



Banco di Desio e della Brianza SpA

ANNUAL REPORT ON THE 2022 REMUNERATION POLICY AND ON REMUNERATION PAID IN 2021 (BoD meeting held on 24 February 2022)

BANCO DI DESIO E DELLA BRIANZA S.p.A.
Registered office in Via Rovagnati, 1 – 20832 Desio (Monza and Brianza)
Tax Code No. 01181770155
Enrolled in the Monza and Brianza Business Register
Share capital Euro 70,692,590.28 fully paid-up
Member of the Interbank Deposit Protection Fund
and the National Guarantee Fund
Registered in the Register of Banks at ABI Code No. 3440/5
Parent Company of the Banco di Desio e della Brianza Banking Group
Entered in the Banking Group Register under No. 3440/5

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Introduction: legislative references, changes introduced in the 2022 policy and structure of the document

1. Legislative references

This Report is prepared for public disclosure purposes pursuant to the Bank of Italy's Supervisory Provisions on remuneration and incentive policies and practices in banks and banking groups issued on 25 November 2021 with the 37th update of Circular No. 285/2013 and published in the Italian Official Gazette General Series No. 289 dated 4 December 2021 (update mainly aimed at the alignment of the Italian regulatory framework to CRD V and to the EBA Guidelines of 2 July 2021 on sound remuneration policies pursuant to Directive 2013/36/EU), Consob resolution No. 18049 dated 23 December 2011, updated with the amendments made by Italian Legislative Decree No. 49 dated 10 May 2019, (Articles 114-bis and 123-ter CBA, relating to "*Disclosure to the market on the allocation of financial instruments to corporate officers, employees and contractors*" and to the contents of the "Report on remuneration policy and remuneration paid") and the update of the Issuers' Regulation published by Consob on 11 December 2020 (Articles 84-bis, 84-quater and Enclosure 3A), which completes the transposition in Italy of the rules defined by the SHRD (Directive 2017/828/EU dated 17 May 2017).

The regulatory framework also includes:

- the Corporate Governance Code for Listed Companies, which requires the approval of a policy on the remuneration of Directors and Managers with Strategic Responsibilities and Control Bodies;
- the provisions resulting from the implementation of the MiFID directives aimed at ensuring compliance with the rules of fairness and transparency in the provision of investment services and the handling of potential conflicts of interest (joint Bank of Italy-Consob communication dated 29 January 2014 "*Implementation of the guidelines issued by ESMA on remuneration policies and practices (MiFID)*");
- the Bank of Italy provisions on the marketing of banking products and services (update published by the Bank of Italy on 19 March 2019);

the Consob Communication dated 19 June 2014 on the information to be provided to the public on remuneration and benefits granted to Executive Directors and General Managers;

- the EBA Guidelines on Remuneration Policies (Directive 2013/36/EU of the European Parliament and of the Council dated 26 June 2013 on the access to the activities of credit institutions and the prudential supervision of credit institutions and investment companies - so-called CRD IV);

- the EBA Guidelines on Remuneration Policies and Practices for the sale and supply of retail banking products and services;
- the European Commission Delegated Regulation No. 923/2021 related to the technical standards for the identification of identified staff ;
- EU Delegated Regulation No. 527/2014 on standard regulatory requirements for classes of instruments useful for variable remuneration purposes;
- EU Delegated Regulation No. 575/2013 of the European Parliament and of the Council on public disclosure - so-called CRR;
- Directive 2017/828 of the European Parliament and of the Council dated 17 May 2017 on the fostering of a long-term commitment by the Shareholders.

In view of its size, as from this year the Banco Desio Group (hereinafter also referred to as the "Group"), pursuant to the new provisions issued by the Bank of Italy, ranks among the "non-smaller"¹ banks and therefore applies the entire set of rules.

The Group's remuneration policies contained in this document define the guidelines applicable to all companies falling within the scope of the Banking Group and provide detailed information for the company Banco di Desio e della Brianza SpA.

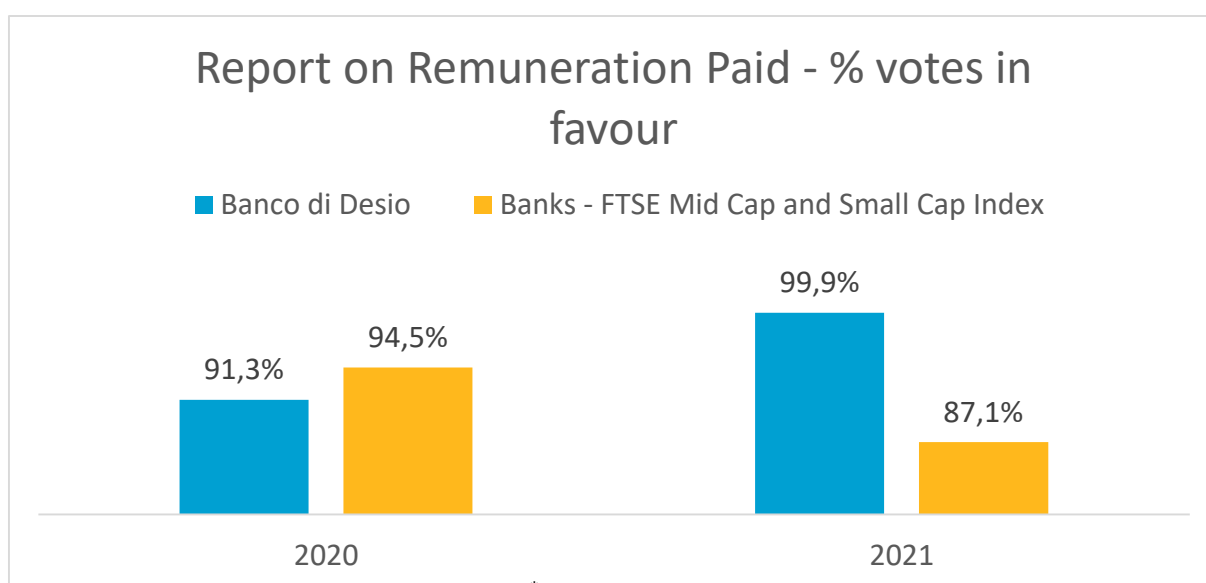
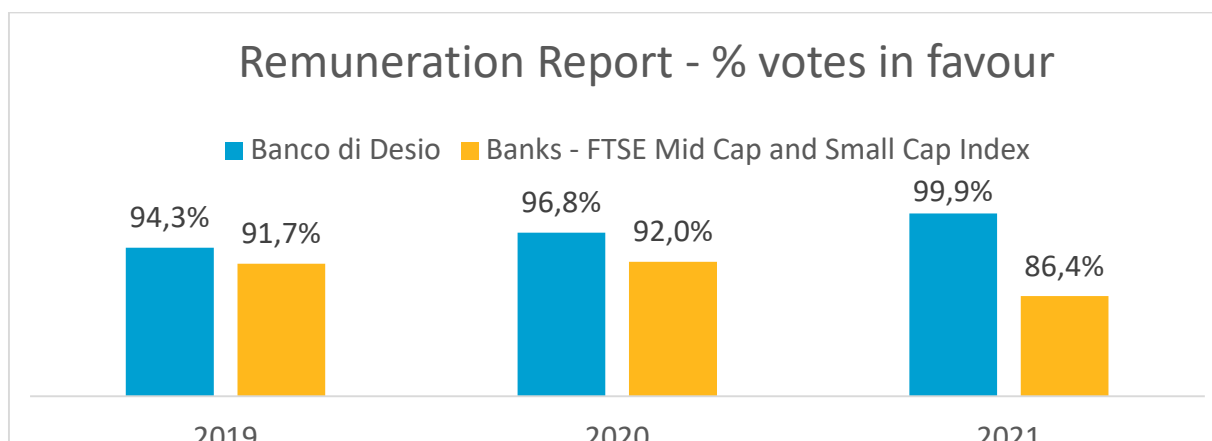
The Group's current structure is represented in the following chart.



¹ That is, banks whose balance sheet assets are, on an individual basis, equal to or less than 5 billion Euros, calculated as the average of the four years immediately preceding the current financial year, and which do not belong to a group with consolidated balance sheet assets of 30 billion Euros or more.

2. Changes with respect to the 2021 remuneration policy and duration

The Shareholders' Meeting of 15 April 2021 approved the Group Remuneration Policy (Section I) with 99.9 per cent of the votes in favour of the shares represented at the Shareholders' Meeting, a figure further improved from 2020 and well above the average for Small Cap and Mid Cap listed banks.



The 2022 remuneration policy confirms the Group's guidelines, which provide that the remuneration systems adopted shall be, in the interest of all stakeholders and in compliance with the instructions of the Supervisory Body, aligned with the company's strategy and objectives, including sustainable finance objectives that take into account, among other things, environmental, social and governance (ESG) factors, sustainable over the long term, linked with the company's results appropriately adjusted to take into account all risks, consistent with

the levels of capital and liquidity needed to fund the activities undertaken and, in any case, such as to avoid incentives that may give rise to conflicts of interest and lead to excessive risk-taking.

In continuity with the year 2021, the Remuneration Policy for 2022 defines the objectives in a way that is closely integrated with the actions of the Business Plan in a medium-long term perspective, balancing economic-financial aspects and strategic actions consistent with the social responsibility that distinguishes the Desio Group.

Similarly, with a view to increasing transparency and disclosure to the market and taking into account the provisions introduced by the Issuers' Regulation, section II is supplemented with detailed information on the correlation between the results achieved and the definition of variable remuneration.

In summary, the main changes introduced in the 2022 Remuneration Report with respect to the remuneration policy approved by shareholders in 2021 concern the changes mainly related to the need to apply the full set of rules for "non-smaller" banks in compliance with the new regulations, and consist of

- new payout schemes for the identified staff, with:
 - extension of the deferral scheme to four years (or five in the case of particularly high variable remuneration);
 - reduction of a portion of the bonus (50% of the up-front and deferred component) to Phantom Shares
- consistently with the new payout schemes that provide for a bonus component paid in financial instruments, the remuneration plan in financial instruments related to the "2022 Incentive Scheme based on the assignment of Phantom Shares" pursuant to Article 84-bis of the Issuers' Regulation and the related disclosure document pursuant to Article 114-bis of the Consolidated Finance Act (Information to the market on the assignment of financial instruments to company representatives, employees or collaborators) will also be subject to resolution by this Shareholders' Meeting
- definition, in addition to the materiality threshold of 50,000 Euros, in line with the maximum limits provided for by the new provisions (i.e. up to a maximum of 50,000 Euros provided that one third of the total remuneration is not exceeded) of a second, more prudential threshold of 30,000 Euros
- extension of the incentive system to office managers as well, with a view to increasingly linking remuneration to performance (pay-for-performance)
- in continuation of the path already started, introduction of additional safeguards to ensure gender neutrality of remuneration policies.

Below are the elements of the 2022 remuneration policy in continuity with that of 2021:

- formalisation of a "top-down" approach to defining the overall Bonus Pool, closely correlated to the level of RORAC compared to the budget, as a further strengthening of the alignment between the overall variable remuneration system and income results that take into account the risks undertaken, in addition to capital soundness and liquidity.

The structuring of a qualitative/quantitative objectives scorecard is also confirmed for 2022, and also extended to Office Managers.

In line with the social responsibility that characterises the Group's long-term strategy, the ESG objectives pursued are clearly specified, with particular reference to environmental sustainability, inclusive management policies, internal customer satisfaction and launch of green products. The remuneration policy has an annual duration and was drafted by Banco Desio with the support of Willis Towers Watson, a leading consulting firm specialised in this field.

3. Document structure

This document is structured into two sections:

- report on the 2022 remuneration policy
- report on remuneration paid in 2021.

The first section explains how the Remuneration Policy contributes to the company's strategy, to the pursuit of the Group's long-term interests and to the sustainability of the Group, as well as the company's policy on the remuneration of the members of corporate bodies, of the Managing Director/General Manager, of the remaining Identified Staff and of other staff.

Section I also illustrates the severance policies and, in particular, the criteria for determining the amounts and the limits set to such amounts.

The second section on remuneration paid in 2021 is divided into two parts. The first part provides a clear and detailed representation of the remuneration paid in 2021, with a particular focus on the members of the management and control bodies, the Managing Director and the Managers with Strategic Responsibilities, highlighting compliance with the Remuneration Policy approved by the Shareholders' Meeting on 15 April 2021 and the formalities by means

of which remuneration contributes to the company's long-term results, in line with the business strategy defined by the new Business Plan.

In this context, in line with the provisions of the Issuers' Regulation, an indication is provided of the changes in the remuneration of the parties for whom disclosure by name is required, the Group's results and the average remuneration of all employees.

The first part also provides the qualitative and quantitative disclosure required by Article 450 of the CRR in relation to the application of the 2021 Remuneration Policy².

In the second part of Section II, the representation of each of the items that make up remuneration is shown, according to the tabular schemes envisaged by the Issuers' Regulation.

In particular, the disclosure is provided:

- by name, for members of the management and control bodies, the Managing Director/General Manager;
- in aggregate form for the Managers with Strategic Responsibilities.

² See the Technical Implementing Rules of the Regulation on Prudential Requirements for Institutions (CRR II) concerning the disclosure requirements also on remuneration policies towards the market and reporting to the competent authorities published by the EBA on 24 June 2020 applicable from 30 June 2021.

SECTION I

1. Banco di Desio's remuneration policy, the pursuit of long-term interests with a view to business sustainability and employee management policy

On 17 December 2020, the Group's Board of Directors approved the Group's Business Plan ("Plan") for the three-year period 2021-2023.

The goal for the three years 2021-2023, supported by the excellent results of the year 2021, is to further reaffirm the Banco Desio Group's configuration as an independent Group capable of competing with the best medium-sized banks in terms of capital solidity, economic resilience and quality of services offered to customers.

To date, the evolutionary drivers of this Plan remain fully valid and aligned with the strategy that the Bank is pursuing, even though the positive performance achieved in 2021 led to the early achievement of the main targets defined in the Plan.

L'ambizione del Gruppo Banco Desio...

- Essere un Gruppo che può competere alla pari con le migliori banche di medie dimensioni
- Preservare i fattori distintivi e caratteristici di **stabilità**, presenza sul **territorio** e **relazione** con la clientela
- Far leva su un **modello distributivo e operativo agile, snello e digitale**
- Servire al meglio i clienti con un **modello omnichannel** e con **customer journey digitali**
- Rinnovare il **modello tecnologico** per renderlo il propellente della trasformazione
- Crescere su **segmenti ad alti margini oggi sotto penetrati**
- Creazione di valore nel pieno rispetto della **Corporate and Social Responsibility**

...declinata sui 3 segmenti core e aree geografiche storiche

- Wealth Management**
Diventare il **punto di riferimento** nella gestione del risparmio per la propria clientela storica, sfruttando **indipendenza della fabbrica**, nuove **competenze**, nuovi **servizi e tool**
- Consumer Banking**
Servire i clienti in modalità lean ed efficiente, al **minor cost-to-serve** possibile, coniugando **relazione e digitale** e spingendo su **prodotti ad alta marginalità** sotto penetrati (es. bancassicurazione)
- Imprese**
Far leva su vicinanza al territorio politica creditizia orientata alla clientela più meritevole, con focus su ottimale **allocazione** degli **impieghi, spinta ambiziosa** su servizi specialistici (es. factoring) e **massimizzazione del RARORAC migliorando RWA density**
- Aree storiche**
Incrementare il **focus commerciale** sulle **aree storiche** (in particolare Nord Italia), in quanto a maggior **valore attuale e potenziale** per il Gruppo Banco Desio

In continuity with last year, the remuneration policy for 2022 is prepared in line with the priorities defined by the 2021-2023 Strategic Plan and taking into account the contribution to the achievement of the Sustainable Development Goals (SDGs) as defined by the UN General Assembly in the sphere of the 2030 Agenda, to support companies in defining strategies related to business priorities that are increasingly oriented towards the sustainability of business activities, in line with:

- the "Corporate Social Responsibility (CSR) Guidelines", approved by the Board of Directors of Banco di Desio e della Brianza S.p.A. on 27 February 2018;
- the targets defined in the “2020-22 Sustainability Plan” approved by the Board of Directors of Banco di Desio e della Brianza S.p.A. on 16 January 2020.

In particular, the Group is committed to offering a fair level of remuneration, reflecting the expertise, abilities and professional experience of each individual, thus ensuring the application of the principle of equal opportunities and avoiding the risk of discretionary powers, also in line with the specific provisions contained in the 37th update of Circular 285 (see next paragraph for more details on Gender neutrality of remuneration policies).

With reference to the incentive systems, the Group is undertaking a development process over the medium-long term that envisages an increasingly quantitative declination of the assessment metrics of the ESG dimensions, according to a modular approach for the various roles and responsibilities that envisages a progressive and further expansion, compared with 2021, of the number of employees within the Group organisation who can influence behaviour and performance.

In doing so, the Group is monitoring the best practices that are gradually emerging in the banking sector, assessing their feasibility, timing and methods for the implementation in the Group's management and assessment system by objectives.

More specifically, for the year 2022, the Group continued to strengthen ESG objectives within the framework of the individual scorecards, also in relation to the provisions of the three-year E(sg) Masterplan that sees the Group committed to an action plan aimed at the progressive pursuit of three fundamental objectives:

- 1) support the local community in the transition to a circular and low-carbon economy (i.e. NetZero Commitment by 2050);
- 2) ensure the pro-gradual compliance of climate-environmental risk management practices - with the expectations defined by national and European supervisory authorities;
- 3) publish an integrated sustainability disclosure for the period 2021-2024 that complies with the minimum requirements defined by the European Commission on the disclosure of non-financial climate-related information.

The E(sg) Plan provides for a number of short- to medium-term initiatives to be implemented as early as 2022, including the integration of the commercial offering with Green Lending products, the integration of climate-environmental risks into the internal taxonomy, the integration of the sustainability report with quantitative disclosure requirements on the

eligibility of activities for the Taxonomy, and the preparation of E(sg) management reporting for the Board of Directors.

In particular, specific objectives have been set for the Managing Director that relate to improving diversity inclusion policies, which had already begun in previous years, the continuation of the internal customer satisfaction project, as well as a specific objective relating to the launch of green products and the preparation of management reporting on ESG issues. Moreover, the Group has already initiated a series of safeguards to protect gender neutrality and intends to continue in this direction during the year and in the medium to long term (the details of this process are described in more detail in the following section).

- The Plan, in fact, places a strong emphasis on human capital through the launch of new incentive and training programmes and continuous dialogue with Group employees. In this regard, employees in the course of special focus groups (stakeholder engagement activities), based on an employees sample, broken down by category (executives, middle managers and professional areas) identified the following as the most relevant sustainability issues: the well-being of employees in terms of corporate welfare;
- the well-being of the employees in terms of cohesion and collaboration within the offices;
- the safeguarding of diversity and equal opportunities.

The 2022 remuneration policy was formulated taking into consideration these aspects.

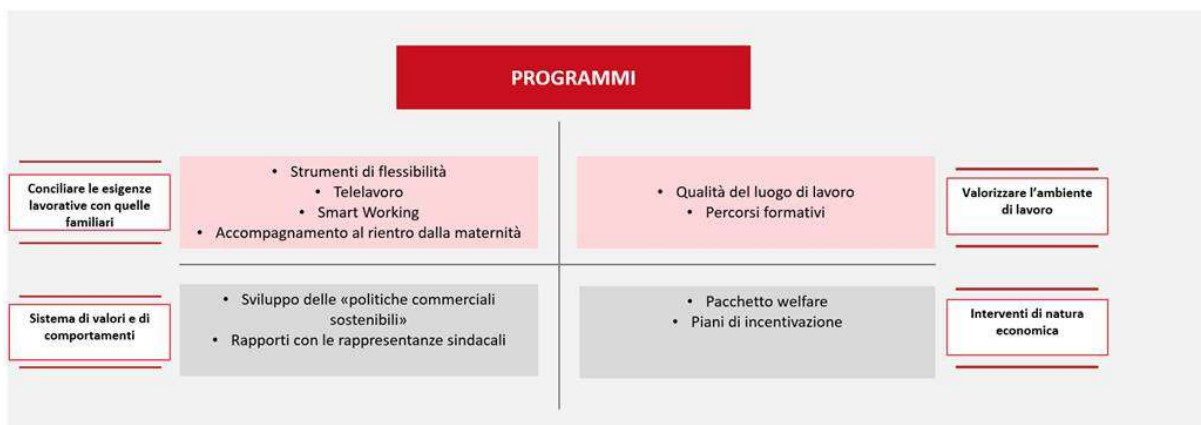
In particular, in addition to the aforementioned diversity and equal opportunities issues, the initiatives already launched in 2021 aimed at improving communication between the Bank's offices, including an additional internal customer satisfaction survey, will continue in 2022.

