8.8 above apply to the opinion rendered by the body in charge of control;
- b) Transactions on which the independent directors or the Board of Statutory Auditors have rendered negative opinions or issued remarks are brought to the attention of the Shareholders' Meeting at least once a year.

In any case, the prior opinion of the Parent Company's Board of Directors is also required for the approval of 'Transactions of Greater Significance' by Group Banks and Companies.

### ***8.10 Transactions within the purview of the Shareholders' Meeting***

If the competence to resolve on transactions with Associated Parties is devolved, by law or, where applicable, by the Articles of Association, to the shareholders' meeting, the rules set forth in the preceding paragraphs apply to the stage of the proposal that the Board of Directors submits to the shareholders' meeting.

In the event of a negative or conditional opinion by the independent directors, a prior opinion is also required from the Board of Statutory Auditors, which must be provided with adequate information - in terms of timing and content - on the transaction; the provisions on prior opinions and resolution rules set forth in Section 8.8 above apply to the opinion rendered by the body in charge of control.

### ***8.11 Intra-Group Transactions - Exemption and Principles for the Recognition of Interests of Other Associated Parties***

For "Intragroup Transactions", assuming that there are no significant interests of other Associated Parties (other than the Group company) in the transaction, the competent Department is not subject to particular rules or constraints for the resolution or preliminary investigation of such Transactions. This is without prejudice to any different rules, constraints or requirements that may be applicable in implementation of the law or regulations.

However, as described above, each competent Department sends quarterly to the Company Secretariat of the respective Group Company and half-yearly to the Group Secretariat of Banca Sella Holding a complete list of all intra-group Transactions carried out during the previous period, broken down by type of transaction and Associated Parties.

Every six months, the Group Secretariat of Banca Sella Holding aggregates the flows from all the competent Departments and produces a report that is submitted to the Parent Company's Board of Directors.

If there are significant interests of Associated Parties other than the companies involved and the Group companies in the intra-group transaction, the competent Department is required to follow the rules provided for, depending on the type of transaction, in the preceding paragraphs.

The existence of significant interests of Associated Parties other than the companies involved is assessed by the competent Department, taking into account the recipients, direct and indirect, of the economic and financial benefits deriving from the transaction.

In an 'Intra-Group Transaction', there are significant interests of Associated Parties other than the companies involved and Group companies at least in those cases where

- the consideration paid by one company is used by the other to satisfy a debt owed to an Associated Party;
- an Associated Party, not belonging to the Group, independently holds, directly or indirectly, an interest of more than 20% in one of the companies between which the 'Intra-group Transaction' takes place.

Considering the widespread issuer role of Banca Sella S.p.A., is believed that, in the operations where the bank is involved, there are anyway relevant interests of third Parties, even if not part of the Associated Parties perimeter. Thus, the exemption regulated in this chapter is no longer applicable to the operations concerning Banca Sella S.p.A. and, should these operations

be “not ordinary” or “not of small amounts”, it’s necessary to involve at least three independent directors who may can meet in an Associated Parties Committee.

### ***8.12 Losses, write-offs, settlements or out-of-court settlements***

The recognition of losses, write-offs, and the finalisation of judicial or extra-judicial settlements relating to transactions with Associated Parties are investigated and resolved upon in accordance with the same rules provided for in this Chapter for the execution of transactions with Associated Parties.

### ***8.13 Transactions pursuant to Article 136 TUB***

Transactions of the Banks with Associated Parties that also fall within the scope of application of Article 136 of the Consolidated Law on Banking are resolved upon in accordance with the rules set forth therein and, therefore, the prior opinion of the independent directors is not required, although the preliminary investigation rules provided for Transactions with Associated Parties remain applicable. Therefore, for Transactions with Associated Parties also falling within the scope of application of Article 136 TUB, the following apply:

- i) at the pre-trial stage, the rules set out in section 8.4;
- ii) in the deliberative phase, the only rules provided for in paragraph 5 of Section 8.8.

