

Remuneration Policy

Version: 1.0 (01.06.2026)

Riverty Bank S.A.

© Copyright Rivery Bank S.A. All rights reserved.

The present publication is protected by copyright.

All rights, in particular those pertaining to reproduction and distribution, as well as translation, remain reserved. No part of the documentation may be reproduced in any form (by photocopying, microfilm or any other method) nor processed, reproduced or distributed by means of electronic systems without the prior written agreement of Rivery Bank S.A..

The designations used in this publication are, in part, also registered trademarks of the respective providers and as such are subject to the legal provisions.

The information in this publication has been compiled with the highest diligence. However, there is no guaranty for the usability, correctness and completeness of the information. Rivery Bank S.A. is not liable for any damages that might be caused by the application of the information.

The information included in this documentation can be changed and supplemented during the course of further technical development without prior announcement.

History of document

Metainformation	
Version	No. 1.0
Document Approver Name	Board of Directors
Department Owner	Human Resources
Document Owner Name	Oliver Kuhaupt
Document Responsible Name	Mareen Wiemann
Geography Scope	Riverty Bank S.A.
Status	Approved
Classification of the document	Internal
Approval Date	16.07.2026
Effective Date	16.07.2026
Last Review Date	n/a
Next Review date	16.07.2027

Version history			
Version:	Date:	Author:	Amendments:
1.0	01.06.2026	Mareen Wiemann / Carlo Biondi	First version

Content

1. Introduction and objective of the document	5
1.1. Laws and EU relevant texts (including link)	5
1.2. CSSF Circulars.....	6
2. Scope of the Policy	7
3. Updating and decision-making process	7
4. Remuneration.....	7
4.1. General principles applicable to the variable remuneration component.....	9
4.2. Risk orientation	10
5. Remuneration Committee of the Bank.....	11
6. Remuneration systems	11
6.1. Remuneration of the Board of Directors	12
6.2. Remuneration of the Authorized Management.....	12
6.2.1. Fixed Remuneration Components.....	12
6.2.2. Variable remuneration components.....	12
6.3. Remuneration of executive employees	13
6.3.1. Fixed remuneration components	13
6.3.2. Variable remuneration components.....	13
6.4. Remuneration of employees covered by the CBA	14
6.4.1. Fixed remuneration components	14
6.4.2. Variable remuneration components.....	14
6.5. Remuneration of the Control Functions	14
6.5.1. Independence and authority.....	14
6.5.2. Remuneration oversight.....	15
6.5.3. Remuneration structure and components	15
7. Performance Measurement	15
7.1.1. Financial Goals for variable remuneration	16
7.1.2. Non-Financial Goals for the variable remuneration including ESG targets.	16
7.1.3. Individual performance for salary increases.....	16
8. Severance Payments	16
9. Governance.....	17

9.1. Role of the Board of Directors, of the Authorized Management and of the Remuneration Committee..... 17

9.2. Role of HR function 18

9.3. Role of the Compliance function..... 18

9.4. Role of the Risk Management function..... 19

9.5. Role of the Audit and Risk Committee 19

9.6. Role of the Internal Audit function..... 19

9.7. Resources and competency of Internal Control Functions..... 19

10. Conflicts of interest..... 20

11. Documentation and retention obligation 20

12. Disclosure..... 20

1. Introduction and objective of the document

Riverty Bank S.A. ("**Bank**") is a credit institution according to the law of 5 April 1993 on the financial sector, as amended ("**LFS**"), incorporated under Luxembourg law and subject to the supervision and regulation of the Commission de Surveillance du Secteur Financier ("**CSSF**").

In accordance with EBA Guidelines and CSSF legal framework as detailed hereunder concerning the remuneration policies applicable to credit institutions, the Bank establishes, implements and maintains this Remuneration Policy ("**Policy**") which is consistent with and promotes sound and effective risk management and does not induce excessive risk-taking.

This Policy is prepared in accordance with the following laws, regulations and CSSF circulars.