Lastly, in relation to the welfare of employees in terms of corporate welfare, the services offered in the welfare package will be enriched with proposals that enhance not only monetary but also non-monetary aspects, in line with the various company projects.

Moreover, towards the end of 2021 the Group, with the support of the trade unions, has taken steps to pursue effective work-life balance solutions, to be implemented in 2022: to this end, it has already signed a trade union agreement for the regulation of non-emergency remote working and two further agreements for governing Time Bank and Smart Learning.

These measures are part of the specific strategy of enhancing the resources of the organisational structure, aimed at meeting the needs of the various professional figures and developing the skills of each one.

In the context of resource management and development, this strategy translates into a series of programmes and initiatives identified for 2022, of which the remuneration and incentive policies represent an important element, as illustrated below; for details of which please refer to the 2022 Sustainability Report, published on the Group's website.



Gender neutrality of remuneration policies

The Banco Desio Group has always paid attention to its human resources, considered an asset to be preserved and enhanced as a qualifying element that constitutes a potential competitive advantage in the current economic context.

Therefore, diversity is considered a source of professional and, more generally, cultural enrichment. In fact, the Group believes in the importance of an inclusive culture and is committed to preventing any form of unfairness, favouritism, abuse or discrimination in the various corporate processes, including the remuneration process.

Therefore, the Group undertakes to offer a fair level of remuneration, which reflects the skills, ability and professional experience of each individual, thereby guaranteeing the application of the principle of equal opportunities and avoiding the risk of discretionary powers.

This objective is pursued first and foremost with the involvement of the Bank's various Bodies and Departments, starting with the Bank's Senior Management. Indeed, the Board of Directors is the promoter and guarantor of the culture necessary for the creation and maintenance of an inclusive working environment. As part of the periodic review of policies, the Board of Directors, with the support of the Remuneration Committee and the involvement of the Control,

Risk and Sustainability Committee, analyses the gender neutrality of the remuneration policy and audits the gender pay gap and its evolution over time, taking appropriate corrective actions.

In this respect, the bank will activate a process in 2022 aimed at

- measuring, with an external methodology, the "gender pay gap" and the "equity pay gap" in line with regulatory requirements
- initiating ongoing monitoring, taking appropriate corrective actions.

Confirming its commitment to diversity and inclusion, the Group has had a "People, Diversity & Inclusion Policy" since 2020, which describes the controls carried out within the various corporate processes aimed at supporting equal opportunities, inclusion as well as valuing diversity.

In particular, in the definition of incentive mechanisms for the resources, the Group ensures objective and transparent systems which envisage possible and achievable goals and a fair distribution of the monetary bonuses without any type of discrimination.

The pay review process will be supplemented with control measures in order to identify any pay gaps not motivated by gender-neutral rationales.

Please refer to the Sustainability Report for details on the gender pay gap, projects implemented and results achieved in the area of Diversity & Inclusion, available on the Bank's website at: <https://www.bancodesio.it/it/content/bilancio-di-sostenibilita>.

2. Governance Model

2.1 Parent Company

In accordance with the Supervisory Provisions of the Bank of Italy, the Parent Company sets out the remuneration and incentive policies of the entire Group, ensures their overall consistency, provides the necessary guidelines for their implementation and verifies their correct application; therefore, taking into account the Parent Company's definition and approval activities as described below, for each subsidiary the Board of Directors transposes and the Shareholders' Meeting approves the present Report for matters under their respective competence.

Ordinary Shareholders' Meeting of the Parent Company

In addition to establishing the remuneration of Directors and Statutory Auditors in accordance with the Articles of Association, it approves the "Annual Report on the remuneration policy

and on the remuneration paid by the Banco Desio Group", any plans based on financial instruments and the criteria for determining any remuneration to be granted in the event of early termination of the employment relationship or early termination of the office, adopting any other resolution envisaged by current legislation (see in particular Article 123-ter CFA as amended by Italian Legislative Decree No. 49/2019 with reference to the binding vote on the Remuneration Policy and the advisory vote with reference to the section on Remuneration Paid).

The Shareholders' Meeting is ensured adequate disclosure on the implementation of the remuneration policies. The Shareholders' Meeting resolutions in that regard are made at the end of a process which - depending on the powers granted in that regard - involves, in addition to the Board of Directors, the Remuneration Committee, the Control, Risk and Sustainability Committee, the Board of Statutory Auditors, the Chair, the Vice Chair (if appointed), the Managing Director/General Manager, as well as some operational departments and internal control functions as defined below. In the envisaged cases, what is more, the related solutions are adopted on a consistent basis with the Procedure contained in the Internal Regulations for transactions with Related Parties and Associated Parties.

Board of Directors of the Parent Company

It approves, upon the proposal of the Chair and for subsequent submission to the Shareholders' Meeting:

- the "Annual Report on the remuneration policy and on the remuneration paid of the Banco Desio Group" and any updates and reviews of the remuneration policies;
- any settlement of the plans based on financial instruments and resolves upon the respective assignments and powers (subject to verifying the conditions to which the same are subject);
- the criteria for determining any compensation to be paid in the event of early conclusion of the employment relationship or early termination from the office.

Furthermore, the Board of Directors resolves on:

- the personnel to whom the "more detailed rules" are to be applied, because they belong to the "identified staff" on the basis of the identification process carried out in accordance with Commission Delegated Regulation (EU) No. 923/2021, including any exclusions;

- upon the economic-capital and risk objectives that form the reference for the incentive system of the Group companies and the Bonus Targets for the “identified staff” expressed in percentage terms of the fixed remuneration;
- assessment score cards relating to the achievement of individual objectives assigned to the "identified staff" belonging to the Parent Company's Management Committee;
- when Group target gates have been passed and determines ex-post the amount of the bonus for identified staff of the Parent Company.

At the proposal of the Remuneration Committee, it resolves on extraordinary entries/transactions for the purposes of computing the RORAC.

It resolves upon the guidelines for the payment of bonuses for the remaining staff of the Group Companies and the criteria for defining the maximum amounts of expenditure that may be allocated for that purpose.

It resolves in relation to any maximum amounts of expenditure possibly assigned to the Senior Management of the Group companies within which to resolve upon payments to the staff referred to in Section 4.3 below.

The aforesaid resolutions are passed with the opinion of the Remuneration Committee and of the Control, Risk and Sustainability Committee for matters under their competence.

In addition, the Board periodically reviews, with the support of the Remuneration Committee and the involvement of the Control, Risk and Sustainability Committee, the gender neutrality of remuneration policies and reviews the gender pay gap and its evolution over time.

As envisaged in Article 123-ter, paragraph 3-bis of the Consolidated Finance Act, the Board of Directors of Banco di Desio may temporarily depart from its remuneration policies, without prejudice to compliance with legal and regulatory restrictions, in the presence of exceptional circumstances, i.e. situations in which the departure from the remuneration policy is necessary in order to pursue the long-term interests and sustainability of the company as a whole or to ensure its ability to stay on the market. In this regard, in view of the extremely uncertain economic situation, it should be noted that the elements of the remuneration policy from which it is possible to depart are the targets defined for the Profitability "gateway" objectives, the modulation of the bonus pool, according to the RORAC Objective and the related incentive criteria described in Section 4.2.4. and the individual target bonuses (in any case within the maximum incidences indicated in this policy).

Any exception is resolved by the Board of Directors, having consulted the Remuneration Committee and on a consistent basis with the Procedure contained in the Internal Regulations for Transactions with Related Parties and Associated Parties.

The company provides the Shareholders' Meeting with information on any departures from the remuneration policy in the "Annual Report on the remuneration paid by the Banco Desio Group", indicating (for each of them):

- the specific elements departed from and the reference remuneration policy in which the faculty to depart was envisaged;
- information on the nature of the exceptional circumstances, including an explanation of how the departure is necessary in order to pursue the long-term interests and sustainability of the company as a whole or to ensure its ability to stay in the market;
- information on the procedure followed and confirmation that this procedure complies with the conditions set out in the related remuneration policy;
- information on the remuneration paid in such exceptional circumstances (in line with Consob disclosure requirements³).

The Control, Risk and Sustainability Committee

Without prejudice to the responsibilities of the Remuneration Committee, it intervenes in the process of updating and reviewing the Group's remuneration policies, checking the consistency of the incentives underlying the bonus system with the RAF and is involved in the periodic review of the gender neutrality of remuneration policies.

The Remuneration Committee

The Remuneration Committee is an advisory/proposal-making body with the following main duties:

- provide the Board of Directors with opinions or suggestions for the remuneration (including indemnity and other benefits) of the Directors vested with particular offices (including any Directors delegated with operational powers) and of the General Management also with respect to the cases of cessation from office or termination of the employment⁴, in accordance with the remuneration policies adopted by the Bank;

³ In particular, detailed information will be provided for those parties for whom the Issuers' Regulation envisages disclosure by name and aggregate disclosure for Managers with Strategic Responsibilities.

⁴ Consob Communication No. DCG/DSR/0051400 on the recommendations concerning indemnity and/other benefits acknowledged to the Executive Directors and General Managers (19 June 2014).

- provide the Board of Directors with opinions or suggestions for the allocation of the overall fee established by the Shareholders' Meeting for the other Directors in line with the Articles of Association;
- provide the Board of Directors with opinions or proposals on the remuneration policies and criteria for the remuneration of parties falling within the scope of the Remuneration and Incentive System; opinions and proposals relating to the remuneration of the internal control functions and of the Appointed Executive are formulated using any information provided by the Control, Risk and Sustainability Committee and by the Managing Director/General Manager, after having consulted the Board of Statutory Auditors;
- periodically assess the adequacy, overall consistency and actual application of the aforementioned remuneration policies, using, in that regard, information possibly provided by the Managing Director/General Manager;
- submit proposals or express opinions to the Board of Directors on the fixing of the performance objectives linked to the variable components of that remuneration (usually not envisaged for “non-executive” Directors⁵);
- monitor the application of the decisions adopted by the Board itself, verifying, in particular, the actual achievement of the performance targets, as well as the existence of all conditions provided for the payment or accrual of the fees.

Any stock option plans or allocation of shares are also included.

In compliance with the Supervisory Provisions in that regard, the Committee :

- expresses proposals or opinions on the remuneration of Personnel whose remuneration and incentive systems are defined and approved by the Board of Directors;
- oversees the correct application of the rules relating to the remuneration of the heads of the internal control departments, in collaboration with the Managing Director/General Manager in his/her co-ordination role and with the Board of Statutory Auditors;
- deals with preparing the documentation to be submitted to the Board for decisions relating to the Remuneration Policies;
- works with the other Committees and in particular the Control, Risk and Sustainability Committee for aspects related to the risk policies;
- ensures the involvement of the relevant company departments in the process of preparing and updating the remuneration policies with such procedures as to assure an effective contribution and to preserve the independent judgement of the control functions;

⁵ Circular No. 285 - 7th up-date - First Part IV.2.20 – section III par. 3.

- decides, also using information received from the relevant company departments, upon the achievement of the performance targets (net of the risks) to which the incentive plans are linked;
- expresses its opinion on the assessment of the other conditions laid down for the payment of remuneration, ensuring observance of the link with risks, compatibility with capital and liquidity levels, and medium- to long-term orientation;
- supports, also through the involvement of the Control, Risk and Sustainability Committee, the Board of Directors in its periodic review of the gender neutrality of remuneration policies;
- adequately reports on the activity performed by it to the Board and to the Shareholders' Meeting.

In order to carry out its tasks effectively, the Committee must have access to the company information relevant for this purpose.

Managing Director/General Manager of the Parent Company

He/she is a member of the top management of the operating structure, for which he/she has management responsibility.

He/she coordinates, with regard to remuneration policies, the operations of the corporate functions reporting to him/her and, in accordance with the provisions in force on remuneration policies approved by the Shareholders' Meeting, provides support to the Remuneration Committee in carrying out its functions, attending (without voting rights) its meetings.

In addition, in his/her capacity as Managing Director, he/she coordinates the submission to the Board of Directors of the proposals relating to the Board's decisions concerning the proposed remuneration of the heads of the company's internal control departments and of the Appointed Executive (subject to the opinion of the Remuneration Committee, as well as the Control, Risk and Sustainability Committee and the Board of Statutory Auditors, where applicable).

Heads of the Commercial Bank Department

In collaboration with the Resources Department, they prepare, following the guidelines implemented for the remaining staff in the annual Report on the Remuneration Policy and on the remuneration paid and in compliance with current provisions on the matter, the incentive system for the sales network.

They disseminate the bonus system among the distribution networks.

They provide to the Resources Department the quantitative elements to verify the achievement of the assigned targets.

They collaborate with the Departments of the Group companies and with the Resources Department to develop incentive systems for the sales network in line with the business model adopted by the Bank.

Resources Department

It defines and governs the process of formulating proposals concerning the Remuneration Policies for the various Group companies and it manages and guarantees their correct implementation.

It deals with updating and reviewing the Remuneration Policies⁶. It coordinates the process of defining and managing the remuneration and incentive system and, as part of this, it contributes - in concert with the Departments of the individual Companies - to defining the bonus system for the remaining staff (sales network and headquarters).

It collects, for the Parent Company, with the technical support of the competent Departments, the results achieved and the assessments made by the superiors for the purposes of determining and paying the bonuses, having verified compliance with the maximum amount payable for each beneficiary resource.

It acquires from identified staff the information about the activation of financial investments included among those that could impact, directly or indirectly, on the risk alignment mechanisms and on the opening of custody and administration accounts with other Institutions.

Planning, Finance and Control Department

In collaboration with the Risk Management Department with regard to consistency with the RAF, it determines the “gateway” objectives for activation of the incentive systems of the Group companies to be submitted to the respective Boards of Directors and verifies their achievement. Having received approval, it proceeds to communicate those decisions to the Management bodies of the respective Group Companies, to the Administrative and General Affairs Department and to the Appointed Executive of the Parent Company.

It contributes to define and assess the achievement of the individual targets assigned to identified staff for matters under its competence.

⁶ With regard to the financial advisors, assimilating the policy defined by the dedicated department.

It identifies entries potentially definable as extraordinary from the managerial standpoint and it formulates a proposal to the Remuneration Committee.

Corporate Affairs

It is involved in the process of preparing the Remuneration Policies with reference to aspects of corporate governance. It deals with finalising the documents to be submitted to the Board of Directors and to the Shareholders' Meeting, as well as the disclosure obligations to the public, in accordance with legal and regulatory provisions relating to those documents.

Administration and General Affairs Department

On the instructions of the Resources Department of the Parent Company, it registers the actual provisioning to be entered in the financial statements of reference for the Group companies. It provides the economic and capital data for calculating and checking the gates.

Risk Management Department

It participates in the process of defining the Remuneration Policies in order to ensure their consistency with the Group's risk strategy.

It participates in the process of identifying the identified staff, providing the necessary assessments for the identification of the significant operating Units and of the professionals who can have a significant impact on risks, consistently with the Risk Appetite Framework. It also verifies the consistency of the system of targets and conditions underlying the remuneration and incentive policies with the Risk Appetite Framework, verifying their achievement *ex post*. It performs similar functions as “outsourcer” of the Subsidiaries.

It contributes, for matters under its competence, to define and assess the achievement of the individual targets assigned to identified staff.

Compliance Department

It collaborates with the other departments involved in the process of defining the Group's Remuneration Policies and verifies *ex ante* that these comply, by their contents and processes, with the relevant regulatory context, the articles of association, along with any codes of ethics or other applicable standards of conduct. It performs similar functions as “outsourcer” of the Subsidiaries.

Internal Audit Department

It prepares annually a report on the controls performed in relation to the correct application of the Remuneration Policies adopted, with a special attention to checking the conditions underlying the achievement of targets and the correct recording of provisions and payments, by pointing out any anomalies so that the corrective measures can be adopted. It performs similar functions as “outsourcer” of the Subsidiaries.

It carries out periodic sampling audits on the internal custody and administration accounts of identified staff.

It communicates to the Resources Department the outcomes of its own inspections that may constitute the prerequisite to apply bonus and claw back provisions.

Appointed Executive

He/she is involved in the identification of the economic and capital parameters, validates the processes and makes sure that the methods for defining the provisions are correct by coordinating the activities of the Administration and General Affairs Department and of the Budget and Sustainability Area.

When necessary, it certifies the correctness of the identification and quantification from the viewpoint of accounting or of the estimation of extraordinary entries, useful for the purpose of determining the bonus proposed by the Planning, Finance and Control Department to the Remuneration Committee.

2.2 Subsidiaries

Ordinary Shareholders' Meetings of Subsidiaries

They incorporate and approve, insofar as they are responsible, the Group's Remuneration Policies (taking account of the company peculiarities, as well as the respective national/sectoral legal systems).

The Shareholders' Meetings are provided with adequate information on the implementation of the Remuneration Policies.

Boards of Directors of the Subsidiaries

They incorporate and approve, insofar as they are responsible, the resolutions of the Board of Directors of the Parent Company referred to above (taking account of the company peculiarities, as well as the respective national/sectoral legal systems).

They resolve upon the assessment forms relating to the achievement of the individual targets assigned to any “identified staff” within the Subsidiary.

They identify when Group target gates have been passed and, having verified that the individual gates have been passed, they determine ex-post the amount of the bonuses for the Group identified staff, applying the criteria established by the Board of Directors of the Parent Company also in regard to extraordinary entries/transactions.

3. Identification process of “Identified Staff”

The process of identifying the "identified staff" was carried out on the basis of the combined provisions of the new European and national provisions on the subject, recently issued (Delegated Regulation (EU) No. 923 of 25 March 2021, as well as the 37th update of 25 November 2021 of Circular 285/2013 of the Bank of Italy), which once again provide for a combination of qualitative and quantitative criteria for identifying the identified staff.

The key criterion underlying the process consists of the assessment of the significance of each person in terms of substantial assumption of risks, on the basis of the individual position (qualitative criteria: responsibility, hierarchical levels, decision-making levels, etc.) or of the remuneration (quantitative criteria), with the exception of any cases of exclusion prescribed by the regulations.

All those who are in a position identified among material risk takers for a period of at least 3 months shall be defined Material Risk Takers.

The Parent Company applied the criteria set out in the aforementioned Regulation to identify the "identified staff" for the Group, having regard to all Group companies, which actively participated in the identification process carried out by the Parent Company itself.

The identification process of the identified staff was carried out individually by the banking company (Parent Company) under the supervision and with the coordination of the Resources Department of the Parent Company. With regard to the non-banking companies of the Group (Fides, OBG), the legislation does not require identification at individual company level.

The process was co-ordinated by the Resources Department with the involvement of the Risk Management and Compliance departments.

The outcomes of the identification process were presented to the Remuneration Committee, which expressed its positive opinion on the matter, and subsequently to the Board of Directors of the Parent Company, at the meeting on 10 February 2022, which has approved the proposed scope.

The process led to the identification of 32 individuals, 22 of whom are beneficiaries of the incentive system (2⁷ of them care of the subsidiary Fides).

The “identified staff”, defined according to the RTS criteria, comprise the following clusters:

1. Senior Management: Directors, MD/GM of the Parent Company
2. Risk Takers belonging to the main business lines
3. Risk Takers belonging to the company control departments
4. other Risk Takers: remaining Identified Staff.

Below is the scope of the Identified Staff for 2022.

IDENTIFIED STAFF	NO. OF PARTIES	WITH VARIABLE REMUNERATION
Senior Management (Directors, MD/GM of the Parent Company)	11	1
Risk Takers belonging to the main business lines	6	6
Belonging to the Control Departments	4	4
Remaining Risk Taker	11	11
TOTAL	32	22

⁷ It should be noted that the Board of Directors of the subsidiary is due to expire with the approval of the Financial Statements as at 31.12.2021, and therefore the scope of the Identified Staff shall be updated with the new positions.

Compared to the 2021 scope, there have been some changes related not only to name changes due to staff movements into and out of the Group, but also to changes in the organisational structure.