### ***8.14 Framework Resolutions***

Homogeneous and sufficiently determined categories of transactions may be carried out on the basis of Framework Resolutions for the assumption of which the competent Directorate must comply with rules in accordance with the provisions set out in the preceding paragraphs.

In particular, for the purposes of distinguishing between applicable procedures, the competent management takes into account the foreseeable maximum amount of the transactions subject to the resolution, taken cumulatively.

Individual transactions carried out under such Framework Resolutions are not subject to the rules set out in the preceding paragraphs.

Framework Resolutions may not cover a period longer than 1 year.

Framework Resolutions report all foreseeable information elements of the transactions to which they refer.

On the implementation of the Framework Resolutions, the competent Directorate provides the Board of Directors with full information on a quarterly basis.

If a transaction, even if initially attributable to a Framework Resolution, does not meet the requirements of specificity, homogeneity and determinateness underlying the resolution itself, it cannot be carried out in execution of the latter; the rules established in general for each transaction with Associated Parties therefore apply to that transaction.

### **8.15 Urgent Operations<sup>4</sup>**

The urgency of the transaction exists when it must be carried out with absolute urgency because any delay would appear as potentially producing losses or lost revenues, or in any event an inadequate service to the Associated Party.

The existence of urgency must be specifically proven by the deliberating body on the basis of objective circumstances and not exclusively of its own choosing.

In cases of urgency, the rules in 8.4, 8.8, 8.9, 8.10 and 8.13 do not apply.

In any event, the General Manager, the Managing Director, the Board of Directors and the Board of Auditors must be informed of the reasons for the urgency of the transaction before it is carried out.

If one or more of the said persons, as well as one of the independent directors, do not consider the urgency to exist, they shall promptly inform the other bodies and, at the earliest opportunity, the shareholders' meeting.

By the tenth day of each month, each competent Department and the Corporate Secretary of each company shall send to the Group Secretariat of Banca Sella Holding a complete list of all urgent Associated Parties transactions carried out during the previous month, broken down by type of transaction and Associated Parties.

The Group Secretariat of Banca Sella Holding aggregates the flows from all the competent Departments and produces a half-yearly report that is submitted to the Parent Company's Board of Directors for examination.

### **8.16 Reporting to the Parent Company**

In order to allow the Parent Company to ensure constant compliance with the consolidated limit on risk activities towards Associated Parties set forth in Chapter 11 of Circular 285 "*Supervisory Provisions for Banks*", each competent Department shall make available to the Parent Company, on a timely basis, information on

- a description of each of the transactions with Associated Parties carried out;
- the Associated Parties to whom each of them is referable;
- the amount of the transaction;
- any other information useful to determine the possible exposure incurred as a result of the completion of the transaction.

Identically, each competent department makes the relevant information available to the parent company in a timely manner:

- to the approved ceilings for framework resolutions;
- the periodic utilisation of this ceiling.

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<sup>4</sup> This provision is effective for each company only if the bylaws expressly empower the Board of Directors to regulate this case, as required by point 3.7.4. of Circular No. 285, "*Supervisory Provisions for Banks*", Part Three - Chapter 11 - Section III.

### ***8.17 Application of Article 88(1), paragraphs 4 and 5, of Directive (EU) 2013/36 (CRD), as amended by Directive (EU) 2019/878 (CRD V)***

As provided for in the 35th update of Bank of Italy Circular No. 285 "Supervisory Provisions for Banks" on Corporate Governance, data on loans granted to persons performing administrative, management and control functions in the bank and their Related Parties are adequately documented and made available to the competent authorities upon request.

For the purposes of this paragraph only, as provided for in Article 88(1)(4) and (5) of Directive (EU) 2013/36 (CRD)<sup>5</sup>, referred to in the same enactment, "Related Party" means:

(a) the spouse, registered partner under national law, child or parent of a person who performs administrative, management and control functions in the bank;

(b) a business entity in which a person who performs administrative, management and control functions for the bank or his immediate family member referred to in (a) has a qualifying holding of 10 % or more of the capital or voting rights of the bank, or over which such persons can exercise significant influence, or in which such persons occupy managerial positions or perform administrative, management and control functions.

