



# **Banco di Desio e della Brianza SpA**

## **ANNUAL REPORT ON THE 2021 REMUNERATION POLICY AND ON REMUNERATION PAID IN 2020 (BoD meeting held on 25 February 2021)**

**BANCO DI DESIO E DELLA BRIANZA S.p.A.**  
Registered office in Via Rovagnati, 1 – 20832 Desio (Monza and Brianza)  
Tax Code no. 01181770155  
Entered 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 on 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 2021 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 23 October 2018 with the 25th update of Circular No. 285/2013<sup>1</sup> and published in the Italian Official Gazette General Series No. 263 dated 12 November 2018 (update mainly aimed at adapting the Italian regulatory framework to the European Banking Authority's guidelines on sound remuneration policies), 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 SRDII (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

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<sup>1</sup> On 17 January 2021 the consultations concluded relating to the up-dating of Circular No. 285 regarding Remuneration Policies, which will presumably be applied as from 2022. This document has been drawn up in compliance with the provisions currently in force (25th up-date of Circular No. 285).

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. 604/2014 on technical standards for the identification of identified staff<sup>2</sup>;
- 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 consideration of its dimensional characteristics, of the value of its assets and of the risks and complexities of the activity essentially aimed at the domestic retail sector and of its ownership structure, the Banco Desio Group (hereinafter also the "Group") is positioned among intermediate Banks. As prescribed for intermediate Groups, the Bank applies, in continuity with previous provisions, the full regulations with proportionate methods and in line with its characteristics, in particular with reference to the identified staff, as regards periods of deferral, retention and the use of instruments linked to shares<sup>3</sup>.

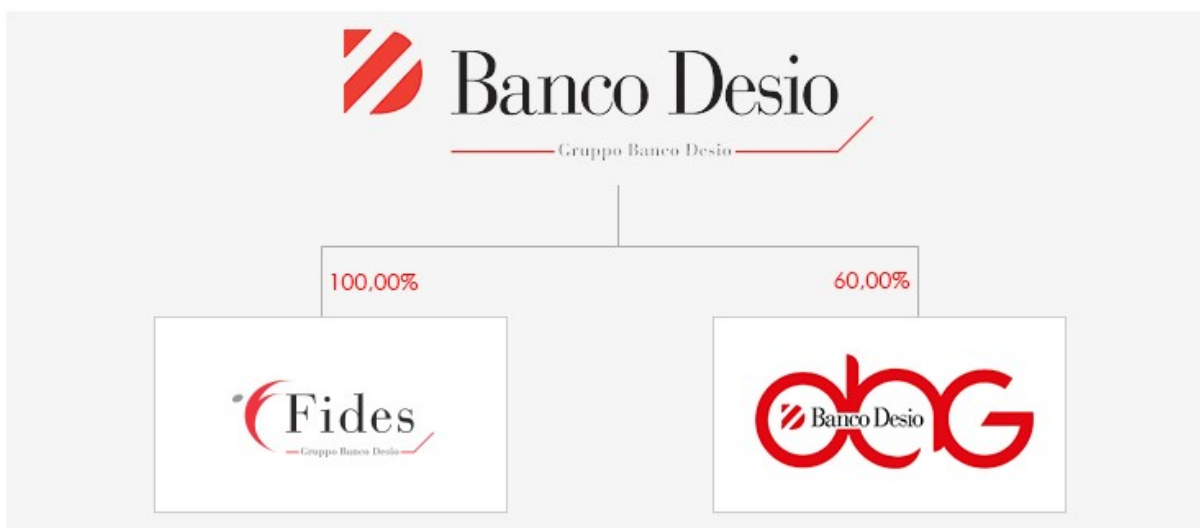
The Group's Remuneration Policies contained in this document define the guidelines applicable to all companies falling within the scope of the Banking Group and provide detailed information for the company Banco di Desio e della Brianza SpA.

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

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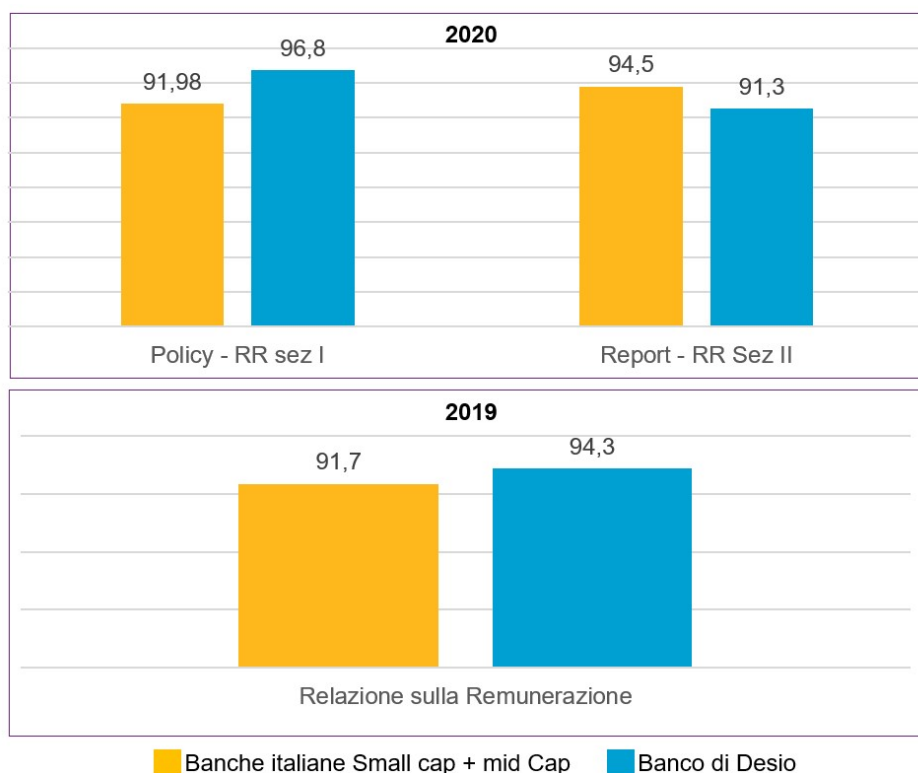
<sup>2</sup> On 18 June 2020, the EBA submitted to the European Commission the up-date of the Technical standards for the identification of identified staff. The new Standards will become effective on the 20th day as from publication in the Italian Official Gazette, publication which at the time of drafting of this document has not yet taken place. Consequently, the process carried out for the identification of identified staff has been performed using as reference legislation the Technical Standards in force at present (Delegated Regulation of the European Commission No. 604/2014).

<sup>3</sup> With reference to the text of Circular No. 285 referred to in footnote 1), among the main innovations that could come into force and have the greatest impact on the Group, there is the new classification of size of the institutions, which envisages the disappearance of the "intermediate institutions" and the consequent application to the Group of the stricter rules envisaged for the Identified Staff of the "larger institutions".



## 2. Changes with respect to the 2020 remuneration policy and duration

During the General meeting held on 23 April 2020, the Group's Remuneration Policy (Section I) was approved with 96.8% of the favourable votes of the shares represented at the meeting, well above both the 2019 figures and the average for Small Cap and Mid Cap listed banks.



The 2021 remuneration policy therefore confirms the Group's policies 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 on 17 December 2020, the Remuneration policy for 2021 defines 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 Desio Group.

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

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 schedule 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 remuneration policy has an annual duration and was drafted with the support of Willis Towers Watson, a leading consulting firm specialised in this field.

### **3. Document structure**

This document is structured two sections:

- The report on the remuneration policy for 2021
- The report on remuneration paid in 2020

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 Personnel and of other personnel.

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, the Report on remuneration paid in 2020, is divided into two parts. The first part provides a clear and detailed representation of the remuneration paid in 2020, 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 23 April 2020 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 new provisions introduced by 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 2020 Remuneration Policy.

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 Managers with Strategic Responsibilities

# 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 Board of Directors, in fact, deemed that the conditions existed for approving the Plan even within an uncertain macro-economic scenario, having taken into account the very positive response that the corporate structure and its customer base were able to show during 2020 with respect to negative external stresses. During 2020, the Bank was able to withstand the difficult economic and financial times experienced by its customers, successfully implementing initiatives to strengthen the stability of its balance sheet and income statement.

The ambition for the next three years is to further define 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.

Accordingly, a set of initiatives have been identified, both tactical - aimed at dealing with and minimising the effects of the negative economic situation resulting from the pandemic - and strategic.

**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

The remuneration policy for 2021 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 Guidelines (CSR)", approved by the Board of Directors of Banco di Desio e 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 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. 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.

Furthermore, in the sphere of the rapidly evolving sector context behind the impetus of the extensive European regulations recently issued and those being defined for the implementation of the "Action Plan to finance sustainable growth" published by the European Commission in March 2018 as relaunched with the Green New Deal of December 2019, the Group has committed to tangibly implementing the commitments and objectives declared, via the integration within the management and assessment system by objectives of aspects related to sustainability, already during 2020.