The identification process of “identified staff” was tracked and formalised in specific documentation.

4. 2022 remuneration and incentive policy

4.1 General Principles of the Remuneration Policies

In order to develop mechanisms of remuneration and incentives able to encourage the competitiveness of the Group in the medium to long-term, the Remuneration Policies are based upon the following principles:

- incentive measures and maintenance within the Group of persons with professionalisms and skills adequate to business requirements, in particular, of those who cover identified roles within the business organisation;
- alignment of the remuneration systems to company targets and values, including sustainable finance objectives that take into account, inter alia, environmental, social and governance (ESG) factors, long-term strategies, and prudent risk management policies of Group companies;
- incentives aligned with the risks assumed and the capital required to cover the activities undertaken and structured in such a way as to avoid the onset of potential conflicts of interest;
- incentives developed also for the purpose of contributing to the achievement of the Sustainable Development Goals (SDGs) as defined by the UN General Assembly in the sphere of the 2030 Agenda, to support companies in defining strategies related to business priorities that are increasingly oriented towards the sustainability of business activities.

Personnel are not allowed to employ personal hedging or insurance strategies on remuneration that can alter or affect the effects of alignment to risk implicit in the remuneration mechanisms regulated by the present Policy. The Internal Audit department carries out periodic sampling audits on any internal custody and administration accounts of identified staff. In accordance with the provisions confirmed by the 37th update to Circular 285, Title IV, Chapter 2, Section I, Paragraph 5, Banco Desio requires identified staff to communicate any financial investments carried out that could affect risk alignment mechanisms and, more in general, on the pursuit of

prudent risk management, in order to take them into account in devising the risk alignment mechanisms of the incentive systems, in addition to the existence or the opening of custody and administration accounts with other intermediaries.

Commencing from 1 May 2015, any fees received by employees of the Group for assignments accepted on behalf of the Company holding the employment relationship, at companies or entities belonging or external to the Group itself, have been entirely paid over to the company holding the employment relationship.

Remuneration policies of other companies have not been used as reference in the definition of this remuneration policy.

4.2 Remuneration Policies for Identified Staff

4.2.1 Members of the Board of Directors of the Parent Company

In the current composition of the Board of Directors of Banco di Desio e della Brianza SpA, it is possible to identify the following:

- Executive Directors, in the capacity of members of the Executive Committee;
- Non-executive Directors, including the Chair.

The Shareholders' Meeting held on 23 April 2020 established at 1,000,000 Euros the gross annual fee due to the entire Board of Directors of Banco Desio, excluding the Chair, the Vice Chair and the Managing Director, and 300 Euros the attendance fees. In its meeting held on 23 April 2020, the Board of Directors assigned the total fees as follow:

- 50,000 Euros to each Director;
- 40,000 Euros to each member of the Executive Committee (60,000 Euros to the Chair);
- 20,000 Euros to each member of the Control, Risk and Sustainability Committee (25,000 Euros to the Chair);
- 15,000 Euros to each member of the Committee for Transactions with Related Parties and Associated Parties (20,000 Euros to the Chair);
- 10,000 Euros to each member of the Appointments Committee and the Remuneration Committee (15,000 Euros to the Chair);
- residual 235,000 Euros unassigned.

The all-inclusive fees of the Chair, Vice Chair and Managing Director amount respectively to:

- 600,000 Euros to the Chair

- 350,000 Euros to the Managing Director.

For the Executive Directors, in view of the low remuneration received for participating in the Executive Committee (40,000 Euros per annum), there is no provision for variable fees.

For the non-Executive Directors there is no provision for variable fees.

The members of the Board of Directors and the members of the Executive Committee are, in addition, entitled to the reimbursement of costs incurred for reasons of their office, as well as the payment of attendance fees, the amount of which is determined by the ordinary Shareholders' Meeting.

In addition, a D&O insurance policy is provided for Directors and Statutory Auditors.

The fees of the Chair, the Vice Chair(s), if appointed, as well as any additional fees in favour of other Directors with operational delegations as well as participation in the board committees, are determined by the Board of Directors, having heard the opinion of the Board of Statutory Auditors.

Chair

The Chair's remuneration package is determined in a unitary amount for all roles performed in the Parent Company (including special offices held in the Board of Directors).

Vice Chair

The remuneration package of the Vice Chair, if appointed, is:

- fee determined in a unitary amount for all roles performed in the Parent Company (including special offices held in the Board of Directors and participation on Committees internal to the same);
- fees linked to offices held in subsidiary and/or associated companies.

4.2.2 Members of the Board of Statutory Auditors of the Parent Company and the subsidiaries

The remuneration of the members of the Board of Statutory Auditors of the Parent Company and the subsidiaries is commensurate with the commitment required, the importance of the position held as well as the dimensional and sectoral characteristics of the Banco Desio Group companies.

The fees established for the 2020-2022 mandate for the Parent Company's Board of Statutory Auditors are:

- 100,000 Euros for the Chair of the Board of Statutory Auditors;
- 80,000 Euros for each Standing Auditor;
- in addition to 10,000 Euros for both the Chair and each Statutory Auditor by way of forfeit expense reimbursement.

In compliance with the Bank of Italy's Supervisory Provisions, no variable remuneration is envisaged for the members of the Board of Statutory Auditors of the Parent Company and the subsidiaries.

4.2.3 Members of the Board of Directors of the Subsidiaries

Members of the corporate Bodies of the subsidiaries receive fixed remuneration, differentiated according to the respective offices held within each body, plus reimbursement of out of pocket expenses and attendance fees, as resolved by the respective Shareholders' Meetings. For members of the Board of Directors and of the Board of Statutory Auditors of the subsidiaries, these fees are approved by the respective ordinary Shareholders' Meeting in accordance with the company's Articles of Association.

For members of the Boards of Directors, no variable remuneration component is provided for, except for specific situations and for small amounts, in any case not allowed for the office of Chair.

4.2.4 Structure of the remuneration of the Directors with executive offices if they are recipients of an incentive system, the Managing Director/General Manager, Managers with strategic responsibilities and the other identified staff of the Group companies

The additional identified staff of the Group comprise:

- Managing Director/General Manager
- Heads of the main business lines
- Heads of Control Departments
- Remaining Identified Staff.

Within the framework of the identified staff, the Board of Directors of 24 February has also identified, pursuant to the provisions of Circular 285, a sub-set of identified staff belonging to

the Senior Management, recipients of special provisions in the case of particularly high variable remuneration (see below).

The remuneration package is oriented towards the sustainable achievement of medium/long-term objectives and is balanced in the following elements, depending on the category of reference:

- fixed remuneration;
- variable incentive remuneration, which rewards performances over a long-term time period;
- other *retention* and *attraction* instruments which, in relation to the type, fall within the sphere of the fixed or variable remuneration;
- the *benefits*, which fall within the fixed component of the remuneration;
- indemnities with a view to or at the time of early termination of the employment relationship.

In particular, the elements constituting the remuneration package are the following:

Fixed annual remuneration

- That component reflects and is commensurate to the technical, professional and managerial skills of the employee and/or collaborator.
- *Indemnities* may also be assigned in connection with specific positions, functionally connected to the covered *role*, related to the fixed component of remuneration.

To complete the remuneration offer, employees, on the basis of a general policy defined at the Company level, are offered a package of additional *benefits*, such as, by way of example, a supplementary pension plan, supplementary forms of insurance and medical cover, as well as the granting of special favourable conditions as regards services provided by the Bank; a company car is allocated to the most senior management profiles.

Variable remuneration

- The variable remuneration consists of two elements: the *Company Bonus* provided by the National Collective Labour Agreement linked to the economic performance of the Company and intended for the entire company population and an *individual incentive system* that rewards the annual “performances” in relation to the assigned targets and the results achieved. That second component is determined based upon parameters that include the presence of risk weighting systems, the adequacy of capital and liquidity levels and the link to actual and lasting results. The remuneration coming from the individual incentive system is paid partly in the year after that on which the

“performance” is measured and partly in deferred form up until the fourth year (fifth year in the case of particularly high remuneration for senior management⁸), subject to the occurrence of additional conditions, in order to reward the creation of value in a medium to long-term perspective and to align the interests of management with those of the shareholders.

- If new staff are hired from outside the Group, and only for the first year of employment, *entry bonuses* may be provided to make the company’s proposal more attractive, in compliance with the terms and conditions prescribed by current regulations; if they are acknowledged at the time of recruitment they are not considered for the purpose of the definition of the maximum amount of variable remuneration with respect to the fixed remuneration.
- In case of moves within the Group, the Managing Director/General Manager of the Parent Company may recognise one-off or exception bonuses (e.g. on the occasion of a change in duties), duly justified and paid after verifying that the access conditions have been met, and with the payment procedures of the variable remuneration system.

The variable remuneration may not exceed the maximum limits of the incidence ceilings of the variable component on the fixed element established by existing regulations (100% for risk takers and one-third for control departments)⁹, since the Bank decided not to take the option of requesting the Shareholders’ Meeting to raise the limit of the variable remuneration over the fixed remuneration.

4.2.5 The variable remuneration of the Managing Director

The incentive system envisaged for the Managing Director/General Manager is structured in such a way as to support the achievement of corporate results appropriately adjusted to take into account the risks undertaken, enhancing the creation of sustainable value for all stakeholders over a long-term period.

The system in fact:

- is activated first of all when the Group achieves certain consolidated targets ("gateway" objectives for liquidity, equity and profitability);

⁸ The identified staff falling in the senior management category were identified by the Board of Directors on 24 February 2022

⁹ For the Resources Department, a limit of 60 per cent was set in order to comply with the regulatory indication for a prudent approach.

- envisages the identification of a bonus pool calculated as a percentage of pre-tax profit (with a view to self-financing);
- envisages a bonus pool that may vary (both upwards and downwards) depending on the achievement of the targets in terms of the ratio of Adjusted Net Profit (Loss) to Absorbed Capital (RORAC)¹⁰, thus closely linking the Group's results adjusted for the risks undertaken and the bonus paid;
- envisages an objectives scorecard which balances the objectives of creation of value and management of the risks and the objectives linked to plan actions and the creation of sustainable value for the various stakeholders;
- provides for the following payout structure for amounts not exceeding the so-called "particularly high" variable remuneration (see section 4.2.6 "particularly high variable remuneration for senior management" for details):
 - a four-year deferral of 40% of the accrued bonus, the disbursement of which is subject to capital, liquidity and profitability conditions.
 - 50% of Variable Remuneration, both up-front and deferred, is paid in the form of Phantom Shares, subject to a 1-year retention period

The breakdown of the incentive system with indication of the link between bonus and required performance follows.

As already mentioned, in order to guarantee the sustainability of the system and ensure that variable remuneration is paid in the event of positive results in terms of profitability and in a context of capital and financial adequacy, the system is activated on the achievement by the Group of certain consolidated targets ("gateway" objectives of liquidity, capital and profitability), defined in accordance with the Risk Appetite Framework (RAF).

The parameters set for 2022 are as follows:

Area	KPI	Envisaged target
CAPITAL (Brianza Unione Group)	CET 1	7.85%
	TCR	11.60%
LIQUIDITY (Banking Group)	LCR - Liquidity Coverage Requirement	115%
	NSFR - Structural liquidity	110%
PROFITABILITY (Banking Group)	Adjusted profit of current operations before taxes	Result \geq 75% budget value

¹⁰ The "absorbed capital" is calculated according to the methodologies and criteria developed in the ICAAP document.

If the levels provided for by the "*gateway*" indicators are exceeded, the system provides for the definition of the bonus pool, i.e. the total value of bonuses for the Identified Staff, in connection with the values of risk-adjusted profitability (for details of the definition of the bonus pool, see Section 4.2.4.2).

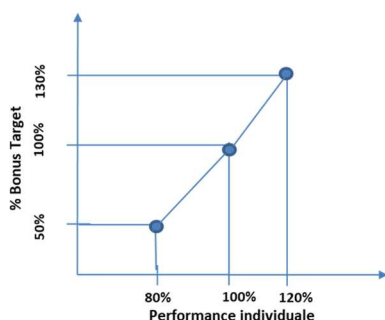
The individual bonus for the Managing Director is therefore defined on the basis of the results achieved in his/her objectives scorecard.

As already mentioned, the objectives scorecard envisages in additions to the indicators linked to the creation of value and management of the risks, also the objectives linked to plan actions and the creation of sustainable value for the various stakeholders;

The objectives for assessing the performance of the Managing Director/General Manager for 2022 are as follows:

Area Strategica di Performance	Peso Area	Obiettivo - 2022	KPI (*)	Peso
Creazione di valore e gestione del rischio	60%	Redditività	Utile netto	20%
		Revenue Development	Margine di intermediazione	10%
		Gestione del Rischio	Rettifiche su crediti nel rispetto delle policy creditizie e dei coverage previsti dal RAF + Fondo rischi e Oneri	20%
		Efficienza costi	Costi operativi (ASA + HR)	10%
Attivazione direttrici Piano Strategico ed implementazione iniziative	40%	Iniziativa strategiche	Realizzazione «milestone» di Piano: - Revisione processi - Strategia digitale - Crescita commissionale	10%
			Valutazioni di opzioni funzionali ad una strategia di crescita esterna	10%
			Azioni tese alla valorizzazione del profilo ESG, con particolare riferimento a: - Attivazione di percorsi inclusivi per sostenere diversità di genere ed età - Implementazione del progetto di internal customer satisfaction in ottica di miglioramento delle strutture della Banca - Lancio nuovi prodotti green - Predisposizione Reporting Direzionale su tematiche ESG	10%
		Rafforzamento della squadra manageriale al fine di favorire il raggiungimento target di piano	Rafforzamento squadra manageriale al fine di conseguire i risultati previsti in sede di predisposizione del budget	10%

The bonus payable for the Managing Director/General Manager is determined based on the following incentive curve:



Al di sotto dell'80% non matura alcun bonus. Il Bonus massimo, al raggiungimento di un risultato complessivo di performance individuale del 120%, è pari al 130% del bonus target, previa verifica della disponibilità del bonus pool.

The maximum target bonus defined for the Managing Director/General Manager for 2022 is 65%, confirming the prudent approach in variable remuneration systems.

This maximum incidence, in fact, is well below the annual fixed remuneration.

Once the amount of the bonus has been defined, within the limits and according to the defined targets and having taken into account the total bonus pool accrued, it is paid, in accordance with the provisions of the regulations on the subject, according to the following scheme.

T year of economic accrual of bonus		t+1 (up front)	t+2	t+3	t + 4	t + 5	tot
allocation	cash	30%			10%	10%	50%
	Phantom Shares subject to maintenance	30%	10%	10%			50%

Payout	cash	30%			10%	10%	50%
	Phantom Shares actually available		30%	10%	10%		50%

Malus Conditions for deferred quotas	Subject to verification of gates for financial year t+1: -Capital -Liquidity -Consolidated adjusted profit of current operations before taxes	Subject to verification of gates for financial year t+2: -Capital -Liquidity -Consolidated adjusted profit of current operations before taxes	Subject to verification of gates for financial year t+3: -Capital -Liquidity -Consolidated adjusted profit of current operations before taxes	Subject to verification of gates for financial year t+4: -Capital -Liquidity -Consolidated adjusted profit of current operations before taxes

The Phantom Shares are a "virtual" financial instrument, which entitles the Beneficiary to the payment of a cash amount corresponding to the countervalue of the share for the number of vested Phantom Shares.

All units paid in Phantom Shares are subject to a Maintenance Period of one year; for deferred Phantom Shares, the Maintenance Period begins when the deferred remuneration is recognised. The detailed information regarding the Phantom Shares is set out in the Information Document prepared pursuant to Article 114-bis TUF and Article 84-bis Issuers' Regulation "Incentive System 2022, based on the assignment of Phantom Shares" that the Company submits to the Shareholders' Meeting of 14 April 2022.

In conclusion, the incentive system is subject, as for the variable components of the remaining identified staff, to *Malus* and *Claw-back* clauses as described in the following section.

4.2.6 Variable remuneration for Managers with Strategic Responsibilities and the remaining Identified Staff

The incentive system envisaged for Managers with Strategic Responsibilities¹¹ and the remaining Identified Staff is structured in a similar way to the incentive system of the Managing Director/General Manager.

In particular, as for the incentive system of the Managing Director/General Manager, the system is divided into the following stages:

- "Gateway" objectives;
- Determination of the *bonus pool*;
- Verification of compliance with limits and achievement of individual objectives;
- Calculation and payment of the bonus;
- *Malus* and *claw back* clauses.

A description of the various stages follows, highlighting the specifics for:

- the remaining identified staff of the Parent Company;
- the heads of control departments;
- the identified staff care of the subsidiaries.

¹¹ The Banco's Managers with Strategic Responsibilities, in addition to the Managing Director/General Manager, as of the date of closure of the financial statements, are the Appointed Executive, head of the Planning, Finance and Control Department and the head of the Internal Audit Department.

"Gateway" objectives

For the remaining Identified Staff of the Parent Company not belonging to the company control departments, the system is activated after verifying that the liquidity, capital and profitability "gateway" objectives envisaged also for the Managing Director have been exceeded (see Section 4.2.4.1).

For the Identified Staff care of the subsidiaries, the system supplements the "gateway" objectives envisaged for the identified staff of the Parent Company, also with a profitability target of the subsidiary and, in particular, for the incentive system to be activated it is required that the adjusted profit from current operations before tax is $\geq 75\%$ Adjusted profit from current operations before tax of the individual budget.

For staff belonging to the company control departments (and similar thereto: Appointed Executive and Head of Resources Department Manager) identified at the Parent Company, in order to not tie their bonuses to the economic/financial variables too closely, the "gateway" indicator of profitability is represented by the adjusted consolidated Profit of current operations before taxes.

The failure to achieve even just one of the targets precludes the activation of the incentive system for the year of accrual.

Determination of the bonus pool

With regard to the determination of bonuses for the Parent Company's identified staff, excluding the control departments¹², the incentive system will only be activated if a level of RORAC of at least 80% of the budgeted RORAC target is achieved; if this condition is met, the bonus pool for the identified staff will be determined on the basis of the RORAC achieved compared to the budgeted RORAC target, according to the following progression:

RORAC	Total Bonus Pool
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¹² The identified staff of the company control departments and, similar thereto, the Appointed Executive and the Head of the Resources Department have a bonus pool not linked to the trend of the RORAC.

> = 125% budget RORAC	Up to 125% of the Bonus Pool
<125% and >=95% budget RORAC	Up to 100% of the Bonus Pool
<95% and >= 80% budget RORAC	Up to 75% of the Bonus Pool
<80% budget RORAC	Cancellation of the Bonus Pool

The Board of Directors of the Parent Company, subject to receiving the opinion/proposal of the Remuneration Committee and the Control, Risk and Sustainability Committee, approved the Group's RORAC targets for the purpose of defining the bonus pool for the year 2022.

On the other hand, with regard to the Identified Staff care of the subsidiaries, the incentive system is only activated if a level of RORAC has been achieved at both consolidated and individual level that is at least 80% of the RORAC target envisaged in the respective budgets; if this double condition is met, the bonus pool for the Identified Staff will be determined on the basis of the individual RORAC achieved with respect to the individual budget RORAC target.

Verification of compliance with limits and achievement of individual objectives

The Group establishes ex-ante the individual targets and the limits to the incidence of the variable part on the fixed element for the various categories of beneficiaries.

With reference to the Managers with Strategic Responsibilities¹³, it should be noted that the maximum incidences of the individual incentive system are between 100% and 33% (in the case of heads of the company control departments and appointed executive).

The total variable remuneration may not exceed the maximum limits to the incidence of the variable component on the fixed element established by existing regulations (100% for risk takers and one-third for control departments) and by this policy.

With regard to the definition of individual objectives, in order to link the bonuses accrued also to the performance and objectives achieved at corporate department level and individually, each

¹³ See note 15.

resource concerned receives an annual objectives scorecard including individual qualitative and quantitative objectives.

As already mentioned with regard to the Managing Director, the objectives scorecards are structured in strategic quantitative (value creation and risk management) and qualitative (activation of strategic plan guidelines and implementation of initiatives) performance areas, in order to balance qualitative and quantitative elements and ensure a medium/long-term view.