The obligation in this paragraph applies to loans made by the individual bank to exponents (and their Related Parties) of the same bank.

### ***8.18 More Relevant Personnel***

As stated in chapter 11 of the Circular No. 285 of the Bank of Italy of 17 December 2013, potential risks of conflicts of interests, i.e. the typical activity of provision of credit, can happen to a broader range of employees and collaborators at different functional and hierarchical levels, and particularly with regard to the "More Relevant Personnel" identified on the basis of the remuneration and incentive policies and practices, as their professional activity has or can have a relevant impact on the bank risk profile.

It is considered useful to point out that, in case of operations in which the "More Relevant Personnel" can have directly or indirectly their own and distinct interest, it will be necessary to comply with the prescriptions of Sella Group Self Discipline Code with regard to conflicts of interests.

## **9. INTERNAL CONTROLS**

### ***9.1 Fields of activity and types of relations in relation to which conflicts of interest may arise.***

Table 1 lists, for each Department/Company (business sector) concerned by these rules, the transactions that may give rise to conflicts of interest.

Table n 1

**Operations and risk activities**

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<sup>5</sup> As amended by Directive (EU) 2019/878 (CRD V).

| Area                       | Reference company          | Operation                                                                                                                          | Risk activities                              | Limits | Procedures |
|----------------------------|----------------------------|------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|--------|------------|
| Credits                    | Group Banks                | Uses (credit products subject to resolution, e.g. mortgage, loan, credit line, ...)                                                | SI                                           | ✓      | ✓          |
| Credits                    | Group Banks                | Guarantees given and commitments                                                                                                   | SI                                           | ✓      | ✓          |
| Credits                    | Group Banks                | Credit transformation (e.g. assignment of credit in exchange for shares -> control)                                                | SI                                           | ✓      | ✓          |
| BSH Board Secretariat      | Banks and Group Companies  | Majority shareholdings                                                                                                             | SI                                           | ✓      | ✓          |
| Finance                    | Group Banks                | Minority shareholdings                                                                                                             | SI                                           | ✓      | ✓          |
| Finance                    | Group Banks                | Portfolio management (includes bond purchase/subscription)                                                                         | SI                                           | ✓      | ✓          |
| Finance                    | Banks and Group Companies  | Securitisation                                                                                                                     | SI                                           | ✓      | ✓          |
| Technical Services         | Banks and Group Companies  | Purchases                                                                                                                          | Only in the case of commitments and advances | ✓      | ✓          |
| SISPA                      | Group Banks                | RIBA (linked to credit line - See Credits)                                                                                         | SI                                           | ✓      | ✓          |
| Collection                 | Group Banks                | Collection, advice and assistance activities governed by standardised contractual conditions                                       | NO                                           | ✓      | ✓          |
|                            |                            |                                                                                                                                    |                                              |        |            |
| Banca Patrimoni Sella & C. | Banca Patrimoni Sella & C. | Agency Agreements and Advances to Financial Advisors authorised to <i>Off-Branch</i> Offering                                      | SI                                           | ✓      | ✓          |
| Sella Leasing              | Sella Leasing              | Leasing, property portfolios                                                                                                       | SI                                           | ✓      | ✓          |
| Sella Personal Credit      | Sella Personal Credit      | Consumer credit (includes cards) and car leasing, ownership portfolios                                                             | SI                                           | ✓      | ✓          |
| Fabrick                    | Fabrick                    | Provision of payment services, account aggregation and initialisation of payment services, and ancillary services to end customers | NO                                           | ✓      | ✓          |

In the following points, the Departments and Companies concerned identified:

- a. Ordinary Transactions' and 'Non-ordinary Transactions';
- b. where deemed appropriate, the cases in which the assumption of risk assets should be assisted by appropriate risk mitigation techniques:
  - lent by parties independent of Associated Parties;
  - whose value is not positively correlated with the borrower's creditworthiness.