1.1. Laws and EU relevant texts (including link)

Publication date	Text (including link)
5 April 1993 - Updated on 29 September 2025	Law of 5 April 1993 (consolidated version) on the financial sector
9 June 2021	Commission Delegated Regulation (EU) 2021/923 of 25 March 2021 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards setting out the criteria to define managerial responsibility, control functions, material business units and a significant impact on a material business unit's risk profile, and setting out criteria for identifying staff members or categories of staff whose professional activities have an impact on the institution's risk profile that is comparably as material as that of staff members or categories of staff referred to in Article 92(3) of that Directive (Text with EEA relevance)
21 April 2021	Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council and repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295 (Text with EEA relevance)
20 May 2014	Commission Delegated Regulation (EU) No 527/2014 of 12 March 2014 supplementing Directive (EU) No 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the classes of instruments that adequately reflect the credit quality of an institution as a going concern and are appropriate to be used for the purposes of variable remuneration (Text with EEA relevance)
27 June 2013	Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC

REMUNERATION POLICY

	and repealing Directives 2006/48/EC and 2006/49/EC (Text with EEA relevance)
27 June 2013	Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Text with EEA relevance)
2 July 2021	Final report on Guidelines on sound remuneration policies under Directive 2013/36/EU (EBA/GL/2021/04)

1.2. CSSF Circulars

Publication date	Circular (including link)
31 January 2022	Circular CSSF 22/797 1) Application of the Guidelines of the European Banking Authority on sound remuneration policies under Directive 2013/36/EU (EBA/GL/2021/04) 2) Repeal of Circulars CSSF 17/658 and CSSF 11/505
21 October 2015	Circular CSSF 15/622 Higher ratio notification procedure applicable to remuneration policy according to Article 94(1)(g)(ii) of Directive 2013/36/EU ("CRD IV") following its transposition into Luxembourg law via Article 19(7°)(g) of the law of 23 July 2015 (the "Law")
1 February 2010	Circular CSSF 10/437 Guidelines concerning the remuneration policies in the financial sector

This Policy provides an overview of the remuneration system of the Bank. The Bank has adopted and documented a business and risk strategy. These strategies are also taken into account in the remuneration parameters for employees.

In addition, this Policy describes the objectives, principles, structure, processes and decision-making powers that govern the remuneration of all employees of the Bank at all organizational levels, including the Authorized Management and members of the Board of Directors. This Policy aims to ensure consistency with the relevant policies of the Bank's group, as well as alignment to, and compliance with, the remuneration requirements, as set out in the applicable rules and related guidance issued by the competent authorities.

The Bank's compensation philosophy respects the principle of equal pay for men and women and staff of any diverse gender for equal work or work of equal value and ensures that none of its compensation components is built around gender. Salary ranges and benefits are gender neutral, meaning that these are designed and determined in accordance with the value of the position of the relevant staff as documented in the staff job descriptions taking into account the professional

experience, the organizational responsibility, the tasks and duties assigned to the position as well as the type of activities and market data, all irrespective of the staff gender.

Variable compensation plans are gender neutral so that gender has no influence whatsoever on the eligibility, performance assessment criteria, award and pay-out condition or the amount awarded as variable remuneration.

In line with its commitment to equal pay and gender-neutral remuneration, the Bank also commits to the principles of the new EU Directive 2023/970 on pay transparency, which is expected to be transposed into Luxembourg law by June 2026. Should the Bank's workforce exceed the thresholds defined by the Directive in the future, it will fully comply with its obligations regarding the reporting and publication of gender pay gap data based on the required frequency.

2. Scope of the Policy

This Policy applies to all employees of Riverty Bank S.A., including (if any) branches and subsidiaries under Luxembourg jurisdiction. Specific provisions apply to all identified staff members ("Material Risk Takers" or MRTs), as determined under Article 38 – 5(2) LFS and Delegated Regulation (EU) 2021/923.

3. Updating and decision-making process

The Board of Directors is responsible for adopting, overseeing and approving this Policy. The Authorized Management is responsible for implementing the Policy in its management function.

The Remuneration Committee (please refer to paragraph 5 below) is responsible for preparing recommendations to the Board on remuneration and in particular for the Authorized Management members, supports the Board in overseeing the Policy, and ensures that the remuneration framework for staff in Control Functions preserves their independence and objectivity, considering the input and reports provided by all relevant functions and departments.

This Policy is reviewed, at least, annually, based on the input of internal Control Functions for compliance with policies and procedures, at the end of the year and adjusted if necessary. This Policy may be adjusted during the year to reflect relevant regulatory developments or changes in the Bank's situation, including its business or risk strategy, market environment, or emerging market trends, provided such adjustments remain consistent with regulatory requirements and the Bank's strategic direction.

4. Remuneration

The Bank's remuneration strategy aims to provide appropriate and fair compensation that is based on mechanisms that are as simple and transparent as possible. It is designed to promote sound and effective risk management while discouraging risk-taking that exceeds the level of tolerated risk of the Bank.

In the event of sustainable and risk-adjusted Bank performance, selected employees may be rewarded through a collectively structured variable remuneration scheme.

REMUNERATION POLICY

The remuneration system and the responsibilities for its organisation, review and implementation are listed below.