Also with reference to the incentive systems, the Group is therefore 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 expansion 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 their implementation in the Group's management and assessment system by objectives.

Specifically, for 2021, all Identified Staff are asked to enhance the first and second line managerial team among the objectives of the individual scorecards, activating inclusive paths to support gender and age diversity, confirming also for this year the path aimed at improving diversity inclusion policies, already launched in recent years through various measures including the approval by the Board of Directors of the "Policy on diversity for members of

corporate bodies - Board of Directors and Board of Statutory Auditors" and the "People, diversity & inclusion Policy" for the remaining personnel.

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, the Group recently carried out focus groups (stakeholder engagement activities), involving a sample of employees, divided by category (managers, middle managers and professional areas), in order to compare the opinions and different points of view of employees in an open discussion on sustainability issues.

The following emerged as most significant during these encounters:

- the well-being of the 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 2021 remuneration policy was formulated taking into consideration these aspects.

In particular, in addition to the matters already illustrated on the subject of diversity and equal opportunities, in 2021 a series of initiatives will be implemented to improve communication between the Bank's offices, including the launch of the internal customer satisfaction project, the implementation of which is an objective of the incentive scheme for all Identified Staff.

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

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 2021, of which the remuneration and incentive policies represent an important element, as illustrated below; for details of which please refer to the 2021 Sustainability Report, published on the Group's website.



## 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 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 Risk Control and Sustainability

Committee, the Board of Statutory Auditors, the Chairman, the Vice Chairman, the Managing Director/General Manager<sup>4</sup>, 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 Chairman 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. 604/2014, 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 the individual targets assigned to the “identified staff” of the Parent Company;
- 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.

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<sup>4</sup> The role of AISCI was absorbed by that of the Managing Director as from the date of the renewal of the Corporate Bodies on 23 April 2020.

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 Risk Control and Sustainability Committee for matters under their competence.

As envisaged in Article 123-ter, paragraph 3-bis CFA updated in 2019, 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 requirements<sup>5</sup>).

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<sup>5</sup> 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.

## **The Risk Control 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.

## **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 employment<sup>6</sup>, in accordance with the remuneration policies adopted by the Bank;
- 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 Risk Control 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” Directors<sup>7</sup>);
- 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:

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<sup>6</sup> 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).

<sup>7</sup> Circular No. 285 - 7th up-date - First Part IV.2.20 – section III par. 3.



- 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 Risk Control 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 audit functions<sup>8</sup>;
- decides, also using information received from the relevant company departments, upon the achievement of the performance targets (net of the risks<sup>9</sup>) 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;
- 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 units and of the Appointed

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<sup>8</sup> Circular No. 285 - 7th up-date - First Part IV.2.11 - section II par. 2.

<sup>9</sup> Circular No. 285 - 7th up-date - First Part IV.2.17 - section III par. 2.

Executive (subject to the opinion of the Remuneration Committee, as well as the Risk Control and Sustainability Committee and the Board of Statutory Auditors, where applicable).

### **Head of the Commercial Department**

In collaboration with the Resources Department, he/she prepares, 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.

He/she disseminates the bonus system among the distribution networks.

He/she provides to the Resources Department the quantitative elements to verify the achievement of the assigned targets.

He/she collaborates 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 Policies<sup>10</sup>. 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.

### **Planning, Finance and Control Department**

In collaboration with the Risk Management Department with regard to consistency with the RAF, it determines the “gateway” targets for activation of the incentive systems of the Group

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<sup>10</sup> With regard to the financial advisors, assimilating the policy defined by the dedicated unit.

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 Department and to the Manager responsible 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.

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.

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.

### **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 for the identification of “identified staff” is outlined according to the Regulatory Technical Standards (RTS) defined by the European Banking Authority and set out in Commission Delegated Regulation (EU) No. 604, in force since 26 June 2014<sup>11</sup>, and according to Decision (EU) 2015/2218 of the European Central Bank of 20 November 2015 on the procedure to exclude staff members.

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.

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<sup>11</sup> On 18 June 2020, the EBA submitted to the European Commission the up-date of the Technical standards for the identification of identified personnel. The new Standards will become effective on the 20th day as from publication in the Italian Official Gazzette, publication which at the time of drafting of this document has not yet taken place. Consequently, the process carried out for the identification of identified staff has been performed using as reference legislation the Technical Standards in force at present (Delegated Regulation of the European Commission No. 604/2014).

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 units.

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 11 February 2021, which approved the proposed scope and the outcomes of the procedure for excluding identified staff.

The process led to the identification of 31 individuals, of which 20 beneficiaries of the incentive system and 2 care of the subsidiary Fides.

The "identified staff", defined according to the RTS criteria, comprise:

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 units
4. other Risk Takers: remaining Identified Staff

Below is the scope of the Identified Staff for 2021.

<b>IDENTIFIED STAFF</b>	<b>No. OF PARTIES</b>	<b>WITH VARIABLE REMUNERATION</b>
Senior Management (Directors, MD/GM of the Parent Company)	12	1

Risk Takers belonging to the main business lines	7	7
Belonging to the Control Units	4	4
Other Risk Takers	8	8
<b>TOTAL</b>	<b>31</b>	<b>20</b>

Compared to the 2020 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 documented in specific documentation.

The Parent Company will take steps to activate the exclusion procedure if, by 30 June 2021, parties identified exclusively by means of quantitative criteria should emerge, in accordance with the regulatory provisions.

## **4. 2021 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, to the long-term strategies and to policies of prudent risk management of companies belonging to the Group;
- 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 introduced by the 25th 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 Chairman and Vice Chairman.

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 Chairman, the Vice Chairman 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 Chairman);



- 20,000 Euros to each member of the Risk Control and Sustainability Committee (25,000 Euros to the Chairman);
- 15,000 Euros to each member of the Committee for Transactions with Related Parties and Associated Parties (20,000 Euros to the Chairman);
- 10,000 Euros to each member of the Appointments Committee and the Remuneration Committee (15,000 Euros to the Chairman);
- residual 215,000 Euros unassigned.

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

- 600,000 Euros to the Chairman;
- 300,000 Euros to the Vice Chairman;
- 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 Chairman, the Vice Chairman/Chairmen, 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.

### ***Chairman***

The Chairman'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 Chairman***

The Vice Chairman's remuneration package consists of:

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

- 100,000 Euros for the Chairman of the Board of Statutory Auditors;
- 80,000 Euros for each Statutory Auditor;
- plus 10,000 Euros for both the Chairman and each Statutory Auditors 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 Board of Directors (Executive Directors, in view of the low fee received, and non-executive Directors), there is no variable remuneration.

#### ***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 remaining identified staff of the Group comprise:

- Managing Director/General Manager
- Heads of the main business lines
- Heads of control Departments
- The other Identified Staff

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 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 third year, 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 Group establishes ex-ante the limits to the incidence of the variable part on the fixed element for the various categories of beneficiaries as summarised in the following table.

Directors with executive appointments benefiting from an incentive system	90%
Heads of the main business lines	70%
Other Risk Takers	60%
Heads of control departments, Appointed Executive and Head of Resources Department	25%

The above maximum values refer to the corporate bonus prescribed by the National Collective Labour Agreement and to any one-off or exception bonuses on the occasion of the inter-company move described above.

In addition, 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), 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);
- 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<sup>12</sup> (RORAC), 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;
- 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. In fact, 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 sums deferred and the performance of the ordinary shares, on a consistent basis with the provisions of the 25th up-date of Circular No. 285.

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).

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<sup>12</sup> The "allocated capital" is calculated according to the methodologies and criteria developed in the ICAAP document.

The parameters set for 2021 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

If the levels envisaged by the "gateway" indicators are exceeded, the system envisages 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).

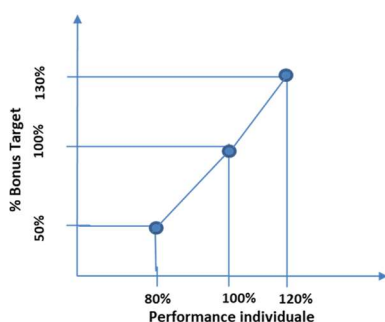
The individual bonus for the Managing Director is therefore defined on the basis of the results achieved in his or her own objectives scorecard.

As already mentioned, the objectives scorecard also 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 2021 are as follows:

Area Strategica di Performance	Peso Area	Obiettivo - 2021	KPI (*)	Peso
Creazione di valore e gestione del rischio	60%	Redditività	Utile netto	15%
		Revenue Development	Margine di intermediazione	15%
		Gestione del Rischio	Rettifiche su crediti deteriorati nel rispetto delle policy creditizie e dei coverage previsti dal RAF	15%
		Efficienza costi	Costi operativi	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 satisfaction in ottica di miglioramento delle strutture della Banca - Azioni tese alla valorizzazione del profilo ESG, con particolare riferimento al tema della sostenibilità	30%
		Rafforzamento della squadra manageriale al fine di favorire il raggiungimento target di piano	Rafforzamento squadra manageriale di prima e seconda linea, attivando percorsi inclusivi per sostenere diversità di genere ed età	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 2021 is 65%, confirming the prudent approach in variable remuneration systems.