## A) CREDIT DISBURSEMENT

### 1) Criteria for determining ordinary transactions

The following criteria are common to the banks of the Group with regard to the granting of credit.

Transactions that have the following elements are considered ordinary:

- i - Recurrence of the type of transaction within the activity carried out by the Credit Department
- ii - Exiguity of the transaction, considered in relative terms with respect to similar transactions carried out by the company (quantitative parameter) - The transaction is non-ordinary if the amounts requested exceed the limits that can be decided independently by the central committees. In such a case, the Board of Directors of the Bank concerned shall decide on the transaction.
- iii - Application of standard contract terms and conditions.
- iv - Nature of the counterparty - Assessment (properly reasoned) to be made on a case-by-case basis.

### 2) Cases in which the assumption of risk assets must be assisted by appropriate risk mitigation techniques:

- lent by parties independent of Associated Parties;
- whose value is not positively correlated with the borrower's creditworthiness

Parameter: the amount of risk assets is equal to or greater than 3% of the amount of own funds.

## B) FINANCE AREA

As far as the Finance Area is concerned, considering the particularity and peculiarity of the activity carried out by it, the definition of ordinary transactions is as follows: *'ordinary transactions are ordinary treasury transactions falling within the lines of credit approved from time to time by the competent bodies'*.

Transactions that do not fall under this definition are to be qualified as non-ordinary.

#### C) PURCHASING AREA

All transactions involving the purchase or sale of goods and/or services for a consideration of Euro 1,000,000 or more are considered non-ordinary transactions.

#### D) PURCHASE OF participations

With reference to transactions involving the acquisition of shareholdings, reference is made to the specific rules dictated by the Articles of Association of the companies concerned as well as to the provisions of the 'Policy on shareholdings' adopted by the Group.

#### E) COLLECTION

It should be specified that, with reference to activities referred to the provision of investment services, potential conflicts of interest inherent in relationships with Associated Parties are mitigated as follows:

- the standardisation of the contractual terms and conditions to which individual transactions are subject;
- the presence of controls to prevent and manage possible conflicts of interest and to ensure the transparency of the aforementioned activities, adopted by the Sella Group in implementation of the regulations in force.

Having said this, since transactions may be considered 'non-ordinary' if they give rise to significant commission volumes, it is considered that the definition of 'non-ordinary' transactions may include those referring to the same Associated Party that give rise to annual commissions in excess of EUR 500,000.

#### F) SELLA LEASING S.P.A.

Transactions that have the following elements are considered ordinary:

- i - Recurrence of the type of operation within the scope of the Directorate's activity.
- ii - Size of the transaction, considered in relative terms with respect to similar transactions carried out by the company (quantitative parameter) - The transaction is non-ordinary if the amounts requested exceed the limits that can be decided independently by the central committees. In such a case, the Board of Directors shall decide on the transaction.
- iii - Type of contract terms and conditions - Assessment (duly motivated) to be made on a case-by-case basis.
- iv - Nature of the counterparty - Assessment (duly justified) to be made on a case-by-case basis case.

#### G) SELLA PERSONAL CREDIT S.p.A.

The Management of Sella Personal Credit considers the following transactions to be "non-ordinary":

- a. Securitisation Transactions
- b. Consultancy

These are also unusual and occasional transactions, carried out following indications from General Management. Where applicable, the Purchasing Procedure, and the consequent authorisation procedures, are allocated to the Parent Company; in addition, the Chief Executive Officer has authorisation powers in Sella Personal Credit up to a maximum amount of EUR 260,000 (thus falling within the quantitative limits of the regulations). Higher amounts are submitted to the Board of Directors for approval.

The Management of Sella Personal Credit S.p.A. considers ordinary transactions:

1. Purchase of hardware/software from Connected Parties to an Associated Party;
2. Entrustment of debt collection lots;
3. Non-recourse assignment of receivables.