With regard to the Identified Staff not belonging to the control departments, and in particular Managers with Strategic Responsibilities, with regard to the setting of the **quantitative objectives**, the strategic and performance areas that we intend to enhance are:

- Revenue Development;
- Risk Management;
- Cost Efficiency.

In particular, the allocation of objectives is oriented, in terms of quantitative objectives, towards revenue growth, the containment of the cost of risk for the year 2021 and the more efficient management of resources with a view to reducing operating costs compared to the budget.

In terms of the definition of **qualitative objectives**, these are identified, within the sphere of the *mission* and the activities carried out by each area, with particular reference to the Plan's initiatives, including the strengthening of the management team and the implementation of inclusive processes to support gender and age diversity, in close correlation with the pillars of the current Business Plan and on a consistent basis with the ESG indicators.

Calculation and payment of the bonus

Once the Group's "gateway" objectives have been reached, the actual bonus to be paid to the Identified Staff is determined on the basis of the results of the individual scorecard and the targets defined in advance, taking into account the defined bonus pool.

If the Bonus Pool is not sufficient, taking into account the economic, capital and financial soundness, also assessed on a forecast basis, the Board of Directors may envisage an increase of up to 10% of the Bonus Pool, after consulting the Remuneration Committee, the Control, Risk and Sustainability Committee and in accordance with the procedures for Transactions with Related Parties.

The bonus may be reduced, down to zero (malus), in the event of disciplinary action or evidence of non-compliance due to excess risk undertaking, failure to observe legal or statutory provisions or the code of ethics, of conduct or violation of internal and/or external regulations from which a significant loss derives for the Bank or the customers (as defined by the Board of Directors), including the prohibition to apply personal hedging or insurance strategies on remuneration or on other aspects that may alter or compromise risk alignment.

The related decisions are adopted:

- by the BoD, having consulted the Remuneration Committee, with reference to the Managing Director/General Manager, the heads of the Corporate Control Departments, Appointed Executive and Head of the Resources Department;
- by the Managing Director/General Manager, with the support of the Head of Resources Department, for the remaining Risk Takers and remaining staff.

With regard to the Identified Staff of the Parent Company and for the Identified Staff at the subsidiaries, the disbursement of quotas follows the scheme defined for the Managing Director.

T year of economic accrual of bonus		t+1 (up front)	t+2	t+3	t + 4	t + 5	tot
Allocation	cash	30%			10%	10%	50%
	Phantom Shares subject to maintenance	30%	10%	10%			50%

Payout	cash	30%			10%	10%	50%
	Phantom Shares actually available		30%	10%	10%		50%

Malus Conditions for deferred quotas	Subject to verification of gates for financial year t+1: -Capital -Liquidity -Consolidated adjusted profit of current operations before taxes	Subject to verification of gates for financial year t+2: -Capital -Liquidity -Consolidated adjusted profit of current operations before taxes	Subject to verification of gates for financial year t+3: -Capital -Liquidity -Consolidated adjusted profit of current operations before taxes	Subject to verification of gates for financial year t+4: -Capital -Liquidity -Consolidated adjusted profit of current operations before taxes
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The Phantom Shares are a "virtual" financial instrument, which entitles the Beneficiary to the payment of a cash amount corresponding to the countervalue of the share for the number of vested Phantom Shares.

All units paid in Phantom Shares are subject to a Maintenance Period of one year; for deferred Phantom Shares, the Maintenance Period begins when the deferred remuneration is recognised. The detailed information regarding the Phantom Shares is set out in the Information Document prepared pursuant to Article 114-bis TUF and Article 84-bis Issuers' Regulation "Incentive System 2022, based on the assignment of Phantom Shares" that the Company submits to the Shareholders' Meeting of 14 April 2022.

Malus and claw back clauses

The bonus may be reduced, down to zero (malus), in the event of disciplinary action or evidence of non-compliance due to excess risk undertaking, failure to observe legal or statutory provisions or the code of ethics, of conduct or violation of internal and/or external regulations from which a significant loss derives for the Bank or the customers (as defined by the Board of Directors), including the prohibition to apply personal hedging or insurance strategies on remuneration or on other aspects that may alter or compromise risk alignment.

The Bank proceeds through repayment (claw back) actions, in full or in part, for the variable remuneration already paid and the interruption of the deferred components in case of evidence within 5 years from accrual of the variable remuneration or from payment thereof, of behaviours of the staff who determined or contributed to determine:

- violation of codes of ethics or other conduct standards, and/or internal or external regulations which led to a significant loss for the Bank or for its clients;
- violations of the obligations imposed in accordance with Article 26 or, when the person is an involved party, with Article 53, Paragraphs 4 et seq., of the Consolidated Banking Law or of the remuneration and incentive obligations;
- violations of the rules of the Consolidated Finance Act pertaining to remuneration and incentive obligations;
- fraudulent or grossly negligent behaviours to the detriment of the Bank;
- conducts which led to disciplinary penalties (from suspension of employment to dismissal for just cause or justified subjective reason);
- limited to the Managing Director/General Manager and Managers with Strategic Responsibilities, in the event that, following the restatement of the Financial Statements,

the overcoming of the conditions underlying the incentive component (access conditions and/or objectives) is not confirmed.

These provisions are independent with respect to any compensatory or disciplinary profiles and they are activated taking also into account the contribution and tax profiles relating to these matters.

* * * * *

Threshold

If variable remuneration is:

- less than the total amount of 30.00 Euros, for Identified Staff members of the Steering Committee
- less than the total amount of 50,000 Euros for the remaining Identified Staff

and does not exceed (in either case) the limit of one third of the total remuneration of the resource concerned, the entire amount is paid in cash and up front.

Particularly High Variable Remuneration of Senior Management Identified Staff

In the case of particularly high variable remuneration¹⁴, for the Managing Director/General Manager and the rest of the identified staff belonging to Senior Management, the payout structure provides for:

- a deferral of 60% of the bonus for a period of 5 years
- a component in Phantom Shares, equal to 50% of the bonus, for the up-front portion, and 55% of the bonus for the deferred component
- the maintenance period of 1 year for the share allocated in Phantom Shares.

¹⁴ Amount of 435,000 Euros (i.e. 25% of the average total remuneration of Italian high earners, as per EBA Report 2021)

Consequently, the scheme here below will be followed:

T year of economic accrual of bonus		t+1 (up front)	t+2	t+3	t + 4	t + 5	T + 6	tot
Allocation	cash	20%			5%	5%	15%	45%
	Phantom Shares subject to maintenance	20%	15%	10%	10%			55%

Payout	cash	20%			5%	5%	15%	45%
	Phantom Shares actually available		20%	15%	10%	10%		55%

Malus Conditions for deferred quotas	Subject to verification of gates for financial year t+1: -Capital -Liquidity -Consolidated adjusted profit of current operations before taxes	Subject to verification of gates for financial year t+2: -Capital -Liquidity - Consolidated adjusted profit of current operations before taxes	Subject to verification of gates for financial year t+3: -Capital -Liquidity -Consolidated adjusted profit of current operations before taxes	Subject to verification of gates for financial year t+4: - Equity -Liquidity -Consolidated adjusted profit of current operations before taxes	Subject to verification of gates for financial year t+5: -Capital -Liquidity -Result Consolidated Adjusted Of operations Current before tax positive
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In relation to the component in Financial Instruments (Phantom Shares), please refer to what is shown in the section on the variable remuneration of the Managing Director (paragraph 4.2.5).

4.3 The Remuneration Policies for remaining staff

4.3.1 Structure of the remuneration for remaining staff

The remuneration package for the remaining staff is oriented towards the achievement of medium/long-term objectives and is balanced in the following elements, depending on the category of reference:

- fixed remuneration;
- the variable incentive remuneration, which rewards performances over a short-term time period;
- other retention and attraction instruments which, in relation to the type, fall within the sphere of the fixed or variable remuneration;
- the benefits, which fall within the fixed component of the remuneration;
- indemnities with a view to or at the time of early termination of the employment relationship.

In particular, the elements constituting the remuneration package for remaining staff are the following:

- **Fixed annual remuneration:** in line with the professional positioning and actual experience, seniority and expertise of the employee, constantly monitored and verified with respect to the market context, taking into consideration the level of experience and professional expertise required for each position.
 - Indemnities may also be assigned in connection with specific positions, functionally connected to the covered role, related to the fixed component of remuneration.
 - To complete the remuneration offer, on the basis of a general policy defined at the Company level, employees are offered a package of additional benefits, such as, by way of example, a supplementary pension plan, supplementary forms of insurance and medical cover, as well as the granting of special favourable conditions as regards services provided by the Bank.
- **Variable remuneration:** constituted by the *Company Bonus* provided by the National Collective Labour Agreement, linked to the economic performance of the Company and by a *Monetary Incentive Component*, which rewards the annual “performances” in relation to the assigned targets and the results achieved.
 - If new staff are hired from outside the Group, and only for the first year of employment, entry bonuses may be provided to make the company’s proposal more attractive, in compliance with the terms and conditions prescribed by current regulations.

In addition, at the decision of the Managing Director/General Manager, within a maximum limit of 1% of the budgeted personnel cost, duly adjusted with the variable incentive components (e.g. company bonus, incentive system), specific one-off or exception bonuses (e.g. on the occasion of special projects, excellent behaviours, extraordinary events, severance incentives...), can be established, duly justified, paid after verifying that the access conditions have been met.

It is also possible to activate *sales contests* directed at strengthening the pursuit of the sales targets and/or of specific initiatives relating to extraordinary projects. These initiatives are part of the variable component of remuneration and are activated in line with the code of ethics and the provisions of internal regulations regarding alignment with customer needs, loyalty and related satisfaction and subject to the maintenance of capital and liquidity requirements. They are exceptional, ancillary and marginal in terms of costs, personal motivation and risk impacts and entail dedicated safeguards to ensure compliance with provisions pertaining to conflict of interest and moral hazard behaviour: these aspects are defined in the pertinent internal regulations.

The amount of the Monetary Incentive Component is contained well below the variable/fixed ratio in the limit of 1:1, without prejudice to the possible definition of non-compete agreements which envisage the payment of a consideration commensurate with the duration and extent of the restriction deriving from the agreement following the conclusion of the employment relationship and/or termination of the office, envisaging in this case the possibility of exceeding this limit, without prejudice to the maximum incidence described in Section 5, "indemnity in the event of resignation or termination of employment and individual pension benefits".

4.3.2 The Variable Component of the Remuneration Package

In the Group's Remuneration Policies, the variable component of the remuneration is a performance incentive tool.

The monetary incentive system provided for specific categories of personnel (network and head office) is developed in compliance with a set of guidelines consistent with the general principles on which the Group's remuneration policies are based. In particular, that system:

- respects the objectives and company values, the long-term strategies and the policies of prudent risk management of the bank. The variable component of the remuneration of

network staff does not involve, in fact, the receipt of incentives that may prejudice the offer of products and services in compliance with the interests of customers or that place the interests of the Group above those of customers;

- is based upon a methodology of determination of bonuses linked to the achievement of pre-determined targets, assigned through an explicit and shared process;
- takes into consideration, as regards the remaining staff of the Parent Company, the annual performance of the Group by way of a mechanism that links the amount of maximum expenditure to target levels of adjusted consolidated Profit of current operations before taxes, fixed each year by the Board of Directors;
- for the staff of the Subsidiaries, the maximum expenditure is determined for each company, in compliance with the guidelines laid down for the Group, in relation to target levels of the individual adjusted Profit of current operations before taxes. That mechanism involves the zeroing of the bonus pool in the case of unsatisfactory results and in the case of negative results;
- subjects the payment of bonuses to the presence of two access conditions (known as “gateway” objectives) which reflect the level of capital resources and liquidity of the Group in order to make the monetary incentive system sustainable with respect to the Group's financial situation. In particular, those “gateway” objectives reflect those envisaged for the Identified Staff.

There is no provision for incentive systems based only on commercial targets.

4.3.3 Bank Office Staff of the Group

The Office Staff is constituted by management and clerical staff of the Head Office excluding the “identified staff”. For Office Staff, the determination of the bonuses is linked to the achievement of general targets and/or function targets and is aimed at recognising individual performances. As part of the maximum expenditure established for the bonus system for remaining staff (bonus pool), a maximum amount of expenditure available to the Departments, Areas and Head Office is defined annually, for the payment of bonuses to staff of the individual structures. The subdivision of that maximum expenditure is determined on the basis of many factors related to the achievement of individual and team results and the achievement of particular targets assigned during the year, which constitute the basis for formulating the proposals under the remit of each Office/Area/Department Manager in favour of his/her collaborators. One element for assessing the variable remuneration of staff dealing with

complaints comprises indicators that take into account the results achieved in handling complaints and the quality of customer relations.

The bonus proposals, consistent with the outcome of the individual performance assessment process, are subsequently submitted for approval by the Resources Department.

An incentive system is also envisaged for middle management with characteristics consistent with the system envisaged for Identified Staff, introduced in 2021 for Area Managers and extended from 2022 to Office Managers. The extension of the audience is aimed at pursuing the Plan's objectives with ever greater incisiveness and at focusing the efforts, at every level, on a conscious and targeted process of involvement and empowerment of the individual resources involved by the MBO (i.e. management by objectives).

4.3.4 Network Staff

For the remaining staff, the incentive systems provided for network staff meet the objective of aligning the performances of the network to the Group's strategic objectives and motivating resources to achieve and maintain excellent performance levels of the activities and aligning the interests of the staff with the satisfaction and loyalty retention of the customers.

The bonuses of the Staff who propose banking services and products and the respective Managers, to avoid incorrect commercial practices, are never linked to the offer of specific products or policies that condition the attainment of financing and include objectives related to the loyalty retention and satisfaction of the customers. They provide for dedicated safeguards, which may lead to the non-payment of the bonus, to ensure compliance with regulations pertaining to anti-money laundering, transparency and correctness in relationships with customers, as well as with the code of ethics and other conduct standards and in the presence of customer complaints assessed within the sphere of the disciplinary process.

The network staff is made up of the following professional figures:

- Area Managers;
- Area Business Managers;
- Area Retail Specialists;
- Branch Managers and Officers;

- Business Managers;
- Private Bankers;
- Personal Managers;
- Affluent Managers
- Small Business Managers;
- Other Network Staff.

Area Managers – Area Business Managers – Area Retail Specialists

Having ensured compliance with internal and external regulatory provisions and an adequate level of credit quality, the bonus system for Area Managers, Business Area Managers and Area Retail Specialists involves the assignment of specific targets in order to measure the performance of the Area in relation to a score calculated on the basis of achievement of the assigned budgets for macro aggregates, of which the Income Statement target and the development of business relations are of particular importance in addition to the level of satisfaction of the customers. The bonus accrued, having achieved the minimum profit level, is correlated to the score achieved.

Branch Managers and Officers

Having ensured compliance with internal and external regulatory provisions and an adequate level of credit quality, the bonus system for Branch Managers and Officers involves the assignment of specific targets in order to measure the performance of the Branch in relation to a score calculated on the basis of achievement of the assigned budgets for macro aggregates, of which the Income Statement target and the development of business relations are of particular importance in addition to the level of satisfaction of the customers. The bonus accrued, having achieved the minimum profit level, is correlated to the score achieved.

Business Managers

Having ensured compliance with internal and external regulatory provisions, an adequate level of credit quality and achieving a minimum commercial development target, the bonus system for Business Managers involves the assignment of specific targets in order to measure the performance based on a score calculated depending on the achievement of the assigned budgets for macro aggregates and relating to the specific business segment, among which the Income

Statement target is of particular importance. The bonus accrued, having achieved the minimum profit level, is correlated to the score achieved.

Private Bankers

Having ensured compliance with internal and external regulatory provisions, with particular attention to specific mandatory training and the maintenance of the functional qualifications to cover the role (IVASS/ESMA), the bonus system for Private Bankers involves the assignment of specific targets in order to measure the performance implemented based upon the achievement of the assigned budgets for macro aggregates and related to the specific business segment, given the due compliance with internal and external regulations. For the specific segment, adequate performance of the role is also considered, i.e. the technical-specialistic evaluation, the organisational capabilities and the outcome of customer satisfaction checks. In addition, specific forms of incentives linked to customer retention activities in the segment may be implemented.

Personal Managers

Having ensured compliance with internal and external regulatory provisions, with particular care for the specific mandatory training and the maintenance of functional authorisations to cover the role (IVASS/ESMA), of a correct management of current operating risks, the bonus system for Personal Managers involves the assignment of specific targets in order to measure the performance based on a score calculated depending on the achievement of the assigned budgets for macro aggregates.

Affluent Managers

Having ensured compliance with internal and external regulatory provisions, with particular care for the specific mandatory training and the maintenance of functional authorisations to cover the role (IVASS/ESMA), of a correct management of current operating risks, the bonus system for Affluent Managers involves the assignment of specific targets in order to measure the performance based on a score calculated depending on the achievement of the assigned budgets for macro aggregates-

Small Business Managers

Having ensured compliance with internal and external regulatory provisions, an adequate level of credit quality and achieving a minimum commercial development target, the bonus system

for Small Business Managers involves the assignment of specific targets in order to measure the performance based on a score calculated depending on the achievement of the assigned budgets for macro aggregates and relating to the specific business segment. The bonus accrued, having achieved the minimum profit level, is correlated to the score achieved.

Other Network Staff

The attribution of the Monetary Incentive Component to Other Network Staff has as its main objective the attribution of bonuses strictly commensurate to the increase, achieved by the individual peripheral units, of activities deriving from the acquisition of new markets and/or higher market shares, consistently with the Group strategies and it is activated upon achieving the assigned targets. The amount of the bonus accrued is determined in accordance with meritocratic criteria that must respect the principle of proportionality in relation to commercial development, safeguarding of risks, observance - if required by the role - of the specific mandatory training and the maintenance of functional authorisations to cover the role (IVASS/ESMA) and adherence to the performance assessment system and that Branch Managers must propose for their own subordinates.

4.3.5 Financial Advisors

The remuneration of Financial Advisors is regulated in accordance with the provisions envisaged by the agency contract. Two different components can be recognised within this remuneration:

- a recurrent component, essentially referring to the more stable and ordinary part of the remuneration, made up of:
 - i) direct remuneration:
 - commission commensurate to the commission-related returns of the managed portfolio and the activities for the promotion and placement of banking products and services;
 - fees acknowledged at the time of transfer of the portfolio;
 - fees for indicating financial advisors to be included in the Network;
 - ii) indirect remuneration:
 - remuneration for tutoring activities;

- remunerative component for the co-ordination roles;
- a non-recurring component, mainly referring to:
 - recognitions referring to specific initiatives directed at promoting the development of the activities, of the funding volumes and of the banking products or loans;
 - recognitions in view of the advisor's commitment to fulfil a predefined minimum period of collaboration with the Bank.

This second component is paid as part of a specific Bonus pool and it is subject to compliance with the liquidity and capital gateway objectives set annually for all the incentive systems of the Group. A bonus is paid to each resource subject to the verification of the correctness of the relations with customers, compliance with internal and external regulations, and in the absence of operational risks such as to cause reputational damage.

The Financial Consultants are included in the process for the identification of the identified staff of the Group and, in the event of identification, the non-recurring fees are subject to the same deferral and disbursement schemes and malus rules provided for the identified staff of the Group.

4.3.6 Fides Spa Staff

The variable incentive system for the remaining staff of Fides Spa envisages a methodology of determining bonuses connected to the achievement of general targets and aimed at recognising individual performances. As part of the maximum expenditure established for the incentive system for remaining staff (bonus pool) the accrual of bonuses for the individual resources is determined on the basis of a number of factors related to the achievement of individual and team results and the achievement of particular targets assigned during the year.

4.3.7 Brokers

The remuneration of Brokers is regulated in accordance with the regulations provided by the agency contract. Two different components can be recognised within this remuneration.

The recurring component, consisting essentially of the commission indicated in the agency mandate, which represents the natural fee of the activity carried out by the agent and is not related to the achievement of specific results.

The non-recurring component essentially refers to remuneration with an incentive value subject to achieving target volumes of turnover. This second component is paid as part of a specific Bonus pool that is activated in the presence of a positive economic result of the subsidiary Fides Spa and it is subject to the observation of the liquidity gateway objectives fixed annually for all incentive systems and to the verification of the capital adequacy of the Group. Having taken into account the availability of the Bonus Pool for the Agents in the presence of adequate profitability of the subsidiary, the Group's capital adequacy level is identified as the minimum regulatory requirement CET1 ratio of the Group $\geq 7.35\%$. A bonus is paid subject to the verification of the correctness of the Broker's relations with customers, compliance with internal and external regulations, and in the absence of operational risks such as to cause reputational damage.