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

In addition, in view of the particular macro-economic context resulting from the Covid-19 pandemic, the target bonus for the Managing Director/General Manager is reduced by 80% for 2021. The Board of Directors will assess in June, after verifying the results of the interim financial statements and taking into account the outlook, whether to maintain this reduction or adjust the target to that envisaged in this policy, within the above-mentioned maximum limit.

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

In particular, the system of deferral of Bonuses accrued in financial year “t” envisages that

- 40% of the Bonus in financial year “t+1” is paid by the month after the date of approval of the Consolidated Financial Statements of financial year “t”;
- 30% in financial year “t+2”, having verified the liquidity and capital gateways the adjusted consolidated profit of current operations before taxes of financial year "t+1” is paid by the month after the date of approval of the Consolidated Financial Statements of financial year “t+1”;
- 30% in financial year “t+3”, having verified the liquidity and capital gateways the adjusted consolidated profit of current operations before taxes of financial year "t+2” is paid by the month after the date of approval of the Consolidated Financial Statements of financial year “t+2”.

The sums 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.

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 other Identified Staff***

The incentive system envisaged for Managers with Strategic Responsibilities<sup>13</sup> and other 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

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<sup>13</sup> On a consistent basis with the review of the Organisational Structure during 2020, the Bank'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.

- the identified staff care of the subsidiaries

### **"Gateway" objectives**

For the remaining Identified Staff of the Parent Company not belonging to the company control functions, the system is activated after verifying that the liquidity, capital and profitability "gateway" targets 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" targets 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 identified care of 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 PPR, excluding the control functions<sup>14</sup>, 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
$\geq 125\%$ budget RORAC	Up to 125% of the Bonus Pool

<sup>14</sup> The PPR of the company control units have a bonus pool not linked to the trend of the RORAC.

<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 Risk Control and Sustainability Committee, approved the Group's RORAC targets for the purpose of defining the bonus pool for the year 2021.

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 Responsibilities<sup>15</sup>, it should be noted that the maximum incidences of the individual incentive system are between 60% and 25% (in the case of heads of the company control units and appointed executive).

Also for the Managers with Strategic Responsibilities and for the remaining Identified Staff, the Board of Directors has envisaged a reduction (from 60% to 20% depending on the different roles), for prudential reasons, as it has done for the Managing Director/General Manager. The Board of Directors will assess in June, after verifying the results of the interim financial statements and taking into account the outlook, whether to maintain these reductions or adjust the target to that envisaged in this policy.

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<sup>15</sup> See note 12.

In any event, 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 unit level and individually, each 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 units, 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 Risk Control 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 the Subsidiaries not belonging to the control units, the disbursement of quotas follows the scheme defined for the Managing Director.

For the staff of the Parent Company's control units, the Appointed Executive and the Head of the Resources Department, the system for the payment of bonuses accrued in year "t" follows the scheme:

- 40% of the Bonus in financial year "t+1", paid by the month after the date of approval of the Consolidated Financial Statements of financial year "t";
- 30% in financial year "t+2", having verified the liquidity and capital gates of financial year "t+1" and having verified that the adjusted consolidated profit of current operations before taxes of financial year "t+1" is positive, paid by the month after the date of approval of the Financial Statements of financial year "t+1";
- 30% in financial year "t+3", having verified the liquidity and capital gates of financial year "t+2" and having verified that the adjusted consolidated profit of current operations before taxes of financial year "t+2" is positive, paid by the month after the date of approval of the Financial Statements of financial year "t+2".

t	t+1	t+2	t+3
Year of economic accrual of bonus	<b>40%</b> <b>Payment of bonus</b>	<b>30%</b> <u>Subject to verification of gateways for financial year t+1:</u> -Capital -Liquidity  -Consolidated adjusted profit of current operations before taxes for the year	<b>30%</b> <u>Subject to verification of gates for financial year t+2:</u> -Capital -Liquidity  -Consolidated adjusted profit of current operations before taxes for the year

For staff belonging to the control departments identified at the subsidiaries, the payment of the deferred bonus is subject to the occurrence of the following conditions:

- 40% of the Bonus in financial year “t+1”, paid by the month after the date of approval of the Financial Statements of financial year “t”;
- 30% in financial year “t+2”: having verified the liquidity and capital gateways of financial year “t+1”, that the adjusted individual profit of current operations before taxes of financial year "t+1" is positive, paid by the month after the date of approval of the Consolidated Financial Statements of financial year “t+1”;
- 30% in financial year “t+3”: having verified the liquidity and capital gateways of financial year “t+2”, that the adjusted individual profit of current operations before taxes of financial year "t+2" is positive, paid by the month after the date of approval of the Consolidated Financial Statements of financial year “t+2”.

### **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 Law pertaining to remuneration and incentive obligations;
- fraudulent or grossly negligent behaviours to the detriment of the Bank;
- as well as 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 the bonus is less than the total amount of 30,000 Euros, to maintain the spirit of the risk alignment rule, the entire amount is paid in cash up front.

### **“Particularly High” Variable Remuneration**

If the amount of the variable remuneration is “particularly high”, i.e. is equal to or higher than 430,000 Euros (i.e. 25% of the total average remuneration of the Italian High Earners, according to the EBA 2019 Report), the ad hoc rules defined with respect to deferral and involved parties by Bank of Italy in Circular 285/2014 are applied proportionately as an intermediate Group.

## 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 and 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 “gate” targets) 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” targets 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.

As from 2021 and progressively, an incentive system will also be envisaged for middle management, the characteristics of which will be consistent with the system envisaged for identified Staff.

#### ***4.3.4 Advisory Board***

The creation of the Advisory Board for the Umbria area took place, by resolution of the Board of Directors, following the Merger via incorporation of Banca Popolare di Spoleto into the Bank with legal effect as from 1 July 2019.

The purpose of the Advisory Board (an advisory body not part of the Board) is to foster the development of the Bank's relationship with the Umbria area; it is mainly composed of local representatives who are able to provide the local areas with specific expertise.

The Advisory Board is currently made up of 6 members, one of which covers the office of Chairman. None of the members cover corporate offices within the Banco Desio Group.

The related fees, established by the Board of Directors of the Parent Company upon the proposal of the Remuneration Committee, are defined entirely to a fixed extent.

#### ***4.3.5 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 envisage 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 of conduct 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.

### **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 and of “post sale” assistance activities, 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 and of “post sale” assistance activities, 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.

#### **4.3.6 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 gate targets 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.

#### ***4.3.7. 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.

#### ***4.3.8 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 gate 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 of conduct 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 Head of the Resources Department.

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 rules of the Consolidated Finance Law 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 Executives with Strategic Responsibility, in the event of data pertaining to the Gates or vesting conditions that were subsequently revealed to be manifestly erroneous.

### **B) for the identified personnel, 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 personnel, 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 2020, 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 2020 is divided into two parts.

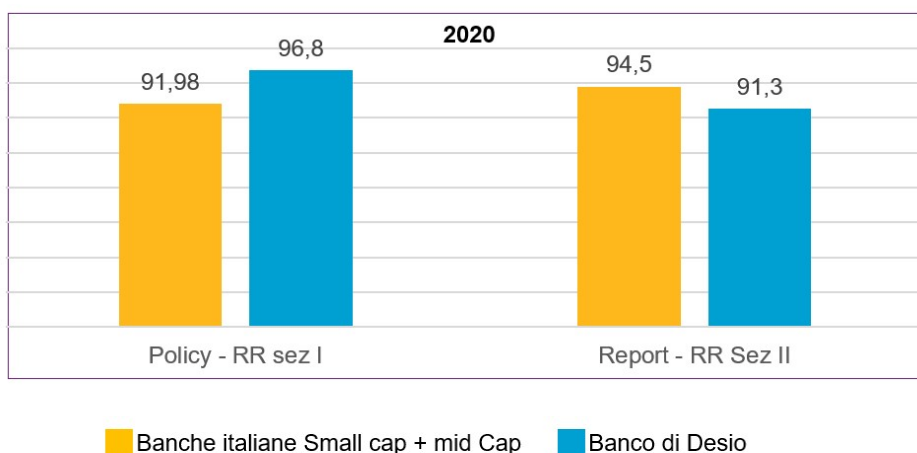
The first part provides a clear and detailed representation of the remuneration paid in 2020, with a particular focus on the remuneration of the management and control bodies, the Managing Director and the Managers with Strategic Responsibilities, highlighting compliance with the Remuneration Policy approved by the Shareholders' Meeting on 23 April 2020 and the formalities by means of which remuneration contributes to the company's long-term results.

The first part also provides the qualitative and quantitative disclosure required by Article 450 of the CRR in relation to the application of the 2020 Remuneration Policy.

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

During the Shareholders' Meeting held on 23 April 2020, the Group's Remuneration Policy (Section II) was approved with 91.3% of the favourable votes of the shares represented at the meeting, essentially in line with the average values for Small Cap and Mid Cap listed banks.