The Bank is required to establish a list of staff whose professional activities have a material impact on its risk profile (**MRTs**) in accordance with Article 38-5 (2) of the LFS and Commission Delegated Regulation (EU) 2021/923 of 25 March 2021 (“the **Commission Delegated Regulation**”) supplementing Directive 2013/36/EU.

In this respect, staff whose professional activities have a material impact on the Bank’s risk profile within the meaning of Article 38-5 (2) of the LFS shall, at least, include:

- all members of the Board of Directors and Authorized Management;
- staff members with managerial responsibility over the Bank’s Control Functions or material business units;
- staff members entitled to significant remuneration in the preceding financial year, provided that the following conditions are met:
 - the staff member’s remuneration is equal to or greater than 500,000 euros and equal to or greater than the average remuneration awarded to the members of the Bank’s Board of Directors and Authorized Management;
 - the staff member performs the professional activity within a material business unit and the activity is of a kind that has a significant impact on the relevant business unit’s risk profile.

In addition, the Bank shall use the qualitative and quantitative criteria set out in Commission Delegated Regulation to identify staff members that have a material impact on the Bank’s risk profile and thus qualify as MRTs.

The provisions of Paragraph 7 shall apply to the remuneration of all MRTs identified by the Bank.

The current Material Risk Takers of the Bank are depicted in the following table:

Headcount	Description
8	Members of the Board of Directors, including: ▪ five Non-Executive Directors; ▪ one Independent Non-Executive director; and ▪ two Executive Directors (Members of the Authorized Management)
2	Employees with a significant influence on the Risk Profile of the Bank namely: the CRO and the CCO

The Bank will conduct and document annually a self-assessment to identify all staff whose professional activities have or may have a material impact on the institution’s risk profile according to the qualitative and quantitative criteria as set by the Art 5 and 6 of the Commission Delegated Regulation. This is documented in the Governance chapter below.

4.1. General principles applicable to the variable remuneration component

The variable remuneration of MRTs should be aligned to all risks and the performance of the Bank, the business unit and the individual (which are determined by reference to the determined target bonus amount (where applicable) and subject to any (negative) discretionary adjustment (clawback/malus)). The relative importance of each level of the performance-based components should be determined beforehand and adequately balanced to take into account the objectives at each level, the position or responsibilities held by the relevant employee, the business unit in which he or she is active and current and future risks relating to the underlying performance, as well as the cost of the capital employed and liquidity required.

The Bank adheres specifically to the following principles when determining the variable component of the remuneration of all MRTs, including the members of the Authorized Management:

- the total variable remuneration shall not limit the ability of the Bank to strengthen its capital base;
- the maximum ratio between the fixed and the variable component of the total remuneration is 100%;
- the maximum ratio of 100% can only be exceeded if:
 - the overall level of the variable component does not exceed 200 % of the fixed component of the total remuneration for each MRT, as provided by Art. 38-6 (1)(g) of the LSF and
 - when the performance of the concerned MRT is above target or exceptional, as provided by § 211 of the EBA Guidelines;
- under no circumstances shall variable components exceed 200% of the fixed component of the total remuneration for any individual;
- all variable components are approved by the Remuneration Committee under the conditions set out in Article 38-6 (1) (g) (ii) of the LSF and CSSF Circular 15/622;
- the Bank publishes, in its Pillar III report as required by Regulation (EU) Nr. 575/2013, a remuneration report that discloses all paid out variable remuneration and the ratio of variable to fixed remuneration;
- the total variable remuneration shall generally be considerably contracted where subdued or negative financial performance of the Bank occurs, considering both current remuneration and reductions in payouts of amounts previously earned, including through malus or clawback arrangements. Up to 100% of the total variable remuneration may be subject to malus or clawback arrangements; The Bank shall set specific criteria for the application of malus and clawback, including situations where the staff member:
 - participated in or was responsible for conduct which resulted in significant losses to the Bank.
 - failed to meet appropriate standards of fitness and propriety
- guaranteed variable remuneration does not occur; as an exception, a sign-in or a welcome package (one-off payment or agreed cash bonus in relation to the first year of employment) may be granted for the sole purpose of securing the services of new Staff Members in competitive market environments. Such a welcome package, if any, is strictly

limited to the first year of their employment and may only be allocated with the explicit approval of the Board of Directors.

- remuneration packages relating to compensation or buy-out from contracts in previous employment must align with the long-term interests of the Bank;
- all variable components are paid out in cash and not via instruments or via methods whose aim is to circumvent the applicable regulatory requirements and restrictions.
- no member of the Authorized Management has individual bonus incentives to take on a higher risk profile, as all targets for the entire Bank's group are measured collectively. All paid out variable remuneration to the Authorized Management, as for any MRT, is proposed by the Remuneration Committee and approved by the Board.