In addition, the following further specifications and exceptions apply:

- i - Recurrence of the type of operation within the activity carried out by the competent Directorate - Assessment (duly motivated) to be carried out on a case-by-case basis.
- ii - Size of the transaction, considered in relative terms with respect to similar transactions carried out by the company (quantitative parameter) - Assessment (duly justified) to be carried out on a case-by-case basis.
- iii - Atypicality of contractual terms and conditions - Criterion applicable to consultancy only.
- iv - Simplicity of the economic outline - Criterion applicable to consultancy and securitisation only.
- v - Nature of the counterparty - Assessment (properly reasoned) to be made on a case-by-case basis.
- vi - Presence of anomalies in the performance of the relationship - Criterion applicable only to consultancy and securitisation.

#### H) FABRICK S.p.A.

Fabrick's management considers transactions involving the provision of payment services, i.e. aggregation of accounts and initialisation of payment services, and ancillary services to end customers (PSUs) to be 'ordinary'.

## 9.2 Risk appetite and strategic profiles

### A) STRATEGIC PROFILE AND ORGANISATIONAL CHARACTERISTICS OF THE SELLA GROUP

As far as the strategic profile of the Sella Group is concerned, this is summarised in its Mission, consisting of *'Doing Banking, Finance, Insurance:*

- a. *in respect of our values,*
- b. *in a prudent, responsible and correct manner,*
- c. *creating value over time for our customers and stakeholders,*
- d. *achieving profits in a sustainable, stable and long-term manner'.*

As far as organisational characteristics are concerned, the corporate structure is influenced by the ownership structure, which has been restricted since the company's inception (year 1886): there were ten founding members.

Currently, the control of the Sella Group is attributable to Maurizio Sella S.a.a. The passing of generations has naturally led to a greater diffusion of capital in the hands of a greater number of natural persons, shareholders of Maurizio Sella S.a.a., giving rise to an ownership structure, indirectly, configurable as close to a *'family public company'*.

Banca Sella Holding S.p.A. is the Parent Bank of the Sella Banking Group which carries out banking and financial activities.

With regard to risk propensity levels consistent with the Group's strategic profile and organisational characteristics, determined in terms of the maximum measure of risk assets towards Associated Parties deemed acceptable in relation to the amount of consolidated own funds, with reference to all exposures to all Associated Parties, these levels have been determined in line with the internal limits envisaged for concentration risk monitoring indicators<sup>6</sup>. This measure of maximum risk appetite is 30% of regulatory capital where exposures are calculated on drawdowns, or 65% of regulatory capital where exposures are calculated on loans.

Beyond the aforesaid limits, the Departments responsible for the risk activities that led to the exceeding of the limits shall submit to the Board of Directors of Banca Sella Holding a specific redemption plan or a reasoned proposal for derogation from the said limits.

If these limits are changed, they are reviewed by the Board of Directors annually in February.

Compliance with these limits is subject to monthly verification.

### B) EXCEEDING LIMITS ON EXPOSURES TO ASSOCIATED PARTIES

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<sup>6</sup> This refers specifically to the indicators, calculated at the consolidated level, '% first 20 drawdowns/core capital' and 'first 20 loans/core capital'. The thresholds of drawdowns and loans calculated on Tier 1 capital have been re-proportioned to regulatory capital.

### *Limits*

Risk-taking with respect to Associated Parties must be limited to the following limits, referring to the amount of consolidated own funds

To a non-financial Related Party and its referred Connected Parties:

- a. 5% in the case of a Related Party that is:
  - a corporate representative;
  - a controlling participant or one capable of exercising significant influence;
- b. 7.5% in the case of a Related Party:
  - a participant other than those under a.;
  - a person, other than the participant, who alone is able to appoint one or more members of the corporate bodies;
- c. 15% in other cases.

Towards another Related Party and its referred Connected Parties:

- a. 5% in the case of a Related Party who is a corporate officer;
- b. 7.5 per cent in the case of a Related Party that is a controlling participant or able to exercise significant influence;
- c. 10% in the case of a Related Party:
  - a participant other than those under b.;
  - a person, other than the participant, who alone is able to appoint one or more members of the corporate bodies;
- d. 20% in other cases.