The Brokers are included in the process for the identification of the identified staff of the Group and, in the event of identification, the non-recurring fees are subject to the deferral and disbursement schemes and malus rules provided for the identified staff of the Group.

4.4 Malus and Claw back

The bonus may be reduced, down to zero (malus), in the event of disciplinary actions or evidence of non-compliance due to excess risk undertaking, failure to observe the code of ethics or other conduct standards or violation of internal and/or external regulations from which a significant loss derives for the Bank or for the customers (as defined by the Board of Directors), including the prohibition to apply personal hedging or insurance strategies on remuneration or on other aspects that may alter or compromise risk alignment. The related decisions are made by the Resources Department Manager.

The bank proceeds through repayment (*claw back*) actions, in full or in part, for the variable remuneration already paid and the interruption of the deferred components in case of evidence

within 5 years from accrual of the variable remuneration or from payment thereof, of behaviours of the staff who determined or contributed to determine:

- violation of codes of ethics or of other conduct standards, and/or internal or external regulations which led to a significant loss for the Bank or for its clients;
- violations of the rules of the Consolidated Finance Act pertaining to remuneration and incentive obligations;
- fraudulent or grossly negligent behaviours to the detriment of the Bank;
- as well as conduct which led to disciplinary penalties (from suspension of employment to dismissal for just cause or justified subjective reason).

These provisions are independent with respect to any compensatory or disciplinary profiles and they are activated taking also into account the contribution and tax profiles relating to these matters.

5. Compensation in the event of resignation or termination of employment and individual pension benefits

The Banco Desio Group adopts the following criteria for determining the compensation to be paid in the case of early conclusion of the employment relationship or early termination from the office:

A) for all staff

- the limit to the compensation is established at 2 years of fixed remuneration. For staff recruited on a subordinate employment contract, any definition of compensation for termination of the employment relationship determined within the limits mentioned above is understood to supplement the indemnity in lieu of advance notice and to replace the possible additional applications regulated by the National Collective Labour Agreement;
- the overall amount disbursed to a single resource cannot in any event exceed the limit of 1.5 million Euros, the related amount is subject to *claw back*;
- any remuneration paid is subject to the same malus and claw back rules prescribed for variable remuneration, in particular, the Bank shall seek repayment of the amounts paid in case of ascertainment, within 5 years from the payment of the immediate component or of the deferred component, of conduct on the part of the employees, directors or collaborators benefiting from such conduct during their employment, in violation of internal or external rules or regulations, which entailed for the Bank a loss considered “significant”, of violation of the conditions and of the limits for the undertaking of risk activities with respect to those who can exercise an influence on the management of the

Bank and of the parties connected therewith (in accordance with Article 53 Paragraphs 4 et seq. CBL), of violation of the remuneration and incentive obligations and of fraudulent conduct and of gross negligence, with reference to Managers with Strategic Responsibilities, in the event of data pertaining to the Gates or vesting conditions that were subsequently revealed to be manifestly erroneous.

B) for the identified staff, in addition to the criteria indicated in A) above

- the amount is determined taking also into account the individual results of the person and the conditions of liquidity, capital and income of the Bank;
- with reference to professionals with particularly relevant characteristics, such that termination of employment could determine risks, the Bank reserves the right to define, from time to time, non-competition agreements that provide the recognition of an amount commensurate with the duration and breadth of the constraint deriving from the agreement itself after the conclusion of the employment relationship and/or cessation of the office.

In accordance with regulatory provisions, if the related amounts are defined within the limit of one year of fixed remuneration, they are not subject to verification of the alignment with the overall results of the Bank, individual performance or duration of the employment relationship or to the rules pertaining to the specification of the payment, with particular reference to the deferral, malus and composition between cash and financial instruments;

- “*Golden Parachutes*” are included in the calculation of the proportion of the variable remuneration with respect to the fixed remuneration of the last year of employment or of permanence in office, with the exception of:
 - amounts agreed and recognised by a non-competition agreement, for the portion that, for each year of duration of the agreement, does not exceed the last year of fixed remuneration;
 - amounts agreed and recognised within the scope of an agreement between the bank and the staff, however reached, for the settlement of a current or potential dispute defined multiplying
 - 2 months of pay for Risk Takers
 - 6 months of pay for control departments
- of total annual remuneration (gross annual remuneration of the last year with the addition of the average of the amounts recognised by way of annual incentivising system, be it up-front or deferred, in the previous two years) times the number of years of seniority

in any case within the maximum amount defined by the Shareholders'

Meeting;

- the amount will be paid by the methods provided for variable remuneration of risk taker staff (deferral, correlation to performance of the stock for staff not belonging to control departments, malus, claw back);
- for identified staff recruited on a subordinate employment contract, the payment methods provided for the variable remuneration of identified risk taker staff will apply for the portion of compensation that may exceed the prior notice calculated in accordance with the provisions of the National Collective Labour Agreement and for the amount of the NCA that exceeds the last year of fixed remuneration;

C) for the remaining staff, in addition to the criteria indicated in A) above:

- the amounts agreed in view or on the occasion of the early conclusion of the employment are included in the calculation of the proportion of the variable remuneration with respect to the fixed remuneration of the last year of employment or of permanence in office, with the exception of:
 - the amounts agreed and recognised within the scope of an agreement between the bank and the staff, however reached, for the settlement of a current or potential dispute defined multiplying
 - 2 months of the total annual remuneration (gross annual remuneration of the last year with the addition of the average of the amounts recognised by way of monetary incentive component in the previous two years) times the number of years of seniority

in any case within the maximum amount defined by the Shareholders' Meeting;

- with reference to professionals with particularly relevant characteristics, such that termination of employment could determine risks, the Bank reserves the right to define, from time to time, while the employment relationship exists or in view of or at the time of termination of the employment relationship, non-competition agreements that envisage the recognition of an amount commensurate with the duration and breadth of the constraint deriving from the agreement itself after the conclusion of the employment relationship and/or cessation of the office.

If the amounts relating to the non-competition agreements are defined within the limit of one year of fixed remuneration, they are not subject to the limit to the variable/fixed ratio, as defined by the present provisions.

If the amounts relating to non-competition agreements are defined for a total amount that exceeds the limit of one year of fixed remuneration, they are considered variable remuneration and the related allocation and payment is subject to verification of

compliance with the Group's capital and liquidity conditions and contributes to the definition of the limit of variable remuneration with respect to fixed remuneration. In this case, on an exceptional basis, this limit can depart from the incidence of 1:1 in any event within a maximum of 2:1.

This without prejudice to the provisions of Circular 285 Paragraph 2.2.3 “Derogation” point 1 with regard to severance incentives.

At present, neither the Managing Director/General Manager nor the remaining Identified Staff are provided with indemnities in addition to those envisaged by the employment contract or by the Italian Civil Code in the case of resignation or termination of the relationship. There are no agreements that involve the assignment or maintenance of non-monetary benefits in favour of persons who have ceased their office (known as *post-retirement perks*).

No discretionary pension benefits are provided.

Data transmission obligations

In 2021, the Parent Company undertook the obligation to transmit on an annual basis to the Bank of Italy the remuneration data, as established in the Communication of 7 October 2014 promulgated in accordance with Article 75 of CRD IV.

SECTION II

1. Introduction

The Report on remuneration paid in 2021 is divided into two parts.

The first part provides a clear and detailed representation of the remuneration paid in 2021, with a particular focus on the remuneration of the management and control bodies, the Managing Director and the Managers with Strategic Responsibilities, highlighting compliance with the Remuneration Policy approved by the Shareholders' Meeting on 15 April 2021 and the formalities by means of which remuneration contributes to the company's long-term results.

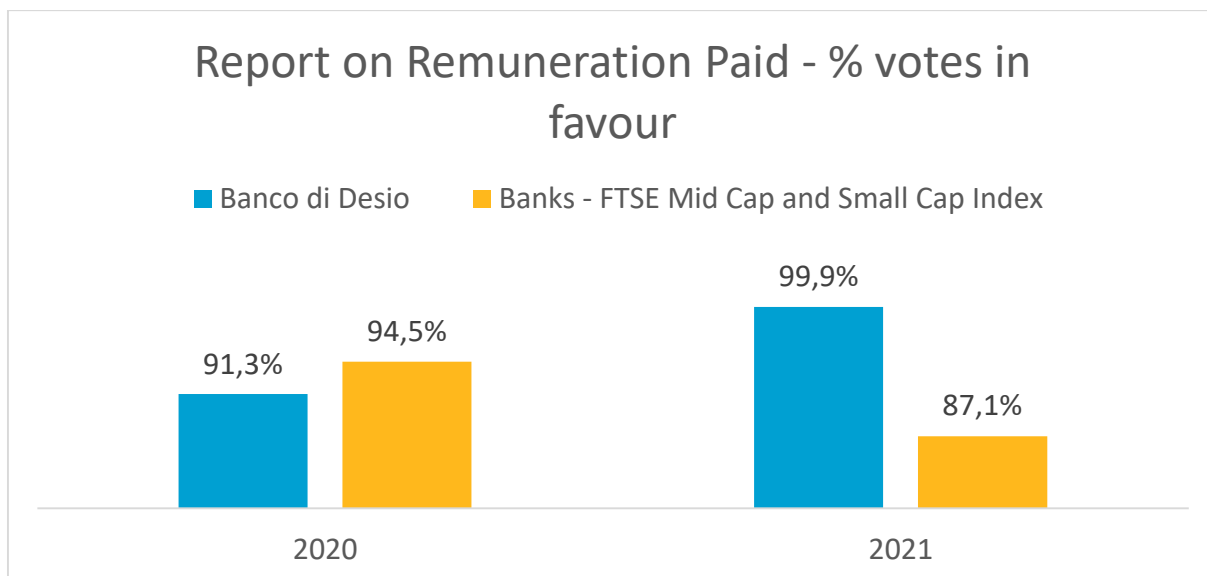
In the second part, the representation of each of the items that make up remuneration is shown, according to the tabular schemes provided for by the Issuers' Regulation. In particular, the disclosure is provided:

- by name, for members of the management and control bodies, the Managing Director/General Manager;
- in aggregate form for the Managers with Strategic Responsibilities.

The second part also provides the qualitative and quantitative disclosure required by Article 450 of the CRR in relation to the application of the 2021 Remuneration Policy.¹⁵

The Shareholders' Meeting of 15 April 2021 approved the Group Remuneration Policy (Section I) with 99.9 per cent of the votes in favour of the shares represented at the meeting.

¹⁵ See note 2



Taking into account the positive results of the vote, the structure of Section II proposed for the first time last year was maintained, and it provided, also taking into account the provisions introduced by the Issuers' Regulation, with a view to increasing transparency and disclosure to the market, for detailed information on the correlation between the results achieved and the definition of variable remuneration.

2. Main events during 2021

In 2021, a number of significant events occurred, such as the revision of the budget, with a higher profit than originally assumed, which led the Board of Directors to abolish the hypothesised curtailments and reinstate bonuses at the standard level, already envisaged in the 2021 Remuneration Policies. The changes made have not, however, negatively affected the always prudent and moderate approach recommended by the European authorities and the Bank of Italy on this matter.

Furthermore, 2021 was the first year of implementation of the Business Plan approved in December 2020; the targets set for the year were largely achieved, with particular reference to improving cost/income, capital requirements and asset quality.

The Plan targets were also included in the individual objectives scorecards, which confirmed the structure already outlined in 2020 and divided into two macro sections, one of a quantitative nature (focusing on economic-financial aspects as well as on Value Creation and Risk Management) and one of a qualitative nature, related to specific initiatives to achieve the

strategic guidelines. Consistent with the social responsibility that characterises the Group's long-term strategy, the ESG objectives pursued have been provided for within the scorecards, with particular reference to environmental sustainability and inclusive management policies. The Bank's structure was also affected by a major streamlining action, including the introduction of a new business model. The anticipation of the new business model led to a greater focus on managerial roles with a more specific reference to targets and customer clusters; the reorganisation activity was accompanied in 2021 by a training activity aimed at accompanying resources to the transition to the new roles envisaged by the service model.

3. 2021 Governance Process

As far as the Governance process is concerned, the Remuneration Committee met in 2021 on a total of 9 occasions (including some joint meetings with the Appointments Committee or with the Control, Risk and Sustainability Committee) during which issues associated with the implementation and alignment of the 2021 remuneration policies were mainly discussed.

Among the topics dealt with in detail by the Committee, mention is made in particular of:

- checks concerning the activation of the incentive system for the purposes of the 2020 draft financial statements;
- proposal of the 2021 Remuneration Report and on the remuneration paid;
- proposals relating to certain positions of the Parent Company;
- proposal for the 2021 bonus system and update of Bonus Pool 2021;
- benchmarking analysis on fixed and variable remuneration;
- regulatory updates.

Furthermore with regard to the internal control departments, it is revealed that:

- the Internal Audit Department carried out an audit on the consistency of remuneration practices with the approved policies and these regulations; the outcome was positive;

The Remuneration and Incentive Policies adopted were correctly carried out in relation to the identification of the identified staff, compliance with the limits of incidence of the variable remuneration in accordance with the categories of beneficiaries, and the verification of the achievement of the "gateway" objectives. The detailed outcomes of

the checks conducted have been brought to the attention of the relevant Bodies and Departments;

the Compliance department assessed how this Report is compliant with both external legislation and internal regulations;

- the Head of the Risk Management Department has participated in the process of defining the Remuneration Policies and identifying the identified staff. The "gateway" parameters of liquidity and capital were identified in line with the Group's risk strategy in accordance with the Risk appetite Policy. The ex post verification of compliance of the levels adopted for the year 2021 gave a positive result.

4. Implementation of the 2021 remuneration and incentive policy

4.1 Remuneration of the strategic supervision, management and control Bodies and of the Managers with Strategic Responsibilities

The Directors and Statutory Auditors appointed by the Shareholders' Meeting of 23 April 2020, in addition to Director Gerolamo Gavazzi appointed at the meeting of 4 October 2021 to replace the deceased Egidio Gavazzi, will remain in office until the date of the Shareholders' Meeting convened to approve the financial statements for the year ending 31 December 2022.

As at 31 December 2021, those bodies are made up as follows.

Director	Office	Offices held in Committees				
		Executive Committee	Control, Risk and Sustainability Committee	Appointments Committee	Remuneration Committee	Committee for Transactions with Related Parties and Associated Parties
Stefano Lado	Chair			X		
Tommaso Cartone	Vice Chair (resigned on 17.12.2021)					
Alessandro Maria Decio	Managing Director and General Manager	X				
Agostino Gavazzi	Director	(P) X				
Gerolamo* GAVAZZI	Director	X				

Tito Gavazzi**	Director	X (ceased to hold office on 19.01.2021)	X (as from 19.01.2021)			
Graziella Bologna	Director	X				
Cristina Finocchi Mahne	Director (independent)		(P) X	(P) X		
Valentina Maria Carla Casella	Director (independent)				(P)X	X
Ulrico Dragoni	Director (independent)				X	X
Giulia Pusterla	Director (independent)		X			(P)X
Laura Tulli	Director (independent)			X	X	

Statutory Auditor	Office
Emiliano Barcaroli	Chair
Rodolfo Anghileri	Standing Auditor
Stefania Chiaruttini	Standing Auditor
Stefano Antonini	Alternate Auditor
Silvia Re	Alternate Auditor
Massimo Celli	Alternate Auditor

* appointed as of 4 October 2021 to replace the late Egidio Gavazzi

** As from 19 January 2021 no longer a member of the Executive Committee, but replaced Mr Cartone as member of the Control, Risk and Sustainability Committee

The Shareholders' Meeting held on 23 April 2020 established at 1,000,000 Euros the gross annual fee due to the entire Board of Directors of Banco Desio, excluding the Chair, the Vice Chair and the Managing Director, and 300 Euros the attendance fees. In its meeting held on 23 April 2020, the Board of Directors assigned the total fees as follow:

- 50,000 Euros to each Director;
- 40,000 Euros to each member of the Executive Committee (60,000 Euros to the Chair);
- 20,000 Euros to each member of the Control, Risk and Sustainability Committee (25,000 Euros to the Chair);

- 15,000 Euros to each member of the Committee for Transactions with Related Parties and Associated Parties (20,000 Euros to the Chair);
- 10,000 Euros to each member of the Appointments Committee and the Remuneration Committee (15,000 Euros to the Chair);
- residual 235,000 Euros unassigned.

The all-inclusive fees of the Chair, Vice Chair and Managing Director amount respectively to:

- 600,000 Euros to the Chair;
- 300,000 Euros to the Vice Chair;¹⁶
- 350,000 Euros to the Managing Director.

For the Executive Directors, in view of the low remuneration received for participating in the Executive Committee (40,000 Euros per annum), there is no provision for variable fees.

The members of the Board of Directors and the members of the Executive Committee are, in addition, entitled to the reimbursement of costs incurred for reasons of their office, as well as the payment of attendance fees, the amount of which is determined by the ordinary Shareholders' Meeting.

In addition, a D&O insurance policy is provided for Directors and Statutory Auditors.

The fees of the Chair, the Vice Chair(s), as well as any additional fees in favour of other Directors with operational delegations as well as participation in the board committees, are determined by the Board of Directors, having heard the opinion of the Board of Statutory Auditors.

Board of Statutory Auditors

The remuneration of the members of the Board of Statutory Auditors of the Parent Company and the subsidiaries is commensurate with the commitment required, the importance of the position held as well as the dimensional and sectoral characteristics of the Banco Desio Group companies.

The fees established for the 2020-2022 mandate for the Parent Company's Board of Statutory Auditors are:

¹⁶ In consideration of the resignation submitted on 17 December 2021, the actual remuneration was 287,671 Euros

- 100,000 Euros for the Chair of the Board of Statutory Auditors;
- 80,000 Euros for each Standing Auditor;
- plus 10,000 Euros for both the Chair and each Standing Auditor by way of forfeit expense reimbursement.

In compliance with the Bank of Italy's Supervisory Provisions, no variable remuneration is envisaged for the members of the Board of Statutory Auditors of the Parent Company and the subsidiaries.

Chair of the Parent Company

The fixed compensation of Mr Stefano Lado for the office of Chair and member of the Remuneration Committee amounted to 600,000 Euros all-inclusive and 6,600 Euros for attendance fees.

There is no provision for compensation at the end of the office due to resignation or termination of the relationship.

Vice Chair of the Parent Company

Mr Tommaso Cartone's fixed remuneration for the office of Vice Chair amounted to an all-inclusive amount and an attendance fee.

There is no provision for compensation at the end of the office due to resignation or termination of the relationship.

Executive Directors of the Parent Company

Agostino Gavazzi, Gerolamo Gavazzi and Graziella Bologna receive, in addition to the fixed remuneration for the office of Directors, an additional fee in the capacity of members of the Executive Committee, as well as the payment of attendance fees, as provided by the Group's remuneration policy.

There is no provision for compensation at the end of the office due to resignation or termination of the relationship.

For the remuneration of the Managing Director, see the following Section.

Non-Executive Directors of the Parent Company

Messrs Cristina Finocchi Mahne, Valentina Maria Carla Casella, Ulrico Dragoni, Giulia Pusterla and Laura Tulli receive fixed remuneration for the office of Directors, an additional fee for participating in Committees, as well as the payment of attendance fees, as envisaged by the Group's remuneration policy.

There is no provision for compensation at the end of the office due to resignation or termination of the relationship.

Managing Director and General Manager of the Parent Company

Mr Alessandro Maria Decio has received a gross remuneration of 350,000 Euros and a remuneration of 356,600 Euros as Managing Director (of which 6,600 Euros for attendance fees). The value of the non-monetary benefits package assigned to the General Manager amounted to 3,589 Euros.

With reference to the Incentive plan for management of the Group, the same accrued in the 2021 financial year variable remuneration of 412,081 Euros. The details of the variable incentive system are illustrated in Section 4.2.

There is no provision for compensation at the end of the office due to resignation or termination of the relationship.

Concerning the offices held by the Managing Director and General Manager of the Parent Company in the Subsidiary Fides in 2021, it is specified that in his capacity as Director of Fides SpA, he has received gross annual remuneration of 20,000 Euros which is reversed in accordance with the currency Policy.