The targets for the variable pay are set in accordance with the long-term success of the Bank. The Bank has established and applied its Remuneration Policy in a manner and to the extent that is appropriate to its size, internal organization and the nature, scope and complexity of its activities. Based on this assessment and in accordance with the provisions of Articles 38-6(2) and (3) and 38-9 of the LSF and §52 of EBA Guidelines EBA/GL/2021/04, the Bank reached the conclusion that it can benefit from the proportionality principle.

Hence, the Bank has decided to neutralize the following principles applied to variable remuneration described in art. 38-6 (1) of the LFS:

- having a substantial portion of the variable remuneration component consisting of financial instruments
- deferring a substantial portion of the variable remuneration for a period of 4-5 years
- retention period of 12 months of such financial instruments

Should the annual self-assessment not meet the criteria for applying the proportionality principles, the Bank will comply with requirements as per the law.

4.2. Risk orientation

The fixed remuneration is the primary component of remuneration for all employees. Risk costs are taken into account for all variable remuneration elements. Earnings figures that could be included in the bonuses as target figures for the Bank results are only considered after risk adjustment.

The use of hedging strategies, remuneration- and liability-related insurance or any other method or arrangement, to undermine the risk alignment effects embedded in this Policy is forbidden. Employees undertake not to use personal hedging strategies or remuneration- and liability-related insurance.

The Bank is integrated into the Bertelsmann Group's compliance structure. This ensures that the requirements for risk orientation are met. Separate declarations of commitment etc. are not obtained in view of the lack of a stock exchange listing or classification as a significant credit institution.

5. Remuneration Committee of the Bank

Although the Bank is not significant in terms of its size, internal organization and the nature, the scope and the complexity of its activities, the Board of Directors of the Bank has decided pursuant to this policy to establish a dedicated Remuneration Committee in order to promote sound and effective risk management in relation to its remuneration practices and to align with relevant group practices. The remuneration proposals are prepared by the supporting HR function and Internal Control Functions are involved in reviewing the Remuneration Policy to ensure alignment with the institution's risk management strategy and regulatory framework, as further detailed in paragraph 9.

The Remuneration Committee is composed of:

- Three non-executive directors, of which a chairperson appointed by the Board of Directors
- The staff delegate, as required by Luxembourg labour law.

The Remuneration Committee shall meet at least twice a year. All decisions and/or opinions will be recorded in writing.

The HR lead of the Bank's shareholder (to which the HR function has been outsourced) will take part in the activities of the Remuneration Committee in an advisory capacity only. The HR lead will support and prepare materials that will inform the propositions of the Remuneration Committee and hence can be invited to the meetings and discussions but cannot officially take or vote decisions of the Committee.

6. Remuneration systems

All employees have a monthly base salary. The amount depends on the position and is set by the Authorized Management according to the (i) collective bargaining agreement (CBA) for banks in Luxembourg for junior and mid-senior staff and (ii) prevailing market conditions for executive employees within the meaning of Art. L. 162-8 of the Labor Code, who are not in the scope of the CBA.

The base salary is generally adjusted once a year in line with the CBA and the Bank's financial results, and, from time to time, as a result of mandatory wage indexation adjustments. The Authorized Management negotiates the amount and method of further adjustment with the staff delegation (if any). Individual adjustments during the year are only provided for exceptional cases and require the explicit authorization of the Authorized Management.

In addition to the base salary, selected employees are also eligible for variable remuneration.

The Bank has identified the following employee groups:

- Members of the Board of Directors
- Members of the Authorized management
- Executive employees, within the meaning of Art. L. 162-8 of the Labor Code
- Staff who are included in the CBA

Specifications for the individual employee groups are provided in the following sub-chapters.

6.1. Remuneration of the Board of Directors

The non-executive Members of the Board of Directors are employed by other entities of the group and as such only receive a fixed remuneration component from the Bank.

The independent Member of the Board of Directors receives only a fixed remuneration set by the shareholder taking into account his/her professional experience and expected added value to the work of the Board.

The Remuneration Committee is responsible for proposing the remuneration of the non-executive and independent Directors with the final approval of the shareholder.

6.2. Remuneration of the Authorized Management

Remuneration consists of fixed and variable components. The amount of each is set by the Remuneration Committee, depending on the position. The remuneration of the Authorized Management is directly overseen by the Remuneration Committee. Therein the Remuneration Committee is supported by the HR function.