Subject to the consolidated limits, each bank may undertake risk activities with respect to the same set of Associated Parties - regardless of the financial or non-financial nature of the Related Party - up to a limit of 20 per cent of the amount of individual own funds.

In calculating the individual limit, individual banks consider their own risk activities towards the set of Associated Parties identified at the group level.

### *Method of calculation*

For the purposes of this Framework, risk assets are risk-weighted according to factors that take into account the riskiness associated with the nature of the counterparty and any forms of credit protection.

The risk weights and eligibility conditions for risk mitigation techniques established under the Risk Concentration Framework apply. Equity investments and other assets deducted from regulatory capital are not included in risk assets. Temporary exposures referred to the provision of funds transfer services and clearing, settlement and custody of financial instruments, in the cases and under the conditions set out in the risk concentration framework, are not included in the limits.

Where there is more than one relationship between the bank or banking group and a Related Party involving the application of different prudential limits, the lower limit applies. Risk activities associated with transactions between companies belonging to the same banking

group or, in the case of Italian banks subject to consolidated supervision in another EU Member State, between that bank and its EU parent company, banks and other supervised intermediaries controlled by the parent company, are excluded from the above limits.

#### Overcoming *cases*

Compliance with prudential limits on risk activities towards Associated Parties is ensured on an ongoing basis.

If one or more limits are exceeded for reasons beyond the control or fault of the bank or the parent company, the risk assets must be brought back within the limits as soon as possible.

Management verifying such an overshoot shall give immediate notice thereof:

- to the Chairman of the Board of Directors of their Company;
- to the Independent Directors of their Company;
- to the Board of Auditors of their company;
- to the Group Secretariat of Banca Sella Holding.

In turn, the Group Secretariat of Banca Sella Holding, just as immediately, informed:

- the Chairman of the Board of Directors of the Parent Company;
- the Independent Directors of the Parent Company;
- the Board of Auditors of the Parent Company.

Within 45 days of the limit being exceeded, the Parent Company prepares a repayment plan, approved by the Board of Directors, after consulting the Board of Auditors.

The recovery plan is transmitted to the Bank of Italy within 20 days of its approval, together with the minutes containing the resolutions of the corporate bodies.

If the exceeding of the limits concerns a Related Party by virtue of the participation held in the bank or in a banking group company, the administrative rights attached to the participation are suspended.

In addition, the parent company, in cases where the prudential limits are exceeded for the above-mentioned reasons, takes the surplus into account in the process of determining the total internal capital.

The situations in which transactions with Associated Parties require guarantees given by independent parties are set out in the preceding paragraph.

### **9.3 Control processes**

Companies shall establish and regulate control processes to ensure the proper measurement and management of risks to Associated Parties and to verify the proper design and effective application of internal policies.

#### A) RISK Management

*The BSH Risk Management service performs two types of controls: (i) the second level control on the quarterly report to the Supervisory Authority; (ii) the simulation conducted during the evaluation of a new transaction within the scope of Major Transactions, as defined by the Parent Company's Major Transactions Policy.*

## B) COMPLIANCE

The GBS Compliance department verifies the existence and reliability, on an ongoing basis, of suitable procedures and systems to ensure compliance with statutory obligations and those laid down in internal regulations.

## C) INTERNAL AUDIT

The Level III control functions of the Group companies concerned, within their respective prerogatives and on the basis of the approved audit plans, periodically verify compliance with internal policies, promptly report any anomalies to the recipients of their information flows, in accordance with the relevant policy, and, where appropriate, suggest revisions to internal policies and organisational and control structures deemed appropriate to strengthen the safeguards provided".

## D) INDEPENDENT DIRECTORS

The Parent Company's independent directors play a role in assessing, supporting and proposing the organisation and performance of internal controls on the overall activity of taking and managing risks towards Associated Parties, as well as for the general verification of the consistency of the activity with strategic and management guidelines.

As set forth in this Document, in order to perform their assigned tasks, the Independent Directors may propose to the Board of Directors the establishment of an "Associated Parties" Committee, which shall be internal to the Board of Directors and composed entirely of Independent Directors.