Similarly, with a view to increasing transparency and disclosure to the market and taking into account the rationales of the negative votes and the new provisions introduced by the Issuers' Regulation, section II has been supplemented with detailed information on the correlation between the results achieved and the definition of variable remuneration and was reviewed as illustrated above.

## **2. Main events during 2020**

Significant events took place in 2020 that changed the external reference scenario as well as the internal structure of the Bank.

In particular, first of all, at a global level, the COVID-19 emergency, which inevitably led to extraordinary measures to contain costs and revise the forecast, and, at an internal level, the appointment of the new Managing Director/General Manager and the review of the organisational structure, aimed at making the decision-making process more fluid and making the Bank's structure more efficient.

This was followed by the letter dated 20 May 2020 from the European Central Bank, which recommended a moderate, reasonable and proportionate approach in light of the situation created as a result of the pandemic emergency, and, in line with the prudential approach, the Recommendation dated 10 June 2020 endorsed by the European Systemic Risk Committee.

The above-mentioned events led the company to rethink the incentive system, seeking to reconcile the need for "moderation" and cost reduction with the *rationale* behind the system itself, which is considered increasingly appropriate as a *retention* tool and motivational lever to stimulate resources, without prejudice to the assessment of the results actually achieved, called upon to carry out the actions planned in a more challenging context than expected and in the context of exceptional measures.

To this end, on 25 June 2020, the Board of Directors, having consulted with the Remuneration Committee and the Risk Control and Sustainability Committee, and in line with the provisions of the 2020 Remuneration Policies, resolved on the incentive system for 2020, introducing the following specificities:

- Reduction in the target bonuses of the identified staff compared to that which was approved by the Board on 27 February 2020. In addition, in order to regulate the sacrifice required of the various professional categories in an equitable manner, the reductions made were distinguished on the basis of the role and seniority of the resources involved, with a greater impact on the higher *target bonuses* of the identified staff;

- Definition of an objectives scorecard divided into an Economic-Financial macro area (Value Creation and Risk Management) and a macro area related to specific initiatives aimed at laying the foundations for the strategic guidelines that were then incorporated in the Business Plan approved by the Board of Directors in December 2020;
- 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;
- 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.

### 3. 2020 Governance Process

As far as the Governance process is concerned, the Remuneration Committee met on a total of 9 occasions in 2020 (including some joint meetings with the Appointments Committee) during which issues associated with the implementation and adaptation of the 2020 remuneration policies were mainly discussed.

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

- Checks inherent to the activation of the incentive system for the purposes of the 2019 draft financial statements;
- Proposal of the 2020 Remuneration Report and on the remuneration paid;
- Appointments and remuneration within the Board of Directors;
- Proposals relating to certain positions of the Parent Company and Fides;
- Proposal relating to the 2020 bonus system.

The activities carried out during 2020 included an induction session for the Directors and Statutory Auditors, furthered by the Committee. The session explored the following topics: a summary of the regulatory framework of reference: banking sector and listed issuers<sup>16</sup>; the annual calendar of the remuneration cycle; the "Covid" scenario: emerging trends regarding incentive systems for 2020; a summary of the Group's current remuneration and incentive

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<sup>16</sup> On 31 October 2019, Consob published a consultation document outlining its proposals for revising, inter alia, the regulations already adopted on transparency of remuneration, again in implementation of the aforementioned Shareholder Rights Directive 2. Consob subsequently issued the amendments in question by means of Resolution No. 21623/2020, which will apply starting with this report.

policy; a special focus was dedicated to the role of the Committee itself also in relation to the other corporate bodies and units.

Furthermore with regard to the internal control functions, 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" targets. The detailed outcomes of the checks conducted have been brought to the attention of the relevant Bodies and Departments;

- The Compliance unit assessed how this Report is compliant with both external legislation and internal regulations;
- The Chief Risk Officer 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 2020 gave a positive result.

#### 4. Implementation of the 2020 remuneration and incentive policy

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

On 23 April 2020, the ordinary Shareholders' Meeting of Banco di Desio e della Brianza SpA appointed, by the "list voting" procedure, the Board of Directors and the Board of Statutory Auditors. Those Directors and Auditors will remain in office until the date of the Shareholders' Meeting called to approve the financial statements at 31 December 2022.

Those bodies are made up as follows at 31 December 2020.

Director	Office	Offices held in Committees				
		Executive Committee	Risk Control and Sustainability Committee	Appointments Committee	Remuneration Committee	Committee for Transactions with Related Parties and Associated Parties



Stefano Lado	Chairman			<b>X</b>		
Tommaso Cartone	Vice Chairman		*			
Alessandro Maria Decio	Managing Director and General Manager	<b>X</b>				
Agostino Gavazzi	Director	<b>(P) X</b>				
Egidio Gavazzi	Director	<b>X</b>				
Tito Gavazzi	Director	<b>X **</b>				
Graziella Bologna	Director	<b>X</b>				
Cristina Finocchi Mahne	Director (independent)		<b>(P) X</b>	<b>(P) X</b>		
Valentina Maria Carla Casella	Director (independent)				<b>(P)X</b>	<b>X</b>
Ulrico Dragoni	Director (independent)				<b>X</b>	<b>X</b>
Giulia Pusterla	Director (independent)		<b>X</b>			<b>(P)X</b>
Laura Tulli	Director (independent)			<b>X</b>	<b>X</b>	

<b>Statutory Auditor</b>	<b>Office</b>
Emiliano Barcaroli	Chairman
Rodolfo Anghileri	Standing Auditor
Stefania Chiaruttini	Standing Auditor
Stefano Antonini	Alternate Auditor
Silvia Re	Alternate Auditor
Massimo Celli	Alternate Auditor

\* Outgoing as from 15 December 2020

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

Vice Chairman 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 Chairman);
- 20,000 Euros to each member of the Risk Control and Sustainability Committee (25,000 Euros to the Chairman);
- 15,000 Euros to each member of the Committee for Transactions with Related Parties and Associated Parties (20,000 Euros to the Chairman);
- 10,000 Euros to each member of the Appointments Committee and the Remuneration Committee (15,000 Euros to the Chairman);
- residual 215,000 Euros unassigned<sup>17</sup>.

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

- 600,000 Euros to the Chairman;
- 300,000 Euros to the Vice Chairman;
- 350,000 Euros to the Managing Director<sup>18</sup>.

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.

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<sup>17</sup> It should be noted that Tommaso Cartone resigned as member of the Risk Control and Sustainability Committee on 15 December 2020, and was replaced on 19 January 2021 by Tito Gavazzi, who at the same time resigned as member of the Executive Committee. As member of the RCSC, Tito Gavazzi was assigned a fee of 20,000 Euros, while Tommaso Cartone's fee remained unchanged as it is all-inclusive. As of 19 January 2021, therefore, the total remuneration assigned to the Directors is 765,000 Euros, while the total unassigned remuneration is 235,000 Euros.

<sup>18</sup> The role of AISCI was absorbed by that of the Managing Director as from the date of the renewal of the Corporate Bodies on 23 April 2020. As it is all-inclusive, the fee of the Managing Director therefore includes that for the office of member of the Executive Committee (40,000). Alessandro Maria Decio has also been assigned 50,000 Euros by way of Entry Bonus, plus a gross annual salary for the office of General Manager of 350,000 Euros.

The fees of the Chairman, the Vice Chairman/Chairmen, 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:

- 100,000 Euros for the Chairman of the Board of Statutory Auditors;
- 80,000 Euros for each Statutory Auditor;
- plus 10,000 Euros for both the Chairman and each Statutory Auditors 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.

### **Chairman of the Parent Company**

The fixed compensation of Mr. Stefano Lado for the office of Chairman and member of the Remuneration Committee amounted to 600,000 Euros all-inclusive and 4,800 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 Chairman of the Parent Company**

The fixed compensation of Mr. Tommaso Cartone for the office of Vice Chairman and member of the Risk Control and Sustainability Committee (the latter role covered up until 15 December 2020) amounted to 300,000 Euros all-inclusive and 4,500 Euros for attendance fees.

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**

Messrs. Agostino Gavazzi, Egidio Gavazzi, Tito Gavazzi,<sup>19</sup> 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 (as from the date of appointment as at 20 February 2020) received gross remuneration of 303,782 Euros and a fee of 244,884 Euro as Managing Director (of which 3,900 Euros for attendance fees). The value of the non-monetary benefits package assigned to the General Manager amounted to 3,151 Euros.

With reference to the Incentive plan for management of the Group, the same accrued in the 2020 financial year variable remuneration of 60,597 Euros, plus an *entry bonus* of 50,000 Euros. The details of the variable incentive system are illustrated in Section 4.2.

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<sup>19</sup> See note 17.

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 2020 (appointed by co-option as from 16 September 2020), it is specified that in the capacity as Director of Fides SpA, he received gross annual remuneration of 5,847 Euros which is reversed in accordance with the current Policy.