6.2.1. Fixed Remuneration Components

6.2.1.1. Base Salary

The fixed remuneration components consist of the base salary. The annual base salary is delivered in 12 monthly instalments. The amount is set by the Remuneration Committee which considers market-appropriate rates for the specific skills and experience the position holder brings to the position. It is reviewed once a year in accordance with the financial situation of the Bank. The review is conducted by the Remuneration Committee who are supported by the HR function.

6.2.1.2. Benefits

Benefits form a part of fixed remuneration. Following is a summary of the main benefits the Bank provides:

- Life and Disability Insurance
- Personal company car or a monthly waiver payment at a standard market rate
- Access to RTL's canteen at the company's premises
- Gym membership discount
- Access to the Employee Assistance Program (EAP – an online mental health service)

6.2.2. Variable remuneration components

The variable remuneration of the Authorized Managers of the Bank may consist of two parts: a yearly Bonus, the Short-Term Incentive Program ("**STIP**") and a bonus scheme that measures the long-term success over three years, the Long-Term Incentive Program ("**LTIP**"). At a potential maximum, both variable components together never make up more than 200% of the (yearly) base salary of a member of the Authorized Management.

6.2.2.1. Short-Term Incentive Program (STIP)

The targets for the **STIP** are set by the Remuneration Committee at the beginning of the financial year and consist of financial and non-financial targets. ESG targets will be part of the non-financial targets. The final assessment is done by a predefined score card. The non-financial targets also

encourage behaviour that supports the successful achievement of the Bank's climate-related and environmental (risk) objectives.

The pay-out is between 0-100% of the individually contractual set maximal bonus. The Board of Directors measures the target achievement according to the audited annual financial statements of the given financial year. The **STIP** does not allow for overperformance to not incentivize risk seeking and cannot be paid out if the targets are not met.

The maximum amount of the possible bonus is defined in the individual contract and is between 10% and a maximum of 100% of the individual's (yearly) base salary.

6.2.2.2. Long-Term Incentive Program (LTIP)

The **LTIP** can be awarded discretionally to a member of the Authorized Management by the Remuneration Committee. Eligibility for participation is defined and decided annually. If awarded, this instrument measures the long-term cumulative earning achievement of the entire group (Riverty, the parent company of the Bank) over three years.

The maximum bonus amount from the **LTIP** is defined in the awarded contracted addition and the maximum pay-out does not exceed 100% of the (yearly) base salary. The **LTIP** does not allow for overperformance to not incentivize risk seeking and cannot be paid out if the targets are not met. There is no guaranteed pay-out.

6.3. Remuneration of executive employees

Employees who are classified as "executives" referred to in Art. L. 162-8 of the Labor Code ("*cadres supérieurs*") but are not members of the Authorized Management of the Bank are remunerated according to the following principles. The Authorized Management determines the level of remuneration, base salary and maximum bonus. It is reviewed once a year in accordance with the financial results of the Bank. The review is conducted by the Authorized Management, with the support of the HR function.

6.3.1. Fixed remuneration components

6.3.1.1.1. Base Salary

The base salary is the main fixed remuneration component. The annual base salary is delivered in 13 monthly instalments. The amount is set by the Authorized Management in line with appropriate market rates for the specific skills and experience the individual brings to the position.

6.3.1.1.2. Benefits

Benefits are another component of fixed remuneration. Following is a summary of the main benefits the Bank provides:

- Life and Disability Insurance
- Access to RTL's canteen at the company's premises
- Gym membership discount
- Access to the Employee Assistance Program (EAP – an online mental health service)

6.3.2. Variable remuneration components

The Authorized Management may decide to allocate an annual bonus to executive employees, based on available liquidity and performance of the staff (scorecard). The maximum amount is set

by the Authorized Management. Factors leading to the determination of this amount include the Bank's financial performance, the business unit's performance and the individual performance of the employee, using a scorecard approach. The bonus is cancelled if the defined targets are not achieved and does not allow for overperformance.

6.4. Remuneration of employees covered by the CBA

The Authorized Management determines the level of remuneration, base salary and maximum bonus, taking into account the minimum remuneration requirements of the CBA. The review is conducted by the Authorized Management, with the support of the HR function.

6.4.1. Fixed remuneration components

6.4.1.1. Base Salary

The fixed remuneration components consist of the base salary. The annual base salary is delivered in 13 monthly instalments. The amount is set by the Authorized Management in line with appropriate market rates for the specific skills and experience the individual brings to the position. It is reviewed once a year in accordance with the economic situation of the Bank.