Managers with Strategic Responsibilities of the Parent Company

The Bank's Managers with Strategic Responsibilities, in addition to the Managing Director/General Manager (indicated above), as of the date of closure of the financial statements, are as follows:

- the Appointed Executive;
- the head of the Planning, Finance and Control Department;
- the head of the Internal Audit Department.

They have received total gross remuneration of 576,000 Euros.

The value of the non-monetary benefits package amounted to 8,672 Euros.

With reference to the Incentive plan for management of the Group, the same accrued in the 2021 financial year variable remuneration of 87,223 Euros.

There is no provision for compensation at the end of the office due to resignation or termination of the relationship.

With reference to the Incentive Plan for the management of the Group, see the details of the following Section.

4.2 Implementation of the incentive plan for the Identified Staff of the Banco Desio Group for 2021

In a macroeconomic scenario that was better than estimated when the Plan was drawn up, the Banco was able to meet and exceed the Business Plan targets, even ahead of the forecasts made. These initiatives led, at the closure of the 2021 financial year, to a significant strengthening of capital also thanks to operations of an extraordinary nature (CET1 of Banco Desio Group +96 bps YoY and operating margin +40.5%) and the stability of costs +0.4% despite the extraordinary charges incurred for the Covid-19 emergency, with a consolidated net profit of 54.9 Euros million and ROE 5.3%. Finally, liquidity was also largely under control with the LCR indicator at 199.9% (ex 206.7% as at 31.12.2020).

Consequently, the verification of the final balance data expressed by the Group in the financial year 2021 has highlighted the achievement of the “gateway” objectives of liquidity, capital and

profitability, which determined the activation of the incentive system for the management of the Group.

Area	KPI	Envisaged target	Performance
CAPITAL (Brianza Unione Group)	CET 1	7.85%	11.80%
	TCR	11.60%	13.60%
LIQUIDITY (Banking Group)	LCR - Liquidity Coverage Requirement	115%	199.88%
	NSFR - Structural liquidity	110%	167.98%
PROFITABILITY (Banking Group)	Adjusted profit of current operations before taxes	Result \geq 75% budget value	Ok

The 2021 incentive scheme envisaged that the amount of the overall bonus pool should vary in line with the results of risk-adjusted profitability (RORAC).

The final RORAC values show a higher result than the budget: specifically, the RORAC shows an Actual/Budget Reviewed ratio higher than 125%, i.e. an "over-performance" situation.

Determination of the individual bonus for the Managing Director/General Manager

Once the achievement of the entry gates has been verified and the maximum overall bonus pool has been defined, the Incentive System envisages that the Individual Bonus be determined on the basis of the performance achieved in relation to the objectives set out in the Individual Scorecard.

The 2021 individual scorecard included indicators linked to:

- the area of "Value creation and risk management", with a weight of 60%;
- the area of "Activation of Strategic Plan guidelines and implementation of initiatives", with a weight of 40%.

The degree of achievement of each objective was measured.

Details on the objectives and their level of achievement follow.

Amministratore Delegato e Direttore Generale 2021 consuntivo

Area Strategica di Performance	Peso Area	Obiettivo	Peso KPI	Livello raggiunto
Creazione di valore e gestione del rischio	60%	Redditività	15%	
		Revenue Development	15%	
		Gestione del Rischio	15%	
		Efficienza costi	15%	
Attivazione direttrici Piano Strategico ed implementazione iniziative	40%	Iniziative strategiche Realizzazione «milestone» di Piano: -Rafforzamento strutturale -Miglioramento dei processi -Consolidamento dei primi steps di specializzazione della rete commerciale -Implementazione del progetto di internal customer <i>satisfaction</i> in ottica di miglioramento delle strutture della banca -azioni tese alla valorizzazione del profilo ESG, con particolare riferimento al tema della sostenibilità	30%	
		Rafforzamento squadra manageriale di prima e seconda linea, attivando percorsi inclusivi per sostenere diversità di genere ed età, al fine di favorire il raggiungimento target del piano	10%	

Legenda		Valore consuntivo
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The overall individual performance, defined on the basis of the objectives scorecard, is 118%.
The amount of the bonus approved for the Managing Director/General Manager was 412,081 Euros, or about 58% of the fixed annual remuneration.

The bonus will be paid in accordance with the payment model envisaged by the 2021 remuneration and incentive policies, i.e. according to the following scheme:

2021	2022	2023	2024
Year of economic accrual of bonus	40%	30%	30%
	<u>Payment of bonus</u>	<u>Subject to verification of gates for 2022:</u> -Capital -Liquidity -Consolidated adjusted profit of current operations before taxes	<u>Subject to verification of gates for 2023:</u> -Capital -Liquidity -Consolidated adjusted profit of current operations before taxes
		<u>Payment of bonus</u> <i>adjusted for variation of the share price between t+1 and t+2 with a corridor of +/- 20%.</i>	<u>Payment of bonus</u> <i>adjusted for variation of the share price between t+1 and t+3 with a corridor of +/- 20%</i>

Determination of the individual bonus for Managers with Strategic Responsibilities and for the remaining Identified Staff

The Managers with Strategic Responsibilities, as well as the remaining Identified Staff, have been the beneficiaries of the 2021 incentive system, which envisaged "*gateway*" objectives and determination of the *bonus pool* mechanisms similar to those envisaged for the Managing Director as illustrated in the previous paragraph.

With particular reference to the performances of the Managers with Strategic Responsibilities, these were generally in line with the targets defined with regard to the component activating Strategic Plan guidelines and implementing the related initiatives and "*over-performance*" with regard to the component of value creation and risk management.

The target bonus stood between 27% and 15% and the actual bonus, with reference to Managers with Strategic Responsibilities, was overall in line with the highlighted target.

With regard to the deferred components of the incentive systems for previous years, the Board meeting held on 10 February 2022 verified that the conditions envisaged by the incentive system for the payment of the second deferred portion of the bonus accrued in 2019 and for the first deferred portion of the bonus accrued in 2020 had been met.

The calculation of the amounts to be paid will be carried out, in accordance with the matters envisaged by the incentive system of the Identified Staff, on the basis of the comparison between the average price of the Banco Desio ordinary share in the 30 days prior to the date of approval of the Consolidated Financial Statements by the Shareholders' Meeting and the average price of the Banco Desio ordinary share in the 30 days prior to the year t+1, with a corridor of +/- 20%.

The total and consequently paid remuneration for the Identified Staff is shown in the attached tables.

Severance policies for 2021

No early termination agreement was entered into with identified staff during 2021.

4.3 Implementation of remuneration policies for remaining staff for the year 2021

With reference to 2021, the “gateway” objectives of capital adequacy and liquidity have been achieved. The bonuses for individual beneficiaries are being defined within the sphere of the maximum expenditure determined on the basis of the Consolidated adjusted profit of current operations before taxes and in scrupulous compliance with the individual limit to the incidence of monetary incentive component on the fixed one defined in the 2021 remuneration policies and, in general, in observance of the limits established by legislation and the remuneration policies approved by the Shareholders' Meeting.

5. Comparison between the annual change in the total remuneration of the members of the Board, of the MD/GM and the Board of Statutory Auditors and the results of the company and the average gross annual remuneration of the employees

Information relating to the comparison between the following is indicated below:

- the total remuneration of each of the parties for which the information as per this section of the Report is provided by name (table 1);
- the results of the company (table 2);
- the average gross annual remuneration, parametrised on the full-time employees, of the employees other than the parties whose remuneration is represented by name in this section of the Report (table 2).

TABLE 1

Remunerazione totale di ciascuno dei soggetti per i quali sono fornite nominativamente le informazioni nella Sezione II della Relazione (Compensi Corrisposti)

Nominativo	Carica	Remunerazione Totale			Variazione 2021-2020	Note
		2019	2020	2021		
STEFANO LADO	Presidente	€ 664.500	€ 623.489	€ 606.600	-3%	
TOMMASO CARTONE	Vice Presidente	€ 480.873	€ 320.074	€ 293.071	-8%	l'importo del 2019 comprende quanto erogato per la carica di Presidente, rivestita in BPS sino al 30 giugno (€ 126.372,60). Decremento dovuto alle dimissioni dalla carica, l'emolumento è relativo al periodo 01/01/2021 al 16/12/2021
AGOSTINO GAVAZZI	Consigliere	€ 124.500	€ 117.914	€ 116.600	-1%	
EGIDIO GAVAZZI	Consigliere	€ 104.200	€ 97.914	€ 44.918	-54%	Decremento dovuto alla cessazione dalla carica, l'emolumento è relativo al periodo 01/01/2021 al 19/06/2021
GEROLAMO GAVAZZI	Consigliere	-	-	€ 23.745	n.a.	Emolumento per il periodo 4/10/2021 - 31/12/2021
CRISTINA FINOCCHI MAHNI	Consigliere	€ 99.500	€ 96.344	€ 96.000	0%	
VALENTINA CASELLA	Consigliere	€ 72.095	€ 87.915	€ 86.600	-1%	inizio carica il 28/03/2019
TITO GAVAZZI	Consigliere	€ 114.500	€ 113.378	€ 97.641	-14%	l'importo comprende quanto erogato per la carica di Consigliere, rivestita in Fides.
GRAZIELLA BOLOGNA	Consigliere	€ 141.612	€ 97.914	€ 96.600	-1%	l'importo del 2019 comprende quanto erogato per la carica di Consigliere, rivestita in BPS sino al 30 giugno (€ 37.112).
LAURA TULLI	Consigliere	-	€ 51.496	€ 76.300	48%	inizio carica nel 2020, emolumento per il periodo dal 24/04/2020 al 31/12/2020
ULRICO DRAGONI	Consigliere	-	€ 53.439	€ 81.300	52%	inizio carica nel 2020, emolumento per il periodo dal 24/04/2020 al 31/12/2020
GIULIA PUSTERLA	Consigliere	-	€ 64.967	€ 96.300	48%	inizio carica nel 2020, emolumento per il periodo dal 24/04/2020 al 31/12/2020
ALESSANDRO DECIO	Amministratore Delegato/Direttore Generale	-	€ 668.261	€ 1.142.270	71%	inizio carica nel 2020, emolumenti per il periodo dal 24/04/2020 al 31/12/2020 per la carica di AD, dal 20/02/2020 per lavoro dipendente
Totale CdA e funzione di gestione		€ 1.801.780	€ 2.393.105	€ 2.857.945	19%	
EMILIANO BARCAROLI	Presidente Collegio Sindacale	-	€ 75.738	€ 110.000	45%	inizio carica 2020, emolumento per il periodo dal 24/04/2020 al 31/12/2020
RODOLFO ANGHILERI	Sindaco	€ 105.000	€ 105.000	€ 105.000	0%	l'importo comprende quanto erogato per la carica di Sindaco, rivestita in Fides.
STEFANIA CHIARUTTINI	Sindaco	-	€ 61.967	€ 90.000	45%	inizio carica 2020, emolumento per il periodo dal 24/04/2020 al 31/12/2020
Totale Collegio Sindacale		€ 105.000	€ 242.705	€ 305.000	26%	
TOTALE COMPLESSIVO		€ 1.906.780	€ 2.635.810	€ 3.162.945	20%	

TABLE 2

Risultati della società

Indicatore	Dato consuntivo		Variazione 2020-2021	Eventuali commenti
	2020	2021		
Margine di intermediazione	395.241	449.346	14%	
Risultato corrente al lordo delle imposte	31.544	69.080	119%	
CET1	1.029.760	1.127.365	9%	
LCR (media I, II, III e IV trim)	1,984	2,118	7%	

Annual gross average remuneration	51,039.87	52,293.01	53,008.50	1%	Average fixed gross annual remuneration, based on full-time employees, of employees other than those for whom information is provided by name in Section II of the report (Remuneration Paid)
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Desio, Italy, 24 February 2022

On behalf of the Board of Directors

The Chair

(Mr Stefano LADO)

TABLE 1: Remuneration paid to members of the management and control bodies, general managers and other Managers with strategic responsibilities.

Nome e cognome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro	
						Bonus e altri incentivi	Partecipazione agli utili						
Stefano Lado	Presidente	01/01/2021 - 31/12/2021	data approvazione bilancio del 2022										
	I) Compensi nella società che redige il bilancio				596.600	10.000				606.600			
	(II) Compensi da controllate e collegate												
	Note				Di cui: - 540.000 euro come compenso per la carica di Presidente - 50.000 euro come compenso per la carica di Consigliere - 6.600 euro come gettoni di presenza	Di cui: - 10.000 euro come compenso del Comitato Nomine (CN)							
	(III) Totale				596.600	10.000				606.600			

Nome e cognome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
Tommaso Cartone	<i>Vice Presidente</i>	01/01/2021 - 16/12/2021	16/12/2021									
	I) Compensi nella società che redige il bilancio				293.071					293.071		
	(II) Compensi da controllate e collegate											
	Note				Di cui: - 239.726 euro come compenso per la carica di Vice Presidente - 47.945 euro come compenso per la carica di Consigliere - 5.400 euro come gettoni di presenza							
(III) Totale				293.071						293.071		

Nome e cognome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
Agostino Gavazzi	Consigliere	01/01/2021 - 31/12/2021	data approvazione bilancio del 2022									
	I) Compensi nella società che redige il bilancio				53.300	63.300				116.600		
	(II) Compensi da controllate e collegate											
	Note				Di cui: - 50.000 euro come compenso per la carica di Consigliere - 3.300 euro come gettoni di presenza	Di cui: - 60.000 euro come compenso Presidente del Comitato Esecutivo (CE) - 3.300 euro come gettoni di presenza						
	(III) Totale				53.300	63.300				116.600		

Nome e cognome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
Gerolamo Gavazzi	Consigliere	04/10/2021 - 31/12/2021	data approvazione bilancio del 2022									
	I) Compensi nella società che redige il bilancio				13.092	10.653				23.745		
	(II) Compensi da controllate e collegate											
	Note				Di cui: - 12.192 euro come compenso per la carica di Consigliere - 900 euro come gettoni di presenza	Di cui: - 9.753 euro come compenso del Comitato Esecutivo (CE) - 900 euro come gettoni di presenza						
	(III) Totale				13.092	10.653				23.745		

Nome e cognome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
Egidio Gavazzi	<i>Consigliere</i>	01/01/2021 - 19/06/2021	19/06/2021									
	I) Compensi nella società che redige il bilancio				24.788	20.130				44.918		
	(II) Compensi da controllate e collegate											
	Note				Di cui: - 23.288 euro come compenso per la carica di Consigliere - 1.500 euro come gettoni di presenza	Di cui: - 18.630 euro come compenso del Comitato Esecutivo (CE) - 1.500 euro come gettoni di presenza						
(III) Totale				24.788	20.130					44.918		

Nome e cognome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
C.Finocchi Mahne'	<i>Consigliere</i>	01/01/2021 - 31/12/2021	data approvazione bilancio del 2022									
	I) Compensi nella società che redige il bilancio				56.000	40.000				96.000		
	(II) Compensi da controllate e collegate											
	Note				Di cui: - 50.000 euro come compenso per la carica di Consigliere - 6.000 euro come gettoni di presenza	Di cui: - 25.000 euro come compenso Presidente del Comitato Controlli Rischi e Sostenibilità (CCRS) - 15.000 euro come compenso Presidente del Comitato Nomine (CN)						
(III) Totale				56.000	40.000					96.000		

Nome e cognome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
Valentina Casella	Consigliere	01/01/2021 - 31/12/2021	data approvazione bilancio del 2022									
	I) Compensi nella società che redige il bilancio				56.600	30.000				86.600		
	(II) Compensi da controllate e collegate											
	Note				Di cui: - 50.000 euro come compenso per la carica di Consigliere - 6.600 euro come gettoni di presenza	Di cui: - 15.000 euro come compenso Presidente del Comitato Remunerazione (CR) - 15.000 euro come compenso del Comitato per le Operazioni con Parti Correlate e Soggetti Correlati (COPC)						
(III) Totale				56.600	30.000					86.600		

Nome e cognome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
Tito Gavazzi	Consigliere	01/01/2021 - 31/12/2021	data approvazione bilancio del 2022									
	I) Compensi nella società che redige il bilancio				56.600	21.041				77.641		
	(II) Compensi da controllate e collegate				20.000					20.000		
	Note				Di cui: - 50.000 euro come compenso per la carica di Consigliere - 6.600 euro come gettoni di presenza - 20.000 euro come compenso per la carica di Consigliere della società Fides	Di cui: - 21.041 euro come compenso del Comitato Controlli Rischi e Sostenibilità (CCRS)						
(III) Totale				76.600	21.041					97.641		

Nome e cognome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro	
						Bonus e altri incentivi	Partecipazione agli utili						
Graziella Bologna	Consigliere	01/01/2021 - 31/12/2021	data approvazione bilancio del 2022										
	I) Compensi nella società che redige il bilancio				53.300	43.300				96.600			
	(II) Compensi da controllate e collegate												
	Note				Di cui: - 50.000 euro come compenso per la carica di Consigliere - 3.300 euro come gettoni di presenza	Di cui: - 40.000 euro come compenso del Comitato Esecutivo (CE) - 3.300 euro come gettoni di presenza							
	(III) Totale				53.300	43.300				96.600			

Nome e cognome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro	
						Bonus e altri incentivi	Partecipazione agli utili						
Giulia Pusterla	Consigliere	01/01/2021 - 31/12/2021	data approvazione bilancio del 2022										
	I) Compensi nella società che redige il bilancio				56.300	40.000				96.300			
	(II) Compensi da controllate e collegate												
	Note				Di cui: - 50.000 euro come compenso per la carica di Consigliere - 6.300 euro come gettoni di presenza	Di cui: - 20.000 euro come compenso del Comitato Controlli Rischi e Sostenibilità (CCRS) - 20.000 euro come compenso Presidente del Comitato per le operazioni con Parti Correlate e Soggetti Correlati (COPC)							
	(III) Totale				56.300	40.000				96.300			

Nome e cognome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro	
						Bonus e altri incentivi	Partecipazione agli utili						
Laura Tulli	Consigliere	01/01/2021 - 31/12/2021	data approvazione bilancio del 2022										
	I) Compensi nella società che redige il bilancio				56.300	20.000				76.300			
	(II) Compensi da controllate e collegate												
	Note				Di cui: - 50.000 euro come compenso per la carica di Consigliere - 6.300 euro come gettoni di presenza	Di cui: - 10.000 euro come compenso del Comitato Nomine (CN) - 10.000 euro come compenso del Comitato Remunerazione (CR)							
	(III) Totale				56.300	20.000				76.300			

Nome e cognome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro	
						Bonus e altri incentivi	Partecipazione agli utili						
Ulrico Dragoni	Consigliere	01/01/2021 - 31/12/2021	data approvazione bilancio del 2022										
	I) Compensi nella società che redige il bilancio				56.300	25.000				81.300			
	(II) Compensi da controllate e collegate												
	Note				Di cui: - 50.000 euro come compenso per la carica di Consigliere - 6.300 euro come gettoni di presenza	Di cui: - 10.000 euro come compenso del Comitato Remunerazione (CR) - 15.000 euro come compenso del Comitato per le operazioni con Parti Correlate e Soggetti Correlati (COPC)							
	(III) Totale				56.300	25.000				81.300			

Nome e cognome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro	
						Bonus e altri incentivi	Partecipazione agli utili						
Rodolfo Anghileri	<i>Sindaco</i>	01/01/2021 - 31/12/2021	data approvazione bilancio del 2022										
	I) Compensi nella società che redige il bilancio				90.000					90.000			
	(II) Compensi da controllate e collegate				15.000					15.000			
	Note				Di cui: - 80.000 euro come compenso per la carica di Sindaco - 10.000 euro come rimborso spese forfetarie - 15.000 euro come compenso per la carica di Sindaco della società Fides								
	(III) Totale				105.000	0					105.000		

Nome e cognome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro	
						Bonus e altri incentivi	Partecipazione agli utili						
Emiliano Barcaroli	<i>Presidente Collegio Sindacale</i>	01/01/2021 - 31/12/2021	data approvazione bilancio del 2022										
	I) Compensi nella società che redige il bilancio				110.000					110.000			
	(II) Compensi da controllate e collegate												
	Note				Di cui: - 100.000 euro come compenso per la carica di Presidente Collegio Sindacale - 10.000 euro come rimborso spese forfetarie								
	(III) Totale				110.000	0					110.000		

Nome e cognome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro	
						Bonus e altri incentivi	Partecipazione agli utili						
Stefania Chiaruttini	Sindaco	01/01/2021 - 31/12/2021	data approvazione bilancio del 2022										
	I) Compensi nella società che redige il bilancio				90.000					90.000			
	(II) Compensi da controllate e collegate												
	Note				Di cui: - 80.000 euro come compenso per la carica di Sindaco - 10.000 euro come rimborso spese forfetarie								
	(III) Totale				90.000	0					90.000		

Nome e cognome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
Alessandro Maria Decio	Amministratore Delegato Direttore Generale	01/01/2021 - 31/12/2021	data approvazione bilancio del 2022									
	(I) Compensi nella società che redige il bilancio				663.300	43.300	412.081		3.589		1.122.270	
	(II) Compensi da controllate e collegate				20.000						20.000	
	Note				Di cui: - 260.000 euro come compenso per la carica di Amministratore Delegato - 350.000 euro retribuzione annua lorda per la carica di Direttore Generale - 50.000 euro come compenso per la carica di Consigliere - 3.300 euro come gettoni di presenza - 20.000 euro come compenso per la carica di Consigliere della società Fides riversati alla Capogruppo	Di cui: - 3.300 euro come gettoni di presenza - 40.000 euro come compenso del Comitato Esecutivo (CE)						
	(III) Totale				683.300	43.300	412.081		3.589		1.142.270	

Nome e cognome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
Dirigenti con responsabilità strategica	<i>Dirigenti con responsabilità strategica</i>	01/01/21 - 31/12/21										
	I) Compensi nella società che redige il bilancio			576.000		87.223		8.672		671.895		
	(II) Compensi da controllate e collegate											
				I) Retribuzione annuale lorda								
(III) Totale				576.000		87.223		8.672		671.895		

TABLE 2: Stock-Options assigned to members of the management body, general managers and other managers with strategic responsibilities.