Mr. Angelo Antoniazzi covered the office of General Manager until 23 April 2020 receiving gross remuneration until the date of termination from office of 156,049 Euros.

The value of the non-monetary benefits package assigned to the General Manager amounted to 1,636 Euros.

Concerning the offices held by the same in the Subsidiary Fides in 2020 (until 15 September 2020), it is specified that in the capacity as Director of Fides SpA, he received gross annual remuneration of 9,617 Euros which is reversed in accordance with the current Policy.

### **Managers with Strategic Responsibilities of the Parent Company**

On a consistent basis with the review of the Organisational Structure during 2020, 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.

Furthermore, in 2020 Mr. Maurizio Ballabio covered the capacity of Manager with strategic responsibility until 30 April 2020.

The same received total gross remuneration of 693,333 Euros.

The value of the non-monetary benefits package amounted to 11,702 Euros.

With reference to the Incentive plan for management of the Group, the same accrued in the 2020 financial year variable remuneration of 77,217 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 2020***

Despite the uncertain macro-economic scenario, during 2020 the Bank was able to withstand the difficult economic and financial times experienced by its customers, successfully implementing initiatives to strengthen the stability of its balance sheet and income statement.

These initiatives led to the closure of the 2020 financial year with a significant strengthening of capital (CET1 of Banco Desio Group +170 bps YoY) and of the operating margin (+8.0%) and a reduction in costs (-2.3% despite the extraordinary charges incurred for the Covid-19 emergency) with a consolidated net profit of 23.7 million Euros and ROE of 2.4%. In conclusion, liquidity is also largely under control with the LCR indicator at 206.7% (formerly 179.8% as at 31 December 2019).

Consequently, the verification of the final balance data expressed by the Group in the financial year 2020 has highlighted the achievement of the “gateway” targets 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%	11.2%
	TCR	11.60%	13.21%
LIQUIDITY (Banking Group)	LCR - Liquidity Coverage Requirement	115%	198.43%
	NSFR - Structural liquidity	110%	155.70%
PROFITABILITY (Banking Group)	Adjusted profit of current operations before taxes	Result $\geq$ 75% budget value	Ok

The 2020 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.

However, as a matter of prudence, taking into account the particular economic context linked to the continuation of the pandemic situation, the Board Meeting held on 21 January 2021 approved a reduction in the bonus pool equal to that which would have been accrued if the results had been in line with the budget ("*normal*" situation and not "*over-performance*").

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

Once the achievement of the entry gateways 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.

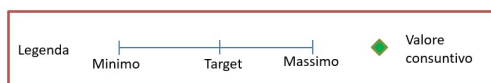
The 2020 individual scorecard included indicators linked to:

- 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.

Area Strategica di Performance	Peso Area	Obiettivo	Peso KPI	Livello raggiunto
Creazione di valore e gestione del rischio	60%	Redditività	30%	
		Revenue Development	10%	
		Gestione del Rischio	10%	
		Efficienza costi	10%	
Attivazione direttrici Piano Strategico ed implementazione iniziative	40%	Azioni a supporto della sostenibilità finanziaria della Banca e del conseguimento dei risultati di redditività dell'anno	15%	
		Iniziative strategiche - Azioni «No Regret», come descritte nella documentazione di Piano - Problem Solving in fase di gestione dell'emergenza Covid e a tutela della salute di colleghi e clienti - Azioni tese a migliorare l'Environmental Footprint della Banca e profilo ESG	15%	
		Semplificazione organigramma e rafforzamento della squadra manageriale al fine di favorire il raggiungimento target di piano	10%	



The overall individual performance, defined starting from the weighted average of the result achieved for each objective, is 113%.

In consideration of the reductions to the target bonuses defined by the Board of Directors on 25 June 2020 aimed at regulating the sacrifice required of the various professional categories, with a greater incidence on the *target bonuses* of top management and in consideration of that which was resolved by the Board on 21 January 2021 in relation to the "cap" at a maximum of 100% of group and individual "over-performance" results, the amount of the bonus resolved for the Managing Director/General Manager was 60,597 Euros, equal to about 11% of fixed annual remuneration<sup>20</sup>.

The bonus will be paid in accordance with the payment model envisaged by the 2020 remuneration and incentive policies, i.e. according to the following scheme:

2020	2021	2022	2023
Year of economic accrual of bonus	<p><b>40%</b></p> <p><b><u>Payment of bonus</u></b></p>	<p><b>30%</b></p> <p><u>Subject to verification of gateways for 2022:</u></p> <ul style="list-style-type: none"> <li>-Capital</li> <li>-Liquidity</li> <li>-Consolidated adjusted profit of current operations before taxes</li> </ul> <p><b><u>Payment of bonus</u></b> <i>adjusted for variation of the share price between t+1 and t+2 with a corridor of +/- 20%.</i></p>	<p><b>30%</b></p> <p><u>Subject to verification of gateways for 2023:</u></p> <ul style="list-style-type: none"> <li>-Capital</li> <li>-Liquidity</li> <li>-Consolidated adjusted profit of current operations before taxes</li> </ul> <p><b><u>Payment of bonus</u></b> <i>adjusted for variation of the share price between t+1 and t+3 with a corridor of +/- 20%</i></p>

### **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 rest of the Identified Staff, are beneficiaries of the 2020 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

<sup>20</sup> The bonus is calculated in 11 monthly amounts as from the date of appointment as Manager with Strategic Responsibility on 20 February 2020.



Strategic Plan guidelines and implementing the related initiatives and "over-performance" with regard to the component of value creation and risk management.

For them, as for all Identified Staff, the Board envisaged, in consideration of the macroeconomic situation and with a view to prudence, a containment of bonuses, reduced distinctly according to the role and seniority of the resources involved, with a greater impact on the higher *target bonuses* of the identified staff.

The target bonus following this containment was between about 12% and 10% 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 25 February 2021 verified that the conditions envisaged by the incentive system for the payment of the first deferred portion of the bonus accrued in 2019 and for the control and equivalent corporate functions of the second deferred portion of the bonus accrued in 2018 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 remuneration consequently paid for the Identified staff is shown in the following tables:

<b>Remunerazione Personale più Rilevante Gruppo Banco Desio anno 2020</b>					
<b>Categoria</b>	<b>n. risorse</b>	<b>Retribuzione Fissa</b>	<b>retribuzione variabile maturata nell'esercizio 2020</b>	<b>di cui correlata all'andamento della quotazione del titolo azionario</b>	<b>incidenza retribuzione variabile su quella fissa</b>
Apicali	5	1.183.099	143.444	36.358	12,12%
Risk Taker	5	761.309	80.181		10,53%
Funzioni di Controllo	5	647.264	56.024	-	8,66%
<b>Totale</b>	<b>15</b>	<b>2.591.672</b>	<b>279.649</b>	<b>36.358</b>	
di cui Dirs	4	1.154.766	131.397	36.358	11,38%

<b>Differimento remunerazione variabile</b>			
<b>Categoria</b>	<b>Retribuzione Variabile Differita maturata nell'esercizio 2020</b>	<b>Retribuzione variabile differita di competenza di esercizi precedenti erogata nell'anno *</b>	<b>Retribuzione Variabile Differita da verificare in esercizi successivi</b>
Apicali	55.078	75.975	117.916
Risk Taker	-	24.997	24.997
Funzioni di Controllo	-	30.862	0
Totale	55.078	131.834	142.913
di cui Dirs	55.078	47.787	83.653

\* amounts subject to correction of performances that will be adjusted on the basis of the performance of the ordinary Banco Desio SpA stock with the exception of those referring to the control departments.

### **Pay mix**

<b>Categories</b>	<b>Fixed remuneration (cash)</b>	<b>Non-deferred variable remuneration</b>	<b>Deferred variable remuneration</b>	<b>Incidence of variable remuneration</b>
Senior	89.19%	6.66%	4.15%	12.12%
Risk Taker	90.47%	9.53%	0.00%	10.53%
Control Departments	92.03%	7.97%	0.00%	8.66%
of which Dirs	89.78%	5.93%	4.28%	11.38%
MD/GM	89.99%	4.00%	6.01%	11.12%

### **Severance policies for 2020**

No early termination agreement was entered into with identified staff during 2020.