6.4.1.2. Benefits

Benefits form a part of the fixed remuneration. Following is a summary of the main benefits the Bank provides:

- Life and Disability Insurance
- Access to RTL's canteen at the company's premises
- Gym membership discount
- Access to the Employee Assistance Program (EAP – an online mental health service)

6.4.1.3. Loyalty Bonus

Based on their tenure, employees receive a loyalty bonus in accordance with the terms of the collective bargaining agreement in force with the Bank, and as long as this collective bargaining agreement is in force and applicable to the Employee. The first payout happens in the year following completion of two years of tenure with the Bank.

6.4.2. Variable remuneration components

The Authorized Management may decide to allocate an annual bonus to staff who are part of the CBA, based on available liquidity and performance of the staff, (scorecard). The maximum amount is set by the Authorized Management. The variable compensation of employees in the internal Control Functions who are part of the CBA must in any case comply with paragraph 6.5 hereafter.

6.5. Remuneration of the Control Functions

6.5.1. Independence and authority

Employees of the Control Functions are independent from the business units they oversee and have appropriate authority to carry out their responsibilities effectively. Their remuneration is designed to reflect this independence and is linked to the achievement of objectives related to their control responsibilities, without being influenced by the performance of the business units under their supervision.

6.5.2. Remuneration oversight

The Remuneration Committee is responsible for overseeing the remuneration of officers in Control Functions, i.e. Risk Management and Compliance and Internal Audit (insofar the latter function is not outsourced), ensuring that remuneration arrangements align with regulatory standards and the Bank's governance framework.

6.5.3. Remuneration structure and components

Fixed Remuneration: The remuneration of Control Function employees primarily consists of fixed components, reflecting their responsibilities and the importance of maintaining independence and objectivity. This fixed remuneration aims to attract and retain qualified and experienced personnel necessary for effective control oversight.

Variable Remuneration: If variable remuneration is provided, it is evaluated and determined separately from the business units controlled, ensuring it does not directly depend on the financial performance of those units. Performance criteria for variable remuneration focus on Control Function objectives such as audit findings, risk indicators, compliance performance, and related measures.

The proportion of variable to fixed remuneration for Control Function employees must be significantly lower than that applied to business units, to avoid incentives for excessive risk-taking or conflicts of interest.

Variable remuneration may also consider the overall performance of the Bank but remains secondary to control-related performance factors.

7. Performance Measurement

The relevant remuneration performance measurement is divided into the following three parts, depending on the group to which the employee belongs:

- Financial goals
- Non-financial goals
- Individual performance

All three parts determine the overall bonus pool of the Bank that is then cascaded to units and individuals based on their performance and the scorecard established with weightings for those financial and non-financial KPIs (behavioural and compliance KPIs, such as ensuring adherence to policies, deadlines, mandatory trainings, etc.). All goals are set in a multi-year performance framework in order to ensure that the assessment is based on longer term performance and that the payment of performance-based components of remuneration is spread over a period which considers the underlying business cycle and the business risks of the Bank, according to Article 38-6(1)(b) of the LFS and §214, §229-230 of the Guidelines.

7.1.1. Financial Goals for variable remuneration

These goals are measured by the yearly audited annual report for the whole group to which the Bank belongs.

The financial goals make up 70% of the target bonus. The KPI measured is the Profit before Value added Service Charge and is measured against the budget plan / the regulatory business case.

The Remuneration Committee approves the resulting target achievement considering special effects that could increase or decrease the result.

7.1.2. Non-Financial Goals for the variable remuneration including ESG targets.

Non-Financial goals make up 30% of the target bonus. The goals are set by the Remuneration Committee and include:

- achievement of strategic targets defined by the Board of Directors,
 - customer satisfaction
 - adherence to risk management policy
 - compliance with internal and external rules,
- leadership, teamwork, creativity, motivation and cooperation with other business units, internal control and corporate functions.

The goals are selected for the specific position the bonus recipient holds (i.e. goals for CEO differ from goals for CFO).

For ESG targets the ESG reporting provides the relevant target achievement.

7.1.3. Individual performance for salary increases

Next to other factors such as the financial situation of the Bank, the internal salary structure and the general market movement, individual performance is one aspect in determining potential individual increases. To measure the individual performance, individual targets are agreed by each employee and their supervisor at the beginning of the year. At the start of the following year, the supervisor and the employee measure the agreed targets together, giving the employee a performance rating of either (in ascending order) insufficient, inconsistent, successful, excellent or outstanding.

Individual performance is not assessed solely based on personal financial results; the Bank recognizes that individual contribution is an integral part of the performance-based remuneration process. These are assessed alongside the financial and non-financial results of the Bank. In line with Article 38-6(1)(a) of the LFS, all performance evaluations used for variable remuneration consider both financial and non-financial criteria and are applied to all MRTs.