N.A.

TABLE 3A: Incentive plans based on financial instruments other than stock-options, in favour of members of the management body, general managers and other managers with strategic responsibilities.

N.A.

TABLE 3B – Monetary incentive plans in favour of members of the administrative body, general managers and other managers with strategic responsibilities.

A	B	1	2			3			4
Cognome e Nome	Carica	Piano	Bonus dell'anno			Bonus di anni precedenti			Altri Bonus
Alessandro Decio	Amministratore Delegato/Direttore Generale		(A)	(B)	(C)	(A)	(B)	(C)	
			Erogabile / Erogato	Differito	Periodo di Differimento	Non più erogabili	Erogabile/Erogati	Ancora Differiti	
Compensi nella società che redige il bilancio	Piano di incent. Management del Gruppo 2021	164.833	247.248	50% 2023			18.179	18.179	
				50% 2024					
	Piano B (data relativa delibera)								
Compensi da controllate e collegate	Piano C (data relativa delibera)								
	Piano A (data relativa delibera)								
	Piano B (data relativa delibera)								
Totale		164.833	247.248				18.179	18.179	

A	B	1	2			3			4
Cognome e Nome	Carica	Piano	Bonus dell'anno			Bonus di anni precedenti			Altri Bonus
Dirigenti con responsabilità strategica	Dirigenti con responsabilità strategica		(A)	(B)	(C)	(A)	(B)	(C)	
			Erogabile / Erogato	Differito	Periodo di Differimento	Non più erogabili	Erogabile/Erogati	Ancora Differiti	
Compensi nella società che redige il bilancio	Piano di incent. Management del Gruppo 2021	44.185	43.038	50% 2023		37.935	9.360		
	Piano B (data relativa delibera)								
	Piano C (data relativa delibera)								
Compensi da controllate e collegate	Piano A (data relativa delibera)								
	Piano B (data relativa delibera)								
Totale		44.185	43.038			37.935	9.360		

TABLE 1 - Investments in Banco Desio of members of the Management and Control Bodies and the General Manager

Name and Surname	Office	Investee company	Title / Type of ownership	Number of shares held at the end of the previous year (as at 31.12.2020)	Number of purchased shares	Savings shares subject to conversion (conversion ratio of 0.88 ordinary shares for each savings share)	Number of sold shares	Number of shares held at the end of the current year (post conversion of savings shares) (as at 31.12.2021)
Lado Stefano *	Chair	Banco di Desio e della Brianza SpA	Ownership	2,180,111		196,000		2,353,957
			Headed to spouse	6,500				6,500
			Ownership by way of Vega Finanziaria SpA*	6,885,730	30,000	571,522		7,418,669
Tommaso Cartone ***	Vice Chair	Banco di Desio e della Brianza SpA	Ownership	27,500				27,500 (balance of shares at 17.12.2021)
Alessandro Decio	Managing Director and General Manager	Banco di Desio e della Brianza SpA		0				0
Graziella Bologna	Director	Banco di Desio e della Brianza SpA		0				0
Valentina Casella	Director	Banco di Desio e della Brianza SpA		0				0
Ulrico Dragoni	Director	Banco di Desio e della Brianza SpA		0				0

Cristina Finocchi Mahne	Director	Banco di Desio e della Brianza SpA		0				0
Agostino Gavazzi	Director	Banco di Desio e della Brianza SpA	Ownership Headed to spouse	83,744 2,900				83,744 2,900
Egidio Gavazzi **	Director	Banco di Desio e della Brianza SpA		0				0
Gerolamo Gavazzi **	Director	Banco di Desio e della Brianza SpA	Property through the Gerolamo Gavazzi Foundation Headed to spouse Property through Averla Srl*	15,000 500,000 3,703,425	125,000	5,000 28,000 706,000		19,400 524,640 4,449,705
Tito Gavazzi	Director	Banco di Desio e della Brianza SpA		0				0
Giulia Pusterla	Director	Banco di Desio e della Brianza SpA		0				0
Laura Tulli	Director	Banco di Desio e della Brianza SpA		0				0
Emiliano Barcaroli	Chair of the Board of Statutory Auditors	Banco di Desio e della Brianza SpA		0				0
Rodolfo Anghileri	Standing Auditor	Banco di Desio e della Brianza SpA		0		16,000		14,080
Stefania Chiaruttini	Standing Auditor	Banco di Desio e della Brianza SpA		0				0
Stefano Antonini	Alternate Auditor	Banco di Desio e della Brianza SpA		0				0
Massimo Celli	Alternate Auditor	Banco di Desio e della Brianza SpA		0				0

Silvia Re	Alternate Auditor	Banco di Desio e della Brianza SpA	0	0
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** Mr Stefano Lado is the holder of a general power of attorney issued by his children Giulia and Pietro Lado by virtue of which he holds 0.137% of the Bank's ordinary shares (183,570) as well as control of Vega Finanziaria SpA*

The balance as at 31 December 2021 of the ordinary shares held by Mr Lado includes 1,366 shares resulting from inheritance

*** Appointed by the Ordinary Shareholders' Meeting of 4 October 2021 to replace Director Egidio Gavazzi (deceased)*

**** Resigned as at 17 December 2021*

TABLE 2 - Investments of the other Managers with Strategic Responsibilities

Number of managers with strategic responsibilities	Investee company	Number of shares held at the end of the previous year (as at 31.12.2020)	Number of purchased shares	Number of sold shares	Number of shares held at the end of the current year (as at 31.12.2021)
4*	Banco di Desio e della Brianza SpA	0	0	0	0

*Does not include the Managing Director/General Manager already reported in Table 1. Includes manager with strategic responsibilities who ceased to hold office on 31.7.2021. As at 31 December 2021, the other Managers with Strategic Responsibilities (again excluding the Managing Director/General Manager) are 3.

EU REM Tables

EU REMA Table: remuneration policy

a) Information on remuneration supervisory bodies.

name, composition and mandate of the main body (board of directors and remuneration committee, if applicable) supervising the remuneration policy and number of meetings held by this body during the financial year; -

BOARD OF DIRECTORS

Name and surname	Role
Stefano Lado	Chair
Tommaso Cartone	Vice Chair (resigned on 17.12.2021)
Alessandro Decio	Managing Director and General Manager
Graziella Bologna	Director
Valentina Casella	Director
Ulrico Dragoni	Director
Cristina Finocchi Mahne	Director
Agostino Gavazzi	Director
Tito Gavazzi	Director
Giulia Pusterla	Director
Laura Tulli	Director
Egidio Gavazzi (until 19/6)	Director
Gerolamo Giuseppe Gavazzi (from 4/10)	Director

REMUNERATION COMMITTEE

Valentina Casella	Chair of the Remuneration Committee
Laura Tulli	Member of the Remuneration Committee
Ulrico Dragoni	Member of the Remuneration Committee

Number of meetings year 2021: 9 (some in joint session with the Control, Risk and Sustainability Committee)

External consultants whose services were used, the Body that has appointed them and which was the sector of the remuneration framework

The company Willis Towers Watson was commissioned by the Managing Director/GM in the year 2021 to assist in the drafting of the Report on the remuneration policy and on remuneration paid.

Description of the scope of application of the entity remuneration policy (e.g. by region, by line of business), including the extent to which it applies to subsidiaries and branches located in third countries;

The remuneration policy is defined in two macro-types: one for the identified staff and the other for the remaining staff. Within the scope of potential beneficiaries, we distinguish specific forecasts with differentiated target bonuses according to the role of the resources involved (higher for those in the "main lines of business").

Description of personnel or categories of personnel whose professional activities have a significant impact on the institution's risk profile.

The categories of personnel that have a significant impact on the risk profile of the institution are those that are identified annually in accordance with the provisions in force, on the basis of qualitative and quantitative criteria, and correspond, in addition to the members of the Board of Directors, the Managing Director/General Manager, the Heads of Head Offices, the heads of control departments and those who hold roles falling within the qualitative and quantitative identification criteria of the Identified Staff.

b)

Information on the characteristics and structure of the remuneration system for identified staff.

The information includes:

- **a summary of the main features and objectives of the remuneration policy and information on the decision-making process adopted to define the remuneration policy and the role of the stakeholders;**

The 2021 remuneration policy which envisage that the remuneration systems adopted are, in the interest of all stakeholders and in compliance with the indications of the Supervisory Body, aligned with the corporate strategy and objectives which are sustainable over the long-term, linked to the corporate results appropriately adjusted to take account of all risks. Those systems are consistent with the levels of capital and liquidity needed to fund the activities undertaken and are designed to avoid any incentives that may give rise to conflicts of interest and lead to excessive risk taking.

At the same time, in view of the macro-economic scenario and the Bank of Italy's recommendation of a moderate, reasonable and proportionate approach in light of the current situation, an extremely prudent approach to variable remuneration policy is confirmed for 2021.

In view of the approval of the new Business Plan in December 2020, the Remuneration policy for 2021 has defined the objectives of the incentive system in a way that is closely integrated with the actions of the plan over a medium to long term perspective, balancing economic and financial aspects with strategic actions consistent with the corporate responsibility that distinguishes the Group.

To summarise, the main changes introduced in the 2021 Remuneration Report compared with the remuneration policy approved by shareholders in 2020 concern:

- Definition of an objectives scorecard divided into an Economic-Financial macro area (Value Creation and Risk Management) and a macro area related to the Implementation of the Strategic Plan Guidelines and specific initiatives.

- Formalisation of a "top-down" approach to defining the overall Bonus Pool, closely correlated to the level of RORAC compared to the budget, as a further strengthening of the alignment between the overall variable remuneration system and income results that take into account the risks undertaken, in addition to capital soundness and liquidity.
- Progressive extension of the incentive system to the various area managers, in order to support the alignment between individual action and strategic objectives and strengthen the sense of teamwork in achieving corporate objectives.
- In line with the social responsibility that characterises the Group's long-term strategy, the ESG objectives pursued are made explicit, with particular reference to environmental sustainability and inclusive management policies.

The policy, prepared with the contribution of the corporate departments concerned under the coordination of the Resources Department, was first submitted to the Remuneration Committee, then approved by the Board of Directors and submitted to the Shareholders' Meeting in April.

- information on the criteria used to assess performance and adjust for ex ante and ex post risks;

At the beginning of the year, performance evaluation criteria for individuals were defined, centred on qualitative/quantitative elements, formalised in an objective scorecard divided into an economic/financial macro area (Value Creation and Risk Management) and a macro area related to the Implementation of the Strategic Plan Guidelines and specific initiatives.

For each KPI, specific targets to be achieved have been assigned in advance and the evaluating body has been identified ex ante.

The bonus may be reduced, down to zero (malus), in the event of disciplinary action or evidence of non-compliance due to excess risk undertaking, failure to observe legal or statutory provisions or the code of ethics, of conduct or violation of internal and/or external regulations from which a significant loss derives for the Bank or the customers (as defined by the Board of Directors), including the prohibition to apply personal hedging or insurance strategies on remuneration or on other aspects that may alter or compromise risk alignment.

The Bank proceeds through repayment (claw back) actions, in full or in part, for the variable remuneration already paid and the interruption of the deferred components in case of evidence within 5 years from accrual of the variable remuneration or from payment thereof, of behaviours of the staff who determined or contributed to determine:

- violation of codes of ethics or of conduct, and/or internal or external regulations which led to a significant loss for the Bank or for its clients;
- violations of the obligations imposed in accordance with Article 26 or, when the person is an involved party, with Article 53, Paragraphs 4 et seq., of the Consolidated Banking Law or of the remuneration and incentive obligations;
- violations of the rules of the Consolidated Finance Act pertaining to remuneration and incentive obligations;
- fraudulent or grossly negligent behaviours to the detriment of the Bank;
- conducts which led to disciplinary penalties (from suspension of employment to dismissal for just cause or justified subjective reason);

- limited to the Managing Director/General Manager and Managers with Strategic Responsibilities, in the event that, following the restatement of the Financial Statements, the overcoming of the conditions underlying the incentive component (access conditions and/or objectives) is not confirmed.

These provisions are independent with respect to any compensatory or disciplinary profiles and they are activated taking also into account the contribution and tax profiles relating to these matters.

- whether the board of directors or the remuneration committee, if established, has reviewed the institution's remuneration policy during the past year and, if so, a summary of any changes made, the reasons for such changes and their impact on remuneration; —

In 2021, the Report on the remuneration policy and on remuneration paid was reviewed by the Corporate Bodies to align it with new regulations and industry best practices. To summarise, the main changes introduced in the 2021 Remuneration Report compared with the remuneration policy approved by shareholders in 2020 concern:

- Definition of an objectives scorecard divided into an Economic-Financial macro area (Value Creation and Risk Management) and a macro area related to the Implementation of the Strategic Plan Guidelines and specific initiatives.
- Formalisation of a "top-down" approach to defining the overall Bonus Pool, closely correlated to the level of RORAC compared to the budget, as a further strengthening of the alignment between the overall variable remuneration system and income results that take into account the risks undertaken, in addition to capital soundness and liquidity.
- Progressive extension of the incentive system to the various area managers, in order to support the alignment between individual action and strategic objectives and strengthen the sense of teamwork in achieving corporate objectives.
- In line with the social responsibility that characterises the Group's long-term strategy, the ESG objectives pursued are made explicit, with particular reference to environmental sustainability and inclusive management policies.

Information on how the institution ensures that staff performing internal control functions are remunerated independently of the activities they control;

The personnel of the control departments, with particular reference to the identified staff, receive a fixed remuneration of an adequate amount, such as to compensate for the limitation of variable remuneration attributable, in relation to performance, which in any case must be independent from parameters linked to profitability (for these personnel, in fact, the profitability gate is limited to a positive economic result and there are no indicators linked to the controlled activities within the individual objectives scorecard). In addition, for this category of personnel, the Bank has defined target bonus percentages that are more prudent than the supervisory limits.

- policies and criteria applied for the recognition of guaranteed variable remuneration and severance payments

No amounts were planned or paid as guaranteed variable remuneration.

The Banco Desio Group adopts the following criteria for determining the compensation to be paid in the case of early conclusion of the employment relationship or early termination from the office:

A) for all staff

- the limit to the compensation is established at 2 years of fixed remuneration. For staff recruited on a subordinate employment contract, any definition of compensation for termination of the employment relationship determined within the limits mentioned above is understood to supplement the indemnity in lieu of advance notice and to replace the possible additional applications regulated by the National Collective Labour Agreement;
- the overall amount disbursed to a single resource cannot in any event exceed the limit of 1.5 million Euros, the related amount is subject to *claw back*;
- any remuneration paid is subject to the same malus and claw back rules prescribed for variable remuneration, in particular, the Bank shall seek repayment of the amounts paid in case of ascertainment, within 5 years from the payment of the immediate component or of the deferred component, of conduct on the part of the employees, directors or collaborators benefiting from such conduct during their employment, in violation of internal or external rules or regulations, which entailed for the Bank a loss considered “significant”, of violation of the conditions and of the limits for the undertaking of risk activities with respect to those who can exercise an influence on the management of the Bank and of the parties connected therewith (in accordance with Article 53 Paragraphs 4 et seq. CBL), of violation of the remuneration and incentive obligations and of fraudulent conduct and of gross negligence, with reference to Managers with Strategic Responsibilities, in the event of data pertaining to the Gates or vesting conditions that were subsequently revealed to be manifestly erroneous.

B) for the identified staff, in addition to the criteria indicated in A) above

- the amount is determined taking also into account the individual results of the person and the conditions of liquidity, capital and income of the Bank;
- with reference to professionals with particularly relevant characteristics, such that termination of employment could determine risks, the Bank reserves the right to define, from time to time, non-competition agreements that provide the recognition of an amount commensurate with the duration and breadth of the constraint deriving from the agreement itself after the conclusion of the employment relationship and/or cessation of the office.

In accordance with regulatory provisions, if the related amounts are defined within the limit of one year of fixed remuneration, they are not subject to verification of the alignment with the overall results of the Bank, individual performance or duration of the employment relationship or to the rules pertaining to the specification of the payment, with particular reference to the deferral, malus and composition between cash and financial instruments;

- “*Golden Parachutes*” are included in the calculation of the proportion of the variable remuneration with respect to the fixed remuneration of the last year of employment or of permanence in office, with the exception of:
 - Amounts agreed and recognised by a non-competition agreement, for the portion that, for each year of duration of the agreement, does not exceed the last year of fixed remuneration;
 - Amounts agreed and recognised within the scope of an agreement between the bank and the staff, however reached, for the settlement of a current or potential dispute defined multiplying

- 2 months of pay for Risk Takers
- 6 months of pay for control departments

of total annual remuneration (gross annual remuneration of the last year with the addition of the average of the amounts recognised by way of annual incentivising system, be it up-front or deferred, in the previous two years) times the number of years of seniority

in any case within the maximum amount defined by the Shareholders' Meeting.

- the amount will be paid by the methods provided for variable remuneration of risk taker staff (deferral, correlation to performance of the stock for staff not belonging to control departments, *malus*, *claw back*).
- for identified staff recruited on a subordinate employment contract, the payment methods provided for the variable remuneration of identified risk taker staff will apply for the portion of compensation that may exceed the prior notice calculated in accordance with the provisions of the National Collective Labour Agreement and for the amount of the NCA that exceeds the last year of fixed remuneration.

C) for the remaining staff, in addition to the criteria indicated in A) above:

- the amounts agreed in view or on the occasion of the early conclusion of the employment are included in the calculation of the proportion of the variable remuneration with respect to the fixed remuneration of the last year of employment or of permanence in office, with the exception of:
- the amounts agreed and recognised within the scope of an agreement between the bank and the staff, however reached, for the settlement of a current or potential dispute defined multiplying
 - 2 months of the total annual remuneration (gross annual remuneration of the last year with the addition of the average of the amounts recognised by way of monetary incentive component in the previous two years) times the number of years of seniority

in any case within the maximum amount defined by the Shareholders' Meeting.

- With reference to professionals with particularly relevant characteristics, such that termination of employment could determine risks, the Bank reserves the right to define, from time to time, while the employment relationship exists or in view of or at the time of termination of the employment relationship, non-competition agreements that envisage the recognition of an amount commensurate with the duration and breadth of the constraint deriving from the agreement itself after the conclusion of the employment relationship and/or cessation of the office.

If the amounts relating to the non-competition agreements are defined within the limit of one year of fixed remuneration, they are not subject to the limit to the variable/fixed ratio, as defined by the present provisions.