#### ***4.3 Implementation of remuneration policies for remaining personnel for the year 2020***

With reference to 2020, the “gateway” targets 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 2020 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

Nominativo	Carica	Rem. Totale		Variazione 2019-2020	Note
		2019	2020		
STEFANO LADO	Presidente	€ 664.500	€ 623.489	-6%	
TOMMASO CARTONE	Vice Presidente	€ 480.873	€ 320.074	-33%	l'importo del 2019 comprende quanto erogato per la carica di Presidente, rivestita in BPS sino al 30 giugno (€ 126.372,60).
AGOSTINO GAVAZZI	Consigliere	€ 124.500	€ 117.914	-5%	
EGIDIO GAVAZZI	Consigliere	€ 104.200	€ 97.914	-6%	
PAOLO GAVAZZI	Consigliere	€ 104.500	€ 32.647	-69%	decremento dovuto all'uscita dalla carica, l'emolumento è relativo al periodo 01/01/2020 al 23/04/2020
CRISTINA FINOCCHI MAHNE	Consigliere	€ 99.500	€ 96.344	-3%	
GEROLAMO PELLICANO'	Consigliere	€ 99.500	€ 31.090	-69%	decremento dovuto all'uscita dalla carica, l'emolumento è relativo al periodo 01/01/2020 al 23/04/2020
VALENTINA CASELLA	Consigliere	€ 72.095	€ 87.915	22%	incremento dovuto all'inizio carica il 28/03/2019
MARINA BROGI	Consigliere	€ 98.600	€ 31.090	-68%	decremento dovuto all'uscita dalla carica, l'emolumento è relativo al periodo 01/01/2020 al 23/04/2020
NICOLO' DUBINI	Consigliere	€ 99.200	€ 31.090	-69%	decremento dovuto all'uscita dalla carica, l'emolumento è relativo al periodo 01/01/2020 al 23/04/2020
TITO GAVAZZI	Consigliere	€ 114.500	€ 113.738	-1%	l'importo comprende quanto erogato per la carica di Consigliere, rivestita in Fides.
GRAZIELLA BOLOGNA	Consigliere	€ 141.612	€ 97.914	-31%	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	n.a.	Emolumento per il periodo dal 24/04/2020 al 31/12/2020
ULRICO DRAGONI	Consigliere	-	€ 53.439	n.a.	emolumento per il periodo dal 24/04/2020 al 31/12/2020
GIULIA PUSTERLA	Consigliere	-	€ 64.967	n.a.	emolumento per il periodo dal 24/04/2020 al 31/12/2020
ALESSANDRO DECIO	Amministratore Delegato/Direttore Generale	-	€ 668.261	n.a.	emolumenti per il periodo dal 24/04/2020 al 31/12/2020 per la carica di AD, dal 20/02/2020 per lavoro dipendente
ANGELO ANTONIAZZI	Direttore Generale	€ 709.405	€ 167.302	-76%	comprende gli importi relativi alle cariche rivestite in BPS e FIDES; uscita carica 23.04.2020
<b>TOTALE CdA e funzione di gestione</b>		<b>€ 2.912.985</b>	<b>€ 2.686.684</b>	<b>-8%</b>	
GIULIA PUSTERLA	Presidente Collegio Sindacale	€ 130.877	€ 34.262	-74%	decremento dovuto all'uscita dalla carica, l'emolumento è relativo al periodo 01/01/2020 al 23/04/2020. Per il 2019 comprende quanto erogato per la carica di sindaco effettivo in BPS sino al 30 giugno (€ 20.877).
EMILIANO BARCAROLI	Presidente Collegio Sindacale	-	€ 75.738	n.a.	inizio carica, emolumento per il periodo dal 24/04/2020 al 31/12/2020
RODOLFO ANGHILERI	Sindaco	€ 105.000	€ 90.000	-14%	
FRANCO FUMAGALLI ROMARIO	Sindaco	€ 90.000	€ 28.033	-69%	decremento dovuto all'uscita dalla carica, l'emolumento è relativo al periodo 01/01/2020 al 23/04/2020
STEFANIA CHIARUTTINI	Sindaco	-	€ 61.967	n.a.	inizio carica, emolumento per il periodo dal 24/04/2020 al 31/12/2020
<b>TOTALE Collegio Sindacale</b>		<b>€ 325.877</b>	<b>€ 290.000</b>	<b>-11%</b>	
<b>TOTALE COMPLESSIVO</b>		<b>€ 3.238.862</b>	<b>€ 2.976.684</b>	<b>-8%</b>	

TABLE 2

Indicatore	dati consuntivo		Variazione 2019-2020	Eventuali commenti
	2019	2020		
Margini di intermediazione	389.785	395.241	1%	
Risultato corrente al lordo delle imposte	66.160	45.359	-31%	
CET1	758.312	787.252	4%	
LCR (media I, II, III e IV trim)	1,855	1,984	7%	
Rem. Annuo lordo medio	51.039,87	52.293,01	2%	Remunerazione annua lorda fissa media, parametrata sui dipendenti a tempo pieno, dei dipendenti diversi dai soggetti per i quali sono fornite nominativamente le informazioni nella Sezione II della Relazione (Compensi Corrisposti)

Desio, Italy, 25 February 2021

On behalf of the Board of Directors

The Chairman

(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	<i>Presidente</i>	01/01/20 - 23/04/20	data approvazione bilancio del 2019										
	<b>I) Compensi nella società che redige il bilancio</b>				203.959	3.115				207.074			
	<b>(II) Compensi da controllate e collegate</b>												
	<i>Note</i>				Dicui - 180.656 euro come compenso per la carica di Presidente - 21.803 euro come compenso per la carica di Consigliere - 1.500 euro come gettoni di presenza	Dicui - 3.115 euro come membro del Comitato Remunerazione							
	<i>Presidente</i>	24/04/20 - 31/12/20	data approvazione bilancio del 2022										
	<b>I) Compensi nella società che redige il bilancio</b>				409.530	6.885				416.415			
	<b>(II) Compensi da controllate e collegate</b>												
	<i>Note</i>				Dicui - 371.803 euro come compenso per la carica di Presidente - 34.426 euro come compenso per la carica di Consigliere - 3.300 euro come gettoni di presenza	Dicui - 6.885 euro come membro del Comitato Nomine							
<b>(III) Totale</b>				613.489	10.000				623.489				

Nome e cognome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione e 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	Partecipazioni e agli utili						
<b>Tommaso Cartone</b>	<i>Vice Presidente</i>	01/01/20 - 23/04/20	data approvazione bilancio del 2019										
	<b>I) Compensi nella società che redige il bilancio</b>				107.402	3.115				110.517			
	<b>(II) Compensi da controllate e collegate</b>												
	<i>Note</i>				I) di cui - 84.098 euro come compenso per la carica di Vice Presidente - 21.803 euro come compenso per la carica di Consigliere - 1.500 euro come gettoni di presenza	I) di cui - 3.115 euro come membro del Comitato Controllo e Rischi							
	<i>Vice Presidente</i>	24/04/20 - 31/12/20	data approvazione bilancio del 2022										
	<b>I) Compensi nella società che redige il bilancio</b>				195.787	13.770				209.557			
	<b>(II) Compensi da controllate e collegate</b>												
	<i>Note</i>				I) di cui - 158.361 euro come compenso per la carica di Vice Presidente - 34.426 euro come compenso per la carica di Consigliere - 3.000 euro come gettoni di presenza	I) di cui - 13.770 euro come membro del Comitato Controllo e Rischi							
	<b>(III) Totale</b>				303.189	16.885				320.074			

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						
<b>Agostino Gavazzi</b>	<i>Consigliere</i>	01/01/20 - 23/04/20	data approvazione bilancio del 2019										
			<b>I) Compensi nella società che redige il bilancio</b>	22.553	16.324					38.877			
	<b>(II) Compensi da controllate e collegate</b>												
	<i>Note</i>				D) di cui - 21.803 euro come compenso per la carica di Consigliere - 750 euro come gettoni di presenza	D) di cui - 15.574 euro come membro del Comitato Esecutivo - 750 euro come gettoni di presenza							
	<i>Consigliere</i>	24/04/20 - 31/12/20	data approvazione bilancio del 2022										
			<b>I) Compensi nella società che redige il bilancio</b>	36.076	42.961					79.037			
	<b>(II) Compensi da controllate e collegate</b>												
	<i>Note</i>				D) di cui - 34.426 euro come compenso per la carica di Consigliere - 1.650 euro come gettoni di presenza	D) di cui - 41.311 euro come membro del Comitato Esecutivo - 1.650 euro come gettoni di presenza							
<b>(III) Totale</b>				58.629	59.285					117.914			



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					
<b>Egidio Gavazzi</b>	<i>Consigliere</i>	01/01/20 - 23/04/20	data approvazione bilancio del 2019									
	<b>I) Compensi nella società che redige il bilancio</b>				22.553	10.094				32.647		
	<b>(II) Compensi da controllate e collegate</b>											
	<i>Note</i>				I) di cui - 21.803 euro come compenso per la carica di Consigliere - 750 euro come gettoni di presenza	I) di cui - 9.344 euro come membro del Comitato Esecutivo - 750 euro come gettoni di presenza						
	<i>Consigliere</i>	24/04/20 - 31/12/20	data approvazione bilancio del 2022									
	<b>I) Compensi nella società che redige il bilancio</b>				36.076	29.191				65.267		
	<b>(II) Compensi da controllate e collegate</b>											
	<i>Note</i>				I) di cui - 34.426 euro come compenso per la carica di Consigliere - 1.650 euro come gettoni di presenza	I) di cui - 27.541 euro come membro del Comitato Esecutivo - 1.650 euro come gettoni di presenza						
<b>(III) Totale</b>				58.629	39.285				97.914			