8. Severance Payments

Severance payment may be granted in a mutual agreement to terminate an existing work contract. Severance payments can never reward the failure of either the Bank or of the staff identified as MRT. Situations where the failure of an MRT occurs include:

- a member of the management body is no longer considered as meeting appropriate standards of fitness and propriety;

- the identified staff member participated in or is responsible for conduct which resulted in significant losses for the Bank;
- an identified staff member acts contrary to internal rules, values or procedures based on intent or gross negligence

Severance payments are payable in accordance with applicable local labour law. Severance payments to MRTs exceeding the legal amounts prescribed by the labour law may require approval of the Board of Directors.

In case of a severance payment, the Bank must be able to demonstrate to the CSSF the reasons for the severance payment, the appropriateness of the amount awarded and the criteria used to determine the amount, including that it is linked to the performance achieved over time and that it does not reward failure or misconduct, as described above.

Additionally, the severance payment shall not be taken into account for the purpose of the calculation of the ratio between fixed and variable remuneration in the scenarios referred to in point 172 of the EBA Guidelines EBA/2021/04.

9. Governance

The Bank acknowledges the critical role played by the Remuneration Committee, the HR function and Control Functions, i.e. Risk Management, Compliance, and Internal Audit, in ensuring that the remuneration practices are designed, implemented, and supervised in a manner consistent with the Bank's risk appetite, regulatory obligations, and sound governance principles. The role of each function in the remuneration framework is detailed in the following paragraphs.

As a rule, the Control Functions are not directly involved in the remuneration negotiations/agreements of individual employees but may request access to confidential information in the performance of their duties.

9.1. Role of the Board of Directors, of the Authorized Management and of the Remuneration Committee

The Board of Directors has the ultimate responsibility for the identification process of MRT's described under paragraph 4 and the respective policy. The Board shall:

- approve the identification process as part of the remuneration policy;
- be involved in the design of the self-assessment;
- ensure that the assessment for the identification of staff is performed properly in accordance with relevant legal and regulatory requirements;
- oversee the identification process on an ongoing basis;
- approve any material exemptions from or changes to the adopted policy and carefully consider and monitor their effect;
- approve or oversee any exclusion of staff where the institutions deem that the quantitative criteria defined in the Commission Delegated Regulation are not met by the staff, as they in fact do not have a material impact on the Bank's risk profile; and
- periodically review the approved policy and, if needed, amend it.

The Authorized Management is responsible for the effective implementation of the remuneration policy as approved by the Board of Directors, ensuring its consistent application in daily operations and alignment with the institution's risk framework. The Authorized Management reports regularly to the Remuneration Committee and to the Board on the Policy's application and effectiveness, providing input for any necessary reviews or adjustments.

As described in paragraph 5, the Remuneration Committee:

- is responsible for ensuring that the principles of this Policy are implemented and for proposing decisions on remuneration that are ultimately approved by the Board of Directors;
- must be actively involved in the identification process of MRTs;

The Remuneration Committee relies on the expertise of the relevant support and internal Control Functions, as described hereafter.

9.2. Role of HR function

HR provides input to the design, review, and evaluation of the Bank's remuneration structure, ensuring it remains competitive, gender neutral, and aligned with the Bank's strategy and risk profile. HR is also responsible for coordinating the performance assessment process, and proposing updates to the incentive schemes, and identifying the list of MRTs, in collaboration with the Control Functions, as detailed below. These responsibilities are reviewed and carried out proportionately to the Bank's size, complexity, and business activities.

The HR function, with the support of the compliance function, is responsible for implementing the Remuneration Policy and its related procedures in compliance with applicable legal and regulatory requirements. To this end, the HR function prepares a remuneration report on the remuneration of the Authorized Management and all bonuses paid out as well as the release of newly earned bonuses that is submitted once a year or upon request to the Remuneration Committee.

9.3. Role of the Compliance function

Pursuant to points 36 and 41 of the EBA Guidelines, the Compliance function evaluates the implementation of the Policy and how it aligns with applicable laws, regulations, internal policies, and the Bank's risk culture. It is responsible for identifying and reporting compliance risks or breaches related to remuneration arrangements to the Management. These findings must be taken into account during the approval and oversight of the Remuneration Policy. Specifically, the Compliance function participates in the annual identification process based on information provided by the HR function and ensures:

- The accuracy and completeness of the list of MRTs established by the HR function, based on the relevant qualitative and quantitative criteria described in paragraph 4
- That the ratio between the fixed and variable remuneration components for all MRTs does not exceed 100% or, in the unlikely event that it does, ensure that the notification process to the CSSF is completed in line with Article 38-6(g)(ii) of the LFS and CSSF circular 15/622.