If the amounts relating to non-competition agreements are defined for a total amount that exceeds the limit of one year of fixed remuneration, they are considered variable remuneration and the related allocation and payment is subject to verification of compliance with the Group's capital and liquidity conditions and contributes to the definition of the limit of variable remuneration with respect to fixed remuneration. In this case, on an exceptional basis, this limit can depart from the incidence of 1:1 in any event within a maximum of 2:1.

This without prejudice to the provisions of Circular 285 Paragraph 2.2.3 “Derogation” point 1 with regard to severance incentives.

c)

Description of how current and future risks are taken into account in the remuneration processes. The information includes a summary of the main risks, their measurement and how these affect remuneration

The Bank's incentive system is structured in such a way that the determination of variable remuneration takes into account current and future risks through various mechanisms, all defined in compliance with the risk profile defined by the Risk Appetite Framework.

First of all, variable remuneration for both the "identified staff" and the remaining staff is only paid if the conditions for access to the system are met (so-called "gateway" objectives).

To this end, the risk indicators taken into account are the main indicators relating to capitalisation and liquidity, which, in total consistency with the Bank's Risk Appetite Framework, must be at a level above the tolerance threshold defined for each of them.

More specifically, the CeT1 and Total Capital Ratio are considered, as far as capitalisation is concerned, and the Liquidity Coverage Ratio (LCR) and Internal Structural Liquidity Ratio are considered, as far as liquidity is concerned.

In addition to this, the system adopted by the Bank provides for an approach to a top down definition of the Bonus Pool closely related of the alignment between the overall variable remuneration system and income results that take into account the risks undertaken, in addition to capital soundness and liquidity.

In fact, with regard to the determination of bonuses for the Parent Company's Identified Staff, excluding the control departments, the incentive system is only activated if a RORAC level of at least 80% of the budgeted RORAC target is achieved and, if this condition is met, the bonus pool for the identified staff is determined according to the RORAC achieved according to a predetermined correlation.

d)

The ratios between the fixed and variable remuneration components established in accordance with Article 94(1)(g) of the CRD.

The remuneration policy defined by the Group for the identified staff provided for a ratio of 1:1 between the fixed and variable components of remuneration for the identified staff not belonging to control departments, while for resources belonging to control departments the limit was set at a ratio of 1/3.

For so-called "remaining staff", the remuneration policy sets a limit of the monetary incentive component payable of 40% of the fixed remuneration. The entire variable remuneration must, however, be within the maximum limit of 1:1.

e)

Description of how the entity attempts to associate the performance observed during the evaluation period with the remuneration levels. The information include: – a summary of the main performance criteria and metrics of the institution, business lines and individuals; – a summary of how individual variable remuneration amounts are associated with individual and entity performance; – information on the criteria used to determine the balance between the different types of recognised

instruments, including shares, equivalent ownership interests, options and other instruments; – information on the measures that the institution will implement to adjust the variable remuneration component in the event that performance metrics are weak, including the institution's criteria for determining that such metrics are "weak".

The remuneration system is closely linked to performance. More specifically:

- is activated first of all when the Group achieves certain consolidated targets ("gateway" objectives for liquidity, equity and profitability);
- for the "identified staff", excluding control departments, it envisages a bonus pool that may vary (both upwards and downwards) depending on the achievement of the targets in terms of the ratio of Adjusted Net Profit (Loss) to Absorbed Capital¹⁷ (RORAC), thus closely linking the Group's results adjusted for the risks undertaken and the bonus paid; the system only activates at a RORAC level of at least 80% of the budgeted RORAC
- for the remaining staff, it envisages the identification of a bonus pool calculated as a percentage of pre-tax profit (with a view to self-financing);
- it envisages an objectives scorecard which balances the objectives of creation of value and management of the risks and the objectives linked to plan actions and the creation of sustainable value for the various stakeholders, with a minimum individual performance threshold to qualify for the bonus of 80%;
- for the identified staff, the system envisages a deferral of 60% of the bonus accrued by 2 years, whose disbursement is subject to capital, liquidity and profitability conditions and linked to the share performance. The balancing of the variable remuneration between the portion paid in cash and the portion paid in financial instruments is ensured by the correlation envisaged by the system between setting the amounts deferred and the performance of the ordinary shares, by virtue of an indexation mechanism, consistent with the provisions of the 25th amendment of Circular 285 for so-called "intermediate" banks.

f)

Description of how the institution seeks to adjust remuneration to reflect long-term performance. The information shall include: – a summary of the entity's policy on deferral, payment in instruments, retention periods and vesting of variable remuneration, including where it differs between staff or categories of staff; – information on the institution's criteria for ex-post adjustments (malus during the deferral period and restitution after vesting, if permitted by national law); – where applicable, shareholding requirements that may be imposed on identified staff.

Once the amount of the bonus has been defined, within the limits and according to the defined targets and having taken into account the total bonus pool accrued, it is paid, in accordance with the provisions of the regulations on the subject, according to the following scheme.

¹⁷ The "absorbed capital" is calculated according to the methodologies and criteria developed in the ICAAP document.

T	t+1	t+2	t+3
Year of economic accrual of bonus	40% <u>Payment of bonus</u>	30% <u>Subject to verification of gates for financial year t+1:</u> -Capital -Liquidity -Consolidated adjusted profit of current operations before taxes <u>Payment of bonus</u> <i>adjusted for variation of the share price between t+1 and t+2 with a corridor of +/- 20%.</i>	30% <u>Subject to verification of gates for financial year t+2:</u> -Capital -Liquidity -Consolidated adjusted profit of current operations before taxes <u>Payment of bonus</u> <i>adjusted for variation of the share price between t+1 and t+3 with a corridor of +/- 20%</i>

The amounts deferred to financial years “t+2” and “t+3” are adjusted for the price variation of the BDB ordinary shares between financial year “t+1” and the payment date, with a corridor of +/- 20%.

With reference to the information required by Article 114-bis of Italian Legislative Decree No. 58/1998, it is hereby specified that the amount of the deferred bonus may therefore increase or reduce, up to a maximum of +/- 20%, based upon the Stock Exchange performance of the ordinary share of Banco Desio in the time-frame between the accrual of the bonus and the deferral time.

The price reference, for the purposes of the Incentive Plan for Banco Desio Management, is constituted, for each financial year, by the average of the Stock Exchange price of the ordinary share of Banco Desio e della Brianza Spa of the 30 days prior to the date of approval of the financial statements of the previous financial year.

Finally, the incentive system is subject, as for the variable components of the remaining identified staff, to malus and claw back clauses. The bonus may be reduced, down to zero (malus), in the event of disciplinary action or evidence of non-compliance due to excess risk undertaking, failure to observe legal or statutory provisions or the code of ethics, of conduct or violation of internal and/or external regulations from which a significant loss derives for the Bank or the customers (as defined by the Board of Directors), including the prohibition to apply personal hedging or insurance strategies on remuneration or on other aspects that may alter or compromise risk alignment.

The Bank proceeds through repayment (claw back) actions, in full or in part, for the variable remuneration already paid and the interruption of the deferred components in case of evidence within 5 years from accrual of the variable remuneration or from payment thereof, of behaviours of the staff who determined or contributed to determine:

- violation of codes of ethics or of conduct, and/or internal or external regulations which led to a significant loss for the Bank or for its clients;

- violations of the obligations imposed in accordance with Article 26 or, when the person is an involved party, with Article 53, Paragraphs 4 et seq., of the Consolidated Banking Law or of the remuneration and incentive obligations;
- violations of the rules of the Consolidated Finance Act pertaining to remuneration and incentive obligations;
- fraudulent or grossly negligent behaviours to the detriment of the Bank;
- conducts which led to disciplinary penalties (from suspension of employment to dismissal for just cause or justified subjective reason);
- limited to the Managing Director/General Manager and Managers with Strategic Responsibilities, in the event that, following the restatement of the Financial Statements, the overcoming of the conditions underlying the incentive component (access conditions and/or objectives) is not confirmed.

These provisions are independent with respect to any compensatory or disciplinary profiles and they are activated taking also into account the contribution and tax profiles relating to these matters.

g)

A description of the main parameters and rationale for any variable remuneration scheme and any other non-cash benefits in accordance with Article 450(1)(f) of the CRR. The information includes: – information on the specific performance indicators used to determine the variable remuneration components and the criteria used to determine the balance between the different types of recognised instruments, including shares, equivalent ownership interests, share-linked instruments, equivalent non-cash instruments, options and other instruments.

The variable remuneration components are balanced between a portion (40%) paid in cash in year 't+1' and a portion (60%) deferred over two years ('t+2' and 't+3').

The amounts deferred are adjusted for the price variation of the BDB ordinary shares between financial year “t+1” and the payment date, with a corridor of +/- 20%.

The amount of the deferred bonus may therefore increase or reduce, up to a maximum of +/- 20%, based upon the stock exchange performance of the ordinary share of Banco Desio in the timeframe between the accrual of the bonus and the deferral time.

The price reference, for the purposes of the Incentive Plan for Banco Desio Management, is constituted, for each financial year, by the average of the Stock Exchange price of the ordinary share of Banco Desio e della Brianza Spa of the 30 days prior to the date of approval of the financial statements of the previous financial year.

With regard to the definition of individual objectives, in order to link the bonuses accrued also to the performance and objectives achieved at corporate department level and individually, each resource concerned receives an annual objectives scorecard including individual qualitative and quantitative objectives.

The objectives scorecards are structured in strategic quantitative (value creation and risk management) and qualitative (activation of strategic plan guidelines and implementation of initiatives) performance areas, in order to balance qualitative and quantitative elements and ensure a medium/long-term view.

h)

At the request of the relevant Member State or the competent authority, the total remuneration for each member of the management body or senior management.

See tables below.

i)

Information on whether an entity has been granted a waiver under Article 94(3) of the CRD in accordance with Article 450(1)(k) of the CRR. – For the purposes of this point, institutions benefiting from such a waiver shall indicate whether it is based on Article 94(3)(a) and/or (b) of the CRD. They shall also indicate to which of the remuneration principles they apply the waiver(s), the number of staff members benefiting from the waiver(s) and their total remuneration, broken down into fixed and variable remuneration.

The remuneration policy defined by the Group for 2021 has provided for a materiality threshold of 30,000 Euros at which variable remuneration is paid in cash, up front, without deferral.

The exemption in question is based on Article 94 paragraph 3 letter b. The members of the identified staff to whom the rule was applied amounted to 8 for a fixed and variable remuneration as shown below

Derogation for application of materiality threshold	
number of Identified Staff for which the derogation applied	8
fixed remuneration	€ 791,941
variable remuneration	€ 144,953

Modello EU REM1: remunerazione riconosciuta per l'esercizio						
			a	b	c	d
			Organo di amministrazione - funzione di supervisione strategica	Organo di amministrazione - funzione di gestione	Altri membri dell'alta dirigenza	Altri membri del personale più rilevante
1	Remunerazioni e fissa	Numero dei membri del personale più rilevante	15	6	10	8
2		Remunerazione fissa complessiva	1.685.812	1.179.149	1.699.836	1.028.107
3		Di cui in contanti	1.685.812	1.179.149	1.699.836	1.028.107
4		(Non applicabile nell'UE)				
EU-4a		Di cui azioni o partecipazioni al capitale equivalenti				
5		Di cui strumenti collegati alle azioni o strumenti non monetari equivalenti				
EU-5x		Di cui altri strumenti				
6		(Non applicabile nell'UE)				
7		Di cui altre forme				
8	(Non applicabile nell'UE)					

		a	b	c	d	
		Organo di amministrazione - funzione di supervisione strategica	Organo di amministrazione - funzione di gestione	Altri membri dell'alta dirigenza	Altri membri del personale più rilevante	
9	Remunerazione variabile	Numero dei membri del personale più rilevante	1	2	10	8
10		Remunerazione variabile complessiva	19000	482934	500169	154816
11		Di cui in contanti	19000	203445	264190	135334
12		Di cui differita				
EU-13a		Di cui azioni o partecipazioni al capitale equivalenti				
EU-14a		Di cui differita				
EU-13b		Di cui strumenti collegati alle azioni o strumenti non monetari equivalenti	0	279489	235979	19482
EU-14b		Di cui differita				
EU-14x		Di cui altri strumenti				
EU-14y		Di cui differita				
15		Di cui altre forme				
16		Di cui differita				
17	Remunerazione complessiva (2 + 10)		1.704.812	1.662.083	2.200.005	1.182.923

* Nella remunerazione variabile è stato utilizzato il dato ad oggi disponibile del Premio aziendale ex art.48 CCNL (erogato nell'anno 2021 di competenza dell'anno 2020)

Modello EU REM2: pagamenti speciali al personale le cui attività professionali hanno un impatto rilevante sul profilo di rischio dell'ente (personale)					
		a	b	c	d
		Organo di amministrazione - funzione di supervisione strategica	Organo di amministrazione - funzione di gestione	Altri membri dell'alta dirigenza	Altri membri del personale più rilevante
	Premi facenti parte della remunerazione variabile garantita				
1	Premi facenti parte della remunerazione variabile garantita - Numero dei membri del personale più rilevante				
2	Premi facenti parte della remunerazione variabile garantita - Importo complessivo				
3	Di cui premi facenti parte della remunerazione variabile garantita versati nel corso dell'esercizio che non sono presi in considerazione nel limite massimo dei bonus				
	Trattamenti di fine rapporto riconosciuti in periodi precedenti che sono stati versati nel corso dell'esercizio				
4	Trattamenti di fine rapporto riconosciuti in periodi precedenti che sono stati versati nel corso dell'esercizio - Numero dei membri del personale più rilevante				
5	Trattamenti di fine rapporto riconosciuti in periodi precedenti che sono stati versati nel corso dell'esercizio - Importo complessivo				
	Trattamenti di fine rapporto riconosciuti nel corso dell'esercizio				
6	Trattamenti di fine rapporto riconosciuti nel corso dell'esercizio - Numero dei membri del personale più rilevante				
7	Trattamenti di fine rapporto riconosciuti nel corso dell'esercizio - Importo complessivo				
8	Di cui versati nel corso dell'esercizio				
9	Di cui differiti				
10	Di cui trattamenti di fine rapporto versati nel corso dell'esercizio non considerati nel limite massimo dei bonus				
11	Di cui l'importo più elevato riconosciuto a una singola persona				

Modello EU REM3: remunerazione differita									
		a	b	c	d	e	f	EU-g	EU-h
	Remunerazione differita e soggetta a mantenimento	Importo complessivo della remunerazione differita riconosciuta per periodi di prestazione precedenti	Di cui importi che maturano nel corso dell'esercizio	Di cui importi che matureranno negli esercizi successivi	Importo della correzione delle performance, effettuata nell'esercizio, sulla remunerazione differita che sarebbe dovuta maturare nel corso dell'esercizio	Importo della correzione delle performance, effettuata nell'esercizio, sulla remunerazione differita che sarebbe dovuta maturare in successivi anni di prestazione	Importo complessivo delle correzioni effettuate nel corso dell'esercizio dovute a correzioni implicite ex post (ossia variazioni di valore della remunerazione differita dovute alle variazioni dei prezzi degli strumenti)	Importo complessivo della remunerazione differita riconosciuta prima dell'esercizio, effettivamente versato nel corso dell'esercizio	Importo complessivo della remunerazione differita riconosciuta per il precedente periodo di prestazione che è stata maturata ma è soggetta a periodi di mantenimento
1	Organo di amministrazione - funzione di supervisione	30.000	15.000	15.000			-340	14.660	
2	In contanti								
3	Azioni o partecipazioni al capitale equivalenti								
4	Strumenti collegati alle azioni o strumenti non monetari equivalenti	30.000	15.000	15.000			-340	14.660	
5	Altri strumenti								
6	Altre forme								
7	Organo di amministrazione - funzione di gestione	57.184	10.413	46.771			-236	10.177	
8	In contanti								
9	Azioni o partecipazioni al capitale equivalenti								
10	Strumenti collegati alle azioni o strumenti non monetari equivalenti	57.184	10.413	46.771			-236	10.177	
11	Altri strumenti								

		a	b	c	d	e	f	EU-g	EU-h
	Remunerazione differita e soggetta a mantenimento	Importo complessivo della remunerazione differita riconosciuta per periodi di prestazione precedenti	Di cui importi che maturano nel corso dell'esercizio	Di cui importi che matureranno negli esercizi successivi	Importo della correzione delle performance, effettuata nell'esercizio, sulla remunerazione differita che sarebbe dovuta maturare nel corso dell'esercizio	Importo della correzione delle performance, effettuata nell'esercizio, sulla remunerazione differita che sarebbe dovuta maturare in successivi anni di prestazione	Importo complessivo delle correzioni effettuate nel corso dell'esercizio dovute a correzioni implicite ex post (ossia variazioni di valore della remunerazione differita dovute alle variazioni dei prezzi degli strumenti)	Importo complessivo della remunerazione differita riconosciuta prima dell'esercizio, effettivamente versato nel corso dell'esercizio	Importo complessivo della remunerazione differita riconosciuta per il precedente periodo di prestazione che è stata maturata ma è soggetta a periodi di mantenimento
12	Altre forme								
13	Altri membri dell'alta dirigenza	113.478	47.379	66.099			-316	47.063	
14	In contanti	85.578	33.429	52.149				33.429	
15	Azioni o partecipazioni al capitale equivalenti								
16	Strumenti collegati alle azioni o strumenti non monetari equivalenti	27.900	13.950	13.950			-316	13.634	
17	Altri strumenti								
18	Altre forme								
19	Altri membri del personale più rilevante	41.546	20.773	20.773			-250	20.523	
20	In contanti	19.452	9.726	9.726				9.726	
21	Azioni o partecipazioni al capitale equivalenti								
22	Strumenti collegati alle azioni o strumenti non monetari equivalenti	22.094	11.047	11.047			-250	10.797	
23	Altri strumenti								
24	Altre forme								
25	Importo totale	242.208	93.565	148.643			-1.142	92.423	

Modello EU REM4: remunerazione di 1 milione di EUR o più per esercizio		
		a
	EUR	Membri del personale più rilevante che hanno una remunerazione elevata ai sensi dell'articolo 450, lettera i), del CRR.
1	Da 1 000 000 a meno di 1 500 000	
2	Da 1 500 000 a meno di 2 000 000	
3	Da 2 000 000 a meno di 2 500 000	
4	Da 2 500 000 a meno di 3 000 000	
5	Da 3 000 000 a meno di 3 500 000	
6	Da 3 500 000 a meno di 4 000 000	
7	Da 4 000 000 a meno di 4 500 000	
8	Da 4 500 000 a meno di 5 000 000	
9	Da 5 000 000 a meno di 6 000 000	
10	Da 6 000 000 a meno di 7 000 000	
11	Da 7 000 000 a meno di 8 000 000	
x	Da ampliare, se del caso, qualora siano necessarie ulteriori fasce di pagamento.	

Modello EU REM5: informazioni sulla remunerazione del personale le cui attività professionali hanno un impatto rilevante sul profilo di rischio dell'ente (personale più rilevante)											
		a	b	c	d	e	f	g	h	i	j
		Remunerazione dell'organo di amministrazione			Aree di business						
		Organo di amministrazione - funzione di supervisione strategica	Organo di amministrazione - funzione di gestione	Totale organo di amministrazione	Banca d'in-vestimento	Servizi bancari al dettaglio	Gestione del risparmio (asset management)	Funzioni aziendali	Funzioni di controllo interno indipendenti	Tutte le altre	Totale
1	Numero complessivo dei membri del personale più rilevante										39
2	Di cui membri dell'organo di amministrazione	15	6	21							
3	Di cui altri membri dell'alta dirigenza					4	1	5			
4	Di cui altri membri del personale più rilevante					5			3		
5	Remunerazione complessiva del personale più rilevante	1.704.812	1.662.083	3.366.895		1.710.108	139.399	1.096.435	436.986		
6	Di cui remunerazione variabile	19.000	482.934	501.934		394.415	38.196	193.365	29.009		
7	Di cui remunerazione fissa	1.685.812	1.179.149	2.864.961		1.315.693	101.203	903.070	407.977		
* Nella remunerazione variabile è stato utilizzato il dato ad oggi disponibile del Premio aziendale ex art.48 CCNL (erogato nell'anno 2021 di competenza dell'anno 2020)											