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					
<b>Paolo Gavazzi</b>	<i>Consigliere</i>	01/01/20 - 23/04/20	data approvazione e bilancio del 2019									
	<b>I) Compensi nella società che redige il bilancio</b>				22.553	10.094				32.647		
	<b>(II) Compensi da controllate e collegate</b>											
	<i>Note</i>				I) di cui - 21.803 euro come compenso per la carica di Consigliere - 750 euro come gettoni di presenza	I) di cui - 9.344 euro come membro del Comitato Esecutivo - 750 euro come gettoni di presenza						
<b>(III) Totale</b>				22.553	10.094					32.647		

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						
<b>C. Finocchi Mahnè</b>	<i>Consigliere</i>	01/01/20 - 23/04/20	data approvazione bilancio del 2019										
	<b>I) Compensi nella società che redige il bilancio</b>				23.112	7.719					30.831		
	<b>(II) Compensi da controllate e collegate</b>												
	<i>Note</i>				1) dicui - 21.612 euro come compenso per la carica di Consigliere - 1.500 euro come gettoni di presenza	1) dicui - 7.719 euro come membro del Comitato Controllo e Rischie Comitato Nomine							
	<i>Consigliere</i>	24/04/20 - 31/12/20	data approvazione bilancio del 2022										
	<b>I) Compensi nella società che redige il bilancio</b>				37.863	27.650					65.513		
	<b>(II) Compensi da controllate e collegate</b>												
	<i>Note</i>				1) dicui - 34.563 euro come compenso per la carica di Consigliere - 3.300 euro come gettoni di presenza	1) dicui - 27.650 euro come membro del Comitato Controllo e Rischie Comitato Nomine - 1.650 euro come gettoni di presenza							
<b>(III) Totale</b>				60.975	35.369					96.344			

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					
<b>Gerolamo Pellicanò</b>	<i>Consigliere</i>	01/01/20 - 23/04/20	data approvazione bilancio del 2019									
	<b>I) Compensi nella società che redige il bilancio</b>			23.303	7.787					31.090		
	<b>(II) Compensi da controllate e collegate</b>											
	<i>Note</i>			I)dicui - 21.803 euro come compenso per la carica di Consigliere - 1.500 euro come gettoni di presenza	I)dicui - 7.787 euro come membro del Comitato CCRS e Comitato Nomine							
<b>(III) Totale</b>			23.303	7.787						31.090		

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					
<b>Marina Brogi</b>	<i>Consigliere</i>	01/01/20 - 23/04/20	data approvazione bilancio del 2019									
	<b>I) Compensi nella società che redige il bilancio</b>				23.303	7.787				31.090		
	<b>(II) Compensi da controllate e collegate</b>											
	<i>Note</i>				D)dicui - 21.803 euro come compenso per la carica di Consigliere - 1.500 euro come gettoni di presenza	D)dicui - 7.787 euro come membro del Comitato COPC e Comitato Nomine						
<b>(III) Totale</b>				23.303	7.787					31.090		

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						
<b>Valentina Casella</b>	<i>Consigliere</i>	01/01/20 - 23/04/20	data approvazione bilancio del 2019										
	<b>I) Compensi nella società che redige il bilancio</b>				23.303	6.230				29.533			
	<b>(II) Compensi da controllate e collegate</b>												
	<i>Note</i>				D)dicui - 21.803 euro come compenso per la carica di Consigliere - 1.500 euro come gettoni di presenza	D)dicui - 6.230 euro come membro del Comitato Remunerazione e del Comitato COPC							
	<i>Consigliere</i>	24/04/20 - 31/12/20	data approvazione bilancio del 2022										
	<b>I) Compensi nella società che redige il bilancio</b>				37.726	20.656				58.382			
	<b>(II) Compensi da controllate e collegate</b>												
	<i>Note</i>				D)dicui - 34.426 euro come compenso per la carica di Consigliere - 3.300 euro come gettoni di presenza	D)dicui - 20.656 euro come membro del Comitato Remunerazione e del Comitato COPC							
<b>(III) Totale</b>				61.029	26.886				87.915				

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					
<b>Nicolò Dubini</b>	<i>Consigliere</i>	01/01/20 - 23/04/20	data approvazione bilancio del 2019									
	<b>I) Compensi nella società che redige il bilancio</b>				23.303	7.787				31.090		
	<b>(II) Compensi da controllate e collegate</b>											
		<i>Note</i>		I) dicui - 21.803 euro come compenso per la carica di Consigliere - 1.500 euro come gettoni di presenza	I) dicui - 7.787 euro come membro del Comitato Remunerazione e Comitato COPC							
<b>(III) Totale</b>				23.303	7.787					31.090		

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	Partecipazioni e agli utili					
<b>Tito Gavazzi</b>	<i>Consigliere</i>	01/01/20 - 23/04/20	data approvazione bilancio del 2019									
	<b>I) Compensi nella società che redige il bilancio</b>				22.553	10.094				37.597		
	<b>(II) Compensi da controllate e collegate</b>				4.950							
	<i>Note</i>				I) di cui - 21.803 euro come compenso per la carica di Consigliere - 750 euro come gettoni di presenza  * 4.950 euro compenso Fides	I) di cui - 9.344 euro come membro del Comitato Esecutivo  - 750 euro come gettoni di presenza						
	<i>Consigliere</i>	24/04/20 - 31/12/20	data approvazione bilancio del 2022									
	<b>I) Compensi nella società che redige il bilancio</b>				36.076	29.191				76.141		
	<b>(II) Compensi da controllate e collegate</b>				10.874							
	<i>Note</i>				I) di cui - 34.426 euro come compenso per la carica di Consigliere - 1.650 euro come gettoni di presenza  * 10.874 euro compenso Fides	I) di cui - 27.541 euro come membro del Comitato Esecutivo  - 1.650 euro come gettoni presenza						
	<b>(III) Totale</b>				74.453	39.285				113.738		



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	Partecipazioni e agli utili						
<b>Graziella Bologna</b>	<i>Consigliere</i>	01/01/20 - 23/04/20	data approvazione bilancio del 2019										
	<b>I) Compensi nella società che redige il bilancio</b>				22.553	10.094				32.647			
	<b>(II) Compensi da controllate e collegate</b>												
	<i>Note</i>				I) di cui - 21.803 euro come compenso per la carica di Consigliere - 750 euro come gettoni di presenza	I) di cui - 9.344 euro come membro del Comitato Esecutivo  - 750 euro come gettoni di presenza							
	<i>Consigliere</i>	24/04/20 - 31/12/20	data approvazione bilancio del 2022										
	<b>I) Compensi nella società che redige il bilancio</b>				36.076	29.191				65.267			
	<b>(II) Compensi da controllate e collegate</b>												
	<i>Note</i>				I) di cui - 34.426 euro come compenso per la carica di Consigliere - 1.650 euro come gettoni di presenza	I) di cui - 27.541 euro come membro del Comitato Esecutivo  - 1.650 euro come gettoni presenza							
<b>(III) Totale</b>				58.629	39.285				97.914				

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					
<b>Giulia Pusterla</b>	<i>Consigliere</i>	24/04/20 - 31/12/20	data approvazione bilancio del 2022									
	<b>I) Compensi nella società che redige il bilancio</b>				37.426	27.541				64.967		
	<b>(II) Compensi da controllate e collegate</b>											
		<i>Note</i>		I) di cui - 34.426 euro come compenso per la carica di Consigliere - 3.000 euro come gettoni di presenza	I) di cui - 27.541 euro come membro del Comitato CCRS e Comitato COCP							
<b>(III) Totale</b>				37.426	27.541					64.967		

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					
<b>Laura Tulli</b>	<i>Consigliere</i>	24/04/20 - 31/12/20	data approvazione e bilancio del 2022									
	<b>I) Compensi nella società che redige il bilancio</b>				37.726	13.770				51.496		
	<b>(II) Compensi da controllate e collegate</b>											
	<i>Note</i>				I) di cui - 34.426 euro come compenso per la carica di Consigliere - 3.300 euro come gettoni di presenza	I) di cui - 13.770 euro come membro del Comitato Nomine e Comitato Remunerazione						
<b>(III) Totale</b>				37.726	13.770					51.496		

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	Partecipazioni e agli utili					
<b>Ulrico Dragoni</b>	<i>Consigliere</i>	24/04/20 - 31/12/20	data approvazione bilancio del 2022									
	<b>I) Compensi nella società che redige il bilancio</b>				36.226	17.213				53.439		
	<b>(II) Compensi da controllate e collegate</b>											
		<i>Note</i>		I) di cui - 34.426 euro come compenso per la carica di Consigliere - 1.800 euro come gettoni di presenza	I) di cui - 17.213 euro come membro del Comitato Remunerazione e membro del COPC							
	<b>(III) Totale</b>				36.226	17.213				53.439		