Where required by these provisions, the independent directors issue prior opinions on specific Transactions with Associated Parties.

The Independent Directors meet when necessary and, in any case, at least once a year. The Independent Directors support the organisation and performance of internal controls on the overall activity of assumption and management of risks towards Associated Parties also - if deemed appropriate or necessary - by promoting specific proposals on the matter.

The Independent Directors, annually in March, by means of a specific report addressed to the Board of Directors:

- assess the organisation and performance of internal controls over the overall risk-taking and risk management activities towards Associated Parties;
- verify the consistency of the activities carried out with the strategic and management guidelines.

## **10. POWERS AND DELEGATIONS GOVERNED BY THE POLICY**

| ID | NAME                                                            | RESPONSIBLE PARTY     | DELEGATED PARTY | LIMITS | INFORMATION FLOWS                                      | TYPE OF ASSIGNMENT        | CHECKS |
|----|-----------------------------------------------------------------|-----------------------|-----------------|--------|--------------------------------------------------------|---------------------------|--------|
|    | Opinion on transactions with Related Parties/Associated Parties | Independent directors | ---             |        | Preliminary investigation by the competent Directorate | From external regulations | ---    |

## **11. MANAGEMENT AND COORDINATION ACTIVITIES**

### **11.1 Opinions**

| <b>OPINION DESCRIPTION</b>                                      | <b>COMPETENT BODY TO ISSUE THE OPINION</b> | <b>SUPPORTING TOOL FOR THE REQUEST/EXPRESSION OF THE OPINION</b> | <b>IF STATED BY EXTERNAL REGULATION, APPLICABLE POLICIES</b>                                |
|-----------------------------------------------------------------|--------------------------------------------|------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| Major Transactions for the Banks and the Companies of the Group | Board of Directors of Banca Sella Holding  | N/A                                                              | Policy for the Management of transactions with associated parties and its internal controls |

### **11.2 Other activities of management and coordination**

Please refer to chapter 8.16 "Reporting to the Parent Company".

## **12. DEFINITIONS**

For the purposes of these provisions, the Definitions set forth in the aforementioned Bank of Italy Circular No. 285 of 17 December 2013, "Other Prudential Supervisory Provisions " Part Three, Chapter 11 "Risk Activities and Conflicts of Interest with Associated Parties", Section I "General Provisions" are adopted.

For the purposes of this Document, they are defined as:

**Independent Director:** the director who is not a counterparty or Associated Party or has an interest in the transaction pursuant to Article 2391 of the Italian Civil Code, who meets at least the independence requirements established by the Articles of Association of the respective Group Company and other Group Provisions, as identified by the respective Board of Directors.

The term 'independent directors' is also to be understood as referring to the "Associated Parties committee", if any, referred to in Section 8.2.

**Parent Company:** Banca Sella Holding S.p.A.

**Competent Department**<sup>7</sup> : the Department of the Parent Company or of another Group Company which, by virtue of its competence or attributions, is responsible for examining the dossier to be submitted to the deliberating Body for resolution. In the absence of any Directorate, reference is made to the General Management.

**Group Provisions:** the regulatory documents approved by the Board of Directors of the Parent Company, disseminated by the latter through the Regulatory Circular and implemented by the Boards of Directors of the Group Companies.

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<sup>7</sup> The definition takes into account the organisational structure represented by the Sella Group's organisation charts in which the activities of each company are divided into functional areas called, precisely, Departments.

**Corporate officers:** persons performing administrative, management and control functions at the parent company or other Group company. The definition includes, in particular, directors and auditors. The definition includes general managers, joint general managers and deputy general managers.

**Sella Banking Group:** this is the group consisting of Banca Sella Holding and the banking, financial and instrumental companies controlled by it.

**Supervised intermediaries:** *SIMs, EU investment firms, third-country firms other than banks, asset managers, as defined by the Consolidated Law on Finance, as well as foreign asset managers, electronic money institutions (Imel), financial intermediaries registered in the register provided for in Article 106 of the Consolidated Banking Act (TUB), and payment institutions* belonging to the Sella Group and which have an amount of own funds at an individual level exceeding 2 per cent of the amount of own funds at the consolidated level of the Group.