The Compliance function shall communicate the results of its review to the Remuneration Committee.

9.4. Role of the Risk Management function

Pursuant to points 36 and 40 of the EBA Guidelines, the Risk Management function provides essential input to the Remuneration Committee regarding the definition of risk-adjusted performance metrics used in the determination of variable remuneration. This includes advising on suitable ex post risk adjustments and assessing how the remuneration structure influences the Bank's overall risk profile and risk culture. The Risk Management function is actively engaged in validating risk adjustment data and participates in discussions with the Board of Directors where remuneration decisions with risk implications are discussed.

9.5. Role of the Audit and Risk Committee

The Bank's Audit and Risk Committee has an advisory and oversight role in relation to the risk-related aspects of this Policy. It does not decide on, or approve, individual or collective remuneration awards.

The Audit and Risk Committee:

- reviews at least annually whether this Policy and its implementation are consistent with the Bank's risk appetite, risk profile, capital and liquidity position, as defined in the Bank's risk management framework and in line with applicable laws and regulations,
- provides its opinion and recommendations to the Remuneration Committee and the Board of Directors on whether the structure of variable remuneration, including deferral, malus and clawback, and the risk-adjusted performance metrics used, appropriately reflect current and future risks;
- informs the Remuneration Committee of any material misalignment identified between risk-taking behaviour, the Bank's risk appetite, and remuneration outcomes.

The Audit and Risk Committee's role complements that of the Remuneration Committee and the Risk Management function and does not limit or duplicate the Remuneration Committee's responsibilities for the design, implementation and oversight of this Policy.

9.6. Role of the Internal Audit function

Pursuant to point 42 of the EBA Guidelines, the Internal Audit function, currently outsourced to a reputable external service provider, performs an independent review of the Policy's design, implementation, and impact on the Bank's risk profile on an annual basis. It provides assurance to the Board of Directors on the correct implementation of this Policy by assessing whether the remuneration practices are consistent with regulatory requirements and internal governance standards, reporting findings and recommendations to the Audit Committee and the Management. The Board remains ultimately responsible for its quality, independence, and compliance with regulatory requirements.

9.7. Resources and competency of Internal Control Functions

Control Functions receive sufficient resources, expertise, and authority to perform their duties related to remuneration practices, this Policy and risk oversight effectively. These functions work collaboratively and regularly with each other to manage risks linked to remuneration practices.

10. Conflicts of interest

This Policy seeks to prevent conflicts of interest between the interests of the Bank or certain persons connected to the Bank or the Bank's group and the duty that the Bank owes to a client; or between the differing interests of two or more of its clients, to each of whom the Bank owes a duty.

The Bank's Remuneration Policy is designed to align staff incentives with the Bank's long-term interests and sound risk management, to avoid conflicts of interest. Hence the Remuneration Policy principles are designed to ensure that no material conflicts of interest arise for staff, including for staff in Control Functions, by:

- Remuneration supports the Bank's strategy, values, and sustainable performance, discouraging short-term risk-taking.
- Control Functions are remunerated independently of the performance of the business areas they supervise. Financial targets are not applied to their remuneration.
- Remuneration decisions are based on function, individual performance, contribution to the Bank's success, and adherence to internal policies. Variable pay is awarded based on performance adjusted for current and future risks, including capital and liquidity.
- Board of Directors and Authorized Management oversee the implementation of the Policy and ensure that remuneration remains aligned with the Bank's risk profile and long-term goals.
- The Bank ensures equal pay for equal work or work of equal value, regardless of gender, in line with EU legislation.

11. Documentation and retention obligation

This Policy, as well as any future changes and the decision-making process for adjusting the Remuneration Policy, is stored in electronic form on the servers of the Bank. In addition, the annual remuneration reports on the remuneration of the Authorized Management and the bonuses paid are stored electronically for at least seven years.

12. Disclosure

The staff of the Bank have access to the Remuneration Policy of the Bank at all times via the intranet. They are informed about the characteristics of their variable remuneration, as well as the process and criteria that will be used to assess the impact of their professional activities on the risk profile of the Bank and their variable remuneration. In particular, the appraisal process with regard to the individual's performance shall be properly documented and should be transparent to the staff concerned.

Once a year, as a part of the Pillar III disclosure, a dedicated chapter for remuneration is published on the Bank's website: <https://www.riverty.com/en/bank/regulatory/>. The chapter on remuneration points out the essentials of this Policy and the sum for fixed and variable remuneration paid for the Material Risk Takers of the Bank as well as the Board of Directors.