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					
<b>Giulia Pusterla</b>	<i>Presidente Collegio Sindacale</i>	01/01/20 - 23/04/20	data approvazione bilancio del 2019									
	<b>D) Compensi nella società che redige il bilancio</b>			34.262						34.262		
	<b>(II) Compensi da controllate e collegate</b>											
		<i>Note</i>		D) di cui - 31.148 euro come compenso per la carica di Presidente Collegio Sindacale - 3.115 euro come rimborso spese forfetarie								
<b>(III) Totale</b>			34.262							34.262		

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					
<b>Emiliano Barcaroli</b>	<i>Presidente Collegio Sindacale</i>	24/04/20 - 31/12/20	data approvazione bilancio del 2022									
	<b>I) Compensi nella società che redige il bilancio</b>			75.738						75.738		
	<b>(II) Compensi da controllate e collegate</b>											
		<i>Note</i>		Idicui - 68.852 euro come compenso per la carica di Presidente Collegio Sindacale - 6.885 euro come rimborso spese forfetarie								
	<b>(III) Totale</b>			75.738						75.738		

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	Partecipazioni e agli utili					
<b>Rodolfo Anghileri</b>	<i>Sindaco</i>	01/01/20 - 23/04/20	data approvazione bilancio del 2019									
	<b>I) Compensi nella società che redige il bilancio</b>				28.033					28.033		
	<b>(II) Compensi da controllate e collegate</b>											
	<i>Note</i>				I) di cui - 24.918 euro come compenso per la carica di Sindaco - 3.115 euro come rimborso spese forfettarie							
	<i>Sindaco</i>	24/04/20 - 31/12/20	data approvazione bilancio del 2022									
	<b>I) Compensi nella società che redige il bilancio</b>				61.967					61.967		
	<b>(II) Compensi da controllate e collegate</b>											
	<i>Note</i>				I) di cui - 55.082 euro come compenso per la carica di Sindaco - 6.885 euro come rimborso spese forfettarie							
<b>(III) Totale</b>				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					
<b>Franco Fumagalli Romario</b>	<i>Sindaco</i>	01/01/20 - 23/04/20	data approvazione bilancio del 2019									
	<b>D) Compensi nella società che redige il bilancio</b>			28.033						28.033		
	<b>(II) Compensi da controllate e collegate</b>											
		<i>Note</i>		D) di cui - 24.918 euro come compenso per la carica di Sindaco  - 3.115 euro come rimborso spese forfetarie								
	<b>(III) Totale</b>			28.033						28.033		



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					
<b>Stefania Chiaruttini</b>	<i>Sindaco</i>	24/04/20 - 31/12/20	data approvazione bilancio del 2022									
	<b>I) Compensi nella società che redige il bilancio</b>				61.967					61.967		
	<b>(II) Compensi da controllate e collegate</b>											
	<i>Note</i>				D) di cui - 55.082 euro come compenso per la carica di Sindaco  - 6.885 euro come rimborso spese forfetarie							
	<b>(III) Totale</b>				61.967					61.967		

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					
<b>Alessandro Decio</b>	<i>Direttore Generale</i>	24/04/20 - 31/12/20	data approvazione bilancio del 2022									
	<i>Amministratore Delegato</i>	24/04/20 - 31/12/20	data approvazione bilancio del 2022									
	<b>I) Compensi nella società che redige il bilancio</b>				548.666		110.597		3.151		662.414	
	<b>(II) Compensi da controllate e collegate</b>				5.847						5.847	
	<i>dirigente con responsabilità strategiche dal 20.2.2020 al 23.4.2020</i>				I) di cui - 303.782 Retribuzione Annuale Lorda come Direttore Generale - 240.984 Compenso come Amministratore Delegato - 3.900 Euro gettoni presenza  - 5.847 euro per la carica di Consigliere della società Fides riversati alla Capogruppo							
<b>(III) Totale</b>				554.513		110.597		3.151		668.261		

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					
<b>Dirigenti con responsabilità strategica</b>	<i>Dirigenti con responsabilità strategica</i>	01/01/20 - 31/12/20 *										
	<b>I) Compensi nella società che redige il bilancio</b>			693.333		77.217		11.702		782.252		
	<b>(II) Compensi da controllate e collegate</b>											
	* per una risorsa dal 1.01.2020 al 30.04.2020			I) Retribuzione annuale lorda								
<b>(III) Totale</b>			693.333		77.217		11.702		782.252			

*\* Il Dirigente con responsabilità strategica che ha rivestito il ruolo dal 20.2.2020 al 23.04.2020 assumendo poi la carica di AD/DG viene rappresentato nominativamente nell'apposita tabella dedicata*

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	Partecipazioni e agli utili					
<b>Angelo Antoniazzi</b>	<i>Direttore Generale</i>	01/01/20 - 23/04/20										
	<b>I) Compensi nella società che redige il bilancio</b>			156.049				1.636		157.685		
	<b>(II) Compensi da controllate e collegate</b>			9.617*						9.617		
				I) Retribuzione annuale lorda * 9.617 euro compenso Fides riversati alla Capogruppo								
<b>(III) Totale</b>				165.666				1.636		167.302		

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

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

**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 2020	24.239	36.358	50% 2022					50.000
	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		24.239	36.358						50.000

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 2020	58.497	18.720	50% 2022		70.587	51.375		
	Piano B (data relativa delibera)			50% 2023					
	Piano C (data relativa delibera)								
Compensi da controllate e collegate	Piano A (data relativa delibera)								
	Piano B (data relativa delibera)								
Totale		58.497	18.720			70.587	51.375		

*\* Il Dirigente con responsabilità strategica che ha rivestito il ruolo dal 20.2.2020 al 23.04.2020 assumendo poi la carica di AD/DG viene rappresentato nominativamente nell'apposita tabella dedicata*





TABLE 1 - Investments in Banco Desio of members of the Management and Control Bodies and the General Manager of Banco di Desio e della Brianza SpA.

Nome e Cognome	Carica ricoperta in Banco Desio	Titolo / Modalità di possesso	Saldo azioni ordinarie (al)	% post	Acquisti azioni ordinarie	Vendite azioni ordinarie	Saldo azioni ordinarie (al)	%	Saldo azioni risparmio (al)	%	Acquisti azioni risparmio	Vendite azioni risparmio	Saldo azioni risparmio (al)	%
Stefano Lado *	Presidente	Proprietà	2.180.111	1,776			2.180.111	1,776	196.000	1,485			196.000	1,485
		Intestate al coniuge	6.500	0,005			6.500	0,005	0	0,000			0	0,000
		Proprietà tramite Vega Finanziaria SpA *	6.885.730	5,610			6.885.730	5,610	571.522	4,329			571.522	4,329
Tommaso Cartone	Vice Presidente		27.500	0,022			27.500	0,022	0	0,000			0	0,000
Alessandro Decio	Amministratore Delegato e Direttore Generale		0	0,000			0	0,000	0	0,000			0	0,000
Graziella Bologna	Consigliere		0	0,000			0	0,000	0	0,000			0	0,000
Valentina Casella	Consigliere		0	0,000			0	0,000	0	0,000			0	0,000
Ulrico Dragoni	Consigliere		0	0,000			0	0,000	0	0,000			0	0,000
Cristina Finocchi Mahne	Consigliere		0	0,000			0	0,000	0	0,000			0	0,000
Agostino Gavazzi	Consigliere	Proprietà	78.244	0,064			83.744	0,068	0	0,000			0	0,000
		Nuda Proprietà**	5.500	0,004				0,000	0	0,000			0	0,000
		Intestate al coniuge	2.900	0,002			2.900	0,002	0	0,000			0	0,000
Egidio Gavazzi	Consigliere		15.000	0,012		15.000	0	0,000	0	0,000			0	0,000
Tito Gavazzi	Consigliere		0	0,000			0	0,000	0	0,000			0	0,000
Giulia Pusterla	Consigliere		0	0,000			0	0,000	0	0,000			0	0,000
Laura Tulli	Consigliere		0	0,000			0	0,000	0	0,000			0	0,000
Emiliano Barcaroli	Presidente del Collegio Sindacale		0	0,000			0	0,000	0	0,000			0	0,000
Rodolfo Anghileri	Sindaco Effettivo		0	0,000			0	0,000	16.000	0,121			16.000	0,121
Stefania Chiaruttini	Sindaco Effettivo		0	0,000			0	0,000	0	0,000			0	0,000
Stefano Antonini	Sindaco Supplente		0	0,000			0	0,000	0	0,000			0	0,000
Massimo Celli	Sindaco Supplente		0	0,000			0	0,000	0	0,000			0	0,000
Silvia Re	Sindaco Supplente		0	0,000			0	0,000	0	0,000			0	0,000

\* L'Avv. Stefano Lado risulta titolare di procura generale rilasciata dai figli Giulia e Pietro Lado in forza della quale detiene una percentuale pari allo 0,1379% di azioni ordinarie (169.270) del Banco nonché il controllo della Vega Finanziaria SpA; detiene inoltre una percentuale pari allo 0,1230% di azioni di risparmio (16.250) del Banco.

\*\* Proprietà dal 15 febbraio 2020

**TABLE 2 - Investments of the other Managers with Strategic Responsibility.**