**Associated Party Transaction:** a transaction with an Associated Party that involves the assumption of risk assets, transfer of resources, services or obligations, regardless of whether a consideration is involved, including merger and demerger transactions.

Transactions with Associated Parties are not considered:

- i. those effected between members of a banking group when there is a relationship of control, including joint control, between them;
- ii. the remuneration paid to corporate officers, if it complies with the supervisory provisions on banks' incentive and remuneration systems;
- iii. intra-group transfer of funds or 'collateral' transactions implemented as part of the liquidity risk management system at consolidated level;
- iv. transactions to be carried out on the basis of instructions for stability purposes issued by the European Central Bank or the Bank of Italy, or on the basis of instructions issued by the parent company for the execution of instructions issued by the European Central Bank or the Bank of Italy in the interest of group stability.

**Transactions of Greater Significance:** transactions with Associated Parties whose countervalue in relation to own funds (consolidated, in the case of groups) is greater than the 5% threshold calculated according to the item "Asset Significance *Index*" in the specific TABLE A to the Prudential Supervisory Provisions. For acquisitions, mergers and spin-offs, the 5% threshold is to be calculated according to the "Asset Materiality Ratio" in the specific Annex to the Prudential Supervisory Provisions.

In the case of transactions that are homogeneous with each other or carried out in execution of a unitary design, carried out, during the financial year, with the same Associated Party, their value is aggregated for the purpose of calculating the materiality threshold.

**Transactions of minor significance:** transactions with Associated Parties other than those of greater relevance.

**Ordinary Transactions:** Transactions with Associated Parties, other than those of greater importance, falling within the company's ordinary operations and concluded at conditions equivalent to market or standard conditions, as better defined in points 8.7 and 9.1 above.

In defining such transactions, the competent Directorate assesses at least the following elements: traceability to ordinary activity, objectivity of the conditions, simplicity of the economic-contractual scheme, limited quantitative relevance, type of counterparty.

**Non-ordinary transactions:** Transactions with Associated Parties, other than those of major significance and ordinary transactions.

**Minor transactions:** transactions whose countervalue does not exceed the lower of EUR 1,000,000 or the amount corresponding to 0.05% of own funds at consolidated level.

**Intra-Group Transactions:** Transactions with Associated Parties with or between companies directly or indirectly controlled by the Parent Company and those with companies subject to significant influence.

**Decision-making body:** the corporate body vested by law, regulation, the articles of association or delegation with the power to decide on the specific Associated Party Transaction.

**Participant:** the entity required to apply for authorisations under Articles 19 et seq. of the Consolidated Banking Act.

**Related Parties:** the parties indicated below, by virtue of their relations with the Parent Company, with another Sella Group bank or with a supervised intermediary belonging to the Sella Group:

1. the corporate representative;
2. the participant;
3. the party, other than the participant, capable of appointing, alone, one or more members of the body with management functions or of the body with strategic supervision functions, also on the basis of agreements in any form stipulated or clauses in the articles of association having as their object or effect the exercise of such rights or powers;
4. a company or undertaking, including one incorporated in non-corporate form, over which the bank or a banking group company is able to exercise control or significant influence.

**Group Company:** the company controlled, directly or indirectly, by Banca Sella Holding S.p.A.

**Associated Parties:** the set consisting of a Related Party and all Connected Parties referred to it.

**Connected Parties :**

1. companies and undertakings, including those incorporated in non-corporate form, controlled by a Related Party;
2. parties controlling a Related Party among those listed in numbers 2 and 3 of the relevant definition, or parties subject, directly or indirectly, to common control with the same Related Party;
3. close relatives of a Related Party and companies or undertakings controlled by them;
4. entities over which one of the exponents, participants or a close family member of a Related Party exercises significant influence.

**Close relatives:** relatives up to the second degree and the spouse or more-uxorio cohabitee of a Related Party, as well as the latter's children.